

Hyatt Hotels Corporation

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Financial Information

(unaudited)

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Percentages on the following schedules may not recompute due to rounding. Not meaningful percentage changes are presented as "NM".

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Reconciliation of Non-GAAP Financial Measure: Reconciliation of Net Income Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA

(in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
Net income attributable to Hyatt Hotels Corporation	\$ 68	\$ 206	(67.2)%	\$ 126	\$ 133	(5.4)%
Interest expense	31	38	(17.2)%	64	78	(17.1)%
Provision for income taxes	27	106	(75.0)%	74	108	(31.8)%
Depreciation and amortization	99	105	(5.0)%	197	224	(12.2)%
EBITDA	225	455	(50.5)%	461	543	(15.1)%
Contra revenue	12	9	20.5 %	22	18	22.4 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(784)	(640)	(22.5)%	(1,513)	(1,180)	(28.2)%
Costs incurred on behalf of managed and franchised properties	789	628	25.6 %	1,538	1,184	29.9 %
Equity (earnings) losses from unconsolidated hospitality ventures	1	(1)	186.6 %	3	8	(65.8)%
Stock-based compensation expense	16	12	25.0 %	48	40	18.4 %
Gains on sales of real estate	—	(251)	100.2 %	—	(251)	100.4 %
Asset impairments	5	7	(27.0)%	7	10	(29.2)%
Other (income) loss, net	(8)	19	(142.2)%	(56)	29	(296.0)%
Pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA	17	17	(0.2)%	31	23	32.1 %
Adjusted EBITDA	\$ 273	\$ 255	6.9 %	\$ 541	\$ 424	27.5 %

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
NET DEFERRAL ACTIVITY						
Increase in deferred revenue	\$ 51	\$ 52	(1.0)%	\$ 109	\$ 101	8.0 %
Increase in deferred costs	(23)	(27)	14.8 %	(50)	(52)	4.2 %
Net Deferrals	\$ 28	\$ 25	14.9 %	\$ 59	\$ 49	21.3 %
Increase in Net Financed Contracts	\$ 14	\$ 15	(5.4)%	\$ 31	\$ 22	43.5 %

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Financial Measure: Reconciliation of Total Revenues to Adjusted Revenues

(in millions)	Three Months Ended June 30,		Change (%)	Six Months Ended June 30,		Change (%)
	2023	2022		2023	2022	
Total revenues	\$ 1,705	\$ 1,483	15.0 %	\$ 3,385	\$ 2,762	22.6 %
Add: Contra revenue	12	9	20.5 %	22	18	22.4 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(784)	(640)	(22.5)%	(1,513)	(1,180)	(28.2)%
Adjusted revenues	\$ 933	\$ 852	9.4 %	\$ 1,894	\$ 1,600	18.4 %
Adjusted EBITDA Margin %	29.3 %	30.0 %	(0.7)%	28.6 %	26.5 %	2.1 %
Adjusted EBITDA Margin % Change in Constant Currency			(0.6)%			2.0 %

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Financial Measure: Diluted Earnings per Share and Net Income Attributable to Hyatt Hotels Corporation, to Adjusted Diluted Earnings per Share, and Adjusted Net Income Attributable to Hyatt Hotels Corporation - Three Months Ended June 30, 2023 and June 30, 2022.

(in millions, except per share amounts)	Location on Condensed Consolidated Statements of Income	Three Months Ended June 30,	
		2023	2022
Net income attributable to Hyatt Hotels Corporation		\$ 68	\$ 206
Diluted earnings per share		\$ 0.63	\$ 1.85
Special items			
Unrealized losses (a)	Other income (loss), net	18	34
Asset impairments (b)	Asset impairments	5	7
Transaction costs (c)	Other income (loss), net	4	(1)
Utilization of Avendra and other proceeds (d)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	4	3
Fund surpluses (e)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(5)	(15)
Gains on sales of real estate (f)	Gains on sales of real estate	—	(251)
Unconsolidated hospitality ventures (g)	Equity earnings (losses) from unconsolidated hospitality ventures	—	(4)
Loss on extinguishment of debt (h)	Other income (loss), net	—	8
Other	Other income (loss), net	—	5
Special items - pre-tax		26	(214)
Income tax (provision) benefit for special items	Provision for income taxes	(6)	59
Total special items - after-tax		\$ 20	\$ (155)
Special items impact per diluted share		\$ 0.19	\$ (1.39)
Adjusted net income attributable to Hyatt Hotels Corporation		\$ 88	\$ 51
Adjusted diluted earnings per share		\$ 0.82	\$ 0.46

(a) **Unrealized losses** - During the three months ended June 30, 2023 (Q2 2023) and the three months ended June 30, 2022 (Q2 2022), we recognized unrealized losses due to the change in fair value of our marketable securities.

(b) **Asset impairments** - During Q2 2023, we recognized \$5 million of asset impairment charges related to intangible assets, primarily as a result of contract terminations. During Q2 2022, we recognized a \$7 million goodwill impairment charge in connection with the sale of Grand Hyatt San Antonio River Walk.

(c) **Transaction costs** - During Q2 2023, we recognized \$4 million of transaction costs related to the acquisition of Mr & Mrs Smith.

(d) **Utilization of Avendra and other proceeds** - During Q2 2023 and Q2 2022, we recognized expenses related to the partial utilization of the Avendra LLC sale proceeds for the benefit of our hotels. The gain recognized in conjunction with the sale of Avendra LLC was included as a special item during the year ended December 31, 2017.

(e) **Fund surpluses** - During Q2 2023 and Q2 2022, we recognized net surpluses on certain funds due to the timing of revenue and expense recognition.

(f) **Gains on sales of real estate** - During Q2 2022, we recognized \$251 million pre-tax gains on sales of real estate related to the sale of Grand Hyatt San Antonio River Walk (\$137 million), The Driskill (\$51 million), Hyatt Regency Indian Wells Resort & Spa (\$40 million), and The Confidante Miami Beach (\$24 million).

(g) **Unconsolidated hospitality ventures** - During Q2 2022, we recognized a \$4 million pre-tax gain on the sale of our ownership interest in an equity method investment.

(h) **Loss on extinguishment of debt** - During Q2 2022, we recognized an \$8 million loss on extinguishment of debt for the bonds that were legally defeased in conjunction with the sale of Grand Hyatt San Antonio River Walk.

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Reconciliation of Non-GAAP Financial Measure: Diluted Earnings per Share and Net Income Attributable to Hyatt Hotels Corporation, to Adjusted Diluted Earnings per Share, and Adjusted Net Income Attributable to Hyatt Hotels Corporation - Six Months Ended June 30, 2023 and June 30, 2022.

(in millions, except per share amounts)	Location on Condensed Consolidated Statements of Income	Six Months Ended June 30,	
		2023	2022
Net income attributable to Hyatt Hotels Corporation		\$ 126	\$ 133
Diluted earnings per share		\$ 1.16	\$ 1.19
Special items			
Transaction costs (a)	Other income (loss), net	11	1
Utilization of Avendra and other proceeds (b)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	8	6
Asset impairments (c)	Asset impairments	7	10
Fund deficits (surpluses) (d)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	6	(2)
Unrealized (gains) losses (e)	Other income (loss), net	(25)	44
Gains on sales of real estate (f)	Gains on sales of real estate	—	(251)
Unconsolidated hospitality ventures (g)	Equity earnings (losses) from unconsolidated hospitality ventures	—	(4)
Loss on extinguishment of debt (h)	Other income (loss), net	—	8
Other	Other income (loss), net	1	9
Special items - pre-tax		8	(179)
Income tax (provision) benefit for special items	Provision for income taxes	(1)	61
Total special items - after-tax		\$ 7	\$ (118)
Special items impact per diluted share		\$ 0.07	\$ (1.05)
Adjusted net income attributable to Hyatt Hotels Corporation		\$ 133	\$ 15
Adjusted diluted earnings per share		\$ 1.23	\$ 0.14

(a) **Transaction costs** - During the six months ended June 30, 2023 (YTD 2023), we recognized \$11 million of transaction costs related to the acquisitions of Dream Hotel Group (\$7 million) and Mr & Mrs Smith (\$4 million).

(b) **Utilization of Avendra and other proceeds** - During YTD 2023 and the six months ended June 30, 2022 (YTD 2022), we recognized expenses related to the partial utilization of the Avendra LLC sale proceeds for the benefit of our hotels.

(c) **Asset impairments** - During YTD 2023, we recognized \$7 million of asset impairment charges related to intangible assets, primarily as a result of contract terminations. During YTD 2022, we recognized a \$7 million goodwill impairment charge in connection with the sale of Grand Hyatt San Antonio River Walk.

(d) **Fund deficits (surpluses)** - During YTD 2023, we recognized net deficits, which we intend to recover in future periods, on certain funds due to the timing of revenue and expense recognition. During YTD 2022, we recognized net surpluses on certain funds due to the timing of revenue and expense recognition.

(e) **Unrealized (gains) losses** - During YTD 2023 and YTD 2022, we recognized unrealized gains and losses, respectively, due to the change in fair value of our marketable securities.

(f) **Gains on sales of real estate** - During YTD 2022, we recognized \$251 million pre-tax gains on sales of real estate related to the sale of Grand Hyatt San Antonio River Walk (\$137 million), The Driskill (\$51 million), Hyatt Regency Indian Wells Resort & Spa (\$40 million), and The Confidante Miami Beach (\$24 million).

(g) **Unconsolidated hospitality ventures** - During YTD 2022, we recognized a \$4 million pre-tax gain on the sale of our ownership interest in an equity method investment.

(h) **Loss on extinguishment of debt** - During YTD 2022, we recognized an \$8 million loss on extinguishment of debt for the bonds that were legally defeased in conjunction with the sale of Grand Hyatt San Antonio River Walk.

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Reconciliation of Non-GAAP Financial Measure: SG&A Expenses to Adjusted SG&A Expenses

Results of operations as presented on the condensed consolidated statements of income include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in SG&A expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). SG&A expenses also include expenses related to stock-based compensation. Below is a reconciliation of this measure excluding the impact of our rabbi trust investments and stock-based compensation expense.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
SG&A expenses	\$ 142	\$ 76	86.0 %	\$ 303	\$ 187	61.8 %
Less: rabbi trust impact	(15)	41	(136.3)%	(31)	69	(145.8)%
Less: stock-based compensation expense	(15)	(12)	(19.8)%	(46)	(40)	(13.1)%
Adjusted SG&A expenses	<u>\$ 112</u>	<u>\$ 105</u>	<u>6.2 %</u>	<u>\$ 226</u>	<u>\$ 216</u>	<u>4.5 %</u>

The table below provides a segment breakdown for Adjusted SG&A expenses.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
Americas management and franchising	\$ 20	\$ 16	17.5 %	\$ 38	\$ 31	19.6 %
ASPAC management and franchising (a)	5	11	(54.8)%	18	21	(15.3)%
EAME management and franchising (a)	7	8	(5.6)%	14	17	(16.0)%
Owned and leased hotels	5	4	52.7 %	9	6	55.7 %
Apple Leisure Group	32	28	17.3 %	61	61	0.3 %
Corporate and other	43	38	11.2 %	86	80	8.0 %
Adjusted SG&A expenses	<u>\$ 112</u>	<u>\$ 105</u>	<u>6.2 %</u>	<u>\$ 226</u>	<u>\$ 216</u>	<u>4.5 %</u>

(a) Effective January 1, 2023, the Company has changed the strategic and operational oversight for our properties located in the Indian subcontinent. Revenues associated with these properties are now reported in the ASPAC management and franchising segment. The segment changes have been reflected retrospectively for the three months and six months ended June 30, 2022.

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Reconciliation of Non-GAAP Financial Measure: Outlook: Income Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA

No additional disposition or acquisition activity beyond what has been completed as of the date of this release has been included in the 2023 Outlook. The Company's 2023 outlook is based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results.

(in millions)

	Year Ended December 31, 2023 Outlook Range	
	Low Case	High Case
Net income	\$ 187	\$ 245
Interest expense	144	144
Provision for income taxes	123	137
Depreciation and amortization	386	386
EBITDA	\$ 840	\$ 912
Contra revenue	45	45
Costs incurred on behalf of managed and franchised properties, net of revenues for the reimbursement of costs	82	72
Equity (earnings) losses from unconsolidated hospitality ventures	3	3
Stock-based compensation expense	72	72
(Gains) losses on sales of real estate	—	—
Asset impairments	7	7
Other (income) losses, net	(90)	(110)
Pro rata share of consolidated hospitality ventures Adjusted EBITDA	61	69
Adjusted EBITDA	\$ 1,020	\$ 1,070

	Year Ended December 31, 2023 Forecast Range	
	Low Case	High Case
Net Deferrals	\$ 120	\$ 120
Net Financed Contracts	\$ 60	\$ 60

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Reconciliation of Non-GAAP Financial Measures: Outlook: SG&A Expenses to Adjusted SG&A Expenses; and Net cash provided by operating activities to Free Cash Flow

No additional disposition or acquisition activity beyond what has been completed as of the date of this release has been included in the forecast. The Company's outlook is based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results. Results of operations as presented on the condensed consolidated statements of income include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in SG&A expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). SG&A expenses also include expenses related to stock-based compensation. Below is a reconciliation of this forecasted measure excluding the impact of our rabbi trust investments and forecasted stock-based compensation expense.

(in millions)

	Year Ended December 31, 2023 Outlook Range	
	Low Case	High Case
SG&A expenses	\$ 554	\$ 564
Less: rabbi trust impact (a)	—	—
Less: stock-based compensation expense	(69)	(69)
Adjusted SG&A expenses	\$ 485	\$ 495

(a) Impact of rabbi trust is not forecasted for the year ended December 31, 2023 as performance of underlying invested assets is not estimable.

(in millions)

	Year Ended December 31, 2023 Outlook Range	
	Low Case	High Case
Net cash provided by operating activities	\$ 725	\$ 775
Capital expenditures	(200)	(200)
Free Cash Flow	\$ 525	\$ 575

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Reconciliation of Non-GAAP Financial Measure: Comparable Owned and Leased Hotels Operating Margin to Owned and Leased Hotels Operating Margin

Below is a reconciliation of consolidated owned and leased hotels revenues and expenses, as used in calculating comparable owned and leased hotels operating margin percentages. Results of operations as presented on the condensed consolidated statements of income include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in owned and leased hotels expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). Below is a reconciliation of the margins excluding the impact of our rabbi trusts and excluding the impact of non-comparable hotels.

(in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
REVENUES						
Comparable owned and leased hotels	\$ 332	\$ 300	10.3 %	\$ 642	\$ 509	26.1 %
Non-comparable owned and leased hotels	9	31	(69.7)%	13	93	(85.8)%
Owned and leased hotels revenues	\$ 341	\$ 331	2.8 %	\$ 655	\$ 602	8.7 %
EXPENSES						
Comparable owned and leased hotels	\$ 244	\$ 211	16.1 %	\$ 474	\$ 383	23.9 %
Non-comparable owned and leased hotels	11	23	(52.8)%	19	64	(70.3)%
Rabbi trust impact	2	(5)	131.1 %	4	(8)	138.5 %
Owned and leased hotels expenses	\$ 257	\$ 229	12.1 %	\$ 497	\$ 439	13.2 %
Owned and leased hotels operating margin percentage	24.5 %	30.8 %	(6.3)%	24.1 %	27.1 %	(3.0)%
Comparable owned and leased hotels operating margin percentage	26.2 %	29.9 %	(3.7)%	26.0 %	24.7 %	1.3 %

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Reconciliation of Non-GAAP Financial Measures: Reconciliation of Net Income (Loss) Attributable to ALG Segment to Segment EBITDA and Segment EBITDA to Segment Adjusted EBITDA; Reconciliation of ALG Segment Total Revenues to Segment Adjusted Revenues; and ALG Segment SG&A Expenses to Segment Adjusted SG&A Expenses

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
Net income (loss) attributable to ALG Segment	\$ (10)	\$ (6)	(87.1)%	\$ 4	\$ (15)	124.7 %
Provision for income taxes (a)	12	4	248.1 %	30	7	353.7 %
Depreciation and amortization	39	47	(14.4)%	79	102	(22.2)%
ALG Segment EBITDA	41	45	(6.0)%	113	94	21.1 %
Contra revenue	2	—	380.1 %	2	—	302.7 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(32)	(26)	(20.6)%	(64)	(55)	(14.3)%
Costs incurred on behalf of managed and franchised properties	31	25	19.1 %	62	54	11.5 %
Stock-based compensation expense	2	3	(34.6)%	6	7	(13.2)%
Asset impairments	5	—	NM	7	2	225.2 %
Other (income) loss, net	—	7	(95.0)%	2	8	(67.1)%
ALG Segment Adjusted EBITDA	\$ 49	\$ 54	(9.1)%	\$ 128	\$ 110	15.9 %

(a) Provision for income taxes recognized on the ALG segment is not inclusive of all tax impacts related to the ALG segment as a portion is recorded at the consolidated level in interim periods.

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
NET DEFERRAL ACTIVITY						
Increase in deferred revenue	\$ 51	\$ 52	(1.0)%	\$ 109	\$ 101	8.0 %
Increase in deferred costs	(23)	(27)	14.8 %	(50)	(52)	4.2 %
Net Deferrals	\$ 28	\$ 25	14.9 %	\$ 59	\$ 49	21.3 %
Increase in Net Financed Contracts	\$ 14	\$ 15	(5.4)%	\$ 31	\$ 22	43.5 %

The table below provides a breakdown for ALG Segment Adjusted revenues.

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
ALG Segment Total revenues	\$ 389	\$ 355	9.6 %	\$ 829	\$ 694	19.4 %
Add: Contra revenue	2	—	380.1 %	2	—	302.7 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(32)	(26)	(20.6)%	(64)	(55)	(14.3)%
ALG Segment Adjusted revenues	\$ 359	\$ 329	9.0 %	\$ 767	\$ 639	20.0 %

The table below provides a breakdown for ALG Segment Adjusted SG&A expenses.

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
ALG Segment SG&A expenses	\$ 33	\$ 31	9.1 %	\$ 65	\$ 68	(4.3)%
Less: stock-based compensation expense	(1)	(3)	52.7 %	(4)	(7)	42.9 %
ALG Segment Adjusted SG&A expenses	\$ 32	\$ 28	17.3 %	\$ 61	\$ 61	0.3 %

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Reconciliation of Non-GAAP Measure: Reconciliation of Unlimited Vacation Club Net Deferrals

(in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change (%)	2023	2022	Change (%)
Sales of membership club contracts deferrals	\$ 98	\$ 91	8.7 %	\$ 207	\$ 179	15.5 %
Membership club revenue recognized	(47)	(39)	(21.8)%	(98)	(78)	(25.1)%
Increase in deferred revenue from membership club contract sales	51	52	(1.0)%	109	101	8.0 %
Costs of memberships club contracts deferrals	(32)	(29)	(6.8)%	(67)	(56)	(18.9)%
Membership club costs recognized	9	2	277.8 %	17	4	333.4 %
Increase in deferred costs from membership club contract costs	(23)	(27)	14.8 %	(50)	(52)	4.2 %
Net Deferrals	\$ 28	\$ 25	14.9 %	\$ 59	\$ 49	21.3 %
Increase in Net Financed Contracts	\$ 14	\$ 15	(5.4)%	\$ 31	\$ 22	43.5 %