Hyatt Hotels Corporation

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Financial Information (unaudited)

Hyatt Hotels Corporation

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

For the Three and Six Months Ended June 30, 2018 and June 30, 2017

(in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	**2017**	**Change ($)**	**Change (%)**	**2018**	**2017**	**Change ($)**	**Change (%)**
Net income attributable to Hyatt Hotels Corporation	**$ 77**	**$ 103**	**$ (26)**	**(24.6)%**	**$ 488**	**$ 158**	**$ 330**	**209.7 %**
Interest expense	19	20	(1)	(6.2)%	38	41	(3)	(6.8)%
Provision for income taxes	25	53	(28)	(53.5)%	175	87	88	100.4 %
Depreciation and amortization	79	86	(7)	(8.9)%	162	173	(11)	(6.6)%
EBITDA	**200**	**262**	**(62)**	**(23.8)%**	**863**	**459**	**404**	**88.1 %**
Contra revenue	5	5	—	12.2 %	10	9	1	15.3 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(502)	(443)	(59)	(13.3)%	(958)	(873)	(85)	(9.7)%
Costs incurred on behalf of managed and franchised properties	500	443	57	12.9 %	960	888	72	8.0 %
Equity (earnings) losses from unconsolidated hospitality ventures	(2)	(1)	(1)	(103.0)%	11	2	9	548.8 %
Stock-based compensation expense	5	5	—	7.8 %	23	21	2	11.6 %
Gains on sales of real estate	(1)	(60)	59	98.3 %	(530)	(60)	(470)	(785.3)%
Other (income) loss, net	(5)	(5)	—	12.1 %	13	(48)	61	127.5 %
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	18	18	—	(3.4)%	28	44	(16)	(36.9)%
Adjusted EBITDA	**$ 218**	**$ 224**	**$ (6)**	**(2.7)%**	**$ 420**	**$ 442**	**$ (22)**	**(5.0)%**

Hyatt Hotels Corporation

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

For the Year Ended December 31, 2018

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.

(in millions)

	2018 Forecast Range	
	Low Case	**High Case**
Net income attributable to Hyatt Hotels Corporation	**$ 508**	**$ 550**
Interest expense	76	76
Provision for income taxes	208	204
Depreciation and amortization	324	320
EBITDA	**1,116**	**1,150**
Contra revenue	21	21
Costs incurred on behalf of managed and franchised properties, net of revenues for the reimbursement of costs	50	40
Equity losses from unconsolidated hospitality ventures	12	8
Stock-based compensation expense	32	32
Gains on sales of real estate	(530)	(530)
Other (income) loss, net	17	3
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	57	61
Adjusted EBITDA	**$ 775**	**$ 785**
Adjusted EBITDA (as adjusted for ASU 2014-09) growth, compared to prior year	(2)%	(1)%
Favorable impact of foreign exchange	$ —	$ 5
Adjusted EBITDA (as adjusted for ASU 2014-09 in constant currency) growth, compared to prior year	(2)%	(1)%

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Earnings per Diluted Share and Net Income Attributable to Hyatt Hotels Corporation, to Earnings per Diluted Share, Adjusted for Special Items and Adjusted Net Income Attributable to Hyatt Hotels Corporation - Three Months Ended June 30, 2018 and June 30, 2017

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Net income attributable to Hyatt Hotels Corporation		**$ 77**	**$ 103**
Earnings per diluted share		**$ 0.66**	**$ 0.81**
Special items			
Unrealized gains (a)	Other income (loss), net	(6)	(2)
Realized losses	Other income (loss), net	1	—
Fund surpluses (b)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(6)	(1)
Utilization of Avendra proceeds (c)	Costs incurred on behalf of managed and franchised properties; depreciation expense	5	—
Gains on sales of real estate (d)	Gains on sales of real estate	(1)	(60)
Unconsolidated hospitality ventures gains	Equity earnings (losses) from unconsolidated hospitality ventures	(2)	—
Impairment (e)	Other income (loss), net	22	—
Other (f)	Other income (loss), net	(4)	—
Special items - pre-tax		9	(63)
Income tax (provision) benefit for special items	Provision for income taxes	(2)	25
Total special items - after-tax		**7**	**(38)**
Special items impact per diluted share		**$ 0.06**	**$ (0.30)**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 84**	**$ 65**
Earnings per diluted share, adjusted for special items		**$ 0.72**	**$ 0.51**

(a) **Unrealized gains** - During the three months ended June 30, 2018 ("Q2 2018"), we recognized unrealized gains due to the change in fair value of our marketable securities, including certain equity securities due to the adoption of the financial instruments ASU. During the three months ended June 30, 2017 ("Q2 2017"), we recognized unrealized gains on marketable securities, excluding the aforementioned equity securities.

(b) **Fund surpluses** - During Q2 2018 and Q2 2017, we recognized $6 million and $1 million of net surpluses, respectively, on certain funds due to the timing of revenue and expense recognition that we expect will reverse in future periods.

(c) **Utilization of Avendra proceeds** - During Q2 2018, we recognized $5 million of expense related to the partial utilization of Avendra sale proceeds for the benefit of our hotels. The gain recognized in conjunction with the sale of Avendra was included as a special item during the year ended December 31, 2017.

(d) **Gains on sales of real estate** - During Q2 2017, we recognized a $35 million gain on the sale of Hyatt Regency Louisville and a $26 million gain on the sale of Hyatt Regency Grand Cypress.

(e) **Impairment** - During Q2 2018, we recognized a $22 million impairment charge related to an investment in an equity security.

(f) **Other** - Includes income related to an insurance settlement.

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Earnings per Diluted Share and Net Income Attributable to Hyatt Hotels Corporation, to Earnings per Diluted Share, Adjusted for Special Items and Adjusted Net Income Attributable to Hyatt Hotels Corporation - Six Months Ended June 30, 2018 and June 30, 2017

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income attributable to Hyatt Hotels Corporation		**$ 488**	**$ 158**
Earnings per diluted share		**$ 4.12**	**$ 1.22**
Special items			
Unrealized losses (gains) (a)	Other income (loss), net	6	(3)
Realized losses (b)	Other income (loss), net	2	41
Fund (surpluses) deficits (c)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(6)	11
Utilization of Avendra proceeds (d)	Costs incurred on behalf of managed and franchised properties; depreciation expense	8	—
Gains on sales of real estate (e)	Gains on sales of real estate	(530)	(60)
Unconsolidated hospitality ventures gains (f)	Equity earnings (losses) from unconsolidated hospitality ventures	(12)	(2)
Unconsolidated hospitality ventures impairments (g)	Equity earnings (losses) from unconsolidated hospitality ventures	16	—
Impairment (h)	Other income (loss), net	22	—
Other (i)	Other income (loss), net	(7)	2
Special items - pre-tax		(501)	(11)
Income tax benefit (provision) for special items	Provision for income taxes	135	6
Total special items - after-tax		**(366)**	**(5)**
Special items impact per diluted share		**$ (3.09)**	**$ (0.04)**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 122**	**$ 153**
Earnings per diluted share, adjusted for special items		**$ 1.03**	**$ 1.18**

(a) **Unrealized losses (gains)** - During the six months ended June 30, 2018 ("YTD 2018"), we recognized unrealized losses due to the change in fair value of our marketable securities, including certain equity securities due to the adoption of the financial instruments ASU. During the six months ended June 30, 2017 ("YTD 2017"), we recognized unrealized gains on marketable securities, excluding the aforementioned equity securities.

(b) **Realized losses** - During YTD 2018 and YTD 2017, we recognized realized losses of $2 million and $41 million, respectively, on the sale of marketable securities. During YTD 2017, Playa redeemed our preferred shares plus accrued and unpaid paid in kind dividends thereon for a full redemption of $290 million, resulting in $40 million of realized losses, which were the result of the difference between the fair value of the initial investment and the contractual redemption price.

(c) **Fund (surpluses) deficits** - During YTD 2018 and YTD 2017, we recognized a $6 million net surplus and an $11 million net deficit, respectively, on certain funds due to the timing of revenue and expense recognition that we expect will reverse in future periods.

(d) **Utilization of Avendra proceeds** - During YTD 2018, we recognized $8 million of expense related to the partial utilization of Avendra sale proceeds for the benefit of our hotels. The gain recognized in conjunction with the sale of Avendra was included as a special item during the year ended December 31, 2017.

(e) **Gains on sales of real estate** - During YTD 2018, we recognized a $531 million gain on the portfolio sale of Andaz Maui at Wailea, Grand Hyatt San Francisco, and Hyatt Regency Coconut Point. During YTD 2017, we recognized a $35 million gain on the sale of Hyatt Regency Louisville and a $26 million gain on the sale of Hyatt Regency Grand Cypress.

(f) **Unconsolidated hospitality ventures gains** - During YTD 2018, we recognized a $10 million gain attributable to sales activity related to certain unconsolidated hospitality ventures. During YTD 2017, we recognized a $2 million gain in connection with the sale of a hotel by an unconsolidated hospitality venture.

(g) **Unconsolidated hospitality ventures impairments** - During YTD 2018, we recognized $16 million of impairment charges.

(h) **Impairment** - During YTD 2018, we recognized a $22 million impairment charge related to an investment in an equity security.

(i) **Other** - During YTD 2018, other includes income related to an insurance settlement.

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Reconciliation of Non-GAAP 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 and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings. 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.

(in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	Change ($)	Change (%)	2018	2017	Change ($)	Change (%)
SG&A expenses	**$ 83**	**$ 90**	**$ (7)**	**(8.0)%**	**$ 178**	**$ 189**	**$ (11)**	**(5.4)%**
Less: rabbi trust impact	(5)	(8)	3	37.6 %	(8)	(20)	12	61.3 %
Less: stock-based compensation expense	(5)	(5)	—	(7.8)%	(23)	(21)	(2)	(11.6)%
Adjusted SG&A expenses	**$ 73**	**$ 77**	**$ (4)**	**(5.9)%**	**$ 147**	**$ 148**	**$ (1)**	**(0.2)%**

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	Change ($)	Change (%)	2018	2017	Change ($)	Change (%)
Americas management and franchising	$ 12	$ 12	$ —	(8.8)%	$ 22	$ 25	$ (3)	(14.0)%
ASPAC management and franchising	12	11	1	19.6 %	23	20	3	17.3 %
EAME/SW Asia management and franchising	8	8	—	(5.7)%	17	17	—	2.2 %
Owned and leased hotels	5	5	—	(10.2)%	9	9	—	(1.2)%
Corporate and other	36	41	(5)	(11.0)%	76	77	(1)	(0.5)%
Adjusted SG&A expenses	**$ 73**	**$ 77**	**$ (4)**	**(5.9)%**	**$ 147**	**$ 148**	**$ (1)**	**(0.2)%**

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Reconciliation of Non-GAAP 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 and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings. 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,			
	2018	**2017**	**Change ($)**	**Change (%)**	**2018**	**2017**	**Change ($)**	**Change (%)**
Revenues								
Comparable owned and leased hotels	$ 466	$ 438	$ 28	6.4 %	$ 896	$ 852	$ 44	5.2 %
Non-comparable owned and leased hotels (a)	19	138	(119)	(86.1)%	104	293	(189)	(64.4)%
Owned and leased hotels revenues	**$ 485**	**$ 576**	**$ (91)**	**(15.8)%**	**$ 1,000**	**$ 1,145**	**$ (145)**	**(12.6)%**
Expenses								
Comparable owned and leased hotels	$ 339	$ 326	$ 13	4.1 %	$ 665	$ 642	$ 23	3.5 %
Non-comparable owned and leased hotels (a)	17	101	(84)	(83.4)%	75	206	(131)	(63.7)%
Rabbi trust impact	1	1	—	(33.2)%	1	4	(3)	(58.4)%
Owned and leased hotels expenses	**$ 357**	**$ 428**	**$ (71)**	**(16.7)%**	**$ 741**	**$ 852**	**$ (111)**	**(13.0)%**
Owned and leased hotels operating margin percentage (a)	**26.4%**	**25.6%**		**0.8 %**	**25.9%**	**25.6%**		**0.3 %**
Comparable owned and leased hotels operating margin percentage	**27.2%**	**25.6%**		**1.6 %**	**25.8%**	**24.6%**		**1.2 %**