Hyatt Hotels Corporation
Table of Contents
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 and Total Revenues to Adjusted Revenues

For the Three and Nine Months Ended September 30, 2018 and September 30, 2017

*(in millions)*

| | Three Months Ended September 30, | | Change | Change | Nine Months Ended September 30, | | Change | Change |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | ($) | (%) | 2018 | 2017 | ($) | (%) |
| **Net income attributable to Hyatt Hotels Corporation** | **$ 237** | **$ 18** | **$ 219** | **NM** | **$ 725** | **$ 176** | **$ 549** | **312.0 %** |
| Interest expense | 19 | 20 | (1) | (3.2 )% | 57 | 61 | (4) | (5.6 )% |
| Provision for income taxes | 19 | 16 | 3 | 28.9 % | 194 | 103 | 91 | 89.7 % |
| Depreciation and amortization | 81 | 88 | (7) | (8.1 )% | 243 | 261 | (18) | (7.1 )% |
| **EBITDA** | **356** | **142** | **214** | **151.9 %** | **1,219** | **601** | **618** | **103.1 %** |
| Contra revenue | 5 | 4 | 1 | 8.6 % | 15 | 13 | 2 | 13.0 % |
| Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties | (489) | (429) | (60) | (14.1 )% | (1,447) | (1,302) | (145) | (11.2 )% |
| Costs incurred on behalf of managed and franchised properties | 487 | 425 | 62 | 14.9 % | 1,447 | 1,313 | 134 | 10.3 % |
| Equity (earnings) losses from unconsolidated hospitality ventures | 6 | (1) | 7 | 909.6 % | 17 | 1 | 16 | NM |
| Stock-based compensation expense | 5 | 5 | — | (4.3 )% | 28 | 26 | 2 | 8.6 % |
| Gains on sales of real estate | (239) | — | (239) | NM | (769) | (60) | (709) | NM |
| Asset impairments | 21 | — | 21 | NM | 21 | — | 21 | NM |
| Other (income) loss, net | 9 | 16 | (7) | (42.6 )% | 22 | (32) | 54 | 169.2 % |
| Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA | 14 | 15 | (1) | (3.8 )% | 42 | 59 | (17) | (28.6 )% |
| **Adjusted EBITDA** | **$ 175** | **$ 177** | **$ (2)** | **(0.9)%** | **$ 595** | **$ 619** | **$ (24)** | **(3.8)%** |

| | Three Months Ended September 30, | | Change | Change | Nine Months Ended September 30, | | Change | Change |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | ($) | (%) | 2018 | 2017 | ($) | (%) |
| **Total revenues** | **$ 1,074** | **$ 1,070** | **$ 4** | **0.5 %** | **$ 3,316** | **$ 3,345** | **$ (29)** | **(0.8)%** |
| Add: Amortization of management and franchise agreement assets constituting payments to customers | 5 | 4 | 1 | 8.6 % | 15 | 13 | 2 | 13.0 % |
| Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties | (489) | (429) | (60) | (14.1 )% | (1,447) | (1,302) | (145) | (11.2 )% |
| **Adjusted revenues** | **$ 590** | **$ 645** | **$ (55)** | **(8.5)%** | **$ 1,884** | **$ 2,056** | **$ (172)** | **(8.3)%** |
| **Adjusted EBITDA Margin %** | **29.7%** | **27.4%** | | **2.3%** | **31.6%** | **30.1%** | | **1.5%** |
| **Adjusted EBITDA Margin % Change in Constant Currency** | | | | **2.4%** | | | | **1.6%** |

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** | **$ 726** | **$ 771** |
| Interest expense | 77 | 76 |
| Provision for income taxes | 217 | 205 |
| Depreciation and amortization | 323 | 319 |
| **EBITDA** | **1,343** | **1,371** |
| Contra revenue | 21 | 21 |
| Costs incurred on behalf of managed and franchised properties, net of revenues for the reimbursement of costs | 40 | 30 |
| Equity losses from unconsolidated hospitality ventures | (1) | (5) |
| Stock-based compensation expense | 30 | 30 |
| Gains on sales of real estate | (772) | (772) |
| Asset impairments | 21 | 21 |
| Other (income) loss, net | 31 | 23 |
| Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA | 52 | 56 |
| **Adjusted EBITDA** | **$ 765** | **$ 775** |
| Adjusted EBITDA (as adjusted for ASU 2014-09) change, compared to prior year | (3)% | (2)% |
| Impact of foreign exchange | $ — | $ — |
| Adjusted EBITDA (as adjusted for ASU 2014-09 in constant currency) change, compared to prior year | (3)% | (2)% |

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 September 30, 2018 and September 30, 2017

*(in millions, except per share amounts)*

| | **Location on Condensed Consolidated Statements of Income** | **Three Months Ended September 30, 2018** | **Three Months Ended September 30, 2017** |
|---|---|---|---|
| **Net income attributable to Hyatt Hotels Corporation** | | **$ 237** | **$ 18** |
| **Earnings per diluted share** | | **$ 2.09** | **$ 0.14** |
| **Special items** | | | |
| Gains on sales of real estate (a) | Gains on sales of real estate | (239) | — |
| Fund surpluses (b) | Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net | (5) | (7) |
| Asset impairments (c) | Asset impairments | 21 | — |
| Unrealized losses (d) | Other income (loss), net | 15 | — |
| Loss on extinguishment of debt (e) | Other income (loss), net | 7 | — |
| Utilization of Avendra proceeds (f) | Costs incurred on behalf of managed and franchised properties; depreciation expense | 5 | — |
| Cease use liability (g) | Other income (loss), net | — | 21 |
| Other (h) | Equity earnings (losses) from unconsolidated hospitality ventures; other income (loss), net | 1 | 3 |
| **Special items - pre-tax** | | (195) | 17 |
| Income tax (provision) benefit for special items (i) | Provision for income taxes | (5) | (6) |
| **Total special items - after-tax** | | **(200)** | **11** |
| **Special items impact per diluted share** | | **$ (1.76)** | **$ 0.10** |
| **Adjusted net income attributable to Hyatt Hotels Corporation** | | **$ 37** | **$ 29** |
| **Earnings per diluted share, adjusted for special items** | | **$ 0.33** | **$ 0.24** |

(a) **Gains on sales of real estate** - During the three months ended September 30, 2018 ("Q3 2018"), we recognized a $240 million gain on the sale of shares of the entity which owns Hyatt Regency Mexico City, an investment in an unconsolidated hospitality venture, and adjacent land ("HRMC transaction").
(b) **Fund surpluses** - During Q3 2018 and the three months ended September 30, 2017 ("Q3 2017"), we recognized $5 million and $7 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) **Asset impairments** - During Q3 2018, we recognized a $21 million goodwill impairment in connection with the HRMC transaction.
(d) **Unrealized losses** - During Q3 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.
(e) **Loss on extinguishment of debt** - During Q3 2018, we recognized a $7 million loss on extinguishment of debt for the redemption of our 2019 senior notes.
(f) **Utilization of Avendra proceeds** - During Q3 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.
(g) **Cease use liability** - During Q3 2017, we recognized a $21 million cease use liability related to our previous corporate headquarters.
(h) **Other** - Q3 2018 primarily related to transaction costs. Q3 2017 included an impairment charge related to an unconsolidated hospitality venture.
(i) **U.S. tax reform impact** - During Q3 2018, we updated our U.S. tax reform provisional amounts and recognized a $1 million net measurement period adjustment.

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 - Nine Months Ended September 30, 2018 and September 30, 2017

*(in millions, except per share amounts)*

| | Location on Condensed Consolidated Statements of Income | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|
| **Net income attributable to Hyatt Hotels Corporation** | | **$ 725** | **$ 176** |
| **Earnings per diluted share** | | **$ 6.21** | **$ 1.38** |
| **Special items** | | | |
| Gains on sales of real estate (a) | Gains on sales of real estate | (769) | (60) |
| Unconsolidated hospitality ventures gains (b) | Equity earnings (losses) from unconsolidated hospitality ventures | (13) | (2) |
| 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 | (11) | 4 |
| Impairments (d) | Asset impairments; other income (loss), net | 43 | — |
| Unrealized losses (gains) (e) | Other income (loss), net | 21 | (3) |
| Unconsolidated hospitality ventures impairments (f) | Equity earnings (losses) from unconsolidated hospitality ventures | 16 | 3 |
| Utilization of Avendra proceeds (g) | Costs incurred on behalf of managed and franchised properties; depreciation expense | 13 | — |
| Loss on extinguishment of debt (h) | Other income (loss), net | 7 | — |
| Realized losses (i) | Other income (loss), net | 2 | 41 |
| Cease use liability (j) | Other income (loss), net | — | 21 |
| Other (k) | Other income (loss), net | (5) | 2 |
| **Special items - pre-tax** | | (696) | 6 |
| Income tax (provision) benefit for special items (l) | Provision for income taxes | 130 | — |
| **Total special items - after-tax** | | **(566)** | **6** |
| **Special items impact per diluted share** | | **$ (4.85)** | **$ 0.04** |
| **Adjusted net income attributable to Hyatt Hotels Corporation** | | **$ 159** | **$ 182** |
| **Earnings per diluted share, adjusted for special items** | | **$ 1.36** | **$ 1.42** |

(a) **Gains on sales of real estate** - During the nine months ended September 30, 2018 ("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 and a $240 million gain on the HRMC transaction. During the nine months ended September 30, 2017 ("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.

(b) **Unconsolidated hospitality ventures gains** - During YTD 2018, we recognized a $13 million net 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.

(c) **Fund (surpluses) deficits** - During YTD 2018 and YTD 2017, we recognized a $11 million net surplus and a $4 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) **Impairments** - During YTD 2018, we recognized a $21 million goodwill impairment charge in connection with the HRMC transaction and a $22 million impairment charge related to an investment in an equity security.

(e) **Unrealized losses (gains)** - During 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 YTD 2017, we recognized unrealized gains on marketable securities, excluding the aforementioned equity securities.
(f) **Unconsolidated hospitality ventures impairments** - During YTD 2018 and YTD 2017, we recognized $16 million and $3 million of impairment charges, respectively.
(g) **Utilization of Avendra proceeds** - During YTD 2018, we recognized $13 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.
(h) **Loss on extinguishment of debt** - During YTD 2018, we recognized a $7 million loss on extinguishment of debt for the redemption of our 2019 senior notes.
(i) **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.
(j) **Cease use liability** - During YTD 2017, we recognized a $21 million cease use liability related to our previous corporate headquarters.
(k) **Other** - YTD 2018 includes insurance settlement income and transaction costs. YTD 2017 includes transaction costs.
(l) **U.S. tax reform impact** - During YTD 2018, we updated our U.S. tax reform provisional amounts and recognized a $1 million net measurement period adjustment.

Hyatt Hotels Corporation

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 September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2017** | **Change ($)** | **Change (%)** | **2018** | **2017** | **Change ($)** | **Change (%)** |
| **SG&A expenses** | **$ 82** | **$ 89** | **$ (7)** | **(7.7)%** | **$ 260** | **$ 278** | **$ (18)** | **(6.1)%** |
| Less: rabbi trust impact | (8) | (9) | 1 | 10.8 % | (16) | (29) | 13 | 45.6 % |
| Less: stock-based compensation expense | (5) | (5) | — | 4.3 % | (28) | (26) | (2) | (8.6 )% |
| **Adjusted SG&A expenses** | **$ 69** | **$ 75** | **$ (6)** | **(7.6)%** | **$ 216** | **$ 223** | **$ (7)** | **(2.7)%** |

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

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2017** | **Change ($)** | **Change (%)** | **2018** | **2017** | **Change ($)** | **Change (%)** |
| Americas management and franchising | $ 13 | $ 14 | $ (1) | (3.5 )% | $ 35 | $ 39 | $ (4) | (10.7 )% |
| ASPAC management and franchising | 12 | 11 | 1 | 4.3 % | 35 | 31 | 4 | 12.9 % |
| EAME/SW Asia management and franchising | 8 | 6 | 2 | 18.6 % | 25 | 23 | 2 | 7.1 % |
| Owned and leased hotels | 5 | 6 | (1) | (1.2 )% | 14 | 15 | (1) | (0.4 )% |
| Corporate and other | 31 | 38 | (7) | (17.4 )% | 107 | 115 | (8) | (6.4 )% |
| **Adjusted SG&A expenses** | **$ 69** | **$ 75** | **$ (6)** | **(7.6)%** | **$ 216** | **$ 223** | **$ (7)** | **(2.7)%** |

Hyatt Hotels Corporation

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 September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2017** | **Change ($)** | **Change (%)** | **2018** | **2017** | **Change ($)** | **Change (%)** |
| Revenues | | | | | | | | |
| Comparable owned and leased hotels | $ 411 | $ 397 | $ 14 | 3.4 % | $ 1,277 | $ 1,220 | $ 57 | 4.6 % |
| Non-comparable owned and leased hotels | 39 | 119 | (80) | (67.5 )% | 173 | 441 | (268) | (60.7 )% |
| **Owned and leased hotels revenues** | **$ 450** | **$ 516** | **$ (66)** | **(12.9)%** | **$ 1,450** | **$ 1,661** | **$ (211)** | **(12.7)%** |
| Expenses | | | | | | | | |
| Comparable owned and leased hotels | $ 321 | $ 313 | $ 8 | 2.5 % | $ 973 | $ 942 | $ 31 | 3.2 % |
| Non-comparable owned and leased hotels | 31 | 91 | (60) | (66.3 )% | 119 | 310 | (191) | (61.8 )% |
| Rabbi trust impact | 2 | 2 | — | (11.2 )% | 3 | 6 | (3) | (43.6 )% |
| **Owned and leased hotels expenses** | **$ 354** | **$ 406** | **$ (52)** | **(13.0)%** | **$ 1,095** | **$ 1,258** | **$ (163)** | **(13.0)%** |
| **Owned and leased hotels operating margin percentage** | **21.3%** | **21.2%** | | **0.1 %** | **24.5%** | **24.2%** | | **0.3 %** |
| **Comparable owned and leased hotels operating margin percentage** | **21.8%** | **21.1%** | | **0.7 %** | **23.8%** | **22.7%** | | **1.1 %** |