

Hyatt Hotels Corporation

Table of Contents

Financial Information (unaudited)

- 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
- Reconciliation of Non-GAAP Measure: Reconciliation of Net Income Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA Forecast
- 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 March 31, 2019 and March 31, 2018
- Reconciliation of Non-GAAP Measure: SG&A Expenses to Adjusted SG&A Expenses
- Reconciliation of Non-GAAP Measure: Comparable Owned and Leased Hotels Operating Margin to Owned and Leased Hotels Operating Margin

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

(in millions)

	Three Months Ended March 31,			
	2019	2018	Change (\$)	Change (%)
Net income attributable to Hyatt Hotels Corporation	\$ 63	\$ 411	\$ (348)	(84.6)%
Interest expense	19	19	—	1.1 %
Provision for income taxes	20	150	(130)	(87.1)%
Depreciation and amortization	80	83	(3)	(3.4)%
EBITDA	182	663	(481)	(72.6)%
Contra revenue	5	5	—	4.8 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(590)	(456)	(134)	(29.2)%
Costs incurred on behalf of managed and franchised properties	605	460	145	31.6 %
Equity losses from unconsolidated hospitality ventures	3	13	(10)	(78.1)%
Stock-based compensation expense	20	18	2	6.4 %
Gains on sales of real estate	(1)	(529)	528	99.8 %
Asset impairments	3	—	3	NM
Other (income) loss, net	(51)	18	(69)	(381.1)%
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	11	10	1	8.3 %
Adjusted EBITDA	\$ 187	\$ 202	\$ (15)	(7.3)%
	Three Months Ended March 31,			
	2019	2018	Change (\$)	Change (%)
Total revenues	\$ 1,241	\$ 1,109	\$ 132	11.9 %
Add: Amortization of management and franchise agreement assets constituting payments to customers	5	5	—	4.8 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(590)	(456)	(134)	(29.2)%
Adjusted revenues	\$ 656	\$ 658	\$ (2)	(0.2)%
Adjusted EBITDA Margin % (a)	28.5%	30.7%		(2.2)%
Adjusted EBITDA Margin % Change in Constant Currency (a)				(2.2)%

(a) Adjusted EBITDA margin was negatively impacted by 110 bps for legal settlement proceeds received in the first quarter of 2018 related to a franchise agreement termination for an unopened property and negatively impacted by 80 bps related to integration costs incurred in the first quarter of 2019 associated with the Two Roads acquisition.

Hyatt Hotels Corporation

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

For the Year Ended December 31, 2019

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)

	2019 Forecast Range	
	Low Case	High Case
Net income attributable to Hyatt Hotels Corporation	\$ 144	\$ 183
Interest expense	79	78
Provision for income taxes	62	71
Depreciation and amortization	352	347
EBITDA	637	679
Contra revenue	21	21
Costs incurred on behalf of managed and franchised properties, net of revenues for the reimbursement of costs	85	75
Equity losses from unconsolidated hospitality ventures	7	2
Stock-based compensation expense	35	35
(Gains) on sales of real estate	(1)	(1)
Asset impairments	3	3
Other (income) loss, net	(68)	(79)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	61	65
Adjusted EBITDA	\$ 780	\$ 800
Adjusted EBITDA change, compared to prior year	—%	3%
Impact of foreign exchange	\$ (7)	\$ (2)
Adjusted EBITDA change, compared to prior year (in constant \$)	1%	3%

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

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Three Months Ended March 31,	
		2019	2018
Net income attributable to Hyatt Hotels Corporation		\$ 63	\$ 411
Earnings per diluted share		\$ 0.59	\$ 3.40
Special items			
Release of contingent consideration liability (a)	Other income (loss), net	(25)	—
Unrealized (gains) losses (b)	Other income (loss), net	(12)	12
Gains on sales of real estate (c)	Gains on sales of real estate	(1)	(529)
Utilization of Avendra proceeds (d)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	8	3
Fund deficits (e)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	5	—
Asset impairments	Asset impairments	3	—
Unconsolidated hospitality ventures (f)	Equity losses from unconsolidated hospitality ventures	1	6
Other	Other income (loss), net	1	(2)
Special items - pre-tax		(20)	(510)
Income tax benefit for special items	Provision for income taxes	5	139
Total special items - after-tax		(15)	(371)
Special items impact per diluted share		\$ (0.14)	\$ (3.07)
Adjusted net income attributable to Hyatt Hotels Corporation		\$ 48	\$ 40
Earnings per diluted share, adjusted for special items		\$ 0.45	\$ 0.33

(a) **Release of contingent consideration liability**- During the three months ended March 31, 2019 (Q1 2019), we recognized \$25 million of income related to the release of the contingent consideration liability recorded in connection with the acquisition of Two Roads Hospitality LLC in 2018.

(b) **Unrealized (gains) losses** - During Q1 2019 and the three months ended March 31, 2018 (Q1 2018), we recognized unrealized gains and losses, respectively, due to the change in fair value of our marketable securities.

(c) **Gains on sales of real estate** - During Q1 2018, we recognized a \$529 million gain on the portfolio sale of Andaz Maui at Wailea, Grand Hyatt San Francisco, and Hyatt Regency Coconut Point.

(d) **Utilization of Avendra proceeds** - During Q1 2019 and Q1 2018, we recognized expenses 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 LLC was included as a special item during the year ended December 31, 2017.

(e) **Fund deficits** - During Q1 2019, we recognized net deficits on certain funds due to the timing of revenue and expense recognition that we expect will reverse in future periods.

(f) **Unconsolidated hospitality ventures** - During Q1 2018, we recognized a \$16 million impairment charge, an \$8 million gain in connection with the sale of our ownership interest in an unconsolidated hospitality venture, and a \$2 million gain related to a final distribution in connection with the aforementioned sale of Avendra LLC in 2017.

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 March 31,			
	2019	2018	Change (\$)	Change (%)
SG&A expenses	\$ 128	\$ 95	\$ 33	33.4 %
Less: rabbi trust impact	(26)	(3)	(23)	(877.7)%
Less: stock-based compensation expense	(20)	(18)	(2)	(6.4)%
Adjusted SG&A expenses	\$ 82	\$ 74	\$ 8	9.9 %

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

	Three Months Ended March 31,			
	2019	2018	Change (\$)	Change (%)
Americas management and franchising	\$ 16	\$ 10	\$ 6	38.5 %
ASPAC management and franchising	12	11	1	5.6 %
EAME/SW Asia management and franchising	8	9	(1)	(6.4)%
Owned and leased hotels	4	4	—	19.2 %
Corporate and other	42	40	2	9.8 %
Adjusted SG&A expenses	\$ 82	\$ 74	\$ 8	9.9 %

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 March 31,		Change (\$)	Change (%)
	2019	2018		
Revenues				
Comparable owned and leased hotels	\$ 434	\$ 430	\$ 4	0.8 %
Non-comparable owned and leased hotels	36	85	(49)	(57.8)%
Owned and leased hotels revenues	\$ 470	\$ 515	\$ (45)	(8.9)%
Expenses				
Comparable owned and leased hotels	\$ 327	\$ 330	\$ (3)	(0.7)%
Non-comparable owned and leased hotels	26	54	(28)	(51.6)%
Rabbi trust impact	4	—	4	591.4 %
Owned and leased hotels expenses	\$ 357	\$ 384	\$ (27)	(7.0)%
Owned and leased hotels operating margin percentage	23.9%	25.5%		(1.6)%
Comparable owned and leased hotels operating margin percentage	24.7%	23.5%		1.2 %