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
For the Three and Six Months Ended June 30, 2017 and June 30, 2016

Adjusted EBITDA, as the Company defines it, is a non-GAAP financial measure. See Definitions for our definition of Adjusted EBITDA and why we present it.
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net income attributable to Hyatt Hotels Corporation	**$ 87**	**$ 67**	**$ 157**	**$ 101**
Interest expense	20	20	41	37
Provision for income taxes	45	21	86	37
Depreciation and amortization	91	86	182	167
EBITDA	**243**	**194**	**466**	**342**
Equity (earnings) losses from unconsolidated hospitality ventures	(1)	(19)	2	(21)
Stock-based compensation expense	5	4	21	20
(Gains) losses on sales of real estate	(34)	21	(34)	21
Other (income) loss, net	(2)	(1)	(42)	3
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	18	28	44	56
Adjusted EBITDA	**$ 229**	**$ 227**	**$ 457**	**$ 421**

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, 2017

No additional disposition or acquisition activity 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)

	2017 Forecast Range	
	Low Case	**High Case**
Net income attributable to Hyatt Hotels Corporation	**$ 173**	**$ 201**
Interest expense	80	80
(Benefit) provision for income taxes	107	114
Depreciation and amortization	366	362
EBITDA	**726**	**757**
Equity (earnings) losses from unconsolidated hospitality ventures	(2)	(2)
Stock-based compensation expense	31	31
(Gains) losses on sales of real estate and other	(34)	(34)
Other (income) loss, net	(1)	(16)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	75	79
Adjusted EBITDA	**$ 795**	**$ 815**
Adjusted EBITDA (as reported) growth, compared to prior year	1%	4%
Negative impact of foreign exchange	$ 10	$ 5
Adjusted EBITDA (in constant currency) growth, compared to prior year	3%	4%
Adjusted EBITDA (in constant currency) growth, compared to prior year excluding Playa (a)	5%	7%

(a) Excludes Hyatt's pro rata share of Adjusted EBITDA from Playa of $34 million in 2016 and $14 million in 2017.

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, 2017 and June 30, 2016

Special items are those items deemed not to be reflective of ongoing operations. The Company uses Adjusted Net Income to provide meaningful comparisons of ongoing operating results.

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
Net income attributable to Hyatt Hotels Corporation		**$ 87**	**$ 67**
Earnings per diluted share		**$ 0.68**	**$ 0.49**
Special items			
(Gains) losses on sales of real estate (a)	Gains (losses) on sales of real estate	(34)	21
Unconsolidated hospitality venture impairment (b)	Equity earnings (losses) from unconsolidated hospitality ventures	—	2
Other (c)	Other income (loss), net	—	9
Total special items - pre-tax		(34)	32
Income tax benefit (provision) for special items	Provision for income taxes	13	(12)
Total special items - after-tax		**(21)**	**20**
Special items impact per diluted share		**$ (0.16)**	**$ 0.15**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 66**	**$ 87**
Earnings per diluted share, adjusted for special items		**$ 0.52**	**$ 0.64**

(a) (Gains) losses on sales of real estate - During the three months ended June 30, 2017, we recognized a $35 million gain on the sale of Hyatt Regency Louisville, partially offset by a $1 million loss on the sale of land and construction in progress to an unconsolidated hospitality venture, in which Hyatt has a 50% ownership interest. During the three months ended June 30, 2016, we recorded a $21 million loss on the sale of Andaz 5th Avenue.

(b) Unconsolidated hospitality venture impairment - During the three months ended June 30, 2016, we recorded a $2 million impairment charge related to an unconsolidated hospitality venture.

(c) Other - During the three months ended June 30, 2016, Other included a loss on the redemption of a cost method investment, debt settlement costs related to the redemption of our 2016 Senior Notes, transaction costs and a provision on a developer loan based on our assessment of collectability.

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, 2017 and June 30, 2016

Special items are those items deemed not to be reflective of ongoing operations. The Company uses Adjusted Net Income to provide meaningful comparisons of ongoing operating results.

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	**Six Months Ended June 30,**	
		2017	**2016**
Net income attributable to Hyatt Hotels Corporation		**$ 157**	**$ 101**
Earnings per diluted share		**$ 1.22**	**$ 0.74**
Special items			
Realized losses on redemption of preferred stock (a)	Other income (loss), net	40	—
(Gains) losses on sales of real estate (b)	Gains (losses) on sales of real estate	(34)	21
Gains on sales of real estate held by an unconsolidated hospitality venture (c)	Equity earnings (losses) from unconsolidated hospitality ventures	(2)	—
Unconsolidated hospitality venture impairment (d)	Equity earnings (losses) from unconsolidated hospitality ventures	—	2
Other (e)	Other income (loss), net	2	9
Total special items - pre-tax		6	32
Income tax provision for special items	Provision for income taxes	(1)	(12)
Total special items - after-tax		**5**	**20**
Special items impact per diluted share		**$ 0.03**	**$ 0.15**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 162**	**$ 121**
Earnings per diluted share, adjusted for special items		**$ 1.25**	**$ 0.89**

(a) Realized losses on redemption of preferred stock - During the six months ended June 30, 2017, Playa redeemed 34,468,193 of our preferred shares plus accrued and unpaid paid in kind dividends thereon for $290 million. We recognized $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.

(b) (Gains) losses on sales of real estate - During the six months ended June 30, 2017, we recognized a $35 million gain on the sale of Hyatt Regency Louisville, partially offset by a $1 million loss on the sale of land and construction in progress to an unconsolidated hospitality venture, in which Hyatt has a 50% ownership interest. During the six months ended June 30, 2016, we recorded a $21 million loss on the sale of Andaz 5th Avenue.

(c) Gains on sales of real estate held by an unconsolidated hospitality venture - During the six months ended June 30, 2017, an unconsolidated hospitality venture sold a Hyatt Place hotel, for which we recognized a gain of $2 million.

(d) Unconsolidated hospitality venture impairment - During the six months ended June 30, 2016, we recorded a $2 million impairment charge related to an unconsolidated hospitality venture.

(e) Other - During the six months ended June 30, 2017, Other included transaction costs related to the Miraval acquisition. During the six months ended June 30, 2016, Other included a loss on the redemption of a cost method investment, debt settlement costs related to the redemption of our 2016 Senior Notes, transaction costs and a provision on a developer loan based on our assessment of collectability.

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 employee benefit programs 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 operating programs, 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,			
	2017	2016	Change ($)	Change (%)	2017	2016	Change ($)	Change (%)
SG&A expenses	**$ 90**	**$ 75**	**$ 15**	**20.8 %**	**$ 189**	**$ 163**	**$ 26**	**15.9 %**
Less: rabbi trust impact	(8)	(4)	(4)	(80.3)%	(20)	(4)	(16)	(386.5)%
Less: stock-based compensation expense	(5)	(4)	(1)	(43.3)%	(21)	(20)	(1)	(5.4)%
Adjusted SG&A expenses	**$ 77**	**$ 67**	**$ 10**	**15.7 %**	**$ 148**	**$ 139**	**$ 9**	**6.4 %**

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

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	Change ($)	Change (%)	2017	2016	Change ($)	Change (%)
Americas management and franchising	$ 12	$ 11	$ 1	7.4 %	$ 25	$ 25	$ —	(0.4)%
ASPAC management and franchising	11	10	1	1.7 %	20	19	1	1.9 %
EAME/SW Asia management and franchising	8	8	—	0.7 %	17	17	—	0.6 %
Owned and leased hotels (a)	5	3	2	89.0 %	9	6	3	56.7 %
Corporate and other	41	35	6	20.7 %	77	72	5	7.3 %
Adjusted SG&A expenses	**$ 77**	**$ 67**	**$ 10**	**15.7%**	**$ 148**	**$ 139**	**$ 9**	**6.4 %**

(a) The increase in the owned and leased hotels segment Adjusted SG&A was primarily driven by a reclassification of departmental expense from corporate and other.

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 employee benefit programs 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 operating programs, thus having no net impact to our earnings. Below is a reconciliation of this account 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,			
	2017	**2016**	**Change ($)**	**Change (%)**	**2017**	**2016**	**Change ($)**	**Change (%)**
Revenues								
Comparable owned and leased hotels	$ 500	$ 512	$ (12)	(2.4)%	$ 982	$ 989	$ (7)	(0.7)%
Non-comparable owned and leased hotels (a)	77	47	30	63.6 %	167	86	81	93.5 %
Owned and leased hotels revenues	**$ 577**	**$ 559**	**$ 18**	**3.2 %**	**$ 1,149**	**$ 1,075**	**$ 74**	**6.9 %**
Expenses								
Comparable owned and leased hotels	$ 369	$ 371	$ 2	0.7 %	$ 730	$ 728	$ (2)	(0.2)%
Non-comparable owned and leased hotels (a)	60	41	(19)	(46.2)%	123	73	(50)	(70.0)%
Rabbi trust	1	1	—	(77.9)%	4	1	(3)	(415.4)%
Owned and leased hotels expenses	**$ 430**	**$ 413**	**$ (17)**	**(4.1)%**	**$ 857**	**$ 802**	**$ (55)**	**(6.9)%**
Owned and leased hotels operating margin percentage (a)	**25.5%**	**26.1%**		**(0.6)%**	**25.4%**	**25.4%**		**— %**
Comparable owned and leased hotels operating margin percentage	**26.2%**	**27.4%**		**(1.2)%**	**25.7%**	**26.3%**		**(0.6)%**

(a) Includes results of Miraval.