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 Months and the Year Ended December 31, 2017 and December 31, 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 December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Net income attributable to Hyatt Hotels Corporation	**$ 76**	**$ 41**	**$ 249**	**$ 204**
Interest expense	19	19	80	76
Provision for income taxes	223	20	323	85
Depreciation and amortization	92	88	366	342
EBITDA	**410**	**168**	**1,018**	**707**
Equity earnings from unconsolidated hospitality ventures	(221)	(22)	(220)	(68)
Stock-based compensation expense	3	4	29	25
(Gains) losses on sales of real estate	(17)	2	(51)	23
Other income, net	(10)	(1)	(33)	(2)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	14	21	73	100
Adjusted EBITDA	**$ 179**	**$ 172**	**$ 816**	**$ 785**

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 (a)	
	Low Case	**High Case**
Net income attributable to Hyatt Hotels Corporation	**$ 176**	**$ 215**
Interest expense	76	75
(Benefit) provision for income taxes	79	79
Depreciation and amortization	371	367
EBITDA	**702**	**736**
Equity (earnings) losses from unconsolidated hospitality ventures	(4)	(6)
Stock-based compensation expense	36	35
(Gains) losses on sales of real estate and other	—	—
Asset impairments	—	—
Other (income) loss, net	8	(7)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	63	67
Adjusted EBITDA	**$ 805**	**$ 825**
Adjusted EBITDA (as reported) growth, compared to prior year	(1)%	1%
Favorable impact of foreign exchange	$ —	$ 5
Adjusted EBITDA (in constant currency) growth, compared to prior year	(1)%	—%

(a) Financial forecast does not reflect impact of adoption of new revenue recognition standard in 2018.

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 December 31, 2017 and December 31, 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 Consolidated Statements of Income	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Net income attributable to Hyatt Hotels Corporation		**$ 76**	**$ 41**
Earnings per diluted share		**$ 0.62**	**$ 0.31**
Special items			
Unconsolidated hospitality ventures gains (a)	Equity earnings from unconsolidated hospitality ventures	(221)	(19)
(Gain) loss on sales of real estate (b)	Gains (losses) on sales of real estate	(17)	2
Pre-condemnation income (c)	Other income, net	(16)	—
Realized loss on redemption of preferred stock (d)	Other income, net	—	6
Unconsolidated hospitality ventures impairments (e)	Equity earnings from unconsolidated hospitality ventures	—	5
Other	Other income, net	—	1
Special items - pre-tax		(254)	(5)
U.S. tax reform impact (f)	Provision for income taxes	110	—
Income tax (provision) benefit for special items excluding tax reform	Provision for income taxes	97	3
Total special items - after-tax		**(47)**	**(2)**
Special items impact per diluted share		**$ (0.39)**	**$ (0.02)**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 29**	**$ 39**
Earnings per diluted share, adjusted for special items		**$ 0.23**	**$ 0.29**

(a) Unconsolidated hospitality ventures gains - During the fourth quarter of 2017, we recognized a gain of $217 million in conjunction with the sale of Avendra LLC, an equity method investment, to Aramark Corporation and gains of $4 million attributable to the sale of our interest in an unconsolidated hospitality venture and the sale of a Hyatt Place hotel by an unconsolidated hospitality venture. During the fourth quarter of 2016, we acquired our partners' share in Andaz Maui at Wailea Resort, which was accounted for as a step acquisition and we recognized a gain of $14 million. We also recognized gains of $5 million in connection with the sale of our interest in an unconsolidated hospitality venture and the sale of three Hyatt Place hotels by an unconsolidated hospitality venture.

(b) (Gain) loss on sales of real estate - During the fourth quarter of 2017, we recognized a gain of $17 million related to the sale of Hyatt Regency Monterey. During the fourth quarter of 2016, we recognized additional losses of $2 million related to the sale of Andaz 5th Avenue as a result of post-closing adjustments.

(c) Pre-condemnation income - During the fourth quarter of 2017, we recognized $16 million primarily related to pre-condemnation income for relinquishment of subterranean space at an owned hotel.

(d) Realized loss on redemption of preferred stock - During the fourth quarter of 2016, Playa partially redeemed our preferred shares plus accrued and unpaid paid in kind dividends thereon for $41 million. We recognized $6 million of realized losses, which were the result of the difference between the fair value of the initial investment and the contractual redemption price.

(e) Unconsolidated hospitality ventures impairments - During the fourth quarter of 2016, we recorded $5 million of impairment charges.

(f) U.S. tax reform impact - During the fourth quarter of 2017, we recorded a deferred tax expense of $97 million as a result of a revaluation of our deferred tax assets at the revised corporate tax rate and a $13 million deemed repatriation tax expense.

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 - Year Ended December 31, 2017 and December 31, 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 Consolidated Statements of Income	Year Ended December 31, 2017	Year Ended December 31, 2016
Net income attributable to Hyatt Hotels Corporation		**$ 249**	**$ 204**
Earnings per diluted share		**$ 1.97**	**$ 1.52**
Special items			
Unconsolidated hospitality ventures gains (a)	Equity earnings from unconsolidated hospitality ventures	(223)	(24)
(Gains) losses on sales of real estate (b)	Gains (losses) on sales of real estate	(51)	23
Pre-condemnation income (c)	Other income, net	(18)	—
Realized loss on redemption of preferred stock (d)	Other income, net	40	6
Cease use liability (e)	Other income, net	21	—
Unconsolidated hospitality ventures impairments (f)	Equity earnings from unconsolidated hospitality ventures	3	9
Other (g)	Other income, net	4	10
Special items - pre-tax		(224)	24
U.S. tax reform impact (h)	Provision for income taxes	110	—
Income tax (provision) benefit for special items excluding tax reform	Provision for income taxes	90	(6)
Total special items - after-tax		**(24)**	**18**
Special items impact per diluted share		**$ (0.19)**	**$ 0.13**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 225**	**$ 222**
Earnings per diluted share, adjusted for special items		**$ 1.78**	**$ 1.65**

(a) Unconsolidated hospitality ventures gains - During the year ended December 31, 2017, we recognized a gain of $217 million in conjunction with the sale of Avendra, an equity method investment, to Aramark and gains of $6 million attributable to the sale of our interest in an unconsolidated hospitality venture and the sales of two Hyatt Place hotels by unconsolidated hospitality ventures. During the year ended December 31, 2016, we acquired our partners' share in Andaz Maui at Wailea Resort, which was accounted for as a step acquisition and we recognized a gain of $14 million. We also recognized gains of $10 million in connection with the sale of our interest in an unconsolidated hospitality venture and the sale of five Hyatt Place hotels by unconsolidated hospitality ventures.
(b) (Gains) losses on sales of real estate - During the year ended December 31, 2017, we recognized a gain of $35 million related to the sale of Hyatt Regency Louisville and a gain of $17 million related to the sale of Hyatt Regency Monterey. During the year ended December 31, 2016, we recorded a loss of $23 million on the sale of Andaz 5th Avenue.
(c) Pre-condemnation income - During the year ended December 31, 2017, we recognized $18 million primarily related to pre-condemnation income for relinquishment of subterranean space at an owned hotel.
(d) Realized loss on redemption of preferred stock - During the years ended December 31, 2017 and 2016, Playa redeemed our preferred shares plus accrued and unpaid paid in kind dividends thereon for a full redemption of $290 million and a partial redemption of $41 million, respectively. We recognized $40 million and $6 million of realized losses, respectively, which were the result of the difference between the fair value of the initial investment and the contractual redemption price.
(e) Cease use liability - During the year ended December 31, 2017, we recognized a $21 million cease use liability related to our previous corporate headquarters.
(f) Unconsolidated hospitality ventures impairments - During the years ended December 31, 2017 and 2016, we recorded a $3 million and $9 million impairment charge, respectively.
(g) Other - During the year ended December 31, 2017, other includes transaction costs. During the year ended December 31, 2016, other includes transaction costs, a loss on the redemption of a cost method investment, debt settlement costs related to the redemption of our 2016 Senior Notes and a provision on a developer loan based on our assessment of collectability.
(h) U.S. tax reform impact - During the fourth quarter of 2017, we recorded a deferred tax expense of $97 million as a result of a revaluation of our deferred tax assets at the revised corporate tax rate and a $13 million deemed repatriation tax expense.

Hyatt Hotels Corporation

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

Results of operations as presented on the 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 (losses) 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 December 31,				Year Ended December 31,			
	2017	**2016**	**Change ($)**	**Change (%)**	**2017**	**2016**	**Change ($)**	**Change (%)**
SG&A expenses	**$ 101**	**$ 78**	**$ 23**	**30.2 %**	**$ 379**	**$ 315**	**$ 64**	**20.5 %**
Less: rabbi trust impact	(8)	—	(8)	NM	(37)	(14)	(23)	(165.6)%
Less: stock-based compensation expense	(3)	(4)	1	(3.6)%	(29)	(25)	(4)	(15.9)%
Adjusted SG&A expenses	**$ 90**	**$ 74**	**$ 16**	**21.4 %**	**$ 313**	**$ 276**	**$ 37**	**13.4 %**

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

	Three Months Ended December 31,				Year Ended December 31,			
	2017	**2016**	**Change ($)**	**Change (%)**	**2017**	**2016**	**Change ($)**	**Change (%)**
Americas management and franchising	$ 14	$ 14	$ —	(1.3)%	$ 53	$ 53	$ —	(0.5)%
ASPAC management and franchising	11	10	1	14.6 %	42	39	3	8.2 %
EAME/SW Asia management and franchising	9	9	—	(5.9)%	32	32	—	(2.4)%
Owned and leased hotels	6	1	5	714.7 %	21	11	10	106.2 %
Corporate and other	50	40	10	21.6 %	165	141	24	17.0 %
Adjusted SG&A expenses	**$ 90**	**$ 74**	**$ 16**	**21.4 %**	**$ 313**	**$ 276**	**$ 37**	**13.4 %**

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 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 (losses) 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 December 31,				Year Ended December 31,			
	2017	**2016**	**Change ($)**	**Change (%)**	**2017**	**2016**	**Change ($)**	**Change (%)**
Revenues								
Comparable owned and leased hotels	$ 470	$ 438	$ 32	7.3 %	$ 1,832	$ 1,812	$ 20	1.1 %
Non-comparable owned and leased hotels (a)	55	76	(21)	(28.4)%	360	296	64	21.3 %
Owned and leased hotels revenues	**$ 525**	**$ 514**	**$ 11**	**2.0 %**	**$ 2,192**	**$ 2,108**	**$ 84**	**3.9 %**
Expenses								
Comparable owned and leased hotels	$ 359	$ 341	$ 18	5.2 %	$ 1,388	$ 1,369	$ 19	1.4 %
Non-comparable owned and leased hotels (a)	47	65	(18)	(28.6)%	278	238	40	16.5 %
Rabbi trust	2	—	2	985.9 %	8	3	5	167.8 %
Owned and leased hotels expenses	**$ 408**	**$ 406**	**$ 2**	**0.2 %**	**$ 1,674**	**$ 1,610**	**$ 64**	**3.9 %**
Owned and leased hotels operating margin percentage (a)	**22.4%**	**21.0%**		**1.4 %**	**23.6%**	**23.6%**		**— %**
Comparable owned and leased hotels operating margin percentage	**23.7%**	**22.2%**		**1.5 %**	**24.3%**	**24.5%**		**(0.2)%**

(a) Includes results of Miraval.