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 and Total Revenues to Adjusted Revenues

For the Three Months and the Year Ended December 31, 2018 and December 31, 2017

(in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2018	2017	Change $	Change (%)	2018	2017	Change ($)	Change (%)
Net income attributable to Hyatt Hotels Corporation	**$ 44**	**$ 213**	**$ (169)**	**(79.2)%**	**$ 769**	**$ 389**	**$ 380**	**97.5 %**
Interest expense	19	19	—	(3.5)%	76	80	(4)	(5.1)%
Provision (benefit) for income taxes	(12)	229	(241)	(105.8)%	182	332	(150)	(45.3)%
Depreciation and amortization	84	87	(3)	(4.3)%	327	348	(21)	(6.4)%
EBITDA	**135**	**548**	**(413)**	**(75.6)%**	**1,354**	**1,149**	**205**	**17.7 %**
Contra revenue	5	5	—	10.8 %	20	18	2	12.5 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(509)	(460)	(49)	(10.5)%	(1,956)	(1,762)	(194)	(11.0)%
Costs incurred on behalf of managed and franchised properties	534	469	65	13.7 %	1,981	1,782	199	11.2 %
Equity earnings from unconsolidated hospitality ventures	(25)	(220)	195	88.5 %	(8)	(219)	211	95.9 %
Stock-based compensation expense	1	3	(2)	(68.8)%	29	29	—	(0.1)%
Gains on sales of real estate	(3)	(176)	173	98.8 %	(772)	(236)	(536)	(226.0)%
Asset impairments	4	—	4	NM	25	—	25	NM
Other (income) loss, net	27	(10)	37	368.9 %	49	(42)	91	216.4 %
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	13	14	(1)	(4.6)%	55	73	(18)	(23.9)%
Adjusted EBITDA	**$ 182**	**$ 173**	**$ 9**	**5.0 %**	**$ 777**	**$ 792**	**$ (15)**	**(1.9)%**

	Three Months Ended December 31,				Year Ended December 31,			
	2018	2017	Change ($)	Change (%)	2018	2017	Change ($)	Change (%)
Total revenues	**$ 1,138**	**$ 1,117**	**$ 21**	**1.7 %**	**$ 4,454**	**$ 4,462**	**$ (8)**	**(0.2)%**
Add: Contra revenue	5	5	—	10.8 %	20	18	2	12.5 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(509)	(460)	(49)	(10.5)%	(1,956)	(1,762)	(194)	(11.0)%
Adjusted revenues	**$ 634**	**$ 662**	**$ (28)**	**(4.4)%**	**$ 2,518**	**$ 2,718**	**$ (200)**	**(7.4)%**
Adjusted EBITDA Margin %	**28.7%**	**26.2%**		**2.5%**	**30.9%**	**29.1%**		**1.8%**
Adjusted EBITDA Margin % Change in Constant Currency				**2.8%**				**1.9%**

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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, 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	**$ 109**	**$ 147**
Interest expense	79	78
Provision for income taxes	47	57
Depreciation and amortization	352	347
EBITDA	**587**	**629**
Contra revenue	21	21
Costs incurred on behalf of managed and franchised properties, net of revenues for the reimbursement of costs	80	70
Equity (earnings) losses from unconsolidated hospitality ventures	4	(1)
Stock-based compensation expense	35	35
Gains on sales of real estate and other	-	-
Asset impairments	-	-
Other (income) loss, net	(10)	(21)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	63	67
Adjusted EBITDA	**$ 780**	**$ 800**
Adjusted EBITDA (as reported) % change, compared to prior year	—%	3%
Impact of foreign exchange	$ (7)	$ (2)
Adjusted EBITDA (in constant currency) % change, compared to prior year	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 - Three Months Ended December 31, 2018 and December 31, 2017

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017
Net income attributable to Hyatt Hotels Corporation		**$ 44**	**$ 213**
Earnings per diluted share		**$ 0.40**	**$ 1.75**
Unrealized losses (a)	Other income (loss), net	26	2
Utilization of Avendra proceeds (b)	Costs incurred on behalf of managed and franchised properties; depreciation expense	14	—
Fund deficits (c)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	10	6
Transaction costs (d)	Other income (loss), net	8	—
Asset impairments (e)	Asset impairments	4	—
Realized losses	Other income (loss), net	1	—
Unconsolidated hospitality ventures gains (f)	Equity earnings from unconsolidated hospitality ventures	(27)	(221)
Gains on sales of real estate (g)	Gains on sales of real estate	(3)	(176)
Pre-condemnation income (h)	Other income (loss), net	—	(16)
Special items - pre-tax		33	(405)
U.S. tax reform impact (i)	Provision for income taxes	—	58
Income tax (provision) benefit for special items	Provision for income taxes	(8)	140
Total special items - after-tax		**25**	**(207)**
Special items impact per diluted share		**$ 0.22**	**$ (1.69)**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 69**	**$ 6**
Earnings per diluted share, adjusted for special items		**$ 0.62**	**$ 0.06**

(a) Unrealized losses - During the fourth quarter of 2018 ("Q4 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 fourth quarter of 2017 ("Q4 2017"), we recognized unrealized losses on marketable securities, excluding the aforementioned equity securities.

(b) Utilization of Avendra proceeds - During Q4 2018, we recognized $14 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 LLC was included as a special item during the year ended December 31, 2017.

(c) Fund deficits - During Q4 2018 and Q4 2017, we recognized $10 million and $6 million of net deficits, respectively, on certain funds due to the timing of revenue and expense recognition that we expect will reverse in future periods.

(d) Transaction costs - During Q4 2018, we recognized $8 million of transaction costs related to the Two Roads Hospitality LLC acquisition.

(e) Asset impairments - During Q4 2018, we recognized a $4 million goodwill impairment charge.

(f) Unconsolidated hospitality ventures gains - During Q4 2018, we recognized a $28 million net gain in connection with the sale of our ownership interest in an unconsolidated hospitality venture. During Q4 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 sales activity related to certain unconsolidated hospitality ventures.

(g) Gains on sales of real estate - During Q4 2018, we recognized a $4 million gain on the sale of a Hyatt House hotel. During Q4 2017, we recognized a $159 million gain on the sale of Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch and Royal Palms Resort and Spa and a gain of $17 million related to the sale of Hyatt Regency Monterey Hotel & Spa on Del Monte Golf Course.

(h) Pre-condemnation income - During Q4 2017, we recognized $16 million primarily related to pre-condemnation income for relinquishment of subterranean space at an owned hotel.

(i) U.S. tax reform impact - During Q4 2017, we recognized a deferred tax expense of $45 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.

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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, 2018 and December 31, 2017

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Year Ended December 31, 2018	Year Ended December 31, 2017
Net income attributable to Hyatt Hotels Corporation		**$ 769**	**$ 389**
Earnings per diluted share		**$ 6.68**	**$ 3.08**
Special items			
Gains on sales of real estate (a)	Gains on sales of real estate	(772)	(236)
Unconsolidated hospitality ventures gains (b)	Equity earnings from unconsolidated hospitality ventures	(40)	(223)
Pre-condemnation income (c)	Other income (loss), net	(4)	(18)
Fund (surpluses) deficits (d)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(1)	10
Impairments (e)	Asset impairments; other income (loss), net	47	—
Unrealized losses (gains) (f)	Other income (loss), net	47	(1)
Utilization of Avendra proceeds (g)	Costs incurred on behalf of managed and franchised properties; depreciation expense	27	—
Unconsolidated hospitality ventures impairments (h)	Equity earnings from unconsolidated hospitality ventures	16	3
Transaction costs (i)	Other income (loss), net	10	4
Loss on extinguishment of debt (j)	Other income (loss), net	7	—
Realized losses (k)	Other income (loss), net	3	41
Cease use liability (l)	Other income (loss), net	—	21
Other (m)	Other income (loss), net	(3)	—
Special items - pre-tax		(663)	(399)
U.S. tax reform impact (n)	Provision for income taxes	1	58
Income tax benefit for special items	Provision for income taxes	121	140
Total special items - after-tax		**(541)**	**(201)**
Special items impact per diluted share		**$ (4.70)**	**$ (1.59)**
Adjusted net income attributable to Hyatt Hotels Corporation		**$ 228**	**$ 188**
Earnings per diluted share, adjusted for special items		**$ 1.98**	**$ 1.49**

(a) Gains on sales of real estate - During the year ended December 31, 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, a $238 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"), and a $4 million gain on the sale of a Hyatt House hotel. During the year ended December 31, 2017 ("YTD 2017"), we recognized a $159 million gain on the sale of Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch and Royal Palms Resort and Spa. We also recognized $35 million, $26 million, and $17 million of gains on the sales of Hyatt Regency Louisville, Hyatt Regency Grand Cypress, and Hyatt Regency Monterey Hotel & Spa on Del Monte Golf Course, respectively.

(b) Unconsolidated hospitality ventures gains - During YTD 2018, we recognized net gains of $40 million attributable to sales activity related to certain unconsolidated hospitality ventures. During YTD 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 $6 million attributable to sales activity related to certain unconsolidated hospitality ventures.

(c) Pre-condemnation income - During YTD 2018 and YTD 2017, we recognized $4 million and $18 million, respectively, primarily related to pre-condemnation income for relinquishment of subterranean space at an owned hotel.

(d) Fund (surpluses) deficits - During YTD 2018 and YTD 2017, we recognized $1 million net surplus and $10 million net deficit, respectively, on certain funds due to the timing of revenue and expense recognition that we expect will reverse in future periods.

(e) Impairments - During YTD 2018, we recognized a $22 million impairment charge related to an investment in an equity security without a readily determinable fair value, a $21 million goodwill impairment charge in connection with the HRMC transaction, and an additional $4 million goodwill impairment charge.

(f) 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.

(g) Utilization of Avendra proceeds - During YTD 2018, we recognized $27 million of expense related to the partial utilization of the aforementioned Avendra LLC sale proceeds for the benefit of our hotels.

(h) Unconsolidated hospitality ventures impairments - During YTD 2018 and YTD 2017, we recognized $16 million and $3 million of impairment charges, respectively.

(i) Transaction costs - During YTD 2018, we recognized $10 million of transaction costs primarily related to the Two Roads Hospitality LLC acquisition. During YTD 2017, we recognized $4 million of transaction costs.

(j) 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.

(k) Realized losses - During YTD 2018 and YTD 2017, we recognized realized losses of $3 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.

(l) Cease-use liability - During YTD 2017, we recognized a $21 million cease use liability related to our previous corporate headquarters.

(m) Other - During YTD 2018, other includes insurance settlement income.

(n) U.S. tax reform impact - During YTD 2018, we finalized our U.S. tax reform analysis and recognized a $1 million net measurement period adjustment. During YTD 2017, we recognized a deferred tax expense of $45 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 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 (losses) 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 December 31,				Year Ended December 31,			
	2018	2017	Change ($)	Change (%)	2018	2017	Change ($)	Change (%)
SG&A expenses	**$ 60**	**$ 99**	**$ (39)**	**(40.2)%**	**$ 320**	**$ 377**	**$ (57)**	**(15.2)%**
Less: rabbi trust impact	25	(8)	33	389.1 %	9	(37)	46	123.8 %
Less: stock-based compensation expense	(1)	(3)	2	68.8 %	(29)	(29)	—	0.1 %
Adjusted SG&A expenses	**$ 84**	**$ 88**	**$ (4)**	**(5.4)%**	**$ 300**	**$ 311**	**$ (11)**	**(3.4)%**

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

	Three Months Ended December 31,				Year Ended December 31,			
	2018	2017	Change ($)	Change (%)	2018	2017	Change ($)	Change (%)
Americas management and franchising	$ 13	$ 14	$ (1)	(6.3)%	$ 48	$ 53	$ (5)	(9.5)%
ASPAC management and franchising	15	11	4	27.3 %	50	42	8	16.8 %
EAME/SW Asia management and franchising	9	9	—	1.4 %	34	32	2	5.6 %
Owned and leased hotels	1	6	(5)	(76.5)%	15	21	(6)	(26.9)%
Corporate and other	46	48	(2)	(3.3)%	153	163	(10)	(5.5)%
Adjusted SG&A expenses	**$ 84**	**$ 88**	**$ (4)**	**(5.4)%**	**$ 300**	**$ 311**	**$ (11)**	**(3.4)%**

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 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 (losses) 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 December 31,				Year Ended December 31,			
	2018	**2017**	**Change ($)**	**Change (%)**	**2018**	**2017**	**Change ($)**	**Change (%)**
Revenues								
Comparable owned and leased hotels	$ 430	$ 423	$ 7	2.0 %	$ 1,707	$ 1,643	$ 64	3.9 %
Non-comparable owned and leased hotels	38	100	(62)	(62.3)%	211	541	(330)	(61.0)%
Owned and leased hotels revenues	**$ 468**	**$ 523**	**$ (55)**	**(10.4)%**	**$ 1,918**	**$ 2,184**	**$ (266)**	**(12.2)%**
Expenses								
Comparable owned and leased hotels	$ 323	$ 327	$ (4)	(1.1)%	$ 1,296	$ 1,269	$ 27	2.1 %
Non-comparable owned and leased hotels	33	77	(44)	(57.3)%	152	387	(235)	(60.9)%
Rabbi trust impact	(5)	2	(7)	(367.9)%	(2)	8	(10)	(117.5)%
Owned and leased hotels expenses	**$ 351**	**$ 406**	**$ (55)**	**(13.5)%**	**$ 1,446**	**$ 1,664**	**$ (218)**	**(13.1)%**
Owned and leased hotels operating margin percentage	**25.2%**	**22.5%**		**2.7 %**	**24.6%**	**23.8%**		**0.8 %**
Comparable owned and leased hotels operating margin percentage	**25.1%**	**22.7%**		**2.4 %**	**24.1%**	**22.7%**		**1.4 %**