

Hyatt Hotels Corporation

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Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Reconciliation of Net Loss Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA and Total Revenues to Adjusted Revenues *(in millions)*

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | | Change (\$) | Change (%) |
|---|--------------------------------|-----------------|---------------|------------------------------|--------------|----------------|----------------|----------------|
| | 2021 | 2020 | | 2021 | 2020 | | | |
| Net loss attributable to Hyatt Hotels Corporation | \$ (9) | \$ (236) | \$ 227 | 96.3 % | \$ (313) | \$ (339) | \$ 26 | 7.8 % |
| Interest expense | 42 | 35 | 7 | 22.1 % | 83 | 52 | 31 | 59.6 % |
| (Benefit) provision for income taxes | 15 | (94) | 109 | 116.5 % | 201 | (129) | 330 | 255.6 % |
| Depreciation and amortization | 74 | 73 | 1 | 0.6 % | 148 | 153 | (5) | (3.6) % |
| EBITDA | 122 | (222) | 344 | 155.1 % | 119 | (263) | 382 | 145.2 % |
| Contra revenue | 9 | 7 | 2 | 31.9 % | 17 | 13 | 4 | 28.3 % |
| Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties | (366) | (215) | (151) | (70.7) % | (626) | (748) | 122 | 16.3 % |
| Costs incurred on behalf of managed and franchised properties | 375 | 235 | 140 | 59.8 % | 652 | 790 | (138) | (17.5) % |
| Equity (earnings) losses from unconsolidated hospitality ventures | 34 | 23 | 11 | 46.5 % | (20) | 25 | (45) | (178.3) % |
| Stock-based compensation expense | 8 | 2 | 6 | 324.0 % | 36 | 17 | 19 | 109.7 % |
| Gains on sales of real estate and other | (105) | — | (105) | NM | (105) | (8) | (97) | NM |
| Asset impairments | 2 | 49 | (47) | (95.1) % | 2 | 52 | (50) | (95.4) % |
| Other (income) loss, net | (25) | 14 | (39) | (280.4) % | (37) | 95 | (132) | (139.8) % |
| Pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA | 1 | (10) | 11 | 112.5 % | (3) | (4) | 1 | 35.7 % |
| Adjusted EBITDA | \$ 55 | \$ (117) | \$ 172 | 147.2 % | \$ 35 | \$ (31) | \$ 66 | 213.8 % |

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | | Change (\$) | Change (%) |
|---|--------------------------------|--------------|---------------|------------------------------|---------------|---------------|----------------|----------------|
| | 2021 | 2020 | | 2021 | 2020 | | | |
| Total revenues | \$ 663 | \$ 250 | \$ 413 | 165.6 % | \$ 1,101 | \$ 1,243 | \$ (142) | (11.4) % |
| Add: Contra revenue | 9 | 7 | 2 | 31.9 % | 17 | 13 | 4 | 28.3 % |
| Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties | (366) | (215) | (151) | (70.7) % | (626) | (748) | 122 | 16.3 % |
| Adjusted revenues | \$ 306 | \$ 42 | \$ 264 | 624.0 % | \$ 492 | \$ 508 | \$ (16) | (3.2) % |

Adjusted EBITDA Margin % 17.9 % (274.6) % 292.5 % 7.1 % (6.0) % 13.1 %

Adjusted EBITDA Margin % Change in Constant Currency 291.5 % 13.6 %

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Reconciliation of Non-GAAP Measure: Losses per Diluted Share and Net Loss Attributable to Hyatt Hotels Corporation, to Losses per Diluted Share, Adjusted for Special Items and Adjusted Net Loss Attributable to Hyatt Hotels Corporation - Three Months Ended June 30, 2021 and June 30, 2020

(in millions, except per share amounts)

| | Location on Condensed Consolidated Statements of Income (Loss) | Three Months Ended June 30, | |
|---|--|--------------------------------|------------------|
| | | 2021 | 2020 |
| Net loss attributable to Hyatt Hotels Corporation | | \$ (9) | \$ (236) |
| Losses per diluted share | | \$ (0.08) | \$ (2.33) |
| Special items | | | |
| Gains on sales of real estate and other (a) | Gains on sales of real estate and other | (105) | — |
| Unrealized gains (b) | Other income (loss), net | (5) | (35) |
| Fund deficits (c) | Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net | 7 | 12 |
| Utilization of Avendra and other proceeds (d) | Costs incurred on behalf of managed and franchised properties; depreciation and amortization | 3 | 9 |
| Asset impairments (e) | Asset impairments | 2 | 49 |
| Restructuring expenses (f) | Other income (loss), net | — | 47 |
| Realized gains | Other income (loss), net | — | (3) |
| Other | Equity earnings (losses) from unconsolidated hospitality ventures; other income (loss), net | 1 | (2) |
| Special items - pre-tax | | (97) | 77 |
| Income tax provision for special items | Benefit (provision) for income taxes | (11) | (24) |
| Total special items - after-tax | | (108) | 53 |
| Special items impact per diluted share | | \$ (1.07) | \$ 0.53 |
| Adjusted net loss attributable to Hyatt Hotels Corporation | | \$ (117) | \$ (183) |
| Losses per diluted share, adjusted for special items | | \$ (1.15) | \$ (1.80) |

(a) **Gains on sales of real estate and other** - During the three months ended June 30, 2021 (Q2 2021), we recognized a \$104 million pre-tax gain related to the sale of Hyatt Regency Lost Pines Resort and Spa.

(b) **Unrealized gains** - During Q2 2021 and the three months ended June 30, 2020 (Q2 2020), we recognized unrealized gains due to the change in fair value of our marketable securities.

(c) **Fund deficits** - During Q2 2021 and Q2 2020, we recognized net deficits on certain funds due to the timing of revenue and expense recognition that we intend to recover in future periods.

(d) **Utilization of Avendra and other proceeds** - During Q2 2021 and Q2 2020, we recognized expenses related to the partial utilization of the Avendra LLC 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) **Asset impairments** - During Q2 2020, we recognized \$49 million of impairment charges related to goodwill, property and equipment, operating lease right-of-use assets, and definite-lived intangibles.

(f) **Restructuring expenses** - During Q2 2020, we recognized \$47 million in restructuring expenses related to severance and related charges as a result of the COVID-19 pandemic.

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Reconciliation of Non-GAAP Measure: Losses per Diluted Share and Net Loss Attributable to Hyatt Hotels Corporation, to Losses per Diluted Share, Adjusted for Special Items and Adjusted Net Loss Attributable to Hyatt Hotels Corporation - Six Months Ended June 30, 2021 and June 30, 2020

(in millions, except per share amounts)

| | Location on Condensed Consolidated Statements of Income (Loss) | Six Months Ended June 30, | |
|---|--|------------------------------|------------------|
| | | 2021 | 2020 |
| Net loss attributable to Hyatt Hotels Corporation | | \$ (313) | \$ (339) |
| Losses per diluted share | | \$ (3.07) | \$ (3.35) |
| Special items | | | |
| Gains on sales of real estate and other (a) | Gains on sales of real estate and other | (105) | (8) |
| Unconsolidated hospitality ventures (b) | Equity earnings (losses) from unconsolidated hospitality ventures | (68) | (2) |
| Unrealized (gains) losses (c) | Other income (loss), net | (13) | 44 |
| Fund deficits (d) | Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net | 21 | 19 |
| Utilization of Avendra and other proceeds (e) | Costs incurred on behalf of managed and franchised properties; depreciation and amortization | 7 | 23 |
| Asset impairments (f) | Asset impairments | 2 | 52 |
| Restructuring expenses (g) | Other income (loss), net | — | 47 |
| Realized gains | Other income (loss), net | — | (4) |
| Special items - pre-tax | | (156) | 171 |
| Income tax provision for special items | Benefit (provision) for income taxes | (11) | (50) |
| Total special items - after-tax | | (167) | 121 |
| Special items impact per diluted share | | \$ (1.64) | \$ 1.20 |
| Adjusted net loss attributable to Hyatt Hotels Corporation | | \$ (480) | \$ (218) |
| Losses per diluted share, adjusted for special items | | \$ (4.71) | \$ (2.15) |

(a) **Gains on sales of real estate and other** - During the six months ended June 30, 2021 (YTD 2021), we recognized a \$104 million pre-tax gain related to the sale of Hyatt Regency Lost Pines Resort and Spa. During the six months ended June 30, 2020 (YTD 2020), we recognized a \$4 million pre-tax gain related to the sale of our controlling interest in entities that developed Hyatt Centric Center City Philadelphia and adjacent parking and retail space and a \$4 million pre-tax gain on the sale of a building.

(b) **Unconsolidated hospitality ventures** - During YTD 2021, we recognized a \$69 million gain on the purchase of the remaining 50% interest in the entities that own Grand Hyatt São Paulo.

(c) **Unrealized (gains) losses** - During YTD 2021 and YTD 2020, we recognized unrealized gains and losses, respectively, due to the change in fair value of our marketable securities.

(d) **Fund deficits** - During YTD 2021 and YTD 2020, we recognized net deficits on certain funds due to the timing of revenue and expense recognition that we intend to recover in future periods.

(e) **Utilization of Avendra and other proceeds** - During YTD 2021 and YTD 2020, we recognized expenses related to the partial utilization of the aforementioned Avendra LLC sale proceeds for the benefit of our hotels.

(f) **Asset impairments** - During YTD 2020, we recognized \$52 million of impairment charges related to goodwill, property and equipment, operating lease right-of-use assets, and definite-lived intangibles.

(g) **Restructuring expenses** - During Q2 2020, we recognized \$47 million in restructuring expenses related to severance and related charges as a result of the COVID-19 pandemic.

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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 (loss) 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 (losses). 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, | | | |
|--|--------------------------------|--------------|----------------|---------------|------------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | Change (\$) | Change (%) | 2021 | 2020 | Change (\$) | Change (%) |
| SG&A expenses | \$ 86 | \$ 101 | \$ (15) | (14.3)% | \$ 181 | \$ 148 | \$ 33 | 22.7 % |
| Less: rabbi trust impact | (21) | (42) | 21 | 50.5 % | (31) | (1) | (30) | NM |
| Less: stock-based compensation expense | (8) | (2) | (6) | (324.0)% | (36) | (17) | (19) | (109.7)% |
| Adjusted SG&A expenses | \$ 57 | \$ 57 | \$ — | 1.9 % | \$ 114 | \$ 130 | \$ (16) | (11.8)% |

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

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|--------------------------------|--------------|----------------|---------------|------------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | Change (\$) | Change (%) | 2021 | 2020 | Change (\$) | Change (%) |
| Americas management and franchising | \$ 12 | \$ 9 | \$ 3 | 32.5 % | \$ 23 | \$ 27 | \$ (4) | (12.4)% |
| ASPAC management and franchising | 9 | 7 | 2 | 28.1 % | 19 | 18 | 1 | 7.1 % |
| EAME/SW Asia management and franchising | 7 | 13 | (6) | (43.2)% | 14 | 22 | (8) | (37.2)% |
| Owned and leased hotels | 4 | 4 | — | (3.7)% | 6 | 7 | (1) | (15.8)% |
| Corporate and other | 25 | 24 | 1 | 6.7 % | 52 | 56 | (4) | (7.1)% |
| Adjusted SG&A expenses | \$ 57 | \$ 57 | \$ — | 1.9 % | \$ 114 | \$ 130 | \$ (16) | (11.8)% |

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

For the Year Ended December 31, 2021

No additional disposition of 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. Results of operations as presented on the condensed consolidated statements of income (loss) 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 (losses). SG&A expenses also include expenses related to stock-based compensation. Below is a reconciliation of this forecasted measure excluding the impact of our rabbi investments and forecasted stock-based compensation expense.

(in millions)

| | Year Ended December 31, 2021 |
|--|---|
| | Forecast |
| SG&A expenses | \$ 289 |
| Less: rabbi trust impact (a) | — |
| Less: stock-based compensation expense | (49) |
| Adjusted SG&A expenses | \$ 240 |

(a) Impact of rabbi trust is not forecasted for the year ended December 31, 2021 as performance of underlying invested assets is not estimable.

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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 (loss) 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 (losses). 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 June 30, | | | Six Months Ended June 30, | | | | |
|---|--------------------------------|-----------------|----------------|------------------------------|---------------|---------------|----------------|----------------|
| | 2021 | 2020 | Change (\$) | Change (%) | 2021 | 2020 | Change (\$) | Change (%) |
| Revenues | | | | | | | | |
| Comparable owned and leased hotels | \$ 172 | \$ 15 | \$ 157 | NM | \$ 268 | \$ 304 | \$ (36) | (11.8)% |
| Non-comparable owned and leased hotels | 19 | 4 | 15 | 320.1 % | 27 | 38 | (11) | (29.2)% |
| Owned and leased hotels revenues | \$ 191 | \$ 19 | \$ 172 | 900.1 % | \$ 295 | \$ 342 | \$ (47) | (13.8)% |
| Expenses | | | | | | | | |
| Comparable owned and leased hotels | \$ 149 | \$ 67 | \$ 82 | 121.5 % | \$ 255 | \$ 305 | \$ (50) | (16.3)% |
| Non-comparable owned and leased hotels | 22 | 18 | 4 | 19.4 % | 38 | 59 | (21) | (36.5)% |
| Rabbi trust impact | 3 | 7 | (4) | (53.2)% | 5 | — | 5 | NM |
| Owned and leased hotels expenses | \$ 174 | \$ 92 | \$ 82 | 88.2 % | \$ 298 | \$ 364 | \$ (66) | (18.2)% |
| Owned and leased hotels operating margin percentage | 9.2 % | (382.5)% | | 391.7 % | (1.0)% | (6.5)% | | 5.5 % |
| Comparable owned and leased hotels operating margin percentage | 13.9 % | (356.6)% | | 370.5 % | 4.9 % | (0.1)% | | 5.0 % |