

# Hyatt Hotels Corporation

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Hyatt Hotels Corporation

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	Change (\$)	Change (%)	2021	2020	Change (\$)	Change (%)
<b>Net income (loss) attributable to Hyatt Hotels Corporation</b>	<b>\$ 120</b>	<b>\$ (161)</b>	<b>\$ 281</b>	<b>174.5 %</b>	<b>\$ (193)</b>	<b>\$ (500)</b>	<b>\$ 307</b>	<b>61.4 %</b>
Interest expense	40	35	5	13.4 %	123	87	36	40.9 %
(Benefit) provision for income taxes	138	(59)	197	333.9 %	339	(188)	527	280.1 %
Depreciation and amortization	71	80	(9)	(9.9)%	219	233	(14)	(5.7)%
<b>EBITDA</b>	<b>369</b>	<b>(105)</b>	<b>474</b>	<b>451.3 %</b>	<b>488</b>	<b>(368)</b>	<b>856</b>	<b>232.5 %</b>
Contra revenue	9	7	2	34.3 %	26	20	6	30.3 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(456)	(267)	(189)	(71.0)%	(1,082)	(1,015)	(67)	(6.7)%
Costs incurred on behalf of managed and franchised properties	465	278	187	67.4 %	1,117	1,068	49	4.6 %
Equity (earnings) losses from unconsolidated hospitality ventures	12	20	(8)	(43.8)%	(8)	45	(53)	(118.0)%
Stock-based compensation expense	6	3	3	107.5 %	42	20	22	109.4 %
Gains on sales of real estate and other	(307)	—	(307)	NM	(412)	(8)	(404)	NM
Asset impairments	—	—	—	(100.0)%	2	52	(50)	(95.4)%
Other (income) loss, net	3	19	(16)	(79.1)%	(34)	114	(148)	(129.8)%
Pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA	9	(3)	12	351.5 %	6	(7)	13	182.2 %
<b>Adjusted EBITDA</b>	<b>\$ 110</b>	<b>\$ (48)</b>	<b>\$ 158</b>	<b>327.3 %</b>	<b>\$ 145</b>	<b>\$ (79)</b>	<b>\$ 224</b>	<b>283.4 %</b>
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	Change (\$)	Change (%)	2021	2020	Change (\$)	Change (%)
<b>Total revenues</b>	<b>\$ 851</b>	<b>\$ 399</b>	<b>\$ 452</b>	<b>113.3 %</b>	<b>\$ 1,952</b>	<b>\$ 1,642</b>	<b>\$ 310</b>	<b>18.9 %</b>
Add: Contra revenue	9	7	2	34.3 %	26	20	6	30.3 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(456)	(267)	(189)	(71.0)%	(1,082)	(1,015)	(67)	(6.7)%
<b>Adjusted revenues</b>	<b>\$ 404</b>	<b>\$ 139</b>	<b>\$ 265</b>	<b>191.0 %</b>	<b>\$ 896</b>	<b>\$ 647</b>	<b>\$ 249</b>	<b>38.4 %</b>
<b>Adjusted EBITDA Margin %</b>	<b>27.4 %</b>	<b>(35.0)%</b>		<b>62.4 %</b>	<b>16.2 %</b>	<b>(12.3)%</b>		<b>28.5 %</b>
<b>Adjusted EBITDA Margin % Change in Constant Currency</b>				<b>61.9 %</b>				<b>28.7 %</b>

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

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income (Loss)	Three Months Ended September 30,	
		2021	2020
<b>Net income (loss) attributable to Hyatt Hotels Corporation</b>		<b>\$ 120</b>	<b>\$ (161)</b>
<b>Earnings (losses) per diluted share</b>		<b>\$ 1.15</b>	<b>\$ (1.59)</b>
<b>Special items</b>			
Transaction costs (a)	Other income (loss), net	19	—
Fund deficits (b)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	5	6
Utilization of Avendra and other proceeds (c)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	5	6
Restructuring expenses (d)	Other income (loss), net	3	22
Gains on sales of real estate and other (e)	Gains on sales of real estate and other	(307)	—
Unrealized gains (f)	Other income (loss), net	(7)	(8)
Other	Equity earnings (losses) from unconsolidated hospitality ventures; asset impairments; other income (loss), net	(2)	(1)
<b>Special items - pre-tax</b>		<b>(284)</b>	<b>25</b>
Income tax benefit (provision) for special items	Benefit (provision) for income taxes	405	(14)
<b>Total special items - after-tax</b>		<b>121</b>	<b>11</b>
<b>Special items impact per diluted share</b>		<b>\$ 1.16</b>	<b>\$ 0.11</b>
<b>Adjusted net income (loss) attributable to Hyatt Hotels Corporation</b>		<b>\$ 241</b>	<b>\$ (150)</b>
<b>Earnings (losses) per diluted share, adjusted for special items</b>		<b>\$ 2.31</b>	<b>\$ (1.48)</b>

(a) **Transaction costs** - During the three months ended September 30, 2021 (Q3 2021), we recognized \$19 million of transaction costs related to the acquisition of ALG.

(b) **Fund deficits** - During Q3 2021 and the three months ended September 30, 2020 (Q3 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.

(c) **Utilization of Avendra and other proceeds** - During Q3 2021 and Q3 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.

(d) **Restructuring expenses** - During Q3 2020, we recognized \$22 million in restructuring expenses related to severance and related charges as a result of the COVID-19 pandemic.

(e) **Gains on sales of real estate and other** - During Q3 2021, we recognized a \$305 million pre-tax gain related to the sale of Hyatt Regency Lake Tahoe Resort, Spa and Casino and a \$2 million pre-tax gain related to the sale of Alila Ventana Big Sur.

(f) **Unrealized gains** - During Q3 2021 and Q3 2020, we recognized unrealized gains due to the change in fair value of our marketable securities.

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Reconciliation of Non-GAAP Measure: Earnings (Losses) per Diluted Share and Net Income (Loss) Attributable to Hyatt Hotels Corporation, to Earnings (Losses) per Diluted Share, Adjusted for Special Items and Adjusted Net Income (Loss) Attributable to Hyatt Hotels Corporation - Nine Months Ended September 30, 2021 and September 30, 2020

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income (Loss)	Nine Months Ended September 30,	
		2021	2020
<b>Net income (loss) attributable to Hyatt Hotels Corporation</b>		<b>\$ (193)</b>	<b>\$ (500)</b>
<b>Earnings (losses) per diluted share</b>		<b>\$ (1.89)</b>	<b>\$ (4.93)</b>
<b>Special items</b>			
Gains on sales of real estate and other (a)	Gains on sales of real estate and other	(412)	(8)
Unconsolidated hospitality ventures (b)	Equity earnings (losses) from unconsolidated hospitality ventures	(68)	—
Unrealized (gains) losses (c)	Other income (loss), net	(20)	36
Fund deficits (d)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	26	25
Transaction costs (e)	Other income (loss), net	19	—
Utilization of Avendra and other proceeds (f)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	12	29
Restructuring expenses (g)	Other income (loss), net	3	69
Asset impairments (h)	Asset impairments	2	52
Other	Other income (loss), net	(2)	(7)
<b>Special items - pre-tax</b>		<b>(440)</b>	<b>196</b>
Income tax benefit (provision) for special items	Benefit (provision) for income taxes	394	(64)
<b>Total special items - after-tax</b>		<b>(46)</b>	<b>132</b>
<b>Special items impact per diluted share</b>		<b>\$ (0.45)</b>	<b>\$ 1.30</b>
<b>Adjusted net income (loss) attributable to Hyatt Hotels Corporation</b>		<b>\$ (239)</b>	<b>\$ (368)</b>
<b>Earnings (losses) per diluted share, adjusted for special items</b>		<b>\$ (2.34)</b>	<b>\$ (3.63)</b>

(a) **Gains on sales of real estate and other** - During the nine months ended September 30, 2021 (YTD 2021), we recognized a \$305 million pre-tax gain related to the sale of Hyatt Regency Lake Tahoe Resort, Spa and Casino, a \$104 million pre-tax gain related to the sale of Hyatt Regency Lost Pines Resort and Spa, and a \$2 million pre-tax gain related to the sale of Alila Ventana Big Sur. During the nine months ended September 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 pre-tax 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) **Transaction costs** - During YTD 2021, we recognized \$19 million of transaction costs related to the acquisition of ALG.

(f) **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.

(g) **Restructuring expenses** - During YTD 2020, we recognized \$69 million in restructuring expenses related to severance and related charges as a result of the COVID-19 pandemic.

(h) **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 (losses) 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 September 30,				Nine Months Ended September 30,			
	2021	2020	Change (\$)	Change (%)	2021	2020	Change (\$)	Change (%)
<b>SG&amp;A expenses</b>	\$ 69	\$ 69	\$ —	0.6 %	\$ 250	\$ 217	\$ 33	15.7 %
Less: rabbi trust impact	1	(19)	20	104.6 %	(30)	(20)	(10)	(51.3) %
Less: stock-based compensation expense	(6)	(3)	(3)	(107.5) %	(42)	(20)	(22)	(109.4) %
<b>Adjusted SG&amp;A expenses</b>	<b>\$ 64</b>	<b>\$ 47</b>	<b>\$ 17</b>	<b>36.3 %</b>	<b>\$ 178</b>	<b>\$ 177</b>	<b>\$ 1</b>	<b>1.0 %</b>

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	2020	Change (\$)	Change (%)	2021	2020	Change (\$)	Change (%)
Americas management and franchising	\$ 12	\$ 11	\$ 1	12.6 %	\$ 35	\$ 38	\$ (3)	(5.0) %
ASPAC management and franchising	10	8	2	23.2 %	29	26	3	12.2 %
EAME/SW Asia management and franchising	7	7	—	3.0 %	21	29	(8)	(27.8) %
Owned and leased hotels	3	3	—	(1.2) %	9	10	(1)	(11.6) %
Corporate and other	32	18	14	75.4 %	84	74	10	12.8 %
<b>Adjusted SG&amp;A expenses</b>	<b>\$ 64</b>	<b>\$ 47</b>	<b>\$ 17</b>	<b>36.3 %</b>	<b>\$ 178</b>	<b>\$ 177</b>	<b>\$ 1</b>	<b>1.0 %</b>

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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 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. 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 (losses) 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 trust investments and forecasted stock-based compensation expense.

*(in millions)*

	Year Ended December 31, 2021 Forecast Range	
	Low Case	High Case
<b>SG&amp;A expenses</b>	\$ 294	\$ 299
Less: rabbi trust impact (a)	—	—
Less: stock-based compensation expense	(49)	(49)
<b>Adjusted SG&amp;A expenses</b>	<b>\$ 245</b>	<b>\$ 250</b>

(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 (losses) 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 September 30,			Nine Months Ended September 30,				
	2021	2020	Change (\$)	Change (%)	2021	2020	Change (\$)	Change (%)
Revenues								
Comparable owned and leased hotels	\$ 220	\$ 49	\$ 171	348.0 %	\$ 465	\$ 340	\$ 125	36.9 %
Non-comparable owned and leased hotels	43	31	12	38.6 %	93	82	11	12.7 %
<b>Owned and leased hotels revenues</b>	<b>\$ 263</b>	<b>\$ 80</b>	<b>\$ 183</b>	<b>228.9 %</b>	<b>\$ 558</b>	<b>\$ 422</b>	<b>\$ 136</b>	<b>32.2 %</b>
Expenses								
Comparable owned and leased hotels	\$ 176	\$ 96	\$ 80	83.5 %	\$ 413	\$ 387	\$ 26	6.8 %
Non-comparable owned and leased hotels	32	32	—	(0.4)%	88	105	(17)	(16.8)%
Rabbi trust impact	—	3	(3)	(103.5)%	5	3	2	56.4 %
<b>Owned and leased hotels expenses</b>	<b>\$ 208</b>	<b>\$ 131</b>	<b>\$ 77</b>	<b>58.4 %</b>	<b>\$ 506</b>	<b>\$ 495</b>	<b>\$ 11</b>	<b>2.0 %</b>
<b>Owned and leased hotels operating margin percentage</b>	<b>21.1 %</b>	<b>(63.9)%</b>		<b>85.0 %</b>	<b>9.4 %</b>	<b>(17.4)%</b>		<b>26.8 %</b>
<b>Comparable owned and leased hotels operating margin</b>	<b>20.3 %</b>	<b>(94.5)%</b>		<b>114.8 %</b>	<b>11.3 %</b>	<b>(13.8)%</b>		<b>25.1 %</b>