

# **WYNDHAM HOTELS & RESORTS**

## **Supplementary Financial Information**

May 2, 2018

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Certain statements in this presentation constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. Such forward-looking statements include projections. Such projections were not prepared in accordance with public guidelines of the American Institute of Certified Public Accountants regarding projections and forecasts, nor have such projections been audited, examined or otherwise reviewed by the independent auditors of Wyndham Worldwide Corporation or Wyndham Hotels & Resorts. The assumptions and estimates underlying the projections included herein are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the projections. The projections may not be indicative of the future performance of Wyndham Worldwide or Wyndham Hotels & Resorts and actual results may differ materially from those presented in the projections. Inclusion of the projections in this presentation should not be regarded as a representation by any person that the results contained in the projections will be achieved.

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The information in this presentation should be read in conjunction with the consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in Wyndham Worldwide’s Form 10-K and in Wyndham Hotels & Resorts’ Form 10 filed with the SEC on April 19, 2018.

## **Pro Forma Financial Information**

This presentation also includes certain pro forma financial information. The pro forma financial information is unaudited and is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the relevant transactions had been consummated on the date indicated, nor is it indicative of future operating results. The pro forma financial information presented includes adjustments that would not be included in the pro forma financial statements contained in a registration statement filed with the Securities and Exchange Commission that contain pro forma information prepared in accordance with Regulation S-X under the Securities Act.

# Disclaimers

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## Non-GAAP Financial Measures

Financial information contained in this presentation includes certain financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting policies in the United States of America (GAAP), such as adjusted EBITDA, which include or exclude certain items from the most directly comparable GAAP financial measure. These non-GAAP measures differ from reported GAAP measures and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors as an additional tool for further understanding and assessing Wyndham Hotels & Resorts' expected ongoing operating performance. Exclusion of items in our non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Definitions of the non-GAAP measures are included in the appendix of this presentation. A reconciliation of certain non-GAAP financial measures to the most directly comparable GAAP financial measure appears in the appendix to this presentation. Any non-GAAP financial measure used in this presentation is in addition to, and not meant to be considered superior to, or a substitute for, measures prepared in accordance with GAAP. A reconciliation of the projected 2018 pro forma financial information is not included in this presentation because a reconciliation of the individual components of such pro forma financial information is not currently available.

# Objective of this Presentation

- ▶ **Wyndham Worldwide is in the process of spinning off its Hotel Group business, which will be named Wyndham Hotels & Resorts, Inc.**
  - The spin-off is expected to occur in the second quarter of 2018
  - This document provides summary pro forma information Wyndham Hotels & Resorts, including:
    - A comparison of first quarter 2018 results to first quarter 2017 results
    - Pro forma adjusted EBITDA and adjusted net income for first quarter 2018
    - Full-year 2018 pro forma outlook
    - Second quarter 2018 pro forma outlook
    - Full-year and quarterly 2017 pro forma revenue and adjusted EBITDA
    - Reconciliations of non-GAAP measures to GAAP results

# Overview

## Wyndham Hotels & Resorts is the world's largest hotel franchisor and a leading hotel management company

### Who We Are

- World's largest hotel franchisor with 9,000 affiliated hotels<sup>(a)</sup> located in over 80 countries
- Welcoming nearly 140 million guests each year
- Asset-light business model generating stable, recurring cash flows
- Leading loyalty program with over 55 million enrolled members
- Franchise powerhouse in the economy and midscale space

### Competitive Strengths

- Industry-leading footprint
- Strong portfolio of well-known brands
- Global leader in economy and midscale segments
- Significant geographical diversification
- Award-winning, multi-brand loyalty program
- Proven ability to create value through acquisitions
- Experienced management team

### Growth Strategies

- Attract, retain and develop franchisees
- 'Elevate the economy experience'
- Expand presence in midscale and beyond
- Grow footprint in new and existing international markets
- Use cash flow to create value for stockholders

### Pro Forma Financial Outlook <sup>(a)</sup>

- 2018 revenues of \$1.99 - \$2.04 billion
- 2018 adjusted EBITDA of \$590 - \$610 million
- 2018 adjusted EPS<sup>(b)</sup> of \$2.95 - \$3.15

(a) Pro forma for the acquisition of La Quinta and the divestiture of Knights Inn.

(b) Based on 101.6 million diluted shares expected to be outstanding.

**First Quarter**

## First Quarter Results

<i>\$ millions</i>	2018	2017	Change
Revenues	\$302	\$289	4%
Adjusted EBITDA <sup>(a)</sup>	\$98	\$84	17%

- ▶ **Revenues increased 4%** reflecting higher royalties and marketing and reservation revenues
- ▶ **Adjusted EBITDA increased 17%** reflecting the revenue gains as well as a net benefit of \$6 million from hurricane-related insurance recoveries and costs
- ▶ **System size increased 3%** compared with first quarter 2017
- ▶ **Domestic RevPAR grew 6%** compared with first quarter 2017
- ▶ **Global RevPAR increased 7%**, and 5% in constant currency

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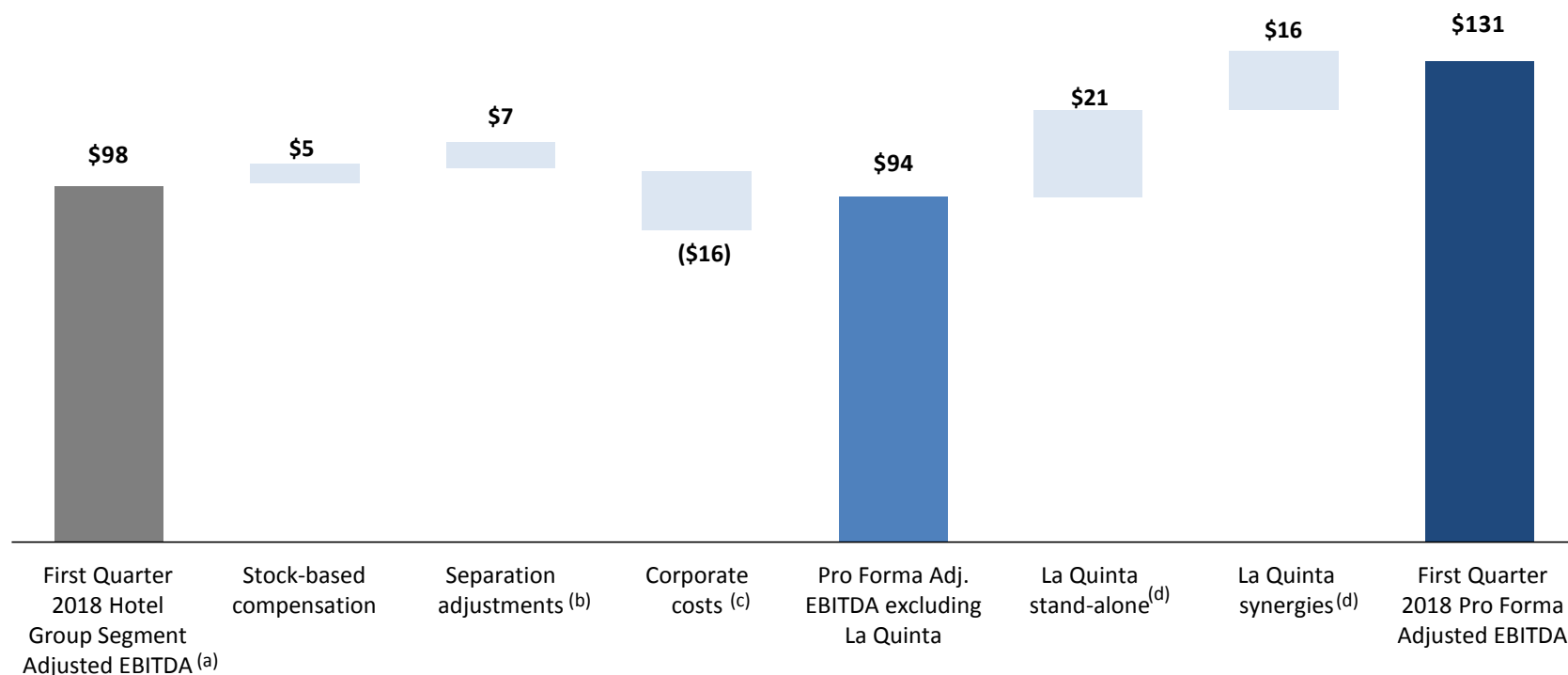
<sup>(a)</sup> Per Wyndham Worldwide's definition.

# Wyndham Hotels & Resorts

## Pro Forma First Quarter 2018 Adjusted EBITDA

### Pro Forma Adjusted EBITDA

(\$ in millions)



(a) Represents Wyndham Hotel Group segment adjusted EBITDA per Wyndham Worldwide's definition.

(b) Includes incremental license fees from Wyndham Destinations and other changes being effected in conjunction with the spin-off.

(c) Represents one-quarter of our estimate of full-year costs associated with becoming a separate public company.

(d) Represents 22% of La Quinta's 2017 full-year results (without giving effect to any potential changes for revenue recognition accounting) and one-quarter of the expected synergies.



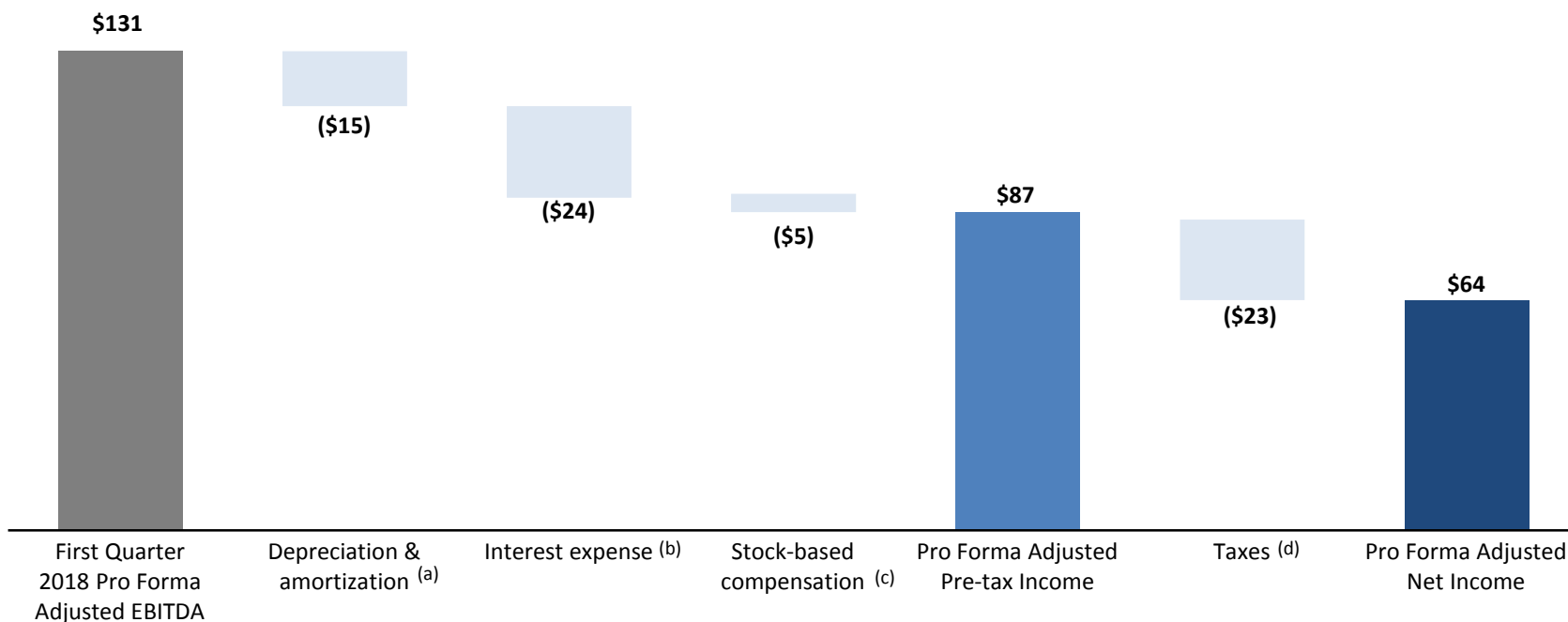
# Wyndham Hotels & Resorts

## Pro Forma First Quarter 2018

### Adjusted Net Income and Adjusted EPS

#### Pro Forma Earnings

(\$ in millions, except per share data)



**Pro Forma Adjusted Earnings Per Share of \$0.63 based on 101.6 million diluted shares outstanding**

- (a) Excludes amortization of acquisition-related intangible assets.
- (b) Assumes \$2.1 billion of outstanding debt.
- (c) Stock-based compensation is excluded from Adjusted EBITDA but included as a reduction to Adjusted Net Income.
- (d) Assumes a stabilized effective tax rate of 27%.

# Pro Forma Outlook

# Wyndham Hotels & Resorts

## Full-Year 2018 Pro Forma Outlook

<p><b>Pro Forma Revenues <sup>(a)</sup></b></p> <p>\$1.99 - \$2.04 billion</p>	<p><b>Pro Forma Adjusted EBITDA<sup>(a)</sup></b></p> <p>\$590 - \$610 million</p>	<p><b>Pro Forma Adjusted EPS <sup>(a) (b)</sup></b></p> <p>\$2.95 - \$3.15</p>
<p><b>Key Drivers <sup>(c)</sup></b></p> <p><b>RevPAR:</b> 7-8%</p> <p><b>System Growth:</b> 11-13%</p>	<p><b>Comparable-Basis Drivers <sup>(d)</sup></b></p> <p><b>RevPAR:</b> 2-3%</p> <p><b>System Growth:</b> 2-4%</p>	<p><b>Pro Forma EBITDA Sensitivity <sup>(e)</sup></b></p> <p><b>RevPAR:</b> \$5 million</p> <p><b>System Growth:</b> \$5 million</p>

*Outlook is based upon March 31, 2018 foreign exchange rates*

(a) Pro forma to reflect the acquisition of La Quinta. The sale of Knights Inn does not impact our forecasted revenue, adjusted EBITDA and adjusted EPS ranges.

(b) Based on 101.6 million shares expected to be outstanding.

(c) Reflects projected growth over 2017; 2018 metrics reflect the acquisition of La Quinta and the sale of Knights Inn.

(d) Reflects projected growth over 2017 excluding the acquisition of La Quinta and the sale of Knights Inn.

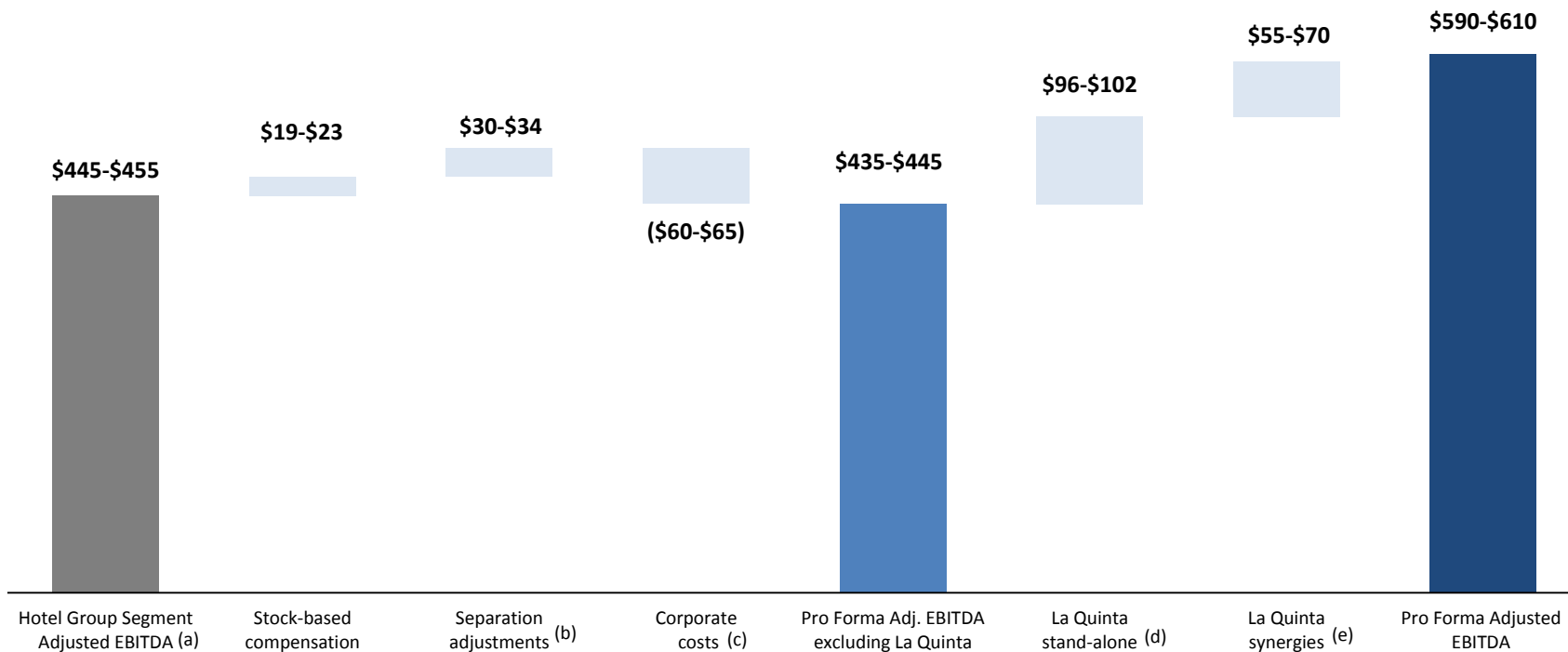
(e) EBITDA sensitivities for revenue drivers are based on average system-wide trends and reflect the acquisition of La Quinta and the sale of Knights Inn. Operating circumstances including but not limited to brand mix, product mix, geographical concentration or market segment may result in variability.

# Wyndham Hotels & Resorts

## Pro Forma Full-Year 2018 Adjusted EBITDA Outlook

### Pro Forma Adjusted EBITDA Outlook

(\$ in millions)



- (a) Represents Wyndham Hotel Group segment adjusted EBITDA outlook per Wyndham Worldwide's definition. Includes \$8-10 million of favorable operating performance since our initial projections in February, offset by a \$4-6 million reduction relating to the new revenue recognition standard and a \$3-5 million reduction for the sale of Knights Inn.
- (b) Includes incremental license fees from Wyndham Destinations and other changes being effected in conjunction with the spin-off.
- (c) Reflects our estimate of incremental costs to be incurred in connection with becoming a separate publicly traded company, including incremental stock-based compensation expense.
- (d) Reflects La Quinta's 2017 full-year results prior to any potential changes for revenue recognition accounting.
- (e) Represents expected synergies, which primarily relate to expected cost savings associated with corporate overhead, technology, sales, marketing and other operating costs.

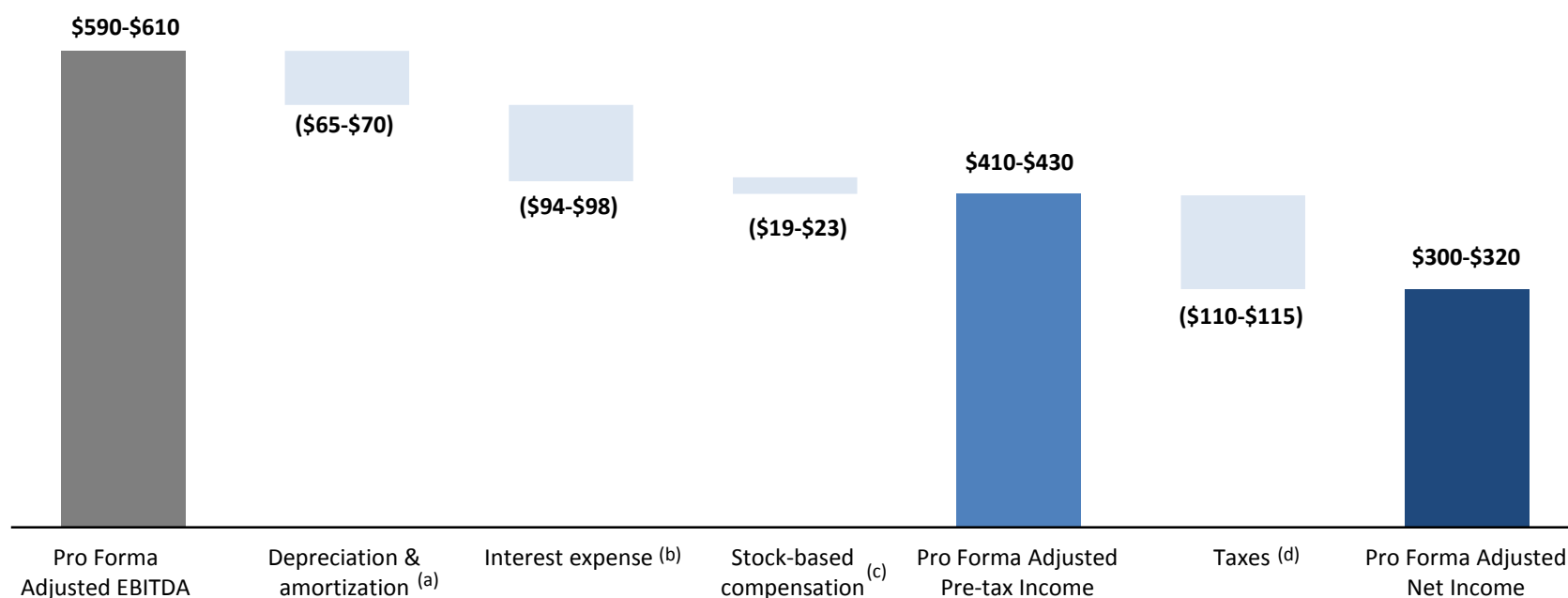
# Wyndham Hotels & Resorts

## Pro Forma Full-Year 2018

### Adjusted Net Income and Adjusted EPS Outlook

#### Pro Forma Earnings Outlook

(\$ in millions, except per share data)



**Pro Forma Adjusted Earnings Per Share of \$2.95 - \$3.15 based on 101.6 million diluted shares outstanding**

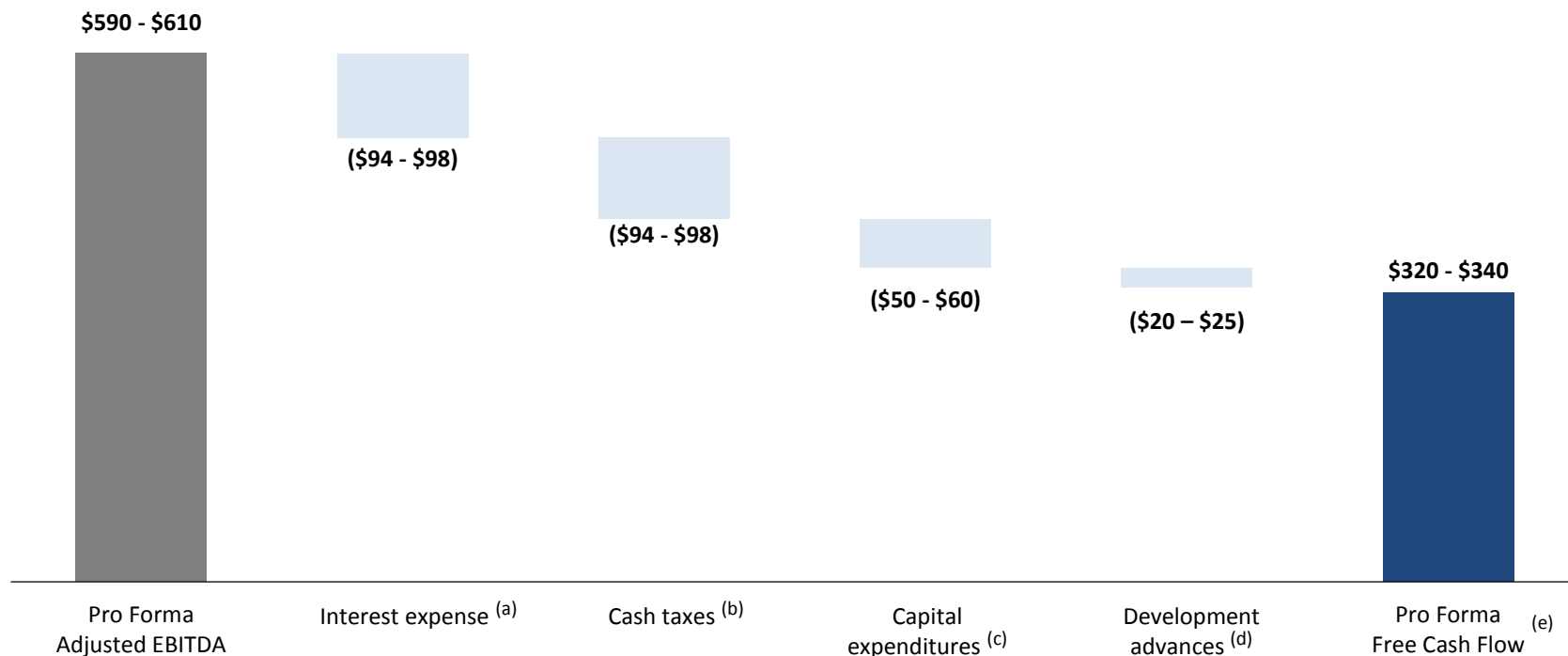
- (a) Excludes amortization of acquisition-related intangible assets.
- (b) Assumes \$2.1 billion of outstanding debt.
- (c) Stock-based compensation is excluded from Adjusted EBITDA but included as a reduction to Adjusted Net Income.
- (d) Assumes a stabilized effective tax rate of 27%.

# Wyndham Hotels & Resorts

## Pro Forma Full-Year 2018 Free Cash Flow

### Pro Forma Free Cash Flow

(\$ in millions)



(a) Assumes \$2.1 billion of outstanding debt.

(b) Based on an estimated cash tax rate of approximately 23%.

(c) Excludes approximately \$20 million of hurricane-related spending at our Rio Mar hotel, which is expected to be funded by insurance recoveries.

(d) Development advances are provided to a small percentage of current or prospective franchisees to spur new hotel development with our brands and may be forgiven if certain conditions are met.

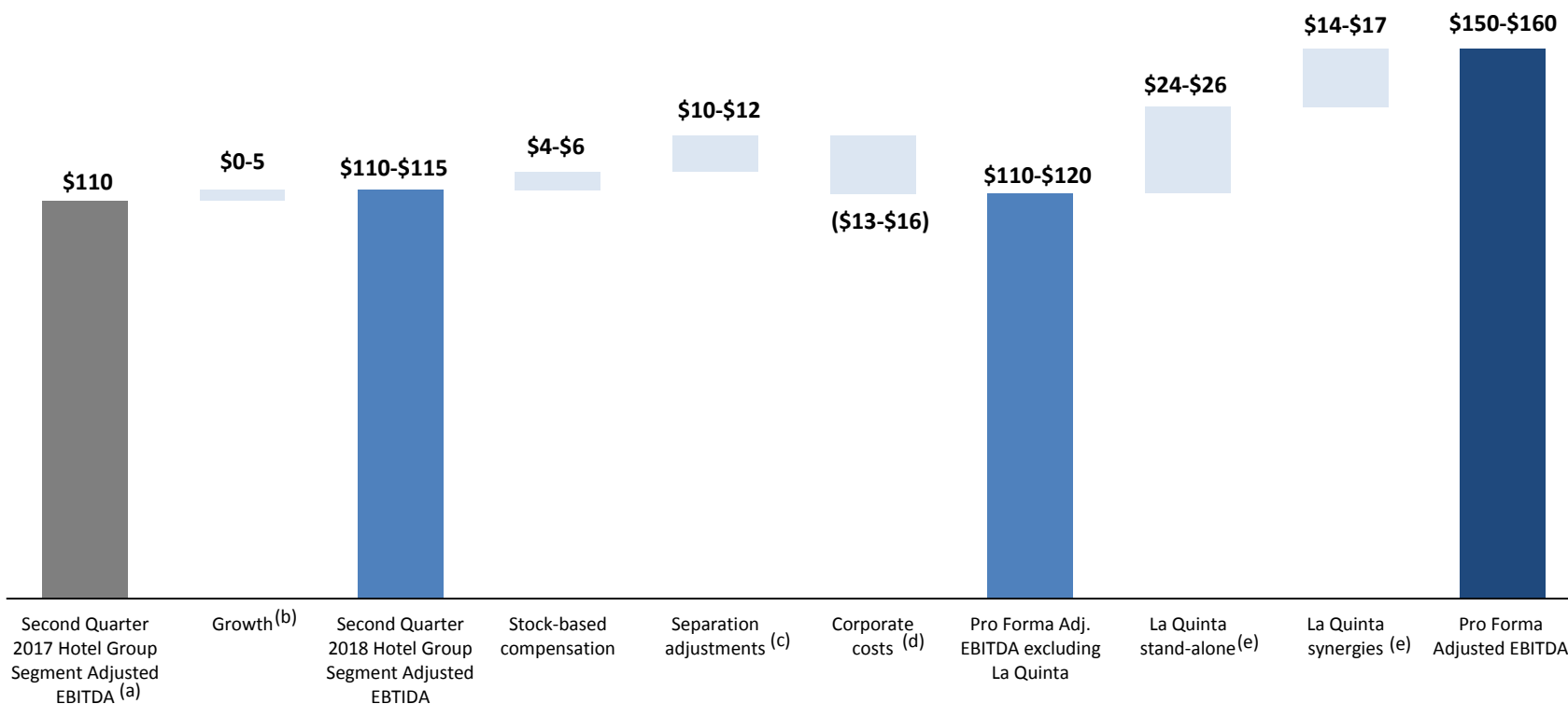
(e) Operating cash flow less capital expenditures.

# Wyndham Hotels & Resorts

## Pro Forma Second Quarter 2018 Adjusted EBITDA Outlook

### Pro Forma Adjusted EBITDA Outlook

(\$ in millions)



(a) Represents Wyndham Hotel Group segment adjusted EBITDA outlook per Wyndham Worldwide's definition.

(b) Second quarter growth is moderated by the timing of marketing spend.

(c) Includes incremental license fees from Wyndham Destinations and other changes being effected in conjunction with the spin-off.

(d) Represents one-quarter of our estimate of full-year costs associated with becoming a separate public company.

(e) Represents 25% of La Quinta's 2017 full-year results (without giving effect to any potential changes for revenue recognition accounting) and one-quarter of the expected synergies.

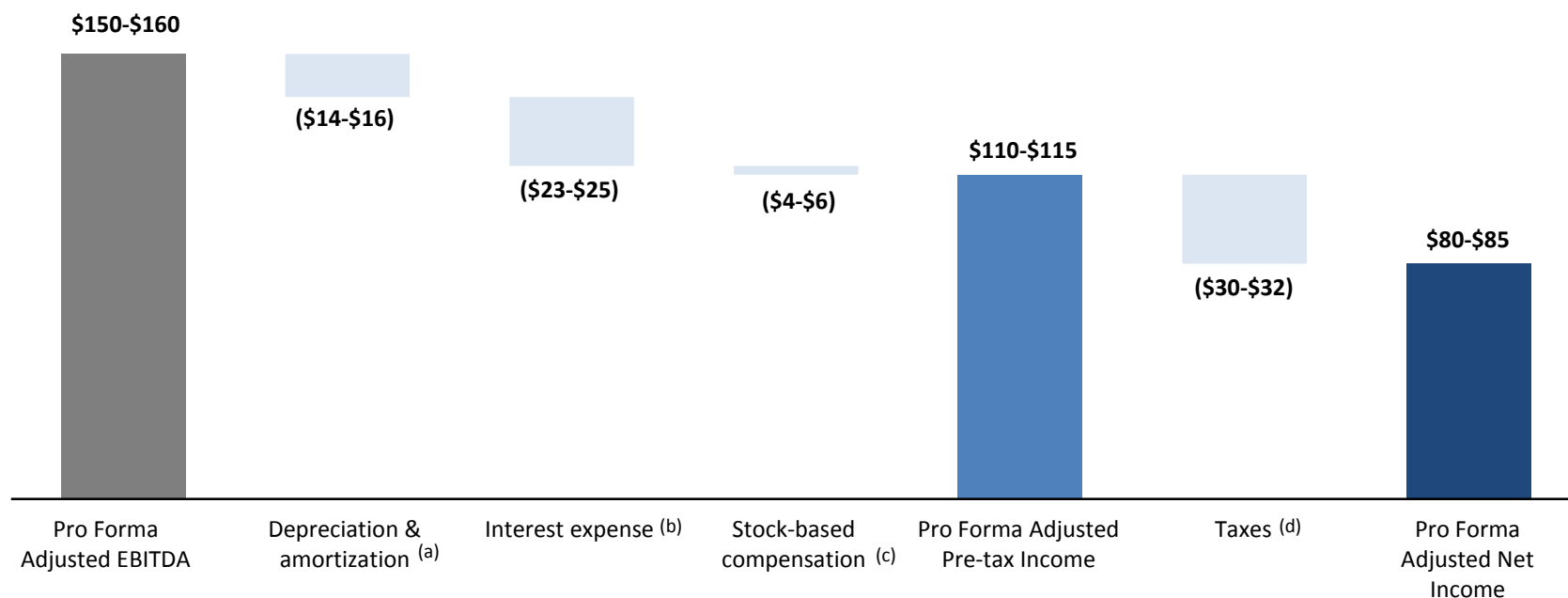
# Wyndham Hotels & Resorts

## Pro Forma Second Quarter 2018

### Adjusted Net Income and Adjusted EPS Outlook

#### Pro Forma Earnings Outlook

(\$ in millions, except per share data)



**Pro Forma Adjusted Earnings Per Share of \$0.79 - \$0.84 based on 101.6 million diluted shares outstanding**

- (a) Excludes amortization of acquisition-related intangible assets.
- (b) Assumes \$2.1 billion of outstanding debt.
- (c) Stock-based compensation is excluded from Adjusted EBITDA but included as a reduction to Adjusted Net Income.
- (d) Assumes a stabilized effective tax rate of 27%.



# Appendix

# Wyndham Worldwide

## Pro Forma Capitalization

	Wyndham Worldwide						Wyndham Destinations	Wyndham Hotels & Resorts
(\$ in millions)	As of 12/31/2017	Repayment of Maturing Notes	Acquisition of La Quinta	Sale of European Rentals Business <sup>(a)</sup>	Transaction-related Costs	Wyndham Hotels & Resorts Spin-off	Pro Forma as of 12/31/2017	Pro Forma as of 12/31/2017
Cash	\$100		\$100	\$50		(\$168)	\$82	\$168
Revolving Credit Facility	395	\$464		(579)	\$250		530	
Commercial Paper	147			(147)				
Term Loan	324			(324)				
New Wyndham Hotels & Resorts Term Loan B	--		1,600			(1,600)		1,600
Senior Notes due 2018	464	(464)						
Senior Notes due 2020 – 2027	2,375						2,375	
New Wyndham Hotels & Resorts Unsecured Senior Notes	--		500			(500)		500
Capital Leases and Other	204					(68)	136	68
<b>Total Debt</b>	<b>\$3,909</b>	-	<b>\$2,100</b>	<b>(\$1,050)</b>	<b>\$250</b>	<b>(\$2,168)</b>	<b>\$3,041</b>	<b>\$2,168</b>
<b>Net Debt</b>	<b>\$3,809</b>	-	<b>\$2,000</b>	<b>(\$1,100)</b>	<b>\$250</b>	<b>(\$2,000)</b>	<b>\$2,959</b>	<b>\$2,000</b>
2017 Pro Forma Adjusted EBITDA <sup>(b)</sup>	\$1,384						\$914	\$554
Net Debt / 2017 Pro Forma Adjusted EBITDA	2.8x						3.2x	3.6x

Note: Figures exclude asset-backed debt borrowings.

(a) Assumes after-tax proceeds of \$1.1 billion.

(b) Reflects adjusted EBITDA from continuing and discontinued operations for Wyndham Worldwide under Wyndham Worldwide's definition of adjusted EBITDA (after stock-based compensation) and reflects pro forma adjusted EBITDA (before stock-based compensation) for Wyndham Destinations and Wyndham Hotels & Resorts. Amounts have been revised from March 19, 2018 disclosures to reflect the effects of new revenue recognition accounting.

# Wyndham Hotels & Resorts

## 2017 Pro Forma Revenue and Adjusted EBITDA

\$ in millions

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year 2017
<b>Net Revenues</b>					
2017 Reported Revenues	\$ 298	\$ 345	\$ 368	\$ 332	\$ 1,343
Revenue recognition impacts	(9)	(14)	(21)	(19)	(63)
2017 Restated for Revenue Recognition	289	331	347	313	1,280
Separation adjustments	5	8	11	6	30
Pro Forma Revenues before La Quinta	294	339	358	319	1,310
La Quinta stand-alone	150	171	180	162	663
<b>Pro Forma Revenues</b>	<b>\$ 444</b>	<b>\$ 510</b>	<b>\$ 538</b>	<b>\$ 481</b>	<b>\$ 1,973</b>

### Adjusted EBITDA

2017 Adjusted EBITDA	\$ 85	\$ 106	\$ 122	\$ 102	\$ 416
Revenue recognition impacts	(1)	4	7	(20)	(10)
2017 Restated for Revenue Recognition	84	110	129	82	406
Stock-based compensation	5	5	5	6	21
Separation adjustments	5	8	11	6	30
Corporate costs	(16)	(16)	(15)	(15)	(62)
Pro Forma Adjusted EBITDA before La Quinta	78	107	130	79	395
La Quinta stand-alone	20	26	31	19	96
La Quinta synergies	16	16	16	15	63
<b>Pro Forma Adjusted EBITDA</b>	<b>\$ 114</b>	<b>\$ 149</b>	<b>\$ 177</b>	<b>\$ 113</b>	<b>\$ 554</b>

Amounts with the exception of La Quinta stand-alone have been revised from March 19, 2018 disclosures where appropriate to reflect the effects of new revenue recognition accounting.

# Wyndham Hotels & Resorts

## Reconciliation of Adjusted Net Income to Adjusted EBITDA

<i>\$ in millions</i>	<b>First Quarter 2018</b>
Pro Forma Adjusted Net Income	\$ 64
Provision for Income Taxes	23
Depreciation and amortization	15
Interest expense	24
Stock-based compensation	5
<b>Pro Forma Adjusted EBITDA</b>	<b>\$ 131</b>

# Wyndham Hotels & Resorts

## Reconciliation of La Quinta Net Income to Pro Forma Adjusted EBITDA

*\$ in millions*

	Full Year 2017	Assumed First Quarter 2018	Assumed Second Quarter 2018
Net Income	\$ 33	\$ 7	\$ 8
Provision for Income Taxes	15	3	4
Depreciation and amortization	4	1	1
Interest expense, net	(1)	-	-
Transaction-related costs	12	3	3
Incremental fees from CorePoint <sup>(a)</sup>	33	7	8
<b>La Quinta Stand-alone Adjusted EBITDA</b>	<b>\$ 96</b>	<b>\$ 21</b>	<b>\$ 24</b>
Expected Synergies	63	16	16
<b>La Quinta Pro Forma Adjusted EBITDA</b>	<b>\$ 159</b>	<b>\$ 37</b>	<b>\$ 40</b>

(a) Reflects the step-up in royalty fees, management fees and other revenue items pursuant to the amended and restated franchise and management agreements entered into in connection with La Quinta's spin-off of CorePoint Lodging Inc.

## Definitions

**Adjusted EBITDA:** Net income excluding interest expense, depreciation and amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related costs (acquisition-, disposition- or separation-related), stock-based compensation expense, early extinguishment of debt costs and income taxes.

**Adjusted Earnings per Share (EPS):** Reflects net income excluding amortization of acquisition-related intangible assets, impairment charges, restructuring and related charges, contract termination costs, transaction-related costs and early extinguishment of debt costs.

**Free Cash Flow:** Net cash provided by operating activities less property and equipment additions which the company also refers to as capital expenditures<sup>(a)</sup>.

**RevPAR:** Represents revenue per available room and is calculated by multiplying average occupancy rate by average daily rate.

**System Size:** Represents the number of rooms at the end of the period that are either (i) under franchise and/or management agreements, or company owned or (ii) under affiliation agreements for which we receive a fee for reservation and/or other services provided.

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(a) Excludes approximately \$20 million of hurricane-related spending at our Rio Mar hotel, which will be funded with insurance recoveries.