Record Openings Drive 7.4% Net Rooms Growth in 2019, Pipeline Expands to Over 100,000 Hotel Rooms

CHICAGO (February 19, 2020) - Hyatt Hotels Corporation ("Hyatt" or the "Company") (NYSE: H) today reported fourth quarter 2019 financial results. Net income attributable to Hyatt was $321 million, or $3.08 per diluted share, in the fourth quarter of 2019, compared to $44 million, or $0.40 per diluted share, in the fourth quarter of 2018. Adjusted net income attributable to Hyatt was $49 million, or $0.47 per diluted share, in the fourth quarter of 2019, compared to $69 million, or $0.62 per diluted share, in the fourth quarter of 2018. Refer to the table on page 16 of the schedules for a summary of special items impacting Adjusted net income and Adjusted earnings per share in the three months ended December 31, 2019.

Mark S. Hoplamazian, president and chief executive officer of Hyatt Hotels Corporation, said, "We had a strong finish to the year, delivering nearly 12% growth in fee revenues and 7.4% net rooms growth, fueled by a record-setting 90 new hotels opened across our system in 2019. We ended the year with a material increase in the percentage of our earnings coming from our managed and franchise fee business. This was driven by consistent execution of our strategy to concurrently drive our organic growth and continue to reduce our holdings of hotel real estate at attractive valuations."

Fourth quarter 2019 financial results as compared to fourth quarter 2018 are as follows:

- Net income increased 621.5% to $321 million.
- Adjusted EBITDA increased 5.3% to $191 million, up 5.7% in constant currency.
- Comparable system-wide RevPAR decreased 0.5%, and was negatively impacted by approximately 110 basis points as a result of political unrest in Hong Kong, and by approximately 60 basis points from the timing of the Jewish holidays. RevPAR increased 1.4% at comparable owned and leased hotels.
- Comparable U.S. hotel RevPAR decreased 1.3%; full service and select service U.S. hotel RevPAR decreased 1.1% and 1.8%, respectively.
- Comparable owned and leased hotels operating margin was flat at 24.6%.
- Adjusted EBITDA margin increased 100 basis points to 29.7% in constant currency.

Fiscal year 2019 financial results as compared to fiscal year 2018 are as follows:

- Net income decreased 0.4% to $766 million.
- Adjusted EBITDA decreased 2.9% to $754 million, down 2.0% in constant currency, reflecting significant transaction activity.
- Comparable system-wide RevPAR increased 0.7%, including an increase of 1.0% at comparable owned and leased hotels. Comparable system-wide RevPAR growth was negatively impacted by approximately 40 basis points as a result of political unrest in Hong Kong.
- Comparable U.S. hotel RevPAR decreased 0.6%; full service U.S. hotel RevPAR was flat and select service U.S. hotel RevPAR decreased 2.0%.
- Comparable owned and leased hotels operating margin was flat at 24.2%.
- Adjusted EBITDA margin decreased 170 basis points to 29.2% in constant currency.
- Net rooms growth was 7.4% in 2019.
- As of December 31, 2019, the Company's pipeline consisted of approximately 500 hotels, or approximately 101,000 rooms.
- The Company repurchased 5,621,281 shares of common stock for $421 million in 2019, compared to 12,723,895 shares for $966 million in 2018.

Mr. Hoplamazian continued, "We have successfully completed the integration of the Two Roads brands. We have had significant developer interest for these brands since acquisition, and expect these new brands to drive further growth in the future. We believe our pipeline supports sustainable growth over time, and in 2019, our pipeline expanded by over 13% to approximately 101,000 hotel rooms, equivalent to 45% of our global rooms portfolio open today."

Fourth quarter of 2019 financial results as compared to the fourth quarter of 2018 are as follows:

Management, Franchise and Other Fees

Total fee revenues increased 11.8% (12.1% in constant currency) to $161 million. Base management fees increased 12.3% to $65 million and incentive management fees increased 4.0% to $45 million, driven primarily by new and ramping system-wide hotels. Franchise fees increased 10.1% to $34 million. Other fee revenues increased 39.2% to $17 million.

Americas Management and Franchising Segment

Americas management and franchising segment Adjusted EBITDA increased 6.0% (6.3% in constant currency). RevPAR for comparable Americas full service hotels decreased 0.6%; occupancy decreased 60 basis points and ADR increased 0.3%.

RevPAR for comparable Americas select service hotels decreased 1.8%; occupancy increased 10 basis points and ADR decreased 2.0%. Total Americas management and franchising adjusted revenues increased 25.5% (25.9% in constant currency), which was primarily attributable to the acquisition of Two Roads and recently opened hotels.

Group rooms revenue at comparable U.S. full service hotels decreased 2.6%; room nights decreased 2.8% and ADR increased 0.2%. Transient rooms revenue at comparable U.S. full service hotels increased 0.2%; room nights increased 0.9% and ADR decreased 0.7%.

Americas net rooms increased 5.1% compared to the fourth quarter of 2018.

Southeast Asia, Greater China, Australia, South Korea, Japan and Micronesia (ASPAC) Management and Franchising Segment

ASPAC management and franchising segment Adjusted EBITDA increased 20.2% (consistent in constant currency). RevPAR for comparable ASPAC full service hotels decreased 3.5%, driven primarily by political unrest in Hong Kong, offset partially by strength in Japan and South Korea. Occupancy decreased 70 basis points and ADR decreased 2.7%. RevPAR for comparable ASPAC select service hotels increased 4.2%; occupancy increased 510 basis points and ADR decreased 3.4%. Revenue from management, franchise and other fees increased 8.2% (8.3% in constant currency).

ASPAC net rooms increased 11.2% compared to the fourth quarter of 2018.

Europe, Africa, Middle East and Southwest Asia (EAME/SW Asia) Management and Franchising Segment

EAME/SW Asia management and franchising segment Adjusted EBITDA increased 25.9% (27.6% in constant currency). RevPAR for comparable EAME/SW Asia full service hotels increased 7.2%, driven by strong growth in most European markets. Occupancy increased 410 basis points and ADR increased 1.2%. RevPAR for comparable EAME/SW Asia select service hotels increased 5.2%; occupancy increased 500 basis points and ADR decreased 1.9%. Revenue from management, franchise and other fees increased 17.5% (18.2% in constant currency).

EAME/SW Asia net rooms increased 15.0% compared to the fourth quarter of 2018.

Owned and Leased Hotels Segment

Total owned and leased hotels segment Adjusted EBITDA decreased 8.6% (8.3% in constant currency) including a 4.1% decrease (3.9% in constant currency) in pro rata share of unconsolidated hospitality ventures Adjusted EBITDA. The decrease in total segment Adjusted EBITDA was primarily driven by transaction activity. Refer to the table on page 11 of the schedules for a detailed list of portfolio changes and the year-over-year net impact to fourth quarter owned and leased hotels segment Adjusted EBITDA. Owned and leased hotels segment revenues decreased 3.7% (3.2% in constant currency).

RevPAR for comparable owned and leased hotels increased 1.4%. Occupancy increased 10 basis points and ADR increased 1.4%.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses increased 85.6%, driven by the performance of marketable securities held to fund rabbi trusts during the period. Adjusted selling, general, and administrative expenses increased 3.9%. Refer to the table on page 19 of the schedules for a reconciliation of selling, general, and administrative expenses to Adjusted selling, general, and administrative expenses.

OPENINGS AND FUTURE EXPANSION

The Company's net rooms were 7.4% higher in the fourth quarter of 2019, compared to the fourth quarter of 2018. During the 2019 fiscal year, the Company added a record 72 net hotels, representing 15,656 rooms.

As of December 31, 2019, the Company had executed management or franchise contracts for approximately 500 hotels (approximately 101,000 rooms), compared to approximately 445 hotels (approximately 89,000 rooms) at December 31, 2018. Refer to the table on page 22 of the schedules for a breakdown of the pipeline.

SHARE REPURCHASE/DIVIDEND

As part of the Company's intention to return meaningful capital to shareholders, on February 14, 2020, the Company announced a 5.3% increase in its quarterly cash dividend to $0.20 per share from $0.19 per share, representing an annualized dividend of $0.80 per share. The first quarter dividend will be payable on March 9, 2020 to Class A and Class B shareholders on record as of February 26, 2020.

During the 2019 fiscal year, the Company repurchased $421 million of shares, consisting of 5,621,281 shares of common stock

(4,943,897 Class A shares and 677,384 Class B shares). Including common dividends, the Company achieved its target of returning approximately $500 million to shareholders in 2019. During the fourth quarter of 2019, the Company repurchased 1,791,854 shares of Class A common stock for an aggregate purchase price of $141 million. The Company ended the fourth quarter with 36,109,179 Class A and 65,463,274 Class B shares issued and outstanding.

From January 1 through February 14, 2020, the Company repurchased 444,384 shares of Class A common stock for an aggregate purchase price of nearly $39 million. As of February 14, 2020, the Company had approximately $959 million remaining under its share repurchase authorization.

CAPITAL STRATEGY

The Company remains on track to successfully execute plans to sell approximately $1.5 billion of real estate by March 2022 as part of its capital strategy, and as of December 31, 2019, the Company has realized proceeds of almost $1.0 billion from the disposition of owned assets. In a Form 8-K filed on December 18, 2019, the Company announced the sale of the 615-room Grand Hyatt Seoul for approximately $481 million (approximately $467 million, net of closing costs and proration adjustments) to an unrelated third party and entered into a long-term management agreement for the property upon sale. The purchase price is inclusive of undeveloped land adjacent to Grand Hyatt Seoul intended for residential development.

BALANCE SHEET / OTHER ITEMS

As of December 31, 2019, the Company reported the following:

- Total debt of $1.623 billion.
- Pro rata share of unconsolidated hospitality venture debt of $572 million, substantially all of which is non-recourse to Hyatt and a portion of which Hyatt guarantees pursuant to separate agreements.
- Cash and cash equivalents, including investments in highly-rated money market funds and similar investments, of $893 million, short-term investments of $68 million and restricted cash of $150 million.
- Undrawn borrowing availability of $1.5 billion under its revolving credit facility.

2020 OUTLOOK

The Company is providing the following information for the 2020 fiscal year:

- Net income is expected to be approximately $113 million to $144 million.
- Adjusted EBITDA is expected to be approximately $760 million to $780 million. Refer to the table on page 15 of the schedules for a reconciliation of Net Income to Adjusted EBITDA.
- Comparable system-wide RevPAR growth is expected to be in the range of (0.5)% to 1.5%, as compared to fiscal year 2019.
- Adjusted selling, general, and administrative expenses are expected to be approximately $320 million. This excludes approximately $36 million of stock-based compensation expense and any impacts related to benefit programs funded through rabbi trusts.
- Capital expenditures are expected to be approximately $250 million.
- Depreciation and amortization expense is expected to be approximately $328 million to $332 million.
- Interest expense is expected to be approximately $77 million.
- Other income (loss), net is expected to be negatively impacted by approximately $23 million related to performance guarantee expense for the four managed hotels in France prior to the expiration of this guarantee on April 30, 2020.
- The effective tax rate is expected to be approximately 26% to 28%.
- The Company expects to grow units, on a net rooms basis, by approximately 6.5% to 7.0%, reflecting over 80 new hotel openings.
- The Company expects to return approximately $400 million to shareholders through a combination of cash dividends on its common stock and share repurchases.

The 2020 outlook does not include the impact of the current outbreak of the coronavirus (COVID-19) on our business performance as such impact cannot be reasonably estimated at this time. No disposition or acquisition activity beyond what has been completed as of the date of this release has been included in the 2020 Outlook. The Company's 2020 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 Hyatt will achieve these results.

CONFERENCE CALL INFORMATION

The Company will hold an investor conference call tomorrow, February 20, 2020, at 10:30 a.m. CT. All interested persons may listen to a simultaneous webcast of the conference call, which may be accessed through the Company's website at investors.hyatt.com, or by dialing 647.689.4468 or 833.238.7946, passcode #1384809, approximately 10 minutes before the scheduled start time. For those unable to listen to the live broadcast, a replay will be available from 1:30 p.m. CT on February 20, 2020 through February 22, 2020 at midnight by dialing 416.621.4642 or 800.585.8367, passcode #1384809. Additionally, an archive of the webcast will be available on the Company's website for 90 days.

NON-GAAP FINANCIAL MEASURES

The Company refers to certain financial measures that are not recognized under U.S. generally accepted accounting principles (GAAP) in this press release, including: net income, adjusted for special items; diluted EPS, adjusted for special items; Adjusted EBITDA; Adjusted EBITDA margin; and Adjusted SG&A. See the schedules to this earnings release, including the "Definitions" section, for additional information and reconciliations of such non-GAAP financial measures.

AVAILABILITY OF INFORMATION ON HYATT'S WEBSITE AND SOCIAL MEDIA CHANNELS

Investors and others should note that Hyatt routinely announces material information to investors and the marketplace using U.S. Securities and Exchange Commission (SEC) filings, press releases, public conference calls, webcasts and the Hyatt Investor Relations website. The Company uses these channels as well as social media channels (e.g., the Hyatt Facebook account (facebook.com/hyatt); the Hyatt Instagram account (instagram.com/hyatt/); the Hyatt Twitter account (twitter.com/hyatt); the Hyatt LinkedIn account (linkedin.com/company/hyatt/); and the Hyatt YouTube account (youtube.com/user/hyatt) as a means of disclosing information about the Company's business to our guests, customers, colleagues, investors, and the public. While not all of the information that the Company posts to the Hyatt Investor Relations website or on the Company's social media channels is of a material nature, some information could be deemed to be material. Accordingly, the Company encourages investors, the media, and others interested in Hyatt to review the information that it shares at the Investor Relations link located at the bottom of the page on hyatt.com and on the Company's social media channels. Users may automatically receive email alerts and other information about the Company when enrolling an email address by visiting "Sign up for Email Alerts" in the "Investor Resources" section of Hyatt's website at investors.hyatt.com.

For further information:

FORWARD-LOOKING STATEMENTS

Forward-Looking Statements in this press release, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about our plans, strategies, outlook, occupancy, ADR and growth trends, market share, the number of properties we expect to open in the future, the dollar value of owned real estate we expect to sell and the timeline for such sale, our expected adjusted SG&A expense, our estimated comparable system-wide RevPAR growth, our estimated Adjusted EBITDA growth, our expected net rooms growth, our expected level of return of capital to stockholders, maintenance and enhancement to existing properties capital expenditures, investments in new properties capital expenditures, depreciation and amortization expense and interest expense estimates, financial performance, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth; the rate and the pace of economic recovery following economic downturns; levels of spending in business and leisure segments as well as consumer confidence; declines in occupancy and average daily rate; limited visibility with respect to future bookings; loss of key personnel; domestic and international political and geo-political conditions, including political or civil unrest or changes in trade policy; hostilities, or fear of hostilities, including future terrorist attacks, that affect travel; travel-related accidents; natural or man-made disasters such as earthquakes, tsunamis, tornadoes, hurricanes, floods, wildfires, oil spills, nuclear incidents, and global outbreaks of pandemics or contagious diseases or fear of such outbreaks; such as the recent Covid-19 outbreak; our ability to successfully achieve certain levels of operating profits at hotels that have performance tests or guarantees in favor of our third-party owners; the impact of hotel renovations and redevelopments; risks associated with our capital allocation plans and common stock repurchase program and other forms of shareholder capital return, including the risk that our common stock repurchase program could increase volatility and fail to enhance shareholder value; our intention to pay a quarterly cash dividend and the amounts thereof, if any; the seasonal and cyclical nature of the real estate and hospitality businesses; changes in distribution arrangements, such as through internet travel intermediaries; changes in the tastes and preferences of our customers; relationships with colleagues and labor unions and changes in labor laws; the financial condition of, and our relationships with, third-party property owners, franchisees, and hospitality venture partners; the possible inability of third-party owners, franchisees, or development partners to access capital necessary to fund current operations or implement our plans for growth; risks associated with potential acquisitions and dispositions and the introduction of new brand concepts; the timing of acquisitions and dispositions, and our *ability to successfully integrate completed acquisitions with existing operations; failure to successfully complete proposed transactions (including the failure to satisfy closing conditions or obtain required approvals); our ability to successfully execute on our strategy to expand our management and franchising business while at the same time reducing our real estate asset base within targeted timeframes and at expected values; declines in the value of our real estate assets; unforeseen terminations of our management or franchise agreements; changes in federal, state, local, or foreign tax law; increases in interest rates and operating costs; foreign exchange rate fluctuations or currency restructurings; lack of acceptance of new brands or innovation; general volatility of the capital markets and our ability to access such markets; changes in the competitive environment in our industry, including as a result of industry consolidation, and the markets where we operate; our ability to successfully grow the World of Hyatt loyalty program; cyber incidents and information technology failures; outcomes of legal or administrative proceedings; violations of regulations or laws related to our franchising business; and other risks discussed in the Company's filings with the SEC, including our annual report on Form 10-K, which filings are available from the SEC. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this press release. We do not undertake or assume any obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.*

ABOUT HYATT HOTELS CORPORATION

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with a portfolio of 20 premier brands. As of December 31, 2019, the Company's portfolio included more than 900 hotel, all-inclusive, and wellness resort properties in 65 countries across six continents. The Company's purpose to care for people so they can be their best informs its business decisions and growth strategy and is intended to attract and retain top employees, build relationships with guests and create value for shareholders. The Company's subsidiaries develop, own, operate, manage, franchise, license or provide services to hotels, resorts, branded residences, vacation ownership properties, and fitness and spa locations, including under the ***Park Hyatt®***, ***Miraval®***, ***Grand Hyatt®***, ***Alila®***, ***Andaz®***, ***The Unbound Collection by Hyatt®***, ***Destination®***, ***Hyatt Regency®***, ***Hyatt®***, ***Hyatt Ziva™***, ***Hyatt Zilara™***, ***Thompson Hotels®***, ***Hyatt Centric®***, ***Caption by Hyatt***, ***Joie de Vivre®***, ***Hyatt House®***, ***Hyatt Place®***, ***tommie™***, ***Hyatt Residence Club®*** and ***Exhale®*** brand names, and operates the World of Hyatt*®* loyalty program that provides distinct benefits and exclusive experiences to its valued members. For more information, please visit *www.hyatt.com*.

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