Hyatt Newsroom

CHICAGO (October 31, 2024) - Hyatt Hotels Corporation ("Hyatt" or the "Company") (NYSE: H) today reported third quarter 2024 results. Highlights include:

- **Comparable system-wide hotels RevPAR** increased 3.0% compared to the same period in 2023
- **Comparable system-wide all-inclusive resorts Net Package RevPAR** decreased 0.9% compared to the same period in 2023
- **Net Rooms Growth** was approximately 4.3%
- **Net Income** was $471 million and Adjusted Net Income was $96 million
- **Diluted EPS** was $4.63 and Adjusted Diluted EPS was $0.94
- **Adjusted EBITDA** was $275 million
- **Pipeline** of executed management or franchise contracts was approximately 135,000 rooms
- **Repurchased** approximately 4.5 million shares of Class A and Class B common stock for an aggregate purchase price of $657 million
- **Full year comparable system-wide hotels RevPAR** is projected to increase 3.0% to 4.0% on a constant currency basis compared to full year 2023
- **Full year Net Income** is projected between $1,400 million and $1,450 million
- **Full year Adjusted EBITDA** is projected between $1,100 million and $1,120 million
- **Full year Capital Returns to Shareholders** is projected to be approximately $1,250 million

Mark S. Hoplamazian, President and Chief Executive Officer of Hyatt, said, "We reported solid third quarter results, with gross fee revenues reaching $268 million. Our pipeline reached a new record of approximately 135,000 rooms, increasing 10% year-over-year, and World of Hyatt membership expanded to a record of 51 million members, growing a remarkable 22% year-over-year. Our operating results and capital allocation strategy, including the completion of our 2021 asset-disposition commitment, acquisition of Standard International, and planned joint venture transaction to manage Bahia Principe branded hotels and resorts, demonstrate the strength of our asset-light earnings model leading to the return of over $1.2 billion to shareholders through share repurchases and dividends so far this year."

Segment Results and Highlights

(in millions)	**Three Months Ended September 30,**		
	2024	**2023**	**Change (%)**
Management and franchising	$210	$192	8.9%
Owned and leased	63	72	(12.5)%
Distribution	38	31	26.1%
Overhead	(36)	(42)	15.1%
Eliminations	—	—	(240.7)%
Adjusted EBITDA	**$275**	**$253**	**8.9%**

- **Management and franchising**: Results reflected strong business transient and group travel demand during the third quarter. In the United States, performance was driven by business transient and group travel while leisure was impacted by renovations, weather, and increased international outbound to Europe and Asia Pacific (excluding Greater China). In Europe, RevPAR increased 15% during the period, bolstered by the Summer Olympics in Paris. Greater China continued to experience meaningful international outbound travel to other markets within Asia, with RevPAR in Asia Pacific (excluding Greater China) up 10% during the quarter.
- **Owned and leased**: Adjusted EBITDA in the third quarter increased 13% compared to the third quarter of 2023, when

adjusted for the net impact of transactions. Comparable margins increased 210 bps compared to the third quarter of 2023, led by strong ADR from the Democratic National Convention in Chicago and the Summer Olympics in Paris.

- **Distribution**: Results for the third quarter reflect more seasonal booking patterns compared to last year and the impact of Hurricanes Beryl and Helene, partially offset by Mr & Mrs Smith commissions and certain ALG Vacations travel credits. Excluding the impact of the UVC Transaction, Adjusted EBITDA decreased $5 million.

Openings and Development

In the third quarter, 16 new hotels (or 2,589 rooms) joined Hyatt's portfolio. Notable openings included Alila Shanghai, Brunfels Hotel, part of The Unbound Collection by Hyatt, Grand Hyatt Kunming, and Park Hyatt Marrakech. During the quarter, the Company announced its exclusive alliance with Under Canvas with 13 outdoor resorts, including ULUM Moab.

As of September 30, 2024, the Company had a pipeline of executed management or franchise contracts for approximately 690 hotels (approximately 135,000 rooms).

Transactions and Capital Strategy

As a result of the previously announced sale of Hyatt Regency Orlando and an adjacent undeveloped land parcel on August 16, 2024, the Company exceeded its $2 billion asset-disposition commitment announced in August 2021. The Company has realized $2.6 billion of gross proceeds, net of acquisitions, at a 13.3x multiple over the three-year period and expects to exceed 80% asset-light earnings mix in 2025.

Additionally, as previously announced, the Company closed on the acquisition of Standard International on October 1, 2024 for approximately $150 million with up to an additional $185 million of contingent consideration.

On October 28, 2024, the Company announced plans to enter into a long-term, asset-light joint venture with Grupo Piñero, investing €359 million at closing for 50% of the joint venture plus an additional €60 million when certain conditions are met (the "Bahia Principe Transaction"). This transaction is expected to close in the coming months subject to customary closing conditions, and upon closing, will add 23 all-inclusive resorts (or approximately 12,000 rooms) to Hyatt's managed portfolio.

Balance Sheet and Liquidity

As of September 30, 2024, the Company reported the following:

- Total debt of $3,142 million.
- Pro rata share of unconsolidated hospitality venture debt of $454 million, substantially all of which is non-recourse to Hyatt and a portion of which Hyatt guarantees pursuant to separate agreements.
- Total liquidity of approximately $2.6 billion with $1,134 million of cash and cash equivalents and short-term investments, and borrowing availability of $1,497 million under Hyatt's revolving credit facility, net of letters of credit outstanding.
- During the quarter, the Company repaid the outstanding balance on the $750 million of 1.800% senior notes due 2024 at maturity for approximately $753 million, inclusive of $7 million of accrued interest.

During the third quarter, the Company repurchased a total of 2,858,280 shares of Class A common stock for approximately $407 million and a total of 1,642,251 shares of Class B common stock for approximately $250 million. As of September 30, 2024, the Company has approximately $982 million remaining under the share repurchase authorization.

The Company's board of directors has declared a cash dividend of $0.15 per share for the fourth quarter of 2024. The dividend is payable on December 6, 2024 to Class A and Class B stockholders of record as of November 22, 2024.

2024 Outlook

The Company is providing the following updated outlook for the 2024 fiscal year:

	Full Year 2024 vs. 2023
System-Wide Hotels RevPAR[1]	3.0% to 4.0%
Net Rooms Growth	7.75% to 8.25%
Net Rooms Growth excluding Bahia Principe Transaction	*4.0% to 4.5%*
(in millions)	**Full Year 2024**
Net Income	$1,400 - $1,450
Gross Fees	$1,085 - $1,110

Adjusted G&A Expenses[2]	$425 - $435
Adjusted EBITDA[2, 3]	$1,100 - $1,120
Capital Expenditures	Approx. $170
Free Cash Flow[2]	$380 - $410
Capital Returns to Shareholders[4]	Approx. $1,250

[1] RevPAR is based on constant currency whereby previous periods are translated based on the current period exchange rate. RevPAR percentage for 2024 vs. 2023 is based on comparable hotels.

[2] Refer to the tables on schedule A-9 for a reconciliation of estimated Net Income attributable to Hyatt Hotels Corporation to Adjusted EBITDA, G&A expenses to Adjusted G&A Expenses, and net cash provided by operating activities to Free Cash Flow.

[3] During the nine months ended September 30, 2024, the Company revised its definition of Adjusted EBITDA to exclude transaction and integration costs and recast prior-period results to provide comparability. Adjusted EBITDA outlook reflects the removal of approximately $26 million relating to this definition revision. Refer to page A-5 of the schedules for additional detail.

[4] The Company expects to return capital to shareholders through a combination of cash dividends on its common stock and share repurchases.

No disposition or acquisition activity beyond what has been completed as of the date of this release has been included in the 2024 Outlook other than as noted with respect to Net Rooms Growth expectations related to the timing of the Bahia Principe Transaction closing. The Company's 2024 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.

Refer to the table on page A-7 of the schedules for a summary of special items impacting Adjusted Net Income and Adjusted Diluted EPS for the three months and nine months ended September 30, 2024.

Note: All RevPAR and ADR percentage changes are in constant dollars. All Net Package RevPAR and Net Package ADR percentage changes are in reported dollars. This release includes references to non-GAAP financial measures. Refer to the non-GAAP reconciliations included in the schedules and the definitions of the non-GAAP measures presented beginning on page A-5.

Conference Call Information

The Company will hold an investor conference call this morning, October 31, 2024, at 9:00 a.m. CT.

Participants are encouraged to listen to a simultaneous webcast of the conference call, which may be accessed through the Company's website at investors.hyatt.com. Alternatively, participants may access the live call by dialing: 800.715.9871 (U.S. Toll-Free) or 646.307.1963 (International Toll Number) using conference ID# 2303828 approximately 15 minutes prior to the scheduled start time.

A replay of the call will be available for one week beginning on Thursday, October 31, 2024, at 12:00 p.m. CT by dialing: 800.770.2030 (U.S. Toll-Free) or 609.800.9909 (International Toll Number) using conference ID# 2303828. An archive of the webcast will be available on the Company's website for 90 days.

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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, the number of properties we expect to open in the future, pace and booking trends, the expected timing and payment of dividends, RevPAR trends, our expected Adjusted G&A Expense, our expected capital expenditures, our expected net rooms growth, our expected system-wide RevPAR, our expected one-time integration-related expenses, 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 pace of economic recovery following economic downturns; global supply chain constraints and interruptions, rising costs of construction-related labor and materials, and increases in costs due to inflation or other factors that may not be fully offset by increases in revenues in our business; risks affecting the luxury, resort, and all-inclusive lodging segments; levels of spending in business, leisure, and group 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 geopolitical conditions, including as a result of the U.S. presidential election, and 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, weather and climate-related events, such as earthquakes, tsunamis, tornadoes, hurricanes, droughts, floods, wildfires, oil spills, nuclear incidents, and global outbreaks of pandemics or contagious diseases, or fear of such outbreaks; 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, share repurchase program, and dividend payments, including a reduction in, or elimination or suspension of, repurchase activity or dividend payments; 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 owners, franchisees, and hospitality venture partners; the possible inability of third-party owners, franchisees, or development partners to access the capital necessary to fund current operations or implement our plans for growth; risks associated with potential 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 maintain effective internal control over financial reporting and disclosure controls and procedures; declines in the value of our real estate assets; unforeseen terminations of our management and hotel services agreements or franchise agreements; changes in federal, state, local, or foreign tax law; increases in interest rates, wages, and other operating costs; foreign exchange rate fluctuations or currency restructurings; risks associated with the introduction of new brand concepts, including 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, industry consolidation, and the markets where we operate; our ability to successfully grow the World of Hyatt loyalty program and Unlimited Vacation Club paid membership program; cyber incidents and information technology failures; outcomes of legal or administrative proceedings; and violations of regulations or laws related to our franchising business and licensing businesses and our international operations; and other risks discussed in the Company's filings with the SEC, including our annual reports on Form 10-K and quarterly reports on Form 10-Q, 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.

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: Adjusted Net Income; Adjusted Diluted EPS; Adjusted EBITDA; Adjusted G&A Expenses; and Free Cash Flow. 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 X 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 "Investor Email Alerts" in the "Resources" section of Hyatt's website at investors.hyatt.com. The contents of these websites are not incorporated by reference into this press release or any report or document Hyatt files with the SEC, and any references to the websites are intended to be inactive textual references only.

About Hyatt Hotels Corporation

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company guided by its purpose – to care for people so they can be their best. As of September 30, 2024, the Company's portfolio included more than 1,350 hotels and all-inclusive properties in 79 countries across six continents. The Company's offering includes brands in the *Timeless Collection*, including ***Park Hyatt®***, ***Grand Hyatt®***, ***Hyatt Regency®***, ***Hyatt®***, ***Hyatt Vacation Club®***, ***Hyatt Place®***, ***Hyatt House®***, ***Hyatt Studios***, and ***UrCove***; the *Boundless Collection*, including ***Miraval®***, ***Alila®***, ***Andaz®***, ***Thompson Hotels®***, ***Dream® Hotels***, ***Hyatt Centric®***, and ***Caption by Hyatt®***; the *Independent Collection*, including ***The Unbound Collection by Hyatt®***, ***Destination by Hyatt®***, and ***JdV by Hyatt®***; and the *Inclusive Collection*, including ***Impression by Secrets***, ***Hyatt Ziva®***, ***Hyatt Zilara®***, ***Zoëtry® Wellness & Spa Resorts***, ***Secrets® Resorts & Spas***, ***Breathless Resorts & Spas®***, ***Dreams® Resorts & Spas***, ***Hyatt Vivid Hotels & Resorts***, ***Alua Hotels & Resorts®***, and ***Sunscape® Resorts & Spas***. Subsidiaries of the Company operate the World of Hyatt® loyalty program, ALG Vacations®, Mr & Mrs Smith™, Unlimited Vacation Club®, Amstar DMC destination management services, and Trisept Solutions® technology services. For more information, please visit *www.hyatt.com*.

Definitions

Adjusted Earnings Before Interest Expense, Taxes, Depreciation, and Amortization ("Adjusted EBITDA")

We use the term Adjusted EBITDA throughout this earnings release. Adjusted EBITDA, as we define it, is a measure that is not recognized in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We define consolidated Adjusted EBITDA as net income (loss) attributable to Hyatt Hotels Corporation plus our pro rata share of unconsolidated owned and leased hospitality ventures' Adjusted EBITDA based on our ownership percentage of each owned and leased venture, adjusted to exclude the following items:

- interest expense;
- benefit (provision) for income taxes;
- depreciation and amortization;
- amortization of management and hotel services agreement and franchise agreement assets and performance cure payments, which constitute payments to customers ("Contra revenue");
- revenues for reimbursed costs;
- reimbursed costs that we intend to recover over the long term;
- transaction and integration costs;

- equity earnings (losses) from unconsolidated hospitality ventures;
- stock-based compensation expense;
- gains (losses) on sales of real estate and other;
- asset impairments; and
- other income (loss), net.

We calculate consolidated Adjusted EBITDA by adding the Adjusted EBITDA of each of our reportable segments and eliminations to overhead Adjusted EBITDA.

Our board of directors and executive management team focus on Adjusted EBITDA as one of the key performance and compensation measures both on a segment and on a consolidated basis. Adjusted EBITDA assists us in comparing our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that do not reflect our core operations both on a segment and on a consolidated basis. Our President and Chief Executive Officer, who is our chief operating decision maker, also evaluates the performance of each of our reportable segments and determines how to allocate resources to those segments, in part, by assessing the Adjusted EBITDA of each segment. In addition, the compensation committee of our board of directors determines the annual variable compensation for certain members of our management based in part on consolidated Adjusted EBITDA, segment Adjusted EBITDA, or some combination of both.

We believe Adjusted EBITDA is useful to investors because it provides investors with the same information that we use internally for purposes of assessing our operating performance and making compensation decisions and facilitates our comparison of results with results from other companies within our industry.

Adjusted EBITDA excludes certain items that can vary widely across different industries and among companies within the same industry, including interest expense and benefit (provision) for income taxes, which are dependent on company specifics, including capital structure, credit ratings, tax policies, and jurisdictions in which they operate; depreciation and amortization, which are dependent on company policies including how the assets are utilized as well as the lives assigned to the assets; Contra revenue, which is dependent on company policies and strategic decisions regarding payments to hotel owners; and stock-based compensation expense, which varies among companies as a result of different compensation plans companies have adopted. We exclude revenues for reimbursed costs and reimbursed costs which relate to the reimbursement of payroll costs and for system-wide services and programs that we operate for the benefit of our hotel owners as contractually we do not provide services or operate the related programs to generate a profit over the terms of the respective contracts. Over the long term, these programs and services are not designed to impact our economics, either positively or negatively. Therefore, we exclude the net impact when evaluating period-over-period changes in our operating results. Adjusted EBITDA includes reimbursed costs related to system-wide services and programs that we do not intend to recover from hotel owners. Finally, we exclude other items that are not core to our operations and may vary in frequency or magnitude, such as transaction and integration costs, asset impairments, unrealized and realized gains and losses on marketable securities, and gains and losses on sales of real estate and other.

Adjusted EBITDA is not a substitute for net income (loss) attributable to Hyatt Hotels Corporation, net income (loss), or any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA. Although we believe that Adjusted EBITDA can make an evaluation of our operating performance more consistent because it removes items that do not reflect our core operations, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named non-GAAP measures that other companies may use to compare the performance of those companies to our performance. Because of these limitations, Adjusted EBITDA should not be considered as a measure of the income (loss) generated by our business. Our management compensates for these limitations by referencing our GAAP results and using Adjusted EBITDA supplementally.

Adjusted General and Administrative ("G&A") Expenses

Adjusted G&A Expenses, as we define it, is a non-GAAP measure. Adjusted G&A Expenses exclude the impact of deferred compensation plans funded through rabbi trusts and stock-based compensation expense. Adjusted G&A Expenses assist us in comparing our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that do not reflect our core operations, both on a segment and consolidated basis.

Adjusted Net Income (Loss) and Adjusted Diluted Earnings (Losses) per Class A and Class B Share ("EPS")

Adjusted Net Income (Loss) and Adjusted Diluted EPS, as we define them, are non-GAAP measures. We define Adjusted Net Income (Loss) as net income (loss) attributable to Hyatt Hotels Corporation excluding special items, which are those items deemed not to be reflective of ongoing operations. We define Adjusted Diluted EPS as Adjusted Net Income (Loss) per diluted share. We consider Adjusted Net Income (Loss) and Adjusted Diluted EPS to be an indicator of operating performance because excluding special items allows for period-over-period comparisons of our ongoing operations.

Adjusted Net Income (Loss) and Adjusted Diluted EPS are not a substitute for Net Income (Loss) attributable to Hyatt Hotels Corporation, net income (loss), diluted earnings (losses) per share, or any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted net income (loss) and Adjusted Diluted EPS. Although we believe that Adjusted Net Income (Loss) and Adjusted Diluted EPS can make an evaluation of our operating performance more consistent because they remove special items that are deemed not to be reflective of ongoing operations, other companies in our industry may define Adjusted Net Income (Loss) and Adjusted Diluted EPS differently than we do. As a result, it may be difficult to use Adjusted Net Income (Loss) or Adjusted Diluted EPS or similarly named non-GAAP measures that other companies may use to compare the performance of those companies to our performance. Because of these limitations, Adjusted Net Income (Loss) and Adjusted Diluted EPS should not be considered as measures of the income (loss) and earnings (losses) per share generated by our business. Our management compensates for these limitations by reference to its GAAP results and using Adjusted Net Income (Loss) and Adjusted Diluted EPS supplementally.

Asset-Light Earnings Mix

Asset-Light Earnings Mix is calculated as Adjusted EBITDA from the management and franchising segment and distribution segment divided by Adjusted EBITDA, excluding overhead and eliminations. Our management uses this calculation to assess the composition of the Company's earnings.

Average Daily Rate ("ADR")

ADR represents hotel room revenues, divided by the total number of rooms sold in a given period. ADR measures the average room price attained by a hotel, and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in our industry, and we use ADR to assess the pricing levels that we are able to generate by customer group, as changes in rates have a different effect on overall revenues and incremental profitability than changes in occupancy, as described below.

Comparable system-wide and Comparable owned and leased

"Comparable system-wide" represents all properties we manage, franchise, or provide services to, including owned and leased properties, that are operated for the entirety of the periods being compared and that have not sustained substantial damage, business interruption, or undergone large scale renovations during the periods being compared. Comparable system-wide also excludes properties for which comparable results are not available. We may use variations of comparable system-wide to specifically refer to comparable system-wide hotels, including our wellness resorts, or our all-inclusive resorts, for those properties that we manage, franchise, or provide services to within the management and franchising segment. "Comparable owned and leased" represents all properties we own or lease that are operated and consolidated for the entirety of the periods being compared and have not sustained substantial damage, business interruption, or undergone large-scale renovations during the periods being compared. Comparable owned and leased also excludes properties for which comparable results are not available. We may use variations of comparable owned and leased to specifically refer to comparable owned and leased hotels, including our wellness resorts, or our all-inclusive resorts, for those properties that we own or lease within the owned and leased segment. Comparable system-wide and comparable owned and leased are commonly used as a basis of measurement in our industry. "Non-comparable system-wide" or "non-comparable owned and leased" represent all properties that do not meet the respective definition of "comparable" as defined above.

Constant Dollar Currency

We report the results of our operations both on an as-reported basis, as well as on a constant dollar basis. Constant Dollar Currency, which is a non-GAAP measure, excludes the effects of movements in foreign currency exchange rates between comparative periods. We believe constant dollar analysis provides valuable information regarding our results as it removes currency fluctuations from our operating results. We calculate Constant Dollar Currency by restating prior-period local currency financial results at the current period's exchange rates. These restated amounts are then compared to our current period reported amounts to provide operationally driven variances in our results.

Free Cash Flow

Free Cash Flow represents net cash provided by operating activities less capital expenditures. We believe Free Cash Flow to be a useful liquidity measure to us and investors to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions and investments, as well as our ability to return cash to shareholders through dividends and share repurchases. Free Cash Flow is not necessarily a representation of how we will use excess cash. Free Cash Flow is not a substitute for net cash provided by operating activities or any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Free Cash Flow and management compensates for these limitations by referencing our GAAP results and using Free Cash Flow supplementally.

Net Package ADR

Net Package ADR represents net package revenues divided by the total number of rooms sold in a given period. Net package revenues generally include revenue derived from the sale of package revenue at all-inclusive resorts comprised of rooms revenue, food and beverage, and entertainment, net of compulsory tips paid to employees. Net Package ADR measures the average room price attained by a hotel, and Net Package ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. Net Package ADR is a commonly used performance measure in our industry, and we use Net Package ADR to assess the pricing levels that we are able to generate by customer group, as changes in rates have a different effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Net Package Revenue per Available Room ("RevPAR")

Net Package RevPAR is the product of the Net Package ADR and the average daily occupancy percentage. Net Package RevPAR generally includes revenue derived from the sale of package revenue comprised of rooms revenue, food and beverage, and entertainment, net of compulsory tips paid to employees. Our management uses Net Package RevPAR to identify trend information with respect to room revenues from comparable properties and to evaluate hotel performance on a regional and segment basis. Net Package RevPAR is a commonly used performance measure in our industry.

Occupancy

Occupancy represents the total number of rooms sold divided by the total number of rooms available at a hotel or group of hotels. Occupancy measures the utilization of a hotel's available capacity. We use occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help us determine achievable ADR levels as demand for hotel rooms increases or decreases.

RevPAR

RevPAR is the product of the ADR and the average daily occupancy percentage. RevPAR does not include non-room revenues, which consist of ancillary revenues generated by a hotel property, such as food and beverage, parking, and other guest service revenues. Our management uses RevPAR to identify trend information with respect to room revenues from comparable properties and to evaluate hotel performance on a regional and segment basis. RevPAR is a commonly used performance measure in our industry.

RevPAR changes that are driven predominantly by changes in occupancy have different implications for overall revenue levels and incremental profitability than do changes that are driven predominantly by changes in average room rates. For example, increases in occupancy at a hotel would lead to increases in room revenues and additional variable operating costs, including housekeeping services, utilities, and room amenity costs, and could also result in increased ancillary revenues, including food and beverage. In contrast, changes in average room rates typically have a greater impact on margins and profitability as average room rate changes result in minimal impacts to variable operating costs.

UVC Transaction

During the nine months ended September 30, 2024, we completed a restructuring of the entity that owns the Unlimited Vacation Club paid membership program business and sold 80% of the entity to an unrelated third party for $80 million. As a result of the transaction, we deconsolidated the entity as we no longer have a controlling financial interest, and we account for our remaining 20% ownership interest as an equity method investment in an unconsolidated hospitality venture (the "UVC Transaction"). We continue to manage the Unlimited Vacation Club business under a long-term management agreement and license and royalty agreement. The operating results of the Unlimited Vacation Club business prior to the UVC Transaction are reported within our distribution segment.

Additional assets available online: (1)

https://stage.mediaroom.com/hyatt2/2024-october-31-thirdquarterearnings