

## Adapting Operations to COVID-19 Pandemic Environment; Greater China Continues to Lead Recovery

**CHICAGO (August 3, 2020)** - Hyatt Hotels Corporation ("Hyatt" or the "Company") (NYSE: H) today reported second-quarter 2020 financial results. Net loss attributable to Hyatt was \$236 million, or \$2.33 per diluted share, in the second quarter of 2020, compared to net income attributable to Hyatt of \$86 million, or \$0.80 per diluted share, in the second quarter of 2019. Adjusted net loss attributable to Hyatt was \$183 million, or \$1.80 per diluted share, in the second quarter of 2020, compared to Adjusted net income attributable to Hyatt of \$82 million, or \$0.76 per diluted share, in the second quarter of 2019. Refer to the table on page 13 of the schedules for a summary of special items impacting Adjusted net income (loss) and Adjusted earnings (losses) per share in the three months ended June 30, 2020.

Mark S. Hoplamazian, president and chief executive officer of Hyatt Hotels Corporation, said, "I want to thank our colleagues around the world for their exceptional work under the most difficult of circumstances over the past several months. During these unprecedented times, we are unwavering in our commitment to living our purpose to care for our colleagues, guests, owners and communities across the globe. Our purpose guides us to focus on health and safety and to drive policies and programs that create opportunity for all as we reimagine how we operate during the COVID-19 pandemic."

Second quarter of 2020 highlights as compared to the second quarter of 2019 are as follows:

- Net income (loss) decreased 376.0% to a net loss of \$236 million.
- Adjusted EBITDA decreased 154.6% to \$(117) million.
- Cash and cash equivalents of \$1,438 million.
- Comparable system-wide RevPAR decreased 89.4%.
- Net rooms growth of 5.8%.
- Pipeline of executed management or franchise contracts for approximately 101,000 rooms, an increase of approximately 9.8% compared to the second quarter 2019.

Mr. Hoplamazian continued, "There remains uncertainty regarding the full return of hotel demand to pre-COVID-19 levels. We are encouraged by the demand progression we have seen in China and also in certain markets in the U.S. and other parts of the world. Our teams are prepared for varied recovery scenarios sustained by continuously evolving new ways of operating that reduce the occupancy levels that are required to break even at the hotel operating level. Our balance sheet, including nearly \$3 billion of liquidity, is a great source of strength as is the support and partnership of our hotel owner community. We continue to navigate this dynamic situation, and expect to emerge stronger when the pandemic subsides and demand returns."

### OPERATIONAL UPDATE

The recovery in RevPAR has been mixed, as various parts of the world remain subject to travel restrictions and quarantines which continue to suppress demand and drive uncertainty surrounding the pace and timing of recovery across individual markets. Comparable system-wide RevPAR improved sequentially in each month after the low point in April.

Greater China, where the impacts of the COVID-19 pandemic were first reported, continues to lead the recovery. RevPAR in Greater China has shown continued improvement since May, with preliminary estimates indicating occupancy reaching approximately 57% at the end of July. Excluding Hong Kong, Macau, and Taiwan, preliminary estimates indicate occupancy in China reached approximately 65% at the end of July.

The recovery in Greater China and certain markets within the Americas and EAME/SW Asia regions is being led by strength in leisure transient demand.

Hyatt continues to re-open hotels where operations had been suspended. As of July 31, 2020, approximately 87% of total system-wide hotels were open compared to approximately 65% of total system-wide hotels as of April 30, 2020. Approximately 75% of full service hotels and 96% of select service hotels in the Americas, 70% of hotels in the EAME/SW Asia region, and 92% of hotels in the ASPAC region were open. All but one of our full and select service hotels in Greater China were open. Approximately 69% of owned and leased hotels were open.

For the month of July 2020, preliminary estimates indicate RevPAR decreased approximately 76% for all comparable system-wide hotels compared to July of 2019 reflecting the ongoing impact of the pandemic. RevPAR statistics for Hyatt's comparable system-wide hotels that were open during the period can be found on the Company's website as 'Supplemental Data - Comparable Open Hotel RevPAR' at [investors.hyatt.com](https://investors.hyatt.com) under the quarterly earnings section. This supplemental information includes the number of open comparable system-wide hotels and open comparable hotel RevPAR statistics by month, and the second quarter ended June 30, 2020.

### SECOND QUARTER RESULTS

Second quarter of 2020 financial results as compared to the second quarter of 2019 are as follows:

### ***Management, Franchise and Other Fees***

Total fee revenues were \$20 million. Base management fees decreased 89.1% to \$8 million, and incentive management fees decreased 103.9% to negative revenue of \$2 million, reflecting a reversal of incentive fees earned year to date. Franchise fees decreased 85.1% to \$6 million. Other fee revenues decreased 29.7% to \$8 million.

### ***Americas Management and Franchising Segment***

Americas management and franchising segment Adjusted EBITDA decreased 103.0% (consistent in constant currency) to \$(3) million. At March 31, 2020, 51% of Hyatt's Americas full service hotels and 91% of Americas select service hotels were open, and throughout the second quarter, operations started to resume, with 61% of Americas full service hotels and 93% of Americas select service hotels open at June 30, 2020.

Americas net rooms increased 4.5% compared to the second quarter of 2019.

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

ASPAC management and franchising segment Adjusted EBITDA decreased 108.3% (108.5% decrease in constant currency) to \$(2) million. At both March 31, 2020 and June 30, 2020, 88% of Hyatt's ASPAC full and select service hotels were open.

ASPAC net rooms increased 9.9% compared to the second quarter of 2019.

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

EAME/SW Asia management and franchising segment Adjusted EBITDA decreased 201.4% (208.5% decrease in constant currency) to \$(11) million. At March 31, 2020, 52% of Hyatt's EAME/SW Asia full and select service hotels were open, and throughout the second quarter, operations started to resume, with 61% of EAME/SW Asia full and select service hotels open at June 30, 2020.

EAME/SW Asia net rooms increased 6.7% compared to the second quarter of 2019.

### ***Owned and Leased Hotels Segment***

Total owned and leased hotels segment Adjusted EBITDA decreased 168.2% (168.6% decrease in constant currency) to \$(78) million. Owned and leased hotels segment results were heavily impacted by the COVID-19 pandemic and also by dispositions in 2019. 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 total owned and leased hotels segment Adjusted EBITDA.

At March 31, 2020, 18% of Hyatt's owned and leased hotels were open, and throughout the second quarter, operations started to resume, with 45% of owned and leased hotels open at June 30, 2020.

### ***Corporate and Other***

Corporate and other Adjusted EBITDA increased 39.0% (consistent in constant currency), reflecting a \$14 million improvement. This improvement was primarily due to reductions in payroll and related costs as a result of cost containment initiatives in 2020 and integration related costs incurred in 2019 associated with the acquisition of Two Roads.

### ***Selling, General, and Administrative Expenses***

Selling, general, and administrative expenses increased 5.6%, inclusive of rabbi trust impact and stock-based compensation. Adjusted selling, general, and administrative expenses decreased 29.9%, or \$24 million, primarily as a result of decreases in payroll and related costs and integration related costs incurred in 2019 associated with the acquisition of Two Roads, partially offset by an increase in bad debt expense in 2020. Refer to the table on page 16 of the schedules for a reconciliation of selling, general, and administrative expenses to Adjusted selling, general, and administrative expenses.

### **OPENINGS AND FUTURE EXPANSION**

Ten new hotels (or 1,879 rooms) opened in the second quarter of 2020, contributing to a 5.8% increase in net rooms compared to the second quarter of 2019.

As of June 30, 2020 the Company had executed management or franchise contracts for approximately 500 hotels (or approximately 101,000 rooms), unchanged from the quarter ended March 31, 2020.

## SHARE REPURCHASE/DIVIDEND

There were no Class A or Class B shares repurchased during the second quarter. The Company ended the second quarter with 38,114,681 Class A and 63,028,031 Class B shares issued and outstanding.

The Company suspended all share repurchase activity effective March 3, 2020, and suspended its quarterly dividend through the first quarter of 2021.

## BALANCE SHEET

As of June 30, 2020, the Company reported the following:

- Total debt of \$2,500 million.
- Pro rata share of unconsolidated hospitality venture debt of approximately \$609 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 \$1,438 million, restricted cash of \$21 million, and short-term investments of \$65 million.
- Undrawn borrowing availability of \$1,499 million under Hyatt's revolving credit facility, net of letters of credit outstanding.

The Company ended the second quarter of 2020 with a strong balance sheet, following numerous actions to secure additional access to liquidity and maintain financial flexibility. These actions provide the Company with adequate existing liquidity to fund operations for at least the next 36 months at second quarter 2020 demand levels.

## SEGMENT REPORTING UPDATES

Effective January 1, 2020, we changed the strategic and operational oversight for our Miraval properties, which were previously evaluated as a distinct business by our chief operating decision maker (CODM). The management fees from Miraval properties are now reported in the Americas management and franchising segment, and the operating results and financial position of underlying hotel results are now reported in our owned and leased hotels segment; the results of Miraval properties were previously reported in corporate and other. In addition, the license fees we receive from Hyatt Residence Club are now reported within our Americas management and franchising segment due to changes in the strategic oversight for these license agreements. The segment changes have been reflected retrospectively to the three and six months ended June 30, 2019.

In addition, effective January 1, 2020, we classified Miraval wellness resorts as full service hotels. All schedules have been updated to reflect this change to our properties and statistics retrospectively to the three and six months ended June 30, 2019.

## CONFERENCE CALL INFORMATION

The Company will hold an investor conference call tomorrow, August 4, 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](http://investors.hyatt.com), by dialing 888.869.1189 in the United States or 706.643.5902 internationally using the passcode #9191796, or by registering directly prior to the event by using our online registration link provided below. For those unable to listen to the live broadcast, a replay will be available from 1:30 p.m. CT on August 4, 2020 through August 6, 2020 at midnight by dialing 800.585.8367 in the United States or 416.621.4642 internationally using the passcode #9191796. Additionally, an archive of the webcast will be available on the Company's website for 90 days.

Online registration: <http://www.directeventreg.com/registration/event/9191796>

## 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 (loss), adjusted for special items; diluted earnings (losses) per share, 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](https://www.facebook.com/hyatt)); the Hyatt Instagram account ([instagram.com/hyatt/](https://www.instagram.com/hyatt/)); the Hyatt Twitter account ([twitter.com/hyatt](https://twitter.com/hyatt)); the Hyatt LinkedIn account ([linkedin.com/company/hyatt/](https://www.linkedin.com/company/hyatt/)); and the Hyatt YouTube account ([youtube.com/user/hyatt](https://www.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](http://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](http://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 number of months of operations our existing liquidity is expected to fund, the dollar value of owned real estate we expect to sell and the timeline for such sales, 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, the short- and longer-term effects of the COVID-19 pandemic, including on the demand for travel, transient and group business, and levels of consumer confidence; actions that governments, businesses, and individuals take in response to the COVID-19 pandemic or any future resurgence, including limiting or banning travel; the impact of the COVID-19 pandemic and actions taken in response to the COVID-19 pandemic or any future resurgence, on global and regional economies, travel, and economic activity, including the duration and magnitude of its impact on unemployment rates and consumer discretionary spending; the ability of third-party owners, franchisees or hospitality venture partners to successfully navigate the impacts of the COVID-19 pandemic; the pace of recovery following the COVID-19 pandemic or any future resurgence; 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 geopolitical 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 COVID-19 pandemic; 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 quarterly dividend, including a reduction in or elimination 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 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 the COVID-19 pandemic, 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 and Quarterly Report on Form 10-Q filed on May 7, 2020, 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 offering 21 premier brands. As of June 30, 2020, 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™**, **UrCove**, **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](http://www.hyatt.com).

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