

HYATT HOTELS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2019, December 31, 2018, and December 31, 2017

(In millions of dollars, except per share amounts)

	2019	2018	2017
REVENUES:			
Owned and leased hotels	\$ 1,848	\$ 1,918	\$ 2,184
Management, franchise, and other fees	608	552	498
Amortization of management and franchise agreement assets constituting payments to customers	(22)	(20)	(18)
Net management, franchise, and other fees	586	532	480
Other revenues	125	48	36
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	2,461	1,956	1,762
Total revenues	5,020	4,454	4,462
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:			
Owned and leased hotels	1,424	1,446	1,664
Depreciation and amortization	329	327	348
Other direct costs	133	48	31
Selling, general, and administrative	417	320	377
Costs incurred on behalf of managed and franchised properties	2,520	1,981	1,782
Direct and selling, general, and administrative expenses	4,823	4,122	4,202
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	62	(11)	45
Equity earnings (losses) from unconsolidated hospitality ventures	(10)	8	219
Interest expense	(75)	(76)	(80)
Gains on sales of real estate	723	772	236
Asset impairments	(18)	(25)	—
Other income (loss), net	127	(49)	42
INCOME BEFORE INCOME TAXES	1,006	951	722
PROVISION FOR INCOME TAXES	(240)	(182)	(332)
NET INCOME	766	769	390
NET INCOME AND ACCRETION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	(1)
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 766	\$ 769	\$ 389
EARNINGS PER SHARE—Basic			
Net income	\$ 7.33	\$ 6.79	\$ 3.13
Net income attributable to Hyatt Hotels Corporation	\$ 7.33	\$ 6.79	\$ 3.12
EARNINGS PER SHARE—Diluted			
Net income	\$ 7.21	\$ 6.68	\$ 3.09
Net income attributable to Hyatt Hotels Corporation	\$ 7.21	\$ 6.68	\$ 3.08

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and December 31, 2018
(In millions of dollars, except share and per share amounts)

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 893	\$ 570
Restricted cash	150	33
Short-term investments	68	116
Receivables, net of allowances of \$32 and \$26 at December 31, 2019 and December 31, 2018, respectively	421	427
Inventories	12	14
Prepays and other assets	134	149
Prepaid income taxes	28	36
Total current assets	1,706	1,345
Equity method investments	232	233
Property and equipment, net	3,456	3,608
Financing receivables, net of allowances	35	13
Operating lease right-of-use assets	493	—
Goodwill	326	283
Intangibles, net	437	628
Deferred tax assets	144	180
Other assets	1,588	1,353
TOTAL ASSETS	\$ 8,417	\$ 7,643
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 11	\$ 11
Accounts payable	150	151
Accrued expenses and other current liabilities	304	361
Current contract liabilities	445	388
Accrued compensation and benefits	144	150
Current operating lease liabilities	32	—
Total current liabilities	1,086	1,061
Long-term debt	1,612	1,623
Long-term contract liabilities	475	442
Long-term operating lease liabilities	393	—
Other long-term liabilities	884	840
Total liabilities	4,450	3,966
Commitments and contingencies (see Note 15)		
EQUITY:		
Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized and none outstanding as of December 31, 2019 and December 31, 2018	—	—
Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 36,109,179 issued and outstanding at December 31, 2019, and Class B common stock, \$0.01 par value per share, 397,457,686 shares authorized, 65,463,274 shares issued and outstanding at December 31, 2019. Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 39,507,817 issued and outstanding at December 31, 2018, and Class B common stock, \$0.01 par value per share, 399,110,240 shares authorized, 67,115,828 shares issued and outstanding at December 31, 2018	1	1
Additional paid-in capital	—	50
Retained earnings	4,170	3,819
Accumulated other comprehensive loss	(209)	(200)
Total stockholders' equity	3,962	3,670
Noncontrolling interests in consolidated subsidiaries	5	7
Total equity	3,967	3,677
TOTAL LIABILITIES AND EQUITY	\$ 8,417	\$ 7,643

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, December 31, 2018, and December 31, 2017
(In millions of dollars)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 766	\$ 769	\$ 390
Adjustments to reconcile net income to net cash provided by operating activities:			
Gains on sales of real estate	(723)	(772)	(236)
Depreciation and amortization	329	327	348
Release of contingent consideration liability	(30)	—	—
Amortization of share awards	35	28	32
Amortization of operating lease right-of-use assets	35	—	—
Deferred income taxes	28	(33)	56
Asset impairments	18	47	—
Equity (earnings) losses from unconsolidated hospitality ventures	10	(8)	(219)
Amortization of management and franchise agreement assets constituting payments to customers	22	20	18
Gain on sale of contractual right	(16)	—	—
Realized (gains) losses, net	(2)	3	41
Unrealized (gains) losses, net	(26)	47	(1)
Distributions from unconsolidated hospitality ventures	13	17	29
Other	(55)	(25)	4
Increase (decrease) in cash attributable to changes in assets and liabilities and other			
Receivables, net	(29)	14	(37)
Inventories	1	—	12
Prepaid income taxes	10	(5)	14
Accounts payable, accrued expenses, and other current liabilities	26	(80)	102
Operating lease liabilities	(34)	—	—
Accrued compensation and benefits	(1)	6	22
Other long-term liabilities	73	51	53
Other, net	(54)	(65)	(41)
Net cash provided by operating activities	396	341	587

(Continued)

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HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, December 31, 2018, and December 31, 2017
(In millions of dollars)

	2019	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities and short-term investments	\$ (350)	\$ (665)	\$ (469)
Proceeds from marketable securities and short-term investments	349	624	480
Contributions to equity method and other investments	(48)	(60)	(89)
Return of equity method and other investments	28	51	425
Acquisitions, net of cash acquired	(18)	(678)	(259)
Capital expenditures	(369)	(297)	(298)
Issuance of financing receivables	(18)	(2)	—
Proceeds from financing receivables	46	—	—
Proceeds from sales of real estate, net of cash disposed	940	1,382	663
Proceeds from sale of contractual right	21	—	—
Pre-condemnation proceeds	—	7	15
Other investing activities	4	12	(11)
Net cash provided by investing activities	585	374	457
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt, net of issuance costs of \$-, \$4, and \$-, respectively	400	416	670
Repayments of debt	(409)	(231)	(782)
Repurchase of common stock	(421)	(946)	(743)
Contingent consideration paid	(24)	—	—
Proceeds from redeemable noncontrolling interest in preferred shares in a subsidiary	—	—	9
Repayments of redeemable noncontrolling interest in preferred shares in a subsidiary	—	(10)	—
Dividends paid	(80)	(68)	—
Other financing activities	(7)	(11)	(12)
Net cash used in financing activities	(541)	(850)	(858)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	1	5	(7)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	441	(130)	179
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—BEGINNING OF YEAR	622	752	573
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—END OF PERIOD	\$ 1,063	\$ 622	\$ 752

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, December 31, 2018, and December 31, 2017
(In millions of dollars)

Supplemental disclosure of cash flow information:

	2019	2018	2017
Cash and cash equivalents	\$ 893	\$ 570	\$ 503
Restricted cash (see Note 2)	150	33	234
Restricted cash included in other assets (see Note 2)	20	19	15
Total cash, cash equivalents, and restricted cash	<u>\$ 1,063</u>	<u>\$ 622</u>	<u>\$ 752</u>
	2019	2018	2017
Cash paid during the period for interest	\$ 79	\$ 73	\$ 80
Cash paid during the period for income taxes	\$ 175	\$ 292	\$ 175
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 50	\$ —	\$ —
Non-cash investing and financing activities are as follows:			
Non-cash contributions to equity method investments (see Note 4, Note 15)	\$ 9	\$ 61	\$ 5
Non-cash issuance of financing receivables (see Note 6, Note 7)	\$ 1	\$ 45	\$ —
Change in accrued capital expenditures	\$ (7)	\$ 13	\$ 9
Non-cash right-of-use assets obtained in exchange for operating lease liabilities	\$ 8	\$ —	\$ —
Contingent liability (see Note 7)	\$ —	\$ 57	\$ —

(Concluded)

See accompanying Notes to consolidated financial statements.