

HYATT HOTELS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2018, December 31, 2017, and December 31, 2016

(In millions of dollars, except per share amounts)

	2018	2017	2016
REVENUES:			
Owled and leased hotels	\$ 1,918	\$ 2,184	\$ 2,097
Management, franchise, and other fees	552	498	441
Amortization of management and franchise agreement assets constituting payments to customers	(20)	(18)	(16)
Net management, franchise, and other fees	532	480	425
Other revenues	48	36	12
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	1,956	1,762	1,731
Total revenues	4,454	4,462	4,265
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:			
Owled and leased hotels	1,446	1,664	1,597
Depreciation and amortization	327	348	326
Other direct costs	48	31	17
Selling, general, and administrative	320	377	315
Costs incurred on behalf of managed and franchised properties	1,981	1,782	1,742
Direct and selling, general, and administrative expenses	4,122	4,202	3,997
Net gains (losses) and interest income from marketable securities held to fund rabbi trusts	(11)	45	17
Equity earnings from unconsolidated hospitality ventures	8	219	67
Interest expense	(76)	(80)	(76)
Gains (losses) on sales of real estate	772	236	(6)
Asset impairments	(25)	—	—
Other income (loss), net	(49)	42	12
INCOME BEFORE INCOME TAXES	951	722	282
PROVISION FOR INCOME TAXES	(182)	(332)	(76)
NET INCOME	769	390	206
NET INCOME AND ACCRETION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	(1)	—
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 769	\$ 389	\$ 206
EARNINGS PER SHARE—Basic			
Net income	\$ 6.79	\$ 3.13	\$ 1.55
Net income attributable to Hyatt Hotels Corporation	\$ 6.79	\$ 3.12	\$ 1.55
EARNINGS PER SHARE—Diluted			
Net income	\$ 6.68	\$ 3.09	\$ 1.53
Net income attributable to Hyatt Hotels Corporation	\$ 6.68	\$ 3.08	\$ 1.53

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2018 and December 31, 2017
(In millions of dollars, except share and per share amounts)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 570	\$ 503
Restricted cash	33	234
Short-term investments	116	49
Receivables, net of allowances of \$26 and \$21 at December 31, 2018 and December 31, 2017, respectively	427	350
Inventories	14	14
Prepays and other assets	149	153
Prepaid income taxes	36	24
Total current assets	1,345	1,327
Investments	233	212
Property and equipment, net	3,608	4,034
Financing receivables, net of allowances	13	19
Goodwill	283	150
Intangibles, net	628	305
Deferred tax assets	180	141
Other assets	1,353	1,384
TOTAL ASSETS	\$ 7,643	\$ 7,572
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 11	\$ 11
Accounts payable	151	136
Accrued expenses and other current liabilities	361	352
Current contract liabilities	388	348
Accrued compensation and benefits	150	145
Total current liabilities	1,061	992
Long-term debt	1,623	1,440
Long-term contract liabilities	442	424
Other long-term liabilities	840	863
Total liabilities	3,966	3,719
Commitments and contingencies (see Note 15)		
Redeemable noncontrolling interest in preferred shares of a subsidiary	—	10
EQUITY:		
Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized and none outstanding as of December 31, 2018 and December 31, 2017	—	—
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. Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 48,231,149 issued and outstanding at December 31, 2017, and Class B common stock, \$0.01 par value per share, 402,748,249 shares authorized, 70,753,837 shares issued and outstanding at December 31, 2017	1	1
Additional paid-in capital	50	967
Retained earnings	3,819	3,054
Accumulated other comprehensive loss	(200)	(185)
Total stockholders' equity	3,670	3,837
Noncontrolling interests in consolidated subsidiaries	7	6
Total equity	3,677	3,843
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY	\$ 7,643	\$ 7,572

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018, December 31, 2017, and December 31, 2016
(In millions of dollars)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 769	\$ 390	\$ 206
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	327	348	326
Amortization of share awards	28	32	26
Deferred income taxes	(33)	56	(12)
Impairment of assets	47	—	—
Equity earnings from unconsolidated hospitality ventures	(8)	(219)	(67)
Amortization of management and franchise agreement assets constituting payments to customers	20	18	16
(Gains) losses on sales of real estate	(772)	(236)	6
Realized losses, net	3	41	4
Distributions from unconsolidated hospitality ventures	17	29	35
Other	22	3	(42)
Increase (decrease) in cash attributable to changes in assets and liabilities			
Receivables, net	14	(37)	(14)
Inventories	—	12	2
Prepaid income taxes	(5)	14	21
Accounts payable, accrued expenses, and other current liabilities	(80)	102	7
Accrued compensation and benefits	6	22	7
Other long-term liabilities	51	53	34
Other, net	(65)	(41)	(93)
Net cash provided by operating activities	341	587	462

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018, December 31, 2017, and December 31, 2016
(In millions of dollars)

	2018	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities and short-term investments	\$ (665)	\$ (469)	\$ (464)
Proceeds from marketable securities and short-term investments	624	480	457
Contributions to equity method and other investments	(60)	(89)	(107)
Return of equity method and other investments	51	425	132
Acquisitions, net of cash acquired	(678)	(259)	(492)
Capital expenditures	(297)	(298)	(211)
Issuance of financing receivables	(2)	—	(38)
Proceeds from financing receivables	—	—	38
Proceeds from sales of real estate, net of cash disposed	1,382	663	289
Pre-condemnation proceeds	7	15	—
Other investing activities	12	(11)	24
Net cash provided by (used in) investing activities	<u>374</u>	<u>457</u>	<u>(372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt, net of issuance costs of \$4, \$-, and \$4, respectively	416	670	620
Repayments of debt	(231)	(782)	(438)
Repurchase of common stock	(946)	(743)	(272)
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	(68)	—	—
Other financing activities	(11)	(12)	(6)
Net cash used in financing activities	<u>(850)</u>	<u>(858)</u>	<u>(96)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	5	(7)	12
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(130)	179	6
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—BEGINNING OF YEAR	752	573	567
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—END OF PERIOD	<u>\$ 622</u>	<u>\$ 752</u>	<u>\$ 573</u>

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018, December 31, 2017, and December 31, 2016
(In millions of dollars)

Supplemental disclosure of cash flow information:

	2018	2017	2016
Cash and cash equivalents	\$ 570	\$ 503	\$ 482
Restricted cash (see Note 2)	33	234	76
Restricted cash included in other assets (see Note 2)	19	15	15
Total cash, cash equivalents, and restricted cash	<u>\$ 622</u>	<u>\$ 752</u>	<u>\$ 573</u>
	2018	2017	2016
Cash paid during the period for interest	\$ 73	\$ 80	\$ 75
Cash paid during the period for income taxes	\$ 292	\$ 175	\$ 95
Non-cash investing and financing activities are as follows:			
Non-cash contributions to equity method investments (see Note 4, Note 15)	\$ 61	\$ 5	\$ 13
Non-cash issuance of financing receivables (see Note 6, Note 7)	\$ 45	\$ —	\$ —
Change in accrued capital expenditures	\$ 13	\$ 9	\$ 2
Non-cash management and franchise agreement assets constituting payments to customers	\$ —	\$ 3	\$ 47
Contingent liability (see Note 7)	<u>\$ 57</u>	<u>\$ —</u>	<u>\$ —</u>

(Concluded)

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