

HYATT HOTELS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015

(In millions of dollars, except per share amounts)

	2017	2016	2015
REVENUES:			
Owned and leased hotels	\$ 2,192	\$ 2,108	\$ 2,079
Management and franchise fees	505	448	427
Other revenues	70	40	36
Other revenues from managed and franchised properties	1,918	1,833	1,786
Total revenues	4,685	4,429	4,328
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:			
Owned and leased hotels	1,674	1,610	1,562
Depreciation and amortization	366	342	320
Other direct costs	46	30	29
Selling, general, and administrative	379	315	308
Other costs from managed and franchised properties	1,918	1,833	1,786
Direct and selling, general, and administrative expenses	4,383	4,130	4,005
Net gains and interest income from marketable securities held to fund operating programs . .	47	19	4
Equity earnings (losses) from unconsolidated hospitality ventures	220	68	(64)
Interest expense	(80)	(76)	(68)
Gains (losses) on sales of real estate	51	(23)	9
Asset impairments	—	—	(5)
Other income (loss), net	33	2	(5)
INCOME BEFORE INCOME TAXES	573	289	194
PROVISION FOR INCOME TAXES	(323)	(85)	(70)
NET INCOME	250	204	124
NET INCOME AND ACCRETION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(1)	—	—
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 249	\$ 204	\$ 124
EARNINGS PER SHARE—Basic			
Net income	\$ 2.00	\$ 1.53	\$ 0.87
Net income attributable to Hyatt Hotels Corporation	\$ 1.99	\$ 1.53	\$ 0.87
EARNINGS PER SHARE—Diluted			
Net income	\$ 1.98	\$ 1.52	\$ 0.86
Net income attributable to Hyatt Hotels Corporation	\$ 1.97	\$ 1.52	\$ 0.86

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2017 and December 31, 2016
(In millions of dollars, except share and per share amounts)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 503	\$ 482
Restricted cash	234	76
Short-term investments	49	56
Receivables, net of allowances of \$21 and \$18 at December 31, 2017 and December 31, 2016, respectively	350	304
Inventories	14	28
Prepays and other assets	153	153
Prepaid income taxes	24	40
Total current assets	1,327	1,139
Investments	211	186
Property and equipment, net	4,034	4,270
Financing receivables, net of allowances	19	19
Goodwill	150	125
Intangibles, net	683	599
Deferred tax assets	242	313
Other assets	1,006	1,098
TOTAL ASSETS	\$ 7,672	\$ 7,749
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 11	\$ 119
Accounts payable	175	162
Accrued expenses and other current liabilities	635	514
Accrued compensation and benefits	145	129
Total current liabilities	966	924
Long-term debt	1,440	1,445
Other long-term liabilities	1,725	1,472
Total liabilities	4,131	3,841
Commitments and contingencies (see Note 14)		
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, 2017 and December 31, 2016	—	—
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. Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 39,952,061 issued and outstanding at December 31, 2016, and Class B common stock, \$0.01 par value per share, 422,857,621 shares authorized, 90,863,209 shares issued and outstanding at December 31, 2016	1	1
Additional paid-in capital	967	1,686
Retained earnings	2,742	2,493
Accumulated other comprehensive loss	(185)	(277)
Total stockholders' equity	3,525	3,903
Noncontrolling interests in consolidated subsidiaries	6	5
Total equity	3,531	3,908
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY	\$ 7,672	\$ 7,749

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015
(In millions of dollars)

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 250	\$ 204	\$ 124
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	366	342	320
Amortization of share awards	32	26	26
Deferred income taxes	47	(3)	(103)
Equity (earnings) losses from unconsolidated hospitality ventures	(220)	(68)	64
(Gains) losses on sales of real estate	(51)	23	(9)
Realized losses from marketable securities	40	6	—
Distributions from unconsolidated hospitality ventures	29	35	36
Other	1	(44)	55
Increase (decrease) in cash attributable to changes in assets and liabilities			
Restricted cash	13	(4)	78
Receivables, net	(37)	(14)	29
Inventories	12	2	1
Prepaid income taxes	14	21	(16)
Accounts payable, accrued expenses, and other current liabilities	95	7	(7)
Accrued compensation and benefits	22	7	5
Other long-term liabilities	24	10	1
Other, net	(17)	(61)	(66)
Net cash provided by operating activities	620	489	538

(Continued)

See accompanying Notes to consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017, December 31, 2016, and December 31, 2015
(In millions of dollars)

	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of marketable securities and short-term investments	\$ (469)	\$ (464)	\$ (530)
Proceeds from marketable securities and short-term investments	480	457	521
Contributions to investments	(89)	(107)	(37)
Return of investments	425	132	19
Acquisitions, net of cash acquired	(259)	(492)	(3)
Capital expenditures	(298)	(211)	(269)
Issuance of financing receivables	—	(38)	(8)
Proceeds from financing receivables	—	38	28
Proceeds from sales of real estate, net of cash disposed	663	289	88
Sales proceeds transferred to escrow as restricted cash	(474)	—	—
Sales proceeds transferred from escrow to cash and cash equivalents	300	29	143
Pre-condemnation proceeds	15	—	—
Other investing activities	(28)	(13)	1
Net cash provided by (used in) investing activities	<u>266</u>	<u>(380)</u>	<u>(47)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt, net of issuance costs of \$-, \$4, and \$-, respectively	670	620	12
Repayments of debt	(782)	(438)	(5)
Repurchase of common stock	(743)	(272)	(715)
Proceeds from redeemable noncontrolling interest in preferred shares in a subsidiary	9	—	—
Other financing activities	(12)	(6)	(7)
Net cash used in financing activities	<u>(858)</u>	<u>(96)</u>	<u>(715)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(7)	12	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21	25	(228)
CASH AND CASH EQUIVALENTS—BEGINNING OF YEAR	482	457	685
CASH AND CASH EQUIVALENTS—END OF PERIOD	<u>\$ 503</u>	<u>\$ 482</u>	<u>\$ 457</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	<u>\$ 80</u>	<u>\$ 75</u>	<u>\$ 69</u>
Cash paid during the period for income taxes	<u>\$ 175</u>	<u>\$ 95</u>	<u>\$ 145</u>
Non-cash investing and financing activities are as follows:			
Non-cash contributions to investments	<u>\$ 5</u>	<u>\$ 13</u>	<u>\$ 17</u>
Non-cash management and franchise agreement intangibles	<u>\$ 3</u>	<u>\$ 47</u>	<u>\$ 3</u>
Change in accrued capital expenditures	<u>\$ 9</u>	<u>\$ 2</u>	<u>\$ 6</u>

(Concluded)

See accompanying Notes to consolidated financial statements.