

Modeling Update:
Impact of the
CorePoint Lodging
Sale Transaction



November 8, 2021

CorePoint Transaction and Agreement with Wyndham

Transaction will mark Wyndham's exit from lower margin, resource intensive select-service management business; allows for enhanced focus on highly profitable and cash generative franchising business.

- On November 8, 2021, CorePoint Lodging, Inc. (“CorePoint” or “CPLG”) announced the sale of its business, including 121 La Quinta-branded hotels that CPLG expects to own at the time of closing, which is targeted to occur in the first quarter of 2022 (the “Transaction”).
- Wyndham and CPLG have entered into a definitive agreement concerning the termination of all remaining hotel management contracts with Wyndham (“HMAs”), which termination is conditioned upon the closing of the Transaction.
- Under the terms of the agreement, CPLG will pay to Wyndham a termination fee of approximately \$84 million upon termination of the HMAs.
 - The termination fee will be offset on Wyndham's P&L by the non-cash write-off of the management contract intangible asset that was created upon the acquisition of La Quinta Holdings in 2018.
- Management estimates the 121 management contracts contributed approximately \$4 million to 2021 Adjusted EBITDA and approximately \$9 million to 2019 Adjusted EBITDA.
- Wyndham's franchise agreements for these hotels are expected to remain in-place at the current fee structure (5% royalties plus 4.5% for marketing and reservation services).

History of CorePoint Relationship

- In connection with the May 2018 acquisition of La Quinta Holdings, Wyndham acquired hotel management agreements for 314 CorePoint hotels (then La Quinta-owned assets).
- While Wyndham had not previously intended to become a select-service manager, Wyndham made this accommodation as CPLG required a third-party manager to attain REIT status.
- While the La Quinta franchise business has experienced significant growth under Wyndham's ownership, the select-service management business has been shrinking, driven by CPLG's asset disposition program.
- In 2019, CPLG initiated a major asset disposition program with CPLG's stated goal being the reduction of their real estate holdings from 314 hotels to approximately 105 "core" hotels.
- In July 2021, CPLG announced that it was exploring strategic alternatives, including a sale of the entire company.

History of CorePoint Relationship (continued)

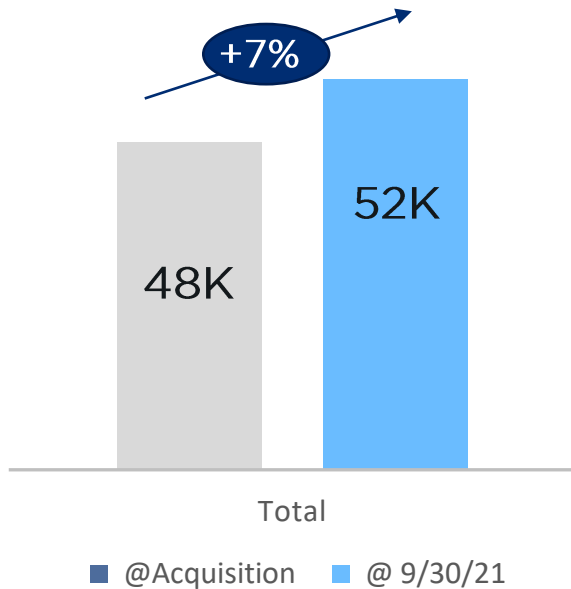
- Through September 30, 2021, CPLG has already sold 154 hotels with an additional 39 hotel dispositions underway or contemplated prior to closing of the merger transaction.
- CPLG has paid \$31 million in contract termination fees to Wyndham in connection with the closed asset sales and is expected to pay an estimated \$12 million for the 39 assets to be sold prior to consummation of the Transaction.
- CPLG will pay to Wyndham termination fees of approximately \$84 million for the termination of the remaining 121 hotels in connection with closing of the Transaction.

Termination Fees Paid to WH related to CPLG Asset Sales	# Hotels	Termination Fee (millions)	Per Hotel (thousands)
Through 9/30/21	154	\$31	~\$201
Expected on Q4'21/Q1'22 asset sales	39	\$12	~\$308
Transaction consideration expected at closing	<u>121</u>	<u>\$84</u>	~\$690
Total inflows	314	\$127	~\$403

Adjusted EBITDA less CPLG (in millions) ^(a)	2019	2021E
Adjusted EBITDA (as reported)	\$621	\$565 ^(b)
Less: Estimated contribution from CPLG assets sold and asset sales underway	(\$12)	(\$2)
Less: Estimated contribution from 121 assets	(\$9)	(\$4)
Less: CPLG termination fees	<u>(\$7)</u>	<u>(\$22)</u>
Adjusted EBITDA less CPLG	\$593	\$537

Value Creation Through La Quinta Acquisition

Franchise System Growth ^(a)



International Expansion

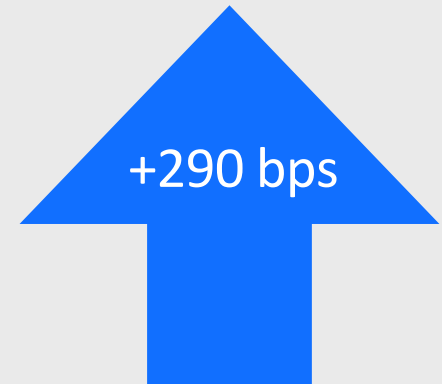
New markets entered:

- Turkey
- UAE
- New Zealand

New markets pending:

- China
- Dominican Republic
- Republic of Georgia

RevPAR Premium ^(b)



**\$70M in Annual Cost Synergies Realized;
Initial Target of \$55M - \$70M**

(a) Excludes 39K CorePoint hotel rooms (current and prior ownership); total La Quinta system, including CorePoint, is 91K.

(b) As compared to competitive set for average U.S. franchise system per STR for year-to-date September 30, 2021 compared to the same period in 2019.

Appendix – Definition & Disclaimer

Definitions:

Adjusted EBITDA: Represents net income excluding net interest expense, depreciation and amortization, early extinguishment of debt charges, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-related), foreign currency impacts of highly inflationary countries, stock-based compensation expense, income taxes and development advance notes amortization. Adjusted EBITDA is a financial measure that is not recognized under U.S. GAAP and should not be considered as an alternative to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA also assists our investors in evaluating our ongoing operating performance by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. These supplemental disclosures are in addition to GAAP reported measures. These non-GAAP reconciliation tables should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how our chief operating decision maker reviews operating performance beginning in 2021. We have applied the modified definition of adjusted EBITDA to all periods presented.

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The information in this presentation should be read in conjunction with the consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in Wyndham Hotels & Resorts’ Form 10-K, filed with the SEC on February 12, 2021 and subsequent reports filed with the SEC.

Forward-Looking Statements

Certain statements in this presentation constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. Such forward-looking statements include projections, which were not prepared in accordance with public guidelines of the American Institute of Certified Public Accountants regarding projections and forecasts, nor have they been audited or otherwise reviewed by the independent auditors of Wyndham Hotels & Resorts. The forward-looking statements, including the projections, are inherently uncertain and are subject to a wide variety of risks and uncertainties that could cause actual results to differ materially from those contained therein, including those specified in the section “Risk Factors” of Wyndham Hotels & Resorts’ Form 10-K filed with the SEC and subsequent reports filed with the SEC.

Non-GAAP Financial Measures

Financial information contained in this presentation includes certain financial measures that are calculated and presented on the basis of methodologies other than in accordance with U.S. generally accepted accounting principles (GAAP), such as adjusted EBITDA, free cash flow and adjusted free cash flow, which include or exclude certain items from the most directly comparable GAAP financial measure. Any non-GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in this Appendix. In some instances, we have provided certain financial metrics only on a non-GAAP basis because, without unreasonable efforts, we are unable to predict with reasonable certainty the occurrence or amount of potential adjustments that may arise in the future during the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to the reported results.

Appendix: Non-GAAP Reconciliations

The following tables reconcile certain non-GAAP financial measures. The presentation of these adjustments is intended to permit the comparison of particular adjustments as they appear in the income statement in order to assist investors' understanding of the overall impact of such adjustments. We believe that adjusted EBITDA provides useful information to investors about us and our financial condition and results of operations because adjusted EBITDA is among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions and because adjusted EBITDA is frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results or estimate valuations across companies in our industry. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how our chief operating decision maker reviews operating performance beginning in 2021. We have applied the modified definition of adjusted EBITDA to all periods presented. Explanations for adjustments within the reconciliations can be found in our third quarter 2021 Earnings Release at investor.wyndhamhotels.com.

	Year Ended December 31, 2019
Net income	\$ 157
Provision for income taxes	50
Depreciation and amortization	109
Interest expense, net	100
Stock-based compensation expense	15
Development advance notes amortization	8
Impairment, net	45
Contract termination costs	42
Transaction-related expenses, net	40
Separation-related expenses	22
Transaction-related item	20
Restructuring costs	8
Foreign currency impact of highly inflationary countries	5
Adjusted EBITDA	<u>\$ 621</u>

	Year Ended December 31, 2019
Hotel Franchising segment	\$ 629
Estimated contribution from CPLG assets sold and asset sales underway	12
Estimated contribution from 121 assets	9
CPLG termination fees	7
Remaining Hotel Management segment	<u>38</u>
Hotel Management segment	66
Corporate and Other	<u>(74)</u>
Total Company	621
Less: Estimated contribution from CPLG assets sold and asset sales underway	(12)
Less: Estimated contribution from 121 assets	(9)
Less: CPLG termination fees	<u>(7)</u>
Adjusted EBITDA less CPLG	<u>\$ 593</u>