

26-Oct-2022

# Wyndham Hotels & Resorts, Inc. (WH)

Q3 2022 Earnings Call



### CORPORATE PARTICIPANTS

#### Matt Capuzzi

Senior Vice President-Investor Relations, Wyndham Hotels & Resorts, Inc.

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

#### Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

### OTHER PARTICIPANTS

#### **Patrick Scholes**

Analyst, Truist Securities, Inc.

#### Joseph Greff

Analyst, JPMorgan Securities LLC

#### **David Katz**

Analyst, Jefferies LLC

#### Michael J. Bellisario

Analyst, Robert W. Baird & Co., Inc.

#### **Dany Asad**

Analyst, BofA Securities, Inc.

#### Ian Zaffino

Analyst, Oppenheimer & Co., Inc.

#### **Stephen Grambling**

Analyst, Morgan Stanley

#### **Dan Wasiolek**

Analyst, Morningstar, Inc. (Research)

#### **Brandt Montour**

Analyst, Barclays Capital, Inc.



### MANAGEMENT DISCUSSION SECTION

**Operator**: Good day. And welcome to the Wyndham Hotels & Resorts Third Quarter 2022 Earnings Conference Call. At this time, all participants have been placed on a listen-only mode and the floor will be open for your questions following the presentation. [Operator Instructions] I would now like to turn the call over to Matt Capuzzi, Senior Vice President of Investor Relations.

#### Matt Capuzzi

Senior Vice President-Investor Relations, Wyndham Hotels & Resorts, Inc.

Thank you, operator. Good morning and thank you for joining us. With me today are Geoff Ballotti, our CEO and Michele Allen, our CFO. Before we get started, I want to remind you that our remarks today will contain forward-looking statements. These statements are subject to risk factors that may cause our actual results to differ materially from those expressed or implied. These risk factors are discussed in detail in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, and any subsequent reports filed with the SEC.

We will also be referring to a number of non-GAAP measures. Corresponding GAAP measures and a reconciliation of non-GAAP measures to GAAP metrics are provided in our earnings release, which is available on our Investor Relations website at investor.wyndhamhotels.com. We are providing certain measures discussing future impact on a non-GAAP basis only because without unreasonable efforts we are unable to provide the comparable GAAP metric.

In addition, last evening we posted an investor presentation containing supplemental information on our Investor Relations website. We may continue to provide supplemental information on our website in the future. Accordingly, we encourage investors to monitor our website in addition to our press releases, filings submitted with the SEC, and any public conference calls or webcast.

With that, I will turn the call over to Geoff.

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Thank you, Matt, and thanks, everyone, for joining us this morning. We're pleased to report another strong quarter where we delivered \$191 million of adjusted EBITDA and generated nearly \$100 million of free cash flow, demonstrating the continued resiliency and consistency of our business model, while returning over \$160 million to shareholders, bringing our year-to-date capital return to \$400 million or 5% of our market cap.

Global RevPAR grew 12% to last year, finishing 11% above 2019 levels. Here in the United States, RevPAR for Q3 ran 250 basis points higher than last year's record third quarter and finished 10% above 2019, the highest absolute quarterly RevPAR ever recorded for our brands. Year-to-date, US RevPAR closed the quarter 15% ahead of 2021 and 8% ahead of 2019. And for the first three weeks of October, demand for our brands has continued to accelerate with US RevPAR up 9% to prior year, driven by both rate and occupancy gains.

Internationally, RevPAR ran 46% ahead of last year and 17% above 2019, driven by our EMEA, LatAm and Canada regions which all generated RevPAR well in excess of both 2019 and 2021 levels. International



Q3 2022 Earnings Call



occupancy, which improved from down 23 points last quarter to down 16 points this quarter to 2019 levels, will continue to provide a meaningful tailwind for us in the coming quarters as demand continues to grow overseas.

Our select-service franchisees here in the United States were among the first in the industry to see their businesses fully recover from COVID last year. While the majority of these small business owners have said that 2021 was the best year they've ever experienced financially, most of them are again telling us that 2022 will be an even stronger year than last year from a revenue and margins standpoint, despite the broader macroeconomic climate.

As our results to-date are demonstrating, we've seen no signs of any slowdown here in the US. The seasonal occupancy declines that historically occur heading into the fall, have been significantly less pronounced than in years prior to the pandemic.

On the leisure front, we continue to see year-over-year double-digit increases in our web traffic and booking windows continue to increase compared to 2021. And on the business front, our weekday occupancy was the highest on record for the month of September, as we continue to capture new infrastructure-related accounts.

As we look beyond 2022, infrastructure bookings represent a significant tailwind for our business, as more projects commence and construction ramps up on the largest public work bill signed into US law in 70 years. We grew net rooms by over 4%, including 80 basis points due to the acquisition of our 23rd brand Vienna House by Wyndham, which added over 40 hotels and more than 6,400 rooms under long-term franchise agreements, predominantly in Germany. This high-quality and accretive brand was acquired from an institutional developer and a current owner of other Wyndham branded hotels who continues to grow its European network [ph] of – by Wyndham brands (05:42).

Our team in Europe is looking to expand the size of the Vienna House portfolio over the next few years, as we plug the brand into our strong European infrastructure and distribution network. Excluding Vienna House, we grew net rooms organically by over 3%. And this was the first quarter since the pandemic that all of our regions, around the world, returned to positive sequential net room growth. We opened some spectacular new hotels this quarter.

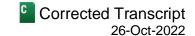
Here in the United States where we opened more rooms than we opened in Q3 of 2019, we welcome the Grandover Resort & Spa, one of North Carolina's best golf and meeting destination resorts to the Wyndham Grand Family. We were also very proud to open our latest La Quinta del Sol prototype, [ph] the new all construction (06:29), La Quinta by Wyndham outside of Denver, Colorado.

Internationally, we opened more rooms than we did in both Q3 of 2021 and back in the third quarter of 2019. In Latin America, where we grew net rooms by over 25%, we opened 10 more luxury Registry Collection Hotels with the Palladium Hotel Group adding 5,000 rooms across the Dominican Republic, Jamaica, Mexico and Panama.

Our China direct franchising business grew its system size by another 8% with new Days Inn, Microtel, Wyndham Garden, Wyndham Grand and half a dozen new Ramada by Wyndham Hotels, opening across the country despite the sporadic lockdowns and travel restrictions. And our EMEA region grew net rooms organically by 9%, with impressive new additions like the 425 room Trademark Collection, Frankfurt Airport, the luxurious Wyndham Residences on The Palm in Dubai and the new five star Wyndham Grand Doha West Bay Beach Hotel with its multiple spa, restaurant and pool facilities in the heart of Qatar's financial district.

We grew our development pipeline by 10% to a record 212,000 rooms in over 1,600 hotels. Notably, we awarded another 48 Project ECHO new construction, extended-stay contracts this quarter to establish developers and

Q3 2022 Earnings Call



experienced, extended-stay operators, bringing the total number of contracts awarded to 120 hotels in just six short months. We had our first Project ECHO ground break in September in Plano, Texas with Gulf Coast Hospitality, who is committed to build 25 new construction Project ECHO hotels. And next week, Michele and I will be visiting Virginia for the first ground break of Sandpiper Hospitality's 27 Project ECHO hotels that they have committed to build.

Our record development pipeline marks the 9th consecutive quarter of sequential pipeline growth, as we awarded 120 new contracts in the United States and approximately 95 contracts internationally, which in total account for more than 30,000 new rooms. Year-to-date, our teams have signed over 565 new contracts, which is nearly three contracts awarded each and every business day. The number of contracts signed was 42% higher than what we awarded last year and 47% higher than in the third quarter of 2019. In the United States, we signed a 114% more contracts than we did in 2019. Year-over-year signings of our cost-efficient new construction prototype have increased approximately 40% above 2019. The percentage of our pipeline [ph] that we've poured (09:25) new foundations for new construction increased 250 basis points compared to this point last year. And we have more new ground breaks planned for the remainder of 2022 than we did in both Q4 of 2021 and in Q4 of 2019.

Our award-winning Wyndham Rewards loyalty program has been recognized as the Best Hotel Loyalty Program for the 5th consecutive year by the readers of USA TODAY, along with the Wyndham Rewards Earner Card as its best hotel credit card.

Total Wyndham Rewards membership grew 8% over the past 12 months and now stands at over 97 million members. Revenue generated in the US from direct bookings on our brand.com sites grew over 10% in the quarter compared to 2021, outpacing the rate of growth across all third-party channels, driven in large part by the Wyndham Rewards loyalty program with nearly 50% of all US guests representing Wyndham Rewards members.

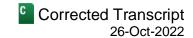
As our wyndham.com channels hit an all-time record of contribution, third-party OTA channels as a percentage of total bookings remain below 2019 levels. Our commitment to encouraging diverse hotel ownership continues to grow. Next week, BOLD by Wyndham, which stands for Black Owners and Lodging Developers, will co-host a Black Hotel Ownership Symposium with our inaugural member at his mixed-use development project in Atlanta, Georgia.

We've designed this educational event to help black entrepreneurs get started on their journey to hotel ownership. An interest in BOLD, along with Wyndham's Women Own The Room program continues to exceed our expectations with over a dozen BOLD hotels and over 20 Women Own The Room hotels now on our development pipeline.

From a sustainability perspective, we are very proud that Google is now displaying Wyndham Green Certified hotels with its eco certification badge when searching for accommodations. We are one of only two hotel programs that Google has recognized for this certification. Additionally, we added search functionality this quarter so that our guests can easily identify Wyndham Green Certified hotels on our brand.com websites and mobile app.

With our franchising business performing at record levels and our brands attracting more interest than ever from owners and developers, we are confident in the continued stability of our franchise business model and its ability to deliver outstanding value to our franchisees, our customers, and our stakeholders in any environment. This confidence allowed us to raise our full-year outlook, which Michele will now cover in further detail. Michele?

Q3 2022 Earnings Call



#### Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thanks, Geoff, and good morning, everyone. I'll begin my remarks today with a detailed review of our third quarter results. I'll then review our cash flows and balance sheet, followed by an update to our 2022 outlook, as Geoff mentioned.

During the third quarter, our fee-related and other revenue was \$375 million and our adjusted EBITDA was \$191 million. As mentioned on our second quarter call, our year-over-year results are not comparable due to the sale of our two owned hotels and the exit of our select-service management business in the first half of this year. In an effort to simplify our results, my commentary today will again be centered around our segment performance.

Our Franchising segment grew revenue by 9% year-over-year, primarily reflecting constant currency global RevPAR growth of 12% and higher license fees. Adjusted EBITDA increased 4% to \$201 million as the revenue increases were partially offset, as expected, by the timing of higher marketing spend in the quarter, which unfavorably impacted margin by 270 basis points. Excluding this timing impact, our adjusted EBITDA grew 12% in the third quarter and the adjusted EBITDA margin was consistent with prior year.

In our Hotel Management segment, revenue and adjusted EBITDA declines reflected the sale of our select-service management and owned hotel businesses, which collectively contributed approximately \$34 million in revenue and \$10 million in adjusted EBITDA last year.

Within our Corporate and Other segment, we saw \$2 million of higher expenses due to inflationary cost pressures as expected and a reflection of the current environment. Adjusted diluted EPS improved 4% to \$1.21, reflecting our adjusted EBITDA growth in the Hotel Franchising segment as well as a benefit from our share repurchase activity. This was partially offset by the aforementioned sale of our select-service management business and owned hotels. On a comparable basis, excluding these impacts and neutralizing for the timing differences in the marketing funds, adjusted diluted EPS increased 14%.

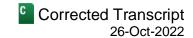
Before moving on to free cash flow, let me take a moment to discuss current regional RevPAR performance and the tailwinds we see moving beyond 2022 with occupancy not yet back to pre-pandemic levels.

As Geoff mentioned, global RevPAR continue to surpass 2019 levels this quarter by 11%, led by US RevPAR of 110% of 2019 and international at 117%. This was the first quarter we saw international RevPAR surpass 2019 levels, reflecting strong recovery across Europe and considerably stronger pricing power. ADR in all regions exceeded 2019 with global ADR up 10%. Occupancy, however, still has room to recover across the globe. In the US, occupancy reached 96% of 2019 levels, in EMEA 93%, and in China 72%. Overall, global occupancy improved to 91% of 2019 levels, again illustrating significant room for continued demand recovery to pre-COVID level.

Now, turning to free cash flow. We generated \$97 million during the quarter and \$321 million year-to-date, an increase of 6% compared to 2021. Our year-to-date free cash flow conversion rate now stands at 61% and we remain well on track to achieve our targeted 55% conversion rate. We returned \$161 million to our shareholders during the third quarter through \$132 million of share repurchases and \$29 million of common stock dividends. When coupled with the \$44 million of cash used to acquire the Vienna House brand, the \$205 million of excess cash deployed this quarter was 20% higher than the second quarter.

Year-to-date, we have returned \$400 million of capital to shareholders, which, as Geoff mentioned, represents approximately 5% of our market cap. As always, our first priority is to reinvest in the business and we actively

Q3 2022 Earnings Call



explore both external and organic growth opportunities. The Vienna House acquisition is an example of the type of small tuck-in deals we're targeting, asset-light in the higher chain scales, accretive to earnings and a brand with an ability to grow in existing and adjacent markets.

Moving into 2023 and subject to board approval, we expect to continue to maintain our industry-leading dividend payout ratio, and share repurchases will continue to be an integral element of our capital allocation strategy. Earlier this week, our board increased our share repurchase authorization by \$400 million, reflecting its confidence in the business' ability to generate substantial cash and its continued commitment to shareholder return.

We ended the quarter with approximately \$1 billion of total liquidity, and our net leverage was 2.7 times. Our ending cash balance of \$286 million is above our normal levels due to the portion of the proceeds we've received from the select-service management and owned hotel sales transaction that have yet to be deployed. Excluding this excess cash, our net leverage was three times at the low end of our stated target range. Importantly, only 20% of our long-term gross debt is variable rate, limiting our exposure to the rising interest rate environment.

Despite the broader economic climate, deleveraging or building excess cash in our balance sheet are not consideration, given the highly cash generative nature of our business model, our current liquidity profile, and the resilience of our demand drivers as demonstrated throughout prior down cycles.

Now turning to outlook. We're raising our full year 2022 as follows. We now expect year-over-year global RevPAR growth of 14% to 16% and global net room growth of approximately 4%. Fee-related and other revenues are expected to be \$1.33 billion to \$1.34 billion, an increase of \$34 million from July's outlook, reflecting the higher RevPAR and net room growth expectation. Based primarily on the strength of global RevPAR trend, we expect our marketing, reservation and loyalty funds to contribute approximately \$20 million to adjusted EBITDA compared with our previous outlook of \$10 million. These changes combined for an increase of \$19 million to our adjusted EBITDA expectation, which is now projected to be \$636 million to \$644 million. We expect adjusted net income of \$349 million to \$354 million, \$23 million higher than our prior outlook.

And our adjusted diluted EPS expectation increases \$0.30 per share and is now projected to be \$3.84 per share to \$3.89 per share based on a diluted share count of \$91 million, which as usual excludes any fourth quarter share repurchases. There is no change to our prior outlook for our free cash flow conversion rate of approximately 55%.

As a reminder, looking toward 2023, we have provided two slides in our investor presentation to help with your modeling. Slide 33 provides the historical financial impact of our select-service management business and owned hotels, which will need to be adjusted from your base. And slide 35 provides revenue sensitivity.

In closing, our third quarter results once again demonstrate the resiliency and strong cash flow capabilities of our business model. We are deploying our available capital in a disciplined fashion to drive growth in the business and increase shareholder returns, which we believe an asset-like business such as ours warrant. With our low leverage, [ph] the extension of our \$715 million (19:54) revolving credit facility earlier this year and no maturities until mid-2025, the strength of our balance sheet provides us with tremendous flexibility, along with the means to continue to fund strategic growth initiatives over the coming years.

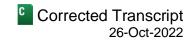
With that, Geoff and I would be happy to take your questions. Operator?



### QUESTION AND ANSWER SECTION

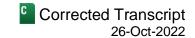
Operator: The floor is now open for questions. [Operator Instructions] And we do ask that you limit yourself to one question and one follow-up. Thank you. We'll take our first question from Patrick Scholes of Truist Securities. **Patrick Scholes** Analyst, Truist Securities, Inc. Hi. Good morning, everyone. Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Good morning, Patrick. Patrick Scholes Analyst, Truist Securities, Inc. Morning. Regarding your full-year earnings guidance range, how should we think about how much of that is from you beating your internal expectations for 3Q? And is any of that from a 4Q organic raise versus prior expectations? Hopefully that makes sense. Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Sure. Good morning, Patrick. Patrick Scholes Analyst, Truist Securities, Inc. Good morning. Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. We raised our full-year guidance by \$19 million and versus our internal projection. This represents another \$12 million beat in the third quarter and a \$7 million raise to our fourth quarter expectations. **Patrick Scholes** Analyst, Truist Securities, Inc. Okay. Thank you. So a small, organic in the fourth quarter. And next question, on the purchase of the Vienna House brand, can you provide an EBITDA multiple for that? Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Yes. Sure. I believe the EBITDA multiple was calculated based upon a \$44 million purchase price and it's going to generate about \$4 million of EBITDA in a stabilized basis for 12 months.

Q3 2022 Earnings Call



Patrick Scholes Analyst, Truist Securities, Inc.	Q	
Okay. Thank you. And then, just the last question for you, Michele. I've noticed as the year progressed, your expectations for the SBC, stock-based comp going down. In today's environment, we don't see a lot of costs going down. I'm wondering what's driving that, something accounting wise, I wonder if you could just give some color on that. Thank you.		
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A	
Yeah. There is a bunch of different accounting and they're based upon		
Patrick Scholes  Analyst, Truist Securities, Inc.	Q	
Okay.		
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A	
how we recognize the expense between the time-vested and the performance-vested portion. And then, obviously, it would reflect attrition as well.		
Patrick Scholes Analyst, Truist Securities, Inc.	Q	
Okay. Was there any major attrition that you'd want to call out that was significant in driving that?		
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A	
Nothing material or, I think, important to highlight.		
Patrick Scholes Analyst, Truist Securities, Inc.	Q	
Okay. Fair enough. That's it for me. Thank you.		
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A	
Thanks, Patrick.		
Operator: Thank you. Our next question comes from Joe Greff of JPMorgan.		
Joseph Greff Analyst, JPMorgan Securities LLC	Q	
Good morning, everybody.		
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A	
Good morning, Joe.		

Q3 2022 Earnings Call



#### Joseph Greff

Analyst, JPMorgan Securities LLC

Geoff, Michele, given just general momentum in your development pipeline with nine quarters of sequential development pipeline growth, momentum in Project ECHO, strides and retention rates, things like Vienna House, do you think going forward, the net rooms growth for target is closer to 4% than it is to 2% at this point?

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

We're not giving guidance on the call, Joe, but, certainly given how healthy our pipeline, our pipeline has never been healthier and it was just explosive obviously. In the quarter, year-over-year, we're feeling very good about where it sits and where we're headed. I mean, this – what our teams have put up, not only with, to your point, the ECHO growth, which has just been off the charts in terms of expectations, but also from so many of our prototype brands. There's been a fear that new construction is slowing. We're certainly not seeing that from the demand in our new construction prototype brands. I mean, we've seen, aside from ECHO, we've seen great growth on, gee, just across the board, our Moda prototype when we look at where it was versus this time last year and our pipeline up 12%, our Wyndham Garden up 20%. We've talked a lot about our Hawthorn Suites and our La Quinta brand, which is up, sits at almost 30% over where it was this year. So we're very confident in terms of our net room growth this year and where we could move it in the future and just thrilled with what's happening with the pipeline.

#### Joseph Greff

Analyst, JPMorgan Securities LLC

Great. And then, just following up on Project ECHO, obviously, you have 120 projects in the pipeline, maybe more than that, given that we're in October. [ph] What do you think you can get to (25:15) in two to three years? And maybe the way to answer it or to think about answering it is, what Wyndham Brand do you benchmark it against in terms of penetration, opportunity? And following up on Project ECHO, when do you think you start to use single developer, single development deals?

#### Geoffrey A. Ballotti

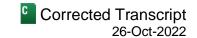
President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Well, all great questions, Joe. We've reached multi-unit development agreements with seven of the nation's preeminent extended-stay developers. And that's providing a runway over the next five years for the brand to have over. As we've said, what we'd hope to have this year, 100 pipeline by the year-end. We're now at 120. As you say, we're still signing deals. We had our first ground break, as we talked about, in Plano. And another ground break next week. We'll exit 2022 with at least four hotels in the ground. And that's really laying the foundation for those first hotels to open late next year, less than two years from when we announced it. So we expect to accelerate the timeline and seeking out those individual owners that you're asking about. We would expect that by mid of 2023, Chip Ohlsson, David Wilner will expand it to the rest of their development team. And, yeah, we'll be on our way. It's to benchmark it against other brands. It's tough to do. The extended-stay demand is just off the charts. I mean, we're seeing a 13 point year-to-date delta between what extended-stay is running occupancy-wise and what the rest of the industry is rising. That's a big piece of this. And, yeah, we're just thrilled at what we've seen so far.

#### Joseph Greff

Analyst, JPMorgan Securities LLC

Q3 2022 Earnings Call



Great. And then, maybe one more final up quickly for Michele. When you think about buyback going forward, is it really using the excess cash and internally generated free cash flow to buy back stock? Or would you actually lever up to buy back stock?

#### Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

I think, it is the former. At this point in time, given the current interest rate environment, we aren't inclined to lever up above our stated range without a compelling reason to do so. So, obviously, we had a good use of proceeds, something we would clearly consider.

Joseph Greff

Analyst, JPMorgan Securities LLC

Thank you, guys.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Thanks, Joe.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thank you.

**Operator:** Thank you. Our next question comes from David Katz of Jefferies.

**David Katz** 

Analyst, Jefferies LLC

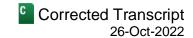
Hi. Morning, everyone. Thanks for taking my question. So look, a couple of issues that come up. Just broadly speaking about Wyndham, you know, one, the sort of outlook for leisure travel and what your exposure to that is, particularly, in the moderate and lower end segments? And, second, exposure to China and/or Asia, broadly speaking, and whether either of those pose a risk to your earnings cadence? And I'd love to have you just talk about those a little bit, I think could be helpful.

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Yeah. Two great questions. David, I'll take your last question first, which is on Asia and specifically, China but we are incredibly proud of our Asia Pacific and our China teams, given everything that they've accomplished and how well they're performing. It is not in any way, shape or form an issue for us going forward. I mean, the delivery consistently from these teams over the past few years, we're very optimistic about the long-term prospects there. We've got 60,000 direct franchising rooms in the pipeline. Year-to-date, the team has opened about the same number of rooms as they opened back in 2019. And more impressively, the development team in China has awarded the same number of contracts year-to-date through the end of the third quarter as they did back in 2019. So as their conversion pipeline has doubled, as they've been successful introducing new brands to new markets across [ph] mainly in (29:27) China and as they've been delivering consistently quarter-in quarter-out, an 8% net room growth in our direct franchising business despite all the challenges last quarter, we're feeling very good about long-term the prospects over there.

Q3 2022 Earnings Call

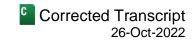


In terms of the – you mentioned the lower-end consumer, I mean, we're clearly middle-class, as we talked about on the last call. But the demand that we're seeing right now is just more robust than we would have ever thought possible. We're seeing continued consumer demand. Our Google search volumes just keep increasing. They're up 30% to last year. Our holiday searches are just off the charts for Thanksgiving, for Christmas, and for New Year's, and it's consistent with everything the industry is seeing. The Duetto Pulse Report out this week was forecasting robust holiday travel. That's what we're seeing. The leisure pickup for October, November, December is continuing to pace ahead of same time last year and back in August. Our web traffic is running double digits ahead of where it was back in 2019, and our cancellation rates are down. Our booking windows, as we mentioned, were up. And I think all we need to do is, look at October month to-date through these first three weeks to see how this demand continues to accelerate with this mid-income, mid-scale consumer that stays in our hotels.

We're up consistently. September was the best occupancy that we've ever seen and October month-to-date is up [indiscernible] (31:10) over 2021 ahead of that last year in both rate and occupancy and it's that way in all of our big states in Texas, Florida, California, Georgia, North Carolina, occupancy is running well ahead of where it was not only back in 2019, but last year. So I think guests who put off summer vacations in that segment are taking to the roads in record numbers. And we're seeing that in our hotels. They're driving further than they ever have.

David Katz Analyst, Jefferies LLC	Q
Understood.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
And if I can just	
David Katz Analyst, Jefferies LLC	Q
Please.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
yeah. David, if I could just address the last part of the China question, which was our – the cadence. I would say, as Geoff mentioned, we are super proud of everything the team there Despite their success, we are aware of the economic situation. We have a large team of loc touch with them on a daily basis. The region in 2022 is generating less than 2% of our EBIT	e has accomplished. cals there and we're in
David Katz Analyst, Jefferies LLC	Q
Understood. And if I can just throw one other matter out there for discussion around, Geoff, loyalty program. We've seen across the industry where companies are generating fee streat the scope of RevPAR, from those membership bases, is that an opportunity for you all, shown any thoughts there would be helpful too? And that's it for me. Thanks.	ms in value outside of
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A

Q3 2022 Earnings Call



Sure. The best proxy, David, for our loyalty program is the share of occupancy that it contributes nightly. And that occupancy is very important to our small business owners and our franchisees. And it's up 500 basis points, 600 basis points to where it was pre-pandemic. I mean, it was just, as we said, voted the number one hotel loyalty program in the world by U.S. News & World Report. And that's for the fifth consecutive year by USA TODAY and we're really proud of that. But as it continues to grow in size pre-pandemic, we're in the 80s. We're approaching, we believe we'll hit our [ph] 100th million (33:22) member this year at some point. We're up 8% year-over-year and the program is up 25% to 2019. But the ability to drive that, that one out of every two check-ins domestically into our hotels is what's most important. And our teams are doing a phenomenal job and are very focused on continuing to see that share of occupancy for our owners, which is really our value proposition in terms of what franchisees are paying for in terms of direct contribution is what's nearest and dearest to our hearts.

David Katz Analyst, Jefferies LLC	Q
Thank you.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
And we do see opportunities.	
David Katz Analyst, Jefferies LLC	Q
Please.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
And we do see opportunities beyond just the occupancy. We have a coprogram, multiple partnerships, and we are looking to continue to expandalue to our owners, as well as, incremental earnings to Wyndham.	
David Katz Analyst, Jefferies LLC	Q
Okay. Thank you very much.	
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
Thanks, David.	
Operator: Thank you. Our next question comes from Michael Bellisario	o of Baird.
Michael J. Bellisario  Analyst, Robert W. Baird & Co., Inc.	Q
Thanks. Good morning, everyone.	
Geoffrey A. Ballotti  President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A

Q3 2022 Earnings Call

Corrected Transcript 26-Oct-2022

Good morning, Mike.

#### Michael J. Bellisario

Analyst, Robert W. Baird & Co., Inc.



Geoff, just a follow-up to one of the last question. Can you maybe sort of give us a timeline or walk us through what you saw in July when you had tough comps domestically and then fast-forward to September and month-to-date in October. So far that's been much stronger. Maybe where were the strengths? Where were the weaknesses? And if you could quantify and how much of the uptick is maybe coming from the infrastructure strength that you mentioned earlier?

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.



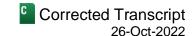
Sure. Two great questions. We'll start with what happened throughout the summer. And I think it goes back to what we said on our last call. We expected. And I think our owners expected that vacation season would not stop on Labor Day and it certainly didn't. I mean, we're seeing record setting demand for this time of year. The month-over-month seasonal declines are significantly less than they were in years past, meaning that seasonal resorts are seeing no seasonality. Wyndham Newport, for example, was talking to the team there, September occupancy, 8% ahead of last year was down a bit in July. October's 21% in occupancy ahead of last year with RevPAR in both months, September and October, up 50% to 2019. And those big states again for us are running well ahead.

At Florida, for example, which was up 19% to 2019 was up 21% October month-to-date to last year with ADR up 16% and RevPAR up 40%. I mean, we're seeing big states like Georgia significantly ahead in occupancy to prior year and RevPAR to prior year. So, again, we think that guests who put off those summer vacations, maybe because they just couldn't find space, couldn't find availability, the demand was constrained by just a lack of availability, are picking it up, and continuing into the fall. And we think that's going to continue, from a leisure standpoint going forward is, with no more fear of COVID, which was one of the things we were worried about this time last year, customers are looking to travel now more than ever. And we're seeing it across the industry whether it's – the two big card companies that put out this data, Mastercard SpendingPulse survey the lodging, 20 consecutive months of growth has picked up from July. It was up 30%. And September, it ran 43%, significantly stronger than it did in July versus 2019. And I think Visa's report out last night, they were pretty clear they were getting a boost from travel payments with no signs of any slowdown in consumer demand in the economy, in the mid-scale space, we're certainly not seeing.

From an infrastructure standpoint to the second part of our question, I mean, this was the third consecutive quarter where our infrastructure account spending increased double-digit to 2019. I mean, it is now running over 25% year-to-date. And to just try to size how meaningful this is for our brands and our small business owners, if you recall, if you step back and you think about us versus many of our competitors, 70% of our business is leisure, which is very strong, 30% of it is business. But that business is different. It's not white collar business travel. It is -70% of that 30% business mix is that infrastructure business and those are the companies that are being contracted to repair our nation's highways and bridges and ports, and it's those companies who book these blue collar workers into economy mid-scale lodging that is just so attractive for our brands and for our hotel owners.

The Congressional Budget Office, the CBO, was estimating that only \$25 billion of the incremental infrastructure spending will be spent in 2022. They're estimating that that outlay is going to triple in 2023 to \$75 billion, and then is going to run \$100 billion, \$140 billion and \$175 billion in 2024, 2025, and 2026. So, think about that. And this \$550 billion that we're all reading about of incremental authorization spending is on top of the \$650 billion of the regular reauthorized legislation, which gets us to the \$1.2 trillion that's in the news. So significant tailwinds for our

Q3 2022 Earnings Call



team. We're very excited about it. We're adding more sellers to sign accounts. And we think we're going to continue to win more bids and gain more mid-week domestic market share.

Michael J. Bellisario

Analyst, Robert W. Baird & Co., Inc.

Got it. That's very helpful. And then, just...

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

And I'll just – Michael, I'll just add three quick points to that. [ph] First off (30:40), September occupancy was the best we had on record. And second [indiscernible] (39:47), we're still seeing Sunday occupancies exceed 2019 levels, which is longer, long weekends for leisure, as well as some leisure mixing in there. And then, third, the infrastructure accounts, as Geoff mentioned in his prepared remarks, were up by double digits for the third consecutive quarter.

Michael J. Bellisario

Analyst, Robert W. Baird & Co., Inc.

Helpful. And then, just sort of looking forward, not looking for guidance on 2023, but as the calendar flips, how are you thinking about where the upside drivers might be and then also where the downside risks might lie as well?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

We think about the occupancy tailwinds for 2023, as well as the sustainability of ADR, not just in the US, but also internationally we think about the recovery of the business travel, although that's a small piece of it. It is still – will be incrementally positive for 2023. We will have some of our ECHO hotels opening and contributing something to 2023 and as well as the Vienna House. And then, when we think about risk, we balance that out, obviously, with the macroeconomic trends.

Michael J. Bellisario

Analyst, Robert W. Baird & Co., Inc.

Helpful. Thank you.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Thanks, Mike.

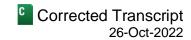
Operator: Thank you. Our next question comes from Dany Asad of Bank of America.

Dany Asad

Analyst, BofA Securities, Inc.

Hey. Good morning, everybody. My question is on pipeline. So how much of your pipeline growth that you saw that 10% in the quarter is from Project ECHO? And I guess I would ask my follow-up and I had – like, how long would it take for that a pipeline bump like the one we're seeing to turn into accelerating unit growth?

Q3 2022 Earnings Call



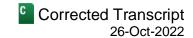
#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Again, not giving guidance, Dany, on the call. But this is the healthiest our pipeline has ever been and it is the ninth consecutive quarter of sequential growth. The US pipeline sequentially increased 7%. It increased 24% versus last year and a significant piece of that was ECHO. But taking ECHO entirely out to your question, we still saw very strong growth not only from ECHO, but growth from our other new construction prototype brands that I mentioned. We have a – just a record number of hotels in the pipeline right now, 1,200 hotels, up 17% from last year. And it's been the brands I talked about a few questions back that have been driving that in addition to ECHO.

Dany Asad Analyst, BofA Securities, Inc.	Q
[ph] Got it (42:32). Thank you.	
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
Thanks, Dany, and good luck with baby number two, we hear, weeks away.	
Dany Asad Analyst, BofA Securities, Inc.	Q
Thank you, [indiscernible] (42:43).	
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
You got to keep up with the [ph] Kellys (42:46).	
Operator: Thank you. We'll take our next question from Ian Zaffino of Oppenheimer.	
lan Zaffino Analyst, Oppenheimer & Co., Inc.	Q
Hi. Great. Thank you very much. Michele, I know you mentioned this idea of longer weeks Sunday stays. Is that trend continuing? Is it accelerating, decelerating? Just any kind of continuing.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
Yeah. We do see it increasing and continuing to drive more leisure demand on Thursday, driving overall occupancy as well as pricing. Now, the demand is higher on those weekday	•
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
Yeah. That's exactly right, Michele. And specifically when you look at Sunday being our faup in a good 600 basis points over where it was back in 2019 levels. And, as the booking increase and we have more visibility, we think it'll continue to grow.	

Q3 2022 Earnings Call



#### Ian Zaffino

Analyst, Oppenheimer & Co., Inc.

Okay. Good. Thank you. And then, I know you touched on the infrastructure piece of it. If we look at the IRA and just the proliferation of EVs going on, does that open up a new revenue source for you? And what is your franchisees doing now as far as charging of vehicles, putting in stations? And any color there would be helpful, because I know some of the rental car companies are now looking at that as an ancillary revenue stream, the EV charging. So I don't know what you guys are thinking and how you're approaching this. Thanks.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

It is. It is. It's a great question, Ian. And it is on our list. It's something we talk a lot with our Franchise Advisory Councils. We were meeting with them a few weeks back. And it makes the top 10 list. We're partnering with some of the nation's leading EV-charging companies. And we have a series of models that we've offered to our franchisees. But it's right up there with what they're expecting from a large sourcing company like ours. I mean, it's important. It could be measurable. And it's something that we're going to be very focused on in the years ahead.

Ian Zaffino

Analyst, Oppenheimer & Co., Inc.

Okay. Thank you very much.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Thanks, Ian.

Operator: Thank you. We'll take our next question from Stephen Grambling of Morgan Stanley.

**Stephen Grambling** 

Analyst, Morgan Stanley

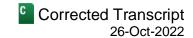
Hey. Thanks for sneaking me in. Just following up on some of the questions regarding leisure, can you parse out how the demographics of your leisure customer may be changing? In other words, are you capturing a higher end or different age base? And you also called out higher web traffic. Could you give a little more color on the other components of your distribution mix between OTA on property, GDS or other channels versus pre-pandemic?

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Welcome back, Stephen. We missed you the last few calls. A few great questions there. What we are most, I think, impressed with the marketing team [indiscernible] (46:07) her group are most impressed with is that we're seeing younger travelers continue to gain share on older boomers. Our share of next-generation travelers, the Generation X, the Ys and the Zs increased another 200 basis points in the quarter from 62% last year to 64% this year of check-ins. And so, that is really important. We're seeing the average age of our Wyndham reward members fall as the program grows and we're seeing the medium income of our members increase as well from around \$75,000 to \$90,000. And that's really, really important. And it's a big piece of what is driving the share of Wyndham reward check-ins, we believe. And what's making the program as strong as it is and as attractive as it is for our owners. From a contribution standpoint, Wyndham Rewards is the fastest growing channel of

Q3 2022 Earnings Call



contribution. It consistently runs ahead right now of where we were back before the pandemic, where we were last year. And we're seeing it run from a growth standpoint significantly ahead of third-party channels.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

And our contribution in the US is up 140 basis points from 2019.

Stephen Grambling

Analyst, Morgan Stanley

Great. And one unrelated follow-up. I may have missed this, but Michele, how are you thinking about key money usage going forward based on the response that you've been seeing from [ph] the eyedropper (47:54) loosening already? And should we anticipate this will go up as you continue to stand up the ECHO brand, or is it being used in other brands? Thank you.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thank you. We're really pleased with what we're seeing from a key money perspective. We're at the table today on deals that we hadn't previously been invited to participate in. So using the balance sheet to incentivize owners to our brands is really bearing fruit for us. I do expect it will – the allocation to key money will increase slightly as we move through [indiscernible] (48:31) of the ECHO brands. But nothing that's going to materially draw away from our ability to either invest in organic growth opportunities or capital allocation to share repurchase.

**Stephen Grambling** 

Analyst, Morgan Stanley

Helpful. Thank you so much.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Thanks, Stephen.

Michele Allen
Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thank you, Stephen.

Operator: Thank you. Our next question comes from Dan Wasiolek of Morningstar.

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

Hey. Good morning, guys. Thanks for taking the questions. So, thanks for all the color on the call around the occupancy and improvement you're seeing there. Just kind of wondering, as you know, kind of combining that with the infrastructure driver that you guys have, you mentioned that US business occupancy in the weekday had maybe been improving, wondering if you could maybe give where that occupancy for weekday in the US was this quarter versus last quarter. And then, I guess, my follow-up question is just any kind of – have you seen any incremental headwinds the last several weeks as far as the ability to get financing for, people looking to enter your pipeline? And that's it for me. Thanks.

Q3 2022 Earnings Call

C	<b>Corrected Transcript</b>
	26-Oct-2022

Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
Michele, you're on mute.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
I'm sorry. I was on mute.	
Dan Wasiolek Analyst, Morningstar, Inc. (Research)	Q
It's okay.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
I had started. I started to answer and I was on mute. I apologize for that. On the financing side, we any impact at this point in time. Our deals are mostly financed on the local or regional level with developers and owners have really strong, deep relationships with. And so, while we see obviou rates, we also know that the returns are still really very healthy. Actually, in our investor presents slide, I believe it's slide 29 where you can see the owner returns and we adjusted those for a 6% the returns are really still in the high-teens. And this is not the first time that we've seen volatility. And prior instances, we haven't really seen a meaningful impact to our net room growth. I think we looking for today is more stability in the race, not necessarily a reversion to the prior interest rate [indiscernible] (50:58) higher rates are going to stress the ROIs [indiscernible] (51:00) is certainly healthy and sustained increase in ADR. And from an occupancy perspective in Q3, it was just at	banks that are sly higher interest ation, we have a cost of debt. And in interest rates. what the market is a So
Dan Wasiolek Analyst, Morningstar, Inc. (Research)	Q
Okay. And was that – do you have a second quarter number for that?	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
Oh, the second quarter. Give me two seconds and I'll just grab it. 38% 58%. I'm sorry.	
Dan Wasiolek Analyst, Morningstar, Inc. (Research)	Q
I'm sorry. What was it?	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
58%	
Dan Wasiolek  Analyst, Morningstar, Inc. (Research)  58%.	Q

### Wyndham Hotels & Resorts, Inc. (WH) Corrected Transcript Q3 2022 Earnings Call 26-Oct-2022 Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. ...versus 60% in the third quarter. Dan Wasiolek Analyst, Morningstar, Inc. (Research) Yeah. Okay. Very nice quarter. Congrats, guys. Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Thanks, Dan. Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Thank you. **Operator:** Thank you. Our final question comes from Brandt Montour of Barclays. **Brandt Montour** Analyst, Barclays Capital, Inc. Hey. Good morning, everybody. Thanks for taking my questions. On the - and maybe you said this, Michele, and I apologize if I missed it. But approximately \$20 million EBITDA full year - raised the full-year guidance. You gave us the split between 3Q, 4Q, but the marketing incremental income from – or EBITDA from the marketing fund was about \$10 million. So just curious, how much of that \$10 million hitting the 3Q versus the 4Q? Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. All of it hit in the third quarter. **Brandt Montour** Analyst, Barclays Capital, Inc. Okay. Great. Thanks. And then, just to – on the back of the comments on infrastructure spending and, the increase in tailwind that that could be over the next few years, just curious how you think about revenue management from the perspective of toggling between your capacity allocations between leisure and that contract

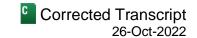
business. I guess, the specific questions are, you know, what are the different lead times for bookings between those two broad segments? And then, are the rates embedded in that contract business dilutive to your overall ADRs?

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Well, it could be dilutive to an overall weekend ADR. And that's one of the things that we're working very diligently with our small business owners is to convince them that it's better than an OTA rate, especially, as they approach peak occupancy and realizing that this is solid, long-term contracted business that they should be taking, that they should be responding to the request for proposal which are coming in now and will continue to ramp-up over the next few years. I mean, look, our owners, believe that whatever comes, they're still looking at a multi-year

Q3 2022 Earnings Call



recovery ahead, and they need to look both mid-week, Brandt, and on the weekend to your point to yield and to yield up. I mean, we're doing a lot from a tools standpoint. We've partnered with IDeaS. They're really the leading revenue management provider out there and it's available now to all 6,000 domestic hotels to help them forecast more accurately and price more confidently. We want to make sure that they're using it and taking that mid-week infrastructure business that's out there.

I mean, the one thing our owners are continually saying is that they wish they had more Wyndham Hotel product based just on how well their Days Inn or Super 8 or La Quinta performed throughout this pandemic because of those blue collar workers who are going to be picking up in the years ahead. I mean, they're more optimistic now about the future, I think, than they've ever been there. Their leverage is lower. They're much stronger and much better positioned. But they should be -- to your very good question, looking at all the businesses out there and yielding appropriately.

**Brandt Montour** 

Analyst, Barclays Capital, Inc.

Great. Thanks so much, guys.

Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Α

Thanks, Brandt.

**Operator**: Thank you. I will now turn the floor back over to Geoff Ballotti for closing remarks.

#### Geoffrey A. Ballotti

President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

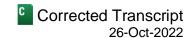
Well, thank you, Todd, and thanks, everyone, for your questions and for your interest in Wyndham Hotels & Resorts. Let me just summarize the quarter by saying that our teams again delivered sequential organic net room growth in all regions around the world, as well as very strong growth in our development pipeline. Global RevPAR once again exceeded 2019 levels and occupancy continued its recovery, which we believe will provide US midweek, to Brandt's question, and international tailwinds in the quarters ahead.

And we'd most importantly like to thank our teams who helped us deliver this top-line revenue improvement across the globe and the strong free cash flow conversion from adjusted EBITDA that we saw this quarter and have seen all year. We remain very disciplined in our capital allocation and will record shareholder returns this year.

Michele, Matt and I look forward to talking to and seeing many of you in the weeks ahead at some of the upcoming investor conferences. We'd like to wish everyone a happy Halloween on Monday. Thanks again for joining us.

**Operator:** Thank you. This does conclude today's Wyndham Hotels & Resorts third quarter 2022 earnings conference call. Please disconnect your line at this time. And have a wonderful day.

Q3 2022 Earnings Call



#### Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet Calistreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.