



 WYNDHAM

**WYNDHAM**  
HOTELS & RESORTS

# Investor Presentation

FEBRUARY 15, 2022

13500

Wyndham Noblesville  
Noblesville, Indiana

# Introduction to Wyndham Hotels & Resorts

Largest hotel franchisor by hotels worldwide

Leading brands in the resilient select-service segment

Asset-light business model with significant cash generation capabilities

Primarily leisure-focused “drive to” portfolio of hotels

9,000  
Hotels

810,100  
Current Rooms

>194,000  
Rooms in the Pipeline

95  
Countries

92M+  
Loyalty Members

22  
Brands

70%  
Leisure Guest Mix

~90%  
Drive to Destinations

1

# 2021 Performance Recap

CLEAR FOCUS & PRIORITIES TO  
DRIVE SHAREHOLDER VALUE

# WH Leads the Industry's COVID Recovery

**\$590M**

Adjusted EBITDA;  
95% of 2019 <sup>(a)</sup>

**+450 bps**

Margin expansion  
vs. 2019 <sup>(b)</sup>

**\$389M**

Free cash flow; 66%  
conversion from Adjusted  
EBITDA <sup>(c)</sup>

**+350 bps**

RevPAR Index <sup>(d)</sup>  
gains vs. 2019

**+280 bps**

ADR Index <sup>(d)</sup>  
gains vs. 2019

**+1.8%**

Net room growth YOY;  
1% in the U.S.,  
4% internationally

**7%**

Gross rooms growth;  
84% of 2019 levels

**95%**

Retention rate, up  
35 bps vs. 2019

**+5%**

Growth in  
global pipeline YOY;  
highest level on record

Data as of December 31, 2021. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

(a) Net income for full-year 2021 and 2019 was \$244 million and \$157 million, respectively.

(b) Margin calculation excludes cost reimbursements from revenues and can be found in the Appendix.

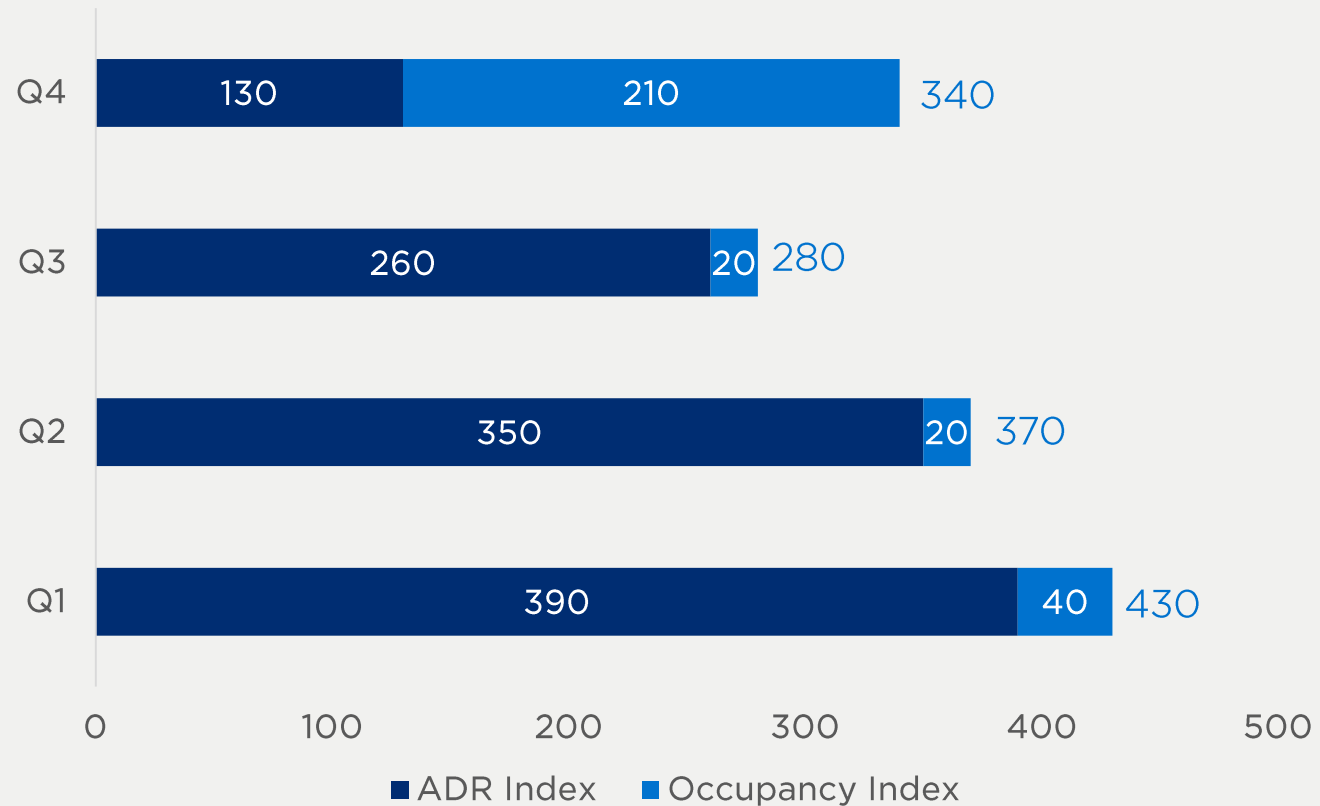
(c) Net cash provided by operating activities for full-year 2021 was \$426 million.

(d) Based on domestic STR property competitive set.

# WH Brands Gained Significant Market Share

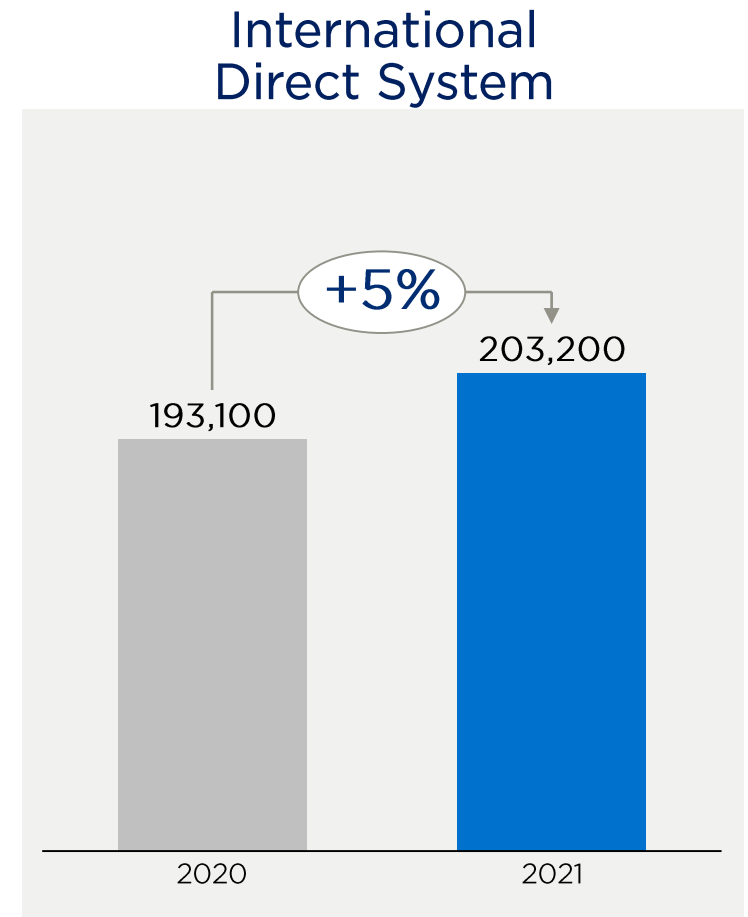
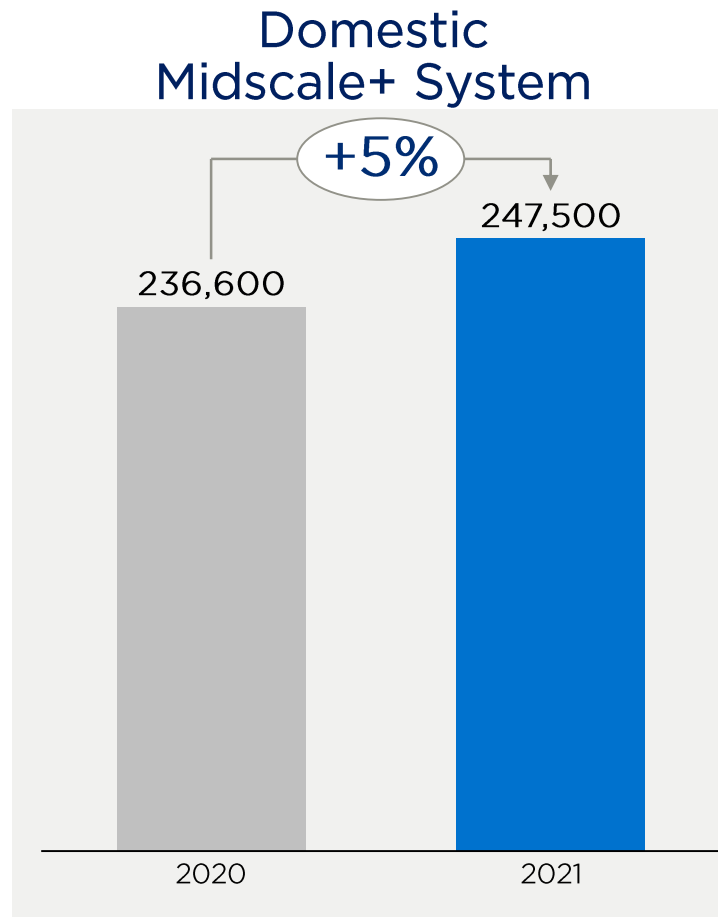
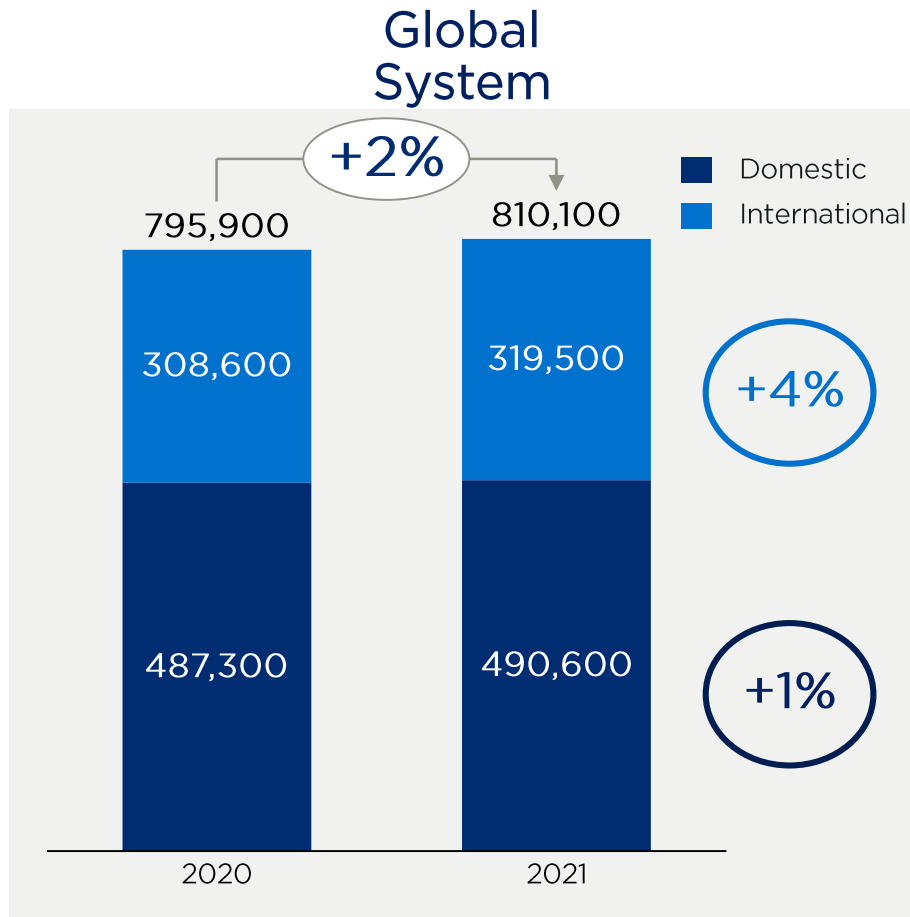
## 2021 U.S. INDEX CHANGE VS. 2019

Achieved a more balanced distribution between Occupancy and ADR in Q4



# Net Room Growth in Line with Expectations

Net Room Growth More Heavily Weighted Toward Higher RevPAR Domestic Segments and More Profitable Direct Franchising Internationally



# Highest Pipeline on Record

## TOTAL PIPELINE @ 12/31/21



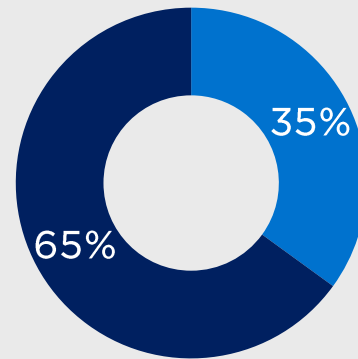
6<sup>th</sup> consecutive quarter of sequential growth

↑ +520bps vs. YE'20 (YOY)  
+100bps vs. Q3'21 (sequential)



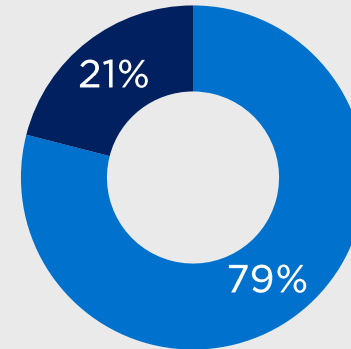
Covers 60 countries, including 11 without pre-existing WH presence

## GLOBAL COMPOSITION



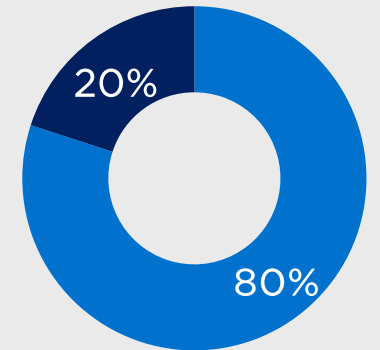
International  
U.S.

24% of current portfolio



Conversion  
New Construction

35% in the ground



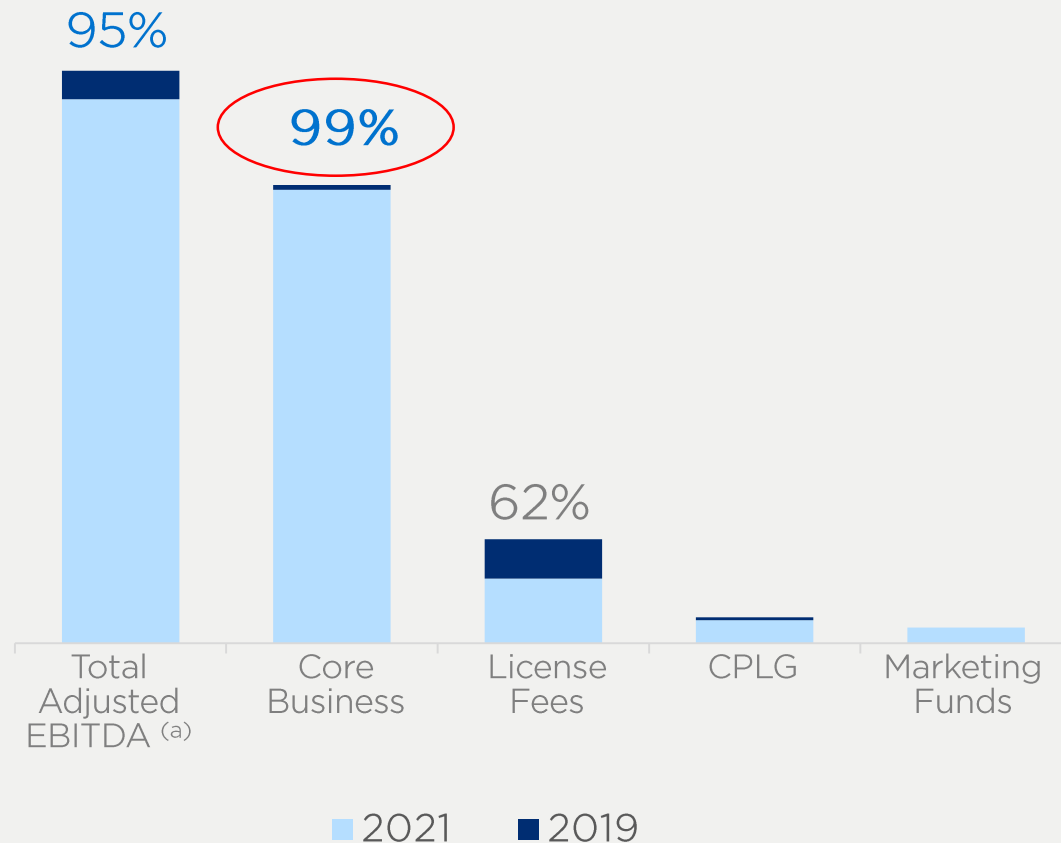
Economy Brands  
Midscale+ Brands

+220bps  
YOY midscale+ growth

# Adjusted EBITDA Nearly Recovered to 2019 Levels

## 2021 ADJUSTED EBITDA CONTRIBUTION vs. 2019

(\$ Millions)



2019 Adjusted EBITDA (a)	\$621
COVID-19 cost savings	40
12% RevPAR decline vs. 2019	(35)
Not in the RevPAR per point estimate:	
Marketing, reservation and loyalty funds	19
License fees (b)	(43)
Owned hotels	(1)
CPLG	(3)
Ancillary fee streams/bad debt expense (c)	(8)
<b>2021 Adjusted EBITDA (a)</b>	<b>\$590</b>

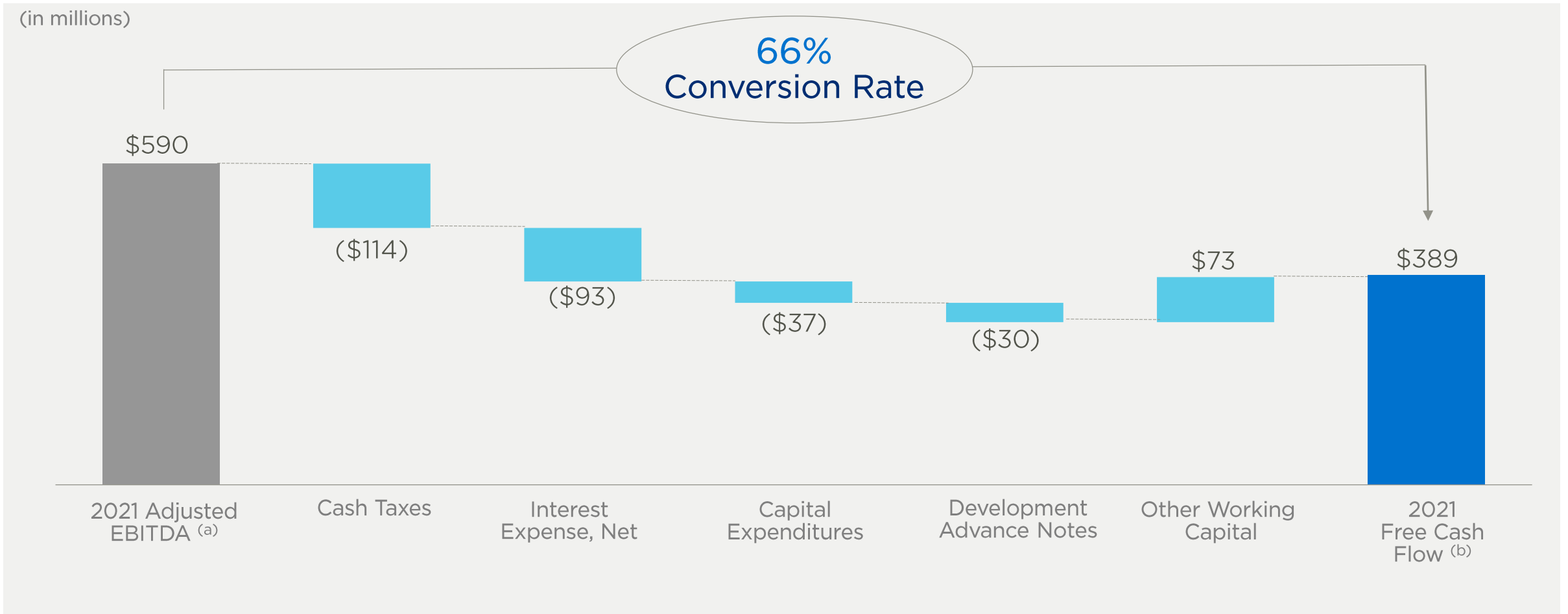
(a) 2021 net income of \$157 million represents 155% of 2019 levels. Core business includes all adjustments to Adjusted EBITDA.

(b) License fees are tied to VOI sales at Travel + Leisure (“TNL”); full recovery to 2019 levels requires \$2.4 billion of TNL VOI sales.

(c) Ancillary fee streams primarily reflect items tied to either revenue recognition deferral accounting, franchisee spend or franchisee relief programs in effect during 2021; both these streams and bad debt expense will continue their recovery into 2022.



# Asset-Light, Franchised Model Generates Strong Free Cash Flow



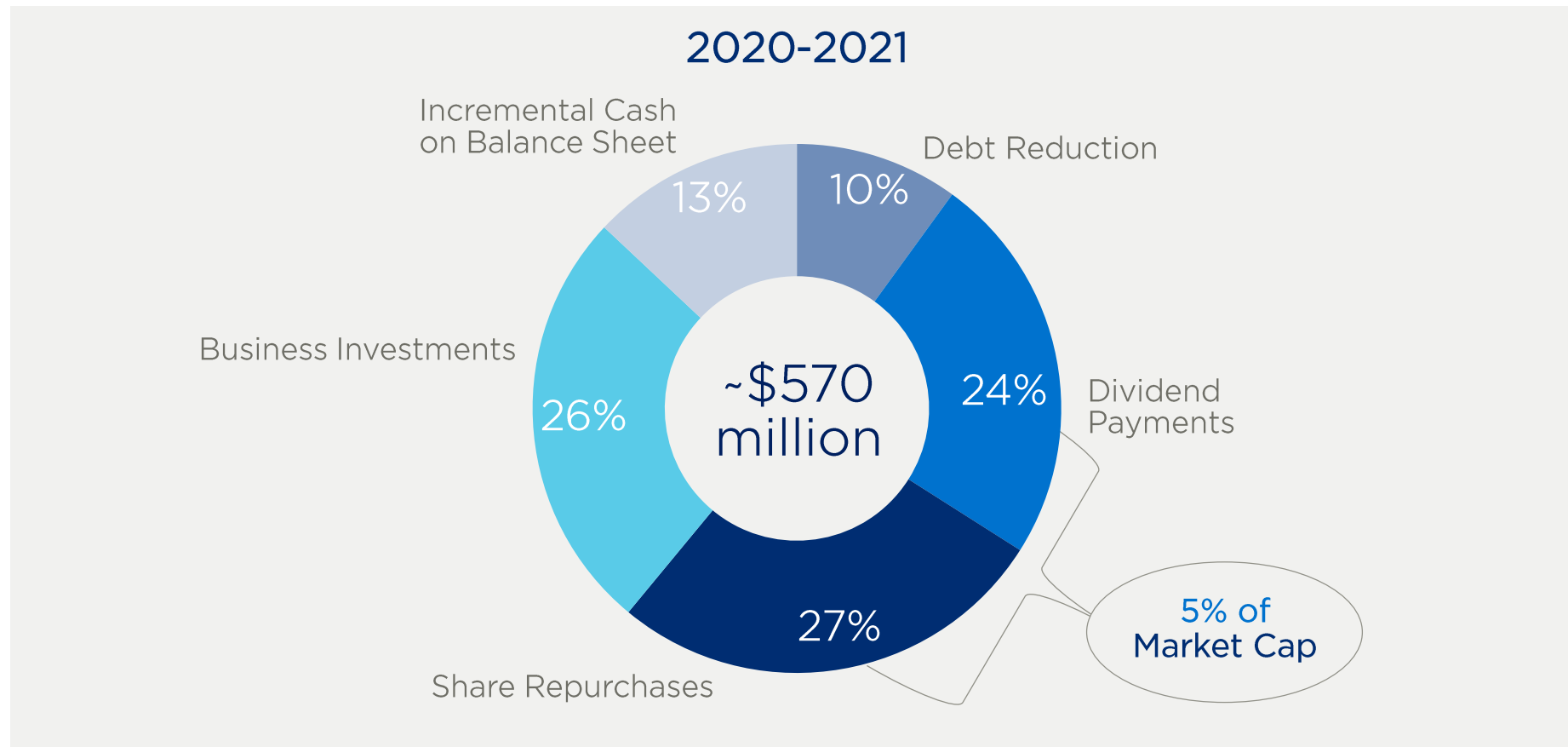
Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

(a) Net income was \$244 million.

(b) Net cash provided by operating activities was \$426 million.

# Disciplined Capital Allocation Maximizes Value for All Stakeholders

Throughout COVID and the recovery, WH has deployed cash to drive value for all stakeholders





Registry Collection  
Panama City, Panama



La Quinta by Wyndham  
Middletown, New York



Wyndham Fengqing Resort  
Lincang, China



Ramada by Wyndham Windsor Locks  
Windsor Locks, Connecticut



Wyndham Garden Hangzhou Yuhang  
Hangzhou, China



Super 8 by Wyndham  
Carizzo, Texas



Trademark Collection by Wyndham  
Thessaloniki, Greece



WYNDHAM  
HOTELS & RESORTS

2

# 2022 Outlook

CLEAR FOCUS & PRIORITIES TO  
DRIVE SHAREHOLDER VALUE

Wyndham Newport Hotel  
Middletown, Rhode Island

# 2022 Key Priorities

---

## DRIVE NET ROOM GROWTH

Grow direct franchise system 2-4%,  
including retention rate  
above 95%

Continued investment in profitable  
and brand-enhancing prototypes  
and system refresh programs

Expand portfolio reach across  
adjacent segments and  
geographies

## INCREASE OWNERS' PROFITABILITY

Optimize our franchisees' top-line  
and market share through  
continued digital innovation  
and best practices

Reduce on-property labor and  
operating costs for our franchisees  
through state-of-the-art technology  
solutions and services

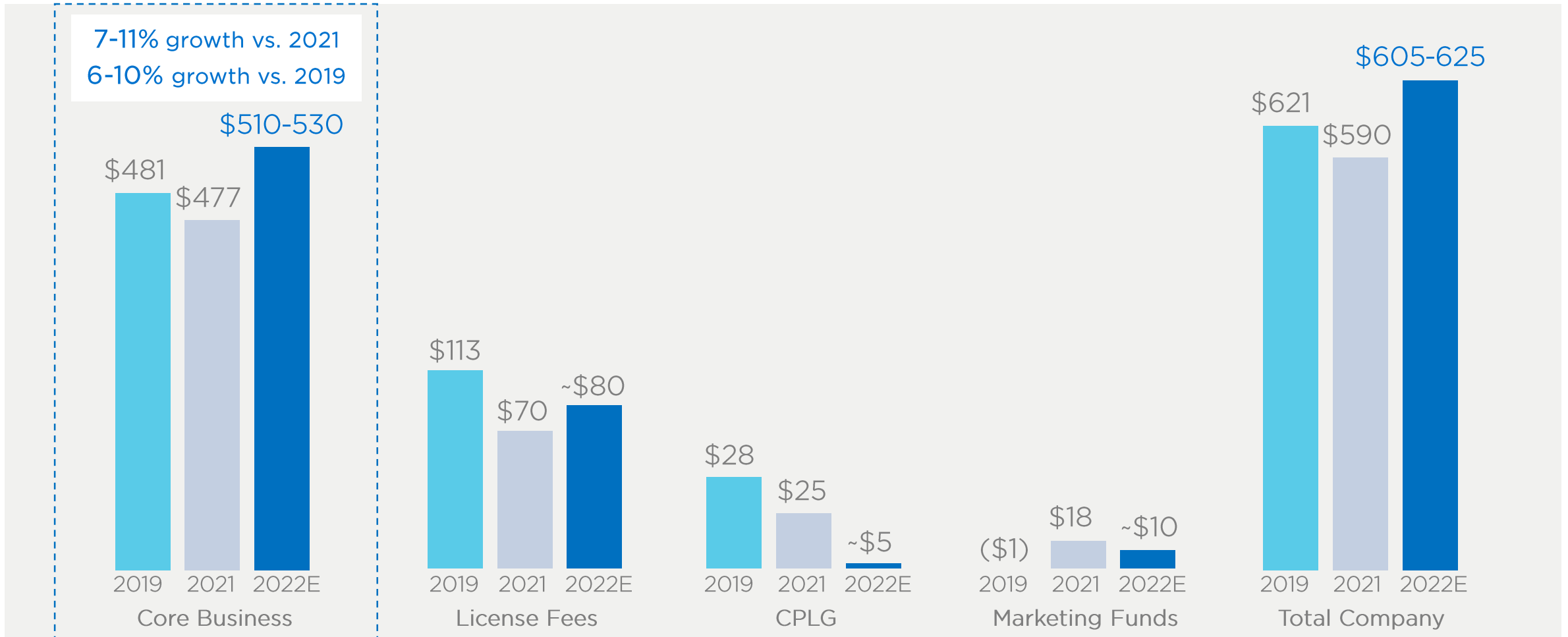
## SIMPLIFY OUR BUSINESS MODEL

Finalize exit from select-service  
management business and pursue  
sale of two owned hotels

Refocus resources to our  
highly-profitable and asset-light  
franchise business

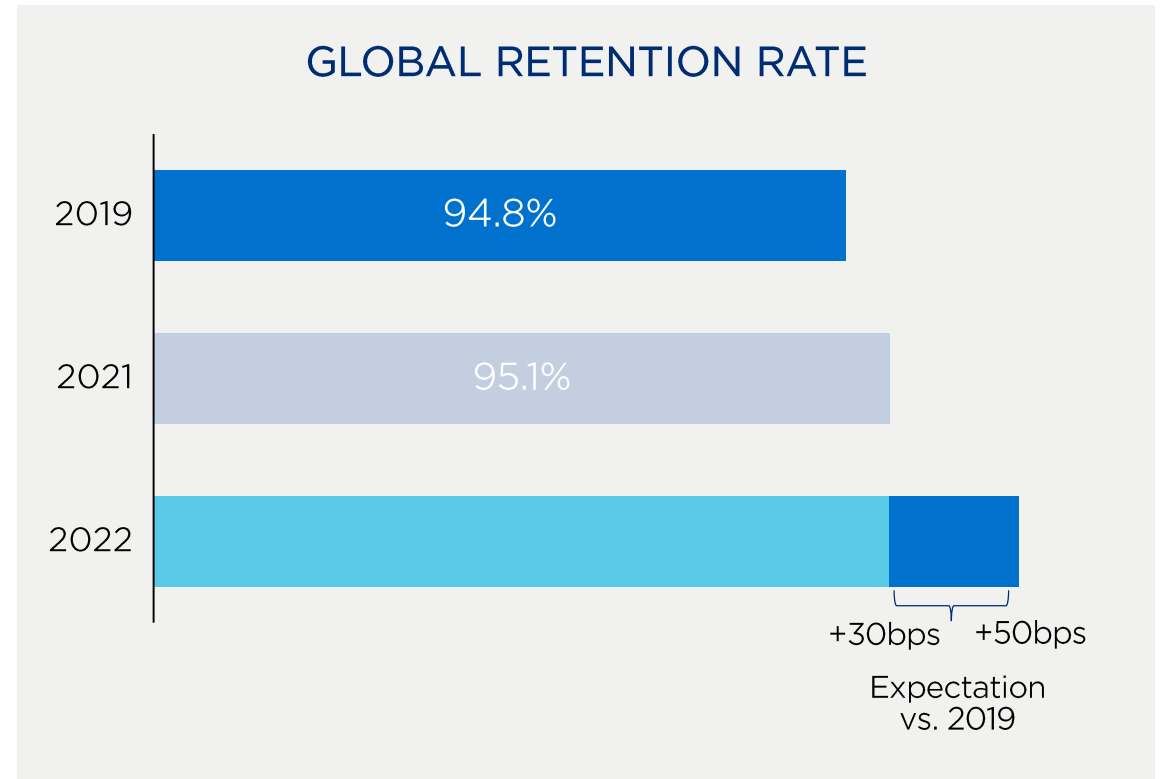
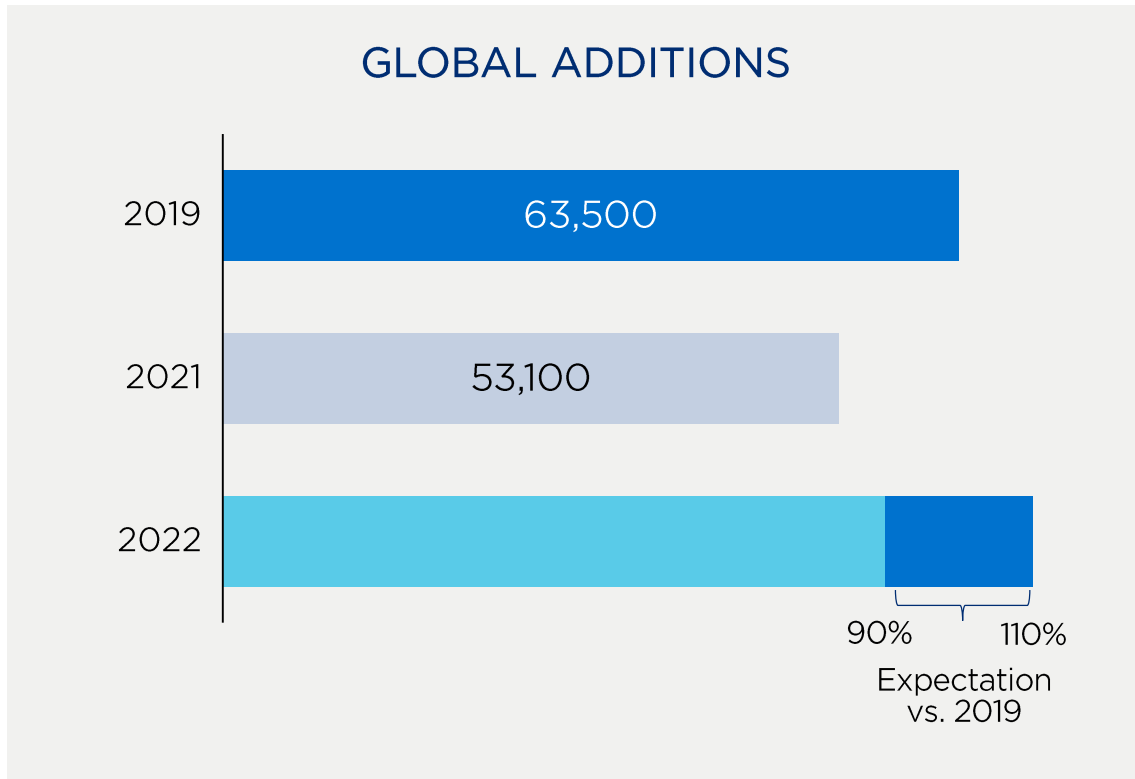
# Core Business Projected to Grow 6-10% vs. 2019

## ADJUSTED EBITDA CONTRIBUTION (a)



# System Projected to Increase 2 to 4%

Continued momentum in openings and improvements in retention rate expected to drive net room growth back to pre-pandemic growth rate



7-9%  
Gross  
Openings

>95%  
Retention  
Rate

# Maximizing Capital Allocation For All Stakeholders

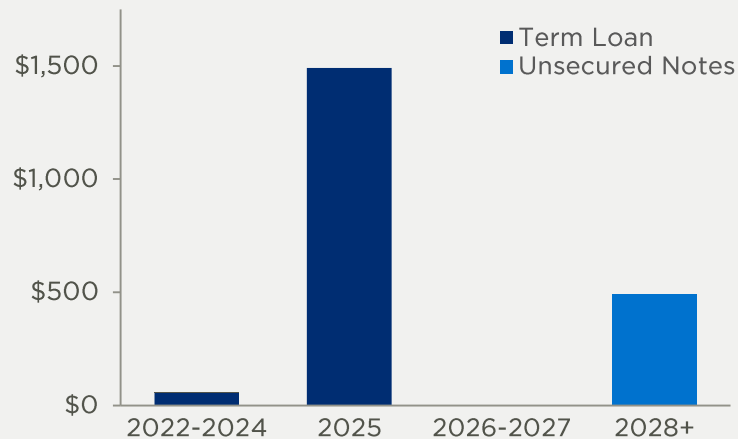
## MAINTAIN STRONG BALANCE SHEET

>\$900 million of liquidity

Total leverage at 3.2x – within our 3-4x target range

Significant room under all debt covenants

No near-term debt maturities

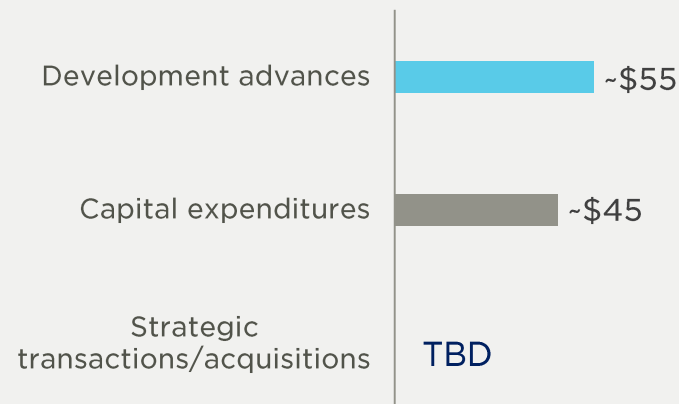


## INVEST IN BUSINESS

Increased deployment of capital to accelerate system growth, including economy extended-stay brand launch

Continued digital innovation to drive franchisees' top and bottom lines

Disciplined approach to strong ROI strategic transactions/acquisitions



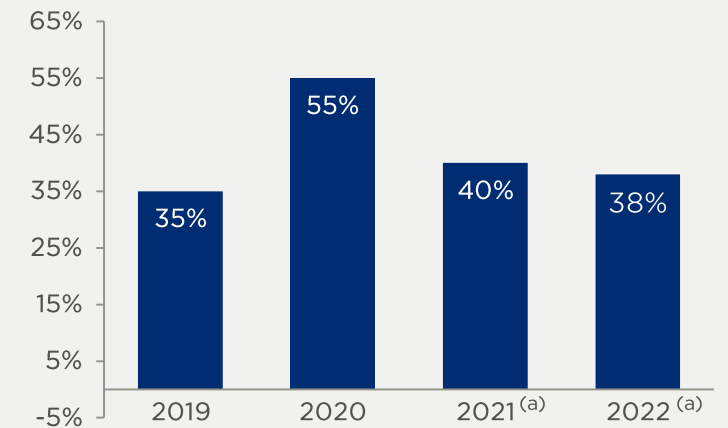
## RETURN EXCESS CAPITAL TO SHAREHOLDERS

Target mid-30s dividend payout ratio

Deploy excess cash to bolster shareholder return

\$192 million of capital returned to shareholders in 2021 (3.5% of market cap)

### Dividend Payout Ratio





# Disciplined Approach to M&A

---

Strong strategic fit



Significant growth potential in existing and adjacent markets



Asset-light and a preference for franchise



Accretive to earnings and net room growth in the near-term



Manageable impact on net leverage



# Continued Significant Investment & Focus on ESG



Ranked #4 in



**ISS CORPORATE SOLUTIONS**

QualityScore ratings (a):

- Environment - 1 out of 10
- Social - 1 out of 10
- Governance - 2 out of 10

**10M**  
Wyndham Rewards points donated to  
**Polaris**



## A CULTURE OF DIVERSITY, EQUITY & INCLUSION

Perfect score of 100 on Human Rights Campaign 2022 Corporate Equality Index for 4<sup>th</sup> consecutive year

~55% of global corporate workforce is female

Launched Women Own the Room program to support advancement of women-owned hotels

Pledged CEO Action for Diversity, Equity & Inclusion

Executive-level sponsorship of all Diversity, Equity & Inclusion Associate Business Groups

Expanded on-property DE&I franchisee training offerings

## LEADERSHIP IN SUSTAINABILITY

Scored in the management band on CDP Response for Climate Change ahead of North American and Sector average

Proprietary Wyndham Green Toolbox for owners to track, measure and report the progress on their energy, emissions, water and waste diversion efforts

Maintaining LEED® Gold certification at corporate headquarters

## PROTECTING HUMAN RIGHTS

Human trafficking training mandated across all hotels

Employee safety devices deployed to owned and managed hotels

Signatory to ECPAT Code to combat trafficking since 2011

Supplier Code of Conduct prohibits forced and child labor

Enhanced training to support hotel workers through AHLA's "5-Star Promise"

Continuing to strengthen partnerships with ECPAT, Polaris, Sustainable Hospitality Alliance and BEST

## SUPPORTING OUR COMMUNITIES

Partnered with local inner-city high schools and colleges to provide mentoring programs and workshops to students

Wyndham Rewards and its members donated 123 million points to charitable organizations

Continuing to strengthen Wyndham's Count on Us health and safety efforts

Empowering women through sponsorship and participation in Dress for Success and Making Strides Against Breast Cancer

# WH Investment Thesis

---

Highly resilient, asset-light, fee-based franchise business model generating high margins and prodigious free cash flow

3

# Resilient Business Model & Core Strengths

CLEAR FOCUS & PRIORITIES TO DRIVE SHAREHOLDER VALUE

# Resilient Business Model & Core Strengths

1

LOW RISK  
BUSINESS MODEL

2

PRIMARILY  
LEISURE-FOCUSED

3

PREDOMINATELY  
“DRIVE TO”  
LOCATIONS

4

SELECT-SERVICE  
LEADER

5

POWERFUL  
GROWTH ENGINE



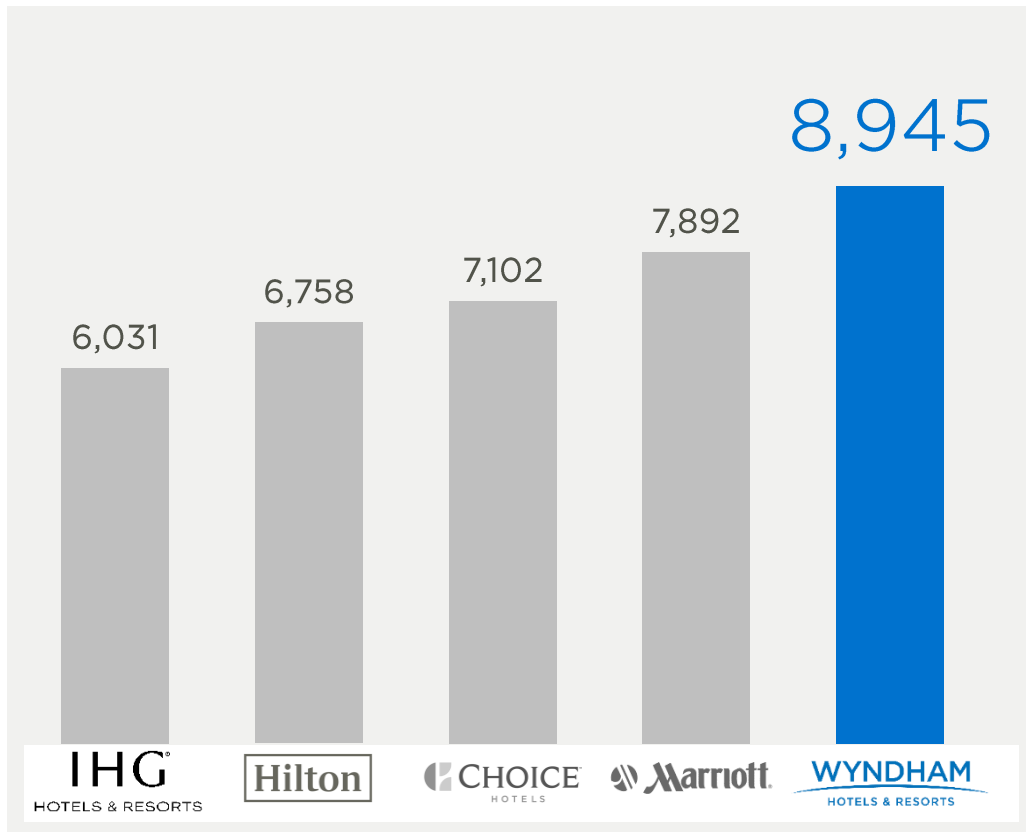
Days Inn by Wyndham Bullhead City  
Bullhead City, Arizona, USA

WYNDHAM  
HOTELS & RESORTS

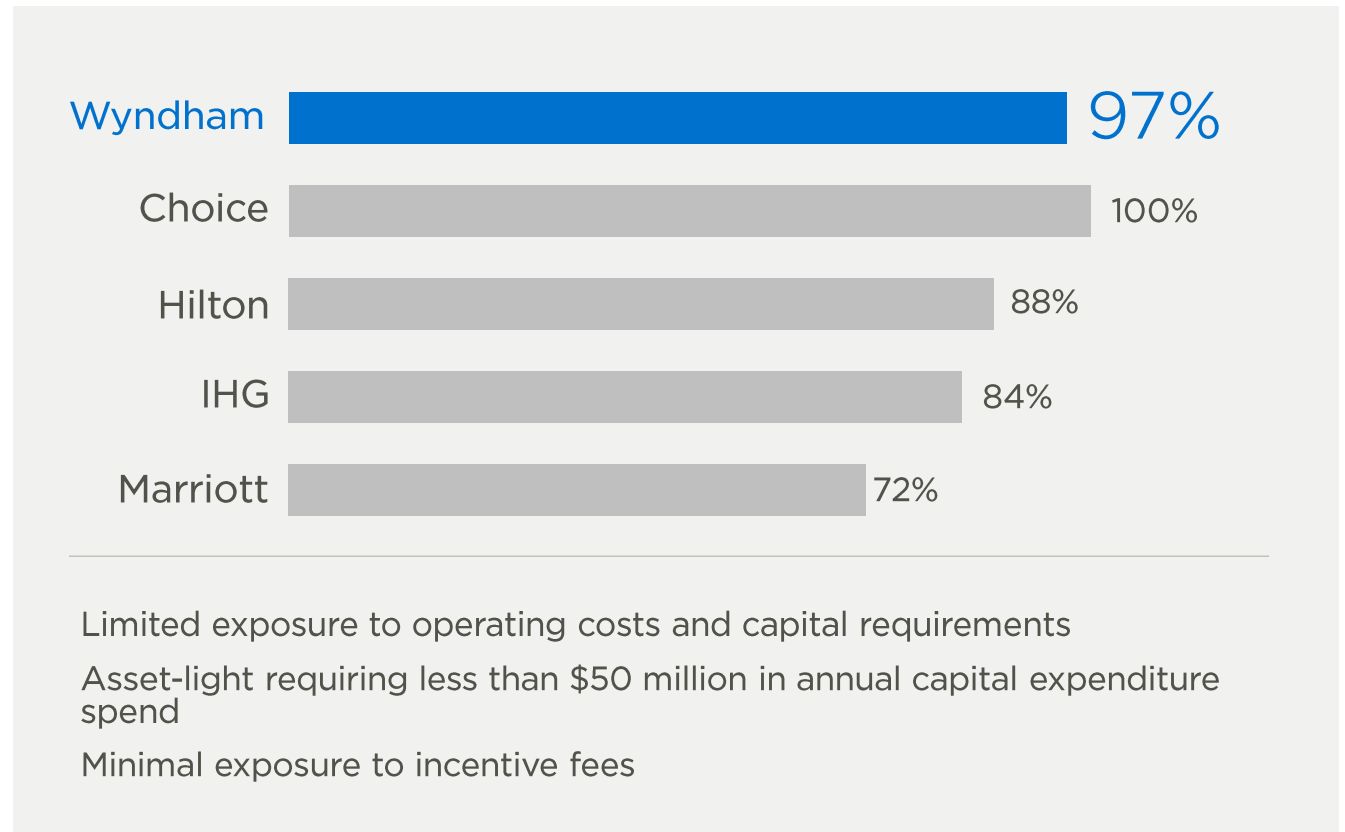
## REASON 1

# World's Largest Hotel Franchisor with Minimal Exposure to Asset Risk

### NUMBER OF HOTELS WORLDWIDE



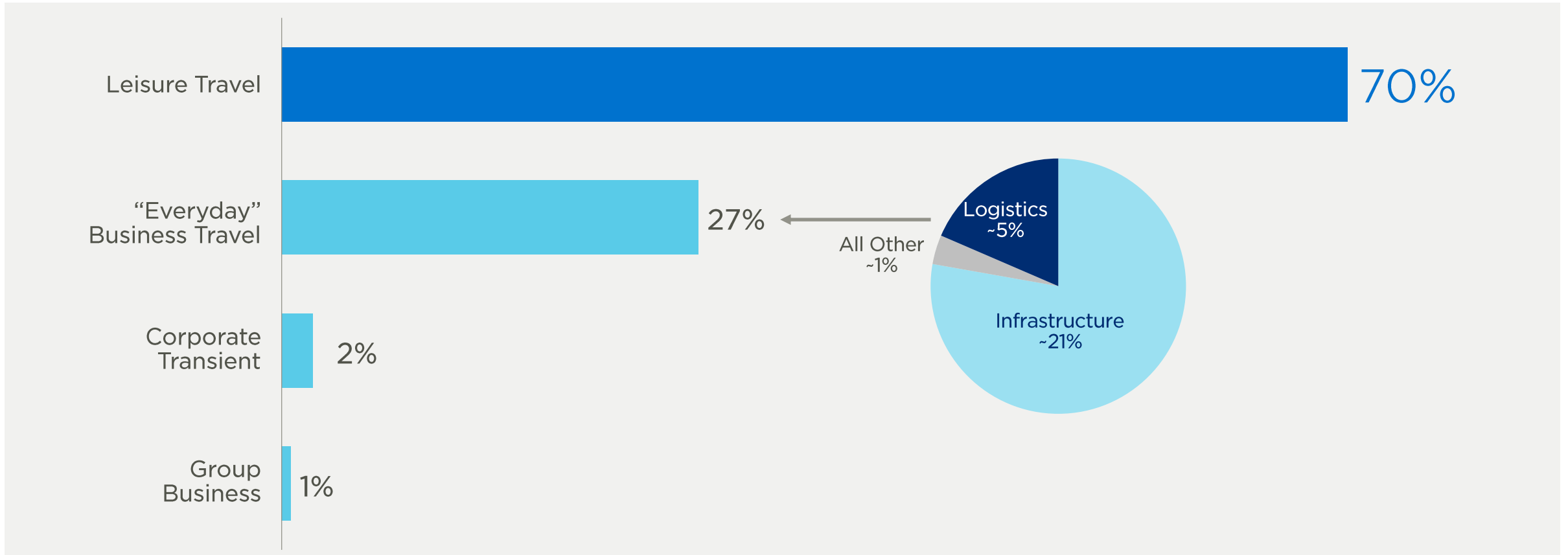
### PERCENT OF FRANCHISED HOTELS



REASON 2

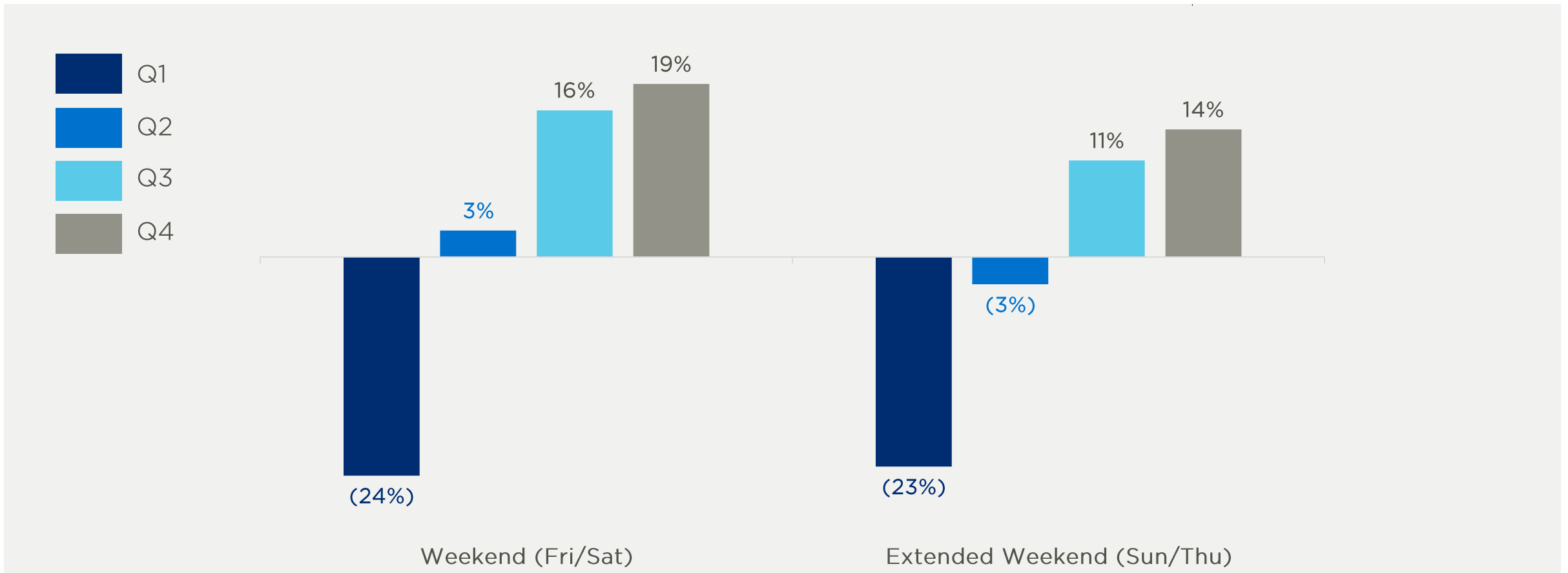
# Leisure Guests Power Our Business

70% LEISURE FOCUS



# Thursday & Sunday Nights Drove Longer “Long Weekends”, Further Increasing Leisure Demand

## 2021 REVPAR VS 2019

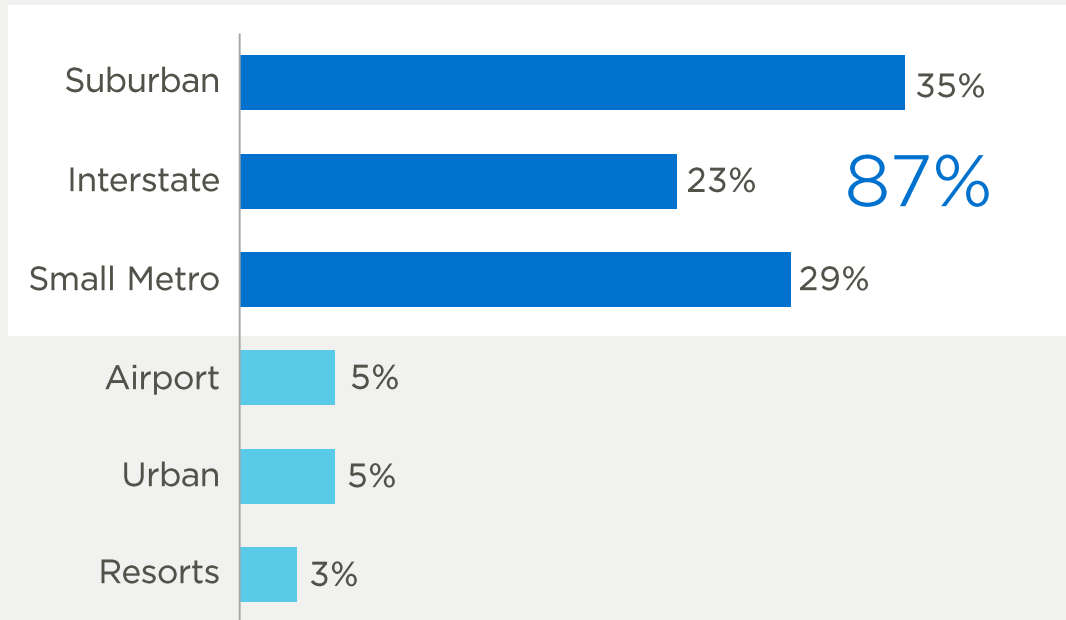




## REASON 3

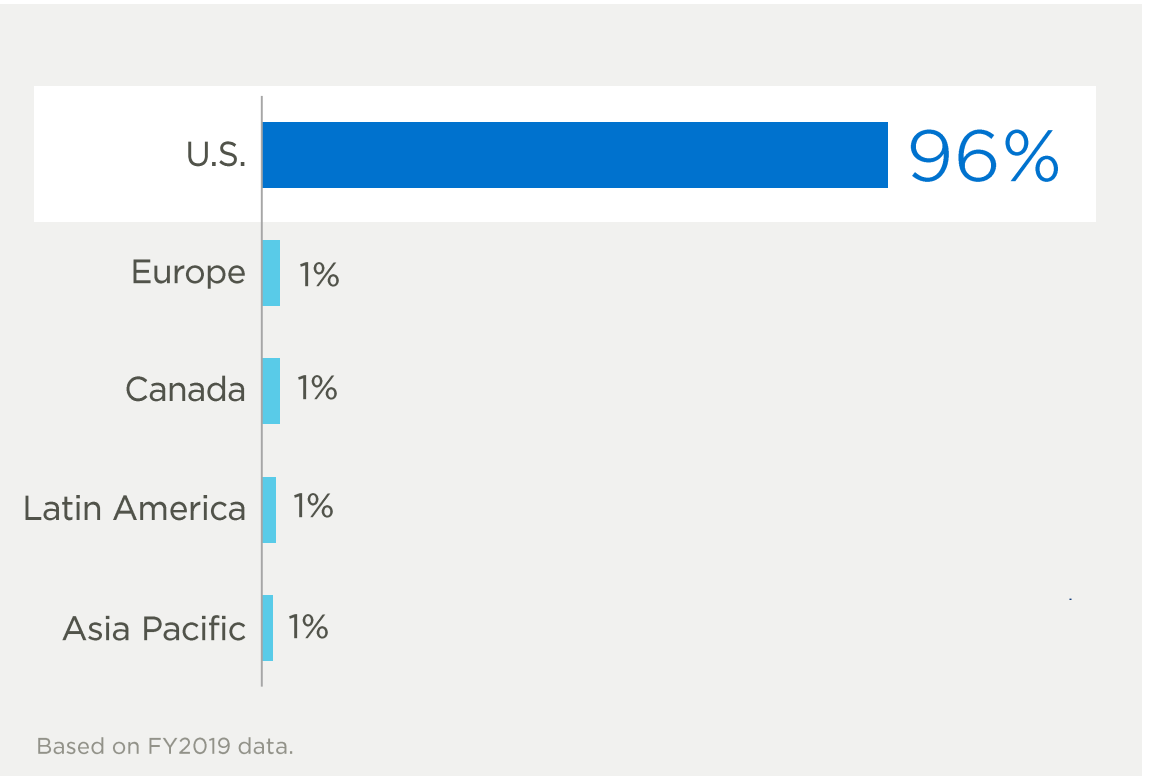
# “Drive to” Destinations Not Reliant on Air Travel or International Travelers

### 87% U.S. HOTELS IN “DRIVE TO” LOCATIONS



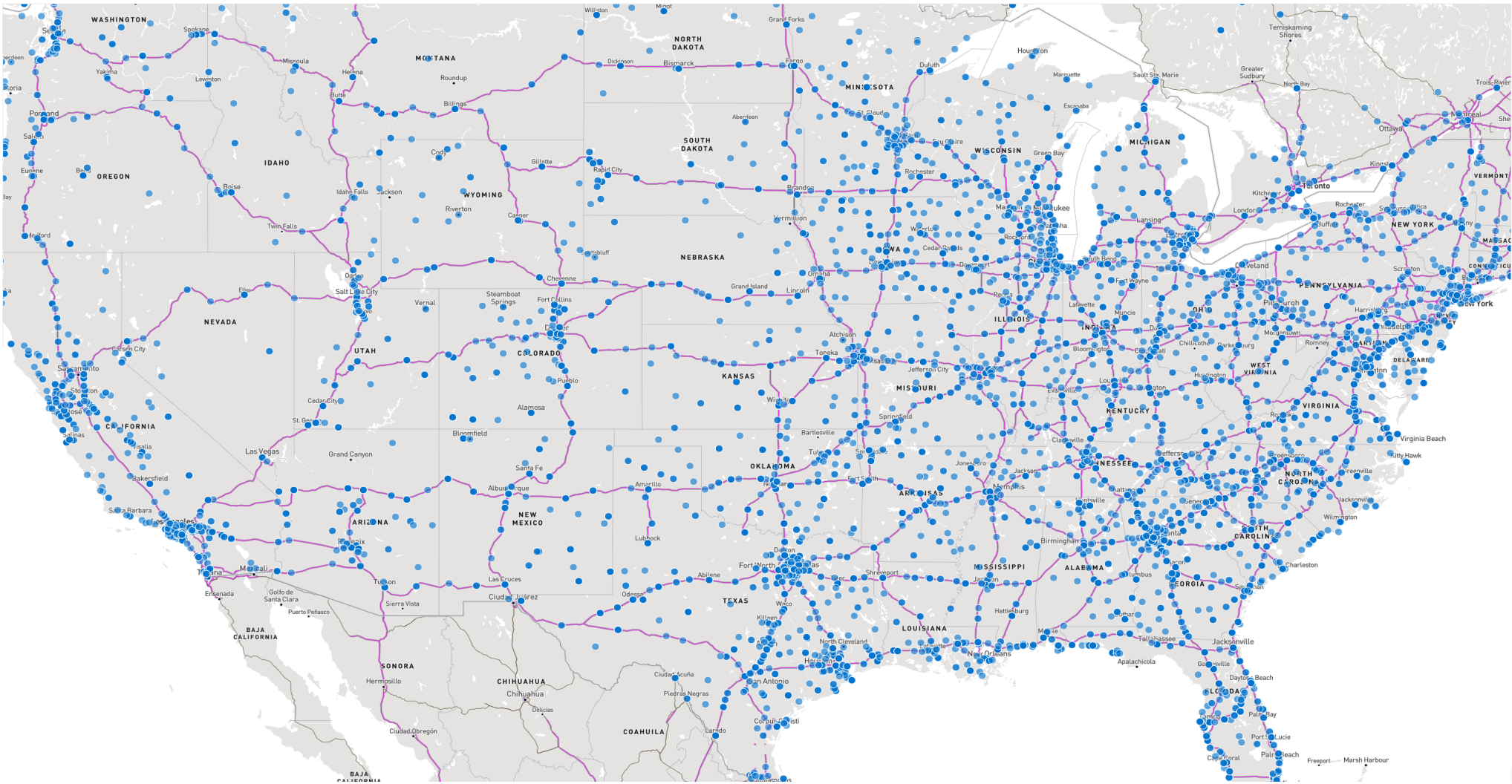
All data based on STR census December 2021.

### 96% OF U.S. GUESTS ORIGINATE DOMESTICALLY



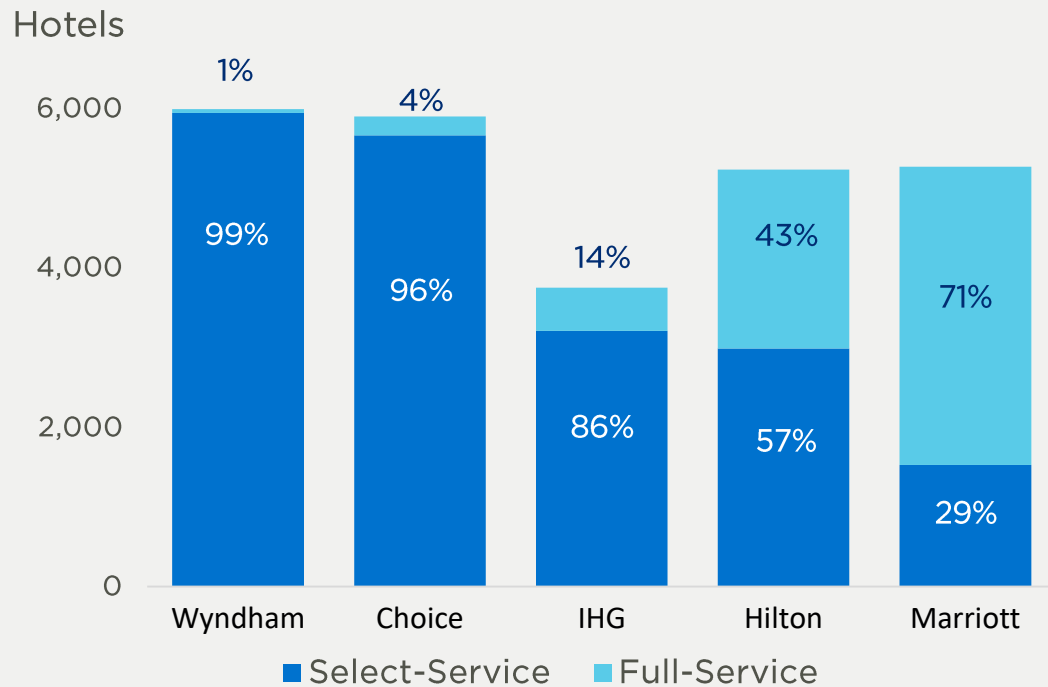
Based on FY2019 data.

# U.S. System Well Positioned Along Highways and Byways and in Drive-to Destinations



# Leader in the Attractive Select-Service Space

PERCENT OF U.S. HOTELS IN SELECT SERVICE VS. FULL SERVICE

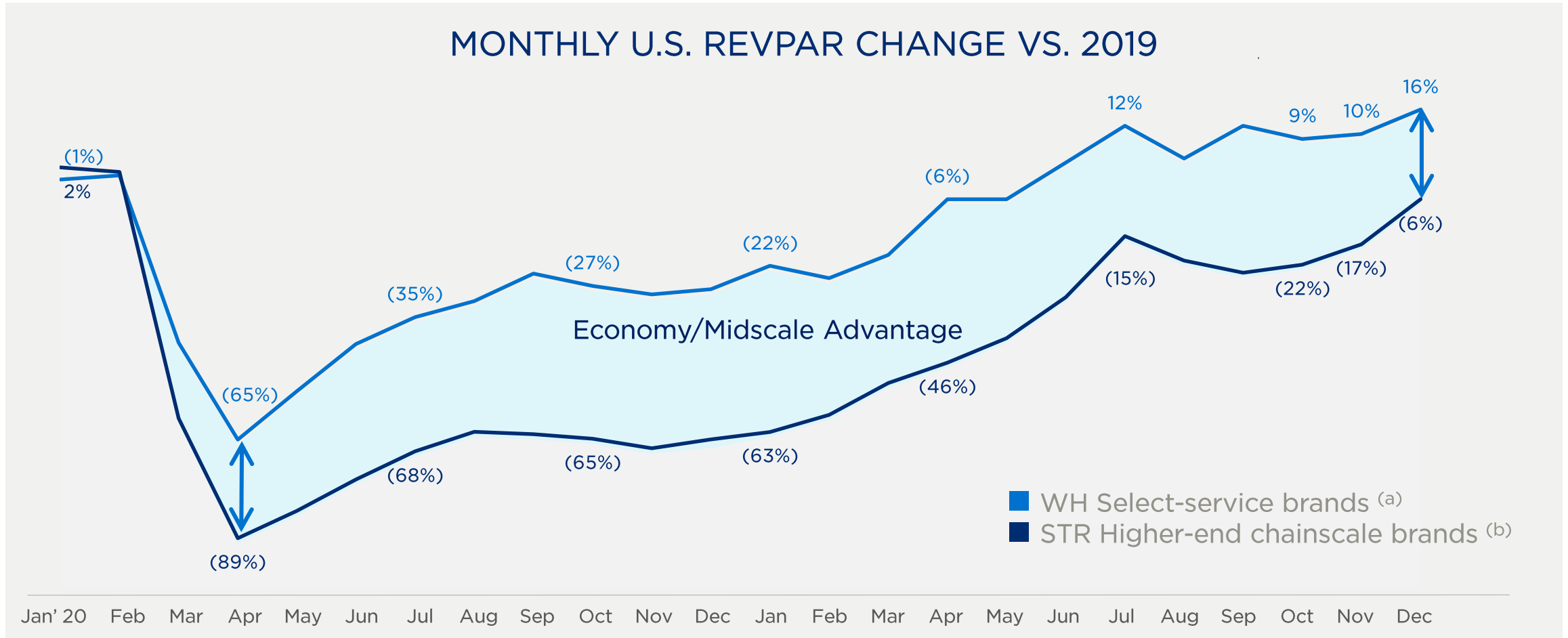


All data based on STR census December 2021.

ADVANTAGEOUS FEATURES OF SELECT-SERVICE HOTELS

- Less labor-intensive and lower operating costs
- Higher operating margins
- Lower construction costs and manageable debt service
- Proven to be more resilient through economic cycles
- ~30% of bookings originate from steady everyday business traveler

# WH Select-Service Brands Outperform Higher-end Chainscales



(a) Includes WH brands in the economy, midscale and upper midscale segments.  
 (b) Includes STR performance for upscale, upper upscale and luxury segments.

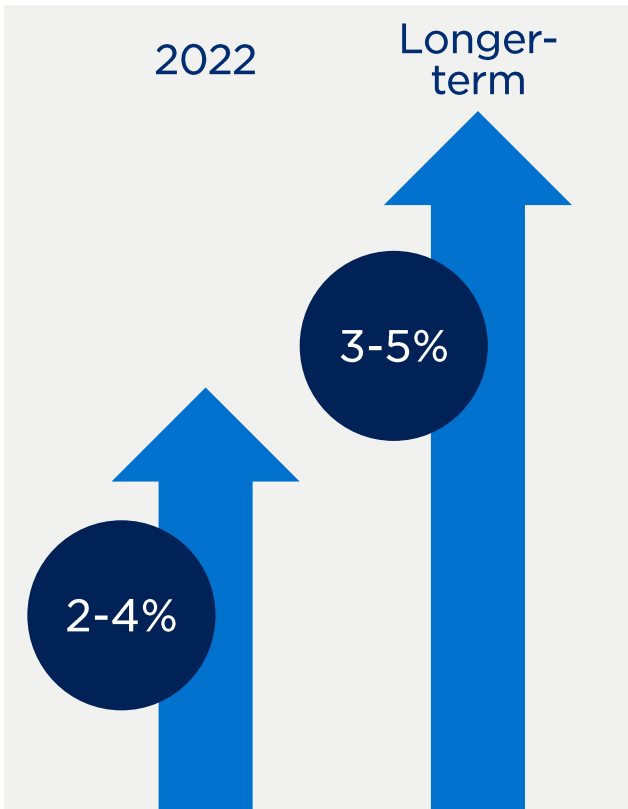
# Multiple Levers to Drive Net Room Growth

## NET ROOM GROWTH

Owner-First Approach

Prioritize Investment in the Business

Strategic Evolution of Business and Innovation



Proven Conversion Value Prop

- 350 bps of RevPAR index improvement since 2019
- ROI-focused approach to property improvement plans and other conversion requirements
- Value proposition stronger than ever to attract independents and hotels facing value erosion in other systems

Investing in New Construction Growth

- Wide-ranging investments to grow and support the new construction pipeline
- Signings +13% YOY in 2021, paving way for robust openings momentum in 2023+

Driving International Direct Signings

- International growth now driven by direct franchises at faster pace, higher average royalties, and with more control over product

Expanding Brand Portfolio

- Introduced two brands in 2021 to expand portfolio in fast-growing segments
- Seed the launch and development of new brands to meet developer and guest demand, including an economy extended stay product
- Continually evaluating opportunities for portfolio-enhancing M&A

Improving Retention Rates

- Employing targeted service models and predictive analytics to drive performance and increase engagement of owners at risk of termination
- Expanding brand investment programs that improve guest satisfaction and overall brand equity

# Compelling Value Proposition for Franchisees . . .

Wyndham's industry-leading central reservation systems deliver \$7 out of every \$10 to U.S. franchisees

Trusted brands with segment-leading consumer awareness and market share

Industry's #1 hotel loyalty program with over 92 million enrolled members

Global marketing funds in excess of \$500 million

Continuous guest-facing digital innovation enhances guest experience

World's largest hotel franchisor leverages pricing power to deliver on-property savings for franchisees

On-property technology tools drive operating efficiencies and reduce hotel labor costs

Efficient prototypes designed to maximize owner ROI

Owner-first, customer-centric approach with ~350 field support associates dedicated to our franchisees' success

# ...That Continues to Deliver Strong Returns



Cost per room	~\$75,000
Loan-to-value	~70%
Franchisee Investment	\$1,575,000
RevPAR	\$53.00
Revenues	\$1,354,000
Operating expenses	\$745,000
Brand fees	\$115,000
Interest expense	\$184,000
Hotel EBTDA	\$310,000

Cash-on-Cash Return of ~20%

Data is not brand specific. RevPAR and revenue results are indicative for a 70-room new construction Wyndham-branded economy hotel in the United States on a full year current post-COVID basis. Cost per room also includes average land costs for economy hotels across the United States. Operating expenses are based on current post-COVID STR HOST select-service industry data, adjusted for wage inflation, and are not based on individual hotel performance. Return on invested capital assumes a loan interest rate of 5%.

# Strong and Experienced Leadership Team



**GEOFF BALLOTTI**  
**CHIEF EXECUTIVE OFFICER**

*33 Years of Industry Experience*

- Served as President and Chief Executive Officer of Wyndham Hotel Group (2014 – 2018)
- Served as Chief Executive Officer of Wyndham Destination Network (2008 – 2014)
- Held leadership positions of increasing responsibility at Starwood Hotels and Resorts Worldwide including President of Starwood North America, Executive Vice President, Operations, Senior Vice President, Southern Europe and Managing Director, Ciga Spa, Italy (1989 – 2008)
- Served as Banking Officer in the Commercial Real Estate Group at the Bank of New England



**MICHELE ALLEN**  
**CHIEF FINANCIAL OFFICER**

*23 Years of Industry Experience*

- Served as Executive Vice President and Treasurer of Wyndham Hotels & Resorts (2018 – 2019)
- Served as Senior Vice President of Finance for Wyndham Worldwide responsible for budgeting, capital allocation, financial analysis and strategy (2015 – 2018)
- Held varied financial leadership positions of increasing responsibility within Wyndham Hotel Group and Wyndham Worldwide's predecessor (1999 – 2015)
- Began her career as an independent auditor with Deloitte where she earned a CPA



**PAUL CASH**  
**GENERAL COUNSEL**

*17 Years of Industry Experience*



**LISA CHECCHIO**  
**CHIEF MARKETING OFFICER**

*19 Years of Industry Experience*



**SCOTT STRICKLAND**  
**CHIEF INFORMATION OFFICER**

*29 Years of IT Experience*



**MONICA MELANCON**  
**CHIEF HUMAN RESOURCE OFFICER**

*23 Years of Human Resource Experience*



**KRISHNA PALIWAL**  
**PRESIDENT, LA QUINTA**  
**HEAD OF DESIGN & CONSTRUCTION**

*16 Years of Industry Experience*



**CHIP OHLSSON**  
**CHIEF DEVELOPMENT OFFICER**

*28 Years of Industry Experience*



**SCOTT LEPAGE**  
**PRESIDENT, AMERICAS**

*11 Years of Industry Experience*



**JOON AUN OOI**  
**PRESIDENT, APAC**

*20 Years of Industry Experience*



**DIMITRIS MANIKIS**  
**PRESIDENT, EMEA**

*32 Years of Industry Experience*



# The Wyndham Family of Brands

Wherever people go, Wyndham will be there to welcome them.

## ECONOMY



## MIDSCALE



## UPPER MIDSCALE



## UPSCALE



## UPPER UPSCALE



## LUXURY



4

# Appendix

---



APPENDIX

## Financial Impact of Select-Service Management Business Exit

<i>(in millions)</i>	2019		2021	
	Revenue	Adjusted EBITDA <sup>(a)</sup>	Revenue	Adjusted EBITDA <sup>(a)</sup>
Estimated CPLG contribution from assets sold <sup>(b)</sup>	\$ (18)	\$ (12)	\$ (6)	\$ (2)
Estimated CPLG contribution from assets to be transferred to new owners <sup>(b)</sup>	(23)	(9)	(18)	(4)
Termination fees from CPLG <sup>(c)</sup>	(7)	(7)	(19)	(19)
Cost reimbursables	(623)	-	(320)	-
Subtotal	(671)	(28)	(363)	(25)
Plus: One-time fee credit <sup>(d)</sup>	20	-	-	-
Total financial impact	\$ (651)	\$ (28)	\$ (363)	\$ (25)

(a) Net income for full-year 2019 and 2021 was \$157 million and \$244 million, respectively.

(b) Excludes cost reimbursables, which are called out separately. Revenues are primarily recorded within Management and other fees on the Company's income statement.

(c) Recorded within Royalties and franchise fees on the Company's income statement.

(d) Represents a one-time fee credit in 2019, which is reflected as a reduction to hotel management revenues on the income statement but excluded from Adjusted EBITDA

APPENDIX

# 2022 Adjusted EBITDA Outlook

## 2021 Reconciliation to 2022 Outlook

*(in millions)*

2021 Adjusted EBITDA <sup>(a)</sup>	\$590
Royalty growth	39 – 59
License fees <sup>(b)</sup>	~10
Marketing, reservation and loyalty funds	~(8)
CPLG <sup>(c)</sup>	~(20)
Inflationary increases	~(10)
Ancillary fee streams/bad debt expense <sup>(d)</sup>	~4
<b>2022 Adjusted EBITDA Outlook</b>	<b>\$605-625</b>

(a) Net income for full-year 2021 was \$244 million.

(b) License fees are tied to vacation ownership sales at Travel + Leisure (“TNL”); full recovery to 2019 levels requires \$2.4 billion of TNL VOI sales.

(c) Includes \$5 million in 2022 as this business is included only through its expected sale date in March.

(d) Ancillary fee streams primarily reflect items tied to either revenue recognition deferral accounting, franchisee spend or franchisee relief programs in effect during 2021.

## 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 fourth quarter 2021 Earnings Release at [investor.wyndhamhotels.com](http://investor.wyndhamhotels.com).

	Year Ended December 31, 2021	Year Ended December 31, 2019
Net income	\$ 244	\$ 157
Provision for income taxes	91	50
Depreciation and amortization	95	109
Interest expense, net	93	100
Early extinguishment of debt	18	-
Stock-based compensation expense	28	15
Development advance notes amortization	11	8
Impairment, net	6	45
Contract termination costs	-	42
Transaction-related expenses, net	-	40
Separation-related expenses	3	22
Transaction-related item	-	20
Restructuring costs	-	8
Foreign currency impact of highly inflationary countries	1	5
Adjusted EBITDA	\$ 590	\$ 621

## APPENDIX

# Non-GAAP Reconciliations

The following table reconciles certain non-GAAP financial measures. We define free cash flow to be net cash provided by operating activities less property and equipment additions, which we also refer to as capital expenditures. We believe free cash flow to be a useful operating performance measure to us and investors to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions and investments, as well as our ability to return cash to shareholders through dividends and share repurchases, to the extent permitted. We believe free cash flow conversion to be a useful liquidity measure to us and investors to evaluate our ability to convert our earnings to cash. These non-GAAP measures are not necessarily a representation of how we will use excess cash. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating Wyndham Hotels is that free cash flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

	Year Ended	
	December 31, 2021	
Net cash provided by operating activities	\$	426
Less: Property and equipment additions		(37)
Free cash flow	\$	389

## APPENDIX

# Calculation of Margin

Consistent with how we believe our peers calculate, franchising margin excludes the effects of the marketing, reservation and loyalty funds from Hotel Franchising segment revenues and adjusted EBITDA, as well as license and other fees. Management evaluates the operating results of each of its reportable segments based upon net revenues and “adjusted EBITDA”. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes and have applied the modified definition of adjusted EBITDA to all periods presented.

Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by fee-related and other revenues plus a one-time \$20 million fee credit in 2019 to CPLG. The calculation of adjusted EBITDA margin excludes cost reimbursement revenues, which primarily represent payroll costs for operational employees at certain of our managed hotels. Although these costs are funded by hotel owners, accounting guidance requires us to report these costs on a gross basis as both revenues and expenses. As there are no resultant earnings from these revenues, we excluded these amounts from the margin calculation.

	Year Ended December 31, 2021	Year Ended December 31, 2019		Year Ended December 31, 2021	Year Ended December 31, 2019
Hotel Franchising segment revenues	\$ 1,099	\$ 1,279	Fee-related and other revenues	\$ 1,245	\$ 1,450
Hotel Franchising segment adjusted EBITDA	592	629			
Segment margin	54%	49%	Adjusted EBITDA	\$ 590	\$ 621
Effect of license fees	(4%)	(6%)	Adjusted EBITDA margin <sup>(a)</sup>	47%	43%
Effect of marketing, reservation and loyalty funds	33%	37%			
Franchising margin	83%	80%			

# Definitions & 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. The supplemental disclosures included in this presentation are in addition to GAAP reported measures. The non-GAAP reconciliation tables included in this presentation 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 included in this presentation.

**Free Cash Flow:** We define free cash flow to be net cash provided by operating activities less property and equipment additions, which we also refer to as capital expenditures. We believe free cash flow to be a useful operating performance measure to us and investors to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions and investments, as well as our ability to return cash to shareholders through dividends and share repurchases. Free cash flow is not necessarily a representation of how we will use excess cash. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating Wyndham Hotels is that free cash flow does not represent the total cash movement for the period as detailed in the condensed consolidated statement of cash flows.

**Disclaimer:**

This presentation and the information contained herein are solely for informational purposes. This presentation does not constitute a recommendation regarding the securities of Wyndham Hotels & Resorts. This presentation or any related oral presentation does not constitute any offer to sell or issue, or any solicitation of any offer to subscribe for, purchase or otherwise acquire any securities of Wyndham Hotels & Resorts, nor shall it form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment whatsoever with respect to such securities. This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require registration of licensing within such jurisdiction. The information contained in this presentation, including the forward-looking statements herein, is provided as of the date of this presentation and may change materially in the future. Wyndham Hotels & Resorts undertakes no obligation to update or keep current the information contained in this presentation.

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 and 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.