

WYNDHAM

HOTELS & RESORTS

Investor Presentation
February 2020

WH
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NYSE

Wyndham Grand Bonnet Creek - Orlando, FL

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The information in this presentation should be read in conjunction with the consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in Wyndham Hotels & Resorts’ Form 10-K, filed with the SEC on February 13, 2020 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, 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 the Appendix.

Who We Are



Guayaquil, Ecuador

We **license** our hotel brands to hotel owners to help them attract guests

We are the **largest** hotel franchise company in the world

We boast a remarkably **asset-light** business model

Mission

We make hotel travel possible for all. Wherever people go, Wyndham will be there to welcome them.

Vision

To be the world's leading provider of select-service hotel brands by delivering the best value to owners and guests.



Wyndham Grand Rio Mar - Puerto Rico

Strategic Goals

Drive net
room growth

Grow
property-level
market share

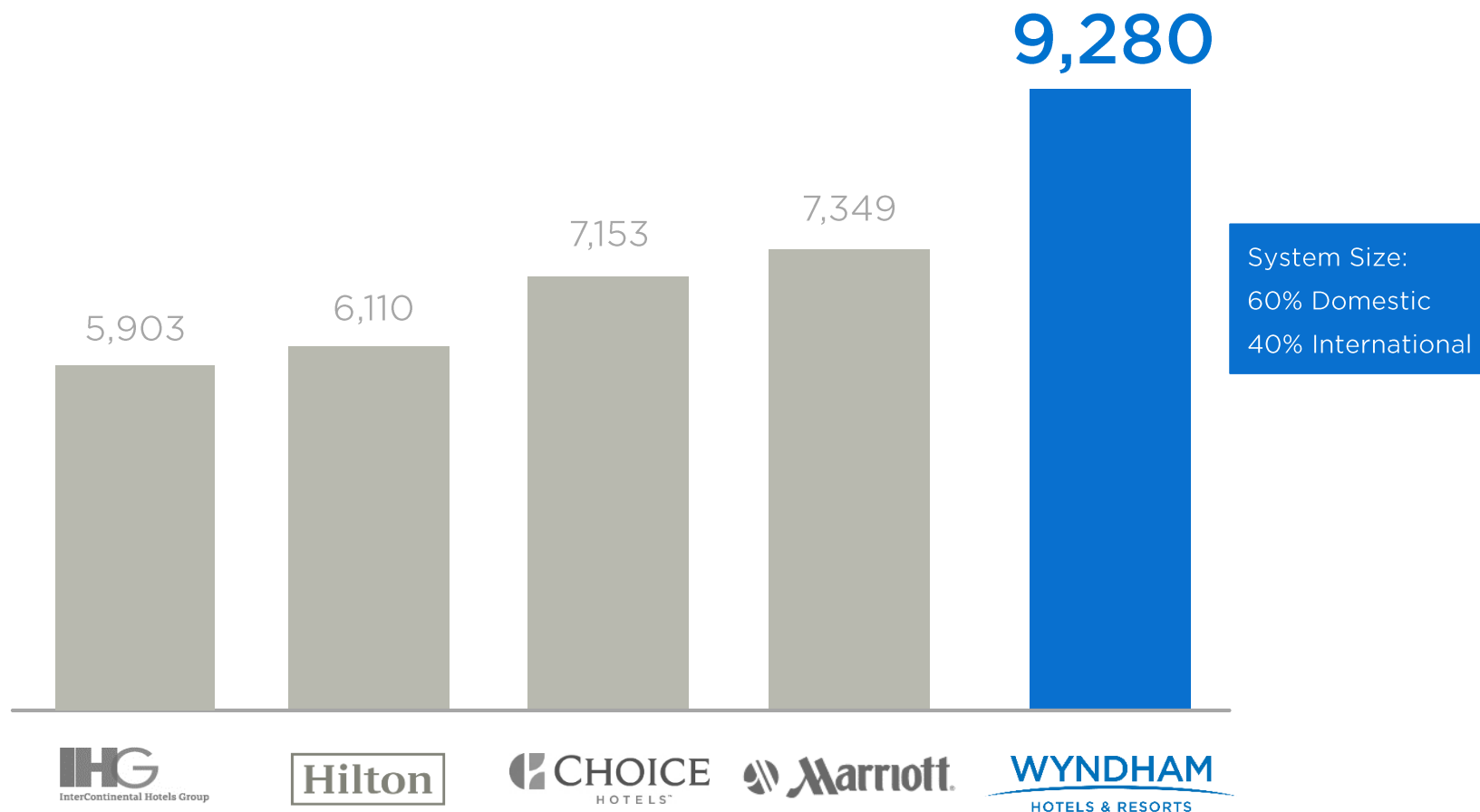
Elevate the
economy and
midscale experience

Foster a
values-driven
culture



Shareholder Return

We Franchise More Hotels than Other Leading Lodging Companies



Balanced Portfolio of Well-Known Brands with Select-Service Focus

Economy

Midscale

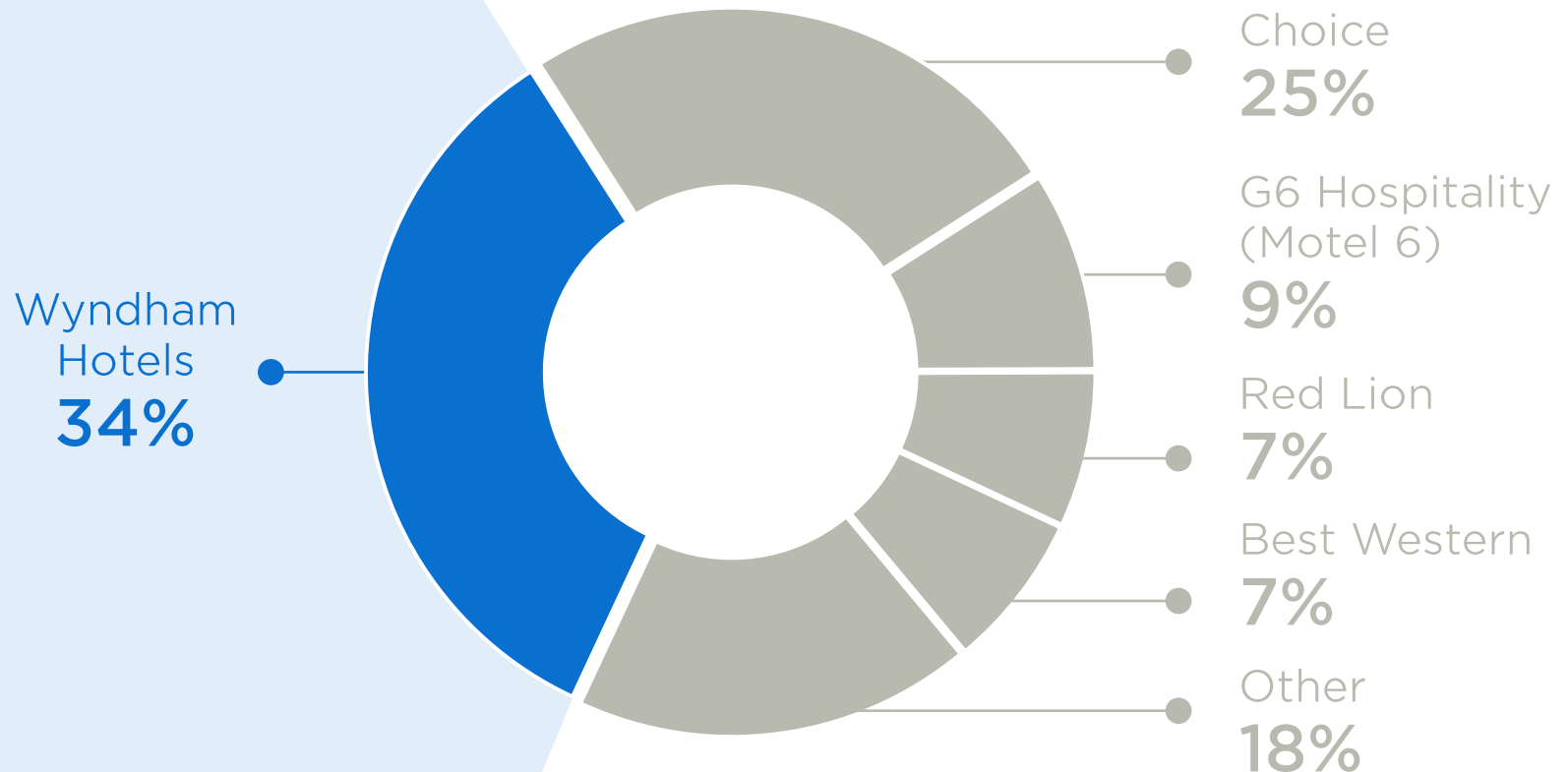
Upper Midscale

Upscale

Upper Upscale



We are the Global Leader in Attractive Economy and Midscale Segments



Based on the number of U.S. branded hotels as reported to STR.

We work
through our
franchisees



Focus: Attract, Develop and Retain Franchisees



Brand Quality
and Footprint



Loyalty, Sales
and Marketing



Maximize
Franchisee
Profitability

Introducing New Prototypes



“Moda” prototype



“Dawn” interior redesign



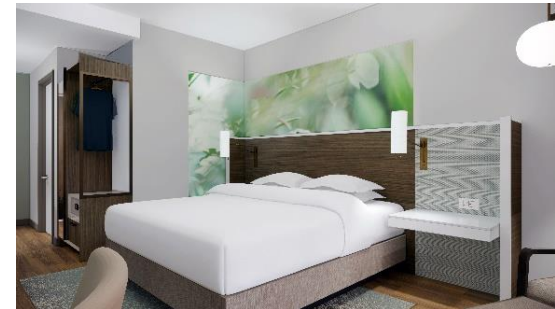
“Gen-4” interior redesign



“Del Sol” prototype



New dual-branded prototype



“Arbor” prototype

Our Brands are Known for Quality




Wingate led the midscale segment for the fifth consecutive year



Microtel has been the leading brand in the economy segment 16 of the last 18 years



Progress on Quality Initiatives

- Four out of the top five online review scores among national chains in the U.S. economy segment as ranked by  **MEDALLIA**
 - Microtel leading all other brands as evidenced by its RevPAR Index of 126%
- Total domestic online review scores have increased in each of the past four years
- Seven out of our ten economy/midscale brands achieved RevPAR Index of ~100% or higher



La Verkin, Utah

Consumer-Value Loyalty Program Delivers Significant Bookings for Franchisees

More than
81 million
enrolled members



Over
40%
of U.S. hotel stays by
Wyndham Rewards Members

Best Hotel Loyalty Program



BEST PROGRAM

Wyndham Rewards



**Best Hotel Loyalty Program:
Wyndham Rewards**

Global Sales Organization



New Field Organization

- One Sales Team of 300 globally
- Partnerships and Field Support – Hotel Sales Services (Gitgo) and Property Support (Jacaruso)
- Business Development – grow market share from small business accounts

New Marketing Campaign



Chances are, you're about
10 Minutes
from a hotel by Wyndham

Our Brands Generate Strong Returns



Cost per room	\$68,000
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RevPAR	\$44.00
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Number of rooms	85
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Hotel revenue	\$1.4 million
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Total cost	\$5.8 million
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Operating expenses	\$588,000
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Loan-to-value	70%
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Brand fees	\$134,000
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Loan amount	\$4.1 million
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Interest expense	\$287,000
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Franchisee investment	\$1.7 million
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Hotel EBTDA	\$391,000
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Cash-on-Cash Return of 23%

Data is not brand specific and represents indicative results for a new construction Wyndham-branded economy hotel in the United States. Cost per room also includes average land costs per HVS Survey for economy hotels across the United States. RevPAR, expenses and return on invested capital assume a full year of stabilized operating performance at the hotel. Assumes loan interest rate of 7%.

Actual Example



Cost per room ^(a) \$112,000

RevPAR \$74.53

Number of rooms 104

Hotel revenue \$2.8 million

Total cost \$11.6 million

Operating expenses \$1.5 million

Loan-to-value 78%

Brand fees \$210,000

Loan amount \$9.1 million

Interest expense \$383,000

Franchisee investment \$2.6 million

Hotel EBTDA \$765,000

Cash-on-Cash Return of 30%

RevPAR Index: 120% ^(b)

(a) Includes land acquisition cost.

(b) Includes comp set of Hampton Inn, Holiday Inn Express & Suites, TownePlace Suites, Wingate by Wyndham, Microtel Inn & Suites by Wyndham, Comfort Suites and Sleep Inn.

Data provided by franchisee for a property built in 2015, located in South Atlantic region and which scored above 80% on guest satisfaction. Operating results relate to 2018 and may not be indicative.

Actual Example



Cost per room ^(a) \$63,000

RevPAR \$78.29

Number of rooms 85

Hotel revenue \$2.4 million

Total cost \$5.4 million

Operating expenses \$1.2 million

Loan-to-value 78%

Brand fees \$193,000

Loan amount \$4.2 million

Interest expense \$218,000

Franchisee investment \$1.2 million

Hotel EBTDA \$775,000

Cash-on-Cash Return of 66%

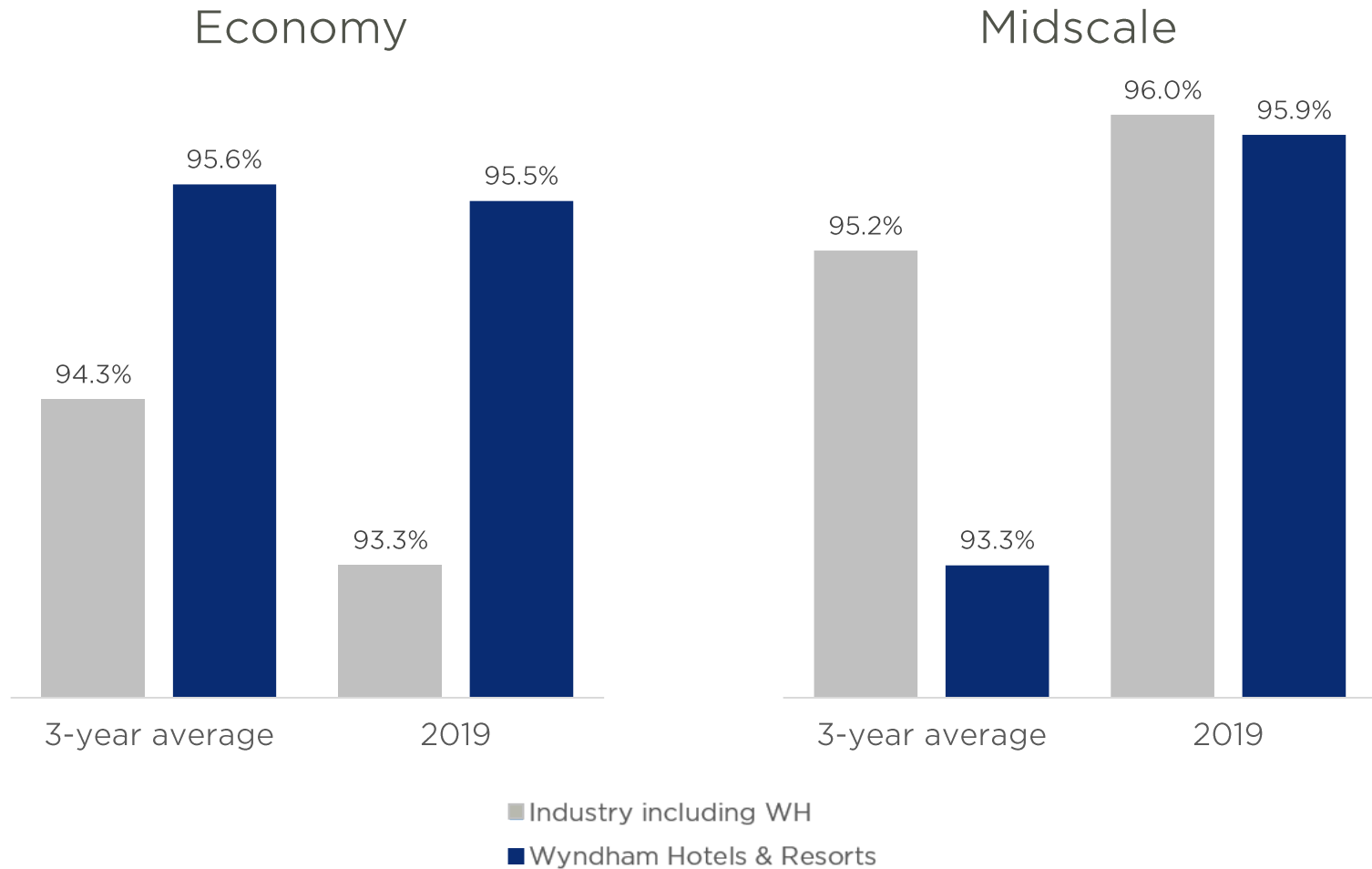
RevPAR Index: 107% ^(b)

(a) Includes land acquisition cost.

(b) Includes comp set of Comfort Inn, Comfort Inn & Suites, Holiday Inn Express & Suites, Hampton Inn, Super 8 by Wyndham and Econo Lodge Inn & Suites.

Data provided by franchisee for a property built in 2012, located in South Atlantic region and which scored above 80% on guest satisfaction. Operating results relate to 2018 and may not be indicative.

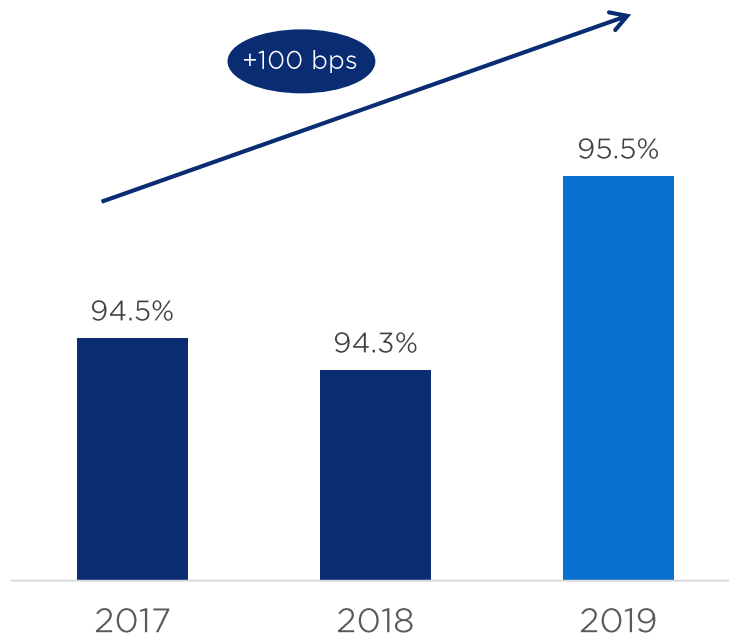
Industry Leading Retention Rates



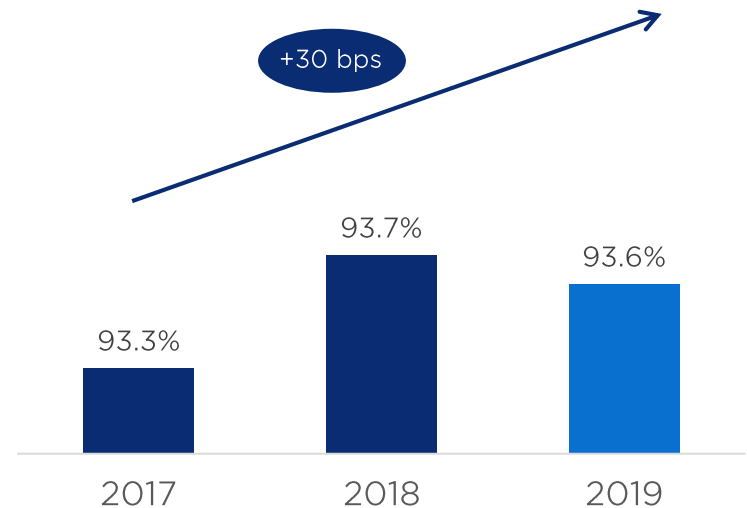
Based on the number of U.S. branded rooms as reported to STR.

Retention Trends Improving with Additional Opportunity

United States



International

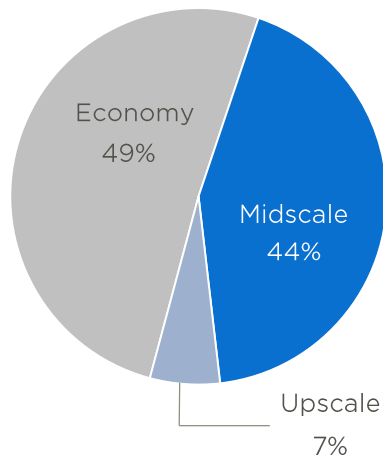




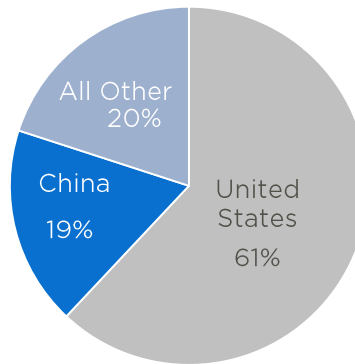
La Quinta by Wyndham - Istanbul, Turkey

We Have a Diversified, Stable Franchisee Base

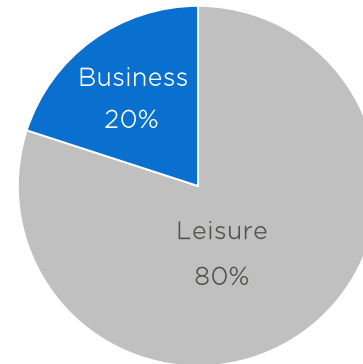
System
Concentration



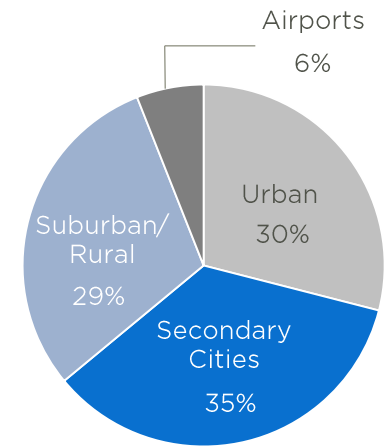
Regional
Concentration



Customer
Segmentation

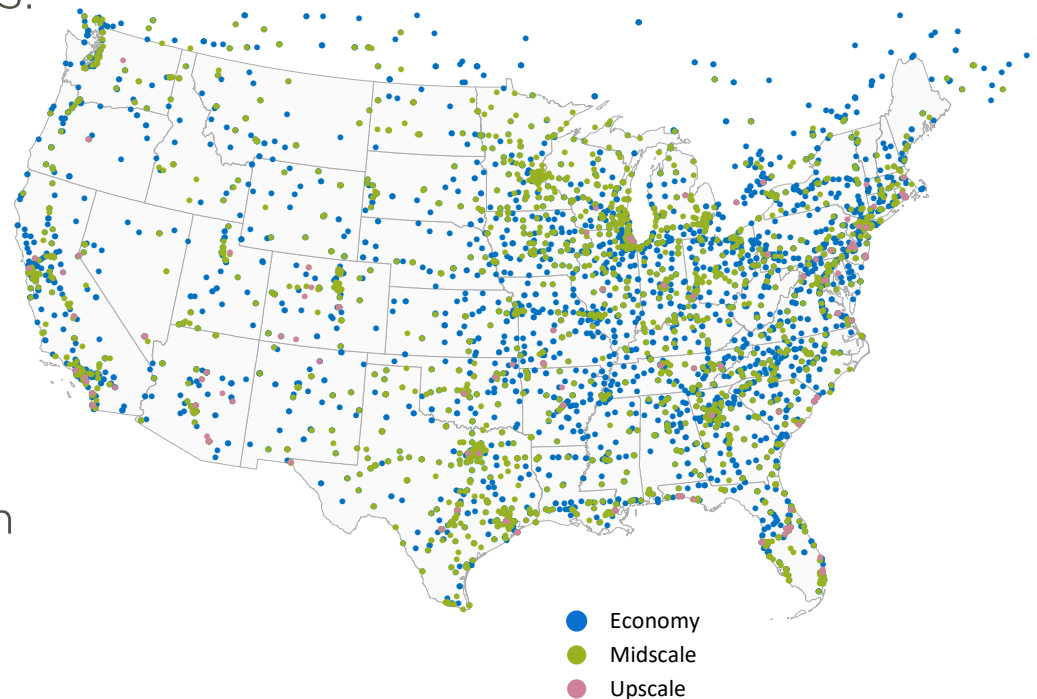


Location



Established Franchisee Base throughout the U.S.

- Widely distributed in the U.S. with approximately **6,300** properties
- **97%** of our U.S. system is select-service and **20%** of our U.S. system is along the interstate
- No significant concentration
- U.S. retention rate of **95.5%**



Our largest franchisee (excluding master franchise agreements) owns 3% of the hotels in our system; the second-largest owns less than 1%.



Ramada by Wyndham - Hong Kong Harbour View

Stable and Resilient Business Model

Loyal franchisee base

- ✓ More than **6,000** franchisees in approximately **90** countries on **six** continents
- ✓ Franchise agreements typically **10-20** years
- ✓ **95%** global retention rate

Recurring fee-based income

- ✓ **90%** of revenue is fee-for-service
- ✓ **90%** margin on royalties and franchise fees
- ✓ **60%** free cash flow conversion (from adjusted EBITDA)^(a)

Minimal capital requirements

- ✓ Capital expenditures and development advances are **~15%** of adjusted EBITDA
- ✓ We only own **two** hotels

^(a) Our ratio of net cash provided by operating activities to net income for full-year 2019 was 64%. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

Principled Allocation of Capital

**Maintain healthy,
efficient balance
sheet**

- ✓ Preserve liquidity and manage leverage
- ✓ Maintain flexibility to invest in growth

**Invest for
growth**

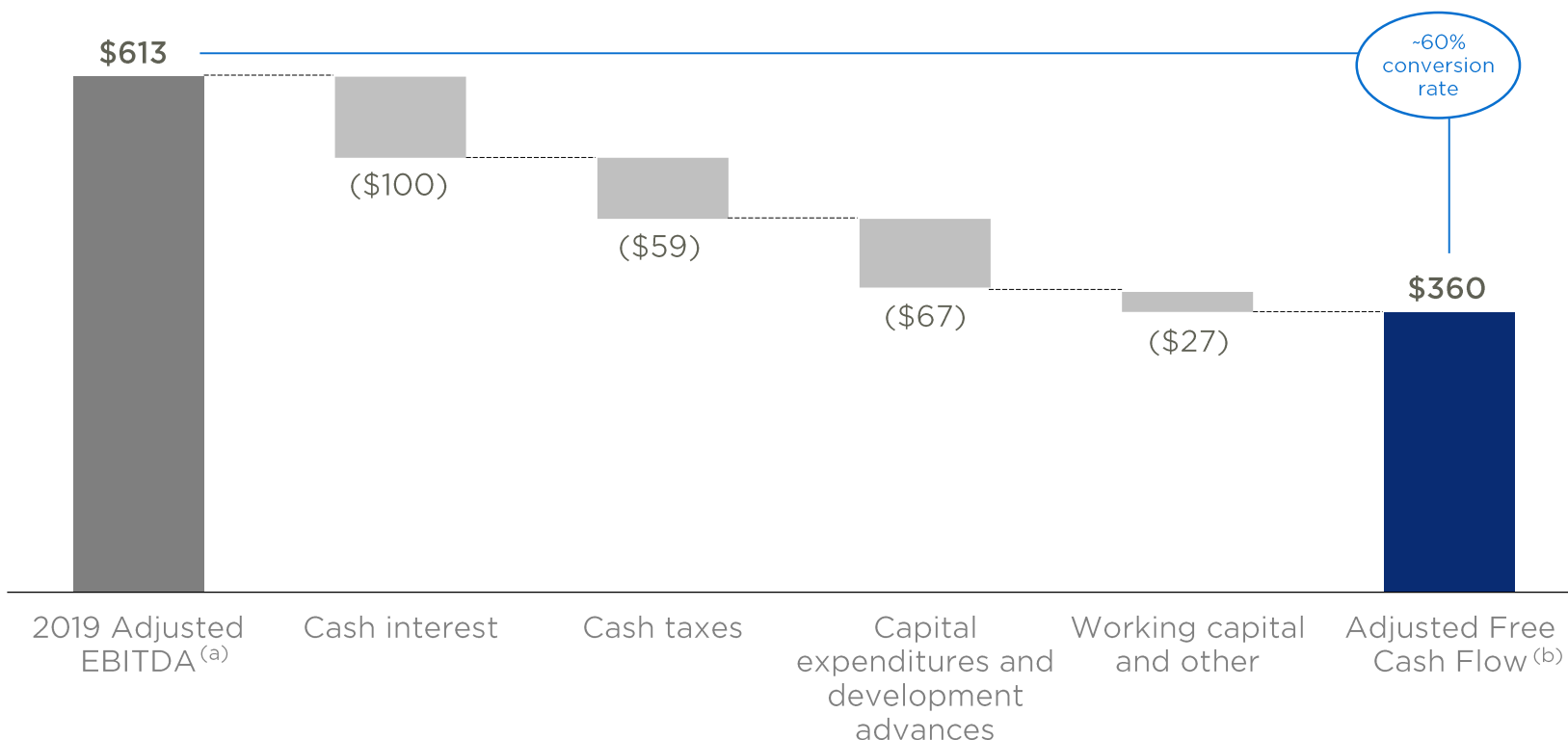
- ✓ Organic opportunities
- ✓ Invest in technology to drive efficiency
- ✓ Tuck-in acquisitions

**Return capital to
shareholders**

- ✓ Dividends (\$1.28 per share run-rate)
- ✓ Share repurchases

Predominately a Cash Business with Minimal Cash Needs

(\$ in millions)



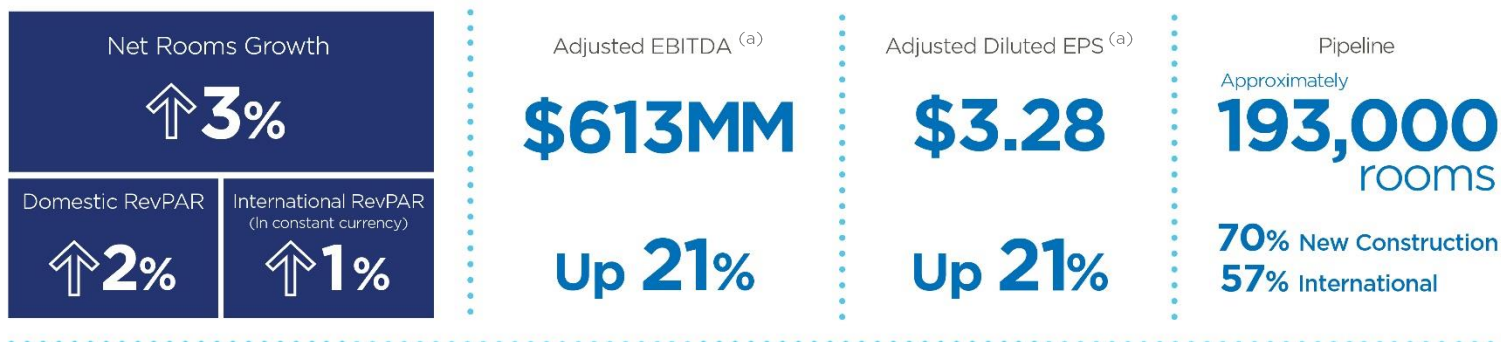
^(a) Net income was \$157 million for full-year 2019. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

^(b) Excludes special item cash outlays of approximately \$310 million related to one-time separation-related, transaction-related and contract termination expenses. Net cash provided by operating activities was \$100 million for full-year 2019. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.



HAWTHORN[®]
SUITES BY WYNDHAM

Full-Year 2019 Results



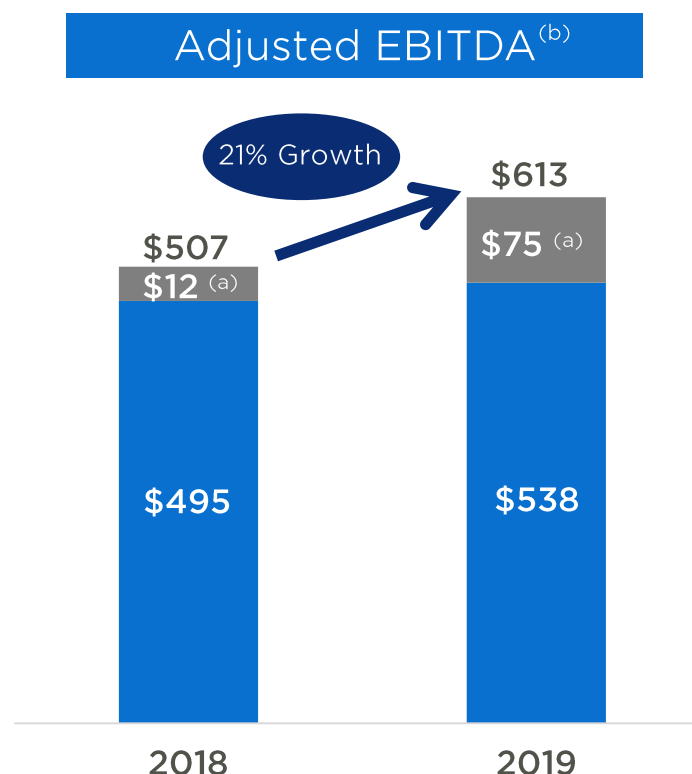
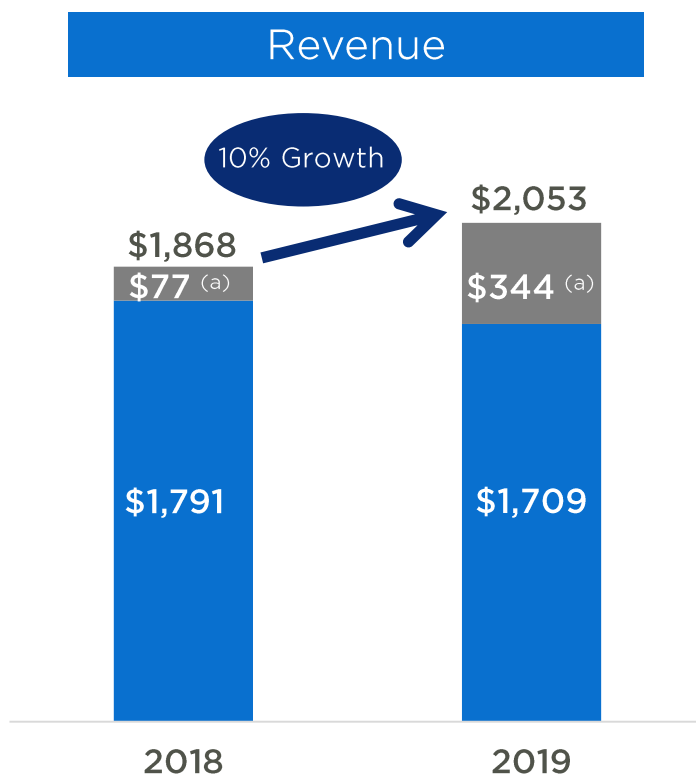
Highlights

- + Adjusted Free Cash Flow of \$360 million ^(a)
- + Capital Return (share repurchases and dividends) of over \$350 million
- + Former Treasurer and Executive Vice President Michele Allen appointed to the role of Chief Financial Officer
- + Wyndham Hotels & Resorts introduced 11 of its 20 brands into 24 new countries and territories
- + Named by Ethisphere as one of the 2019 “World’s Most Ethical Companies” and earned a perfect score as a “Best Place to Work for LGBTQ Equality” by the Human Rights Campaign Foundation

^(a) Reported net income was \$157 million, reported diluted EPS were \$1.62 and net cash provided by operating activities was \$100 million. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

Full-Year 2019 Results

(\$ in millions)



FY19 Year-over-Year Growth

Number of Rooms	3%
Organic Global RevPAR	(1%)

^(a) Represents incremental revenues and adjusted EBITDA from La Quinta through June 30, 2019.

^(b) Net income was \$157 million and \$162 million for full-year 2019 and 2018, respectively. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

Delivering Shareholder Return

Since spin...

- ✓ Returned **over \$550 million** to shareholders:
 - ✓ Repurchased **6.8 million** shares, or **7%**, of our common stock for **\$364 million**
 - ✓ Paid common stock dividends of **\$189 million**

During 2019...

- ✓ Returned **over \$350 million** to shareholders:
 - ✓ Repurchased **4.5 million** shares, or **5%**, of our common stock for **\$244 million**
 - ✓ Paid common stock dividends of **\$112 million** representing a **2%** dividend yield



MICROTEL
INN & SUITES
BY WYNDHAM

Numerous Sources of Earnings Growth

- 1 Rooms growth
- 2 RevPAR growth
- 3 International expansion
- 4 Hotel management
- 5 Tuck-in acquisitions
- 6 Share repurchases



Long-Term Growth Opportunity

Impact
on EPS

Rooms growth

2-4%

RevPAR growth

2-3%

International expansion

0-2%

Hotel management

0-1%

Cash flow deployment

3-5%

Long-term EPS growth potential

8-14%

Long-term outlook is as of May 2, 2018. Rooms growth excludes impact of growing brands in new or under-penetrated markets, the impact of which is reflected within international expansion. Hotel management reflects the overall incremental growth from faster expansion of, or operating efficiencies within, our hotel management business. Cash flow deployment assumes all free cash flow after dividends is deployed to either acquire businesses or repurchase shares. Long-term EPS growth potential range is “pinched” because various sources of growth are not expected to all be at the high or all at the low end of their individual ranges.

麦客达温德姆酒店

MICROTEL BY WYNDHAM

Core Strengths

- 1 World's largest hotel franchisor
- 2 Strong portfolio of well-known brands
- 3 Market-leading position in the attractive economy and midscale segments
- 4 Industry-leading loyalty and technology platforms
- 5 Proven ability to create value through acquisitions
- 6 Strong and experienced management team

Key Investment Highlights

1

Resilient
business model
drives recurring
cash flows

2

Passionately
asset-light

3

Industry-
leading
position in
economy and
midscale
lodging

4

Diversified
portfolio of
well-known
brands

5

Strong global
presence

6

Experienced
management
team

7

Significant
organic and
external growth
opportunities

8

Principled
capital
allocation

Comparison to Other Leading Lodging Companies

We serve the majority of needs of the majority of travelers

We are more geographically diversified and less dependent on major markets

We have a highly diversified owner base, with limited concentration

Our brands reside primarily in value segments, which are less economically cyclical



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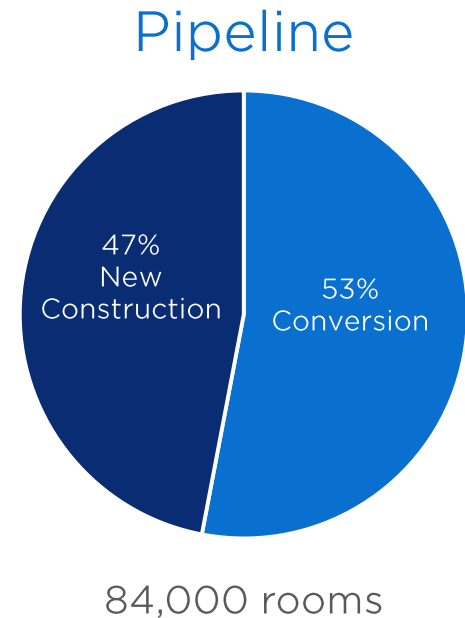
Appendix

TRYP by Wyndham - Fortitude Valley, Australia

WH
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Growth in the United States

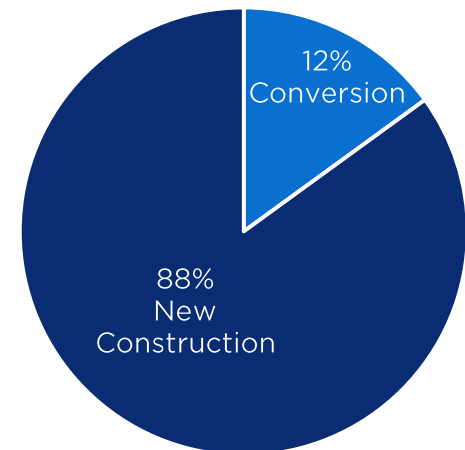
- Increase economy density with new-construction prototypes
- Aggressively develop open market tracts for midscale brands
- Capture soft-branding opportunities
- Continually enhance franchisee value proposition



International Growth

- Introduce existing brands to new markets
- Rapidly growing middle class driving demand
- Leverage significant brand awareness and recognition
- Expand hotel management and franchise opportunities in Asia, Latin America, Europe, India and the Middle East

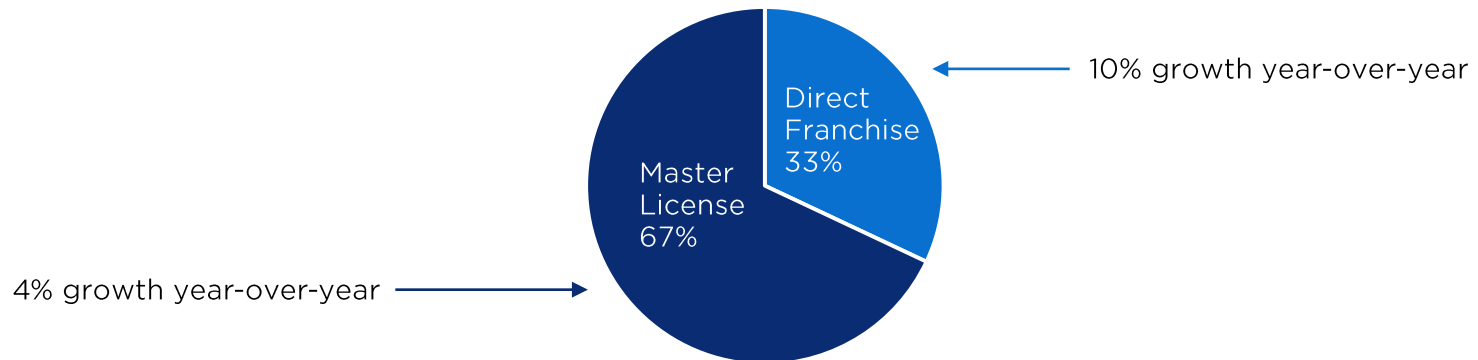
Pipeline



109,000 rooms

Continued Robust Growth in China

- We are the largest international hotel franchisor in China, with **nearly 1,600 properties** and **155,000 rooms** in our system
- We expect to open about **500 hotels** in China over the next three years



We Generate over 80% of Our EBITDA from Recurring Royalty Fees

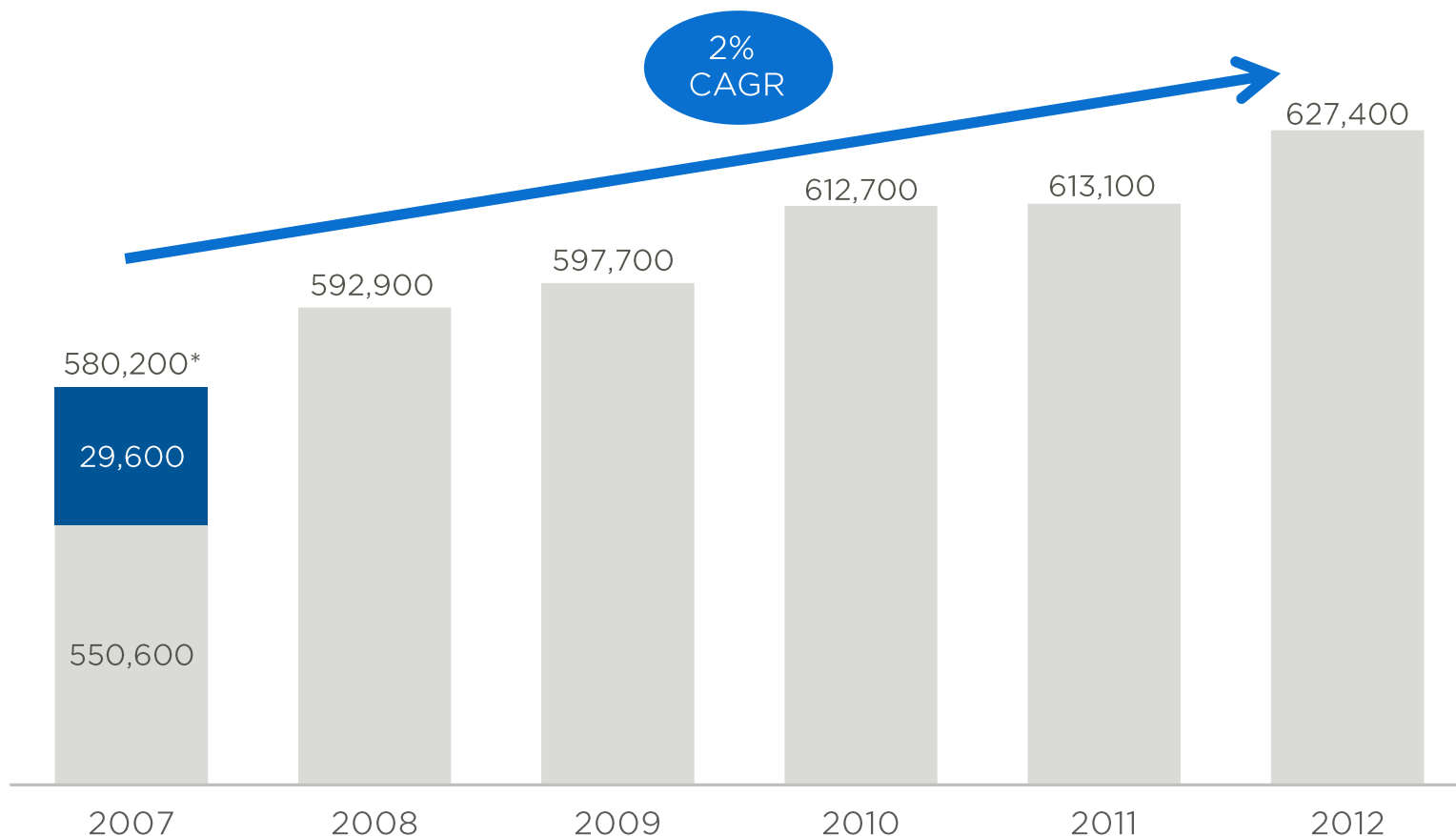
(\$in millions)

	<u>Revenue</u>		<u>Adjusted Margin</u>		<u>Adjusted EBITDA Contribution</u>
Royalty	\$436	x	90%	=	\$392
Wyndham Destinations royalty	\$113	x	95%	=	\$107
Marketing reservations & loyalty	\$562	x	0%	=	\$0
Cost reimbursement revenue	\$623	x	0%	=	\$0
Other franchising revenues	\$185	x	70%	=	\$130
Hotel management fees	\$134	x	44%	=	\$59
Corporate & other					(\$75)
Total	\$2,053		30% ^(a)		\$613 ^(a)

Represents full-year 2019 results. The Company operates two owned hotel properties; their results are included in hotel management fees. Other franchising revenues are primarily derived from our co-branded credit card program, initial franchise fees and other ancillary services. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

^(a) Net income and operating margin for full-year 2019 were \$157 million and 15%, respectively.

Ability to Grow Rooms through Recession



**Pro forma for 2008 acquisition of Microtel and Hawthorn.*

Wyndham Green - “Go Green” Programs



- Wyndham Green Certification – Program that addresses energy, water and operational efficiencies
 - Nearly 500 Green Certified properties as of year-end 2019
- Wyndham Green Housekeeping – Program for Wyndham Rewards points in lieu of housekeeping
 - Nearly 200 hotels enrolled in the program as of year-end 2019
- Lighting replacement program with energy-efficient LEDs



Non-GAAP Reconciliations and Definitions

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. Explanations for adjustments within the reconciliations can be found in our fourth quarter 2019 and subsequent Earnings Releases at investor.wyndhamhotels.com.

Definition:

Adjusted EBITDA: Represents net income excluding interest expense, depreciation and amortization, 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 and income taxes. 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 Diluted EPS: Represents diluted earnings per share excluding acquisition-related amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-related) and foreign currency impacts of highly inflationary countries. We calculate the income tax effect of the adjustments using an estimated effective tax rate applicable to each adjustment.

Free Cash Flow and Adjusted Free Cash Flow: Free cash flow represents net cash provided by operating activities less property and equipment additions, which we also refer to as capital expenditures. Adjusted free cash flow represents free cash flow before discrete, event-driven cash outflows. A limitation of using free cash flow and adjusted 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 and adjusted free cash flow do not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Non-GAAP Reconciliations and Definitions (continued)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income	\$ 157	\$ 162
Provision for income taxes	50	61
Depreciation and amortization	109	99
Interest expense, net	100	60
Stock-based compensation expense	15	9
Impairment, net	45	-
Contract termination costs	42	-
Transaction-related expenses, net	40	36
Separation-related expenses	22	77
Transaction-related item	20	-
Restructuring costs	8	-
Foreign currency impact of highly inflationary countries	5	3
Adjusted EBITDA	<u>\$ 613</u>	<u>\$ 507</u>

	Year Ended December 31, 2019
Diluted EPS	\$ 1.62
Net income	\$ 157
Adjustments:	
Impairment, net	45
Contract termination costs	42
Transaction-related expenses, net	40
Separation-related expenses	22
Transaction-related item	20
Restructuring costs	8
Foreign currency impact of highly inflationary countries	5
Acquisition-related amortization expense	37
Total adjustments before tax	219
Income tax provision	59
Total adjustments after tax	160
Adjusted net income	<u>\$ 317</u>
Adjustments - EPS impact	1.66
Adjusted diluted EPS	<u>\$ 3.28</u>

	Year Ended December 31, 2019
Net cash provided by operating activities	\$ 100
Less: Property and equipment additions	(50)
Free cash flow	50
Payments to tax authorities related to the La Quinta acquisition	195
Transaction-related and separation-related cash outlays	78
Payment to terminate an unprofitable hotel-management arrangement	35
Capital expenditures at owned hotel in Puerto Rico, all of which were reimbursed by insurance proceeds in 2018	2
Adjusted free cash flow	<u>\$ 360</u>