

**WYNDHAM**

HOTELS & RESORTS

# Investor Presentation

October 28, 2020



# Introduction to Wyndham Hotels & Resorts

**Largest** hotel franchisor by hotels worldwide

Leading economy and midscale brands in attractive **select-service** space

**Asset-light** business model with **significant cash generation** capabilities

Primarily **leisure**-focused “**drive to**” portfolio of hotels

**9,000**  
Hotels

**804,000**  
Current Rooms

**90**  
Countries

**185,000**  
Rooms in the Pipeline

**85M**  
Loyalty Members

**\$613M<sup>(a)</sup>**  
FY2019  
Adjusted EBITDA

**\$360M<sup>(b)</sup>**  
FY2019 Adjusted  
Free Cash Flow



Data is approximated as of September 30, 2020.

(a) Net income was \$157 million for the year ended December 31, 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 the year ended December 31, 2019. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.



# Resilient Business Model Driving Performance

**1** Third Quarter – Recovery Continues

**2** Supporting Franchisee Health

**3** Strong Financial Profile

**4** Business Model – Continuing to Outperform

**MICROTEL**  
INN & SUITES  
BY WYNDHAM

Clear focus  
and priorities to drive  
shareholder value



# Wyndham Hotels & Resorts Third Quarter Highlights



**\$101M**

Adjusted EBITDA <sup>(a)</sup>



**\$102M**

Adjusted free cash flow <sup>(b)</sup>



**+16pts**

RevPAR outperformed the total industry <sup>(c)</sup>



**~2 per day**

Signed 152 new contracts (+31% vs. Q2)



**\$1.2B+**

Increased total liquidity by ~\$570M



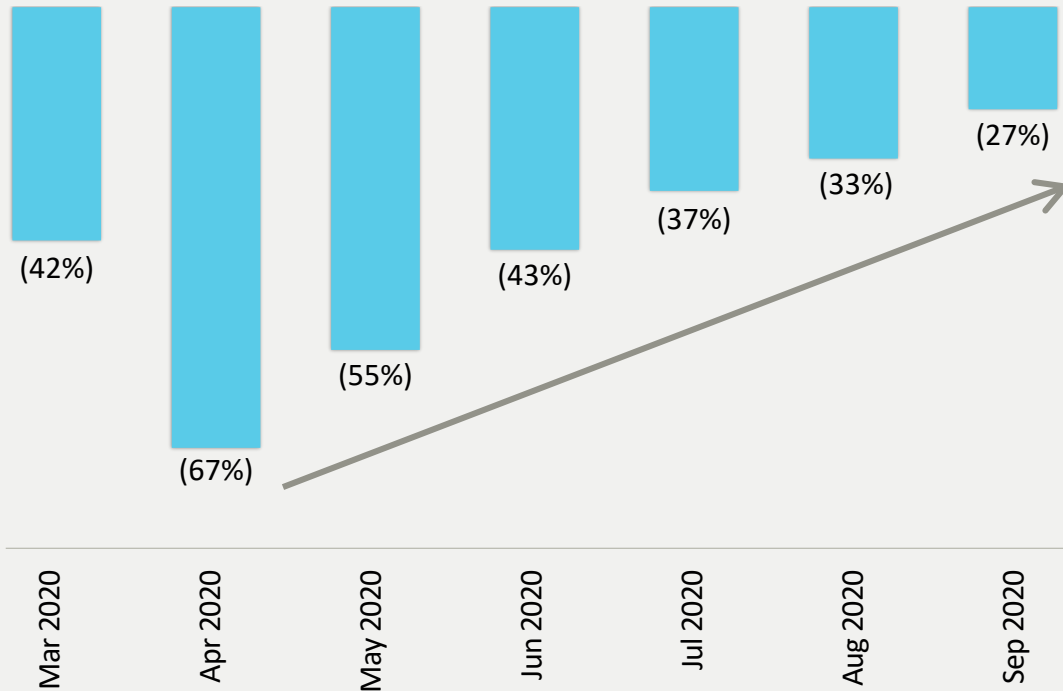
**> 70%**

Collection rate for franchisee fee deferral program <sup>(d)</sup>

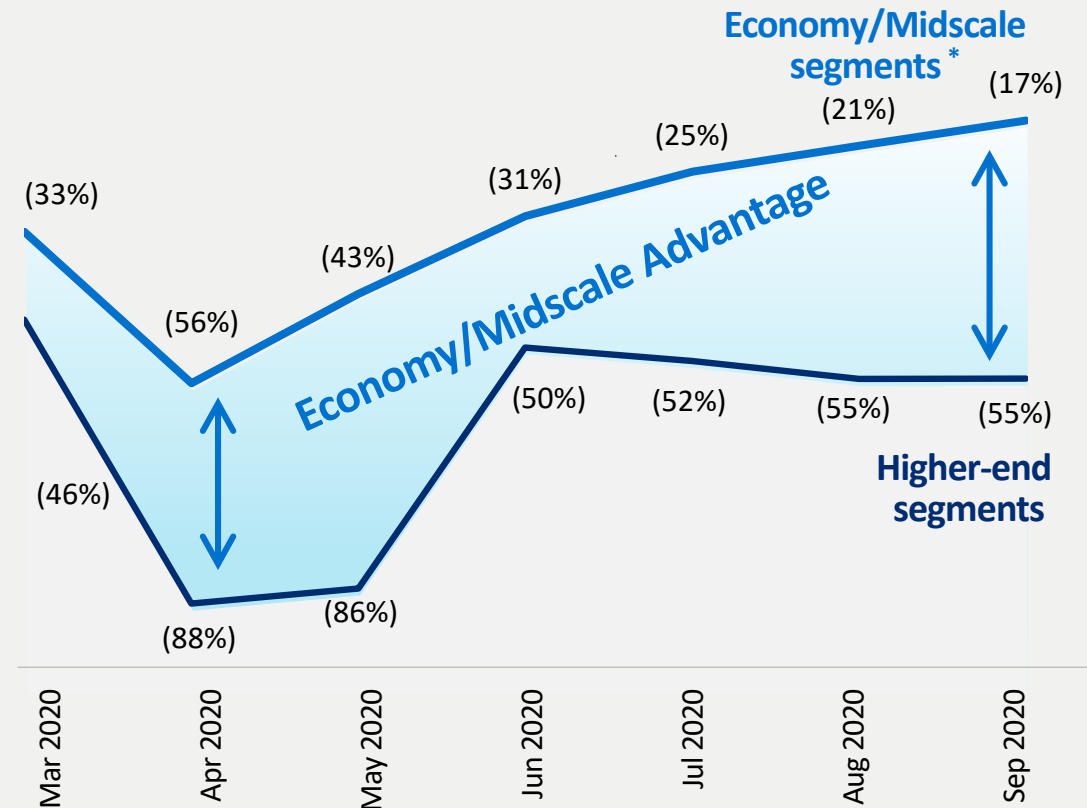
(a) Net income was \$27 million for the quarter ended September 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.  
(b) Excludes special item cash outlays of approximately \$10 million primarily related to our restructuring actions. Net cash provided by operating activities was \$97 million for the quarter ended September 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.  
(c) Domestic RevPAR compared to STR results.  
(d) Represents collection of March through May fees that were deferred until September 1<sup>st</sup> as part of our COVID franchisee relief measures.

# RevPAR Steadily Improving, Benefiting From Economy/Midscale Positioning

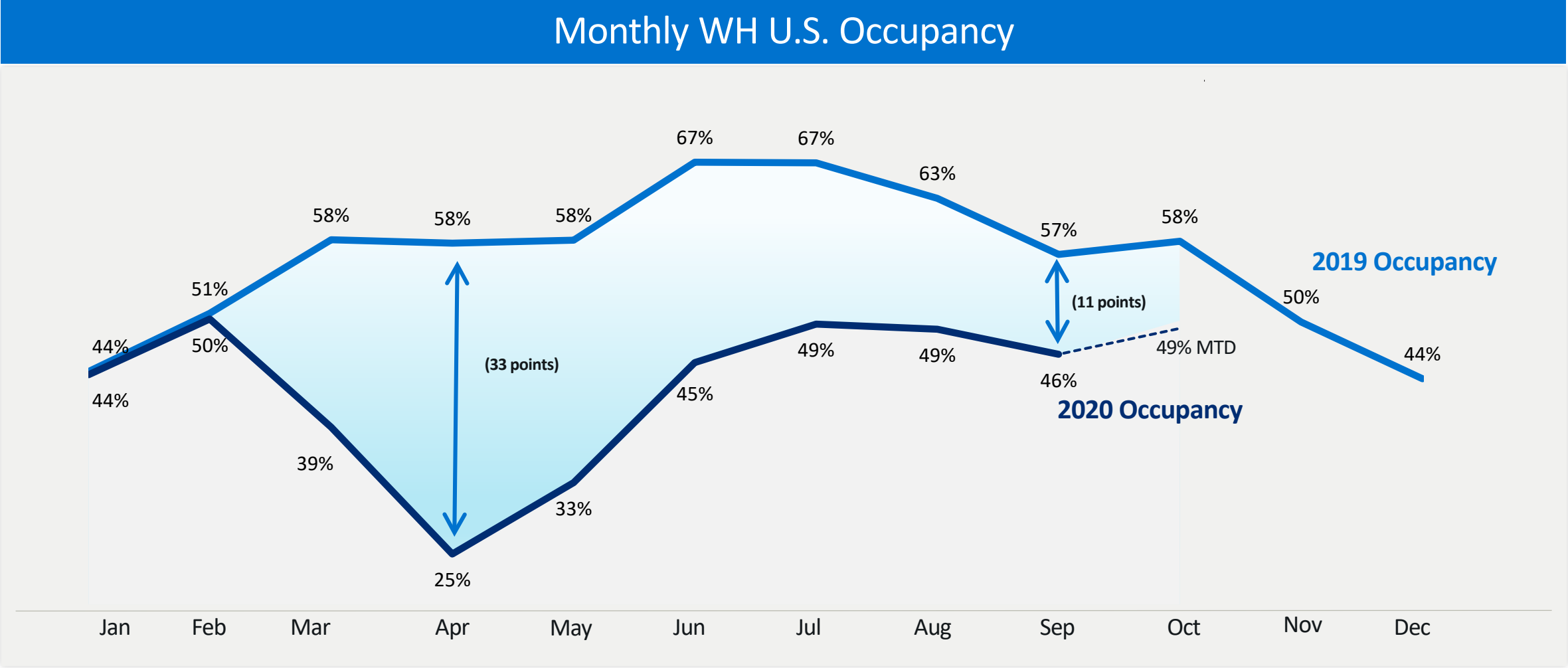
## Monthly WH U.S. RevPAR Change



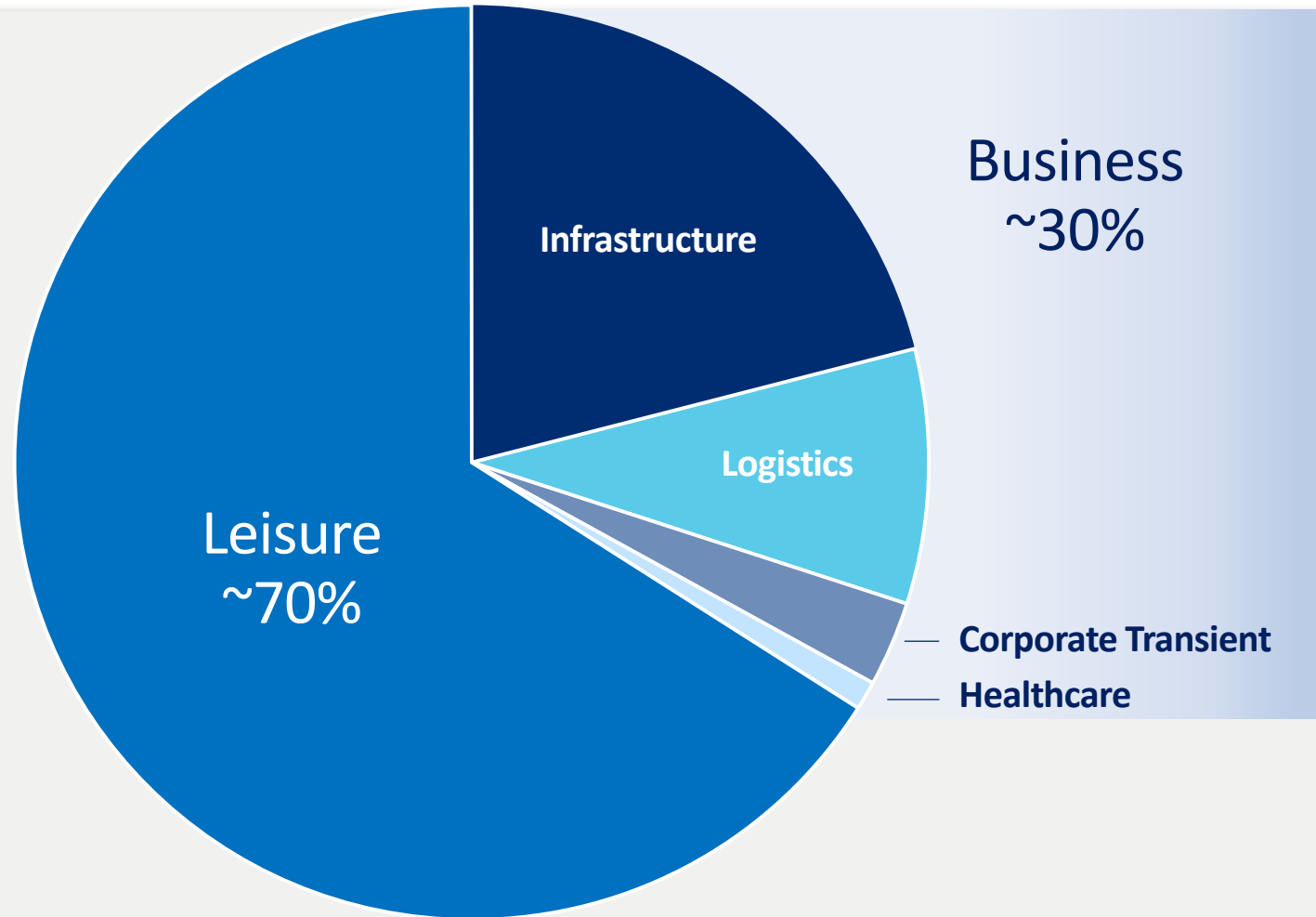
## Monthly WH U.S. Occupancy Change



# Year-over-Year Occupancy Declines Narrowing



# Third Quarter Results Powered by Leisure and the Everyday Business Traveler



# Continued Progress on Strategic Terminations

- Strategy better enables our teams to support more engaged franchisees and replace with higher quality hotels
- Adjusted EBITDA impact < \$3M<sup>(a)</sup>, which is more than offset by savings achieved in connection with our international restructuring



Strategic Terminations	Q3'20	(est.) Q4'20	(est.) 2HTotal
<b>Initial Estimate at June 30, 2020</b>	<b>18,100</b>	<b>1,200</b>	<b>19,300</b>
Under negotiation	(6,300)	6,300	--
Retained	(2,600)	--	<b>(2,600)</b>
<b>Current Estimate at Sept. 30, 2020</b>	<b>9,200</b>	<b>7,500</b>	<b>16,700</b>
China hotels in monetary default <sup>(b)</sup>	5,000	--	<b>5,000</b>
Legacy European portfolio in monetary default	--	4,300	<b>4,300</b>
U.S. management guarantee contracts <sup>(c)</sup>	1,300	1,600	<b>2,900</b>
Korea hotels in monetary default	1,700	400	<b>2,100</b>
Termination of sub-licensee in Saudi Arabia	1,200	--	<b>1,200</b>
Termination of developer agreement in Europe <sup>(d)</sup>	--	1,200	<b>1,200</b>

(a) Based on 2019 results. Net income impact, the most comparable GAAP metric, was approximately \$2 million.

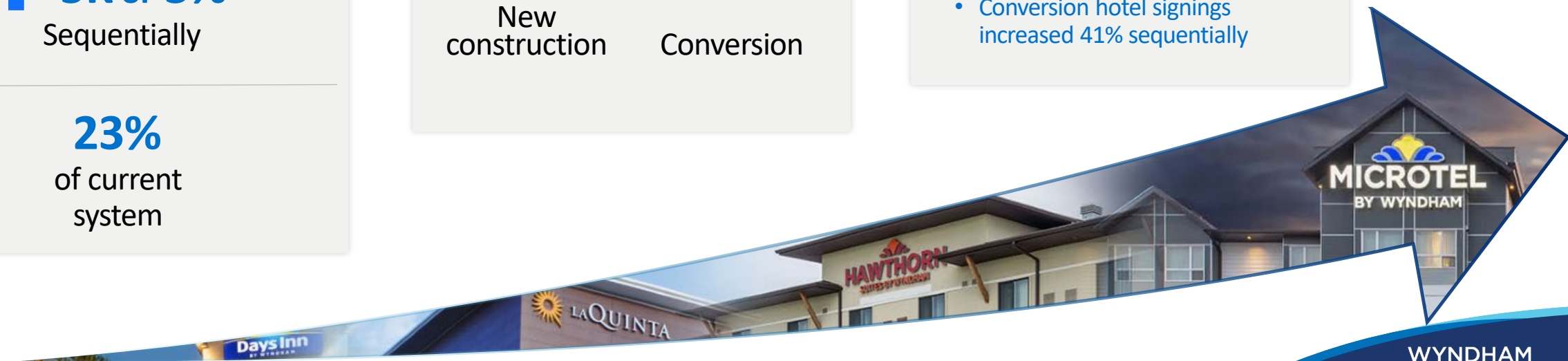
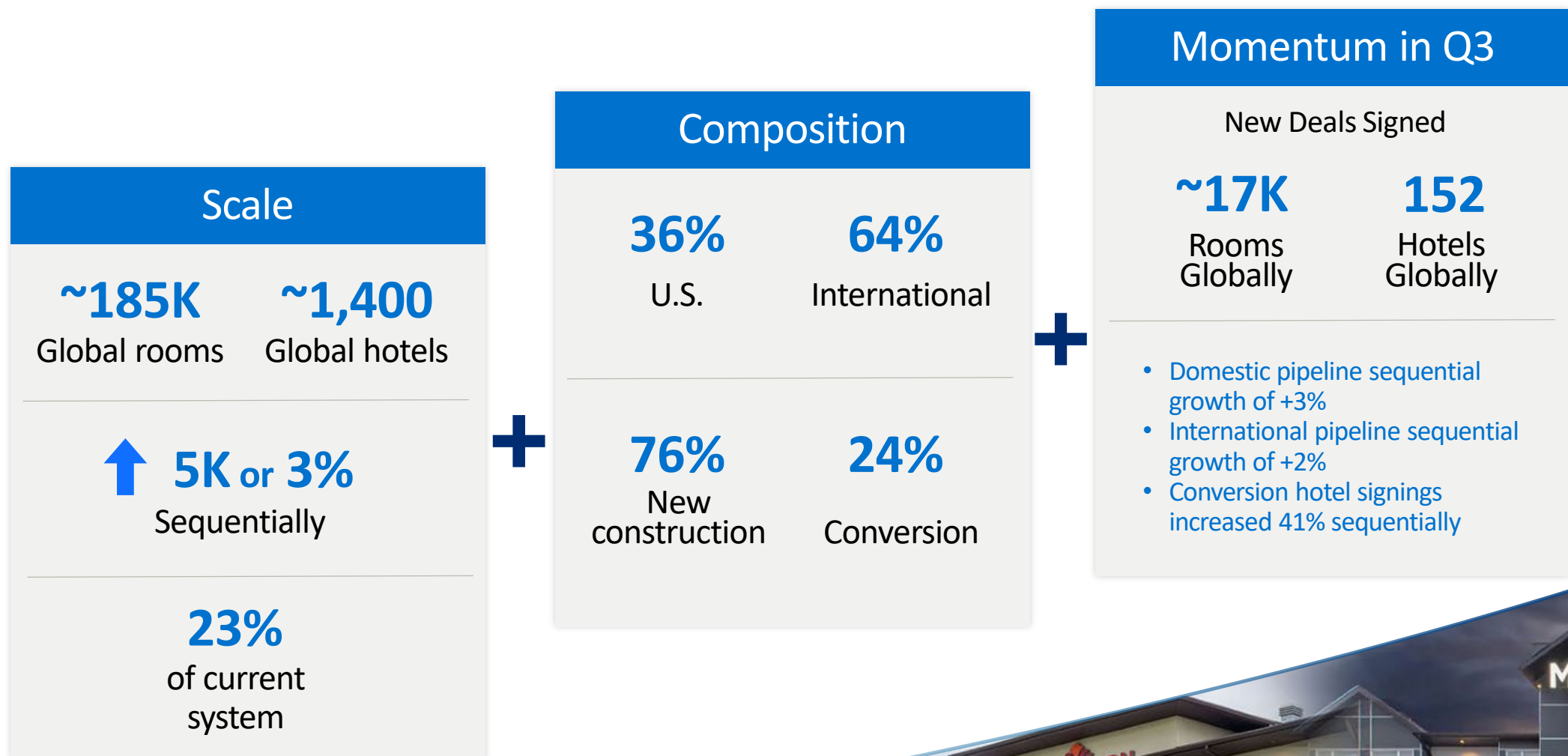
(b) Does not include 9,000 master-franchisee rooms terminated in second quarter 2020.

(c) RLJ portfolio expected to exit the system in 2021.

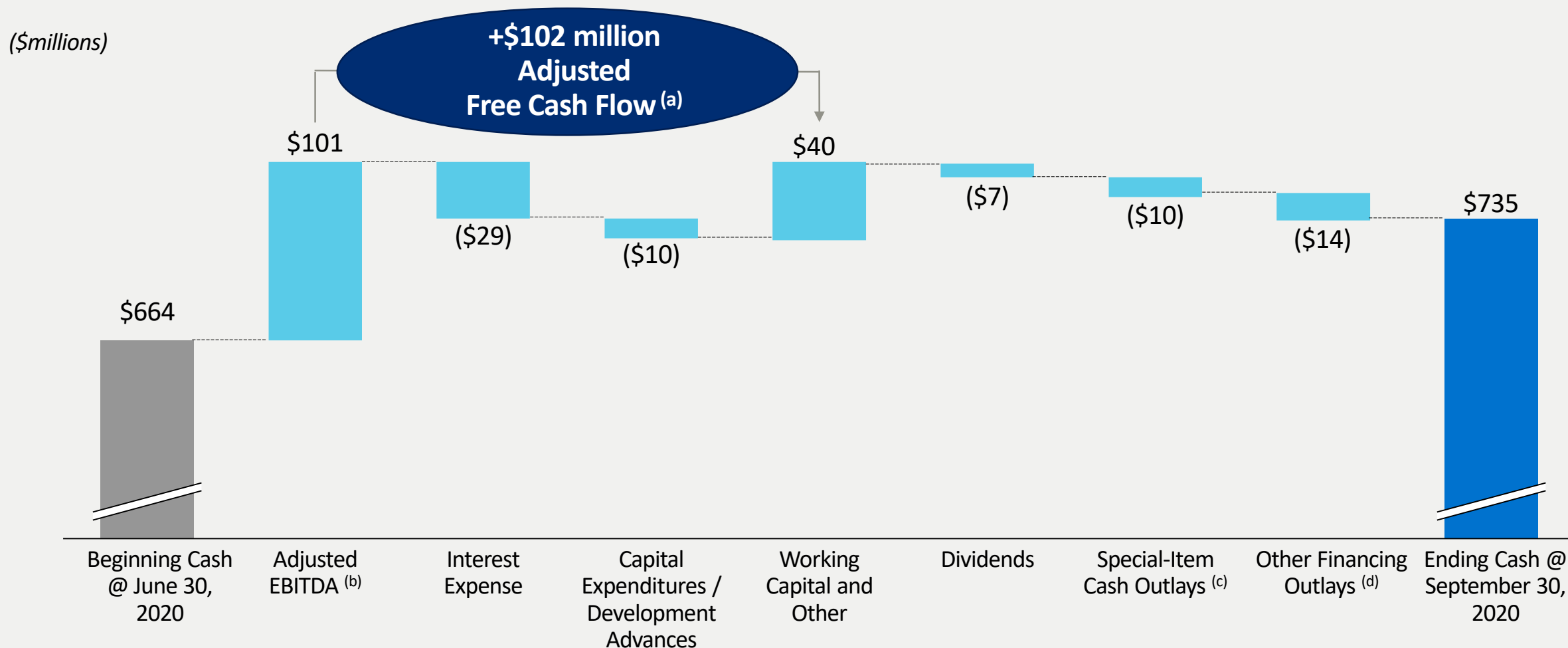
(d) Approximately 2,000 rooms expected to exit the system in 2021.



# Diversified Global Pipeline Provides Runway Long Term Growth



# Resilient Business Model Generates Positive Cash Flow



(a) Net cash provided by operating activities was \$97 million for the quarter ended September 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.


(b) Net income was \$27 million for the quarter ended September 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

(c) Primarily associated with COVID restructuring activities.

(d) Primarily includes debt issuance costs related to the August 2020 issuance of \$500 million of 4.375% senior unsecured notes, the proceeds of which were used to repay \$500 million of then-outstanding revolver borrowings, and required payments of our term loan.



# Resilient Business Model Driving Performance

- 
- 1 Third Quarter – Recovery Continues
  - 2 **Supporting Franchisee Health**
  - 3 Strong Financial Profile
  - 4 Business Model – Continuing to Outperform

Clear focus  
and priorities to drive  
shareholder value



# Status of Franchisee Health



## WH Franchisees Benefitting From:

- Better-performing drive-to leisure and “everyday” business travelers
- Lower breakeven occupancy facilitated by efficient and flexible low-cost structure
- 90% of U.S. franchisees obtained PPP loans and will qualify for more aid
- Many lenders providing 6 to 12 months forbearance
- Approximately 7% of U.S. portfolio financed by CMBS debt
- 80% of U.S. system currently operating at 30% occupancy or above

## WH Franchisee Deferral Program


WH deferred fees from March through May until September 1st

>70% of the fees deferred have been collected year-to-date

WH continues to work with remaining franchisees and offer **flexible terms** to support their recovery



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# Core Capital Allocation Principles Unchanged

## 1. Maintain Strong Balance Sheet

- Over \$1.2 billion of liquidity
- Issued \$500 million of 4.375% senior unsecured notes due 2028
- No near-term debt maturities

## 2. Invest in Business

- Supporting franchisees' health and recovery
- Increasing deployment of capital to accelerate system growth
- Investments in new mobile app, customer data platform and corporate/business technology

## 3. Return Capital to Shareholders

- Expect to continue paying dividends, increase when prudent
- Ability to resume share repurchases after credit agreement restrictions expire April 2021 or upon early termination of the amendment

# Strong Financial Profile Enables Investment and Innovation

Investing in revenue-generating capabilities to drive guest engagement and capture market demand

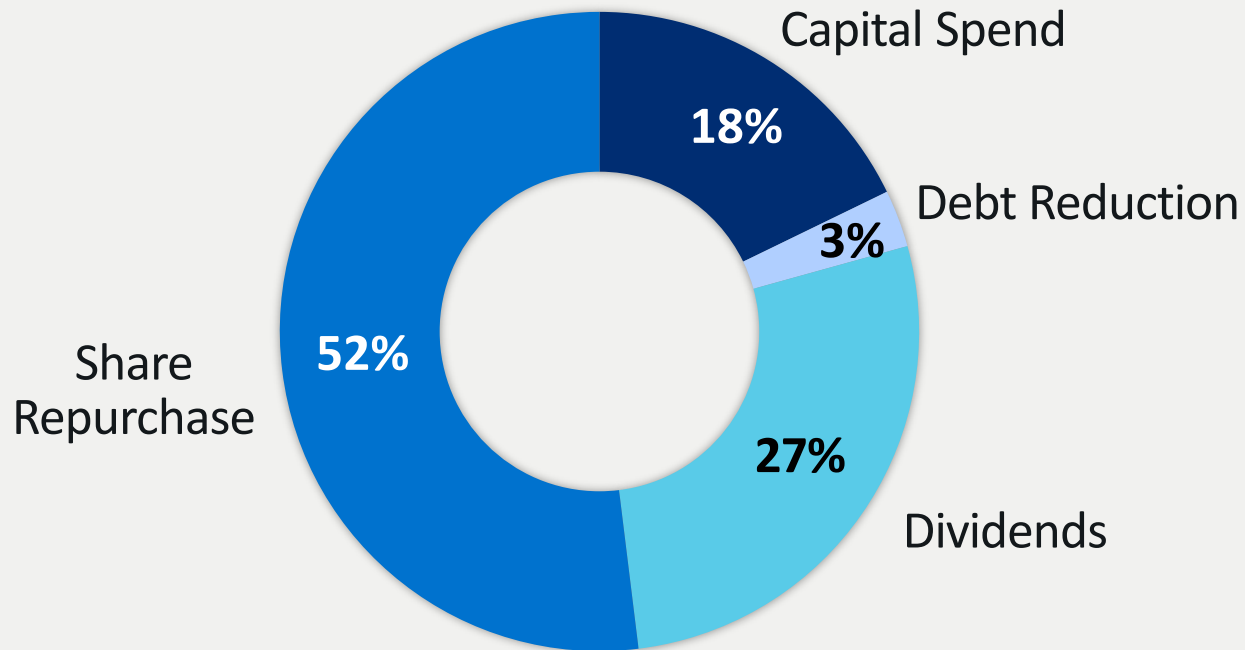


- New **customer data platform** enabling a better understanding of guests' preferences and leveraging that knowledge to keep them loyal to our brands <https://corporate.wyndhamhotels.com/news-releases/wyndham-teams-with-amperity-to-elevate-global-marketing-capabilities/>
- **Salesforce Lightning** recently implemented to provide our franchisees a streamlined lead delivery process, making it easier for them to respond to leads and win business
- **Wyndham Business** - a suite of tools, including **Wyndham Direct**, for meeting planners and travel advisors to do business with us much easier <https://www.wyndhamhotels.com/wyndham-business>  
<https://www.wyndhamhotels.com/en-us/about-us/wyndham-direct>
- New **mobile app** featuring streamlined booking, Wyndham Rewards account management, and an in-stay mode which prioritizes lower contact experiences; since launch, app bookings accelerated 1,100 basis points <https://www.wyndhamhotels.com/wyndham-mobile-app>



# Disciplined Capital Allocation Has Generated Strong Shareholder Returns

## 2018 – 2019 Capital Allocation



## Current Priorities

- ✓ Supporting franchisee health
- ✓ Investing in the business for future growth
- ✓ Increasing the dividend
- ✓ Reducing leverage
- ✓ Resuming share repurchase



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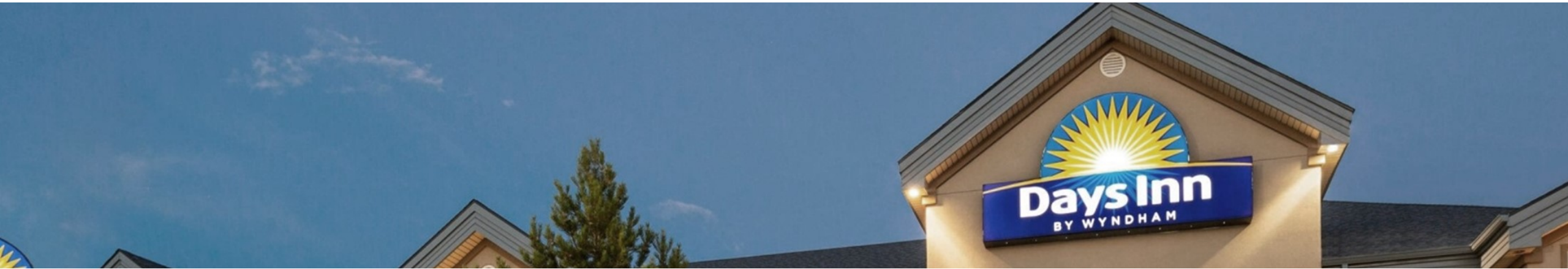
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# Uniquely Positioned to Outperform



**1**

Primarily  
Leisure-Focused

**2**

Predominately  
“Drive to”  
Locations

**3**

Select-Service  
Leader

**4**

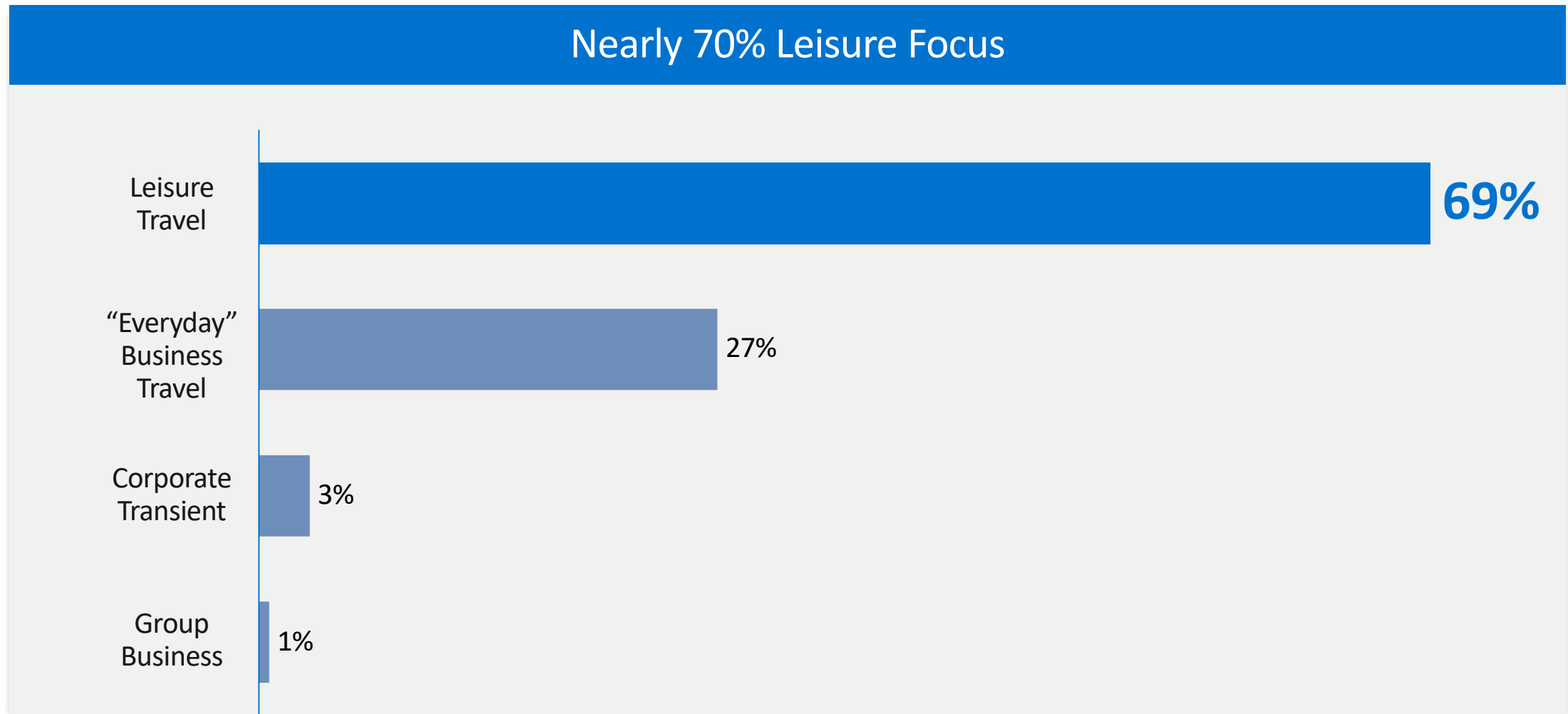
Powerful Growth  
Engine

**5**

Low Risk  
Business Model

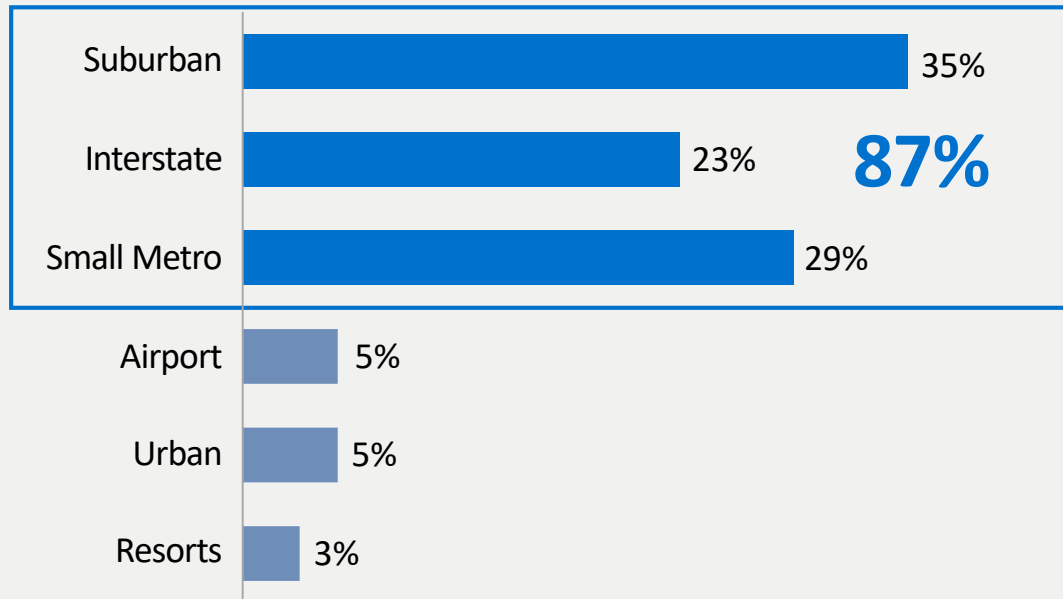


# Leisure Guests Power our Business

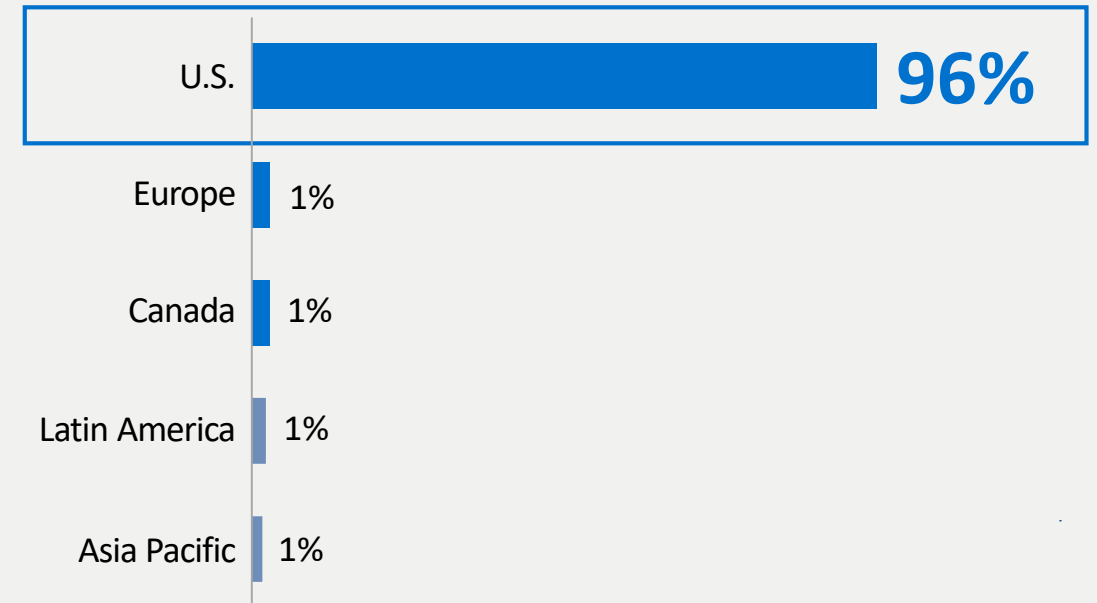


# “Drive to” Destinations Not Reliant on Air Travel or International Travelers

## 87% U.S. Hotels in “Drive to” Locations



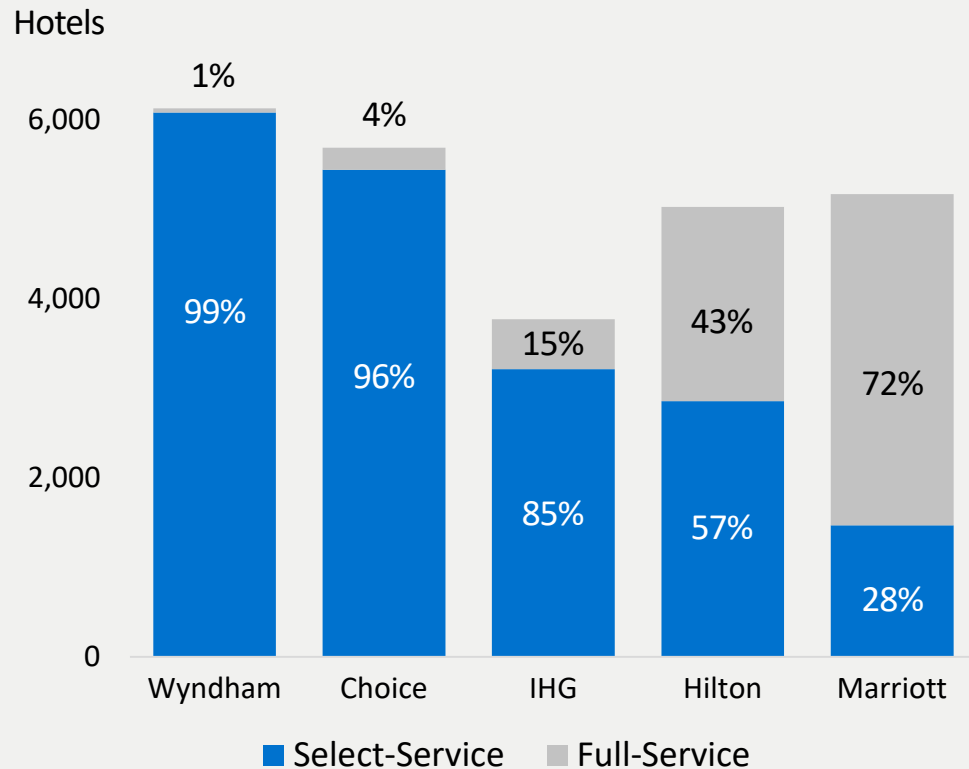
## 96% of U.S. Guests Originate Domestically





# Leader in the Attractive Select-Service Space

Percent of U.S. Hotels in  
Select Service vs. Full Service

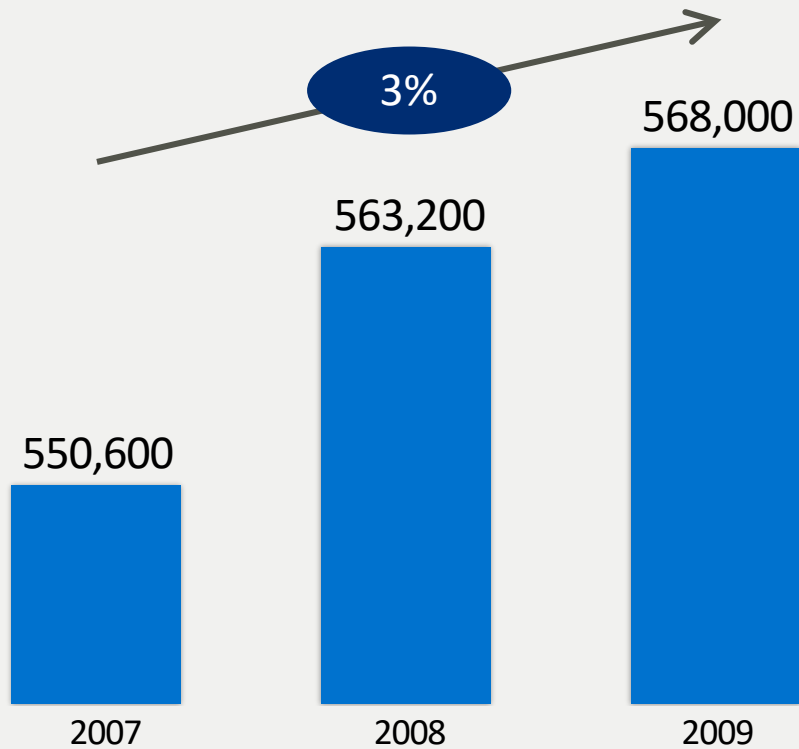


Advantageous Features of  
Select-Service Hotels

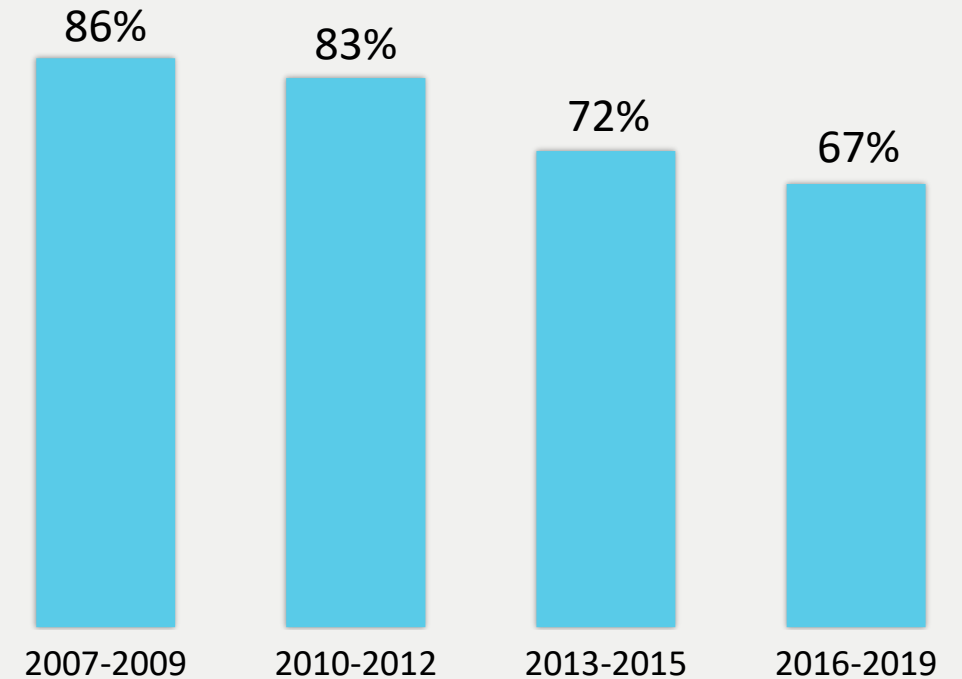
- ✓ Less labor-intensive and lower operating costs
- ✓ Higher operating margins
- ✓ Lower construction costs, manageable debt service
- ✓ Can breakeven at ~30% occupancy
- ✓ Predominately small business owners, eligible for government stimulus and/or SBA debt relief

# Proven Track Record of Growing During a Recession

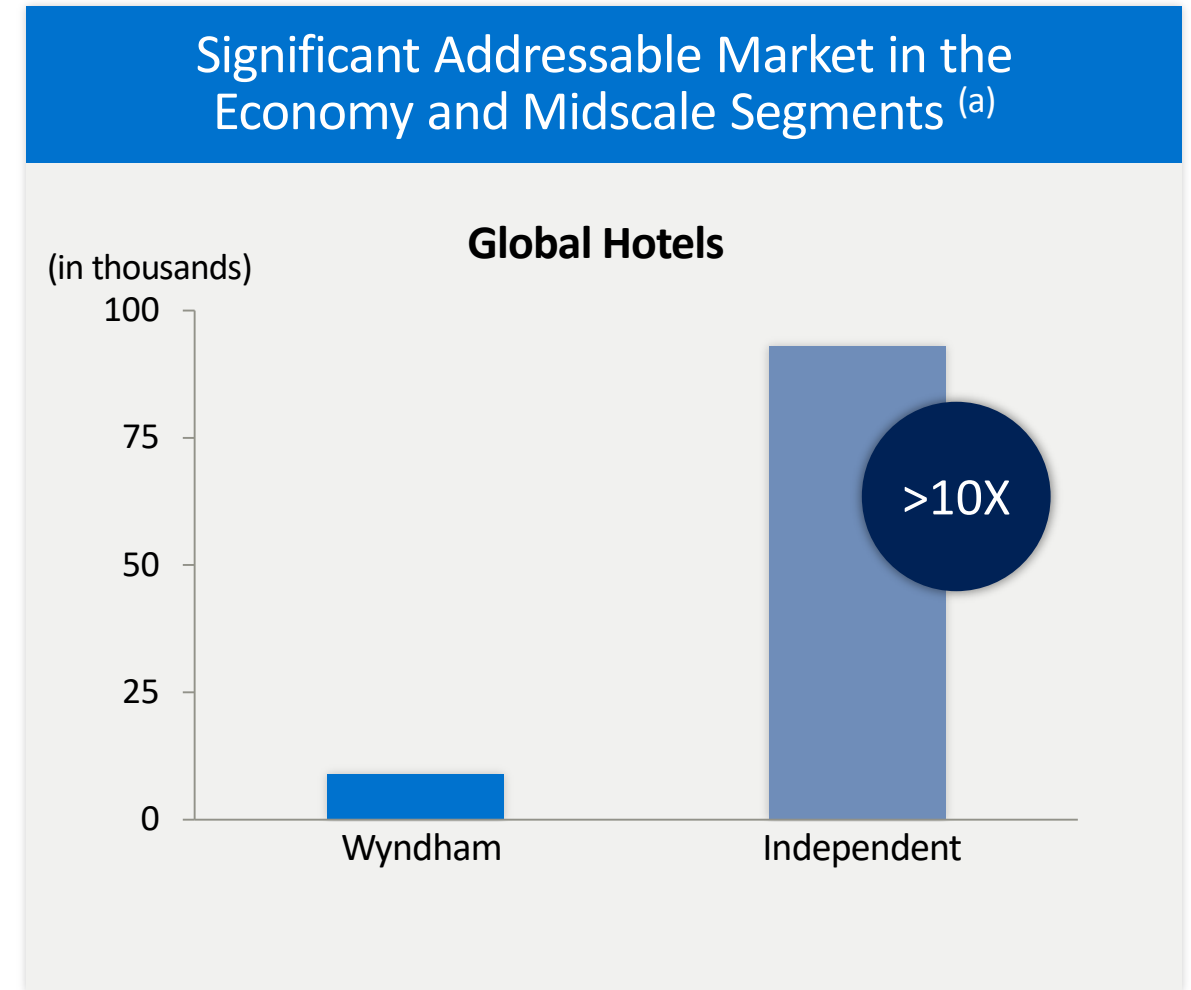
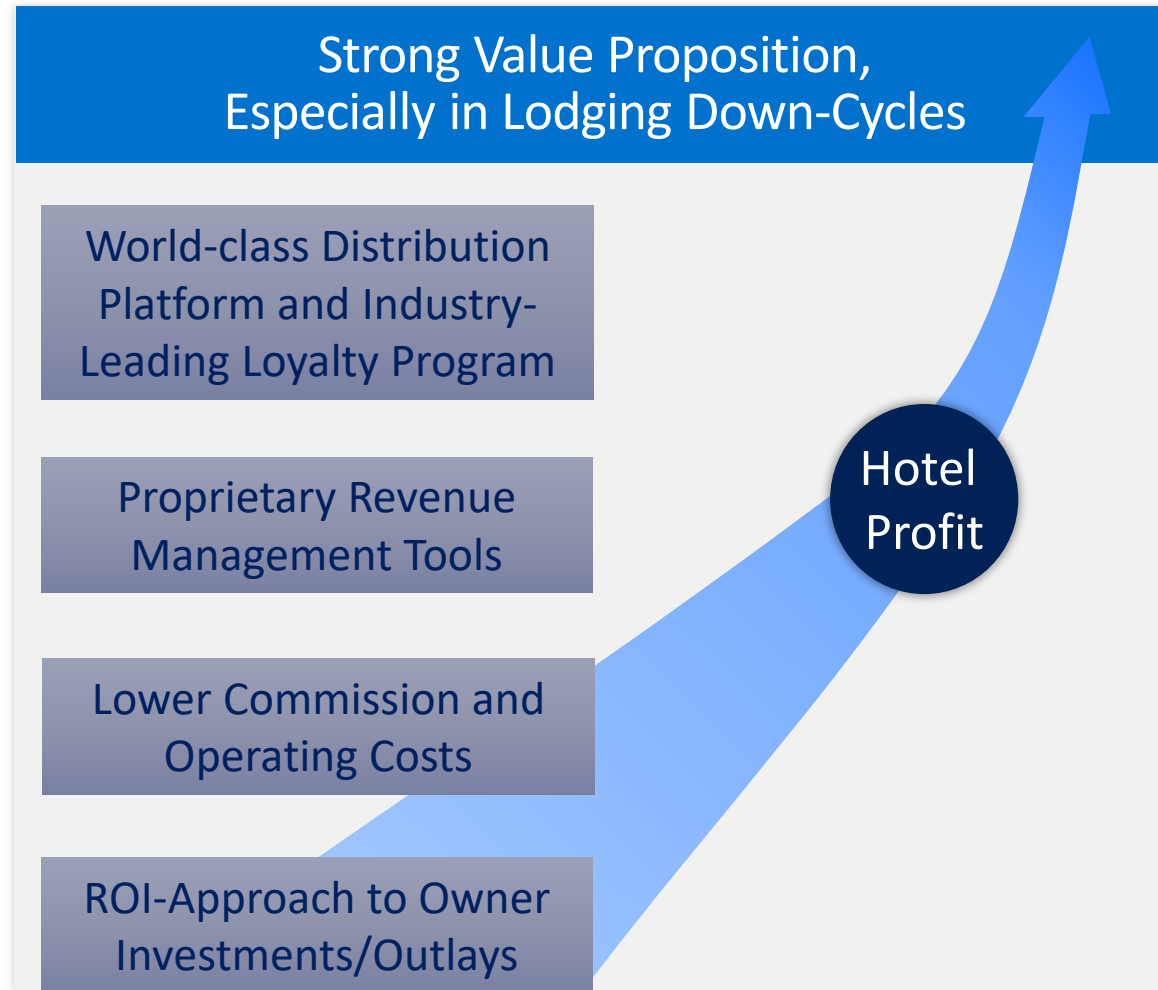
Global Organic System Growth  
Last Recession



Conversion Activity as a  
Percent of Total Room Openings

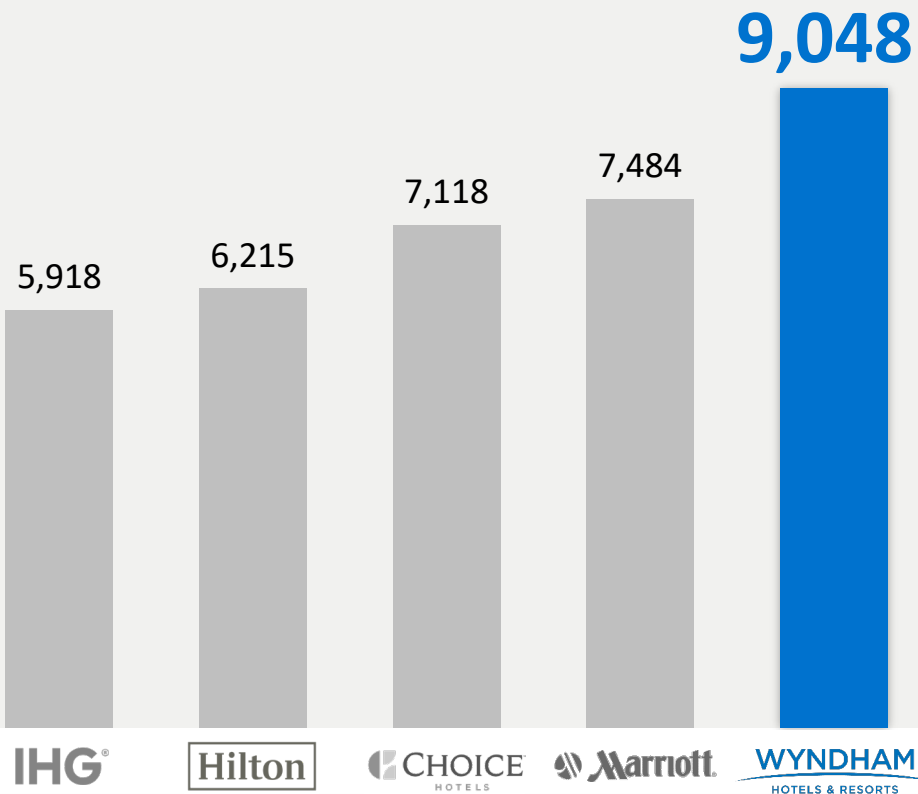


# Significant Growth Opportunity in Large Conversion Market

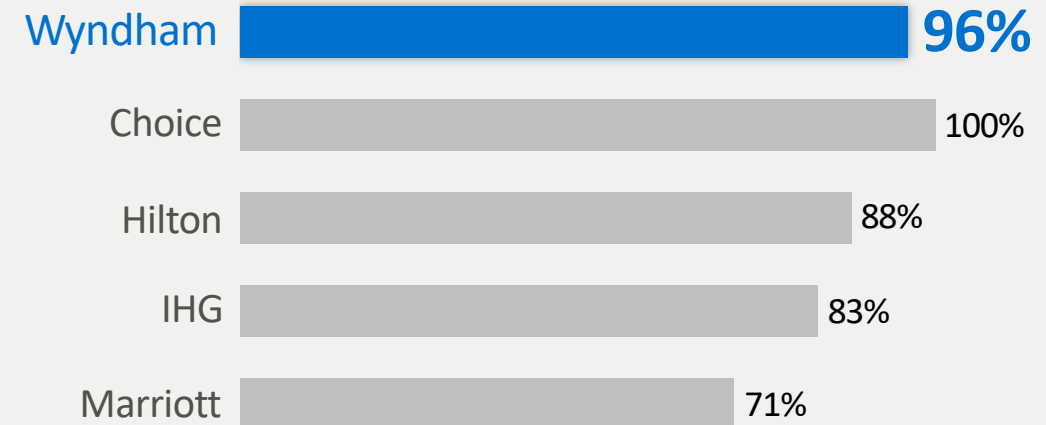


# World's Largest Hotel Franchisor with Minimal Exposure to Asset Risk

## Number of Hotels Worldwide




## Percent of Franchised Hotels



- ✓ Limited exposure to operating costs and capital requirements associated with owned assets
- ✓ Asset-light requiring less than \$50 million in annual capital expenditure spend
- ✓ Minimal exposure to incentive fees



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# The Wyndham Family of Brands

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



# Strong Leadership Navigating Through the Storm



GEOFF BALLOTTI  
CHIEF EXECUTIVE OFFICER

- 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

- Served as Wyndham Hotels & Resorts Executive Vice President and Treasurer (2018-2019)
- Served as Senior Vice President of Finance for Wyndham Worldwide, responsible for budgeting, forecasting, capital allocation, financial analysis and strategy (2015 – 2018)
- Held varied financial leadership positions of increasing responsibility with Wyndham Worldwide and its predecessors (2000 – 2015)
- Began her career as an independent auditor with Deloitte where she earned a CPA



PAUL CASH  
GENERAL COUNSEL  
15 years of industry experience



LISA CHECCHIO  
CHIEF MARKETING OFFICER  
18 years of industry experience



SCOTT STRICKLAND  
CHIEF INFORMATION OFFICER  
20 years of IT experience



CHIP OHLSSON  
CHIEF DEVELOPMENT OFFICER  
27 years of industry experience



KRISHNA PALIWAL  
PRESIDENT, LA QUINTA  
HEAD OF DESIGN & CONSTRUCTION  
15 years of industry experience



MARY FALVEY  
CHIEF ADMINISTRATIVE OFFICER  
22 years of industry experience



SCOTT LEPAGE  
PRESIDENT, AMERICAS  
10 years of industry experience



JOON AUN OOI  
PRESIDENT, APAC  
18 years of industry experience



DIMITRIS MANIKIS  
PRESIDENT, EMEA  
30 years of industry experience



# RevPAR Sensitivities in Global Downturn of Large Magnitude

RevPAR Sensitivity vs. 2019 (for every point/100bps change)	
(\$millions)	2020 Full Year
U.S.-based franchise and management fees	\$3.6
International franchise and management fees	1.5
Global marketing, reservation and loyalty fees	1.2
License fees	1.0
	<b>\$7.3</b>

Typically offset by variable expense reductions but will impact Adjusted EBITDA at steep RevPAR declines

Not RevPAR-based but is sensitive to overall travel demand; subject to a \$70 million floor

# ESG Highlights



## A CULTURE OF DIVERSITY & INCLUSION

- Pledged CEO Action for Diversity and Inclusion™
- Enhancing the Diversity & Inclusion journey
- Achieving 100% gender pay equity at executive levels



## LEADERSHIP IN SUSTAINABILITY

- Certifying hotels with Wyndham Green Certification
- Maintaining LEED® Gold certification at corporate headquarters
- 2025 Environmental performance targets:



15% absolute emissions reduction in Scope 1 and 2 emissions



100% renewable energy at owned properties and North American Corporate Headquarters



15% reduction in water consumption per square foot



## PROTECTING HUMAN RIGHTS

- Reinforcing policies and training to support hotel workers through AHLA's "5-Star Promise"
- Continuing to mandate human rights training across all hotels (managed & franchised) and team members
- Continuing to strengthen partnerships with ECPAT, ITP, Polaris and BEST



## SUPPORTING OUR COMMUNITIES

- Helping over 2,800 impacted Team Members through Wyndham Relief Fund
- Continuing to strengthen Count on Us™ health and safety protocols



Count on Us™  
to put safety first

- Goal of 100% team member participation in community-volunteer-day by 2025

# 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. Explanations for adjustments within the reconciliations can be found in our fourth quarter 2019 and subsequent Earnings Releases at [investor.wyndhamhotels.com](http://investor.wyndhamhotels.com).

	Three Months Ended September 30, 2020	Year Ended December 31, 2019
Net income	\$ 27	\$ 157
Provision for income taxes	15	50
Depreciation and amortization	24	109
Interest expense, net	29	100
Stock-based compensation expense	5	15
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	1	5
Adjusted EBITDA	<u>\$ 101</u>	<u>\$ 613</u>

	Three Months Ended September 30, 2020	Year Ended December 31, 2019
Net cash provided by operating activities	\$ 97	\$ 100
Less: Property and equipment additions	(5)	(50)
Free cash flow	92	50
Payments to tax authorities related to the La Quinta acquisition	-	195
Transaction-related and separation-related cash outlays	4	78
Restructuring payments	6	-
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>\$ 102</u>	<u>\$ 360</u>



# Definitions and Disclaimer

## Definitions:

**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 EBITDA also assists our investors in evaluating our ongoing operating performance by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. These supplemental disclosures are in addition to GAAP reported measures. These non-GAAP reconciliation tables should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP.

**Adjusted Free Cash Flow:** Adjusted free cash flow represents net cash provided by operating activities less property and equipment additions, which we also refer to as capital expenditures. We believe adjusted 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. This non-GAAP measure is not necessarily a representation of how we will use excess cash. A limitation of using adjusted free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating Wyndham Hotels is that adjusted free cash flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

## Disclaimer:

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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. In some instances, we have provided certain non-GAAP measures only because we are unable to predict with reasonable certainty the occurrence or amount of potential adjustments that may arise in the future.