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Wyndham Hotels & Resorts, Inc. (WH)

Q2 2020 Earnings Call

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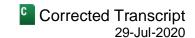
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MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Wyndham Hotels & Resorts Second Quarter 2020 Earnings Conference Call. At this time, all participants have been placed on a listen-only mode, and the floor will be opened 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, Keith. 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. To the extent there are non-GAAP measures discussed and future impact, 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.

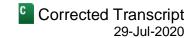
Thanks, Matt. Good morning, and thanks, everyone, for joining us. Our comments today will be focused on the impact that COVID-19 is having on our business, and how we believe our actions are best positioning us to emerge from this pandemic as a stronger company.

But first, I'd like to remind you why we believe we're uniquely positioned to outperform not just during the crisis and the recovery, but also for the longer term. Our business is fueled by leisure travelers representing 70% of our bookings. Yet the other 30% coming from guests for whom travel is essential to their job is predictable and dependable. Our portfolio of hotels is not reliant on air travel, rather it's predominantly drive-to with about 90% of our US hotels located in suburban, interstate or small metro markets. With these destinations primarily appealing to domestic travelers, the vast majority of our portfolio is also not reliant on international travel.

We lead the select service space, 99% of our US hotels are select service. And these hotels fare much better in turbulent times than in higher end chain scales. We have a proven track record of growing our unit base even



Q2 2020 Earnings Call



during times of economic difficulty. We do this by focusing our efforts on conversion opportunities and by leveraging the significant breadth and depth of benefit we could provide to potential owners and being associated with the world's largest hotel franchise system driven by a strong brand and strong value proposition.

Finally, our business model is low risk. With over 95% of our hotels franchised, we have limited exposure to operating cost and capital requirements associated with owned assets. We require less than \$50 million in annual CapEx spend, and we have minimal to no exposure to incentive fees. Our revenue and cash flows are highly predictable and reliable. And it is due to these strengths that nearly all of our hotels were able to remain open throughout this crisis even during the softest days of late March and early April when occupancy across the industry fell to nearly 20%. While downtown, urban group and meeting destination hotels were forced to close, our hotels remained open hosting essential frontline emergency medical, government transportation, and other workers who travel for a living no matter the circumstances.

During the second quarter, our economy brands outperformed their competitive set by over 300 basis points, and our mid-scale brands outperformed their competitive set by over 1,000 basis points. These results were also fueled by our recovery efforts. We established the building blocks of the first phase of our recovery plan with a campaign in April launching our #EverydayHeroes Initiative honoring essential frontline workers while at the same time reinforcing our flexible booking policies, loyalty member enhancements, and loyalty partnership benefits to drive direct bookings.

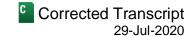
In the second phase of our recovery plan, which kicked off in early June, we shifted our messaging to highlight our cleanliness and enhanced safety policies. We rolled out new brand standards requiring the use of EPA approved, hospital grade, cleaning and disinfecting supplies and we began drop shipping face masks and alcohol-based hand sanitizer and disinfectant wipes to our franchisees, providing guests with visible reassurance that they are in a safe and a clean environment at a time when health and social distancing is their number one priority.

The third or welcome back phase of our recovery plan is currently reinforcing our direct booking benefits across our omni-channel platforms, targeting high value customer segments with a high propensity to travel. With nearly 90% of our US hotels in drive-to markets near key leisure destinations and locations, we know we are best positioned to capture leisure demand as it returns. This type of travel has always been core to who you are and the basis of our prior You're About 10 Minutes Away From a Hotel by Wyndham marketing campaign.

With our new national and regional marketing campaign that builds on this prior positioning, we will continue to give guests the confidence that Wyndham is ready to welcome them back with our Count on Us safety first commitment, our booking and cancellation flexibility, our Wyndham Rewards member perks including our relaxed requirements for earning member levels, our extension of premium status for our most important members, and the largest and most trusted portfolio of economy and mid-scale branded properties in drive-to locations of any loyalty program.

The campaign targets summer travel intenders with a focus on Wyndham's everyday traveler and the locations that are currently showing demand by engaging with them at the moment, they're looking to book, providing the opportunity to scale up or scale down with our market dollars as travel demand dictates. For the last six weeks, the campaign has been running across all of our global sales, marketing, and PR channels showcasing a value added promotion offering Wyndham Rewards members with 2,000 bonus points for every qualified stay and we also just launched a new Stay Two Nights and Get One Free Night offer through September that rewards our members for booking direct and staying now while giving them a reason to come back in the fall.

Q2 2020 Earnings Call



Our recovery plan is already showing meaningful results. Direct channel web bookings are up 80% since the April-May timeframe. Volume into our call centers is trending near pre-COVID levels, and loyalty member occupancy has increased by over 400 basis points year-to-date compared to 2019. And as volumes have increased and demand has begun to recover, we have been able to welcome back thousands of team members to our managed properties. And we have been able to bring back all furloughed team members to our corporate offices.

Drive-to leisure demand to our thousands of hotels near beaches and national parks or to our hotels along the interstate on the way to get there remain strong. Weekend occupancy has outperformed weekday occupancy for the last 14 consecutive weeks. And July month-to-date weekend occupancy is averaging 10 points higher than weekdays. Overall occupancy continues to show sequential improvement in our economy and mid-scale brands in the US, and our month-to-date occupancy is averaging almost 50% in the US and recently reached a high point of nearly 60%, reflecting strength in drive-to leisure destinations.

Today, over 99% of our 6,300 domestic hotels are open. And while we are seeing some plateauing in the harder hit larger markets like Florida, Texas and California, we are seeing continued occupancy improvement in the smaller markets like Colorado Springs, Lake Michigan and the Texas Gulf Coast. Aside from leisure travel, we are seeing consistent demand from guests who have to travel in the transportation, in the utility, logistics and infrastructure industries with project and construction work coming back to near business-as-usual levels.

We are also seeing increasing demand from the military, from the government, medical and small social segments like family reunions, birthdays, anniversaries and small weddings. We, of course, continue to keep a close eye on the impact of certain reopening plan rollbacks, and we are very well aware that leisure travel may abate somewhat in the fall. Nevertheless, we are encouraged by continued consumer confidence in drive-to getaways. We're pleased to welcome guests back to our hotels, and we're relieved that the majority of our franchisees were able to generate positive operating cash flow during June and July.

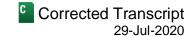
And it's important to note that our leisure mix does not change dramatically from quarter to quarter. Less than 1% of our franchisees' room nights are generated by group business, and we are no more reliant on corporate or contracted business in the third and fourth quarters than we are in the second quarter. In 2019, leisure made up 70% of our business in the second quarter, 71% in the third quarter, and 69% in the fourth.

Moving to other parts of the globe. All of our international regions are experiencing occupancy improvement. In Asia-Pacific, where 93% of our system is now open, occupancy is now running over 60% in China. In Canada, 98% of our system is open and occupancy is now in the 40s. And in the Europe, Middle East and Africa region, where two-thirds of our system is open, occupancy is running over 30%. Latin America remains our most challenged region with around 100 hotels still closed and occupancy levels at less than 30%.

We finished the quarter with 813,000 rooms, which was flat to prior year. And despite our franchise sales and operations teams being sequestered at home and unable to travel for most of the quarter, we nevertheless opened 5,700 rooms. While we were only able to open 300 rooms in April, we opened 1,100 rooms in May and 4,300 rooms in June as our teams began to travel again, and independent economy and midscale hotel owners began to look towards the future in search of a brand that could generate RevPAR premiums, operating cost savings, lower distribution costs, and increased market share, all of which we could offer as the world's largest hotel franchising company.

Convergence improved dramatically in June as well, representing over 70% of our volume versus 57% a year ago. We were pleased with the pickup in conversion activity as the quarter progressed both on the signings and

Q2 2020 Earnings Call



on the openings front. We expanded our soft branded Trademark Collection by Wyndham, the fastest growing brand in our portfolio with independent hotel conversions across the United States, across Canada and Germany.

In China, we added six new hotels to our Ramada by Wyndham brand, five new construction and one conversion, further strengthening our presence in that country.

Additionally, we were thrilled with our continued international expansion of La Quinta, adding two high-quality independent conversions in Turkey: the La Quinta Bodrum off the shores of the Aegean Sea, and the La Quinta Giresun on the coast of the Black Sea, both coming from new owners on the heels of the opening of the highly rated La Quinta Istanbul.

Earlier this year, we announced plans to open two new La Quinta hotels in New Zealand, marking the arrival of La Quinta in our Asia-Pacific region. And just last month we expanded on that by signing our first La Quinta in China, the La Quinta by Wyndham Guilin, which is scheduled to open later this year.

Turning to franchisee health and retention. With the termination of the dilutive 9,000 master franchise rooms in China that we previewed on our last earnings call, our international retention rate over the last 12 months was, as anticipated, 92%. Our domestic retention rate held steady at 95%. Now, while recent data is showing spikes in CMBS delinquencies, less than 10% of our 6,300 domestic hotels are reliant on the CMBS market and are instead financed by local and regional lenders who are largely working with our franchisees on forbearance plans. Approximately 90% of our franchisees have also benefited from a Paycheck Protection Program loan and approximately 40% have received an economic injury disaster loan.

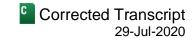
Nearly 70% of our US franchisees are operating above 40% occupancy. Even so, we know hotel owners across the industry are suffering. And we know it's inevitable that there will be some that cannot stay afloat. We expect well-capitalized franchisees with reasonable debt service to navigate successfully through the crisis with the support provided through the CARES Act, along with the support that their banks, vendors and Wyndham are providing to them. However, owners, whom are more thinly capitalized with higher debt service levels, are unfortunately more likely going to fail. Michele will walk you through our plan to assist as many owners as we possibly can throughout this crisis.

At the end of June, our global development pipeline was 180,000 rooms, a decrease of 4% or 8,000 rooms year-over-year. The decline reflects the soft April and May sales activity, as the world remained on pause as so many were under stay-at-home orders. The pipeline was also impacted by the deliberate removal of deals that no longer meet our recently increased hurdle rates, coupled with a higher degree of conservatism applied to new construction and development projects that have not yet secured financing. Our view, we believe, prudently reflects a more accurate picture of deals in our pipeline that have the highest likelihood of opening in a post-COVID environment.

Despite the ongoing impacts of the pandemic, there remains opportunity in the market, especially in conversions as owners evaluate the best way to manage their future, and as noted on our last call, we believe that conversions will become an even more important growth vehicle for us over the next several years.

Finally, we would like to recognize and thank our friends and colleagues, who we had to say goodbye to and their positions were eliminated. We will never forget their many contributions and we will be forever grateful for their service. Additionally, words can't express how much we appreciate the patience, the understanding, and the loyalty of those team members, who are placed on furlough.

Q2 2020 Earnings Call



While 2020 has not been the year any of us expected it to be, the actions we have taken in response to the pandemic will allow us to emerge as a stronger company financially and operationally, intensely committed to the survival and the success of our most engaged franchisees and owners. Of course, none of these efforts could have been accomplished without our incredibly talented team members, who have been working harder and more efficiently than ever across every function and in every corner of our world. They've been bringing Wyndham's Count on Me culture to life every single day.

And with that, I'd like to turn the call over to Michele. Michele?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thanks, Geoff. Good morning, everyone. I'll begin my remarks today with a detailed review of our second quarter results. I'll then review our cash flows and balance sheet, as well as our best current view on certain operating statistics and financial metrics for 2020.

In the most challenging quarter our industry has ever experienced, we generated \$258 million of revenue and \$63 million of adjusted EBITDA. This success was driven by our portfolio of brands that appeal to the mass demographic and by an incredibly flexible cost structure. We were able to reduce our cost and capital spending in the quarter by \$101 million, and we use these funds to support our franchisees through fee waivers and deferrals helping them preserve cash during this critical time.

Comparable RevPAR, which is in constant currency and excludes hotels temporarily closed due to COVID-19, declined 54% on a global basis in the second quarter including declines of 51% in the US and 65% internationally. A little more than two thirds of the decline in the US was due to occupancy. We were encouraged by the trends we saw through the second quarter where occupancies for our select service hotels improved sequentially each month from a low of 26% in April to absolute levels of over 45% in June and continued to push forward to nearly 60% in July as Geoff mentioned.

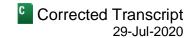
From a pricing perspective less than one third of our domestic RevPAR decline was due to rate. Furthermore, since the trough in mid-April, ADR for our economy and mid-scale brands has increased 15% on average during the weekdays and 32% on average during the weekends.

Importantly, the current price differential between economy and mid-scale hotels is roughly \$20. And the price differential between mid-scale and upscale hotels is roughly \$30. Both significant enough gaps we believe to impact decision making for our value-conscious everyday travelers.

Internationally, occupancy levels for the second quarter averaged mid-20s in China, low-20s in Canada, midteens in Southeast Asia, and below 10% in EMEA and Latin America. July month-to-date results are much stronger with occupancy running 15 points to over 25 points higher in each region.

Second quarter revenues decreased from \$533 million last year to \$258 million, including a \$94 million decline in costs reimbursable revenues primarily due to property level employee furloughs and asset sales by CorePoint Lodging. Excluding costs reimbursements, revenues decreased \$181 million or 49%, reflecting the decline in global RevPAR as well as \$21 million of lower revenues due to the temporary closure of our two owned hotels in April and May, \$12 million of non-royalty fee waivers granted as part of our COVID-19 franchisee relief measures, and \$11 million of lower license fees from Wyndham Destinations due to reduced travel demand. These revenue declines were partially offset by the noncash recognition of \$16 million of previously deferred revenues in our loyalty program, unrelated to our COVID-19 fee deferral relief program.

Q2 2020 Earnings Call



Our adjusted EBITDA declined \$96 million from \$159 million to \$63 million in the second quarter, reflecting the revenue changes partially offset by a 39% reduction in costs. Adjusted diluted EPS declined to \$0.10. As mentioned on last quarter's call, we've taken a number of steps to mitigate the revenue losses from the COVID-19 travel disruption. We've reduced our expected cash outflows in 2020 by approximately \$255 million, of which \$101 million was achieved in the second quarter and \$29 million has been achieved in March. About 75% of the second quarter savings are volume related with the remaining 25% being permanent changes to our cost infrastructure. The second quarter savings will be the highest of any quarter of this year as we expect corporate furloughed employees to return to work on August 3rd, and we have recommenced the advertising spend to capture the summer travel demand.

Keep in mind the \$101 million represents cash savings including CapEx, so it won't tie perfectly to the P&L. As we have previously noted, approximately \$155 million of the \$255 million expected savings represent volume related reductions with the remaining \$100 million representing savings from our restructuring actions that are permanent changes to our cost infrastructure and will provide benefits beyond 2020. Of this \$100 million, we expect about \$40 million will drive incremental EBITDA on a continual basis and that \$60 million will free-up dollars within our marketing, reservation and loyalty funds to invest in higher ROI marketing programs with the goal of driving increased profits for our franchisees.

In connection with our restructuring, we also undertook a detailed review of our portfolio and identified properties that have a history of compliance issues having consumed significant operational resources over the years despite reasonably healthy economies. We have been working with the owners of these properties to develop a path forward. But now with COVID-19, that outcome is far less likely. Therefore, we have determined the most practical solution is to terminate the existing license agreements rather than to continue to expend additional operational and financial resources that can be redeployed to more engaged franchisees in need of our support.

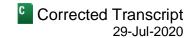
Over the next two quarters, we will take the necessary legal and compliance steps to remove these hotels from our system. Importantly, all of these hotels are dilutive to the royalty rates within their regions. The annual adjusted EBITDA impact related to removing these 85 hotels representing 16,000 rooms is approximately \$3 million, which is more than offset by the savings we are driving from our restructuring initiatives. These actions will depress our international retention rate by about 500 basis points in the short term, but we expect this impact will be behind us moving into 2021. Longer term, removing these dilutive properties will free up significant management and operational bandwidth to focus on higher value growth going forward.

Apart from these rooms, we expect approximately 3,500 rooms primarily relating to the SVC portfolio to leave our system in the third quarter of this year. These hotels were previously under hotel management guaranty contracts that we exited in 2019. The eight RLJ guarantee contracts that we also reached agreement to exit in 2019 are now fee generating properties that are expected to remain in our system into 2021 on a non-guaranteed basis.

Turning to cash, we ended the quarter with \$664 million of cash on hand. Free cash flow for the quarter was a net use of \$68 million or \$40 million excluding special item cash outlays related to severance and our 2019 contract terminations. This cash use reflects a \$67 million impact from our COVID-19 franchisee fee deferral program. We saw that our franchisees utilize this cash conservation measure to defer about 65% of franchise fees until September 1. And as of July 24, the 35% of fees that have been paid has already increased to over 40%.

We have great confidence in our balance sheet liquidity, the resiliency of our business, and in our ability to produce significant cash flow. And our board of directors shares this confidence as evidenced by their decision in May, which was unique in the industry to approve a quarterly dividend of \$0.08 per share.

Q2 2020 Earnings Call



Looking at the balance sheet, because of the travel disruption resulting from COVID-19, we were required to conduct a detailed review of the carrying values of our assets to ensure those balances did not exceed their fair market values. This review resulted in non-cash impairment charges totaling \$206 million primarily related to our most recent brand acquisition, La Quinta. With continued domestic and international net unit growth, our confidence in the La Quinta by Wyndham brand remains strong and our projections of the brand's future cash flows have not changed materially from our original assumptions.

However, given the current environment, the discount rate applied to the cash flows to calculate the fair value is higher than the rate at the time of acquisition. We therefore recorded a non-cash charge of \$155 million to reduce the carrying value of our La Quinta trademark to its current fair market value. Beyond La Quinta, there were smaller charges totaling approximately \$50 million with respect to three other trademarks and to the goodwill associated with our two owned hotels.

Turning now to outlook, while we remain unable to provide an outlook given the RevPAR uncertainties ahead, we would like to give you our best current view on certain operating statistics and financial metrics for 2020. Given the unusually lower year-to-date openings combined with the strategic non-compliant hotels we expect to remove from our system in the third and fourth quarters, we are not currently anticipating positive net room growth this year.

As mentioned last quarter, we expect our marketing funds will adversely impact EBITDA in 2020 by a meaningful number. Normally, we offset marketing fund revenue declines by proportionately reducing variable expenses. However, given the magnitude of this year's declines and our intention to support our franchisees through this crisis and the recovery, we have decided not to reduce these costs on a one for one basis with the corresponding revenue declines.

On average, for every point of RevPAR change in 2020, you can expect to see about \$1.5 million of a marketing fund impact to EBITDA. And note that our accounting for our marketing funds is not comparable to our peers, we do not remove the net effect of these funds from our adjusted EBITDA as they are germane to our operations and are value proposition to our franchisees.

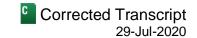
We continue to expect license fee revenues to be at least \$70 million reflecting the minimum levels outlined in the underlying agreement. We expect cost reimbursement revenues to continue to decline as a CorePoint executes its disposition strategy of non-core assets, which will remain La Quinta franchisees under a new ownership. We remind you these revenues have no impact on EBITDA. The amount of the year-over-year decline is contingent upon the timing of sales by a CorePoint.

Below EBITDA, we expect depreciation and amortization expense to be between \$60 million and \$64 million and interest expense to be between \$105 million and \$110 million. We expect our diluted share count to be 93.4 million for the full-year 2020. We expect capital expenditures to be approximately \$30 million and development advance spent to be in the range of \$20 million to \$25 million.

Last, I'll remind you that we still have another \$50 million of special item cash outlays remaining this year primarily relating to the restructuring charges. And we continue to expect special item cash outlays will be behind us in 2021.

In closing, while the shape and duration of the recovery remain uncertain, we have demonstrated the resiliency of our drive-to and leisure-oriented franchise business model by generating positive adjusted EBITDA in the second

Q2 2020 Earnings Call



quarter and minimizing our cash burn through strong cost management, all amidst the worst crisis in our industry's history. We remained focused on driving profitability through enhanced margins, higher royalty rates, and strong free cash flow conversion, and on putting that cash to work to drive shareholder return.

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

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Again, we do ask that you limit yourself to one question and one follow up. Thank you. We'll take our first question from Joe Greff with JPMorgan. Please go ahead.

Joseph Greff

Analyst, JPMorgan Securities LLC

Good morning, everybody, and thanks for all this information. Geoff, can you talk about – Michele, can you talk about what you're anticipating in the second half for working capital drags related to third-party hotel owners continuing to defer paying the franchise fees. I know you talked about maybe the ability to pay from here. I'm guessing that of 70% of US franchisees are at or above 40% occupancy now in July and obviously higher than at different points in the 2Q, their ability to pay franchise fees is also higher. So, my question is this, should there be less of a quarterly run rate drag in the 3Q and similarly something in the 4Q that's less than the 3Q, or conversely is there this anticipated lag, and if so, what is that? I have a follow up.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Hi, Joe. Thanks for the question. We're expecting considerably higher collections in the third quarter than in the second. Exactly how much probably depends on how travel demand recovers. I would say, yes, we do believe with the majority of our portfolio now above breakeven levels that they have the ability to pay I think I do think some franchisees are a little concerned about what the fourth quarter holds. And so, we're going to remain flexible and continue to monitor the situation to make sure that we're providing as much support as we can to ensure their success through the pandemic.

Joseph Greff

Analyst, JPMorgan Securities LLC

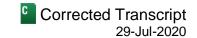
Okay. I'll follow up with you later. Okay. And then one question on conversion, obviously, the most recent month had a higher level of conversions and maybe some of that is related to the prior two months, which had a lower amount of activity. I mean, do you look at the conversion levels that you've seen more recently as a sort of a good run rate here or what are you seeing in terms of the conversion activity, and what's anticipated in your comment about not seeing any net rooms growth this year, but what's the gross amount of conversions that we should expect?

Geoffrey A. Ballotti

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

Sure. It was definitely, Joe, a really positive momentum throughout the quarter. The 5,700 opens, roughly 2,000 of those were conversion. And if I just look at the way it picked up in terms of our opens domestically, we had a 100 in April, 400 in May, and 2,000 we mentioned in June. 85% of those were conversion rooms. And so many of them opened in the same quarter. I mean, we were able to open over a dozen hotels in the quarter that were

Q2 2020 Earnings Call



picked up in the quarter in brands like Days Inn, Super 8, and Baymont, Travelodge, and Trademark. So it was encouraging, domestically, it was also encouraging to see the pickup, internationally, we had great same quarter selling opens, and so many of those were conversions. I mean we went similarly from a couple of hundred to a 1,000 to 2,500 in June. So, our teams are back out there domestically and internationally. They're traveling again. And we think we have a big conversion opportunity ahead.

Joseph Greff Analyst, JPMorgan Securities LLC

Good. Thanks. And I have one quick follow-up. I know I'm asking a lot here. Given your comments that the leisure mix generally in the 4Q is indistinguishable from that mix percentage in the 2Q or 3Q. All things being equal, would you expect the lack of an occupancy retrenchment as we shift from 3Q into 4Q, all things being equal? And I know that all things being equal is sort of a question mark.

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

I think all things being equal means that we typically would see some retrenchment in the fourth quarter coming off of the second and third quarter in leisure and leisure demand, right? So I don't expect from a seasonality perspective to see anything different from that this year, so we will see. My guess is the occupancy levels declined in the fourth quarter compared to the summer travel season. However, our ability to capture that leisure demand does not change, right? So, as we're much more leisure focused and that's just kind of the way we always do business, whatever demand is out there, we do feel like we're going to be able to capture that just as effectively or more effectively than we had in the past years.

Joseph Greff
Analyst, JPMorgan Securities LLC

Thank you very much, guys.

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

Thanks, Joe.

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

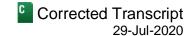
Thanks, Joe.

Operator: Our next question is from David Katz with Jefferies. Please go ahead.

David Katz
Analyst, Jefferies LLC

Hi. Good morning, everyone, and thank you for all the detail. I wanted to ask about the room deletions that you discussed and are in the investor deck. Assuming that the world, right, and the market remains stable and starts to improve, do you have an expectation that beyond what we've laid out today there'll be more meaningful dilutions? And by meaningful, I would say, beyond kind of a normal bottom rung that burns off, so that we're used to seeing across the industry over a number of years?

Q2 2020 Earnings Call



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Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

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Hi, David.

David Katz

Analyst, Jefferies LLC

Hi.

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Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

I would say – hi. I would say, this is everything we know at the present time. Of course, we're going to have some franchisees that struggle through COVID and what comes next for them remains to be seen. But for good operators with a history of brand engagement, we're going to use every tool we have available to them – that we have available to us to help them avoid failure. So, at this point, everything that we have in the system that we know of has been identified.

David Katz

Analyst, Jefferies LLC

Q

Got it. And if I may follow up quickly and apologies if it's in here somewhere and I missed it, but how many La Quintas did you add to that brand in the quarter and if you could just talk about the prospects for growing those units?

Geoffrey A. Ballotti

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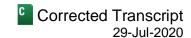
President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.

Sure. La Quinta, David, we've been very pleased with the growth of La Quinta. On the franchise side, the system grew 4% in 201. It's grown 2% year-to-date, and quarter-on-quarter, we added five hotels, so it's up 1% sequentially. Look, we've executed 85 new deals since acquisition, and the retention rate remained strong at slightly over 98% since we acquired the brand.

And the prospects really hinge on our team's ability to sell what's just performing so well for this brand right now. It is the strongest performing brand in our lineup. The RevPAR index is grown to a 107% both year-on-year and on a two-year stack basis. And it is a brand that is really outperforming. It's also our highest occupancy brand right now. I mean it has been for our entire system, Michele, talked about to Joe's question looking ahead, which is tough to forecast, but it has been 15 consecutive weeks where occupancy week-on-week has improved. And there's no brand where it has improved stronger or faster or higher than La Quinta. La Quinta ran 65% occupancy this Saturday night, and that was up for from the prior Saturday night as it's been for 15 consecutive weeks.

So, our franchise sales team feel very good about it on both the new construction and the conversion standpoint. And I think what is also becoming apparent is that it is a brand that our teams are excited about growing internationally. We have added eight executed deals for under construction in the Dominican Republic. We opened a hotel in Istanbul, Turkey and we had an opportunity to find two more conversion opportunities and convert those brands to La Quinta. We talked about that in the script both in Bodrum and on the Black Sea. And we've executed two in New Zealand and just signed one in China. So we're very bullish on La Quinta moving forward.

Q2 2020 Earnings Call



David Katz

Analyst, Jefferies LLC

Got it. Thank you very much.

Geoffrey A. Ballotti

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

Thanks.

Operator: Our next question is from Stephen Grambling with Goldman Sachs. Please go ahead.

Stephen Grambling

Analyst, Goldman Sachs & Co. LLC

Thanks. Good morning. This is a bit of a follow up to Joe's second question and the last questions. But I also tying development, I guess how are the conversations with independents and developers changing as we assess the availability of capital and any need for you to provide support in the form of additional key money or loans, and are you seeing any major differences as it relates to that support by region?

Geoffrey A. Ballotti

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

Yeah. No. No real differences. You know as we've talked about before we joke Michele squeezes key money out with an eyedropper. And we're not certainly seeing any need to do anything more than we've done in the past. I think as we've talked about, Stephen, in the conversion market there is a significantly lower need to use our balance sheet. But the conversion opportunity for us is, as you say, and we've talked about important and it's a big opportunity for us domestically, and we think it's an even bigger opportunity internationally. When you look at the addressable market that Smith Travel tracks in the United States with roughly 15,000 rooms that are tracked that we're targeting and recall that over 2 times the independents right now are closed today versus economy or mid-scale branded hotels. And then you look at the international opportunity, which is even larger and less branded, we don't anticipate the need to use our balance sheet anymore going forward than we have in the past.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

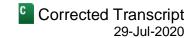
Yeah. And I would just add to that. We have earmarked some rescue capital in our plan. And so, we're happy to put it to work where it make sense. Of course, we would do that on select basis and only where it would generate strong ROIs for us and for our franchisees. We do see now that, that financing is a little tighter. The key money could become a more important element of a deal going forward where capital stack needs to be filled. So we're watching it closely and seeing where and how we can put that rescue capital to work. But as of right now, we're not seeing a ton of those opportunities beyond what we would typically see. But we are hopeful that they'll come our way.

Stephen Grambling

Analyst, Goldman Sachs & Co. LLC

As a very quick follow-up and maybe I missed this in the opening remarks, but I guess what percentage of the rooms in the pipeline have secured financing in place and/or would be considered already under construction?

Q2 2020 Earnings Call



Geoffrey A. Ballotti

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

Sure. We've got 180,000 rooms in the pipeline and under construction as we point out I think it's on slide 7 of the deck 46,000 are under construction. Those rooms obviously have financing in place. And to your question on the new construction rooms that are in the pipeline as we've gone through it, we estimate that approximately 55% of those rooms that are not yet in the ground have financing in place.

Stephen Grambling

Analyst, Goldman Sachs & Co. LLC

Super helpful. Thanks so much.

Geoffrey A. Ballotti

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

Thanks, Stephen.

Operator: Our next question is from Anthony Powell with Barclays. Please go ahead.

Anthony F. Powell

Analyst, Barclays Capital, Inc.

Hi, good morning. Just another question on conversions, are hotel owners kind of willing and able to convert right now or I mean there was an increase in June. These spec conversions continue to increase this year or do you think the larger increase will be in 2021 as hotel owners have kind of a better view on kind of medium term fundamentals.

Geoffrey A. Ballotti

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

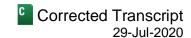
Yeah, great question, Anthony. We do think it will continue to increase and we think the bigger opportunity is later this year or next year. So many independents right now are just trying to deal with their banks and with forbearance. And when they come up to that deadline whether it's later this year or whether it's next year in Q1 or Q2, banks are going to be looking for a plan. They're going to be looking for a reason that they should continue to work with that independent owner. And we want to be part of that plan. We want to be part of that plan because the independent owners is going to be able to show its bank that our brand delivers a RevPAR premium that it delivers dramatically lower distribution costs, and significant operating costs savings from procurement from FF&E, from OS&E, from F&B, from technology from the labor related to both of those. And when you combine that with what our marketing program Wyndham Rewards drives right now, we continue to see an increasing share of occupancy. We're up and we're just been very pleased to see that direct share of occupancy coming up, what that does to their overall cost structure, lowering the amount of rooms they're getting through an OTA at a much lower cost of contribution we think our value proposition and pitch becomes a lot more compelling later this year and into the first and second quarter of next year. But we were pleased with how much pickup we saw in June both domestically and internationally versus what we had in April and May.

Anthony F. Powell

Analyst, Barclays Capital, Inc.

Got it. Thanks. And on another topic, would you consider another [indiscernible] (00:44:51) fee deferral program in the winter, if you could, obviously, you guys kind of tick down as leisure demand kind of seasonally kind of gets a bit lower in the winter months?

Q2 2020 Earnings Call



Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. We're not prepared to speculate on what relief measures we may or may not provide moving into the fall and winter season at this point in time. We want to wait and see how the summer months perform and what the outlook holds for the broader industry as a whole. Anthony F. Powell Analyst, Barclays Capital, Inc. Okay. Thank you. Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Thanks, Anthony. Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Thank you. Operator: Your next question is from Patrick Scholes with SunTrust. Please go ahead. Patrick Scholes Analyst, SunTrust Robinson Humphrey, Inc. Hi. Good morning, Goeff and Michele. Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Good morning, Patrick. Patrick Scholes Analyst, SunTrust Robinson Humphrey, Inc. All right? Looks like you had a pretty size – what I would call a seismic shift in market share gains for economy

All right? Looks like you had a pretty size – what I would call a seismic shift in market share gains for economy and mid-scale brands. I'd like to have a little bit of better color little bit color from you folks as to what you think is behind that? Thank you.

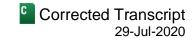
Geoffrey A. Ballotti

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

Sure. There is so much that we're proud of that we've been able to attract and capture this quarter in terms of share gains from business travelers that have been out there having to travel for work. And that was really in those early months what I mean our share gain had never been stronger. I mean we just had all of those essential, every day, business-as-usual travelers that are not per se white collar travelers, but are out there because they have to be. But – and we've been certainly picking up a lot of alternative views, room nights.

We've had great success, our team has had great success on university logging, we've picked up and filled hotels in Pittsburgh and Houston and New Jersey and most recently in La Quinta in Colorado Springs with universities that are looking to move in. But as leisure travelers picked up what's really been driving that pickup is that drive-to

Q2 2020 Earnings Call



business, and it's what's driving bookings now. We've seen tremendous improvement in our direct mobile and call volume leisure bookings, drive-to bookings. Our mobile business, which was down when we were filled with those essential workers down 80% is now down less than 30%, and it's improved every consecutive week. And our direct voice booking channels continues to improve as well. Our call center conversion bookings are backup to almost pre-COVID levels, the booking windows are expanding. Sunday night has become our busiest period. We're staffing back to book getaways for those looking to get away on a drive-to vacation.

And what's most encouraging Patrick is that our ADR has been really holding steady. We've been actually seeing our ADR continue to tick as our occupancy has continued to tick up now for 15 consecutive weeks. And it's been doing so every week, week-on-week across the country because of the drive-to leisure travel that's looking to get away.

Patrick Scholes Analyst, SunTrust Robinson Humphrey, Inc.	Q
Okay. Thank you. Geoff, another question you're shifting topics, and correct me if I'm wrong here. I bel both Marriott and Hyatt have instituted requirements that all guests wear masks. I don't believe that you done that or have done that yet. Can you tell us your rationale at this point for allowing or not allowing remaining the second	ı folks have

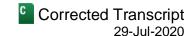
Geoffrey A Rallotti	_
Make it a mandatory. Yeah, thank you.	
Patrick Scholes Analyst, SunTrust Robinson Humphrey, Inc.	C
Yeah, thank you. Thanks for the	
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A

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

No, thanks for the question, Patrick. It is by far and away the most important thing that all of us in the industry do. And it was the American Hotel & Lodging Association, Chip Rogers and his team with all of the industry on a call a few weeks ago that held hands and reached the consensus and decision that as part of safe stay, mandatory mask wearing would be a requirement across this nation. I think it was – well, it was – all of us did agree that no one [indiscernible] (00:49:32) should own safety and we've all been contributing team members to stay safe, we've all been working through our franchise advisory councils. And, yes, we are announcing this morning. If it hasn't gone out already that after working through our franchise advisory councils and our leaders who speak on behalf of the general managers and small business owners, who manage these hotels that it is indeed a requirement in all of our hotels as well.

Patrick Scholes Analyst, SunTrust Robinson Humphrey, Inc. Required for guests going forward, correct?	Q
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A
Yup, absolutely.	
President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	A

Q2 2020 Earnings Call



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Analyst, SunTrust Robinson Humphrey, Inc.

Okay. Congratulations. That's an excellent move in my opinion. Thank you.

Geoffrey A. Ballotti

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

Thank you.

Operator: We'll go next to Dan Wasiolek with Morningstar. Please go ahead.

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

Hi, just first, a question on the pipeline activity. I think you called out financing hurdles and travel restrictions kind of hindering that in the quarter. Just wondering if you can maybe give some details on which of those two had a greater impact. And then on the travel restrictions, I know you've mentioned that that had improved in June versus April and May. Just wondering if there's any comp and diversion in July and travel restrictions hindering your ability given some state-to-state quarantine restrictions.

Geoffrey A. Ballotti

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

We have not seen it yet. We continue to be encouraged by what we're seeing out there from our franchise sales teams domestically and internationally, I'd say, the best call of the week Michele and I get to get on is Friday afternoons with all of our franchise salespeople. Obviously, there is some requirements in terms of where they can and can't drive. But we have not felt any significant slowdown I think. Moving forward, we feel good about our prospects. And the first part of your question?

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

Yeah, just between the two I guess drivers called out on the pipeline activity, the financing hurdles, the higher financing hurdles and the travel restrictions earlier in the quarter, which of those had a greater impact. And I guess it's partly answered in your first response that travel restrictions had become less of a hindrance, so.

Geoffrey A. Ballotti

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

Absolutely.

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

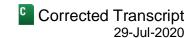
Okay.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Yeah. I would say – oh, I would say, the travel restrictions at the front of the quarter really did have an impact on the ability to build the pipeline, and then increased hurdle rates, it's probably a little less.

Q2 2020 Earnings Call



Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

Okay. Great. And then if I could just ask one question kind of from a longer-term perspective, I know you guys have called out some permanent savings opportunity and just as we get to kind of a more normal travel demand environments post-COVID, how do you guys view the potential for overall operating margins, EBITDA margins. Are those going to be able to get back to pre-COVID levels maybe even be stronger with kind of the cost initiatives you have in place. And if you can kind of I guess include costs reimbursements in that viewpoint that'd be helpful. Thanks.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Yeah. Sure. We are expecting in a post-COVID world that we would drive higher operating margins, because we are driving at least \$40 million of incremental EBITDA through some of the more permanent changes we made to the cost infrastructure. And then on the – what was the second part of that question?

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

Hold on a minute. Yeah. No. Just – yeah, I guess including the costs reimbursement...

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Oh. Yes, yes, yes.

Dan Wasiolek

Analyst, Morningstar, Inc. (Research)

...question there is moving forward longer term you guys think that's I guess cost reimbursements those go up kind of overall or do they go down because of your ability to utilize the initiatives like by Wyndham and have lower marketing costs, that way, just kind of thoughts I guess long-term how to think about cost reimbursement revenue and expenses?

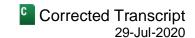
Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

So, cost reimbursement revenue and expenses on our P&L are related to our managed business and they're predominantly payroll costs that are funded by the hotel owners, but GAAP requires us to gross it up on our P&L. I think what you're referring to are the marketing revenues and marketing expenses. And as we look at those, in 2020, we are expecting an EBITDA drag related to what we refer to as our marketing funds, which is how the revenues and expense kind of match each other or in the case of 2020 it won't match each other.

Typically, we will offset our revenue declines in the marketing funds with a one for one reduction in expenses. We're not doing that in 2020, because the revenue declines are so severe. And we wanted to keep some marketing spend as well as the GSO teams and other teams that are directly supporting the – our franchisees through the crisis and through the recovery. So we won't have a one for one decline, and we are expecting in 2020 that the marketing funds will drag EBITDA by about a 1.5 point for every point – a \$1.5 million for every point of RevPAR, I should say.

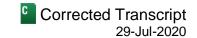
Q2 2020 Earnings Call



Moving forward, in 2021, we expect that our marketing funds would again begin to become breakeven, with one exception. We will be in a position where we can recapture some of the 2020 over spent over time. And we will figure out how to phase that in as we move through our budgeting and strategic planning processes.

Dan Wasiolek Analyst, Morningstar, Inc. (Research)	Q
Okay. Understood. Very helpful. Thanks for the clarity.	
Operator: Our next question is from Dany Asad with Bank of America. Plea	ise go ahead.
Dany Asad Analyst, BofA Securities, Inc.	Q
Hey, good morning, everybody. My question is just on franchisee support. So of domestic versus international franchisees that needed assistance so far?	o, can you give us a sense for the mix
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Yeah we, we	A
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Yeah.	A
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Go, go ahead, Michele.	A
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. No, no, no please, Geoff.	A
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. No, go.	A
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	A
Nope. Okay. We have about 65% through the end of the second quarter which globally that have needed some assistance. We are seeing higher take rates internationally than in the US, especially for EMEA and in China where we have of our hotels.	on the deferral program
Dany Asad Analyst, BofA Securities, Inc.	Q

Q2 2020 Earnings Call



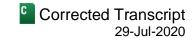
Got it. And then just from my follow up. So for like the 40% of collections to their billings, how did that trend like the peak months of April and May. And what's your best guess for what that could be for, in July for June, and maybe first quarter if you got some sense on that?

Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. I would say – I was actually pleasantly surprised to see the collection rates till high in the month of April, given how there was so much uncertainty with respect to the summer travel season. So it's improved as we've moved through the quarter and as franchisees have been more positive operating cash flow in the months of June and I would say even July. I don't want to speculate about how much we're going to collect in the third quarter because there are really a lot of assumptions that we would have to make to provide you with any type of range. Dany Asad Analyst, BofA Securities, Inc. Yeah. Okay. And one more and it is more of a clarification. But when we talk about your franchisees making positive cash flow in June-July, does that mean they're making debt service payments or is it just like for debt? Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Yeah. So, we're seeing positive operating cash flow. So, on an operating basis before debt service, we feel very confident that they would be positive cash flow. The debt service question really depends on how they're capitalized. For the majority of our franchisees that are reasonably capitalized that like a 70% or lower LTV, at 40% occupancy, they should be able to cover off debt service. If they're higher than 70% levered, then they'll have harder time covering of the debt service and will require higher occupancy to be able to do that. Dany Asad Analyst, BofA Securities, Inc. Understood. Okay, thank you so much. Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Thank you. Operator: Next question is from Michael Bellisario with Baird. Please go ahead. Michael J. Bellisario Analyst, Robert W. Baird & Co., Inc. Good morning, everyone. Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc. Good morning, Mike

Michael J. Bellisario

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

Q2 2020 Earnings Call



Yeah. Just another clarification question on the fee deferrals, maybe help us better understand the timing of everything. Correct me if I'm wrong, yeah, March, April, May payments were deferred, but you're saying only 40% plus or minus has been collected through I think July 24. Does that mean, the June payments that are not being paid in July, are those not subject to a deferral program or how should we think about what's being paid, what's not being paid relative to the three months that you actually deferred?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Yes, the three months that we deferred, you're right, April – March, April and May are not due until September 1st. What we have seen is that 40% of those have been paid prior to the September 1st due date. With respect to June billings, we haven't provided any detail around those collections because the June performance was only billed in July, and so they're actually not technically due until August 10th.

Michael J. Bellisario

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

Got it. That's helpful. And then just one more quick clarification question, I think the comparable RevPAR figure includes closed hotels. What would that negative 54% comparable figure be if you included closed hotels for the period?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Well, that would have been the reported number, which I believe was minus 61%.

Michael J. Bellisario

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

Thank you.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

You're welcome. And you can find that on I think we have some supplemental schedule posted to our website that gives the comparable and reported RevPARs for each of the regions.

Operator: And our next question is from Jared Shojaian with Wolfe Research. Please go ahead.

Jared Shojaian

Analyst, Wolfe Research LLC

Hi. Good morning, everyone. Thanks for taking my question. So, in terms of your comments on units being down this year, I apologize if I missed this. But if you neutralize for removing all the noncompliant rooms that you did in the second quarter and you talked about it on the second half, would you be expecting unit growth to be positive this year after neutralizing for that or no?

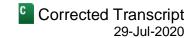
Michele Allen



Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Hi, Jared. I think if we were to neutralize for the deletions in the second quarter for the 9,000 rooms in China and as well as the incremental rooms we're going to take out in the third and fourth quarter, yes, I do think we would have expected to see positive net room growth for the full-year.

Q2 2020 Earnings Call



Jared Shojaian

Analyst, Wolfe Research LLC

Okay. Thank you. That's helpful. And then it looks like you had been showing pretty consistent improvement in weekly RevPAR until the most recent week, which took a step back. Any color you can share there? I realize there's week-to-week noise. I don't want to be too near term focused but I think in this environment right now which is so fluid, I think it's important though, any color you can share there?

Geoffrey A. Ballotti

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

Sure, we actually – it's been 15 consecutive weeks, Jared, this past week that just reported the week of July 25th was our 15th consecutive week of occupancy up and rate coming down just a little bit. It certainly has slowed somewhat this past week. 35 states were reporting occupancy up, 15 down slightly. And I know there's a lot of focus right now on Texas, on Florida. And even in those two markets which are big markets for us both went backwards. They were one of the 15 states that were down slightly by less than a 100 basis points. I think Texas dropped from 49% to 48.5%. Florida dropped from 45% to I think something like, somewhere in the 44s. And it was remarkable for us to see California improve. California actually another important state for us, saw its 15th consecutive week, it was one of the 35 states that were up remarkably grow from 56% to 57%. What's driving the growth in our consecutive week-on-week occupancy our highest occupancy levels are in those real great outdoor road trip states that are so important to us where people just have the desire and the confidence to get out. Idaho and Colorado were running 68%, South Dakota and Montana are running 67%. Michigan, we talked about in the script, up consistently at 65% now. And we're seeing really steady and fast growth, the fastest growing states right now are in the northeast. Maine jumped from 31% to 36%, Mass from 40% to 45%, Rhode Island from 50% to 55% last week and Vermont from 52% to 56%. So when you roll all that up and look at where people want to go and want to drive to, it has been occupancy wise week-on-week 15 consecutive weeks up.

Jared Shojaian

Analyst, Wolfe Research LLC

Okay. Thanks, Geoff. And just to follow-up on that real quickly. So in the slide July 18, you have RevPAR down 39%. It sounds like you have the new week for July 25, do you know what that comparable RevPAR number is if you're down 39% July 18. And again I apologize for being so near-term focused, but again...

Geoffrey A. Ballotti

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

No, no, no. Yeah and I'm looking at overall occupancy levels, and obviously coming out of the July 4th holiday we did see both Memorial Day and July 4th, the weekends drop which we see generally week-on-week, and it goes back to what we're comparing it to and prior week in occupancy. Michele, I don't have the RevPAR down, week-on-week I'm looking at you on Zoom, but the occupancy week for July 25th, if you look to the right side of that chart on slide 5, was up from 50% to 51%. Do you know what the RevPAR was?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

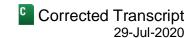
I'm actually looking.

Geoffrey A. Ballotti

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

So it's flat.

Q2 2020 Earnings Call



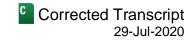
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc. Yeah.	Δ
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	Α
I think it's flat at 39% down to prior year occupancy up to my prior comments for the 15th consecutive week to 51%.)
Jared Shojaian Analyst, Wolfe Research LLC	C
Okay. And sorry, just one more – any reason why the rate is falling off a little. Is that just some year-over-yea noise or anything specific or franchisees choosing to lower rates a little bit right now, what would you say is driving that?	r
Geoffrey A. Ballotti President, Chief Executive Officer & Director, Wyndham Hotels & Resorts, Inc.	Δ
We're not seeing that, Jared. We're seeing it – what might be, what is causing it. Certainly we do have some service urban hotels that are seeing rate drop, but in the economy and in the mid-scale segment, our rates be remarkably resilient and has been improving on the weekends a little bit for us.	
Jared Shojaian Analyst, Wolfe Research LLC	C
Okay. Thank you very much.	
Michele Allen Chief Financial Officer, Wyndham Hotels & Resorts, Inc.	Δ
Yeah. Occupancy up was – occupancy, excuse me, was up about 10 basis points week-over-week for the weeling July 25th. And we're seeing just a slight week-over-week improvement in RevPAR about up a 1 point. We are seeing, as Geoff mentioned, some softness in Florida and Texas, but that's being offset by a week-over-week improvement in California, Georgia, and a majority of our other top 15 states such as Virginia and Pennsylvania.	still.
Jared Shojaian Analyst, Wolfe Research LLC	C
Okay. Thank you very much.	
Operator: Next question from Alton Stump with Longbow Research. Please go ahead.	

Okay. Thank you, and good morning, everybody. Thanks for taking the question. I think most of questions have been asked. I'm just going to ask from a consumer standpoint there's often a lot of people that are hopping on planes this summer, so I presume that they are going on vacation that they hopping on cars for road trips, which obviously is very well in your model. Are you seeing evidence of that what happened trips in the past there were

Alton K. Stump

Analyst, Longbow Research LLC

Q2 2020 Earnings Call



I'm pointing out now being done via cars and therefore potentially helping to drive higher demand for your average hotel stays.

Geoffrey A. Ballotti

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

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Sure. Thanks, Alton. We read every consumer survey and consumer intent data point that's out there whether it's PhocusWire or Sabre. The most recent I saw yesterday, which I think is a good one is from an MMGY, they've been surveying consumers across the country and they just released I think it was this week, it was out yesterday or the day before, I can't remember when I saw it, their Wave VI, I believe it was.

What they point out is that, it continues to be over a 50% of consumers in the United States are as likely if not more likely to travel. They're saying this fall. And over 60% I believe the figure was expected take a leisure trip in the next six months. But for us, in our model, what is so important for us and it was great to see is that over 70% continued to be twice as likely to travel by car. And they want to use their own car, their own personal car.

And another interesting thing that has been surveyed and reported in that we're certainly hearing and seeing from our marketing team is that more consumers are willing to drive further distances. A third are willing to drive according to MMGY over, over 300 miles and a fifth now are willing to drive over 500 miles. So our advantage is that every day traveler that wants to get out and vacation, and there's plenty of other surveys out there that are saying that what people most want are and what they're most looking for are recognized and trusted brands where they know that that brand has a cleanliness and cleaning protocol in place where if it's a roadside or suburban or interstate hotel, they could feel safe in.

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Analyst, Longbow Research LLC

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Excellent. Thanks for the color, Geoff. That's what I got. I hop back in the queue.

Geoffrey A. Ballotti

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

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Thanks, Alton.

Operator: Your next Robert Mollins with Gordon Haskett. Please go ahead.

Robert Michael Mollins

Analyst, Gordon Haskett Research Advisors



Hi good morning. Geoff, can you share what you're seeing in terms of booking windows. Are consumers beginning to book hotels, they spread out or a majority of the bookings being made for near-term stays?

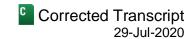
Geoffrey A. Ballotti

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



Yeah. Great question. It was early on really day of and we're certainly seeing start – consumer start to plan. My comment earlier of Sunday suddenly becoming our busiest night in call center is exactly that. So, it was nearly a 100% of bookings for same day, next day back in April has reduced significantly, it's probably 60% now and continues – that booking window continues to lengthen.

Q2 2020 Earnings Call



Robert Michael Mollins

Analyst, Gordon Haskett Research Advisors

And then you also mentioned that you're working with some universities. How big of an opportunity is that and do you have any thoughts around guests being unwilling to stay at hotel that's housing college students?

Geoffrey A. Ballotti

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

The great thing in so many of these buyouts is that they're in for their entirety. I mean the last one I mentioned the US Air Force is an example that just recently booked, they're looking to Colorado Springs north for both the fall and the spring semesters. They've booked it in its totality. It was a \$2 million booking. The University of Pittsburgh, which booked the Wyndham Downtown in Pittsburgh, they've booked it in its entirety. I've seen very few and we've got numerous other opportunities out in the works are that we're about to sign, I won't mention on this call, but I've seen very few where it is a piece of the hotel and it's been more the hotel in its entirety.

Robert Michael Mollins

Analyst, Gordon Haskett Research Advisors

Yeah. Great. And then just one more for Michele, in terms of cost savings, what gives you confidence that you won't need to bring back some of those 440 positions that were impacted as demand recovers in 2021 and beyond?

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Yeah. It's a great question, and it's something that we're always looking at. In reality, we didn't leave a little bit of cushion because we know we wouldn't have gotten it 100% right? So there will be a few positions that we do need to bring back, but we have – we believe that we've reflected that in the \$255 million number we provided.

Robert Michael Mollins

Analyst, Gordon Haskett Research Advisors

Okay. Great. Thank you very much.

Michele Allen

Chief Financial Officer, Wyndham Hotels & Resorts, Inc.

Thank you.

Operator: It appears we have no further questions. I'll return the floor to Geoff Ballotti for closing remarks.

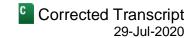
Geoffrey A. Ballotti

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

Okay. Thanks, operator, and thanks, everybody, for your interest in Wyndham Hotels & Resorts. We can't tell you how much we appreciate it. Michele, Matt and I look forward to speaking with many of you in the weeks to come and – but more importantly, hopefully meeting with you face to face in the not too distant future.

Would like to remind any of you golf fans to please tune into the Wyndham Championship from August 13th through August 16, which will be airing on both the Golf Channel and on CBS, where if you have not seen our

Q2 2020 Earnings Call



new advertising yet, you'll certainly see it there. Enjoy the rest of your summer. Take care and most importantly thanks again everybody for dialing into today.

Operator: And this does conclude today's Wyndham Hotels & Resorts second quarter 2020 earnings conference call. Please disconnect your lines at this time. Have a wonderful day.

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