

WYNDHAM

HOTELS & RESORTS

Investor Presentation

July 28, 2020



Resilient Business Model Driving Performance

1 Second Quarter – Improving Trends

2 Supporting Franchisee Health

3 Financial Profile Remains Strong

4 Business Model - Positioned to Outperform

**Clear focus
and priorities to drive
shareholder value**

In Worst Lodging Quarter In History, Wyndham Hotels & Resorts...

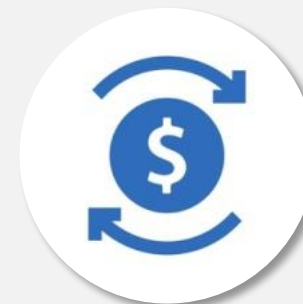


Restructured its operations to drive future profitable growth



\$101M

Realized \$101M of cash savings ^(b)



\$79M

Provided \$79M of support to our franchisees ^(c)



>40%

Collected over 40% of billings despite fees deferred until Sept. 1st ^(a)



>1 per day

~120 new contracts signed



\$63M

Generated \$63M of Adjusted EBITDA ^(d)

(a) Through July 24, 2020.

(b) Includes \$37 million from realignment of the business, \$35 million from advertising and \$29 million from other savings.

(c) Represents \$67 million of fees deferred until September 1st and \$12 million of non-royalty fee waivers.

(d) Net loss was \$174 million for the quarter ended June 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

...And Our Franchisees Continued to Welcome Guests

OPEN FOR BUSINESS

>99% in U.S.
>95% globally ^(a)



GAINED MARKET SHARE

Economy and Midscale brands
gain **>300** and **>1,000** bps
of RevPAR index ^(c)



IMPROVED OCCUPANCY

Steadily improved
occupancy with **~70%** of
our U.S. system
above **40%** ^(b)



WELL POSITIONED

Continue to benefit from
~70% leisure and **~90%**
drive-to everyday travelers

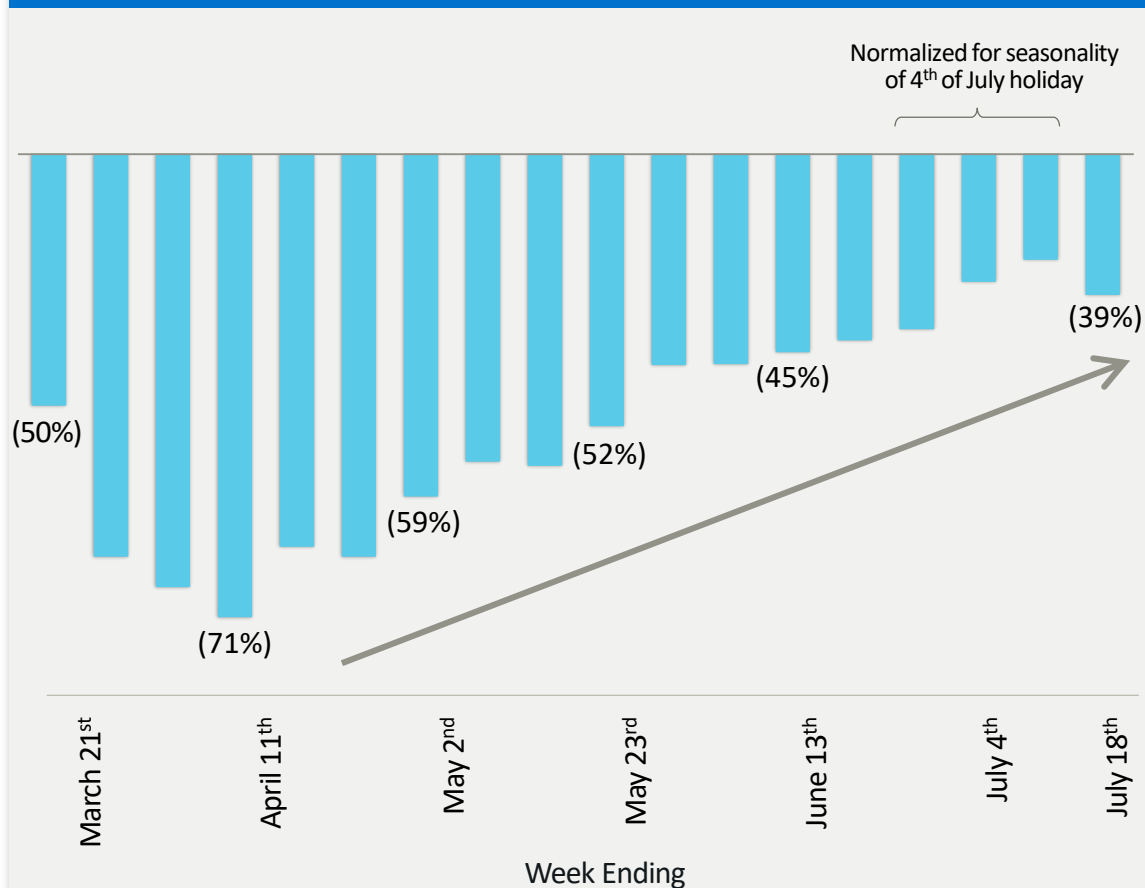
(a) As of July 24, 2020.

(b) Month-to-date through July 18, 2020.

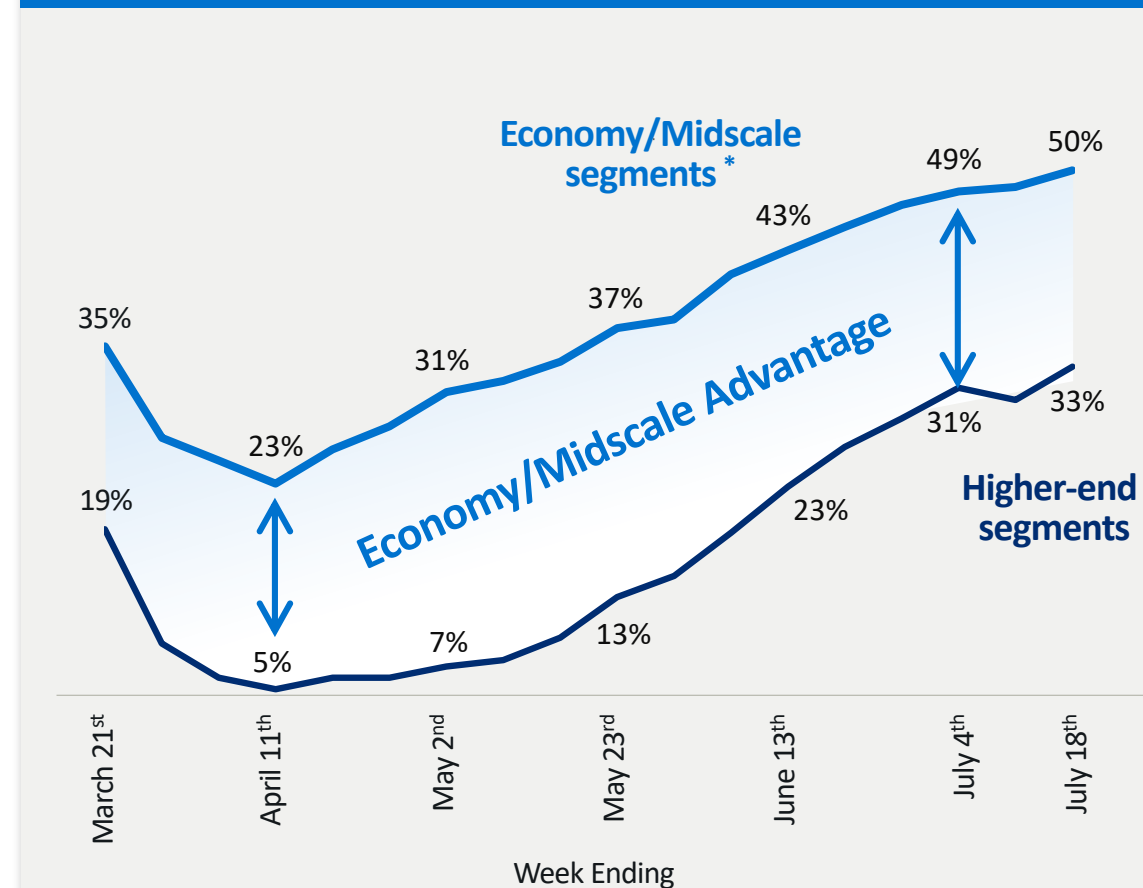
(c) Based on Comp Set data from STR.

RevPAR Steadily Improving, Benefiting From Economy/Midscale Positioning

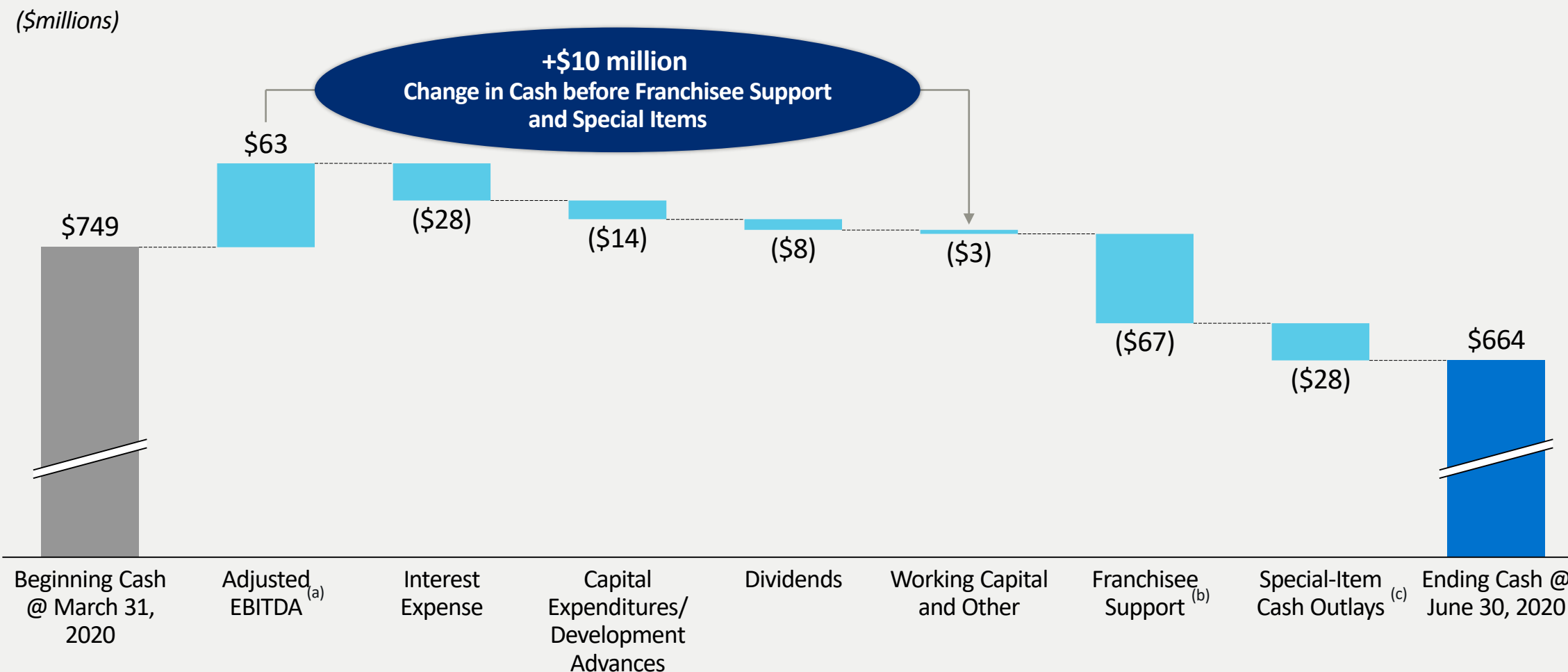
Weekly WH U.S. RevPAR Change



Weekly WH U.S. Occupancy Levels



Positive Cash Flow Generated Before Franchisee Support and Special Items

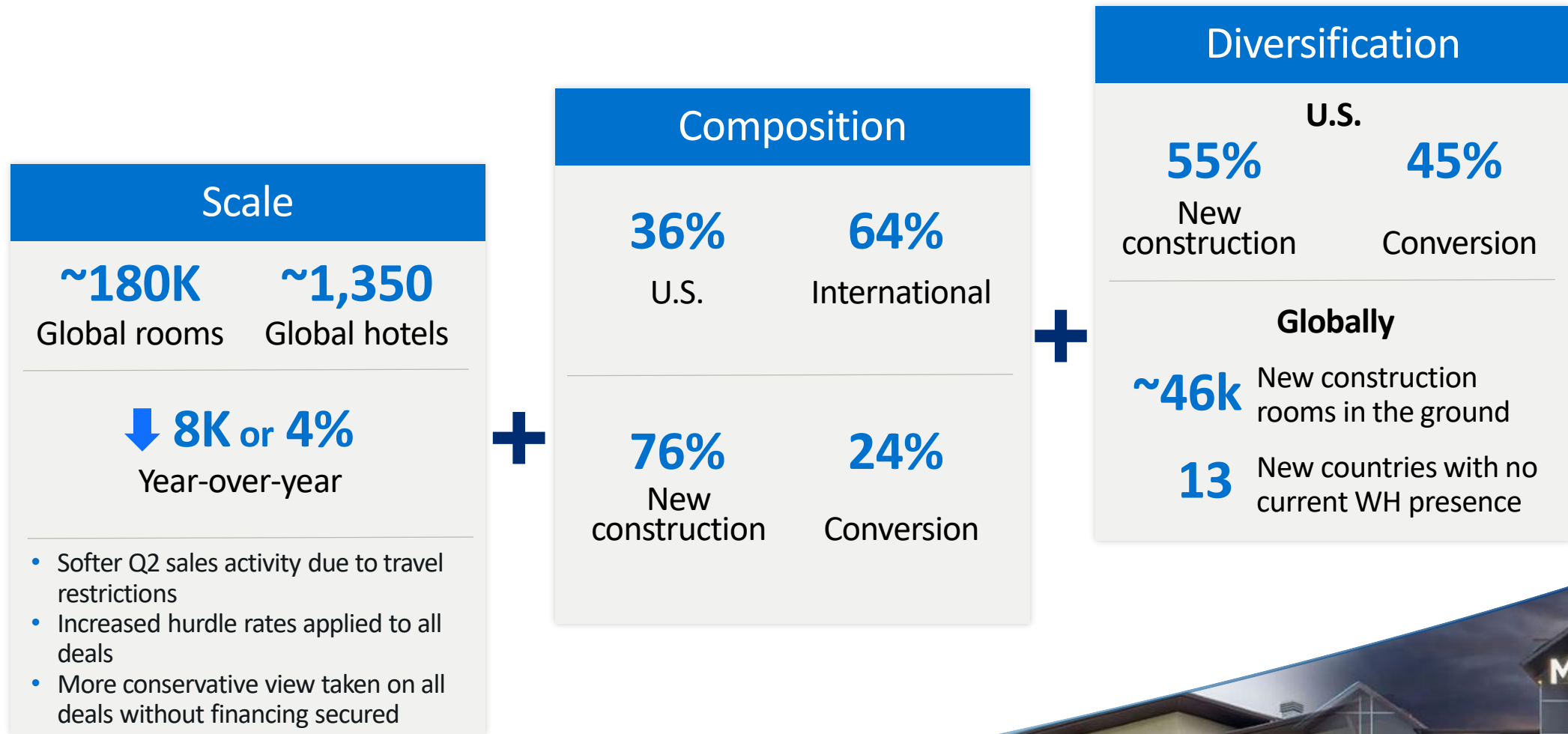


(a) Net loss was \$174 million for the quarter ended June 30, 2020. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Appendix.

(b) Reflects deferred franchise fees in connection with our franchisee relief measures.

(c) Primarily relates to transaction-related and separation-related cash payments, as well as our restructuring payments.

Diversified Global Pipeline Provides Runway for Growth



Positioning Company for Post-COVID-19 Success

Key Actions

- Removing unprofitable and operationally challenged hotels, redeploying infrastructure to support more engaged and compliant franchisees
- Resized international infrastructure to drive profitable operations, including combination of China and SEAPR into one organizational structure

			(\$millions)
	# Rooms Exiting	Region	2019 Adjusted EBITDA
Q3	7,000	China hotels in monetary default	\$0
	4,300	Legacy European portfolio in monetary default	\$1.8
	3,500	U.S. management guarantee contracts ^(a)	\$0
	2,100	Korea hotels in monetary default	\$0
	1,200	Termination of sub-licensee in Saudi Arabia	\$0.5
Q4	1,200	Termination of developer agreement in Europe ^(b)	\$0.7
	19,300		\$3.0M

(a) Primarily represents SVC portfolio; excludes RLJ portfolio, which is expected to exit the system in 2021.

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

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Our Franchisees Have Benefited From Various Relief Programs...



90%
of U.S. franchisees
took a PPP loan



41%
of U.S. franchisees
took an EIDL



<10%
of U.S. franchisees
have CMBS loans



>60%
of U.S. franchisees received
some form of debt relief
from lenders



~70%
of U.S. franchisees
above 40% occupancy *

...and We Are Providing Wide-Ranging Support to Our Franchisees



Count On Us

- Comprehensive initiative to build guest confidence and support hotels as they welcome back guests
- Ecolab partnership to provide EPA registered, hospital-grade disinfecting and cleaning solutions
- Drop-shipped safety essentials to all U.S. hotels
- Expert-guided training on post-COVID safety and cleaning measures



Revenue Generation Support

- Rate strategy training and guidance to maximize RevPAR potential during recovery
- Prospecting efforts to uncover essential worker travel opportunities for hotels
- Hotel action plans to best leverage current sales partnerships



Financial Relief


- Generous fee relief and deferral program
- Waived \$12 million in non-royalty fees through June 30th on top of \$67 million fee deferral until September 1st
- Continual monitoring of conditions and ability to extend relief measures as circumstances warrant



Champion of Advocacy Efforts

- Actively supporting efforts to expand financial relief to franchisees
- Conducting franchisee surveys to gauge financial health and guide advocacy efforts
- Representation on multiple industry councils and roundtables

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Capital Allocation Principles Unchanged

1. Maintain Strong Balance Sheet

- \$664 million of cash on hand at June 30, 2020
- Significant liquidity runway
- No near-term debt maturities

2. Invest in Business

- Supporting franchisees with fee deferrals/waivers until September 1, 2020
- Supporting franchisees' recovery and implementation of new health and safety guidelines
- Selective deployment of capital to grow system

3. Return Capital to Shareholders

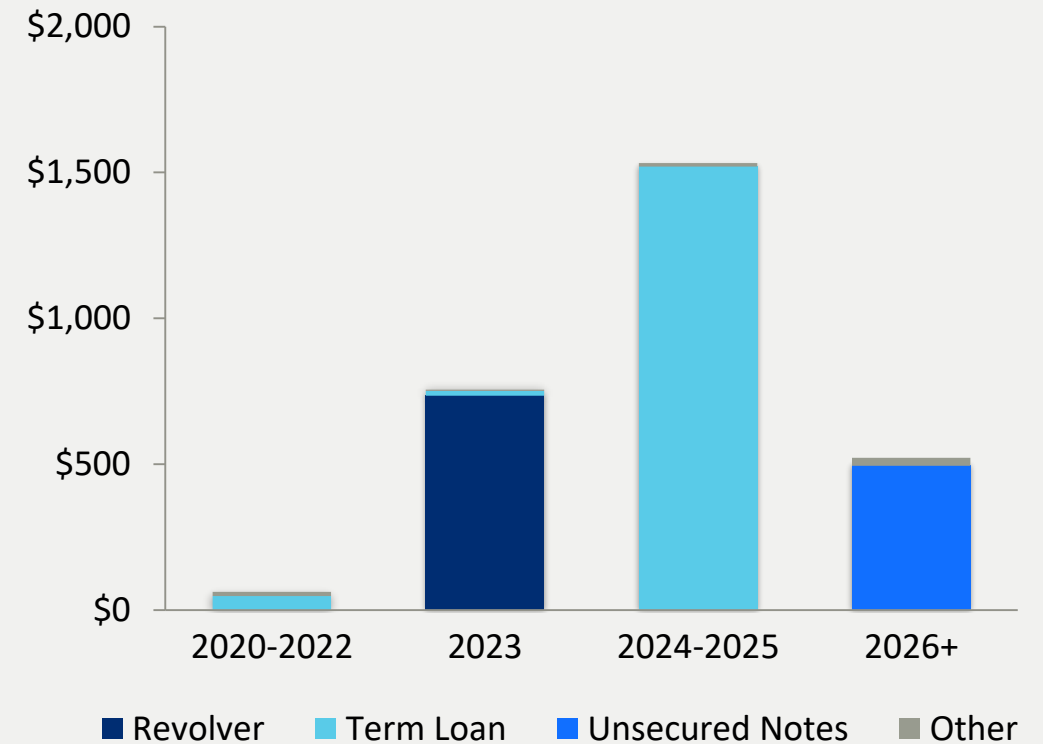
- Expect to continue paying dividends, increase when prudent
- Ability to resume share repurchases after credit agreement restrictions expire April 2021 or upon early termination of the amendment

Strong Balance Sheet and Substantial Cash Reserves

Balance Sheet

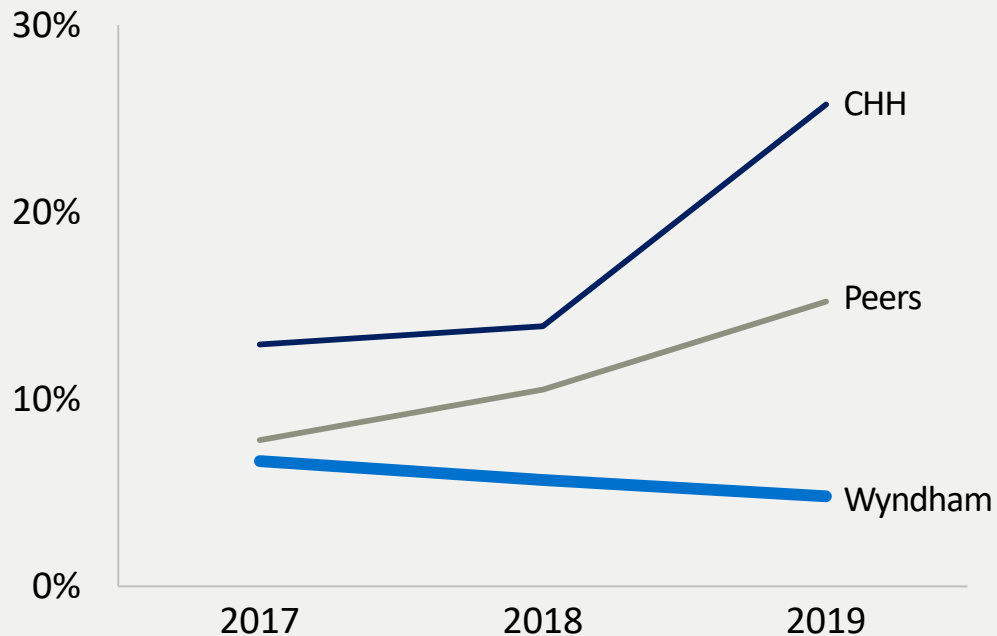
- Cash on hand at June 30, 2020 **\$664 million**
- Major maturities due prior to 2023 **None**
- First lien leverage ratio of 5.0x testing waived until: **June 30, 2021**
- Financial and operating liabilities **Limited**

Debt Maturities

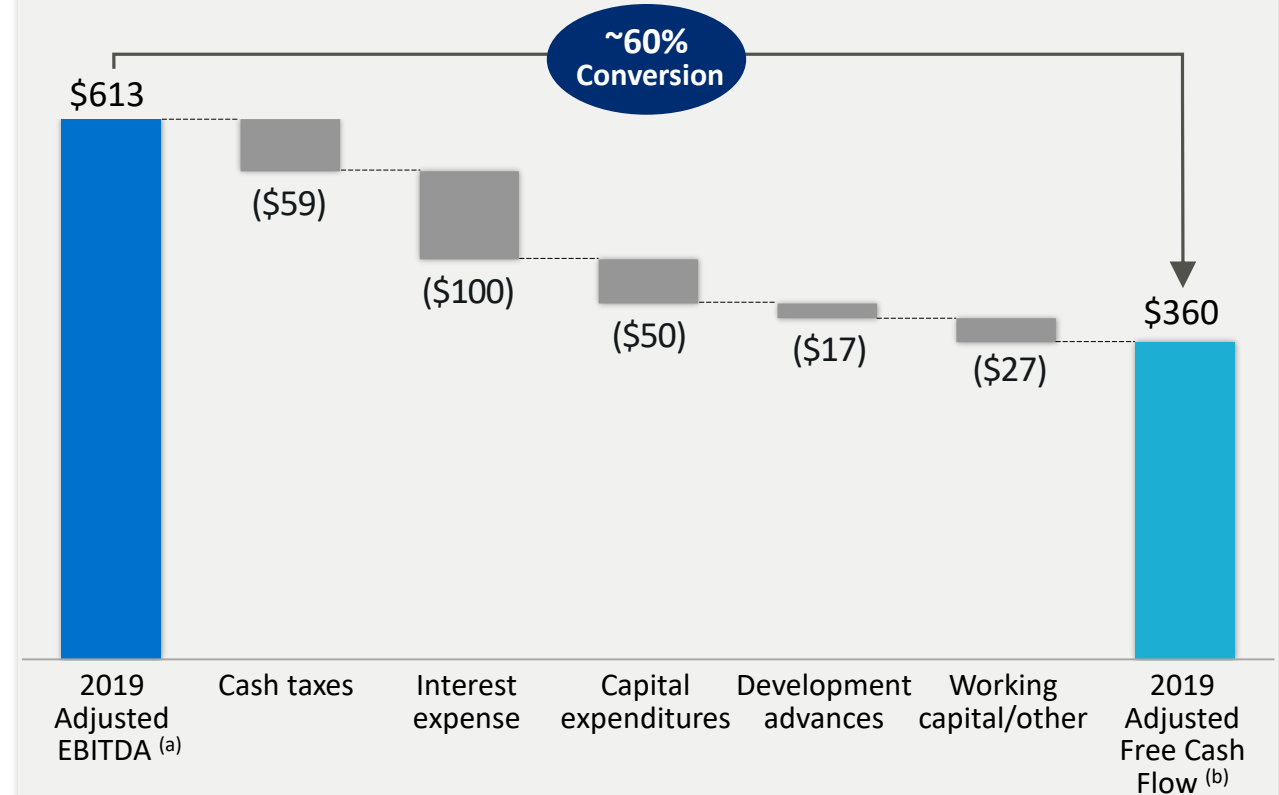


Wyndham's Business Model is Capital Efficient and Generates Substantial Cash Flow

Capital Spend as a Percentage of Revenue is Favorable versus Competition and Closest Peer



60% Conversion Yield



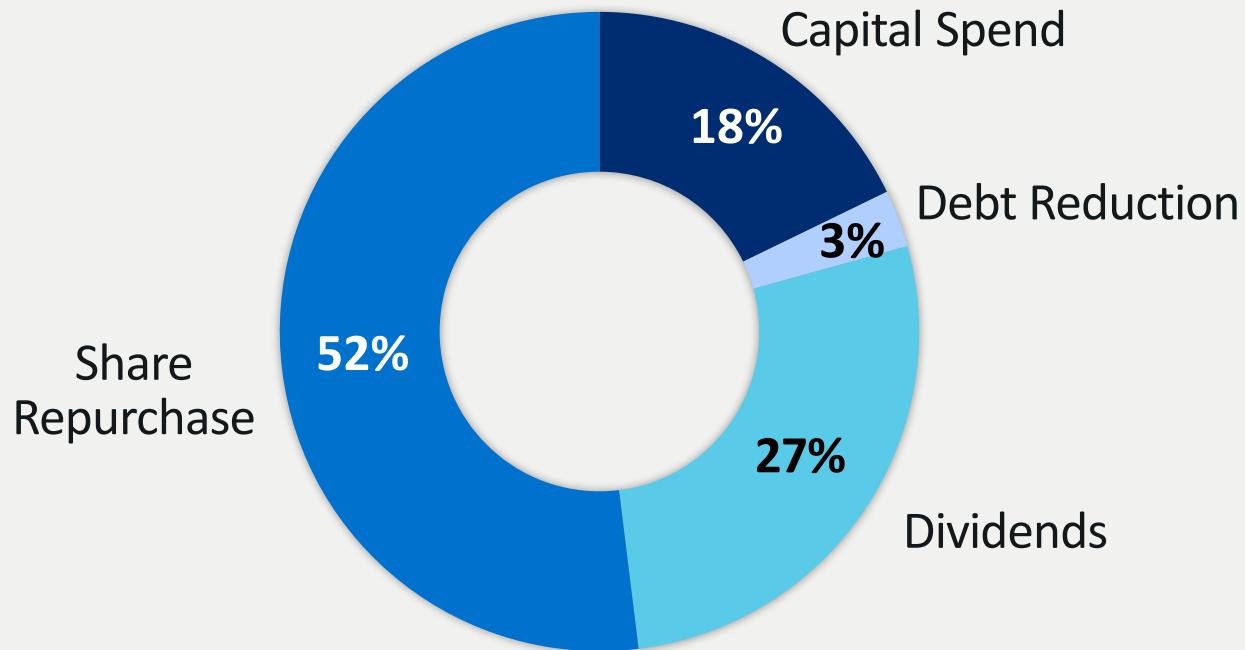
Note: Peer set includes Choice, Hilton and Marriott; revenue excludes pass-through reimbursable revenue.

(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.

Disciplined Capital Allocation Has Generated Strong Shareholder Returns


2018 – 2019 Capital Allocation



2020 – 2021 Priorities

- ✓ Maintain strong liquidity
- ✓ Invest in the business for future growth
- ✓ Reduce leverage
- ✓ Shareholder return

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Uniquely Positioned to Outperform



1

Primarily
Leisure-Focused

2

Predominately
“Drive to”
Locations

3

Select-Service
Leader

4

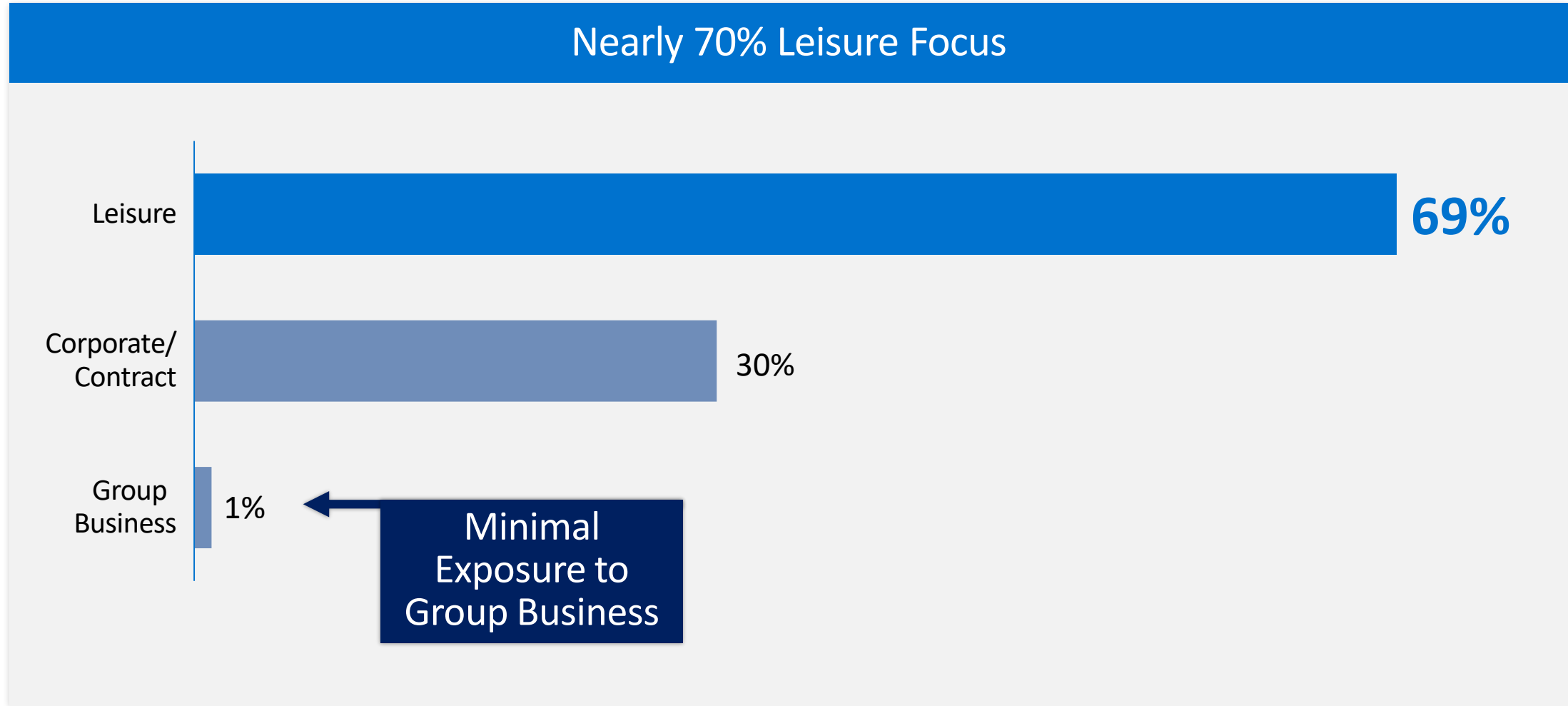
Powerful Growth
Engine

5

Low Risk
Business Model

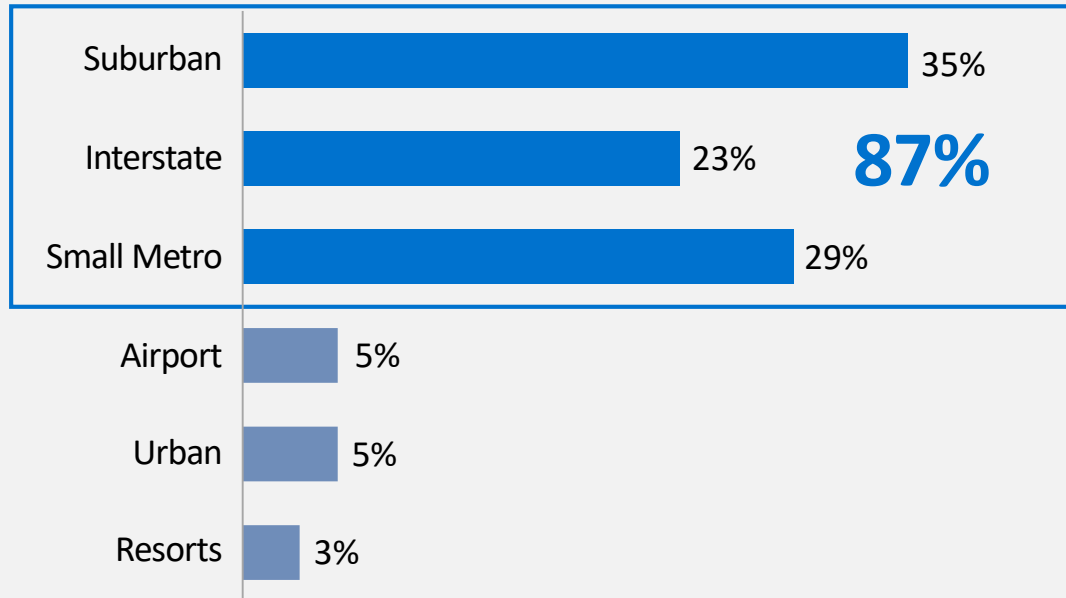


Leisure Guests Power our Business; Expected to Recover First

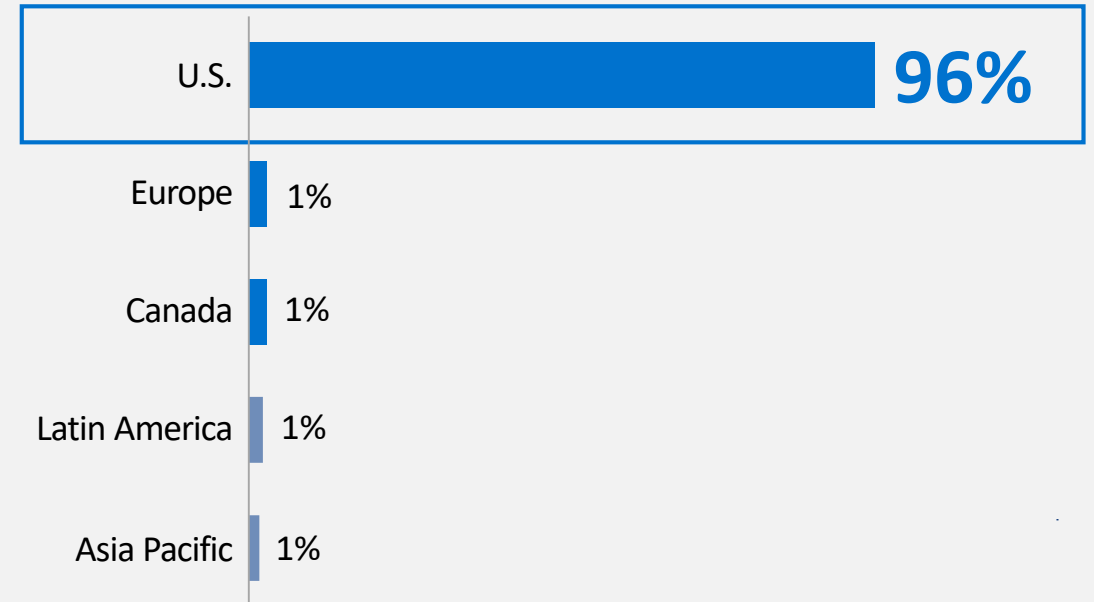


“Drive to” Destinations Not Reliant on Air Travel or International Travelers

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

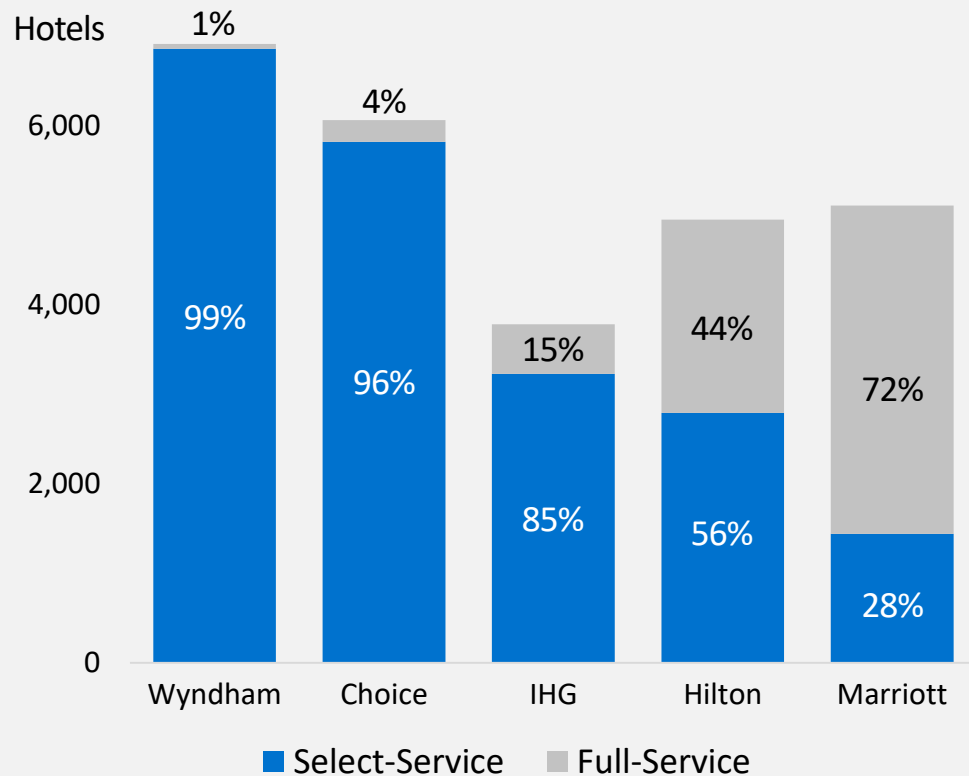


96% of U.S. Guests Originate Domestically



Leader in the Attractive Select-Service Space

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

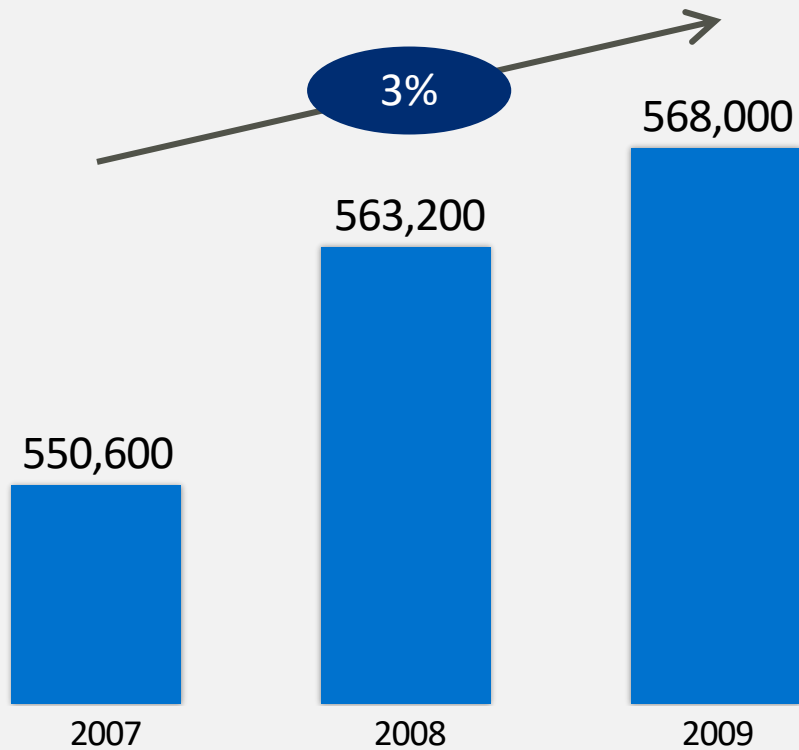


Advantageous Features of
Select-Service Hotels

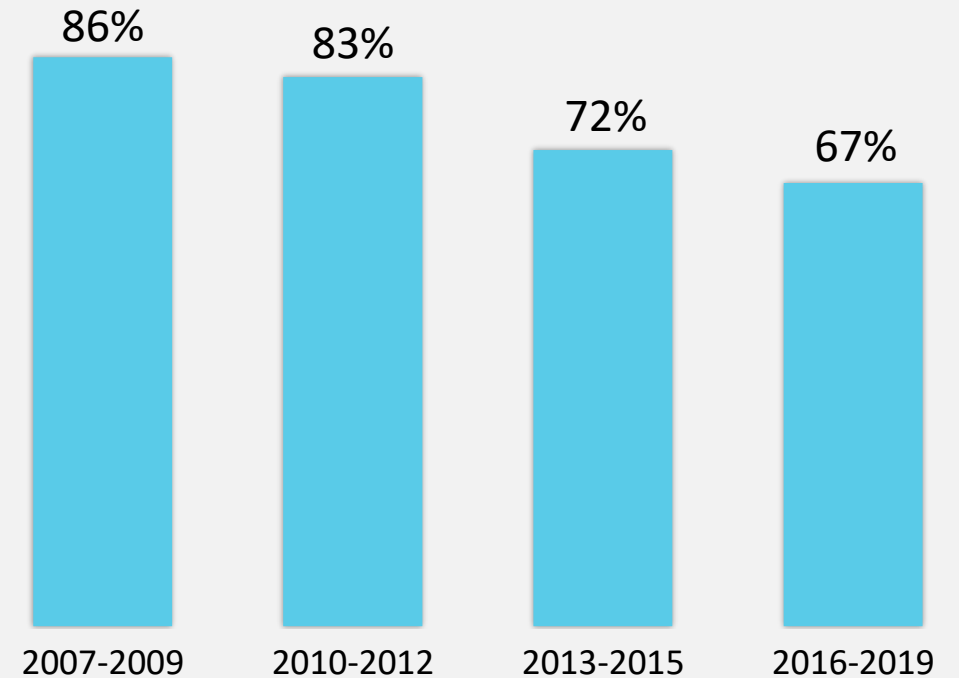
- ✓ Less labor-intensive and lower operating costs
- ✓ Higher operating margins
- ✓ Lower construction costs, manageable debt service
- ✓ Can breakeven at ~30% occupancy
- ✓ Predominately small business owners, eligible for government stimulus and/or SBA debt relief

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

Strong Value Proposition, Especially in Lodging Down-Cycles

World-class Distribution
Platform and Industry-
Leading Loyalty Program

Proprietary Revenue
Management Tools

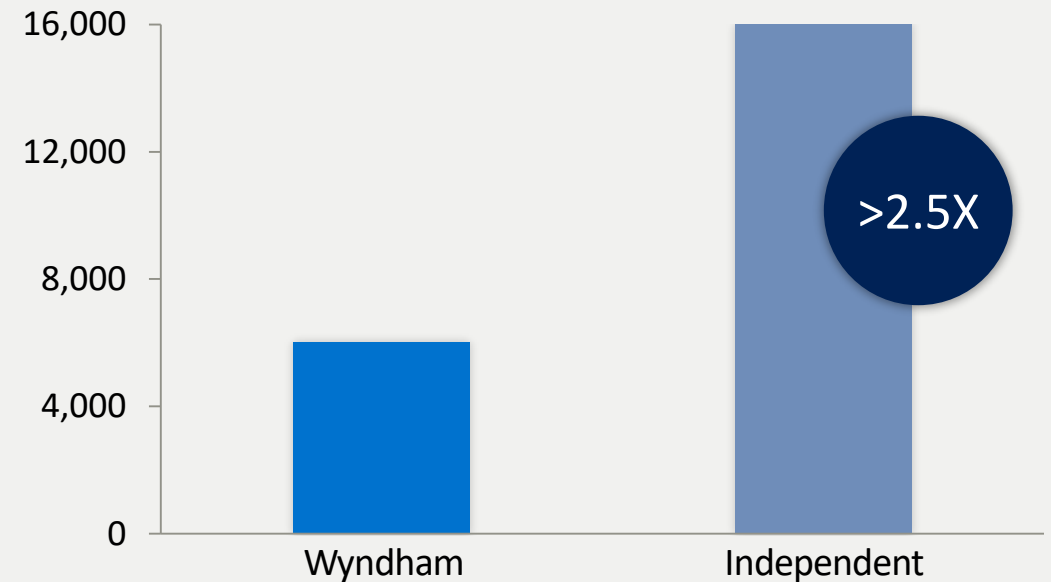
Lower Commission and
Operating Costs

ROI-Approach to Owner
Investments/Outlays

Hotel
Profit

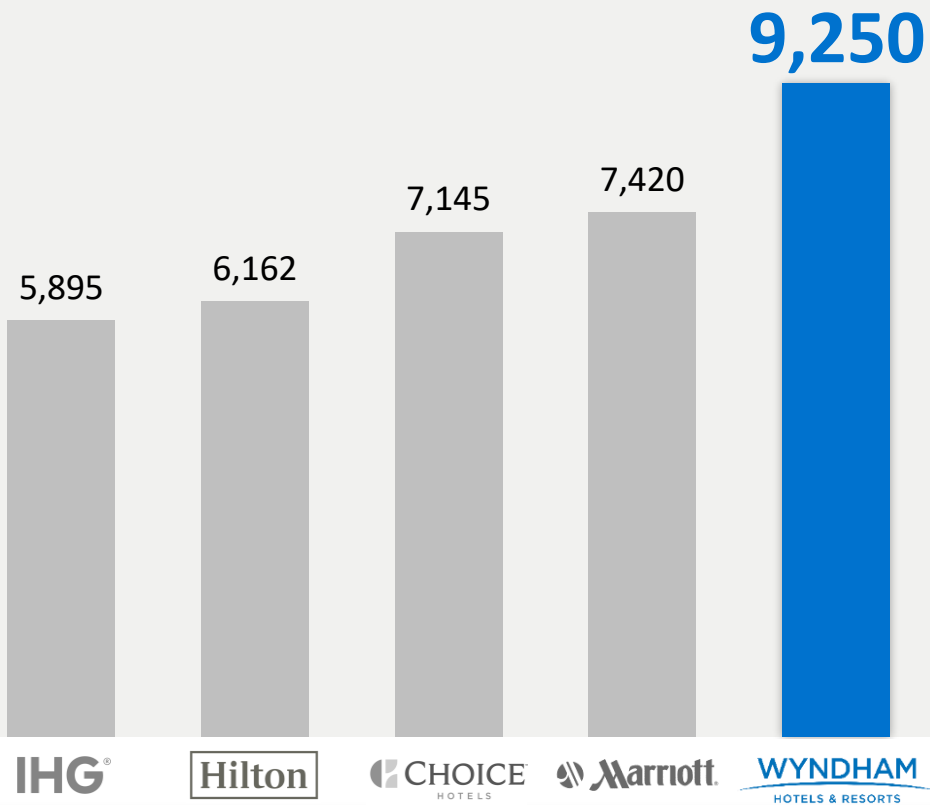
Significant Addressable Market in the Economy and Midscale Segments

Hotels in U.S.

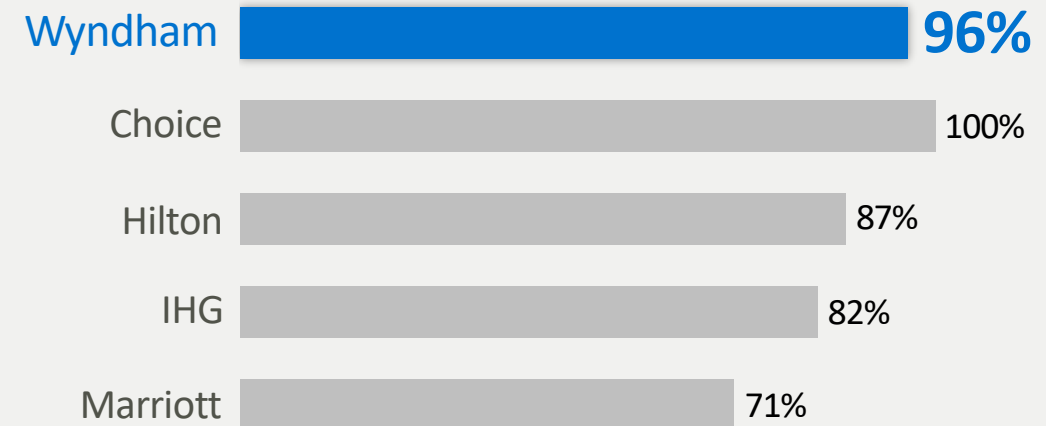


World's Largest Hotel Franchisor with Minimal Exposure to Asset Risk

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.



Highly Flexible Business Model Provides Significant Cost Savings Opportunities

	TOTAL 2020 SAVINGS	VOLUME-RELATED SAVINGS	OVERHEAD/ OTHER REDUCTIONS	
Marketing, reservation and loyalty fund savings	~\$170 million	~\$110 million	~\$60 million	→ To be redeployed on an opportunistic basis*
Operating, G&A savings	~\$65 million	~\$25 million	~\$40 million	→ Incremental to EBITDA on a continual basis in 2021 and beyond
Capital project savings	~\$20 million	~\$20 million		
Total savings	~\$255 million	~\$155 million	~\$100 million	

(*) Marketing, reservation and loyalty funds are managed on behalf of our franchisees and typically break-even (expenses budgeted to not exceed revenues) on an annual basis. Due to the severe nature of RevPAR declines in 2020 as a result of COVID-19, the funds are anticipated to overspend, adversely impacting EBITDA, despite our cost savings initiatives. We expect to recover this overspend in future years. However, once the 2020 overspend has been recovered, these overhead reductions will eventually be redeployed on an annual basis to high-ROI marketing campaigns to drive increased bookings for our franchisees.

Second Quarter Impairment Charge – Non-Cash

- ✓ \$206 million impairment charge
- ✓ Principally related to the La Quinta acquisition
- ✓ Impairment charges are non-cash and **do not** impact liquidity or cash flows

Attributable to higher discount rate due to increased share price volatility, consistent with the lodging sector and broader equity markets

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	\$4.0
International franchise and management fees	1.5
Global marketing, reservation and loyalty fees	1.5
License fees	1.0
	\$8.0

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

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.

	Three Months Ended June 30, 2020	Year Ended December 31, 2019
Net (loss)/income	\$ (174)	\$ 157
(Benefit)/Provision for income taxes	(48)	50
Depreciation and amortization	25	109
Interest expense, net	28	100
Stock-based compensation expense	5	15
Impairment, net	206	45
Contract termination costs	-	42
Transaction-related expenses, net	5	40
Separation-related expenses	-	22
Transaction-related item	-	20
Restructuring costs	16	8
Foreign currency impact of highly inflationary countries	-	5
Adjusted EBITDA	<u>\$ 63</u>	<u>\$ 613</u>

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

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.

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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.