

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **July 28, 2021**

Wyndham Hotels & Resorts, Inc.

(Exact name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation)	001-38432 (Commission File Number)	82-3356232 (IRS Employer Identification No.)
22 Sylvan Way Parsippany, New Jersey (Address of principal executive offices)		07054 (Zip Code)

Registrant's telephone number, including area code **(973) 753-6000**

None

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
Common Stock, par value \$0.01 per share	WH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Wyndham Hotels & Resorts, Inc. (the “Company”) today issued a press release reporting financial results for the quarter ended June 30, 2021.

A copy of the Company’s press release is furnished as Exhibit 99.1 and is incorporated by reference.

The information included in this Item 2.02, Item 7.01 below and Exhibit 99.1 included with this Current Report on Form 8-K shall not be deemed “filed” for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Unless expressly incorporated into a filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act made after the date hereof, the information contained in this Item 2.02, Item 7.01 below and Exhibit 99.1 hereto shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 7.01. Regulation FD Disclosure.

On July 28, 2021, the Company posted a new investor presentation on its investor relations website at www.investor.wyndhamhotels.com.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is furnished with this report:

Exhibit No.	Description
Exhibit 99.1	Press Release of Wyndham Hotels & Resorts, Inc., dated July 28, 2021, reporting financial results for the quarter ended June 30, 2021.
Exhibit 104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WYNDHAM HOTELS & RESORTS, INC.

Date: July 28, 2021

By: /s/ Nicola Rossi
Nicola Rossi
Chief Accounting Officer

WYNDHAM HOTELS & RESORTS, INC.
CURRENT REPORT ON FORM 8-K
Report Dated July 28, 2021
EXHIBIT INDEX

Exhibit No.

Description

[Exhibit 99.1](#)

[Press Release of Wyndham Hotels & Resorts, Inc., dated July 28, 2021, reporting financial results for the quarter ended June 30, 2021.](#)

Exhibit 104

Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.



WYNDHAM HOTELS & RESORTS REPORTS SECOND QUARTER 2021 RESULTS
Company Increases Quarterly Dividend 50% and Provides Full Year 2021 Outlook

PARSIPPANY, N.J., July 28, 2021 - Wyndham Hotels & Resorts (NYSE: WH) today announced results for the three months ended June 30, 2021. Highlights include:

- **Second quarter diluted earnings per share was \$0.73 compared to diluted loss per share of \$1.86 in second quarter 2020; second quarter adjusted diluted EPS was \$0.95 compared to adjusted diluted EPS of \$0.10 in second quarter 2020.**
- **Second quarter net income was \$68 million compared to a net loss of \$174 million in second quarter 2020; second quarter adjusted net income was \$89 million compared to adjusted net income of \$9 million in second quarter 2020.**
- **Second quarter adjusted EBITDA was \$168 million compared to adjusted EBITDA of \$66 million in second quarter 2020.**
- **Second quarter net cash provided by operating activities was \$116 million and free cash flow was \$104 million compared to net cash used in operating activities of \$57 million and free cash flow of \$(68) million in second quarter 2020.**
- **Global RevPAR increased 110% compared to second quarter 2020 and declined 17% compared to second quarter 2019 in constant currency.**
- **Paid quarterly cash dividend of \$0.16 per share in second quarter and Board of Directors recently authorized a 50% increase in the quarterly cash dividend to \$0.24 per share beginning with the dividend expected to be declared in third quarter 2021.**
- **Company provides full-year 2021 outlook.**

"With continued increasing demand from our leisure and everyday business travelers, our select-service franchise business model generated another strong quarter of adjusted EBITDA and cash flow, allowing us to increase our dividend by 50%," said Geoffrey A. Ballotti, president and chief executive officer. "Our brands continue to capture market share gains above pre-pandemic levels, while our economy brands here in the U.S. actually exceeded 2019 RevPAR for the quarter. We opened over 70% more rooms than we did last year while growing our development pipeline by 6% vs. prior year, and by 2% sequentially - to over 190,000 rooms. We are extremely proud of all that our team members around the world have achieved, as they remain focused on delivering exceptional value for our owners, guests and shareholders."

Fee-related and other revenues increased 67% to \$321 million, compared to \$192 million in the second quarter of 2020 primarily reflecting the ongoing recovery in travel demand and its impact on global RevPAR, which has now recovered to 83% of 2019 levels, including domestic RevPAR at 95% of 2019 levels.

The Company generated net income of \$68 million, or \$0.73 per diluted share, compared to a net loss of \$174 million, or \$1.86 loss per diluted share, in the second quarter of 2020. The increase of \$242 million, or \$2.59 per diluted share, reflects: the ongoing recovery in travel demand; a \$10 million, or \$0.11 per diluted share, after-tax benefit from the marketing fund related to timing; and the absence of \$176 million, or \$1.89 per diluted share, after-tax of special-item charges incurred during second quarter 2020. These results were partially offset by a \$14 million, or \$0.15 per diluted share, after-tax impact in 2021 related to the early extinguishment of the Company's 5.375% senior unsecured notes.

The following discussion of second quarter operating results focuses on the Company's key drivers as well as revenue and adjusted EBITDA for each of the Company's segments. Full reconciliations of GAAP results to the Company's non-GAAP adjusted measures for all reported periods appear in the tables to this press release.

System Size

	June 30, 2021	December 31, 2020	YTD Change (bps)
United States	484,800	487,300	(50)
International	313,200	308,600	150
Global	798,000	795,900	30

During the first half of 2021, the Company's global system grew 30 basis points primarily reflecting continued growth in the Company's direct-franchising business in China. This was partially offset by the anticipated decline in domestic system size as conversion and new construction activities continue to ramp-up following the pandemic and recent supply chain delays. Year-to-date deletions ran 27% below 2019 levels putting the Company solidly on track with its goal of achieving a 95% retention rate for the full year 2021.

RevPAR

	Second Quarter 2021	Constant Currency YOY % Change	Constant Currency % Change vs. 2019
United States	\$ 48.37	109 %	(5 %)
International	18.84	119	(44)
Global	36.92	110	(17)

Global and international RevPAR began to lap the onset of the COVID-19 pandemic in January 2021, while the U.S. began to lap its onset in March 2021. As such, comparisons to 2019 (on a two-year, constant currency basis) are more meaningful when evaluating trends. On this basis, global RevPAR declined 17% reflecting a 5% decline in the U.S. and a 44% decline internationally. The 5% decline in the U.S. represents continued sequential improvement compared to a decline of 25% in the first quarter of 2021. Importantly, RevPAR for the Company's economy brands exceeded 2019 levels by 4% in the second quarter. The 44% international decline primarily represents a 68% decline in the Company's EMEA region and a 7% decline in China.

Business Segment Results

	Revenue			Adjusted EBITDA		
	Second Quarter 2021	Second Quarter 2020	% Change	Second Quarter 2021	Second Quarter 2020	% Change
Hotel Franchising	\$ 283	\$ 182	55 %	\$ 166	\$ 86	93 %
Hotel Management	123	76	62	16	(4)	n/a
Corporate and Other	—	—	—	(14)	(16)	13
Total Company	<u>\$ 406</u>	<u>\$ 258</u>	57	<u>\$ 168</u>	<u>\$ 66</u>	155

Hotel Franchising revenues increased 55% year-over-year to \$283 million, primarily reflecting the global RevPAR increase. Adjusted EBITDA increased 93% to \$166 million as the growth in revenues and the timing benefit from the marketing fund was partially offset by higher volume-related expenses.

Hotel Management revenues increased 62% year-over-year to \$123 million, reflecting a \$19 million increase in cost-reimbursement revenues, which have no impact on adjusted EBITDA. Absent cost-reimbursements, Hotel Management revenues increased 280% to \$38 million, primarily due to the global RevPAR increase, as well as improved performance at the Company's owned hotels and incremental management contract termination fees resulting from the sale of CorePoint Lodging properties. Hotel Management adjusted EBITDA increased \$20 million year-over-year reflecting the revenue increases, partially offset by higher volume-related expenses.

During the second quarter 2021, the Company's marketing fund revenues exceeded expenses by \$14 million; while in second quarter 2020, the Company's marketing fund expenses exceeded revenues by \$3 million. While the Company does not expect the marketing fund to have a significant impact on full year 2021 adjusted EBITDA, there may continue to be timing differences in quarterly comparisons.

Development

The Company awarded 154 new contracts this quarter compared to 116 in second quarter 2020 and 173 in second quarter 2019. On June 30, 2021, the Company's global development pipeline consisted of over 1,400 hotels and over 190,000 rooms. The pipeline grew 580 basis points year-over-year and 170 basis points sequentially - including 70 basis points domestically and 230 basis points internationally. Approximately 64% of the Company's development pipeline is international and 74% is new construction, of which approximately 34% has broken ground.

Cash and Liquidity

The Company generated \$116 million of net cash provided by operating activities in the second quarter of 2021 compared to net cash used in operating activities of \$57 million in second quarter 2020. Free cash flow increased \$172 million year-over-year as the Company generated free cash flow of \$104 million in the second quarter of 2021 compared to using \$68 million in the second quarter 2020 (which included \$33 million of special-item cash outlays).

At June 30, 2021, the Company had \$103 million of cash on its balance sheet and approximately \$840 million in total liquidity.

Dividends

The Company paid common stock dividends of \$15 million, or \$0.16 per share, in the second quarter of 2021.

The Company's Board of Directors authorized a 50% increase in the quarterly cash dividend to \$0.24 per share from \$0.16 per share, beginning with the dividend that is expected to be declared in third quarter 2021.

2021 Outlook

The Company provided the following outlook for full-year 2021:

- Fee-related and other revenues of \$1.16 billion to \$1.19 billion.
- Adjusted net income of \$244 million to \$254 million.
- Adjusted EBITDA of \$525 million to \$535 million.
- Adjusted diluted EPS of \$2.60 to \$2.70, based on an adjusted diluted share count of 94.0 million that excludes any future share repurchases.
- Rooms growth of 1% to 2%.
- A RevPAR increase of approximately 40% versus 2020, or a decline of approximately 16% compared to 2019.
- Free cash conversion from Adjusted EBITDA of approximately 55%.

More detailed projections are available in Table 8 of this press release. Outlook assumes continued recovery in travel demand in the second half of 2021. The Company is providing certain financial metrics only on a non-GAAP basis because, without unreasonable efforts, it is unable to predict with reasonable certainty the occurrence or amount of all of the adjustments or other potential adjustments that may arise in the future during the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to the reported results.

Conference Call Information

Wyndham Hotels will hold a conference call with investors to discuss the Company's results and outlook on Thursday, July 29, 2021 at 8:30 a.m. ET. Listeners can access the webcast live through the Company's website at www.investor.wyndhamhotels.com. The conference call may also be accessed by dialing 877 876-9173 and providing the passcode "Wyndham". Listeners are urged to call at least five minutes prior to the scheduled start time. An archive of this webcast will be available on the website beginning at noon ET on July 29, 2021. A telephone replay will be available for approximately ten days beginning at noon ET on July 29, 2021 at 800 757-4761.

Presentation of Financial Information

Financial information discussed in this press release includes non-GAAP measures, which include or exclude certain items. These non-GAAP measures differ from reported GAAP results and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors as an

additional tool for further understanding and assessing the Company's ongoing operating performance. The Company uses these measures internally to assess its operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Exclusion of items in the Company's non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Full reconciliations of GAAP results to the comparable non-GAAP measures for the reported periods appear in the financial tables section of this press release.

About Wyndham Hotels & Resorts

Wyndham Hotels & Resorts (NYSE: WH) is the world's largest hotel franchising company by the number of properties, with approximately 9,000 hotels across nearly 95 countries on six continents. Through its network of approximately 798,000 rooms appealing to the everyday traveler, Wyndham commands a leading presence in the economy and midscale segments of the lodging industry. The Company operates a portfolio of 21 hotel brands, including Super 8®, Days Inn®, Ramada®, Microtel®, La Quinta®, Baymont®, Wingate®, AmericInn®, Hawthorn Suites®, Trademark Collection® and Wyndham®. Wyndham Hotels & Resorts is also a leading provider of hotel management services. The Company's award-winning Wyndham Rewards loyalty program offers 89 million enrolled members the opportunity to redeem points at thousands of hotels, vacation club resorts and vacation rentals globally. For more information, visit www.wyndhamhotels.com. The Company may use its website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Disclosures of this nature will be included on the Company's website in the Investors section, which can currently be accessed at www.investor.wyndhamhotels.com. Accordingly, investors should monitor this section of the Company's website in addition to following the Company's press releases, filings submitted with the Securities and Exchange Commission and any public conference calls or webcasts.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the federal securities laws, including statements related to Wyndham Hotels' current views and expectations with respect to its future performance and operations, including revenues, earnings, cash flow and other financial and operating measures and dividends, restructuring charges and statements related to the coronavirus pandemic ("COVID-19"). Forward-looking statements include those that convey management's expectations as to the future based on plans, estimates and projections at the time Wyndham Hotels makes the statements and may be identified by words such as "will," "expect," "believe," "plan," "anticipate," "intend," "goal," "future," "outlook," "guidance," "target," "objective," "estimate," "projection" and similar words or expressions, including the negative version of such words and expressions. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Wyndham Hotels to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, general economic conditions; the continuation or worsening of the effects from COVID-19, its scope, duration and impact on the Company's business operations, financial results, cash flows and liquidity, as well as the impact on the Company's franchisees and property owners, guests and team members, the

hospitality industry and overall demand for travel; the success of the Company's mitigation efforts in response to COVID-19; the Company's performance in any recovery from COVID-19; the performance of the financial and credit markets; the economic environment for the hospitality industry; operating risks associated with the hotel franchising and management businesses; the Company's relationships with franchisees and property owners; the impact of war, terrorist activity, political instability or political strife; concerns with or threats of pandemics, contagious diseases or health epidemics, including the effects of COVID-19 and any resurgence or mutations of the virus and actions governments, businesses and individuals take in response to the pandemic, including stay-in-place directives and other travel restrictions; risks related to restructuring or strategic initiatives; risks related to the Company's relationship with CorePoint Lodging; the Company's ability to satisfy obligations and agreements under its outstanding indebtedness, including the payment of principal and interest and compliance with the covenants thereunder; risks related to the Company's ability to obtain financing and the terms of such financing, including access to liquidity and capital as a result of COVID-19; and the Company's ability to make or pay, plans for, and the timing and amount of any future share repurchases and/or dividends, as well as the risks described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequent reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, subsequent events or otherwise.

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Contacts

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Table 1
WYNDHAM HOTELS & RESORTS
INCOME/(LOSS) STATEMENT
(In millions, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net revenues				
Royalties and franchise fees	\$ 122	\$ 61	\$ 200	\$ 154
Marketing, reservation and loyalty	119	82	204	188
Management and other fees	30	6	50	38
License and other fees	20	21	40	42
Other	30	22	60	53
Fee-related and other revenues	321	192	554	475
Cost reimbursements	85	66	155	192
Net revenues	406	258	709	667
Expenses				
Marketing, reservation and loyalty	105	85	198	204
Operating	31	23	58	57
General and administrative	27	26	51	54
Cost reimbursements	85	66	155	192
Depreciation and amortization	24	25	47	49
Separation-related	1	—	3	1
Impairments, net	—	206	—	206
Restructuring	—	16	—	29
Transaction-related, net	—	5	—	13
Total expenses	273	452	512	805
Operating income/(loss)	133	(194)	197	(138)
Interest expense, net	22	28	51	54
Early extinguishment of debt	18	—	18	—
Income/(loss) before income taxes	93	(222)	128	(192)
Provision for/(benefit from) income taxes	25	(48)	35	(40)
Net income/(loss)	\$ 68	\$ (174)	\$ 93	\$ (152)
Earnings/(loss) per share				
Basic	\$ 0.73	\$ (1.86)	\$ 0.99	\$ (1.63)
Diluted	0.73	(1.86)	0.99	(1.63)
Weighted average shares outstanding				
Basic	93.6	93.3	93.5	93.5
Diluted	94.1	93.3	93.9	93.5

Table 2
WYNDHAM HOTELS & RESORTS
HISTORICAL REVENUE AND ADJUSTED EBITDA BY SEGMENT

The reportable segments presented below represent our operating segments for which separate financial information is available and is utilized on a regular basis by our chief operating decision maker to assess performance and allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon net revenues and adjusted EBITDA. We believe that adjusted EBITDA is a useful measure of performance for our segments which, when considered with GAAP measures, allows a more complete understanding of our operating performance. We use this measure internally to assess operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Our presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how our chief operating decision maker reviews operating performance beginning in 2021. We have applied the modified definition of adjusted EBITDA to all periods presented.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Hotel Franchising					
Net revenues					
2021	\$ 209	\$ 283			
2020	243	182	236	202	863
2019	269	331	379	300	1,279
Adjusted EBITDA ^(a)					
2021	\$ 105	\$ 166			
2020	110	86	119	77	392
2019	115	164	197	153	629
Hotel Management					
Net revenues					
2021	\$ 94	\$ 123			
2020	167	76	101	94	437
2019	197	201	180	190	768
Adjusted EBITDA					
2021	\$ 5	\$ 16			
2020	17	(4)	2	(1)	13
2019	16	16	13	21	66
Corporate and Other					
Net revenues					
2021	\$ —	\$ —			
2020	—	—	—	—	—
2019	2	1	1	2	6
Adjusted EBITDA					
2021	\$ (13)	\$ (14)			
2020	(18)	(16)	(18)	(18)	(69)
2019	(18)	(19)	(18)	(19)	(74)
Total Company					
Net revenues					
2021	\$ 303	\$ 406			
2020	410	258	337	296	1,300
2019	468	533	560	492	2,053
Net income/(loss)					
2021	\$ 24	\$ 68			
2020	22	(174)	27	(7)	(132)
2019	21	26	45	64	157
Adjusted EBITDA ^(a)					
2021	\$ 97	\$ 168			
2020	109	66	103	58	336
2019	113	161	192	155	621

NOTE: Amounts may not add across due to rounding. See Table 7 for reconciliations of Total Company non-GAAP measures and Table 9 for definitions.

^(a) Adjusted EBITDA for 2020 and 2019 has been recast to exclude the amortization of development advance notes to be consistent with the current year presentation.

Table 3
WYNDHAM HOTELS & RESORTS
CONDENSED CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Operating activities		
Net income/(loss)	\$ 93	\$ (152)
Depreciation and amortization	47	49
Impairment ^(a)	—	209
Deferred income taxes	3	(47)
Trade receivables	(16)	(44)
Accounts payable, accrued expenses and other current liabilities	6	(51)
Deferred revenues	11	(22)
Other, net	36	18
Net cash provided by/(used in) operating activities	180	(40)
Investing activities		
Property and equipment additions	(17)	(18)
Other, net	(1)	(1)
Net cash used in investing activities	(18)	(19)
Financing activities		
Proceeds from/(payments of) long-term debt, net	(521)	726
Dividends to shareholders	(30)	(38)
Repurchases of common stock	—	(50)
Other, net	(1)	(8)
Net cash (used in)/provided by financing activities	(552)	630
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	—	(1)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(390)	570
Cash, cash equivalents and restricted cash, beginning of period	493	94
Cash, cash equivalents and restricted cash, end of period	<u>\$ 103</u>	<u>\$ 664</u>

Free Cash Flow:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash provided by/(used in) operating activities ^(b)	\$ 116	\$ (57)	\$ 180	\$ (40)
Less: Property and equipment additions	(12)	(11)	(17)	(18)
Free cash flow	<u>\$ 104</u>	<u>\$ (68)</u>	<u>\$ 163</u>	<u>\$ (58)</u>

^(a) 2020 excludes \$3 million of cash proceeds from a previously impaired asset.

^(b) The three and six months ended June 30, 2020 include \$33 million and \$48 million, respectively, of payments in connection with our restructuring initiatives, our acquisition of La Quinta and our spin-off from Wyndham Worldwide, as well as an estimated impact of \$67 million from the Company's franchisee fee deferral program.

Table 4
WYNDHAM HOTELS & RESORTS
BALANCE SHEET SUMMARY AND DEBT
(In millions)
(Unaudited)

	As of June 30, 2021	As of December 31, 2020
Assets		
Cash and cash equivalents	\$ 103	\$ 493
Trade receivables, net	298	295
Property and equipment, net	267	278
Goodwill and intangible assets, net	3,220	3,240
Other current and non-current assets	353	338
Total assets	\$ 4,241	\$ 4,644
Liabilities and stockholders' equity		
Total debt	\$ 2,092	\$ 2,597
Other current liabilities	340	325
Deferred income tax liabilities	368	359
Other non-current liabilities	381	400
Total liabilities	3,181	3,681
Total stockholders' equity	1,060	963
Total liabilities and stockholders' equity	\$ 4,241	\$ 4,644

Our outstanding debt was as follows:

	As of June 30, 2021	As of December 31, 2020
\$750 million revolving credit facility (due May 2023)	\$ —	\$ —
Term loan (due May 2025)	1,547	1,554
5.375% senior unsecured notes (due April 2026) ^(a)	—	496
4.375% senior unsecured notes (due August 2028)	492	492
Finance leases	53	55
Total debt	2,092	2,597
Cash and cash equivalents	103	493
Net debt	\$ 1,989	\$ 2,104

^(a) The Company redeemed these notes on April 15, 2021 primarily with available cash.

Our outstanding debt as of June 30, 2021 matures as follows:

	Amount
within 1 year	\$ 21
between 1 and 2 years	21
between 2 and 3 years	22
between 3 and 4 years	1,505
between 4 and 5 years	6
thereafter	517
Total	\$ 2,092

Table 5
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Six Months Ended June 30,				
	2021	2020	Change	% Change	
Beginning Room Count (January 1)					
United States	487,300	510,200	(22,900)	(4%)	
International	308,600	320,800	(12,200)	(4)	
Global	795,900	831,000	(35,100)	(4)	
Additions					
United States	8,100	5,400	2,700	50	
International	9,300	6,500	2,800	43	
Global	17,400	11,900	5,500	46	
Deletions					
United States	(10,600)	(13,600)	3,000	22	
International ^(a)	(4,700)	(16,400)	11,700	71	
Global ^(a)	(15,300)	(30,000)	14,700	49	
Ending Room Count (June 30)					
United States	484,800	502,000	(17,200)	(3)	
International	313,200	310,900	2,300	1	
Global	798,000	812,900	(14,900)	(2%)	
As of June 30,					
	2021	2020	Change	% Change ^(b)	FY 2019 Royalty Contribution ^(c)
System Size					
United States					
Economy	247,500	254,300	(6,800)	(3%)	
Midscale and Upper Midscale	219,600	231,000	(11,400)	(5)	
Upscale and Above	17,700	16,700	1,000	6	
Total United States	484,800	502,000	(17,200)	(3%)	86%
International					
Greater China	148,600	144,300	4,300	3%	3
Rest of Asia Pacific	28,300	27,800	500	2	1
Europe, the Middle East and Africa	66,700	69,000	(2,300)	(3)	4
Canada	39,600	40,600	(1,000)	(2)	5
Latin America	30,000	29,200	800	3	1
Total International	313,200	310,900	2,300	1%	14
Global	798,000	812,900	(14,900)	(2%)	100%

^(a) 2020 includes the second quarter termination of approximately 9,000 master-franchisee rooms in Greater China in connection with the Company's previously announced strategic termination plan.

^(b) Includes the global impact from the Company's previously announced strategic termination plan in 2020 resulting in the removal of 17,700 rooms in 2020, including 8,200 rooms in the U.S., 5,000 master-franchise rooms in Greater China and 4,500 unprofitable rooms in Europe, the Middle East and Africa and the rest of Asia Pacific.

^(c) FY 2019 provided to illustrate pre-pandemic results.

Table 5 (continued)
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Three Months Ended June 30, 2021	Constant Currency % Change ^(a)	Two-Year Basis % Change ^(b)
Regional RevPAR Growth			
United States			
Economy	\$ 42.70	86%	4%
Midscale and Upper Midscale	53.00	124	(9)
Upscale and Above	75.79	284	(32)
Total United States	\$ 48.37	109%	(5%)
International			
Greater China	\$ 18.43	99%	(7%)
Rest of Asia Pacific	22.13	140	(38)
Europe, the Middle East and Africa	16.47	202	(68)
Canada	25.84	67	(49)
Latin America	12.98	371	(54)
Total International	\$ 18.84	119%	(44%)
Global	\$ 36.92	110%	(17%)
Three Months Ended June 30,			
	2021	2020	% Change ^(c)
Average Royalty Rate			
United States	4.6%	4.6%	—
International	2.2%	2.4%	(20 bps)
Global	4.2%	4.2%	—
Six Months Ended June 30,			
	2021	2020	% Change ^(c)
Regional RevPAR Growth			
United States			
Economy	\$ 35.07	41%	(4%)
Midscale and Upper Midscale	43.26	40	(18)
Upscale and Above	60.53	27	(40)
Total United States	\$ 39.53	40%	(14%)
International			
Greater China	\$ 16.09	115%	(16%)
Rest of Asia Pacific	21.56	13	(42)
Europe, the Middle East and Africa	16.06	(19)	(67)
Canada	23.38	—	(46)
Latin America	13.79	(6)	(48)
Total International	\$ 17.35	24%	(44%)
Global	\$ 30.94	36%	(23%)
Six Months Ended June 30,			
	2021	2020	% Change ^(c)
Average Royalty Rate			
United States	4.6%	4.6%	—
International	2.1%	2.3%	(20 bps)
Global	4.1%	4.1%	—

^(a) International excludes the impact of currency exchange movements.

^(b) Compares 2021 to 2019; international excludes the impact of currency exchange movements.

^(c) Decline in international royalty rate is a result of the revenue mix impact contributed by the Company's outsized growth in Greater China.

Table 6
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Hotel Franchising					
Global RevPAR					
2021	\$ 24.02	\$ 35.69			
2020	\$ 25.90	\$ 17.05	\$ 28.83	\$ 23.19	\$ 23.74
2019	\$ 33.76	\$ 42.04	\$ 45.23	\$ 34.51	\$ 38.91
U.S. RevPAR					
2021	\$ 29.68	\$ 46.99			
2020	\$ 31.43	\$ 23.19	\$ 36.06	\$ 27.28	\$ 29.50
2019	\$ 37.69	\$ 48.65	\$ 51.93	\$ 37.96	\$ 44.09
International RevPAR					
2021	\$ 15.26	\$ 18.21			
2020	\$ 17.39	\$ 7.66	\$ 17.39	\$ 16.71	\$ 14.75
2019	\$ 27.56	\$ 31.59	\$ 34.79	\$ 29.15	\$ 30.80
Global Rooms					
2021	748,700	752,500			
2020	769,000	754,700	748,200	746,500	746,500
2019	745,300	751,300	758,400	770,200	770,200
U.S. Rooms					
2021	452,500	454,200			
2020	463,900	460,200	459,600	452,600	452,600
2019	454,900	457,600	460,100	464,600	464,600
International Rooms					
2021	296,200	298,300			
2020	305,100	294,500	288,600	293,900	293,900
2019	290,400	293,700	298,300	305,600	305,600
Hotel Management					
Global RevPAR					
2021	\$ 38.17	\$ 56.08			
2020	\$ 50.00	\$ 20.67	\$ 34.34	\$ 32.91	\$ 34.67
2019	\$ 63.25	\$ 66.67	\$ 66.65	\$ 59.19	\$ 64.01
U.S. RevPAR					
2021	\$ 42.89	\$ 67.42			
2020	\$ 54.35	\$ 23.21	\$ 39.12	\$ 34.14	\$ 37.97
2019	\$ 65.58	\$ 71.61	\$ 70.75	\$ 60.89	\$ 67.32
International RevPAR					
2021	\$ 27.12	\$ 31.20			
2020	\$ 38.07	\$ 13.78	\$ 23.16	\$ 29.86	\$ 26.21
2019	\$ 55.12	\$ 49.53	\$ 52.49	\$ 53.67	\$ 52.69
Global Rooms					
2021	48,500	45,500			
2020	59,300	58,200	55,800	49,400	49,400
2019	66,800	65,200	63,400	60,800	60,800
U.S. Rooms					
2021	33,500	30,600			
2020	42,900	41,800	38,100	34,700	34,700
2019	51,700	50,700	49,100	45,600	45,600
International Rooms					
2021	15,000	14,900			
2020	16,400	16,400	17,700	14,700	14,700
2019	15,100	14,500	14,300	15,200	15,200

Table 6 (continued)
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

Total System	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Global RevPAR					
2021	\$ 24.90	\$ 36.92			
2020	\$ 27.68	\$ 17.31	\$ 29.23	\$ 23.84	\$ 24.51
2019	\$ 36.21	\$ 44.06	\$ 46.94	\$ 36.36	\$ 40.92
U.S. RevPAR					
2021	\$ 30.62	\$ 48.37			
2020	\$ 33.45	\$ 23.19	\$ 36.31	\$ 27.80	\$ 30.20
2019	\$ 40.56	\$ 50.98	\$ 53.79	\$ 40.09	\$ 46.39
International RevPAR					
2021	\$ 15.83	\$ 18.84			
2020	\$ 18.45	\$ 7.96	\$ 17.72	\$ 17.37	\$ 15.35
2019	\$ 28.92	\$ 32.47	\$ 35.63	\$ 30.29	\$ 31.85
Global Rooms					
2021	797,200	798,000			
2020	828,300	812,900	804,000	795,900	795,900
2019	812,100	816,600	821,800	831,000	831,000
U.S. Rooms					
2021	486,000	484,800			
2020	506,800	502,000	497,700	487,300	487,300
2019	506,600	508,300	509,200	510,200	510,200
International Rooms					
2021	311,200	313,200			
2020	321,500	310,900	306,300	308,600	308,600
2019	305,500	308,300	312,600	320,800	320,800

NOTE: Amounts may not foot due to rounding. Results reflect the reclassification of rooms from the Hotel Management segment to the Hotel Franchising segment related to the CorePoint Lodging asset sales.

Table 7
WYNDHAM HOTELS & RESORTS
NON-GAAP RECONCILIATIONS
(In millions)

The tables below 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, adjusted net income and adjusted EPS financial measures provide useful information to investors about us and our financial condition and results of operations because these measures are used by our management team to evaluate our operating performance and make day-to-day operating decisions and 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. These measures also assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, 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.

Reconciliation of Net Income/(Loss) to Adjusted EBITDA:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2021					
Net income	\$ 24	\$ 68			
Provision for income taxes	11	25			
Depreciation and amortization	24	24			
Interest expense, net	28	22			
Early extinguishment of debt ^(a)	—	18			
Stock-based compensation expense	5	8			
Development advance notes amortization ^(b)	2	2			
Separation-related expenses ^(c)	2	1			
Foreign currency impact of highly inflationary countries ^(d)	1	—			
Adjusted EBITDA	<u>\$ 97</u>	<u>\$ 168</u>			
2020					
Net income/(loss)	\$ 22	\$ (174)	\$ 27	\$ (7)	\$ (132)
Provision for/(benefit from) income taxes	9	(48)	15	(2)	(26)
Depreciation and amortization	25	25	24	24	98
Interest expense, net	25	28	29	30	112
Stock-based compensation expense	4	5	5	5	19
Development advance notes amortization ^(b)	2	2	2	2	9
Impairments, net ^(e)	—	206	—	—	206
Restructuring costs ^(f)	13	16	—	5	34
Transaction-related expenses, net ^(g)	8	5	—	—	12
Separation-related expenses ^(c)	1	—	—	1	2
Foreign currency impact of highly inflationary countries ^(d)	—	—	1	—	2
Adjusted EBITDA	<u>\$ 109</u>	<u>\$ 66</u>	<u>\$ 103</u>	<u>\$ 58</u>	<u>\$ 336</u>
2019					
Net income	\$ 21	\$ 26	\$ 45	\$ 64	\$ 157
Provision for income taxes	5	10	21	14	50
Depreciation and amortization	29	27	26	28	109
Interest expense, net	24	26	25	25	100
Stock-based compensation expense	3	4	4	4	15
Development advance notes amortization ^(b)	2	2	2	2	8
Impairment, net ^(h)	—	45	—	—	45
Contract termination costs ⁽ⁱ⁾	—	9	34	(1)	42
Restructuring costs ^(j)	—	—	—	8	8
Transaction-related expenses, net ^(g)	7	11	12	10	40
Separation-related expenses ^(c)	21	1	—	—	22
Transaction-related item ^(k)	—	—	20	—	20
Foreign currency impact of highly inflationary countries ^(d)	1	—	3	1	5
Adjusted EBITDA	<u>\$ 113</u>	<u>\$ 161</u>	<u>\$ 192</u>	<u>\$ 155</u>	<u>\$ 621</u>

NOTE: Amounts may not add due to rounding.

- (a) Relates to the redemption premium and non-cash expenses associated with the early redemption of the Company's 5.375% senior unsecured notes. These expenses were recorded in interest expense, net on the Company's income/(loss) statement.
 - (b) Represents the non-cash amortization of development advance notes, which is now excluded from adjusted EBITDA to reflect how the Company's chief operating decision maker reviews operating performance.
 - (c) Represents costs associated with the Company's spin-off from Wyndham Worldwide.
 - (d) Relates to the foreign currency impact from hyper-inflation in Argentina, which is reflected in operating expenses on the income statement.
 - (e) Represents a non-cash charge to reduce the carrying values of certain intangible assets to their fair values principally attributable to higher discount rates primarily resulting from increased share price volatility, partially offset by \$3 million of cash proceeds from a previously impaired asset.
 - (f) Represents charges associated with restructuring initiatives implemented in response to the effects on travel demand as a result of COVID-19.
 - (g) Primarily relates to integration costs incurred in connection with the Company's acquisition of La Quinta.
 - (h) Represents a non-cash charge associated with the termination of certain hotel-management arrangements.
 - (i) Represents costs associated with the termination of certain hotel-management arrangements.
 - (j) Represents a charge related to enhancing the Company's organizational efficiency and rationalizing our operations.
 - (k) Represents the one-time fee credit related to the Company's agreement with CorePoint Lodging, which is reflected as a reduction to hotel management revenues on the income statement.
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Table 7 (continued)
WYNDHAM HOTELS & RESORTS
NON-GAAP RECONCILIATIONS
(In millions, except per share data)

Reconciliation of Net Income/(Loss) and Diluted Earnings/(Loss) Per Share to Adjusted Net Income and Adjusted Diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Diluted earnings/(loss) per share	\$ 0.73	\$ (1.86)	\$ 0.99	\$ (1.63)
Net income/(loss)	\$ 68	\$ (174)	\$ 93	\$ (152)
Adjustments:				
Early extinguishment of debt ^(a)	18	—	18	—
Acquisition-related amortization expense ^(b)	9	9	18	19
Separation-related expenses	1	—	3	1
Foreign currency impact of highly inflationary countries	—	—	1	1
Impairments, net	—	206	—	206
Restructuring costs	—	16	—	29
Transaction-related expenses, net	—	5	—	13
Total adjustments before tax	28	236	40	269
Income tax provision ^(c)	7	53	10	61
Total adjustments after tax	21	183	30	208
Adjusted net income	\$ 89	\$ 9	\$ 123	\$ 56
Adjustments - EPS impact	0.22	1.96	0.32	2.22
Adjusted diluted EPS	\$ 0.95	\$ 0.10	\$ 1.31	\$ 0.59
Diluted weighted average shares outstanding	94.1	93.3	93.9	93.6

^(a) Relates to the redemption premium and non-cash expenses associated with the early redemption of the Company's 5.375% senior unsecured notes. These expenses were recorded in interest expense, net on the Company's income/(loss) statement.

^(b) Reflected in depreciation and amortization on the income/(loss) statement.

^(c) Reflects the estimated tax effects of the adjustments.

Table 8
WYNDHAM HOTELS & RESORTS
2021 OUTLOOK
As of July 28, 2021
(In millions, except per share data)

	2021 Outlook
Fee-related and other revenues ^(a)	\$ 1,160 - 1,190
Adjusted EBITDA	525 - 535
Depreciation and amortization expense ^(b)	56 - 58
Development advance notes amortization expense	9 - 11
Stock-based compensation expense	27 - 29
Interest expense, net ^(c)	94 - 96
Adjusted income before income taxes	333 - 348
Income tax expense ^(d)	89 - 94
Adjusted net income	\$ 244 - 254
Adjusted diluted EPS	\$ 2.60 - 2.70
Diluted shares ^(e)	94.0
Marketing, reservation and loyalty funds	Break even
Capital expenditures	Approx. \$40
Development advance notes	Approx. \$40
Free cash flow conversion rate ^(f)	Approx. 55%
<u>Year-over-Year Growth</u>	
Global RevPAR ^(g)	Approx. 40%
Number of rooms	1% - 2%

^(a) Includes \$70 million of license fees, which reflects the minimum levels outlined in the underlying agreements.

^(b) Excludes amortization of acquisition-related intangible assets of \$36 - \$38 million.

^(c) Excludes charges relating to the early extinguishment of debt.

^(d) Outlook assumes an effective tax rate of approximately 27%.

^(e) Excludes the impact of any share repurchases in 2021.

^(f) Represents the percentage of adjusted EBITDA that is expected to produce free cash flow. Free cash flow plus capital expenditures equals net cash from operating activities.

^(g) Compared to 2019, outlook represents a 16% decline in global RevPAR.

In determining adjusted EBITDA, interest expense, net, adjusted income before income taxes, adjusted net income and adjusted diluted EPS, we exclude certain items which are otherwise included in determining the comparable GAAP financial measures. We are providing these measures on a non-GAAP basis only because, without unreasonable efforts, we are unable to predict with reasonable certainty the occurrence or amount of all the adjustments or other potential adjustments that may arise in the future during the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to the reported results.

Table 9
WYNDHAM HOTELS & RESORTS
DEFINITIONS

Adjusted Net Income and Adjusted Diluted EPS: Represents net income/(loss) and diluted earnings/(loss) per share excluding acquisition-related amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-related) and foreign currency impacts of highly inflationary countries. The Company calculates the income tax effect of the adjustments using an estimated effective tax rate applicable to each adjustment.

Adjusted EBITDA: Represents net income/(loss) excluding net interest expense, depreciation and amortization, early extinguishment of debt charges, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition-, or separation-related), foreign currency impacts of highly inflationary countries, stock-based compensation expense, income taxes and development advance notes amortization. Adjusted EBITDA is a financial measure that is not recognized under U.S. GAAP and should not be considered as an alternative to net income/(loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, the Company's definition of adjusted EBITDA may not be comparable to similarly titled measures of other companies.

During the first quarter of 2021, the Company modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how the Company's chief operating decision maker reviews operating performance beginning in 2021. The Company has applied the modified definition of adjusted EBITDA to all periods presented.

Average Daily Rate (ADR): Represents the average rate charged for renting a lodging room for one day.

Average Occupancy Rate: Represents the percentage of available rooms occupied during the period.

Constant Currency: Represents a comparison eliminating the effects of foreign exchange rate fluctuations between periods (foreign currency translation) and the impact caused by any foreign exchange related activities (i.e., hedges, balance sheet remeasurements and/or adjustments).

Free Cash Flow: See Table 3 for definition.

Number of Rooms: Represents the number of rooms at the end of the period which are (i) either under franchise and/or management agreements or Company-owned and (ii) properties under affiliation agreements for which we receive a fee for reservation and/or other services provided.

RevPAR: Represents revenue per available room and is calculated by multiplying average occupancy rate by ADR.

Royalty Rate: Represents the average royalty rate earned on our franchised properties and is calculated by dividing total royalties, excluding the impact of amortization of development advance notes, by total room revenues.