

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) **October 25, 2023**

Wyndham Hotels & Resorts, Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)
22 Sylvan Way
Parsippany, New Jersey
(Address of principal
executive offices)

001-38432
(Commission File Number)

82-3356232
(IRS Employer
Identification No.)

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 September 30, 2023.

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 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 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 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 October 25, 2023, reporting financial results for the quarter ended September 30, 2023.
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: October 25, 2023

By: /s/ Nicola Rossi

Nicola Rossi
Chief Accounting Officer

WYNDHAM HOTELS & RESORTS, INC.
CURRENT REPORT ON FORM 8-K
Report Dated October 25, 2023
EXHIBIT INDEX

Exhibit No.

Description

[Exhibit 99.1](#)

[Press Release of Wyndham Hotels & Resorts, Inc., dated October 25, 2023, reporting financial results for the quarter ended September 30, 2023.](#)

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 THIRD QUARTER 2023 RESULTS

Company Raises Full-Year 2023 EPS Outlook Grows Development Pipeline by Another 12%

PARSIPPANY, N.J., October 25, 2023 - Wyndham Hotels & Resorts (NYSE: WH) today announced results for the three months ended September 30, 2023. Highlights include:

- **Global RevPAR grew 3% compared to third quarter 2022 in constant currency.**
- **System-wide rooms grew 3% year-over-year.**
- **Development pipeline grew 4% sequentially and 12% year-over-year to a record 237,000 rooms.**
- **Signed over 230 contracts, an increase of 8% year-over-year, including 60 new construction projects for ECHO Suites Extended Stay by Wyndham.**
- **Returned \$134 million to shareholders through \$105 million of share repurchases and a quarterly cash dividend of \$0.35 per share.**

"We recently announced our Board of Directors unanimously rejected an unsolicited stock-and-cash proposal by Choice Hotels to acquire our company. Our Board of Directors, together with our financial and legal advisors, closely reviewed Choice's latest proposal and determined, for multiple reasons, that it is not in the best interest of our shareholders. They remain confident that our standalone growth prospects offer superior, risk-adjusted returns to Wyndham shareholders," said Geoff Ballotti, president and chief executive officer. "Supporting that belief are our third quarter results, which were highlighted by continued growth in global RevPAR, ongoing domestic and international organic net room growth and another 8% increase in hotel contracts awarded to franchisees driving our development pipeline to a record 1,930 hotels. Our economy brands gained market share domestically amidst a backdrop of normalizing U.S. leisure demand, and international occupancy continued to recover. Adjusted EBITDA grew in line with our expectations, we generated strong free cash flow and we returned significant capital to our shareholders. We remain focused on our growth strategy, which includes continued system expansion through our ECHO Suites by Wyndham brand and further improvements in franchisee retention, as well as the multi-year benefit expected from the U.S. infrastructure bill. We're enthusiastic about our ability to deliver exceptional value to our shareholders, guests, franchisees and team members in the months and years ahead."

Third Quarter Financial Results

Fee-related and other revenues was \$400 million compared to \$375 million in third quarter 2022 reflecting global RevPAR and net room growth, higher license and ancillary fees as well as the pass-through revenues associated with the Company's global franchisee conference in September, which was held for the first time since 2019.

The Company generated net income of \$103 million, or \$1.21 per diluted share, compared to \$101 million, or \$1.13 per diluted share, in third quarter 2022. The increase was reflective of higher adjusted EBITDA in the

Company's hotel franchising segment and a lower effective tax rate, partially offset by higher interest expense. Adjusted diluted EPS grew 8% reflecting higher net income and a lower share count due to share repurchase activity. Adjusted EBITDA increased 5% to \$200 million primarily reflecting higher fee-related and other revenues as well as marketing fund variability. During third quarter 2023, the Company's marketing fund revenues exceeded expenses by \$17 million; while in third quarter 2022, the Company's marketing fund revenues exceeded expenses by \$12 million.

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

	Rooms		
	September 30, 2023	September 30, 2022	YOY Change (bps)
United States	495,700	492,900	60
International	362,300	343,100	560
Global	858,000	836,000	260

The Company's global system grew 3%, reflecting 1% growth in the U.S. and 6% growth internationally. As expected, these increases included strong growth in both the higher RevPAR midscale and above segments in the U.S. and the direct franchising business in China, which grew 4% and 16%, respectively.

RevPAR

	Third Quarter 2023	YOY Constant Currency % Change
United States	\$ 58.46	(1 %)
International	38.05	16
Global	49.71	3

Third quarter global RevPAR grew by 3% in constant currency compared to 2022 reflecting a 1% decline in the U.S. and growth of 16% internationally. The Company had achieved record-breaking RevPAR in the U.S. during the preceding year due to COVID-impacted travel patterns. The Company's U.S. economy brands gained market share of 100 basis points in the third quarter. Comparing to 2019 to neutralize for COVID-impacted travel patterns, U.S. RevPAR grew 9%, a 30 basis point acceleration from second quarter 2023 growth. International RevPAR growth was driven by higher occupancy levels and stronger pricing power in connection with COVID recovery, and compared to 2019 grew 45% on a constant-currency basis, a 120 basis point acceleration from second quarter 2023 growth.

Development

- On September 30, 2023, the Company's global development pipeline consisted of over 1,930 hotels and approximately 237,000 rooms, representing a 12% year-over-year increase, including 16% growth in the U.S.
- Approximately 69% of the Company's pipeline is in the midscale and above segments.
- Approximately 58% of the Company's development pipeline is international.

- Approximately 80% of the Company's pipeline is new construction, of which approximately 34% has broken ground.
- During third quarter 2023, the Company awarded 172 new contracts for its legacy brands, an increase of 4% year-over-year. Additionally, the Company awarded 60 additional new contracts for its ECHO Suites Extended Stay by Wyndham brand and, as of September 30, 2023, the total number of contracts awarded for the brand was 265, or nearly 33,000 rooms.

Balance Sheet and Liquidity

As of September 30, 2023, the Company had \$2.2 billion of long-term debt outstanding with a weighted average interest rate of 4.9%. The Company borrowed \$110 million on its revolving credit facility during the third quarter and had an available borrowing capacity of \$631 million after considering \$9 million of outstanding letters of credit as of September 30, 2023. The Company ended the quarter with a cash balance of \$79 million and approximately \$710 million in total liquidity.

The Company generated net cash provided by operating activities of \$77 million and free cash flow of \$67 million in third quarter 2023.

The Company has pay-fixed/receive-variable interest rate swaps in place to hedge \$600 million of the Term Loan B Facility, set to expire in the second quarter of 2024. During the third quarter of 2023, the Company executed \$600 million of new forward starting interest rate swaps on the Term Loan B Facility, which will begin in second quarter 2024 and expire in 2028. The fixed rate of the new swaps is 3.8%.

Share Repurchases and Dividends

During the third quarter, the Company repurchased approximately 1.4 million shares of its common stock for \$105 million. Year-to-date through September 30, the Company repurchased approximately 3.8 million shares of its common stock for \$270 million.

The Company paid common stock dividends of \$29 million, or \$0.35 per share.

Rejection of Unsolicited Offer

On October 17, 2023, the Company announced that its Board of Directors unanimously rejected a highly conditional, unsolicited stock-and-cash proposal by Choice Hotels International, Inc. ("Choice") to acquire all outstanding shares of Wyndham. Wyndham's Board of Directors, together with its financial and legal advisors, closely reviewed Choice's latest proposal with a nominal value of \$90 per share, comprised of 45% in stock and 55% in cash, and determined that it is not in the best interest of Wyndham shareholders to accept the proposal.

Full-Year 2023 Outlook

The Company is updating its outlook as follows to reflect the impact of third quarter share repurchase activity:

	Updated Outlook	Prior Outlook
Year-over-year rooms growth	2 - 4%	2 - 4%
Year-over-year global RevPAR growth ^{(a)(b)}	4 - 6%	4 - 6%
Fee-related and other revenues ^(b)	\$1.38 - \$1.41 billion	\$1.38 - \$1.41 billion
Adjusted EBITDA	\$654 - \$664 million	\$654 - \$664 million
Adjusted net income	\$336 - \$348 million	\$336 - \$348 million
Adjusted diluted EPS	\$3.94 - \$4.08	\$3.92 - \$4.06
Free cash flow conversion rate ^(c)	50 - 55%	50 - 55%

^(a) Outlook represents global RevPAR growth of approximately 6% - 8% compared to 2019.

^(b) Lower end of the range.

^(c) Represents the percentage of adjusted EBITDA that is expected to produce free cash flow.

Year-over-year growth rates are not comparable due to the sale of the Company's owned hotels and the exit of its select-service management business, both of which occurred during 2022, as well as the variability in its marketing funds due to the support that the Company provided to its owners during 2020.

The Company's expectations for full-year 2023 marketing funds contribution to adjusted EBITDA is unchanged at \$10 million. The Company expects fund revenues will outpace fund expenses by approximately \$11 million during the fourth quarter.

More detailed projections are available in Table 8 of this press release. 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, October 26, 2023 at 8:30 a.m. ET. Listeners can access the webcast live through the Company's website at <https://investor.wyndhamhotels.com>. The conference call may also be accessed by dialing 800 225-9448 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 October 26, 2023. A telephone replay will be available for approximately ten days beginning at noon ET on October 26, 2023 at 800 839-6964.

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 9,100 hotels across over 95 countries on six continents. Through its network of approximately 858,000 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 24 hotel brands, including Super 8®, Days Inn®, Ramada®, Microtel®, La Quinta®, Baymont®, Wingate®, AmericInn®, Hawthorn Suites®, Trademark Collection® and Wyndham®. The Company's award-winning Wyndham Rewards loyalty program offers approximately 105 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 <https://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 the Company's current views and expectations with respect to its future performance and operations, including revenues, earnings, cash flow and other financial and operating measures, share repurchases and dividends and restructuring charges. The Company claims the protection of the Safe Harbor contained in the Private Securities Litigation Reform Act of 1995 for forward-looking statements. Forward-looking statements include those that convey management's expectations as to the future based on plans, estimates and projections at the time the Company 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 the Company 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, including inflation, higher interest rates and potential recessionary pressures; the worsening of the effects from the coronavirus pandemic ("COVID-19"); COVID-19's scope, duration, resurgence and impact on the Company's business operations, financial results,

cash flows and liquidity, as well as the impact on the Company's franchisees, guests and team members, the hospitality industry and overall demand for and restrictions on travel the Company's continued performance during the recovery from COVID-19 and any resurgence or mutations of the virus concerns with or threats of other pandemics, contagious diseases or health epidemics, including the effects of COVID-19; the performance of the financial and credit markets; the economic environment for the hospitality industry; operating risks associated with the hotel franchising businesses; the Company's relationships with franchisees; the impact of war, terrorist activity, political instability or political strife, including the ongoing conflict between Russia and Ukraine; 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; 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, except as required by law.

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Contacts

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net revenues				
Royalties and franchise fees	\$ 152	\$ 152	\$ 415	\$ 394
Marketing, reservation and loyalty	179	159	445	416
Management and other fees	3	3	11	54
License and other fees	30	28	83	74
Other	36	33	110	107
Fee-related and other revenues	400	375	1,064	1,045
Cost reimbursements	2	32	12	119
Net revenues	402	407	1,076	1,164
Expenses				
Marketing, reservation and loyalty	162	147	446	384
Operating	24	20	65	85
General and administrative	31	29	93	88
Cost reimbursements	2	32	12	119
Depreciation and amortization	19	18	56	58
Transaction-related	1	—	5	—
Separation-related	—	1	—	—
Gain on asset sale, net	—	—	—	(35)
Total expenses	239	247	677	699
Operating income	163	160	399	465
Interest expense, net	27	21	73	60
Early extinguishment of debt	—	—	3	2
Income before income taxes	136	139	323	403
Provision for income taxes	33	38	83	104
Net income	\$ 103	\$ 101	\$ 240	\$ 299
Earnings per share				
Basic	\$ 1.22	\$ 1.13	\$ 2.81	\$ 3.28
Diluted	1.21	1.13	2.79	3.26
Weighted average shares outstanding				
Basic	84.0	89.5	85.2	91.2
Diluted	84.5	89.9	85.7	91.7

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. During the first quarter of 2023, we changed the composition of our reportable segments to reflect the recent changes in our Hotel Management segment, including the sale of our owned assets, the exit of our select-service management business and the exit from substantially all of our U.S. full-service management business. The remaining hotel management business, which is predominately the full-service international managed business, has been aggregated, on a prospective basis, within our Hotel Franchising segment. 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.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Hotel Franchising ^(a)					
Net revenues					
2023	\$ 313	\$ 362	\$ 402	n/a	n/a
2022	272	335	367	\$ 303	\$ 1,277
2021	209	283	337	270	1,099
Adjusted EBITDA					
2023	\$ 164	\$ 175	\$ 215	n/a	n/a
2022	155	185	201	\$ 138	\$ 679
2021	105	166	193	128	592
Hotel Management					
Net revenues					
2023	n/a	n/a	n/a	n/a	n/a
2022	\$ 99	\$ 51	\$ 40	\$ 31	\$ 221
2021	94	123	126	122	466
Adjusted EBITDA					
2023	n/a	n/a	n/a	n/a	n/a
2022	\$ 20	\$ 6	\$ 7	\$ 4	\$ 37
2021	5	16	16	19	57
Corporate and Other					
Net revenues					
2023	\$ —	\$ —	\$ —	n/a	n/a
2022	—	—	—	\$ —	\$ —
2021	—	—	—	—	—
Adjusted EBITDA					
2023	\$ (17)	\$ (17)	\$ (15)	n/a	n/a
2022	(16)	(16)	(17)	\$ (16)	\$ (66)
2021	(13)	(14)	(15)	(16)	(59)
Total Company					
Net revenues					
2023	\$ 313	\$ 362	\$ 402	n/a	n/a
2022	371	386	407	\$ 334	\$ 1,498
2021	303	406	463	392	1,565
Net income					
2023	\$ 67	\$ 70	\$ 103	n/a	n/a
2022	106	92	101	\$ 56	\$ 355
2021	24	68	103	48	244
Adjusted EBITDA					
2023	\$ 147	\$ 158	\$ 200	n/a	n/a
2022	159	175	191	\$ 126	\$ 650
2021	97	168	194	131	590

NOTE: Amounts include the results of the Company's Wyndham Grand Bonnet Creek Resort and Wyndham Grand Rio Mar Resort, which were sold in March 2022 and May 2022, respectively, and its select-service management business, which was exited in March 2022, through their sale/exit dates. 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) For 2023, the Hotel Franchising segment includes the former Hotel Management segment, which is primarily comprised of the Company's remaining full-service management business.

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

	Nine Months Ended September 30,	
	2023	2022
Operating activities		
Net income	\$ 240	\$ 299
Depreciation and amortization	56	58
Gain on asset sale, net	—	(35)
Trade receivables	(40)	(1)
Accounts payable, accrued expenses and other current liabilities	(15)	4
Deferred revenues	10	20
Payments of development advance notes, net	(47)	(36)
Other, net	49	40
Net cash provided by operating activities	253	349
Investing activities		
Property and equipment additions	(28)	(28)
Proceeds from asset sales, net ^(a)	—	263
Acquisition of hotel brand	—	(44)
Loan advances	(22)	—
Other, net	—	(1)
Net cash (used in)/provided by investing activities	(50)	190
Financing activities		
Proceeds from long-term debt	1,308	400
Payments of long-term debt	(1,217)	(404)
Debt issuance costs	(10)	(4)
Dividends to shareholders	(90)	(88)
Repurchases of common stock	(261)	(313)
Other, net	(13)	(11)
Net cash used in financing activities	(283)	(420)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(2)	(4)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(82)	115
Cash, cash equivalents and restricted cash, beginning of period	161	171
Cash, cash equivalents and restricted cash, end of period	\$ 79	\$ 286

Free Cash Flow:

We define free cash flow to be net cash provided by 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. Free cash flow 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 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 September 30, Nine Months Ended September 30,			
	2023	2022	2023	2022
Net cash provided by operating activities ^(b)	\$ 77	\$ 107	\$ 253	\$ 349
Less: Property and equipment additions	(10)	(10)	(28)	(28)
Free cash flow	\$ 67	\$ 97	\$ 225	\$ 321

^(a) Includes proceeds of \$179 million, net of transaction costs, received from the Company's sales of the Wyndham Grand Bonnet Creek Resort and the Wyndham Grand Rio Mar Resort and \$84 million of proceeds from CorePoint Lodging related to the Company's exit of its select-service management business.

^(b) The year-over-year comparability is impacted by higher interest expense and the timing of working capital. The year-over-year comparability of the nine months ended September 30th is also impacted by incremental development advances and higher marketing spend, as well as the absence of \$13 million due to the exit of the select-service management business and owned hotels. While the Company has now lapped the sale of its owned hotels and the exit of its select-service management business, the marketing fund variability, higher interest expense and incremental development advances will continue to impact the year-over-year comparisons during the fourth quarter of 2023.

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

	As of September 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	\$ 79	\$ 161
Trade receivables, net	272	234
Property and equipment, net	91	99
Goodwill and intangible assets, net	3,109	3,131
Other current and non-current assets	549	498
Total assets	\$ 4,100	\$ 4,123

Liabilities and stockholders' equity		
Total debt	\$ 2,160	\$ 2,077
Other current liabilities	397	386
Deferred income tax liabilities	338	345
Other non-current liabilities	349	353
Total liabilities	3,244	3,161
Total stockholders' equity	856	962
Total liabilities and stockholders' equity	\$ 4,100	\$ 4,123

Our outstanding debt was as follows:

	Weighted Average Interest Rate ^(a)	As of September 30, 2023	As of December 31, 2022
\$750 million revolving credit facility (due April 2027)	7.4%	\$ 110	\$ —
\$400 million term loan A (due April 2027)	7.1%	389	399
\$1.6 billion term loan B (due May 2025)		—	1,139
\$1.1 billion term loan B (due May 2030)	4.2%	1,125	—
4.375% senior unsecured notes (due August 2028)	4.4%	495	494
Finance leases	4.5%	41	45
Total debt	4.9%	2,160	2,077
Cash and cash equivalents		79	161
Net debt		\$ 2,081	\$ 1,916

^(a) Represents weighted average interest rates for the third quarter 2023, including the effects from hedging.

Our outstanding debt as of September 30, 2023 matures as follows:

	Amount
Less than 1 year	\$ 37
Between 1 and 2 years	43
Between 2 and 3 years	48
Between 3 and 4 years	442
Between 4 and 5 years	514
Five years or thereafter	1,076
Total	\$ 2,160

Table 5
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Nine Months Ended September 30,				
	2023	2022	Change	% Change	
Beginning Room Count (January 1)					
United States	493,800	490,600	3,200	1%	
International	348,700	319,500	29,200	9	
Global	842,500	810,100	32,400	4	
Additions					
United States	18,500	19,600	(1,100)	(6)	
International	24,200	32,500	(8,300)	(26)	
Global	42,700	52,100	(9,400)	(18)	
Deletions					
United States	(16,600)	(17,300)	700	4	
International	(10,600)	(8,900)	(1,700)	(19)	
Global	(27,200)	(26,200)	(1,000)	(4)	
Ending Room Count (September 30)					
United States	495,700	492,900	2,800	1	
International	362,300	343,100	19,200	6	
Global	858,000	836,000	22,000	3%	
As of September 30,					
	2023	2022	Change	% Change	FY 2022 Royalty Distribution
System Size					
United States					
Economy	231,100	237,400	(6,300)	(3%)	
Midscale and Upper Midscale	245,800	236,300	9,500	4	
Upscale and Above	18,800	19,200	(400)	(2)	
Total United States	495,700	492,900	2,800	1%	85%
International					
Greater China	167,900	158,500	9,400	6%	2
Rest of Asia Pacific	34,000	29,500	4,500	15	1
Europe, the Middle East and Africa	81,600	77,900	3,700	5	5
Canada	39,600	39,100	500	1	5
Latin America	39,200	38,100	1,100	3	2
Total International	362,300	343,100	19,200	6%	15
Global	858,000	836,000	22,000	3%	100%

Table 5 (continued)
WYNDHAM HOTELS & RESORTS
REVENUE DRIVERS

	Three Months Ended September 30, 2023	Constant Currency % Change ^(a)	
Regional RevPAR Growth			
United States			
Economy	\$ 49.85	(3%)	
Midscale and Upper Midscale	64.34	(1)	
Upscale and Above	103.36	2	
Total United States	\$ 58.46	(1%)	
International			
Greater China	\$ 18.13	28%	
Rest of Asia Pacific	34.64	4	
Europe, the Middle East and Africa	59.71	17	
Canada	74.84	6	
Latin America	43.26	14	
Total International	\$ 38.05	16%	
Global	\$ 49.71	3%	
	Three Months Ended September 30,		
	2023	2022	% Change
Average Royalty Rate			
United States	4.6%	4.6%	—
International	2.5%	2.1%	40 bps
Global	3.9%	3.9%	—
	Nine Months Ended September 30, 2023		
		Constant Currency % Change ^(b)	
Regional RevPAR Growth			
United States			
Economy	\$ 43.74	(1%)	
Midscale and Upper Midscale	58.56	1	
Upscale and Above	99.58	3	
Total United States	\$ 52.56	—%	
International			
Greater China	\$ 16.82	29%	
Rest of Asia Pacific	32.33	20	
Europe, the Middle East and Africa	51.97	29	
Canada	57.61	15	
Latin America	44.76	34	
Total International	\$ 33.59	27%	
Global	\$ 44.52	7%	
	Nine Months Ended September 30,		
	2023	2022	% Change
Average Royalty Rate			
United States	4.6%	4.6%	—
International	2.4%	2.1%	30 bps
Global	3.9%	4.0%	(10 bps)

^(a) International and global exclude the impact of currency exchange movements.

Table 6
WYNDHAM HOTELS & RESORTS
HISTORICAL REVPAR AND ROOMS

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Hotel Franchising ^(a)					
Global RevPAR					
2023	\$ 37.20	\$ 46.47	\$ 49.71	n/a	n/a
2022	\$ 33.08	\$ 43.74	\$ 48.61	\$ 39.18	\$ 41.23
2021	\$ 24.02	\$ 35.69	\$ 44.67	\$ 34.77	\$ 34.85
U.S. RevPAR					
2023	\$ 43.84	\$ 55.26	\$ 58.46	n/a	n/a
2022	\$ 41.01	\$ 54.70	\$ 58.45	\$ 45.49	\$ 50.00
2021	\$ 29.68	\$ 46.99	\$ 56.38	\$ 42.45	\$ 43.95
International RevPAR					
2023	\$ 27.99	\$ 34.44	\$ 38.05	n/a	n/a
2022	\$ 21.05	\$ 26.80	\$ 33.90	\$ 30.16	\$ 28.11
2021	\$ 15.26	\$ 18.21	\$ 26.62	\$ 23.13	\$ 20.86
Global Rooms ^(b)					
2023	844,800	851,500	858,000	n/a	n/a
2022	793,200	799,200	816,300	827,100	827,100
2021	748,700	752,500	758,600	769,400	769,400
U.S. Rooms					
2023	494,400	495,100	495,700	n/a	n/a
2022	486,600	487,600	488,100	493,500	493,500
2021	452,500	454,200	458,000	465,100	465,100
International Rooms ^(b)					
2023	350,400	356,400	362,300	n/a	n/a
2022	306,600	311,600	328,200	333,600	333,600
2021	296,200	298,300	300,600	304,300	304,300
Hotel Management					
Global RevPAR					
2023	n/a	n/a	n/a	n/a	n/a
2022	\$ 56.55	\$ 65.13	\$ 71.54	\$ 68.04	\$ 64.07
2021	\$ 38.17	\$ 56.08	\$ 64.63	\$ 57.57	\$ 53.81
U.S. RevPAR					
2023	n/a	n/a	n/a	n/a	n/a
2022	\$ 69.92	\$ 135.35	\$ 126.34	\$ 98.28	\$ 92.66
2021	\$ 42.89	\$ 67.42	\$ 78.27	\$ 66.77	\$ 63.20
International RevPAR					
2023	n/a	n/a	n/a	n/a	n/a
2022	\$ 40.26	\$ 40.89	\$ 53.57	\$ 59.49	\$ 48.61
2021	\$ 27.12	\$ 31.20	\$ 37.53	\$ 40.96	\$ 34.31
Global Rooms					
2023	n/a	n/a	n/a	n/a	n/a
2022	20,100	19,700	19,700	15,400	15,400
2021	48,500	45,500	44,000	40,700	40,700
U.S. Rooms					
2023	n/a	n/a	n/a	n/a	n/a
2022	5,300	4,800	4,800	300	300
2021	33,500	30,600	28,800	25,500	25,500
International Rooms					
2023	n/a	n/a	n/a	n/a	n/a
2022	14,800	14,900	14,900	15,100	15,100
2021	15,000	14,900	15,200	15,200	15,200

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total System					
Global RevPAR					
2023	\$ 37.20	\$ 46.47	\$ 49.71	n/a	n/a
2022	\$ 34.06	\$ 44.28	\$ 49.17	\$ 39.86	\$ 41.88
2021	\$ 24.90	\$ 36.92	\$ 45.80	\$ 35.99	\$ 35.95
U.S. RevPAR					
2023	\$ 43.84	\$ 55.26	\$ 58.46	n/a	n/a
2022	\$ 42.11	\$ 55.57	\$ 59.15	\$ 45.96	\$ 50.72
2021	\$ 30.62	\$ 48.37	\$ 57.73	\$ 43.84	\$ 45.19
International RevPAR					
2023	\$ 27.99	\$ 34.44	\$ 38.05	n/a	n/a
2022	\$ 21.95	\$ 27.46	\$ 34.79	\$ 31.44	\$ 29.05
2021	\$ 15.83	\$ 18.84	\$ 27.15	\$ 23.99	\$ 21.52
Global Rooms ^(b)					
2023	844,800	851,500	858,000	n/a	n/a
2022	813,300	818,900	836,000	842,500	842,500
2021	797,200	798,000	802,600	810,100	810,100
U.S. Rooms					
2023	494,400	495,100	495,700	n/a	n/a
2022	491,900	492,400	492,900	493,800	493,800
2021	486,000	484,800	486,800	490,600	490,600
International Rooms ^(b)					
2023	350,400	356,400	362,300	n/a	n/a
2022	321,400	326,500	343,100	348,700	348,700
2021	311,200	313,200	315,800	319,500	319,500

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, including approximately 19,000 rooms in first quarter 2022.

^(a) For 2023, the Hotel Franchising segment includes the former Hotel Management segment, which is primarily comprised of the Company's remaining full-service management business.

^(b) Includes 6,400 Vienna House rooms acquired in the third quarter of 2022.

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 to Adjusted EBITDA:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2023					
Net income	\$ 67	\$ 70	\$ 103		
Provision for income taxes	24	26	33		
Depreciation and amortization	19	19	19		
Interest expense, net	22	24	27		
Early extinguishment of debt ^(a)	—	3	—		
Stock-based compensation	9	9	10		
Development advance notes amortization	3	4	4		
Transaction-related ^(b)	—	4	1		
Separation-related ^(c)	2	(2)	—		
Foreign currency impact of highly inflationary countries ^(d)	1	1	3		
Adjusted EBITDA	<u>\$ 147</u>	<u>\$ 158</u>	<u>\$ 200</u>		
2022					
Net income	\$ 106	\$ 92	\$ 101	\$ 56	\$ 355
Provision for income taxes	34	31	38	16	121
Depreciation and amortization	24	17	18	19	77
Interest expense, net	20	20	21	21	80
Early extinguishment of debt ^(a)	—	2	—	—	2
Stock-based compensation	8	9	8	8	33
Development advance notes amortization	3	3	3	3	12
(Gain)/loss on asset sale, net ^(e)	(36)	1	—	—	(35)
Separation-related ^(c)	—	(1)	1	1	1
Foreign currency impact of highly inflationary countries ^(d)	—	1	1	2	4
Adjusted EBITDA	<u>\$ 159</u>	<u>\$ 175</u>	<u>\$ 191</u>	<u>\$ 126</u>	<u>\$ 650</u>
2021					
Net income	\$ 24	\$ 68	\$ 103	\$ 48	\$ 244
Provision for income taxes	11	25	36	19	91
Depreciation and amortization	24	24	23	25	95
Interest expense, net	28	22	22	22	93
Early extinguishment of debt ^(a)	—	18	—	—	18
Stock-based compensation	5	8	7	8	28
Development advance notes amortization	2	2	3	3	11
Impairments, net ^(f)	—	—	—	6	6
Separation-related ^(c)	2	1	—	—	3
Foreign currency impact of highly inflationary countries ^(d)	1	—	—	—	1
Adjusted EBITDA	<u>\$ 97</u>	<u>\$ 168</u>	<u>\$ 194</u>	<u>\$ 131</u>	<u>\$ 590</u>

NOTE: Amounts may not add due to rounding.

- (a) Amount in 2023 relates to non-cash charges associated with the Company's refinancing of its term loan B. Amount in 2022 relates to non-cash charges associated with the Company's extension of its revolving credit facility and the prepayment of \$400 million of its term loan B. Amount in 2021 relates to the redemption premium and non-cash expenses associated with the early redemption of the Company's 5.375% senior unsecured notes.
 - (b) Represents costs related to corporate transactions.
 - (c) Represents costs associated with the Company's spin-off from Wyndham Worldwide.
 - (d) Relates to the foreign currency impact from hyper-inflation, primarily in Argentina, which is reflected in operating expenses on the income statement.
 - (e) Represents (gain)/loss on sales of the Company's owned hotels, the Wyndham Grand Bonnet Creek Resort and Wyndham Grand Rio Mar.
 - (f) Represents a non-cash charge to reduce the carrying values of the Company's owned hotels long-lived assets to their fair value in connection with the Company's Board approval of a plan to sell these assets in 2022.
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Table 7 (continued)
WYNDHAM HOTELS & RESORTS
NON-GAAP RECONCILIATIONS
(In millions, except per share data)

Reconciliation of Net Income and Diluted EPS to Adjusted Net Income and Adjusted Diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Diluted EPS	\$ 1.21	\$ 1.13	\$ 2.79	\$ 3.26
Net income	\$ 103	\$ 101	\$ 240	\$ 299
Adjustments:				
Acquisition-related amortization expense ^(a)	7	7	20	25
Transaction-related	1	—	5	—
Early extinguishment of debt	—	—	3	2
Foreign currency impact of highly inflationary countries	3	1	6	2
Separation-related	—	1	—	—
Gain on asset sale, net	—	—	—	(35)
Total adjustments before tax	11	9	34	(6)
Income tax provision/(benefit) ^(b)	3	2	8	(3)
Total adjustments after tax	8	7	26	(3)
Adjusted net income	\$ 111	\$ 108	\$ 266	\$ 296
Adjustments - EPS impact	0.10	0.08	0.31	(0.04)
Adjusted diluted EPS	\$ 1.31	\$ 1.21	\$ 3.10	\$ 3.22
Diluted weighted average shares outstanding	84.5	89.9	85.7	91.7

^(a) Reflected in depreciation and amortization on the income statement.

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

Table 8
WYNDHAM HOTELS & RESORTS
2023 OUTLOOK
As of October 25, 2023
(In millions, except per share data)

	2023 Outlook
Fee-related and other revenues ^(a)	\$ 1,379 - 1,409
Adjusted EBITDA ^(b)	654 - 664
Depreciation and amortization expense ^(c)	48 - 50
Development advance notes amortization expense	13 - 15
Stock-based compensation expense	37 - 39
Interest expense, net	100 - 102
Adjusted income before income taxes	449 - 463
Income tax expense ^(d)	113 - 115
Adjusted net income	\$ 336 - 348
Adjusted diluted EPS	\$ 3.94 - 4.08
Diluted shares ^(e)	85.2
Marketing, reservation and loyalty funds ^(f)	Approx. \$10
Capital expenditures	Approx. \$35
Development advance notes	Approx. \$60
Free cash flow conversion rate ^(g)	50% - 55%
Year-over-Year Growth	
Global RevPAR ^{(a),(h)}	4% - 6%
Number of rooms	2% - 4%

^(a) Lower end of range.

^(b) Year-over-year growth rates are not comparable due to the sale of the Company's owned hotels and the exit of its select-service management business during 2022, as well as the variability in its marketing funds due to the recovery of the COVID support that the Company provided to its owners during 2020.

^(c) Excludes amortization of acquisition-related intangible assets of approximately \$27 million.

^(d) Outlook assumes an effective tax rate of approximately 25%.

^(e) Excludes the impact of any share repurchases after September 30, 2023.

^(f) Represents the recovery of \$49 million COVID support that the Company provided to its owners during 2020. The Company recovered \$38 million of the \$49 million support during 2021 and 2022 combined.

^(g) 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.

^(h) Outlook represents global RevPAR growth of approximately 6% - 8% compared to 2019.

In determining adjusted EBITDA, interest expense, net, adjusted income before income taxes, adjusted net income, adjusted diluted EPS and free cash flow conversion rate, 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, separation-related items, transaction-related items (acquisition-, disposition-, or debt-related), (gain)/loss on asset sales 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, separation-related items, transaction-related items (acquisition-, disposition-, or debt-related), (gain)/loss on asset sales, 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.

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.

Comparable Basis: Represents a comparison eliminating the contribution from the Company's owned hotels and select-service management business - both of which were exited in the first half of 2022, as well as the variability in its marketing funds due to the recovery of the COVID support that the Company provided to its owners during 2020.

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.

Net Debt Leverage Ratio: Calculated by dividing total debt less cash and cash equivalents by trailing twelve months adjusted EBITDA.

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.