



FOURTH QUARTER
AND FULL-YEAR 2023
EARNINGS RESULTS
PRESENTATION

February 20, 2024



Forward-looking Statements

Information set forth herein includes “forward-looking statements.” Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as “expect,” “estimate,” “believe,” “anticipate,” “should,” “will,” “forecast,” “plan,” “project,” “assume,” or similar words of futurity. All statements other than historical facts are forward-looking statements. These forward-looking statements are based on management’s current beliefs, assumptions, and expectations regarding future events, which in turn are based on information currently available to management. Such statements include, but are not limited to, the ultimate outcome of any possible transaction between Choice and Wyndham (including the possibility that the parties will not agree to pursue a business combination transaction or that the terms of any definitive agreement will be materially different from those described); uncertainties as to whether Wyndham will cooperate with Choice regarding the proposed transaction; Choice’s ability to consummate the proposed transaction with Wyndham; the conditions to the completion of the proposed transaction, including the receipt of any required shareholder approvals and any required regulatory approvals; Choice’s ability to finance the proposed transaction with Wyndham; Choice’s indebtedness, including the substantial indebtedness Choice expects to incur in connection with the proposed transaction with Wyndham and the need to generate sufficient cash flows to service and repay such debt; the possibility that Choice may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all and to successfully integrate Wyndham’s operations with those of Choice, including the Choice rewards program; the possibility that Choice may be unable to achieve the benefits of the proposed transaction for its franchisees, associates, investors and guests within the expected timeframes or at all, including that such integration may be more difficult, time-consuming or costly than expected; that operating costs and business disruption (without limitation, difficulties in maintaining relationships with associates, guests or franchisees) may be greater than expected following the proposed transaction or the public announcement of the proposed transaction; and that the retention of certain key employees may be difficult. Such statements may relate to projections of Choice’s revenue, expenses, EBITDA, adjusted EBITDA, earnings, debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and other financial and operational measures, including occupancy and open hotels, RevPAR, and Choice’s liquidity, among other matters. We caution you not to place undue reliance on any such forward-looking statements. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties, and other factors.

Several factors could cause actual results, performance or achievements of the company to differ materially from those expressed in or contemplated by the forward-looking statements. Such risks include, but are not limited to, changes to general, domestic and foreign economic conditions, including access to liquidity and capital; the ability to realize the anticipated long-term benefits and synergies of the acquisition of Radisson Hotels Americas to the extent anticipated; changes in consumer demand and confidence, including consumer discretionary spending and the demand for travel, transient and group business; the timing and amount of future dividends and share repurchases; future domestic or global outbreaks of epidemics, pandemics (including COVID-19) or contagious diseases or fear of such outbreaks, and the related impact on the global hospitality industry, particularly but not exclusively the U.S. travel market; changes in law and regulation applicable to the travel, lodging or franchising industries, including with respect to the status of the company’s relationship with employees of our franchisees; foreign currency fluctuations; impairments or declines in the value of the company’s assets; operating risks common in the travel, lodging or franchising industries; changes to the desirability of our brands as viewed by hotel operators and customers; changes to the terms or termination of our contracts with franchisees and our relationships with our franchisees; our ability to keep pace with improvements in technology utilized for marketing and reservations systems and other operating systems; our ability to grow our franchise system; exposure to risks related to our hotel development, financing and ownership activities; exposures to risks associated with our investments in new businesses; fluctuations in the supply and demand for hotel rooms; our ability to realize anticipated benefits from acquired businesses; impairments or losses relating to acquired businesses; the level of acceptance of alternative growth strategies we may implement; the impact of inflation; cyber security and data breach risks; climate change and sustainability related concerns; ownership and financing activities; hotel closures or financial difficulties of our franchisees; operating risks associated with our international operations; labor shortages; the outcome of litigation; our ability to effectively manage our indebtedness and secure our indebtedness, including additional indebtedness incurred as a result of the acquisition of Radisson Hotels Americas; and developments with respect to the proposed acquisition of Wyndham. These and other risk factors are discussed in detail in the company’s filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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Fourth Quarter and Full-Year 2023 Results



Fourth Quarter and Full-Year 2023 Performance



Pipeline Expansion

Global Overall >105,000 rooms +6% QoQ

Global Conversion +16% QoQ +34% vs. FY '22



Effective Royalty Rate Growth

+6 bps
vs. FY '22



RevPAR Growth

+12.7%
vs. FY '19

Exceeded 2019 RevPAR levels for **31** consecutive months



Growth Strategy Focused on Hotels that Generate Higher Royalties per Unit

Domestic Portfolio

Openings +13%
vs. FY '22

Rooms¹ +2.4%
vs. FY '22

Units¹ +1.8%
vs. FY '22

Upscale Units +6.3%
vs. FY '22

Extended Stay Units +14.9%
vs. FY '22

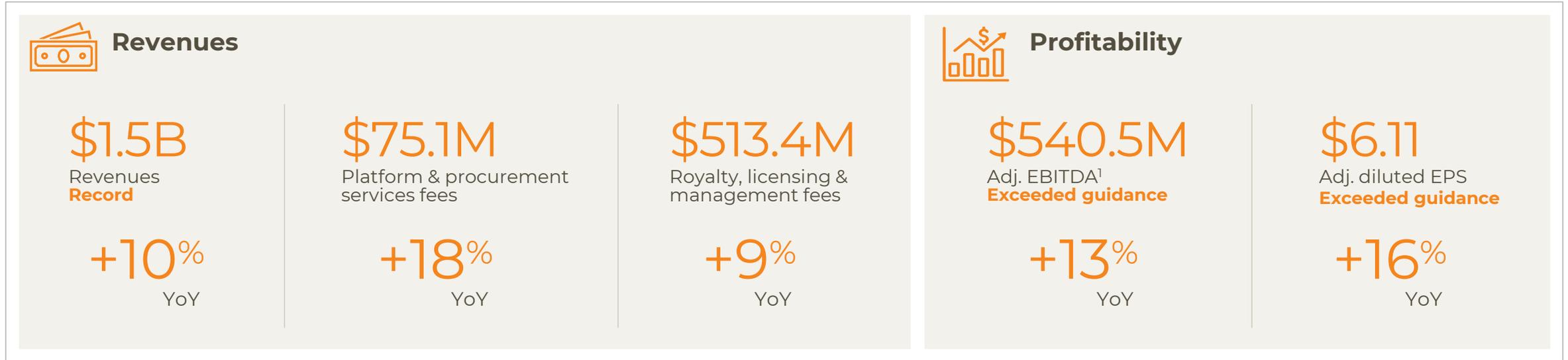
Hotel Mix² 82% +8 percentage points
vs. FY '17

New hotels added within a brand generated nearly: +20% higher royalty revenue versus hotels exiting the brand³

* All results include the impact of the Radisson Americas acquisition. All figures reflect domestic results, except where otherwise noted. For comparative purposes, domestic RevPAR and the effective royalty rate baseline for 2019 and 2022 is inclusive of the Radisson Americas acquisition. Throughout this presentation, Radisson Hotels Americas is referred to as Radisson Americas.

1. For the Choice legacy upscale, extended-stay, and midscale brands.
2. For the company's upscale, extended-stay, and midscale brands.
3. For full-year 2023, on average.

Full-Year 2023 Financial Performance



* All results include the impact of the Radisson Americas acquisition.

1. Reported net income was \$258.5 million for full-year 2023.

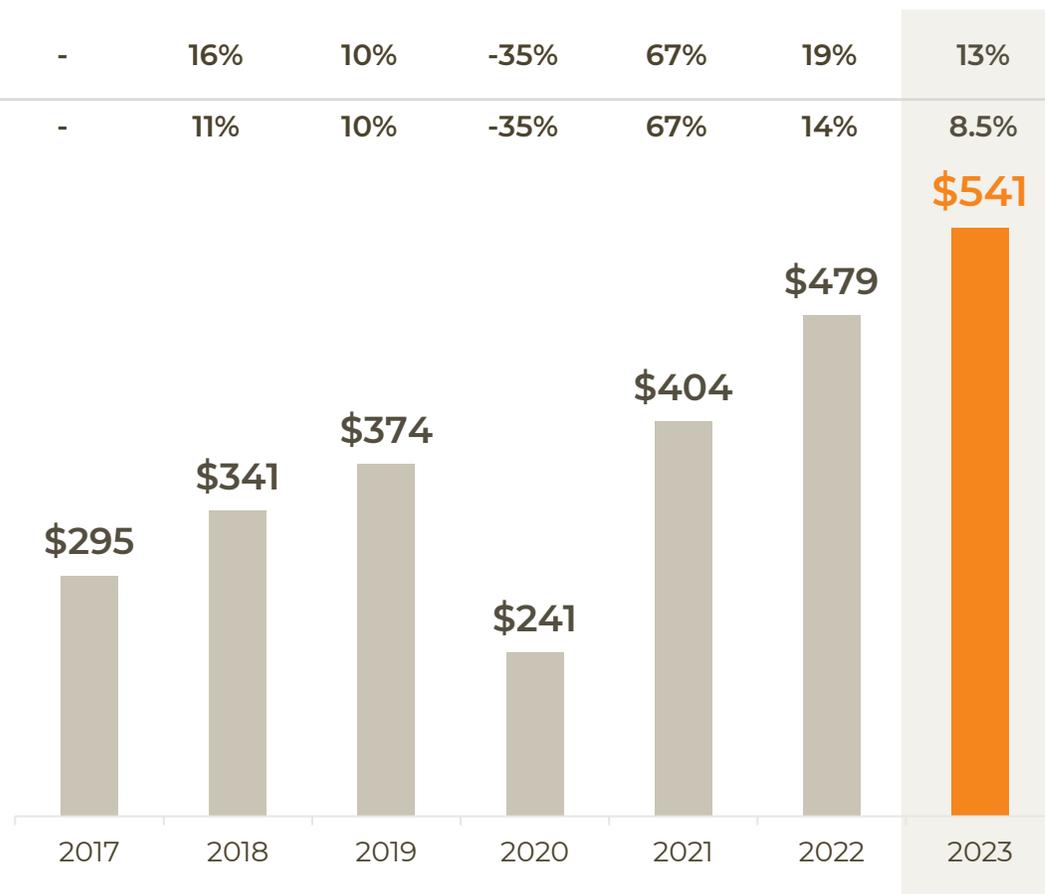
2. \$422.4 million reflects \$56.5 million in cash dividends and \$365.9 million in share repurchases that the company returned to shareholders during full-year 2023.

3. Representing 1.4 million shares.

Choice Hotels has delivered double-digit profitability growth every year since 2017¹; profitability in 2023 increased 45% higher than 2019 and 13% higher than 2022

PROFITABILITY (AS REPORTED ADJUSTED EBITDA) AND GROWTH RATES

Growth YoY	-	16%	10%	-35%	67%	19%	13%
YoY Organic Growth ²	-	11%	10%	-35%	67%	14%	8.5%



1. Excluding COVID-impacted 2020.

2. 2018 normalizes for the impact of Woodspring acquisition, 2022 normalizes for the impact of the Radisson Americas acquisition, and 2023 adjusts for the impact of the Radisson Americas acquisition, owned asset sales, and the one-time strategic termination of 110 Blackstone owned Woodspring Suites hotels in third quarter 2022.

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Outlook



The company is expecting to grow adjusted EBITDA by 10% in 2024, year-over-year

FY 2024 Guidance

Adj. EBITDA¹

\$580M - \$600M

~10% vs. FY '23

Adj. Diluted EPS

\$6.30 - \$6.60

+6% vs. FY '23

RevPAR Growth

flat to 2%

vs. FY '23

Effective Royalty Rate Growth

mid-single digits

vs. FY '23

Unit Growth²

approx. 2%

vs. FY '23

2024 Revenue Sensitivities

1% Increase in RevPAR = \$4.9M in royalties

1bps Increase in effective royalty rate = \$1M in royalties

1% Increase in unit growth in the higher revenue segments² = \$4.7M in royalties

* All figures include the impact of the Radisson Americas acquisition.
1. 10% Adj. EBITDA growth is reflected in the current guidance range. Net Income is expected to range between \$260 million and \$274 million for full-year 2024, assuming an effective tax rate of 24.5%.
2. Represents the company's upscale, midscale, and extended-stay segments.

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Appendix



Non-GAAP Financial Measurements and Other Definitions

The company evaluates its operations utilizing the performance metrics of EBITDA, adjusted EBITDA, adjusted net income, and adjusted EPS, which are all non-GAAP financial measurements. These measures, which are reconciled to the comparable GAAP measures in Exhibits 6 and 7, should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by GAAP, such as net income and EPS. The company's calculation of these measurements may be different from the calculations used by other companies and comparability may therefore be limited. We discuss management's reasons for reporting these non-GAAP measures and how each non-GAAP measure is calculated below.

In addition to the specific adjustments noted below with respect to each measure, the adjusted EBITDA, adjusted net income and adjusted EPS presented herein also exclude restructuring of the company's operations including employee severance benefit, income taxes and legal costs, exceptional allowances recorded as a result of COVID-19's impact on the collectability of receivables, acquisition related due diligence, transition and transaction costs, one-time franchise agreement termination fees received related to the purchase and rebranding of a 110 hotel portfolio of WoodSpring Suites hotels, and gains/losses on sale/disposal, fluctuations in the market value of equity securities purchased in contemplation of the proposed acquisition of Wyndham Hotels, global ERP system implementation and related costs, performance under limited debt payment guaranties and impairment of assets primarily related to hotel ownership and development activities to allow for period-over-period comparison of ongoing core operations before the impact of these discrete and infrequent charges.

Earnings Before Interest, Taxes, Depreciation, and Amortization and Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization: EBITDA reflects net income excluding the impact of interest expense, interest income, provision for income taxes, depreciation and amortization, impairments and gains on sale of business and assets, other (gains) and losses, equity in net income (loss) of unconsolidated affiliates and gain on extinguishment of debt. Adjusted EBITDA, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude certain items, including, mark-to-market adjustments on non-qualified retirement plan investments, share based compensation expense (benefit) and surplus or deficits generated by reimbursable revenue from franchised and managed properties. We consider EBITDA and adjusted EBITDA to be an indicator of operating performance because it measures our ability to service debt, fund capital expenditures, and expand our business. We also use these measures, as do analysts, lenders, investors, and others, to evaluate companies because it excludes certain items that can vary widely across industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels, and credit ratings, and share based compensation expense (benefit) is dependent on the design of compensation plans in place and the usage of them. Accordingly, the impact of interest expense and share based compensation expense (benefit) on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. These measures also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets or amortizing franchise-agreement acquisition costs. These differences can result in considerable variability in the relative asset costs and estimated lives and, therefore, the depreciation and amortization expense among companies. Mark-to-market adjustments on non-qualified retirement-plan investments recorded in selling, general and administrative (SG&A) expenses are excluded from adjusted EBITDA, as the company accounts for these investments in accordance with accounting for deferred-compensation arrangements when investments are held in a rabbi trust and invested. Changes in the fair value of the investments are recognized as both compensation expense in SG&A and other gains and losses. As a result, the changes in the fair value of the investments do not have a material impact on the company's net income. Surpluses and deficits generated from reimbursable revenues from franchised and managed properties are excluded, as the company's franchise and management agreements require these revenues to be used exclusively for expenses associated with providing franchise and management services, such as central reservation systems, hotel employee and operating costs, reservation delivery and national marketing and media advertising. Franchised and managed property owners are required to reimburse the company for any deficits generated from these activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance.

Adjusted Net Income and Adjusted Earnings Per Share: Adjusted net income and EPS exclude the impact of surpluses or deficits generated from reimbursable revenue from franchised and managed properties and gains on extinguishment of debt. Surpluses and deficits generated from reimbursable revenue from franchised and managed properties are excluded, as the company's franchise agreements require these revenues to be used exclusively for expenses associated with providing franchised and managed services, such as central reservation systems, hotel employee and operating costs, reservation delivery and national marketing and media advertising. Franchised and managed property owners are required to reimburse the company for any deficits generated from activities and the company is required to spend any surpluses generated in future periods. Since these activities will be managed to break-even over time, quarterly or annual surpluses and deficits have been excluded from the measurements utilized to assess the company's operating performance. We consider adjusted net income and adjusted EPS to be indicators of operating performance because excluding these items allows for period-over-period comparisons of our ongoing operations.

Non-GAAP Financial Measurements and Other Definitions

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel for a given period. Occupancy measures the utilization of the hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. The company calculates occupancy based on information as reported by its franchisees. To accurately reflect occupancy, the company may revise its prior years' operating statistics for the most current information provided.

Average Daily Rate (ADR)

Average Daily Rate (ADR): ADR represents hotel room revenue divided by the total number of room nights sold for a given period. ADR measures the average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry, and management uses ADR to assess pricing levels that the company is able to generate. The company calculates ADR based on information as reported by its franchisees. To accurately reflect ADR, the company may revise its prior years' operating statistics for the most current information provided.

RevPAR

RevPAR: RevPAR is calculated by dividing hotel room revenue by the total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of hotel performance and therefore company royalty and system revenues as it provides a metric correlated to the two key drivers of operations at a hotel: occupancy and ADR. The company calculates RevPAR based on information as reported by its franchisees. To accurately reflect RevPAR, the company may revise its prior years' operating statistics for the most current information provided. RevPAR is also a useful indicator in measuring performance over comparable periods.

Pipeline

Pipeline is defined as hotels awaiting conversion, under construction or approved for development, and master development agreements committing owners to future franchise development.

Reconciliation of Non-GAAP Measures

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)

(\$ millions)	Q4 2023*	Q3 2023*	FY 2024F ¹	FY 2023*	FY 2022*
Net income	\$ 29.0	\$ 92.0	\$267.1	\$ 258.5	\$ 332.2
Adjustments:					
Loss on impairment of unconsolidated joint ventures	-	-	-	-	(12.2)
(Gain) Loss on sale of business & assets, and impairments, net	2.8	-	-	2.8	-
Operational restructuring charges	(0.9)	1.1	-	4.2	5.1
Due diligence and transition costs	23.0	7.3	31.3	42.4	25.0
Exceptional allowances attributable to COVID-19	-	-	-	-	(0.9)
Net reimbursable surplus from franchised and managed properties	22.0	(8.0)	22.6	6.4	(39.2)
Extraordinary termination fees from franchisee	-	-	-	-	(17.2)
Global EPR system implementation and related costs	-	-	2.5	-	-
Gain on extinguishment of debt	(3.4)	-	-	(3.4)	-
Unrealized gain on investments in equity securities	(3.0)	-	-	(3.0)	-
Franchise agreement acquisition cost charges	2.3	-	-	2.3	-
Limited payment guaranty charge	-	-	-	1.2	-
Adjusted Net Income	\$ 71.8	\$ 92.4	\$ 323.5	\$ 311.5	\$ 292.6
Diluted Earnings Per Share	\$ 0.58	\$ 1.81	\$ 5.34	\$ 5.07	\$ 5.99
Adjustments:					
Loss on impairment of unconsolidated joint ventures	-	-	-	-	(0.22)
Gain on sale of business & assets, and impairments, net	0.06	-	-	0.06	-
Operational restructuring charges	(0.02)	0.02	-	0.08	0.09
Exceptional allowances attributable to COVID-19	-	-	-	-	(0.02)
Net reimbursable surplus from franchised and managed properties	0.43	(0.15)	0.44	0.13	(0.71)
Extraordinary termination fees from franchisee	-	-	-	-	(0.31)
Due diligence and transition costs	0.46	0.14	0.62	0.83	0.45
Global EPR system implementation and related costs	-	-	0.05	-	-
Gain on extinguishment of debt	(0.07)	-	-	(0.07)	-
Unrealized gain on investments in equity securities	(0.06)	-	-	(0.06)	-
Franchise agreement acquisition cost charges	0.05	-	-	0.05	-
Limited payment guaranty charge	-	-	-	0.02	-
Adjusted Diluted Earnings Per Share (EPS)	\$ 1.43	\$ 1.82	\$ 6.45	\$ 6.11	\$ 5.27



*Figures are calculated using guidelines from the ASC 606 Revenue Recognition Standard.
1. Midpoint of 2024 guidance.

Reconciliation of Non-GAAP Measures

ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

(\$ millions)	Q4 2023*	Q3 2023*	Q3 2022*	FY 2024F ¹	FY 2023*	FY 2022*	FY 2021*	FY 2020*	FY 2019*	FY 2018*	FY 2017*
Net income	\$ 29.0	\$ 92.0	\$ 103.1	\$ 267.1	\$ 258.5	\$ 332.2	\$ 289.0	\$ 75.4	\$ 222.9	\$ 216.4	\$ 122.3
Income taxes	6.7	29.2	33.7	86.7	78.4	104.7	87.5	(22.4)	47.1	56.9	126.9
Interest expense	17.3	16.2	9.4	79.0	63.8	43.8	46.7	49.0	46.8	45.9	45.0
Interest income	(1.9)	(1.9)	(2.3)	(7.2)	(7.8)	(7.3)	(5.0)	(7.7)	(10.0)	(7.5)	(5.9)
Other (gains) losses	(7.9)	1.3	2.3	(0.5)	(10.6)	7.0	(5.1)	(4.5)	(4.9)	1.4	(3.2)
Loss (gain) on extinguishment of debt	(4.4)	-	-	-	(4.4)	-	-	16.6	7.2	-	-
Equity in operating net loss of affiliates, net of impairments	(1.0)	(1.8)	(1.1)	(0.4)	(2.9)	(1.9)	3.4	9.0	9.6	5.3	4.5
Loss on impairment of unconsolidated joint ventures	-	-	-	-	-	(16.1)	12.7	21.0	-	-	-
Gain on sale of business & assets, and impairments, net	3.7	-	(13.4)	-	3.7	-	-	-	14.9	7.0	(1.4)
Depreciation and amortization	10.2	9.6	8.7	50.7	39.7	30.4	24.8	25.8	18.8	14.3	6.7
Mark to market adjustments on non-qualified retirement plan investments	3.4	(0.9)	(1.4)	-	6.3	(5.9)	5.6	4.1	4.8	(1.3)	3.2
Operational restructuring charges	3.7	1.4	5.4	-	5.5	6.7	0.8	9.6	1.5	-	-
Share-based compensation	4.6	5.9	4.7	23.1	21.0	19.1	11.4	3.8	8.8	-	-
Due diligence and transaction costs	25.2	9.7	19.5	-	55.8	32.9	-	-	-	-	-
Exceptional allowances attributable to COVID-19	-	-	-	-	-	(1.2)	5.2	7.3	-	-	-
Extraordinary termination fees from franchisees	-	-	(22.6)	-	-	(22.6)	-	-	-	-	-
Net reimbursable surplus from franchised and managed properties	30.2	(7.9)	(8.8)	30.0	17.1	(52.1)	(83.4)	44.3	1.7	(9.4)	(20.2)
Limited payment guarantee charge	-	-	-	-	1.6	-	-	-	-	-	-
Acquisition related transition and transaction costs	3.1	-	-	41.5	3.1	-	-	-	-	6.9	4.0
Expenses associated with legal claims	-	-	-	-	-	-	3.0	3.0	-	-	-
Acceleration of executive succession plan & executive termination benefits	-	-	-	-	-	-	-	-	-	-	12.0
Franchise agreement acquisition costs amortization	3.2	3.0	2.3	16.7	11.6	9.0	7.5	6.4	4.5	5.1	4.1
Global ERP system implementation and related costs	-	-	-	3.3	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 125.0	\$ 155.9	\$ 139.4	\$ 590.0	\$ 540.5	\$ 478.6	\$ 403.6	\$ 240.7	\$ 373.7	\$ 341.0	\$ 298.0



*Figures are calculated using guidelines from the ASC 606 Revenue Recognition Standard.
1. Midpoint of 2024 guidance.