



FIRST QUARTER 2024
EARNINGS RESULTS
PRESENTATION

May 8, 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 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 as rapidly or 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 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; and 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. 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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First Quarter 2024 Results



First Quarter 2024 Performance



Growth Strategy Focused on Hotels that Generate Higher Royalties per Unit

Pipeline

Global Overall **>115,000** **Record** rooms **+10%** QoQ

Global Conversion **+36%** QoQ

Domestic Overall **+30%** RevPAR premium vs. base portfolio

+70bps Higher royalty rate vs. base portfolio

Unit Growth

Openings **+20%** YoY

Franchise Agreements¹ **+7%** YoY

Extended Stay Units **+17%** YoY

Introduced innovative conversion model



Hotels within a brand generated

+20% higher

royalty revenue versus vs. hotels exiting the brand²



Effective Royalty Rate Growth

+4 bps YoY



RevPAR Growth

+8.2% vs. Q1 '19

Exceeded 2019 RevPAR levels for **34** consecutive months



* Throughout this presentation, Radisson Hotels Americas is referred to as Radisson Americas.

1. For the company's upscale, extended-stay, and midscale brands.

2. As of the quarter ended March 31, 2024, on average.

First Quarter 2024 Financial Performance



Revenues

\$203.0M

Adjusted Revenues¹

+16%

YoY

\$13.8M

Platform & procurement services fees²

+9%

YoY



Profitability

\$124.3M

Adj. EBITDA³

First Quarter Record

+17%

YoY

\$1.28

Adj. diluted EPS

First Quarter Record

+14%

YoY



Shareholder Returns

~\$226M

In cash dividends and share repurchases⁴

1.5M

shares repurchased⁵

>3%

of shares outstanding⁵



Balance Sheet

~\$540M

Available liquidity

1. Reflects revenues, excluding reimbursable revenue from franchised and managed properties, which are calculated as total revenues of \$331.9 million net of reimbursable revenue of \$129 million.

2. Essentially flat year-over-year when including the impact of timing.

3. Reported net income was \$31.0 million for first quarter 2024.

4. Reflects \$29 million in cash dividends and \$197 million in share repurchases year-to-date through April 30, 2024.

5. As of April 30, 2024.

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Outlook



Full-Year 2024 Outlook

Adj. EBITDA¹

\$580M to \$600M

+9% at the midpoint
vs. FY '23

Adj. Diluted EPS²

\$6.30 to \$6.60

RevPAR Growth

flat to 2%
vs. FY '23

Effective Royalty Rate Growth

mid-single
digits
vs. FY '23

Unit Growth³

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

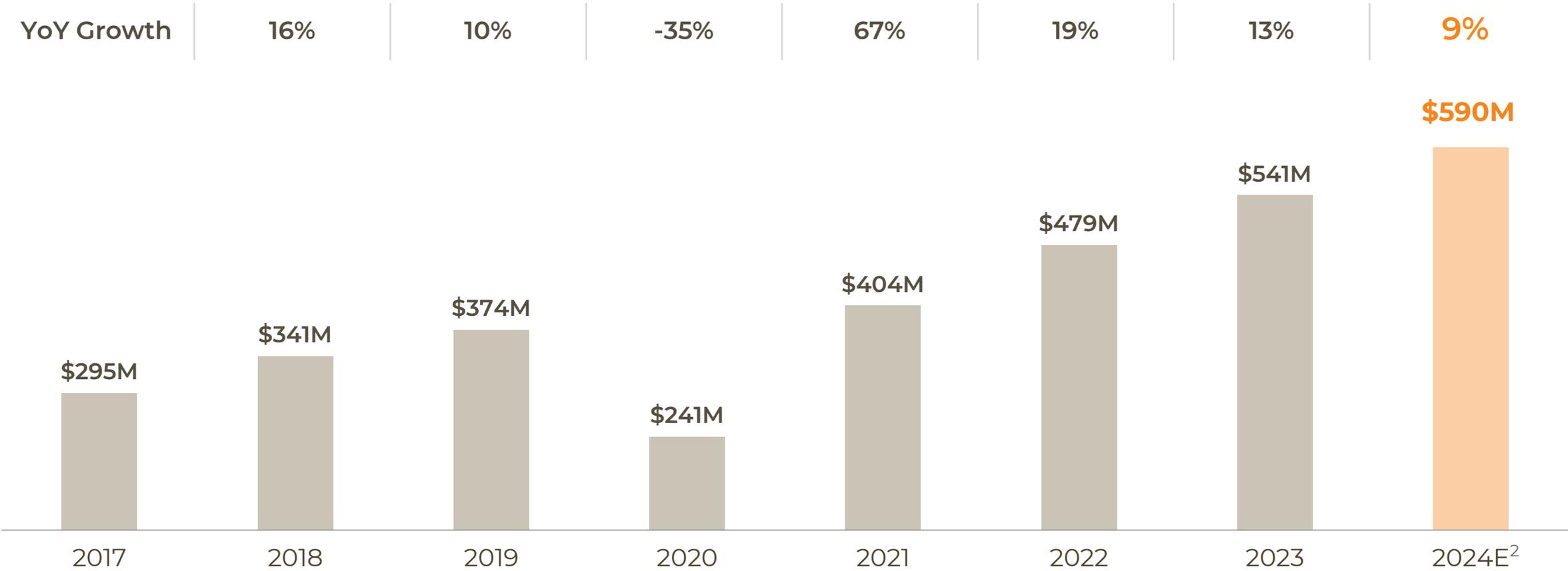
1% Increase in unit growth in the
higher revenue segments³
= \$4.6M in royalties



1. 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. Diluted EPS is expected to range between \$5.35 and \$5.65 for full-year 2024.
3. Represents the company's upscale, midscale, and extended-stay segments.

The company delivered double-digit profitability growth every year since 2017¹, and is expected to continue to build on that momentum in 2024

PROFITABILITY (AS REPORTED ADJUSTED EBITDA)



1. Excluding COVID-impacted 2020.
2. \$590M represents the midpoint of the Full-Year 2024 Adjusted EBITDA Outlook, and 9% represents year-over-year growth at the midpoint.

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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, acquisition related to business combination, due diligence and, transition costs, 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 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):

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 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)

	Q1 2024*	Q1 2023*	FY 2023*
Net income	\$31.0	\$52.8	\$258.5
Adjustments:			
Loss on impairment of unconsolidated joint ventures	-	-	-
(Gain) Loss on sale of business & assets, and impairments, net	-	-	2.8
Operational restructuring charges	0.6	-	4.2
Due diligence and transition costs	11.9	7.9	42.4
Exceptional allowances attributable to COVID-19	-	-	-
Net reimbursable surplus from franchised and managed properties	16.9	(2.5)	6.4
Extraordinary termination fees from franchisee	-	-	-
Global EPR system implementation and related costs	-	-	-
Gain on extinguishment of debt	-	-	(3.4)
Unrealized gain on investments in equity securities	-	-	(3.0)
Franchise agreement acquisition cost charges	-	-	2.3
Limited payment guaranty charge	-	-	1.2
Loss on investments in equity securities, net of dividend income	3.2	-	-
Adjusted Net Income	\$63.7	\$58.2	\$311.5
Diluted Earnings Per Share	\$0.62	\$1.02	\$5.07
Adjustments:			
Loss on impairment of unconsolidated joint ventures	-	-	-
Gain on sale of business & assets, and impairments, net	-	-	0.06
Operational restructuring charges	0.01	-	0.08
Exceptional allowances attributable to COVID-19	-	-	-
Net reimbursable surplus from franchised and managed properties	0.35	(0.05)	0.13
Extraordinary termination fees from franchisee	-	-	-
Due diligence and transition costs	0.24	0.15	0.83
Global EPR system implementation and related costs	-	-	-
Gain on extinguishment of debt	-	-	(0.07)
Unrealized gain on investments in equity securities	-	-	(0.06)
Franchise agreement acquisition cost charges	-	-	0.05
Limited payment guaranty charge	-	-	0.02
Loss on investments in equity securities, net of dividend income	0.06	-	-
Adjusted Diluted Earnings Per Share (EPS)	\$1.28	\$1.12	\$6.11



*Figures are calculated using guidelines from the ASC 606 Revenue Recognition Standard.

Reconciliation of Non-GAAP Measures

ADJUSTED EBITDA

(\$ millions)

	Q1 2024*	Q1 2023*	FY 2023*	FY 2022*	FY 2021*	FY 2020*	FY 2019*	FY 2018*	FY 2017*
Net income	\$31.0	\$52.8	\$258.5	\$332.2	\$289.0	\$75.4	\$222.9	\$216.4	\$122.3
Income taxes	9.2	14.7	78.4	104.7	87.5	(22.4)	47.1	56.9	126.9
Interest expense	20.2	14.1	63.8	43.8	46.7	49.0	46.8	45.9	45.0
Interest income	(1.7)	(1.9)	(7.8)	(7.3)	(5.0)	(7.7)	(10.0)	(7.5)	(5.9)
Other (gains) losses	1.3	(1.9)	(10.6)	7.0	(5.1)	(4.5)	(4.9)	1.4	(3.2)
Loss (gain) on extinguishment of debt	-	-	(4.4)	-	-	16.6	7.2	-	-
Equity in operating net loss of affiliates, net of impairments	0.2	(0.1)	(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	-	-	-	14.9	7.0	(1.4)
Depreciation and amortization	10.9	10.0	39.7	30.4	24.8	25.8	18.8	14.3	6.7
Mark to market adjustments on non-qualified retirement plan investments	3.7	1.8	6.3	(5.9)	5.6	4.1	4.8	(1.3)	3.2
Operational restructuring charges	0.8	2.3	5.5	6.7	0.8	9.6	1.5	-	-
Share-based compensation	4.9	4.6	21.0	19.1	11.4	3.8	8.8	-	-
Due diligence and transaction costs	15.8	8.1	55.8	32.9	-	-	-	-	-
Exceptional allowances attributable to COVID-19	-	-	-	(1.2)	5.2	7.3	-	-	-
Extraordinary termination fees from franchisees	-	-	-	(22.6)	-	-	-	-	-
Net reimbursable surplus from franchised and managed properties	24.4	(0.9)	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	-	-	-	-	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	3.5	2.7	11.6	9.0	7.5	6.4	4.5	5.1	4.1
Global ERP system implementation and related costs	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	\$124.3	\$106.4	\$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.

Reconciliation of Non-GAAP Measures for Full-Year 2024

EBITDA AND ADJUSTED EBITDA

<i>(in thousands)</i>	Full Year (Lower Range)	Full Year (Upper Range)
Net Income	\$ 260,000	\$ 274,000
Income tax expense	84,200	88,800
Interest expense	92,800	93,900
Interest income	(6,100)	(6,100)
Other loss	300	300
Equity in net gain of affiliates	(700)	(400)
Depreciation and amortization	51,000	51,000
EBITDA	\$ 481,500	\$ 501,500
Mark to market adjustments on non-qualified retirement plan investments	3,700	3,700
Share-based compensation	20,500	20,500
Franchise agreement acquisition costs amortization	16,900	16,900
Net reimbursable deficit from franchised and managed properties	35,000	35,000
Business combination, diligence and transition costs	18,300	18,300
Operational restructuring charges	800	800
Global ERP system implementation and related costs	3,300	3,300
Adjusted EBITDA	\$ 580,000	\$ 600,000

ADJUSTED NET INCOME & DILUTED EARNINGS PER SHARE (EPS)

<i>(in thousands, except per share amounts)</i>	Full Year (Lower Range)	Full Year (Upper Range)
Net income	\$ 260,000	\$ 274,000
Adjustments		
Loss on investments in equity securities, net of dividend income	3,200	3,200
Net reimbursable deficit from franchised and managed properties	25,900	25,900
Business combination, diligence and transition costs	13,800	13,800
Operational restructuring charges	600	600
Global ERP system implementation and related costs	2,500	2,500
Adjusted Net Income	\$ 306,000	\$ 320,000
Diluted Earnings Per Share	\$ 5.35	\$ 5.65
Adjustments		
Loss on investments in equity securities, net of dividend income	0.07	0.07
Net reimbursable deficit from franchised and managed properties	0.53	0.53
Business combination, diligence and transition costs	0.29	0.29
Operational restructuring charges	0.01	0.01
Global ERP system implementation and related costs	0.05	0.05
Adjusted Diluted Earnings Per Share (EPS)	\$ 6.30	\$ 6.60

