



PARK HOTELS & RESORTS PROVIDES UPDATE ON OPERATING TRENDS, CAPITAL RECYCLING ACTIVITY AND SECOND QUARTER 2022 OUTLOOK

Tysons, Va., June 6, 2022 — Park Hotels & Resorts Inc. (“Park” or the “Company”) (NYSE:PK) today provided an operational update and raised its second quarter 2022 (“Q2 2022”) outlook based on improving demand.

Recent Highlights

- Pro-forma Occupancy for May 2022 for Park’s 46 consolidated hotels was 67.9%, with occupancy forecasted to be 76.3% in June 2022;
- Updated Q2 2022 outlook based upon improving demand to increase the outlook for RevPAR by \$9 at the midpoint to \$171, while Adjusted EBITDA guidance increased by 9% (or \$15 million) at the midpoint to a new range of \$175 million to \$195 million from the Q2 2022 outlook Park provided in May 2022;
- Repurchased 8.5 million shares of common stock in May 2022 at an average price of \$18.33 per share, or \$157 million. 12.0 million shares have been repurchased year-to-date at an average price of \$18.23 per share, or \$218 million;
- All of Park’s hotels are now open following the reopening of the 1,024-room Parc 55 San Francisco – a Hilton Hotel, on May 19, 2022;
- Sold the 211- room Hilton Chicago/Oakbrook Suites in May 2022 for gross proceeds of \$10.3 million and under contract to sell the 128-room Hilton Garden Inn Chicago/Oakbrook Terrace for \$9.4 million;
- Entered into a definitive agreement to sell Park’s 25% interest in the joint venture that owns the 1,190-room Hilton San Diego Bayfront for gross proceeds of \$157 million, which includes \$55 million of Park’s interest in the debt in the joint venture, with net proceeds anticipated to be approximately \$102 million;
- Entered into a definitive agreement to sell the 195-room Homewood Suites by Hilton Seattle Convention Center for \$80 million; and
- Year-to-date, Park has sold or is under contract to sell its interests in five non-core hotels for total gross proceeds of approximately \$268 million, or 14.0x the hotels’ combined 2019 Adjusted EBITDA (or 13.1x when excluding anticipated capital expenditures), and at an average capitalization rate of 6.7% on the hotels’ 2019 net operating income (excluding anticipated maintenance capital expenditures).

“I am incredibly pleased to see the continued strengthening of the recovery across our portfolio,” said Thomas J. Baltimore, Jr., Chairman and CEO of Park. “Leisure demand remains robust in our Hawaii, Florida and Puerto Rico markets, while business transient and group demand trends continue to accelerate across our urban portfolio, with the pace of improvement expected to continue over the balance of the year. As a result of the continued improvement, we are raising our Q2 2022 outlook. Additionally, with nearly \$270 million of non-core assets sold or under contract at attractive pricing and \$218 million in stock buybacks at a nearly 40% discount to the midpoint of our estimated net asset value, we have remained disciplined with our capital allocation priorities and execution of our value creation strategies. Overall, we are incredibly encouraged by the pace of recovery across all demand segments, with Park’s portfolio currently on track to recover to pre-pandemic levels by early 2023.”

Operational Highlights

- Pro-forma Occupancy, ADR and RevPAR for May 2022 and comparisons to April 2022, May 2021 and May 2019 for Park's 46 consolidated hotels were as follows:

	<u>Preliminary May 2022</u>	<u>vs. April 2022</u>	<u>vs. May 2021</u>	<u>vs. May 2019</u>
Pro-forma Occupancy	67.9%	(2.2)% pts	27.9% pts	(16.7)% pts
Pro-forma ADR	\$ 234.32	(1.6)%	28.0%	4.1%
Pro-forma RevPAR	\$ 159.06	(4.8)%	117.2%	(16.5)%

- Pro-forma Occupancy, ADR and RevPAR for May 2022 and comparisons to April 2022, May 2021 and May 2019 for Park's 45 consolidated hotels open during the entirety of May 2022 were as follows:

	<u>Preliminary May 2022</u>	<u>vs. April 2022</u>	<u>vs. May 2021</u>	<u>vs. May 2019</u>
Pro-forma Occupancy	70.2%	(2.6)% pts	28.6% pts	(14.1)% pts
Pro-forma ADR	\$ 234.33	(1.6)%	28.0%	5.0%
Pro-forma RevPAR	\$ 164.48	(5.2)%	116.2%	(12.6)%

- Generated Pro-forma Hotel Revenues of \$218 million and positive Pro-forma Hotel Adjusted EBITDA of \$68 million in April 2022, resulting in Pro-forma Hotel Adjusted EBITDA Margin of 31.1% (compared to \$201 million, \$59 million and 29.3%, respectively, for March 2022), with 42 of 45 consolidated hotels that were open during April 2022 generating positive Pro-forma Hotel Adjusted EBITDA;
- Momentum for group booking activity continued to gain with the addition of approximately 100,000 room nights in April for the remainder of 2022 and 2023 with group booking pace for the remainder of 2022 at 68% of what 2019 group bookings were as of April 2019, an improvement of over 260 bps from March 2022, with average group rate in line with 2019 levels for the same time period; while group bookings for 2023 are 72% of what 2019 group bookings were as of April 2018, with average group rate exceeding 2019 group levels by 2.2% for the same time period; and
- Mid-week occupancies, excluding resort hotels, nearly tripled to an average of 74% in May 2022 compared to January 2022, signaling the continued recovery of business transient demand.

2022 Outlook

Based on recent trends, which are signaling an accelerated pace of recovery, Park's outlook for Q2 2022 is updated as follows:

(unaudited, dollars in millions, except per share amounts and RevPAR)

Metric	Q2 2022 Outlook as of June 6, 2022		Q2 2022 Outlook as of May 2, 2022		Change at Midpoint
	Low	High	Low	High	
RevPAR	\$ 169	\$ 173	\$ 160	\$ 164	\$ 9
RevPAR Growth vs. 2019	(12)%	(10)%	(16)%	(14)%	4%
Net income	\$ 33	\$ 53	\$ 16	\$ 36	\$ 17
Net income attributable to stockholders	\$ 29	\$ 50	\$ 13	\$ 33	\$ 17
Earnings per share - Diluted ⁽¹⁾	\$ 0.13	\$ 0.22	\$ 0.05	\$ 0.14	\$ 0.08
Adjusted EBITDA	\$ 175	\$ 195	\$ 160	\$ 180	\$ 15
Hotel Adjusted EBITDA margin	28.4%	29.4%	NR ⁽¹⁾	NR ⁽¹⁾	NR ⁽¹⁾
Hotel Adjusted EBITDA margin change vs. 2019	(280)bps	(180)bps	(390)bps	(240)bps	85bps
Adjusted FFO per share – Diluted ⁽²⁾	\$ 0.47	\$ 0.56	\$ 0.40	\$ 0.49	\$ 0.07

⁽¹⁾ Not reported.

⁽²⁾ Per share amounts are calculated based on unrounded numbers.

Q2 2022 outlook is based in part on the following assumptions:

- Fully diluted weighted average shares are expected to be 228 million; and
- Does not take into account potential future acquisitions and dispositions, including those currently under contract, which could result in a material change to Park's outlook.

Park's Q2 2022 outlook is based on many factors, many of which are outside the Company's control, including uncertainty surrounding any new disruptions from the COVID-19 pandemic, and all of which are subject to change. The Company continues to be unable to provide a full-year outlook for 2022 given the continued economic uncertainty as the global economy continues to recover from the COVID-19 pandemic and the impact from other macroeconomic factors; however, if the positive demand trends continue over the next few months, the Company anticipates being able to provide a full-year 2022 outlook in its second quarter earnings release.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements related to Park's current expectations regarding the performance of its business, financial results, liquidity and capital resources, including expected dates that its hotels will break even or achieve positive Hotel Adjusted EBITDA, the impact to the Company's business and financial condition and that of its hotel management companies, measures being taken in response to COVID-19, the impact from macroeconomic factors (including inflation and geopolitical conflicts), the effects of competition and the effects of future legislation or regulations, the expected completion of anticipated dispositions, the declaration and payment of future dividends and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates," "hopes" or the negative version of these words or other comparable words. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases,

beyond the Company's control and which could materially affect its results of operations, financial condition, cash flows, performance or future achievements or events. Currently, one of the most significant factors continues to be the adverse effect of COVID-19, including actions taken to contain the pandemic or mitigate its effects, the emergences of virus variants and resurgences, on the Company's financial condition, results of operations, cash flows and performance, its hotel management companies and its hotels' tenants, and the global economy and financial markets. Investors are cautioned to interpret many of the risks identified in the risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 as being heightened as a result of the ongoing and numerous adverse effects of COVID-19.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements and Park urges investors to carefully review the disclosures Park makes concerning risk and uncertainties in Item 1A: "Risk Factors" in Park's Annual Report on Form 10-K for the year ended December 31, 2021, as such factors may be updated from time to time in Park's filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Except as required by law, Park undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

About Park Hotels & Resorts

Park is the second largest publicly traded lodging REIT with a diverse portfolio of market-leading hotels and resorts with significant underlying real estate value. Park's portfolio currently consists of 52 premium-branded hotels and resorts with approximately 32,000 rooms primarily located in prime city center and resort locations. Visit www.pkhotelsandresorts.com for more information.

PARK HOTELS & RESORTS INC.
NON-GAAP FINANCIAL MEASURES RECONCILIATIONS
HOTEL EBITDA, HOTEL ADJUSTED EBITDA AND
PRO-FORMA HOTEL ADJUSTED EBITDA MARGIN

(unaudited, in millions)

	Month Ended March 31, 2022	Month Ended April 30, 2022
Hotel net income	\$ 25	\$ 37
Depreciation and amortization expense	23	22
Interest expense	9	9
Hotel EBITDA	<u>57</u>	<u>68</u>
Other	2	—
Hotel Adjusted EBITDA and Pro-forma Hotel Adjusted EBITDA	<u><u>\$ 59</u></u>	<u><u>\$ 68</u></u>

	Month Ended March 31, 2022	Month Ended April 30, 2022
Total Revenues	\$ 208	\$ 225
Less: Other revenue	(6)	(6)
Less: Revenue from hotels disposed of	(1)	(1)
Pro-forma Hotel Revenues	<u><u>\$ 201</u></u>	<u><u>\$ 218</u></u>

	Month Ended March 31, 2022	Month Ended April 30, 2022
Pro-forma Hotel Revenues	\$ 201	\$ 218
Pro-forma Hotel Adjusted EBITDA	\$ 59	\$ 68
Pro-forma Hotel Adjusted EBITDA margin	29.3%	31.1%

PARK HOTELS & RESORTS INC.
NON-GAAP FINANCIAL MEASURES RECONCILIATIONS
Q2 2022 OUTLOOK – EBITDA, ADJUSTED EBITDA AND HOTEL ADJUSTED EBITDA
AND HOTEL ADJUSTED EBITDA MARGIN

(unaudited, in millions)

		Three Months Ended June 30, 2022	
		Low Case	High Case
Net income		\$ 33	\$ 53
Depreciation and amortization expense		68	68
Interest expense		62	62
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates		3	3
EBITDA		166	186
Share-based compensation expense		4	4
Other items		5	5
Adjusted EBITDA		175	195
Less: Adjusted EBITDA from investments in affiliates		(10)	(10)
Add: All other		13	13
Hotel Adjusted EBITDA		<u>\$ 178</u>	<u>\$ 198</u>

		Three Months Ended June 30, 2022	
		Low Case	High Case
Total Revenues		\$ 642	\$ 690
Less: Other revenue		(17)	(17)
Hotel Revenues		<u>\$ 625</u>	<u>\$ 673</u>

		Three Months Ended June 30, 2022	
		Low Case	High Case
Hotel Revenues		\$ 625	\$ 673
Hotel Adjusted EBITDA		\$ 178	\$ 198
Hotel Adjusted EBITDA margin		28.4%	29.4%

PARK HOTELS & RESORTS INC.
NON-GAAP FINANCIAL MEASURES RECONCILIATIONS
Q2 2022 OUTLOOK –NAREIT FFO ATTRIBUTABLE TO STOCKHOLDERS AND
ADJUSTED FFO ATTRIBUTABLE TO STOCKHOLDERS

(unaudited, in millions except per share data)

	Three Months Ended	
	June 30, 2022	
	Low Case	High Case
Net income attributable to stockholders	\$ 29	\$ 50
Depreciation and amortization expense	68	68
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)
Equity investment adjustments:		
Equity in earnings from investments in affiliates	(4)	(4)
Pro rata FFO of equity investments	6	6
Nareit FFO attributable to stockholders	98	119
Share-based compensation expense	4	4
Other items	5	5
Adjusted FFO attributable to stockholders	\$ 107	\$ 128
Adjusted FFO per share - Diluted⁽¹⁾	\$ 0.47	\$ 0.56
Weighted average diluted shares outstanding	228.0	228.0

⁽¹⁾ Per share amounts are calculated based on unrounded numbers.

PARK HOTELS & RESORTS INC.

DEFINITIONS

EBITDA and Hotel Adjusted EBITDA

Hotel earnings before interest expense, taxes and depreciation and amortization (“Hotel EBITDA”), presented herein, reflects net income excluding depreciation and amortization, interest income, interest expense and income taxes of the Company’s consolidated hotels. Hotel Adjusted EBITDA is Hotel EBITDA further adjusted to exclude items that management believes are not representative of the Company’s consolidated hotels current or future operating performance and is a key measure of the Company’s consolidated hotels profitability. The Company presents Hotel Adjusted EBITDA to help the Company and its investors evaluate the ongoing operating performance of the Company’s consolidated hotels.

Hotel EBITDA and Hotel Adjusted EBITDA are not recognized terms under United States (“U.S.”) GAAP and should not be considered as an alternative to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, the Company’s definition of Hotel EBITDA and Hotel Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

The Company believes that Hotel EBITDA and Hotel Adjusted EBITDA provides useful information to investors about the Company and its financial condition and results of operations for the following reasons: (i) Hotel EBITDA and Hotel Adjusted EBITDA are among the measures used by the Company’s management team to make day-to-day operating decisions and evaluate its operating performance between periods and between REITs by removing the effect of its capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from its operating results; and (ii) Hotel EBITDA and Hotel Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties as common performance measures to compare results or estimate valuations across companies in the industry.

Hotel EBITDA and Hotel Adjusted EBITDA have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss) or other methods of analyzing the Company’s operating performance and results as reported under U.S. GAAP.

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels. Room nights available to guests have not been adjusted for suspended or reduced operations at certain of Park’s hotels as a result of COVID-19. Occupancy measures the utilization of the Company’s hotels’ available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help management determine achievable Average Daily Rate (“ADR”) levels as demand for rooms increases or decreases.

Average Daily Rate

ADR (or rate) represents rooms revenue divided by total number of room nights sold in a given period. ADR measures 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 hotel industry, and management uses ADR to assess pricing levels that the Company is able to generate by type of customer, as changes in rates have a more pronounced effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Revenue per Available Room

Revenue per Available Room (“RevPAR”) represents rooms revenue divided by the total number of room nights available to guests for a given period. Room nights available to guests have not been adjusted for suspended or reduced operations at certain of Park’s hotels as a result of COVID-19. Management considers RevPAR to be a meaningful indicator of the Company’s performance as it provides a metric correlated to two primary and key factors of operations at a hotel or group of hotels: occupancy and ADR. RevPAR is also a useful indicator in measuring performance over comparable periods.

Pro-forma

The Company presents certain data for its consolidated hotels on a pro-forma hotel basis as supplemental information for investors: Pro-forma Hotel Revenues, Pro-forma RevPAR, Pro-forma Total RevPAR, Pro-forma Occupancy, Pro-forma ADR, Pro-forma Hotel Adjusted EBITDA and Pro-forma Hotel Adjusted EBITDA Margin. The Company presents pro-forma hotel results to help the Company and its investors evaluate the ongoing operating performance of its hotels. The Company’s pro-forma metrics exclude results from property dispositions that have occurred through June 5, 2022 and include results from property acquisitions as though such acquisitions occurred on the earliest period presented.

For more information, contact:

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www.pkhotelsandresorts.com*