

Edgar Filing: Hyatt Hotels Corp - Form 10-Q

Hyatt Hotels Corp
Form 10-Q
August 02, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-34521

HYATT HOTELS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware 20-1480589
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

71 South Wacker Drive 60606
12th Floor, Chicago, Illinois (Zip Code)
(Address of Principal Executive Offices) (312) 750-1234
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of July 29, 2016, there were 23,404,633 shares of the registrant's Class A common stock, \$0.01 par value, outstanding and 109,628,962 shares of the registrant's Class B common stock, \$0.01 par value, outstanding.

HYATT HOTELS CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED JUNE 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions of dollars, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
REVENUES:				
Owned and leased hotels	\$559	\$540	\$1,075	\$1,049
Management and franchise fees	115	112	222	217
Other revenues	11	9	20	16
Other revenues from managed properties	480	451	937	884
Total revenues	1,165	1,112	2,254	2,166
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:				
Owned and leased hotels	413	391	802	775
Depreciation and amortization	86	76	167	155
Other direct costs	9	7	15	12
Selling, general, and administrative	75	73	163	167
Other costs from managed properties	480	451	937	884
Direct and selling, general, and administrative expenses	1,063	998	2,084	1,993
Net gains and interest income from marketable securities held to fund operating programs	7	1	8	9
Equity earnings (losses) from unconsolidated hospitality ventures	19	(23)	21	(29)
Interest expense	(20)	(17)	(37)	(34)
Gains (losses) on sales of real estate	(21)	1	(21)	9
Other income (loss), net	1	4	(3)	(14)
INCOME BEFORE INCOME TAXES	88	80	138	114
PROVISION FOR INCOME TAXES	(21)	(40)	(37)	(52)
NET INCOME	67	40	101	62
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	—	—	—
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$67	\$40	\$101	\$62
EARNINGS PER SHARE—Basic				
Net income	\$0.50	\$0.28	\$0.75	\$0.43
Net income attributable to Hyatt Hotels Corporation	\$0.50	\$0.28	\$0.75	\$0.43
EARNINGS PER SHARE—Diluted				
Net income	\$0.49	\$0.27	\$0.74	\$0.42
Net income attributable to Hyatt Hotels Corporation	\$0.49	\$0.27	\$0.74	\$0.42
See accompanying notes to condensed consolidated financial statements.				

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of dollars)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income	\$ 67	\$ 40	\$ 101	\$ 62
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments, net of tax (benefit) expense of \$- for the three and six months ended June 30, 2016 and \$(2) for the three and six months ended June 30, 2015	(9)	8	15	(47)
Unrealized gains on available for sale securities, net of tax expense of \$8 and \$4 for the three months ended and \$5 and \$4 for the six months ended June 30, 2016 and June 30, 2015, respectively				
b>				
	\$	(1,602,522)		

Information about the net assets and significant components of the changes in net assets related to the nonparticipant-directed investment is as follows:

	December 31	
	2003	2002
Net asset:		
Employer Stock Fund	\$ 1,142,546	\$ 1,048,082
Changes in net assets:		
Dividend and interest income	\$ 25,484	\$ 17,989
Net appreciation in fair value of investment	217,846	6,904
Employer contributions	14,275	13,889
Employee contributions	68,540	52,611
Withdrawals by participants	(186,994)	(37,923)
Interfund transfers	(44,687)	85,212
Other		(3,797)
Net increase	\$ 94,464	\$ 134,885

4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, the interests of all affected participants will become fully

vested.

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated July 8, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

SUPPLEMENTARY INFORMATION

EQUITABLE RESOURCES, INC.**SAVINGS AND PROTECTION PLAN****Plan No. 206 EIN: 25-0464690****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2003**

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
* Putnam Bond Index Fund	Common/collective trust	(a) \$	176,631
Alger Mid Cap Retirement Fund	Mutual fund	(a)	208,986
Equitable Life Insurance	Mutual fund	(a)	98
Lord Abbett Mid Cap Value Fund	Mutual fund	(a)	123,922
Oppenheimer Developing Markets	Mutual fund	(a)	129,172
Pimco High Yield Fund	Mutual fund	(a)	86,884
Pimco Total Return Administrative Fund	Mutual fund	(a)	735,596
Alger Small Cap Retirement Fund	Mutual fund	(a)	987
MSIF Small Co. Growth Fund	Mutual fund	(a)	9,368
Victory Diversified Stock Fund	Mutual fund	(a)	76,306
Neuberger Berman Genesis Trust	Mutual fund	(a)	270,414
* The George Putnam Fund of Boston	Mutual fund	(a)	1,199,846
* The Putnam Fund for Growth & Income	Mutual fund	(a)	2,393,240
* Putnam Investors Fund	Mutual fund	(a)	7,499
* Putnam Global Equity Fund	Mutual fund	(a)	781
* Putnam Voyager Fund	Mutual fund	(a)	2,163,338
* Putnam Growth Opportunities Fund	Mutual fund	(a)	12,813
* Putnam OTC & Emerging Growth Fund	Mutual fund	(a)	574
* Putnam International Capital Opportunities	Mutual fund	(a)	40,788
* Putnam Asset Allocation Growth Portfolio	Mutual fund	(a)	191,286
* Putnam Asset Allocation Balanced Portfolio	Mutual fund	(a)	179,045
* Putnam Asset Allocation Conservative Portfolio	Mutual fund	(a)	143,625
* Putnam S&P 500 Index Fund	Common/collective trust	(a)	80,362
* Putnam International Growth Fund	Mutual fund	(a)	504,804
* Loan Fund	Participant loans 5% to 10.50%**		409,316
* Equitable Resources Common Stock Fund	Employer securities common shares	\$ 873,206	1,142,546
* Putnam Stable Value Fund	Common/collective trust	(a)	2,948,243
		\$	13,236,470

(a) Cost information not required as per Special Rule for certain participant-directed transactions.

*Party-in-interest to the Plan.

**Maturities extend through year 2014.

EQUITABLE RESOURCES, INC.

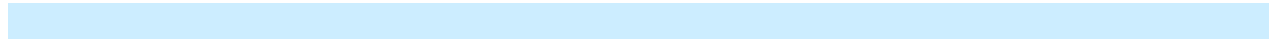
SAVINGS AND PROTECTION PLAN

Plan No. 206 EIN: 25-0464690

Schedule H, Line 4j Schedule of Reportable Transactions

Year ended December 31, 2003

Identity of Party Involved	Description of Investment	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain
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There were no category (i), (ii), (iii) or (iv) reportable transactions during 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Benefits Administration Committee of the Plan have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

EQUITABLE RESOURCES, INC.
SAVINGS AND PROTECTION PLAN
(Name of Plan)

By

/s/ David J. Smith
David J. Smith
Plan Administrator

June 25, 2004

INDEX TO EXHIBITS

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