

## Choice Hotels International Reports A 16-Percent Increase In Second Quarter Diluted Earnings Per Share

### 176 New Domestic Franchise Agreements Executed

PR Newswire  
ROCKVILLE, Md.

ROCKVILLE, Md., Aug. 2, 2017 /PRNewswire/ -- Choice Hotels International, Inc. (NYSE:CHH), one of the world's largest hotel companies, today reported its results for the three months ended June 30, 2017. Net income for the 2017 second quarter was \$45.0 million, or \$0.79 per diluted share, compared to \$38.8 million, or \$0.68 per diluted share for the 2016 second quarter, representing a 16-percent increase. Second quarter adjusted earnings before income taxes, depreciation and amortization (EBITDA) was \$81.1 million compared to \$70.4 million in the prior-year second quarter, a 15-percent increase.

"Choice Hotels' overall strategy to successfully focus on franchisee profitability has led to our robust development pipeline and continues to deliver strong financial results," said Stephen P. Joyce, chief executive officer, Choice Hotels. "For second quarter of 2017, 176 new domestic franchise agreements were executed, a 20-percent increase when compared to second quarter of 2016. In fact, we have experienced one of the strongest January through June development periods in our company's history, as new franchise agreements increased 30-percent and new construction agreements increased 65-percent, versus the first six months of 2016."

"Our midscale and upscale brands continue to be core areas of strength and expansion," said Patrick Pacious, Choice Hotel's president, chief operating officer and incoming chief executive officer. "The brands in our midscale segment, including Comfort, Quality and Sleep Inn, are experiencing continued growth in both RevPAR and our development pipeline. In addition, our upscale brands - Cambria Hotels and The Ascend Hotel Collection - are aggressively expanding. These results reinforce that we have very effective distribution channels and a high-performing franchisee business model."

Highlights of the company's second quarter 2017 results are as follows:

#### *Overall Results*

- Diluted earnings per share (EPS) for the second quarter was \$0.79, a 16-percent increase from the second quarter of the prior year; Diluted EPS increased 11-percent compared to our adjusted diluted EPS for the second quarter of 2016, which excluded executive termination benefits incurred in 2016.
- Total revenues and hotel franchising revenues for the second quarter increased 14 percent and 10 percent, respectively, from the second quarter of the prior year.
- Adjusted EBITDA totaled \$81.1 million for the second quarter, a 15-percent increase from the second quarter of the prior year.
- Adjusted EBITDA from hotel franchising activities for the second quarter increased 11 percent from the prior year second quarter to \$84.0 million.
- Adjusted hotel franchising margins for the second quarter increased 100 basis points from the prior year second quarter to 70.5 percent.

#### *Royalties*

- Domestic royalty fees for second quarter totaled \$87.0 million, a 7.2-percent increase from the second quarter of the prior year.
- Domestic system-wide revenue per available room (RevPAR) increased 2.0 percent for the second quarter compared to the prior year second quarter. Occupancy and average daily rates increased 30 basis points and 1.5 percent, respectively, in the second quarter compared to the same period of 2016.
- The Comfort brands extended their consecutive months of RevPAR index gains, compared to their focused competition, to 33 months.
- Effective royalty rate increased 19 basis points for the second quarter of 2017, compared to the second quarter of the prior year.
- Domestic franchised hotels, as of June 30, 2017, increased 2.6 percent from June 30, 2016.
- Cambria Hotels surpassed 30 open hotels with three new Cambria Hotels opening during the second quarter, including our first Los Angeles property and our second hotel in Chicago.
- Domestic and international rooms, as of June 30, 2017, increased 2.2 percent and 1.8 percent, respectively, from June 30, 2016.

#### *Development*

- New, executed franchised hotel development contracts totaled 176 in the second quarter, a 20-percent increase from the comparable period of the prior year.
- New construction and conversion franchise agreements increased 33 percent and 14 percent, respectively, in the second quarter of 2017, compared to the second quarter of the prior year.
- The company executed 11 Cambria Hotels new construction franchise agreements in the second quarter of 2017, a 22-percent increase compared to the second quarter of the prior year. The domestic new construction pipeline for the Cambria Hotels brand now totals nearly 70 hotels.
- Domestic relicensing and contract renewal transactions totaled 127 for the three months ended June 30, 2017, a 19-percent increase from the same period of 2016.
- The company's total domestic pipeline of hotels awaiting conversion, under construction or approved for development, as of June 30, 2017, increased 22 percent to 721 hotels from June 30, 2016.
- The new construction and conversion domestic pipelines totaled 523 and 198 hotels, respectively at June 30, 2017, representing increases of 30 percent and 5 percent from June 30, 2016.

#### *Use of Cash Flows*

#### *Dividends*

During the six months ended June 30, 2017, the company paid cash dividends totaling approximately \$24 million. Based on the current quarterly dividend rate of \$0.215 per common share, the company expects to pay dividends of approximately \$49 million during 2017.

#### *Share Repurchases*

The company did not repurchase shares of common stock under its share repurchase program during the six months ended June 30, 2017. The company currently has authorization to purchase up to 4.0 million additional shares under this program.

#### *Hotel Development & Financing*

Pursuant to its program to encourage acceleration of the growth of our upscale Cambria Hotels brand, the company advanced approximately \$64 million in support of the brand's development during the six months ended June 30, 2017. The company also recycled approximately \$2 million of prior investments in Cambria development projects, resulting in net advances of \$62 million for the current year. Advances under this program are primarily in the form of joint venture investments, forgivable key money loans, senior mortgage loans, development loans, mezzanine lending, and through the operation of a land-banking program. On June 30, 2017, the company had approximately \$261 million reflected in its consolidated balance sheet pursuant to these financial support activities. With respect to lending and joint venture investments, the company generally expects to recycle these loans and investments within a five-year period.

#### *Special Item*

During the three and six months ended June 30, 2016, the company recorded an executive termination benefit charge of approximately \$2.2 million. This special item impacted diluted EPS by \$0.03 and \$0.02 per share for the three and six months ended June 30, 2016, respectively. The company evaluates the non-GAAP measures presented herein that exclude executive termination benefits because those non-GAAP measures allow for period-over-period comparison of ongoing core operations before the impact of these charges. These non-GAAP measures, which are reconciled to the comparable GAAP measures in Exhibit 6, include adjusted net income, adjusted diluted EPS, adjusted hotel franchising selling, general and administrative expenses, adjusted EBITDA, adjusted hotel franchising EBITDA and adjusted hotel franchising margins.

#### *Outlook*

The company's consolidated 2017 outlook reflects the following assumptions:

#### *Consolidated Outlook*

- Net income for full-year 2017 is expected to range between \$160 million and \$163 million.
- Adjusted EBITDA for full-year 2017 is expected to range between \$293 million and \$297 million.
- The company's third-quarter 2017 adjusted diluted EPS is expected to range between \$0.90 and \$0.92.
- The company expects full-year 2017 adjusted diluted EPS to range between \$2.81 and \$2.86.
- The effective tax rate is expected to be approximately 33 percent for both the third quarter and full-year 2017.
- All estimates for 2017 exclude any potential costs associated with the company's recently announced executive succession plan.
- Adjusted diluted EPS estimates are based on the current number of shares outstanding, and thus do not factor in any changes that may occur due to new equity grants or any further repurchases of common stock, under the company's share repurchase program.
- The adjusted diluted EPS and consolidated adjusted EBITDA estimates assume that we incur net reductions in adjusted EBITDA related to non-hotel franchising activities at the midpoint of the range for these investments.

#### *Hotel Franchising*

- Adjusted EBITDA from hotel franchising activities for full-year 2017 is expected to range between \$299 million and \$303 million.
- Net domestic unit growth for 2017 is expected to range between approximately 2 percent and 3 percent.
- RevPAR is expected to increase between 1 percent and 2 percent for the third quarter and range between 2 percent and 3 percent for full-year 2017.
- The effective royalty rate is expected to increase between 17 and 19 basis points for full-year 2017 as compared to full-year 2016.

#### *Non-Hotel Franchising Activities*

- Net reductions in full-year 2017 adjusted EBITDA, relating to our non-hotel franchising operations, which primarily relate to SkyTouch and vacation rental activities, are expected to range between approximately \$5 million and \$7 million.

#### *Conference Call*

Choice will conduct a conference call on Wednesday, August 2, 2017, at 10:00 a.m. ET to discuss the company's 2017 second quarter results. The dial-in number to listen to the call domestically is 1-855-638-5678 and the number for international participants is 1-920-663-6286. The conference call also will be webcast simultaneously via the company's website, [www.choicehotels.com](http://www.choicehotels.com). Interested investors and other parties wishing to access the call via the webcast should go to the website and click on the Investor Info link. The Investor page will feature a conference call microphone icon to access the call.

The call will be recorded and available for replay beginning at 1:00 p.m. ET on Wednesday, August 2, 2017, by calling 1-855-859-2056 (domestic) or 1-404-537-3406 (international) and entering access code 43105678. In addition, the call will be archived and available on [choicehotels.com](http://choicehotels.com) via the Investor Info link.

#### *About Choice Hotels*

Choice Hotels International, Inc. (NYSE: CHH) is one of the world's largest hotel companies. With over 6,500 hotels franchised in more than 40 countries and territories, Choice Hotels International represents more than 500,000 rooms around the globe. As of June 30, 2017, 792 hotels were in our development pipeline. Our company's Ascend Hotel Collection®, Cambria® Hotels, Comfort Inn®, Comfort Suites®, Sleep Inn®, Quality®, Clarion®, MainStay Suites®, Suburban Extended Stay Hotel®, Econo Lodge®, Rodeway Inn®, and Vacation Rentals by Choice Hotels(TM) brands provide a spectrum of lodging choices to meet guests' needs. With more than 32 million members, our Choice Privileges® rewards program enhances every trip a guest takes, with benefits ranging from instant, every day rewards to exceptional experiences, starting right when they join. All hotels and vacation rentals are independently owned and operated. Visit us at [www.choicehotels.com](http://www.choicehotels.com) for more information.

#### *Forward-Looking Statements*

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform

Act of 1995. Generally, our use of words such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume" or similar words of futurity identify such 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 the company's revenue, earnings and other financial and operational measures, company debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and future operations, 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; foreign currency fluctuations; operating risks common in the lodging and 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; 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 and financing activities; fluctuations in the supply and demand for hotels rooms; our ability to realize anticipated benefits from acquired businesses; the level of acceptance of alternative growth strategies we may implement; operating risks associated with our international operations; the outcome of litigation; and our ability to manage our indebtedness. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission including our annual report on Form 10-K for 2016 and our quarterly reports filed on Form 10-Q. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

*Statement Concerning Non-GAAP Financial Measurements Presented in this Press Release*

Adjusted EBITDA, hotel franchising revenues, adjusted hotel franchising SG&A, Adjusted EBITDA from hotel franchising activities, adjusted hotel franchising margins and adjusted diluted EPS are non-GAAP financial measurements. These measures should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by generally accepted accounting principles in the United States ("GAAP"), such as net income, total revenues and operating margins. The company's calculation of these measurements may be different from the calculations used by other companies and therefore comparability may be limited. The company has included an exhibit accompanying this release that reconciles these items to the most comparable GAAP financial measures. We discuss management's reasons for reporting these non-GAAP measures below.

*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization:* Adjusted EBITDA reflects net income excluding the impact of interest expense, interest income, provision for income taxes, depreciation and amortization, other (gains) and losses, equity in net income of unconsolidated affiliates, mark to market adjustments on non-qualified retirement plan investments and executive termination benefits. We consider adjusted EBITDA to be an indicator of operating performance because we use it to measure our ability to service debt, fund capital expenditures, and expand our business. We also use adjusted EBITDA, as do analysts, lenders, investors and others, to evaluate companies because it excludes certain items that can vary widely across different 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. Accordingly, the impact of interest expense 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. Adjusted EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Mark to market adjustments on non-qualified retirement plan investments recorded in SG&A are excluded from 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. These amounts are excluded from EBITDA as they can vary widely across reporting periods based on the performance of the investments and are not an indicator of the operating performance of the company.

*Hotel Franchising Revenues, Adjusted Hotel Franchising EBITDA, Adjusted Hotel Franchising SG&A and Margins:* The company reports hotel franchising revenues, adjusted hotel franchising EBITDA, adjusted franchising hotel SG&A and margins which exclude marketing and reservation system revenues; the SkyTouch Technology division; vacation rental activities including operations that provide Software as a Service ("SaaS") technology solutions to vacation rental management companies; and revenue generated from the ownership of an office building that is leased to a third-party. These non-GAAP measures are a commonly used measure of performance in our industry and facilitate comparisons between the company and its competitors. Marketing and reservation system activities are excluded from these measures since the company is required by its franchise agreements to use the fees collected for marketing and reservation activities; as such, no income or loss to the company is generated. Cumulative marketing and reservation system fees not expended are recorded as a liability in the company's financial statements and are carried over to the next year and expended in accordance with the franchise agreements. Cumulative marketing and reservation expenditures in excess of fees collected for marketing and reservation activities are deferred and recorded as an asset in the company's financial statements and recovered in future periods. SkyTouch Technology is a division of the company that develops and markets cloud-based technology products, including inventory management, pricing and connectivity to third party channels, to hoteliers not under franchise agreements with the company. The operations for SkyTouch Technology and our vacation rental activities are excluded since they do not reflect the company's core franchising business but are adjacent, complementary lines of business.

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Choice Hotels International, Inc. and Subsidiaries

Exhibit 1

Consolidated Statements of Income

(Unaudited)

|  | Three Months Ended June 30, |          |          |            | Six Months Ended June 30, |           |             |      |
|--|-----------------------------|----------|----------|------------|---------------------------|-----------|-------------|------|
|  |                             |          | Variance |            |                           |           | Variance    |      |
|  | 2017                        | 2016     |          | \$ %       | 2017                      | 2016      |             | \$ % |
| (In thousands, except per share amounts) |                             |          |          |            |                           |           |             |      |
| REVENUES:                                |                             |          |          |            |                           |           |             |      |
| Royalty fees                             | \$92,486                    | \$86,195 |          | \$6,291 7% | \$161,475                 | \$151,054 | \$10,421 7% |      |
| Initial franchise and relicensing fees   | 6,981                       | 5,706    |          | 1,275 22%  | 11,987                    | 10,862    | 1,125 10%   |      |
| Procurement services                     | 11,068                      | 10,308   |          | 760 7%     | 17,544                    | 16,104    | 1,440 9%    |      |
| Marketing and                            |                             |          |          |            |                           |           |             |      |

|   |          |          |         |        |          |          |          |       |
|---|----------|----------|---------|--------|----------|----------|----------|-------|
| reservation system                        | 158,035  | 133,814  | 24,221  | 18%    | 267,510  | 260,175  | 7,335    | 3%    |
| Other                                     | 8,229    | 5,728    | 2,501   | 44%    | 16,181   | 10,674   | 5,507    | 52%   |
|   | -----    | -----    | -----   | -----  | -----    | -----    | -----    | ----- |
| Total revenues                            | 276,799  | 241,751  | 35,048  | 14%    | 474,697  | 448,869  | 25,828   | 6%    |
| OPERATING EXPENSES:                       |          |          |         |        |          |          |          |       |
| Selling, general and administrative       | 38,208   | 40,039   | (1,831) | (5%)   | 71,054   | 75,158   | (4,104)  | (5%)  |
| Depreciation and amortization             | 3,050    | 2,956    | 94      | 3%     | 6,120    | 5,721    | 399      | 7%    |
| Marketing and reservation system          | 158,035  | 133,814  | 24,221  | 18%    | 267,510  | 260,175  | 7,335    | 3%    |
|   | -----    | -----    | -----   | -----  | -----    | -----    | -----    | ----- |
| Total operating expenses                  | 199,293  | 176,809  | 22,484  | 13%    | 344,684  | 341,054  | 3,630    | 1%    |
| Operating income                          | 77,506   | 64,942   | 12,564  | 19%    | 130,013  | 107,815  | 22,198   | 21%   |
| OTHER INCOME AND EXPENSES, NET:           |          |          |         |        |          |          |          |       |
| Interest expense                          | 11,280   | 11,224   | 56      | 0%     | 22,485   | 22,316   | 169      | 1%    |
| Interest income                           | (1,438)  | (827)    | (611)   | 74%    | (2,702)  | (1,666)  | (1,036)  | 62%   |
| Other (gains) losses                      | (576)    | (321)    | (255)   | 79%    | (1,473)  | (259)    | (1,214)  | 469%  |
| Equity in net (income) loss of affiliates | 859      | (744)    | 1,603   | (215%) | 2,939    | 1,436    | 1,503    | 105%  |
| Total other income and expenses, net      | 10,125   | 9,332    | 793     | 8%     | 21,249   | 21,827   | (578)    | (3%)  |
|   | -----    | -----    | -----   | -----  | -----    | -----    | -----    | ----- |
| Income before income taxes                | 67,381   | 55,610   | 11,771  | 21%    | 108,764  | 85,988   | 22,776   | 26%   |
| Income taxes                              | 22,386   | 16,788   | 5,598   | 33%    | 35,025   | 26,003   | 9,022    | 35%   |
|   | -----    | -----    | -----   | -----  | -----    | -----    | -----    | ----- |
| Net income                                | \$44,995 | \$38,822 | \$6,173 | 16%    | \$73,739 | \$59,985 | \$13,754 | 23%   |
|   | =====    | =====    | =====   | =====  | =====    | =====    | =====    | ===== |
| Basic earnings per share                  |          |          |         |        |          |          |          |       |
|   | \$0.80   | \$0.69   | \$0.11  | 16%    | \$1.31   | \$1.06   | \$0.25   | 24%   |
|   | =====    | =====    | =====   | =====  | =====    | =====    | =====    | ===== |
| Diluted earnings per share                |          |          |         |        |          |          |          |       |
|   | \$0.79   | \$0.68   | \$0.11  | 16%    | \$1.30   | \$1.06   | \$0.24   | 23%   |
|   | =====    | =====    | =====   | =====  | =====    | =====    | =====    | ===== |

Choice Hotels International, Inc. and  
Subsidiaries

Exhibit 2

# Consolidated Balance Sheets

(In thousands, except per share amounts) June 30, December 31,

2017

2016

(Unaudited)

## ASSETS

|  |           |           |
|--|-----------|-----------|
| Cash and cash equivalents                          | \$197,957 | \$202,463 |
| Accounts receivable, net                           | 146,653   | 107,336   |
| Other current assets                               | 35,617    | 35,074    |
|  | -----     | -----     |
| Total current assets                               | 380,227   | 344,873   |
| Fixed assets and intangibles, net                  | 178,271   | 178,704   |
| Notes receivable, net of allowances                | 132,004   | 110,608   |
| Investments in unconsolidated entities             | 131,722   | 94,839    |
| Investments, employee benefit plans, at fair value | 19,451    | 16,975    |

|              |         |         |
|--------------|---------|---------|
| Other assets | 106,298 | 106,469 |
|--------------|---------|---------|

|              |           |           |
|--------------|-----------|-----------|
| Total assets | \$947,973 | \$852,468 |
|--------------|-----------|-----------|

# LIABILITIES AND SHAREHOLDERS' DEFICIT

|   |          |          |
|---|----------|----------|
| Accounts payable                                    | \$67,736 | \$48,071 |
| Accrued expenses and other current liabilities      | 71,973   | 81,184   |
| Deferred revenue                                    | 135,350  | 133,218  |
| Current portion of long-term debt                   | 1,302    | 1,195    |
| Total current liabilities                           | 276,361  | 263,668  |
| Long-term debt                                      | 862,965  | 839,409  |
| Deferred compensation & retirement plan obligations | 23,927   | 21,595   |
| Other liabilities                                   | 37,337   | 39,145   |

|                   |           |           |
|-------------------|-----------|-----------|
| Total liabilities | 1,200,590 | 1,163,817 |
|-------------------|-----------|-----------|

|                             |           |           |
|-----------------------------|-----------|-----------|
| Total shareholders' deficit | (252,617) | (311,349) |
|-----------------------------|-----------|-----------|

|   |           |           |
|---|-----------|-----------|
| Total liabilities and shareholders' deficit | \$947,973 | \$852,468 |
|---|-----------|-----------|

Choice Hotels International, Inc. and Subsidiaries

Exhibit 3

## Consolidated Statements of Cash Flows

(Unaudited)

(In thousands) Six Months Ended June 30,

|      |      |
|------|------|
| 2017 | 2016 |
|------|------|

## CASH FLOWS FROM OPERATING ACTIVITIES:

|            |          |          |
|------------|----------|----------|
| Net income | \$73,739 | \$59,985 |
|------------|----------|----------|

Adjustments to reconcile net income to net cash provided

by operating activities:

|                               |       |       |
|-------------------------------|-------|-------|
| Depreciation and amortization | 6,120 | 5,721 |
|-------------------------------|-------|-------|

|                            |   |   |
|----------------------------|---|---|
| Loss on disposal of assets | 4 | 7 |
|----------------------------|---|---|

Provision for

|  |          |          |
|--|----------|----------|
| bad debts,<br>net  | 916      | 962      |
| Non-cash<br>stock<br>compensation<br>and other<br>charges  | 6,809    | 7,966    |
| Non-cash<br>interest and<br>other<br>(income)<br>loss  | (274)    | 958      |
| Deferred<br>income taxes   | (1,446)  | 4,030    |
| Equity in net<br>losses from<br>unconsolidated<br>joint<br>ventures<br>less<br>distributions<br>received | 3,543    | 2,193    |
| Changes in<br>assets and<br>liabilities:   |          |          |
| Receivables  | (40,673) | (39,058) |
| Advances to/<br>from<br>marketing<br>and<br>reservation<br>activities,<br>net                            | 17,407   | (42,671) |
| Forgivable<br>notes<br>receivable,<br>net  | (14,108) | (13,174) |
| Accounts<br>payable  | 18,955   | 10,567   |
| Accrued<br>expenses and<br>other<br>current<br>liabilities   | (11,286) | (8,842)  |
| Income taxes<br>payable/<br>receivable   | 5,629    | 10,463   |
| Deferred<br>revenue  | 2,061    | 42,164   |
| Other assets   | (1,764)  | (10,834) |
| Other<br>liabilities   | (1,524)  | (2,576)  |
|  | -----    | -----    |
| NET CASH<br>PROVIDED BY<br>OPERATING<br>ACTIVITIES   | 64,108   | 27,861   |
|  | -----    | -----    |
| CASH FLOWS<br>FROM<br>INVESTING<br>ACTIVITIES:   |          |          |
| Investment in<br>property and<br>equipment   | (10,687) | (10,912) |
| Investment in<br>intangible<br>assets  | (2,228)  | (322)    |
| Proceeds from<br>sales of<br>assets  | -        | 1,700    |
| Acquisitions<br>of real<br>estate  | -        | (25,389) |
| Contributions<br>to equity<br>method<br>investments  | (42,127) | (19,688) |
| Distributions<br>from equity<br>method<br>investments  | 1,696    | 3,619    |
| Purchases of<br>investments,<br>employee<br>benefit<br>plans   | (1,736)  | (1,140)  |

|  |           |           |
|--|-----------|-----------|
| Proceeds from sales of investments, employee benefit plans           | 2,094     | 1,136     |
| Issuance of mezzanine and other notes receivable                     | (14,977)  | (13,048)  |
| Collections of mezzanine and other notes receivable                  | 552       | 10,158    |
| Other items, net   | 110       | 11        |
|  | ---       | ---       |
| NET CASH USED IN INVESTING ACTIVITIES                                | (67,303)  | (53,875)  |
|  | -----     | -----     |
| CASH FLOWS FROM FINANCING ACTIVITIES:                                |           |           |
| Net borrowings pursuant to revolving credit facilities               | 23,200    | 87,950    |
| Principal payments on long-term debt                                 | (309)     | (623)     |
| Purchases of treasury stock  | (7,414)   | (28,278)  |
| Dividends paid   | (24,333)  | (23,193)  |
| Proceeds from exercise of stock options                              | 6,590     | 4,234     |
|  | -----     | -----     |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES                     | (2,266)   | 40,090    |
|  | -----     | -----     |
| Net change in cash and cash equivalents                              | (5,461)   | 14,076    |
| Effect of foreign exchange rate changes on cash and cash equivalents | 955       | 371       |
| Cash and cash equivalents at beginning of period                     | 202,463   | 193,441   |
|  | -----     | -----     |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD                           | \$197,957 | \$207,888 |
|  | =====     | =====     |

|                         | For the Six Months Ended June 30, 2017 |           | For the Six Months Ended June 30, 2016 |         | Change |
|-------------------------|--|-----------|--|---------|--------|
|                         | Average Daily                          |           | Average Daily                          |         |        |
|                         | Rate                                   | Occupancy | RevPAR                                 | Rate    |        |
| Comfort Inn             | \$92.00                                | 64.7%     | \$59.48                                | \$90.11 |        |
| Comfort Suites          | 96.16                                  | 69.3%     | 66.65                                  | 95.51   |        |
| Sleep                   | 82.29                                  | 65.0%     | 53.51                                  | 81.13   |        |
| Quality                 | 77.45                                  | 58.5%     | 45.32                                  | 75.79   |        |
| Clarion                 | 82.30                                  | 58.9%     | 48.45                                  | 80.52   |        |
| Econo Lodge             | 60.64                                  | 53.2%     | 32.26                                  | 59.24   |        |
| Rodeway                 | 62.61                                  | 55.1%     | 34.51                                  | 60.72   |        |
| MainStay                | 74.51                                  | 67.1%     | 49.99                                  | 75.80   |        |
| Suburban                | 51.74                                  | 76.2%     | 39.44                                  | 49.67   |        |
| Cambria hotel & suites  | 133.34                                 | 72.9%     | 97.16                                  | NA      |        |
| Ascend Hotel Collection | 123.71                                 | 54.1%     | 66.96                                  | 123.71  |        |
| Total (1)               | \$82.16                                | 61.1%     | \$50.22                                | \$80.77 |        |

|                         | For the Three Months Ended June 30, 2017 |           | For the Three Months Ended June 30, 2016 |         | Change |
|-------------------------|--|-----------|--|---------|--------|
|                         | Average Daily                            |           | Average Daily                            |         |        |
|                         | Rate                                     | Occupancy | RevPAR                                   | Rate    |        |
| Comfort Inn             | \$95.96                                  | 70.6%     | \$67.76                                  | \$93.87 |        |
| Comfort Suites          | 98.54                                    | 73.4%     | 72.32                                    | 98.19   |        |
| Sleep                   | 84.84                                    | 69.9%     | 59.27                                    | 83.93   |        |
| Quality                 | 80.36                                    | 63.6%     | 51.12                                    | 78.61   |        |
| Clarion                 | 85.70                                    | 63.9%     | 54.76                                    | 84.14   |        |
| Econo Lodge             | 63.31                                    | 57.6%     | 36.48                                    | 61.84   |        |
| Rodeway                 | 64.94                                    | 58.7%     | 38.12                                    | 63.13   |        |
| MainStay                | 76.88                                    | 72.4%     | 55.62                                    | 78.07   |        |
| Suburban                | 52.42                                    | 78.2%     | 41.00                                    | 51.07   |        |
| Cambria hotel & suites  | 142.23                                   | 77.2%     | 109.78                                   | NA      |        |
| Ascend Hotel Collection | 129.17                                   | 56.8%     | 73.32                                    | 131.17  |        |
| Total (1)               | \$85.19                                  | 65.9%     | \$56.17                                  | \$83.89 |        |

|                                    | For the Quarter Ended | For the Six Months Ended |           |           |
|------------------------------------|-----------------------|--------------------------|-----------|-----------|
|                                    | 6/30/2017             | 6/30/2016                | 6/30/2017 | 6/30/2016 |
| System-wide effective royalty rate | 4.58%                 | 4.39%                    | (1)       | 4.56%     |

(1) Totals for the three and six months ended June 30, 2016 have been revised from previous disclosures to include the operating statistics for the Cambria hotel & suites brand



|                          | June 30, 2017 | June 30, 2016 | Variance |       |        |         |      |         |               |
|--------------------------|---------------|---------------|----------|-------|--------|---------|------|---------|---------------|
|                          | Hotels        | Rooms         | Hotels   | Rooms | Hotels | Rooms   | %    | %       |               |
| Comfort Inn              |               | 1,093         | 84,956   | 1,138 |        | 88,085  | (45) | (3,129) | (4.0%) (3.6%) |
| Comfort Suites           |               | 565           | 43,721   | 564   |        | 43,522  | 1    | 199     | 0.2% 0.5%     |
| Sleep                    |               | 385           | 27,574   | 380   |        | 27,188  | 5    | 386     | 1.3% 1.4%     |
| Quality                  |               | 1,493         | 116,961  | 1,395 |        | 110,952 | 98   | 6,009   | 7.0% 5.4%     |
| Clarion                  |               | 163           | 22,159   | 168   |        | 23,033  | (5)  | (874)   | (3.0%) (3.8%) |
| Econo Lodge              |               | 843           | 51,757   | 847   |        | 52,385  | (4)  | (628)   | (0.5%) (1.2%) |
| Rodeway                  |               | 586           | 34,085   | 528   |        | 29,771  | 58   | 4,314   | 11.0% 14.5%   |
| MainStay                 |               | 56            | 4,074    | 54    |        | 4,020   | 2    | 54      | 3.7% 1.3%     |
| Suburban                 |               | 59            | 6,578    | 58    |        | 6,471   | 1    | 107     | 1.7% 1.7%     |
| Cambria hotel & suites   |               | 31            | 4,160    | 25    |        | 3,113   | 6    | 1,047   | 24.0% 33.6%   |
| Ascend Hotel Collection  |               | 135           | 10,877   | 116   |        | 9,650   | 19   | 1,227   | 16.4% 12.7%   |
| Domestic Franchises      |               | 5,409         | 406,902  | 5,273 |        | 398,190 | 136  | 8,712   | 2.6% 2.2%     |
| International Franchises |               | 1,144         | 113,322  | 1,156 |        | 111,366 | (12) | 1,956   | (1.0%) 1.8%   |
| Total Franchises         |               | 6,553         | 520,224  | 6,429 |        | 509,556 | 124  | 10,668  | 1.9% 2.1%     |

CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES  
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION  
(UNAUDITED)

Exhibit 6

HOTEL FRANCHISING REVENUES AND ADJUSTED HOTEL FRANCHISING MARGINS

(dollar amounts in thousands)

|   | Three Months Ended June 30, |           | Six Months Ended June 30, |           |
|---|-----------------------------|-----------|---------------------------|-----------|
|   | 2017                        | 2016      | 2017                      | 2016      |
| Hotel Franchising Revenues:                                 |                             |           |                           |           |
| Total Revenues  | \$276,799                   | \$241,751 | \$474,697                 | \$448,869 |
| Adjustments:  |                             |           |                           |           |
| Marketing and reservation system revenues                   | (158,035)                   | (133,814) | (267,510)                 | (260,175) |
| Non-hotel franchising activities                            | (2,557)                     | (2,068)   | (5,112)                   | (4,097)   |
| Hotel Franchising Revenues                                  | \$116,207                   | \$105,869 | \$202,075                 | \$184,597 |
| Adjusted Hotel Franchising Margins:                         |                             |           |                           |           |
| Operating Margin:   |                             |           |                           |           |
| Total Revenues  | \$276,799                   | \$241,751 | \$474,697                 | \$448,869 |
| Operating Income  | \$77,506                    | \$64,942  | \$130,013                 | \$107,815 |
| Operating Margin  | 28.0%                       | 26.9%     | 27.4%                     | 24.0%     |
| Adjusted Hotel Franchising Margin:                          |                             |           |                           |           |
| Hotel Franchising Revenues                                  | \$116,207                   | \$105,869 | \$202,075                 | \$184,597 |
| Operating Income  | \$77,506                    | \$64,942  | \$130,013                 | \$107,815 |
| Mark to market adjustments on non-qualified retirement plan |                             |           |                           |           |

|   |       |          |          |           |   |           |
|---|-------|----------|----------|-----------|---|-----------|
| investments                                     | \$590 | \$315    | \$1,441  | \$255     |   |           |
| Executive termination benefits                  | \$    | -        | \$2,206  | \$        | - | \$2,206   |
| Non-hotel franchising activities operating loss |       | 3,801    | 6,084    | 5,906     |   | 11,740    |
| Adjusted Hotel Franchising Operating Income     |       | \$81,897 | \$73,547 | \$137,360 |   | \$122,016 |
| Adjusted Hotel Franchising Margins              |       | 70.5%    | 69.5%    | 68.0%     |   | 66.1%     |

#### ADJUSTED HOTEL FRANCHISING SELLING, GENERAL AND ADMINISTRATION EXPENSES

(dollar amounts in thousands)

| amounts in thousands)   | Three Months Ended June 30, |          | Six Months Ended June 30, |          |           |
|---|-----------------------------|----------|---------------------------|----------|-----------|
|   | 2017                        | 2016     | 2017                      | 2016     |           |
|   | ----                        | ----     | ----                      | ----     |           |
| Total Selling, General and Administrative Expenses                      |                             | \$38,208 | \$40,039                  | \$71,054 | \$75,158  |
| Mark to market adjustments on non-qualified retirement plan investments | \$(590)                     | \$(315)  | \$(1,441)                 | \$(255)  |           |
| Executive termination benefits  | \$                          | -        | \$(2,206)                 | \$       | \$(2,206) |
| Non-hotel franchising activities  |                             | (5,415)  | (7,045)                   | (9,095)  | (13,715)  |
| Adjusted Hotel Franchising Selling, General and Administration Expenses | \$32,203                    | \$30,473 | \$60,518                  | \$58,982 |           |

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

(dollar amounts in thousands)

|   | Three Months Ended June 30, |          | Six Months Ended June 30, |           |
|---|-----------------------------|----------|---------------------------|-----------|
|   | 2017                        | 2016     | 2017                      | 2016      |
| Net income  | \$44,995                    | \$38,822 | \$73,739                  | \$59,985  |
| Income taxes  | 22,386                      | 16,788   | 35,025                    | 26,003    |
| Interest expense  | 11,280                      | 11,224   | 22,485                    | 22,316    |
| Interest income   | (1,438)                     | (827)    | (2,702)                   | (1,666)   |
| Other (gains) losses  | (576)                       | (321)    | (1,473)                   | (259)     |
| Equity in net (income) loss of affiliates                               | 859                         | (744)    | 2,939                     | 1,436     |
| Depreciation and amortization   | 3,050                       | 2,956    | 6,120                     | 5,721     |
| Executive termination benefits  | -                           | 2,206    | -                         | 2,206     |
| Mark to market adjustments on non-qualified retirement plan investments | 590                         | 315      | 1,441                     | 255       |
| Adjusted EBITDA   | \$81,146                    | \$70,419 | \$137,574                 | \$115,997 |
| =====   |                             |          |                           |           |
| Hotel franchising   | \$84,004                    | \$75,397 | \$141,557                 | \$125,616 |
| Non-hotel franchising activities  | (2,858)                     | (4,978)  | (3,983)                   | (9,619)   |
|   | \$81,146                    | \$70,419 | \$137,574                 | \$115,997 |
| =====   |                             |          |                           |           |

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

(dollar amounts in thousands, except per share amounts)

|  | Three Months Ended June 30, |      | Six Months Ended June 30, |      |
|--|-----------------------------|------|---------------------------|------|
|  | 2017                        | 2016 | 2017                      | 2016 |
|  | ----                        | ---- | ----                      | ---- |

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Net Income                                | \$44,995 | \$38,822 | \$73,739 | \$59,985 |
| Adjustments:                              |          |          |          |          |
| Executive termination benefits            | -        | 1,394    | -        | 1,394    |
| Adjusted Net Income                       | \$44,995 | \$40,216 | \$73,739 | \$61,379 |
|   | =====    | =====    | =====    | =====    |
| Diluted Earnings Per Share                | \$0.79   | \$0.68   | \$1.30   | \$1.06   |
| Adjustments:                              |          |          |          |          |
| Executive termination benefits            | -        | 0.03     | -        | 0.02     |
| Adjusted Diluted Earnings Per Share (EPS) | \$0.79   | \$0.71   | \$1.30   | \$1.08   |
|   | =====    | =====    | =====    | =====    |

#### ADJUSTED EBITDA FULL YEAR FORECAST

(dollar amounts in thousands)

|   |           |                           |  |
|---|-----------|---------------------------|--|
|   |           | Range                     |  |
|   |           | -----                     |  |
|   |           | Estimated Adjusted EBITDA |  |
|   |           | Fiscal Year 2017          |  |
|   |           | -----                     |  |
| Net income  | \$160,000 | \$163,000                 |  |
| Income taxes  | 77,500    | 78,500                    |  |
| Interest expense  | 45,900    | 45,900                    |  |
| Interest income   | (5,100)   | (5,100)                   |  |
| Gain on sale of assets  | -         | -                         |  |
| Other gains   | (1,500)   | (1,500)                   |  |
| Equity in net loss of affiliates  | 1,600     | 1,600                     |  |
| Depreciation and amortization   | 13,100    | 13,100                    |  |
| Mark to market adjustments on non-qualified retirement plan investments | 1,500     | 1,500                     |  |
| Adjusted EBITDA   | \$293,000 | \$297,000                 |  |
|   | =====     | =====                     |  |
| Hotel franchising   | \$299,000 | \$303,000                 |  |
| Non-hotel franchising activities  | (6,000)   | (6,000)                   |  |
|   | \$293,000 | \$297,000                 |  |
|   | =====     | =====                     |  |

View original content with multimedia:<http://www.prnewswire.com/news-releases/choice-hotels-international-reports-a-16-percent-increase-in-second-quarter-diluted-earnings-per-share-300497928.html>

SOURCE Choice Hotels International, Inc.

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SOURCE: Choice Hotels International, Inc.

## Choice Hotels International Reports A 16-Percent Increase In Second Quarter Diluted Earnings Per Share

### 176 New Domestic Franchise Agreements Executed

PR Newswire

ROCKVILLE, Md., Aug. 2, 2017 /PRNewswire/ -- Choice Hotels International, Inc. (NYSE:CHH), one of the world's largest hotel companies, today reported its results for the three months ended June 30, 2017. Net income for the 2017 second quarter was \$45.0 million, or \$0.79 per diluted share, compared to \$38.8 million, or \$0.68 per diluted share for the 2016 second quarter, representing a 16-percent increase. Second quarter adjusted earnings before income taxes, depreciation and amortization (EBITDA) was \$81.1 million compared to \$70.4 million in the prior-year second quarter, a 15-percent increase.

"Choice Hotels' overall strategy to successfully focus on franchisee profitability has led to our robust development pipeline and continues to deliver strong financial results," said Stephen P. Joyce, chief executive officer, Choice Hotels. "For second quarter of 2017, 176 new domestic franchise agreements were executed, a 20-percent increase when compared to second quarter of 2016. In fact, we have experienced one of the strongest January through June development periods in our company's history, as new franchise agreements increased 30-percent and new construction agreements increased 65-percent, versus the first six months of 2016."

"Our midscale and upscale brands continue to be core areas of strength and expansion," said Patrick Pacious, Choice Hotel's president, chief operating officer and incoming chief executive officer. "The brands in our midscale segment, including Comfort, Quality and Sleep Inn, are experiencing continued growth in both RevPAR and our development pipeline. In addition, our upscale brands – Cambria Hotels and The Ascend Hotel Collection – are aggressively expanding. These results reinforce that we have very effective distribution channels and a high-performing franchisee business model."

Highlights of the company's second quarter 2017 results are as follows:

#### Overall Results

- Diluted earnings per share (EPS) for the second quarter was \$0.79, a 16-percent increase from the second quarter of the prior year; Diluted EPS increased 11-percent compared to our adjusted diluted EPS for the second quarter of 2016, which excluded executive termination benefits incurred in 2016.
- Total revenues and hotel franchising revenues for the second quarter increased 14 percent and 10 percent, respectively, from the second quarter of the prior year.
- Adjusted EBITDA totaled \$81.1 million for the second quarter, a 15-percent increase from the second quarter of the prior year.
- Adjusted EBITDA from hotel franchising activities for the second quarter increased 11 percent from the prior year second quarter to \$84.0 million.
- Adjusted hotel franchising margins for the second quarter increased 100 basis points from the prior year second quarter to 70.5 percent.

#### Royalties

- Domestic royalty fees for second quarter totaled \$87.0 million, a 7.2-percent increase from the second quarter of the prior year.
- Domestic system-wide revenue per available room (RevPAR) increased 2.0 percent for the second quarter compared to the prior year second quarter. Occupancy and average daily rates increased 30 basis points and 1.5 percent, respectively, in the second quarter compared to the same period of 2016.
- The Comfort brands extended their consecutive months of RevPAR index gains, compared to their focused competition, to 33 months.
- Effective royalty rate increased 19 basis points for the second quarter of 2017, compared to the second quarter of the prior year.
- Domestic franchised hotels, as of June 30, 2017, increased 2.6 percent from June 30, 2016.
- Cambria Hotels surpassed 30 open hotels with three new Cambria Hotels opening during the second quarter, including our first Los Angeles property and our second hotel in Chicago.
- Domestic and international rooms, as of June 30, 2017, increased 2.2 percent and 1.8 percent, respectively, from June 30, 2016.

#### Development

- New, executed franchised hotel development contracts totaled 176 in the second quarter, a 20-percent increase from the comparable period of the prior year.
- New construction and conversion franchise agreements increased 33 percent and 14 percent, respectively, in the second quarter of 2017, compared to the second quarter of the prior year.
- The company executed 11 Cambria Hotels new construction franchise agreements in the second quarter of 2017, a 22-percent increase compared to the second quarter of the prior year. The domestic new construction pipeline for the Cambria Hotels brand now totals nearly 70 hotels.
- Domestic relicensing and contract renewal transactions totaled 127 for the three months ended June 30, 2017, a 19-percent increase from the same period of 2016.
- The company's total domestic pipeline of hotels awaiting conversion, under construction or approved for development, as of June 30, 2017, increased 22 percent to 721 hotels from June 30, 2016.
- The new construction and conversion domestic pipelines totaled 523 and 198 hotels, respectively at June 30, 2017, representing increases of 30 percent and 5 percent from June 30, 2016.

#### Use of Cash Flows

##### Dividends

During the six months ended June 30, 2017, the company paid cash dividends totaling approximately \$24 million. Based on the current quarterly dividend rate of \$0.215 per common share, the company expects to pay dividends of approximately \$49 million during 2017.

##### Share Repurchases

The company did not repurchase shares of common stock under its share repurchase program during the six months ended June 30, 2017. The company currently has authorization to purchase up to 4.0 million additional shares under this program.

##### Hotel Development & Financing

Pursuant to its program to encourage acceleration of the growth of our upscale Cambria Hotels brand, the company advanced approximately \$64 million in support of the brand's development during the six months ended June 30, 2017. The company also recycled approximately \$2 million of prior investments in Cambria development projects, resulting in net advances of \$62 million for the current year. Advances under this program are primarily in the form of joint venture investments, forgivable key money loans, senior mortgage loans, development loans, mezzanine lending, and through the operation of a land-banking program. On June 30, 2017, the company had approximately \$261 million reflected in its consolidated balance sheet pursuant to these financial support activities. With respect to lending and joint venture investments, the company generally expects to recycle these loans and investments within a five-year period.

#### **Special Item**

During the three and six months ended June 30, 2016, the company recorded an executive termination benefit charge of approximately \$2.2 million. This special item impacted diluted EPS by \$0.03 and \$0.02 per share for the three and six months ended June 30, 2016, respectively. The company evaluates the non-GAAP measures presented herein that exclude executive termination benefits because those non-GAAP measures allow for period-over-period comparison of ongoing core operations before the impact of these charges. These non-GAAP measures, which are reconciled to the comparable GAAP measures in Exhibit 6, include adjusted net income, adjusted diluted EPS, adjusted hotel franchising selling, general and administrative expenses, adjusted EBITDA, adjusted hotel franchising EBITDA and adjusted hotel franchising margins.

## **Outlook**

The company's consolidated 2017 outlook reflects the following assumptions:

### *Consolidated Outlook*

- Net income for full-year 2017 is expected to range between \$160 million and \$163 million.
- Adjusted EBITDA for full-year 2017 is expected to range between \$293 million and \$297 million.
- The company's third-quarter 2017 adjusted diluted EPS is expected to range between \$0.90 and \$0.92.
- The company expects full-year 2017 adjusted diluted EPS to range between \$2.81 and \$2.86.
- The effective tax rate is expected to be approximately 33 percent for both the third quarter and full-year 2017.
- All estimates for 2017 exclude any potential costs associated with the company's recently announced executive succession plan.
- Adjusted diluted EPS estimates are based on the current number of shares outstanding, and thus do not factor in any changes that may occur due to new equity grants or any further repurchases of common stock, under the company's share repurchase program.
- The adjusted diluted EPS and consolidated adjusted EBITDA estimates assume that we incur net reductions in adjusted EBITDA related to non-hotel franchising activities at the midpoint of the range for these investments.

### *Hotel Franchising*

- Adjusted EBITDA from hotel franchising activities for full-year 2017 is expected to range between \$299 million and \$303 million.
- Net domestic unit growth for 2017 is expected to range between approximately 2 percent and 3 percent.
- RevPAR is expected to increase between 1 percent and 2 percent for the third quarter and range between 2 percent and 3 percent for full-year 2017.
- The effective royalty rate is expected to increase between 17 and 19 basis points for full-year 2017 as compared to full-year 2016.

### *Non-Hotel Franchising Activities*

- Net reductions in full-year 2017 adjusted EBITDA, relating to our non-hotel franchising operations, which primarily relate to SkyTouch and vacation rental activities, are expected to range between approximately \$5 million and \$7 million.

## **Conference Call**

Choice will conduct a conference call on Wednesday, August 2, 2017, at 10:00 a.m. ET to discuss the company's 2017 second quarter results. The dial-in number to listen to the call domestically is 1-855-638-5678 and the number for international participants is 1-920-663-6286. The conference call also will be webcast simultaneously via the company's website, [www.choicehotels.com](http://www.choicehotels.com). Interested investors and other parties wishing to access the call via the webcast should go to the website and click on the Investor Info link. The Investor page will feature a conference call microphone icon to access the call.

The call will be recorded and available for replay beginning at 1:00 p.m. ET on Wednesday, August 2, 2017, by calling 1-855-859-2056 (domestic) or 1-404-537-3406 (international) and entering access code 43105678. In addition, the call will be archived and available on [choicehotels.com](http://choicehotels.com) via the Investor Info link.

## **About Choice Hotels**

Choice Hotels International, Inc. (NYSE: CHH) is one of the world's largest hotel companies. With over 6,500 hotels franchised in more than 40 countries and territories, Choice Hotels International represents more than 500,000 rooms around the globe. As of June 30, 2017, 792 hotels were in our development pipeline. Our company's Ascend Hotel Collection®, Cambria® Hotels, Comfort Inn®, Comfort Suites®, Sleep Inn®, Quality®, Clarion®, MainStay Suites®, Suburban Extended Stay Hotel®, Econo Lodge®, Rodeway Inn®, and Vacation Rentals by Choice Hotels™ brands provide a spectrum of lodging choices to meet guests' needs. With more than 32 million members, our Choice Privileges® rewards program enhances every trip a guest takes, with benefits ranging from instant, every day rewards to exceptional experiences, starting right when they join. All hotels and vacation rentals are independently owned and operated. Visit us at [www.choicehotels.com](http://www.choicehotels.com) for more information.

## **Forward-Looking Statements**

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, our use of words such as "expect," "estimate," "believe," "anticipate," "should," "will," "forecast," "plan," "project," "assume" or similar words of futurity identify such 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 the company's revenue, earnings and other financial and operational measures, company debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and future operations, 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; foreign currency fluctuations; operating risks common in the lodging and 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; 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 and financing activities; fluctuations in the supply and demand for hotels rooms; our ability to realize anticipated benefits from acquired businesses; the level of acceptance of alternative growth strategies we may implement; operating risks associated with our international operations; the outcome of litigation; and our ability to manage our indebtedness. These and other risk factors are discussed in detail in the company's filings with the Securities and Exchange Commission including our annual report on Form 10-K for 2016 and our quarterly reports filed on Form 10-Q. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## **Statement Concerning Non-GAAP Financial Measurements Presented in this Press Release**

Adjusted EBITDA, hotel franchising revenues, adjusted hotel franchising SG&A, Adjusted EBITDA from hotel franchising activities, adjusted hotel franchising margins and adjusted diluted EPS are non-GAAP financial measurements. These measures should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by generally accepted accounting principles in the United States ("GAAP"), such as net income, total revenues and operating margins. The company's calculation of these measurements may be different from the calculations used by other companies and therefore comparability may be limited. The company has included an exhibit accompanying this release that reconciles these items to the most comparable GAAP financial measures. We discuss management's reasons for reporting these non-GAAP measures below.

**Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization:** Adjusted EBITDA reflects net income excluding the impact of

interest expense, interest income, provision for income taxes, depreciation and amortization, other (gains) and losses, equity in net income of unconsolidated affiliates, mark to market adjustments on non-qualified retirement plan investments and executive termination benefits. We consider adjusted EBITDA to be an indicator of operating performance because we use it to measure our ability to service debt, fund capital expenditures, and expand our business. We also use adjusted EBITDA, as do analysts, lenders, investors and others, to evaluate companies because it excludes certain items that can vary widely across different 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. Accordingly, the impact of interest expense 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. Adjusted EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Mark to market adjustments on non-qualified retirement plan investments recorded in SG&A are excluded from 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. These amounts are excluded from EBITDA as they can vary widely across reporting periods based on the performance of the investments and are not an indicator of the operating performance of the company.

**Hotel Franchising Revenues, Adjusted Hotel Franchising EBITDA, Adjusted Hotel Franchising SG&A and Margins:** The company reports hotel franchising revenues, adjusted hotel franchising EBITDA, adjusted franchising hotel SG&A and margins which exclude marketing and reservation system revenues; the SkyTouch Technology division; vacation rental activities including operations that provide Software as a Service ("SaaS") technology solutions to vacation rental management companies; and revenue generated from the ownership of an office building that is leased to a third-party. These non-GAAP measures are a commonly used measure of performance in our industry and facilitate comparisons between the company and its competitors. Marketing and reservation system activities are excluded from these measures since the company is required by its franchise agreements to use the fees collected for marketing and reservation activities; as such, no income or loss to the company is generated. Cumulative marketing and reservation system fees not expended are recorded as a liability in the company's financial statements and are carried over to the next year and expended in accordance with the franchise agreements. Cumulative marketing and reservation expenditures in excess of fees collected for marketing and reservation activities are deferred and recorded as an asset in the company's financial statements and recovered in future periods. SkyTouch Technology is a division of the company that develops and markets cloud-based technology products, including inventory management, pricing and connectivity to third party channels, to hoteliers not under franchise agreements with the company. The operations for SkyTouch Technology and our vacation rental activities are excluded since they do not reflect the company's core franchising business but are adjacent, complementary lines of business.

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## Choice Hotels International, Inc. and Subsidiaries

## Exhibit 1

### Consolidated Statements of Income

(Unaudited)

|  | Three Months Ended June 30, |           |          |     | Six Months Ended June 30, |            |           |     |
|--|-----------------------------|-----------|----------|-----|---------------------------|------------|-----------|-----|
|  |                             |           | Variance |     |                           |            | Variance  |     |
|  | 2017                        | 2016      | \$       | %   | 2017                      | 2016       | \$        | %   |
| (In thousands, except per share amounts) |                             |           |          |     |                           |            |           |     |
| <b>REVENUES:</b>                         |                             |           |          |     |                           |            |           |     |
| Royalty fees                             | \$ 92,486                   | \$ 86,195 | \$ 6,291 | 7%  | \$ 161,475                | \$ 151,054 | \$ 10,421 | 7%  |
| Initial franchise and relicensing fees   | 6,981                       | 5,706     | 1,275    | 22% | 11,987                    | 10,862     | 1,125     | 10% |
| Procurement services                     | 11,068                      | 10,308    | 760      | 7%  | 17,544                    | 16,104     | 1,440     | 9%  |
| Marketing and reservation system         | 158,035                     | 133,814   | 24,221   | 18% | 267,510                   | 260,175    | 7,335     | 3%  |
| Other                                    | 8,229                       | 5,728     | 2,501    | 44% | 16,181                    | 10,674     | 5,507     | 52% |
| Total revenues                           | 276,799                     | 241,751   | 35,048   | 14% | 474,697                   | 448,869    | 25,828    | 6%  |

### OPERATING EXPENSES:

|                                     |        |        |         |      |        |        |         |      |
|-------------------------------------|--------|--------|---------|------|--------|--------|---------|------|
| Selling, general and administrative | 38,208 | 40,039 | (1,831) | (5%) | 71,054 | 75,158 | (4,104) | (5%) |
|-------------------------------------|--------|--------|---------|------|--------|--------|---------|------|

|   |                  |           |          |        |                  |           |           |      |
|---|------------------|-----------|----------|--------|------------------|-----------|-----------|------|
| Depreciation and amortization             | <b>3,050</b>     | 2,956     | 94       | 3%     | <b>6,120</b>     | 5,721     | 399       | 7%   |
| Marketing and reservation system          | <b>158,035</b>   | 133,814   | 24,221   | 18%    | <b>267,510</b>   | 260,175   | 7,335     | 3%   |
| Total operating expenses                  | <b>199,293</b>   | 176,809   | 22,484   | 13%    | <b>344,684</b>   | 341,054   | 3,630     | 1%   |
| <b>Operating income</b>                   | <b>77,506</b>    | 64,942    | 12,564   | 19%    | <b>130,013</b>   | 107,815   | 22,198    | 21%  |
| <b>OTHER INCOME AND EXPENSES, NET:</b>    |                  |           |          |        |                  |           |           |      |
| Interest expense                          | <b>11,280</b>    | 11,224    | 56       | 0%     | <b>22,485</b>    | 22,316    | 169       | 1%   |
| Interest income                           | <b>(1,438)</b>   | (827)     | (611)    | 74%    | <b>(2,702)</b>   | (1,666)   | (1,036)   | 62%  |
| Other (gains) losses                      | <b>(576)</b>     | (321)     | (255)    | 79%    | <b>(1,473)</b>   | (259)     | (1,214)   | 469% |
| Equity in net (income) loss of affiliates | <b>859</b>       | (744)     | 1,603    | (215%) | <b>2,939</b>     | 1,436     | 1,503     | 105% |
| Total other income and expenses, net      | <b>10,125</b>    | 9,332     | 793      | 8%     | <b>21,249</b>    | 21,827    | (578)     | (3%) |
| <b>Income before income taxes</b>         | <b>67,381</b>    | 55,610    | 11,771   | 21%    | <b>108,764</b>   | 85,988    | 22,776    | 26%  |
| <b>Income taxes</b>                       | <b>22,386</b>    | 16,788    | 5,598    | 33%    | <b>35,025</b>    | 26,003    | 9,022     | 35%  |
| <b>Net income</b>                         | <b>\$ 44,995</b> | \$ 38,822 | \$ 6,173 | 16%    | <b>\$ 73,739</b> | \$ 59,985 | \$ 13,754 | 23%  |
| <b>Basic earnings per share</b>           | <b>\$ 0.80</b>   | \$ 0.69   | \$ 0.11  | 16%    | <b>\$ 1.31</b>   | \$ 1.06   | \$ 0.25   | 24%  |
| <b>Diluted earnings per share</b>         | <b>\$ 0.79</b>   | \$ 0.68   | \$ 0.11  | 16%    | <b>\$ 1.30</b>   | \$ 1.06   | \$ 0.24   | 23%  |

**Choice Hotels International, Inc. and Subsidiaries**

**Exhibit 2**

**Consolidated Balance Sheets**

(In thousands, except per share amounts)

**June 30,**

December 31,

**2017**

2016

**(Unaudited)**

**ASSETS**

Cash and cash equivalents **\$ 197,957** \$ 202,463

Accounts receivable, net **146,653** 107,336

|  |                   |            |
|--|-------------------|------------|
| Other current assets                               | <b>35,617</b>     | 35,074     |
| Total current assets                               | <b>380,227</b>    | 344,873    |
| Fixed assets and intangibles, net                  | <b>178,271</b>    | 178,704    |
| Notes receivable, net of allowances                | <b>132,004</b>    | 110,608    |
| Investments in unconsolidated entities             | <b>131,722</b>    | 94,839     |
| Investments, employee benefit plans, at fair value | <b>19,451</b>     | 16,975     |
| Other assets                                       | <b>106,298</b>    | 106,469    |
| <b>Total assets</b>                                | <b>\$ 947,973</b> | \$ 852,468 |

#### **LIABILITIES AND SHAREHOLDERS' DEFICIT**

|   |                   |            |
|---|-------------------|------------|
| Accounts payable                                    | <b>\$ 67,736</b>  | \$ 48,071  |
| Accrued expenses and other current liabilities      | <b>71,973</b>     | 81,184     |
| Deferred revenue                                    | <b>135,350</b>    | 133,218    |
| Current portion of long-term debt                   | <b>1,302</b>      | 1,195      |
| Total current liabilities                           | <b>276,361</b>    | 263,668    |
| Long-term debt                                      | <b>862,965</b>    | 839,409    |
| Deferred compensation & retirement plan obligations | <b>23,927</b>     | 21,595     |
| Other liabilities                                   | <b>37,337</b>     | 39,145     |
| Total liabilities                                   | <b>1,200,590</b>  | 1,163,817  |
| Total shareholders' deficit                         | <b>(252,617)</b>  | (311,349)  |
| <b>Total liabilities and shareholders' deficit</b>  | <b>\$ 947,973</b> | \$ 852,468 |

**Choice Hotels International, Inc. and Subsidiaries**

**Exhibit 3**

#### **Consolidated Statements of Cash Flows**

**(Unaudited)**

(In thousands)

**Six Months Ended June 30,**



|  | 2017          | 2016          |
|--|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>  |               |               |
| Net income   | \$ 73,739     | \$ 59,985     |
| Adjustments to reconcile net income to net cash provided<br>by operating activities:   |               |               |
| Depreciation and amortization  | 6,120         | 5,721         |
| Loss on disposal of assets   | 4             | 7             |
| Provision for bad debts, net   | 916           | 962           |
| Non-cash stock compensation and other charges  | 6,809         | 7,966         |
| Non-cash interest and other (income) loss  | (274)         | 958           |
| Deferred income taxes  | (1,446)       | 4,030         |
| Equity in net losses from unconsolidated joint ventures less distributions<br>received | 3,543         | 2,193         |
| Changes in assets and liabilities:   |               |               |
| Receivables  | (40,673)      | (39,058)      |
| Advances to/from marketing and reservation activities, net                             | 17,407        | (42,671)      |
| Forgivable notes receivable, net   | (14,108)      | (13,174)      |
| Accounts payable   | 18,955        | 10,567        |
| Accrued expenses and other current liabilities   | (11,286)      | (8,842)       |
| Income taxes payable/receivable  | 5,629         | 10,463        |
| Deferred revenue   | 2,061         | 42,164        |
| Other assets   | (1,764)       | (10,834)      |
| Other liabilities  | (1,524)       | (2,576)       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                       | <b>64,108</b> | <b>27,861</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>  |               |               |
| Investment in property and equipment   | (10,687)      | (10,912)      |
| Investment in intangible assets  | (2,228)       | (322)         |
| Proceeds from sales of assets  | -             | 1,700         |
| Acquisitions of real estate  | -             | (25,389)      |
| Contributions to equity method investments   | (42,127)      | (19,688)      |
| Distributions from equity method investments   | 1,696         | 3,619         |
| Purchases of investments, employee benefit plans                                       | (1,736)       | (1,140)       |

|  |                   |                   |
|--|-------------------|-------------------|
| Proceeds from sales of investments, employee benefit plans           | <b>2,094</b>      | 1,136             |
| Issuance of mezzanine and other notes receivable                     | <b>(14,977)</b>   | (13,048)          |
| Collections of mezzanine and other notes receivable                  | <b>552</b>        | 10,158            |
| Other items, net   | <b>110</b>        | 11                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                         | <b>(67,303)</b>   | (53,875)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                         |                   |                   |
| Net borrowings pursuant to revolving credit facilities               | <b>23,200</b>     | 87,950            |
| Principal payments on long-term debt                                 | <b>(309)</b>      | (623)             |
| Purchases of treasury stock  | <b>(7,414)</b>    | (28,278)          |
| Dividends paid   | <b>(24,333)</b>   | (23,193)          |
| Proceeds from exercise of stock options                              | <b>6,590</b>      | 4,234             |
| <b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>              | <b>(2,266)</b>    | 40,090            |
| Net change in cash and cash equivalents                              | <b>(5,461)</b>    | 14,076            |
| Effect of foreign exchange rate changes on cash and cash equivalents | <b>955</b>        | 371               |
| Cash and cash equivalents at beginning of period                     | <b>202,463</b>    | 193,441           |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                    | <b>\$ 197,957</b> | <b>\$ 207,888</b> |

**CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES**

**Ex**

**SUPPLEMENTAL OPERATING INFORMATION**

**DOMESTIC HOTEL SYSTEM**

**(UNAUDITED)**

|                       | For the Six Months Ended June 30, 2017 |              |                 | For the Six Months Ended June 30, 2016 |              |                 | Change        |           |                 |
|-----------------------|--|--------------|-----------------|--|--------------|-----------------|---------------|-----------|-----------------|
|                       | Average Daily                          |              |                 | Average Daily                          |              |                 | Average Daily |           |                 |
|                       | Rate                                   | Occupancy    | RevPAR          | Rate                                   | Occupancy    | RevPAR          | Rate          | Occupancy | RevPAR          |
| <b>Comfort Inn</b>    | <b>\$ 92.00</b>                        | <b>64.7%</b> | <b>\$ 59.48</b> | <b>\$ 90.11</b>                        | <b>64.0%</b> | <b>\$ 57.67</b> | <b>2.1%</b>   | <b>70</b> | <b>bps 3.1%</b> |
| <b>Comfort Suites</b> | <b>96.16</b>                           | <b>69.3%</b> | <b>66.65</b>    | <b>95.51</b>                           | <b>68.9%</b> | <b>65.80</b>    | <b>0.7%</b>   | <b>40</b> | <b>bps 1.3%</b> |

|                                   |                 |              |                 |                 |              |                 |             |           |            |             |
|-----------------------------------|-----------------|--------------|-----------------|-----------------|--------------|-----------------|-------------|-----------|------------|-------------|
| <b>Sleep</b>                      | <b>82.29</b>    | <b>65.0%</b> | <b>53.51</b>    | 81.13           | 64.2%        | 52.08           | 1.4%        | 80        | bps        | 2.7%        |
| <b>Quality</b>                    | <b>77.45</b>    | <b>58.5%</b> | <b>45.32</b>    | 75.79           | 57.9%        | 43.88           | 2.2%        | 60        | bps        | 3.3%        |
| <b>Clarion</b>                    | <b>82.30</b>    | <b>58.9%</b> | <b>48.45</b>    | 80.52           | 56.3%        | 45.35           | 2.2%        | 260       | bps        | 6.8%        |
| <b>Econo Lodge</b>                | <b>60.64</b>    | <b>53.2%</b> | <b>32.26</b>    | 59.24           | 52.4%        | 31.03           | 2.4%        | 80        | bps        | 4.0%        |
| <b>Rodeway</b>                    | <b>62.61</b>    | <b>55.1%</b> | <b>34.51</b>    | 60.72           | 54.6%        | 33.15           | 3.1%        | 50        | bps        | 4.1%        |
| <b>MainStay</b>                   | <b>74.51</b>    | <b>67.1%</b> | <b>49.99</b>    | 75.80           | 63.4%        | 48.02           | (1.7%)      | 370       | bps        | 4.1%        |
| <b>Suburban</b>                   | <b>51.74</b>    | <b>76.2%</b> | <b>39.44</b>    | 49.67           | 74.9%        | 37.21           | 4.2%        | 130       | bps        | 6.0%        |
| <b>Cambria hotel &amp; suites</b> | <b>133.34</b>   | <b>72.9%</b> | <b>97.16</b>    | NA              | NA           | NA              | NA          | NA        | NA         |             |
| <b>Ascend Hotel Collection</b>    | <b>123.71</b>   | <b>54.1%</b> | <b>66.96</b>    | 125.21          | 56.9%        | 71.28           | (1.2%)      | (280)     | bps        | (6.1%)      |
| <b>Total <sup>(1)</sup></b>       | <b>\$ 82.16</b> | <b>61.1%</b> | <b>\$ 50.22</b> | <b>\$ 80.77</b> | <b>60.5%</b> | <b>\$ 48.84</b> | <b>1.7%</b> | <b>60</b> | <b>bps</b> | <b>2.8%</b> |

|                                   | For the Three Months Ended June 30, 2017 |              |                 | For the Three Months Ended June 30, 2016 |              |                 | Change        |           |            |             |
|-----------------------------------|--|--------------|-----------------|--|--------------|-----------------|---------------|-----------|------------|-------------|
|                                   | Average Daily                            |              |                 | Average Daily                            |              |                 | Average Daily |           |            |             |
|                                   | Rate                                     | Occupancy    | RevPAR          | Rate                                     | Occupancy    | RevPAR          | Rate          | Occupancy | RevPAR     |             |
| <b>Comfort Inn</b>                | <b>\$ 95.96</b>                          | <b>70.6%</b> | <b>\$ 67.76</b> | <b>\$ 93.87</b>                          | <b>70.1%</b> | <b>\$ 65.84</b> | <b>2.2%</b>   | <b>50</b> | <b>bps</b> | <b>2.9%</b> |
| <b>Comfort Suites</b>             | <b>98.54</b>                             | <b>73.4%</b> | <b>72.32</b>    | 98.19                                    | 73.6%        | 72.24           | 0.4%          | (20)      | bps        | 0.1%        |
| <b>Sleep</b>                      | <b>84.84</b>                             | <b>69.9%</b> | <b>59.27</b>    | 83.93                                    | 69.5%        | 58.35           | 1.1%          | 40        | bps        | 1.6%        |
| <b>Quality</b>                    | <b>80.36</b>                             | <b>63.6%</b> | <b>51.12</b>    | 78.61                                    | 63.3%        | 49.79           | 2.2%          | 30        | bps        | 2.7%        |
| <b>Clarion</b>                    | <b>85.70</b>                             | <b>63.9%</b> | <b>54.76</b>    | 84.14                                    | 62.3%        | 52.46           | 1.9%          | 160       | bps        | 4.4%        |
| <b>Econo Lodge</b>                | <b>63.31</b>                             | <b>57.6%</b> | <b>36.48</b>    | 61.84                                    | 57.3%        | 35.46           | 2.4%          | 30        | bps        | 2.9%        |
| <b>Rodeway</b>                    | <b>64.94</b>                             | <b>58.7%</b> | <b>38.12</b>    | 63.13                                    | 57.9%        | 36.56           | 2.9%          | 80        | bps        | 4.3%        |
| <b>MainStay</b>                   | <b>76.88</b>                             | <b>72.4%</b> | <b>55.62</b>    | 78.07                                    | 68.4%        | 53.40           | (1.5%)        | 400       | bps        | 4.2%        |
| <b>Suburban</b>                   | <b>52.42</b>                             | <b>78.2%</b> | <b>41.00</b>    | 51.07                                    | 76.9%        | 39.27           | 2.6%          | 130       | bps        | 4.4%        |
| <b>Cambria hotel &amp; suites</b> | <b>142.23</b>                            | <b>77.2%</b> | <b>109.78</b>   | NA                                       | NA           | NA              | NA            | NA        | NA         |             |
| <b>Ascend Hotel Collection</b>    | <b>129.17</b>                            | <b>56.8%</b> | <b>73.32</b>    | 133.28                                   | 60.0%        | 79.94           | (3.1%)        | (320)     | bps        | (8.3%)      |
| <b>Total <sup>(1)</sup></b>       | <b>\$ 85.19</b>                          | <b>65.9%</b> | <b>\$ 56.17</b> | <b>\$ 83.89</b>                          | <b>65.6%</b> | <b>\$ 55.07</b> | <b>1.5%</b>   | <b>30</b> | <b>bps</b> | <b>2.0%</b> |

|   | For the Quarter Ended |           | For the Six Months Ended |           |
|---|-----------------------|-----------|--------------------------|-----------|
|   | 6/30/2017             | 6/30/2016 | 6/30/2017                | 6/30/2016 |
| <b>System-wide effective royalty rate</b> | <b>4.58%</b>          | 4.39%     | (1) <b>4.56%</b>         | 4.39%     |

(1)

<sup>(1)</sup>Totals for the three and six months ended June 30, 2016 have been revised from previous disclosures to include the operating statistics for the Cambria hotel & suites brand

**CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES**

**Exhibit 5**

**SUPPLEMENTAL HOTEL AND ROOM SUPPLY DATA**

**(UNAUDITED)**

|                                   | <b>June 30, 2017</b> |                | June 30, 2016 |         | Variance |         |        |        |
|-----------------------------------|----------------------|----------------|---------------|---------|----------|---------|--------|--------|
|                                   | <b>Hotels</b>        | <b>Rooms</b>   | Hotels        | Rooms   | Hotels   | Rooms   | %      | %      |
| <b>Comfort Inn</b>                | <b>1,093</b>         | <b>84,956</b>  | 1,138         | 88,085  | (45)     | (3,129) | (4.0%) | (3.6%) |
| <b>Comfort Suites</b>             | <b>565</b>           | <b>43,721</b>  | 564           | 43,522  | 1        | 199     | 0.2%   | 0.5%   |
| <b>Sleep</b>                      | <b>385</b>           | <b>27,574</b>  | 380           | 27,188  | 5        | 386     | 1.3%   | 1.4%   |
| <b>Quality</b>                    | <b>1,493</b>         | <b>116,961</b> | 1,395         | 110,952 | 98       | 6,009   | 7.0%   | 5.4%   |
| <b>Clarion</b>                    | <b>163</b>           | <b>22,159</b>  | 168           | 23,033  | (5)      | (874)   | (3.0%) | (3.8%) |
| <b>Econo Lodge</b>                | <b>843</b>           | <b>51,757</b>  | 847           | 52,385  | (4)      | (628)   | (0.5%) | (1.2%) |
| <b>Rodeway</b>                    | <b>586</b>           | <b>34,085</b>  | 528           | 29,771  | 58       | 4,314   | 11.0%  | 14.5%  |
| <b>MainStay</b>                   | <b>56</b>            | <b>4,074</b>   | 54            | 4,020   | 2        | 54      | 3.7%   | 1.3%   |
| <b>Suburban</b>                   | <b>59</b>            | <b>6,578</b>   | 58            | 6,471   | 1        | 107     | 1.7%   | 1.7%   |
| <b>Cambria hotel &amp; suites</b> | <b>31</b>            | <b>4,160</b>   | 25            | 3,113   | 6        | 1,047   | 24.0%  | 33.6%  |
| <b>Ascend Hotel Collection</b>    | <b>135</b>           | <b>10,877</b>  | 116           | 9,650   | 19       | 1,227   | 16.4%  | 12.7%  |
| <b>Domestic Franchises</b>        | <b>5,409</b>         | <b>406,902</b> | 5,273         | 398,190 | 136      | 8,712   | 2.6%   | 2.2%   |
| <b>International Franchises</b>   | <b>1,144</b>         | <b>113,322</b> | 1,156         | 111,366 | (12)     | 1,956   | (1.0%) | 1.8%   |
| <b>Total Franchises</b>           | <b>6,553</b>         | <b>520,224</b> | 6,429         | 509,556 | 124      | 10,668  | 1.9%   | 2.1%   |

**CHOICE HOTELS INTERNATIONAL, INC. AND SUBSIDIARIES**

**Exhibit 6**

**SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION**

**(UNAUDITED)****HOTEL FRANCHISING REVENUES AND ADJUSTED HOTEL FRANCHISING MARGINS**

(dollar amounts in thousands)

|   | <b>Three Months Ended June 30,</b> |            | <b>Six Months Ended June 30,</b> |            |
|---|------------------------------------|------------|----------------------------------|------------|
|   | <b>2017</b>                        | 2016       | <b>2017</b>                      | 2016       |
| Hotel Franchising Revenues:   |                                    |            |                                  |            |
| Total Revenues  | \$ <b>276,799</b>                  | \$ 241,751 | \$ <b>474,697</b>                | \$ 448,869 |
| Adjustments:  |                                    |            |                                  |            |
| Marketing and reservation system revenues                               | <b>(158,035)</b>                   | (133,814)  | <b>(267,510)</b>                 | (260,175)  |
| Non-hotel franchising activities  | <b>(2,557)</b>                     | (2,068)    | <b>(5,112)</b>                   | (4,097)    |
| Hotel Franchising Revenues  | \$ <b>116,207</b>                  | \$ 105,869 | \$ <b>202,075</b>                | \$ 184,597 |
| Adjusted Hotel Franchising Margins:                                     |                                    |            |                                  |            |
| Operating Margin:   |                                    |            |                                  |            |
| Total Revenues  | \$ <b>276,799</b>                  | \$ 241,751 | \$ <b>474,697</b>                | \$ 448,869 |
| Operating Income  | \$ <b>77,506</b>                   | \$ 64,942  | \$ <b>130,013</b>                | \$ 107,815 |
| Operating Margin  | <b>28.0%</b>                       | 26.9%      | <b>27.4%</b>                     | 24.0%      |
| Adjusted Hotel Franchising Margin:                                      |                                    |            |                                  |            |
| Hotel Franchising Revenues  | \$ <b>116,207</b>                  | \$ 105,869 | \$ <b>202,075</b>                | \$ 184,597 |
| Operating Income  | \$ <b>77,506</b>                   | \$ 64,942  | \$ <b>130,013</b>                | \$ 107,815 |
| Mark to market adjustments on non-qualified retirement plan investments | \$ <b>590</b>                      | \$ 315     | \$ <b>1,441</b>                  | \$ 255     |
| Executive termination benefits  | \$ -                               | \$ 2,206   | \$ -                             | \$ 2,206   |
| Non-hotel franchising activities operating loss                         | <b>3,801</b>                       | 6,084      | <b>5,906</b>                     | 11,740     |
| Adjusted Hotel Franchising Operating Income                             | \$ <b>81,897</b>                   | \$ 73,547  | \$ <b>137,360</b>                | \$ 122,016 |
| Adjusted Hotel Franchising Margins                                      | <b>70.5%</b>                       | 69.5%      | <b>68.0%</b>                     | 66.1%      |

**ADJUSTED HOTEL FRANCHISING SELLING, GENERAL AND ADMINISTRATION EXPENSES**

(dollar amounts in thousands)

|  | <b>Three Months Ended June 30,</b> |           | <b>Six Months Ended June 30,</b> |           |
|--|------------------------------------|-----------|----------------------------------|-----------|
|  | <b>2017</b>                        | 2016      | <b>2017</b>                      | 2016      |
| Total Selling, General and Administrative Expenses | \$ <b>38,208</b>                   | \$ 40,039 | \$ <b>71,054</b>                 | \$ 75,158 |

|   |         |         |         |          |    |         |    |         |
|---|---------|---------|---------|----------|----|---------|----|---------|
| Mark to market adjustments on non-qualified retirement plan investments | \$      | (590)   | \$      | (315)    | \$ | (1,441) | \$ | (255)   |
| Executive termination benefits  | \$      | -       | \$      | (2,206)  | \$ | -       | \$ | (2,206) |
| Non-hotel franchising activities  | (5,415) | (7,045) | (9,095) | (13,715) |    |         |    |         |
| Adjusted Hotel Franchising Selling, General and Administration Expenses | \$      | 32,203  | \$      | 30,473   | \$ | 60,518  | \$ | 58,982  |

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

(dollar amounts in thousands)

|   | Three Months Ended June 30, |           | Six Months Ended June 30, |            |
|---|-----------------------------|-----------|---------------------------|------------|
|   | 2017                        | 2016      | 2017                      | 2016       |
| Net income  | \$ 44,995                   | \$ 38,822 | \$ 73,739                 | \$ 59,985  |
| Income taxes  | 22,386                      | 16,788    | 35,025                    | 26,003     |
| Interest expense  | 11,280                      | 11,224    | 22,485                    | 22,316     |
| Interest income   | (1,438)                     | (827)     | (2,702)                   | (1,666)    |
| Other (gains) losses  | (576)                       | (321)     | (1,473)                   | (259)      |
| Equity in net (income) loss of affiliates                               | 859                         | (744)     | 2,939                     | 1,436      |
| Depreciation and amortization   | 3,050                       | 2,956     | 6,120                     | 5,721      |
| Executive termination benefits  | -                           | 2,206     | -                         | 2,206      |
| Mark to market adjustments on non-qualified retirement plan investments | 590                         | 315       | 1,441                     | 255        |
| Adjusted EBITDA   | \$ 81,146                   | \$ 70,419 | \$ 137,574                | \$ 115,997 |
| Hotel franchising   | \$ 84,004                   | \$ 75,397 | \$ 141,557                | \$ 125,616 |
| Non-hotel franchising activities  | (2,858)                     | (4,978)   | (3,983)                   | (9,619)    |
|   | \$ 81,146                   | \$ 70,419 | \$ 137,574                | \$ 115,997 |

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

(dollar amounts in thousands, except per share amounts)

| (dollar amounts in thousands, except per share amounts) | Three Months Ended June 30, |           | Six Months Ended June 30, |           |
|---|-----------------------------|-----------|---------------------------|-----------|
|   | 2017                        | 2016      | 2017                      | 2016      |
| Net Income  | \$ 44,995                   | \$ 38,822 | \$ 73,739                 | \$ 59,985 |
| Adjustments:  |                             |           |                           |           |
| Executive termination benefits                          | -                           | 1,394     | -                         | 1,394     |

|   |    |               |      |        |    |               |      |        |
|---|----|---------------|------|--------|----|---------------|------|--------|
| Adjusted Net Income                       | \$ | <b>44,995</b> | \$   | 40,216 | \$ | <b>73,739</b> | \$   | 61,379 |
| Diluted Earnings Per Share                | \$ | <b>0.79</b>   | \$   | 0.68   | \$ | <b>1.30</b>   | \$   | 1.06   |
| Adjustments:                              |    |               |      |        |    |               |      |        |
| Executive termination benefits            | -  |               | 0.03 |        | -  |               | 0.02 |        |
| Adjusted Diluted Earnings Per Share (EPS) | \$ | <b>0.79</b>   | \$   | 0.71   | \$ | <b>1.30</b>   | \$   | 1.08   |

#### ADJUSTED EBITDA FULL YEAR FORECAST

(dollar amounts in thousands)

|   | Range                     |            |
|---|---------------------------|------------|
|   | Estimated Adjusted EBITDA |            |
|   | Fiscal Year 2017          |            |
| Net income  | \$ 160,000                | \$ 163,000 |
| Income taxes  | 77,500                    | 78,500     |
| Interest expense  | 45,900                    | 45,900     |
| Interest income   | (5,100)                   | (5,100)    |
| Gain on sale of assets  | -                         | -          |
| Other gains   | (1,500)                   | (1,500)    |
| Equity in net loss of affiliates  | 1,600                     | 1,600      |
| Depreciation and amortization   | 13,100                    | 13,100     |
| Mark to market adjustments on non-qualified retirement plan investments | 1,500                     | 1,500      |
| Adjusted EBITDA   | \$ 293,000                | \$ 297,000 |
| Hotel franchising   | \$ 299,000                | \$ 303,000 |
| Non-hotel franchising activities  | (6,000)                   | (6,000)    |
|   | \$ 293,000                | \$ 297,000 |


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SOURCE Choice Hotels International, Inc.

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