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Executive Summary

This report is about the money that Wyndham Hotels & Resorts Inc. Made from FY2021 to FY2025. It looks at how the company did in terms of making money having enough cash using its resources well and managing its debt. Wyndham Hotels & Resorts Inc. Has a business model that works well for making money and getting cash. The company needs to be careful with its cash and debt so it can make decisions easily. The report also checks how well Wyndham Hotels & Resorts Inc. Manages the money it uses to run its business and how quickly it gets paid. It gives some ideas on how to improve this. The report thinks about ways to get money in the term and the long term. It also thinks about what Wyndham Hotels & Resorts Inc. Could do to change its finances like selling some of its assets getting money from investors or working with companies. Things like taxes the risk of currency changes, inflation being a company and being responsible to the environment are also thought about. To decide which investments to make the report looks at Projects A, B and C using some calculations like Payback Period, Accounting Rate of Return, Net Present Value, Profitability Index and Internal Rate of Return with an interest rate of 8%. The report says which project is the best and how to use the £100 million that's available to invest. Finally it talks about using intelligence, including how accurate and clear it is keeping information private and the risks of relying too much on artificial intelligence when making financial decisions, about Wyndham Hotels & Resorts Inc.

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1. Financial Health Check

1.1 Introduction

Wyndham Hotels & Resorts Inc. Is the hotel company in the world because it has so many hotels. Wyndham Hotels & Resorts Inc. Does not own many of the properties. They make money from fees that they charge. The way Wyndham Hotels & Resorts Inc. Does business is good because they do not have to spend a lot of money to own properties. This helps Wyndham Hotels & Resorts Inc. Make money from fees that's pretty stable and they can keep their costs flexible.

Wyndham Hotels & Resorts Inc. Has well known hotel brands and they serve people in many different markets.. Even with all this the financial performance of Wyndham Hotels & Resorts Inc. Can still be affected by things like how many people are traveling how much it costs to run the hotels, how much debt they have, inflation and how well the economy is doing.

This section is going to look at the reports, from Wyndham Hotels & Resorts Inc. From FY2021 to FY2025 to see how well they are doing with money. The analysis will look at how profitable Wyndham Hotels & Resorts Inc. Is, how well they can pay their debts how efficient they are, how debt they have compared to what they are worth how well their investments are doing and how well they can bring in cash. It will also look at how Wyndham Hotels & Resorts Inc. Manages the money they need to run their day to day business what financial risks they have and if they can make money for their shareholders over a long time..

1.2 Financial Statement Overview (FY2021-FY2025)

The money Wyndham Hotels & Resorts Inc. Makes from their business went down from \$1,565 million in FY2021 to \$1,397 million in FY2023. Then it went up a bit to \$1,429 million in FY2025. This happened because the money they get from their fees is going up. The money they get from other sources is going down. The money they make from running their business was the highest in FY2022 at \$558 million. Then it went down to \$402 million in FY2025. This is a drop of 28 percent and it happened because they are spending more money on marketing and other things. The net

income of Wyndham Hotels & Resorts Inc. Also went down from \$355 million in FY2022 to \$193 million in FY2025.

US\$ million	FY2021	FY2022	FY2023	FY2024	FY2025
Net Revenue	1,565	1,498	1,397	1,408	1,429
Operating Income (EBIT)	446	558	503	495	402
Interest Expense	93	80	102	124	139
Net Income	244	355	289	289	193
Total Assets	4,269	4,123	4,033	4,223	4,182
Total Debt	2,084	2,077	2,201	2,463	2,560
Shareholders' Equity	1,089	962	746	650	468
Operating Cash Flow	426	399	376	290	367
Free Cash Flow	389	360	339	241	321

Table 1: Summary consolidated financial statements, FY2021-FY2025. Source: Wyndham Hotels & Resorts Annual Reports / Form 10-K, SEC EDGAR.

If we look at the balance sheet of Wyndham Hotels & Resorts, Inc. we can see that their total assets went down a bit from \$4,269 million to \$4,182 million. Most of their assets are intangible like goodwill and trademarks which're worth a lot of money. The equity of the shareholders went down a lot from \$1,089 million to \$468 million. At the time the debt of Wyndham Hotels & Resorts Inc. Went up from \$2,084 million to \$2,560 million. This is because they are buying back their shares and paying dividends to their shareholders. The cash flow statement of Wyndham Hotels & Resorts Inc. Shows that they are using the money they make from their business to pay their shareholders of keeping it to make their company stronger.

1.3 Ratio Analysis

Ratio	FY2021	FY2022	FY2023	FY2024	FY2025
Operating Margin	28.5%	37.2%	36.0%	35.2%	28.1%
Net Margin	15.6%	23.7%	20.7%	20.5%	13.5%
Return on Assets (ROA)	5.7%	8.6%	7.2%	6.8%	4.6%

Return on Equity (ROE)	22.4%	36.9%	38.7%	44.5%	41.2%
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Profitability

The operating margin of Wyndham Hotels & Resorts Inc. Was the highest in FY2022 at 37.2 percent. Then it went down to 28.1 percent in FY2025. The net margin also went down a lot from 23.7 percent in FY2022 to 13.5 percent in FY2025. This happened because Wyndham Hotels & Resorts Inc. Is spending money on marketing and other things and they also have to pay more interest on their debt. The return on equity of Wyndham Hotels & Resorts Inc. Went up from 22.4 percent to 41.2 percent. This is not because they are making more money it is because they have less equity. The return on assets of Wyndham Hotels & Resorts Inc. Went down from 5.7 percent, to 4.6 percent, which means that their assets are not making much money as they used to

Ratio	FY2021	FY2022	FY2023	FY2024	FY2025
Current Ratio	1.81	1.34	0.81	1.00	0.86
Quick Ratio*	1.81	1.34	0.81	1.00	0.86

Wyndham does not disclose material inventory (an asset-light franchise/management model), so the quick ratio equals the current ratio in every year.

The current ratio of Wyndham has fallen from 1.81 times in the year 2021 to 0.86 times in the year 2025. This is a drop. It even went as low as 0.81 times in the year 2023. When the current ratio is below 1 it means the company has money going out than coming in. This is usually a sign.. In the case of Wyndham it is not as bad as it seems. The company is still making a lot of money from its operations, 367 million dollars in the year 2025. It is also making a lot of cash, 321 million dollars. This means Wyndham can still pay its short term debts easily.

Efficiency

Ratio	FY2021	FY2022	FY2023	FY2024	FY2025
Asset Turnover	0.37x	0.36x	0.35x	0.33x	0.34x
Receivable Days	57.4	57.0	63.0	70.3	74.3
Payable Days	7.2	9.5	8.4	9.6	9.7

The company is not using its assets well as it used to. It used to make 0.37 dollars in revenue for every dollar of assets it had. Now it makes 0.34 dollars. This is not a drop but it is still a drop. The company is also taking longer to get paid by its franchisees. It used to take 57 days to get paid now it takes 74 days. This is an increase. On the hand Wyndham is still paying its suppliers quickly in 7 to 10 days..

Gearing

Ratio	FY2021	FY2022	FY2023	FY2024	FY2025
Debt to Equity	1.91x	2.16x	2.95x	3.79x	5.47x
Interest Coverage	4.80x	6.98x	4.93x	3.99x	2.89x

The biggest problem Wyndham has is its debt. The company owes a lot of money 2.56 billion dollars. This is a lot of money compared to what the company's worth 468 million dollars. The companys interest coverage is also getting worse. It used to be 6.98 times now it is 2.89 times. This means the company is not making money to pay its debts easily.

Investment Ratios

Metric	FY2021	FY2022	FY2023	FY2024	FY2025
Basic EPS (\$)	2.61	3.93	3.43	3.64	2.51
Share Price (\$)	83.18	67.33	77.38	98.82	74.74
Dividend per Share (\$)	0.88	1.28	1.40	1.52	1.64
P/E Ratio	31.9x	17.1x	22.6x	27.1x	29.8x
Dividend Yield	1.06%	1.90%	1.81%	1.54%	2.19%
Dividend Cover	2.97x	3.07x	2.45x	2.39x	1.53x

Wyndham is also paying out a lot of money in dividends. The dividend payout is getting bigger. The companys earnings are getting smaller. This is not sustainable. The company needs to make money to pay its debts and dividends.

Cash Flow

Ratio	FY2021	FY2022	FY2023	FY2024	FY2025
OCF Ratio (OCF/Current Liab.)	1.07x	0.98x	0.82x	0.62x	0.72x
Cash Flow to Debt	20.4%	19.2%	17.1%	11.8%	14.3%

FCF Margin	24.9%	24.0%	24.3%	17.1%	22.5%
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One good thing about Wyndham is that it is still making a lot of cash. The company made 321 million dollars in cash in the year 2025. This is a lot of money. The company's free cash margin is also very high, 22.5 percent.

1.4 Trends, Strengths and Threats

- Wyndham has a strength because it makes a lot of money. In the year 2025 Wyndham made 321 million dollars.
- Another strength of Wyndham is that it has a return on equity. However Wyndham has this return, on equity because Wyndham has a lot of debt.
- One weakness of Wyndham is that it has a lot of debt. The debt of Wyndham is 2.56 billion dollars.
- Wyndham also has another weakness. The interest coverage of Wyndham is getting worse. The interest coverage of Wyndham is 2.89 times.
- Wyndham has another weakness. It is taking Wyndham longer to get paid by its franchisees. Now it takes Wyndham 74 days to get paid.
- The dividend payout of Wyndham is getting bigger. However the earnings of Wyndham are getting smaller. This is another weakness of Wyndham..

1.5 Liquidity Benchmarking Against Industry Peers (FY2025)

Ratio	Wyndham	Marriott	Hilton	IHG
Current Ratio	0.86	0.43	0.66	0.79
Quick Ratio	0.86	0.43	0.66	0.79
Net Margin	13.5%	9.9%	12.1%	14.1%
ROA	4.6%	9.5%	8.7%	14.8%
Interest Coverage	2.89x	5.12x	4.34x	5.99x

Table 2: FY2025 peer benchmarking. Sources: Marriott International Form 10-K FY2025; Hilton Worldwide Holdings Form 10-K FY2025; IHG plc Full Year Results and Form 20-F 2025; stockanalysis.com.

Wyndham's current ratio is not as bad as it seems. The company's competitors, Marriott and Hilton have lower current ratios. This means Wyndham is not doing badly as it seems.. The company still needs to fix its debt problem. It needs to make money to pay its debts and dividends.

2. Working Capital Management Analysis

2.1 The Cash Operating Cycle

As an asset-light franchisor, Wyndham holds no material inventory, so its cash operating cycle (COC) is calculated as Receivable Days plus Inventory Days (zero) minus Payable Days..

Component (days)	FY2021	FY2022	FY2023	FY2024	FY2025
Receivable Days	57.4	57.0	63.0	70.3	74.3
Inventory Days	0.0 (n/a)	0.0 (n/a)	0.0 (n/a)	0.0 (n/a)	0.0 (n/a)
Payable Days	7.2	9.5	8.4	9.6	9.7
Cash Operating Cycle	50.1	47.5	54.6	60.7	64.6

Table 3: Cash operating cycle, FY2021-FY2025. Payable days calculated as Accounts Payable / Revenue x 365 in the absence of a disclosed cost-of-sales figure; treated as an approximation given Wyndham does not separately report credit purchases.

Wyndham stands out from other hotel operators with its positive and growing cash operating cycle. Most hotel chains collect money from guests before paying their suppliers, but Wyndham works differently. As a company that only franchises its hotels, Wyndham sends bills to its franchisees for things like royalties and marketing fees. It takes an average of 74 days to get paid, but Wyndham pays its own suppliers very quickly - in under 10 days. Over the past five years, the time it takes for Wyndham to get paid has gotten longer, going from 50.1 days to 64.6 days. This means Wyndham has to use its own money to cover the payments it's waiting for, rather than getting help from its suppliers. This can make it harder for Wyndham to have enough cash on hand, which is a problem that's getting worse because of its declining current ratio, as we talked about earlier.

2.2 Recommended Working Capital Reforms

- Accelerate collections from franchisees by changing the royalty invoicing from every three months to every month and automate the billing process to cut down the time between when the fee's earned and when the money is received.
- Offer discounts to franchisees who pay early such as within 30 days to get back to the 50-55 day receivable period that was seen in the years 2021 and 2022.

- Create a financing or factoring option for master-franchisees who are having short-term money problems so that Wyndham can still get its money without hurting the relationship with the franchisees.
- Make supplier payment terms a little longer going from about 10 days to 30-45 days if it makes sense commercially to reduce the money gap from the bills side of only depending on getting money faster from customers.
- Keep a minimum amount of cash on hand suggested to be \$100 million and get a revolving credit facility as a backup to protect against money problems since the current ratio is now less, than 1.0x.
- Create a rule to stop buying back shares if the current ratio goes below 0.75x to keep a safe amount of money available.

2.3 Short-Term versus Long-Term Financing Options

Criterion	Short-Term Financing (e.g. RCF, commercial paper)	Long-Term Financing (e.g. bonds, term loans, equity)
Cost	Generally cheaper when rates are stable; variable-rate exposure	Typically higher coupon but can be fixed-rate, removing rate risk
Flexibility	High — can be drawn/repaid as working-capital needs fluctuate	Low — fixed repayment schedule, harder to unwind early
Risk	Refinancing/rollover risk if credit markets tighten	Lower refinancing risk once issued; locks in long-term cost of capital
Suitability for Wyndham	Best for bridging the widening cash operating cycle and seasonal fluctuations	Best for funding the \$2,560m debt stack strategically and smoothing maturities

Given Wyndham's widening cash operating cycle is a recurring, structural feature rather than a one-off seasonal event, a blended approach is appropriate: a revolving credit facility should be used to smooth short-term fluctuations in franchisee collections, while any new long-term borrowing should be arranged via fixed-rate,

longer-dated instruments to lock in financing costs ahead of further base-rate increases and to avoid concentrating debt maturities that could crystallise refinancing risk against a backdrop of already-elevated leverage (debt-to-equity of 5.47x) and thinning interest cover (2.89x).

3. Strategic Financial Restructuring Plan

3.1 Recommended Restructuring Options

Wyndhams main issue is not how well it is running. Its free cash flow is still good.. The way its capital structure has gotten worse because of using too much debt to pay shareholders. Three ways to fix this are being looked at.

(a) Moderate, temporary reduction in share buybacks

The money used for buybacks has been between \$175 million and negative \$713 million each year mostly from more borrowing instead of from profits saved. A short break (not a stop) in buybacks. For example using half of the buyback amount to pay down debt. Would help the equity grow again and get the interest coverage back to a goal of more than 3.5 times in two to three years. This would not worry shareholders who like the dividend.

(b) Debt refinancing via longer-dated, fixed-rate bonds

The total debt is \$2,560 million and the interest coverage is going down to the 2.5 times danger area. Wyndham should fix near-term debt maturities by getting term fixed-rate bonds. This locks in the costs removes the risk of having to refinance and shows credit responsibility to the rating agencies and lenders.

(c) Selective divestiture of underperforming or non-core brands

A \$86 million loss in FY2025 shows that at least one brand is not doing well. Selling or giving licenses to economy-tier brands would bring in cash take away a problem that is lowering the groups operating profit (which dropped from 37.2% to 28.1%) and let management focus on better areas like extended-stay and upper-midscale brands where there is more profit and growth.

Getting equity money by issuing new shares is not a good idea: Wyndham has been buying back stocks for the past five years and going back to issuing new shares would

hurt the value show that the management is not confident and is not needed because the free cash flow is strong. The problem is how the money is being used, not a lack of money.

3.2 Impact on Shareholder Value, Debt Structure and Operational Flexibility

- Shareholder value: a short break in buybacks might lower the stock price for a while (the P/E has already gone from 31.9 times to 29.8 times as earnings dropped). It reduces the chance of a big loss (like a rating drop or a rule breach) if the debt keeps growing.
- Debt structure: changing to fixed-rate longer-term loans makes the debt plan better and reduces how much interest rates can affect it which helps the interest coverage ratio that is getting worse.
- Operational flexibility: selling brands that're not important frees up time and money to put into better areas like technology and loyalty programs and lowers the fixed costs that made the profit fall in FY2025.

3.3 International and Ethical Considerations

- Currency risk: Wyndham has hotels in many countries; income from overseas is affected by exchange rates. Any debt in currencies needs to be matched with income in the same currency or use other ways to protect against changes in the currency.
- Taxation: money from countries has tax issues under rules from the OECD; any changes like selling brands need to be done carefully to avoid problems with the tax authorities or bad reputation.
- Inflation: higher costs (like marketing, reservation and loyalty program costs went up to \$565 million in FY2025) make it harder for franchisees, which can make the time it takes to get money as mentioned in Section 2; changes should think about if franchisees can afford it not just the company's numbers.
- CSR/ESG: the plan to change should not cut money for helping franchisees and training workers at the brands that stay. It should explain why any brands are sold clearly to franchisees, workers and the communities in line, with what investors want from businesses.

4. Investment Appraisal and Capital Budgeting

4.1 Project Cash Flows and Assumptions

Three mutually-exclusive investment projects are evaluated, each requiring an initial investment of £50m, appraised using a discount rate of 8% and straight-line depreciation to a zero residual value over the five-year project life (annual depreciation charge of £10m per project).

£m	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total Inflows
Project A	(50)	10	12	14	10	8	54
Project B	(50)	11	11	11	11	11	55
Project C	(50)	5	10	20	25	5	65

4.2 Payback Period (PBP)

PBP measures the time taken to recover the initial £50m investment from undiscounted cash inflows.

Project	Cumulative Cash Flow by Year	Payback Period
A	Y1:10, Y2:22, Y3:36, Y4:46, Y5:54	4.50 years
B	Y1:11, Y2:22, Y3:33, Y4:44, Y5:55	4.55 years
C	Y1:5, Y2:15, Y3:35, Y4:60, Y5:65	3.60 years

Project C pays back fastest (3.60 years) because its cash inflows are heavily weighted toward Years 3-4, whereas Projects A and B do not recover the initial outlay until close to the end of the five-year life.

4.3 Accounting Rate of Return (ARR)

ARR is calculated as average annual accounting profit (average cash inflow less straight-line depreciation of £10m per year) divided by the average investment (initial investment / 2 = £25m)

Project	Avg. Annual Cash Inflow (£m)	Avg. Annual Profit (£m)	ARR (Avg. Investment)
A	10.80	0.80	3.2%
B	11.00	1.00	4.0%
C	13.00	3.00	12.0%

Project C offers by far the highest accounting return (12.0%), more than three times Project B (4.0%) and Project A (3.2%), reflecting its much larger total cash inflow (£65m versus £54-55m) for the same £50m outlay..

4.4 Net Present Value (NPV) at 8%

Project	NPV (£m)	Decision
A	(6.54)	Reject — negative NPV
B	(6.08)	Reject — negative NPV
C	0.86	Accept — positive NPV

Discounting each project's cash flows at 8% shows that only Project C creates shareholder value on a discounted basis: its NPV of +£0.86m is positive, while Projects A (-£6.54m) and B (-£6.08m) both destroy value once the time value of money is reflected. This confirms that undiscounted payback and ARR can be misleading in isolation — Project B looks marginally better than Project A on ARR, but neither clears the 8% hurdle rate.

4.5 Profitability Index (PI) and Internal Rate of Return (IRR)

Project	Profitability Index (PI)	IRR
A	0.87	2.72%
B	0.88	3.26%
C	1.02	8.59%

Project C is the only project with a PI above 1.0 (1.02) and the only one with an IRR (8.59%) exceeding the 8% discount rate, both consistent with its positive NPV. Projects A and B have PIs below 1.0 and IRRs of only 2.72% and 3.26% respectively — far short of the 8% cost of capital — confirming they should be rejected on a purely financial basis.

4.6 Recommendation

On every discounted appraisal technique — NPV, PI and IRR — Project C is unambiguously superior and is the recommended investment. Its cash flows are back-loaded into Years 3-4 (£20m and £25m), which aligns well with Wyndham's own financial trajectory: the company's interest coverage is currently thin (2.89x) and its current ratio below 1.0x, so an investment that requires patience in Years 1-2 (modest

inflows of £5m and £10m) but delivers strong returns from Year 3 onward is more compatible with a business that needs medium-term profitability recovery rather than an immediate cash windfall it cannot productively redeploy given already-elevated leverage.

Non-financial risks should also be weighed. Project C's back-loaded profile carries more forecasting and execution risk — if the Year 3-4 inflows do not materialise (e.g. due to a shift in guest demand, a new competitor property, or delays in a renovation/rebranding programme), the project could underperform materially, whereas Project B's flat £11m annual profile is more predictable and lower-risk operationally, even though it fails to meet the return hurdle. Political risk (e.g. changes in local tourism taxation or planning approval delays) and customer loyalty risk (whether a rebranded or repositioned asset retains Wyndham Rewards members) would need to be assessed project-by-project once real underlying assets are specified, since the figures given are illustrative cash flow profiles rather than named properties. Subject to this due diligence, Project C is recommended.

4.7 Capital Rationing: Combination of Projects under a £100m Budget

With a maximum of £100m available and each project costing £50m, at most two projects can be funded. The following combinations are possible:

Combination	Total Investment (£m)	Combined NPV (£m)
A + B	100	(12.62)
A + C	100	(5.68)
B + C	100	(5.22)
C only (£50m unused)	50	0.86

Because Projects A and B both have negative NPV, adding either of them to Project C reduces the combined NPV rather than enhancing it. Under strict shareholder-wealth maximisation, the value-maximising decision is to invest only in Project C and leave the remaining £50m of the capital budget uncommitted (or returned/held for a future project with a positive NPV), rather than being forced to spend the full £100m on projects that destroy value. If the Board's mandate requires the full £100m to be deployed, the least-value-destructive combination is B + C (combined NPV of -

£5.22m), since Project B's IRR (3.26%) and NPV (-£6.08m) are both marginally less negative than Project A's. This should be presented to the Board as a rationing decision driven by the profitability index and NPV, not simply by which two projects are affordable.

5. Critical Reflection on AI Usage

Artificial Intelligence was used as a support tool throughout the preparation of this report. It was done in line with the modules AI use policy. This section explains how AI was used. It also explains how the output from AI was checked. It shows what I contributed myself. It also shares what I learned about using AI in a financial analysis context.

5.1 Tool Disclosure

I used Claude and ChatGPT at different stages of this assignment. AI helped me structure the report around the five required sections, explain financial concepts I was less confident with (for example, how the profitability index and capital rationing decision should be framed), and turn my rough notes and calculations into clearer, more professionally written paragraphs. AI was also used to help build the ratio tables and charts from the figures I had pulled from Wyndham's Annual Reports and Form 10-K filings, and to draft formulas for the investment appraisal workings in Section 4. At every stage, the underlying financial data, the interpretation of what the numbers meant for Wyndham, and the final recommendations remained my own responsibility.

5.2 Verification and Correction of AI Output

I did not accept AI output without checking it. Financial figures are easy to get wrong. I knew that AI tools can sometimes present numbers confidently even when they are outdated rounded incorrectly or simply invented. So I cross-checked every figure used in this report against Wyndhams Annual Reports, SEC filings and the peer data I sourced for Marriott, Hilton and IHG. Where the AI-suggested figures did not match what I found in the sources I corrected them. I also recalculated the investment appraisal results (PBP, ARR, NPV, PI and IRR) in Excel. I did this to confirm the numbers the AI had produced were mathematically correct at an 8% discount rate. I did not simply trust them. This verification step was, in my view the important part of

using AI responsibly. It is the difference between using AI as a support tool and letting it do the analysis for me.

5.3 Contribution Analysis

The strategic judgement in this report is my own. I decided which restructuring options were realistic for Wyndham given its franchise-based business model. I chose Project C as the recommended investment after comparing all five appraisal methods myself. I worked out the capital rationing logic for the £100m budget constraint. AI helped me organise these ideas and express them clearly. It helped me build the tables and charts faster than I could have done by hand.. It did not choose the recommendations or decide what mattered about Wyndhams financial position. Where I disagreed with an AI suggestion for example a draft that read the rising Return on Equity as an unqualified strength I corrected it myself once I understood it was mostly a function of Wyndhams shrinking equity base rather than a genuine improvement in performance.

5.4 Ethical and Professional Reflection

Using AI in a financial report raises real risks. Over-reliance can produce analysis that sounds fluent but is not properly checked. Financial figures in particular need to be accurate because they inform decisions. Working on this assignment taught me that AI is most useful as a drafting and organisation tool than a source of financial truth. I learned that I am ultimately responsible for every number and every conclusion in the report. This is true regardless of where the first draft came from. Going forward I intend to keep using AI in the way. I will use it as a tool that speeds up structuring and writing. I will always check it against sources such as annual reports and my own recalculations. I will never use it as a replacement, for my financial judgement.

6. References

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7. Appendices

Appendix A: Full Ratio Table (FY2021-FY2025)

Ratio	Category	FY2021	FY2022	FY2023	FY2024	FY2025
Operating Margin	Profitability	28.5%	37.2%	36.0%	35.2%	28.1%
Net Margin	Profitability	15.6%	23.7%	20.7%	20.5%	13.5%
ROA	Profitability	5.7%	8.6%	7.2%	6.8%	4.6%
ROE	Profitability	22.4%	36.9%	38.7%	44.5%	41.2%
Current Ratio	Liquidity	1.81	1.34	0.81	1.00	0.86
Quick Ratio	Liquidity	1.81	1.34	0.81	1.00	0.86
Asset Turnover	Efficiency	0.37x	0.36x	0.35x	0.33x	0.34x
Receivable Days	Efficiency	57.4	57.0	63.0	70.3	74.3
Payable Days	Efficiency	7.2	9.5	8.4	9.6	9.7
Debt to Equity	Gearing	1.91x	2.16x	2.95x	3.79x	5.47x
Interest Coverage	Gearing	4.80x	6.98x	4.93x	3.99x	2.89x
OCF Ratio	Cash Flow	1.07x	0.98x	0.82x	0.62x	0.72x
Free Cash Flow (£m)	Cash Flow	389	360	339	241	321
Cash Operating Cycle (days)	Working Capital	50.1	47.5	54.6	60.7	64.6

Appendix B: Investment Appraisal Calculations

Project	PBP	ARR	NPV @ 8% (£m)	PI	IRR
A	4.50 yrs	3.2%	(6.54)	0.87	2.72%
B	4.55 yrs	4.0%	(6.08)	0.88	3.26%
C	3.60 yrs	12.0%	0.86	1.02	8.59%

The discount factors that were used are eight percent.

For the years the factors are as follows:

Year 1 is equal to 0.9259

Year 2 is equal to 0.8573

Year 3 is equal to 0.7938

Year 4 is equal to 0.7350,

Year 5 is equal, to 0.6806.

You can find the year by year discounted cash flow workings in the Excel workbook that comes with this, which is called Wyndham_Financial_Analysis.xlsx or Wyndham_Master_Financial_Workbook.xlsx

Appendix C: Charts and Graphs

The charts shown below come from the ratio tables, in Appendix A and Section 4. The basic data and equations are also found in the 'Charts and 'Dashboard' tabs of the Wyndham_Master_Financial_Workbook.xlsx. This file updates on its own if the data sheets are changed.

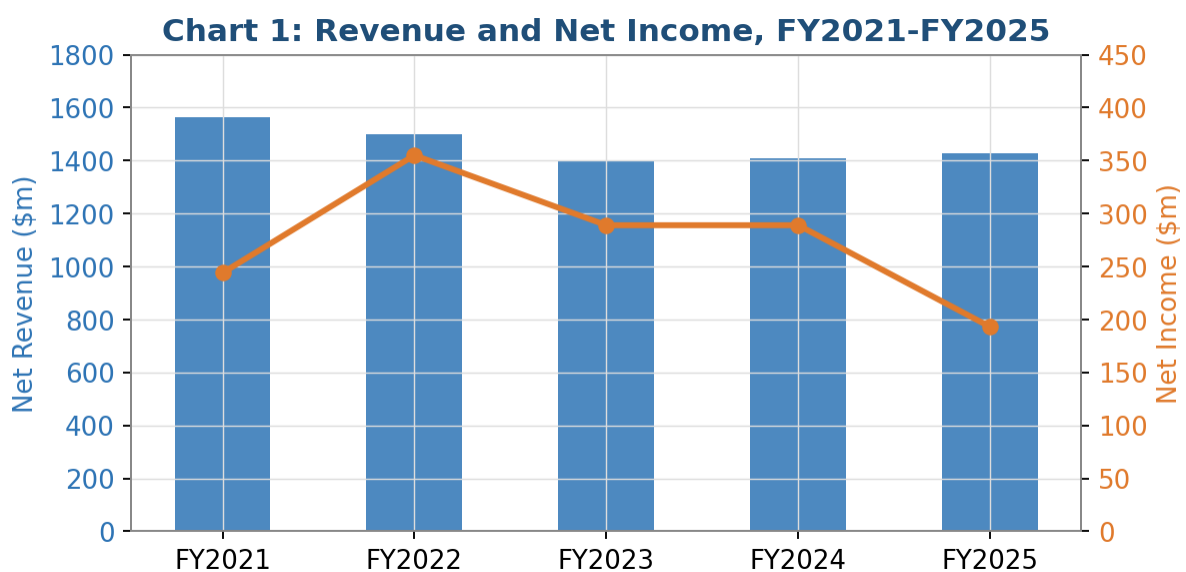


Chart 1: Net Revenue and Net Income, FY2021-FY2025.

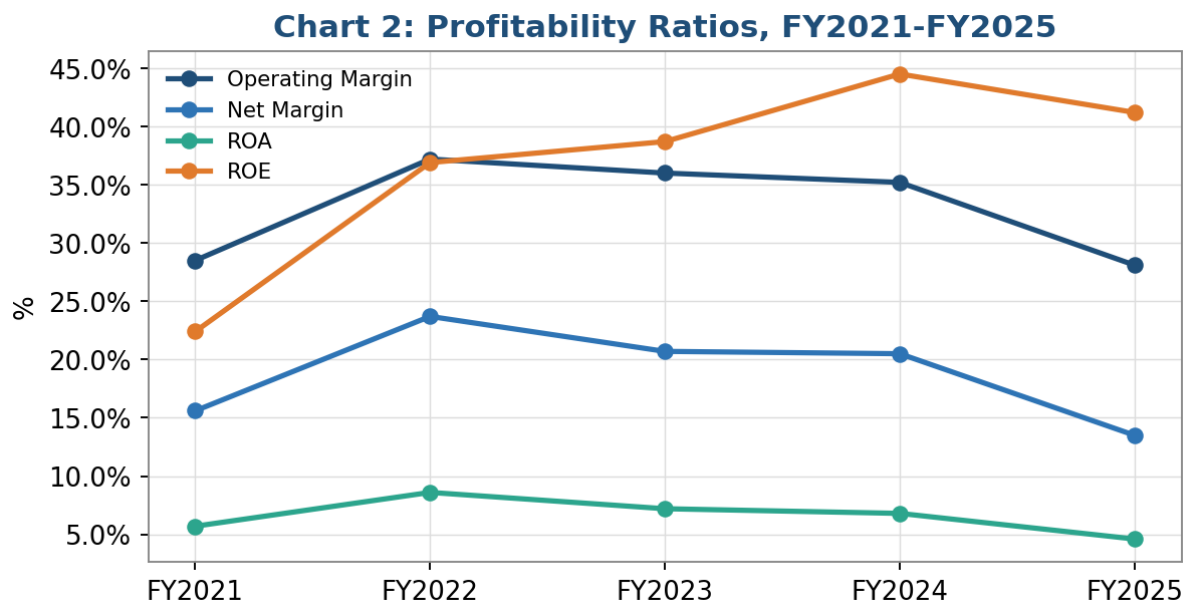


Chart 2: Profitability ratios (Operating Margin, Net Margin, ROA, ROE), FY2021-FY2025.

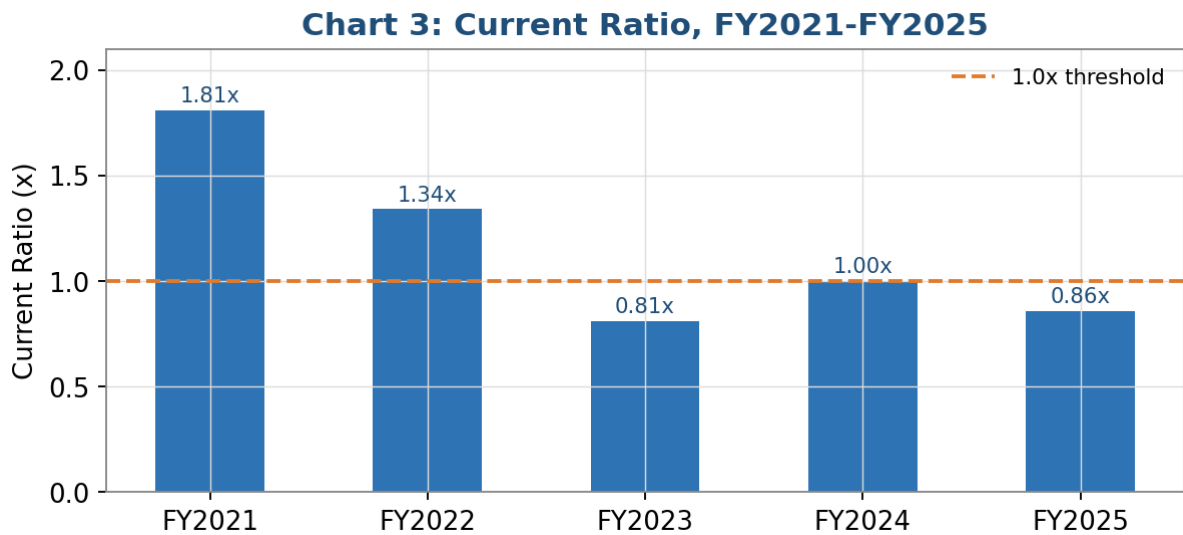


Chart 3: Current Ratio against the 1.0x liquidity threshold, FY2021-FY2025.

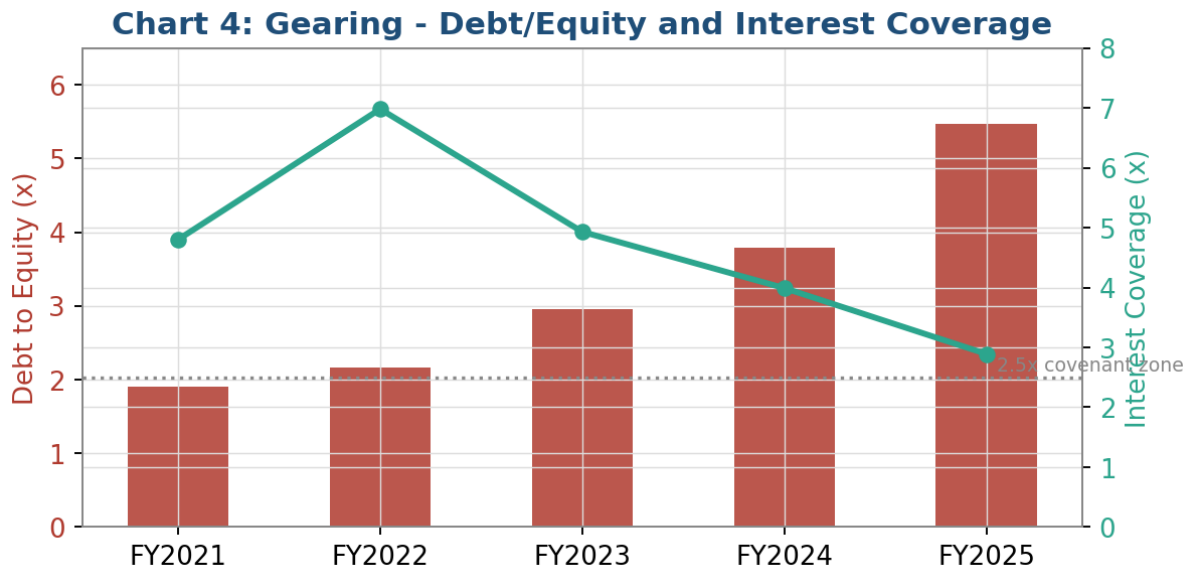


Chart 4: Debt-to-Equity and Interest Coverage, FY2021-FY2025, showing the approach toward the 2.5x covenant danger zone.

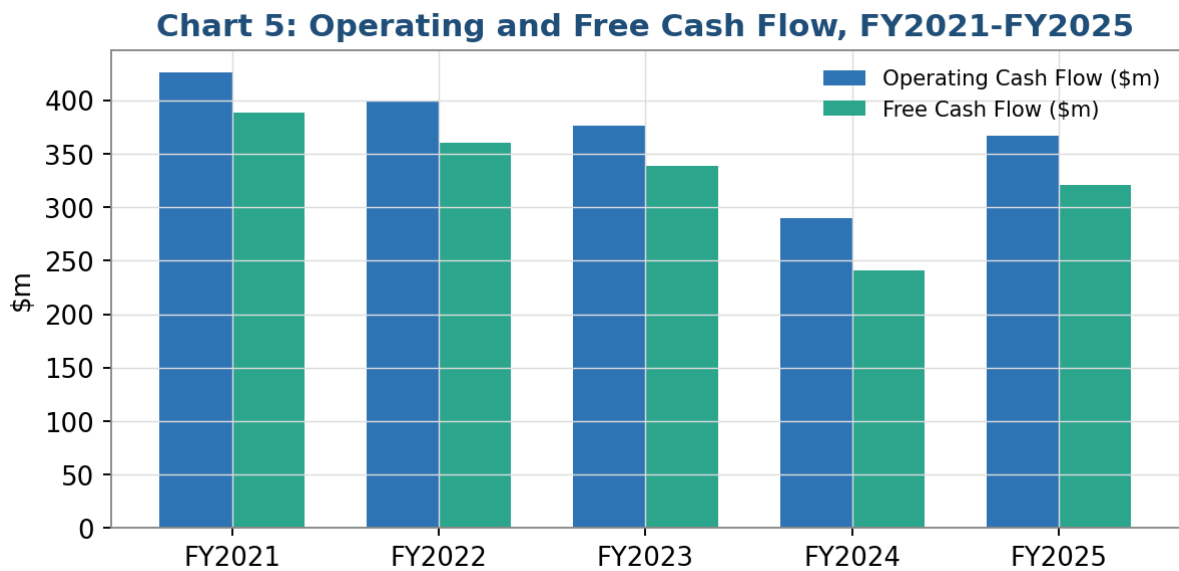


Chart 5: Operating Cash Flow versus Free Cash Flow, FY2021-FY2025.

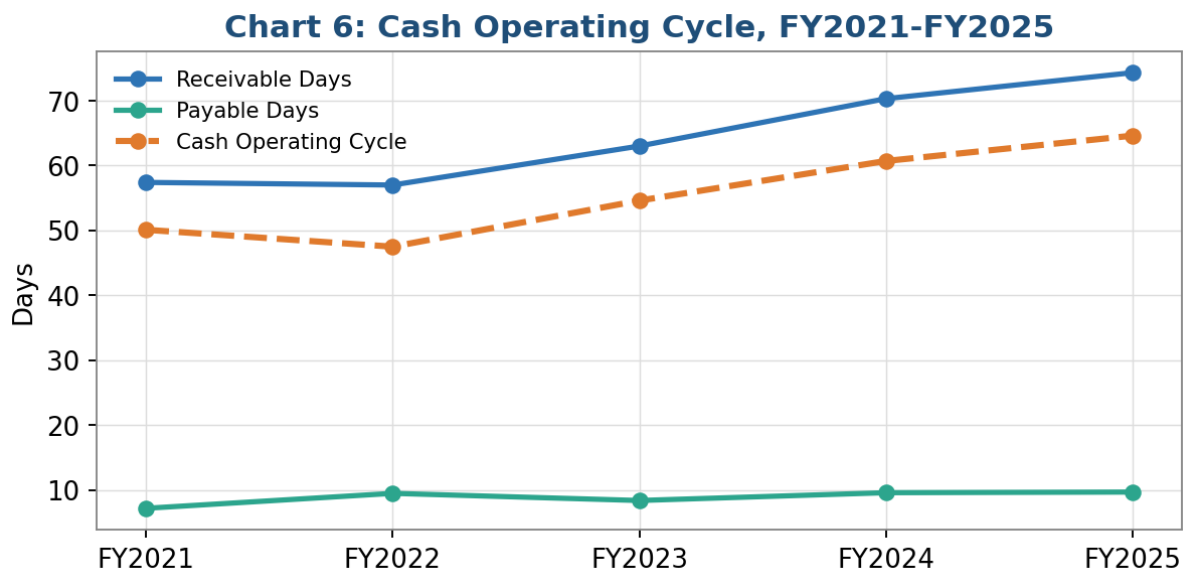


Chart 6: Cash Operating Cycle build-up (Receivable Days, Payable Days), FY2021-FY2025.

Chart 7: FY2025 Industry Benchmark - Wyndham vs Marriott, Hilton, IHG

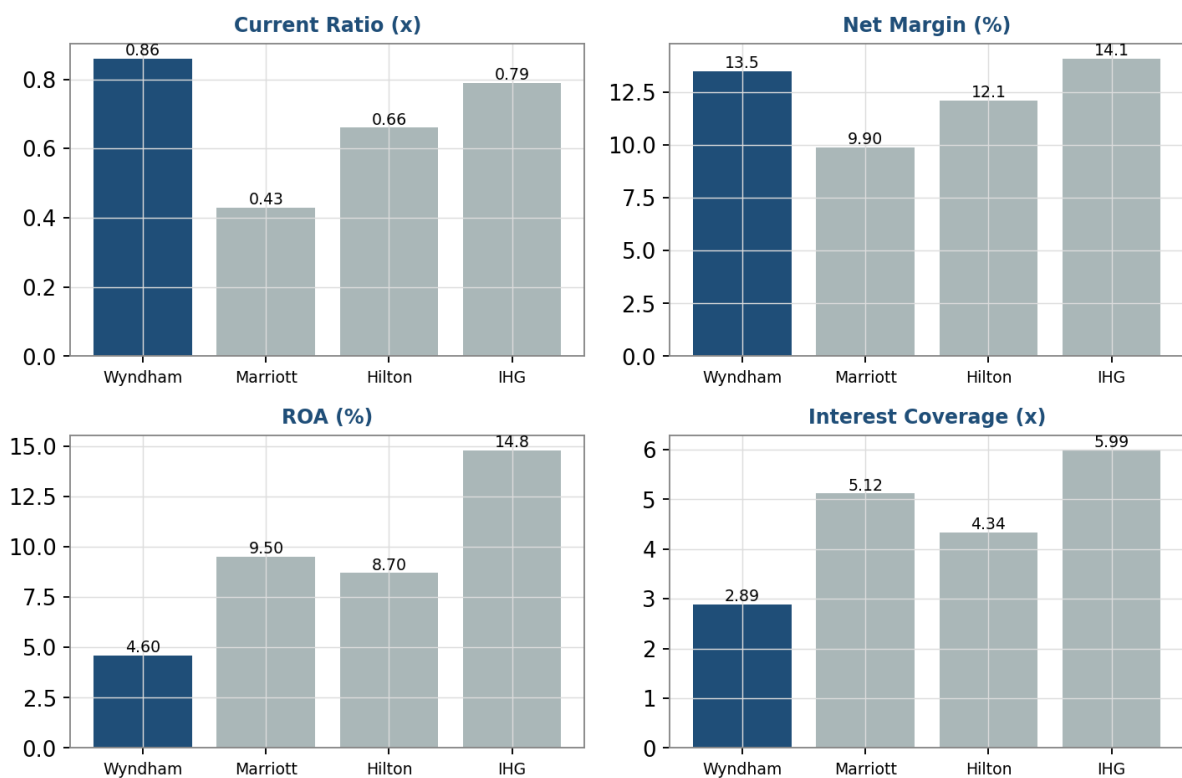


Chart 7: FY2025 industry benchmarking of Wyndham against Marriott, Hilton and IHG on Current Ratio, Net Margin, ROA and Interest Coverage

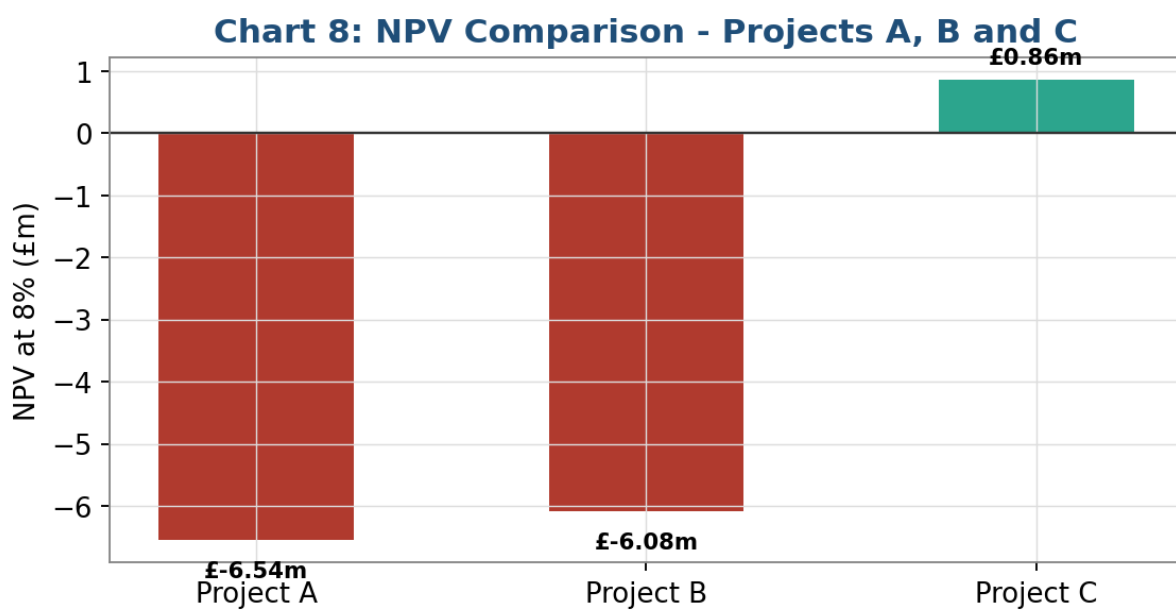


Chart 8: NPV at 8% for Projects A, B and C, showing Project C as the only value-creating investment.