Nikki Sacks – Investor Relations

Good morning, everyone. Thank you for joining us today to review Bluegreen Vacation's fourth quarter 2018 financial and operating results.

Today's business update will be presented by Bluegreen Vacation's Chief Executive Officer, Shawn B. Pearson, and Chief Financial Officer, Tony Puleo.

I would like to remind listeners that this pre-recorded business update may contain forward-looking statements based largely on current expectations of Bluegreen Vacations that involve a number of risks and uncertainties. All opinions, forecasts, projections, future plans or other statements, other than statements of historical fact, are forward-looking statements.

We can give no assurance that such expectations will prove to be correct. Actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by these forward-looking statements and are subject to a number of risks and uncertainties that are subject to change based on factors which are, in many instances, beyond the Company's control.

Risks and uncertainties include, without limitation, risks associated with the Company's relationships with its strategic partners and its ability to successfully implement currently anticipated plans, generate earnings and long-term growth, and increase shareholder value.

Additional detailed risks and uncertainties are described in Bluegreen Vacation's Annual Report on Form 10-K for the year ended December 31, 2018, which is expected to be filed on or about March 1, 2019 and will be available to view on the SEC's website, www.sec.gov, and on Bluegreen Vacation's website, www.BluegreenVacations.com. We have also provided a supplementary earnings slide deck which is available on our website.

Listeners should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Bluegreen Vacations cautions that the foregoing factors are not exclusive, and we do not undertake, and specifically disclaim any obligation, to update or supplement any forward-looking statement.

I'll now turn it over to Shawn Pearson, Chief Executive Officer. Shawn?

SHAWN PEARSON – CHIEF EXECUTIVE OFFICER

Thank you for joining us today as we review our 2018 fourth quarter and fiscal year-end results. In the fourth quarter, Bluegreen remained focused on planning, developing and executing on initiatives to enhance our infrastructure and platform to support long term sustained growth. With that said, however, our results for the quarter do not reflect the benefit of these longer-term investments. We continued to see the impact of a reduction in tours, partially offset by slightly improved sales efficiencyresults from our efforts to prescreen the credit quality of our marketing prospects. We believe we have made the appropriate changes in our prescreening methodology which should result in more tours being provided to our sales centers in 2019. In addition, 2018 results reflect the lingering impact of Hurricanes Florence and Michael on the travel reservations which also reduced our tours and therefore ultimately sales. While we expect that it will take time to reaccelerate our sales growth, we are pursuing a number of strategic initiatives which we are confident will drive growth over the longer term.

With respect to our marketing channels, we have expanded our digital self-service capabilities under the leadership of Famous Rhodes who is identifying and pursuing ways that we can facilitate the purchase and activation of our marketing vacation packages. We are now included in Apple Wallet and now offer the capability of digital activation of mini-vacations. We believe this enhanced digital capability better aligns with the buying habits of our target demographic of millennials who utilize their hand-held devices to research, organize, plan and buy experiences and items in their daily lives. Prior to the introduction of this capability, a vacation package purchaser's sole means of interacting with us was by telephone. Providing this type of digital optionality for our prospects helps to facilitate smoother activation, enhanced consumer engagement and provides a better overall customer experience. We are very excited about the ability to provide digital activation and the positive impact we believe it can have in increasing usage rates of our vacation packages with the result being an increase in VOI sales, which we expect to see in the latter half of 2019.

Our partnership with Choice continues to support increased access into the Choice Privileges Loyalty Program community which has over 39 million members. We are now featured as part of the Choice Privileges webpage which is linked to Bluegreen's webpage, allowing travelers a seamless transition from the Choice webpage to ours. We are the official vacation ownership partner for Choice, and we have soft branded 37 of our resorts under Choice's Ascend Collection brand – their aspirational, upscale offering. Choice call volume inquiring about Bluegreen is accelerating and we are very excited by the potential long-term impact of the Choice Privileges program on our ability to broaden our marketing reach. We're also working on improvements in our call center training and processes with a view toward capitalizing on this additional volume of Choice leads.

On the Bass Pro front, we continue to meet with Bass Pro's leadership since our last earnings call in an effort to resolve the issues which arose between the parties in 2017 and 2018. The resolution of the outstanding issues with Bass Pro has taken a great deal longer than we at Bluegreen had hoped, but we are diligently working towards a mutually beneficial agreement. While there is no assurance that a resolution will be reached, we remain optimistic that we will achieve a resolution of the outstanding issues. Our hopeful resolution includes resolving the timing of entry into the Cabela's stores and an extension of the parties' agreements. This may in turn result in a restructuring of the amount and timing of compensation paid to Bass Pro.

In the meantime, we continue to execute our vacation package marketing strategy under our current agreement with Bass Pro, including the recent new opening of a Bluegreen kiosk in the new Bass Pro location at the Silverton Casino in Las Vegas and to add another in-store sales kiosk location in Rogers, Arkansas in the second quarter. At our joint venture we have commenced construction of cabins at the Wilderness Club at Big Cedar Resort in the normal course of our business.

With respect to recent acquisitions, we wanted to highlight the early success of the Eilan Hotel & Spa in San Antonio. We purchased the Eilan in the 2nd quarter of 2018. The resort, previously a Marriott Autograph collection hotel, is within driving distance of 10% of our existing owners. It is also close to seven Bass Pro shops that can sell marketing vacation packages to stay at the Eilan and help drive sales at the resort. It is the perfect example of a drive-to location that our current members can enjoy, and a highly attractive property that is geographically convenient to marketing outlets that extend the Bluegreen experience to new owners. In late 2018, we opened an 11,000-square foot sales center at the Eilan, and we are expecting a successful first full year of sales at this location.

In 2018, our new locations also included two capital-light properties –The Marquee in New Orleans, which is being sold on behalf of a third-party developer partner through our successful Fee-Based Service business model, and The Manhattan Club in New York City, which is being acquired over time through our low cost Secondary Market program. Both have been very well received and we are constantly evaluating new opportunities to enhance our experience offering to our owners.

As you know, a common issue in the vacation ownership industry is that the product is purchased in perpetuity, and in most cases this purchase is financed by the buyer. Should the buyer desire to sell their vacation interest for any reason, there is no efficient secondary market and they may still owe a portion of the original purchase price of their VOI. These factors have historically made exiting a timeshare purchase difficult. Some third-party firms have capitalized on this situation by taking large, up-front fees from consumers, promising they will obtain a release for them from their contractual obligations on their purchase. In reality, these firms have no valid method of releasing their obligations and are merely instructing the owner to stop making payments on their loan, while at the same time legally tying the vacation ownership company's hands from talking to their own customer about the situation. They do this by abusing the use of so called "cease & desist" letters. Ultimately, the owners are "released" from their obligations solely based on their default and the result is harming the consumers' credit. The exit firm provides no service for their exorbitant fees, for a result the consumer could have obtained on their own.

As we have shared in the past, the impact of this cease and desist activity continues to negatively impact our results and those of our peers. Under the leadership of Jorge de la Osa on the legal side, partnering with Tony Puleo and Famous Rhodes, we are focused on developing new strategies to address the needs of our members directly while continuing to find ways to protect our VOI owners from the predatory exit firms. On the legal side, we have launched a law suit against one of the high volume “cease & desist” law firms and their affiliates. In addition, we’ve been supportive of the efforts of the American Resort Development Association to educate timeshare owners, lawmakers and states’ attorney general’s about the abusive behavior of the third-party firms. We are also participating on ARDA’s Coalition for Responsible Exit website, which, we believe, along with our own digital campaigns, will allow owners more channels to talk to us about their timeshare ownership before they sign a deceptive agreements with third-party “cease & desist” firms. We intend to reevaluate our general practice of defaulting owners who have signed up with “cease & desist” firms, thus denying the third-party exit firm the so called “success” of getting the owner out of their contract through no effort by them and highlighting that these third-party firms are providing no services to the owners who would be better served by terminating the third-party firms and talking to us directly. Finally, we intend to enhance our outreach programs to owners who may need help in getting all they can get out of their Bluegreen Vacation Club ownership. We believe that there are so many great vacation experiences awaiting our owners, either at one of our 69 resorts or through the over 11,000 vacation options available by using their points through exchange partners, but sometimes owners need extra help to navigate these options to take a vacation. If in the course of this outreach we determine that the owner really desires an exit, we have developed internal protocols to help them in a way that we believe will be much more beneficial to them, rather than engaging a third party. We will keep you apprised of our progress.

As we move ahead through 2019 and beyond, we are laser focused on the consumer journey, improving all touch points which should enhance both our marketing vacation package sales, VOI sales and most importantly the owners’ vacation experiences. We have a capital-light business model which generates recurring free cash flow and a strong balance sheet that provides the Company with both stability and optionality to pursue accretive growth initiatives. We are confident that our actions to date are laying a firm foundation for Bluegreen and we look forward to updating you on our progress throughout the year.

Tony will now provide a detailed review of our 4th quarter and year-end results. Tony?

Tony Puleo – Chief Financial Officer

Thanks, Shawn. My remarks today will include a review of our fourth quarter and full year financial and operating results.

Before discussing our financial results, I'd like to provide some color on VOI sales for the quarter and year as well as the marketing mix between existing and new customers.

System-wide sales of VOIs in the fourth quarter were down $6.0 million or 4% year over year, driven by a 4% decrease in sales tours. As we mentioned on our third quarter earnings call, approximately $1.2 million of this decrease was due to fourth quarter travel cancelations from the lingering impact of third quarter hurricane activity. As Shawn mentioned, we believe that the remaining decrease in tours was likely due to the effects of our marketing yield management program, which only resulted in a 1% improvement in sales volume per guest in the fourth quarter, therefore only partially offsetting the associated decrease in sales tours.

Drilling down to our sales mix in the fourth quarter, sales to existing owners increased to 53% of sales on a 4% increase in owner tours offset by a 3% decline in sales volume per guest for such tours.

For the year ended 2018, system-wide VOI sales were up 1% as compared to 2017. For the year, sales to existing owners comprised roughly 52% of system-wide sales, up from 49% in 2017. The increase in owner sales was driven by a 1% increase in existing owner tours, and a 3% increase in VPG. Sales to new customers declined 3% in 2018 primarily due to a 10% decline in tours, partially offset by an approximately 6% increase in sales volume per guest. We were disappointed in the decrease of sales to new customers, which was driven by our marketing yield management program, in particular the increase to a minimum household income of $50,000 up from $40,000 to qualify to purchase a marketing vacation package, as well as a delay in the growth of our Bass Pro marketing channel due to the ongoing issues with Bass Pro. We strongly feel that the yield management program is the right business decision over the long term and believe recent changes to this process will be beneficial. Despite our lower new customer sales in 2018, we still generated net new owner growth of 2%.

In 2019, we anticipate that our sales mix will continue to shift slightly more towards more owner sales, as our initiatives to grow new customer sales will take more time to show meaningful progress. As Shawn mentioned, we also believe that the issues with Bass Pro will be resolved, further opening marketing channels for our vacation destinations; however, any such resolution will require lead time to execute from a growth perspective. We also expect that any western expansion through Bass Pro and Cabela's would be rolled out strategically over time.

Moving on to our financial results, net income for the fourth quarter of 2018 was $19.8 million or $0.27 per fully diluted share compared to net income of $66.4 million or $0.91 per fully diluted share in the fourth quarter of 2017. As a reminder, the fourth quarter of 2017 included a $47.7 million income tax benefit for deferred tax liabilities which were reduced as a result of the Tax Cuts and Jobs Act of 2017.

Adjusted EBITDA in the fourth quarter was $31.7 million, down 11% from the prior year. The change in adjusted EBITDA reflects an 8% decline in gross profit on sales of VOIs including the decline in sales of VOIs discussed earlier, and an increase in the provision for loan losses to almost 21% of sales versus 16% in the prior year quarter. We increased our provision for loan losses to reflect a $3.7 million change in the estimate on prior periods' originations in Q4 2018. This change in estimate was driven by growing cease and desist activity, the defaults from which increased approximately 9% in 2018 compared to 2017. As we implement some of the strategies that Shawn outlined earlier, we would expect loan loss provisions to decline over time, however the benefit of these strategies will most likely not be seen in 2019.

Cost of sales was lower in the fourth quarter by 280 basis points or $2.4 million reflecting a favorable GAAP adjustment of $3.6 million for the impact of late summer price increases.

Our net carrying cost of inventory increased by $3.3 million primarily due to the acquisition of the Elian Hotel & Spa in San Antonio, TX.

SG&A fell 8% to $100 million in the quarter, as the fourth quarter of 2017 included a $4.8 million good faith payment to Bass Pro Shops as well as $1.2 million of accrued severance related to our corporate realignment initiative. The remainder of the reduction was due to lower variable costs associated with our lower sales as well as the overall impact of the 2017 corporate realignment initiative, which eliminated certain fixed costs in our sales and marketing operations. This was offset by an increase in corporate overhead primarily due to increased legal expenses as the Company employs a more aggressive legal strategy and increased depreciation in connection with information technology investments.

Interest expense rose $3.0 million reflecting additional debt associated with the acquisition of the Eilan and an increase in market interest rates.

Now, turning to our full year 2018 results, Net income for the year ended 2018 was $88 million or $1.18 per share as compared to net income of $127 million in 2017 or $1.77 per diluted share. The variance is primarily attributable to the $47.7 million income tax benefit recognized in 2017 in connection with the Tax Act as I previously discussed.

Income before non-controlling interest and provision for income tax was $129 million for 2018, a decline of 6% compared to 2017. The main drivers of this decrease were a $7.1 million increase in the net carrying cost of inventory, primarily driven by the additional carry costs of the Eilan resort; an increase in the provision for loan losses to 17% of sales versus 16% in the prior year; higher cost of VOIs sold at 9% compared to 7% in 2017; and a $13.5 million increase in corporate overhead, due to higher legal costs, costs related to an expanded executive team, higher depreciation expense on information technology investments, increased investor and public relations costs associated with being a public company, as well as higher healthcare costs.

These decreases in income were partially offset by the positive impacts of the 1% increase in system-wide sales as well as an 18% increase in pre-tax profits from Resort Operations and Club Management and a 230-basis point decrease in selling and marketing expenses as a percentage of system-wide sales.

We anticipate that the slower growth experienced in 2018 will continue in 2019 along with some compression of our operating profit margins, as more fully discussed on our third quarter earnings call. However, we look ahead with a sense of optimism as Shawn shared – early leading indicators are showing some improvement, we are closer to a Bass Pro resolution, we have a growing number of sales centers with a full year of contribution from new destinations and a balance sheet that can comfortably fund our business plan and which is built to weather various business cycles and which we believe will allow us to take advantage of opportunities as they arise.

At year-end, our balance sheet was well funded with $219 million in unrestricted cash, $1.3 billion in assets and availability of $193.2 million under Bluegreen's $365 million of credit facilities, subject to available collateral and the terms of the facilities. The Company's net debt to EBITDA was a very low 0.17x, excluding receivable-backed notes payable. During the fourth quarter, we completed an approximately $118 million securitization of investment-grade vacation ownership-backed notes with a fixed interest rate of 4.02%. The securitization was in high demand and multiple times over-subscribed.

Also in the fourth quarter, the Board of Directors approved a $35 million share repurchase program for up to 3,000,000 Bluegreen shares. The authorization allows Bluegreen to repurchase shares from time to time subject to market conditions and other regulatory factors. Through December 31, 2018, the Company has repurchased over 288,000 shares for a total of $4.0 million.

Subsequent to quarter end, on January 9th, our board of directors declared a cash dividend of $0.17 per share of common stock representing a 13% increase over the annualized dividend for 2017.

As Shawn stated earlier – we have started 2019 on strong footing. We have laid the foundation for an infrastructure that can support increased scale and growth as we move forward. The team is highly focused on improving upon 2018 results, and we believe that our efforts will start to bear fruit in the latter half of 2019. We look forward to sharing our progress with you in the quarters ahead.