Bluegreen Vacations Corporation (NYSE: BXG)

1st Quarter 2019 Pre-Recorded Business Update

May 6, 2019

Evelyn Infurna – Investor Relations

Good afternoon, everyone. Thank you for joining us today to review Bluegreen Vacation's first quarter 2019 financial and operating results.

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

I would like to remind listeners that this pre-recorded business update might 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 cases, 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, filed on March 8, 2019, and on its Quarterly Report on Form 10-Q for the three months ended March 31, 2019, filed on or about May 6, 2019, both of which are available for view on the SEC's website, www.sec.gov, and on Bluegreen Vacation's website, www.BluegreenVacations.com. We have also prepared 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 will 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 2019 first quarter results.

Before I provide an update on the quarter, I would like to discuss the status of our dispute with Bass Pro Shops. Given the nature of the situation, we are somewhat limited in what we can share but we can say we are encouraged by our continued communications regarding the scheduling of good faith meetings. We previously publicly released an update on the Bass Pro matter on April 22, 2019, including Bass Pro's filing of a lawsuit prior to the expiration of our 30-day cure period for alleged breaches. Since then, Bass Pro has not further pursued that litigation and we have agreed to meet in an effort to achieve a mutually agreeable resolution on the outstanding issues. We are hopeful that we can realize a satisfactory outcome for both of our companies, and while we do not agree with their alleged monetary claims, we do not believe that the claims involve significant amounts. I also want to reiterate that we are continuing to sell vacation packages in Bass Pro stores under our marketing agreement and we have achieved a 23% increase in the number of vacation packages sold through the Bass Pro marketing channel in the first quarter of 2019 compared to the first quarter of 2018. We are also pleased to announce that on April 26, 2019, we opened our newest Bass Pro kiosk in Rogers, Arkansas, formerly a Cabela's location. In addition, our 51%-owned joint venture with an affiliate of Bass Pro is currently engaged in the construction of new cabins at the Wilderness Club at Big Cedar Resort.

I know another point of shareholder interest is the status of the possible short-form merger involving BBX Capital Corporation. As previously announced, BBX has advised us that it is reevaluating whether to pursue the merger. We understand that this is still the case. BBX will keep us apprised of developments once BBX has made its determination. BBX is under no obligation to pursue the merger.

Now, let's talk about our operations.

As a management team, we continue to focus on building a platform which will support and enable growth. To this end we have a number of strategic initiatives underway that impact what we believe are the most important areas necessary to achieve our objective of long-term, continuous profit improvement.

One of our principal goals is to reinvigorate sales through both our existing sales channels as well as through new prospective marketing partners. But, as we outlined on our last call, the reacceleration of sales will take time. Increased sales of vacation packages must first result in increased tours and then increased tours should result in increased VOI sales. While our results for the quarter do not reflect the benefit of our long-term investments, we are confident that the foundation we are laying today will translate into VOI sales in the future.

Our yield management initiative, designed to enhance credit quality of our prospects, and the impact of lower sales of vacation packages in the second half of 2018 resulted in a 4 percent decline in guest tours in the first quarter. But, once again, we have seen an improvement in our sales efficiencies with a 4 percent increase in average sales price per transaction which drove a 2 percent increase in sales volume per guest, or VPG, both as compared to the first quarter of 2018. Importantly, sales to existing owners increased by 3% versus the comparable prior year period, which we believe is an indication that our owners are fully engaged and interested in expanding their Bluegreen experience.

With respect to our established marketing channels, we are seeing promising trends in our Choice hotels relationship. Sales through our Choice relationship are up roughly 4%

as compared to the first quarter of 2018. We continue to see improved flow through from being included on the Choice Privileges program webpage and believe that the improvements we implemented in call center training are helping to successfully convert the leads from Choice to sales of vacation packages.

While sales from our Bass Pro channel are down compared to the first quarter of 2018, we are encouraged by the 23% increase in vacation packages achieved in the quarter vs. the comparable prior year period. We believe these vacation package sales are strong leading indicators for VOI sales over the next 6 to 18 months and are occurring despite the ongoing issues with Bass Pro.

As we have shared in the past, we believe Bluegreen's creative approach to developing marketing channels targets our preferred, middle-America demographic. The goal of our Business Development team is to enter into relationships with national retailers, iconic sports organizations and various professional associations that are consistent with that demographic. These efforts will take time but are showing promise as we look to augment and diversify our existing channels of lead generation.

In terms of our more recent resort offerings, specifically the Éilan Hotel & Spa in San Antonio, Texas and the Marquee in New Orleans, Louisiana– we are very pleased with the successful introduction of these resorts to date. The sales office at the Éilan is open and generated over $3 million in VOI sales in the first quarter, exceeding our sales expectations. We have invested a great deal of time and attention to getting the guest experience right as we converted operations from a full-service hotel to an upscale timeshare resort. In fact, the Éilan's banquet director was recently recognized by ARDA for excellence in guest experience. The early response from owners and prospective owners has been extremely positive.

The Marquee is under renovation by one of our Fee-Based Service partners and is expected to provide one of our most unique guest experiences. From the check-in experience to the interactive digital elements in the rooms and common areas, we believe our guests will experience the rich history of the theater district in this iconic American city. The Marquee is expected to be completed and hosting its first guests in June 2019. Even before having the benefit of being on the campus of a fully operational resort, our new sales office at the Marquee opened in December 2018 and is off to a great start.

As in the fourth quarter, the cease and desist activity by the so called "timeshare exit firms" and their attorneys continue to impact our results, but we believe we are beginning to see some promising results from our initiatives. While our provision for loan losses rose to 17.7% as compared to 12.5% in the prior year period, the lower rate in the first quarter of 2018 reflected a favorable effect of prepayments on prior year's originations in excess of the previous estimates. On a sequential quarter basis, the 17.7% did reflect a 300-basis point improvement over the fourth quarter's provision.

We believe that our efforts and the efforts of others in the industry to discredit certain of these "timeshare exit" firms through the courts is making progress. In April, one of the largest timeshare exit firms, American Resource Management Group (referred to as "ARMG"), filed for bankruptcy after being sued by Bluegreen and another company for false advertising, civil conspiracy and deceptive trade practices. The court noted that among other misrepresentations made, ARMG had minimal cash in their bank accounts and insufficient reserves to cover the potential 100% guarantee claims made to thousands of timeshare owners who paid substantial upfront fees. These findings supported our assertions that these timeshare exit firms are predatory and not acting in good faith with respect to their clients. While we see this as a victory, we recognize that there is still a great deal of work to do.

Since our last call, we have ended our general practice of defaulting owners who have signed up with these third-party firms, thus denying these exit firms the ability to claim the "success" of getting the owner "out of their contract" upon default and highlighting that these third-party firms are providing no services to the owners who would be better served by talking directly to us. We have adopted appropriate strategies to assist owners that need to end their relationship with Bluegreen under certain circumstances and are also participating in the American Resort Development Association's Coalition for Responsible Exit.

We continue to enhance our outreach to owners and are launching programs to get our new owners off on the right foot as they start their vacation experiences with Bluegreen.

We are very pleased with the continued growth in our Resort Operations and Club Management segment, which realized a 13% growth in revenue and a 10% growth in EBITDA in the first quarter compared to the prior year period. We have grown the number of resorts under management to 49 and also have been able to realize fee increases on certain of our existing management contracts. This segment of our business provides recurring, capital-light EBITDA, which was $13.2 million for the quarter.

As we reflect on the results for the first quarter, we are encouraged by the improvement in sales of our marketing vacation packages through a number of our marketing channels, as well as in the improved activation of our pipeline of vacation packages. But, we have our vision fixed on the long term. We continue focus on our current and prospective owners, enhancements to our marketing channels and incremental growth opportunities, our goal is to return to a positive growth trajectory in the future.

Tony will now provide a detailed review of our 1st quarter results. Tony?

Tony Puleo – Chief Financial Officer

Thanks, Shawn. My remarks today will include a review of our first quarter operating results and our financial position.

Starting with operations, consistent with our prior communications, system-wide VOI sales declined 2% as compared to the first quarter of 2018, reflecting lower total guest tours as we work to refill our vacation package pipeline. Total guest tours fell roughly 4% versus the comparable prior year period, and new guest tours were approximately 28,000 in the quarter compared to nearly 30,000 a year ago. Sales mix was led by sales to existing owners at nearly 57% of VOIs sold.

Conversion ratios overall came in at 17.1%, compared to 17.5% in the first quarter of 2018. Average sales price per transaction rose 4% vs. the comparable prior year period, which was the main driver of the 2% improvement in VPG to $2,700.

Moving on to our earnings, net income for the first quarter of 2019 was $15.2 million or $0.20 per fully diluted share compared to net income of $21.0 million or $0.28 per fully diluted share in the first quarter of 2018.

Adjusted EBITDA in the first quarter was $26.2 million, down 21% from the prior year period. The change in adjusted EBITDA primarily reflects the compression of our operating margin that we anticipated on our prior conference calls, primarily due to increases in the provision for loan losses, cost of VOIs sold and the net carrying cost of inventory. These higher costs were partially offset by a decrease in our corporate overhead expenses.

As Shawn discussed, while the first quarter reflected an unfavorable comparison to the prior year period in the provision for loan losses, this variance was primarily due to the prior year provision being atypically low due to the impact of prepayments (especially equity trades) on prior years' originations in excess of previous estimates. We continue to expect our provision for loan losses to be in the range of 17% to 19% for 2019, and it was 17.7% in the first quarter. We expect the provision for loan losses to stabilize and hopefully decline over time as some of the strategies related to dealing with timeshare exit firms begin to take effect, but, as Shawn discussed, we are not anticipating these benefits to have a material impact on our loan loss provision in 2019.

Cost of VOIs sold rose in the first quarter by 400 basis points, with the variance reflecting an atypically low percentage in the prior year quarter due to the mix of VOIs sold. However, cost of VOIs sold came in at 7% for the quarter, which was better than our previously announced expectations as we acquired more secondary market inventory at favorable rates than previously estimated. We expect our cost of VOIs sold to range from 9% to 13% for the remainder of 2019.

Net carrying cost of inventory rose to $7.7 million from $2.5 million in the first quarter of 2018 primarily due to the acquisition of the Éilan Hotel & Spa in San Antonio, Texas, which we acquired in April 2018. We would expect these higher costs to continue throughout 2019.

Selling and marketing expenses decreased slightly to $65.2 million in the quarter but increased to 50% of system-wide sales from 49% reflecting slightly higher commission rates. Corporate overhead declined 19.0% to $18.2 million in the first quarter of 2019 compared to the first quarter of 2018, reflecting a reduction in legal, healthcare and long-term incentive compensation expenses.

Turning to our financial position, our balance sheet remains solid as we ended the first quarter with $189.9 million in unrestricted cash, $1.3 billion in assets and availability of $191.1 million under Bluegreen's $365.0 million of credit facilities, subject to available collateral and the terms of the facilities. The Company's net debt-to-EBITDA ratio, excluding receivable-backed notes payable, was a very low 0.05. We believe, the balance sheet amply supports our growth initiatives and provides us with the flexibility to pursue additional external growth opportunities such as the Éilan, the Marquee and The Manhattan Club.

As previously communicated on our 4th quarter call, 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 2018. At their April 17th meeting, the board declared a $0.17 per share dividend for the second quarter of 2019. This dividend is payable on May 15th, 2019 to shareholders of record on April 30th, 2019. We believe that Bluegreen provides an attractive dividend yield within the timeshare space.

To conclude, significant infrastructure improvements and longer-term growth initiatives are now in place; we are seeing encouraging trends in certain of our marketing channels and are progressing in our efforts to protect our Vacation Club owners from predatory timeshare exit firms. Further, our balance sheet provides us with a great deal of stability and flexibility. We have focused our strategic initiatives on continuously improving the most critical aspects of our business, with a view to returning to attractive revenue growth. And in the meantime, we have continued to provide an industry-leading dividend yield for our shareholders. We look forward to providing you with updates on our progress as the year proceeds.

Thank you for joining us today.