September 10, 2021

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Travel + Leisure Co. Announces Four Year Plan to Accelerate Growth; Raising Low End of 2021 Adjusted EBITDA Target

ORLANDO, Fla.--(BUSINESS WIRE)-- Travel + Leisure Co. (NYSE:TNL) today will present the company's four-year growth plan at its meeting with institutional investors and security analysts in New York. The presentation will outline the company's strategy to grow its cornerstone timeshare and vacation exchange businesses, and to develop new business extensions to broaden its reach into the leisure travel market.

"With our resilient timeshare business as the foundation, we are poised to accelerate our growth by broadening our focus to a much larger addressable market as we leverage the power of Travel + Leisure - the most influential brand in travel," said Michael D. Brown, president and CEO of Travel + Leisure Co. "Our ultimate goal is to drive higher growth rates from more diversified business lines, including our new membership and subscription travel businesses."

Given the company's assumptions for its four-year growth plan, the company expects to produce the following results:

- Adjusted diluted EPS[1] of $6.10 to $7.30 in 2025, which would represent a compound annual growth rate of 17 to 22 percent over expected 2021 adjusted diluted EPS results;
- Adjusted EBITDA[1] increasing through 2025 at a compound annual growth rate of 11 to 14 percent over expected 2021 adjusted EBITDA results;
- Cumulative cash available for enhancing shareholder value to total $2.9 to $3.3 billion for the four years (2022 through 2025), representing expected adjusted free cash flow[1] and additional net debt[1] capacity;
- $0.6 to $0.7 billion in dividends and $2.3 to $2.6 billion of cash available for share repurchases, pursuing strategic M&A opportunistically and reinvesting in the business over the four-year period.

2021 Outlook

The company is updating its full year 2021 outlook and reaffirming its third quarter outlook:

- Adjusted EBITDA of $725 million to $735 million from $720 million to $735 million
- Adjusted diluted EPS of $3.24 to $3.30 from $3.20 to $3.30
- For the third quarter, the company is affirming its adjusted EBITDA guidance of $200 million to $210 million

"Despite a rise in daily COVID cases, our business continues to perform well. Occupancy remains high at our vacation ownership resorts and net bookings for the rest of the year continue to be above 2019 levels," Brown said. "Our results over the past 18 months have demonstrated the resiliency of our strong timeshare business, which will continue to fuel our ability to grow and extend our enterprise. The desire for leisure travel is as strong as ever, and the pent-up demand from consumers will help drive the strong growth of our businesses between now and 2025."

The outlook and other forward-looking information is presented only on a non-GAAP basis because not all of the information necessary for a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measure is available without unreasonable effort, primarily due to uncertainties relating to the occurrence or amount of these adjustments that may arise in the future.

Live Webcast

Travel + Leisure Co. will provide a live webcast of today's investor and security analyst conference. The live webcast will be available for investors on Friday, Sept. 10 at 8:30 a.m. EDT to approximately 12.00 p.m. EDT. Slides and video from the meeting will be available to be accessed at investor.travelandleisureco.com. The company will archive the presentation slides and the webcast on the website within 24 hours of the presentation, and the webcast will be available for a limited time.

[1] This press release includes the company's outlook for adjusted diluted EPS, adjusted EBITDA, net debt and adjusted free cash flow, which are metrics that are not calculated in accordance with Generally Accepted Accounting Principles in the U.S. ("GAAP"). See appendix for the definitions of these non-GAAP measures.

About Travel + Leisure Co.

Travel + Leisure Co. is the world's leading membership and leisure travel company, with nearly 20 travel brands across its resort, travel club, and lifestyle portfolio. The company provides outstanding vacation experiences and travel inspiration to millions of owners, members, and subscribers every year through its products and services: Wyndham Destinations, the largest vacation ownership company with more than 245 vacation club resort locations across the globe; Panorama, the world's foremost membership travel business that includes the largest vacation exchange company, industry-leading travel technology, and subscription travel brands; and Travel + Leisure Group, featuring top online and print travel content, online booking platforms and travel clubs, and branded consumer products. At Travel + Leisure Co., our global team of associates brings hospitality to millions, turning vacation inspiration into exceptional travel experiences. We put the world on vacation. Learn more at travelandleisureco.com.

Forward-Looking Statements

This press release includes "forward-looking statements" as that term is defined by the Securities and Exchange Commission ("SEC"). Forward-looking statements are any statements other than statements of historical fact, including statements regarding expectations, beliefs, hopes, intentions, outlook and strategies regarding the business of Travel + Leisure Co. and its subsidiaries ("Travel + Leisure," "we" or "our"). In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expects," "should," "believes," "plans," "anticipates," "projects," "estimates," "predicts," "potential," "growth plan," "continue," "future", "outlook" or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Travel + Leisure to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, uncertainty with respect to our ability to realize the benefits of the Travel + Leisure acquisition; the scope and duration of the novel coronavirus global pandemic ("COVID-19"), any resurgences and the pace of recovery; the timing of the widespread distribution of an effective vaccine or treatment for COVID-19; the potential impact of governmental, business and individuals' actions in response to the COVID-19 pandemic and our *related contingency plans, including reductions in investment in our business, vacation ownership interest sales and tour flow, and consumer demand and liquidity; our ability to comply with financial and restrictive covenants under our indebtedness and our ability to access capital on reasonable terms, at a reasonable cost or at all; general economic conditions and unemployment rates, the performance of the financial and credit markets, the competition in and the economic environment for the leisure travel industry; risks associated with employees working remotely or operating with a reduced workforce; the impact of war, terrorist activity, political strife, severe weather events and other natural disasters, and pandemics (including COVID-19) or threats of pandemics; operating risks associated with the Vacation Ownership and Travel and Membership segments; uncertainties related to strategic transactions and any potential impact on our relationships with our customers, suppliers, employees and others with whom we have relationships, and possible disruption to our operations; our ability to execute on our strategy; the timing and amount of future dividends and share repurchases, if any; and those other factors disclosed as risks under "Risk Factors" in documents we have filed with the SEC, including in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 24, 2021. In addition to the foregoing, our outlook and other forward looking financial information included above and included in our presentation today is based on a number of significant internal assumptions developed by management, including but not limited to revenue growth in each segment including with regard to our cornerstone businesses and new business extensions, gross VOI sales, tours, exchange and non-exchange transactions, net consumer finance activity and portfolio size, capital expenditures, net inventory spend and successful rollout of new business extensions, among other financial measures and factors. While management believes its assumptions are reasonable, there is no assurance that all such assumptions and other factors will be realized. We further caution readers that any such the forward-looking statements in this release are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we undertake no obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.*

Appendix

Non-GAAP Definitions

Adjusted Diluted Earnings/(Loss) per Share: A non-GAAP measure, defined by the Company as Adjusted net income/(loss) from continuing operations divided by the diluted weighted average number of common shares.

Adjusted EBITDA: A non-GAAP measure, defined by the Company as net income/(loss) from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes, each of which is presented on the Condensed Consolidated Statements of Income. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, impairments, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels and Cendant, and the sale of the vacation rentals businesses. We believe that when considered with GAAP measures, Adjusted EBITDA is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Adjusted EBITDA should not be considered in isolation or as a substitute for net income/(loss) or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Adjusted Free Cash Flow: A non-GAAP measure, defined by the Company as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt, while also adding back cash paid for transaction costs for acquisitions and divestitures, separation adjustments associated with the spin-off of Wyndham Hotels, and certain adjustments related to COVID-19. A limitation of using Adjusted free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that Adjusted free cash flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Adjusted Net Income/(Loss): A non-GAAP measure, defined by the Company as net income/(loss) from continuing operations adjusted to exclude separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, amortization of acquisition-related assets, debt modification costs, impairments, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent and the tax effect of such adjustments. Legacy items include the resolution of and adjustments to certain contingent liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels and Cendant, and the sale of the vacation rentals businesses.

Free Cash Flow (FCF): A non-GAAP measure, defined by TNL as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt. TNL believes FCF to be a useful operating performance measure to evaluate the ability of its operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, its ability to grow its business through acquisitions and equity investments, as well as its ability to return cash to shareholders through dividends and share repurchases. A limitation of using FCF versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that FCF does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Net Debt: Net debt equals total debt outstanding, less non-recourse vacation ownership debt and cash and cash equivalents.

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