

The background of the slide is a vibrant, low-angle shot looking up at several open umbrellas. The umbrellas are in various colors including orange, purple, blue, and red, with their ribs creating a radial pattern across the frame. The lighting is bright, suggesting an outdoor setting.

**TRAVEL+**  
**LEISURE**

# **INVESTOR PRESENTATION**

**May 2021**

## Forward-Looking Statements

This presentation 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 our expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “expects,” “should,” “believes,” “plans,” “anticipates,” “estimates,” “guidance,” “predicts,” “potential,” “continue,” “future” or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Travel + Leisure Co. and its subsidiaries (“Travel + Leisure” or “we”) 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 from Meredith Corporation; the scope and duration of the novel coronavirus global pandemic (“COVID-19”) and 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 the COVID-19 pandemic and governmental, business and individuals’ actions in response to the pandemic and our related contingency plans and cost and investment reductions on our business, vacation ownership interest sales and tour flow, 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; our ability and the ability of Wyndham Hotels & Resorts, Inc. (“Wyndham Hotels”) to maintain credit ratings; 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 acquisitions, dispositions and other strategic transactions, including the spin-off of our hotels business (“Spin-off”), Wyndham Hotels, 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. We caution readers that any such statements 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.

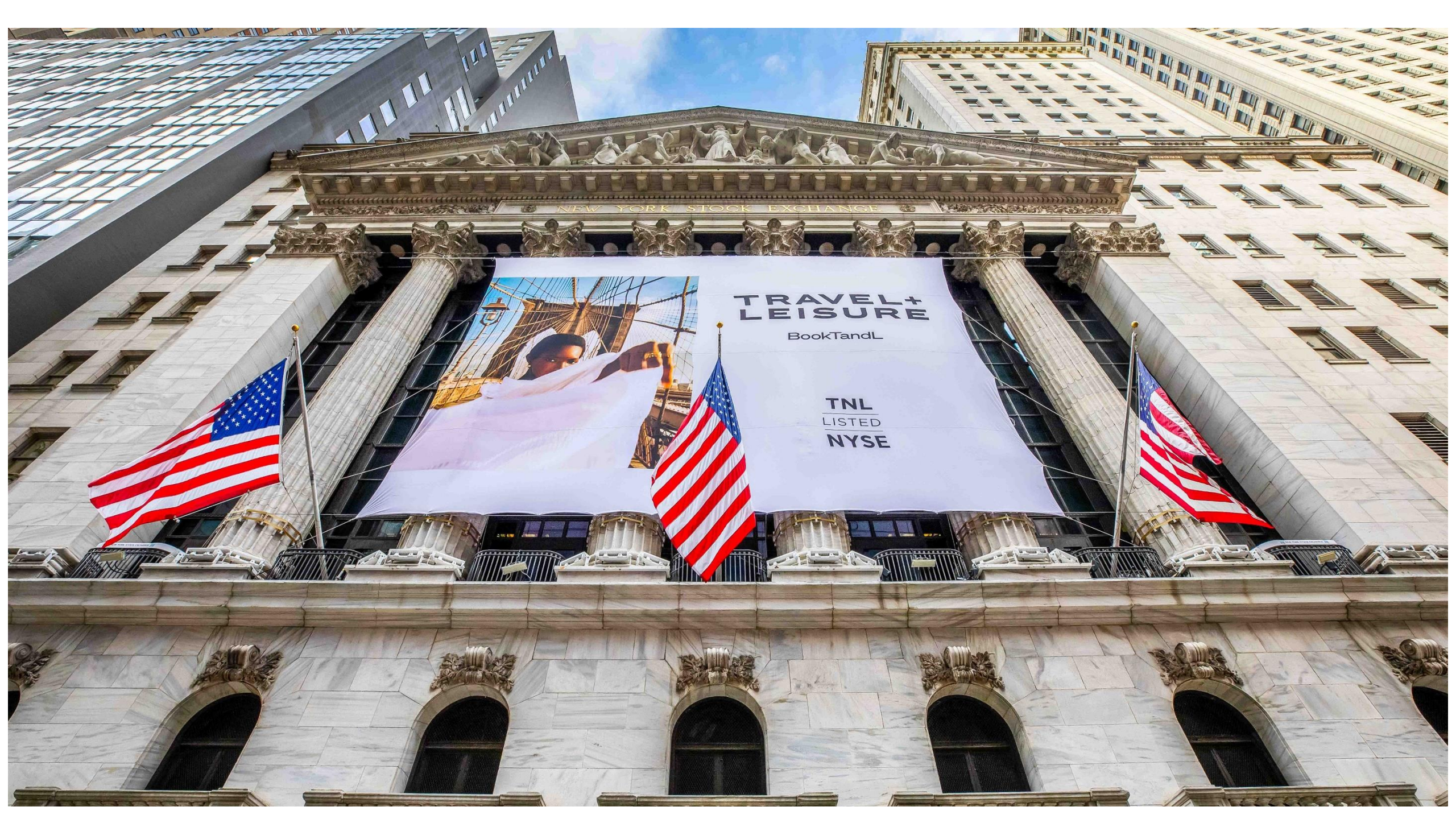
## Disclaimer

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## Presentation of Financial Information

Financial information discussed in this presentation includes non-GAAP measures such as adjusted EBITDA, adjusted free cash flow, and gross VOI sales, which include or exclude certain items. The Company utilizes non-GAAP measures on a regular basis to assess performance of its reportable segments and allocate resources. These non-GAAP measures differ from reported GAAP results and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors when considered with GAAP measures as an additional tool for further understanding and assessing the Company’s ongoing operating performance by adjusting for items which in our view do not necessarily reflect ongoing performance. Management also internally uses these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Exclusion of items in the Company’s non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Full reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures for the reported periods appear in the appendix of this presentation.





NEW YORK STOCK EXCHANGE

TRAVEL+  
LEISURE

BookTandL

TNL  
LISTED  
NYSE



# TRAVEL+ LEISURE

```
graph TD; TL[TRAVEL+ LEISURE] --- W[Wyndham Destinations]; TL --- P[PANORAMA]; TL --- T[TRAVEL+ LEISURE Group];
```

The diagram illustrates the corporate structure of Travel+Leisure. At the top is the parent company, Travel+Leisure. A horizontal line below it branches into three vertical lines, each leading to a subsidiary: Wyndham Destinations, PANORAMA, and Travel+Leisure Group.

**WYNDHAM  
• DESTINATIONS**

**PANORAMA**

**TRAVEL+  
LEISURE  
Group**

- **Approximately 50% of normalized adjusted EBITDA is derived from predictable revenue streams:**
  - consumer finance, vacation exchange and hospitality <sup>(1)</sup>
- **Strong FCF** <sup>(2)</sup>
  - FCF conversion of ~60% <sup>(3)</sup>
  - FCF positive in 2020 and 2021 expected to be a recovery year
- **100% focused on leisure travel**
- **867K owners and 3.7M members committed to vacationing** <sup>(4)</sup>
- **Largest footprint in the timeshare industry with 247 resorts** <sup>(4)</sup>
- **Acquired Travel + Leisure brand to expand into adjacencies and increase addressable market**
- **Strong balance sheet and liquidity position** <sup>(4)</sup>

## INVESTMENT HIGHLIGHTS

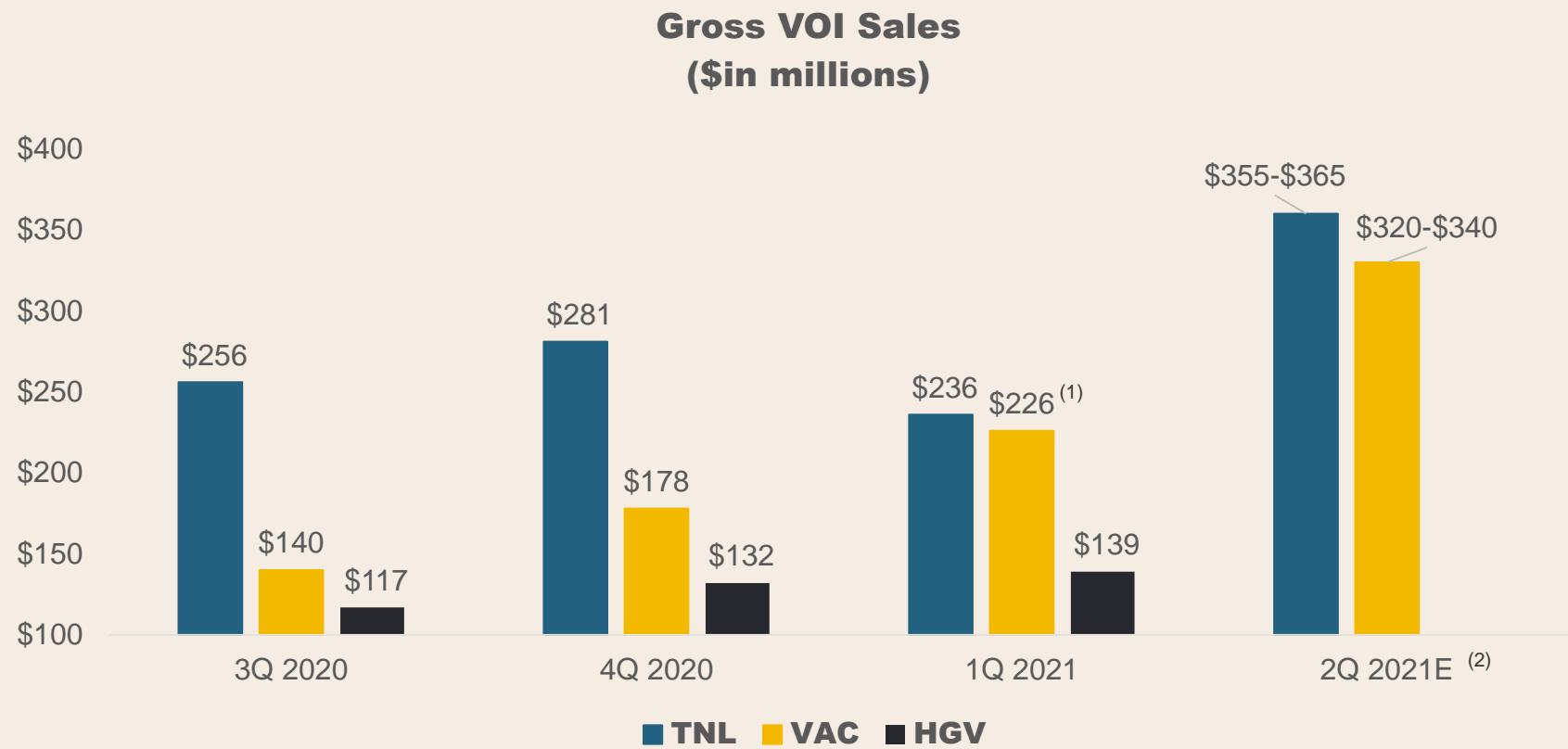
# FIRST QUARTER 2021 RECAP

Three Months Ended 3/31/21	
Net Revenue	\$628M
Net VOI Sales / Gross VOI Sales <sup>(1)</sup>	\$172M / \$236M
Net Income / Net Income Margin	\$29M / 4.6%
Adj. EBITDA / Adj. EBITDA Margin <sup>(1)</sup>	\$129M / 20.5%
VPG (y/y growth)	34%
New owner sales, transactions mix	32%
Adjusted Free Cash Flow <sup>(1)</sup>	\$20M

## Other Highlights

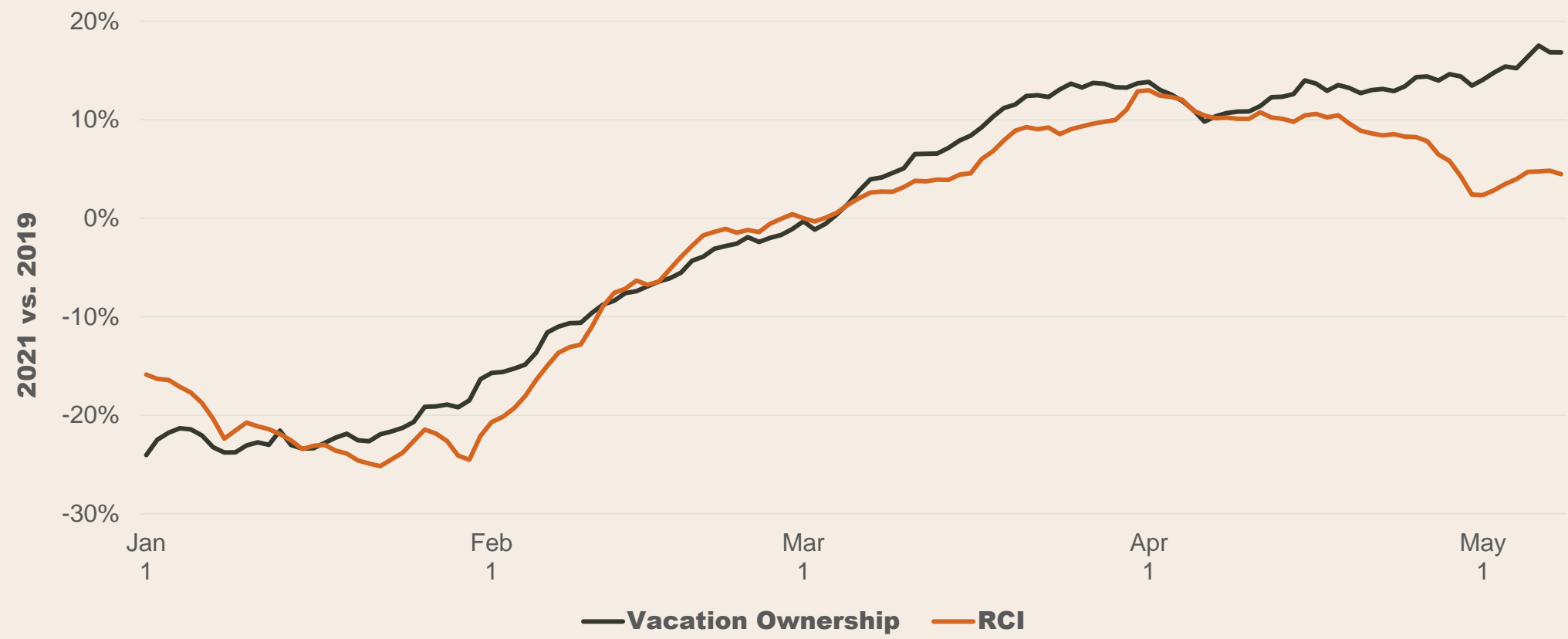
- Executed \$500M term securitization with best terms in Company history
- Paid 1Q dividend of \$0.30 per share: \$26M
- Travel + Leisure Co. received the top score on the Corporate Equality Index

# STRONG RECOVERY IN INDUSTRY SALES



1. VAC sales include impact from Welk acquisition moving forward  
2. Guidance expectation as communicated during first quarter 2021 earnings call

# BOOKING TRENDS ABOVE 2019





# TRAVEL + LEISURE ACQUISITION

- Acquired Travel + Leisure brand, content, intellectual property and existing business
- Meredith will continue to operate and monetize the brand under a 30-year licensing agreement while maintaining editorial independence
- \$100M acquisition; \$35M paid at closing and trailing payments to be completed by June 2024
- Existing businesses include subscription travel clubs, nearly 60K members, and licensing business
- Launched BookTandL.com on February 17
- Will launch new subscription travel clubs in Q3'21



Hotels



Things to Do



Bundle + Save



Cars



Flights

Destination



City...

1 Room, 2 Adults. [Edit Options](#) ▾

From

Fri, 4/9/21

To

Sun, 4/11/21

SEARCH

# Book Travel + Leisure

Where Travel Dreams Become Reality

# TRAVEL+ LEISURE

## WYNDHAM •DESTINATIONS

**CLUB  
WYNDHAM**

  
**WORLDMARK**  
BY WYNDHAM

**SHELL  
VACATIONS  
CLUB**

**PR** PRESIDENTIAL  
RESERVE  
BY WYNDHAM

**MARGARTAVILLE**  
VACATION CLUB.  
BY WYNDHAM

## PANORAMA

  
**RCI**

  
**TACROSS**

  
**LOVE  
HOME  
SWAP**

**tripbeat**

**EXTRA HOLIDAYS**  
CONDO VACATIONS AT HOTEL PRICES

  
**THE  
REGISTRY  
COLLECTION\***

  
**@work**  
INTERNATIONAL

  
**ALLIANCE  
VACATIONS  
NETWORK**

## TRAVEL+ LEISURE Group

**Subscription Travel Clubs**

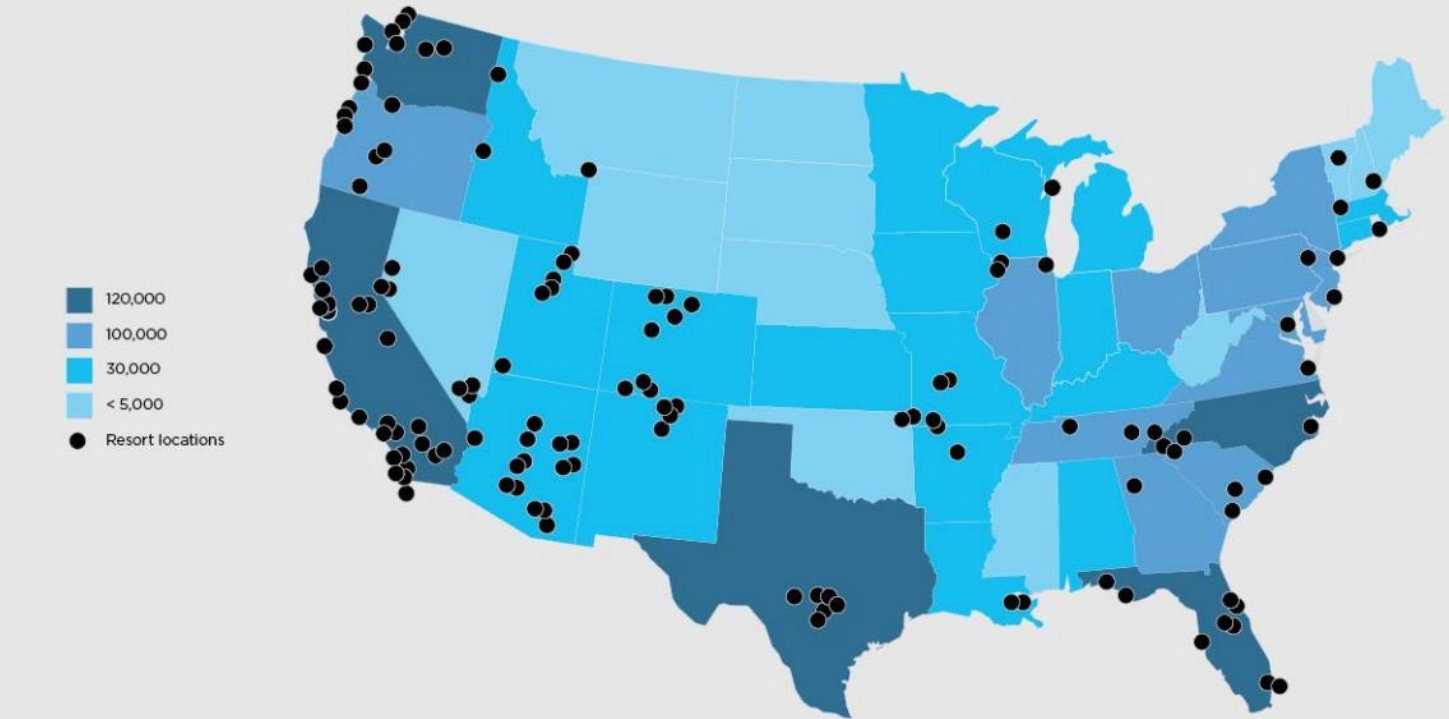
**Travel Booking Platform**

**Brand Licensing**



# EXTENSIVE FOOTPRINT IN THE U.S.

- ~80% of owners are driving to a Vacation Ownership resort <sup>(1)</sup>
- 95%+ U.S. population live within 300 miles of a Vacation Ownership resort <sup>(2)</sup>
- 162 resorts on mainland U.S. <sup>(2)</sup>
- 95% of North American sales on mainland U.S. <sup>(2)</sup>



## Where Our Owners Live

# KEY STATISTICS SHOW STABILITY IN OWNER BASE



**867K** OWNERS <sup>1</sup>



**184K** OWNERS HAVE A  
LOAN BALANCE <sup>1</sup>



**~80%** OF OWNERS HAVE NO  
LOANS OUTSTANDING <sup>1</sup>



**~4%** ANNUAL OWNER CHURN  
INCLUDING ELEVATED  
LOAN DEFAULTS <sup>2</sup>



**>98%** ANNUAL RETENTION  
OF OWNERS WITHOUT  
A LOAN BALANCE <sup>2</sup>



**~60%** NEW OWNER SALES TO  
GENX & MILLENNIALS <sup>1</sup>

# VOI SALES BY REGION

Region	% of Total 2019 VOI Sales <sup>(1)</sup>
Las Vegas	13%
Central Florida	12%
Gulf Coast	10%
California	10%
Northeast	9%
Carolinas	8%
Telesales	4%

Region	% of Total 2019 VOI Sales <sup>(1)</sup>
Tennessee	8%
Hawaii	5%
Pacific Northwest	4%
South Florida & Caribbean	4%
Branson & Great Lakes	4%
Desert Rockies	3%
International	6%



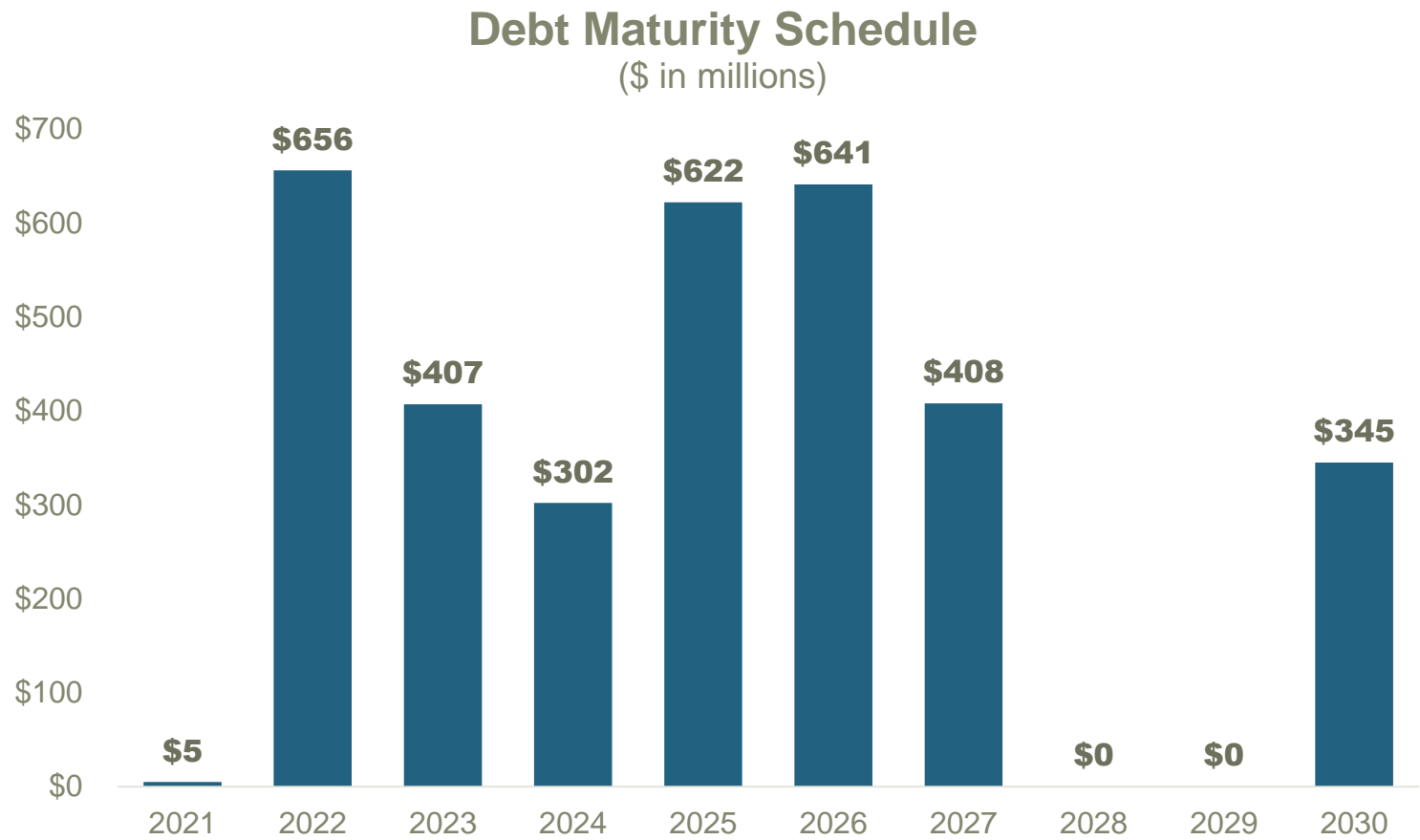
# DEBT MATURITY PROFILE AND LIQUIDITY

Leverage Ratio: 5.4x  
Long-Term Target: 2.25x to 3.0x

Weighted Avg. Cost of Debt  
~5.1%

Weighted Avg. Maturity <sup>(1)</sup>  
~4 years

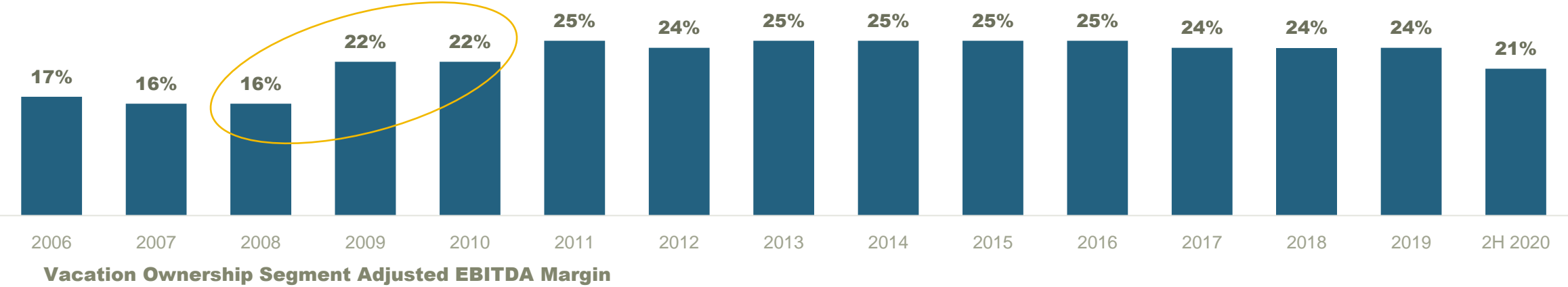
Total Liquidity <sup>(2)</sup>  
~\$1.3B



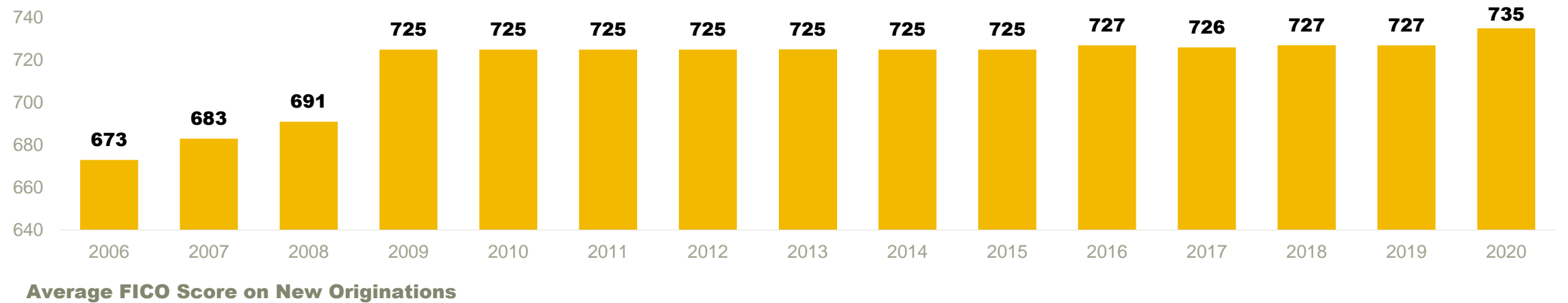
**Travel + Leisure Co. has frequent access to the ABS market for additional liquidity**

Note: As of 3/31/21. During the first quarter of 2021, the Company paid the \$250M 5.625% notes which came due in March and paid down the Revolving Credit Facility (RCF).  
1. Weighted average maturity calculation assumes RCF and Term Loan B amounts outstanding at 3/31/21 remain through maturity.  
2. Cash and cash equivalents (\$322M) + Undrawn revolver less outstanding LCs (\$934M). Revolver balance is included in 2023 maturities.

# MAINTAIN HIGH MARGINS ACROSS THE CYCLE



# STRONG CREDIT QUALITY



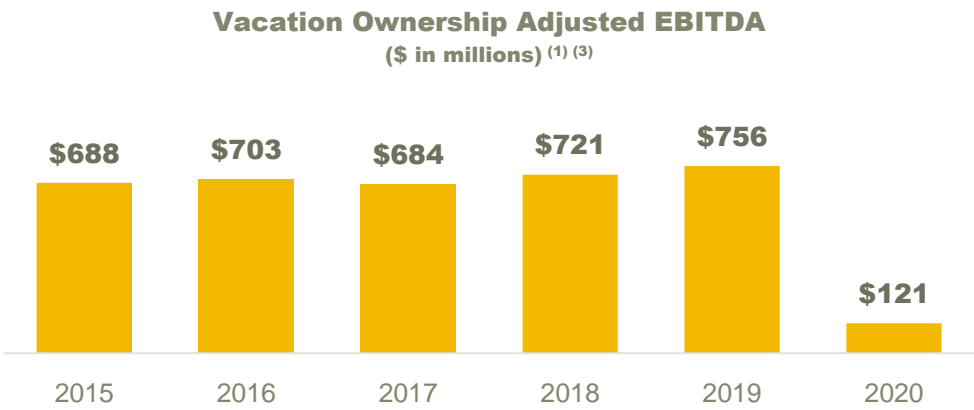
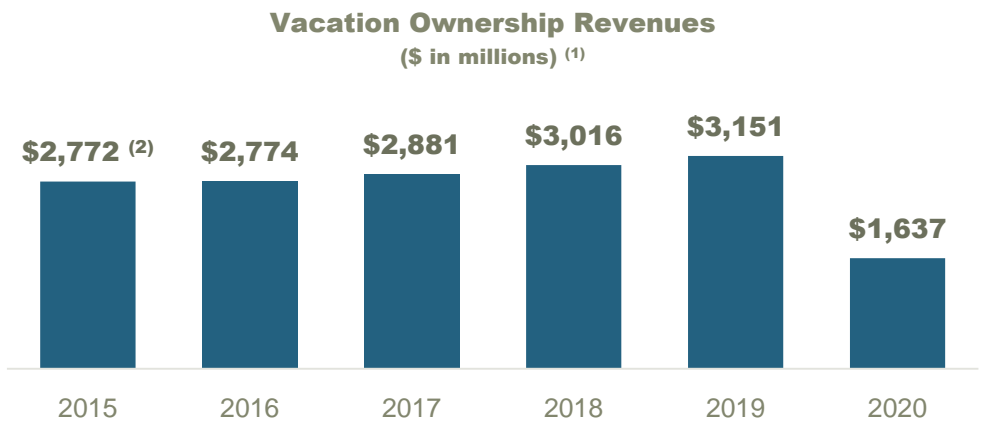
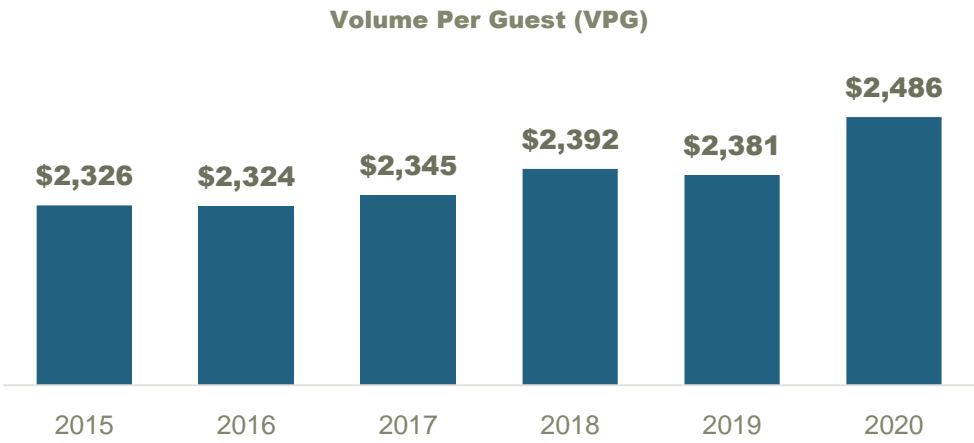
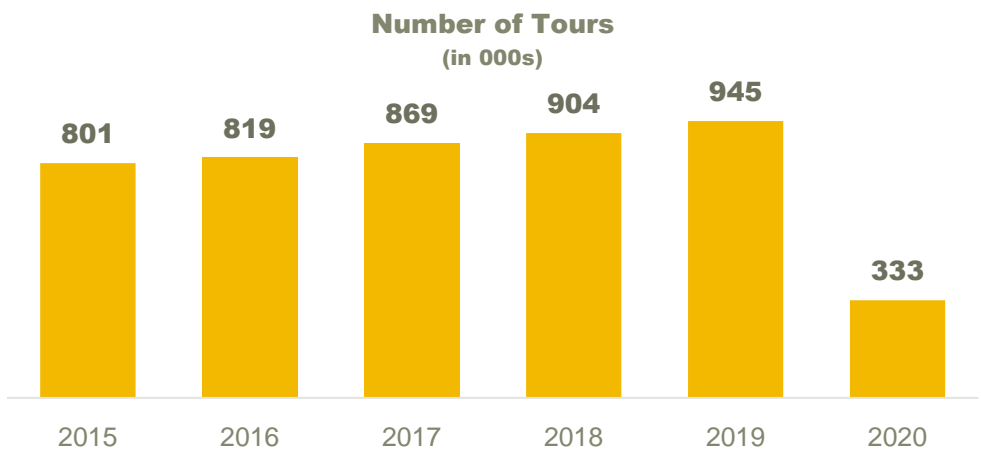
# APPENDIX

TRAVEL+  
LEISURE





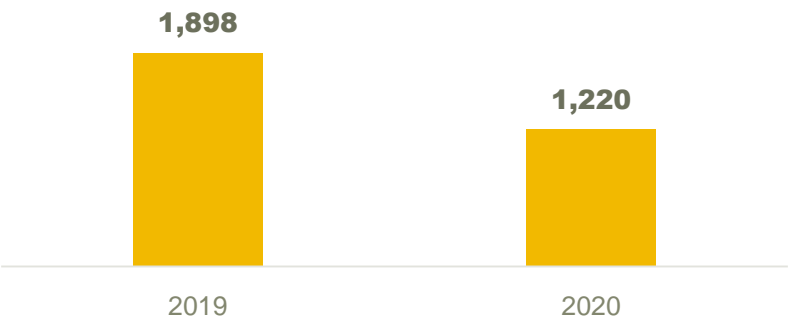
# HISTORICAL FINANCIALS – VACATION OWNERSHIP SEGMENT



1. Amounts are presented prior to the reclassification of the results of our Extra Holidays business from our Vacation Ownership segment into the Travel and Membership segment.  
2. Does not reflect the impact of the adoption of ASC 606 revenue recognition standard.  
3. 2015 Adjusted EBITDA is per Wyndham Worldwide's definition and does not reflect the adoption of ASC 606 revenue recognition accounting standard. 2016-2018 Adjusted EBITDA has been restated for revenue recognition and further adjusted metrics.

# HISTORICAL FINANCIALS - TRAVEL AND MEMBERSHIP SEGMENT

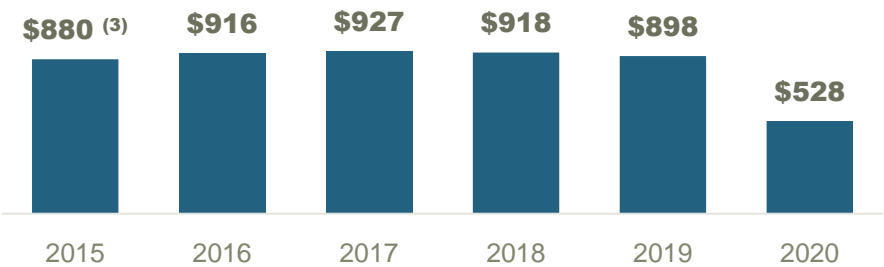
Travel and Membership Transactions  
(in 000s) <sup>(1)</sup>



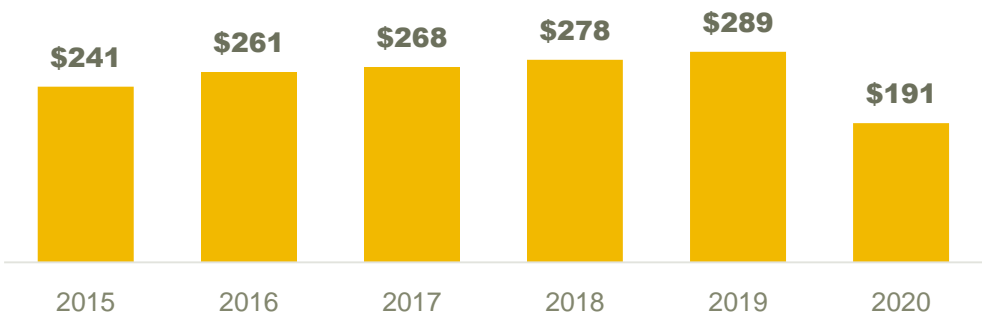
Travel and Membership Revenue per Transaction <sup>(1)</sup>



Travel and Membership Revenues  
(\$ in millions) <sup>(2)</sup>



Travel and Membership Adjusted EBITDA  
(\$ in millions) <sup>(2) (4)</sup>



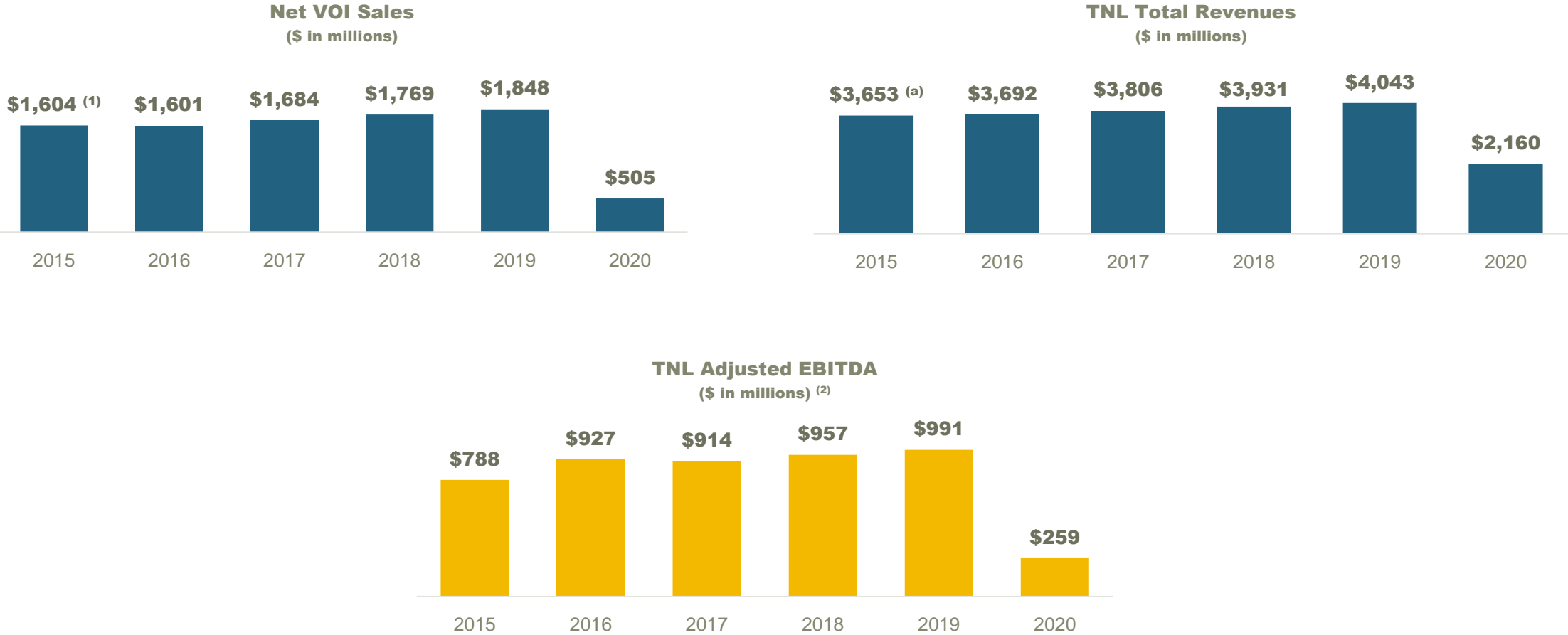
1. In connection with the Travel + Leisure brand acquisition we updated the names and composition of our reportable segments to better align with how they are managed. We created the Travel + Leisure Group which falls under the Travel and Membership segment along with the Panorama business line. With the formation of Travel + Leisure Group, we decided that the operations of our Extra Holidays business, which focuses on direct to consumer bookings, better aligns with the operations of this new business line and therefore transitioned the management of our Extra Holidays business to the Travel and Membership segment. As such, we reclassified the results of our Extra Holidays business, which were previously reported within the Vacation Ownership segment, into the Travel and Membership segment.

2. Amounts are presented prior to the reclassification of the results of our Extra Holidays business from our Vacation Ownership segment into the Travel and Membership segment.

3. Does not reflect the impact of the adoption of ASC 606 revenue recognition standard.

4. 2015 Adjusted EBITDA is per Wyndham Worldwide's definition and does not reflect the adoption of ASC 606 revenue recognition accounting standard. 2016-2018 Adjusted EBITDA has been restated for revenue recognition and further adjusted metrics.

# HISTORICAL FINANCIALS – TNL CONSOLIDATED





# APPENDIX: NON-GAAP RECONCILIATIONS

## Reconciliation of Net Cash Provided by Operating Activities from Continuing Operations to Adjusted Free Cash Flow from Continuing Operations (\$ in millions)

	Three Months Ended March 31, 2021	2020	Twelve Months Ended 2019	2018
Net cash provided by operating activities from continuing operations	\$78	\$374	\$453	\$292
Property and equipment additions	(12)	(69)	(108)	(99)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	(47)	(333)	185	264
Free cash flow from continuing operations	\$19	\$(28)	\$530	\$457
Separation and other adjustments <sup>(1)</sup>	—	16	87	123
COVID-19 related adjustments <sup>(2)</sup>	1	47	—	—
Adjusted free cash flow from continuing operations	\$20	\$35	\$617	\$580

1. Includes cash paid for separation-related activities and transaction costs for acquisitions and divestitures as well as certain adjustments to 2018 for comparative purposes for incremental license fees paid to Wyndham Hotels and other corporate costs being effected in order to reflect the Company's position as if the spin-off had occurred for all periods presented.

2. Includes cash paid for COVID-19 expenses factored into the calculation of Adjusted EBITDA.

# APPENDIX: NON-GAAP RECONCILIATIONS

## TNL Consolidated Reconciliation of Net Income/(Loss) to Further Adjusted EBITDA (\$ in millions)

	Q1 2021	2020	2019	2018	2017	2016	2015
Net income/(loss) attributable to TNL shareholders	\$ 29	\$ (255)	\$ 507	\$ 672	\$ 854	\$ 611	\$ 607
Net income attributable to noncontrolling interest	-	-	-	-	1	1	-
Income/(loss) from ops of disc bus, net of income taxes	-	-	-	50	(209)	(260)	(229)
Loss/(gain) on disposal of disc bus, net of income taxes	-	2	(18)	(456)	-	-	-
(Benefit from)/provision for income taxes	6	(23)	191	130	(328)	190	173
Depreciation and amortization	31	126	121	138	136	127	119
Interest expense	53	192	162	170	155	133	122
Early extinguishment of debt	-	-	-	-	-	11	-
Interest (income)	(1)	(7)	(7)	(5)	(6)	(7)	(8)
COVID-19 related <sup>(1)</sup>	1	56	-	-	-	-	-
Exchange inventory	-	48	-	-	-	-	-
Acquisition related	-	-	1	-	(13)	1	1
Restructuring costs	(1)	39	9	16	14	12	3
Asset impairments <sup>(2)</sup>	-	57	27	(4)	205	-	-
Venezuela currency devaluation	-	-	-	-	-	24	-
Executive departure costs	-	-	-	-	-	6	-
Legacy items <sup>(3)</sup>	4	4	1	1	(6)	(11)	-
Separation & related costs <sup>(4)</sup>	-	-	45	223	26	-	-
Gain on disposal	-	-	(68)	-	-	-	-
Stock based compensation	7	20	20	23	53	54	-
VAT adjustment	-	-	-	(16)	-	-	-
Further adjustments <sup>(5)</sup>	-	-	-	15	32	35	-
<b>Adjusted EBITDA</b>	<b>\$ 129</b>	<b>\$ 259</b>	<b>\$ 991</b>	<b>\$ 957</b>	<b>\$ 914</b>	<b>\$ 927</b>	<b>\$ 788</b>
Total Revenue	628	2,160	4,043	3,931	3,806	3,692	3,653
Adj. EBITDA Margin	20.5%	12%	25%	24%	24%	25%	22%

2015 Adjusted EBITDA is per Wyndham Worldwide's definition and does not reflect the adoption of ASC 606 revenue recognition accounting standard. 2016-2018 Adjusted EBITDA is further adjusted.

1. Reflects severance and other employee costs associated with layoffs due to the COVID-19 workforce reduction offset in part by employee retention credits received in connection with the U.S. CARES Act, ARPA, and similar international programs for wages paid to certain employees despite having operations suspended. This amount does not include costs associated with idle pay.
2. Includes \$5 million of bad debt expense related to a note receivable for the year ended December 31, 2020, included in Operating Expenses on the Consolidated Statements of (Loss)/Income.
3. 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 European vacation rentals business.
4. Includes \$4 million, \$105 million, and \$4 million of stock-based compensation expenses for the years ended 2019, 2018, and 2017.
5. Includes incremental license fees paid to Wyndham Hotels, other changes being effected in conjunction with the spin-off, and other costs to reflect the Company's position as if the spin-off of its hotel business and the sale of its European vacation rentals business had occurred for all reported periods.

# APPENDIX: NON-GAAP RECONCILIATIONS

## Vacation Ownership Further Adjusted EBITDA Reconciliation (\$ in millions) <sup>(1)</sup>

	2H 2020	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Vacation Ownership Net Income/(Loss)</b>	\$ 72	\$ (69)	\$ 404	\$ 340	\$ 174	\$ 316	\$ 316	\$ 295	\$ 248	\$ 227	\$ 195	\$ 156	\$ 117	\$ (1,281)	\$ 150	\$ 86
Effect of accounting change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65
Net income attributable to non controlling interest	-	-	-	-	-	1	-	1	1	-	-	-	-	-	-	-
Provision for/(benefit from) income taxes	40	(17)	150	119	110	194	196	185	144	137	122	96	72	50	95	98
Depreciation and Amortization	43	86	81	73	63	53	47	47	47	38	38	46	54	58	48	39
Interest Expense	19	43	78	117	142	131	130	133	180	147	160	142	144	100	85	37
Interest (Income)	-	-	-	(1)	-	(1)	(2)	(1)	(1)	-	-	-	-	(1)	-	-
COVID-19 related costs	11	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition Related	-	-	-	-	-	-	-	-	2	1	-	-	-	-	-	-
Restructuring Costs	13	14	5	11	-	8	1	-	-	2	(1)	-	37	66	-	-
Asset impairments/loss on sale	8	22	27	(4)	205	-	-	-	-	-	-	-	9	1,374	-	-
Executive Costs	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-
Separation and related costs	-	-	4	67	1	-	-	-	-	-	-	-	-	-	9	18
Stock-based Compensation	5	8	7	9	13	16	-	-	-	-	-	-	-	-	-	-
2016 Grant Modifier	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Further Adjustments <sup>(2)</sup>	-	-	-	(10)	(25)	(21)	-	-	-	-	-	-	-	-	-	-
<b>Vacation Ownership Adjusted EBITDA</b>	<b>\$ 211</b>	<b>\$ 121</b>	<b>\$ 756</b>	<b>\$ 721</b>	<b>\$ 684</b>	<b>\$ 703</b>	<b>\$ 688</b>	<b>\$ 660</b>	<b>\$ 621</b>	<b>\$ 552</b>	<b>\$ 514</b>	<b>\$ 440</b>	<b>\$ 433</b>	<b>\$ 366</b>	<b>\$ 387</b>	<b>\$ 343</b>
<b>Total Revenue</b>	<b>\$ 990</b>	<b>\$ 1,637</b>	<b>\$ 3,151</b>	<b>\$ 3,016</b>	<b>\$ 2,881</b>	<b>\$ 2,774</b>	<b>\$ 2,772</b>	<b>\$ 2,638</b>	<b>\$ 2,515</b>	<b>\$ 2,269</b>	<b>\$ 2,077</b>	<b>\$ 1,979</b>	<b>\$ 1,945</b>	<b>\$ 2,278</b>	<b>\$ 2,425</b>	<b>\$ 2,068</b>
<b>Adj. EBITDA Margin</b>	<b>21%</b>	<b>7%</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>24%</b>	<b>25%</b>	<b>22%</b>	<b>22%</b>	<b>16%</b>	<b>16%</b>	<b>17%</b>

# APPENDIX: NON-GAAP RECONCILIATIONS

## Travel and Membership Adjusted EBITDA Reconciliation (\$ in millions) <sup>(1)</sup>

	2020	2019	2018	2017	2016	2015
<b>Travel and Membership Net Income</b>	\$ 2	\$ 245	\$ 508	\$ 162	\$ 165	\$ 183
(Gain)/loss on disposal of discontinued businesses, net of income taxes	2	(5)	(456)	-	-	-
Loss/(income) from operations of discontinued businesses, net of income taxes	-	-	60	(52)	(60)	(58)
Provision for income taxes	25	48	36	51	55	46
Depreciation and amortization	31	30	44	42	42	43
Interest expense	16	33	41	56	27	28
Interest (income)	(3)	(5)	(3)	(3)	(4)	(4)
COVID-19 related costs	9	-	-	-	-	-
Exchange inventory write-off	48	-	-	-	-	-
Acquisition and divestiture related costs	-	1	-	(12)	-	1
Restructuring	24	3	4	8	4	2
Asset impairments	34	-	-	-	-	-
Venezuela Currency Devaluation	-	-	-	-	24	-
Separation and related costs	-	5	56	8	-	-
Legacy items	1	-	-	-	-	-
Gain on disposal	-	(68)	-	-	-	-
Stock-based compensation	2	2	4	8	8	-
Value-added tax refund	-	-	(16)	-	-	-
<b>Travel and Membership Adjusted EBITDA</b>	<b>\$ 191</b>	<b>\$ 289</b>	<b>\$ 278</b>	<b>\$ 268</b>	<b>\$ 261</b>	<b>\$ 241</b>



## NON-GAAP MEASURE: RECONCILIATION OF GROSS VOI SALES (IN MILLIONS)

The Company believes gross VOI sales provide an enhanced understanding of the performance of its vacation ownership business because it directly measures the sales volume of this business during a given reporting period. The following table provides a reconciliation of Net VOI sales to Gross VOI sales.

2021	Q1				
Net VOI sales	\$172				
Loan loss provision	38				
Gross VOI sales, net of Fee-for-Service sales	210				
Fee-for-Service sales	26				
Gross VOI sales	\$236				
2020	Q1	Q2	Q3	Q4	Full Year
Net VOI sales	\$90	\$(13)	\$196	\$231	\$505
Loan loss provision	315	30	45	25	415
Gross VOI sales, net of Fee-for-Service sales	405	17	241	256	920
Fee-for-Service sales	8	1	15	25	47
Gross VOI sales	\$413	\$18	\$256	\$281	\$967

# APPENDIX DEFINITIONS

**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 and 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 European vacation rentals business. 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 from Continuing Operations (FCF):** 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 transaction costs for acquisitions and divestitures, separation adjustments associated with the spin-off of Wyndham Hotels, and certain adjustments related to COVID-19.

**Free Cash Flow from Continuing Operations:** 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 Free Cash Flow 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 Free Cash Flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that Free Cash Flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

**Further adjusted earnings measures:** A non-GAAP measure, defined by the Company to exclude certain items including impairment charges, restructuring and other related charges, transaction-related items, contract termination costs and other significant charges which in the Company's view does not reflect ongoing performance. Further adjusted earnings measures adjust for license fees, credit card income and corporate expense to reflect the performance of the Company as if it were separated from Wyndham Hotels and the sale of the European rentals business was completed for all reported periods. All further adjusted earnings measures are reported from continuing operations, unless otherwise noted. Wyndham Destinations believes that these measures are useful to investors as supplemental measures in evaluating the aggregate performance of the Company.

**Gross Vacation Ownership Interest Sales:** A non-GAAP measure, represents sales of vacation ownership interests (VOIs), including sales under the fee-for-service program before the effect of loan loss provisions. We believe that Gross VOI sales provide an enhanced understanding of the performance of our vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

**Leverage Ratio:** The Company calculates leverage ratio as net debt divided by Adjusted EBITDA as defined in the credit agreement.

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

**New owner sales, volume mix:** Represents VOI sales (tour generated plus telephonic) to first time buyers as a percentage of total VOI sales.

**New owner sales, transactions mix:** Represents the number of first time buyer transactions as a percentage of the total number of VOIs sold during the period.

**Tours:** Represents the number of tours taken by guests in our efforts to sell VOIs.

**Travel and Membership Revenue per Transaction:** Represents transactional revenue divided by transactions, provided in two categories; Exchange, which is primarily RCI, and non-Exchange.

**Travel and Membership Transactions:** Represents the number of vacation bookings recognized as revenue during the period, net of cancellations, provided in two categories; Exchange, which is primarily RCI, and non-Exchange.

**Volume Per Guest (VPG):** Represents Gross VOI sales (excluding tele-sales upgrades, which are non-tour upgrade sales) divided by the number of tours. The Company has excluded non-tour upgrade sales in the calculation of VPG because non-tour upgrade sales are generated by a different marketing channel.