

The background of the slide is a collage of various Japanese umbrellas (wagasa) in shades of orange, red, purple, and blue. The umbrellas are partially open, showing their intricate rib structures. A large white rectangular box is centered on the slide, containing the main title and date.

# **+ INVESTOR PRESENTATION**

November/December 2021

**TRAVEL+  
LEISURE**

## Forward Looking Statements Disclaimer

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, outlook, 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,” “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 Co.” 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 brand acquisition and new business extensions; 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 and use 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; 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 strategic transactions, including the spin-off of our hotels business, 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.

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## Presentation of Financial Information

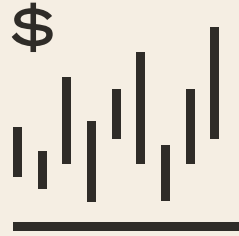
Financial information discussed in this presentation includes non-GAAP measures such as adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow, adjusted earnings per share, and gross VOI sales, which include or exclude certain items. The Company utilizes non-GAAP measures on a regular basis 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. See the appendix to this presentation for definitions of these Non-GAAP measures, and reconciliations to the most comparable GAAP measure, where applicable.

Forward-looking statements that include non-GAAP financial measures have been 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.

# 3Q21 HIGHLIGHTS



Net Revenue  
**\$839M**



Gross VOI Sales <sup>1</sup>  
**\$440M**



Adj. EBITDA <sup>1</sup>  
**\$228M**



Adj. EBITDA Margin <sup>1</sup>  
**27.2%**



YTD Adj. FCF <sup>1</sup>  
**\$128M**

1. Non-GAAP measure. See appendix for definition and GAAP reconciliation.

# RECENT UPDATES

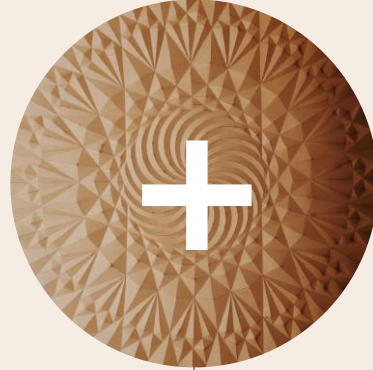


- + HOSTED 2021 INVESTOR DAY: FOUR-YEAR PLAN TO ACCELERATE GROWTH**
- + APPOINTED LUCINDA MARTINEZ, SENIOR NETFLIX EXECUTIVE, TO BOARD**
- + LAUNCHED BRANDED B2C TRAVEL SUBSCRIPTION CLUB**
- + RENEWED REVOLVING CREDIT FACILITY, ELIMINATING RELIEF PERIOD RESTRICTIONS REGARDING SHARE REPURCHASES AND ACQUISITIONS**
- + CLOSED \$350MN TERM SECURITIZATION WITH COUPON OF 1.82% AND 98% ADVANCE RATE**

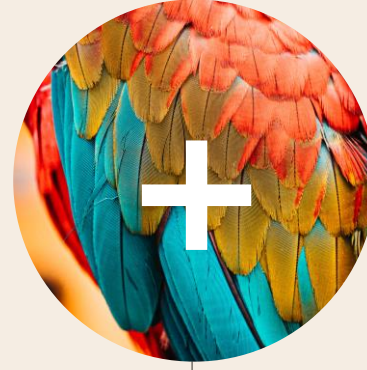
# KEY THEMES



**STRATEGIC  
OVERVIEW**



**STRONG  
FOUNDATION**

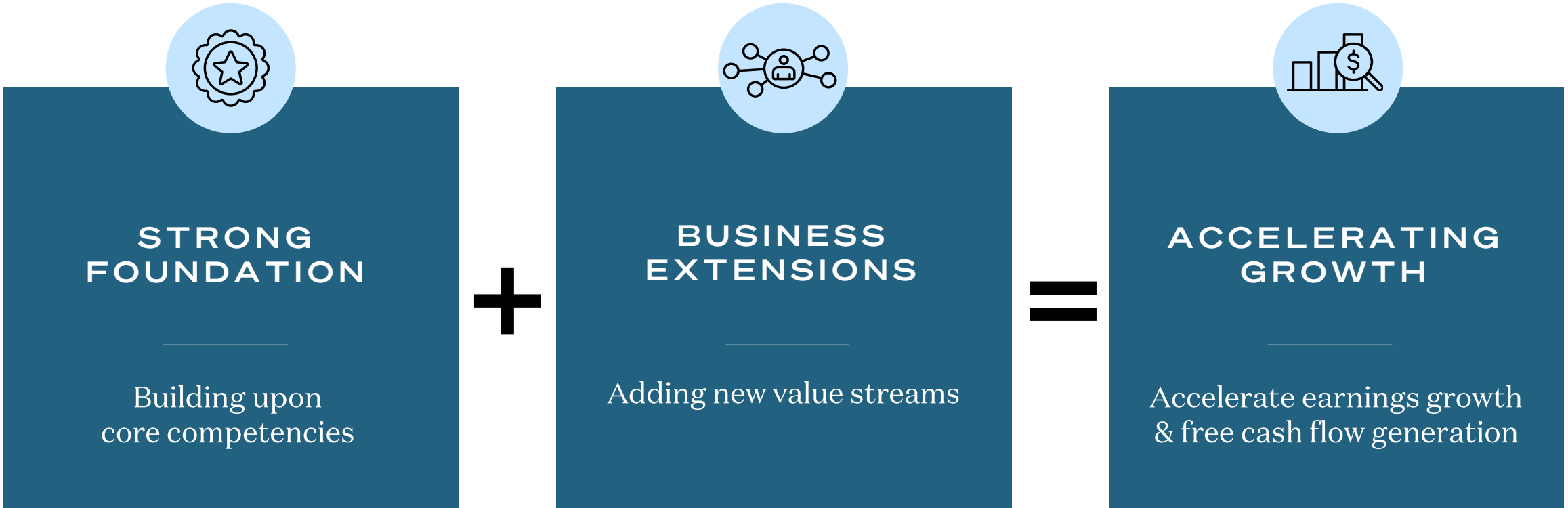


**BUSINESS  
EXTENSIONS**

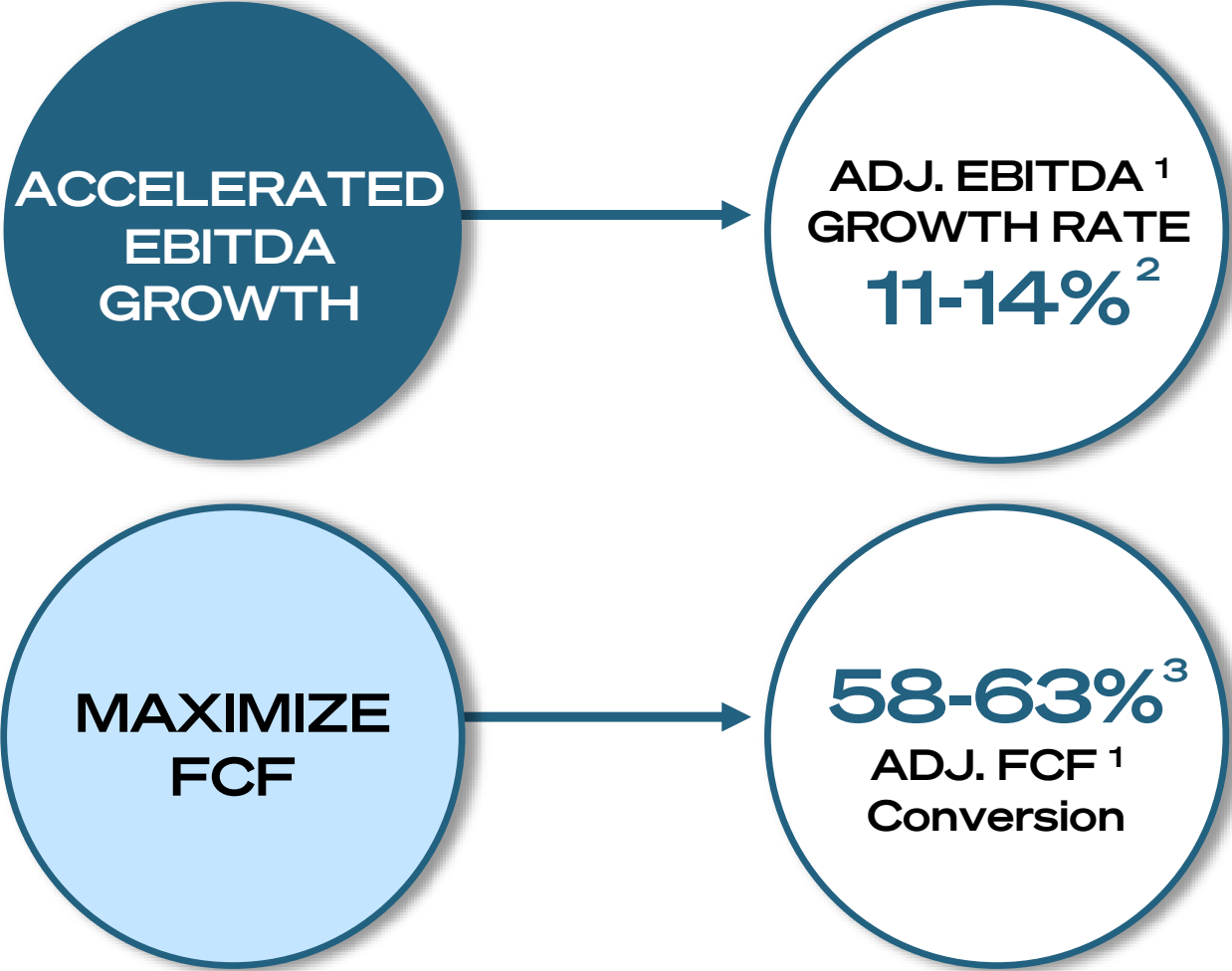


**ACCELERATING  
GROWTH**

# KEY TAKEAWAYS



# ACCELERATE GROWTH AND MAXIMIZE FREE CASH FLOW



1. Adjusted EBITDA and Adjusted free cash flow are forward looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.

2 Target compound Annual Growth 2021-25

3. Target adj. FCF conversion range 2022-25

# STRATEGIC M&A EXTENDS CAPABILITIES

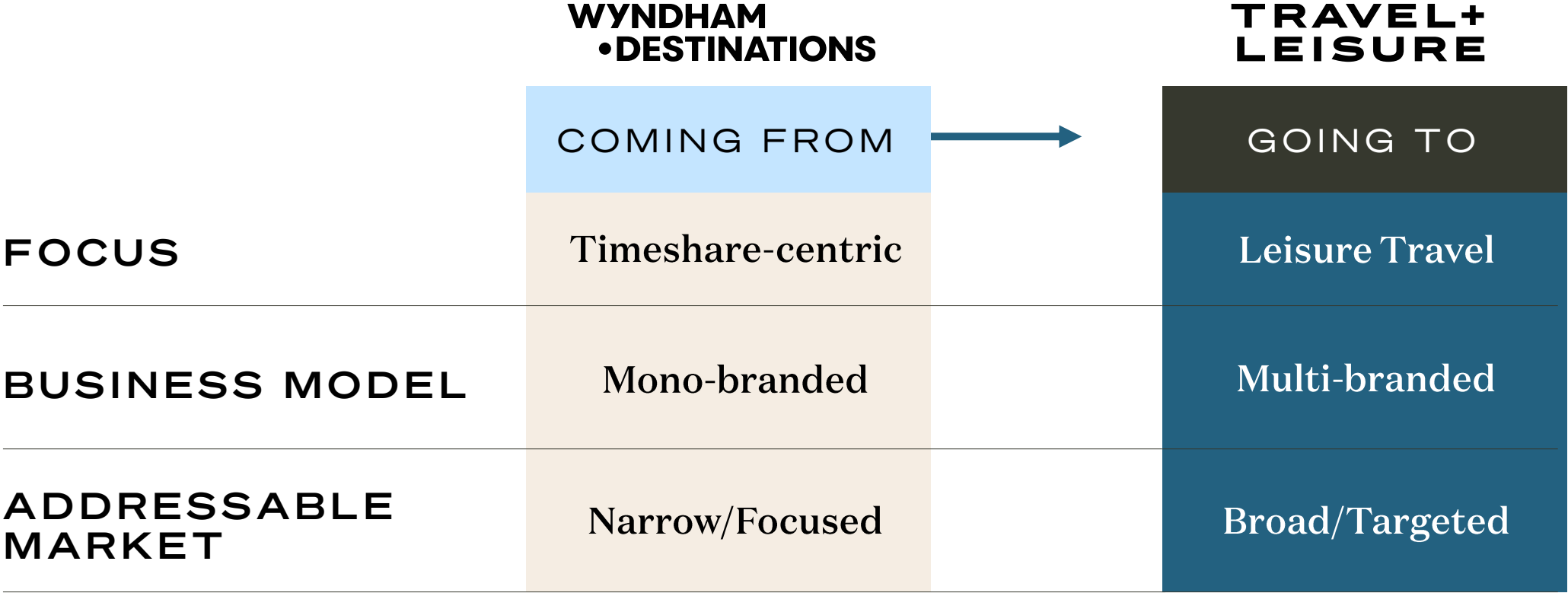


# TRAVEL + LEISURE ACQUISITION OUTCOMES



- + REBRAND THE COMPANY**
- + PARTNER WITH LEISURE BRANDS WITHOUT BRAND CONFLICT**
- + LAUNCH BRANDED B2C TRAVEL SUBSCRIPTION CLUB**
- + BROADEN BEYOND TIMESHARE TO GROW OUR ADDRESSABLE MARKET**

# BROADEN THE ENTERPRISE



# NEW LINES WILL CAPITALIZE ON THE ‘PRIMEIFICATION’ MEGATREND

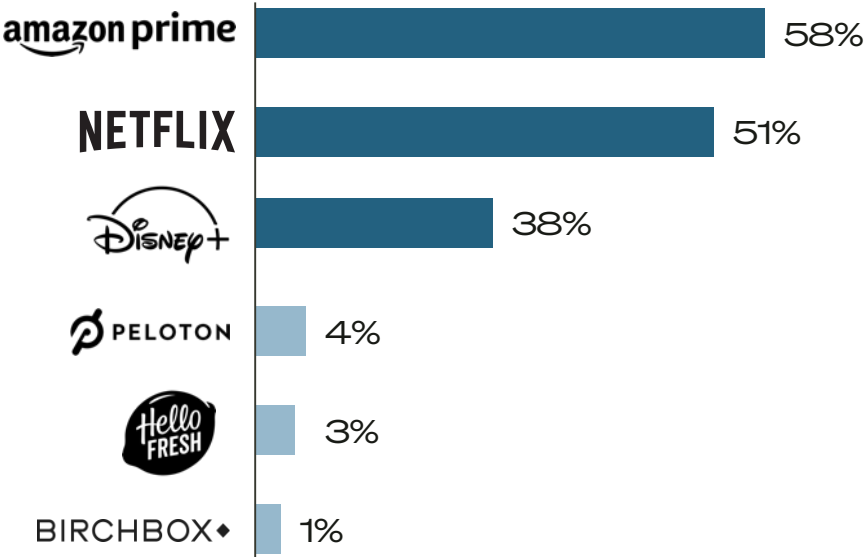
## RISE OF SUBSCRIPTION MODELS

**+400%** Subscription-based **revenue\* growth** in the last decade




**~6x** Subscription-based **revenue\* growth rate vs. S&P 500 avg.** in the last decade

**79%** **Adults in U.S. with subscription services^**

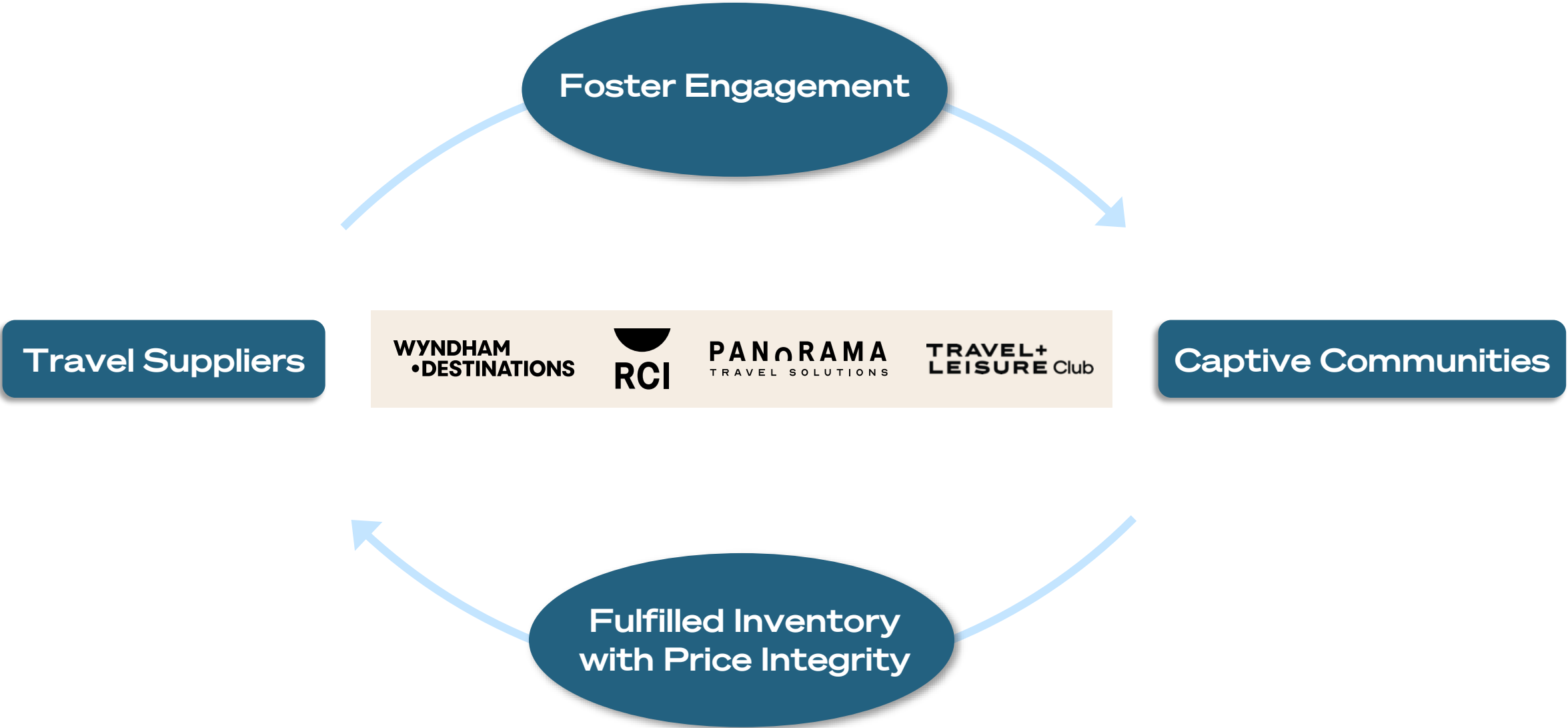
## U.S. HOUSEHOLD PENETRATION RATES (2021)



# CREATING A PRIVATE VACATION MARKETPLACE

	Private Vacation Marketplace		
	HIGH	CUSTOMER COMMITMENT	LOW
MODEL	Timeshare	Subscription Clubs	Booking Platforms
TRAVEL + LEISURE BRANDS	<div>WYNDHAM •DESTINATIONS</div> <div></div> <div>RCI</div>	<div>PANORAMA</div> <div>TRAVEL SOLUTIONS</div> <div>TRAVEL+ LEISURE Club</div>	<div>TRAVEL+LEISURE</div> <div>GO</div>
MARKET BRANDS	<div>HILTON</div> <div>GRAND VACATIONS</div> <div>MARRIOTT VACATIONS WORLDWIDE</div>	<div>INSPIRATO</div> <div>Tripadvisor <i>Plus</i></div>	<div>Expedia®</div> <div>Booking.com</div>

# TRAVEL + LEISURE PRIVATE VACATION MARKETPLACE



# TIMESHARE = MORE RELEVANT THAN EVER



**SPACE**



**TRUSTED  
BRANDS**



**VALUE**

# STRATEGIC INTENT OF VACATION OWNERSHIP



WYNDHAM  
• DESTINATIONS

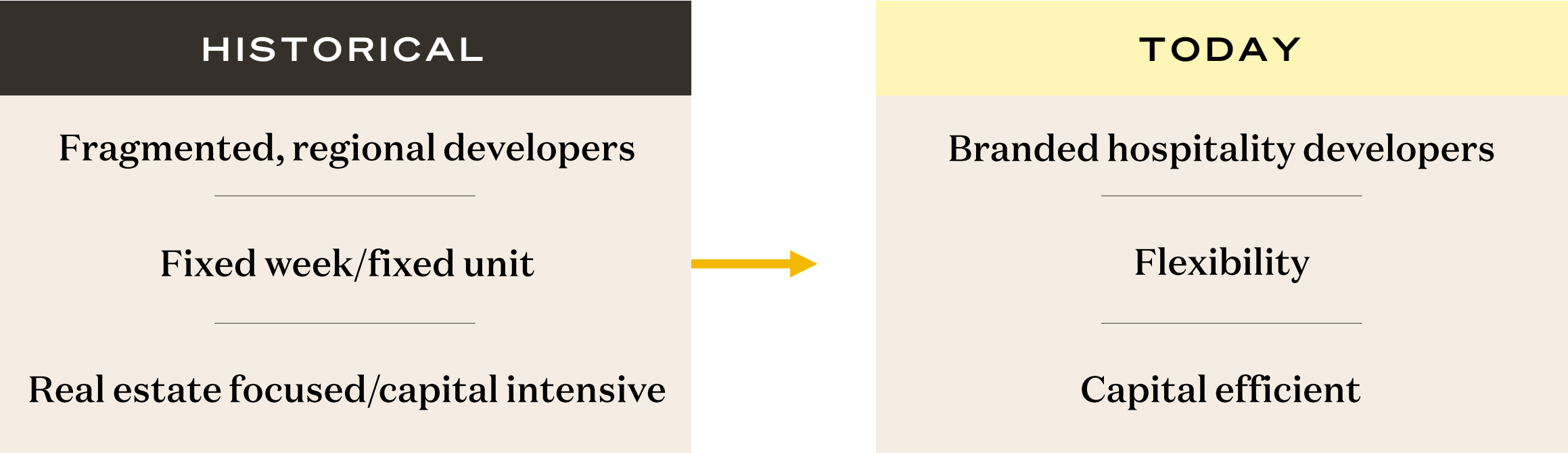
## Grow Vacation Ownership

- + Commitment to the Wyndham brand
- + Broaden demographic through additional brands
- + Optimize margins

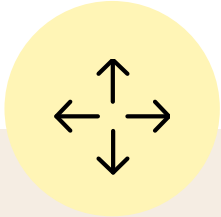
## Strong and Resilient Business Model

- + Resilient through last two downturns
- + Capital efficient
- + Industry leading margins, returns and Adj. FCF

# INDUSTRY TRANSFORMATION



# WYNDHAM DESTINATIONS POSITIONED FOR SUCCESS



**SCALE**

**247<sup>1</sup>**  
RESORTS

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



**FLEXIBILITY**

POINTS-BASED  
SYSTEM

DIVERSITY OF  
DESTINATIONS

JUST-IN-TIME  
INVENTORY



**REVENUE PIPELINE**

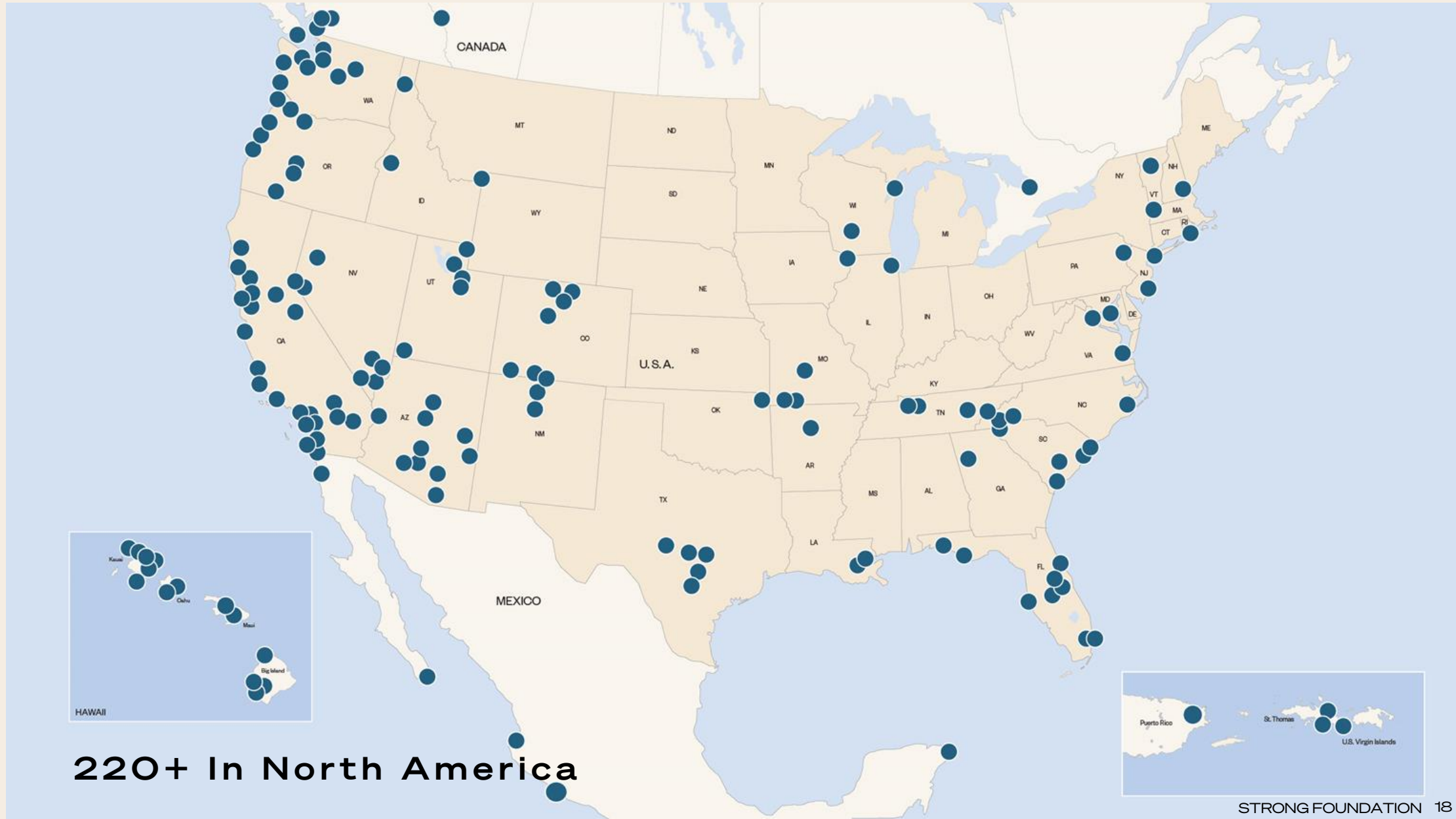
OWNER UPGRADES

BLUE THREAD

SALES TO  
MILLENNIAL/GENX

## RESILIENT BUSINESS MODEL

# 245+ GLOBAL LOCATIONS



220+ In North America

# KEY STATISTICS SHOW STABILITY IN OUR OWNER/MEMBER BASE



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



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



**98%**  
ANNUAL  
RETENTION  
OF OWNERS<sup>2</sup>



**69%**  
SALES TO  
MILLENNIAL/  
GENX<sup>3</sup>

1. As of 12/31/20  
2. Annual retention of owners without loans over last 10 years  
3. YTD through June 30, 2021

# BUILDING UPON OUR STRONG FOUNDATION



## **LARGE UPGRADE PIPELINE**

~2.6x Initial Purchase

## **BLUE THREAD OPPORTUNITY**

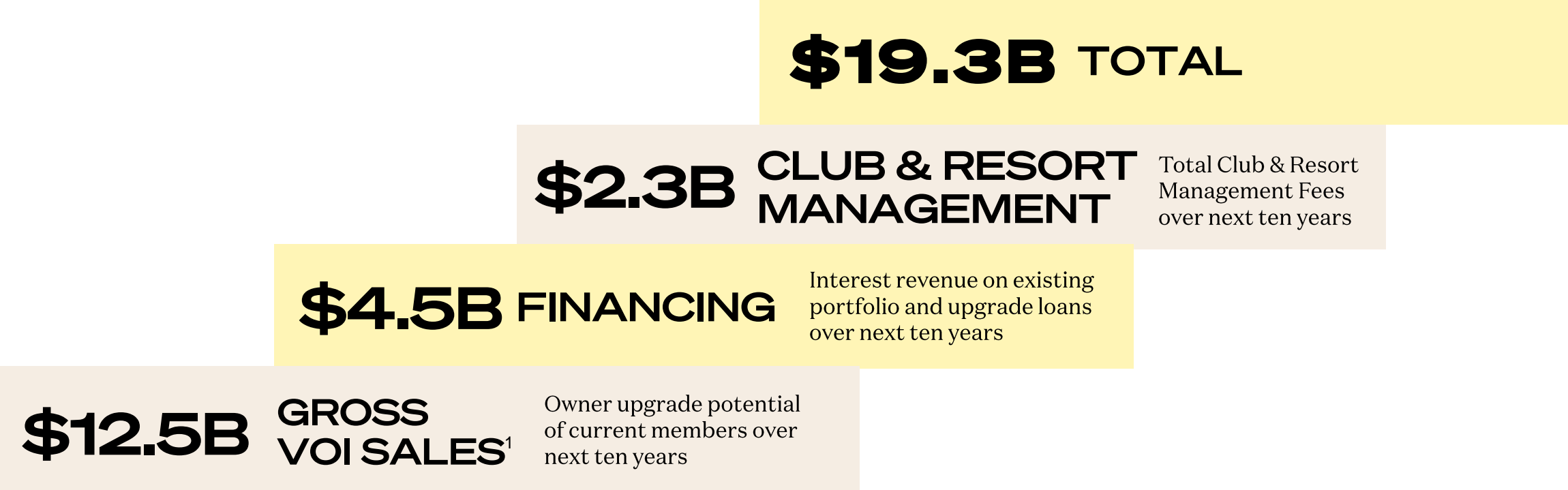
89M Loyalty Members

## **OPTIMIZING OPEN-MARKET CHANNELS**

New Owner VPGs increase ~40% in 2021<sup>1</sup>

1. YTD July 2021 vs. YTD July 2019

# EMBEDDED REVENUE POTENTIAL OF EXISTING OWNER BASE



Note: Ten year cumulative revenue potential, not discounted  
1. Gross VOI, a forward looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

# OPTIMIZING OPEN MARKET CHANNELS

## PRE-PANDEMIC

- + High volume
- + Scale to leverage costs
- + 600+ FICOs

## REOPENING

- + Targeted marketing
- + CRM and data analytics
- + Advanced underwriting/  
scoring

## BENEFITS

- + Higher VPG
- + Stronger Portfolio
- + Higher margins

# PANORAMA



LEADING  
EXCHANGE COMPANY

PANORAMA  
TRAVEL SOLUTIONS

TRAVEL SOLUTIONS  
FOR THIRD PARTIES



FULFILLMENT PLATFORM

# RCI BUSINESS



## RCI AFFILIATES

BUILD & SELL  
TIMESHARE

PROMOTE RCI AT POS

ENROLL NEW  
OWNERS WITH RCI



## RCI MEMBERS

OWN TIMESHARE  
AT AN RCI  
AFFILIATED RESORT

RENEWS VIA CLUB

RENEWS DIRECTLY  
WITH RCI



## RCI SERVICES

STANDARD &  
PREMIUM MEMBERSHIP

EXCHANGE

RENTAL

TRAVEL

RCI  
AFFILIATES:

**HILTON**  
GRAND VACATIONS



*Fairmont*

**WYNDHAM**  
• **DESTINATIONS**

# WORLD'S LARGEST EXCHANGE COMPANY FOR 45+ YEARS



3.5 million  
MEMBERS<sup>1</sup>



~110  
COUNTRIES



4,200  
RESORTS



# FOCUS ON TRAVEL TO GROW



**HIGH MARGIN + CAPITAL-LIGHT + HIGH ADJ. FCF**

# INCREASE EXCHANGE PROPENSITY



- + More flexibility
- + Use trading power to buy down cost of hotels
- + Added 600k+ hotels and resorts to exchange portfolio
- + Additional exchange options

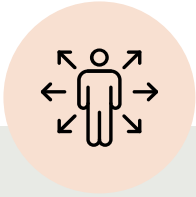
LEVERAGE EXPERTISE TO EXPAND BEYOND TIMESHARE

PANorama

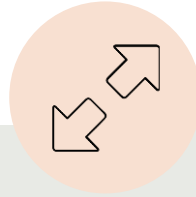
 + PANorama TRAVEL SOLUTIONS = GROWTH

# PANORAMA

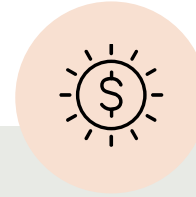
## KEY TAKEAWAYS



**GROW  
MEMBERSHIP  
BEYOND THE  
TIMESHARE  
INDUSTRY**



**EXPAND B2B  
PARTNERSHIPS  
ACROSS MULTIPLE  
SECTORS**



**INCREMENTAL  
SUBSCRIPTION  
AND  
TRANSACTION  
REVENUE**

# PANORAMA TRAVEL SOLUTIONS

## PRODUCT OFFERING

- + B2B Travel Club Solution
- + Closed User Group Travel Club
- + White Label Under Partner Brand
- + Comprehensive Travel Platform at Preferred Pricing

## PARTNER VALUE PROPOSITION

- + Benefit from Scale and Core Competencies of RCI
- + Customized Solutions
- + Dedicated Website and Digital Interface
- + Reinforcement of Partner Brand

# PANORAMA TRAVEL SOLUTIONS ALGORITHM EXAMPLE

NATIONAL ASSOCIATION OF REALTORS

REALTORS:  
1.4M

DRIVING ENGAGEMENT

120K  
TRANSACTIONS

\$350  
AVERAGE  
TRANSACTION

STANDARD MEMBERSHIP

STANDARD MEMBERSHIP  
CONVERSION

4%

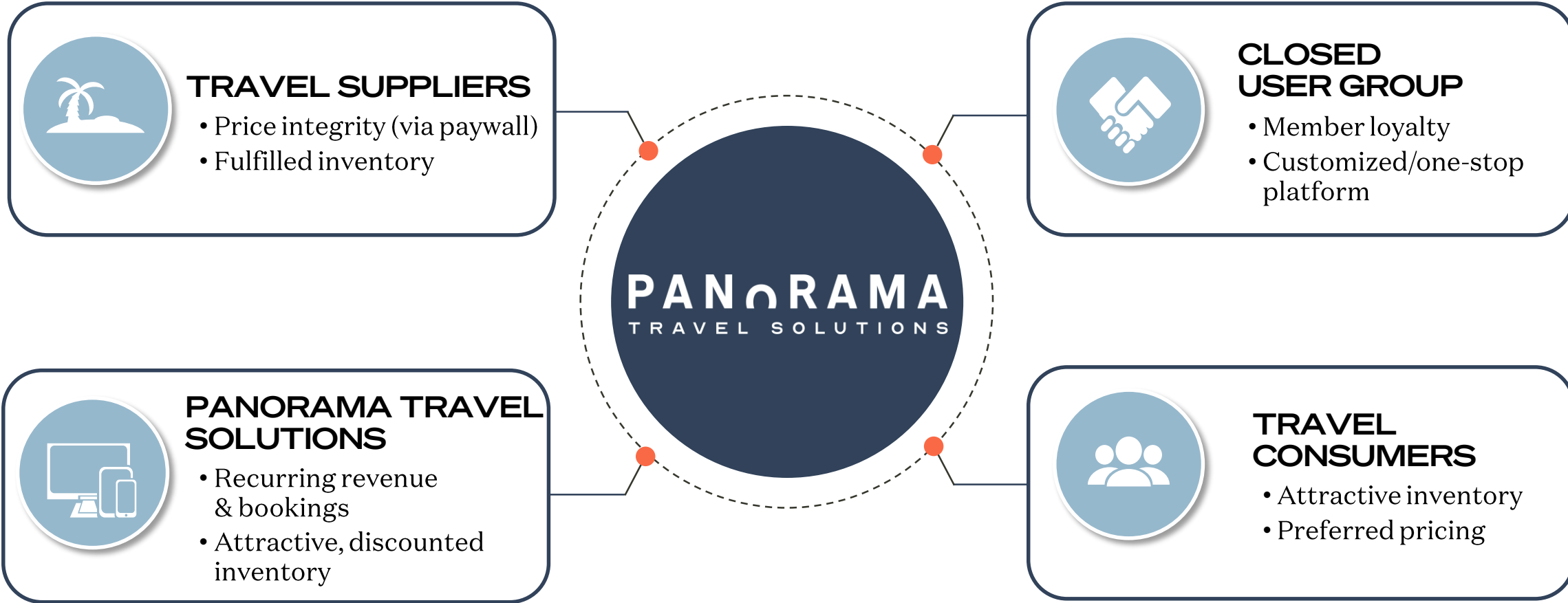
PREMIUM MEMBERSHIP

1%

\$99  
SUBSCRIPTION FEE

PANORAMA  
TRAVEL SOLUTIONS

# VALUE PROPOSITION TO ALL PARTICIPANTS



# TRAVEL + LEISURE CLUB



LEVERAGING THE  
WORLD'S MOST  
INFLUENTIAL TRAVEL  
BRAND IN A LARGE  
ADDRESSABLE  
MARKET



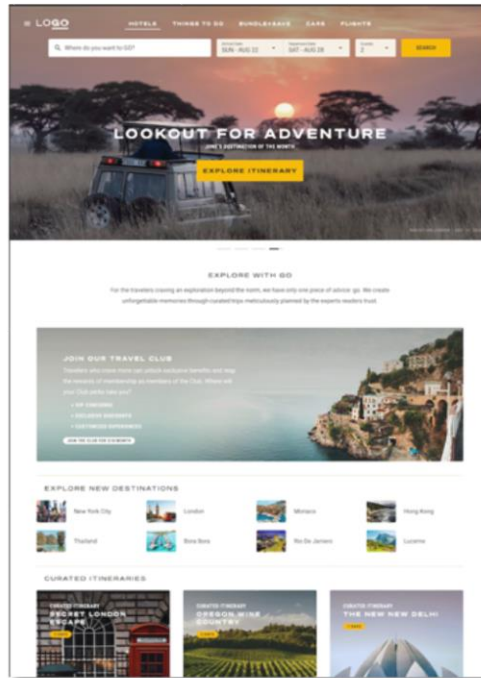
SUBSCRIPTION  
MEGATREND - WE  
HAVE CONTENT  
AND VALUE



BUILDS ON CORE  
OPERATIONAL  
STRENGTHS

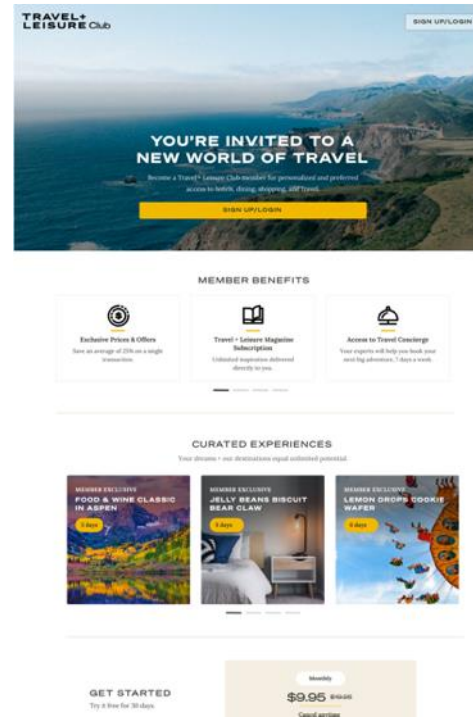
# MEDIA HALO: MAGAZINE, WEBSITE, SOCIAL, PODCAST

## TRAVEL+ LEISURE GO



Content meets commerce:  
Book travel at retail rates

## TRAVEL+ LEISURE Club



Exclusive experiences, customized  
concierge, preferred pricing

## TRAVEL+ LEISURE Licensing



Growing reach and awareness with  
branded products and services

# TRAVEL + LEISURE CLUB HAS A SIMPLE BUSINESS MODEL THAT PLAYS TO OUR CORE STRENGTHS

## ACQUISITION CHANNELS

- Upsell from Travel + Leisure GO
- Travel + Leisure Direct (e.g., print ads)
- Core database

## ONGOING MEMBERSHIP REVENUE STREAMS

- Monthly dues
- Transaction commissions

## CORE STRENGTHS

- + Upselling
- + Database marketing
- + Club membership operations
- + Discount travel

# 4 YEAR COMPOUND ANNUAL GROWTH OUTLOOK<sup>1</sup>

	Revenue	Adjusted EBITDA
VACATION OWNERSHIP	9-10%	9-11%
TRAVEL AND MEMBERSHIP	27-30%	13-17%
TRAVEL + LEISURE	15-17%	11-14%

**Travel and Membership**  
as a percentage of  
total adj. EBITDA  
  
**~40%**  
in 2025

**Travel + Leisure**  
adj. EPS<sup>2</sup>  
  
**17-22%**  
CAGR  
Before share repurchases

1. Growth assumptions are based off 2021 guidance

2. Adjusted EPS, a forward-looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

Information provided as of September 10, 2021; this is not intended to update such outlook or guidance or to reflect any facts, circumstances or other factors occurring since the date of our previous public disclosure of such outlook or guidance.

# VACATION OWNERSHIP GROWTH OUTLOOK

## 2025 PROJECTION

	Low	High
REVENUE CAGR 2021-2025	9%	10%
TOUR CAGR 2021-2025	18%	20%
GROSS VOI SALES	\$2.5B	\$2.6B
ADJ. EBITDA <sup>1</sup>	\$740M	\$780M

1. Adjusted EBITDA, a forward-looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

# TRAVEL AND MEMBERSHIP GROWTH OUTLOOK

## 2025 PROJECTION

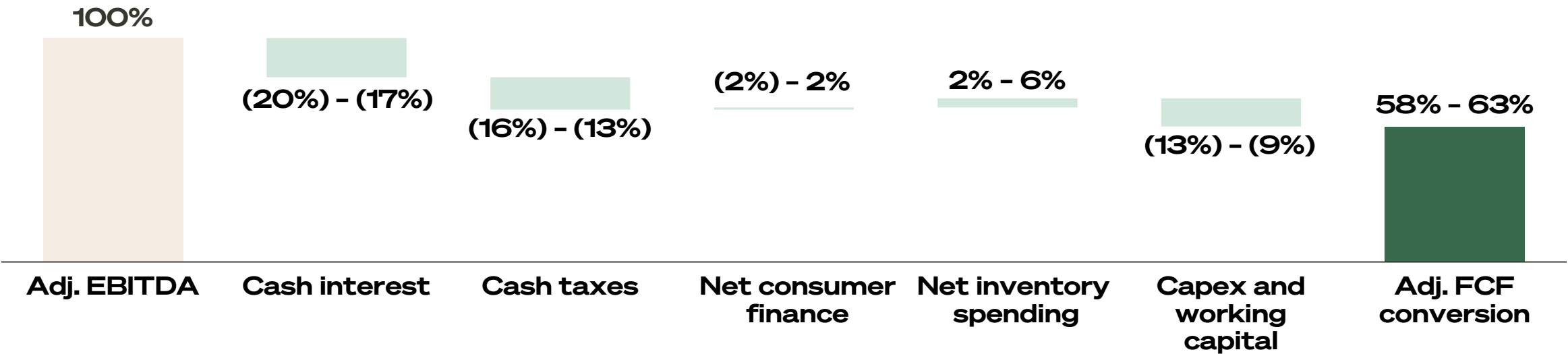
		Low	High	Adj. EBITDA Margins
Adjusted EBITDA	REVENUE CAGR 2021-2025	27%	30%	
	RCI	\$250M	\$265M	41-44%
	PANORAMA TRAVEL SOLUTIONS	\$120M	\$170M	23-26%
	TRAVEL + LEISURE GROUP	\$80M	\$95M	8-9%
T&M ADJUSTED EBITDA		\$450M	\$530M	21-23%

# 2025 ADJUSTED EBITDA TARGETS

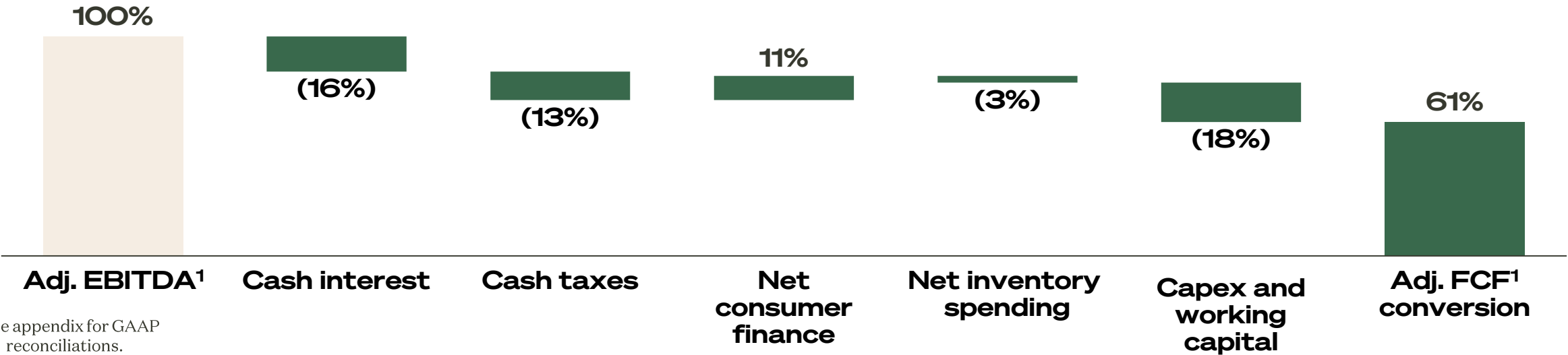
	Low	High
VACATION OWNERSHIP	\$740M	\$780M
TRAVEL AND MEMBERSHIP	\$450M	\$530M
CORP AND OTHER	(\$65M)	(\$60M)
TRAVEL + LEISURE	\$1,125M	\$1,250M

# ADJUSTED EBITDA TO ADJUSTED FREE CASH FLOW CONVERSION %

2022 to 2025 Projection



2018 to 2019 Actual



1. See appendix for GAAP reconciliations.

# COMMITTED TO RETURNING CASH TO SHAREHOLDERS 2022-2025



# A NEW ALGORITHM FOR SUSTAINED GROWTH

## STRONG FOUNDATION

Building on a strong foundation; resilient business with strong adj. EBITDA margins

## BUSINESS EXTENSIONS

Accelerating top-line growth by leveraging core competencies with acquired strategic capabilities

## FREE CASH FLOW

Driving strong Adj. FCF generation of \$2.4B+ over next four years

## THE OUTLOOK

Accelerating adj. EBITDA growth and cumulative Adj. FCF to maximize shareholder returns

# TRAVEL+ LEISURE

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**TNL**  

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**LISTED**  

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**NYSE**

# APPENDIX: NON-GAAP RECONCILIATION

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

	2019	2018 <sup>(1)</sup>	2018 + 2019
Net income attributable to T+L shareholders	507	672	1,179
Income from ops of disc bus, net of income taxes	-	50	50
Gain on disposal of disc bus, net of income taxes	(18)	(456)	(474)
Provision for income taxes	191	130	321
Depreciation and amortization	121	138	259
Interest expense	162	170	332
Interest (income)	(7)	(5)	(12)
Acquisition related	1	-	1
Restructuring costs	9	16	25
Asset impairments	27	(4)	23
Separation & related costs <sup>(2)</sup>	45	223	268
Legacy items <sup>(3)</sup>	1	1	2
Gain on disposal	(68)	-	(68)
Stock based compensation	20	23	43
VAT adjustment	-	(16)	(16)
Further adjustments <sup>(4)</sup>	-	15	15
Adjusted EBITDA	991	957	1,948

	2019	2018 <sup>(1)</sup>	2018 + 2019
Vacation Ownership	736	704	1,440
Travel and Membership	309	295	604
Total reportable segments	1,045	999	2,044
Corporate and other <sup>(5)</sup>	(54)	(42)	(96)
Adjusted EBITDA	991	957	1,948

- 2018 Adjusted EBITDA is further adjusted.
- Includes \$4 million and \$105 million of stock-based compensation expenses for the years ended 2019 and 2018.
- 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.
- 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.
- Includes the elimination of transactions between segments.

# APPENDIX: NON-GAAP RECONCILIATION

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

	2019	2018	2018 + 2019
Net cash provided by operating activities from continuing operations	453	292	745
Property and equipment additions	(108)	(99)	(207)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	185	264	449
Free cash flow from continuing operations	530	457	987
Separation and other adjustments <sup>(1)</sup>	87	123	210
Adjusted free cash flow from continuing operations <sup>(2)</sup>	617	580	1,197
Net income cash flow conversion			63%
Adjusted free cash flow conversion			61%

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. The Company had \$66 million of net cash used in investing activities and \$289 million of net cash used in financing activities for the year ended December 31, 2019, and \$725 million of net cash used in investing activities and \$280 million of net cash provided by financing activities for the year ended December 31, 2018.

# APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net VOI Sales to 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.

	Q3 2021
Net VOI sales	\$ 344
Loan loss provision	49
Gross VOI sales, net of Fee-for-Service sales	393
Fee-for-Service sales	47
Gross VOI sales	\$ 440

# APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net Income/(Loss) to Adjusted Net Income/(Loss) to Adjusted EBITDA (in millions, except diluted per share amounts)

	Three Months Ended September 30,		
	2021	EPS	Margin %
Net income attributable to TNL shareholders	\$ 101	\$ 1.15	12.0%
Legacy items	2		
Amortization of acquired intangibles <sup>(a)</sup>	2		
COVID-19 related costs <sup>(b)</sup>	1		
Taxes <sup>(c)</sup>	(1)		
Adjusted net income from continuing operations	104	\$ 1.19	12.4%
Income taxes on adjusted net income	41		
Interest expense	47		
Depreciation	29		
Stock-based compensation expense <sup>(d)</sup>	8		
Interest income	(1)		
Adjusted EBITDA	\$ 228		27.2%
Diluted Shares Outstanding	87.4		

(a) Amortization of acquisition-related intangible assets is excluded from adjusted net income/(loss) and adjusted EBITDA.

(b) 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.

(c) The amounts represent the tax effects on the adjustments.

(d) All stock-based compensation is excluded from adjusted EBITDA.

# APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow (in millions)

	Nine Months Ended September 30, 2021
Net cash provided by operating activities	\$ 435
Property and equipment additions	(40)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	(272)
Free cash flow	123
COVID-19 related adjustments <sup>(a)</sup>	5
Adjusted free cash flow <sup>(b)</sup>	\$ 128

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

(b) The Company had \$77 million of net cash used in investing activities and \$1.2 billion of net cash used in financing activities for the nine months ended September 30, 2021.

# DEFINITIONS

- 1. Adjusted 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.
- 2. 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.
- 3. Adjusted EBITDA Margin:** A non-GAAP measure, represents Adjusted EBITDA as a percentage of revenue.
- 4. 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, and 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.
- 5. Average Number of Members:** Represents paid members in our vacation exchange programs who are current on their annual membership dues or within the allowed grace period.
- 6. 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 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.
- 7. 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. Travel + Leisure Co. believes that these measures are useful to investors as supplemental measures in evaluating the aggregate performance of the Company.
- 8. 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.
- 9. Leverage Ratio:** The Company calculates leverage ratio as net debt divided by Adjusted EBITDA as defined in the credit agreement.
- 10. Net Debt:** Net debt equals total debt outstanding, less non-recourse vacation ownership debt and cash and cash equivalents.
- 11. 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.

# DEFINITIONS AND SOURCES

12. **Travel and Membership Revenue per Transaction:** Represents transactional revenue divided by transactions, provided in two categories; Exchange, which is primarily RCI, and non-Exchange.
13. **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.
14. **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.

## Sources

**Slide 11 NEW LINES WILL CAPITALIZE ON THE 'PRIMEIFICATION' MEGATREND:** \* Hundreds of companies across SaaS, IoT, Manufacturing, Publishing, Media, Telecommunications, Healthcare, and Corporate Services tracked by Zuora; ^ Zuora survey conducted across 12 countries including the U.S. Source: BMC/Mercatus survey; Company sites, filings, and executives; Emarketer; IMF; Leichtman Research; Realty Mogul; U.S. Census Bureau; Zuora