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INVESTOR PRESENTATION

May/June 2022

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, 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, risks associated with: the acquisition of the Travel + Leisure brand and the future prospects and plans for Travel + Leisure Co., including our ability to execute our strategies to grow our cornerstone timeshare and exchange businesses and expand into the broader leisure travel industry through new business extensions; our ability to compete in the highly competitive timeshare and leisure travel industries; uncertainties related to acquisitions, dispositions and other strategic transactions; the health of the travel industry and declines or disruptions caused by adverse economic conditions and unemployment rates, terrorism or acts of gun violence, political strife, war, pandemics, and severe weather events and other natural disasters; adverse changes in consumer travel and vacation patterns, consumer preferences and demand for our products; increased or unanticipated operating costs and other inherent business risks; our ability to comply with financial and restrictive covenants under our indebtedness and our ability to access capital markets on reasonable terms, at a reasonable cost or at all; maintaining the integrity of internal or customer data and protecting our systems from cyber-attacks; uncertainty with respect to the scope, impact and duration of the novel coronavirus global pandemic (“COVID-19”), including resurgences, the pace of recovery, distribution and adoption of vaccines and treatments, and actions in response to the evolving pandemic by governments, businesses and individuals; 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 on December 31, 2021 filed with the SEC on February 23, 2022. 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, 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 business including its reportable segments. 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. Where one or more of the currently unavailable items is applicable, such items could be material, individually or in aggregate, to GAAP reported results.

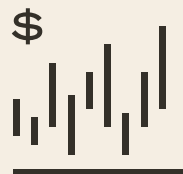
1Q 2022 Results

TRAVEL+
LEISURE

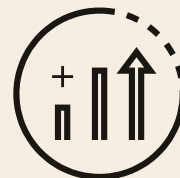
THREE MONTHS ENDED 03/31/22



Net Revenue
\$809M
+29% YOY growth



Gross VOI Sales⁽¹⁾
\$379M
+61% YOY growth



Adj. EBITDA⁽¹⁾
\$170M
+32% YOY growth



VPG
\$3,377
+19% YOY growth



Adj. FCF⁽¹⁾
\$146M

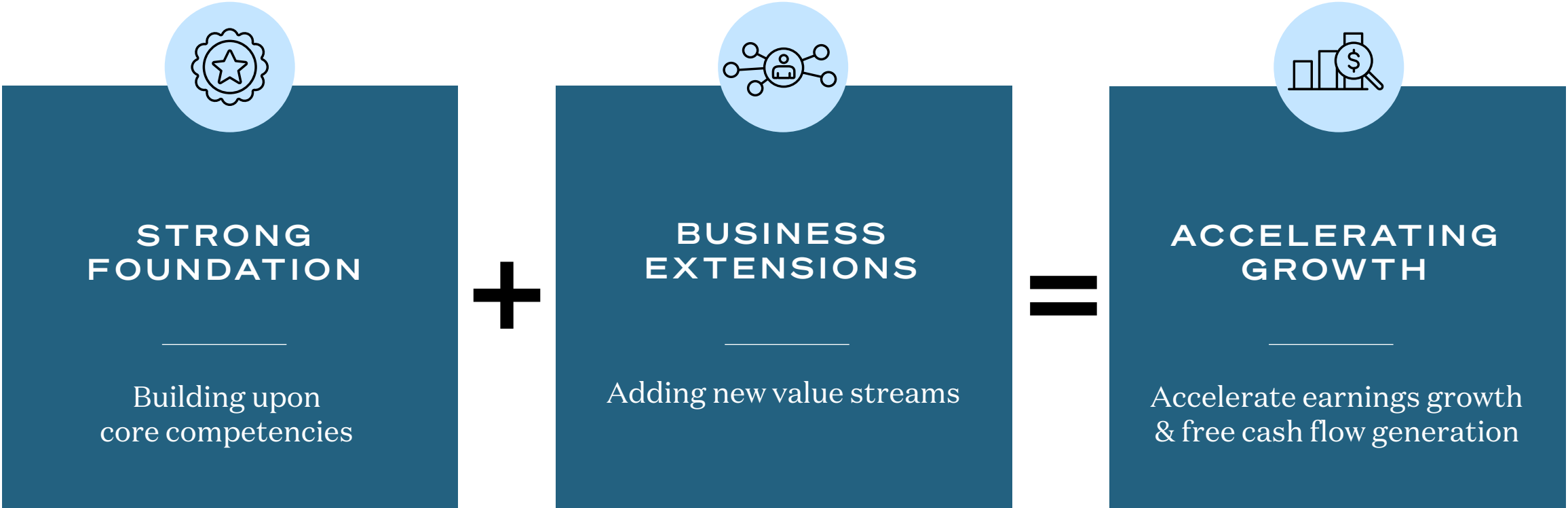
HIGHLIGHTS

- + Increased available share repurchase authorization by \$500 million⁽²⁾
- + Paid quarterly dividend of \$0.40 per share
- + Highest quarterly VPG in the company's history
- + Closed on a \$275 million term securitization on March 23, 2022 with a weighted average coupon of 3.84% and a 98% advance rate

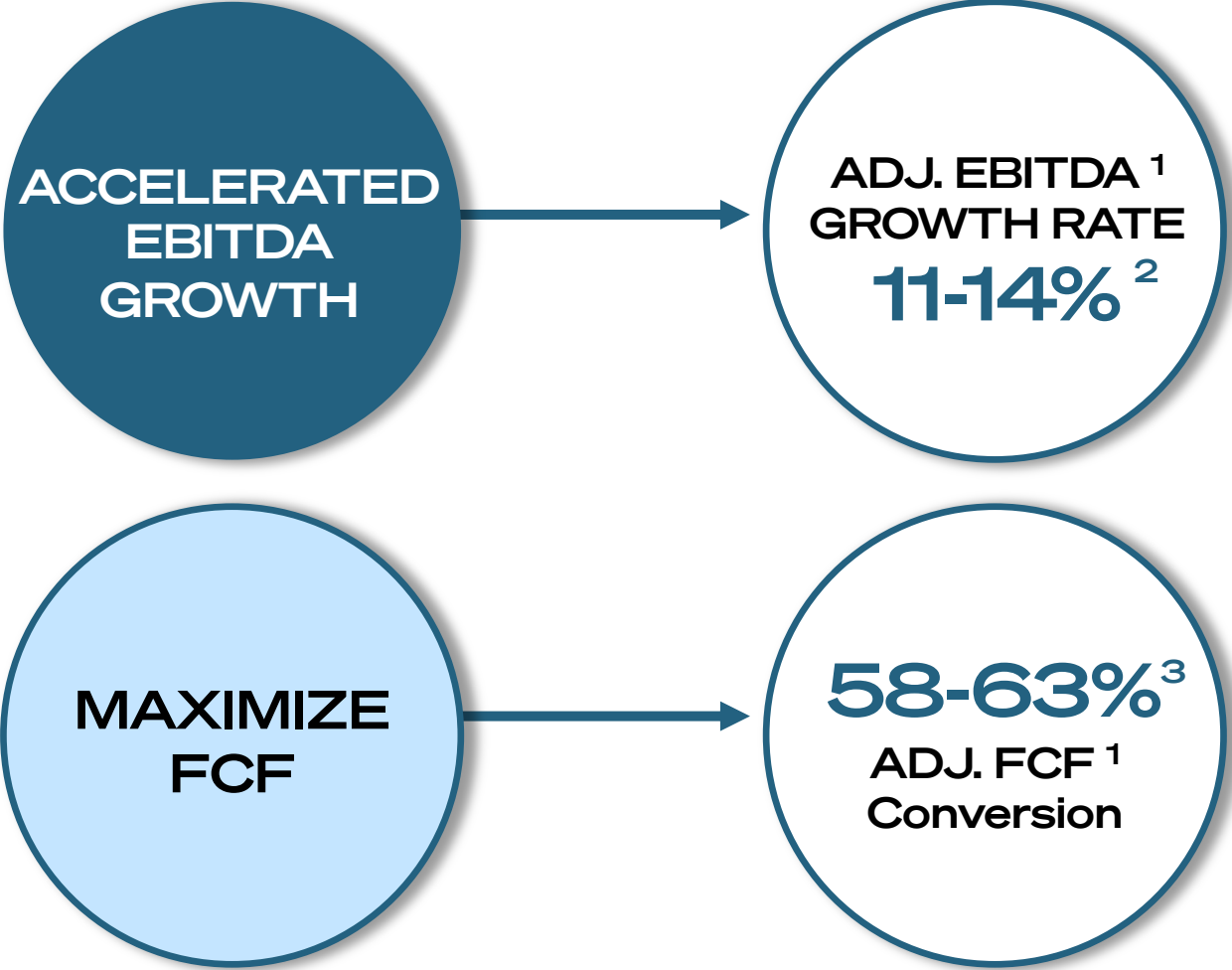
(1) Non-GAAP measure: see appendix for definitions and reconciliations.

(2) Approved April 25, 2022.

BUILDING ON A STRONG FOUNDATION

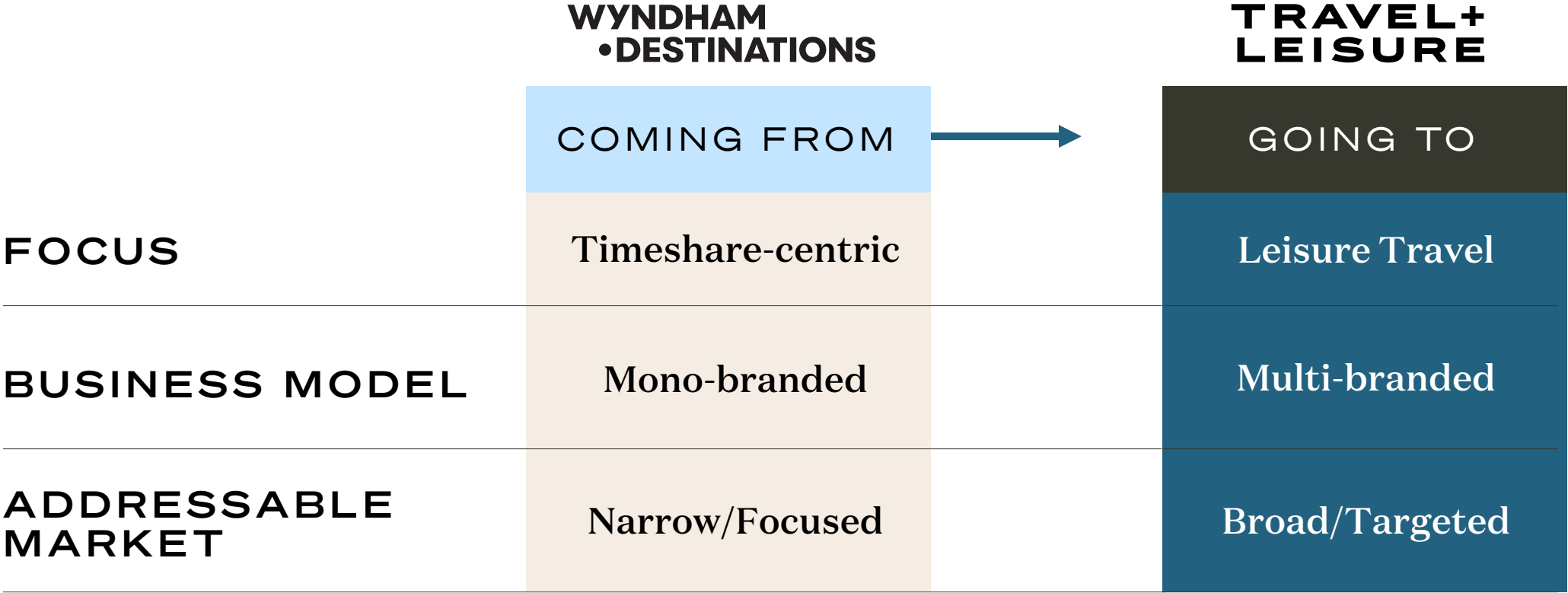


ACCELERATE GROWTH AND
MAXIMIZE FREE CASH FLOW
4-YEAR TARGET



1. Adjusted EBITDA and Adjusted free cash flow are forward looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort.
2 Target compound Annual Growth 2021-25
3. Target adj. FCF conversion range 2022-25

BROADEN THE ENTERPRISE



STRATEGIC INTENT OF VACATION OWNERSHIP



WYNDHAM
• DESTINATIONS

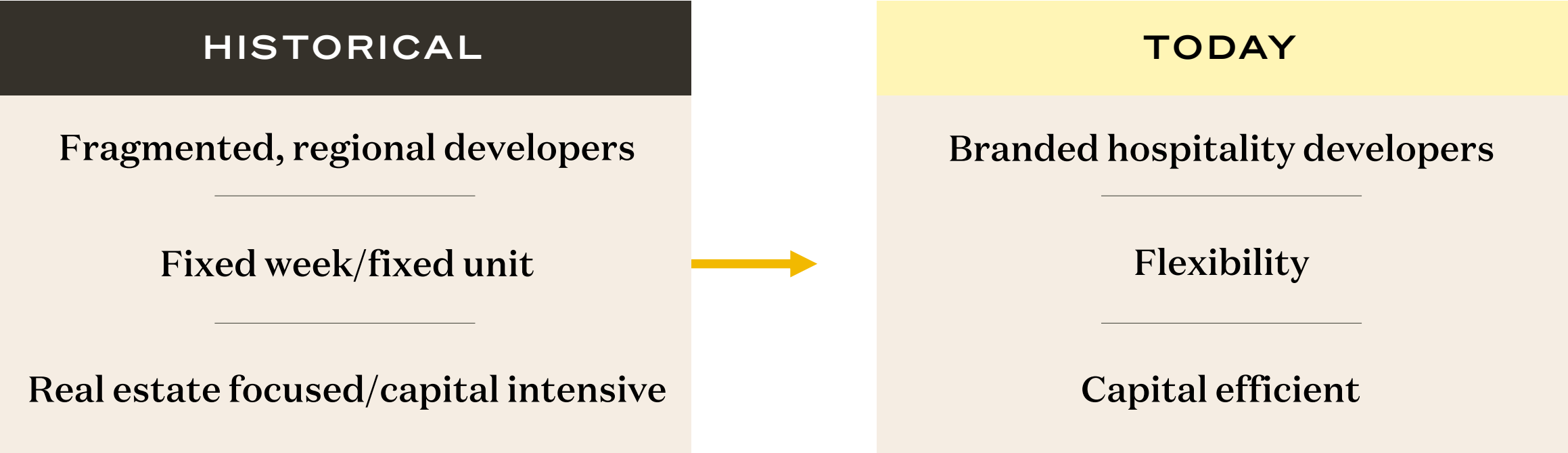
Grow Vacation Ownership

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

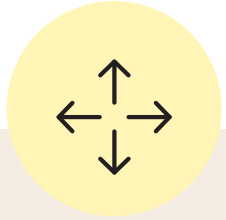
Strong and Resilient Business Model

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

INDUSTRY TRANSFORMATION



WYNDHAM DESTINATIONS POSITIONED FOR SUCCESS



SCALE

245+¹
RESORTS

833K¹
OWNERS



FLEXIBILITY

POINTS-BASED
SYSTEM

DIVERSITY OF
DESTINATIONS

JUST-IN-TIME
INVENTORY



REVENUE PIPELINE

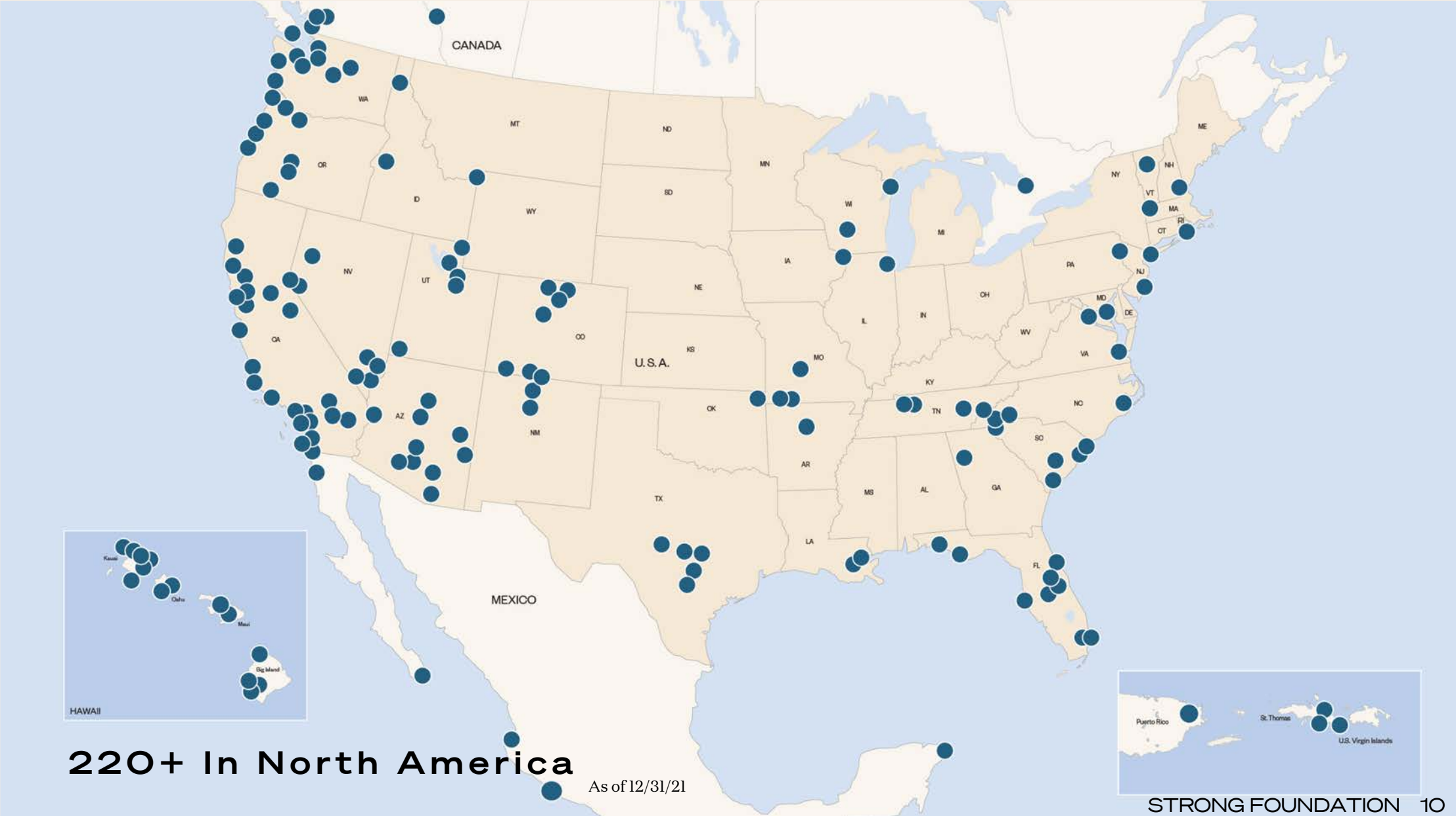
OWNER UPGRADES

BLUE THREAD

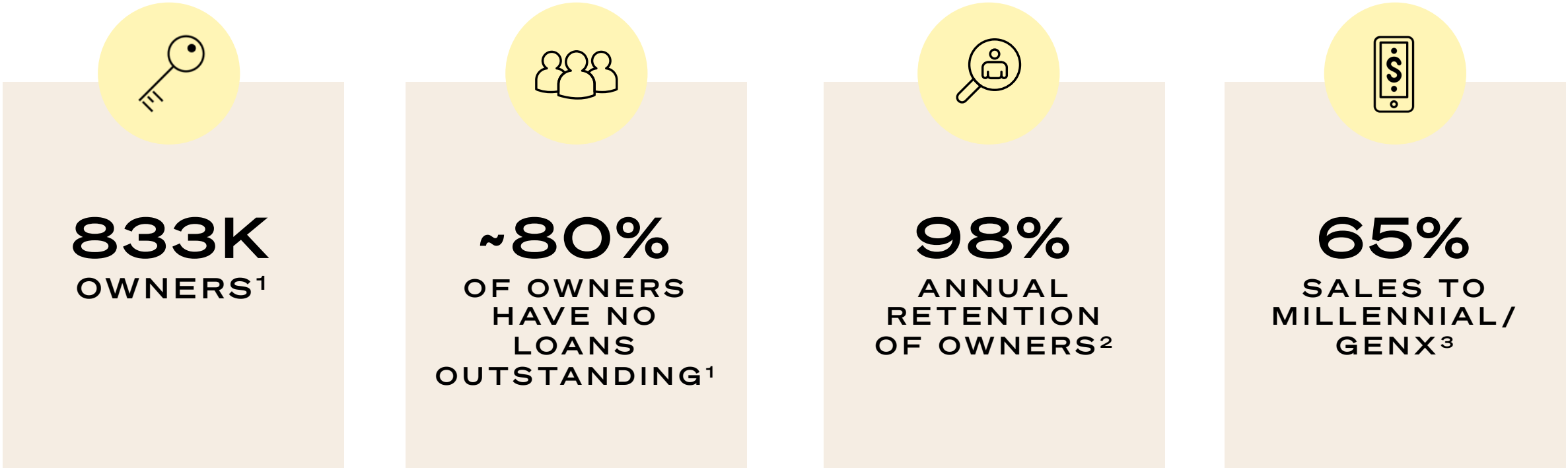
SALES TO
MILLENNIAL/GENX

RESILIENT BUSINESS MODEL

245+ GLOBAL LOCATIONS



KEY STATISTICS SHOW STABILITY IN OUR OWNER/MEMBER BASE



1. As of 12/31/21
2. Annual retention of owners without loans over last 10 years as of 12/31/21
3. Percentage of new owners for the year ended 12/31/21

BUILDING UPON OUR STRONG FOUNDATION



LARGE UPGRADE PIPELINE

~2.6x Initial Purchase

BLUE THREAD OPPORTUNITY

92M+ Loyalty Members¹

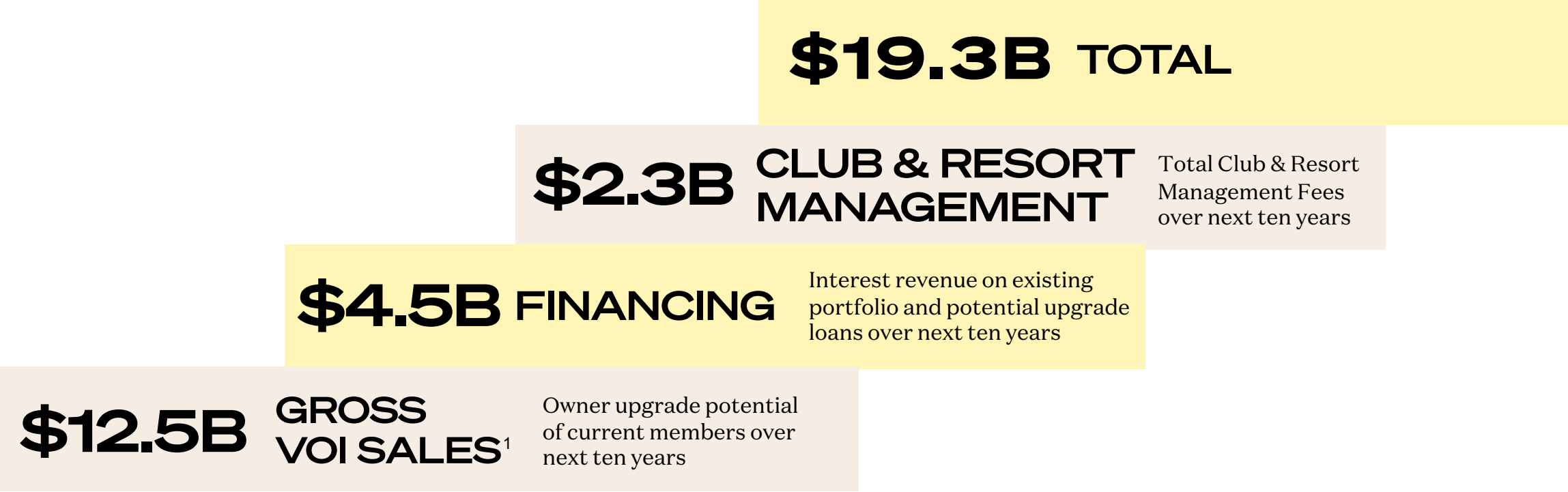
OPTIMIZING OPEN-MARKET CHANNELS

New Owner VPGs increase ~46% in 2021²

1. Number of loyalty members as of 12/31/21

2. For the year 2021 versus the year 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.

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:

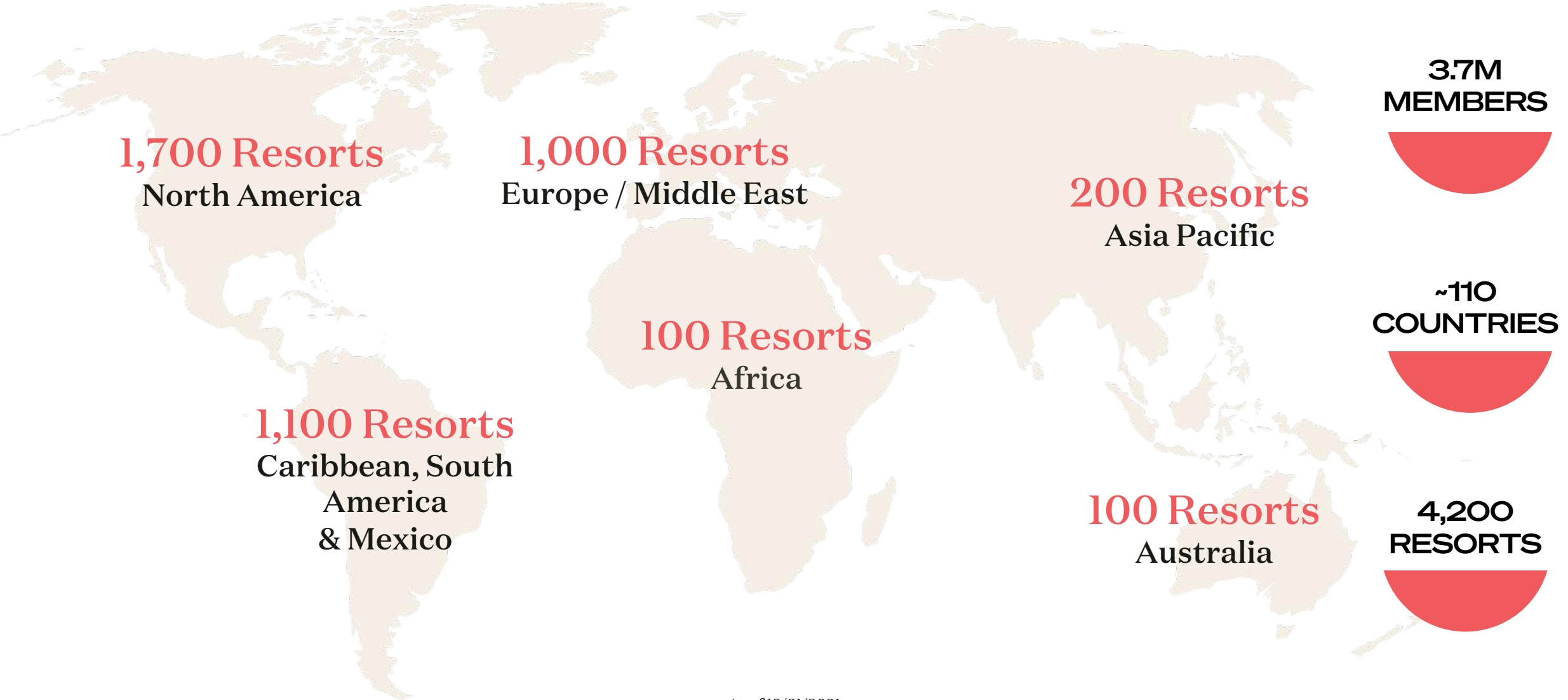
HILTON
GRAND VACATIONS



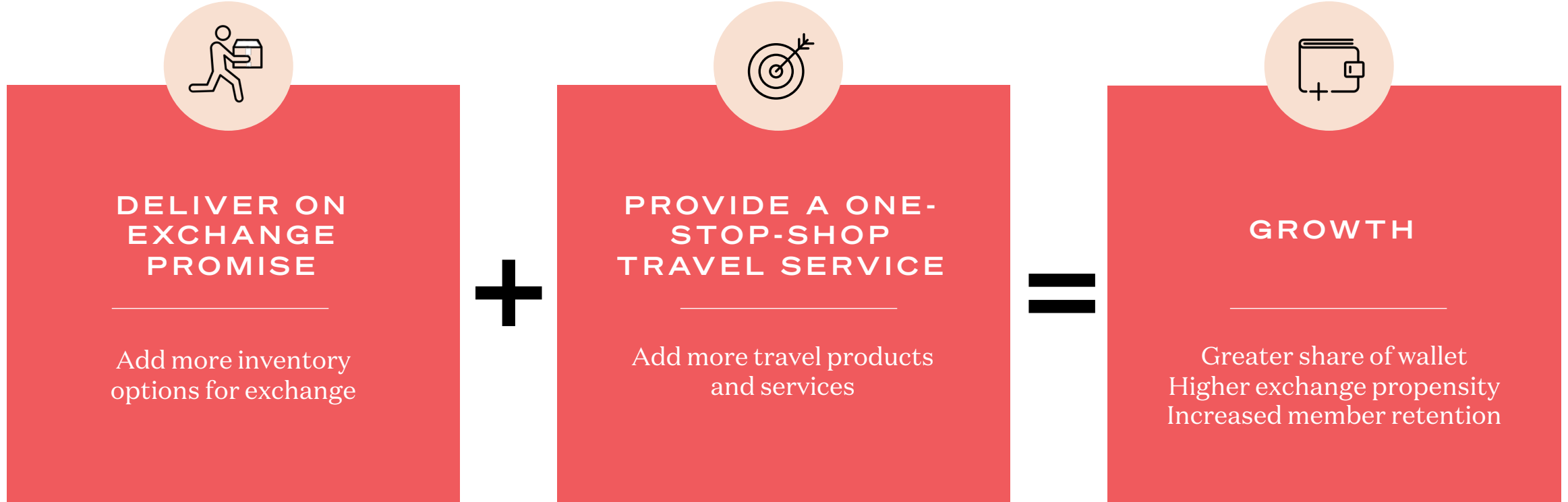
Fairmont

WYNDHAM
• **DESTINATIONS**

WORLD'S LARGEST EXCHANGE
COMPANY FOR 45+ YEARS

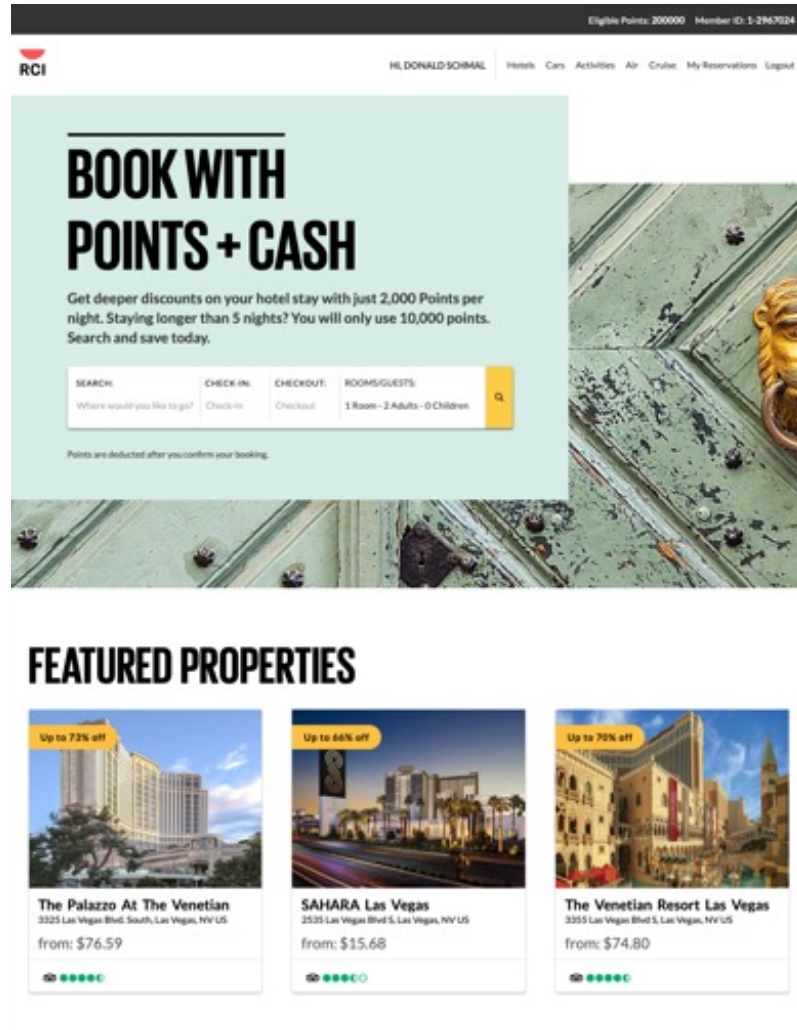


FOCUS ON TRAVEL TO GROW



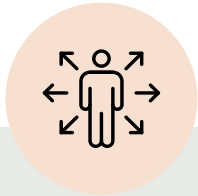
HIGH MARGIN + CAPITAL-LIGHT + HIGH ADJ. FCF

INCREASE EXCHANGE PROPENSITY

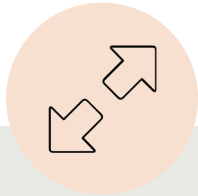


- + More flexibility
- + Use trading power to buy down cost of hotels
- + Added 600k+ hotels and resorts to exchange portfolio
- + Additional exchange options

B2B TRAVEL CLUBS



**GROW
MEMBERSHIP
BEYOND THE
TIMESHARE
INDUSTRY**



**EXPAND B2B
PARTNERSHIPS
ACROSS MULTIPLE
SECTORS**



**INCREMENTAL
SUBSCRIPTION
AND
TRANSACTION
REVENUE**

PANORAMA TRAVEL SOLUTIONS

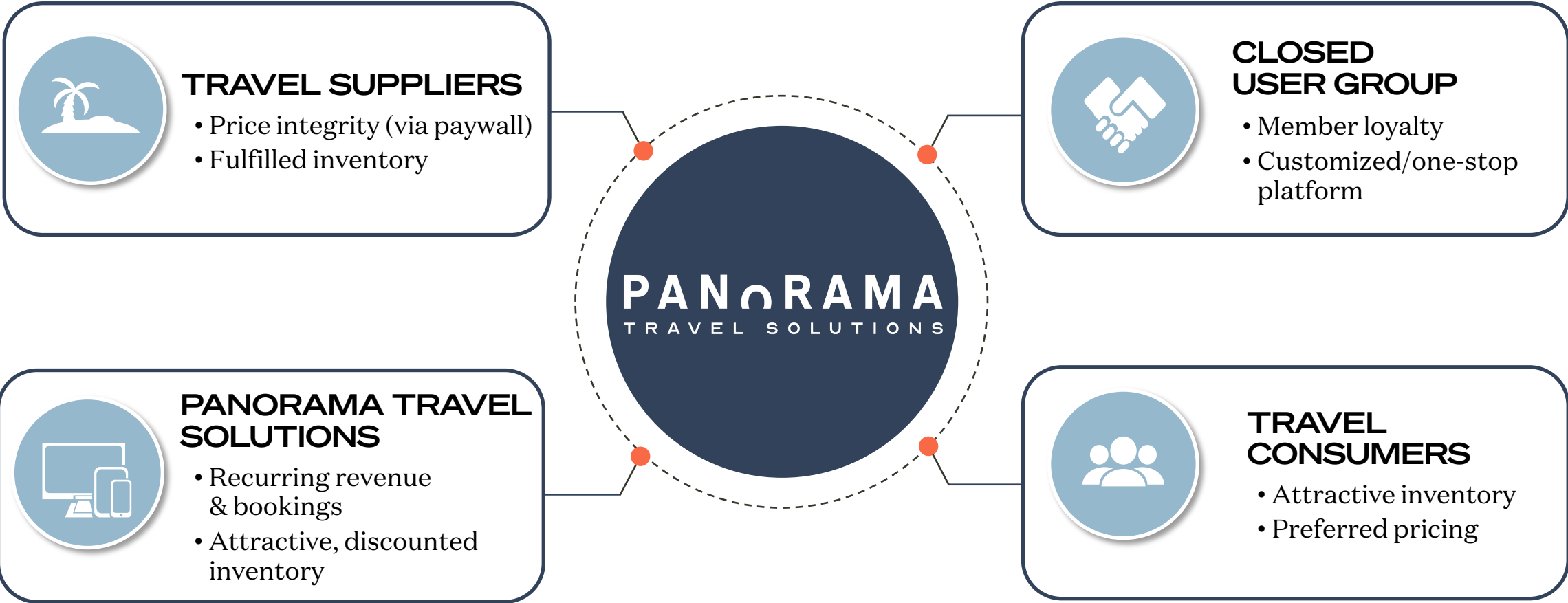
PRODUCT OFFERING

- + 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

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

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 OUTLOOK¹

	Revenue	Adjusted EBITDA ²
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. EBITDA²

~40%
in 2025

Travel + Leisure
adj. EPS²

17-22%
CAGR
Before share repurchases

1. Growth assumptions are based off 2021 guidance
2. Adjusted EBITDA and Adjusted EPS are forward-looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.

VACATION OWNERSHIP GROWTH OUTLOOK¹

2025 PROJECTION

	Low	High
REVENUE CAGR 2021-2025	9%	10%
TOUR CAGR 2021-2025	18%	20%
GROSS VOI SALES ²	\$2.5B	\$2.6B
ADJ. EBITDA ²	\$740M	\$780M

1. Growth assumptions are based on 2021 guidance.
 2. Gross VOI sales and Adjusted EBITDA are forward-looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.

TRAVEL AND MEMBERSHIP GROWTH OUTLOOK¹

2025 PROJECTION

		Low	High	Adj. EBITDA Margins ²
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%

1. Growth assumptions are based off 2021 guidance
 2. Adjusted EBITDA Margin is a forward-looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

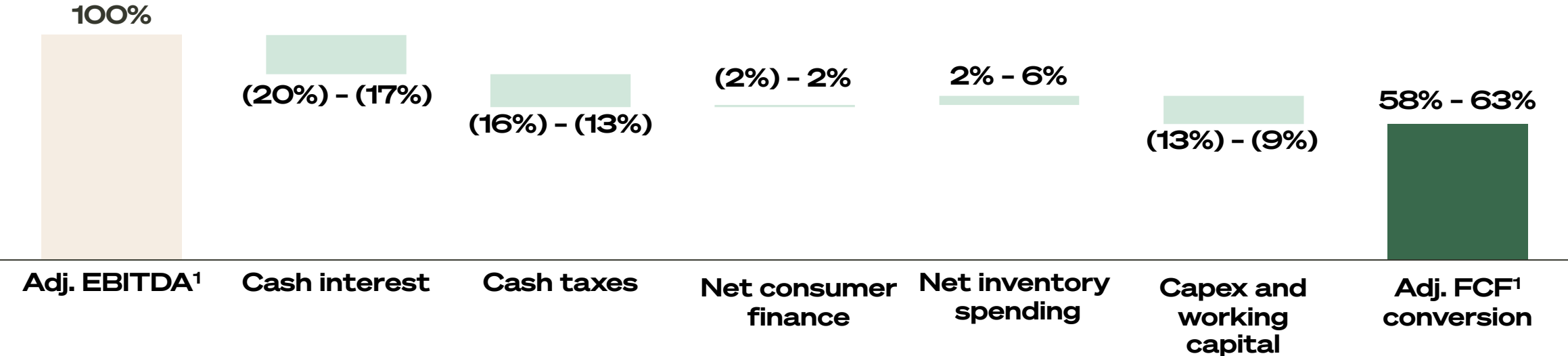
2025 ADJUSTED EBITDA¹ TARGETS

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

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

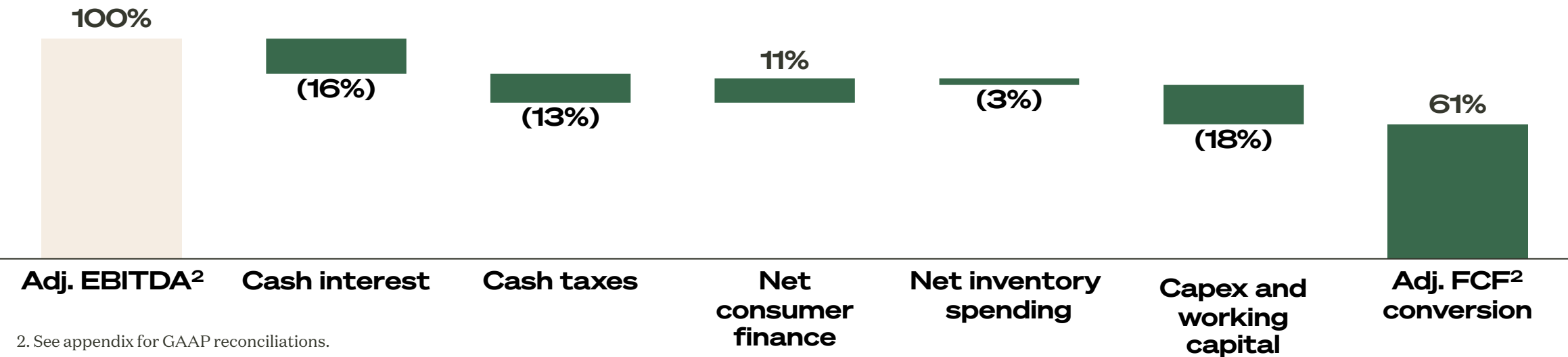
ADJUSTED EBITDA TO ADJUSTED FREE CASH FLOW CONVERSION %

2022 to 2025 Outlook



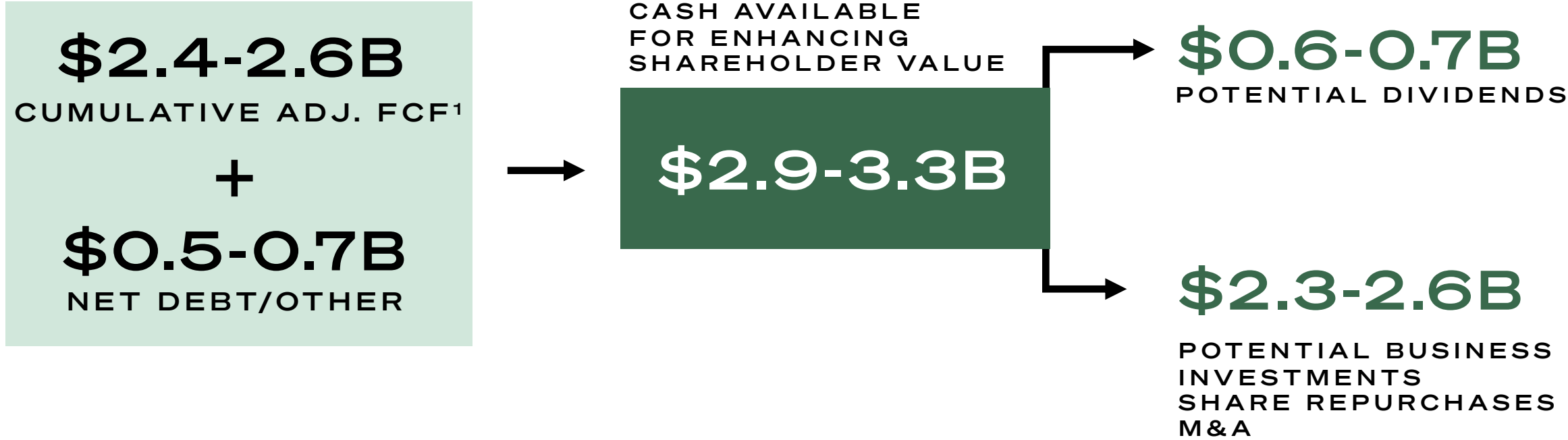
1. Adjusted EBITDA and Adjusted FCF are forward-looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.

2018 to 2019 Actual



2. See appendix for GAAP reconciliations.

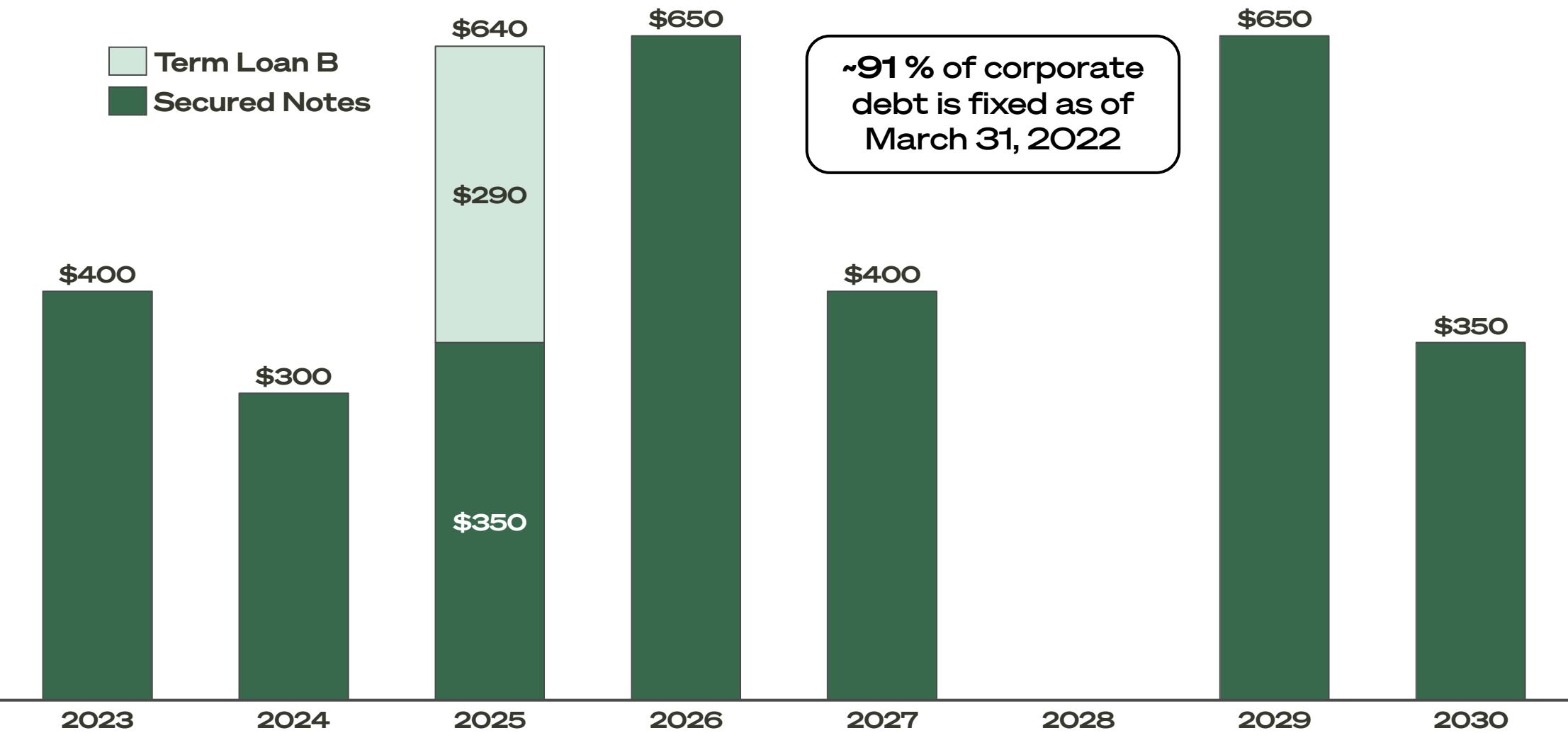
COMMITTED TO RETURNING CASH TO SHAREHOLDERS 2022-2025 OUTLOOK



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

CORPORATE DEBT MATURITY

As of March 31, 2022 (\$ in millions)



Note: Excludes Term Loan B amortization payments of \$3M per year in 2022-2024. The \$1B revolving credit facility is due to be renewed in 2026 and has no borrowings outstanding as of March 31, 2022.

PREDICTABLE AND/OR RECURRING REVENUE
(\$ in millions)

~80% of Revenue
in 2021 was
**PREDICTABLE
and/or RECURRING**

Primarily New Vacation Owner Sales
and Travel Club transactions

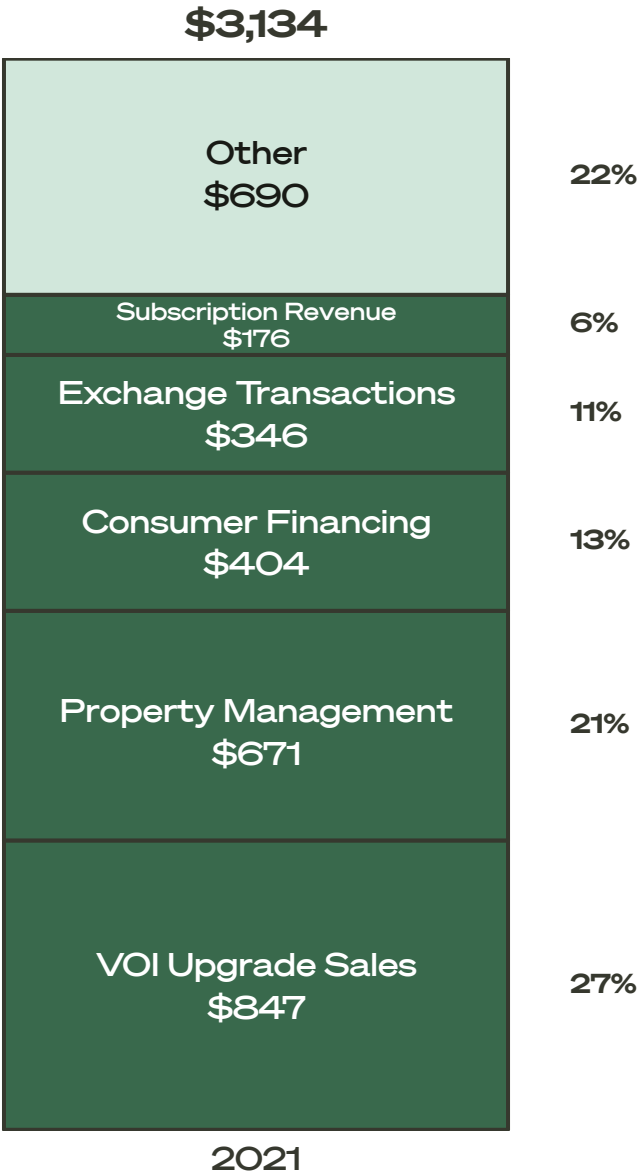
Exchange membership revenue
(3.7M members)

Booking revenue from
exchange members

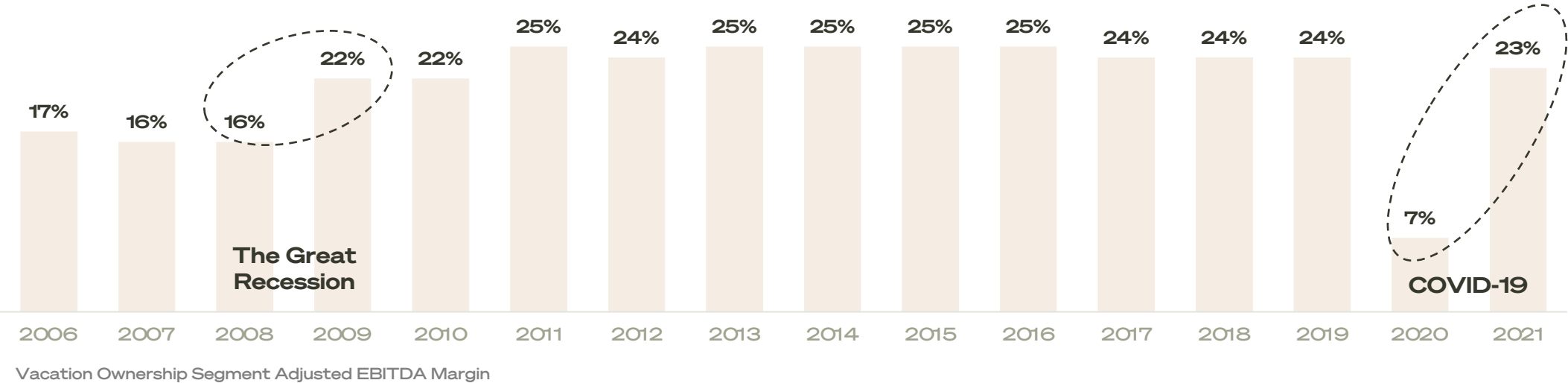
\$2.8B loan portfolio;
Fixed interest rates

Management fees from 245+ resorts;
98% contract retention

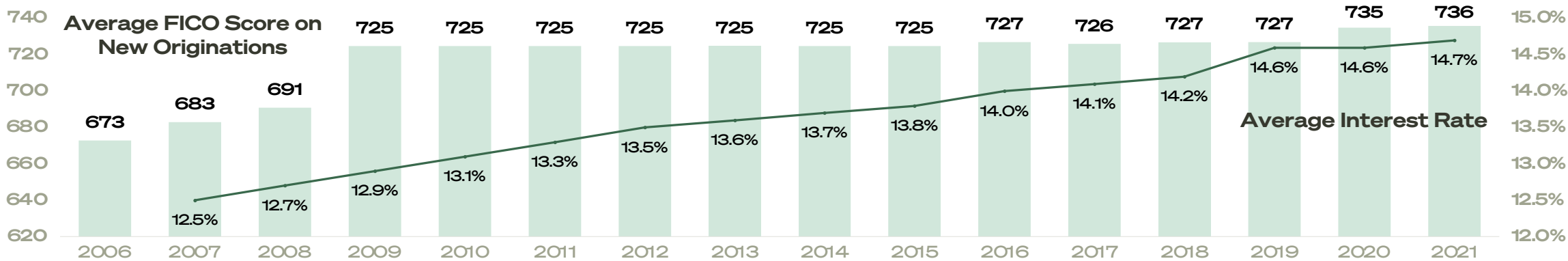
25+ years of data proves owners
consistently upgrade



Resilient Business with Strong Margins



Strong Credit Quality



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 PROJECTION

Driving strong Adj. FCF generation of \$2.4B+ over next four years¹

THE OUTLOOK

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

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

TRAVEL+ LEISURE

TNL

LISTED

NYSE

APPENDIX: NON-GAAP RECONCILIATION

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

	2019	2018 ⁽¹⁾	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 ⁽²⁾	45	223	268
Legacy items ⁽³⁾	1	1	2
Gain on disposal	(68)	-	(68)
Stock based compensation	20	23	43
Value-added tax refund	-	(16)	(16)
Further adjustments ⁽⁴⁾	-	15	15
Adjusted EBITDA	\$ 991	\$ 957	\$ 1,948

	2019	2018 ⁽¹⁾	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 ⁽⁵⁾	(54)	(42)	(96)
Adjusted EBITDA	\$ 991	\$ 957	\$ 1,948

1. 2018 Adjusted EBITDA is further adjusted.
2. Includes \$4 million and \$105 million of stock-based compensation expenses for the years ended 2019 and 2018.
3. Legacy items include the resolution of and adjustments to certain contingent assets and 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.
4. Includes incremental license fees paid to Wyndham Hotels, other changes being affected 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.
5. 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 (\$ 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	530	457	987
Separation and other adjustments ⁽¹⁾	87	123	210
Adjusted free cash flow ⁽²⁾	\$ 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 affected 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.

	Three Months Ended <u>March 31, 2022</u>
Net VOI sales	\$ 297
Loan loss provision	48
Gross VOI sales, net of Fee-for-Service sales	<u>345</u>
Fee-for-Service sales	<u>34</u>
Gross VOI sales	<u><u>\$ 379</u></u>

APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net Income to Adjusted Net Income to Adjusted EBITDA
(\$ in millions)

	Three Months Ended <u>March 31, 2022</u>
Net income attributable to TNL shareholders	\$ 51
Restructuring ⁽¹⁾	7
COVID-19 related costs ⁽²⁾	2
Amortization of acquired intangibles ⁽³⁾	2
Legacy items	1
Impairment costs	1
Taxes ⁽⁴⁾	(4)
Adjusted net income	<u>\$60</u>
Income taxes on adjusted net income	27
Interest expense	47
Depreciation	28
Stock-based compensation expense ⁽⁵⁾	9
Interest income	(1)
Adjusted EBITDA	<u><u>\$ 170</u></u>

(1) Includes \$3 million of stock-based compensation expenses associated with the 2022 restructuring.

(2) Includes expenses related to COVID-19 testing and other expenses associated with our return-to-work program.

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

(4) Represents the tax effects on the adjustments.

(5) 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)

	Three Months Ended March 31, 2022
Net cash provided by operating activities	\$ 141
Property and equipment additions	(10)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	13
Free cash flow	<u>\$ 144</u>
COVID-19 related adjustments ⁽¹⁾	2
Adjusted free cash flow ⁽²⁾	<u><u>\$ 146</u></u>

(1) Includes cash paid for COVID-19 expenses factored into the calculation of Adjusted EBITDA.
(2) The Company had \$16 million of net cash used in investing activities and \$79 million of net cash used in financing activities for the three months ended March 31, 2022.

APPENDIX: NON-GAAP RECONCILIATION

Vacation Ownership Net Income to Adj. EBITDA Reconciliation ⁽¹⁾

(\$ in millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Vacation Ownership net income/(loss)	\$ 298	\$ (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 noncontrolling interest	-	-	-	-	-	1	-	1	1	-	-	-	-	-	-	-
Provision for/(benefit from) income taxes	128	(17)	150	119	110	194	196	185	144	137	122	96	72	50	95	98
Depreciation and amortization	82	86	81	73	63	53	47	47	47	38	38	46	54	58	48	39
Interest expense	34	43	78	117	142	131	130	133	180	147	160	142	144	100	85	37
Interest (income)	-	-	-	(1)	-	(1)	(2)	(1)	(1)	-	-	-	-	(1)	-	-
Acquisition related	-	-	-	-	-	-	-	-	2	1	-	-	-	-	-	-
COVID-19 related	3	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring costs	(1)	14	5	11	-	8	1	-	-	2	(1)	-	37	66	-	-
Asset impairments/loss on sale	1	22	27	(4)	205	-	-	-	-	-	-	-	9	1,374	-	-
Executive costs	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-
Separation and related costs	-	-	4	67	1	-	-	-	-	-	-	-	-	-	9	18
Stock-based compensation	13	8	7	9	13	16	-	-	-	-	-	-	-	-	-	-
2016 grant modifier	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Further adjustments ⁽²⁾	-	-	-	(10)	(25)	(21)	-	-	-	-	-	-	-	-	-	-
Vacation Ownership Adjusted EBITDA	\$ 558	\$ 121	\$ 756	\$ 721	\$ 684	\$ 703	\$ 688	\$ 660	\$ 621	\$ 552	\$ 514	\$ 440	\$ 433	\$ 366	\$ 387	\$ 343
Total Revenue	\$ 2,403	\$ 1,625	\$ 3,122	\$ 2,979	\$ 2,881	\$ 2,774	\$ 2,772	\$ 2,638	\$ 2,515	\$ 2,269	\$ 2,077	\$ 1,979	\$ 1,945	\$ 2,278	\$ 2,425	\$ 2,068
Adj. EBITDA Margin	23%	7%	24%	24%	24%	25%	25%	25%	25%	24%	25%	22%	22%	16%	16%	17%

Note: 2006-2015 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) Amounts prior to 2020 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) Includes incremental license fees paid to Wyndham Hotels & Resorts and other changes being affected in conjunction with the spin-off.

DEFINITIONS

- 1. Adjusted Diluted Earnings per Share:** A non-GAAP measure, defined by the Company as Adjusted net income divided by the diluted weighted average number of common shares.
- 2. Adjusted EBITDA:** A non-GAAP measure, defined by the Company as net income 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 assets and 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, 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. Adjusted Net Income:** A non-GAAP measure, defined by the Company as net income 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 assets and 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.
- 6. Average Number of Exchange Members:** Represents paid members in our vacation exchange programs who are considered to be in good standing.
- 7. 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.
- 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. Tours:** Represents the number of tours taken by guests in our efforts to sell VOIs.
- 12. Travel and Membership Revenue per Transaction:** Represents transactional revenue divided by transactions, provided in two categories; Exchange, which is primarily RCI, and Travel Club.
- 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 Travel Club.
- 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.
- 15. 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 & Resorts 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.