

Hilton Grand Vacations Inc.
First Quarter 2026 Earnings Call
Thursday, April 30, 2026, 9:00 A.M. Eastern

CORPORATE PARTICIPANTS

Mark Melnyk – *Senior Vice President Investor Relations*

Mark Wang – *Chief Executive Officer*

Daniel Mathewes – *President and Chief Financial Officer*

PRESENTATION

Operator

Good morning and welcome to the Hilton Grand Vacations' First Quarter 2026 Earnings Conference Call.

At this time, all participants have been placed in a listen-only mode, and the floor will be opened for your questions following the presentation. If you would like to ask a question, please press star, one on your touchtone phone to enter the queue. If at any point your question has been answered, you may remove yourself from the queue by pressing star, two. If you should require Operator assistance, please press star, zero. If using a speakerphone, please lift your handset to allow the signal to reach our equipment.

Please limit yourself to one question and one follow-up to allow the opportunity for everyone to ask questions. You may re-enter the queue to ask additional questions.

I would now like to turn the call over to Mark Melnyk, Senior Vice President of Investor Relations. Please go ahead sir.

Mark Melnyk

Thank you Operator and welcome to the Hilton Grand Vacation's first quarter 2026 earnings call.

Our discussions this morning will include forward-looking statements. Actual results could differ materially from those indicated by these forward-looking statements. The statements are effective only as of today. We undertake no obligation to publicly update or revise these statements. For a discussion of some of the factors that could cause actual results to differ, please see the Risk Factors section of our SEC filings.

Our reported results for all periods reflect the accounting rules under ASC 606 which we adopted in 2018. Under ASC 606 we're required to defer certain revenues and expenses related to sales made in a period when a project is under construction and then hold off on recognizing those revenues and expenses until the period when construction is completed. The aggregate of these potentially overlapping deferrals and recognitions from various projects in any given period are known as net deferrals.

Please note that in our prepared remarks today we'll only be referring to metrics that remove the impact of net deferrals which more accurately reflects the cash flow dynamics of our financial performance during the period. To simplify our discussion today we've uploaded slides to our Investor Relations site showing these metrics which we'll be referring to on today's call. I'd urge you to view these slides on our website at investors.hgv.com.

On Slide 2 of these materials, you can see the deferral adjusted metrics that we'll be referring to on today's call. Reported results for the quarter do not reflect \$25 million of net contract sales deferrals under ASC 606 which had the effect of reducing reported GAAP revenue and were related to pre-sales of our Ka Haku project partially offset by a recognition associated with our Kyoto project which opened in March. Also, on Slide 2 we deferred a net \$7 million of direct expenses associated with these revenues. Adjusting for both these items would increase the Adjusted EBITDA to shareholders reported on our press release by a net of \$18 million to \$267 million.

With that let me turn the call over to our CEO Mark Wang. Mark?

Mark Wang

Morning everyone and welcome to our first quarter earnings call. We're off to a strong start this year and overall, we're pleased with how the quarter came together. The results we delivered in Q1 reflect disciplined execution by our teams across the business and a consistent focus on our strategic initiatives.

Contract sales met the expectations we laid out on our prior call and Adjusted EBITDA exceeded expectations growing 8% versus the prior year with 130 basis points of margin expansion. In addition, we drove great new buyer growth along with cost efficiencies that supported healthy EBITDA flow through. These results reinforce our confidence that we're on track to achieve our long-term algorithm of consistent growth in sales and EBITDA and strong free-cash generation along with a commitment to returning capital to our shareholders. We purchased an additional \$150 million of stock during the quarter bringing the total to nearly \$2.3 billion we've returned since becoming a standalone public company.

Next, taking a look at our consumer environment, leisure travel demand among our members remained healthy. Arrivals were strong in the first quarter, and we see trends improving through the Fall and March was our strongest sales month of the quarter with momentum carrying into April.

At the same time, we're carefully monitoring the impact of the conflict in the Middle East and the potential broader effects on the leisure travel landscape. But our business model carries several advantages that should help us to navigate the environment. Our members have prepaid their vacations for the year making them less sensitive to travel costs, and new buyers are attracted by the value proposition of our marketing package offerings. In addition, the efficiency initiatives that we already have underway combined with the variable nature of our cost structure leaves us well positioned. While we'll keep a close eye on the external risks; our focus remains on executing our strategic initiatives and controlling what we can control.

Given the results of the first quarter and our purchase of the remainder of the Elara JV to take full control of the project, which I'll cover shortly, I'm pleased to report that we're raising our Adjusted EBITDA guidance for the full year.

More broadly, the quarter and guidance reinforce the progress we're making as an integrated business and the consistency of our execution against our strategic priorities which are operational excellence, attracting new customers, product evolution and innovation and enhancing member lifetime value. Operational excellence drove strong execution in the quarter while tours outpaced VPG and we saw a higher mix of new owners. Our teams effectively managed costs to drive improved EBITDA contribution and we remain confident in our guidance to grow EBITDA for the full year.

We also did a great job of adding new buyers. The investments we made in our marketing pipeline last year supported high single-digit new buyer tour growth in Q1 maintaining the strong pace that we saw in the fourth quarter. In addition, solid conversion of those tours led to the highest level of first quarter new buyer transactions since 2023 – up 8% versus the prior year – which is key to driving improved efficiency as well as growing our embedded value. Those new buyers helped to support 29% growth in our HGV Max member base over the prior year to 277,000 members.

On the product front I'm happy to announce that we reached an agreement to purchase the development rights of Elara our flagship resort in Las Vegas allowing us to take full control of the

project by moving it from a fee-for-service JV to an owned property. As part of the natural progression with our fee-for-service projects it provides us several significant benefits including receiving the full economics of the real estate business as well as assuming the existing and future financing business associated with the project along with providing additional inventory flexibility.

Elara has always been very popular with new buyers, but this transaction also unlocks our ability to better sell the project across our entire sales distribution network outside of Las Vegas, enabling owners to upgrade out of the project while simultaneously allowing any of our members to upgrade into Elara.

We're also making great progress with our inventory optimization initiative. We've identified a set of eight properties that no longer fit with our portfolio, and we recently entered into an agreement with a third party for the disposition of our interest in these assets. At high level dispositions allow us to proactively manage aging and non-core inventory, reduce long-term carry risk, and ensure capital is continually recycled into higher performing opportunities. This discipline helps us to balance between growth, flexibility, and profitability.

From a strategic standpoint disposition support our broader goals by improving the mix and quality of inventory over time, creating capacity to reinvest into priority markets, products, and experiences, and reinforcing a proactive rather than reactive approach to inventory management. Taken together with the financial benefits Dan will outline, these dispositions help us to optimize the portfolio and position the business for sustained growth.

Turning to the embedded value, we're continuing to expand our industry-leading HGV Max and HGV Ultimate Access offerings to enhance our value proposition and drive member engagement. We recently introduced additional enhancements to Hilton Honors point conversions within the Max program to complement the suite of benefits that have proven so popular with our Max members.

Lastly, our Ultimate Access teams continue to expand our best-in-class experiential platform. In just the past few months alone our members have enjoyed private concerts with number one billboard artist Ella Langley, the legendary Beach Boys, and Grammy award winner Kelly Clarkson. Our partnership with the LPGA provided members in-person access to our tournament of champions to see this year's winner Nelly Korda, which was televised on NBC and the Golf Channel.

HGV will also continue as an official event partner of Formula One's Heineken Las Vegas Grand Prix where members have access to exclusive trackside HGV Clubhouse Suites and entertainment at Elara. HGV Ultimate Access is already the biggest and most comprehensive program of its kind, and this year will be even bigger and better. We've got new events planned for new members including FIFA World Cup events, NASCAR, an expanded summer concert series lineup, and we'll also be announcing additional exciting programming to further enhance member experiences throughout the year.

To sum it up, I'm happy with the performance and start to the year. Owners and new buyers continue to respond well to our value proposition. We delivered on our target that we laid out which allowed us to increase our full year EBITDA guidance. We're continuing to make incremental progress in our evolution as an integrated entity, and we're focused on consistent execution against our strategic priorities as we move through the rest of the year. None of this

would be possible without the dedication of our team members and leadership who have built such a strong, innovative, and people-first culture.

With that, I'll turn it to Dan for more details on the numbers. Dan?

Daniel Matthewes

Thank you Mark and good morning, everyone.

We had great results in the quarter achieving our contract sales forecast while also exceeding our expectations for EBITDA growth through cost controls that drove margin expansion. As Mark mentioned, the strong performance along with the momentum that we're carrying into the second quarter gave us the confidence to raise our full year Adjusted EBITDA guidance.

Turning to our results for the quarter, total revenue before cost reimbursements in the quarter grew 2% to \$1.2 billion. Adjusted EBITDA to shareholders grew 8% to \$267 million with margins excluding reimbursements of 23% up 130 basis points over the prior year.

Within our Real Estate business, contract sales of \$719 million were down slightly, performing in line with the expectations we laid out on our prior call. The decline was the result of tough comparisons for our Bluegreen business as it normalized against a strong HGV Max launch period last year.

New buyer contract sales were over 26% of the total for the quarter, an increase of approximately 160 basis points from the prior year as we benefited from continued strength in new buyer tours along with solid execution from our sales teams that drove new buyer transactions to their best first quarter performance since 2023. Tours grew 8.5% during the quarter to more than 189,000 with growth coming from both our new buyer and owner channels.

Conversion of the package pipeline we built over the past year fueled new buyer growth while the strong value proposition of HGV Max continues to drive owner tour demand. VPG was nearly \$3,800 for the quarter declining 8% and in line with the expectations of a high single digit decline we discussed last quarter. As we indicated, the decline was driven by the normalization of owner close rates at Bluegreen due to the lapping of the record HGV Max launch period comparisons along with higher mix of new buyer sales in the quarter which carry lower VPGs.

Cost of product in the period was 10% which benefited from higher than expected sales mix of lower cost inventory during the quarter. Real Estate sales and marketing expense for the quarter was \$352 million or 49% of contract sales, 260 basis points lower than the prior year. The strong margin performance was primarily the result of our efficiency initiatives which the team did a great job executing against. Real Estate profit for the quarter was \$152 million with margins of 28% up 350 basis points versus the prior year.

Overall, I'm very pleased with our performance this quarter as our focus on efficiency was able to more than offset the margin dilutive effects of lower VPG and higher new buyer mix.

In our financing business first quarter revenue was \$138 million, and profit was \$87 million. Excluding the amortization items associated with our acquired receivables portfolio, financing margins were 65% up 510 basis points from the prior year.

Looking at our portfolio metrics our weighted average interest rate for originated loans was 14.5%. Combined gross receivables for the quarter were \$4.4 billion. Our total allowance for bad debt

was \$1.3 billion on that \$4.4 billion receivable balance or 29% of the portfolio. The portfolio remains in great shape overall. Our annualized default rate for our consolidated portfolios was 10.1% for the quarter reflecting a slight improvement against the first quarter of the prior year.

As of quarter end our 31 to 60-day delinquencies expressed as a percentage of the total portfolio remains broadly unchanged relative to the prior year at 1.48% compared with 1.49% a year ago. When measured as a percentage of the total portfolio net of fully reserved loans, delinquency performance reflects a similar trend at 1.7% versus 1.72% in the prior year. Our provision in the first quarter declined sequentially to 14.9%, in line with the expectation we laid out on our prior call, and we continue to feel confident in our expectation of provision remaining in the mid-teens for the full year.

In our resort and club business our consolidated member count was just over 720,000 reflecting strong new buyer additions offset by continued recapture activity in the period. Revenue grew 1% to \$185 million for the quarter and profit was \$126 million with margins of 68%.

Our expenses were slightly elevated owing to program-related headcount additions which reduced our margins when combined with our seasonally lower Q1 revenue. However, we expect those effects to diminish as we move into our seasonally stronger quarters of the year.

Rental and ancillary revenues were up 5% versus the prior year to \$197 million. Revenue growth in the period was driven by higher available room nights and a slight increase in our overall portfolio RevPAR reflecting continued healthy trends for our rental business. Developer maintenance fees remained the largest driver of our rental and ancillary business profitability trends and were responsible for the \$19 million loss in the period. Reducing the burden of developer maintenance fees is a key objective that we'll achieve through both consistent sales growth as well as our inventory optimization initiative.

As Mark mentioned regarding our inventory optimization, we have signed an agreement with a third party to begin the process for a set of properties that we've selected for disposition. Broadly speaking we will trade off several revenue streams we currently receive from property HOAs and owners in exchange for savings on the associated carrying costs of the inventory, with the net result being a positive contribution to Adjusted EBITDA. There are minimum sales generated at these resorts and by transferring that tour flow to other sites within our sales distribution network we don't expect to sacrifice any sales revenue.

We will lose property management fees from the resorts along with the associated rental income from inventory available for monetization. However more than offsetting that revenue loss will be a reduction in our developer maintenance fee expense that we are currently paying on unsold inventory at these properties. Our initial estimate for the net of these items is that on a run rate basis they will benefit our Adjusted EBITDA by \$10 million to \$12 million on an annual basis.

I'd note that the agreement is subject to customary closing conditions and there remains work to be done to get to closing. Therefore our 2026 Adjusted EBITDA guidance does not currently include any contribution from these dispositions. This is subject to change as we move through the process and in the coming months, we look forward to providing additional financial and timing related details as they are finalized.

Bridging the gap between segment adjusted EBITDA and total Adjusted EBITDA, JV EBITDA was \$5 million, license fees were \$53 million, and EBITDA attributable to non-controlling interest was \$2 million. Corporate G&A was \$40 million or 3% of pre-reimbursement revenue in line with our

run rate over the past year. Our adjusted free cash flow in the quarter was a use of \$37 million including inventory spending of \$71 million reflecting the timing of our ABS deal activity in the year. We continue to expect our conversion rate for this year will remain in the lower half of our long-term range of 55% to 65%.

During the quarter the Company repurchased 3.3 million shares of common stock for \$150 million. From April 1 through April 23, we repurchased an additional 904,000 shares for \$41 million and as of April 23 we had \$237 million of remaining availability under our current share repurchase plan. We remain committed to capital returns as a primary use of our free cash flow in 2026 and we remain on track to continue repurchasing our shares at a pace of approximately \$150 million per quarter, subject to the repurchase activity not increasing our net leverage for the full year.

Turning to our Elara transaction, as Mark mentioned we entered into an agreement to purchase the inventory tail of our Elara JV. This agreement is effective as of today. Given the scale of our Elara project versus prior tail purchases, I think it's important to lay out the effects on our financials in Q2 and beyond.

We have been a 25% owner of the JV and thus historically we haven't consolidated their financials into ours. Rather we reported our share of the JV's income through our EBITDA from unconsolidated affiliates line and our financial statements.

In addition, from a revenue perspective we recognize fee for service commission package sales and other fees on our consolidated income statement and on a KPI basis contract sales from the project were classified as fee for service sales in our real estate business. Given the transaction as we fully consolidate Elara and recognize the project is owned in Q2 and beyond you'll notice a reduction in each of those line items which will be offset by additional sales of VOI along with the benefits of a new stream of portfolio income in our financing business.

Our total initial outflow for the remaining 75% of the entity is approximately \$130 million. The acquisition included approximately \$85 million from the combination of unfledged eligible ABS collateral and short-term working capital which we will monetize and will ultimately result in a net cash use of \$45 million. This will be a deleveraging transaction and should slightly reduce our corporate net leverage level. We currently expect Elara to contribute approximately \$20 million for the remainder of the year which was not included in our prior 2026 guidance. As Mark mentioned Elara has been one of the marquee projects for many years and having full control of the asset will be a positive for HGV on a go-forward basis.

Turning to our outlook for the quarter, we outperformed our prior guidance for Q1 Adjusted EBITDA growth to be flat to down slightly by approximately \$20 million. Due to our strong performance this quarter along with the additional contribution of Elara I'm pleased to announce that we're increasing our 2026 guidance for Adjusted EBITDA before deferrals to be \$1.225 billion and \$1.265 billion from the prior \$1.185 billion to \$1.225 billion for an increase of \$40 million at the midpoint.

To be more specific, outside of the contribution of Elara's EBITDA, our performance and Adjusted EBITDA assumptions in the second third and fourth quarters remain the same as what was embedded in our initial guidance for the year. From a sales perspective our prior full year 2026 top line targets remain in place. As a reminder those include low single digit contract sales growth with low to mid single digit tour growth and VPG down slightly.

On a quarterly basis our expectation for VPG growth for the remainder of the year remain unchanged. We continue to expect VPG to be down slightly for the full year with Q2 and Q3 seeing low to mid single digit declines and returning to solid growth in the fourth quarter as we fully lap Bluegreen's Max launch period. In addition, we continue to expect that our 2026 conversion rate will be in the lower half of our target 55% to 65% range as we wrap up spending on Ka Haku project ahead of its anticipated opening later this year.

In addition, despite Q1 outperformance we still expect that our Adjusted EBITDA on a dollar basis will increase sequentially each quarter. For the second quarter specifically, we expect to grow our Adjusted EBITDA in the low to mid single digit range versus the prior year which includes approximately \$3 million contribution from Elara.

Moving on to our liquidity as of March 31 our liquidity position was \$852 million consisting of \$261 million of unrestricted cash and \$591 million of availability under our revolving credit facility. Our debt balance at quarter end was comprised of corporate debt of \$4.8 billion and a non-recourse debt balance of approximately \$2.6 billion. At quarter end we had \$150 million of remaining capacity in our warehouse facility. We also had \$929 million of notes that were current on payments but unsecuritized. Of that figure approximately \$370 million could be monetized through a combination of warehouse borrowings and securitization. While we anticipate another \$367 million will become available following certain customary milestones such as first payment, deeding, and recording.

Turning to our credit metrics at the end of the quarter the Company's total net leverage on a TTM basis was 3.9 times. As you may have seen just after the end of the first quarter, we also completed our first securitization of the year an oversubscribed \$500 million deal upsized from \$400 million as a result of stronger investor demand. The deal priced with an advance rate of 98% and an average coupon rate of 5.13% which included a D tranche. Despite some of the geopolitical noise the securitization markets remain open and healthy, and we look forward to completing several more deals later this year.

We will now turn the call over to the Operator and look forward to your questions. Operator?

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question please press star, one on your touchstone phone to enter the queue. If at any point your question has been answered you may remove yourself from the queue by pressing star, two. Should you require Operator assistance please press star, zero. If using a speakerphone please lift your handset to allow the signal to reach our equipment.

Please limit yourself to one question and one follow-up to allow the opportunity for everyone to ask questions. You may then re-enter the queue to ask additional questions. One moment please while we poll for questions.

The first question is from Patrick Scholes from Truist Securities. Please go ahead.

Patrick Scholes

Hi. Good morning. Thank you everyone. Dan, I think you made it pretty clear regarding trends in the loan loss provision and propensity to pay really no instability or whatever pick your guess it's a noun there. Any additional color you'd like to provide of what you've seen with the new issuances? Then secondly a follow-up, if you can give us a little color on expectations compare and contrast our growth versus VPG for 2Q and or the rest of the year. Thank you.

Daniel Matthewes

Yeah no, absolutely. I'll jump in on the portfolio and then I'm sure Mark I have some thoughts on VPG and tour trends. But with regards to portfolio, we're really pleased with the performance. I mean we have a very consistently strong performing portfolio and if you think about the balance of the portfolio, it's increased year over year by almost 8%. The annualized default rates have decreased by about 10 basis points.

As we talked about in our prepared remarks the early stage delinquencies are stable to improving. Specifically, even post quarter close when we look at our early stage delinquency rates by portfolio HGV is performing even better. It's down 7% from a delinquency perspective. Diamond is down 10%. Bluegreen is stable and you know they're early, early stage delinquencies that zero to 30 day mark is actually at a four year low and has improved 11% subsequent to quarter end. That's with all the geopolitical noise which is very encouraging.

As you probably recall mid-year last year, we changed the process for Bluegreen to allow for an enhancement in equity being put down initially. The actual Bluegreen equity at the table is up 50% compared to 2024 levels. Really pleased with all that performance. When we look at the provision sequentially, we dropped from 18% to just under 15% right in line with our expectations. We're right in that mid-teens level where we where we expected to be. We're really pleased with how that's all coming together.

Mark Wang

Yeah. Patrick, on the VPG front, first of all, the teams I think they're doing a great job and moving in the right direction on the demand front. You know, we, as we called out on the last call we expected, and we saw on our VPG headwinds as we lap Max for Bluegreen, pretty much all the VPG pressure was related to the Max in Bluegreen launch. Importantly, the teams drove nice growth in new buyer sales and transactions through tour flow, and we were up 8% year-over-year on new buyer transactions. Anyways, VPG headwinds were offset by that healthy offset with the foot traffic.

Importantly, what we saw is margin expansion, which is really encouraging, especially in a quarter where, some of the real estate KPIs would have suggested margin deterioration. As we focus for Q2 and beyond, our focus is really balancing healthy tour growth with sustainable VPG growth over time. We expect that balance to improve as we move through the year with headwinds really until we lap the tough comps at the end of Q3. All in all, pleased with how the teams have managed through the expected headwinds that we anticipated on our VPGs.

Patrick Scholes

Great thank you both of you for the color and I will see you at ARDA.

Mark Wang

All right we'll see you there.

Operator

The next question is from Ben Chaiken from Mizuho. Please go ahead.

Rita Chen

Hi this is Rita Chen dialing in for Ben. Thank you for taking our question. Could you please elaborate on the inventory optimization initiative, and do you see more opportunities beyond the eight resource that's currently identified? Then as our follow-up could you also elaborate on Elara

which has \$20 million a '26 guide and we would have thought there's a longer term inventory play from just benefiting from the mix of own inventory from fee for service. Any color there would be helpful. Thank you.

Mark Wang

Okay yes definitely didn't sound like Ben so thanks for introducing yourself. Look very—we're in a really strong inventory position you know following a decade of building quality and scale into our portfolio. As we've talked about in the past, we picked up a lot of really good inventory and acquisitions in a lot of great markets and the optimization that we laid out today and what we'll talk through today is really driven by financial considerations. It's driven by the rebranding, ability to rebrand these properties, the investments required there that didn't make sense and market overlap.

Consistent with what we said in the past we knew that some of the acquired inventory in these acquisitions wouldn't fit. From it from a deal standpoint you know we mentioned we entered an agreement on the disposition of the eight properties and there's a number of closing conditions but we're confident that we'll get that achieved in Q3. The economic benefits really is about transferring the ongoing developer maintenance obligation and Dan covered off on that \$10 to \$12 million run rate in net EBITDA benefit once completed. That's again that's run rate and these deals won't be—we won't get this finalized until probably sometime in the in the third quarter.

Yeah, all in all pleased with this. As far as talking about any future opportunities, we're really focused on executing this transaction which will have a significant benefit for us and we're going to continue to be very deliberate in our steps to optimize our portfolio. This is not about shrinking it's about upgrading the portfolio we're monetizing lower quality inventory while improving the margin and cash flow.

On the Elara front, and I'll let Dan touch on the numbers here but, Elara is it's our flagship property in Las Vegas. We have 38,000 owners and we operate it and it's been super productive for us and a very productive and strategic market for us. Las Vegas has been a core growth engine for the Company for multiple decades, and we're excited about this. This is a classic tail acquisition at the right point in the asset's life cycle, and it strategically aligns tightly with our owner-centric and new buyer strategies. Elara has been very popular with new buyers. Importantly, when you think about what this does, okay, this transaction allows us to unlock all those owners that are sitting within the Elara ownership base. Now they have the potential to upgrade out of that project, because historically, over the last 15 years, they've been upgrading within the Elara project. Now they can upgrade outside of it, and simultaneously it allows our members to upgrade into Elara. Anyways, super excited about this one. Dan, I don't know if you want to touch on any of the details on the numbers.

Dan Matthews

Yeah, no, I can definitely add some color on that. I mean, we talked about the benefits for the year being close to \$20 million. When you think about the transaction in general, we're also picking up included in that \$20 million clearly, we're also picking up a consumer note portfolio, net of impaired loans, that's north of \$400 million. A material increase to the portfolio balance. When you think about other projects that are out there, this is not our only fee for service transaction. To Mark's earlier point, this is a single site transaction. We do have a partner that we've been working with for over a decade at this point in South Carolina with a series of resorts in Myrtle Beach, Charleston, South Carolina, even one here in Orlando. It's a different environment though. We're not, we're not close to acquiring the tail on that. That's probably anywhere from four to

seven years out, just depending on how that runs through. It will change our fee for service percentage. We were in the mid-teens, and it'll bring us below 10% with us closing on Elara.

Rita Chen

Great thank you both.

Operator

The next question is from David Katz from Jeffries. Please go ahead.

David Katz

Hi. Good morning. Thanks for taking my question. Recognizing that sometimes the press reports can overstate these things, but there definitely was some weather late in 1Q and early 2Q in Hawaii. What are you seeing and/or hearing? Is some of that overstated? Is there some impact that we should be noting?

Mark Wang

Yeah. Look, definitely some unusual weather in the quarter for Hawaii, and I lived in Hawaii for 27 years. It's called the Kona low, and you get these type of storms about every 20 years. I can tell you, our teams did a really good job managing through the challenges to minimize the impact. The impact was larger on arrivals than it was for sales. For instance, if you look at Maui, which got hit pretty hard, was actually one of our strongest performing sales markets this quarter. Again, the teams did a really good job.

If you look at, overall, the weather impact between the ice storms in the Northeast, some of the colder temperatures in Florida and Hawaii, the impact was about \$5 million in revenue, with the majority of that being contract sales and ballots and rentals. Yeah. I'd say it's not material for us, but I think the teams did a good job managing through it.

David Katz

Just following that up, I assume that that's, that minimal impact is reflected in whatever guidance and you're not preparing for anything further, anything ongoing. It was a one-time thing.

Mark Wang

That's correct, yeah.

David Katz

Okay. Perfect. Thank you.

Operator

The next question is from Trey Bowers from Wells Fargo. Please go ahead.

Nick Weichel

Hi. This is Nicholas Weikel on for Trey. I just had a really strong new owner performance in the quarter. I was just curious what's driving that. What are you guys doing that's resonating with your owner base, new buyers? With this and the inventory optimization program and the rebranding cycle you're going through, do you think you're approaching a period where maybe you could put up sustained positive NOG? Any detail would be great. Thanks.

Mark Wang

Yeah. No. First of all, really pleased with how the new buyer trends have been playing out. We have consistently talked about that being a key focus of ours, and it's critical to the long-term

health of the business. The trends we saw, having 8% increase in transactions and our mix moving up three percentage points are all very, very positive. We've also talked about just absolute new buyers coming in the system over the course of the last four years has been pretty impressive on a relative basis when you look across the industry.

One of the things we've really been striving on, and the teams are doing a good job, is around tour quality and on the other side the value proposition. All in all, feel really good about that. I think on NOG in the near term is more a mechanical outcome of recapture. Ultimately, that's going to improve our cash flow and returns. What matters for us is EBITDA and lifetime value creation, and both of which we continue to grow. We'll get back to positive NOG at some point, but some of this recapture is healthy, but the trends on new buyers is, we're pleased with.

Nick Weichel

Great. Thank you.

Operator

The next question is from Stephen Grambling from Morgan Stanley. Please go ahead.

Stephen Grambling

Hey, thank you. Just wanted to go back to effectively the disposition or the optimization of the clubs. Is this something that we should be thinking about more consistently going forward, or is this more of a one-off? When you were looking at these clubs, was the reason to think about the dispositions mainly because of changes in the individual market, or is there something when you just think through the structural dynamic of the way these are set up where the HOAs just won't kind of cover the maintenance CapEx over time? Thank you.

Mark Wang

Yeah, look, there's a lot of considerations, a lot of analysis that goes into this, Stephen. I'd say, first of all, the average age of these properties are 38 years old, right? That in itself doesn't drive the decision. When you look at the overlap, four of the eight are in Orlando, and we have 19 properties in Orlando. Some of those were picked up through the acquisitions. These are, I would say, the smaller properties and the older properties that, when you look from a rebranding perspective, just did not financially make sense.

Then when you look at just kind of the makeup of the inventory or the base of owners in here, the mass majority of the owners were in the trust. They remain in the trust. There is not a lot of legacy owners. There's less than 300 legacy members in these properties. We're going to be offering them compelling opportunity to remain into the club, or join the club. These are legacy members that are not part of the club today. Really not a lot of work that had to be done to get past that. I don't know, Dan, if you have anything else.

Dan Mathewes

Yeah. I mean, I think the only thing I'd add is very similar to Mark's earlier comment. We always viewed a number of resorts that were not going to be rebranded. When you think about this, hey, is this a one-off or is this something that we're consistently going to be doing, I'd say it's somewhere in between in the sense that this is the, an initial set of properties that we've identified. It's not something that you'll hear from us every single quarter on. Will there be more? Yes, probably at some point in the next 12 or 24 months, there'll be more, but it's not something that you'll see us do on an annual basis consistently going forward.

Mark Wang

Just to maybe finish up on this particular question. I think we're in a very good inventory position. We're above our long-term targets, which will support a lot of strong free cash flow going forward. Importantly, when you look at our brand stack and the way we're structured now, when you go from luxury with our The Hilton Club brands, if you look at the property that we're selling right now in Ka Haku, we're getting \$175,000 average per week. You go down the other side of it, and that is really being sold to a much more mature customer, I'd say boomers, portions of the Gen X. These are people that have higher net worth.

Then we have the Bluegreen acquisition really gives us a really good product where we're attracting a lot of newer, younger buyers into the system. We like our branding position. We like our inventory position. This is really, as I mentioned before, it's not about cleaning, it's not about shrinking. It's about upgrading the overall portfolio to better fit our strategy.

Stephen Grambling

Maybe one quick follow-up just to make sure I understand. If we think about the club and resort management side then, do you generally expect that segment to grow going forward over the long term? I guess this is always a segment that I didn't think was touted as kind of, I don't want to say bulletproof, but effectively a perpetuity because you just kind of have inflationary growth every single year. Is any of that changing or should we think that this is static? Thank you.

Mark Wang

No, I don't think you should think of this as static. This is going to be a segment that will continue to grow over time. I think we had a couple one-time things this first quarter. I don't know, Dan, if you want to jump into any of that. We're expecting to grow this segment and it's a high margin part of our business. We're very pleased with the way the teams are managing that business for us.

Dan Mathewes

Yeah. No, I think that's right, Mark. I mean, We don't look at this being static. We look at growth opportunities. The net result of this impacting resort club and rental is clearly a positive from a cash flow basis, and it's making the organization not only from a portfolio's perspective, but also from an owner's perspective, a healthier and stronger position.

Stephen Grambling

Great. Thank you so much.

Operator

The next question is from Chris Woronka from Deutsche Bank. Please go ahead.

Chris Woronka

Hey, guys. Good morning. Thanks for taking the questions and for all the details so far. You covered a lot of ground. I was hoping we could maybe zoom in for a minute on some of the, some of the issues that'll impact your margins, which I think were maybe a little bit better than you expected in Q1. I'm really talking about kind of staffing levels and marketing, and maybe if you could just give us a few words on each of those. Are you satisfied with where the budgets are? Is there anything that concerns you with staff attrition or turnover or is marketing in line with where you thought based on demand levels? Then I have a follow-up. Thanks.

Dan Mathewes

Sure. When you think about Q1, you think about the outperformance and the margin expansion. There was some element of timing of certain expenses, but we had really strong performance,

both in sales and marketing expense, as well as the financing business. Some of that, some of that trending does carry forward into Q2, three, and four. What I would say is there is a bit of a mix. Things are going to come in like we originally expected, just in a different way.

Clearly on the financing side, I think everyone would readily recognize that when we gave guidance, we did not anticipate the conflict that we currently see in Iran and its impact on interest rates. That clearly is priced into our ABS deals going forward a little bit higher than we originally anticipated this year. We feel we're in a good, strong position there. From a personnel perspective, I also feel that we're in a good spot.

Chris Woronka

Okay. Perfect. Thanks, Dan. Then maybe if we could just circle back for a moment to some of the LLP. I know you've answered a lot of questions on it. I think it all makes sense, but is there any way to maybe if we drill down a little bit to get more granularity on are you seeing any change in trends, whether it's a legacy Bluegreen or a legacy Diamond or a legacy HGV? Are you seeing any trends with demographics or geographic areas? Just curious as to whether we can maybe put to bed some of these concerns about, you know, things that are concerns that are out there that haven't yet materialized or any trends you would call out on a more granular level.

Dan Mathewes

Yeah. I mean, look, I think there's two things worth highlighting here. One, it wouldn't be timeshare if it wasn't a little bit complicated. When you think about our loan loss provision, it's always going to be dependent upon, if you ignore macro for a second. For us specifically, it's going to be dependent upon the mix of the product that we sell. The more trust we sell, the higher the actual provision will be because that's our entry-level product, and that bears a higher provision. The more deed we sell, the lower the provision will be.

In this particular quarter, we had a higher mix of trust being sold, which led to a slightly higher provision, excuse me, especially if you look year-over-year. Sequentially, directionally, and absolutely, it landed at, right in line where we expected it to be. That always has a little give and take. You get a little benefit because the more trust we sell, it has a lower cost of product. You'll see that we had a lower cost of product in Q1 year-over-year as well.

There's that dynamic, but when you think about trending and the overall stats that we're seeing in the new originations as well as our historical originations, like I said, we are very—our portfolio is performing extremely well. No deterioration. It's solid performance, and I think that is also well received in the ABS markets. The deal that we closed, just a few weeks ago happened to be on one of the days that Trump was saying X, Y, and Z, and we still increased the actual offering from \$400 million to \$500 million and had strong investor demand. Even with the D tranche, we priced just at 5.13 in that kind of environment. That is all, in our minds, extremely encouraging.

Chris Woronka

Okay. I appreciate all the color. Thanks guys.

Operator

This concludes the question-and-answer session. Before we end, I will turn the call back over to Mark Wang for any closing remarks. Mr. Wang.

Mark Wang

All right. Thank you again for joining the call today. To our members and team members around the globe, thank you for making HGV a part of your story. We look forward to updating you on our Q2 call. Have a great day.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.