
HGV Investor
Overview
September 2022
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GRAND VACATIONS

**Forward Looking Statements**

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements convey management's expectations as to the future of HGV, and are based on management's beliefs, expectations, assumptions and such plans, estimates, projections and other information available to management at the time HGV makes such statements. Forward-looking statements include all statements that are not historical facts, may be identified by terminology such as the words "outlook," "believe," "expect," "potential," "goal," "continues," "may," "will," "should," "could," "seeks," "approximately," "projects," predicts," "intends," "plans," "estimates," "anticipates" "future," "guidance," "target," or the negative version of these words or other comparable words, although not all forward-looking statements may contain such words. The forward-looking statements contained in this press release include statements related to HGV's revenues, earnings, taxes, cash flow and related financial and operating measures, and expectations with respect to future operating, financial and business performance and other anticipated future events and expectations that are not historical facts. HGV cautions you that forward-looking statements involve known and unknown risks, uncertainties and other factors, including those that are beyond HGV's control, that may cause its actual results, performance or achievements to be materially different from the future results. Factors that could cause HGV's actual results to differ materially from those contemplated by its forward-looking statements include: risks that HGV may not realize the expected cost savings, synergies, growth and other benefits from the Diamond Acquisition or that the costs related to the Diamond Acquisition are greater than anticipated; risks that there may be significant costs and expenses associated with liabilities related to the Diamond business that were either unknown or are greater than those anticipated at the time of the Diamond Acquisition; risks that HGV may not be successful in integrating the Diamond business into all aspects of HGV's business and operations, including the conversion and rebranding of the Diamond properties, rooms and sales facilities into HGV-branded assets, or that the integration will take longer than anticipated; the potential magnification of HGV's operational risks as a result of the Diamond Acquisition and integration of the Diamond business; risks related to disruption of management's attention from HGV's ongoing business operations due to its efforts to integrate Diamond into HGV; any adverse effect of the Diamond Acquisition on HGV's reputation, relationships, operating results and business generally; the continuing impact of the COVID-19 pandemic on HGV's business, operating results, and financial condition; the extent and duration of the impact of the COVID-19 pandemic on global economic conditions; HGV's ability to meet its liquidity needs; risks related to HGV's indebtedness, especially in light of the significant amount of indebtedness HGV incurred to complete the Diamond Acquisition; inherent business risks, market trends and competition within the timeshare and hospitality industries; HGV's ability to successfully source inventory and market, sell and finance VOIs; default rates on HGV's financing receivables (including those financing receivables related to the Diamond business); the reputation of and HGV's ability to access Hilton brands and programs, including the risk of a breach or termination of HGV's license agreement with Hilton; the integration of Diamond's operations as part of HGV's overall brand that is governed by the terms of HGV's license agreement with Hilton; compliance with and changes to United States and global laws and regulations, including those related to anti-corruption and privacy; risks related to HGV's acquisitions, joint ventures, and other partnerships; HGV's dependence on third-party development activities to secure just-in-time inventory; the performance of HGV's information technology systems and HGV's ability to maintain data security; regulatory proceedings or litigation; adequacy of HGV's workforce to meet its business and operation needs; HGV's ability to attract and retain key executives and employees with skills and capacity to meet its needs; and natural disasters or adverse geo-political conditions. Any one or more of the foregoing or other factors could adversely impact HGV's operations, revenue, operating profits and margins, key business operational metrics, financial condition and/or credit rating.

For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in HGV's most recent Annual Report on Form 10-K filed with the SEC on March 1, 2022 and any subsequent quarterly reports, current reports and other filings.

HGV's forward-looking statements speak only as of the date of this communication or as of the date they are made. HGV disclaims any intent or obligation to update any "forward looking statement" made in this communication to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

**Non-GAAP Financial Measures**

HGV refers to certain non-GAAP financial measures in this presentation, including EBITDA and Adjusted EBITDA. HGV believes such non-GAAP measures provide useful information to its investors about HGV and its financial condition and results of operations since these measures are used by management to evaluate HGV's operating performance and by securities analysts and investors as common financial measures for comparison purposes in HGV's industry. See HGV's most recent Annual Report on Form 10-K for a more detailed discussion of the meanings of these terms and its reasonings for providing non-GAAP financial measures.

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CLUB

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VACATION CLUB

# Hilton Grand Vacations

## A leading vacation ownership company

- 154 resorts in 13 countries across the US, Japan, Canada, Mexico, Europe, and the Caribbean
- Three compelling brand tiers spanning the broadest chain-scale offering in the industry
- Powerful partnership with the globally recognized Hilton name and their 139 million Hilton Honors members
- Over 720,000 owners
- Over 500,000 highly-engaged club members
- High proportion of recurring EBITDA[1] with industry leading margins
- Strong adjusted free cash flow generation
- A robust synergy roadmap from the acquisition of Diamond Resorts



1) Adjusted EBITDA excluding the impact of net deferrals of revenue and direct expenses related to the Sales of VOIs under construction

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The vacation ownership business is ideally positioned



The acquisition of Diamond Resorts presents a transformative opportunity for HGV



The Diamond acquisition will create material revenue and cost synergies



New programs and features enhance membership value and drive incremental brand engagement



Robust free cash flow generation supports growth and improves total shareholder return



Appendix: Outlook and HGV business overview









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# The vacation ownership business is ideally positioned

**Ideal product form for today's travelers** featuring in-room kitchen & laundry and more square footage – reducing reliance on common areas

**Dedicated focus on leisure travelers;** insulated from exposure to business travel

**Ability to monetize unutilized assets;** rental income offsets carrying costs of inventory and also generates additional tours

**Low observed price elasticity** vs. traditional lodging

**Insulated from inflationary pressures;** maintenance capital expenditures and resort operating costs funded by owners each year

**Recurring income streams** provide resilience through cycles with more predictable cash flows

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# The acquisition of Diamond Resorts presents a transformative opportunity for HGV

1. **Significant value creation from scale benefits** of combining the largest independent timeshare company with the strength of Hilton Grand Vacations' brand and culture

2. **Diversifies HGV portfolio,** adding additional drive-to destinations and allowing HGV to leverage the Hilton network to penetrate a broader customer segment

3. **Accelerates launch of HGV-branded trust product offering** by rebranding Diamond's properties over time to drive revenue growth in a new customer segment

4. **Generates $150M in run-rate cost synergies** expected to be achieved in the first 24 months following close

5. **Increases recurring EBITDA streams** and drives overall cash flow, with adjusted free cash flow per share accretion in year one[1]

6. **Compelling valuation and deal structure** facilitates financial flexibility and deleveraging

**Ideal timing to capitalize on anticipated leisure travel recovery**



1) Excluding one-time transaction related expenses

# HGV and Diamond are a powerful combination

## Hilton GRAND VACATIONS

- World-class hospitality with the strength of the trusted **Hilton brand**
- **62** upper upscale and luxury properties in **premier resort destinations**
- Proven track record of **positive net owner growth ("NOG")**
- **Points-based** deeded system enables **flexible inventory sourcing** from owned or fee partners
- Best-in-class **lead generation** capabilities and sales systems
- Industry-leading **VPG and margins**



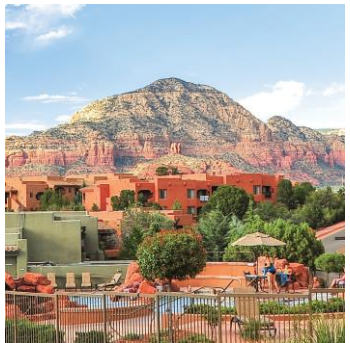
## DIAMOND Resorts

- **Largest** timeshare operator with no hotel brand affiliation
- Extensive network of **92** leisure resorts across the globe, with **strong regional drive-to market presence**, and complementary upscale range
- **Points-based** trust structure enabling incremental **pricing segmentation**
- **Significant excess developed inventory** available for sale
- Pioneered the innovative ***Events of a Lifetime®*** experiential sales & marketing platform that drives strong engagement at a significant VPG premium









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# Resort Collections

## Three resort collections catering to a wide range of travel preferences and price points

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**Luxury**

Exclusive spaces with well-appointed décor and a local feel

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**Upper Upscale**

Upscale, spacious accommodations with resort-style amenities in aspirational destinations

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**Upscale**

*(Diamond rebranded properties)*

Family-friendly vacations in relaxed, condo-like settings

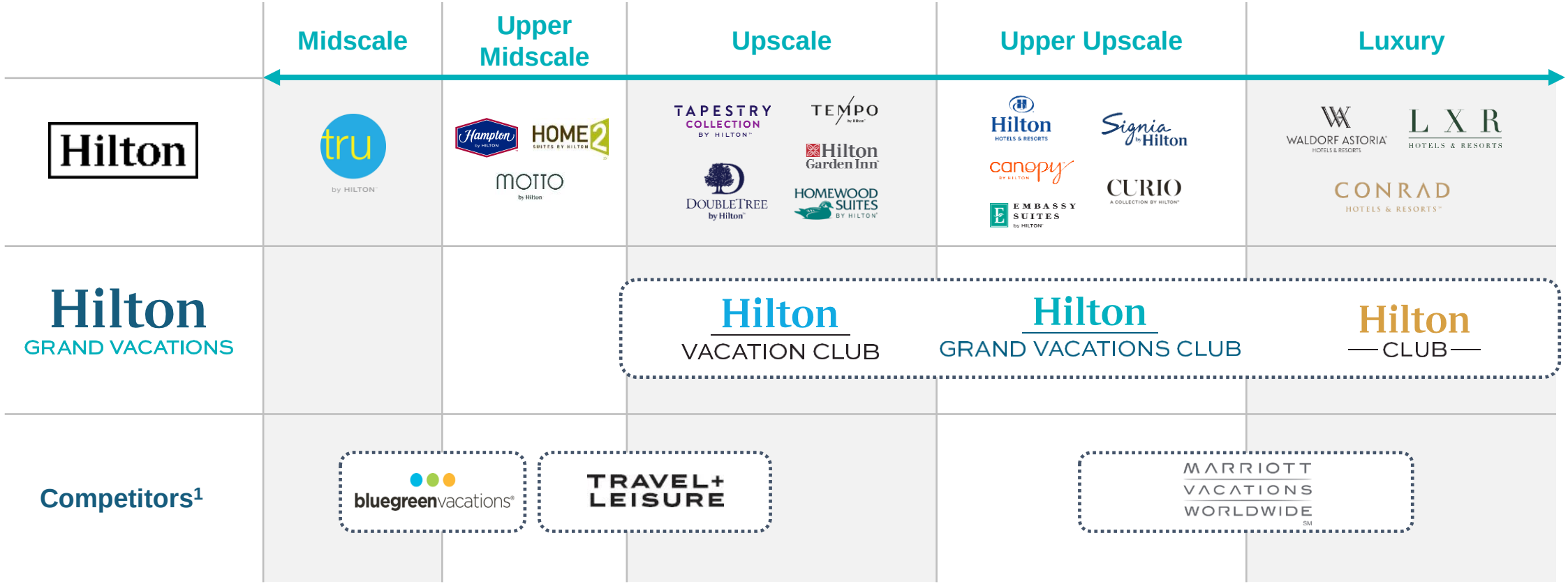
Higher

Average price per point

Lower

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# HGV has the broadest chain-scale offering in the industry




**Enhances alignment with the Hilton system and their 139 million Honors members**

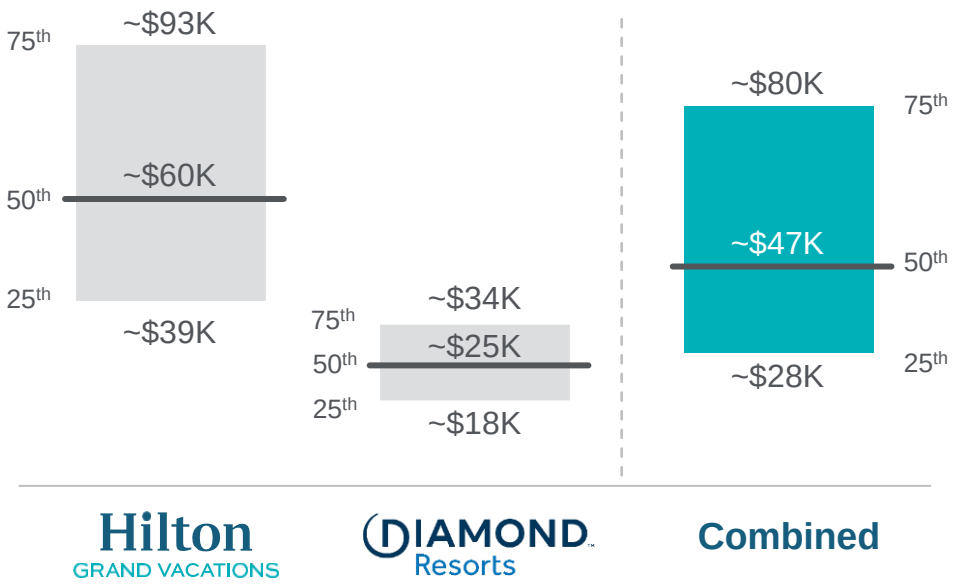


1) Illustrative chain scale positioning

# A wider range of products and price points broadens our addressable market

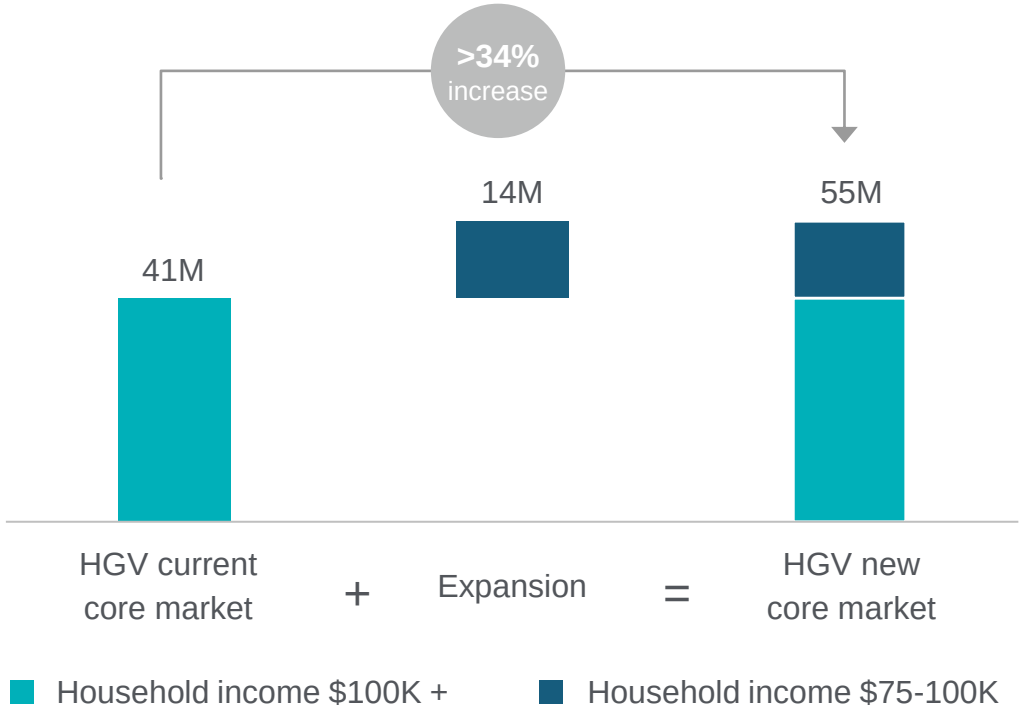
## List price per week for HGV vs. Diamond inventory…

Diamond's 75th percentile price point sits just below HGV's lowest 25th percentile[1]




## …enhances value proposition for more demographics, expanding our core market

# US householders age 25-74[2]




Note: illustrative figures as of acquisition close
1) Figures unweighted by room count
2) Selected Characteristics of Households by Total Money Income in 2019. US Census Bureau, Current Population Survey, 2020 ASEC Supplement

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# The Diamond acquisition will create material revenue and cost synergies

## Revenue levers

**1 More products**
- Branded trust product
- Expanded chain scale
- Broader price coverage
- Ultimate Access platform

**2 More places**
- Expanded regional network
- Higher NOG
- Additional HGV owner sales

**3 More owners**
- Diamond owner base activated by Hilton Grand Vacations brand and reputation for service
- Hilton Grand Vacation owner base activated by the Ultimate Access platform

## Revenue synergies

- HGV new buyer lift
- Diamond new buyer lift
- HGV owner lift
- Diamond owner lift
- Diamond rental performance

## Cost synergies

- General & administrative efficiencies
- Operational efficiencies
- Financial efficiencies

**$150M identified potential cost savings**

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# Clear line of sight to near-term revenue synergy realization

## Sales center rebrands and HGV Max

- Drives **Real Estate business** synergies
- Sales centers **responsible for 100% of Diamond contract sales volume** rebranded by year-end 2022
- Synergies reflected in **contract sales gains driven by VPG growth**
- Realization **starting 2H22**

### Revenue Synergies

- **HGV new buyer lift**
- **Diamond new buyer lift**
- **HGV owner lift**
- **Diamond owner lift**

## Resort rebrands

- Drives **Rental & Ancillary business** synergies
- **Over one-third** of targeted room keys **rebranded by year-end 2022**
- **Steady improvement in Rental & Ancillary** revenues as inventory is rented out with **improved economics**
- Realization **over time**

### Revenue Synergies

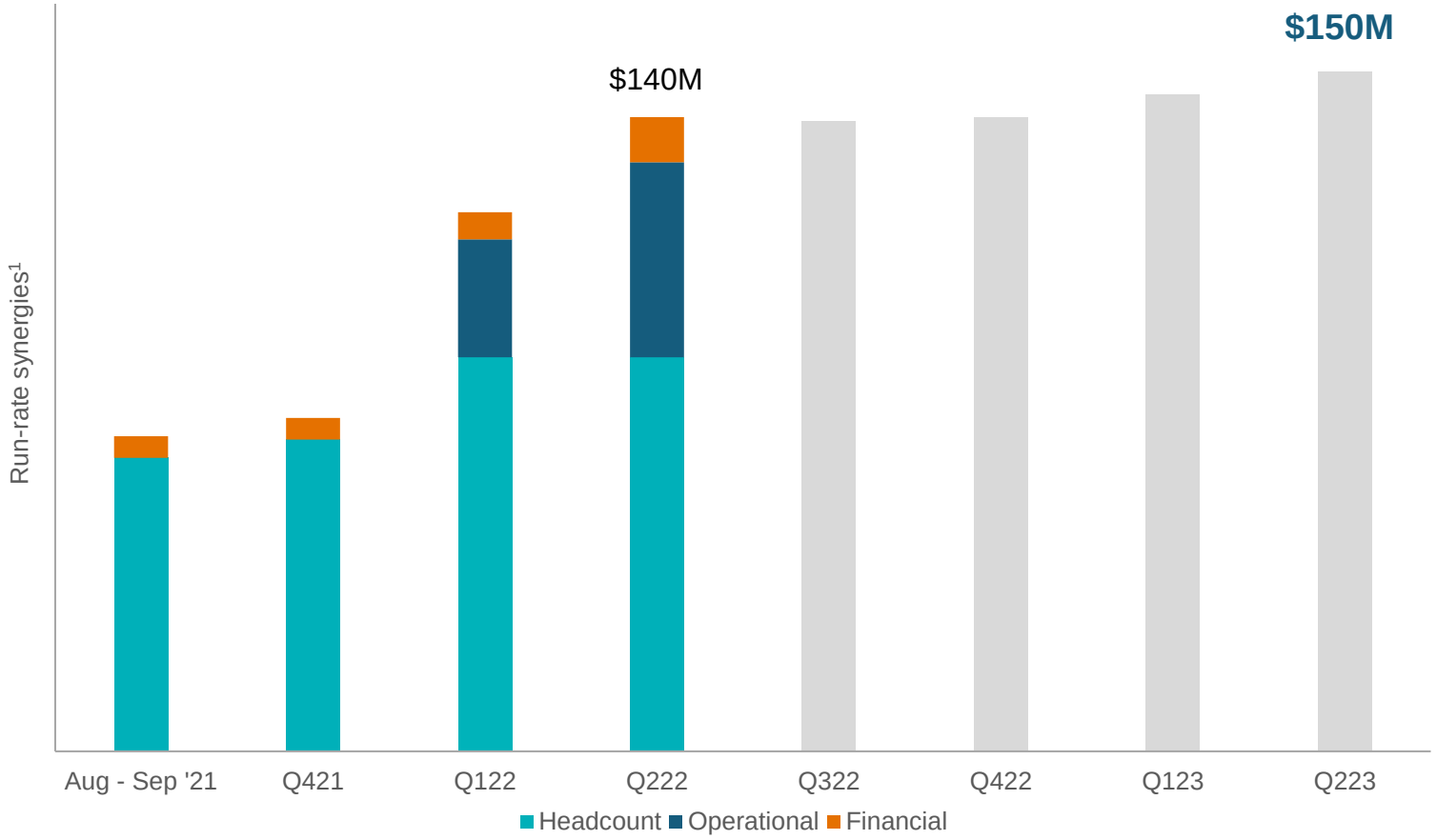
- **Diamond rental performance**

**Majority of revenue synergies are not dependent on resort rebranding**

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# Cost synergies tracking ahead of expectations

## Target $150M of cost synergies within 24 months of close




1) Most recent month of realized savings multiplied by 12

## $150M of identified cost synergies against 2019 combined cost structure

### Headcount & other efficiencies

- **Approx. ⅔ of identified savings**
- Management and headcount overlap
- Back-office process redundancies
- Legal, HR, IT systems savings

### Operational efficiencies

- **Approx. ¼ of identified savings**
- Sales & marketing efficiencies
- Rental inventory OTA fees
- Resort operations efficiencies

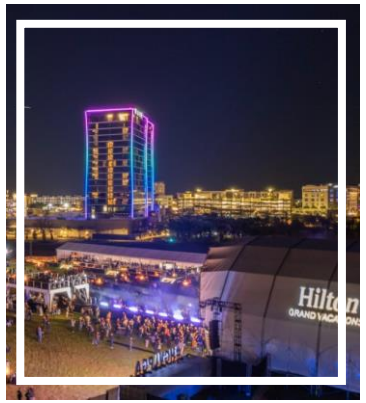
### Financial efficiencies

- **Remainder of identified savings**
- Administrative and credit card fees
- Treasury and capital markets savings
- Portfolio efficiencies
- Insurance
- Regulatory fees

# New programs and features enhance membership value and drive incremental brand engagement




**HGV Ultimate Access** – a collection of premier experiences and privileges designed exclusively for Hilton Grand Vacations



HGV Live!



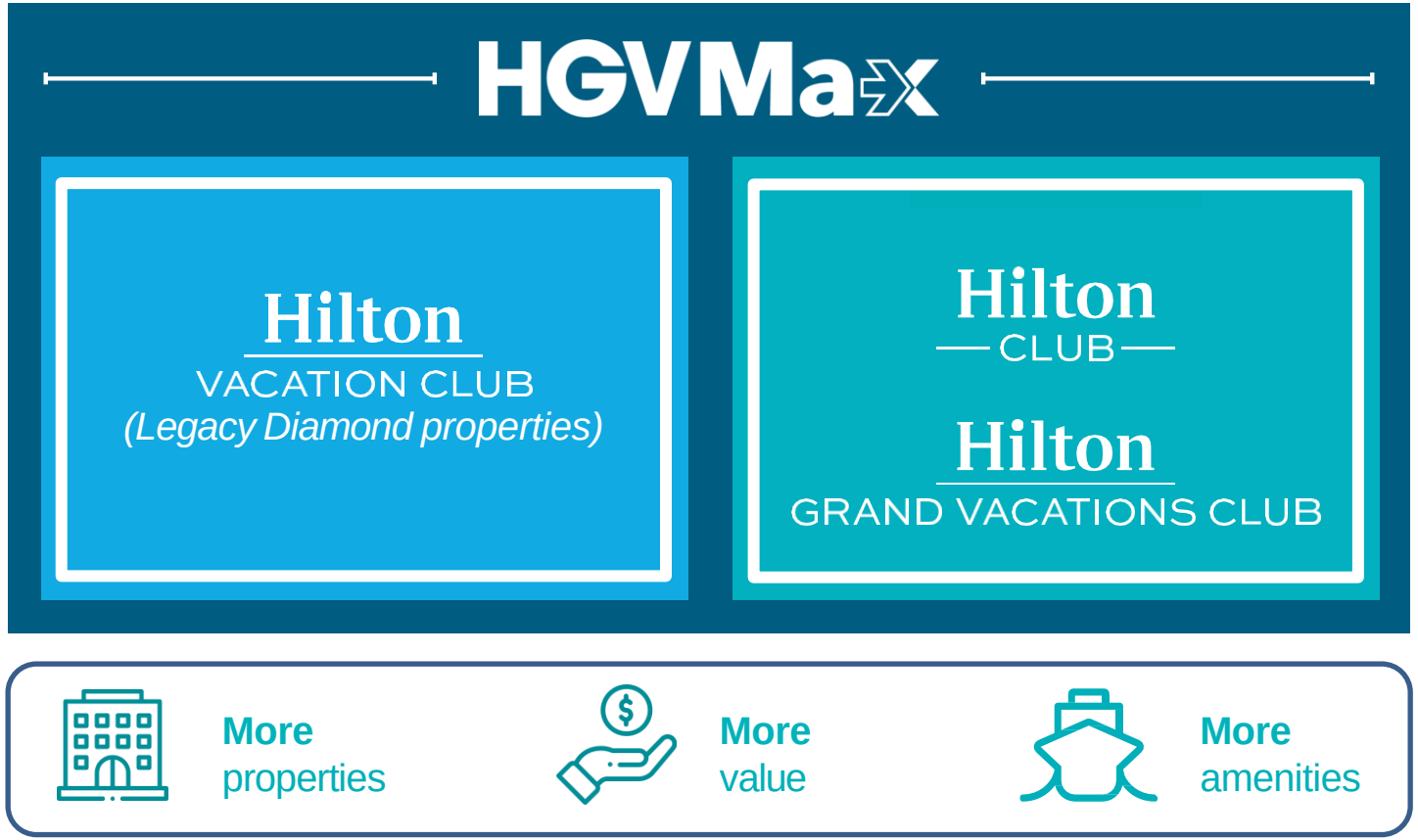
HGV MEMBERS TABLE



HGV PRESENTS

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# HGV Max delivers a compelling consumer value proposition




- HGV Max is the link between our three resort collections
- Enables **access to 154 resorts** with a uniform ClubPoints system
- Brings the flexibility of deed- or trust-based products to fit **more price points and vacation preferences**
- **Simplifies ownership** with a flat membership fee, free reservation bookings and other complimentary benefits
- Combines the “best of” partner offerings from legacy HGV and DRI club, while **adding new features and benefits**

**HGV Max provides expanded access, benefits, and value**

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# Sales Center rebrands

## Diamond's sales centers are being completely renovated to meet HGV standards and enhance the sales environment

### Before


Villa Mirage, AZ


Virginia Beach, VA

### After

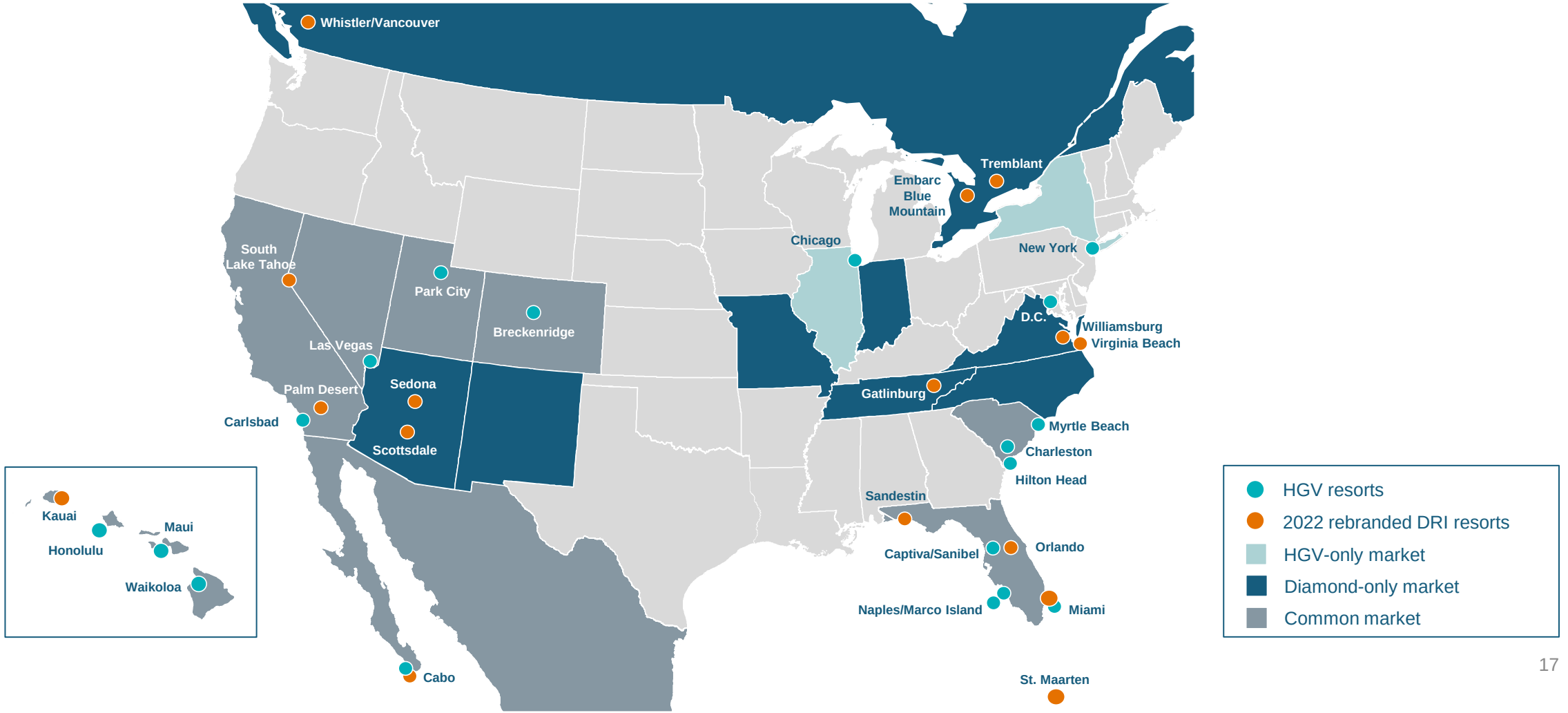

Villa Mirage, AZ


Virginia Beach, VA

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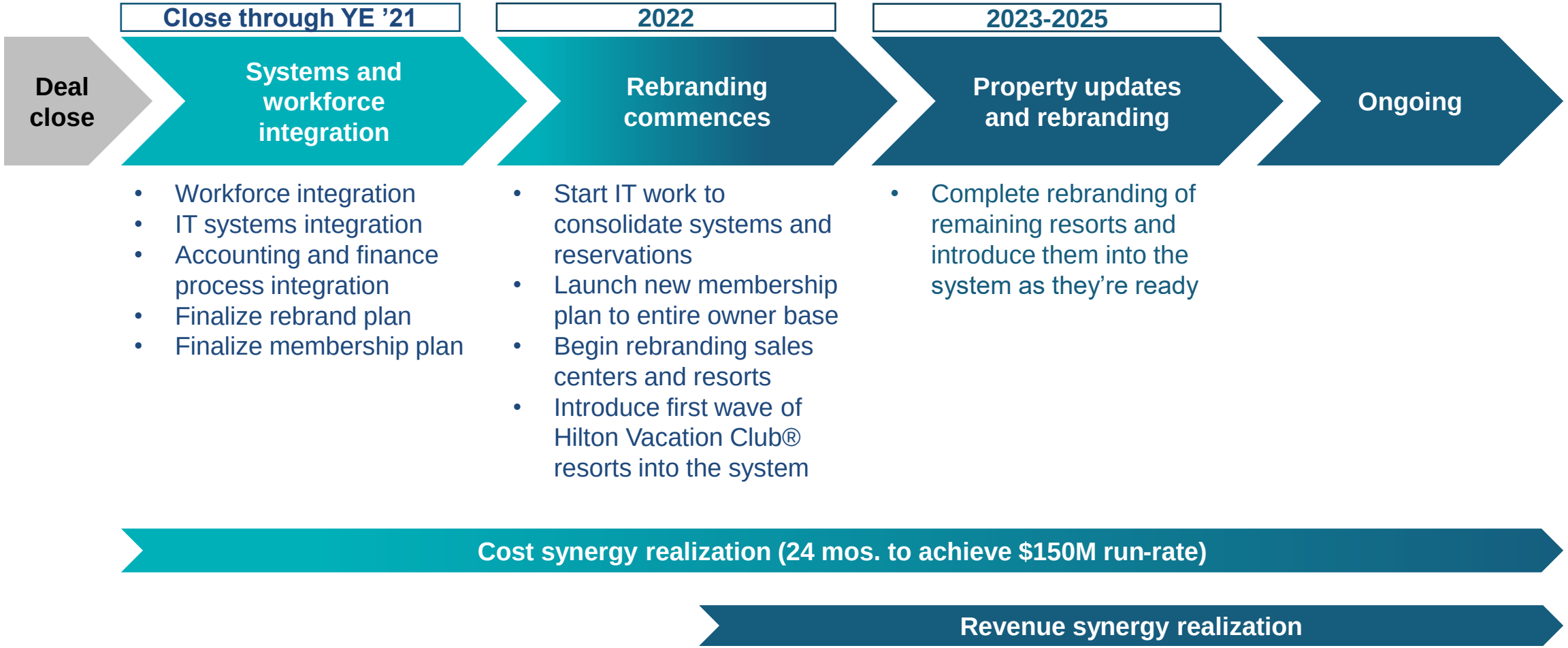
# 2022 property rebrands focus on markets new to HGV that are expected to drive meaningful sales uplift

## 20 properties in 16 new markets – 13 of which are new to HGV



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# The integration of Diamond Resorts is proceeding as planned



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# Robust free cash flow generation supports growth and improves total shareholder return

## Operating efficiency

- Maintain **industry-leading margins**
- Realize **$150M of run-rate cost synergies** and unlock material **revenue synergies**
- Realize incremental $20-25M of annualized **HGV standalone cost reductions identified** in 2020

## Working capital efficiency

- Tap significant **developed inventory pipeline** to reduce near-term spending needs
- **Reduce long-term inventory spending** with increased rate of inventory recapture

## Steady state

**50-60% adjusted FCF conversion[1]**

## Uses of cash

- Support business growth through reinvestment
- **Return cash to shareholders via share repurchase or dividends**
- Explore opportunities for high-ROI strategic M&A as they become available



1) Conversion of Adjusted EBITDA excluding the impact of net deferrals of revenue and direct expenses related to the Sales of VOIs under construction

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# Significant liquidity and low leverage levels

## Second quarter 2022

**$374M**
Unrestricted cash

**$1.2B**
Total liquidity

**2.12x**
Total net leverage

**8.83x**
Interest coverage[2]

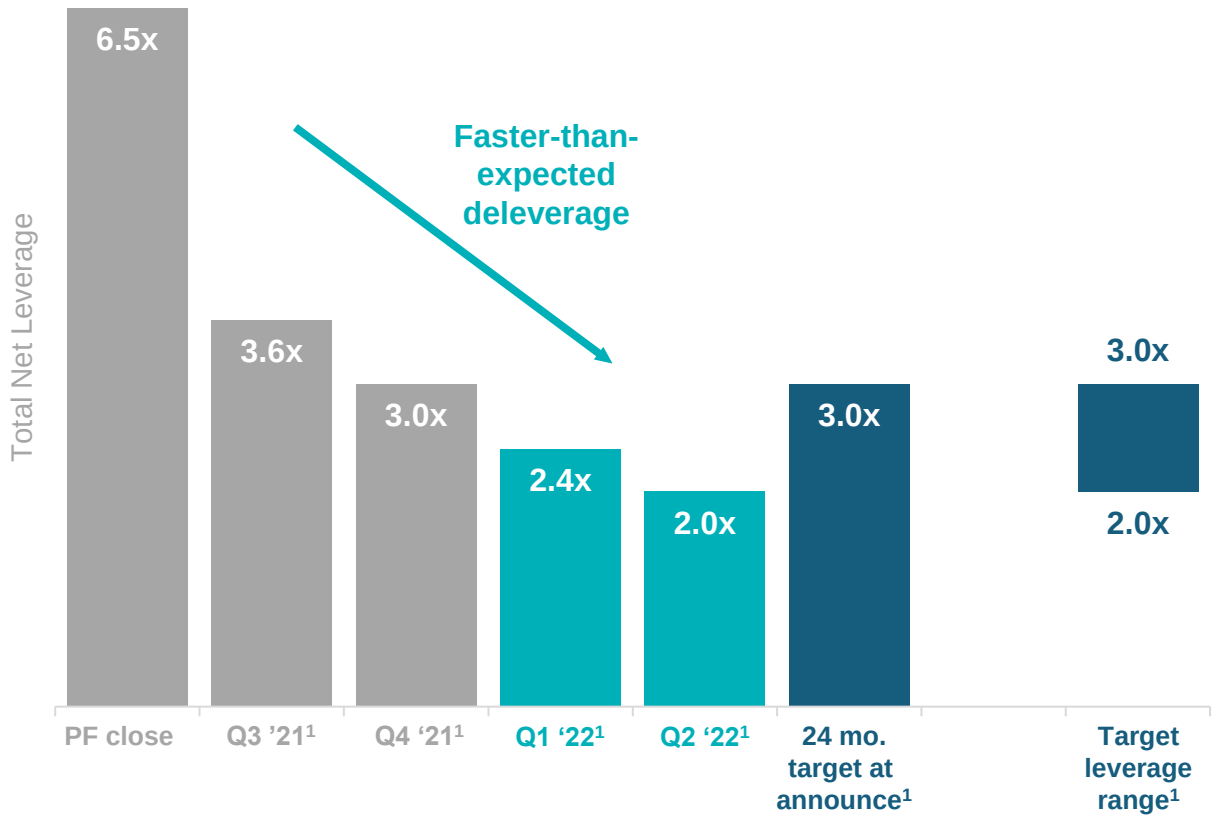
**0.80x**
First-lien net leverage

Covenant Thresholds[2]

**2.00x**
Interest coverage

**3.00x**
First-lien net leverage

## Net leverage and long-term target range




Data as of Q2 2022
1) Inclusive of synergies
2) Calculated on bank-adjusted basis

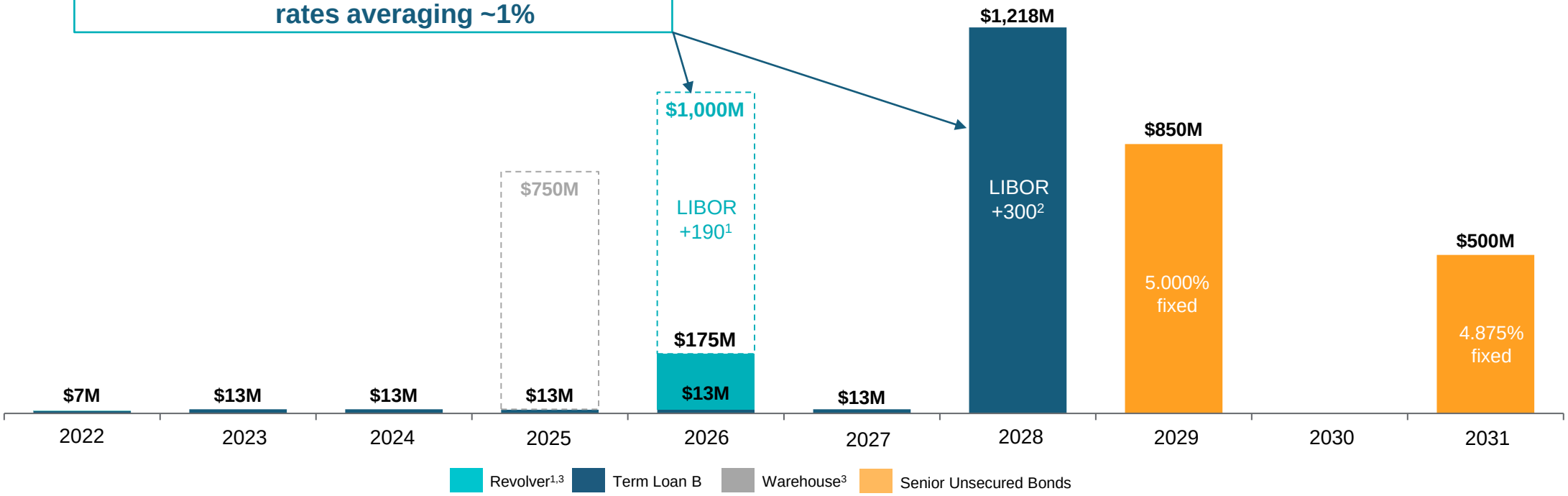
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# Limited near-term maturities and reduced exposure to rising rates

**$713M of pay-fixed swaps have reduced our floating rate exposure at favorable rates**

Credit facility interest rate: Floating base rate + Spread

Swapped to fixed rates averaging ~1%




1) $175M drawn on Revolver as of Q2 2022. Pricing spread subject to pricing grid based on first-lien net leverage
2) Subject to a 50 basis-point floor
3) Capacity shown – only drawn amounts must be repaid



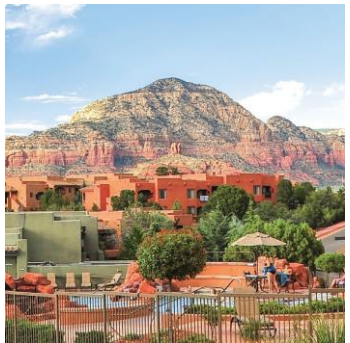
# Outlook & business overview

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# EBITDA[1] guidance range

## 2022 Deferral Adjusted EBITDA[1] Target

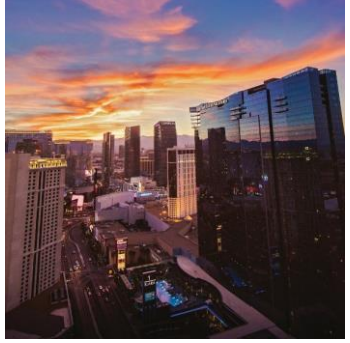
### Current Guidance

**$960 million to $990 million**

### Initial Guidance

**$915 million to $935 million**

1) Adjusted EBITDA excluding the impact of net deferrals of revenue and direct expenses related to the Sales of VOIs under construction









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# Four business lines working in harmony

## Real Estate

- Contract sales
- Add new members to drive NOG
- Owner upgrade sales

## Financing

- Provide consumer financing
- Generate and securitize mortgage receivables to provide cash flow
- Recurring fee business

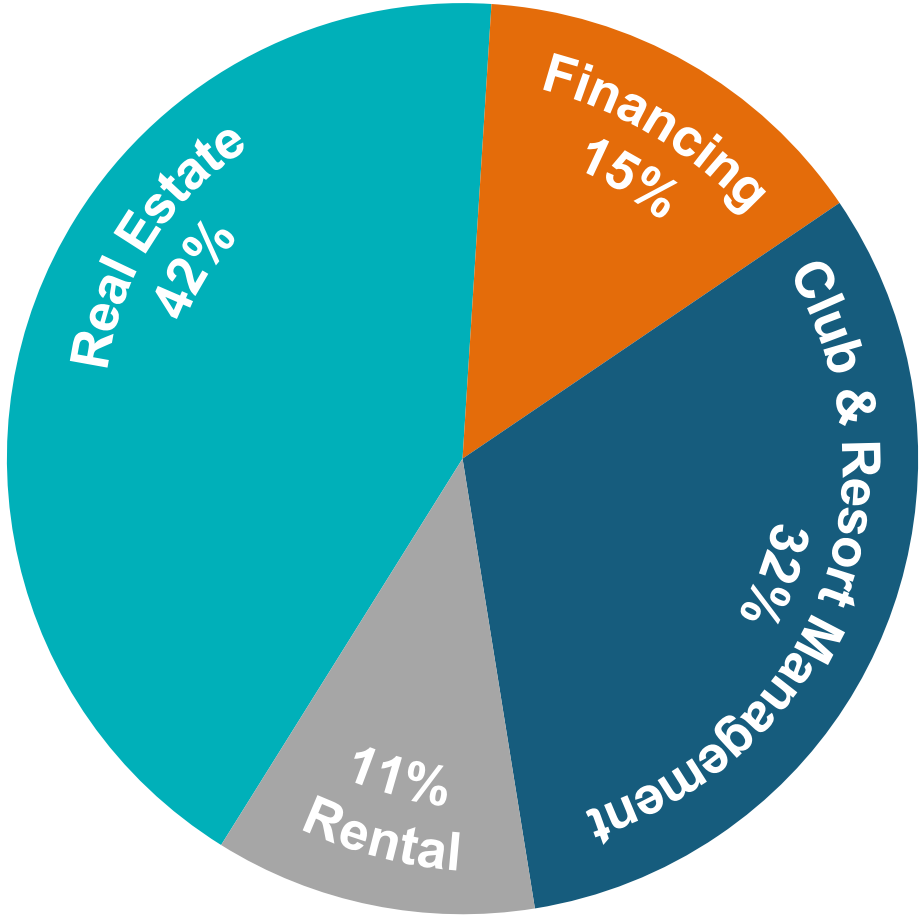
## Rental & Ancillary

- Monetize unutilized inventory
- Generate additional tours from rental guests

## Club & Resort

- Manage member clubs
- Manage resort operations
- Recurring fee business

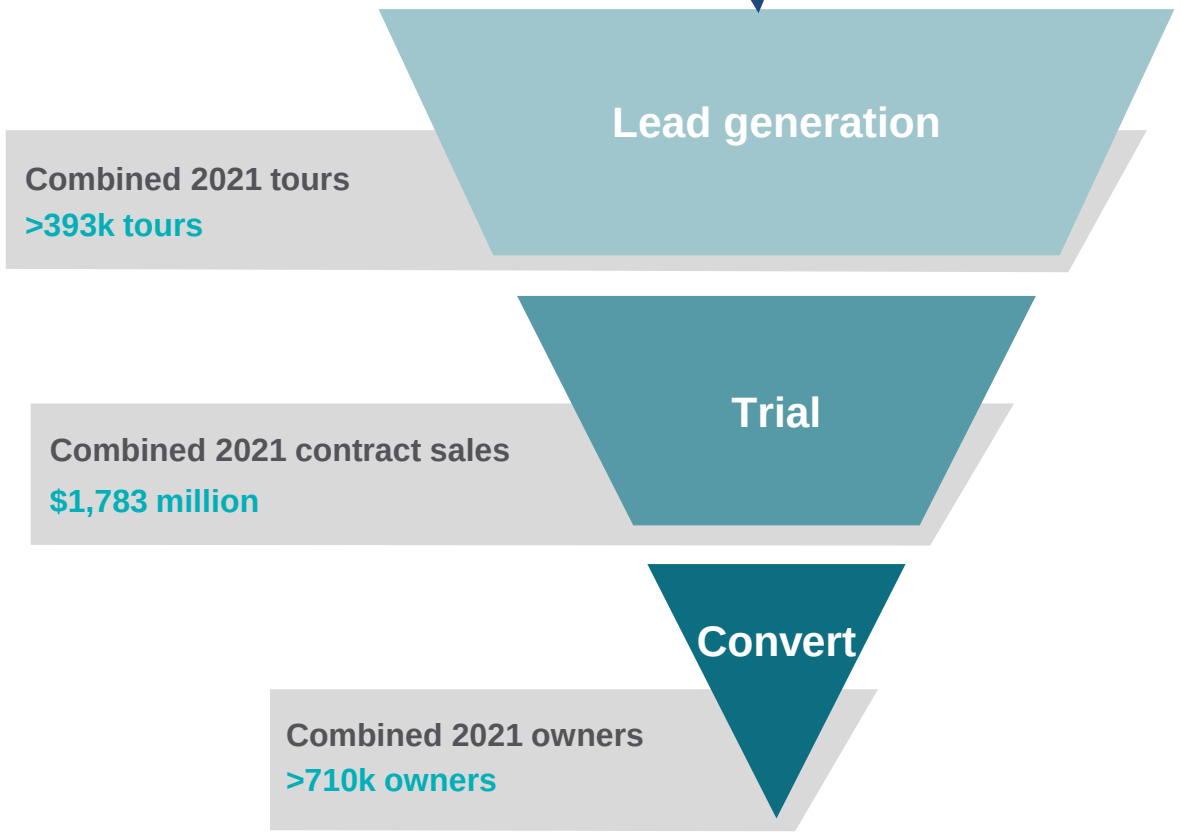
## 2021 EBITDA Mix



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# Real estate: the sales and marketing business model at the core of HGV

Hilton HONORS — Existing owners — Marketing programs




Leads are generated through our marketing programs, with the majority coming via the Hilton Honors loyalty program

Discounted vacation packages offer potential buyers the chance to experience our product offering, along with taking a sales tour

*The Discovery Process* helps sales team members understand the guest's travel preferences during the sales tour, and attempt to find ownership options that match those preferences

**Conversion generates:** Contract sales | Mortgage receivables | New members

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# A wider product offering maximizes owner choice and flexibility

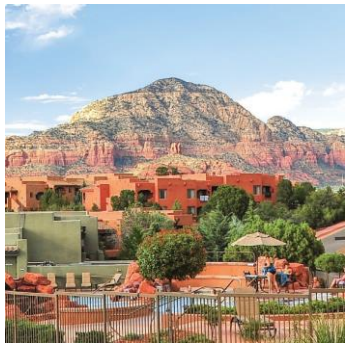
## HGV's dual points-based offering is unique to the industry

| | Hilton GRAND VACATIONS<br>**Deed-backed** points | DIAMOND Resorts<br>**Real-estate-trust-backed** points |
|---|---|---|
| **Advantages for combined entity** | ✓ **Premium pricing** for certainty of availability in high demand real estate markets<br>✓ **Inventory sourcing flexibility** and efficiency allows us to employ a **fee-for-service** model with **multiple partners**<br>✓ Ability to **pre-sell new developments** supports strong project-level cash flow and returns | ✓ **Smoother sales and upgrades**, with less specific matching of buyer to property<br>✓ **Lowers barrier to ownership** and broadens ability to buy into system with more flexible pricing options<br>✓ **Reduces inventory delivery volatility** and reliance on new builds<br>✓ Facilitates **inventory recycling**, reducing new build needs |
| **Advantages for buyers and owners** | ✓ **Guaranteed availability** to reserve purchased week provides peace of mind<br>✓ **Aspirational** sense of true ownership<br>✓ **Physical asset** that can be passed down to future generations | ✓ **Geographic flexibility** to access network without committing to home resort<br>✓ **Timing flexibility,** as not tied to a particular time of year or duration |









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# High quality, loyal customer base that appeals to younger buyers

## Product and pricing strategy enhances product appeal to a wide base of travelers

| | |
|---|---|
| Average FICO score[1] | 737 |
| Average HHI | $110k |
| New Buyer Millennial/GenX % | 55% |
| Average Net Worth | $1.1 million |

1) Consolidated HGV and Diamond domestic owner data as of Q2 2022

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# Significant in-place inventory and pipeline of future developments support growth

## Existing markets










## New markets













Approximately **$12 billion**[1] of future contract sales value in HGV's pipeline at current pricing[2]

**40%** of those contract sales from **capital efficient** just-in-time or fee-for-service inventory[2]

1) Includes contract sales associated with inventory currently available for sale at open or soon-to-open projects, along with sales at projects that will become available for sale in the future upon registration, delivery or construction
2) As of Q2 2022

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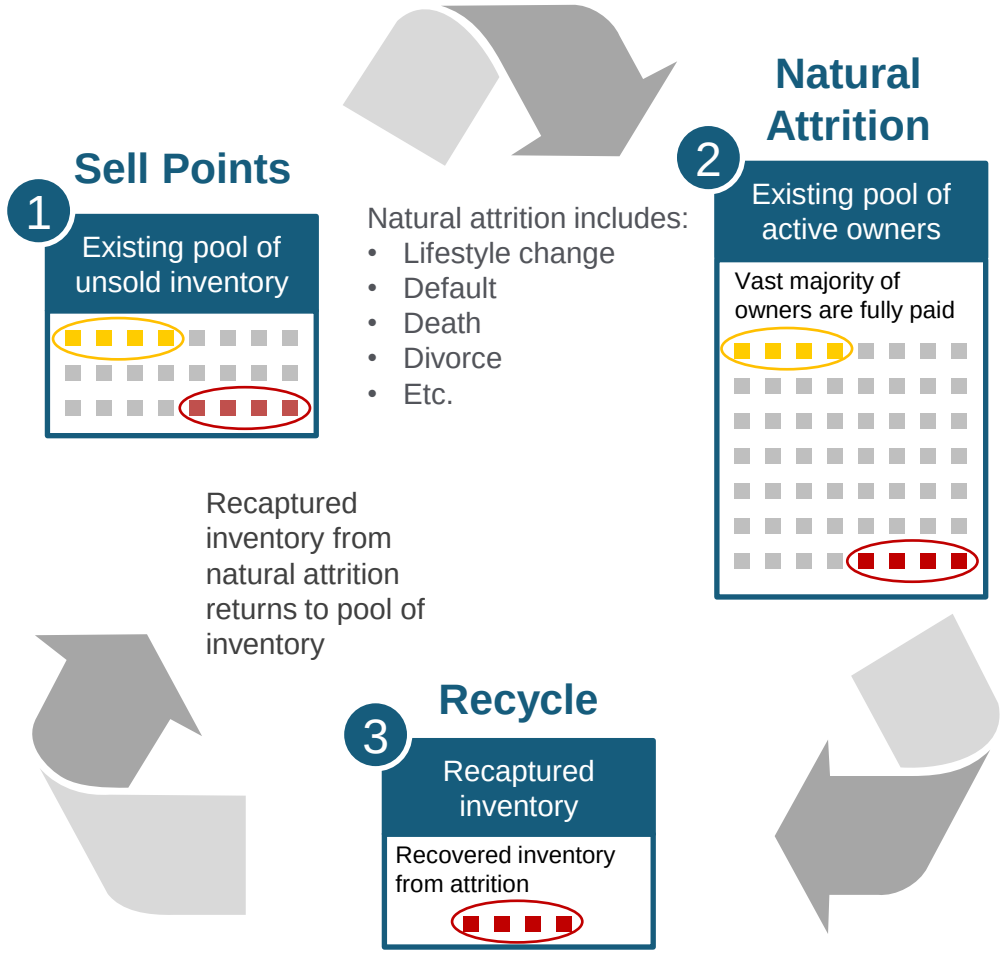
# Inventory recapture extends sales pipeline and aids cash flow

## Diamond's efficient recapture model will speed cash flow conversion from inventory recycling

**~$1.2 Billion**
Owned inventory available for sale[1,2]

**~$5.6 Billion**
Owned inventory retail sales value[2]

**~4 Years**
Completed inventory on hand[3]




1) Balance sheet inventory
2) Excluding inventory available for sales at our fee-for-service properties
3) Assuming annualized most recent quarter of contract sales

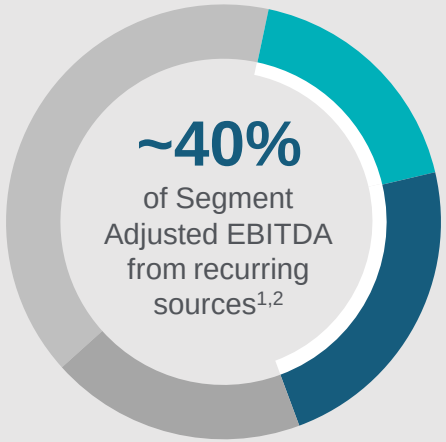
# Our Financing and Club & Resort businesses generate substantial recurring EBITDA

Member growth generates several **high margin, recurring fee streams:**

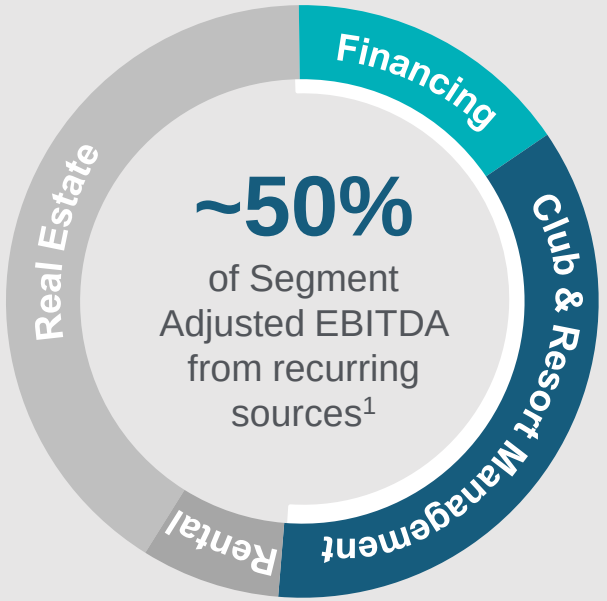
- **Club membership fees**
- **Property management fees**
- **Financing fees**

New buyers and owner upgrades further grow these fee streams and create a multiplier effect

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Hilton GRAND VACATIONS + DIAMOND Resorts




1) Adjusted for net deferrals of revenue and direct expenses related to the Sales of VOIs under construction
2) Fiscal year 2019

# Financing: facilitates purchases and generates consistent, high margin fees

- Underwrite mortgage financing for contract sales generated by the Real Estate group
- Disciplined underwriting process with strong average FICO scores
- Growth of fee stream determined by growth of contract sales and propensity to borrow

## Attractive net interest margin[1]

| | Hilton GRAND VACATIONS |
|---|---|
| **Weighted average interest rate earned** | **13.9%** |
| **- Weighted average interest rate paid** | **3.3%** |
| **= Net interest margin** | **10.6%** |

## Core functions

### A Consumer finance

**Underwriting**
- Credit underwriting
- Contract origination
- Price compliance
- Escrow processing

**Controls**
- Sales / inventory
- Quality assurance

**Loan & HOA servicing**
- Collateral servicing
- Billing and processing
- In-House collections

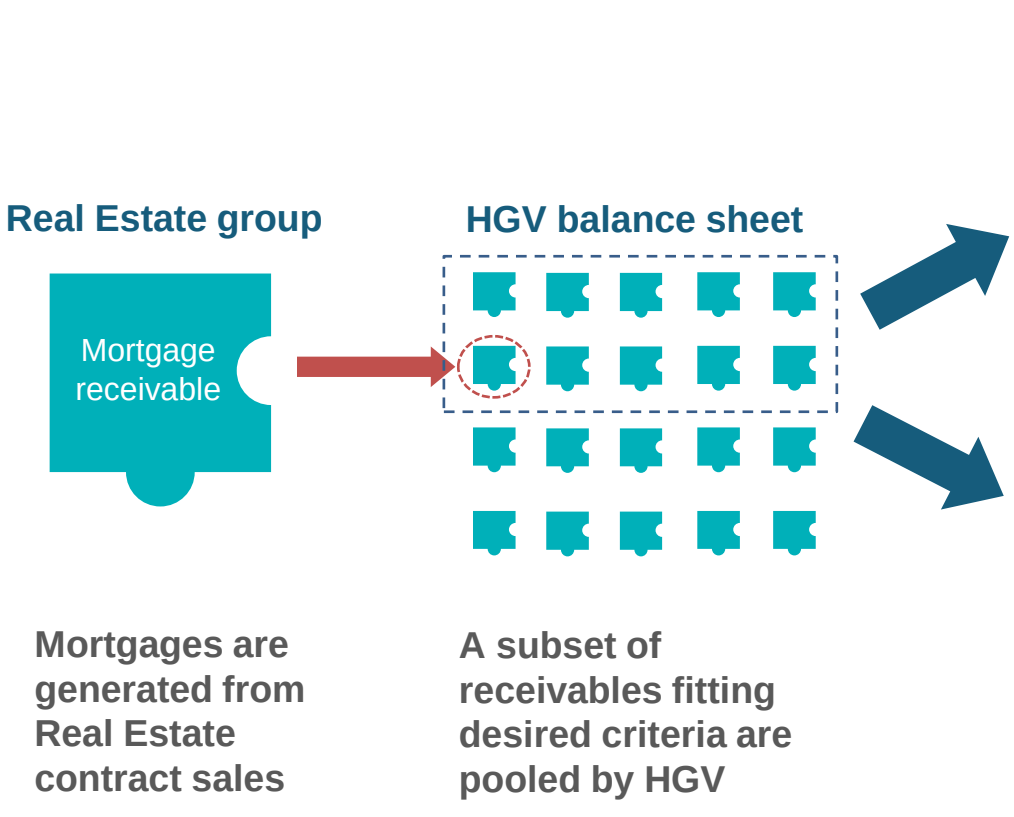
**Reporting**
- Data analysis
- Investor reporting

### B Warehouses and securitization

- Loans that meet the eligibility criteria are able to be monetized through HGV's warehouse facilities
- Once sufficient loans are generated, loans are packaged and sold to investors in the form of a Securitization
- Securitized debt is non-recourse
- Transaction structures utilized to securitize timeshare loan collateral have evolved, and branded developers like HGV continued to maintain ABS market access during the financial crisis and the COVID pandemic

1) HGV originated portfolio. Calculated as weighted average interest rate earned less weighted average interest rate paid

# Robust access to liquidity through warehouse facility and securitization markets




Mortgages are generated from Real Estate contract sales

A subset of receivables fitting desired criteria are pooled by HGV

HGV factors its receivables through public securitization markets, **extracting cash up front** at favorable market rates

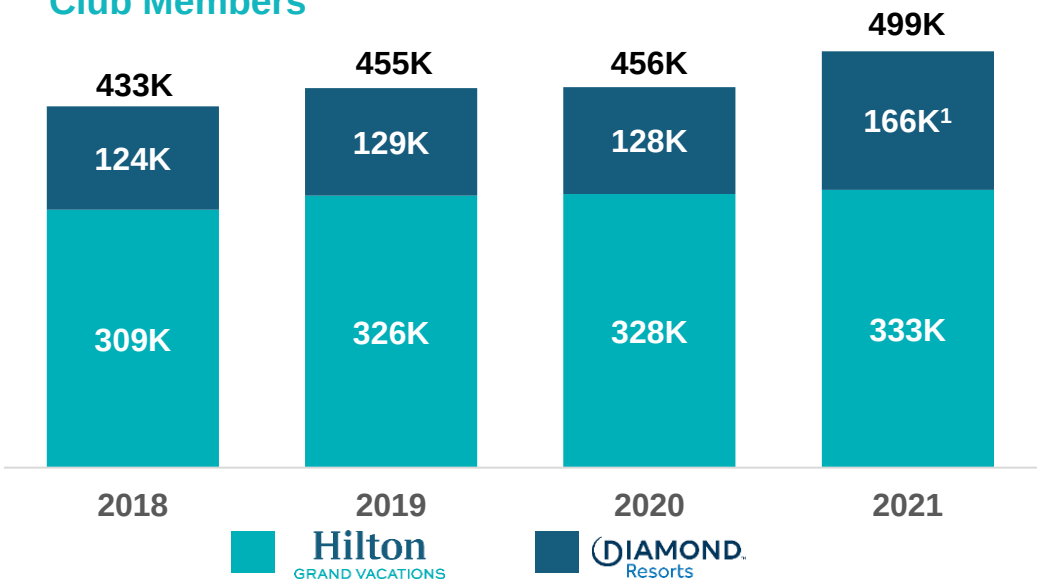
The warehouse facility also acts like a **private securitization market**, allowing HGV to factor its receivables **regardless of external market conditions**

# Resort & Club Management provides another source of predictable & recurring EBITDA

## Strong recurring and predictable cash flows

- Annual member dues to provide services to club members
- Manage resort operations shared services functions for HOAs via stable, long-term management contracts
- Management contracts generally cost plus, providing insulation from inflation

## Club Members




## Key sources of resort operations & club management income

**A — Resort management**

**Management of resorts in the HGV and Diamond networks, Diamond collections and properties developed by third parties**

- Services provided span operations, hospitality, and finance
- Platform scale, systems and inventory management benefit HOAs

**B — Club management**

**An exchange service that forms the hub of the points-based member experience**

- Points system provides greater flexibility and benefits to members
- Annual Club dues provide visible and recurring revenue stream

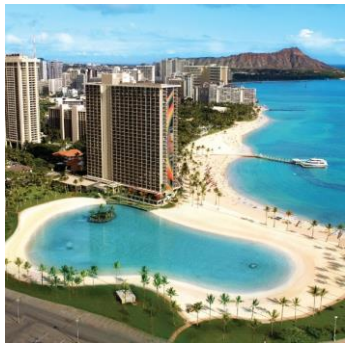


1) DRI member increase due to adopting HGV methodology that counts all annual recurring payment members with significant Club benefits and travel options









Hilton
GRAND VACATIONS

# Transient rentals enable HGV to monetize unutilized inventory

## Rental & ancillary highlights

- Rental inventory primarily offered through Hilton.com, along with third-party channels
- Rental fee revenue from rentals of unutilized inventory
- Rental RevPAR typically outperforms comparable industry rates owing to naturally limited supply of rental rooms
- Ancillary revenues from restaurant, retail, spa, and other outlets at resort properties

## Transient Rentals Optimize Use of Inventory and Lead to Incremental VOI Sales

**Offsets inventory carry costs while providing owner flexibility**

**Creates additional marketing opportunities to show HGV product to transient guests, creating additional tour flow opportunities**

**Allows Hilton Honors members to use Honors points for HGV stays, including recently rebranded Diamond inventory**

**Presence of rebranded Diamond inventory on Hilton.com booking platform improves inventory visibility and ADRs, while reducing reliance on expensive OTA distribution channel**


Thank You