
HGV Investor
Overview
March 2023
Hilton
GRAND VACATIONS

Hilton
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 presentation 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. Any one or more of these risks or uncertainties could adversely impact HGV's operations, revenue, operating profits and margins, key business operational metrics, financial condition and/or credit rating

Hilton
GRAND VACATIONS

Hilton
CLUB

Hilton
GRAND VACATIONS CLUB

Hilton
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 more than 150 million Hilton Honors members
- More than 725,000 owners
- 519,000 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

Hilton
GRAND VACATIONS



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









Hilton
GRAND VACATIONS

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

Hilton
GRAND VACATIONS

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** achieved within 14 months of close – over 9 months ahead of initial target timeline

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**



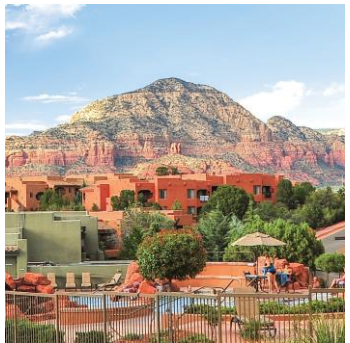
DIAMOND Resorts

- **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









Hilton
GRAND VACATIONS

Resort Collections

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

Hilton
CLUB

Luxury

Exclusive spaces with well-appointed décor and a local feel

Hilton
GRAND VACATIONS CLUB

Upper Upscale

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

Hilton
VACATION CLUB

Upscale

(Diamond rebranded properties)

Family-friendly vacations in relaxed, condo-like settings

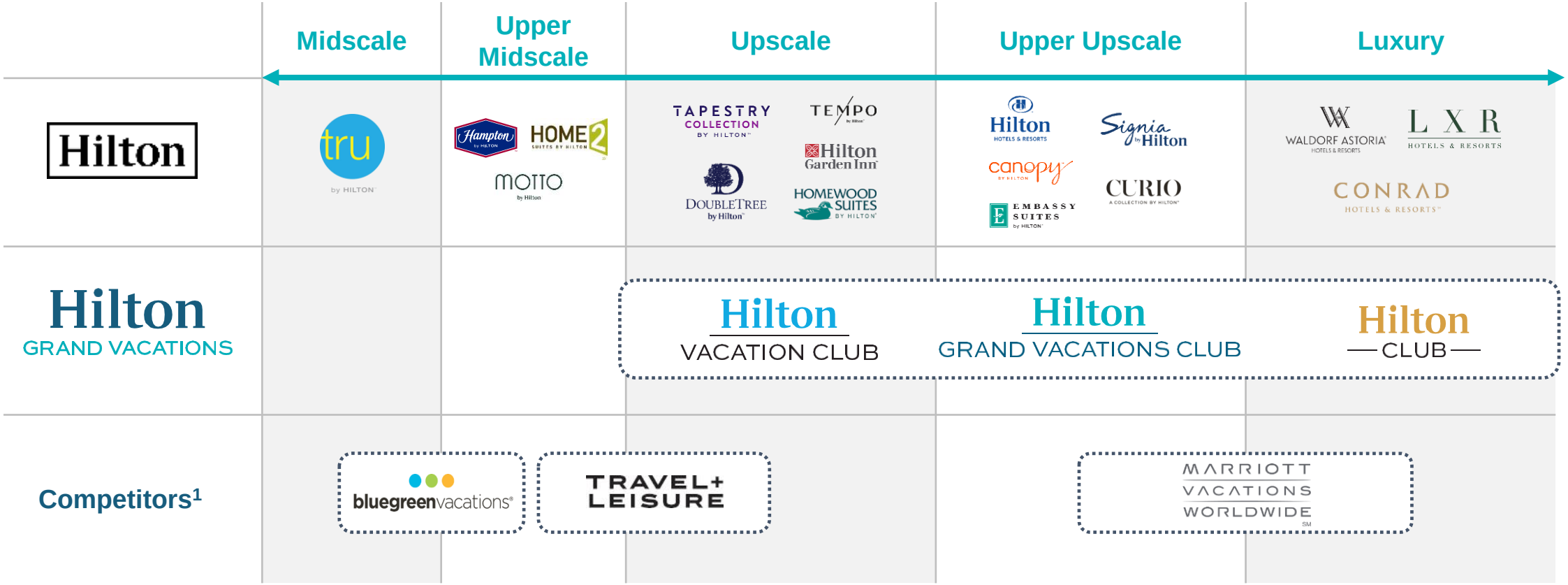
Higher

Average price per point

Lower

Hilton
GRAND VACATIONS

HGV has the broadest chain-scale offering in the industry



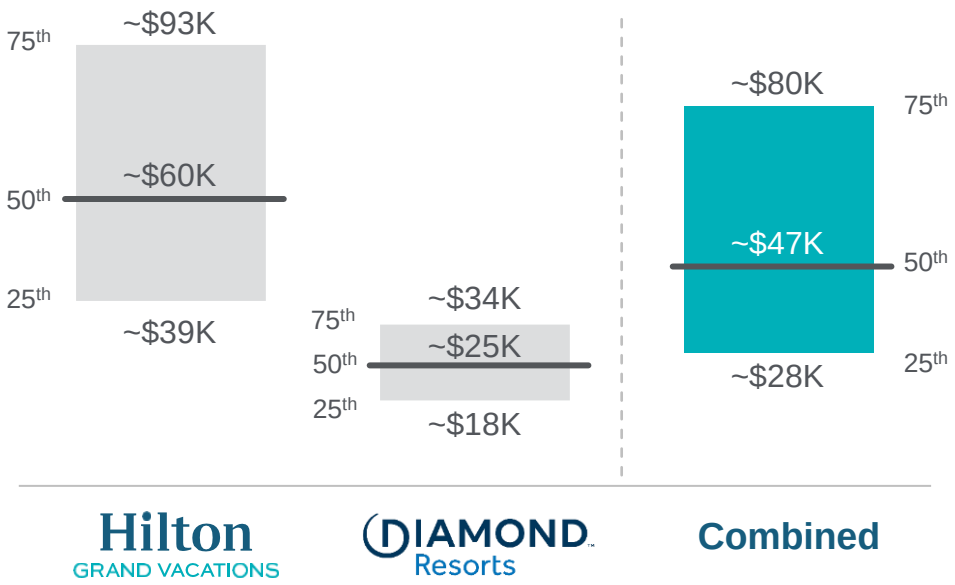
Enhances alignment with the Hilton system and their Hilton Honors members

1) Illustrative chain scale positioning

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

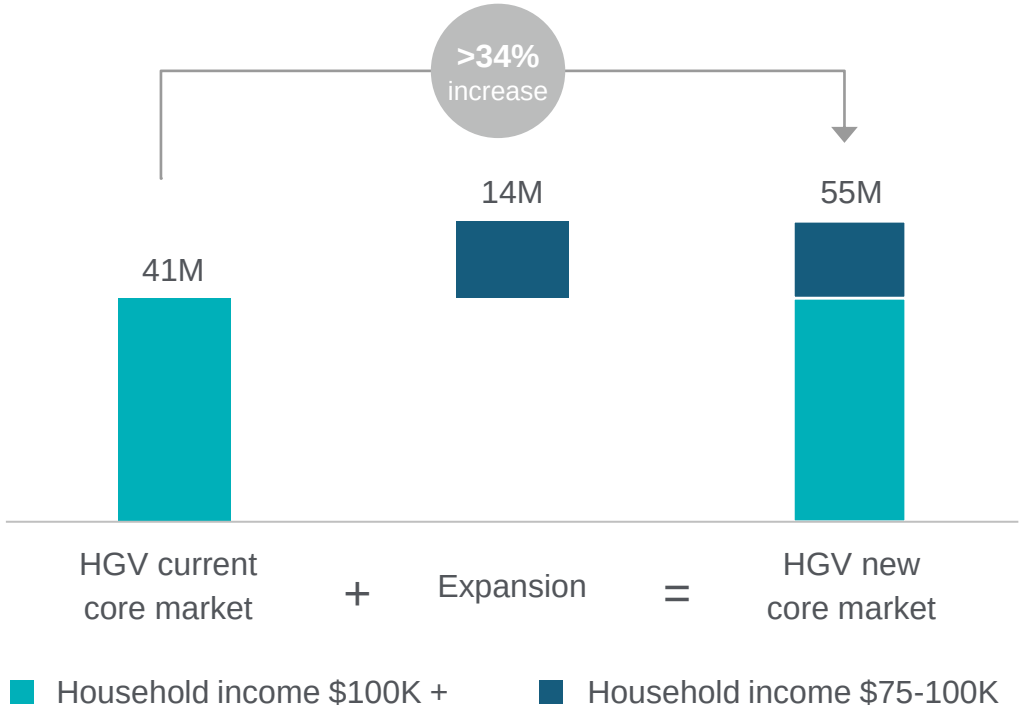
List price per week for HGV vs. Diamond inventory…

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

Hilton
GRAND VACATIONS

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 of run-rate cost savings

Hilton
GRAND VACATIONS

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 in 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 in 2022**
- **Steady improvement in Rental & Ancillary** revenues as inventory is rented out with **improved economics**
- Realization **over time**

Revenue Synergies

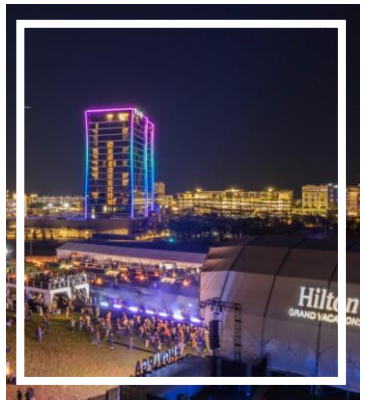
- **Diamond rental performance**

Majority of revenue synergies are not dependent on resort rebranding

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!



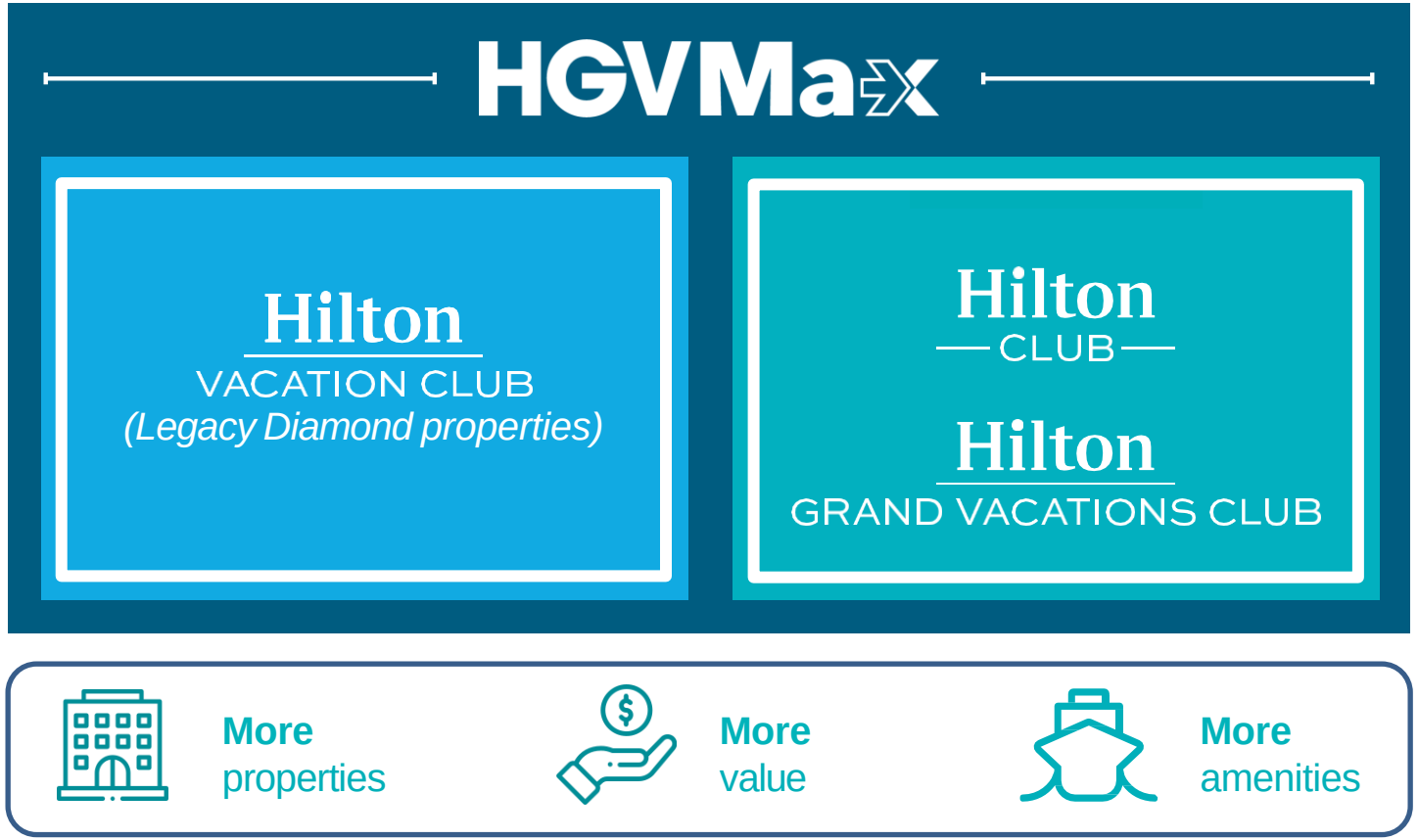
HGV MEMBERS TABLE



HGV PRESENTS

Hilton
GRAND VACATIONS

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

Hilton
GRAND VACATIONS

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

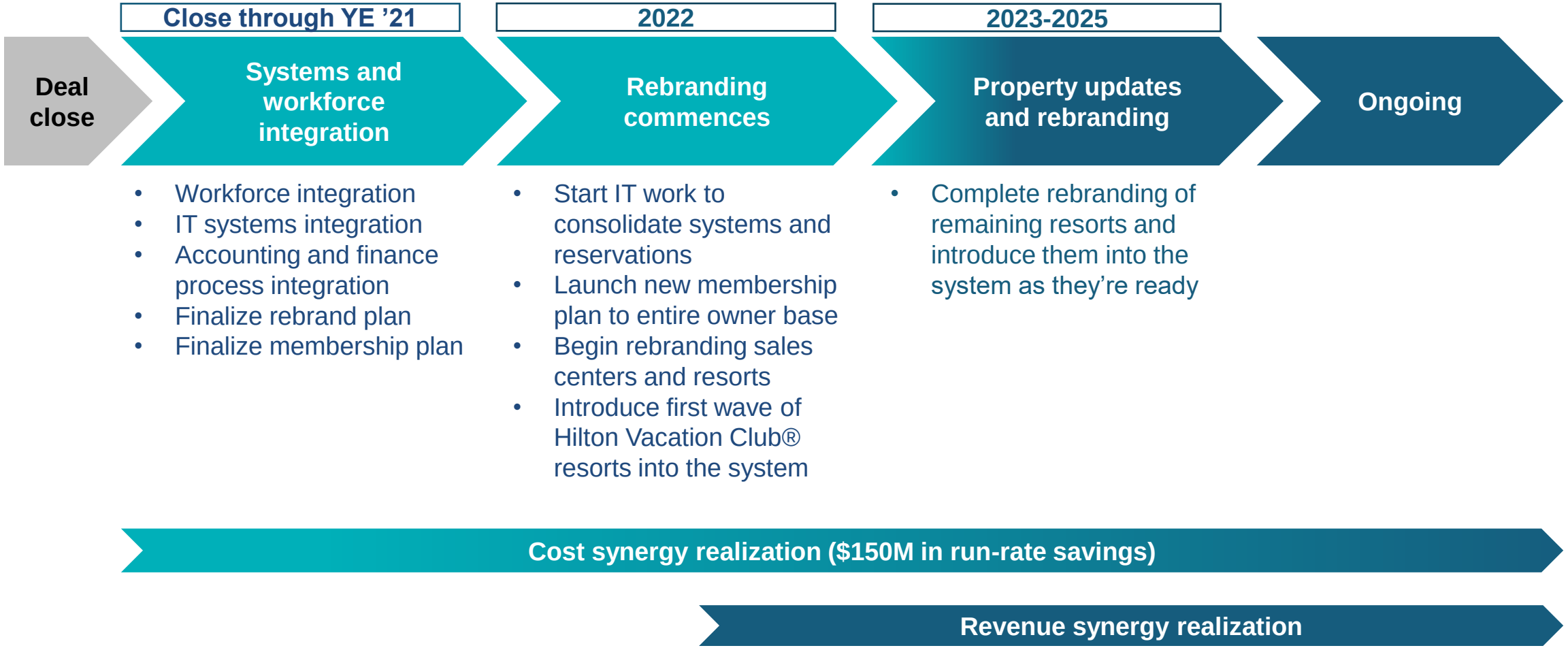
After


Villa Mirage, AZ


Virginia Beach, VA

Hilton
GRAND VACATIONS

The integration of Diamond Resorts is proceeding as planned



Hilton
GRAND VACATIONS

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

Hilton
GRAND VACATIONS

Significant liquidity and low leverage levels

Fourth quarter 2022

$223M
Unrestricted cash

$1.2B
Total liquidity

2.36x
Total net leverage

7.70x
Interest coverage[2]

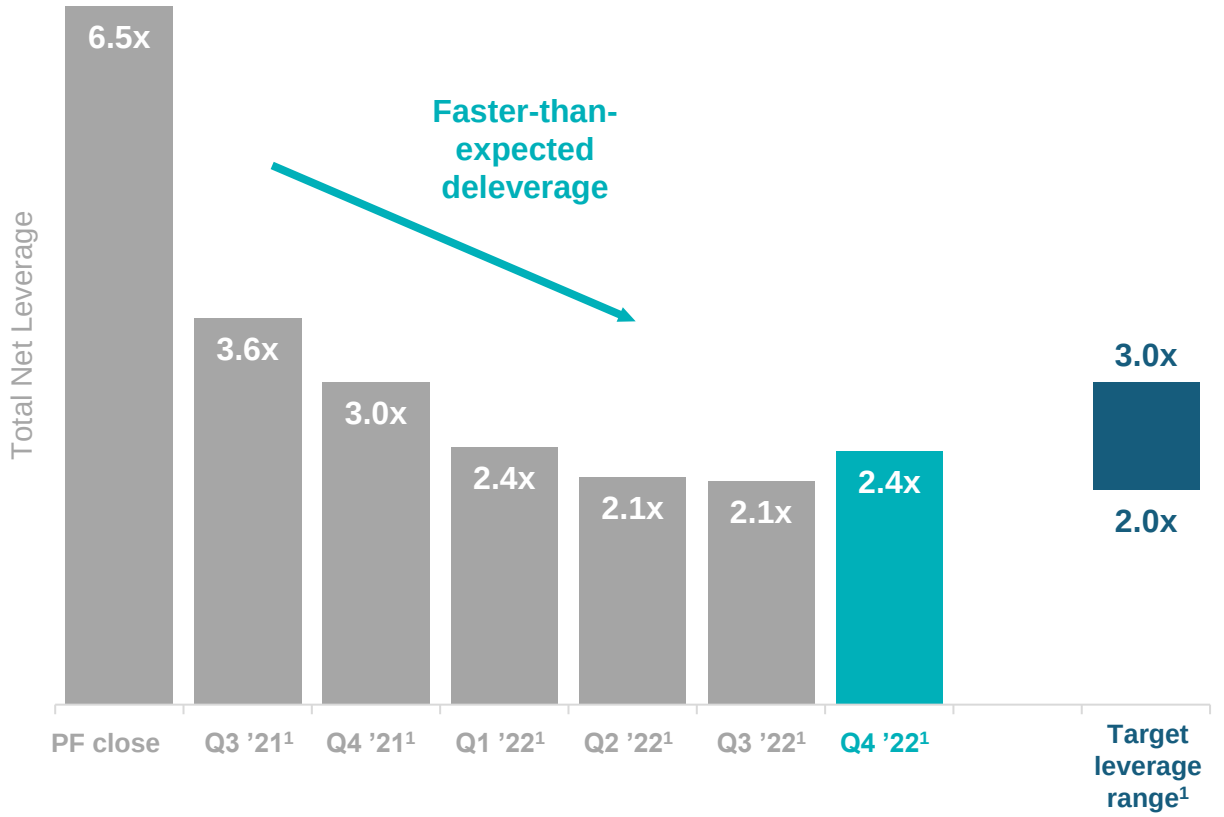
0.97x
First-lien net leverage[2]

Covenant Thresholds

2.00x
Interest coverage[2]

3.00x
First-lien net leverage[2]

Net leverage and long-term target range



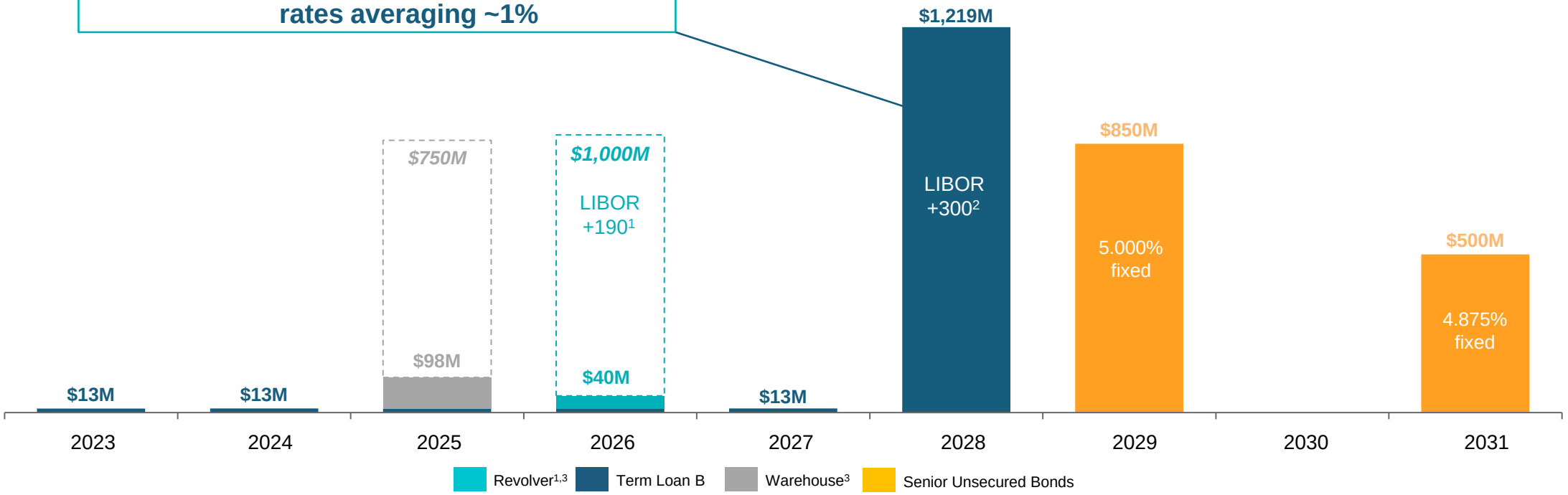
Data as of Q4 2022
1) Inclusive of synergies
2) Calculated on bank-adjusted basis

Limited near-term maturities and reduced exposure to rising rates

$708M 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) As of Q4 2022. Pricing spread subject to pricing grid based on first-lien net leverage
2) Subject to a 50 basis-point floor
3) $40M of revolver drawn as of Q4 2022 of $1B capacity – only drawn amounts must be repaid



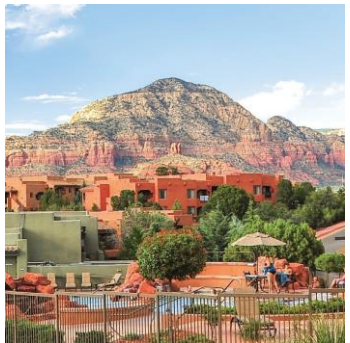
Outlook & business overview

Hilton
GRAND VACATIONS









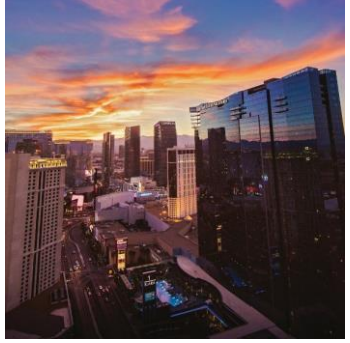
Hilton
GRAND VACATIONS

EBITDA[1] guidance range

2023 Deferral Adjusted EBITDA[1] Target

$1,090 million to
$1,120 million

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









Hilton
GRAND VACATIONS

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

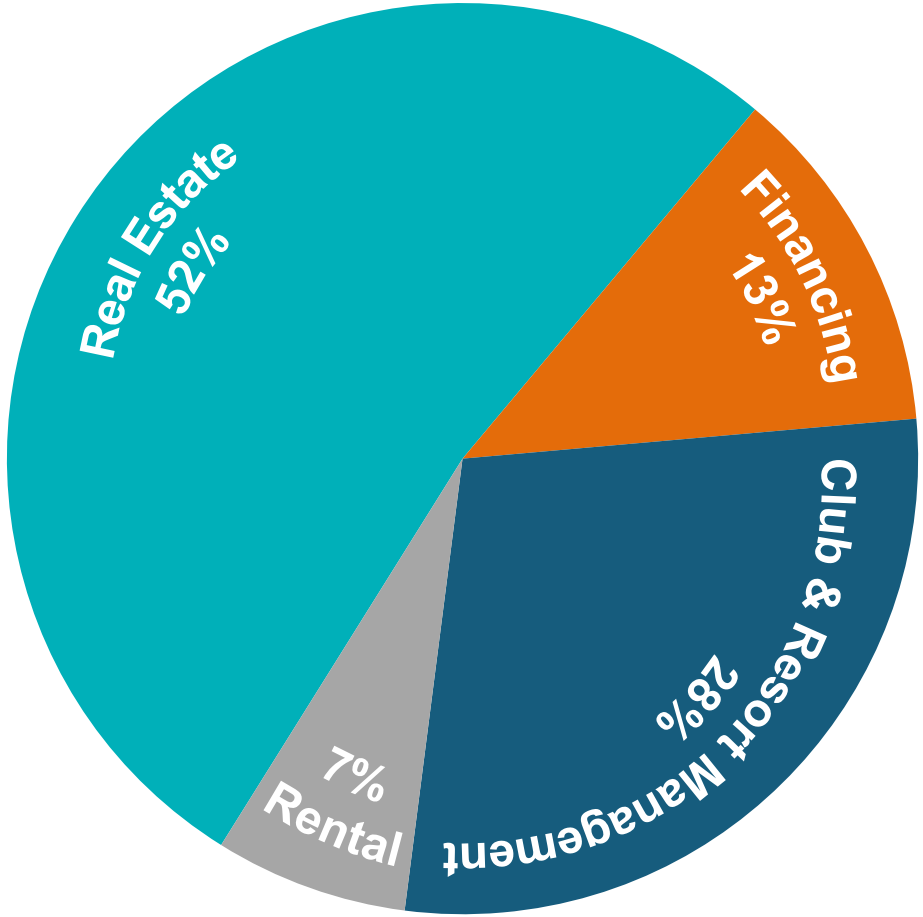
Rental & Ancillary

- Monetize unutilized inventory
- Generate additional tours from rental guests

Club & Resort

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

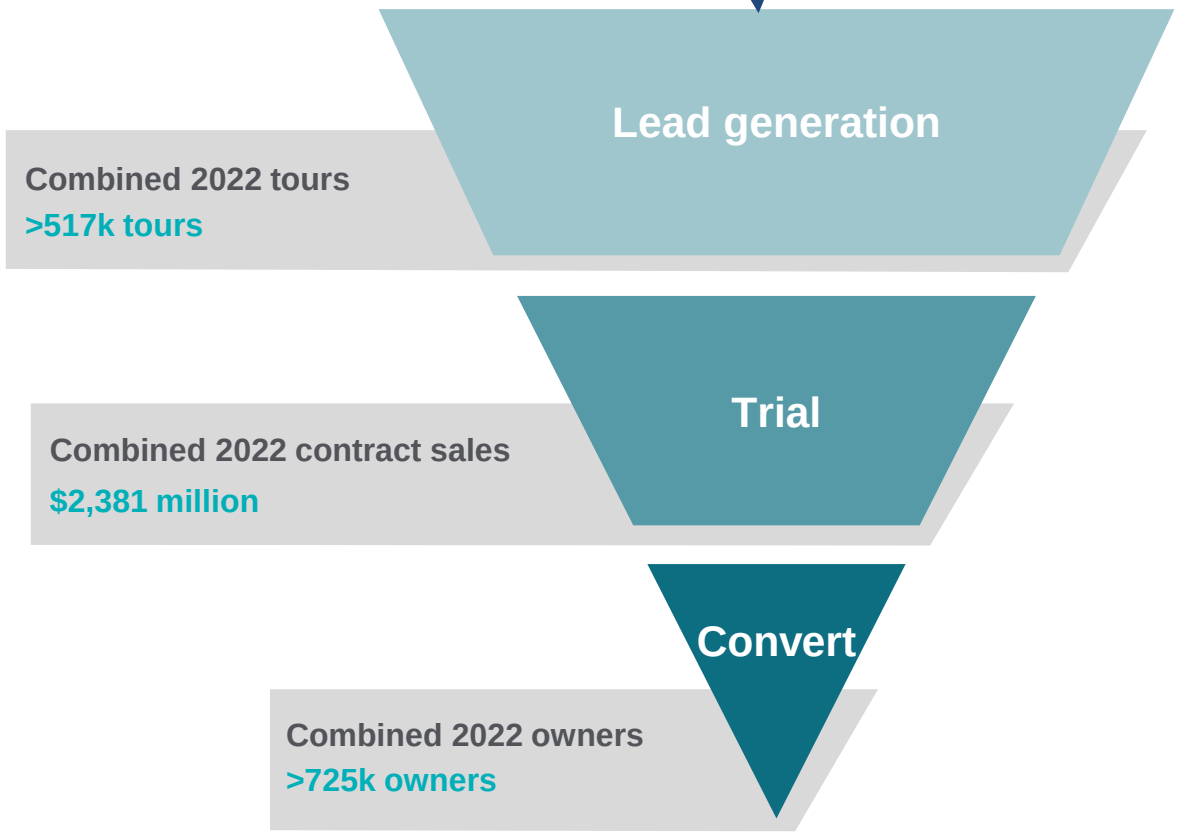
2022 Segment EBITDA[1] Mix



1) Segment EBITDA prior to corporate G&A, license fees, and JV income. Excludes the impact of net deferrals of revenue and direct expenses related to the Sales of VOIs under construction

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

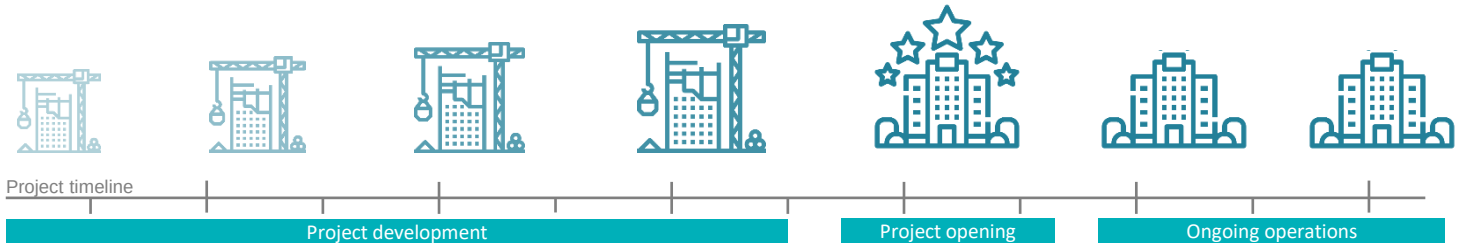
A wider product offering maximizes owner choice and flexibility

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

	Hilton Grand Vacations: **Deed-backed** points	Diamond Resorts: **Real estate trust-backed** points
Advantages for combined entity	✓ **Premium pricing** for certainty of availability in high demand real estate markets ✓ **Inventory sourcing flexibility** and efficiency allows us to employ a **fee-for-service** model with **multiple partners** ✓ 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 ✓ **Lowers barrier to ownership** and broadens ability to buy into system with more flexible pricing options ✓ **Reduces inventory delivery volatility** and reliance on new builds ✓ Facilitates **inventory recycling**, reducing new build needs
Advantages for buyers and owners	✓ **Guaranteed availability** to reserve purchased week provides peace of mind ✓ **Aspirational** sense of true ownership ✓ **Physical asset** that can be passed down to future generations	✓ **Geographic flexibility** to access network without committing to home resort ✓ **Timing flexibility,** as not tied to a particular time of year or duration

Hilton
GRAND VACATIONS

The mechanics of deferrals – GAAP versus Economic Impact



Project sales							
GAAP/ASC 606 treatment							
Balance sheet deferral accounts	$	$	$	$	-	-	-
Income statement & EBITDA	-	-	-	-	$	$	$
Economic impact							
Balance sheet deferral accounts	-	-	-	-	-	-	-
Income statement & EBITDA	$	$	$	$	$	$	$

Construction projects in connection with the development of inventory can take several years. For **deeded** (Legacy HGV) product, HGV typically pre-sells inventory during this development phase to improve project cash flows and returns on investment

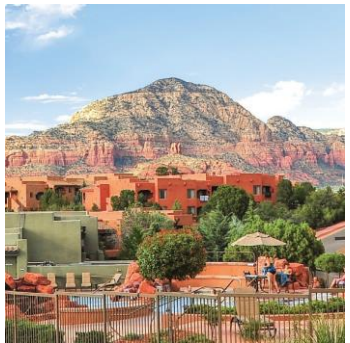
Current accounting standards (ASC 606) require revenue and direct incremental costs from pre-sales to be **deferred** and carried on the balance sheet until project opening, whereupon those deferred amounts are **recognized** on the income statement. This can create a disconnect between actual contract sales performance and GAAP income statement results

Internally, HGV operationally manages and measures business performance based on actual contract sales and **excludes the effects of such deferrals and recognitions** during the reporting periods









Hilton
GRAND VACATIONS

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	735
Average New Buyer HHI	$109k
New Buyer mix: GenX and younger %	56%
Average Owner net worth	$1.2 million

Note: Data as of Q4 2022

Hilton
GRAND VACATIONS

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

Existing markets







New markets









Approximately **$11 billion**[1] of future contract sales value in HGV's pipeline at current pricing[2]

39% 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 Q4 2022

Hilton
GRAND VACATIONS

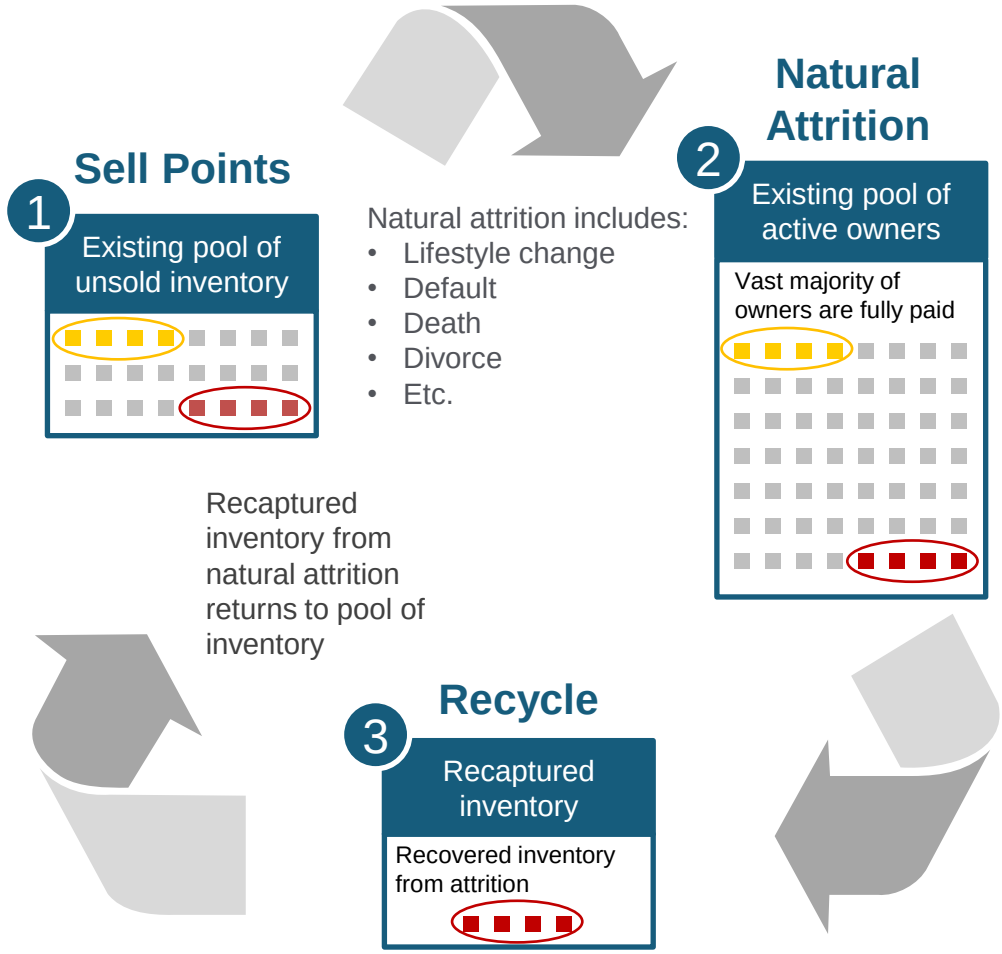
Inventory recapture extends sales pipeline and aids cash flow

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

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

~$5.2 Billion
Owned inventory retail sales value[2]

~3 Years
Completed inventory on hand[3]



1) Balance sheet inventory as of Q422
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

Hilton GRAND VACATIONS + DIAMOND Resorts



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

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	**14.3%**
- Weighted average interest rate paid	**4.1%**
= Net interest margin	**10.2%**

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

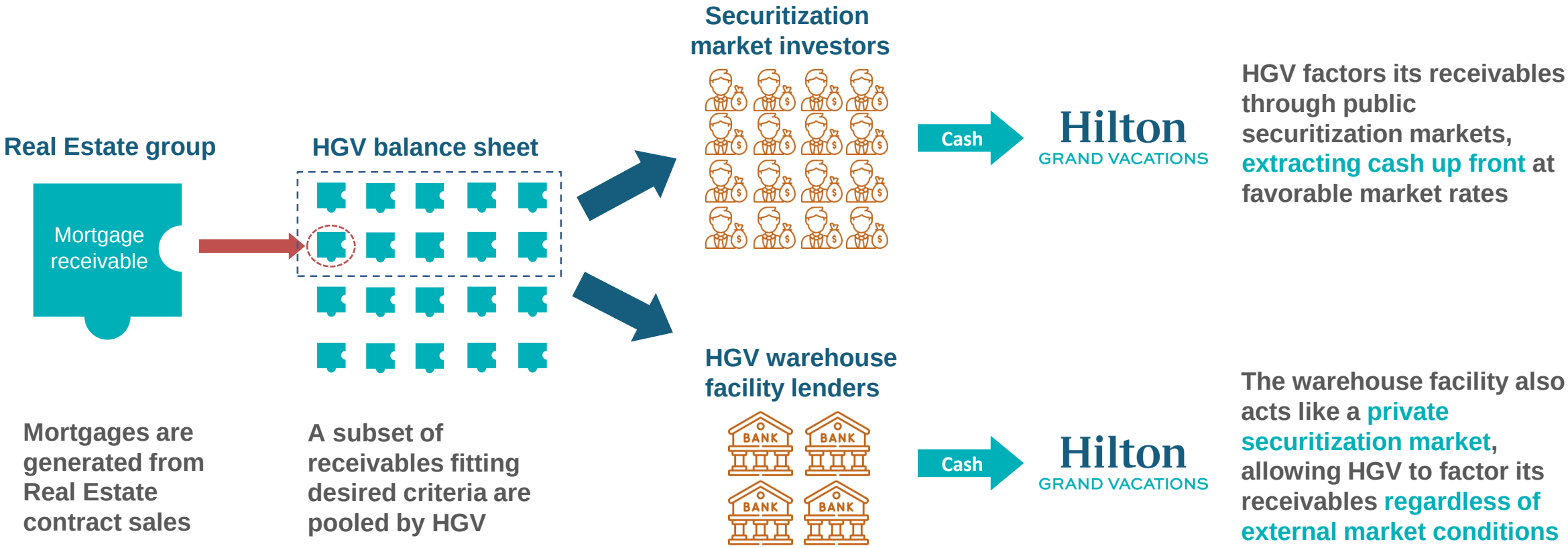
Reporting
- Data analysis
- Investor reporting

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

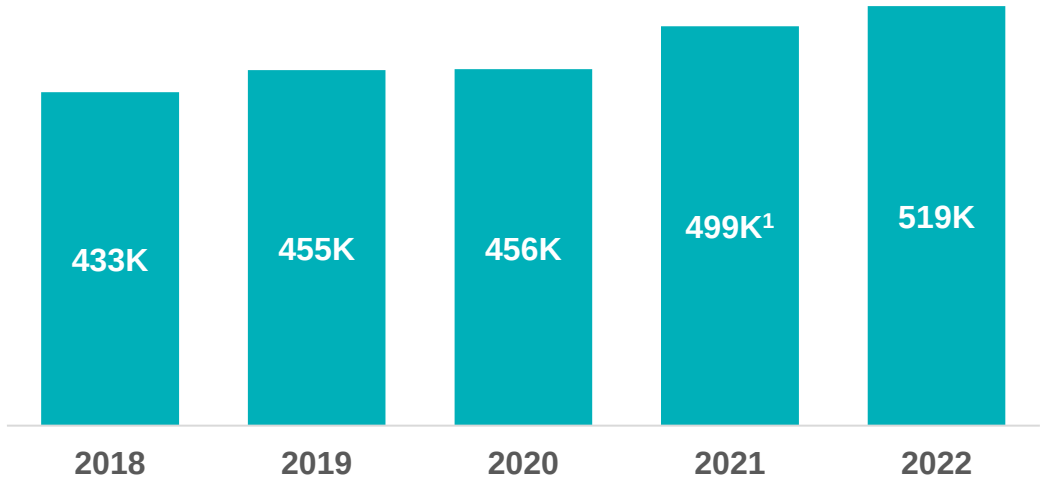
The warehouse facility also acts like a **private securitization market**, allowing HGV to factor its receivables **regardless of external market conditions**

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

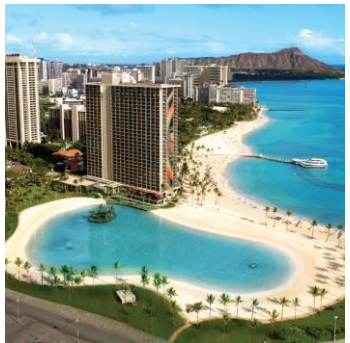
- Points system provides greater flexibility and benefits to members
- Annual Club dues provide visible and recurring revenue stream

1) Member increase due to DRI 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