
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): October 27, 2021

Travel + Leisure Co.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation)	001-32876 (Commission File Number)	20-0052541 (IRS Employer Identification Number)
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6277 Sea Harbor Drive Orlando Florida (Address of Principal Executive Offices)	 32821 (Zip Code)
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(407) 626-5200

(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	TNL	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

The information set forth in Item 7.01 is incorporated by reference into this Item 2.02.

Item 7.01. Regulation FD disclosure.

On October 27, 2021, Travel + Leisure Co. (the "Company") issued a press release reporting financial results for the quarter ended September 30, 2021 (the "Press Release"). A copy of the Press Release is furnished as Exhibit 99.1 and is incorporated by reference into this Item 7.01. The Press Release, and a related infographic that the Company intends to post on certain social media channels, are available on the Company's website at investor.travelandleisureco.com.

The information set forth under Items 2.02 and 7.01 of this Current Report on Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

d) Exhibits. The following exhibit is furnished with this report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Travel + Leisure Co., dated October 27, 2021, reporting financial results for the quarter ended September 30, 2021.
104	Cover Page Interactive Data File (cover page XBRL tags are embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRAVEL + LEISURE CO.

By: /s/ Elizabeth E. Dreyer

Name: Elizabeth E. Dreyer

Title: Chief Accounting Officer

Date: October 27, 2021

TRAVEL+ LEISURE

Travel + Leisure Co. Reports Third Quarter 2021 Results and Increases Full Year 2021 Adjusted EBITDA Guidance

ORLANDO, Fla. (October 27, 2021) — Travel + Leisure Co. (NYSE:TNL), the world's leading membership and leisure travel company, today reported third quarter 2021 financial results for the three months ended September 30, 2021. Highlights and outlook include:

- **Net income from continuing operations of \$101 million (\$1.15 diluted earnings per share) on net revenue of \$839 million**
- **Adjusted EBITDA of \$228 million and adjusted diluted earnings per share of \$1.19⁽¹⁾**
- **Net cash provided by operating activities of \$435 million and adjusted free cash flow of \$128 million for the first nine months of 2021**
- **Increased full year adjusted EBITDA guidance to a range of \$740 million to \$750 million and increased full year adjusted diluted EPS guidance to a range of \$3.35 to \$3.43**
- **Management will recommend increasing the fourth quarter dividend to \$0.35 per share for approval by the Board of Directors**
- **On October 22, 2021, renewed \$1 billion revolving credit facility and exited the amendment to the credit agreement**
- **Executed \$350 million term securitization on October 26, 2021**

"Our cornerstone brands continued to demonstrate their strength in the third quarter as our businesses delivered adjusted EBITDA at or above our expectations," said Michael D. Brown, president and CEO of Travel + Leisure Co. "Robust sales volume per guest, combined with a continued focus on cost control, allowed us to deliver on the bottom line with strong margins."

"As we said last month, the desire for leisure travel has never been stronger. Bookings at our vacation ownership resorts for the remainder of the year are ahead of 2019 levels, clearly demonstrating that people are planning to get back on vacation, which will benefit all of our businesses as we close out the year."

(1) This press release includes adjusted EBITDA, adjusted diluted EPS, adjusted free cash flow, gross VOI sales and adjusted net income/(loss), which are metrics that are not calculated in accordance with Generally Accepted Accounting Principles in the U.S. ("GAAP"). See "Presentation of Financial Information" and the tables for the definitions and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures. Forward-looking non-GAAP measures are presented in this press release only on a non-GAAP basis because not all of the information necessary for a quantitative reconciliation is available without unreasonable effort.

Business Segment Results

The results of operations during the third quarter of 2021 and 2020 include impacts related to the COVID-19 global pandemic. Refer to Table 8 for a breakout of COVID-19 related impacts.

Vacation Ownership

<i>\$ in millions</i>	<i>Q3 2021</i>	<i>Q3 2020</i>	<i>% change</i>
Revenue	\$660	\$475	39 %
Adjusted EBITDA	\$177	\$93	90 %

Vacation Ownership revenue increased 39% to \$660 million in the third quarter of 2021 compared to the same period in the prior year. Gross vacation ownership interest (VOI) sales were \$440 million compared to \$256 million in the prior year and tours were 129,000 during the quarter compared to 80,000 in the same period last year. Volume Per Guest (VPG) was \$3,233 due to strong close rates and higher quality tours.

Third quarter adjusted EBITDA was \$177 million compared to \$93 million in the prior year period. The increase was driven by higher Gross VOI sales due to the ongoing recovery of our operations from COVID-19 and cost savings initiated in the prior year, partially offset by lower net interest income as a result of a lower average contract receivable portfolio.

Third quarter 2021 results include an adjustment to the COVID-19 related allowance for loan losses, resulting in a \$21 million increase to revenue and an \$8 million increase to cost of vacation ownership interests, and yielding a net positive impact to Adjusted EBITDA of \$13 million.

Travel and Membership

<i>\$ in millions</i>	<i>Q3 2021</i>	<i>Q3 2020</i>	<i>% change</i>
Revenue	\$185	\$145	28 %
Adjusted EBITDA	\$68	\$62	10 %

Travel and Membership revenue increased 28% to \$185 million in the third quarter driven by a 32% increase in transactions. This reflects the third consecutive quarter of year over year transaction improvement as we continue to see the business recover from COVID-19.

Third quarter Adjusted EBITDA increased 10% to \$68 million, driven by revenue improvement partially offset by higher operational support costs.

Balance Sheet and Liquidity

Net Debt — As of September 30, 2021, the Company's leverage ratio for covenant purposes was 4.2x. The Company had \$3.4 billion of corporate debt outstanding as of September 30, 2021, which excluded \$2.0 billion of non-recourse debt related to its securitized notes receivables portfolio. Additionally, the Company had cash and cash equivalents of \$346 million. At the end of the third quarter, the Company had \$1.3 billion of liquidity in cash and cash equivalents and revolving credit facility availability.

Subsequent to the end of the quarter, the Company renewed its \$1 billion revolving credit facility and extended the term through October 2026. In addition, this renewal terminated the relief period and restrictions regarding share repurchases, dividends and acquisitions under the first amendment.

Timeshare Receivables Financing — Subsequent to the end of the quarter, the Company closed on a \$350 million term securitization transaction with a weighted average coupon of 1.82% and 98% advance rate.

Cash Flow — For the nine months ended September 30, 2021, net cash provided by operating activities was \$435 million, compared to \$224 million in the prior year period. Adjusted free cash flow was \$128 million for the nine months ended September 30, 2021 compared to \$120 million in the same period of 2020.

Dividend — The Company paid \$26 million (\$0.30 per share) in cash dividends on September 30, 2021 to shareholders of record as of September 15, 2021. Management will recommend a fourth quarter dividend of \$0.35 per share for approval by the Company's Board of Directors in November 2021.

Outlook

The Company is updating its guidance regarding expectations for the 2021 full year:

- Adjusted EBITDA of \$740 million to \$750 million from \$725 million to \$735 million
- Adjusted diluted EPS of \$3.35 to \$3.43 from \$3.24 to \$3.30
- Gross VOI sales of \$1.45 billion to \$1.5 billion from \$1.4 billion to \$1.5 billion
- Tours of 440,000 to 450,000
- VPG of approximately \$3,000

This guidance is presented only on a non-GAAP basis because not all of the information necessary for a quantitative reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measure is available without unreasonable effort, primarily due to uncertainties relating to the occurrence or amount of these adjustments that may arise in the future.

Conference Call Information

Travel + Leisure Co. will hold a conference call with investors to discuss the Company's results and outlook today at 8:30 a.m. ET. Participants may listen to a simultaneous webcast of the conference call, which may be accessed through the Company's website at investor.travelandleisureco.com, or by dialing 866-342-8591, passcode TNL, 10 minutes before the scheduled start time. For those unable to listen to the live broadcast, an archive of the webcast will be available on the Company's website for 90 days beginning at 12:00 p.m. ET today. Additionally, a telephone replay will be available for four days beginning at 12:00 p.m. ET today at 800-695-1564.

Presentation of Financial Information

Financial information discussed in this press release includes non-GAAP measures such as adjusted EBITDA, adjusted EBITDA margin, adjusted diluted EPS, adjusted free cash flow, gross VOI sales, and adjusted net income/(loss), which include or exclude certain items, as well as non-GAAP guidance. The Company utilizes these non-GAAP measures, defined in Table 9, on a regular basis to assess performance of its reportable segments and allocate resources. These non-GAAP measures differ from reported GAAP results and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors when considered with GAAP measures as an additional tool for further understanding and assessing the Company's ongoing operating performance by adjusting for items which in our view do not necessarily reflect ongoing performance. Management also internally uses these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Exclusion of items in the Company's non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Full reconciliations of historical non-GAAP financial measures to the most directly comparable GAAP financial measures for the reported periods appear in the financial tables section of the press release. See definitions on Table 9 for an explanation of our non-GAAP measures.

About Travel + Leisure Co.

Travel + Leisure Co. is the world's leading membership and leisure travel company, with nearly 20 travel brands across its resort, travel club, and lifestyle portfolio. The company provides outstanding vacation experiences and travel inspiration to millions of owners, members, and subscribers every year through its products and services: Wyndham Destinations, the largest vacation ownership company with more than 245 vacation club resort locations across the globe; Panorama, the world's foremost membership travel business that includes the largest vacation exchange company, industry-leading travel technology, and subscription travel brands; and Travel + Leisure Group, featuring top travel content, travel services including the brand's eponymous travel club, and branded consumer products. At Travel + Leisure Co., our global team of associates brings hospitality to millions each year, turning vacation inspiration into exceptional travel experiences. We put the world on vacation. Learn more at travelandleisureco.com.

Forward-Looking Statements

This press release includes “forward-looking statements” as that term is defined by the Securities and Exchange Commission (“SEC”). Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “expects,” “should,” “believes,” “plans,” “anticipates,” “estimates,” “predicts,” “potential,” “continue,” “future” or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Travel + Leisure Co. and its subsidiaries (“Travel + Leisure Co.” or “we”) to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, uncertainty with respect to our ability to realize the benefits of the Travel + Leisure brand acquisition; the scope and duration of the novel coronavirus global pandemic (“COVID-19”), any resurgences and the pace of recovery; the timing of the widespread distribution and use of an effective vaccine or treatment for COVID-19; the potential impact of governmental, business and individuals’ actions in response to the COVID-19 pandemic and our related contingency plans, including reductions in investment in our business, vacation ownership interest sales and tour flow, and consumer demand and liquidity; our ability to comply with financial and restrictive covenants under our indebtedness and our ability to access capital on reasonable terms, at a reasonable cost or at all; our ability and the ability of Wyndham Hotels & Resorts, Inc. (“Wyndham Hotels”) to maintain credit ratings; general economic conditions and unemployment rates, the performance of the financial and credit markets; the competition in and the economic environment for the leisure travel industry; risks associated with employees working remotely or operating with a reduced workforce; the impact of war, terrorist activity, political strife, severe weather events and other natural disasters, and pandemics (including COVID-19) or threats of pandemics; operating risks associated with the Vacation Ownership and Travel and Membership segments; uncertainties related to strategic transactions, including the spin-off of our hotels business, Wyndham Hotels, and any potential impact on our relationships with our customers, suppliers, employees and others with whom we have relationships, and possible disruption to our operations; our ability to execute on our strategy; the timing and amount of future dividends and share repurchases, if any, and those other factors disclosed as risks under “Risk Factors” in documents we have filed with the SEC, including in Part I, Item 1A. of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 24, 2021. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management’s opinion only as of the date on which they were made. Except as required by law, we undertake no obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

Contacts

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Travel + Leisure Co.
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Travel + Leisure Co.
Condensed Consolidated Statements of Income/(Loss) (Unaudited)
(in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net revenues				
Service and membership fees	\$ 378	\$ 291	\$ 1,114	\$ 845
Net VOI sales	344	196	810	273
Consumer financing	103	115	304	360
Other	14	12	36	37
Net revenues	<u>839</u>	<u>614</u>	<u>2,264</u>	<u>1,515</u>
Expenses				
Operating	352	263	992	861
Cost/(recovery) of vacation ownership interests	43	22	105	(26)
Consumer financing interest	19	26	63	76
General and administrative	106	101	325	295
Marketing	101	84	261	247
Depreciation and amortization	31	32	93	94
COVID-19 related costs	1	14	3	81
Asset impairments	—	6	—	50
Restructuring	—	2	(1)	27
Total expenses	<u>653</u>	<u>550</u>	<u>1,841</u>	<u>1,705</u>
Operating income/(loss)	186	64	423	(190)
Other (income), net	—	(5)	(2)	(11)
Interest expense	47	52	147	138
Interest (income)	(1)	(2)	(1)	(5)
Income/(loss) before income taxes	140	19	279	(312)
Provision/(benefit) for income taxes	39	(21)	76	(54)
Net income/(loss) from continuing operations	101	40	203	(258)
Loss on disposal of discontinued business, net of income taxes	—	—	(2)	—
Net income/(loss) attributable to TNL shareholders	<u>\$ 101</u>	<u>\$ 40</u>	<u>\$ 201</u>	<u>\$ (258)</u>
Basic earnings/(loss) per share				
Continuing operations	\$ 1.16	\$ 0.47	\$ 2.35	\$ (3.00)
Discontinued operations	—	—	(0.02)	—
	<u>\$ 1.16</u>	<u>\$ 0.47</u>	<u>\$ 2.33</u>	<u>\$ (3.00)</u>
Diluted earnings/(loss) per share				
Continuing operations	\$ 1.15	\$ 0.47	\$ 2.33	\$ (3.00)
Discontinued operations	—	—	(0.03)	—
	<u>\$ 1.15</u>	<u>\$ 0.47</u>	<u>\$ 2.30</u>	<u>\$ (3.00)</u>
Weighted average shares outstanding				
Basic	86.6	85.9	86.5	86.1
Diluted	87.4	86.1	87.3	86.1

Travel + Leisure Co.
Summary Data Sheet
(in millions, except per share amounts, unless otherwise indicated)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
Consolidated Results						
Net income/(loss) attributable to TNL shareholders	\$ 101	\$ 40	153 %	\$ 201	\$ (258)	178 %
Diluted earnings/(loss) per share	\$ 1.15	\$ 0.47	145 %	\$ 2.30	\$ (3.00)	177 %
Net income/(loss) from continuing operations	\$ 101	\$ 40	153 %	\$ 203	\$ (258)	179 %
Diluted earnings/(loss) per share from continuing operations	\$ 1.15	\$ 0.47	145 %	\$ 2.33	\$ (3.00)	178 %
Net income/(loss) margin	12.0 %	6.5 %		8.9 %	(17.0)%	
Adjusted Earnings/(Loss)						
Adjusted EBITDA	\$ 228	\$ 139	64 %	\$ 550	\$ 111	395 %
Adjusted net income/(loss)	\$ 104	\$ 71	46 %	\$ 214	\$ (108)	298 %
Adjusted diluted earnings/(loss) per share	\$ 1.19	\$ 0.83	43 %	\$ 2.46	\$ (1.26)	295 %
Segment Results						
Net Revenues						
Vacation Ownership	\$ 660	\$ 475	39 %	\$ 1,708	\$ 1,116	53 %
Travel and Membership	185	145	28 %	573	411	39 %
Corporate and other	(6)	(6)		(17)	(12)	
Total	\$ 839	\$ 614	37 %	\$ 2,264	\$ 1,515	49 %
Adjusted EBITDA						
Vacation Ownership	\$ 177	\$ 93	90 %	\$ 377	\$ 6	NM
Travel and Membership	68	62	10 %	218	142	54 %
Segment Adjusted EBITDA	245	155		595	148	
Corporate and other	(17)	(16)		(45)	(37)	
Total Adjusted EBITDA	\$ 228	\$ 139	64 %	\$ 550	\$ 111	395 %
Adjusted EBITDA margin	27.2 %	22.6 %		24.3 %	7.3 %	
Key Operating Statistics						
Vacation Ownership						
Gross VOI sales	\$ 440	\$ 256	72 %	\$ 1,059	\$ 687	54 %
Tours (in thousands)	129	80	61 %	323	248	30 %
VPG (in dollars)	\$ 3,233	\$ 3,039	6 %	\$ 3,112	\$ 2,331	34 %
New owner sales, volume mix	30.1 %	27.6%		29.1 %	28.1 %	
New owner sales, transaction mix	29.9 %	23.8%		29.1 %	30.5 %	
Travel and Membership						
Transactions (in thousands)	470	356	32 %	1,508	873	73 %
Revenue per transaction (in dollars)	\$ 282	\$ 243	16 %	\$ 277	\$ 260	7 %
Avg. number of exchange members (in thousands)	3,895	3,680	6 %	3,684	3,781	(3) %

NM is defined as Not Meaningful.

Note: Amounts may not calculate due to rounding. See Table 9 for definitions. For a full reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, refer to Table 5 and Table 6. See "Presentation of Financial Information" and the tables for the definitions and reconciliations of these non-GAAP measures in accordance with GAAP.

In connection with the Travel + Leisure brand acquisition we updated the names and composition of our reportable segments to better align with how they are managed. We created the Travel + Leisure Group which falls under the Travel and Membership segment along with the Panorama business line. With the formation of Travel + Leisure Group, we decided that the operations of our Extra Holidays business, which focuses on direct to consumer bookings, better aligns with the operations of this new business line and therefore transitioned the management of our Extra Holidays business to the Travel and Membership segment. As such, we reclassified the results of our Extra Holidays business, which were previously reported within the Vacation Ownership segment, into the Travel and Membership segment.

Travel + Leisure Co.
Operating Statistics: Vacation Ownership

The following operating statistics are the significant drivers of the Company's revenues and therefore provide an enhanced understanding of the Company's businesses:

	Year	Q1	Q2	Q3	Q4	Full Year
Gross VOI Sales (in millions) ^(a)	2021	\$ 236	\$ 383	\$ 440	\$ —	\$ —
	2020	\$ 413	\$ 18	\$ 256	\$ 281	\$ 967
	2019	\$ 484	\$ 626	\$ 663	\$ 582	\$ 2,355
Tours (in thousands)	2021	76	117	129	—	—
	2020	162	6	80	85	333
	2019	192	249	269	234	945
VPG	2021	\$ 2,847	\$ 3,151	\$ 3,233	\$ —	\$ —
	2020	\$ 2,128	NM	\$ 3,039	\$ 2,938	\$ 2,486
	2019	\$ 2,405	\$ 2,425	\$ 2,332	\$ 2,373	\$ 2,381
Provision for Loan Losses (in millions) ^(b)	2021	\$ (38)	\$ (33)	\$ (49)	\$ —	\$ —
	2020	\$ (315)	\$ (30)	\$ (45)	\$ (25)	\$ (415)
	2019	\$ (109)	\$ (129)	\$ (135)	\$ (106)	\$ (479)
Provision for Loan Loss as a Percentage of Gross VOI Sales, net of Fee-for-Service sales	2021	18.1 %	10.1% ^(c)	12.4% ^(d)	— %	— %
	2020	NM	NM	18.8 %	9.5% ^(e)	NM
	2019	22.5 %	21.2 %	20.3 %	18.6 %	20.6 %
Allowance for Loan Losses (in millions)	2021	\$ 622	\$ 573	\$ 565	\$ —	\$ —
	2020	\$ 930	\$ 846	\$ 788	\$ 693	\$ 693
	2019	\$ 721	\$ 735	\$ 767	\$ 747	\$ 747
Gross Vacation Ownership Contract Receivables (in millions)	2021	\$ 2,975	\$ 2,892	\$ 2,857	\$ —	\$ —
	2020	\$ 3,722	\$ 3,461	\$ 3,309	\$ 3,175	\$ 3,175
	2019	\$ 3,741	\$ 3,783	\$ 3,885	\$ 3,867	\$ 3,867
Allowance for Loan Loss as a Percentage of Gross Vacation Ownership Contract Receivables	2021	20.9 %	19.8 %	19.8 %	— %	— %
	2020	25.0 %	24.4 %	23.8 %	21.8 %	21.8 %
	2019	19.3 %	19.4 %	19.7 %	19.3 %	19.3 %

Note: Full year amounts and percentages may not compute due to rounding.

NM Defined as not meaningful.

(a) Includes Gross VOI sales under the Company's fee-for-service sales. (See Table 6 for a reconciliation of Net VOI sales to Gross VOI sales).

(b) Represents provision for estimated losses on vacation ownership contract receivables, which is recorded as contra revenue to vacation ownership interest sales on the Condensed Consolidated Statements of Income/(Loss).

(c) The percentage was 18.0%, excluding the release of \$26 million of the COVID-19 related provision during the period.

(d) The percentage was 17.8%, excluding the release of \$21 million of the COVID-19 related provision during the period.

(e) The percentage was 17.3%, excluding the release of \$20 million of the COVID-19 related provision during the period.

Travel + Leisure Co.
Operating Statistics: Travel and Membership

The following operating statistics are the significant drivers of the Company's revenues and therefore provide an enhanced understanding of the Company's businesses: ^(a)

	Year	Q1	Q2	Q3	Q4	Full Year
Transactions (in thousands)						
Range	2021	354	314	256	—	—
-Exchange	2021	159	210	214	—	—
Total Transactions	2021	513	524	470	—	—
Range	2020	260	72	214	217	762
-Exchange	2020	141	44	142	131	458
Total Transactions	2020	401	116	356	348	1,220
Range	2019	444	377	367	304	1,493
-Exchange	2019	52	63	138	153	405
Total Transactions	2019	496	440	505	457	1,898
Revenue per transaction (in dollars)						
Range	2021 \$	\$ 292	\$ 331	\$ 339	\$ —	—
-Exchange	2021 \$	\$ 182	\$ 231	\$ 214	\$ —	—
Total Revenue per transaction	2021 \$	\$ 258	\$ 291	\$ 282	\$ —	—
Range	2020 \$	\$ 279	\$ 540	\$ 300	\$ 330	324
-Exchange	2020 \$	\$ 164	\$ 133	\$ 157	\$ 128	148
Total Revenue per transaction	2020 \$	\$ 239	\$ 384	\$ 243	\$ 254	258
Range	2019 \$	\$ 275	\$ 276	\$ 276	\$ 307	282
-Exchange	2019 \$	\$ 216	\$ 185	\$ 172	\$ 165	177
Total Revenue per transaction	2019 \$	\$ 269	\$ 263	\$ 247	\$ 259	259
Number of Exchange Members (in thousands)						
	2021	3,576	3,582	3,895	—	—
	2020	3,864	3,799	3,680	3,652	3,749
	2019	3,875	3,893	3,895	3,884	3,887

Note: Full year amounts may not compute due to rounding.
(a) Includes the impact of acquisitions from the acquisition dates forward.

Travel + Leisure Co.
Revenue by Reportable Segment
(in millions)

	2021				
	Q1	Q2	Q3	Q4	Full Year
Vacation Ownership					
Net VOI Sales	\$ 172	\$ 294	\$ 344	\$ —	\$ —
Property Management Fees and Reimbursable Revenues	157	161	171	—	—
Consumer Financing	98	102	103	—	—
Other Revenues	22	42	42	—	—
Total Vacation Ownership	449	599	660	—	—
Travel and Membership					
Transaction Revenues	132	153	133	—	—
Subscription Revenues	41	43	43	—	—
Other Revenues	10	8	9	—	—
Total Travel and Membership	183	204	185	—	—
Total Reportable Segments	\$ 632	\$ 803	\$ 845	\$ —	\$ —
	2020				
	Q1	Q2	Q3	Q4	Full Year
Vacation Ownership					
Net VOI Sales	\$ 90	\$ (13)	\$ 196	\$ 231	\$ 505
Property Management Fees and Reimbursable Revenues	170	122	146	145	583
Consumer Financing	127	119	115	107	467
Other Revenues	16	10	18	26	70
Total Vacation Ownership	403	238	475	509	1,625
Travel and Membership					
Transaction Revenues	96	44	86	88	315
Subscription Revenues	44	33	43	40	160
Other Revenues	19	29	16	13	77
Total Travel and Membership	159	106	145	141	552
Total Reportable Segments	\$ 562	\$ 344	\$ 620	\$ 650	\$ 2,177
	2019				
	Q1	Q2	Q3	Q4	Full Year
Vacation Ownership					
Net VOI Sales	\$ 375	\$ 481	\$ 528	\$ 464	\$ 1,848
Property Management Fees and Reimbursable Revenues	163	162	170	176	672
Consumer Financing	125	128	132	130	515
Other Revenues	12	31	20	24	87
Total Vacation Ownership	675	802	850	794	3,122
Travel and Membership					
Transaction Revenues	133	116	125	118	492
Subscription Revenues	55	54	54	53	216
Vacation Rental Revenue	38	48	60	7	153
Other Revenues	22	24	24	14	83
Total Travel and Membership	248	242	263	192	944
Total Reportable Segments	\$ 923	\$ 1,044	\$ 1,113	\$ 986	\$ 4,066

Note: Full year amounts may not add across due to rounding.

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

	Three Months Ended September 30,											
	2021		EPS		Margin %		2020		EPS		Margin %	
Net income attributable to TNL shareholders	\$	101	\$	1.15	12.0%	\$	40	\$	0.47	6.5%		
Legacy items		2					1					
Amortization of acquired intangibles ^(a)		2					2					
COVID-19 related costs ^(b)		1					13					
Exchange inventory write-off		—					10					
Impairments ^(c)		—					6					
Restructuring costs		—					2					
Taxes ^(d)		(1)					(3)					
Adjusted net income from continuing operations	\$	104	\$	1.19	12.4%	\$	71	\$	0.83	11.6%		
Income taxes/(benefit) on adjusted net income		41					(18)					
Interest expense		47					52					
Depreciation		29					30					
Stock-based compensation expense ^(e)		8					6					
Interest income		(1)					(2)					
Adjusted EBITDA	\$	228			27.2%	\$	139			22.6%		
Diluted Shares Outstanding		87.4					86.1					

	Nine Months Ended September 30,					
	2021	EPS	Margin %	2020	EPS	Margin %
Net income/(loss) attributable to TNL shareholders	\$ 201	\$ 2.30	8.9%	\$ (258)	\$ (3.00)	(17.0)%
Loss on disposal of discontinued business, net of income taxes	(2)			—		
Net income/(loss) from continuing operations	\$ 203	\$ 2.33	9.0%	\$ (258)	\$ (3.00)	(17.0)%
Amortization of acquired intangibles ^(a)	7			7		
Legacy items	6			2		
COVID-19 related costs ^(b)	3			51		
Exchange inventory write-off	—			48		
Impairments ^(c)	—			54		
Restructuring costs	(1)			27		
Taxes ^(d)	(4)			(39)		
Adjusted net income/(loss) from continuing operations	\$ 214	\$ 2.46	9.5%	\$ (108)	\$ (1.26)	(7.1)%
Income taxes/(benefit) on adjusted net income/(loss)	80			(15)		
Interest expense	147			138		
Depreciation	86			87		
Stock-based compensation expense ^(e)	24			14		
Interest income	(1)			(5)		
Adjusted EBITDA	\$ 550		24.3%	\$ 111		7.3%
Diluted Shares Outstanding	87.3			86.1		

Amounts may not calculate due to rounding. The tables above reconcile certain non-GAAP financial measures to their closest GAAP measure. The presentation of these adjustments is intended to permit the comparison of particular adjustments as they appear in the income statement in order to assist investors' understanding of the overall impact of such adjustments. In addition to GAAP financial measures, the Company provides adjusted net income/(loss), adjusted EBITDA, adjusted EBITDA margin, and adjusted diluted EPS to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. These supplemental disclosures are in addition to GAAP reported measures. Non-GAAP measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. Our presentation of adjusted measures may not be comparable to similarly-titled measures used by other companies. See "Presentation of Financial Information" and table 9 for the definitions of these non-GAAP measures.

- (a) Amortization of acquisition-related intangible assets is excluded from adjusted net income/(loss) and adjusted EBITDA.
- (b) Reflects severance and other employee costs associated with layoffs due to the COVID-19 workforce reduction offset in part by employee retention credits received in connection with the U.S. CARES Act, ARPA and similar international programs for wages paid to certain employees despite having operations suspended. This amount does not include costs associated with idle pay.
- (c) Includes \$5 million of bad debt expense related to a note receivable for the nine months ended September 30, 2020, included in Operating expenses on the Condensed Consolidated Statements of Income/(Loss).
- (d) The amounts represent the tax effects on the adjustments. In addition, during the three and nine months ended September 30, 2020, the amounts are partially offset by \$6 million of non-cash tax expense associated with COVID-19 related increases to valuation allowances.
- (e) All stock-based compensation is excluded from adjusted EBITDA.

Travel + Leisure Co.
 Non-GAAP Measure: Reconciliation of Net VOI Sales to Gross VOI Sales
(in millions)

The Company believes gross VOI sales provide an enhanced understanding of the performance of its vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

The following table provides a reconciliation of Net VOI sales (see Table 4) to Gross VOI sales (see Table 3):

<u>Year</u>					
2021	Q1	Q2	Q3	Q4	Full Year
Net VOI sales	\$ 172	\$ 294	\$ 344	\$ —	\$ —
Loan loss provision	38	33	49	—	—
Gross VOI sales, net of Fee-for-Service sales	210	327	393	—	—
Fee-for-Service sales	26	56	47	—	—
Gross VOI sales	<u>\$ 236</u>	<u>\$ 383</u>	<u>\$ 440</u>	<u>\$ —</u>	<u>\$ —</u>
2020					
Net VOI sales	\$ 90	\$ (13)	\$ 196	\$ 231	\$ 505
Loan loss provision	315	30	45	25	415
Gross VOI sales, net of Fee-for-Service sales	405	17	241	256	920
Fee-for-Service sales	8	1	15	25	47
Gross VOI sales	<u>\$ 413</u>	<u>\$ 18</u>	<u>\$ 256</u>	<u>\$ 281</u>	<u>\$ 967</u>
2019					
Net VOI sales	\$ 375	\$ 481	\$ 528	\$ 464	\$ 1,848
Loan loss provision	109	129	135	106	479
Gross VOI sales, net of Fee-for-Service sales	484	610	663	570	2,327
Fee-for-Service sales	—	16	—	12	28
Gross VOI sales	<u>\$ 484</u>	<u>\$ 626</u>	<u>\$ 663</u>	<u>\$ 582</u>	<u>\$ 2,355</u>

Note: Amounts may not add due to rounding.

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

	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	\$ 435	\$ 224
Property and equipment additions	(40)	(56)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	(272)	(94)
Free cash flow	\$ 123	\$ 74
Separation and other adjustments ^(a)	—	14
COVID-19 related adjustments ^(b)	5	32
Adjusted free cash flow ^(c)	\$ 128	\$ 120

(a) Includes cash paid for separation-related activities and transaction costs for acquisitions and divestitures.

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

(c) The Company had \$77 million of net cash used in investing activities and \$1.2 billion of net cash used in financing activities for the nine months ended September 30, 2021, and \$98 million of net cash used in investing activities and \$775 million of net cash provided by financing activities for the nine months ended September 30, 2020.

Travel + Leisure Co.
COVID-19 Impacts
(in millions)

The tables below present the COVID-19 related impacts to our results of operations for the three and nine months ended September 30, 2021, and the related classification on the Condensed Consolidated Statements of Income/(Loss):

Three Months Ended September 30, 2021	Vacation Ownership	Travel and Membership	Corporate & Other	Consolidated	Non-GAAP Adjustments	Income Statement Classification
Allowance for loan losses:						
Provision	\$ (21)	\$ —	\$ —	\$ (21)	\$ —	Vacation ownership interest sales
Recoveries	8	—	—	8	—	Cost/(recovery) of vacation ownership interests
Employee compensation related and other	1	—	—	1	1	COVID-19 related costs
Total COVID-19	\$ (12)	\$ —	\$ —	\$ (12)	\$ 1	
Nine Months Ended September 30, 2021	Vacation Ownership	Travel and Membership	Corporate & Other	Consolidated	Non-GAAP Adjustments	Income Statement Classification
Allowance for loan losses:						
Provision	\$ (47)	\$ —	\$ —	\$ (47)	\$ —	Vacation ownership interest sales
Recoveries	17	—	—	17	—	Cost/(recovery) of vacation ownership interests
Employee compensation related and other	2	—	1	3	3	COVID-19 related costs
Lease related	(1)	—	—	(1)	(1)	Restructuring
Total COVID-19	\$ (29)	\$ —	\$ 1	\$ (28)	\$ 2	

The tables below present the COVID-19 related impacts to our results of operations for the three and nine months ended September 30, 2020, and the related classification on the Condensed Consolidated Statements of Income/(Loss):

Three Months Ended						
September 30, 2020	Vacation Ownership	Travel and Membership	Corporate & Other	Consolidated	Non-GAAP Adjustments	Income Statement Classification
Employee compensation related and other	\$ 11	\$ 1	\$ 2	\$ 14	\$ 13	COVID-19 related costs
Exchange inventory write-off	—	10	—	10	10	Operating expenses
Asset impairment	6	—	—	6	6	Asset impairments
Lease related	1	—	—	1	1	Restructuring
Total COVID-19	\$ 18	\$ 11	\$ 2	\$ 31	\$ 30	

Nine Months Ended						
September 30, 2020	Vacation Ownership	Travel and Membership	Corporate & Other	Consolidated	Non-GAAP Adjustments	Income Statement Classification
Allowance for loan losses:						
Provision	\$ 225	\$ —	\$ —	\$ 225	\$ —	Vacation ownership interest sales
Recoveries	(55)	—	—	(55)	—	Cost/(recovery) of vacation ownership interests
Employee compensation related and other	62	6	13	81	51	COVID-19 related costs
Asset impairment	20	34	—	54	54	Asset impairments / Operating expenses
Exchange inventory write-off	—	48	—	48	48	Operating expenses
Lease related	2	22	—	24	24	Restructuring
Total COVID-19	\$ 254	\$ 110	\$ 13	\$ 377	\$ 177	

Definitions

Adjusted Diluted Earnings/(Loss) per Share: A non-GAAP measure, defined by the Company as Adjusted net income/(loss) from continuing operations divided by the diluted weighted average number of common shares.

Adjusted EBITDA: A non-GAAP measure, defined by the Company as net income/(loss) from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes, each of which is presented on the Condensed Consolidated Statements of Income. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, impairments, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels and Cendant, and the sale of the vacation rentals businesses. We believe that when considered with GAAP measures, Adjusted EBITDA is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Adjusted EBITDA should not be considered in isolation or as a substitute for net income/(loss) or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Adjusted EBITDA Margin: A non-GAAP measure, represents Adjusted EBITDA as a percentage of revenue.

Adjusted Free Cash Flow: A non-GAAP measure, defined by the Company as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt, while also adding back cash paid for transaction costs for acquisitions and divestitures, separation adjustments associated with the spin-off of Wyndham Hotels, and certain adjustments related to COVID-19. A limitation of using Adjusted free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that Adjusted free cash flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Adjusted Net Income/(Loss): A non-GAAP measure, defined by the Company as net income/(loss) from continuing operations adjusted to exclude separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, amortization of acquisition-related assets, debt modification costs, impairments, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent and the tax effect of such adjustments. Legacy items include the resolution of and adjustments to certain contingent liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels and Cendant, and the sale of the vacation rentals businesses.

Average Number of Exchange Members: Represents paid members in our vacation exchange programs who are current on their annual membership dues or within the allowed grace period.

Free Cash Flow (FCF): A non-GAAP measure, defined by TNL as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt. TNL believes FCF to be a useful operating performance measure to evaluate the ability of its operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, its ability to grow its business through acquisitions and equity investments, as well as its ability to return cash to shareholders through dividends and share repurchases. A limitation of using FCF versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that FCF does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Gross Vacation Ownership Interest Sales: A non-GAAP measure, represents sales of vacation ownership interests (VOIs), including sales under the fee-for-service program before the effect of loan loss provisions. We believe that Gross VOI sales provide an enhanced understanding of the performance of our vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

Leverage Ratio: The Company calculates leverage ratio as net debt divided by Adjusted EBITDA as defined in the credit agreement.

Net Debt: Net debt equals total debt outstanding, less non-recourse vacation ownership debt and cash and cash equivalents.

New owner sales, volume mix: Represents VOI sales (tour generated plus telephonic) to first time buyers as a percentage of total VOI sales.

New owner sales, transactions mix: Represents the number of first time buyer transactions as a percentage of the total number of VOIs sold during the period.

Tours: Represents the number of tours taken by guests in our efforts to sell VOIs.

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

Travel and Membership Transactions: Represents the number of vacation bookings recognized as revenue during the period, net of cancellations, provided in two categories; Exchange, which is primarily RCI, and non-Exchange.

Volume Per Guest (VPG): Represents Gross VOI sales (excluding tele-sales upgrades, which are non-tour upgrade sales) divided by the number of tours. The Company has excluded non-tour upgrade sales in the calculation of VPG because non-tour upgrade sales are generated by a different marketing channel.