# 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) May 7, 2019**

# Marriott Vacations Worldwide Corporation

**(Exact name of registrant as specified in its charter)**

| Delaware | 001-35219 | 45-2598330 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| 6649 Westwood Blvd., Orlando, FL | 32821 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code (407) 206-6000**

**N/A**
**(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:

☐ 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))

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. ☐

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.01 Par Value | VAC | New York Stock Exchange |

**Item 2.02 Results of Operations and Financial Condition.**

Marriott Vacations Worldwide Corporation ("Marriott Vacations Worldwide") today issued a press release reporting financial results for the quarter ended March 31, 2019.

A copy of Marriott Vacations Worldwide's press release is attached as Exhibit 99.1 and is incorporated by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) The following exhibits are being filed herewith:

| Exhibit Number | Description |
|---|---|
| 99.1 | Press release dated May 7, 2019, reporting financial results for the quarter ended March 31, 2019. |

## SIGNATURES

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

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
(Registrant)

| | | |
|---|---|---|
| Date: May 7, 2019 | By: | /s/ John E. Geller, Jr. |
| | Name: | John E. Geller, Jr. |
| | Title: | Executive Vice President and Chief Financial and Administrative Officer |

**Exhibit 99.1**

# NEWS

MARRIOTT VACATIONS WORLDWIDE

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## Marriott Vacations Worldwide ("MVW") Reports First Quarter Financial Results

**ORLANDO, Fla. – May 7, 2019** – Marriott Vacations Worldwide Corporation (NYSE: VAC) today reported first quarter financial results and reaffirmed its guidance for the full year 2019.

On September 1, 2018, the company completed its acquisition of ILG, Inc. ("ILG"). In addition to a discussion of first quarter reported results presented in accordance with United States generally accepted accounting principles ("GAAP"), the company is providing adjusted results of operations from January 1 to March 31, 2019 to further assist investors. Throughout this press release, the results from the business associated with the brands that existed prior to the ILG Acquisition are referred to as "Legacy-MVW," while the results from the business and brands that were acquired from ILG are referred to as "Legacy-ILG." In addition, to provide a more meaningful year-over-year comparison of financial results, the company is providing Q1 2018 financial information in the Financial Schedules that follow that combine Legacy-MVW's and Legacy-ILG's Q1 2018 financial results, conformed to the current year presentation.

**First Quarter 2019 Highlights:**

- Consolidated vacation ownership contract sales increased 74% to $354 million compared to the first quarter of 2018.
  - Legacy-MVW vacation ownership contract sales increased 10%.
  - Combined vacation ownership contract sales increased 5%.
- Net income attributable to common shareholders was $24 million, or $0.51 per fully diluted share ("EPS"), compared to net income attributable to common shareholders of $36 million, or $1.32 per fully diluted share, in the first quarter of 2018.
- Adjusted net income attributable to common shareholders increased 76% to $67 million compared to the first quarter of 2018 and Adjusted fully diluted EPS increased 4% to $1.45.
- Adjusted EBITDA increased to $166 million in the first quarter of 2019 compared to $63 million in the first quarter of 2018. Revenue reportability negatively impacted Adjusted EBITDA in the first quarter of 2019 by $21 million, $13 million higher than the first quarter of 2018.
  - Legacy-MVW Adjusted EBITDA increased 16%.
  - On a combined basis, Adjusted EBITDA increased 4% and, excluding the impact of the disposition of VRI Europe, which was sold in the fourth quarter of 2018, Adjusted EBITDA increased 6%.
- The company repurchased 1.2 million shares of its common stock for $106 million in the first quarter of 2019 at an average price per share of $86.32 and paid dividends of $41 million.

- The company reaffirms its 2019 full year Adjusted EBITDA, Adjusted Free Cash Flow and contract sales guidance and raises its full year Adjusted fully diluted EPS projection.

"I am very pleased with our strong start to the year with Legacy-MVW contract sales increasing 10% and Legacy-MVW Adjusted EBITDA growing 16%," said Stephen P. Weisz, President and Chief Executive Officer. "The integration of ILG is progressing well, and we started to gain traction on sales initiatives as we progressed through the quarter. We remain on track to realize more than $100 million of synergies from this acquisition and are very excited about the opportunities provided by this transformational business combination."

## First Quarter 2019 Segment Results

*Vacation Ownership*

Consolidated vacation ownership contract sales were $354 million, an increase of 74% compared to the prior year. Legacy-MVW contract sales grew 10% in the quarter and Legacy-MVW North America VPG increased 1%. On a combined basis, consolidated contract sales increased 5% compared to the prior year, reflecting the strong growth from Legacy-MVW, partially offset, as anticipated, by slower growth at Legacy-ILG as we continue to integrate the business.

Development margin was $44 million compared to $24 million in the first quarter of 2018 and development margin percentage was 14.5%. On a combined basis, adjusted development margin, which excludes the impact of revenue reportability and other charges, increased 30% to $67 million in the first quarter of 2019. Adjusted development margin percentage on a combined basis was 20.5% in the quarter compared to 16.8% in the prior year.

Resort management and other services revenues totaled $125 million, an increase of 79% compared to the first quarter of 2018, and were $59 million net of expenses. On a combined basis, resort management and other services net of expenses increased 5% compared to the prior year.

Rental revenues totaled $147 million, an increase of 98% compared to the first quarter of 2018, and were $45 million net of expenses. On a combined basis, rental revenues net of expenses were 4% higher year-over-year.

Financing revenues increased 89% to $67 million compared to the first quarter of 2018 and were $45 million net of expenses. On a combined basis, financing revenues net of expenses increased 12% compared to the prior year.

Vacation Ownership segment financial results were $133 million for the first quarter of 2019, an increase of 64% compared to the prior year. On a combined basis, Vacation Ownership segment Adjusted EBITDA increased 5% to $171 million compared to the prior year.

*Exchange & Third-Party Management*

Exchange & Third-Party Management revenues totaled $124 million in the first quarter of 2019. Total Interval Network active members at the end of the first quarter of 2019 were 1.7 million and average revenue per member in the first quarter of 2019 was $46.24.

Exchange & Third-Party Management segment financial results and Adjusted EBITDA were $52 million and $66 million, respectively, in the first quarter of 2019.

### Balance Sheet and Liquidity

On March 31, 2019, cash and cash equivalents totaled $222 million. The inventory balance at the end of the first quarter included $862 million of finished goods and $37 million of work-in-progress. The company had $3.9 billion in debt outstanding, net of unamortized debt issuance costs, at the end of the first quarter, an increase of $0.1 billion from year-end 2018. This debt included $2.2 billion of corporate debt and $1.7 billion of debt related to the company's securitized notes receivable. As of March 31, 2019, the company's combined debt to adjusted EBITDA ratio was 2.7x.

As of March 31, 2019, the company had $521 million in available capacity under its revolving credit facility and $132 million of gross vacation ownership notes receivable eligible for securitization.

## 2019 Outlook

The Financial Schedules that follow reconcile the non-GAAP financial measures set forth below to the following full year 2019 expected GAAP results for MVW.

| | Current Guidance | | |
|---|---|---|---|
| Net income attributable to common shareholders | $219 million | to | $233 million |
| Fully diluted EPS | $4.76 | to | $5.07 |
| Net cash provided by operating activities | $286 million | to | $311 million |

*2019 expected GAAP results and guidance above include an estimate of the impact of future spending associated with on-going ILG integration efforts.*

The company reaffirms its full year 2019 guidance as reflected in the chart below:

| | Current Guidance | | |
|---|---|---|---|
| Adjusted free cash flow | $400 million | to | $475 million |
| Adjusted net income attributable to common shareholders | $337 million | to | $365 million |
| Adjusted fully diluted EPS | $7.33 | to | $7.94 |
| Adjusted EBITDA | $745 million | to | $785 million |
| Consolidated contract sales | $1,530 million | to | $1,600 million |

*Adjusted fully diluted EPS increased from the previous guidance of $7.23 to $7.83 due to a reduction in shares outstanding.*

## Non-GAAP Financial Information

Non-GAAP financial measures, such as adjusted net income, adjusted EBITDA, adjusted fully diluted earnings per share, adjusted free cash flow, adjusted development margin and adjusted and combined financial measures are reconciled and adjustments are shown and described in further detail in the Financial Schedules that follow.

## First Quarter 2019 Earnings Conference Call

The company will hold a conference call at 10:00 a.m. ET today to discuss these results and the guidance for full year 2019. Participants may access the call by dialing 877-407-8289 or +1-201-689-8341 for international callers. A live webcast of the call will also be available in the Investor Relations section of the company's website at www.marriottvacationsworldwide.com.

An audio replay of the conference call will be available for seven days and can be accessed at 877-660-6853 or +1-201-612-7415 for international callers. The conference ID for the recording is 13689493. The webcast will also be available on the company's website.

###

About Marriott Vacations Worldwide Corporation

Marriott Vacations Worldwide Corporation is a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. The company has a diverse portfolio that includes seven vacation ownership brands. It also includes exchange networks and membership programs, as well as management of other resorts and lodging properties. As a leader and innovator in the vacation industry, the company upholds the highest standards of excellence in serving its customers, investors and associates while maintaining exclusive, long-term relationships with Marriott International and Hyatt Hotels Corporation for the development, sales and marketing of vacation ownership products and services. For more information, please visit www.marriottvacationsworldwide.com.

**Note on forward-looking statements**

This press release and accompanying schedules contain “forward-looking statements” within the meaning of federal securities laws, including statements about future operating results, estimates, and assumptions, and similar statements concerning anticipated future events and expectations that are not historical facts, including guidance about full year 2019 results, expected full year 2019 GAAP results and expected synergies from the ILG acquisition. The company cautions you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including volatility in the economy and the credit markets, changes in supply and demand for vacation ownership and residential products, competitive conditions, the availability of capital to finance growth, and other matters referred to under the heading “Risk Factors” contained in the company’s most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and in subsequent SEC filings, any of which could cause actual results to differ materially from those expressed in or implied in this press release. These statements are made as of May 7, 2019 and the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Financial Schedules Follow

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**FINANCIAL SCHEDULES**
**QUARTER 1, 2019**

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NOTE: Total contract sales consist of the total amount of vacation ownership product sales under contract signed during the period for which we have received a down payment of at least ten percent of the contract price, reduced by actual rescissions during the period, inclusive of contracts associated with sales of vacation ownership products on behalf of third parties, which we refer to as “resales contract sales.”

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**INTERIM CONSOLIDATED STATEMENTS OF INCOME**
(In millions, except per share amounts)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2019** | **March 31, 2018** |
| **REVENUES** | | |
| Sale of vacation ownership products | $ 301 | $ 175 |
| Management and exchange | 239 | 70 |
| Rental | 165 | 75 |
| Financing | 68 | 35 |
| Cost reimbursements | 287 | 216 |
| **TOTAL REVENUES** | 1,060 | 571 |
| **EXPENSES** | | |
| Cost of vacation ownership products | 80 | 46 |
| Marketing and sales | 188 | 105 |
| Management and exchange | 116 | 36 |
| Rental | 108 | 55 |
| Financing | 22 | 11 |
| General and administrative | 78 | 28 |
| Depreciation and amortization | 37 | 6 |
| Litigation settlement | 1 | — |
| Royalty fee | 26 | 15 |
| Impairment | 26 | — |
| Cost reimbursements | 287 | 216 |
| **TOTAL EXPENSES** | 969 | 518 |
| Gains and other income, net | 8 | 1 |
| Interest expense | (34) | (4) |
| ILG acquisition-related costs | (26) | (1) |
| Other | — | (2) |
| **INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS** | 39 | 47 |
| Provision for income taxes | (15) | (11) |
| **NET INCOME** | 24 | 36 |
| Net income attributable to noncontrolling interests | — | — |
| **NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 24 | $ 36 |
| | | |
| **EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS** | | |
| Basic | $ 0.52 | $ 1.35 |
| Diluted | $ 0.51 | $ 1.32 |

NOTE: Earnings per share - Basic and Earnings per share - Diluted are calculated using whole dollars.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**OPERATING METRICS**
(Contract sales in millions)

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | March 31, 2018 | | Change % |
| **Vacation Ownership** | | | | | |
| Total contract sales | $ | 365 | $ | 204 | 79% |
| Consolidated contract sales | $ | 354 | $ | 204 | 74% |
| Legacy-MVW contract sales | $ | 223 | $ | 204 | 10% |
| Legacy-MVW North America contract sales | $ | 201 | $ | 188 | 8% |
| Legacy-MVW North America VPG | $ | 3,777 | $ | 3,728 | 1% |
| Legacy-ILG contract sales | $ | 131 | $ | — | NM |
| Legacy-ILG VPG | $ | 3,042 | $ | — | NM |
| | | | | | |
| **Exchange & Third-Party Management** | | | | | |
| Total active members at end of period (000's)[1] | | 1,694 | | — | |
| Average revenue per member[1] | $ | 46.24 | | — | |

[1] Only includes members of the Interval International exchange network.

**OPERATING METRICS**
**INCLUDING THE THREE MONTHS ENDED MARCH 31, 2018 ON A COMBINED BASIS**
(Contract sales in millions)

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2019 | | March 31, 2018 | | Change % |
| **Vacation Ownership** | | | | | |
| Total contract sales | $ | 365 | $ | 352 | 4% |
| Consolidated contract sales | $ | 354 | $ | 337 | 5% |
| Legacy-MVW contract sales | $ | 223 | $ | 204 | 10% |
| Legacy-MVW North America contract sales | $ | 201 | $ | 188 | 8% |
| Legacy-MVW North America VPG | $ | 3,777 | $ | 3,728 | 1% |
| Legacy-ILG contract sales | $ | 131 | $ | 133 | (2%) |
| Legacy-ILG VPG | $ | 3,042 | $ | 3,227 | (6%) |
| | | | | | |
| **Exchange & Third-Party Management** | | | | | |
| Total active members at end of period (000's)[1] | | 1,694 | | 1,822 | (7%) |
| Average revenue per member[1] | $ | 46.24 | $ | 47.61 | (3%) |

[1] Only includes members of the Interval International exchange network.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
(In millions, except per share amounts)

**ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS AND ADJUSTED EARNINGS PER SHARE - DILUTED**

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| Net income attributable to common shareholders | $ 24 | $ 36 |
| Certain items: | | |
| Litigation settlement | 1 | — |
| Gains and other income, net | (8) | (1) |
| ILG acquisition-related costs | 26 | 1 |
| Impairment | 26 | — |
| Purchase price adjustments[1] | 15 | — |
| Share-based compensation (ILG acquisition-related) | — | — |
| Other | 1 | 2 |
| Certain items before provision for income taxes | 61 | 2 |
| Provision for income taxes on certain items | (18) | (1) |
| Adjusted net income attributable to common shareholders ** | $ 67 | $ 37 |
| Earnings per share - Diluted | $ 0.51 | $ 1.32 |
| Adjusted earnings per share - Diluted ** | $ 1.45 | $ 1.39 |
| Diluted Shares | 46,077 | 27,306 |

[1] Purchase price adjustments of $15 million (of which $1 million impacted adjusted EBITDA) included a decrease to amortization expense ($14 million) and a net $2 million decrease to sale of vacation ownership product expenses, partially offset by $1 million increases to both interest expense and financing expense. Please see *"Non-GAAP Financial Measures"* for additional information about certain items.

**EBITDA AND ADJUSTED EBITDA**

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| Net income attributable to common shareholders | $ 24 | $ 36 |
| Interest expense[1] | 34 | 4 |
| Tax provision | 15 | 11 |
| Depreciation and amortization | 37 | 6 |
| EBITDA ** | 110 | 57 |
| Share-based compensation expense | 9 | 4 |
| Certain items before provision for income taxes[2] | 47 | 2 |
| Adjusted EBITDA ** | $ 166 | $ 63 |

[1] Interest expense excludes consumer financing interest expense.

[2] Excludes certain items included in depreciation and amortization and share-based compensation. Please see *"Non-GAAP Financial Measures"* for additional information about certain items.

**ADJUSTED EBITDA BY SEGMENT**

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| Vacation Ownership | $ 171 | $ 88 |
| Exchange & Third-Party Management | 66 | — |
| Segment adjusted EBITDA** | 237 | 88 |
| General and administrative | (72) | (25) |
| Consolidated property owners' associations | 1 | — |
| Adjusted EBITDA** | $ 166 | $ 63 |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF ADJUSTED(1) FINANCIAL INFORMATION**
**THREE MONTHS ENDED MARCH 31, 2019 AND 2018**
(In millions)

| | As Reported Three Months Ended March 31, 2019 | Less: Legacy-ILG Three Months Ended March 31, 2019 | As Adjusted Three Months Ended** March 31, 2019 | As Reported Three Months Ended March 31, 2018 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Sale of vacation ownership products | $ 301 | $ 125 | $ 176 | $ 175 |
| Management and exchange | 239 | 162 | 77 | 70 |
| Rental | 165 | 85 | 80 | 75 |
| Financing | 68 | 27 | 41 | 35 |
| Cost reimbursements | 287 | 59 | 228 | 216 |
| **TOTAL REVENUES** | 1,060 | 458 | 602 | 571 |
| **EXPENSES** | | | | |
| Cost of vacation ownership products | 80 | 36 | 44 | 46 |
| Marketing and sales | 188 | 80 | 108 | 105 |
| Management and exchange | 116 | 78 | 38 | 36 |
| Rental | 108 | 51 | 57 | 55 |
| Financing | 22 | 10 | 12 | 11 |
| General and administrative | 78 | 46 | 32 | 28 |
| Depreciation and amortization | 37 | 29 | 8 | 6 |
| Litigation settlement | 1 | — | 1 | — |
| Royalty fee | 26 | 10 | 16 | 15 |
| Impairment | 26 | — | 26 | — |
| Cost reimbursements | 287 | 59 | 228 | 216 |
| **TOTAL EXPENSES** | 969 | 399 | 570 | 518 |
| Gains and other income, net | 8 | — | 8 | 1 |
| Interest expense | (34) | (2) | (32) | (4) |
| ILG acquisition-related costs | (26) | (8) | (18) | (1) |
| Other | — | — | — | (2) |
| **INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS** | 39 | 49 | (10) | 47 |
| (Provision) benefit for income taxes | (15) | (17) | 2 | (11) |
| **NET INCOME (LOSS)** | 24 | 32 | (8) | 36 |
| Net income attributable to noncontrolling interests | — | — | — | — |
| **NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 24 | $ 32 | $ (8) | $ 36 |

(1) Adjusted to exclude Legacy-ILG results.

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**VACATION OWNERSHIP SEGMENT INTERIM FINANCIAL RESULTS**
(In millions)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **REVENUES** | | |
| Sale of vacation ownership products | $ 301 | $ 175 |
| Resort management and other services | 125 | 70 |
| Rental | 147 | 75 |
| Financing | 67 | 35 |
| Cost reimbursements | 291 | 216 |
| **TOTAL REVENUES** | 931 | 571 |
| **EXPENSES** | | |
| Cost of vacation ownership products | 80 | 46 |
| Marketing and sales | 177 | 105 |
| Resort management and other services | 66 | 36 |
| Rental | 102 | 55 |
| Financing | 22 | 11 |
| Depreciation and amortization | 17 | 5 |
| Litigation settlement | 1 | — |
| Royalty fee | 26 | 15 |
| Impairment | 26 | — |
| Cost reimbursements | 291 | 216 |
| **TOTAL EXPENSES** | 808 | 489 |
| Gains and other income, net | 9 | 1 |
| Other | — | (2) |
| **SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | 132 | 81 |
| Net loss attributable to noncontrolling interests | 1 | — |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 133 | $ 81 |

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**CONSOLIDATED CONTRACT SALES TO ADJUSTED DEVELOPMENT MARGIN**
**THREE MONTHS ENDED MARCH 31, 2019 AND 2018**
(In millions)

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2019** | **March 31, 2018** |
| Consolidated contract sales | $ 354 | $ 204 |
| Less resales contract sales | (8) | (8) |
| Consolidated contract sales, net of resales | 346 | 196 |
| Plus: | | |
| Settlement revenue | 9 | 4 |
| Resales revenue | 3 | 2 |
| Revenue recognition adjustments: | | |
| Reportability | (30) | (12) |
| Sales reserve | (19) | (9) |
| Other[1] | (8) | (6) |
| Sale of vacation ownership products | 301 | 175 |
| Less: | | |
| Cost of vacation ownership products | (80) | (46) |
| Marketing and sales | (177) | (105) |
| Development margin | 44 | 24 |
| Revenue recognition reportability adjustment | 21 | 8 |
| Purchase price adjustment | 2 | — |
| Adjusted development margin ** | $ 67 | $ 32 |
| *Development margin percentage*[2] | *14.5%* | *13.9%* |
| *Adjusted development margin percentage*[2] | *20.5%* | *17.4%* |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

[1] Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenue and other adjustments to Sale of vacation ownership products revenue.

[2] Development margin percentage represents Development margin divided by Sale of vacation ownership products. Adjusted development margin percentage represents Adjusted development margin divided by Sale of vacation ownership products revenue after adjusting for revenue reportability and other charges.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF VACATION OWNERSHIP SEGMENT INTERIM ADJUSTED[1] FINANCIAL RESULTS**
**THREE MONTHS ENDED MARCH 31, 2019 AND 2018**
(In millions)

| | As Reported Three Months Ended | Less: Legacy-ILG Three Months Ended | As Adjusted Three Months Ended** | As Reported Three Months Ended |
|---|---|---|---|---|
| | March 31, 2019 | | | March 31, 2018 |
| **REVENUES** | | | | |
| Sale of vacation ownership products | $ 301 | $ 125 | $ 176 | $ 175 |
| Resort management and other services | 125 | 48 | 77 | 70 |
| Rental | 147 | 67 | 80 | 75 |
| Financing | 67 | 26 | 41 | 35 |
| Cost reimbursements | 291 | 63 | 228 | 216 |
| **TOTAL REVENUES** | 931 | 329 | 602 | 571 |
| **EXPENSES** | | | | |
| Cost of vacation ownership products | 80 | 36 | 44 | 46 |
| Marketing and sales | 177 | 69 | 108 | 105 |
| Resort management and other services | 66 | 28 | 38 | 36 |
| Rental | 102 | 45 | 57 | 55 |
| Financing | 22 | 10 | 12 | 11 |
| Depreciation and amortization | 17 | 11 | 6 | 5 |
| Litigation settlement | 1 | — | 1 | — |
| Royalty fee | 26 | 10 | 16 | 15 |
| Impairment | 26 | — | 26 | — |
| Cost reimbursements | 291 | 63 | 228 | 216 |
| **TOTAL EXPENSES** | 808 | 272 | 536 | 489 |
| Gains and other income, net | 9 | — | 9 | 1 |
| Other | — | — | — | (2) |
| **SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | 132 | 57 | 75 | 81 |
| Net loss attributable to noncontrolling interests | 1 | 1 | — | — |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 133 | $ 58 | $ 75 | $ 81 |

[1] Adjusted to exclude Legacy-ILG results.

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF ADJUSTED[1] FINANCIAL INFORMATION**
**CONSOLIDATED AND VACATION OWNERSHIP SEGMENT EBITDA AND ADJUSTED EBITDA**
**THREE MONTHS ENDED MARCH 31, 2019 AND 2018**
(In millions)

**CONSOLIDATED**

| | As Reported Three Months Ended | Less: Legacy-ILG Three Months Ended | As Adjusted Three Months Ended** | As Reported Three Months Ended |
|---|---|---|---|---|
| | March 31, 2019 | | | March 31, 2018 |
| **NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 24 | $ 32 | $ (8) | $ 36 |
| Interest expense | 34 | 2 | 32 | 4 |
| Tax provision | 15 | 17 | (2) | 11 |
| Depreciation and amortization | 37 | 29 | 8 | 6 |
| **EBITDA **** | 110 | 80 | 30 | 57 |
| Share-based compensation expense | 9 | 4 | 5 | 4 |
| Certain items[2] | 47 | 9 | 38 | 2 |
| **ADJUSTED EBITDA **** | $ 166 | $ 93 | $ 73 | $ 63 |

**VACATION OWNERSHIP**

| | As Reported Three Months Ended | Less: Legacy-ILG Three Months Ended | As Adjusted Three Months Ended** | As Reported Three Months Ended |
|---|---|---|---|---|
| | March 31, 2019 | | | March 31, 2018 |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 133 | $ 58 | $ 75 | $ 81 |
| Adjustments: | | | | |
| Depreciation and amortization | 17 | 11 | 6 | 5 |
| Share-based compensation expense | 2 | 1 | 1 | 1 |
| Certain items[3] | 19 | 1 | 18 | 1 |
| **SEGMENT ADJUSTED EBITDA **** | $ 171 | $ 71 | $ 100 | $ 88 |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

(1) Adjusted to exclude Legacy-ILG results.

(2) Consolidated Legacy-ILG three months ended March 31, 2019 certain items include $8 million of ILG acquisition-related costs and $1 million of purchase accounting adjustments.

(3) Vacation Ownership Legacy-ILG three months ended March 31, 2019 certain items include $1 million of purchase accounting adjustments.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**EXCHANGE & THIRD-PARTY MANAGEMENT INTERIM SEGMENT FINANCIAL RESULTS**
(In millions)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **REVENUES** | | |
| Management and exchange | $ 82 | $ — |
| Rental | 17 | — |
| Financing | 1 | — |
| Cost reimbursements | 24 | — |
| **TOTAL REVENUES** | 124 | — |
| **EXPENSES** | | |
| Marketing and sales | 11 | — |
| Management and exchange | 17 | — |
| Rental | 8 | — |
| Depreciation and amortization | 12 | — |
| Cost reimbursements | 24 | — |
| **TOTAL EXPENSES** | 72 | — |
| **SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | 52 | — |
| Net loss attributable to noncontrolling interests | — | — |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 52 | $ — |

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**CORPORATE AND OTHER INTERIM FINANCIAL RESULTS**
(In millions)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **REVENUES** | | |
| Management and exchange[1] | $ 32 | $ — |
| Rental[1] | 1 | — |
| Cost reimbursements[1] | (28) | — |
| **TOTAL REVENUES** | 5 | — |
| **EXPENSES** | | |
| Management and exchange[1] | 33 | — |
| Rental[1] | (2) | — |
| General and administrative | 78 | 28 |
| Depreciation and amortization | 8 | 1 |
| Cost reimbursements[1] | (28) | — |
| **TOTAL EXPENSES** | 89 | 29 |
| Losses and other expense, net | (1) | — |
| Interest expense | (34) | (4) |
| ILG acquisition-related costs | (26) | (1) |
| **FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS** | (145) | (34) |
| Provision for income taxes | (15) | (11) |
| Net income attributable to noncontrolling interests | (1) | — |
| **FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ (161) | $ (45) |

[1] Represents the impact of the consolidation of owners' associations of the acquired Legacy-ILG vacation ownership properties under the voting interest model, which represents the portion related to individual or third-party vacation ownership interest ("VOI") owners.

# MARRIOTT VACATIONS WORLDWIDE CORPORATION
## VACATION OWNERSHIP AND EXCHANGE & THIRD-PARTY MANAGEMENT SEGMENT ADJUSTED EBITDA AND CORPORATE AND OTHER ADJUSTED FINANCIAL RESULTS
(In millions)

### VACATION OWNERSHIP

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 133 | $ 81 |
| Adjustments: | | |
| Depreciation and amortization | 17 | 5 |
| Share-based compensation expense | 2 | 1 |
| Certain items[(1),(2)] | 19 | 1 |
| **SEGMENT ADJUSTED EBITDA **** | $ 171 | $ 88 |

### EXCHANGE & THIRD-PARTY MANAGEMENT

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 52 | $ — |
| Adjustments: | | |
| Depreciation and amortization | 12 | — |
| Share-based compensation expense | 1 | — |
| Certain items[(3)] | 1 | — |
| **SEGMENT ADJUSTED EBITDA **** | $ 66 | $ — |

### CORPORATE AND OTHER

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ (161) | $ (45) |
| Less certain items: | | |
| Gains and other income, net | 1 | — |
| ILG acquisition-related costs | 26 | 1 |
| Other | (1) | — |
| **ADJUSTED FINANCIAL RESULTS **** | $ (135) | $ (44) |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

(1) Vacation Ownership three months ended March 31, 2019 certain items include $26 million of asset impairments, $1 million of litigation settlements and $1 million of purchase accounting adjustments, partially offset by $9 million of gains and other income.

(2) Vacation Ownership three months ended March 31, 2018 certain items include $2 million of acquisition costs associated with the then anticipated future capital efficient acquisition of the operating property in San Francisco, partially offset by $1 million favorable true up of previously recorded costs associated with Hurricane Irma and Hurricane Maria (recorded in Gains and other income).

(3) Exchange & Third-Party Management three months ended March 31, 2019 certain items include $1 million of purchase accounting adjustments.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF COMBINED[(1)] FINANCIAL INFORMATION**
**CONSOLIDATED RESULTS**
**THREE MONTHS ENDED MARCH 31, 2018**
(In millions)

| | Legacy-ILG | Reclassifications[(1)] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Sale of vacation ownership products | $ 123 | $ (1) | $ 122 | $ 175 | $ 297 |
| Service and membership related | 152 | (152) | — | — | — |
| Management and exchange | — | 179 | 179 | 70 | 249 |
| Rental and ancillary services | 118 | (118) | — | — | — |
| Rental | — | 90 | 90 | 75 | 165 |
| Financing | 24 | 1 | 25 | 35 | 60 |
| Cost reimbursements | 65 | 2 | 67 | 216 | 283 |
| **TOTAL REVENUES** | 482 | 1 | 483 | 571 | 1,054 |
| **EXPENSES** | | | | | |
| Cost of vacation ownership products | 39 | 4 | 43 | 46 | 89 |
| Marketing and sales | 78 | (3) | 75 | 105 | 180 |
| Cost of service and membership related sales | 64 | (64) | — | — | — |
| Management and exchange | — | 77 | 77 | 36 | 113 |
| Cost of sales of rental and ancillary services | 72 | (72) | — | — | — |
| Rental | — | 51 | 51 | 55 | 106 |
| Financing | 8 | | 8 | 11 | 19 |
| General and administrative | 59 | 2 | 61 | 28 | 89 |
| Depreciation and amortization | 20 | (1) | 19 | 6 | 25 |
| Royalty fee | 11 | — | 11 | 15 | 26 |
| Cost reimbursements | 65 | 2 | 67 | 216 | 283 |
| **TOTAL EXPENSES** | 416 | (4) | 412 | 518 | 930 |
| Gains (losses) and other income (expense), net | 5 | (2) | 3 | 1 | 4 |
| Interest expense | (7) | (1) | (8) | (4) | (12) |
| ILG acquisition-related costs | — | — | — | (1) | (1) |
| Equity in earnings from unconsolidated entities | 1 | (1) | — | — | — |
| Other | — | (1) | (1) | (2) | (3) |
| **INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS** | 65 | — | 65 | 47 | 112 |
| Provision for income taxes | (20) | — | (20) | (11) | (31) |
| **NET INCOME** | 45 | — | 45 | 36 | 81 |
| Net income attributable to noncontrolling interests | (2) | — | (2) | — | (2) |
| **NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 43 | $ — | $ 43 | $ 36 | $ 79 |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

(1) See *"Non-GAAP Financial Measures - Combined Financial Information"* for basis of presentation.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF COMBINED[1] FINANCIAL INFORMATION**
**EBITDA, ADJUSTED EBITDA AND ADJUSTED DEVELOPMENT MARGIN**
**THREE MONTHS ENDED MARCH 31, 2018**
(In millions)

**EBITDA AND ADJUSTED EBITDA**

| | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|
| Net income attributable to common shareholders | $ 43 | $ 36 | $ 79 |
| Interest expense[2] | 8 | 4 | 12 |
| Tax provision | 20 | 11 | 31 |
| Depreciation and amortization | 19 | 6 | 25 |
| EBITDA ** | 90 | 57 | 147 |
| Share-based compensation expense | 6 | 4 | 10 |
| Certain items before provision for income taxes[3],[4] | 2 | 2 | 4 |
| Adjusted EBITDA ** | $ 98 | $ 63 | $ 161 |

**ADJUSTED DEVELOPMENT MARGIN**

| | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|
| Sale of vacation ownership products | $ 122 | $ 175 | $ 297 |
| Less: | | | |
| Cost of vacation ownership products | 43 | 46 | 89 |
| Marketing and sales | 60 | 105 | 165 |
| Development margin | 19 | 24 | 43 |
| Revenue recognition reportability adjustment | — | 8 | 8 |
| Adjusted development margin ** | $ 19 | $ 32 | $ 51 |
| *Development margin percentage[5]* | *15.2%* | *13.9%* | *14.5%* |
| *Adjusted development margin percentage[5]* | *15.7%* | *17.4%* | *16.8%* |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

[1] See *"Non-GAAP Financial Measures - Combined Financial Information"* for basis of presentation.

[2] Interest expense excludes consumer financing interest expense.

[3] Excludes certain items included in depreciation and amortization and share-based compensation.

[4] Legacy-ILG certain items include $2 million of impairments, $1 million of costs related to the ILG Board of Directors' strategic review, $1 million of other acquisition costs, $1 million of hurricane insurance deductible costs, $1 million of litigation costs, and $1 million of others charges, partially offset by $5 million of foreign currency translation adjustments.

[5] Development margin percentage represents Development margin divided by Sale of vacation ownership products. Adjusted development margin percentage represents Adjusted development margin divided by Sale of vacation ownership products revenue after adjusting for revenue reportability.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF COMBINED[(1)] FINANCIAL INFORMATION**
**VACATION OWNERSHIP SEGMENT FINANCIAL RESULTS**
**THREE MONTHS ENDED MARCH 31, 2018**
(In millions)

| | Legacy-ILG | Reclassifications[(1)] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Sale of vacation ownership products | $ 123 | $ (1) | $ 122 | $ 175 | $ 297 |
| Resort Operations revenue | 63 | (63) | — | — | — |
| Management fee and other revenue | 57 | (57) | — | — | — |
| Resort management and other services | — | 50 | 50 | 70 | 120 |
| Rental | — | 69 | 69 | 75 | 144 |
| Financing | 24 | — | 24 | 35 | 59 |
| Cost reimbursements | 44 | 15 | 59 | 216 | 275 |
| **TOTAL REVENUES** | 311 | 13 | 324 | 571 | 895 |
| **EXPENSES** | | | | | |
| Cost of vacation ownership products | 39 | 4 | 43 | 46 | 89 |
| Marketing and sales | 66 | (6) | 60 | 105 | 165 |
| Cost of service and membership related sales | 45 | (45) | — | — | — |
| Resort management and other services | — | 27 | 27 | 36 | 63 |
| Cost of sales of rental and ancillary services | 43 | (43) | — | — | — |
| Rental | — | 46 | 46 | 55 | 101 |
| Financing | 8 | (1) | 7 | 11 | 18 |
| General and administrative | 26 | (26) | — | — | — |
| Depreciation and amortization | 12 | (4) | 8 | 5 | 13 |
| Royalty fee | 11 | — | 11 | 15 | 26 |
| Cost reimbursements | 44 | 15 | 59 | 216 | 275 |
| **TOTAL EXPENSES** | 294 | (33) | 261 | 489 | 750 |
| Gains and other income, net | 7 | (2) | 5 | 1 | 6 |
| Equity in earnings from unconsolidated entities | 1 | (1) | — | — | — |
| Other | — | (1) | (1) | (2) | (3) |
| **SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | 25 | 42 | 67 | 81 | 148 |
| Net income attributable to noncontrolling interests | (2) | 2 | — | — | — |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 23 | $ 44 | $ 67 | $ 81 | $ 148 |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

[(1)] See *"Non-GAAP Financial Measures - Combined Financial Information"* for basis of presentation.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF COMBINED[1] FINANCIAL INFORMATION**
**EXCHANGE & THIRD-PARTY MANAGEMENT SEGMENT FINANCIAL RESULTS AND CORPORATE AND OTHER FINANCIAL RESULTS**
**THREE MONTHS ENDED MARCH 31, 2018**
(In millions)

**EXCHANGE & THIRD-PARTY MANAGEMENT**

| | Legacy-ILG | Reclassifications[1] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **TOTAL REVENUES** | $ 171 | $ (16) | $ 155 | $ — | $ 155 |
| **TOTAL EXPENSES** | (122) | 38 | (84) | — | (84) |
| Losses and other expense, net | (2) | — | (2) | — | (2) |
| **SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | 47 | 22 | 69 | — | 69 |
| Net income attributable to noncontrolling interests | — | (1) | (1) | — | (1) |
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 47 | $ 21 | $ 68 | $ — | $ 68 |

**CORPORATE AND OTHER**

| | Legacy-ILG | Reclassifications[1] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **TOTAL REVENUES** | $ — | $ 4 | $ 4 | $ — | $ 4 |
| **TOTAL EXPENSES** | — | (67) | (67) | (29) | (96) |
| Interest expense | (7) | (1) | (8) | (4) | (12) |
| ILG acquisition-related costs | — | — | — | (1) | (1) |
| **FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS** | (7) | (64) | (71) | (34) | (105) |
| Provision for income taxes | (20) | — | (20) | (11) | (31) |
| Net income attributable to noncontrolling interests | — | (1) | (1) | — | (1) |
| **FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ (27) | $ (65) | $ (92) | $ (45) | $ (137) |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

[1] See *"Non-GAAP Financial Measures - Combined Financial Information"* for basis of presentation.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**RECONCILIATION OF COMBINED[1] FINANCIAL INFORMATION**
**SEGMENT ADJUSTED EBITDA AND CORPORATE AND OTHER ADJUSTED FINANCIAL RESULTS**
**THREE MONTHS ENDED MARCH 31, 2018**
(In millions)

**VACATION OWNERSHIP**

| | Legacy-ILG | Reclassifications[1] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 23 | $ 44 | $ 67 | $ 81 | $ 148 |
| Adjustments: | | | | | |
| Depreciation and amortization | 12 | (4) | 8 | 5 | 13 |
| Share-based compensation expense | 2 | — | 2 | 1 | 3 |
| Certain items[2] | (1) | (2) | (3) | 1 | (2) |
| **SEGMENT ADJUSTED EBITDA **** | $ 36 | $ 38 | $ 74 | $ 88 | $ 162 |

**EXCHANGE & THIRD-PARTY MANAGEMENT**

| | Legacy-ILG | Reclassifications[1] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 47 | $ 21 | $ 68 | $ — | $ 68 |
| Adjustments: | | | | | |
| Depreciation and amortization | 8 | — | 8 | — | 8 |
| Share-based compensation expense | 4 | (1) | 3 | — | 3 |
| Certain items[3] | 3 | (1) | 2 | — | 2 |
| **SEGMENT ADJUSTED EBITDA **** | $ 62 | $ 19 | $ 81 | $ — | $ 81 |

**CORPORATE AND OTHER**

| | Legacy-ILG | Reclassifications[1] | Legacy-ILG Reclassified** | Legacy-MVW | Combined** |
|---|---|---|---|---|---|
| **FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ (27) | $ (65) | $ (92) | $ (45) | $ (137) |
| Less certain items: | | | | | |
| ILG acquisition-related costs | — | — | — | 1 | 1 |
| **ADJUSTED FINANCIAL RESULTS **** | $ (27) | $ (65) | $ (92) | $ (44) | $ (136) |

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

[1] See *"Non-GAAP Financial Measures - Combined Financial Information"* for basis of presentation.

[2] Vacation Ownership Legacy-ILG certain items include $7 million of foreign currency translation adjustments, partially offset by $2 million of impairments, $1 million of other acquisition costs, $1 million of hurricane insurance deductible costs, $1 million of litigation costs, and $1 million of others charges.

[3] Exchange & Third-Party Management Legacy-ILG certain items include $2 million of foreign currency translation adjustments and $1 million of costs related to the ILG Board of Directors' strategic review.

## MARRIOTT VACATIONS WORLDWIDE CORPORATION
## 2019 ADJUSTED NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS AND ADJUSTED EARNINGS PER SHARE - DILUTED OUTLOOK
(In millions, except per share amounts)

| | Fiscal Year 2019 (low) | Fiscal Year 2019 (high) |
|---|---|---|
| Net income attributable to common shareholders | $ 219 | $ 233 |
| Adjustments to reconcile Net income attributable to common shareholders to Adjusted net income attributable to common shareholders | | |
| Certain items[1] | 157 | 177 |
| Provision for income taxes on adjustments to net income | (39) | (45) |
| Adjusted net income attributable to common shareholders ** | $ 337 | $ 365 |
| Earnings per share - Diluted[2] | $ 4.76 | $ 5.07 |
| Adjusted earnings per share - Diluted ** [2] | $ 7.33 | $ 7.94 |
| Diluted shares | 46.0 | 46.0 |

(1) Certain items adjustment includes $60 million to $80 million of anticipated ILG acquisition-related costs, $76 million of anticipated purchase price adjustments (including $58 million related to the amortization of intangibles), $26 million of asset impairments, $1 million of litigation settlements and $1 million of other severance costs, partially offset by $7 million of gains and other income.

(2) Earnings per share - Diluted, Adjusted earnings per share - Diluted, and Diluted shares outlook includes the impact of share repurchase activity only through May 3, 2019.

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

## MARRIOTT VACATIONS WORLDWIDE CORPORATION
## 2019 ADJUSTED EBITDA OUTLOOK
(In millions)

| | Fiscal Year 2019 (low) | Fiscal Year 2019 (high) |
|---|---|---|
| Net income attributable to common shareholders | $ 219 | $ 233 |
| Interest expense[1] | 128 | 128 |
| Tax provision | 119 | 125 |
| Depreciation and amortization | 142 | 142 |
| EBITDA ** | 608 | 628 |
| Share-based compensation expense | 38 | 38 |
| Certain items[2] | 99 | 119 |
| Adjusted EBITDA ** | $ 745 | $ 785 |

(1) Interest expense excludes consumer financing interest expense.

(2) Certain items adjustment includes $60 million to $80 million of anticipated ILG acquisition-related costs, $26 million of asset impairments, $18 million of anticipated purchase price adjustments, $1 million of litigation settlements and $1 million of other severance costs, partially offset by $7 million of gains and other income.

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**2019 ADJUSTED FREE CASH FLOW OUTLOOK**
(In millions)

| | Fiscal Year 2019 (low) | Fiscal Year 2019 (high) |
|---|---|---|
| Net cash provided by operating activities | $ 286 | $ 311 |
| Capital expenditures for property and equipment (excluding inventory) | (100) | (110) |
| Borrowings from securitization transactions | 725 | 760 |
| Repayment of debt related to securitizations | (510) | (520) |
| Free cash flow ** | 401 | 441 |
| Adjustments: | | |
| Net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility(1) | (60) | (45) |
| Inventory / other payments associated with capital efficient inventory arrangements | (31) | (31) |
| Certain items(2) | 100 | 120 |
| Change in restricted cash | (10) | (10) |
| Adjusted free cash flow ** | $ 400 | $ 475 |

(1) Represents the net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility between the 2018 and 2019 year ends.

(2) Certain items adjustment includes $60 million to $80 million of anticipated ILG acquisition-related costs, $16 million of litigation settlement payments and $24 million of tax payments related to Legacy-ILG prior to the acquisition and delayed 2018 payments due to the hurricanes.

** Denotes non-GAAP financial measures. Please see *"Non-GAAP Financial Measures"* for additional information about our reasons for providing these alternative financial measures and limitations on their use.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**INTERIM CONSOLIDATED BALANCE SHEETS**
(In millions, except share and per share data)
(Unaudited)

| | March 31, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 222 | $ 231 |
| Restricted cash (including $65 and $69 from VIEs, respectively) | 356 | 383 |
| Accounts receivable, net (including $11 and $11 from VIEs, respectively) | 277 | 324 |
| Vacation ownership notes receivable, net (including $1,645 and $1,627 from VIEs, respectively) | 2,055 | 2,039 |
| Inventory | 910 | 863 |
| Property and equipment | 848 | 951 |
| Goodwill | 2,828 | 2,828 |
| Intangibles, net | 1,092 | 1,107 |
| Other (including $31 and $26 from VIEs, respectively) | 524 | 292 |
| **TOTAL ASSETS** | $ 9,112 | $ 9,018 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Accounts payable | $ 168 | $ 245 |
| Advance deposits | 128 | 113 |
| Accrued liabilities (including $2 and $2 from VIEs, respectively) | 520 | 423 |
| Deferred revenue | 437 | 319 |
| Payroll and benefits liability | 172 | 211 |
| Deferred compensation liability | 100 | 93 |
| Securitized debt, net (including $1,699 and $1,706 from VIEs, respectively) | 1,688 | 1,694 |
| Debt, net | 2,201 | 2,124 |
| Other | 15 | 12 |
| Deferred taxes | 332 | 318 |
| **TOTAL LIABILITIES** | 5,761 | 5,552 |
| Contingencies and Commitments (Note 11) | | |
| Preferred stock — $0.01 par value; 2,000,000 shares authorized; none issued or outstanding | — | — |
| Common stock — $0.01 par value; 100,000,000 shares authorized; 57,839,682 and 57,626,462 shares issued, respectively | 1 | 1 |
| Treasury stock — at cost; 12,857,638 and 11,633,731 shares, respectively | (895) | (790) |
| Additional paid-in capital | 3,717 | 3,721 |
| Accumulated other comprehensive income | 4 | 6 |
| Retained earnings | 519 | 523 |
| **TOTAL MVW SHAREHOLDERS' EQUITY** | 3,346 | 3,461 |
| Noncontrolling interests | 5 | 5 |
| **TOTAL EQUITY** | 3,351 | 3,466 |
| **TOTAL LIABILITIES AND EQUITY** | $ 9,112 | $ 9,018 |

*The abbreviation VIEs above means Variable Interest Entities.*

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
(In millions)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2019 | March 31, 2018 |
| **OPERATING ACTIVITIES** | | |
| Net income | $ 24 | $ 36 |
| Adjustments to reconcile net income to net cash, cash equivalents and restricted cash provided by operating activities: | | |
| Depreciation and amortization of intangibles | 37 | 6 |
| Amortization of debt discount and issuance costs | 5 | 4 |
| Vacation ownership notes receivable reserve | 20 | 9 |
| Share-based compensation | 7 | 4 |
| Impairment charges | 26 | — |
| Deferred income taxes | 5 | 7 |
| Net change in assets and liabilities, net of the effects of acquisition: | | |
| Accounts receivable | 2 | 29 |
| Vacation ownership notes receivable originations | (194) | (105) |
| Vacation ownership notes receivable collections | 154 | 79 |
| Inventory | 39 | 1 |
| Other assets | (99) | (25) |
| Accounts payable, advance deposits and accrued liabilities | (83) | (42) |
| Deferred revenue | 117 | 45 |
| Payroll and benefit liabilities | (41) | (31) |
| Deferred compensation liability | 6 | 4 |
| Other liabilities | 2 | (1) |
| Other, net | 1 | 3 |
| Net cash, cash equivalents and restricted cash provided by operating activities | 28 | 23 |
| **INVESTING ACTIVITIES** | | |
| Capital expenditures for property and equipment (excluding inventory) | (10) | (3) |
| Proceeds from collection of notes receivable | 38 | — |
| Purchase of company owned life insurance | (1) | (9) |
| Net cash, cash equivalents and restricted cash provided by (used in) investing activities | 27 | (12) |
| **FINANCING ACTIVITIES** | | |
| Borrowings from securitization transactions | 124 | — |
| Repayment of debt related to securitization transactions | (133) | (86) |
| Proceeds from debt | 125 | — |
| Repayments of debt | (52) | — |
| Debt issuance costs | — | (1) |
| Repurchase of common stock | (106) | (2) |
| Payment of dividends | (41) | (21) |
| Payment of withholding taxes on vesting of restricted stock units | (9) | (9) |
| Net cash, cash equivalents and restricted cash used in financing activities | (92) | (119) |
| Effect of changes in exchange rates on cash, cash equivalents and restricted cash | 1 | 2 |
| Decrease in cash, cash equivalents and restricted cash | (36) | (106) |
| Cash, cash equivalents and restricted cash, beginning of period | 614 | 491 |
| Cash, cash equivalents and restricted cash, end of period | $ 578 | $ 385 |

## MARRIOTT VACATIONS WORLDWIDE CORPORATION
## NON-GAAP FINANCIAL MEASURES

In our press release and schedules, and on the related conference call, we report certain financial measures that are not prescribed by GAAP. We discuss our reasons for reporting these non-GAAP financial measures below, and the financial schedules included herein reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure that we report (identified by a double asterisk ("**") on the preceding pages). Although we evaluate and present these non-GAAP financial measures for the reasons described below, please be aware that these non-GAAP financial measures have limitations and should not be considered in isolation or as a substitute for revenues, net income attributable to common shareholders, earnings per share or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and / or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP financial measures we report may not be comparable to those reported by others.

**Certain Items Excluded from Adjusted Net Income Attributable to Common Shareholders, Adjusted EBITDA and Adjusted Development Margin**

We evaluate non-GAAP financial measures, including Adjusted Net Income attributable to common shareholders, Adjusted EBITDA and Adjusted Development Margin, that exclude certain items in the quarters ended March 31, 2019 and March 31, 2018, because these non-GAAP financial measures allow for period-over-period comparisons of our on-going core operations before the impact of these items. These non-GAAP financial measures also facilitate our comparison of results from our on-going core operations before these items with results from other vacation ownership companies.

*Certain items - Quarter Ended March 31, 2019*

In our Statement of Income for the quarter ended March 31, 2019, we recorded $61 million of net pre-tax items, which included $26 million of ILG acquisition-related costs, $26 million of asset impairments, $1 million of litigation settlements, $1 million of other severance costs and $15 million of purchase accounting adjustments (of which $1 million impacted adjusted EBITDA ), partially offset by $8 million of gains and other income.

*Certain items - Quarter Ended March 31, 2018*

In our Statement of Income for the quarter ended March 31, 2018, we recorded $2 million of net pre-tax items, which included $3 million of acquisition costs, including $2 million of acquisition costs associated with the then anticipated future capital efficient acquisition of the operating property in San Francisco and $1 million of other acquisition costs, partially offset by $1 million favorable true up of previously recorded costs associated with Hurricane Irma and Hurricane Maria (recorded in Gains and other income).

**Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses)**

We evaluate Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses) as an indicator of operating performance. Adjusted Development Margin adjusts Sale of vacation ownership products revenues for the impact of revenue reportability, includes corresponding adjustments to Cost of vacation ownership products expense and Marketing and sales expense associated with the change in revenues from the Sale of vacation ownership products, and may include adjustments for certain items as itemized in the discussion in the preceding paragraph. We evaluate Adjusted Development Margin because it allows for period-over-period comparisons of our on-going core operations before the impact of revenue reportability and certain items to our Development Margin.

**Earnings Before Interest Expense, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA**

EBITDA is defined as earnings, or net income attributable to common shareholders, before interest expense (excluding consumer financing interest expense), provision for income taxes, depreciation and amortization. For purposes of our EBITDA and Adjusted EBITDA calculations, we do not adjust for consumer financing interest expense because we consider it to be an operating expense of our business. We consider EBITDA and Adjusted EBITDA to be indicators of operating performance, which we use to measure our ability to service debt, fund capital expenditures and expand our business. We also use EBITDA and Adjusted EBITDA, as do analysts, lenders, investors and others, because these measures exclude certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. EBITDA and Adjusted EBITDA also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Adjusted EBITDA reflects additional adjustments for certain items, as itemized in the discussion of Adjusted Net Income Attributable to Common Shareholders above, and excludes share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted. Prior period presentation has been recast for consistency. We evaluate Adjusted EBITDA as an indicator of operating performance because it allows for period-over-period comparisons of our on-going core operations before the impact of the excluded items. Together, EBITDA and Adjusted EBITDA facilitate our comparison of results from our on-going core operations before the impact of these items with results from other vacation ownership companies.

**Free Cash Flow and Adjusted Free Cash Flow**

We evaluate Free Cash Flow and Adjusted Free Cash Flow as liquidity measures that provide useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment, changes in restricted cash, and the borrowing and repayment activity related to our securitizations, which cash can be used for strategic opportunities, including acquisitions and strengthening the balance sheet. Adjusted Free Cash Flow, which reflects additional adjustments to Free Cash Flow for the impact of acquisition, litigation and other cash charges, allows for period-over-period comparisons of the cash generated by our business before the impact of these items. Analysis of Free Cash Flow and Adjusted Free Cash Flow also facilitates management's comparison of our results with our competitors' results.

**Combined Debt to Adjusted EBITDA Ratio**

We calculate combined debt to adjusted EBITDA ratio by dividing net debt by combined adjusted EBITDA, where net debt represents total debt less securitized debt, gross notes eligible for securitization at the end of such period at an estimated 85% advance rate, and cash and cash equivalents other than an estimated $150 million for working capital requirements, and combined adjusted EBITDA is derived by combining the second and third quarters of 2018 adjusted EBITDA for Legacy-MVW and Legacy-ILG with the fourth quarter of 2018 and the first quarter of 2019 adjusted EBITDA for MVW, and adding $87 million of additional cost synergies.

**Combined Financial Information**

The unaudited combined financial information presented herein combines Legacy-MVW and Legacy-ILG results of operation for the quarter ended March 31, 2018, and is presented to facilitate comparisons with our results following the acquisition of ILG. We evaluate the combined financial information, and believe it provides useful information to investors, because it provides for a more meaningful comparison of our results following the acquisition of ILG with the results of the combined businesses for the prior year comparable period. The combined financial information for the quarter ended March 31, 2018 was derived by combining the Legacy-MVW and Legacy-ILG financial results for such quarter included in the Quarterly Reports on Form 10-Q filed by MVW and ILG, respectively, with the Securities and Exchange Commission (the "SEC") on May 4, 2018. Prior to combining the financial information, Legacy-ILG's financial results were reclassified to conform with MVW's current year financial statement presentation, referred to as "Legacy-ILG Reclassified" in the financial schedules. No other adjustments have been made to the Legacy-MVW or Legacy-ILG results to derive the combined financial information. The combined financial information is provided for informational purposes only and is not intended to represent or to be indicative of the actual results of operations that the combined MVW and ILG business would have reported had the ILG acquisition been completed prior to the beginning of fiscal year 2018 and should not be taken as being indicative of future combined results of operations. The actual results may differ significantly from those reflected in the combined financial information.

**Adjusted Financial Information**

The unaudited adjusted financial information for the quarter ended March 31, 2019 included in the Reconciliation of Adjusted Financial Information and the Reconciliation of Vacation Ownership Segment Interim Adjusted Financial Results was derived by subtracting the Legacy-ILG results of operation for such quarter from MVW's results of operation for the quarter and is presented to facilitate comparisons of Legacy-MVW results following the acquisition of ILG. We evaluate the adjusted financial information, and believe it provides useful information to investors, because it provides for a more meaningful comparison of Legacy-MVW results following the acquisition of ILG with Legacy-MVW results for the prior year comparable period.