

MARRIOTT VACATIONS WORLDWIDE TO ACQUIRE WELK RESORTS

MVW

JANUARY 26, 2021



Disclaimer

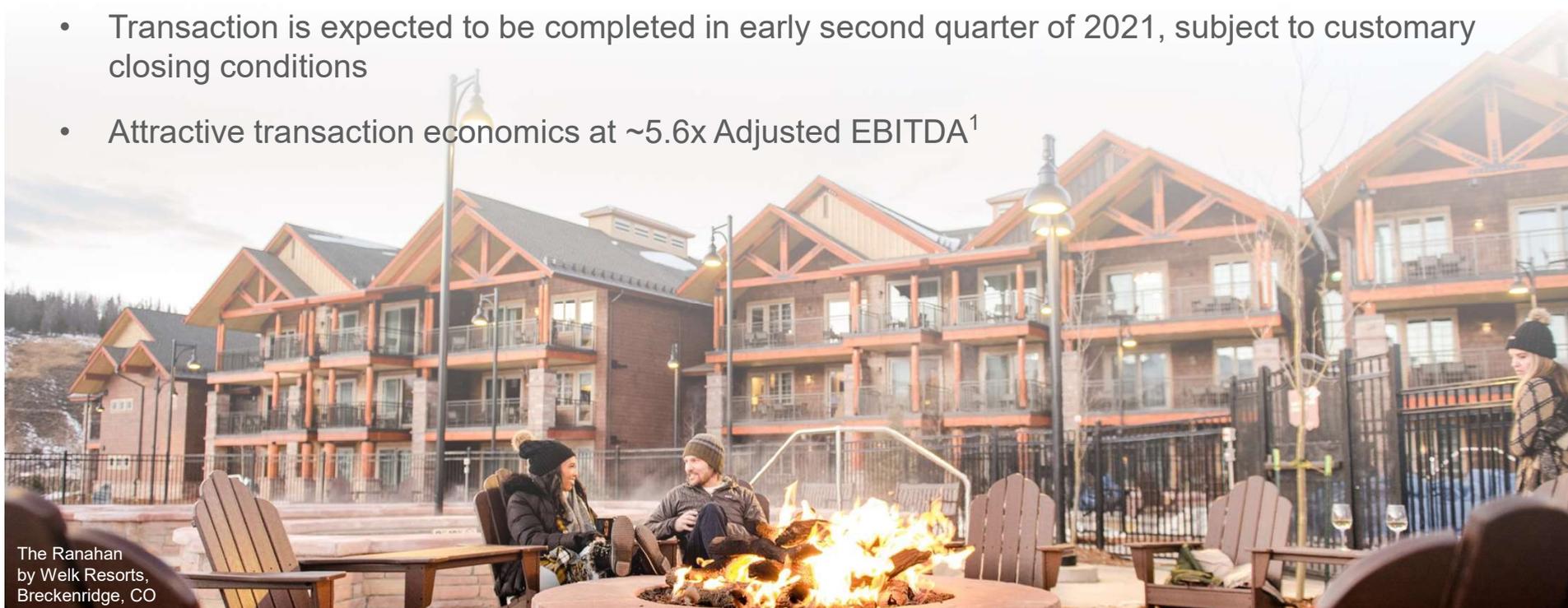


This presentation contains “forward-looking statements” within the meaning of federal securities laws, including statements about anticipated future events and expectations that are not historical facts and the anticipated benefits of the acquisition of Welk Resorts. The Company cautions you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including, without limitation, conditions beyond our control such as the length and severity of the current COVID-19 pandemic and its effect on our operations; the effect of any governmental actions or mandated employer-paid benefits in response to the COVID-19 pandemic; the Company’s ability to manage and reduce expenditures in a low revenue environment; volatility in the economy and the credit markets, changes in supply and demand for vacation ownership, competitive conditions, the availability of additional financing when and if required, and other matters disclosed 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 presentation. These statements are made as of January 26, 2021 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.

In this presentation we use certain financial measures that are not prescribed by United States generally accepted accounting principles (“GAAP”). We discuss our reasons for reporting these non-GAAP financial measures herein and reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure that we report (in the Appendix). Non-GAAP financial measures are identified in the footnotes in the pages that follow and are further explained in the Appendix. Although we evaluate and present these non-GAAP financial measures for the reasons described in the Appendix, 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, 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.

Transaction at a Glance

- Entered into an agreement to acquire Welk Resorts (“Welk”) for approximately \$430 million including ~1.4 million MVW common shares.
- Welk is one of the largest privately owned vacation ownership (“VO”) companies in the U.S. with a high-quality portfolio of eight VO resorts and one hotel
- Intend to rebrand both the resorts and points program to Hyatt Residence Club, accelerating its growth
- Transaction is expected to be completed in early second quarter of 2021, subject to customary closing conditions
- Attractive transaction economics at ~5.6x Adjusted EBITDA¹



The Ranahan
by Welk Resorts,
Breckenridge, CO

1. Adjusted EBITDA multiple excludes value of 2 years of excess built inventory and land for future development and after transaction costs and anticipated rebranding costs.

Strategic Rationale



Northstar Lodge
by Welk Resorts,
Lake Tahoe, CA

Opportunity to expand Hyatt Residence Club and accelerate its growth

Rebranding Welk will more than double the number of Hyatt Residence Club Owners

High quality and complementary resort portfolio primarily in West Coast vacation markets

Expect to increase Welk's contract sales and expand margins substantially

Potential to more than double Welk's 2019 Adjusted EBITDA

Overview of Welk



One of the largest privately owned VO companies in the U.S.

8 Welk VO Resorts

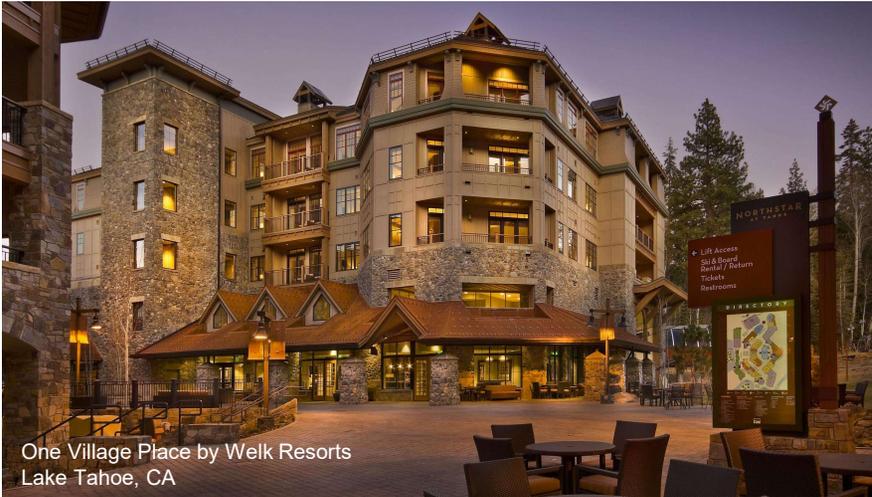
~1,400 Total Keys

55,000+ Owners

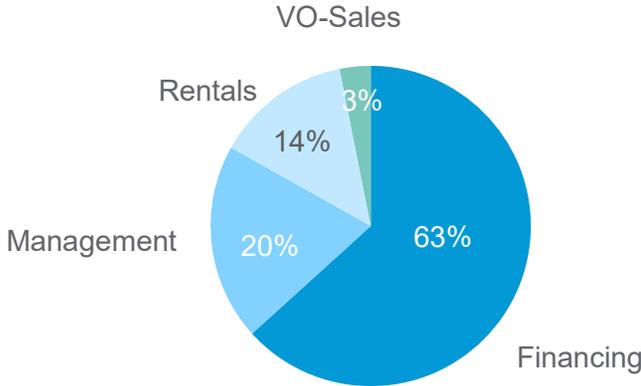
3+ years Built Inventory

\$215M 2019 Revenue

\$29M 2019 Adjusted EBITDA



2019 Adjusted EBITDA Contribution

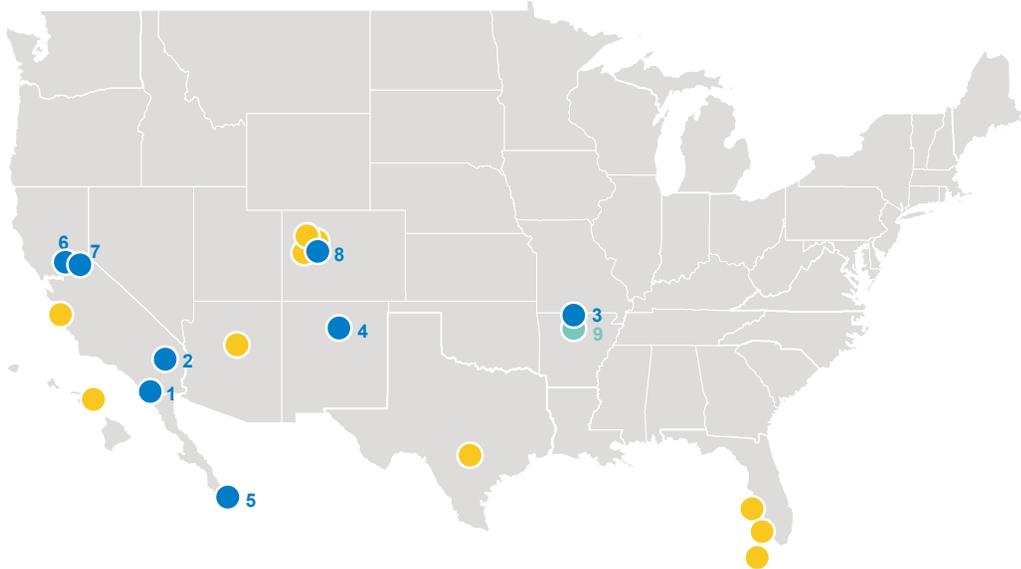


Source: Welk historical financials. Resorts and Keys exclude operating hotel.

Highly Complementary Portfolio



- 1 Welk Resorts San Diego, Escondido, CA
Keys: 714
- 2 Desert Oasis by Welk Resorts, Palm Springs, CA
Keys: 162
- 3 The Lodges at Timber Ridge, Branson, MO
Keys: 104
- 4 Welk Resorts El Corazon, Santa Fe, NM
Keys: 72
- 5 Sirena del Mar by Welk Resorts, Cabo San Lucas, MX
Keys: 108
- 6 Northstar Lodge by Welk Resorts, Lake Tahoe, CA
Keys: 104
- 7 One Village Place by Welk Resorts, Lake Tahoe, CA
Keys: 21
- 8 The Ranahan by Welk Resorts, Breckenridge, CO
Keys: 67
- 9 Welk Resorts Branson Hotel, Branson, MO
Keys: 158



● Existing Hyatt Residence Club markets¹



1. Locations for Hyatt Residence Club presented exclude Puerto Rico

Long-term Growth and Margin Improvement



Plan to rebrand Welk to Hyatt Residence Club

- Will expand number of Hyatt Residence Club resorts by 50% and keys by 90%
- More than double number of Owners to ~90k
- 3+ years of built inventory

Increase development margin

- Replace high-cost marketing & sales channels
- Leverage branded marketing channels
- Introduce MVW's sales training

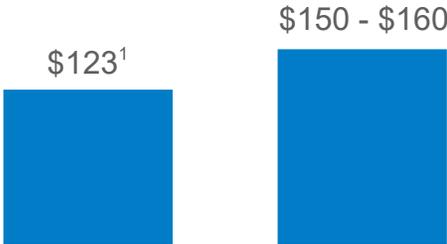
Improve rental margin

- Leverage more efficient Hyatt distribution channels

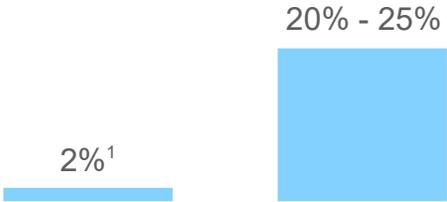
Capture cost synergies

- Leverage existing infrastructure to eliminate redundancies and deliver cost savings
- Opportunity to drive exchange savings through Interval International

Contract sales (\$M)



Development margin (%)

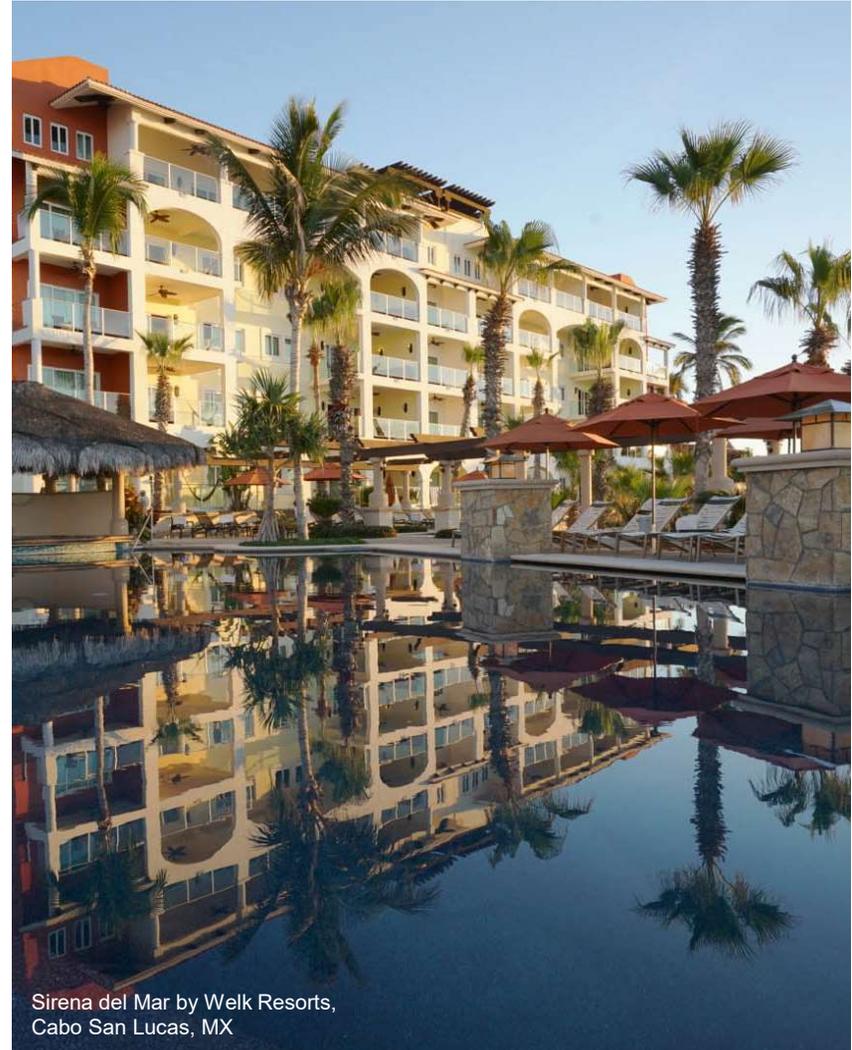
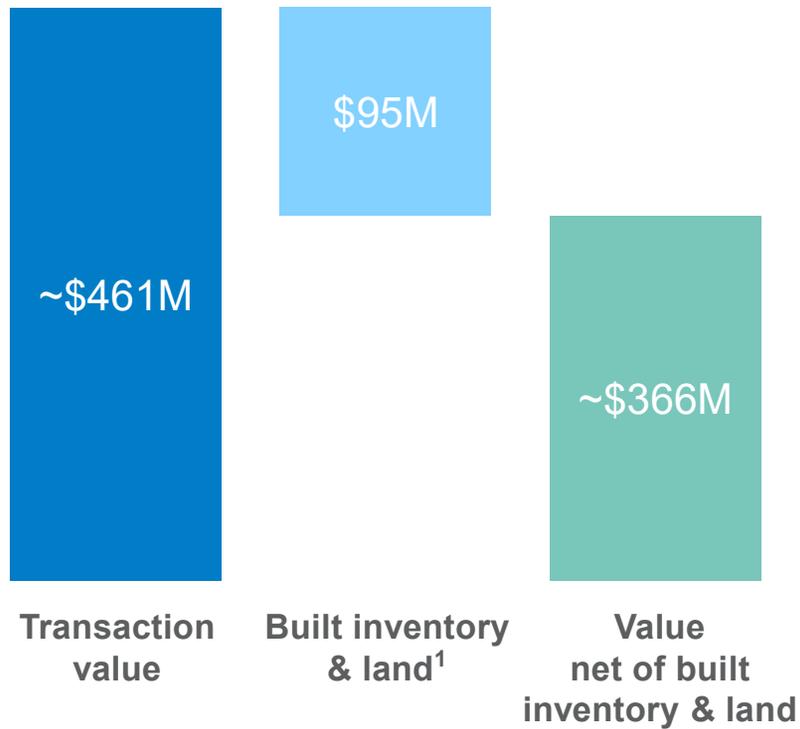


Adjusted EBITDA (\$M)



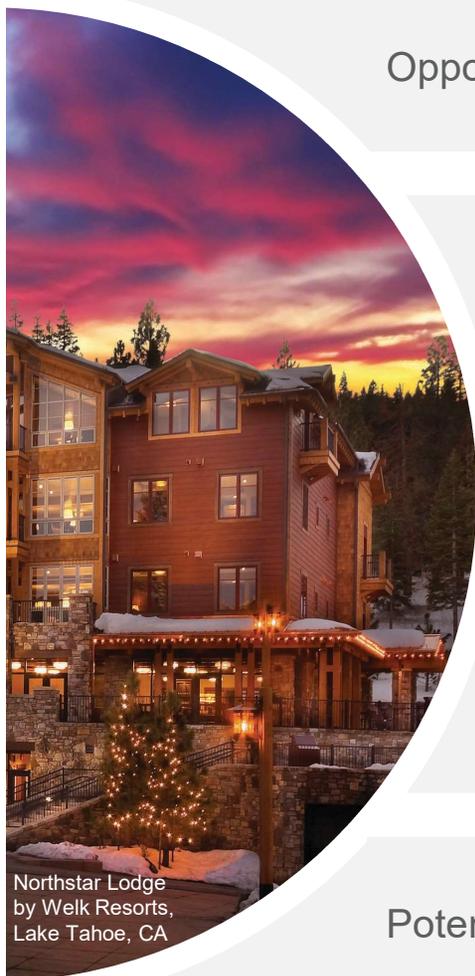
Attractive Transaction Economics

~5.6x
Adjusted EBITDA



Transaction value of ~\$461m includes ~\$31m of transaction costs and anticipated rebranding costs. Adjusted EBITDA multiple based on mid-point of management expectations.
1. Value of 2 years of excess built inventory and land for future development

Summary



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APPENDIX



Welk Resorts San Diego,
Escondido, CA

Welk Net Income to Adjusted EBITDA Reconciliation



<i>(In millions)</i>	2019
Net Income	\$ 12
State and Foreign Income Taxes	1
Cash Flow Depreciation & Amortization	7
Amortization of Non Recurring Debt Issuance Costs	1
Recourse Financing Expense	5
EBITDA	\$ 26
Non Recurring Expenses	3
Adj. EBITDA	\$ 29