Marriott Vacations Worldwide Corp (NYSE: VAC)

Consumer Discretionary - Hotels

Own Your Vacation!

March 15, 2023

Marriott Vacations Worldwide Corporation is a leading provider of vacation ownership, exchange, rental and resort and property management. As a former subsidiary of Marriot International, VAC is more than just a vacation ownership company, it offers vacation experiences through its exclusive brands such as the Ritz-Carlton Residences.

Thesis

Marriott Vacations Worldwide's strong portfolio of exclusive brands and its technological synergies drive revenues of vacation ownership to increase and create positive profits as we transition into a post-pandemic economy. As VAC continues to grow, we believe the company's strategy, along with their brand reputation, positions them well to engage in steady growth.

Drivers

Driven by rapid increase in demand for travel and vacation experiences, Marriott Vacations Worldwide has the necessary infrastructure to accommodate an influx in consumers in the future years. Additionally, the rise of rental platforms, such as Airbnb, has shifted consumer preference towards a more flexible, short-term accommodation. To accommodate, VAC has rolled out point-ownership systems that allow customers to be flexible with their stays in vacation homes.

Valuation

Based on our analysis, we arrive at a target share price of $183.65, which represents an implied upside of 36.9% on the current share price of $134.11. This derived from an equal weighting of both our DCF valuation and Comparable Company Analysis. We believe VAC is currently undervalued and initiate a BUY rating on Marriott Vacations Worldwide Corporation.

Analyst: Benjamin Siem, BCom. '25
contact@westpeakresearch.com

Equity Research	US
Price Target	**US$ 183.65**
Rating	Buy
Share Price (March. 15 Close)	US$ 134.11
Total Return	36.9%

Key Statistics	
52 Week H/L	$110.1/$173.4
Market Capitalization	$6.04B
Average Daily Trading Volume	396.1K
Net Debt	$2.98B
Enterprise Value	$10.62B
Net Debt/EBITDA	7.37x
Diluted Shares Outstanding	38.32M
Free Float	47.1%
Dividend Yield	1.83%

WestPeak's Forecast	2023E	2024E	2025E
Revenue	$5.50B	$5.88B	$6.28B
EBITDA	$1.16B	$1.23B	$1.32B
Net Income	$487M	$547M	$613M
EPS	$11.23	$12.59	$14.13
P/E	11.9x	10.7x	9.5x
EV/EBITDA	4.0x	3.1x	2.2x

1-Year Price Performance

Business Overview/Fundamentals

Company Overview

Since becoming a standalone public company in 2011, Marriott Vacations Worldwide Corp (VAC) has acquired the ownership of more than 120 vacation ownership resorts, 22,000 vacation ownership villas, and over 700,000 owner families. They also provide management services to over 150 other resorts and lodging properties, allowing them to increase their reach and portfolio of high-quality resorts. At the core of their business operations, VAC is an exclusive developer, seller, and manager of vacation ownership for brands such as Grand Residences by Marriott, Sheraton Vacation Club, Westin Vacation Club, Hyatt Residence Club brands, Marriott Vacation Club Pulse, and The Ritz-Carlton. In doing so, VAC relies on 2 main revenue segments: vacation ownership and Third-Party Management, which account for 92% and 8% of revenues respectively.

Over the years, VAC has developed a loyal and satisfied customer base through their vacation experiences and products, driving repeat customers and high engagement in loyalty programs and surveys.

Exclusive Brands

Under its brand, Marriott Vacations Worldwide has developed a multi-branded organization with a diverse portfolio of vacation destinations. To provide their vacation experiences, VAC operates under the following nine brands:

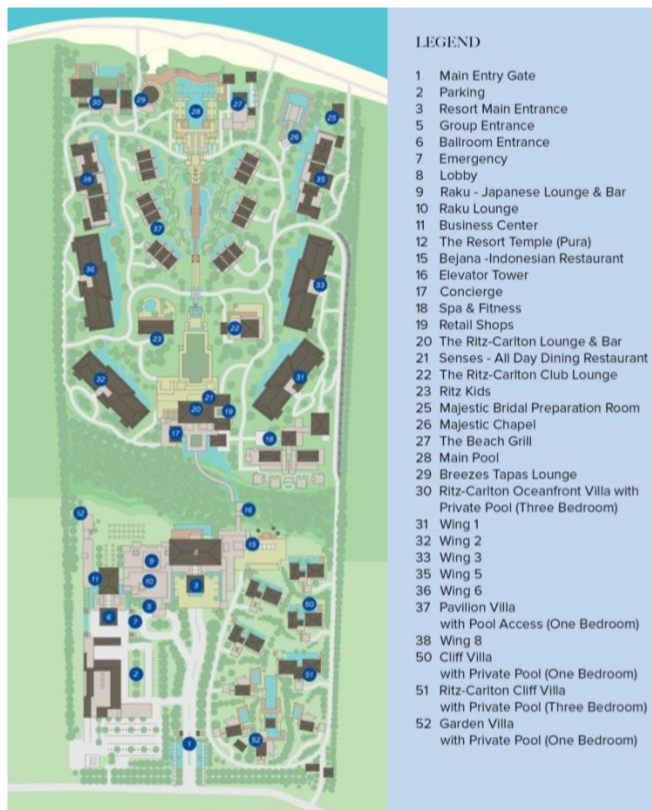
1. **Marriott Vacation Club** features timeshare villas and accommodations throughout the U.S., the Caribbean, Europe, Asia, and Australia. They offer upscale vacation ownership resorts, targeting customers who value flexibility and diversity of experiences. They also present urban locations at the heart of vibrant cities, like New York and San Francisco, through their Marriott Vacation Club Pulse (a brand extension).
2. **Sheraton Vacation Club** targets “fun family” destinations such as Florida, South Carolina, and Colorado, with activities that emphasize building and strengthening relationships. Their vacation ownership resorts focus on nurturing larger families by offering larger rooms, spaces to relax, and fun spaces for kids.
3. **Westin Vacation Club** builds upon the theme of relaxation and well-being by targeting sought-after destinations and providing energizing services like Heavenly Bed and WestinWORKOUT. This brand is designed with well-being in mind, curating a space for customers who seek revitalizing experiences.
4. **Grand Residences by Marriott** provides vacation ownership through fractional real estate and whole ownership offerings with a longer interest duration, ranging from 3 to 13 weeks.

Benjamin Siem | contact@westpeakresearch.com

5. **The Ritz-Carlton Destination Club** is a luxurious vacation experience tailored to every member's needs and expectations, including marble foyers, walk-in closets, custom kitchen cabinetry and luxury resort amenities. The Ritz-Carlton Hotel Company provides on-site management and services.
6. **The Ritz-Carlton Residences** is a luxury tier whole ownership residence brand. These residences are co-located with The Ritz-Carlton Destination Club resorts, offering owners the similar resort services provided by The Ritz-Carlton Hotel Company.
7. **St. Regis Residence Club** and **The Luxury Collection** are tailored to customers who look for the finest in luxury living, featuring glamorous art. They offer fractional interests in luxury real estate.
8. **Hyatt Residence Club** features a range of unique destinations from Maui, Carmel and Aspen to Sedona, San Antonio, and Key West. This allows the brand to create upscale residential-style retreats.

Company Strategy

As stated in VAC's 2021 report, their goal is to "to further strengthen our leadership position in the vacation ownership industry." To do so, VAC will focus on driving growth through efficient ownership deal structures and recurring revenue growth, maximizing cash flow and adapting to its customer's needs.



VAC are optimistic that revenue will continue to grow rapidly as the world recovers from the pandemic and resumes leisure travel. Therefore, they expect to maintain a strong leverage profile driven by their "asset-light" capital efficient framework. VAC intends to meet liquidity needs through "cash on hand, operating cash flow, our $600 million revolving credit facility (the "Revolving Corporate Credit Facility"), our $350 million non-recourse warehouse credit facility (the "Warehouse Credit Facility"), and continued access to the asset-backed securities ("ABS") term financing market." This creates a strong financial position for the firm, providing leverage to pursue growth opportunities and optimize costs.

VAC's management team will also focus on growing their recurring revenue services as they are less capital intensive than sales of vacation ownership and more predictable. These include management of resorts and owners' associations, financing revenues, and membership, club, and other revenues in both our Vacation Ownership and Exchange & Third-Party Management segments. Additionally, they plan to target younger customers by creating new membership programs, enhancing technological capabilities, and maintaining strong customer service. This will drive higher margin sales volumes. By consistently providing high client service, VAC aims to provide unique vacation experiences and grow its network of customers.

Industry Analysis

Marriott Vacation Worldwide operates in two main industries the vacation ownership industry (also known as the timeshare industry) enables customers to share ownership and use of fully furnished vacation accommodations. Most vacation ownership products are sold as timeshare estates, which can be structured in a variety of ways, including a deeded real estate interest in a specified accommodation unit, an undivided interest in a building or an entire resort, or a beneficial interest in a trust that owns one or more resort properties. By purchasing a vacation ownership interest, owners make a commitment to vacation. According to ARDA, sales in the U.S. market were approximately $4.9 billion in 2020 and it is estimated the industry is comprised of over 1,500 resorts, representing more than 200,000 units.

For many purchasers, vacation ownership provides an attractive alternative to traditional lodging accommodations (such as hotels, resorts, and condominium rentals). In addition to avoiding the volatility in room rates to which traditional lodging customers are subject, vacation ownership purchasers enjoy accommodations that are, on average, more than twice the size of traditional hotel rooms and typically have more features, such as kitchens and separate living areas. Purchasers who might otherwise buy a second home find vacation ownership a preferable alternative because it is more affordable and reduces maintenance and upkeep concerns and because they are interested in buying a lifetime of vacations.

Customer Trends

One trend that has been driving growth in the industry is the shift towards a more flexible and points-based vacation ownership model, where owners can exchange their timeshare for stays at other properties or vacation experiences. This allows for greater flexibility and customization for the consumer and has been met with positive reception. It allows customers to explore several properties, improving their vacation ownership experience. In fact, this drives growth within franchise firms, which boast a larger portfolio of properties, allowing them to adapt rapidly and offer larger product offerings.

Competitive Landscape

Market Concentration is very low. According to IBISWorld, the total market share accounted by the major players is less than 5% of industry revenue. This means that most of the market share is attributed to a wide number of smaller firms. However, this number continues to increase due to increasing hotel buyouts and mergers and operators joining franchise and chain operators. Despite having large corporations, the industry also has a diverse range of accommodation styles and standards. The merging of smaller operators with major hotel companies on an international basis is expected to continue over the five years to 2026. Industry concentration is continuing to increase among major global operators, although this is more on a franchised or managed property basis. This will increase market concentration and create higher barriers of entry, establishing major players who will dominate a significant amount of the market share. To succeed in the global airlines' industry, IBIS world has identified the following success factors, in order of importance:

Success Factors	Advantage
1. Access to multiskilled and flexible workforce	Ensures high levels of customer satisfaction and increases repeat customers.

2. Being part of a franchising chain	Creates a strong platform for promotion, increasing sales and flow of customers.
3. Receiving the benefit of word-of-mouth recommendations	Good word-of-mouth recommendations are often the most successful promotional tool in the industry.
4. Proximity to key markets	Location plays a pivotal role in choosing the target customer segment and advertising strategy, increasing sales.
5. Ability to quickly adopt new technology	Improves operational activities, reduces costs, and creates a seamless experience.
6. Ability to control stock on hand	Flexibility in room availability and timeshares available allow firms to better respond to customer needs.

Source: IBISWorld

Innovation Trends

The increasing popularity of vacation rentals and home-sharing platforms, such as Airbnb. This has led to a growing interest in vacation ownership as a way for individuals to generate rental income from their property while also being able to use it for personal vacations. This is because these platforms have made it easier for people to find and book vacation rentals and have also increased awareness about the potential income-generating opportunities that come with owning a vacation property.

One of the main benefits of vacation ownership is that it allows individuals to generate rental income from their property when they are not using it. This can help offset the costs of owning a vacation property and can also provide a source of passive income. Additionally, vacation ownership allows individuals to have a place to stay when they want to take a vacation without having to pay for a hotel or vacation rental. The growth in vacation rental platforms has increased vacation ownership customers by giving them the potential for generating rental income from property while also having a place to stay for personal vacations.

Outlook

The vacation ownership industry has faced challenges in recent years due to economic downturns and a shift in consumer preferences towards more flexible and customizable vacation options. However, the industry has shown signs of recovery and growth in the past few years, with an increase in sales and developments.

According to Vacasa, vacation ownership market is expected to grow at a Compound Annual Growth Rate (CAGR) of 9.7% from 2020 to 2027, by factors such as more people travelling, more people looking for alternative accommodation options and more people looking for more unique and local experiences. Additionally, a National Association of Realtors (NAR) report states that the vacation home market is expected to be driven by several factors, including the increasing popularity of vacation rentals, the growth of the sharing economy, and the rise of remote work, which has made it easier for people to work from anywhere and has increased the demand for vacation properties.

COVID-19 Consideration

The COVID-19 pandemic severely impacted this industry by decreasing the number of customers who were willing to travel to vacation homes and buy them. Disposable income of the general population decreased, diminishing the market for leisure and travel activities to due heavy regulations. Furthermore, the enforcement of hygienic requirements and protocols increased maintenance costs for all players in the industry, becoming the norm for vacation homes worldwide. As the world recovers from the COVID-19 pandemic, the demand for vacation homes is growing rapidly. However, the hygienic protocols remain the new normal and create higher maintenance.

Catalysts

Strong Demand for Vacation Experiences and Flexibility

As we move past the pandemic, there has been a strong demand for vacation and travel experiences. This trend is driven by a growing desire for leisure and relaxation, as well as an increase in disposable income and a desire to explore new places and cultures. As a result, Marriott Vacations Worldwide has experienced significant revenue growth of 111.2% in FY2021. Its diverse portfolio of brands and properties positions the company well to accommodate the increase in demand.

Due to the strong demand for vacation experiences, Marriott Vacations Worldwide has also made efforts to expand its offerings by adding new properties and destinations to its portfolio, and by developing new vacation ownership models, such as the points-based vacation ownership, which allows customers more flexibility and options for their vacations. This has introduced a new source of revenue for VAC, allowing it to reach more customers and selling its products in new channels. This makes up 25.6% of their total revenue and is expected to grow at a forecasted CAGR of 6% over the next 6 years. Compared to market expectations of 2-3% CAGR, VAC is positioned at a higher rate indicating growing confidence from management. Furthermore, the growing popularity of short-term rental platforms such as Airbnb has created new opportunities for vacation homeowners to monetize their properties and has also made it easier for travelers to find and book unique and affordable vacation experiences, increasing customer demand for vacation homes.

Strong Inorganic Growth Potential

In 2018, we completed the acquisition of ILG, LLC, formerly known as ILG, Inc. (“ILG”), for $4.7 billion (the “ILG Acquisition”). The businesses acquired from ILG include Vistana Signature Experiences (“Vistana”), which includes vacation ownership products branded as Sheraton or Westin, and Hyatt Vacation Ownership. The businesses acquired from ILG that we currently operate as part of their Exchange & Third-Party Management business include Aqua-Aston Hospitality (“Aqua-Aston”), Interval International, Trading Places International (“TPI”), and Vacation Resorts International (“VRI”).

On April 1, 2021, VAC completed the acquisition of Welk Hospitality Group, Inc. (“Welk”) for $430 million (the “Welk Acquisition”), after which Welk became an indirect wholly owned subsidiary. In addition, as part of the Welk Acquisition, they acquired a short-term license to use the Welk brand in connection with the continued operations of the Welk business. VAC intends to rebrand all Welk resorts as Hyatt-branded resorts once all necessary approvals are obtained.

These strategic acquisitions have created strong synergies for VAC and will continue to do so in the coming years, fueling their growth in the industry and expansion to new segments of the industry. Following this recent trend, there is a high probability VAC seeks to acquire more business in the future, moving their stock price in a positive manner.

Investment Thesis

Market View

The market views Marriott Vacations Worldwide as a leader in the vacation home ownership industry, recognizing its strong recovery and prospect for growth. VAC has experienced consistent growth over the last 2 fiscal years, benefiting from the increased demand for travel and vacation experiences. This is bolstered by their ability to adapt to customer needs and offer point-based vacation ownership, creating a more flexible experience for a larger number of customers. Furthermore, analysts from Credit Suisse, JP Morgan, and Barclays have promoted VAC to a 'buy' rating, signaling their optimism for continuous growth.

Investment Thesis 1 – Diverse Portfolio of Exclusive Brands (Ritz-Carlton and Marriott Vacation)

Marriott Vacations Worldwide boasts a strong portfolio of properties, diversified across several demographics. They have accumulated a total of 121 resorts with 31,880 keys. VAC has done an impressive job of curating a roster of properties that target multiple, exclusive customer segments. Most notably, the Ritz-Carlton Destination Club and Marriott Vacation Club.

The Ritz-Carlton Destination Club offers unparalleled luxury, comfort, and service, and are located in some of the world's most sought-after destinations, such as Aspen, Vail, and Maui. The Ritz-Carlton is a well-known and respected brand in the luxury hospitality industry, known for its exceptional service, luxurious amenities, and upscale properties. The brand's reputation for excellence is a powerful draw for customers looking for premium vacation experiences, and its inclusion in VAC's portfolio helps further differentiate the company from its competitors. Secondly, the Marriott Vacation Club brand is a significant advantage for Marriott Vacations Worldwide as it is one of the most recognized and respected brands in the vacation ownership industry. The brand's reputation for quality and comfort has helped it attract and retain a large customer base. Additionally, being a part of the Marriott International, one of the world's leading hotel companies, the Vacation club brand allows Marriott Vacations Worldwide to leverage the Marriott brand and provides it with access to a vast network of properties.

The combination of these two brands, along with the rest of their portfolio, place VAC as top of mind in the vacation ownership industry, allowing them to continue to grow and increase their stock price steadily. We believe that this growth will continue to compound over the next five years, above market expectations.

Investment Thesis 2 – "About" by Marriott Vacations creates Technological Synergies

According to their FY2021 report, VAC emphasizes technological integration within its whole operation "to drive cost efficiencies, grow online package sales, enable self-service bookings, make real-time offerings to enhance the overall customer experience." The firm continues to improve their technological capabilities to improve their marketing strategies and automate internal transaction processes. In fact, during the third quarter of 2022, the company rolled out Abound by Marriott Vacations, a digital platform that unifies Marriott branded vacation ownership products by offering customers access to 2,000 + unique vacation homes, experiences, and hotels. This allows VAC to have a centralized, digital hub to drive engagement and growth in the upcoming periods. VAC's constant desire for innovation and technological adoption improves their customer experience, facilitating sales processes and creating cost efficiencies. This lays a positive foundation for VAC to continue building its technological capacities and adapt to the changing needs of its consumers. As they continue to seize this opportunity and create a global network, VAC will acquire a strong synergy among portfolio brands, strengthening market leadership. This is expected to outperform competitors and market outlooks.

Management Team

Marriott Vacation Worldwide's management team boasts a strong combination of tenure and expertise in the hospitality industry. The team's extensive experience has been critical in driving the company's success and growth over the years. With a deep understanding of the industry and a commitment to delivering exceptional experiences to guests, Marriott Vacation Worldwide's management team has effectively navigated challenges and capitalized on opportunities. The team's ability to develop and execute strategic initiatives has been a key factor in the company's continued success, as well as its ability to create value for its shareholders. The stability and expertise of Marriott Vacation Worldwide's management team has not only been a key driver of the company's performance, but it has also been a major factor in the stock price's upward trajectory. With a strong management team at the helm, investors can feel confident in the company's ability to continue delivering strong results for years to come. Furthermore, their compensation structure is slightly below industry average, signalling a decreased cost and a positive company culture which incentivizes long term growth.

Stephen P. Weisz – Former Chief Executive Officer

Stephen P. Weisz is a seasoned executive with over 20 years of experience in the vacation home ownership industry. He served as the President and CEO of VAC since 2011 and retire on January 1, 2023. Mr. Weisz began his career in the industry as a sales consultant for a timeshare company, where he quickly rose through the ranks to become a sales manager. He then joined VAC as a regional sales manager, and over the years, worked his way up to the position of President and CEO. During his tenure, Stephen P. Weisz was paid a total compensation of $13.3 million, receiving 75% from stock options and equity. Under Mr. Weisz's leadership, VAC has grown to become one of the largest and most successful vacation home ownership companies in the industry. He has a proven track record of success in sales, marketing, and operations, and is known for his ability to drive revenue growth and profitability. He is also a member of the National Timeshare Owners Association and the American Resort Development Association.

John E. Geller Jr. – Chief Executive Officer and President

John E. Geller Jr. is a highly accomplished executive with over 25 years of experience in the vacation home ownership industry. He currently serves as the President of VAC and was appointed the new CEO of VAC, replacing Stephen P. Weisz. John began his career in the industry as a financial analyst for a large resort company. He then joined VAC as a financial analyst, and over the years, worked his way up to the position of President. As President of VAC, he is responsible for the overall strategic direction and leadership of the company. He works closely with the senior management team to develop and implement plans to drive revenue growth, profitability, and customer satisfaction. John is paid a total compensation of $5.3 million, receiving stock and equity options as a large part of the total compensation.

William J. Shaw – the Chairman of our Board of Directors

William J. Shaw is a seasoned executive with over 30 years of experience in the vacation home ownership industry. He currently serves as the Chairman of the Board of Directors for VAC, a leading vacation home ownership company. William joined VAC as the Chairman of the Board of Directors, where he is responsible for providing strategic guidance and oversight to the company's management team. He works closely with the CEO and other members of the board to set the company's strategic direction and ensure that it is aligned with the long-term goals of the company. He is also responsible for ensuring that the company's management team is accountable to the board and the shareholders.

Anthony Terry – Executive Vice President and Chief Financial Officer

Anthony Terry is an executive with over 20 years of experience in the vacation home ownership industry. He currently serves as the Executive Vice President and Chief Financial Officer (CFO) of VAC. Terry began his career in finance, working as a financial analyst for a large resort company. He then joined VAC as a financial analyst, and over the years, worked his way up to the position of Executive Vice President and CFO. As CFO, Terry is responsible for the financial operations of VAC, including financial planning and analysis, accounting, treasury, and tax. He also works closely with the senior management team and board of directors to develop and implement financial strategies that support the company's growth and profitability. His total compensation is paid $1.6 in total compensation, receiving more than 50% of it from equity options.

Compensation Structure

Marriott Vacations Worldwide's executive compensation structure signals an alignment between executive compensation and company performance, establishing a clear incentive for executives to prioritize positive results. It portrays security and trust in management to create positive annual results, as they will adequately rewarded. Additionally, John Geller's compensation, as the new CEO, is below market average for companies of a similar size (as VAC). This shows a level of employee loyalty and ambition to stay with the firm long term, developing tenure and growth.

Shareholder Base, Liquidity, Market Depth

Shareholder Base

Marriott Vacations Worldwide has 39.5 million shares outstanding of common stock with little to no insider trading. Its shareholder base is concentrated, with 10 holders occupying around 51% of the shares outstanding. In fact, 68% of the shares outstanding is owned by smaller institutions. It is notable that the two largest shareholders are The Vanguard Group, Inc and Blackrock, Inc, with 9.05% and 8.57% respectively. This is a positive sign, as large amounts of the VAC stock are held by numerous institutions that believe in the growth of VAC, within the vacation ownership industry.

Top Institutional Shareholders

Shareholder	Shares Held	Shares Outstanding	Last Filing Date
(Name)	(mm)	(%)	(Date)
The Vanguard Group, Inc.	3.47	9.05	Sep-30-2022
Blackrock, Inc.	3.28	8.57	Sep-30-2022
Baron Capital Group, Inc.	2.73	7.13	Sep-30-2022
Senvest Management, LLC	2.28	5.96	Sep-30-2022
Principal Global Investors, LLC	1.87	4.87	Sep-30-2022
Dimensional Fund Advisors LP	1.23	3.21	Sep-30-2021
JWM Family Enterprises, LP	1.08	2.83	Sep-30-2022
State Street Global Advisors, Inc.	1.07	2.78	Sep-30-2022
T. Rowe Price Group, Inc.	1.06	2.77	Sep-30-2022
Thomas Point Ventures, L.P.	0.92	2.40	Sep-30-2022
Institutional Ownership	**18.07**	**50.46**	

Source: CapIQ

Liquidity

Marriott Worldwide Vacation has an average trading volume of 416,032 with an average price of $141.76. This implies that the amount of money exchanged trading the VAC stock was around $58.9 million, in comparison to its market capitalization of $5.77 billion. Furthermore, a downward trend can be observed in the months of highest demand for vacations (summer and winter), portraying a cyclical pattern in the stock's liquidity. This is bolstered by the declaration of dividends, during these months and demonstrates a medium level of liquidity. Nevertheless, the top 25 institutional holders own around 68% of the shares which could potentially lead to risks involving a large sell.

Valuation

Discounted Cash Flow Assumptions

Revenues

As the world moves towards a post-pandemic economy, we expect VAC to continue in a growth trend with the vacation ownership industry. However, it will slow down by FY2024 as tourism demands go back to normal. Therefore, VAC has been projected to increase revenue growth steadily at 10% rate until the year FY2024, where it slows down to 5%. This will allow it to recover from the negative profits in FY2020 and generate a positive trend.

Historically, VAC has grown at a higher rate of 30% - 50% annually (from FY2017 to FY2019), accumulating more than $4.4 billion in revenues. During the FY2020, VAC's revenue decreased approximately 34% generating a revenue of $2.8 billion and negative profits. Thus, the conservative growth rate used reflects an expected decrease in home ownership demand and a slow economic downturn, creating less inventory and timeshares available for VAC's expansion. This metrics forecasts a recovery of FY2019 revenues by FY2022 and a steady growth till FY2027, assuming no negative economic fall.

Costs

Marriott Vacations Worldwide's two largest costs are derived from project development (COGS) and operating resorts (OPEX). These include maintenance, cleaning, marketing, cost of inventory, insurance, and management salaries. Historically, both OPEX and COGS has ranged from a 30% to 45%, as a percentage of revenues since FY2017. Thus, they were projected at an average rate of 35% of revenues to account for any revenue change in the coming years. On the other hand, SG&A costs historically ranged from 8% to 9% of revenues and were forecasted at an average rate of 9%. This can rate is higher to account for potential regulations and new legislations. Overall, costs have been forecasted at a constant rate as no major economic activity is expected to increase costs significantly. Despite future synergies and cost-savings, VAC is expected to continue reinvesting new capital and expanding within the industry, so no major cost saving is projected.

Effective Tax Rate

The effective tax rate used for VAC's operation is 34.9%, reflecting that income earned and reinvested outside the U.S. is generally taxed at local rates that can be lower than U.S. tax rates or based on a different tax base than U.S. jurisdictions, as well as our ability to carry forward losses in certain jurisdictions from prior years to offset future profits. Changes to U.S.

or international tax laws, regulations or interpretations could impact the tax treatment of our earnings and adversely affect VAC's profitability.

Weighted Average Cost of Capital

We calculated a WACC of 11.4% for Marriott Vacations Worldwide using data provided by Bloomberg. Our cost of equity was calculated to be 14.8%, derived from a risk-free rate of 3.8%, an expected market return of 9%, and a beta of 2.1. The cost of debt, on the other hand, was calculated to be 10.3% with an effective tax rate of 34.9%, a pre-tax cost of debt of 10.3%, and a market risk premium of 5.3%. Therefore, leading up to a WACC of 11.4%.

Perpetuity Growth Rate

The perpetuity growth rate used for the DCF valuation is 3% to account for inflation rates. Compared to current inflation, this is a conservative growth rate as the market predicts a 6% inflation rate due to the current climate. Nevertheless, this lower rate is used to acknowledge the economic recovery of inflation and its recovery.

Comparable Company Analysis

For the comparable company analysis, a set of 6 vacation ownership firms with similar market capitalization and business structures was used. They all operate in the vacation ownership industry, but they specialize in different regions of the world and target various customer segments. The market capitalization ranged from $1 billion - $9 billion dollars.

1. Hilton Grand Vacation (NYSE: HGV)

Hilton Grand Vacations Inc. (NYSE: HGV) specializes in the timeshare and vacation ownership industry. The company's *market capitalization is $3.3 billion*. HGV operates as a subsidiary of Hilton Worldwide Holdings Inc., and manages a diverse portfolio of properties, which includes over 270 vacation ownership resorts located in highly desirable vacation destinations, such as the U.S., Europe, and Asia. HGV's business includes the sale, marketing, and management of vacation ownership intervals, as well as the management of resort properties. The company also offers exchange, rental, and other related services to its vacation ownership owners.

2. Wyndham Worldwide (NYSE: WH)

Wyndham Worldwide Corporation (NYSE: WH) specializes in the hospitality and vacation ownership industry. The company's *market capitalization is around $4.5 billion*. Wyndham Worldwide operates as a parent company for several well-known hospitality brands, including Wyndham Hotels and Resorts, Wyndham Vacation Clubs, and RCI. Wyndham Worldwide is one of the largest vacation ownership companies in the world, with more than 200 vacation ownership resorts across the United States, Canada, Mexico, the Caribbean, Central America, and the South Pacific. As of 2021, Wyndham Worldwide had approximately 925,000 owner families in its vacation ownership business.

3. Travel + Leisure Co. (NYSE: TNL)

SkyWest, Inc is a regional airline in the United States, offering approximately 1,700 daily flights all throughout North America. In terms of fleet size, number of passengers, and destinations offered, SkyWest is considered one of the largest regional airlines in the US. They operate a fleet of more than 600 aircrafts and have a *market capitalization of $2 billion dollars*

4. Choice Hotels International Inc (NYSE: CHH)

Travel + Leisure Co. (NYSE: TNL) specializes in the travel and leisure industry. The company was formed in 2021 as a result of the merger of Wyndham Destinations (previously known as Wyndham Worldwide) and Travel + Leisure Co. The *company's market capitalization is $4.5 billion.* Travel + Leisure Co operates as a parent company for several well-known travel and leisure brands, including Wyndham Hotels and Resorts, Wyndham Vacation Clubs, RCI, and Travel + Leisure magazine. As of 2021, Travel + Leisure Co has a diverse portfolio of properties, which includes over 270 vacation ownership resorts located in highly desirable vacation destinations, such as the U.S., Europe, and Asia. However, the number of timeshares the company has, is not publicly disclosed, as it is part of the company's internal information.

5. Hyatt Hotels Corporation (NYSE: H)

Hyatt Hotels Corporation (NYSE: H specializes in the hotel and hospitality industry. The company's market capitalization as of 2021 is around $9 billion. Hyatt Hotels operates as a parent company for several well-known hotel brands, including Park Hyatt, Andaz, Grand Hyatt, Hyatt Regency, Hyatt Place, and Hyatt House. Hyatt Hotels is a global company with properties located in more than 60 countries. The company's portfolio includes luxury and upscale hotels, as well as select service and extended stay properties.

Source: CapIQ

Weighted Price Target

Our target price for Marriott Vacations Worldwide (NYSE: VAC) is $183.65 derived from our perpetuity growth rate method and EV/EBITDA exit multiple from our DCF valuation and the P/E and EV/EBITDA from the comparable company analysis. We placed an equal weighting on both the DCF and CCA valuation, portraying an equal importance on both the external and internal environment. From the comparable company analysis, it is evident that VAC trades at multiple slightly lower than its competitors. The mean P/E and EV/EBITDA multiple was 19.6x and 12.4x, compared to VAC’s 10.2x and 15.1x respectively. This shows positive signs of the stock being undervalued by the market. Despite the growing recession fears, we expect these multiples to maintain its trend and slowly match its competitors, over the next 5 years. We work under the assumption that no significant economic activity will disrupt the vacation ownership industry or decrease consumer spending.

From the DCF valuation, we observe a strong internal value from VAC. They rely on operations to generate strong cash flows and have been successful in expanding their portfolio of properties, over the last 5 years. They also exhibit strong, historical patterns of growth, positioning them in as a leader in the homeownership industry. This is shown the DCF’s implied share price of $187.82 and a comparable company valuation of $179.48. The combination of these two methods with a 50/50 weighting yields a target price of $183.65, representing an upside of 36.9%.

Recommendation

BUY

Benjamin Siem | contact@westpeakresearch.com

From our analysis, we believe Marriott Vacations Worldwide is undervalued at its current price of $134.11. VAC is currently trading at a discount due to previous pandemics and slow tourism traffic. As we move towards a post-pandemic world, VAC is well positioned to create substantial growth within the vacation home ownership industry due to its robust portfolio of exclusive brands, the increased demand for travel, and its technological synergies. They are forecasted a rapid growth as they look to expand and increase brand awareness worldwide. This is heavily backed by their historical and forecasted growth.

Taking this into consideration, we recommend a BUY rating on the Marriott Vacations Worldwide Corporation with a target price of $183.65 and an upside of 36.9%. We arrived at our implied price using the following weightings:

- A 25% weighting on the Perpetuity growth DCF approach returns an implied share price of $186.86.
- A 25% weighting on the EV/EBITDA Exit Multiple DCF approach returns an implied share price of $188.78.
- A 25% weighting on the 2022E EV/EBITDA Implied Share Price method using Comparable Company Analysis, returning a share price of $185.14.
- A 25% weighting on the 2022E P/E Implied Share Price method using a Comparable Company Analysis, returning US$173.82.

Using the above weighting, we have arrived at a target price of US$183.65, representing an implied upside of 36.9%. We initiate an Outperform – Buy rating on Marriot Vacations Worldwide (NYSE: VAC).

Risks

Changing Consumer Preferences

One major risk is the changing consumer preferences towards more flexible and customizable vacation options. Traditional timeshare models, where owners are locked into a specific property or week, are becoming less attractive to consumers who want more flexibility and choice in their vacation options. This has led to a decline in the traditional timeshare market and an increase in the popularity of points-based vacation ownership models, where owners can exchange their timeshare for stays at other properties or vacation experiences.

Overreliance on Travel Industry

The vacation home ownership industry relies on the travel industry to supply its customers and generate revenues. If the travel industry experiences a decline, it can have a significant negative impact on the company's financial performance. Furthermore, other factors such as natural disasters, consumer confidence, and limited availability also deter customers from traveling. This diminishes VAC'S success and business health, creating risk within the business operations as they rely in one key driver.

Economic Downturn

An economic downturn can negatively impact Marriott Vacations Worldwide by creating a decrease in consumer spending, which can result in fewer people traveling and staying at hotels. This can lead to a decrease in revenue for Marriott Vacations Worldwide. Additionally, an economic downturn can lead to an increase in competition as more hotels and vacation rental properties may be available at discounted rates, making it more difficult for Marriott Vacations Worldwide to fill their properties. Furthermore, if the downturn is severe, it can lead to a decrease in property values, which can impact the company's financial position.

Extensive Regulations

Marriott Vacations Worldwide is subject to a wide range of regulations, both in the U.S. and internationally, that can create significant risks for the company. These range from health and safety, labor laws, data privacy, environmental regulations, international jurisdictions, tax laws, and more. Complying with these regulations can be costly, time-consuming, and burdensome for the company, and non-compliance can result in significant financial and reputational risks. However, failing to comply to these regulations may cause a site to shut down, hurting the company as a whole.

Appendix 1: Summary Page

Summary Page

	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
(Figures in mm USD)	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**Q1-2022**	**Q2-2022**	**Q3-2022**	**Q4-2022**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
Income Statement															
Revenue	1,951.9	2,968.0	4,355.0	2,886.0	3,890.0	1,052.0	1,164.0	1,252.0	1,346.2	4,814.2	5,500.7	5,876.4	6,280.9	6,716.7	7,186.4
EBITDA	231.3	329.0	599.0	25.0	596.0	174.0	239.0	273.0	282.7	968.7	1,155.1	1,234.0	1,319.0	1,410.5	1,509.1
Net Income	226.8	52.0	142.0	(256.0)	53.0	58.0	135.0	110.0	114.0	378.0	487.5	546.5	613.3	683.1	756.3
Earnings Per Share	$ 8.19	$ 1.53	$ 3.19	$ (6.20)	$ 1.22	$ 1.21	$ 2.90	$ 2.53	$ 2.63	$ 8.34	$ 11.23	$ 12.59	$ 14.13	$ 15.74	$ 17.43
Cash Flow Statement															
Capital Expenditures	(26.3)	(40.0)	(46.0)	(41.0)	(47.0)	(9.0)	(61.0)	34.0	(28.4)	(64.4)	(49.5)	(46.0)	(40.6)	(35.9)	(31.7)
Acquisitions	(12.1)	(14.0)	(6.0)	(6.0)	(14.0)	(4.0)	(7.0)	(3.0)	-	-	-	-	-	-	-
Dividend Payment	400.3	539.0	1,026.0	690.0	957.0	102.0	375.0	132.0	234.4	230.2	260.4	260.4	260.4	260.4	260.4
Dividend Per Share	$ 0.35	$ 0.40	$ 0.45	$ 0.54	$ 0.54	$ 0.54	$ 0.54	$ 0.54	$ 0.54	$ 0.54	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.60
Dividend Payout to Earnings	-176.5%	-1036.5%	-722.5%	269.5%	-1805.7%	-175.9%	-277.8%	-120.0%	-205.6%	-60.9%	-53.4%	-47.6%	-42.5%	-38.1%	-34.4%
Dividend Payout to Core FCF	-139.8%	-167.4%	-177.2%	-396.6%	-194.9%	-63.8%	-152.4%	-57.9%	-123.5%	-37.9%	-37.1%	-34.9%	-33.0%	-31.1%	-29.1%
Dividend Yield	0.5%	0.3%	0.4%	0.5%	0.6%	0.5%	0.4%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%
Balance Sheet															
Current Assets	1,533.8	2,093.0	2,311.0	2,498.0	2,289.0	2,191.0	2,056.0	1,918.0	2,248.1	2,248.1	3,093.6	3,815.9	4,767.0	5,792.7	6,905.2
Non-Current Assets	1,372.4	6,925.0	6,903.0	6,400.0	7,324.0	7,312.0	7,284.0	7,319.0	7,300.1	7,300.1	7,102.5	6,995.2	6,900.5	6,816.8	6,742.8
Assets	2,906.2	9,018.0	9,214.0	8,898.0	9,613.0	9,503.0	9,340.0	9,237.0	9,548.2	9,548.2	10,196.1	10,811.1	11,667.5	12,609.5	13,648.0
Current Liabilities	675.2	1,416.0	1,796.0	1,674.0	1,790.0	1,816.0	1,658.0	1,677.0	1,856.8	1,856.8	2,021.0	1,965.5	2,036.4	2,112.8	2,195.1
Non-Current Liabilities	1,185.9	4,136.0	4,387.0	4,542.0	4,837.0	4,863.0	4,936.0	4,932.0	4,932.0	4,932.0	4,932.0	4,932.0	4,932.0	4,932.0	4,932.0
Liabilities	1,861.2	5,552.0	6,183.0	6,216.0	6,627.0	6,679.0	6,594.0	6,609.0	6,788.8	6,788.8	6,953.0	6,897.5	6,968.4	7,044.8	7,127.1
Shareholders' Equity	1,045.0	3,461.0	3,019.0	2,651.0	2,976.0	2,814.0	2,745.0	2,626.0	2,757.4	2,757.4	3,241.0	3,911.6	4,697.1	5,562.7	6,519.0
Cash	490.6	614.0	701.0	992.0	803.0	650.0	606.0	543.0	555.4	555.4	1,216.3	2,011.2	2,869.7	3,795.6	4,800.5
Debt															
Net Debt	(490.6)	(614.0)	(701.0)	(992.0)	(803.0)	(650.0)	(606.0)	(543.0)	(555.4)	(555.4)	(1,216.3)	(2,011.2)	(2,869.7)	(3,795.6)	(4,800.5)
Minority Interests	-	5.0	12.0	31.0	10.0	10.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Debt/EBITDA	n/a	n/a	n/a	n/a	n/a					n/a	n/a	n/a	n/a	n/a	n/a
Operating Metrics															
Return on Equity (ROE)	21.7%	1.5%	4.7%	-9.5%	1.8%					13.7%	15.0%	14.0%	13.1%	12.3%	11.6%
Return on Assets (ROA)	7.8%	0.6%	1.5%	-2.9%	0.6%					4.0%	4.8%	5.1%	5.3%	5.4%	5.5%
Valuation Metrics															
Stock Price (High)	$ 84.85	$ 152.33	$ 152.33	$ 128.76	$ 137.22	$ 117.45	$ 132.22	$ 140.23	$ 134.11	$ 140.23	$ 134.11	$ 134.11	$ 134.11	$ 134.11	$ 134.11
Stock Price (Low)	$ 49.39	$ 86.48	$ 70.51	$ 88.54	$ 55.58	$ 90.12	$ 112.30	$ 120.25	$ 134.11	$ 90.12	$ 134.11	$ 134.11	$ 134.11	$ 134.11	$ 134.11
Stock Price (Average)	$ 67.12	$ 119.41	$ 111.42	$ 108.65	$ 96.40	$ 103.79	$ 122.26	$ 130.24	$ 134.11	$ 115.18	$ 134.11	$ 134.11	$ 134.11	$ 134.11	$ 134.11
Diluted Shares Outstanding (Average)	27.7	34.0	44.5	41.3	43.3	47.9	46.5	43.4	43.4	45.3	43.4	43.4	43.4	43.4	43.4
Market Capitalization (Average)	1,859.2	4,059.8	4,958.2	4,487.2	4,174.1	4,971.3	5,685.1	5,652.4	5,820.4	5,217.4	5,820.4	5,820.4	5,820.4	5,820.4	5,820.4
Enterprise Value (Average)	1,368.6	3,450.8	4,269.2	3,526.2	3,381.1	4,331.3	5,080.1	5,111.4	5,266.9	4,664.0	4,606.0	3,811.2	2,952.7	2,026.8	1,021.8
P/E	8.2 x	78.1 x	34.9 x	n/a	78.8 x	85.7 x	42.1 x	51.4 x	51.1 x	13.8 x	11.9 x	10.7 x	9.5 x	8.5 x	7.7 x
EV/EBITDA	5.9 x	10.5 x	7.1 x	141.0 x	5.7 x	24.9 x	21.3 x	18.7 x	18.6 x	4.8 x	4.0 x	3.1 x	2.2 x	1.4 x	0.7 x
FCF Yield to Market Capitalization	4.7%	1.3%	6.4%	5.2%	9.0%	2.2%	0.7%	2.2%	1.4%	11.1%	14.9%	17.1%	18.1%	19.2%	20.5%
FCF Yield to Enterprise Value	6.4%	1.5%	7.5%	6.6%	11.1%	2.6%	0.8%	2.4%	1.6%	12.4%	18.8%	26.2%	35.8%	55.2%	116.9%
Free Cash Flow															
EBIT	231.3	267.0	458.0	(98.0)	450.0	141.0	207.0	240.0	235.4	823.4	990.0	1,080.8	1,183.6	1,290.9	1,403.5
Tax Expense	0.9	(51.0)	(83.0)	84.0	(74.0)	(32.0)	(43.0)	(83.8)	(82.1)	(287.4)	(345.5)	(377.2)	(413.1)	(450.5)	(489.8)
D&A	-	62.0	141.0	123.0	146.0	33.0	32.0	33.0	47.3	145.3	165.1	153.2	135.4	119.6	105.6
Capital Expenditures	(26.3)	(40.0)	(46.0)	(41.0)	(47.0)	(9.0)	(61.0)	34.0	(28.4)	(64.4)	(49.5)	(46.0)	(40.6)	(35.9)	(31.7)
Changes in NWC	(117.8)	(185.0)	(151.0)	166.0	(101.0)	(22.0)	(96.0)	(100.0)	(90.1)	(39.1)	107.3	187.1	191.0	194.9	206.4
Unlevered Free Cash Flow	88.0	53.0	319.0	234.0	374.0	111.0	39.0	123.2	82.1	577.9	867.4	997.9	1,056.3	1,119.0	1,194.0

Valuation Summary

Current Price	**$ 134.11**
Target Price	$ 183.65
Total Return	36.9%
Recommendation	**BUY**

DCF Valuation	
Perpetuity Growth Implied Price	$ 186.86
Exit Multiple Implied Price	$ 188.78
Comps Valuation	
Comps - EV/EBITDA Implied Price	$ 185.14
Comps - P/E Implied Price	$ 173.82

Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
(Figures in mm USD)	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**Q1-2022**	**Q2-2022**	**Q3-2022**	**Q4-2022**	**FY2022**	**Q1-2023**	**Q2-2023**	**Q3-2023**	**Q4-2023**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
Free Cash Flow																			
EBIT	231.3	267.0	458.0	(98.0)	450.0	141.0	207.0	240.0	235.4	823.4	202.8	239.0	262.6	285.7	990.0	1,080.8	1,183.6	1,290.9	1,403.5
Less: Tax expense	0.9	(51.0)	(83.0)	84.0	(74.0)	(32.0)	(43.0)	(83.8)	(82.1)	(287.4)	(70.8)	(83.4)	(91.6)	(99.7)	(345.5)	(377.2)	(413.1)	(450.5)	(489.8)
Add: Depreciation and amortization	-	62.0	141.0	123.0	146.0	33.0	32.0	33.0	47.3	145.3	43.1	41.9	40.6	39.5	165.1	153.2	135.4	119.6	105.6
Less: Capital expenditures	(26.3)	(40.0)	(46.0)	(41.0)	(47.0)	(9.0)	(61.0)	34.0	(28.4)	(64.4)	(12.9)	(12.6)	(12.2)	(11.8)	(49.5)	(46.0)	(40.6)	(35.9)	(31.7)
Less: Change in net working capital	(117.8)	(185.0)	(151.0)	166.0	(101.0)	(22.0)	(96.0)	(100.0)	(90.1)	(39.1)	(261.2)	162.7	103.9	102.0	107.3	187.1	191.0	194.9	206.4
Unlevered Free Cash Flow	**88.0**	**53.0**	**319.0**	**234.0**	**374.0**	**111.0**	**39.0**	**123.2**	**82.1**	**577.9**	**(99.1)**	**347.6**	**303.3**	**315.6**	**867.4**	**997.9**	**1,056.3**	**1,119.0**	**1,194.0**
Discount factor						-	-	0.25	0.50	0.50	0.75	1.00	1.25	1.50	1.50	2.50	3.50	4.50	5.50
Present Value of Unlevered Free Cash Flow						**-**	**-**	**120.0**	**77.8**	**197.8**	**(91.5)**	**312.5**	**265.5**	**269.0**	**755.6**	**764.8**	**727.8**	**693.2**	**664.9**

WACC Calculations

Cost of Equity	
Risk-free rate	3.8%
Expected market return	9.0%
Market Risk Premium	**5.3%**
Beta	2.10
Cost of Equity	**14.8%**

Cost of Debt	
Pre-tax cost of debt	10.3%
Effective tax rate	34.9%
Cost of Debt	**6.7%**

WACC	
Market value of equity	5,820.4
Market value of debt	4,558.0
Total Capitalization	**10,378.4**
Cost of equity	14.8%
Cost of debt	6.7%
WACC	**11.2%**

Discounted Cash Flow Valuations

Perpetuity Growth Method	
Perpetuity Growth Rate	**3.0%**
PV sum of unlevered FCF	3,804.0
Terminal value	8,320.8
Enterprise Value	**12,124.9**
Add: Cash	543.0
Less: Debt	4,558.0
Less: Other EV adjustments	
Equity Value	**8,109.9**
Shares outstanding	43.4
Implied Share Price	**$ 186.86**

Current Price	$ 134.11
Implied Price	**$ 186.86**
Total Return	**39.3%**

Exit Multiple Method	
Terminal EV/EBITDA Multiple	**10.0 x**
PV sum of unlevered FCF	3,804.0
Terminal value	8404.038
Enterprise Value	**12,208.1**
Add: Cash	543.0
Less: Debt	4,558.0
Less: Other EV adjustments	-
Equity Value	**8,193.1**
Shares outstanding	43.4
Implied Share Price	**$ 188.78**

Current Price	$ 134.11
Implied Price	**$ 188.78**
Total Return	**40.8%**

Perpetuity Growth Rate \ WACC	12.40%	11.90%	11.40%	10.90%	10.40%
2.00%	$ 134.11	$ 146.19	$ 159.58	$ 174.48	$ 191.17
2.50%	$ 126.94	$ 138.14	$ 150.48	$ 164.16	$ 179.38
3.00%	$ 126.94	$ 138.14	$ 150.48	$ 164.16	$ 179.38
3.50%	$ 134.11	$ 146.19	$ 159.58	$ 174.48	$ 191.17
4.00%	$ 150.74	$ 165.02	$ 181.01	$ 199.04	$ 219.52

Terminal EV/EBITDA Multiple \ WACC	12.40%	11.90%	11.40%	10.90%	10.40%
8.0 x	$ 138.50	$ 143.35	$ 148.33	$ 153.46	$ 158.73
9.0 x	$ 156.78	$ 162.08	$ 167.54	$ 173.14	$ 178.91
10.0 x	$ 175.06	$ 180.82	$ 186.74	$ 192.83	$ 199.09
11.0 x	$ 193.34	$ 199.56	$ 205.94	$ 212.51	$ 219.27
12.0 x	$ 211.62	$ 218.29	$ 225.15	$ 232.20	$ 239.45

Appendix 3: Comparable Company Analysis

Comparable Company Analysis

(Figures in mm USD)

Company	Ticker	Equity Value	Enterprise Value	2021A EV/EBITDA	2022E EV/EBITDA	2023E EV/EBITDA	2021A P/E	2022E P/E	2023E P/E
				EV/EBITDA Multiple			P/E Multiple		
Hilton Grand Vacation:	(NYSE: HGV)	5,066.7	8,488.7	12.9 x	8.0 x	7.8 x	25.2 x	13.8 x	11.2 x
Wyndham Worldwide	(NYSE: WH)	6,474.2	8,266.2	15.0 x	12.9 x	12.7 x	28.2 x	19.0 x	18.4 x
Travel + Leisure Co.	(NYSE: TNL)	3,156.2	8,413.2	10.9 x	9.8 x	9.2 x	10.9 x	8.7 x	7.6 x
Choice Hotels Internat	(NYSE: CHH)	6,518.3	7,694.5	16.5 x	16.4 x	14.8 x	23.9 x	23.5 x	21.0 x
Hyatt Hotels	(NYSE: H)	10,744.3	13,506.3	201.6 x	15.2 x	13.1 x	(46.9 x)	33.0 x	29.2 x
Marriott Vacations W	**(XCH: TCK)**	**5,820.4**	**9,835.4**	**16.5 x**	**10.2 x**	**8.5 x**	**107.5 x**	**15.1 x**	**11.9 x**
Median					**12.9 x**	**12.7 x**		**19.0 x**	**18.4 x**
Mean					**12.4 x**	**11.5 x**		**19.6 x**	**17.5 x**
High					**16.4 x**	**14.8 x**		**33.0 x**	**29.2 x**
Low					**8.0 x**	**7.8 x**		**8.7 x**	**7.6 x**

	EV/EBITDA Implied Price		P/E Implied Price	
Median	$ 195.19	$ 244.78	$ 168.88	$ 206.94
Mean	**$ 185.14**	**$ 214.30**	**$ 173.82**	**$ 196.37**
High	$ 273.12	$ 301.51	$ 292.63	$ 327.59
Low	$ 85.10	$ 115.70	$ 77.11	$ 85.28

Legal Disclaimer

The content, opinions, estimates, and projections contained in this report are those of WestPeak Research Association (known as “WestPeak” or “WestPeak Research”) and its directors, analysts, and affiliates and are subject to change without notice. The content, opinions, estimates, and projections on this report may not have been updated directly by WestPeak and its directors, analysts, and affiliates and may also have been altered or without your or our knowledge. WestPeak and its directors, analysts, and affiliates, without exception, do not accept any liability for factual, typographical, and grammatical errors, omissions, or content in this report. WestPeak and its directors, analysts, and affiliates do not accept any liability for damages arising from the use of or reliance on any of the content, opinions, estimates, and projections on this report. WestPeak and its directors, analysts, and affiliates endeavor to ensure that the content, opinions, estimates, and projections have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. Information may be available to WestPeak and its directors, analysts, and affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This report is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. WestPeak and its directors, analysts, and affiliates may have a personal long or short position in any of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that WestPeak and its directors, analysts, and affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The reader, by the viewing of and use of the content, opinions, estimates, and projections contained in this report is assumed by WestPeak and its directors, analysts, and affiliates to have fully read, understood, and unconditionally agreed to all the terms and conditions set forth in this legal disclaimer.

Benjamin Siem
Analyst

WestPeak Research Association
contact@westpeakresearch.com