Marriott Vacations Worldwide Corp (VAC)

Updated July 9th, 2025 by Yiannis Zourmpanos

Key Metrics

Current Price:	$80	**5 Year Annual Expected Total Return:**	14.0%	**Market Cap:**	$2.7B
Fair Value Price:	$107	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	09/19/25[1]
% Fair Value:	75%	**5 Year Valuation Multiple Estimate:**	6.0%	**Dividend Payment Date:**	10/03/25[2]
Dividend Yield:	4.0%	**5 Year Price Target**	$137	**Years Of Dividend Growth:**	5
Dividend Risk Score:	D	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Marriott Vacations Worldwide Corporation (VAC) is a leading vacation ownership company headquartered in Orlando, Florida. Originally founded in 1984 and spun off from Marriott International in 2011, VAC operates popular brands like Marriott Vacation Club and The Ritz-Carlton Destination Club, with over 120 resorts globally. The company also owns Interval International, a major vacation exchange network. As of July 2025, VAC holds a market cap of roughly $2.7 billion. Shareholders benefit from a consistent dividend, currently paying $0.79 per share quarterly, about a 3.9% annual yield. VAC combines leisure-focused growth with steady shareholder returns.

On May 7th, 2025, the company announced results for the first quarter of 2025. The company reported Q1 non-GAAP EPS of $1.66, beating analysts' estimates by $0.23.

Marriott Vacations Worldwide kicked off 2025 on a steady note, reporting first-quarter revenues excluding cost reimbursements up 3% and net income of $56 million, translating to diluted earnings per share of $1.46. Adjusted net income fared even better at $65 million, with adjusted EPS reaching $1.66. Consolidated vacation ownership contract sales landed at $420 million, a slight dip compared to last year, largely due to a higher proportion of first-time buyers — a mix shift that may bode well for longer-term growth. Meanwhile, Adjusted EBITDA came in at $192 million, underscoring the company's ongoing focus on profitability and cost discipline.

Despite a softer performance at Interval International, where revenues slid 9% year-over-year, the company reiterated its full-year Adjusted EBITDA outlook, a move that highlights leadership's confidence in its leisure-centric strategy. CEO John Geller struck an optimistic tone, pointing to stronger first-time buyer sales and continued progress on transformation efforts. Notably, Marriott Vacations returned $91 million to shareholders through buybacks and dividends, maintaining its commitment to balanced capital allocation. With ample liquidity of $865 million and a recent $450 million securitization wrapped up, VAC appears well-positioned to navigate the rest of 2025 — even as the vacation ownership market shows mixed signals.

Growth on a Per-Share Basis

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
EPS	--	$4.29	$8.49	$1.61	$3.09	($6.66)	$1.13	$8.76	$6.28	$5.63	***$6.70***	***$8.54***
DPS	--	$1.25	$1.45	$1.65	$1.89	$0.54	$1.08	$2.58	$2.92	$3.07	***$3.16***	***$3.66***
Shares[3]	--	28.4	27.7	34.0	44.5	41.3	43.3	45.2	43.5	42.1	***44.5***	***59.0***

Marriott Vacations Worldwide is positioned for moderate growth over the next five years, driven by steady revenue increases, cost efficiencies, and robust share repurchases. While consolidated contract sales have faced slight pressure from a higher mix of first-time buyers, the company's transformation initiatives and stable segment margins should help offset this. Management's commitment to returning capital, with $91 million returned in Q1 alone, also supports EPS growth. We expect the company to post EPS of $6.70 in 2025, which is the midpoint of analysts' estimates. Also, we

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[1] Estimated ex-dividend date.

[2] Estimated ex-dividend date.

[3] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

expect annual EPS growth of 5.0% over the next five years, leading to our estimated EPS of $8.54 by 2030. Moreover, the company has a growing record of paying dividends despite operating in a competitive healthcare sector, the company has paid an increasing dividend for the past 3 years. Thus, we expect the company to maintain its dividend growth and have forecasted a dividend CAGR of 3.0%, leading to a dividend of $3.66 in 2030.

Valuation Analysis

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Now	2025
Avg. P/E	--	20.4	13.5	67.5	41.5	-14.4	140.2	17.3	26.3	30.7	***11.9***	***16.0***
Avg. Yld.	--	1.4%	1.3%	1.5%	1.5%	0.6%	0.7%	1.7%	1.8%	1.8%	***4.0%***	***2.7%***

The stock trades at a forward P/E of 11.9, lower than the long-term average P/E of 38.1. We assign a P/E of 16.0 to the stock matching the sector's median which we feel is a fair reflection of its value. Accordingly, with an EPS of $8.54 and P/E target of 16.0, our target price for the stock stands at $137 by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

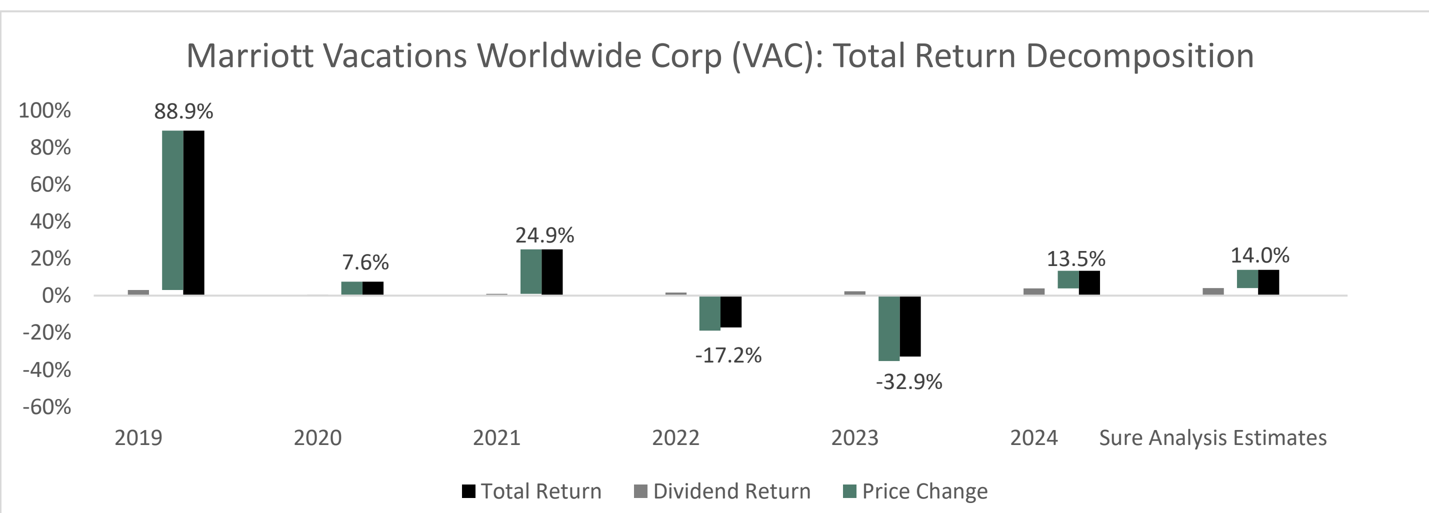
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2025
Payout	56%	53%	58%	69%	67%	59%	86%	127%	61%	62%	***47%***	***43%***

Marriott Vacations holds a clear competitive edge through its strong brand partnerships with Marriott and Hyatt, offering trusted vacation ownership that builds loyalty. Historically, the timeshare model showed surprising resilience during the Great Recession, supported by prepaid owner fees and long-term contracts, though sales volumes did dip. During other downturns, like travel slowdowns or oil shocks, VAC's annuity-like revenue from management fees cushioned volatility. Its balance sheet shows $3 billion in corporate debt, but healthy liquidity of $865 million and decent interest coverage via stable EBITDA. The payout ratio, while returning $91 million to shareholders, remains prudent, balancing dividends and buybacks without overstretching cash flows.

Final Thoughts & Recommendation

Marriott Vacations Worldwide's competitive advantage lies in its strong brand affiliations and loyal owner base, driving repeat business even during downturns. During the Great Recession, prepaid fees and long-term contracts helped soften revenue declines. Similar resilience appeared through travel slumps and oil shocks. Therefore, our hold rating is premised upon the 14.0% annualized total returns for the long-term, derived from the forecasted earnings-per-share growth of 5.0%, the 4.0% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,811	2,000	2,183	2,968	4,259	2,886	3,890	4,656	4,727	4,967
Gross Profit	681	654	765	1,100	1,701	696	1,453	1,985	1,818	1,855
Gross Margin	37.6%	32.7%	35.0%	37.1%	39.9%	24.1%	37.4%	42.6%	38.5%	37.3%
SG&A Exp.	437	434	494	725	996	540	844	1,056	1,096	1,162
D&A Exp.	22	21	21	62	141	123	146	132	135	146
Operating Profit	244	199	250	313	564	33	463	797	587	547
Operating Margin	13.5%	10.0%	11.5%	10.5%	13.2%	1.1%	11.9%	17.1%	12.4%	11.0%
Net Profit	123	122	235	55	138	(275)	49	391	254	218
Net Margin	6.8%	6.1%	10.8%	1.9%	3.2%	-9.5%	1.3%	8.4%	5.4%	4.4%
Free Cash Flow	83	106	116	57	336	258	296	457	114	148
Income Tax	84	76	5	51	83	(84)	74	191	146	89

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,400	2,391	2,845	9,018	9,214	8,898	9,613	9,639	9,680	9,808
Cash & Equivalents	177	147	409	231	287	524	342	524	248	197
Accounts Receivable	132	162	92	324	323	276	172	194	265	250
Inventories	669	713	398	863	859	759	719	660	634	735
Goodwill & Int. Ass.			-	3,935	3,919	3,769	4,143	4,028	3,971	3,907
Total Liabilities	1,423	1,484	1,804	5,552	6,183	6,216	6,627	7,141	7,298	7,367
Accounts Payable	139	124	145	301	286	209	265	356	362	343
Long-Term Debt	679	730	1,088	3,801	4,073	4,260	4,404	4,940	4,956	5,026
Shareholder's Equity	976	908	1,041	3,461	3,019	2,651	2,976	2,496	2,382	2,442
LTD/E Ratio	0.70	0.80	1.05	1.10	1.35	1.61	1.48	1.98	2.08	2.06

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.0%	5.1%	9.0%	0.9%	1.5%	-3.0%	0.5%	4.1%	2.6%	2.2%
Return on Equity	11.9%	13.0%	24.1%	2.4%	4.2%	-9.6%	1.7%	14.3%	10.4%	9.0%
ROIC	7.1%	7.4%	12.5%	1.2%	1.9%	-3.9%	0.7%	5.3%	3.4%	2.9%
Shares Out.	--	28.4	27.7	34.0	44.5	41.3	43.3	45.2	43.5	42.1
Revenue/Share	56.29	70.42	78.81	87.29	95.71	69.88	89.84	103.01	108.67	117.98
FCF/Share	2.57	3.73	4.19	1.68	7.55	6.25	6.84	10.11	2.62	3.52

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.