



# Marriott Vacations Worldwide Corp (VAC)

Updated August 9<sup>th</sup>, 2025 by Yiannis Zourmpanos

## Key Metrics

<b>Current Price:</b>	\$71	<b>5 Year CAGR Estimate:</b>	16.9%	<b>Market Cap:</b>	\$2.5 B
<b>Fair Value Price:</b>	\$108	<b>5 Year Growth Estimate:</b>	5.0%	<b>Ex-Dividend Date:</b>	09/19/25 <sup>1</sup>
<b>% Fair Value:</b>	66%	<b>5 Year Valuation Multiple Estimate:</b>	8.7%	<b>Dividend Payment Date:</b>	10/03/25 <sup>2</sup>
<b>Dividend Yield:</b>	4.5%	<b>5 Year Price Target</b>	\$138	<b>Years Of Dividend Growth:</b>	5
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Consumer Discretionary	<b>Rating:</b>	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 August 4<sup>th</sup>, 2025, the company announced results for the second quarter of 2025. The company reported Q2 non-GAAP EPS of \$1.96, beating analysts' estimates by \$0.23.

The company delivered \$445 million in consolidated contract sales, essentially flat from last year, as increased tours offset a dip in volume per guest (VPG). Net income attributable to common stockholders came in at \$69 million, or \$1.77 per diluted share, while adjusted earnings reached \$1.96 per share. Adjusted EBITDA climbed to \$203 million, boosted in part by favorable comparisons to last year's sales reserve adjustment. President and CEO John Geller highlighted strength in first-time buyer sales and reiterated full-year guidance, citing continued consumer prioritization of travel and progress toward \$150–\$200 million in annualized Adjusted EBITDA benefits from the company's modernization program by the end of 2026.

Vacation Ownership segment revenues rose 12% to \$775 million, with segment Adjusted EBITDA up 28% year-over-year, reflecting both operational improvements and prior-year adjustments. Exchange & Third-Party Management revenues declined 10% due to softer Interval International performance, though margins expanded slightly. Marriott Vacations ended the quarter with \$799 million in liquidity, \$3 billion in corporate debt, and \$1 billion in inventory. The company reaffirmed its 2025 guidance, projecting \$1.74–\$1.83 billion in contract sales and \$750–\$780 million in Adjusted EBITDA, underscoring confidence in its growth trajectory despite macroeconomic uncertainties.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	--	\$4.29	\$8.49	\$1.61	\$3.09	(\$6.66)	\$1.13	\$8.76	\$6.28	\$5.63	<b>\$6.74</b>	<b>\$8.60</b>
<b>DPS</b>	--	\$1.25	\$1.45	\$1.65	\$1.89	\$0.54	\$1.08	\$2.58	\$2.92	\$3.07	<b>\$3.16</b>	<b>\$3.66</b>
<b>Shares<sup>3</sup></b>	--	28.4	27.7	34.0	44.5	41.3	43.3	45.2	43.5	42.1	<b>44.5</b>	<b>59.0</b>

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 \$6.74 in 2025, which is the midpoint of analysts' estimates. Also, we

<sup>1</sup> Estimated ex-dividend date.

<sup>2</sup> Estimated ex-dividend date.

<sup>3</sup> Share count is in millions.

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expect annual EPS growth of 5.0% over the next five years, leading to our estimated EPS of \$8.60 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	--	20.4	13.5	67.5	41.5	-14.4	140.2	17.3	26.3	30.7	<b>10.5</b>	<b>16.0</b>
Avg. Yld.	--	1.4%	1.3%	1.5%	1.5%	0.6%	0.7%	1.7%	1.8%	1.8%	<b>4.5%</b>	<b>2.7%</b>

The stock trades at a forward P/E of 10.5, much lower than the long-term average P/E of 38.1. We assign a P/E target 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 \$8.60 and P/E target of 16.0, our target price for the stock stands at \$138 by 2030.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

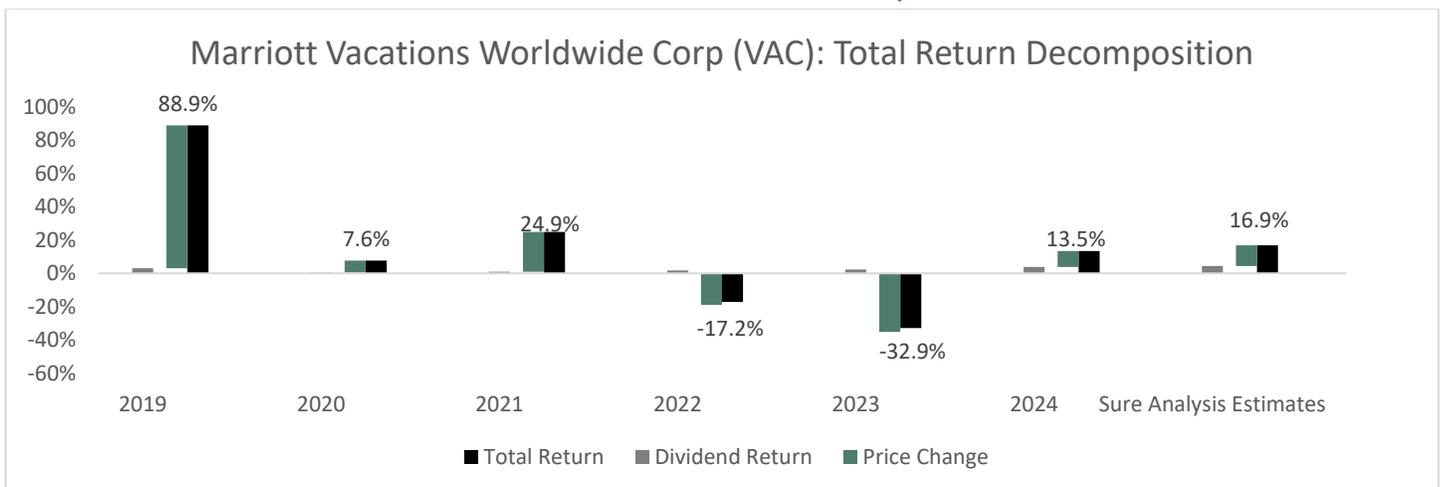
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	56%	53%	58%	69%	67%	59%	86%	127%	61%	62%	<b>47%</b>	<b>43%</b>

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 \$799 million and solid interest coverage supported by stable EBITDA. The payout ratio, while returning \$91 million to shareholders, remains prudent, balancing dividends and buybacks without overstressing cash flows. During Q2, the company repurchased approximately \$50 million of its common stock, reflecting its ongoing commitment to returning capital to shareholders.

## 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 16.9% annualized total returns for the long-term, derived from the forecasted earnings-per-share growth of 5.0%, the 4.5% dividend yield, a valuation tailwind, and a weak dividend risk score.

## Total Return Breakdown by Year



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## Income Statement Metrics

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

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	2,400	2,391	2,845	9,018	9,214	8,898	9,613	9,639	9,680	9,808
<b>Cash &amp; Equivalents</b>	177	147	409	231	287	524	342	524	248	197
<b>Accounts Receivable</b>	132	162	92	324	323	276	172	194	265	250
<b>Inventories</b>	669	713	398	863	859	759	719	660	634	735
<b>Goodwill &amp; Int. Ass.</b>			-	3,935	3,919	3,769	4,143	4,028	3,971	3,907
<b>Total Liabilities</b>	1,423	1,484	1,804	5,552	6,183	6,216	6,627	7,141	7,298	7,367
<b>Accounts Payable</b>	139	124	145	301	286	209	265	356	362	343
<b>Long-Term Debt</b>	679	730	1,088	3,801	4,073	4,260	4,404	4,940	4,956	5,026
<b>Shareholder's Equity</b>	976	908	1,041	3,461	3,019	2,651	2,976	2,496	2,382	2,442
<b>LTD/E Ratio</b>	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
<b>Return on Assets</b>	5.0%	5.1%	9.0%	0.9%	1.5%	-3.0%	0.5%	4.1%	2.6%	2.2%
<b>Return on Equity</b>	11.9%	13.0%	24.1%	2.4%	4.2%	-9.6%	1.7%	14.3%	10.4%	9.0%
<b>ROIC</b>	7.1%	7.4%	12.5%	1.2%	1.9%	-3.9%	0.7%	5.3%	3.4%	2.9%
<b>Shares Out.</b>	--	28.4	27.7	34.0	44.5	41.3	43.3	45.2	43.5	42.1
<b>Revenue/Share</b>	56.29	70.42	78.81	87.29	95.71	69.88	89.84	103.01	108.67	117.98
<b>FCF/Share</b>	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.

### Disclaimer

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