Wyndham Hotels & Resorts, Inc. (WH)

Updated December 27th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$76	**5 Year Annual Expected Total Return:**	13.4%	**Market Cap:**	$5.8 B
Fair Value Price:	$82	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	12/15/2025
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.4%	**Dividend Payment Date:**	12/30/2025
Dividend Yield:	2.2%	**5 Year Price Target**	$132	**Years Of Dividend Growth:**	5
Dividend Risk Score:	A	**Sector:**	Consumer Discretionary	**Rating:**	Buy

Overview & Current Events

Wyndham Hotels & Resorts is the largest hotel franchising company worldwide by the number of franchised properties, with about 8,300 hotels and approximately 855,400 rooms across roughly 100 countries. The company operates a portfolio of 25 brands mainly in the economy and midscale segments, like Super 8, Days Inn, La Quinta, Ramada, and Wyndham. Wyndham's asset-light business model allows it to generate high-margin cash flows through franchise fees while limiting capital expenditure exposure. The company's revenue is driven by franchise royalties, marketing, and reservation fees, with approximately 78% of royalties coming from the U.S. Wyndham generated $1.4 billion in revenues last year.

On October 22nd, 2025, Wyndham Hotels & Resorts posted its Q3 results for the period ending September 30th, 2025. Fee-related and other revenues declined 3% year-over-year to $382 million, reflecting softer RevPAR and lower other franchise fees, partially offset by an 18% increase in ancillary revenues and a 4% expansion in the global system. Global RevPAR fell 5% in constant currency, with U.S. RevPAR down 5% and international RevPAR down 2%. The company added a net 8,700 rooms during the quarter, expanding its system by 4% year-over-year to 855,400 rooms, while its development pipeline grew 4% to a record 257,000 rooms.

Diluted EPS rose 5% year-over-year to $1.36, and adjusted EPS increased 5% to $1.46, supported by share repurchases and disciplined cost management. For FY2025, management now expects adjusted EPS between $4.48 and $4.62 (down from $4.60 to $4.78 previously). We have employed the midpoint of the updated range in our estimates. All past EPS figures are in GAAP as reported.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	---	$1.76	$2.30	$1.62	$1.62	($1.42)	$2.60	$3.91	$3.41	$3.61	***$4.55***	***$7.33***
DPS	---	---	---	$0.75	$1.16	$0.56	$0.88	$1.28	$1.40	$1.52	***$1.64***	***$2.64***
Shares[1]	---	99.8	99.8	99.8	96.6	93.4	93.9	90.8	84.9	80.1	***73.4***	***67.0***

Wyndham Hotels & Resorts has demonstrated consistent earnings growth since its public listing, driven by its asset-light franchising model, international expansion, and rising franchise fee revenue. Following its 2018 spin-off from Wyndham Worldwide, the company benefited from increased efficiency and brand optimization, though EPS dipped in 2019 due to integration costs from the La Quinta acquisition and broader industry headwinds. The most significant setback came in 2020, when the COVID-19 pandemic caused an unprecedented collapse in travel demand, leading to a rare net loss as occupancy rates plummeted and hotel owners struggled with closures.

However, Wyndham's strong franchise model and aggressive cost-cutting efforts enabled a rapid recovery shortly after, as travel demand rebounded and RevPAR improved, lifting EPS back to pre-pandemic levels. By 2022, EPS surged to a record $3.91, powered by higher occupancy rates, new hotel conversions, and continued expansion into international markets. In 2023, earnings pulled back modestly due to inflationary pressures, rising operational costs, and currency

[1] Share count is in millions.

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headwinds affecting international revenue. However, by 2024, EPS recovered to $3.61, backed by continued franchise expansion, improving RevPAR, and disciplined cost control.

We believe the company can keep growing its EPS at 10% per annum moving forward driven by its asset-light model, meaning it collects fees from hotel owners instead of owning properties itself. This keeps costs low while profits stay high since franchise fees are pure margin. Because Wyndham doesn't need to spend much to grow, it can quickly add new hotels and convert existing ones, boosting revenue without notable investments. Share buybacks should also aid EPS growth over time. The dividend was slashed during the COVID-19 pandemic due to the aforementioned challenges, but has since grown every year.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	32.1	32.9	---	25.6	19.5	21.0	21.7	***16.8***	***18.0***
Avg. Yld.	---	---	---	1.4%	2.2%	1.1%	1.3%	1.7%	2.0%	1.9%	***2.2%***	***2.0%***

Wyndham's valuation has gradually normalized after its spin-off, with its P/E ratio starting high at 32.1 in 2018 and 32.9 in 2019 as investors priced in growth potential. Following the pandemic-driven earnings rebound, the P/E declined to 25.6 in 2021 and further to 19.5 in 2022 as strong cash flow made the stock appear cheaper. In recent years, the ratio has stabilized around 21, reflecting steady earnings growth and confidence in its asset-light model. Today, at 16.8x EPS, we believe the stock is undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

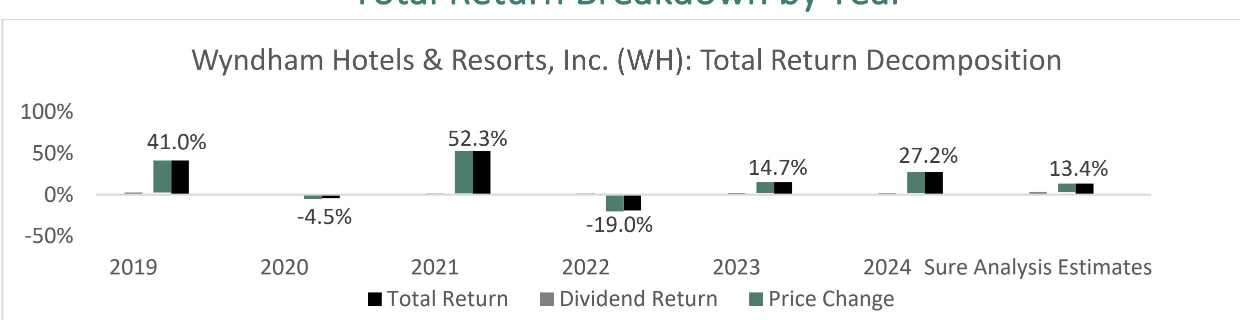
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	46%	72%	---	34%	33%	41%	42%	***36%***	***36%***

Wyndham's most notable advantage is its asset-light franchising model, which allows it to scale quickly without the costs of property ownership. This keeps margins high and cash flow strong, even during downturns, as seen during COVID-19 when franchise fees remained a steady cash flow despite the plunge in earnings. Additionally, its strong brand portfolio and global footprint give it pricing power and a deep pipeline of new hotels, driving long-term growth. While economic slowdowns can impact travel demand, we believe Wyndham's focus on economy and midscale hotels provides a degree of resilience, as budget-friendly options tend to perform well even when travelers cut back on spending. Unless a COVID-like event takes place, we believe Wyndham's is safe.

Final Thoughts & Recommendation

Being the world's largest hotel franchisor while operating an asset-light model makes Wyndham Hotels & Resorts quite an attractive pick in the hospitality space. We believe the company is positioned to benefit from a number of structural advantages, which we forecast will drive EPS growth of 10% per year through 2030. Along with the starting yield and a potential valuation tailwind, we see annualized returns of 13.4% per annum through 2030. We rate Wyndham as a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,301	1,269	1,280	1,868	2,053	1,300	1,565	1,498	1,397	1,408
SG&A Exp.	508	459	461	605	693	535	563	647	699	694
D&A Exp.	67	73	75	99	109	98	95	77	76	71
Op. Income	263	298	297	396	464	208	455	524	515	558
Op. Margin	20.2%	23.5%	23.2%	21.2%	22.6%	16.0%	29.1%	35.0%	36.9%	39.6%
Net Profit	149	176	230	162	157	(132)	244	355	289	289
Net Margin	11.5%	13.9%	18.0%	8.7%	7.6%	-10.2%	15.6%	23.7%	20.7%	20.5%
Free Cash Flow	236	222	232	158	50	34	389	360	339	241
Income Tax	100	118	13	61	50	(26)	91	121	109	79

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets		1,983	2,137	4,976	4,533	4,644	4,269	4,123	4,033	4,223
Cash & Equivalents		28	57	366	94	493	171	161	66	103
Accounts Receivable		184	194	293	304	295	246	234	241	271
Inventories		1,259	1,366	3,534	3,485	3,240	3,200	3,132	3,104	3,073
Total Liabilities		872	875	3,558	3,321	3,681	3,180	3,161	3,287	3,573
Accounts Payable		27	38	61	30	28	31	39	32	37
Long-Term Debt		174	184	2,141	2,122	2,597	2,084	2,077	2,201	2,463
Shareholder's Equity		1,111	1,262	1,418	1,212	963	1,089	962	746	650
LTD/E Ratio		0.16	0.15	1.51	1.75	2.70	1.91	2.16	2.95	3.79

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets			11.2%	4.6%	3.3%	-2.9%	5.5%	8.5%	7.1%	7.0%
Return on Equity			19.4%	12.1%	11.9%	-12.1%	23.8%	34.6%	33.8%	41.4%
ROIC			16.8%	6.5%	4.6%	-3.8%	7.2%	11.4%	9.7%	9.5%
Shares Out.	---	99.8	99.8	99.8	96.6	93.4	93.9	90.8	84.9	80.1
Revenue/Share	13.02	12.70	12.83	18.72	21.25	13.92	16.67	16.50	16.45	17.58
FCF/Share	2.36	2.22	2.33	1.58	0.52	0.36	4.14	3.96	3.99	3.01

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