

Vail Resorts, Inc

Metrics Update: Moves to low end as expected, but snow is (finally) here

Reiterate Rating: BUY | PO: 285.00 USD | Price: 214.11 USD

Early season metrics in-line

This morning, Vail Resorts (ticker: MTN) reported early season ski metrics through January 7th. Visitation was -16.2% Y/Y given broad-based poor conditions that we previewed [as expected \(see report\)](#), but lift ticket revenues were +2.6% given the lock-in with the season pass. Challenges continued through MLK weekend given recent storms, but Vail expects “a continuation in improvement” from here on. Given the early shortfall, Vail cut their Resort EBITDA guide to “the lower half” of their FY guide of \$912-\$968M. Recall, we had already lowered our estimate to \$908M.

Bottom Line: Sentiment is weak and MTN shares have underperformed due to the poor weather. The question from here is given that weakness continued through MLK, is there still risk that Vail’s cut was not “fully de-risked” even now. However, (1) our snow tracker and visit data validate improved conditions across all of Vail’s regions; (2) lock-in on the pass should shift behavior to make up for lost trips; and (3) further guide downs from this early update are unusual. We are also encouraged that MTN was able to hold the low end of guidance, validating its advanced commitment strategy. Reiterate Buy.

Visits -16%; lift Ticket Revenue +2.6%

Visits were down -16% through 1/7 vs. our Placer visitation data showing down -14%. While we don't model the early season period, we tweak our estimates to reflect the update. We now model F2Q visits down -5.5%, (vs. prior estimate -0.5%), which implies +7% visitation growth in the remainder of the quarter. Season-to-date ancillary spending is down -9% Y/Y, and for F2Q we now model spending down -3% Y/Y, implying 4% growth for the remainder of the quarter. Lift ticket revenues up +2.6% Y/Y compares to our +4%, implying that the offset/difference to our model is mostly effective ticket price and revenue recognition from season passes.

Recent Snow and Visitation Trends improving

Although there was a lack of snow early in the season, conditions have improved meaningfully in recent weeks. Ahead of MLK Weekend, Vail got an average of 23 in. of snowfall across the 16 resorts we track, with more snow falling through the holiday weekend. Through January 14th, season-to-date Placer visitation improved to -9% Y/Y, vs. -14% Y/Y through 1/7, with the improvement primarily driven in the Northeast.

Estimates (Jul) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	8.48	6.74	8.55	10.60	11.57
EPS Change (YoY)	170.9%	-20.5%	26.9%	24.0%	9.2%
Consensus EPS (Bloomberg)			9.19	10.51	11.45
DPS	6.61	7.94	8.36	8.61	8.87
Valuation (Jul)					
P/E	25.2x	31.8x	25.0x	20.2x	18.5x
Dividend Yield	3.1%	3.7%	3.9%	4.0%	4.1%
EV / EBITDA*	12.8x	12.8x	11.7x	10.8x	10.4x
Free Cash Flow Yield*	6.4%	4.0%	4.8%	6.0%	6.5%

* For full definitions of *IQmethod*SM measures, see page 5.

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Timestamp: 18 January 2024 01:19PM EST

18 January 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	3,017.6	3,017.9
2025E Rev (m)	3,244.3	3,211.7
2026E Rev (m)	3,378.1	3,344.2
2024E EPS	8.46	8.55
2025E EPS	10.58	10.60
2026E EPS	11.54	11.57

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Stock Data

Price	214.11 USD
Price Objective	285.00 USD
Date Established	9-Jun-2023
Investment Opinion	B-1-7
52-Week Range	204.88 USD - 266.26 USD
Mkt Val (mn) / Shares Out (mn)	8,129 USD / 38.0
Free Float	98.8%
Average Daily Value (mn)	90.22 USD
BofA Ticker / Exchange	MTN / NYS
Bloomberg / Reuters	MTN US / MTN.N
ROE (2024E)	36.2%
Net Dbt to Eqty (Jul-2023A)	168.2%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

iQprofileSM Vail Resorts, Inc

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	9.1%	7.6%	9.7%	11.8%	12.8%
Return on Equity	21.7%	20.5%	36.2%	52.4%	60.4%
Operating Margin	23.8%	17.5%	20.7%	22.4%	22.6%
Free Cash Flow	518	325	387	485	524

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	2.0x	2.4x	1.8x	1.7x	1.7x
Asset Replacement Ratio	0.8x	1.2x	0.8x	0.8x	0.7x
Tax Rate	19.4%	23.7%	26.3%	26.5%	26.5%
Net Debt-to-Equity Ratio	87.0%	168.2%	224.8%	237.3%	241.5%
Interest Cover	4.1x	3.3x	3.9x	4.5x	4.9x

Income Statement Data (Jul)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	2,526	2,886	3,018	3,212	3,344
% Change	32.3%	14.3%	4.6%	6.4%	4.1%
Gross Profit	2,526	2,886	3,018	3,212	3,344
% Change	32.3%	14.3%	4.6%	6.4%	4.1%
EBITDA	833	833	913	990	1,026
% Change	54.2%	0%	9.5%	8.4%	3.7%
Net Interest & Other Income	(146)	(152)	(162)	(157)	(154)
Net Income (Adjusted)	348	268	325	397	426
% Change	172.0%	-22.9%	21.2%	22.1%	7.4%

Free Cash Flow Data (Jul)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	348	268	301	381	410
Depreciation & Amortization	252	269	267	267	267
Change in Working Capital	94	(18)	49	17	17
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	16	121	(27)	26	26
Capital Expenditure	(193)	(315)	(203)	(205)	(195)
Free Cash Flow	518	325	387	485	524
% Change	26.2%	-37.3%	19.3%	25.4%	8.0%
Share / Issue Repurchase	(75)	(500)	(155)	(140)	(140)
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(184)	(79)	(91)	(100)	(100)

Balance Sheet Data (Jul)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,126	573	291	215	174
Trade Receivables	665	635	675	700	725
Other Current Assets	NA	NA	NA	NA	NA
Property, Plant & Equipment	2,118	2,372	2,437	2,376	2,304
Other Non-Current Assets	2,408	2,368	2,278	2,274	2,270
Total Assets	6,318	5,948	5,681	5,565	5,472
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	1,047	1,062	1,128	1,170	1,211
Long-Term Debt	2,734	2,820	2,731	2,637	2,543
Other Non-Current Liabilities	689	731	737	737	737
Total Liabilities	4,471	4,612	4,596	4,544	4,491
Total Equity	1,847	1,336	1,085	1,021	981
Total Equity & Liabilities	6,318	5,948	5,681	5,565	5,472

* For full definitions of iQmethodSM measures, see page 5.

Company Sector

Lodging

Company Description

Vail Resorts owns and/or operates several ski resorts, including Vail, Beaver Creek, Breckenridge, Keystone, Heavenly, Northstar-at-Tahoe, Kirkwood, Canyons, Park City, Afton Alps, Mt. Brighton, Wilmot, Perisher, Whistler and Stowe. Vail also owns a number of resorts in the Midwest and Northeast, acquired through its acquisition of Peak Resorts. In addition, Vail Resorts owns the RockResorts lodging brand and the Grand Teton Lodge Company.

Investment Rationale

We are Buy rated on MTN's shares given Vail's data driven model and ongoing evolution to a more high visibility, advanced commitment, recurring business. Additionally, Vail should be well positioned to benefit from pent-up luxury travel demand.

Stock Data

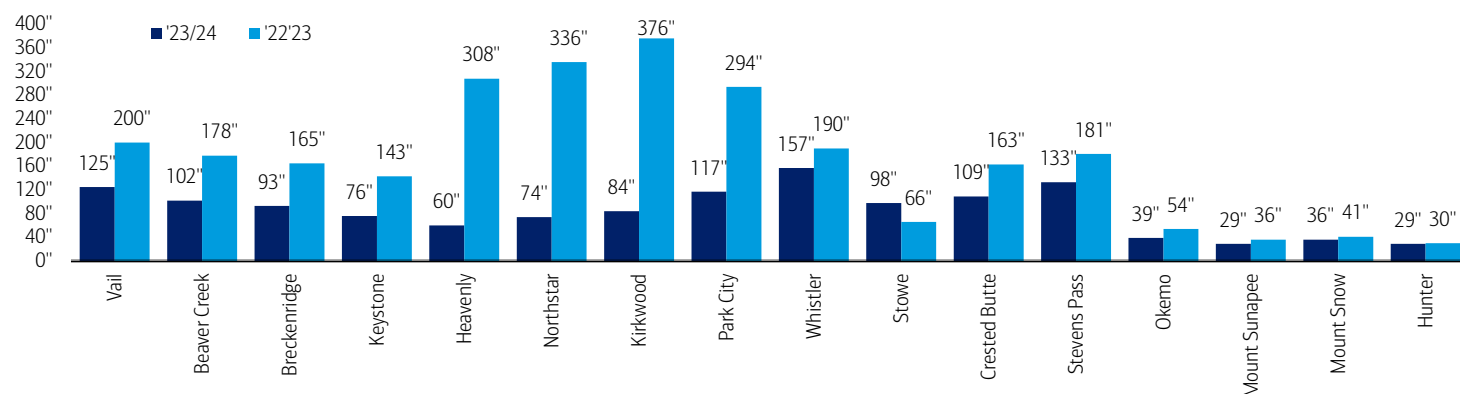
Average Daily Volume 421,374

Quarterly Earnings Estimates

	2023	2024
Q1	-3.40A	-4.60A
Q2	5.16A	5.64E
Q3	8.18A	11.04E
Q4	-3.35A	-3.54E

Exhibit 1: Vail Resorts Season-to-Date Snowfall

Snowfall is still -51% below last year, but the resorts got an average of 23in. of snow the week leading up to MLK



Source: Company Websites, BofA Global Research

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Exhibit 2: Placer Visitation Data across Vail's Resorts

Season-to-date visitation data is down -9% Y/Y across Vail's resorts

	5-Nov	12-Nov	19-Nov	26-Nov	3-Dec	10-Dec	17-Dec	24-Dec	31-Dec	7-Jan	14-Jan
Vail Weighted Average	-3%	-17%	-24%	-23%	-11%	-9%	-21%	-22%	-13%	9%	-7%
Park City	10%	3%	-14%	-28%	-38%	-48%	-28%	-27%	-16%	-4%	-9%
Colorado	-7%	-3%	-4%	-10%	-2%	-4%	-10%	-13%	-10%	6%	-14%
Tahoe	-3%	-56%	-67%	-54%	-41%	-19%	-45%	-41%	-3%	14%	20%
Northeast	5%	-15%	-15%	-10%	25%	9%	-10%	-13%	-26%	25%	-7%

Source: Placer AI

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Price objective basis & risk

Vail Resorts, Inc (MTN)

Our \$285 PO is based on approximately 13x our FY2025E Resort EBITDA estimate, in-line with the mid point of its historical range of 8-17x (2010-19).

We believe this is warranted by 1) limited supply, 2) pent-up demand potential, and 3) a strong data driven model in addition to market wide multiple inflation.

Upside risks to our PO are better-than-anticipated pass sales and stronger destination visitation given pent-up demand. Downside risks to our PO are worse-than-expected skier visitation and spending, snowfall and weather hurting results, higher-than-expected operating leverage that could negatively affect operating results in a weak macro environment, and finally key management risk.

Analyst Certification

I, Shaun C. Kelley, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Gaming, Lodging and Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Boyd Gaming Corp	BYD	BYD US	Shaun C. Kelley
	Choice Hotels International	CHH	CHH US	Dany Asad
	DraftKings, Inc.	DKNG	DKNG US	Shaun C. Kelley
	Hilton Worldwide	HLT	HLT US	Shaun C. Kelley
	Host Hotels & Resorts Inc.	HST	HST US	Shaun C. Kelley
	Hyatt Hotels	H	H US	Shaun C. Kelley
	Marriott International Inc.	MAR	MAR US	Shaun C. Kelley
	Penn Entertainment	PENN	PENN US	Shaun C. Kelley
	Ryman Hospitality Properties	RHP	RHP US	Shaun C. Kelley
	Soho House & Co Inc	SHCO	SHCO US	Shaun C. Kelley
	Vail Resorts, Inc	MTN	MTN US	Shaun C. Kelley
	VICI Properties	VICI	VICI US	Shaun C. Kelley
	Wyndham Hotels & Resorts, Inc.	WH	WH US	Dany Asad
NEUTRAL				
	Apple Hospitality REIT Inc.	APLE	APLE US	Dany Asad
	Caesars Entertainment Inc	CZR	CZR US	Shaun C. Kelley
	Churchill Downs Incorporated	CHDN	CHDN US	Shaun C. Kelley
	Hilton Grand Vacations Inc	HGV	HGV US	Dany Asad
	Las Vegas Sands	LVS	LVS US	Shaun C. Kelley
	MGM Resorts International	MGM	MGM US	Shaun C. Kelley
	Park Hotels & Resorts Inc.	PK	PK US	Dany Asad
	Wynn Resorts Ltd	WYNN	WYNN US	Shaun C. Kelley
UNDERPERFORM				
	DiamondRock Hospitality	DRH	DRH US	Dany Asad
	Gaming & Leisure Properties, Inc.	GLPI	GLPI US	Shaun C. Kelley
	Marriott Vacations Worldwide	VAC	VAC US	Shaun C. Kelley
	Pebblebrook Hotel Trust	PEB	PEB US	Shaun C. Kelley
	Playa Hotels & Resorts	PLYA	PLYA US	Shaun C. Kelley
	Red Rock Resorts, Inc.	RRR	RRR US	Shaun C. Kelley
	RLJ Lodging Trust	RLJ	RLJ US	Dany Asad
	Sportradar Holding AG	SRAD	SRAD US	Shaun C. Kelley
	Summit Hotel Properties	INN	INN US	Dany Asad
	Sunstone Hotel Investors	SHO	SHO US	Dany Asad
	Travel + Leisure Co	TNL	TNL US	Dany Asad

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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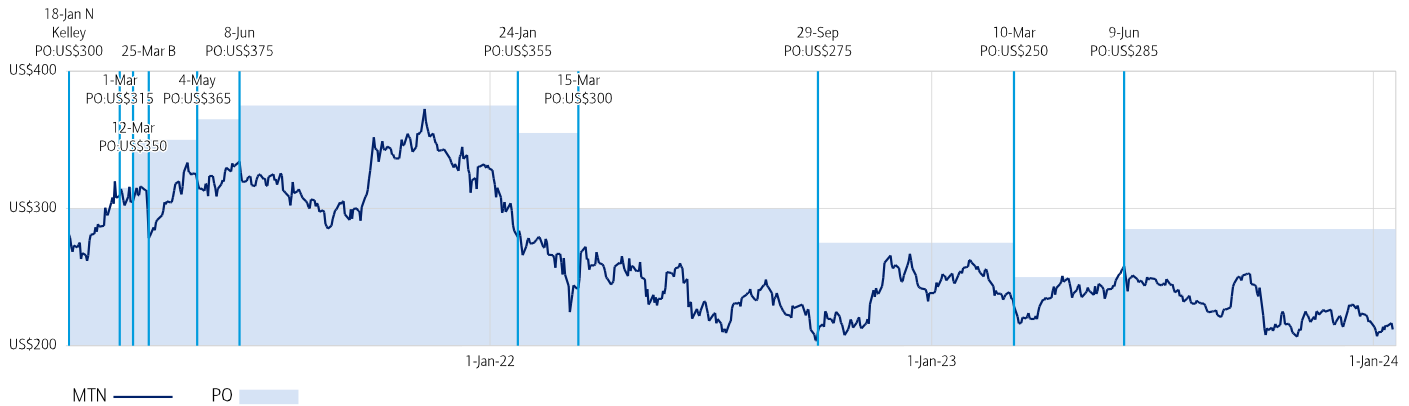
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Vail Resorts (MTN) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Leisure - Hotel/Lodging Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	61.54%	Buy	12	75.00%
Hold	3	11.54%	Hold	2	66.67%
Sell	7	26.92%	Sell	5	71.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Buy	≥ 10%	≤ 70%
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