Vail Resorts, Inc.

A scarce mountain network testing whether advance commitment can outlast extreme weather and guest fatigue

Ticker / price	Equity / enterprise value	FY2027E EPS	Current income yield
NYSE: MTN / $148.30	$5.3bn / ~$7.9bn	~$6.42	6.0% dividend

Market data as of August 14, 2026. Enterprise value uses $2.65bn April 2026 net debt. Forward EPS is price divided by the quoted 23.1x forward P/E. [1][2]

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5-YEAR TSR REFERENCE CASE: 20.1% = 6.0% + 8.0% + 6.1%			
20.1%	6.0%	8.0%	6.1%
Annualized TSR	Dividend yield	EPS growth	Multiple reversion

Mechanical bridge: current price / FY2027E EPS is 23.1x, reverting to a normalized 2016-2019 and 2022-2025 mean of 31.1x. The full 2016-2025 mean is 42.4x, but 2020-2021 pandemic P/Es make it economically unusable. [1][8]

Thesis

Vail owns or controls a hard-to-replicate network of destination and regional ski mountains and has shifted much of lift revenue into non-refundable advance commitments through Epic Pass. Fiscal 2026's historically poor western U.S. snowfall exposed residual volume and ancillary-spend sensitivity, cutting Resort EBITDA guidance to $735-$755m and early 2026/27 pass units by 10%. The counter-case is that weather, not franchise decay, masks a better 2027: returning CEO Rob Katz, $106m of annualized cost efficiencies, Epic Experience service investment and a normalized snow year. At 23x FY2027E EPS with a 6% dividend, upside is real—but 3.5x net leverage and climate risk keep this a measured turnaround position.

Four-question scorecard

Question	Score	Why it is not higher
Business quality	4.0 / 5.0	Scarce resorts and pass network; weather, capital intensity and service execution cap quality
Price	4.0 / 5.0	23x FY2027E EPS and 6% yield are attractive versus normalized history; leverage limits safety
People / allocation	3.5 / 5.0	Katz built Epic Pass and M&A engine; debt-funded buybacks and execution reset reduce score
Hidden nugget	4.0 / 5.0	Extreme weather obscures cost savings, Katz's return and an end-to-end guest-experience rebuild

2 Business and Industry

A network of regulated, capital-intensive local monopolies linked by one advance-commitment product

Business model in plain English

Vail sells access to 42 mountain resorts, then monetizes visits through lessons, rentals, retail, dining and lodging. Destination resorts such as Vail, Breckenridge and Whistler attract high-spend travelers; regional hills create feeder relationships and broaden Epic Pass value. Pass cash arrives before the snow season and is generally non-refundable, converting a volatile day-ticket model into a more predictable installed base—without eliminating weather exposure in visits and ancillary spending.

Revenue pool	2025 role	Economic characteristic	Moat / weakness
Lift / passes	Largest profit pool	Advance cash; very high incremental margin	Network and scarce terrain
Ski school	Premium ancillary	Labor-intensive, price / visit driven	On-mountain exclusivity
Dining / retail / rental	Visit monetization	Lower margin; weather sensitive	Convenience, but service matters
Lodging	Destination ecosystem	Cyclical and labor-intensive	Proximity / brand
Real estate	Episodic	Development gains, not core recurring value	Land option value

Why business quality is 4.0 / 5.0

- Mountain supply is structurally scarce. Permits, public-land relationships, lift infrastructure and lodging ecosystems take decades to assemble.
- Epic Pass is a network product: regional access supports destination trips, while scale funds technology, marketing and reciprocal benefits that one mountain cannot match.
- Advance commitment materially stabilizes lift revenue. Roughly 2.3m guests entered FY2026 committed to about $1bn of non-refundable product revenue and ~74% of visits. [6]
- Pricing power is real but not infinite. Guest complaints, affordability, crowding and competing leisure choices can lower participation before the posted price falls.
- The deduction is significant: snow, climate, labor, capex, public permits and fixed costs make owner earnings more volatile and capital-intensive than the pass narrative suggests.

Industry structure and profit pool

Force	Assessment	Investment implication
Customer power	Medium	Destination skiers have alternatives; local passholders value network convenience
Supplier / labor	Medium-high	Seasonal labor, housing and public-land access constrain service and capacity
Rivalry	Medium	Alterra / Ikon competes as a network; individual mountains remain locally scarce
New entrants	Very low	Permits, land, lifts, lodging and snowmaking create formidable barriers
Substitution	Medium-high	Warm-weather travel and other leisure compete for wallet and calendar

CUSTOMER VALUE PROPOSITION One commitment unlocks dependable access across destination and local mountains; the promise is convenience and experience, not merely cheaper lift tickets.

3 Financials and Business Quality

The pass model cushioned one of the worst snowfall years on record, but ancillary revenue and leverage still transmit the shock

Metric	FY2024	FY2025	FY2026 guide / latest	Underwriting read
Revenue	$2.89bn	$2.96bn	~$2.85bn resort	Weather reset after modest growth
Resort EBITDA	$825m	$844m	$735-$755m	~12% below FY2025 midpoint
Net income	$231m	$280m	$128-$162m	Weather and higher financing burden
Diluted EPS	$6.09	$7.53	TTM ~$4.36	FY2027 normalization is key
Capex	$211m	$235m	$234-$239m plan	Maintenance and growth consume cash
Dividend / share	$8.56	$8.88	$8.88 run-rate	6% yield; payout exceeds trough EPS
Net leverage	~3.0x	~3.2x	3.5x at Apr-26	Cyclical peak requires restraint

FY2024-2025 company results; FY2026 guidance and leverage as of June 8, 2026. [2][3][5]

Owner-earnings bridge

Driver	Five-year base assumption	Reasoning
Pass units / visits	2%-3% CAGR from normalized FY2027	Network, marketing and experience recovery; affordability caps growth
Price / ancillary spend	3%-4%	Premium assets support inflation-plus, but mix and discounts matter
Resort EBITDA	6%-7% CAGR	$106m efficiency base plus normal weather; reinvest some savings
Interest / debt	Declining modestly	Pause debt-funded buybacks; refinance variable debt
Share count	1%-2% annual decline	Only after leverage normalizes; below historic pace
EPS	~8% CAGR from FY2027E	EBITDA recovery, modest deleveraging and buybacks

Balance sheet, ratings, maturities and covenants

At April 30, 2026, cash was $371m, debt $3.02bn and net debt $2.65bn, or 3.5x TTM Reported EBITDA; about $1.3bn was variable-rate, so 100bp changes annual interest by ~$13m. Roughly $2.8bn is due in FY2030 or later: the Vail term loan matures 2029, $500m 5.625% notes in 2030, $600m 6.50% notes in 2032, and smaller secured/housing obligations through 2063. S&P affirmed a BB issuer rating with stable outlook in February 2026. Credit agreements test net funded debt / EBITDA, secured leverage and interest coverage; Whistler and EPR instruments add leverage / fixed-charge tests and restricted-payment limits. Vail was compliant at April 2026. [4][5][9]

BALANCE-SHEET JUDGMENT Liquidity is adequate and the maturity wall is pushed out, but BB credit, variable-rate exposure and a dividend above trough EPS argue for deleveraging before aggressive repurchases.

4 Valuation and Hidden Nugget

The stock prices a recovery, but not a return to premium pre-pandemic economics

Ten-year P/E context

2016-2025 year-end P/E	Low	Average	High	Current / normalized
Full reported range	19.9x	42.4x	96.3x	23.1x FY2027E
Ex-2020/2021 mean	—	31.1x	—	TSR reference

FullRatio annual series. Pandemic earnings collapse drove 78x-96x P/Es in 2020-2021; the TSR bridge therefore uses the eight-year normalized mean. [8]

Five-year valuation cases

Case	2031 EPS	Exit P/E	Dividends	2031 value	5-year CAGR
Bear	$6.42	15x	~$44	$141	(1.0%)
Base	$9.43	25x	~$44	$280	13.6%
Bull	$11.31	32x	~$44	$406	22.3%

Analyst estimates from ~$6.42 FY2027E EPS. Bear/base/bull EPS growth is 0%/8%/12%; dividends are held flat.

Hidden nugget — the reset is larger than the weather headline

FY2026 combined a historic snow shortfall with a management reset. Katz returned in May 2025, the efficiency program now targets $106m of annualized savings, and July's Epic Experience roadmap redirects attention from pass price toward the full guest journey—food, lessons, gear, digital engagement and frontline talent. Advance commitment limited the EBITDA decline despite visits falling about 15%. If normal weather restores visitation while management retains even half the savings after reinvestment, FY2027 owner earnings can recover faster than revenue. The crucial distinction: this is not a snow bet alone; it is a test of whether Vail can convert scale into loyalty rather than complexity. [2][7]

Potential unlock	Evidence today	Proof required
Cost reset	$106m annualized efficiency target	Savings remain after service reinvestment
Guest-experience repair	Epic Experience multi-year roadmap	NPS, retention and ancillary spend improve
Weather normalization	FY2026 was extreme western U.S. outlier	Visits recover without discounting
Pass funnel repair	2026/27 units -10%, dollars -5%	Final sales / renewal cohorts stabilize

LBO reality check

A 20% equity premium implies ~$9.0bn entry EV, or ~12.1x the $745m FY2026 EBITDA midpoint. At 5.0x debt, a sponsor contributes ~$5.3bn. If EBITDA reaches ~$1.02bn in year five, the company exits at 10x and debt falls to $2.1bn, equity proceeds are ~$8.1bn: ~1.5x MOIC and ~9% IRR before fees. Returns improve only with an aggressive exit multiple, heavier leverage or dividend cuts. The failed LBO shows that public-equity upside comes from operating normalization and patient ownership, not balance-sheet engineering.

VALUATION CONCLUSION BUY A SMALL STARTER. The 6% yield and normalized earnings discount are attractive, but leverage and climate exposure make sizing—not thesis wording—the primary risk control.

5 CEO and Capital Allocation

The architect of Epic Pass is back; his second act must emphasize experience and balance-sheet resilience

Rob Katz — creator returning to repair the operating system

Katz, 58 at his return, has shaped Vail for roughly three decades. He served as CEO from 2006 through 2021, became executive chair, and returned as CEO in May 2025 after Kirsten Lynch stepped down. His first tenure created Epic Pass, built data-driven advance commitment and expanded the network through transformative M&A. Those achievements also created today's complexity and guest-experience challenge, making his return both credible and non-independent: he is repairing a system he helped design. [10]

Capital priority	Recent evidence	Underwriting judgment
Core capex	$215-$220m 2026 core plan	Necessary moat maintenance; monitor return and downtime
European growth	$12m 2026 plus prior Andermatt / Crans spend	Option value, but scale and integration are unproven
Guest experience	Food, lessons, gear, digital and talent roadmap	Correct strategic focus after pricing / crowding friction
Dividend	$8.88 annual run-rate	Valuable signal, but consumes >$315m in a trough year
Repurchases	$270m FY2025 at ~$163; $25m Nov-25 at ~$140	Attractive prices, but some funding increased debt
Debt	3.5x net leverage; BB rating	Delever before normalizing buyback pace
M&A	Network historically built through acquisitions	No large deal until service and leverage normalize

Capital-allocation record

Vail has created value by buying scarce assets and connecting them through Epic Pass, while dividends and buybacks reduced the share count. Yet FY2025 repurchases included a $200m June program financed through revolver borrowing later refinanced with 5.625% notes. That is poor sequencing for a weather-exposed business entering a weak pass cycle. Katz now says dividend growth depends on materially higher cash flow and repurchases will be opportunistic. The correct near-term order is guest investment, maintenance, leverage reduction, dividend coverage, then buybacks.

Capital-allocation rules for the next five years

1. Hold total net leverage below 3.0x through a normal weather cycle before materially increasing repurchases.
2. Fund maintenance and high-return snowmaking / lift projects before headline destination enhancements.
3. Require Epic Experience projects to show retention, NPS, ancillary spend or labor-productivity evidence.
4. Do not raise the dividend until normalized FCF covers dividends by at least 1.5x after maintenance capex.
5. Avoid major M&A until pass cohorts stabilize and BB credit has clear upgrade momentum.

MANAGEMENT JUDGMENT — 3.5 / 5.0 Katz's strategic record is exceptional; debt-funded repurchases, current service repair and succession reversal require evidence before restoring a 4+ score.

6 Risks and Disconfirming Evidence

The investment fails if the pass network is masking structural participation and service erosion rather than a weather trough

Risk	Why it matters	Early warning / thesis killer	Response
Climate / snowfall	Visits and ancillary spend remain exposed	Multi-year snow decline despite capex / geography	Lower terminal multiple
Pass attrition	Advance commitment is the moat	Units down >5% again in normal weather	Cut base and dividend
Guest experience	Pricing requires loyalty	NPS / renewal weak despite Epic Experience	Treat network as mature
Leverage / rates	3.5x and $1.3bn variable debt	Net leverage >4x or covenant headroom narrows	Reduce / exit
Dividend coverage	Yield supports valuation	Dividend funded by debt after maintenance capex	Assume cut
Cost savings	Central recovery driver	Savings reverse or damage service	Remove hidden nugget
Affordability	Premium pricing narrows funnel	Day / pass mix shifts to discounts	Lower price growth
Labor / housing	Service depends on seasonal staff	Vacancy, wage and housing costs outrun revenue	Lower margins
Public land / safety	Operations require permits and trust	Material closure, accident or permit conflict	Event-driven review

Pre-mortem: it is 2031 and the investment failed

A normal snow rebound never produced a participation rebound. Epic Pass renewals weakened as occasional skiers rejected price and complexity, while higher-frequency users traded convenience for Ikon or independent resorts. Vail reinvested cost savings merely to repair service, leaving EBITDA flat. Climate adaptation and labor housing drove capex above plan; the dividend consumed remaining cash and leverage stayed near 4x. The stock settled at 15x $6.42 of EPS, and five years of dividends barely preserved capital.

Disconfirming evidence hierarchy

One bad snow year is not disconfirming. A deliberate service investment that lowers one-year margins is not disconfirming. The strongest evidence is continued pass-unit attrition in normal weather, declining cohort renewal, ancillary spend lagging visits, guest satisfaction failing to improve, or leverage remaining above 3.5x after EBITDA recovers.

SINGLE MOST IMPORTANT UNKNOWN How much of FY2026's pass and visit decline was extreme weather versus accumulated price, service and participation fatigue?

TWO-QUARTER DASHBOARD Final pass units / dollars | renewal by cohort | visits vs snowfall | ancillary spend / visit | NPS | EBITDA savings | maintenance capex | net leverage

7 Portfolio Decision and Research Plan

The holding period is always 5-8 years; a starter size preserves upside while weather and leverage evidence develop

Conviction	Score	Reason
Analytical	3.5 / 5	Asset scarcity is clear; weather normalization and participation are difficult to separate
Portfolio	3 / 5	Distinct leisure exposure, but high operational and climate tail risk
Temporal	4 / 5	Five years spans snow cycles, pass cohorts, savings and guest-experience investments

Position-size recommendation

Initiate a 1.5%-2.0% starter at or below $150. Increase toward 3% only when final 2026/27 pass units improve from the -10% early read, Resort EBITDA returns above $820m and net leverage falls below 3.0x. A 4%-5% position requires normal-weather proof that guest satisfaction and visit frequency recover without sacrificing price or dividend coverage.

Action	Price / evidence rule	Rationale
Buy starter	≤$150; liquidity >$900m	Yield and normalized earnings discount compensate partially
Add	≤$130 or EBITDA >$820m + leverage <3x	Require price or operating proof
Hold	$150-$240 while pass cohorts stabilize	Let Katz / Epic Experience work
Trim	>$280 without >$10 EPS / <2.5x debt	Return becomes multiple-dependent
Exit	Normal-weather pass units down >5% again	Advance-commitment moat is eroding

Next research steps

- Normalize visits and ancillary revenue by resort, snowfall percentile, open terrain, holiday timing and FX.
- Obtain pass renewal, new / lapsed customer and days-sold cohorts; distinguish mix, price and unit effects.
- Reconcile $106m savings to payroll, service metrics and run-rate cash after implementation costs.
- Map every debt instrument, covenant threshold, variable-rate exposure and restricted-payment basket.
- Interview employees and passholders at Vail, Park City and Whistler on service, crowding, food and lesson value.

FINAL DECISION BUY A SMALL STARTER / HIGH UPSIDE, HIGH EVIDENCE RISK. Business quality is 4.0/5.0 and hidden nugget is 4.0/5.0; add only as pass cohorts and leverage validate the weather-normalization thesis.

Source notes

[1] StockAnalysis MTN market quote
[2] Vail Resorts Q3 FY2026 results and guidance
[3] Vail Resorts FY2025 Form 10-K
[4] Vail Resorts April 2026 Form 10-Q; debt and covenants
[5] Vail Resorts Q3 FY2026 SEC release
[6] Vail Resorts FY2026 pass base and advance commitment
[7] Vail Resorts Epic Experience strategy
[8] FullRatio MTN P/E history
[9] S&P BB rating affirmation summary
[10] Vail Resorts CEO leadership transition

Framework source: Chapter 4 and Appendix E of Investing Book July 34(1). Facts are drawn primarily from company and SEC materials. Valuation, normalized P/E, probabilities, operating bridges, LBO returns and position sizing are analyst estimates, not company guidance.

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