

10-Dec-2025

Vail Resorts, Inc. (MTN)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Connie Wang

Investor Relations Contact, Vail Resorts, Inc.

Angela A. Korch

Executive Vice President & Chief Financial Officer, Vail Resorts, Inc.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

OTHER PARTICIPANTS

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Chris Woronka

Analyst, Deutsche Bank Securities, Inc.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

David Katz

Analyst, Jefferies LLC

Brandt Montour

Analyst, Barclays Capital, Inc.

Arpine Kocharyan

Analyst, UBS Securities LLC

Molly Baum

Analyst, Morgan Stanley & Co. LLC

Patrick Scholes

Analyst, Truist Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to the Vail Resorts Fiscal First Quarter 2026 Earnings Conference Call. Today's conference is being recorded. Currently, all callers have been placed in a listen-only mode. And following management's prepared remarks, the call will be opened for your questions. [Operator Instructions] To get to as many questions as time permits, we ask that you please limit yourself to one question and one follow-up. [Operator Instructions]

I will now turn the call over to Connie Wang, Vice President of Investor Relations at Vail Resorts. You may begin.

Connie Wang

Investor Relations Contact, Vail Resorts, Inc.

Thank you, operator. Good afternoon, and welcome to our fiscal 2026 first quarter earnings conference call. Joining me on the call are Rob Katz, our Chief Executive Officer, and Angela Korch, our Chief Financial Officer.

Before we begin, let me remind you that some information provided during this call may include forward-looking statements that are based on certain assumptions and are subject to a number of risks and uncertainties as described in our SEC filings and actual future results may vary materially. Forward-looking statements in our press release issued this afternoon, along with our remarks on this call, are made as of today, December 10, 2025, and we undertake no duty to update them as actual events unfold.

Today's remarks also include certain non-GAAP financial measures. Reconciliations of these measures are provided in the tables included with our press release, which, along with our Annual Report on Form 10-Q, were filed this afternoon with the SEC and are also available on the Investor Relations section of our website at www.vailresorts.com.

I would now like to turn the call over to Rob for opening remarks.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thank you, Connie. Good afternoon, everyone. Thank you for joining our first quarter conference call. Before we discuss the results from the quarter and pass sales results, I want to provide an update on some of the key strategies we laid out last quarter to drive visitation and evolve our marketing approach.

Beginning in the fall, we made some shifts in our marketing approach to increase spending in channels outside of traditional email that drove improved results for the fall pass selling period. This included broadly increasing paid media and specifically being much more present in social and influencer channels. We saw some initial positive results from this effort, turning around the pass sales dollar trend for the post-Labor Day period from up 1% compared to the prior year through Labor Day to up 6% post-Labor Day even though we faced challenging early season conditions heading into the final pass selling period that likely impacted our local passholder results.

As we head into the winter season in the Northern Hemisphere, we are turning our focus to driving lift ticket visitation. For this season, we have several new strategies aimed at increasing lift ticket visitation. That is an important funnel for driving long-term guest lifetime value. Earlier this year, we launched Epic Friends (sic) [Epic Friend] (00:03:20) tickets, which provide a 50% discount to friends and family of passholders. This passholder benefit enables our most loyal pass guests to share their experience with their network of family and friends who can apply the cost of that lift ticket to a pass the following year.

In addition to the new Epic Friend tickets, we have also announced a new advanced discount offering for guests willing to commit one month in advance. The new lift ticket offer provides a 30% discount off window pricing for customers who commit over a month in advance at select resorts. That means that some of the company's largest destination mountain skiers and riders, can save over \$100 per lift ticket depending on the day by purchasing four more weeks in advance. This provides another important bridge in product offerings for guests who cannot commit to a pass purchase ahead of the season.

In addition to our new lift ticket product offerings, we are also looking to be more strategic in pricing across our individual resorts and time periods. We are implementing more dynamic pricing strategies targeted at driving off-peak visitation at certain resorts, which fulfills the dual purpose of pricing select resorts more competitively and incentivizing visitation in lower volume time periods. We will be utilizing these strategies at resorts like Keystone in the upcoming ski season, where we see the most opportunity to offset lower price with additional volume capture to drive overall revenue.

Finally, in addition to purchases of Epic Friends (sic) [Epic Friend] (00:04:52) tickets, purchases of advanced and window lift tickets will be able to apply up to \$175 of the cost of their lift ticket to a pass for next season. Growing lift ticket sales is a critical entry point for guests to join our pass program, and we believe it is critical to having an integrated approach across all lift access products. Given the widened spread between lift tickets and pass prices, we believe that even with these new discounts, passes still represent the best value for our guests.

Moving now to our broader marketing efforts, we are looking to evolve and modernize our approach in how we reach and engage our guests. On the messaging front, we are in the early stages of creating content that builds a stronger connection with our guests by tapping into the passion they feel for our resort brands. Over the past quarter, we took some first steps to increase our media spending with messaging that celebrated the individual identity of each resort, which helped drive improved fall pass sales performance and incremental return compared to the spring selling period. We have also shifted our marketing to better capture guests at the top of the funnel, a key to building awareness and have expanded marketing in channels where younger consumers spend most of their time, including social, video, connected TV, and streaming audio.

While the full impact of brand building marketing is expected to increase over time, we are seeing early signs that our investments in these channels are resonating with guests through increased engagement and outperformance versus our traditional branded creative and stronger brand awareness based on guest research.

The total magnitude of our actions around lift tickets and marketing will be less visible this fiscal year, but we are seeing early signs that reinforce our focus on these key areas. Longer-term, we are focused on optimizing our products and pricing across our pass and lift tickets to drive long-term value creation. We are excited to have our new Chief Revenue Officer, Celeste Burgoyne join us next month. Celeste has an incredible 20-year track record of success at Lululemon and is a very strong business leader with a passion for guest experience and leadership. I am more than confident that Celeste will make a very strong and long-term impact on helping us drive growth and ensure we live up to our mission of experience of a lifetime. I look forward to partnering with Celeste in modernizing our marketing engagement to drive future growth.

While we've seen a slow start to our Rockies and Tahoe resorts due to challenging early season conditions, we've seen some strength in the Northeast and seen more typical patterns at Whistler Blackcomb and in Switzerland. Changing weather and snowfall patterns are not new to us, but they reinforce the importance of the stability we create from our pass business, which remains a key long-term driver to our success.

Overall, I am confident that we are working on the key areas that will drive our next phase of growth. We are laser focused on delivering an exceptional guest experience, deepening our consumer connection with our resorts, and driving lift ticket visitation and while still in an early innings, we are seeing early signs that our initial efforts are resonating. We will continue to look for opportunities to optimize our products and pricing to support overall guest experience for fiscal year 2027. Our calendar year 2026 capital plan, which Angela will go into more detail shortly, reinforces our commitment to improving guest experience through investments in technology and multi-year initiatives to continue elevating our destination resorts.

With that, I will turn the call over to Angela to review our financial results and outlook more in depth.

Angela A. Korch

Executive Vice President & Chief Financial Officer, Vail Resorts, Inc.

Thank you, Rob. Good afternoon, everyone. Overall, we are pleased with the results from the first quarter, which were in line with our expectations. Resort net revenue was up 4% year-over-year as we saw improved visitation at our Australian resorts due to more favorable weather conditions and the introduction of the Epic Australia Four Day Pass.

Fiscal first quarter resort reported EBITDA was flat year-over-year, reflecting the Australia weather favorability and the benefits from the Resource Efficiency Transformation Plan, offset by typical inflation in year-round overhead costs, increased marketing spend aimed at driving winter pass product sales and one-time costs related to the Resource Efficiency Transformation Plan.

Regarding our resource transformation plan, we expect to deliver approximately \$75 million of cumulative efficiencies before one-time operating expenses of approximately \$14 million in fiscal year 2026, which represents a \$38 million in incremental savings versus fiscal year 2025. As stated in our prior call, we anticipate exceeding the original \$100 million annualized target, and we're looking forward to providing more details next spring.

Turning to pass sales. We finished the North American pass product selling period for the upcoming 2025/2026 ski season, with units down 2% and sales dollars up 3%. We saw an acceleration in pass sales trends from our September update with pass sales improving from the 3% decline in units and 1% increase in sales dollars for the period ending September 19 to a 1% decline in units and a 6% increase in dollars from September 20 through December 5, 2025, reflecting improvements from our paid media investments and higher price flow-through from an increased mix of unlimited pass products.

While paid media drove positive results, snowfall was also down almost 60% versus the prior year at our western North American resorts, which likely impacted local pass sales near the end of the selling period. With the results from the full price selling season, the company now has approximately 2.3 million guests committed to our 42 North American, Australian and European resorts in advance of the 2025/2026 season in non-refundable advanced commitment products this year, which are expected to generate approximately \$1 billion of revenue and account for approximately 74% of all skier visits, excluding complimentary visits this year. We have grown pass units by 55% over the past five years, highlighting the increased guest commitment, which in turn provides greater financial stability to the company.

Moving to guidance. We are reiterating our previous guidance range of \$201 million to \$276 million in net income and resort reported EBITDA of \$842 million to \$898 million for fiscal year 2026. Similar to last quarter, our guidance assumes growth from price increases and ancillary capture as well as the assumed benefit from the approximately \$38 million in incremental efficiencies related to the Resource Efficiency Transformation Plan, offset partially by lower pass units, which are expected to have a negative impact on skier visits relative to the prior year, along with normal cost inflation.

What's changed this quarter is that while our paid media efforts have driven an early improvement in pass sales, we've also seen a slow start to the season from below average conditions and recognize that it's very early in the North American ski season. We are seeing conditions improve with recent increased snowfall, but recognize that most of our primary earnings period is still ahead of us. Therefore, we are reiterating our previously announced guidance at this point in time.

Rounding out the fiscal first quarter, our balance sheet remained strong with liquidity of \$1.5 billion and net debt at 3.0 times trailing 12 months EBITDA. We are confident in our ability to address our upcoming convertible debt maturity with a combination of cash on hand and our delayed draw term loan facility. Our capital allocation priorities remain intact as we announced our calendar year 2026 capital investments at our resorts, along with maintaining the cash dividend of \$2.22 per share. We continue to be opportunistic about share buybacks and we completed approximately 200,000 shares of repurchases after the quarter-end for \$25 million.

Expanding on under our 2026 capital plan, we announced a core capital investment plan of \$215 million to \$220 million, which reflects the growth in inflation, including the impact from tariffs. In addition to the core capital plan, the company plans to invest an additional \$12 million of growth capital investments in its European resorts, \$5 million of resource efficiency transformation projects, and \$2 million in real estate planning capital. Including these investments, total capital is expected to be between \$234 million to \$239 million.

Within our capital plan, I want to highlight our investments in a couple of key areas. First, we are making multi-year investments to elevate guest experience at our destination resorts. In Park City, we will replace the existing 8-passenger Cabriolet lift with a 10-passenger gondola, enhancing the accessibility and experience between the village and connecting multiple gondolas to the Canyons Village and the garage base area.

At Whistler Blackcomb, we are also investing in a new lift to replace the Showcase T-Bar lift, which will greatly improve accessibility to skiable terrain on the Blackcomb Glacier. We are also rolling out a larger initiative around elevating our dining experiences at our top resorts, which includes remodels as well as activations at our destination resorts.

We are also beginning a multi-year investment at select resorts to implement remote avalanche control systems. These systems remotely trigger controlled avalanches, reducing manual intervention and improving safety, reliability and the guest experience through faster, more consistent and predictable terrain openings. We're also investing to upgrade the Blitzen lift at Seven Springs to ease congestion and improve the experience and access in the North face side of the resort.

Next, we are investing in technology to support the guest experience, with improvements and additions to the My Epic App, along with enhancements to our marketing capabilities and e-commerce platform. Within the My Epic App, we've added functionality – the functionality will provide guests with information they need and streamline their resort experience, allow for in-app commerce with Apple and Google Pay, and continue to invest in revamping and digitizing the ski school experience and integrating the My Epic Gear experience into the broader rental platform.

On the marketing front, we are modernizing our e-commerce platform by migrating to a new content management system to enhance personalization, flexibility and speed to market. We're also expanding our capabilities for more agile pricing and product updates to capture revenue opportunities and improve the operational efficiency.

Last, we will continue to support our sustainability initiatives through investments in low energy snowmaking at Okemo and waste reduction projects across the resorts. We're also investing capital to support the Resource Efficiency Transformation Plan.

In closing, we are leveraging our distinct competitive advantages and progressing on the drivers of our next growth phase to drive results in fiscal year 2027 and beyond. With our track record of disciplined capital allocation, we are laying the foundation to drive long-term sustainable growth and consistent value creation.

At this time, I'm happy to turn the call back to the operator for your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We'll take our first question from Shaun Kelley with Bank of America. Your line is open.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Q

Hey, good afternoon, everyone, and thank you for taking my questions. Rob or Angela, would love to start with the announcement yesterday. Obviously, it kind of builds on the momentum of what you did with Epic Friends over the summer. But just help us think and how you're thinking about quantifying an initiative like this. Just how do you expect it to play out between price and volume as you take another stab at kind of the reduction here for the advanced period? How did you measure it? And when you put these two initiatives together, how are you thinking about just kind of when you're going to know, like, was this tradeoff or was this kind of the right level to offer this product out to people?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. So I think the drivers here, obviously, we – and we have been talking about this for a little bit in terms of making lift tickets more accessible, being more competitive on that front, but also doing it in a disciplined and fenced way. And in our mind, this is a unique opportunity to kind of address this moment in time. So, there are some people who will book a vacation obviously before they know they're going skiing, so they're going to buy a pass before the deadline that just passed in December. Then there are other people who may be truly making a decision, right, in the moment in that day. But there's a bunch of people who are not ready to make their decision by the December deadline, but are still planning a vacation in the future. And so, when they go to our website, they will now see these lower prices. And so, as they think about the ability to make this decision, they're going to be looking at those lower prices on the website. That's one. So, we're kind of trying to catch them like in their booking phase and then their comparing phase.

Two is that we are providing a call to action, right, for lift tickets that we think is a little bit stronger than what we've had before. So, now when somebody is going to a website, for instance, if somebody is on the site now looking for MLK, then they'll know that, hey, they've only got a little bit of time if they want to book a lift ticket. And we're going to be obviously showing them that on the website. So that actually creates, right, some time sensitivity to their purchase.

Last is, is that once people don't buy a pass, we see very few people buying a lift ticket this early. So, in our minds, it was also an opportunity to start getting kind of a little bit of the mini advance commitment piece that we thought was actually more important than just the seven day advance or the three day in some resorts that we have today. So, in our minds, yeah, we looked at that and said, yeah, we thought this would move enough vacation decisions plus enough additional incremental days of skiing, even for people who already get to come that that trade was worth the cut in price.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Q

Great. Thanks for that. And then for my follow-up and maybe to switch gears slightly. Obviously, the comments on the weather on the one side, but what we saw on the past trajectory on the other seem to offset each other here a

little bit. But just wanted to dig into that core message, if you could. It was the message here that all other things equal, we could have actually raised had it not been for what you're seeing in the early conditions on the resorts. And then if so or regardless, just help us think about, is that kind of comment on the weather through today or have you also de-risked a little bit as we look into the forecast here, just kind of knowing that this is always evolving with the weather?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. I guess, what I'd say is I'm not going to comment on like a hypothetical around guidance, but I would say that, yeah, we did over-deliver on passes and even the over-delivery on passes we think was muted by challenging weather at the end when obviously that marginal consumer is not as motivated. Last year, at that exact time, we had very, very strong conditions. So, we had a little bit of a tougher comp at the very end than we did this year. But we're really pleased with the turnaround that we saw, particularly the revenue turnaround, right, up 1% through Labor Day and now up 6%, right, post-Labor Day. And it speaks to a lot of what we've been saying in terms of changing how we're going to engage with guests and then particularly drive much better results from our higher priced pass products.

In terms of conditions, yeah, I think the comments we're making about guidance are assuming a normal experience at our resorts over Christmas. It's really not possible for us to assess anything beyond that. Obviously, we've all seen conditions change dramatically in just a couple of days. So, at this point, that is where we're focused. I do think that some of the early – by definition, we lost some momentum in the early season just given sluggish conditions, but that is factored into our guidance.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Q

Thank you so much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thanks.

Operator: We'll take our next question from Ben Chaiken with Mizuho. Your line is open.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Hey, thanks for taking my questions, and apologies for any background noise. I guess, sticking to the pass, as you strategize for next year, Rob, it'd be helpful to get your current view on pass benefits. And maybe specifically, how do you think about third-party benefits to the pass? How focused are you on this opportunity? And then one quick follow-up. Thanks.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. So I think we are taking a look kind of holistically at every piece of this. And as we've said, we'll look at pricing. We'll look at pricing in the different products and see – our focus, as it's always been, is about driving – maximizing long-term revenue. And so, that's going to be a key driver for us.

We absolutely look at third-party benefits. We do a lot of research, direct primary research with our guests and actually broader destination guests on this. And I think some of those benefits can move the needle, but it's really on the margin. I mean, I think people really are looking at this and they're looking at price and they're looking at access to the resorts. And it's about like whether do we have the resorts that they want to go to and is that at a price that's reasonable. Of course, there's no doubt that people would love to have cut the line or they'd like to get on the mountain earlier and things like that. Certainly, those things move the needle. The Epic Friend tickets, what we used to call Buddy Tickets, we have seen that that's quite important, especially to our spring pass purchasers. I think the third-party benefits are kind of a nice to have, but it's certainly not what we see as like the primary driver of results.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Got it. Okay. That's very helpful. That's very helpful. And then as you think about the price adjustment made yesterday, as we sit here today, does that make sense for the overall pass in the future to evolve as well, whether that's an extended deadline or different price points? I guess, just thinking about the positioning of kind of the whole mosaic of the company today.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. I don't see us extending the deadline for pass. So, I mean, right now, that is very much a key part of how we provide that discount is that it's for the majority of the ski season has started and that if you're buying products after that, they are refundable. And so, that's true even with the product we just talked about. So, these 30-day advance ticket is refundable ultimately. So, it is why there's still a delta, pretty significant delta between that and buying a pass in terms of what you could ski for by the day. So I think that the core structure of this we're not anticipating changing, but we do think there's an opportunity for us to be more creative about how we market lift tickets and I think there's an opportunity potentially for us to be a little smarter about how we price all of this.

Angela A. Korch

Executive Vice President & Chief Financial Officer, Vail Resorts, Inc.

A

I'd just say on the spectrum there, it is consistent with what we already do with our passes when you think about the deadline approach we have passes, right. The greater you commit in advance, the better price you get with it in pass, right. And so, this is a similar thing with lift tickets. Yeah, we had a 7 day advance lift ticket, 30 days in advance that's kind of extending that out, but in a similar structure and describe similar behavior that we're trying to do, which is to give it in advance.

Operator: We'll move next to David Katz with Jefferies. Your line is open.

David Katz

Analyst, Jefferies LLC

Q

Hi. Afternoon, everybody. Thanks for taking my questions. So, firstly, I'd like to just focus on the technology investments and just talk about how you think about returns on those investments. Obviously, they enhance the experience. But what are you able to measure in terms of maybe seasonal lift or other ancillary spend that may occur as you make those investments?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. I think absolutely they drive I think two things. One is they definitely improve the digital kind of guest experience in the technology piece or they're enhancing kind of the in-person experience like we are doing with ski school or with rental. But a lot of these technology investments, right, also help us improve conversion. And certainly, if you compared it versus like putting in a new left, actually it's a lot easier to track the return on these investments because we're getting the real-time feedback and can see it.

In particular, I think the focus that we're putting on the app, right now we're seeing a lot of traffic growth to the app and on mobile. And we are currently in mobile, obviously, yeah, if you're on a mobile website, certainly we can take payment. But in the app, we're not doing an e-commerce and we don't have easy ways like Apple Pay and Google Pay to close the sale. And so, we do see that is having a direct improvement in our ability to drive sales. I mean, we're going to be starting with basically lift access products, but ultimately we will have ski school and rental in there as well.

And so, now when we look at ski school, for instance, yeah, for this year, I would say one of the key things is going to be seeing how guests react to the digital ski school experience that we're going to be providing. I don't know whether it's necessarily going to have an impact this year on conversion. But obviously, to the extent that we can improve our guest experience scores and Net Promoter Scores within ski school, then we expect to see that actually come back certainly in follow-up visits or in next season.

David Katz

Analyst, Jefferies LLC

Q

Got it. And as my follow-up, I'd like to go back to Shaun's first question and maybe ask it in a bit more direct way since it's something that comes up in our conversations quite a bit. With respect to the discounting on lift tickets, I think what we're all at least in part trying to figure out is whether there is kind of a reset in lift ticket revenues separate and apart from past revenues and/or whether those decisions that you're making are producing incremental revenue now or are they setting you up to create incremental revenue in the future, right? We're all trying to sort of plot your revenue growth and put it all together.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. So what I would say is I think if you look at our lift ticket visitation over the last couple years has declined at the same time that our season pass revenue has basically been flat. And so – and particularly on visitation. And so, when you look at that, I think that relationship is not something that – I think it was one thing to see lift ticket visitation decline when we were growing pass units dramatically. But to the extent that we are seeing more mature growth in season pass, we should see growth in lift tickets. How? And so, this is one of the things that Epic Friend tickets would be a way. Being more creative on pricing and more differentiated on pricing at our resorts is another way which we're doing. Another way is the promotion, the 30% off promotion that we announced yesterday. Another way is increase marketing and improving the brand. And I'd say the basic blocking and tackling of marketing of lift tickets, which we were not really doing in the same way that we were doing for pass before.

So, yes, we do see this as adding revenue and we do see this as adding revenue this year, and that is included within our guidance and it's included – when we put out our guidance and highlighted that we saw pass visitation declining, but overall that would be offset by lift ticket visitation improving that was included in that. What we're saying, though, is that, yeah, we think these things take a few years to get into the guest psyches. I think one of the things we've learned over time is that just like when we introduced the Epic Pass a long time ago, it wasn't that everyone in the entire ski industry was like aware of it and all of a sudden started making decisions around. It took time. And these new things that we're doing, I think, are the same. It'll have some impact this year, but we

think we'll see better impact with Epic Friends and this 30% off four-week out ticket as guests really start to get in that habit.

David Katz

Analyst, Jefferies LLC

Helpful. Thank you.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: We'll move next to Arpine Kocharyan. Your line is open.

Arpine Kocharyan

Analyst, UBS Securities LLC

Thank you very much. Thanks for taking my question. This is a bit of a maybe unfair question since I'm asking about the current quarter, but I was wondering if you could speak to broader visitation trends into November and early December in terms of seeing traction with some of the promotional initiatives you have going on for the season. But specifically, within this broader bifurcation in the consumer space between upper end and lower end, what are you seeing in regional versus destination resorts? Do you see that leverage of lower pricing kind of discounting working better at your regional resorts while may be higher end not as price elastic and maybe there isn't much need to discount with those guests?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah. I think we said in our comments and I'd reiterate that I think we're in very early innings of even this season, let alone the lifecycle of a lot of these changes that we're doing. But what we're seeing is encouraging. But yeah, it's hard. Obviously, we're not ready to really speak to a lot of this because the season has barely begun. And of course, conditions are impacting so much of this in terms of looking at current visitation. So, really hard for us to assess. A lot of this I'd say on the broader point about upper and versus lower end of the consumer, I think at this point we're not ready to suggest that any of our results are being impacted by that. That may be a broader point about the economy and broader points about travel, but I think it's a little too early for us to comment on that. I think a lot of what we're seeing we think is much more about our own trends than it is necessarily about macro trends at this point.

A

Arpine Kocharyan

Analyst, UBS Securities LLC

Thank you very much.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: We'll move next to Patrick Scholes with Truist Securities. Your line is open.

Patrick Scholes

Analyst, Truist Securities, Inc.

Q

Hi. Thank you. As you think about changes to your pass structure, I've seen that there's been the announcement of the [ph] icon (00:32:52) reserve type of pass. Would that ever be a consideration for you folks that type of pass. Thank you.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

I would say everything is always a consideration for us. So I think in terms of having some more premium experience, that's something we clearly will always think about and focus on. I think some of the things that they're doing, we have in some of our higher end resorts, obviously, like private clubs and private dining. And then, obviously, ski school for us is a major driver. It's almost like a club in and of itself, right, in terms of getting the line cutting privileges plus concierge type support services plus obviously ski instruction in the midst of all that.

So, it's something we'll always look at. But for us, just like a lot of the other changes that sometimes people suggest, we have to look at like how it would impact the total ecosystem and other sources of revenue and other business lines that we have. But for us, for our upper end guests, we really do feel like we've got some pretty good avenues if they want to spend more on their vacation and get kind of some unique services.

Patrick Scholes

Analyst, Truist Securities, Inc.

Q

Okay. And then sort of a breaking news. Well, there's a chance Telluride may go on strike. Roughly how much does – in a normal year does your relationship with Telluride and the Epic Pass contribute to your overall earnings ballpark?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Well, I mean, I think it's – yeah, the relationship is it doesn't – Telluride doesn't necessarily contribute to our revenue into the year. I think access to Telluride help pass sales, which is important.

Patrick Scholes

Analyst, Truist Securities, Inc.

Q

Okay.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

And obviously, yeah, we're very hopeful that they can find a way to resolve the differences and that they have an amazing ski season ahead.

Patrick Scholes

Analyst, Truist Securities, Inc.

Q

Okay. So, it's pretty small, I assume, in the big picture things because you don't own it. It's just a pass relationship professionally, correct?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah. [indiscernible] (00:35:10).

A

Patrick Scholes

Analyst, Truist Securities, Inc.

In a nutshell. Okay.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

There's no earnings from Telluride that go to us.

A

Patrick Scholes

Analyst, Truist Securities, Inc.

Okay. Okay. Okay. Okay. That's it. Thank you.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: We'll take our next question from Chris Woronka with Deutsche Bank. Your line is open.

Chris Woronka

Analyst, Deutsche Bank Securities, Inc.

Hey, good afternoon, everyone. So, I guess Rob, as you kind of look at this year and understanding the slow start, but if you kind of look at I know you've always viewed lodging bookings for both holiday period and then further out into the spring as a little bit of an indicator. Have you seen any change in pattern or booking behavior in terms of people? Maybe if you look at same customer coming that has as Epic Pass, are they waiting longer to book? Are they looking shorter, longer? Any patterns you can see yet?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

You know, what I'd say is, I think there's no doubt that, I think as conditions, we're not great, right, during November, and early December, we definitely have seen a booking deceleration by that. But, the flipside to that is we've also seen it rebound very, very quickly. And so, that's not that uncommon in terms of where we are. I think obviously, we go into the season with, a \$1 billion of revenue right on passes, but those represent visits, like we're saying, almost 75% of our visits. So, those are folks who are going to come, most likely as we see in every year. But yeah, we do see, of course, people are trying to pick and choose, like, when's the right time to come. I think for Christmas we're going to get a lot of folks, who, because a lot of our biggest destination resorts, they have incredible experiences, right, not only on the mountain, but of course, in the town and with other activities.

A

And so, what we see actually, there's been, a lot of evidence of this. And even in years that were slower for us on the mountain sometimes actually it's been record sales tax years for some of these towns. So actually for us, we feel like that's where this combination of a broad set of experiences that people have plus the pass pulls people in. And yeah, then it's just a matter of how many visits do we get during Christmas? And when snow comes and

when conditions shift. But at this point where, we have kind of factored that in, and yeah, assuming that we have a more normal Christmas experience, we feel very good about the guidance.

Chris Woronka

Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Understood. And then as you and this kind of question relates to both your, the new Friend pass, Friend tickets and also just your overall goal of getting more folks on to the mountains. Any early read on how ancillary spend looks for kind of the first timers and what is kind of embedded in your expectations related to ancillary spend for first timers?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

We don't – I'd say, yes, we're way too early to try and assess that because we, I think that's something we'll probably have a much better sense of, much deeper into the season. But I would also say that, the folks, there'll be some people who are true first timers. There'll be some people who yeah just couldn't make up their mind, in Epic Friend's, for instance, before the pass deadline. And then there'll be other people who are normal lift ticket purchasers who are just going to be, committing 30 days in advance. So, for us, these guests, I think, our destination guests largely we see as a cohort, in terms of their spend on the mountain. And we would expect that a lot of these folks who are coming in would be quite similar to those folks.

Chris Woronka

Analyst, Deutsche Bank Securities, Inc.

Q

Okay, very good. Thanks, Rob.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thanks.

Operator: We'll move next to Jeff Stantial with Stifel. Your line is open.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Great. Good afternoon, everyone. Thanks for taking our questions. I wanted to follow back up on one of Shaun's question from earlier. If I heard you correctly, Rob, I think you described the 30% one month advance discount as sort of unique, was the term, I believe you used. I guess my question is this like, could this represent, a bit more of a transition or a longer-term evolution towards a suite of, call it advanced lift ticket discounts, whether it's, four weeks, three weeks, two weeks. And it starts to become really more of a yield management exercise more than anything else or to that point I'd unique? Should we think about this more as one-off? And then just as a as a corollary to this, how do you think about the potential for AI to sort of we'll call it simplify the consumer purchasing journey and help enable some more differentiation than you've been able to drive historically? Thanks.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. Sure. So, I think I – remember if I, I don't know if I said in the prepared remarks, but if I said in the answer on terms of unique, what I would say is I think it's unique for us. Sure. We have not had a product like this before. At this point no, we're not anticipating having, kind of multiple products that, by 7 days, 10 days, 15 days, 20 days,

we're not thinking that. I mean, I guess it's certainly possible. I would say, yes, I think AI does help quite a bit. And it's certainly something we are using in terms of taking a lot of data and synthesizing it down to give you some insights.

And so, when you look across how many resorts we have, how many lift ticket products we have, and how many pass products we have that give essentially the same access and all the different, advanced dynamics. We do think that AI can help kind of really take our information plus research and assess like what's the right pricing point and approach for that. But in the end, it's of course, it's still business judgement and offsetting our strategy for what we think makes the most sense for the company. And that's still going to be, that it's us ultimately setting pricing based on what we think ultimately drives revenue.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's great. Thanks. And then turning over to the lodging side of things. I'm just curious if you think there's opportunity to, sort of run similar initiatives as saw what you're doing right now with the window and the lift ticket side of things, whether it's, more advanced, some sort of discount. Just obviously lodging is a material piece of the budget for a destination guest coming into one of your resorts. So, I'm just curious if there's opportunity to sort of rethink pricing there as well.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Well, I would say, I mean, lodging is already, right, a highly dynamic pricing system because it basically is participating in the broader lodging, dynamic pricing system. So there right, obviously, we're changing price all the time, literally on an almost daily basis based on what we have in inventory, what we're seeing out in the market. So, it is a very different, I don't know, ecosystem than what we see in lift tickets and passes. So, I'd say, no I don't see us trying to do what we're doing right now on lift access to lodging because lodging is yeah much further along. I also don't see lift access going to where lodging is either because they're just different businesses and I think we respect that, but we feel good about our entire approach to lodging. I think we, absolutely are leveraging like the right technology and very much, looking at all of our competitors to ensure that we're, yeah, driving the most revenue.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks very much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thanks.

Operator: We'll take our next question from Brandt Montour with Barclays. Your line is open.

Brandt Montour

Analyst, Barclays Capital, Inc.

Q

Good afternoon, everybody, and thanks for taking my question. So, the first question is, the – I think it was pretty clear up, the pricing discounts and cuts that you've talked about throughout the call are more than offset by volumes and you said [indiscernible] (00:43:13) you're going to you guys baked in some incremental revenue for

these. And so, I guess the question is, when you think about the incremental revenue that you baked in, I know you're trying to give that number. But is it – is that piece more coming from what you called out today? Selectively being more aggressive on dynamic pricing from window tickets at certain resorts? Or is it more from the thing you announced yesterday, the month ahead, 30% discounted ticket program?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. We're not going to give specifics on that. But yeah, all these things come together, including Epic Friends (sic) [Epic Friend] (00:43:49) to help and marketing right to help in terms of marketing, I mean, additional paid media, better brand, elevation, more top of funnel. I mean, all of these are things that are all coming together to create the guidance that we have. And so, yeah, at this point, tougher to parse it out. But I would say, yeah, we absolutely see this as driving additional revenue because yeah, I mean, that's based on the assessment that we have and what we look at in the market and what other people are doing. And in a way, just because, we've been again, if you go back historically, right, we have been, we really haven't been focused on lift tickets, to drive lift tickets on their own. We've really been focused on moving people to pass. So you just haven't seen this level of dynamic approach that we're taking today. So, I think it maybe stands to reason that you're going to see some benefit from this. Now that we're really putting our muscle behind it.

Brandt Montour

Analyst, Barclays Capital, Inc.

Q

Okay. That's helpful. I appreciate it. The follow-up on this will be, for that sort of more dynamic pricing, it's like resorts throughout the season. Can you just benchmark us on sort of what the – what you did before, I mean, we remember you talking about pushing into off-peak before, but it wasn't really a situation where you were taking price, down specifically. What were you doing before and then what also – what can you see in your data as you were raising prices that kind of gives you the sense for the elasticity that you need to see for this to work out in terms of volumes.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Well, I'd say two things. One is in terms of what we were doing before. Well, we had I mean, there's certainly activations at the resort. Obviously, pricing was lower. Lodging pricing was lower in off-peak than other time period. Ski school prices were lower, rental prices were lower. So, it's not that, obviously, we weren't ignoring it. But in a way, right, but so much of our focus is on the [ph] path, and the path (00:45:54) really wasn't focused on [indiscernible] (00:45:58). I mean there's some passes that have blackout days, some didn't. So, we were focused, but we were not really focused on when – actually going to use the product. It was much more of a focus on just getting them into the program as a whole. So, like this is a pretty big shift in terms of where we're sitting today and how are we going to go about this. And I would say that, yeah, we have done a number of price tests on different things at different resorts. Yeah, that are not, we don't, we're not going to call attention to, but we actually do get learnings from that. And a lot of what we've watched so far has been built on the experience that we've gleaned from a number of those things.

And again, it's helpful because we have a lot of data capture and we have a lot of personalization amongst our guests and so we can really track. And we can compare resort to resort. We can compare different periods. So, that allows to do some things that, obviously are tougher to do if you don't really have the same breath that we have and that we could bring. And I'd say, yeah, of course, the other piece is what we have, just the broad piece that I've mentioned earlier, which is our lift ticket sales were down the last two years, even though the industry's lift ticket sales were, I think, flat and then up or maybe up in both years.

And so, I would say that that's also a test that clearly we're doing something that wasn't working. And so, which is why it's not like we're not saying that it's just about price. What we're saying is, it's about these multiple things. It's about price. It's about promotion, it's about engaging with guests. It's about brand and the individual resort brands. And it's about, yeah, this kind of top of funnel advertising versus call to action, I mean. So, we see this as a multi-pronged effort, not just, oh, price.

Brandt Montour

Analyst, Barclays Capital, Inc.

Super helpful. Thank you.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: We'll move next to Molly Baum with Morgan Stanley. Your line is open.

Molly Baum

Analyst, Morgan Stanley & Co. LLC

Hi. Thanks so much for taking our questions. The first one I wanted to ask is about the larger initiative you mentioned to enhance your dining offerings. Can you talk about what the impetus was for that investment? Was it driven by guest feedback? And maybe at a high level, how you're thinking about your value proposition there and how impactful you think the investments will be ultimately for your ancillary business?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah, I think, one of the challenges I think we saw from COVID was we went into COVID and although it was terrific that we could operate the resorts, in that in the second year, kind of, 2020, 2021, we couldn't barely could operate our dining and then even in the following year, we also were operating at a much more scaled down level and I just don't think the company has fully come back from that. I think maybe we're a little slow to do that. And I think, a little slow maybe to realize that, that was going to take a consumer, right, more effort by us to get them back into our restaurants. It wasn't going to be enough for us to do what we were doing before COVID. We actually were going to need to do some new things. And so, the things that we've launched are really, one, having a much greater level of personalization and creativity and merchandising, branding in each outlet, both resort by resort and within each resort.

A

So, I think, yeah, giving more initiative opportunity to people managing all of these locations. But at the same time having a central team that's watching all of it, and then saying, wait here, this is working, that's not working. We should try this, we should try that, and much better data. So that's key. Then two is yes, the investments we're making which are really, I'd say threefold. One investment is we're actually improving the dining – physical [indiscernible] (00:49:48) the dining. Sometimes it's adding new food or stations, sometimes it's just upgrading the visual look of it or upgrading kind of how people move through it.

We also have another initiative where we are trying to optimize seating. And so, we've gone back and looked at table size and chair size and everything else and how we're laying out each the dining room. And again, we know with technology and a centralized approach, we can kind of compare and contrast what's working in one place, what's working in another place, and make sure that we're doing what we can on that.

And then last is ultimately the food itself. And then this is not a capital investment, but more of an operating, investment in terms of how we can invest in the food, either elevating ingredients or providing more breadth. So, it's and we do see this as also a multi-year effort where I think you'll see even more of this as we go into FY 2027, where we've got a lot of work going on right now on, yeah, what are ways for us to really differentiate on the food business.

Molly Baum

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Thank you. That's very helpful. And then just one quick follow-up on the improvement in pass sales trends post September. So, you saw it in both pricing and in units, but you mentioned that the marketing investments helped improve mix sequentially. So, I guess my follow-up there is, was that an intentional byproduct of your marketing changes? Should we expect to see more improvement from mix going forward? Or do you think, maybe units may accelerate a little more as we go forward and as these initiatives mature?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Well, I think we're – one, we're obviously going to be trying to drive growth. But, yes, our marketing was, I think a little more heavily weighted this year to our unlimited products. One, the Epic Friend tickets are for unlimited products and the Epic Friend, we extended it for the first time into the fall, so that fall purchasers of unlimited products could get Epic Friend benefits. We also, the doing more upper, upper funnel kind of brand building and brand connection. We also felt, was directed at these folks who are making a bigger commitment and really trying to inspire their passion for the business. And that is something that we intend to do, I think, more of and candidly in a much better job of as we have more time to prepare as we go into next year, I think we are going to be focused on those unlimited products.

I think we've done and – maybe much like the season pass, the pass and lift ticket piece. We've done this incredible job of building out the Epic Day Pass product line and promoting that and bringing new people in. And obviously, when you look at the growth we've had over the last four years, it's been insignificant, a lot of it coming in Epic Day. But we also think it's now an opportunity for us to go back to that kind of unlimited passholder and the Epic and Epic Local passholders to make sure that they're feeling, yeah, the strong connection and incentive to go into those products.

Molly Baum

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Thanks so much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thanks.

Operator: This concludes the Q&A portion of today's call. I would now like to turn the call back over to Rob Katz for closing remarks.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thank you all for joining our first quarter fiscal 2026 earnings call. I want to close out by saying that our path to sustainable growth is clear, and I'm confident we're focused on the right priorities to keep advancing these strategies. I'd also like to take a moment to thank our dedicated team members, particularly our frontline employees, as they create an experience of a lifetime for our guests is only because of our team's commitment and passion that we are able to deliver on this mission.

With that, thank you all again for your interest and time, and we look forward to seeing you on the slopes this season.

Operator: This concludes today's Vail Resorts fiscal first quarter 2026 earnings conference call and webcast. You may disconnect your line at this time, and have a wonderful day.

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