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Vail Resorts, Inc. (MTN)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to the Vail Resorts Fiscal Third 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 open for your questions. [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

Vice President-Investor Relations, Vail Resorts, Inc.

Thank you, operator. Good afternoon, everyone, and welcome to Vail Resorts fiscal 2026 third quarter earnings conference call. Joining me on the call today 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, June 8, 2026, 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 quarterly 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.

Thanks, Connie. Good afternoon, everyone, and thank you for joining us for our third quarter earnings call. Before getting into the details around the quarter, I want to take a minute to step back and discuss our progress against the focus areas I laid out last year. This call a year ago was my first opportunity to speak with all of you after stepping back into the CEO role. At that time, I outlined the foundational advantages that differentiate our company, including our owned and operated network, advanced commitment model and deep guest relationships, and our commitment to leveraging those strengths to deepen guest engagement, loyalty, and drive stronger revenue growth.

Now, a year later, and despite just going through a very challenging ski season, those priorities remain unchanged and we are encouraged by the progress we've made in evolving our marketing approach and enhancing our lift ticket strategies.

As I think is well understood, our results this past year were significantly impacted by weather challenges across the Western United States. The historically adverse weather conditions we discussed last quarter continued through March and April, which drove meaningful pressure on visitation and revenue in the quarter, particularly at our destination resorts in the Rockies, which experienced the worst season on record for snowfall. To give context on the magnitude of the impact of conditions on visitation this past season, industry-wide visitation in the Rockies declined approximately 24%. When you look back over 40 years, the prior worst decline in visitation outside of COVID-related closures for the Rockies was down 8% in 2012, which illustrates the unprecedented severity of the conditions and the anomaly we just experienced.

Against that backdrop, our advanced commitment strategy and geographic diversity, along with our resource efficiency transformation plan, and ability to use our integrated systems to remain agile on expenses were pivotal in mitigating the impact from weather this past year.

At the mid-point of our updated guidance range resort EBITDA will decline 14% from our original fiscal year 2026 guidance issued back in September 2025, which is in line with the fiscal year 2012 miss to guidance. Despite snowfall in the Rockies being down approximately 30% from the previous low in 2012 and year-over-year, the mid-point of resort EBITDA guidance implies a 12% decline. Nothing to cheer about, but something to be proud of given the visitation decline in a historically high fixed cost business.

Importantly, the challenging conditions did not shift our focus from delivering a high quality guest experience as we achieved record guest experience scores, including year-over-year increases at every resort in the Rockies, where we were most impacted by weather. For the third season in a row, we had full staffing in our resorts, a strong return rate for our seasonal employees, high employee engagement scores, efficient utilization of our labor hours due to workforce planning and much better selectivity in our recruiting efforts as our need to hire new people continues to decline.

We also saw market decline in employee injuries per labor hour, typically another good indicator of improving culture. Overall, we are very pleased with our operational execution within the areas we could control. We are also encouraged by the positive proof points we're seeing across the key strategies we outlined heading into the

season. Evolving our marketing approach, focusing on driving lift ticket visitation, and optimizing our pass product portfolio. And I'd like to provide an update on each of these.

First, evolving our marketing approach. This involves increasing our focus on targeted paid media investments and adjusting the channel strategies to better reach and engage with guests. Heading into the season, we saw positive results and a shift in approach as we were able to improve the pass sales trend by 5 percentage points in the post-Labor Day selling period relative to the earlier selling period, which provided greater stability going into this past season.

Additionally, with increased marketing investment and a clear focus on our resorts, we saw increases in unaided brand awareness from destination guests for our top resorts. Second, we made changes heading into the season to focus on driving lift ticket visitation, which delivered early positive results. We expanded our passholder benefit program with Epic brand tickets at a 50% discount and saw visitation from benefit tickets increased 10% despite a decline in overall lift ticket visitation of 10%.

In addition, we introduced super advanced lift tickets, which offered a 30% discount for purchases made a month in advance, which drove a 65% increase in tickets sold more than 28 days out and we did not see evidence of material cannibalization of other advanced ticket products. Combined with our shift in marketing approach, these strategies drove meaningful outperformance relative to the US industry in lift ticket visitation this past season. Based on preliminary data, as we saw, our US lift tickets declined 12%, while the rest of the industry lift ticket visitation was down approximately 20%.

And in the Rockies, our outperformance was even stronger. There's no doubt a portion of our outperformance is due to the destination nature of many of our resorts, which may do better than local resorts in a tough weather year. But even in the Northeast, we saw excellent conditions. We saw an increase in our lift ticket visits of 8% versus the rest of the industry down in it, an estimated 8% in the Northeast.

Finally, moving on to next season's pass sales, spring pass sales were down 10% and sales dollars, including tax were down 5%, which reflects softer demand following one of the worst ski season in history. While our overall pass sales decelerated in May from our April deadline, part of that was the timing of military sales, a portion of which got pulled forward into April due to us offering pass benefit tickets to military Pass Holders for the first time and part was due to the timing of auto renew charges.

Excluding auto renew and military, unit declines were very stable between the two selling periods. While we're clearly not satisfied with any decline in pass sales, the outcome is not necessarily surprising given the severity of the conditions we just experienced this past season and the massive growth we saw in pass sales in the previous five years, especially in our frequency products, which saw the biggest decline this past spring.

Encouragingly, third-party data suggests our spring pass performance meaningfully outpaced the broader industry, which we would attribute to all the new strategies we put in place for this year.

Angela will cover additional details on the spring pass results, but we do believe, based on our own results and the broader market data, that a portion of the decline is likely due to delayed purchase decisions rather than reduced overall intent to ski next season, creating an opportunity for improved pass performance in the fall selling season and or ultimately through in-season lift ticket purchases next year.

Looking back over the past several decades, US ski market data indicates that visitation typically fully recovers following a season with poor conditions if the subsequent season has normal conditions. And we believe we are

well positioned to capture that visitation recovery with the pass and lift ticket product and marketing strategies we have developed.

That said, given how unprecedented this past season was, it's hard to know with certainty how any of this will play out. Looking ahead, we see a unique opportunity to drive a step change improvement in the overall guest experience across our resorts through continued investments in lifts, snowmaking, terrain and talent, while leveraging the scale and strength of our integrated network to implement new technologies and processes to enhance key elements of the guest experience. We are uniquely positioned to differentiate the guest experience as we have intentionally built a fully integrated, owned and operated network of world-class destination and regional resorts connected through our path and marketing ecosystem and supported by a unified data and technology platform. We have key initiatives underway in our gear, ski school and dining businesses, as well as every facet of guest engagement and communication. And we will share updates on these efforts in the upcoming months and throughout the year. Together, these initiatives will play an important role in driving future visitation growth and long-term value creation.

With that, I'll turn it over to Angela to walk through the quarter in more detail.

Angela A. Korch

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

Thanks, Rob. I'll briefly cover the results from the quarter, our updated fiscal 2026 guidance entering pass sales results. Starting with the third quarter results, weather conditions remained extremely unfavorable in the quarter, which put continued pressure on visitation and revenue across the business. Resort revenue for the quarter declined 7% compared to the prior year, primarily driven by unfavorable weather conditions that impacted visitation and revenue for both local and destination guests, particularly at our resorts in the Rockies and in Tahoe. Lift revenue declined 5% despite visitation being down 15%, primarily as a result of North American pass sales increasing 3% heading into the season.

Resort EBITDA for the quarter was down 9% as our advance commitment model, cost discipline and the geographic diversity of our portfolio partially mitigated the larger conditions headwinds. To expand on the magnitude of the conditions impact even our most committed pass visitation in North America declined 17% over the winter, while lift ticket visitation declined 10%. The impact was particularly severe in the Rockies, where snowfall for the winter finished down 55% below the 30-year average.

Looking ahead to the fourth quarter, we expect stable demand across our North American lodging and mountain resort businesses from the summer season and we are encouraged by early momentum in Australia, where Epic Australia pass units are up approximately 26% and youth in dollars are up approximately 31%.

Turning to full year guidance. We are updating our full year outlook with the resort EBITDA mid-point now at the bottom of the range we provided in March, consistent with our April update. We now expect net income attributable to Vail Resorts in the range of \$128 million to \$162 million and resort reported EBITDA in the range of \$735 million to \$755 million. This change reflects the continuation of historically challenging conditions through March and April, which further pressure visitation late in the season. With a reduction in earnings, we now expect our cash taxes to be in the range of \$75 million to \$85 million. We remain on track to exceed our initial two-year resource efficiency transformation plan of \$100 million, as we expect to achieve \$106 million of annualized efficiencies by the end of this year.

We also remain on track to deliver an additional \$30 million of savings in fiscal 2028, as outlined at our March Investor Conference presentation. From fiscal 2026, this translates to an incremental \$45 million of efficiencies

year-over-year before \$13 million of one-time costs. Our resource efficiency initiatives are providing a modest offset in a weather impacted year and reinforce our commitment to driving structural efficiency across the business.

Turning to our balance sheet and capital allocation. Despite the difficult operating environment this year, we remain confident in the strength of our cash flow generation and the stability of our business model. Our balance sheet remains strong as we ended the quarter with liquidity of approximately \$1.1 billion and net leverage of 3.5 times trailing 12 months EBITDA. We are also reaffirming our capital plans of approximately \$250 million to \$220 million in core capital spending and \$234 million to \$239 million of total capital investments as we continue to invest in technology across our gear, ski school and dining businesses to enhance the guest experience and ultimately to drive long-term growth in our business.

Our capital allocation priorities remain unchanged. Starting with reinvestment of the business and maintaining balance sheet flexibility to pursue potential acquisition opportunities, followed by returning capital to shareholders. We maintain the quarterly dividend at \$2.22 per share and we'll remain opportunistic on buybacks, as evidenced by the repurchase of approximately \$45 million of shares year-to-date.

On pass cash sales, as Rob noted earlier, pass units and sales dollars through the May deadline were down 10% and 5%, respectively, including the impact of tax. Pass sales sold were down approximately 8%, reflecting a higher mix of unlimited products sold during the period. Pass performance to-date has been driven by softer demand following the challenging conditions this season, evident in the fact that the weakness has been most pronounced in our more weather impacted destination markets, including Colorado, Utah and like Tahoe as well as among destination and guests who typically travel to the Rockies, which all saw low double-digit unit declines.

In contrast, we saw much stronger performance in our Eastern US markets and at Whistler Blackcomb, where pass units were down low-single digits. We are seeing positive performance and our new initiatives that the new Young Adult product introduced this year saw results pacing well ahead of other age groups. And as I mentioned, our core high-value Unlimited pass products are outperforming frequency products, all of which reinforces the strength of our value proposition.

We are also seeing better relative performance from renewing passholders and more pressure in pass sales within our new segment and reduced visitation in the past season has resulted in a smaller conversion audience, which is typically a key driver of unit growth during this period. While new near-term trend likely reflect delayed decision-making following a challenging season, we remain confident in the long-term growth opportunity given our strong resort network and marketing strategies.

In closing, while this season's results reflect an exceptionally challenging operating environment, we are confident in the strength of our business model and the progress we're making on our key strategies. We remain focused on delivering a differentiated guest experience, strengthening our demand model and executing the opportunities within our control. Over the long-term, we believe these efforts position us well to drive sustainable growth and create value for our shareholders.

With that, I'll turn the call back over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And we'll take our first question from David Katz with Jefferies. Please go ahead. Your line is open.

David Katz

Analyst, Jefferies LLC

Q

Hi. Good morning. Good afternoon, everyone. Good evening. Good day, wherever you are. I wanted to ask Angela about the comment, about the Young Adult product pacing well ahead of other groups. Can you put some context around how well that's doing? Put some maybe relative size on that group's ability to make a difference and just some more meat on the bones around that particular comment, please.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Sure, I'll comment on that, David. I think it's – we're not going to put more specificity around it yet. We'll provide more color as we get to the end of the full selling period. But it's definitely meaningfully outperforming all the other age groups and has been from the beginning. The other comment I'll share is that what we're seeing is a good tradeoff from a lot of other products, of course, into the core Epic product, which is what we were trying to do. So we see that as a real positive as well. In the end, I don't think it's a – it's not something that is going to drive our overall results for the year. It's a mitigator, I think, to some of the other declines that we're seeing.

David Katz

Analyst, Jefferies LLC

Q

Right. And frankly, if we were to break up the different cohorts within the past group. Right. Could you maybe give us just a bit more detail across the board on how some of those are doing and what your expectation is for those, some up, some down?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, I think, what we're seeing is pretty, I think as we highlighted, as Angela mentioned, I think one of the biggest things that we're noting is in Colorado, in Tahoe, in Utah and in destination markets, particularly destination guests who visited kind of the Rockies resort or typically visit the Rockies resorts, those are where we're seeing the biggest declines. And we're seeing much, much more modest declines in the Northeast and in Whistler Blackcomb. And so that really tells us, right, that this is very much a conditions impact from last year as opposed to some broader structural impact. Not surprised that following the season that we just saw that the new segment of our pass sales is down a lot more than renewal. But obviously, we're kind of heartened that the renewal piece is as strong as it is.

And I think the other piece that yeah, that we would mention is just that the Unlimited products which we have been focused on quite a bit since last Labor Day are really outperforming our frequency products and we're trying to move people from frequency up. I also would say, yes, obviously a frequency buyer is the newer buyer to the overall program [audio gap] (00:20:24) bit more sensitive and unlikely to buy as early given the conditions that we just went through.

David Katz

Analyst, Jefferies LLC

Helpful. Thank you very much.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks, David.

A

Operator: Thank you. We'll take our next question from Shaun Kelley with Bank of America. Please go ahead. Your line is open.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Hi. Good afternoon, Rob and Angela, thanks for taking my question. Rob, I guess big picture, we're getting a lot of questions that are a little too early on, sort of what the impact is of what we learned today on next year's planning and sort of to not box you in on guidance. Maybe the easiest way to ask it is based on what you know right now that these results and what you're seeing on the pass side, in particular, does it really change much in terms of how you're planning for the business, staffing for next year and how you're thinking about the broader operating expense and planning outlook at this stage?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

No, it's not. I mean, I think when you look back historically, what you see is that – and this is over a lot of years and both when you look at years where the Rockies did poorly, I think another great example is when two years during the drought that we had in Tahoe and then you look at the year that had normal conditions, yeah, we see every indication that visitation comes fully back and in some cases surpasses even the year before the bad year like it did in Tahoe, some of which I think is pent-up demand that gets created during a season like we just went through. That said, during those years, right, there was no pass programs like we had or have today and certainly not pass programs to the extent that we've grown them over the last five years. So it's not surprising to us that you're going to see some, especially in the spring delayed decision-making. This would be a perfect example of when you'd expect that. And so at the moment, no, we're seeing a lot of this as timing between spring and fall or even between fall and the season for lift tickets. It's why it's critical in our minds that we not only have great programs on the season pass side, but also for lift tickets. So we are planning for, yeah, a normal season next year with normal conditions.

A

Now that said, as we mentioned, and as I mentioned, Angela mentioned, yeah, it is, we are dealing with an unprecedented anomaly. So, there's no way that we can be exactly sure what it's going to look like. But right now, there's no change in our planning for next season.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Great. And then just as my follow-up, couldn't help but notice both, I think, in the release and also in your prepared remarks you talked about, I think it was a step function improvement on lift, terrain. You mentioned snowmaking, but I think all of it built around the guest experience. And just wondering if you could either elaborate a little bit more or is there kind of a right time to hear a little bit more about initiatives there that we should look forward to listening in to?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Sure. I think what I'd say is, it's kind of continued investments in the way we have in the past, in things like lifts and snowmaking terrain, upgrades to restaurants, things like that. I think where we really see the step change is taking the network of resorts that we have and using technology and new processes to obviously to then elevate like through system-wide, or network-wide investments, the experience that guests have. And so that could be like My Epic Gear in terms of completely changing how guest experience gear, it could be around ski school, like the digitization of ski school, which is something that we announced. And then, we have other things that we're working on, that we'll be announcing kind of in the months ahead.

Same thing with food. Other things we're looking at on food. New things that we're looking at, on how we connect with guest, address guest feedback, how critical and impactful the app is to everybody. And in our mind, we can create a bit of an ecosystem around our resorts that we think meets what guests of this generation, right, expect and this time expect, which is technology that really makes a new processes, that makes everything easier and better and eliminates all that kind of a hurdle that some people can have when they go skiing, but at the same time doesn't get in the way of their experience on snow. And we think we're just uniquely positioned to do that, as well as the marketing piece, right. Obviously we have the ability to market both pass and lift ticket to these guests with unified marketing approach. But at the same time, and I think we saw some of the benefits of this, still elevating each resorts brand, elevating the experience and unique connection that each resorts has to our guests.

Shaun C. Kelley

Analyst, BofA Securities, Inc.

Q

Thank you.

Operator: Thank you. We'll take our next question from Molly Baum with Morgan Stanley. Please go ahead. Your line is open.

Molly Baum

Analyst, Morgan Stanley & Co. LLC

Q

Hi. Thanks so much for taking our question. I guess one follow-up to -you talked about the deferral of pass purchasing. Do you expect heightened trade down to maybe some of the lower frequency pass product if demand does materialize later in the selling season? And I guess to the extent that you can kind of I know not all of these products existed back then, but what have you seen historically after a weaker weather year when it comes to the different pass products?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, I think, it's a little challenging because obviously when the last time certainly when the Rockies went through this we actually saw pass growth the following year, but that was at a much earlier stage in the overall past maturity cycle. And we did not have frequency products like we have today. And at this point, I would say that, that, it's hard to say. I think we're not - we're not seeing trade down in our numbers. And obviously the strongest performers right now are the Unlimited product and higher value Epic products versus regional product. So at the moment, we're not seeing any of those trends, but we'll see. I think we're in a unique moment. In the end we don't think this is about people saying that they're not going to ski next year. We think it's about people not, not willing to make that commitment today and yeah, obviously unprecedented season that we just went through so hard to say how it will play out when we get through the fall.

Molly Baum

Analyst, Morgan Stanley & Co. LLC



Got it. That's helpful. And then one other one you talked a lot about the integration of the app in fiscal 2028 bringing My Epic Gear into the app. But as we kind of think about that transition, particularly on the Epic Gear launch, does that transition period create any notable revenue growth gap in 2027? As we're going to lose the subscription revenues? Or is there anything to call out there in terms of the volatility we might see. Thank you.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.



I mean, I think, what I'd say on FY 2027 for My Epic Gear is that it's definitely a transition year where we're moving from kind of what we were offering before to taking kind of the ability to select your own gear and rolling that out for all of our demo skis that we're going to sell next year. So obviously what I'd say is, it's not from a financial perspective. No, we don't see any, any issue there.

From an experience perspective, it's kind of going from a very small, high touch experience, but very few number of guests to really rolling it out to that highest and guess but across a much broader base of skiers. And then in FY 2028, you would see the full experience with high touch points and everything else being rolled out to yeah, to everyone who rent. And then we'll have gradations obviously of different parts of the experience at that point. But the ability to select your gear, the ability to have an app and get the gear, whatever you want, really reducing all these friction points, the ability once you've gone through and try not to boot or use a ski and then you like it, we can actually have that all ready for you without you coming in again, trying anything on or even if we're delivering it to your unit or condo you don't, we don't have that. We just drop it off and you can pick it off. It's not like we have to actually have people go through the process of the fitting. So all of that is really FY 2028 piece, but FY 2027, it'll be the first step towards that.

Molly Baum

Analyst, Morgan Stanley & Co. LLC



Got it. Thank you so much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.



Thanks.

Operator: Thank you. We'll take our next question from Arpiné Kocharyan with UBS. Please go ahead. Your line is open.

Arpiné Kocharyan

Analyst, UBS Securities LLC



Hi. Thanks very much for taking my question. This is somewhat related to an earlier question, but assuming the current trend of down mid-single-digit in dollar sales for the pass product continues, that means the lift part of the business has to come in at a double-digit range for overall to be flattish, which is not, I guess, inconceivable after a tough year, but probably hard to do. At the same time, yet given some nuggets of positive indicators in the visit release kind of suggesting that historically visitors seem to come back after a tough year, even after they kind of delay purchase – purchase decisions initially, I guess, could you talk to the potential or perhaps path for the lift business to grow at a double-digit range based on historical patterns, but also programs you might have in plan for getting lift visitors? And then I have a quick follow up.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, I think if you look back, I mean, what I'd say is maybe the reverse of this, right? So when we were growing season pass revenue 20-plus percent per year in the double-digits for a long time, we absolutely saw a significant decline in lift ticket visitation as people moved from passes – from lift tickets to passes. And so we do think we have every opportunity to see strong growth in lift ticket visitation if the pass business comes down. So we do think there's a fluid movement between the two products. It doesn't mean that it's perfect. It doesn't mean I can't exactly say, because obviously we're in a unique environment exactly how that will play out. But we don't think there's any kind of artificial cap to how we can drive lift ticket growth. It really comes down to what the demand is. And I think for us, the key thing was having products available for people at more accessible price points. And so there, I think certainly our Epic Friend Tickets, the super advance lift tickets all, that has performed very well and obviously only in its first year, not a ton of awareness. So we see that as a huge opportunity for next year. We were very selective last year in picking certain resorts and certain time periods to be more aggressive on specific lift ticket products. And I think you'll continue to see us do the same thing ahead of going into next year.

Now, that said, it will always be that the best deal is going to come from a pass. And so as we get certainly towards the end of the pass selling season, we will make sure that we're reminding everybody of that fact, before we go into next year. And obviously we do have our turn in your ticket program where folks who might have used an Epic Friend Ticket this year or bought any lift ticket can obviously use that to buy a pass as they go into next year.

Arpiné Kocharyan

Analyst, UBS Securities LLC

Q

Okay. That's helpful. Thank you. And then could you go over the levers you have to protect EBITDA, right, given mid-single-digit range decline so far, at least in pass product, seems like you might see that improving a little bit later in the season. But sort of top-line dynamics but also cost side of things. What kind of underlying cost inflation we're looking at and how you look at the shape of that EBITDA recovery after an anomaly year with an underlying understanding that ultimately a lot also depends on the strength of the lift business once we get there, I guess.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. Well, first of all, we'll go into FY 2027 with an opportunity to really see, right, the kind of run rate improvement in our resource efficiency transformation efforts, because obviously, we're delivering on all of that for FY 2026, a portion of which is going to really roll into FY 2027. Then we'll have new initiatives that we'll be talking more about as we go forward a portion – most of that will be FY 2028, but a portion of that we also hit FY 2027 and then obviously, yeah, I think we have given Unified approach that we take towards how we schedule labor and all of our workforce planning. We can be nimble with labor to the extent that we see that visitation decline, but we're going into next season looking for full staffing and really expecting assuming that the conditions are good, yeah, that we're going to get that full visitation. So, we're not going to pull back on the guest experience. But I think as we saw this year, yeah, if that's what happens, we certainly can make adjustments. But that's not what we're going to be planning for.

Arpiné Kocharyan

Analyst, UBS Securities LLC

Q

Thank you very much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: Thank you. We'll take our next question from Laurent Vasilescu with BNP Paribas. Please go ahead. Your line is open.

Laurent Vasilescu

Analyst, BNP Paribas Securities Corp.

Hi, guys. Thanks for the question. Maybe kind of going continuing on to the past selling season, as you kind of go through the rest of the year or summer like how do you think are you changing any of the maybe strategies or like marketing to kind of drive a little bit of an acceleration? Or is it kind of using the same maybe like marketing approach as you have the last in the couple of months?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah, I would say that we're constantly looking at whatever our results are for the last deadline, especially and saying, okay, what did we learn? What can we do differently? Where can we lean in more one place or another? And we're taking all the learnings that we have in the spring and we're to put them to work as we go through Labor Day and through the rest of the season. And I do think we have opportunities. Some of the new approaches that we launched, post-Labor Day last year, we have an opportunity, obviously, to put those in along with the learnings that we have through spring into this year's Labor Day. And yeah, we're in Midway, we tend not to make big product changes because we feel like, yeah, it's critical for everyone to be making decisions on the product set that we have and important that the folks who buy earlier always get the best deal. We're not going to change from that. But in terms of how we go to market in terms of the dollars that we invest on media, yeah, that is always going to be about the numbers that we're seeing. And we did see good results from the incremental dollars that we put to work last fall. We saw good returns from the incremental dollars that we put to work this spring. And so that's definitely going to be front of mind as we go into the fall.

A

Laurent Vasilescu

Analyst, BNP Paribas Securities Corp.

Okay. Got it. Thanks. And then maybe going continuing on to the question around the kind of lift or window ticket demand into next year. So as mentioned following a kind of challenging season, you might expect conditions to normalize, visitation to recover. And I guess if pass units are down a bit and maybe then that means that lift window tickets are higher, I guess in a way that also creates a positive mix effect where like maybe the price per window ticket visit maybe as high or is that something we should be thinking about in terms of like I guess the incrementality of window ticket visit into next year in terms of EBITDA?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah, yes, absolutely. And I would say it's important to remember that, yes, we're down 10% units, 8% in days sold after this ridiculously horrible winter, we're still so far ahead of where we've been in any previous bad season in terms of advance commitment in total. So if you think about how much advance commitment we have at this point in front of next year versus any year we've had historically, yeah, like where we've had a bad season like this. No, no, no. We're, we're well ahead. So actually, in some respects, we're in a much stronger position, as we're thinking about next season, even though we had a bad year last year. And yeah, there is the opportunity – if

A

somebody is going to not buy a pass and is going to wait to buy a lift ticket, even at the lower prices that we're putting out for lift ticket, they're going to be paying more. And so that is absolutely our lift ticket, effective ticket price will go up. I'm sorry. Our overall effective lift ticket price will go up as they move from pass to lift ticket. Now, that's not that's not what we want. We still want people to be in the advance commitment bucket. But, yeah, we have to have every lever available to us.

Laurent Vasilescu

Analyst, BNP Paribas Securities Corp.

Great. Thanks. Good luck.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thank you.

A

Operator: Thank you. We'll take our next question from Jeff Stantial with Stifel. Please go ahead. Your line is open.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Hey, good afternoon, everyone. Thanks for taking our questions. Maybe starting off on...

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Sure.

A

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

...pass sales. If we go back to this time last year, Rob, I think you talked to some resilience in purchasing behavior through Liberation Day and some of the choppiness we were seeing back then in consumer sentiment. Obviously, weather is going to be the bigger impact so far this year. But just curious if you think that macro uncertainty maybe factoring in as well, if you look at trends so far this selling season and then historically, can you just remind us what do you typically see when gas and flight costs are higher, what sort of impact do you see on visitation behavior across the local and destination cohorts during the season?

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yes, sure. I mean, I would say right now, tough to break out kind of, any kind of macro impact from the weather impact – the conditions impact from last year. And I think based on some of the data we were talking about in terms of how Whistler was doing or the East versus other markets, definitely seems like this is much more of a conditions-driven decline. I think when you look back historically, obviously, the further you travel, the harder. So a lot of times you do see people, if they have an issue with the plane cost, they may drive. So we may see more in stronger local visitation. The same time, a lot of people won't go, and fly internationally to the extent that the cost of those flights are even higher and obviously, we're seeing some cut back on some of the European flights and things like that, Asia, so ultimately, that could help the overall destination – the US destination or American destination business here.

A

So I think our business provides a natural hedge of sorts, I think in tougher economic times because of how core kind of skiing is and the kind of recreation component of our business. It's not all just vacation spend, but in the end right now, I think it's hard to say what the overall economic environment will be next year. And so we're focused much more on the kind of unique situation we're dealing with rather than the overall economic environment right now.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's great. And then you actually – I think, you touched on this a little bit, but as a corollary – a question that we get from investors all the time is sort of how much impact the Trans-Atlantic or Trans-Pacific outbound skier travel is having on visitation. Just given that value proposition and what seems to be a lot of word of mouth marketing benefit over the last, call it, two or three years. Rob, I'm curious, just when you look at the data, how material do you think this trend truly is versus just more of a narrative thing? And if it is material, is there obviously flight costs and things of that are going to help you if they stay where they are. But from more in terms of the levers that you can pull, is there any opportunity within the marketing strategy or otherwise to sort of go after this lapsed guest basis, that's sort of opted for international?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, we don't see that as a material driver, right. And obviously we have data because our path is provide, right, access both in Europe and in Asia. And we're not seeing a material increase in the usage of that. I think, in unique occasions, yes, it can be meaningful to a resort in Europe or Asia, US business, they can see a real increase. But in terms of the overall visitation that's happening in the kind of North American ski industry, no, I don't think it's material either way. I think it's a kind of nice kind of bucket list type thing that people add on every now and then. But it's not really replacing the normal visitation, I would say the other side of it which I don't think is changing anytime soon, but really what we've seen over the last five to seven years is a decline in inbound visitation into the US.

And so between lots of different factors, part of it that US dollar, others, just the overall inbound tourism, which is not just about skiing but about everybody in tourism. I mean, I think that is the much bigger trend that international visitation to the US for a lot of travel, but certainly for the ski industry has gone down a lot. And so if there's any normalizing trend ultimately over time, that is our hope and I know that in addition to us, there's lots of other people in the US travel business trying to promote that.

Jeffrey Stantial

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks very much.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thanks.

Operator: Thank you. We'll take our next question from Ben Chaiken with Mizuho. Please go ahead. Your line is open.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Hey, thanks. Maybe one on cost. The mid-point of the new guide implies EBITDA down 12% with a cost base of just over \$2 billion. As we think about next season, other than inflation, how should we think about the flow through of any incremental revenues? And then separately, are there any moving parts you would flag? I guess, for example, were there any one-time areas you pulled back this year we should consider that need to come back as revenue presumably returns? Thanks.

Angela A. Korch

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

A

Yeah, thanks for the question. I think the biggest piece to think about is there's obviously a variable component that we had this year of where we – yeah, we were able to manage to the demand levels and the revenue, that of course would come back with revenue as you would expect outside of just kind of inflation on our base operating cost. And then as Rob mentioned, we have the year-over-year benefit going the other way on our resource efficiency transformation. Expect to be about \$106 million relative to about right we were at the \$82 million cumulative point this year. So you'll see a year-over-year benefit from that.

Outside of that, it's really other things that just normally track with performance, things like our performance management compensation that you should think about will return obviously in a normal environment next year.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

I guess maybe following up on that – I guess you were referring to variable cost components associated with visitation and then...

[indiscernible] (00:43:51)

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Say that again.

Angela A. Korch

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

A

Yes, the variable cost that go with the revenue, right. Things like credit card fees and taxes and all of those types of things that go with the revenue that we would expect to come back with visitation returning.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Okay. And then maybe just one from a modeling perspective, I think this year we saw presumably an elevated effective ticket price. I assume that's basically just from season pass dollars juxtaposed against lower visitation from weather. I guess am I thinking about this correctly and is there any way you can help us quantify this drag next season and then any other offsets you would consider? Thanks.

Angela A. Korch

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

A

Yeah, you're correct. The effective ticket price this year when we have pass visitation in North America down 17%, but obviously had the revenue locked in, that is having a very large impact on the effective ticket price overall. So what I would do is I would separate out the pass revenue piece from the lift ticket piece to really get more of a comparative of what you would expect in terms of the pricing change year-over-year versus just right, the visitation impact from this current season.

Ben Chaiken

Analyst, Mizuho Securities USA LLC

Q

Thanks.

Operator: Thank you. We'll take our next question from Anthony Bonadio with Wells Fargo. Please go ahead. Your line is open.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

Q

Yeah. Hey, guys. Thanks for taking my question. I just wanted to ask about past trends versus peers. I think you mentioned pass sales are outperforming others in the industry. So, can you just dig into that a little bit. Just anything to frame the magnitude there and the different drivers of that delta.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, it's hard for us to – obviously there's not perfect information on that since we're the only one that, that publicly reporting. But we're basing that on just some third-party entities that that try and track transaction volume and other things in the marketplace. Yeah. So it's hard to speak with a lot of precision on any of that, but to the extent, yeah, that, that we are outperforming, we do think it's from all the things that we did going into the past selling season, which we're spending more on media. We have the Young Adult pass, which we think was really priced well. We also think the message of that Young Adult pass was a really strong message for us as we went through the season. And we also just, yeah, leaned into completely new marketing tactics and approaches than we have last spring. And because a lot of the new things that we started doing really were last to fall.

And so we feel like that helped as well. And we had a really strong year in terms of guest experience at our resorts even with I think the down snowfall and conditions that were tough. I think there was a sense broadly that on the things we could control this season, I think we did really well. I certainly feel that way and I think a lot of our guests feel that way. And I think that gives confidence that as we go into next season, yeah, that that we will of course put everything we have into making it the absolute best season possible.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

Q

Got it. That's helpful. And then just maybe on M&A, can you just talk about what you're seeing out there from an M&A perspective, maybe how the abnormally poor season might be influencing decision-making from operators that might be looking to sell assets?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. I'm not going to comment on M&A, I never do. But in terms of specificity, but I would say historically, I have not seen situations where down either economic years or down snow years, it trigger people to immediately sell. I

think everybody feels like no one wants to be selling in a down year. I think sometimes it reminds people, though, that you can have these tough years. And so the year after there even two years after, right, there's a different mindset of ownership. Obviously a lot of resorts have transacted in North America over the last couple of decades. So a lot of the folks that are still owning resorts, I think are doing so because this is a long-term family commitment that they have. So whether a year like this is going to impact them is kind of unclear.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

Thanks so much, guys.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thanks.

A

Operator: Thank you. We'll take our next question from Patrick Scholes with Truist Securities. Please go ahead. Your line is open.

Patrick Scholes

Analyst, Truist Securities, Inc.

Hey, good afternoon, Rob, Angela, and everyone. Can you just talk a little bit more about this, I believe a new inclusion of a KPI with called days sold? And certainly it comes with a footnote on it, but some metrics in there. Talk a little bit about why, including that now, I assume has to do with the prevalence of frequency products. But a little bit more color on that and anything else we should be thinking about when watching that KPI specifically? Thank you.

Q

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Yeah, I think it is something that we've been looking at internally for a while and obviously tries to say, you know what, we've been reporting on units. But if you sell an Epic pass or an Epic local pass, that's one unit. If you sell an Epic one day, that's also 1 unit. That's the way we've been tracking it. But obviously, those are two completely different products. And so internally, we've been tracking days sold because it tells us how many days of skiing we have. Now that's said, like we don't we of course, don't know when we sell a product how many days they're going to use it. So just for simplicity, internally and now we're sharing it externally, it highlights, yeah, that if we are mixing up in the kind of frequency of that unit, so to speak. Yeah, then that'll show up in the days sold versus just units. So I think we started talking about that publicly at the investor conference and I think we said talked about that we might continue to report on that and we're going to and in the end, it is what we track most closely in terms of thinking about overall revenue and how many visits we're going to get out. Now, obviously, it's important to us. The units are important too, because we like to see all the guests. Obviously, that that's kind of a transaction piece. So it's still important, but not quite as important as the days sold, which tracks, yeah, just a little closer to how much volume people are buying.

A

Patrick Scholes

Analyst, Truist Securities, Inc.

Thank you.

Q

Operator: Thank you. We'll take our next question from Brandt Montour with Barclays. Please go ahead. Your line is open.

Brandt Montour

Analyst, Barclays Capital, Inc.

Q

Hi, everybody. Good afternoon and thanks for taking my questions. So, Rob, you mentioned the turn in ticket program, the Epic Buddy Ticket program. And I apologize if I missed this, but how are those programs been utilized so far? Is it in line with your underwriting, better or worse? And just given the nature of those products and who owns those options is there an obvious characteristic as to when you think they would turn them in to buy the pass throughout the cycle here?

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah, I guess the question is, yeah, they're – it's kind of early because a lot of that is going to we think probably happens later. But right now, yeah, we're seeing improvements in both the turn in your ticket categories across the board. But obviously ultimately we need to see how it goes out through the remainder of the season because the selling season for passes, so it's a little early to say.

And both of those programs performed really well from our standpoint on a relative basis. But obviously we didn't see the full benefit of them because, of course, overall visitation was lower and we had serious headwinds with conditions. But on a relative basis to other lift ticket products, they did well. But from a kind of turn in your ticket perspective in terms of the impact they can have on the pass business, we really need to see like a normal fall season and see how many people actually buy it in that context and then how many people convert into passes following that.

So this will be a tough year to make a full assessment of it. But the flipside to it, I would say we felt really good about introducing some of these new aggressive products last year in what turned out to be a tough winter because obviously it allowed us to have products that we were promoting that made it easier for people to buy. And I'd say that's the same thing with Passes. Obviously, it is a tougher, tougher pass selling season right now. And so the fact that we have these other avenues for people to get in we see is all positive.

Brandt Montour

Analyst, Barclays Capital, Inc.

Q

Okay, fair enough. A second question would be on the competitive environment. You guys seem like you're gaining share in terms of pass sales versus your competitors. And specifically in that younger cohort where you guys adjusted the price lower do you have any concern that competing systems who are doing worse than you right now may get more aggressive in their pricing or promotions, especially in that younger cohort, to try and win some share back? And then how that could sort of impede your ability to try and improve pass sales throughout the next three to five months.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Yeah. What I said of course, I have no idea. Right. It's hard to know. And I think we take our approaches part of it, there's a little bit of competitive dynamic that we're looking at there. But a part of it, I think, as we shared in the investor conference was we looked at how much we increased pass pricing over the last four years in both Adult and Young Adult. And what we realized was in the Adult category, yeah, actually we did quite well on that. But in the Young Adult category we didn't. And so in a way, this is almost like a rollback of some of the increases that we

took before. Look, I think one of the benefits we have and again, I've no idea how other people are going to make pricing decisions. And that's obviously on them. But one of the benefits we have here is that because we own, right, all of our resorts and have only limited partners when we increase or decrease price, we're not constrained by the relationship we have with the partners or how we're paying them or not paying them or how we're spending our media or not. I mean, all of those things are easier. We also get the benefit of ancillary, right, in all of our resorts, not just in the owned resorts or a limited number of resorts on the pass. So to the extent that we're being more aggressive with Young Adults, no matter where they keep ski largely in our North American network, we're getting the benefit of that lift full 100% of lift revenue, but we're also getting the benefit of everything they spend on the mountain.

So I can see how that makes it a little bit tricky if you don't have that set-up. And I think the same is true. Right. For all these other things that we're doing as we move back and forth between pass and lift tickets is we're doing this in a very holistic manner. It can be harder to do when it's a little bit more balkanized. So for us in the end, we're not, really – we're not really in a reactive mode at all. We're really into how do we optimize. And I think that that when I first came in, we were looking to optimize our past portfolio and make decisions that were pretty independent of what others are doing.

Brandt Montour

Analyst, Barclays Capital, Inc.

Q

Great. Thanks for the thoughts, Rob.

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

A

Thank you.

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

Robert A. Katz

Chairperson & Chief Executive Officer, Vail Resorts, Inc.

Thank you. While this year presented weather challenges and tougher financial results, it also sharpened our focus and reinforced the work we're doing to address the end-to-end guest experience from marketing to products to the entire on mountain experience. On that point, I want to thank our frontline teams for their unwavering dedication throughout this exceptionally challenging season. As we look ahead, we built an integrated network and platform that positions us to deliver a consistent, differentiated guest experience, strengthen loyalty and drive long-term growth. This network allows us to deliver a more consistent – and more consistent experience at every touch point at scale, which remain at the heart of everything we do, and I'm confident will drive us to the next phase of our growth. Thank you all for your time today.

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

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