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Marriott Vacations Worldwide Corp. (VAC)

Q4 2014 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Marriott Vacations Worldwide Fourth Quarter and Full-Year 2014 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Jeff Hansen, Vice President of Investor Relations. Thank you. You may begin.

Jeff Hansen

Vice President-Investor Relations

Thank you, Danielle. And welcome to the Marriott Vacations Worldwide fourth quarter 2014 earnings conference call. I am joined today by Steve Weisz, President and CEO; and John Geller, Executive Vice President and CFO.

I do need to remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties, as described in our SEC filings, which could cause future results to differ materially from those expressed in or implied by our comments. Forward-looking statements in the press release that we issued this morning, along with our comments on this call, are effective only today, February 26, 2015, and will not be updated as actual events unfold.

Throughout the call, we will make references to non-GAAP financial information. You can find a reconciliation of non-GAAP financial measures referred to in our remarks in the schedules attached to our press release, as well as the Investor Relations page on our website at ir.mvwc.com.

I will now turn the call over to Steve Weisz, President and CEO of Marriott Vacations Worldwide.

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Stephen P. Weisz

President, Chief Executive Officer & Director

Thanks, Jeff. Good morning, everyone, and thank you for joining our fourth quarter 2014 earnings call. This morning I'll briefly touch on our 2014 highlights, share the progress we've made on our growth initiatives, and discuss our expectations for 2015. I'll then turn the call over to John to provide a more detailed review of our fourth quarter performance, and our guidance for 2015, after which time, we will then open the call for your questions.

2014 was a solid year as full year adjusted EBITDA was $200 million, at the high end of our guidance. Companywide contract sales, excluding residential sales, improved 3%, and remember, this improvement is against 2013, which included an extra week in our reporting calendar. Excluding that extra week, year-over-year contract sales improved 4%. VPG was strong as well, with full year 2014 VPG in North America of $3,386, outpacing the prior year by 6%. This increase is even more impressive, considering it was on top of the 8% growth in 2013.

Company adjusted development margin continued to improve at 22% for the full year. Adjusted fully diluted EPS was $2.93, at the high end of our guidance range, and free cash flow exceeded the high end of our guidance range, coming in at $284 million. While the number of tours were down year-over-year, we began seeing tours trend higher in the fourth quarter. Excluding the extra week in the fourth quarter of 2013, they improved almost 3% quarter-over-quarter.

Now let me turn your attention to our recent efforts to add new destinations with strong onsite sales distributions. Some of you felt that on last quarter's call I was holding back from announcing our progress on this front. On that point, while it is always tempting to discuss our acquisition activity as it progresses, we find it more prudent to make announcements once the agreements are actually signed.

As we have mentioned for several quarters, we've been working diligently to find new destinations and source inventory through capital efficient methods. I'm excited today to be able to announce several planned additions to our portfolio of resorts in three of our key target markets; Miami, San Diego, and Hawaii.

Equally exciting to note, we've also entered into our first asset light transaction at our property on Marco Island, Florida. We sold our adjacent parcel of land to a third party, who will, in turn develop the property to specifications consistent with our brand standards. Once completed, we have a commitment to purchase those units beginning in 2017 on a schedule that meets our expected inventory needs. We also expect to ramp up our sales distribution at Marco Island with the addition of the new units beginning in 2017.

In Miami, we have a commitment to purchase a 182 unit property under construction in South Beach, scheduled to be completed in August of this year. We have also signed a letter of intent with a third party who will purchase the property from the seller upon completion, giving us flexibility to acquire the inventory over the next several years in a more capital efficient manner. In addition, we are targeting to open a new sales gallery in this market during the first half of next year.

Earlier this year – earlier this month, excuse me, we closed on the purchase of a property in San Diego, a 264 unit former Marriott Suites Hotel located close to the Gaslamp District and the San Diego Zoo. We plan on delivering the first renovated units and a sales gallery by mid-2016.

Due to the short timeline for the closing of the transaction and the scope of the required renovations, our initial investment, as well as future renovations will be carried on our balance sheet. However, we anticipate continuing

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operations of the hotel as we proceed with the renovations, which will help offset the cost of carrying this inventory until it is sold.

We are also excited to have a commitment to purchase a portion of the White Marriott Waikoloa resort, which we plan to convert 240 guest rooms to 112 timeshare units. Located on the Big Island of Hawaii, this will be a beautiful addition to our existing collection of Hawaiian resorts on Oahu, Maui and Kauai.

As in Miami, we are pursuing an asset light arrangement for this acquisition and subsequent conversion. We anticipate delivery of a new sales gallery in 2016 and converted units beginning in 2017. As our new sales centers come online in 2016 and ramp up over the next several years, we expect these centers to generate $75 million to $100 million in annual incremental top line sales revenue. I am personally excited about these new additions and I'm looking forward to the sales growth that each has the potential to grab.

As it pertains to dispositions, we ended 2014 having closed on the sale of two significant parcels of land. At Kauai Lagoons, we received gross proceeds of $40 million from a majority of the land and a golf course, and we expect to close on the remaining parcel in April of this year for additional gross proceeds of $20 million.

In the Bahamas, the Abaco sale provided gross proceeds of $10 million from the sale of our remaining land and completed units and an operating golf course. It's important to note that in addition to the cash we received for these sales, we also expect to realize savings of roughly $8 million this year because both golf courses operate at a loss and our subsidy obligations and other carrying costs associated with these parcels will be reduced.

Including the $20 million we expect to receive in April from the sale of the remaining portion of Kauai Lagoons, we will have generated gross cash proceeds of over $120 million relative to the $150 million to $200 million we originally guided for our dispositions. Based on our results to date and the value of the remaining land and inventory to be sold, we now expect to generate $170 million to $200 million in total proceeds.

The majority of the remaining excess land and inventory is represented by the oceanfront parcel in the Hotel District and Cancun. As you may know, Cancun is one of our target growth markets and one of the most popular timeshare destinations in the world, which would also provide a strong on-site sales presence for us. For that reason, while our sale is still an attractive proposition, we will continue to have the option of developing the parcel potentially through an asset light transaction at some point in the future.

In our Asia Pacific segment, we mentioned on our last call that we intended to sell our 18 units of inventory in Macau as whole ownership residential units. In the first quarter of 2015, we closed on the sale of all these units for almost $30 million. Our expectations are to reinvest those proceeds in new inventory in one of our key growth target markets to support our growth in this region. As it relates to our share repurchase activity, in 2014, we returned over $200 million of capital to our shareholders. Including the dividend we paid last quarter, we've returned a total of over $210 million to shareholders in 2014.

2014 was a turning point in our evolution as both a long-standing vacation ownership company and as a public company. We have completed virtually all of our organization and separation-related activities. We have achieved development margins of over 20% and have begun adding new destinations with strong on-site sales potential to drive our future growth with a particular emphasis on asset light transactions. I'm truly proud of what we've accomplished and how 2015 has started.

To that end, let me conclude my comments by providing my thoughts regarding guidance for the current year. We fully expect to continue our standard of improved performance with full year adjusted EBITDA between $215

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million and $225 million, total company contract sales growth, excluding residential sales of between 4% and 7% and a more normalized adjusted free cash flow range of a $135 million to a $160 million.

With that, I'll turn the call over to John to provide a more detailed look at our 2014 results and our outlook for 2015. John?

John E. Geller

Chief Financial Officer & Executive Vice President

Thank you, Steve, and good morning everyone. I'm very pleased with our strong performance in the fourth quarter of 2014. Adjusted EBITDA was up almost 30% to $49 million, driven by a strong fourth quarter performance in our rental and resort management businesses. Contract sales of our core vacation ownership product grew 3% to $212 million. This was driven by our key North America segment with contract sales of $186 million, a 4% improvement over the fourth quarter of the prior year.

Excluding the impact of the extra week in the fourth quarter of 2013, contract sales in North America improved over 10% in the quarter. And while we do not adjust EBITDA for revenue reportability, it did negatively impact results in the fourth quarter by $5 million.

Our contract sales improvement in the fourth quarter was driven by solid North America VPG growth, which increased 5% over last year to $3,255. This was due to increased pricing as well as higher points purchased for contract. In the fourth quarter, adjusted development margin declined roughly 150 basis points to 21.4%. Product cost increased 90 basis points, primarily due to the timing of higher product cost true-ups that benefited the fourth quarter of 2013.

Total Company marketing and sales costs increased 60 basis points in the quarter, but were roughly flat in our core North America segment, a notable achievement as we continue to invest in new buyer tour flow. For the full year, adjusted development margin was 22%, 220 basis points higher than the prior year.

Turning to our other lines of business, our rental performance in the fourth quarter was much improved, contributing $1 million to our adjusted EBITDA, slightly better than the expectations we discussed on the third quarter call. This stemmed primarily from lower-than-expected inventory costs, as well as higher rental rates.

We have made great strides in our rental business over the last couple of years, improving results from breakeven in 2012 to $26 million for the full year in 2014. In addition, remember there is still roughly $8 million to $10 million of unsold maintenance fees from Ritz-Carlton Club inventory that will decrease as we sell through that inventory over the next couple of years.

In our resort management and other services business, results improved $5 million in the quarter over the fourth quarter of last year, reflecting improved exchange company fees, as well as higher fees for managing our portfolio of resorts.

In our financing business, revenue, net of related expenses was $23 million, down $3 million from the fourth quarter of 2013, which benefited by almost $2 million from the additional week. As we've said before, our notes receivable balance continues to decline faster than we are originating new notes. However we expect this trend to stabilize during 2015 and begin growing towards the end of the year.

Turning to cash flow. In 2014, we generated $284 million of adjusted free cash flow, roughly $40 million more than the high-end of our guidance range, due primarily to lower inventory spend. Remember on the third quarter

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call, we mentioned $30 million to $40 million of inventory spending could potentially shift into this year, creating upside in 2014. As a result, this helped inventory levels come down another $96 million during 2014, bringing our total investment in inventory down roughly $200 million since the time of the spin-off.

Pivoting to our outlook for 2015, we expect to achieve between $215 million and $225 million of adjusted EBITDA, which at the midpoint of our guidance range is an increase of 10% over 2014. We expect this growth to be driven by higher top-line revenue from a 4% to 7% increase in contract sales.

2015 contract sales growth is expected to come from a combination of increased VPG and tour flow at our existing sales centers. As Steve mentioned, new sale centers associated with our new destinations will not come online until next year.

We expect total company adjusted development margin of between 21% and 22%. It is important to note that this guidance assumes up to $5 million of startup cost or almost one point of margin related to staffing and training expenses associated with the new sale centers we just announced.

Lastly, we expect our adjusted fully diluted EPS to grow to between $3.16 and $3.35 before the impact of any incremental share buybacks in 2015.

We expect free cash flow of between $135 million and a $160 million, closer to more normalized levels based on adjusted EBITDA guidance of $215 million to $225 million. However, as in prior years, there will continue to be some puts and takes that impact cash flow. So I'd like to take a moment to provide some additional color on what we expect in 2015. We expect inventory levels to continue to be a positive story, increasing only about $18 million in 2015, even after the $40 million of inventory spend that I mentioned was deferred from 2014.

This guidance for inventory includes the purchase of the hotel in San Diego, which will continue to be operated as a hotel as we begin converting those units of – converting those units to timeshare inventory in 2016. It also assumes we complete the Miami and Waikoloa transactions on an asset light basis, which would defer our investment. We will continue to pay down the free spend Marriott rewards liability by approximately $24 million during the year. The estimated remaining liability at the end of 2015 of approximately $70 million will be repaid in the first half of next year.

Turning to investing activities, we expect additional spending of about $21 million in 2015 as a result of our new sales centers, roughly half of which relates to the new sales centers in support of our new projects and half relates to a new sales center we are building on Hilton Head Island.

We also expect our corporate capital expenditures to be approximately $9 million higher than our historical annual investment rate of roughly $20 million, as we upgrade our owner facing technology to keep pace with our owner expectations in the years to come.

Lastly, because of the financial environment in 2009, the securitization we completed that year was structured in a way, that has created a significant amount of over collateralization. We expect this deal to be eligible for clean up during the second quarter of this year. After repaying the remaining debt of approximately $30 million related to this securitization, we anticipate reselling new associated notes receivable in our 2015 securitization, under more favorable terms in addition to providing approximately $45 million of net free cash flow up side.

Even with the puts and takes that we just talked about, and the new destinations we have announced today, we expect to generate free cash flow in 2015 of $130 million to $160 million. We intend to manage our inventory

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spend in a capital efficient manner, that will allow us to continue to generate significant free cash flow and continue to optimize our balance sheet.

Turning to our balance sheet, from the beginning of 2014, real estate inventory balances declined another $96 million to $767 million. This includes $413 million of finished inventory which represents just under two years of contract sales based on our current growth projections. The Company's total debt outstanding increased $33 million from the end of 2013 to $711 million, all but $3 million of which is non-recourse debt associated with the securitized notes. In addition, $40 million of mandatorily redeemable preferred stock remains outstanding.

At the end of the year, cash and cash equivalents totaled $347 million. We had $25 million of notes receivable available for securitization and a $197 million in available capacity under our revolving credit facility. We are proud of what we have accomplished over the last several years and optimistic about what the future holds.

To that end, with all the exciting news we have shared today about new destinations as well as how we expect to work with third parties to acquire the inventory in the future, we may have raised more questions than we will be able to answer today about what all this means for growth in future years.

For that reason, we are planning to hold an Investor Day on the morning of May 15 at the New York Stock Exchange. Our management team will provide insight on how to think about our growth prospects, as well as inventory spending and how all of what we have talked about today translates into future EBITDA growth and strong free cash flow. We will provide more details about this meeting as the day approaches, but we hope that you will put it on your calendars and look forward to seeing you in New York in May. As always, we appreciate your interest in Marriott Vacations Worldwide.

And with that, we will open the call up for Q&A. Danielle?

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QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will be conducting a question-and-answer session. [Operator Instructions] Our first question comes from Steven Kent with Goldman Sachs. Please proceed with your question.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Good morning, Steve.

Steven E. Kent
Goldman Sachs & Co.

Q

Hi. Good morning. My first question is just, you've now shown the ability to go towards an asset or deferred CapEx program in some form or another. Does that increase your appetite to go down into another price point away from the broad Marriott system?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Well, this is Steve, Steve. I think the way I would respond to that is not dissimilar to prior discussions that we've had on the calls. We think about growth in timeshare space as not unlike what we thought about it when we were in the hotel business. You look for parts of the marketplace where you have an opportunity to expand your footprint, where there seems to be meaningful unmet demand and where we believe we could put forth our product proposition where we could make it accretive to our shareholders. I'm not sure that by moving into asset light, it has any particular implications for going down market so to speak in a more moderate year, but I guess conceptually it could be a piece of that.

Steven E. Kent
Goldman Sachs & Co.

Q

Okay. Then just a second question. Your sale of – you're seeing a nice pick up in the higher points per transaction of the sale. Does that change your ability to upsell in the future? Are people buying more initially and then maybe they won't buy as much on a go-forward or I'm just trying to understand the dynamic there?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Yeah, actually, the real answer to that question is no, we don't believe so. We actually think that first on buyers in particular, as we move more in that direction, which have a tendency to buy at a lower price point coming in in terms of number of points they buy, they will be a prime target for our ability to sell them more points later. So I don't think that there is any concern about that.

Steven E. Kent
Goldman Sachs & Co.

Q

Okay, thank you.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

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Thank you.

John E. Geller
Chief Financial Officer & Executive Vice President

A

Thank you, Steve.

Operator: Our next question comes from Chris Agnew from MKM Partners.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Hi, Chris.

Christopher Agnew
MKM Partners LLC

Q

Thanks very much. Good morning. First question, if I could just touch on the tour flow. I think you mentioned that you saw a nice sequential improvement in the quarter of 3% quarter-over-quarter?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Yes.

Christopher Agnew
MKM Partners LLC

Q

What was the growth year-over-year? And you had mentioned before in a previous call that you were hoping – by the first quarter of next year, you would actually be seeing it up year-over-year. Just comments on what you saw in the fourth quarter, plans for the first quarter and how all of your initiatives are progressing? Thanks.

John E. Geller
Chief Financial Officer & Executive Vice President

A

Yeah. Just on the tour flow Chris, fourth quarter the 3%, that's year-over-year growth, not sequential. We talked about excluding the extra week last year. For the full year, we were still down year-over-year, I think about 1.5% without the 53rd week. So the trends we saw in the fourth quarter were very positive obviously, just given what we had seen over the previous quarter. So a lot of the programs we've talked about previously continue to gain traction and some of those packages we started selling last year, that's obviously going to help and ramp up tours as we move through 2015.

Christopher Agnew
MKM Partners LLC

Q

Great. Thank you. And then switch to – can you clarify again, the asset light transactions. So San Diego transactions, I think you said was going to be on balance sheet. Your other planned transactions, will those be structured similarly? Can you just sort of outline the differences, if there are any, between them? Thanks.

John E. Geller
Chief Financial Officer & Executive Vice President

A

Yeah. Sure. Yeah, the goal is to do both Miami and Waikoloa on an asset light basis. The other deal Steve mentioned on Marco Island, that's at one of our existing resorts and so we actually sold the land that we had there

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to a third party whose is going to develop that. And then we're contractually obligated to buy that inventory back when it's completed, beginning in 2017.

Miami and Waikoloa have a little bit of a different flavor. Those are new destinations for us. Those aren't existing resorts. So in the case of Miami, that's actually under construction right now, should be completed later this year. We signed a letter of intent with a third party who would rather than us take that inventory down when it's completed, they would take it down, and then we would structure it in a way to bring that inventory in over the next couple years as we needed it to support sales.

And Waikoloa is a little bit of a different flavor in that, that hotel recently traded hands, a new buyer. We have a commitment to take down a wing in that hotel and that would be converted to timeshare. We're working right now. Rather than us take it down, we would have either the existing owner or a third party step in and take that, convert it, and once again we would expect those units to be available for delivery in terms of our sales in 2017.

Christopher Agnew
MKM Partners LLC
Q

Great. Thank you. And then – sorry.

John E. Geller
Chief Financial Officer & Executive Vice President
A

Go ahead. No?

Christopher Agnew
MKM Partners LLC
Q

Just to confirm, so the way you're structuring those, they're not going to come on to the balance sheet?

John E. Geller
Chief Financial Officer & Executive Vice President
A

That's right. Yeah, that's the – the Marco deal won't come on balance sheet until we buy those units, when they are completed. Obviously we haven't completed the Miami or Waikoloa deal yet in terms of an asset light, but that is the goal in terms of how we would structure these.

Christopher Agnew
MKM Partners LLC
Q

Great, thanks. And then last question with the Ritz-Carlton product, and the unsold maintenance fees you're paying, any pacing over the next – you said a couple of years to work through that and is there any – are there any gating factors that are causing it to take a little bit longer? Thanks.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

The answer to the second part of your question is, it's just a matter of working through with the various home owners associations to get their approval and put them into the North American TimeShare Trust and we're making great progress in that regard. I would expect that the vast majority of these Ritz-Carlton remaining units will move into the timeshare trust, which will then effectively negate the unsold maintenance fees in the next 18 months or so.

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Christopher Agnew
MKM Partners LLC

Q

Right. Thank you so much.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Thank you.

Operator: Our next question comes from Bob LaFleur with JMP Securities.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Hey, Bob.

Robert A. LaFleur
JMP Securities LLC

Q

That wasn't even close. Okay. A bunch of questions here actually. I'll probably start with the simple one first. The $20 million land sale you are expecting to close in April, if I recall, wasn't there an extension related to a contingency that you had and I assume that that contingency then didn't come to fruition, if you're planning to close a sale? Maybe you could talk a little bit about that?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Yeah. It's – the contingency was and it was simply on our option, that should the buyer of the first $40 million of that parcel want to come back to us and develop a timeshare on that remaining parcel on an asset light basis and sell it back to us over time, they would do that. Those conversations continue, but we anticipate at this point in time that the parcel will close.

Robert A. LaFleur
JMP Securities LLC

Q

Okay. And then – and then on the asset light deals in Miami, you say that's a project that's under construction. What was – what is it? Is it – was it originally designed to be a hotel? Was it designed to be a timeshare? And then how does that work? If you take down inventory on a just in time basis, is that just in time as it's completed or just in time as you sell it, and if it's just in time as you sell it, what does that inventory do before you take it? Is it used for rentals or – I'm just trying to understand how this project works?

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Yeah. Bob, let me take the first part and I'll let John answer the second part. The hotel was originally designed – the property was originally designed as a hotel product. It is a [indiscernible] (31:04) Art Deco historic buildings in South Beach and we are going to convert those to timeshare. They will be timeshare when we sale them. As far as how it gets treated, in terms of the asset light, I'll let John talk about that.

John E. Geller
Chief Financial Officer & Executive Vice President

A

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Sure. Yeah. Assuming we're able to complete that with the third party, they would take down and own the hotel. We have a commitment Bob, to take down those completed units over time. We kind of stay away from the term just in time because we will buy that inventory when we need it to seed it into the trust, get it registered. As you are aware timeshare being regulated, there is some hoops you got to jump through before you need it for sale. So we'll slate it in and buy it and then put it into the trust and get through that registration process. Before it's sold it will be owned by the third-party. They – the way the structure would work is we'd mostly likely be hired to manage those – the remaining inventory on their behalf during that whole period. And so there – when we own it, the rentals for the stuff we own would be ours, but until we own it, that would be the third-party.

Robert A. LaFleur
JMP Securities LLC
Q

Okay. I guess, yes, that makes sense. And then Steve, in the past you've talked about sort of thematically, trends in closing rates, without giving a specific number. I was wondering if you'd could give us sort of an update of where closing rates have been trending and where that stands in the context of sort of your historic ranges and your historic high watermarks, that sort of stuff.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Yeah, closing rates for 2014 were up a little less than a point and we're still inching up to what the high watermark had been. We're still a little short of it, but we're very encouraged by what we see.

Robert A. LaFleur
JMP Securities LLC
Q

Okay. Thanks guys.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Thank you.

John E. Geller
Chief Financial Officer & Executive Vice President
A

Thanks.

Operator: Our next question comes from Brad Dalinka with SunTrust.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Hi, Brad.

Brad Dalinka
SunTrust Robinson Humphrey
Q

Hi, Brad on for Patrick Scholes. Good morning.

Stephen P. Weisz
President, Chief Executive Officer & Director
A

Good morning.

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John E. Geller
Chief Financial Officer & Executive Vice President

A

Good morning.

Brad Dalinka
SunTrust Robinson Humphrey

Q

A couple of things. First of all, I believe this is your first asset light deal. In terms of product cost going forward, how should we think about the impact? And also just an update, I'm wondering if you guys are continuing to look at corporate debt or if you're happy kind of where you are on the capital structure side?

John E. Geller
Chief Financial Officer & Executive Vice President

A

Sure. I'll take the first one. Yes, in terms of product cost, we're still targeting where we're at today long-term, which is a 30% company-wide target or better. We look at where we get product cost – even today, the stuff that we build might be more than the 30%, but as we talked about, we're always repurchasing inventory at a slightly better price. And so it's really continuing to target that mix longer term as we start to do these asset light deals.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

And on the – just to your comment, yes, from a structured transaction standpoint, this is our first asset light transaction. However I would characterize the buyback of pre-owned inventory as very asset light as well.

Brad Dalinka
SunTrust Robinson Humphrey

Q

Right.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

So in that regard, we've been doing it for a number of years. As far as our capital structure, I think we're very comfortable where we are. As you've seen, other than the $40 million of preferred, we virtually have no debt. We certainly have a fair amount of cash on hand. So if something attractive comes along, we certainly have some ability to do some things, and we have $197 million left on the revolver that we can call if we need it.

Brad Dalinka
SunTrust Robinson Humphrey

Q

Thank you. I appreciate it.

Stephen P. Weisz
President, Chief Executive Officer & Director

A

Thank you.

Operator: Ladies and gentlemen, I would now like to turn the floor back over to Steve Weisz for closing comments.

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Stephen P. Weisz

President, Chief Executive Officer & Director

Thank you, Danielle. To say that I'm pleased with how we ended 2014 would be an understatement. However with the announcement that we have made today and the potential for growth opportunities that lie ahead, we are poised for even better performance in the coming years.

Thank you for your participation on our call, and your continued interest in Marriott Vacations Worldwide. I look forward to seeing you in New York on our Investor Day on May 15. And finally, to everyone on the call, and your families from sunny Orlando, enjoy your next vacation. Thank you.

Operator: Thank you. Ladies and gentlemen, this concludes today's conference. Thank you all for your participation. You may disconnect your lines at this time.

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