Marriott Vacations Worldwide

November 28, 2023
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Brandt Montour: Okay. Great. Welcome back, everybody. Brandt Montour from Barclays here with Marriott Vacations Worldwide. We have John Geller, President and Chief Executive Officer, as well as Jason Marino. Marino, Moreno?

Jason Marino: Marino.

Brandt Montour: Okay. Chief Financial Officer was not here last year. He has moved into the seat. Welcome and congratulations to Jason. Happy to have you guys. Thanks for coming. We're going to start off really broad. Before we get into the specifics on timeshare, maybe you could just give us a sort of a two-minute overview of the company, the different business lines, and then we'll get into some of the trends.

John Geller: Yes. So big picture, we've got two segments, if you will; Vacation Ownership, which is the sales, the financing, management, as well as rental business of our 120 vacation ownership resorts. That's about 85% of our EBITDA on a normalized basis. And then our Exchange and Third-Party [Management], which is Interval International, and then we also own a hotel management business out in Hawaii called Aqua-Aston. So, those two components came over in the ILG acquisition.

I would say on the Vacation Ownership side, we’ve got seven brands with two licensors. Marriott being six of the seven brands we leverage, and then [with] Hyatt Hotels we have a separate licensing agreement. Right now, the size of the portfolios, 90%-plus of the resorts are Marriott branded, Ritz-Carlton, Marriott, Westin, Sheraton brands on the VO side and Hyatt's, call it, 22-23 branded resorts after the rebranding of the Welk acquisition.

Brandt Montour: Okay. That's helpful. And then -- and so before we get into timeshare specific trends, I want to start out high level with consumer travel behavior. And sort of what you're seeing, again, not specifically timeshare trends, but just we were coming off of a huge post-COVID revenge travel boom. This year was a year of some slight leisure travel normalization, but we're getting into next year's prime booking season. And so, what are you seeing in terms of the health of the consumer? How would you describe that travel world?

John Geller: Yes. It's still super strong. Brandt, as you were pointing out, we didn't realize how good 2022 was, right, until we got into 2023 in terms of some of that revenge travel, pent-up demand, people coming out of COVID. And what you saw at a much higher level -- and we're no different than others, I think with leisure properties, right? Because remember, we don't have a group or business traveler really. It's all in, for the most part, higher-end leisure travel markets.

What you saw in 2023 was especially the U.S. traveler traveling abroad, to Europe. I'm sure everybody in here either went to Europe or knows three people that went to Europe this summer. But that was what you really saw, right? You saw a lot of that higher-end traveler. And so, on the margin in some of our higher end markets like Hawaii or Florida Beach resorts, things like that, you did see slightly softer demand, still way better than what we were doing in 2019 - and rates are still higher - but versus 2022, you saw some softening there. And then the other thing you didn't see was, - and I think I just saw something that said - international travel back into the U.S. is about 83% or something of pre-COVID level. So, you haven't seen because of how long it takes for certain countries for travelers to get visas and the lead time. So that will continue to build back up.

And while we do have international operations, and they've really performed well, that's not a big part of our business. We are more U.S.-focused. So -- but if you look at what happened internationally, our contract sales in our Europe and Asia Pacific resorts up about 40% year-over-year, right? So, you're seeing no different than the broader recovery of travel, international has lagged. The U.S. kind of went through an adjustment on the leisure travel stuff this year.

But as we look out, when we look at owners and what's on the books for the first half of the year, we're ahead of where we were last year, right? So, there's still the demand. I do think higher level, and I'm sure we'll get to this, we've seen it a little bit on our loan portfolio. I do think the consumer on the margin, some of them are more stressed since the higher inflation, higher interest rates, some of that stuff is weighing a bit. But from a leisure travel perspective, people still want to travel and they're finding -- they're reallocating budgets or figuring out how do they spend on experiences and get on vacation.

Brandt Montour: Okay. That's helpful. And can you bridge those comments with just your second half guide down?

John Geller: Yes.

Brandt Montour: You went through, and before we're going to talk about consumer finance piece separate, but everything but the consumer finance charge, if we could just sort of bridge what you saw softening and where were the bright spots offsetting?

John Geller: Yes. So yes, two things, the consumer financing and then the impact of the Maui wildfire. So, if you -- that will come back, and we're already seeing Maui start to come back in terms of resort occupancies and all that. But you take those off the table, I think our guidance was about $30 million, $40 million below for the second half of the year on EBITDA.

About half of that is really development profit. What we've seen and what you saw sequentially, even, is our volume per guest, or VPG, from the second and third quarter

actually came up a little bit, right? So, you're finally seeing that stabilization, that question of coming out of COVID, your VPGs are so high, where do they stabilize? We're starting right now to kind of see that with that sequential improvement. However, versus our expectations for the second half of the year, they were a couple of points softer, right, not as strong. And then the other is tour flow. While tour flow was up year-over-year in the third quarter, it was a couple of points below growth that we were expecting.

So, the combination of those two was what impacted the other sales centers versus our expectations. And then rentals was really the other piece on the vacation ownership side, where we continue to see relative to last year some of that ADR and occupancy softness. And so those are really the two components for that kind of guide down.

Brandt Montour: All right. So then let me just dig into both of those components. I'll start with the timeshare side, and correct me if I butcher this, but I consider the timeshare sort of consumer value chain or whatever you want to call it -- So, they purchase a package, they book a package. This is new tours, right?

John Geller: Yes.

Brandt Montour: Then there's they come tour, and then you close them and there's some pricing component, whether or not you get a really good price on that close or whether or not you give some promos or whatever for that. You just -- I guess you kind of answered this, but where along that consumer path was -- is sort of things softer? And where is that -- where are things strong, I guess? Because I'm trying to figure out how this could go into next year, obviously.

John Geller: Sure. So, what you described, which is primarily more of our first-time buyers, that's about, call it, 30% of our tour flow, give or take. The bulk of our tour flow is coming in-house, right? People that are on vacation, renters, maybe we rented, maybe an owner rented to them, exchangers, things like that. So that's that in-house tour flow, right?

And so that continues to be very strong, right, on the owner side. The capture rates though, I would say when we're missing tour growth by a point or two of growth versus our expectations, some of it is a little bit on the capture rate, right? It's the owners that are arriving, the length of their stays, some of that falls into the mix and to whether we're able to get somebody on a tour or not. So that part is strong. The package pipeline and what you described in terms of that timeline, our package pipeline is strong as ever. I mean, we've got, I think --

Jason Marino: 230,000 packages.

John Geller: So, these are people that have bought a -- we call it like a mini vacation typically, three, four nights. When they go, they'll take a tour. So, both of those, sometimes, the limitation on selling more packages is just that we run a system-wide occupancy of 90%-plus. So as the package pipeline gets bigger, we got to figure out what resorts can hold people, where we can sell packages, and to continue to drive that. So that's at times a bit of the limiting factor on selling more packages is because we don't want people to have to wait too long to get on vacation, right? And so, we're always managing our way through that and we've got different opportunities to continue to grow that package pipeline.

Brandt Montour: Okay. And so, if it's a little bit on tours and it's a little bit on close rate, we could argue that both of those factors are really a function of the macro [and] consumers feeling like they don't have as much money to spend or, again, that revenge travel just not quite as exuberant about making big purchases. Would you say it's a little bit of both? Or how do you kind of break that apart?

John Geller: Probably a little bit of both. I mean it's hard to know why somebody doesn't purchase or why they purchase a lot of times. But yes, I think the -- like I said, from a macro perspective, the consumer is -- the nice thing is we have -- we target a higher end consumer generally. But I think the consumer in general is probably on the margin, depending on your facts and circumstance is feeling some of that. So that's got to be hurting. But you go back to 2019 and we're still, from a VPG perspective, we're probably back to if we were increasing VPGs by 3% since 2019 we'd be kind of where we're at today.

So on a relative basis, notwithstanding some of those headwinds, the impact of COVID and the revenge travel, I think we're probably still -- I hate to say this, it feels like probably from a VPG [standpoint], we're probably still just as good or better if we didn't have all the COVID stuff, right, in just terms of getting back to that. And that's where we're seeing our VPGs kind of stabilized, right? That's sequential stabilization. But yes, the macro will hold a little bit on that as we go forward.

Brandt Montour: So, we can really think about it as sort of close rates being -- maybe coming down to a similar rate of 2019 and then you just CAGR the pricing. VPG is just close rate times pricing, right? And so that's why you're at where you're at that way.

John Geller: Yes. I mean I haven't looked at the close rates relative to 2019. But that's -- it could be the mix of the size of the purchase and all that. But generally, yes, you've seen that the normalization, I'd say, of VPGs is coming a little bit from that lower close rate. And to your point, what's driving that? Some of it, obviously, is that pent-up revenge travel, people came out, had money saved, wanted to get out and vacation, and that's worn off a bit, right?

Brandt Montour: Yes. Let's dig into your consumer because you have the best -- one of the best portfolios of consumers that we track in terms of the household income and net worth $1.5 million average net worth, I believe. Correct me if I'm wrong. And so, what drives their decision-making? Is it the housing market? Is it the prices of their housing? Their equity in their houses? Is the stock market a big factor? Is it all of it together in terms of how wealthy they feel? But what do you track when you think about forecasting out how your consumers will behave?

John Geller: Yes. There's a couple of things that -- where we see it, there's no direct correlation, I would say, with things like consumer confidence. But there is a loose correlation, right? If the consumer -- because you are talking about generally a larger dollar purchase, whether you finance it or not, right, $25,000, $30,000. So how the consumer is feeling about their lot and where things are going, it's going to weigh on people over the longer term. So that's where the macro comes into play, consumer confidence. But yes, given our owners typically have, as you said, $1.5 million self-reported net worth [they] are probably invested in the stock market. Any given week, depending on what the market is doing and things like that, that could impact somebody's at the table decision. Stock market is down or stock market’s up, right? “I feel good about where I'm at."

So, a lot of those things we look at over time, but there isn't anything we can point to, to say, "well, if this goes down then…" because it is a sold product. Our guys are out there every day selling the product and the benefits. People are on vacation. We've got great resorts in great locations around the world. And when people are there with the families, making memories and creating great experiences, that goes a long way to people investing in their vacations, right, and putting that money aside to say, I want to vacation with my family and create these memories for the long term.

Brandt Montour: Okay. This is a good segue maybe into the consumer financing piece. You guys took a charge in the third quarter. I think it surprised a lot of us. Maybe talk about that charge, why you had to take a charge with -- we would have assumed that your customer -- your portfolio would've been the last portfolio out of the three companies to take a charge as sort of the consumer finance world got a little bit tighter for your customers. So maybe just talk about where you under-reserved. Or how do you -- how should we think about what was happening with delinquencies into the midyear and why your competitors didn't have the same sort of dynamic in the third quarter?

John Geller: Yes. I mean, to answer your question, with hindsight, yes, we weren't reserving enough given the level of defaults. I mean we've been -- we started talking about this, I think, in the first quarter, and we took some higher reserves in the first and second quarter because, versus our 10-year static pool models we were seeing higher delinquencies which were creating higher defaults. Now a couple of points on the margin, if you will, on a $2.6 billion portfolio, that's what was causing it, right?

And so, as we got into the third quarter and the trends were getting better, right? But still our delinquencies and defaults [are] still running above what the static pool would say. So, if that's the case every quarter, you're taking some additional charges. We took a step back and we said, based on where the trends are at today, let's try and get the balance sheet right here rather than having these additional reserves continue to come in. It happened for a quarter, fine, two quarters, okay. Now we're out at third quarter and things aren't back to where they needed to be, so we estimated out, given where we're at in the trends, what we thought that additional reserve should be. So hopefully we got the balance sheet right based on what we could see as of the end of the third quarter. But I don't think we're different. I mean, yes, we've got a great consumer. I mean, our loan loss reserve even after this is probably 50% below our competitors, if not more, right?

But in terms of that consumer, I mean, your -- this gets back to the broader stress on the consumer. I think auto loans are at the most 60 days past due in like 15, 18 years. Banks are taking higher loan loss and credit reserves on their credit receivables. Things like that. So I can't talk to what our competitors are seeing or not seeing, but I don't think our consumer at a very broad level, right -- on the margin, there's some stress out there, right? We're no different than some of the other consumer books that are out there.

Brandt Montour: Well, your peers run rate reserved more than you on a run rate basis, right? So, you guys are just coming from a lower level, and it shows up in a bigger way. Is there mechanisms in the static pool analysis, the way that you do this on a quarter-to-quarter basis to have then if you - I guess, hindsight is 20/20 - to have just taken slightly more loan loss provisions in the first quarter, second quarter, is when you saw delinquencies start to tick up and then that, I guess, then you would have had to take a charge. Is that kind of the way that you would have done things differently? Or is this the right way to do things?

John Geller: No, I think static pool, once again, is history of when loans default, right? And then it's projecting your reserves based on that. I mean the one variable I would say is where you're seeing the higher defaults – and most defaults that happen, even historically, in our loan portfolio typically happen in the first four years, right? And that's where you're seeing slightly higher defaults versus the history.

Now what you don't know is, would a big portion of those have defaulted anyway? [Or] they're just defaulting sooner? The model doesn't necessarily distinguish that, right? So, there's probably some of those loans that are defaulting sooner than what the static pool would say. So you got to take the reserve in that, what we did for the true-up. But ultimately, they might have defaulted anyway, right? So are they all incremental things like that?

It's a way to come up with -- like any loan loss reserve, it’s an estimate, right? And we're basing it on how loans have performed historically and then projecting it out, and if it's -- we're always going to have a little bit of a true-up, plus or minus. But I think the process worked in that as we continue to look at the trends, we needed to -- we realized we needed to take a higher reserve based on some of the higher delinquencies we were continuing to see.

Brandt Montour: Okay. And is there an extra -- is there a factor within the reasons why your consumer would walk away from their loans? Does product also help to play in that? Like is someone more likely to walk away from a loan if they're not happy with the product? And what I'm getting at is you're coming off of this massive revenge travel boom. People might have bought stuff that they wouldn't have otherwise bought because they thought they were going to be able to work remotely for the rest of their lives and now the world is normalizing. Is there maybe a little bit of a hangover in there you think from that?

John Geller: Yes. What I can say is from an owner satisfaction, all those stuff, I mean, we're not seeing any drop off, right? So overall, all the ratings we get from our owners still remain very high, right? So now that being said, sure, yes, could there be people that bought it, thought they could travel more and work remote now they can't, right? And then they're like, well, this isn't really working for me. And so yes, that's why they defaulted.

It's hard because a lot of it is anecdotal. We do all our own collections and we try and work with the owners. And I would say more times than not, it is more of that financial situation where they just had something happen, maybe they had an event happen in their life, they can't afford it any more. A life event, something that could drive even how they vacation or that they're not going to vacation and use the product like they thought they would, right?

And so -- but yes, no, I mean we keep an eye very closely on all our owner and customer satisfaction and those still remain at very high levels.

Brandt Montour: Okay. Okay. We're going to move on to another topic, Abound, a new program that you rolled out this year that hurt 2Q. It got a little better in the third quarter. Why don't you talk about maybe what you fixed, what started going better? Just walk us through how the improvements happened.

But I guess before we even do that, you probably should tell the audience what Abound is

because I think in a very basic way, most people probably don't unless they're in the weeds. I mean even I need hand holding, right?

John Geller: So yes, at a very high level, it takes all of your legacy Marriott product, so not Hyatt, Hyatt stays out of it, it's separate – a separate portfolio, a separate product. But it takes the legacy Marriott, what we call our Marriott Vacations Destination Club, it takes all the legacy Westin, which could be a weeks-based product [or] could be a points-based product, [and] same thing on the Sheraton side.

And think of it as a kind of an umbrella that sits on top of that that creates one points currency. So, you own the Westin Flex product. You don't have to do anything. You can use -- we don't change what you bought. You can use that Westin Flex all the ways that you could have used it when you purchased it, right? All it is, is an additional option. So now you're automatically enrolled in the Abound program. You don't have to buy in or anything like that. And there's an annual club dues of, call it, $250 a year.

But every year, you can make that election to take your Westin ownership and get Abound points, right, just for that year, right? And that allows you access now directly to the 90-plus Marriott resorts, where before your direct access was just the properties in the Westin Flex, right? Now you get a direct access to all the properties. But even more importantly for the Vistana owners, the Westin and Sheraton owners, they didn't have all the exchange options. Yes, they could exchange for Bonvoy points. But all the cruises, African Safaris, all the experience tours and things that we provide, you can -- with your Abound points, right, if you want, you can go take all those vacations.

So, it's really to get everybody to kind of one points currency, right? Because what you can never do with the product is you can't change what you sold people, right? We can enhance it, and that's really what this is because if you think about what's the benefits of the Abound program long term, it's so that [when] people come in, they have more vacation options, right?

And so that's always the feedback, even more so now, people want experiences. They want more flags on the map, and this creates, right, a lot more optionality. And this is why we said foundationally it's the right change to bring the Marriott brands together and create a broader portfolio. But it's just -- some of that transition takes some time.

Brandt Montour: Okay. And how much left is there to go for the Abound rollout? And then can you help us, is there a way to quantify eventually the upside that you could get from something like that? It obviously adds a lot of -- it would probably show up in close rates, right?

John Geller: Yes. Over time. Yes, mainly the sales centers that have transitioned have been the ones that were selling the Westin Flex product, right? Because kind of behind the scenes one of the benefits to the company - I talked about all the benefits to the owners and the flexibility and the optionality they get for being part of Abound - but one of the benefits for us is now we don't have to run three, four, five different trusts to feed the individual products.

So we have a couple of years of excess inventory. If we didn't launch the Abound program, we were out of inventory in the Westin Flex. So, we would have had to buy more Westin inventory to put into the Westin Flex product. Now going forward, all of our inventory on the Marriott side will get sourced into one trust. So, whether it's a

Westin, Sheraton, or Marriott, you're going to put those into our Florida-based land trust and create new points to sell.

So that in and of itself is a bit of the benefit in terms of managing cash flow for us. But the real benefit, like I said, is going to be the future sales. Yes, as we add more flags, we've got Waikiki coming online here in the third quarter next year, it will be our first project in Waikiki. So, we're excited about that. That will go into the trust. That will be a Marriott brand. And then we've announced new timeshare. We're doing new construction in Charleston, and then a new one in Savannah, those most likely would be Westin. But that inventory now just feeds into the one kind of Marriott points trust, right, because now we're selling the Abound program going forward.

Brandt Montour: Okay. And what were the fixes that you made? And what can you do on the next set of rollouts to make it smoother?

John Geller: Yes. So, the biggest thing you have to do is educate the owner, right? 70% of your sales are coming from existing owners. They were sold a different product, right? For right or wrong, they were sold the Westin Flex, or the Sheraton Flex, and that -- the benefits of that product, right, are going to be different than the Abound product, right? And so, getting them to actually use the product -- So, one of our big learnings is we actually launched our Marriott Points product in June of 2010. And we were still part of Marriott, so it was coming out of a financial crisis, what a great time to do it because nobody could -- it was all in flux at the time.

But learnings from that were -- we launched the points product. Once again, we didn't do anything with the weeks product. What you could do to be part of the points product is, 1) buy points, right, and then you could enroll your week and have more points. Or you could pay an enrollment fee, a couple of thousand dollars to get into the points product. And not surprisingly, owners were like, "oh, I don't know," it took a longer period of time to get them enrolled and all that. And 70% of your sales are going to your owners, right?

So, what we did here was we said, "look, everybody who owns can get into Abound," right? And so, it's just -- if you don't want to be in it, that's fine, but it's $250 a year and that consolidates all your dues and everything like that and [go] that annual club dues, but you didn't need to buy anything like additional points to get in. You didn't need to pay an enrollment fee. Because one of the most critical factors is educating owners, getting them to use the product, right, to make it easier for them to use the product.

We think that will benefit the long term. And even coming into this year, we launched it, call it, [in] early 2023. Most people had made their vacation elections for 2023. So, we did see about 10,000 legacy Vistana owners using the Abound program. This year, that's now 35,000, right? So, you're seeing for 2024, I mean, 35,000 owners are electing into Abound. So [they're] using the product.

The good news is, as I said, the sales centers that haven't transitioned, those are mostly the Sheraton because we still have, call it, about a year's worth of inventory in the Sheraton Flex [trust] we want to sell out and then we'll switch those. Those owners are enrolled in the Abound program now. So some of those owners will be part of the 35,000, right? So by the time we get to the launch of the Abound program at the Sheraton centers, for example, those owners would have had two, three years to be educated, probably take

tours, hopefully use the product because we made it easy for them to use, which should, not saying -- yes, you're still going to have the other challenge, which is -- which we've gotten better at is training the sales staff, right, and retraining them because it is a bit of a different sell when you're selling a Sheraton Flex product that has four, five properties, Orlando, Myrtle Beach, versus a system sale and all the benefits you get out of it.

But we learned a lot this time on the training and have updated it and retrained. So I think we'll be, from an owner education, out there in front of that and then really the training is the second piece.

Brandt Montour: Got it. Okay. That's helpful. Before we move on, any questions from the audience? 2024, maybe you could walk through the puts and takes for next year as they exist today, both in terms of expense pressure, but also where you can see growth, which business lines you can see growth? And is the comparisons in Hawaii as well as, I guess, Abound, are the comparisons there tailwinds then, I guess. year-over-year?

John Geller: They should be. Just quickly on Maui, we've got about 10% of our contract sales that happened at our Maui sales centers on the VO side. So it's significant portion of our contract sales. The good news was from a physical resort standpoint, there was no damage from the fires, though they got pretty close to our Hyatt resort there in Ka’anapali.

The bigger impact has been on our associates, both on the resort [operations] side and the marketing and sales side, we had, I think, 300 of our 1,800 associates in Maui lost their housing, right? So that needs to be solved in terms of that longer-term solution. And government is working on it. But right now everything is kind of temporary, right? And so, on the resort [operations] side, most of our people have said they want to come back to work, [and] they're back to work. Where we've seen some where people left the island is on the marketing and sales side.

Right now it's fine because our resort occupancies are not back to -- we run a 95%, 96% year-round occupancy normally at our Maui resorts. So we're not back to that yet. But as we talked about on our third quarter call, we expect as we get closer to year-end, early next year, the occupancy should be back. If the occupancies are back, then it's just making sure we've got the right marketing and sales processes in place, whether that's putting some paths [for] people over there in the interim until we get the right staffing, [or] selling remotely like we did during COVID so people were taking the tour, but we have people -- we have salespeople not on Maui. Not as efficient, but we'll figure out how we kind of work our way through that.

So we'll know more here as we kind of get to year-end and see where occupancies are and update you in February on that. But yes, I mean, as I sit here today, I got to believe that -- is it the full $50 million impact that we talked about for the impact for this year? That's what we'll be able to tell you more on that piece. And then obviously the other headwind this year was just the higher loan loss. We think we've taken enough reserves there based on what we can see. So yes, I think when you look at both of those, hopefully, those are generally tailwinds, right, when you look at the actual results. So that's $100 million, plus or minus, right, just at the ballpark.

And then like we talked about on the call, I think we expect to high level continue to grow contract sales, deliver higher development profit. With that, resort management

[with] higher management fees, growth there, ancillary business, all that in terms of higher growth.

But on the headwind side, financing profit because securitization rates have remained stubbornly high relative to the deal we just did, which was a great deal all in all. We upsized. It was the biggest deal that's been done, I think, post-COVID in terms of $450 million of notes we securitized, but at just under 6.5% rate, right? So those last couple of securitizations will create some headwinds on the financing profit.

And then the other one we talked about is on the rental side of the business, where all these higher costs, inflation – and unfortunately, for our resorts, we look at where we operate, getting people, cost of living, hiring, all that; even in places like Orlando, what you've seen is Disney, they're taking their minimum wage up to $20 an hour in their contracts and stuff. So out in California, you have now this fast food minimum wage, which is $20 an hour. So, in a lot of the markets, you're just seeing those higher costs and we're in Florida, we're in Hawaii, we're in California, and we've seen higher property insurance [which is] significant just given all of our resorts are mostly in locations that are hurricane risk or fire risk, those types of things. So those higher costs [create] higher maintenance fees, [and] we pay maintenance fees on inventory we own. And so, what we said was those costs are probably -- the cost of our rental inventory [is] probably going to go up higher this year than our ability to drive rate and occupancy. So, rentals will be another headwind here for -- as we think about 2024.

And then the final piece, which given how below expectations we are for the year, just some of the variable compensation in G&A because we have basically very little bonus getting paid out this year. So as we reset targets, right, some of that bonus comes back.

Brandt Montour: Well, we only have time for one more question. So I guess we'll finish it off with a bang. One of your competitors announced an acquisition of Bluegreen, which I guess would be the fourth largest public company, is being bought by or is potentially being bought by Hilton Grand Vacations, [one of your] competitors. Is that asset something that would ever be strategically interesting for you? You probably can't say if you were involved or not.

But then the follow-up question would be, if they do commensurate that transaction and combine, it will be the biggest timeshare company by far. Is there a competitive -- anything competitive factors related to that, that would change the way that you think about the market?

John Geller: Yes. Yes, we've always said -- look, our brands, right, whether they're Marriott or Hyatt, are really focused on that upper upscale luxury. We think there's huge growth opportunity with our brands in terms of building more resorts, adding more flags to the map, whether that's here in the U.S., but even over in Asia Pacific in our Marriott brands. And even the Hyatt platform, we don’t have timeshare in Orlando today. So, plenty of markets where we’ll get flags, we’ll drive sales and grow. So our focus has always been - and this was the Welk acquisition - finding that upper upscale unbranded where we can get our synergies and benefits [while] adding flags. In this case, the Hyatt portfolio, right, bringing that ownership group together from a Welk and Hyatt side and then growing off of that.

So, Bluegreen, obviously not upper upscale, so it wouldn't be something that would fit in

there. And quite frankly, we wouldn't be able to get the synergies out of an acquisition like that because we wouldn't be able to leverage our brand. So it would be a shift in strategy, right, to go more of a moderate tier, and that hasn't been something that we think -- like I said, there's plenty of growth opportunities organically to continue to grow our market. And I think, if anything, it just pulls us away as kind of that upper upscale luxury-focused player because I'm not sure what the mix will be after both Diamond and Bluegreen, but that's going to be a much bigger shift. Probably a bigger competitor for TNL, right, in terms of maybe their customer and resort system and all that.

Brandt Montour: Got you. Sorry, we didn’t get any balance sheet questions, Jason. Okay. Anybody from the audience? Okay. Guys, thanks so much for being here. Really appreciate it.

John Geller: Great. Thank you.