



**WHISTLER BLACKCOMB**

Sell Pitch – Whistler Blackcomb (TSE:WB)

Harsh Naik, Justin Yeung, Esteban Lee  
November 9<sup>th</sup>, 2016



WESTERN INVESTMENT CLUB

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# Business Overview

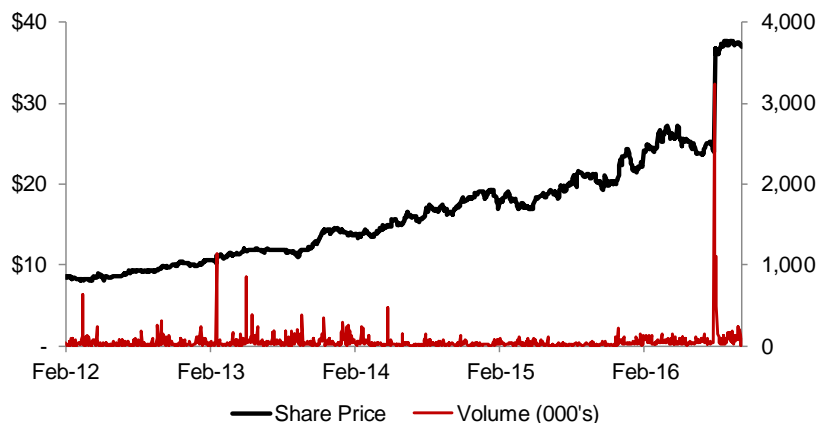


*Whistler Blackcomb (“WB”) is a premier four-season mountain resort, offering one of North America’s top skiable terrains, the resort village, a wide range of lodging and dining options, and non-winter activities.*

## Company Overview

- Owns 75% interest in each of Whistler Mountain Resort LP and Blackcomb Skiing Enterprises LP, which together carry on the mountain resort Whistler Blackcomb
- North America’s largest and most visited mountain resort, known as a globally-top, premier resort
- Resort features two adjacent, integrated mountains, Whistler Mountain and Blackcomb Mountain
- Offers both winter and non-winter activities, and a Resort village appealing to both budget-conscious and luxury travelers

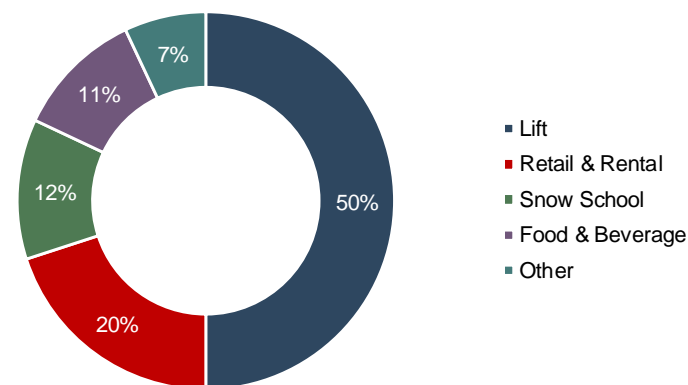
## Share Price Performance



## Key Financials

<b>Ticker</b>	TSE:WB
<b>Share Price</b>	\$36.99
<b>52 Week Low – High</b>	\$19.95 – \$37.98
<b>Enterprise Value</b>	\$1,148M
<b>Market Cap</b>	\$1,412M
<b>FDSO</b>	38.2M
<b>LTM EV / EBITDA</b>	9.6x
<b>LTM EBITDA Margin</b>	38.1%

## Revenue Segments



# Transaction Summary



**MTN will acquire 100% of WB in a cash and stock transaction valued at \$36 / WB share**

## Transaction Details

- WB was subject to a friendly takeover bid from Vail Resorts (“MTN”) for WB’s industry-leading profitability and relative attractiveness of its dividend yield and the sustainability of the dividend
- WB shareholders will receive C\$17.50/share cash + 0.0975 MTN shares
- \$36 / WB share represents a 43% premium to the August 5<sup>th</sup> share price, a 20% premium to prior fundamental target of \$30, and 16.4x/15.1x forecasted CY16E/CY17E EBITDA
- Transaction multiple is extremely attractive relative to precedent Vail transactions, the average of which is 8.1x
- Supreme Court of British Columbia granted a final order approving the proposed strategic combination joining Whistler Blackcomb with Vail Resorts; transaction is expected to close on Monday, October 17<sup>th</sup>, 2016

## Illustrative Valuation Post – Transaction

Transaction Summary	Fundamental Valuation FY2018E	Transaction Valuation FY2018E
EBITDA (\$M)	\$141.9	\$141.9
Implied Multiple	11.5x	13.7x
Enterprise Value	\$1,631.9	\$1,944.0
Net Debt (\$M)	\$114.4	\$114.4
Equity Value	\$1,517.5	\$1,829.6
Share Price	<b>\$30.0</b>	<b>\$36.0</b>

# Investment Thesis

*WB has done exceptionally well over the course of WIC's holding period, generating a MoC of ~3.0x, and the MTN transaction presents a unique opportunity to finally sell the asset and realize gains*

## Investment Thesis Overview

1

Legacy WIC Asset has Reached Full Valuation

- The MTN transaction placed a 45% premium on WB shares, causing it now be valued at or above many of its peers
- Much of the projected value in WB has consequently been realized

2

REHG does not View MTN as a Value Play

- REHG does not believe that there is much upside in holding on to MTN shares
- By liquidating the rest of MTN shares, REHG will be able to use the funds in more attractive, value investments

3

REHG / WIC Portfolio Diversification and Liquidity

- Realizing the ~3.0x MoC by selling the asset will allow REHG / WIC to realize its gains on the legacy asset while also providing excess capital to pursue future investments

4

WIC's Value Investing Mandate

- It is not in WIC's mandate to continue to hold an asset once it has realized its upside, purely based on speculation
- Selling WB will allow WIC to exit an asset that has proved out its thesis and reaching peak valuation



# Comparable Companies Analysis



The MTN transaction has led WB to reach a full valuation when compared to various entertainment / resort companies

## Comparable Companies

Company	Share Price	Market Cap (\$US M)	Enterprise Value (\$US M)	EV / EBITDA			LTM EBITDA Margin	Net Debt / LTM EBITDA	LTM Growth	
				LTM	2016E	2017E			Revenue	EBITDA
<b>Ski Resorts</b>										
Vail Resorts	\$153.4	\$7,300	\$7,610	13.1x	11.9x	11.6x	27.8%	1.4x	11.0%	(4.0%)
Intrawest Resorts Holdings	\$16.4	\$860	\$1,283	7.1x	8.5x	8.0x	24.3%	3.4x	(7.8%)	(18.6%)
<b>Amusement Parks</b>										
Cedar Fair	\$56.9	\$4,198	\$6,199	11.1x	10.0x	9.5x	34.1%	3.5x	2.8%	2.2%
<b>Cruise Lines</b>										
Carnival Corporation	\$46.2	\$44,945	\$57,525	9.3x	9.0x	8.6x	29.1%	1.9x	4.4%	5.0%
Royal Caribbean Cruises	\$70.0	\$19,814	\$31,575	13.5x	10.4x	9.7x	21.4%	5.5x	2.3%	7.7%
<b>Hotels and Resorts</b>										
Marriott International	\$67.5	\$34,603	\$26,722	13.5x	13.1x	9.7x	10.2%	2.4x	5.8%	4.5%
Starwood Hotels and Resorts	\$77.1	\$17,183	\$17,365	13.4x	12.3x	12.1x	18.1%	0.8x	0.4%	3.4%
Wyndham Worldwide	\$67.8	\$9,794	\$13,914	8.7x	7.5x	7.2x	22.2%	2.3x	0.4%	1.5%
<b>Global Mean</b>				<b>11.2x</b>	<b>10.3x</b>	<b>9.6x</b>	<b>23.4%</b>	<b>2.7x</b>	<b>2.4%</b>	<b>0.2%</b>
<b>Global Median</b>				<b>12.1x</b>	<b>10.2x</b>	<b>9.6x</b>	<b>23.3%</b>	<b>2.4x</b>	<b>2.5%</b>	<b>2.8%</b>
<b>Whistler Blackcomb</b>	<b>\$37.0</b>	<b>\$1,412</b>	<b>\$1,148</b>	<b>9.6x</b>	<b>13.3x</b>	<b>12.3x</b>	<b>38.1%</b>	<b>1.5x</b>	<b>4.7%</b>	<b>0.3%</b>





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