

Hilton Grand Vacations Inc.

Fourth Quarter 2025 Earnings Conference
Call

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Eastern

CORPORATE PARTICIPANTS

Mark Melnyk – *Senior Vice President, Investor Relations*

Mark Wang – *Chief Executive Officer*

Daniel Mathewes – *President and Chief Financial Officer*

PRESENTATION

Operator

Good morning and welcome to the Hilton Grand Vacation's Fourth Quarter 2025 Earnings Conference Call.

At this time, all participants have been placed in a listen-only mode and the floor will be opened for your questions following the presentation. If you would like to ask a question, please press star, one on your touch-tone phone to enter the queue. If at any point your question has been answered, you may remove yourself from the queue by pressing star, two. If you should require operator assistance, please press star, zero. If using a speakerphone, please lift your handset to allow the signal to reach our equipment. Please limit yourself to one question and one follow-up to allow the opportunity for everyone to ask questions. You may then re-enter the queue to ask additional questions.

I would now like to turn the call over to Mark Melnyk, Senior Vice President of Investor Relations. Please go ahead, sir.

Mark Melnyk

Thank you, Operator, and welcome to Hilton Grand Vacation's Fourth Quarter 2025 Earnings Call.

Our discussions this morning will include forward-looking statements. Actual results could differ materially from those indicated by these forward-looking statements. The statements are effective only as of today; we undertake no obligation to publicly update or revise these statements. For discussion of some of the factors that could cause actual results to differ please see the Risk Factors section of our SEC filings.

Our reported results for all periods reflect accounting rules under ASC 606 which we adopted in 2018. Under ASC 606 we're required to defer certain revenues and expenses related to sales made in the period when a project is under construction and then hold off on recognizing those revenues and expenses to the period when projects—construction is completed.

The aggregate of these potentially overlapping deferrals and recognitions from various projects in any given period are known as net deferrals. Please note that in our prepared remarks today we'll only be referring to metrics that remove the impact of net deferrals which more accurately reflects the cash flow dynamics of our financial performance during the period. To simplify our discussion today we've uploaded slides to our Investor Relations site showing these metrics which we'll be referring to on today's call. I'd urge you to view these slides on our website on investors.hgv.com.

On Slide 2 of these materials you can see the deferral adjusted metrics that we'll be referring to. Reported results for the quarter do not \$61 million of contract sales deferrals under ASC 606 which had the effect of reducing reported GAAP revenue and were related to pre-sales of our Ka Haku and Kyoto projects. Also shown on Slide 2, we recorded deferred \$29 million of direct expenses associated with these revenues. Adjusting for both of these items would increase the Adjusted EBITDA shareholders reported in our press release by a net \$32 million, to \$324 million.

With that let me turn the call over to our CEO, Mark Wang. Mark?

Mark Wang

Good morning everyone and welcome to our fourth quarter earnings call.

Before we begin I'd like to take a moment to thank our team members around the world for their hard work and dedication over the past year to create memorable vacation experiences for our members and guests.

Two thousand twenty-five was a year of meaningful progress for HGV. We consistently delivered against our strategic initiatives during the year, driving material growth in package sales, significantly improving our execution, and further enhancing our HGV Max offering. As a result, we grew contract sales 10%, representing the highest growth since 2022 with EBITDA above the midpoint of our guidance.

We also made investments in our lead generation capabilities, opening 41 new marketing sites with our partners at Hilton, Bass Pro and Great Wolf to support our future tour flow.

We grew HGV Max memberships by 35% through the recent introduction of Max to our Bluegreen members, along with the continued demand from new buyers and upgrades in our legacy member base; optimized our financing business to structurally improve our industry-leading cash flow generation, including opening a new low-cost financing market in Japan, the first of its kind for any U.S. timeshare operator. And it enabled us to return \$600 million of capital to our shareholders, achieving the target we laid out.

Over the past two years, we returned over \$1 billion to investors through share repurchases, and we remain committed to capital returns as the primary use of our free cash flow.

Our strong 2025 results not only demonstrate the progress we made in integrating our business, but they also underscore the advantages of our business model, backed by the strength of the Hilton brand with nearly 60% recurring segment EBITDA, a highly engaged base of over 720,000 members, including 266,000 Max members with substantial embedded value, and an established differentiated experience platform in our HGV Ultimate Access.

As we look forward to the year ahead, we continue to see a stable consumer environment overall, one where travel remains a top priority within consumer discretionary spending.

With that consistent backdrop and much of the integration work behind us, we're carrying significant momentum into '26, putting us further down the path to achieve our long-term algorithm of resilient, profitable growth and material recurring cash flow generation to enhance our shareholder value.

Our guidance today represents another step toward that goal, reflecting low single-digit contract sales with mid-single-digit EBITDA growth, along with strong cash flow conversion which Dan will get into shortly.

Next, I'd like to provide an update on our strategic priorities and the progress we've made on our integration work. Our strong results were achieved through disciplined execution against our four strategic priorities, which continue to guide the organization as we've moved into the new year. First, attracting new customers in a cost-efficient manner; second, enhancing the lifetime value of our member base; third, product evolution and innovation; and finally, driving operational excellence.

Starting with the first priority of cost-efficient new member growth, we drove strong tour growth in the fourth quarter while expanding margins and maintaining our sales and marketing cost ratios.

Consolidated tours grew nearly 9%, supported by strong package sales over the last several quarters, along with strong local arrivals. Importantly, we surpassed our pro forma consolidated 2019 tour flow levels, which is a nice milestone. We continue to focus on tour quality as we leverage the strength of the Hilton brand across our portfolio, added new lead gen partners like Bass Pro and executed against our acquisition, integration and efficiency initiatives.

We also sharpened our data analytics and processes with a focus on optimizing cost per tour by customer segment and channel to maximize flow-through. And we continue to expect to drive new buyer growth in '26, which is embedded in our guidance. That new member focus ties directly into our second strategic priority, which is to grow the lifetime value of our member base.

The introduction of HGV Max has exceeded our expectations with sustained adoption that has driven a greater than 20% increase in lifetime value of a Max member versus a non-Max member. In the fourth quarter, we saw material growth from Bluegreen new buyers and owner upgrades, and importantly, four years after our initial launch, we've also continued to see our legacy club members upgrade into Max as well. We expect that demand to continue as we introduce new guests to our offerings and further enhance the value proposition of Max membership.

In addition, we strengthened our customer service and rolled out new AI-based tools to drive engagement and help members make the most of their ownership and vacation experiences.

Our third strategic priority is product evolution and innovation to position our brand for sustainable growth. One area where we're continuing to evolve is our scaled, differentiated experience platform, HGV Ultimate Access. Two thousand and twenty-five was our biggest and most successful year of Ultimate Access. We hosted over 137,000 attendees, a more than 15% increase in participation from the prior year. In 2026, you'll see us introduce several innovations across new categories of events, enhanced booking options, and new pricing tiers to broaden accessibility to the Ultimate Access platform. In addition, we'll continue to enhance our HGV offerings with new features and benefits throughout the year.

The final strategic priority is driving operational excellence, which is at the core of everything we do at HGV. This focus was a driver of our performance in the fourth quarter, and building upon that success to drive incremental operational and asset efficiencies will be a key focal point in '26 and beyond.

Operational excellence also extends to our integration efforts. I'm happy to say we reached our \$100 million in cost synergy target during the fourth quarter, several months ahead of schedule. It's a great achievement for our teams, and I'm proud of their hard work to hit that goal. And we remain committed to managing costs and further improving our efficiencies from here.

On the branding front – we've now rebranded our targeted Bass Pro locations, including more than 125 this past year. In addition, we're well underway with the rebranding process for our Bluegreen Resorts with eight properties completed in '25. We're on track to have roughly 10 additional rebrands completed this year and the remaining 10 in '27.

In summary, I'm happy with our performance this past year. We continue to demonstrate the strength of our differentiated model, and we made a lot of progress on the path towards our long-term algorithm. Our teams are all executing well in the field. We continue to innovate and evolve our offerings, which is showing in our results. As I look forward to the year ahead, our focus is on growth, innovation and efficiency to drive additional progress this year.

So with that, I'll turn it to Dan for more details on the numbers. Dan?

Daniel Mathewes

Thank you, Mark, and good morning everyone.

Twenty twenty-five was a year of strong progress for Hilton Grand Vacations. Contract sales grew by 10% for the full year with both our owner and new buyer channels contributing to positive sales growth. Additionally, the growth was driven by a mix of both strong VPGs and tour flow growth, driving 140 basis points of margin expansion in our real estate business. We achieved our goal of realizing \$100 million of run rate cost synergies associated with the Bluegreen acquisition, slightly ahead of our 24-month post-close target. These factors, coupled with a strong fourth quarter performance, put us well into the upper half of our guidance range with Adjusted EBITDA of \$1.15 billion, growing 4% over the prior year.

In addition to our operating performance, we augmented the long-term cash flow generation of the business by executing on our finance business optimization. We ended the year with 73% of our current receivables securitized, within our target range of 70% to 80% and compared to a 55% run rate prior to the program's inception. As part of our optimization, we introduced timeshare ABS to the Japanese market, unlocking a new funding source at an attractive cost of capital.

For the year, we generated adjusted free cash flow of \$756 million or more than \$8.25 per share, and we returned \$600 million or 79% of that cash flow to our shareholders, repurchasing nearly 15 million shares to reduce our float by over 20%.

Turning to our results for the quarter, total revenue before cost reimbursements in the quarter grew 1% to \$1.3 billion. Adjusted EBITDA to shareholders grew 12% to \$324 million with margins excluding reimbursements of 26%, up 250 basis points over the prior year.

Within our real estate business, contract sales grew 2% to \$852 million. We did a great job during the quarter of converting the package pipeline that we have built over the course of the year. Tours were up 9% year-over-year to 225,000, driven by growth in our new buyer as well as our owner channels. Our strong fourth quarter tour performance also enabled us to surpass our pro forma 2019 tour flow levels for the first time. So, I'm really pleased with the result of our efforts.

New buyers represented 24% of contract sales mix in the quarter. As we anticipated, VPG of nearly \$3,800 declined against the prior year, owing to a difficult comparison from the launch of HGV Max to Bluegreen owners as well as the strong performance of our Ka Haku project during the initial introduction.

Cost of product was 12% of net VOI sales in the quarter, down 290 basis points from the prior year, but consistent with levels we've seen throughout 2025.

Real estate sales and marketing expense was 46% of contract sales, which improved slightly against the prior year. This reflects the monetization of some of the tour flow pipeline investments we made earlier this year as a portion of that expense was recognized when packages were actually sold in prior periods, but it also reflects the efficiency efforts the team has made during the quarter.

Given the increased contribution from tours this quarter, which carries higher marginal expense, I'm really proud that the teams were able to manage costs so effectively to maintain our cost ratio against the prior year.

Real estate profit was \$177 million in the quarter with margins of 28%, up 150 basis points over the prior year to the highest level we achieved since 2023.

In our financing business, fourth quarter revenues were \$134 million and profit was \$81 million with margins of 60%. Excluding the amortization items associated with our acquired receivables portfolio, financing margins were 63%.

Looking at our portfolio metrics, our weighted average interest rate for originated loans was 14.6%. Combined gross receivables for the quarter were \$4.3 billion. Our total allowance for bad debt was \$1.2 billion on that \$4.3 billion receivables balance or 28.6% of the portfolio.

The portfolio remains in great shape overall. Our annualized default rate for our consolidated portfolios was 9.86% for the quarter, reflecting another 24 basis points of improvement from the third quarter and marking our third straight quarter of sequential improvement in our default rate.

And as of year-end, our legacy HGV and DRI 31- to 60-day delinquencies are level with prior year, and our Bluegreen delinquencies are actually 28 basis points lower than the prior year, continuing the trend of credit outperformance on our originated platform.

In late summer, we made meaningful changes to strengthen and streamline our underwriting processes, focusing more on equity at the point of sale, which we see as the primary driver of defaults. The result has significantly increased the equity and cash from both new buyer and upgrades, which should further improve our loan portfolio performance as we look into 2026.

Fourth quarter provision of 18.1% of contract sales was slightly above our long-term target for a mid-teens rate, and sequentially higher than Q3's level of just under 17%. This was largely a function of the fourth quarter's seasonally strong owner upgrade trends – particularly on the Bluegreen portfolio where upgrades accounted for 76% of sales during the quarter. As owners upgrade out of the acquired portfolio, the provision release for the old loan shows up in the financing segment, which was the primary driver of margins in the Finance segment being up over 700 basis points year-over-year despite an interest headwind from our previously disclosed financing business optimization program. Assuming similar mix and economic backdrop, we expect the provision to be down sequentially in the first quarter of this year and feel good about the provision in mid-teens as a percent of contract sales for the full year of 2026.

As a reminder, our expectation for the financing optimization program was that it would drive an increase in our consumer interest expense during both 2025 and 2026 as we achieve our run rate securitization target of 70% to 80%.

We have several ABS deals slated for the first half of this year, including another offering in the Japanese market, which will help us achieve our full targeted run rate of term securitization receivables on an annualized basis.

In our Resort and Club business, our consolidated member count was over 720,000. Revenue grew 6% to \$219 million for the quarter, and segment profit was \$160 million with margins of 73%, growing 170 basis points versus the prior year, reflecting the consistency of our recurring Resort and Club business.

Rental and ancillary revenues were up 2% versus the prior year to \$178 million with a loss of \$8 million driven by developer maintenance fees. Revenue growth in the period was driven by higher

available room nights and an increase in our overall portfolio RevPAR. While we continue to see solid demand from our standalone rental business, developer maintenance fees remain the largest driver of our rental ancillary business segment profitability trends.

Inventory management is a priority for our teams this year. We're focused on reducing the burden of those developer maintenance fees by working down our inventory balance through a combination of organic as well as inorganic means.

Bridging the gap between segment Adjusted EBITDA and total Adjusted EBITDA, JV EBITDA was \$3 million, license fees were \$57 million, and EBITDA attributable to noncontrolling interest was \$5 million.

Corporate G&A was \$42 million or 3% of pre-reimbursement revenue, down slightly from the prior year.

Our adjusted free cash flow in the quarter was \$414 million, which included inventory spending of \$103 million, representing an Adjusted EBITDA conversion rate of 128%.

For the full year 2025, we converted 66% of our Adjusted EBITDA into adjusted free cash flow or over \$8.25 per share.

As we discussed at this time last year, with the launch of our financing optimization, 2025's conversion rate would be above our target long-term rate of 55% to 65% before returning to that long-term range in 2026.

During the quarter, the Company repurchased 3.5 million shares of common stock for \$150 million to achieve our targeted \$600 million of repurchases in 2025. January 1 through February 9, 2026, we repurchased an additional 1.9 million shares for \$89 million. As of February 19, we had \$339 million of remaining availability under our current share repurchase plan. We remain committed to capital returns as the primary use of our free cash flow in 2026 and believe our shares continue to represent a compelling value.

As we look at 2026, we expect to maintain a robust pace of repurchases of approximately \$150 million per quarter with the aim of not increasing our leverage through those repurchases. This will enable us to continue to return capital to shareholders without adding additional corporate leverage to the business.

Turning to our outlook, we are establishing 2026 guidance of Adjusted EBITDA before deferrals to be between \$1.185 billion and \$1.225 billion.

Two important expense headwinds are taken into consideration in our 2026 guidance. The first item is regarding our license fees. During 2026, we will experience the annualization of the final rate step-up on our Diamond business as well as our second rate step-up on our Bluegreen business. We estimate that these items combined will be approximately \$15 million to \$20 million for the full year. With the Diamond step-up being fully realized by August, the majority of the headwind will be realized in the first three quarters of the year.

The second is the annualization of our finance business optimization. Consistent with our original expectations when we initiated the program, we expect that this will negatively impact the year by approximately \$10 million to \$15 million, with the majority of the impact being felt during the first half of the year.

Our full year guidance also embeds low single-digit contract sales growth. As Mark mentioned, we expect this growth to be driven by tour flow this year. Specifically, our current expectation is that VPG for the full year will be down slightly as we lap the elevated growth rates from 2025.

However, despite that increased mix of tours, which generally deliver lower flow-through than pure VPG changes, we still expect to maintain Adjusted EBITDA margins consistent with where we ended 2025 due to continued execution against our efficiency initiatives.

In regards to the cadence of the year, our current expectation is that contract sales and EBITDA in the first quarter will be flat to slightly down as we lap the near-record VPGs in Q1 of the prior year that were driven by the strong initial launch periods for HGV Max and Ka Haku, along with the anticipated expense headwinds associated with the expected step-up in rates for our license fees as well as consumer finance interest expense as we analyze the ramp of our finance optimization program.

We expect EBITDA to improve sequentially in each successive quarters, consistent with sales growth, execution against our efficiency initiatives and as the expense headwinds subside. As I mentioned, our adjusted free cash flow conversion this year will fall within the long-term range of 55% to 65%. We expect that our 2026 conversion rate will be in the lower half of that range as we wrap up the spending on our Ka Haku project ahead of its anticipated opening later this year. But as our level of annual inventory spend trends towards a maintenance level in the upcoming years, we expect to move higher within that target range.

Moving to our liquidity, as of December 31, our liquidity position was over \$1 billion, consisting of \$239 million of unrestricted cash and \$809 million of availability under our revolving credit facility.

Our debt balance at quarter end was comprised of corporate debt of \$4.5 billion and nonrecourse debt balance of \$2.7 billion. At quarter end, we had \$235 million of remaining capacity in our warehouse facilities. We also had \$943 million of notes that were current on payments but unsecuritized. Of that figure, approximately \$374 million could be monetized through a combination of warehouse borrowing and securitizations, while we anticipate another \$388 million will become available following certain customary milestones such as first payment, deeding and recording.

Turning to our credit metrics, at the end of the quarter and inclusive of all anticipated cost synergies, the Company's total net leverage on a TTM basis was 3.78x.

We will now turn the call over to the operator and look forward to your questions. Operator?

Operator

Thank you. We will now be conducting a question-and-answer session. Please limit yourself to one question and one follow-up to allow the opportunity for everyone to ask questions. You may then re-enter the queue to ask additional questions. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we for questions.

The first question is from Patrick Scholes from Truist Securities. Please go ahead.

Patrick Scholes

Hi. Good morning Mark and Dan. I have a question and then I'll have a follow-up question here. You did briefly talk about quarterly cadence for 1Q, but I'm wondering if you could touch on if possible quarterly cadence expectations for the other quarters, and also specifically within that, expectations by quarter or tour growth and VPG. Thank you.

Mark Wang

Sure. Thanks Patrick. Let me kind of frame it up a little bit and then I'll have Dan kind of jump into some of the details here.

First I'd say that we made really good progress in '25 both operational and from a financial perspective. When you think about the investments we made in our lead flow that gives us a lot of confidence about you know our tour flow coming in this year. We controlled our cost especially you saw that in the second half of the third quarter and fourth quarter. Grew both contract sales and EBITDA and grew both our tours and VPGs and our real estate margin, which really led to this you know leading industry cash flow generation over \$756 million. Then as we've been talking about, we continue to buy back shares and we had a record \$600 million last year.

As I take just a step back here as you look at how we're tracking against our targeted algorithm of consistent top line growth with EBITDA growing a bit faster and strong free cash flow, I think we're on a really good path. I'd say in '25 we were a bit below that algorithm with strong contract sales growth but EBITDA growing more slowly due to the investments we put in the business, but as we look into '26, our guidance today really reflects us tracking better and closer to that algorithm with EBITDA that we expect to grow slightly ahead of sales for the year. And that really is about the tour flow generation and with that we expect strong cash flow generation.

Anyways, I think we're tracking really well towards unlocking our earnings and cash flow power the business and getting us set up on the right path toward that long-term algorithm we've been working on.

Dan if you want to you want to hit on some specifics on the VPG and EBITDA for the year.

Daniel Mathewes

Absolutely, Patrick. I know we talked about a little bit in our prepared remarks but when you think about Q1 specifically, we're looking at high single-digit growth on the tour flow side mitigated by high single-digit decline on the VPG side, which is as expected and very consistent with what we saw in Q4 given the tough comps.

As we look on the cost side there are some pressures I mentioned the license fee pressure as well as the financing business optimization. The one thing I'd also point out is from a provision perspective we look to return to that mid-teens level for the full year of 2026 and if you look at year-over-year, Q1 was favorable to that last year so there's a little pressure on that side. Those components really yield to that slightly down EBITDA in Q1 but when you think about it sequentially throughout the year we're really going to capitalize on all the package pipeline work that we did last year.

You'll recall we saw some outsized package performance in particular in Q2 and Q3 last year; those will be playing out this year. And we see strong tour flow growth coupled with easier comps as we progress out the year; clearly Q1 being the toughest comp with the first full quarter launch of HCV Max to the Bluegreen owner bas.

As we progress throughout the year there's headwinds, in particular the license fee with Diamond being fully ramped starts to fall away in Q3 and then the optimization in the financing business should be fully annualized by the time we hit mid-year. So it helps sequential growth for EBITDA from quarter to quarter to quarter to quarter throughout the year.

That's how we see it playing out. There's a lot of details in there, so if you have any follow-up, happy to address those.

Patrick Scholes

Thank you. My follow-up question is to you, Dan. With that uptick in the 4Q loan loss provision, you called out it having to do with upgrades to legacy existing Bluegreen owners. Can you, dare I say, talk a little bit more about the sausage-making into that? There's definitely a little bit of confusion out there why such a step-up and if you could just help clear the air with a little more color and detail around that. Thank you.

Daniel Mathewes

Absolutely. A very important question and it's one of those scenarios where purchase accounting still is coming into play since that acquisition is relatively recent.

First though what I would like to say is the portfolio in general is performing extremely well. I talked about it in my prepared remarks, about us making meaningful changes from the underwriting process. A little bit of an oversimplification but a key aspect of that was eliminating a program that Bluegreen had in place. We accomplished this about mid-year in 2025 where we're now requiring additional capital down, additional deposits down from the consumer as they upgrade in particular. Previously Bluegreen allowed for a no-cash upgrade option and what we've seen is material upticks in the deposits, especially on the Bluegreen side that have yielded strong performance on those originated loans. That performance is improving.

We talked about the 31- to 60-day delinquency rates. On the HGV and the Diamond side, they're holding steady year-over-year, even sequentially, and the Bluegreen is actually improved by 20 basis points, which is good to see and we expect that improvement to continue, especially with the change in the underwriting.

Now from just a geography purchase accounting item and how you saw an uptick in Q4, how it works from an accounting perspective is, when someone in the acquired portfolio upgrades into an originated portfolio, the release of the reserve associated with that original loan actually goes through financing to the extent there's not already a reserve in place and then you fully reserve the new loan into the real estate business and that goes into the percentage calc. So you're effectively reserving a full balance on the new loan even though you're only recognizing incremental contract sales, which yielded an optic uptick to that provision rate. But just to avoid any confusion, we're very happy where our portfolio sits and fully expect to be in that mid-teens range in 2026.

So we'll see that tick down in Q1 and remain lower throughout the year in 2026, obviously assuming no material deterioration in the macro environment.

Patrick Scholes

Okay, thank you. I asked for some sausage-making and you certainly delivered there. Definitely some transcript reading for me later today on all that, so thank you. I'm all set.

Daniel Mathewes

Sorry about that, but thanks.

Operator

The next question is from Ben Chaiken from Mizuho. Please go ahead.

Ben Chaiken

Hey, thanks for taking my question. I think maybe stepping back a little bit, excess inventory has been a headwind on the rental side for you guys but also the entire industry, broadly driven by the developer maintenance fees. If I caught you correctly, I think you mentioned there were—and maybe I'm conflating two comments you made, but I think you were referencing some organic and inorganic ways to bring down that inventory. Again, if I caught you, one of your peers recently took some strategic action. Would it make sense to streamline some of your assets and locations? Why or why not? And then, Dan, did I hear you correctly? Thanks.

Mark Wang

I think you heard us correctly. We go through a very thorough financial brand and market analysis on the properties that we have in our portfolio and we picked up a lot of really good inventory in the acquisitions in a lot of great markets. But ultimately, we're looking to try to optimize the portfolio for both our members and our shareholders. And as we've discussed in the past, some of the inventory that we acquire just doesn't align with our long-term vision for the portfolio. I think as we get closer to making a final decision on our plans, we'll provide a lot more detail.

But I think you've heard it from our competitors and you're hearing it from us: this is really nothing related to legacy HGV. That product is in great shape, and we feel like we've put the best new product in the market within our sector over the last decade. So that's in great shape. It's just really when you acquire two companies like that, there are properties that just won't meet the portfolio requirements.

We're looking at it and we'll give you an update as soon as we have a final plan.

Ben Chaiken

Got it. Recognizing you may not want to bite on this one, but anyway, you can maybe ballpark a range of number of assets?

Mark Wang

No, I think we're still in the middle of the analysis.

Look, we've been working on this for a while, but I'd prefer to wait and give you the bigger picture in a more concise program that we're looking to move on.

Ben Chaiken

Okay. Then just as a quick follow-up, just any thought process on—or maybe more color on your philosophy around buybacks. Is 150 a quarter kind of the right number? Why not more? Just given kind of the amount of free cash flow generated and your valuation. Thanks.

Daniel Mathewes

That's definitely a fair question. It clearly is our primary directive when it comes to—well, primary choice of use of capital these days as the stock is a compelling value at these levels. We anticipate continuing at \$150 million per quarter.

What I would say from our mindset is we're not of the mindset that we want to increase our leverage ratio to repurchase shares. We're very comfortable with the leverage that we're operating at today, which is actually down-ticked from where we were prior quarter and year over year. But at the same time, leveraging up the Company to buy back shares, given the robust level of the share repurchase program that we currently have in place is not what we're looking to do. That's why we're very comfortable at the \$150 million level. Per quarter.

Ben Chaiken

Thanks. Appreciate it.

Operator

The next question is from Stephen Grambling from Morgan Stanley. Please go ahead.

Stephen Grambling

Hey, thanks. I may have missed this in some of the opening remarks, so apologies. I think this is the first year where NOG turned slightly negative and that was kind of like a hallmark, I think, of the story relative to some of the peers. Maybe if you could just shed some light on some of the underlying dynamics there. Obviously, in the last comment about maybe club management, does that have any impact on owner growth that we should be anticipating? Do you expect it to maybe stabilize at some point going forward?

Mark Wang

Stephen, this is Mark. First, I'd say that I think when you look at our business right now, it got a lot maturer with these acquisitions, right? With the Diamond acquisition, their strategy was a roll-up strategy, and they acquired 11 companies over time and some of those companies go way back in as far as 40, 45 years back. So you have a situation where some of these owners, some of these members have been in the system for a long time and we continue to work with them to exit them out appropriately based on a one-by-one analysis of that. So we have some pressure on that side.

I'd say the good news is we have generated, when you look at Max, since we rolled out, we've got 266,000 new Max members in less than four years. Of that, 175,000 are new buyers, meaning they bought within the last four years. So we continue to bring new members in the system.

We talked about it, I think, on the last call: a new member, the lifetime value is 6X what a member that's been in the system for 15 years. And when you look at our Max membership base, 50% of that base, the tenure of ownership or membership with us is five years or less. And nearly 70% are 10 years or less. So we continue to build lifetime value into the business and more recurring revenue. It's just part of the equation. It's part of the business.

For HGV, when we were standalone, before the acquisitions we were a younger company, I'd say, only in the business for around 30 years versus we acquired some of these companies that have owners that have been in the system longer.

Look, our focus continues to be on driving new buyers on an absolute basis. We believe we've been driving more new buyers on an absolute basis into our system than anybody in our sector and we'll continue to stay focused on that.

Stephen Grambling

That's great. Thanks. I'll jump back in queue.

Operator

The next question is from David Katz from Jefferies. Please go ahead.

David Katz

Hi, good morning. Thanks for taking my question. I appreciate it. I wanted to just talk about the sales force a bit. Such an important driver in this business. Where are you, would you say, in terms of having the force where you want it? Are there any sort of strategic changes or personnel changes or anything like that? Compensation structures, etc. Give us a kind of lay of the land there, please.

Mark Wang

First of all, a big shout out to our sales force because they do an amazing job. If you think about 2024, we broke through a barrier, a \$3 billion barrier in contract sales. And that wasn't good enough; they grew at 10% last year, right? So I don't know of any other company that's ever hit \$3 billion nor grew at 10% at that level.

So, got a great sales force. Dusty Tonkin leads our team there. We've got great leadership with Mike Riley under him and a great team out there.

So we feel really good about our teams. Are we exactly where we want to be? Absolutely not. You always want to be improving. One of the things that you have to think about for us—and we're still continuing to evolve—is, you know, we went from a business back in 2019, where 85% of our business was generated out of seven markets. Now we're in 40 markets.

We historically were very focused on large markets and I think we continue to dominate in those large markets. But we also are now and have developed a lot of mid and small markets. Those are markets where we continue to build our teams and our capabilities, but I'm very, very pleased with the progress we're making. We've got a great team and they continue to drive results.

David Katz

Thank you.

Operator

As a reminder, to ask a question, please press star, one.

There are no further questions at this time. Before we end, I will turn the call back over to Mark Wang for any closing remarks. Mr. Wang?

Mark Wang

All right. Well, thank you for joining the call today, and another thank you to our team members for the strong year of execution, and most importantly for taking care of our members and guests. I'm extremely proud of what you've accomplished. We look forward to updating you on our Q1 call. Thank you.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.