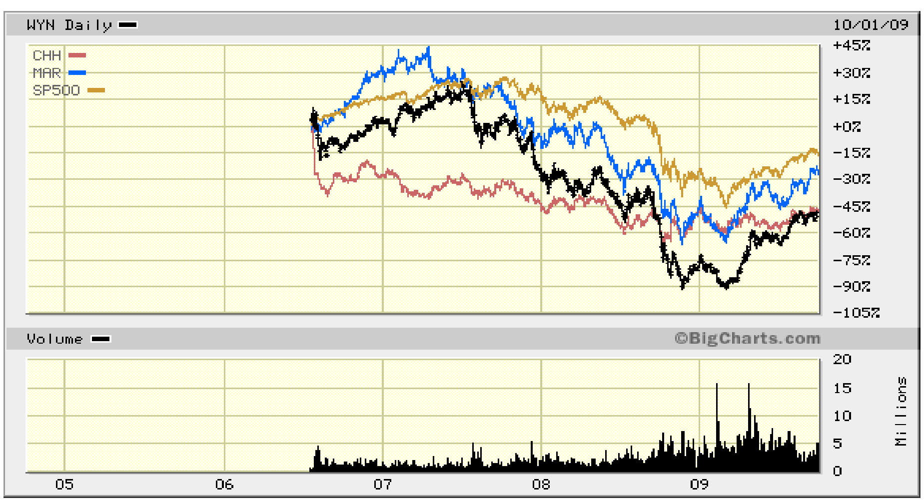
Wyndham Worldwide Corporation (WYN) 10/1/09

WYN operates in lodging and hospitality services, mainly in hotels. The company operates its hotels through a franchise model, with 15 to 20 year contracts. WYN operates mainly in the US and Europe, with around 90% of properties there. WYN also operates some in resorts and timeshares for vacationers, a segment that is experiencing the most growth for the company. The company is headquartered in Parsippany, New Jersey.

Current Price	$15.57
52 Week High	$16.50
52 Week Low	$2.55
One Yr Target	$17.38
Market Cap (in billions)	$2.78
P/E (Trailing)	n/a
P/E(1 Yr Forward)	10.52
P/E/G	0.65
ROA	-10.81%
ROE	-35.67%
EPS	-$6.18
Beta	2.00
Annualized Dividend	$0.16
Dividend Yield	1.03%
Analyst Consensus	2.30
Debt to Equity	2.74



Annual EPS

2005	$2.15	
2006	$1.77	-17.67%
2007	$2.20	24.29%
2008	-$6.03	-374.09%
2009E	-$6.18	-2.49%

Annual Revenue (in millions)

2005	$3,471.00	
2006	$3,842.00	10.69%
2007	$4,360.00	13.48%
2008	$4,281.00	-1.81%

Annual Net Income (in millions)

2005	$431.00	
2006	$287.00	-33.41%
2007	$403.00	40.42%
2008	-$1,074.00	-366.50%

Free Cash Flows (in millions)

2005	$358.00	
2006	-$26.00	-107.26%
2007	-$184.00	-607.69%
2008	-$78.00	57.61%

Required Rate of Return

16.24%

Dividend Growth Model

Present Value of 2014 Price	$15.78
Holding Period Return (5 years)	17.71%

Expected Annualized Return Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Residual Income Model

Intrinsic Stock Price	$47.47

Analysis

Positives

PEG ratio of .65 suggests that stock price is undervalued

DG and RI valuation models suggest stock price is undervalued

Negatives

High Beta coupled with poor financial ratios is a bad signal

EAR valuation model is not applicable because recent EPS numbers are so poor

Financial Statements

Balance Sheet is ok but has been losing ground in recent years

Income Statement is poor and was heading that way even before the economic recession

Cash Flows have been negative for the past teo years, a bad signal

Industry Analysis

Company is one of the larger in the industry

Company has worse financial ratios than most, except for a nice profit margin

Summary

WYN certainly doesn't wow much with its financial numbers. Financial ratios are poor to average and financial statements are mostly poor. It's nice that the DG and RI models have the stock price as undervalued, but it's troubling that the EAR isn't even applicable. The lodging and hospitality industry is directly tied to the economy with businesses and vacation travelers, so that is currently a concern for WYN. WYN is currently not very exposed to emerging markets, which was good in the recession but for growth is a poorer outlook. As the Baby Boomer generation begins to retire hotels should see increased travelers, as well as WYN's resorts and timeshares. There are more questions that certainties for WYN, and therefore the company earns a **hold** rating.