

# Equity Research Report: Marriott International, Inc.

## Business Overview

Marriott, established in 1927, is a global leader in hospitality that operates an extensive portfolio of over 30 brands spanning luxury to midscale segments. The company employs an asset-light model through management and franchise agreements, delivering personalized guest experiences powered by advanced digital systems. Marriott's innovative Bonvoy loyalty program drives significant repeat business while strategic partnerships and new lodging concepts address evolving market trends and regional nuances. Focused on efficiency and sustainability, the firm adapts to dynamic competitive pressures and shifting travel demands across markets in North America, EMEA, Greater China, and Asia Pacific. Throughout its long history, Marriott consistently innovates, reinforcing its reputation as a trusted name in delivering exceptional and memorable hospitality experiences worldwide.

## Market Position

Marriott International's 2024 financial overview shows a blend of encouraging revenue growth alongside challenges in cost control and liquidity. The company experienced higher total revenues, bolstered by fee income increases, yet rising operating and tax expenses hindered operating and net profit margins. Despite stable earnings per share and significant share repurchases, profitability was subdued by escalating costs. The balance sheet reflected a heavily leveraged capital structure with increased long-term debt and a marked decline in shareholders' equity, while current assets fell short of current liabilities, underscoring short-term liquidity issues. Additionally, operating cash flows softened amid substantial investments and financing outflows. This financial profile suggests an imperative for improved cost management and more disciplined debt and asset oversight to sustain future growth and stability.

## Operating Results

Marriott's valuation presents a mixed picture, combining resilient revenue growth with significant financial challenges. The company achieved a revenue increase to \$25.1 billion in 2024, buoyed by strong fee income and RevPAR improvements. However, rising operating costs, increased interest expenses, and a higher tax burden have compressed margins, with operating income declining and net income falling by 23%. At the same time, the balance sheet reveals heightened financial leverage, with long-term debt and total debt growing and shareholders' equity worsening sharply into negative territory. Limited current liquidity and an increased debt burden signal potential solvency concerns. Overall, while Marriott continues to generate robust revenue streams, strategic focus on operational efficiency and asset management will be essential to sustain shareholder value and improve its leveraged financial structure.

## Summarization

FY (USD mn) 2024		2023	2022	2021	2020
Revenue	25100	23713	20773	13857	10571
Revenue Growth	5.8%	14.2%	49.9%	31.1%	-49.6%
Gross Profit	5418	5124	4558	2801	1459
Gross Margin	0.22	0.22	0.22	0.2	0.14
EBITDA	4227	4220	3722	1895	457
EBITDA Margin	0.17	0.18	0.18	0.14	0.04
FCF	1999	2718	2031	994	1504
FCF Conversion	0.84	0.88	0.86	0.9	-5.63
ROIC	15.1%	19.4%	14.7%	8.2%	0.7%
EV/EBITDA	22.27	19.06	15.82	33.73	116.63
PE Ratio	33.38	22.05	20.48	49.2	-160.97
PB Ratio	-26.5	-99.69	85.04	38.24	99.95
CFO	2749	3170	2363	1177	1639

## FinRobot

Team9 - UOA

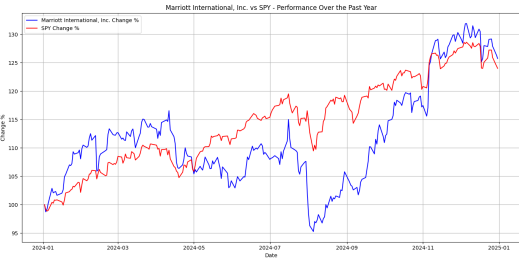
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Report date: 2024

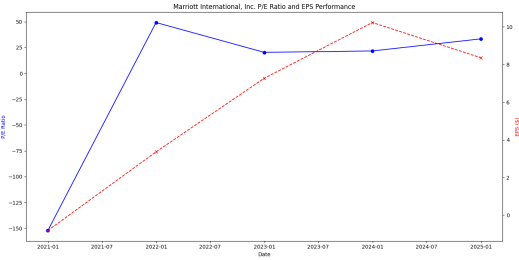
## Key data

Rating	C+
Currency	USD
Closing Price (USD)	221.84
Market Cap (USD) (Millions)	74633.92
52 Week Price Range (USD)	204.55 - 295.45
BVPS (USD)	-10.53

## Share Performance



## PE & EPS



## Risk Assessment

Marriott faces a dynamic mix of risks that influence its long-term performance in the highly competitive and cyclical hospitality industry. The company's exposure to economic fluctuations and changing travel patterns makes earnings inherently volatile. Intense competition from both established hotel chains and emerging lodging alternatives, such as short-term rental platforms, further exacerbates this environment. As consumer spending on discretionary travel varies with global economic and geopolitical changes, occupancy rates and room revenues can experience rapid shifts. Moreover, Marriott's reliance on long-term contracts with hotel owners, while generally providing revenue stability, is not immune to disputes or premature terminations that can impact fee income and financial planning. Compliance with evolving regulatory standards in health, safety, labor, and environmental matters demands continuous attention, even though such regulations are less rigid than those in more stable sectors. In addition to market cyclicity, operational challenges present significant risks. The complexity of managing a franchise-based hotel system creates potential for legal and operational disruptions, especially when disputes with property owners arise. Large-scale technological transformations aimed at modernizing reservations, property management, and loyalty systems are crucial for maintaining competitiveness, but any delay or misstep in implementation could degrade service quality and data security. Furthermore, labor-related issues and efforts to retain skilled associates add another layer of operational risk that can lead to increased costs and service interruptions. Cybersecurity and data privacy represent a persistent threat given the sensitive consumer and payment information Marriott handles daily. Past incidents, including a notable data breach, serve as reminders of the potential financial, legal, and reputational costs associated with inadequate digital defenses. While substantial investments in security measures and cyber insurance have been made, the rapidly evolving threat landscape means that Marriott must remain vigilant and adaptable to protect its brand and operational continuity.

## Competitors Analysis

The competitor analysis for Marriott highlights an increasingly dynamic global hospitality market where differentiation through technology, loyalty, and niche offerings plays a critical role. Competitors such as Hilton have been successful in developing state-of-the-art digital customer experiences that integrate personalized loyalty programs. This focus on digitization drives high levels of guest retention and repeat bookings, posing a direct challenge to Marriott's established loyalty initiatives. Meanwhile, Hyatt has concentrated on the luxury and upscale niche by investing in boutique properties that offer tailored services. This dedicated approach to serving affluent clientele creates pressure on Marriott to further refine its strategies in the high-end segment. InterContinental Hotels Group has taken a two-pronged approach by emphasizing cost efficiency and diversified brand positioning. Their strategy successfully bridges both mid-scale and premium markets through operational improvements. This dual focus necessitates that Marriott continuously evolve its pricing structures and service offerings to remain competitive across multiple consumer segments. Additionally, Accor has emerged as a compelling competitor with its rapid global expansion efforts and strategic investments in technology. Their ability to offer modern travel experiences and adapt quickly to consumer trends intensifies market competition, urging Marriott to accelerate its digital transformations. Collectively, these insights underscore the imperative for Marriott to invest in innovation and strategic diversification. Marriott has responded by upgrading its digital capabilities and enhancing loyalty programs, while also pursuing property renovations and expansions in key international markets. To maintain and grow its market share in an environment defined by agile competitors, Marriott must continue to emphasize personalized guest experiences, technological advancements, and efficient operational management. This comprehensive approach will be essential in solidifying Marriott's position as a leader in the global hospitality industry while effectively countering the strategies of its notable competitors.