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Accounting 330 - Project 2

Royal Caribbean Financial Statement Analysis

12/6/2024

Royal Caribbean is a leading cruise company that operates globally, with their headquarters located in Miami, Florida. The company was founded in 1968 out of Norway, and has grown to be one of the largest cruise lines in the world. Royal Caribbean offers unique experiences for different customers among the company's three main brands: Royal Caribbean International, Celebrity Cruises, and Silversea Cruises. This year, Royal Caribbean added two new ships to expand their fleet to 28 ships. The Icon of the Seas, which set of its maiden voyage in early 2024, is currently the largest cruise ship in the world, holding over 5500 passengers. The Utopia of the Seas, which debuted in summer 2024, offers some of the best amenities, entertainment, and services in the industry. Royal Caribbean offers a combination of travel, tourism services, and onboard services to provide the ultimate experience for their customers. Recently, Royal Caribbean has been trying to recover financially from the devasting effects that COVID-19 had on the industry. The Pandemic completely shut down the business operations, resulting in substantial losses for the company, and their competitors.

REVENUE ANALYSIS

Table 1 - Revenue growth for Royal Caribbean and competitors

	2023	% change	2022	% change	2021	% change	2020	% change	2019	% change	2018
Total revenues - Royal Caribbean (in millions)	13,900	57.24%	8,840	477.02%	1,532	-30.65%	2,209	-79.83%	10,951	15.35%	9,494
Total revenues - Carnival corporations & PLC (in millions)	21,593	77.46%	12,168	537.74%	1,908	-65.90%	5,595	-73.13%	20,825	10.30%	18,881

Table 1 provides data to analyze the trends in revenue over the past 5 years. From this table, there are trends in data to analyze. First, both companies have significant declines in revenue for the years 2020 and 2021. Carnival Corporations & PLC experienced more severe losses, with revenue declining by an average of 69.52% per year for 2020 and 2021, compared to Royal Caribbean's decline of 55.24% per year. Both companies followed this with a strong recovery, substantially increasing their revenue for the years 2022 and 2023. Carnival Corporation & PLC experienced higher growth for this period, averaging an increase of 307.60% growth versus Royal Caribbean's 267.13% growth in that time period. The change in sales is being driven by multiple different factors.

The first is the overall size of the companies. Carnival Corporations owns and operates nine different cruise brands, including the popular Carnival, Princess and Holland America Lines brands. In total, Carnival Corporations brands offer cruises up to 29 days in length, which is higher than the longest stay of 24 nights in Royal Caribbean brands. Royal Caribbean owns three brands, Royal Caribbean International, Celebrity Cruises, and Silversea Cruises. The company has partial ownership in other cruise brands. In 2023, Carnival Corporations carried 12.5 million passengers in their ships. Royal Caribbean carried 7.6 million passengers. Carnival Corporations was able to increase their revenue by 40% more than Royal Caribbean after COVID-19 from the size of the company. Since Carnival Corporation is the larger company with 9 cruise brands which carried 4.9 million more passengers in 2023, it allows them to bring in more total revenue by carrying more passengers. The company has more ships, which can hold more people to bring in this revenue. Also, by having cruises that are 5 days longer than Royal Caribbean, they can charge more customers for trips, and bring in more money from onboard services.

The second main reason which applies to the loss in 2020 and 2021 is the Covid pandemic. This pandemic shut down the cruise industry by halting travel on cruises. This overall dramatically decreased the number of passengers, which lost large amounts of revenue for the companies. Since Royal Caribbean is a smaller company that has less annual revenue, their loss was not as substantial as their competitor, Carnival Corporations. This explains the 14.28% difference in average loss per year between the companies.

The last reason is from the economic conditions which correlates to the growth for 2022 and 2023. In 2022, 20.4 million people took a cruise industry wide. In 2023, 31.7 million people industries wide took cruises. 2023 was the highest number of passengers ever in a year, which was 107% higher than 2019. With the two companies being some of the largest in the industry, this allowed them to have significant growth, especially after the industry had been almost entirely shutdown.

PROFIT ANALYSIS

2. PROFIT ANALYSIS

Table 2, Panel A - Vertical analysis for Royal Caribbean											
	2023	*% of rev.*	**2022**	*% of rev.*	**2021**	*% of rev.*	**2020**	*% of rev.*	**2019**	*% of rev.*	
Passenger ticket revenues	$ 9,568	*69%*	$ 5,793	*66%*	$ 941	*61%*	$ 1,505	*68%*	$ 7,857	*72%*	
Onboard and other revenues	4,332	*31%*	3,047	*34%*	591	*39%*	704	*32%*	3,094	*28%*	
Total revenues	**13,900**	*100%*	**8,840**	*100%*	**1,532**	*100%*	**2,209**	*100%*	**10,951**	*100%*	
Commissions, transportation, and other	2,001	*14%*	1,357	*15%*	208	*14%*	345	*16%*	1,656	*15%*	
Onboard and other expense	809	*6%*	597	*7%*	117	*8%*	157	*7%*	640	*6%*	
Payroll and related expense	1,197	*9%*	1,288	*15%*	838	*55%*	788	*36%*	1,079	*10%*	
Food expense	819	*6%*	653	*7%*	164	*11%*	162	*7%*	584	*5%*	
Fuel expense	1,150	*8%*	1,073	*12%*	385	*25%*	371	*17%*	698	*6%*	
Other operating expense	1,799	*13%*	1,648	*19%*	1,027	*67%*	942	*43%*	1,406	*13%*	
Total cruise operating expenses	**7,775**	*56%*	**6,616**	*75%*	**2,739**	*179%*	**2,765**	*125%*	**6,063**	*55%*	
Marketing, selling and admin expenses	1,792	*13%*	1,583	*18%*	1,370	*89%*	1,120	*51%*	1,559	*14%*	
Depreciation and amortization expenses	1,455	*10%*	1,407	*16%*	1,293	*84%*	1,279	*58%*	1,246	*11%*	
impairment loss	0	*0%*	0	*0%*	0	*0%*	1,566	*71%*	0	*0%*	
Operating Income (Loss)	**2,878**	*21%*	**(766)**	*-9%*	**(3,870)**	*-253%*	**(4,602)**	*-208%*	**2,083**	*19%*	
Other income (expense):											
Interest income	36	*0%*	36	*0%*	17	*1%*	21	*1%*	27	*0%*	
Interest expense, net of interest	(1,402)	*-10%*	(1,364)	*-15%*	(1,292)	*-84%*	(844)	*-38%*	(409)	*-4%*	
Equity investment income (loss)	200	*1%*	57	*1%*	(135)	*-9%*	(213)	*-10%*	231	*2%*	
Other (expense) income	(8)	*0%*	(119)	*-1%*	20	*1%*	(137)	*-6%*	(25)	*0%*	
Total other income (expense)	**(1,174)**	*-8%*	**(1,390)**	*-16%*	**(1,390)**	*-91%*	**(1,174)**	*-53%*	**(175)**	*-2%*	
Net income (loss)	**1,704**	*12%*	**(2,156)**	*-24%*	**(5,260)**	*-343%*	**(5,775)**	*-261%*	**1,908**	*17%*	
Table 2, Panel B - Net income trends for Royal Caribbean and competitors											
	2023	*% change*	**2022**	*% change*	**2021**	*% change*	**2020**	*% change*	**2019**	*% change*	**2018**
NI- Royal Caribbean	1,704	*-179.04%*	(2,156)	*-59.01%*	(5,260)	*-8.92%*	(5,775)	*-402.67%*	1,908	*5.07%*	1,816
NI - Carnival Corporations & PLC	(74)	*-98.79%*	(6,093)	*-35.87%*	(9,501)	*-7.18%*	(10,236)	*-442.34%*	2,990	*-5.14%*	3,152
Table 2, Panel C - Return on assets for Royal Caribbean and competitors											
	2023	*% change*	**2022**	*% change*	**2021**	*% change*	**2020**	*% change*	**2019**	*% change*	**2018**
ROA - Royal Caribbean	0.05	*-175.74%*	(0.07)	*-59.83%*	(0.16)	*-11.65%*	(0.18)	*-379.69%*	0.07	*-9.35%*	0.07
ROA - Carnival Corporations & PLC	(0.00)	*-98.73%*	(0.12)	*-34.72%*	(0.18)	*-14.37%*	(0.21)	*-403.50%*	0.07	*-9.78%*	0.08

Table 2 provides visuals on Royal Caribbean's vertical analysis over the past 5 years, and displays the net income and return on asset trends of Royal Caribbean and Carnival Corporations

& PLC. Both companies had trends of slight growth, significant decline, and a strong recovery over this time span. In 2019, Royal Caribbean reported a net income gain of 5.07% year over year, while Carnivals declined 5.14% for that period. In 2020 and 2021, Royal Caribbeans declined by an average of 205.80%, while Carnivals declined by an average of 224.76% during that time period. In 2022 and 2023, Royal Caribbeans average net income increased by 119.02%, while Carnival Corporations increased by 67.33% during that period. Overall, Royal Caribbean was able to make positive net income two years after the Covid pandemic, while Carnival Corporations is still at a loss.

Examining these numbers can be shown on *Table 2, Panel A.* During the years where net income declined, Royal Caribbean had substantially lower revenues than other years. This was due to the Covid pandemic. This shut down the industry, which limited the number of passengers, and onboard revenues which the the companies main driver of income. This effected the companies expenses where payroll, fuel. and other operating expenses had a significant more impact on total cruise expenses. Marketing, selling and admin expenses and depreciation and amortization expenses were also significantly higher with the low total revenue, which had a more substantial effect on operating income for Royal Caribbean. This trend was seen to be very similar to Carnival Corporation & PLC, which results in a similar decline in numbers. This vertical analysis can also explain the giant growth in the year 2022, and 2023. In *Table 2, Panel A,* there is a dramatic increase in Revenue. This directly affected the net income, which increased by over 50% during the Pandemic year of 2021, and a non-Pandemic year in 2022 for Royal Caribbean. With revenue increasing by over $7,000 (in millions), this helped reduce the impact of operating expenses, which returned closer to the pre pandemic percentage of revenue. In 2023, Royal Caribbean was able to return back to a positive net income, and overall had better net income growth than Carnival Corporations, who still posted a negative in net income.

The key drivers behind these changes in net income extend beyond the pandemic. For both companies, the significant losses in 2020 and 2021 were primarily due to the complete halt in cruise operations, increased health and safety costs, and the expenses associated with maintaining idle ships. However, the strong recovery in 2022 and 2023 is from the resumption of operations, increased vaccination rates, and a surge in demand for cruise travel. Both companies also improved their cost management strategies, reducing operating expenses and increasing efficiency.

The Return on Assets (ROA) ratios for both companies highlight their asset utilization efficiency over the past five years. This ratio explains how well a company is using it's assets to generate profit. In 2020 and 2021, Royal Caribbean ROA declined by an average of 195.67%, while Carnivals declined by an average of 208.94%. In the years after, 2022 and 2023, Royal Caribbean was able to increase their ROA by an average 117.78%, while Carnival was able to increase by an average of 66.73% during the same period. With Royal Caribbean being a smaller company with less boats to operate, it was easier for the company to recover and generate profit from their assets compared to Royal Caribbean.

In summary, the pandemic's impact was the most significant factor affecting net income and ROA for both companies, the post-pandemic recovery demonstrates both companies' ability to adapt. Improved cost management and operational efficiency were crucial in returning to profitability and better utilizing their assets.

LIQUIDITY AND SOLVENCY ANALYSIS

3. LIQUIDITY AND SOLVENCY ANALYSIS

Table 3 - Liquidity and solvency ratios for Royal Caribbean and competitors

Current ratio	**2023**	*% change*	**2022**	*% change*	**2021**	*% change*	**2020**	*% change*	**2019**	*% change*	**2018**
Royal Caribbean	0.19	-49.01%	0.37	-24.34%	0.49	-48.01%	0.95	549.92%	0.15	-16.26%	0.17
Carnival Corporations & PLC	0.46	-35.07%	0.71	-27.44%	0.97	-19.94%	1.22	439.06%	0.23	-6.68%	0.24
Debt-to-equity ratio											
Royal Caribbean	6.17	-42.72%	10.77	101.63%	5.34	97.46%	2.71	87.15%	1.45	0.02%	1.45
Carnical Corporations & PLC	6.14	-2.86%	6.32	86.24%	3.39	111.07%	1.61	107.03%	0.78	5.68%	0.73
Times interest earned ratio											
Royal Caribbean	2.22	-484.22%	(0.58)	-81.41%	(3.11)	-46.97%	(5.86)	-201.99%	5.75	-11.60%	6.50
Carnical Corporations & PLC	0.97	-134.93%	(2.78)	-43.85%	(4.95)	-52.68%	(10.46)	-165.93%	15.86	-9.51%	17.53

Table 3 provides detail for the current ratio, debt-to-equity ratio, and the times interest earned ratio. Over the past five years, Royal Caribbean and Carnival Corporations have experienced fluctuations in their liquidity and solvency ratios, from the impacts of the COVID-19 pandemic and their financial strategies. The current ratio, which measures a company's ability to meet short-term obligations with its short-term assets, reveals a significant decline for Royal Caribbean, from 0.95 in 2020 to a mere 0.19 in 2023. This stark decrease indicates escalating liquidity risks for Royal Caribbean. In contrast, Carnival Corporations has maintained a relatively higher and more stable current ratio, suggesting better management of short-term liabilities.

Examining the debt to equity ratio, which indicates the proportion of debt and equity used to finance the company's assets, Royal Caribbean's ratio increased dramatically, peaking at 10.77 in 2022 before reducing to 6.17 in 2023. This spike reflects the company's increased reliance on debt financing, which raises financial risk. Meanwhile, Carnival Corporations also saw increases but maintained a more consistent ratio, highlighting a more balanced approach to managing its debt and equity mix.

The times-interest-earned ratio reflects a company's ability to cover its interest obligations from earnings, has shown significant volatility for Royal Caribbean. The ratio fell into negative territory during the pandemic years, indicating severe challenges in covering interest expenses. Although there was recovery in 2023 with the ratio reaching 2.22, it remains substantially lower than pre-pandemic levels. Carnival Corporations also faced negative ratios during the pandemic but achieved a more stable recovery, indicating a stronger capacity to manage interest obligations.

In summary, Royal Caribbean's liquidity and solvency ratios highlight significant challenges in managing liquidity and financial stability, particularly during and post pandemic. The declining current ratio and high debt to equity ratio indicate increased financial risk and reliance on debt. While there has been some recovery in the times interest earned ratio, it displays ongoing challenges in managing interest expenses. Compared to Carnival Corporations, Royal Caribbean has faced greater difficulties in maintaining liquidity and financial stability, as reflected in its more volatile and generally lower ratios. These trends show the importance of improving liquidity management and reducing financial leverage for Royal Caribbean.

RISK FACTORS

In Royal Caribbean's 2023 10-k. there are several significant risk factors that could adversely impact its business operations and financial performance. The most important risk factor was the debt obligations. As of December 31, 2023, Royal Caribbean had a total debt of $21.5 billion, which requires a significant portion of its cash flow to service debt and fund payments. This substantial debt limits the availability of cash flow for other needs such as working capital, capital expenditures, and general corporate expenses. The company's ability to meet future debt obligations depends on its financial performance and revenue generation, which can be affected by economic conditions and industry competitors. If Royal Caribbean cannot generate enough cash or obtain additional financing, it may face difficulties in meeting its debt obligations. It will result in severe financial vulnerability.

The second risk factor that was important was the dependence on shipyards and suppliers. Royal Caribbean relies heavily on shipyards, their subcontractors, and suppliers for constructing new ships and maintaining, repairing, and upgrading existing ones. There are a limited number of shipyards capable of handling these complex tasks that the cruise industry demands. Disruptions in the shipyard supply chain, which has increased since COVID-19, or slowdowns at shipyards can significantly impact the company's ability to add new ships, and perform necessary ship upgrades. Issues such as material cost increases, labor availability, and technical problems can lead to delays or cost increases. Mechanical faults may result in cruise cancellations, revenue loss, and increased operating expenses, affecting overall financial performance.

The third factor that was important in Royal Caribbeans 10-k is the availability of Ports. The availability of attractive port destinations is crucial to Royal Caribbean's business, as these destinations influence guests' decisions to book cruises. Factors such as competition for key ports, capacity constraints, security issues, and geopolitical developments can limit access to certain ports. Additionally, regulations restricting tourist volumes can reduce itinerary options. Higher fuel costs at ports may also impact the cruise lines from traveling to certain destinations. Limitations on the availability and feasibility of ports can adversely affect the company's operations and financial results.

AUDIT REPORT

To determine the type of audit report issued by PwC for Royal Caribbean's 2023 financial statements, it is crucial to carefully examine the Opinions on the Financial Statements and Internal Control over Financial Reporting section of the auditor's report. In this report, PwC states: "In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America." This statement clearly indicates that PwC has provided an unqualified opinion, which signifies that the financial statements are free from material misstatements and are presented fairly in accordance with generally accepted accounting principles. There is no indication of a qualified opinion, adverse opinion, or modified opinion, confirming the integrity and reliability of the company's financial statements as per PwC's audit findings.

PwC identified Critical Audit Matter for the impairment assets of goodwill and trade names for Silversea Cruises. This action was identified for the significant judgement and complexity involved. The skilled auditors that work for PwC use advanced and complex valuation models and assumptions, such as forecast revenues for cruise days, occupancy rates on vessels, royalty rate for the trade name and money others to make this claim. For investors, this highlights the extensive audit effort required, which provides information about potential areas of estimation uncertainty and potential risks they could face. This would also help investors understand the reliability of the financial information is in the company's 10-k. This awareness will allow investors to make more informed decisions about investing in the company.

The long-term tenure of PwC as the auditor for Royal Caribbean carries significant implications. On the positive side, PwC's experience with Royal Caribbean means they have knowledge of the company's operations, financial systems, and business practices, which can enhance the efficiency and effectiveness of the audit process. Consistent audit quality and the stability that comes with a long-term relationship can be beneficial, providing a thorough understanding of historical financial trends and issues. However, there are also potential downsides to consider. The timeline of PwC's audit for Royal Caribbean may lead to concerns about independence and objectivity, as close relationships over time can result in reduced skepticism. This might limit the auditor's ability to challenge management assumptions and uncover issues. Regulatory bodies often advocate for auditor rotation to allow for fresh perspectives and maintain audit standards.

ADJUSTING ENTRIES

This section displays the corrected entries that were filed to update the financial statements for Royal Caribbean. *Table 4* shows the entries made with a description of why this was processed. *Table 5, Table 6,* and *Table 7* reflect the financial statements with the adjustments made. The credited amount, with the corresponding journal entry is indicated on each line to represent the change in balances. On *Table 6* and *Table 7,* the value A is created which is the overall effect of all journal entries.

6. ADJUSTING ENTRIES

Table 4 - Proposed adjusting journal entries

Date	Entry #	Account	dr.	cr.	Description
12/31/2023	2023_AJE1	Advertising expense	10.0		*To correct erroneous entry 2023_1153. The use of prepaid advertising was debited to prepaid advertising and credited to advertising expense; it should have been the opposite.*
		Prepaid advertising		10.0	
12/31/2023	2023_AJE2	Dock Facility	25.0		*Since the interest for the dock needed to be capitalized, a debit was made for the dock facility and interest expense was credited.*
		Interest Expense		25.0	
12/31/2023	2023_AJE3	Bad Debt Expense	3.0		*Since the accounting didn't have the correct entry for bad debt, a debit of bad debt expense 3 million and allowance for doubtful accounts is credited to revise the entry.*
		Allowance for Doubful Accounts		3.0	
12/31/2023	2023_AJE4	Loss	0.7		*With the difference of the cost of the watches, and a value created, a debit for loss and credit for inventory was created to balance the accounts*
		Inventory		0.7	
12/31/2023	2023_AJE5	Depreciation Expense	100.0		*To correct the entry, a new annual depreciation was created per boat. Since two boats were being revalued, a debit to depreciation expense and credit to accumulated depreciation was made.*
		Accumulated Depreciation		100.0	
12/31/2023	2023_AJE6	Interest Receivable	1.2		*Since no entry was orginially filed, a debit to interest receivable and credit to interest expense was created to record the interest.*
		Interest Expense		1.2	
12/31/2023	2023_AJE7	Sales Revenue	1.0		*With invoice #2023_1549 in question, a debit to sales revenue and credit to cash was created to correct to entry. This revenue was for the 2024 fiscal year, not 2023.*
		Cash		1.0	
12/31/2023	2023_AJE8	Contingent Liability	50.0		*A debit to contigent liability and credit to gain on contingent liabiity was created to offset the value of the liability.*
		Gain On Contingent Liability		50.0	

Table 5 - Income statement impact

	12 Months Ended Dec. 31, 2023			
	DRAFT	**Adjustments**	**Journal references**	**FINAL**
Passenger ticket revenues	$ 9,568	(1.0)	*2023_AJE7*	$ 9,567
Onboard and other revenues	4,332			4,332
Total revenues	**13,900**			**13,899**
Commissions, transportation, and other expense	2,001			2,001
Onboard and other expense	809			809
Payroll and related expense	1,197			1,197
Food expense	819			819
Fuel expense	1,150			1,150
Other operating expense	1,799	(0.7)	*2023_AJE4*	1,798
Total cruise operating expenses	**7,775**			**7,774**
Marketing, selling and administrative expenses	1,792	13.0	*2023_AJE1, 2023_AJE3*	1,805
Depreciation and amortization expenses	1,455	100.0	*2023_AJE5*	1,555
Operating Income (Loss)	**2,878**			**2,765**
Other income (expense):				
Interest income	36	1.2	*2023_AJE6*	37
Interest expense, net of interest capitalized	(1,402)	25.0	*2023_AJE2*	(1,377)
Equity investment income (loss)	200			200
Other (expense) income	(8)	50.0	*2023_AJE8*	42
Total other income (expense)	**(1,174)**			**(1,098)**
Net income (loss)	**1,704**			**1,667**
Less: Net Income attributable to noncontrolling interest	7			7
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd.	**$ 1,697**			**$ 1,660**
Earnings (Loss) per Share:				

Table 6 - Balance sheet impact				
	as of Dec. 31, 2023			
	DRAFT	Adjustments	Journal references	FINAL
Current assets				
Cash and cash equivalents	$ 497			$ 497
Trade and other receivables, net of allowances of $9.6	405	(1.8)	*2023_ AJE3, 2023_AJE6*	403
Inventories	248	(0.7)	*2023_AJE4*	247
Prepaid expenses and other assets	617	(10.0)	*2023_AJE1*	607
Derivative financial instruments	25			25
Total current assets	**1,792**			**1,780**
Property and equipment, net of depreciation of XXX	30,114	(75.0)	*2023_AJE2, 2023_AJE5*	30,039
Operating lease right-of-use assets	611			611
Goodwill	809			809
Other assets, net of allowances of $42.7	1,805			1,805
Total assets	**35,131**			**35,044**
Current liabilities				
Current portion of long-term debt	1,720			1,720
Current portion of operating lease liabilities	65			65
Accounts payable	792			792
Accrued expenses and other liabilities	1,478	1.0	*2023_AJE7*	1,479
Derivative financial instruments	35			35
Customer deposits	5,311			5,311
Total current liabilities	**9,401**			**9,402**
Long-term debt	19,732			19,732
Long-term operating lease liabilities	613			613
Other long-term liabilities	486	(50.0)	*2023_AJE8*	436
Total liabilities	**30,232**			**30,183**
Shareholders' equity				
Common stock ($0.01 par value; 500,000,000 shares authorized; 284,672,386	3			3
Paid-in capital	7,474			7,474
Accumulated deficit	(10)	(38.5)	*(A)*	(49)
Accumulated other comprehensive loss	(674)			(674)
Treasury stock (28,248,125 common shares at cost)	(2,069)			(2,069)
Total shareholders' equity attributable to Royal Caribbean Cruises Ltd	4,724			4,686
Noncontrolling interest	175			175
Total shareholders' equity	**4,899**			**4,861**
Total liabilities and shareholders' equity	**$ 35,131**			**$ 35,044**

Table 7 - Cash flow statement impact				
	12 Months Ended December 31, 2023			
	DRAFT	Adjustment	Journal references	FINAL
Operating Activities				
Net Income	$ 1,704	(38.5)	(A)	$ 1,665.5
Adjustments:				
Depreciation and amortization	1,455.0	100.0	2023_AJE5	1,555.0
Net deferred income tax benefit	(8.0)			(8.0)
Gain on derivative instruments not designated as hedges	(19.0)			(19.0)
Gain on reversal of contingent liability		(50.0)	2023_AJE8	(50.0)
Share-based compensation expense	126.0			126.0
Equity investment income	(200.0)			(200.0)
Amortization of debt issuance costs	109.0			109.0
Loss on extinguishment of debt	121.0			121.0
Changes in operating assets and liabilities:				
Decrease in trade and other receivables, net	99.0	1.8	2023_AJE3, 2023_AJE6	100.8
Increase in inventories	(24.0)	0.7	2023_AJE4	(23.3)
Increase in prepaid expenses and other assets	(184.0)	10.0	2023_AJE1	(174.0)
Increase in accounts payable	124.0			124.0
Increase in accrued expenses and other liabilities	13.0			13.0
Increase in customer deposits	1,143.0	1.0	2023_AJE7	1,144.0
Other, net	18.0			18.0
Net cash provided by operating activities	**4,477.0**			**4,502.0**
Investing Activities				
Purchases of property and equipment	(3,897.0)	(25)	2023_AJE2	(3,922.0)
Cash received on settlement of derivative financial instruments	35.0			35.0
Cash paid on settlement of derivative financial instruments	(86.0)			(86.0)
Investments in and loans to unconsolidated affiliates	(31.0)			(31.0)
Cash received on loans to unconsolidated affiliates	40.0			40.0
Proceeds from the sale of property and equipment and other assets	13.0			13.0
Other, net	3.0			3.0
Net cash used in investing activities	**(3,923.0)**			**(3,948.0)**
Financing Activities				
Debt proceeds	7,641.0			7,641.0
Debt issuance costs	(194.0)			(194.0)
Repayments of debt	(9,566.0)			(9,566.0)
Premium on repayment of debt	(80.0)			(80.0)
Proceeds from sale of noncontrolling interest	209.0			209.0
Other, net	(3.0)			(3.0)
Net cash (used in) provided by financing activities	**(1,993.0)**			**(1,993.0)**
Effect of exchange rate changes on cash	1.0			1.0
Net decrease in cash and cash equivalents	(1,438.0)			(1,438.0)
Cash and cash equivalents at beginning of year	1,935.0			1,935.0
Cash and cash equivalents at end of year	497.0			497.0