

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
Fiscal Years 2019, 2018, and 2017
(\$ in millions, except per share amounts)

	December 31, 2019	December 31, 2018	December 31, 2017
REVENUES			
Base management fees ⁽¹⁾	\$ 1,180	\$ 1,140	\$ 1,102
Franchise fees	2,006	1,849	1,586
Incentive management fees ⁽¹⁾	637	649	607
Gross fee revenues	3,823	3,638	3,295
Contract investment amortization ⁽¹⁾	(62)	(58)	(50)
Net fee revenues	3,761	3,580	3,245
Owned, leased, and other revenue ⁽¹⁾	1,612	1,635	1,752
Cost reimbursement revenue ⁽¹⁾	15,599	15,543	15,455
	20,972	20,758	20,452
OPERATING COSTS AND EXPENSES			
Owned, leased, and other-direct	1,316	1,306	1,411
Depreciation, amortization, and other ⁽¹⁾	341	226	229
General, administrative, and other ⁽¹⁾	938	927	921
Merger-related costs and charges	138	155	159
Reimbursed expenses ⁽¹⁾	16,439	15,778	15,228
	19,172	18,392	17,948
OPERATING INCOME	1,800	2,366	2,504
Gains and other income, net ⁽¹⁾	154	194	688
Interest expense ⁽¹⁾	(394)	(340)	(288)
Interest income ⁽¹⁾	26	22	38
Equity in earnings ⁽¹⁾	13	103	40
INCOME BEFORE INCOME TAXES	1,599	2,345	2,982
Provision for income taxes	(326)	(438)	(1,523)
NET INCOME	\$ 1,273	\$ 1,907	\$ 1,459
EARNINGS PER SHARE			
Earnings per share - basic	\$ 3.83	\$ 5.45	\$ 3.89
Earnings per share - diluted	\$ 3.80	\$ 5.38	\$ 3.84

⁽¹⁾ See Note 16 for disclosure of related party amounts.

See Notes to Consolidated Financial Statements.

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
Fiscal Years-Ended 2019 and 2018
(\$ in millions)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and equivalents	\$ 225	\$ 316
Accounts and notes receivable, net ⁽¹⁾	2,395	2,133
Prepaid expenses and other ⁽¹⁾	252	249
Assets held for sale	255	8
	<u>3,127</u>	<u>2,706</u>
Property and equipment, net	1,904	1,956
Intangible assets		
Brands	5,954	5,790
Contract acquisition costs and other ⁽¹⁾	2,687	2,590
Goodwill	9,048	9,039
	<u>17,689</u>	<u>17,419</u>
Equity method investments ⁽¹⁾	577	732
Notes receivable, net	117	125
Deferred tax assets	154	171
Operating lease assets	888	—
Other noncurrent assets ⁽¹⁾	595	587
	<u>\$ 25,051</u>	<u>\$ 23,696</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 977	\$ 833
Accounts payable ⁽¹⁾	720	767
Accrued payroll and benefits	1,339	1,345
Liability for guest loyalty program	2,258	2,529
Accrued expenses and other ⁽¹⁾	1,383	963
	<u>6,677</u>	<u>6,437</u>
Long-term debt	9,963	8,514
Liability for guest loyalty program	3,460	2,932
Deferred tax liabilities ⁽¹⁾	290	485
Deferred revenue	840	731
Operating lease liabilities	882	—
Other noncurrent liabilities ⁽¹⁾	2,236	2,372
Shareholders' equity		
Class A Common Stock	5	5
Additional paid-in-capital	5,800	5,814
Retained earnings	9,644	8,982
Treasury stock, at cost	(14,385)	(12,185)
Accumulated other comprehensive loss	(361)	(391)
	<u>703</u>	<u>2,225</u>
	<u>\$ 25,051</u>	<u>\$ 23,696</u>

⁽¹⁾ See Note 16 for disclosure of related party amounts.

See Notes to Consolidated Financial Statements.

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Fiscal Years 2019, 2018, and 2017
(\$ in millions)

	December 31, 2019	December 31, 2018	December 31, 2017
OPERATING ACTIVITIES			
Net income	\$ 1,273	\$ 1,907	\$ 1,459
Adjustments to reconcile to cash provided by operating activities:			
Depreciation, amortization, and other	403	284	279
Share-based compensation	187	184	181
Income taxes	(200)	(239)	887
Liability for guest loyalty program	257	520	298
Contract acquisition costs	(195)	(152)	(185)
Merger-related charges	86	16	(124)
Working capital changes	(273)	(76)	(30)
Gain on asset dispositions	(147)	(194)	(687)
Other	294	107	149
Net cash provided by operating activities	1,685	2,357	2,227
INVESTING ACTIVITIES			
Capital expenditures	(653)	(556)	(240)
Dispositions	395	479	1,418
Loan advances	(30)	(13)	(93)
Loan collections	51	48	187
Other	(47)	(10)	(61)
Net cash (used in) provided by investing activities	(284)	(52)	1,211
FINANCING ACTIVITIES			
Commercial paper/Credit Facility, net	951	(129)	60
Issuance of long-term debt	1,397	1,646	—
Repayment of long-term debt	(835)	(397)	(310)
Issuance of Class A Common Stock	7	4	6
Dividends paid	(612)	(543)	(482)
Purchase of treasury stock	(2,260)	(2,850)	(3,013)
Share-based compensation withholding taxes	(148)	(105)	(157)
Other	(8)	—	—
Net cash (used in) provided by financing activities	(1,508)	(2,374)	(3,896)
DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(107)	(69)	(458)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period ⁽¹⁾	360	429	887
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period ⁽¹⁾	\$ 253	\$ 360	\$ 429

⁽¹⁾ The 2019 amounts include beginning restricted cash of \$44 million at December 31, 2018, and ending restricted cash of \$28 million at December 31, 2019, which we present in the “Prepaid expenses and other” and “Other noncurrent assets” captions of our Balance Sheets.

See Notes to Consolidated Financial Statements.