

MARRIOTT INTERNATIONAL INC /MD/
Form 10-Q
May 10, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware 52-2055918
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

10400 Fernwood Road, Bethesda, Maryland 20817
(Address of principal executive offices) (Zip Code)
(301) 380-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 353,355,376 shares of Class A Common Stock, par value \$0.01 per share, outstanding at April 26, 2018.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MARRIOTT INTERNATIONAL, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (\$ in millions, except per share amounts)
 (Unaudited)

	Three Months Ended	
	March 31, 2018	March 31, 2017
REVENUES		
Base management fees	\$273	\$ 264
Franchise fees	417	355
Incentive management fees	155	140
Gross fee revenues	845	759
Contract investment amortization	(18)	(11)
Net fee revenues	827	748
Owned, leased, and other revenue	406	428
Cost reimbursement revenue	3,773	3,736
	5,006	4,912
OPERATING COSTS AND EXPENSES		
Owned, leased, and other-direct	336	356
Depreciation, amortization, and other	54	51
General, administrative, and other	247	212
Merger-related costs and charges	34	51
Reimbursed expenses	3,835	3,696
	4,506	4,366
OPERATING INCOME	500	546
Gains and other income, net	59	—
Interest expense	(75)	(70)
Interest income	5	7
Equity in earnings	13	11
INCOME BEFORE INCOME TAXES	502	494
Provision for income taxes	(104)	(123)
NET INCOME	\$398	\$ 371
EARNINGS PER SHARE		
Earnings per share - basic	\$1.11	\$ 0.96
Earnings per share - diluted	\$1.09	\$ 0.95
CASH DIVIDENDS DECLARED PER SHARE	\$0.33	\$ 0.30

See Notes to Condensed Consolidated Financial Statements.

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MARRIOTT INTERNATIONAL, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (\$ in millions)
 (Unaudited)

	Three Months Ended	
	March 2018	March 31, 2017
Net income	\$398	\$ 371
Other comprehensive income:		
Foreign currency translation adjustments	152	188
Derivative instrument adjustments, net of tax	(3)	(2)
Unrealized gain (loss) on available-for-sale securities, net of tax	—	(1)
Pension and postretirement adjustments, net of tax	—	—
Reclassification of losses (gains), net of tax	13	—
Total other comprehensive income, net of tax	162	185
Comprehensive income	\$560	\$ 556

See Notes to Condensed Consolidated Financial Statements.

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MARRIOTT INTERNATIONAL, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (\$ in millions)
 (Unaudited)

	March 31, December 31,	
	2018	2017
ASSETS		
Current assets		
Cash and equivalents	\$ 701	\$ 383
Accounts and notes receivable, net	2,098	1,973
Prepaid expenses and other	232	235
Assets held for sale	121	149
	3,152	2,740
Property and equipment, net	1,791	1,793
Intangible assets		
Brands	5,972	5,922
Contract acquisition costs and other	2,622	2,622
Goodwill	9,270	9,207