



Marriott Intl. (MAR)

Updated May 23rd, 2025 by Felix Martinez

Key Metrics

Current Price:	\$258	5 Year Annual Expected Total Return:	3.5%	Market Cap:	\$71.4 B
Fair Value Price:	\$180	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	05/23/25
% Fair Value:	143%	5 Year Valuation Multiple Estimate:	-6.9%	Dividend Payment Date:	06/28/25
Dividend Yield:	1.0%	5 Year Price Target	\$290	Years Of Dividend Growth:	3
Dividend Risk Score:	C	Sector:	Consumer Discretionary	Rating:	Hold

Overview & Current Events

From its somewhat inauspicious beginnings as a Washington, D.C. root-beer stand in 1927, Marriott has become an international hospitality juggernaut with over 7,000 properties operating under 30 brands in more than 130 countries and territories. It's the largest hotel chain in the world. As we know today, Marriott Intl was created in 1993 when the former Marriott Corp was split into two publicly traded companies, Marriott Intl. and Host Marriott Corp. (HST) (now known as Host Hotels & Resorts). Marriott Intl. manages and franchises a portfolio of hospital brands that range from the classic splendor of The Ritz-Carlton to the Fairfield Inns you find along the highway. Internationally, Marriott's Starwood subsidiary gives the Company a significant foothold in Europe and elsewhere. Marriott currently boasts a market cap north of \$71.4 billion.

On May 6th, 2025, the company reported its First quarter for Fiscal Year (FY)2025 earning results. The company reported Q1 2025 global RevPAR growth of 4.1%, with 3.3% in the U.S. & Canada and 5.9% internationally. Reported net income was \$665 million, up 18% from \$564 million in Q1 2024, with diluted EPS at \$2.39 versus \$1.93. Adjusted net income was \$645 million, up from \$620 million, with adjusted EPS at \$2.32, up from \$2.13. Adjusted EBITDA rose 7% to \$1,217 million from \$1,142 million. Base management and franchise fees grew 7% to \$1,071 million, driven by RevPAR and unit growth, while incentive fees dipped to \$204 million from \$209 million. Operating income increased to \$948 million from \$876 million, despite higher interest expense of \$183 million.

Marriott added 12,200 net rooms, achieving 4.6% net room growth year-over-year, with a pipeline of 3,808 properties and over 587,000 rooms, up 7.4%. Conversions accounted for a third of room signings and openings. The company repurchased 2.8 million shares for \$0.8 billion, returning \$1.2 billion to shareholders year-to-date through April 29. Marriott Bonvoy membership grew to 237 million. The planned acquisition of citizenM is expected to enhance growth in the select-service segment.

CEO Anthony Capuano highlighted robust international RevPAR, particularly in APEC, and development momentum, despite U.S. softening in March. For Q2 2025, Marriott expects global RevPAR growth of 1.5–2.5%, with full-year growth of 1.5–3.5% and net rooms growth approaching 5%. Full-year adjusted EPS is projected at \$9.82–\$10.19, with adjusted EBITDA of \$5,285–\$5,425 million. Marriott anticipates returning approximately \$4 billion to shareholders in 2025, supported by its asset-light model and loyalty platform.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$3.15	\$3.66	\$4.36	\$6.21	\$6.00	\$0.18	\$3.19	\$6.69	\$9.99	\$9.33	\$10.02	\$16.14
DPS	\$0.95	\$1.15	\$1.29	\$1.56	\$1.85	\$0.48	\$0.00	\$1.00	\$1.96	\$2.41	\$2.61	\$3.33
Shares¹	256.3	383.6	359.1	339.1	324.0	326.0	325.7	325.7	294.0	285.2	283.0	280.0

Despite Marriott Intl.'s large size, the company continues to grow at a relatively brisk pace. The company expects continued growth in the number of new projects using Marriott's 30 brands. Across the hospitality industry, luxury lodging continues to be a strong trend. The company also expects to grow in the trendy and growing all-inclusive space. Marriott is expanding its all-inclusive portfolio in North and South America and the Caribbean, and Europe and

¹ Share count is in millions.

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Southeast Asia. However, there's no denying that, despite growth prospects, there's plenty of challenge in the industry. The company recently announced a dividend increase of 6.3% from \$0.63 per share to \$0.67 per share on May 9, 2025.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	24	26.3	19.6	24	24	27	52.7	22.3	22.6	29.9	25.7	18.00
Avg. Yld.	1.3%	1.7%	1.3%	1.2%	1.2%	0.4%	0.0%	0.7%	0.9%	0.9%	1.0%	1.1%

Looking at Marriott's performance during the last ten years, we notice the P/E has tended to remain solidly in the 21-25 range. However, we'll assign an expected P/E of 18, given the hospitality industry's continuing challenges. When it comes to dividend payouts, Marriott has a history of playing it slow but steady. However, the company did have to cut its dividend during the COVID-19 pandemic. It has since reinstated the dividend, and it is now higher than what it was before COVID-19.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	30%	31%	30%	25%	31%	267%	0%	15%	20%	26%	26%	21%

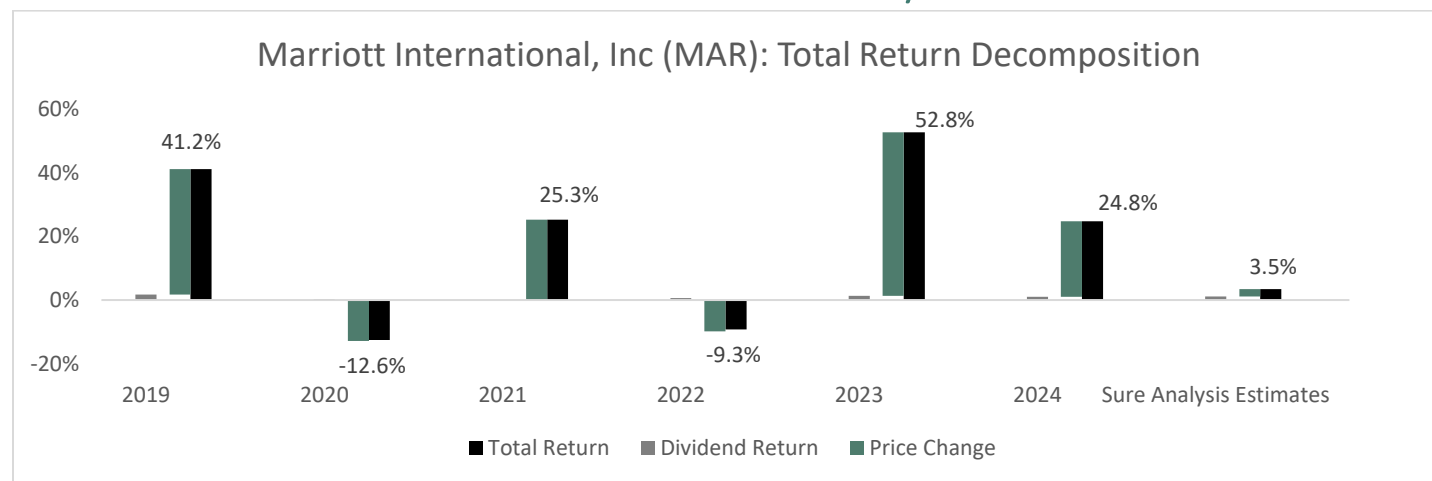
Although Marriott Intl. trades in excitement – luxury getaways, exotic destinations, and even room amenities that might trick you out of believing you're on business travel – the Company's stock performance has been anything but thrilling. The company's best advantage is its sheer size. At this point, if you're staying at a chain hotel anywhere in the world, there's a decent chance Marriott owns the brand.

During the first decade of the 21st century – which saw one of the most significant historical slumps in travel – Marriott remained profitable. The company used that time to develop new luxury brands and programs and found ways to trim the fat. The lowest EPS that the company clocked was in 2009, at \$0.94. The company is able to cover its interest with a coverage of 5.4x.

Final Thoughts & Recommendation

Marriott Intl. is facing challenges, including the continued growth of alternative stay platforms such as Airbnb. With modest expected annualized total returns of 3.5% for the next five years, we rate Marriott Intl. as a Hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	14486	15407	20452	20758	20972	10571	13857	27650	23710	25100
Gross Profit	2123	2672	3813	3674	3217	1459	2801	1899	5124	5101
Gross Margin	14.7%	17.3%	18.6%	17.7%	15.3%	13.8%	20.2%	6.9%	21.6%	20.3%
SG&A Exp.	634	743	921	927	938	762	823	91	1011	1074
D&A Exp.	139	159	279	284	403	478	295	456	277	492
Operating Profit	1350	1810	2663	2521	1938	351	1758	500	3924	3844
Operating Margin	9.3%	11.7%	13.0%	12.1%	9.2%	3.3%	12.7%	18.1%	16.5%	15.3%
Net Profit	859	808	1459	1907	1273	-267	1099	-212	3083	2375
Net Margin	5.9%	5.2%	7.1%	9.2%	6.1%	-2.5%	7.9%	-7.7%	13.0%	9.5%
Free Cash Flow	1210	1420	1987	1801	1032	1504	994	-470	2718	1999
Income Tax	396	431	1523	438	326	-199	81	-62	295	776

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	6082	24140	23846	23696	25051	24701	25553	17628	25670	26180
Cash & Equivalents	96	858	383	316	225	877	1393	58	338	396
Accounts Receivable	1103	1695	1973	2133	2395	1768	1982	404	2712	2795
Inventories										
Goodwill & Int. Ass.	2394	16868	17751	17419	17689	18164	17999	1417	18080	18220
Total Liabilities	9672	18783	20264	21471	24348	24271	24139	10472	26360	29170
Accounts Payable	593	687	783	767	720	527	726	186	738	763
Long-Term Debt	4107	8506	8238	9347	10940	10376	10138	7512	11870	14450
Shareholder's Equity	-3590	5357	3582	2225	703	430	1414	5035	-682	-2992
D/E Ratio	-1.14	1.59	2.30	4.20	15.56	24.13	7.17	1.44	-17.41	-4.83

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	13.3%	5.3%	6.1%	8.0%	5.2%	-1.1%	4.4%	-1.2%	12.2%	9.2%
Return on Equity		91.5%	32.6%	65.7%	87.0%	-47.1%	119.2%	-4.0%		
ROIC	82.3%	11.2%	11.4%	16.3%	11.0%	-2.4%	9.8%	-1.5%	28.3%	21.0%
Shares Out.	256.3	383.6	359.1	339.1	324.0	326.0	329.3	677.9	302.9	285.2
Revenue/Share	53.10	52.96	53.84	58.61	62.51	32.45	42.08	4.08	78.29	88.01
FCF/Share	4.44	4.88	5.23	5.08	3.08	4.62	3.02	-0.69	8.97	7.01

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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