



MARRIOTT INTERNATIONAL FINANCIAL STATEMENTS



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Executive Summary

This research aims to analyze the financial statistics of Marriott International by measuring its financial performance. The analysis will focus on the firm's non-financial performance, guiding the hotel's economic performance. First, the report will look at the definitions of the three measures the information will be used to analyze Marriott International's profitability, liquidity, and gearing. This research aims to identify areas of vulnerability inside the firm and provide solutions that will allow the business to maintain faith in its financial prospects. Simulation shows a drop in income from 2020 to 2021. Whatever the liquidity ratio indicates, the corporation should be able to pay off its debts and fulfill its welfare obligations.

The gearing ratio represents a range of numbers that cannot be resolved without more information about the company's financial stability. While a framework covering the last five years of data has been developed, the tally alone does not explain the patterns' occurrence. For the report and the analysis to be accurate, the firm would need to add some information before prolific procedures can be laid to advance the hotel. According to Asdullah and Rehman (2015), the hotel manager ratio analysis is structured to help the management foresee and prepare for various economic contingencies. There is a balance between advantages and limitations when considering ratio analysis; nevertheless, if the organization is aware of them, it may make more informed decisions.

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Introduction

Marriott International, Inc. (MAR) was Established in 1927 as a global leader in the hotel and food service industries, focusing on high-end, premium brands in the North American Full Service, North American Limited-Service, and international markets. Some of the Marriott's core and guiding principles include putting clients first, seeking excellence, welcoming change, behaving with integrity, and serving our world with quality services. This has been induced in their notion that advocates for users and people to be part of the company's history and culture. Being a customer of Marriott International means being a part of the firm's historic past and vibrant present, a statement the company actively promotes.

According to Rashid (2018), the merger aims to offer a higher success ratio by giving enough data and ensuring that different business achieves their goals and objectives. Marriott's capacity to accurately analyze the data demonstrates that a prior model like this may be utilized to assist build an auxiliary choice that will help support the right equipment and tools to identify the hotel's ratio over the last two financial years. One of the essential skills for managers in the hospitality industry is the ability to analyze and assess a hotel's economic performance. By tracking expenses and revenues, hotels may know how well their operations are doing. Rutkowska-Ziarko (2015) believes this will help determine whether the ratio is balanced or if there is a need to increase revenue in one ratio setting over another. Both are important for maintaining client satisfaction. Both internal (by hotel employees) and external (by bankers, financial agencies, and investors) metrics will be used to evaluate the hotel's economic success.

The purpose of analyzing the hotel's financial statements and performances is to pinpoint any discrepancies between actual and predicted versions. The first step in data analysis is to choose which metrics will be utilized to evaluate success. These three ratios are (1) profitability ratios, (2) liquidity ratios, and (3) gearing ratios. The following ratios and formulae may be used as a guide to compare the results of current operations to those of previous projections and budgets over at least two years. It is crucial to analyze finances by pinpointing the locations of variance and its magnitude and root causes.

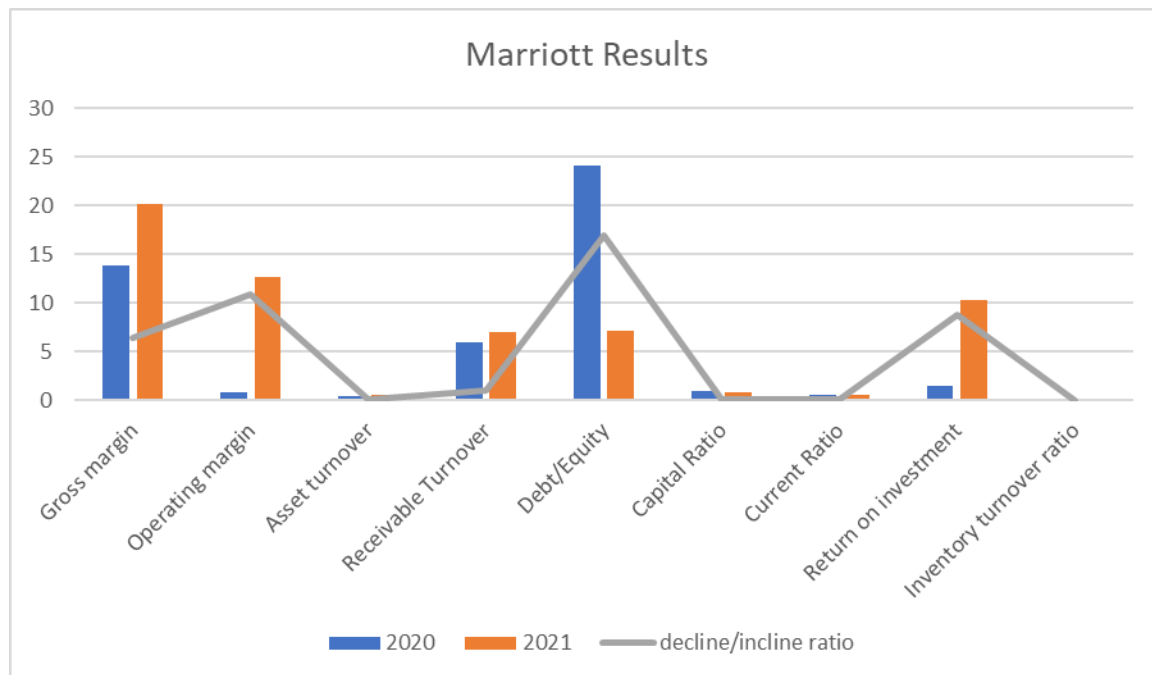
The hotel's future prosperity will be gauged by an economic study comparing its first and second years of operation. The ratios may be used to examine and assess the progress of the company's financial performance over time since they are based on percentages. For instance, the research of Aulová, Pánková & Rumánková (2019) shows that making use of the tendencies to determine the present economic situation. Since an outside perspective is required to assess their efficiency, a financial analysis study has been commissioned. This report, however, will let the company compare its results to those of its competitors in the hotel sector.

Marriott Financial Ratios for Analysis 2020-12-31 to 2021-12-31

Annual Data	2021-12-31	2020-12-31	Formula
Current Ratio	0.5659	0.4911	Current Assets/Current Liabilities
Long-term Debt/Capital	0.8684	0.9554	Debt/Capital
Debt/Equity Ratio	7.1697	24.1302	Debt/Equity Ratio
Gross Margin	20.2136	13.8019	(Revenue-cost)/revenue X 100
Operating Margin	12.629	0.7946	Operating income/sales
EBIT Margin	12.626	0.7946	company's EBIT/total revenue
EBITDA Margin	14.7579	5.3164	EBITDA / Revenue
Pre-Tax Profit Margin	8.5156	-4.4083	Earning before taxes/Revenue
Net profit Margin	7.931	-2.5258	Net income/Revenue
Asset Turnover	0.5423	0.428	Net Sales/Average total Assets

Inventory Turnover Ratio	-	-	Gross Goods sold/Average Inventory
Receivable Turnover	6.9914	5.9791	Net Credit Sales/Average Account Receivable
Days Sales in Receivables	52.2068	61.0463	Average Account Receivable/ Average Daily Credit sales
ROE-Return on Equity	77.7228	-62.093	Net Income/Shareholder's Equity
Return on Tangible Equity	-6.6265	1.5056	Net Earnings/Average Monthly tangible common shareholder's Equity
ROA-Return on Assets	4.3009	-1.0809	Operating income/Total Assets
ROI-Return on Investment	10.2261	1.5056	Net profit/cost of investment X 100
Book Value per share	4.3009	-1.0809	Shareholder's equity/Total

			outstanding common shares
Operating Cash Flow Per Share	-1.4565	0.0083	(Operating cashflow-preferred Dividend)/Total Common shares
Free Cash Flow per share	-2.3594	1.161	Operating Cashflow/Shares Outstanding



Financial Analysis trends

Profitability ratios

In conjunction with the study by Husain & Sunardi (2020), the capacity of a corporation to generate sufficient profits and the rate of return on its assets may be determined using profitability ratios. First, ratios reflect upright economic health and how well the firm controls its assets. As a ratio, profitability may be used to evaluate a company's success. From the table above and as per Aulová (2019), the return on assets that determines how the company is profitable concerning assets has increased by 5.3818%. The gross margin has increased by 6.4117%, showing that the profits made by the company have increased. The operating margin has also increased by 11.8344%, meaning the company is being managed well. The return on equity has increased by 12.9978%, which is good and shows that it is good at converting equity to profits

Liquidity ratio

As a vital part of any financial study, the liquidity ratio zeroes in on a company's ability to meet its short-term payment obligations while factoring in any long-term debt it may have taken on, such as a smaller term loan. As per Breuer et al. (2012), cash availability is essential to any enterprise's smooth running. A company's ability to pay its short-term debts depends on its liquidity. For instance, the study by Goldmann (2017) shows that A company's liquidity ratio indicates how quickly it can pay off its short-term obligations. Liquidity ratios measure how soon a business can convert its assets and utilize them to satisfy its dues. With a more significant percentage, paying off debt and staying out of arrears is less of a strain. Van den End (2013) defines this as a substantial consideration for lenders when deciding whether to provide a company with a short-term loan. When a business fails to pay its bills on time, it damages its reputation and credit

rating. From the figure above, the current ratio, which measures the ability of the company to pay its short loans which a payment period of less than one year, has increased by 0.048% but is still less than one, meaning that the company is still having problems to meet its short-term obligations

Gearing ratios

The gearing ratios are a set of financial indicators that measure the leverage and viability of a business by comparing the equity of the company's shareholders to its total debt. The debt-to-equity financing ratio measures how much a firm relies on debt to finance its operations. From the study by Muradoglu, Bakke & Kvernes (2005), when the financial analysis is complete, it will show whether the firm has sufficient liquid assets or Cash to meet the scheduled payments plan for the debts and pay pricey. On one side of the liquidity ratio scale are the company's current assets, and on the other are the payments expected to be made for existing obligations.

As per the research done by Goldmann (2017), Receivables from clients in the target market and completed product portfolios will always be a part of the liquid assets. To ensure the company's continued success and profitability, payment obligations must be met consistently. From the table, debt-to-equity ratios used to determine to which extent the company will be able to cover its debt have reduced by 16.9605%, meaning the company debt is manageable. The lenders will not fear giving debt to the company because the company can pay its debt and still have more money to fund investments if the need arises. The obligation to the capital ratio, which shows the company's financial leverage, has reduced by 0.087%, which means that the business uses a small proportion of debt to fund its operations compared to capital. The liquidity ratio dictates payments to creditors, who are suppliers, after deducting operating expenditures like insurance and maintenance. To turn a profit, the company's long-term debt must be serviced rapidly, and the growth installments must be maintained.

The Gearing ratio examines the company's financial relationships concerning its capital and any debts it may have to creditors like banks. The fundamental idea is to give credit where credit is due to the firm's financial management, which determines what the company can do with shareholder money instead of creditor capital.

Benefits and limitations of Ratio Analysis

Ratio analysis is the quantitative analysis involving data enclosed in an organization's financial statements. Ratio analysis has some benefits and limitations. The following are some of the benefits of ratio analysis in an organization.

Benefits

Ratio analysis helps in analyzing the financial statement of the organization. Ratio analysis in this organization allows bankers, investors, and the management to come up with the right decision which is supposed to be made to allow the organization's progress in the right direction (Nissim & Penman, 2001). The method is considered flexible since it can be modified in accordance with the needs of the user. Ratios give detailed information concerning every segment of the organization. It ensures there is good liquidity in an organization. According to the research done by Van den End & Kruidhof (2013), each organization has to make sure that some of its assets are converted to liquid in situations where Cash is needed immediately. The organization's liquidity is measured through current and quick ratios. This has assisted Marriot in maintaining the essential level of short-term solvency.

Ratio analysis helps in determining the overall financial strength of Marriot. Petruzzio et al. (2015) show that there is a different kinds of ratios that help in defining the firms' long-term creditworthiness. Ratio analysis in Marriot has helped it understand whether there is any form of

strain on its assets or whether the organization is over-leveraged. Once any strain is identified, the management will immediately take the step of controlling the strain so that the organization's operation continues smoothly. This help in preventing any form of liquidation in the future within the organization, like Debt-equity ratio and leverage ratios.

In relation to the research done by Tummins & Watson (1975), Ratio analysis is fundamental to Marriott organization since it assists in comparing the organization's performance over various years to allow the organization to identify its progress. Usually, Marriot's ratios are compared to its standards to understand its financial situation and fiscal position better. If the organization's standards are not met, the management will take a step to determine the reason behind the failure. Ratio analysis therefore helps define the organization's financial health and fiscal place.

Limitations

At some point, the organization changes the financial statement at the end of the year to increase the ratio. Concerning the study of Frecknall-Hughes et al. (2007), the ratio will become a window dressing with no impact in such situations. In many cases, ratio analysis assumes the price level changes in the organization's financial statement due to inflation. In conjunction with the study by Lesakova (2007), most of the calculations used in an organization are obtained from historical costs and the changes in the price level between the periods. The result will not reflect the organization's financial status and hence be considered ineffective in such situations.

When accounting ratios are used to determine the organization's qualitative elements, they tend to ignore them since the firm only takes monetary elements (Quantitative) as their primary considerations. Frecknall-Hughes et al. (2007) show no standard definition of ratios, meaning that firms may use different ratios in calculating financial statements. A good example is a current

ratio, where the organization considers all existing liabilities, but others assume bank overdrafts from the current liabilities when looking for an organization's current ratio (Izzalqurny Subroto & Ghofar, 2019); this is seen in Marriot. Lastly, the accounting ratio doesn't resolve the financial issues of Marriot.

Conclusion

From the information obtained from the calculation and what is happening in Marriot, different changes need to be made to ensure that the profits made within an organization are well utilized to help the growth of an organization in a faster manner. From the ratio analysis done in the organization and comparing it to the research of Nissim & Penman (2001), various changes can be made to increase the level of income generation in the organization. These changes will increase the probability ratio of the organization if proper changes are made in how the organization uses its profits and the loans it obtains. From the study by Bull (2007), adequate capitalization of revenue will increase the output of an organization and help it recover from any losses in its operation. Different organizational changes from 2020 to 2022 show that it is easy for the organization to progress by making recommendable changes to probability, liquidity, and gearing ratios.

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