Marriott International Posts Record 2000 Fourth Quarter And Full Year Earnings

Marriott International Posts Record 2000 Fourth Quarter And Full Year Earnings

- Full year EPS was $1.92, excluding $0.03 one-time charge in first quarter 2000
- Domestic comparable REVPAR growth surged 6.7 percent in 2000 across all lodging brands, 7.2 percent in the fourth quarter alone
- The company opened 238 lodging properties (39,995 rooms) in 2000, reaching nearly 2,100 properties in its worldwide system

WASHINGTON, Feb. 6 - Marriott International, Inc. (NYSE: MAR) today reported record full year earnings of $1.89 per share, up 25 percent from $1.51 for the full year 1999. Net income for the year increased to $479 million in 2000, up 20 percent from 1999. Sales increased 15 percent to $10 billion in 2000. Adjusted for non-recurring charges related to the settlement of litigation in 1999 and the Marriott Distribution Services business in 2000, EPS increased 20 percent to $1.92 in 2000, up from $1.60 in 1999. Strength in U.S. lodging operations was the primary driver of profit growth in 2000.

The company reported earnings per share of $0.59 for its fourth quarter ended December 29, 2000, up 74 percent from $0.34 in the fourth quarter of 1999. Net income increased to $149 million in the 2000 fourth quarter, up from $90 million in 1999. Sales totaled $3.2 billion in the 2000 fourth quarter, up 12 percent from $2.8 billion a year ago.

J.W. Marriott, Jr., chairman and chief executive officer of Marriott International, said that he was very pleased with the company's fourth quarter operating results. "The fourth quarter put the finishing touches on an outstanding year for our company. Our earnings growth reflected our focus on increasing distribution of our products in both the U.S. and around the world, as well as success in translating that growth to the bottom line. Comparable Revenue per Available Room (REVPAR) growth in our domestic lodging brands overall was up a strong 6.7 percent for the full year in 2000. Our Marriott Hotels, Resorts & Suites, Renaissance and Residence Inn brands in the U.S. each showed one full percentage point improvement in house profit margin in the fourth quarter.

He noted, "We added a record number of new rooms to our system during the year. Importantly, nearly 30 percent of these room openings represented conversions to our brands, demonstrating owners' and franchisees' preferences to be part of our worldwide lodging family. At year-end, even after opening 17,000 rooms in the fourth quarter, our lodging pipeline was slightly over 70,000 rooms. We continue to gain market share worldwide.

"We are optimistic about our prospects," Mr. Marriott continued. "Although we expect domestic REVPAR growth to moderate this year in light of a slowing U.S. economy, we continue to expect REVPAR growth to be healthy, at around three to four percent.

"We expect to perform well in 2001," said William J. Shaw, president and chief operating officer. "We have the brands preferred by travelers and hotel owners, as well as a talented, enthusiastic work force dedicated to customer service. Our worldwide reservations system, frequent guest program (Marriott Rewards), and Internet site (Marriott.com) are among the best in the hotel industry, and our abundant cash flow enables us to invest significant capital in expanding our businesses and building our brands."

MARRIOTT LODGING reported a 13 percent increase in operating profit on 11 percent higher sales in 2000. Results reflected higher room rates for U.S. hotels, contributions from new properties worldwide, and strong interval sales in resort timesharing. In the fourth quarter of 2000, lodging operating profits increased 14 percent after adjusting for lower year-over-year sales of Marriott Vacation Club International (MVCI) notes ($6 million pretax) and a charge ($6 million pretax) related to an investment in a hotel management contract. While the company continues to manage this hotel, the charge resulted from the bankruptcy of the hotel owner's parent company, which puts our contract at risk.

Across the Marriott lodging brands, REVPAR for comparable company-operated U.S. properties grew by approximately 6.7 percent in 2000. Occupancy for full service and limited service hotels both remained well above the industry average at approximately 78 percent. In the fourth quarter of 2000, both full service and limited service brands achieved REVPAR growth of approximately 7.2 percent over the prior year, largely driven by higher average daily rates.

International lodging profits increased 12 percent in 2000, reflecting solid demand in Asia and Europe, but were offset by the impact of political unrest in the Middle East and the lower value of the Euro.

Marriott Vacation Club International achieved 34 percent and 40 percent increases in contract sales in 2000 and the fourth quarter, respectively. We had substantial profit growth at timesharing resorts in Florida, South Carolina, Hawaii, Utah, and the Caribbean. During 2000, the company began sales at four new resort properties and had particularly strong sales of its newest luxury brand, The Ritz-Carlton Club.

The company added 238 hotels and timesharing resorts (39,995 rooms) across its lodging brands during 2000, while 19 properties (5,409 rooms) exited the system. Fifty-four of the properties opened in 2000 are located outside the United States, of which 22 are Ramada International franchised hotels (3,831 rooms). At year-end, the Marriott lodging group encompassed 2,099 hotels and timesharing resorts (390,469 rooms), and approximately 7,000 furnished corporate apartments managed by the company's ExecuStay by Marriott division.

Marriott Lodging plans to add 175,000 rooms to its global portfolio over a five-year period (1999-2003). At year-end, the company had more than 400 lodging properties (just over 70,000 rooms) under construction or approved for development. Over 80 percent of the rooms associated with the company's five year goal are open or under development.

MARRIOTT DISTRIBUTION SERVICES posted a 32 percent increase in sales for 2000 and a 24 percent increase in the fourth quarter, reflecting the commencement of service to three large restaurant chains early in the year. Operating profit reflected start-up inefficiencies associated with the new business and a $15 million pretax write-off of an investment in a contract with Boston Chicken, Inc. in the first quarter. The division continues to serve approximately 700 Boston Chicken stores.

MARRIOTT SENIOR LIVING SERVICES posted a 20 percent increase in sales in 2000, reflecting the net addition of nine properties during the year and a four percentage point increase in occupancy for comparable communities. Losses totaled $18 million in 2000 and $12 million in the fourth quarter. The division was impacted by preopening expense associated with new unit openings ($6 million in 2000 and $2 million in the fourth quarter), write-offs associated with the cancellation of development projects ($9 million in 2000 and $7 million in the fourth quarter), and continued start-up inefficiencies for new properties. At year-end, Marriott operated 153 senior living communities totaling 25,918 residential units.

CORPORATE EXPENSES in full year 2000 declined primarily due to nonrecurring charges in 1999, including $39 million associated with the settlement of litigation related to certain limited partnerships and $22 million of system-related costs associated with Year 2000. In the fourth quarter of 2000, corporate expenses included a $3 million pretax charge due to a change in the company's vacation accrual policy.

Interest expense increased in 2000 as a result of borrowings to finance growth outlays and share repurchases, but was flat in the fourth quarter due to asset dispositions and improvements in working capital.

Interest income increased in the fourth quarter and 2000, reflecting the repayment and collection of interest associated with a refinanced loan ($14 million) and increased fundings associated with loans made during 2000, including the loan (approximately $200 million) related to the newly formed Courtyard joint venture.

Our effective income tax rate decreased to approximately 36.8 percent in 2000 from 37.3 percent in 1999, primarily due to increased income in countries with lower effective tax rates.

Long-term debt at year-end 2000 was $2.0 billion, up from $1.7 billion a year ago. Marriott International acquired 10.8 million shares of its common stock during 2000 for $335 million and has 19.6 million shares remaining in its stock buyback authorization.

The company sold 38 hotels and senior living communities in 2000 for a total of $817 million. Thus far in 2001, the company already has sold three hotels for a total of $168 million. In each case, the company continues to operate the properties under long term contracts. Additional asset sales are expected in 2001. The company expects lodging unit expansion to remain strong in 2001 and 2002 with at least 35,000 rooms (gross) opening in each year.

The company anticipates REVPAR in 2001 to increase approximately three to four percent, assuming two to three percent GDP growth. The company has not changed its expectation to earn $2.17 per share in 2001.

The company expects investment spending in 2001 will include approximately $50 million for maintenance spending and approximately $500 million for new company-developed hotels. Timeshare spending is anticipated to total approximately $200 to $300 million. Also, roughly $500 million may be invested in equity slivers, mezzanine financing and mortgage loans for hotels developed by our partners.

MARRIOTT INTERNATIONAL, INC. (NYSE: MAR) is a leading worldwide hospitality company with over 2,200 operating units in the United States and 59 other countries and territories. Marriott Lodging operates and franchises hotels under the Marriott, Renaissance, Residence Inn, Courtyard, TownePlace Suites, Fairfield Inn, SpringHill Suites and Ramada International brand names; develops and operates vacation ownership resorts under the Marriott, Ritz- Carlton and Horizons brands; operates Marriott Executive Apartments; provides furnished corporate housing through its ExecuStay by Marriott division; and operates conference centers. Other Marriott businesses include senior living communities and services, wholesale food distribution, procurement services and The Ritz-Carlton Hotel Company LLC. The company is headquartered in Washington, D.C., and has approximately 151,000 employees. In fiscal year 2000, Marriott International reported systemwide sales of $19.8 billion. For more information or reservations, please visit our web site at www.marriott.com .

- IRPR#1 --

Note: This press release contains "forward-looking statements" within the meaning of federal securities law, including statements concerning the number of lodging properties expected to be added in 2001 and business strategies and their intended results and similar statements concerning anticipated future events and expectations that are not historical facts. The forward-looking statements in this press release are subject to numerous risks and uncertainties, including the effects of economic conditions, supply and demand changes for hotel rooms, competitive conditions in the lodging, senior living and food service distribution industries, relationships with clients and property owners, the impact of government regulations, and the availability of capital to finance growth, which could cause actual results to differ materially from those expressed in or implied by the statements herein.

- tables follow -

MARRIOTT INTERNATIONAL, INC.
FINANCIAL HIGHLIGHTS

52 weeks ended	Dec. 29, 2000	Dec. 31, 1999	Change
	(in millions, except per share amounts)		
Sales			
Lodging	$7,848	$7,041	
Distribution services	1,500	1,139	
Senior living services	669	559	
Total sales	10,017	8,739	+ 15%
Operating Profit (Loss)			
Lodging	936	827	
Distribution services (a)	4	21	
Senior living services	(18)	(18)	
Total operating profit before corporate expenses and interest	922	830	+ 11%
Corporate expenses(b)	(120)	(164)	
Interest expense	(100)	(61)	
Interest income	55	32	
Income before Income Taxes	757	637	+ 19%
Provision for Income Taxes	278	237	
Net Income	$479	$400	+ 20%
Earnings Per Share			
Basic	$1.99	$1.62	+ 23%
Diluted	$1.89	$1.51	+ 25%
Diluted Shares	254.0	269.8	

Note

(a)Includes a $15 million pretax charge in 2000 taken in connection with the write-off of a contract investment.

(b)Includes a $39 million pretax charge in 1999 to reflect an agreement to settle litigation.

MARRIOTT INTERNATIONAL, INC.

FINANCIAL HIGHLIGHTS

16 weeks ended	Dec. 29, 2000	Dec. 31, 1999	Change
	(in millions, except per share amounts)		
Sales			
Lodging	$2,483	$2,253	
Distribution services	456	367	
Senior living services	217	187	
Total sales	3,156	2,807	+ 12%
Operating Profit (Loss)			
Lodging	273	250	
Distribution services	5	7	
Senior living services	(12)	(24)	
Total operating profit before Corporate expenses and interest	266	233	+ 14%
Corporate Expenses (a)	(40)	(77)	
Interest Expense	(28)	(27)	
Interest Income	36	12	
Income before Income Taxes	234	141	+ 66%
Provision for Income Taxes	85	51	
Net Income	$149	$90	+ 66%
Earnings Per Share			
Basic	$.62	$.36	+ 72%
Diluted	$.59	$.34	+ 74%
Diluted Shares	253.7	264.2	

Note

(a) Includes a $39 million pretax charge in 1999 to reflect an agreement to settle litigation.

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET
As of December 29, 2000
(in millions)

ASSETS

	Dec. 29, 2000	Dec. 31, 1999
Current assets	$1,415	$1,600
Property and equipment	3,241	2,845
Intangibles	1,833	1,820
Investments in affiliates	747	294
Notes and other receivables	661	473
Other	340	292
	$8,237	$7,324

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	$1,917	$1,743
Long-term debt	2,016	1,676
Self-insurance	122	142
Other long-term liabilities	915	855
Shareholders' equity	3,267	2,908
	$8,237	$7,324

Brand	Fiscal Year				
	2000 REVPAR vs. 1999	Occupancy 2000	Occupancy vs. 1999	Average Daily Rate 2000	Average Daily Rate vs. 1999
Marriott Hotels, Resorts and Suites	+ 6.8%	78.2%	+ 0.4% pts.	$149.50	+ 6.2%
Ritz-Carlton	+ 9.4%	77.5%	+ 0.1% pts.	$242.26	+ 9.2%
Renaissance Hotels, Resorts and Suites	+ 7.5%	73.3%	+ 2.0% pts.	$142.27	+ 4.5%
Residence Inn	+ 6.1%	83.5%	+ 0.7% pts.	$104.88	+ 5.1%
Courtyard	+ 5.7%	78.9%	--	$ 97.68	+ 5.7%
Fairfield Inn	+ 2.4%	69.7%	- 1.0% pts.	$ 61.32	+ 3.8%

Brand	Fourth Quarter				
	2000 REVPAR vs. 1999	Occupancy 2000	Occupancy vs. 1999	Average Daily Rate 2000	Average Daily Rate vs. 1999
Marriott Hotels, Resorts and Suites	+ 7.2%	74.9%	+ 0.2% pts.	$155.59	+ 6.9%
Ritz-Carlton	+ 7.9%	71.7%	- 0.9% pts.	$245.38	+ 9.3%
Renaissance Hotels, Resorts and Suites	+ 6.7%	69.4%	+ 1.4% pts.	$147.56	+ 4.6%
Residence Inn	+ 7.6%	80.7%	+ 0.9% pts.	$105.73	+ 6.4%
Courtyard	+ 7.6%	75.7%	+ 0.2% pts.	$ 99.22	+ 7.3%
Fairfield Inn	+ 2.6%	64.4%	- 0.7% pts.	$ 60.91	+ 3.8%

Note: Statistics above are based on comparable company-operated U.S. properties, except for Fairfield Inn, which data also includes franchised units.

Brand	Number of Properties Dec. 2000	Number of Properties vs. Dec. 1999	Number of Rooms/Suites Dec. 2000	Number of Rooms/Suites vs. Dec. 1999
Marriott Hotels, Resorts and Suites	393	+ 25	149,200	+ 8,500
Ritz-Carlton	38	+ 2	13,000	+ 1,100
Renaissance Hotels,				

Resorts and Suites	107	+ 11	40,100	+ 2,800
Residence Inn	354	+ 30	41,400	+ 2,600
Courtyard	520	+ 49	73,900	+ 6,900
Fairfield Inn	439	+ 25	41,400	+ 2,400
TownePlace Suites	84	+ 23	8,500	+ 2,400
SpringHill Suites	61	+ 27	6,500	+ 3,100
Marriott Vacation Club International	47	+ 4	5,600	+ 1,000
Ramada International	47	+ 21	9,200	+ 3,600
International Serviced Apartments	9	+ 2	1,700	+ 200
Total	2,099	+ 219	390,500	+ 34,600

Source: Marriott International, Inc.

Contact: Tom Marder of Marriott International, Inc., 301-380-2553