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TRAVEL AND HOSPITALITY

Marriott reports $84M in Q1 revenue, as demand climbs

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Bedroom in Josun Palace, a Luxury Collection Hotel, opening in Seoul later this year. Image courtesy of Marriott International

By LUXURY DAILY NEWS SERVICE

Hospitality group Marriott International recorded a 26.4 percent decrease in operating income for the first quarter of 2021, largely due to the COVID-19 pandemic and efforts to contain the virus.

Despite a net loss of $11 million, Marriott reported a surge in demand in the United States and Canada as occupancy increased 16 percent during the first quarter. The hospitality group also reported demand and occupancy levels in mainland China are near pre-pandemic levels.

"We were pleased to see demand improve meaningfully during the first quarter," said Tony Capuano, chief executive officer of Marriott International. "We are welcoming more and more guests to our hotels as consumers are traveling again once they feel it is safe.

"While recovery trajectories vary from region to region, the resiliency of demand has been most keenly demonstrated in mainland China, where occupancy is near the pre-pandemic level," he said. "Occupancy reached 66 percent in mainland China in March, nearly the same as in March 2019, on strong demand from both leisure and business travelers."

Financial figures

Marriott's reported operating income totaled $84 million in the 2021 first quarter, compared to $114 million in Q1 2020.

Reported net loss totaled $11 million in the 2021 first quarter, compared to 2020 first quarter's net income of $31 million.

Reported diluted loss per share totaled $0.03 in the first quarter, compared to reported diluted earnings per share (EPS) of $0.09 year-over-year.

Adjusted operating income in the 2021 first quarter totaled $138 million, compared to 2020 first quarter adjusted operating income of $293 million, which excluded impairment charges of $101 million.

First quarter 2021 adjusted net income totaled $34 million, compared to 2020 first quarter adjusted net income of $160 million. Adjusted diluted EPS in the 2021 first quarter totaled $0.10, compared to adjusted diluted EPS of $0.49 y-o-y.

These adjusted 2021 first quarter results and adjusted 2020 first quarter results excluded impairment charges of $3 million after-tax, $0.01 per share, and $75 million after-tax, $0.23 per share, respectively.

Adjusted results also excluded restructuring and merger-related charges, cost reimbursement revenue and reimbursed expenses.

Base management and franchise fees totaled $412 million in the 2021 first quarter, compared to base management and franchise fees of $629 million y-o-y, which is primarily attributable to RevPAR declines related to COVID-19.

Matild Palace, A Luxury Collection Hotel, the brand's anticipated 120th hotel. Image courtesy of Marriott International

Depreciation, amortization and other expenses for the 2021 first quarter totaled $52 million, compared to $150 million y-o-y, largely reflecting a $90 million impairment charge recorded in the 2020 first quarter.

Equity in losses for the first quarter totaled $12 million, compared to a $4 million loss y-o-y, reflecting the negative impact on results at joint venture properties due to the pandemic.

At quarter end, Marriott's net debt was $9.6 billion, representing total debt of $10.2 billion less cash and cash equivalents of $600 million. At year-end 2020, the company's net debt was $9.5 billion, representing total debt of $10.4 billion less cash and cash equivalents of $900 million.

Marriott added 134 new properties to its global lodging portfolio during the 2021 first quarter, including roughly 7,300 rooms converted from competitor brands and nearly 12,000 rooms in international markets.

Additions in the 2021 first quarter included 11 all-inclusive conversion properties in the company's Caribbean and Latin America region. One hundred and fourteen properties left the portfolio during the quarter, including 88 Service Properties Trust hotels.

At quarter end, Marriott's global lodging system totaled more than 7,600 properties, with over 1,429,000 rooms.

In March, Marriott celebrated new milestones with its three Collection brands, as the group expanded its portfolio of independent-minded properties. Across the Autograph Collection, the Tribute Portfolio and Luxury Collection, the three brands will add almost 70 new locations, including 24 new markets (see story).

Due to the numerous uncertainties associated with COVID-19, Marriott is unable to estimate the impact of the health crisis on its future results, which is highly dependent on the severity and duration of the pandemic and its impacts, but expects that COVID-19 will continue to be material to the company's results.