

LETTER TO STOCKHOLDERS



J.W. "Bill" Marriott, Jr.
Executive Chairman and Chairman of the Board

Arne M. Sorenson
President and Chief Executive Officer

Dear Stockholder

As we write this letter, we are bearing witness to a global humanitarian crisis, the coronavirus or COVID-19. Our hearts and thoughts go out to the people who have been affected by this unprecedented event and we appreciate the healthcare workers, local communities, and governments around the world who are on the front lines working to contain this coronavirus.

For more than 90 years, Marriott International has lived by a core value established by our founder, J.W. Marriott, Sr.,

to take care of our guests and associates. This enduring value guides us as we face the difficult challenge of responding to this pandemic. The wellbeing of our guests and associates is our top priority and we couldn't be prouder of our teams who have been working tirelessly and selflessly throughout this crisis.

The pandemic has emerged as an important business issue as well, with weakened travel demand in markets globally. We are vigilantly monitoring the situation and

working with our teams and our owners around the world to address and mitigate its impact to our business. While the ultimate impact is difficult to predict at this time, we remain confident in our long-term prospects. We entered 2020 with tremendous competitive momentum, which we highlight below, and believe this momentum will carry us through this crisis and beyond.

2019 Business Highlights

Marriott continued its steady growth and strong profitability in 2019, reflecting the power of our associates, our brands, our [Marriott Bonvoy™](#) loyalty program, and our asset-light business model. In 2019, gross fee revenue increased 5 percent to reach \$3.8 billion, worldwide revenue per available room (RevPAR) rose 1.3 percent, and RevPAR index, which measures our hotels' revenue market share, increased by approximately 200 basis points, adding to our already strong existing premium to competitors.

In 2019, people around the world were on the move. According to the United Nation's World Tourism Organization, there were 1.5 billion international tourist arrivals worldwide. A growing middle class with rising incomes and a desire for experiences has been fueling a travel boom. Gen Xers are entering their peak travel years, and they, along with Millennials, have a strong interest in experiences over products.

Marriott is well positioned for this opportunity. With our 30-brand portfolio, our enhanced Marriott Bonvoy loyalty program, and our unparalleled distribution, we are ready to attract new guests and capture an increasing share of our guests' travel spending.

Our 30 brands that collectively make Marriott Bonvoy the leading loyalty program in travel are each distinctly positioned and together provide a range of experiences, locations, and price points for our customers. And we are further solidifying loyalty engagement as we provide new ways for members to earn and redeem Marriott Bonvoy points. Marriott Bonvoy membership is appealing to travelers on many fronts, from Homes & Villas by Marriott International, our new home rental business that is backed by our brand promise; to the expansion of our all-inclusive program; to our Eat Around Town offering, where Marriott Bonvoy members can earn points while dining at more than 11,000 restaurants in the U.S.; to our multiple co-branded credit cards.

In 2019, paid room revenues from loyalty guests rose 11 percent. Redemptions were also meaningfully higher, as our loyalty members enjoyed the wide range of hotels and experiences choices we offer. Member share of worldwide occupied rooms topped 52 percent in 2019, up 250 basis points versus 2018, and reached 58 percent in North America, a 320 basis point increase year over year.

When we think about engagement and expansion, new unit growth is another important part of the equation. In 2019, we added 516 properties with more than 78,000 rooms, including our 7,000th hotel — the stunning St. Regis Hong Kong. Nearly 20 percent of rooms added to our system were conversions from competitor brands.

During the year, our development team also signed agreements for 815 additional properties with a record 136,000 rooms, pushing our total global pipeline to approximately 515,000 rooms at year end 2019 for the first time in our company's history.

More than 220,000 rooms in our record 515,000 room development pipeline are already under construction. At the end of 2019, 7 percent of global industry rooms flew one of our flags while our share of the industry's under construction pipeline led the industry at 19 percent, according to hotel data source STR.

Marriott's brands are highly valuable. In addition to earning hotel-based management and franchise fees, we continue to monetize our brands through other closely-related businesses. In 2019, we earned \$580 million in other franchise fees, primarily associated with our timeshare brands, residential branding business, and our Marriott Bonvoy-branded credit cards.

The company's significant cash flow permitted us to make attractive investments to drive incremental growth and stockholder value. In 2019, we acquired Elegant Hotels Group, which includes seven hotels in Barbados, to help further jump-start the growth of our all-inclusive lodging program. We also purchased the W New York – Union Square. We are hopeful that transforming the hotel into a cutting-edge showcase will inspire owners to renovate existing W Hotels. In keeping with our asset-light strategy, over time we anticipate marketing these assets for sale, subject to long-term management agreements.

Many of our investments, including the acquisition and transformation of the W New York – Union Square, continue our efforts to keep our brands fresh and relevant. With the acquisition of Starwood, we began a similar journey with the Sheraton brand. Approximately 50 percent of Sheraton hotels have undergone, are undergoing, or have committed to undergo renovation since the beginning of 2017. We acquired the Sheraton Phoenix Downtown in 2018 to help demonstrate our vision for the brand. The renovation should be complete by mid-2020 and we have already sold the hotel, retaining a long-term management agreement.

When we acquired Starwood in 2016, we anticipated meaningful revenue and cost synergies. We have not been disappointed. On the top line, we have seen significant increases in credit card branding fees, as well as improvement in RevPAR index. We have also recognized meaningful cost savings for our hotels over the past three years, including lower costs for procurement, reservations, and our loyalty program. Company-operated hotel house profit margins have increased 120 basis points over the past three years, even in a low RevPAR growth environment with rising wages. While we faced some disruption during the integration, our focus on associate, guest, and owner satisfaction has always been at the forefront, and we remain focused on driving stockholder returns and growth.

We remain committed to our asset-light business strategy, with 99 percent of our worldwide rooms managed or franchised. This allows us to generate meaningful cash flow with minimal capital requirements. In fact, over the last three years, our sizable cash flow has allowed us to return over \$9.8 billion to stockholders through dividends and share repurchases.

We operate in a dynamic and rapidly changing industry. Since our founding in 1927, we have achieved business success in large part due to our culture, which we believe is one of our greatest competitive assets.



J.W. "Bill" Marriott, Jr.

Executive Chairman and Chairman of the Board

Marriott has always been a place where people find opportunity, community, and purpose. It is a place where people feel inspired to excel and innovate, to create unforgettable memories for our guests, and to serve as stewards of our communities.

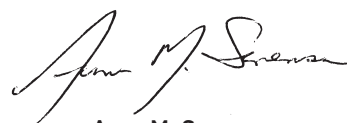
Our culture extends to how we serve our world and protect our environment. Human rights and environmental sustainability continue to be top priorities for us. Since 2017, more than 730,000 hotel workers have completed training on how to spot and respond to signs of human trafficking in our hotels and we have donated our training materials to others in the industry. By educating and empowering associates to say something if they see something, we are not just standing up for the most vulnerable in society, we are also protecting associates and guests and living up to our core values.

Additionally, last year, we announced the expansion of a 2018 initiative to replace single-use toiletry bottles of shampoo, conditioner, and bath gel in our guestroom showers with larger pump-topped bottles. When implemented globally, our expanded toiletry program is expected to help reduce our current amenity plastic usage by approximately 30 percent.

These initiatives are part of [Serve 360: Doing Good in Every Direction](#), our broader sustainability and social impact plan, which is designed to reduce our environmental footprint and address some of the most pressing issues of our time.

As Marriott International approaches its 93rd anniversary, we are humbled and honored to lead this great company. We recognize that these are unsettling times, but we remain confident that they will pass. Whenever you travel, we are waiting with open doors and open hearts to serve you.

We thank you for your support.



Arne M. Sorenson

President and Chief Executive Officer