

SMART Fund Equity Proposal

Marriott International (MAR)

Sector: Consumer Discretionary

Industry: Lodging

Herbert Dennison, Ephram Otodo, Kareena Hansen
Sofia Lozada, Kaycee Sausa, Rachel DeLise

Valuation and executive summary: Ephram Otodo · slides 16–17

SMARTT Fund Charter Screen

The fund screens for primary income from these categories:

1. Alcoholic beverages
2. Casinos and other gambling concerns
3. Meat processing
4. Pornographic materials
5. Tobacco
6. Caffeine beverages

Marriott's investment economics center on management and franchise fees. FY2025 net fees were \$5.303B within \$26.186B of total revenue.

Public revenue lines do not establish zero incidental exposure to every excluded category. Charter compliance remains a fund judgement.

Macro Overview of the Consumer Discretionary Sector

- The XLY consumer-discretionary ETF returned –6.45% year to date through October 8. The S&P 500 price index returned +13.44%. XLY is a sector proxy.
- September unemployment was 4.2%. Payroll employment rose by 29,000, indicating a cooling labor market that could weigh on travel spending.
- September Services PMI was 54.9, down 0.5 point from August. It remained 0.8 point above its 12-month average of 54.1.
- A PMI above 50 indicates expansion. Demand conditions support the business case, but they do not determine the right entry price.

Price-return comparisons use December 31, 2025 closing prices and exclude dividends.

Micro Overview of Marriott International, Inc.

- FY2025 total revenue was \$26.186B. Net fee revenue was \$5.303B; cost reimbursements accounted for \$19.204B and are largely offset by costs.
- More than 30 brands span luxury, premium, select-service and longer-stay accommodations.
- The year-end 2025 system included 9,805 properties across 145 countries and territories.
- Marriott earns management and franchise fees without owning most of the hotels in its network.
- Reported diluted EPS rose to \$9.51 in 2025 from \$8.33 in 2024.
- Leisure, business and group demand each matter. Regional conditions and hotel-owner economics affect the fee-growth outlook.

Marriott International (MAR)

Company Overview

- Based in Bethesda, Maryland, Marriott connects hotel owners and franchisees with travelers through its brands and distribution network.
- Owners pay franchise royalties and management fees. Loyalty, reservations and co-branded card relationships support that network.
- By June 30, 2026, the system exceeded 10,000 properties across 148 countries and territories.

\$26.186B

FY2025 revenue

>30

Hotel brands

>10,000

Properties · June 2026

148

Countries / territories · June 2026

Competitive Landscape

COMPANY	EV PROXY	EQUITY VALUE	TTM REVENUE	GAAP P/E
Marriott · MAR	\$110.61B	\$94.16B	\$26.90B	37.4×
Hilton · HLT	\$85.10B	\$72.76B	\$12.49B	47.5×
Hyatt · H	\$18.77B	\$15.02B	\$7.15B	194.4×
Choice Hotels · CHH	\$6.68B	\$4.72B	\$1.62B	14.8×
Travel + Leisure · TNL	\$9.26B	\$3.83B	\$4.09B	17.1×

Marriott equity value: \$94.16B. Hilton and Hyatt combined: \$87.79B.

Prices: October 8. Shares: latest disclosed June/July counts. Hyatt includes 41.601M Class A + 52.636M Class B shares (July 24). EV = equity value + June 30 debt – cash; leases, minority interests and investments excluded.

Hyatt's 194.4× P/E reflects \$0.82 of trailing EPS. TNL is a timeshare benchmark and is excluded from the hotel-franchise valuation peers.

Sources: issuer SEC filings and results; October 8 closing prices. TTM ends June 30, 2026.

MARRIOTT

Relative Economics and Valuation

METRIC / PERIOD	MAR	HLT	H
GAAP net income margin, TTM to June 30	9.62%	12.69%	1.10%
Net debt, June 30	\$16.453B	\$12.334B	\$3.744B
FY 2027 consensus EPS	\$13.16	\$10.46	\$4.87
FY 2027 consensus P/E	27.44×	30.92×	32.72×

What the comparison shows

1 Lower forward multiple

MAR trades at 27.44× FY2027 consensus EPS, below Hilton and Hyatt.

2 Different revenue mix

Reimbursement revenue limits direct margin comparisons.

3 A valuation question

A lower multiple alone does not establish undervaluation.

TTM ends June 30. Forecast EPS was saved before the October 8 open and generally uses provider-adjusted earnings. It is distinct from GAAP results and company guidance.

Sources: issuer SEC filings; earnings estimates saved October 8 before the market open.

Company Information

Capital structure

June 30, 2026

Reported debt: \$16.915B

Cash: \$0.462B

Net debt: \$16.453B

Equity value

\$94.16B at the October 8 close.

Actual shares: 260.766288M, dated July 27.

Credit commitment

\$5.0B revolving commitment

Amended September 23, 2026

Matures September 23, 2031

The commitment is separate from drawn debt.

August notes: \$250M due 2029 + \$1.0B due 2036. Net proceeds were about \$1.233B.

Shareholder returns

Quarterly dividend: \$0.73

Paid September 30

Annualized: \$2.92

Indicated yield: 0.81%

Future dividends depend on declaration. The indicated yield uses \$361.08.

June debt and cash are disclosed proxies, not October 8 balances. The August issuance alone does not establish an equal increase in net debt.

Revenue & Earnings

Revenue Breakdown · FY2025

Consolidated revenue	\$26,186M
Net fee revenue	\$5,303M
Owned, leased & other	\$1,679M
Cost reimbursements	\$19,204M

Net fees: franchise \$3,325M + base management \$1,322M + incentive fees \$791M – contract amortization \$135M.

Reimbursements are largely pass-through. All amounts are USD millions.

Reporting segments

FY2025	REVENUE	SHARE
U.S. & Canada	\$19,349M	73.89%
EMEA	\$2,407M	9.19%
APEC	\$1,073M	4.10%
Greater China	\$590M	2.25%
Unallocated corporate & other	\$2,767M	10.57%

Q2 2026 adjusted EPS: \$3.19; GAAP EPS: \$2.90. Full-year adjusted EPS guidance: \$11.64–\$11.81.

Financial Metrics

EPS

Q2 adjusted: \$3.19
Q3 guidance: \$2.74–\$2.82

Risk

104-week beta: 0.94
Shrunk beta: 0.960

Trailing GAAP P/E

\$9.65 EPS · 37.42×

Forward P/E

\$12.83 NTM EPS · 28.14×

YEAR

FREE CASH FLOW

2018

\$1.801B

2019

\$1.032B

2020

\$1.504B

2021

\$0.994B

2022

\$2.031B

2023

\$2.718B

2024

\$1.999B

2025

\$2.608B

Operating cash flow less capital / technology spending.
Separate from the DCF's FCFF proxy.

Current ratio

0.53× · June 30

Quick ratio

0.48× · June 30

Reported debt

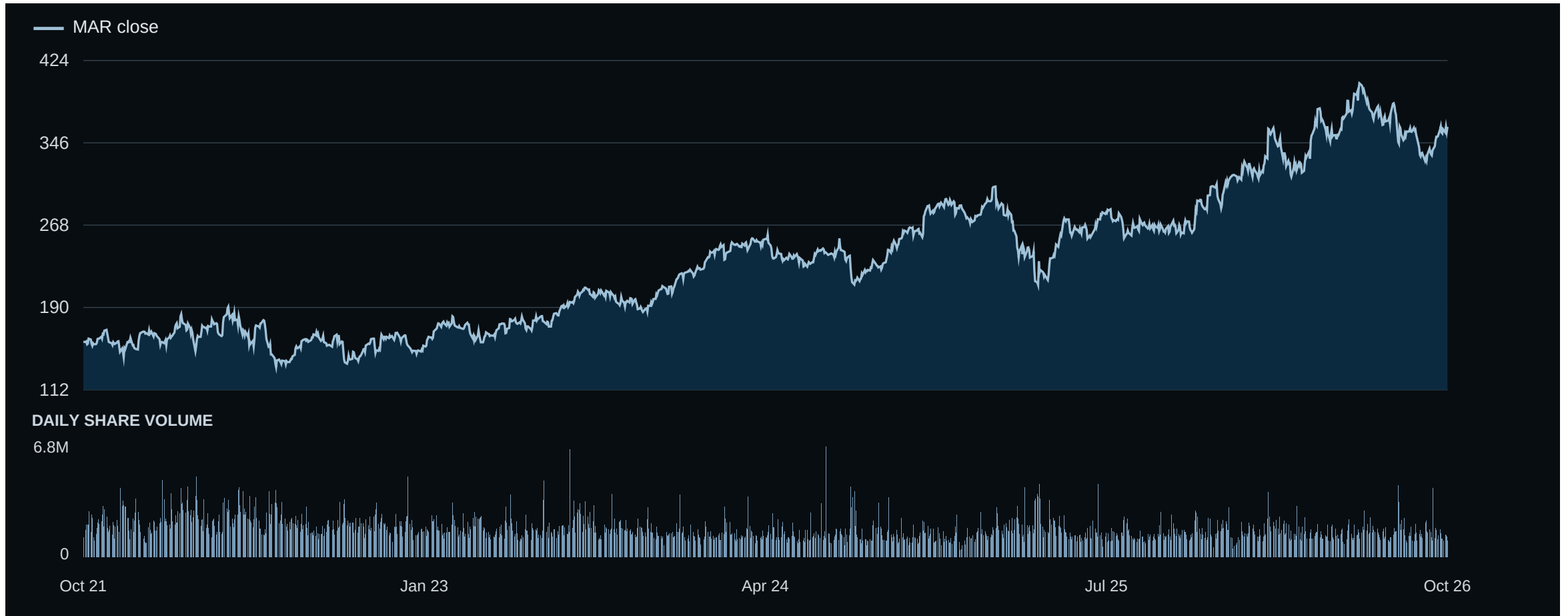
\$16.915B · June 30

Cash conversion

53.66% FCFF / EBITDA

Technical Analysis

5Y · Price and daily volume



October 8 close: \$361.08. Price and daily share volume use separate panels. Vendor volume definitions can differ.

Source: Yahoo daily historical prices and volume, October 8, 2021–October 8, 2026.

Technical Analysis

YTD · Price, moving averages and volume



Close \$361.08 · SMA50 \$350.15 · SMA100 \$364.24 · SMA200 \$350.39. Above the 50- and 200-day averages; below the 100-day.

Source: Yahoo daily prices and volume through October 8, 2026. Simple moving averages.

Technical Analysis

YTD · Fibonacci retracements

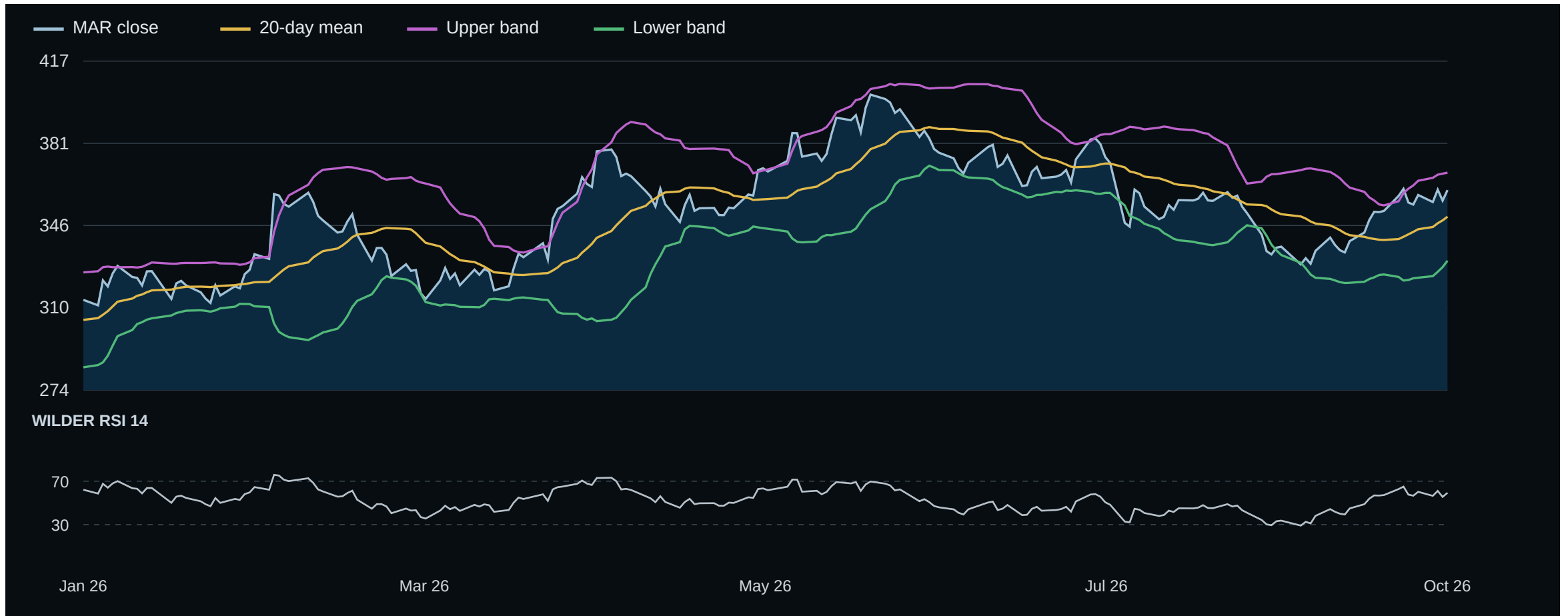


Chosen closing-price swing: \$310.24 on Dec. 31, 2025 to \$402.54 on June 12, 2026. The lower anchor is not the 2026 intraday low.

Source: Yahoo daily closes through October 8, 2026. Levels = high – retracement × (high – low).

Technical Analysis

YTD · Bollinger Bands

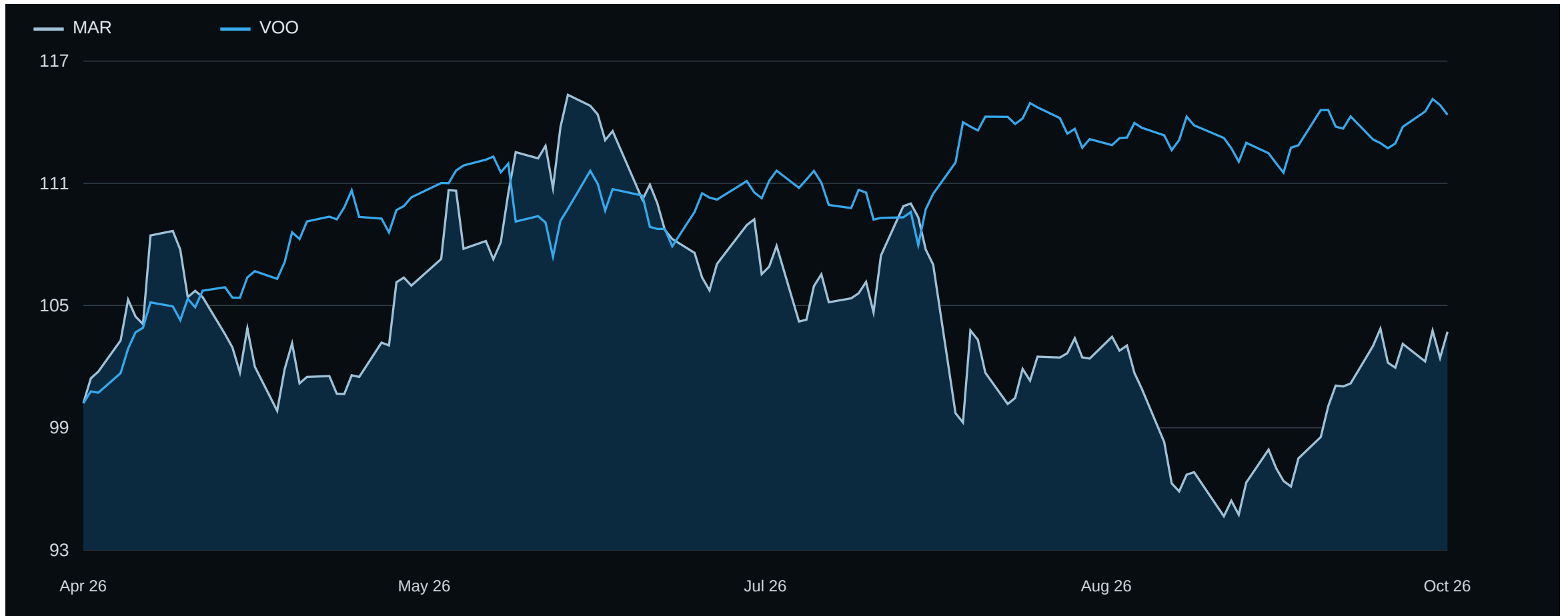


Mean \$349.53 · lower \$330.42 · upper \$368.64 · RSI14 59.31. The close is inside the upper half of the band; this alone is not a buy signal.

Source: Yahoo daily closes through October 8, 2026. Bollinger: 20 sessions, 2 population standard deviations.

Technical Analysis

6 Months · MAR and VOO from a common baseline

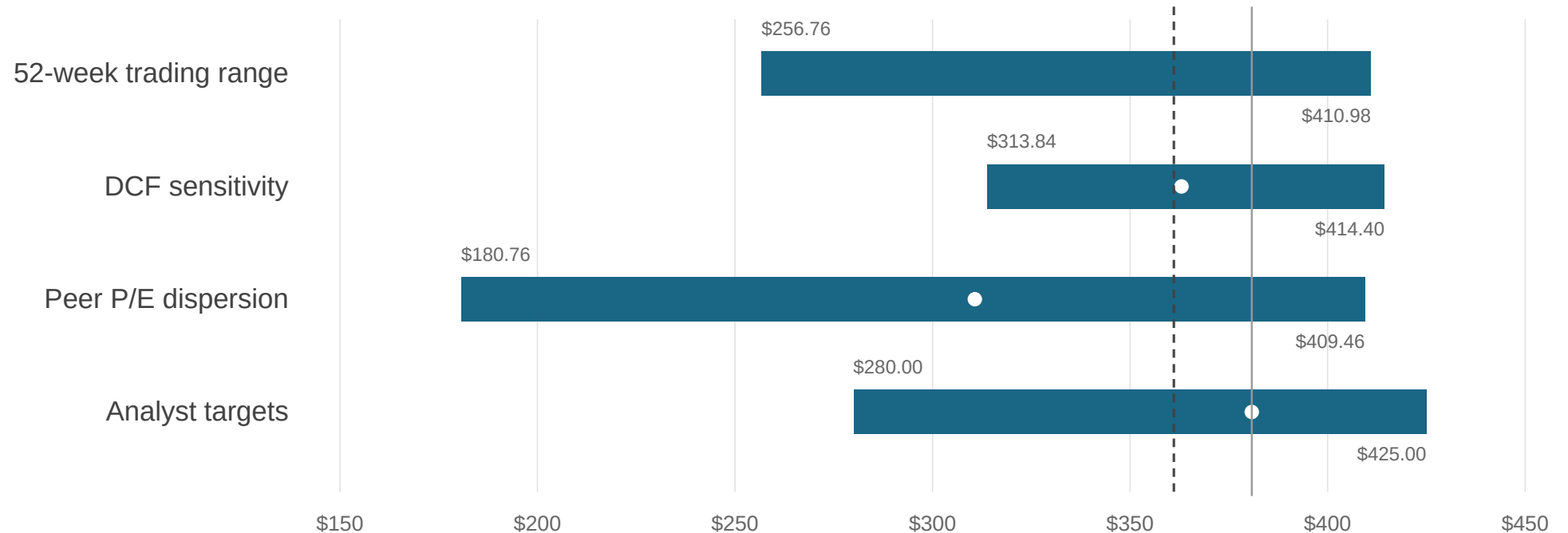


April 8 = 100 for both. October 8: MAR 103.59 (+3.59%); VOO 114.48 (+14.48%). This compares MAR with VOO, not the fund's holdings.

Source: Yahoo daily closes, April 8–October 8, 2026. Price returns exclude dividends for both securities.

Valuation

USD per share · October 8, 2026



Dashed: October 8 close \$361.08. Solid: analyst mean \$380.80. White points: DCF base \$363.01 / peer median \$310.70 / analyst mean.

DCF: WACC 9.21%, 18× exit EBITDA, 53.66% cash conversion; range varies WACC ± 0.5 point and exit 16–20×. Only 84/365 of 2026 cash flow enters the model. Terminal value: 85.88% of EV.

Peer bar: 25th–75th percentile of HLT, H, IHG, WH and CHH; dispersion, not a confidence interval. Analyst bar: 25 targets, saved October 8 before the open. Net debt: June 30; shares: July 27.

Sources: Marriott SEC filings; October 8 prices / saved estimates. Methods and dated inputs are in the portfolio.

Executive Summary

- Marriott's fee-led model supports growth without buying most of the hotel real estate. Earnings rose in 2025, and the company raised its 2026 guidance.
- At \$361.08, the stock was above its 50- and 200-day averages and below the 100-day. Observed swing lows were \$340.81 and \$320.91.
- DCF base value is \$363.01, only 0.53% above the close. The five-peer median is \$310.70, or 13.95% below the close.
- Conclusion: watchlist. A lower entry or stronger earnings evidence is needed to support a purchase.

Entry illustration at \$345: upside to DCF base is 5.22%. A planned 8% stop is \$317.40, so that upside equals 0.65× planned risk. A stop does not guarantee a maximum loss.

Student-team analysis. No completed trade or realized investment return is claimed.

Sources: Marriott Q2 outlook; October 8 prices; cash-flow model and peer calculations.