



**PARTIEL LCC3 – Novembre 2020**

**4 HEURES / 4 HOURS**

**Cours:**

**Financial Communication**

**NOM DU PROFESSEUR**

**Marc SIMON**

Allowed documents : Yes

Allowed Internet : Yes

Barème / Scoring : 100%



SUJET / SUBJECT :

Carnival Corporation & plc is the world's largest leisure travel company and among the most profitable and financially strong in the cruise and vacation industries, with a portfolio of nine of the world's leading cruise lines. We are also the largest cruise company, carrying nearly 45 percent of global cruise guests, and a leading provider of vacations to all major cruise destinations throughout the world. With operations in North America, Australia, Europe and Asia, our portfolio features Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn, P&O Cruises (Australia), Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard. Our portfolio of leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences to the world's most desirable destinations. Together, the corporation's cruise lines operate 104 ships with 249,000 lower berths visiting over 700 ports around the world, with 17 new ships scheduled to be delivered through 2025. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

For further information please log on Annual Report 2018-2019 on  
<https://www.carnivalcorp.com/static-files/9ba84dfd-b96a-486f-8617-34e49820077a>

You have just been hired by Arnold W Donald, CEO of Berkshire Hathaway. You are required to present a Financial Communication Analysis of Carnival Corporation & plc to James Heaney CFO of Carnival Corporation & plc in 4 hours. Please analyse carefully the following data provided to you, hereafter.

Advice: Owing to the fact that you only have 4 hours, it is strongly recommended to focus on the major aspects and matrices presented during the course.



**CARNIVAL**  
CORPORATION & PLC

2019 ANNUAL REPORT

**CARNIVAL CORPORATION & PLC**  
**2019 ANNUAL REPORT**

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## COMPANY

Carnival Corporation & plc is the world's largest leisure travel company and among the most profitable and financially strong in the cruise and vacation industries, with a portfolio of nine of the world's leading cruise lines. We are also the largest cruise company, carrying nearly 45 percent of global cruise guests, and a leading provider of vacations to all major cruise destinations throughout the world. With operations in North America, Australia, Europe and Asia, our portfolio features Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn, P&O Cruises (Australia), Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard. Our portfolio of leading global, regional and national cruise brands that sell tailored cruise products, services and vacation experiences to the world's most desirable destinations.

Together, the corporation's cruise lines operate 104 ships with 249,000 lower berths visiting over 700 ports around the world, with 17 new ships scheduled to be delivered through 2025. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

At Carnival Corporation & plc, our highest responsibilities and our top priorities are to operate safely, to protect the environment, and to be in compliance everywhere we operate in the world. On this foundation, we aspire to deliver unmatched joyful vacations for our guests, always exceeding their expectations and in doing so driving outstanding shareholder value. We are committed to a positive and just corporate culture, based on inclusion and the power of diversity. We operate with integrity, trust and respect for each other — seeking collaboration, candor, openness and transparency at all times. And we intend to be an exemplary corporate citizen leaving the people and the places we touch even better.

## HIGHLIGHTS

	November 30,				
	2019	2018	2017	2016	2015
<i>(in millions, except per share amounts and statistical data)</i>					
Revenues .....	\$ 20,825	\$ 18,881	\$ 17,510	\$ 16,389	\$ 15,714
Net Income .....	\$ 2,990	\$ 3,152	\$ 2,606	\$ 2,779	\$ 1,757
Adjusted Net Income <sup>(a)</sup> .....	\$ 3,041	\$ 3,029	\$ 2,770	\$ 2,580	\$ 2,106
Earnings Per Share - Diluted .....	\$ 4.32	\$ 4.44	\$ 3.59	\$ 3.72	\$ 2.26
Adjusted Earnings Per Share - Diluted <sup>(a)</sup> .....	\$ 4.40	\$ 4.26	\$ 3.82	\$ 3.45	\$ 2.70

### Statistical Data

Passengers Carried (in thousands) .....	12,900	12,400	12,100	11,500	10,800
Passenger Capacity <sup>(b)</sup> .....	249,000	237,000	232,000	226,000	216,000
Number of Ships .....	104	104	103	102	99

<sup>(a)</sup> For a reconciliation to U.S. GAAP, see "Selected Financial Data."

<sup>(b)</sup> Passenger capacity is calculated based on two passengers per cabin.

## 2019 Executive Overview

Key information for 2019 compared to the prior year (see “Key Performance Non-GAAP Financial Indicators” for definitions and reconciliations):

- Net income of \$3.0 billion or \$4.32 diluted earnings per share, compared to net income of \$3.2 billion or \$4.44 diluted earnings per share in 2018.
- Record adjusted net income of \$3.0 billion, or \$4.40 adjusted diluted earnings per share, compared to adjusted net income of \$3.0 billion or \$4.26 adjusted diluted earnings per share in 2018. Adjusted net income excludes net charges of \$52 million for 2019 and net gains of \$123 million for 2018.
- Record total revenues were \$20.8 billion, higher than \$18.9 billion in 2018.
  - Gross cruise revenues of \$20.4 billion, higher than \$18.6 billion in 2018.
  - In constant currency, net cruise revenues of \$16.0 billion, higher than \$15.4 billion in 2018, an increase of 4.0%.
- Gross revenue yields increased 5.4%. In constant currency, net revenue yields decreased 0.2%, comprised of a 1.0% decrease in net passenger ticket revenue yields and a 2.0% increase in net onboard and other revenue yields.
- Gross cruise costs including fuel per ALBD increased 8.6%. Net cruise costs excluding fuel per ALBD in constant currency decreased 0.3%.
- Changes in fuel prices and currency exchange rates decreased earnings by \$0.01 per share.

After five years of strong adjusted earnings growth for our company, 2019 brought with it more than our fair share of challenges including the abrupt regulatory change preventing travel to Cuba, geopolitical events in the Arabian Gulf, Hurricane Dorian, a costly unscheduled dry-dock, and multiple shipyard delays, all of which necessitated the cancellation of cruises and in many instances resulted in shorter booking windows negatively impacting yields. The impact from these events was compounded by an unanticipated decline in consumer attitude affecting leisure travel broadly in our Continental European source markets. As a global company with nearly 50 percent of our guests sourced from outside the U.S., we are subject to uneven economies around the world. We have a large percentage of our portfolio weighted in regions that are currently challenged. We have already taken actions to adapt to what is proving to be a persistent challenge. These actions include changing itineraries to optimize our performance and implementing an action plan to accelerate demand and right-size capacity sourced from Southern Europe.

Our 150,000 team members collectively worked to offset numerous headwinds and delivered memorable cruise experiences for our 13 million guests as well as achieved our highest full year adjusted diluted earnings per share for our shareholders. Although earnings growth was broadly in line with capacity growth, we believe our business is inherently capable of, and we are working to ensure we are, doing even better.

Globally, we are taking actions to further stimulate demand and increase our cost efficiencies. We have conducted an analysis of our marketing activities and spend and have identified areas of opportunity to increase marketing impressions to generate demand and support future yield growth. In 2019, we increased investments in media spend to support our brands and destinations around the world. We have also been successful in increasing our analytical rigor in marketing and media spend to drive demand generation and to better balance brand support activities with price and promotion efforts.

From a guest experience perspective, we continue to deliver with both our guest experience scores and net promoter scores toward the top end of prior ranges. In addition, we have made several investments to continue to further enhance the guest experience.

- Our newbuild schedule peaks in 2020 with six new ships entering service across six distinct markets: *Carnival Panorama* for the West Coast of the U.S., *Carnival Cruise Line’s Mardi Gras* for the East Coast of the U.S., *Enchanted Princess*, the second new ship delivered with Ocean Medallion, *Costa Smeralda* for Continental Europe, *Costa Firenze* for China and P&O Cruises’ *Iona* for the UK.
- We continue to roll out our most popular features on our existing fleet, with significant re-imaginings like the recently introduced *Carnival Sunrise*, to be joined by *Carnival Radiance* in mid-2020.

- In the Princess fleet, the Ocean Medallion roll out continues with five ships already completed and six more to be completed in 2020.
- The expansion of app-based technology across our other brands continues, including pre-cruise purchases.
- We have two major destination developments underway, on Grand Bahama Island and a second destination on Half Moon Cay, complementing the six destinations we had already developed and are operating in the Caribbean.

We are elevating the guest experience without increasing operating costs on a per available lower berth day (“ALBD”) basis. Through our global sourcing, we achieved over \$125 million of cost savings in 2019, bringing the cumulative total to over \$480 million since 2014.

Our highest responsibility and top priorities are excellence in safety, environmental protection and compliance. Our reputation and success depends on having sustainable and transparent operations. We continue to lead the industry in the development of environmentally friendly fuel solutions.

- We achieved a four percent reduction in per unit fuel consumption in 2019. We expect another four percent in 2020 which will bring the cumulative reduction in fuel consumption per ALBD to 35 percent since 2007.
- In 2019 we delivered *AIDAnova*, the first cruise ship with the ability to be solely powered by LNG, the most environmentally friendly fossil fuel. We have 10 more next generation LNG cruise ships on order, including Carnival Cruise Line’s *Mardi Gras*, *Costa Smeralda* and P&O Cruises’ *Iona*, entering the fleet during 2020.
- We announced a ground breaking pilot on *AIDAPERla*, the first lithium-ion battery storage system to power a cruise ship’s propulsion and operation for limited periods of time. Also, as early as 2021, AIDA Cruises will be the world’s first cruise company to test the use of fuel cells on a large passenger ship. The fuel cells will be powered by hydrogen derived from methanol.

These will compliment other industry leading technologies we have already deployed to reduce carbon emissions including cold ironing (or shore power), which we have the capability for on over 40 percent of our fleet, and Advanced Air Quality Systems deployed on nearly 80 percent of our fleet. The investments we have made in Advanced Air Quality Systems will also help to mitigate increased costs in the wake of IMO 2020.

We are also focused on other areas concerning the environment including the roll out of additional Advanced Waste Water Purification Systems and food bio-digesters. We have also made considerable progress on our goal to significantly reduce single use plastics. In addition, we joined the Getting to Zero Coalition, an alliance of organizations across the maritime, energy, infrastructure and finance sectors committed to accelerating the decarbonization of the international shipping industry. Sustainability efforts remain at the forefront of our strategic goals.

We are continuing to work to improve our performance in fiscal 2020 and beyond. With annual cash from operations of \$5.5 billion, our balance sheet is strong, as are our brands. We continue to generate value for our shareholders, returning over \$2.0 billion during 2019, \$1.4 billion through our quarterly dividend and approximately \$600 million through our share repurchase program. Although there are multiple external impacts outside of our control, we are aggressively managing those levers we do control or can strongly influence which include demand, supply and controlling costs. We are investing to stimulate demand through advertising, marketing and public relations efforts to maintain price discipline. We are working to moderate capacity additions and at the same time accelerate capacity leaving the fleet. We are leveraging our scale to achieve efficiencies and to fund investments without a significant net increase in costs. In the best interest of long-term shareholders, we are making disciplined decisions to optimize our performance in the short-term while leaving us best positioned to capture the full benefit of global travel and tourism growth over the long-term.



# CARNIVAL CORPORATION & PLC

## SHAREHOLDER BENEFIT

Carnival Corporation & plc is pleased to extend the following benefit to our shareholders:

	NORTH AMERICA BRANDS	CONTINENTAL EUROPE BRANDS	UNITED KINGDOM BRANDS	AUSTRALIA BRANDS
Onboard credit per stateroom on sailings of 14 days or longer	US \$250	€200	£150	A\$250
Onboard credit per stateroom on sailings of 7 to 13 days	US \$100	€ 75	£ 60	A\$100
Onboard credit per stateroom on sailings of 6 days or less	US \$ 50	€ 40	£ 30	A\$ 50

The benefit is applicable on sailings through July 31, 2021 aboard the brands listed below. Certain restrictions apply. Applications to receive these benefits should be made at least three weeks prior to cruise departure date.

This benefit is available to shareholders holding a minimum of 100 shares of Carnival Corporation or Carnival plc. Employees, travel agents cruising at travel agent rates, tour conductors or anyone cruising on a reduced-rate or complimentary basis are excluded from this offer. This benefit is not transferable, cannot be exchanged for cash and, cannot be used for casino credits/charges and gratuities charged to your onboard account. Only one onboard credit per shareholder-occupied stateroom. Reservations must be made by February 29, 2021.

Please provide by fax or by mail your complete legal name, reservation/booking number, ship and sailing date, along with proof of ownership of Carnival Corporation or Carnival plc shares (for example, photocopy of shareholder proxy card, a dividend tax voucher or a current brokerage or nominee statement with your brokerage account number **blacked out**) no later than 3 weeks prior to your sail date to your travel agent or to the cruise line you have selected below.

### NORTH AMERICA BRANDS CARNIVAL CRUISE LINE\*

Guest Administration  
3655 N.W. 87<sup>th</sup> Avenue  
Miami, FL 33178  
Tel 800 438 6744 ext. 70450  
Fax 305 406 6102

### PRINCESS CRUISES\*

Booking Support  
24303 Town Center Drive, Suite 200  
Santa Clarita, CA 91355  
Tel 800 872 6779 ext. 30317  
Fax 661 753 0180

### HOLLAND AMERICA LINE

World Cruise Reservations  
450 Third Ave. W.  
Seattle, WA 98119  
Tel 800 522 3399  
Fax 206 201 2620

### SEABOURN

Seabourn Reservations  
450 Third Ave. W.  
Seattle, WA 98119  
Tel 800 929 9391  
Fax 206 501 2900

### CUNARD\*

Booking Support  
24303 Town Center Drive, Suite 200  
Santa Clarita, CA 91355  
Tel 800 728 6273 ext. 30317  
Fax 661 753 0180

### COSTA CRUISES\*

Guest Services Administration  
880 SW 145<sup>th</sup> Avenue, Suite 102  
Pembroke Pines, FL 33027  
Tel 800 462 6782  
Fax 954 266 5868

### CONTINENTAL EUROPE BRANDS COSTA CRUISES\*

Despatcher Team  
Piazza Piccapietra, 48  
16121 Genoa, Italy  
Tel 39 0 10 548 31  
Fax 39 0 10 999 7019

### AIDA CRUISES

Shareholder Guest Services  
Am Strande 3d  
18055 Rostock, Germany  
Tel 49 0 381 2027 0805  
Fax 49 0 381 2027 0804

### UNITED KINGDOM BRANDS P & O CRUISES (UK)

Shareholders Guest Services  
Carnival UK  
Carnival House  
100 Harbour Parade  
Southampton SO15 1ST  
United Kingdom  
Tel 44 0 345 355 5111  
Fax 44 0 238 065 7360

### CUNARD\*

Shareholders Guest Services  
Tel 44 0 345 355 0300  
Fax 44 0 238 065 7360

### PRINCESS CRUISES (UK)\*

Princess Cruises Military &  
Shareholder Benefits Team  
Tel 44 0 843 373 0333  
Fax 44 0 238 065 7509

### AUSTRALIA BRANDS

### P & O CRUISES (AUSTRALIA) PRINCESS CRUISES\* CARNIVAL CRUISE LINE\*

Customer Service Manager  
PO Box 1429  
Chatswood NSW 2057  
Tel 61 2 8 326 4000  
Fax 61 2 8 326 4550

\*The onboard credit for Carnival Cruise Line, Costa Cruises, Cunard and Princess Cruises is determined based on the operational currency onboard the vessel. Please visit our corporation website at [www.carnivalcorp.com](http://www.carnivalcorp.com) for updates.



**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share data)

	Years Ended November 30,		
	2019	2018	2017
<b>Revenues</b>			
Cruise			
Passenger ticket .....	\$ 14,104	\$ 13,930	\$ 12,944
Onboard and other .....	6,331	4,679	4,330
Tour and other .....	390	272	236
	<u>20,825</u>	<u>18,881</u>	<u>17,510</u>
<b>Operating Costs and Expenses</b>			
Cruise			
Commissions, transportation and other .....	2,720	2,590	2,359
Onboard and other .....	2,101	638	587
Payroll and related .....	2,249	2,190	2,107
Fuel .....	1,562	1,619	1,244
Food .....	1,083	1,066	1,031
Other ship operating .....	2,925	2,807	3,010
Tour and other .....	268	180	163
	12,909	11,089	10,501
Selling and administrative .....	2,480	2,450	2,265
Depreciation and amortization .....	2,160	2,017	1,846
Goodwill and trademark impairment .....	—	—	89
	<u>17,549</u>	<u>15,556</u>	<u>14,701</u>
<b>Operating Income</b> .....	<u>3,276</u>	<u>3,325</u>	<u>2,809</u>
<b>Nonoperating Income (Expense)</b>			
Interest income .....	23	14	9
Interest expense, net of capitalized interest .....	(206)	(194)	(198)
Gains on fuel derivatives, net .....	—	59	35
Other income (expense), net .....	(32)	3	11
	<u>(215)</u>	<u>(118)</u>	<u>(143)</u>
<b>Income Before Income Taxes</b> .....	3,060	3,207	2,666
<b>Income Tax Expense, Net</b> .....	(71)	(54)	(60)
<b>Net Income</b> .....	<u>\$ 2,990</u>	<u>\$ 3,152</u>	<u>\$ 2,606</u>
<b>Earnings Per Share</b>			
Basic .....	<u>\$ 4.34</u>	<u>\$ 4.45</u>	<u>\$ 3.61</u>
Diluted .....	<u>\$ 4.32</u>	<u>\$ 4.44</u>	<u>\$ 3.59</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	Years Ended November 30,		
	2019	2018	2017
<b>Net Income</b> .....	\$ 2,990	\$ 3,152	\$ 2,606
<b>Items Included in Other Comprehensive Income (Loss)</b>			
Change in foreign currency translation adjustment .....	(86)	(199)	590
Other .....	(31)	32	82
<b>Other Comprehensive Income (Loss)</b> .....	(117)	(167)	672
<b>Total Comprehensive Income</b> .....	<u>\$ 2,873</u>	<u>\$ 2,986</u>	<u>\$ 3,278</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except par values)

	November 30,	
	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents .....	\$ 518	\$ 982
Trade and other receivables, net .....	444	358
Inventories .....	427	450
Prepaid expenses and other .....	671	436
Total current assets .....	<u>2,059</u>	<u>2,225</u>
<b>Property and Equipment, Net</b> .....	38,131	35,336
<b>Goodwill</b> .....	2,912	2,925
<b>Other Intangibles</b> .....	1,174	1,176
<b>Other Assets</b> .....	783	738
	<u>\$ 45,058</u>	<u>\$ 42,401</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings .....	\$ 231	\$ 848
Current portion of long-term debt .....	1,596	1,578
Accounts payable .....	756	730
Accrued liabilities and other .....	1,809	1,654
Customer deposits .....	4,735	4,395
Total current liabilities .....	<u>9,127</u>	<u>9,204</u>
<b>Long-Term Debt</b> .....	9,675	7,897
<b>Other Long-Term Liabilities</b> .....	890	856
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity</b>		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 657 shares at 2019 and 656 shares at 2018 issued .....	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2019 and 2018 issued .....	358	358
Additional paid-in capital .....	8,807	8,756
Retained earnings .....	26,653	25,066
Accumulated other comprehensive income (loss) ("AOCI") .....	(2,066)	(1,949)
Treasury stock, 130 shares at 2019 and 129 shares at 2018 of Carnival Corporation and 60 shares at 2019 and 48 shares at 2018 of Carnival plc, at cost .....	(8,394)	(7,795)
Total shareholders' equity .....	<u>25,365</u>	<u>24,443</u>
	<u>\$ 45,058</u>	<u>\$ 42,401</u>

The accompanying notes are an integral part of these consolidated financial statements.

Fixed asset

401

43000

LT liabilities

**CARNIVAL CORPORATION & PLC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	<b>Years Ended November 30,</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 2,990	\$ 3,152	\$ 2,606
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	2,160	2,017	1,846
Impairments	26	16	392
Gains on fuel derivatives, net	—	(59)	(35)
Share-based compensation	46	65	63
Other, net	43	(6)	51
	<u>5,265</u>	<u>5,186</u>	<u>4,923</u>
Changes in operating assets and liabilities			
Receivables	(114)	(58)	6
Inventories	79	(67)	(49)
Prepaid expenses and other	(254)	74	(13)
Accounts payable	34	(24)	21
Accrued and other liabilities	80	(100)	73
Customer deposits	387	539	361
Net cash provided by (used in) operating activities	<u>5,475</u>	<u>5,549</u>	<u>5,322</u>
<b>INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(5,429)	(3,749)	(2,944)
Proceeds from sales of ships	26	389	—
Payments of fuel derivative settlements	(6)	(39)	(203)
Other, net	132	(114)	25
Net cash provided by (used in) investing activities	<u>(5,277)</u>	<u>(3,514)</u>	<u>(3,122)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from (repayments of) short-term borrowings, net	(605)	417	(29)
Principal repayments of long-term debt	(1,651)	(1,556)	(1,227)
Proceeds from issuance of long-term debt	3,674	2,542	467
Dividends paid	(1,387)	(1,355)	(1,087)
Purchases of treasury stock	(603)	(1,468)	(552)
Other, net	(82)	(39)	(24)
Net cash provided by (used in) financing activities	<u>(655)</u>	<u>(1,460)</u>	<u>(2,452)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(9)	(1)	11
Net increase (decrease) in cash, cash equivalents and restricted cash	(465)	574	(241)
Cash, cash equivalents and restricted cash at beginning of year	996	422	662
Cash, cash equivalents and restricted cash at end of year	<u>\$ 530</u>	<u>\$ 996</u>	<u>\$ 422</u>

The accompanying notes are an integral part of these consolidated financial statements.