



**Elie Maalouf fireside chat
with Vicki Stern**

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Vicki Stern: OK, great. Hi, everyone. I'm Vicki Stern. I head up the European Leisure Research team at Barclays, and delighted to have with us today Elie Maalouf, who's CEO of IHG. So Elie's going to give us a few comments just to kick things off, and then we'll start with the Q&A.

Elie Maalouf: Thank you, Vicki. Good afternoon, everybody. By way of introduction, for anyone less familiar with IHG Hotels and Resorts, we are a leading global hospitality company with over 6,200 hotels in our system. That equates to 930,000 open rooms across more than 100 countries, and we have a further 1,900 hotels, or nearly 300,000 rooms signed to the pipeline. That's equivalent to more than 30% growth over the coming years, and over 40% of which are already under construction.

So we have a strong portfolio of 19 brands across our five categories, and those are Luxury and Lifestyle, Premium, Essentials, Suites and Exclusive Partners. Using the industry terminology for chain scales, around two-thirds of our system is focused on the mid-scale and upper mid-scale segments, which includes our global market-leading Holiday Inn Express brand, which has more than 3,000 properties around the world, and one-third is across the upscale, upper-upscale and luxury chain scales, which includes the InterContinental brand, the world's first and largest international luxury brand.

Of our five categories, when we look at the category of Luxury and Lifestyle, those six brands represent 14% of our estate today; but, importantly, it's 22% of our pipeline, so around twice the size from five years ago. Our model is asset-light and predominantly franchised, with 70% of our system being franchised, 28% being managed and 2% Exclusive Partners, and less than 1% being asset-heavy, owned or leased.

We are geographically diverse, with 56% of the current system in the Americas, 26% in EMEAA, and 18% in Greater China. And for the pipeline, broadly speaking, it is closer to being an equal three-way split across those three regions.

As one of the three global market leaders but in a fragmented market, we have over 4% share of global supply but 2.5 times that, which is 11%, share of the global industry pipeline. This puts us in a very strong position to continue increasing our scale and capturing market share. We have built a high barrier to entry global business that's very difficult to replicate through the investments we have made over many decades to grow our scale, strengthen our enterprise platform, and deliver a high-margin, high-earnings growth business.

So IHG is a model with high quality fee streams, low capital requirements to expand our system of hotels around the world, proven resilience characteristics, and we are well-positioned for future growth underpinned by strong industry fundamentals and our strategic priorities.

Coming on to briefly highlight our progress in the third quarter of 2023, we saw strong trading with Q3 RevPAR up 10.5% year-on-year and 12.8% ahead of pre-pandemic levels of 2019. And for Q3 year-to-date, RevPAR is up 18.9% year-on-year and up 10.2% versus 2019. And on net unit growth, we grew 4.7% year-on-year and 2% year-to-date. In the first three quarters of this year, we opened 25% more rooms and signed 16% more rooms year-on-year, leading to 5% growth in our pipeline.

And Vicki, just as a reminder on profitability and cash flow dynamics, going back to the half-year stage, our fee margin improved by 3.3 percentage points to 58.8%, and our EBIT for the first half of the full year was up -- for the first half of the year was up 27% while

adjusted EPS grew by 50% on last year. Now, consensus expectations for the full year have moved up recently to be now at a little over \$1 billion, so 2023 will be the first year of exceeding the \$865 million of EBIT delivered in 2019 and, by some considerable distance, an EPS consensus over of over 370¢ this year would represent more than 20% ahead of where we were pre-COVID.

And on cash flow, our highly cash-generative business model continues to fund growth investment and is returning \$1 billion to shareholders through ordinary dividends and share buybacks in 2023 equivalent to around 8% of our market cap. Now, I'm sure Vicki will want to come back on some of these points, and now that we're fully ahead of pre-COVID levels, what our growth outlook is. And so, with that, let me sit down and turn it over to you, Vicki.

Vicki Stern: Thank you for that. I will want to come back, indeed, on some of those. I want to start to sort of get straight stuck in on RevPAR. So obviously, IHG doesn't guide on RevPAR one year forwards. Your U.S. peers have commented, and they seem to be indicating low to mid-single digit growth for next year. Just curious to get your perspectives, the lay of the land as you see things today, perhaps some geographical color, business, leisure, et cetera, and broadly if you think that's the right sort of ballpark to have in mind for next year,

Elie Maalouf: I think, first, let's step back a moment and look at the underlying drivers of travel demand and hospitality demand, which is the middle class growth, GDP growth around the world. And those have just been unaltered, interrupted during the pandemic, but have recovered very quickly, and they're unaltered. And that's reason why we've seen travel return strongly and continued.

Now, if you go more specifically to prognostications for next year, in the United States, STR (Smith Travel Research) is predicting I think 4%, a little more than 4% for next year RevPAR, a little more than 3% for 2025. What would underpin that? First, you have low unemployment, actually not just in the United States but in Europe and in China. You have inflation that's moderating, which means that wage growth, which has been coming, but now wage growth is becoming real versus barely keeping up with inflation.

You have interest rates moderating. You have financial markets generally strong, especially in the U.S. Home prices I read today just hit another record in the United States. Home sales aren't high, but home prices are high. So I think the general state of the consumer and of corporations is pretty good. Most corporations are exceeding expectations in their performance and their results.

So you've got corporates in pretty good shape, consumer in pretty good shape. Those are usually good underpinnings for demand growth. And with supply being still constrained somewhat in the United States and also in Europe, that is also another underpin for RevPAR growth.

Vicki Stern: And as you look around the world today, obviously there are sort of patches where things can be slightly more uncertain. Are you seeing any pockets of difficulty from a booking standpoint? I'm obviously thinking about the Middle East, which some of your peers have commented on already. Anything that's sort of troubling you around the world?

Elie Maalouf: Well, I mean, obviously we're extremely distressed and sad to see what's happening in the Middle East. We hope that there's an immediate and constant end to the hostilities. And our first objective is the safety of our guests and of our colleagues in the region. From a business point of view, we have five hotels in Israel, so a very small

percentage of our business. The greater Middle East is maybe 5% of our system, but most of that is in Kingdom of Saudi Arabia and in the Emirates. So again, further away from conflict in a pretty resilient area, not seeing anything that on our group-wide is structural at this point.

But at the same time, I mean, if you pull back; unfortunately, being a global company in over 100 countries in all regions of the world, there is unfortunately always something that is happening around the world, either a natural disaster or a conflict. You know, last year was Ukraine. This year, the Middle East. There are unfortunate natural disasters that happened that are distressing. But we're broadly distributed enough where these events tend to even out for us.

Vicki Stern: And so, just kind of going on from that, in some of the key cities in Europe, I guess, but there's also been heightened activity around protests which are a little bit more significant for you, I guess, with some of the parts of the Middle East. Again, any sort of softness in in recent weeks to (inaudible)?

Elie Maalouf: I mean, we're not seeing any correlation between the social activity, political activity you're seeing in some European cities to our business at this point.

Vicki Stern: OK, great. I think this is probably quite an important time of year for you in terms of corporate negotiated rates. So since we have you live, anything to sort of give us a flavor on in terms of what they're looking like for next year?

Elie Maalouf: Well, I mean, if you go back during the pandemic, we, say, paused corporate negotiated rate increases. We were happy to just to keep things year-on-year flat, although the demand was pretty low, as you know. The demand has resumed from a corporate point of view, from a group point of view very well since then. This year was the first year where we benefited from the corporate negotiated rates that we put in place at the end of 2022. That was low double-digit increase, and we'd be looking for something similar next year.

Vicki Stern: OK. Wanted to turn to China. I think, back at the time of H1, you were understandably quite cautious in terms of the outlook for China. And actually Q3 turned out to be pretty good, albeit it looks like the industry data softened a little bit recently. But just as you see things obviously are very domestic skewed in China, but the outlook there, as you see it?

Elie Maalouf: Well, we take a long-term outlook, not just a short-term outlook, and we've been through the worst, of course, with the pandemic over there. But we've been in China over 40 years. I think greater China, including Hong Kong, 48 years. And so it's been a very successful business. We have probably nearly 700 hotels open by the end of this year. We have another 500 on development. Our pipelines continue to grow now, post-pandemic. Signings and openings continue to grow, and we've seen travel resume very well. By Q3, we were ahead of 2019, as you said, kind of surprised us, and that momentum is continuing.

So I think that, if you look at long-term, there are some constraints and issues in the residential real estate sector in China which are well-publicized and well-covered. But travel is really disaggregated from that. It's a domestic economy. Unemployment is low. The economy continues to grow, albeit not at the same rates as before, but continues to grow. And travel is a favored activity of not just the Chinese consumer but of the government, which has it as one of its five pillars.

I think the underpinnings for China, as a strategy for growth in China, are two. First, the rooms penetration in China per capita is one-eighth of what it is in the U.S. So as China continues to industrialize, as middle class continues to grow, as incomes continue to grow, you're going to see that penetration increase. When I joined the company nine years ago, it was one-tenth, so it's more than doubled since. It's going to continue to double, mostly in the domestic economy.

The second thing is GDP per capita is still only 27%, 28% of what it is in the U.S., so that GDP per capita can continue to grow. And we know, as the affluence, as the middle class expands, as affluence expands, people travel for business and travel for leisure. And that's exactly what we're seeing right now post-pandemic.

Vicki Stern: OK. And so sort of related to that, because it's obviously quite a key feature in terms of unit growth, I think you're targeting sort of close to 4% for this year. Your sort of level of confidence in achieving that, I think that obviously does require quite a way to go in terms of signings, but we'll come on to future years in a moment. But sort of just how you're feeling about the targets for this year.

Elie Maalouf: Yes. That what we're aiming for, and it requires of course a big quarter of openings in Q4, but that's always been our biggest opening quarter. And so it's not really out of the ordinary from previous performance. It's just kind of a trend in the industry, certainly a trend in our company. We open the most hotels in the fourth quarter, and I think we're going to have a strong quarter of openings in Q4.

Vicki Stern: Great. And again, I know you don't guide to net unit growth one year forward. I think consensus has something like 4% assumed for you next year. Obviously, this year you've had the help of Iberostar, but I think you talked about potentially some other deals like that. But how are you feeling about that sort of consensus level of 4%?

Elie Maalouf: Yes. I mean, there are some important underpins to our confidence in continuing to increase net unit growth. First, more structurally, we have significantly expanded the portfolio, the products we have, the brands we have, conversion brands like Voco, like Vignette, like Garner, Luxury and Lifestyle brands like Regent, Six Senses, Atwell Suites, Avid Suites and mainstream. So we have more products to grow with than we did in 2017, 2018, 2019. So coming out of the pandemic, we have more vectors of growth in our portfolio.

Number two, we've been growing our signings and openings already this year, 16% growth in signings year-over-year through Q3, 25% growth in openings despite the fact that, for most of the year, interest rates have been rising and inflation have been an issue. Now we see interest rates moderating, inflation moderating and, against that backdrop, our signings and openings are increasing. We have a broader portfolio. So I think the underpins are there for us to continue at a very competitive level of net unit growth.

Mind you, in 2017, 2018, 2019 with a smaller portfolio of brands, our net system size growth went from 4 to 4.8 to 5.6. I think we have more ways to grow today.

Vicki Stern: And I think one of those ways is obviously Garner, which you've recently launched as the mid-scale conversion brand. And I think just before you'd launched that, you'd indicated there was something like 100 indications of interest. So now that you're actually live, just curious how the momentum is looking and ballpark when you might sort of sign and open that number.

Elie Maalouf: Yes. I mean, we had a lot of early interest. That interest is now converting into real signings and eventually openings. It's many of those initial owners and many other owners that weren't knowledgeable, didn't know about the brand. As they discover more about it, they're very excited about it. It's not only going to have 100 hotels of interest, going to have many hundreds of hotels. So we're confident in reaching the 500 hotels in 10 years that we said when we launched the brand. I think it's the right brand at the right time.

Vicki Stern: You sort of talked there about the business has so many more levers, if you like, than it had a few years back. Obviously, the industry backdrop's been difficult for everybody in terms of opening signings. Your best-in-class of the peers is targeting, I think, 5.5%, 6% unit growth now for next year. What are the key deltas that could get you to that sort of level? What are the main things holding you back today?

Elie Maalouf: Well, look, our stated goal is to be in the leadership in net system size growth. We've been there before when we had fewer brands. when financing conditions were more normal. We weren't recovering from a pandemic at the time. I think this year getting close to four and continuing on that trajectory will keep us in the leadership. And that's, as I said, with a substantially broader portfolio of brands, with a stronger loyalty plan that we launched last year and with, hopefully, and I think visibly improving structure in the market, with interest rates declining, inflation declining, consumer confidence still strong and, let's not forget, demand still strong. We're at RevPAR record rates, group and business travel still recovering. So I think there's confidence in our owners and our investors, and eventually in the lending community, to expand financing for hotels.

So I think if you look back at 2017, 2018, 2019, when it went from four to high fours to 5.6, we have confidence we can continue to grow our net system size growth and be in the leadership.

Vicki Stern: OK. And sort of related to that, I think you've talked more and more recently about how you see your growth algorithm is sort of 10% to 12% of EBIT growth, and obviously the cash generation on top adding a few percent to that. Can you just sort of walk through, for the benefit of the audience, that the building blocks of that 10% to 12%, and I guess if you think that's a relevant view for next year, as well as the medium-term?

Elie Maalouf: We think it's a reliable, consistent, business model that we have, and we take great care to execute it. So we start with the view that, over time, we can achieve 3% to 4% RevPAR growth. And when you think of GDP growth globally being 2% to 3%, hospitality has grown at GDP-plus historically. We think we have grown, and we think we can continue to grow at a GDP-plus-plus because of the strength of our brands, the strength of our enterprise system and our global distribution in the growing markets. And that's what we've done. So 3 to 4% RevPAR growth. We think we can be in the 4% to 5% net system size growth, which we've done before, and I think we're nearing that already. You take those two together, and it gives you high single-digit revenue growth every year.

Now, when you take that high single-digit revenue growth and you add the 100 to 150 basis points of margin expansion, and we delivered over 100 basis points over the last 10 years of margin expansion, quite a bit more in 2023 year-to-date so far, that gets you to low single-digit EBIT growth 10% to 12%. It doesn't stop there, though. We're a highly cash-generative business. Yes, we're targeting a 2.5% to 3% leverage ratio and a 2 to 2.5 coverage of our ordinary dividend. But that leaves quite a bit of cash available every year.

And absent opportunities to invest in the business and to increase our ordinary dividend, that leaves still an amount of cash. Returning that cash through buybacks can then take a 10% to 12% EBIT growth to about a 13% to 15% low double-digit, low teens EPS growth. So that's a growth algorithm. And if you look historically, that's kind of where we've been.

Vicki Stern: And do you think it's relevant as we look into next year? Obviously there's some uncertainties in the world, but are you still reasonably happy with that kind of level?

Elie Maalouf: Realistically, one point of RevPAR plus or minus won't materially change our ability to generate the cash in an asset-light business with a fairly scalable cost model, right? I mean, it just -- if you have something like the pandemic, then yes, of course, that makes a difference. But 1% of RevPAR up or down doesn't fundamentally change the scalability of our business model and the cash production of our business.

Vicki Stern: Great. And sort of changing tack slightly, you've been talking a lot more recently about credit card fees and the opportunity there, which I guess could be maybe additive to that, that algorithm you talked through. So, what is the opportunity as you see it? It's never been a significant portion of the income, but I guess you're going to renegotiate that contract soon. So keen to know what that could bring.

Elie Maalouf: Absolutely. Look, it's a great opportunity for us, and it really is part of the overall strategy. It's not a piece of its own. If you look at what we've been doing in the enterprise, one, expanding the brand portfolio, as we've talked about. We're creating more options for guests, especially in luxury and lifestyle, where you have a higher spending customer that is more attractive to credit card issuers and to retailers and to other travel-related parts of the ecosystem, whether it's airlines, car rentals, et cetera. So we've expanded that portfolio from just Inter-con to six Luxury and Lifestyle brands, with 22% of our pipeline now being Luxury and Lifestyle versus 14% of our open rooms. So that's one part of the strategy.

Then we followed with a relaunch of our IHG One Rewards loyalty plan last year, which has been extremely successful. We've seen room nights grow substantially. We've seen loyalty contribution grow substantially. Now that's engaging more travelers into our plan. And so then that converges with the credit card agreement that we have that expires at the end of 2025 and gives us an opportunity to renegotiate or re-bid that agreement against a backstop of a stronger brand portfolio, a higher spending customer base and a broader customer base, and a stronger loyalty plan.

And just before even we renegotiate the two new credit cards we launched just last year, late last year, have been performing very well this year with 80% growth, an update from customer and double digit spending increases from the customer per card. So that really creates the conditions for us to capitalize on the credit card growth, which today, by way of facts, we have \$100 million of revenue that comes in from total credit card business. Two-thirds of it goes to the system fund, about a third goes to the P&L. Now, that used to be 100% to the system fund in 2020, and today it's a third to the P&L. That could change. We're not saying it will, but it could at some point. But more broadly, the whole pie is going to grow. The whole pie is going to grow after we negotiate, as our credit card spend per card grows, as our customer base grows, as our loyalty plan grows.

To give you an indicator. two of our leading competitors are probably earning 10X-plus on the P&L, that one-third, that \$33 million or so that we're taking, and that's at a basically 100% flow-through and fees. So yes, we think it's a big opportunity for us and for our shareholders.

Vicki Stern: Great. Just turning to sort of broader points around the industry. So obviously, there's talks at the moment between Choice and Wyndham. I'm not asking you to comment on your views on that. But should that deal go ahead, and conscious of the fact that you've obviously just launched a mid-scale conversion brand, how would you see that playing through for you in terms of changing the backdrop of the industry and the landscape for you?

Elie Maalouf: I mean, we announced Garner before there was any of this M&A activity out there. And we believed it was a very strong proposition for guests who are looking for a more consistent stay, higher quality stay, still an affordable one but with a stronger loyalty plan, a stronger brand family where they had the surety and the sense of value they get from IHG Hotels and Resorts.

And we also thought it was a strong proposition for owners who could participate in a strong system that delivers high quality, low cost of distribution revenue from major corporations, major groups, a 50%-plus room nights from our loyalty plan, et cetera, things that come from our strong enterprise system, a strong sales force connected to all the major corporations in the world, et cetera.

And we had interest from owners saying we already have a Holiday Express in this market. You already have an Avid. You already have a Candlewood Suites. I'd like to be part of your mainstream family without really changing much in my hotel. But I have a high-quality property. Is there a way to do this? So we got inspiration from that and, after a long deliberation, we launched Garner Hotels, which has attracted a lot of interest, as I mentioned earlier. I think this recent market activity, M&A activity, only reinforces that thesis. And let me just leave it there.

Vicki Stern: Fair enough. So this doesn't seem to be the narrative right now, and hopefully it won't play through. But if we were to come into any sort of severe recession, what sort of costs potentially -- is there much cost in the organization that you think you could take out? I'm conscious of the fact that we've only just sort of come out the other side of COVID, and there was a lot of costs that came out. Are there things that could be done?

Elie Maalouf: Well, first, I mean, we've been waiting for not even a severe recession, just a recession in the United States, and I think a depression in Europe this year. Neither have occurred, thankfully, fortunately, so not all projections are accurate. Now, I think that the backdrop right now doesn't really lend it well to those kind of projections. But at some point, all industries, and this industry, makes highs and lows. The thing to focus on is that we make higher highs and higher lows. We make higher highs and higher lows. Will things slow down at some point? Maybe, perhaps in some parts of the world. But does this industry make higher highs in terms of RevPAR, in terms of travel, in terms of total revenue? Yes, it does. And you go back 80 years, that's what it does. So we're really more focused on the long-term.

But we also have a highly scalable, very efficient business model, which we've proven during times of severe distress, like the pandemic or the GFC from 12, 13 years ago that we can take measures that protect our shareholders, even protect all the way down to we were positive cash flow during the pandemic and did not have to raise either equity or debt. So I think that we've proven that we have that resilience should a severe occurrence happen. But more importantly, we're more confident in the long-term opportunities business that makes higher, highs and higher lows and making investments to capitalize on those.

Vicki Stern: One topic we get asked about a lot for lots of our companies, particularly those that have big U.S. exposure, is the concept of a re-listing over here in the U.S. Curious to what extent that's come up with the Board and to what extent that's a real possibility for you.

Elie Maalouf: I mean, first of all, I must say, Vicki, since moving to London, I've been having a great time there. It's a great city. It's a lot of fun. It's actually a very good place to run a global company from just in terms of time zone, in terms of accessibility, air travel to anywhere around the world, and it's a truly global city. So, I'm enjoying my time. I don't want anybody to get a different impression despite the fact I'm an American citizen. My wife likes it, too.

Second, look, we are a global company first, and we have a very strong footprint in the U.S. We've said before, and we'll say again, that our Board is always looking for the sustainable ways to grow shareholder value. We recognize that the U.S. market has deep liquidity and that a large part of our business is here, too. But we also recognize that executing our strategy is the most valuable part for our shareholders. And that's what really I'm focused on today. So we'll continue to evaluate opportunities like that and structures like that. But it's not my top priority right now.

Vicki Stern: OK. Pleased to hear the rain hasn't put you off just yet. You sort of touched on this a little bit when you were walking through the algorithm, but just sort of to check, share buybacks, you didn't announce one, obviously, with Q3, but you made it pretty clear at that time that we should be conscious of the model very much. That's a part of the algorithm, going forward. But from an M&A standpoint, is there anything else out there that could deviate? It doesn't feel like you're sort of particularly leaving it on M&A at the moment, but anything that could tempt you?

Elie Maalouf: I think we've been clear. And for those who are new to our conversations, I'll go through our capital allocation strategy. I'm sure you've heard 100 times, but it may be the first time for some. We have a highly cash-generative model and, from that cash, our priorities in order of priority are, first, to invest in business. That could be launching new brands. That could be investing in enterprise systems. That could be M&A, which we've done before, if we find the right long-term shareholder value growth-accretive opportunity.

Number two is to sustain and increase our ordinary dividend. Number three is to return capital to shareholders. Previously, it was through special dividends. Now, it's much more in share buybacks. So that is the capital allocation priority, which does not exclude M&A should the right opportunity come from. But we're confident that our organic strategy does not need M&A, can benefit from it should the right opportunity occur. So I think that I would focus on the fact that we have high potential to generate free cash flow in the magnitudes that we have been generating and returning. And we would use it differently if we found an even better opportunity to grow shareholder value.

Vicki Stern: You talked earlier about the sort of margin growth in the algorithm, 100 to 150 bps pretty consistently. I think that the U.S. margins, which grew a lot last year, have sort of grown a little bit less recently as there's been a bit of reinvestment going back into the U.S. But just are there sort of pockets anywhere across the business where you see any need for greater investment, or we should really think about scalable 100, 150 as margin growth?

Elie Maalouf: Look, we're always investing in the business. I think in 2023 it wasn't a question of necessarily reinvesting in the business because we had under-invested. It was

more a function of 2022, surprised, I think, everybody in the industry in terms of how quickly the business returned, how quickly revenue returned, travel returned, business, group, leisure and just some of the spending didn't happen in time. Some of the hiring didn't happen in time as we were all ramping back up from the pandemic where we had taken deep measures. I think you saw that not just at IHG but across the industry. So it wasn't sort of catching up on our being under-invested. It was just the fact, on a good way, that revenue grew much more quickly than anybody had anticipated, which is a good thing.

We are always investing in the business, Vicki, whether it's to make sure that our China business continues the high growth that it has and doubles and doubles again, whether we capture the opportunity of Southeast Asia, whether that's India, Vietnam, Indonesia, Philippines, Malaysia, Singapore, whether we continue to grow in the Middle East, which, despite the current sad conflict, still is a great opportunity for growth, especially in Saudi Arabia and the United Arab Emirates, and whether we continue to invest in our business in the U.S.

We're always finding ways to invest. I mean, one thing that we've spoken about and we're rolling out right now is a brand new revenue management system, industry-leading. As we were industry-leading with the global reservation system in the cloud several years ago, we're now industry-leading with a new cloud-based AI-powered revenue management system that we just finished piloting. We're going to roll out in 2024. We think it's going to give our owners and our colleagues a way to much more forensically and accurately and profitably price rooms and capture high-value demand.

So we're always doing that investment. I think 100 to 150 basis points is what someone could project over the long-term.

Vicki Stern: Great. I'll pause there just to open up and see if there's any questions from the audience at all. And if not--.

Elie Maalouf: Are they too busy enjoying lunch?

Vicki Stern: They should all be finished. I just want to sort of ask then around the sort of quality and health of the pipeline. I don't think your attrition rates actually changed too much during COVID. I think you used to have sort of 8% of the pipeline that didn't open, and maybe it went up to 10%, but nothing significant. When you look at the pipeline, is there a portion of that pipeline that you think is sort of -- did you forensically clean it and sort of check that it's still alive? Is there a portion that's less obvious?

Elie Maalouf: It's a constant process. We're always, every year, every quarter, we're going through the pipeline globally, not just in some regions. We're always going through the pipeline to see which deals are moving forward, which deals are not. And so that's why you've seen that there has not been a severe sort of up and down in our pipeline attrition because it's a constant process we had clearly during the pandemic. There were some historical reasons why we would have taken a different view and you saw a couple point up uptick, but it's back down to normal.

So you see that the proportion under construction in our pipeline remains healthy and steady at 40%, which means that, even as our pipeline is growing and grew 5% year-to-date through Q3, our construction starts are growing, too. So the health of the pipeline continues to be in the same condition, but it's not accidental. It's because we're always looking at which deals are not likely anymore and making sure that we have a healthy and fresh pipeline.

Vicki Stern: The last one's around the sort of exit rate. Obviously, you did the sort of cleanup of the portfolio during COVID, and now the guidance is very much the sort of 1.5% level of exit. Is there anything sort of -- I mean, I suppose we were taken a little bit by surprise when that happened in the first place during COVID. Is there anything else out there that is potentially going to increase that exits rate? Or you think 1.5% is now the right level for the business?

Elie Maalouf: Well, when you took out Holiday Inn and Crowne Plaza at the time, the exit rate for the remaining portfolio was 1.5%. So it isn't as if it was an average with a very wide distribution. It was 1.5%. Holiday Inn and Crowne Plaza had some specific issues with shorter-term contracts done a long time ago that did not have reinvestment requirements in it. So it was something that we have changed, that I have changed since I joined the company nine years ago. We have now longer agreements but reinvestment agreement, reinvestment commitments every seven and 14 years into the properties.

So we had to take a forensic look at them, and I think what we did was right for the health of the Holiday Inn and Crowne Plaza, which are now growing again in a better condition, and we're growing again in a better condition. But there's no read across to the rest of our brands, which I would say the rest -- I mean, all of our brands are in very healthy shape. If you look, not one of our brands is less than 20% pipeline to open. Even Holiday Inn, which you say is our -- brand's been around the longest, 80 years, 20% pipeline to open. Crowne Plaza, 20% pipeline to open.

Inter-con, we talked about having nearly 100 hotels under development against the 215 that are open. No luxury brand in the world comes close to that pipeline today. It shows you how relevant that brand is. All of our new brands have pipelines are 2X, 3X, 4X their open distribution. Indigo is going to double in the next three years based on the 120 hotels or plus that it has in the pipeline.

So this is a portfolio that has strong growth characteristics within each brand. So the 30% that we have in total pipeline to open is pretty well-distributed across the whole portfolio.

Vicki Stern: Great. I think it's flashing zeros at me, so we're -- time's up. Any closing remarks before we left?

Elie Maalouf: Well, thank you for taking time to join us today. I hope this was helpful in learning more about IHG Hotels and Resorts.

Vicki Stern: Great. Thank you, everyone.