

STUART FORD

Hello and welcome to IHG's update on strategic priorities.

I'm Stuart Ford, Head of Investor Relations at IHG Hotels & Resorts, and very shortly I will be passing over to Elie Maalouf, our Chief Executive Officer, to start the formal presentations of today's event.

Before we proceed, I am obliged to remind all viewers that the company may make certain forward-looking statements as defined under US law. Please refer to IHG's 2023 full year results announcement and the company's SEC filings for factors that could lead actual results to differ materially from those expressed in, or implied by, any such forward-looking statements.

That results announcement, issued at 7am London Time today, Tuesday 20th February 2024, contains all material background information to IHG's update on strategic priorities. That results release, together with the usual supplementary data pack, as well as the presentation slides accompanying this webcast, can all be downloaded from the 'results and presentations' section under the investors tab on IHGplc.com.

For those analysts or institutional investors who are listening via the webcast, may I remind you that..., in order to ask questions..., you will need to dial in using the details on page 2 of the results release. This webcast is therefore listen-only. Once the formal presentations have concluded, there will be a short break before we open up the phone lines for Q&A, and we will remind you once again at that time that you will need to dial in over the phone to ask questions.

Many thanks.

ELIE MAALOUF

Thanks Stuart. Good morning, good afternoon, and good evening everyone. I'm Elie Maalouf, Chief Executive Officer of IHG Hotels & Resorts. Thank you for joining us for IHG's update on strategic priorities.

I will kick things off in a moment by sharing thoughts on the industry. We will then demonstrate the strength of IHG's business model and how it compounds growth and creates sustainable shareholder value, underpinned by a clear purpose, ambition and strategic priorities. And we will dive deeper into the evolution of our strategic pillars and the progress we are making on each of them.

The leaders of our three regions are also with us today to offer a view on our business in their parts of the world, after which we will cover our further fee and margin potential, strong cash generation and approach to capital allocation, before taking your questions.

What we would like you to take away from this event is our confidence in the strength of our track record and business model, and how our evolved strategic priorities and development initiatives will drive our growth algorithm and strong shareholder returns from here – namely growth in Adjusted EPS of 12 to 15 percent annually on average over the medium to long term.

We will provide you with a deeper understanding of the strength and opportunities we have to further develop our brand portfolio and leading enterprise platform, and how those come together in a highly scalable, efficient model that delivers top line growth, expanding margins and excellent cash generation. A model that allows us to consistently invest in the business to drive growth, alongside sustainably growing the dividend and returning surplus capital, which is all part of how we see IHG driving optimum shareholder value. I will also outline the new areas of emphasis for our strategic priorities and how these will further strengthen the performance of our business model.

We expect to present for around 90 minutes, after which we will have a short break and the lines will open for Q&A.

I'm very grateful to have a talented and highly experienced leadership team. Today, I am joined by our CFO, Michael Glover, and our regional leaders Jolyon Bulley from our Americas region, Kenneth Macpherson from Europe, Middle East, Asia and Africa, and Daniel Aylmer from Greater China.

To start then, a reminder of some of the background to our industry. We operate in an extremely attractive industry, benefiting from long-term secular growth drivers of expanding GDP, growing populations, and rising middle class and wealth. These drive business and commerce, and people's inherent desire to travel and physically interact. We are confident in these long-term structural growth drivers and the long-term trajectory of this industry. These drivers have led the industry's global revenue CAGR to consistently outpace global economic growth over the long-term. And, in the near term, employment, consumer savings and business activity all remain supportive of continued demand strength. This attractive demand also supports hotel supply growth and healthy asset returns for hotel investors.

Leading global hotel brand businesses, like IHG, continue their long-term trend of taking market share of both demand and supply. The three leading global hotel companies have 17 percent of global open room supply, but 45 percent of the active pipeline. Within that, IHG has 4 percent of open rooms, but we have 2.5 times that, or over 10 percent, of the pipeline. This puts us in a strong position to continue increasing our scale and capturing market share. This long-term trend of industry growth is expected to continue. Oxford Economics forecasts that hotel room nights over the next decade will grow at a 4 percent CAGR globally, with demand for room nights in our two largest markets, the US and China, expected to compound at 2.7 and 4.2 percent, respectively.

On top of the growth in room nights, we expect the industry to benefit from increases in room rates too, which have historically grown ahead of inflation. The combination of these two things drive RevPAR growth.

If we turn to broader travel and tourism spending, Oxford Economics expects it to grow at an 8 percent CAGR globally over the next 10 years, with the US over 5 percent, and China over 13 percent.

Moving on to start looking at IHG. We have built a strong business model that is hard to replicate and gives us a sustainable competitive advantage. Our well-invested portfolio of 19 brands forms a powerful network of almost 950,000 rooms across more than 6,300 hotels. We have a high-value geographic reach across more than 100 countries, and a full range of segment diversification from midscale to upper luxury. Our pipeline of nearly 300,000 rooms across more than 2,000 hotels represents secured multi-year high-value growth of over 30 percent of today's system size.

We have a well proven ability to successfully drive long-term growth in both demand and supply, with RevPAR and net system size CAGRs over the prior decade growing around 4 percent and 3 percent, respectively. IHG is highly cash generative through the cycle, which supports our capital allocation strategy, and has driven substantial shareholder value. Critically, we have built a high barrier-to-entry global business, 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.

Our attractive markets and strong business model have delivered our compelling track record. We've been successful capturing industry growth. In the decade through to 2019, we delivered RevPAR at a compound annual growth rate of 3.9 percent and net system size growth that averaged 3.2 percent a year. And our asset light model has also delivered fee margin expansion averaging 130 basis points a year, contributing to earnings growth at a CAGR of more than 11 percent. We have delivered over 100 percent cash conversion, which has made our capital allocation approach a success – allowing us to return over 15 billion dollars to shareholders over the last 20 years through ordinary dividends and additional returns.

And over the past two years alone, we have returned 1.7 billion dollars to shareholders through the combination of dividends and share buybacks, which have repurchased 5 to 6 percent of shares in each of 2022 and 2023. And we announced today that we expect to return over one billion dollars in 2024 through dividends and share buybacks.

We are confident that our business has the potential to deliver substantially more, and that we will reach this potential. Our growth algorithm, which underpins our investment case, will help you visualise our expectations for the business. We expect to deliver high single digit fee revenue growth, through a combination of compounding RevPAR growth and net system size growth. We have a proven history of driving strong margin accretion. Through revenue growth and cost base efficiency, we expect our operational leverage to drive fee margin expansion of between 100 and 150 basis points per year, leading to EBIT growth of approximately 10 percent. This is before any additional margin opportunities, which Michael will touch on later. We expect to maintain our strong record of converting 100 percent of adjusted earnings into free cash flow, which will support our three capital allocation priorities.

This strong revenue growth, margin expansion, and resulting EBIT growth, plus our expectation for regular share buyback programmes, is expected to deliver compound growth in adjusted EPS annually on average over the medium to long term of 12 to 15 percent. How we deliver that growth algorithm is all underpinned by our clear purpose, ambition and strategic pillars, which we have evolved to further strengthen our ability to drive the growth levels we anticipate.

We are in a dynamic industry and therefore our strategy needs to be dynamic too. The changes to our strategy build on the investments we have made to transform our business in recent years. We have expanded our portfolio and significantly strengthened our enterprise, including a refreshed masterbrand, the relaunch of IHG One Rewards, and our advanced technology and commercial engine. We also embarked on our Journey to Tomorrow to invest in our people, bring positive change in our communities, and deliver reductions in energy use and carbon emissions. IHG's purpose, to provide True Hospitality for Good, remains at the heart of our brands and culture, and is therefore unchanged. We bring opportunity and prosperity to communities across the world as a force for good, creating value and wealth that supports and stays in those communities.

Our ambition has been simplified to focus on what is central to accelerating growth – being the hotel company of choice for guests and for owners. And we have evolved the pillars that guide the execution of our strategy. Relentless Focus on Growth brings a targeted approach to expanding our brands in high-value and high-growth markets. We are very intentional about our focus on growth and its importance. Brands Guests and Owners Love defines our explicit intention to deliver for both groups, every time. This precision and simplicity places the success and perception of our brands at the forefront of what we do. Leading Commercial Engine emphasises the importance of investing in the technology and tools that deliver commercial success and make the biggest difference to guests, owners and our hotel teams. It is focused on driving high-value, low-cost revenue to our hotels through superior data and insights that lead to strong owner ROI. And our fourth pillar of Care for our People, Communities and Planet is timeless, and underpins our 2030 Journey to Tomorrow targets.

So, we are building upon a very solid foundation and strong track record. To realise the full potential from our evolved strategy and its four pillars, since taking over I have identified the following areas of increased emphasis. First, a determined approach to realising the full growth potential of each of our brands, which is vast for both our established and new brands. Second, going further into more markets with our portfolio and enterprise to capture high growth and high value opportunities from the secular trends of our industry. Third, a strong focus on valuable ancillaries like credit card and branded residences to capture growing and high margin revenues. Fourth, a deep owner value and returns mindset across our full enterprise. And fifth, a clear and updated surplus capital return philosophy within our stated capital allocation policy. You will see these new areas of emphasis instilled throughout our presentation today.

So now, let's turn to the progress we're making on our four strategic pillars.

First – our relentless focus on growth. We have over 6,300 hotels with nearly 950,000 rooms across more than 100 countries. And we have a further 2,000 hotels or nearly 300,000 rooms signed in the pipeline – equivalent to 31 percent growth over the coming years, and over 40 percent of which are under construction. The snapshot of the system size and pipeline you see here follows the great progress made in 2023. We opened 275 hotels last year, or 16 percent more rooms than the year before when adjusting for Iberostar, and we signed an outstanding 556 hotels into the pipeline, which was 26 percent more than the year before.

Our asset light model is predominantly franchised, with 70 percent of our system being franchised, 28 percent managed, 2 percent exclusive partners, and less than 1 percent asset-heavy owned or leased. We are also geographically diverse, with 55 percent of the current system in the Americas, 26 percent in EMEAA, and 19 percent in Greater China. We see growth coming from both franchised and managed contracts. Franchised growth will come particularly from the Essentials and Suites categories, as well as markets like China that are developing further towards this model over time. And managed contract growth will come in particular from Premium and Luxury & Lifestyle categories. So, we see growth from both types of contracts coming from all three of our regions.

Our three regions have considerable scale and more importantly, significant growth potential. In fact, we had between 25,000 and 28,000 rooms signed in each of our regions last year. The Americas, which has 520,000 rooms across 4,400 hotels, has a further 21 percent rooms growth secured in its pipeline today. That's over 100,000 additional rooms in the pipeline across more than a thousand hotels, taking the total system plus pipeline to close to 630,000 rooms. EMEAA has a further 33 percent growth in the pipeline, meaning a system plus pipeline of 330,000 rooms. While

Greater China has an impressive 59 percent growth secured in the pipeline, taking its total system plus pipeline to 285,000 rooms.

We have strengthened and diversified our brand portfolio by adding nine brands since 2015, from midscale to upper luxury, through a combination of organic launches, acquisitions and commercial partnerships across our five brand categories of Luxury & Lifestyle, Premium, Essentials, Suites, and Exclusive Partners. We are disciplined with the expansion of our portfolio, adding brands that are at the intersection of guest and owner demand to address clear long term consumer trends and capitalise on growth opportunities. We have filled brand white spaces, and we continue to assess potential opportunities that are at that intersection and are a good fit with our industry-leading portfolio.

We have also continued to refresh our existing brands through the development of new formats and updated designs and service standards. We have a balanced brand portfolio mix. Our Essentials and Suites categories consist of midscale, upper midscale, and extended stay brands. These are around two-thirds of our system size and have always been – and remain – a core growth engine, representing close to 60 percent of our pipeline. The investments we have made in Luxury & Lifestyle and Premium are now coming through in our rooms mix. Luxury & Lifestyle is 14 percent of our system, but 22 percent of our pipeline. Meanwhile, our Premium brands represent 15 percent of our system, but 19 percent of our pipeline.

I noted earlier that we are growing across each of our three regions. We are similarly seeing growth across each of our brand categories. Our largest, Essentials, which comprises Holiday Inn Express, Holiday Inn, avid, and our newest brand, Garner, has a further 24 percent growth in the pipeline on its large base of close to 560,000 rooms across more than 4,400 hotels. We signed more than 30,000 rooms and opened close to 20,000 in 2023 across our Essentials brands, with these including our powerhouse Holiday Inn brand family, which continues to scale further. Each of Luxury & Lifestyle, Premium, and Suites categories have between 40 to 50 percent growth secured in their respective pipelines, and if we drop down a level, you will note the robust growth potential of each of our individual brands.

Each of our brands has over 20 percent growth in its pipeline today, including established brands such as Holiday Inn and Crowne Plaza with 21 and 29 percent growth, respectively. As too does Holiday Inn Express, the world's largest hotel brand, with another 23 percent growth in its pipeline, which would take it to an incredible 3,800 properties. We are highly confident in the future growth of each of our regions, each of our brand categories, and each of our individual brands. We will explore these in more detail as we go along in today's presentation.

You may be asking, how much could all this future growth in the pipeline be worth? Well, just the nearly 300,000 rooms in the pipeline, if open today, would have an estimated annual fee revenue of half a billion dollars, after taking into consideration the geographic and brand mix of the pipeline. This means roughly 30 percent growth in fee income before accounting for other potential sources of further revenue growth. And to deliver this half a billion dollars of additional annual fee revenue requires very limited capital committed by IHG.

What are those other sources of fee growth on top of that? Well, as those 2,000 hotels open, RevPAR will have continued to grow, which brings in more fees. And as we add hotels to our system, we will also add fees not just on the rooms revenue, but also on the F&B and other services that hotels provide in the case of managed hotels. This embedded fee potential of course also does not

take into account further signings and pipeline growth – this is particularly relevant with conversions being a higher proportion of our growth currently. Many conversion deals are in-the-year-for-the-year and so they aren't even in the pipeline at the start of a year but can be in the system and adding fees in many cases in just a matter of months. Remember that we are showing here the fee income from the 2,000 hotels already in the pipeline. In 2023 alone, we signed 556 hotels into that pipeline. Finally, this embedded fee potential also doesn't include other ancillary fee streams – a substantial growth opportunity for IHG.

Our established brands continue to drive strong signings today, with 57,000 rooms representing 73 percent of the rooms signed in 2023. Meanwhile our nine newer brands, added to the portfolio since 2015, are accelerating in growth. Most are still early in their growth cycle, and collectively represent 7 percent of the system today but 17 percent of the pipeline. The new brands accounted for 27 percent of signings and 30 percent of openings last year, which is very clear evidence of their strong trajectory. Less than 10 years ago, IHG had only two Luxury & Lifestyle brands, InterContinental – the world's first and largest luxury hotel brand, and Hotel Indigo – a lifestyle boutique brand. We have developed an industry-leading Luxury & Lifestyle collection by expanding the portfolio with the acquisitions of Kimpton, Regent, and Six Senses, and the launch of Vignette Collection. Our Luxury & Lifestyle collection is among the top in the industry by number of rooms and hotels, and continues to drive high-value growth at an impressive pace. These combined brands accounted for 23 percent of our signings in the year. Luxury & Lifestyle is 14 percent of our system today but 22 percent of our pipeline, demonstrating the clear expansion of our estate mix to higher chain scales, with higher fees per key. Our Luxury & lifestyle collection has a further 50 percent growth already secured in the pipeline, taking the total number of open and pipeline rooms to over 190,000 across more than 860 hotels. And we are still in the initial stages of reaching the full growth potential of this exceptional collection of brands. Importantly, we strongly believe that our six brands define the Luxury & Lifestyle of the future, not that of the past.

Let's now touch on the progress of some of our newest brands, starting with Garner. We launched Garner, a new best-in-class midscale conversion brand in the US last year. The brand has considerable opportunity to build substantial scale. We project Garner to reach an estate of over 500 hotels over the next 10 years and more than 1,000 hotels over the next 20 years, and that's just in the US alone. Garner became franchise-ready in the US in September. By Q4 we had signed our first seven hotels, with the first two properties already opened in December and a third in January, demonstrating the quick signing to opening potential the brand was specifically designed for. We have also taken our first steps towards global expansion with the signing of letters-of-intent for 3 hotels in Japan, a market which has notable potential for a midscale conversion brand like Garner, backed by a powerful enterprise platform. Garner has also launched in Mexico this month, with further markets to follow, initially across key markets in the Americas and EMEA. We are pleased with the progress Garner has made in the first few months since launch and look forward to much more.

Now, you will recall that in 2022, we created an Exclusive Partners category to which we added Iberostar Beachfront Resorts, highlighting the strength of IHG's enterprise platform and the desire of more owners to join our system. The partnership and integration have been progressing to plan. So far, approximately 18,000 rooms across 49 resort and all-inclusive properties have been added to the IHG system in locations across the Americas, Southern Europe and North Africa. The properties are live across all IHG channels and IHG One Rewards members can enjoy full membership benefits,

including the earning and redemption of points. We continue to look at similar opportunities to leverage the scale and the performance of our enterprise platform.

Now moving to our conversion-focused brands in Premium and the Luxury & Lifestyle space. voco was launched in mid-2018, targeting conversion opportunities in the Premium or upscale space. It was initially launched in EMEA but since then has been introduced to both Greater China and the Americas and has achieved truly excellent growth, with almost 30,000 rooms open and in the pipeline across more than 140 hotels. Three years later in 2021, we launched Vignette Collection, our Luxury & Lifestyle conversion brand. The brand followed a similar path, first being introduced in EMEA, followed by Greater China and the Americas. Vignette Collection has now secured over 6,000 rooms across 34 properties globally. This means it is well on track to deliver its ambition of securing more than 100 properties in 10 years, despite launching in the middle of the pandemic. Both voco and Vignette have meaningfully contributed to our ability and success to attract world-class hotel conversions with owners looking to benefit from our leading brand portfolio, powerful enterprise platform and strong loyalty programme. With Garner, voco, and Vignette Collection, we now have three conversion-focused brands across each of our Essentials, Premium, and Luxury & Lifestyle segments.

Conversions continue to rise in importance globally and present an increasing share of system growth. Conversion signings steadily increased from 17 percent of hotels signed in 2017, to 36 percent in 2023. We have developed the brands, enterprise platform and excellent capabilities needed to successfully attract conversion opportunities, and have them open in short time frames, generating more revenue for owners and fee income for IHG. There are in fact some conversion opportunities that are signed and opened within the very same quarter, and therefore don't impact the reported quarterly pipeline figures. And while we have launched conversion-focused brands such as voco, Vignette Collection and Garner, we actually sign conversion deals across most of our portfolio if the brand fit is right and the owner is prepared to invest the capital required. For example, around 45 percent of conversion signings are branded under our Holiday Inn and Holiday Inn Express brands, as shown on the chart on the right. And while we are pleased with the growth in conversion opportunities and our success in securing them, we are even more pleased with the positive trajectory we have seen in new build signings, as shown in the chart on the left. While new build signings are still behind pre-pandemic levels, owner confidence has clearly been improving, with a 33 percent increase in new build hotel signings compared to the 2020 lows.

Moving on to our next strategic pillar – brands guests and owners love. Following the refresh of the IHG Hotels & Resorts masterbrand in 2021, we have continued to strengthen our masterbrand, its bond with our hotel brands, and the IHG One Rewards loyalty programme. We've raised the profile of IHG Hotels & Resorts by executing on a fully integrated investment in media, partnerships and public relations. We are proud to see IHG Hotels & Resorts everywhere, including on television, social media, airports, music festivals, sporting events, and much more. I think you have noticed!

The changes and investments we have made are driving uplifts in perception and engagement. Brand awareness, favourability, and consideration metrics have improved across key markets. For example, in the US brand awareness has improved 4 percentage points, leading to a 3-point improvement in favourability and a 4-point improvement in consideration. The investments we have made behind our masterbrand ultimately help deliver more revenue to our hotels for our owners and more brand affinity among our guests and loyalty members.

We are also driving demand to our hotels by using advanced analytics across marketing campaigns, resulting in a superior marketing ROI. We are applying the powerful combination of data and artificial intelligence to predict guest needs and behaviours, and to target the right guests with the right campaigns and personalised offers. This has brought strong uplifts in room nights booked and in revenue.

We are constantly evolving our brands to make sure they remain relevant in the market, drive high guest satisfaction, and generate superior owner returns. For example, we further reduced the build cost of our Holiday Inn Express prototype by approximately 6 percent by optimising the floor plate to allow for more rooms on the same site. We launched a new modernised prototype for EVEN, with a 9 percent reduction in cost per key through value engineering, programmatic design and efficiencies across furniture, fixtures and equipment. We have revisited each of our Suites brands as well. For Staybridge Suites, we improved the efficiency of the studio room, making it more suitable to flex for the demand mix across both short stay and extended stay guests. While for Candlewood Suites, we developed a more efficient room design and mix, increasing the number of rooms on a smaller building footprint.

We are extremely focused on lowering costs and driving efficiencies for our owners across the lifecycle of a hotel, including cost to build, cost to renovate, cost to open, and cost to operate. Over the past year, we have contracted with logistics partners to deliver more favourable freight rates, contracted lower cost and higher efficiency in-room heat and air conditioning, and delivered hotel procurement savings of up to 30 percent across other goods and services categories. We also had another 300 properties join IHG's F&B purchasing programme, which now has over 4,000 hotels and is delivering typical savings of up to 15 percent.

Now moving on to our next strategic pillar – leading commercial engine. IHG One Rewards is a critical part of why our guests choose to stay with us, and the programme is key to driving performance and growth. It is now almost two years since the biggest transformation and investment in our loyalty programme. We have successfully developed a powerful and engaging programme that has rapidly grown to over 130 million loyalty members. Enrolments in 2023 were up by an exceptional 50 percent on the prior year – a record – and up 24 percent compared to 2019 levels. Reward nights booked were also up by more than 20 percent year-on-year and up 40 percent compared to 2019. For our owners, IHG One Rewards means higher volumes of more engaged and profitable guests to their hotels. Our loyalty members are 10 times more likely to book direct and spend 20 percent more than non-members, and they now represent over 55 percent of all room nights booked.

There is also a strategic synergy between IHG One Rewards and our co-brand credit cards. The investments we have made in both have strengthened these important revenue generating engines and fee streams. Our relaunched US credit cards continue to prove highly attractive to customers. New accounts have increased more than 60 percent year-on-year and more than 80 percent on 2019 levels. We also saw strong double-digit growth in overall cardmember spend both year-on-year and vs 2019. We're very pleased with this improving performance and we have substantial upside potential still to come.

Our enterprise contribution continues to grow and reflects how we add value by supplying higher-value guests at a lower cost of customer acquisition to our hotel owners. The percentage of room revenue booked through IHG-managed channels and sources has reached almost 80 percent, up from 72 percent three years earlier, and is now 3 percentage points ahead of pre-pandemic levels.

Digital channel contribution led this growth. This includes our IHG mobile app and web channels, which have benefited from the investments we have made in recent years, and our strengthened IHG One Rewards programme.

We have made significant investments over recent years to innovate our technology and distribution channels. We kicked things off with the development of an industry-leading Guest Reservation System. This cloud-based technology platform allows us to bring together all our core hotel systems, providing the right mix of technology, data and functionality needed to improve stay experiences and help owners drive revenue and performance. We are now actively developing a best-in-class revenue management capability, which includes the deployment of a new market-leading cloud-based revenue management system. More on this in a moment.

We are also starting work on our next-generation property management system to create greater value for owners – where a single cloud-based view across properties will deploy fast, efficient enhancements at scale to simplify hotel operations and improve the guest experience.

Our industry-leading guest reservation system has allowed us to monetise the unique attributes of each hotel's room inventory. We have deployed room attribute upsell in over 6,000 hotels. This offers guests more choice during the booking process, such as bigger rooms, better views, and now also higher floors, while generating maximum value for owners. The value per upsell night is averaging 40 dollars across our Luxury & Lifestyle estate, and 18 dollars across Essentials and Suites. This same GRS platform and the changes we've implemented to booking flows also allowed the introduction of stay enhancements. These are cross-sell opportunities that drive further incremental revenue per booking for add-ons such as F&B packages, lounge access, recreational experiences and other stay enhancements. The value of these stay enhancements is averaging 90 dollars per booking across our Luxury & Lifestyle estate, and 31 dollars across Essentials and Suites.

We continue to build on the success of room attribute upsell and stay enhancements to increase direct channel contribution, generate more revenue for our hotel owners, and increase fee income for IHG. The innovative IHG mobile app is our fastest growing distribution channel. The mobile app and other mobile channels now account for 58 percent of all digital bookings. The app saw the number of downloads increase 60 percent year-on-year and revenue increase 38 percent.

We are continuously updating the mobile app to improve conversion, revenue and guest experience. There were over 1,000 enhancements and new features in 2023 alone. For example, we introduced wishlists, allowing users to curate their own list of must-visit properties and you can do that do! And as Daniel will describe from his region, we are very adept at tailoring our digital leadership. In Greater China, the updates we have made to the WeChat channel have increased conversion rates and doubled revenue from this important channel. We've also introduced Wi-Fi auto connect, which allows guests to connect to an IHG hotel's Wi-Fi network seamlessly when they step right through the door. This creates exciting opportunities for further developments around guest communication and experience. Finally, we launched multiple Apple widgets so IHG One Rewards Loyalty members, such as Diamond members who use the app 10 times a month, can have key information including details of their next stay or their points progress available at a quick glance.

We are extremely focused on driving high-quality revenue through best-in-class platforms to maximise hotel owner returns. As part of this, our new Revenue Management System is a cloud-based innovation that brings together leading capabilities. Already in pilot, and scaling to more than

4,000 hotels in 2024, this highly sophisticated platform uses best-in-class data science, forecasting tools and artificial intelligence to deliver advanced insights and recommendations to hotels.

And concluding with our fourth strategic pillar – care for our people, communities and the planet. Our Journey to Tomorrow 2030 plan is focused on five critical areas: our people; communities; carbon & energy; waste; and water. And we are making positive progress across all five areas. Our people pillar is all about championing an inclusive culture where everyone can thrive and be their best. Globally, 35 percent of our leaders working at VP level and above are female, as are 52 percent of all employees across the organisation. We were delighted that Forbes recognised IHG as one of the world's top companies for women, and we are proud to be officially certified in the US as a Great Place to Work for parents. 22 percent of our leaders are racially or ethnically diverse and represent 16 nationalities. In fact, IHG has been ranked 2nd out of 850 companies in the Financial Times Europe's Diversity Leaders. Reflecting our continued progress, overall employee engagement in our 2023 survey stood at 87 percent, which once again saw IHG accredited as a Kincentric Global Best Employer, with nine out of 10 employees considering IHG to have an inclusive culture. In communities, we are focused on improving the lives of 30 million people by 2030 through three focus areas – skills training, disaster response and food security. In 2023, 30,000 participants around the world gained valuable employment and life skills through the IHG Academy. IHG supported 15 disaster relief efforts in the year, working with a range of charities and humanitarian aid partners around the world to assist in their critical relief and recovery efforts in areas impacted by wildfires, floods, and other natural disasters. Last year, we again partnered with The Global FoodBanking Network and its charities in nearly 50 countries, and also expanded our work with local food rescue organisations across the globe.

Moving to carbon and energy, which focuses on the reduction of our energy use and carbon emissions in line with climate science. We made progress on decarbonising our existing estate through multiple initiatives, including the integration of energy conservation measures into brand standards, which have the highest energy savings and quickest owner ROI. We also continued to expand the sourcing of renewable energy both at a corporate and hotel level. Over 25 percent of our managed estate in Europe and six of our global offices are now procuring 100% renewable energy. And we've further expanded the availability of a renewable energy solution in an increasing number of states in the US. We have achieved a 3.8 percent reduction in carbon emissions per occupied room from our 2019 baseline and a 1.9 percent absolute reduction. There's clearly much further to go, and for example, this year we expect to launch a low carbon hotel programme, focused primarily on the operational carbon of new build hotels, to further support delivery of our carbon and energy goals.

And finally, responsible procurement. Our sustainable supplier questionnaire is mandatory for all new suppliers, helping us assess their environmental credentials. And our responsible procurement due diligence questionnaire covers the origin of products, helping us better understand our supply chain. Our supplier diversity programme drives impact among diverse supplier groups, including small businesses, ethnic minority-owned businesses and women-owned businesses. This programme had 111 million dollars of spend in 2023.

That concludes the update on our four strategic pillars, which together with our purpose and ambition, underpin the strength of our business model and how we look to compound growth and create sustainable shareholder value. I will now hand you over to our regional leaders, beginning with Americas CEO, Jolyon Bulley, and I will return at the end for final remarks and to take your questions. Thank you.

JOLYON BULLEY

Thank you Elie. I am Jolyon Bulley, the regional CEO of the Americas region. I have been with IHG for 23 years, holding multiple roles across our regions, most recently as CEO of our Greater China for over five years prior to my current appointment in May last year to lead the Americas region.

The Americas region is IHG's largest, representing 55 percent of our global system size. The region has 520 thousand rooms across more than 4,400 hotels in 25 countries and territories. We have a further 109 thousand rooms secured in the pipeline, which is 21 percent growth. We have a mainly franchised estate with only 7 percent of rooms being managed, most of which are in the Luxury & Lifestyle collection of brands.

The United States is our largest market with a little over 85 percent of the rooms in the region, and just under half of all rooms globally. We have a total system size plus pipeline approaching 540 thousand rooms. We signed 22 thousand rooms in the US last year and opened 8 thousand. Mexico and Canada are our second and third largest markets with a combined 10 percent of the region's system size today.

We are confident in the growth drivers of the Americas region. There is considerable opportunity to continue scaling our brands in the core Essentials and Suites categories. Our Luxury & Lifestyle collection of brands has ample opportunity to grow too – and in many ways we are just getting started in this area. And our growth outside of the US is accelerating as a result of investments in our development teams and capabilities. We signed 100 hotels outside the US over the past two years. In 2023, our signings across Canada, Mexico, Latin America and the Caribbean represented nearly 20 percent of all hotel signings in the Americas region and were more than double the signings number from the year before.

From a trading perspective, while the industry has reached a point of RevPAR stabilisation, it is important to note that there are still tailwinds of business travel, group travel, and international inbound travel which will still support RevPAR growth going forward.

Now turning to look at our brand portfolio mix. The Americas region is heavily weighted to the Essentials and Suites categories, which is not surprising given we have leading brands in these chain scales and decades of heritage from expanding the Holiday Inn Brand Family and our extended stay brands Staybridge and Candlewood Suites. And we are not done yet – there's still tremendous growth opportunity for us to add more volume to the estate in these important categories. And at the other end, Luxury & Lifestyle is 9 percent of the region's room count. Clearly, this is a higher fee per key category, and you can see that we are making good progress at building a higher proportion of pipeline in this area.

Now, let me unpack each of these categories a little more for you. Our Essentials and Suites categories consist of midscale, upper midscale, and extended stay brands. These represent close to 85 percent of the Americas system size and have always been – and remain – a core volume growth engine, representing over 80 percent of our pipeline. In recent years you've seen how IHG has evolved our brands in both these segments – and that continues today. We launched three new Essentials and Suites brand including Garner – a midscale conversion brand, avid – a midscale new build brand, and Atwell Suites – an upper midscale extended stay brand. As Elie mentioned earlier, we have also optimised the brand designs and prototypes of the more established brands in this space and continue to do so with owner returns always in mind.

Both our Essentials and Suites categories have significant runway for growth. Despite our scale in both, encompassing over 420 thousand rooms across 4 thousand hotels, none of the brands within these two segments is close to plateauing or reaching saturation point. We are actually just getting started with brands such as Garner, avid, and Atwell Suites – all three of which have huge potential. In fact, our Essentials portfolio has a further 16 percent growth already secured in the pipeline, and our Suites collection has a further 43 percent.

As I mentioned, Luxury & Lifestyle is about 9 percent of the Americas system size currently, but 13 percent of our pipeline. In 2014, as Elie said, in the Americas we only had two Luxury & Lifestyle brands – InterContinental and Hotel Indigo, and between them they had a total system of 28 thousand rooms across 91 hotels in the region. Today, we have a leading Luxury & Lifestyle collection of 6 brands, with a system plus pipeline of 57 thousand rooms across 265 hotels in the Americas. And we are just getting started in the region with Six Senses, Regent, and Vignette Collection which drive very high RevPAR and therefore also high fees for IHG.

Our Essentials and Suites brand categories have an approximate RevPAR of 80-90 dollars, while our current L&L portfolio has a RevPAR of roughly two times that. With the introduction of upper luxury brands such as Six Senses and Regent, and also with the growth in key urban and resort locations of our other established brands, Luxury & Lifestyle RevPAR in the Americas is expected to rise to be more than 3 times that of the Essentials and Suites segments.

We have deliberately invested in Luxury & Lifestyle, both at a group level but also across each of our three regions, and we are extremely focused on capitalising on the sizable growth opportunity in front of us. As IHG's Transformation Lead for Luxury & Lifestyle, I oversaw the transformation we have made in this space.

We have not only expanded the Luxury & Lifestyle brand portfolio but also invested in our capabilities in this lucrative segment by establishing a dedicated Luxury & Lifestyle unit. This integrates the six brands, ensures we have the right resources and talent, and strengthens how we develop, grow and drive performance across this important collection of brands. These dedicated teams – with capabilities across sales, design & architecture, branded residences, talent & culture and marketing & communications – power the development opportunities as well as guest acquisition. We have developed these capabilities concurrently with our portfolio growth. The Luxury & Lifestyle organisation, while laser-focused on the six brands, is fully integrated into IHG, allowing us to leverage the scale and relationships of the wider business. We are confident we have the right capabilities, people, and strategies to help us capitalise on the huge opportunity in front of us.

2023 RevPAR in the Americas was up 7 percent year-over-year. On a versus 2019 basis, RevPAR was up 13 percent, supported by the sustained strength in leisure travel and the continued return of business, groups and international travel. Leisure demand had another strong year, continuing its positive momentum into 2023. It was already 18 percent ahead of 2019 levels in the prior year, and in 2023 Leisure revenue grew another 5 percentage points to be 23 percent ahead of 2019. There was further return of business travel and groups activity. Revenue from business travel improved 8 percentage points and is now ahead of pre-pandemic levels.

While groups travel in 2023 was still 10 percent behind 2019, we are greatly confident in its full rebound. While it is the final segment to recover, we can see from the level of opportunities,

booking volumes, and revenue on the books that groups will move to being well ahead of 2019 levels.

And a further tailwind will come from international inbound travel. Whilst well over 90% of stay occasions in the US are domestic-travel related, the recovery of more international inbound travel will be a further welcome boost. In 2022, international inbound non-US passenger numbers were down 34 percent on 2019 levels, improving in 2023 to down 16 percent, and we expect the remaining gap to close going forward.

The Americas region delivered 815 million dollars of operating profit in 2023, up 7 percent year-over-year. We saw fee margin dip slightly, down 210 basis points to 82.2 percent, as the result of previously signalled cost investment in 2023 to support various growth initiatives such as the launch of the Garner brand. Margins were still substantially ahead of 2019 levels, and sustainably so. At over 80 percent, has fee margin in the Americas peaked? In a word, no, it has not. While further margin accretion is perhaps more limited than in IHG's other two regions, given how high margins already are for the Americas, they have not peaked. There are numerous incremental opportunities to increase margins further. These include RevPAR growth, the continued expansion of our system size spearheaded by our core Essentials and Suites brands, growth of the Luxury & Lifestyle system, and further cost base efficiency and effectiveness. These drivers give us significant confidence in the future profit growth and further margin potential of the Americas region.

Thank you. I will now pass you across to Kenneth Macpherson, for a look at our EMEAA region.

KENNETH MACPHERSON

Thank you, Jolyon. I am Kenneth Macpherson, the regional CEO of our Europe, Middle East, Asia and Africa region. In other words, my remit covers everything outside the Americas and Greater China. I have been with IHG for over 10 years and was previously the regional CEO of Greater China. Prior to joining IHG in 2013, I spent 20 years at Diageo.

The EMEAA region is geographically very large and diverse. We have 247 thousand rooms in 81 countries and territories. Our pipeline includes a further 82 thousand rooms across close to 470 hotels, representing 33 percent rooms growth.

Our estate has a 57:42 franchise to managed split. However, our pipeline is weighted more towards management agreements, with 70 percent of rooms managed and 30 percent franchised, driving significant future fee revenue potential. In Europe, franchising is the preferred operating model while in the Middle East, Asia and Africa management contracts are more prevalent, particularly in rapidly developing markets. This is due to a number of factors including brand segmentation, type of owner, and if the market has the availability of experienced, high quality, third-party management companies. With that said, we are seeing increased opportunities to franchise our Luxury & Lifestyle brands in more developed markets, with the right partners who have the required expertise and experience.

Our three largest markets are the UK, Saudi Arabia, and Germany, which together represent just over a third of EMEAA's system size. Our three largest pipeline markets are Saudi Arabia, Thailand and India, with just under a third of the pipeline. You can immediately see from this that we are targeting growth in a combination of established markets and high growth markets. In a moment, I

will talk a little more on how we approach market prioritisation, and share more thoughts on markets including Germany, Japan, Saudi Arabia, India and Thailand.

Taking a moment here though to note EMEAA's largest market, the UK, where we have over 53 thousand open and pipeline rooms across more than 370 hotels. We have a strong and established franchise estate and expertise, particularly in the upper midscale or Essentials segment, with almost three-quarters of open rooms under the Holiday Inn brand family. We are also seeing notable opportunities in Luxury & Lifestyle and Premium, particularly with Hotel Indigo and voco. We have strengthened our portfolio through the Holiday Inn and Crowne Plaza review and the opening of some fantastic hotels in recent years. In 2023, signings increased year-on-year and close to 60 percent of rooms signed were conversions. Given the high proportion of conversion signings and openings, we have a fast-moving pipeline with hotels opening at greater speed and efficiency contributing to our strength in the UK market. We have also strengthened our commercial capabilities, brand delivery, guest experience, and partnerships such as the recent tie up with Six Nations Rugby. This all makes our business in the UK materially stronger today.

The EMEAA region is home to the world's most popular travel destinations with 16 of the top 20 inbound markets and 8 of the top 10 outbound markets, with governments increasing focus and investment to drive greater tourism demand. Therefore Jolyon, Daniel and I, and our teams remain closely connected as we share best practices and jointly optimise the overall performance of all our hotels across our three regions.

Elie earlier referred to the structural growth drivers that power this industry. The EMEAA region certainly benefits from these, including growing GDP, expanding population, and more importantly, an increasingly wealthy population with the growth in the middle class. The region has low branded penetration with roughly 55 percent of hotel room supply being unbranded. This creates a huge opportunity for IHG with its strong brand portfolio, powerful enterprise platform, and growing loyalty programme. We are confident in the drivers of growth for the whole of the EMEAA region.

There are multiple factors supporting this confidence including the growth of our estate in high-value markets, the growth of Essentials and Premium in developing markets, the growth of Luxury & Lifestyle driving high value fee income, accelerating growth of our newer brands such as voco and Vignette Collection, and further opportunities to expand our brand portfolio in the region. On trading, or RevPAR performance, we see the resilience of leisure travel persists and the region will continue to benefit from the further recovery of business, group and international travel.

Let's have a look at our brand portfolio mix in the region. Half our system size is in the Essentials space today across the Holiday Inn Express and Holiday Inn brands, which have a total of 120 thousand rooms across roughly 730 hotels. Premium and Luxury & Lifestyle make up most of the remaining mix, each with over 20 percent of rooms today. When we turn to the pipeline, the high value embedded within it becomes apparent with the Luxury & Lifestyle category being 36 percent of the pipeline and Premium a further 25 percent. The future therefore holds a clear expansion of our estate mix towards higher chain scales, with higher fees per key.

You will notice that of the 19 IHG brands in the group portfolio today, we currently only develop 13 of them in the EMEAA region. This is intentional by design as we remain thoughtful in the way we introduce brands and the timeline associated with it. While EMEAA has an existing brand presence across each of our brand categories, there are four IHG brands that we do not develop in the region today. I'm excluding Hualuxe and Holiday Inn Club Vacations from those four brands.

There is therefore a clear opportunity to introduce further IHG brands to the region, in markets where we see a gap in our brand offer at the intersection between guest and owner demand, that Elie referred to earlier. That does not necessarily mean that we are planning to introduce all four in the immediate future, but we do see a sizeable and clear opportunity for brand introductions across the Essentials and Suites space in key markets which will further support growth and where we know we can add brands that guests love and that drive great owner returns.

On that point, in January, we announced Garner's global expansion and introduction to the EMEAA region with the signing of letters-of-intent for three hotels in Japan. There is a clear opportunity for Garner across more EMEAA markets, as we aim to capitalise on the existing supply and maximise owner returns. We continue to deliver growth across our brand portfolio, from Essentials and Suites to Premium and Luxury & Lifestyle

We focus on this slide just on our Luxury & Lifestyle estate, which we have invested in both from a brand and capabilities perspective at a group and regional level, as Jolyon covered earlier. This category has 49 thousand rooms across 228 hotels in EMEAA today, and an impressive 60 percent of further system growth is already secured in the pipeline. A notable part of this growth is in high value markets with strong RevPAR and therefore superior fee income for IHG.

So, we are driving significant high value growth, at higher fees per key, with our six Luxury & Lifestyle brands. For example, the RevPAR for Six Senses in EMEAA is more than six times that of the Holiday Inn brand family. And we are only just getting started with brands such as Six Senses, Regent, Vignette Collection and Kimpton. The total pipeline for these four newer L&L brands will more than double their existing estate, with considerable further signings potential ahead.

Both signings and openings in EMEAA are rebounding very well, following the impact of the pandemic in recent years. Signings bottomed out in 2020 at 14 thousand rooms but we have since improved to 25 thousand rooms across more than 150 hotels in 2023. While signings remain behind pre-pandemic levels, we are very encouraged with the positive trajectory we have achieved. Openings bottomed in 2021 at 10 thousand rooms and have since also made a strong recovery. In 2023, we opened 21 thousand rooms across close to 90 hotels, or 16 thousand rooms adjusting for Iberostar, which takes EMEAA back ahead of the openings we had in 2019.

With unbranded supply in the EMEAA region being high, the potential for conversions is very high. We convert hotels to most of our brand portfolio, which we have enhanced with the introduction of three conversion-focused brands across each of our Essentials, Premium, and Luxury & Lifestyle segments. Two of these brands, voco and Vignette Collection, were launched in EMEAA. We have also invested in our conversion capabilities in recent years. We have agile fast-moving expertise required to sign, open, and ramp up conversion hotels, with owner ROI at the centre of everything we do. Conversions represented around 40 percent of signings last year, giving us confidence in our ability and success to secure these opportunities.

The EMEAA region is vast geographically. Given its scale, it is therefore vital that we are disciplined and focus our resources on markets where we see the greatest opportunity for growth, whether it be a high volume or high value play. We have developed a clear market prioritisation strategy that categorises the countries in EMEAA into five groups, based on scale, brand penetration, investment in localisation and commercial capabilities, and volume and value growth opportunities. This allows us to be laser focused on markets with large growth potential, where we have the capabilities and close to market teams and resources to deliver superior owner returns.

Let's drop down a level to have a look at some of these key growth markets across categories one and two. Germany and Japan are examples of developed markets where we have a well-established presence. They have growth rates that would be expected of developed markets with both having low double-digit growth secured in their pipelines. These markets may not drive the same volume of rooms growth as in less established or developing high growth markets, but the value of growth is typically very high. We also see high conversion opportunities in these developed markets. Germany is a key outbound travel feeder market therefore its importance to EMEAA but also our other regions goes above and beyond its future growth potential. Having a strong estate, loyalty programme, and reputation in Germany benefits IHG globally. Looking to Japan, there is a very focused strategy to attract international investment which is benefitting the hospitality industry and particularly international hotel brands. In the past three years, we opened over 3,300 rooms in the country. We are confident in the continued growth opportunity in both Germany and Japan.

As I mentioned earlier, Saudi Arabia is our second largest market in EMEAA. While we already have a notable presence in the market, it has significant growth potential ahead of it, underpinned by Saudi Arabia's Vision 2030, which aspires to welcome 100 million visitors annually, driving immense investment into the country's travel and tourism space today. Saudi Arabia has a further 48 percent growth already secured in its pipeline, taking the total system plus pipeline to 32 thousand rooms.

India is a great example in which we have a relatively strong estate today but is a market with significant untapped growth potential. India benefits from having the world's largest population, a growing middle class, increased infrastructure investment, improvements in the ease of doing business, and friendly government policy. We signed more than two thousand rooms in India with an extremely strong pipeline that is expected to almost double its current system size. And we are just getting started. We are investing further in our teams and capabilities in India to capitalise on this potential.

Thailand, one of the world's largest inbound international tourist markets, is another example of a country with very high growth potential. We have 83 percent growth secured in the pipeline with a system size plus pipeline of more than 18 thousand rooms, across our brand portfolio, from Holiday Inn Express to Six Senses.

Moving to conclude my section then, with a view on the profit and fee margin potential for the EMEAA region. In 2023, EMEAA drove 215 million dollars of operating profit, up 41 percent year-on-year and at a record fee margin of over 60 percent. This was in line with 2019 operating profit levels but at an improved margin, which was up by almost 2 percentage points. There is lots of growth opportunity ahead to grow both our operating profit and fee margin. Margin accretion will be supported by further RevPAR growth, which will be a blend from both developed markets – especially when taking account of the growth potential in Luxury & Lifestyle – and from developing markets which also catch the extra tailwind of RevPAR growth and as our enterprise becomes more and more scalable as these economies develop over time. As we continue to expand our total footprint in EMEAA, this will lead to scale efficiencies across our sub-regional business units and the region as a whole. And there is our ongoing focus on purposeful allocation of resources, and further cost base efficiency and effectiveness initiatives which we are exploring.

We are very confident in the future of EMEAA, underpinned by the region's structural growth drivers, our growth across high value brands and geographies, and the potential introduction of existing IHG brands to our regional portfolio. Brand awareness and guest satisfaction continue to grow, as does our commercial delivery, and we are very focused on driving owner returns. This

drives superior ROI at our hotels, which further fuels the growth our system and the scalability of our enterprise platform. The growth of our estate coupled with other margin improvement opportunities means we have significant potential ahead of us.

Thank you. I will now hand you over to the Managing Director of our Greater China region, Daniel Aylmer.

DANIEL AYLMER

Thank you, Kenneth. I am Daniel Aylmer, Managing Director of the Greater China region for IHG Hotels & Resorts. I have been with IHG for 7 years and in Greater China for over 20 years, previously with Starwood Hotels & Resorts before joining IHG.

IHG has now been in Greater China for almost 50 years, opening its first hotel in the region in 1975, followed by its first hotel in Mainland China in 1984, with the Holiday Inn Beijing Lido. As I will come on to show you in a moment, it took us 33 years to open the first 100 hotels, five years to open the second 100, four years to open the next 100, and we have since been maintaining an incredible pace of opening almost 100 hotels every 18 months. And in fact, we recently celebrated the milestone of 700 open hotels in Greater China, solidifying our position as the largest international hotel operator in this incredibly important market. That's close to 180 thousand rooms, and we have a further 106 thousand in the pipeline across more than 500 hotels. So, in fact, our pipeline already has a further 59 percent rooms growth secured.

Currently, we have a predominantly managed estate with 68 percent of rooms being managed and 32 percent currently franchised, but we have delivered a strong acceleration in the growth of franchising in recent years, which is in fact in its relative infancy. More to come on this in a moment.

We are extremely confident in the future of the Chinese hotel market and our business in China. Whilst as with every economy there can be short term challenges, the medium and long-term outlook continues to be undeniably attractive. China has a population of 1.4 billion people. While population growth benefits the hotel industry, the middle-class growth is of even greater significance, as middle-income households are our primary customers. The number of middle-income households and individuals in China is set to double over the next decade.

The strength of demand gives us assurance too. Back in 2019, we had an approximate 80:20 split between domestic and international inbound travel. Domestic travel showed such resilience throughout the pandemic when people were permitted to travel, and domestic travel has rapidly rebounded following the removal of restrictions in December 2022. As a result, in 2023, our RevPAR fully recovered to being up 0.7 percent ahead of 2019 levels, with occupancy back to the same level as in 2019 but with stronger rates.

It is very important to note that the recovery was spearheaded by the strength in domestic demand, as international inbound travel has yet to recover to historical levels due to limited flight capacity. At the end of 2023, international flight capacity was still roughly 35 to 40 percent below 2019 levels. We are however convinced that international travel to China will fully return once flight capacity has recovered, but in the meantime we've already seen RevPAR fully recover to pre-pandemic levels, which has been extremely pleasing. This just goes to show the inherent desire to travel in China, as well as the benefits of such a large and developing market.

And even after many decades of rapid growth for the industry, China remains a relatively underpenetrated hotel market. Despite the rooms supply growth by both international and local hotel companies, the fact is that China has just one-seventh of hotel rooms per capita than that of a much more developed market of the United States. These drivers of growth for the overall market give us significant confidence in the long-term attractive future for China's hotel industry.

Turning to IHG specifically. We have a business model that has been developed 'in China for China', with a very experienced leadership team based in Shanghai with incredibly deep knowledge and an understanding of the market. Our purpose of providing True Hospitality for Good is at the heart of how we operate. We are a force for good. We create value and wealth creation that supports and stays in the community. This is a key point as to the strong positioning, success and sustainability of our business model in China, and one that is in contrast to many other businesses and industries. Our presence in the market for almost half a century has allowed us to truly embed ourselves and develop deep-rooted relationships with all key stakeholders required, to develop such a thriving hotel business, from guests, to hotel owners, to policy makers.

It is for these reasons that we have been able to grow to today's scale of 285 thousand open and pipeline rooms across more than 1,200 hotels organically, without relying on master licensing agreements with third parties to drive our development. This means that we benefit from the full deal economics of a management and franchise agreement, without any fee sharing arrangement with local partners. IHG earns 100 percent of the fee income from our hotels in Greater China.

Turning then just to delve a little more on the key industry drivers. According to data from Oxford Economics, China's GDP is estimated to grow at a CAGR of 3.8 percent over the next decade. Now, there are just over 75 million middle income households in China today. In the next decade, this is set to double to 150 million middle income households. For context, this would result in 22 percent more than is estimated for the US by that point. And as Elie noted earlier, the evolution of the middle class is one of the primary structural drivers of hotel industry growth, and the middle class represents our main hotel guest. On a number of individuals basis, with an average household size of just under three, this is an additional 200 million middle class people.

That growth in GDP, combined with the increase in middle income households, feeds into a projected growth in travel and tourism spending, which is forecast to grow at a CAGR of 13.4 percent over the next 10 years. And that should be the key driver of RevPAR growth, which of course grows with volume demand but also rises as economies develop. Our absolute dollar RevPAR in the region today is around half of that for IHG's other two regions, and with long term development that gap will close.

And, as I mentioned earlier, the limited hotel rooms penetration in China today, gives us significant confidence in the growth potential that lies ahead. As the Chinese market develops over the long term, that seven-fold gap of hotel room penetration will close, which is a very exciting backdrop to support our continued growth in the region.

Today, we have a leading brand portfolio in the market, with balance across all the categories in which we play. 20 percent of our system is in the Luxury & Lifestyle category, roughly 30 percent is in Premium, and 50 percent comes from our Essentials category. Our pipeline mix is the same, indicating equally robust growth opportunities across all our brand segments.

What does become clear when looking at this slide is that we currently only offer for development 12 of IHG's 19 brands in Greater China. While each of the 12 has a very strong pipeline and immense

potential ahead, we see notable opportunity for some of the existing IHG brands not currently present in the Greater China market today.

Expanding on that point, we currently have only two brands in the Essentials space today. Holiday Inn and Holiday Inn Express have more than 90 thousand rooms across close to 450 hotels, with an impressive further 58 percent growth secured in the pipeline. We have no brands in the extended stay or Suites space currently in China.

We have already shown success bringing across to China the group's other brands, with Vignette Collection, voco, and Even. We have more than 11 thousand open and pipeline rooms across the three brands, despite only very recently being introduced. Later this year, we are planning to bring one of IHG's suites brands to the China market. IHG has incredible experience in these formats, and the market in China is expected to produce attractive returns on investment for owners that develop in this category, and strong additional fee streams to IHG.

After that, we would look at the potential to add further Essentials brands over time. To date, in the Midscale and Upper Midscale categories, with just two brands, IHG is typically achieving around 20 percent signings share, but we know there is even more that we can do. For example, we've already seen conversions account for over 30 percent of openings in 2023. In due course, bringing a brand such as Garner to Greater China would open up a whole new category and growth opportunity for IHG.

I mentioned earlier that we have a predominantly managed estate with a roughly 70:30 managed to franchise split. Our pipeline, however, is more evenly balanced with 55 percent of rooms being managed and 45 percent franchised. We only really began franchising in Greater China back in 2016 with the introduction of our Franchise Plus model, specifically tailored for the Chinese market and initially created for Holiday Inn Express. The Franchise Plus model has an IHG appointed General Manager on the hotel's payroll for a limited time, with he or she there to support the opening and ramping up of the property, in accordance with IHG best-practices and brand standards. This provides hotel owners with all the benefits of operating a franchise model, but with added benefits and features from IHG's managed model. The Franchise Plus model laid the foundations for the swift growth of our franchise business in Greater China. Since its introduction in 2016, we have witnessed a rapid acceleration in the growth of our franchised estate across both Franchise Plus and traditional franchise agreements as just the market matures and we broaden our footprint across China.

Now while we continue to grow the scale of our managed estate, franchising has increased from 2 thousand rooms, or only 3 percent of our total estate back in 2015, to 57 thousand rooms today. So, franchising is now 32 percent share of our total rooms, and expected to grow much further. As a point of comparison, IHG's Americas region under Jolyon is 93 percent franchised. With the growth of the franchise model comes further potential for fee margins. More on this in a moment.

As you would expect, the shift to franchising is one that happens over time and happens brand by brand, or chainscale by chainscale. Over half of our current system for Holiday Inn Express in the region is now franchised, but it's only around 20 percent for Holiday Inn and Crowne Plaza. So, of all our franchised rooms, Holiday Inn Express is 61 percent with 31 thousand rooms, while Crowne Plaza and Holiday Inn are next but still heavily reliant on managed contracts. This is a long-term development curve we've seen before in Europe, in other parts of Asia, and of course in the Americas, so there's a great deal further to go for this part of the journey towards a more mature market.

As we all know, development activity in the Chinese market was affected by the pandemic in recent years. Despite the varying levels of restrictions in place over the last four years, we continued to demonstrate relative resilience in both signings and openings. Over this period cumulatively, we in fact signed more than 100 thousand rooms and had a notably high market share of signings particularly in Luxury & Lifestyle and Premium. And, over the Covid-impacted years of 2020 to 2023, we still opened nearly 60 thousand rooms.

In 2022, the year most severely affected by Covid-prevention measures, our signings in China bottomed out, which is often overlooked, as markets around much of the rest of the world were opening back up from early 2022. Last year, signings picked up to 26 thousand rooms across 134 hotels, a 19 percent growth year-over-year and we expect this to continue to accelerate here onwards back towards historic levels. This improvement will feed through to a recovery in openings over time, something that we've already seen with 2023's openings growing 29 percent year-on-year.

Concluding then with what all this means for fees and margin potential. In 2023, Greater China delivered 96 million dollars of operating profit, up 3 times year-on-year and at a record fee margin of just under 60 percent. In comparison to 2019, operating profit was 73 million dollars and margin was at 54.1%.

When we compare this to our Americas region of 815 million dollars of operating profit and a fee margin north of 80 percent, there is significant potential ahead to grow both the quantum of EBIT and margin in Greater China. Closing the gap to the Americas is obviously a very long-term play, but that is the opportunity and the clear direction in which we are heading.

Further margin accretion will be driven by a multitude of factors including further RevPAR growth as the markets mature, continued growth of our system across all segments, growth in franchising, further cost base efficiency and effectiveness and an increase in ancillary fee streams such as branded residential opportunities.

In closing, we are extremely confident in our growth of the Greater China region, supported by the market's structural drivers, IHG's strong business model and history in the region, and numerous untapped opportunities. Thank you. Now over to Michael Glover, our group CFO.

MICHAEL GLOVER

Thanks Daniel. It's great to have been joined by our regional heads today, and it's clear from all we've heard this afternoon that there is still so much to come from every part of our business.

I want to take a moment now to link this all back to our growth algorithm, which underpins our investment case. IHG has a strong, proven track record of margin accretion. Driven by a combination of increasing levels of RevPAR as well as an expanding number of hotels, IHG's fee business revenue growth significantly outpaced overhead growth in the decade to 2019. On average, fee margin accreted by 130 basis points a year, further contributing to EBIT growth in the business.

As we've already heard explained from our regional heads and Elie this afternoon, there are significant opportunities in the business which will drive further growth in our fee business revenue, and therefore we are confident that margins will continue to increase at a similar pace delivered in

the past. You should therefore expect to see an average of 100 to 150 basis points of margin accretion a year over the medium-to-long term.

This is our base scenario, which as I explained, is a product of the operational leverage where we expect the efficiency of our cost base will require relatively low levels of overhead investment to drive growth. On top of this, we are actively pursuing further opportunities to drive fee margin over the longer term. These will include ongoing cost base efficiency and effectiveness initiatives, and the expansion of ancillary fee streams including driving additional growth from our co-brand credit card offerings.

The ability to convert earnings into cash is key, as it manifests our growth into investment capability back into the business and to being able to fund returns to our shareholders. IHG typically converts over 100 percent of earnings into free cash flow. If we track this back to 2015, which is the earliest reporting period with consistent accounting standards, you can see that cumulatively, 119 percent of earnings have been converted to cash. With free cash flow of over 800 million dollars, 2023 was a record year for cash generation in absolute terms, and second only to 2021's conversion rate. Going forward, we expect to continue converting around 100 percent of earnings into free cash, or indeed something slightly over 100 percent.

You are well aware that as an asset light model, our growth does not typically require substantial amounts of capital expenditure. The structure of the System Fund is also a mechanism for ensuring that major technology investment is funded via contributions to the Fund by our hotel owners, for the benefit of our hotel owners. And it is worth also remembering that working capital also tends to be a positive inflow as we grow – more hotels in our system and more growth of our loyalty programme, creates the upfront fee streams into System Fund balances which we manage.

While our strategic priorities are updated, our uses of cash remain unchanged. As a reminder, after investing in the business to drive long term growth, which remains the foremost priority, we look to sustainably grow the ordinary dividend, and then to return any surplus capital to our shareholders via additional means, typically buybacks. In 2023, IHG grew the ordinary dividend by 10 percent, as well as completing a 750 million dollar buyback programme, which repurchased 10.6 million shares to reduce the outstanding share count by 6.1%. All-in, a billion dollars were returned to shareholders, equivalent to 10% of the opening market cap at the start of 2023. IHG targets a leverage ratio of 2.5 to 3 times net debt to EBITDA. Despite the returns in 2023 that I just mentioned, our leverage was still below our target range at year end. As we announced this morning therefore, we are launching an 800 million dollar buyback programme for 2024. On a pro-forma basis, this would take leverage to 2.8 times at the end of 2023. But on a prospective basis, given consensus expectations for EBITDA growth and cash generation in 2024, we would still likely end 2024 around the lower end of our range.

And it's this capacity which really underscores the strength of our business model. We generated over 800 million dollars of free cash in 2023 after having invested almost 150 million dollars in key money and maintenance capital expenditure. Going forward, we're likely going to spend a little more than that on an annual basis – closer to 200 million dollars – which will enable us to achieve our growth ambitions. We can confidently increase this investment capacity and still meet all of our other capital allocation priorities due to our fee revenue growth and efficiency in cash generation.

And it is worth remembering that we are well-invested in. I've mentioned our key money and maintenance, but on top of that regular spend, the System Fund has funded over 700 million dollars

of capital developments over the last decade. From the free cash flow that we generate, that will fund the ordinary dividend which we have been growing at 10 percent, but the share count that we are paying the dividend on gets smaller as we buy back shares. In 2024, dividend payments are therefore going to absorb around 250 million dollars of free cash generation. So, after investing in our business, growing our ordinary dividend, and returning 800 million dollars through the share buyback programme, we will still be around the bottom end of our target leverage range at the end of 2024. This would still leave capacity of 500 million dollars or greater, before reaching the top of our target leverage range. Future profit growth creates additional capacity on top of this.

We will of course, continuously evaluate investment and returns opportunities, in order to maximise long term shareholder value creation. With that, I'll hand back to Elie to wrap up before we switch to Q and A.

ELIE MAALOUF

Thank you, Michael. And thank you to everyone in the audience for joining us today. Hopefully you have found this informative. In a few minutes we will open up for Q&A, but before that, let me bring together the key themes of what we'd like you to take away from today.

We have built a strong business model that gives us a sustainable competitive advantage. We have a well-invested portfolio of 19 brands across a high-value geographic reach in more than 100 countries, a full range of segment diversification from midscale to upper luxury, and a powerful enterprise platform of technology, loyalty and commercial capabilities. Our pipeline represents secured multi-year high-value growth of over 30 percent of today's system. And we have a well proven ability to successfully drive long-term growth in both demand and supply.

We are a highly cash generative business, supporting our capital allocation strategy to invest in growth that will drive long-term shareholder value creation, fund a sustainably growing dividend, and return surplus capital to shareholders. Critically, we have built a high barrier-to-entry global business, through the investments we have made over many years and continue to make to grow our scale, strengthen our enterprise platform, and deliver a high margin, high earnings growth business.

Summarised here, you can see our growth algorithm has delivered a very strong track record, reflected in those CAGRs through to 2019 that I shared with you at the start of my presentation. In the middle, you can see where we've come since 2019, completing a full recovery and much more. Compared to 2019, our RevPAR is 11 percent ahead, our system size is 7 percent larger, and our fee margin is 520 basis points higher. We've also converted more than 100 percent of earnings into cash, which, after investing in the business, allowed us to grow the ordinary dividend by 21 percent, and return some 1.7 billion dollars in total to shareholders. Through the combination of these drivers, in 2023 our EPS was 24 percent higher than in 2019.

What we see from here, and shown on the righthand side, is strong potential for more. Looking ahead, our growth algorithm is expected to deliver high single digit fee revenue growth, through a combination of RevPAR growth and net system size growth. With revenue growth and cost base efficiency, we expect our operational leverage to drive fee margin expansion of 100 to 150 basis points per year. We expect to maintain our strong record of converting approximately 100 percent of adjusted earnings into free cash flow, which will support our three capital allocation priorities. This strong revenue growth, margin expansion, and resulting EBIT growth, plus the assumption of

regular share buyback programmes, is expected to deliver EPS growth of 12 to 15 percent annually on average. We have a strong track record, have delivered a strong recovery, culminating in an outstanding set of 2023 results, and we are excited about the vast opportunities ahead for IHG.

Thank you. And with that, we are happy to take your questions. The phone numbers for institutional investors and research analysts to dial into the Q&A will now appear on screen, but first we are going to take a 5 minute comfort break before taking the first question. There will be a countdown on the screen, so you will be able to see when the Q&A will begin.

STUART FORD

This is Stuart Ford speaking. So, we're now going to open the phone lines for questions. So, if I can pass over to the operators to take the first question, please.

OPERATOR

Thank you, and at this time, if you would like to ask a question, please press the star and one on your telephone keypad. You may withdraw your question by pressing star two. Once again, to ask a question, please press the star and one on your telephone keypad. And we will take our first question from Jamie Rollo with Morgan Stanley. Please go ahead.

JAMIE ROLLO (MORGAN STANLEY)

Thanks. Hi, everyone, thank you very much for that thorough presentation. Three questions if I may. The first, you're not giving any explicit targets for net unit growth. The company used to talk about industry leading net unit growth. So, I guess that would be somewhere near sort of six percent or so. But what's the prospects for an improvement on last year's sort of four percent net unit growth, please?

Secondly, any comments at all on recent trading I know you don't guide, but we have seen some sort of softness in the US upper midscale, certainly for the last couple of months. China also is sort of back to blow 2019 levels so far this year. So, any sort of view there? And finally, just thinking about the company's valuation, and Michael, we talked about 500 million of additional firepower. How do you sort of marry that high valuation and accretion from a buyback with the sort of marginal cost of debt? And also, where does that valuation lead your thinking on the benefit of a possible US listing, please?

ELIE MAALOUF

Okay, thank you, Jamie. I'll take the first couple of questions and turn over the valuation one to Michael. You know our answer on the listing anyway, but we'll repeat it for you. So, on unit growth—look, we're very pleased with our unit growth progress in 2023 over the cycle. You saw our 16 percent growth in openings. You saw our 26 percent growth in signing. You saw our fourth quarter almost record signings, 50 percent over the year before. So, that gives us really good confidence about the trajectory. Now as you also saw on our SEA in 2023, we still had about 60 basis points of Iberostar in that 3.8%. So, where consensus is for 2024 is an acceleration, and we think we have potential as the whole team today described for you in all of our markets across all of our brands in all of our regions to continue and accelerate that growth. And by the way, I think that if

you adjust for all the acquisitions and various things among the majors, we're in the top of the league this year in 2023 for net unit growth. On the US current performance, you know, we don't give out of cycle trading information any more than we give guidance. We were doing some of that during the pandemic just to reassure people a little more, but we're well past pandemic communication, as we won't be in 2024 giving any more over 2019 comps, as we won't be giving monthly data. So, we're normalising our communication.

I mean, if we look at sort of the fundamentals of the US economy and market – so, let me just talk about the economy first and about the market. You've got strong GDP growth. You've got strong job growth. January was double what people expected. You got real wage growth. You got inflation interest rates subsiding. You got government spending that's heavy on Infrastructure Act, IRA, the Renewables Act, and also on the Chips Act. And that's making its way through the economy, good consumer confidence. So, that underpins the fundamentals for consumer confidence, business confidence, and therefore for travel. Specifically, to our industry, we've still got a few tailwinds. Not really any post pandemic recovery, but you've got return of international travel. It's not complete yet due to air capacity. It's improving. You've got groups and meetings that are booking very well. We're 17 percent over 2019 in groups and meetings, but we're not consuming that yet. So, that consumption really started to ramp up in 2023, especially the second half of the year, and is really going to hit it every more in 2024 and beyond. You've got some business transient occupancy that has not fully recovered yet. So, on top of the very strong trading, there are some tail winds for the US economy definitely, and certainly, for our industry into 2024.

Look, on your third question, I'll take the final part of it, and turn over the debt coverage and capacity. On listing, we've said, we repeat, we don't have any current plans to change anything on that. We recognise that we're a large global company with a major business in the US. Our board will always be looking at all options to maximise, optimise long-term sustainable shareholder value. Don't have any current plans now. By the way, since moving over here in July, I'm having a great time in the UK, and I think, look, UK is a great place to run a global business from—time zone, location, destination. It's been quite good. Michael, over to you.

MICHAEL GLOVER

Yeah, and Jamie, thanks for the question. You know, I think as we go through the process of thinking about how we go about our capital allocation, obviously as we've talked many times, we invest in the business, which we're done this year. We invested in things like Garner integration, with Iberostar. Then we looked to grow the ordinary dividend, which we did again at 10 percent. And then we looked to see, "Do we have capacity within our stated model of two-and-a-half to three times net debt to EBITDA?" So, first of all, we looked at that, and being at 2.1 times at the end of the year, we knew we had capacity to do that. Then we think about, what are the best ways to return that capital of the shareholders? We obviously do an evaluation of a share buyback and look to see, is that going to be earnings per share accretive. Our blended cost to debt is about 3.7 percent, and when we did that evaluation, we knew that the share buyback would be value and earnings per share accretive. So, I can't comment on a share price, but I can tell you, we've done the work to make sure this is the right way to return capital to shareholders.

JAMIE ROLLO (MORGAN STANLEY)

Great, thank you very much.

OPERATOR

Thank you. Our next question from Vicki Stern with Barclays. Please go ahead.

VICKI STERN (BARCLAYS)

Yeah, morning, sorry or afternoon. Thanks for the answer on that last question. Just coming back to it, you talked then, Michael, about this 500 million of head room to the leveraged targets. Your predecessor used to talk about being quite happy in the top end of that leverage range. Obviously, that was a different interest rate environment, but how should we be thinking about that, that comment about the additional 500 million, be it for share buybacks or I think you talked about other opportunities? Generally, in normal times, where in that range you'd like to sit. You saw on signings quite a sharp acceleration in Q4. Just to what extent is that exit right, the right level of signings to have in mind now as we go forward? Was there anything special that boosted that Q4 signings pace, or is that sort of a reasonable assumption now to think about future courses? And then, you obviously talked recently about the credit card fee opportunity. Just keen if you might be able to flesh that out? I know it's not for a while, but I think there's sort of two elements of the opportunity there, both in terms of the mix between system funds and IHG, and then on the absolute quantum of what those credit card fees could move to. So, you add a little bit more colour there, please?

ELIE MAALOUF

Alright, Vicky, thank you. Let me take your second and third questions, and Michael will then pick up back on the 500 million. So, on signings, yes, we're very pleased with the performance of our teams globally in the fourth quarter. The great thing about it was that we signed between 25 and 28,000 rooms across our regions for the full year. So, it was very evenly distributed. It was really distributed by brand. The fourth quarter, as you know very well, is always a very strong, peak quarter for openings and signings. So, it's not really ever evenly distributed. Now I'd say in Q4 of 2023, it was even stronger than usual. I'm very pleased with that. What does it come down to? There was nothing really in particular. What's better is that it was a lot of things coming together, the strength of all of our brands starting to show up throughout our markets, the strength of all of our teams performing in the market, owners' confidence starting to come through. You know, I mean, it was tough for owners during the pandemic, and that confidence is starting to recover. Levelling off interest rates helped. Levelling off inflation helped, but we got the right brand portfolio and the right markets, and that came together too. But there was no special one-time transaction in there. So, yeah, I wouldn't model a consistent quarterly signings level because you know that the fourth quarter tends to be higher than others, but we're very excited about the progress we can make across all of our brand portfolio going forward.

Now on credit cards, that's another area we're very pleased with since relaunching. Really three things—establishing a world class luxury lifestyle portfolio, which is important to drive a higher paying customer, which is important for credit card acquisition—number one. Number two, relaunching IHG One Rewards two years ago, and really putting it at the forefront of the industry in terms of its features, its rewards, its redemptions, and seeing an acceleration. I mean, 50 percent growth in signups last year. It was a record! And then we had last year, which fed into the credit card strength with two relaunched cards from the year before. We had 60 percent growth in new accounts, 80 percent compared to 2019, double-digit growth and spend per card for the second year in a row. So, I mean, that's all encouraging. The largest opportunity in credit cards is to grow the programme in aggregate, and that is beginning. But I'll also say we're just getting started with this, and there's a lot of head room for us in there. Michael, over to you on the 500 million again.

MICHAEL GLOVER

Yeah, and thanks, Vicki, great question. Look, it's a great place to be in, to be honest, to have that kind of capacity, have a strong balance sheet. There's no real change to us saying we would be anywhere in that range. We still feel comfortable being in that range, but it gives us the opportunity,

and one thing we didn't talk about, I didn't mention in the capital allocations strategies, we'll look at opportunities as they arise. If there's something compelling that brings in additional shareholder value and gives us the opportunity to look at those kind of things. And of course, as we go through the year, if there is still excess capacity, consistently around doing regular share buybacks, it just gives you hopefully confidence. And while I can't say anything about what we would do in the future, that model will continue to generate the cash and make that available for us over the long term.

VICKI STERN (BARCLAYS)

Thank you. And so, just to follow up, to pick up on that comment there about if they are already opportunities that could arise, any specific segments, regions that you'd be a bit more interested in, in terms of opportunities?

ELIE MAALOUF

Since coming into this role, in July I've been traveling around our entire enterprise from China to Japan, Southeast Asia, of course Europe, US I'm going to the Middle East in 10 days or less. The great thing is, everywhere I go, I see opportunity. Everywhere I go I see opportunity for our brands, with our owners, mature large markets like the Americas. I think we're just getting started with our new brands. We're just getting started in luxury and lifestyle. We've got a long way to go still, and I'm confident Jolyon Bulley will lead it to greater heights. As you move east, Daniel just told you how much more head room there is in China, the low penetration, the growth of the middle class coming. Then in Southeast, young population, growing population, growing GDP. We've got a strong presence. I just think we've got opportunity across the whole map. With that, I think we can go to the next question.

VICKI STERN (BARCLAYS)

Thanks very much.

OPERATOR

Thank you. Our next question comes from Jaina Mistry with Jefferies. Please go ahead.

Jaina Mistry (JEFFERIES)

Hi, thank you very much, and I've got three questions as well, if I may. The first one is if they could picture, you've mentioned the opportunity from branded residences a few times, and I wondered if you could flesh out in more detail what this means, what the economics looks like, and from expanding branded residences today. My second question is around the US, It feels like there is increasing competition at the lower end of the US market and with several months into new brands launching like Spark and Garner, etc. How are you thinking about the impact of the development of the lower end of the market and specifically the impact on the upper midscale business? And lastly, I had a question on US margins. I wondered if you could quantify any one of the costs in the Americas in 2023, costs that wouldn't recur in 2024? And in particular, do you think margins can grow in the Americas region in 2024? Thank you.

ELIE MAALOUF

Okay, thank you, Jaina. Let me take your questions on branded residences. I'm going to ask Jolyon Bulley, who's been leading that enterprise to add to it. I'll take your second question on competition and midscale, upper midscale. And then Michael can fill you in on US margins, any one-offs, etc. So, the branded residence business is very attractive to us.

Sixty percent of our new signings in luxury and lifestyle are coming with branded residences. What typically happens there is we'll take a fee on the sale of the unit. Those units can run into seven

figures, multiple seven figures. So, that business model has been proven. Most of our Six Senses deals and Regent deals come with branded residences, and they create a halo for the development of the residential, and we end up taking a fee on the residential. So, that's very attractive for us, and it's a segment where we have the ability to really multiply our fees over the long term. Well, the US has been - very competitive for a long time. This is not the beginning of competition in the US We've always competed, and we've competed well. So, we're not deterred by the competition.

We see most of the new brand launches that occurred this year were not really in upper midscale. They were midscale, to economy almost. So, we don't see it as much as relevant to our upper midscale powerhouse brands of Holiday Inn, Holiday Express and Atwell Suites. We see it entering more midscale to lower midscale. I mean, interestingly, in midscale, our Candlewood Suites brand had a great year. Our avid sales are up over 60 percent. avid signings are up 60 percent year over year, and Garner's had a good start. There's a lot of opportunity still in the US, plenty of room for us to continue to compete and take share. On the US margins, the only thing I will say before I turn it over to Michael is keep in mind that one thing that happened in 2022 is the industry was very strong in the US, stronger than we expected, stronger than anybody expected. And we expected to add back some cost post-pandemic, but the revenue gains exceeded our expectations, and we were not adding back some of that infrastructure, some of that cost as quickly as the revenue gain. So, you did see a bit of a bump, and we signalled that at the end of the year. You did see a bit of that bump that had to catch up a little bit into 2023, and then there were a few things that we invested in. Michael, turn it over to you on that.

MICHAEL GLOVER

Yeah, thanks, Elie. So, let me just step back. If you look at overheads in total for the group, they grew by 8.5 percent last year in 2023. This is higher than we would expect normally. As part of that, roughly five percent with inflation, and then I think you may remember we had 25 to 30 million of other costs that came in. Part of that was related to Iberostar integration. Other parts of that was related to the Garner investment. We're going to have some of that stuff repeat. We've said this year, we would expect to see kind of normal inflation and overheads in that kind of two to four percent. As Jolyon talked about in his presentation, we definitely see opportunity for continued fee margin growth. I'm not going to give you any kind of guidance or formal numbers here, but we definitely see opportunity for that to continue to grow.

ELIE MAALOUF

Thank you, Jaina. We can move on to the next question.

OPERATOR

Thank you. Our next question comes from Muneeba Kayani with Bank of America. Please go ahead.

MUNEEBA KAYANI (BANK OF AMERICA)

Good afternoon, thanks for taking my questions. I actually wanted to go back to the credit card and loyalty comments around – can you help us quantify the EBIT opportunity from that and the timing around that? Any milestones there? And is this included in the medium-term targets that you just laid out? The second question is just, again, on the medium-term targets and the fee margin expansion there at a group level. How should we think about that across regions? Is it just similar 100 to 150 basis points? Or does it vary? And then, just again, on the share buybacks, is there a certain amount that's assumed in that 12 to 15 percent EPS CAGR? Thank you.

ELIE MAALOUF

Alright, thank you, Muneeba. You asked about the credit card. The third question was the share buybacks, which I'll leave to Michael. And what was the middle question? Oh yeah, fee margin by region. Let me take the first question. On credit card, we don't give guidance obviously on any region, any specific segment of our business. So, we can't do it here, won't do it here, but what we've shared with you is we're roughly in the 100 million-ish today in total credit card revenues, which gets split between system fund and P&L. We think it can be multiples that, over time; it can be multiples that. As you can see from our growth in 2023, it was 60 percent more accounts with double digits spent per card. We're on the right trajectory, and it's highly fee accretive to the company with a strong drop through. On fee margin by region, well, I'll let Michael pick it up from there.

MICHAEL GLOVER

Yeah. One another point: obviously, within our numbers, we have the credit card fees that we're making today. We have not added that within the guidance that we've given longer-term. So, that's not in the long-term guidance of any incremental amounts or thoughts going in there. From a fee margin perspective, if you look at each of the regions, and if you heard Daniel, Kenneth and Jolyon talk about all of the regions have fee margin accretion opportunity. It will be different in different regions as we think about how those regions mature and grow. Certainly, in China, as we move more to franchise, that's going to drive a lot of the margin accretion. In the EMEAA, we've got more luxury and lifestyle coming in. So, all of that's going to come at a different pace as we go forward. But again, we feel that 100 to 150 basis points of margin improvement is in line with what we would expect and in line with what we've done historically. On the share buyback, obviously I can't give guidance on what we'll do in the future and is the 800 million a floor. But I think if you just go through our value algorithm, I'll let you go through and model what you think that might be.

ELIE MAALOUF

Thank you, Muneeba. Go on to the next.

OPERATOR

Moving on next with Jarrod Castle with UBS. Please go ahead.

JARROD CASTLE (UBS)

Great. Thank you very much. Just part of the presentation, clearly, you're growing very quickly in China, but I guess some of the local Chinese brands are growing much quicker than you. So, I guess the question is, would you say you're targeting more quality rather than just growth per se? And how do you get your fair share of mix in a market which certainly some competitors are growing quicker than you? You've also done a lot of portfolio cleaning and refresh over the years. Anything else to call out over the medium term in terms of further evolution of existing brands? And then, lastly, just want to get an idea of how you see the health of the funding markets now for investors in your hotels, indeed if interest rates are starting to hopefully come down, did you expect to see some kind of acceleration in signings in certain markets? Thanks.

ELIE MAALOUF

Well, thank you, Jarrod. Let me touch on your questions. I'm going to take the China question last because I'm going to just make a couple of remarks and turn it over to Daniel who can give you some colour. He's fresh from there actually. So, no we don't foresee any other portfolio cleaning. The Crowne Plaza/Holiday Inn plan of, I think it's now 2021, was really a one off, and we believe that the state of our brands with a philosophy of constant refreshment does not require that. On the lending market for hotels, I mean, it's different around the world of course, but I would say it's generally improving in total. And if I unpack a little bit, even in the US, the biggest market, the rates have

dropped from near five to near four, have levelled off. Inflation has levelled down. The banking agitation at the beginning of the year of 2023 with the regional banks has subsided.

But in the meantime, the industry's been strong. Rates have been high. RevPAR has been strong. Hotels are cash flowing. So, I think that's given owners more confidence, and that's shown through our increased openings and increased signings. And I think it helped also propel a stronger fourth quarter. So, yes, I think that confidence is building, I also think there's much more to go. So, that's what we're encouraged by. And I think if you go to the other end of the globe over in China, you saw a market that just really opened up in January and accelerated pretty quickly throughout. We managed to open our 700th hotel last year, and we've got over 500 under development now, and I think we'll get our 800th open this year in 2024. At least, Daniel tells me we will. So, we're pretty encouraged that financing for our sector of hospitality, of hotels, in China is also available today. You know, I sat down this weekend in London with it happened to be one of US owners from Nebraska builds most or all of our mainstream brands, just happened to be in London. We sat down in the afternoon, and he's got quite a few of our hotels in pipeline. He's starting to move forward on financing. He's finding a little more receptivity out there. So, we think the climate is improving, but there's more to come.

MICHAEL GLOVER

Could I just add on that?

ELIE MAALOUF

Yeah, please.

MICHAEL GLOVER

We talk a lot about conversion signings, and certainly there it's great to see those conversion signings come in. We put in a new brand like Garner to attract those, but in the Americas, where most of that construction and financing issue was raised, actually we had new build signings of 68 percent in 2023. Sixty-eight percent of our signings were actually new build signings. And then to up 13 percent year over year, and as Elie mentioned in his presentation, 33 percent up from 2020. I think that just gives you an indication that owners feel like they can secure the financing, they can get the asset built, and they can deliver the returns on that asset. So, I think we're very encouraged about that, and certainly the momentum we've seen, like for the group, in the last quarter we saw signings up 50 percent year over year. In the Americas, they were up significantly. That's a busy quarter for us normally, but I think we're really encouraged by the momentum we're seeing there and the fact that owners are doing new build projects and it's not all about conversions.

ELIE MAALOUF

Yeah, and I want to bring in Daniel to talk about the competition in China. I'd say, look, all of our markets have always been competitive. We're not deterred by that competition, whether it's the US and in China. And yeah, some of our competitors in China, the local ones are playing in a different segment, but keep in mind not just the competition. I think the first thing to keep in mind is the size and opportunity of the market ahead with one-seventh the penetration, with 200 million people joining the middle class. There's going to be room for all great competitors, especially ourselves, but Daniel, over to you to what you're seeing.

DANIEL AYLMEER

Thanks, Elie, and Jarrod, firstly let me compliment you on the report you put out last week on China. Very insightful and a very important read. As Elie said, there's still lots and lots of opportunities in Greater China. Local competitors are fierce and they're fast. We've done a lot of work over the last

several years on ensuring that our owners' ROI performance is on par with local competitors. So, looking at the cost to build, cost to open, and cost to operate. And frankly, we're in a really good place. So, I would say whilst you look at the local players have grown extremely fast the past decade, is really for us watch the space.

ELIE MAALOUF

Thank you. We can move on to the next question

JARROD CASTLE (UBS)

Alright, thank you.

OPERATOR

Our next question comes from Leo Carrington with Citi. Please go ahead.

LEO CARRINGTON (CITI)

Good afternoon. Thank you. If I could ask a couple on the EMEAA region, please. Firstly, on the four as yet undeveloped brands in EMEAA, just could you talk about what's changed to prompt this opportunity? Is there increased receptivity amongst owners or are you reaching a level of concentration with the other brands? And then, secondly, the potential for India, to what extent is it possible for India to see a replication of your success in Greater China, notwithstanding your business in Greater China has been there for some time now.

ELIE MAALOUF

Okay, I want to get Kenneth's thoughts quickly on this, but let me just pop it off before. I would say — and I've been traveling with Kenneth in EMEAA since July. We've been to Southeast Asia. We've been to Japan. We're going to India together in April. We're going to the Middle East next month, and we see opportunity everywhere. The one thing that's not on the table is concentration. We just see more opportunity with our brands as guest demands brought in beyond certain brands. Owners are more interested in different things. It's certainly not concentration in a very vast territory with still a growing population, growing middle class, and growing GDP and vastly underpenetrated not just by hotels, but vastly underpenetrated by branded hotels. And, you know, India, there's a huge opportunity. I mean, we've got 50 hotels in India, 50 or so under development plus or minus if you can compare to the scale achieved, I'm not saying we'll achieve the same scale in China, but it shows you the head room that there is over long periods of time. We're long players. We don't take the quarterly annual point of view on these matters. We take a long-term view because we believe that compounds value for shareholders. Kenneth, over to you.

KENNETH MACPHERSON

Leo, thank you for your two questions there. I'm going to the first one about the brand potential. We'll be going back a bit. When we created the EMEAA region, we were very clear that we would be building close to market teams, and that we would be developing our presence and our scale and our performance into prioritised markets. We've continued to do that over the years, but pre and during the pandemic and post that. And in parallel to that, we've been strengthening the brand experience and the performance and the annual returns of the brands that we had established. As we've done that, we're reaching the point where we have got scale businesses where we feel increasingly confident that we can introduce new brands, and that coincides with the enhanced capabilities, but it's also the points that Elie made about our enterprise, the IHG One Rewards and just our ability to drive those brands as we introduce them. And those scale businesses, those teams are allowing us to identify that intersection between owner returns and interesting guest needs. So,

really what you're seeing now is us talking about this because we feel more confident that we can drive the performance of those brands and that we can build them to a scale where it makes economic sense, and ultimately we can leverage those to drive the value of the bottom-line performance that you'd expect us to be doing. And that's why we're talking about it more than we have done previously.

Just adding to India, as I referred to in my introduction, I had the great pleasure of working in our China business earlier on, and followed by Jolyon and now with Daniel. I think the India bit is a very similar story. It is the GDP growth driving the growth of the Indian middle class, Indian middle class coming through at sort of mid-levels and actually very high-income levels as well. That is coinciding with central government policies around infrastructure development, and then also trying to create a business environment enabling international investment that we're seeing going into India. So, with that, we'll be adopting a very similar approach. We're going to be building strong foundations. We're going to be making sure we build the reputation and the performance of our brands and using that to drive growth. So, I think we will be taking the long-term view on it. We'll be taking the steps to make sure we grow it sustainably, and over time, you'll see the real value of the market come through. So, thanks for that.

ELIE MAALOUF

Thank you. I guess we can go to the next question

LEO CARRINGTON (CITI)

Thanks, Kenneth.

OPERATOR

We've one more. Next with Alex Brignall with Redburn Atlantic. Please go ahead.

ALEX BRIGNALL (REDBURN)

Good afternoon. Thank you very much for taking the questions. Two, if I could. Just coming back to RevPAR, there's been a lot of questions asked of every franchise group about the outlook for RevPAR. It doesn't pay to be negative, so maybe there's a better way of asking it, why has RevPAR been as weak as it has recently, particularly in the U.S. who saw Choice minus four percent today, Wyndham had negative RevPAR in Q4. You had just about positive RevPAR in Q4. So, what do you think the reason is for that weakness? I guess we can take our view on how it evolves, but it's not like the economic data has been weak, and just the curiosity of why RevPAR itself has been bad in terms of reported basis? And then the second question is on net unit growth. You are less guilty of this than others, but we've seen a lot of low financially contributing partnership deals signed recently that have been sort of offered as net unit growth, but obviously meaningfully less financials to come from those rooms than others. Why do you think that's happening so much now? It's not something that we've seen to such an extent in prior cycles. Thanks so much.

ELIE MAALOUF

Thank you, Alex, for your questions. Let me just start with this last one first. Everything we try to do — and I won't speak for others — is directed at high value and ultimately at high shareholder value growth. But we don't just want unit growth, we want fee growth at the right scale that delivers EBIT growth, but then delivers shareholder value. So, we're pretty rigorous about our growth. That's why you see us not having master franchised our brands in China or other parts of the world. That's why you see that the partnerships we've done, like the Iberostar one, are directed at fee growth and not just that system growth. We've talked many times before with many of you about the difference of just unit growth versus real sustainable fee growth. So, I can't speak for what others are doing. Our

discipline here — and we work hard — is to look for unit growth that drives fee growth sustainably. And we'll maintain that. On RevPAR, I can't speak for the two companies you mentioned, Choice and Wyndham. I think there are some idiosyncratic issues to their segment, which came out of the pandemic really hot and then cooled off much more quickly.

That's the economy segment in general, and there's kind of an idiosyncratic topic there: we don't play in economy, we don't play in those chain scales. We're pleased with our performance in 2023. Against our weighted segments, we were above weighted segments performance in RevPAR, and yet quarter to quarter, there could be variabilities. We obviously don't give projections, but when you look at the U.S. economy and the outlook for travel, there are still some structural tail winds, whether it's the strength of the economy, whether it's strength of job growth, growing GDP, recovery of some segments that give us confidence that they're still upside. The industry forecasters like STR are going for four percent RevPAR. That's their forecast. So, there's still some head room there, and I think what you have to look at is that we're widely distributed around the world too. That's one of our strengths. A lot of our conversation today has been about the US, and as an American who moved over here, I'm still very close to that market and close to the information there. But while it's our biggest market, the strength we're seeing around the world gives us confidence that we have a very balanced geographic platform that allows us to continue to grow around the world. Michael, did you want to add to that?

MICHAEL GLOVER

Elie, the only other thing I would say is there's, just like we saw in 2022, there's always geographic mix and movements and things like that that happen within the region. You may remember Florida being crazy, and then all of a sudden Florida going down as people moved and started travelling. You've seen similar dynamics come into that. One example of that is urban markets were really strong last year. They had been kind of the last market to recover. So, you've seen some of the other markets slow down a little bit. So, I think you get a little noise in the system when you look at that. Like Elie said, when we look at how we're performing relative to our competitors and where we operate, we feel very confident about what we're doing and what we're delivering.

ELIE MAALOUF

One thing we haven't touched on in this call yet today is supply in the US, which was said to be half a point last year — 50 basis points of supply growth — which really when you account for obsolescence in the industry, which is somewhere at last half a point, is basically no supply growth. Well, that no supply growth is actually supportive of continued RevPAR growth because the demand is still very strong. So, we're confident over the long-term for the US growth.

ELIE MAALOUF

Thank you, Alex. We can go to the next question.

OPERATOR

Our next question comes from Andre Juillard with Deutsche Bank. Please go ahead.

ANDRE JUILLARD (DEUTSCHE BANK)

Good afternoon. Thank you for taking my question—three, if I may. The first one is about M&A. So, you said that you were keeping some margin of manoeuvre, to eventually do some bolt-on acquisitions. But don't you think that it will make sense to think about big marriage or bigger consolidation as Marriott has been doing it several years ago with Starwood or things like that. Just wanted to know what was your view on that side? Second question about development and the fact that some destinations are still very focused on lease contracts rather than and franchised and

managed. What is your view to continue to gain market share in such destinations? And third question about the cost stability growth you've been guiding to 100 bps improvement on the margin. But we are in a cyclical industry, and we know that some downturns could impact you. So, can you give us a sensibility on the RevPAR or top line growth? Thank you.

ELIE MAALOUF

Okay, I was wondering how long before an M&A question would come up. So, look, we obviously don't comment on M&A or industry activity in that area. We know that we have added three brands through acquisition. In my 10 years of the company, Kimpton, Six Senses and Regent, all of which are really at the heart of our, I think, industry leading Luxury & Lifestyle portfolio, may not be the biggest yet, but it is, I think, the most relevant. It's Luxury & Lifestyle of the future. The affinity, the desire for those brands around the world and the way we've grown them since we acquired them is really impressive. So, we'll always look at brands that we can add to our collection. So, Michael correctly said that we always look at that in our capital allocation, growing our business sustainability, accretively is what we will look for first.

But at the same time, we don't need to do that to continue our organic growth. We're in a position with a very strong portfolio, a great geographic distribution and penetration across high value and high growth markets, and we see great upside right there even without any further additions, either organic or inorganic. To your consolidation point, please keep in mind — I don't know what slide number it was early in the presentation — where we believe we're already consolidating the industry without M&A. With four percent of the industry supply but 10 percent of the pipeline, we're already consolidating it organically at a much lower cost of capital. We'll always look at M&A where it makes sense, but consolidation is already occurring towards the preferred brand systems like ourselves.

On development, we really try not to get into lease arrangements ourselves. We'll work with lessees where they're looking for a brand and a franchisor or an operator, but we try — we have a few leases on our balance sheet, but we try not to enter into any new ones. We don't believe we have to, to grow fundamentally, and I don't think that's been a barrier to our growth in almost all of our markets. There are always a few exceptions, but we also look at the right risk or reward, and we feel we can penetrate the high value, high growth markets without doing that. Turn it over to Stuart on margin, but just one thing about that. Always remember that this is an industry that makes higher highs and higher lows. So, you're correct that at some point across the cycles, we've seen pauses in RevPAR growth and then re-accelerations. But the key thing that we focus on, and we think our investors focus on is that the industry: we make higher highs and higher lows. So, we're not trying to time our strategy for investments and for growth with those lows and highs because we're going to make higher highs and higher lows. So, I don't know when a pause or slowdown will occur, where, but I'm confident that we'll continue the track record of higher highs and higher lows.

MICHAEL GLOVER

Yeah, from a RevPAR sensitivity perspective, we're at about 11 million right now. Maybe I'll pass it to Stuart. He can talk you through how to kind of think about modelling that.

STUART FORD

Andre, so if you look at the total revenue base from the fee business, it's just under 1.7 billion. But I think it's instructive to look at the three-way split of that, which you'll see in the detail of the accounts. So, there's central revenues, that's at exactly 200 million. There's IMFs, which went back to 168 million. The 2019 level was 151 billion. So, we've already surpassed IMFs, but they will

continue to grow. They're not all the way back in the sense of every single hotel earning an IMF. So, we haven't topped out at 168 million of IMFs. And then what you're left with is the 1.3 billion, which is franchise fees and base management fees. There's an element of that that isn't proportional directly to RevPAR. Most of it is, which is why, if you like, 1.1 billion of that and therefore one percent of that is the 11 million that Michael's mentioned, that is the direct sensitivity in terms of a change in RevPAR that would drop through into a change at EBIT. And then on top of that comes whatever change there is on IMFs, whatever change is being driven through central revenue, and whatever change is coming through productive net system size growth.

ELIE MAALOUF

Thank you. Next question please.

OPERATOR

And as a reminder, it is star and one on your telephone keypad if you would like to join the queue. We will pause a moment to allow any further questions to queue. And we show no further questions at this time. I will turn the call back to our presenters for any closing remarks.

ELIE MAALOUF

Well, thank you, everyone. It's been really great to connect with you today and to update you on our strategic priorities. We are very pleased with the year we've had in 2023, and our teams have done an excellent job, but this is ensuring us for success ahead. We look forward with confidence to the important next chapter of IHG growth. What we wanted you to take away from this event is our confidence in the strength of our track record and business model, and how our evolved strategic priorities and development initiatives will deliver a growth algorithm and strong shareholder returns from here.

We hope you have gained a deeper understanding of the strength and opportunities to further develop our brand portfolio around the world, our leading enterprise platform, and how those come together in a highly scalable and efficient model that delivers top line growth. It delivers expanding margins and excellent cash generation. This then enables us to invest back in the business to drive that growth even further, sustainably grow dividends and to return surplus capital, which is all a part of how we see IHG driving optimum shareholder value. Our next market communication will be our first quarter trading update on Friday, 3rd May. Thanks for your time and interest in IHG, and I look forward to catching up with you soon.