

Stuart Ford, SVP Head of Investor Relations

Hello and welcome to IHG's 2025 half year results presentation.

I'm Stuart Ford, Senior Vice President and Head of Investor Relations at IHG Hotels & Resorts, and shortly you will be hearing from Elie Maalouf, our Chief Executive Officer, Michael Glover, Chief Financial Officer, and Jolie Fleming, Chief Product & Technology Officer.

Before we proceed, I am obliged to remind all viewers and listeners that the company may make certain forward-looking statements as defined under US law. Please refer to the accompanying 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. In addition, the presentation will refer to certain non-GAAP financial measures. Once again, please refer to the accompanying results announcement and SEC filings for reconciliations of these measures to the most directly comparable line items within the Financial Statements.

The results announcement, 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.

Now, over to our H1 2025 highlights reel, followed by Elie.

Elie Maalouf, CEO

Hello, I'm Elie Maalouf, Chief Executive Officer of IHG Hotels & Resorts. Welcome to IHG's 2025 half year results presentation. I'll kick things off in a moment by sharing highlights from the first half, a period of strong financial performance and excellent execution against our strategic framework.

Michael Glover, our Chief Financial Officer, will then provide a financial review, after which I'll cover some important areas of strategic progress. We'll then hear from Jolie Fleming, our Chief Product & Technology Officer. Jolie will provide an update on the outstanding progress we're making in the development, evolution and deployment of our leading connected technology ecosystem across our global hotel estate.

The first half of 2025 was another strong period of financial performance and important progress against a clear strategy that is unlocking the full potential of our business for all stakeholders. Global RevPAR grew by 1.8 percent, reflecting the breadth of our geographic footprint, the strength of our brands, and the resilience of our operating model.

We had an outstanding period of development activity. We added over 31,000 rooms to our system, a record, taking our total estate to 999,000 rooms across more than 6,700 hotels. And, in the weeks since, we reached one million open rooms. This significant milestone demonstrates the enduring appeal of our brands and the strength of our enterprise platform. With record openings, gross system growth was 7.7 percent year over year, and net system growth was 5.4 percent.

We signed more than 51,000 rooms across 324 hotels. This was 15 percent higher than 2024 levels, when excluding M&A and large portfolio conversions. This takes our pipeline to nearly 2,300 hotels, up 4 percent YTD.

Our fee margin grew 390 basis points, contributing to a 13 percent increase in EBIT. Adjusted EPS grew 19 percent, supported by our share buybacks. We are pleased to declare an interim dividend of 58.6 cents, consistent with our 10 percent growth rate in each of the last three years. Dividend payments, along with the 900-million dollar share buyback programme, are expected to return over 1.1 billion dollars to shareholders in 2025.

Altogether, we delivered another period of excellent results, demonstrating the strength and resilience of our model and the power of our growth algorithm. 1.8 percent RevPAR growth, 5.4 percent net system growth, margin accretion from positive operating leverage and the step changes in ancillary fees, collectively drove a 13 percent increase in EBIT. And with the strength of our cash conversion which funds our share buybacks, we delivered adjusted EPS growth of 19 percent.

This performance is above the top end of what we laid out as the compound average that we are targeting over the medium to long term. And, we are confident we will continue delivering on this growth algorithm going forward.

Now, let me handover to Michael who will take you through the details of our financial results.

Michael Glover, CFO

Thanks Elie. I'm Michael Glover, Chief Financial Officer for IHG Hotels & Resorts. Let me take you through some more detail on the great set of results delivered for the first half of 2025.

I'll start as usual with our reportable segments, which is the fee business together with the Owned & Leased portfolio of 17 hotels. Revenue was 1.2 billion dollars and EBIT was 604 million dollars, growing 6 percent and 13 percent, respectively. Within this, fee business revenue increased 7 percent and fee business operating profit increased 14 percent. On an underlying basis, which adjusts for a 7 million dollar liquidated damages receipt and is at constant currency, fee revenues were up 6 percent and profit was still up 14 percent.

Fee margin increased by 390 basis points to 64.7 percent - I'll touch on this outstanding performance in more detail shortly. Adjusted interest increased to 91 million dollars, putting us on track for our full year guidance range that we've narrowed to between 195 million and 205 million dollars. Our effective tax rate was 26 percent, down 1 percentage point. This was predominantly due to the timing of certain items such as non-deductible foreign taxes in the US. We still expect a full year effective tax rate of 27 percent, unchanged from previous guidance.

Earnings per share includes the accretion benefit from the 900 million dollar share buyback programme for this year, as well as the annualisation of the previous year's 800 million dollar programme. Through this combination of strong revenue growth, fee margin progression, and accretion from buybacks, adjusted EPS increased 19 percent. The interim dividend is increasing by 10 percent, consistent with the growth rate in each of the past three years.

Moving on to a summary of RevPAR performance. Americas RevPAR for the half grew 1.4 percent, with occupancy up 0.1 percentage points and rate up 1.3 percent. After strong RevPAR growth of 3.5 percent in Q1, the region moved to a decline of 0.5 percent in Q2. This was expected, given the impact from the shift in timing of Easter between March and April, and the broader impact on certain types of business and leisure travel in light of macro-economic developments.

In EMEAA, RevPAR for the half grew 4.1 percent, with occupancy up 0.8 percentage points and rate up 2.9 percent. Strong growth of 5.0 percent in Q1 eased to 3.0 percent in Q2, in part due to fewer international events compared to the prior year. By major geographic markets, H1 RevPAR ranged from being down 0.8 percent in the UK to growth of over 5 percent in each of the Middle East, Continental Europe, and East Asia & Pacific. The latter continued to benefit from higher levels of inbound leisure travel from Greater China, on top of very strong increases last year.

In Greater China, RevPAR for the half was down 3.2 percent, with occupancy up 0.3 percentage points and rate 3.6 percent lower. The RevPAR decline of 3.5 percent in Q1 was followed by 3.0 percent in Q2, helped by an easing in the strong comparatives. H1 RevPAR was down 1.1 percent in Tier 1 cities and down 6.0 percent in Tier 2-4 cities, due to lower Groups and Business demand and increases in international outbound leisure trips.

This slide presents the Business, Leisure and Groups demand drivers, showing a breakdown of booked revenue, split by room nights and ADR. In the half, global rooms revenue for Business bookings grew 2 percent on a comparable hotels basis, driven by a combination of room nights and rate; Groups revenue also increased by 2 percent, predominantly due to rate; and Leisure bookings grew by 1 percent, driven by room nights, with rate held flat. So, on a global basis, all three demand drivers showed positive rooms revenue growth.

Turning to system growth. Openings produced 7.7 percent gross growth year-on-year, as we added 31 thousand rooms in the first half of 2025. This was 75 percent more than last year, and a record level of openings – and that's still the case even when adjusting for the 'non-organic' Ruby additions.

20 thousand rooms left the system, equivalent to a 2.3 percent removal rate when adjusting for The Venetian. This is a little higher than the 1.5 percent average we generally expect, but we do not consider this an indicator of a longer-term trend. A temporary higher removals rate in China reflecting the lagged effect of some hotels exiting post-Covid, combined with the somewhat lumpy nature of hotel exits elsewhere, has resulted in this fluctuation above the mean. Taken together, year-on-year net system growth was 4.6 percent, or 5.4 percent when adjusting for The Venetian.

We signed over 51 thousand rooms in the half, up 15 percent when excluding the initial signings from the Ruby acquisition and last year's NOVUM agreement. Conversion activity predominantly drove this performance, with signings up 27 percent. Pleasingly, new build signings were also up by 9 percent.

Normally at this point in the presentation I move straight into our margin performance, but before I do that, I want to touch on the strength of our cost control. As you can see from the slide, IHG has maintained a highly disciplined approach to cost management for a long time now. This is a continuous mindset which underpins how our business operates. Elie and I have been looking at efficiency and effectiveness in our business since day-one in the job, and there are always ongoing actions. Through process redesign, greater leverage of centralised support, and enhancing our use of technology – particularly AI – we are driving a highly efficient and scalable cost base, with savings that are sustainable in the long-term.

Set-up expenditure to realign our business in this manner resulted in an exceptional cost within the fee business of 3 million dollars in the first half, and which we expect to be over 10 million dollars for the year as a whole. These costs are expected to have a cash-on-cash payback within 12 months, with the savings building further beyond that. We have seen these actions, as well as those taken in previous years, already yield results. Our fee business overheads of 318 million dollars in the first half of 2025 was 15 million less than 2024 – a reduction of 4.5 percent.

Moving to fee margin, which was up a very pleasing 390 basis points. This has been achieved through a combination of improving our core operating leverage – which includes the tight discipline on costs I just illustrated – as well as step-ups in ancillary fee streams. As a quick reminder on those step-ups - we announced last year that revenue generated from the sale of loyalty points would come to IHG. Initially, 50 percent of these revenues were recognised in 2024, representing an incremental 25 million dollars to IHG, with 100 percent of revenues – and therefore a further 25 million dollar step-up – to be recognised in 2025. We are on track, and therefore this is equivalent to a margin uplift of 50 basis points.

We've also seen a step-up in co-brand credit card fees. When we announced the new arrangements in November last year, we said that we'd expect to see an incremental 40 million dollars of co-brand revenue in 2025. Again, we are on track, and this is equivalent to margin uplift of a further 80 basis points.

It's worth pointing out that historically, IHG's Central costs had always outweighed Central revenues, and there had always been a Central 'loss'. The step-ups in revenue from points sales and co-brand credit card arrangements now mean that this segment generates a net profit after other Central overheads.

So, there was the combined 130 basis points of margin improvement from step-ups in ancillaries, and our operational leverage and cost actions drove the other 260 basis points of margin improvement. Pleasingly, improvement was seen in each of the Americas, EMEAA and Greater China.

Moving on to cash flow. Adjusted free cash flow was 302 million dollars, an increase of 171 million dollars on the first half of 2024. This was driven by progress in trading performance and ancillary revenues, an improvement in working capital, and a 41 million dollar swing in the System Fund result. As you may recall, cash outflows for the System Fund were higher last year due to the planned spend down of its prior cumulative surplus. Across the year, IHG typically converts approximately 100 percent of adjusted earnings to free cash flow, though it is usual for cash generation to accelerate in H2. The year-to-date conversion rate of 80 percent is therefore very much in line with where we would expect it to be at this point in the year, and conversion on a trailing 12-month basis has been over 100%.

A quick look now at capital expenditure in more detail. Key money spend of 86 million dollars was the same as 2024. As we explained at our Full Year Results announcement, increased development activity, particularly in the Premium and Luxury & Lifestyle segments, as well as the NOVUM conversion portfolio, means that key money in 2025 is expected to be in-line with last year. We therefore continue to expect key money and maintenance capex of 200 to 250 million dollars annually, and our guidance for gross capex remains at up to 350 million dollars a year.

Our strategy for uses of cash remains unchanged. After investing to drive long-term growth, which is the foremost priority, we look to sustainably grow the ordinary dividend. After that, we then look to return surplus funds to shareholders. This year's 900 million dollar buyback programme is 47 percent complete, which has repurchased a further 3.8 million shares or 2.4 percent of the share count. The dividend payments to shareholders in 2025 together with the buyback programme will have returned over 1.1 billion dollars, which is equivalent to just under 6 percent of IHG's market capitalisation at the start of the year.

On a prospective basis, given consensus expectations for growth in EBITDA and cash generation in 2025, together with the share buyback programme and the cash outflows for the Ruby acquisition, leverage at the end of 2025 is expected to be around the middle of our target range of 2.5 to 3 times net debt to EBITDA. Our guidance remains unchanged from what was communicated at our 2024 Full Year Results back in February, except for a slight narrowing of the forecast range for interest costs. For reference, this slide also shows a summary of our growth ambitions over the medium to long term.

With that, let me now hand back to Elie.

Elie Maalouf

Thank you, Michael. I'll now share an update on our strategic progress in the first half of 2025. I'll group these into five areas. First, we continued to drive excellent development activity across our brands. Second, we expanded further into priority growth geographies. Third, we strengthened hotel owner returns. Fourth, we delivered a step change in ancillary fee streams. And finally, as Michael has covered, our success in each of these four areas delivered increased profits, dividends, and the return of further surplus capital to shareholders.

So let me start with excellent development activity for our brands. Over the last decade, we have doubled our number of brands from 10 to 20, capturing more guests at more price points than ever before. At the top end, our ultra-luxury brand, Six Senses, is delivering exclusive, one-of-a-kind experiences in sought after leisure destinations, and driving average daily rates that are roughly 10 times higher than our Essentials brands.

Our recently acquired premium urban lifestyle brand, Ruby, further enriches our portfolio with an exciting, distinct and high-quality offer in popular city destinations. And, our newest Essentials brand, Garner, is rapidly scaling and further broadening our presence in the affordable midscale space. This expanded brand ladder not only diversifies our customer mix; it also brings more owners and property types into our system.

10 years ago, our brand ladder consisted solely of hard brands. More recently, we have introduced three conversion-friendly brands - Vignette, voco and Garner - that allow greater flexibility, while still leaning into brand hallmarks loved by guests. These three brands alone represented one-third of our conversion signings in the first half of 2025, with the remaining two-thirds across our other brands. Our expanded brand portfolio, which builds on our industry-leading established brands, is diversifying our system mix and our growth opportunities. And, we continue to consider options to further develop our portfolio in the future.

In the first half of 2025, our established brands still drove the majority of development activity. Among these 10 brands, we opened 126 hotels, representing 65 percent of total room openings. We also signed a further 199 hotels into the pipeline, representing 59 percent of total room signings. The Holiday Inn brand family alone opened an impressive 72 hotels during the period. And, a further 119 were signed into the pipeline, as owners continue to invest behind these industry-leading brands.

While our established brands continue to drive system growth off a large base, our newer brands are scaling quickly. These 10 newer brands account for 9 percent of current system size but 22 percent of the pipeline. During the first half, we opened 81 hotels across our newer brands and signed a further 125 into the pipeline. Within these newer brands, Garner, our midscale conversion brand, reached 138 open and pipeline hotels across 10 countries less than two years since launch. Vignette Collection, launched in 2021, is ahead of its goal of reaching 100 hotels in its first decade. Our versatile and flexible voco brand, focused on premium conversions, has now exceeded 100 open hotels across almost 30 countries since launching in 2018, with a further 102 hotels in its pipeline, as signings continue to accelerate.

Ruby has also contributed to the signings and openings strength across our newer brands. At the time of acquisition, Ruby had 20 open hotels, and we added the first 16 of these into our system in the second quarter. The second phase of the integration, including transitioning the hotels onto IHG's Guest Reservation System, is expected to begin later this year. And, we expect the remaining open hotels to join our system by early 2026. We're pleased with the brand's growth momentum in recent months. In addition to the 10 pipeline hotels at the time of acquisition, a further 4 hotels in sought after destinations - Geneva, Copenhagen, Berlin and Malta - have been signed.

We see excellent opportunities to not only expand Ruby's strong European base but also take this exciting brand across Asia and to the Americas, where we're on track to have Ruby franchise-ready in the US this year.

Turning to our Luxury & Lifestyle and Premium brands. These higher fee per key brands now account for a greater share of our system size and openings. In 2019, Luxury & Lifestyle and Premium rooms represented just under one quarter of our openings. Over the most recent 12 months, this rose to 45 percent. Luxury & Lifestyle and Premium represent 29 percent of current system size, but they are 43 percent of our pipeline, representing future growth of 52 percent. So, these higher fee per key brands will continue to account for a larger share of openings and system size growth relative to history.

Beyond the fee revenue accretion that comes from these hotels, the brands also enhance the value of IHG's masterbrand, enrich the loyalty proposition of IHG One Rewards, and drive incremental high margin ancillary fee streams through point sales, co-brand credit card fees, and branded residential opportunities.

We also continue to invest behind our powerhouse Essentials and Suites brands. For our world-leading Holiday Inn Express brand, we recently launched a new marketing campaign, a new bean-to-cup upgraded coffee service already rolled out to over 1,000 hotels, and the 5th generation of the product model and lobby design. This Gen 5 format is more efficiently constructed for optimised operational management, boosting both investment returns and guest satisfaction.

Let's now turn to priority growth geographies where impressive signings and openings activity is powering strong development activity across a well-diversified footprint. With more than 6,700 hotels in over 100 countries, we are well-positioned to capture guests wherever and whenever they choose to travel.

The US and Greater China, our two largest markets, account for 65 percent of our system size and roughly 60 percent of our global pipeline, highlighting the scale of future growth still to come from these large and growing economies.

We also have sizable and growing footprints in the rest of the Americas, Europe, India, the Middle East, Africa, and East Asia & Pacific. These markets together account for around 35 percent of our system size and around 40 percent of our pipeline as we continue to deepen our presence in existing markets and expand into new ones.

Now, taking a closer look at our largest market, the US. Development momentum continued to pick up in the first half as applications, ground breaks and openings all increased on last year. We opened 70 hotels, driven by further openings momentum across our Premium, Essentials and Suites brands. We also signed a further 85 hotels into the pipeline. And, more than half of these openings and signings were delivered in the second quarter, highlighting owners' continued confidence in investing behind our brands despite uncertain macro conditions earlier in the year.

In Greater China, we delivered another record period of hotel development activity in the first half, with 55 hotels opened and a further 93 signed. On top of strong new build activity, conversion momentum has stepped up as owners recognize the strength of our brands and the benefits of joining our enterprise platform. Conversions represented 40 percent of room openings in Greater China, up from 29 percent in the first half of 2024. And, higher conversion activity means we are taking even greater share in this vast market.

We expect our record development activity in the first half of the year to continue for the full year. And we remain confident in the long-term structural growth drivers of Greater China, which are underpinned by technological innovation, a rising middle class, continued appetite for both business and leisure travel, and the under-penetration of hotels per capita.

Turning now to EMEAA and focusing on four of our largest markets where we are also rapidly scaling our footprint. Together, Germany, Japan, Saudi Arabia and India represent 28 percent of our system size in EMEAA and 37 percent of our pipeline. In the first half, we opened 36 hotels across these four markets and signed an additional 54 into the pipeline. This included the launch of Candlewood Suites in Europe, our first signing for EVEN Hotels in the Middle East, and further expansion of our conversion-friendly brands in Japan. Over the coming years, we aim to double our presence in each of these large and growing markets. This not only brings more hotels into our system but also drives outbound travel and scale benefits across our entire enterprise platform.

Now, turning to the important progress we're making in strengthening our commercial engine to deepen guest loyalty and drive hotel owner returns. Starting with IHG One Rewards, record enrolments grew 22 percent versus the same time last year, and were 64 percent higher than 2019 levels. Globally, loyalty penetration is now approximately 65 percent of all room nights booked, and this figure is even higher in the US and Americas at around 70 percent. Reward Night redemptions, a key indicator of member engagement, increased 5 percent year-over-year, and are 65 percent higher than 2019 levels.

The strength of IHG One Rewards and our IHG managed channels is driving increased total enterprise contribution. This is generating more high quality revenue for owners and lowering their costs. Our enterprise, across all the channels and sources we manage for our owners, is now providing hotels with 83 percent of all the rooms revenue booked.

We are also laser-focused on driving more direct contribution to our hotels through the strategic marketing of our IHG masterbrand. In the Americas, IHG masterbrand awareness reached its highest level ever, rising approximately 5 percentage points from the same time last year. We are also better leveraging all customer touchpoints, including rolling out the 'By IHG' endorsement for our hotels across digital channels and physical signage. This endorsement increases IHG masterbrand awareness and drives greater direct contribution, which is key to reducing hotel owner costs.

Beyond improving owner returns, IHG One Rewards members are also an essential driver of valuable ancillary fee streams. We've said before that our loyalty members typically spend 20 percent more in our hotels than non-members and are around 10x more likely to book direct. Our co-brand credit card holders stay even more frequently and spend more in our hotels. The number of card customers rose at a double-digit rate, and total card spend continued to grow. We also recently expanded the IHG and Chase partnership to give IHG One Rewards status to Chase Sapphire Reserve customers. And a new co-brand card is in discussion for the UK, as we actively work towards expanding our co-brand offering to other priority growth markets. This continued growth in the programme, together with the new agreements between IHG and our US issuing and financial services partners, is driving the step-change in co-brand credit card fees that Michael spoke about earlier.

We are also very pleased with the growth in ancillary fees from loyalty point sales. This is driven by consumers actively engaging with IHG One Rewards, and buying and redeeming points across our global estate. We expect this fee stream to continue growing in the future as our loyalty programme and system size expand further.

Finally, we continue to see meaningful fee growth potential from branded residential developments. The number of properties in this industry segment is forecast by Savills to double by 2031. And, our industry-leading Luxury & Lifestyle brands give us an advantageous position to capture that growth. We currently have more than 30 open or selling projects in the market across 15-plus countries. More properties are in the pipeline and several of these projects are expected to launch sales later this year.

I'll now hand you over to Jolie Fleming, our Chief Product & Technology Officer. Jolie has spent more than 25 years as an experienced and inspiring leader in technology-first businesses spanning multiple industries. Jolie joined IHG in 2021 as Senior Vice President, Guest Products & Platforms, where she was instrumental in leading the tech design and development for IHG One Rewards, as well as the new mobile app and hotel websites. In 2024, Jolie was promoted to her current position, leading the Global Product & Technology function.

Jolie, over to you to share more about your team and the outstanding tech evolution underway across our global business.

Jolie Fleming, CPTO

Thank you, Elie. Today, our global technology team manages a powerful and highly complex eco-system. We manage hundreds of applications, 24x7: across 20 brands, for 6,700 hotels, in 20 languages, and, in more than 100 countries. Our team is dedicated to running a secure and stable technology environment. And, at the same time, we are committed to evolving our products and solutions.... to drive business growth, value for our owners, and memorable experiences for our guests. As we review the technology strategy today, I want to try and strip out some of the complexity of the actual technology, and instead talk in terms of the business value we are driving through that technology. When we think about our technology, we think about it as three simple business areas.

First, how is our technology helping to promote our hotels. We need to do all we can to show the breadth and depth of our hotel portfolio to our loyalty members and prospective guests. Second, how are our technologies helping hotels to optimize their operations and commercial performance. We need to ensure our owners have the best technology in place to run efficiently, and to generate best-in-class ROIs. Third, how is our technology helping hotels engage effectively with their guests. Enabling high quality, personalized connections with guests and delivering memorable experiences, drives loyalty, which keeps guests coming back.

These are the three core ways we think about our technology:

- Technology that Promotes hotels...
- Technology that Optimizes operations...
- And technology that enables engagement with guests...

That is the simple framework that frames our thinking, guides where we spend our time and where we choose to invest, and reminds us every day about "why" we are building technology. We are here to solve real business challenges for guests, for owners and for IHG. Now that we have shared the framework, let's discuss our actual technology solutions in each of these areas and highlight where we are making significant upgrades.

Starting with promoting our hotels: we have our award-winning IHG One Rewards mobile app. We also have our websites. This includes ihg.com, each brand's website, and thousands of individual hotel websites. And, we have the technology supporting our other distribution channels, such as the customer reservation centres and our distribution partners, and then to meta providers like Google and Facebook. Together, these IHG managed channels drove enterprise contribution to represent 83% of all room revenue booked, as Elie mentioned.

Now, we are taking it to the next level to further elevate how we promote our hotels. We're working with a third-party supplier to overhaul our digital content platform over the next 18 months. This new platform will enable us to quickly and effortlessly add compelling content for each of our hotels and showcase them in new and exciting ways. I'll come back to this in more detail shortly.

In the optimize space, when you look at the core mechanics of what it takes to run a hotel, there are many different systems. But the three largest are:

- The Guest Reservation System (or GRS);
- The Revenue Management System (or RMS);
- And the Property Management System (or PMS).

These three platforms work together to:

- Optimize pricing;
- Take bookings;
- And manage check-ins, check-outs and hotel operations.

You've heard us speak for some time about our GRS and our long-standing partnership with Amadeus. This partnership has been a great example of IHG acting as a first mover to bring:

- Leading technology to our hotels;
- At a lower cost to owners;
- Ahead of peers.

The roll-out of the GRS system was completed in 2018 and now we are evolving it to further unlock new revenue streams for our hotels. Alongside that work, we're now laser-focused on scaling a new Revenue Management System and rolling out new Property Management Systems across our global estate.

On the engage side, we're building from a very strong foundation with IHG One Rewards. We are also building upon our robust Wi-Fi network and our award-winning WiFi Auto Connect capabilities. From that strength, we're developing and investing in a new loyalty and Customer Relationship Management platform in partnership with Salesforce. This new CRM platform will give our hotel colleagues greater insight into guests before they arrive and to serve them when on property.

Our goal: to drive more memorable moments between our hotel colleagues and guests, while enhancing the guest experience from check-in to check-out. It is this highly connected technology platform that we are building in partnership with best-in-class providers that will position us to accelerate our growth and portfolio expansion. Ultimately, our aim is to ensure our hotels have modern, AI-enabled, cloud-based technology to run their business. And, by leveraging our scale we are delivering these solutions cost-effectively to our hotels.

Now, let's go a bit deeper on some of our key initiatives. As I mentioned, in the 'Promote' area, we are well underway in building a new digital content platform. In partnership with a third-party vendor, we're building a modernized content platform that's simple, easy to use, and unlocks new capabilities for owners. It will enable more engaging content types, such as videos, 360-degree views, and floor plans to really bring a hotel to life. It will also be faster for our hotels to upload that content to our channels, making it easy to keep the content current and compelling. And, it allows us to leverage AI to drive commercial performance and enhance the guest experience. For example, we will support AI and machine translations for all hotel content, allowing us to promote hotels to even more global guests. This in turn will create new and exciting ways for guests to discover and book IHG properties, while enhancing operational efficiency and supporting our direct channel growth. The new platform is being finalized in 2025, and we will begin rolling it out across the estate in 2026.

Turning to our optimize pillar, there has been significant investment in this area which we are now leveraging and further evolving. As mentioned earlier, our guest reservation platform has been fully deployed across our global estate for several years. This means that now we can continue to evolve and enhance that core system to drive incremental, high margin revenue growth for our hotel owners. These advancements have increased the number of guests seeing up-sell offers while booking an upcoming stay. Remember, approximately three years ago, our hotels had little to no up-sell capabilities beyond offering certain room categories. Last year, 25% of guests were seeing up-sell offers for larger rooms and better views at some point as they moved through their booking journey. Today, that figure has reached approximately 50%, and we are working on extending upsells even further throughout the travel journey.

And, we're not stopping there. We continue to expand GRS capabilities – making it easier to book one room, multiple rooms, different room types, and add-ons. All to further generate commercial advantage for our owners. At the same time, we've rapidly deployed a new, highly sophisticated Revenue Management System called N2Pricing across our global estate. This product was developed in partnership with a specialist revenue management firm and is proving to be a game-changer for our hotels. You've heard us say before that the platform uses modern data science, forecasting tools, and machine learning, to deliver advanced insights on pricing and distribution channel recommendations to our hotels.

But, more importantly, the platform has delivered results. The system is having an immediate and positive impact on top-line commercial performance through revenue uplift and market share gains. User feedback has been strong. And, N2Pricing is enabling our hotels to focus more time on strategic planning, on guest engagement and on operational efficiency. As of June 30th, N2Pricing is live in over 5,000 hotels. An impressive achievement, considering only 1,700 properties had N2Pricing this time last year. This is a clear demonstration of our commitment to deliver solutions efficiently and at pace. With the rollout already 80% complete, we expect the system to be fully deployed across the eligible estate by the end of 2025, and we will continue to optimise going forward.

Turning to the Property Management System. We're moving from an onsite hotel Property Management System to a new, modern, cloud-based platform that is highly efficient, portable, and easy to use. So, what does a new PMS unlock for IHG? The new PMS allows hotels to manage operations from anywhere, meaning guests can be checked in from a mobile device. The new PMS is intuitive and easy to use, making it simpler to onboard and train hotel colleagues and complete routine tasks like night audits. The new PMS is also in the cloud, which enables better above-property technical support, rapid centralized system updates, and additional security measures. And it will connect seamlessly with other systems, unlocking further capabilities such as our new CRM system. All of this takes work off a hotel, and enhances the guest experience...

Lastly, the new PMS moves the relationship from the hotel owner and the third party, to IHG and the third-party. This means we can leverage our global scale to negotiate on behalf of our 6,700 hotels to deliver cost-efficient, and in many cases, cheaper solutions for our owners over time.

So far, we've partnered with two PMS providers. They are HotelKey in the Americas and EMEAA, and Shiji for hotels in Greater China. We are also currently piloting additional global solutions. It's important to note that generally, we aim to deploy enterprise-wide solutions that can be standardized and adopted across all IHG hotels. However, we also have to recognize the breadth of our global footprint and the depth of our brand ladder. By partnering with a few leading providers, we are ensuring we have the right technology solutions in place for the right properties.

And, here's another delivery proof point: As of June 30, the new PMS solutions are live in over 1,200 select-service hotels around the world; more than 600 hotels have been deployed this year alone. We are targeting to be at 2,000 by the year-end, and we expect to continue this accelerated pace until full rollout. An additional solution is currently in pilot, and, if successful, we expect to begin rolling it out to the estate in 2026.

Ultimately, these three cloud-based solutions – GRS, RMS and PMS – provide our hotel owners with industry-leading core technology to achieve best-in-class returns. This will ultimately drive greater owner satisfaction, unlock future growth opportunities for IHG, and bolster our asset-light, fee-based revenue streams.

Last, but not least, there's engagement. Today, we're working to reimagine our Loyalty and Customer Relationship Management platform to deliver a unified view of each guest; create elevated guest experiences; and drive faster loyalty benefit delivery. A new, AI-enabled platform will empower our hotels to know each guest before they arrive, and provide more personalized experiences and offers. This will make their stay feel more personal and more memorable.

These new CRM tools will seamlessly connect into our overall tech ecosystem, so that hotels can easily access a guest's stay preferences, recognize milestone events, and more easily celebrate loyalty with gestures like room upgrades and welcome amenities. Our Reservation & Customer Care colleagues will also be able to see guest information when a guest calls, elevating how we service them in those moments. The automated tooling will also make it simpler and more intuitive to use for our hotel colleagues - another example of the many ways in which our solutions are not only unlocking commercial value and better guest experiences, but also driving better operational efficiency. The platform is currently in development, and we aim to launch in 2026.

We believe elevating our core platforms will further strengthen IHG's leading position. Our focus on cloud-based technologies removes operational burden from our hotels. Our focus on AI across our platforms will help colleagues work more efficiently and effectively, while unlocking new areas of growth. Our focus on value-based solutions will create upside for hotel owners and will contain costs along the way. And, our intentional shift from homegrown solutions to best-in-class, third party solutions will ensure IHG stays at the leading edge in technology for our guests and our owners.

Collectively, the developments I've talked through today will transform how our hotels operate; how we deliver more direct bookings, drive deeper guest loyalty, and enhance owner returns; and how we widen the competitive moat. We are incredibly proud of the delivery to date and we are excited about the next phase in our evolution to promote hotels, optimize operations and drive guest engagement.

Thank you so much. With that, I will hand it back to Elie.

Elie Maalouf

To conclude, we are very pleased with the strength of our financial performance, the growth of our brands, and progress made in the first half of 2025 against a clear strategy that is unlocking the full potential of our business for all stakeholders.

The strong performance in H1 went beyond the growth algorithm, delivering:

- RevPAR growth of 1.8 percent;
- Net system size growth of 5.4 percent;
- And 390 basis points of fee margin expansion.
- We're on track to return to shareholders over 1.1 billion dollars this year;
- And this culminated in adjusted EPS growth of 19 percent in the first half of 2025.

We remain confident in our ability to continue delivering the growth algorithm over the medium to long-term, driven by:

- high single digit fee revenue growth;
- 100 to 150 basis points of margin expansion per annum from operating leverage;
- approximately 100 percent adjusted earnings converting into free cash flow;
- sustainable dividend growth;
- surplus capital returned to shareholders while targeting financial leverage between 2.5 and 3.0 times;
- and, ultimately, delivering 12 to 15 percent adjusted EPS growth as a compound annual growth rate.

And with that, we thank you for listening to our first half 2025 results presentation.

Elie Maalouf – intro to Q&A

Thank you, and welcome to this Q&A session. I'm Elie Maalouf, Chief Executive Officer of IHG Hotels & Resorts. Hopefully you've all had a chance to watch the results presentation which we made available at 7 o'clock this morning. It featured myself, along with Michael Glover, our Chief Financial Officer, and Jolie Fleming, our Chief Product & Technology Officer. Both Michael and Jolie are here with me today.

Before we open the lines to take the first question, I will summarise our strong performance in the first half of 2025.

- Our RevPAR grew by 1.8 percent, reflecting the breadth of our geographic footprint, the depth of our brands, and the resiliency of our operating model.
- We delivered gross system growth of 7.7 percent and net system growth of 5.4 percent, driven by outstanding development activity and record openings.
- We signed over 51,000 rooms across 324 hotels, a 15 percent increase over 2024 when excluding M&A and large portfolio conversions.
- We expanded our fee margin by 390 basis points, driven by operating leverage and step-ups in ancillary fee streams.
- EBIT grew 13 percent and Adjusted EPS grew 19 percent.
- We've completed 47 percent of our 900 million dollar share buyback programme, which, together with ordinary dividends, will return to shareholders over 1.1 billion this year.

In summary, we made excellent progress on our strategic priorities, and we are confident in the strengths of our enterprise platform and the attractive long-term growth outlook.

And with that, let me turn it over to the operator to take the first question.

Jamie Rollo (Morgan Stanley): Three questions, please. First, could we start, if we may, on any flavour on current trading. I know you do not guide, maybe talk a bit about how you think Q3 is looking and whether you expect a pickup in Q4 RevPAR in the US, given the election comps and holiday shifts mentioned by some of your peers?

Secondly, just in the half, the Americas fee revenues were down about 1% despite 1.5% RevPAR growth at around 1.5% adjusted net unit growth. So if you could bridge that roughly 4 point gap for us and talk about whether some of that might continue into the back half of the year?

Then finally, on the Central line. Obviously, a very big swing from negative 40 to positive 17. On your prerecorded call, you mentioned some cost phasing. So if you could please quantify that? And are we now looking at something like a \$30 million, maybe \$40 million sustainable profit line? Should we expect that to grow in the future?

Elie Maalouf: Thank you, Jamie. I am going to address your first question, touch on the third one a little bit and turn over the second one and more detail on the third one to Michael.

First, current trading Q4, Q3. As you said, we do not give guidance. We look usually, of course, at the short term, but more usually at the mid-term and the long-term. And we feel, as we said in our statement, that most of the uncertainties and the turbulence that we experienced in March and April is subsiding. You still have some trade tensions, but you have more trade deals than trade tensions.

You have financial markets that were down in March and April. They fully recovered, and got a record in the US and in some European countries, too. You have got this clarity on the US tax bill, provides certainty for businesses and consumers on lower tax rates going forward. We have got still job growth in the US despite a job report last week that was not as high as people expected. It was still job growth.

We are at a record level of employment in the US with stable inflation, stable interest rates. You have really got a corporate capital investment boom, especially in technology in the US, driven mostly around data centres, AI infrastructure, power delivery to those and everything goes along with that. That is an underlying force.

We think that these fundamentals to continue a constructive outlook for US demand, US growth, US hospitality and our performance in the US are pretty good. What Q3, Q4 will be, we do not give guidance. But what we did say today, and which is similar to what we said after Q1, is we are comfortable, very comfortable with full year profit and EPS consensus. So we are not too stressed to add about it.

If RevPAR is another point up or another point down, it is not going to change the trajectory of where we land at the end of the year at this point. We are focused on what we think is a constructive outlook going beyond that.

Regarding Q4 election, you know what, we did not call it out last year. We did not think it was a significant mover for us. So we are not going to look at it in Q4 of this year as being anything different than what it was last year.

Let me just touch on Central a little bit and Michael will go into the details. I do not think there should be a grand surprise about where we are in what is termed a Central cost. We said for some time now that the point sales are going well, and they would step up another \$25 million this year from the \$25 million last year, and they are going to continue to grow.

We said that our credit card revenues, we are going to step up and double this year from \$40 million in 2023. Those are on track, and we have said that, and they are going to grow from there. We have always been pretty efficient about our cost. Last year, our cost growth was only 1%. You can go back 15 years and see that our cost growth has been well disciplined below our revenue growth. We have taken some bigger opportunities this year that we saw that we could capture due to really the possibilities that we have with technology, artificial intelligence, shared service centres around the world that required a little further investment, which we called out in the release today, but those are sustainable.

First, they are sustainable, and they are going to grow from there. But I do not think there should be any surprise there fundamentally. Michael, back to you on the last two questions.

Michael Glover: Yes, sure. Jamie, on the Americas fee revenue increases, obviously, what you are looking at there is the triangulation between net system growth and RevPAR growth. In the half, you have seen 1.4% in the Americas, 1.2% RevPAR growth in the US, and you are seeing roughly in the Americas 0.3% system growth. So you are triangulating that and saying why has that gone negative?

Now there is a number of things causing that in the first half of the year. First, you do have some hotels that have exited that were pretty high fee-paying hotels. Particularly, there was one in New York, and that has impacted that. But we have a replacement hotel coming in to replace that hotel. It is just not in the numbers yet, and so you are getting a bit of that.

The second thing is we have a bit more of hotels under renovation right now. If you look at that on a total rooms available basis, you would not see the rooms available growth. That is partly driven by that. There is also a bit of the key money amortisation coming into that.

You also have the leap year effect. We have got one less day in the first half of the year. So there is a few bits and pieces that are coming into that that is driving that. We do not see it as a long-term issue there.

Elie Maalouf: Not only that, let me just add that. I think the bigger thing to take into context here is our openings in Americas were up, I believe, 40% year-over-year in the half, and those have not really fully ramped up. But when we have such a step-up in openings that is not the same year-over-year, there is still some ramp-up of those hotels that will accrete the fees on an increasing basis going forward, but we are not getting the full benefit of that yet.

We are very happy with the fact that our openings stepped up that much in the Americas and in fact, globally, 75% year-over-year. But we still have not gotten all the benefit from that fee growth because it is a significantly higher step-up than before.

Jarrold Castle (UBS): Three from me as well. Elie and Michael, you spoke a little bit about residential contribution in your prerecorded remarks. If you can, can you give us anything around general scale of contribution to Group profitability and how you see the phasing or lumpiness of that business? Is it smooth? Is it a particular period, etc.?

Secondly, some interesting, within the presentation, you have tech buckets you are investing in, in terms of promote, optimise, engage. Can you give a bit a little colour in terms of where time and investment is generally going amongst those three buckets? It seems it could be wrong, it seems like 'Optimize' through the PMS and the RMS systems. But that would be the greatest amount of time and spend, but any comments there?

Then Michael, again, your prerecorded remarks, you spoke about Ruby, and that seems to be going well. Elie also spoke about Ruby in terms of pipeline and integration. But if I am not mistaken, you also mentioned the potential for further M&A or additional brands. Is that more a medium term? Or is there anything in the short term that can be done there?

Elie Maalouf: Thank you, Jarrod. First, on branded residential. Look, we are very excited about our trajectory there. First, it really starts from having constructed what I think is the leading luxury and lifestyle out there may not be the biggest yet. That is not the goal. It I think is the most aspirational, the leading one. The majority of our of our Six Senses and Regent hotels coming into the pipeline now are coming with the branded residential, and that has led us to having 30 properties now that are open and selling, and usually they start selling well before the hotel opens, right? Well, before the residences are even finished. So that starts to bring cash flow to our owners early on and actually fees to us even before the hotel or the residences are ready.

We have quite a few more coming under development. There is a lot of excitement around this space. It is extending beyond just those two ultra luxury brands, but also to InterContinental to Kimpton, and we are getting demand from owners for some of our other brands, some of our other lifestyle brands.

I think we have got a vector of growth there for fee growth. It is today still smaller than co-brand and point sales, but it is growing, and we think it is going to be a consistent contributor. I will be visiting actually next month in Dubai, some of our developments where we have quite a bit of branded residential, either already selling some open and some coming.

Here in London for you that are calling from here, the Six Senses in London is getting ready to open and those branded residential sales are on track.

On how we are investing under the three technology pillars that Jolie spoke about. We do not disclose the individual investments. They are in our System Fund. We manage them and govern them very prudently in the interest of the system fund of our owners. They all have very high returns, I can tell you, and we have been at it for some time. I mean, we have been investing in GRS for a long time, even before I started here at IHG 11 years ago.

Our new app has been a consistent investment for years. The PMS new project has been going on for at least a couple of years. It is now active in the market. Everything we are doing with the RMS, revenue management system, has been going on for a couple of years, and it is not most of our hotels. It is nothing new.

You have to think about this as a consistent level of investment. It is not a big build the product and then just watch it go. We think more in terms of product management here, not so much in terms of a project because you have to keep these things current. You have to keep it fresh. You have to keep it competitive. Those investments are in the System Fund, but they are delivering very good return for our owners.

Michael Glover: I would just add on that, Elie, a lot of people think about do you have tech debt that you have to do and have big outlays of cash that you have coming up. We really do not have that. As Elie mentioned, we have been consistently growing and investing in our tech as a result of our System Fund. We will continue to do that. So we do not expect to see any large investments that would come out of the ordinary in what we do.

Elie Maalouf: And part of it is because we have been on a journey for multiple years to stay current and update our tech stack. So we do not feel like we face a significant or any deficit that requires a massive leap capital and effort.

On new brands, M&A, of course, I am not going to make any specific comments, as we never do. But we are very pleased with the trajectory of Ruby. 16 of those hotels I mentioned already in our system. The next four will be in our system before the end of the year. And the pipeline of 10, which is now a pipeline of 14 since we bought it we will be opening over the next several years in incredible destinations today around Europe, but we will be launching the brand in the US by the end of the year, and then we will take it further east from there.

And we have shown that ability to take brands, whether the ones that we develop ourselves or, the ones that require, internationalise them and lead them to success. By the way, adding more brands to our portfolio, which I do not know when it will occur, but it will occur. It has been occurring. So it is going to continue to occur. Does not have to be just inorganic through M&A or partnerships. At least half of the new brand additions we have had to our portfolio have been organic internal development. So that could occur, too.

Jaafar Mestari (BNP Paribas Exane): I have got two, if that is alright. Firstly, on operating leverage. Americas fee margin is up in the half, but there is obviously a better Q1 than Q2 there in terms of RevPAR. I know you are expecting some improvements later in the year in Q4. But big picture, how should we think about fee margins, if you were to remain around the zero RevPAR? Would fee margins be flat. Could you make some progress from efficiencies? Would they be down because that RevPAR and some cost inflation? I am not expecting you to communicate on the Q2 fee margin, but yes, along those lines at flat RevPAR, how the fee margins look please?

Then secondly, Americas Groups bookings, if I remember correctly, were one specific point of you had mentioned in the previous call with some visibility. I think you had plus +7% Group's bookings on the books for the summer. In the half, Group's occupancy was actually down in the Americas. Just curious what the moving parts are? Are the long lead time bookings you already had on the books, are they definitely happening and holding? Is it just a short lead time bookings that have not been very strong? Or have there been any cancellations, for example, on the stuff you had on the books?

Michael Glover: Yes. Well, let me pick up the operating leverage and the margin. I think we have said many times in the past, we expected Americas margin to continue to improve, and it was not at the highest level. So it is pleasing to see that continue to move.

We have had a number of things in the Americas, and we have talked about the cost exercise that we have done and the improvement in margin that we have seen from operating leverage. Our margin was 390 basis points up at the half, 130 of that has come through our ancillary fees.

We talked earlier about the step-up in credit cards and step-up in point sales, and that delivered 130 basis points. The operating leverage delivered 260 basis points. Within that, we had really strong cost management. That is really around the company. It was across all functions: within Central, within the regions. So everybody has been involved with that programme and working to reshape our cost base so that we can scale this business centre in the future.

That is something that Elie and I have been working on since the beginning that we started. Fortunately, we have come to a time where we can make a step change in that. And that is what you have seen and that is what you have seen us do. The exceptional you see is really related to the setup of some of that, and we are able to take advantage of things like new technologies, like shared service centres, process improvement and continuous improvement.

We will continue to do that, and we have the opportunity to continue to grow that. That is no different for any of our regions or even in Central. As we look forward, in a lower RevPAR environment, we still have the system growth that we expect to come in. And then we still have the cost savings that will continue.

We said in there that we expect costs to be down 1% to 2% in the full year, so a little less than where we are here at the half. So we still expect to see really strong margin growth as we get to the full year.

Elie Maalouf: I think what is even more important though is, first of all, we are being very efficient about our costs while we are growing the business and putting more resource and investing more in high growth opportunities. We are integrating Ruby and building it out around the world. We are investing more in high-growth markets like India, the Middle East, Southeast Asia. We are investing more in high opportunity markets for us like Japan and Germany. We are developing all of our brands around the world. We are investing more in the technology stack that Jolie took you through.

This is not a cost management that is leading to the business retrenchment. Actually, we are finding this exciting opportunity to still grow, to amplify our business around the world and do it prudently. That is the leverage that we are getting from technology, from artificial intelligence, from our shared services centres, from process redesign. I think that is the benefit of everybody.

The other thing is we are doing that well to be able to grow signings up 15%, openings up 75% and supporting all that growth in our estate, which adds to the operating leverage. Brings me to your question about operating leverage in the Americas. And yes, we are pleased with the improvement. Last year, the operating margin went down a little bit, and there were a lot of questions about had we topped out in the US, and we said, no, there are some moments where we are digesting certain investments and that we would resume the operating leverage growth, and we are pleased to show that we are doing it.

On the Groups, I would say there was an inflection from Q1 to Q2 in all business in the Americas, particularly in the US. We attribute some of that to the Easter shift, and some of that, as we said earlier to the turbulence that occurred in March and April due to trade tensions, policy, tax questions, financial market drops. I mean when the financial markets in the US dropped double-digit, probably close to 20%, that probably created some pause in consumers and businesses. But we also said in May after Q1 that we are past the peak of that turbulence and that we saw things subsiding and attenuating and creating more certainty since then. That is what we have seen.

We have seen more certainty, more certainty on trade, more certainty on tax, financial markets have fully recovered. Job market is still strong. Corporate investments are strong. Corporate profits, through the second quarter here, that are coming through on S&P are still pretty strong.

We think that is a constructive more stable, more certain outlook. So whether it was Business, Leisure or Group, you saw a downshift from Q1 to Q2, but we think the outlook is more constructive going forward.

Muneeba Kayani (Bank of America): I wanted to start firstly on net system growth in the first half, which was 4.6% and then if we adjusted for The Venetian, it is 5.4%. I wanted to hear your thoughts on net system growth, right? Because we have been in that 3-4% range, I would say for a while, like do you think this is a sustainable tick up to a 5% level? How are you thinking about that, given where you are looking of signings, openings, pipeline are right now? That is the first question.

Secondly, if you could talk about China, what are you seeing there? When do you think RevPAR trends could be flat or even positive? Anything on the development environment as well?

Elie Maalouf: Thank you, Muneeba. I will take a shot at your questions and then Michael, if you want to add to it, feel free. Look, we are pleased that, within this context, which is, I think we acknowledge it. It has not been the most certain and clear context for the last six months. There has been a lot that is given people concern and pause and uncertainty and all that. Despite that, we are able to earn the confidence of our owners who have powered our openings up 75% year-over-year. I mean, that is a demonstration of the confidence that our owners, our investors have in IHG's brands, IHG's enterprise to not only sign 15% more hotels for the future, but to open 75% more hotels. That occurred across all of our regions. It was not just one region. It was Americas, it was EMEAA, it was Greater China.

We are confident in reaching the consensus of net system size growth for this year. But look, we are always aspiring to do more. We are not saying that is the ceiling. We are not saying it could not be more. We hope to do more. I am confident that over time, we will do more as our pipeline continues to grow, as our signings grow and openings grow. And many of our brands are really early in their journey.

They have pipelines that are not just at the minimum of 20%, which is the least pipeline to open ratio of our brands. Many of our brands are multiple times in pipeline or new ones of what is open. So they have decades of growth ahead of them and many countries to penetrate. We still, in the first half of the year, penetrated over a dozen countries with brands from our existing portfolio that had not been there, so that is growth.

It may not be a brand launch, but it is a new brand launch for that country. And it is a new start and it is a new set of opportunities. So we are excited about where we can go and you look, you see how we are doing in conversions. Nearly about half of our openings and signings are conversions. That is double what we used to do. That is demonstration of the power brand enterprise, drawing brands to our enterprise, other hotels or enterprise, and the introduction of the new brands that are more conversion friendly. We are confident with this year, and we are confident we can do better going forward.

On China, look, I think have been consistent in our messaging in China, that we are constructive and optimistic about China in the long term. In the short term, we see China bottoming out in our industry. In fact, look, there are some sectors, some industries in China that are having a really good go right now, whether you are in electric vehicles, artificial intelligence, in data. They are doing very well.

The other sectors, we know the residential real estate is still in digestion of the over building, the overhang, but that is occurring. I think that China, overall, we think the economy is bottoming out and improving. You have GDP growth over 5% in the second quarter. You saw export results today surprising people to the upside over 7%.

So despite all these trade tensions, the economy still manages to increase exports. But in our industry, Q2, and in our company, Q2 was better than Q1 in RevPAR. Q2 was better than Q2 last year. We think the back half of the year is going to be better in the back half of the year last year as we continue to bottom out flat now. Whether we get to zero this year or not, I think it is a possibility for the rest of the year.

I do not think it is something that changes our outlook. We will turn the corner again in RevPAR, given the undersupply or the under-penetration of hotels per capita, given the strong travel demand. So we are confident that we will get there sooner maybe than later. We are not sure exactly when, but we are in the bottoming out phase.

Meanwhile, I would call your attention to the record development progress we are having. Record signings in the first half, and we expect that to continue for the full year. Record openings, and we expect that to continue on top of records last year. And we are holding occupancy, which means that although we are adding and taking share in supply, and I emphasise taking share, we are still maintaining occupancy, so the market is still absorbing the supply we are bringing.

Michael Glover: And we are still seeing that dynamic of the Chinese traveling. I mean, as Elie mentioned, our occupancy was basically flat in the first half, up slightly, and even broadly flat in the second quarter. We still saw the same dynamic happening of a lot of travel outbound. So if you look at those countries around Southeast Asia, Japan, Korea, Vietnam, we saw a double-digit RevPAR growth in there within our business.

We are seeing those Chinese travellers still travel. This still the same dynamic of more outbound travel. As Elie said, we still feel confident about where that can go.

Elie Maalouf: We benefit from that app and travel when they go to Korea, to Japan, to Vietnam, to any of those places where we have got hotels and sometimes at higher rates with IMFs in those markets. So it is not a disappointment for us.

Richard Clarke (Bernstein): Three, if I may. Just the first one, last quarter in Q1, you gave some very helpful directional commentary about on the books revenue. I think, flat in the Americas, strong level of growth in EMEA and heading better in China. Just wondering maybe on the philosophy of why you have not given that again? Has anything meaningfully changed on the books revenue?

Secondly, closures a bit higher. You gave a few explanations of that and said it does not change your view of 1.5% in the longer term. But are higher closures going to linger for a few quarters, or is this just a one quarter effect?

Then lastly, just on Garner, just an update on how that brand is going. It feels like an interesting battleground where yourselves, Hilton and Marriott have all launched quite similar brands at the same time. How are you competing in that? I know Marriott has gone with an innovative fee structure on Citi Express? Is there any desire from the owners to want to match that? Just an update on how Garner is progressing.

Elie Maalouf: Hello, Richard. Let me start from your third question on Garner. Look, we are very pleased with the progress of Garner. I mean we opened 28 Garners in the first half of the year. We have got 17 of those Garners came with the NOVUM deal, eight openings in the US. Altogether, we have 51 open Garners, globally. We have got another 80 or so in the pipeline.

Actually a pipeline is 138 hotels right now, 13,000 rooms across 10 countries. I mean, the brand is powering ahead of our expectations. The interesting thing is it is reaching international demand ahead of our expectations. We thought we would be in a few international markets by now. We didn't think we would be in over a dozen. That is exciting because we are seeing demand from owners across.

There is enough territory here for more than one global company to be successful. Yes, of course, we are always competing with the others, but the opportunity is large enough, not just in the United States, but globally for several key players to be successful as you see in other segments.

I mean there are multiple segments where the top players are all successful and grow share at the expense of others and grow share from new supply. So we think there are decades of growth for Garner ahead of us.

Working sort of in reverse order, on the removals. I mean, first, I would say they are more elevated than our long-term target, which we are comfortable with at 1.5%. But at the same time, we still had strong net system size growth of 5.4% and record openings.

You have got a couple of factors in that we mentioned. In China, the rules are a little higher than we would like. That, I think, is just a phasing as there is the post-pandemic digestion that started later. We had, as Michael mentioned, a single large removal in the United States.

But the good news is we have a replacement for it that is not in the that brand system yet. So I do not think it is a structural shift. We think that long term or even in the mid-term, we will normalize back to our trend, but we are very pleased with the overall gross openings, signings and powering our net system size growth further.

Let me turn it over to Michael to answer your question about on the books.

Michael Glover: Yes. Richard, when we gave out that Q2 on the books guidance there, we really did that because we were trying to help explain that Easter timing. As we look into Q3, I think we have mentioned that Q3 could be similar to Q2. The booking windows are still very short. If you look at our booking windows there, roughly 60% of our bookings are coming in within seven days of arrival. The booking windows are still very short.

So even for us right now, it is a little harder to have some of that visibility out longer term into the fourth quarter and beyond given those booking windows.

Elie Maalouf: Though you would have to take some note of the fact that in looking at our business overall and where we stand today, early August, that we are very comfortable with consensus profit and consensus EPS and net system size growth. Yes, we are looking at everything in the round. Look, if RevPAR is 1 point more or 1 point less than expectations today. I do not think it makes a difference to where we land.

Estelle Weingrod (JP Morgan): The first one is on cost savings again around the H1/H2 phasing of this more specifically. I mean does it imply an acceleration of operating costs in H2 year-on-year? Also, can you give us more colour on what are the key cost buckets that contributed to your good margin performance in H1? Is that mostly your overheads?

On that point on fee margin expansion, is that right thinking that the fee margin upside in H2 will likely purely come from ancillaries?

The last question, the third one, can you give us more colour on EMEAA? It was a little bit behind. I mean not a complete surprise, but can you go through what dragged the slowdown, please?

Michael Glover: I will take the cost.

Elie Maalouf: Let me take the third one on EMEAA, and then Michael will pick up on cost savings and fee margin.

Look, we are very pleased with our performance in EMEAA year-to-date and quarter-over-quarter. Of course, when you have got strong RevPAR last year and also in Q1 of 5%, at some point, you are probably not going to comp exactly like that. You had a significant number of one-time events last year in Europe. You had Olympics in Paris, European football championships in Germany. And of course, Taylor Swift, right, going around Europe.

We can joke about that. That was probably more important than the Olympics or the football championships. I mean, you had Americans flying into Europe, and I know quite a few to go to Taylor Swift. Even Stuart sitting next to me here, said he went down in Madrid because he couldn't get tickets in the UK. It was a phenomenon. So we are lapping over that, but look, 3% in EMEAA is something we are pleased with in terms of performance, especially given some of the uncertainties.

But you've got to look more broadly in our business in EMEA with very strong openings up 136%, signings up 36%. You got to look at the totality of our business, it is going in a very good direction.

Michael Glover: Okay. From a cost savings perspective, I think, from my presentation, IHG has really maintained a highly disciplined approach to cost management for a very long time now. This is a continuous mindset which underpins how our business operates.

Elie and I have been looking at efficiency and effectiveness in our business since really day one on the job. There is always ongoing action. Really through process redesign, greater leverage of centralised support and enhancing our use of technology, particularly AI, we are driving an even more highly efficient and scalable cost base with savings that are sustainable through the long term.

Now we have got a little bit of cost, as I mentioned earlier, to set this up, but that is really setting this up so that we can take advantage of this for the long time. Obviously, we have seen these actions to deliver 4.5% cost savings in the first half. We mentioned that we felt like it would be about 1% to 2% in the full year. So that would mean you are flattish in the second half of the year.

There is a bit of timing in that in the first half of the year as well. We still expect to see margin accretion as a result of the cost savings in the full year. We definitely have the ancillaries. We still expect to have about 130 basis points of margin accretion associated with that. So we still expect operating leverage due to growth of our system size and then to cost savings as we move into the rest of the year.

Still, I think I am going to be at the full year, a really solid result in terms of margin expansion.

Alex Brignall (Redburn Atlantic): I just have two if that is possible. Finally, just on Central – really sorry to ask it again. I went through helpfully this morning with the IR team, but just the final piece of it. If we look at the 57 million difference in the full year, we have got 32.5 million in credit card and loyalty and then the 15 million from the Central costs that you have taken out, which you said that it is going to be is obviously H1 weighted. There is obviously another little bit in there. Could you just tell us where that is coming from and whether that is part of the ongoing improvement in the contribution of that Central line or whether there is some timing?

Then on net unit growth. A lot of your peers have talked about an expectation that conversions will add a greater proportion of their growth in the future than they have in the past scenario, specifically going from 10, 15 to 30. Obviously, that is necessary in an environment whether it is right to new construction growth. But can you just talk about how that will work?

It is obviously very competitive, and conversion is somewhat of a zero-sum game given that it is not new supply. So how you think that will work in the context of key money, which has obviously been going up? And some of the bigger mass conversion deals where the fees for certainly your peers have not been anywhere near as high as normal group fees.

Michael Glover: Okay. Let me take the Central question there. Yes, you explained some of that, but I will just recap for everybody on the phone. We did say that our point sales at the beginning of the year and when we did this change, that it would drive \$25 million of incremental revenue last year and then an incremental \$25 million again this year for a total of \$50 million. So you are seeing that \$25 million come through this year, and we fully expect to realise that, and is a really strong revenue stream for us.

The other side of that is the credit card. And you may remember that we did say that this year, we would double the credit card revenue that we had in 2023. That was approximately \$40 million. We have also said that continues to grow into 2028 up to 3 times what we did in 2023. So we continue to grow those, and we feel like those are really strong growth revenue streams, and feel very confident about delivering that at this moment.

In Central, we also have always had revenue that comes through as well related to technology fees. That also moves with RevPAR for the most part for parts of the world, and also grows with system size as we add more units. And so you are seeing a bit of that come through.

And then, of course, we have got cost savings within that central line that we always had overheads in there as well. And so you are seeing some of that cost savings. That is really the four areas that are driving that central revenue line to a profit now.

Elie Maalouf: To add to that, the underlying fundamentals of the ancillaries, credit card and card and point sales are very healthy. You heard us report that we had very strong additions to our loyalty plan, very strong additions to our credit card, and that is ultimately the membership and the engagement of the membership is what leads to point sales, what leads to credit card applications, what leads to credit card spend. And of course, also the strength of the portfolio and the strength of our distribution. So with strong openings, strong signings and continued delivery in our Luxury & Lifestyle sector, too, which powers the loyalty plan too. So you got to look at those fundamentals and see, are those fundamentals underpinning the growth in the ancillaries?

Because we got to this point in ancillaries and co-brand and point sales not just by doing that, but by building out a Luxury & Lifestyle collection and portfolio and getting distribution out there, by building out IHG One Rewards membership and engagement and re-platforming the app and getting better benefits in there. That has led to that ancillary growth, which is now no surprise, although we have been telling people, is in the numbers, and that is the biggest year-over-year inflection in the Central in addition to the cost savings, which are also sustainable.

Then of course, as Michael said, there are a lot of other little bits and pieces, but those are the fundamentals, and their underpinnings are healthy.

On net unit growth, conversions. I think you also there have to start with the fact that everybody is going to have a different story perhaps on that. We today have a broader conversion portfolio arsenal with our conversion brands at Vignette, voco, Garner. And we still do a lot of conversions in our established brands, but it was only those in the beginning.

Now we got these brands that, as I was speaking earlier, with Richard, especially in Garner, it is doing very well. voco is over 100 open and over 100 in pipeline. Vignette, well ahead of its projection to get the 100 open hotels in 10 years. So that gives us more arsenal to go after conversions.

Yes, we report and we discussed the proportion, which in the first half of the year, when you exclude Ruby, openings was 57% and was 39% in signings. But we are less focused on the proportion. What we are focused on is on growing both new build and conversion. And new build, well, frankly, in the whole world, but except for in China, is still below its potential. It is improving. Our new build signings are growing. Our new build openings are growing, but our new build signings are up 9% for the year. So it is improving, but it is still well below its potential.

So I would not be unhappy if we grew our openings and signings even more than they are growing today. If we had more newbuild and the proportion of conversions was lower, but it was still more conversions. So it is not really a positioning or an articulation of proportion, it is about growing both, but we have more arsenal, more tools to grow conversions today. In terms of a couple of comments that you made that it is a zero-sum game. We look at it differently. It is a very big addressable market. I know you have recently published something talking about the addressable market.

We just have a view that the addressable market is much bigger. It is not just the independents. The addressable market, in fact, most of the conversions we do are not from independents. We do from independents. Most of the conversions we do are from other brands. That is a big addressable market that, first, it continues to grow because new build feeds it, but also is addressable by our stronger brands and stronger enterprise system, which you make all a zero-sum game. We think it is actually healthy for the industry because it is not only not adding new supply there

for support of our RevPAR, but it is improving the existing supply for guests and for owners and demonstrating the strength of our system.

Alex Brignall: I just have one follow-up on the loyalty contribution. There is a really, really helpful slide in the presentation about loyalty enrolments plus 22, but then reward nights booked to plus 5, which is pretty much your net unit growth. So are we to read from that, that the 22% - the number of loyalty members has grown a lot, but the percentage that that booking has not really changed as percentage of the total because - I'm just trying to tally that with the comment you made on high engagement from loyalty numbers.

Elie Maalouf: I do not think that is a direct read across. After people enrol, it takes time for them to accumulate a balance, reach status and then redeem. We are in a point right now where we have fast enrolment growth, that will translate into engagement, into redemption growth, but it takes time for people to build a balance because had our enrolment growth not accelerated, you might see more of a one-to-one relationship, although it is not going to be like that quarter-to-quarter, year-over-year because different things lead people to behave differently, whether they want to use cash or points.

But it does take time for people to build status, build their milestone awards, build the points. But once they get in, they get engaged, they stay as we see and they reach that point of converting into redemptions.

Michael Glover: And Elir, actually, what you see is really strong growth in member penetration. If you look at that, that rose to 65% in half one, up 5% from half one 2024. The Americas region, the contribution level is reaching around 70%, and that is really up there a best-in-class contribution from the loyalty programmes around the industry.

I think we are seeing really improvement everywhere across all three regions, but that just shows you the value of the platform and what we have built and the app that we built and how we relaunched it back in, what was it, half year 2022. And it has really been growing, and that contribution level is really great.

Elie Maalouf: I mean, five years ago, our global loyalty contribution was around 50%, today to be at 65%, 70% in the US shows you that there is value to the work we have been doing. It is delivering for owners and delivering a better value proposition. So to us, that is a very important measure of engagement and success of the initiatives we have launched.

Leo Carrington (Citi): Two questions for me, please. Firstly, it probably ties into that last answer. But in the release, you noted 2 percentage points, I think, improvement in direct digital bookings. The drivers are outlined well, but I would be really interested to know what you see in the other channels and presumably, some of these have been giving share away to your channels?

Then secondly, on the new build signings, which you mentioned are up 9%. Is that still mostly driven by China? I would be interested in hearing what developers are saying in the other regions and whether the other regions can also consistently grow new builds from here.

Elie Maalouf: Okay. Can you repeat your second question, please, again?

Leo Carrington: Sure. Just around the new builds trajectory by region. China is still below its potential but presumably contributing more to that growth. I would just like to know some more about what is happening in EMEAA and Americas with new build specifically.

Elie Maalouf: Let's talk about the digital bookings. Now we are pleased with the growth in our digital bookings. I think from time to time, you see changes. For example, the voice channel is one that probably is not growing anymore. People are shifting to digital channels, whether it is web or app. Our GDS channels are still doing well. We are not losing share to third-party channels, if that is your question. No, we are not losing share. If anything, we are gaining share from third-party channels, though we work very constructively with our third-party travel agencies, whether they are online or not.

We have a constructive relationship that brings the right inventory at the right price for the right customer and the right channel. But overall, digital has been on a consistent growth trajectory year after year as people's behaviours and device usage changes.

Michael Glover: Elie, I will start on maybe some of the new builds, just to give some additional facts and then you can give some colour on that. If you look at our signings in the Americas, actually, only 43% of our signings in the Americas were new build signings. In EMEAA, 51% of our signings in the half were new build. And that was actually up 45%.

As you then go to Greater China, 67% of our signings were new build, and that was up about 4%. As a Group, we are up 9%. So overall, you really see there is still a lot of new build signings coming. That is great because we have got great brands for new build signings in brands like avid and Atwell and things like that will really drive strong growth in those new build signings over time.

At the same time, we have introduced great conversion brands, whether that be voco, Vignette, Garner. Then even our Holiday Inn Express brand continues to be one of the highest conversion brands that we have. So we have a really nice mix between new builds and conversions, and we feel really good about that. To be honest, we want all signings, whether that is new build or conversion. So we are out there trying to win everything.

Elie Maalouf – end of Q&A:

Thank you everyone. It's been great to connect with you today.

We are very proud of what our teams have accomplished in the past six months. And, we remain confident in our ability to continue delivering on our strategy and driving shareholder value creation going forward.

Our next market communication will be our third quarter trading update on Thursday the 23rd of October. Thank you for your time and interest in IHG, and I look forward to catching up with you soon.