

IHG Q3 2025 TRADING UPDATE PRESENTATION AND Q&A TRANSCRIPT

Stuart Ford

Good morning, everyone, and welcome to IHG Hotels & Resorts' conference call covering the 2025 Third Quarter Trading Update. I'm Stuart Ford, Senior Vice President and Head of Investor Relations at IHG, and I'm joined this morning by Elie Maalouf, our Chief Executive Officer, and Michael Glover, our Chief Financial Officer.

Just to remind listeners on the call that, in discussions today, the company may make certain forward-looking statements as defined under US law. Please refer to this morning's 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.

For those analysts or institutional investors who are listening via our website, may I remind you that, in order to ask questions, you will need to dial-in using the details on page three of this morning's RNS release. The release, together with the usual supplementary data pack for the third quarter, can be downloaded from the 'Results & Presentations' section under the 'Investors' tab on ihgplc.com.

Now, over to Michael...

Michael Glover

Thanks Stuart, and good morning everyone.

I will start today by providing an update on trading and development activity, as well as covering off some other financial updates. I will then hand over to Elie who will give an overview of our new collection brand launch, and his summary. We will then open the call up for Q&A.

Global RevPAR grew 0.1 percent in Q3. As anticipated, this was similar to the performance seen in Q2, and was driven by strong trading in EMEAA along with further improvement in Greater China. Demand remained robust, with occupancy up 0.4 percentage points, while rate eased by 0.4 percent. For the year-to-date, global RevPAR grew 1.4 percent.

In the Americas, RevPAR for the region as a whole was down 0.9 percent in the quarter, with the US 1.6 percent lower given the continuation of some slower trading conditions for the industry. This included government travel continuing to be around 20 percent lower than the prior year, lower international inbound travel, and there was also a small impact at the end of September from the timing of Jewish holidays.

Whilst we've seen some softer demand in the US for a couple of quarters now, we remain confident for the return to growth in due course when economic uncertainty further subsides and the travel industry's fundamental tailwinds prevail. It's encouraging to see the ongoing stability to the US jobs market, and the expectations for substantial infrastructure investment and continued economic growth.

In EMEAA, we saw another strong quarter, with RevPAR up 2.8 percent, taking year-to-date growth to 3.8 percent overall. Occupancy in the quarter was up 1.6 percentage points to 75.3 percent, and rate was up 0.6 percent. By major geographic markets within the region, RevPAR ranged from 0.1 percent growth in Continental Europe, where France and Germany in particular had tough comparatives, but this was offset by leisure-driven growth elsewhere, particularly in Southern Europe. There was growth of 2.8 percent in the UK and 3.3 percent in East Asia and Pacific. And there was a very strong 9.5 percent growth in the Middle East, driven by the UAE, supported by a favourable events calendar and infrastructure projects.

In Greater China, RevPAR was 1.8 percent lower in Q3, a further sequential improvement on the 3 percent decline in Q2, and the 4.8 percent reduction in FY2024. Occupancy was up 0.6 percentage points to 64.4 percent, while rate was down 2.7 percent. There was strong growth in Hong Kong, while on the mainland Tier 1 cities also outperformed, down only 1.2 percent, compared to Tiers 2-4 which were down 3.9 percent with further impact from increased international outbound leisure trips. We continue to remain encouraged by the breadth and strength of China's economic growth, and the attractive long-term secular growth drivers such as the increasing scale of the middle-class and how that triggers more demand to travel and experience.

In terms of overall demand drivers on a global basis, rooms revenue on a comparable hotels basis for Business stays was up 4 percent globally, while Leisure and Groups were down by 2 and 4 percent respectively. As a reminder, all three drivers saw growth on a Global basis in the first half of the year, while the headwinds seen by Leisure and Groups in the third quarter were predominantly due to the trading conditions and the year-over-year comps in the US.

Moving now to system growth, we opened 14,500 rooms across 99 hotels globally in the quarter, up 17 percent year-on-year excluding the Novum conversions. This produced 7.2 percent gross growth year-on-year, and 5.2 percent net growth when excluding the Venetian removal.

After the record levels of openings seen across the business in the first half of the year, strong pace has continued - the 46 thousand rooms added year to date represents our strongest ever performance through the first three quarters.

Our signings performance has been just as strong, with nearly 23,000 rooms added to the pipeline in the quarter, an increase of 18 percent on the same period last year. Excluding last year's Novum signings, both our EMEAA and Greater China regions are tracking at record pace through the first three quarters of the year, and the Americas also saw strong signings growth in the quarter. Roughly half of all our signings globally were 'quicker to market' conversions, reflecting the continued breadth and attractiveness of our brands and the benefits to owners of joining IHG's enterprise.

Looking now at each region in more detail, in the Americas gross system growth was 3.6 percent year-on-year, with a further 2,700 rooms opened in Q3. Net system growth was 1.5 percent year-on-year, adjusting for the impact of removing the 7,000 Venetian Resort rooms.

7,600 rooms were signed to the Americas pipeline in the quarter, an increase of 14 percent on last year. These included 33 hotels signed across the Holiday Inn Brand Family, 16 across our extended stay brands and eight voco conversions. Garner, our midscale conversion brand, also saw good progress in the quarter with another nine signings – and the brand now has 25 open and 49 pipeline hotels in the region. Conversions represented over half of all rooms opened and signed in the quarter.

In the EMEAA region, gross system growth was 10.4 percent year-on-year, with 4,200 rooms opened in the quarter – an increase of 25 percent versus the same period last year when excluding the Novum portfolio. Net system growth was 9.1 percent year-on-year and 5.2 percent year-to-date, which puts 2025 on track for record levels of system growth in the region.

7,100 rooms were added to the EMEAA pipeline in the quarter, which was growth of 22 percent on last year. There were 12 hotels signed across our Luxury & Lifestyle brands, including two incredible properties for Regent, nine Crowne Plaza and eight Holiday Inn signings, as well as five further Garner properties as it develops across the region.

Conversions represented over 60 percent of all room openings and approaching 40 percent of room signings in the quarter.

Our Greater China region remains on track for a second consecutive year of record development performance. 7,600 rooms opened in the quarter drove gross system growth to 12.8 percent year-on-year. These openings were up nearly 40 percent versus last year, and have contributed to year-on-year net system growth of 9.8 percent. Highlights included the opening of the Atwell Suites Shanghai Wuning, marking the debut of this brand in the region, as well as the Kimpton Tsim Sha Tsui, which represents the first for the brand in Hong Kong and is a truly incredible location steps from Victoria Harbour.

Signings of 7,900 rooms in the quarter were up nearly 20 percent on last year. These included 17 Holiday Inn Express and 16 Holiday Inn properties, along with six vocos and 3 Luxury & Lifestyle signings – further demonstrating our strength across chain scales in the region. Conversions represented around 40 percent of all rooms opened and signed in the quarter.

Moving next to update you on the share buyback - We are currently 78 percent of the way through this year's 900 million dollar programme. To date, this has reduced our share count by a further 3.9 percent.

Today's statement also notes for you that we completed another bond issuance in the quarter. We have a total of 4.1 billion dollars of bonds outstanding, with very evenly spread maturities and a blended borrowing cost of around 4.3 percent. The view of leverage at the end of 2025 remains around the middle of our target range of 2.5 to 3 times net debt to EBITDA.

One thing that is 'new news' in today's statement, at the top of page three, is that IHG intends to change the currency in which our Ordinary Shares are traded on the London Stock Exchange from British Pounds to US Dollars, with the change planned from the start of January 2026. This change has recently become possible whilst maintaining FTSE index inclusion, following updates to the index rules administered by the FTSE Russell Group.

IHG has reported its financial results in USD for the past 17 years. Changing our share price currency to match our reporting currency will help reduce the translational impact of exchange rate fluctuations on the share price, therefore better aligning the share price to financial performance, and simplifying the investment appraisal of IHG.

The change will not impact IHG's London listing in any other way, and the change will have no impact on IHG's ADR listing in New York. The change is simply to the currency of our share price, and should not be perceived as a precursor to any other changes.

To wrap up, touching briefly on our outlook. As we've said in today's statement, we remain on track to meet current full year profit and earnings expectations. We publish details of consensus on our website, based upon the Visible Alpha data service. This currently sees the consensus average for operating profit from reportable segments as \$1,259m.

The profit consensus implies growth of 12 percent on 2024's result. And the Adjusted EPS consensus, which is 499 cents, implies growth of 15 percent.

This would result in another year of strong delivery on our growth algorithm.

And with that, I'll hand over to Elie.

Elie Maalouf

Thank you, Michael.

So, hopefully you've got the flavour of our third quarter performance – trading was as anticipated, similar to Q2, with another strong performance in EMEAA, further improvement in Greater China, and a continuation of some slower trading conditions in the US, but bringing those together you see the power of our globally diverse footprint. And beyond the short-term, we remain really confident in the long-term demand drivers.

The quarter was another strong one for development activity, with 2025 set to be one of our biggest ever years for both openings and signings. So the growing demand from owners for our portfolio of world class brands, and for accessing all the other benefits of our enterprise platform, very much continues.

As Michael mentioned at the start of his remarks, we're excited to announce the upcoming launch of a new collection brand in the coming months.

To meet growing guest and owner demand, our teams have been hard at work for some time now to create this new collection brand within the large and fast-growing premium segment, and positioned in upscale to upper upscale.

It will initially focus on our EMEAA region where there is a significant proportion of high-quality hotels with their own unique identity, and where adding a collection brand will further expand our offer for guests, and it will allow even more owners to benefit from our strong enterprise platform.

The new brand will complement our versatile Premium conversion brand, voco, which has already reached 225 open and pipeline hotels across more than 30 countries since its launch in 2018. And it will look to replicate the success of Vignette Collection - which is positioned higher in the Luxury & Lifestyle category and which is already tracking ahead of its goal to reach 100 hotels in a decade, currently with 27 open and a further 41 pipeline properties. The voco and Vignette brands also initially launched in the EMEAA region.

We look forward to telling you more about this exciting new offering in the coming months.

In the meantime, for those of you who want to learn more about our brands, I'd encourage you to look at the latest episode of 'IHG Checks In On...' which our Investor Relations team have released today on the corporate website. This 10th episode is an opportunity to learn more about IHG's Design & Innovation Center in Atlanta where we lay out the latest room formats for the Premium, Essentials and Suites Brands, and we have an equivalent center in Shanghai. The mini teach-in walks you through the latest format evolutions and design innovations for nine of our brands – Holiday Inn Express, Holiday Inn, avid, Garner, Candlewood, Atwell, Staybridge, Hotel Indigo and most recently Ruby, which we announced just a few weeks ago is now available for development in the US. The 10th episode is a 40-minute watch, which we hope you will get a lot out of.

So, to summarise where we stand after the third quarter:

- Global RevPAR increased by 1.4 percent year-to date.
- Gross system growth is 7.2 percent year-on-year, and net system growth is 5.2 percent, with openings and signings up 17 percent and 18 percent respectively on the same quarter last year.
- And our teams have delivered a performance that reaffirms our confidence in driving the core components of shareholder value creation in line with market expectations and our growth algorithm.
- That growth algorithm sees consensus expecting us to deliver in 2025 around 12 percent EBIT growth and around 15 percent EPS growth, and we remain on track to meet those expectations.

With that, let me pass it back over to the operator to open up the line for questions.

Q&A

Jamie Rollo (Morgan Stanley)

Thanks. Good morning, everyone. Three questions if I may. First, it is really about net system growth for 2026. It looks like you are probably going to end this year at about 4%, including the losses of Venetian and the NOVUM openings, which broadly match each other. You have obviously announced a very big signings number today. You have got the new collection brand. One of your competitors yesterday talked about a big increase in construction starts in the US. They raised their net unit growth guidance for this year. So how are you feeling about next year's net system growth please? I think consensus is about 4%.

Secondly, I know you do not guide on RevPAR, but it looks like you are talking of a similar flattish performance in the fourth quarter. What sort of puts and takes can we think about for 2026, specifically in the US, please? And then on the credit card fees, I know you have explicitly guided for 2025 an extra \$40 million or so, and then the remaining \$40 million over the next three years. Could you talk a bit about the cadence of that? Is it front end loaded into 2026, please? Thank you.

Elie Maalouf

Thank you, Jamie. Look, we feel very good about the trajectory of our net system size growth. I think consensus for 2025 is 4.5%, excluding the Venetian, and we are very comfortable with that. What encourages us even further is a strong pace of signings and then converting those signings into openings, as you saw year to date, and especially in the third quarter. With a pipeline growth of 4.7%, we have got a lot of fuel in the tank to continue on that system size growth. So if consensus is 4% for next year, we are quite comfortable with that and feel like we can continue that momentum.

Regarding the developments in the US market, look, lower interest rates. We see the ten-year now at four or even lower, lower inflation, lower energy prices. All of that is catalyst, a slow growing catalyst, as I have been saying for a couple of years now, it is a grind forward, not a V-shaped acceleration. But our new build signings are still most of our signings around the world. And therefore, we feel that between the strong convergence momentum we have had with our new conversion brands, and we are adding a collection one now, as we mentioned, but we are still getting strong new build signings and openings. So we feel like we have got the pipeline, we have got the momentum, we have got the brands to continue this growth.

Michael Glover

Actually. Jamie, just to clarify, consensus for next year on system growth is around 4.3% growth. And I think we said at the half year we felt comfortable with where that is based on our visibility and how you see things coming through. We still feel comfortable with where that sits. And as you know, we do not give guidance, but I can say we do feel comfortable with where that sits.

Elie Maalouf

I think if you go back to what we said last year at the Strategy Update in February, all the things that we were doing to strengthen the performance of this company, including the trajectory of our growth by taking our brands into new markets. Last year, it was nearly 30 instances where we took existing brands into new markets. This year, year to date, it is already 15 or 20, and we are making progress along that pace by entering and growing faster in markets like the Middle East, like India, Southeast Asia, Japan, Germany, by strengthening our enterprise, loyalty, commercial revenue management, all these things are helping our brands perform better, as you can see from the RevPAR that we are delivering, and then helping the confidence in our owners to sign up for our brands and open them up.

Michael Glover

On your second question, maybe I will take a first stab at that and then Elie can jump in. Yes, we have said if you look at where consensus is on terms of RevPAR for the full year, it is around 1.3%. We have delivered 1.4% year to date, and we say we are comfortable around where that range is for consensus. And really, if you look at it to get to that, you are somewhere in that range that is similar to where we were in the third quarter. More on the positive side, so we feel comfortable with that and being able to achieve that. But we still have booking windows that are very short. 60% of our bookings are done within seven days. So the booking windows are very short.

For us, as you know, we had quite a bit of benefit from the hurricanes last year. So we are lapping some of that. You had the election last year as well, and so there is lapping that as well, which took some days and stays away. So I think in overall, I think that is where we would position it. As we get into 2026, it is obviously very, very early in the period and we are just going through our processes today. And so, we would not really go out and give any kind of indication of what we feel like 2026 is right now. However, if you look at the fundamentals of the economy, maybe I can let Elie take you through how we are seeing the fundamentals of the economy in the US.

Elie Maalouf

Yes, and not just in the US. I will go a bit beyond. You have got to look at the fundamentals and say that the underlying factors are pretty optimistic. If you start in the US, we are still at a record number of people employed. We have got wages that are outpacing inflation. Wages are accelerating. Inflation is lower. Consumer spending is resilient, 2.6% year over year in July and August. And I think that, yes, the consumers have a bit of a tailwind now with the energy prices being lower. GDP growth in the US is over 3% in the first half of the year. And then predictions for the second half are between the high ones to 2% when the government ever gets around to publishing those results.

But the Fed has been cutting rates. Equity markets are at record highs, actually, not just in the US but in many parts of the world. We got clarity on the tax situation for consumers and corporates. And that is a constructive clarity, not a negative one. Look, travel trends are still pretty solid. You saw the Amex results for Q3. You saw the airlines pointing to a solid Q4. You

still see TSA passenger volumes growing despite the government shutdown. Supply growth is still low, although we are taking share and growing more rapidly. And that still does not include all the benefit of the super cycle of investment with hundreds of billions of dollars in domestic and foreign direct investment that are coming into the US for AI, energy and other capital projects. Pharma companies and auto companies are investing more to reshore into the US.

Just the four largest US hyperscalers are projecting to spend over \$400 billion in Capex this year, and projections are for double digit increases next year. And that investment is only expected to increase. So you look at that, you look at the correlation between private non-residential fixed investment, which is a leading indicator to our industry and to our growth. That is accelerated from 1% in Q4 to 3% in Q1 of this year to 4% in Q2 of this year. That is a pretty good leading indicator. So you look at all the structural growth drivers, and yes, there is still some turbulence in the macro and in the tariffs out there. But you look at these fundamentals, you have got to feel pretty optimistic about the mid to long term in the US.

On the other side of the world, we have been saying for a while that China is bottoming out and our data shows that RevPAR has been getting sequentially better. The tier one cities have been getting even better. The economy is still growing at 5%. Exports are still strong for China despite the tariff tensions. So on both ends there and, in the middle, EMEAA has been a strong driver for us, especially in the Middle East, Southeast Asia. And it is despite the lapping of events, we see very strong resilience in Europe and in the UK. So I think the fundamentals and the tailwinds are positive for next year.

Michael Glover

To answer your final question, which was on the credit card fees. And you are correct, we did state that in 2025, we would see roughly about \$40 million increase in this year, and that we said that we would triple what 2023 was by 2028. And so, as you go through the next few years, it would be more spread evenly across those years, not front loaded into really one year. And that is really driven by the economics of the agreement and increasing card signings and spend on the cards. But we would say that we would see our ancillaries growing at a fee rate at a premium to where RevPAR grows. And so, I think that is maybe how you could think about it as we get through and go into next year.

Elie Maalouf

And it is not just the credit cards. It is the point sales that are growing at a healthy clip. And we are starting to see the benefit from our branded residential business that is growing, too.

Jamie Rollo (Morgan Stanley)

Great. Thank you both very much.

Leo Carrington (Citi)

Thank you very much. If I could just do two questions, please. First, on this new brand, you mentioned, I think 50% of openings from conversions. Is the market tilting further to conversions? Is this the reason for launching this brand? Could I check why the opportunity is greater in Europe for the moment? Why not the US? And if you have given a total target for the openings, like with Vignettes.

And then separately going to the US demand at the moment. I take your points about the outlook improving from a sort of fundamental perspective. But in terms of the reasons for the weakness and the weakness in leisure demand, how do you see it, given the flight data is good? Is it substitution or is it behaviour? Just any colour or ideas there would be very interesting. Thank you.

Elie Maalouf

Sure. All right. Let me take a shot at those and Michael will jump in and create even more colour around them. So on the new brand, we are really excited about this, launching this new collection brand in the upscale to upper upscale. And if you look at why, let me start with why EMEAA first. A couple reasons. Over half of the supply in our EMEAA market, which is, of course, UK all the way to the Pacific and Africa, Middle East, India. Over half of that supply is still independent. Then within the branded supply, a lot of it is smaller to regional brands and that are accessible, addressable with conversion and collection brands for IHG. And then there are other larger brand addressable categories.

So you end up in 60, 70, 80% of the market that we think is addressable for conversion, for collection. And we have seen the success of voco in conversion, which now we already have 225 properties open under development in 30 countries. We have seen the success of Vignette that is on track to reach 100 open hotels, in line with the projection we gave when we launched it. Both launched in EMEAA, then both branched out east and west. West to the US and Americas, east towards China successfully, and but because of the larger conversion and independent market in India, it makes sense to launch our conversion collection brands there. That was the case with voco. That was the case with Vignette. They have both been very successful.

To your question of is the market tilting more towards conversion? Clearly, post pandemic we have seen a proportional increase in conversions while new builds have been under pressure still growing back from the pandemic, but a slower rate. You had inflation and you had high interest rates, and you had those subsiding eventually, but at high cost. And then you have now tariff noise, and so there has been quite a bit of headwinds for new build, but we are encouraged to see the gradual recovery of our new build signings or new build openings that still comprise the majority of our signings and our openings.

But yes, conversions proportions have increased. And there are really three fundamental reasons for that. First, it is structural in the sense that this large, independent and other branded market is a large addressable territory that is well over half the market even in the US, where 40% is independent of that 60% branded. A lot of that is small, regional, and I

would say, addressable brands that are not in strong enterprise systems. So there is a realisation that there is a strong addressable market.

Second, owners of these hotels, whether branded or independent, are seeing the strength of enterprise systems like our enterprise system that is delivering 65% of room nights from loyalty, 70% in the US, that is delivering RevPAR premiums quarter after quarter as delivering high direct contribution, lower OTA contribution. That is delivering group business and corporate business, and that has strong technology platforms and enterprise systems like our new revenue management system that drives optimal RevPAR performance. So they are seeing that benefit and are being attracted to it. That is a structural tailwind, and so those are structural reasons why we think that the conversion momentum is not temporary.

Now we also believe that new builds will come back and the proportions may change. But we will be doing more of both in the aggregate. To your question about weakness in leisure in the US. So I think this year in the US, you have had a few factors that we do think are unique to this year and some of it temporary. First, you have had that turmoil around tariffs, tensions, policy in the beginning of the year. You saw the equity markets take a big drop. They have definitely recovered since then. That is why we are optimistic. But that did create some pause we think in corporates and in leisure customers in making decisions, and we saw that translate in the first few quarters of the year.

Second, you have got lower international inbound in the US. A lot of that tends to be leisure, especially during the summer months and the holiday periods. And of course, from Canada, due to some tensions there. Now that has affected some of the leisure business. Fortunately, we are 95% domestic in the US and a lot of our business is drive-to. So we have been not overly affected by it, but in total, it has had some impact on the market. But you have also seen the business segment up 2% in the US. So, there are some puts and takes towards it.

We do think that the leisure segment fundamentals, I would say the third factor there too, Leo, is it has been a very strong run up in leisure over the last three or four years. And at some point, things may pause a little bit before repricing. But the fundamentals that I talked about earlier in answering Jamie's question in the US economy in terms of employment, wage growth, investment productivity, strong equity markets, all that we think sets up corporate and leisure markets well for the mid to long term. And we see the short-term softness, but we believe in long term strength.

Michael Glover

I would also add as we look at just to give you some more facts around the detail, Elie mentioned that US business in the third quarter was up 2%, groups were down 7% and leisure was down 5%. But if you look at business across all three regions, all three regions saw positive growth in business, with EMEAA up 6% and China up 5%. And so, that was really great to see that strong business performance. If we go specifically into the US and we look at groups, you may remember last year around Q3, we were in the US election cycle. And so, there was a lot of groups happening as a result of the Democratic National Convention or the Republican National Convention.

We also had hurricane displacement that was happening in groups moving back into certainly address the issues that were happening as a result of some of the hurricane activity, particularly as people left those areas and came out of those areas that were impacted by that. And as Elie mentioned on leisure means it was exactly what we have seen. And again, it has been the most recovered since Covid, but we still expect to see growth from here. We are not seeing any fundamental changes that would expect leisure to be structurally impaired.

Leo Carrington (Citi)

Thank you, Michael. Thank you, Elie.

Estelle Weingrod (J.P. Morgan)

Hi. Good morning, and thanks for taking my questions. I have got three. On the launch of the new brand, just back to Leo's questions: what are you planning in terms of the timing of the first launch? And how should we model this to ramp up over the next few years? Second one on China. You sounded quite positive on the latest trends in there. However, comps seem to be getting a little bit tougher in Q4. Just for our purposes, like should we model a sequential slowdown in Q4? And on signings, clearly, very encouraging overall. But just to get some clarity on the per brand basis, are there any brands you are particularly satisfied with and are there some you would have expected to perform better? Thank you.

Elie Maalouf

All right. Thank you, Estelle. So on the new brand. Just stay tuned in the next few months. And it is not that many months. We will come back to you with greater detail on the name of the brand, the exact positioning, the visual aspects, the launch timings, the projections for how many we expect over what period of time. All of that, as we have done with all the brand launches. Voco and Vignette launched in the same way. We introduced it to the market and to you in a sort of a tease like this. And then a few months later, we gave you all the details and they have proceeded to be very successful. So stay with us. Stay tuned. You will be the first to know.

When we get to China, no, we do not think our comps get tougher into the fourth quarter. I think we are going to continue to see this improving trajectory and eventually will turn positive in RevPAR driven by the economic growth of the Chinese economy, driven by the continued strength in travel. Yes, we have had some softness in rate because of the Chinese outbound, mostly frankly, but that we have benefited from in Southeast Asia and beyond. Also, in Europe this summer we saw a lot of Chinese travel. But we are going to be lapping over that too next year. So even if Chinese outbound continues to be strong next year, which we are just fine with, frankly because we benefit outside of China, even at higher RevPARs, but even if that continues, we will be lapping over that next year.

So we do believe that the continuing trend of improvement in China will progress and eventually will turn positive. And we are going to turn positive in RevPAR in China on a much bigger system. We are now well over 800 open hotels with nearly 600 hotels under

development, signing and opening at record levels and maintaining our occupancy, so absorbing the demand absorbing that supply. So we are optimistic for the mid to long term in China, and we do not think the fourth quarter is going in a different direction than the trend we have seen so far.

In terms of the brand portfolio. Look, with this new brand will be up to 21 brands. We love them all. They all have growth pipelines of 20% or more of their open estate, some more because they are newer, some less, but because they are huge, like Holiday Inn Express. But Holiday Inn Express is still in the 23 to 24 ratio of pipeline to open. We would love for all to grow faster. That is why we work every day, all day, to make our loyalty plan stronger, our brand performance stronger, give better tools to our owners, market them with cut through marketing, drive technology like the one that we are doing with revenue management, with reservations, with the new CRM system that is launching next year, with the new content manager launching next year. It is a force of many things that we do to make our brands perform better, which means they grow more quickly. We are pleased with every one of them. But yes, we want everyone to go even further.

Estelle Weingrod (J.P. Morgan)

Thank you.

Jarrold Castle (UBS)

Good morning, everyone. Maybe three from me, please. Just coming back to the launch of the new brand. I guess Elie, Michael, at times you have looked to buy something. So I take it there was nothing interesting in the market. And I guess related to that is, how is Ruby performing? Your most recent acquisition. Secondly, churn still starting with a two, when do you think you get it down to 1.5%? And are there any brands which might need a more extensive refresh? I think the answer is no, but I will leave it to you. And then just lastly, buyback. It seems like it has gone well so far. Do you think you will be able to complete it by the end of the year? Thanks.

Elie Maalouf

Okay. So, Ruby. It is going well. We have got five signings since opening, 20 open hotels in the system in major European cities, a further ten hotels in the pipeline to open. We just announced that it is ready for development in the United States. So in fact, I was in New York City last week walking around a couple of potential sites. So we are excited about it. And it will go further east after having gone west. If you have not stayed at one or visited one here in London, Jarrold, I would invite you to do it.

Jarrold Castle (UBS)

Just related to that, there was nothing out there, Michael, Elie, that looked like a brand which might fit with this new launch or that was interesting to you. You thought organic was the better route, I take it?

Elie Maalouf

We are always doing both things. We are always looking at our portfolio to see are there profitable territories for us to enter in brands or in markets or both? And then which is the best route to enter? Is it to build or to buy? So it is an ongoing process. Just because we launch something does not mean that there is nothing out there that is interesting. Just because we buy something like Ruby does not mean that there is not something that we are working on internally to launch.

We announced the acquisition of Ruby in Q1. You would have to think that if we are announcing the launch of this brand at the end of Q3, that that might have been in progress by then, too. So we are always doing a bit of both. The industry's dynamic, the market's dynamic, therefore our brand strategy's dynamic too. But we are thoughtful not to just have to do things just for the sake of them. They need to be brands that are differentiated from the ones that we have, that have a meaningful scope for expansion and a profitable one for expansion.

Michael Glover

I will address the removals question, Jarrod, on that. So of course, yes, you are right, it is a little bit elevated against the 1.5%. We did talk about this at the Half Year and really no change to that. As well as we do have some rather large hotels that have exited the system, particularly in China. As you know, China again, continues to come through kind of Covid and the final remnants of that. And then as you look in the US, there were a few also fairly large hotels that left. And so, we do still believe that going back to 1.5% is our long-term trajectory. There may be some ups and downs along the way with that, but we think 1.5% is the right way to look at that over the long term.

In terms of a refresh, no, we do not really see any brands needing a refresh in the future. What we did with the Crowne Plaza, Holiday Inn initiative was a one-time initiative, and we really do not see any need to do that at all. And then, and your final question regarding the buyback. Yes, feel really comfortable that we will be able to get through the full amount of the buyback by the end of the year. Really no concern with where that sits now. We are at 78% of the way through year to date. So really no reason to believe we cannot finish that through the full year.

Jarrod Castle (UBS)

Thanks very much.

Alex Brignall (Rothschild & Co Redburn)

Good morning. Thank you very much for taking the question. I am going to just focus on the US if it is okay, mainly because the other bits of business are going great. Just an interesting question, Hilton was obviously very bullish yesterday about the improvements. And you have alluded to sort of macro dynamics that might help. But can you just - can we just look at the

data for now? Occupancy, I think we have spoken about occupancy is a long way below where it was pre-COVID. Could you just give us sort of your high-level thoughts? Not for you, by the way, your occupancy is flat in the Americas versus pre-COVID, but for the industry, could you just talk about why that would be the case? Just influencing factors, why it would be different to other travel segments? We have not seen the same thing in airlines, but it is almost 600 basis points down at 67 versus 73 in the overall US industry. So that obviously could be seen as something that will hold back RevPAR growth.

And then, I guess looking at the US, you have had overall very strong signings development, but if I look at Americas signings for the first nine months, they are 35% below where they were in the same nine months for 2018, 2019. And obviously, taking consideration for the Venetian, your room count and the Americas is also flat versus pre-COVID. So and if I look at your net openings year to date, if I add back the Venetian impact, it is only 2,000, which is obviously a very small proportion of your overall net openings. Obviously, because you are doing very well in the other regions. So I guess it is just - it is I understand all the positivity around the Americas and how it will get better, but it kind of looks a little bit like it is stuck for the industry at lower occupancy, which of course is informing why sort of industry growth is much lower. And so, I would be keen to understand how that gets better. Thank you.

Elie Maalouf

All right. Alex, so first, I think there are a couple of factors. When you look at the gross industry occupancy, I think there has been and I think we have talked about this before. There has been better revenue management where operators have preferred, where possible, to drive rate than to fill up with occupancy so that they have recovered RevPAR in total in a more profitable way. And that I think is a judgment and probably a productive judgment, which on the positive side, still leaves headroom for occupancy once you have achieved and established the fact that you can earn higher rates.

I think in some markets and in some categories, there were certain perceived rate ceilings that you could never charge more than this in this town, or you could never charge more than this in this brand category, or you could never more charge than this much during this period. And a lot of those ceilings and taboos have been shaken loose. And now you have the upside of that occupancy at those higher rates, which actually I think is upside. We do not look at it as a negative. Irrespective of that, our occupancy has generally recovered from 2019. So we have taken share as others have adjusted their revenue management, but I think there is headroom in the industry and we have headroom at IHG.

Regarding your comparison of IHG signings to 2019, you are correct. We are still a measure below where we were in 2019. We think that that is headroom for us, by the way. But there has been clearly some weight. There have been headwinds to the development market in the US. I mentioned them before. I think I mention them on every call. We think those headwinds are slowly subsiding. You see our signings grow every year for the last three years. It is not a V-shaped recovery, but it is a recovery and we are pleased with that. And a lot of the headwinds have been on the new build signings where pre-pandemic 2019, that was 75% of our signings back then new build versus now it is 50%. And yes, we are doing more conversions, but the aggregate of new builds is lower than what it was. Higher interest rates,

tighter bank regulation, higher inflation, just as it has been, and then the tariff rate that came upon it, there has just been a lot of weight on the return of new build signings of new build openings, but it is coming back.

We see it quarter after quarter with enthusiasm. We see the growth in our applications, franchise applications. And so, for us, it is all headroom. And we go into the next set of years with more brands, a stronger enterprise platform, higher share among conversions and new build signings. And as that market recovers and returns, we are confident we will be getting more of a share of it. So yes, we believe we can get back to 2019. It will not be quickly, but we think it is all headroom for us, so we are optimistic about where we go.

In terms of the size of the system, you have to put into account two meaningful factors. One was the Holiday Inn Crowne Plaza plan that we did in 2021, I think, and then also the SVC exit, which we and a few other publicly traded brand companies went through. Again, I think that was 2021, 2022, and those were big chunks that we, let's just say exited from our system voluntarily. But that if you look at that five-year period comparing to 2020, 2019, yes, point to point, you will not see that much growth. But after that, we are resuming our growth after that.

Alex Brignall (Rothschild & Co Redburn)

That is fantastic. And then just a question. It is really important. I just want to understand, because the US just looks very different. Having recovered very quickly at the beginning of Covid, it just now looks very different versus the others. And it is clearly a much more business travel driven market. You can see it in sort of an Easter move helps in Europe and hurts in the US. So a huge amount more of the underlying demand in the US is business. And against 2019, the US now is a meaningful outlier outside China against all other regions, including Europe, which it led for a very long time. So I am just trying to work out whether that is structural, because business travel, as we know, has kind of stopped recovering lower than it was in 2019 on a volume basis and obviously on a percentage of GDP and population, obviously much lower, or whether it is room for upside as kind of everyone is trying to say.

Elie Maalouf

Yes, you will be shocked to hear that we are in the latter camp, but for good reason. Not because we are just blind bulls, but for good reason. Let me take you back to what you said, which is that the US recovered very quickly post pandemic. And when that was happening and leisure was the biggest part of that recovery, what was the narrative then? Well, that business travel will never recover and it is all going to be leisure driven. Business travel will never recover, or that other parts of the world other than the US will never recover. That did not turn out to be true. It turned out that business travel recovered later, but has fully recovered and continues to recover where our business travel was up in all three regions. Actually, least of which in the US was up 2%, but China was up 5%, EMEAA was up 6% in business travel.

So business travel continues. Why? Because business expands because GDP expands, because companies expand, employment expands and people have to go to do stuff. That is

why. Our events calendar is very strong. People go to do stuff in business. So I think that that idea that business travel would never recover obviously has been dispelled. And now we are entering the phase where we start to doubt, well, is leisure travel over? No, we do not believe that either.

As I answered the question earlier, leisure travel may be taking a bit of a pause after a very strong run up. But there are some headwinds this year with international inbound being down, Canada travel being a bit down, all the turmoil policy and economic and political turmoil in first half of the year, putting some pressure on people's plans going into the summer. We just think that is momentary. You have to push against a lot of economic gravity to look at all the fundamentals I listed below: in investment in employment, in financial markets, in lower inflation and lower interest rates, and say that those are not good precursors to economic growth, job growth, GDP growth and therefore travel growth. There could be another scenario unfolding that would not be the typical scenario from those fundamentals.

So no, we do think it is upside, but yes, it goes through cycles. Alex, it does go through cycles. So sometimes it slows down, sometimes it is faster. It makes higher highs and higher lows. That is the fundamental thesis. It does have ups and downs. It makes higher ups and higher downs. And that is why we think it is upside, not structural.

Alex Brignall (Rothschild & Co Redburn)

Thank you, Ellie. Very helpful answers as ever. Thank you.

Elie Maalouf

Thank you, Alex. Who is next?

Kate Xiao (Bank of America)

Thank you for taking my questions. The first question is on system growth. You mentioned you are comfortable with consensus at 4.3% for next year. But really, when we look at your underlying growth so far, you are at much higher. So I guess the question is do you see any upside to that number? And then just secondly on RevPAR, your report has been quite strong compared to some of the peers in the US and in the bigger regions, including US and Greater China. Can you help us unpack a little bit what is idiosyncratic there for IHG? And do you expect these to kind of continue? And then just third question hypothetically, if we go into 2026 with a flattish RevPAR environment in the US again, what would you say is the likely scenario to your EPS growth? Are you still comfortable to hit that low end of at least 12% EPS growth in that environment, and if so, can you help us understand why? Thank you.

Elie Maalouf

Sure. A lot in your question, so we will take them one at a time. So yes, we are comfortable with the consensus of 4.3% next year. We do think we have underlying strength from our

signings and from our openings, momentum from the performance of our brands. We always want to do more. We are ambitious. We are not saying that that is a ceiling. We are saying we are comfortable with that consensus. It is still early. We have not even started next year yet. Obviously, we are working on it in our signings and in our construction teams to get things done. But yes, we always want to do more.

We do not guide, and so what we are telling you is we have very high confidence, but we are not going to put a ceiling on it, and we are not going to hold our teams back and hold our owners back if they go further. Now on RevPAR premium. Yes, we are pleased that our teams are hard at work in hotels and our owners are hard at work are in markets. Some are faster, some are slower. Wherever they are, they are delivering RevPAR premiums to the competition. That is a full enterprise effort. There has not been one thing. Maybe it is idiosyncratic to what we are doing. I do not know. We are not into the business of exactly what others are doing. What I do know is how hard we work across the full range of enterprise platforms, from making our brands stronger, making sure our hotels are renovated, making sure our customer service is the best every day, making sure that our marketing is cutting through, placing the right people in the right places in our managed hotels and training our franchisees to deliver the best operations.

Having revenue management systems like N2Pricing now in 6,000 hotels that we know are using artificial intelligence in a way to drive our RevPAR premium. Launching our new property management system, which is now in 2,000 hotels and will be in most of our hotels by next year, which makes hotel operations check in, check out, upgrade, loyalty training - everything - much, much simpler. All of those things that we are doing, our loyalty, investment and growth at 65% of room nights globally, 70% in the US. That drives RevPAR outperformance against the competition. All of these things working together are driving performance. I do not know which one is driving which amount of basis point. What I do know is that collectively every quarter they are driving strong performance over here and we work very hard to keep it. Continuing your last question, I will turn over to Michael on the hypothetical.

Michael Glover

Well, as you know, we do not deal with hypotheticals very well, and we do not actually give out guidance for next year. But I would say what we have talked about is the growth algorithm. And over the medium to long term, we would hit that 12 to 15% earnings per share growth on average over that period. There will be some times that are up and there will be some times that may be below. But we have just talked about our net system size growth. And we talked to that where consensus sits at 4.3% and being comfortable around that, we gave you a little bit more colour on that just a second ago. And so, you kind of can see that coming in.

And you can also see that our ancillaries are continuing to grow. We talked about that earlier being at a growth faster than RevPAR. And so, that comes in and helps us as well. And as we talked about at the half year, we have always had and continue to have strong cost management within this business. And so, we feel very good about how we have set the business up to continue to grow and develop. And as for what we can see in terms of system

growth and our ancillary fees, still really strong growth in those areas next year and expected for next year. I will not comment on does that mean we get into the range on the EPS next year. But I think if you can see how we have set up this business, it is really, really strong and we have got a great opportunity to continue to deliver.

Kate Xiao (Bank of America)

Thank you.

Andre Juillard (Deutsche Bank)

Good morning, gentlemen. Two questions for me, if I may. First one about Greater China. Do you see any significant improvement in this country, considering that we have been under pressure through the past few years and still negative? So that is my first one. Second one is about the new brand and new development. We have been seeing quite aggressive development from some of your competitors on the resort side, and you are creating a new brand which is not expected to be focused on this leisure segment. Do you see any opportunity, and do you see any logic to improve your presence in this segment? Thank you.

Elie Maalouf

Okay. Let me just actually address your second question first. We have not given out any detail on the positioning of this brand yet. So please do not conclude that it would not be compatible with the resorts or which positioning or type of destination it would be. If you can be patient with us for just a few months here, we will give you all the detail. I think you would be surprised if a collection brand like this - upscale to upper upscale - would not have a wide range of applications. Urban, suburban, resort, leisure, business.

We typically do not build brands that are narrow in scope. Our brands tend to have wide application, especially in the upscale to upper upscale segment. So more to come. But do not make that conclusion.

You seem to have arrived at the first thing is China is on a good trajectory. I think it is not us just saying it. I think it is the data saying it. Our RevPAR in Q3 was better than Q2. First half of the year was better, Q2 was better than last year. The economy is doing well. Still tracking 5% GDP growth, the middle class is still growing, the airline capacity continues to improve. Individual travel, business and leisure is still strong. Rates are a little bit under pressure. But we keep hitting records of travel during holidays, including the last one that was just concluded. And there is one coming up here in October and we think that is going to be very strong too.

Let's also not forget that China is a major technology and artificial intelligence innovator and investor, really only second to the US and very effective at it. That is transforming that economy, creating productivity, jobs, innovation. It is bringing optimism to the economy. And you can see the stock market reflects it really trading at highs for multiple years, maybe a record high, but certainly the highs of the last five or six years. And so, you put all that together, GDP growth, technology investment, recovery and RevPAR, middle class still

growing, exports still pretty strong, 7-8% growth despite trade tensions with the US. You see a lot of resilience. And therefore, you should not be surprised that we are relatively optimistic about the mid to long term. We are not calling a return to positive RevPAR next month or next week. It may happen. We are not saying it will not happen. We saw a definite improvement in the third quarter for us, but we are optimistic it is going to happen in the near term and then it will become a tailwind for us.

Michael Glover

Actually, Andre, I think what you might be surprised about is if you look at our occupancy, in China, it was actually up 0.6 points in the quarter. And it is actually up 0.4 points year to date. And so, what that shows is there is still quite a lot of demand for travel within China. And then if you take that and add in that we have seen an incredible outbound travel from China into Southeast Asia countries. And if you look at just RevPAR in the quarter from some of those, if you look at Vietnam, year over year growth in the third quarter it was up 31%. And that was driven a lot from the outbound China travel.

You have seen double digit growth in places like Australia. We have seen year to date strong growth in Japan. And so, you have seen that outbound Chinese, that consumer within China still traveling. Now there is within China, obviously as that outbound comes out, you do not have some of the higher end suites and higher end travellers staying within China. So you get a bit of a rate issue, which is what we have seen in China. But overall, if you look at that demand, at least for our hotels, even with all the supply growth that we are adding, you are seeing additional demand come in. And so, I think we feel comfortable that China is on the right trajectory.

Elie Maalouf

What is important for all of us to keep remembering is the importance of being strong in large domestic markets like China, but also like the US, like Europe, eventually, like India is, yes, to be strong in those large domestic markets because they are or will be among the largest travel and hotel markets globally, just domestically. But they are also extremely large outbound markets. To be a strong global hotel company like ourselves, you need to be strong in those domestic markets which then power your international markets because China, US, Europe, eventually India, are going to be or are already the largest outbound markets. And we benefit from Chinese travel in Southeast Asia, in the Middle East, in Europe. Maybe not so much in the US today, but the rest of the world we have hotels that are benefiting from that too. We are benefitting from US travellers into Europe, into the Middle East and Asia. We benefit from European travellers going to the rest of the world. So being strong and continuing our 50-year success in China is important not just for our very profitable business in China, but for the expansion of our business in the whole world.

André Juillard (Deutsche Bank)

Thank you very much.

Elie Maalouf: Well, thank you for that. And so, to summarise where we stand after the third quarter, global RevPAR increased by 1.4% year to date, gross system growth is 7.2% year on year, and net system growth is 5.2%, with openings and signings up 17% and 18%, respectively, on the same quarter last year. And our teams have delivered a performance that reaffirms our confidence in driving the core components of shareholder value, in line with market expectations and our growth algorithm. That growth algorithm sees consensus expecting us to deliver in 2025 around 12% EBIT growth and around 15% EPS growth, and we remain on track to meet those expectations.

Many thanks to all of those on the call. And as a reminder, our financial results for the full year, along with the trading in the fourth quarter, will be announced on Tuesday, 17th February. Thank you and goodbye.