



Marriott International, Inc.
First Quarter 2026
Earnings Conference Call Transcript¹
May 6, 2026

Operator: Good day, everyone, and welcome to Marriott International's First Quarter 2026 Earnings Conference Call. Today's call will be recorded. It is now my pleasure to turn the call over to Senior Vice President, Investor Relations, Jackie McConagha.

Jackie McConagha: Thank you. Good morning, everyone, and welcome to Marriott's first quarter 2026 earnings call. On the call with me today are Tony Capuano, our President and Chief Executive Officer, Jen Mason, our new Executive Vice President and Chief Financial Officer, and Pilar Fernandez, Senior Director of Investor Relations.

Before we begin, I would like to remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties, as described in our SEC filings, which could cause future results to differ materially from those expressed in or implied by our comments. Unless otherwise stated, our RevPAR, occupancy, average daily rate and property-level revenues comments reflect systemwide, constant currency results for comparable hotels and all changes refer to year-over-year changes for the comparable period. Statements in our comments and the press release we issued earlier today are effective only today and will not be updated as actual events unfold. You can find our earnings release and reconciliations of all non-GAAP financial measures referred to in our remarks today on our investor relations website. And now I will turn the call over to Tony.

Tony Capuano: Thanks, Jackie, and good morning, everyone.

We reported excellent first quarter performance this morning, with RevPAR and financial results above the top end of our guidance ranges. Development activity remained robust, with record first quarter global signings and net rooms growth of 4.5 percent over the trailing twelve months through March.

First quarter global RevPAR rose 4.2 percent. RevPAR in the U.S. and Canada region rose 4 percent. Luxury and resort hotels continued to lead in the region, though strength was broad-based across segments and chain scales. While luxury RevPAR rose nearly 7 percent, select service RevPAR increased 3.5 percent, a meaningful improvement from the fourth quarter, when select service was down more than one percent year-over-year.

¹ Not a verbatim transcript; extraneous material omitted and edited for clarity and misstatements.

While the conflict in the Middle East weighed on results in March, first quarter international RevPAR increased 4.6 percent. First quarter RevPAR in APEC rose over 7 percent, driven by strong ADR growth and an increase in demand from Chinese guests. Beginning in March, Middle East travel corridor disruptions started to impact select APEC markets, including India and the Maldives.

In Greater China, our hotels continued to gain market share... and stronger leisure demand drove first quarter RevPAR up nearly 6 percent. RevPAR growth was led by Hong Kong and Hainan Island, which were both up around 20 percent year-over-year on the back of very strong ADR growth.

RevPAR in CALA rose 2 percent, led by record leisure results in the Caribbean, partially offset by a decline in RevPAR at Mexican luxury resorts.

First quarter RevPAR in EMEA increased over 3 percent, with increases in Europe and Africa partially offset by a decline in the Middle East. In March, RevPAR in the Middle East declined over 30 percent, while RevPAR in Europe rose 4 percent, as the impact of the conflict in the Middle East on European markets was relatively minimal and largely contained to countries near the Middle East such as Cyprus and Azerbaijan.

Since day 1 of the conflict, our top priority has been the safety of our associates and our guests. While we expect continued volatility and ongoing impact from the conflict, particularly at our Middle East hotels, looking ahead, as Jen will discuss further, we are raising our full year global RevPAR guidance and now expect growth of 2 to 3 percent.

Now let's turn to results by customer segment. In the first quarter, leisure RevPAR rose 6 percent globally and 5 percent in the U.S. and Canada. Group RevPAR rose 5 percent, both globally and in the U.S. and Canada. And first quarter business transient RevPAR rose 1 percent globally and 2 percent in the U.S. and Canada, with mid-single digit declines in government room nights and slight declines in other BT room nights, partially offset by higher ADR.

We remain focused on steadily expanding our industry leading portfolio and presence to reach new markets and new travelers worldwide. Global signings are off to an excellent start this year, with first quarter deal signings up 9 percent year-over-year.

Key recent multi-unit deals signed include another agreement with Sun Group to add 10 hotels across eight brands in Vietnam over the next few years. We also signed deals to bring our regionally rooted collection brand, Series by Marriott, to Europe, signing six projects in Italy and five in the United Kingdom. Additionally, we announced that Lefay, our first brand dedicated exclusively to luxury wellness, is expected to enter our portfolio later this year.

Our global pipeline rose over 5 percent year-over-year to a new record of nearly 618,000 rooms at the end of the quarter, with 43 percent of pipeline rooms under construction including rooms that are pending conversion. Marriott has more rooms in its pipeline -- and more pipeline rooms under construction -- than any other global lodging company.

Conversions, including multi-unit deals, remain a significant driver of growth, representing over 35 percent of signings and over 40 percent of openings in the quarter.

With our growing pipeline and strong momentum in conversions, we still expect net rooms growth between 4.5 and 5 percent, including our typical assumption of between 1 and 1.5 percent room deletions.

Our powerful industry leading Marriott Bonvoy loyalty program had nearly 283 million members at the end of March. As we focus on enhancing engagement with our members, we have continued to roll out new co-branded credit cards around the world. Today, we have 37 cards in 13 countries, after recently launching cards in Indonesia and Brazil. Our scale, combined with strong engagement, helps drive more direct bookings, more repeat stays, and value for owners across our worldwide system.

And our multi-year technology transformation is well underway. Just yesterday we transitioned our 1000th hotel over to our new tech ecosystem. Our new technology platforms automate multiple processes that used to be done manually and are expected to enhance owner returns while positioning our hotel associates to focus more time on quality of service to deliver on customer expectations.

We are also excited about increasingly leveraging AI across the company to assist our associates, serve our guests, and drive results for our owners. Some examples are rolling out AI-powered desktop assistants at our Customer Engagement Centers and using AI for guest pre-arrival communications.

As AI platforms continue to enrich the trip planning experience, we believe our unparalleled depth of inventory and global reach are significant competitive advantages. While it is early days for travel searching and planning in AI, we believe AI presents an exciting opportunity to connect directly and in a more personalized manner with our customers, and we are optimistic about the potential for AI to help strengthen our lower cost, direct booking channels.

We continue to optimize our content for GenAI services and are working with multiple players across the space. We are also very excited about beginning a phased rollout of a robust natural language search experience on marriott.com and our app planned by the end of the second quarter. This experience will leverage real-time inventory to respond to guest inquiries and help them explore our portfolio more easily -- from answering hotel-level questions to supporting multi-destination searches.

Before I end my prepared remarks, I want to express my sincere admiration and gratitude to all of our associates around the world for their hard work and dedication, with a special thanks and recognition for those who have been impacted by the conflict in the Middle East.

And now I will turn the call over to Jen for more details on our financial results. Jen?

Jen Mason: Thank you, Tony. I am very happy and honored to be here with all of you this morning. While I have listened to over 130 earnings calls over my 33 years with Marriott, this is, of course, my first time on the call as CFO.

I will start by reviewing our strong first quarter results. As Tony noted, global RevPAR rose 4.2 percent. First quarter total gross fee revenues increased 12 percent year-over-year to \$1.43 billion, reflecting higher RevPAR, rooms growth, a 37 percent increase in co-branded credit card fees and an over 70 percent increase in residential branding fees.

Incentive management fees, or IMFs, rose 9 percent to \$222 million in the first quarter, led by a 13 percent increase in the U.S. and Canada. Owned, leased and other revenue, net of owned, leased and other expenses, rose 21 percent, due to higher termination fees and strong results at the Elegant hotels in Barbados and certain other portfolio hotels.

First quarter G&A rose 5 percent year-over-year, primarily due to timing of compensation costs, partially offset by lower litigation expenses. Adjusted EBITDA increased 15 percent to \$1.4 billion and Adjusted diluted EPS rose 17 percent to \$2.72.

Now let's talk about the outlook for the second quarter and the full year. For the full year, we now expect 2 to 3 percent global RevPAR growth. This outlook incorporates our outperformance in the first quarter as well as higher than previously anticipated RevPAR growth in the U.S. and Canada, with the strength seen across chain scales in the first quarter continuing into April. We are also raising our outlook in Greater China, where we now expect full year RevPAR growth in the low single digit range, primarily reflecting strong first quarter performance.

We expect lower than previously anticipated RevPAR growth in the near term in APEC, driven by softer long-haul demand into certain markets that rely on Gulf hub connectivity. Additionally, we are slightly reducing our outlook versus prior expectations in CALA for the rest of the year, primarily due to Mexico.

Turning to EMEA, we assume that air capacity and travel sentiment will continue to be impacted, particularly in the Middle East, through the end of the year. As a reminder, the Middle East accounts for 3 percent of open rooms, 7 percent of pipeline rooms and, for full year 2025, 3 percent of global gross fees.

We are lowering our RevPAR outlook in EMEA, reflecting continued year-over-year declines in our Middle East properties, with the most severe decline expected to occur in the second quarter. Our guidance assumes the conflict in the Middle East could impact full year global RevPAR growth by 100 to 125 basis points.

Finally, I'll note that the World Cup is still expected to add 30 to 35 basis points to global RevPAR growth this year.

We are raising our 2026 gross fee guidance to \$5.93 to \$5.99 billion, up 9 to 10 percent. IMFs are expected to be around flat year-over-year, as outperformance in the first quarter is expected to be offset by year-over-year IMF declines in the Middle East in the last three quarters of the year. The sensitivity of a one percent change in full year 2026 RevPAR versus 2025 could be around \$55 to \$65 million in RevPAR related fees.

Co-branded credit card fees are still expected to increase around 35 percent. As you know, this does NOT include any impact from new deals in the United States. Our discussions with Visa, Chase and American Express are going well, and we still expect to have new deals in place later this year.

Full year residential branding fees are now expected to increase around 45 to 50 percent. Timeshare fees are still expected to be relatively in-line with the prior year, at \$110 to 115 million.

Owned, leased and other revenue, net of owned, leased and other expenses, is now expected to total \$215 to \$225 million. Results are expected to be impacted by renovations at certain large hotels in the portfolio, including W Barcelona and the Frankfurt Marriott, as well as the expected sale later this quarter of a long-held hotel in the U.S. that will stay in the portfolio under a new, long-term management agreement.

2026 G&A expense is anticipated to increase just 1 to 3 percent compared to 2025 levels, as year-over-year comparisons are expected to benefit from timing later this year, particularly in the fourth quarter. Full year adjusted EBITDA could increase 9 to 11 percent, to roughly \$5.88 to \$5.97 billion.

Our 2026 adjusted effective tax rate is expected to remain between 26 and 26.5 percent. Our underlying core cash tax rate is anticipated to remain in the low 20 percent range.

Strong adjusted EBITDA growth, together with meaningful reduction in share count, is expected to result in full-year adjusted diluted EPS of \$11.38 to \$11.63, representing growth of 14 to 16 percent.

In the second quarter, global RevPAR is expected to increase 1.5 to 2.5 percent and gross fees are expected to rise 10 to 11 percent. Credit card fees and residential branding fees are both expected to be up meaningfully, with residential branding fees anticipated to

more than double. Second quarter IMFs are expected to be down in the mid-single digit range, driven by significant declines in the Middle East.

Second quarter Adjusted EBITDA is expected to increase 8 to 10 percent, driven by higher fees, with a decline in owned, leased and other, net and a mid to high single digit increase in G&A due to timing of certain compensation expenses.

We now expect 2026 investment spending to be around \$1.05 to \$1.15 billion, an increase versus our prior expectations, primarily due to anticipated investment in Lefay. Investment in our contracts is still expected to be around 35 to 40 percent of the total spending. The second largest bucket, at around 30 to 35 percent of the total, is expected to come from continuing spend on our digital tech transformation, the overwhelming portion of which is expected to be reimbursed over time, as well as other corporate systems. The rest is spending related to renovations at owned and leased hotels as well as other investing activities.

Our capital allocation philosophy has not changed. We are committed to our investment grade rating and investing in growth that is accretive to shareholder value. Excess capital is returned to shareholders through a combination of share repurchases and a modest cash dividend, which has risen meaningfully over time. We now expect to return over \$4.4 billion to shareholders in 2026.

Full guidance details in the second quarter and for the full year are in the press release. Tony and I are now happy to take your questions. Operator?

Question And Answer Session:

Shaun Kelley, Bank of America: Welcome, Jen. Nice to hear you on here. Look forward to working with you.

Jen Mason: Thank you, Shaun.

Shaun Kelley, Bank of America: So Tony, batting leadoff here, I think it would be really helpful to just unpack a little bit about what you're seeing on U.S. trends to date. Obviously, a big resurgence of activity. I think you called out the low end. But could you just walk us around a little bit whether it's the segment components that you talked about, what do you think is driving the growth right now in the U.S.? And what are you excited about based on what you're seeing kind of real time through April?

Tony Capuano: Thanks, Shaun. I think at a high level, obviously, really encouraged by the Q1 results globally, but in the U.S. and Canada, in particular, April, we've seen continued strength across the U.S. and Canada. And I think one of the things that's encouraging is it's really across segments, right? We talked in our prepared remarks about the continued

strength in leisure. Group continues to be solid. And if you exclude government, business transient is pretty solid as well.

We're also seeing strength across sectors, which I think is quite exciting to me. We have talked for the last number of quarters about the continued strength in luxury. But over the course of a quarter to go from relative weakness in the select service tiers to about 3.5 percent RevPAR growth in the first quarter. I think it's a really, really encouraging sign about continued strength really across all the tiers where we operate.

And then lastly, I would say you heard Jen's comments about World Cup. And notwithstanding some of the things that we continue to hear in the press more broadly, we continue, at least across the Marriott portfolio to feel really good about that 30 to 35 bps of impact that Jen referenced.

Richard Clarke, Sanford C Bernstein & Co.: Welcome to Jen as well. I look forward to working with you. Maybe just dialing in a bit more on the Middle East. Qualitatively, have you seen any improvement since the cease fire? How are kind of full year booking trends there?

And then quantitatively, I guess your 100 to 125 basis point assumption looks like that 30 percent in the March, you're kind of holding that through the rest of the year. Maybe what are you assuming for Q2? What did you see in April? And then what are the assumptions maybe baked into the second half to get to that 100 to 125 basis points impact?

Jen Mason: Thanks for the question, Richard. So clearly, our forecast reflects the fluidity and uncertainty of the situation in the Middle East. We have certainly seen booking activity showing some signs of recovery from the lows that we experienced in March. But we do expect that the impact to the Middle East properties will continue through the end of the year. The hardest hit quarter we are looking at or we're anticipating about a 50 percent reduction in RevPAR in Q2, but that it will continue to impact Q3 and Q4, but it will get better consecutively across the quarters.

And just a reminder, Q4 of last year was an incredible quarter in the Middle East, driven by some large citywide events that drove high ADR. So we do expect recovery in the back half of the year sequentially, but we clearly are still seeing an impact.

Stephen Grambling, Morgan Stanley: I may have missed in the remarks, but it looks like the investment spend ticked up a bit versus the prior guide. I know you talked about some of the automation that's happened on the back end of some of the technology refresh that you've had underway, and you also touched on the optionality from AI. Can you perhaps talk bigger picture on how to think through investment spend from here? And is the AI component of this something that we should be thinking about will require incremental investment? Or is that a lower capital spend and actually create some potential optionality for either fees or owners?

Tony Capuano: Thanks, Stephen. So maybe just to clarify or reiterate what Jen said in her prepared remarks. For this year, the bit of an uptick is almost entirely tied to the investment we're making in Lefay, our new luxury wellness platform. But I'll let Jen answer the second part of your question.

Jen Mason: Yes. So if you think broadly, as I talked about in my prepared remarks of where we spend our investment dollars between investment in contracts, the big technology investment and then investment in own lease. To Tony's point, the reason we raised guidance about \$50 million was predominantly Lefay. As you think about 2027 and beyond, I would consider with our size and scale and growth, you would expect about the same amount of investment. We are not guiding for 2027 for sure, but the categories of spend relatively stay the same.

Michael Bellisario, Robert W. Baird & Co. Inc.: On the group segment, I think, Tony, you mentioned it being solid. Have you seen a similar uptick in bookings and pace as you have on the transient side? And then on a related note, are there any of your tech upgrades? Are they going to be benefiting either the group meeting planner or your potential Marriott market share going forward?

Jen Mason: Sure. So I'll take the first part of your question. Obviously, we're very pleased with group performance in the quarter, and we expect group to be a nice driver of growth for the remainder of the year. Our pace for the year is up about 5 percent. And while pace is not indicative of where group RevPAR will actualize, we certainly are encouraged by the base of business on the books and continue to be -- expect that to be a growth driver.

Tony Capuano: Yes. And then I think on the second part of the question, Michael, we expect the tech upgrades to help all the constituents we serve, our guests, our associates, and our owners and to be impactful across every sector where we do business. The most notable place where I think there will be an impact of both the new technology platforms and our continued work on the AI front is in the generation of group RFPs.

Dan Politzer, J.P. Morgan: Jen, look forward to working together. I wanted to go back to the U.S. demand, and I think you guys specifically called out a broadening of demand. And Tony, I think you mentioned that select service really seemed to start to inflect in the first-quarter. Can you maybe talk about what specifically is driving that? And how -- what do you think has changed over the last kind of 90 or 180 days?

Tony Capuano: Yes. It's a few things. I think, again, not -- or I suppose, notwithstanding some of the reported weakness in consumer confidence. I do think you're seeing some pivot to domestic travel because of some of the uncertainty. You are seeing some pivot to drive to destinations versus fly to destinations given the impact of rising fuel prices on airline fares. And I think all of those dynamics are positively impactful to the lower chain scales where we operate.

Jen Mason: Yes. And a few other things I might add to Tony's comments. First, I think the tax refunds, the increase in those year-over-year have had an impact and the relative low supply growth in the U.S. and Canada over the last few years.

Tony Capuano: Yes. And then the last thing I might mention, Dan, we've spoken for the last few quarters about really digging into the consumer spending data that we get from our credit card partners. And really across demographics, we continue to see a prioritization of travel and experiences over consumption of hard goods. And even in lower-income households, you're seeing that shift. And I think that's having a pretty materially positive impact on the performance of our select brands.

Ari Klein, BMO Capital Markets: Tony, I think you mentioned business travel room night -- business transient room nights declined outside of government slightly. Hoping you could provide a little bit more detail on what you're seeing there. And then just on the World Cup, you touched on the expectations being maintained there. Obviously, a lot of reports on softer demand and maybe some group cancellations. So any other color would be helpful.

Tony Capuano: Sure. Maybe I'll take the first one, and then I'll let Jen chat a little bit more about World Cup. So just to ground you, in Q1, global business transient RevPAR was up 1 percent, which compares favorably to being down 2 percent a quarter ago. To get to that 1 percent improvement, we saw a 3 percent increase in ADR. That's a global number, while room nights were down 2 percent.

In the U.S. and Canada, business transient RevPAR was up 2 percent, again, largely driven by 3 percent ADR gains, and that was offset a little bit by a 1 percent room night decline. U.S. and Canada business transient RevPAR, excluding government, was up 2 percent. Government transient RevPAR was down 6 percent. Government RevPAR was down 12 percent to 13 percent in January and February and then rose about 8 percent in March because the comps became a little bit easier.

Jen Mason: Great. So -- and I'll take your question on World Cup. Despite what you're hearing and reading in the press, we continue to feel confident in our 30 to 35 basis point impact globally from World Cup. We did extensive research before we guided that number. We benchmarked against other large citywide events that we had experienced.

The total revenue is pacing up nicely over the match dates and in line with our expectations, though there obviously is still a lot left to book, which is expected given where we are in this booking window and the fact that we haven't gotten the exact matchups for the latter half of the competition.

The FIFA room block cancellations, we expected for this type of event and had baked that into our forecast. And just a little bit on the mix. We expect the group occupancy for this

type of event to be closer to the 15 percent range versus something like the Super Bowl that's in the 40 percent range. So we continue to be optimistic about the opportunity.

Lizzie Dove, Goldman Sachs: Just wanted to ask on rooms growth and your latest thinking in terms of percent of that, that might come from conversions and new builds, any brands you're leaning into? And then you mentioned upfront, I think about 7 percent of your pipeline is from Middle East. So just any impact that you're expecting there on the rooms growth side of things near term?

Tony Capuano: Sure. So there's a lot in there. Let me try and answer most of it. I think on your first question or the first part of your question, I suppose, the -- we continue to feel really good about the guidance we've given you. The conversion story continues to be a terrific story for us.

In the quarter, 35 percent of the signings and 40 percent of the openings were conversion related. I referenced a couple of portfolio conversions, Sun Group in Vietnam and some Series activity across Europe. As we've discussed the last few quarters, while our development teams around the world are out there fighting tooth and nail for every single asset conversion opportunity that exists, they are doing that in parallel with some very focused efforts supported by some very focused resources to chase portfolio conversion opportunities. And the results that are coming from those focused efforts, I think, are a pretty compelling part of the Marriott growth story.

I think the second part of your question, remind me, Lizzie, I'm sorry. I don't know if they muted you. Specific brands, sorry, yes. The other piece I'd like to focus on a little bit is the traction we're getting in mid-scale. Mid-scale is an area that, as you know, we just entered a couple of years ago.

And we already between open and pipeline have hit the 500 hotel mark. And so that's not -- it's not a binary choice. We're not shifting resources to mid-scale at the expense of our growth in the other tiers where we compete. It is incremental, but I think the speed with which we've seen our ramp-up in mid-scale openings and pipeline is a really, really encouraging part of the growth story as well.

Jen Mason: And Lizzie, your third part of your question was on net unit growth openings and impacts in the Middle East. We still feel comfortable with 4.5 percent to 5 percent global outlook for full year. Though as a reminder, it's more instructive to look over a multiyear CAGR. We still expect anticipated openings in the Middle East to generally proceed as planned, although we are absolutely watching it very closely. We've already opened a few hotels there this year even since the war started.

But to give you some context, Middle East hotels yet to open this year only account for about 4 percent of our full year expected net rooms openings.

David Katz, Jefferies: Welcome, Jen. Look forward. I wanted to go back to the AI efforts. Seeing one of the industry participants launching a native app this morning, probably with intent. What can we literally expect to see and put our hands on? And I suppose I'd like to get a sense for what are the gating factors or success factors? How can we tell if you're doing well with it between now and the end of the year?

Tony Capuano: Great. Well, let me take a shot at that. And Jen, feel free to jump in and help me out. So I'm going to give you sort of a three-pronged answer, David. I think broadly, Marriott's focus is to implement a unified enterprise-wide generative AI strategy, again, with a focus on elevating the experience of all of our core stakeholders, associates, guests, and owners. As we sit here today, I'll give you a few, not an exhaustive list, but a few examples of how we've already incorporated AI into our day-to-day business.

The business transient sales tool that we put in place for our sales teams. In our customer engagement centers, the real-time call assistance that we have, event planning intelligence tools that we've made available to our team, marketing campaign assistance. And then probably the most impactful this quarter will be the rollout of our conversational search across the marriott.com platform. How will we measure success? I think a few ways.

On the sales side, clearly, conversion rates, the direct impact on hotel revenue from the implementation of these tools. And then I would say the third area that we would look at in terms of measuring success would be in the above property opportunities that we see in both in regional and headquarters disciplines in areas like legal, like global finance, where we think there's a real opportunity.

And then the last thing I would say is we talked about this a quarter ago, but the manner in which we are working with some of the most advanced players, whether that is Google's AI mode travel product, whether that's being one of the first participants in travel with OpenAI on their ad pilot program, there are a wide range of parallel activity streams meant to impact our above property and our on-property effectiveness and efficiency to drive top line and margin improvement.

Brandt Montour, Barclays: Welcome to Jen. So Tony, I was hoping maybe you could even take that -- some of those comments a little bit further, specifically with regards to the distribution side of things for AI. Obviously, we all know or we don't know exactly where the tech giants will sort of land and what the sort of AI interface will look like in that economic model and how that will evolve. But from what you're seeing on the ground today, what is your sense on where it's -- how it's evolving and where it could kind of land between you and the other players that sort of compete in that sort of top of funnel for customer attention?

Tony Capuano: Great. I appreciate the question. You stole the start to my response to your question, which is exactly what you said. None of us know exactly how the online

booking space will evolve and transform. But we do think that Marriott's industry-leading scale creates a really advantageous position due to our physical and geographic footprint, our scale, and data, that creates a natural digital content and search advantage relative to some of our peers. We've got more stays. We've got more reviews. We've got better insights into preferences, rates, the ability to refresh availability in real time. I think those are all meaningful advantages.

How Marriott's distribution costs could evolve as a result of changes in the distribution landscape? I think we're very optimistic about the potential for AI to bring more consumers into the Marriott Bonvoy ecosystem and to help strengthen our direct booking channels. I mean it's quite interesting to watch some of the experimentation that the big AI players have made. They've got decisions to make about how they monetize these platforms. The two areas that we've seen experimentation are in advertising and in transactions.

At least in the early days, you've seen a heavy predisposition towards monetization through ads. There's been some experimentation. But we think the ability of these platforms to drive customers to book in our proprietary channels and take advantage of all of the loyalty benefits that you get from booking directly represent a significant opportunity for us.

And then the last thing I would say is some of the pilots that we're launching, while we're not ready to share really detailed specifics, we do believe they will have favorable cost benefits for our owner and franchise community.

Duane Pfennigwerth, Evercore ISI: Just on Middle East, can you speak to not what is embedded in your guidance, but just how quickly markets have historically bounced back after conflict, if that's quarters, years or if it sort of surprises you that they can kind of come back more quickly? And then you mentioned markets that are dependent upon airlift from the Middle East, which is a little bit surprising because I do think some of that has shifted to other global connecting hubs. What markets would you consider those to be?

Tony Capuano: Yes. Thank you for the questions. I wish that you could look at a single or a couple of regional conflicts and draw deep conclusions about what the impact of this conflict will be. As you well know, they're all quite different. I think that the -- maybe the most notable aspect of this conflict is how quickly the impact on fuel prices might change and what the impact will be on travel more broadly.

On your second question, as I'm sure you're aware, we are, for instance, the largest hotel company in India. And so the impact of some of those Middle East carriers into India, you are absolutely right. You're already seeing a pivot to some other carriers. But -- the reality is the Middle East accounts for 10 percent of global transit traffic demand. And so that ripple effect, particularly for a company like Marriott that has such a dominant footprint in markets like India is something we've got to watch closely.

Now, Jen talked to you a little bit about how we're thinking about guidance. I think the APEC team believes the most significant impact to their business will be in the current quarter in Q2, and they've made some assumptions about that softening a bit as some of the other carriers fill the breach of some lost capacity coming out of Emirates and Etihad and some of the other regional carriers.

Conor Cunningham, Melius Research: Congrats, Jen. Just trying to tie together a couple of things you said. So you're seeing improvement in the select service and steady trends in luxury. I don't get the sense that you're fully endorsing the C-shaped economy, but I'm just trying to understand the uplift a little bit. So when you look at your initial guidance relative to where you are today, like what is -- from a travel type, what has actually advanced the most? It seems like it's business transient, but I don't -- I just -- if you could give me a little bit more color there, I think that would be helpful.

Jen Mason: Sure. Thanks for the question. I -- look, we clearly have seen strength across all chain scales and segments in Q1. We're seeing that continue in U.S. and Canada in April. So relative to our last guidance, we have raised U.S. and Canada expectations. And if you think about how that fits into our global guidance, it's on the higher end of the global guidance. We do see -- we are expecting higher strength in the first half of the year versus the second half. A lot of that is -- and I'm talking U.S. and Canada right now.

A lot of that is we expect uplift from the World Cup in Q2 and Q3. In Q4, we do expect a bit of an impact from the midterm elections. So relative to our last guidance, we certainly feel better about U.S. and Canada. And then as we've talked about, I think if you go around the world, Middle East is by far the biggest impact. We're expecting 100 to 125 basis points.

That being said, it's a very fluid uncertain situation, and we are watching it closely and reacting. But that if things perform better there, that would be uplift to guidance. China, we are raising to low single digits. We had a great first-quarter, predominantly driven by leisure. So we feel good about that.

APEC, Tony talked about that, that in the near term, we are impacted by long-haul flights. And -- but we expect that we will pick back up to where we were in the back half of the year. And then CALA, a little bit of reduction mainly from Mexico. But otherwise, relatively, we feel good.

Trey Bowers, Wells Fargo: I noticed in the press release, you stated that the guidance does not include the impact of renegotiation of the credit card deals. I guess two parts of the question. One, how would you view kind of success in renegotiating those deals? And then two, could there actually be an impact from the renegotiated deal in 2026? I thought that was more of a 2027 impact but would love a little clarity around that.

Jen Mason: Sure. Thanks for the question. I'll start with we're very pleased with how things are going. We're in active negotiations, as I talked about in the prepared remarks, with Visa,

Chase and Amex, and we do still expect to have new deals in place the latter part of the year. Your comment on timing, I think, is spot on.

These deals take time to -- there's a renegotiation of the card that will bring benefit both to the loyalty program for guests and owners and to our royalty fees. So we -- you can expect some upside this year, but the real opportunity is when you refresh the cards and relaunch them, and that will take some time. It is important to keep in mind the size and scale of our credit card program already. We are largest among the lodging companies. And so everything -- we have to think about it in that context already.

Smedes Rose, Citi: I know you've covered a lot of ground here, but I guess I wanted to ask specifically just on the leisure side, as you look out into kind of the summer vacation. I mean, do you have -- you kind of hinted at this, I think. But I mean, do you see sort of solid evidence that Americans might be leaning into domestic travel here versus international travel, given you talked about a little bit weaker in Mexico specifically, but just a lot of other things going on. And I'm just wondering if that's something you definitely see sort of a pattern of how you think about how the vacation period could shape up?

Tony Capuano: Yes. Thank you for the question, Smedes. What I would tell you is while I am very encouraged by what we saw in April, you heard in the prepared remarks some commentary about the pretty modest booking window of plus or minus three weeks for transient business. So anecdotally, are we feeling good about the summer travel season? We are.

We're hoping that the benefit of tax refunds and the like will ripple through that. But in terms of hard advanced booking data, that short transient window is really making it a little blurry right now.

Jen Mason: Yes. And I would just say in terms of travel patterns, in the first few weeks of the conflict, we did see that U.S. travelers slowed their international bookings a bit, but those trends have normalized. And so we're back to kind of pre-conflict trends in terms of domestic versus international travel bookings from the U.S.

Steve Pizzella, Deutsche Bank: Just wanted to follow up a little more on the development as it seems like conversions overall are going to be a bigger driver of net rooms growth longer term, including the licensing deals and multi-unit deals as you referenced. What do you view as the addressable market for these? And is there any difference in the fee structures?

Tony Capuano: Yes. So the -- maybe I'll go in reverse order. The vast, vast majority of the deals that we do are under fee structures that should be very familiar to you. They are -- even if it's a multi-unit conversion deal, the fees, whether they are managed fees in a managed scenario or franchise fees in a license deal, they are very typical to the sorts of deals you've grown accustomed to over the year.

In terms of the addressable market, Jackie may kick me if I say infinite, but it's something approaching infinite. I mean, notwithstanding the really tremendous market share we enjoy in the U.S. and Canada and globally, you've got markets around the world where we've got mid-single-digit market share. So the runway for growth and the runway for conversions, you think about markets like Europe where you've still got a very significant portion of the lodging supply that are independents, which is fertile hunting grounds for us.

And then the last thing I would say is the fact that we've got such compelling conversion platforms across effectively every quality tier where we operate allows us to think pretty aggressively about the trajectory for conversion volume for the next number of years.

Great. Well, thank you again. It is a delight to be here with Jen. I look forward to lots of upcoming quarterly earnings calls with Jen going forward. We, as always, appreciate your interest and look forward to seeing you on the road. Thanks, and have a great day.

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