



Marriott International, Inc.
Third Quarter 2025
Earnings Conference Call Transcript¹
November 4, 2025

Operator: Good day, everyone, and welcome to Marriott International's Third Quarter 2025 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 third quarter 2025 earnings call. On the call with me today are Tony Capuano, our President and Chief Executive Officer, Leeny Oberg, our Chief Financial Officer and Executive Vice President, Development, and Pilar Fernandez, our 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: Thank you, Jackie, and good morning, everyone.

We are pleased with our third quarter financial results, which were ahead of our previous expectations. Development activity remained strong, and we grew our industry leading global portfolio of rooms by 4.7 percent year-over-year, to over 1.75 million rooms across more than 9,700 properties at the end of September.

As expected, RevPAR growth in the quarter was modest, reflecting ongoing global macro-economic uncertainty. Our hotels continued to gain RevPAR index. Third quarter global RevPAR rose half a percent. International RevPAR grew 2.6 percent, again outperforming the U.S. & Canada, where RevPAR was down 0.4 percent.

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

By region, RevPAR growth was strongest in APEC, which has been benefiting from solid macroeconomic growth in many countries and double-digit rooms growth. Third quarter RevPAR in APEC increased nearly 5 percent, driven by robust ADR growth and higher demand from international travelers, particularly from Greater China and Europe.

Third quarter RevPAR in EMEA rose 2.5 percent, on increases in both ADR and occupancy, led by strong regional demand. Excluding the impact of the Olympics in France and the Euro 2024 in Germany last year, EMEA RevPAR would have been up 5 percent.

RevPAR in CALA rose nearly 3 percent, with gains in both ADR and occupancy, and helped by city-wide events in Puerto Rico and Rio. City Express hotels across the region are seeing meaningful benefit from being integrated into our ecosystem and are performing very well.

The operating environment in Greater China remains challenged by weaker macro conditions, though our market share across the region continued to grow. With year-over-year comps easing and demand stabilizing, RevPAR was flat... and would have been slightly positive excluding the impact of multiple typhoons. Leisure demand was solid, offsetting a decline in business transient demand.

The slight RevPAR decrease in the U.S. & Canada was driven by declines in select service brands, which offset nice gains in luxury, along with calendar shifts impacting group. Third quarter group RevPAR decreased 3 percent, while leisure was up slightly and business transient was down slightly compared to last year. Business transient was further impacted by government RevPAR declining 14 percent.

Globally, RevPAR growth was again strongest at the higher end, as higher-end consumers have demonstrated resilience to macroeconomic uncertainties and continue to prioritize travel. Luxury RevPAR rose 4 percent, and performance weakened down the chain scales. Our portfolio is well positioned to benefit from outperformance at the upper end, as 10 percent of our rooms are in the luxury segment and another 42 percent are in the full service, premium segment.

By customer segment, on a global basis, leisure transient continued to lead RevPAR performance, rising 1 percent. Business transient RevPAR was flat, and group RevPAR declined 2 percent, reflecting timing of events.

As Leeny will discuss further, RevPAR growth is anticipated to accelerate from the third quarter, with RevPAR expected to increase 1 to 2 percent in Q4 compared to the prior year period. Full year 2025 RevPAR is still anticipated to rise between 1.5 and 2.5 percent year-over-year.

We also still expect strong net rooms growth in 2025 and beyond, as owners continue to show preference for our brands. Despite higher construction costs and the challenging financing environment in both the U.S. and Europe, we still have excellent momentum in our global signings. During the first nine months of the year, signings reached a record year-to-date level.

Our pipeline grew to a new high of more than 596,000 rooms at quarter end, with over 250,000 pipeline rooms under construction. Conversions remain a key driver of our portfolio expansion, reflecting the many revenue and cost related benefits of being part of the Marriott ecosystem. Conversions accounted for around 30 percent of both signings and openings in the first nine months of the year.

We remain keenly focused on driving growth, and on being in more places around the world with the best brands and experiences. In September we launched Outdoor Collection by Marriott Bonvoy, which includes Postcard Cabins and Trailborn Hotels. This new portfolio offers guests unique outdoor-focused stays with easy access to popular activities like skiing, snowboarding, biking and hiking. We also announced the U.S. debut of Series by Marriott, less than three months after the brand's initial launch, with an agreement to convert five select service FOUND Hotels in major U.S. cities.

As the largest global lodging loyalty program, Marriott Bonvoy serves as a powerful engine for guest engagement and brings significant value to our owners and franchisees. Membership grew to nearly 260 million members at the end of September, up 18 percent year-over-year.

The power of Marriott Bonvoy is evident across our many adjacent businesses, including Marriott Bonvoy Boutiques, Marriott Media Network, Homes and Villas by Marriott Bonvoy and our portfolio of 32 co-branded credit cards across 11 countries. Our U.S. cards are by far the largest contributor of our credit card fees. Our current U.S. deals were signed in 2017 and extended in 2020, and we are currently in active discussions with our current credit card partners. Our best estimate right now is that we could have new deals in place sometime next year that reflect the increased relevance of Marriott Bonvoy and the significant growth of our global lodging portfolio.

On the technology front, we continue to progress in the multi-year evolution of our property management, reservations and loyalty platforms and the deployment of new cloud-based systems across our global portfolio.... which we believe will enable Marriott to have an industry leading technology stack. Leveraging best in class technology architecture and proprietary innovations, this tech transformation is expected to deliver a new ecosystem of capabilities and revenue-driving opportunities on-property.

Owners are excited about the potential top and bottom line benefits at their hotels. The first few hotels recently started to transition onto the new systems, and associates have shared very positive feedback about the new capabilities and how they empower them to deliver on the customer experience.

We plan to continue deploying our systems to hotels around the world over the next few years. We are also excited about increasingly leveraging AI across our business, with a focus on areas like content creation, augmented business intelligence for associates, and more efficient processes that help associates deliver elevated customer experiences.

Before I turn the call over to Leeny, I want to thank our fantastic teams around the world for all that they do. Their commitment and perseverance are invaluable to our continued success and among the many reasons I remain incredibly optimistic about Marriott's future. Leeny?

Leeny Oberg: Thank you, Tony. Our results today demonstrate the power of Marriott's business model and the numerous levers driving our earnings growth. Despite continued macro-economic uncertainty and modest global RevPAR growth, our third quarter Adjusted EBITDA rose 10 percent and our adjusted EPS grew 9 percent.

As Tony noted, third quarter global RevPAR increased 50 basis points, in-line with expectations, driven by nearly 1 percent ADR growth, offsetting a 30 basis point decline in occupancy. Third quarter total gross fee revenues increased 4 percent year-over-year to \$1.34 billion. The increase primarily reflects rooms growth and strong co-branded credit card fee growth. Co-branded credit card fees rose 13 percent, reflecting robust card acquisitions and meaningfully higher global card spending as well as the timing of point transfer promotions. Fees from our international cards, which continue to ramp nicely, rose nearly 20 percent, driven by particularly strong performance in Japan and the UAE.

Incentive management fees, or IMFs, totaled \$148 million, higher than previously anticipated, down 7 percent year-over-year. The change was primarily due to declines in the U.S. & Canada, reflecting some large hotels undergoing renovations in the third quarter this year and certain hotels in Florida benefitting from insurance proceeds in the third quarter last year.

Owned, leased and other revenue, net of expenses, surpassed expectations, rising 16 percent compared to the prior year. The year-over-year increase was largely driven by contributions from the Sheraton Grand Chicago which we purchased in the fourth quarter last year... as well as improved performance at other hotels in the portfolio.

Third quarter G&A declined 15 percent compared to last year's third quarter, which included a \$19 million operating guarantee reserve for a U.S. hotel. The year-over-year decline also reflects timing and lower compensation costs, as we continue to benefit from the work we did last year across the enterprise to enhance our efficiency and productivity.

The strong growth in gross fee revenues and owned, leased and other, net, coupled with the decline in G&A led to Adjusted EBITDA increasing 10 percent to \$1.35 billion, above the high end of our guidance.

Now, let's talk about our outlook.

With ongoing economic uncertainty, we expect global RevPAR to increase 1 to 2 percent in the fourth quarter. The acceleration in global RevPAR growth from the third quarter to the fourth quarter is partially due to calendar shifts and one-time events. RevPAR growth is anticipated to

still be meaningfully stronger internationally than in the U.S. & Canada. And higher-end chain scales are expected to continue to outperform lower-end chain scales.

As we look ahead to next year, while we are still working on our budget, our preliminary view is that 2026 year-over-year global RevPAR growth could be similar to the 1.5 to 2.5 percent growth expected this year. Growth is expected to again be higher internationally than in the U.S. & Canada. And next summer's World Cup could contribute around 30 to 35 basis points to full year global RevPAR growth.

Turning to this year's P&L - in the fourth quarter, gross fee growth could be in the 4 to 5 percent range. Compared to prior expectations, this outlook reflects slightly lower expectations for IMFs and fees on F&B revenues in Asia. Fourth quarter IMFs are now expected to rise in the low to mid single digit range, partially reflecting the timing of some fees that shifted to the third quarter. Full year IMFs are anticipated to be around flat with last year. Fourth quarter gross fee growth will still be impacted by the timing of residential branding fees, which are expected to be down year-over-year. Fourth quarter Adjusted EBITDA is expected to increase 7 to 9 percent.

For the full year, we expect gross fees to increase around 4.5 to 5 percent year-over-year. Full year co-branded credit card fees are now anticipated to grow roughly 9 percent, primarily reflecting stronger than expected third quarter performance. Timeshare fees are still expected to be around \$110 million and full year residential branding fees are now anticipated to decline around 20 percent, a meaningful improvement compared to expectations at the beginning of the year, reflecting the continued success of our residential business and the volatility in the timing of residential project sales.

Owned, leased and other revenue, net of expenses, is expected to total around \$370 million.

2025 G&A expense is anticipated to decline 8 to 9 percent to \$975 to \$985 million. This decline reflects roughly \$90 million of above-property savings from our enterprise-wide initiative to enhance our effectiveness and efficiency across the company that is also expected to yield cost savings to our owners.

Full year adjusted EBITDA could increase between 7 and 8 percent, to \$5.35 to \$5.38 billion.

Full year adjusted EPS could total \$9.98 to \$10.06. Our full year adjusted effective tax rate is expected to be just over 1 percentage point higher than a year ago, given a shift in earnings to higher tax rate jurisdictions. Our underlying full year core cash tax rate is still anticipated to be in the low 20 percent range.

Our 2025 net rooms growth is still anticipated to approach 5 percent. As we look ahead to the next few years, with our strong momentum in global signings, and conversions in particular, we still expect global net rooms growth in the mid-single digit range.

Full year total investment spending is expected to be roughly \$1.1 billion, or \$1.45 billion when you include around \$350 million for the citizenM transaction. Our capital allocation philosophy remains the same. We are committed to our investment grade rating, investing in growth that is accretive to shareholder value, and then returning excess capital to shareholders through a combination of a modest cash dividend, which has risen meaningfully over time, and share repurchases.

We are pleased with the company's strong year-to-date cash flow performance and outlook. Given strong cash flow generation, we expect full year capital returns to shareholders to be roughly \$4 billion, while maintaining our leverage in the lower part of our net debt to EBITDAR range of 3 to 3.5 times.

The operator can now open the lines for questions. Please ask just one question each so we can speak to as many of you as possible. Thank you.

Question And Answer Session:

Shaun Kelley, Bank of America: Tony or Leeny, obviously, the language around the credit card program and renewal conversation there is new. So I think we're going to field a lot of questions on the parameters of what that deal could look like. So obviously, these things are delicate while they're in negotiation. But maybe you could put it in perspective, a couple of things for us: one, just current size of the program; two, how we should think about maybe what's on the table or what could be renegotiated relative to maybe some of the growth rates that you saw back when you combined the programs and did the renegotiation back in 2017. I think just some parameters around that would be helpful.

And then third, if I can sort of add it into the general gist. Earlier late in the year would be helpful just because it could be a meaningful earnings contributor. So just any timing refinement would be useful, too.

Tony Capuano: Thank you, Shaun. Well, the good news is you've been asking for a few quarters, so I'm going to make you happy that we talked about it. The bad news, I'm probably not going to give you the specificity you want for exactly the reason you described that we are still -- we are in active and fluid negotiations.

But maybe I can give you a little bit of atmospheric around how we're thinking about it. And then if it would be helpful, I might ask Leeny, just to remind you about how the mechanics of the program work. As we said in the prepared remarks, we're in active discussions with our current partners. The power of Bonvoy, the value of Bonvoy points to our customers, the strength of the portfolio and the brands, the broad array of experiences that we offer...without question, make us one of the most attractive customer groups in any industry for our partners in financial services as they think about credit card products. Number one.

Number two, as Bonvoy continues to grow, that growth translates to more cardholders, more spend. And we expect to see that reflected in growing co-brand credit card fees. And you heard Leeny talk a little bit about that. And then I would just remind you that when we did the deals originally in 2017 and then extended them in 2020, the value that Marriott and Bonvoy brings to these partnerships has grown exponentially.

So I mean, when we did the deal in 2017, Bonvoy didn't even exist. We launched it in 2019. The membership in our loyalty platform has more than doubled from 110 million members back in 2017 to the nearly 260 million that we described earlier in the call. Since the end of 2017, the number of co-brand accounts and global spending on our cards have both grown by about 80 percent. And our system size has grown from around -- or has grown around 50 percent from 6,400 properties globally back in 2017 to over 9,700 at the end of Q3.

So with that, Leeny, I might ask you to remind Shaun and the rest of the participants just exactly how the mechanics of the program work.

Leeny Oberg: Sure. And thanks for the question, Shaun, I think it's definitely too early to talk about potential upside from these deals. But I think kind of a reminder about how the basic economics of the credit card partnerships work is useful. Our credit card partners basically pay us overwhelmingly variable amounts with the funding mostly based on the volume of cardholder spend with some additional smaller payments based on items like number of free night certificates, et cetera, number of loyalty program points actually purchased by cardholders.

And it's really worth remembering that the co-brand card payments actually account for more than half of the Marriott Bonvoy program funding. And the co-brand financial services companies actually pay a higher amount per point than what our hotel owners pay. So it's an important part of the overall benefit to our hotel owners and frankly, to the power of Marriott Bonvoy in what we can provide in value to our Bonvoy members.

And then as you think about what then flows into Marriott's income statement, obviously, we recognized revenue in our franchise fees that gives a compensation for the licensing of our intellectual property. And so we take a royalty rate into earnings that is essentially a percentage of the total credit card funding.

And so as we move forward, well, it would actually, of course, not make any sense for us to talk about specifics in the negotiations. I think Tony was clear in pointing out the increased relevance of Bonvoy overall. And we're very excited about how our cards have done and how they continue to perform and are very optimistic about the outcome next year of these discussions.

Tony Capuano: And then I think, Shaun, your last question was you were hoping for some specificity on timing. Again, we are in the throes of negotiation. Hard to give you specifics other than to tell you, given the value we think these projects will unlock for our financial services

partners, for Bonvoy, and our owner community, and for Marriott International, the teams will work diligently to try to get them done as reasonably quickly as possible.

Leeny Oberg: And just as a reminder about how we're performing this year, in 2024, our credit card branding fees were \$660 million, and we're looking at that growing this year 9 percent in 2025 from, again, the continued powerful combination of the credit card partners and Marriott Bonvoy.

Michael Bellisario, Robert W. Baird & Co.: Can we dig into the health of the franchisee, I think just this year, you've reduced loyalty chargebacks, you've expanded your renovation scopes framework, I think, to more brands. And obviously, RevPAR has slowed. So I guess two parts: what are owners still asking for, what else can you provide them to ensure that economics remain attractive and you can go back to your mid-single-digit net unit growth target?

Tony Capuano: Yes. So there's a lot in that question, I'll try to unwrap. I think the fact that through the first 9 months of the year, we have on a global basis, achieved record signings. It is indicative that I think we're hitting the right mark with the owner and franchise community.

We are focused on driving enhanced top line performance. And we think that, that's one of the most compelling features of the technology transformation journey that we're on. We think that represents some really exciting opportunity to continue to drive top line. The reduction in the loyalty charge-out rate was an example of an ongoing effort to identify across the landscape opportunities to reduce affiliation costs.

And then we continue from the work we started last year, not just to lower corporate G&A expense, but to look for opportunities for margin enhancement across the portfolio.

Leeny Oberg: And I'd just add to that, that as we do all the normal comparisons of our affiliation costs against our competitors, we believe we have the lowest affiliation costs relative to revenue in the industry, and we expect, with our economies of scale, to continue to work on improving that even more.

David Katz, Jefferies LLC: One of the observations is the investment spending has sort of moved up to the high -- I think the higher end of the range for what the guidance was before. I can venture some guesses as to what's driving that, but I'd love to have you sort of unpack that a little bit. And in particular, give us some color on key money and how that is trending because I suspect that's one of the drivers there.

Leeny Oberg: Yeah. Well, thanks, David very much for the question. I'm happy to. As you remember, when we talked at the beginning of the year, we talked about these expenses, these investments breaking up into roughly three fairly even categories, which is key money, tech investments, and then CapEx expenditures in our owned, leased and existing portfolio.

And from that standpoint, it's actually not development-related key money. The increase is really around clearer visibility around the nondevelopment-related expenditures. So for example, the timing of tech transformation investments, owned, leased CapEx, timing, investment in our existing hotel base when there may be a particular asset sale, et cetera.

So in that regard, it's really not reflective of any sort of change in our key money philosophy or actually the amounts that we're spending relative to key money. As you know, very often, the deals that you sign are for hotels that are either converting over the next year or so or for new build hotels, which then don't actually open for several years. And the comments that we've made about our key money used in new unit development are actually quite consistent in terms of both amounts and the way that we're using it.

Daniel Politzer, JP Morgan Chase & Co.: I wanted to go back to the 2026 outlook, the 1.5 percent to 2 percent, 2.5 percent RevPAR growth. I mean it seems like you guys are kind of extending or assuming a status quo mostly hold here, but maybe you can unpack that a bit in terms of what you're seeing across leisure, business transient and group for next year? And any kind of color on pacing there, too.

Leeny Oberg: Yes, sure. Absolutely. We'd be happy talk about that. So first of all, just a reminder that we have talked -- we said in our prepared remarks, we continue to expect that the U.S. will be lower than international and that overall, broadly speaking, we'd expect it to be roughly the same globally. I will say that we would expect the U.S. to end up slightly higher next year than this year, and a lot of that benefit is related to the World Cup. So when you think about the World Cup next year, having a very healthy impact on U.S. & Canada that from that standpoint, this extra 30 to 35 basis points globally, is heavily squarely in the U.S. and Canada benefit side of things.

When I think about group, I think it is, again, very encouraging to see that our group pace for next year is up 7 percent. That's similar to a year, to a quarter ago. And actually group pace for the U.S. is up 8 percent. So I think -- as we look into next year, I do agree with you that I expect leisure to continue to be a stronger performer on a relative basis and in particularly in the upper chain scales. But overall, a fairly similar environment globally.

Tony Capuano: Yes. And I might just reemphasize the comment I made in the prepared remarks, and that is to remind yourself of the distribution of our portfolio with 10 percent of the rooms in the luxury tier and another 42 percent in upper upscale. We've had questions the last couple of quarters about the sustainability of the high end and to post another quarter with 4 percent RevPAR growth² leading the charge, I think, is a pretty powerful illustration of the strength and appetite of that luxury consumer.

² Said "index", should be "growth"

Conor Cunningham, Melius Research: Sorry to go back to the credit card for a quick second here. Can you talk about the benefits of being between Amex and Chase? Is there -- is there anything that that's helpful having two partners rather than one? And then if you could just high-level talk a little bit about the opportunity there. Like is it further -- is there just like a scale opportunity from having two different providers in general?

Tony Capuano: Yes. Thanks for the question. Happy to take it. We are obviously delighted with the success of the dual issuer strategy we've had since 2017. Having two issuers, it's really the success of that strategy as demonstrated by the growth of our branding fees and our partners' contributions to the loyalty program. And you heard Leeny provide some context to that.

Going with the dual issuer approach gives us access to what we think are two very complementary customer bases, gives us the ability to achieve really broad market coverage while providing customers with a unique set of choices. So we think it's a really powerful opportunity for us. It also gives us or gives our cardholders greater trial and point transfer sales with their proprietary card base.

Stephen Grambling, Morgan Stanley: Just wanted to dig into the pipeline a little bit. I think you touched on this a little bit in your intro remarks, but it looks like you had a sequential improvement in the under construction in particular, also grew pretty substantially year-over-year. So just curious where some of that strength is coming from? And if you've seen any kind of change in the environment from changes in rates or otherwise?

Leeny Oberg: Yeah. Sure, absolutely. First, I'm going to point out, Stephen, what has continued -- which continues to be a real trend, and that's all around conversions. So the momentum around conversions has not stopped, and that obviously feeds into our under-construction pipeline in a material way.

And we fully expect a third of our room openings this year to be conversion rooms. And frankly, when you look at our signings that trend, it's not doing anything except staying the same, if not actually moving up a little bit. So I think that's very encouraging as you look at rooms growth.

But when you talk about the under-construction pipeline it's probably a good reminder that in the U.S. that Marriott has kind of the leading share of both signings for new build construction hotels as well, it's actually what's under construction at 29 percent of signed and 28 percent of under construction.

And we did see a pickup in Q3 of rooms going under actually digging the shovel in the ground. But I would say overall, the trend is fairly similar. We are still meaningfully below construction starts for compared to 2019. And when you think about the environment, we don't see a major trend.

Clearly, as you look at dropping rates that should help. We are seeing a bit of a pickup in asset sale transactions in proven markets with proven brands. But I would say we still need to see

more improvement on the financing environment to see a dramatic pickup in new build construction starts. But again, every little bit of momentum is appreciated that we are seeing a little bit.

Patrick Scholes, Truist Securities: In relation to the last question, can we drill down a little bit about the development -- the latest trends in the development environments in APEC and China?

Leeny Oberg: Yeah, sure. So basically, we're thrilled with what we see in terms of both rooms growth and continued signings in Asia. Let me talk first about Greater China, again, broadly speaking, both areas are seeing double-digit rooms growth and continued disproportionate share of signings as we move forward. So when you look at the pipeline, I would say we've got a situation where in APEC, you've got 8 percent of our existing rooms while 15 percent of our pipeline and in Greater China you've got 11 percent of our existing rooms and 18 percent of our pipeline. So really great progress there.

And they have different situations where in APEC, you've got a number of economies that are growing rapidly and in meaningful need of greater lodging supply to meet the demand growth. And so when we think about markets like India, Indonesia, Japan, we just see continued outperformance for Marriott as compared to our competitors in signing new deals across all the chain scales. We're continuing to do lots of premium deals there, but also now seeing more extension down into the upscale and even mid-scale space.

In Greater China, it's obviously a little bit of a different story where there, while we see the same big increase in signings growth, it is much more concentrated in the upscale tier. And from that standpoint, you're seeing investors appreciate the relatively lower volatility and lower unit costs for developing a hotel as compared to a luxury hotel in a Tier 1 city, for example.

So as we see the continued growing strength of our brands in Greater China, the demand for a strong model that has the power of Marriott Bonvoy and also very competitive affiliation costs and operating costs, those brands are doing particularly well. So we've seen very strong improvement there.

And again, just as a reminder from a Greater China perspective, we are right now still seeing a bit higher percentage of domestic travelers than we did pre-COVID in the low 80 percentage. And I think it's a good reminder that our hotels provide jobs for Chinese citizens. They're overwhelmingly for Chinese customers. And as our brands grow in strength, you are seeing this growth across markets and across chain scales for Marriott International.

Tony Capuano: And Patrick, just to quantify some of that Greater China momentum that Leeny described. Year-to-date through the end of the third quarter, our room signings in Greater China are up 24 percent year-over-year.

Brandt Montour, Barclays: I was hoping we could double-click on business transient. It doesn't sound like you guys are baking in a dramatic recovery in the fourth quarter or your comments on 2026, but trends did seem to sort of worsen as of late. So just wondering how much of that was the government shutdown or government-related and ex government, have you seen trends stabilize or any sort of green shoots there you can talk about?

Tony Capuano: Yeah. Let me give it a try. The global business transient in the quarter was effectively flat, but that was a sequential improvement versus Q2 when global BT was down 2 percent. Global BT RevPAR, if you exclude government, to your point, was actually up 1 percent year-over-year, but we saw government transient down 15 percent year-over-year. And I think as we look into 2026, a little bit of more of the same. The larger companies that make up BT, were seeing actually pretty encouraging strength, but you are seeing a bit of hesitancy from some of the SMEs as they try to navigate the volatile economic environment.

Leeny Oberg: And the only thing I'll add is that on a -- from a kind of relative basis of the larger corporate BT versus the small and medium-sized businesses, we did see relatively more weakness in the smaller and medium-sized businesses, which, as you might imagine, has a bit greater impact on our select service brands.

Aryeh Klein, BMO: Going back to the credit cards, there's been some pretty big program renewals for premium cards at both Chase and AMEX with their own offerings. I'm curious if you view that as competition in any way? And what, if anything, that might mean for the upcoming renewal?

Tony Capuano: Yeah. Listen, I think it's not limited to those companies. There is a broad recognition across the financial services players about the strength and the long runway for travel-related spending. Certainly, in the context of the discussions we've been having with our partners, we think those cards can co-exist and be complementary, but it's something that will be incorporated into the ongoing discussions.

Richard Clarke, Sanford C. Bernstein & Co.: I guess you gave some helpful color on how you're using AI, artificial intelligence, internally. Just any comments on the sort of external use, making your hotel discoverable, bookable through ChatGPT and other platforms. Do you see that as an opportunity? Is that something that's being worked on at Marriott?

Tony Capuano: Yes. Without question, when we think about our distribution strategy broadly, we are increasingly certain that AI platforms can and will be helpful new distribution channel for us. More and more guests are going to use them for trip suggestions, trip planning.

While the search and the commerce models are still, you could argue in their infancy, we are certainly optimizing the content across our platforms to take advantage of GenAI services. Our channel strategy broadly is designed to ensure we've got broad reach across all traditional and emerging channels. And certainly, generative AI, Agentic AI, falls squarely in that emerging category.

Duane Pfennigwerth, Evercore ISI: Wanted to ask you about any changes you're seeing in underlying seasonality. One of the things we've heard from the airlines has been a shift in the underlying seasonality to Europe, a little less focus on peak summer, July and August and better trends in the fall with October seeing more demand versus maybe the pre-pandemic period. I wonder if you're seeing this elongated peak seasonality too? And can you just remind us how much of your Europe demand comes from U.S. point of sale?

Tony Capuano: Yeah. While Leeny's pulling that, I want to give you the precise number, I'll give you maybe a more anecdotal answer. I've been on the road for the last 6 or 7 weeks. I was in a few cities in Europe, I was in Rome and Milan and Venice. And walking around in October in those markets felt like the traditional crowds in June and July.

I do think some of that is weather related. I was in Florence talking to our teams there, and they said the pretty significant press coverage about elevated temperatures during traditional peak season caused a bunch of rebookings into the fall. As I talk to our operators across Europe, there is certainly a view that the season is extending earlier into the spring and later into the fall. And Leeny and I were in Japan for the opening of our new JW Marriott in Tokyo and I think we saw the same thing there, a really strong extension of peak season into the fall.

Leeny Oberg: Yeah. So just from a just straightforward numbers perspective, the mix of U.S. customers in Europe in Q3 this year was 36 percent. For the full year last year, it was 33 percent. So there's not really a huge shift, I think, generally speaking. I'm looking to see if there are any other of kind of categories that look meaningfully higher. And just a little bit more from certain other parts like APEC, et cetera. But I'd say overwhelmingly, pretty similar.

You would have thought that with FX, with the weakening dollar, that you might have seen more of an impact, but we still saw a very strong summer results. And then just as a reminder, there were certain events that happened in Q3 a year ago as compared to this Q3, like the Paris Olympics, which I think also is just a point to mention. But from an overall seasonality, we've got the boomers, obviously, traveling all over, but I'd say no major shifts.

Smedes Rose, Citi: I just wanted to go back to the rooms growth expectations. Just a little bit, just because we keep hearing a lot of discussion, which we have for some time now around kind of the [inaudible] economy, the lower end consumer not doing that well, and we certainly see it showing up in kind of select service, limited service RevPAR numbers, and that softness, I think, in general, is expected to continue.

Do you have a sense of how developers in the U.S. are thinking about returns on that kind of product? Have they come down? Do you feel like you'll take more share given the strength of your brands within what is being built or -- just kind of curious like how does the developer decide to put a shovel on the ground now, given what we're seeing at least on the revenue side?

Leeny Oberg: So I'm going to talk about two aspects of this, and one is on conversions and one is on new build, because I do appreciate the opportunity to have a little advertisement regarding our growth in mid-scale. We've only been in the mid-scale space a couple of years. We've already got 200 rooms open, and we've got well over 200 more in the pipeline in the mid-scale space across our StudioRes, City Express and Four Points Flex.

Tony Capuano: Hotels.

Leeny Oberg: Hotels. Yes. And in the U.S. & Canada, for example, we've got 150 mid-scale hotels in the pipeline. So it's really very excited about the opportunities there. And to your point, we actually see meaningful interest in the conversions to our brands for the strength that we provide relative to revenues as well as extremely competitive affiliation costs.

I think on the new build side, there continues to be a host of factors that have meant that there is a bit more reluctance and part of this is around expectations on interest rates, i.e., when might it be that money is cheaper on the financing side and when the constraints around exactly how much debt and equity have to be put in, whether that will change.

Now we've also got the reality that you've seen labor cost and construction costs also have gone up meaningfully over the last few years. And so seeing those moderate would be helpful as well. That being said, we continue to see a steady drumbeat of new hotels going under construction. But I think we all have to recognize that compared to 2019 when the financing costs were close to 0, that it is a different environment.

But we think from an attractiveness of the asset standpoint that it still fits many of the qualities for a limited service hotel, where you see strong cash on cash yields, fairly steady performance over time, and a good environment. So I think some of this is about standing on the sidelines and waiting to go back in rather than not doing the deals at all.

Lizzie Dove, Goldman Sachs: I just wanted to ask if you have any kind of appetite for whether it's kind of small tuck-in M&A or partnerships similar to kind of citizenM. And if so, if there's any kind of areas of the portfolio you'd be looking to kind of fill out more?

Tony Capuano: Sure. So at the risk of being repetitive, I'll give you the answer I've given you in the past, which is I don't think the team feels any burning need to chase M&A in pursuit of scale. Thankfully, we enjoy industry-leading scale. We'll apply the same lens that we've applied historically to opportunities that may present themselves.

And the lenses we have applied if we see a geographic area that we think represents real opportunity for growth and/or represents an important outbound demand generation market, and we are dissatisfied with of pace organic growth, we might look for an opportunity.

If we scan our brand architecture and we see a gap that we think is more effectively filled by a tuck-in M&A acquisition versus the launch of an organic platform, we would consider it there.

But again, I think we'll be quite deliberate and will apply the same financial rigor that we always do and as was evidenced in a deal like citizenM.

Meredith Jensen, HSBC: Maybe following on a little bit from what Richard and Lizzie asked. On the launch of the Bonvoy Outdoor, I was hoping you might speak a little bit about how this sort of dedicated digital vertical within Bonvoy might sort of serve as a framework for future loyalty sub kind of ecosystems or if this was more opportunistic given that homes and villas and some of the properties were already on a sort of separate platform for digital integration.

And maybe just to add on to that, if sort of looking at these platforms like citizenM or the outdoor platform sort of shift your way of thinking about digital distribution in a broader sense.

Tony Capuano: Yeah. Let me give it a try. The -- some of this is really inexorably linked to the central reservations transformation, which we think will be quite reflective of how our customers want to shop. So the ability to search our portfolio through passions as opposed to simply a geographic search. Homes and Villas is a good example of that. Outdoor Collection is a great example of that.

So rather than saying I want to go to Costa Rica or I want to go to Hawaii, I may search surfing options within the portfolio. And the new central res system will give our guests a seamless ability to do that. CitizenM, I would view it a little more traditional. It's a terrific product, but I think that will likely benefit from a more traditional geographic search.

Leeny Oberg: I think the only thing I would add is as you talk about kind of the broader view of what our digital channels provide and how we think about that platform, obviously, we want people to be coming to the Bonvoy platform and then being able to do their shopping and their communication with us however they choose, whether it's by city or whether it's by activity.

But one thing just as a really critical piece that we view an ultimate critical component of it is that we control the experience that our customers have. And that is where we really want to be the providers of fantastic experiences, of being able to communicate with them about what they want, what they need, how they want that to go. And so while yes, the digital shopping is very important, at the end of the day, the face-to-face, person-to-person way that people experience their lodging stays is something that we feel very strongly about, and we'll want that to be part of the overall advantage.

Tony Capuano: Well, thank you all again for your continued interest and coverage of Marriott. Leeny and I have both been on the road quite a bit. We have some extraordinary hotels and some new additions to the portfolio. Our teams continue to be as passionate as engaged as you would hope, and we look forward to seeing you on the road and hosting you.

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Note on forward-looking statements: All statements in this document are made as of November 4, 2025. We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise. This document contains "forward-looking statements" within the meaning of federal securities laws, including statements related to our RevPAR, rooms growth and other financial metric estimates, outlook and assumptions; cash generation and shareholder returns; our growth prospects; our development pipeline; owner preference; our Marriott Bonvoy travel platform; integration of the citizenM rooms into our system and platforms; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous evolving risks and uncertainties that we may not be able to accurately predict or assess, including uncertainty resulting from economic, political or other global, national, and regional conditions and events, including related to tariffs, trade, travel and other policies; and the risk factors that we describe in our U.S. Securities and Exchange Commission filings, including our most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this document.