

2020 in review

A response shaped by our purpose

In an unimaginably challenging year, we've worked tirelessly to care for our stakeholders, protect our business and ensure our purpose of True Hospitality for Good is felt even in the toughest of times – all while ensuring we're ready to grow strongly in a recovery.

Like every company, our plans and expectations for 2020 were transformed by Covid-19. The global response to the pandemic, including lockdowns, travel bans and border closures, has impacted the lives of billions of people, severely damaged economies and posed the biggest challenge our hospitality industry has ever faced. For IHG, a 52.5% reduction in RevPAR led to operating profit from reportable segments falling by 75%.

We've committed to responding quickly with great care and thought, doing what's right to support our guests, colleagues, hotel owners and communities, keep our business protected and help our industry recover. On these pages, and within this year's Annual Report, you will see some of the actions we have taken in response to the pandemic and to ensure the right foundations are in place for a successful recovery and continued growth.

We know things will take time to improve, but as vaccinations roll out and the world feels confident to rediscover travel, we're ready to deliver clean and trusted stays.

We're focused on ensuring IHG and our hotels can outperform as demand returns, and we continue to sign and open new properties around the world. Looking to future growth, our pipeline of 1,815 hotels represents 11% of the industry, with ~40% already under construction.



Shareholders and investors

The impact of Covid-19 on our industry has led to difficult but unavoidable decisions to protect IHG in the short and long-term. We've had to make savings, protect cash and thoughtfully align our cost base to a longer period of lower demand, while still protecting investments in future growth.

- Fee business costs reduced by ~\$150m in 2020 through reductions in discretionary costs, temporarily reduced salaries and redundancies
- Targeted ~\$75m of fee business costs to be sustainable into 2021, while still investing for growth
- Reduced gross capital expenditure by over \$100m, with investment focused on high-priority growth areas
- Suspended dividend payments
- Increased liquidity and extended debt maturities

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Financial performance

Global RevPAR
(52.5)%

2019: (0.3)%

Net system size growth
+0.3%

2019: +5.6%

Total gross revenue in
IHG's System^a

\$13.5bn

2019: \$27.9bn

Total revenue

\$2,394m

2019: \$4,627m

Revenue from
reportable segments^a

\$992m

2019: \$2,083m

Operating (loss)/profit

\$(153)m

2019: \$630m

Operating profit from
reportable segments^a

\$219m

2019: \$865m^a

Basic EPS^b

(142.9)¢

2019: 210.4 ¢

^a Use of Non-GAAP measures: in addition to performance measures directly observable in the Group Financial Statements (IFRS measures), other financial measures (described as Non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures. Further explanation in relation to these measures can be found on pages 47 to 51 and reconciliations to IFRS figures, where they have been adjusted, are on pages 212 to 216.

^b Adjusted EPS^a 31.3¢ (-90%); 2019: 303.3¢.



Our people

With Covid-19 completely changing daily life, we've tried to be there to help all our colleagues.

- Latest guidance, clear procedures and training have prioritised the safety of our hotel teams and kept them feeling supported
- Mental health, wellbeing and parenting resources provided to employees working remotely, alongside increased communication
- Recharge days were introduced for corporate employees working under intense pressure
- An emergency support fund was created for employees significantly impacted by temporary furlough or reduced hours
- A job centre and alumni network were established to offer displaced hotel and corporate colleagues ways to stay connected and pursue employment opportunities

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Hotel owners

Faced with temporary closures and low demand, our owners, many of whom are small business operators, have looked to IHG for advice, support and flexibility.

- Supplier discounts, fee relief and flexible payment options have all helped protect our owners' cash flow
- New operational guidance offered to support performance, including evolved brand standards and digital services
- Tailored hotel-reopening and recovery toolkits developed alongside targeted marketing campaigns to drive demand
- Operational changes identified to improve profitability in a low-demand environment
- Close collaboration with governments and trade bodies on need for sustained industry support

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Our communities

We've shown how important our thousands of local communities are to us by helping those in need.

- From nurses to delivery drivers, we've accommodated frontline workers and helped travellers quarantine
- We've provided the homeless with a safe place to stay and created care packages for the vulnerable
- We've surprised frontline workers with free stays and offered discounted Heroes Rates for all
- Working with our charity partners, we've funded vital work from supporting foodbanks to rebuilding communities hit by wildfires

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Our guests

At a time of great uncertainty, we've ensured guests can trust IHG for flexibility, consistency and cleanliness.

- Flexible cancellation policy for 2020 allowed guests to cancel stays up to 24 hours before arrival
- A Book Now Pay Later offer has provided comfort if plans change
- Status and points expiry protected for our loyalty members
- Our commitment to the highest cleanliness standards in our hotels was reflected in the launch of our IHG Clean Promise
- Introduced Meet with Confidence programme for corporate clients to prioritise safety, wellbeing and booking flexibility
- Leveraged technology to promote a safe and clean stay through cleanliness checklists and the roll out of contactless digital check-in

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