

Key performance indicators (KPIs)

Our carefully selected set of KPIs allow us to effectively monitor our performance by measuring our success in delivering against our strategy, and in driving high-quality growth.

Our KPIs are organised around the framework of our strategy – our Strategic Model and targeted portfolio – underpinned by disciplined execution and doing business responsibly.

KPIs	2017 status	2018 specific priorities
Strategic Model and targeted portfolio Net rooms supply Net total number of rooms in the IHG System. (A) (LT)	2017 798,075 2016 767,135 2015 744,368 ^a	4.0% increase in net system size • Launch and scale our new mainstream brand, avid hotels (see page 16 for details). • Leverage the expansion of our franchise offer for Holiday Inn, Holiday Inn Resort® and Crowne Plaza in Greater China, alongside Holiday Inn Express Franchise Plus model (see page 32 for details).
Growth in underlying fee revenues^b Group revenue excluding revenue from owned and leased hotels, managed leases and significant liquidated damages.	2017 4.1% 2016 2.3% 2015 7.5%	31% pipeline as a % of system size • Continue to build international scale for Kimpton, accelerating the growth of the brand outside the Americas. • Ensure that, whilst driving strong rooms supply growth, we maintain a high level of guest satisfaction across our entire portfolio with removals from the system.
Total gross revenue from hotels in IHG's System^b Total rooms revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels. Other than for owned and leased hotels, it is not revenue wholly attributable to IHG, as it is mainly derived from hotels owned by third parties. (A)	2017 \$25.7bn 2016 \$24.5bn 2015 \$24.0bn	83,481 rooms signings \$4.6bn digital revenues delivered in 2017, up by 9% ^c on 2016 • Maintain our focus on increasing contribution from IHG Rewards Club members, and through direct bookings via our website or call centres. • Further grow our share of bookings through the IHG App, whilst also increasing engagement within the App. • Continue to expand the language capabilities of our online channels and call centres across all regions. • Drive greater food and beverage revenue and support brand preference by introducing new food and beverage concepts for our hotels to adopt.
System contribution to revenue The percentage of room revenue booked through IHG's direct and indirect systems and channels.	2017 76% 2016 75% 2015 73%	22% More hotels using IHG's revenue management service in 2017, vs 2016

^a Including the acquisition of Kimpton (11,325 rooms).

^b Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional 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 page 26, and reconciliations to IFRS figures, where they have been adjusted, are on pages 154 and 155. Total underlying operating profit growth and underlying fee revenue growth are stated at constant currency.

^c Based on a restating of 2016 digital revenues at 2017 FX rates.

Link between KPIs and Directors' remuneration

As we continued our focus on delivering high-quality growth, Directors' Remuneration for 2017 was directly related to key aspects of our Strategic Model and targeted portfolio. The following indicates which KPIs have impacted Directors' Remuneration:

(A) The Annual Performance Plan

- 70% was linked to EBIT
- 30% was linked to non-financial measures, of which:
 - 20% was linked to improvements in Guest Love scores
 - 10% was linked to the delivery of other individual objectives; for Executive Directors, the majority of these objectives related to our KPIs

(LT) The Long Term Incentive Plan

- 50% was linked to Total Shareholder Return
- 25% was linked to rooms growth
- 25% was linked to RevPAR growth

Key performance indicators (KPIs) continued

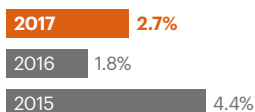
KPIs

Strategic Model and targeted portfolio continued

Global RevPAR growth

Revenue per available room: rooms revenue divided by the number of room nights that are available.

LT



Guest Love

IHG's guest satisfaction measurement indicator.

A



2017 status

77%

of Europe Holiday Inn hotels have implemented or committed to Open Lobby

3.0ppt

growth in Guest Love over the last three years

2018 specific priorities

- Drive 2018 rollout of IHG Concerto amongst our owners, across the entire estate (see page 17).
- Continue to drive adoption of customer relationship management systems in our hotels to help build lifetime relationships with guests.
- Progress the rollout of our enhanced internet connectivity and wifi offer, IHG Connect, across our estate.
- Broaden consistency and quality across our Crowne Plaza portfolio in the US through the now established Crowne Plaza Accelerate programme (see page 32).
- Continue to invest in brand innovation, including room design and finding new ways to use public spaces such as Holiday Inn Open Lobby (see page 32).
- Support the recruitment and development of our high-performing General Managers.
- Drive adoption of our learning solutions, such as the IHG Frontline online training platform, and brand-orientated services training across all IHG hotels.

Disciplined execution

Fee margins^b

Operating profit as a percentage of revenue, excluding revenue and operating profit from owned and leased hotels, managed leases and significant liquidated damages.

A



1.6ppt

growth in fee margin in 2017

- Leverage our increasing scale in operations and systems to drive economies of scale across our portfolio of brands.
- Continue to strengthen our delivery capabilities to ensure that critical in-hotel initiatives are embedded on time and on target.
- Enhance our supplier management capabilities to drive further efficiencies throughout the business.

Employee Engagement survey scores

Average of our revised^c bi-annual Colleague HeartBeat survey, completed by our corporate and managed hotel colleagues (excluding our joint ventures).

A



97%

2017 Colleague HeartBeat participation rate

- Improve and simplify performance management processes, in order to focus on productive development conversations.
- Drive adoption of improvements to our human resources systems, including online colleague training, to further our ability to develop and retain talent.

Free cash flow^{b,d}

Cash flow from operating activities (after interest and tax paid), less purchase of shares by employee share trusts and maintenance capital expenditure, including key money paid^e.

LT



7.3%

growth in EBITDA in 2017

- Continue to deliver consistent, sustained growth in profits and cash flow.
- Control capital deployment in line with business priorities.
- Continue programme to recycle capital invested in minor equity positions and joint ventures, over time, when conditions are favourable.

^a Changes to the method for calculating IHG's guest satisfaction scores (previously Guest HeartBeat) were introduced in 2016. The comparative for 2015 has been restated.

^b Use of Non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional 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 page 26, and reconciliations to IFRS figures, where they have been adjusted, are on pages 154 and 155. Total underlying operating profit growth and underlying fee revenue growth are stated at constant currency.

^c In 2017, the employee engagement survey was revised and relaunched as the Colleague HeartBeat survey. The 2016 and 2015 figures relate to previous survey results, which could not be restated and are not comparable.

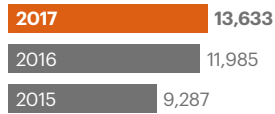
^d Cash flow was introduced as a new measure for the 2017/19 LTIP cycle. Cumulative free cash flow over the three-year performance period forms part of the measure, with some adjustments. The target for each successive cycle is determined annually, taking into account IHG's long-range business plan, market expectations and circumstances at the time.

^e In 2016, free cash flow excluded the \$95m cash receipt from renegotiation of long-term partnership agreements.

Doing business responsibly

Number of people participating in IHG® Academy programmes

(A)



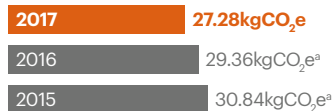
2,599

IHG Academy programmes across 74 countries

- Continue to provide skills and improved employability to people through IHG Academy (see page 19), ensuring a positive impact for local people, our owners and IHG.
- Continue to drive quality growth in the programme, including by increasing engagement with our hotels.

Carbon footprint per occupied room

(A)



15%

reduction in carbon footprint per occupied room from 2013-2017 on a 2012 baseline

- Continue to reduce our carbon footprint across our entire estate.
- Continue to drive quality use of the IHG Green Engage system across our entire estate.

Water use per occupied room in water-stressed areas

(A)



5.3%

reduction in water use per occupied room in water-stressed areas from 2013-2017 on a 2012 baseline

- Continue to reduce water use across our entire estate, with a particular focus on hotels in water-stressed areas.
- Implement two water projects to improve water stewardship and enable further reductions in water use.

^a Restated.



Please see www.ihgplc.com/responsible-business for full disclosure of our carbon and water data, as well as more information on our new set of Responsible Business targets for 2018-2020.

Final dividend

The Board has proposed a final dividend per ordinary share of 71.0¢. With the interim dividend per ordinary share of 33.0¢, the full-year dividend per ordinary share for 2017 will total 104.0¢.

Dividend policy

The Group's business is highly cash-generative and the Group has three primary uses for its cash; investing to drive growth, maintaining sustainable growth in the ordinary dividend and returning surplus funds to shareholders. These are kept under constant review by the Board.

IHG has a progressive dividend policy, which means growing dividend per ordinary share each year. The Group has an excellent track record of returning funds to shareholders through ordinary and special dividends and share buybacks,

with the ordinary dividend seeing 11% CAGR since 2003. This is in addition to special returns of funds detailed on page 178.

In determining the dividend, the Group seeks to maintain an efficient balance sheet and investment grade credit rating and aims to maintain a net debt: EBITDA ratio of 2.0-2.5x. The ratio at 31 December 2017 was 2.1x. The Directors will also take into account, and ensure there are sufficient, distributable reserves. For more details on our dividend policy and approach, see pages 5 and 42.

Ordinary dividend progression (¢)

