

Chair's statement



Patrick Cescau
Chair

Final dividend

85.9¢

to be paid on 14 May 2020
(2018: 78.1¢)

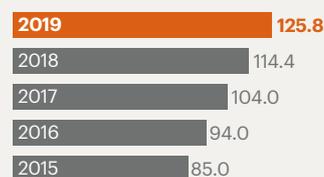
Total Shareholder Return

25.1%

IHG's Total Shareholder Return in 2019
versus the FTSE 100 Index at 17.3%

Full-year dividend

Five-year progress (¢)



Return of funds

Since March 2003, the Group has returned over \$11 billion of funds to shareholders by way of special dividends, capital returns and share repurchase programmes.

Since 2014:

- \$500 million special dividend paid 29 January 2019
- \$400 million special dividend paid 22 May 2017
- \$1.5 billion special dividend paid 23 May 2016
- \$500 million share buyback completed in 2014
- \$750 million special dividend paid 14 July 2014

After a crucial period of transformation across our business, teams, priorities and processes, 2019 was a year in which a sharper and more agile execution of IHG's strategy moved us closer to ambitious levels of growth and strengthened our long-term prospects.

The backdrop to this important work is one of an increasingly competitive industry. All peers are seeking to deliver on both evolving consumer expectations and aggressive growth strategies, focusing on system size expansion, market consolidation and big investments in service, loyalty, partnerships and technology.

We are clear that what will underpin IHG's scale and success in key growth markets globally is a focus on enhancing and growing at pace, a distinct, high-quality portfolio of brands designed for great guest experiences and strong owner returns. Despite a weaker RevPAR environment, the fundamental drivers supporting our industry remain strong, with a growing global economy, increasing disposable income and an expanding middle class all fuelling long-term demand.

As a company we recognise the increasing importance of ensuring our culture, actions and aspirations also reflect a broader responsibility to contribute to society, local communities and the environment.

This is particularly important at a time of increasing political, societal, economic and environmental complexity. Climate change, trade tensions, nationalism and eroding trust in institutions represent some of the biggest themes of our time. IHG's ability to act with integrity, transparency and conviction is key to our reputation with all stakeholders and to long-term future growth.

Accelerating growth

Over the past two years, our transformation has sparked the change needed to take IHG to the next level in terms of our capability and growth aspirations. This includes a refined structure and ways of working, and more targeted investments that strengthen our brands and business – be it fresh designs, signature marketing campaigns, new hotel tools, or new additions to our brand portfolio, such as Six Senses Hotels Resorts Spas (Six Senses) and Atwell Suites in 2019. Collectively this is delivering positive results.

On a performance level, our system size growth continues to accelerate in line with our aim to reach industry-leading levels, and we have achieved record signings in key markets that will support future growth.

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Together, this illustrates the attractiveness of our evolving brand portfolio for guests and shows the trust owners have in our ability to listen to their needs and drive strong returns.

More broadly we have enriched the type of company we want to be, strengthening our environmental commitments and ties with local communities, launching a new share plan for corporate employees, and increasing our focus on diversity and inclusion at global and regional levels through our D&I Board. We have also put great effort into promoting the behaviours we see as critical to driving IHG's growth and contributing to a workplace everyone is proud of.

Inspiring change

I spent time in many of our markets in 2019, meeting with owners, investors and colleagues and staying in our hotels, and I have seen first-hand how the changes we are making are resonating with different stakeholders. From a conference with Crowne Plaza owners in the Americas, to a marquee InterContinental opening in France, and events in China and Japan, it is clear from my discussions that IHG is being recognised for a real focus on competitiveness and quality.

These results would not be possible without a rich company culture, whereby employees are engaged with our strategy, values and our purpose of providing True Hospitality for everyone. Special credit must go to Chief Executive Officer Keith Barr and his leadership team for uniting the business and for leading by example on what's required to go above and beyond for guests, owners, investors and each other.

The evolution of our culture and nurturing of talent is critical to IHG's long-term success, and as a Board we engage regularly with leadership on executive development, succession planning and bench strength in management teams. In 2019, we also appointed a designated non-executive director to ensure the Board's engagement with IHG's workforce, with several forums providing a valuable cross-section of views that ensures an employee voice is represented on key matters.

Our Board

The importance of the Board's role in challenging and supporting corporate decision making during such a formative time for IHG cannot be underestimated, and we place great emphasis on ensuring that we keep pace with evolving topics that are central to our industry and organisation.

Alongside the evolution of a strong company culture, focus areas in 2019 included audit reform, the Greater China market, and consumer and technology trends. The changing cybersecurity landscape was also considered at length, alongside progress against our 2018 action plan, and the Board spent time understanding different environmental, social and governance (ESG) factors as part of the work being done to evolve our Corporate Responsibility strategy.

During 2019 we developed proposals for our refreshed Directors' Remuneration Policy, details of which are set out in the Remuneration Committee Chair's Statement on pages 96 to 98. As part of this work, we consulted with shareholders who made up more than 50% of the share register, as well as shareholder representative bodies. Please also see the Directors' Remuneration Policy on pages 110 to 117.

Equally important to an effective Board is the right mix of diversity, experience and backgrounds around the table – something we want to ensure is felt consistently throughout IHG. In 2019 we were delighted to again be named in the Hampton-Alexander Review as one of the top 10 FTSE 100 companies for female representation across our Executive Committee and direct reports. At a Board level, I am pleased to report that an external evaluation found the Board to be well functioning and effective.

During the year, we appointed Arthur de Haast as an Independent Non-Executive Director, effective from 1 January 2020. Chair of the Capital Markets Advisory Council of NYSE-listed professional services firm Jones Lang LaSalle, Arthur brings more than 30 years of capital markets, hotels, hospitality and sustainability experience to IHG, as well as significant insight into Asia. Arthur will serve on IHG's Remuneration and Corporate Responsibility Committees.

Shareholder returns

Continuing IHG's long track record of increasing shareholder returns, I am pleased to announce the Board is recommending a final dividend of 85.9 cents per ordinary share, an increase of 10% on the final dividend for 2018. This results in a full-year dividend of 125.8 cents per share, up 10% on 2018.

As we look to the future, our successful strategy and cash generative business model remains a great strength of IHG. It is one that allows us to invest in initiatives that drive demand for our brands and returns for our owners, motivate colleagues for high performance, and still deliver on our commitment to shareholder returns.

As ever, our achievements are the result of the hard work of everyone in our hotels and offices. I would like to thank all colleagues for their dedication and commitment to bringing our brands to life, and to our owners for their continued confidence.



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