

Chief Executive Officer's review



Keith Barr
Chief Executive Officer

We continue to improve the strength and breadth of IHG's brand portfolio and enterprise offer to create the rich guest experiences and owner returns that are so integral to our growth, and to delivering our purpose of True Hospitality for everyone.

For the past two years, we have been united as a business behind delivering our strategy to evolve and expand our brand portfolio, sharpen our operations, loyalty and owner offer, and put our global scale and resources to greatest use.

Building upon a position of great strength as one of the world's leading hotel companies, this period has been characterised by a desire to add pace, agility and ambition to our operations, culture and enterprise offer, and ensure that IHG is well positioned to reach its full potential for the long-term.

Central to this is our ability to accelerate the pace at which we sign and open more hotels in key growth markets globally. In turn, this drives our successful fee business model and generates more cash for further investment in our enterprise and to return to shareholders.

The importance and effectiveness of this model is amplified at times when industry RevPAR growth slows. We saw such conditions arise in 2019, led by macro and geopolitical factors, supply growing ahead of demand in some markets, and ongoing unrest in Hong Kong SAR.

Delivering results

Against this backdrop and the progression of key strategic growth initiatives, we delivered a solid annual performance, with underlying operating profit increasing 6% and new openings for the year reaching record levels.

Our commitment to quality remains a key ingredient in the success of our brands, with consistent investment in our design, service, technology and loyalty offer.

Testament to this is our Holiday Inn Brand Family, for years IHG's growth engine, which delivered its highest ever level of openings in 2019. Helping fuel demand has been the continued roll out of modern public space and room designs like Open Lobby and H4 for Holiday Inn, and Formula Blue for Holiday Inn Express, both of which have led to increased guest satisfaction scores and owner returns.

In the year, we also launched transformative new prototypes for what are already award-winning extended stay brands in Candlewood Suites and Staybridge Suites. Underlining the commitment to quality and modern service that we share with our owners, many of our Crowne Plaza and InterContinental properties are also being refreshed with important renovations and enhancements.

Key 2019 highlights

New brands

5

new brands launched or acquired in a period of less than two years

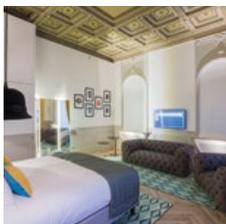
\$125m

Investments being funded through group-wide efficiency programme

98k

rooms

signed into IHG's pipeline during 2019



65k

rooms

A record level of new openings for the year



38k

rooms

Highest ever level of openings for our Holiday Inn® Brand Family

“In 2019, we have taken more important steps to be the best long-term partner for owners, a great place to work for employees, and a brand of choice for guests.”

It has also been another year of impressive demand for our boutique brands, with a best ever year of signings for Hotel Indigo, and the global expansion of Kimpton Hotels & Restaurants taking the brand's combined system and pipeline to almost 100 hotels.

New brands

Alongside our established brands, we have added new brands to our portfolio in fast-growing segments to further accelerate future growth. In a period of less than two years we have launched or acquired five new brands, with the acquisition of Six Senses Hotels Resorts Spas (Six Senses) and launch of Atwell Suites in 2019, following the addition of Regent Hotels & Resorts and voco in 2018, and avid in 2017.

A world-renowned wellness and sustainability brand, Six Senses represents the very top tier of luxury, whilst Atwell Suites offers a new option in an \$18bn US all-suites market.

Illustrating the strength of these new brands, avid has surpassed 200 signings since launch in September 2017, Atwell Suites already has 10 signings, and voco is growing ahead of expectations in EMEA, with plans to expand into more markets globally in 2020. In the luxury space, a redefined Regent is attracting owner interest, and signings for Six Senses have accelerated, with some fantastic locations added, including London and the Galapagos Islands.

As well as the right brands, we know our success relies on having an attractive loyalty offer, a rich digital guest experience, and the tools, support and systems that unlock greater hotel performance for our owners. Our IHG Rewards Club partnerships in 2019 with the US Open Tennis Championships and travel club and boutique hotel specialist, Mr & Mrs Smith, underline our ambition to strengthen the programme through world class partnerships and help attract, reward and retain high value guests.

We are heavily investing in technology too, with the continued development of our industry-leading cloud-based Guest Reservation System

within IHG Concerto and our wifi solution IHG Connect. In 2019, we also launched IHG Studio, our new digital in-room guest entertainment solution, which allows guests to stream content, make service requests and pay with loyalty points through their TV.

For every priority and programme we have, there is insight, data and expertise behind it that makes sure we are delivering relevant and effective solutions. Owners and guests vote with their feet, and we have seen improved guest satisfaction scores in the year, and increasing owner confidence illustrated by a growing market share of signings. Continuing this progress in 2020 is a key priority.

As a global industry leader, we understand how to operate in an ever-changing macro-economic environment to drive in-year performance and future growth. This includes dealing with the more recent challenges associated with the outbreak of Covid-19 in Greater China and the impact on other parts of the world.

Focusing on the quality of our brands and owner offer, and investing in our culture and the colleagues that deliver for us every day, will continue to allow us to grow our estate and revenues, and in turn drive our ability to reinvest in growth and deliver returns.

Operating responsibly

Our commitment to acting in responsible and sustainable ways is a critical component of our purpose to provide True Hospitality for everyone. Every day, it ensures that we do the right thing when it comes to our culture and operations, local communities and the environment.

In a period of internal change, we continue to listen carefully to employees to improve processes and empower them to be at their best. While there is more to do, key progress in 2019 included strengthening our commitment to flexible working, launching a new employee share plan, providing additional paid leave volunteering opportunities, and introducing conscious inclusion training as part of a focus on diversity and inclusion.

Recognising how through our scale we have the potential to positively impact communities and the world around us, we also further developed our human rights programme, including material updates to our Human Rights Policy and launching a new, free e-learning module for all colleagues to combat human trafficking.

In addition, it was fantastic to see more than 160,000 colleagues take part in our Giving for Good month and help support IHG charity partners. During 2019, we also started projects including an AI technology partnership to reduce food waste, and a programme with Junior Achievement Worldwide to build young people's hospitality skills.

Proudly, IHG also became the first global hotel group to commit to switching all bathroom amenities to bulk-size products, which together with our 2018 pledge to eliminate plastic straws, will reduce plastic waste in our hotels each year.

It is very clear that the actions we take to grow in the right way are being evermore closely followed. Alongside the delivery of our 2018-2020 Responsible Business Targets, we are working on an ambitious and effective future Corporate Responsibility strategy and associated targets, which includes setting a 2030 science-based target to reduce greenhouse gas emissions.

Thank you

In 2019, we have taken more important steps to be the best long-term partner for owners, a great place to work for our employees, and a brand of choice for guests. Testament to this is the many awards we've received, including IHG being recognised as a Kincentric (formerly a part of Aon) Global Best Employer and as a Best Place to Work for LGBTQ equality, EVEN Hotels named one of hospitality's most customer centric brands by Forbes, and Six Senses, InterContinental and Kimpton hotels all being recognised by Conde Nast's Readers' Choice Awards.

Our 400,000 colleagues make all this possible, and I would like to sincerely thank everyone at IHG, and our owners, for their contribution, passion and commitment.



Keith Barr
Chief Executive Officer