

Chairman's statement

Our ability to deliver on our proven strategy, focused on guests and owners, laid the foundation for further high-quality growth in 2017, in what was another year of shifting dynamics within the global hospitality sector.



Patrick Cescau
Chairman

Final dividend

71.0¢

to be paid on 11 May 2018
(2016: 64.0 ¢)

Consumer expectations continue to evolve, supported by ever-increasing choice and the integration of sophisticated technology into the guest journey, which has transformed how people choose, experience and share products and brands. When you combine this changing landscape with an evolving global economic, political and societal backdrop, it has never been more important for businesses to embrace change whilst protecting what is core to their purpose and ambition.

The global economy continued to improve in 2017, led by Europe and Asia, and we saw encouraging signs of positive growth prospects for the year ahead, including the decision to cut corporate tax in the US towards the end of the year. On the other hand, in many markets political volatility and instability continued, and we saw the devastating impact of terror attacks and a series of natural disasters in certain parts of the world.

As a global business operating in nearly 100 countries, we have considerable experience of managing our business through volatility. Whatever external challenges we

may face, our focus remains on delivering consistent, quality brands and experiences that meet guest needs and build loyalty. This commitment to quality extends to how we grow our business too, and we take a targeted approach, ensuring that we commit resources against the most attractive segments, and work with owners who share our values.

The Board has an important responsibility to ensure that we maintain our discipline and strategic direction, whilst at the same time remaining as agile and dynamic as possible. This approach and consistent execution of our strategy will continue to be central to maintaining IHG's long track record of delivering high-quality, sustainable growth for our stakeholders.

CEO succession

In 2017, we said goodbye to Richard Solomons, following his decision to retire as Chief Executive Officer (CEO) in June, after 25 years with the business and six as CEO. I would like to thank Richard for his outstanding leadership, which helped IHG become the leading global organisation it is today, with a track record of creating exceptional shareholder value.

We place an ongoing high importance on succession planning and talent development, and the appointment of Keith Barr as CEO was the result of a rigorous evaluation. With significant industry experience and an excellent track record in the business, having already transformed our Greater China operations and more recently led our sales and marketing function, the Board was unanimous in its assessment that Keith was the best candidate for the job. Following a smooth transition into the role, Keith is instilling great energy and passion in the business, and has moved decisively to introduce changes designed to accelerate IHG's growth, with the full support of the Board. The foundation for these changes has been laid over several years, successfully completing our major asset-disposal programme and subsequently focusing on building a powerful global enterprise for our fee-based business. As our industry becomes more competitive, ensuring that we are now best set-up to maximise the potential of our strategy is crucially important, and will allow us to deliver increased value and returns for our shareholders over the long term.

1. InterContinental Los Angeles Downtown, California, US

2. IHG Academy programme at InterContinental Singapore



1.



2.

Supporting Keith with this work will be a key priority for the Board in 2018, alongside ensuring there is a continued strong focus on risk management and operational delivery.

Board composition and talent

Effectively challenging and supporting the business in its corporate decision making is a role the Board takes seriously, and we place high importance on making sure there is the right mix of expertise, skills and diversity that befits a global organisation. We focus on ensuring our actions and processes are effective, that we regularly review training for individual Board members and that we seek external consultation regarding areas for improvement. In 2017, we were proud to be recognised by the independent Hampton-Alexander Review as one of the top 10 FTSE 100-listed companies for female representation across our Board, as well as our Executive Committee and their direct reports.

Building a business and culture that is representative of the markets in which we operate is an important factor in ensuring that, both as an organisation and as individuals, the actions we take to serve multiple stakeholders meet IHG's strong values.

At the end of 2017, the Board comprised seven Non-Executive Directors, myself as Chairman, and two Executive Directors. In addition to Keith's appointment, we were delighted that, effective 1 January 2018, Elie Maalouf, IHG's Chief Executive Officer for the Americas, joined the Board as an Executive Director. Elie is an excellent addition and offers substantial and highly relevant commercial and hotel development, branding, finance, real estate and operations experience across multiple industries.

Shareholder returns

I am pleased to announce that the Board is recommending a final dividend of 71.0 cents per ordinary share, an increase of 10.9% on the final dividend for 2016. This results in a full-year dividend of 104.0 cents per share, up 10.6% on 2016.

Doing business responsibly

I spent time in different parts of our business during the year, once again seeing first-hand the great work of colleagues in our hotels, visiting impressive new properties such as our InterContinental® and Hotel Indigo® hotels in downtown Los Angeles, and also meeting owners, representatives of the IHG Owners Association, and shareholders.

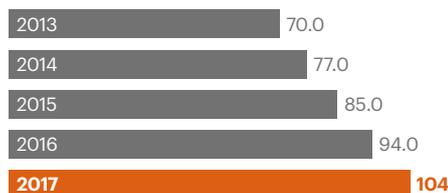
When visiting parts of our company, one element I am particularly proud of is our truly global commitment to being a responsible business. I have seen this through the everyday behaviours of our colleagues, through the work the IHG® Foundation does to support people and communities when they need it most, and through our corporate responsibility programmes. Thousands of people have gained valuable skills and employment experience in our industry through our IHG® Academy programme, while our IHG Green Engage™ system continues to help hotels effectively reduce things like carbon, water and energy use. In recognition of our actions, we were extremely proud to be ranked first in our industry on the S&P Dow Jones Sustainability World Index in 2017. We enter this year with new three-year responsible business targets, aligned to the areas where we can have the greatest positive impact.

I would like to sincerely thank all colleagues for their work in what has been another year of strong progress, and our owners for their continued confidence in IHG and our brands.

Patrick Cescau
Chairman

Full-year dividend

Five-year progress (¢)



Final dividend

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(2016: 64.0¢)