2020 interim results presentation
11th August 2020
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Keith Barr
Chief Executive Officer
H1 2020: navigating the Covid-19 crisis effectively and responsibly

Rooms & RevPAR

- 883k rooms (5,918 hotels), +3.2% net growth YoY
- (52)% Global RevPAR decline, (75)% in Q2
- 95% of estate open as of July 31st
- July occupancy1 ~45%, up from April trough ~20%
- July RevPAR expected to be ~(58)%, up from April trough (82)%

Protecting the business

- Decisive cost action; robust liquidity and cash flow
- Providing support to owners to help keep hotels open, lower their costs and manage cash
- New operating procedures to protect colleagues and deliver guest safety
- Ensuring guests have confidence to stay with flexibility and rapid implementation of the IHG Clean Promise

Results

- (83)% underlying operating profit decline
- (90)% adjusted EPS decline
- $(66)m Free Cash Flow
- $2.0bn available liquidity maintained
- No interim dividend proposed

Focusing on growth

- 181 signings (77 in Q2), 91 openings (47 in Q2)
- Following success in EMEAA, launched voco hotels in Americas and Greater China
- ~40% of pipeline under construction; 47 ground breaks in Q2
- Leveraging investment in technology and loyalty
- Planning business recovery in a responsible way

1 Refers to comparable open hotels
Paul Edgecliffe-Johnson
Chief Financial Officer & Group Head of Strategy
H1 2020 Financial Review
### Financial performance

<table>
<thead>
<tr>
<th>Results from reportable segments¹</th>
<th>Reported</th>
<th>Underlying⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ million</td>
<td>H1 2020</td>
<td>H1 2019</td>
</tr>
<tr>
<td>Revenue</td>
<td>$488m</td>
<td>$1,012m</td>
</tr>
<tr>
<td>Operating profit</td>
<td>$74m</td>
<td>$410m</td>
</tr>
<tr>
<td>Revenue from fee business</td>
<td>$375m</td>
<td>$730m</td>
</tr>
<tr>
<td>Operating profit from fee business</td>
<td>$97m</td>
<td>$394m</td>
</tr>
<tr>
<td>Fee margin</td>
<td>26.1%</td>
<td>54.1%</td>
</tr>
<tr>
<td>Adjusted Interest⁶</td>
<td>$62m</td>
<td>$66m</td>
</tr>
<tr>
<td>Reported tax rate</td>
<td>(127)%</td>
<td>21%</td>
</tr>
<tr>
<td>Adjusted EPS⁶</td>
<td>14.3¢</td>
<td>148.6¢</td>
</tr>
<tr>
<td>Interim Dividend</td>
<td>-</td>
<td>39.9¢</td>
</tr>
</tbody>
</table>

¹ Reportable segments excludes System Fund results, hotel cost reimbursements and exceptional items. ² Reportable segment results excluding significant liquidated damages, current year disposals and stated at constant H1 2020 exchange rates (CER). ³ Comprises the Group’s fee business and owned, leased and managed lease hotels. ⁴ Excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group’s captive insurance company, with 2019 restated accordingly. ⁵ Adjusted interest adds back $4m of interest charges in relation to the System Fund. ⁶ Calculated using results from Reportable Segments and Adjusted Interest, and excluding changes in fair value to contingent consideration.
We have recognised a number of predominantly non-cash exceptional items relating to the impact of Covid-19

**Impairment charges**

- Covid-19 a trigger event for impairment testing across financial and other non-current assets
- A reduction in industry forecasts has resulted in a number of impairment charges being recognised

**Derecognition of hotel leases**

- Relates to the UK leased portfolio and German leased hotels
- Include variable lease payments with guarantees; subject to an annual and cumulative cap
- Leases now considered to be fully variable; associated liabilities and right of use assets derecognised from the balance sheet

A full summary of all exceptional items can be found in the Appendix

**Category** | **Detail** | **$m**
--- | --- | ---
**Impairments** | Intangible assets for acquired open and pipeline management agreements | (47)
| Property, plant and equipment across our owned, leased and managed lease estate | (85)
| Trade deposits and loans, together with related contract assets | (78)
| Investments in associates\(^1\) | (21)
| Trade and other receivables | (22)
| Right-of-use assets | (5)

**Total impairments** | (258)

**Hotel lease derecognition** | Lease liability | 71
| Right-of-use asset | (49)

**Non-operating items** | Fair value gains on contingent purchase consideration | 21

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\(^1\) Shown net of a $13m fair value gain on a put option over part of IHG’s investment in the New York Barclay associate.
Fee-based business model shows relative resilience in spite of RevPAR downturn

H1 2020 fee revenue: $375m, down 49%¹ and 48% underlying²

- 12k rooms opened in H1
- 12k³ rooms removed in H1

-12.1% H1 2020 Group comparable RevPAR growth

ADR

-30.6%pts

Occupancy

-51.7%

RevPAR

5.5% H1 2020 system growth (%YoY)

Gross

3.2%

Net

-53.0% Total RevPAR growth⁴

+4.5% Growth in available rooms⁴

¹ Growth stated at AER. ² Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant H1 2020 exchange rates (CER). ³ Removals include 2.1k rooms relating to a previously flagged hotel portfolio in Germany. ⁴ Growth stated for underlying fee business.
Weekly RevPAR performance highlights initial signs of recovery across each of our regions.

IHG 2020 weekly RevPAR performance by region

- Americas
- EMEAA
- Greater China
- Group
Americas
Q2 US RevPAR outperformance in the weighted segments in which we compete

- H1 Comparable RevPAR down 47.6%; US down 46.8%
- Q2 US RevPAR down 69.3%
  - Franchised estate down 66% and Managed estate down 86%
  - Upper Midscale and Extended Stay proving most resilient segments
- July RevPAR expected to be down ~54%; occupancy in comparable open hotels ~45%
  - 97% of the estate open as of the end of the month
- YoY net rooms growth 1.7% (gross: up 3.9%)
  - Development continuing with >30 ground breaks in Q2
- Underlying fee revenue\(^1\) down 46%, underlying fee operating profit\(^2\) down 49%:
  - Impact from higher levels of temporary hotel closures in US managed estate partially offset by fee business cost savings, a $4m payroll tax credit benefit and a $4m litigation settlement benefit
- Owned, leased and managed lease profit down $31m to a loss of $10m, impacted by the temporary closure of a number of hotels; results include a $4m benefit from business interruption insurance
- Pipeline: 116k rooms; 9k signed
  - Signings include 15 avid and 7 Atwell Suites hotels

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\((1)\) Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant H1 2020 exchange rates (CER).

\((2)\) Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year disposals at constant H1 2020 exchange rates (CER).

\((3)\) Growth stated at CER.
Americas – US
Our weighting to mainstream has helped drive market outperformance

Q2 2020 US RevPAR change – IHG vs industry (%)

-69.3%  
-69.9%  
-70.4%

Total US  
IHG Weighted Segments  
Holiday Inn Express / Upper Midscale segment

July 2020 US Occupancy distribution by brand segment (% of estate)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Mainstream</th>
<th>Premium</th>
<th>Luxury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occ: &lt;30%</td>
<td>16%</td>
<td>11%</td>
<td>51%</td>
<td>71%</td>
</tr>
<tr>
<td>Occ: 30% - 50%</td>
<td>33%</td>
<td>31%</td>
<td>58%</td>
<td>23%</td>
</tr>
<tr>
<td>Occ: &gt;50%</td>
<td>55%</td>
<td>31%</td>
<td>58%</td>
<td>6%</td>
</tr>
</tbody>
</table>

IHG1  
Industry2

1 Includes the adverse impact of hotels temporarily closed as a result of Covid-19. 2 Industry data per STR, which excludes hotels that have been closed for >1 month.
Europe, Middle East, Asia and Africa
Challenging trading conditions with mandated closures and travel restrictions

- Comparable RevPAR down 58.9% (Q2 down 87.6%)
- UK down 59%; London down 63%; Provinces down 57%
- H1 trough in April, with small but sequential improvements through May and June

- July RevPAR expected to be down ~74%; occupancy in comparable open hotels >30%
- 84% of the estate open as of the end of the month

- YoY net rooms growth 2.9% (gross: up 5.6%)
- Removals include 2.1k rooms relating to a previously flagged hotel portfolio in Germany

- Underlying fee revenue\(^1\) down 63% ($95m) and underlying fee operating profit\(^2\) down $91m to a loss of $4m, impacted by lower incentive management fee income
- Owned, leased and managed lease loss\(^3\) increased $8m; hotel closures partially offset by: significant cost reduction measures; rent reductions; $3m of disposal gains
- Rental payments relating to UK and German leased hotels now fully variable through the income statement; no lease liability or right-of-use asset on the balance sheet

- Pipeline: 80k rooms; 4k signed
- Signings include 4 Hotel Indigo, 4 InterContinental and 2 Six Senses properties

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\(^1\) Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant H1 2020 exchange rates (CER).
\(^2\) Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year disposals at constant H1 2020 exchange rates. (CER)
\(^3\) Growth stated at CER.
Greater China
Occupancy levels recovered to >50% through July

• Comparable RevPAR down 61.7% (Q2 down 59.2%)
  • Mainland China down 59% (Q2 down 56%)
  • Tier 1 RevPAR down 66% in Q2, with Tier 2-4 RevPAR down 50%
  • ~80% of our demand in Greater China is domestic driven
  • Hong Kong SAR down 86% (Q2 down 90%)

• July RevPAR expected to be down ~36%; occupancy in comparable open hotels >50%
  • >99% of the estate open as of the end of the month

• YoY net rooms growth 9.9% (gross: up 12.2%)

• Underlying fee revenue\(^1\) down 72% ($46m) and operating profit\(^2\) down $40m to a loss of $5m driven by lower incentive management fee income

• Pipeline: 92k rooms, with construction resumed on >95% of 2020 projects
  • 13k rooms signed, including first voco properties in the region

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\(^1\) Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant H1 2020 exchange rates (CER).

\(^2\) Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year disposals at constant H1 2020 exchange rates (CER).
Measures to reduce costs, preserve cash and support our owners through actively managing working capital

Cost actions and cash preservation

- On track to achieve ~$150m of fee business cost savings in 2020, driven by salaries and wages reductions and challenges to discretionary spend
- Targeting for ~50% of cost savings to be sustainable beyond 2020, alongside continued investment in growth initiatives
- Scaling down marketing spend across the System Fund, reflecting lower levels of assessment income
- Taken cost containment action across our owned, leased and managed lease hotels, with ~$130m overall reduction to the cost base in H1
- Targeting a FY2020 reduction in gross capex of ~$100m over FY2019

Owner payment profile

<table>
<thead>
<tr>
<th>Month</th>
<th>Paid</th>
<th>Unpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>May</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td>June</td>
<td>93%</td>
<td>7%</td>
</tr>
<tr>
<td>July</td>
<td>95%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- We have 2,250+ owners across our 4,300+ Americas hotels
- Offered temporary discounts to our owners on a number of system fees, and prompt payment discounts on royalties
- Continuing to see ~80% of invoices paid within 90 days of due date
Targeting reduction in gross capital expenditure for FY 2020

### Maintenance capex, key money and selective investments

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
<th>H1 2020</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance capex</td>
<td>32</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Key money</td>
<td>26</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>45</td>
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</tr>
</tbody>
</table>

### Recyclable investments

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
<th>H1 2020</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross out</td>
<td>2</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Gross in</td>
<td>(18)</td>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td>Net total</td>
<td>(16)</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

### System Fund capital investments

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
<th>H1 2020</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross out</td>
<td>25</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Gross in</td>
<td>(28)</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td>Net total</td>
<td>(3)</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

### Total capital investments

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross total</td>
<td>85</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Net total</td>
<td>39</td>
<td>73</td>
<td></td>
</tr>
</tbody>
</table>

**Short term guidance**

- **Key money**: used to secure hotel signings
- **Maintenance**: relates to owned, leased and managed lease hotels and corporate infrastructure
- **Investment behind growth initiatives**
- **Profile can vary year to year, but expected to be broadly neutral over time**
- **Invested into projects that benefit our hotel network e.g. GRS**
- **Repaid when depreciation charged to System Fund**

**FY20 Reduction in Gross Capex of ~$100m YoY**

**Short term guidance**

- **Key money**: used to secure hotel signings
- **Maintenance**: relates to owned, leased and managed lease hotels and corporate infrastructure
- **Investment behind growth initiatives**
- **Profile can vary year to year, but expected to be broadly neutral over time**
- **Invested into projects that benefit our hotel network e.g. GRS**
- **Repaired when depreciation charged to System Fund**
Disciplined working capital management limits cash outflow

- Decrease in free cash flow to $(66)m driven by the impact of Covid-19 on EBITDA; free cash flow broadly neutral in Q2
- Reduction in net debt driven by exchange rate movements and the derecognition of lease liabilities from the balance sheet

Free cash flow H1 2020 ($m)

- EBITDA\(^1\)
- System Fund inflow/(outflow)\(^2\)
- Working capital & other movements
- Exceptional items\(^3\)
- Interest & tax
- Free cash flow before maintenance capex and key money
- Maintenance capex & key money
- Free cash flow
- Recyclable & system fund capex
- FX, lease repayments and other non-cash items
- (Increase)/decrease in net debt

\(^1\) Before exceptional items and System Fund result. \(^2\) System Fund inflow/outflow includes $30m of depreciation and amortisation. \(^3\) Includes $18m relating to litigation and $7m relating to efficiency programme.
Net Debt reduced and substantial liquidity maintained

**Net Debt composition ($m)**

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2019</th>
<th>30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>195</td>
<td>688</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>(2,093)</td>
<td>(790)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>(680)</td>
<td>(568)</td>
</tr>
<tr>
<td>Leases</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Primarily comprised of CCFF commercial paper
- Staggered bond profile, with first bond (£400m) maturing in November 2022
- Includes IC Boston lease of $244m

**Liquidity profile**

- **~$2.0bn** of available liquidity, comprising ~$0.6bn of net cash on deposit and undrawn facilities of $1.35bn
- **~$2.0bn** of liquidity remains in place at the end of July
- Secured covenant waivers over $1.35bn syndicated and bilateral RCF until **December 2021**
- Extended maturity of our $1.35bn RCF by 18 months until **September 2023**
- Issued **£600m** of commercial paper under UK Government’s CCFF
- Have a staggered bond maturity profile

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1. Includes value of currency swaps hedging long-term debt.
2. Our customary interest cover and leverage ratio covenants have been replaced by a $400m minimum liquidity covenant (defined as unrestricted cash and undrawn facilities with a remaining term of 6 months) tested at 30 June 2020, 31 December 2020 and 30 June 2021. See our Financing Update from 27 April 2020 for further details.
Keith Barr
Chief Executive Officer
IHG’s response to the Covid-19 pandemic

**Colleagues**
- New operating procedures for frontline colleagues
- Support services to those affected by job losses
- Aiding flexible and remote working

**Cost reduction**
- Up to $150m cost reduction in Fee Business
- ~50% sustainable into 2021
- System Fund cost base reduced

**Communities**
- Accommodation to frontline workers
- Partnership with aid organisations to fund disaster relief
- Enable IHG Rewards Club members to donate points

**Liquidity and cash flow**
- $2.0bn available liquidity
- Cash preservation and disciplined working capital management

**Guests**
- Flexible cancellation policy
- Protecting membership status of IHG Rewards Club members
- Global IHG Clean Promise

**Owners**
- Temporary fee relief
- Relaxation of brand standards
- Operational support
- Government advocacy
Owners: the value of our rapid response, system scale and ongoing operating and technology developments

### Immediate support

- **Maximising demand**
  - Enhanced demand driver mapping
  - Coordinated Covid-related demand

- **Brand standards**
  - Temporary relaxation of brand standards
  - Help owners protect cash flow

- **Operational advice**
  - Support with closing and re-opening hotels
  - Flexing operations and reducing costs

- **Fee relief**
  - Temporary discount on fees including technology and System Fund assessments

- **Cash Flow**
  - Allow owners to manage cash flow through utilisation of maintenance reserves

- **Government advocacy**
  - Secure broader government support
  - Help owners access government schemes

### Leveraging our scale

- **Payment flexibility**
  - Case-by-case consideration of payment plans

- **Safety standards**
  - Enhancement of IHG Way of Clean
  - Introduction of new operating procedures

- **IHG Concerto**
  - Automating front desk operations such as Contactless Check-in
  - New Owner Engagement Portal

- **Technology development**
  - Enhancement to revenue management services
  - Loyalty and mobile developments

- **Procurement**
  - Supporting supplier negotiations
  - Scale leverage to secure improved terms

- **Responsible business focus**
  - Reducing carbon footprint in line with our Science Based Target
  - Strengthened Diversity & Inclusion focus
Guests: the value of our branded flexibility and “stay safe” peace of mind

**Immediate support**

- **Cancellation fees**
  - Waived from the onset of the crisis

- **Cleanliness & Safety**
  - IHG Clean Promise
  - Face coverings in Americas

- **Loyalty**
  - Protected membership status
  - Paused point expiry until end of year
  - Reduced Elite status qualification requirements

- **Promotional activity**
  - IHG’s Heroes room rate for key workers
  - Key worker leisure rate introduced

- **Meet with Confidence**
  - Providing corporate bookers with greater flexibility
  - Enhanced approach to health and safety

**Leveraging our scale**

- **Booking flexibility**
  - Extension of *Book Now, Pay Later* policies

- **Cleanliness & Safety**
  - IHG Clean Promise
  - Mobile check-in and check-out

- **Personalisation**
  - Targeted campaigns for individual guests
  - Engagement and click through rate doubled

- **Global Sales**
  - WebEx for 1,500 Corporate Travel Managers to update on Covid-19 response

- **Guest satisfaction**
  - IHG’s Guest Satisfaction Index\(^1\) has been net positive every month
  - Each month showing sequential improvement

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1. Guest Satisfaction Index (GSI) is an IHG metric that uses third party aggregated social media review data to benchmark IHG guest satisfaction performance against that of our competitors
Cleaning standards developed with industry-leading experts to enhance guest safety and reassurance

Strengthening IHG Way of Clean

- New global standard of hotel cleanliness and hygiene
- Science-led protocols developed with the Cleveland Clinic, Ecolab and Diversey
- Provide assurance throughout the guest experience e.g. sanitiser stations, social distance floor markers, grab-and-go breakfast options
- Working with scientific advisors to determine appropriate new technologies to pilot
- Innovating food and beverage to incorporate new operating procedures, social distancing, contactless room service
- Protecting hotel colleagues with standards on PPE, installing shields at front desk, training and certification
- Supported by a new verification procedure

Over 30% uplift in percentage of positive third-party social review comments on cleanliness from guests following launch of the IHG Clean Promise
Our commitment to operate a responsible business

Supporting our communities through the crisis and beyond
- Accommodation for the most vulnerable in society
- Donation to food banks across 70+ countries
- Developing a new strategic Communities approach

Ensuring long-term environmental resilience
- 2030 Science Based Target
- Task Force for Climate-related Financial Disclosures
- Engaging in forums with other business leaders and governments

Taking action to build a more diverse & inclusive culture
- Launch of new Americas D&I commitments
- Creation of new ethnic diversity network in Europe
- Developing a long term D&I ambition for the Group
Leveraging our investments in loyalty and technology to drive competitive advantage

**Enhancing value of loyalty programme**
- Loyalty members driving increasing share of occupancy as hotels begin to reopen
- Points promotion to encourage more frequent stays
- Our most loyal guests have been returning first

**Dynamic pricing for Reward Nights**
- Dynamic pricing for Reward Nights rolled out globally
- Over 80% of hotels have reduced their points pricing to deliver ~25% more value for guests outside of peak times

**IHG Concerto**
- Investment in cloud-based Concerto platform allows rapid deployment of mobile check-in/out
- Owner Engagement Portal providing real-time scorecard metrics, allowing owners to rapidly respond

**Revenue management**
- Use of machine learning to enhance revenue management algorithms ensuring pricing and owner returns are maximised during periods of volatile demand
IHG’s business model provides a level of resilience relative to the wider industry

As of the end of July, ~95% of our hotels are open

<table>
<thead>
<tr>
<th>Region</th>
<th>Hotels by region (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>97%</td>
</tr>
<tr>
<td>EMEAA</td>
<td>84%</td>
</tr>
<tr>
<td>Greater China</td>
<td>99%</td>
</tr>
</tbody>
</table>

Occupancy\(^1\) running at ~45%

<table>
<thead>
<tr>
<th>Region</th>
<th>July occupancy(^1) by region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>~45%</td>
</tr>
<tr>
<td>EMEAA</td>
<td>&gt;30%</td>
</tr>
<tr>
<td>Greater China</td>
<td>&gt;50%</td>
</tr>
</tbody>
</table>

Occupancy\(^1\) has been re-building fastest in our largest segment of mainstream

US weekly occupancy\(^1\) (%)

\(^1\) Refers to comparable open IHG hotels
Our mix places us well to benefit from the expected shape of demand recovery

Mainstream, our largest segment, is outpacing overall industry RevPAR

Domestic travel is leading the recovery

Non-urban\(^1\) areas strongly outperforming urban

Groups is toughest area of demand; IHG’s lowest exposure

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\(^1\)Non-urban regions includes hotels located in small metro towns, suburban districts, interstate, airport and resort locations
Our brand portfolio
- Breadth and depth of brand portfolio will drive future growth

<table>
<thead>
<tr>
<th></th>
<th>Mainstream</th>
<th>Upscale</th>
<th>Luxury</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Established Brands</strong></td>
<td>Holiday Inn</td>
<td>Crowne Plaza</td>
<td>InterContinental</td>
</tr>
<tr>
<td></td>
<td>Express</td>
<td>Hualuxe</td>
<td>Kimpton</td>
</tr>
<tr>
<td></td>
<td>Club Vacations</td>
<td>EVEN Hotels</td>
<td>KIMPTON</td>
</tr>
<tr>
<td>STAYBRIDGE SUITES</td>
<td>Candlewood Suites</td>
<td>Hotel Indigo</td>
<td>REGENT</td>
</tr>
<tr>
<td></td>
<td>avid</td>
<td>VOCCO®</td>
<td>SIX SENSES</td>
</tr>
<tr>
<td></td>
<td>ATWELL SUITES</td>
<td></td>
<td>AN IHG HOTEL</td>
</tr>
</tbody>
</table>

| New Brands | avid | ATWELL SUITES | VOCCO® |

| Number of hotels/% of total | 5,022/73% | 587/16% | 309/11% |
| H1 hotel openings/signings  | 78/136    | 8/31    | 5/14    |
| % of H1 signings that are conversions | 19% | 29% | 57% |
Mainstream - Continued momentum for avid and Atwell Suites

- 14 hotels open; strong guest satisfaction
- 7 hotels opened in H1
- First avid hotel opened in Mexico
- >200 signings (20k rooms) since launch, including 15 hotels in H1
- ~90 hotels under construction or with plans approved for construction

- Continued franchise applications from current and potential IHG owners
- Applications approved in diverse markets such as Miami (Florida), Denver (Colorado) and Charlotte (North Carolina)
- 19 franchise agreements executed or approved since launch
- First hotels are expected to break ground in 2020 and open in 2021
Upscale
- Global expansion of voco to Americas and Greater China

- Signed 40 hotels since launch in June 2018
- Attractive option for the conversion of high-quality individual and locally-branded hotels; numerous new-build opportunities
- Simplified hotel conversion process
- Following success of 36 open and pipeline hotels in EMEAA, expansion of brand to Americas and Greater China
- First signings in Greater China in June
- Strong owner interest in the Americas with key signings in landmark locations such as New York and Florida

voco Paris Montparnasse, France (due to open Q3 2020)
voco Hangzhou Minghao Binjiang, Greater China (due to open Q3 2020)
voco Melbourne Central, Australia (due to open Q1 2021)
Continued signings across our luxury brands

InterContinental Grand Pacific Hotel, Fiji *(due to open in 2022)*

Kimpton Shanghai New Bund, Greater China *(due to open in 2023)*

Regent Shanghai Pudong, Greater China *(signed and opened in H1)*

Six Senses Antognolla, Italy *(due to open in 2023)*
Remain focused on future growth

<table>
<thead>
<tr>
<th>Signings</th>
<th>Ground breaks</th>
<th>Openings</th>
</tr>
</thead>
<tbody>
<tr>
<td>77 in Q2 2020</td>
<td>47 in Q2 2020</td>
<td>47 in Q2 2020</td>
</tr>
</tbody>
</table>

- Signings achieved for each hotel brand in H1
- Greater China signings were in line with Q2 2019
- Conversion activity strengthening

- ~40% of pipeline currently under construction
- ~80% of projects where construction had paused due to Covid-19, now resumed

- Recent openings impacted by Covid-19 related delays
- Expect some catch-up in H2, as markets begin to re-open though pace and level remains uncertain
Conclusions

- Decisive action taken to manage through Covid-19 crisis effectively and responsibly to protect our stakeholders

- Domestic mainstream demand returning first, with group and international travel taking more time

- Near-term outlook remains uncertain and the time period for market recovery is unknown

- Well placed with our industry-leading mainstream presence, and predominantly domestically-focused business

- Leveraging the benefit of our scale and strength of brands for owners and guests

- We have continued to sign and open new hotels, underscoring the confidence owners have in our system and brands

- The industry continues to have attractive structural growth drivers and IHG’s cash-generative, resilient fee-based model, gives us confidence to emerge strongly when markets recover
Interim results presentation
Q&A
Appendices
## Growth rate analysis

<table>
<thead>
<tr>
<th>H1 2020</th>
<th>RevPAR growth %</th>
<th>Net rooms growth %</th>
<th>Underlying Fee Revenue¹ Growth %</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Comparable</td>
<td>Total²</td>
<td>YoY</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hotels that have traded in all months being compared (i.e. steady state)</td>
<td>All hotels that were open in H1 2020 and H1 2019 (incl hotels that are ramping up)</td>
<td>30 June 2020 vs 2019</td>
<td>Aggregate number of rooms available for sale in H1 2020 vs H1 2019</td>
</tr>
<tr>
<td>Americas</td>
<td>(47.6)%</td>
<td>(47.6)%</td>
<td>1.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>EMEAA</td>
<td>(58.9)%</td>
<td>(59.0)%</td>
<td>2.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Greater China</td>
<td>(61.7)%</td>
<td>(65.1)%</td>
<td>9.9%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Total</td>
<td>(51.7)%</td>
<td>(52.6)%</td>
<td>3.2%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

¹ Underlying fee revenue and excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals, System Fund results and hotel cost reimbursements at constant H1 2020 exchange rates (CER).

² Underlying fee business Total RevPAR and Available rooms.

- Total RevPAR impacted by number of properties in ramp up and openings in less developed cities
- Fee revenue growth impacted by lower levels of incentive management fee income
## Currency translation

<table>
<thead>
<tr>
<th>Region¹</th>
<th>Reportable Segments Reported H1 2020 vs H1 2019 rates²</th>
<th>Reportable Segments H2 2019 at 30 June spot rate vs reported H2 2019³</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>EBIT</td>
</tr>
<tr>
<td>Americas</td>
<td>$(2)m</td>
<td>$(2)m</td>
</tr>
<tr>
<td>EMEAA</td>
<td>$(7)m</td>
<td>$(2)m</td>
</tr>
<tr>
<td>Greater China</td>
<td>$(2)m</td>
<td>$(1)m</td>
</tr>
<tr>
<td>Central Overheads</td>
<td>$(1)m</td>
<td>$1m</td>
</tr>
<tr>
<td>Total IHG</td>
<td>$(12)m</td>
<td>$(4)m</td>
</tr>
</tbody>
</table>

¹ Major non USD currency exposure by region: **Americas**: Canadian Dollar, Mexican Peso; **EMEAA**: British Pound, Euro, Russian Rouble, Japanese Yen, Singapore Dollar; **Greater China**: Chinese Renminbi; **Central**: British Pound. ² Based on monthly average exchange rates each year. ³ 30 June 2020 spot rates: 1.23 GBP:USD; 1.12 EUR:USD.
## 2020 notable items

<table>
<thead>
<tr>
<th>Significant items</th>
<th>AMER</th>
<th>H1 2020</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll tax credits</td>
<td></td>
<td>$4m</td>
<td>$11m</td>
</tr>
<tr>
<td>Litigation settlement in relation to a single hotel</td>
<td></td>
<td>$4m</td>
<td>$4m</td>
</tr>
<tr>
<td>Individually significant Liquidated Damages(^1)</td>
<td>EMEAA</td>
<td>$1m</td>
<td>$1m</td>
</tr>
<tr>
<td>Gain on disposal of Holiday Inn Melbourne Airport</td>
<td>EMEAA</td>
<td>$3m</td>
<td>$3m</td>
</tr>
</tbody>
</table>

\(^1\) In February 2018, IHG received liquidated damages totalling $15m relating to the termination of a portfolio of 13 open hotels (2k rooms) and 6 pipeline hotels (1k rooms) in Germany, which exited IHG’s system in Q1 2020. Under IFRS15, the $15m was recognised over the period from receipt until exit (H1 2018: $2.8m, FY 2018: $6.7m, FY 2019: $7.7m, H1 2020: $1.0m).
Fee margin¹ by region

**Americas**

<table>
<thead>
<tr>
<th>H1 2020</th>
<th>72.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019²</td>
<td>77.3%</td>
</tr>
</tbody>
</table>

**Europe, Middle East, Asia and Africa**

<table>
<thead>
<tr>
<th>H1 2020</th>
<th>-7.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019²</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

**Greater China**

<table>
<thead>
<tr>
<th>H1 2020</th>
<th>-27.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019²</td>
<td>54.5%</td>
</tr>
</tbody>
</table>

**Total IHG**

<table>
<thead>
<tr>
<th>H1 2020</th>
<th>26.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019²</td>
<td>54.1%</td>
</tr>
</tbody>
</table>

¹ Fee margin excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group’s captive insurance company; is stated at AER.
² H1 2019 fee margin updated to exclude the results of the Group’s captive insurance company.
## Exceptional Items

<table>
<thead>
<tr>
<th>Category</th>
<th>Detail</th>
<th>Rationale</th>
<th>Charge ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairment</td>
<td>Property, plant and equipment</td>
<td>• Carrying book value of owned, leased and managed leased assets in the Americas and EMEAA</td>
<td>(85)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Intangible assets</td>
<td>• Acquired open and pipeline management agreements</td>
<td>(47)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Trade deposits and loans</td>
<td>• Discounted value of deposits and loans held by owners in connection to managed hotels</td>
<td>(41)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Contract assets</td>
<td>• Remaining undiscounted amount of trade deposits and loans</td>
<td>(37)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Investment in associates</td>
<td>• Stakes in associates held by IHG; shown net of a $13m fair value gain on a put option over part of IHG’s investment in the New York Barclay associate</td>
<td>(21)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Trade and other receivables</td>
<td>• Impaired as a result of estimated expected credit losses arising from Covid-19</td>
<td>(22)</td>
</tr>
<tr>
<td>Impairment</td>
<td>Right-of-use assets</td>
<td>• Relates to the fixed element of an individual hotel lease agreement</td>
<td>(5)</td>
</tr>
<tr>
<td>Cost of sales &amp; admin expenses</td>
<td>Derecognition of right-of-use-assets</td>
<td>• Resulting from leases now being recognised as fully variable</td>
<td>(49)</td>
</tr>
<tr>
<td>Cost of sales &amp; admin expenses</td>
<td>Derecognition of lease liabilities</td>
<td></td>
<td>71</td>
</tr>
<tr>
<td>Cost of sales &amp; admin expenses</td>
<td>Onerous expenditure provision</td>
<td>• In respect of future contractual expenditure</td>
<td>(10)</td>
</tr>
<tr>
<td>Cost of sales &amp; admin expenses</td>
<td>Reorganisation, acquisition and integration costs</td>
<td>• Relates to UK leased portfolio and Six Senses acquisition</td>
<td>(7)</td>
</tr>
<tr>
<td>Cost of sales &amp; admin expenses</td>
<td>Provision for guarantees on 3rd party debt</td>
<td>• Commercially similar in nature to key money or trade deposits</td>
<td>(2)</td>
</tr>
</tbody>
</table>

**Total operating exceptional items** | (255) |

**Non-operating expenses: Fair value gains on contingent purchase consideration** | 21 |

**Total exceptional items before tax** | (234) |
Our total exceptional items before tax of $(234)m includes the below items in respect of the UK leased portfolio:

- Leases now considered to be fully variable and so the associated lease liabilities and right of use assets have been derecognised from the balance sheet
- FY 2019 reported results benefited from charging $17m of rental guarantee lease payments against the IFRS 16 liability held on the balance sheet
- All remaining property, plant and equipment has been fully impaired to nil
- Provision recognised against the estimated value of future contractual expenditure
- Fair value adjustment to contingent purchase consideration resulting in a reduction to the value of the liability to nil

<table>
<thead>
<tr>
<th>H1 2020 Exceptional Items</th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derecognition of right-of-use assets</td>
<td>(22)</td>
</tr>
<tr>
<td>Derecognition of lease liabilities</td>
<td>40</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment</td>
<td>(50)</td>
</tr>
<tr>
<td>Provision for onerous contractual expenditure</td>
<td>(10)</td>
</tr>
<tr>
<td>Reorganisation costs</td>
<td>(4)</td>
</tr>
<tr>
<td>Fair value gains on contingent purchase consideration</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(25)</td>
</tr>
</tbody>
</table>