

Chair's statement



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Deanna Oppenheimer
Non-Executive Chair

Final dividend
104.0¢

Final dividend proposed for 2023
(2022: 94.5¢)

Total dividend
152.3¢

Total dividend proposed for 2023
(2022: 138.4¢)

Return of funds
\$750m

Through share buyback programme (completed in December 2023)

\$800m

Share buyback programme approved for 2024

This has been another important year of progress for IHG Hotels & Resorts, characterised not only by excellent financial performance underpinned by strong guest demand and further growth with our owners, but also a smooth evolution of leadership and strategy that positions the business for an exciting next chapter.

The backdrop to these achievements was one of travel demand ahead of 2019 in many markets and strong recovery in others, while the attractiveness of our brand portfolio saw the continued expansion of our footprint in high-value markets and segments. This has been achieved thanks to significant investment in recent years across every aspect of IHG's enterprise platform to strengthen our competitive edge and offer for guests and owners.

In what was my first full year as Chair, I have been impressed in my conversations with senior leadership, wider colleagues and on market visits with how the business works together to make this happen, with guests and owners central to every plan. I have also valued time spent meeting many owners who clearly appreciate this commitment to continuous improvement and delivering strong returns.

Leadership changes

Elie Maalouf became Group CEO on 1 July 2023, succeeding Keith Barr, who stepped down following more than 30 years with the business, including six as CEO. I would like to thank Keith for his outstanding contribution and leadership, which included growing IHG's brand portfolio, strengthening its enterprise, embarking on a 10-year responsible business plan and helping the business navigate the Covid-19 pandemic with such agility, clarity and care.

We place great value on succession planning and talent development, and Elie brings significant industry experience and an excellent track record within the business. Having successfully led IHG's Americas operations for eight years, where he oversaw record profits, growth of the region's estate and the launch of new brands and formats, the Board was unanimous in its assessment that Elie was the best candidate for the job.

This was one of several leadership changes in 2023 that underlines the depth of talent at IHG, with Michael Glover replacing Paul Edgecliffe-Johnson as Chief Financial Officer, Jolyon Bulley becoming Americas CEO and Heather Balsley replacing Claire Bennett as Global Chief Customer Officer. Each individual brings industry expertise, a track record of excellent results and a deep understanding of IHG and its business, and I have great confidence in the leadership team delivering success on the next stage of IHG's growth journey.

Importance of strategy

Elie is already instilling great passion and energy for using the strong enterprise platform established in recent years to realise the full growth potential of the Company. Central to this progress is having a clear ambition and effective strategy, and Elie has introduced refreshed versions of both to the business in 2023 to sharpen our focus on growth, succeed in a competitive marketplace and prioritise long-term value for all stakeholders.

The hotel industry brings joy like no other – connecting people and helping communities thrive. IHG and our hotels have a central role to play, united by a purpose of providing True Hospitality for Good for the benefit of all stakeholders. This purpose is embedded within our brands and culture and is therefore unchanged within our refreshed strategy. It also underpins our Journey to Tomorrow programme, which ensures our commitment to operate and grow responsibly across the environmental, social and governance (ESG) agenda is woven into the fabric of the business.

The Board fully supports the evolution of our strategy. It stays informed of how colleagues are engaging with business priorities and IHG's wider culture through feedback forums, including the work of our designated Voice of the Employee Non-Executive Director and IHG's Colleague HeartBeat survey.

Our purpose, ambition, strategy and behaviours are all being applied to an asset-light, fee-based, largely franchised business model. This remains a great strength of IHG, with a regional approach enabling flexibility by market, and high cash generation supporting enterprise investments across brands, loyalty and technology that enhance performance and drive growth, and also create surplus funds to return to shareholders.

During the year, important strategic progress was made on several fronts. Enhancements to IHG® One Rewards strengthened loyalty, we introduced new capabilities to our mobile app to enhance the guest experience and drive owner returns, and the launch of Garner™ added a 19th brand to our portfolio in a midscale segment with significant growth potential. A cornerstone of how we work with owners is helping them run an efficient business and new procurement programmes and brand prototypes were among key updates to strengthen operational and commercial support alongside close collaboration with the IHG Owners Association. Further steps were also taken towards our Journey to Tomorrow commitments across our people, communities and planet agenda.

The role of the Board

Amid a shifting global macro-economic landscape, the role of the Board has been to support and constructively challenge the Executive Committee (EC) around how we prioritise, manage risk, grow and generate future value. Focus areas spanned our approach to cybersecurity risk management – including emerging risks, such as the rise of artificial intelligence – how we optimise owner returns, and growth plans in the context of a competitive landscape.

To support IHG's operations and growth aspirations, I place great importance on ensuring our Board represents a rich blend of backgrounds, expertise and experience that reflects the focus of the business and the evolving corporate landscape.

As part of clear succession plans, several Board changes took place during the year. Jo Harlow retired following nine years of excellent service, and we welcomed two new Independent Non-Executive Directors. Angie Risley joined in September, bringing a wealth of board and senior management experience from a career in HR spanning executive roles across sectors including hospitality, retail and banking.

Angie has succeeded Jo as Chair of the Remuneration Committee and joins the Responsible Business and Nomination Committees. Sir Ron Kalifa joined in January 2024, bringing many years of technology industry experience across strategy, sales, marketing and operations, and joins the Audit and Remuneration Committees.

Shareholder returns

Following a strong financial performance this year, I am pleased to announce the Board is recommending a final dividend of 104 cents per ordinary share, an increase of 10% on the final dividend for 2022. An interim dividend of 48.3 cents was paid in October 2023, taking the total dividend for the year to 152.3 cents, representing an increase of 10% on 2022. An additional \$750m was also returned to shareholders through a share buyback programme (completed in December 2023), taking the total returns for the year to \$1bn, and the Board has approved a further share buyback of \$800m for 2024. The Board expects IHG's business model to continue its strong long-term track record of generating substantial capacity to enable investment plans that drive growth, fund a sustainably growing ordinary dividend, and allow surplus capital to be returned to our shareholders.

Looking ahead, as a global business, we must remain alive to potential challenges created by political instability and conflict in parts of the world, but the industry has proven its resilience over many years and its future is a bright one. An expanding middle class in emerging markets, rising GDP, and consumer appetite to travel and stay in branded hotels all remain fundamental drivers of industry demand and future supply growth. With strong leadership, talented teams and a refreshed strategy focused on capitalising on the powerful enterprise we have created in recent years, I am confident in IHG's ability to drive performance, growth and shareholder value.

There is real momentum in the business for the year ahead, and I'd like to thank all our colleagues for their hard work and dedication, and our owners for their continued confidence in IHG.



Deanna Oppenheimer
Non-Executive Chair