



IHG 2021 Interim Results Presentation

Tuesday, 10th August 2021

Introduction

Stuart Ford

Head of Investor Relations, IHG

Thanks very much. Good morning everyone and welcome to IHG's conference call for the first half results of 2021. I am Stuart Ford, Head of Investor Relations at IHG, and I am joined this morning by Keith Barr, our Group Chief Executive Officer and Paul Edgecliffe-Johnson, our Chief Financial Officer and Group Head of Strategy.

Just to remind listeners on the call that in the discussion today the company may make certain forward-looking statements as defined under US Law. Please do refer to this morning's announcement and the company's SEC filings for factors that could lead actual results to differ materially from those expressed in, or implied by, any such forward-looking statements.

For those analysts who are institutional investments, who are listening via our website, can I remind you that, in order to ask questions, you will need to dial in using the details on page 2 of the RNS release. That release, together with the presentation and the usual supplementary data pack can be downloaded from the Results and Presentations section under the Investors' tab on IHG PLC.com.

With that I will now hand over to Keith.

CEO Report

Keith Barr

Chief Executive Officer, IHG

Thanks Stuart, and good morning everyone.

In a moment, Paul will talk you through our financial performance, but first let me share some key highlights from the half.

In February, we set out clear plans on how we are positioning IHG for growth as the industry recovers from the pandemic:

- Building on the big investments we've made in our brand portfolio
- In IHG Concerto; and our Guest Reservation System
- Enhancements to loyalty, in owner economics, and the work we've done on our cost base

This has really been about making sure that everything is in place to succeed in this new environment and accelerate our growth as things improve.

And they are improving. The impact of travel restrictions around the world are still of course being felt, with Global RevPAR down 43% relative to 2019 – but demand has been progressively recovering, with a significant improvement in the second quarter sustained into July.

We'll talk in more detail about this shortly, but there's a lot to be confident about when we look at some of our biggest markets like the US and Greater China. Some locations are at record occupancy; resort destinations are in massive demand; domestic flights are filling up; and corporate and groups business is starting to come back. This is giving us great confidence, and it's giving our owners confidence too.

In terms of growth, as we said previously, we planned for 2021 to be a transitional year with a higher than average removals rate. On a gross basis, our net system size grew by 5% for the half, including 132 openings, up 46% on last year. On a net basis, net system size growth was flat year-on-year.

It is critical that we keep investing in our business, in our brand portfolio and in the enterprise that underpins it, as we focus on accelerating our system growth from next year onwards.

And we continued to take big steps forward during the half. We're making rapid progress on our review of around 200 Holiday Inn and Crowne Plaza hotels, with our focus on protecting the quality and consistency of the estate supported by a huge amount of investment from our owners into many of those properties. And you'll have seen that we've also announced today the launch of a new Luxury & Lifestyle collection brand in the coming weeks.

There were a number of excellent signings across the brand portfolio in the first half as well – 203 hotels in total, which is more than one a day and up almost a quarter on last year.

I'll talk about each of these elements in a little more detail later on, but for now, let me hand over to Paul to take you through the financial results.

Financial Report

Paul Edgecliffe-Johnson

Chief Financial Officer & Group Head of Strategy, IHG

Thank you, Keith, and good morning everyone.

You'll see that throughout our materials we are comparing our performance against both 2020 and 2019, but I'll focus my comments on the latter comparison, as it is the most meaningful.

Starting as usual with our headline results from reportable segments. Revenue decreased 44% to \$565 million, and operating profit decreased 54% to \$188 million.

Underlying revenue from the fee business decreased 32%, and operating profit decreased 44% driven by the adverse mix effect of weaker performances in the managed business.

In central operations and overheads, the net operating loss reduced to \$40 million, driven by the \$8 million benefit from the System Fund reporting change, and the cost saving programme we implemented last year, which remains on track to deliver a sustainable \$75 million reduction.

Adjusted interest, including charges relating to the System Fund, increased to \$72 million as expected. This reflects that, although net debt is lower, gross debt and gross cash are both higher.

Our interim effective tax rate remains elevated at 36%. We estimate the effective tax rate for the full year will be in the mid to low 30% range, although forecasting in this area remains challenging.

In aggregate, this performance has resulted in an adjusted earnings per share of 40.4 cents, down 73% against the first half of 2019, though up strongly from the 4.9 cents this time last year.

Turning now to our drivers of performance.

The restrictions in our key markets around the world contributed to an occupancy decline of 21 percentage points, with rate down 17% against the first half of 2019.

This resulted in group RevPAR down 43% on a comparable basis, which includes the adverse impact from hotels that were temporarily closed.

Group RevPAR was impacted by the Owned, Leased and Managed Lease estate which declined by 72%. The fee business estate performed significantly better, with RevPAR declining 42%.

This variance in performance continues to impact our RevPAR sensitivity, which in 2020, was a \$15 million movement in EBIT per one percent movement in RevPAR. We're now starting to see some small improvements in the sensitivity, which is trending a bit better than \$15 million. As a reminder, our RevPAR sensitivity is referring to 2021 versus 2019, and is calculated before cost savings, with the majority of the \$75 million having been delivered in the first half.

During the first half of this year, we added 17,000 rooms to our system. Our continued focus on the long-term health and quality of our established brands resulted in the planned removal of 19,000 rooms, 13,000 of which related to the Holiday Inn and Crowne Plaza estates in the Americas and EMEA regions, which I'll talk about in more detail later.

These additions and removals brought net system size growth on a year-on-year basis to 0.1%, or up 3.3% versus 2019.

Our usual summary of total RevPAR growth and total rooms available on an underlying basis can be found in the Appendix.

Turning now to the drivers of our RevPAR performance in the first half. Q1 saw continued impact from government mandated restrictions in a number of our key markets. However, both occupancy and rate saw sequential monthly improvements from March, reflecting vaccination rollouts and the easing of restrictions. By June, it was encouraging to see rates back at 90% of 2019 levels, and occupancy down only 18 percentage points.

This reflects the sophistication of our revenue management tools and the mix impact from our leisure and resort hotels.

Occupancy and rate continued to improve in July, with nearly 50% of our hotels achieving RevPAR above 2019 levels. And in the more recent weeks, we've seen rates on par to 2019.

Our recovery in the second quarter was driven by domestic leisure markets.

In the US, resort locations, which represent around 5% of the Americas estate, led the recovery with RevPAR 3% ahead of 2019. Our non-urban locations, which are weighted to franchised midscale and upper midscale properties, and represent more than two-thirds of the Americas estate, strongly outperformed urban markets.

In EMEAA, recovery was unsurprisingly led by markets which eased domestic restrictions, such as Australia and the UK from mid-May, as well as the Middle East.

And in Greater China, RevPAR was 33% ahead of 2019 levels in Tier 4 locations, owing to these markets being dominated by leisure-orientated and resort hotels that benefitted from strong domestic demand.

I will now take you through each of these regional performances in more detail.

Starting with the Americas, RevPAR was down 34% versus 2019, with the US down 30%. In the second quarter, US RevPAR improved to down 23%.

Underlying fee business revenue was down 29% and underlying fee operating profit was down 27%. This strong relationship reflects that the estate is largely franchised, together with the good progress on cost savings.

We opened 9,000 rooms across the Americas, with around 5,000 of those in the second quarter.

And we signed a further 8,000 rooms, half of which were for our Holiday Inn brand family, taking our Americas pipeline to 97,000 rooms.

Looking at our business and leisure mix in more detail.

Demand from business travellers has been relatively resilient over the past year, and in the last quarter has started to accelerate, as corporate demand and group meetings start to return.

Leisure demand has recovered more rapidly, particularly in the last few months where activity has been close to 2019 levels.

Moving now to Europe, Middle East, Asia & Africa, where RevPAR was down 68% in the half, with the second quarter down 65%.

Government mandated restrictions in Continental Europe and lower levels of international travel across South East Asia resulted in RevPAR down 82% and 67% respectively in the second quarter. The UK fared better, with a 60% reduction in the second quarter, as leisure travel was permitted from mid-May onwards.

Underlying fee revenue was down 67% to \$53 million, and underlying fee operating profit declined by \$95 million to a loss of \$3 million.

Looking briefly at the development environment, we opened around 2,000 rooms in the half, and removed 6,000 rooms, of which 5,000 were Holiday Inn and Crowne Plaza properties. A strong pick up in signings saw a further 9,000 rooms added to our pipeline.

Turning now to Greater China, where RevPAR was down 26% for the half, and 16% in the second quarter.

Tier 1 cities were down 26% for the second quarter, reflecting their greater weighting to upscale and luxury hotels and international inbound travel.

Tier 2 to 4 cities saw RevPAR increase 4% for the second quarter, reflecting their greater mix of leisure and resort destinations and the pick-up in demand from domestic travel.

Underlying revenue was down 23%, and underlying operating profit was down 32% to \$25 million, impacted by \$9 million of lower incentive management fee income.

We opened 7,000 rooms in the half and had a very strong period of signings with a further 16,000 rooms added to our pipeline, bringing the region's combined open and pipeline hotels to over 1,000 properties.

Moving on to look at the progress made with the review we announced in February of around 200 Holiday Inn and Crowne Plaza properties.

We have been working closely with those hotels which were identified as being below where we would like them to be, in areas such as customer satisfaction and property condition.

In the first half of the year, 56 hotels, or 13,000 rooms exited for these two brands in the Americas and EMEAA regions. In addition, improvement plans were agreed with over 30 hotels whereby they will stay in the system. We expect to have completed the review by the end of this year.

The conclusion of this review, combined with the significant investments made by owners to date across the remainder of the estate, will help drive further consistency and quality.

From 2016 to 2019, our continued focus on quality led to an average hotel removals rate of 2.2% per year. Within this, the rate of removals in the Holiday Inn and Crowne Plaza estates in the Americas and EMEAA was higher at 3.1% and the remainder of the estate at 1.6% a year.

We expect post completion of the review to see a lower average removal rate across the estate, with Crowne Plaza and Holiday Inn exits falling back in line with our underlying rate of around 1.5%.

Turning now to capex.

We spent gross capex of \$42 million and net capex of \$1 million.

Maintenance capex was \$23 million lower than last year, given reduced expenditure at hotels and corporate offices. We anticipate higher spend in the second half of the year. We also expect key money to increase in the second half. On the System Fund, given the latter stages of GRS projects, capex spend is now lower and depreciation is higher, which, combined, lowered net capex by \$29 million.

Our medium-term guidance remains unchanged, at up to \$350 million gross per annum. We expect our recyclable investments and system fund capital investments to net to zero over the medium term, resulting in net capex of \$150 million per annum.

Moving on now to cash flow.

In the first half, our adjusted free cash flow saw an inflow of \$147 million, compared to an outflow of \$66 million in the first half last year.

Our net cash inflow, which included an adverse exchange rate movement, led to a \$71 million reduction to our net debt.

In that context, our strategy for uses of cash remain unchanged.

Our first focus is to reinvest to drive growth. Secondly, we want to generate sufficient funds to pay a progressive ordinary dividend.

Lastly, where there is further cash available which is truly surplus, we will return this to shareholders, as we have previously demonstrated.

We've seen trading improve significantly during the first half of the year leading to profitability rebounding, and we are confident that the proven highly cash generative nature of our business model will allow resumption of dividend payments in due course.

With signings and openings returning strongly, and a lower structural rate of removals, we are well positioned for long term system growth. This system growth, combined with RevPAR recovery and the significant sustainable reductions we have made to our cost base, positions us well for further substantial improvements in profitability.

Thank you and I'll now hand back to Keith.

Update on Strategic Priorities

Keith Barr

Chief Executive Officer, IHG

I would like to spend some time looking at our industry, and how we are supporting our guests and owners as demand returns.

As Paul mentioned, we are seeing strong recovery in demand, with positive forward booking indicators over the summer around domestic leisure, and good signs of returning corporate demand and groups activity.

You can see this trend coming through wherever the virus is more under control and where vaccinations are rolling out at a good pace. Confidence breeds confidence:

- As more people travel, more consumers start to think about their next trip
- As businesses turn to hybrid working, more think about how to bring their teams together, or meet clients face-to-face
- As more guests head through the doors of our hotels, more of our owners start to turn their thoughts to growth and opening new hotels with us; and the conversations they're having with banks and lenders are easier than they were a few months back.

We can see all of this playing out, and we're focused on making sure we can perform strongly in markets where this is the case, and be there for our hotel teams and owners in markets that still have a little way to go yet in this recovery.

For our guests, it's very clear how much importance they place on cleanliness and safety, and we've enhanced our standards and training programmes with science-led protocols. The importance of seamless technology and a growing preference for sustainable practices also continue to come to the fore, and both these elements are represented as key priorities in our strategy.

In terms of growth fundamentals, as pressure on independent hotels has increased during this pandemic, that part of the market continues to shift to brands of scale. Our own make-up of signings across a number of our brands reflects that, and we're well placed to continue that trend, bolstered further by the launch of our new collection brand.

We remain completely focused on delivering industry-leading net rooms growth – our four strategic priorities are in place to help us achieve that – putting an even sharper focus on our brands, our services and solutions, owner returns and reputation.

Starting with Customer centricity, it is critical that we put our two sets of customers – our owners and our guests – at the heart of everything we do. Challenging ourselves to always operate with insight and make informed decisions is how we create tailored services and solutions that increase demand, strengthen guest preference and deliver strong owner returns.

It is something we have taken to a different level, and during the first half we saw that reflected in our Guest Satisfaction Index being net positive throughout the period, ahead of our competitors.

Outside of the work we've done around cleanliness and safety, we have broadened the appeal of our IHG Rewards loyalty programme with new promotions and 'earn and burn' opportunities; and we're supporting returning business travel with tailored campaigns and enhancements to our meetings and events offer.

When it comes to our owners, we have been there to support them through the pandemic, including consistently trying to reduce costs where we can. So much great work has been done to offset extra costs around safety and cleanliness protocols with changes to operating procedures, and use of procurement where we have been able to deliver significant cost savings for example across our midscale breakfast offering; all whilst maintaining the highest-quality guest experience. We have also created comprehensive hiring toolkits and increased our partnerships to support owners with recruitment as occupancy increases.

If we look at our priority to create digital advantage as a company, this is about how we drive direct bookings to our hotels; create rich, integrated digital experiences for our guests; and deliver revenue enhancing propositions to owners.

Our investment in our cloud-based technology platform, IHG Concerto, has allowed us to rapidly deploy technological developments to support a safe and secure guest experience and reduce unnecessary contact. Contactless check-in is receiving strong guest feedback and is already live in 3,000 hotels in the US and Canada.

With IHG Concerto, we can also develop and roll-out performance-enhancing tools faster and easier than ever before. The next phase of our Guest Reservation System, attribute pricing, is making good progress to enable the curated merchandising of rooms and selection of add-ons, for fully tailored stays. This is a huge lift this year to catalogue the inventory of nearly 6,000 hotels and almost 900,000 rooms, but we're working towards having a truly differentiated offer.

Turning now in more detail to how we are building loved and trusted brands. First, our Essentials and Suites brands, which have demonstrated both great resilience during this pandemic and continued further growth.

Holiday Express is a key growth engine for us, and we're investing to ensure it remains the preferred choice in its segment for guests and owners. A big moment, as we get back to more normal times, has been the return of our signature self-serve breakfast in the US, and plans are in place to roll this out globally as market conditions allow.

The brand has also reached the incredible milestone of 3,000 hotels, with nearly 70 opening in the half and the pace of openings in the Americas and Greater China on par with 2019. Its 667 properties in the pipeline represents over 20% of the current system size, with a strong growth outlook in all regions.

As we continue to grow the brand, we also keep pushing to ensure it can offer even stronger returns for our owners. Our evolved 'Formula Blue' public space and guestroom designs in the Americas include a new purchase-ready format that is using our procurement scale to deliver cost savings of more than 10%.

Equally, for Holiday Inn, which was recently voted by consumers as the most trusted hotel brand in the US, we have optimised our breakfast offer for guests and owners; and our new-build prototype, which brings fresh and modern designs to our hotels across the Americas, is delivering a 5-point uplift in guest satisfaction. In Europe, our Open Lobby concept is being adopted in almost the entire estate, and also generating meaningful uplifts in guest satisfaction and increased food and beverage revenue for owners.

If we turn to avid, which we expect to be our next brand of scale, we continue to see strong guest satisfaction scores across the open estate. Its low cost to build and operate, and competitive price point, make it attractive to owners and guests, and we think its appeal is likely to increase in a constrained economic environment.

avid is already our second highest contributor to net system size growth after Holiday Inn Express and we've got a pipeline now of 175 hotels, with the open estate expected to reach 50 by the end of the year.

Our Candlewood Suites and Staybridge Suites brands have really been exceptional throughout this pandemic and in June we saw them deliver occupancy levels of around 80%, in line with 2019.

Our new prototype designs, which offer owners lower build and operating costs, are now committed in over 170 Candlewood Suites and more than 160 Staybridge Suites. And momentum for the brands has continued, with strong signings for both, including our first Staybridge Suites in India.

Turning next to our Premium and Luxury & Lifestyle brands.

Looking at Premium, we continue to see very strong interest in our conversion brand voco. We have made excellent signings in the Middle East, and following its launch in the Americas and Greater China last year, we've secured signings in Chicago, Washington and New Orleans in the US, and Nanjing in China.

Notably, the pace at which hotels are converting into our system, a key part of the voco offer, is really helping owners maximise returns and quickly benefit from our global scale.

At Crowne Plaza, the actions we have taken to further strengthen the brand is resonating with our guests. Over 70% of the US estate has been recently updated and we have seen a significant improvement in the latest J.D. Power guest satisfaction rankings.

If we look at our Luxury & Lifestyle brands, our hotels are performing well with strong out-performance in guest satisfaction across all brands. And we are seeing a number of our owners choosing to invest significant capital into new hotels or in renovations to their existing properties.

There were some very strong luxury signings and openings in the half. For Six Senses, we signed four hotels, including two in Greater China, and we opened a stunning property in Botanique, Brazil.

We are seeing good momentum for Regent, with an iconic signing in Kyoto in Japan, and the renovation of the InterContinental Hong Kong, which will rebrand to a flagship Regent, is well underway and on track to open next year.

For Kimpton, openings in France and Australia are further steps in its international expansion, alongside some great domestic openings in the US.

Hotel Indigo, the largest boutique brand in the industry, continues to break into new markets, and we are on track to take the estate from just over 100 properties today to double that in the next three to five years.

Let me now share the steps we are taking to further round out our brand portfolio.

Over the past four years we have transformed our brand offering, growing to 16 brands through organic launches of avid, voco and Atwell Suites, and enhancing our Luxury & Lifestyle offer with the acquisition of Six Senses and Regent.

Each one of those brands represents really clear and compelling growth opportunities for us, adding momentum to our already more established brands that are still the growth engine of the business today.

As we've engaged with owners and developers on our expanded portfolio, it has become very clear that there is strong demand and appetite for a collection brand from IHG in the Luxury & Lifestyle space, something that could create more opportunities to work with us on properties that today may not have quite the right fit in our portfolio.

Before I talk about the collection brand, let me first recap for you where we have already got to with our strong positioning in Luxury & Lifestyle.

Building on the heritage of InterContinental Hotels & Resorts, the world's first and largest luxury hotel brand, we are already the world's number two Luxury & Lifestyle player by system size and pipeline, with the acquisitions of Regent and Six Senses, and the international expansion of Kimpton and Hotel Indigo, creating an impressive portfolio for both guests and owners.

From two brands in 2014, we now have five, and from 240 properties, we now have over 430 today. With more than 100,000 rooms, Luxury & Lifestyle is already 13% of IHG's total system size; and our brands in this space represent 17% of our total pipeline.

As you can see, our strategic expansion has been designed to fill different guest needs across luxury and upper upscale. But we want to go even further, with the launch of our new collection brand.

We are keeping a tight lid on the brand's name and features for just a few weeks longer, but it will perfectly complement our existing five brands and also offer a different price point to our upscale conversion brand voco.

This collection brand will allow IHG to fast-track further growth in segments worth over a \$100 billion, and where 1.5 million rooms are currently independent. We expect to grow the brand to more than 100 properties over the next decade.

With independent hotels having seen significant trading pressures, owners are increasingly looking to access the scale benefit of branded systems and their marketing, loyalty and technology platforms. This trend has already seen conversions grow to become a quarter of IHG's signings over the last 18 months.

While all of our Luxury & Lifestyle brands represent attractive conversion opportunities, owners of high-quality independent hotels that join the collection brand will be able to do so with limited capital outlay and with the retention of their hotel's distinctive identity and character.

Owners will gain access to our world class revenue delivery systems, distribution channels, loyalty offer, and our procurement scale to drive higher returns. The brand will also be fully supported by dedicated luxury operations, marketing, sales and reservation teams.

The rapid success we have already had with voco underlines IHG's proven track record of creating a distinctive, high-quality proposition, capable of scaling fast and delivering commercial outperformance.

For guests, we know there is pent-up demand for distinct experiences, unique service, especially from affluent millennial and Gen Z travellers; but they also want the trust and assurance of a big brand, as well as the benefits of a big loyalty programme. We will be able to meet all those demands by creating an exclusive collection of high-quality hotels in leading urban and resort locations.

We have made significant progress with 'Journey to Tomorrow', our new 2030 Responsible Business plan, which starts a decade of ambitious commitments.

Starting with our people, we are continually investing in our culture so that we support, develop and empower colleagues, and attract new talent into the business.

We have programmes to increase the diversity of IHG's leadership and talent, and ongoing education is paramount, which is why conscious inclusion training has been provided to all corporate colleagues and leaders globally. It has also been the seventh consecutive year in a row that IHG has been recognised as a best place to work for equality.

In our communities, we are working to improve the lives of 30 million people around the world, by driving economic and social change through skills training and innovation.

Our IHG Academy is extending the reach of its training and resources with new strategic partnerships to deliver even more skills development, hospitality training and career pathways.

And with such a global footprint and strong pipeline of hotels, it is vital that we work closely with our owners and partners to ensure we operate and grow in ways that protect the world around us.

Our environmental targets include reducing carbon emissions in line with climate science. Supporting this, we are improving our collection of energy usage data across our hotels through the upgrade of IHG Green Engage, our Environmental Management System.

To pioneer the transformation to a minimal waste hospitality industry, we are in the final stages of supplier contracts that will remove the single-use miniature bathroom amenities right across our global estate in 2022.

And as part of our actions to reduce the water footprint of our hotels and help secure water access to those at greatest risk in our communities, we have also launched two further stewardship projects in Shenzhen, China and Hayman Island, Australia.

So, to sum it up. The long-term attractiveness of our markets remains clear.

While there continues to be some volatility, demand has returned strongly in recent months and forward booking indicators for the duration of the summer are positive. We're also seeing the return of transient business and groups demand as corporate activity ramps up in the second half.

Our owners are confident too, as reflected in another 132 hotels opening in the period, and 203 signings, both sizeable increases on last year, and we expect this pace to further accelerate as the development environment strengthens.

We are executing against the strategic priorities we outlined at the start of the year. We're well-placed to gain further share, with leading brands in the largest markets and segments, supported by our powerful technology and loyalty platforms, and a clear commitment to doing the right thing by our people, communities and planet.

Our category leading brands together with our new brand launches gives us great confidence in our ability to deliver sustainable industry leading net system size growth in the years ahead.

And all the actions we have taken over the last 18 months position us to exceed our pre-pandemic levels of growth and profitability. We are therefore confident in the strength of our positioning and future prospects.

With that, Paul and I are happy to take your questions.

Q&A

Jamie Rollo (Morgan Stanley): Thanks, morning everyone. I've got three questions please. The first two are just on the room growth numbers. Can we pin you down on some clearer targets for that please? You've been targeting industry-leading for some time and it has been close to zero for two years, including this year. I get that better removals should add 50 basis points from 2022, but your signings are still down quite sharply in Q2, down about a quarter from 2019, which could weigh on openings over the next couple of years. So, clearly, next year is going to be better than zero at a net level, but is it industry leading at say 5%; is that a realistic number for next year?

And then secondly, specifically on the new brands, which all sound great. I mean, avid seems to be the one with the most opportunity and that is the largest in the pipeline. But its own pipeline has fallen by 20% in the last year; is it fair to say that is a bit behind target? It looks like there have been no signings, you are just opening what is in the existing pipeline?

And then, finally, on the cost savings, if my maths is right, it looks like the first half the costs were about \$60 million below H1'19, using the restated numbers, which annualised is well above the \$75 million. So, it looks like there is just a bit more permanent savings than just temporary in there. So, should we not expect the \$75 million to be beaten at some point? Thanks.

Keith Barr: Thanks Jamie, and good to hear from you. I'll pick up on the rooms growth piece and then I'm going to let Paul talk about the avid signing and on the cost-savings if that's okay.

Paul Edgecliffe-Johnson: Yeah, thanks and morning, Jamie. Certainly, in terms of the cost savings, we saved significantly last year, as you know. We saved about \$150 million and, if you look over the very long-term, we've always been tight on cost if you think about how much margin we've added to the business over the years and the strength of our efficiency initiatives. And, yes, as you look at our costs in the first half versus 2019, we have done the majority of the \$75 million of savings that we have said will be structural and permanent.

But, equally, this is a growth business and the imperative is to make sure that we can optimise the success of the business long-term. So, we are happy to invest back in. We still have some positions that are open in the company, because it is actually hard to recruit every position at the moment. So, we will be investing back in to make sure that we are as bolstered as possible. If that all does get invested as planned, then we expect to come in at around the \$75 million structural reduction. It could be a little more than that. We will have to wait and see.

In terms of avid, yes, as you say, a really good rate of growth there and it is going to be a very significant brand for us; it is our second-highest contributor to growth. We have talked before about the nature of an avid owner, which is not the institutional owner or family-offer owner as are our InterContinental. Although, they have had the focus over the last 12-months or so more on their operating business than on new development activity.

But we are starting to see a real change in that and I am sure Keith will come on and talk about this when he talks about future growth; but these owners are now very much focussed back on getting sites, getting hotels they have in the pipeline under construction, and that augers very well for the future of our mainstream brand. So, very pleased with the progress with avid.

Keith Barr: Thanks, Paul. So, Jamie, more broadly on rooms growth; I think, first let me talk a little about sentiment and then get into the numbers. I was travelling in the US two weeks ago on catching up with some of our US owners. I was at the ALIS conference and I was talking to some people there; you are seeing really the development sentiment in the mainstream segments begin to come back and accelerate as performance has been very, very strong in that segment over the summer. And lenders are now feeling more confident moving forward too.

So, I think that it was right for there to be a bit of a pause in many ways for the segment in this industry for a period of time; you are now seeing that sentiment move in that direction, which will lead itself to acceleration for Holiday Inn Express, for avid and for Atwell Suites, as you see there.

So, if you remember back in 2017, we talked about needing to accelerate leading levels of growth, and look what we've delivered in 2019; from a gross perspective, we've led the industry from all the major players and our net basis was effectively slightly behind Hilton, probably equal to Marriott effectively, or maybe higher than Marriott. So, we showed that over a number of years we can progressively get to that point.

And we said 2021 was going to be a transitional year. And, if you look at the removals we had, of course, we had the SVC portfolio, which had an impact of 102 hotels, and we are doing the Holiday Inn and Crown Plaza review, which will strengthen those brands for the longer term. And then we had a normal level of removals and they almost formed those three distinct pockets.

So, when we think about our owners now having more confidence, we've seen ground-breaks begin to move forward, I would expect that '22 and '23 looks a lot more like 2018 and 2019 as to how we accelerate into that level of growth moving forward too, and have very, very confidence in our business to be able to achieve that. And, I think honestly, that number you put out there is realistic. You know, 5% is where the industry needs to be getting to, to be one of the top players.

Jamie Rollo: And any specific targets for avid that you can share with us?

Paul Edgecliffe-Johnson: We have got a pipeline already of 175 hotels and system size of 38; this is going to be a multi-, multi-hundred-unit brand. It will take it a while to get up to Holiday Inn Express' 3,000; probably beyond my time in the industry, given it has taken some decades to get there. But, there is no reason why it can't get there over time. This is a brand with a very long runway ahead of it.

Jamie Rollo: Okay, great, so 5% for next year. Thanks very much.

Paul Edgecliffe-Johnson: Thank you, Jamie, brilliant.

Bilal Aziz (UBS): Good morning everyone, thank you for taking my questions. Two from me please. Just thinking beyond the summer now, can you perhaps remind us of your business versus leisure mix into the third quarter and perhaps share some data points on the business side, which are giving you more confidence on bookings for the third quarter? I know it is one of the US peers gave us midweek occupancy already.

And then, tied to that, it feels like you are formally indicating a high group profit versus 2019; perhaps if you could flesh out how linear you think that could be, based on all the variables you've seen now? Or, perhaps another way to think about it, what level of RevPAR decline do you feel comfortable with to get back to 2019 profits please? Thank you.

Keith Barr: Great, thank you, Bilal. I will let Paul talk about the profitability and I will talk a little bit about the business and leisure mix and what we are seeing moving forward; what we have seen to date and what we think the future may hold.

And so, we have traditionally talked about our business/leisure mix being around 60/40. That changed a little bit clearly during the pandemic time. But, again, that is a good way to think about our mix. And within that 60%, you've got group being probably about 10 – 15% break overall. So, I think, taking a step back, thinking about throughout the pandemic, we saw essential business travel continue in our hotels, which drove occupancy levels. At the worst of the pandemic, we still have 60% occupancy levels in some of our Suites properties, or in the 40% for our Essential properties. And that was essential business travel and that is continuing on. So, those individuals who are going to manufacturing plants to service them, the people who have to travel from city to city to do their job, that's happening and that's accelerating.

We are now beginning to see corporate travel come back, which is more discretionary in nature. Looking at some of the airline numbers, I saw the other day they were saying 50 – 60% of corporate travel coming back and that would continue to step up into Q3 and Q4. We are seeing some groups' meetings and events begin to book and taking place in our hotels in COVID-safe ways. So, we are definitely seeing that accelerate.

The real question is going to be, to what degree does discretionary business travel come back in Q3 and Q4; and it can accelerate then into 2022. I am not sure that anyone has hard and fast data on that, other than what we're saying is, we're seeing building momentum in that space for Q3 and Q4, talking to our corporate customers. We are hearing they want to go out and connect with clients. They want to go out there and see their teams.

Anecdotally, we stopped travelling as a hotel company for the most part for a better portion of a year and we're now back out on the road. I was in Atlanta, Salt Lake City, Los Angeles; I am going over the Paris soon. We are getting our teams together; our franchise support people are out there, so we're travelling to do our jobs and we're seeing other companies doing the same too. So, hard to say exactly what level of uptick you'll see in Q3 and Q4.

We do think you will see continued movement of leisure though as well, because a lot of people couldn't travel this summer, either affordably because pricing has been so aggressive over the summer for leisure and resort destinations. Or the empty-nesters can travel in those periods of time now; so they are going to be doing that.

So, we think leisure will continue to be solid. Essential business travel will continue and that discretionary business travel will come back into play and, really be accelerating into 2022.

But it is going to be directly correlated to vaccination rates, consumer confidence and lifting of travel restrictions, which, honestly, those are beyond our control but they are all trending in the right direction for the most part.

I'll let Paul talk about profitability now.

Paul Edgecliffe-Johnson: Yes. So, you correctly note that if we were back at the same level of demand and rates, then we would see a more profitable business. I think it actually goes a little beyond that, I think what we've proven over the last 18-months is the resilience of the business, the power of the brand; the way we have helped our owners to run their businesses, which has been very much appreciated and I think will drive even more business to us from them over time.

The way we've treated our employees, our colleagues, the way we've supported them, I think will drive greater levels of loyalty. And so, I think we will come out of this with a stronger business than we went into it with. We have also worked, as Keith's been talking about, to develop a new brand, which has huge opportunity.

In terms purely of the profitability side, then we have saved structurally \$75 million from our cost-base. And, you will remember that we talked about the change in the accounting around some of the credit card fees, which has brought in another \$20 – 25 million of profit. So, when you combine those two, that is about \$100 million additional profit that comes into the business.

When you think about the pre-pandemic sensitivity of RevPAR to profit, then you were talking about 1% was about \$13 million or so; and, in due course, it will refer back to about that. So, on a purely numerical basis, if you were taking that \$100 million or so, and \$13 million, it is 7.5% or 8%, I think, reduction to RevPAR would still drive the same level of profitability.

I think one of the really encouraging things we are seeing is the rate has been so strong. There was a question, would rate take a long time to recover. We've actually seen in recent weeks, across the business as a whole, aggregate rate higher than we saw in the same period of 2019. It is just an indication of when demand is there, then we can get back to full rates in the business. Thanks very much.

Vicky Stern (Barclays): Yeah, morning. Just, firstly on the signings, you've given some helpful colour there, particularly on the US in terms of how trends have shifted a little bit more favourably recently. If you could just flesh out what you are seeing in some of the other markets, and, I suppose, more broadly, what it is going to take, if you like, to get things back to where they were before in terms of the signings rates?

In terms of unit growth, I think Marriott were indicating a slow-down in construction starts in recent months and that potentially could weigh on their unit growth over the next one to two years; just curious what you are seeing there? It doesn't sound as if you are particularly concerned, certainly in the answer to Jamie's question, but, yes, I am keen to hear your thoughts on that.

And then, coming back on that point, Paul, about pricing and, yeah, it's been notable just how quickly pricing has recovered. I mean, some of the industry is going beyond that and suggesting that, unlike in previous cycles, we potentially see price come back in line with occupancy as opposed to with a lag, or if that is how things have gone so far.

But if you could set out what you think things might look like as we get back into a more normal mix of business versus leisure, et cetera?

Keith Barr: I will let Paul take pricing and then I will talk a little bit about the signings and about the ground breaks, Vicky.

Paul Edgecliffe-Johnson: Yes. So, in terms of pricing, it is a really interesting one, because people did point to the previous cycles and said, well look, it could take some years before we see full pricing. And it is absolutely not what we've seen. I think it gives a certain indication of the strength of the revenue management discipline that exists in the industry. And it is not just us, it is others. We have very good revenue management capabilities, revenue management tools that we've talked about and I think you know well.

There is also the question as to whether you, because there is a bit of a supply squeeze perhaps, see rate accelerate even faster than that. We know the demand is there and I think we all studied in our basic economics, that when demand is greater than supply then you see a lot of pricing power for hotel owners. So, maybe we will see that. But it certainly augers well for the future.

Keith Barr: Thanks Paul, and good to talk to you, Vicky. I think if you talk about from an industry perspective, most of the big players have been talking about the US peak signings at an industry level probably was in 2017/2018 and so the US has structurally been in a bit of a slump; still growing but a bit of slumping.

And, when you look at now though, we have more arrows in our quiver than we used to. We now have avid, we have Atwell Suites, we've got voco; we have the Collection Brand and so, we have more opportunities to maintain and grow signing share in the US than we previously had too, so that gives us confidence there.

But what we are really seeing is acceleration in EMEAA and in Greater China; so, effectively, both of those regions, in Q2, were ahead of where they were in 2019 and so, we are definitely seeing the opportunity for conversation activity. So, I would say China is back to normal. So, that is the normal from the new-build perspective, from a ground-breaks perspective, from a commercial – that feels just like 2019 and has for a period of time.

EMEAA is clearly beginning to accelerate with a mixture of new-build and conversion, and the brands give us the opportunity to gain share there. And, similarly in the US too. So, I think we are very, very confident in our ability, to go back to what Jamie's question was, to get '22 and '23 from a growth perspective, to look a lot more like 2018 and 2019.

And, in terms of ground breaks, I think it is a slightly different portfolio mix when you think about mainstream owners can break ground, open in 12 – 18 months, versus if you are upper upscale or luxury hotels can take three, five, six years to build and so, I think that might have been why Tony made those sorts of comments around ground breaks overall.

Jaafar Mestari (Exane BNP Paribas): Hi, morning everyone. I have two if that's okay. Firstly, I wanted to come back on the Holiday Inn and Crown Plaza portfolio review and just to understand how the rest of the process works. You've got 56 exits so far and you've got 30 agreements to invest and to remain in the system. I am just curious, what exactly is the status of the remaining 114 properties? I guess, my underlying question is, is it good to have another 114 properties still TBC, because they would have already left if they had no interest?

Or is it bad because they are longer, more complex negotiations and ultimately exits may be higher on the remaining, than they've been so far?

And then, separately, you're talking about investment for growth in H2; there is obviously the new brand launch, so historically, you've never had to isolate investment of an envelope of X million for the brand launch and it has all been part of savings and reinvestment. I am just curious if there is a number we should have in mind? If you are able to put a cap on how much you are going to be investing, in particular in OPEX?

Paul Edgecliffe-Johnson: Thank you, Jaafar. So, in terms of the Holiday Inn and Crown Plaza, we are pleased with the progress and we think that this will really help the Holiday Inn and the Crown Plaza brands grow over time. It is a story we've been working on for a really long time. If you think back to what we've been doing with Crown Plaza Accelerate, which has seen a lot of hotels upgraded. Owners have been putting a lot of CAPEX into Crown Plazas in the States in particular. And, once we're through this and we see the hotels exit that will exit, we will actually have had 75% of the Crown Plaza estate renovated in the last five years. So, it is going to be a really high-quality estate. And that will mean that it is in a much better position to grow going forwards.

In terms of exactly how many of the 200 will go, how many will stay; well, look, we are still in discussions with owners. I think that my best steer would be to model out from what we've seen to date, which would take you to something like 130 exits and 70 hotels staying with significant refurbishment capital coming in. It might differ a little bit from that, but that would be my best guidance if you like.

In terms of investment for growth in the second half of the year; so, as Keith talked about, we are a growth business and the focus has to be on growth. So, if we see opportunities to, for example, add some further developments in markets where there is a lot of opportunity, or to invest behind getting hotels open faster, we will do that. It isn't really about investing behind the new Collection Brand. There's not a lot that we can invest behind them right away. But, over time, we will put a few million dollars behind it, but it is not very significant. But it is around making sure that wherever we are in the world we have the capacity to take on board this very significant level of demand for our brands, to make sure that we are optimised for growth, having reshaped the business and taken a lot of cost out, so that is how we're thinking about it.

Jaafar Mestari: Okay. So, maybe just to follow up on that, if there isn't a number we should have in mind for H2, then it looks like obviously, the saving of profits this year will end up being very different from what we would have expected, with the saving of cost-saving, with the \$6 million of liquidated damages, et cetera, et cetera. But it looks like it is mostly saving on the net basis for full year '21, are you going to be investing a significant chunk of OPEX debt you may not have expected to invest six months ago? It doesn't sound like it.

Paul Edgecliffe-Johnson: Well, I think, of the \$75 million, we have said the majority has been done in the first half; so, maybe two-thirds or so. So, we will invest more in the second half if we see the opportunities. If there aren't any opportunities, then we won't invest it, and we are, as you know, if you think about our track record, we are very sensible investors, whether it is OPEX or CAPEX. So, if we see opportunities to invest in capabilities that will allow us to grow faster, we will absolutely do it. And I hope they will be there.

Richard Clark (A.B. Bernstein): Good morning, thanks for taking my questions. Just, maybe I just want to start on slide 11; I know you're not giving us a July RevPAR number, but just in terms of the US and the Delta variant, has that continued to pick up through July and maybe expectations from there with business and leisure?

And my eyes were just drawn a little bit to the left-hand side of that chart, to the pre-pandemic, you're leisure travel was up 7 - 11% and your business travel was down 3 - 4% in January, February; and just, it's a long time ago, but if you can remember what caused that dynamic, that would be interesting?

And second question, just on the System Fund; your System Fund revenues are down year-on-year, despite the franchise creeping up above 30%. And I know you've taken some of the credit card revenues out, but I think you were also lapping the pause on the technology fee through that. Is that, is there any additional fee savings going through there? You've made a cumulative loss on the System Fund of about \$150 million; do you get to claim that back over time? Just the dynamics looking there.

And then, third question, I actually noticed you signed quite a lot of hotels in Crown Plaza and Holiday Inn; you obviously talked about the impact on the removals on your growth, are these going to start really meaningfully contributing to growth, room growth going forward; is that the ambition? Or do you just think they will kind of stay where they are going forward?

Keith Barr: Thanks, Richard. It's good to hear from you. I'm going to let Paul pick up the first two and then I'll pick up the planning on Crown Plaza and for Holiday Inn.

Paul Edgecliffe-Johnson: So, thank you, Keith. July was a really good month actually; and the sequential improvement that we saw was the highest we've seen year-to-date. So, it did continue to be very good and all of this has been good trading as well. You've seen the industry numbers in the US. And we saw nearly half of our hotels with RevPAR better than 2019. So, it has certainly continued and we, to date, we haven't seen much impact from Delta over in the States.

There is continued growth in demand, both on leisure and in business. There are a lot of people who want to get away on leisure breaks, who haven't been able to because hotels are full, or the airlines are full. So, there is still a lot of pent-up demand. And, as Keith has talked about, there are a lot of people who want to get out travelling again, you know, seeing clients, seeing their teams. And I think that is going to auger well.

Going back to January and February 2020, gosh, that feels a long time ago, doesn't it? I think, in terms of business there, you are seeing a bit of a reduction in group activity and you're seeing a bit of an increase in holiday breaks back then. So, that would be my best explanation for that.

In terms of System Fund revenues, yes, it is always a bit complex as to what is going on. I think probably the most important question there is, what happens to the cash? And last year we talked about the fact that we were happy to effectively subsidise the System Fund and let it run to a cash flow negative position, so that we could keep investing in the business and that will mainly get paid back this year. So, we will be pretty much cash flow neutral on it by the end of 2021. Keith.

Keith Barr: Thanks Paul. Richard, I mean, our focus for Holiday Inn and Crown Plaza for a number of years has been, they are strong global brands that have a great, great growth potential and they have continued to grow again around the world. You know, I think about our time, my time in China, you know, Crown Plaza now is the leading brand in that segment. I believe it is now over 100 hotels open. I mean, it is a powerhouse brand and that continues throughout Asia and into Europe. And we're even strengthen it in the US as Paul noted, you know, 70% of the portfolio will now have been basically invested in and renovated, which again, just raises the profile of that brand.

And, thinking of Holiday Inn, whether that's been Open Lobby in the US; and the new prototype, which takes the cost to build and operate down in the US and Holiday Inn is the number one most trusted hotel brand. So, there's huge potential for growth in both those, both of those brands.

We signed 32,000 rooms in the first half and 4,300 were Crown Plaza, almost 5,000 were Holiday Inn too; so, definitely the brands continue to grow around the world, accelerating more in certain markets than others but I am very, very confident in their futures. And that the investments that we're making now, with this review of Holiday Inn and Crown Plaza the last big step of making sure that we address some of the concerns that we had to make sure they continue to be strong and grow.

Leo Carrigan (Credit Suisse): Morning, thank you. Could I ask about the brand launch in Luxury & Lifestyle? Did you, or why didn't you consider seeding this Collection with the acquisition of an existing soft brand? Previously, you'd indicated that you have all the brands you need, or you had all the brands you needed; so, does this new brand, or new collection, represent an opportunity that just didn't happen before the pandemic?

And last question on this topic, or the last question overall, near-term what kind of hotel numbers do you think you will be able to attract with the new collection? Have you already been sounding out, I don't know, for this collection?

Keith Barr: Thanks, Leo. I mean, if we reflect back, I think it was February 2017, Paul and I basically signalled that we were going to be either acquiring or launching brands and we also actually did signal the first five. We actually called out, not by name at the time, but it was avid, it was Atwell Suites, it was voco, Six Senses and Regent. And we said that there were going to be other brand opportunities, potentially, in the future. But we had prioritised them in that order for very strategic reasons.

We start the scale growth opportunity of avid and Atwell Suites in that mainstream segment; we saw the conversion opportunity of voco in upscale and the strengthening of our luxury positioning to go with Kimpton, Regent and Six Senses and Lifestyle with Hotel Indigo.

It then became clear to us that we wanted to do a collection brand at some point. We just wanted to make sure that we get these other brand launches out there and successful, and there's maybe a few other segments we could go into. Why this is such an important brand for us now is, hey, we've strengthened our technology platform, we've strengthened our loyalty platform, which are critical components of delivering to a collection plate. And we wanted to make sure that we could really have that enterprise that could deliver high returns for our owners, increased investment in our procurement function as well. So, getting all those things right for a collection or softer brand, and they are in place now.

And it also enables us to go after different opportunities; luxury, lifestyle independent hotels, it could let us lean into the all-inclusive space as well too. So, it gives us a lot of optionality. And really, it's why not, why seed it or not seed it? We can do this organically. We can build this brand organically; leverage our investments we've made in technology and loyalty and not have to utilise capital to go and acquire something. And there is enough interest out there already. We've had a number of conversations with strategic owners who want to sign up for this brand too.

So, we'll have more information coming out in a few weeks' time, but yeah, I am expecting, you will see us quickly signing a number of hotels this year and that will begin to accelerate. We've said 100 in ten years, you know, but that's a good number to have, but we probably could be more than that as well. So, yeah, we're seeding it with some great assets but we work with some great owners already.

Tim Barratt (Numis Securities): Thanks, morning everyone. And two unconnected please for me. A few people have mentioned that slide 11 is really helpful, and I think it is. But I wanted to take the question to the logical conclusion really and find out if you've got any updated thoughts on structural changes in business demand in the very long term?

And then, another question was on owner finances; which is a topic that hasn't come up much. But, obviously, in EMEAA occupancy in the 30s means owners are still burning cash; so, is there anything you're worried about around owners' finances for the balance of this year? Thanks very much.

Keith Barr: Thanks. So, I'll have Paul take owner finances and I'll talk about the structural impact on business demand.

Paul Edgecliffe-Johnson: Thanks, Keith. So, hey, Tim, we've tried to support owners throughout this period to the very greatest extent that we can. You will remember what we put in place last year, and that has been really appreciated by the owners. And, in the US, I mean, we are getting paid by owners just as we were pre-pandemic. So, we're a very strong return there; the same in China. It is tougher in some of the markets in EMEAA but, what we are seeing is, the lenders are very supportive. Our brands are very strong and they look at the owners of the hotels and they know that once restrictions are lifted, the demand comes back, rate comes back, the owners will have very successful businesses again. So, a lot of support there.

And, on occasion, we're having to be flexible with the owner. We are in long-term relationships with them and that's what you do when you're in a long-term relationship. But there's nothing I would particularly call out and I am sure that, as recovery comes in those markets and, just as we've seen in the US, those owners will come back to robust health.

Keith Barr: Thanks, Paul. You know, I've said this before, but I do think the death of business travel has been grossly exaggerated and I fundamentally, I think we fundamentally believe it will come back over time. That the shape and profile may look a little different than it used to, but fundamentally that people need to connect. That people are going to need to travel for business.

And, remember, a huge portion of our business travel is essential business travel. It was in here throughout the pandemic.

And so, this is more about the discretionary piece, the groups' meetings and events and that travel. And I really do believe it is going to come back based upon the conversations we are having with our corporates, the conversations I am having with other CEOs. But it will come back over a number of years. It won't be back tomorrow, but travel budget is going to be increasing next year. I am hearing that from many, many people. I know our travel budget is increasing next year.

And again, truthfully, it is about opening up, right? We are still seeing a lot of the world has not re-opened, but when we've seen the US re-open the demand came back and that was leisure, essential business travel and discretionary. We're now beginning to see this happen in parts of Europe. Asia will be the next piece too. So, I think it will take a bit of time.

And then, there will be new sources of demand too that will come into play as well that we're going to see. So, I am, you know, will the business/leisure mix fundamentally change for this business? It could move a little bit; people are talking about that. Maybe, you know, with this new lifestyle of people working a bit more from home and, you know, working from hotels, it will be more that bleisure piece coming into it.

But the bigger question is, do we believe that the demand for this industry, business and leisure is going to come back to pre-pandemic level? The answer is yes. It will come back but the shape will take a bit of time.

Alex Brindle (Redburn): Morning, thanks so much. I have three, just to be consistent. So, on the RevPAR side, I guess if we look at the growth and the signings you did, maybe they come in more skewed towards China, can you just remind us of the mix impact that you get? Just when we're looking at index RevPAR numbers, there is obviously a mix impact for the places where you grow and China has a lower RevPAR, so what that might do for the mix as we go through the next few years.

And the second is on churn; a few hotel brands have called out higher churn and some have put it down to the maintenance requirements that are needed to maintain brand standards, and obviously you are doing that in Crown Plaza. How might that continue going forward. You know, in the event that there remains the pressure setting for some years then the requirements of maintaining brand standards seems like quite a lot. Do you think there's going to be a drop in standards or do you think that we will therefore see higher churn overall?

And then, the third question, I guess goes back to the one that Tim just asked on business travel. I guess, there's a couple of ways that I'll ask it; the first way is other industry operators have talked about permanent business reductions in places and maybe in international travel; if you talk about consistency in kind of where you are operating, but there are permanent reductions at higher levels, is it fair to assume that deflation in higher-end drops through to deflation in lower end, which tends to be the case historically?

And, I guess the second way of maybe asking the question is, if we look at airline capacity, my aerospace analyst tells me confidently that expectations of 2024 airline capacity globally are 20% below what was anticipated pre-COVID and largely driven by business travel expectations. So, I am just trying to reconcile that, which is lower construction by Airbus and Boeing with what you are telling me, which is that business travel will be as it was pre-pandemic. Thank you so much.

Paul Edgecliffe-Johnson: Thanks, Alex. So, I mean, in terms of RevPAR and mix impact, I mean, we've always provided all the data per brand, per region. So, I think that's taking it relatively straightforward to just model through, and yes, you do see the fact that when you open up a new Holiday Inn Express in China, which obviously, we open an awful lot of them, then they do have a lower RevPAR, certainly at the moment. Although, they are growing at a fast clip and we are opening up many, many of them. So, I think that goes through on a fairly linear basis.

In terms of churn in the system, I'll just go back to my earlier comments around the removals rate, which we think, if you look on the underlying basis over the last five years, and you exclude Holiday Inn and Crown Plaza, it's been around the 1.5% and, obviously, we had our brand standards in place then and our brand standards will come back in place. I don't think that we will see any increase beyond that sort of 1.5% structural level once we've dealt with Holiday Inn and Crown Plaza.

And, in terms of permanent business travel and that, well, I mean, Keith, I think has explained well why we think there won't be a reduction there. I think perhaps, when you think about what your airline analyst has been talking about, he may have been looking globally. A lot of our business travel is actually domestic, remember. So, it might be better to look at short-haul routes. And, certainly, when I look at the orders that have come from some of the US airlines, they are significantly increasing their fleet to take the additional demand that's coming in.

Also, I am not sure that we have seen that deflationary impact. Certainly, I think we've seen inflation in most parts of the economy, and you tend to see a correlation between that and KPI and rates and RevPAR. So, financially we will see that continue to come through. So, look, it's crystal ball gazing as to what might happen four or five years in the future is pretty hard, so no certainties there, Alex.

Alex Brindle: Fantastic, thank you for the explanation.

Keith Barr: Thanks, Alex.

Operator: Thank you. We have no further questions, so I will hand you back to the Management Team.

Keith Barr: Great, well, thanks everyone. It's been great to connect with you all again. We are really, really pleased with the first half. The team have done an exceptional job I think of steering the business through the pandemic; positioned us well for accelerating our growth coming into '22 and '23 and addressing some really key strategic priorities and excited about launching the new brand and looking forward to better times ahead for the travel and tourism industry, but we're definitely seeing things moving in the right direction. So, thanks for your time today and look forward to catching up with you all soon.

[END OF TRANSCRIPT]