



Crowne Plaza, Sanya Bay Resort, Greater China

Half Year Results Presentation

2 August 2016

2016 first half highlights

- Good revenue growth with strong cash generation

Fee growth momentum

Underlying fee revenues¹



5%

Leveraging scale and cost discipline

Fee-based margin



2.9%pts

Strong cash generation

Underlying free cash flow²



80%

Driving shareholder value

Interim ordinary dividend



9%

¹Fee revenue excludes revenue from owned and leased hotels, managed lease hotels, and significant liquidated damages receipts; growth stated at CER.

²Excludes cash receipts on behalf of the system fund of ~\$95m from renegotiation of long-term partnership agreements



The Kimpton Cardinal Hotel, Winston-Salem, North Carolina

Financial Review

Paul Edgecliffe-Johnson
CFO

Strong underlying financial performance

	Underlying ¹			<i>Reported</i>
\$ million	H1 2016	H1 2015	% Change	<i>H1 2016</i>
Revenue	\$771m	\$736m	5%	\$838m
Fee revenue ²	\$687m	\$656m	5%	\$673m
Fee-based margin	48.3%	45.7%	2.6%pts	48.6%
Operating profit	\$345m	\$313m	10%	\$344m
<i>Reported interest</i>	<i>\$(41)m</i>	<i>\$(43)m</i>	<i>(5)%</i>	<i>\$(41)m</i>
<i>Reported tax rate</i> ³	<i>33%</i>	<i>30%</i>	<i>-</i>	<i>33%</i>
<i>Reported weighted basic average shares</i>	<i>228m</i>	<i>235m</i>	<i>(3)%</i>	<i>228m</i>
Adjusted EPS ⁴	89.4¢	80.3¢	11%	89.0¢

¹ Underlying calculated at constant exchange rates (CER) and excludes individually significant liquidated damages, results from managed lease hotels and results from owned hotels disposed of in the year. Note: Interest, tax and average share count as reported.

² Group revenue excluding owned & leased hotels, managed leases and significant liquidated damages.

³ Before exceptional items. ⁴ Before exceptional items, underlying growth based on reported interest and tax rate.

We are a globally diversified company, with a large proportion of revenues in dollars, and costs and debt in sterling

- Globally diversified with operations in almost 100 countries
- Revenues: ~2/3 in dollars or dollar-linked currencies; ~5% in sterling
- Costs: ~50% of gross central costs and ~40% of Europe costs in sterling
- Debt: ~70% denominated in sterling as at 30 June 2016

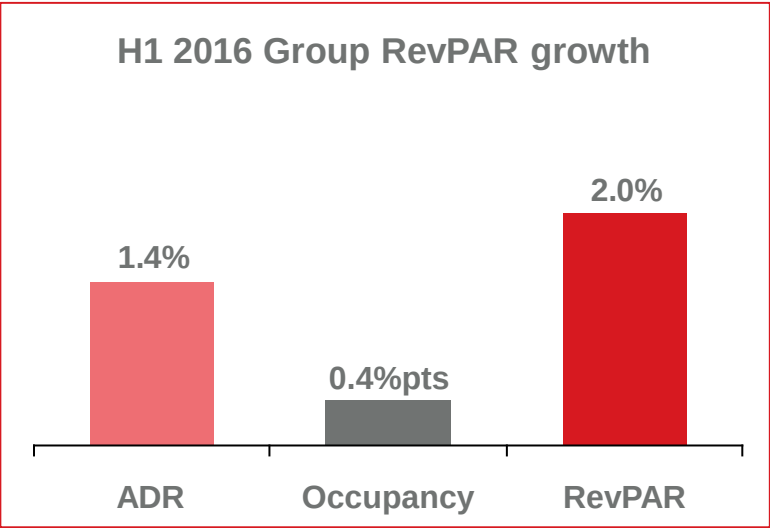
Expect a YoY FX benefit for H2 at current¹ exchange rates: see Appendix for details

¹ 30 June 2016 spot rates

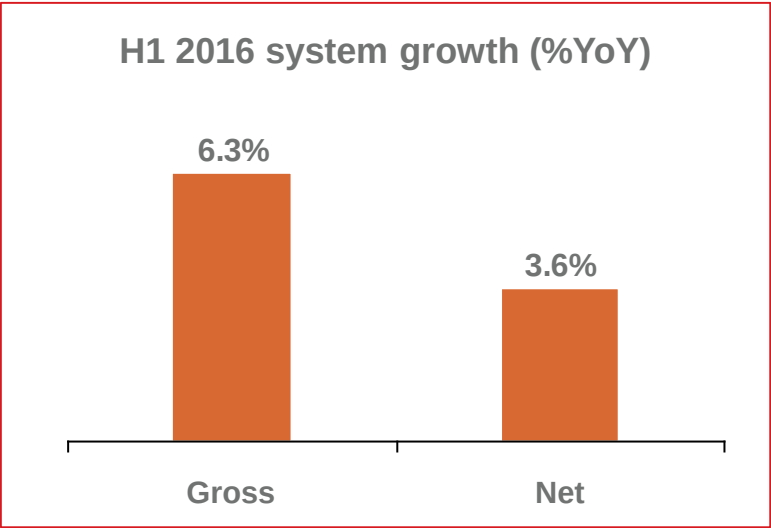
Resilient fee-based business model



H1 2016 fee revenue¹ \$673m up 5%²



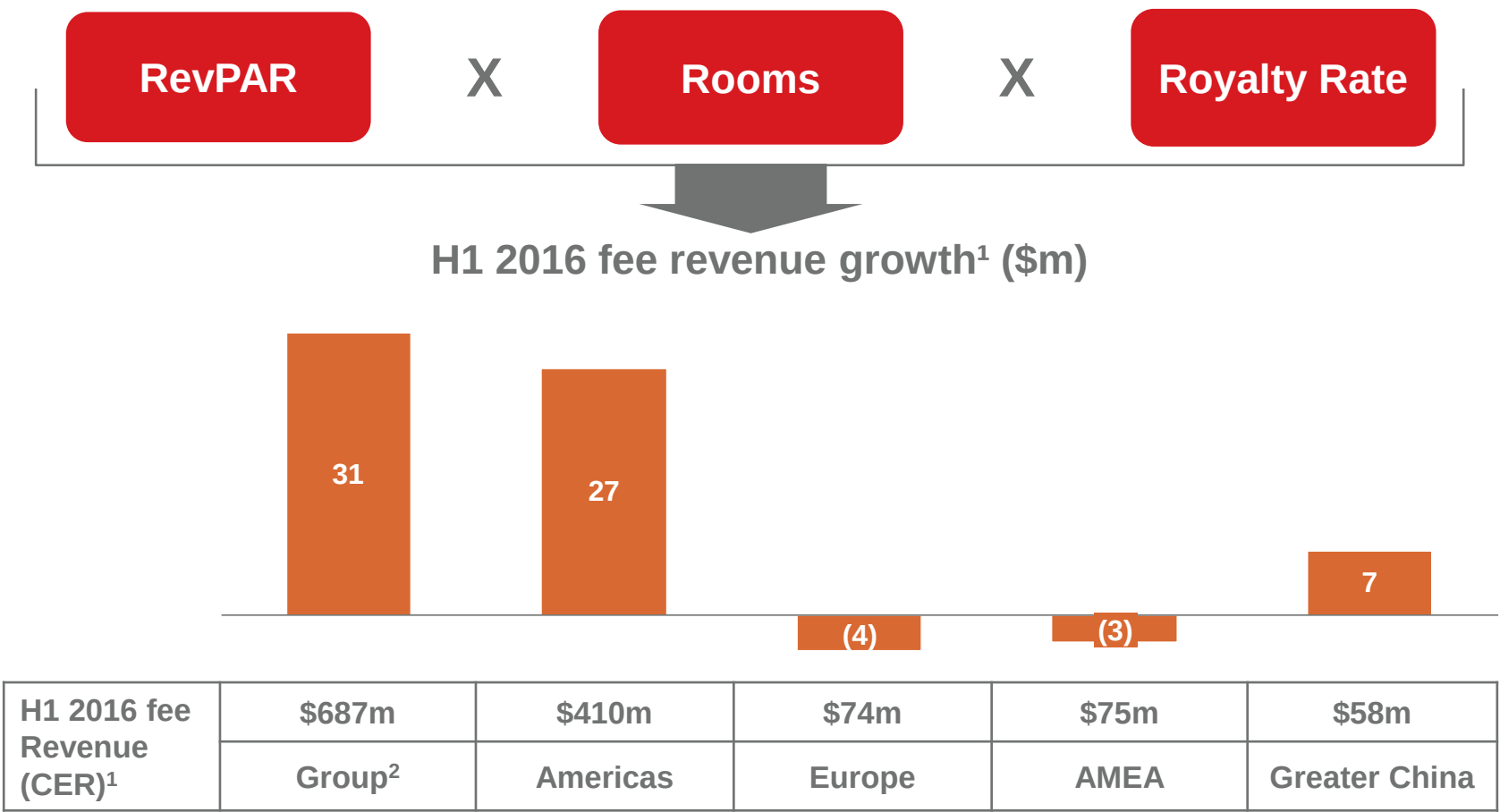
H1 2016: 1.1% Total RevPAR growth



H1 2016: 17k rooms opened, 12k rooms removed

¹ Fee revenue excludes revenue from owned and leased hotels, managed lease hotels, and significant liquidated damages receipts;
² Growth stated at CER.

Business model drives strong fee revenue growth



¹ Fee revenue growth excludes revenue from owned and leased hotels, managed lease hotels, and significant liquidated damages and is stated at CER

² Group fee revenue includes \$70m of central revenue.

Americas

– strong fee revenue growth

Comparable RevPAR up 2.4%; US up 2.1%

- Q2 US RevPAR 2.6%
- Q2 Non-oil markets 3.7%; oil down 6.3%

YoY net rooms growth 1.7%

- Gross rooms growth 5.4%

Fee revenue¹ up 7.0%

Underlying² revenue up 7% (\$30m)

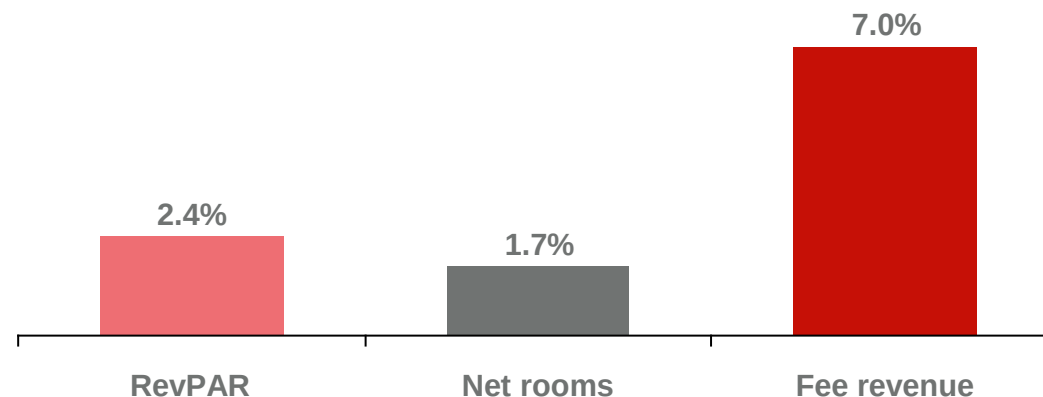
Underlying² profit up 9% (\$26m)

- \$4m saving on US healthcare costs
- \$5m favourable phasing of franchise costs

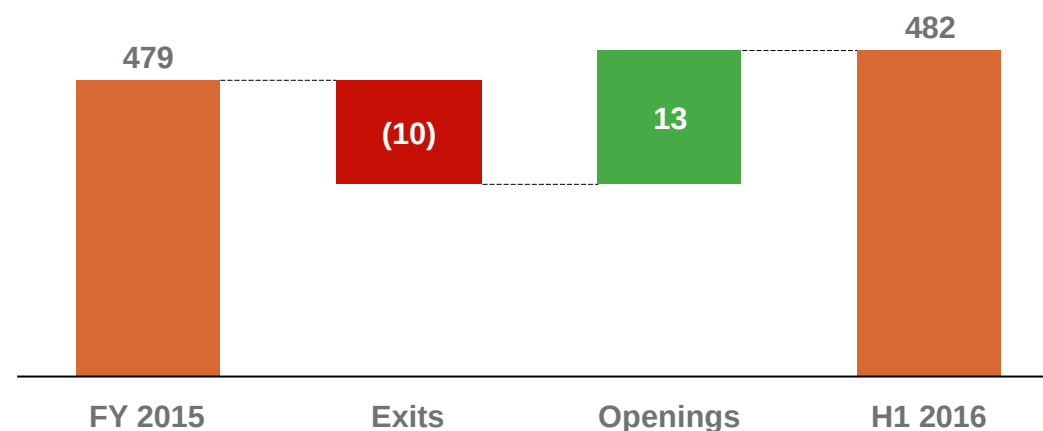
Pipeline: 99k rooms

- 20k rooms signed in H1

H1 2016 Growth in fee revenue drivers¹



H1 2016 Net rooms growth (k)

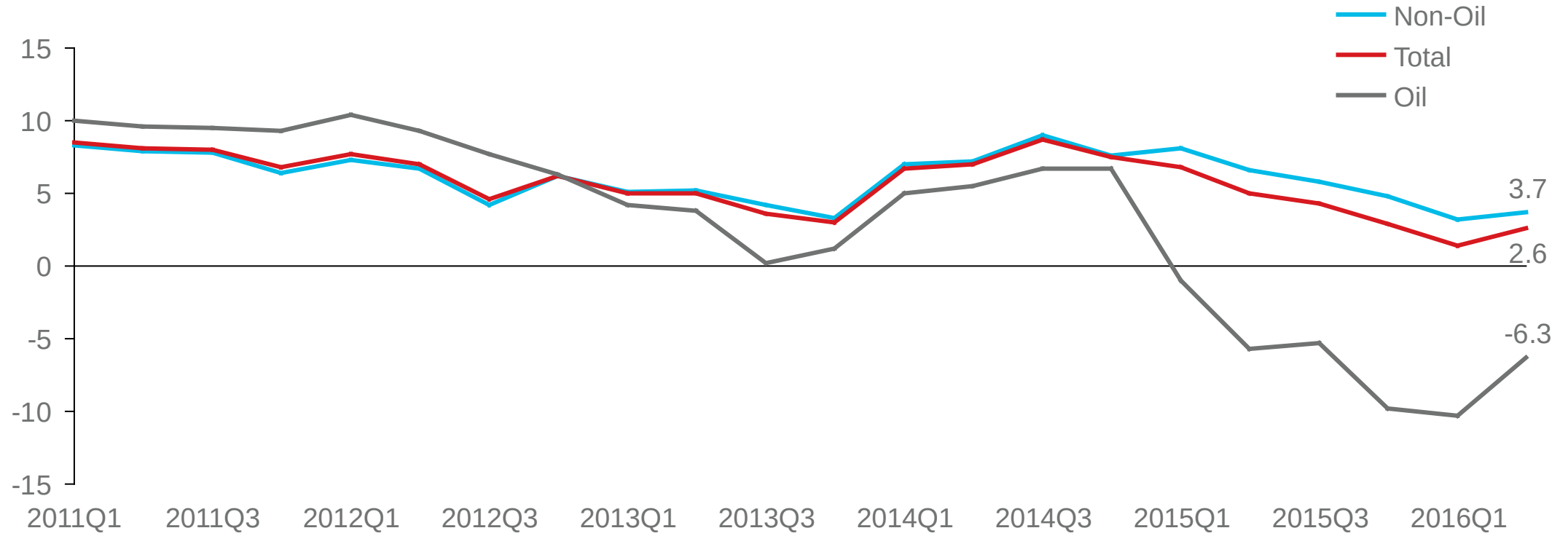


¹ At CER

² Underlying growth calculated at CER and excludes individually significant liquidated damages and results from managed lease hotels.

The Americas *- performance drag from oil markets beginning to ease*

IHG US RevPAR quarterly performance (Q1 2011 – Q2 2016)



- Drag from oil reducing (110bps in Q2) versus 2015 full year impact (150bps)
- Will lap easier comparables towards the end of 2016

Europe

– best signings performance since 2008

Comparable RevPAR up 2.0% (Q2 up 2.6%)

- UK 1.4%; provinces 4.0%; London down 2.7%
- Germany 8.7%; Paris down 19.5%

YoY net rooms growth 2.8%

- Gross rooms growth 4.1%

Fee revenue¹ down 5.1%

Underlying² revenue down 5%

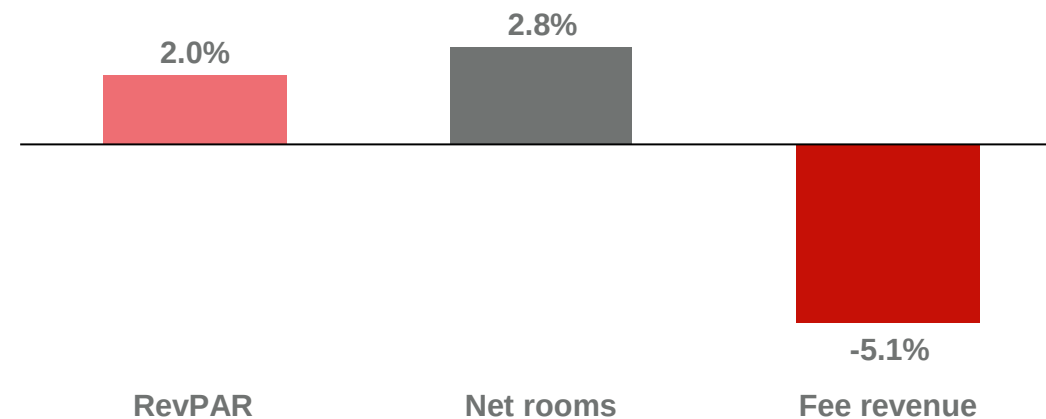
Underlying² profit down 3%

- Profit up 5% excluding results from 3 hotels
- Favourable phasing of regional overheads

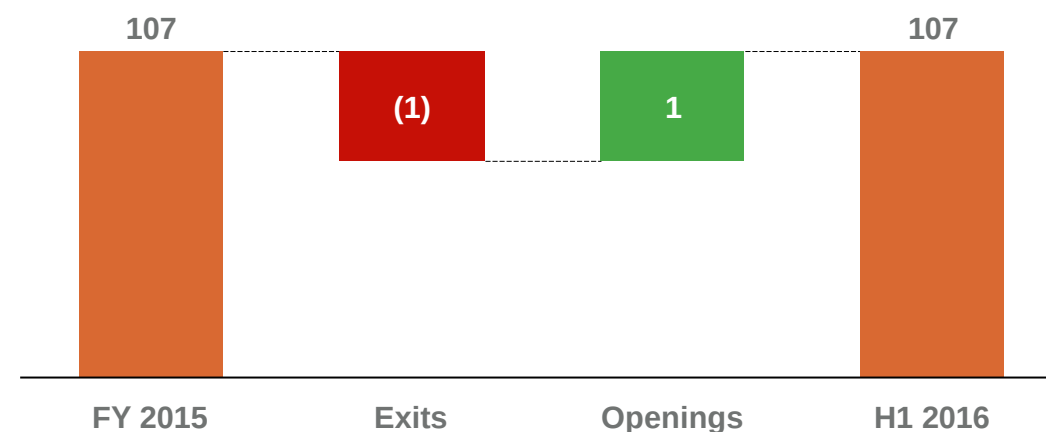
Pipeline: 23k rooms

- 4k rooms signed in H1, best since 2008

H1 2016 Growth in fee revenue drivers¹



H1 2016 Net rooms growth (k)



¹ At CER

² Underlying growth calculated at CER and excludes individually significant liquidated damages, results from managed lease hotels, and results from owned asset disposals.

Asia, Middle East & Africa

– strong trading in key markets offset by weakness in the Middle East

Comparable RevPAR down 0.4% (Q2 up 0.4%)

- 4.3% growth ex Middle East (down 8.0%)
- Japan 6.9%; Australia 4.5%; S.E Asia 2.3%
- Total RevPAR down 1.8%

YoY net rooms growth 7.8% (gross 9.4%)

- Including 3k rooms in Makkah

Fee revenue¹ down 3.8%

Underlying² revenue down 2% (\$2m)

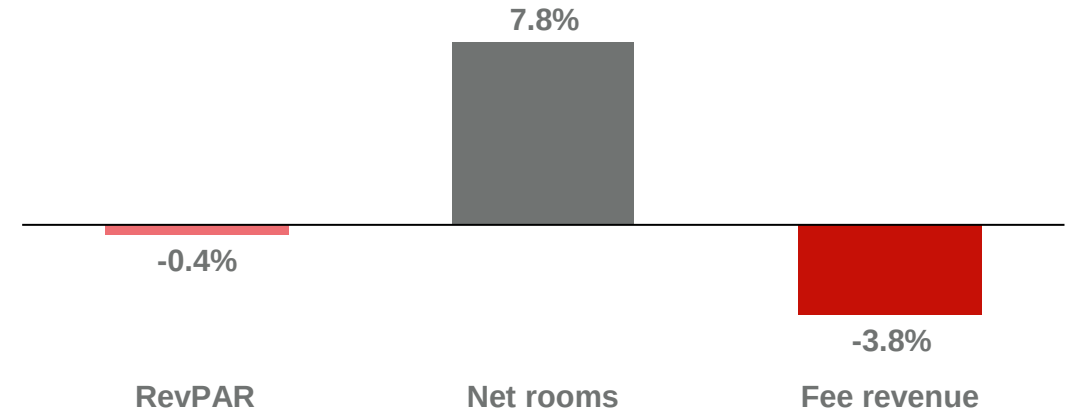
Underlying² profit down 5% (\$2m)

- Profit up 2% excluding results from 4 hotels

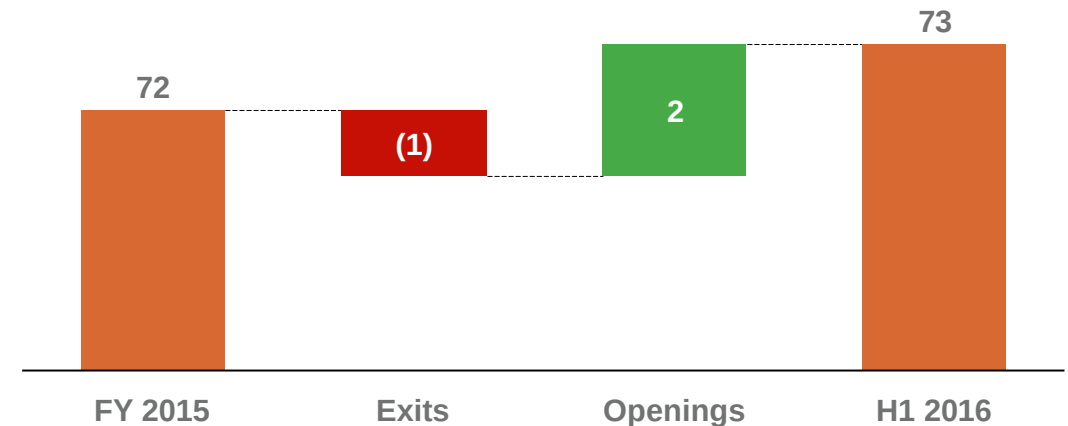
Pipeline: 37k rooms

- 3k rooms signed in H1

H1 2016 Growth in fee revenue drivers¹



H1 2016 Net rooms growth (k)



¹ At CER

² Underlying growth calculated at CER and excludes individually significant liquidated damages and results from managed lease hotels.

Greater China

– solid mainland trading and double digit system growth driving profits

Comparable RevPAR up 2.4% (Q2 2.5%)

- Mainland China up 4.7%, with Tier 1 up 6.6%
- Hong Kong down 5.4%; Macau down 12.4%
- Total RevPAR down 2.7%

YoY net rooms growth 12.1%

Fee revenue¹ up 13.7%

Underlying² revenue up 14%

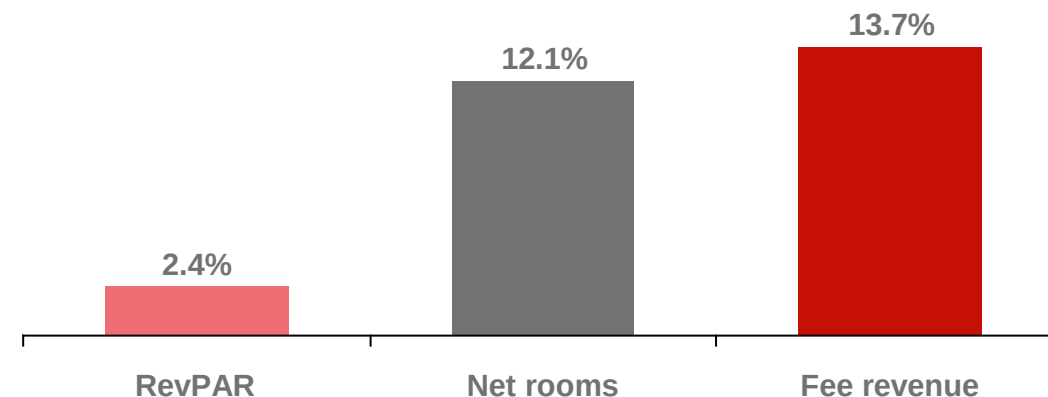
Underlying² profit up 38%

- Includes \$3m managed fee contribution from InterContinental Hong Kong

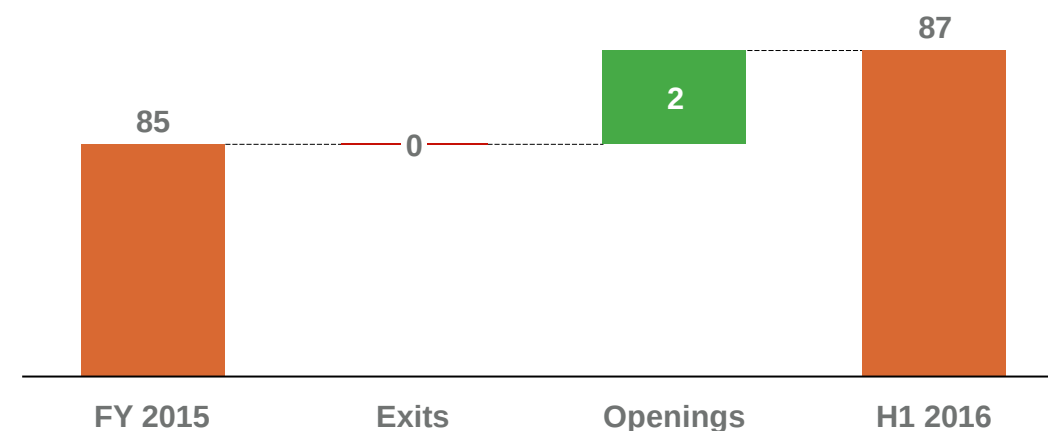
Pipeline: 62k rooms

- 8k rooms signed in H1, 33 hotels

H1 2016 Growth in fee revenue drivers¹



H1 2016 Net rooms growth (k)



¹ At CER

² Underlying growth calculated at CER and excludes individually significant liquidated damages, results from managed lease hotels, and results from owned asset disposals.

Optimising capital expenditure – targeted investment to drive growth

Maintenance capex & key money

\$m	H1 2016
Maintenance capex	18
Key money	18
Total	36

- ~\$100m for Crowne Plaza over 3 years to support halo assets
- Within existing medium term capex guidance

Recyclable investments

\$m	H1 2016
Gross out ¹	25
Gross in	(11)
Net total	14

System fund capital investments

\$m	H1 2016
Gross out	47
Gross in	(14)
Net total	33

- 2016 system funded capex of ~\$100m primarily related to development of GRS

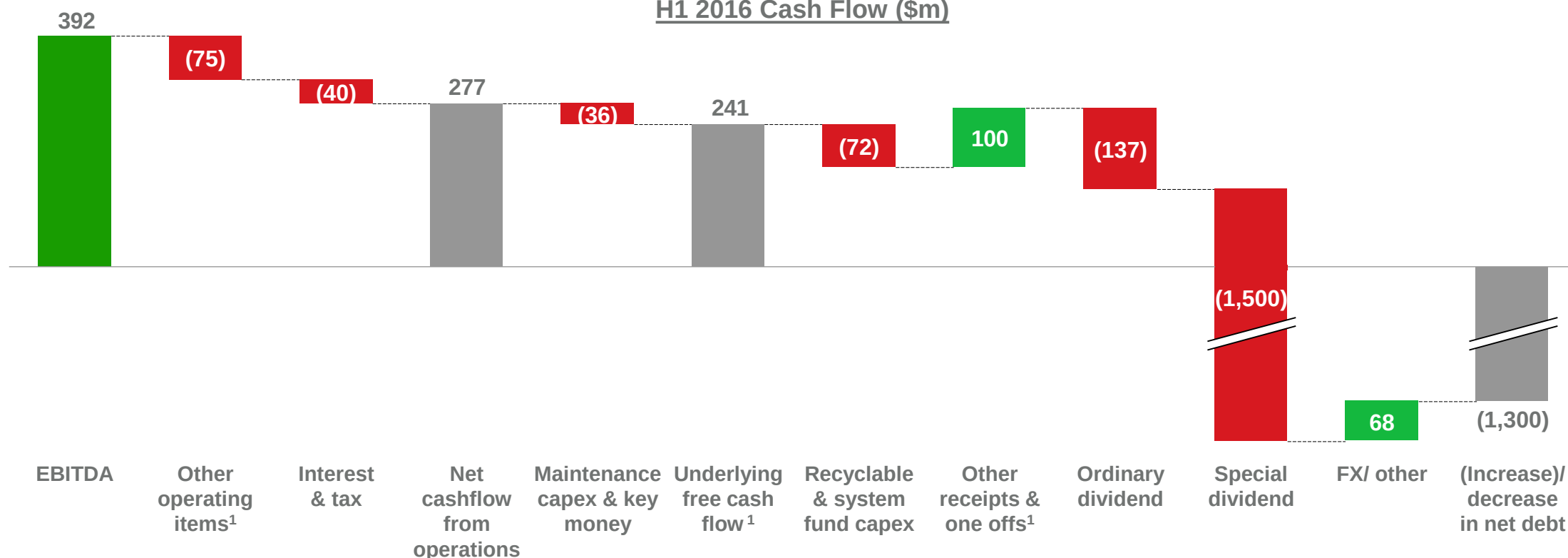
Medium-term per annum capex guidance unchanged – Gross: up to \$350m; Net ~\$150m

¹Includes \$8m gross investment in the InterContinental New York The Barclay.

Significant cash flow from operations well above capex needs

- Gross capital expenditure of \$108m covered 2.5x by net cashflow from operations
- \$1.5bn special dividend funded by operations and cash generated from prior disposals

H1 2016 Cash Flow (\$m)



¹ Cash receipts on behalf of the system fund of ~\$95m from renegotiation of long-term partnership agreements has been excluded from underlying free cash flow, but included within other receipts and one-offs.

Highly cash generative business

Consistently strong cash flows driving shareholder returns

- 1/3 of returns from FCF & leverage
- 11% CAGR in ordinary dividend
- Interim dividend of 30.0¢, up 9.1%

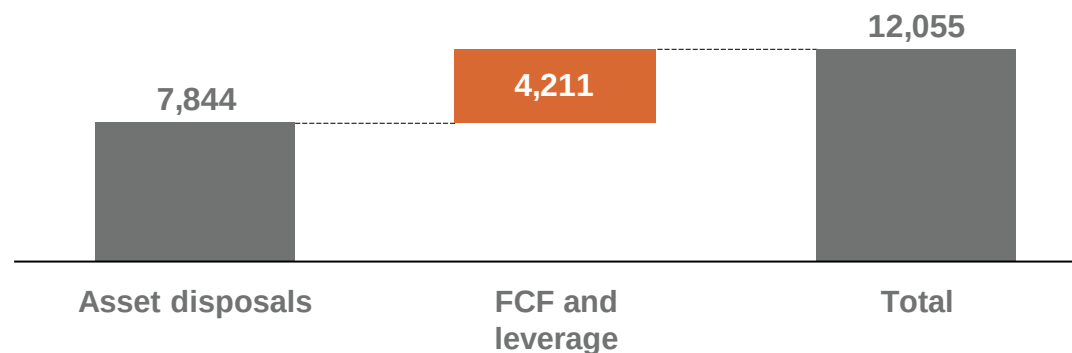
Efficient balance sheet with investment grade credit rating

- 2.0 to 2.5x net debt / EBITDA
- Towards top end in favourable economic conditions

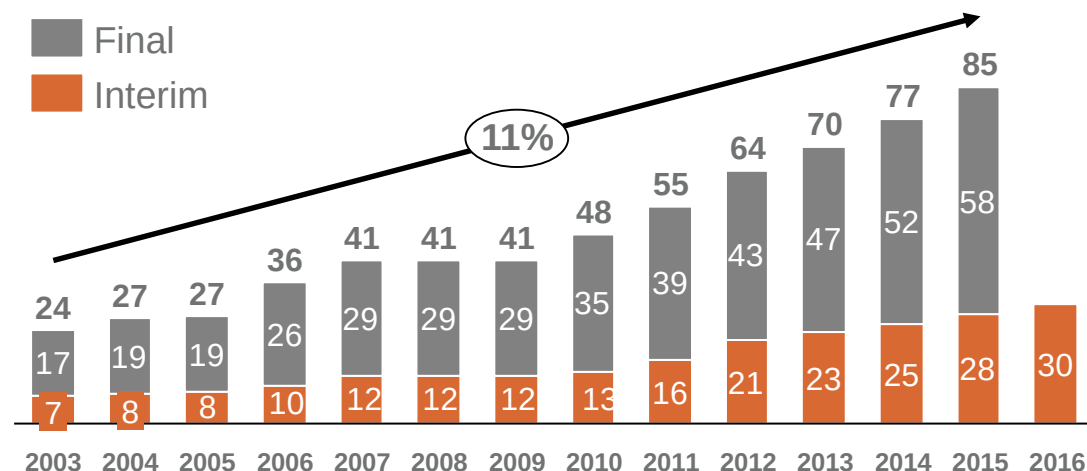
Continued de-levering through the year

- 2.3x at 30 June 2016

Shareholder returns 2003-15 (\$m)



Ordinary dividend progression 2003-2015 (¢)





InterContinental Nantong, Greater China

Operating Review

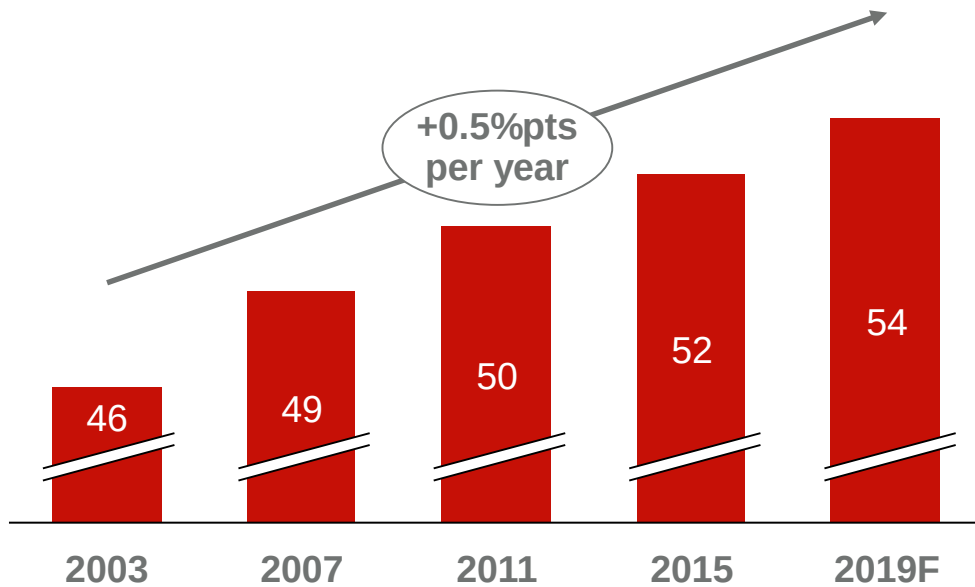
Richard Solomons

CEO

Despite short-term disruptions, there are powerful industry tailwinds driving strong demand for the large, branded players

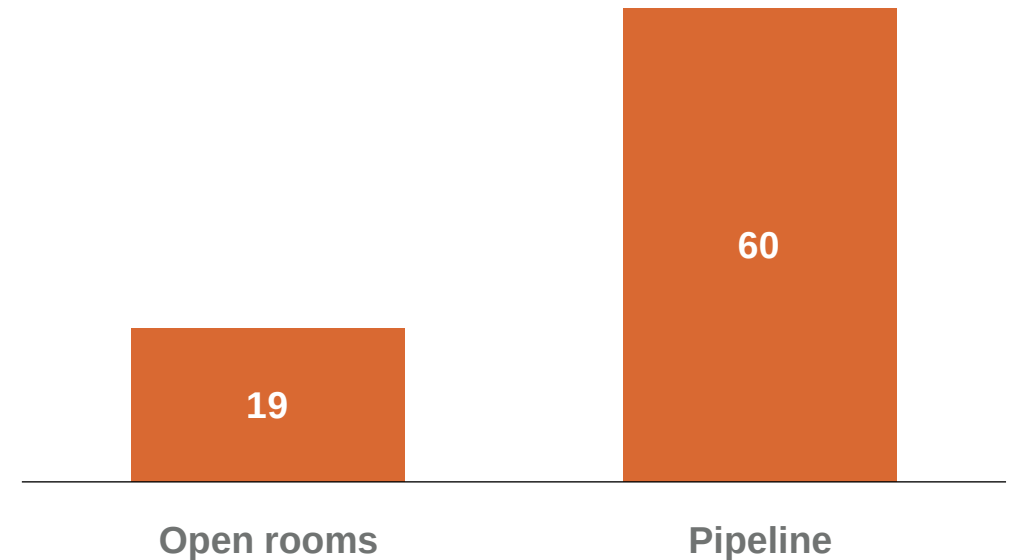
Branded hotels are gaining share of the total industry . . .

(Branded % of total revenue)

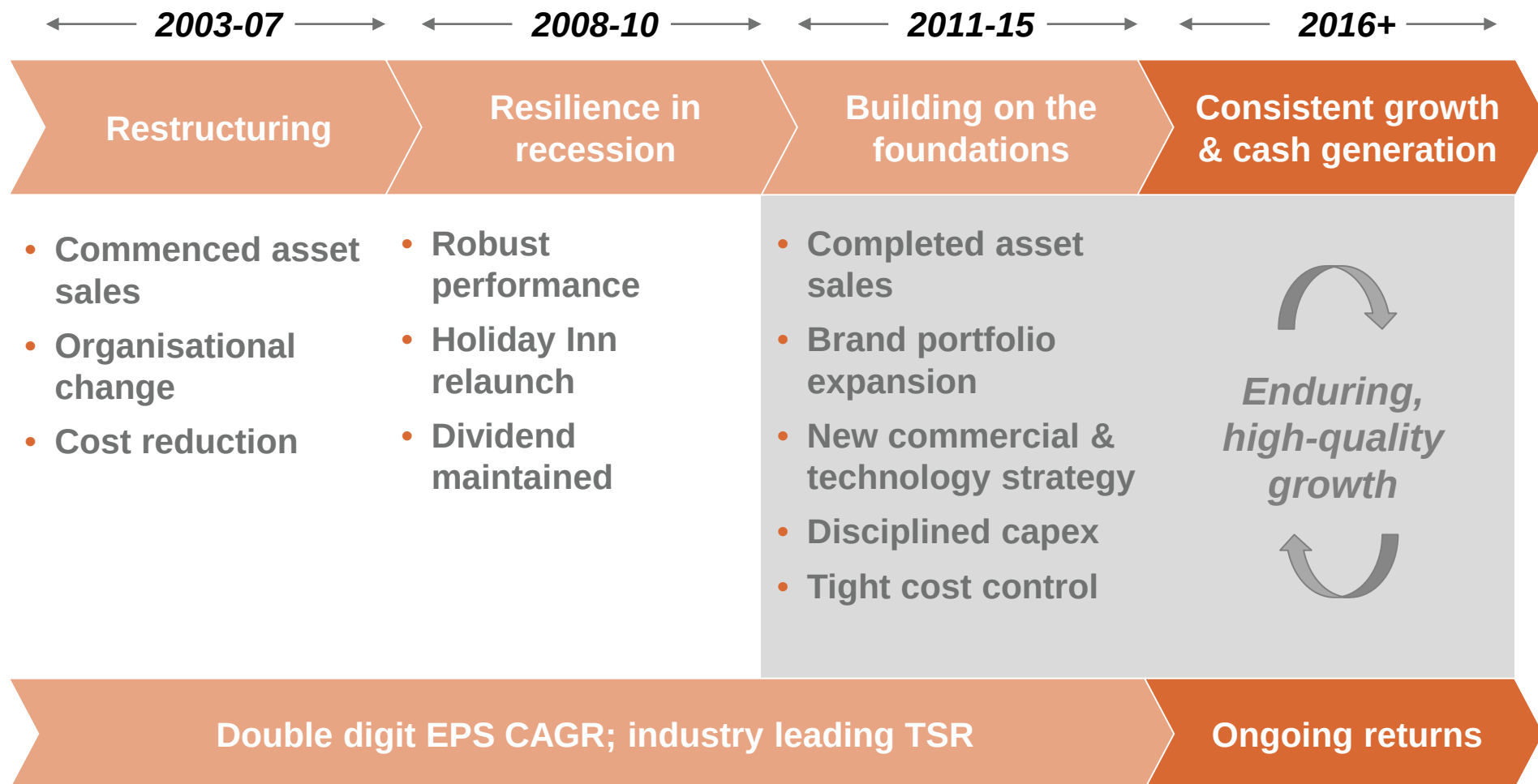


. . . with the top five international players set to grow disproportionately

(Top 5 global branded players, % of total, 2016 H1)



Our strategy for high quality growth will continue to deliver significant free cash flow



We continue to enhance our brand portfolio to target the needs of our guests

Needs based segments

IHG brands

- Romantic getaway
- Short break experience



- Rest and go



- Well-being
- Family time



- Mixing business with pleasure
- Business productivity



- Business interactions
- Social identity



70 years on, InterContinental is thriving; we are accelerating the growth of Crowne Plaza



INTERCONTINENTAL®
HOTELS & RESORTS

- Celebrating 70th anniversary of the world's largest luxury hotel brand
 - Targeted campaigns in key cities and for high-value guests
 - Highest hotel and rooms signings in first half since 2008
 - Major openings in Pattaya, Wuhan and Nantong; re-opening of historic New York Barclay following extensive renovation
-



InterContinental Pattaya Resort, Thailand



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CROWNE PLAZA®
HOTELS & RESORTS

- #1 business brand in Asia and our largest brand in Greater China
- Enhanced US brand consistency; guest satisfaction up 4 points
- Next phase of US refresh:
 - \$200M to drive awareness and halo signings
 - Compelling new designs: WorkLife Room; Flexible Meetings space



Crowne Plaza, Atlanta Midtown, Georgia

Strong momentum behind our newest brands



- Industry leadership in fastest growing segment
 - Kimpton Amsterdam to open in 2017; Kimpton Paris signed in July
 - Second Hotel Indigo for the AMEA region, in Singapore
-



Hotel Indigo, Singapore

Strong momentum behind our newest brands



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- Kimpton Amsterdam to open in 2017; Kimpton Paris signed in July
- Second Hotel Indigo for the AMEA region, in Singapore



- Signing of HUALUXE Handan takes pipeline to 21, with further openings planned this year, following three in 2015
- New EVEN Hotel in Brooklyn opened in July (3rd owned hotel)
- 7 further¹ EVEN Hotels in pipeline – all asset light
- All open hotels receiving excellent feedback; EVEN Times Square consistently in top 10 New York hotels according to Trip Advisor

¹ H1 2016 pipeline of 8 hotels, includes EVEN Brooklyn



EVEN Hotel, Brooklyn

Our industry-leading mainstream brands continue to power our growth, with design innovation, strong signings and openings



- World's largest hotel brand; 65% of H1 signings and 60% of pipeline
- New Formula Blue room design for Holiday Inn Express in the US; rollout in the Americas and Europe of Holiday Inn lobby redesigns
- First Holiday Inn Express properties opened in Australia and Malaysia
- Holiday Inn signing in Myanmar marks a first for IHG
- Opened ~2k Holiday Inn Club Vacations villas across six new resorts



Holiday Inn Express, Kuala Lumpur, Malaysia

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- New Formula Blue room design for Holiday Inn Express in the US; rollout in the Americas and Europe of Holiday Inn lobby redesigns
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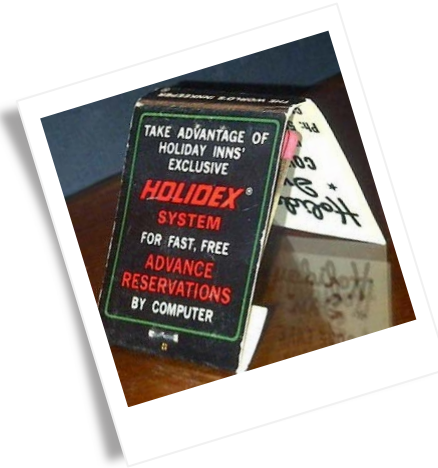
- More than doubled hotels in each brand over last ten years
- Over 100 more properties in pipeline for each brand
- Highest first half signings for Extended Stay since 2008



Staybridge Suites, San Luis Potosi, Mexico

IHG has a long history of technology innovation

- **1st** computerised reservation system
- **1st** and largest hotel rewards programme
- **1st** online bookings
- **1st** best price guarantee
- **1st** to have apps on all mobile phone platforms
- **1st** Facebook price comparison ads & trial of customer service 'bot'



IHG® Rewards Club

Best Price Guarantee
or your first night is free
BOOK WITH US ADVANTAGE



Our business is built around data and technology; they are at the core of IHG's capabilities

Sales & Marketing

- Programmatic marketing
- 1-to-1 marketing
- Social media



Direct Channels

- www.ihg.com
- Mobile apps
- Automated web chat



Loyalty & Lifetime Relationships

- Personal relationship
- Stay preferences
- Guest arrivals reports



Guest Innovation & Experience

- Mobile Check-Out
- IHG Connect
- IHG Guest reviews

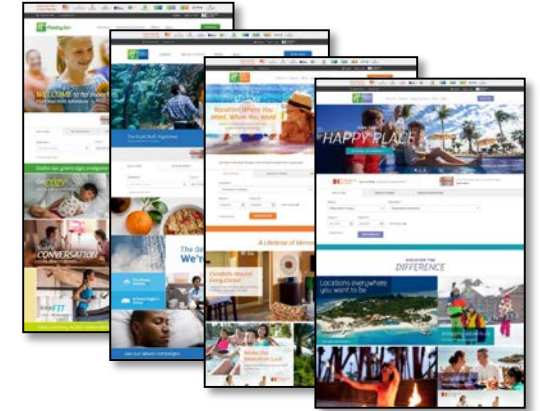


Underpinned by reservation, pricing and data storage technologies

Our digital channels, including mobile, continue to deliver substantial and low-cost revenues

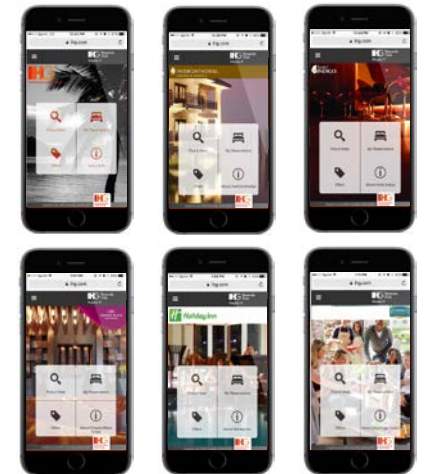
Strong growth in digital channels

- Direct digital is IHG's largest channel
- Delivers 20% of rooms revenue, up 8pts since 2005
- Revenue up 7% year on year for H1



Supported by fast mobile growth

- Mobile revenue up 32% year on year for H1
 - Tracking at \$1.4bn p.a., from <\$50m in 2010
- Over half of all web visits via mobile



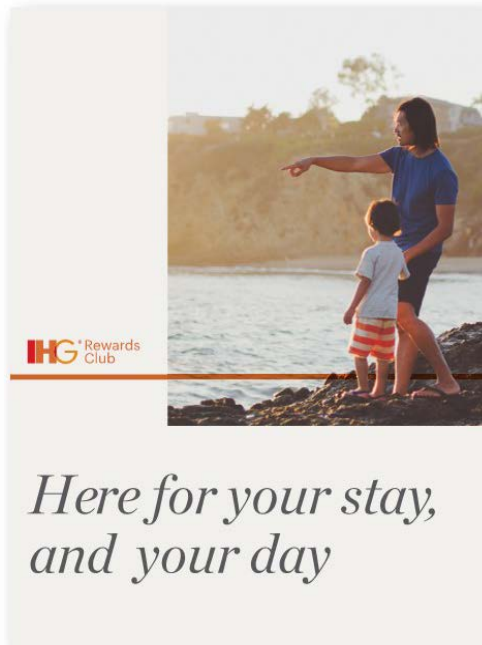
Building personal and meaningful relationships are at the heart of our enhancements to IHG Rewards Club

Launch of
Spire Elite

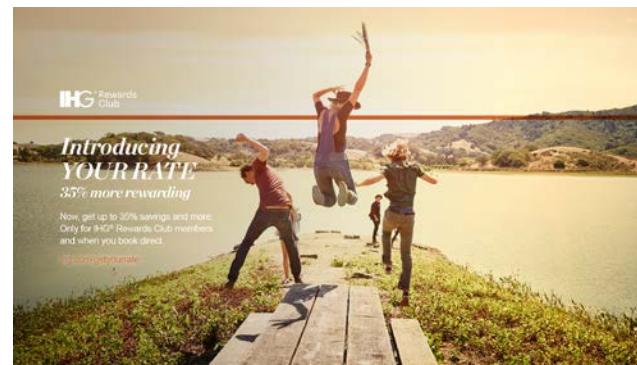
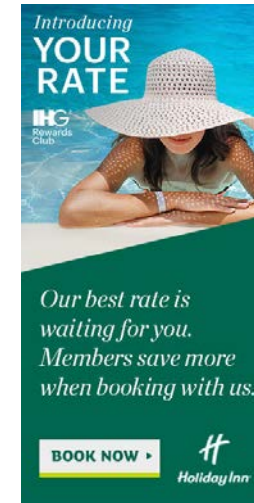
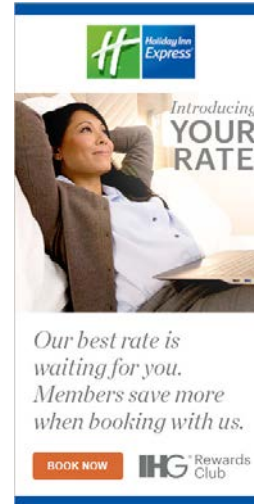
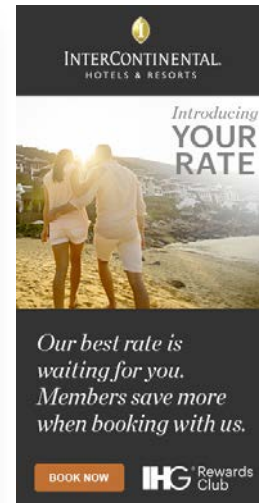
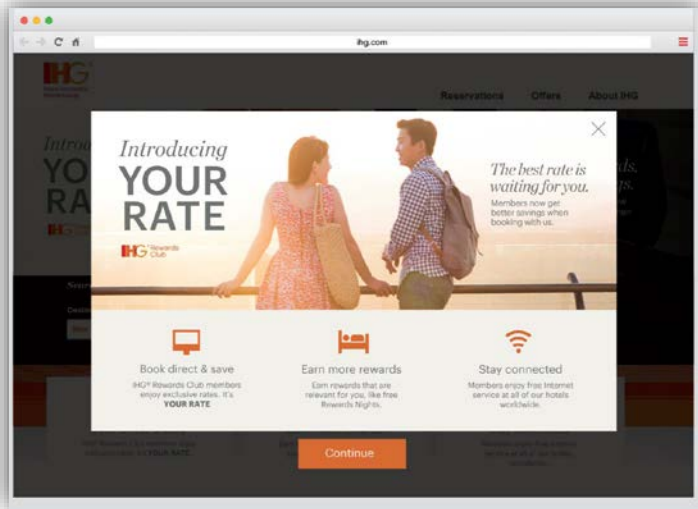
Personal guest
arrivals reports

Member stay
preferences

Your Rate by IHG
Rewards Club



Your Rate by IHG Rewards Club has been consistently emphasised across digital media



Your newest benefit is our best price

Book direct with Your Rate for additional savings every time you stay.

To book with Your Rate:

- 1) Find a hotel using the search tool above
- 2) Check Rates & choose your room type
- 3) Select Your Rate by IHG Rewards Club

You'll only find Your Rate when you book with us

Booking direct is the only way to get our lowest price—and your rewards

Let your travels take you further

Save time, save money and earn your points. Because as a loyal member, you deserve exclusive rewards and recognition. And Your Rate was created just for you.

Not an IHG Rewards Club member?

There's a reason over 93 million people have chosen IHG Rewards Club. It makes every stay even better.

Personal and meaningful relationships are at the heart of our enhancements to IHG Rewards Club

Launch of
Spire Elite

Personal guest
arrivals reports

Member stay
preferences

Your Rate by IHG
Rewards Club

- 
- Robust growth in contribution, from new and existing members
 - Enrolments up 20% and points redemptions up over 30% YTD
 - Direct web growth rate up by ~2%pts and OTA growth rate down by ~2%pts since “Your Rate” launch

Conclusion

Uncertain environment in some markets

Strong industry tailwinds supporting our growth

Clear and consistently executed strategy

Highly cash generative business model

Well positioned to drive high-quality growth



Holiday Inn Resort Sanya Yalong Bay, China

Q&A



Appendices

Currency translation reduced reported EBIT by \$4m in the first half; for the second half, we might expect a positive impact

\$(4)m EBIT impact from currency translation in H1 2016

- Based on 2015 financials and June 30th exchange rates we would expect a positive impact in H2

Net debt of \$1,829m at 30th June, benefitting from sterling weakness

- As of June 30th, approx. 70% of debt is denominated in sterling

Region	Reported EBIT (\$m)	Foreign exchange impact (\$m) ³	
	H1 2016	Reported H1 2016 vs. H1 2016 at 2015 rates ¹	H2 2015 at June 30 th rates vs. reported H2 2015 ²
Americas	313	(4)	(1)
Europe	34	(1)	-
AMEA	39	-	2
Greater China	20	(2)	(1)
Central	(62)	3	6
Total	344	(4)	6

¹ Based on average monthly exchange rates in each year.

² Estimated based on 30 June 2016 spot rate.

³ Major non USD currency exposure by region: Americas: Canadian Dollar, Mexican Peso; Europe: GB Pound, Euro, Russian Rouble; AMEA: Japanese Yen, Australian Dollar, Singapore Dollar; Greater China: Chinese Renminbi; Central: GB Pound

2016 significant flags

2016 flags (as at FY'15 results)

• \$(7)m investment in development resources	Americas franchised
• \$(6)m InterContinental New York Barclay costs	Americas managed
• \$(3)m impact from annualisation of Kimpton exits	Americas managed

2016 flags (as at H1'16 results)

• \$(7)m investment in development resources*	Americas franchised
• \$(6)m InterContinental New York Barclay costs	Americas managed
• \$(3)m impact from annualisation of Kimpton exits	Americas managed
• \$ 5m favourable phasing of costs	Americas franchised
• \$ 4m year on year healthcare saving	Americas regional costs
• \$(2)m revenue reduction at 3 hotels	Europe managed
• \$(7)m revenue reduction at 4 hotels	AMEA managed

H1 2016

-
\$(4)m
\$(3)m
\$5m
\$4m
\$(2)m
\$(4)m

H2 2016

\$(4)m
\$(2)m
-
\$(5)m
-
-
\$(3)m

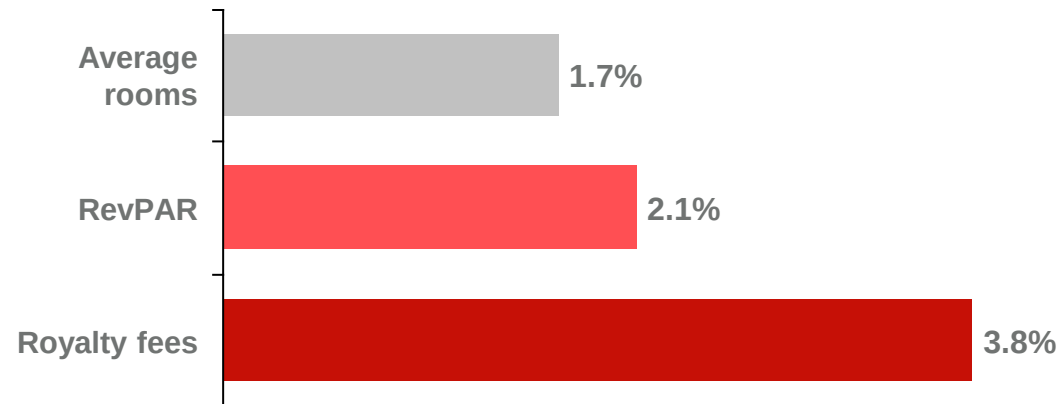
* With a further \$3m of annualisation into 2017

Hotel franchising

Total gross revenue \$bn¹(rooms only)



Group royalty drivers H1 2016 YoY



Franchise Fees² \$m



Franchise EBIT \$m (margin %)



Based on actual USD with the exception of group royalty drivers which are calculated at constant exchange rates

¹Total gross revenue is defined as total room revenue from franchise hotels, it is not revenue attributable to IHG

²Franchise fees and EBIT exclude individually significant liquidated damages of \$7m in Americas in 2014

Hotel management

Total gross revenue \$bn¹(total hotel)



Management Fees² \$m



Managed EBIT² \$m (margin %)



Reported managed lease revenue and EBIT \$m

\$m	H1 2016	H1 2015
Americas revenue	20	22
Americas EBIT	1	2
Europe revenue	38	36
Europe EBIT	1	(1)
AMEA revenue	24	21
AMEA EBIT	2	1

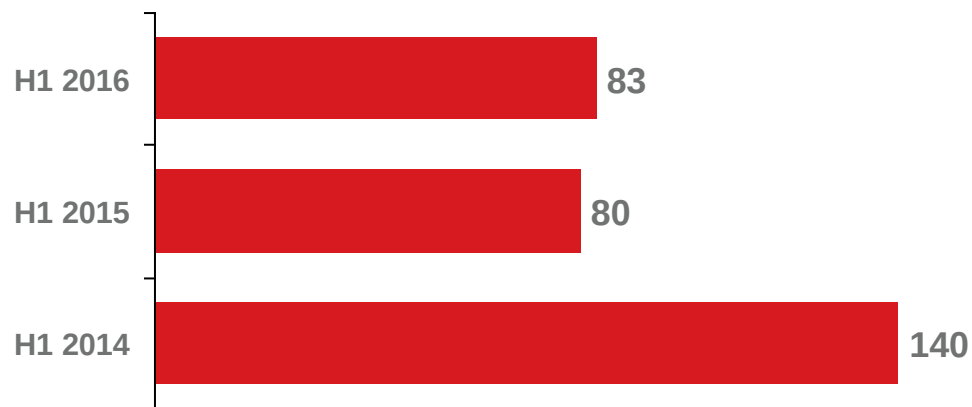
Based on actual USD

¹Total gross revenue is defined as total hotel revenue from managed hotels, it is not revenue attributable to IHG.

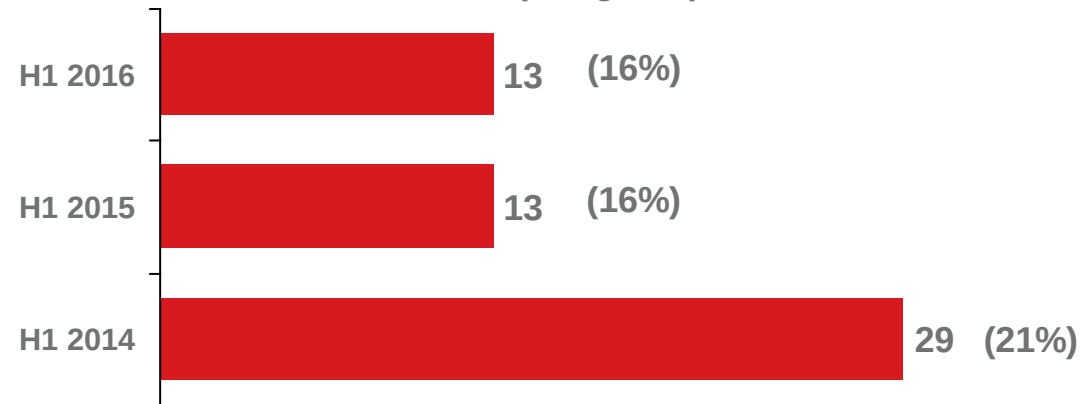
²Hotel management fees and EBIT exclude the results of leased properties, individually significant liquidated damages of \$3m in H1 2015.

Hotel owned & leased

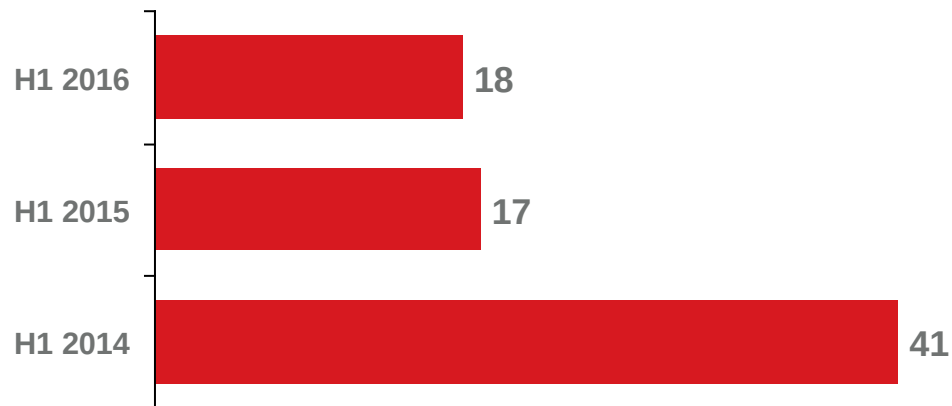
O&L revenue \$m



O&L EBIT \$m (margin %)



O&L EBITDA \$m



Reported O&L revenue and EBIT from disposals (\$m)

\$m	H1 2015	H2 2015
InterContinental Paris Revenue	30	-
InterContinental Paris EBIT	1	-
InterContinental Hong Kong Revenue	67	31
InterContinental Hong Kong EBIT	18	11

*All charts exclude results from disposed assets: InterContinental New York Barclay (sold 2014), InterContinental Mark Hopkins San Francisco (sold 2014), InterContinental – Le Grand (sold 2015) and InterContinental Hong Kong (sold 2015).



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2 August 2016