



Hotel Indigo Venice - Sant'Elena, Italy

Interim Results presentation

6th August 2019

Cautionary note regarding forward-looking statements

This presentation may contain projections and forward looking statements. The words “believe”, “expect”, “anticipate”, “intend” and “plan” and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, potential business strategy, potential plans and potential objectives, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this document speak only as at the date of this presentation and the Company assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

The merits or suitability of investing in any securities previously issued or issued in future by the Company for any investor’s particular situation should be independently determined by such investor. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the transaction in question.



Keith Barr

Chief Executive Officer

Executing against our strategic initiatives at pace

Rooms & RevPAR



- +0.1% Global RevPAR
- +5.7% net rooms growth, highest in a decade
- Highest H1 signings in over a decade

Results



- +2% underlying operating profit growth
- +2% underlying EPS growth
- \$141m free cash flow generation
- +10% Interim dividend

Strengthened established brands



- Launched new prototypes across Holiday Inn, Staybridge Suites and Candlewood Suites to enhance guest experience and drive owner ROI
- Growing international footprint for Kimpton with a presence secured in 14 markets and Hotel Indigo to enter 16 new countries
- Developing flagship Crowne Plaza Hotels

Progress with new brands



- Launched Atwell Suites with strong owner interest
- 3 avid hotels now open, ~200 signings since launch
- 6 voco hotels open, 21 deals signed since launch and ~30 expected by end 2019
- 2 Regent Hotels & Resorts signings and brand refresh
- 5 Six Senses signed since acquisition



Paul Edgecliffe-Johnson

Chief Financial Officer

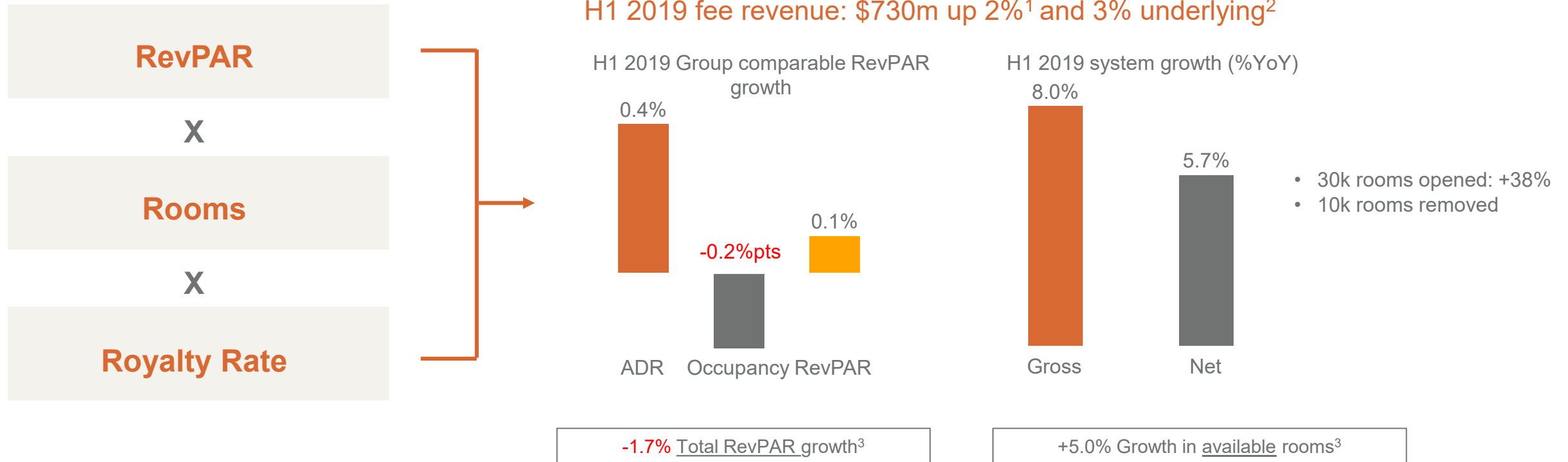
H1 2019 Financial Review

Financial performance

Results from reportable segments ¹	Reported			Underlying ²
\$ million	H1 2019	H1 2018 Restated ⁶	% Change	2019
Revenue ³	\$1,012m	\$900m	12%	13%
Operating profit	\$410m	\$413m	(1)%	2%
Revenue from fee business	\$730m	\$719m	2%	3%
Operating profit from fee business	\$394m	\$391m	1%	4%
Fee margin ⁴	53.7%	53.9%	(0.2)%pts	0.3%pts
Interest (including System Fund) ⁵	\$76m	\$56m	36%	36%
Reported tax rate	21%	22%	(1)%pts	(1)%pts
Reported basic weighted average shares	183m	190m	(4)%	(4)%
Adjusted EPS	143.2¢	145.3¢	(1)%	2%
Total Dividend	39.9¢	36.3¢	10%	10%

¹ Reportable segments excludes system fund results, hotel cost reimbursements and exceptional items; ² Reportable segment results excluding owned asset disposals, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER); ³ Comprises the Group's fee business and owned, leased, and managed lease hotels, and excludes exceptional items; ⁴ Fee margin excludes owned, leased and managed lease hotels and significant liquidated damages; ⁵ Stated at actual exchange rates; Reported interest excludes \$9m of interest charges in relation to the System Fund ⁶ The 2018 comparatives have been restated to reflect the adoption of IFRS 16 'Leases'

Resilient fee-based business model driving solid fee revenue growth



¹ Growth stated at AER. ² Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER) ³ Growth stated for underlying fee business

Americas

US RevPAR performance in line with the segments in which we compete

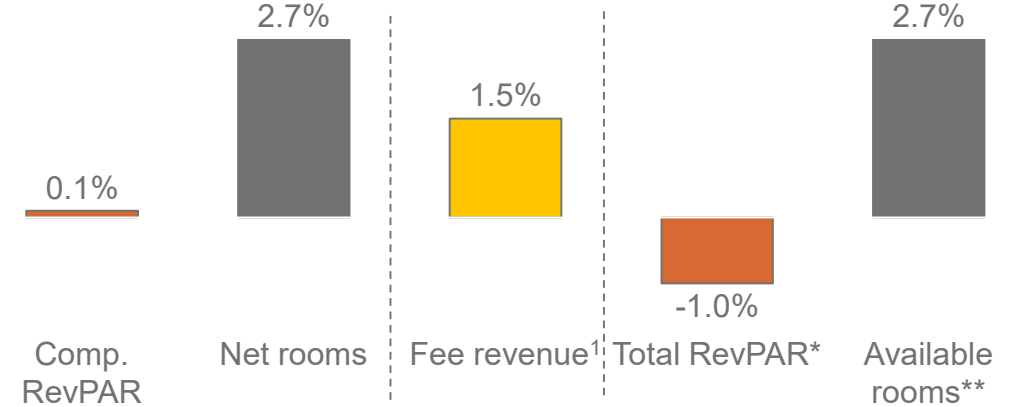
- Comparable RevPAR up 0.1%; US flat due to the lapping of hurricane related demand
- Q2 US RevPAR down 0.7%, impacted by Easter timing

- YoY net rooms growth 2.7% (Gross: up 4.7%)

- Underlying fee revenue¹ up 1%; underlying fee operating profit² up 4%:
 - Rooms growth and higher levels of termination fees offset net negative impact of previously disclosed items
- Owned, leased and managed lease profit³ down 5% due to renovations at one hotel

- Pipeline: 119k rooms; 14k signed
- 2 avid hotels opened in Q2 2019; ~200 signed since launch in September 17; 26 signed in H1 2019

H1 2019 Growth in fee revenue drivers¹



* Underlying Fee business: -0.8%
 ** Underlying Fee business: +2.7%

H1 2019 Net rooms growth ('000s)



¹ Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER) ² Underlying fee operating profit excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant H1 2018 exchange rates (CER) ³ Growth stated at CER

Europe, Middle East, Asia and Africa

Strong signings and openings pace; voco momentum continues

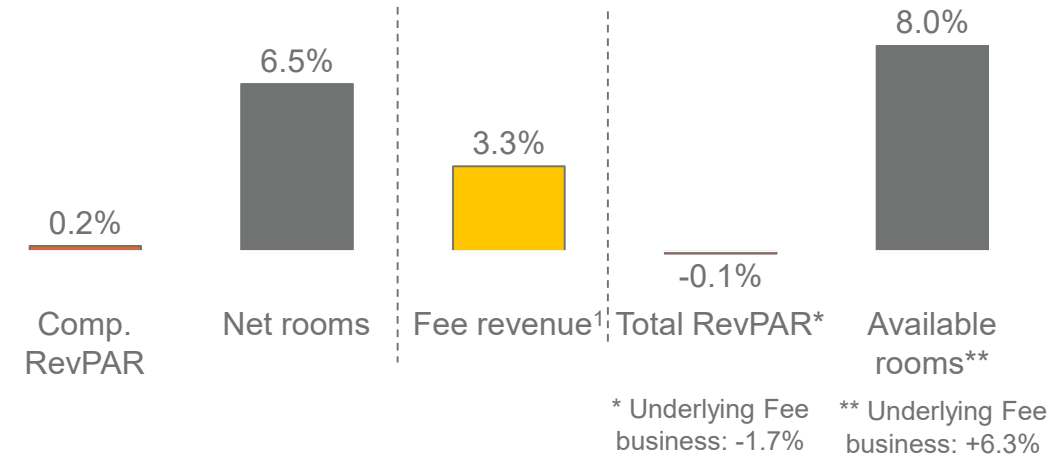
- Comparable RevPAR up 0.2% (Q2 up 0.7%)
- UK up 2%; London up 5%; Provinces up 1%
- Continental Europe up 3%; strong performance in Germany up 4%
- Middle East down 5% due to continued increased supply and political unrest
- Japan up 3%; Australia down 2% due to lapping of the 2018 Commonwealth Games and continued supply growth

- YoY net rooms growth 6.5% (Gross: up 7.9%)

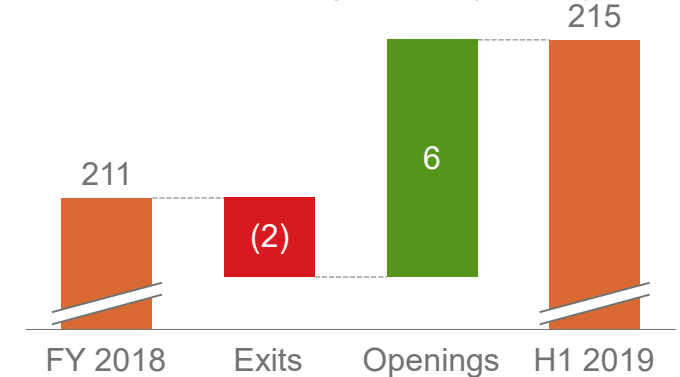
- Underlying fee revenue¹ up 3% and underlying fee operating profit² up 3%
- Owned, leased and managed lease profit³ down, largely due to the seasonality of profits in the UK portfolio deal hotels

- Pipeline: 78k rooms; 11k signed
 - Signings include 1 Regent, 2 InterContinental and 2 voco hotels

H1 2019 Growth in fee revenue drivers¹



H1 2019 Net rooms growth ('000s)



¹ Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER) ² Underlying fee operating profit excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant H1 2018 exchange rates (CER) ³ Growth stated at CER

Greater China

Record rooms growth and signings; continued industry outperformance

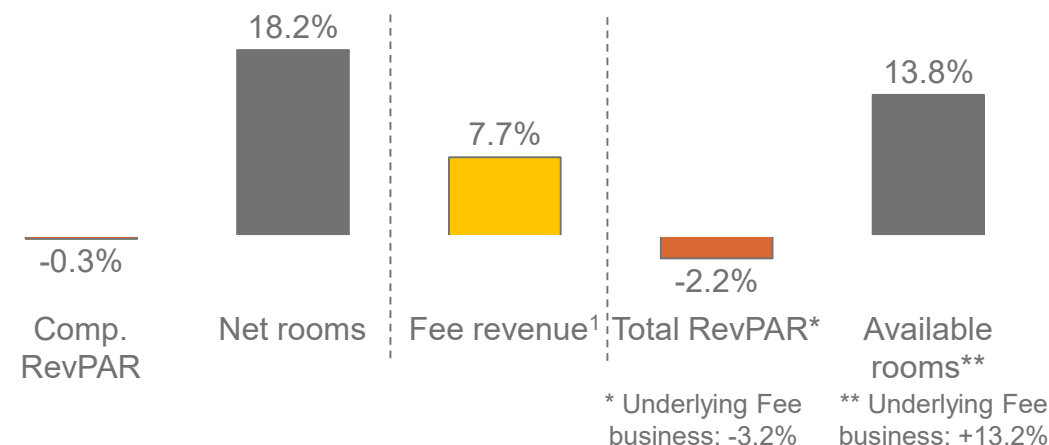
- Comparable RevPAR down 0.3% (Q2 down 0.5%) due to strong comparables
 - Mainland China down 1%; Tier 1-2 flat; and Tier 3-4 down 3%
 - Hong Kong down 0.4% due to the political disputes; Macau up 5.2%
- Total RevPAR down 2.2% due to mix effect of openings in lower RevPAR cities

- YoY net rooms growth 18.2% (Gross: 23.3%)
- Record openings of 12.8k rooms

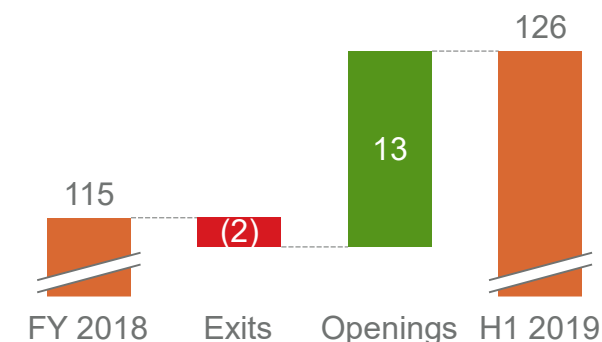
- Underlying fee revenue¹ up 8% and operating profit² up 32% due to some benefit of cost phasing in the half

- Pipeline: 85k rooms
 - 22k rooms signed, strongest ever signings performance
 - Over 800 hotels open and in the pipeline

H1 2019 Growth in fee revenue drivers¹



H1 2019 Net rooms growth ('000s)



¹ Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER)

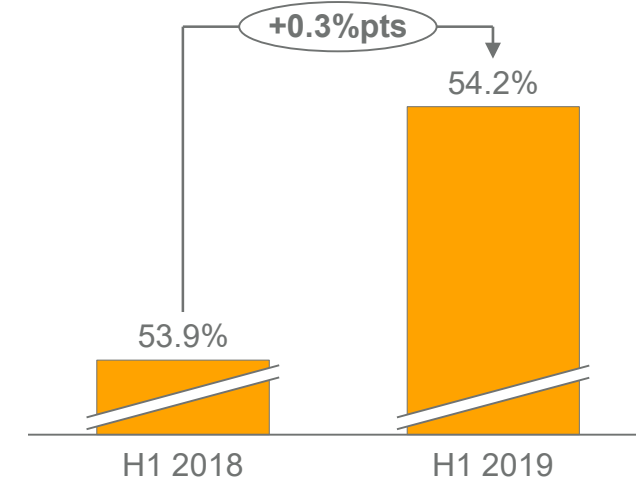
² Underlying fee operating profit excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant H1 2018 exchange rates (CER).

On track to deliver \$125m of savings by 2020 to reinvest in growth

Total annual savings of \$125m by 2020

- Total annual savings of \$125m by 2020
- Phasing unchanged:
2018: 40%, 2019: 80%, 2020: 100%
- Savings fully re-invested on an annual basis

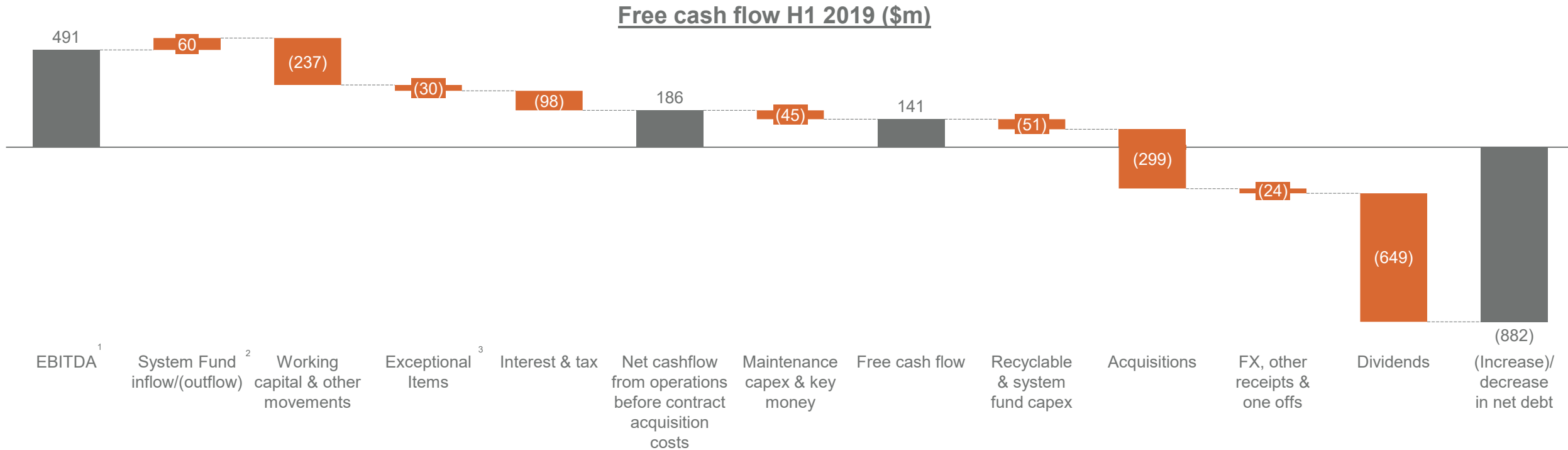
Progression in underlying fee margin¹



- Fee margin² up 130bps excluding the impact of \$6m savings realised ahead of investment in growth initiatives in H1 2018, and the small operating loss from the acquisition of Six Senses in H1 2019
- Continued strong focus on cost efficiency will result in medium term fee margin progression broadly in line with the historic average

¹ Fee margin excluding owned asset disposals, significant liquidated damages, current year acquisitions and stated at constant H1 2018 exchange rates (CER) ² Reported Fee margin stated at AER

Cashflow from operations well above capex needs



- Free cash flow down \$120m year-on-year, due to working capital outflow which will largely reverse, and higher cash tax
- Gross capital expenditure of \$101m covered 1.8x by net cashflow from operations

¹ Before exceptional items and System Fund result; ² System Fund result excludes exceptional costs of \$13m in relation to efficiency programme; ³ Includes \$24m relating to group wide efficiency programme (\$13m in relation to the System Fund)

Targeted capital expenditure to drive growth

	\$m	H1 2019	H1 2018
Maintenance capex, key money and selective investments	Maintenance capex	28	25
	Key money	17	25
	Total	45	50
		H1 2019	H1 2018
Recyclable investments	Gross out	14	32
	Gross in	(5)	(2)
	Net total	9	30
	\$m	H1 2019	H1 2018
System Fund capital investments	Gross out	42	50
	Gross in	(25)	(18)
	Net total	17	32
Total capital investments	Gross total	101	132
	Net total	71	112

Medium term guidance:

- ~\$150m per annum
 - Key money: ~\$75m per annum
 - Maintenance capex: ~\$75m per annum

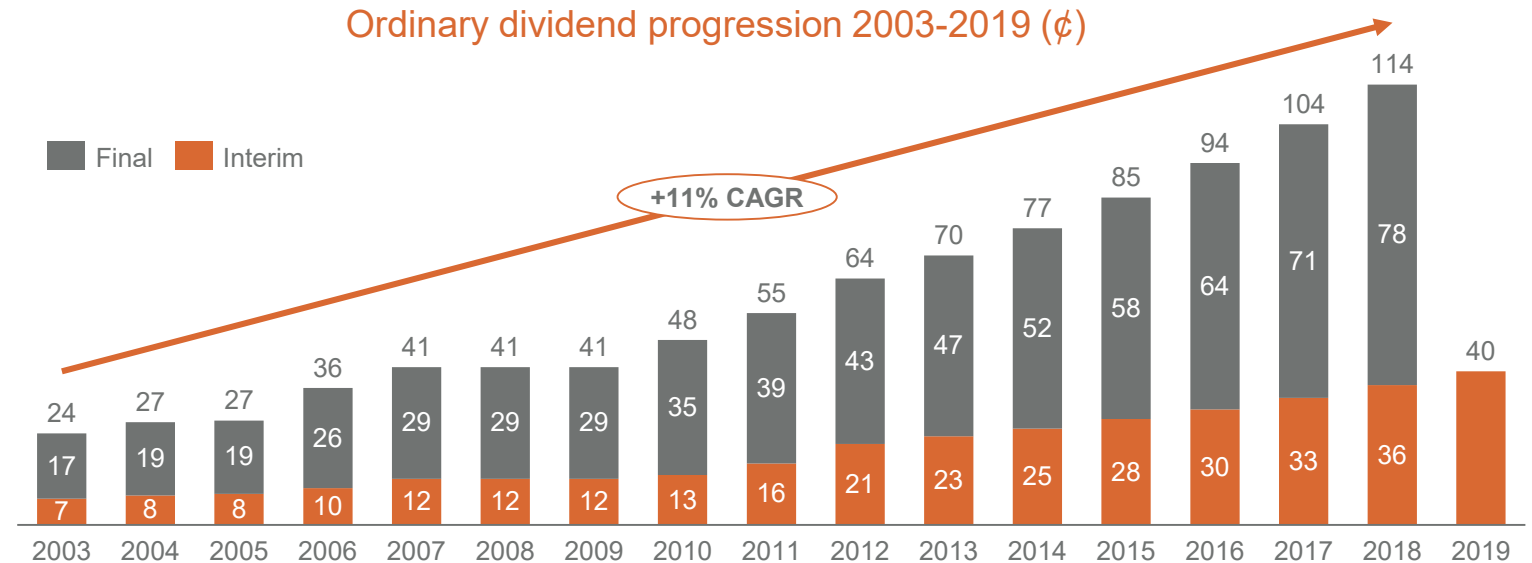
- ~\$100m per annum but expected to be broadly neutral over time

- ~\$100m per annum
- Repaid when depreciation charged to System Fund
- Depreciation of GRS commenced in H2 2018

- Gross: up to \$350m per annum
- Net: ~\$150m

Highly cash generative business driving strong shareholder returns

- Strong cash flows driving consistent shareholder returns
 - Interim dividend up 10% to 39.9¢
 - \$0.5bn special dividend paid in Jan 2019
 - Total returns of ~\$13.6bn since 2003, ~40% from operations
 - \$2.5bn ordinary dividend
 - \$11.2bn additional
- Strong financial position:
 - \$1.9bn Bonds¹
 - \$1.4bn RCF²



¹ First Bond (£400m) matures in November 2022; ² Revolving Credit Facilities matures in March 2022



Keith Barr

Chief Executive Officer

Update on strategic initiatives

Update on strategic initiatives

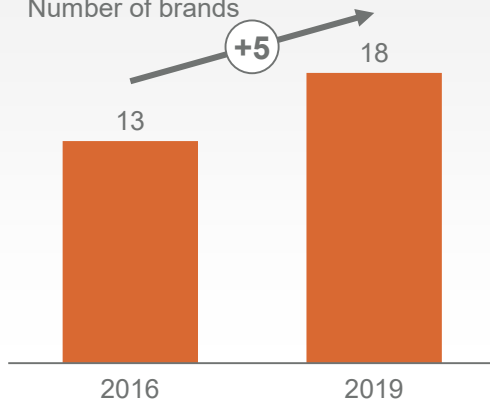
– On track to deliver industry leading net system size growth

Enhancing existing brands

- Over 1,400 hotels with Formula Blue guest room designs present or committed across North America Holiday Inn Express estate since launch in 2014
- New Holiday Inn public space and guest rooms designs in the US now present or committed to in >150 hotels since 2015
- Improvements in guest satisfaction across Crowne Plaza following Accelerate programme
- Transformational design prototypes for Staybridge Suites and Candlewood Suites

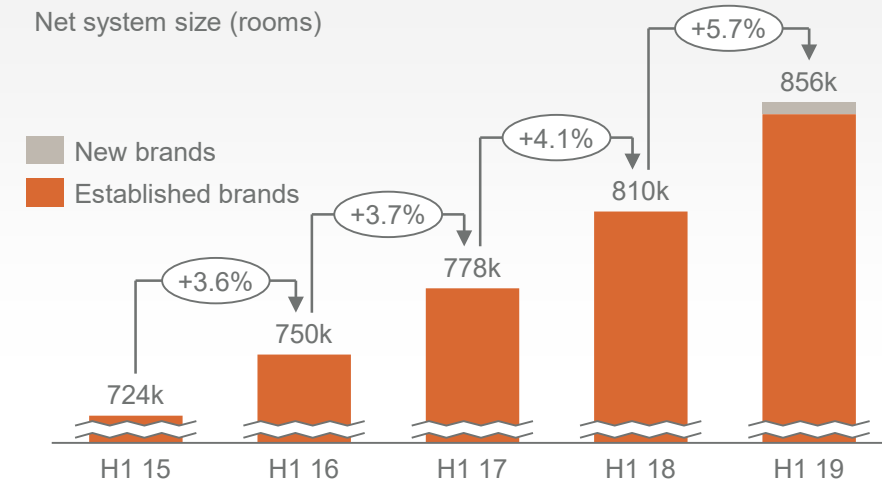
Increased number of brands

Number of brands



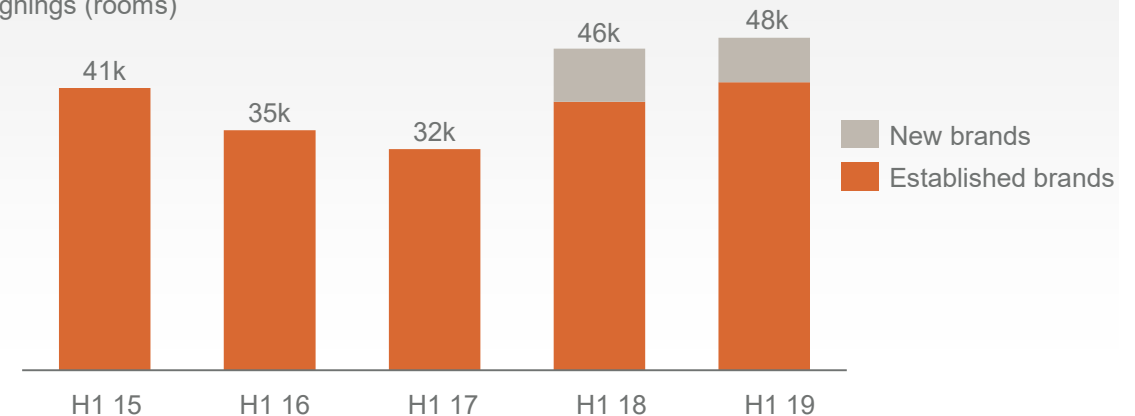
Accelerating net system size growth from established brands

Net system size (rooms)



Strong signings pace to drive future growth

Signings (rooms)



Update on strategic initiatives

– On track to deliver industry leading net system size growth

5. Optimise our preferred portfolio of brands for owners & guests

- Strengthening existing brands
- Launched Atwell Suites
- Acquired Six Senses
- Evolving our approach to responsible business

4. Evolve owner proposition

- Investment in development resources driving signings pace
- More cost efficient prototypes for Holiday Inn, Staybridge Suites and Candlewood Suites
- Growing franchising for Holiday Inn, Holiday Inn Express and Crowne Plaza in Greater China with over 200 signings to date



3. Enhance revenue delivery

- Developing updated arrivals platform within IHG Concerto
- Attribute inventory and pricing on GRS to pilot by year-end
- Price optimisation software for Groups business in IHG Concerto

1. Build & leverage scale

- On track with \$125m efficiency programme
- New organisational structure embedded

2. Strengthen loyalty programme

- Enhancing value of programme securing experiences for members through US Open Tennis Championships partnership
- InterContinental Alliance Resorts partnership with Sands China in Macau giving guests the opportunity to earn and redeem points in highly desirable destinations
- Maximising value of points for members with pilots of variable pricing for redemption nights and ability to pay with points during guest stays

Evolving our approach to responsible business

– Providing True Hospitality for everyone

Our Hotels

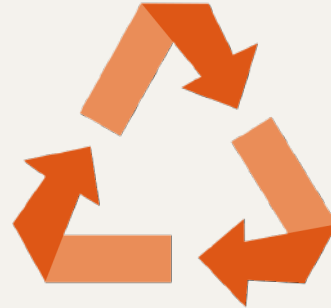
Plastic reduction



- First global hotel company to mandate bulk-size amenities across entire estate

Our Communities

Environmental sustainability



- Focus on reducing carbon per occupied room
- Innovative waste management trials

Our Culture

Employee engagement



- An AON Global best employer
- 2019 Best Place to Work for LGBTQ equality
- Colleague share plan

Optimising our brand portfolio

- Our established brands continue to drive the growth of our business



¹ STR & IHG estimates

Mainstream

– Continuing to innovate across the Holiday Inn estate



New build prototype launched in US integrating new public space and guest room designs

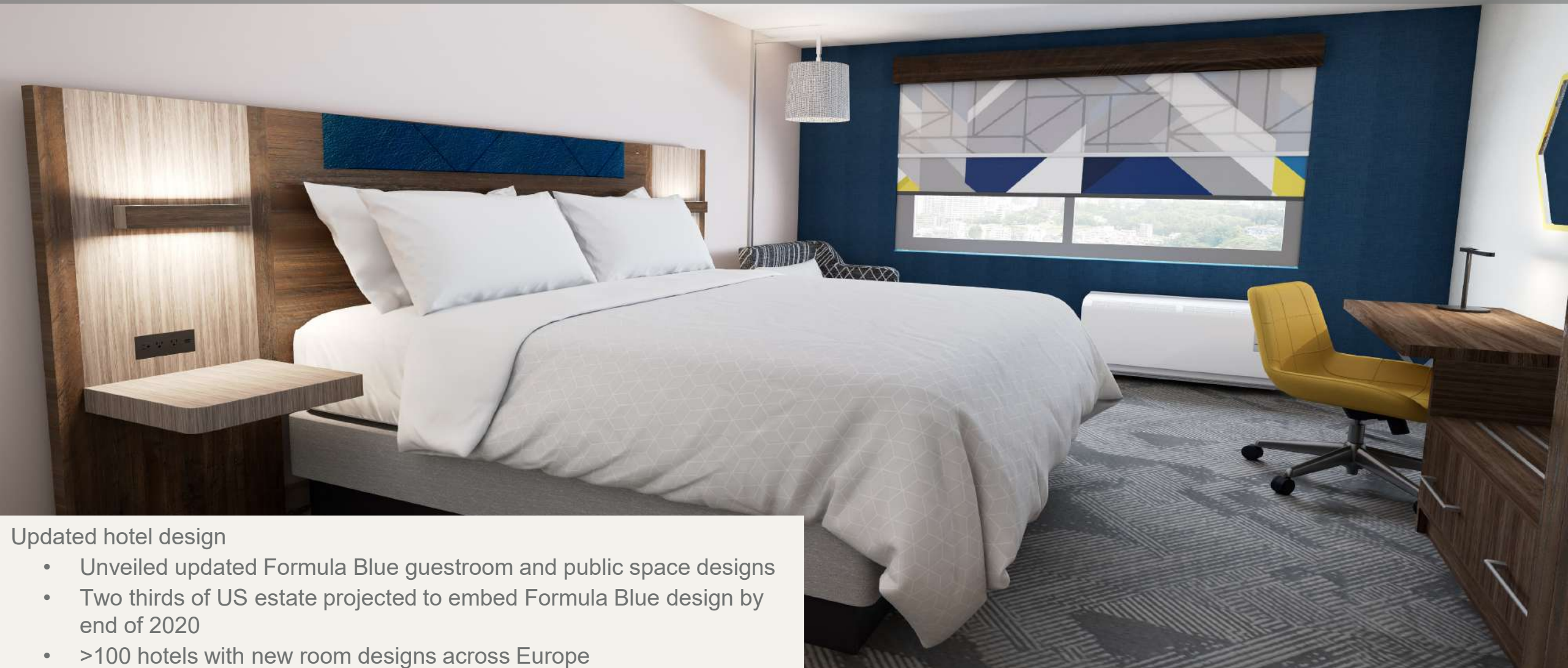
- Smaller site requirements
- Cost-effective construction methods

‘Open Lobby’ new public space designs

- Now in over 100 properties across Europe
- Hotels seeing uplifts in Food & Beverage revenue and guest satisfaction

Mainstream

– Successful rollout of new hotel designs for Holiday Inn Express



Updated hotel design

- Unveiled updated Formula Blue guestroom and public space designs
- Two thirds of US estate projected to embed Formula Blue design by end of 2020
- >100 hotels with new room designs across Europe
- Delivering 5pt premium in guest satisfaction

Holiday Inn Express Formula Blue design

Mainstream

– New design prototypes across extended stay brands



- Launched new build brand prototype
 - Refresh of the hotel design
 - Drive owner returns through more efficient and flexible base plans
 - New brand logo to showcase an elevated experience for guests



- Launched new build brand prototype
 - Based on over 18 months of guest research
 - Drive owner returns through efficiencies
 - Flexible designs which can work on smaller sites and in more markets
- New breakfast offer implemented across estate



Upscale

– Increased pace of Hotel Indigo openings and signings

HOTEL
INDIGO®

>100

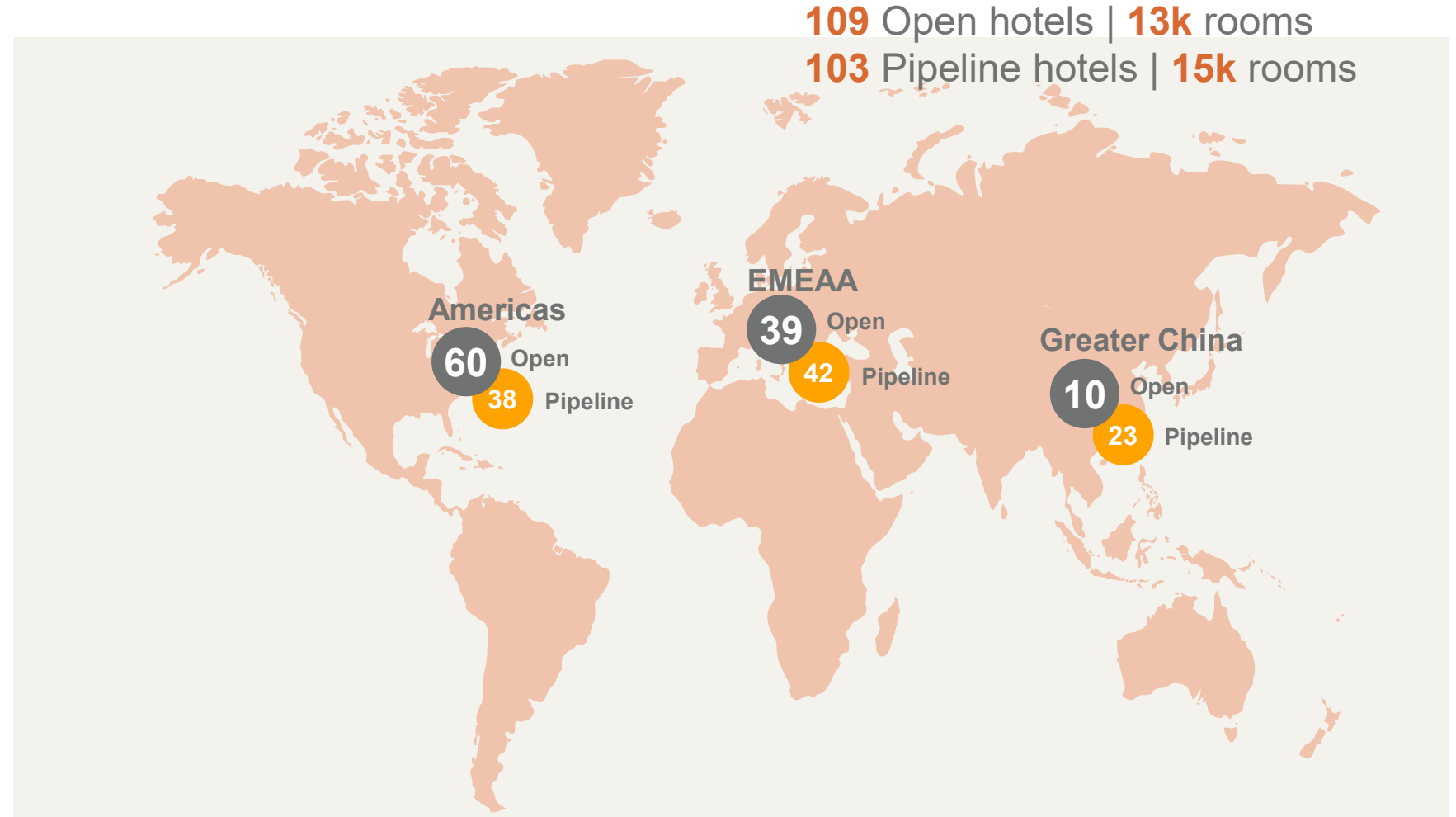
Hotels - A branded boutique chain with global scale

2X

No of open hotels set to double over 5 years

16

New countries for Hotel Indigo signed into the pipeline



Luxury

– Strengthening InterContinental's position as world's largest luxury brand



- 205 open and 61 pipeline hotels
- Flagship openings and signings including InterContinental Hayman Island Resort and InterContinental Lyon - Hotel Dieu
- 8 hotels currently under or soon to enter refurbishment with significant owner investment
- Use of AI to reduce food waste and enable more efficient operations

InterContinental Hayman Island Resort – Australia

Accelerating international growth for Kimpton



Kimpton Tokyo Shinjuku, Japan *(due to open in 2020)*



Kimpton Bangkok, Thailand *(due to open in 2020)*



Kimpton Kawana Bay Grenada Resort, Grenada



Kimpton Blythswood Square Glasgow, UK

Optimising our brand portfolio

- Growing momentum for our new brands



¹ STR & IHG estimates

Mainstream

– Launch of Atwell Suites

ATWELL SUITES™
AN IHG® HOTEL



Brand design / concept

- Targeted at **“Opportunity Seekers”**
- Average stay of four to six nights
- Falls between traditional extended stay and select service hotels
- Developed in conjunction with our owners and guests
- Primarily new build with procured materials

Growth potential

- All-Suites market represents 152m room nights and \$18bn in revenue annually
- Fastest growing segment in the industry, with ~70% system size growth over the past 4 years
- Positive owner reaction with over 50 written expressions of owner interest
- First hotels are expected to break ground in 2020 and open in 2021

Mainstream

– Strong signings pace since launch with 3 avid hotels now open



- ~200 signings (18k rooms) since launch, including 27 hotels in H1
- Three hotels now open; Expect to have ~10 open by end 2019
- >60 hotels with planning approved/under construction

avid Oklahoma City – Quail Springs, USA

Upscale

– Strong owner interest in new upscale brand voco

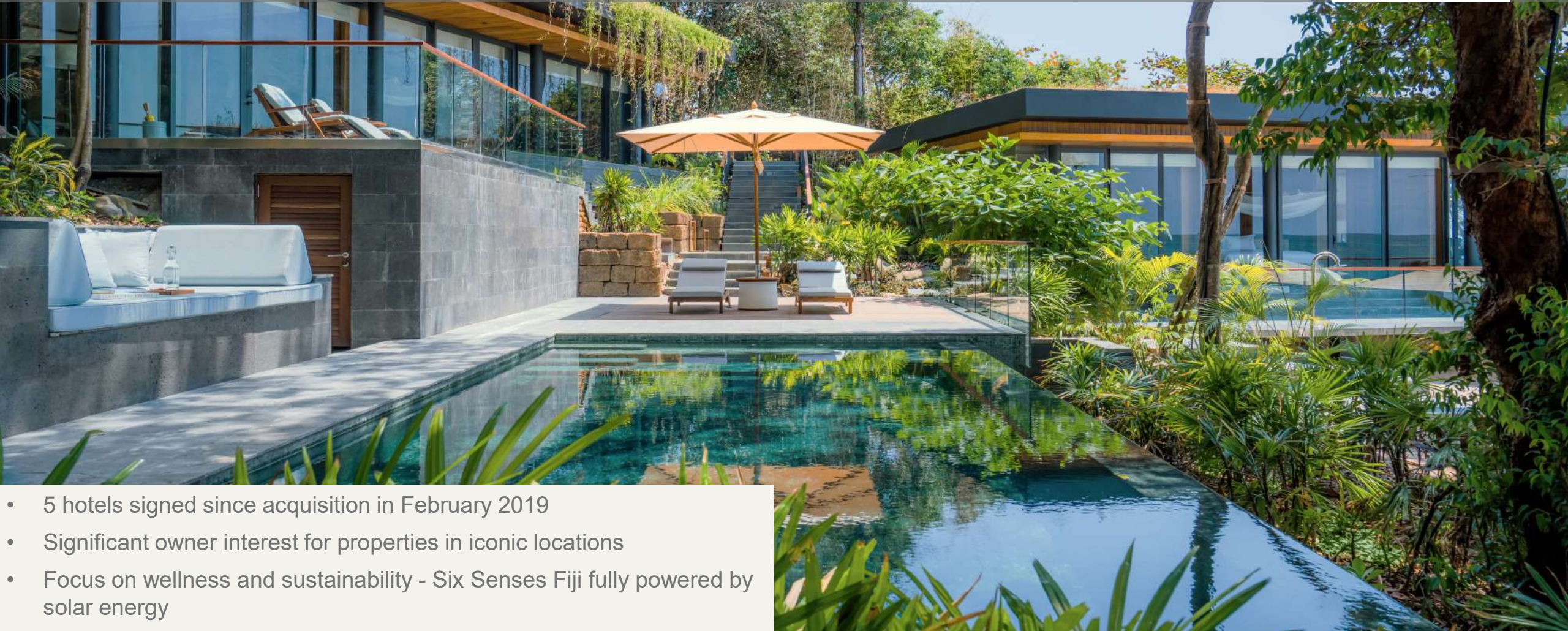


- 21 signings (8.2k rooms) since launch in June 2018
- 6 voco hotels open across EMEAA; Seeing mid single digit uplift in guest satisfaction across hotels after conversion
- Expect to sign ~30 voco hotels by end of 2019 and grow brand to >200 hotels in 10 years
- Plastic reduction - Use of sustainable duvets created from recycled plastic, bulk sized amenities and glass filtered water bottles

voco Makkah, Saudi Arabia (Due to open in December 2019)

Luxury

– Acquisition of Six Senses expands Luxury footprint



- 5 hotels signed since acquisition in February 2019
- Significant owner interest for properties in iconic locations
- Focus on wellness and sustainability - Six Senses Fiji fully powered by solar energy
- Potential to grow to >60 properties over the long term

Six Senses Krabey Island, Koh Krabey, Cambodia

Conclusions

- We are working at pace and delivering against our new strategic initiatives
- Our company-wide efficiency programme is on track to deliver the expected savings by 2020
- Acceleration in net rooms growth from our established brands
- Positive owner reaction to new brands supports industry leading growth in the future
- Whilst there are always macro-economic and geo-political uncertainties in some markets, our broad geographic spread and the resilient, cash-generative nature of our business gives us confidence in the outlook for the balance of the year



Interim results presentation Q&A



Appendices

Strong penetration into developing markets continues to dilute short term RevPAR but provides a long runway for future revenue growth

	RevPAR Growth %		Net rooms growth %		Underlying Fee Revenue ¹ Growth %	Comments
H1 2019	Comparable	Total ²	YoY	Available ²		
	Hotels that have traded in all months being compared (i.e. steady state)	All hotels that were open in H1 2019 and H1 2018 (incl hotels that are ramping up)	30 th June 2019 vs 2018	Aggregate number of rooms available for sale in H1 2019 vs H1 2018		
Americas	0.1%	-0.8%	2.7%	2.7%	1.5%	Broadly in line
EMEA	0.2%	-1.7%	6.5%	6.3%	3.3%	Total RevPAR impacted by openings in less developed cities
Greater China	-0.3%	-3.2%	18.2%	13.2%	7.7%	- Total RevPAR impacted by a number of properties in ramp up and openings in less developed cities 18.2% YoY rooms growth includes InterContinental Alliance Resorts in Macau, opened in June 19
Total	0.1%	-1.7%	5.7%	5.0%	3.1%	

¹ Underlying fee revenue and excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions, System Fund results and hotel cost reimbursements at constant H1 2018 exchange rates (CER)

² Underlying fee business Total RevPAR and Available rooms

Currency translation decreases H1 2019 group EBIT from reportable segments by \$6m

Region ¹	Reportable Segments Reported H1 2019 vs H1 2018 rates ²		Reportable Segments H2 2018 at 28 June 2019 spot rate vs reported H2 2018 ³	
	Revenue	EBIT	Revenue	EBIT
Americas	\$(2)m	\$(2)m	-	-
EMEAA	\$(17)m	\$(4)m	\$(1)m	-
Greater China	\$(4)m	\$(1)m	-	-
Central Overheads	\$(2)m	\$1m	-	-
Total IHG	\$(25)m	\$(6)m	\$(1)m	-

¹ Major non USD currency exposure by region (**Americas**: Canadian Dollar, Mexican Peso; **EMEAA**: British Pound, Euro, Russian Rouble, Japanese Yen, Singapore Dollar; **Greater China**: Chinese Renminbi; **Central**: British Pound). ² Based on monthly average exchange rates each year. ³ 28 June 2019 spot rates: 0.79 GBP:USD; 0.88 EUR:USD.

H1 2019 significant items

Significant items noted at FY 2018 results, not repeated in 2019

		H1 2019	FY 2019
Timing of tax credit benefit	Americas	\$(4)m	\$(4)m
Reduction of income from an equity investment	Americas	\$(5)m	\$(5)m
Individually significant Liquidated Damages	EMEAA	\$(3)m	\$(7)m
Individually significant Liquidated Damages	Greater China	\$(4)m	\$(6)m

Significant items noted at FY 2018 results, impacting 2019

		H1 2019	FY 2019
Individually significant Liquidated Damages	EMEAA	+\$4m	+\$8m

Fee margin¹ by region

Americas



Europe, Middle East, Asia and Africa



Greater China



Total IHG



* Excluding the impact of \$6m savings realised ahead of investment in growth initiatives in H1 2018, and the small operating loss from the acquisition of Six Senses in H1 2019, fee margin would have been up 130bps

¹ Excludes owned, leased & managed lease hotel results, significant liquidated damages, current year acquisitions, System Fund results, hotel cost reimbursements and exceptional items and is stated at CER.

² H1 2018 fee margin updated for IFRS 16 'Leases' effective 1 January 2019

~80% of efficiency programme costs now recognised; remainder of the \$200m cost expected in H2 2019

	\$m	FY 2017	FY 2018	H1 2019	Total to date
Cash costs	IHG (exceptional)	22	59	11	92
	System Fund (exceptional)	9	47	13	69
	Total	31	106	24	161
Book costs	IHG (exceptional)	36	56	10	102
	System Fund ¹	9	47	13	69
	Total	45	103	23	171

¹ Note that System Fund efficiency programme costs do not qualify as exceptional items on the income statement

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