2018 Full year results presentation

19th February 2019

IHG®

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

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.

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Keith Barr

Chief Executive Officer

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Continuing to deliver strong financial performance, whilst executing against our strategic initiatives and accelerating the growth of the business

IHG

Rooms & RevPAR

- 2.5% Global RevPAR growth
- 4.8% net rooms growth
- Highest signings and openings for a decade

Results

- 6% underlying operating profit growth
- 19% underlying EPS growth
- Highly cash generative business model with $609m of free cash flow
- +10% total dividend and $500m special dividend

Accelerating growth

- $125m efficiency programme on track and savings fully reinvested
- New organisational structure & capabilities embedded across the business
- IHG Concerto fully rolled out

Optimising brand portfolio

- Strengthened our established brands
- First avid hotel open and >170 in the pipeline
- Launched voco; 3 open and 16 deals signed to date
- Repositioned Regent, with 3 signings since acquisition
- Plan to launch a new all-suites brand in 2019
- Expanded Luxury footprint with acquisition of Six Senses

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Paul Edgecliffe-Johnson

Chief Financial Officer

Financial Review

© 2019 All Rights Reserved

Strong financial performance

Results from reportable segments[1]	Underlying[2]			Reported
$ million	2018	2017	% Change	2018
Revenue[3]	$1,828m	$1,730m	6%	$1,933m
Revenue from fee business	$1,469m	$1,379m	7%	$1,486m
Operating profit	$805m	$758m	6%	$816m
Operating profit from fee business	$771m	$723m	7%	$785m
Fee-based margin[4]	52.5%	52.4%	0.1%pts	52.4%
Interest[5]	$(100)m	$(85)m	18%	$(81)m
Reported tax rate	22%	29%	(7)%pts	22%
Reported basic weighted average shares	190m	193m	(2)%	190m
Adjusted EPS	290.5¢	244.6¢	19%	292.1¢
Total Dividend	114.4¢	104.0¢	10%	114.4¢

[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 FY 2017 exchange rates (CER); [3] Comprises the Group's fee business and owned, leased, and managed lease hotels, and excludes exceptional items.[4] Fee-based margin excludes owned, leased and managed lease hotels and significant liquidated damages; [5] Stated at actual exchange rates; Reported interest excludes $19m of interest charges in relation to the System Fund

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Resilient fee-based business model driving strong fee revenue growth

RevPAR

X

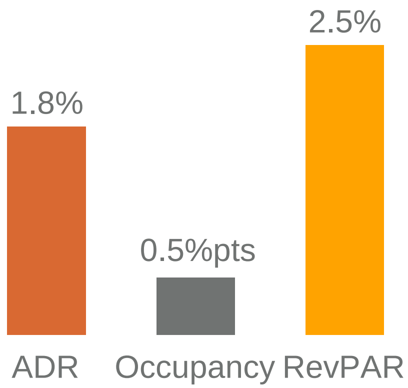
Rooms

X

Royalty Rate

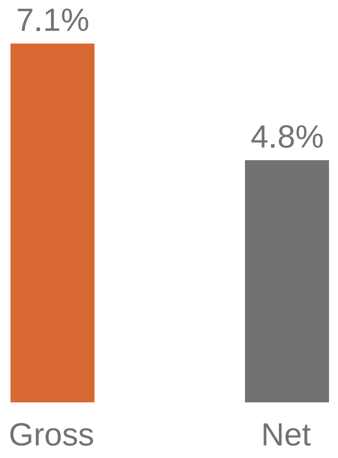
2018 underlying fee revenue[1] $1,469m up 7%[2]

2018 Group comparable RevPAR growth[2]



+1.4% Total RevPAR growth[2]

2018 system growth (%YoY)



- 56k rooms opened: +16.9%
- 18k rooms removed
- 4.3% organic system growth

+4.4% Growth in available rooms

[1] Underlying fee revenue excludes owned leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant FY 2017 exchange rates (CER) [2] Growth stated at CER.

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Americas
Good US RevPAR performance despite drag from 2017 hurricane demand

- Comparable RevPAR up 1.9%, US up 1.3%
- Q4 US RevPAR up 0.6%

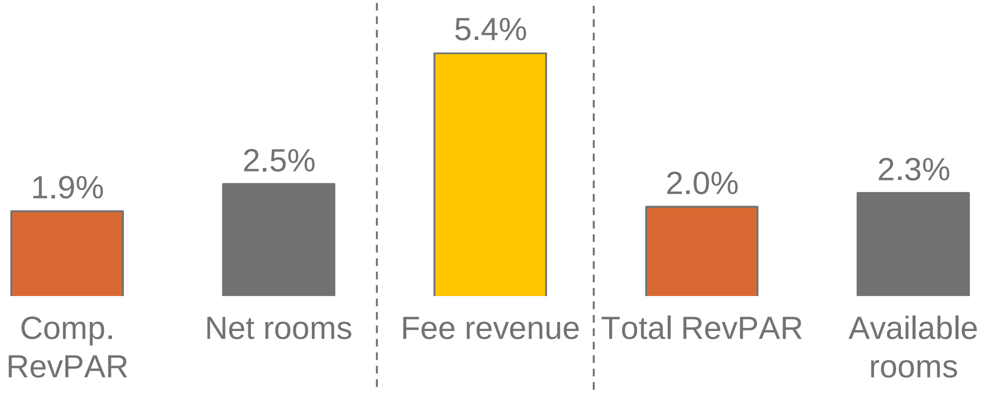
- YoY net rooms growth 2.5% (Gross: up 4.5%)

- Fee revenue[1] up 5.4%

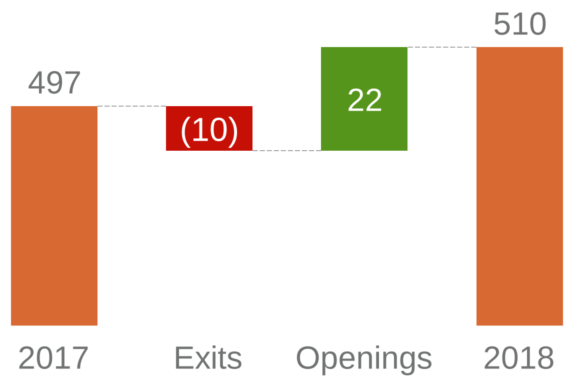
- Underlying[2] revenue up 5%; underlying[2] operating profit up 4% impacted by:
  + \+ $4m from non-recurring payroll tax credit
  + \- $3m from lower hotel termination fees
  + \- $3m from Crowne Plaza Accelerate owner financial incentives
- Underlying[2] owned, leased and managed lease profit flat due to maintenance costs at one hotel

- Pipeline: 120k rooms; 43k signed
- 173 avid hotels signed since launch in September 17; 129 in 2018

2018 Growth in fee revenue drivers[1]



2018 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 FY 2017 exchange rates (CER)
[2] Underlying growth excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2017 exchange rates (CER).

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Europe, Middle East, Asia and Africa
New operating model embedded; highest signings and openings in 10 years

- Comparable RevPAR up 2.7% (Q4 up 2.7%)
- UK up 1.2%; London up 2.6%; Provinces flat
- Continental Europe up 5.4%; strong performance in France and Belgium
- Middle East down 6.3% due to increased supply and political unrest in key cities
- Australia and Japan up 0.8% and 3.2% respectively

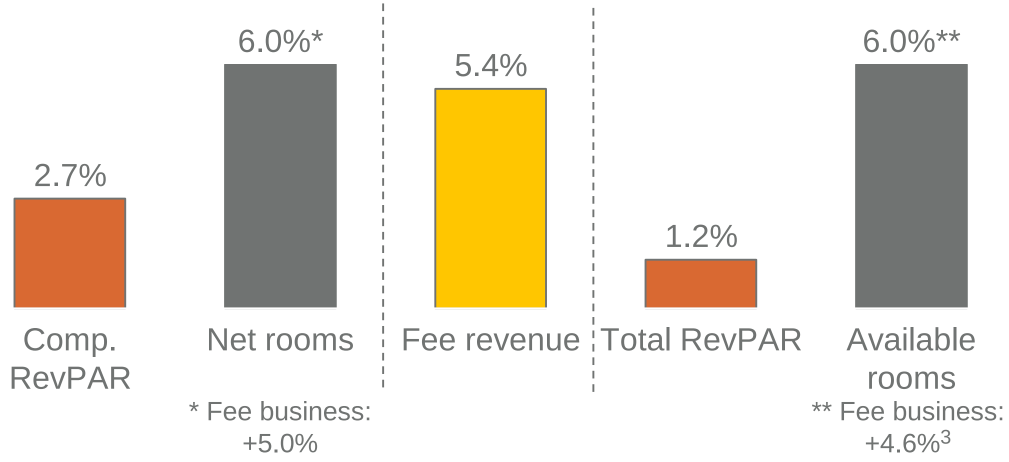
- YoY net rooms growth 6.0% (Gross: up 7.7%)

- Fee revenue[1] up 5.4%

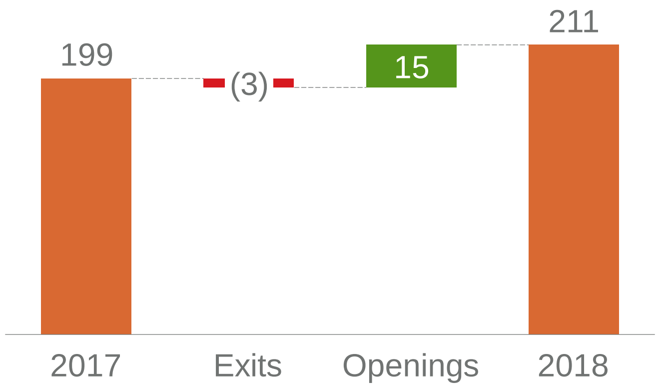
- Underlying[2] revenue up 3% and underlying[2] operating profit up 15% includes:
  - Fee revenue up 5%
  - Fee operating profit up 16%
- Benefit from lower costs associated with group efficiency programme

- Pipeline: 73k rooms; 27k signed
  - Signings include 6 Regent, 9 Kimpton and 13 voco hotels

2018 Growth in fee revenue drivers[1]



2018 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 FY 2017 exchange rates (CER)
[2] Underlying growth excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2017 exchange rates (CER).
[3] Excludes 5k rooms in Makkah, Saudi Arabia signed in 2015. Annualised fees from these rooms are ~$1m

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Greater China
Continued industry outperformance; record rooms growth and signings

- Comparable RevPAR up 6.9% (Q4 up 3.4%)
  - Mainland China up 6.3%, Tier 1 up 7.9%; Tier 2-4 up 5.3%
  - Hong Kong up 8.9%; Macau up 8.4%
- Total RevPAR up 2.0% due to mix effect of openings in lower RevPAR cities

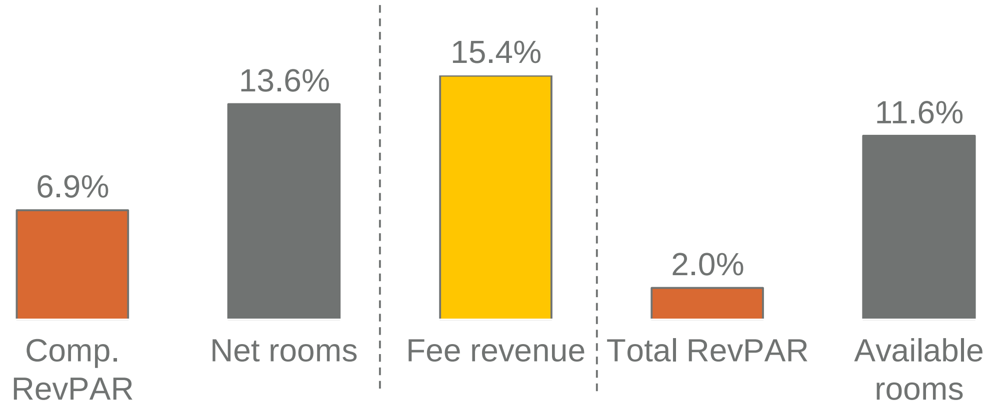
- YoY net rooms growth 13.6% (Gross: 18.5%)
- Record openings of 19k rooms

- Fee revenue[1] up 15.4%

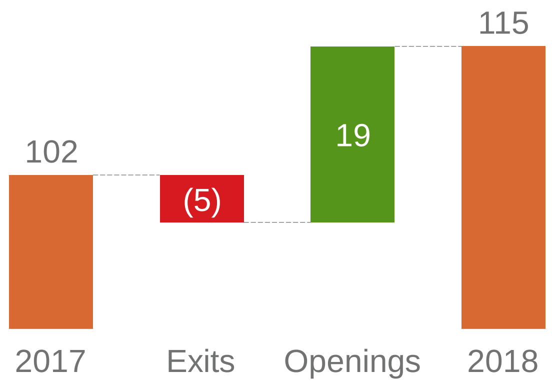
- Underlying[2] revenue up 15% and profit[2] up 19%

- Pipeline: 78k rooms
  - 29k rooms signed, strongest ever signings performance
  - 71 Holiday Inn Express Franchise Plus signings (>140 since May 16 launch)

2018 Growth in fee revenue drivers[1]



2018 Net rooms growth ('000s)



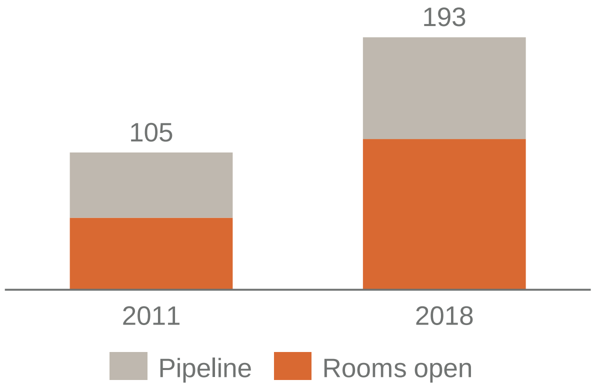
[1] Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant FY 2017 exchange rates (CER)
[2] Underlying growth excludes owned asset disposals, owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2017 exchange rates (CER).

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Our leading position in Greater China

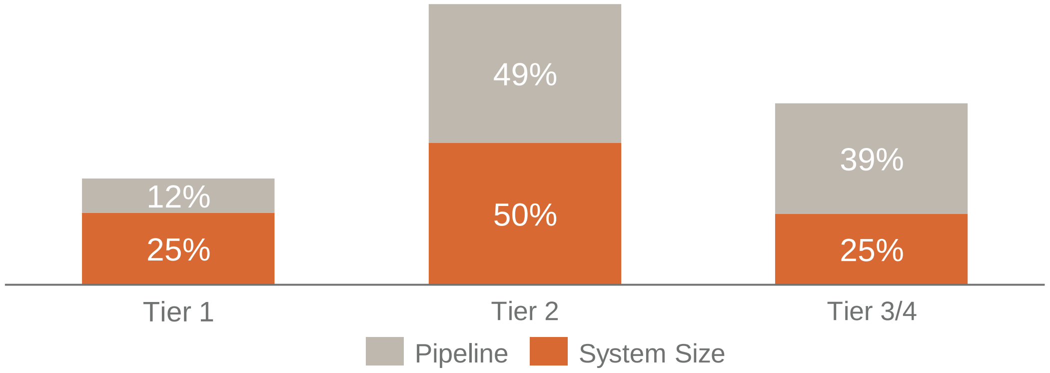
We have built a business of scale in Greater China….

China system size and pipeline ('000 rooms)



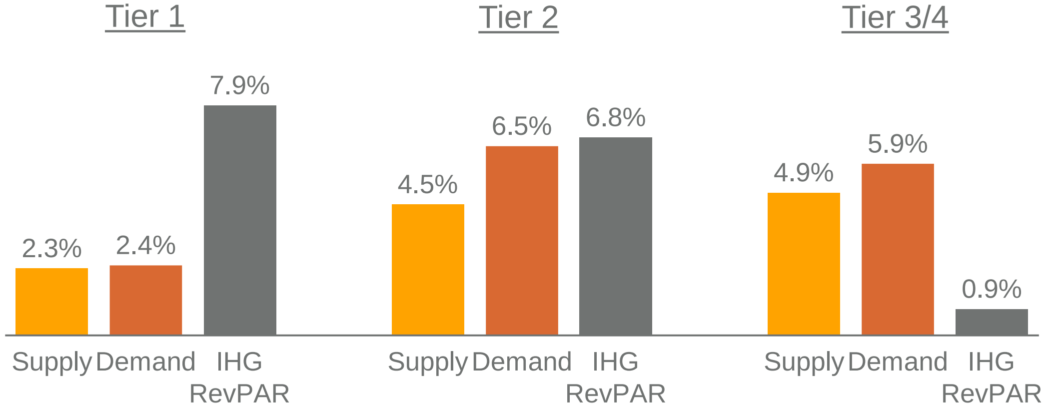
….growing in the right locations where demand drivers are being built…

FY 2018: system & pipeline distribution – all brands



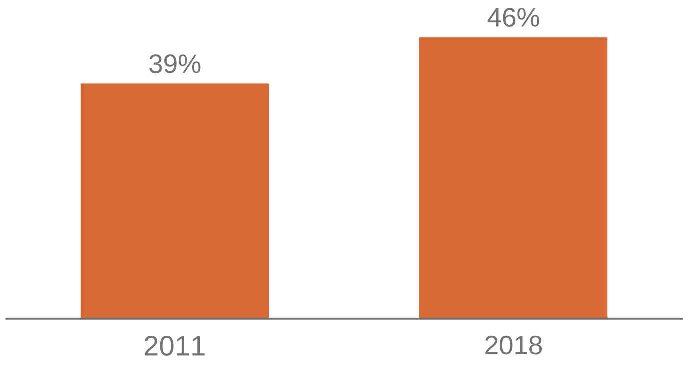
…which will support future RevPAR growth…

Market dynamics by tier: FY 2018



…and drive continued improvement in fee margin

Greater China fee margin[1]



[1] 2011 calculated as Greater China EBIT margin exc. owned and leased properties.

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

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

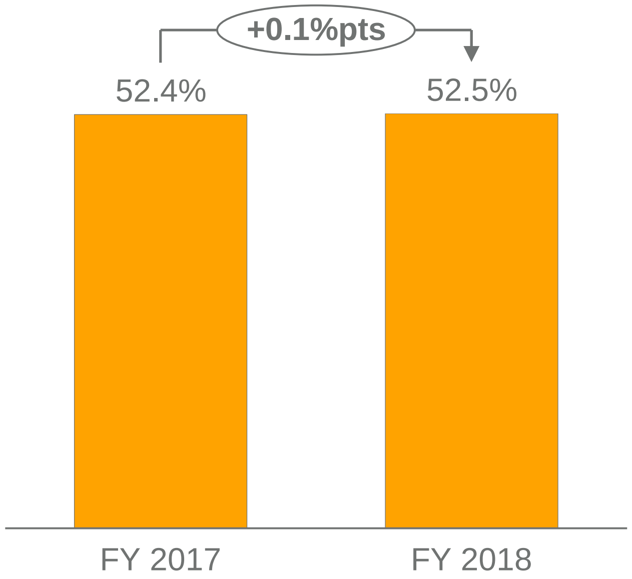
Total annual savings of $125m by 2020

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

Exceptional Cash Costs

- Unchanged at $200m
- 2017 = $31m; 2018 = $106m
- Remaining amount expected to be incurred in 2019

Progression in fee margin[1]

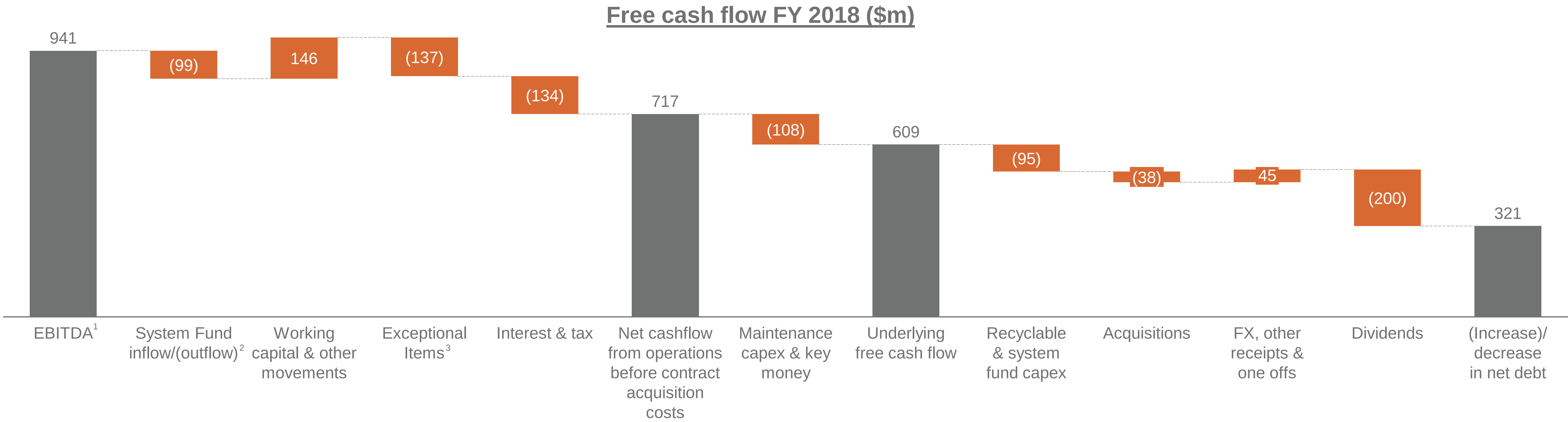


- Fee margin up 80bps at CER excluding the impact of $5m investment in growth initiatives ahead of savings realised, and $9m one-off impact in revenue and costs related to marketing assessments
- Continued strong focus on cost efficiency will result in medium term fee margin progression broadly in line with the historic average

[1] Fee margin stated at CER

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Significant cashflow from operations well above capex needs



- Underlying free cash flow up $93m year-on-year
- Gross capital expenditure of $245m covered 2.9x by net cashflow from operations

[1] Before exceptional items and System Fund result; [2] System Fund result excludes exceptional costs of $47m in relation to efficiency programme; [3] Includes $106m relating to group wide efficiency programme ($47m in relation to the System Fund)

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Targeted capital expenditure to drive growth

Medium term guidance:

Maintenance capex, key money and selective investments

$m	2017	2018
Maintenance capex	58	52
Key money	57	56
Total	115	108

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

Recyclable investments

	2017	2018
Gross out	85	38
Gross in	(104)	(42)
Net total	(19)	(4)

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

System fund capital investments

$m	2017	2018
Gross out	142	99
Gross in	(36)	(45)
Net total	106	54

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

Total capital investments

Gross total	342	245
Net total	202	158

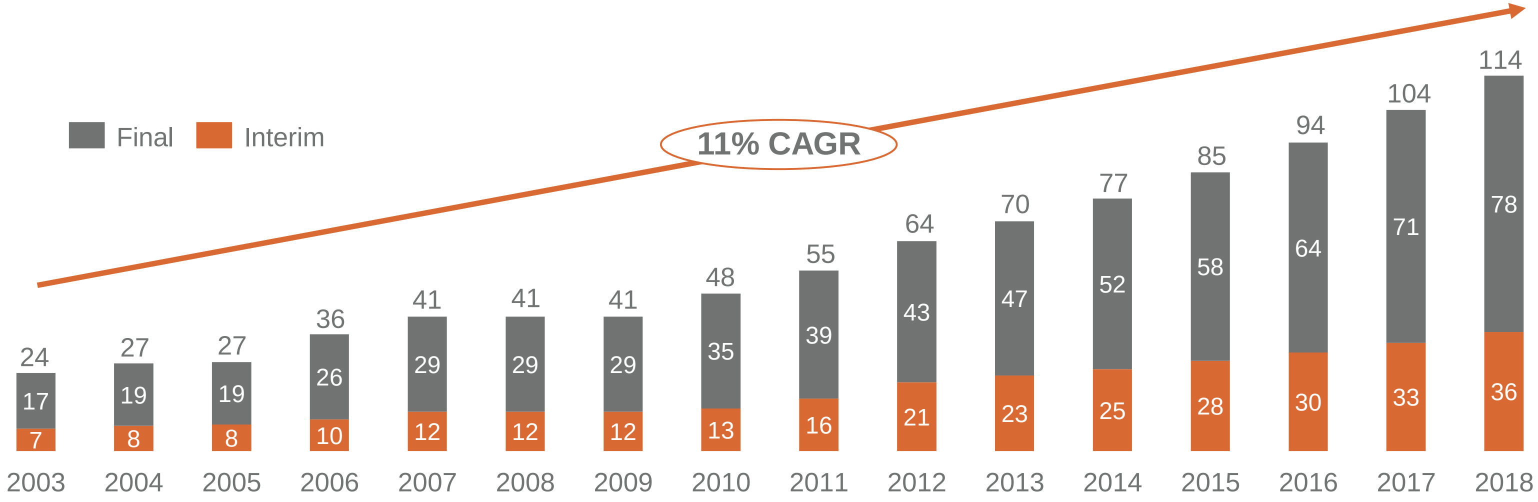
- Gross: up to $350m per annum
- Net: ~$150m

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

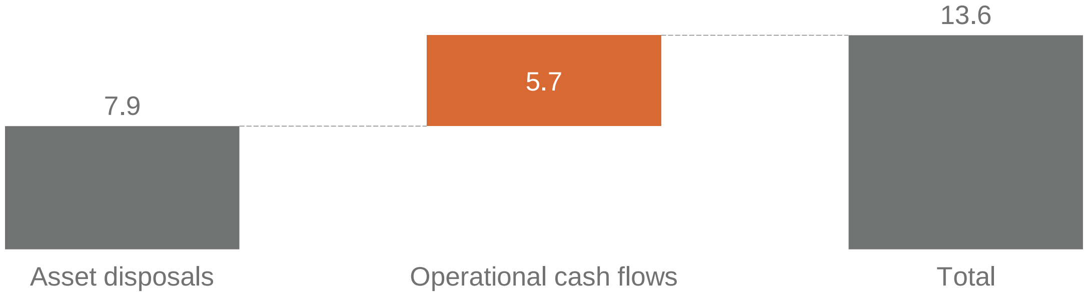
Highly cash generative business driving strong shareholder returns

- Strong cash flows driving consistent shareholder returns
  - Total dividend of 114.4¢, with 11% CAGR since 2003
  - $0.5bn special dividend paid in Jan 2019
  - Total returns of ~$13.6bn since 2003, ~40% from operations
    - $2.4bn ordinary dividend
    - $11.2bn additional
- €500m bond issued
- Strong financial position:
  - $1.9bn Bonds[1]
  - $1.4bn RCF[2] unutilised

Ordinary dividend progression 2003-2018 (¢)



Shareholder returns 2003-18[3] ($bn)



[1] First Bond (£400m) matures in November 2022; [2] Revolving Credit Facilities matures in March 2022 [3] Includes special dividend announced In October 2018 and paid in January 2019

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

IFRS 16: Impact of new accounting standard

- New accounting standard (IFRS 16) being adopted from 1st Jan 2019 and replaces previous standard IAS 17
- Capitalisation of the "right of use" by recognising present value of the future lease payments as intangible assets
- Recognition of the obligation to make future lease payments as financial liabilities

2018 restatement	• $51m increase to EBITDA (elimination of operating lease expense) • $17m addition to operating profit and $19m increase to interest charge (operating lease expense replaced by depreciation and interest) • $(1)m reduction to net profit • Increase in lease liabilities of $431m
2019 proforma impact	• ~$12m addition to operating profit • ~$5-7m reduction to net profit
Leverage	• No impact on cash, financial capacity or banking covenants • Mechanical accounting increase to reported net debt of $431m • Commitment to maintain investment grade (BBB) credit rating (best proxy: 2.5-3.0x net debt/EBITDA under the new standard)

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Our strategy for uses of cash remains unchanged

IHG

Invest in the business to drive growth

Maintain sustainable growth in ordinary dividend

Return surplus funds to shareholders

Commitment to Investment Grade Credit Rating

2.5x – 3.0x Net Debt : EBITDA[1]

[1] Range represents best proxy for investment grade credit rating under accounting standard IFRS 16 – equivalent to 2.0 – 2.5x net debt: EBITDA under the previous standard

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Keith Barr

Chief Executive Officer

Update on strategic initiatives

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Update on strategic initiatives
– on track to deliver industry leading net system size growth

IHG

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

- Strengthening established brands
- Enhancing position in Luxury with 2 new brands
- Capitalising on opportunities in Mainstream & Upscale with 3 new brands

4. Evolve owner proposition

- Investments in development resources driving signings pace
- Franchise Plus preferred model for Holiday Inn Express owners in Greater China
- Growing franchising for Holiday Inn and Crowne Plaza in Greater China
- Invested in Hotel Lifecycle Management

1. Build & leverage scale

- On track with $125m efficiency programme
- New organisational structure embedded across the business
- Savings fully reinvested in growth initiatives

2. Strengthen loyalty programme

- Enhancing programme to drive member engagement
- +4%pts contribution growth in 4 years
- Introducing variable pricing for redemption nights

3. Enhance revenue delivery

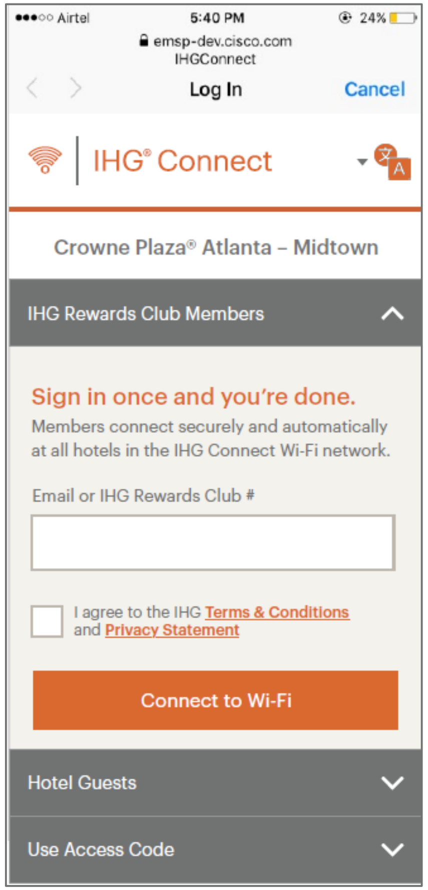
- IHG Concerto fully rolled out across estate
- Piloting additional GRS functionality
- Digital revenue up 9%

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Loyalty & Digital
- optimising revenue delivery through loyalty and digital innovation

- We continue to strengthen our loyalty programme and digital platforms
- Loyalty contribution up **4%pts** over the last 4 years, with variable point pricing set to offer greater value to members
- IHG mobile app downloads up **21%**, with app sales up **36%**
- Digital checkout now accounts for **>$5bn** of revenue
- IHG Connect implemented or being installed in **>4,000** hotels, driving Guest Love uplifts of **>5%pts**
- Provides a platform for the introduction of **greater connectivity** across the guest journey
- Strengthening Greater China offer through agreement with **WeChat Pay**

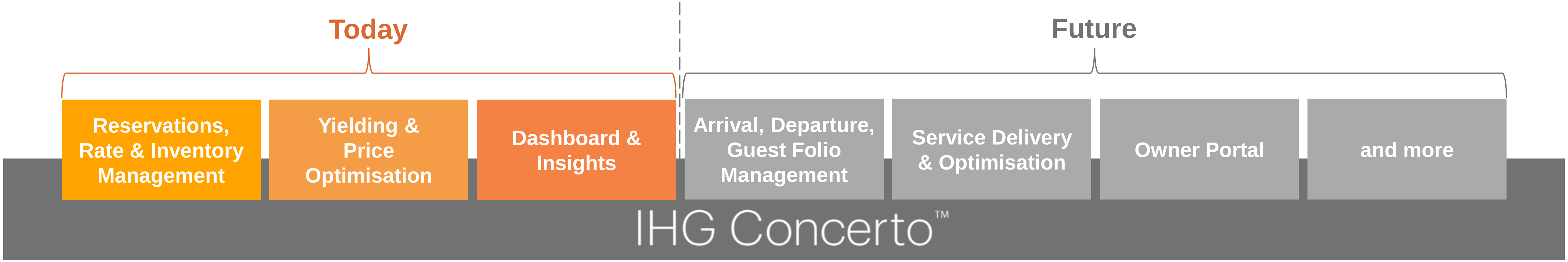


© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

IHG Concerto™
- initial phase of rollout now complete

IHG®

- IHG Concerto is our proprietary **cloud based**, hotel technology platform
- Initial functionality is now **live** across all our **5,600+ hotels**
- Includes our new **Guest Reservations System**, developed in partnership with Amadeus
- Comprises **industry-leading**, plug and play architecture
- Gives IHG the **flexibility** to adapt to market demands
- Revenue Management for Hire rolled out to **>3,300** hotels



© 2019 All Rights Reserved

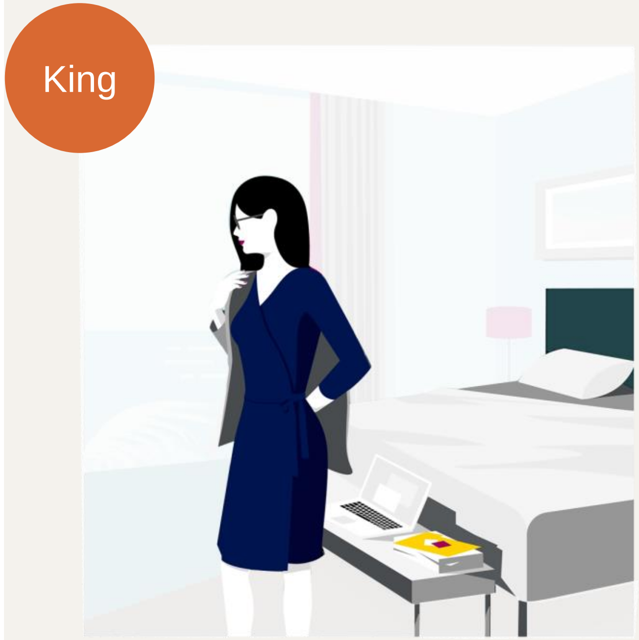
Proprietary and confidential – further reproduction or distribution is prohibited

Guest Reservation System
- development of attribute pricing

- The next phase for our GRS will involve developing and piloting **attribute pricing**
- At present, guests are typically offered a choice of **room type** when making a booking
- Attribute pricing will instead allow guests to choose rooms based on specific **attribute type**
- This will give guests a much greater opportunity to **customise** their stay
- It will also give owners the ability to **unlock value** through optimising pricing for desirable attributes
- Functionality will only be available to guests who book direct through IHG channels

From:
Hidden value

Room rate: $150

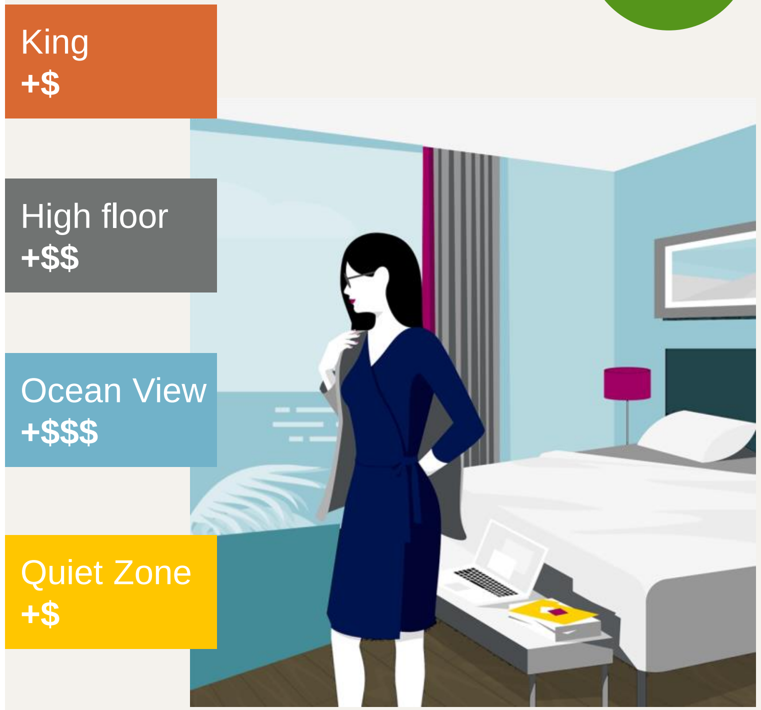


Illustrative only

To:
Highlighted value

Room rate: $150+

Executive
$$$



Illustrative only

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Optimising our brand portfolio
- our established brands continue to drive the growth of our business

IHG

	Mainstream Segment value[1] = ~$115bn Growth potential = ~$65bn	Upscale Segment value = ~$40bn Growth potential = ~$20bn	Luxury Segment value = ~$60bn Growth potential = ~$35bn
Established Brands	Holiday Inn; Holiday Inn Express; Holiday Inn Club Vacations; Staybridge Suites; Candlewood Suites	Crowne Plaza Hotels & Resorts; Hualuxe Hotels and Resorts 華邑酒店及度假村; EVEN Hotels; Hotel Indigo	InterContinental Hotels & Resorts; Kimpton Hotels & Restaurants
IHG Share of Industry System / Rank[2]	16% / 1st	5% / 4th	12% / 2nd
IHG Share of Industry Pipeline / Rank[2]	25% / 1st	7% / 3rd	10% / 2nd
IHG Total Gross Revenue 3-year Growth	15%	16%	16%

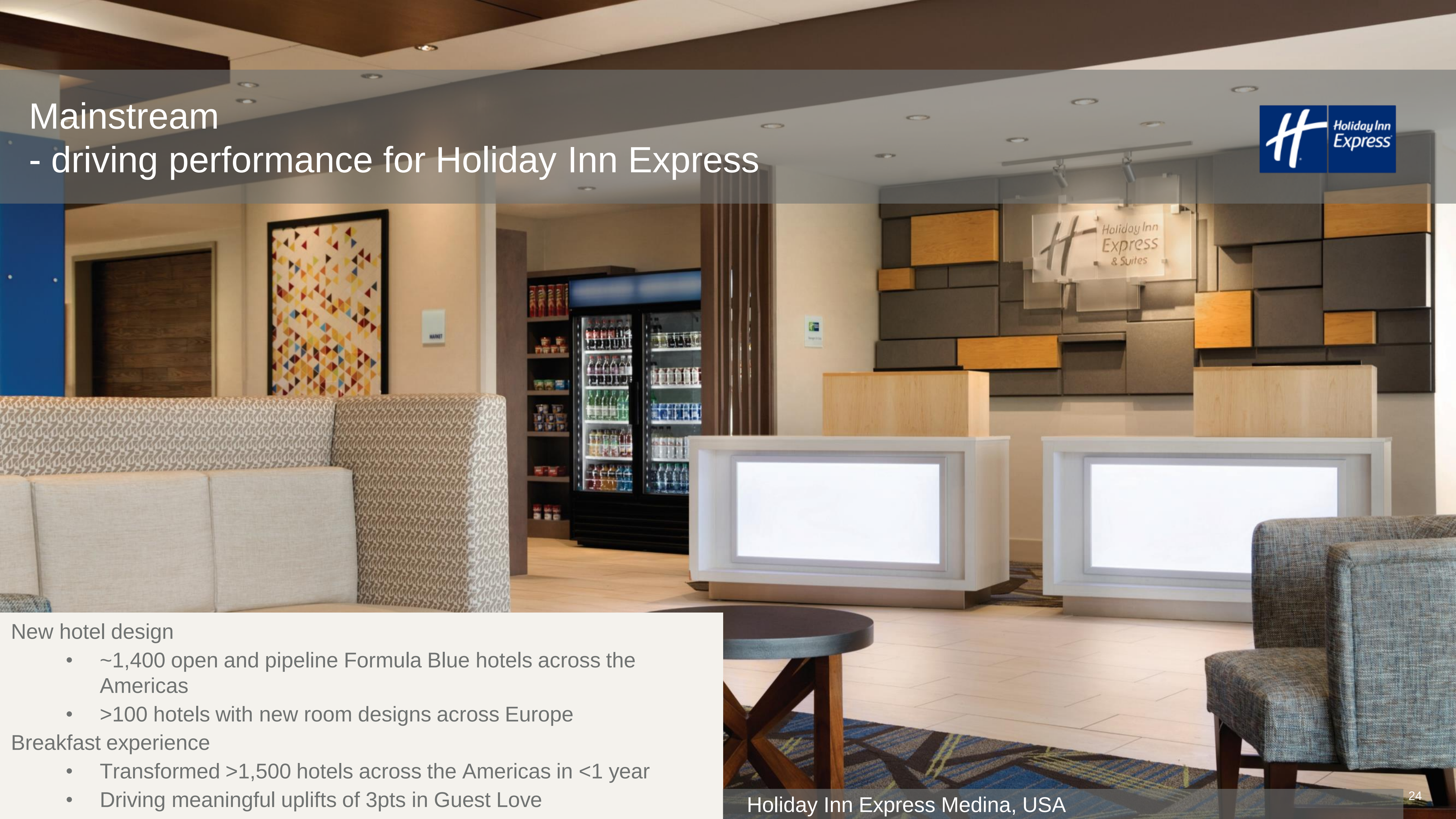
[1] STR & IHG estimates; [2] As per STR census data

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Mainstream
- driving performance for Holiday Inn Express

Holiday Inn Express



New hotel design

- ~1,400 open and pipeline Formula Blue hotels across the Americas
- >100 hotels with new room designs across Europe

Breakfast experience

- Transformed >1,500 hotels across the Americas in <1 year
- Driving meaningful uplifts of 3pts in Guest Love

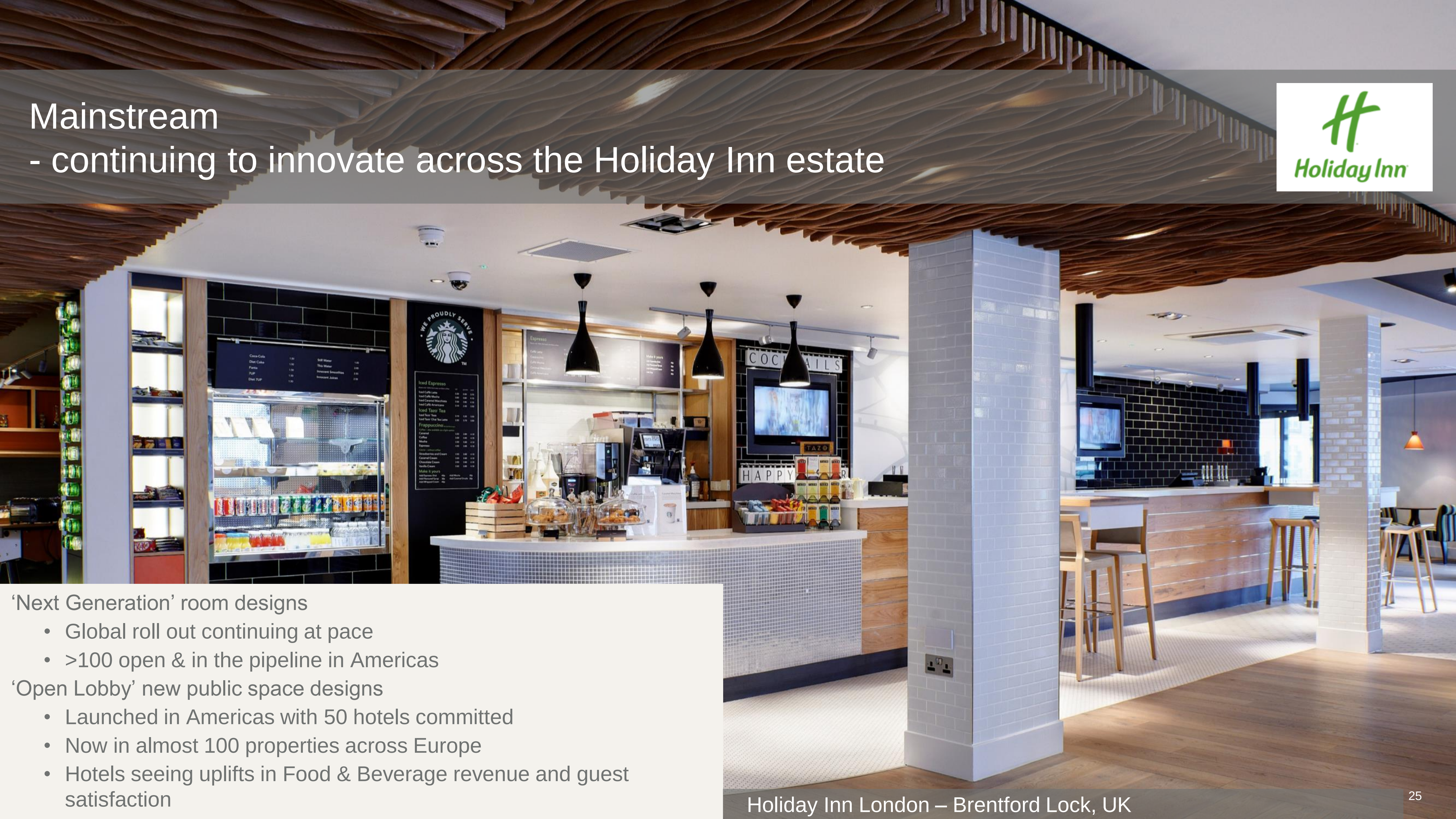
Holiday Inn Express Medina, USA

Mainstream
- continuing to innovate across the Holiday Inn estate

Holiday Inn

‘Next Generation’ room designs
- Global roll out continuing at pace
- >100 open & in the pipeline in Americas

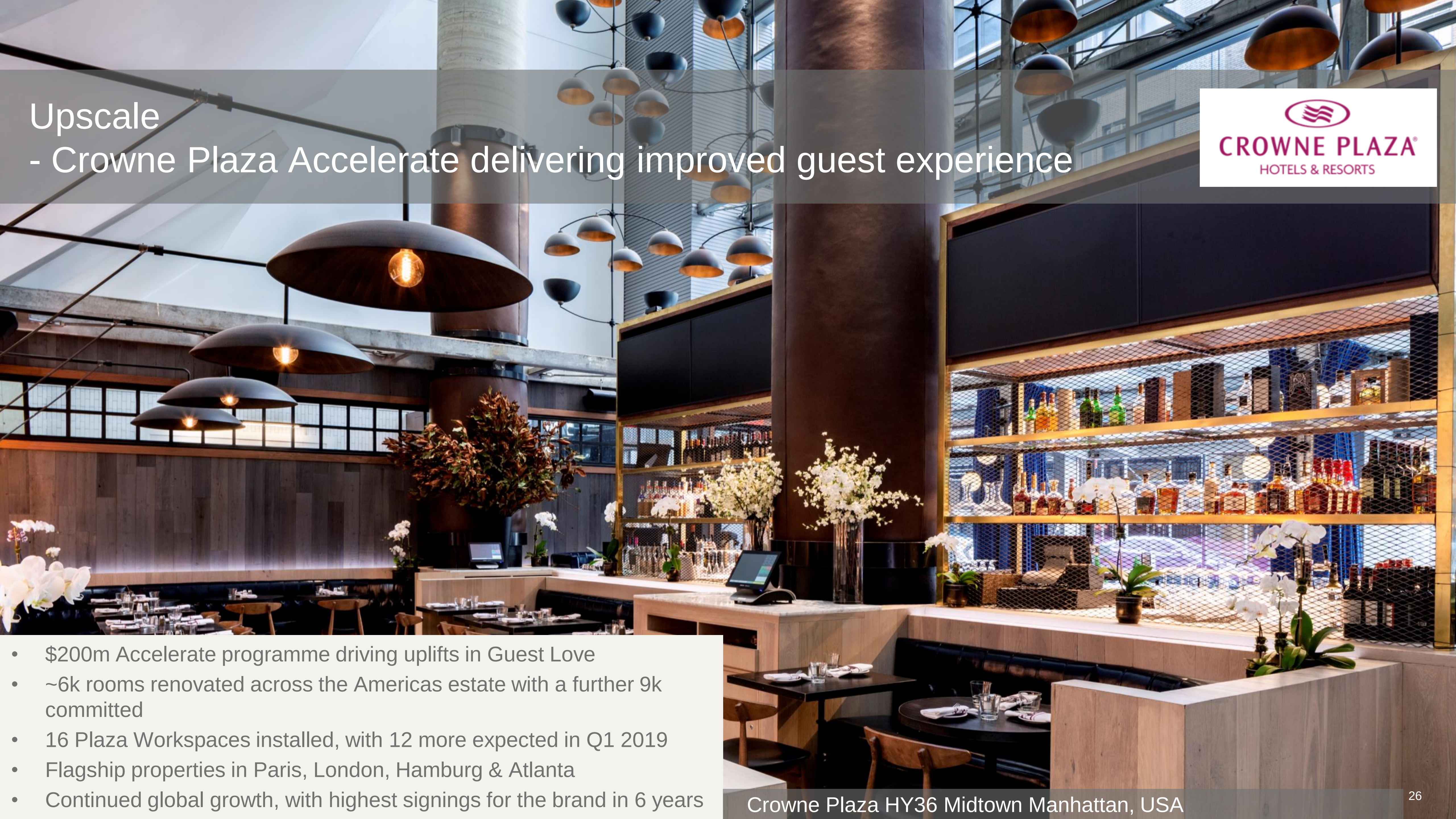
‘Open Lobby’ new public space designs
- Launched in Americas with 50 hotels committed
- Now in almost 100 properties across Europe
- Hotels seeing uplifts in Food & Beverage revenue and guest satisfaction



Holiday Inn London – Brentford Lock, UK

Upscale
- Crowne Plaza Accelerate delivering improved guest experience

CROWNE PLAZA HOTELS & RESORTS

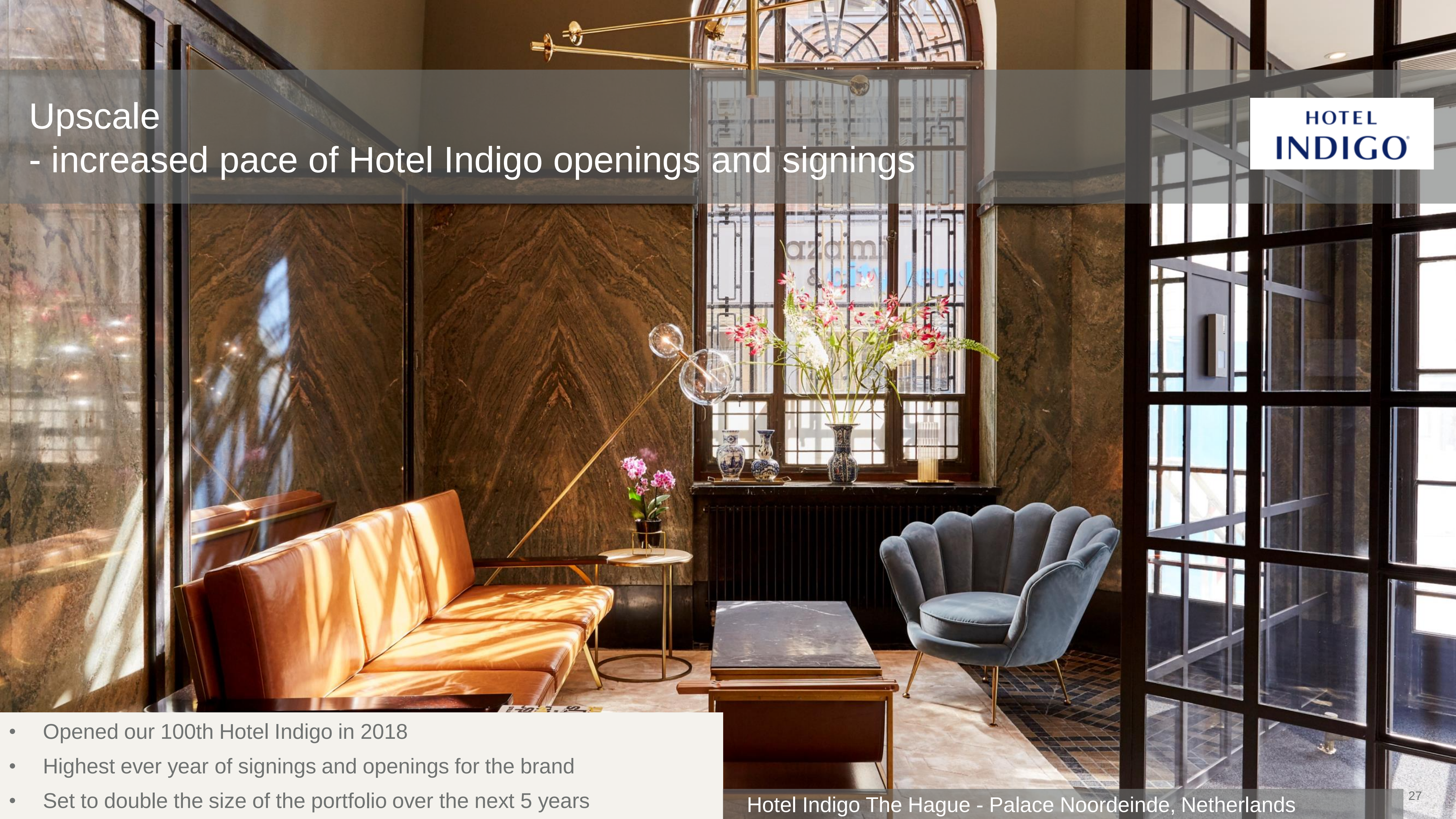


- $200m Accelerate programme driving uplifts in Guest Love
- ~6k rooms renovated across the Americas estate with a further 9k committed
- 16 Plaza Workspaces installed, with 12 more expected in Q1 2019
- Flagship properties in Paris, London, Hamburg & Atlanta
- Continued global growth, with highest signings for the brand in 6 years

Crowne Plaza HY36 Midtown Manhattan, USA

Upscale
- increased pace of Hotel Indigo openings and signings

HOTEL INDIGO

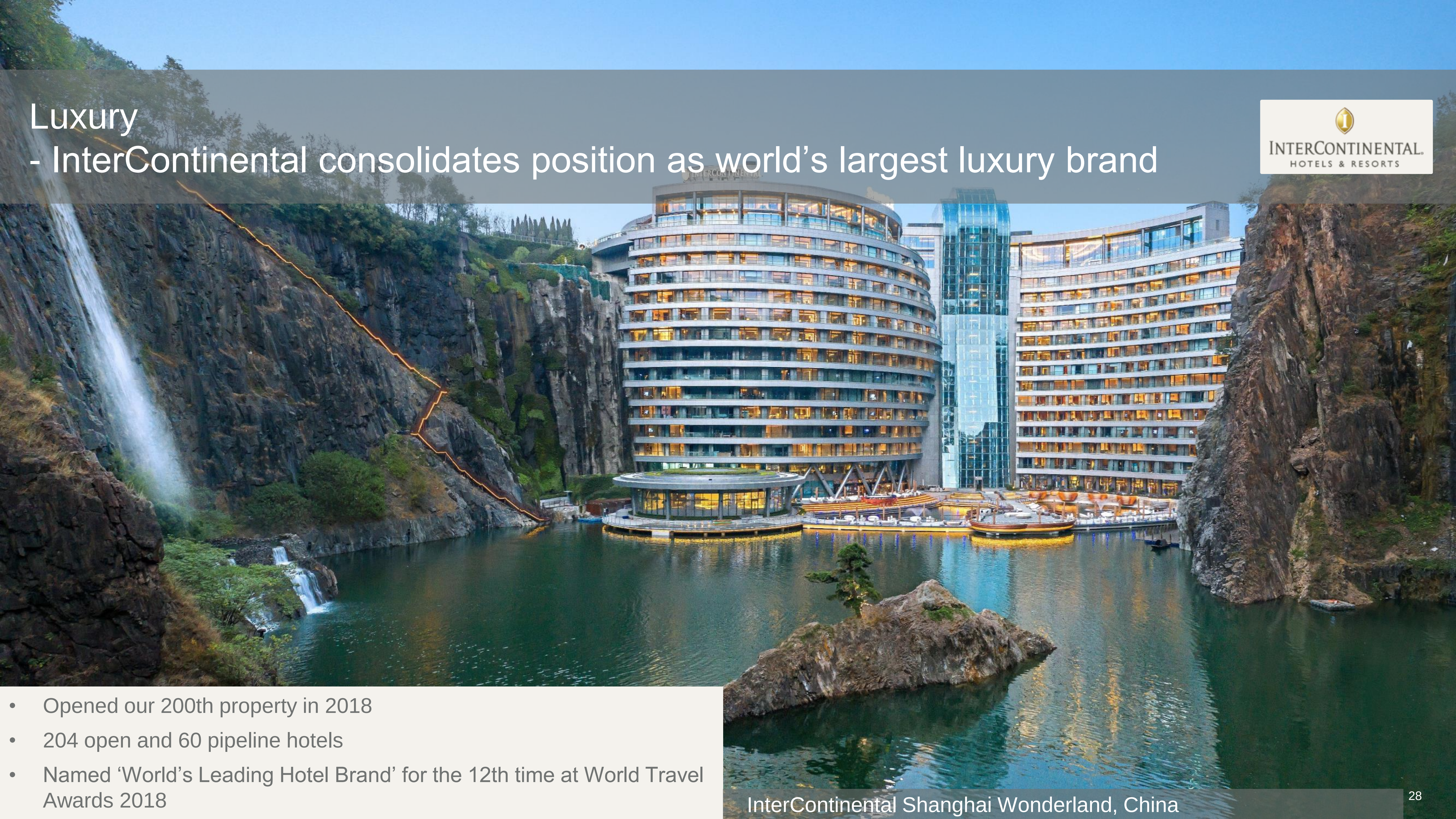


- Opened our 100th Hotel Indigo in 2018
- Highest ever year of signings and openings for the brand
- Set to double the size of the portfolio over the next 5 years

Hotel Indigo The Hague - Palace Noordeinde, Netherlands

Luxury
- InterContinental consolidates position as world's largest luxury brand

INTERCONTINENTAL
HOTELS & RESORTS



InterContinental Shanghai Wonderland, China

- Opened our 200th property in 2018
- 204 open and 60 pipeline hotels
- Named 'World's Leading Hotel Brand' for the 12th time at World Travel Awards 2018

Optimising our brand portfolio
- we have taken a strategic approach to identify opportunities

Categories

Criteria

	Mainstream[1]		Upscale	Luxury	
High value, high growth segment[2]	~$115bn global segment ~$65bn of growth to 2025		~$40bn global segment ~$20bn of growth to 2025	~$60bn global segment ~$35bn of growth to 2025	
IHG's New Offering	avid AN IHG HOTEL	Launching new all suites upper-midscale brand in 2019	voco AN IHG HOTEL	Regent HOTELS & RESORTS	SIX SENSES HOTELS RESORTS SPAS
Owner Opportunity	• New build only • Select service model • Attractive returns enabled by an efficient operating model	• New build led • Focused service model • Attractive returns enabled by an efficient operating model	• Existing hotel owners • Access to IHG systems and revenue delivery • Ideal for conversions	• New build and conversions • High-end specification • Sizeable returns per asset	• New build and conversions • Premium asset locations • Sizeable returns per asset
Guest Opportunity	• The basics done exceptionally well at a price point ~$10-15 less than Holiday Inn Express • Streamlined and efficient design	• Stylish experiences and functional benefits at mainstream price • Options and flexibility for longer stay guests	• Hotels connected by their individual characters, making memorable travel dependable	• Top tier luxury offering catering to our most sophisticated guests	• Top tier luxury, leisure focused offering • World renowned, resort locations • Reputation for wellness and sustainability
IHG's Competitive Offer	Industry leading midscale brand expertise	Track record of delivery with longer stay brands	Industry leading revenue management & reservation tools, strong B2B offer and loyalty programme	Operator of largest global Luxury brand[3]	Operator of largest global Luxury brand[3]

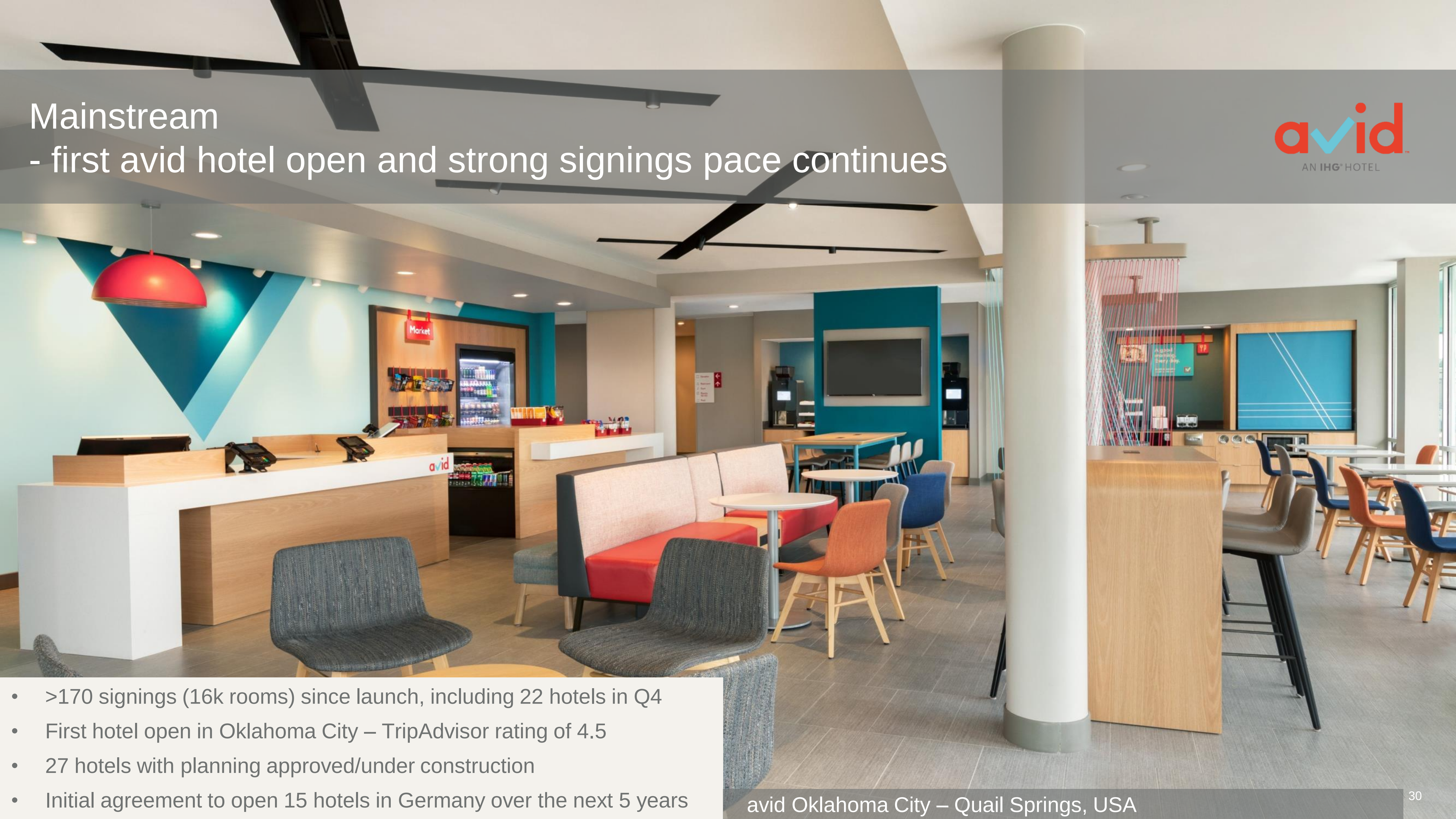
[1] Mainstream classified as Midscale and Upper-Midscale; [2] STR and IHG estimates [3] As per STR data

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Mainstream
- first avid hotel open and strong signings pace continues

avid AN IHG® HOTEL



- >170 signings (16k rooms) since launch, including 22 hotels in Q4
- First hotel open in Oklahoma City – TripAdvisor rating of 4.5
- 27 hotels with planning approved/under construction
- Initial agreement to open 15 hotels in Germany over the next 5 years

avid Oklahoma City – Quail Springs, USA

Upscale
- strong owner interest in new upscale brand voco

VOCO
AN IHG HOTEL

- 3 voco hotels open across Australia and the UK
- A further 13 hotels signed to date in the EMEAA region
- Expect to grow brand to >200 hotels in 10 years

voco St. John's Solihull, UK

Building out our luxury portfolio

InterContinental Phu Quoc, Vietnam

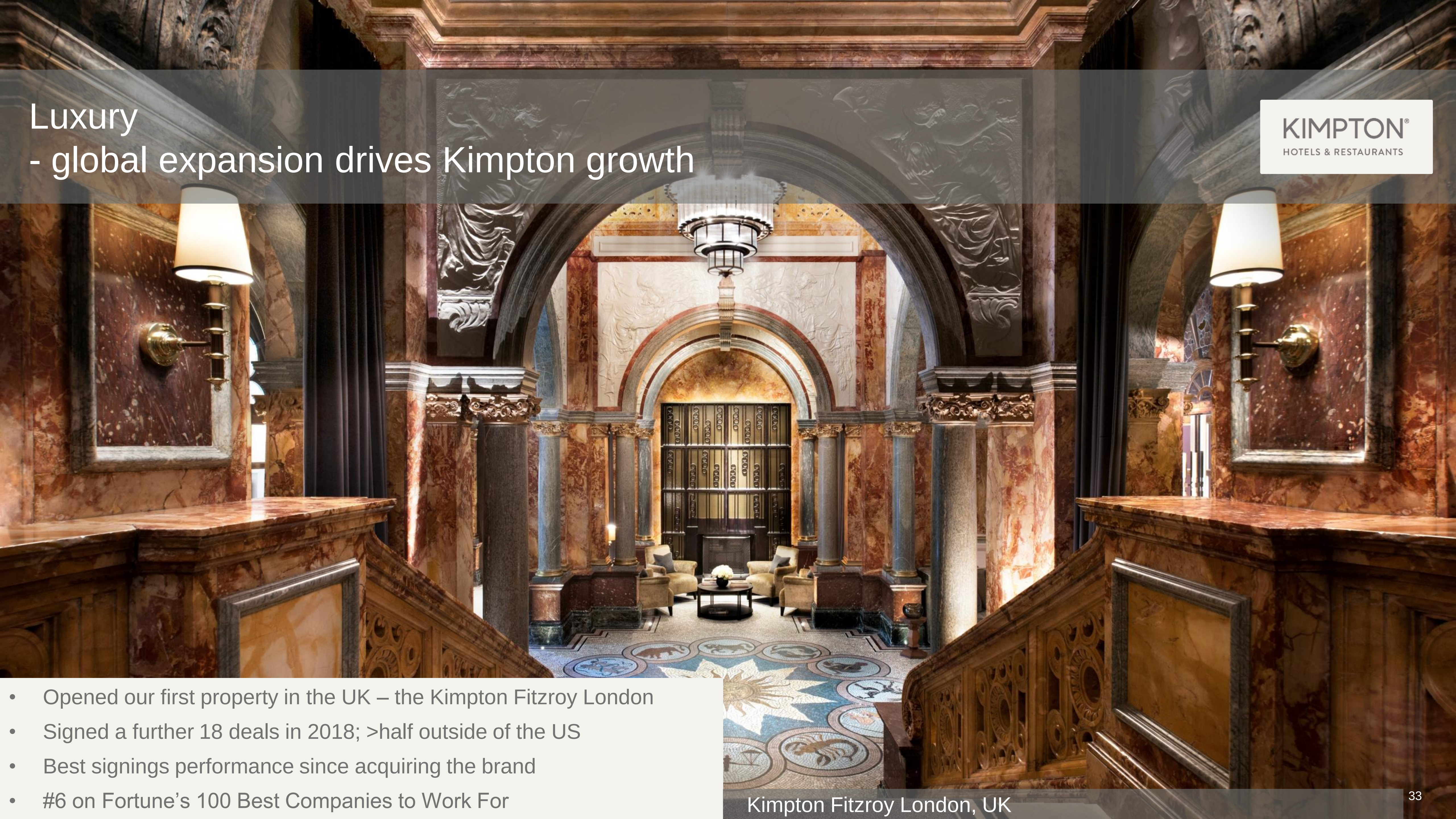
Kimpton Fitzroy London, UK

Regent Chongqing, China

Six Senses Samui, Thailand

Luxury
- global expansion drives Kimpton growth

KIMPTON®
HOTELS & RESTAURANTS



Kimpton Fitzroy London, UK

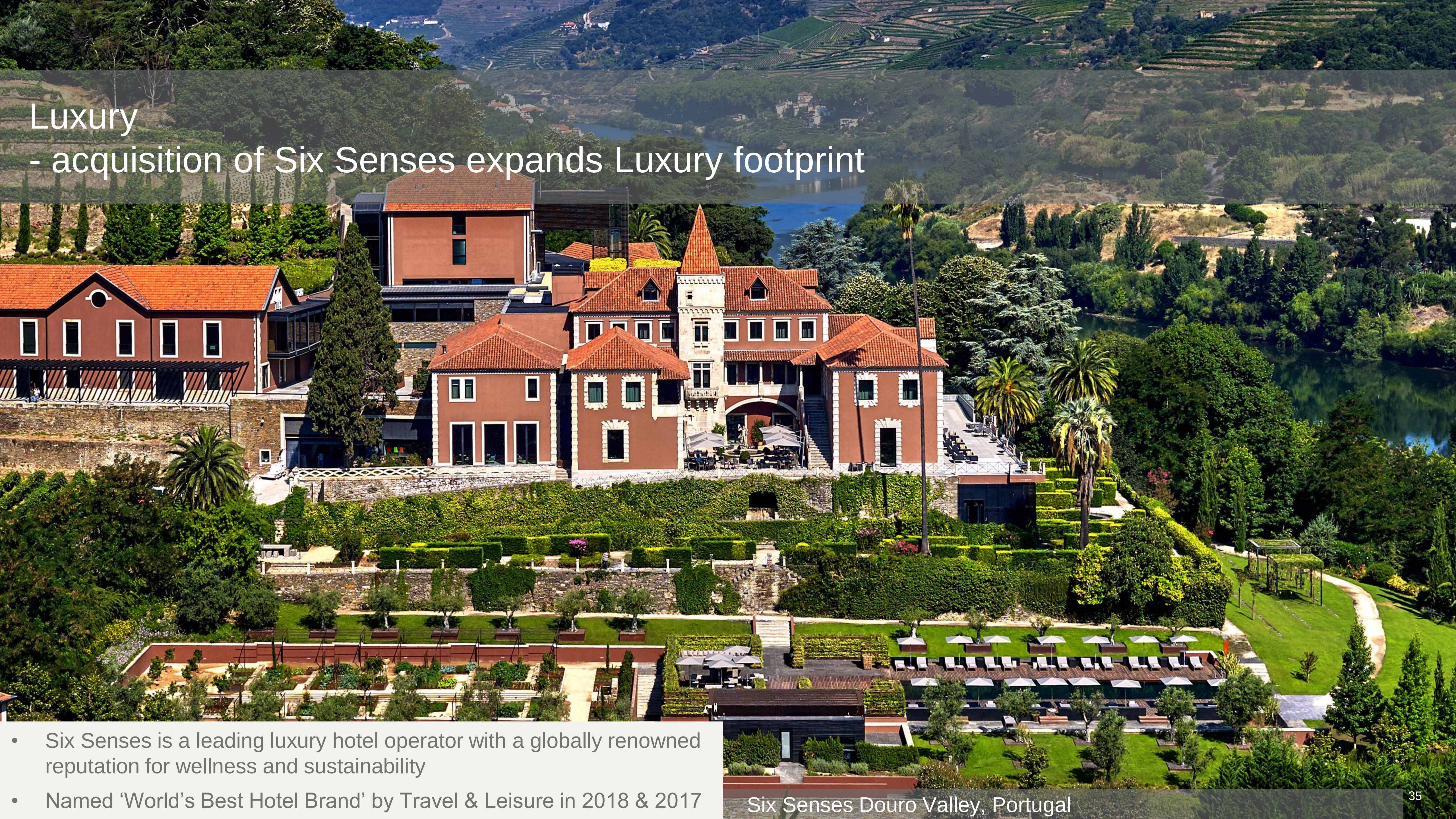
- Opened our first property in the UK – the Kimpton Fitzroy London
- Signed a further 18 deals in 2018; >half outside of the US
- Best signings performance since acquiring the brand
- #6 on Fortune's 100 Best Companies to Work For

Luxury
- moved at pace to reposition Regent Hotels & Resorts

Regent Porto Montenegro, Montenegro

- Unveiled updated brand positioning in October
- Moved at pace, with 3 new signings since acquisition
- On track to grow the portfolio to >40 hotels over the long term

Luxury
- acquisition of Six Senses expands Luxury footprint



Six Senses Douro Valley, Portugal

- Six Senses is a leading luxury hotel operator with a globally renowned reputation for wellness and sustainability
- Named 'World's Best Hotel Brand' by Travel & Leisure in 2018 & 2017

Luxury
- acquisition of Six Senses expands Luxury footprint

- Adds 16 hotels (1.3k rooms) to our system in some of the world's most exclusive, desirable locations
- 18 more hotels in the pipeline
- Potential to grow to >60 properties over the long term

Six Senses Zil Pasyon, Seychelles

Optimising our brand portfolio
- balanced portfolio gives access to markets with high growth potential

IHG

Mainstream
Segment value = ~$115bn
Growth potential = ~$65bn

- Holiday Inn
- Holiday Inn Express
- Holiday Inn Club Vacations
- New brand launch: avid – AN IHG HOTEL
- Staybridge Suites
- Candlewood Suites

Upscale
Segment value = ~$40bn
Growth potential = ~$20bn

- Crowne Plaza Hotels & Resorts
- Hualuxe Hotels and Resorts 華邑酒店及度假村
- voco – AN IHG HOTEL
- EVEN Hotels
- Hotel Indigo

Luxury
Segment value = ~$60bn
Growth potential = ~$35bn

- Six Senses Hotels Resorts Spas
- Regent Hotels & Resorts
- InterContinental Hotels & Resorts
- Kimpton Hotels & Restaurants

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Conclusions

We have delivered a strong performance in 2018, whilst executing against our strategic initiatives

Efficiency programme on track to deliver $125m savings by 2020; savings being reinvested behind growth

Investment in established brands delivering results, with new brands laying foundation for future growth

Disciplined approach to balance sheet unchanged, delivering high quality, sustainable growth in free cash flow

Our strategy will deliver industry-leading net rooms growth over the medium term

While there are macro-economic and geopolitical uncertainties in some markets, we are confident in the year ahead

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Full year results presentation
Q&A

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Appendices

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

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

IHG®

	RevPAR Growth %		Net rooms growth %		Adjusted Underlying Fee Revenue[1] Growth %	Comments
FY 2018	Comparable	Total	YoY	Available		
	Hotels that have traded in all months being compared (i.e. steady state)	All hotels that were open in FY 2018 and FY 2017 (incl hotels that are ramping up)	31st December 2018 vs 2017	Aggregate number of rooms available for sale in 2018 vs 2017		
Americas	1.9%	2.0%	2.5%	2.3%	5.4%	• Broadly in line
EMEAA	2.7%	1.2%	6.0%	6.0%	5.4%	• Total RevPAR impacted by openings in developing markets • Available rooms growth in the fee business: +4.6%[2]
Greater China	6.9%	2.0%	13.6%	11.6%	15.4%	• Total RevPAR impacted by a number of properties in ramp up and openings in less developed cities • Rooms available impacted by timing of openings and removals
Total	**2.5%**	**1.4%**	**4.8%**	**4.4%**	**6.5%**	• Available rooms growth in the fee business: +4.1%[2]

[1] Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions, System Fund results and hotel cost reimbursements at constant FY 2017 exchange rates (CER).
[2] Excludes 5k rooms in Makkah, Saudi Arabia signed in 2015. Annualised fees from these rooms are ~$1m

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

Currency translation had a negligible impact on FY 2018 group EBIT from reportable segments

Region[1]	Reportable Segments Reported FY 2018 vs FY 2018 at FY 2017 rates[2]		Reportable Segments FY 2018 at average January 2019 rates vs reported FY 2018[3]	
	Revenue	EBIT	Revenue	EBIT
Americas	$(2)m	$(1)m	$(1)m	$(1)m
EMEAA	$5m	$1m	$(9)m	$(3)m
Greater China	$2m	$1m	$(3)m	$(1)m
Central Overheads	$1m	$(1)m	$(1)m	$2m
Total IHG	**$6m**	**-**	**$(14)m**	**$(3)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] Average January 2019 spot rates: 1.29 GBP:USD; 1.14 EUR:USD.

© 2019 All Rights Reserved

Proprietary and confidential – further reproduction or distribution is prohibited

2018 and 2019 significant items

Significant items noted at H1 2018 results		2018	2019
Timing of tax credit benefit	Americas	+$4m	-
Individually significant Liquidated Damages	EMEAA	+$7m	+$8m
Individually significant Liquidated Damages	Greater China	+$4m	-
Flags at FY 2018 results		**2018**	**2019**
Crowne Plaza Accelerate fee incentives[1]	Americas	$(3)m	-
US Healthcare programme[2]	Central	$(3)m	-
Reduction of joint venture income relating to one hotel in Americas	Americas	-	$(5)m
Individually significant Liquidated Damages	Greater China	+$2m	-

[1] First disclosed at Interims 2016: Crowne Plaza Accelerate fee incentives over the three year period starting in 2017
[2] Disclosed at FY 2017 as Americas impact. Costs now reported in Central

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

Fee margin[1] by region

Americas

* Excluding $9m one-off impact in revenue and costs related to marketing assessments, fee margin would have been 75.2%

Europe, Middle East, Asia and Africa

Greater China

Total IHG

** Excluding the impact of investment in growth initiatives ahead of savings realised and a one-off impact in revenue and costs related to marketing assessments, fee margin would have been 53.2%

[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.

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

~70% of efficiency programme costs now recognised; majority of the remaining $200m cost expected in 2019

	$m	FY 2017	FY 2018	Total to date
Cash costs	IHG (exceptional)	22	59	81
	System Fund (exceptional)	9	47	56
	Total	**31**	**106**	**137**
Book costs	IHG (exceptional)	36	56	92
	System Fund[1]	9	47	56
	Total	**45**	**103**	**148**

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

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited

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.

© 2019 All Rights Reserved
Proprietary and confidential – further reproduction or distribution is prohibited