



InterContinental Maldives Maamunagau Resort

2019 Full year results presentation

18th February 2020

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.

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Keith Barr

Chief Executive Officer

Executing against our strategic initiatives and accelerating growth

Rooms & RevPAR



- +5.6% net rooms growth, strongest in over a decade
- (0.3)% Global RevPAR
- Record signings in EMEAA and Greater China

Results



- 6% underlying operating profit growth
- 3% adjusted EPS growth
- Highly cash generative business model with \$509m of free cash flow
- +10% Total Dividend

Accelerating growth



- \$125m efficiency programme mostly complete and savings fully reinvested
- Accelerated net system size growth from ~3% to 5.6% over the past 3 years
- Pipeline ~1/3 of our system size; 40% under construction
- Underpinned by our commitment to operate a responsible business

Progress with brands



- New room and public space designs delivering uplifts in owner returns and guest satisfaction for established brands
- Launched Atwell Suites with 10 signings in 2019
- 10 avid hotels open, >200 signed since launch
- 12 voco hotels open, with 33 deals signed since launch
- 10 Six Senses properties signed since acquisition



Paul Edgecliffe-Johnson

Chief Financial Officer & Group Head of Strategy

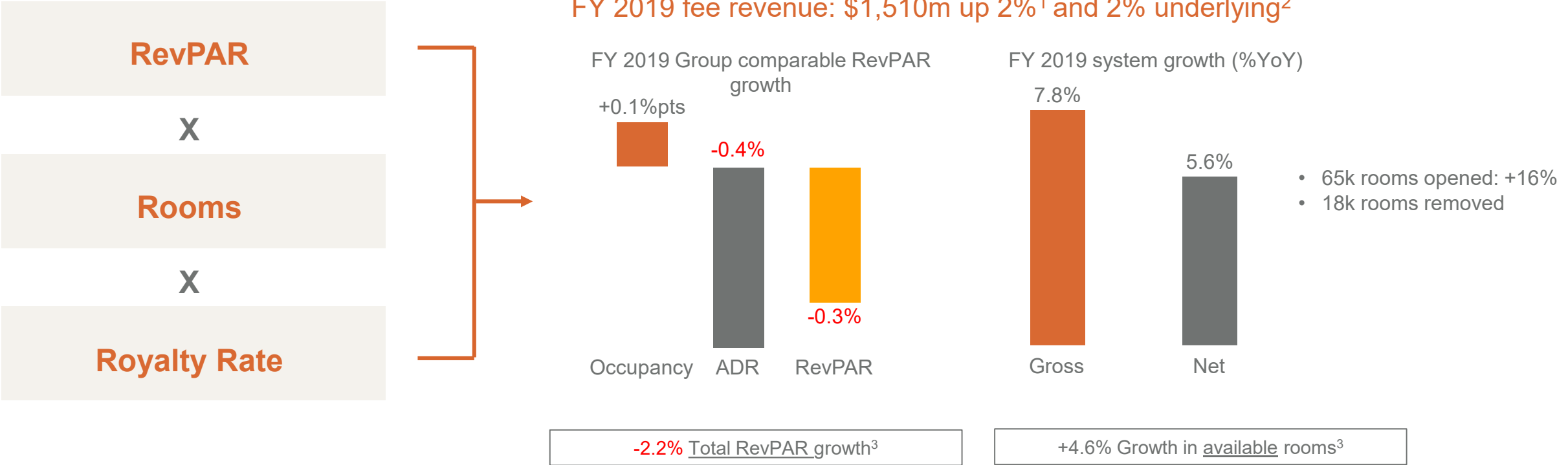
Financial Review

Financial performance

Results from reportable segments ¹	Reported			Underlying ²
\$ million	2019	2018 Restated ³	% Change	2019
Revenue ⁴	\$2,083m	\$1,933m	8%	6%
Operating profit	\$865m	\$832m	4%	6%
Revenue from fee business	\$1,510m	\$1,486m	2%	2%
Operating profit from fee business	\$813m	\$793m	3%	5%
Fee margin ⁵	54.1%	53.3%	0.8%pts	
Adjusted Interest ⁶	\$133m	\$115m	16%	
Reported tax rate	24%	22%	2%pts	
Adjusted EPS ⁷	303.3¢	293.2¢	3%	
Total Dividend	125.8¢	114.4¢	10%	

¹ Reportable segments excludes System Fund results, hotel cost reimbursements and exceptional items; ² Reportable segment results excluding significant liquidated damages, current year acquisitions and stated at constant FY 2019 exchange rates (CER); ³ Restated following the adoption of IFRS 16 'Leases' from 1 January 2019 and the amended definitions for fee margin and adjusted EPS. ⁴ Comprises the Group's fee business and owned, leased, and managed lease hotels; ⁵ Excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group's captive insurance company. ⁶ Adjusted interest includes \$18m of interest charges in relation to the System Fund ⁷ Calculated using results from Reportable Segments and Adjusted Interest, and excluding changes in fair value to contingent consideration

Resilient fee-based business model driving solid fee revenue growth



Americas

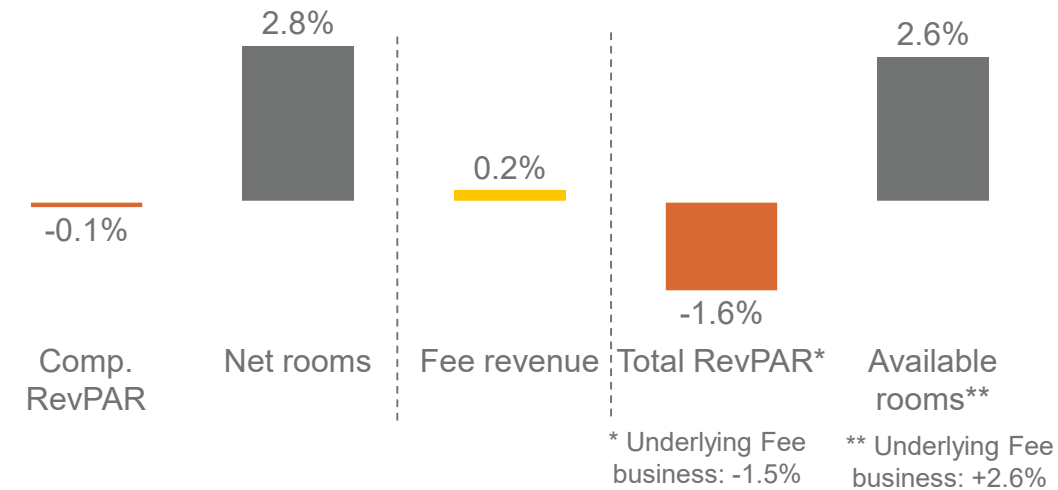
FY 2019 US RevPAR performance in line with the segments in which we compete

- Comparable RevPAR down 0.1%; US down 0.2%
- Q4 US RevPAR down 1.7%
 - Ongoing softness in small groups business
 - Supply growth in Upper Midscale

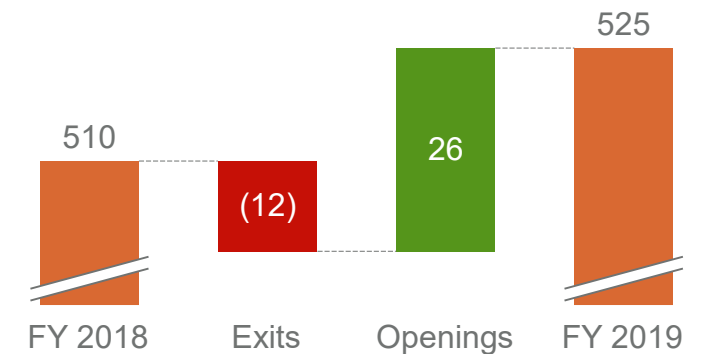
- YoY net rooms growth 2.8% (Gross: up 5.1%)
 - Strongest growth rate in 3 years
 - Highest number of openings in 8 years

- Underlying fee revenue¹ flat, underlying fee operating profit² up 4%:
 - Underlying fee revenue growth held back by \$9m one-off P&L marketing assessment revenue in 2018
- Owned, leased and managed lease profit³ up \$2m

- Pipeline: 117k rooms; 33k signed
- Increase in share of industry signings⁴

FY 2019 Growth in fee revenue drivers¹

FY 2019 Net rooms growth ('000s)

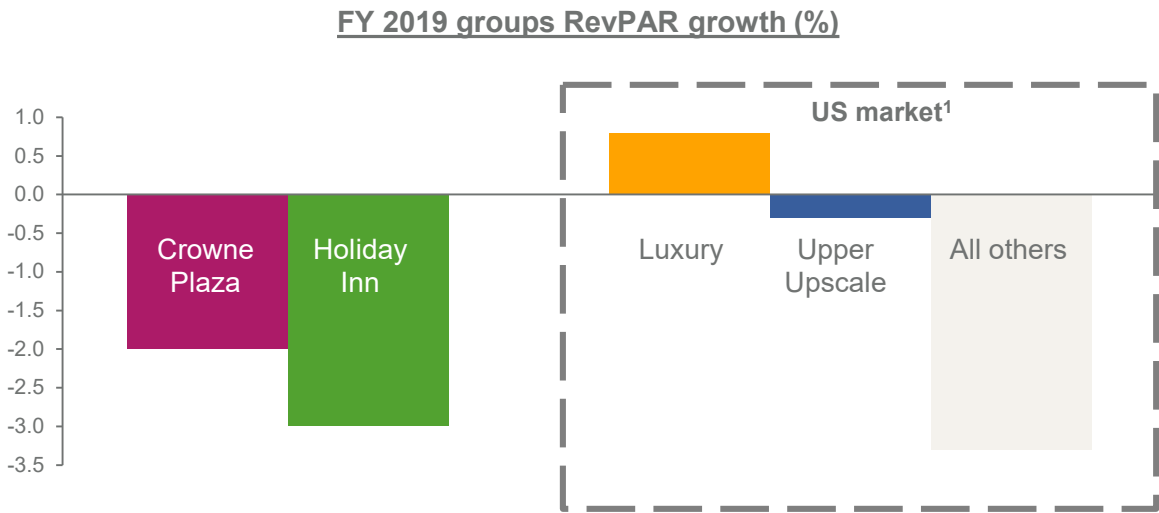


¹ Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year acquisitions and stated at constant FY 2019 exchange rates (CER); ² Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2019 exchange rates (CER); ³ Growth stated at CER; ⁴ Source; STR

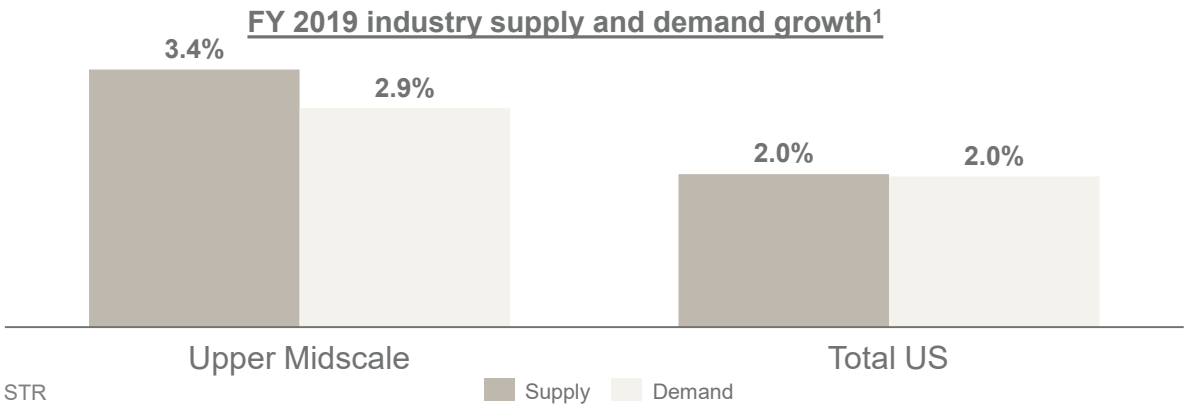
Americas – US

Performance of groups business and supply growth in Upper-Midscale

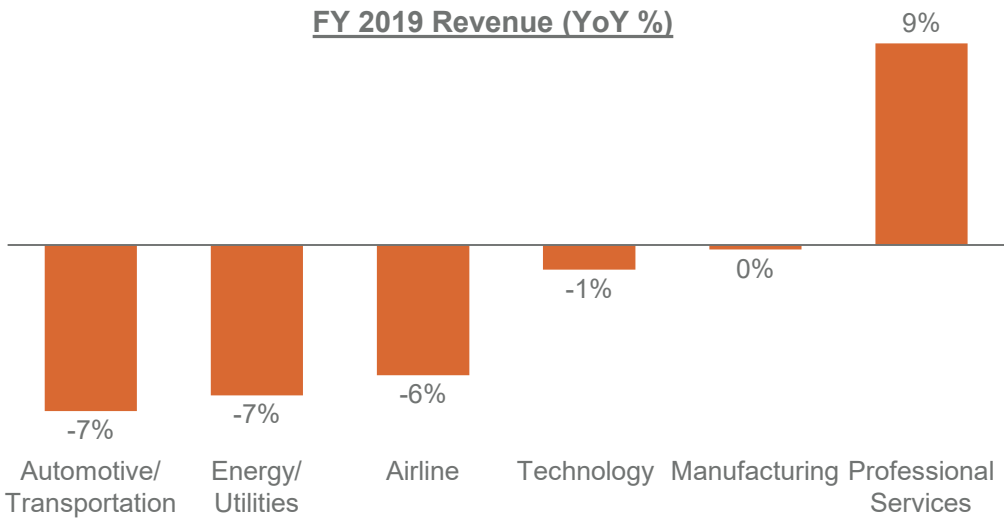
RevPAR growth for groups business across Upscale and Upper-Midscale is challenged



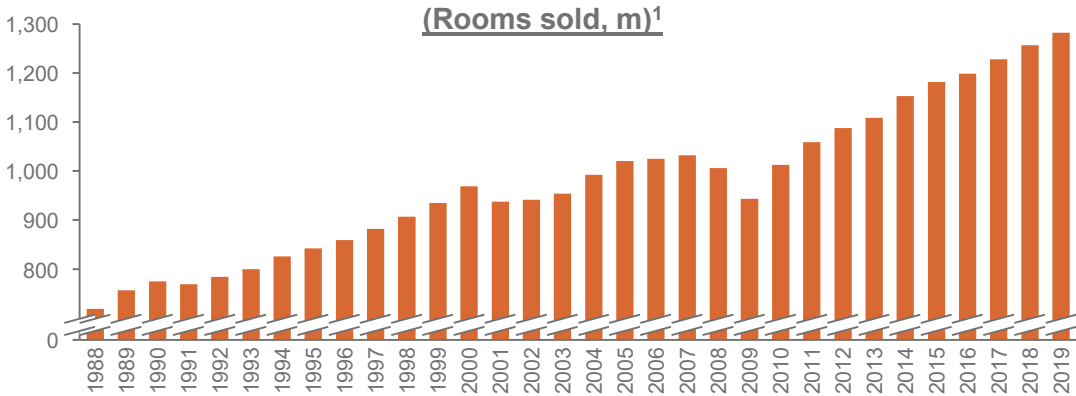
Supply growth is higher for Upper Midscale vs Industry



Market weakness in certain corporate segments



Long-term fundamentals remain strong



¹ Source: STR

Europe, Middle East, Asia and Africa

Strong signings and openings pace; voco momentum continues

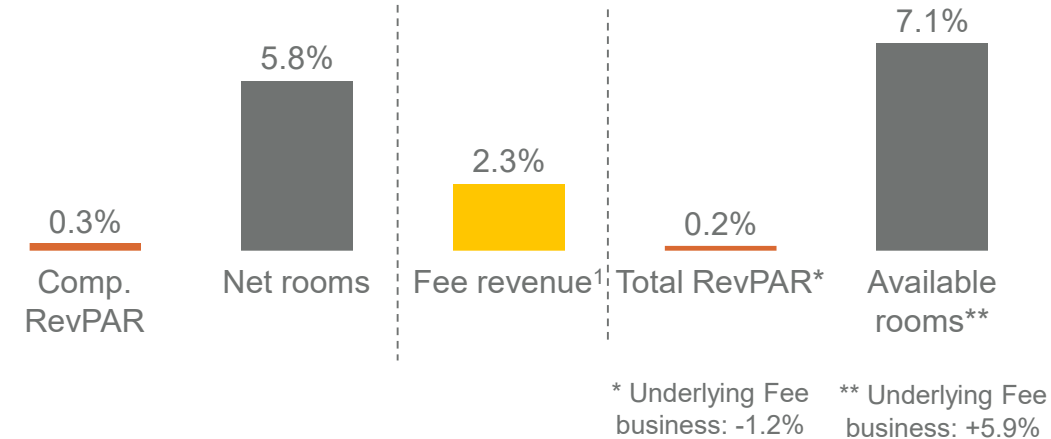
- Comparable RevPAR up 0.3% (Q4 up 0.2%)
- UK up 1%; London up 3%; Provinces down 1%
- Middle East down 3% due to continued increased supply and political unrest

- YoY net rooms growth 5.8% (Gross: up 7.3%)

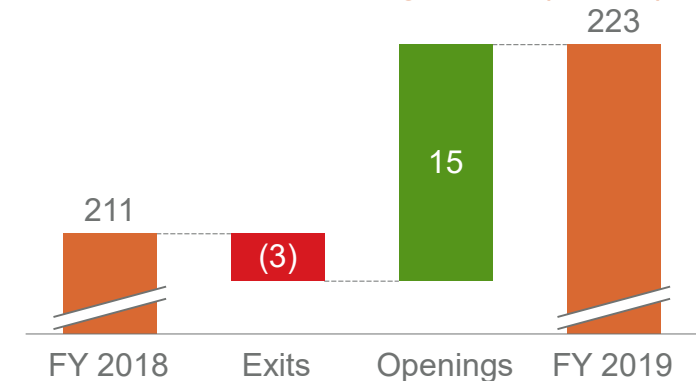
- Underlying fee revenue¹ up 2% and underlying fee operating profit² up 5%
- Owned, leased and managed lease profit³ up \$11m, benefiting from a partial usage of the IFRS 16 lease liability
- Challenging trading conditions resulted in a small operating loss for UK leased hotels after charging \$17m of rental guarantee lease payments against the IFRS 16 lease liability

- Pipeline: 81k rooms; 29k signed
- 33 voco hotels signed across 16 countries over the past 18 months

FY 2019 Growth in fee revenue drivers¹



FY 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 FY 2019 exchange rates (CER) ² Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2019 exchange rates (CER) ³ Growth stated at CER

Greater China

Record rooms growth and signings; continued industry outperformance

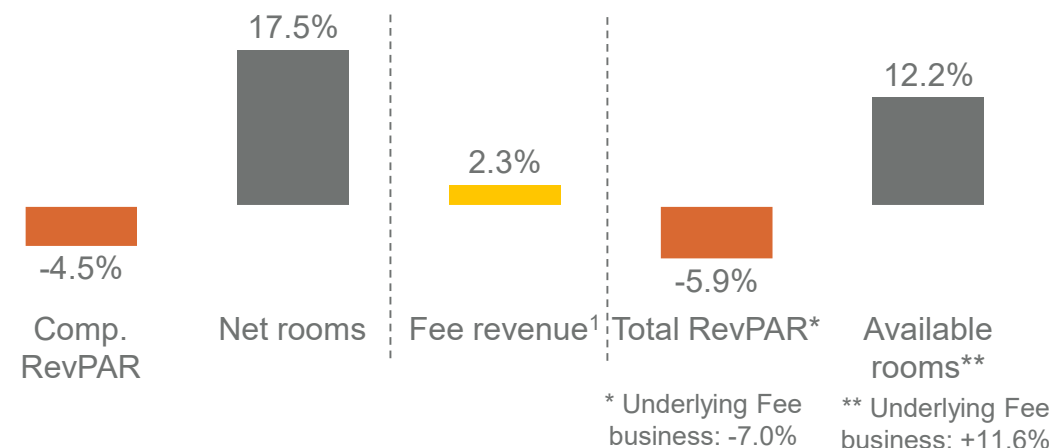
- Comparable RevPAR down 4.5% impacted by the ongoing unrest in Hong Kong SAR
 - Mainland China down 1% (Q4 up 1%)
 - Hong Kong SAR down 27% (Q4 down 63%)
- Total RevPAR down 5.9% due to mix effect of openings in lower RevPAR cities

- YoY net rooms growth 17.5% (Gross: up 20.6%)

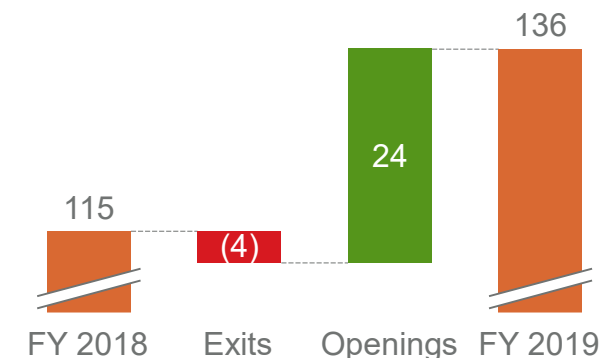
- Underlying fee revenue¹ up 2% and operating profit² up 16% driven by rooms growth and disciplined cost control
 - Fee revenue growth impacted by \$5m fee income loss from the ongoing unrest in Hong Kong SAR

- Pipeline: 85k rooms
 - 36k rooms signed, strongest ever signings performance

FY 2019 Growth in fee revenue drivers¹



FY 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 FY 2019 exchange rates (CER)

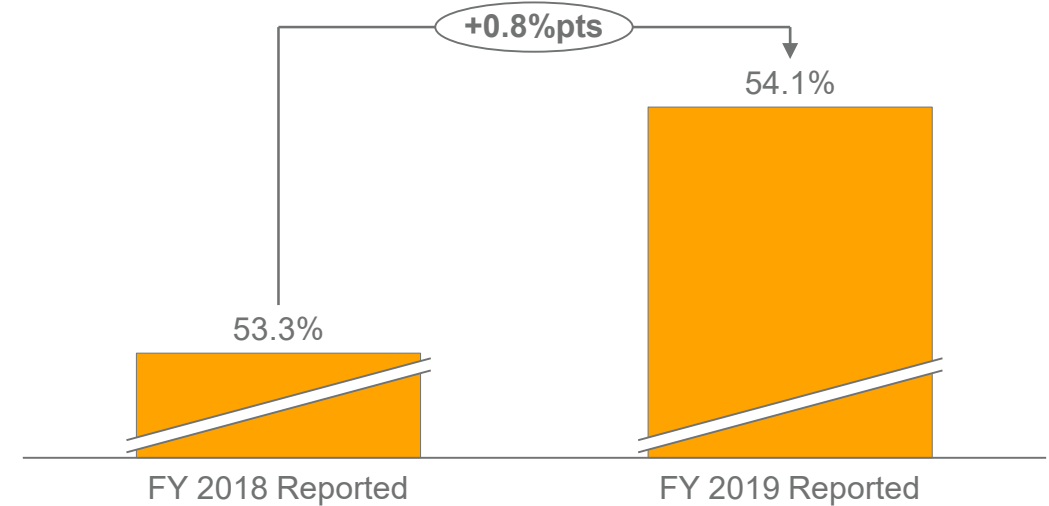
² Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year acquisitions at constant FY 2019 exchange rates (CER)

Continued progression in fee margin

Total annual savings of \$125m by 2020

- Total annual savings of \$125m by 2020
- Savings fully re-invested on an annual basis

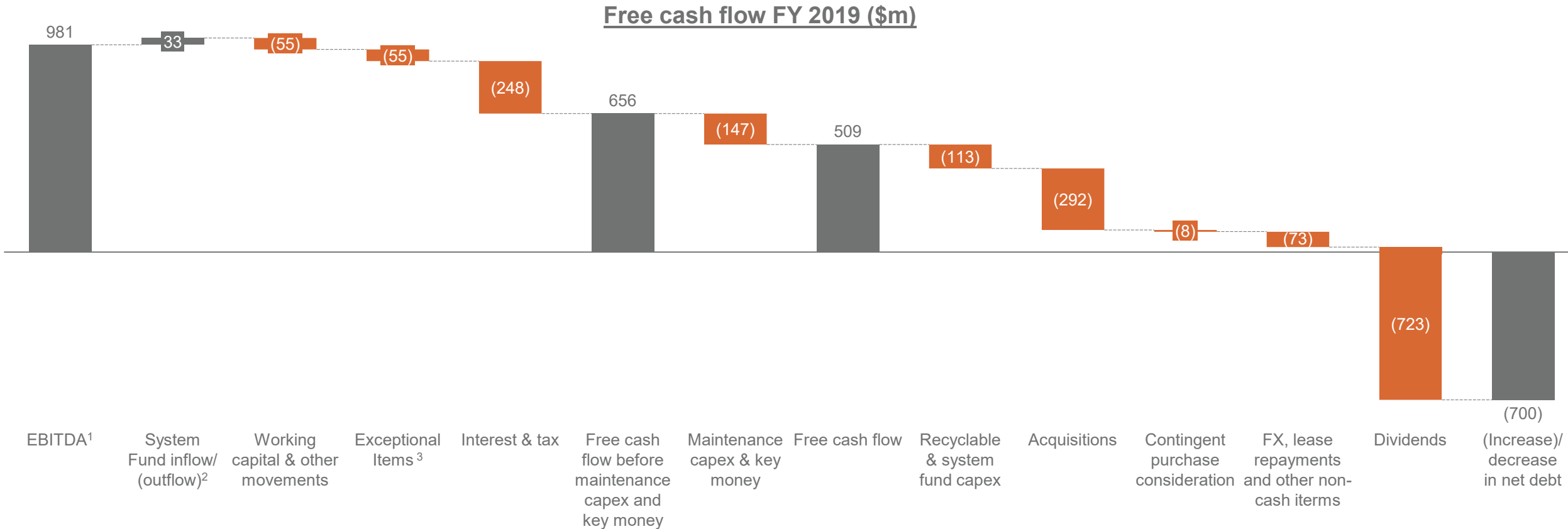
Progression in fee margin¹



- 2018 fee margin included \$9m one-off P&L marketing assessment revenue and equivalent cost (as previously disclosed)
- 2019 fee margin held back by an operating loss from Six Senses Hotels Resorts Spas
- Excluding these items, fee margin increased 160bps

¹ Reported Fee margin stated at AER

Cash flow from operations well above capex needs



- Free cash flow down \$102m year-on-year, due to higher cash tax and interest
- Gross capital expenditure of \$265m covered 2.5x by free cash flow before maintenance capex and key money

¹ Before exceptional items and System Fund result; ² System Fund inflow/(outflow) includes \$54m of depreciation and amortisation and excludes exceptional costs of \$28m in relation to efficiency programme; ³ Includes \$46m relating to group wide efficiency programme (\$28m in relation to the System Fund)

Targeted capital expenditure to drive growth

	\$m	FY 2019	FY 2018 ¹
Maintenance capex, key money and selective investments	Maintenance capex	86	60
	Key money ²	61	54
	Total	147	114
	\$m	FY 2019	FY 2018 ¹
Recyclable investments	Gross out	19	38
	Gross in	(4)	(40)
	Net total	15	(2)
	\$m	FY 2019	FY 2018 ¹
System Fund capital investments	Gross out	98	99
	Gross in	(49)	(45)
	Net total	49	54
Total capital investments	Gross total ³	265	253
	Net total	211	166

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

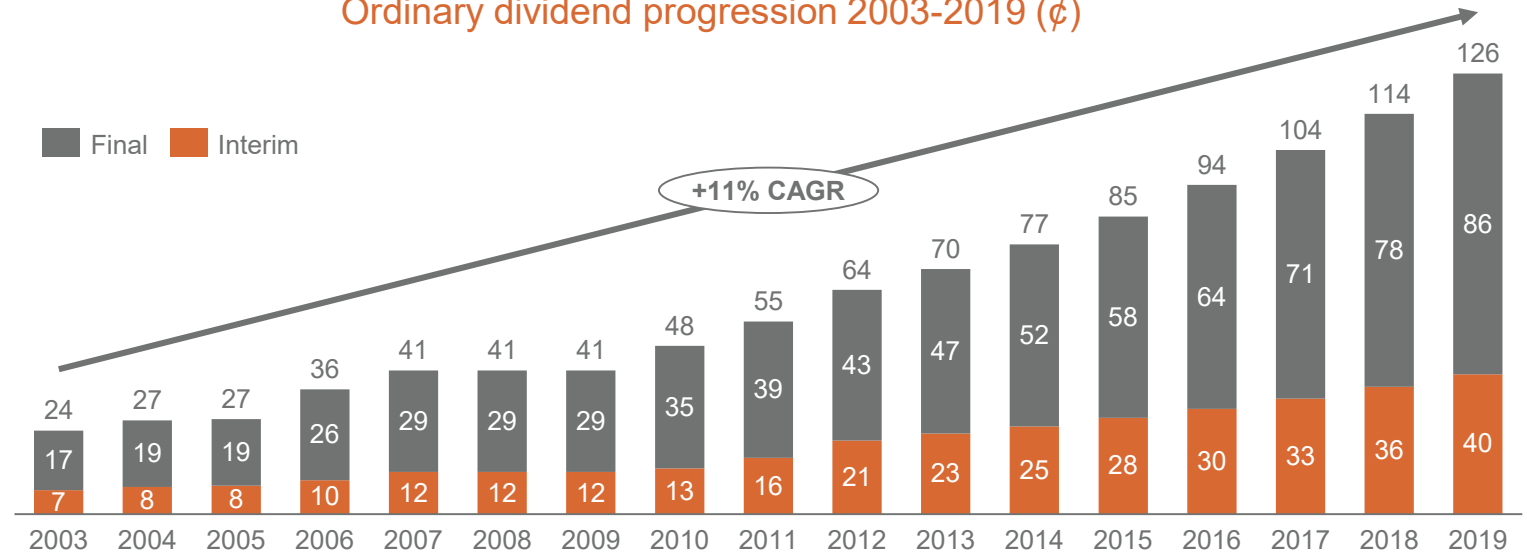
- Gross: up to \$350m per annum
- Net: ~\$150m

¹ The 2018 comparatives have been restated to reflect the adoption of IFRS 16 'Leases' from 1 January 2019; ² Key money presented net of repayments; ³ Includes gross key money payments of 2019: \$62m and 2018: \$56m

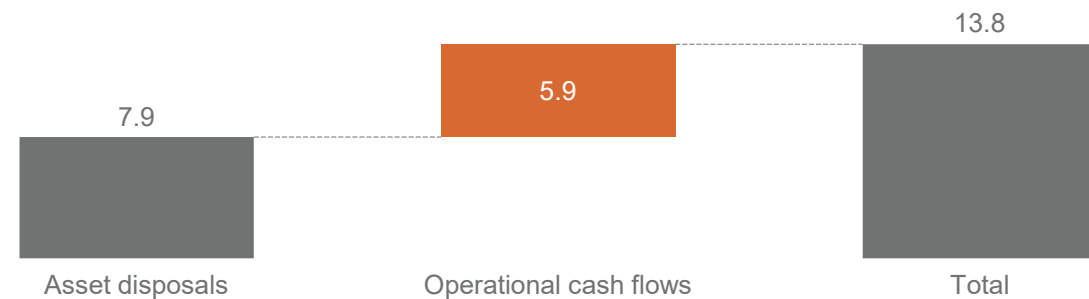
Highly cash generative business driving strong shareholder returns

- Strong cash flows driving consistent shareholder returns
- Total dividend of 125.8¢ with 11% CAGR since 2003
- Total returns of ~\$13.8bn since 2003, ~40% from operations
 - \$2.6bn ordinary dividend
 - \$11.2bn additional
- Strong financial position:
 - \$2.0bn Bonds¹
 - \$1.4bn RCF²

Ordinary dividend progression 2003-2019 (¢)



Shareholder returns 2003-19 (\$bn)



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

Our strategy for uses of cash remains unchanged



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 : EBITDA¹

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



Keith Barr

Chief Executive Officer

Update on strategic initiatives

IHG is well placed to capitalise on industry fundamentals

Industry

Growing industry demand

- Industry total revenue ↑ 5%¹

Shift to scale brands

- Branded share²: 54% Open Rooms / 81% Pipeline
- Top 3 share²: 17% Open Rooms / 44% Pipeline

Attractive asset class

- Near record absolute RevPAR
- Owners continue to generate high ROI albeit against rising cost pressures

Consumer trends shifting

- Increasing demand for distinctive brands

Technology

- Integral to the entire guest journey
- Scale needed to support investment

Sustainability

- Increasingly informing guest preferences
- Scale helps owners seeking support

IHG

Reallocated resources

- Embedded more effective regional structure
- Operating closer to market

Growing market share

- Accelerated net rooms growth from ~3% to 5.6% in three years

Strengthening existing brands

- Continual innovation driving guest preference
- Cost effective build and operational prototypes

Launched new brands

- Five new brands launched or acquired
- Targeting under-served segments

Cloud-based capabilities

- Rolled out IHG Concerto across estate
- Enhanced Wi-Fi platform with IHG Connect

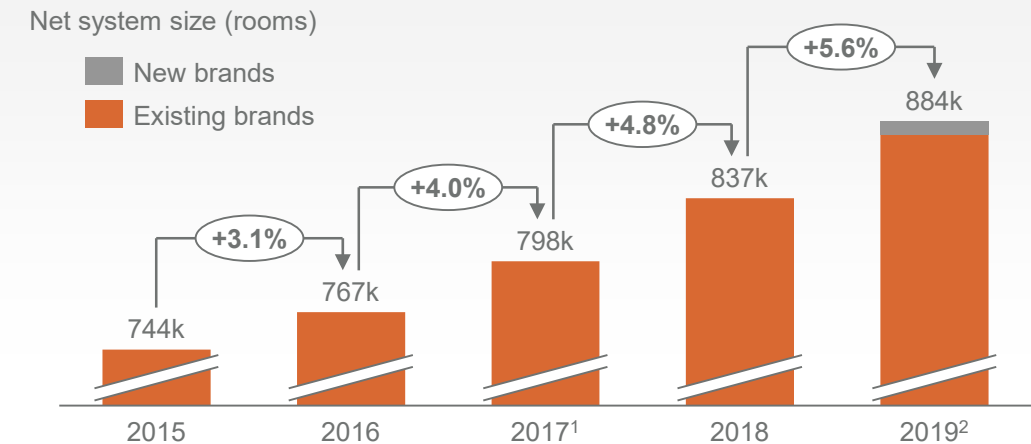
Responsible Business focus

- Continuous focus on sustainable solutions
- Sustainability credentials facilitate owner needs

¹ Source: STR; 2016 – 19 CAGR; ² Source: STR census data; based on room share

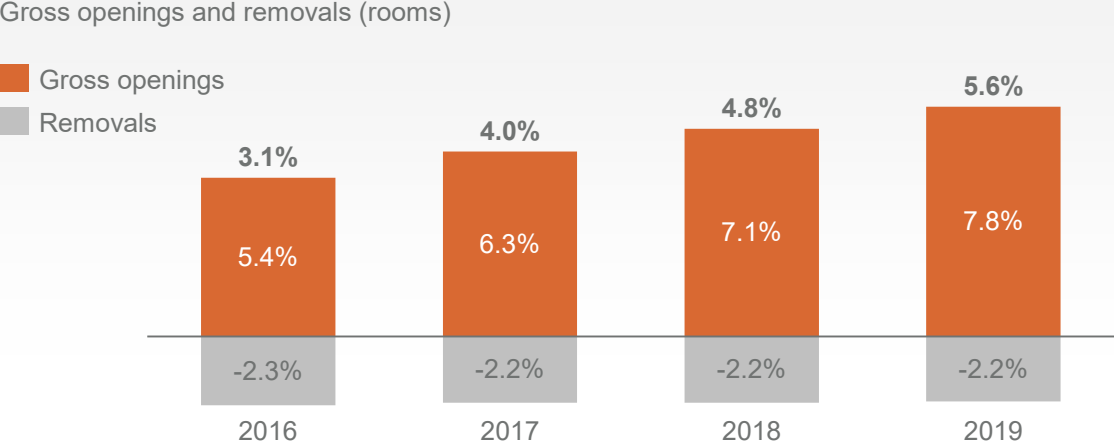
On track to deliver industry leading net system size growth

Accelerating net system size growth from established brands



¹ 2017 includes 5.0k room deal in Makkah; ² 2019 includes 5.2k rooms from Sands partnership in Macau SAR

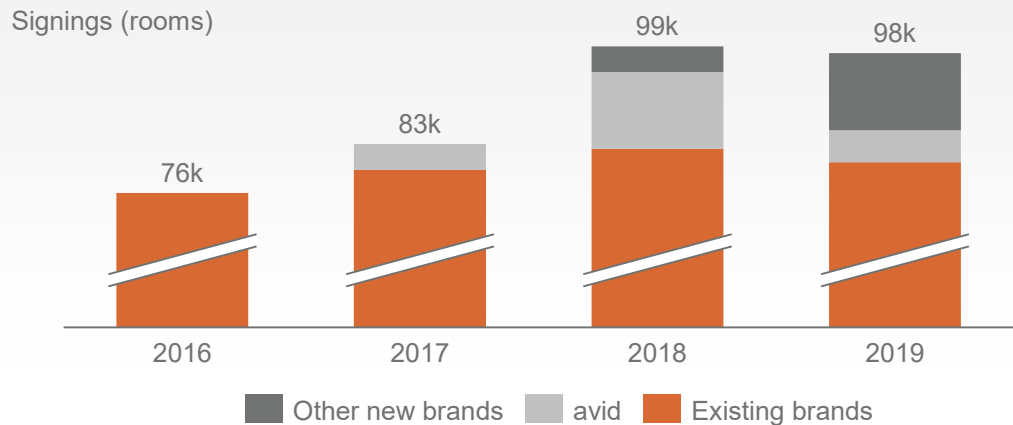
Strong gross openings pace, remain focussed on quality



Launched five new brands in two years



Continued momentum in new brand signings



Making our strategic model work harder

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

- Strengthening existing estate through updated room and public designs
- Enhanced portfolio with five new brands over the last two years

4. Evolve owner proposition

- Investments in hotel lifecycle management accelerating signings into openings and maximising owner ROI
- New room and public designs with lower build and operational costs
- Growing franchising for Holiday Inn Express, Holiday Inn and Crowne Plaza in Greater China with >200 signings since launch in 2016



3. Enhance revenue delivery

- IHG Connect in >4,500 hotels globally and driving 14%pt uplift in guest satisfaction
- Renegotiated more favourable OTA terms
- Revenue Management for Hire now adopted in >3,500 hotels

1. Build & leverage scale

- \$125m efficiency programme substantially complete
- Best ever openings performance for the Holiday Inn Brand Family
- Record signings in EMEAA and Greater China
- Grown our pipeline by 50% in the past five years

2. Strengthen loyalty programme

- Enhancing value of programme through exclusive partnerships for our members
- Introducing trials of dynamic pricing for redemption nights and pay with points during stay for services and amenities
- ~46% loyalty room night contribution

Underpinned by our commitment to operate a responsible business through our culture, hotels and communities

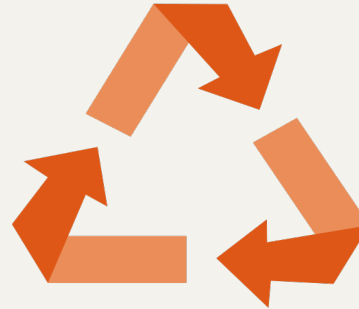
Underpinned by our commitment to operate a responsible business – Providing True Hospitality for everyone

Waste reduction



- First global hotel company to mandate bulk-size bathroom amenities across entire estate
- Innovative food waste management

Environmental sustainability



- 2030 Science Based Target¹
- Task Force for Climate-related Financial Disclosures
- CEO Water Mandate

Workplace culture



- Launched colleague share plan
- 'CEO Action' pledge for diversity and inclusion
- The Valuable 500

¹ IHG commits to reduce absolute scope 1, 2 and 3 (Fuel and Energy related activities) GHG emissions from its owned, leased and managed hotels, 15% by 2030 from a 2018 base year. IHG also commits to reduce scope 3 GHG emissions from its franchised hotels 46% per square meter by 2030 from a 2018 base year

Strengthen loyalty

- Enhancing value of programme through partnerships and innovation

Loyalty contribution

- Loyalty room night contribution¹ **~46%**

Unique partnerships

- Offering money can't buy experiences for our members at **US Open Tennis Championships**
- Giving guests the opportunity to earn and redeem points in highly desirable destinations with **Mr & Mrs Smith** and **Sands China** in Macau SAR

Maximising value of points

- Further enriching value proposition through trials of dynamic reward night pricing and option to pay with points during stay for services and amenities



IHG®
Rewards
Club

Smith
Mr & Mrs Smith
THE TRAVEL CLUB FOR HOTEL LOVERS



¹ Based on both qualified and redeemed stays

Enhance revenue delivery

- Investment in technology and global sales driving low cost revenue for our owners



Optimising our brand portfolio

- Breadth and depth of brand portfolio driving the growth of our business

Established Brands

New Brands

Mainstream



Upscale



Luxury



Industry Supply YoY¹

4.1%

IHG Share of Industry System / Rank¹

16% / 1st

IHG Share of Industry Pipeline / Rank¹

24% / 1st

3.0%

4% / 5th

5% / 5th

3.3%

14% / 2nd

13% / 2nd

- Holiday Inn Brand Family innovation driving performance



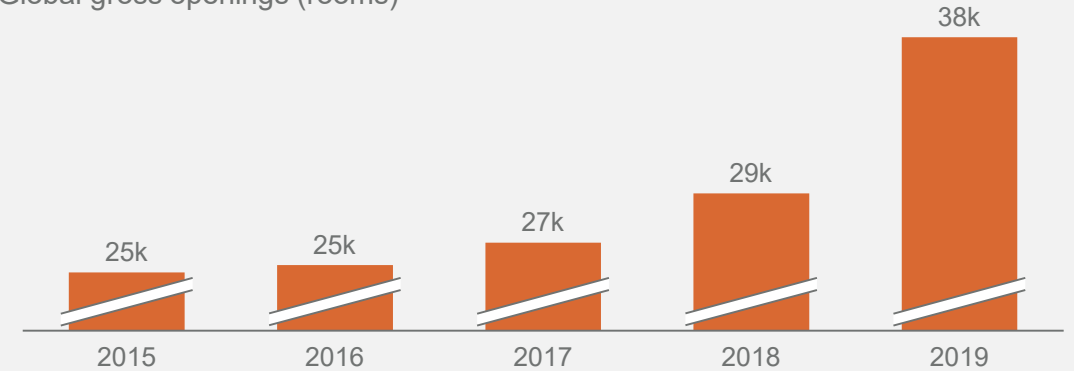
- Updated **Formula Blue** guestroom and public space designs in the US & Canada; >1,600 hotels open or committed
 - Delivering 5pt premium in guest satisfaction and strong owner ROI
- >150 hotels with new room designs across Europe
 - Delivering 5pt premium in guest satisfaction



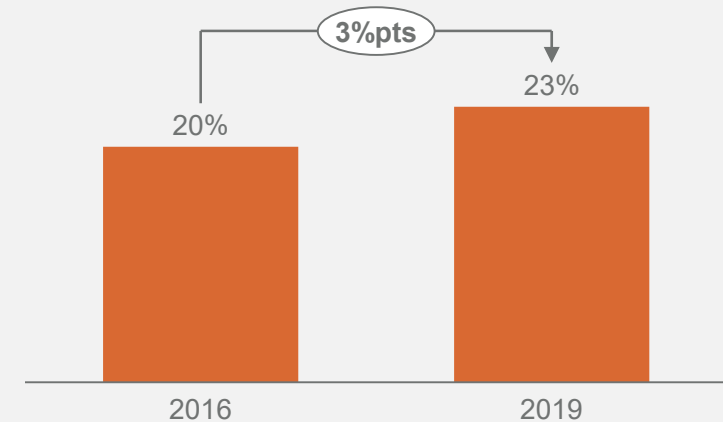
- New build prototype** launched in US; >180 hotels open or committed across the Americas
 - Integrating new public space and guest room designs
 - Smaller site requirements and cost effective construction methods
- 'Open Lobby' new public space open or committed in >90% hotels across Europe
 - Driving uplifts in guest satisfaction and food & beverage revenue

Holiday Inn Brand Family

Global gross openings (rooms)



Share of US openings¹ (rooms)

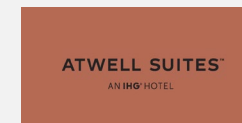


Mainstream

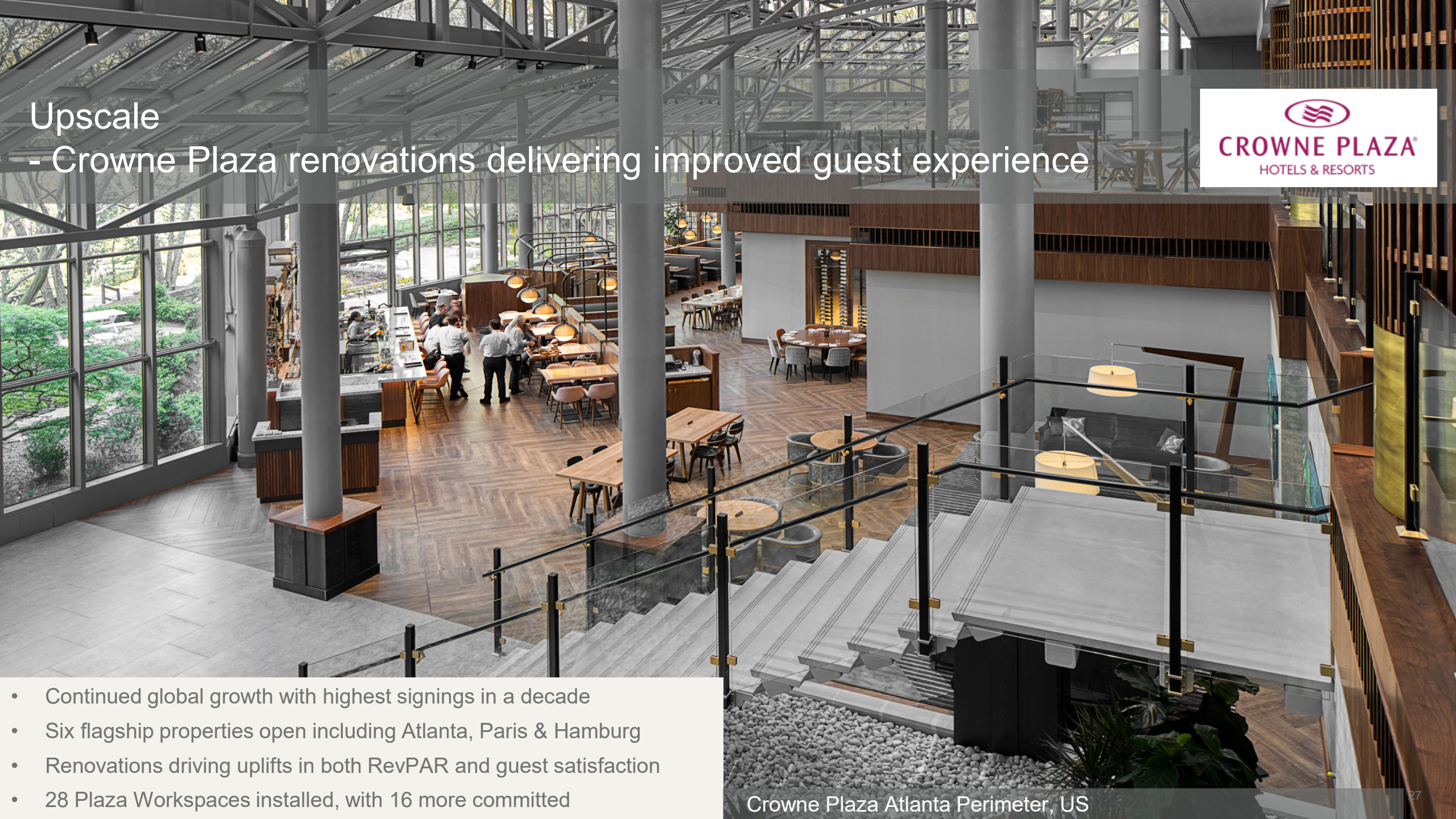
- Good momentum following launch of avid and Atwell Suites



- 10 hotels open; with strong guest satisfaction
- >200 signings (20k rooms) since launch, including 16 hotels in Q4
- ~70% of signings from existing franchise owners
- >80 hotels under construction or with plans approved for construction



- 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 four years
- Strong owner interest with 10 signings in 2019; further 11 applications approved
- First hotels are expected to break ground in 2020 and open in 2021



Upscale

- Crowne Plaza renovations delivering improved guest experience



- Continued global growth with highest signings in a decade
- Six flagship properties open including Atlanta, Paris & Hamburg
- Renovations driving uplifts in both RevPAR and guest satisfaction
- 28 Plaza Workspaces installed, with 16 more committed

Crowne Plaza Atlanta Perimeter, US

Upscale

- Increased pace of Hotel Indigo openings and signings

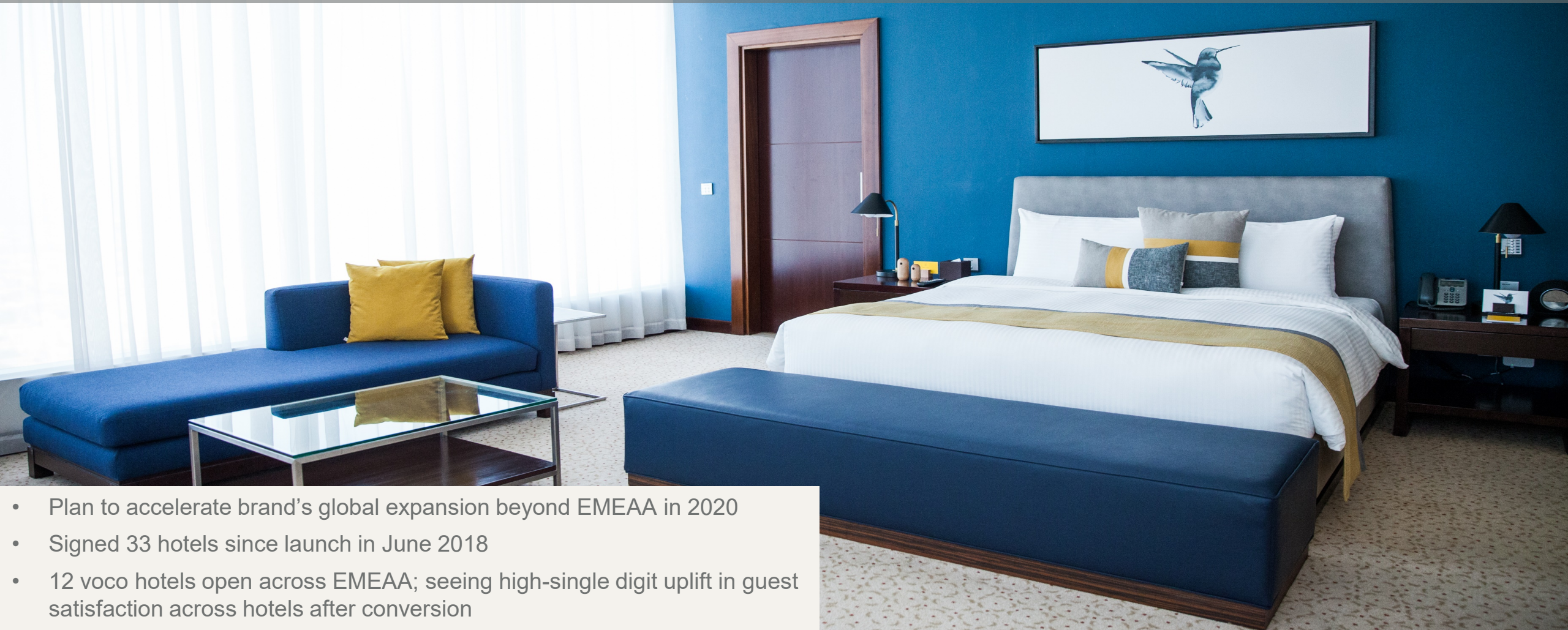
HOTEL
INDIGO

- ~120 properties open and a further ~100 in the pipeline
- Record number of signings in 2019
- Now have a presence secured in the pipeline in 16 new countries
- Set to double the size of the portfolio over the next five years

Hotel Indigo Milan – Corso Monforte, Italy

Upscale

- Plan to accelerate global expansion beyond EMEAA

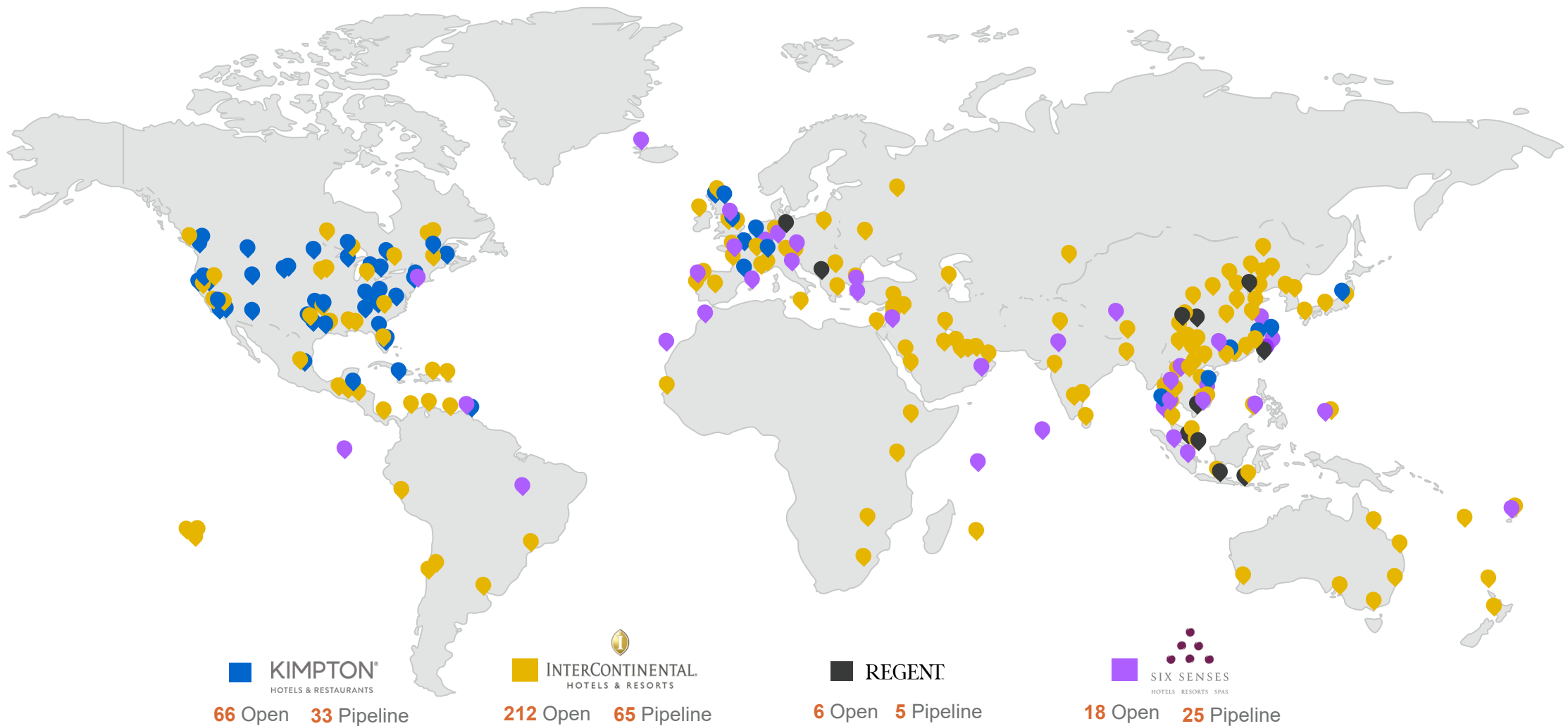


- Plan to accelerate brand's global expansion beyond EMEAA in 2020
- Signed 33 hotels since launch in June 2018
- 12 voco hotels open across EMEAA; seeing high-single digit uplift in guest satisfaction across hotels after conversion
- On track to grow brand to >200 hotels in 10 years

voco Dubai, United Arab Emirates

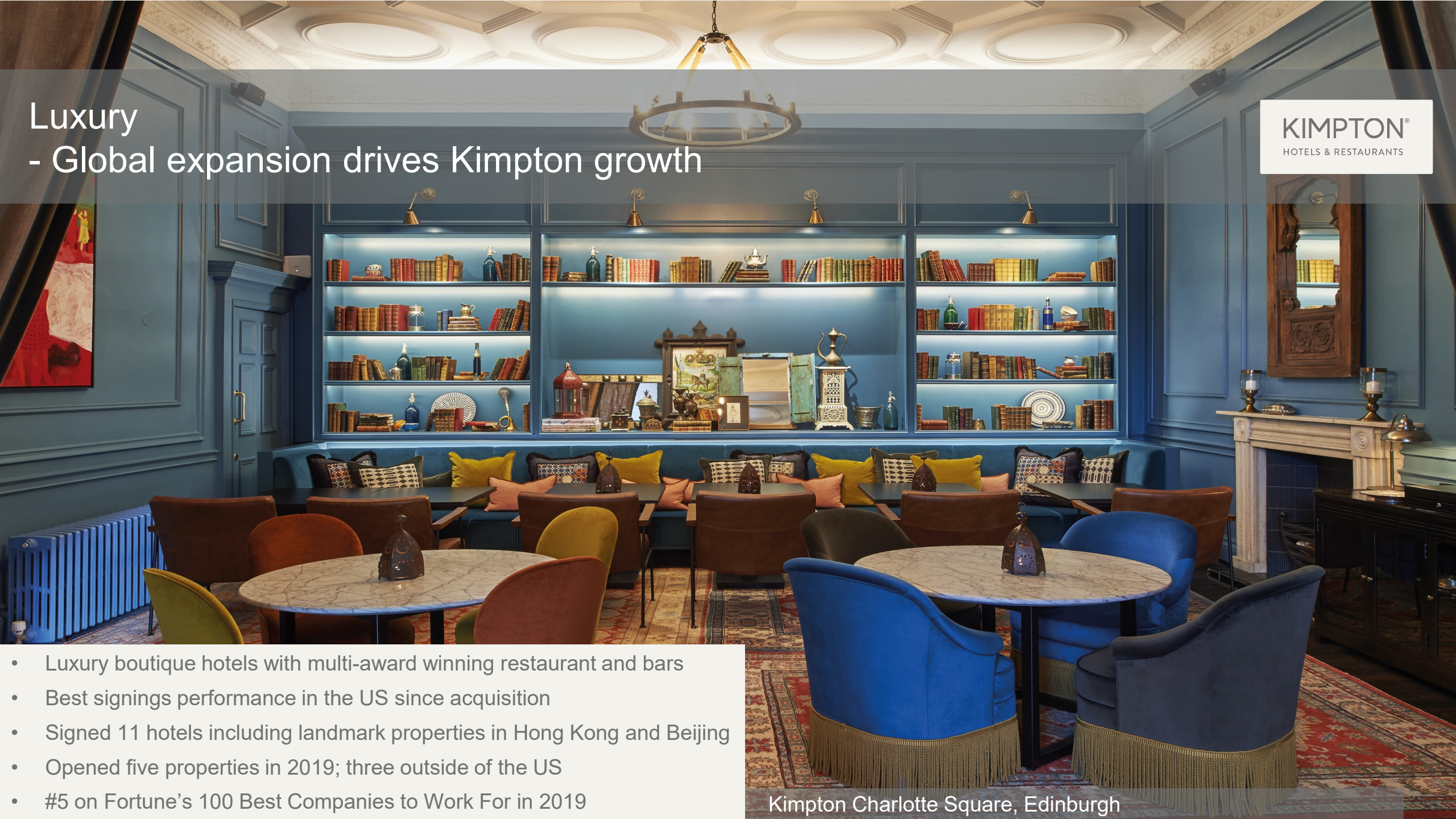
Enhancing our luxury offering to owners and guests

Global luxury footprint – Open and pipeline hotels



Luxury - Global expansion drives Kimpton growth

KIMPTON®
HOTELS & RESTAURANTS



- Luxury boutique hotels with multi-award winning restaurant and bars
- Best signings performance in the US since acquisition
- Signed 11 hotels including landmark properties in Hong Kong and Beijing
- Opened five properties in 2019; three outside of the US
- #5 on Fortune's 100 Best Companies to Work For in 2019

Kimpton Charlotte Square, Edinburgh

A wide-angle photograph of a grand hotel lobby. The space is characterized by tall, white, fluted classical columns that support an ornate ceiling with intricate moldings. Several large, multi-tiered chandeliers hang from the ceiling, casting a warm glow. In the foreground, a reception desk with a dark blue and gold finish is visible, where a staff member is working. The floor is made of large, light-colored marble tiles in a checkered pattern. In the background, there are arched doorways and windows with heavy curtains, and a small table with a vase of flowers.

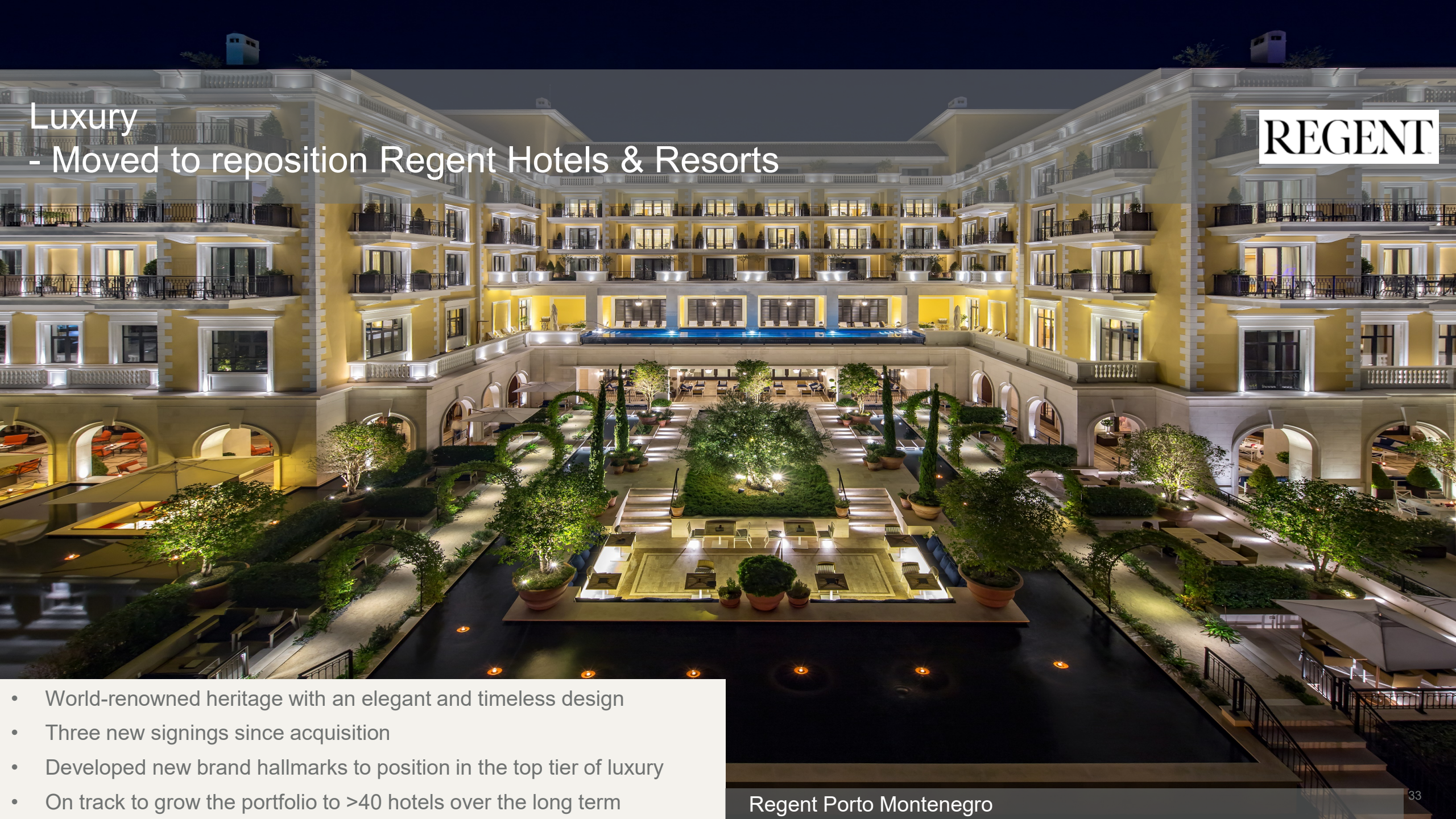
Luxury

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



- World's largest luxury hotel brand with distinctive style and ambience
- 9 openings and 13 signings in 2019
- Total pipeline and system size for the brand now ~280 properties
- Opened first InterContinental Residences property in Greater China
- Significant owner investment with a number of properties currently under or soon to enter refurbishment

InterContinental Edinburgh The George, Edinburgh



Luxury - Moved to reposition Regent Hotels & Resorts

REGENT

- World-renowned heritage with an elegant and timeless design
- Three new signings since acquisition
- Developed new brand hallmarks to position in the top tier of luxury
- On track to grow the portfolio to >40 hotels over the long term

Regent Porto Montenegro

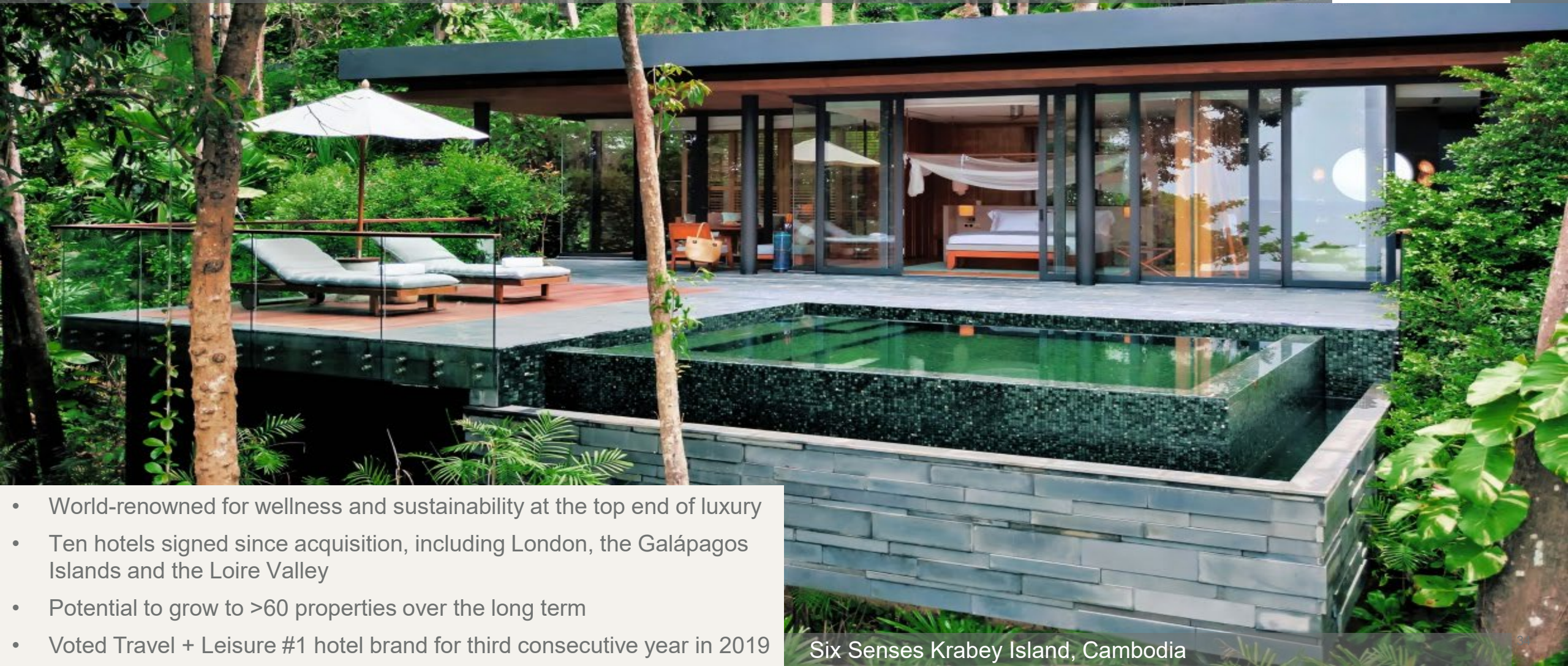
Luxury

- Strong momentum since acquisition of Six Senses



SIX SENSES

HOTELS RESORTS SPAS



- World-renowned for wellness and sustainability at the top end of luxury
- Ten hotels signed since acquisition, including London, the Galápagos Islands and the Loire Valley
- Potential to grow to >60 properties over the long term
- Voted Travel + Leisure #1 hotel brand for third consecutive year in 2019

Six Senses Krabey Island, Cambodia

Conclusions

- Strategic initiatives set out two years ago have strengthened our business, accelerating net rooms growth and driving financial results
- Efficiency programme savings are being wholly reinvested to drive long-term sustainable growth
- Total dividend growth of 10% and continued commitment to return surplus cash to shareholders
- Coronavirus; priority remains health and safety on the ground, compelling long term market opportunity unchanged
- Continued commitment to operate a responsible business with new Science Based Target
- Strong industry fundamentals and cash-generative, resilient fee-based model, provides confidence to continue to invest for the long-term



Full year results presentation Q&A



InterContinental Maldives Maamunagau Resort

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
FY 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 FY 2019 and FY 2018 (incl hotels that are ramping up)	31 st December 2019 vs 2018	Aggregate number of rooms available for sale in FY 2019 vs FY 2018		
Americas	-0.1%	-1.5%	2.8%	2.6%	0.2%	Underlying fee revenue growth impacted by \$9m of one-off P&L marketing assessments in the prior year as previously disclosed
EMEA	0.3%	-1.2%	5.8%	5.9%	2.3%	Total RevPAR impacted by openings in less developed cities
Greater China	-4.5%	-7.0%	17.5%	11.6%	2.3%	- Total RevPAR impacted by number of properties in ramp up and openings in less developed cities. 17.5% YoY rooms growth includes InterContinental Alliance Resorts in Macau, opened in June 19
Total	-0.3%	-2.2%	5.6%	4.6%	2.0%	

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 FY 2019 exchange rates (CER)

² Underlying fee business Total RevPAR and Available rooms

Currency translation decreased FY 2019 group EBIT from reportable segments by \$7m

Region ¹	Reportable Segments Reported FY 2019 vs FY 2018 rates ²		Reportable Segments FY2019 at average January 2020 rates vs reported FY2019 ³	
	Revenue	EBIT	Revenue	EBIT
Americas	\$(2)m	\$(2)m	\$0m	\$0m
EMEAA	\$(15)m	\$(6)m	\$6m	\$1m
Greater China	\$(6)m	\$(2)m	\$0m	\$0m
Central Overheads	\$(2)m	\$3m	\$1m	\$(1)m
Total IHG	\$(25)m	\$(7)m	\$7m	\$0m

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 2020 spot rates: 1.31 GBP:USD; 1.11 EUR:USD.

2019 and 2020 significant items

Significant items		2019	2020
Individually significant Liquidated Damages	EMEAA	\$11m	\$1m

Fee margin¹ by region

Americas



* Excluding \$9m one-off impact in revenue and costs related to P&L marketing assessments, fee margin would have been 75.8%

Europe, Middle East, Asia and Africa



* Includes an operating loss from Six Senses Hotels Resorts Spa

Greater China



Total IHG



¹ Fee margin excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group's captive insurance company; is stated at AER.

² FY 2018 fee margin updated for IFRS 16 'Leases' effective 1 January 2019 and excludes the results of the Group's captive insurance company

Impairment charge

Americas

Impairment charge

- \$50m impairment charge on acquired Kimpton Hotels & Restaurant management agreements
- **Non-cash and excluded from adjusted results**

Rationale

- Relates to reduced trading expectations in the US and impact of higher than expected number of exits in 2019 on overall assumptions
- Impairment test does not account for ~40 Kimpton signings since acquisition including 27 signings in the Americas and taking the brand to 14 new markets internationally

Europe, Middle East, Asia and Africa

Impairment charge

- \$81m impairment charge on UK leased hotel portfolio
 - \$49m in goodwill
 - \$32m in IFRS 16 right-of-use asset
- \$38m fair value gain recorded from a related reduction in the value of contingent consideration liability
- Net P&L impact of \$43m
- **Both items non-cash and excluded from adjusted results**

Rationale

- Impairment charge driven by:
 - Higher cost inflation, particularly wages/food
 - Delays and disruption from a refurbishment and rebranding programme across 12 hotels

~100% of efficiency programme costs now recognised; remainder of the \$200m cash cost expected in 2020

	\$m	FY 2017	FY 2018	FY 2019	Total to date
Cash costs	IHG (exceptional)	22	59	18	99
	System Fund (exceptional)	9	47	28	84
	Total	31	106	46	183
Book costs	IHG (exceptional)	36	56	20	112
	System Fund ¹	9	47	28	84
	Total	45	103	48	196

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

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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.

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