IHG
HOTELS & RESORTS


voco Hangzhou Binjiang Minghao, Greater China

2020 Full Year Results

23 February 2021

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Keith Barr

Chief Executive Officer

Navigating the Covid-19 crisis effectively, whilst positioning the business for growth

Our response to Covid-19

- Decisive cost action; cash preservation; robust liquidity
- Offering assistance to colleagues and communities
- Providing guests with the confidence to stay through the IHG Clean Promise and flexible booking options
- Supporting owners to help keep hotels open, lower their costs and manage their cash

Rooms & RevPAR

- +0.3% net growth YoY[1] to 886k rooms (5,964 hotels)
- Conversion activity increasing
- (52.5)% Global RevPAR decline; (53.2)% in Q4
- Continued outperformance in key markets

Results

- (75)% underlying operating profit decline
- $29m free cash flow
- $2.1bn available liquidity[2]
- No final dividend proposed
- Resilient fee-based business model

Focusing on growth

- Opened 285 hotels
- Signed 360 hotels; ~25% conversions
- 213 ground breaks
- ~40% of pipeline under construction
- Evolved purpose and strategic priorities

[1] +2.2% excluding the impact of SVC portfolio termination; [2] On a pro forma basis for repayment of £600m UK Government CCFF at March 2021 maturity

Our strong positioning for recovery is underpinned by our evolved purpose and strategic priorities

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Our Purpose

True Hospitality for Good

Our Priorities

Build loved and trusted brands

Customer centric in all we do

Create digital advantage

Care for our people, communities and planet

Paul Edgecliffe-Johnson

Chief Financial Officer & Group Head of Strategy

FY 2020 Financial Review

Financial performance

Results from reportable segments[1]	Reported			Underlying[2]
$ million	FY 2020	FY 2019	% Change	FY 2020
Revenue[3]	$992m	$2,083m	(52)%	(52)%
Operating profit	$219m	$865m	(75)%	(75)%
Revenue from fee business	$823m	$1,510m	(45)%	(45)%
Operating profit from fee business	$278m	$813m	(66)%	(65)%
Fee margin[4]	34.1%	54.1%	(20.0)%pts	
Adjusted interest[5]	$130m	$133m	(2)%	
Reported tax rate[6]	38%	24%	14%pts	
Adjusted EPS[7]	31.3¢	303.3¢	(90)%	
Total dividend	-	39.9¢	(100)%	

[1] Reportable segments excludes System Fund results, hotel cost reimbursements and exceptional items. [2] Reportable segment results excluding significant liquidated damages, current year disposals and stated at constant 2020 exchange rates (CER). [3] Comprises the Group's fee business and owned, leased and managed lease hotels. [4] Excludes owned, leased and managed lease hotels, significant liquidated damages and the results of the Group's captive insurance company. [5] Adjusted interest adds back $4m of interest charges in relation to the System Fund and excludes exceptional items. [6] The Group's reported effective tax rate, before exceptional items and the System Fund results. [7] Calculated using results from Reportable Segments and Adjusted interest, and excluding changes in fair value of contingent purchase consideration.

Fee-based business model shows relative resilience in spite of RevPAR downturn

RevPAR

X

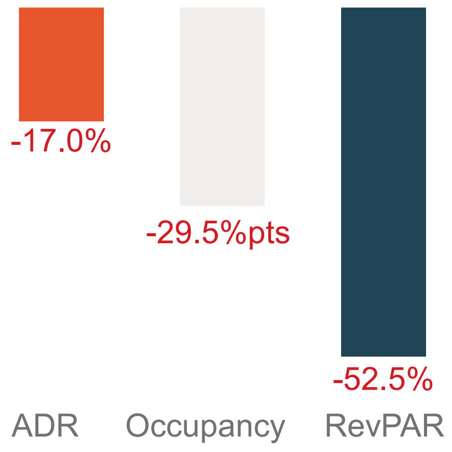
Rooms

X

Royalty Rate

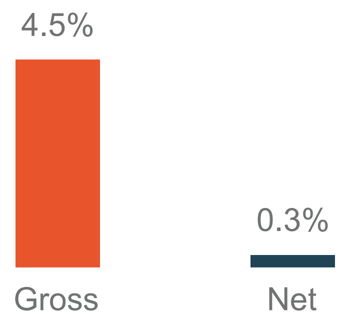
FY 2020 fee revenue: $823m, down 45%[1] and 45% underlying[2]

FY 2020 Group comparable RevPAR growth



(52.7)% Total RevPAR growth[4]

FY 2020 system growth (%YoY)



- 39k rooms opened
- 37k[3] rooms removed

+3.6% Growth in available rooms[4]

[1] Growth stated at AER. [2] Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant 2020 exchange rates (CER). [3] Removals include 2.1k rooms relating to a previously flagged hotel portfolio in Germany and 16.7k rooms relating to the termination of a portfolio of hotels owned by SVC. [4] Growth stated for underlying fee business.

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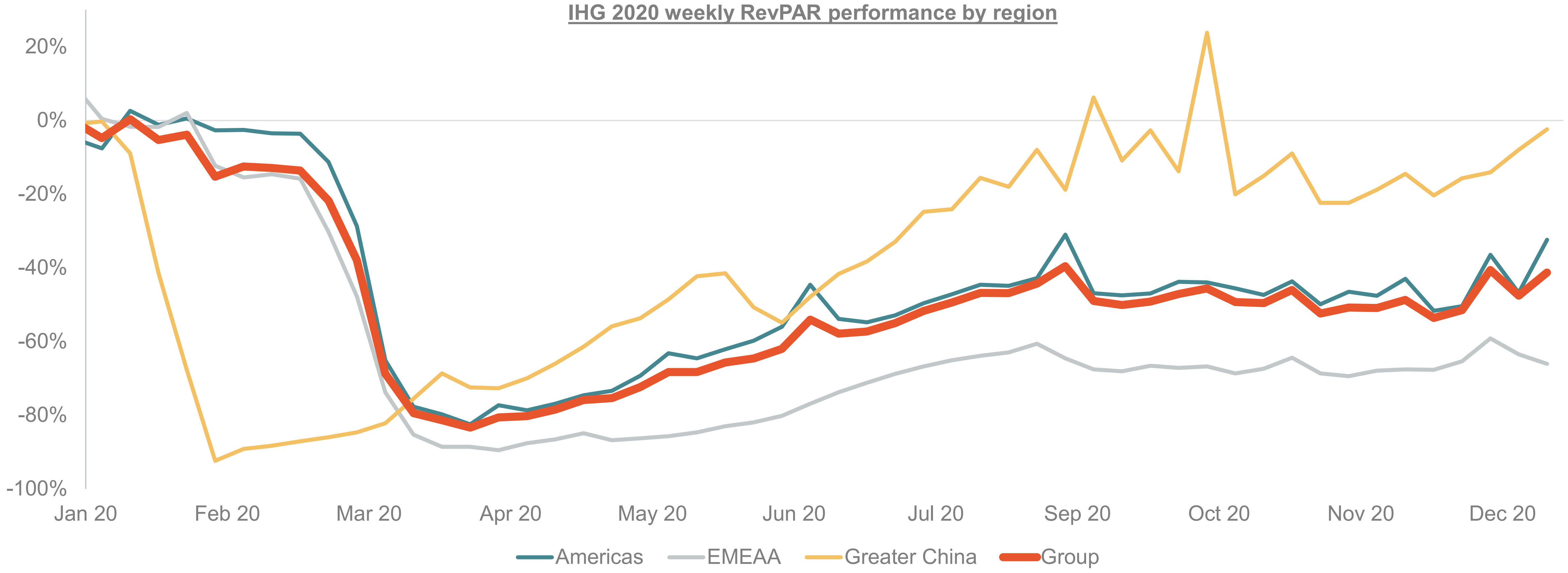
Weekly RevPAR performance demonstrates the path of recovery for each of our regions



Americas
US RevPAR outperformance in the segments in which we compete

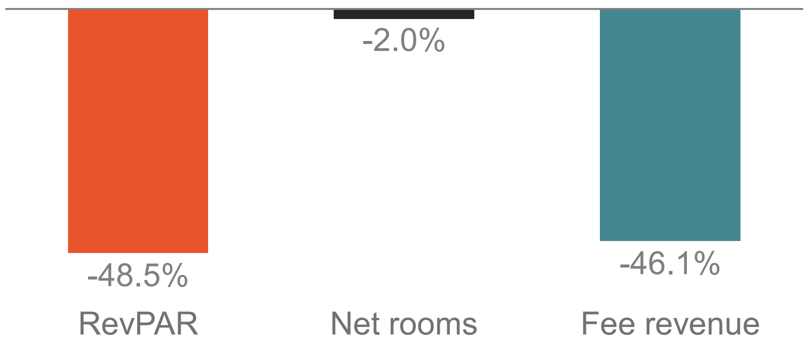
- RevPAR down 48.5%; US down 46.9%
- Q4 US RevPAR down 47.4%
  - Franchised estate down 43% and Managed estate down 79%
  - Midscale/Upper Midscale and Extended Stay most resilient segments

- YoY net rooms growth (2.0)% (gross: +3.2%)
  - Net rooms growth +1.1% (before 16.7k rooms from SVC termination)
  - Development continued with 136 ground breaks, 24 in Q4

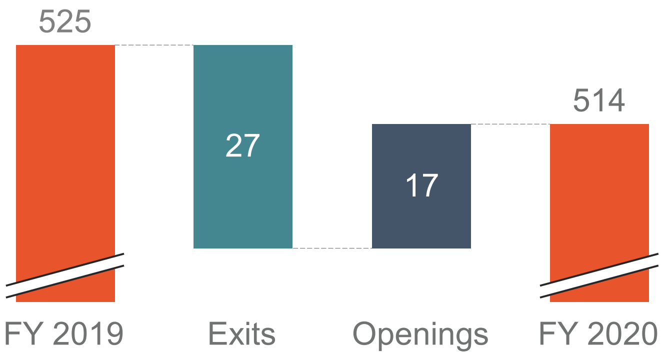
- Underlying fee revenue[1] down 46% ($391m), underlying fee operating profit[2] down 51% ($336m):
  - Impact from lower demand across Managed estate resulting in $8m lower incentive management fees largely offset by fee business cost savings, an $8m payroll tax credit benefit and a $4m litigation settlement benefit
- Owned, leased and managed lease profit down $64m to a loss of $27m, impacted by the temporary closure of a number of hotels

- Pipeline: 103k rooms; 14k signed
- Signings include 50 Holiday Inn Express, 19 avid, 9 Atwell Suites and 3 voco hotels

FY 2020 growth in fee revenue drivers[1]



FY 2020 net rooms growth ('000s)

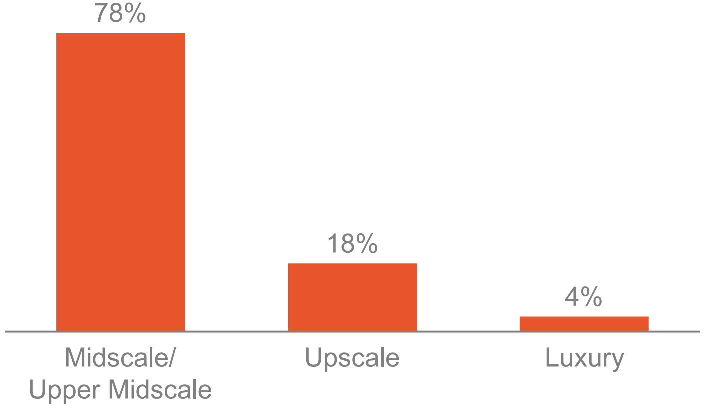


[1] Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals and stated at constant 2020 exchange rates (CER). [2] Underlying fee operating profit excludes owned, leased and managed lease hotels, significant liquidated damages and current year disposals at CER.

A strong platform in the US from which to drive growth

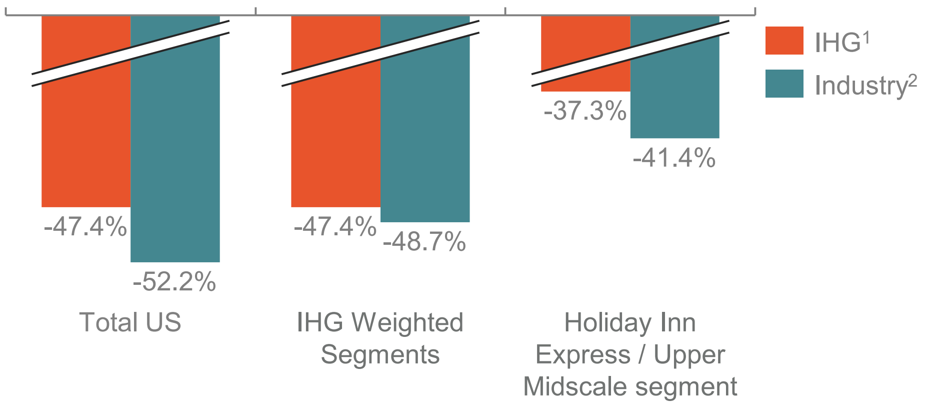
US estate heavily weighted towards midscale segments…

US rooms by chain scale



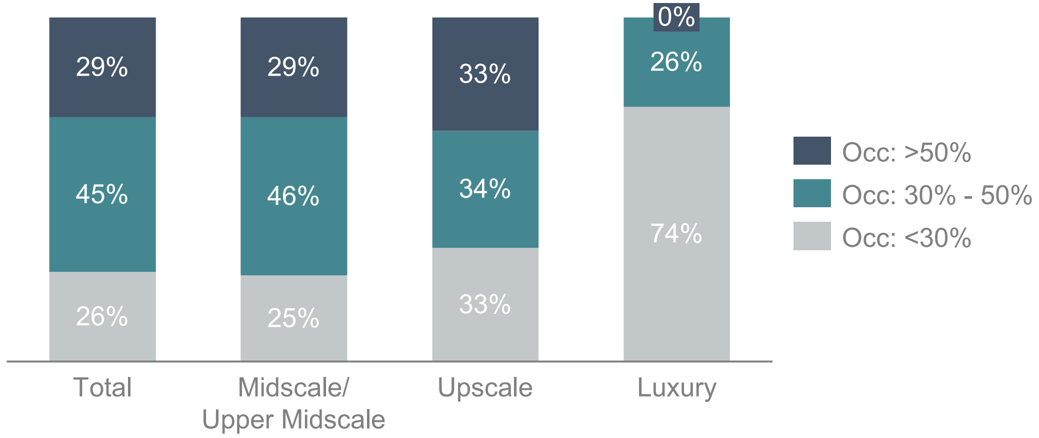
…where we have continued to outperform

Q4 2020 US RevPAR change – IHG vs industry (%)



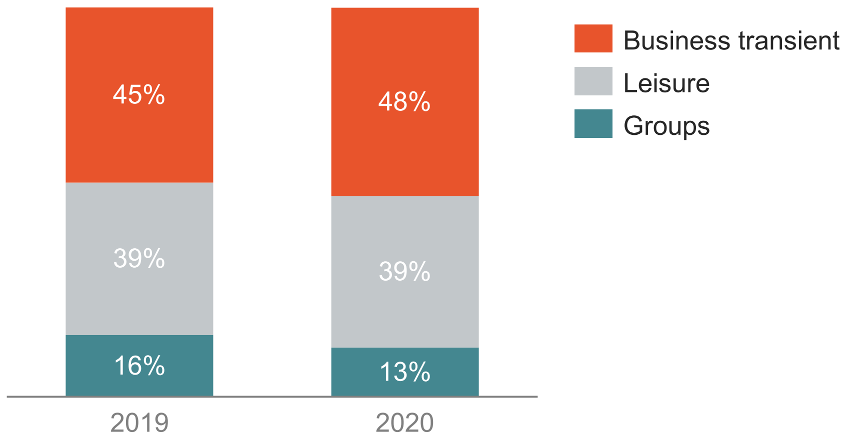
~30% of hotels have over 50% occupancy…

December 2020 US occupancy distribution by brand segment (% of estate)



…driven by exposure to essential business travel

US demand mix



[1] Includes the adverse impact of hotels temporarily closed as a result of Covid-19. [2] Industry data per STR, on a total room inventory basis

Europe, Middle East, Asia & Africa
Difficult trading conditions with closures and travel restrictions

- RevPAR down 64.8% (Q4 down 70.5%)
- Q4: Impacted by lockdown measures, particularly UK (down 74%) and Continental Europe (down 86%); Middle East down 56%; Australasia & Japan down 53%

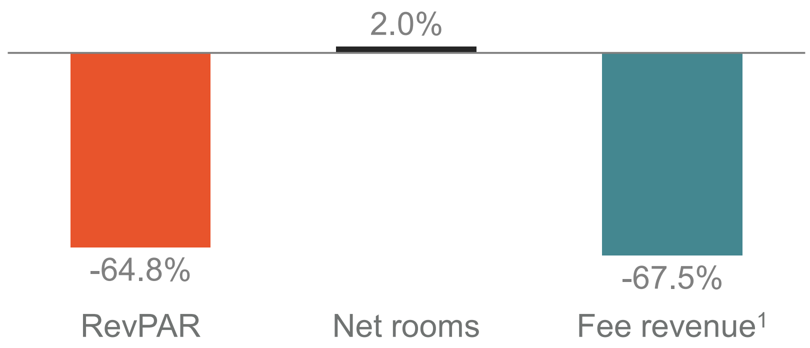
- 83% of the estate open as of the end of January

- YoY net rooms growth +2.0% (gross: +5.1%)
- Removals include 2.1k rooms relating to a previously flagged hotel portfolio in Germany

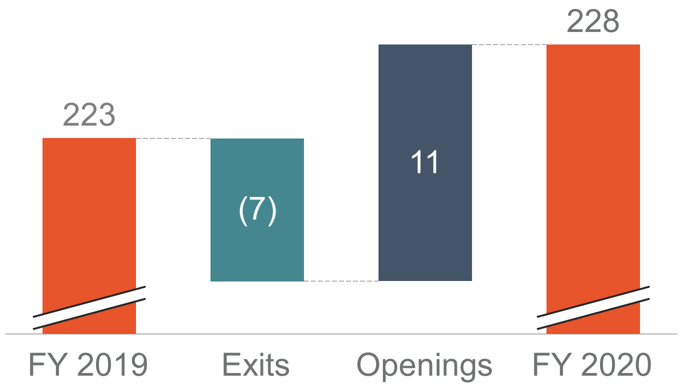
- Underlying fee revenue[1] down 67% ($220m) and underlying fee operating profit[2] down $211m to a loss of $19m, impacted by $76m lower incentive management fee income
- Owned, leased and managed lease loss of $32m; hotel closures partially offset by: significant cost reduction measures; rent reductions; $3m of disposal gains
- Rental payments relating to UK and German leased hotels now fully variable through the income statement; no lease liability or right-of-use asset on the balance sheet

- Pipeline: 76k rooms; 14k signed
- Signings include 5 Six Senses, 1 Regent, 10 Hotel Indigo and 10 voco hotels

FY 2020 growth in fee revenue drivers[1]



FY 2020 net rooms growth ('000s)



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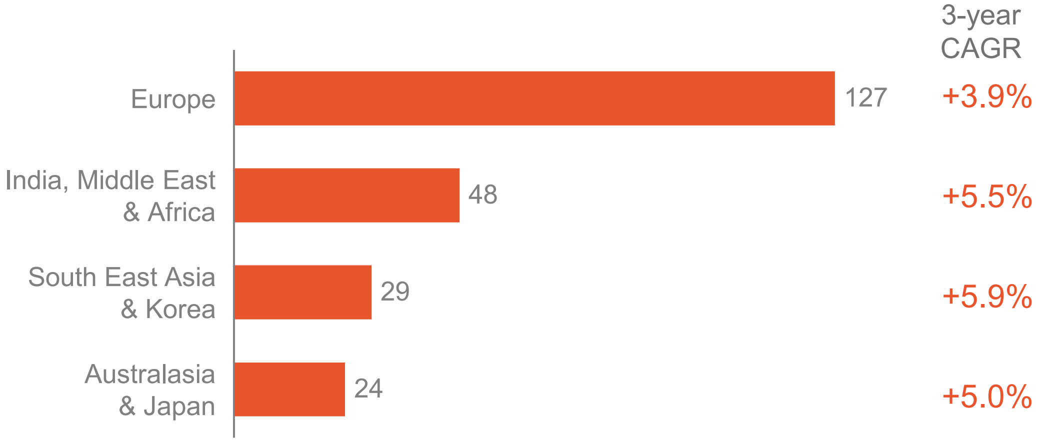
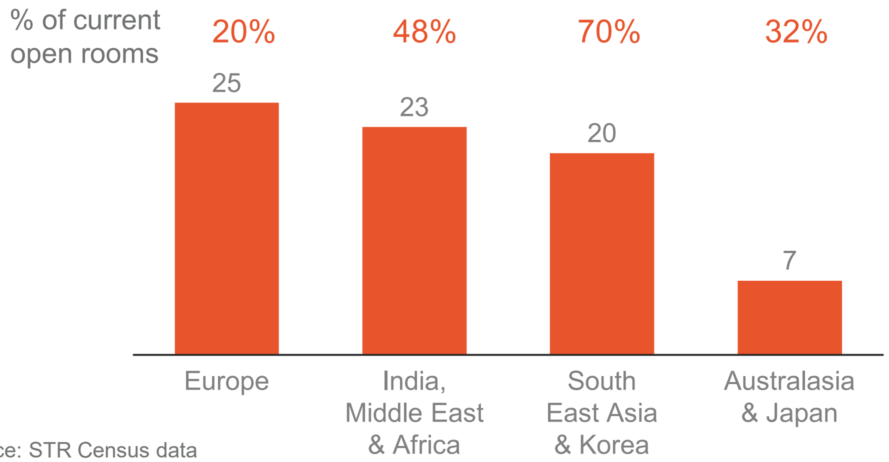
Europe, Middle East, Asia & Africa
A clear strategy for growth: building scale in key markets

A wide geographic footprint….

Rooms by geography (‘000 rooms)



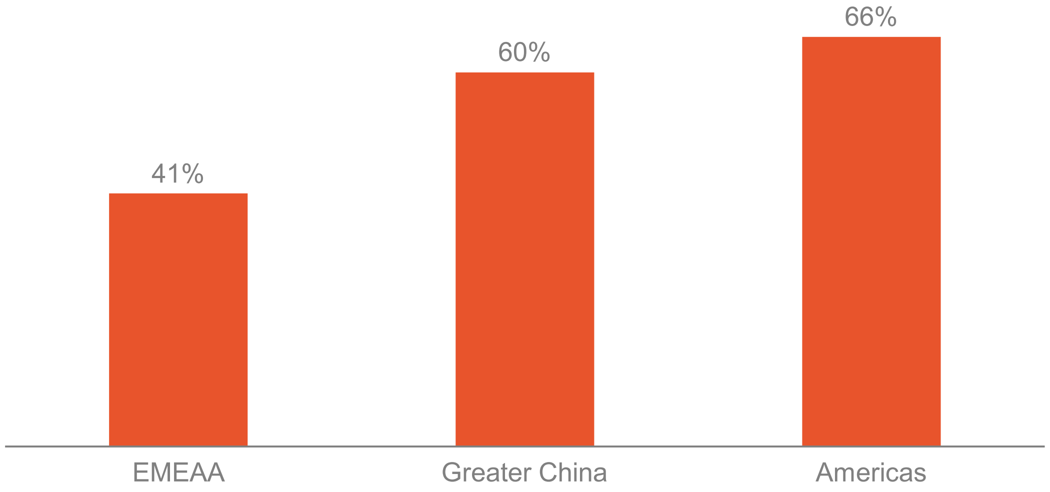
Pipeline rooms by geography (‘000 rooms)



[1]Source: STR Census data

…with strong structural growth potential

Branded hotel penetration[1]



- Highly attractive structural drivers in numerous emerging markets in the region
- High-value growth opportunities across Luxury & Lifestyle
- **Developing and improving brand formats** - opened first Holiday Inn & Suites in Japan; signed first all-suites for voco in Qatar; expanded Kimpton to resort destinations

Greater China
Occupancy levels recovered to ~60% in Q4

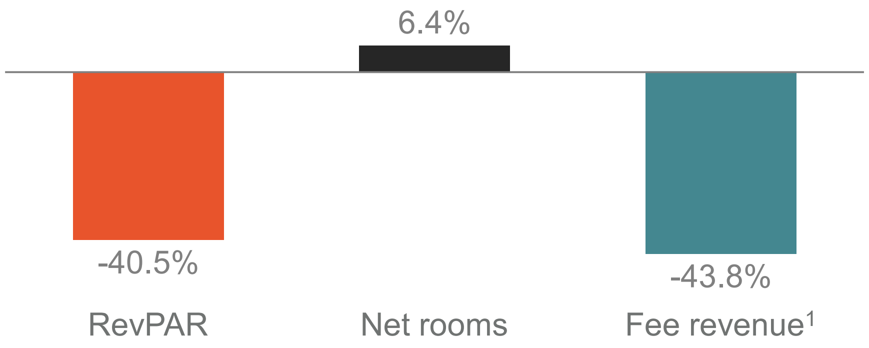
- RevPAR down 40.5% (Q4 down 18.2%)
  - Mainland China down 37% (Q4 down 15%)
    - Tier 1 RevPAR down 48% (Q4 down 28%)
    - Tier 2-4 RevPAR down 31% (Q4 down 8%)
  - Hong Kong SAR down 78% (Q4 down 52%)

- YoY net rooms growth 6.4% (gross: up 8.4%)

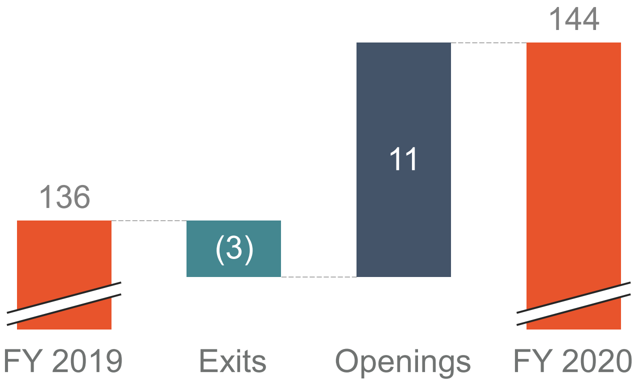
- Underlying fee revenue[1] down 44% ($60m) and operating profit[2] down $38m to $35m, driven by $32m lower incentive management fee income

- Pipeline: 93k rooms; 28k rooms signed
  - 85 franchise agreements signed across Crowne Plaza, Holiday Inn and Holiday Inn Express
  - Opened first voco hotel with two further signings

FY 2020 growth in fee revenue drivers[1]



FY 2020 net rooms growth ('000s)



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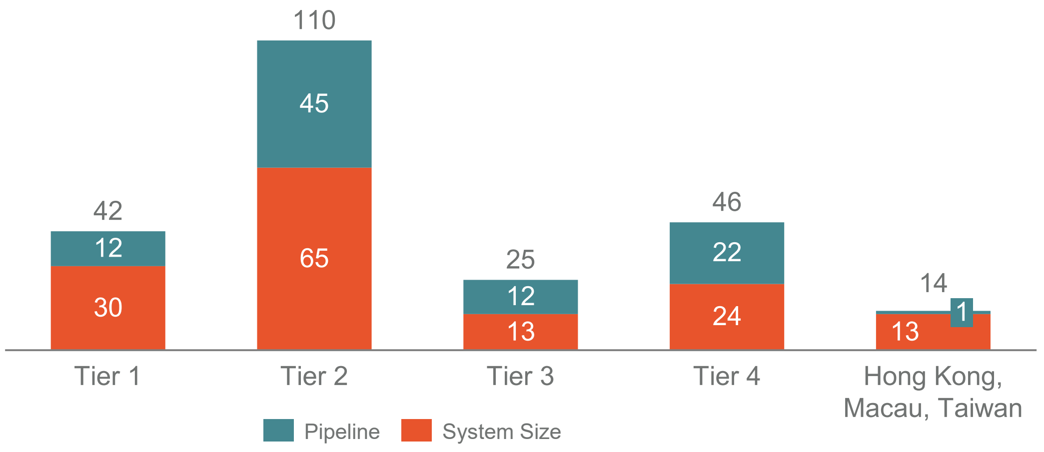
Our leading position in Greater China

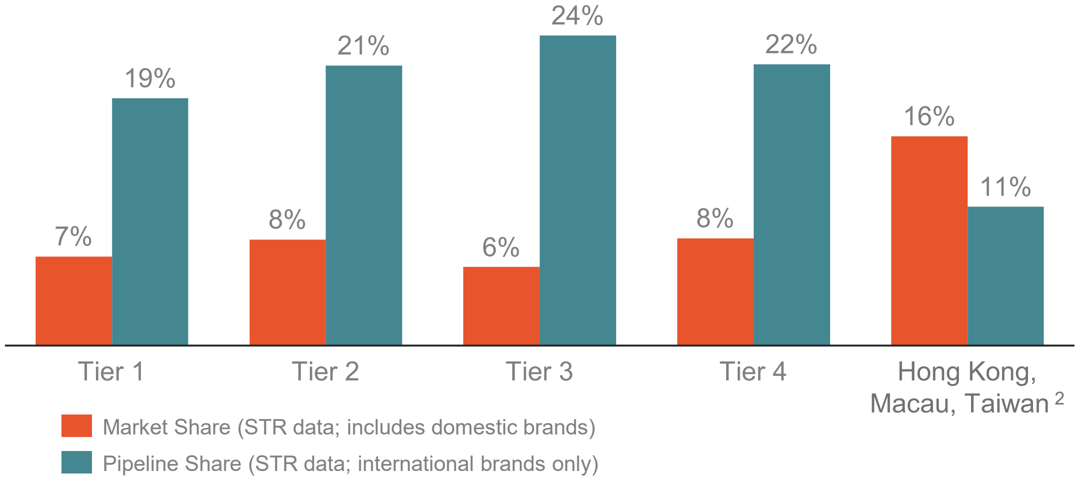
Growing in locations with attractive demand drivers…

FY 2020: system and pipeline distribution ('000 rooms)



…with a strong share of the branded pipeline

IHG share of branded market[1]



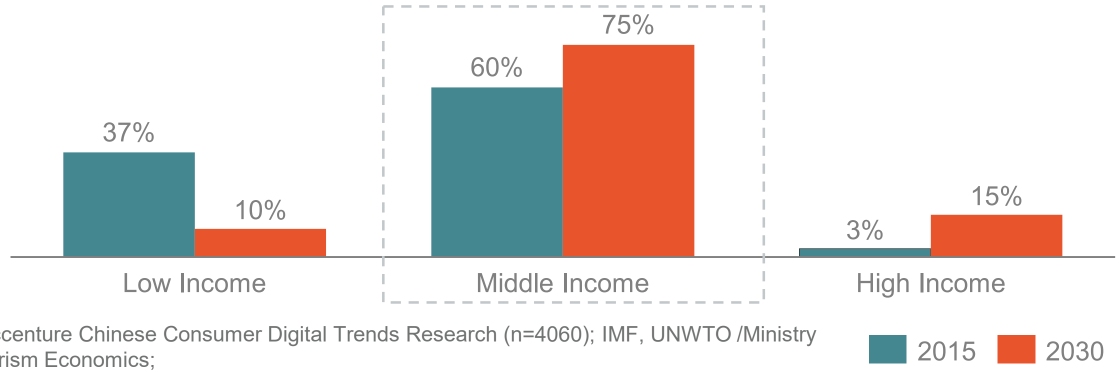
Our brands deliver guest preference[3]

#1 #1 #1 #2

preferred brand in its competitive set

Strong market fundamentals from a growing middle class

China income mix (%)

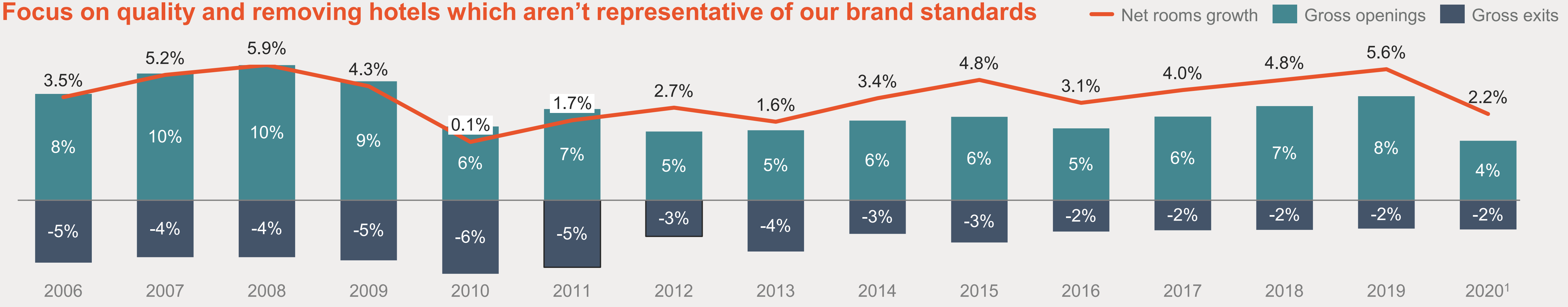


[1] Market share per Q4 2020 STR data; pipeline data only available for international branded operators
[2] Market share includes 5k rooms from InterContinental Alliance Resorts partnership with Sands
[3] Based on Serious Consideration as per 2019 Millward Brown brand survey of International brands

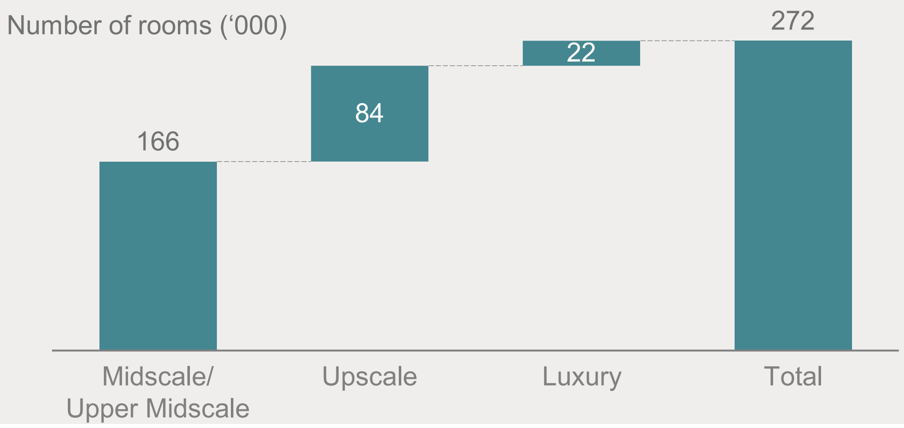
Source: EIU, Accenture Chinese Consumer Digital Trends Research (n=4060); IMF, UNWTO /Ministry of Tourism, Tourism Economics;

Progress on system size quality and pipeline for future growth

Focus on quality and removing hotels which aren't representative of our brand standards



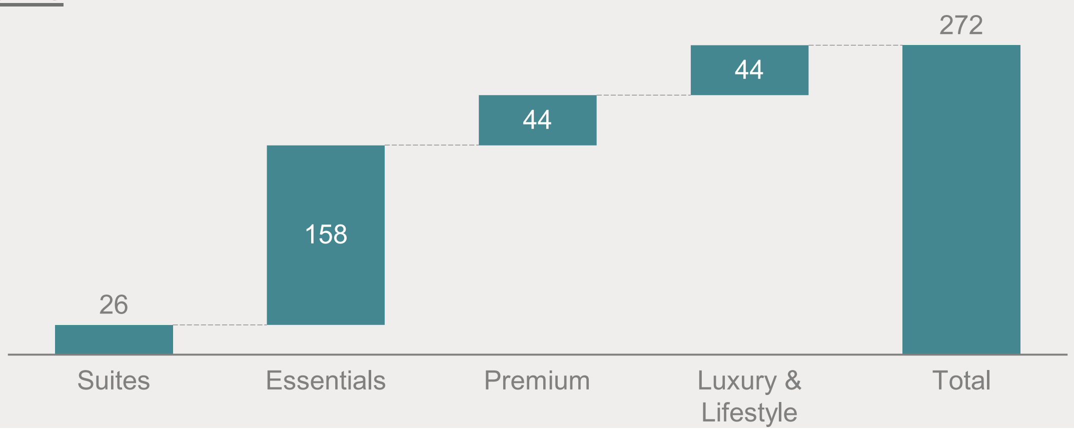
A strong pipeline providing a runway for future growth



Composition of pipeline

~30%

Current system size



[1]2020 excludes the removal of 16.7k rooms relating to the termination of a portfolio of hotels owned by SVC

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Cost reductions whilst continued investment in growth

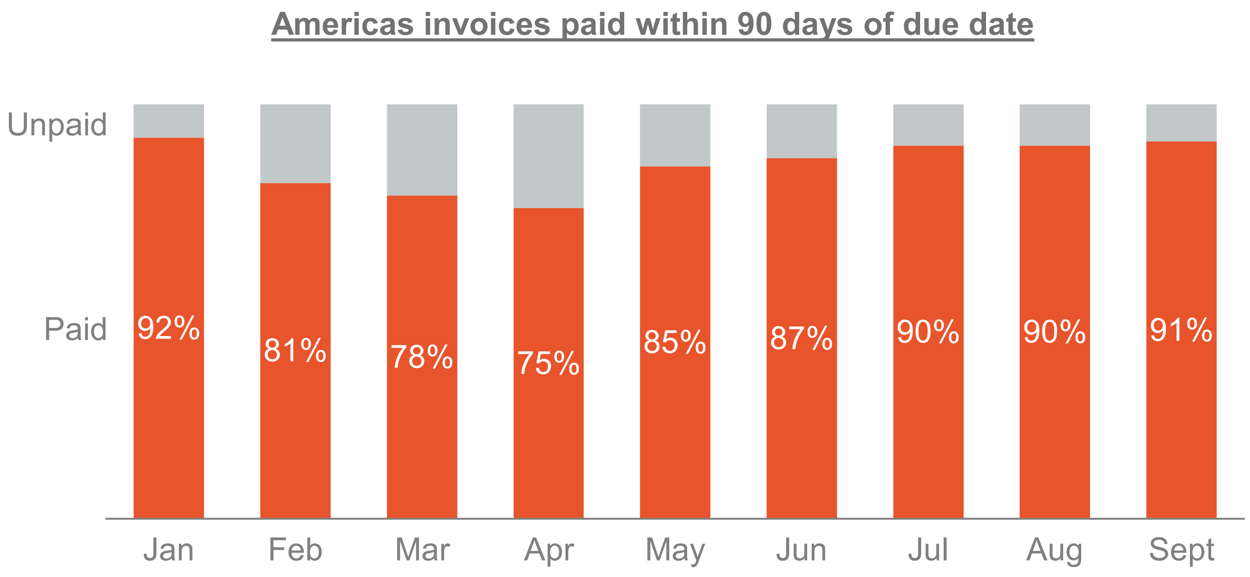
Cost actions

- **$150m** of temporary Fee Business cost savings in 2020
- Reduction in cost base of owned, leased and managed lease hotels
- Targeting **~$75m** to be sustainable into 2021

Continued investment in growth

- Maintained investment in our five newest brands through 2020, which will contribute to future growth as they build scale
- Ongoing deployment of key money

Owner payment profile



- We have 2,250+ owners across our ~4,300 Americas hotels
- ~85% of invoices paid within 45 days of due date and ~90% within 75 days of due date

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Reduction in gross capital expenditure for FY 2020

Maintenance capex, key money and selective investments

$m	FY 2020	FY 2019
Maintenance capex	(43)	(86)
Key money[1]	(64)	(61)
Total	(107)	(147)

- Key money: used to secure hotel signings
- Maintenance: relates to owned, leased and managed lease hotels and corporate infrastructure

Recyclable investments

$m	FY 2020	FY 2019
Gross out	(6)	(19)
Gross in	23	4
Net total	17	(15)

- Investment behind growth initiatives
- Profile can vary year to year, but expected to be broadly neutral over time

System Fund capital investments

$m	FY 2020	FY 2019
Gross out	(35)	(98)
Gross in[2]	58	49
Net total	23	(49)

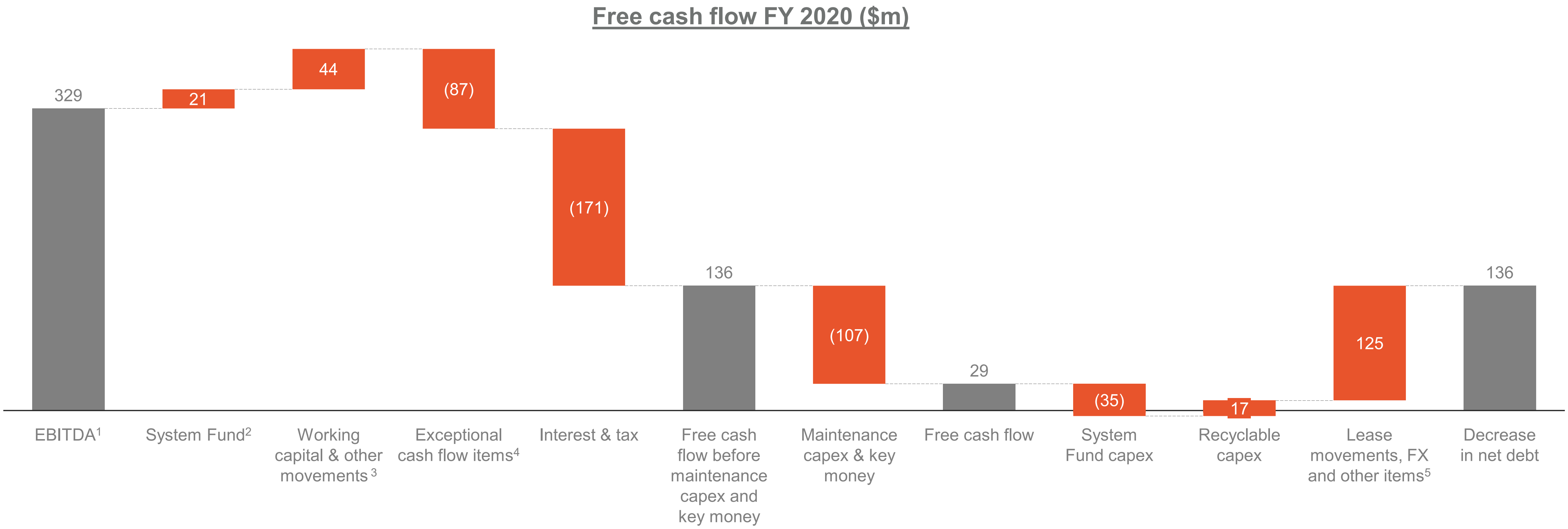
- Invested into projects that benefit our hotel network e.g. GRS
- Repaid when depreciation charged to System Fund

Total capital investments

Gross total[3]	(148)	(265)
Net total	(67)	(211)

[1] Key money presented net of repayments of $nil (2019: $1m); [2] Consists of deprecation and amortisation of $62m in 2020 and $54m in 2019, adjusted to exclude right of use assets. [3] Includes gross key money payments of 2020: $64m and 2019: $62m.

Disciplined working capital management



- Decrease in free cash flow to $29m driven by the impact of Covid-19 on EBITDA; free cash inflow of $95m in H2
- Reduction in net debt driven by derecognition of lease liabilities from the balance sheet, partially offset by FX movements

[1] Before exceptional items and System Fund result. [2] System Fund inflow reflects $102m in-year deficit adding back $20m reorganisation costs, $41m impairment charges, $62m of depreciation and amortisation. [3] Includes working capital & other movements ($68m), loyalty programme deferred revenue net movement ($12m), Equity-settled share-based cost ($32m), retirement benefit contributions, net of cost ($(3)m) and principal element of lease payments ($(65)m). [4] $45m relating to reorganisation costs ($15m relating to the System Fund). [5] Includes $230m lease movements and $101m adverse foreign exchange and other adjustments.

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Substantial liquidity maintained with optimised bond maturity profile

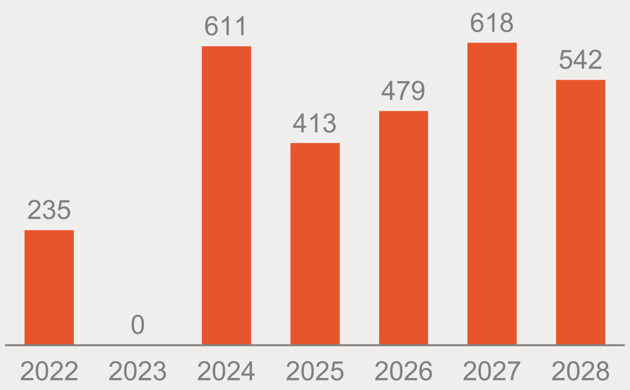
Liquidity profile

- **~$2.1bn** pro forma total available liquidity[1], comprising ~$0.8bn of net cash on deposit and undrawn RCF of $1.35bn
- Repayment of **£600m** commercial paper in March 2021 issued under UK Government's CCFF scheme
- Secured covenant waivers for $1.35bn RCF up to and including **December 2021**[2]
- Covenant relaxations secured for **June 2022** and **December 2022**

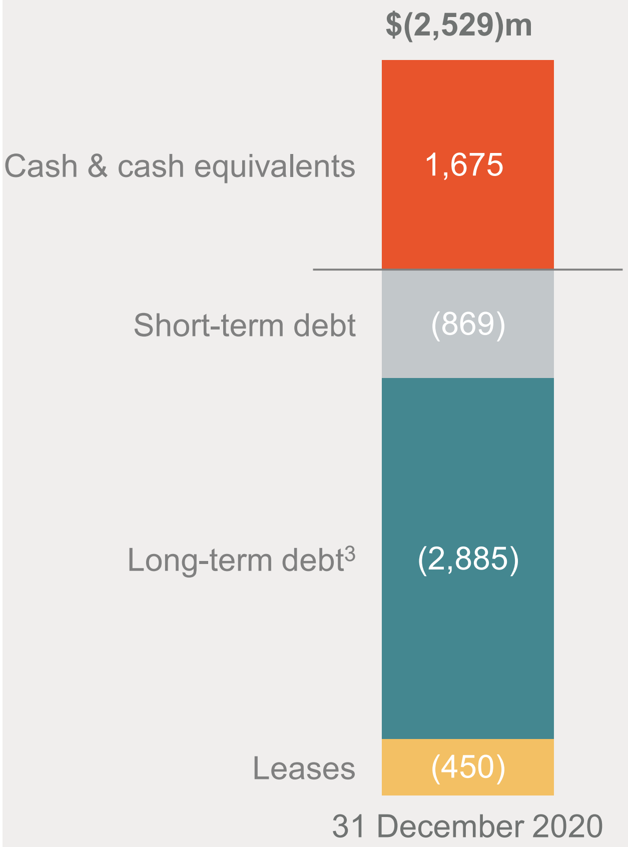
Bond maturity profile

- **Staggered bond maturity** with no significant maturity until Q4 2022
- Issued €500m 1.625% bonds and £400m 3.375% bonds maturing in 2024 and 2028 respectively
- Concurrently repaid early £227m of our £400m 3.875% bonds maturing in November 2022

Bond maturity ($m)



Net debt composition



[1] Consists of $2.9bn total available liquidity as of 31 December 2020 and pro forma for the payment of £600m ($0.8bn) of CCFF maturing in March 2021. [2] Our customary interest cover and leverage ratio covenants have been replaced by a $400m minimum liquidity covenant (defined as unrestricted cash and undrawn facilities with a remaining term of 6 months) tested at 30 June 2021 and 31 December 2021. Details of covenant levels and performance against these is provided in note 10 to the Group Financial Statements. [3] Includes value of currency swaps hedging long-term debt.

Our strategy for uses of cash remains unchanged

Invest in the business to drive growth

Restore an ordinary dividend when responsible to do so

Return surplus funds to shareholders

Objective of maintaining an investment grade credit rating

2.5x – 3.0x Net Debt : EBITDA[1] under normalised conditions

[1] On a post IFRS16 basis

Keith Barr

Chief Executive Officer

Update on strategic priorities

IHG is well positioned to benefit from strong industry fundamentals

Industry	
Industry growth	• Sector growth outpaced global economy for a decade pre Covid-19[1]
Shift to scale brands	• Branded share[2]: 53% open rooms, 80% pipeline • Top 3 share[2]: 17% open rooms, 43% pipeline
Upper Midscale & Midscale strength	• Contributed ~40% of total branded industry growth over the past four years[3] • RevPAR declined less than overall industry[4]
Desire to travel	• Growing populations, desire to travel and experience, inherent need to physically interact
Technology	• Integral to the guest journey • Drives owner value through data and insights
Sustainability	• Increasingly informing guest preferences • Scale helps owners seeking support

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Market share gains	• Accelerated net rooms growth from ~3% to 5.6% in three years pre Covid-19
System expansion	• Opened 285 hotels; includes brand launches into new markets • Pace of conversions increasing
Strong weighting in midscale segments	• Represents 68% system and 61% pipeline • Industry leading share of system and pipeline
Enhanced brand portfolio	• Broadened portfolio to target guest needs • Five new brands launched or acquired
Cloud-based capabilities	• Digital-first approach enabling seamless guest experiences • Next phase of GRS on track by end 2021
Responsible Business focus	• Continuous focus on sustainable solutions • Sustainability credentials facilitate owner needs

[1] Source: WTTC and Oxford Economics. [2] Source: 2020 STR census data; based on room share. [3] Source: STR US Upper Midscale and Midscale supply growth 2015-19; [4] Source: 2020 STR US Upper Midscale and Midscale vs US total industry.

Continued focus on industry-leading net rooms growth, underpinned by our strategic priorities

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Our Purpose

True Hospitality for Good

Our Ambition

To deliver industry-leading net rooms growth

Our Strategy

Use our scale and expertise to create the exceptional guest experiences and owner returns needed to grow our brands in the industry's most valuable markets and segments. Delivered through a culture that attracts the best people and has a positive impact on the world around us.

Our Priorities

Build loved and trusted brands

Customer centric in all we do

Create digital advantage

Care for our people, communities and planet

Build loved and trusted brands
- Expanding and enhancing our portfolio to drive growth

2017 → **2020**

- Broadened our brand portfolio with five targeted additions since 2017:
  - High-quality midscale brand **avid** launched in 2017
  - Acquisition of **Regent Hotels & Resorts** in March 2018
  - Conversion focussed brand **voco** launched June 2018
  - **Six Senses Hotels Resorts Spas** acquired in early 2019
  - New all-suites brand **Atwell Suites** launched in late 2019

- **IHG Hotels & Resorts** masterbrand, **IHG Rewards** branding, and strengthened positioning of each brand within its segment

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Build loved and trusted brands
- Scaling up our newest brands

- 89 properties under construction or with plans approved
- 17 openings and 19 signings in the year
- Expansion beyond US with first opening in Mexico and first ground break in Canada
- Strongest guest satisfaction across our portfolio in the Americas

- Signed nine hotels into our newest all-suites Upper Midscale brand
- Properties secured in attractive locations such as Denver, Austin and Charlotte
- Ground broken for first hotel in Miami

- Brand established in 20+ countries
- Signed 18 properties; 12 conversions, six new builds
- Signed and opened first properties in US, including two conversions in New York
- First opening in Greater China

System[1]	24	-	21
Pipeline[1]	192	19	30
Chain scale[2]	Midscale	Upper Midscale	Upscale

[1] Hotels. [2] STR classification.

Build loved and trusted brands
- Global roll out of voco continues

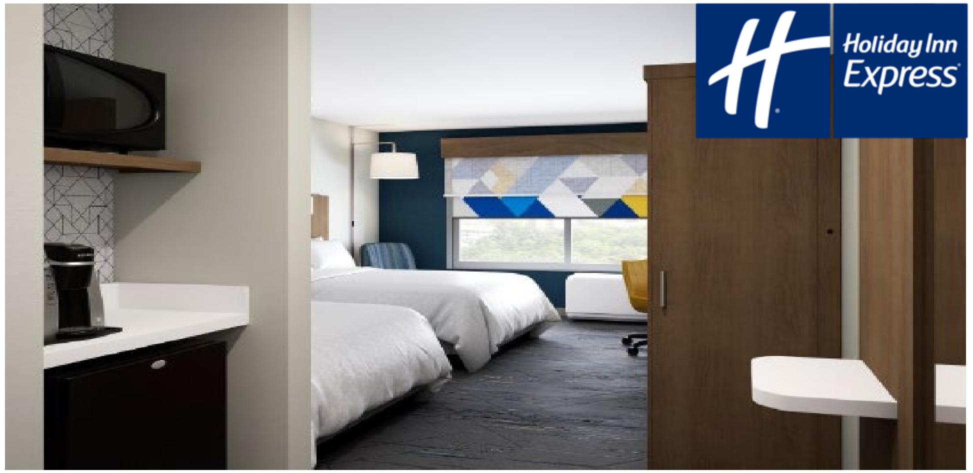
voco Hangzhou Binjiang Minghao, Greater China


voco The Franklin New York, US


voco Paris Montparnasse, France

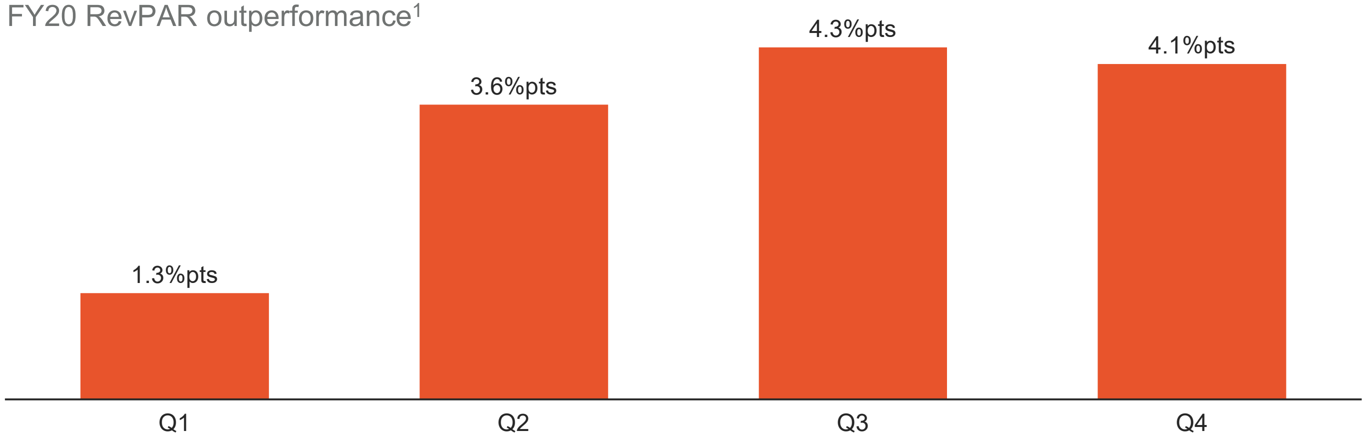

voco Villach, Austria

Build loved and trusted brands
- Holiday Inn Express driving outperformance and strong returns for owners



- Launched updated Formula Blue 2.0 in Americas with procurement-ready design and delivering >10% cost savings for owners
- 177 hotels with new room designs across Europe, delivering ~5pt premium in guest satisfaction
- Outperformed against the Upper Midscale segment throughout 2020
- Opened 136 hotels, bringing total estate to 2,966
- Signed 132, bringing total pipeline to 683 or >20% of current estate

FY20 RevPAR outperformance[1]



[1] Source: US Holiday Inn Express vs Upper Midscale segment (STR).

Build loved and trusted brands
- Continue to invest in and grow across other established brands

- ~60% occupancy and high guest satisfaction through 2020
- New prototype design committed in >80 **Candlewood Suites** and >100 **Staybridge Suites**
- Opened 20 Candlewood Suites and 24 Staybridge Suites properties

- Opened three **HUALUXE** properties, including the rebranding of HUALUXE Shanghai Twelve at Hengshan; signed a further six
- Opened an **EVEN** Hotel in Greater China, marking the first outside of the Americas

- New build prototype implemented in ~90 hotels across the Americas, delivering 5pt uplift in guest satisfaction
- 'Open Lobby' new public space already implemented or committed to in 90% hotels across Europe

- Renovations delivering uplifts in guest satisfaction
- 10 openings in Greater China to reach portfolio of over 100
- Signed 27 properties, ~25% from conversions

Continued focus on quality and consistency of estates; ~200 hotels (~10-15% of global estate) being reviewed; focused on those that are below where would like them to be in areas such as customer satisfaction and property condition; working closely with owners to help raise overall guest experience, including implementing service or property improvement plans

	Candlewood Suites	Staybridge Suites	HUALUXE	EVEN Hotels	Holiday Inn	Crowne Plaza
System[1]	366	303	12	16	1,248	429
Pipeline[1]	73	155	25	31	262	89
Chain scale[2]	Midscale	Upscale	Upscale	Upscale	Upper Midscale	Upscale

[1] Hotels. [2] STR classification.

Build loved and trusted brands
- Expanding our Luxury & Lifestyle offering

SIX SENSES

- Signed seven hotels and opened a property in Turkey in 2020
- New locations include Italy, Japan and Saudi Arabia
- Commitment to community, sustainability and wellness

REGENT

- Four signings since acquisition taking pipeline to six properties
- Conversion of Regent Shanghai Pudong completed in 45 days
- Regent Hong Kong renovation progressing

INTERCONTINENTAL HOTELS & RESORTS

- Largest global luxury hotel brand with presence in over 60 countries
- Entering its 75th anniversary year
- Return to Italy and Morocco
- Chiang Mai and Fiji key conversions

KIMPTON HOTELS & RESTAURANTS

- Global presence secured in 15 countries, including new openings in Mexico, Thailand and Japan
- Growth of resort portfolio with signing of Mallorca
- Signed eight hotels, including four in the US

HOTEL INDIGO

- Opened 10 properties in 2020, including five in the US
- Firsts for the brand in Japan and Cyprus
- Signed entry of the brand in Australia

	Six Senses	Regent	InterContinental	Kimpton	Hotel Indigo
System[1]	16	7	205	73	125
Pipeline[1]	31	6	69	32	104
Chain scale[2]	Luxury	Luxury	Luxury	Upper Upscale	Upper Upscale

[1] Hotels. [2] STR classification.

Build loved and trusted brands
- Continuing to enhance our Luxury & Lifestyle offer to guests and owners

Six Senses Kocatas Mansions, Istanbul

Regent Shanghai Pudong, Greater China

Hotel Indigo Bath, UK

Hotel Indigo Larnaca, Cyprus

InterContinental Chongqing, Greater China

Kimpton Hotel Fontenot, New Orleans, US

Customer centric in all we do

Guests

Cleanliness & Safety
- IHG Clean Promise
- New protocols and standards

Booking flexibility
- *Book Now, Pay Later* policies
- Free booking cancellations

Meet with Confidence
- Provides corporate bookers greater flexibility and assurance
- Virtual and hybrid meetings solutions

Loyalty
- Dynamic pricing for Reward Nights
- Enhancing value through partnerships

Personalisation
- Targeted promotions informed by data-driven capabilities

Owners

Operating standards
- Updated operating standards to offset higher safety and cleaning costs, and to focus on maximising returns

Payment flexibility
- Case-by-case consideration of payment plans

Procurement
- Centralised procurement helping to deliver savings and protect owner cash flow

Revenue Management
- Enhancements to provide further pricing and returns protection during periods of volatile demand

IHG Concerto
- Automating front desk operations such as Contactless Check-in

Create digital advantage
- Continuing to invest in our digital-first approach

GRS

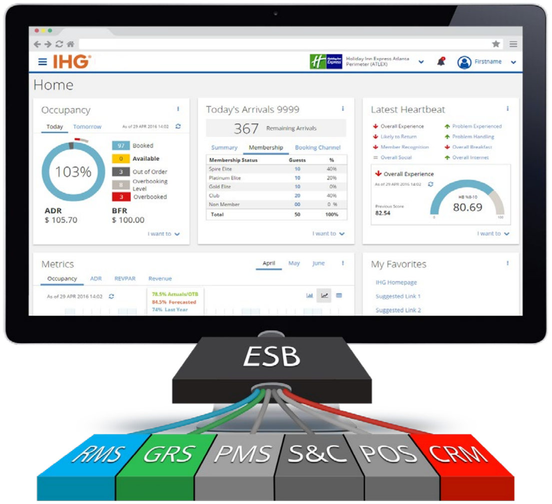
- **Attribute pricing** initial pilot conducted in each region in 2020; full roll-out expected by end 2021
- Pilots demonstrating to owners the ability to generate maximum value from their hotel's unique attributes

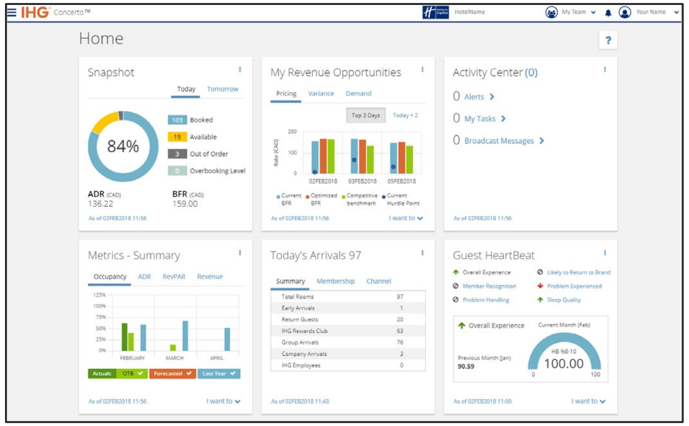
Guests

- **Digital check-in** at >1,000 hotels and receiving strong guest satisfaction scores; targeting 4,500 live hotels by end 2021; digital check-out already in 4,000 hotels
- **IHG Studio** integrated in-room entertainment and guest service live in ~100 hotels

Owners

- **Owner portal** providing real-time scorecard metrics, allowing owners to rapidly respond
- **Hotel Lifecycle System** enabling enhanced reporting and maximising owner returns by accelerating signings to openings





IHG HOTELS & RESORTS

Care for our people, communities and planet - 2030 Responsible Business ambitions and commitments

JOURNEY TO TOMORROW

Champion a diverse culture where everyone can thrive

- Drive gender balance and a doubling of under-represented groups across our leadership
- Cultivate an inclusive culture for our colleagues, owners and suppliers
- Support all colleagues to prioritise their wellbeing and the wellbeing of others
- Drive respect for and advance human rights

Improve the lives of 30 million people in our communities around the world

- Drive economic and social change through skills training and innovation
- Support our communities when natural disasters strike
- Collaborate to aid those facing food poverty

Reduce our energy use and carbon emissions in line with climate science

- Implement a 2030 science based target that delivers:
  - 15% absolute reduction in our direct operations
  - 46% per m^2 reduction in franchise operations
- Target 100% new build hotels to operate at very low / zero carbon emissions by 2030
- Maximise / optimise the role of renewable energy

Pioneer the transformation to a minimal waste hospitality industry

- Eliminate single use items, or move to reusable or recyclable alternatives across the guest stay
- Minimise food going to waste through a “prevent, donate, divert” plan
- Collaborate to achieve circular solutions for major hotel commodity items

Conserve water and help secure water access in those areas at greatest risk

- Implement tools to reduce the water footprint of our hotels
- Mitigate water risk through stakeholder collaboration to deliver water stewardship at basin level
- Collaborate to ensure adequate water, sanitation, and hygiene (WASH) conditions for our operating communities

Conclusions
- Confident on future growth prospects and our strategic priorities

- Recognition and thanks to all of our colleagues and owners for their efforts in the most challenging conditions and for their dedication to our purpose of True Hospitality for Good

- Delivered outperformance; demonstrated resilience of our business model; launched brands in new markets; continued to invest for future growth

- Long-term confidence reflected in 285 hotel openings and 360 signings

- Industry fundamentals remain strong and IHG is well-placed with preferred brands in attractive markets and segments, together with our strong technology and loyalty platforms

- Clear strategic priorities to achieve our ambition of industry-leading net rooms growth as the market recovers


2020 Full Year Results

Q&A

IHG HOTELS & RESORTS

IHG HOTELS & RESORTS

voco Hangzhou Binjiang Minghao, Greater China

Appendices

Growth rate analysis

FY 2020	RevPAR growth % Comparable	RevPAR growth % Total[2]	Net rooms growth % YoY	Net rooms growth % Available[2]	Underlying Fee Revenue[1] Growth %	Comments
	Hotels that have traded in all months being compared (i.e. steady state)	All hotels that were open in FY 2020 and FY 2019 (incl hotels that are ramping up)	30 December 2020 vs 2019	Aggregate number of rooms available for sale in FY 2020 vs FY 2019		
Americas	(48.5)%	(48.0)%	(2.0)%	2.1%	(46.1)%	
EMEAA	(64.8)%	(65.0)%	2.0%	3.1%	(67.5)%	• Fee revenue growth impacted by lower levels of incentive management fee income
Greater China	(40.5)%	(44.0)%	6.4%	10.7%	(43.8)%	
Total	**(52.5)%**	**(52.7)%**	**0.3%**	**3.6%**	**(45.0)%**	

[1] Underlying fee revenue and excludes owned, leased and managed lease hotels, significant liquidated damages, current year disposals, System Fund results and hotel cost reimbursements at constant 2020 exchange rates (CER).
[2] Underlying fee business Total RevPAR and available rooms.

IHG HOTELS & RESORTS

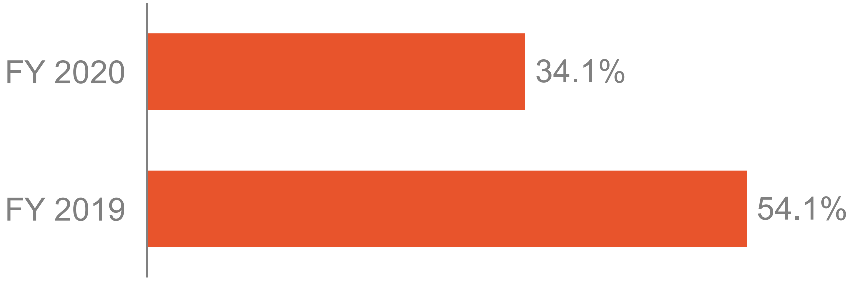
Fee margin[1] by region

Americas

Europe, Middle East, Asia and Africa

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.
For Americas, consists of fee business revenue and operating profit of $457m (2019: $853m) and $323m (2019: $663m) respectively. For Europe, Middle East, Asia and Africa consists of fee business revenue and operating profit as adjusted for significant liquidated damages of $106m (2019: $326m) and $(19)m (2019: $191m) respectively. For Greater China consists of fee business revenue and operating profit of $77m (2019: $135m) and $35m (2019: $73m) respectively.

Revenue and operating profit 2019-2020

Actual US$	Total Revenue		Total Operating Profit	
	Full Year		Full Year	
	2020	2019	2020	2019
Fee Business	457	853	323	663
Owned, Leased & Managed Leases	55	187	(27)	37
Total Americas	**512**	**1,040**	**296**	**700**
Fee Business	107	337	(18)	202
Owned, Leased & Managed Leases	114	386	(32)	15
Total EMEAA	**221**	**723**	**(50)**	**217**
Fee Business	77	135	35	73
Total Greater China	**77**	**135**	**35**	**73**
Central Results	182	185	(62)	(125)
Total Reportable Segments	**992**	**2,083**	**219**	**865**
Reimbursement of Costs	637	1,171	-	-
System Fund	765	1,373	(102)	(49)
Total IHG	**2,394**	**4,627**	**117**	**816**

Currency translation

Region[1]	Reportable Segments Reported FY 2020 vs FY 2019 rates[2]		Reportable Segments FY 2020 at average Jan 2021 rate vs reported FY 2020[3]	
	Revenue	EBIT	Revenue	EBIT
Americas	$(1)m	-	$1m	-
EMEAA	$1m	$(1)m	$10m	-
Greater China	$2m	$2m	$4m	$1m
Central Overheads	-	-	$2m	$(3)m
Total IHG	**$2m**	**$1m**	**$17m**	**$(2)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] Jan average rates: 0.73 USD:GBP; 0.82 USD:EUR.

2020 notable items

2020 items		
Payroll tax credits	Americas	$8m
Litigation settlement in relation to a single hotel	Americas	$4m
Individually significant Liquidated Damages[1]	EMEAA	$1m
Gain on disposal of Holiday Inn Melbourne Airport	EMEAA	$3m

[1] In February 2018, IHG received liquidated damages totalling $15m relating to the termination of a portfolio of 13 open hotels (2k rooms) and 6 pipeline hotels (1k rooms) in Germany, which exited IHG's system in Q1 2020.

Exceptional items

Category	Detail	Rationale	Charge ($m)
Impairment	Trade deposits and loans	• Primarily, discounted value of deposits and loans held by owners in connection to managed hotels	(48)
	Property, plant and equipment	• Predominantly, the carrying book value of owned, leased and managed leased assets in the Americas and EMEAA	(90)
	Intangible assets	• Acquired open and pipeline management agreements	(48)
	Contract assets	• Key money and remaining undiscounted amount of trade deposits and loans	(53)
	Investment in associates	• Stakes in associates held by IHG; shown net of a $4m fair value gain on a put option over part of IHG's investment in the New York Barclay associate	(19)
	Right-of-use assets	• Relates to an individual leased hotel and US corporate headquarters	(16)
Cost of sales & admin expenses	Derecognition of right of-use-assets	• Resulting from leases now being recognised as fully variable	(49)
	Derecognition of lease liabilities		71
	Onerous expenditure provision	• In respect of committed contractual expenditure	(10)
	Acquisition and integration costs	• Relates to Six Senses acquisition	(6)
	Reorganisation costs	• Relate to the UK portfolio, other owned and leased hotels and corporate reorganisation	(27)
	Litigation	• Cost of settlement relating to a lawsuit in EMEAA, offset by release of prior year amounts in Americas	(5)
	Gain on lease termination	• Related to the termination of a lease agreement with Services Properties Trust	30
Total operating exceptional items			**(270)**
Non-operating expenses	Fair value gains on contingent purchase consideration		21
	Financial expenses arising from the premium on early repayment of £227m on bonds due in 2022		(14)
Total exceptional items before tax			**(263)**

Ordinary shares

Number of shares	At 31 December 2020	At 31 December 2019
Opening balance at 1 January	187.7	197.6
Share consolidation[1]	-	(9.9)
Closing balance at 31 December	**187.7**	**187.7**
Basic weighted average shares	182.5	182.5
Dilutive potential ordinary shares[2]	-	1.2
Basic diluted average shares	**182.5**	**183.7**

1. The special dividend in January 2019 was accompanied by a 19 for 20 share consolidation.
2. The effect of the notional exercise of outstanding ordinary share awards is anti-dilutive in 2020 and therefore has not been included in the diluted earnings per share calculation.

Note: The total number of shares held as treasury shares at 31 December 2020 was 5.1m (2019 5.7m).

Free cash flow generation

$m	12 months to 31 Dec 2020	12 months to 31 Dec 2019
Operating profit from reportable segments[1]	219	865
System Fund result[2]	(82)	(21)
Depreciation & amortisation[3]	172	170
System Fund impairment charges	41	-
Working capital & other movements	68	(82)
Loyalty programme deferred revenue net movement	12	52
Equity-settled share-based cost	32	42
Retirement benefit contributions, net of cost	(3)	(3)
Purchase of shares by employee share trusts	-	(5)
Cash flows relating to exceptional items[4]	(87)	(55)
Net interest paid & similar charges	(130)	(107)
Tax paid[5]	(41)	(141)
Principal element of lease payments	(65)	(59)
Capital expenditure: key money	(64)	(61)
Capital expenditure: maintenance	(43)	(86)
Free cash flow	**29**	**509**

1. Before System Fund result and exceptional items.
2. System Fund result stated before exceptional cost of $20m relating to the Group reorganisation. 2019 includes $28m in relation to efficiency programme.
3. Includes System Fund depreciation & amortisation of $62m (12 months to 31 December 2019 $54m).
4. Includes $45m relating to reorganisation ($15m in relation to the System Fund). 2019 includes $46m in relation to the efficiency programme ($28m in relation to the System Fund).
5. Excludes tax paid on disposals.

Uses of free cash flow

$m	12 months to 31 Dec 2020	12 months to 31 Dec 2019
Free cash flow	**29**	**509**
Capital expenditure: Recyclable investments	(6)	(19)
Capital expenditure: System Fund investment	(35)	(98)
Acquisitions	-	(292)
Payment of contingent purchase consideration	-	(8)
Distributions from associates and joint ventures	5	-
Disposal receipts and repayments of other financial assets	18	4
Ordinary dividend	-	(211)
Special dividend	-	(510)
Dividends paid to non-controlling interests	-	(1)
Currency swap proceeds	3	-
Transaction costs relating to shareholder returns	-	(1)
Net cash inflow/(outflow)	**14**	**(627)**
Exchange, lease repayments & other non-cash items	122	(73)
Opening net debt	(2,665)	(1,965)
Closing net debt	**(2,529)**	**(2,665)**

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