



HOTELS & RESORTS

IHG 2021 Full Year Results

Tuesday, 22nd February 2022



Introduction

Stuart Ford

Head of Investor Relations, IHG

Welcome

Good morning everyone and welcome to IHG's conference call for the 2021 full year results. I am Stuart Ford, Head of Investor Relations at IHG and I am joined this morning by Keith Barr, our Group Chief Executive and Paul Edgecliffe-Johnson, our Chief Financial Officer & Group Head of Strategy. Just to remind listeners on the call that in the discussions today the company may make certain forward-looking statements as defined under US law. Please do refer to this morning's announcement and the company's SEC filings for factors that could lead actual results to differ materially from those expressed in or implied by any such forward-looking statements. For those analysts or institutional investors who are listening via our website may I remind you that in order to ask questions you will need to dial in using the details on page two of this morning's RNS release. The release together with the presentation and the usual supplementary data pack can be downloaded from the Results & Presentations section under the Investors tab on ihgplc.com.

2021 Key Highlights

Keith Barr

Chief Executive Officer, IHG

2021: Excellent progress

Good morning everyone. In a moment Paul will talk you through our financial performance but first let me share some key highlights for the year.

Thanks to the collective efforts of our teams in working closely with our owners and listening to our guests we delivered a strong performance in 2021 that gives us great confidence in the shape of this recovery and things to come. Our room signings and openings were significantly ahead of the prior year and we are seeing excellent momentum across the business.

The impact of travel restrictions around the world were of course still felt but with global RevPAR down 30% relative to 2019 for the year as a whole. However, trading improved significantly on 2020 with RevPAR some 46% higher and occupancy at times at record highs in some local markets.

By the fourth quarter global RevPAR was down just 17% versus 2019 with nearly half of our hotels back to pre-pandemic levels. In December the Americas was actually up on 2019.

This significant trading improvement coupled with the actions we have taken to deliver sustainable cost reductions translated into EBIT more than doubling.

Our high-quality fee streams and disciplined use of capital drove significant free cash flow of \$571 million which is back above 2019 levels.

On the strength of this performance and our outlook for future growth and profitability, we have taken the decision to resume the dividend with the proposed final equivalent to that which was withdrawn in March 2020.

Emerging from the pandemic a better, stronger business

Throughout the pandemic we have made sure that as we have dealt with its challenges, we have not lost sight of delivering on our plans to position IHG for long-term growth. We made important progress in 2021 on multiple fronts that ensure we emerge from this period a stronger company. We have continued to invest in the quality and consistency of our estate, including completing our Holiday Inn and Crowne Plaza review. We have reduced our cost base to create a more efficient model with \$75 million of recurring savings.

We have launched Vignette Collection to further strengthen the attractiveness of our portfolio and we have kept investing in the enterprise that underpins it, developing our technology offer for guests and owners and delivering a new loyalty programme that this year will truly transform the experience for our guests and owners. We have also made sure that we are set up to grow in the right way through our ambitious 2030 Journey to Tomorrow responsible business plan with key steps in 2021 including upgrading to a 1.5-degree science-based carbon reduction target. We will talk in more detail about each of these shortly but for now let me hand over to Paul to take you through the financial results.

FY 2021 Financial Review

Paul Edgecliffe-Johnson

Chief Financial Officer & Group Head of Strategy, IHG

Financial performance overview

Good morning everyone. Starting as usual with our headline results from reportable segments. Revenue of \$1.4 billion and operating profit of \$534 million increased 40% and 144% respectively against 2020. Underlying revenue from the fee business increased 38% and operating profit 104%.

Adjusted interest including charges relating to the System Fund increased to \$142 million as expected. Our effective tax rate of 31% was in line with our previous guidance. We expect the effective tax rate for 2022 and most likely for the next few years to continue to be around 30%. In aggregate this performance resulted in an adjusted earnings per share of 147 cents, up very strongly from the 31 cents in 2020.

Fee-based business model shows relative resilience as demand returns

Turning now to our drivers of performance where to show the status of the recovery to our previous peak trading, I will also compare against 2019's performance. Group RevPAR continued to recover rapidly and across the year was just under 30% behind 2019's level, including the adverse effect from hotels that were temporarily closed. This reflects rates off just 8% and occupancy 16.5 percentage points behind. During the year, we added 44,000 rooms to our system. Our continued focus on the long-term health and quality of our established brands resulted in the removal of 50,000 rooms. Nearly 70% of these removals related to Holiday Inn and Crowne Plaza which I will talk about more in a moment. These additions and removals brought net system size growth on a year-on-year basis to -0.6% and on a two-year basis to -0.4%.

Our usual summary of total RevPAR growth and total rooms available on an underlying basis can be found in the Appendix.

Regional variations in RevPAR with strong ADR recovery in all regions

Looking at our RevPAR performance over the year, you can clearly see differing trends in monthly RevPAR by region.

Both Americas and EMEAA saw sequential monthly progress with both regions having a strong summer boosted by leisure demand driving a significant recovery in rate. Momentum continued in both regions during the second half of the year.

Our Greater China region saw more volatility in performance, largely driven by localised lockdowns and government mandated travel restrictions.

Americas: Strength across US franchise estate in Q4

I will now take you through our regional performance in more detail starting with the Americas where RevPAR recovered to only 20% lower than 2019, with the US down 17%. In the fourth quarter, US RevPAR improved to down just 5% but with 2% growth in rate. This included RevPAR being ahead of 2019 levels across Holiday Inn Express and our extended stay brands. Across all our franchise hotels, which are largely in the upper midscale segment and in non-urban locations, RevPAR was almost at par with 2019. Within our managed estate which is weighted towards luxury and upscale hotels in urban locations, RevPAR remained 23% below.

During the year we opened 16,000 rooms across the Americas of which more than half were for the Holiday Inn brand family. This was more than offset by 31,000 rooms exiting including 20,000 across Holiday Inn and Crowne Plaza. Underlying fee business revenue increased 51% to 81% of 2019's performance and underlying fee operating profit increased 75% to 86% of 2019 driven in part by delivery of sustainable cost savings and an \$11 million payroll tax credit.

Our owned, leased and managed leased portfolio improved profitability by \$18 million although was still \$46 million down on 2019 due to weaker demand in urban markets where these hotels are located. Towards the end of the year we sold our three owned EVEN hotels maintaining franchise contracts. These hotels contributed a loss of \$3 million in 2021. Looking at our future growth we signed 18,000 rooms ahead of the 14,000 signed in 2020, taking our Americas pipeline to 97,000 rooms.

Looking at our US business and leisure mix in more detail. Leisure demand stayed strong in the fourth quarter with room nights consumed up 2% on 2019 and rates up over 7%. As you will recall, we are largely exposed to domestic business demand and this steadily picked up through the year with business room nights down only 8% in the fourth quarter, with rate down less than 5%. This strong rate environment across each segment is encouraging as we continue to see demand build back.

Europe, Middle East, Asia & Africa: Improved trading in markets where travel restrictions have lifted

Moving now to Europe, Middle East, Asia & Africa where RevPAR has also been recovering rapidly and was up over 100% year-on-year in the fourth quarter. Compared to 2019's performance, RevPAR was 52% lower for the year and 33% lower in the fourth quarter. In the UK, fourth quarter RevPAR continued to recover to just 16% below 2019's with the provinces almost at par. The higher level of restrictions in Continental Europe held recovery back in those markets with RevPAR 40% under 2019. Where restrictions were less severe, such as in the Middle East, the recovery was stronger with RevPAR only 10% behind 2019 and ahead in the UAE helped by the Dubai Expo 2020 event. Underlying fee revenue increased 37% to \$149 million, 54% below 2019 and underlying fee operating profit increased by \$51 million to \$32 million.

Looking briefly at the development environment we opened around 10,000 rooms during the year and removed 14,000 of which 11,000 were Holiday Inn and Crowne Plaza properties. After a particularly strong fourth quarter signings performance we signed across the year 20,000 rooms with conversions accounting for around 30%.

Greater China: Impacted by localised lockdowns

Turning now to Greater China, where RevPAR was up 21%. Demand fluctuated throughout the year particularly in the second half driven by the reintroduction of travel restrictions in certain provinces which meant that despite seeing a near full recovery in RevPAR at the end of the first half RevPAR was 29% under 2019's level for the year as a whole and 33% under in the fourth quarter.

Tier 1 cities across the year saw RevPAR up 26% to two-thirds of 2019's level, although the fourth quarter was weaker, 40% below 2019. RevPAR in tier 2-4 cities which are more weighted to domestic and leisure travel recovered to a RevPAR deficit of only 19% for the year, with resort destinations such as Sanya seeing RevPAR ahead of 2019 levels, although these locations also saw a less strong fourth quarter.

Underlying fee revenue was up 34% to \$110 million, 19% below 2019 and underlying operating profit up 44% to \$52 million, 32% below 2019.

Net system size in the region increased by 8.9% year-on-year with 18,000 rooms opened during the year, nearly 60% more than in 2020.

Signings were also up with 31,000 rooms or 153 hotels added to the pipeline, including 80 franchise agreements.

Delivered \$75 million of fee business cost savings in FY 2021

Turning now to fee margin. Since the start of the pandemic we have delivered \$75 million of sustainable annual cost savings through our actions to rebalance resources and drive greater productivity across the business.

As I mentioned at our third quarter results, we have also benefitted from \$25 million of temporary cost reductions in 2021 which are not expected to be retained as these were largely driven by vacancies in corporate roles and other areas of cost that will come back into the P&L in 2022, like travel. This along with the recovery in demand meant that fee margin

showed significant improvement year-on-year and was down only 4.5 points relative to 2019 levels.

The sustained high level of focus we have put on driving cost efficiency across the whole of our business has allowed us to reduce our overheads cost base per hotel by 27% versus a decade ago. Whilst balanced with our desire to continue to invest in the business behind growth, our high level of attention on the cost side of the business will allow us to maintain our strong track record of margin accretion.

Fee margin by region

In each of our regions we grew margins in 2021. Margins are highest in our Americas region where 90% of our hotels are franchised. The pace of demand recovery along with our focus on costs has meant that margin in the Americas is already ahead of pre-pandemic levels. In Greater China, margins are structurally lower given our higher proportion of managed hotels. As the market further matures and transitions to a higher franchise mix, we see the potential for margins to move above pre-pandemic levels.

Conclusion of Holiday Inn and Crowne Plaza review

Moving now to look at the completion of the review of the Holiday Inn and Crowne Plaza estate that we announced last year. We have worked closely with those hotels which were identified as being below where we needed them to be in areas such as customer satisfaction and property condition. We have now concluded this review, and in total 151 hotels or 34,000 rooms have exited these two brands. In addition, in the Americas and EMEAA regions capital investment has been secured with 83 hotels whereby they will stay in the system.

This has driven the significant increase to the consistency and quality of the estate we have been targeting and with two-thirds of Holiday Inns and nearly three-quarters of Crowne Plazas in the Americas recently updated or committed to renovation, both brands are now well positioned to meet guest expectations and to continue expanding their distribution.

Delivering an industry leading level of net system size growth

The actions we have taken across the business mean we are strongly positioned to achieve our ambition of delivering industry leading net system size growth. We expect an acceleration in gross openings over the next two years, supported by over 40% of our pipeline being under construction and the attractiveness of conversions to our brands. Keith will talk more about the progress we are seeing in this area shortly. Following completion of the review of Holiday Inn and Crowne Plaza we also expect to see a lower average removal rate which should be in line with our prior underlying rate excluding those two brands of around 1.5%.

Improvement in development activity

We can see the strength of our brands as evidenced by their outperformance of peers on metrics such as guest satisfaction, which in turn drives owner preference. We are further encouraged by the progress in lead indicators that will allow us to return to our previous levels of system growth in the near-term. Americas franchise applications which precede signed deals increased significantly in 2021, whilst signings across the business were up 23% and were particularly strong in the fourth quarter... and room openings were up 12% for the year.

Targeted capital expenditure to drive growth

Turning now to capital expenditure. We spent gross capex of \$100 million and net capex was an inflow of \$50 million after proceeds from disposals, principally our three EVEN hotels in the US and System Fund inflows.

Maintenance capex was \$10 million lower than last year given reduced needs for expenditure at hotels in corporate offices. Key money of \$42 million reflects opening activity of hotels particularly in the second half of the year. On the System Fund, given we are at the latter stages of our GRS projects, capex spend is now lower and depreciation is higher, which, combined resulted in a \$49 million positive swing in net capex. Our medium-term guidance remains unchanged at up to \$350 million gross per annum. We expect our recyclable investments and System Fund capital investments to net to zero over the medium-term resulting in net capex of \$150 million per annum.

Strong cash conversion

Moving now to cash flow. During the year, our adjusted free cash flow saw an inflow of \$571 million, demonstrating once again the strongly cash generative nature of our business model and our focus on this area. The result included a System Fund inflow after the outflow in 2020. Our net cash inflow, which included a favourable exchange rate movement, led to a \$648 million reduction to our net debt.

Significant reduction in leverage

From a leverage perspective we have always run the business on a conservative basis. Our bond maturity profile is staggered with our next significant maturity not due until 2024. The strong rebound in profitability and cash flow has meant that our leverage at 3.0x is now back beneath our original bank covenant level and our target leverage range. The Board is therefore recommending the reinstatement of the ordinary dividend with a final dividend in respect of 2021 of 85.9 cents proposed.

Our strategy for uses of cash remains unchanged

To conclude, trading rebounded strongly in 2021 with operating profit up nearly 150%, aided by our long-term focus on cost efficiency and driving our profit margins whilst investing behind growth. We drove very strong free cash flow generation and brought our financial leverage down within our target range. We have a strong track record of shareholder returns and our strategy for uses of cash remains unchanged. Our first focus is to reinvest to drive growth. Secondly, we want to generate sufficient funds to pay a sustainably growing ordinary dividend. Lastly where there is further cash available which is truly surplus, we will return this to shareholders as we have previously demonstrated. We will do this while continuing to target a leverage ratio of 2.5-3.0x which we are now back to and with our objective of maintaining our investment grade credit rating.

Update on Strategic Priorities

Keith Barr

Chief Executive Officer, IHG

An evolving and dynamic industry

Our industry continues to evolve, accelerated in part by the pandemic, and I want to take a moment to discuss how IHG is responding and adapting as a business. As Paul talked about, we are seeing a strong recovery in demand particularly in resorts & leisure and in more suburban areas, where we've seen some of our hotels get back above 2019 levels. The areas that are still relatively more challenged are urban so the New Yorks, Chicagos, Paris, Londons of the world. But, as more offices return to work, more groups and meetings come back and the practicalities and ease of international travel is restored, we're confident of a full recovery for the industry and a resumption of its attractive long-term growth characteristics.

If we think about our guests and what trends we as a company need to respond to - they are placing an increasing value on seamless technology and a stronger expectation that businesses will bring sustainable practices to the fore. There is also the shift to hybrid working with more companies considering how and where to bring their teams together and employees looking at how to combine business and vacation stays.

For our owners as more people head through the doors of their hotels, many are now turning their attention to growth and opening new hotels. In parallel, we also understand the current short-term challenges owners are facing and we are providing support and solutions to ease pressure on supply chains, cost inflation and labour availability.

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

In terms of growth fundamentals IHG has 4% of open rooms globally and notably nearly 11% of the industry's global pipeline. That is an incredibly strong position for IHG to be in and it means we will continue to take share and increase our relative scale against the rest of the industry. Given the power of our asset-light model and its ability to generate high quality fee income streams, delivering industry-leading net rooms growth remains our clear ambition. We went into this pandemic on the back of excellent growth and if we look back across the last few years, we have made significant investments and enhancements to every aspect of our enterprise, ready for the next chapter of growth. Our strategic priorities are in place to help us achieve that. Let me spend a few moments on each pillar.

Build loved and trusted brands: More opportunities for guests and owners with IHG

First is how we are building loved and trusted brands. Since 2017 we have added six brands to our portfolio and invested in our existing brands to create a much richer offer. Each brand sits in a high value segment and caters to a different stay occasion which ultimately drives growth. This means that we now have a fuller and more attractive brand portfolio that offers guests more opportunities to stay at an IHG property, to earn and redeem loyalty points with us, and also more chances for owners to work with us. You see this very clearly in Europe

You see this very clearly in two recent portfolio deals that we've signed. The first deal in Europe involve three hotels under our Vignette Collection and one as a voco hotel.

The second deal in Vietnam involved two Holiday Inn Resorts, a Crowne Plaza and a voco. These are both deals that would have been difficult for us to access in recent past, but today we have the breadth of brands that open up new opportunities for us and will help accelerate our growth.

New brands offer significant fee growth opportunity

When it comes to our new brands we have talked before about the strategic approach we take when assessing the opportunities out there.

In short we focus on two things: high value markets where we can tap into deep pools of unmet consumer demand to create scale positions and developing a differentiated guest and owner offer. This highly targeted, insights-driven approach has guided our decision making for the launches of Vignette Collection, avid, Atwell Suites and voco and the acquisitions of Regent and Six Senses. Each of their target markets are extremely large and with attractive long-term industry dynamics.

Each one of these brands represents a clear and compelling growth opportunity for us which over time have the capability to add around \$300 million in annual fee income to our P&L. We target each brand to deliver at least \$50 million in fee income and you can see here the progress we are making with what we already have open in the system and signed in our pipeline and what we have left to do to meet our target. Clearly our newer organic launches have further to go but based on the guest reviews and owner conversations we are having, we are confident in them and the progress we are making.

Early successes with avid and voco

Just this month we celebrated our 50th avid opening and the brand is already proving a hit with guests, receiving great reviews and outperforming its peers in guest satisfaction. You can see why. It delivers a great night's sleep with a high-quality breakfast at a competitive price point. For owners an avid hotel can be built and operated at an efficient cost with strong returns. As a result, avid is already our second-largest contributor to system growth and we expect continued momentum this year.

With voco, our upscale conversion brand, after a very successful start in EMEAA it has gone global over the last couple of years, with signings and open hotels in 25 countries. This includes properties in key gateway cities such as New York, Singapore and Dubai. We are seeing strong traction across both urban and leisure markets with the ability to apply the brand in resorts, right through to all-suite properties. Guests love the brand too, ranking it top of its competitive set and our owners are seeing increased guest satisfaction scores on conversion.

Places to interact and connect

First and foremost, our brands are about offering guests a great stay experience. But we do see that as hybrid working evolves and office space shrinks, there's going to be more demand for co-working spaces, especially as people do not want to go back to the office five days a week, but also do not want to be sitting at the kitchen table every day. People are going to want to find those welcoming spaces where they can easily connect with others.

This plays right into some of our brands - particularly our Crowne Plaza workspaces and Holiday Inn Open Lobby concept. We now have Open Lobby installed or committed in almost

our entire estate in Europe with hotels seeing a meaningful uplift in guest satisfaction and owners benefitting from increased food and beverage revenue.

This is also the way we have thought about one of our newer longer-stay brands, Atwell Suites, which centres on creating a unique space for guests to work, socialise and rest. This has been one of the most resilient parts of the market and has seen strong growth, tapping into an \$18-billion market in the US. Our first Atwell property is due to open in Miami any day now with more due to open in the US later this year.

Holiday Inn Express: Category leadership

Turning now to our Holiday Inn Express brand, which is a key growth engine of our business and a real category killer in its segment. As we continue to grow the brand, we also keep pushing to ensure we can offer richer experiences for our guests and even stronger returns for our owners. For example, our next generation public space and guest room designs in the Americas are creating better stay experiences. We are also able to deliver that in a new purchase-ready format that uses our procurement scale to achieve a cost per key savings of around 10% across furniture, fixtures and equipment.

During 2021 we celebrated our 3000th Holiday Inn Express opening globally and the strength of the brand, the largest in the industry, combined with the weighting of our distribution to non-urban locations and domestic demand has been able to consistently outperform its segment in the US over the last two years.

We signed another 148 properties during the year, and with a pipeline that represents 26% of the current system size we see a strong growth outlook in our regions for the brand.

Increased weight of Luxury & Lifestyle

I'll now focus on our Luxury & Lifestyle brands and the opportunities we see across our expanded portfolio which caters to uniquely different stay occasions. We have a strong heritage in this space with InterContinental Hotels & Resorts, the world's first and largest luxury hotel brand. In recent years we have further developed our luxury concept with restaurants and bar expertise from Kimpton Hotels & Restaurants; Spa, wellness and sustainability capabilities from Six Senses and Upper Luxury knowhow from Regent. Altogether this is creating an impressive portfolio for both guests and owners.

From two brands in 2014 we now have six and from 240 properties we now have more than 440 rising to around 500 by the end of this year. In total, Luxury & Lifestyle is now 13% of our total system size and more importantly, our brands in this space represented 23% of our total signings in 2021, showing the strong growth outlook for this high fee segment.

Further developments in Luxury & Lifestyle

Looking in more detail at Regent and Kimpton. Since we acquired Regent, six properties have been signed taking the pipeline to eight, on top of the seven that are currently open. You will also recall that we're renovating the InterContinental Hong Kong as part of our rebrand back to Regent. That hotel will open this year as a global flagship for the brand.

For Kimpton its excellent international expansion continues, with a flagship opened in Paris and strong signings in key resort locations such as Mallorca which will open by summer. We are also taking the brand to Mainland China with the first Kimpton Hotel due to open in Suzhou later this year.

Customer centric in all we do: Supporting owners to maximise ROI

Moving now to our second priority which is about putting guests and owners at the heart of every decision we make.

When it comes to our owners, we have worked closely with them to maximise their returns by reducing the cost to build and operate.

For instance, like with Express, we've developed new prototypes across Holiday Inn and our extended stay brands that require less land and use more cost efficient and environmentally sustainable materials to drive returns. So far, we have new prototypes committed in 150 Candlewood Suites and 140 Staybridge Suites.

Similarly, we have fresh and modern prototypes for Holiday Inn Hotels across the Americas. The concept brings our successful Open Lobby space and guest room designs together in a more efficient and flexible way with a 15% reduction in building size. To-date more than 250 hotels have adopted or committed to use these new designs.

We've also improved our processes supporting reductions in the time it takes to open a property and for a newly opened property to reach full commercial performance. This will support, for example, our target for 2022 to be a record openings year for Hotel Indigo.

Transforming loyalty

Clearly, one of the most important things is to build longstanding relationships with our guests and owners, the foundation of which is loyalty. Our IHG Rewards programme is a key part of our owner value proposition where we have over 100 million enrolled members. We have seen member contribution grow by seven percentage points over the four years prior to the pandemic, and these members traditionally account for more than around half of our guest stays. As you might expect, loyalty members stay more and spend more. They are also nine times more likely to book direct which is the most profitable channel for our owners.

Loyalty members have proved to be the most resilient during the toughest periods of the pandemic. We've made sure to look after them by protecting status and point expiry and introducing new programme enhancements such as dynamic pricing for reward nights, which is lowering the average number of points needed for a booking by around 15%, helping members get free nights faster.

But, as you may have seen last month, we are now going much further with the biggest loyalty transformation in our history. This will drive even greater levels of member engagement and attract more guests into the programme.

As part of this work, we have already announced the simplified tier structure with more bonus points across the different tiers and we are maintaining our industry-leading bonus points for the Diamond Elite tier which rewards our most loyal guests. What is still to come is new customer-preferred benefits that members will really recognise additional value from and more personalisation so that guests can choose the benefits that are most important to them.

We are keeping the next phase under wraps for now, but look out for further detail in the coming months.

Create digital advantage: Leveraging technology to drive profits and performance

Our third priority is all about how we create digital advantage as a company. This is vital to us enabling a seamless technology experience across the guest journey - from driving direct bookings and creating integrated digital experiences for our guests to delivering revenue enhancing solutions for our owners.

Our investment in our cloud-based hotel technology platform, IHG Concerto is the backbone of this work, and allows us to develop and roll out performance-enhancing tools faster and easier than before.

Attribute pricing is being rapidly rolled out, with 95% of hotels having now completed detailed room inventory assessments in preparation. This enhancement will drive competitive advantage to allow guests to choose specific room characteristics when booking, and seamlessly add additional non-room stay enhancements that customise their stay and provide incremental revenue to owners.

Supporting this as well as our transformed loyalty offer, is this year's rollout of our next generation mobile app which will offer a much richer and more personalised customer experience.

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

Looking at our fourth strategic priority, I've talked before about ensuring our growth ambitions as a business match our aspirations to care for our people, communities and planet. 2021 was the first year working towards our Journey to Tomorrow 2030 responsible business plan.

Starting with our people, we are continually investing in our culture so we support, develop and empower colleagues and attract new talent into the business.

During the year corporate colleagues completed more than 10,000 hours of Conscious Inclusion training and we further progressed our DE&I agenda through new talent programmes.

Importantly, our employees are highly engaged by the direction we are taking as a business and this is reflected in IHG again being recognised as a "Global Best Employer" by Kincentric who assess survey data from our colleagues and benchmarked IHG against other leading companies.

In our communities, our clear commitment is to help improve the lives of 30 million people around the world, by driving economic and social change through skills training and innovation, providing support in times of natural disasters and helping tackle food poverty. Progress during the year included extending the reach of our successful IHG Academy programme to the launch of IHG Skills Academy, a free global virtual learning platform that will help drive skills development, hospitality training and career pathways.

In terms of our planet, with such a global footprint and strong pipeline of hotels it is vital that we work closely with our owners and partners to ensure we operate and grow in ways that protect the world around us. In 2021 with respect to carbon emissions, we further upgraded our Science Based Target to 1.5 degrees and became a signatory to the UN's Race to Zero campaign. Supporting this work is a clear roadmap focused on our three key levers: existing

estate energy efficiency, sourcing renewable energy contracts and developing plans to ensure our new build hotels operate at very low or zero carbon.

As part of our focus on minimising waste, we are on track to eliminate single-use miniature bathroom amenities this year, with solutions now secured for all brands and all markets. In terms of reducing the water footprint of our hotels and helping secure water access in our communities, we have made further progress against our final two stewardship projects in Shenzhen, China and Hayman Island, Australia.

Our multi-year journey to a better, stronger company: Supporting confidence in industry-leading net system growth

As you can see, as we have been dealing with the pandemic, we have remained focused on delivering great guest experiences, strong returns for our owners, and an industry-leading level of net system size growth in the years ahead.

In the past five years we have added six new brands to round out the portfolio, including increasing our exposure to the high value Luxury & Lifestyle segment. At the same time, we have remained laser focused on evolving our powerhouse Holiday Inn and Holiday Inn Express brands and growing the rest of the estate.

We've made big investments in our technology platforms which is really starting to come to fruition now with things like IHG Concerto and our mobile app; We're making transformational changes to our loyalty offer; and we've strengthened our enterprise capability to drive better revenue opportunities, costs and returns for owners. We've also taken cost out of the business and built a clear roadmap of investment across our enterprise to maintain momentum and accelerate growth.

Conclusions: Confident on future growth prospects and our strategic priorities

So, to sum it up. We delivered a strong financial performance with profits more than doubling and net debt substantially reducing.

We are executing against the strategic priorities we outlined this time last year. We're well placed to gain further share with leading brands in the largest markets and segments, supported by our powerful technology and loyalty platforms, and a clear commitment to do the right thing by our people, communities and planet.

Our long-term confidence is as strong as it has ever been and our owners share that view, as reflected in nearly 300 hotels opening in the year and well over 400 signings which was 23% more than the prior year. All the actions we have taken over the last two years position us to exceed our pre-pandemic levels of growth and profitability.

I would just like to finish by thanking all of our colleagues for their hard work and dedication and our owners for their partnership. Collectively we saw another truly inspiring effort in 2021 and we look ahead with confidence from here. With that Paul and I are happy to take your questions.

Q&A

Bilal Aziz (UBS): Good morning everyone, thank you for taking my questions. Three from my side please. First, you clearly flagged good signings momentum across the fourth quarter. I am guessing US numbers still leave quite a room for recovery there, but you

mentioned franchise applications now picking up. I am keen to hear your thoughts on the construction environment over there and when you expect to see a step-up there please. Second, the statement all reads quite positively about getting above 4% of net system size growth for this year. That still leaves just over 8,000 rooms to be opened incrementally through this year. Perhaps you could walk us through the building blocks and the phasing for those openings this year given that the signings now will probably impact 2023. Then lastly just your view on pricing. You have launched the attribute-based pricing system earlier this year but there is clearly a lot of nervousness around the US consumer. Any data points you can share that give you confidence they can drive real rates higher? Thank you.

Keith Barr: Great, thank you. I will let Paul take on signings and unit growth. I will pick up on pricing.

Paul Edgecliffe-Johnson: Thanks Keith. Morning Bilal. Yes, we are encouraged by the signings environment. I think that our step-up in franchise applications was pleasing and really demonstrates the power of our brands. Our owners clearly want to open more hotels because they make very good returns. If you think about your real estate investor today, whereas previously you might have been considering investing behind retail, behind other forms of commercial real estate, office for example, those are off the table right now. More and more capital is being focused into hotels and that advantages us. We have a very high share of the signings in the industry. Clearly there is still room for it to recover back to what we were seeing in 2018 or so. That is partly about the financing environment. Once financing eases up and supply chains ease then I think that we will see more signings come through which will take our level of openings over time even higher.

In terms of our 2022 expectations for growth, that obviously is the components of how many rooms we open and how many rooms we remove. On the removals, I think we talked pretty consistently about the fact that we can come back down now to 1.5% which is the underlying rate we have seen excluding Holiday Inn and Crowne Plaza over a number of years. In terms of openings in 2021 we saw 5% - so 5% less the 1.5% would have been a normalised 3.5% for last year. Next year we need to open a few more rooms to get up to where we would like to, which is back in line with what we were seeing in 2018 at 4% or so. Yes, we still have to find some rooms to open during the year for sure. That is not unusual for us. We have some great conversion brands and we are well placed to do that.

Keith Barr: Thanks Paul. In terms of pricing, I think there were two aspects to the question. There was a bit about attribute-based pricing and the health of the consumer. I think if you look at the same data that we are seeing, generally the consumer is quite healthy, particularly in the US and our forward booking indicators which have extended give us confidence.

We are seeing leisure demand which is that truly discretionary spend continuing to accelerate across 2021 and into 2022. We believe that we will see a record level of demand into Q2 and into Q3, i.e. spring break into summer time frame. In fact, I was telling a journalist earlier today if you have not booked your holiday you might want to book it now because pricing is high and availability is low. I think that you are going to see very, very strong pricing power there. Additionally, you are now seeing business travel begin to return, groups, meetings and conferences and events that have shifted into Q2, Q3 and Q4. I think overall you are going to see generally a healthy consumer and a healthy uplift in demand for travel.

In terms of attribute pricing, we are rolling that out right now. We have set up the foundational aspects which required us to touch every single hotel around the world and organise their data. Now we are beginning a phased rollout of that which will basically enhance the booking and searching experience for our guests and we will be driving incremental revenue to our owners as it progresses, but it is still early days.

Bilal Aziz: Brilliant, thank you guys.

Jamie Rollo (Morgan Stanley): Morning everyone, three questions also please. The first is on the room openings again. Over 40% were in China last year which is a record high for the company. I am wondering how confident you are there in the pace of openings given the pipeline fell in Q3 and Q4. Also, how should we think about the impact to Group fees given China is a much lower revenue and margin market compared to the rest of the business? Secondly specifically on avid which you are calling out as a significant opportunity. The pipeline there shrank quite a lot. I think you terminated more rooms than you signed in the year. I am wondering where it is versus your expectations. That seems to be the brand of those six with the biggest absolute potential. Then finally on the balance between M&A and returning cash you clearly have lots of opportunity in Luxury & Lifestyle and I note on slide 33 there is a bit of a gap in that quadrant. I am wondering about whether you are looking to do more acquisitions of brands. I think four of the six were acquisitions rather than the homegrown. How do you balance M&A versus a buyback please? Thank you.

Keith Barr: Great, I will let Paul pick up on room openings. Then we will comment on avid, and I will pick up on the M&A.

Paul Edgecliffe-Johnson: In terms of the room openings, yes there is a significant proportion in China where, as you know Jamie, we have an excellent business. It is all our own business, so we do not have any master licence agreements like some of our competitors. Effectively we get fees from the rooms that we open in China unlike some of our competitors. Despite the disturbance from some of the commercial property markets seen in China we are not really seeing it in our business there. We still watch for it of course. We would never be complacent but no signs right now. Signings continue to be very strong, openings continue to be very strong and really good deals.

In terms of the overall blend and what is coming through - if we think about the components of China, the components of Luxury in EMEAA that we are seeing, it is all going to blend out. I do not think you are going to see any significant change in the overall profitability per room which I know is one of the things you watch closely.

Then in terms of avid, remember that we signed a lot of deals when we launched avid which is owners wanting to build auids and then as they have been able to get financing or not meant some of those locations have freed up for other owners to come in. We are at 50 hotels open now and the opportunity is very, very significant. The properties are performing really well and I have no doubt that this will be a brand of great scale over time. It is going to take a while for it to reach Holiday Inn Express's 3,000+ hotels but watch this space I guess.

Keith Barr: Jamie, just to build on that too, we are beginning to see some of the first auids begin to trade with some significant returns going to owners which helps actually accelerate the growth in the pipeline as owners see that it can deliver great cash on cash returns and

then when they are transacting on it as well too. We are very, very confident about the continued acceleration up the curve.

Now, on M&A, we will give you our normal answer. We never comment about M&A on anything specific, but we are going to clearly look at the brand portfolio as we have done in recent years where we have added six brands in to fill up those white spaces.

We have done it inorganically in a couple of areas where we thought that was the right thing to do, and built organically when we can develop other brands. Great successes when you look at voco, for example. Launched in 2018 and already seventy hotels open and in the pipeline across all three regions, in gateway cities like Singapore, Dubai and New York. We will continue to look at the brand portfolio and determine what the right approach is, but we are very disciplined in our use of capital and very focused on making sure that when we invest in something, it can deliver returns - Get to that minimum level of \$50 million of fee income so it is a scale opportunity and not a niche brand too. Again, we will continue to expand the brand portfolio, but we are in a pretty great position today when you think about what we have done in Luxury & Lifestyle and what we have done in mainstream. The fact that 25% of our signings were conversions, that would not have happened had we not had the brand portfolio that we have today.

Jamie Rollo: Thanks, and can I just follow up on one of Bilal's questions. I do not think you answered it in terms of the cadence of net unit growth through the year. Is it fair to say that the 4.5% target will be back-end loaded given half of your removals were in Q4 last year? Openings tend to be in a normal year Q4-loaded as well. Or could it hit 4.5% in Q1 or Q2 year-on-year? Thank you.

Paul Edgecliffe-Johnson: Thanks Jamie. I think that is just a component of the maths of the opening and the removals and the fact that it is over a trailing 12-month basis. I think what we have said is that we would like to see 2022 looking more like 2018. I am not sure I have said exactly 4.3%. Starting with a four I think would be a really good performance in the light of what our competitors are guiding to. That is certainly what we hope to see. Clearly given that it is on a 12-month lag basis, you are not going to see that on a reported basis until the back end of the year when you have cycled off those abnormally high level of Holiday Inn and Crowne Plaza removals. If you strip that out as the openings come through it will look a bit different but you would have to make that adjustment.

Jamie Rollo: Thank you very much.

Vicki Stern (Barclays): Morning, firstly separate to the Crowne Plaza/Holiday Inn programme - I think the exits were quite a bit higher than expected in Q4. Why was that and how confident are you then in the exit rate going forward being around 1.5%? To put it another way, is there anything that could derail that and bring exits to a higher level as we look into 2022 or 2023? Back on those franchise applications, thanks for giving the colour on the US, just wondering how that indication for the future signings is looking in the other regions? Also a little bit on the lending environment and the other elements of the backdrop in those regions would be helpful. Then finally, on cash returns I think before COVID you were generally happy to sit at the top end of that target leverage range. Just wondering how you are feeling about that today. You are starting the year at 3.0x net debt to EBITDA. I guess even with the dividend payment assuming RevPAR continues to recover, you will be

substantially below that by the back half. How should we be thinking about the scope for surplus cash return announcements in the second half? Thanks.

Paul Edgecliffe-Johnson: Thanks Vicki. Yes, in terms of the exits, excluding Holiday Inn and Crowne Plaza, if you look back over multiple years it is around the 1.5%. In 2021 it was a little ahead of that. In 2020 it was behind that and there were some hotels in 2020 which in the ordinary course of business we would have exited, but given it was in the middle of a pandemic we couldn't. They have then gone in 2021. If you look across 2020 and 2021 combined the underlying, i.e. ex Holiday Inn and Crowne Plaza, rate of removals is at that normalised 1.5%.

In terms of franchise applications and more broadly what we are seeing from owners; owners want to open hotels with us around the world. If you look at our pace of signings in EMEAA in the fourth quarter, signings were exceptionally strong. In China, our signings were exceptionally strong. We are making great returns for owners. Getting financing in place is important. Probably the area where it is most important that it comes back, is in the Americas. If you look elsewhere we are seeing actually very strong signings.

In terms of the 2.5-3.0x net debt to EBITDA, in current economic conditions, low interest rates, high availability of funding I am happy to be at the top end of that range. Nothing further we are saying today around further return to capital but hopefully our track record over the last 20 years or so demonstrates our future intent.

Vicki Stern: Very clear, thanks a lot.

Richard Clarke (Bernstein): Good morning everybody, three questions if I may. Starting with your investments in loyalty and maybe you could just explain why you are making changes to your loyalty programme here. Is there anything you are dissatisfied with or any aims you are trying to get out of that, like higher loyalty contribution or more credit card revenues? What are the ambitions with doing the loyalty programme over? Second question, Paul you mentioned that the guidance remains that gross capex could be as high as \$350 million. I do not think you have spent that level of gross capex since you were a much more asset-heavy business, and it was only \$100 million this year. What could you spend that money on? Is that going to be more recyclable investments? Is there more investment needed in the System Fund? Maybe just explain what could get us to \$350 million. Then the third question, I noticed your single Six Senses in the Americas has just 20 rooms. I think it is in Brazil. Is there an opportunity for IHG and maybe wider brands to move into smaller hotels? Does that expand your addressable market meaningfully and what could possibly lead to you being able to move into smaller hotels via conversions etc?

Keith Barr: Thanks Richard, good to talk with you. I will talk about loyalty and about Six Senses and smaller hotels. Then I will let Paul talk about \$350 million.

As we got into the pandemic we were committed to saying how do we exit this a stronger company? That was one of the rallying cries across the organisation. Making the investments in technology. Making the investments in growth. Making the investments in the enterprise more broadly. We recognised that we could invest more to strengthen the loyalty offer for our customers and for our owners. As loyalty continued to evolve and become more competitive - how do we take share? It is a significant transformation of the loyalty programme. Initially it is a slightly different tier structure but basically it is going to be a

richer offer for our customers. It is going to be with more personalisation and increased benefits which will close some of the competitive gaps, create some areas of competitive advantage for us and from that increase loyalty contribution with more revenues to owners, better credit card fees, reducing costs and better returns. We think that it is one of the biggest things we will have done to this loyalty programme since we invented loyalty for the industry. I am really excited about that opportunity.

I will let Paul talk about capital and then I will come back and talk about Six Senses.

Paul Edgecliffe-Johnson: Yes, thanks Richard. In terms of the capex, as you say, this year capex was a positive for us and we have always talked about gross capex potentially being up to \$350 million. However, the components within that being the key money and maintenance capital which is what is permanently deployed into the business. That could be around the \$150 million mark, obviously much lower this year, and the recyclable investments and System Fund capex, both of which do come back over time. They are a temporary use of cash in the business only and we have seen that in the results this year, both of those being a net positive for us. I think that has all been demonstrated. What would you have to see? You would have to see a much higher level of openings, so more key money being deployed. You would have to see opportunities for us to invest that recyclable money on a new brand or a really great opportunity to expand one of our new brands. It might mean that we buy a hotel or invest in a joint venture or something somewhere. Then you would have to see more money going out from the System Fund. That would be the gross and how you could get up to \$350 million.

Keith Barr: Thanks a lot. Six Senses - let me start by saying first, we are thrilled with the acquisition and the brand. To say I have been pleasantly surprised bordering on amazed at the demand for this brand throughout the pandemic. The level of owner engagement to want to be at the high end of luxury, to be in resorts felt like it accelerated through 2021 versus slowed down. The number of enquiries that we have for incredible destinations, great hotels and these are high fee earning resorts has been tremendous. As you pointed out, you can have an 80-room hotel paying you \$1 million a year easily. We are going to continue to look to expand that and accelerate that in the Americas. The history, the legacy of the brand is Asia and now it has moved into Europe and now we are building that out into the Americas. We truly see this being a global brand and scaling up quite quickly. We think there are plans for potentially eight or nine openings this year alone and that to continue to accelerate going forward as we expand our development footprint. It is great we can get in there with smaller hotels. Some of our other brands can convert smaller hotels as well which is appropriate, but we want to make sure if we are in small hotels that they are high fee income hotels to make sure we get the value from it.

Richard Clarke: Okay, thanks very much.

Jaafar Mestari (BNP Paribas): Hi, morning everyone, I have got two if that is okay? Firstly on pricing, I am curious in your discussions with owners - do you have a sense of how much the pricing they have been pushing is opportunistic, i.e. there is strong demand in some markets with fixed supply is that here to stay? In contrast, how much is reactive pricing? Passing on dollar cost inflation and ultimately you have seen inflation outlook changing which could possibly goes away. Then on net openings I am trying to piece together the different timelines and targets. You are now referencing pre-pandemic openings of 4.8% and 5.6%

but also separately you are still bringing up the opportunity to be industry-leading which if I am correct pre-pandemic was a touch higher than that. From your comments today are you saying that there is basically one more transition year in 2022 and then 2023 could be 4.5-5.5% like 2018/19? Then beyond that from 2024 you still want to eventually do 6% which was the end game pre-COVID. Would that sequence make sense?

Keith Barr: Great, thank you very much Jaafar. I think with pricing, there is a combination of factors going on. We have done quite a bit in terms of pricing simplification and our revenue management systems to enable owners to price more aggressively. Not to get too technical, but we have built out a lot of things in the back end to make sure that what happened during the pandemic does not negatively impact pricing. To really make sure leveraging our new demand algorithms to make sure we really price aggressively. I would say there are two aspects to it. In some markets demand has increased so much it is not defensive pricing; it is basically fundamental supply and demand. Basically, owners are pricing to maximise the performance of their hotels given what the demand is for those assets. Remember, nearly 50% of our hotels are at or above 2019 levels already and we have continued to see ADR hold very, very strongly, much more so than anyone ever believed once the pandemic started. There is also some defensive pricing going on where demand has not completely returned in some markets but owners are pricing in order to make sure they are making up for the supply chain impacts and cost inflation too. I think there is proactive pricing and I think there is defensive pricing going on, all of which is helping us maintain ADR and grow ADR which is really, really positive for IHG and for our owners.

Paul Edgecliffe-Johnson: In terms of the question on what our aspirations are going forward around net system size growth, we have said for some time that we want to be industry-leading. If you go back to 2019 for example, and you look at the openings and then you look at the removals we actually led the industry in terms of openings. Nobody opened as many rooms as us on a percentage basis. We had more removals back then because we had not been through the Holiday Inn and Crowne Plaza programme which going forward is going to take our removals down to that 1.5% level. Had we been at that 1.5% level we would have beaten everybody back in 2019. As we move forward, what we think is that 2022 will look more like 2018 and then going forward, more like 2019 and going forward from there. It is a component of how many rooms we open and how many rooms we remove. I think we are very well placed.

Jaafar Mestari: Alright, thanks for that. Thank you.

Tim Barrett (Numis): Hi morning both of you, just two things please. Firstly, thinking about the dividend if I am right, it is just above \$150 million in quantum. I am interested in what you are solving for on that decision and whether it is an EPS payout or more to do with leverage? The second question, forgive me, it is slightly devil's advocate but on removals at 1.5% - there might be an argument to say there is always going to be a tail and why would you exclude the Holiday Inn and Crowne Plaza elements from that? Thanks very much.

Paul Edgecliffe-Johnson: Thanks Tim. In terms of the dividend, what we have said is that we are basically putting back the 2019 final dividend that we were not able to pay because of the pandemic. We were one of the first companies to say we were going to withdraw this because we had to protect liquidity at the time. Now with the higher level of cash flow that we have generated this year, \$571 million of free cash flow, and coming back very

importantly to leverage of only 3.0x net debt to EBITDA we think it is the right time to reinstate the dividend. Then going forward, we will continue to pay dividends and further returns of capital as we have done over the last 20 years or so.

In terms of the removals, we are not saying there are not going to be any Holiday Inn or Crowne Plaza removals going forwards. It is just that they are going to be at the normal level so - across all our other brands over the last five years it has been at 1.5%. We are saying that across Holiday Inn and Crowne Plaza, we would be removing 1.5% or so. There will be some blending across all the brands, but it gets to overall that 1.5%. So, it isn't that there will be no Holiday Inns and Crowne Plazas that are going to be removed going forward.

Tim Barrett: Okay, that is great. Thank you.

Ivor Jones (Peel Hunt): Good morning, four quick things. On distribution channels has anything interesting happened in this period of recovery particularly in relation to OTAs within the mix or just generally in relation to distribution? Secondly I guess the tail end of the year is less business heavy than the rest of the year so when do you think through 2022 you will be able to say more confidently the level to which business is recovering given the change in business practices? When do you get to a business heavy month when you will be able to make a comparison? Thirdly in relation to the contribution of Luxury & Lifestyle growth, looking out a couple of years is this going to be a significant driver of additional room nights through the loyalty programme? Is 50% of room nights from members the right number or with a luxury branding expanded do you get to 75% and it has a material effect on margin that we should be thinking about? Is that a second order payback on Luxury & Lifestyle? Lastly, Paul you might have mentioned this already but if there was a flow in from System Fund in terms of cash flow in 2021 is there a flow out in 2022 or do we get to neutrality in 2022? I did not quite understand the balance of those flows. Thank you.

Keith Barr: Thank you. I will talk a little bit about distribution. Candidly it is still pretty noisy in terms of distribution and where the contribution is coming from because the recovery is happening at different rates in different parts of the world. In areas where we have seen a full recovery and where we are seeing more business travel, you are seeing much more of a normalisation to our traditional distribution contributions. In markets where it has been much more leisure oriented, you are seeing an increase in the weighting of OTAs because, again, those are infrequent leisure customers, and you are seeing decreases in things like GDS. However, overall, we are beginning to see a normalisation back to where we were pre-pandemic, and we will have probably more clarity on where distribution lands through 2022 as more things begin to open up. Again, if you remember some markets today are at 2019 levels. We have some markets that are still down 70% to 2019 levels and everywhere in between too. There is a lot of noise in distribution but what was interesting is we saw a lot more coming to our hotels directly which was an interesting trend. We saw again continued strong loyalty contribution overall.

I think in terms of the business heavy months, as spring progresses, business travel picks up. January and February are lighter months industry-wide. Omicron has definitely been a bit of a headwind. You can see that in the data; in terms of business travel it was accelerating into December. Industry-wide January/February was a bit softer, but we believe come spring you are going to see business travel begin to normalise on top of that strong leisure travel as well too. Then at the back end of the year when you get very business heavy, in that

September/October/November timeframe, that's when you will really see us being back at probably normal levels.

In terms of Luxury & Lifestyle, it is a growing part of our business. It is an incredibly, highly lucrative fee income from each asset. It also helps the loyalty programme. They are all interconnected, so the investments we are making in loyalty actually make it more appealing to a Luxury & Lifestyle customer as well as a mainstream customer. By having more Luxury & Lifestyle hotels, your programme is more attractive too. We would expect to see loyalty contribution continue to accelerate. Remember in the previous years pre-pandemic we raised loyalty contribution seven points, so we showed that we were strengthening the programme throughout. The whole industry saw loyalty contribution fall in 2020 and 2021 and we would expect with the new programme in 2022, we will see an acceleration of loyalty contribution in Luxury & Lifestyle and in our mainstream brands as well.

Paul Edgecliffe-Johnson: In terms of the System Fund and how the cash flows there work. I think the key thing is that we run the System Fund basically on a cash-neutral basis over time so that some years there may be a small inflow, some years there may be a small outflow. In 2020 to make sure we were supporting our owners as well as we could, although what was coming in was much reduced, we continued to invest behind marketing and everything that would put as much income as possible into our owners' hotels. That was the right thing to do. Then some of that flowed back to us this year so there has been an inflow. However, broadly it is net neutral over time.

Ivor Jones: What do you expect for this year? Sorry Paul.

Paul Edgecliffe-Johnson: It will depend on the pace through the year. No guidance right now. I think we have caught up on what we saw in the outflows in 2020 in the 2021 numbers and then going forwards we run it to broadly neutral over time. If we were to see another inflow in this year, then we might spend more in the following year. It is always a little difficult to predict exactly how much money is going to come in and then how much money you are spending on your marketing. However, what we try and make sure we are doing is putting anything that is surplus back into the System Fund to drive even more demand in a future year.

Ivor Jones: That is great, thank you.

Alex Brignall (Redburn): Morning guys, thanks for taking my questions, just two if I could. On the business travel assumptions, you alluded to RevPAR expectations going back to normal in 2023. I am wondering what the business expectations are within that. I ask because I saw a presentation from Amex GBT which is pretty much the biggest business travel agency. They expect business travel to get back to 70% of pre-pandemic levels which seems a little different to what you might be forecasting. There is a big difference obviously between total office attendance and total workplace attendance and you are exposed a little bit differently to both. Just your thoughts there would be really helpful.

Then on the distribution channel mix, you have just made a really interesting comment about the hotel direct going up during the pandemic. Could you talk regardless of whether it is OTA or your own website about what is happening to the online/offline mix because that seemed like a bit of an anomaly for the pandemic really. Is it going back to pre-pandemic trends in terms of movement from offline to online? Thanks very much.

Keith Barr: Thanks Alex. In terms of business travel assumptions, I think there's a couple of things we have to remember. Our mix of business: by having a large mainstream portfolio and an extended stay portfolio, a good portion of that is what we call essential business travel. We saw that throughout the pandemic. If you remember back in the depths of 2020 when things were at their worst, we were still running 40%+ occupancy in Holiday Inn Express and over 60% occupancy in our extended stay brands because of that essential business travel. Then on top of that, you of course have that discretionary business travel of groups, meetings and events. I think what Amex is talking about, is much more about that discretionary travel. People who basically do not have to travel to do their job. We are already above 70% materially in terms of business travel overall too. Will it be back to 100% in this year? No. We do not believe so but again it is showing that continued recovery quarter by quarter and it is also being made up by incremental leisure travel.

I will give you an interesting anecdote. I was talking to one of the biggest services firms in the world last week. They were talking about having their partner meeting over in Europe. It is going to be 3,000 people getting together and this goes back to a comment I made earlier saying people are taking fewer flights but more room nights in this business/leisure mix. They go, 'We are bringing all of our partners together for four days to a European capital city, three days of meetings and then we are letting everybody stay over one day on the company for a leisure day.' It is an interesting dynamic there. Is that a work trip or is it a leisure trip? It is a bit of both. I think you are going to see more of that. Plus, we are hearing from people now that because their offices are smaller and people are working in hybrid working they are going, 'We actually have to get teams together in different ways and hotels are a great utilisation of that space for small gatherings and small meetings too.' I think our business recovery will be ahead of what Amex is forecasting because of the makeup of our brand portfolio in travel.

In terms of distribution channels, I think they are going to revert back to normal. The pandemic basically created a strange distribution relationship where people were basically booking on the day when they got someplace. In terms of digital, we are seeing our digital contribution already begin to go up. The launch of our new mobile app is going to be pretty cutting edge in terms of its ease to book and its functionality. So we think digital is going to be the future and it is definitely trending back in that direction.

Alex Brignall: Thank you. If I could just ask one follow-up on the first question, I guess the core assumption then comes down to, is it possible for your demographic and your hotels to return to previous RevPAR assumptions whilst higher-end more urban hotels stay meaningfully below? I am thinking about the trickledown economics of pricing. If high-end hotels lose demand it feels to me like they have cut price and then it might come down to you but I could be completely off on that.

Keith Barr: I think the nature of the recovery will just vary. Urban centres are already beginning to recover but some are recovering at different paces. However, we are already seeing it. I was in London last week and talking to the teams. You could see how busy March and April were going to be versus what January and February were with business travellers and so forth. I am quite confident that the urban markets are going to recover. There will be a few outliers on that without question. Going back to what I said in the presentation, there are still restrictions. There are still challenges on international business travel and those go

into the key gateway cities. As those get lifted, that is when you will see us begin to come back as well too. It is just going to lag but not be structurally damaged.

Alex Brignall: Brilliant, thank you.

Ian Iceton (Shareholder): My question is away from the financials and it is actually referring to your penultimate slide when you talked about people, your diversity programmes and your recruiting of diverse talent. I wonder if you could briefly say a bit more about how those diversity programmes might differ around the globe. I am particularly interested in whether you are doing anything around neurodiversity. I focus on finding ways to get autistic people recruited into organisations and I wonder whether that is something that is on your agenda at all.

Keith Barr: Thank you very much. Our Journey to Tomorrow commitments for 2030 - the people aspect is a huge component of it. To your first point, diversity is different around the world and having lived on many parts of this world in Asia, in Europe and in the US, we consciously try not to have a one-size-fits-all approach. We look at what is happening in markets and what is the right focus we want to have there. For example, 12-13 years ago, we focused on localisation in China because our China business, which is our fastest-growing was being run principally by foreign nationals, by expatriates. Today you go there, and it is run principally by Chinese nationals. We are focusing on bringing women into the workforce in the Middle East. We are focusing on our African American and black community in the US. It is where do we have, what we call a hot spot of where we need to be leaning into. That could include gender representation, LGBTQ, ethnic representation and localisation. We have a number of programmes focusing on individuals who have either physical disabilities or mental disabilities or challenges in the Middle East, in South East Asia and Singapore in particular.

Ian Iceton: Thank you.

Keith Barr: Thanks everyone. It has been great to connect with you all again. We are really pleased with how the year has turned out and the team have done an excellent job to position us to accelerate our growth in 2022 and 2023. Our next market communication will be our first quarter trading update on 6th May. Thanks for your time, your interest in IHG and look forward to catching up with you all soon. Take care.