**InterContinental Hotels Group PLC**

Preliminary Results for the year to 31 December 2015

**Strong results driven by disciplined execution of our winning strategy**

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| **Financial summary1** | **Reported** | | | **Underlying2** | | |
|  | **2015** | **2014** | **% Change** | **2015** | **2014** | **% Change** |
| **Revenue** | $1,803m | $1,858m | (3)% | $1,522m | $1,409m | 8% |
| **Fee Revenue3** | $1,349m | $1,255m | 7% | $1,352m | $1,255m | 8% |
| **Operating profit** | $680m | $651m | 4% | $650m | $583m | 11% |
| **Adjusted EPS** | 174.9¢ | 158.3¢ | 10% | 167.3¢ | 140.7¢ | 19% |
| **Basic EPS4** | 520.0¢ | 158.3¢ | 228% |  |  |  |
| **Total dividend per share** | 85.0¢ | 77.0¢ | 10% |  |  |  |
| **Net debt** | $529m | $1,533m | (65)% |  |  |  |

1All figures before exceptional items unless otherwise noted. 2Excluding owned asset disposals, managed leases, significant liquidated damages and Kimpton; at constant FY14 exchange rates (CER). Underlying adjusted EPS based on underlying EBIT, effective tax rate, and reported interest at actual exchange rates. 3Group revenue excluding owned & leased hotels, managed leases and significant liquidated damages; underlying excludes Kimpton. 4After exceptional items.

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| **Richard Solomons, Chief Executive of InterContinental Hotels Group PLC, said:** |
| “Our strong momentum in 2015 was driven by a clear strategy and disciplined execution. We delivered our highest room openings since 2009, our best signings since 2008, 11% underlying profit growth and 19% underlying EPS growth.  Our high quality, fee based, business continues to generate significant operating cash flows following the completion of our major asset disposal programme. Reflecting this and our on-going focus on delivering shareholder value, we today announce a $1.5bn special dividend, which will take total funds returned since 2003 to $12bn.  We have strengthened our brand portfolio, adding Kimpton Hotels & Restaurants into the IHG family and accelerating signings across our mainstream and extended stay brands. Through effective online distribution management we grew our direct digital revenue more than any other channel, and building on our track record of innovation we are on course to begin the roll out of a next generation cloud based Guest Reservation System in 2017.  Looking into the medium term, despite economic and political uncertainty in some markets, the prospects for the hotel industry remain good and the strength of our business model gives us the confidence to propose a 10% increase in total dividend for the year.” |
| **Financial Highlights** |
| * **Strong revenue growth driven by both RevPAR and rooms** * Global comparable RevPAR up 4.4% (Q4: 2.4%), led by rate up 3.1%, with RevPAR growth across all regions. * Net room growth of 4.8% (3.2% ex. Kimpton acquisition), with 44k room openings up 8% year-on-year. * $24.0bn total gross revenue from hotels in IHG’s system (up 5% year-on-year; 11% CER). * **High quality business model with a focus on disciplined execution and capital allocation** * > 95% profit now from the fee business; ~85% of fee revenue from hotel revenues. * Group fee margin of 46.3%, up 1.6%pts (1.3%pts CER); scale benefits and tight overhead control creates capacity to invest for further growth, whilst driving consistent fee margin progression. * Focused investment in our brands and asset recycling led to net capital expenditure of $226m (gross: $264m). * $1.5bn will be returned to shareholders via a special dividend with share consolidation, to be paid in Q2 2016. * Proposed 10% increase in total dividend to 85.0¢, reflects confidence in the future prospects of the business. * Return on capital employed of 57% up from 9% in 2004. |
| **Strategic Progress** |
| * **Strengthening our preferred brands** * Record year for opening and signings for Kimpton Hotels & Restaurants, and in January 2016, we signed the first for the brand outside the Americas, in Amsterdam; other management agreements being negotiated in all regions. * Expanded our boutique footprint, opening Hotel Indigo Lower East Side New York, IHG’s 5,000th hotel, as well as adding our first property for the brand in AMEA, Hotel Indigo Bangkok Wireless Road. * Crowne Plaza RevPAR up 6.1% with new brand hallmarks driving higher guest satisfaction. * Innovative guest room and public area enhancements for the Holiday Inn Brand Family, which drove guest satisfaction levels to an all-time high and the most pipeline signings for seven years. * Momentum continued across our new brands, opening the first three HUALUXE Hotels and Resorts in China; a flagship property for EVEN Hotels in New York and signing a further six hotels for the brand into the pipeline. |
| * **Growing through targeted hotel distribution** * Signed 78k rooms into the pipeline, up 13% year-on-year, led by the Americas. * Highest global room signings for seven years, demonstrating owners’ confidence in IHG and its brands. * 214k pipeline rooms of which ~ 45% are under construction and ~90% are in our ten priority markets. * 15% share of the active industry pipeline, more than three times current supply share. |
| * **Driving revenue delivery through technology and loyalty** * Digital revenue of $4.2bn, up more than $0.4bn year-on-year, ahead of any other channel. * 40% of digital traffic from mobile devices, delivering gross revenue of $1.2bn, up from under $50m five years ago. * Enhanced IHG Rewards Club with the launch of Spire Elite, a new top tier of membership, and enhanced personalised member marketing campaigns, driving registrations up 35% year-on-year. * Industry’s first cloud-based Guest Reservation System on track to begin roll-out in 2017. |
| **Americas – Double digit profit growth driven by rate led RevPAR increases and room growth** |
| Comparable RevPAR increased 4.6% (Q4: up 2.9%), driven by 3.8% rate growth. US RevPAR was up 4.7%, led by Crowne Plaza up 6.6% and Hotel Indigo up 7.5%. Fourth quarter US RevPAR growth of 2.9% was impacted by our concentration in oil producing markets, where RevPAR was down 9.8%; the remainder of the estate grew 4.8%.  On an underlying1 basis revenue was up 9% and operating profit up 10%, driven by franchise royalty growth of 5% and an $8m (28%) increase in fees associated with the initial franchising and relicensing of hotels. Managed profit was impacted by costs relating to our 20% interest in InterContinental New York Barclay during its refurbishment (2015: $4m, 2014: $5m). Underlying1 owned profits increased 26%, driven by 7.1% RevPAR uplift at InterContinental Boston and 6.3% RevPAR growth at Holiday Inn Aruba. Reported revenue and profits both increased 10% (revenue 11% at CER, profit 12% at CER), benefiting from Kimpton operating profit of $18m which included previously disclosed liquidated damage receipts of $3m.  Opened 23k rooms (183 hotels), including four Holiday Inn Club Vacations properties (1k rooms), growing this portfolio by 30%. 15k rooms (104 hotels) were removed as we continue to focus on high quality brand representation. We signed 38k rooms (325 hotels), including 78 hotels (8k rooms) for our extended stay brands.  **2016:**  The significant refurbishment and repositioning of InterContinental New York Barclay is planned to complete at the end of the first half. We expect to incur costs of $6m in the period before the hotel re-opens, which will result in improvements to the long-term profitability of the hotel. From the third quarter the hotel will start to contribute fees, which will increase to approximately $7m per annum once trading is fully ramped up.  To drive further growth across our brand portfolio we will invest an additional $7m, primarily into franchise development resources. Non-exceptional Kimpton integration costs are expected to be in line with 2015, at approximately $2m. |
| **Europe – Robust trading in major markets and acceleration in signings pace** |
| Comparable RevPAR increased by 5.4% (Q4: up 3.6%), driven by rate up 3.9%. UK RevPAR increased by 5.1%, led by rate growth in both London and the provinces. In Germany, our second major market, RevPAR growth was 4.4%, and across the rest of Europe our RevPAR grew in the mid-single digits, despite challenging trading conditions in Paris.  On an underlying1 basis revenue was up 8% and operating profit up 23%, with the transition of 61 UK managed hotels to franchise contracts driving a 14% increase in underlying1 franchise fees and cost efficiencies reducing regional overheads. Reported revenue declined 29% (17% at CER) and reported operating profit was down 12% (up 3% at CER), negatively impacted by foreign exchange translation and the sale of InterContinental Paris – Le Grand on 20 May 2015, which was retained on a long term management agreement.  Opened 5k rooms (36 hotels) including the landmark InterContinental London – The O2, and InterContinental Bordeaux – Le Grand, a conversion which marks our fifth open property for the brand in France. We signed 9k rooms (48 hotels), including 14 properties in Germany, a record number in that country for the second year running, realised through our multi-development agreements. |
| **AMEA – Solid growth led by RevPAR in Japan and new openings in priority markets** |
| Comparable RevPAR increased 4.5% (Q4: up 0.2%), driven by growth in both rate and occupancy. Trading across the region was mixed, with Japan continuing to outperform through rate led RevPAR growth of 14.6%, benefiting from international demand. Australia increased 4.5%, while South East Asia grew 5.7%, led by recovery in Thailand after political disruption. However, the Middle East was impacted by declining oil prices, ending the year up 0.2%.  On an underlying1 basis, revenue was up 6% and operating profit increased 9%, driven by robust trading in the managed business, and net room growth of 7% across the region. Reported revenues declined 0.4% (up 10% at CER) and profit increased 2% (11% at CER), adversely impacted by foreign exchange translation.  We opened 7k rooms (22 hotels) and signed 12k rooms (35 hotels), our fastest pace in seven years. This included strong growth in Indonesia, one of our priority markets, increasing our presence by more than 30% with the opening of five hotels (1k rooms), and signing a further four properties (1k rooms).  **2016:**  Of the 7k rooms opened in 2015, 3k are located in Makkah, Saudi Arabia. Due to the highly seasonal nature of demand in this market, the stabilised annual contribution from these rooms is expected to be approximately $1m from 2016. |

1Excluding owned asset disposals, managed leases, significant liquidated damages and Kimpton; at constant FY14 exchange rates (CER).

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| **Greater China – Market out-performance and rooms growth drive strong fee revenue increase** |
| Comparable RevPAR increased by 0.3%, with growth of 2.9% in mainland China offset by significant declines in Hong Kong and Macau; fourth quarter RevPAR declined by 0.9% with mainland China up 0.5%. IHG’s operational excellence in the region resulted in significant industry out-performance, with full year growth particularly strong in mainland tier 1 cities, up 6.0%, and the rest of the mainland showed marginal increases. Our strategy of using our mainstream brands to penetrate less developed cities impacted total RevPAR, which was down 2.3% for the region.  Underlying1 revenue was up 8% driven by the addition of 20k rooms into the managed estate over the last two years. Underlying1 profit declined by 11%, adversely impacted by $5m of on-going investment into building long term people capability, as well as the year-on-year impact from $5m of previously disclosed one-off upsides in 2014. Reported revenue and operating profit declined by 14% (14% at CER) and 21% (20% at CER), respectively, both affected by the sale of InterContinental Hong Kong on 30 September 2015.  Opened 9k rooms (32 hotels) and signed 20k rooms (66 hotels), significantly ahead of the nearest international competitor on both metrics. The openings included the rebranded 495-room Crowne Plaza Sanya City Centre, whilst signings pace was up 24% year-on-year, driven by 13k Holiday Inn rooms entering the pipeline. |
| **Highly cash generative business with disciplined approach to capital allocation** |
| * **Significant free cash flow from operations**   + Free cash flow of $466m, up 45% year on year (2014: $321m). * **Completion of transition to asset light with $1.3bn proceeds from major asset disposals** * Completed the sale of InterContinental Paris – Le Grand for gross proceeds of €330m. * Sold InterContinental Hong Kong for proceeds of $928m after final working capital adjustments and cash tax, marking the successful conclusion of our major owned asset disposal programme. |
| * **Investing for growth** * Acquisition of Kimpton Hotels & Restaurants completed in January 2015 for $430m before working capital. Future tax relief associated with the tax amortisation of the purchase consideration expected to be approximately $160m. * $264m gross capital expenditure in 2015 comprised: $115m maintenance capex and key money; $78m recyclable investments; and $71m system funded capital investments. $17m proceeds received from asset recycling and $21m system fund depreciation received via working capital, resulting in $226m of net capital expenditure. * Gross capex guidance remains unchanged at up to $350m per annum into the medium term, including approximately $100m of system funded investment in 2016, primarily for development of our new Guest Reservation System. |
| * **Shareholder returns** * Proposed 11% increase in the final dividend to 57.5¢, taking the total dividend for the year up 10% to 85.0¢, reflecting our confidence in the future prospects of the business. * $1.5bn, equating to 632.9¢ per share, will be returned via a special dividend with share consolidation. |
| * **Efficient balance sheet provides flexibility** * Financial position remains robust, with an on-going commitment to an investment grade credit rating. * Entered into a new $1.3bn syndicated loan facility during the first half and in August issued a £300m, 10-year bond at a 3.750% coupon rate, the lowest funding rate IHG has achieved in the Sterling bond market. * Year-end net debt of $529m (including $224m finance lease on InterContinental Boston), down $1,004m on 2014 due to the proceeds from asset disposals, partially offset by the purchase of Kimpton. |
| **Foreign exchange – volatile currency markets impact reported profit** |
| The strong US dollar in 2015 reduced reported profit by $25m and adversely impacted RevPAR growth by 4.6%pts when translated at actual rates. Europe and AMEA were the two regions most affected, with foreign exchange reducing RevPAR growth by 13.6%pts and 8.0%pts respectively.  Currency markets continue to be volatile and we expect foreign exchange to have an impact on 2016 reported profit. If the average exchange rate during January 2016 had existed throughout 2015, 2015 reported operating profit would have reduced by a further $4m.  A full breakdown of constant currency vs. actual currency RevPAR by region is set out in appendix 2. |
| **Interest, tax, and exceptional items** |
| **Interest:** Net financial expenses increased by $7m to $87m due to the bridging loan used to acquire Kimpton, which was subsequently re-financed by a £300m sterling bond in August. |
| **Tax:** Effective rate for 2015 was 30% (2014: 31%). 2016 tax rate expected to be low 30s. |
| **Exceptional operating items:** Net exceptional operating gain of $819m for the full year was driven predominantly by a gain on the disposal of hotels. |

1Excluding owned asset disposals, managed leases, significant liquidated damages and Kimpton; at constant FY14 exchange rates (CER).

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| **Appendix 1: RevPAR Movement Summary** | | | | | | |
|  | **Full Year 2015** | | | **Q4 2015** | | |
| **RevPAR** | **Rate** | **Occ.** | **RevPAR** | **Rate** | **Occ.** |
| **Group** | **4.4%** | **3.1%** | **0.8pts** | **2.4%** | **2.2%** | **0.1pts** |
| Americas | 4.6% | 3.8% | 0.5pts | 2.9% | 2.8% | 0.0pts |
| Europe | 5.4% | 3.9% | 1.0pts | 3.6% | 3.9% | (0.2)pts |
| AMEA | 4.5% | 2.1% | 1.6pts | 0.2% | 0.8% | (0.4)pts |
| G. China | 0.3% | (3.0)% | 2.1pts | (0.9)% | (3.1)% | 1.5pts |

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| **Appendix 2: RevPAR movement summary at constant exchange rates (CER) vs. actual exchange rates (AER)** | | | | | | |
|  | **Full Year 2015** | | | **Q4 2015** | | | |
| **CER** | **AER** | **Difference** | **CER** | **AER** | **Difference** | |
| **Group** | **4.4%** | **(0.2)%** | **(4.6)pts** | **2.4%** | **(1.7)%** | **(4.1)pts** | |
| Americas | 4.6% | 2.8% | (1.8)pts | 2.9% | 1.0% | (1.9)pts | |
| Europe | 5.4% | (8.2)% | (13.6)pts | 3.6% | (5.9)% | (9.5)pts | |
| AMEA | 4.5% | (3.5)% | (8.0)pts | 0.2% | (6.8)% | (7.0)pts | |
| G. China | 0.3% | (1.2)% | (1.5)pts | (0.9)% | (3.9)% | (3.0)pts | |

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| **Appendix 3: Full Year System & Pipeline Summary (rooms)** | | | | | | | |
|  | | **System** | | | | | **Pipeline** | | |
| **Openings** | **Removals** | **Net** | **Total** | **YoY%** | **Signings** | **Total** | |
| **Group** | | **55,752** | **(21,679)** | **34,073** | **744,368** | **4.8%** | **81,041** | **213,916** | |
| Kimpton acquisition | | 11,325 | - | 11,325 | 11,325 | - | 2,603 | 2,603 | |
| **Underlying Group** | | **44,427** | **(21,679)** | **22,748** | 733,043 | **3.2%** | **78,438** | **211,313** | |
| Americas | | 22,942 | (14,709) | 8,233 | 468,250 | 1.8% | 37,655 | 93,781 | |
| Europe | | 5,493 | (2,990) | 2,503 | 106,711 | 2.4% | 8,826 | 20,532 | |
| AMEA | | 6,612 | (1,915) | 4,697 | 72,573 | 6.9% | 12,441 | 38,216 | |
| G. China | | 9,380 | (2,065) | 7,315 | 85,509 | 9.4% | 19,516 | 58,784 | |

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| **Appendix 4: Full Year financial headlines** | | | | | | | | | | | |
| **Operating Profit $m** | **Total** | | **Americas** | | **Europe** | | **AMEA** | | **G. China** | | **Central** | |
| **2015** | **2014** | **2015** | **2014** | **2015** | **2014** | **2015** | **2014** | **2015** | **2014** | **2015** | **2014** |
| Franchised | 669 | 639 | 575 | 544 | 77 | 78 | 12 | 12 | 5 | 5 | - | - |
| Managed | 241 | 228 | 64 | 47 | 28 | 30 | 90 | 88 | 59 | 63 | - | - |
| Owned & leased | 57 | 77 | 24 | 18 | 1 | 14 | 3 | 3 | 29 | 42 | - | - |
| Regional overheads | (136) | (138) | (66) | (65) | (28) | (33) | (19) | (19) | (23) | (21) | - | - |
| Profit pre central overheads | 831 | 806 | 597 | 544 | 78 | 89 | 86 | 84 | 70 | 89 | - | - |
| Central overheads | (151) | (155) | - | - | - | - | - | - | - | - | (151) | (155) |
| Group Operating profit | 680 | 651 | 597 | 544 | 78 | 89 | 86 | 84 | 70 | 89 | (151) | (155) |

**Appendix 5: Constant exchange rate (CER) and underlying operating profit movement before exceptional items**

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|  | **Total\*\*\*** | | | | **Americas** | | | | **Europe** | | | **AMEA** | | | | **G. China** | | |
| **Reported** | **Actual\*** | | **CER\*\*** | | **Actual\*** | | **CER\*\*** | | **Actual\*** | **CER\*\*** | | **Actual\*** | **CER\*\*** | | | **Actual\*** | **CER\*\*** | |
| Growth/ (decline) | 4% | | 8% | | 10% | | 12% | | (12)% | 3% | | 2% | 11% | | | (21)% | (20)% | |
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| **Underlying\*\*\*\***  Growth/ (decline) | **Total\*\*\*** | | | | **Americas** | | | | **Europe** | | | **AMEA** | | | | **G. China** | | |
| 11% | | | | 10% | | | | 23% | | | 9% | | | | (11)% | | |
| **Exchange rates:** | GBP:USD | EUR:USD | | | | \* US dollar actual currency | | | | | | | | |
| **2015** | 0.65 | 0.90 | | | | \*\* Translated at constant 2014 exchange rates | | | | | | | | |
| **2014** | 0.61 | 0.75 | | | | \*\*\* After central overheads | | | | | | | | |
|  |  |  | | | | \*\*\*\* At CER and excluding: Kimpton, owned asset disposals, results from managed lease hotels and significant liquidated damages (see below for definitions) | | | | | | | | | | | | | |

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| **Appendix 6: Definitions** |
| **CER:** constant exchange rates with 2014 exchange rates applied to 2015.  **Comparable RevPAR:** Revenue per available room for hotels that have traded for all of 2014 and 2015, reported at CER.  **Fee revenue:** Group revenue excluding owned & leased hotels, managed leases and significant liquidated damages.  **Fee margin:** adjusted for owned and leased hotels, managed leases, significant liquidated damages and Kimpton.  **Managed lease hotels**: properties structured for legal reasons as operating leases but with the same characteristics as management contracts  Americas: Revenue 2015 $38m; 2014 $38m; EBIT 2015 $nil, 2014 $nil. Europe: Revenue 2015 $75m; 2014 $90m; EBIT 2015 $1m, 2014 $2m. AMEA: Revenue 2015 $46m; 2014 $41m; EBIT 2015 $5m, 2014 $4m.  **Owned asset disposals:** InterContinental Hong Kong was sold on 30 September 2015 (2015: $98m revenue and $29m EBIT, 2014: $139m revenue and $42m EBIT) InterContinental Paris – Le Grand was sold on 20 May 2015(2015: $30m revenue and $1m EBIT, 2014: $111m revenue and $14m EBIT); InterContinental Mark Hopkins San Francisco was sold on 27 March 2014 (2015: $nil revenue and $nil EBIT, 2014: $9m revenue and $nil EBIT) and 80% of IHG’s interest in the InterContinental New York Barclay was disposed of on 31 March 2014 retaining the remaining 20% in a joint venture (2015: $nil revenue and $nil EBIT, 2014: $14m revenue and $(1)m EBIT).  **Significant liquidated damages:** $3m in 2015 ($3m Americas managed in Q2), and $7m in 2014 ($4m Americas franchised in Q1, $3m Americas franchised in Q2).  **Total gross revenue:** total rooms revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels. Other than owned and leased hotels, it is not revenue attributable to IHG, as it is derived mainly from hotels owned by third parties.  **Total** **RevPAR**: Revenue per available room including hotels that have opened or exited in either 2014 or 2015, reported at CER. |

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| **Appendix 7: Investor information for proposed 2015 final dividend** | | | | | |
| **Ex-dividend date:** | 31 March 2016 | **Record date:** | 1 April 2016 | **Payment date:** | 13 May 2016 |
| **Dividend payment:** | ADRs: 57.5 cents per ADR; Ordinary shares: 40.3 pence per share.  Note: As from the interim dividend 2016, the ordinary dividend per ordinary share will be translated into Pence Sterling at a date closer to the payment date; this date and the basis for calculation will be announced at H1 results. | | | | |

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| **Appendix 8: Investor information for proposed special dividend** | | | | | |
| **Ex-dividend date:** | 9 May 2016 | **Record date:** | 6 May 2016 | **Payment date:** | 23 May 2016 |
| **Dividend payment:** | ADRs: 632.9 cents per ADR. The corresponding amount in Pence Sterling per ordinary share will be announced on 12 May 2016, calculated based on the average of the market exchange rates for the three dealing days commencing 9 May 2016. | | | | |

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| Media Relations (Yasmin Diamond; Zoë Bird): | +44 (0)1895 512 008 | +44 (0)7736 746 167 |
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| **Presentation for Analysts and Shareholders:**  A presentation with Richard Solomons, Chief Executive Officer and Paul Edgecliffe-Johnson, Chief Financial Officer will commence at 9:30am London time on 23 February at Goldman Sachs, Rivercourt, 120 Fleet Street, London, EC4A 2BE. There will be an opportunity to ask questions. The presentation will conclude at approximately 10:30am.  There will be a live audio webcast of the results presentation on the web address [www.ihgplc.com/prelimswebcast](http://www.ihgplc.com/prelimswebcast).  The archived webcast of the presentation is expected to be on this website later on the day of the results and will remain on it for the foreseeable future. There will also be a live dial-in facility: | | |
| UK toll:  UK toll free:  US toll:  Passcode: | +44 (0)20 3003 2666  0808 109 0700  +1 212 999 6659  IHG Investor | |
| A replay of the conference call will also be available following the event – details are below. | | |
| Replay:  Pin: | +44 (0)20 8196 1998  3891343# | |
| **US conference call and Q&A:**  There will also be a conference call, primarily for US investors and analysts, at 9:00am New York Time on 23 February with Richard Solomons, Chief Executive Officer and Paul Edgecliffe-Johnson, Chief Financial Officer. There will be an opportunity to ask questions. | | |
| UK toll:  US toll:  US toll free:  Passcode: | +44 (0)20 3003 2666  +1 212 999 6659  +1 866 966 5335  IHG Investor | |
| A replay of the conference call will also be available following the event – details are below. | | |
| Replay:  Pin: | +44 (0)20 8196 1998  5409921# | |
| **Website:** The full release and supplementary data will be available on our website from 7:00am (London time) on 23 February. The web address is www.ihgplc.com/prelims16. | | |
| **Notes to Editors:**  [IHG® (InterContinental Hotels Group)](http://www.ihgplc.com/index.asp) [LON:IHG, NYSE:IHG (ADRs)] is a global organisation with a broad portfolio of hotel brands, including [InterContinental® Hotels & Resorts](http://www.intercontinental.com/hotels/gb/en/reservation), [Kimpton® Hotels & Restaurants](https://www.kimptonhotels.com/), [HUALUXE® Hotels and Resorts](http://cn.ihg.com/hualuxe?scmisc=header_vn), [Crowne Plaza® Hotels & Resorts](http://www.ihg.com/crowneplaza/hotels/gb/en/reservation), [Hotel Indigo®](http://www.ihg.com/hotelindigo/hotels/us/en/reservation), [EVEN™ Hotels](http://www.ihg.com/evenhotels/hotels/us/en/reservation), [Holiday Inn® Hotels & Resorts](http://www.ihg.com/holidayinn/hotels/gb/en/reservation), [Holiday Inn Express®](http://www.ihg.com/holidayinnexpress/hotels/gb/en/reservation), [Staybridge Suites®](http://www.ihg.com/staybridge/hotels/gb/en/reservation) and [Candlewood Suites®](http://www.ihg.com/candlewood/hotels/us/en/reservation).  IHG franchises, leases, manages or owns more than 5,000 hotels and 744,000 guest rooms in nearly 100 countries, with more than 1,300 hotels in its development pipeline. IHG also manages [IHG® Rewards Club](http://www.ihg.com/rewardsclub/gb/en/home), the world’s first and largest hotel loyalty programme with more than 92 million members worldwide.  [InterContinental Hotels Group PLC](http://www.ihgplc.com/index.asp) is the Group’s holding company and is incorporated in Great Britain and registered in England and Wales. More than 350,000 people work across IHG’s hotels and corporate offices globally.  Visit [www.ihg.com](http://www.ihg.com/hotels/gb/en/reservation) for hotel information and reservations and [www.ihgrewardsclub.com](http://www.ihg.com/rewardsclub/gb/en/home) for more on IHG Rewards Club. For our latest news, visit: [www.ihg.com/media](http://www.ihgplc.com/index.asp?pageid=5#ref_media) and follow us on social media at: [www.twitter.com/ihg](http://www.twitter.com/ihg), [www.facebook.com/ihg](http://www.facebook.com/ihg) and [www.youtube.com/ihgplc](http://www.youtube.com/ihgplc).  https://ci6.googleusercontent.com/proxy/RnNZfQn2o2xpggJQqefCOervMbPIci5mujDPJnvl43kv6Rtxjyh5gHN_JKVzeU-aaGz3pePFgxfoAAtZJZNx8mveVTc-11j98EfuAJVcumUenA=s0-d-e1-ft#https://ssl.gstatic.com/ui/v1/icons/mail/images/cleardot.gif | | |
| **Cautionary note regarding forward-looking statements:**  This announcement contains certain forward-looking statements as defined under United States law (Section 21E of the Securities Exchange Act of 1934) and otherwise. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’ or other words of similar meaning. These statements are based on assumptions and assessments made by InterContinental Hotels Group PLC’s management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements. The main factors that could affect the business and the financial results are described in the ‘Risk Factors’ section in the current InterContinental Hotels Group PLC’s Annual report and Form 20-F filed with the United States Securities and Exchange Commission. | | |

This Business Review provides a commentary on the performance of InterContinental Hotels Group PLC (the Group or IHG) for the financial year ended 31 December 2015.

**Group Performance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **12 months ended 31 December** | | |
| **Group results** | | **2015** | 2014 | % |
|  | | **$m** | $m | change |
| **Revenue** | |  |  |  |
|  | Americas | **955** | 871 | 9.6 |
|  | Europe | **265** | 374 | (29.1) |
|  | AMEA | **241** | 242 | (0.4) |
|  | Greater China | **207** | 242 | (14.5) |
|  | Central | **135** | 129 | 4.7 |
|  |  | \_\_\_\_ | \_\_\_\_ | \_\_\_ |
|  | | **1,803** | 1,858 | (3.0) |
|  | | \_\_\_\_ | \_\_\_\_ | \_\_\_ |
| **Operating profit** | |  |  |  |
|  | Americas | **597** | 544 | 9.7 |
|  | Europe | **78** | 89 | (12.4) |
|  | AMEA | **86** | 84 | 2.4 |
|  | Greater China | **70** | 89 | (21.3) |
|  | Central | **(151)** | (155) | 2.6 |
|  |  | **\_\_\_\_** | \_\_\_\_ | \_\_\_ |
| Operating profit before exceptional items | | **680** | 651 | 4.5 |
| Exceptional operating items | | **819** | 29 | - |
|  | | **\_\_\_** | \_\_\_ | **\_\_\_** |
|  | | **1,499** | 680 | 120.4 |
| Net financial expenses | | **(87)** | (80) | (8.8) |
|  | | **\_\_\_** | \_\_\_ | **\_\_\_** |
| Profit before tax | | **1,412** | 600 | 135.3 |
|  | | **\_\_\_** | \_\_\_ | **\_\_\_** |
| **Earnings per ordinary share** | |  |  |  |
|  | Basic | **520.0**¢ | 158.3¢ | 228.5 |
|  | Adjusted | **174.9**¢ | 158.3¢ | 10.5 |
|  |  |  |  |  |
| **Average US dollar to sterling exchange rate** | | **$1 : £0.65** | $1 : £0.61 | 6.6 |

During the year ended 31 December 2015, revenue decreased by $55m (3.0%) to $1,803m primarily as a result of the disposal of owned hotels in line with the Group’s asset-light strategy. Operating profit before exceptional items increased by $29m (4.5%) to $680m.

On 16 January 2015, the Group completed the acquisition of Kimpton Holding Group LLC (Kimpton) for cash consideration of $430m before working capital adjustments and cash acquired, resulting in the addition of 62 hotels (11,325 rooms) into the IHG System.

On 20 May 2015, the Group completed the sale of InterContinental Paris – Le Grand for gross proceeds of €330m and, on 30 September 2015, the Group completed the sale of InterContinental Hong Kong for proceeds of $928m after final working capital adjustments and cash tax.

On an underlying1 basis, revenue and operating profit increased by $113m (8.0%) and $67m (11.5%) respectively. The underlying results exclude the impact of owned hotel disposals in 2015 and the prior-year, the results of managed lease hotels, Kimpton, and significant liquidated damages receipts (2015: $3m; 2014: $7m).

At constant currency, net central overheads increased by $5m (3.2%) to $160m compared to 2014 (but at actual currency decreased by $4m (2.6%) to $151m).

Profit before tax increased by $812m to $1,412m, primarily due to the gain on sale of InterContinental Paris – Le Grand and InterContinental Hong Kong. Basic earnings per ordinary share increased by 228.5% to 520.0¢, whilst adjusted earnings per ordinary share increased by 10.5% to 174.9¢.

Underlying excludes the impact of owned-asset disposals, significant liquidated damages, Kimpton, and the results from managed lease hotels, translated at constant currency by applying prior- year exchange rates.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | **12 months ended 31 December** | | | | | |
|  | | | **2015** | | 2014 | | % | |
| **Global total gross revenue** | | | **$bn** | | $bn | | change | |
|  | | |  | |  | |  | |
| InterContinental | | | **4.5** | | 4.7 | | (4.3) | |
| Kimpton | | | **1.1** | | - | | - | |
| Crowne Plaza | | | **4.2** | | 4.2 | | - | |
| Hotel Indigo | | | **0.3** | | 0.3 | | - | |
| Holiday Inn | | | **6.2** | | 6.4 | | (3.1) | |
| Holiday Inn Express | | | **6.1** | | 5.7 | | 7.0 | |
| Staybridge Suites | | | **0.8** | | 0.7 | | 14.3 | |
| Candlewood Suites | | | **0.7** | | 0.6 | | 16.7 | |
| Other brands | | | **0.1** | | 0.2 | | (50.0) | |
|  | | | **\_\_\_\_** | | \_\_\_\_ | | \_\_\_\_ | |
| Total | | | **24.0** | | 22.8 | | 5.3 | |
|  | | | **\_\_\_\_** | | \_\_\_\_ | | \_\_\_\_ | |
|  | | **Hotels** | | | | **Rooms** | | |
| **Global hotel and room count**  **at 31 December** | | **2015** | | Change  over 2014 | | **2015** | | Change  over 2014 |
|  | |  | |  | |  | |  |
| Analysed by brand | |  | |  | |  | |  |
|  | InterContinental | **184** | | 4 | | **62,040** | | 805 |
|  | Kimpton | **61** | | 61 | | **10,976** | | 10,976 |
|  | HUALUXE | **3** | | 3 | | **798** | | 798 |
|  | Crowne Plaza | **406** | | - | | **113,284** | | (278) |
|  | Hotel Indigo | **65** | | 4 | | **7,664** | | 933 |
|  | EVEN Hotels | **3** | | 1 | | **446** | | 150 |
|  | Holiday Inn1 | **1,226** | | 14 | | **228,100** | | 2,941 |
|  | Holiday Inn Express | **2,425** | | 60 | | **236,406** | | 7,296 |
|  | Staybridge Suites | **220** | | 15 | | **23,964** | | 1,555 |
|  | Candlewood Suites | **341** | | 19 | | **32,328** | | 1,620 |
|  | Other | **98** | | 11 | | **28,362** | | 7,277 |
|  |  | **\_\_\_\_** | | \_\_\_\_ | | **\_\_\_\_\_\_** | | \_\_\_\_\_ |
| Total | | **5,032** | | 192 | | **744,368** | | 34,073 |
|  |  | **\_\_\_\_** | | \_\_\_\_ | | **\_\_\_\_\_\_** | | \_\_\_\_\_ |
| Analysed by ownership type | |  | |  | |  | |  |
|  | Franchised | **4,219** | | 123 | | **530,748** | | 15,764 |
|  | Managed | **806** | | 71 | | **211,403** | | 19,282 |
|  | Owned and leased | **7** | | (2) | | **2,217** | | (973) |
|  |  | **\_\_\_\_** | | \_\_\_\_ | | **\_\_\_\_\_\_** | | \_\_\_\_\_ |
| Total | | **5,032** | | 192 | | **744,368** | | 34,073 |
|  |  | **\_\_\_\_** | | \_\_\_\_ | | **\_\_\_\_\_\_** | | \_\_\_\_\_ |

1 Includes 47 Holiday Inn Resort properties (11,518 rooms) and 16 Holiday Inn Club Vacations properties (5,231 rooms) (2014: 42 Holiday Inn Resort properties (9,904 rooms) and 12 Holiday Inn Club Vacations properties (4,027 rooms)).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Global pipeline**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **52** | 2 | **15,676** | 12 |
|  | Kimpton | **18** | 18 | **3,366** | 3,366 |
|  | HUALUXE | **21** | (3) | **6,632** | (919) |
|  | Crowne Plaza | **84** | (8) | **23,181** | (2,155) |
|  | Hotel Indigo | **63** | - | **9,208** | 112 |
|  | EVEN Hotels | **8** | 5 | **1,262** | 678 |
|  | Holiday Inn1 | **256** | (13) | **52,204** | (509) |
|  | Holiday Inn Express | **602** | 80 | **75,605** | 12,651 |
|  | Staybridge Suites | **114** | 15 | **12,641** | 1,733 |
|  | Candlewood Suites | **98** | 9 | **8,720** | 1,003 |
|  | Other | **14** | 4 | **5,421** | 4,172 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **1,330** | 109 | **213,916** | 20,144 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **905** | 62 | **102,169** | 7,439 |
|  | Managed | **424** | 47 | **111,545** | 12,707 |
|  | Owned and Leased | **1** | - | **202** | (2) |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **1,330** | 109 | **213,916** | 20,144 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes 14 Holiday Inn Resort properties (3,548 rooms) (2014: 18 Holiday Inn Resort properties (4,412 rooms)).

**THE AMERICAS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | **12 months ended 31 December** | | |
|  | | | **2015** | 2014 | % |
| **Americas results** | | | **$m** | $m | change |
|  | | |  |  |  |
| **Revenue** | | |  |  |  |
|  | Franchised | | 661 | 630 | 4.9 |
|  | Managed | | 166 | 103 | 61.2 |
|  | Owned and leased | | 128 | 138 | (7.2) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| Total | |  | **955** | 871 | 9.6 |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| **Operating profit before exceptional items** | | |  |  |  |
|  | Franchised | | **575** | 544 | 5.7 |
|  | Managed | | **64** | 47 | 36.2 |
|  | Owned and leased | | **24** | 18 | 33.3 |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
|  | | | **663** | 609 | 8.9 |
| Regional overheads | | | **(66)** | (65) | (1.5) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| Total | |  | **597** | 544 | 9.7 |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |

|  |  |  |
| --- | --- | --- |
| **Americas Comparable RevPAR movement on previous year** | | **12 months ended**  **31 December 2015** |
| Franchised | |  |
|  | Crowne Plaza | 6.7% |
|  | Holiday Inn | 4.6% |
|  | Holiday Inn Express | 4.1% |
|  | All brands | 4.6% |
| Managed | |  |
|  | InterContinental | 2.4% |
|  | Kimpton | 4.1% |
|  | Crowne Plaza | 9.6% |
|  | Holiday Inn | 5.7% |
|  | Staybridge Suites | 4.2% |
|  | Candlewood Suites | 6.7% |
|  | All brands | 4.7% |
| Owned and leased | |  |
|  | All brands | 6.7% |

**Americas results**

Franchised revenue increased by $31m (4.9%) to $661m, including the impact of the $7m liquidated damages receipts in 2014 (7.9% excluding these liquidated damages and on a constant currency basis). Royalties1 growth of 5.1% was driven by comparable RevPAR growth of 4.6%, including 4.6% for Holiday Inn and 4.1% for Holiday Inn Express, together with 1.2% rooms growth. Operating profit increased by $31m (5.7%) to $575m, including an $8m increase in fees associated with the initial franchising and relicensing of hotels. Excluding the benefit of significant liquidated damages (2015: $nil; 2014: $7m) and on a constant currency basis, operating profit increased by $47m (8.8%) to $584m.

Managed revenue increased by $63m (61.2%) to $166m, and operating profit increased by $17m (36.2%) to $64m. Revenue and operating profit included $38m (2014: $38m) and $nil (2014: $nil) respectively from one managed lease property. Kimpton contributed $59m to managed estate revenue and $18m to operating profit, including $3m of significant liquidated damages. Managed operating profit was impacted by costs relating to our 20% interest in InterContinental New York Barclay during its refurbishment (2015: $4m; 2014: $5m). Excluding results from both Kimpton and managed lease hotels and on a constant currency basis, revenue increased by $9m (13.8%) and operating profit increased by $2m (4.3%).

Owned and leased revenue decreased by $10m (7.2%) to $128m, and operating profit increased by $6m (33.3%) to $24m, following the disposal of two owned hotels (InterContinental Mark Hopkins San Francisco and an 80% interest in InterContinental New York Barclay) during 2014. Excluding these two hotels and on a constant currency basis, owned and leased revenue and operating profit increased by $13m and $5m, respectively, reflecting improved trading at InterContinental Boston and at Holiday Inn Aruba.

1 Royalties are fees, based on rooms revenue, that a franchisee pays to the brand owner for use of the brand name.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Americas hotel and room count**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **50** | - | **17,109** | 212 |
|  | Kimpton | **61** | 61 | **10,976** | 10,976 |
|  | Crowne Plaza | **172** | (9) | **46,316** | (2,050) |
|  | Hotel Indigo | **40** | 1 | **5,071** | 520 |
|  | EVEN Hotels | **3** | 1 | **446** | 150 |
|  | Holiday Inn1 | **772** | 2 | **135,995** | (285) |
|  | Holiday Inn Express | **2,106** | 46 | **186,972** | 4,371 |
|  | Staybridge Suites | **211** | 14 | **22,662** | 1,462 |
|  | Candlewood Suites | **341** | 19 | **32,328** | 1,620 |
|  | Other | **84** | 6 | **21,700** | 2,582 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **3,840** | 141 | **479,575** | 19,558 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **3,548** | 71 | **422,230** | 5,015 |
|  | Managed | **287** | 70 | **55,715** | 14,543 |
|  | Owned and leased | **5** | - | **1,630** | - |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **3,840** | 141 | **479,575** | 19,558 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes 23 Holiday Inn Resort properties (5,902 rooms) and 16 Holiday Inn Club Vacations properties (5,231 rooms) (2014: 20 Holiday Inn Resort properties (4,864 rooms) and 12 Holiday Inn Club Vacations properties (4,027 rooms)).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Americas pipeline**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **4** | (3) | **1,545** | (792) |
|  | Kimpton | **18** | 18 | **3,366** | 3,366 |
|  | Crowne Plaza | **15** | (3) | **2,490** | (716) |
|  | Hotel Indigo | **30** | (1) | **4,024** | (235) |
|  | EVEN Hotels | **8** | 5 | **1,262** | 678 |
|  | Holiday Inn1 | **125** | (14) | **18,203** | (1,952) |
|  | Holiday Inn Express | **449** | 60 | **43,945** | 6,820 |
|  | Staybridge Suites | **105** | 15 | **11,230** | 1,636 |
|  | Candlewood Suites | **98** | 9 | **8,720** | 1,003 |
|  | Other | **13** | 3 | **1,599** | 381 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **865** | 89 | **96,384** | 10,189 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **809** | 69 | **85,863** | 6,883 |
|  | Managed | **55** | 20 | **10,319** | 3,308 |
|  | Owned and leased | **1** | - | **202** | (2) |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **865** | 89 | **96,384** | 10,189 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes seven Holiday Inn Resort properties (1,657 rooms) (2014: nine Holiday Inn Resort properties (1,916 rooms)).

**EUROPE**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | **12 months ended 31 December** | | |
|  | | | **2015** | 2014 | % |
| **Europe results** | | | **$m** | $m | change |
|  | | |  |  |  |
| **Revenue** | | |  |  |  |
|  | Franchised | | **104** | 104 | - |
|  | Managed | | **131** | 159 | (17.6) |
|  | Owned and leased | | **30** | 111 | (73.0) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| Total | |  | **265** | 374 | (29.1) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| **Operating profit before exceptional items** | | |  |  |  |
|  | Franchised | | **77** | 78 | (1.3) |
|  | Managed | | **28** | 30 | (6.7) |
|  | Owned and leased | | **1** | 14 | (92.9) |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
|  | | | **106** | 122 | (13.1) |
| Regional overheads | | | **(28)** | (33) | 15.2 |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| Total | |  | **78** | 89 | (12.4) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Europe comparable RevPAR movement on previous year** | | | | **12 months ended**  **31 December**  **2015** |
|  | | | |  |
| Franchised | | | |  |
|  | All brands | | 5.3% | |
|  | |  | |  |
| Managed | | | |  |
|  | All brands | | 6.2% | |
|  | |  | |  |

**Europe results**

Franchised revenue remained flat at $104m, whilst operating profit decreased by $1m (1.3%) to $77m. On a constant currency basis, revenue and operating profit increased by $15m (14.4%) and $11m (14.1%) respectively, following the transition of UK managed hotels to franchise contracts.

Managed revenue decreased by $28m (17.6%) and operating profit decreased by $2m (6.7%). Revenue and operating profit included $75m (2014: $90m) and $1m (2014: $2m) respectively from managed leases. Excluding properties operated under this arrangement, and on a constant currency basis, revenue decreased by $2m (2.9%) and operating profit increased by $3m (10.7%), impacted by the transition of UK managed hotels to franchise contracts.

The one remaining hotel in the owned and leased estate, InterContinental Paris – Le Grand, was sold on 20 May 2015 for gross proceeds of €330m. Owned and leased revenue decreased by $81m (73.0%) to $30m and operating profit decreased by $13m (92.9%) to $1m.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Europe hotel and room count**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **32** | 2 | **9,886** | 514 |
|  | Crowne Plaza | **88** | 5 | **20,269** | 874 |
|  | Hotel Indigo | **19** | 2 | **1,790** | 222 |
|  | Holiday Inn1 | **285** | 1 | **46,150** | 428 |
|  | Holiday Inn Express | **228** | 2 | **27,525** | 387 |
|  | Staybridge Suites | **6** | 1 | **877** | 93 |
|  | Other | **2** | - | **214** | (15) |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **660** | 13 | **106,711** | 2,503 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **615** | 50 | **94,410** | 10,394 |
|  | Managed | **45** | (36) | **12,301** | (7,421) |
|  | Owned and leased | **-** | (1) | **-** | (470) |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **660** | 13 | **106,711** | 2,503 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 2015 and 2014 include two Holiday Inn Resort properties (212 rooms).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Europe pipeline**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **5** | 2 | **882** | 37 |
|  | Crowne Plaza | **11** | (3) | **2,673** | (244) |
|  | Hotel Indigo | **11** | (1) | **1,403** | 35 |
|  | Holiday Inn | **37** | - | **7,834** | 890 |
|  | Holiday Inn Express | **45** | 1 | **7,198** | 824 |
|  | Staybridge Suites | **4** | - | **511** | 97 |
|  | Other | **-** | - | **31** | - |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **113** | (1) | **20,532** | 1,639 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **88** | (7) | **14,127** | 131 |
|  | Managed | **25** | 6 | **6,405** | 1,508 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **113** | (1) | **20,532** | 1,639 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

**ASIA, MIDDLE EAST AND AFRICA (AMEA)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | **12 months ended 31 December** | | |
|  | | | **2015** | 2014 | % |
| **AMEA results** | | | **$m** | $m | change |
|  | | |  |  |  |
| **Revenue** | | |  |  |  |
|  | Franchised | | **16** | 16 | - |
|  | Managed | | **189** | 187 | 1.1 |
|  | Owned and leased | | **36** | 39 | (7.7) |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| Total | |  | **241** | 242 | (0.4) |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| **Operating profit before exceptional items** | | |  |  |  |
|  | Franchised | | **12** | 12 | - |
|  | Managed | | **90** | 88 | 2.3 |
|  | Owned and leased | | **3** | 3 | - |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
|  | | | **105** | 103 | 1.9 |
| Regional overheads | | | **(19)** | (19) | - |
|  | | | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_** |
| Total | |  | **86** | 84 | 2.4 |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |

|  |  |  |
| --- | --- | --- |
| **AMEA comparable RevPAR movement on previous year** | | **12 months ended**  **31 December**  **2015** |
|  | |  |
| Franchised | |  |
|  | All brands | (0.5)% |
| Managed | |  |
|  | All brands | 5.4% |

**AMEA results**

Franchised revenue and operating profit remained flat at $16m and $12m respectively. On a constant currency basis, revenue and operating profit increased by $1m (6.3%) and $1m (8.3%) respectively.

Managed revenue increased by $2m (1.1%) to $189m and operating profit increased by $2m (2.3%) to $90m. Comparable RevPAR increased by 5.4%, with the majority of rooms opening in the last quarter of 2015. Revenue and operating profit included $46m (2014: $41m) and $5m (2014: $4m) respectively from one managed lease property.Excluding results from this hotel and on a constant currency basis, revenue increased by $9m (6.2%), whilst operating profit increased by $6m (7.1%).

In the owned and leased estate, revenue decreased by $3m (7.7%) to $36m and operating profit remained flat at $3m. On a constant currency basis, revenue increased by $3m (7.7%) and operating profit increased by $1m (33.3%).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **AMEA hotel and room count**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **68** | 1 | **21,238** | (186) |
|  | Crowne Plaza | **71** | 2 | **20,011** | 323 |
|  | Hotel Indigo | **1** | 1 | **192** | 192 |
|  | Holiday Inn1 | **91** | 6 | **20,984** | 1,234 |
|  | Holiday Inn Express | **27** | 3 | **5,886** | 591 |
|  | Staybridge Suites | **3** | - | **425** | - |
|  | Other | **6** | 1 | **3,837** | 2,543 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **267** | 14 | **72,573** | 4,697 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **52** | 2 | **11,924** | 355 |
|  | Managed | **213** | 12 | **60,062** | 4,342 |
|  | Owned and leased | **2** | - | **587** | - |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **267** | 14 | **72,573** | 4,697 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes 15 Holiday Inn Resort properties (3,169 rooms) (2014: 14 Holiday Inn Resort properties (3,003 rooms)).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **AMEA pipeline**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **22** | - | **5,349** | (455) |
|  | Crowne Plaza | **19** | 3 | **5,301** | 889 |
|  | Hotel Indigo | **13** | 3 | **2,281** | 458 |
|  | Holiday Inn1 | **45** | (5) | **11,529** | (1,701) |
|  | Holiday Inn Express | **43** | 4 | **9,344** | 1,167 |
|  | Staybridge Suites | **5** | - | **900** | - |
|  | Other | **-** | - | **3,512** | 3,512 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **147** | 5 | **38,216** | 3,870 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **8** | - | **2,179** | 425 |
|  | Managed | **139** | 5 | **36,037** | 3,445 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **147** | 5 | **38,216** | 3,870 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes four Holiday Inn Resort properties (1,071 rooms) (2014: seven Holiday Inn Resort properties (1,729 rooms)).

**GREATER CHINA**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | **12 months ended 31 December** | | |
|  | | | **2015** | 2014 | % |
| **Greater China results** | | | **$m** | $m | Change |
|  | | |  |  |  |
| **Revenue** | | |  |  |  |
|  | Franchised | | **4** | 4 | - |
|  | Managed | | **105** | 99 | 6.1 |
|  | Owned and leased | | **98** | 139 | (29.5) |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| Total | |  | **207** | 242 | (14.5) |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| **Operating profit before exceptional items** | | |  |  |  |
|  | Franchised | | **5** | 5 | - |
|  | Managed | | **59** | 63 | (6.3) |
|  | Owned and leased | | **29** | 42 | (31.0) |
|  |  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
|  | | | **93** | 110 | (15.5) |
| Regional overheads | | | **(23)** | (21) | (9.5) |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| Total | |  | **70** | 89 | (21.3) |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |

|  |  |  |
| --- | --- | --- |
| **Greater China comparable RevPAR movement on previous year** | | **12 months ended**  **31 December**  **2015** |
|  | |  |
| Managed | |  |
|  | All brands | 1.1% |

**Greater China results**

Franchised revenue and operating profit remained flat at $4m and $5m respectively.

Managed revenue increased by $6m (6.1%) to $105m, whilst operating profit decreased by $4m (6.3%) to $59m, impacted by the investment in people capability and previously disclosed one-off upsides in 2014. Comparable RevPAR increased by 1.1%, whilst the Greater China System size grew by 10.4%, driving a 4.8% increase in total gross revenue derived from rooms business. Total gross revenue derived from non-rooms business increased by 7.9%, due primarily to increased food and beverage revenue. On a constant currency basis, revenue increased by $8m (8.1%) to $107m, whilst operating profit decreased by $3m (4.8%) to $60m.

The one remaining hotel in the owned and leased estate, InterContinental Hong Kong, was sold on 30 September 2015 for proceeds of $928m after final working capital adjustments and cash tax. Owned and leased revenue decreased by $41m (29.5%) to $98m and operating profit decreased by $13m (31.0%) to $29m.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Greater China hotel and room count**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **34** | 1 | **13,807** | 265 |
|  | HUALUXE | **3** | 3 | **798** | 798 |
|  | Crowne Plaza | **75** | 2 | **26,688** | 575 |
|  | Hotel Indigo | **5** | - | **611** | (1) |
|  | Holiday Inn1 | **78** | 5 | **24,971** | 1,564 |
|  | Holiday Inn Express | **64** | 9 | **16,023** | 1,947 |
|  | Other | **6** | 4 | **2,611** | 2,167 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **265** | 24 | **85,509** | 7,315 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Franchised | **4** | - | **2,184** | - |
|  | Managed | **261** | 25 | **83,325** | 7,818 |
|  | Owned and leased | **-** | (1) | **-** | (503) |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **265** | 24 | **85,509** | 7,315 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes seven Holiday Inn Resort properties (2,235 rooms) (2014: six Holiday Inn Resort properties (1,825 rooms)).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Hotels** | | **Rooms** | |
| **Greater China pipeline**  **at 31 December** | | **2015** | Change  over 2014 | **2015** | Change  over 2014 |
|  | |  |  |  |  |
| Analysed by brand | |  |  |  |  |
|  | InterContinental | **21** | 3 | **7,900** | 1,222 |
|  | HUALUXE | **21** | (3) | **6,632** | (919) |
|  | Crowne Plaza | **39** | (5) | **12,717** | (2,084) |
|  | Hotel Indigo | **9** | (1) | **1,500** | (146) |
|  | Holiday Inn1 | **49** | 6 | **14,638** | 2,254 |
|  | Holiday Inn Express | **65** | 15 | **15,118** | 3,840 |
|  | Other | **1** | 1 | **279** | 279 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **205** | 16 | **58,784** | 4,446 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Analysed by ownership type | |  |  |  |  |
|  | Managed | **205** | 16 | **58,784** | 4,446 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |
| Total | | **205** | 16 | **58,784** | 4,446 |
|  |  | **\_\_\_\_** | \_\_\_\_ | **\_\_\_\_\_\_** | \_\_\_\_\_ |

1 Includes three Holiday Inn Resort properties (820 rooms) (2014: two Holiday Inn Resort properties (767 rooms)).

**Central**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **12 months ended 31 December** | | |
|  | | **2015** | 2014 | % |
| **Central results** | | **$m** | $m | change |
|  | |  |  |  |
| Revenue | | **135** | 129 | 4.7 |
| Gross central costs | | **(286)** | (284) | (0.7) |
|  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| Net central costs |  | **(151)** | (155) | (2.6) |
|  | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |

**Central results**

Net central costs decreased by $4m (2.6%) compared to 2014 (a $5m or 3.2% increase to $160m at constant currency). Central revenue, which mainly comprises technology fee income, increased by $6m (4.7%) to $135m, driven by increases in both comparable RevPAR (4.4%) and IHG System size (4.8%) (3.2% excluding Kimpton). At constant currency, gross central costs increased by $13m (4.6%) compared to 2014 (a $2m or 0.7% increase at actual currency).

**SYSTEM FUND**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **12 months ended 31 December** | | | |
|  | | | **2015** | 2014 | % |
| **System Fund assessments** | | | **$m** | $m | change |
|  | | |  |  |  |
| Assessment fees and contributions received from hotels | | | **1,351** | 1,271 | 6.3 |
| Proceeds from sale of IHG Rewards Club points | | | **222** | 196 | 13.3 |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
| Total |  | | **1,573** | 1,467 | 7.2 |
|  | | | **\_\_\_\_** | \_\_\_\_ | \_\_\_\_ |
|  | | |  | | | |

**System Fund assessments**

In addition to franchise or management fees, hotels within the IHG System pay assessments and contributions (other than for Kimpton and InterContinental) which are collected by IHG for specific use within the System Fund. The System Fund also receives proceeds from the sale of IHG Rewards Club points. The System Fund is managed for the benefit of hotels in the IHG System with the objective of driving revenues for the hotels.

The System Fund is used to pay for marketing, the IHG Rewards Club loyalty programme and the Guest Reservation System. The operation of the System Fund does not result in a profit or loss for the Group and consequently the revenues and expenses of the System Fund are not included in the Group Income Statement.

In the year to 31 December 2015, System Fund income increased by 7.2% to $1,573m primarily as a result of a 6.3% increase in assessment fees and contributions from hotels resulting from increased hotel room revenues, reflecting increases in RevPAR and IHG System size. Continued strong performance in co-branded credit card schemes drove the 13.3% increase in proceeds from the sale of IHG Rewards Club points.

**OTHER FINANCIAL INFORMATION**

**Exceptional operating items**

Exceptional operating items totalled a net gain of $819m. The gain included $871m related primarily to the profit on sale of InterContinental Paris – Le Grand and InterContinental Hong Kong, and $9m related to the sale of an associate investment. Exceptional charges included $6m reorganisation costs relating to the completion of a project to implement more efficient processes and procedures in the Global Technology function; $5m corporate development costs; $10m Kimpton integration costs; and $36m impairment charges relating to two hotels in The Americas and an associate investment in the AMEA region.

Exceptional operating items are treated as exceptional by reason of their size or nature and are excluded from the calculation of adjusted earnings per ordinary share in order to provide a more meaningful comparison of performance.

**Net financial expenses**

Net financial expenses increased by $7m to $87m, reflecting the issue of £300m 3.75% public bonds in August 2015, that was used to refinance the bridging loan used to acquire Kimpton.

Financing costs included $2m (2014: $2m) of interest costs associated with IHG Rewards Club where interest is charged on the accumulated balance of cash received in advance of the redemption of points awarded. Financing costs in 2015 also included $20m (2014: $19m) in respect of the InterContinental Boston finance lease.

**Taxation**

The effective rate of tax on operating profit excluding the impact of exceptional items was 30% (2014: 31%). Excluding the impact of prior-year items, the equivalent tax rate would be 36% (2014: 35%). This rate is higher than the average UK statutory rate of 20.25% (2014: 21.5%), due mainly to certain overseas profits (particularly in the US) being subject to statutory rates higher than the UK statutory rate, unrelieved foreign taxes and disallowable expenses.

Taxation within exceptional items totalled a charge of $8m (2014: $29m). In 2015, the charge comprised $56m relating to the disposal of InterContinental Hong Kong and InterContinental Paris – Le Grand, a credit of $21m in respect of the 2014 disposal of an 80% interest in InterContinental New York Barclay reflecting the judgement that state tax law changes would now apply to the deferred gain, and credits of $27m for current and deferred tax relief on other operating exceptional items of current and prior years. In 2014, the charge comprised $56m relating to the disposal of an 80% interest in InterContinental New York Barclay, offset by a credit of $27m relating to a restructuring of the UK hotel portfolio and other reorganisation costs.

Net tax paid in 2015 totalled $110m (2014: $136m) including $1m (2014: $nil) in respect of disposals. Tax paid represents an effective rate of 8% (2014: 23%) on total profits and is lower than the effective income statement tax rate of 30% (2014: 31%) primarily due to exceptional accounting gains taxable on a deferred basis, without which the equivalent effective rate would be 20%. The remaining difference was primarily due to the impact of deferred taxes (including the realisation of assets such as tax losses), the receipt of refunds in respect of prior-years and provisions for tax for which no payment of tax has currently been made.

**Dividends**

The Board has proposed a final dividend per ordinary share of 57.5¢ (40.3p). With the interim dividend per ordinary share of 27.5¢ (17.7p), the full-year dividend per ordinary share for 2015 will total 85.0¢ (58.0p), an increase of 10.4% over 2014.

In February 2016, the Board proposed a $1.5bn return of funds to shareholders by way of a special dividend and share consolidation.

**Earnings per ordinary share**

Basic earnings per ordinary share increased by 228.5% to 520.0¢ from 158.3¢ in 2014. Adjusted earnings per ordinary share increased by 10.5% to 174.9¢ from 158.3¢ in 2014.

**Share price and market capitalisation**

The IHG share price closed at £26.58 on 31 December 2015, up from £25.95 on 31 December 2014. The market capitalisation of the Group at the year end was £6.3bn.

**Capital structure and liquidity management**

The Group successfully refinanced its bank debt in March 2015, putting in place a $1.275bn revolving syndicated bank facility which matures in March 2020 (the Syndicated Facility), with two one-year extension options exercisable in 2016 and 2017. The Group also put in place a $75m revolving bilateral facility (the Bilateral facility) in October 2015 which also matures in March 2020 and has two one-year extension options exercisable in 2016 and 2017. The facilities were undrawn at 31 December 2015.

The Syndicated and Bilateral facilities contain the same terms and two financial covenants; interest cover and net debt divided by earnings before interest, tax, depreciation and amortisation (EBITDA). The Group is in compliance with all of the financial covenants in its loan documents, none of which is expected to present a material restriction on funding in the near future.

In August 2015, the Group issued £300m of public bonds at a 3.750% coupon rate, the lowest funding rate the Group has achieved in the Sterling bond market. The bonds are repayable in 2025, extending the maturity profile of the Group’s debt. This is in addition to £250m of public bonds which are repayable on 9 December 2016 and £400m of public bonds which are repayable on 28 November 2022.

Additional funding is provided by the 99-year finance lease (of which 90 years remain) on InterContinental Boston and other uncommitted bank facilities. In the Group’s opinion, the available facilities are sufficient for the Group’s present liquidity requirements.

Net debt of $529m (2014: $1,533m) is analysed by currency as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **2015** | 2014 |
|  | | **$m** | $m |
|  | |  |  |
| Borrowings | |  |  |
|  | Sterling | **1,405** | 1,028 |
|  | US dollar | **253** | 557 |
|  | Euros | **4** | 103 |
|  | Other | **4** | 7 |
| Cash and cash equivalents | |  |  |
|  | Sterling | **(619)** | (21) |
|  | US dollar | **(460)** | (54) |
|  | Euros | **(15)** | (25) |
|  | Canadian dollar | **(8)** | (14) |
|  | Chinese renminbi | **(4)** | (8) |
|  | Other | **(31)** | (40) |
|  |  | **\_\_\_\_** | \_\_\_\_ |
| Net debt | | **529** | 1,533 |
|  | | **\_\_\_\_** | \_\_\_\_ |
|  | |  |  |
| Average debt levels | | **1,420** | 1,322 |
|  | | **\_\_\_\_** | \_\_\_\_ |

**InterContinental Hotels Group PLC**

**GROUP INCOME STATEMENT**

**For the year ended 31 December 2015**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Year ended 31 December 2015** | | | **Year ended 31 December 2014** | | |
|  | | **Before**  **exceptional**  **items** | **Exceptional**  **items**  **(note 4)** | **Total** | **Before**  **exceptional**  **items** | **Exceptional**  **items**  **(note 4)** | **Total** |
|  | | **$m** | **$m** | **$m** | **$m** | **$m** | **$m** |
|  | |  |  |  |  |  |  |
| **Revenue (note 3)** | | **1,803** | **-** | **1,803** | **1,858** | **-** | **1,858** |
| Cost of sales | | (640) | - | (640) | (741) | - | (741) |
| Administrative expenses | | (395) | (25) | (420) | (382) | (101) | (483) |
| Share of (losses)/profits of associates and joint ventures | | (3) | - | (3) | (4) | - | (4) |
| Other operating income and expenses | | 11 | 880 | 891 | 16 | 130 | 146 |
|  | | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | | 776 | 855 | 1,631 | 747 | 29 | 776 |
|  | |  |  |  |  |  |  |
| Depreciation and amortisation | | (96) | - | (96) | (96) | - | (96) |
| Impairment charges | | - | (36) | (36) | - | - | - |
|  | | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | |  |  |  |  |  |  |
| **Operating profit (note 3)** | | **680** | **819** | **1,499** | **651** | **29** | **680** |
| Financial income | | 5 | - | 5 | 3 | - | 3 |
| Financial expenses | | (92) | - | (92) | (83) | - | (83) |
|  | | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | |  |  |  |  |  |  |
| **Profit before tax** | | **593** | **819** | **1,412** | **571** | **29** | **600** |
|  | |  |  |  |  |  |  |
| Tax (note 5) | | (180) | (8) | (188) | (179) | (29) | (208) |
|  | | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
| **Profit for the year from continuing operations** | | **413** | **811** | **1,224** | **392** | **-** | **392** |
|  | | \_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | |  |  |  |  |  |  |
| Attributable to: | |  |  |  |  |  |  |
|  | Equity holders of the parent | 411 | 811 | 1,222 | 391 | - | 391 |
|  | Non-controlling interest | 2 | - | 2 | 1 | - | 1 |
|  |  | \_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  |  | 413 | 811 | 1,224 | 392 | - | 392 |
|  | | \_\_\_\_ | \_\_\_\_ | \_\_\_\_\_ | \_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | |  |  |  |  |  |  |
| **Earnings per ordinary share**  **(note 6)** | |  |  |  |  |  |  |
| Continuing and total operations: | |  |  |  |  |  |  |
|  | Basic |  |  | 520.0¢ |  |  | 158.3¢ |
|  | Diluted |  |  | 513.4¢ |  |  | 156.4¢ |
|  | Adjusted | 174.9¢ |  |  | 158.3¢ |  |  |
|  | Adjusted diluted | 172.7¢ |  |  | 156.4¢ |  |  |
|  | | \_\_\_\_\_ |  | \_\_\_\_\_ | \_\_\_\_\_ |  | \_\_\_\_\_ |
|  | |  |  |  |  |  |  |

|  |  |
| --- | --- |
|  |  |

**InterContinental Hotels Group PLC**

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2015**

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **2015**  **Year ended**  **31 December**  **$m** | **2014**  **Year ended**  **31 December**  **$m** |
|  | |  |  |
| **Profit for the year** | | **1,224** | **392** |
|  | |  |  |
| **Other comprehensive income** | |  |  |
|  | |  |  |
| Items that may be subsequently reclassified to profit or loss: | |  |  |
| Gains on valuation of available-for-sale financial assets, net of related tax charge of $nil (2014 $1m) | | 2 | 11 |
| Exchange (losses)/gains on retranslation of foreign operations, net of related tax charge of $1m (2014 credit of $1m) | | (2) | 42 |
| Exchange losses reclassified to profit on hotel disposal (note 9) | | 2 | - |
|  | | \_\_\_\_\_ | \_\_\_\_ |
|  | | **2** | **53** |
| Items that will not be reclassified to profit or loss: | |  |  |
| Re-measurement gains/(losses) on defined benefit plans, net of related tax charge of $4m (2014 credit of $7m) | | 9 | (18) |
| Tax related to pension contributions | | 7 | 2 |
|  | | \_\_\_\_\_ | \_\_\_\_ |
|  | | **16** | **(16)** |
|  | |  |  |
|  | | \_\_\_\_\_ | \_\_\_\_ |
| **Total other comprehensive income for the year** | | **18** | **37** |
|  | | \_\_\_\_\_ | \_\_\_\_ |
| **Total comprehensive income for the year** | | **1,242** | **429** |
|  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | |  |  |
| Attributable to: | |  |  |
|  | Equity holders of the parent | 1,240 | 428 |
|  | Non-controlling interest | 2 | 1 |
|  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | | 1,242 | 429 |
|  | | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |
| --- | --- |
|  |  |

**InterContinental Hotels Group PLC**

**GROUP STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2015**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year ended 31 December 2015** | | | | |
|  | **Equity share capital** | **Other reserves\*** | **Retained earnings** | **Non-controlling interest** | **Total equity** |
|  | **$m** | **$m** | **$m** | **$m** | **$m** |
|  |  |  |  |  |  |
| At beginning of the year | 178 | (2,539) | 1,636 | 8 | (717) |
|  |  |  |  |  |  |
| Total comprehensive income for the year | - | 2 | 1,238 | 2 | 1,242 |
| Movement in shares in employee share trusts | - | 15 | (62) | - | (47) |
| Equity-settled share-based cost | - | - | 24 | - | 24 |
| Tax related to share schemes | - | - | 5 | - | 5 |
| Equity dividends paid | - | - | (188) | - | (188) |
| Exchange adjustments | (9) | 9 | - | - | - |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** | **\_\_\_\_\_** | **\_\_\_\_** | **\_\_\_\_** |
| **At end of the year** | **169** | **(2,513)** | **2,653** | **10** | **319** |
|  | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year ended 31 December 2014** | | | | |
|  | **Equity share capital** | **Other reserves\*** | **Retained earnings** | **Non-controlling interest** | **Total equity** |
|  | **$m** | **$m** | **$m** | **$m** | **$m** |
|  |  |  |  |  |  |
| At beginning of the year | 189 | (2,605) | 2,334 | 8 | (74) |
|  |  |  |  |  |  |
| Total comprehensive income for the year | - | 53 | 375 | 1 | 429 |
| Repurchase of shares | - | - | (110) | - | (110) |
| Transaction costs relating to shareholder returns | - | - | (1) | - | (1) |
| Movement in shares in employee share trusts | - | 2 | (60) | - | (58) |
| Equity-settled share-based cost | - | - | 28 | - | 28 |
| Tax related to share schemes | - | - | 12 | - | 12 |
| Equity dividends paid | - | - | (942) | (1) | (943) |
| Exchange adjustments | (11) | 11 | - | - | - |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** | **\_\_\_\_** | **\_\_\_\_** | **\_\_\_\_** |
| **At end of the year** | **178** | **(2,539)** | **1,636** | **8** | **(717)** |
|  | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |
| --- | --- |
| \* | Other reserves comprise the capital redemption reserve, shares held by employee share trusts, other reserves, unrealised gains and losses reserve and currency translation reserve. |

|  |
| --- |
| All items above are shown net of tax. |

**InterContinental Hotels Group PLC**

**GROUP STATEMENT OF FINANCIAL POSITION**

**31 December 2015**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **31 December** | **2014**  **31 December** |
|  | **$m** | **$m** |
| **ASSETS** |  |  |
| Property, plant and equipment | 428 | 741 |
| Goodwill and other intangible assets | 1,226 | 643 |
| Investment in associates and joint ventures | 136 | 116 |
| Trade and other receivables | 3 | 3 |
| Retirement benefit assets | - | 8 |
| Other financial assets | 284 | 252 |
| Non-current tax receivable | 37 | 34 |
| Deferred tax assets | 49 | 87 |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Total non-current assets** | **2,163** | **1,884** |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| Inventories | 3 | 3 |
| Trade and other receivables | 462 | 448 |
| Current tax receivable | 4 | 4 |
| Derivative financial instruments | - | 2 |
| Other financial assets | - | 5 |
| Cash and cash equivalents | 1,137 | 162 |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Total current assets** | **1,606** | **624** |
| Assets classified as held for sale | - | 310 |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Total assets (note 3)** | **3,769** | **2,818** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **LIABILITIES** |  |  |
| Loans and other borrowings | (427) | (126) |
| Derivative financial instruments | (3) | - |
| Trade and other payables | (839) | (769) |
| Provisions | (15) | (1) |
| Current tax payable | (85) | (47) |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Total current liabilities** | **(1,369)** | **(943)** |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| Loans and other borrowings | (1,239) | (1,569) |
| Retirement benefit obligations | (129) | (146) |
| Trade and other payables | (578) | (627) |
| Provisions | - | (9) |
| Deferred tax liabilities | (135) | (147) |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Total non-current liabilities** | **(2,081)** | **(2,498)** |
| Liabilities classified as held for sale | - | (94) |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Total liabilities** | **(3,450)** | **(3,535)** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Net assets/(liabilities)** | **319** | **(717)** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **EQUITY** |  |  |
| Equity share capital | 169 | 178 |
| Capital redemption reserve | 11 | 12 |
| Shares held by employee share trusts | (18) | (35) |
| Other reserves | (2,888) | (2,896) |
| Unrealised gains and losses reserve | 113 | 111 |
| Currency translation reserve | 269 | 269 |
| Retained earnings | 2,653 | 1,636 |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **IHG shareholders’ equity** | **309** | **(725)** |
| Non-controlling interest | 10 | 8 |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Total equity** | **319** | **(717)** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |

**InterContinental Hotels Group PLC**

**GROUP STATEMENT OF CASH FLOWS**

**For the year ended 31 December 2015**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **Year ended**  **31 December** | **2014**  **Year ended**  **31 December** |
|  | **$m** | **$m** |
|  |  |  |
| **Profit for the year** | **1,224** | **392** |
| Adjustments reconciling profit for the year to cash flow from operations (note 10) | (414) | 361 |
|  | **\_\_\_\_\_** | **\_\_\_\_\_** |
| **Cash flow from operations** | **810** | **753** |
| Interest paid | (75) | (76) |
| Interest received | 2 | 2 |
| Tax paid on operating activities | (109) | (136) |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Net cash from operating activities** | **628** | **543** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Cash flow from investing activities** |  |  |
| Purchase of property, plant and equipment | (42) | (84) |
| Purchase of intangible assets | (157) | (162) |
| Investment in other financial assets | (28) | (5) |
| Investment in associates and joint ventures | (30) | (15) |
| Loan advances to associates and joint ventures | (25) | (3) |
| Acquisition of business, net of cash acquired (note 8) | (438) | - |
| Capitalised interest paid | (4) | (2) |
| Disposal of hotel assets, net of costs and cash disposed (note 9) | 1,277 | 345 |
| Proceeds from other financial assets | 6 | 49 |
| Loan repayments by associates and joint ventures | 22 | - |
| Proceeds from disposal of associates and joint ventures | 9 | - |
| Tax paid on disposals | (1) | - |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Net cash from investing activities** | **589** | **123** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Cash flow from financing activities** |  |  |
| Purchase of own shares | - | (110) |
| Purchase of own shares by employee share trusts | (47) | (68) |
| Dividends paid to shareholders | (188) | (942) |
| Dividend paid to non-controlling interests | - | (1) |
| Transaction costs relating to shareholder returns | - | (1) |
| Issue of long-term bonds | 458 | - |
| Other new borrowings | 400 | - |
| New borrowings repaid | (400) | - |
| (Decrease)/increase in other borrowings | (355) | 382 |
| Proceeds from foreign exchange swaps | 22 | - |
| Close-out of currency swaps | - | 4 |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Net cash from financing activities** | **(110)** | **(736)** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Net movement in cash and cash equivalents in the year** | **1,107** | **(70)** |
| Cash and cash equivalents, net of overdrafts, at beginning of the year | 55 | 134 |
| Exchange rate effects | (64) | (9) |
|  | \_\_\_\_\_ | \_\_\_\_\_ |
| **Cash and cash equivalents, net of overdrafts, at end of the year** | **1,098** | **55** |
|  | \_\_\_\_\_ | \_\_\_\_\_ |

I**nterContinental Hotels Group plc**

**NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

|  |  |
| --- | --- |
| **1.** | **Basis of preparation** |
|  | The audited consolidated financial statements of InterContinental Hotels Group PLC (the Group or IHG) for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. Other than the changes listed below, they have been prepared on a consistent basis using the accounting policies set out in the InterContinental Hotels Group PLC Annual Report and Financial Statements for the year ended 31 December 2014. |
|  | With effect from 1 January 2015, the Group has adopted Amendments to IAS 19 ‘Defined Benefit Plans: Employee Contributions’, and Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle. The adoption of these amendments has had no material impact on the consolidated financial statements. |

|  |  |
| --- | --- |
| **2.** | Exchange rates |
|  | The results of operations have been translated into US dollars at the average rates of exchange for the year. In the case of sterling, the translation rate is $1= £0.65 (2014 $1=£0.61). In the case of the euro, the translation rate is $1 = €0.90 (2014 $1 = €0.75).  Assets and liabilities have been translated into US dollars at the rates of exchange on the last day of the year. In the case of sterling, the translation rate is $1=£0.68 (2014 $1 = £0.64). In the case of the euro, the translation rate is $1 = €0.92 (2014 $1 = €0.82). |

|  |  |  |  |
| --- | --- | --- | --- |
| **3**. | **Segmental information** |  |  |
|  |  |  |  |
|  | **Revenue** |  |  |
|  |  | **2015** | **2014** |
|  |  | **$m** | **$m** |
|  |  |  |  |
|  | Americas | 955 | 871 |
|  | Europe | 265 | 374 |
|  | AMEA | 241 | 242 |
|  | Greater China | 207 | 242 |
|  | Central | 135 | 129 |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Total revenue** | **1,803** | **1,858** |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  |  |  |  |
|  | All results relate to continuing operations. | | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Profit** | **2015**  **$m** | **2014**  **$m** |
|  |  |  |  |
|  | Americas | 597 | 544 |
|  | Europe | 78 | 89 |
|  | AMEA | 86 | 84 |
|  | Greater China | 70 | 89 |
|  | Central | (151) | (155) |
|  |  | \_\_\_\_\_ | \_\_\_\_ |
|  | **Reportable segments’ operating profit** | **680** | **651** |
|  | Exceptional operating items (note 4) | 819 | 29 |
|  |  | \_\_\_\_\_ | \_\_\_\_ |
|  | **Operating profit** | **1,499** | **680** |
|  |  |  |  |
|  | Net finance costs | (87) | (80) |
|  |  | \_\_\_\_\_ | \_\_\_\_ |
|  | **Profit before tax** | **1,412** | **600** |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  |  |  |  |
|  | All results relate to continuing operations. | | |
|  |  | | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Assets** | **2015**  **$m** | **2014**  **$m** |
|  |  |  |  |
|  | Americas | 1,355 | 919 |
|  | Europe | 383 | 626 |
|  | AMEA | 260 | 244 |
|  | Greater China | 148 | 394 |
|  | Central | 396 | 346 |
|  |  | \_\_\_\_\_ | \_\_\_\_ |
|  | **Segment assets** | **2,542** | **2,529** |
|  |  |  |  |
|  | Unallocated assets: |  |  |
|  | Non-current tax receivable | 37 | 34 |
|  | Deferred tax assets | 49 | 87 |
|  | Current tax receivable | 4 | 4 |
|  | Derivative financial instruments | - | 2 |
|  | Cash and cash equivalents | 1,137 | 162 |
|  |  | \_\_\_\_\_ | \_\_\_\_ |
|  | **Total assets** | **3,769** | **2,818** |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **4.** | **Exceptional items** | | | | |
|  |  | | | **2015**  **$m** | **2014**  **$m** |
|  | **Exceptional operating items** | | |  |  |
|  |  | Administrative expenses: | |  |  |
|  |  | | Venezuelan currency losses (a) | (4) | (14) |
|  |  | | Reorganisation costs (b) | (6) | (29) |
|  |  | | Corporate development costs (c) | (5) | - |
|  |  | | Kimpton acquisition costs (d) | - | (7) |
|  |  | | Kimpton integration costs (e) | (10) | - |
|  |  | | Pension settlement cost (f) | - | (6) |
|  |  | | UK portfolio restructuring (g) | - | (45) |
|  |  | |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  | | (25) | (101) |
|  |  | Other operating income and expenses: | |  |  |
|  |  | | Gain on disposal of hotels (note 9) | 871 | 130 |
|  |  | | Gain on disposal of investment in associate (h) | 9 | - |
|  |  | |  | \_\_\_\_\_ | \_\_\_\_ |
|  |  | | | 880 | 130 | **29** |
|  | Impairment charges: | | |  |  |  |
|  |  | | Property, plant and equipment (i) | (27) | - |
|  |  | | Associates (j) | (9) | - |
|  |  | | | \_\_\_\_\_ | \_\_\_\_ |  |
|  |  | | | (36) | - |  |
|  |  | | | \_\_\_\_\_ | \_\_\_\_ |  |
|  |  | | | **819** | **29** |  |
|  |  | | | \_\_\_\_\_ | \_\_\_\_\_ | ==== |
|  | **Tax** | | |  |  |  |
|  |  | Tax on exceptional operating items (k) | | **(8)** | **(29)** |
|  |  | |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  |  | |  |  |  |
|  |  | | |  |  | ==== |

|  |  |  |
| --- | --- | --- |
|  | All items above relate to continuing operations. These items are treated as exceptional by reason of their size or nature. | |
|  | a) | Arises from changes to the Venezuelan exchange rate mechanisms and the adoption of the SIMADI exchange rate in 2015 and the SICAD II exchange rate in 2014, these being the most accessible exchange rates open to the Group for converting its bolivar earnings into US dollars. The exceptional losses arise from the re-measurement of the Group’s bolivar assets and liabilities to the relevant exchange rates, being approximately $1 = 190VEF on adoption of SIMADI and approximately $1 = 50VEF on adoption of SICAD II. The Group has used the SIMADI exchange rate for translating the results of its Venezuelan operations since 1 April 2015. |
|  | b) | Relates to the implementation of more efficient processes and procedures in the Group’s Global Technology infrastructure to help mitigate future cost increases, together with, in 2014, costs incurred in introducing a new HR operating model across the business to provide enhanced management information and more efficient processes. These restructuring programmes have now been completed. |
|  | c) | Primarily legal costs related to development opportunities. |
|  | d) | Related to acquisition transaction costs incurred in the period to 31 December 2014 on the acquisition of Kimpton, which completed on 16 January 2015 (see note 8). |
|  | e) | Relates to the initial costs of integrating Kimpton into the operations of the Group. The integration programme remains in progress and further costs will be incurred in 2016. |
|  | f) | In 2014, resulted from the partial cash-out of the UK unfunded pension arrangements. |
|  | g) | Related to the costs of securing a restructuring of the UK hotel portfolio which resulted in the transfer of 61 managed hotels to franchise contracts. |
|  | h) | Relates to the disposal of an associate investment in the AMEA region. |
|  | i) | An impairment charge of $27m has been recognised during the year relating to two hotels in North America following a re-assessment of their recoverable amounts. |
|  | j) | An impairment charge of $9m has been recognised during the year relating to an associate investment in the AMEA region following a re-assessment of its recoverable amount. |
|  | k) | In 2015, comprises a charge of $56m relating to disposal of hotels, a credit of $21m in respect of the 2014 disposal of an 80.1% interest in InterContinental New York Barclay reflecting the judgment that state tax law changes would now apply to the deferred gain, and credits of $27m for current and deferred tax relief on other operating exceptional items of current and prior periods. In 2014, the charge comprised $56m relating to the disposal of an 80.1% interest in InterContinental New York Barclay offset by a credit of $27m relating to a restructuring of the UK hotel portfolio and other reorganisation costs. |

|  |  |
| --- | --- |
| **5.** | **Tax** |
|  | The tax charge on profit from continuing operations, excluding the impact of exceptional items (note 4), has been calculated using a tax rate of 30% (2014 31%) analysed as follows: |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year ended 31 December** | | **2015** | **2015** | **2015** | **2014** | **2014** | **2014** |
|  |  | | **Profit**  **$m** | **Tax**  **$m** | **Tax**  **rate** | **Profit**  **$m** | **Tax**  **$m** | **Tax**  **rate** |
|  |  | |  |  |  |  |  |  |
|  | Before exceptional items | | 593 | (180) | 30% | 571 | (179) | 31% |
|  | Exceptional items | | 819 | (8) |  | 29 | (29) |  |
|  |  | | \_\_\_\_ | \_\_\_\_ |  | \_\_\_\_ | \_\_\_\_ |  |
|  |  | | 1,412 | (188) |  | 600 | (208) |  |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |  | \_\_\_\_\_ | \_\_\_\_\_ |  |
|  | Analysed as: | |  |  |  |  |  |  |
|  |  | UK tax |  | (2) |  |  | (5) |  |
|  |  | Foreign tax |  | (186) |  |  | (203) |  |
|  |  | |  | \_\_\_\_ |  |  | \_\_\_\_ |  |
|  |  | |  | (188) |  |  | (208) |  |
|  |  | |  | \_\_\_\_\_ |  |  | \_\_\_\_\_ |  |

|  |  |
| --- | --- |
| **6.** | **Earnings per ordinary share** |
|  | Basic earnings per ordinary share is calculated by dividing the profit for the year available for IHG equity holders by the weighted average number of ordinary shares, excluding investment in own shares, in issue during the year.  Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year.  Adjusted earnings per ordinary share is disclosed in order to show performance undistorted by exceptional items, to give a more meaningful comparison of the Group’s performance. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Continuing and total operations** | | **2015** | **2014** |
|  |  | |  |  |
|  | **Basic earnings per ordinary share** | |  |  |
|  | Profit available for equity holders ($m) | | 1,222 | 391 |
|  | Basic weighted average number of ordinary shares (millions) | | 235 | 247 |
|  | Basic earnings per ordinaryshare (cents) | | 520.0 | 158.3 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Diluted earnings per ordinary share** | |  |  |
|  | Profit available for equity holders ($m) | | 1,222 | 391 |
|  | Diluted weighted average number of ordinary shares (millions) | | 238 | 250 |
|  | Diluted earnings per ordinaryshare (cents) | | 513.4 | 156.4 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Adjusted earnings per ordinary share** | |  |  |
|  | Profit available for equity holders ($m) | | 1,222 | 391 |
|  | Adjusting items (note 4): | |  |  |
|  |  | Exceptional operating items ($m) | (819) | (29) |
|  |  | Tax on exceptional operating items ($m) | 8 | 29 |
|  |  | | \_\_\_\_ | \_\_\_\_ |
|  | Adjusted earnings ($m) | | 411 | 391 |
|  | Basic weighted average number of ordinary shares (millions) | | 235 | 247 |
|  | Adjusted earnings per ordinaryshare (cents) | | 174.9 | 158.3 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | Diluted weighted average number of ordinary shares (millions) | | 238 | 250 |
|  | Adjusted diluted earnings per ordinaryshare (cents) | | 172.7 | 156.4 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |
| --- | --- | --- | --- |
|  | The diluted weighted average number of ordinary shares is calculated as: | | |
|  |  | **2015**  **millions** | **2014**  **millions** |
|  | Basic weighted average number of ordinary shares | 235 | 247 |
|  | Dilutive potential ordinary shares | 3 | 3 |
|  |  | \_\_\_\_ | \_\_\_\_ |
|  |  | 238 | 250 |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **7.** | | **Dividends and shareholder returns** | | | | | |
|  | |  | | **2015**  **cents per share** | **2014**  **cents per share** | **2015**  **$m** | **2014**  **$m** |
|  | | Paid during the year: | |  |  |  |  |
|  | |  | Final (declared for previous year) | 52.0 | 47.0 | 125 | 122 |
|  | |  | Interim | 27.5 | 25.0 | 63 | 57 |
|  | |  | Special | - | 293.0 | - | 763 |
|  | |  | | \_\_\_\_ | \_\_\_\_ | \_\_\_\_ | \_\_\_\_ |
|  | |  | | 79.5 | 365.0 | 188 | 942 |
|  | |  | | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ |
|  | |  | |  |  |  |  |
|  | | Proposed for approval at the Annual General Meeting  (not recognised as a liability at 31 December) | | | | | |
|  | | Final | | 57.5 | 52.0 | 135 | 122 |
|  | |  | | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_ |
|  | In February 2016, the Board proposed a $1.5bn return of funds to shareholders by way of a special dividend with a share consolidation. | | | | | | | |
|  | |  | |  |  |  |  |

|  |  |
| --- | --- |
| **8.** | Acquisition of business |
|  | On 16 January 2015, the Group acquired a 100% ownership interest in Kimpton Hotel & Restaurant Group, LLC (‘Kimpton’), an unlisted company based in the US. Kimpton is the world’s largest independent boutique hotel operator and the acquisition makes IHG the market leader in the boutique segment. |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | The fair values of the identifiable assets and liabilities of Kimpton at the date of acquisition were as follows: | | | | | |
|  | | |  |  | | |  | | |
|  | | |  | | | **$m** | |
|  | | |  |  | | |  | | |
|  | | | Identifiable intangible assets: | | |  | |
|  | | |  | Brands | | 193 | |
|  | | |  | Management contracts | | 71 | |
|  | | |  | Software | | 2 | |
|  | | | Property, plant and equipment | | | 3 | |
|  | | | Other financial assets | | | 10 | |
|  | | | Trade and other receivables | | | 29 | |
|  | | | Cash and cash equivalents | | | 3 | |
|  | | | Trade and other payables | | | (27) | |
|  | | | Non-current liabilities | | | (10) | |
|  | | |  | | | \_\_\_\_ | |
|  | | | **Net identifiable assets acquired** | | | 274 | |
|  | | | Goodwill | | | 167 | |
|  | | |  | | | \_\_\_\_ | |
|  | | | **Total purchase consideration** | | | 441 | |
|  |  | |  | | | \_\_\_\_\_ | |
|  | | Net cash outflow arising on acquisition: | | | |  | |
|  | |  | | |  |  | |
|  | | Cash consideration, including working capital payment of $11m | | | | 441 | |
|  | | Less: cash and cash equivalents acquired | | | | (3) | |
|  | |  | | | | \_\_\_\_ | |
|  | |  | | | | 438 | |
|  | |  | | |  | \_\_\_\_\_ | |

|  |  |
| --- | --- |
|  | The goodwill is mainly attributable to the growth opportunities identified for the acquired business, both in the US and globally, plus cost synergies expected to arise. The amount of goodwill that is expected to be deductible for income tax purposes is $164m. |
|  | Included in trade and other receivables are trade receivables with a gross contractual value of $26m, which are expected to be collectable in full. The fair value of trade receivables approximates the book value of $26m.  No contingent liabilities were recognised as a result of the acquisition.  Kimpton contributed revenue of $59m and operating profit of $18m for the period between the date of acquisition and the balance sheet date. The results of Kimpton are included in the Americas managed business segment.  If the acquisition had taken place at 1 January 2015, there would have been no material difference to reported Group revenue and operating profit for the year ended 31 December 2015.  Integration costs of $10m were charged to exceptional administrative expenses in the year ended 31 December 2015. Acquisition transaction costs of $7m were charged to exceptional administrative expenses in the year ended 31 December 2014. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **9.** | **Disposal of hotel assets** | | | |
|  | During the year ended 31 December 2015, the Group sold the InterContinental Paris – Le Grand on 20 May 2015, and the InterContinental Hong Kong on 30 September 2015.  Principal disposals during the year ended 31 December 2014 were the sale of the InterContinental Mark Hopkins San Francisco on 27 March 2014 and the disposal of an 80.1% interest in the InterContinental New York Barclay on 31 March 2014. | | | |
|  |  | | **2015** | **2014** |
|  |  | | **$m** | **$m** |
|  | Net assets disposed: | |  |  |
|  |  | Property, plant and equipment | 6 | 110 |
|  |  | Non-current assets held for sale | 577 | 228 |
|  |  | Other financial asset | - | 5 |
|  |  | Other assets held for sale, including cash and cash equivalents | 43 | - |
|  |  | Net current liabilities | - | (4) |
|  |  | Borrowings | (2) | - |
|  |  | Deferred tax liability held for sale | (66) | - |
|  |  | Other liabilities held for sale | (48) | - |
|  |  | | \_\_\_\_\_ | \_\_\_\_ |
|  |  | | 510 | 339 |
|  |  | |  |  |
|  | Gain on disposal of hotels | | 871 | 130 |
|  | Exchange losses reclassified from currency translation reserve | | 2 | - |
|  |  | | \_\_\_\_\_ | \_\_\_\_ |
|  | Total consideration | | 1,383 | 469 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | Satisfied by: | |  |  |
|  |  | Cash consideration, net of costs paid | 1,289 | 345 |
|  |  | Other financial assets | - | 52 |
|  |  | Intangible assets – management contracts | 97 | 50 |
|  |  | Investment in associate | - | 22 |
|  |  | Accrued disposal costs | (3) | - |
|  |  | | \_\_\_\_\_ | \_\_\_\_ |
|  |  | | 1,383 | 469 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  |  | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Net cash inflow arising on disposals: | |  |  |
|  | Current year disposals: | |  |  |
|  |  | Cash consideration, net of costs paid | 1,289 | 345 |
|  |  | Less: cash and cash equivalents disposed | (11) | - |
|  | Prior year disposals - costs paid | | (1) | - |
|  |  | | \_\_\_\_\_ | \_\_\_\_ |
|  |  | | 1,277 | 345 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |
| --- | --- | --- | --- |
| **10.** | **Reconciliation of profit for the year to cash flow from operations** | | |
|  |  | **2015** | **2014** |
|  |  | **$m** | **$m** |
|  |  |  |  |
|  | Profit for the year | 1,224 | 392 |
|  | Adjustments for: |  |  |
|  | Net financial expenses | 87 | 80 |
|  | Income tax charge | 188 | 208 |
|  | Depreciation and amortisation | 96 | 96 |
|  | Impairment | 36 | - |
|  | Other exceptional operating items | (855) | (29) |
|  | Equity-settled share-based cost | 19 | 21 |
|  | Dividends from associates and joint ventures | 5 | 2 |
|  | Other items | 6 | 4 |
|  | Net change in loyalty programme liability and System Fund surplus | 42 | 58 |
|  | Other changes in net working capital | 11 | 43 |
|  | Utilisation of provisions | - | (2) |
|  | Retirement benefit contributions, net of costs | (4) | (6) |
|  | Cash flows relating to exceptional operating items | (45) | (114) |
|  |  | **\_\_\_\_\_** | **\_\_\_\_\_\_** |
|  | Total adjustments | (414) | 361 |
|  |  | **\_\_\_\_\_** | **\_\_\_\_\_\_** |
|  | **Cash flow from operations** | **810** | **753** |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |
| --- | --- | --- | --- |
| **11.** | **Net debt** | | |
|  |  | **2015** | **2014** |
|  |  | **$m** | **$m** |
|  |  |  |  |
|  | Cash and cash equivalents | 1,137 | 162 |
|  | Loans and other borrowings – current | (427) | (126) |
|  | Loans and other borrowings – non-current | (1,239) | (1,569) |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Net debt** | **(529)** | **(1,533)** |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |
|  | Finance lease obligation included above | (224) | (218) |
|  |  | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **12.** | **Movement in net debt** | | | | |
|  |  | | **2015** | **2014** |
|  |  | | **$m** | **$m** |
|  |  | |  |  |
|  | Net increase/(decrease) in cash and cash equivalents, net of overdrafts | | 1,107 | (70) |
|  | Add back cash flows in respect of other components of net debt: | |  |  |
|  | Issue of long-term bonds | | (458) | - |
|  | Other new borrowings | | (400) | - |
|  | New borrowings repaid | | 400 | - |
|  | Decrease/(increase) in other borrowings | | 355 | (382) |
|  | Close-out of currency swaps | | - | (4) |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | Decrease/(increase) in net debt arising from cash flows | | 1,004 | (456) |
|  |  | |  |  |
|  | Non-cash movements: | |  |  |
|  |  | Finance lease obligations | (6) | (3) |
|  |  | Increase in accrued interest | (7) | - |
|  |  | Exchange and other adjustments | 13 | 79 |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Decrease/(increase) in net debt** | | **1,004** | **(380)** |
|  |  | |  |  |
|  | Net debt at beginning of the year | | (1,533) | (1,153) |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |
|  | **Net debt at end of the year** | | **(529)** | **(1,533)** |
|  |  | | \_\_\_\_\_ | \_\_\_\_\_ |

|  |  |
| --- | --- |
| **13.** | **Loyalty programme liability** |
|  | Following the announcement on 14 April 2015 of the introduction of an expiration policy for points earned under the Group’s loyalty programme, IHG Rewards Club, the Group released $156m from the programme’s future redemption liability. The amount released was based on the advice of an external actuary who used statistical models to estimate the impact of the programme change on members’ behaviour.  The liability release resulted in a corresponding increase in the System Fund surplus which is also recorded on the Group statement of financial position. |

|  |  |
| --- | --- |
| **14.** | **Commitments and contingencies** |
|  | At 31 December 2015, the amount contracted for but not provided for in the financial statements for expenditure on property, plant and equipment and intangible assets was $76m (2014 $117m). The Group has also committed to invest in a number of its associates, with an estimated outstanding commitment of $45m at 31 December 2015 (2014 $89m) based on current forecasts.  At 31 December 2015, the Group had no contingent liabilities (2014 $nil).  In limited cases, the Group may provide performance guarantees to third-party hotel owners to secure management contracts. At 31 December 2015, the amount provided in the financial statements was $1m (2014 $2m) and the maximum unprovided exposure under such guarantees was $13m (2014 $29m).  The Group may guarantee loans made to facilitate third-party ownership of hotels in which the Group has an equity interest. At 31 December 2015, there were guarantees of $30m in place (2014 $20m).  In connection with an associate investment, the Group has provided an indemnity to its joint venture partner for 100% of the obligations related to a $43m supplemental bank loan made to the associate on 31 December 2015.  From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. The Group has also given warranties in respect of the disposal of certain of its former subsidiaries. It is the view of the Directors that, other than to the extent that liabilities have been provided for in these financial statements, it is not possible to quantify any loss to which these proceedings or claims under these warranties may give rise, however, as at the date of reporting, the Group does not believe that the outcome of these matters will have a material effect on the Group’s financial position. |

|  |  |
| --- | --- |
| **15.** | **Group financial statements** |
|  | The preliminary statement of results was approved by the Board on 22 February 2016. The preliminary statement of results does not represent the full Group financial statements of InterContinental Hotels Group PLC and its subsidiaries which will be delivered to the Registrar of Companies in due course. The financial information for the year ended 31 December 2014 has been extracted from the IHG Annual Report and Financial Statements for that year as filed with the Registrar of Companies. |
|  |  |
|  | **Auditor’s review** |
|  | The auditors, Ernst & Young LLP, have given an unqualified report under Chapter 3 of Part 16 of the Companies Act 2006 in respect of the full Group financial statements. |