21 October 2016

**InterContinental Hotels Group PLC**

Third Quarter Trading Update

**Solid trading and strong signings performance**

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| **Highlights** |
| * **Global Q3 comparable RevPAR[[1]](#footnote-2) up 1.3%, and up 1.8% Q3 YTD**
* **Enhanced global scale: 7k rooms opened in Q3, increasing net system size 3.8% YoY to 754k rooms**
* **Building future growth: 19k rooms signed; highest for Q3 since 2008, taking pipeline to 230k rooms**
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| **Richard Solomons, Chief Executive of InterContinental Hotels Group PLC, said:** |
| “We delivered a solid performance in the third quarter, leveraging our global scale to drive 3.8% net system growth and 1.3% RevPAR growth. We remain focused on executing our commercial strategy to drive competitive advantage. This includes broadening the footprint of our global portfolio of brands, across which we drove our highest signings for eight years, including our best ever third quarter performance for Greater China. Enhancements to IHG Rewards Club, including the roll-out of our preferential member pricing initiative, ‘Your Rate’, continue to drive excellent results. This, together with our initiatives to utilise digital innovation to enhance all stages of the guest journey, means we will continue to generate more customised and informed interactions with our guests and deliver improved returns for owners. Looking ahead, while industry RevPAR growth has slowed, the fundamentals for the sector, and particularly for IHG, remain compelling. This, combined with our winning strategy and the strength of our cash generative business model, will enable us to drive sustainable growth into the future. Despite the uncertain environment in some markets, we remain confident in the outlook for the remainder of the year.” |

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| **Third Quarter RevPAR performance**  |
| **Americas** RevPAR was up 1.9% in Q3, and 2.2% Q3 YTD. In the US RevPAR was up 1.4% in Q3, and 1.9% in the first 9 months, with occupancy levels of more than 75% driven by continued record levels of industry demand. Performance continued to be impacted by our concentration in oil producing markets, where RevPAR was down 7.3%, compared to 2.5% growth in the rest of the estate. Elsewhere in the region, Mexico delivered double digit RevPAR growth, we drove a solid performance in Latin America and the Caribbean, and Canada was up 6.7% due to strong trading in urban markets. |
| **Europe**RevPAR was flat in Q3, and up 1.2% Q3 YTD. Germany delivered mid-single digit RevPAR growth in Q3, and Russia/CIS drove 20% growth benefiting from increased domestic travel. 2.5% RevPAR growth in the UK reflects solid trading in the provinces partially offset by flat performance in London, where industry–wide supply increases continue to have an impact. Ongoing challenging trading conditions in France, Turkey and Belgium resulted in significant RevPAR declines in those countries. |
| **Asia, Middle East & Africa** RevPAR was down 0.1% in Q3, and down 0.2% Q3 YTD. Performance in the region outside the Middle East was strong, with 3.9% RevPAR growth in Q3 overall. India delivered RevPAR growth of 21%, Japan was flat, and Australasia and Southeast Asia were up low to mid-single digits, the latter led by Vietnam and Thailand. In the Middle East, RevPAR was down 7.7% due to the ongoing impact of low oil prices. |
| **Greater China** RevPAR was up 0.9% in Q3, and 1.8% Q3 YTD. Q3 growth of 2.2% in mainland China continued to be led by tier one cities, where RevPAR was up nearly 6%. A low single digit RevPAR decline in Hong Kong reflects some improvement in trading, but Macau continues to be affected by industry-wide challenging conditions with RevPAR down 14%.  |
| **Strategic progress**  |
| **Strengthening our preferred brands*** In InterContinental Hotels & Resorts’ 70th anniversary year, we are strengthening its position as the world’s largest luxury hotel brand, signing 12 properties year to date. This is our best performance in eight years, and includes the signing of our first InterContinental hotel in the Maldives in Q3.
* Our innovative new design solutions are driving momentum for the Holiday Inn brand family, with more than 13k room signings, our best Q3 performance since 2007.
* We are strengthening our position in the fast-growing boutique segment, by signing our most Hotel Indigo rooms since Q3 2007, including the first Hotel Indigo in Poland. We continue to expand our Kimpton portfolio with the Gray Hotel in Chicago, the fifth opening for the brand this year.
* The latest phase of our Crowne Plaza refresh is already driving success, with the brand voted best Upscale Hotel Brand in North America by Business Travel News, up from eighth position last year.
* We continue to grow our extended stay footprint, with over 7k rooms added to our pipeline so far this year, our best performance in eight years.
* Building on the appeal that the EVEN Hotels brand has in the US, where we now have five open and six pipeline hotels, we have signed a deal to develop a portfolio of EVEN hotels in Australia and New Zealand.

**Building and leveraging scale** * Net system size up 3.8% year on year to 754k rooms (5,099 hotels).
* 7k rooms (51 hotels) opened in the quarter and 3k rooms (22 hotels) removed. During Q4 2016, consistent with historic trends we expect an increase in room openings pace, although we expect room removals to be in line with the average of the previous 3 quarters.
* 19k rooms (128 hotels) were signed; our highest Q3 since 2008, including 6k rooms in Greater China, driving the region’s best ever third quarter and year to date signings performance.
* IHG’s pipeline increased to 230k rooms, with 90% in our ten priority markets and approximately 45% under construction.
* 4% share of industry room supply, 14% share of active industry room pipeline.

**Driving revenue delivery through technology and loyalty*** ‘Your Rate by IHG Rewards Club’, our preferential member pricing initiative, is helping to drive record growth in enrolments[[2]](#footnote-3), and a doubling in the growth rate of our direct channels[[3]](#footnote-4), with no negative impact on ADR2.
* In August we signed a global partnership with Alipay, China’s leading 3rd party online payment solutions company. This will make IHG the first global hotel company to give Chinese guests the ability to pay via Alipay, available through all of our online and mobile channels, as well as across our full estate of hotels globally.
* Our innovative cloud-based Guest Reservation System remains on track for phased roll out starting in late 2017.
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| **Financial position and capital allocation** |
| The financial position of the group remains robust, with an on-going commitment to an efficient balance sheet and an investment grade credit rating. In August the group issued a £350m, 10-year bond at a 2.125% coupon rate, the lowest funding rate IHG has achieved in the Sterling bond market.  |

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| **Foreign exchange** |
| The US Dollar continued to strengthen through Q3 which reduced group RevPAR to flat (0.0%) in the quarter when reported at actual exchange rates. A breakdown of constant currency vs. actual currency RevPAR by region is set out in Appendix 2. Currency markets continue to be volatile and we expect foreign exchange to have an impact on 2016 reported profit. If current spot exchange rates[[4]](#footnote-5) had existed throughout H2 2015, reported operating profit for that period would have been $9m higher. Note that whilst the UK comprises around 5% of our group revenues, approximately 50% of our gross central overhead and 40% of Europe regional overhead are in sterling. At 30 June 2016 exchange rates, approximately 70% of our debt was denominated in sterling. |
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| **Appendix 1: RevPAR Movement Summary** |
|  | **Q3 2016** |  | **YTD 2016** |  |
| **RevPAR** | **Rate** | **Occ.** | **RevPAR** | **Rate** | **Occ.** |
| **Group** | **1.3%** | **1.0%** | **0.3%pts** | **1.8%** | **1.2%** | **0.4%pts** |
| Americas | 1.9% | 2.0% | 0.0%pts | 2.2% | 2.1% | 0.1%pts |
| Europe | 0.0% | 1.4% | (1.1)%pts | 1.2% | 1.5% | (0.2)%pts |
| AMEA | (0.1)% | (2.9)% | 2.1%pts | (0.2)% | (1.0)% | 0.5%pts |
| G. China | 0.9% | (2.7)% | 2.4%pts | 1.8% | (2.7)% | 2.8%pts |

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| **Appendix 2: RevPAR at constant exchange rates (CER) vs. actual exchange rates (AER)** |
|  | **Q3 2016** |  | **YTD 2016** |  |
| **CER** | **AER** | **Difference** | **CER** | **AER** | **Difference** |
| **Group** | **1.3%** | **0.0%** | **1.3%pts** | **1.8%** | **0.2%** | **1.6%pts** |
| Americas | 1.9% | 1.6% | 0.3%pts | 2.2% | 1.5% | 0.7%pts |
| Europe | 0.0% | (7.1)% | 7.1%pts | 1.2% | (3.8)% | 5.0%pts |
| AMEA | (0.1)% | 4.2% | (4.3)%pts | (0.2)% | (0.2)% | 0.0%pts |
| G. China | 0.9% | (3.7)% | 4.6%pts | 1.8% | (2.4)% | 4.2%pts |

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| **Appendix 3: Q3 system & pipeline summary (rooms)**  |
|  | **System** | **Pipeline** |
| **Openings** | **Removals** | **Net** | **Total** |  | **Signings** | **Total** |
| **Group** | **7,333** | **(2,789)** | **4,544** | **754,265** |  | **18,894** | **229,895** |
| Americas | 4,328 | (2,831) | 1,497 | 483,905 |  | 8,154 | 101,791 |
| Europe | 883 | (117) | 766 | 107,340 |  | 1,924 | 23,858 |
| AMEA | 294 | 28 | 322 | 73,731 |  | 2,703 | 39,344 |
| G. China | 1,828 | 131 | 1,959 | 89,289 |  | 6,113 | 64,902 |

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| **Appendix 4: Q3 YTD system & pipeline summary (rooms)**  |
|  | **System** | **Pipeline** |
| **Openings** | **Removals** | **Net** | **Total** | **YoY%** | **Signings** | **Total** |
| **Group** | **24,769** | **(14,872)** | **9,897** | **754,265** | **3.8%** | **53,406** | **229,895** |
| Americas | 17,171 | (12,841) | 4,330 | 483,905 | 2.3% | 28,193 | 101,791 |
| Europe | 1,523 | (894) | 629 | 107,340 | 2.0% | 5,668 | 23,858 |
| AMEA | 2,148 | (990) | 1,158 | 73,731 | 7.2% | 5,362 | 39,344 |
| G. China | 3,927 | (147) | 3,780 | 89,289 | 11.8% | 14,183 | 64,902 |

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| **Appendix 5: Definitions** |
| **AER:** Actual exchange rates used for each respective period.**CER:** Constant exchange rates.**RevPAR:** Revenue per available room.  |

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| **For further information, please contact:** |
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| Media Relations (Yasmin Diamond; Zoë Bird): | +44 (0)1895 512008 | +44 (0)7736 746167 |
| **Conference call for Analysts and Shareholders:**A conference call with Paul Edgecliffe-Johnson (Chief Financial Officer) will commence at 9.00am London time on 21 October and can be accessed on www.ihgplc.com/investors/2016-third-quarter-trading-update. There will be an opportunity to ask questions.  |
| UK TollUK Toll FreeUS Toll | +44 (0) 20 7108 62480800 279 3953+1 210 795 1098 |
| Passcode | IHG Investor |
| A replay of the 9.00am conference call will be available following the event – details are below: |
| US TollUS Toll Free | +1 203 369 3501800 945 4244 |
| Replay pin | 1021 |
| **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 21 October with Paul Edgecliffe-Johnson (Chief Financial Officer). There will be an opportunity to ask questions. |
| UK TollUK Toll FreeUS Toll | +44 (0) 20 7108 62480800 279 3953+1 210 795 1098 |
| Passcode | IHG Investor |
| A replay of the 9.00am US conference call will be available following the event – details are below: |
| US TollUS Toll Free | +1 203 369 3280800 456 0339 |
| Replay pin | 1021 |
| **Website:**The full release and supplementary data will be available on our website from 7.00am (London time) on 21 October. The web address is www.ihgplc.com/investors/results-and-presentations |
| **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 nearly 5,100 hotels and more than 750,000 guest rooms in almost 100 countries, with nearly 1,500 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 nearly 99 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).  |
| **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. |

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1. RevPAR growth is at constant exchange rates (CER) unless otherwise stated. [↑](#footnote-ref-2)
2. As at August 2016 [↑](#footnote-ref-3)
3. Since Your Rate by IHG Rewards Club launch on May 3, 2016 [↑](#footnote-ref-4)
4. As at 14 October 2016 [↑](#footnote-ref-5)