Interim Results presentation

7th August 2018

IHG®

Cautionary note regarding forward-looking statements

This presentation may contain projections and forward looking statements. The words “believe”, “expect”, “anticipate”, “intend” and “plan” and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, potential business strategy, potential plans and potential objectives, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this document speak only as at the date of this presentation and the Company assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

The merits or suitability of investing in any securities previously issued or issued in future by the Company for any investor’s particular situation should be independently determined by such investor. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the transaction in question.

Keith Barr

Chief Executive Officer

Strong H1 performance across all regions & good progress against new strategic initiatives

Rooms

4.1% net rooms growth

Highest signings for 10 years

RevPAR

3.7% Global growth

Good momentum in each region

Results

+8% underlying EBIT

+25% underlying EPS

+10% interim dividend

Redeploying resources

- $125m efficiency programme well underway
- Embedding new organisational structure
- Starting to drive results

New brands added

avid AN IHG HOTEL

voco AN IHG HOTEL

Regent HOTELS & RESORTS

Paul Edgecliffe-Johnson

Chief Financial Officer

H1 2018 Financial Review

Strong underlying financial performance

IHG®

Results from reportable segments[1]	Underlying[2]			Reported
$ million	H1 2018	H1 2017	% Change	H1 2018
Revenue	$875m	$838m	4%	$900m
Revenue from fee business	$699m	$664m	5%	$719m
Operating profit	$398m	$370m	8%	$406m
Fee-based margin	54.4%	52.7%	1.7%pts	53.5%
Interest[3]	$(47)m	$(40)m	18%	$(38)m
Reported tax rate	23%	32%	(9)%pts	23%
Reported basic weighted average shares	190m	196m	(3)%	190m
Adjusted EPS	142.1¢	113.8¢	25%	145.8¢
Interim Dividend	36.3¢	33.0¢	10%	36.3¢

[1]Reportable segments excludes System Fund results, hotel cost reimbursements and exceptional items; [2]Reportable segment results excluding owned asset disposals & significant liquidated damages and stated at constant H1 2017 exchange rates (CER); [3] Stated at actual exchange rates; Reported interest excludes $9m of interest charges in relation to the System Fund

Resilient fee-based business model driving solid fee revenue growth

H1 2018 underlying fee revenue[1] $699m up 5.3%[2]

RevPAR

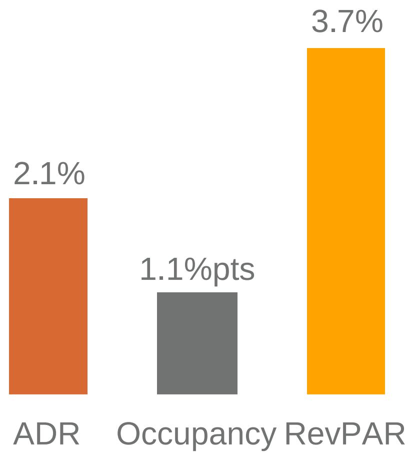
X

Rooms

X

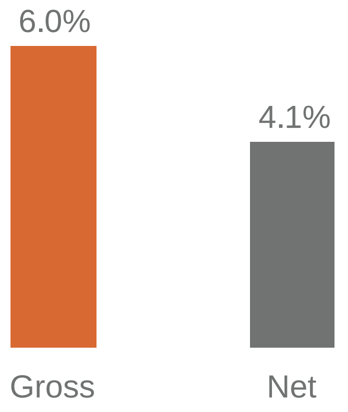
Royalty Rate

H1 2018 Group RevPAR growth



H1 2018: +2.5% Total RevPAR growth[2]

H1 2018 system growth (%YoY)



- 22k rooms opened, up 11% excluding 3.5k rooms added in Makkah in H1 ‘17
- 10k rooms removed (FY 2018 removals expected to be at higher end of 2-3% range)
- Regent and UK portfolio complete in Q3 (4.2k rooms and 1.1k pipeline rooms)

[1]Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, System Fund results, and hotel cost reimbursements at constant H1 2017 exchange rates (CER); [2]Growth stated at CER

Strong penetration into developing markets continues to dilute short term RevPAR but provides a long runway for future revenue growth

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H1 2018	RevPAR Growth %		Net rooms growth %		Adjusted Underlying Fee Revenue[1] Growth %	Comments
	Comparable	Total[2]	YoY	Available		
	Hotels that have traded in all months being compared (i.e. steady state)	All hotels that were open in H1 2018 and H1 2017 (incl hotels that are ramping up)	30^{th} June 2018 vs 2017	Aggregate number of rooms available for sale in H1 2018 vs H1 2017		
Americas	3.2%	3.4%	2.3%	2.3%	4.3%	• Broadly in line
EMEAA	3.0%	0.4%	5.0%	6.0%	4.4%	• Total RevPAR impacted by openings in developing markets
Greater China	10.1%	4.5%	11.9%	8.2%	12.7%	• Total RevPAR impacted by a number of properties in ramp up and openings in less developed cities • Rooms available impacted by timing of openings and removals
Total	**3.7%**	**2.5%**	**4.1%**	**4.0%**	**5.3%**	

[1]Underlying fee revenue excludes owned, leased and managed lease hotels, significant liquidated damages, System Fund results and hotel cost reimbursements at constant H1 2017 exchange rates (CER).
[2] Excluding three properties in Venezuela

Americas
Improving US RevPAR performance; avid hotels' momentum continues

- Comparable RevPAR up 3.2%, US up 2.7%
- Q2 US RevPAR up 2.9%

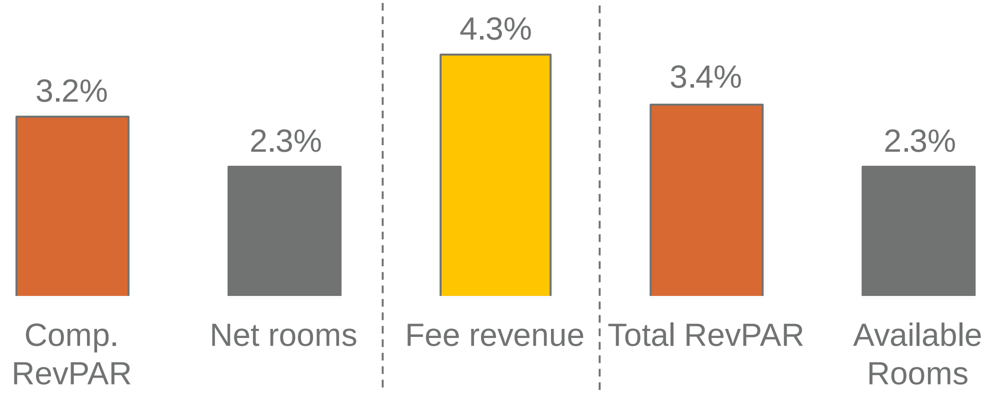
- YoY net rooms growth 2.3% (Gross: up 4.2%)

- Fee revenue[1] up 4.3%

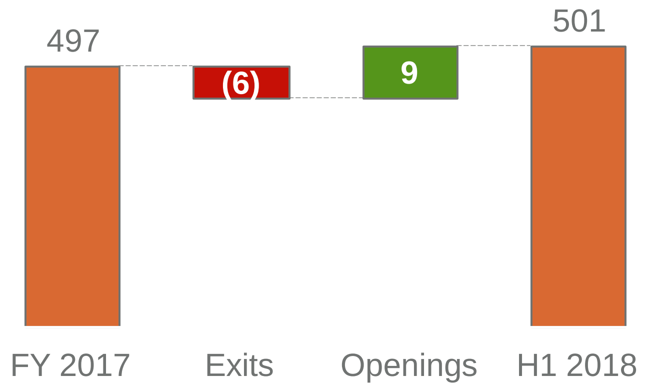
- Underlying[2] revenue up 5%; underlying[2] profit up 4% impacted by:
  - Lower hotel termination fees
  - Costs related to legal disputes
  - Small net negative impact from previously disclosed items
- Underlying Owned and Leased profit up 13% driven primarily by trading at InterContinental San Juan

- Pipeline: 115k rooms; 20k signed
- 130 avid hotels signed since launch in Sept '17; 82 in H1 2018

H1 2018 Growth in fee revenue drivers[1]



H1 2018 Net rooms growth ('000s)



[1] Fee Revenue excludes owned, leased and managed lease hotels, significant liquidated damages, System Fund results, and hotel cost reimbursements at constant H1 2017 exchange rates (CER)
[2] Underlying revenue and profit excludes significant liquidated damages, System Fund results and hotel cost reimbursements at constant H1 2017 exchange rates (CER)

Europe, Middle East, Asia and Africa
Continued recovery in terror impacted markets; tough comps in UK

- Comparable RevPAR up 3.0% (Q2 up 3.0%)
  - Continental Europe up 5.9%
  - UK down 0.2%
  - Middle East down 7.0%;
  - Australia and Japan both up 3.5%

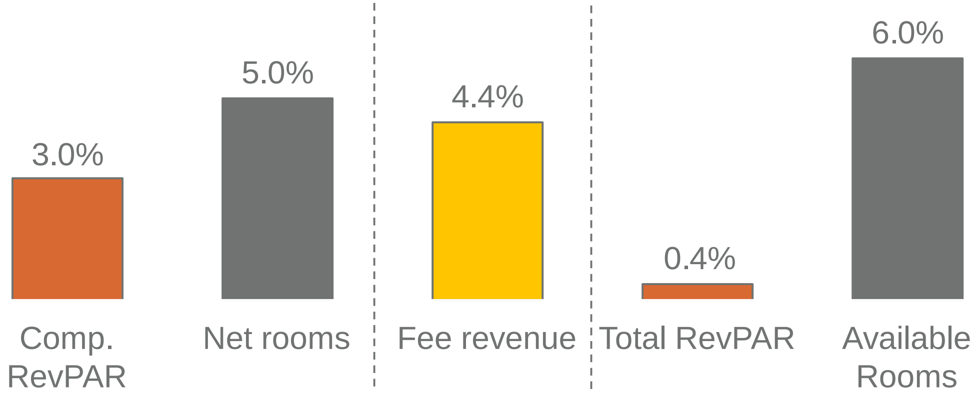
- YoY net rooms growth 5.0% (Gross: up 6.5%)

- Fee revenue[1] up 4.4%

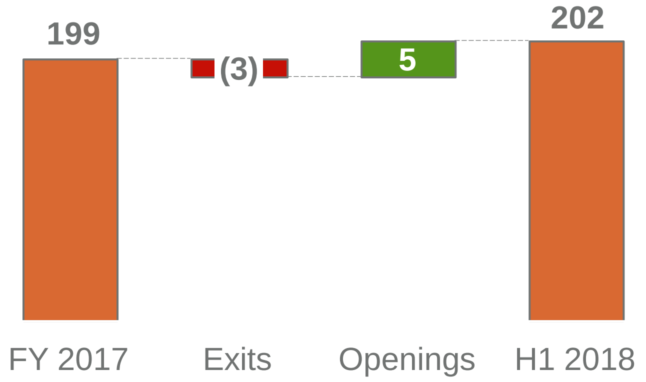
- Underlying[2] revenue up 1%; underlying[2] profit up 12%
  - Timing impact of savings from group efficiency programme

- Pipeline: 67k rooms; 9k rooms signed
  - Includes 2k room portfolio in Thailand

H1 2018 Growth in fee revenue drivers[1]



H1 2018 Net rooms growth ('000s)



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Greater China
Continued industry outperformance; record room signings and openings

- Comparable RevPAR up 10.1% (Q2 up 9.3%, +3.1%pts vs industry)
  - Mainland China up 9.1%, Tier 1 up 10.0%; Tier 2-4 up 8.4%
  - Hong Kong SAR up 13.1%; Macau SAR up 19.5%
- Total RevPAR up 4.5% due to our continued acceleration in net rooms growth and our increasing penetration in higher growth, lower RevPAR cities

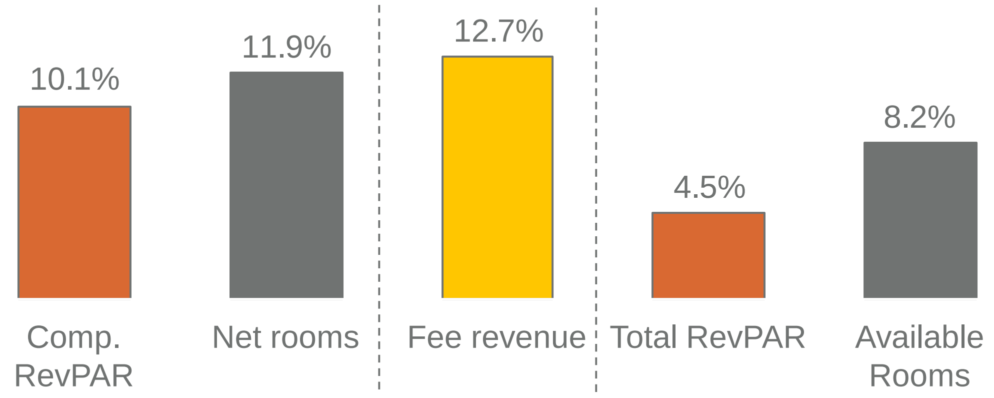
- YoY net rooms growth 11.9% (Gross: 13.2%)
- Record openings of 7k rooms

- Fee revenue[1] up 12.7%

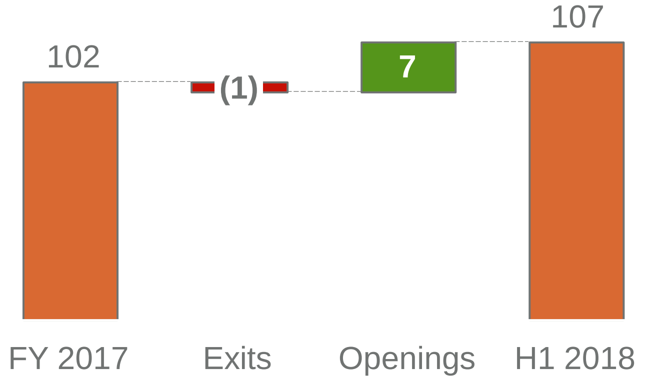
- Underlying[2] revenue up 13% and profit[2] up 13%

- Pipeline: 80k rooms
  - 17k rooms signed, highest H1 on record, including 32 Franchise Plus signings (>100 since May 2016)
  - Also includes 5 InterContinental signings (1.4k rooms)

H1 2018 Growth in fee revenue drivers[1]



H1 2018 Net rooms growth ('000s)



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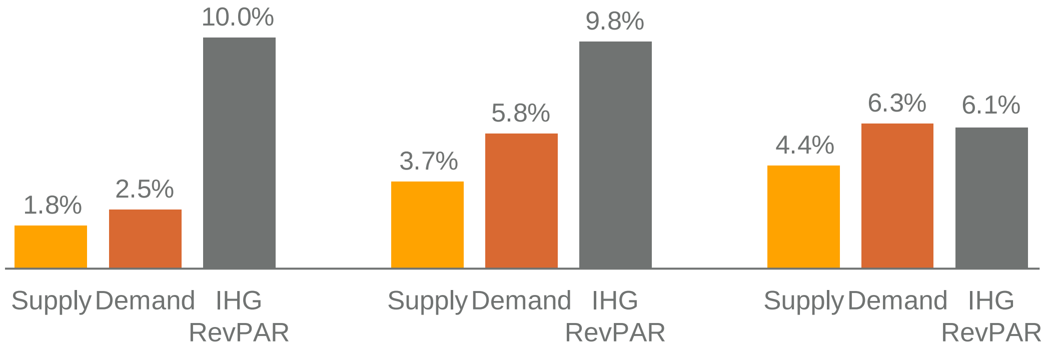
[2] Underlying revenue and profit excludes significant liquidated damages, System Fund results and hotel cost reimbursements at constant H1 2017 exchange rates (CER)

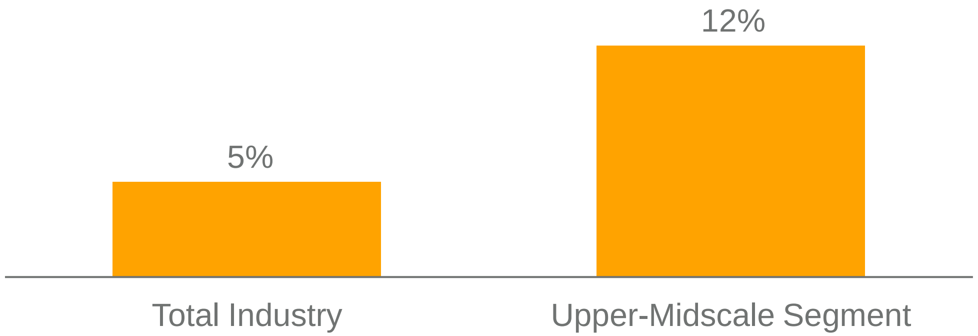
Our leading position in Greater China

Market dynamics in Greater China are evolving…

Market dynamics by tier: H1 2018



Greater China industry rooms revenue CAGR: 2013 - 17[1]



[1]Source: STR. Represents compound annual growth rate from 2013 to 2017

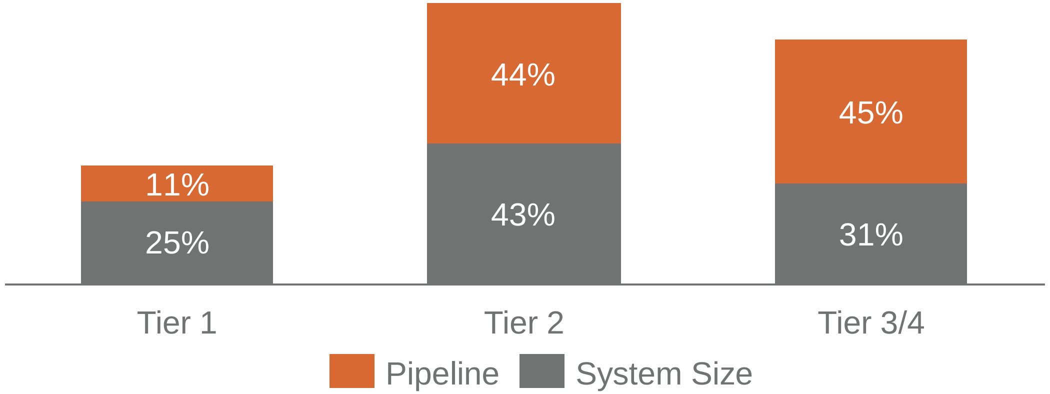
…and IHG's strategy delivers preferred brands…

Holiday Inn Express AN IHG® HOTEL

Holiday Inn AN IHG® HOTEL

…in the right locations to take advantage.

H1 2018: system & pipeline distribution – all brands



On track to deliver $125m of savings by 2020 to reinvest in growth; costs being incurred as planned, with some margin benefit in H1

Total annual savings of $125m by 2020

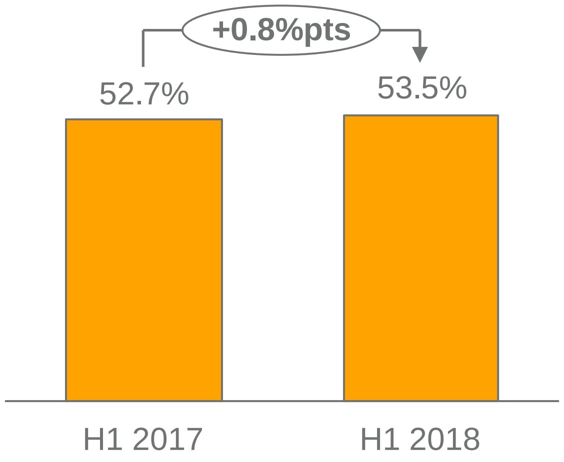
- Total annual savings of $125m by 2020
- Phasing unchanged; 2018: 40%, 2019: 80%, 2020: 100%
- H1'18: $6m benefit from timing difference between savings and reinvestment
- Continue to expect savings to be fully re-invested on an annual basis

Exceptional Cash Costs

- Unchanged at $200m
- 2017 = $31m; H1'18 = $48m
- $70m expected in H2 '18 and the remaining amount in 2019.

Continued Fee Margin Progression

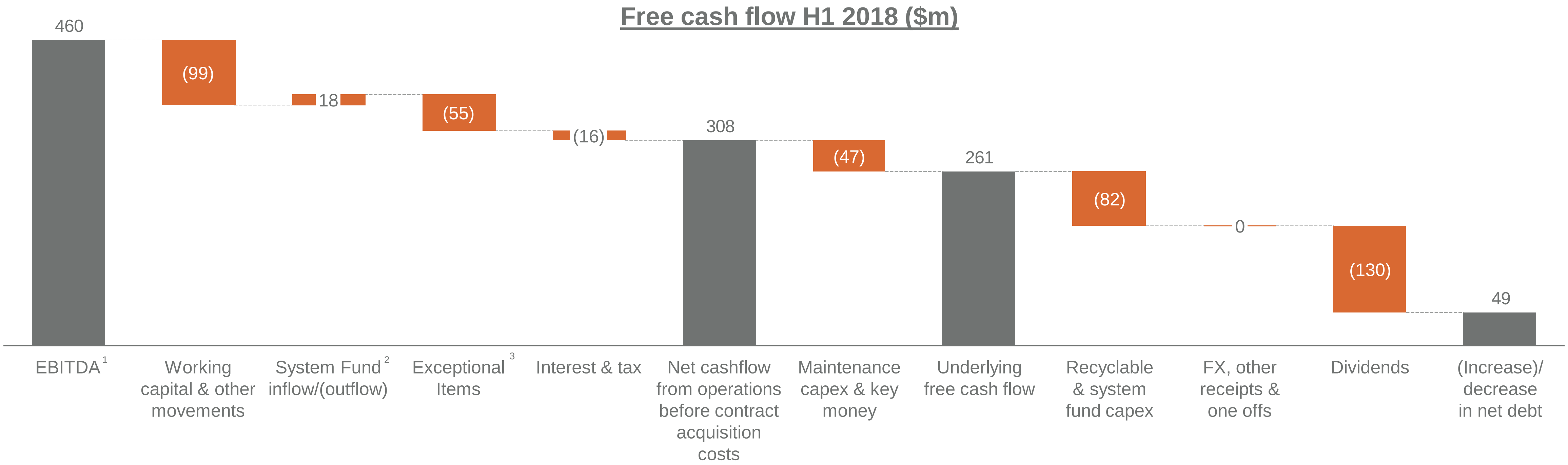
Reported fee margin[1] progression



- Fee margin growth of 1.7%pts at CER
- Medium term fee margin progression will be broadly in line with the historic average of ~135bps p.a.

[1] Fee margin stated at AER

Significant cashflow from operations well above capex needs



- Underlying free cash flow up $57m year-on-year
- Gross capital expenditure of $129m covered 2.4x by net cashflow from operations

[1] Before exceptional items and System Fund result; [2] System Fund result excludes exceptional costs of $30m in relation to efficiency programme ; [3] Includes $48m relating to group wide efficiency programme ($16m in relation to the System Fund)

Targeted capital expenditure to drive growth

IHG

Medium term guidance unchanged:

Maintenance capex, key money and selective investments	$m	H1 2017	H1 2018
	Maintenance capex	20	22
	Key money	24	25
	Total	44	47

- ~$150m per annum
  - Key money: ~$75m per annum

Recyclable investments	$m	H1 2017	H1 2018
	Gross out	80	32
	Gross in	(7)	(2)
	Net total	73	30

- ~$100m per annum but expected to be broadly neutral over time

System Fund capital investments	$m	H1 2017	H1 2018
	Gross out	62	50
	Gross in	(17)	(16)
	Net total	45	34

- ~$100m per annum
- Repaid when depreciation charged to System Fund
- Depreciation of GRS starting in H2 2018

		H1 2017	H1 2018
Total capital investments	Gross total	186	129
	Net total	162	111

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

Our strategy for uses of cash remains unchanged and we are committed to future shareholder returns

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Invest in the business to drive growth

Maintain sustainable growth in ordinary dividend

Return surplus funds to shareholders

Commitment to Investment Grade Credit Rating

2.0x – 2.5x Net Debt : EBITDA

Keith Barr

Chief Executive Officer

Update on strategic initiatives

Update on new strategic initiatives – on track to deliver industry leading net system size growth

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

- Strengthening existing brands
- 3x new brands in <12 months

4. Evolve owner proposition

- Innovative Franchise Plus model for Holiday Inn Express in Greater China now >100 open and pipeline hotels

1. Build & leverage scale

- $125m efficiency programme underway
- Embedding new organisational structure
- Starting to drive results

2. Strengthen loyalty programme

- Creating a more personalised and differentiated offering

3. Enhance revenue delivery

- IHG Concerto in >50% of hotels
- On track for late 2018/ early 2019 completion
- Investor event December 2018

New organisational structure is improving our speed to market and realising financial efficiencies to invest in growth

New organisational structure

New regional operating structure	Integrated Commercial & Technology organisation	Global Marketing organisation

Supported by wider organisational changes

H1 2018 Signings

+46%

+21% Excl. avid[1]

New Brands

3x

new brands in <12 months

[1]H1 2018 avid signings, 7.6k rooms

We continue to strengthen our existing brands

Mainstream	Upscale	Luxury
Holiday Inn	Crowne Plaza Hotels & Resorts	InterContinental Hotels & Resorts
Holiday Inn Express	Hualuxe Hotels and Resorts 華邑酒店及度假村	Kimpton Hotels & Restaurants
Holiday Inn Club Vacations	EVEN Hotels	
Holiday Inn Resort	hotel Indigo	
Staybridge Suites		
Candlewood Suites		

Holiday Inn Express Baden, Germany

Holiday Inn Express Mesquite, Texas – Before renovation

Holiday Inn Express Woodstock, Georgia – After renovation

Holiday Inn Express & Suites Galesburg, Illinois – Before renovation

Holiday Inn Express & Suites San Antonio North, Texas – After renovation

KIMPTON®
HOTELS & RESTAURANTS

We have a systematic approach to identifying new brand opportunities

Categories

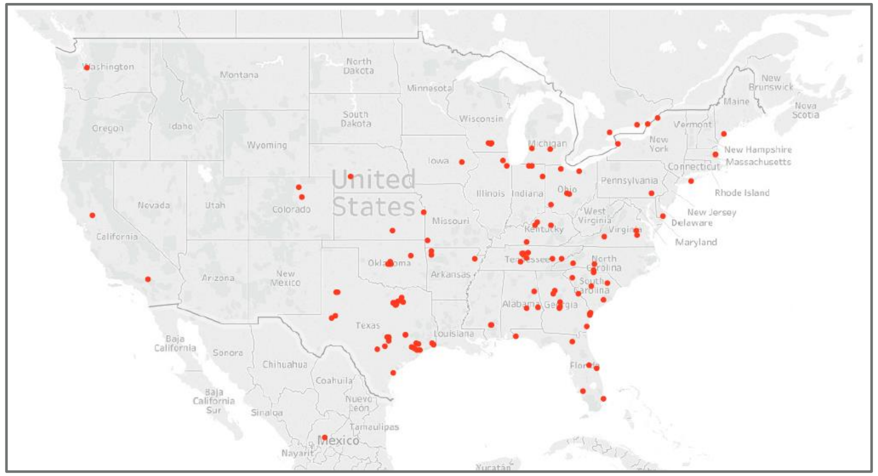
Criteria

	Mainstream[1]	Upscale	Luxury
High value, high growth segment[1]	• ~\$115bn global segment • ~\$65bn of growth to 2025	• ~\$40bn global segment • ~\$20bn of growth to 2025	• ~\$60bn global segment • ~\$35bn of growth to 2025
Owner Opportunity	Owners with new build opportunities looking for a streamlined operating model with attractive returns and low cost of investment	Existing hotel owners looking for access to low cost, high revenue delivery systems.	Owners with existing hotels and new build opportunities looking for a high-end product that generates sizeable returns per asset
IHG's Competitive Offer	Industry leading midscale brand expertise	Industry leading revenue management & reservation tools, strong B2B offer and loyalty programme	Largest global Luxury brand operator[2] Expertise in new luxury division
IHG's New Offering	avid AN IHG® HOTEL	voco AN IHG® HOTEL	Regent HOTELS & RESORTS

[1.] Mainstream classified as Midscale and Upper-Midscale; [2] STR & IHG estimates avid AN IHG® HOTEL

avid hotels - on track to become IHG's next brand of scale

IHG®



Brand design / concept

- Focused on the essentials that make a difference for guests
- Fits onto a smaller land parcel than Holiday Inn Express
- New build only
- Fully procured solution to maximise owner returns

Growth potential

- 130 signings (12k rooms) – including launches in Canada (4 hotels) and Mexico (1 hotel)
- First hotel expected to open imminently (<1 year after brand launch)
- Next hotel opening expected in Q2 2019

voco - new upscale brand launched in June

Brand design / concept

- Targeted at **<u>high quality</u>** individual and locally branded hotels
- Defined by three guest moments
- Developed in conjunction with an Owner Advisory Board

voco - defined by three guest moments

Come on in

Me time

voco life

voco - new upscale brand launched in June

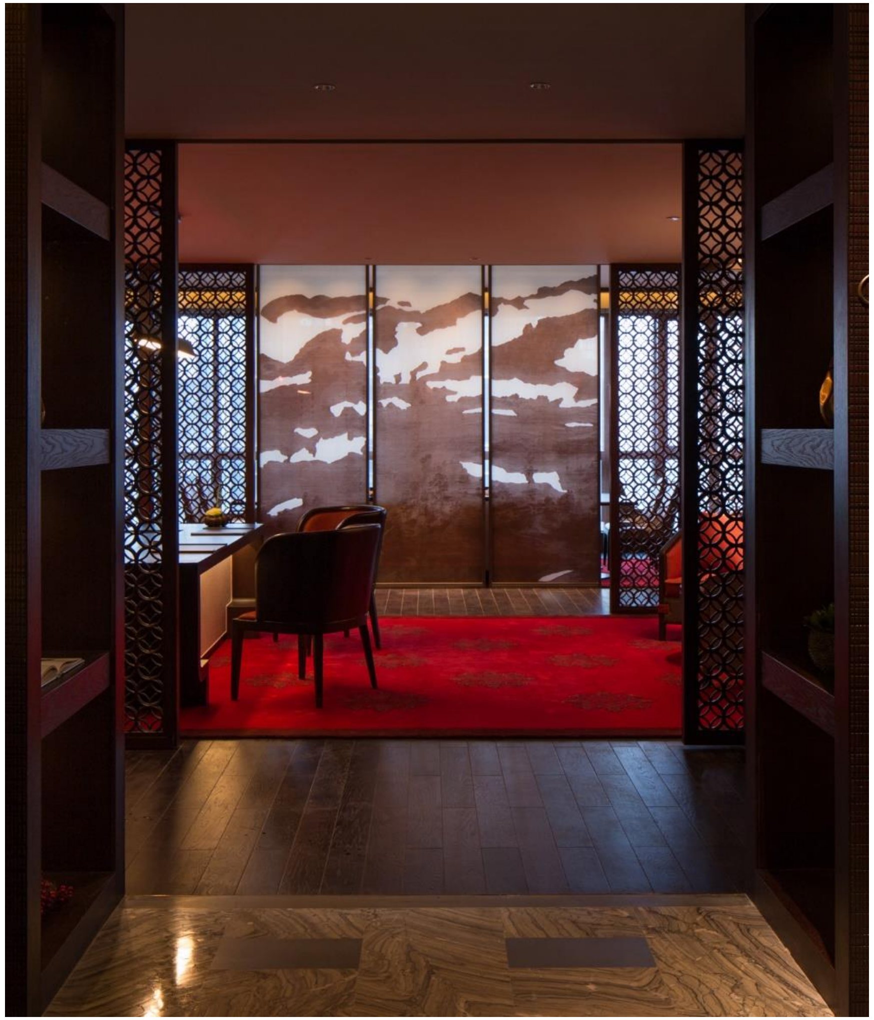
Brand design / concept

- Targeted at **high quality** individual and locally branded hotels
- Defined by three guest moments
- Developed in conjunction with an Owner Advisory Board

Growth potential

- Initially focused in EMEAA, with roll out in Americas and Greater China at a later date
- 4 hotels will be added as part of the UK portfolio deal
- A further 3 hotels have been signed to date in the EMEAA region
- Positive owner reaction with >20 deals under active discussion
- Expect to sign >200 hotels in 10 years

Regent Hotels & Resorts
– iconic upper luxury brand; majority stake now acquired

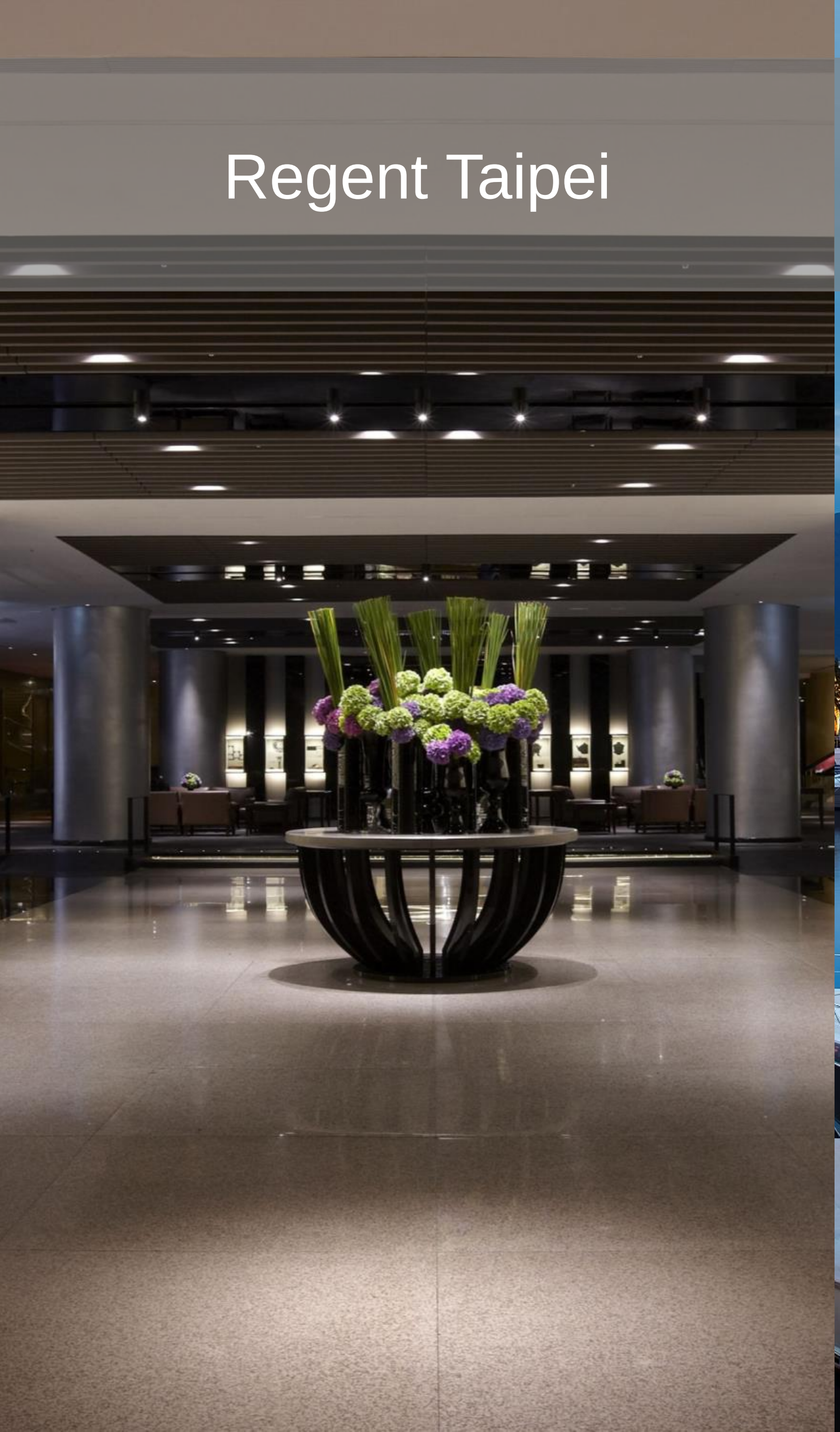


Brand design / concept

- Upper luxury brand with world renowned heritage and brand equity
- Positioned above InterContinental
- InterContinental Hong Kong to return to the Regent brand in early 2021 following a major renovation

Growth potential

- 51% stake completed on 1 July 2018
- 6 open hotels (2.0k rooms); 3 pipeline hotels (0.9k rooms)
- Multiple new sites under discussion in key gateway cities and resorts
- Expected to grow to >40 hotels over the long term


Regent Taipei


Regent Porto Montenegro


Regent Chongqing

Conclusions

We have delivered a strong performance in H1 2018

We are working at pace and delivering against our new strategic initiatives

Our company-wide efficiency programme is on track to deliver the expected savings by 2020

We are confident in our ability to deliver industry-leading net rooms growth over the medium term

We remain positive in the outlook for the second half of 2018

Interim results presentation
Q&A

Appendices

H1 2018 significant items

Flags at FY 2017 results		H1 2018	FY 2018
Timing of tax credit	Americas	+$4m	+$4m
US Healthcare programme	Americas	$(2.5)m	$(5)m
Crowne Plaza Accelerate fee incentives[1]	Americas	$(2.5)m	$(5)m
Flags at Q1 2018 results		**H1 2018**	**FY 2018**
Individually significant Liquidated Damages	EMEAA	+$3m	+$7m
Flags at H1 2018 results		**H1 2018**	**FY 2018**
Individually significant Liquidated Damages	Greater China	+$4m	+$4m

[1]First disclosed at Interims 2016: Crowne Plaza Accelerate fee incentives over the three year period starting in 2017

Currency translation increases H1 2018 group EBIT from reportable segments by $2m

Region[1]	Reportable Segments Reported H1 2018 vs H1 2018 at H1 2017 rates[2]		Reportable Segments H2 2017 at 29 June 2018 rates[3] vs reported H2 2017	
	Revenue	EBIT	Revenue	EBIT
Americas	-	$(2)m	$(2)m	$(2)m
EMEAA	$13m	$4m	$(2)m	$(1)m
Greater China	$4m	$2m	-	-
Central Overheads	$2m	$(2)m	-	$1m
Total IHG	**$19m**	**$2m**	**$(4)m**	**$(2)m**

[1] Major non USD currency exposure by region (**Americas:** Canadian Dollar, Mexican Peso; **EMEAA:** British Pound, Euro, Russian Rouble, Japanese Yen, Singapore Dollar; **Greater China:** Chinese Renminbi; **Central:** British Pound). [2]Based on monthly average exchange rates each year. [3] 29 June 2018 spot rates: 0.76 GBP:USD; 0.86 EUR;USD.

Fee margin[1] by region

Americas

Europe, Middle East, Asia and Africa

Greater China

Total IHG

[1] Excludes owned, leased & managed lease hotel results, significant liquidated damages, System Fund results, hotel cost reimbursements and exceptional items and is stated CER.

~50% of efficiency programme costs now recognised; majority of the remaining $200m cost expected in H2 2018

	$m	FY 2017	H1 2018	H1 2018 - Total to date
Cash costs	IHG (exceptional)	23	32	55
	System Fund (exceptional)	8	16	24
	Total	**31**	**48**	**79**
Book costs	IHG (exceptional)	36	32	68
	System Fund[1]	9	30	39
	Total	**45**	**62**	**107**

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

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