

INTERCONTINENTAL HOTELS GROUP PLC /NEW/  
Form 6-K  
August 05, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 AND 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For 05 August 2014

InterContinental Hotels Group PLC  
(Registrant's name)

Broadwater Park, Denham, Buckinghamshire, UB9 5HJ, United Kingdom  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F      Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

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EXHIBIT INDEX

99.1

Half Year Results to 30 June 2014

Exhibit No: 99.1

InterContinental Hotels Group PLC  
Half Year Results to 30 June 2014

Continued growth momentum delivers strong first half performance

Financial summary <sup>1</sup>	Reported			Underlying <sup>2</sup>		
	H1 2014	H1 2013	% Change	H1 2014	H1 2013	% Change
Revenue	\$908m	\$936m	(3)%	\$788m	\$757m	4%
Fee Revenue	\$600m	\$562m	7%	\$597m	\$562m	6%
Operating profit	\$310m	\$338m	(8)%	\$301m	\$284m	6%
Adjusted EPS	70.7¢	78.2¢	(10)%	68.8¢	64.3¢	7%
Basic EPS <sup>3</sup>	93.0¢	127.8¢	(27)%	-	-	-
Interim dividend per share	25.0¢	23.0¢	9%	-	-	-
Net debt	\$1,031m	\$861m	-	-	-	-

Richard Solomons, Chief Executive of InterContinental Hotels Group PLC, said:

"We have achieved a strong first half performance, with our preferred brands continuing to drive good momentum through the second quarter. With underlying operating profit<sup>2</sup> up 6% and solid net system growth, our long-term winning strategy is delivering results. This has given us the confidence to increase the interim dividend by 9%.

We have had our best half for signings<sup>4</sup> in six years, underpinning our future growth prospects and demonstrating owners' preference for our brands. Openings included the first two EVEN Hotels in the US, a major milestone for this new brand, which satisfies a previously unmet guest need in the wellness segment.

We remain committed to reducing the asset intensity of the business, completing two asset disposals in the half, and good progress is being made with the strategic review of our remaining owned hotels. During the half we completed our \$500m share buyback programme and in July we paid a \$750 million special dividend, continuing our long track record of returning funds to shareholders.

Looking ahead, whilst several of our key markets continue to experience some political or economic uncertainty, we are encouraged by current trading trends."

Delivering high quality, sustainable growth

- Total gross revenue from hotels in IHG's system of \$11.1bn, up 7% (7% CER)
- Operating profit up 6% on an underlying<sup>2</sup> basis; down 8% on a reported basis
  - Underlying profitability reflects adjustments for a net year on year operating profit impact of \$(45)m, comprising: \$(15)m from disposal of owned hotels; \$(33)m from significant liquidated damages receipts, and \$3m from managed leases.
- Global comparable RevPAR growth of 5.8% (rate up 2.3%)
  - Americas 6.7% (US 6.6%); Europe 4.9%; AMEA 3.7%; Greater China 4.3%.
  - Q2 comparable RevPAR up 5.7%: Americas 6.7% (US 6.7%); Europe 4.1%; AMEA 3.6%; Greater China 4.6%.
- Total system size of 693k rooms (4,732 hotels), 2.2% year on year growth
  - 17k rooms (109 hotels) opened, led by 9k rooms in the Americas and 4k rooms in Greater China. 11k rooms removed in-line with our on-going commitment to quality.
  - Pipeline of 187k rooms (1,175 hotels), over 45% under construction and over 50% in developing markets.
  - Signings of 30k rooms (208 hotels), our best H1 for underlying<sup>4</sup> signings since 2008, supported by continued improvements in the US financing environment.
  - With 5% share of global industry supply, and 13% share of the active industry pipeline, we remain well positioned for sustainable high quality growth.
- Building preferred brands
  - First two hotels opened for our new EVEN Hotels brand in June, with an excellent initial guest response.
  - Holiday Inn and Crowne Plaza first half outperformance vs their US industry segments<sup>5</sup>.
  - Holiday Inn ranked "Highest in Guest Satisfaction Among Mid-scale Full Service Hotel Chains" by J.D. Power and Associates for 4th year running.
- Best-in-class delivery
  - Strong growth in mobile bookings: up 47% year on year.
  - Strategic relationship with Amadeus formed as we continue to drive innovative solutions to enhance guest experiences across the Guest Journey.
- Fee based margin of 45.0%, up 1% point year on year
  - Driven by cost efficiencies and scale benefits, with some impact from favourable cost phasing.

1 All figures are before exceptional items unless otherwise noted. Refer appendices for further financial information and definitions.

2 At constant exchange rates (CER) and excluding owned asset disposals, significant liquidated damages, and results from managed lease hotels. Underlying adjusted EPS is based on Underlying EBIT and uses effective tax rate and interest as reported at actual exchange rates.

3 Including exceptional items.

4 Adjusted for rooms on US Army bases: 2014: 2k signed, 2013: 4k signed and opened.

5 On a Total RevPAR basis.

Americas - Strong RevPAR growth and signings pace

Comparable RevPAR increased 6.7%, with 3.1% rate growth, and second quarter RevPAR also increased 6.7%. US comparable RevPAR was up 6.6% in the first half and 6.7% in the second quarter.

Reported revenue decreased 5% (CER (5)%) to \$435m and reported operating profit decreased 5% (CER (5)%) to \$268m, but on an underlying basis<sup>1</sup>, revenue increased 9% and operating profit increased 7%. This was driven primarily by our franchise business where royalties were up 7%. Underlying<sup>1</sup> owned and leased hotel profits increased 80%, driven by 6.7% RevPAR growth at InterContinental Boston, and 30.5% RevPAR growth at Holiday Inn Aruba, which is benefiting from its recent refurbishment. Recent changes to the Venezuelan exchange rate had an unfavourable impact on managed operating profit of approximately \$2m, with a further \$2m impact expected in the second half.

We opened 9k rooms (74 hotels) in the half, including the first two properties for our new EVEN Hotels brand. Signings of 19k rooms (158 hotels) are up 25% year on year<sup>2</sup>, as the hotel debt financing environment continues to improve, and included over 100 hotels (12k rooms) for the Holiday Inn brand family. Maintaining the quality of our system by removing hotels that no longer meet the requirements of our brands remains a key focus, and we removed 7k rooms (54 hotels) in the first half. Excluding removals, gross rooms growth was 4%.

The refurbishment of InterContinental New York Barclay is due to commence in the third quarter, with the hotel closing for up to 18 months. IHG's share of the second half loss associated with the hotel joint venture is still expected to be around \$5m, which will be reflected in Americas managed results.

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<sup>1</sup> At CER & excluding owned asset disposals, significant liquidated damages and results from managed lease hotels. Year on year operating profit impact of \$(31)m comprising (a) results from owned assets disposals of \$(7)m ( H1'14: \$(1)m; H1'13: \$6m) (b) significant liquidated damages receipts of \$(24)m (H1'14: \$7m (franchised) of which \$4m was previously announced; H1'13: \$31m (managed)) and (c) results from managed lease hotels of \$nil (H1'14: \$1m, H1'13: \$1m). Revenue impact set out in appendix 5

<sup>2</sup> Excluding rooms on US Army bases: 2014: 2k signed, 2013: 4k signed and opened.

#### Europe - Strong trading performance in key markets

Comparable RevPAR increased 4.9%, with second quarter RevPAR up 4.1%. First half trading was particularly strong in the UK, up 8.7%, with high single digit growth in both London and the provinces, while Germany delivered another solid performance with RevPAR up 3.1%.

Reported revenue of \$182m was down 12% (CER 16%) and reported operating profit of \$38m decreased 28% (CER 32%), but on an underlying basis<sup>1</sup>, revenue was down 2% and operating profit down 3%. This reflects good operating profit growth in the managed and franchised business driven by mid-single digit RevPAR growth, offset by a \$7m operating profit decline at our only remaining owned hotel in this region, InterContinental Paris - Le Grand (with \$7m associated revenue decline). As previously guided, this was primarily due to the refurbishment of the historic Salon Opera ballroom and c.15% of the guest rooms at the hotel, with an additional small negative impact from the absence of the biannual Paris air show in 2014. No further impact is expected from the refurbishment for the full year.

We opened 3k rooms (18 hotels) in the half, including three Hotel Indigo hotels in the prime city locations of Rome, Madrid and St Petersburg. We signed 2k rooms (14 hotels) including two Holiday Inn hotels in Germany and three Holiday Inn Express hotels in the UK.

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<sup>1</sup> At CER & excluding owned asset disposals, significant liquidated damages and results from managed lease hotels. Year on year operating profit impact of \$(16)m comprises (a) results from owned assets disposals of \$(8)m ( H1'14: \$nil; H1'13: \$8m) (b) significant liquidated damages receipts of \$(9)m (H1'14: \$nil; H1'13: \$9m (franchised)) and (c) results from managed lease hotels of \$1m (H1'14: \$nil, H1'13: \$(1)m).

AMEA - Rate driven RevPAR growth and increasing contribution from developing markets

Comparable RevPAR increased 3.7% driven primarily by rate growth, with second quarter RevPAR up 3.6%. Excluding Thailand and Egypt where there has been ongoing political unrest, first half RevPAR increased 5.4%. Performance was led by Japan up 8.8% and South East Asia which, excluding Thailand, was up 7.2%. Australia and the Middle East continue to perform solidly with RevPAR growth of 6.0% and 4.1% respectively.

Total RevPAR grew 1.7%, reflecting an increasing mix of new rooms opening in lower RevPAR developing markets.

Reported revenue increased 15% (CER 19%) to \$117m and operating profit decreased 7% (CER (7%)) to \$38m. However, on an underlying basis<sup>1</sup> revenue was flat, and operating profit decreased 12%. This reflects solid underlying growth in our managed business offset by a \$2m increased investment to support future growth, a \$3m negative impact from certain small one-off items, and \$1m lower fees from our hotels in Thailand. The continuing political unrest in Thailand is expected to have a \$2m impact on managed operating profit in the second half of the year. In addition, the managed hotel refurbishment programmes scheduled to take place in 2014, as previously disclosed, had no material impact on fees in the half, but are expected to have a \$2m negative impact on fees in the second half of the year.

We opened 2k rooms (8 hotels) in the half, including the 442 room Holiday Inn Express Clarke Quay in Singapore and two Holiday Inn hotels in Japan. We signed 2k rooms (8 hotels) in the first half, including two new hotels in Abu Dhabi, which will mark the entry of a second InterContinental and second Holiday Inn property into the UAE capital.

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<sup>1</sup> At CER and excluding results from managed lease hotels. Year on year operating profit impact of \$2m comprises results from managed lease hotels (H1'14: \$2m, H1'13: \$nil).

Greater China - Continued industry outperformance

Comparable RevPAR increased 4.3% driven by occupancy growth, with second quarter RevPAR up 4.6%. This performance was significantly ahead of the industry, which continues to experience a number of challenges including slower macro-economic conditions and austerity measures. Our industry outperformance reflects the strength of IHG's brands in the region and the leading position we have built up over 30 years of operating in the Chinese market.

Total RevPAR for the region decreased 1.4% reflecting an increasing mix of new rooms opening in lower RevPAR developing markets as we increase our distribution across the country.

Reported (and CER) revenue and operating profit were in line with last year at \$112m and \$36m respectively. This reflects good growth in the managed business, where 16% net rooms growth drove strong incremental fees despite the total RevPAR declines. In addition, the on-going industry austerity measures have continued to impact our food and beverage revenues in the region, up 5% compared to rooms revenues up 9%. InterContinental Hong Kong, our only owned hotel in the region, reported a \$3m decrease in revenue to \$66m and a \$3m decrease in operating profit to \$19m due to the continuing impact from the significant redevelopment of the area adjacent to the hotel; this is expected to continue into the second half.

We opened 4k rooms (9 hotels) in the half, including five Crowne Plaza hotels, taking our system size for the brand in the region to 25k rooms. We signed 7k rooms (28 hotels) taking the pipeline to 55k rooms and reflecting the confidence owners have in IHG and the compelling long term growth opportunity for this region.

Sources and uses of cash

- Progress on asset disposals

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- Strategic review of opportunities for further asset disposals is progressing well.
  - Disposals of InterContinental Mark Hopkins San Francisco and an 80% interest in InterContinental New York Barclay completed with net cash proceeds of \$346m.
  - \$13m proceeds received from recycled investments in the first half.
  - Capital Expenditure
    - \$98m capital expenditure in the first half comprised: \$52m maintenance capex and key money; \$27m recyclable investments; and \$19m system funded capital investments.
    - Gross capex guidance remains unchanged at up to \$350m per annum into the medium term.
  - Continued return of funds to shareholders
    - \$763m<sup>1</sup> returned to shareholders in July via \$2.93 per share special dividend with 12 for 13 share consolidation.
    - \$500m share buyback programme completed, including 3.4m shares repurchased for \$110m in 2014.
    - Ordinary interim dividend up 9% to 25¢ reflects confidence in IHG's future prospects and our cash generative business model.
- <sup>1</sup> The difference from announced \$750m is due to exchange rate movements.

#### Interest, tax, net debt, and exceptional items

- Interest: H1 charge of \$39m (H1 2013: \$36m) includes \$1m impact from \$/£ exchange rate movements. We expect higher interest charges year on year in the second half of 2014 following the payment of the special dividend in July.
- Tax: Based on the position at the end of the half, the tax charge has been calculated using an estimated annual tax rate of 33% (H1 2013: 31%). The full year tax rate is expected to be in the low 30s in 2014 and 2015.
- Net debt: \$1,031m at the end of the half (including the \$216m finance lease on the InterContinental Boston). This is up from \$861m at 30 June 2013 as a result of the \$350m special dividend paid in October 2013 and the completion of our \$500m share buyback (\$257m of which occurred in the 12 month period). Net debt is down on the year end position of \$1,153m due to net cash inflow from disposals. The special dividend paid in July will increase net debt to approximately \$1.8bn, equivalent to 2.5x last 12 months EBITDA.
- Exceptional items: net exceptional credit of \$106m for the half comprised: \$130m net gain on asset disposals, \$14m charge relating to recent changes to the Venezuelan currency exchange rate mechanisms, and a \$10m charge related to corporate restructuring.

#### Appendix 1: Comparable RevPAR movement summary

	Half Year 2014			Q2 2014		
	RevPAR	Rate	Occ.	RevPAR	Rate	Occ.
Group	5.8%	2.3%	2.3pts	5.7%	2.6%	2.1pts
Americas	6.7%	3.1%	2.3pts	6.7%	3.6%	2.1pts
Europe	4.9%	1.3%	2.4pts	4.1%	1.8%	1.7pts
AMEA	3.7%	2.9%	0.6pts	3.6%	2.5%	0.8pts
G. China	4.3%	(1.4)%	3.3pts	4.6%	(1.8)%	3.9pts

Appendix 2: First Half system & pipeline summary (rooms)

	System				YoY%	Pipeline	
	Openings	Removals	Net	Total		Signings	Total
Group	17,298	(11,099)	6,199	693,072	2.2%	29,844	186,534
Americas	8,844	(6,819)	2,025	453,449	0.2%	18,789	82,502
Europe	2,765	(2,398)	367	102,433	1.9%	2,090	16,682
AMEA	1,732	(518)	1,214	66,052	6.3%	1,966	32,415
G. China	3,957	(1,364)	2,593	71,138	13.2%	6,999	54,935

Appendix 3: First Half financial headlines

6 months to 30 June	Total		Americas		Europe		AMEA		G. China		Central	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Operating Profit \$m												
Franchised	307	294	263	245	36	41	6	6	2	2	-	-
Managed	107	132	25	52	15	12	42	45	25	23	-	-
Owned & leased	30	51	8	11	2	17	1	1	19	22	-	-
Regional overheads	(64)	(65)	(28)	(26)	(15)	(17)	(11)	(11)	(10)	(11)	-	-
Profit pre central overheads	380	412	268	282	38	53	38	41	36	36	-	-
Central overheads	(70)	(74)	-	-	-	-	-	-	-	-	(70)	(74)
Group operating profit	310	338	268	282	38	53	38	41	36	36	(70)	(74)

Appendix 4: Constant exchange rate (CER) operating profit movement before exceptional items

	Total <sup>1</sup>		Americas		Europe		AMEA		G. China	
	Actual <sup>2</sup>	CER <sup>3</sup>	Actual <sup>2</sup>	CER <sup>3</sup>	Actual <sup>2</sup>	CER <sup>3</sup>	Actual <sup>2</sup>	CER <sup>3</sup>	Actual <sup>2</sup>	CER <sup>3</sup>
H1 Decline	(8)%	(8)%	(5)%	(5)%	(28)%	(32)%	(7)%	(7)%	0%	0%
Underlying <sup>4</sup> Growth/ (decline)	Total <sup>3</sup> 6%		Americas 7%		Europe (3)%		AMEA (12)%		G. China 0%	
Exchange rates:	H1									
	GBP:USD		EUR:USD							
2014	0.60		0.73							
2013	0.65		0.76							

1 After central overheads  
2 US dollar actual exchange rates  
3 Translated at constant 2013 exchange rates  
4 At CER and excluding owned asset disposals, results from managed lease hotels & significant liquidated damages.

Appendix 5: Definitions

CER: At constant exchange rates

Comparable RevPAR: Revenue per available room for hotels that have traded for a full 12 months in both years, 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 and significant liquidated damages receipts.

Managed lease hotels: properties structured for legal reasons as operating leases but with the same characteristics as management contracts

Americas: Revenue H1 2014 \$21m; H1 2013 \$19m; EBIT H1 2014 \$1m, H1 2013 \$1m. Europe: Revenue H1 2014 \$46m; 2013 \$42m; EBIT H1 2014 \$nil, H1 2013 \$(1)m. AMEA: Revenue H1 2014 \$19m; H1 2013 \$2m; EBIT H1 2014 \$2m, H1 2013 \$nil.

Owned asset disposals: Europe: one hotel disposal in 2013 with H1 2014 O&L revenue and profit of \$nil; H1 2013 O&L revenue \$22m, H1 2013 O&L profit \$8m. Americas: two hotel disposals in 2014; H1 2014 O&L revenue \$23m, H1 2014 O&L profit \$(1)m; H1 2013 O&L revenue \$54m, H1 2013 O&L profit \$6m.

Significant liquidated damages: total \$7m in H1 2014 (\$3m and \$4m, both in Americas franchise) and \$40m in H1 2013 (\$31m Americas managed, \$9m Europe franchised)

Total gross revenue: total room revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels. It is not revenue attributable to IHG, as it is derived mainly from hotels owned by third parties. The metric is highlighted as an indicator of the scale and reach of IHG's brands.

Total RevPAR: Revenue per available room including results from hotels that have opened or exited in either year, reported at CER.

Appendix 6: Investor information for 2014 interim dividend

Ex-dividend date:	20 August 2014	Record date:	22 August 2014
Payment date:	26 September 2014	Dividend payment:	Ordinary shares = 14.8 pence per share ADRs = 25.0 cents per ADR

For further information, please contact:

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Media Relations (Yasmin Diamond; Zoe Bird):	+44 (0)1895 512008	+44 (0)7736 746167

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 5 August at Goldman Sachs, Rivercourt, 120 Fleet Street, London, EC4A 2BE. There will be an opportunity to ask questions. The presentation will conclude at approximately 11.00am.

There will be a live audio webcast of the results presentation on the web address <http://www.ihgplc.com/interims14>. 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	+44 (0) 20 3003 2666
UK Toll Free	0808 109 0700
US Toll	+1 646 843 4608
US Toll Free	+1 866 966 5335
Passcode:	IHG

A replay of the 9.30am conference call will be available following the event - details are below:

UK Toll	+44 (0)20 8196 1998
Replay pin	8116107

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 5 August with Richard Solomons, Chief Executive Officer, and Paul Edgecliffe-Johnson, Chief Financial Officer. There will be an opportunity to ask questions.

UK Toll	+44 (0) 20 3003 2666
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UK Toll Free 0808 109 0700  
US Toll +1 646 843 4608  
US Toll Free +1 866 966 5335  
Passcode: IHG

A replay of the 9.00am New York time conference call will be available following the event - details are below:

UK Toll +44 (0)20 8196 1998  
Replay pin 9754862

Website:

The full release and supplementary data will be available on our website from 7.00am (London time) on 5 August. The web address is <http://www.ihgplc.com/interims14>.

Notes to Editors:

IHG (InterContinental Hotels Group) [LON:IHG, NYSE:IHG (ADRs)] is a global organisation with a broad portfolio of nine hotel brands, including InterContinental® Hotels & Resorts, Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels & Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites®, EVENTM™ Hotels and HUALUXE® Hotels and Resorts.

IHG manages IHG® Rewards Club, the world's first and largest hotel loyalty programme with over 80 million members worldwide. The programme was relaunched in July 2013, offering enhanced benefits for members including free internet across all hotels, globally.

IHG franchises, leases, manages or owns over 4,700 hotels and 693,000 guest rooms in nearly 100 countries, with almost 1,200 hotels in its development pipeline.

InterContinental Hotels Group PLC is the Group's holding company and is incorporated in Great Britain and registered in England and Wales.

Visit [www.ihg.com](http://www.ihg.com) for hotel information and reservations and [www.ihgrewardsclub.com](http://www.ihgrewardsclub.com) for more on IHG Rewards Club. For our latest news, visit: [www.ihg.com/media](http://www.ihg.com/media), [www.twitter.com/ihg](http://www.twitter.com/ihg), [www.facebook.com/ihg](http://www.facebook.com/ihg) or [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 US law (Section 21E of the Securities Exchange Act of 1934). These forward-looking statements can be identified by the fact that they do not relate 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. 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. Factors that could affect the business and the financial results are described in 'Risk Factors' in the InterContinental Hotels Group PLC Annual report on Form 20-F filed with the United States Securities and Exchange Commission.

### INTERIM MANAGEMENT REPORT

This Interim Management Report discusses the performance of InterContinental Hotels Group PLC (the Group or IHG) for the six months ended 30 June 2014.

### GROUP PERFORMANCE

Group results	2014	6 months ended 30 June	
		2013	%
	\$m	\$m	change
Revenue			
Americas	435	457	(4.8)

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Europe	182	206	(11.7)
AMEA	117	102	14.7
Greater China	112	112	-
Central	62	59	5.1
	<u>908</u>	<u>936</u>	<u>(3.0)</u>
Operating profit			
Americas	268	282	(5.0)
Europe	38	53	(28.3)
AMEA	38	41	(7.3)
Greater China	36	36	-
Central	(70)	(74)	5.4
	<u>310</u>	<u>338</u>	<u>(8.3)</u>
Operating profit before exceptional items			
Exceptional operating items	106	160	(33.8)
	<u>416</u>	<u>498</u>	<u>(16.5)</u>
Net financial expenses	(39)	(36)	(8.3)
	<u>377</u>	<u>462</u>	<u>(18.4)</u>
Profit before tax			
Earnings per ordinary share			
Basic	93.0¢	127.8¢	(27.2)
Adjusted	70.7¢	78.2¢	(9.6)
Average US dollar to sterling exchange rate	\$1 : £0.60	\$1 : £0.65	(7.7)

Revenue decreased by 3.0% to \$908m and operating profit before exceptional items decreased by 8.3% to \$310m during the six months ended 30 June 2014. On an underlying trading basis<sup>1</sup>, revenue and operating profit increased by \$31m (4.1%) and \$17m (6.0%) respectively when translated at constant currency and applying 2013 exchange rates.

Fee revenue<sup>2</sup> increased by 6.2% during the six months ended 30 June 2014, when translated at constant currency and applying 2013 exchange rates. Group RevPAR increased by 5.8% over the same period, with average daily rate increasing by 2.3%.

Group trading was strong over the first half of the year, with favourable economic trends in the US and the UK, and healthy RevPAR growth in certain markets in AMEA (primarily Japan, Australasia and Southeast Asia, excluding Thailand which was impacted by political unrest). Greater China outperformed the industry, achieving 4.3% RevPAR growth.

IHG completed the sale of the InterContinental Mark Hopkins San Francisco on 27 March 2014 and the disposal of 80% of its interest in the InterContinental New York Barclay on 31 March 2014 retaining the remaining 20% in a joint venture. Net cash proceeds totalled \$346m.

On an underlying basis, operating profit in the Americas increased whereas profits in Europe declined (largely driven by lower profits at the InterContinental Paris-Le Grand due to refurbishment). Operating profit declined in AMEA, reflecting additional investment to support hotel operations and a number of individually small adverse one off items together with weaker trading in Thailand. Operating profit in Greater China was flat affected by lower profits at the InterContinental Hong Kong due to the ongoing impact from the significant redevelopment of the area adjacent to the hotel. The Group's results also benefited from System size growth of 2.2% year-on-year to 693,072 rooms.

Profit before tax decreased by \$85m from \$462m to \$377m. Adjusted earnings per ordinary share decreased by 9.6% to 70.7¢.

The IHG global System (the number of hotels which are franchised, managed, owned or leased by the Group) increased in the first half of 2014 by 35 hotels (6,199 rooms) to 4,732 hotels (693,072 rooms). Openings of 109 hotels (17,298 rooms) were driven by continued expansion of the Holiday Inn brand family, which has opened more than 10,000 rooms in the first half of the year. 8,844 rooms were opened in the Americas, with 3,957 rooms in Greater China. 74 hotels (11,099 rooms) were removed from the System.

At 30 June 2014, the pipeline totalled 1,175 hotels (186,534 rooms), an increase of 55 hotels (6,073 rooms) since the year-end. The IHG pipeline represents hotels and rooms where a contract has been signed and the appropriate fees paid. Almost a third of the pipeline (measured by number of rooms) is located in the Greater China region.

Signings of 208 hotels (29,844 rooms) for the six months ended 30 June 2013 were 13 hotels (635 rooms) higher than in the same period in 2013 (excluding hotels signed as part of the US government's Privatization of Army Lodgings in 2013 and 2014). Terminations of 44 hotels (6,473 rooms) were lower than the corresponding period in the prior year (63 hotels, 6,915 rooms).

1 Excluding owned asset disposals, results from managed lease hotels and significant liquidated damages.

2 Fee revenue is defined as Group revenue excluding revenue from owned and leased hotels, managed leases and significant liquidated damages

## THE AMERICAS

		6 months ended 30 June		
		2014	2013	%
		\$m	\$m	change
Americas Results				
Revenue				
	Franchised	305	278	9.7
	Managed	52	79	(34.2)
	Owned and leased	78	100	(22.0)
Total		435	457	(4.8)
Operating profit before exceptional items				
	Franchised	263	245	7.3
	Managed	25	52	(51.9)
	Owned and leased	8	11	(27.3)
		296	308	(3.9)
Regional overheads		(28)	(26)	(7.7)
Total		268	282	(5.0)

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During the six months ended 30 June 2014, revenue decreased by \$22m (4.8%) to \$435m and operating profit before exceptional items decreased by \$14m (5.0%) to \$268m. On an underlying basis, revenue increased by \$31m (8.8%) and operating profit by \$17m (7.0%). RevPAR increased by 6.7% in the first half of 2014, with the US up 6.6% supported by strong industry dynamics.

Franchised revenue increased by \$27m (9.7%) to \$305m, whilst operating profit increased by \$18m (7.3%) to \$263m. Excluding the benefit of \$7m liquidated damages receipts relating to the exits of two hotels during the first half of the year, revenue and operating profit increased by \$20m (7.2%). Royalties growth of 6.8% was driven by RevPAR growth of 6.5%, together with year-on-year System size growth of 0.2%.

Managed revenue decreased by \$27m (34.2%) to \$52m and operating profit decreased by \$27m (51.9%) to \$25m. Revenue and operating profit included \$21m (2013 \$19m) and \$1m (2013 \$1m) respectively from a property that is structured for legal reasons as an operating lease but has the same characteristics as a management contract. Excluding this property, as well as the benefit of \$31m liquidated damages receipts relating to the exit of eight hotels owned by FelCor Lodging Trust during the first half of the year in 2013, revenue increased by \$2m (6.9%) and operating profit increased by \$4m (20.0%). RevPAR increased by 8.3%, partly reflecting the completion of renovations at a number of hotels.

Owned and leased revenue decreased by \$22m (22.0%) to \$78m and operating profit decreased by \$3m (27.3%) to \$8m, due to the disposal of two owned hotels (the InterContinental New York Barclay (an 80% interest) and the InterContinental Mark Hopkins San Francisco) during the first quarter. Excluding these two hotels, revenue and operating profit increased by \$9m (19.6%) and \$4m (80.0%) respectively. RevPAR increased by 9.1%, with a particularly strong performance at the Holiday Inn Aruba, which achieved RevPAR growth of 30.5% boosted by the completion of renovations, and InterContinental Boston, which achieved RevPAR growth of 6.7%.

Americas hotel and room count	Hotels		Rooms	
	2014 30 June	Change over 2013 31 December	2014 30 June	Change over 2013 31 December
Analysed by brand				
InterContinental	51	-	17,448	(5)
Crowne Plaza	179	3	47,926	869
Hotel Indigo	37	-	4,343	(1)
EVEN Hotels	2	2	296	296
Holiday Inn Express	2,011	26	177,386	2,955
Holiday Inn*	773	(13)	136,733	(2,097)
Staybridge Suites	191	3	20,586	277
Candlewood Suites	315	3	30,092	314
Other	77	(4)	18,639	(583)
Total	3,636	20	453,449	2,025
Analysed by ownership type				
Franchised	3,414	20	410,681	1,806
Managed	217	-	41,138	991
Owned and leased	5	-	1,630	(772)

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Total	3,636	20	453,449	2,025
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\* Includes 12 Holiday Inn Club Vacations (4,027 rooms) and 20 Holiday Inn Resort properties (4,870 rooms) (2013 10 Holiday Inn Club Vacations (3,701 rooms) and 18 Holiday Inn Resort properties (4,572 rooms)).

The Americas System size increased in the first half of 2014 by 20 hotels (2,025 rooms), with 74 hotels (8,844 rooms) joining the system, compared to 59 hotels (6,281 rooms) in the prior year (excluding a further 30 hotels (3,794 rooms) which were opened as part of the US government's Privatization of Army Lodgings initiative in 2013). Openings included 60 hotels (6,501 rooms) in the Holiday Inn brand family, representing more than half of the region's openings. Additionally in June, the first two hotels opened for the EVEN Hotels brand, IHG's new entry into the wellness segment. 54 hotels (6,819 rooms) left the System during the first half of the year.

Americas pipeline	Hotels		Rooms	
	Change over 2014 30 June	Change over 2013 31 December	Change over 2014 30 June	Change over 2013 31 December
Analysed by brand				
InterContinental	6	-	1,437	-
Crowne Plaza	16	-	3,156	(72)
Hotel Indigo	28	5	3,806	688
EVEN Hotels	3	(2)	584	(296)
Holiday Inn*	140	1	19,839	495
Holiday Inn Express	379	21	36,308	2,820
Staybridge Suites	79	8	8,440	945
Candlewood Suites	85	5	7,304	390
Other	13	12	1,628	1,514
Total	749	50	82,502	6,484
Analysed by ownership type				
Franchised	713	35	75,844	3,825
Managed	35	17	6,454	2,955
Owned and Leased	1	(2)	204	(296)
Total	749	50	82,502	6,484

\* Includes nil Holiday Inn Club Vacations (nil rooms) and 4 Holiday Inn Resort properties (545 rooms) (2013 1 Holiday Inn Club Vacations (120 rooms) and 6 Holiday Inn Resort properties (792 rooms)).

The Americas pipeline at 30 June 2014 totalled 749 hotels (82,502 rooms) representing an increase of 50 hotels (6,484 rooms) over 31 December 2013.

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New signings in the period of 146 hotels (17,208 rooms) were ahead of the same period last year by 18 hotels (3,397 rooms) excluding hotels signed as part of the US government's Privatization of Army Lodgings initiative in 2013 and 2014. The majority of the signings were within the Holiday Inn and Holiday Inn Express brands (102 hotels, 11,992 rooms). Staybridge Suites and Candlewood Suites, IHG's extended stay hotel brands, also contributed signings of 35 hotels (3,451 rooms). Terminations from the pipeline of 34 hotels (3,483 rooms) represent a reduction from the levels terminated in the first half of 2013 (51 hotels, 5,133 rooms).

EUROPE

Europe results		6 months ended 30 June		
		2014	2013	%
		\$m	\$m	change
Revenue				
	Franchised	49	53	(7.5)
	Managed	81	72	12.5
	Owned and leased	52	81	(35.8)
Total		182	206	(11.7)
Operating profit before exceptional items				
	Franchised	36	41	(12.2)
	Managed	15	12	25.0
	Owned and leased	2	17	(88.2)
		53	70	(24.3)
Regional overheads		(15)	(17)	11.8
Total		38	53	(28.3)

Revenue decreased by \$24m (11.7%) to \$182m and operating profit before exceptional items decreased by \$15m (28.3%) to \$38m during the six months ended 30 June 2014, primarily driven by the change in ownership of the InterContinental London Park Lane in 2013 and the refurbishment of the InterContinental Paris-Le Grand in 2014. RevPAR increased by 4.9%, with growth of 8.7% in the UK and 3.1% in Germany.

Franchised revenue and operating profit decreased by \$4m (7.5%) to \$49m and by \$5m (12.2%) to \$36m respectively. On a constant currency basis and excluding the benefit of a \$9m liquidated damages receipt in 2013, revenue and operating profit increased by \$2m (4.5%) and \$2m (6.3%) respectively, with RevPAR up 5.0%.

Managed revenue increased by \$9m (12.5%) to \$81m and operating profit increased by \$3m (25.0%) to \$15m. Revenue included \$46m (2013 \$42m) and operating profit included \$nil impact (2013 \$1m loss) from properties that are structured for legal reasons as operating leases but with the same characteristics as management contracts. At constant currency and excluding these properties, revenue and operating profit increased by \$4m (13.3%) and \$1m (7.7%) respectively, with RevPAR increasing by 5.9% compared to the same period in 2013 and year-on-year System size growth of 1.9%.

Owned and leased revenue and operating profit decreased by \$29m (35.8%) to \$52m and by \$15m (88.2%) to \$2m. On a constant currency basis and after adjusting for the disposal of the InterContinental London Park Lane in 2013,

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revenue decreased by \$9m (15.3%), with RevPAR decreasing by 11.8% at the InterContinental Paris Le-Grand, the one remaining hotel in the owned and leased estate. Operating profit decreased by \$7m (77.8%) on the same basis, primarily due to the refurbishment of the InterContinental Paris-Le Grand with an additional small negative impact on this hotel from the absence of the biannual Paris air show in 2014.

Europe hotel and room count	Hotels		Rooms	
	2014 30 June	Change over 2013 31 December	2014 30 June	Change over 2013 31 December
Analysed by brand				
InterContinental	30	(1)	9,390	(135)
Crowne Plaza	82	(1)	19,214	(308)
Hotel Indigo	16	3	1,511	268
Holiday Inn*	280	(2)	45,069	(552)
Holiday Inn Express	221	6	26,465	1,094
Staybridge Suites	5	-	784	-
<b>Total</b>	<b>634</b>	<b>5</b>	<b>102,433</b>	<b>367</b>
Analysed by ownership type				
Franchised	534	6	80,107	590
Managed	99	(1)	21,856	(223)
Owned and leased	1	-	470	-
<b>Total</b>	<b>634</b>	<b>5</b>	<b>102,433</b>	<b>367</b>

\* Includes 2 Holiday Inn Resort properties (212 rooms) (2013 2 Holiday Inn Resort properties (212 rooms)).

During the first half of 2014, Europe System size increased by five hotels (367 rooms) to 634 hotels (102,433 rooms). Openings of 18 hotels (2,765 rooms), were mainly within the Holiday Inn brand family, which opened 13 hotels (2,059 rooms). Other key openings included the 217-room Holiday Inn Berlin as well as Hotel Indigo hotels in Rome, Madrid and St Petersburg. 13 hotels (2,398 rooms) left the System in the period.

Europe pipeline	Hotels		Rooms	
	2014 30 June	Change over 2013 31 December	2014 30 June	Change over 2013 31 December
Analysed by brand				