INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
August 07, 2012

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 07 August 2012

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

---

InterContinental Hotels Group PLC
Half Year Results to 30 June 2012
Preferred brands continue to drive outperformance

Financial summaryº	2012	2011	% Change YoY Actual	CER1	CER & ex. LDs2
Revenue	$878m	$850m	3%	5%	6%
Operating profit	$286m	$269m	6%	7%	11%
Total adjusted EPS	64.1¢	59.2¢	8%		
Total basic EPS3	94.8¢	54.0¢	76%		
Interim dividend per share	21.0¢	16.0¢	31%4		
Net debt	$564m	$818m			

Richard Solomons, Chief Executive of InterContinental Hotels Group PLC, said:
"We have delivered good results in the first half with RevPAR growth from all regions through gains in both occupancy and rate. Our brands continue to perform well and we have achieved solid underlying margin growth, resulting in increased profits and strong cash flows.
We are increasing the interim dividend by 31% reflecting these results, our previously stated intention to rebalance the interim and final dividend payments and our confidence in the future prospects of the business.
Consistent with our asset light strategy and our strong track record of returning funds to shareholders, we today announce a $1bn return of capital. This recognises the expected proceeds from the ongoing disposal of InterContinental New York Barclay and our commitment to maintaining an investment grade credit rating.
We continue to invest for growth, strengthening both our existing and our new brands, including EVEN Hotels and HUALUXE Hotels & Resorts. While the global economic environment remains uncertain, IHG continues to trade well and we are confident that our strategy will deliver high quality growth into the future."

Driving Market Share

- Total gross revenue5 from hotels in IHG's system of $10.3bn, up 7.3%
- First half global RevPAR growth of 6.5% (rate up 3.5%) with second quarter up 6.1% (rate up 3.8%)
  - Americas first half RevPAR up 7.1% (US 7.2%); Europe 1.9%; AMEA 7.9%; Greater China 9.7%.
- Total system size of 666,873 rooms (4,542 hotels), up 2% year on year
  - 17,449 rooms (112 hotels) added to the system with 8,924 rooms (50 hotels) removed.
  - Pipeline of 167,485 rooms (1,060 hotels, 13% leading active global share). Over 40% under construction.
  - Signings of 22,104 rooms (152 hotels), ahead of H1 2011 including 14,073 Holiday Inn brand family rooms.
- Building preferred brands
  - Holiday Inn continues to outperform, growing RevPAR premiums to the upper midscale segment in the US over the past 5 years by 6% pts for Holiday Inn and 5% pts for Holiday Inn Express.
  - For the second year running in 2012, Holiday Inn has been awarded the J.D Power and Associates Award for highest in guest satisfaction among midscale full-service

hotel chains.
- Crowne Plaza repositioning underway as planned, with expected completion by end of 2015.
- Hotel Indigo has demonstrated strong growth in H1, with 8 hotel openings and 10 signings.
- HUALUXE Hotels and Resorts first 4 pipeline signings in H1, with a further 4 in July, plus 19 letters of intent.

Growing Margins

- Fee based margin5 growth of 2.3%pts to 42.9% reflects continuing benefits of scale and some favourable phasing of costs between the first and second half.

Uses of Cash

- Return of funds to shareholders
  - $1bn will be returned to shareholders via a $500m special dividend with share consolidation6 to be paid in Q4 2012 and a $500m share buyback programme6 which will commence in Q4 2012.
  - Reflects our commitment to return significant value to shareholders, maintains an efficient balance sheet and investment grade credit rating, and takes into account expected proceeds from the disposal of InterContinental New York Barclay.
  - Takes total funds returned to shareholders since demerger to $8.9bn, including $1.2bn of ordinary dividends
- Sustainable growth in the ordinary dividend
  - 31% increase in the interim dividend to 21¢ reflects confidence in IHG's future prospects, plus continued intention to rebalance the interim dividend towards one third of the total for the year.
- Growth investment funded by recycling capital
  - Modest growth capital expenditure of $5m in H1 due to phasing.
  - Full year growth capital expenditure remains at $100m - $200m, plus c.$150m maintenance capex.
  - The disposal of InterContinental New York Barclay continues to progress.
  - InterContinental London Park Lane is likely to be the next major asset disposal, with a key milestone in the decision making process being the expected opening of InterContinental London Westminster by early 2013.

Current trading update

- Provisional July RevPAR growth7 3.8%: Americas 5.0%, Europe (0.2)%, AMEA 1.7% and Greater China 7.1%, reflecting in part tougher comparatives and including the timing of US holidays.

º All figures are before exceptional items unless otherwise noted. appendices for financial headlines

¹ CER = constant exchange rates

2 Excluding $10m of significant liquidated damages receipts in 2011

3 After exceptional items

4 Partly intended to rebalance interim and final dividend

5&7 See appendix 6 for definition

6 Subject to shareholder approval

Americas - Continued profit growth driven by franchise business

RevPAR increased 7.1%, with 4.4% rate growth and second quarter RevPAR increased 6.7% with 4.7% rate growth. US RevPAR was up 7.2% in the first half, with 6.9% growth in the second quarter. On a total basis including the benefit of new hotels, US RevPAR grew 8.0% in the half, in line with the industry. On the same basis, Holiday Inn and Holiday Inn Express grew 8.5% and 8.6% respectively, significantly outperforming the upper midscale segment up 7.7%.

Revenue decreased 4% to $400m and operating profit increased 4% to $233m. After adjusting for owned hotel disposals in 2011, the impact of a $10m liquidated damages receipt in 2011 and the results from managed lease

hotels*, revenue was up 5% and operating profit up 9%. This was driven by good RevPAR growth across the region, resulting in a 9% increase in franchise royalties, slightly offset by the impact of a refurbishment of one owned hotel in the Caribbean and a $3m decrease in fees associated with initial franchising, relicensing, and termination of hotels.
We signed 12,751 rooms (110 hotels) and opened 8,974 rooms (75 hotels) into the system in the half. The Holiday Inn brand family accounted for around three quarters of openings and signings in the region in the half, demonstrating the ongoing benefits from the relaunch. Openings included 9 hotels for our extended stay hotel brands, Candlewood Suites and Staybridge Suites and a second hotel for the InterContinental brand in Mexico City. Signings included 5 Hotel Indigo hotels and 19 for our extended stay brands.

Europe -Solid performance in challenging markets

RevPAR increased 1.9%, with 1.0% rate growth. RevPAR was up 1.5% in the second quarter reflecting the continued uncertainty in macro economic conditions across Europe with rate up 0.9%. (Q2 RevPAR: UK 1.9%, Germany 7.1%, France 0.9%).
Revenue increased 11% (19% at CER) to $206m and operating profit increased 2% (8% at CER) to $52m, with an adverse impact on growth from the weakening Euro:Dollar exchange rate over the period. At CER and after adjusting for a leased hotel disposal and excluding results from managed lease hotels*, revenue increased 1% and operating profit increased 10%, driven in part by a decrease in regional overheads offset by higher costs in the owned and leased hotels.
We signed 2,964 rooms (17 hotels), including an InterContinental in St. Petersburg and 4 Hotel Indigo hotels. 3,225 rooms (22 hotels) were opened into the system, the most in a half year since 2008, including 4 Hotel Indigo hotels.

AMEA - Strong RevPAR growth

RevPAR increased 7.9%, with 2.2% rate growth and second quarter RevPAR increased 8.8% with 2.7% rate growth. Trading was strong across the region, with most markets showing good RevPAR growth, reflecting economic growth in Southeast Asia, continued recovery from the natural disasters last year, and stronger trading in some markets in the Middle East.
AMEA revenue increased 8% to $108m and operating profit increased 11% to $40m. After adjusting for the disposal in Q3 2011 of a hotel asset and partnership interest in Australia, which contributed $3m to profits in H1 2011, operating profit increased 21% at CER. This reflects strong RevPAR growth across the managed business.
We signed 1,395 rooms (6 hotels) in the half, including 2 InterContinental hotels (625 rooms). 1,868 rooms (7 hotels) were opened, mostly with the InterContinental and Crowne Plaza brands, including the 197 room InterContinental Danang Sun Peninsula Resort hotel in Vietnam, the first Crowne Plaza Resort for the region in Thailand and the first Holiday Inn Express hotel for Southeast Asia, in Bangkok.

Greater China - Double digit system and pipeline growth

RevPAR increased 9.7%, with 3.8% rate growth and second quarter RevPAR increased 7.9% with 4.1% rate growth. Continuing strength in RevPAR growth in North and East China of 14.3% and 11.2% respectively was slightly offset by weaker RevPAR growth in South and West China of 3.6%.
Revenue increased 14% (13% CER) to $108m and operating profit increased 20% (23% CER) to $36m. This was driven by 7.6% RevPAR growth at the InterContinental Hong Kong; $3m growth in managed profits reflecting strong RevPAR growth and 13% room growth, partly offset by incremental investment within managed operations. Regional costs increased by $3m reflecting additional resources in the region to support continued growth.
We opened 3,382 rooms (8 hotels) in the first half, taking our open rooms in the region to 58,184, and strengthening our market leading position. Openings included 2 Crowne Plaza hotels and 5 Holiday Inn brand family hotels, including the largest Holiday Inn in the world in Macau with 1,224 rooms.

Signings of 4,994 rooms (19 hotels) took our pipeline to 49,801 rooms (156 hotels) giving us a continued leading 18% share of the active hotel pipeline in China. 30% of our total group pipeline is in Greater China, of which over 70% is under construction. Signings comprised 4 Crowne Plaza hotels, 10 Holiday Inn brand family hotels, 4 HUALUXE Hotels and Resorts hotels and one Hotel Indigo hotel, demonstrating the strength of our brands in Greater China.
*See appendix 6 for definition

Interest, tax, cash flow and exceptionals
The interest charge for the period was $25m (H1 2011: $32m) due to lower levels of net debt.
Based on the position at the end of the half, the tax charge has been calculated using an estimated annual tax rate of 29% (H1 2011: 28%). The 2012 full year tax rate is expected to be in the high 20s, moving towards the low 30s in 2013. An exceptional tax credit of $79m relates to prior year matters settled in Q1 2012, together with associated deferred tax amounts.
A $23m exceptional credit relates to the reversal of a previously recorded impairment charge on a North American hotel.
Net debt was $564m at the end of the quarter (including the $210m finance lease on the InterContinental Boston). This is down from $818m at 30 June 2011 but up $30m on the year end position due to seasonal working capital movements.
The provisional triennial actuarial valuation of the UK defined benefit plan as at 31 March 2012 indicates a deficit of £132m; the future funding related to this is under discussion with the Trustees.

Appendix 1: RevPAR Movement Summary

	July 2012	Half Year 2012			Q2 2012		
	RevPAR*	RevPAR	Rate	Occ.	RevPAR	Rate	Occ.
Group	3.8%	6.5%	3.5%	1.8pts	6.1%	3.8%	1.5pts
Americas	5.0%	7.1%	4.4%	1.6pts	6.7%	4.7%	1.3pts
Europe	(0.2)%	1.9%	1.0%	0.6pts	1.5%	0.9%	0.5pts
AMEA	1.7%	7.9%	2.2%	3.6pts	8.8%	2.7%	3.9pts
G. China	7.1%	9.7%	3.8%	3.2pts	7.9%	4.1%	2.3pts

*See appendix 6 for definition

Appendix 2: First Half System & Pipeline Summary (rooms)

	System					Pipeline	
	Openings	Removals	Net	Total	YoY%	Signings	Total
Group	17,449	(8,924)	8,525	666,873	1.6%	22,104	167,485
Americas	8,974	(4,289)	4,685	446,883	0.3%	12,751	76,721
Europe	3,225	(1,987)	1,238	101,123	2.4%	2,964	14,467
AMEA	1,868	(2,268)	(400)	60,683	(0.7)%	1,395	26,496
G. China	3,382	(380)	3,002	58,184	13.2%	4,994	49,801

Appendix 3: Quarter 2 financial headlines

3 months to 30 June 2012	Total		Americas		Europe		AMEA		G. China		Central	
Operating Profit $m	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Franchised	146	140	123	118	18	19	3	3	2	0	-	-
Managed	53	54	12	15	11	11	19	17	11	11	-	-
Owned & leased	34	31	9	7	15	17	1	1	9	6	-	-

Regional overheads	(29)	(28)	(11)	(12)	(7)	(8)	(5)	(5)	(6)	(3)	-	-
Profit pre central overheads	204	197	133	128	37	39	18	16	16	14	-	-
Central overheads	(36)	(40)	-	-	-	-	-	-	-	-	(36)	(40)
Group Operating profit	168	157	133	128	37	39	18	16	16	14	(36)	(40)

Appendix 4: First Half financial headlines

6 months to 30 June 2012	Total		Americas		Europe		AMEA		G. China		Central	
Operating Profit $m	2012	2011	2012	2011	2012	2011	2012	2011				