INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
February 18, 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 18 February 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 Final Results

Exhibit No: 99.1

InterContinental Hotels Group PLC
Preliminary Results for the year to 31 December 2013

Strong progress in our 10th anniversary year driven by focus on high quality growth

Financial summary1	2013	20122	% Change YoY Actual	CER4	Underlying5
Revenue	$1,903m	$1,835m	4%	4%	4%
Fee revenue	$1,176m	$1,135m	4%	4%	-
Operating profit	$668m	$605m	10%	10%	8%
Adjusted basic EPS	158.3¢	139.0¢	14%	-	-
Basic EPS3	140.9¢	187.1¢	(25)%	-	-
Total dividend per share	70.0¢	64.0¢	9%	-	-
Net debt	$1,153m	$1,074m	-	-	-

Richard Solomons, Chief Executive of InterContinental Hotels Group PLC, said:
"2013 marked IHG's tenth anniversary as a standalone company, and was another year of strong performance. We delivered good underlying growth in revenues and profits, further reduced the capital intensity of the business and continued to generate high returns.
Over the last 12 months we entered into agreements to dispose of three owned InterContinental hotels, with total gross proceeds of almost $830m. This includes InterContinental Mark Hopkins, San Francisco which we have announced today. At the same time we are continuing to invest behind our award-winning brands and technology platforms to meet changing consumer behaviours and sustain our industry-leading position.
We opened 237 hotels and signed a further 444 hotels into our pipeline, the highest number for five years, thereby reinforcing our already strong brand distribution platform and with it the promise of further high quality growth.

Our decision to increase our ordinary dividend by 9% reflects our confidence in our proven strategy to deliver high quality growth. Our preferred portfolio of brands, brought to life by talented people and best in class delivery systems, will enable us to continue to drive out-performance in an industry which has compelling long term prospects. Looking into 2014, although economic conditions in some markets remain uncertain, forward bookings data is encouraging and we are confident that we will deliver another year of growth."
Delivering high quality, sustainable growth

- $21.6bn of total gross revenue from hotels in IHG's system, up 2% (3% CER)
- Global comparable RevPAR growth of 3.8%, with rate up 1.8% and occupancy up 1.3%pts
  - Americas 4.3% (US 4.2%); Europe 1.7%; AMEA 6.1%; Greater China 1.0%.
  - Q4 global comparable RevPAR growth of 4.4%: Americas 4.0%; Europe 4.9%; AMEA 6.4%; Greater China 2.4%.
- System size of 687k rooms (4,697 hotels)
  - Net growth of 1.6%, 2.3% excluding 17 hotel removals for which significant liquidated damages totalling $46m were received.
  - 35k rooms (237 hotels) opened6, 25k rooms removed (142 hotels). 20k room openings and 18k room removals for the Holiday Inn brand family reflects our continued commitment to improving the quality of our largest brand.
  - 65k rooms (444 hotels) signed6, up 22% year on year.
  - Pipeline of 180k rooms (1,120 hotels) with over 45% under construction.
  - 5% global industry supply, 12% active industry pipeline; well positioned to deliver sustainable high quality growth.
- Building preferred brands
  - Clear focus on the needs of target guests has driven increased guest satisfaction across each brand globally.
  - Good momentum for our new brands with 21 HUALUXE Hotels & Resorts and 5 EVEN Hotels in the pipeline.
  - IHG Rewards Club relaunch, including free internet for all members (an industry first), has driven a 10%pt increase in awareness of IHG as a brand family.
- Growing margins
  - Group fee margin of 43.2%, up 1.3%pts2, with scale benefits and cost efficiencies more than offsetting increased investment for future growth. Continued focus on sustainable fee margin progression over the medium term.

Capital Expenditure

- Growth capital expenditure of $129m includes our first three owned EVEN Hotels, and was more than funded by $444m net cash proceeds from disposals. Maintenance capital expenditure of $140m.
- In 2014 we expect to remain at the top end of our previously guided $250m-350m capital expenditure range due to increased investment in brands and technology platforms. IHG's 20% share of InterContinental New York Barclay's c.$175m refurbishment cost will be in addition to this.

Progress on asset disposals

- InterContinental London Park Lane disposal completed on 1 May with up to 60 year management contract.
- Disposal of 80% interest in InterContinental New York Barclay agreed with a c.$175m refurbishment, repositioning and extension of the hotel and up to 50 year management contract. Deal completion expected in Q1'14.
- InterContinental Mark Hopkins, San Francisco disposal announced today for gross cash proceeds of $120m.

1 All figures are before exceptional items unless otherwise noted. 2 2012 restated for adoption of IAS 19R. 3 After exceptional items.
4 CER =constant exchange rates. 5 At CER & excluding owned asset disposals, results from managed lease hotels & significant liquidated damages
6 Openings & signings include 4k rooms on US Army bases in H1 2013

See appendix 3 for financial headlines and appendix 5 for definitions

Americas – Good performance driven by solid RevPAR growth
Comparable RevPAR increased 4.3%, with 2.6% rate growth; fourth quarter RevPAR increased 4.0%. US RevPAR was up 4.2%, with 3.0% growth in the fourth quarter, despite weaker trading conditions in October during the US government shut down.
Reported revenue increased 9% (10% at CER) to $916m and operating profit increased 13% (13% at CER) to $550m. On an underlying5 basis, revenue and operating profit were both up 7%. This was driven predominantly by the franchise business where royalties were up 5% and fees associated with the initial franchising, relicensing and termination of hotels increased $6m. This was partly offset by an $8m decrease in fees received due to the hotels that exited in Q1 for which $31m of liquidated damages were received. Owned profits increased 25%, driven by RevPAR growth of 10.0% and 9.0% respectively at our InterContinental hotels in Boston and San Francisco.
We opened 20k6 rooms (173 hotels), including 12k rooms for the Holiday Inn brand family. Removals of 18k rooms (112 hotels) resulted from our on-going focus on high quality growth and included 2.5k rooms (8 hotels) related to the significant liquidated damages receipt in Q1. We signed 34k6 rooms (305 hotels) up 33% year on year. Signings included four hotels for the new EVEN Hotels brand, with the first of these due to open H1 2014, and 21k rooms for the Holiday Inn brand family.
2014:
In the first half of 2014 we expect to receive one $4m significant liquidated damages payment in our Americas franchise business. In 2013 the owned operating profit from the InterContinental New York Barclay was $14m and was $6m from InterContinental Mark Hopkins, San Francisco. The refurbishment of InterContinental New York Barclay is expected to have a $5m negative impact on Americas managed operating profit in 2014.

Europe – Solid growth led by priority markets
Comparable RevPAR increased 1.7% led by a 1.5%pt increase in occupancy. In the first nine months RevPAR grew 0.7%, then accelerated sharply in the fourth quarter to 4.9%. RevPAR growth was resilient in our priority markets, despite tough comparatives, with an increase of 3.0% in the UK and 0.8% in Germany. In France RevPAR grew 2.6%, with 5.3% growth at our owned InterContinental hotel in Paris.
Reported revenue decreased 8% (10% at CER) to $400m and operating profit decreased 6% (8% at CER) to $105m. On an underlying5 basis, revenue increased 3% and operating profit increased 10%, driven by a 7% increase in franchise royalty fees and a $3m property tax recovery at InterContinental Paris Le Grand.
Openings of 4k rooms (21 hotels) included two iconic InterContinental hotels, one in Marseille, France and the other in Davos, Switzerland. We also opened three new properties for the Hotel Indigo brand, in prime locations in Tel Aviv, Barcelona and Dusseldorf. We signed 8k rooms (50 hotels) of which seven hotels were in London, including InterContinental London The O2, our third hotel for the InterContinental brand in the city. We also signed seven hotels under multiple development agreements in Germany and Russia, covering several of our brands.
2014:
Our flagship owned InterContinental Paris Le Grand will commence an $8m refurbishment programme to enhance the historic Salon Opera ballroom and c.15% of the guest rooms; this is expected to have a $5m negative profit impact in 2014.

AMEA – Strong trading in key markets with increasing developing markets contribution
Comparable RevPAR increased 6.1%, with 6.4% growth in the fourth quarter. Strong trading in South East Asia and Japan led the performance with RevPAR up 9.9% and 9.6% respectively. Trading was solid in Australasia, up 4.5% and the Middle East, up 2.9%, despite geopolitical unrest continuing to impact our business in Egypt and Lebanon. An increasing mix of new rooms opening in developing markets means that total RevPAR grew 2.8%.

Reported revenue increased 6% (12% CER) to $230m and operating profit decreased 2% (increased 1% at CER) to $86m, including one $6m significant liquidated damages receipt in the second half. On an underlying5 basis, revenue was down 3% and operating profit down 8%. This reflects good underlying growth in our continuing managed business offset by a $10m fee reduction; $6m from long standing contracts renewed onto standard market terms, as previously disclosed, and $4m from some older hotels that we have removed from the system.

We opened 4k rooms (20 hotels) including five hotels in India and two hotels in Indonesia as well as our first InterContinental hotels in Osaka, Japan and Lagos, Nigeria, both flagships for the brand in those countries. We signed 9k rooms (36 hotels) in the region, 75% of which were for the Holiday Inn brand family and included a 1.2k room Holiday Inn in Makkah. We also signed an iconic InterContinental hotel in Sydney which is expected to open in the second half of 2014 following a comprehensive refurbishment.

2014:

Given the favourable long-term outlook in several of our markets in AMEA, there are a number of significant refurbishment programmes scheduled to take place in 2014 which we expect to have a $4m negative impact on IHG's fee income in the year.

5 At CER and excluding: owned asset disposals, results from managed lease hotels and significant liquidated damages

6 Openings and signings both include 4k rooms on US Army bases in H1 2013.

Greater China – scale and premium position drove resilient performance despite challenging conditions

Comparable RevPAR increased 1.0% with 2.4% growth in the fourth quarter. IHG's scale and strength in the region drove significant outperformance compared to the industry throughout 2013. This reflects the resilience of our business despite the ongoing industry-wide challenges, including the impact of the China-Japan territorial island dispute, natural disasters in some regions and the slower macroeconomic conditions. An increasing mix of new rooms openings in developing markets means that total RevPAR was down 1.3% in 2013.

Reported revenue increased 3% (3% CER) to $236m and operating profit was up 1% (2% CER) to $82m. Managed profit was flat at $51m, reflecting 12% net room growth offset by the challenging trading conditions and our increased investment to drive future growth. Operating profit at our owned InterContinental hotel in Hong Kong increased by 4% with strong profit conversion and an 11% increase in food & beverage profits, despite flat RevPAR growth principally due to reduced Japanese business.

We opened 8k rooms in the year in Greater China, taking our system size in the region up 11% to 69k rooms (208 hotels), our 8th consecutive year of double digit room growth. Almost 90% of our signings in the year were outside primary cities, reflecting the alignment of our development strategy to future industry growth drivers. Openings included six hotels each for our InterContinental and Crowne Plaza brands, and two for Hotel Indigo, including the first for the brand in Hong Kong. Almost half of our 15k room signings were for the Holiday Inn brand family. 2k rooms signed for HUALUXE Hotels & Resorts in the year taking the pipeline for this brand to 21 hotels (7k rooms).

Sources and uses of cash – strong free cash flow generation

- Cash generation: Free cash flow of $502m up 11% year on year (2012: $454m). $444m net cash inflow from asset disposals.
- Ordinary dividend: up 9% to 70 cents, 11% compound annual growth since 2003.
- Good progress with return of funds to shareholders: $355m special dividend without share consolidation paid in October 2013. The $500m share buyback programme is 78% complete with 13.9m shares repurchased to date for $390m, with 9.8m shares repurchased during 2013 for $283m.

Interest, debt, tax, pension and exceptional items

- Interest: 2013 charge of $73m (2012: $54m) reflects the increase in average net debt year on year, and the issuance of a £400m bond in November 2012.
- Net debt: $1,153m at the end of the period (including the $215m finance lease on the InterContinental Boston). This is up $79m on the 2012 position of $1,074m as a result of the return of funds to shareholders in the year partly offset by the cash inflow from the disposal of the InterContinental London Park Lane.
- Tax: Effective rate for 2013 is 29% (2012: 27%). 2014 tax rate expected to be in low 30s, as previously guided.
- Pension: In August 2013 the trustees of IHG's UK pension plan completed a buy-in of the Group's UK funded defined benefit obligations with the insurer Rothesay Life as an initial step towards the full buy-out of the liabilities. As part of IHG's wider strategy to de-risk the balance sheet, this move removes the need for any further cash contributions by IHG in respect of these obligations.
- Exceptional operating items: Net exceptional credit before tax of $5m (2012: $4m net charge). This includes an exceptional accounting charge of $147m related to the UK pension plan buy-in and a net credit of $166m related to the gain on disposal of the InterContinental London Park Lane.
- Adoption of IAS 19 (Revised) Employee Benefits: adoption of this new accounting policy from 1 January 2013 has resulted in an additional $9m charge to operating profit for 2012, as reflected in the restated 2012 accounts.

Appendix 1: RevPAR Movement Summary

	Full Year 2013			Q4 2013		
	RevPAR	Rate	Occ.	RevPAR	Rate	Occ.
Group	3.8%	1.8%	1.3pts	4.4%	1.8%	1.6pts
Americas	4.3%	2.6%	1.1pts	4.0%	2.1%	1.1pts
Europe	1.7%	(0.4)%	1.5pts	4.9%	1.1%	2.5pts
AMEA	6.1%	3.0%	2.1pts	6.4%	3.9%	1.8pts
G. China	1.0%	(1.7)%	1.6pts	2.4%	(2.4)%	3.0pts

Appendix 2: Full Year System & Pipeline Summary (rooms)

	System					Pipeline	
	Openings	Removals	Net	Total	YoY%	Signings	Total
Group	35,467	(24,576)	10,891	686,873	1.6%	65,461	180,461
Americas	19,775	(17,968)	1,807	451,424	0.4%	33,884	76,018
Europe	3,528	(3,489)	39	102,066	0.0%	7,542	17,779
AMEA	4,495	(2,394)	2,101	64,838	3.3%	8,687	32,074
G. China	7,669	(725)	6,944	68,545	11.3%	15,348	54,590

Appendix 3: Full Year financial headlines

Operating Profit $m	Total		Americas		Europe		AMEA		G. China		Central	
	2013	20121	2013	2012	2013	20121	2013	2012	2013	2012	2013	2012
Franchised	595	547	499	466	79	65	12	12	5	4	-	-
Managed	247	221	74	48	30	32	92	90	51	51	-	-
Owned & leased	111	125	30	24	30	50	4	6	47	45	-	-
Regional overheads	(130)	(126)	(53)	(52)	(34)	(35)	(22)	(20)	(21)	(19)	-	-

Profit pre central overheads	823	767	550	486	105	112	86	88	82	81	-	-
Central overheads	(155)	(162)	-	-	-	-						