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Net financial expenses
Net financial expenses decreased to $96m from $139m. Adjusted interest[b], as reconciled on page 231, and which excludes exceptional finance expenses and foreign exchange gains and adds back interest relating to the System Fund, decreased by $20m to an expense of $122m. The decrease in adjusted interest[b] was primarily driven by favourable impacts of FX rates on the sterling bonds and an increase in interest received on deposits, offset by an increase in interest payable to the System Fund.

Financial expenses include $82m (2021: $91m) of total interest costs on public bonds, which are fixed rate debt. Interest expense on lease liabilities was $29m (2021: $29m).

Fair value gains on contingent purchase consideration
Contingent purchase consideration arose on the acquisition of Regent. The gain of $8m (2021: $6m of which $1m related to Regent and $5m to contingent consideration no longer payable) relates to a favourable movement in the bond rates used in the valuation. The total contingent purchase consideration liability at 31 December 2022 is $65m (31 December 2021: $73m).

Taxation
The effective rate of tax on profit before exceptional items, foreign exchange gains and System Funda was 27% (2021: 31%); this was lower than 2021 largely due to the improved profit base. An overall $26m tax credit ($33m current tax credit and a $7m deferred tax charge) arose in respect of exceptional items (2021: $29m credit). Further information on tax within exceptional items can be found in note 6 to the Group Financial Statements. Net tax paid in 2022 totalled $211m (2021: $86m); the 2021 comparative included $15m of tax refunds, of which there were none in 2022. The Group continued to recognise significant deferred tax assets of $109m (2021: $127m) in the UK in respect of revenue losses and other temporary differences. Further information on tax can be found in note 8 to the Group Financial Statements.

IHG pursues an approach to tax that is consistent with its business strategy and its overall business conduct principles. The approach seeks to ensure full compliance with all tax filing, payment and reporting obligations on the basis of communicative and transparent relationships with tax authorities. The IHG Audit Committee reviews IHG's approach to tax annually, including consideration of the Group's current tax profile. Further information on tax can be found in note 8 to the Group Financial Statements.

IHG's Approach to Tax policy is available at **www.ihgplc.com/responsible-business** under policies

Earnings per ordinary share
The Group's basic earnings per ordinary share is 207.2¢ (2021: 145.4¢). Adjusted earnings per ordinary share[a] increased by 135.3¢ to 282.3¢.

Dividends and returns
The Board is proposing a final dividend of 94.5¢ in respect of 2022, which is growth of 10% on 2021. An interim dividend of 43.9¢ was resumed and paid in October 2022. The total dividend for the year would therefore be 138.4¢, representing an increase of 61% as no interim dividend was paid in 2021. The ex-dividend date is Thursday 30 March 2023 and the Record Date is Friday 31 March. The corresponding dividend amount in Pence Sterling per ordinary share will be announced on 26 April 2023, calculated based on the average of the market exchange rates for the three working days commencing 21 April 2023. Subject to shareholder approval at the AGM on Friday 5 May 2023, the dividend will be paid on Tuesday 16 May 2023.

The dividend payments for 2022 will have returned close to $250m to IHG's shareholders. An additional $500m of surplus capital was returned to shareholders through a share buyback programme that concluded in January 2023. This repurchased 9,272,994 shares at an average price of £46.57 per share and reduced the total number of voting rights in the Company by 5.0%.

The Board has also announced a further share buyback programme to return an additional $750m to shareholders in 2023.

Share price and market capitalisation
The IHG share price closed at £47.44 on Friday 30 December 2022, down 0.8% from £47.81 on 31 December 2021. The market capitalisation of the Group at the year-end was £8.3bn.

For discussion of 2021 results, and the changes compared to 2020, refer to the 2021 Annual Report and Form 20-F.

www.ihgplc.com/investors under Annual Report

[a]Definitions for Non-GAAP revenue and operating profit measures can be found on pages 85 to 88. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 226 to 232.

Accounting principles
The Group results are prepared under International Financial Reporting Standards (IFRS). The application of IFRS requires management to make judgements, estimates and assumptions, and those considered critical to the preparation of the Group results are set out on page 158 of the Group Financial Statements.

The Group discloses certain financial information both including and excluding exceptional items. For comparability of the periods presented, some of the performance indicators in this performance review are calculated after eliminating these exceptional items. An analysis of exceptional items is included in note 6 on page 175 to 178 of the Group Financial Statements.

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Performance continued
Group continued

Adjusted EBITDA[b] reconciliation

	12 months ended 31 December				
	2022 $m	2021 $m re-presented[a]	2022 vs 2021 $m change	2020 $m re-presented[a]	2021 vs 2020 $m change
Cash flow from operations	**961**	848		308	
Cash flows relating to exceptional items	**43**	12		87	
Impairment loss on financial assets	**(5)**	–		(40)	
Other non-cash adjustments to operating profit/loss[c]	**(61)**	(71)		(60)	
System Fund result	**105**	11		102	
System Fund depreciation and amortisation	**(86)**	(94)		(62)	
Other non-cash adjustments to System Fund result	**(24)**	(6)		(97)	
Working capital and other adjustments	**(101)**	(110)		27	
Capital expenditure: contract acquisition costs (key money), net of repayments	**64**	42		64	
Adjusted EBITDA[b]	**896**	632	264	329	303

Group Cash Flow summary

	12 months ended 31 December				
	2022 $m	2021 $m	2022 vs 2021 $m change	2020 $m	2021 vs 2020 $m change
Adjusted EBITDA[b]	**896**	632	264	329	303
Working capital and other adjustments	**101**	110		(27)	
Impairment loss on financial assets	**5**	–		40	
Non-cash adjustments to operating profit/loss[c]	**61**	71		60	
System Fund result	**(105)**	(11)		(102)	
Non-cash adjustments to System Fund result	**110**	100		159	
Capital expenditure: contract acquisition costs (key money) net of repayments	**(64)**	(42)		(64)	
Capital expenditure: maintenance	**(44)**	(33)		(43)	
Cash flows relating to exceptional items	**(43)**	(12)		(87)	
Net interest paid	**(104)**	(126)		(130)	
Tax paid	**(211)**	(86)		(41)	
Principal element of lease payments	**(36)**	(32)		(65)	
Purchase of shares	**(1)**	–		–	
Adjusted free cash flow[b]	**565**	571	(6)	29	542
Capital expenditure: gross recyclable investments	**(15)**	(5)		(6)	
Capital expenditure: gross System Fund capital investments	**(35)**	(19)		(35)	
Deferred purchase consideration paid	**–**	(13)		–	
Disposals and repayments, including other financial assets	**16**	58		18	
Distributions from associates and joint ventures	**–**	–		5	
Other items	**–**	–		3	
Repurchase of shares, including transaction costs	**(482)**	–		–	
Dividends paid to shareholders	**(233)**	–		–	
Net cash flow before other net debt movements	**(184)**	592	(776)	14	578

Add back principal element of lease repayments	**36**	32		65	
Exchange and other non-cash adjustments	**178**	24		57	
Decrease in net debt[b]	**30**	648	(618)	136	512
Net debt[b] at the beginning of the year	**(1,881)**	(2,529)		(2,665)	
Net debt[b] at the end of the year	**(1,851)**	(1,881)	30	(2,529)	648

[a] The definition and reconciliation of adjusted EBITDA has been amended to reconcile to the nearest GAAP measure, cash flow from operations, reflecting that adjusted EBITDA is primarily used by the Group as a liquidity measure. The value of adjusted EBITDA is unchanged.

[b] Definitions for non-GAAP measures can be found in the 'Use of key performance measures and non-GAAP measures' section along with reconciliations of these measures to the most directly comparable line items within the Group Financial Statements which can be found on pages 226 to 232.

[c] 2020 excludes $48m related to trade deposits and loans which were recognised as exceptional items.

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Cash flow from operations

For the year ended 31 December 2022, cash flow from operations was $961m, an increase of $113m on the previous year, primarily reflecting the increase in operating profit. Cash flow from operations is the principal source of cash used to fund interest and tax payments, capital expenditure and ordinary dividend payments of the Group.

Adjusted free cash flow[a]

Adjusted free cash flow[a] was an inflow of $565m, consistent with the prior year of $571m. Adjusted EBITDA[a] increased by $264m due to improved trading in the year and was offset by an increase in tax paid of $125m and an increase in the System Fund reported loss of $94m. Working capital and other adjustments includes $108m of cash inflow related to deferred revenue, driven primarily by the loyalty programme. Exceptional cash costs of $43m includes the cost of ceasing operations in Russia and payments relating to commercial litigation and disputes.

Net and gross capital expenditure

Net capital expenditure[a] was $59m (2021: $50m inflow) and gross capital expenditure[a] was $161m (2021: $100m). Gross capital expenditure[a] comprised: $111m maintenance capex and key money, $15m gross recyclable investments, and $35m System Fund capital investments. Net capital expenditure[a] includes the offset from $13m proceeds from other financial assets, $3m net disposal proceeds, $3m key money repayments and $83m System Fund depreciation and amortisation[b].

Net debt[a]

At 31 December 2022, net debt[a] was $1,851m (31 December 2021: $1,881m), including favourable net foreign exchange of $230m driven by translation of the Group's sterling bond debt, offset by $52m of other non-cash adjustments. There were $715m of payments related to ordinary dividends and the share buyback.

Balance sheet

	2022 $m	2021 $m
Goodwill and other intangible assets	1,144	1,195
Other non-current assets	1,394	1,455
Cash and cash equivalents	976	1,450
Other current assets	702	616
Total assets	**4,216**	4,716
Loans and other borrowings	(2,396)	(2,845)
Other current liabilities	(1,489)	(1,332)
Other non-current liabilities	(1,939)	(2,013)
Total liabilities	**(5,824)**	(6,190)
Net liabilities	**(1,608)**	(1,474)

Net liabilities

The Group had net liabilities of $1,608m at 31 December 2022 ($1,474m at 31 December 2021). In accordance with accounting standards, the Group's internally developed brands are not recorded on the Group's balance sheet, and its asset light business model means that most properties from which income is derived are not owned. This does not have an impact on the ability of the Group to raise external funding or the dividend capacity of the Group.

Goodwill and other intangible assets

Goodwill and other intangible assets total $1,144m. This was a decrease of $51m compared to the prior year. Goodwill and brands have a total net book value of $774m as at 31 December 2022 ($780m as at 31 December 2021). Brands relate to the acquisitions of Kimpton, Regent and Six Senses. They are each considered to have an indefinite life given their strong brand awareness and reputation, and management's commitment to continued investment in their growth. Goodwill and brands are allocated to cash generating units (CGUs), and they are tested annually for impairment, with no impairment recognised in 2022 given the recoverable amounts of the CGUs exceeded their carrying value. The movement in the year is due to exchange rates.

Remaining intangible assets relate to software ($339m), management agreements ($21m) and other intangible assets ($10m).

Working capital

Trade receivables increased by $94m, from $399m at 31 December 2021 to $493m, primarily due to improved trading in the last quarter of 2022 compared to the last quarter of 2021. Current trade and other payables increased by $118m, primarily driven by an increase of trade payables of $43m due to higher marketing and other spend compared to 2021 and $29m related to the share repurchase programme. Deferred revenue increased by $111m, driven by an increase in the future redeemable points balance related to the loyalty programme.

Cash and borrowings

Net debt[a] of $1,851m (2021: $1,881m) is analysed by currency as follows:

	2022 $m	2021 $m
Borrowings		
Sterling*	2,378	2,860
US dollar	416	431
Euros	4	5
Other	29	35
Cash and cash equivalents		
Sterling	(380)	(532)
US dollar	(494)	(756)
Euros	(15)	(18)
Canadian dollar	(7)	(7)
Chinese renminbi	(37)	(105)
Other	(43)	(32)
Net debt[a]	**1,851**	1,881
Average net debt level	**1,763**	2,334

* Including the impact of currency swaps.

Cash and cash equivalents includes $24m (2021: $77m) that is not available for use by the Group due to local exchange controls, $11m (2021: $9m) which is restricted for use on capital expenditure under hotel lease agreements and $12m (2021: $nil) subject to contractual and regulatory restrictions (reclassed to cash and cash equivalents in 2022) which were previously presented within other financial assets.

Information on the maturity profile and interest structure of borrowings is included in notes 21 to 23 to the Group Financial Statements.

Borrowings included bank overdrafts of $55m (2021: $59m), which were matched by an equivalent amount of cash and cash equivalents under the Group's cash pooling arrangements. Under these arrangements, each pool contains a number of bank accounts with the same financial institution, and the Group pays interest on net overdraft balances within each pool. The cash pools are used for day-to-day cash management purposes and are managed daily as closely as possible to a zero balance on a net basis for each pool. Overseas subsidiaries are typically in a cash-positive position, with the most significant balances in the US, and the matching overdrafts are held by the Group's central treasury company in the UK.

Information on the Group's approach to allocation of capital resources can be found on pages 12 and 13.

[a] Definitions for Non-GAAP measures can be found on pages 85 to 88. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 226 to 232.

[b] Excluding $3m depreciation of right-of-use assets.

Performance continued
Group continued

Sources of liquidity
As at 31 December 2022, the Group had total liquidity of $2,224m (31 December 2021: $2,655m), comprising $1,350m of undrawn bank facilities and $874m of cash and cash equivalents (net of overdrafts and restricted cash). The reduction in total liquidity from December 2021 is primarily due to the overall net cash outflow before other net debt movements[a] of $184m and the repayment of $209m of bond debt.

The Group currently has $2,341m of sterling and euro bonds outstanding. The bonds mature in October 2024 (€500m), August 2025 (£300m), August 2026 (£350m), May 2027 (€500m) and October 2028 (£400m). There are currency swaps in place on both the euro bonds, fixing the October 2024 bond at £454m and the May 2027 bond at £436m. The Group currently has a senior unsecured long-term credit rating of BBB from Standard and Poor's.

In April 2022, IHG entered into a new $1.35bn syndicated bank revolving credit facility (RCF). The previous $1.275bn syndicated facility and $75m bilateral facility have been cancelled. The new five-year RCF matures in April 2027. Two one-year extension options are at the lenders' discretion. There are two financial covenants: interest cover and leverage ratio. Covenants are tested at half year and full year on a trailing 12-month basis. The interest cover covenant requires a ratio of Covenant EBITDA to Covenant interest payable above 3.5:1 and the leverage ratio requires Covenant net debt to Covenant EBITDA below 4.0:1. These covenants now include the impact of IFRS 16, Leases, which was previously excluded due to 'frozen GAAP' treatment in the previous agreement. The new facility uses alternative reference rates instead of LIBOR. See note 23 to the Group Financial Statements for further information.

At 31 December 2022, the leverage ratio was 2.12x and the interest cover ratio was 8.22x. See note 23 to the Group Financial Statements for further information. The facility was undrawn at 31 December 2022.

The Group is in compliance with all of the applicable financial covenants in its loan documents, none of which are expected to present a material restriction on funding in the near future.

In the Group's opinion, the available facilities are sufficient for the Group's present liquidity requirements.

Off-balance sheet arrangements
At 31 December 2022, the Group had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contingent liabilities
Contingent liabilities include guarantees over loans made to facilitate third-party ownership of hotels of up to $50m and outstanding letters of credit of $55m. The Group may also be exposed to additional liabilities resulting from litigation and security incidents. See note 30 to the Group Financial Statements for further details.

Future cash requirements from contractual obligations
The Group's future cash flows arising from contractual commitments relating to long-term debt obligations (including interest payable), derivatives, lease liabilities and other financial liabilities are analysed in note 23 to the Group Financial Statements. Other cash requirements relate to future pension scheme contributions (see note 26 to the Group Financial Statements) and capital commitments (see note 29 to the Group Financial Statements).

The Group also has future commitments for key money payments which are contingent upon future events and may reverse.

Disaggregation of total gross revenue[b] in IHG's System
Total gross revenue provides a measure of the overall strength of the Group's brands. It comprises total rooms revenue from franchised hotels and total hotel revenue from managed, owned, leased and managed lease hotels and excludes revenue from the System Fund and reimbursement of costs. Other than owned, leased and managed lease hotels, total gross revenue is not revenue attributable to IHG as it is derived from hotels owned by third parties. The definition of this key performance measure can be found on page 85.

12 months ended 31 December	2022 $bn	2021 $bn	% change[c]
Analysed by brand			
InterContinental	**4.0**	2.7	50.8
Kimpton	**1.2**	0.7	62.6
Hotel Indigo	**0.7**	0.4	56.3
HUALUXE	**0.1**	0.1	2.3
Crowne Plaza	**3.0**	2.3	28.3
EVEN Hotels	**0.1**	0.1	65.2
Holiday Inn	**5.2**	4.0	29.5
Holiday Inn Express	**8.3**	6.5	26.0
Staybridge Suites	**1.2**	1.0	22.0
Candlewood Suites	**0.8**	0.7	12.9
Other	**1.2**	0.9	57.9
Total	**25.8**	19.4	33.1
Analysed by ownership type			
Fee business (revenue not attributable to IHG)	**25.4**	19.2	32.7
Owned, leased and managed lease (revenue recognised in Group income statement)	**0.4**	0.2	64.9
Total	**25.8**	19.4	33.1

Total gross revenue in IHG's system increased by 33.1% (36.8% increase at constant currency) to $25.8bn as a result of improved trading conditions in many markets throughout the year along with growth in the number of hotels in our system.

[a] As shown in the Cash Flow summary on page 70.

[b] Definitions for the key performance measures can be found in the Use of key performance measures and non-GAAP measures section, which can be found on pages 85 to 88. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 226 to 232.

[c] Year-on-year percentage movement calculated from source figures.

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Strategic Report

Group hotel and room count

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	19	(2)	1,366	(46)
Regent	9	2	3,028	838
InterContinental	207	3	69,806	404
Vignette Collection	3	2	579	433
Kimpton	76	1	13,308	25
Hotel Indigo	143	13	18,454	2,111
voco	45	14	10,424	2,979
HUALUXE	21	5	5,983	1,380
Crowne Plaza	403	(1)	110,419	(759)
EVEN Hotels	22	1	3,180	186
Holiday Inn[a]	1,226	8	224,381	(303)
Holiday Inn Express	3,091	75	326,902	9,573
avid hotels	59	11	5,353	1,073
Atwell Suites	2	2	186	186
Staybridge Suites	314	(1)	33,961	(345)
Candlewood Suites	368	7	32,753	728
Iberostar Beachfront Resorts[b]	33	33	12,402	12,402
Other[c]	123	–	39,142	435
Total	6,164	173	911,627	31,300
Analysed by ownership type				
Franchised	5,202	169	656,431	30,316
Managed	946	7	250,977	1,386
Owned, leased and managed lease	16	(3)	4,219	(402)
Total	6,164	173	911,627	31,300

Net system size increased by 3.6% year-on-year, or 4.3% when adjusting for the 0.7% impact of exiting Russia. 49,443 rooms (269 hotels) were opened in the year, 12% more than in 2021, including 12,402 rooms (33 hotels) under the Iberostar Beachfront Resorts brand.

In 2022, 96 hotels (18,143 rooms) left the IHG system, including 28 hotels (6,457 rooms) as part of ceasing operations in Russia. In 2021, 264 hotels (49,667 rooms) left the IHG system, including 151 Holiday Inn and Crowne Plaza hotels (34,345 rooms) as we concluded our review of these brands.

[a] Includes 28 Holiday Inn Club Vacations properties (8,822 rooms) (2021: 28 Holiday Inn Club Vacations properties (8,679 rooms)).

[b] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[c] Includes eight open hotels that will be re-branded to voco and two open hotels that will be re-branded to Vignette Collection.

Total number of hotels
6,164

Total number of rooms
911,627

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Performance continued
Group continued

Group pipeline

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	**38**	5	**2,631**	207
Regent	**10**	2	**2,310**	372
InterContinental	**90**	11	**22,581**	2,902
Vignette Collection	**7**	7	**600**	600
Kimpton	**41**	6	**8,443**	1,591
Hotel Indigo	**119**	5	**19,851**	1,399
voco	**39**	1	**10,229**	139
HUALUXE	**21**	(2)	**5,350**	(695)
Crowne Plaza	**111**	15	**28,950**	3,689
EVEN Hotels	**31**	2	**5,279**	372
Holiday Inn[a]	**230**	(14)	**44,242**	(3,836)
Holiday Inn Express	**617**	(28)	**76,735**	(6,291)
avid hotels	**145**	(19)	**12,385**	(2,110)
Atwell Suites	**30**	7	**3,001**	726
Staybridge Suites	**162**	6	**17,995**	1,152
Candlewood Suites	**124**	31	**10,268**	2,503
Iberostar Beachfront Resorts[b]	**15**	15	**6,065**	6,065
Other[c]	**29**	12	**4,553**	1,723
Total	**1,859**	62	**281,468**	10,508
Analysed by ownership type				
Franchised	**1,313**	23	**163,311**	5,479
Managed	**545**	39	**118,002**	5,029
Owned, leased and managed lease	**1**	–	**155**	–
Total	**1,859**	62	**281,468**	10,508

At the end of 2022, the global pipeline totalled 281,468 rooms (1,859 hotels), a 3.9% increase of 10,508 rooms (62 hotels), as signings outpaced openings and attrition.

The IHG pipeline represents hotels where a contract has been signed and the appropriate fees paid.

Group signings increased from 437 hotels in 2021 to 467 hotels in 2022, and rooms increased from 68,870 in 2021 to 80,338 rooms in 2022, growth of 16.7%. Signings in 2022 included 159 hotels (23,056 rooms) for the Holiday Inn Brand Family and 48 hotels (18,467 rooms) for Iberostar Beachfront Resorts. Conversions represented around a quarter of signings in 2022 (excluding Iberostar Beachfront Resorts).

[a] Includes one Holiday Inn Club Vacations property (152 Rooms) (2021: nil Holiday Inn Club Vacations properties (nil rooms)).

[b] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[c] Includes six voco pipeline hotels and five Vignette Collection pipeline hotels.

Total number of hotels in the pipeline

1,859

Total number of rooms in the pipeline

281,468

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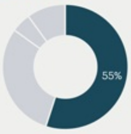
Americas

Elie Maalouf Chief Executive Officer, Americas

"The strength of our brands and enterprise platform was on full display as guests trusted us with their stays and owners with their investment. From strong performances of our Essentials and Suites brands, to the addition of exceptional Luxury & Lifestyle properties and brand debuts in key markets, we continue to accelerate our growth.

Americas revenue 2022
($1,005m)

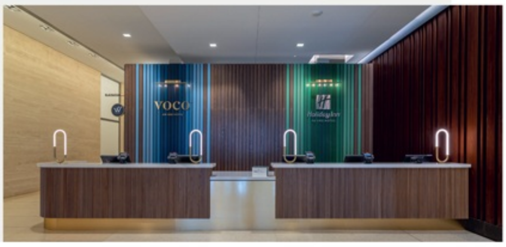


Americas number of rooms
(515,496)

Comparable RevPAR[a] movement on previous year
(12 months ended 31 December 2022)

Fee business	
InterContinental	85.7%
Kimpton	58.7%
Hotel Indigo	36.1%
Crowne Plaza	51.4%
EVEN Hotels	68.6%
Holiday Inn	32.3%
Holiday Inn Express	21.2%
avid hotels	30.2%
Staybridge Suites	18.7%
Candlewood Suites	11.6%
All brands	28.3%
Owned, leased and managed lease	
All brands	63.7%

voco and Holiday Inn Chicago Downtown



Industry performance in 2022

Industry RevPAR in the Americas increased by 35.5% compared to 2021 (increased by 7.7% against 2019), driven by continued recovery in Canada and Mexico and the relative strength of the luxury and upper upscale markets in the US. RevPAR in most markets across the Americas has recovered to 2019 levels, driven by improving average daily rates (up 19.3% over 2021), which exceeded pre-pandemic levels by more than 13%. Occupancy levels continued to recover in 2022 (increasing 7.3%pts from 2021) but remained behind pre-pandemic levels. Overall demand for hotel rooms increased by 14.3% and supply increased by 0.7%.

The US lodging industry reported the highest-ever RevPAR and average daily rate in 2022, with RevPAR increasing by 31.4% (increased by 7.7% against 2019) and average daily rate increasing by 19.1% compared to 2021. Room demand increased by 11.0% in 2022 while supply grew 0.6%, suppressed due to supply-side construction delays. RevPAR in the US upper midscale chain scale, where the Holiday Inn and Holiday Inn Express brands operate, increased by 22.3%.

Industry RevPAR increased by 87.7% in Canada and 61.3% in Mexico, driven by both occupancy and average daily rate increases.

IHG's regional performance in 2022

IHG's comparable RevPAR[a] in the Americas increased by 28.5% compared to 2021 (increased by 3.3% against 2019), driven by a 7.0%pts increase in occupancy coupled with a 15% increase in average daily rate. The region is predominantly represented by the US, where comparable RevPAR[a] increased by 24.5% compared to 2021 (increased by 3.5% against 2019), and where we are most represented by our upper midscale brands Holiday Inn and Holiday Inn Express. US RevPAR[a] for the Holiday Inn brand increased by 25.4% while the Holiday Inn Express brand increased by 18.6%.

RevPAR[a] in Canada increased by 86.6%, while Mexico increased by 46.9%.

[a] Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

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Performance continued
Americas continued

Americas results

	12 months ended 31 December				
	2022 $m	2021 $m	2022 vs 2021 % change	2020 $m	2021 vs 2020 % change
Revenue from the reportable segment[a]					
Fee business	**879**	691	27.2	457	51.2
Owned, leased and managed lease	**126**	83	51.8	55	50.9
Total	**1,005**	774	29.8	512	51.2
Operating profit from the reportable segment[a]					
Fee business	**741**	568	30.5	323	75.9
Owned, leased and managed lease	**20**	(9)	NM[c]	(27)	(66.7)
	761	559	36.1	296	88.9
Operating exceptional items	**(46)**	(22)	109.1	(118)	(81.4)
Operating profit	**715**	537	33.1	178	201.7

Review of the year ended 31 December 2022

With 4,356 hotels (515,496 rooms), the Americas represents 57% of the Group's room count. The key profit-generating region is the US, and the Group is also represented in Latin America, Canada, Mexico and the Caribbean. 93% of rooms in the region are operated under the franchise business model, primarily under our brands in the upper midscale segment (including the Holiday Inn Brand Family). In the upscale market segment, Crowne Plaza is predominantly franchised whereas, in the luxury market segment, InterContinental branded hotels are operated under both franchise and management agreements, while Kimpton is predominantly managed. 15 of the Group's 18 hotel brands are represented in the Americas.

Trading in January was challenging given the initial impacts on travel volumes as a result of the Omicron variant of Covid-19; from April onwards RevPAR[b] was ahead of 2019 levels with sequential improvements in each quarter.

Strong US RevPAR[b] in the second half of the year was supported by leisure demand, led by the US franchised estate, which continued into the final quarter of the year. Business demand strengthened as the year went on with more corporate bookings, group activity and events returning.

In Q4, average daily rate was 12% higher than 2019 levels, with occupancy just 1.5%pts lower. Across our US franchised estate, which is weighted to domestic demand in upper midscale hotels, Q4 RevPAR[b] increased by 9% vs 2019. The US managed estate, weighted to upscale and luxury hotels in urban locations, increased by 1% vs 2019.

Americas comparable RevPAR[b] grew 58% in the first quarter, 37% in the second quarter, 17% in the third quarter, 17% in the fourth quarter and 28% in the full year, all compared to 2021. Compared to 2019, RevPAR[b] declined 8% in the first quarter, then grew 4% in the second quarter, 7% in the third quarter, 9% in the fourth quarter and 3% in the full year.

Revenue from the reportable segment[a] increased by $231m (30%) to $1,005m. Operating profit increased by $178m to $715m, driven by the increase in revenue, partially offset by an increase in exceptional items of $24m. Operating profit from the reportable segment[a] increased by $202m (36%) to $761m.

Revenue and operating profit from the reportable segment[a] are further analysed by fee business and owned, leased and managed lease hotels.

Fee business revenue[a] increased by $188m (27%) to $879m. Fee business operating profit[a] increased by $173m (31%) to $741m, driven by the improvement in trading. Together with the prior delivery of sustainable fee business cost savings, fee margin[a] increased to 84.3%, compared to 82.2% in 2021. There were $18m of incentive management fees earned (2021: $8m). There was also $2m of support received in the form of payroll tax credits which relate to the Group's corporate office presence in certain locations (down from $11m benefit in 2021) and a one-time payroll tax credit of $2m related to Covid-19.

Owned, leased and managed lease revenue increased by $43m to $126m, with comparable RevPAR[b] up 64% vs 2021 leading to an owned, leased and managed leased operating profit of $20m compared to a $9m loss in the prior year.

Excluding the results of three owned EVEN hotels which were disposed and retained under franchise contracts in November 2021, revenue increased by $54m and operating profit improved by $26m.

For discussion of 2021 results, and the changes compared to 2020, refer to the 2021 Annual Report and Form 20-F.

www.ihgplc.com/investors under Annual Report

[a]Definitions for Non-GAAP revenue and operating profit measures can be found on pages 85 to 88. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 226 to 232.

[b]Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

[c]Percentage change considered not meaningful, such as where a positive balance in the latest period is comparable to a negative or zero balance in the prior period.

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Americas hotel and room count

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	–	(1)	–	(20)
InterContinental	42	(1)	15,541	(110)
Kimpton	62	(2)	10,604	(404)
Hotel Indigo	73	7	9,747	1,002
voco	8	3	923	454
Crowne Plaza	110	(2)	28,334	404
EVEN Hotels	19	–	2,743	–
Holiday Inn[a]	724	8	122,189	1,339
Holiday Inn Express	2,472	36	225,084	3,357
avid hotels	59	11	5,353	1,073
Atwell Suites	2	2	186	186
Staybridge Suites	296	–	31,029	(68)
Candlewood Suites	368	7	32,753	728
Iberostar Beachfront Resorts[b]	23	23	9,027	9,027
Other[c]	98	(3)	21,983	(561)
Total	4,356	88	515,496	16,407
Analysed by ownership type				
Franchised	4,185	98	478,448	18,191
Managed	168	(10)	35,721	(1,784)
Owned, leased and managed lease	3	–	1,327	–
Total	4,356	88	515,496	16,407

[a] Includes 28 Holiday Inn Club Vacations properties (8,822 rooms) (2021: 28 Holiday Inn Club Vacations properties (8,679 rooms)).

[b] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[c] Includes four open hotels that will be re-branded to voco.

Total number of hotels

4,356

Total number of rooms

515,496

Gross system size growth was 4.1% year-on-year. We opened 20.6k rooms (125 hotels) during the year, including 62 hotels across the Holiday Inn Brand Family and 23 under the Iberostar Beachfront Resorts brand. There were 11 avid hotels opened, including the first in Canada, nine Candlewood Suites and eight Hotel Indigo properties. The first two Atwell Suites properties opened in Miami and Denver.

There were 4.2k rooms (37 hotels) removed in the year; the removal rate of 0.8% was lower than the historical average, with fewer removals in 2022 including the effect of the 2021 Holiday Inn and Crowne Plaza review.

Net system size grew 3.3% year-on-year. Excluding the Iberostar Beachfront Resorts properties, net growth would have been 1.5%.

Americas pipeline

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	6	–	323	(148)
InterContinental	10	1	2,403	151
Vignette Collection	2	2	175	175
Kimpton	24	5	4,583	1,152
Hotel Indigo	26	(3)	3,647	(423)
voco	4	(1)	747	(298)
Crowne Plaza	7	(1)	1,318	(325)
EVEN Hotels	10	–	1,171	5
Holiday Inn[a]	66	(8)	8,122	(1,346)
Holiday Inn Express	340	2	32,892	191
avid hotels	145	(19)	12,385	(2,1[illegible])
Atwell Suites	30	7	3,001	726
Staybridge Suites	142	5	14,923	853
Candlewood Suites	124	31	10,268	2,563
Iberostar Beachfront Resorts[b]	5	5	2,391	2,391
Other[c]	13	2	1,970	199
Total	954	28	100,319	3,716
Analysed by ownership type				
Franchised	916	27	94,258	3,526
Managed	38	1	6,061	190
Total	954	28	100,319	3,716

[a] Includes one Holiday Inn Club Vacations properties (152 rooms) (2021: nil Holiday Inn Club Vacations properties (nil rooms)).

[b] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[c] Includes one pipeline hotel that will be re-branded to voco.

Total number of hotels in the pipeline

954

Total number of rooms in the pipeline

100,319

There were 32.5k rooms (231 hotels) signed during the year, including 15.6k rooms (73 hotels) during Q4, of which 11.4k rooms (28 hotels) were Iberostar Beachfront Resorts signings. During the year, there were 73 hotel signings across the Holiday Inn Brand Family and 69 across Staybridge Suites and Candlewood Suites, along with 14 further avid hotels and 11 further Atwell Suites. Other notable signings included a strong year for Kimpton with six signings and the first two Vignette Collection properties in the region.

The pipeline stands at 100.3k rooms (954 hotels), which represents around 20% of the current system size in the region.

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Performance continued

EMEAA

Kenneth Macpherson Chief Executive Officer, EMEAA

"2022 was a year of significant progress. Although challenges remained, our focus continued to be supporting our colleagues, guests and owners, while strengthening our operating model in priority markets to drive long term sustainable growth. We enhanced our Luxury & Lifestyle expansion with the success of Vignette Collection, as we continued to scale our brands across all segments, and elevate the quality of our estate.

EMEAA revenue 2022
($552m)

EMEAA number of rooms
(229,664)

Comparable RevPAR[a] movement on previous year
(12 months ended 31 December 2022)

Fee business	
Six Senses	124.3%
Regent	67.5%
InterContinental	99.1%
Kimpton	249.5%
Hotel Indigo	122.8%
voco	52.0%
Crowne Plaza	86.5%
Holiday Inn	90.3%
Holiday Inn Express	90.3%
Staybridge Suites	44.2%
All brands	92.2%
Owned, leased and managed lease	
All brands	142.3%

Kimpton St Honoré, Paris

Industry performance in 2022

Industry RevPAR in EMEAA increased by 76.1% compared to 2021 (declined by 11.2% against 2019), driven by an occupancy increase of 20.5%pts and a 14.8% increase in average daily rate. In Europe, RevPAR increased by 86.6% compared to 2021 (declined by 4.6% against 2019), driven by both occupancy and average daily rate. In the UK, industry RevPAR increased by 71.5% compared to 2021 (increased by 2.2% against 2019). UK room demand increased by 53.6% with supply growth at 1.3%. In Germany, RevPAR increased by 97.7% compared to 2021 (declined by 22.4% against 2019). France saw RevPAR increase by 92.8%, driven by demand growth of 61.2%.

RevPAR increased by 42.1% in the Middle East, driven by both occupancy and average daily rates.

Elsewhere in EMEAA, RevPAR in Australia increased 58.4%, Japan increased by 48.9% and Thailand increased by 219.9%, driven by demand growth following the easing of travel restrictions.

IHG's regional performance in 2022

EMEAA comparable RevPAR[a] increased by 93.2% compared to 2021 (declined 7.5% against 2019), driven by a 21.2%pts increase in occupancy coupled with a 28.2% increase in average daily rate. In the UK, where IHG has the largest regional presence, RevPAR[a] increased by 67.7% compared to 2021 (increased by 1.4% against 2019), led by the Provinces, which benefitted from domestic leisure travel. Germany saw a RevPAR[a] increase of 170.3% and France increased by 123.1%.

RevPAR[a] in the Middle East increased by 52.3%, with the fourth quarter up 37.8% reflecting demand related to the FIFA World Cup. India RevPAR[a] increased by 95.7%.

Elsewhere in EMEAA, RevPAR[a] increased in Australia by 95.0%, and in Japan by 78.0% as international travel restrictions were lifted in the latter part of the year. Lifting of travel restrictions also saw leisure demand return to our resort destinations in Thailand and Vietnam.

[a] Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

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EMEAA results

	12 months ended 31 December				
	2022 $m	2021 $m	2022 vs 2021 % change	2020 $m	2021 vs 2020 % change
Revenue from the reportable segment[a]					
Fee business	**284**	149	90.6	107	39.3
Owned, leased and managed lease	**268**	154	74.0	114	35.1
Total	**552**	303	82.2	221	37.1
Operating profit/(loss) from the reportable segment[a]					
Fee business	**153**	32	378.1	(18)	NM[c]
Owned, leased and managed lease	**(1)**	(27)	(96.3)	(32)	(15.6)
	152	5	NM[c]	(50)	NM[c]
Operating exceptional items	**(49)**	(7)	600.0	(128)	(94.5)
Operating (loss)/profit	**103**	(2)	NM[c]	(178)	(98.9)

Review of the year ended 31 December 2022

Comprising 1,169 hotels (229,664 rooms) at the end of 2022, EMEAA represented 25% of the Group's room count. Revenues are primarily generated from hotels in the UK and gateway cities in continental Europe, the Middle East and Asia. The largest proportion of rooms in the UK and continental Europe are operated under the franchise business model, primarily under our upper midscale brands (Holiday Inn and Holiday Inn Express). In the upscale market segment, Crowne Plaza is evenly proportioned between the franchised and managed operating models, whereas in the luxury market segment, the majority of InterContinental branded hotels are operated under management agreements. The majority of hotels in markets outside Europe are operated under the managed business model.

The industry faced some renewed challenges to travel volumes at the start of the year from the Omicron variant of Covid-19.

However, from February and over subsequent months, easing of previous restrictions on international travel contributed to strong sequential improvements in RevPAR[b]. Leisure stays and transient business were the strongest categories, with corporate bookings and group activity picking up in their pace of recovery as the year went on.

By the end of the year, restrictions were no longer in place in almost all markets. Continental Europe continued to benefit from domestic leisure demand. The UK, which saw one of the earlier easings of restrictions, saw RevPAR[b] up 1% for the 2022 year as a whole vs 2019, improving to 12% in Q4. Elsewhere, international demand for the FIFA World Cup helped to drive 25% growth in the Middle East in Q4 vs 2019.

EMEAA comparable RevPAR[b] grew 122% in the first quarter, 147% in the second quarter, 76% in the third quarter, 65% in the fourth quarter and 93% in the full year, all compared to 2021. Compared to 2019, RevPAR[b] declined 33% in the first quarter, 10% in the second quarter, was in line in the third quarter, then grew 9% in the fourth quarter, declining 8% in the full year.

Revenue from the reportable segment[a] increased by $249m (82%) to $552m. Operating profit increased by $105m to a $103m profit, driven by the increase in revenue, partially offset by an increase in exceptional items of $42m. Operating profit from the reportable segment[a] increased by $147m to a $152m profit. Incentive management fees earned improved significantly to $69m (2021: $29m). Revenue and operating profit from the reportable segment[a] also included the benefit of a $7m individually significant liquidated damages settlement in the first half of the year.

Revenue and operating profit from the reportable segment[a] are further analysed by fee business and owned, leased and managed lease hotels.

Fee business revenue[a] increased by $135m (91%) to $284m. Fee business operating profit[a] increased to $153m from $32m in the prior year, driven by the significant improvement in trading. Together with the prior delivery of sustainable fee business cost savings, 2022 fee margin[a] recovered strongly to 52.7%, compared to 21.5% in 2021.

Owned, leased and managed lease revenue sharply increased by $114m to $268m, with comparable RevPAR[b] up 142% vs 2021 leading to an owned, leased and managed lease operating loss that decreased to just $1m compared to a $27m loss in 2021. The lifting of travel restrictions, predominantly in the UK, eased the trading challenges on this largely urban-centred portfolio.

Excluding the results of three UK portfolio hotels and one InterContinental hotel, which were exited in 2022, revenue increased by $120m and the operating loss improved by $19m.

For discussion of 2021 results, and the changes compared to 2020, refer to the 2021 Annual Report and Form 20-F.

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[a]Definitions for non-GAAP measures can be found in the Use of key performance measures and non-GAAP measures section along with reconciliations of these measures to the most directly comparable line items within the Group Financial Statements which can be found on pages 226 to 232.

[b]Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

[c]Percentage change considered not meaningful, such as where a positive balance in the latest period is comparable to a negative or zero balance in the prior period.

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Performance continued
EMEAA continued

EMEAA hotel and room count

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	18	(1)	1,236	(34)
Regent	4	1	1,113	342
InterContinental	111	3	32,861	300
Vignette Collection	3	2	579	433
Kimpton	12	2	2,397	251
Hotel Indigo	51	3	5,733	550
voco	29	8	7,926	2,044
Crowne Plaza	182	–	43,942	(886)
Holiday Inn	374	(6)	67,867	(2,957)
Holiday Inn Express	341	8	49,875	1,327
Staybridge Suites	18	(1)	2,932	(277)
Iberostar Beachfront Resorts[a]	10	10	3,375	3,375
Other[b]	16	3	9,828	996
Total	1,169	32	229,664	5,464
Analysed by ownership type				
Franchised	802	35	131,916	6,209
Managed	354	–	94,856	(343)
Owned, leased and managed lease	13	(3)	2,892	(402)
Total	1,169	32	229,664	5,464

[a] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[b] Includes three open hotels that will be re-branded to voco and two open hotels that will be re-branded to Vignette Collection.

EMEAA pipeline

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	28	5	2,075	355
Regent	6	–	1,368	27
InterContinental	51	8	11,796	2,276
Vignette Collection	5	5	425	425
Kimpton	8	(1)	1,534	(140)
Hotel Indigo	46	2	8,044	1,040
voco	32	1	8,827	74
Crowne Plaza	40	–	10,377	(84)
Holiday Inn	84	(14)	16,436	(4,578)
Holiday Inn Express	88	(11)	13,199	(2,394)
Staybridge Suites	20	1	3,072	279
Iberostar Beachfront Resorts[a]	10	10	3,674	3,674
Other[b]	16	10	2,583	1,524
Total	434	16	83,410	2,478
Analysed by ownership type				
Franchised	164	(11)	26,688	(357)
Managed	269	27	56,567	2,835
Owned, leased and managed lease	1	–	155	–
Total	434	16	83,410	2,478

[a] Iberostar Hotels & Resorts joined IHG's system as part of a long-term commercial agreement.

[b] Includes five voco pipeline hotels and five Vignette Collection pipeline hotels.

Total number of hotels
1,169

Total number of rooms
229,664

Gross system size growth was 7.2% year-on-year. We opened 16.2k rooms (79 hotels) during the year. There were 32 openings across the Holiday Inn Brand Family. Ten openings were added under the Iberostar Beachfront Resorts brand. There were eight voco properties in seven different countries opened during 2022, including Doha West Bay, Johannesburg and a flagship new-build at Melbourne Central.

There were 10.7k rooms (47 hotels) removed in the year, of which 6.5k (28 hotels) related to ceasing operations in Russia. Net system size grew 2.4% year-on-year; adjusting for the removal of hotels in Russia, net system size growth was 3.1% higher at 5.5%. Excluding the Iberostar Beachfront Resorts properties that were added to the system, net growth would have been 3.9%.

Total number of hotels in the pipeline
434

Total number of rooms in the pipeline
83,410

There were 25.8k rooms (128 hotels) signed during the year, including 15.2k rooms (66 hotels) during Q4, of which 7.0k rooms (20 hotels) were Iberostar Beachfront Resorts signings. During the year, there were 33 signings across the Holiday Inn Brand Family and a particularly strong year for the InterContinental brand with 14 signings and for Six Senses with six signings. A strong year for conversions, which represented around 40% of all signings (excluding Iberostar Beachfront Resorts), included 16 voco and eight Vignette properties. One of six multi-brand portfolio deals will bring the Hotel Indigo, Crowne Plaza and Holiday Inn Express brands to the UNESCO World Heritage Site at Hoi An, Vietnam.

The pipeline stands at 83.4k rooms (434 hotels), which represents 36% of the current system size in the region.

Greater China

Jolyon Bulley Chief Executive Officer, Greater China

"With further intermittent lockdowns and travel restrictions in 2022, we remained commercially agile and focused on the safety of our guests and colleagues and supporting our owners during this challenging year. We continue to strengthen our brand proposition for guests and invest to prepare for the post-pandemic recovery.

Greater China revenue 2022
($87m)

Greater China number of rooms
(166,467)

Comparable RevPAR* movement on previous year
(12 months ended 31 December 2022)

Fee business	
Regent	(4.6%)
InterContinental	(22.4%)
Hotel Indigo	(6.6%)
HUALUXE	(8.5%)
Crowne Plaza	(11.0%)
Holiday Inn	(8.7%)
Holiday Inn Express	(11.9%)
All brands	(13.5%)

HUALUXE Ningbo Harbor City, China

Industry performance in 2022

The industry performance across Greater China fluctuated in 2022, impacted by temporary localised lockdowns throughout the year. Industry RevPAR in Greater China declined by 17.7% compared to 2021 (decreased by 39.9% against 2019). Supply grew by 3.5% and demand decreased 7.0%.

RevPAR across all tiers declined compared to 2021. Tier 1 cities saw a 21.3% decline in RevPAR compared to 2021, as room demand decreased by 11.9%. In Tier 2 cities, RevPAR decreased 11.8% compared to 2021, driven by both occupancy and average daily rate, while RevPAR declined 13.6% in Tier 3 cities. In Tier 4 cities, RevPAR decreased by 15.6% compared to 2021, driven by demand declining by 8.4%. RevPAR in Hong Kong SAR increased by 41.9% driven by average daily rate, which increased 34.9%. Macau SAR RevPAR declined 32.6% against 2021, with demand declining 11.3% due to its reliance on Mainland China travel.

IHG's regional performance in 2022

IHG's regional comparable RevPAR* in Greater China declined by 13.5% compared to 2021 (declined by 38.1% against 2019), driven by a 5.5%pts decrease in occupancy and a 2.5% decrease in average daily rate as the region remained impacted by localised travel restrictions.

In Mainland China, RevPAR* decreased by 17.4%, with the greatest decline in Tier 1 cities, down by 23.6%, while Tier 2-4 cities declined by 14.8%.

RevPAR* in Hong Kong SAR increased by 64.9% while RevPAR* in Macau SAR decreased by 12.7%.

* Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

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Performance continued
Greater China continued

Greater China results

	2022 $m	2021 $m	2022 vs 2021 % change	2020 $m	2021 vs 2020 % change
	12 months ended 31 December				
Revenue from the reportable segment[a]					
Fee business	87	116	(25.0)	77	50.6
Total	87	116	(25.0)	77	50.6
Operating profit from the reportable segment[a]					
Fee business	23	58	(60.3)	35	65.7
Operating exceptional items	–	–	–	(5)	–
Operating profit	23	58	(60.3)	30	93.3

Review of the year ended 31 December 2022

Comprising 639 hotels (166,467 rooms) at 31 December 2022, Greater China represented approximately 18% of the Group's room count. The majority of rooms in Greater China operate under the managed business model, although the franchise segment continues to grow, representing approximately one-third.

Localised travel restrictions were re-implemented numerous times over the course of 2022 in response to increased Covid-19 cases, which saw the industry substantially impacted. At times during the year, around one-third of IHG's estate was repurposed for quarantine hotels or temporarily closed.

The monthly RevPAR[b] performance bottomed in the March to May period when it was down by more than 50% vs 2019 levels; by July and August there were marked improvements with RevPAR[b] vs 2019 down 15% and 18% respectively in those months; after more restrictions were re-introduced in September, Q4 saw RevPAR[b] revert back to 53% below 2019.

For the year as a whole, Tier 1 cities were the most severely impacted by the restrictions due to the exposure to international and corporate travel, declining 53% in 2022 vs 2019. Tier 2-4 cities, which are more weighted to domestic and leisure demand, performed better with a decline of 30%; these cities were still significantly impacted given the larger Tier 1 cities represent much of the source markets for travellers into these locations. All prior restrictions have now largely been removed, with a marked improvement for the industry expected in 2023.

Greater China comparable RevPAR[b] declined 7% in the first quarter, 40% in the second quarter, then grew 12% in the third quarter before declining 13% in the fourth quarter and 14% in the full year, all compared to 2021. Compared to 2019, RevPAR[b] declined 42% in the first quarter, 49% in the second quarter, 20% in the third quarter, 42% in the fourth quarter and 38% in the full year.

Revenue from the reportable segment[a] in 2022 decreased by $29m (25%) to $87m. Driven by the reduction in revenue, operating profit decreased by $35m (60%) to $23m. The impact on trading of the Covid-19 related restrictions at our managed hotels led to incentive management fees reducing to $16m from $25m in 2021. 2022 fee margin[a] reduced to 26.4%, compared to 47.3% in 2021.

For discussion of 2021 results, and the changes compared to 2020, refer to the 2021 Annual Report and Form 20-F.

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[a] Definitions for Non-GAAP revenue and operating profit measures can be found on pages 85 to 88. Reconciliations of these measures to the most directly comparable line items within the Group Financial Statements can be found on pages 226 to 232.

[b] Comparable RevPAR and occupancy include the impact of hotels temporarily closed as a result of Covid-19.

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Strategic Report

Greater China hotel and room count

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	1	–	130	8
Regent	5	1	1,915	496
InterContinental	54	1	21,404	214
Kimpton	2	1	307	178
Hotel Indigo	19	3	2,974	559
voco	8	3	1,575	481
HUALUXE	21	5	5,983	1,380
Crowne Plaza	111	1	38,143	(277)
EVEN Hotels	3	1	437	186
Holiday Inn	128	6	34,325	1,315
Holiday Inn Express	278	31	51,943	4,889
Other[a]	9	–	7,331	–
Total	639	53	166,467	9,429
Analysed by ownership type				
Franchised	215	36	46,067	5,916
Managed	424	17	120,400	3,513
Total	639	53	166,467	9,429

[a] Includes one open hotel that will be re-branded to voco.

Total number of hotels

639

Total number of rooms

166,467

Gross system size growth was 8.1% year-on-year, with the Covid-19 related restrictions in 2022 also impacting the ability for new hotels to open. There were 12.7k rooms (65 hotels) added to our system during the year, a reduction from 18.1k rooms (88 hotels) achieved in 2021. Openings in 2022 included 35 Holiday Inn Express and nine Holiday Inn properties. Other notable openings were five HUALUXE properties including Shanghai Changfeng Park and Qingdao Licang, three voco properties as the brand builds its presence and the reopening of the flagship Regent Hong Kong.

There were 3.2k rooms (12 hotels) removed in the year, representing a removal rate of 2.1%. Net system size growth was 6.0% year-on-year.

Greater China pipeline

At 31 December	Hotels 2022	Hotels Change over 2021	Rooms 2022	Rooms Change over 2021
Analysed by brand				
Six Senses	4	–	233	–
Regent	4	2	942	345
InterContinental	29	2	8,382	475
Kimpton	9	2	2,326	579
Hotel Indigo	47	6	8,160	782
voco	3	1	655	363
HUALUXE	21	(2)	5,350	(695)
Crowne Plaza	64	16	17,255	4,098
EVEN Hotels	21	2	4,108	367
Holiday Inn	80	8	19,684	2,088
Holiday Inn Express	189	(19)	30,644	(4,088)
Other	–	–	–	–
Total	471	18	97,739	4,314
Analysed by ownership type				
Franchised	233	7	42,365	2,310
Managed	238	11	55,374	2,004
Total	471	18	97,739	4,314

Total number of hotels in the pipeline

471

Total number of rooms in the pipeline

97,739

There were 22.0k rooms (108 hotels) signed during the year, (including 5.5k rooms (29 hotels) during Q4). Signings in 2022 included 34 for Holiday Inn Express and 19 for Holiday Inn. This was a record-breaking year for Crowne Plaza, with a total of 23 signings growing its pipeline to 64 hotels. Other notable signings included those across our Luxury & Lifestyle brands, with two Regent properties (Shanghai On The Bund and Shenzhen Bay), three Kimpton and four InterContinental properties added to the pipeline, along with a further 11 for Hotel Indigo; Luxury & Lifestyle now represents over 20% of the pipeline in the region.

The pipeline in total stands at 97.7k rooms (471 hotels), which represents 59% of the current system size in the region.

Performance continued
Central

Central results

	12 months ended 31 December				
	2022 $m	2021 $m	2022 vs 2021 % change	2020 $m	2021 vs 2020 % change
Revenue	**199**	197	1.0	182	8.2
Gross costs	**(307)**	(285)	7.7	(244)	16.8
	(108)	(88)	22.7	(62)	41.9
Operating exceptional items	**–**	–	–	(19)	–
Operating loss	**(108)**	(88)	22.7	(81)	8.6

Review of the year ended 31 December 2022

Central revenue, which is mainly comprised of technology fee income, increased by $2m (1.0%) to $199m. Central revenue was impacted by trading in Greater China resulting in lower technology fees.

Gross costs increased by $22m (7.7%) year-on-year, driven by investment spend to support growth and enhancing the capabilities of our core HR systems, in addition to underlying inflationary pressures on costs. Investment also included $5m in costs related to Iberostar Beachfront Resorts, with a further net impact on operating profit from reportable segments expected to be $10-15m in 2023. Increases in gross costs were partially offset by favourable currency movements.

The resulting $108m operating loss was an increase of $20m year-on-year.

Holiday Inn Beijing Airport Zone

Strategic Report

Key performance measures and non-GAAP measures

Key performance measures and non-GAAP measures used by management

The Annual Report and Form 20-F presents certain financial measures when discussing the Group's performance which are not measures of financial performance or liquidity under International Financial Reporting Standards (IFRS). In management's view, these measures provide investors and other stakeholders with an enhanced understanding of IHG's operating performance, profitability, financial strength and funding requirements. These measures do not have standardised meanings under IFRS, and companies do not necessarily calculate these in the same way. As these measures exclude certain items (for example, impairment and the costs of individually significant legal cases or commercial disputes), they may be materially different to the measures prescribed by IFRS and may result in a more favourable view of performance. Accordingly, they should be viewed as complementary to, and not as a substitute for, the measures prescribed by IFRS and as included in the Group Financial Statements (see pages 140 to 216).

Linkage of performance measures to Directors' remuneration and KPIs

A Annual Performance Plan

LT Long Term Incentive Plan

KPI Key Performance Indicators

See pages 114 to 136 for more information on Directors' remuneration and pages 62 to 65 for more information on KPIs.

Measure	Commentary
Global revenue per available room (RevPAR) growth KPI RevPAR, average daily rate and occupancy statistics are disclosed on pages 232 and 234.	RevPAR is the primary metric used by management to track hotel performance across regions and brands. RevPAR is also a commonly used performance measure in the hotel industry. RevPAR comprises IHG's System (see Glossary, page 265) rooms revenue divided by the number of room nights available and can be derived from occupancy rate multiplied by average daily rate (ADR). ADR is rooms revenue divided by the number of room nights sold. References to RevPAR, occupancy and ADR are presented on a comparable basis, comprising groupings of hotels that have traded in all months in both the current and comparable year. The principal exclusions in deriving this measure are new hotels (including those acquired), hotels closed for major refurbishment and hotels sold in either of the comparable years. These measures include the impact of hotels temporarily closed as a result of Covid-19. RevPAR and ADR are quoted at a constant US$ conversion rate, in order to allow a better understanding of the comparable year-on-year trading performance excluding distortions created by fluctuations in exchange rates.
Total gross revenue from hotels in IHG's System A LT KPI Owned, leased and managed lease revenue as recorded in the Group Financial Statements is reconciled to total gross revenue on page 72.	Total gross revenue is revenue not wholly attributable to IHG; however, management believes this measure is meaningful to investors and other stakeholders as it provides a measure of System performance, giving an indication of the strength of IHG's brands and the combined impact of IHG's growth strategy and RevPAR performance. Total gross revenue refers to revenue which IHG has a role in driving and from which IHG derives an income stream. IHG's business model is described on pages 10 to 13. Total gross revenue comprises: • total rooms revenue from franchised hotels; • total hotel revenue from managed hotels including food and beverage, meetings and other revenues and reflects the value IHG drives to managed hotel owners by optimising the performance of their hotels; and • total hotel revenue from owned, leased and managed lease hotels. Other than total hotel revenue from owned, leased and managed lease hotels, total gross revenue is not revenue attributable to IHG as managed and franchised hotels are owned by third parties. Total gross revenue is used to describe this measure as it aligns with terms used in the Group's management and franchise agreements and therefore is well understood by owners and other stakeholders.
Revenue and operating profit measures The reconciliation of the most directly comparable line item within the Group Financial Statements (i.e. total revenue and operating profit, accordingly) to the non-IFRS revenue and operating profit measures is included on pages 226 to 232.	Revenue and operating profit from (1) fee business and (2) owned, leased and managed lease hotels, are described as 'revenue from reportable segments' and 'operating profit from reportable segments', respectively, within note 2 to the Group Financial Statements. These measures are presented for each of the Group's regions. Management believes revenue and operating profit from reportable segments are meaningful to investors and other stakeholders as they exclude the following elements and reflect how management monitors the business: • System Fund – the Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the hotels within the IHG system. As described within the Group's accounting policies (page 158), the System Fund is operated to collect and administer cash assessments from hotel owners for specific purposes such as use in marketing, the Guest Reservation System and hotel loyalty programme.

Performance continued
Key performance measures continued

Measure	Commentary
Revenue and operating profit measures continued	• Revenues related to the reimbursement of costs – as described within the Group's accounting policies (page 160), there is a cost equal to these revenues so there is no profit impact. Cost reimbursements are not applicable to all hotels, and growth in these revenues is not reflective of growth in the performance of the Group. As such, management does not include these revenues in their analysis of results. • Exceptional items – these are identified by virtue of either their size, nature or incidence with consideration given to consistency of treatment with prior years and between gains and losses. Exceptional items include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, the costs of individually significant legal cases or commercial disputes and reorganisation costs. As each item is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding such items. The Group's accounting policy for exceptional items and further detail of those items presented as such are included in the Group Financial Statements (see pages 161 and 174 to 178). In further discussing the Group's performance in respect of revenue and operating profit, additional non-IFRS measures are used and explained further below: • Underlying revenue; • Underlying operating profit; • Underlying fee revenue; and • Fee margin. Operating profit measures are, by their nature, before interest and tax. The Group's reported operating profit additionally excludes fair value changes in contingent purchase consideration, which relates to financing of acquisitions. Management believes such measures are useful for investors and other stakeholders when comparing performance across different companies as interest and tax can vary widely across different industries or among companies within the same industry. For example, interest expense can be highly dependent on a company's capital structure, debt levels and credit ratings. In addition, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. Although management believes these measures are useful to investors and other stakeholders in assessing the Group's ongoing financial performance and provide improved comparability between periods, there are limitations in their use as compared to measures of financial performance under IFRS. As such, they should not be considered in isolation or viewed as a substitute for IFRS measures. In addition, these measures may not necessarily be comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation.
Underlying revenue and underlying operating profit	These measures adjust revenue from reportable segments and operating profit from reportable segments, respectively, to exclude revenue and operating profit generated by owned, leased and managed lease hotels which have been disposed, and significant liquidated damages, which are not comparable year-on-year and are not indicative of the Group's ongoing profitability. The revenue and operating profit of current year acquisitions are also excluded as these obscure underlying business results and trends when comparing to the prior year. In addition, in order to remove the impact of fluctuations in foreign exchange, which would distort the comparability of the Group's operating performance, prior year measures are restated at constant currency using current year exchange rates. Management believes these are meaningful to investors and other stakeholders to better understand comparable year-on-year trading and enable assessment of the underlying trends in the Group's financial performance.
Underlying fee revenue growth KPI	Underlying fee revenue is used to calculate underlying fee revenue growth. Underlying fee revenue is calculated on the same basis as underlying revenue as described above but for the fee business only. Management believes underlying fee revenue is meaningful to investors and other stakeholders as an indicator of IHG's ability to grow the core fee-based business, aligned to IHG's asset-light strategy.
Fee margin A KPI	Fee margin is presented at actual exchange rates and is a measure of the profit arising from fee revenue. Fee margin is calculated by dividing 'fee operating profit' by 'fee revenue'. Fee revenue and fee operating profit are calculated from revenue from reportable segments and operating profit from reportable segments, as defined above, adjusted to exclude revenue and operating profit from the Group's owned, leased and managed lease hotels and significant liquidated damages. In addition, fee margin is adjusted for the results of the Group's captive insurance company, which is not part of the Group's main trading operations (see page 196 in the Group Financial Statements), and as such these amounts are adjusted from the fee margin to better depict the profitability of the fee business. Management believes fee margin is meaningful to investors and other stakeholders as an indicator of the sustainable long-term growth in the profitability of IHG's core fee-based business, as the scale of IHG's operations increases with growth in IHG's system size.