INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
February 15, 2011

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 15 February 2011

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
Preliminary Results for the year to 31 December 2010

Brand delivery and scale advantage driving strong financial performance
in an improving market

Financial summary°	2010	2009	% Change YoY	
			Actual	CER²
Revenue	$1,628m	$1,538m	6%	6%
Operating profit	$444m	$363m	22%	22%
Total adjusted EPS	98.6¢	102.8¢	(4)%	
Total basic EPS¹	101.7¢	74.7¢	36%	
Total dividend per share	48.0¢	41.4¢	16%	
Net debt	$743m	$1,092m³		

Andrew Cosslett, Chief Executive of InterContinental Hotels Group PLC, said:
"2010 was an excellent year for IHG. After a slow start to the year, the industry staged the sharpest recovery in its history, exceeding all expectations. By focusing on our brands and using our scale, we delivered 6% growth in revenue per available room (RevPAR). We signed more rooms into our pipeline than in 2009 and despite the planned exceptional number of removals to drive up quality, we grew the number of rooms in our system, led by a 12% increase in China.
"The $1bn Holiday Inn relaunch is almost complete, delivering RevPAR outperformance and improved guest satisfaction. We are now working with our hotel owners to refresh Crowne Plaza, already the fourth largest upscale hotel brand in the world, and one with great future potential.
"Our focus on efficiency has increased fee-based margins 1.1 percentage points. In line with our asset light strategy we have started the initial marketing for sale of the InterContinental New York Barclay today.
"The 21% growth in the final dividend reflects our confidence in IHG's prospects. Our priority is to increase market share and improve margins in an industry set for strong growth over the next few years."

Driving Market Share

- Total gross revenue* from hotels in IHG's system of $18.7bn, up 11%.
- 2010 global RevPAR growth of 6.2%, with 8.0% in the fourth quarter.
- Total system size of 647,161 rooms (4,437 hotels), up 0.1% year on year.
  - 35,744 rooms (259 hotels) added, with 35,262 rooms (260 hotels) removed.
  - Signings of 55,598 rooms (319 hotels), up on 2009 levels in all regions. Total pipeline of 204,859 rooms (1,275 hotels); half outside the Americas; 75,000 rooms currently under construction.
  - 2011 net system growth is expected to be modest as remaining Holiday Inn relaunch exits are completed.
  - Post 2011, robust pipeline should drive medium term net system growth of 3% - 5% per annum.

- Holiday Inn relaunch is substantially complete with refreshed hotels performing strongly.
  - 3,002 hotels now operating under the new standards (91% of the estate). RevPAR growth for hotels relaunched for more than one year was c.6% points higher than non-relaunched hotels in the US and c.5% points higher globally.
- Strong system delivery.
  - Record enrolments in Priority Club Rewards (PCR) took total membership to 56m (2009: 48m).
  - 68% of rooms revenue delivered through IHG's Channels or by PCR members direct to hotel (2009: 68%).

Growing Margins

- Continued focus on costs.
  - Regional and central costs broadly in line with 2009 excluding the impact of performance based incentives.
- Sustainable efficiencies drive fee-based margins* up 1.1%pts to 35.7%.
  - At constant currency, and reflecting the current trading outlook, total 2011 regional and central costs expected to be in the region of $250m to $260m compared to $258m in 2010.

Current trading update

- January global RevPAR up 8.4%. Americas 8.2%; EMEA 7.0%; and Asia Pacific 10.9%.
- $10m liquidated damages receipt in Americas managed revenue and operating profit in first quarter 2011.
- Initial estimate of impact on 2011 from unrest in Egypt of $3m.

º All figures are before exceptional items unless otherwise noted. See appendices 3 and 4 for analysis of financial headlines

[1] After exceptional items	[2] CER = constant exchange rates	[3]Restated for a change in presentation	* See appendix 6 for definition

Regional Highlights

Americas - strong brands drive new deals

RevPAR increased 4.9%; 7.7% in the fourth quarter when rate was up 1.4%. US RevPAR was up 4.3% in 2010, with 7.5% growth in the fourth quarter. 2010 RevPAR grew 8.1% at InterContinental New York Barclay.

Revenue increased 5% (4% at CER) to $807m and operating profit increased 28% (27% at CER) to $369m. After adjusting for the owned hotel disposals and the charge for priority guarantee shortfalls in 2009, revenue was up 7% and operating profit up 10%. Franchise royalties drove much of this growth, up 11%. This was offset by a 1% reduction in total system size due to exits associated with the Holiday Inn relaunch and a $10m increase in regional costs, including $4m in relation to our self-insured healthcare benefit plan.

During 2010 the InterContinental Times Square and the first Staybridge Suites opened in New York, taking IHG's room count in the city to 6,570. We re-entered the important Hawaii market with the Holiday Inn Beachcomber Resort in Waikiki Beach and formed an InterContinental Alliance with Las Vegas Sands Corp to bring the 6,874 all suite Venetian and Palazzo resorts into the system. The wider benefits of the Holiday Inn relaunch were clear, with full service Holiday Inn signings up on 2009.

We have formed a strategic relationship with Summit Hotel Properties, Inc. (Summit), a US hotel real estate investment trust focused on premium-branded select service hotels in the upscale and midscale without food and beverage sectors. In connection with Summit's initial public offering, which closed on 14 February 2011, IHG purchased 1,274,000 shares of Summit common stock, representing approximately 4.7%, for a purchase price of $11.6m. Of Summit's 65 properties seven already carry

IHG's brands, and under a sourcing agreement we have also entered into with them, Summit will provide IHG an exclusive right for a period of five years, of first offer to franchise or manage any unbranded hotel bought by them which they want to brand.

EMEA - increase in signings

RevPAR increased 6.1%, with 6.5% growth in the fourth quarter. Germany was the strongest of our major markets with RevPAR growth of 18.4% in 2010. Mixed trading conditions in the Middle East resulted in RevPAR down 1.0% for the year. 2010 RevPAR grew 15.0% at InterContinental London Park Lane and 11.5% at InterContinental Paris Le Grand.

Revenue increased 4% (8% at CER) to $414m and operating profit decreased 2% (2% growth at CER) to $125m. Excluding the impact of a $3m liquidated damages receipt in 2009, revenue was up 5% (8% at CER) and operating profit up 1% (5% at CER). Much of this was driven by the owned and leased hotels, where positive RevPAR combined with strong cost control drove good profit growth. Managed profits were down by $3m to $62m, due to a combination of the unfavourable trading environment across much of the Middle East and a $3m provision for total estimated net future cash outflows expected under a guarantee in relation to one hotel. Franchised profits declined $1m to $59m, but excluding the $3m liquidated damages receipt in 2009 and at constant currency, profits increased 7% driven by RevPAR growth of 7.6%.

We signed 58 new deals in the year, up 11 on 2009. These included eight Hotel Indigo contracts in key locations such as Lisbon, Madrid and Berlin. We also signed six Crowne Plaza hotels including the strategic markets of Istanbul, St. Petersburg and Amsterdam. Signings across Europe as a whole were very strong, particularly in Germany and France where we signed nine and six hotels respectively. Key openings included the Hotel Indigo Tower Hill, London, Staybridge Suites St. Petersburg and Holiday Inn Berlin International Airport.

Asia Pacific - strong profit growth

RevPAR increased 12.4%, with 11.5% growth in the fourth quarter. Greater China was our strongest market with RevPAR up 25.8% for the year, including 55.9% in Shanghai which was boosted by the World Expo which took place between May and October. Asia Australasia RevPAR grew 5.6% and at InterContinental Hong Kong RevPAR was up 15.3%.

Revenue increased 24% (20% at CER) to $303m and operating profit increased 71% (67% at CER) to $89m. This was predominantly driven by RevPAR growth; the contribution from new managed rooms (2010: 9% growth; 2009: 10% growth) and a $4m benefit to managed operating profit due to the collection of bad debts which had previously been provided for.

We continue to build on our leading position in Greater China with 48,527 rooms (145 hotels) open (a 12% increase year on year) and 50,236 rooms (147 hotels) in the pipeline. We opened 24 hotels in 17 cities across China, including Asia Pacific's first Hotel Indigo on the Bund and the InterContinental at the Expo site, both in Shanghai. In Asia Australasia, we signed six hotels in India, taking our pipeline there to 10,073 rooms. In Thailand we signed two new Holiday Inn resorts in the prime beachfront locations of Cam Ranh Bay and Phu Quoc, and we signed the Crowne Plaza Lumpini Park in Bangkok which opened in December.

Interest, tax and cash flow

The interest charge for the period increased $8m to $62m as the impact of lower levels of average net debt was offset by a higher average cost of debt following the issuance of a seven year £250m bond in 2009.

The effective tax rate for 2010 is 26% (2009: 5%). The 2011 tax rate is expected to be in the high 20s.

Free cash flow of $432m (2009: $377m) due to excellent profit conversion and tight control over maintenance capital expenditure.

Appendix 1: RevPAR Movement Summary

	January 2011			Full Year 2010			Q4'10		
	RevPAR	Rate	Occ.	RevPAR	Rate	Occ.	RevPAR	Rate	Occ.
Group	8.4%	2.0%	3.1%pts	6.2%	(0.2)%	3.8%pts	8.0%	2.4%	3.1%pts
Americas	8.2%	1.2%	3.3%pts	4.9%	(1.0)%	3.4%pts	7.7%	1.4%	3.3%pts
EMEA	7.0%	1.7%	2.7%pts	6.1%	0.5%	3.6%pts	6.5%	2.5%	2.5%pts
Asia Pacific	10.9%	6.5%	2.4%pts	12.4%	2.5%	6.0%pts	11.5%	7.0%	2.9%pts

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

	System					Pipeline	
	Openings	Removals	Net	Total	YoY%	Signings	Total
Group	35,744	(35,262)	482	647,161	-	55,598	204,859
Americas	20,980	(26,959)	(5,979)	439,375	(1)%	30,223	102,509
EMEA	5,767	(5,211)	556	120,852	-	9,303	31,435
Asia Pacific	8,997	(3,092)	5,905	86,934	7%	16,072	70,915

Appendix 3: Fourth quarter financial headlines

Operating Profit $m	Total		Americas		EMEA		Asia Pacific		Central	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Franchised	108	98	91	83	14	14	3	1	-	-
Managed	46	7	6	(19)	17	17	23	9	-	-
Owned & leased	32	29	5	4	12	11	15	14	-	-
Regional overheads	(35)	(26)	(17)	(11)	(11)	(9)	(7)	(6)	-	-
Operating profit pre central overheads	151	108	85	57	32	33	34	18	-	-
Central overheads	(41)	(48)	-	-	-	-	-	-	(41)	(48)
Group Operating profit	110	60	85	57	32	33	34	18	(41)	(48)

Appendix 4: Full year financial headlines

Operating Profit $m	Total		Americas		EMEA		Asia Pacific		Central	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Franchised	458	429	392	364	59	60	7	5	-	-
Managed	156	69	21	(40)	62	65	73	44	-	-
Owned & leased	88	74	13	11	40	33	35	30	-	-

Regional overheads	(119)	(105)	(57)	(47)	(36)	(31)	(26)	(27)	-	-
Operating profit pre central overheads	583	467	369	288	125	127	89	52	-	-
Central overheads	(139)	(104)	-	-	-	-	-	-	(139)	(104)
Group Operating profit	444	363	369							