

INTERCONTINENTAL HOTELS GROUP PLC /NEW/  
Form 6-K  
November 06, 2007

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 06 November 2007

**InterContinental Hotels Group PLC**  
(Registrant's name)

67 Alma Road, Windsor, Berkshire, SL4 3HD, England  
(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

Exhibit Number	Exhibit Description
99.1	3rd Quarter Results dated 06 November 2007

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99.1

**6 November 2007**

**InterContinental Hotels Group PLC**

**Third Quarter Results to 30 September 2007**

**Headlines**

- o Continuing revenue up 14% from £197m to £224m, up 20% at constant exchange rates.
- o Continuing operating profit up 22% from £54m to £66m, up 31% at constant exchange rates.
- o Total gross revenue\* from all hotels in IHG's system up 13% at constant exchange rates to \$4.6bn.
- o Global constant currency RevPAR growth of 6.1%; strongest growth in Asia Pacific, up 8.6%, driven by rate increases.
- o Franchised operating profit up 8% to £68m, up 16% at constant exchange rates.
- o Managed operating profit up 5% to £21m, up 15% at constant exchange rates.
- o Adjusted continuing earnings per share ("EPS") up 15% to 13.5p. Adjusted total EPS of 14.1p. Basic total EPS of 21.2p.
- o Room count up by 7,395 rooms to 571,071 (3,863 hotels). Signings of 29,379 rooms (225 hotels), 18% higher than last year.
- o Development pipeline of 201,776 rooms (1,533 hotels), equivalent to 35% of IHG's existing hotel room count.

\* Total gross revenue is total room revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels. It is not revenue attributable to IHG as it is derived mainly from hotels owned by third parties. The metric is highlighted as an indicator of the scale and reach of IHG's brands. All figures and movements unless otherwise noted are at actual exchange rates and before exceptional items. See appendix 3 for analysis of financial headlines. Constant exchange rate comparatives shown in appendix 4.

**Commenting on the results and trading, Andrew Cosslett, Chief Executive of InterContinental Hotels Group PLC said:**

"IHG has had a good third quarter, with strong performances across all our brands and the continuation of a record signings pace, which is seeing us sign two new hotels a day and keeping us on track to beat our net room additions target. Last month's announcement of the global relaunch of Holiday Inn has been well received by our hotel owners and we look forward to opening our first rebranded hotel in spring next year. Our outlook for the rest of the year remains positive."

**Increase in development pipeline**

- o 29,379 rooms were signed; 22,769 in the Americas, 2,097 in EMEA and 4,513 in Asia Pacific.
- o 201,776 rooms are now in the pipeline, up 43,785 (+28%) since the start of the year, at 1,533 hotels.

- o IHG's development activity in Asia Pacific continues to be successful. In Greater China 12 hotels, 3,653 rooms, were signed in the quarter comprising five Crowne Plazas, five Holiday Inns and two Holiday Inn Expresses.
- o Five new hotels were signed into the InterContinental pipeline, which now stands at a record 53 hotels.
- o The pipeline of Crowne Plaza hotels grew by 3,144 rooms (11 hotels) in the quarter, with 5,837 rooms (18 hotels) signed.
- o The pipeline of Holiday Inn and Holiday Inn Express hotels grew by 6,573 rooms (62 hotels) in the quarter. Candlewood Suites and Staybridge Suites added 3,219 rooms (32 hotels) to their pipeline and Hotel Indigo added 1,238 rooms (11 hotels)

### **Strong growth in net room count**

IHG maintains its focus on enhancing the quality of its portfolio, in conjunction with growth. In the quarter:

- o 14,035 rooms (87 hotels) opened; 8,791 (71) in the Americas, 2,549 (12) in EMEA and 2,695 (4) in Asia Pacific.
- o 6,640 rooms exited; 5,563 in the Americas and 1,209 in EMEA. There were no removals in Asia Pacific.
- o The room count at the end of the period increased by 7,395 rooms to 571,071. Since the June 2005 starting position, 33,396 net rooms have been added towards the target of 50,000-60,000 additions by the end of 2008.

### **Americas: solid performance**

#### **Revenue performance**

RevPAR increased 5.6% with rate generating all of the increase. InterContinental and Crowne Plaza outperformed their market segments. Holiday Inn and Holiday Inn Express grew rate faster than their segments and delivered RevPAR premiums to their segments of 15% and 13% respectively.

#### **Operating profit performance**

Operating profit from continuing operations increased 11% to \$120m. Continuing owned and leased hotel operating profit of \$9m includes a \$2m profit from the InterContinental Boston where trading continues to improve post its November 2006 opening. The underlying improvement was primarily driven by growth in RevPAR and operating margin at the InterContinental New York. Managed hotels performed well with RevPAR up 7% in the quarter, however profit was down from \$13m to \$9m after increased revenue investment to support growth in contract signings, the impact of fewer hotels under management following the restructure of the FelCor contract last year, and the non-recurrence of income from a minority interest now sold and business interruption insurance. Franchised hotels profit increased 12% to \$119m reflecting RevPAR growth of 5% and net room count growth of 4%.

### **EMEA: strong performance in the Middle East**

#### **Revenue performance**

RevPAR increased 6.7%, driven by 6.0% rate growth. The Middle East continued to perform strongly, growing RevPAR by 18.0%. Continental Europe delivered a RevPAR increase of 6.4%, comprising a 10.5% increase in France but also a 3.1% fall in Germany, where RevPAR was boosted this time last year by the football world cup. Year to date in the UK, Holiday Inn and Express by Holiday Inn both outperformed their market segment recording RevPAR growth of 6.6%.

### **Operating profit performance**

Operating profit from continuing operations increased 82% from £11m to £20m. Continuing owned and leased hotel operating profit increased from £0m to £7m, £5m of which was from the InterContinental London Park Lane following the completion of its refurbishment. InterContinental Le Grand Paris delivered a 7.5% RevPAR increase and a £1m profit increase. Managed hotels profit increased 22% from £9m to £11m reflecting a full period contribution from assets disposed in September 2006 and strong fee growth in the UK and Middle East managed portfolios. Franchised hotels profit increased from £6m to £8m reflecting RevPAR growth of 4.9% and net room count growth of 6%.

### **Asia Pacific: further growth across all brands**

#### **Revenue performance**

RevPAR increased 8.6%, mainly driven by rate. All brands performed strongly, InterContinental RevPAR increased 12.0%, Crowne Plaza 4.5%, Holiday Inn 8.6% and Express 12.2%. Greater China RevPAR increased 5.1% driven by rate increases, year to date RevPAR growth of 5.9% is significantly ahead of the market as strong demand for IHG brands continues.

#### **Operating profit performance**

Operating profit from continuing operations increased from \$8m to \$14m. Owned and leased hotel operating profit increased by \$2m to \$6m due to RevPAR and operating margin growth at the InterContinental Hong Kong. Managed hotels profit increased 44% to \$13m, driven by the increasing number of hotels under IHG management.

### **Overheads and Tax**

In the third quarter aggregated regional overheads increased £2m to £17m. Regional overheads in the Americas increased \$2m to \$17m and in EMEA by £2m to £6m due to the non-recurrence of a rate rebate received in the same period last year. Overheads in Asia Pacific were flat. Central overheads increased £2m to £21m. As previously disclosed, IHG expects that in 2007 central overheads will increase in line with inflation.

Based on the position at the end of the quarter, the tax charge on profit from continuing and discontinued operations, excluding the impact of exceptional items, has been calculated using an estimated effective annual tax rate of 22% (Q3 2006: 24%). IHG's tax rate may be more volatile in the immediate future due to changes in tax legislation, tax case law developments and possible settlements of prior year issues but in the longer term is expected, as previously indicated, to show an upward trend.

After the period end, IHG announced its intention to make a non-recurring revenue investment of up to £30m to accelerate implementation of the global relaunch of Holiday Inn and Holiday Inn Express brands. This cost is anticipated to be taken as an exceptional item. IHG expects to generate a strong return on this investment through RevPAR increases across the Holiday Inn brand family following completion of the relaunch.

**Disposals and returns of funds**

IHG's net debt at the period end was £811m, including the \$200m (£98m) finance lease on the InterContinental Boston. During the quarter IHG's 74.11% interest in the InterContinental Montreal was sold for £17m, and 15% investment in the InterContinental Miami was sold for £5m. The profit on disposal of these properties is included in exceptional items.

2.4m shares were repurchased under IHG's buyback programme during the third quarter, at a cost of £23m, leaving £127m of the current buyback programme to be completed.



**Appendix 1: Asset disposal programme detail**

	<b>Number of hotels</b>	<b>Proceeds</b>	<b>Net book value</b>
Disposed since April 2003	179	£3.0bn	£2.9bn
Remaining hotels	20		£0.9bn

For a full list please visit [www.ihg.com/Investors](http://www.ihg.com/Investors)

**Appendix 2: Return of funds programme as at 30 September 2007**

	<b>Timing</b>	<b>Total return</b>	<b>Returned</b>	<b>Still to be returned</b>
£501m special dividend	Paid December 2004	£501m	£501m	Nil
First share buyback - £250m	Completed in 2004	£250m	£250m	Nil
£996m capital return	Paid 8 July 2005	£996m	£996m	Nil
Second share buyback – £250m	Completed in 2006	£250m	£250m	Nil
£497m special dividend	Paid 22 June 2006	£497m	£497m	Nil
Third share buyback - £250m	Completed in 2007	£250m	£250m	Nil
£709m special dividend	Paid 15 June 2007	£709m	£709m	Nil
Fourth share buyback - £150m	Underway	£150m	£23m	£127m
Total		£3.60bn	£3.47bn	£0.13bn

**Appendix 3: Financial headlines**

<b>Three months to 30 Sep £m</b>	<b>Total</b>		<b>Americas</b>		<b>EMEA</b>		<b>Asia Pacific</b>		<b>Central</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Franchised operating profit	68	63	59	57	8	6	1	0	-	-
Managed operating profit	21	20	4	7	11	9	6	4	-	-
Continuing owned and leased operating profit	15	5	5	3	7	-	3	2	-	-
Regional overheads	(17)	(15)	(8)	(8)	(6)	(4)	(3)	(3)	-	-
Continuing operating profit pre central overheads	87	73	60	59	20	11	7	3	-	-
Central overheads	(21)	(19)	-	-	-	-	-	-	(21)	(19)
Continuing operating profit	66	54	60	59	20	11	7	3	(21)	(19)
Discontinued owned and leased operating profit	2	8	1	1	1	7	-	-	-	-
Total operating profit	68	62	61	60	21	18	7	3	(21)	(19)

**Appendix 4: Constant currency continuing operating profits before exceptional items**

	<b>Americas</b>		<b>EMEA</b>		<b>Asia Pacific</b>		<b>Total***</b>	
	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**
Growth	2%	10%	82%	82%	133%	166%	22%	31%

<b>Exchange rates</b>	<b>USD:GBP</b>	<b>EUR:GBP</b>
Q3 2007	2.03	1.47
Q3 2006	1.87	1.47

\* Sterling actual currency.

\*\* Translated at constant 2006 exchange rates.

\*\*\* After Central Overheads.



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**High resolution images to accompany this announcement are available for the media to download free of charge from [www.vismedia.co.uk](http://www.vismedia.co.uk). This includes profile shots of the key executives.**

**UK Q&A Conference Call**

A conference call with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director) will commence at 9.30 am (London time) on 6 November. There will be an opportunity to ask questions.

International dial-in	+44 (0)1452 586513
UK Free Call	0800 694 1503
Conference ID:	20966629

A recording of the conference call will also be available for 7 days. To access this please dial the relevant number below and use the access number 20966629#

International dial-in	+44 (0)1452 550000
UK Free Call	0800 953 1533

**US Q&A conference call**

There will also be a conference call, primarily for US investors and analysts, at 10.00am (Eastern Standard Time) on 6 November with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director). There will be an opportunity to ask questions.

International dial-in	+44 (0)1452 586513
US Toll Free	1866 223 0615
Conference ID:	20969532

A recording of the conference call will also be available for 7 days. To access this please dial the relevant number below and use the access number 20969532#

International dial-in +44 (0)1452 550000  
US Toll Free 1866 247 4222

## Website

The full release and supplementary data will be available on our website from 7.00 am (London time) on Tuesday 6 November. The web address is [www.ihg.com/Q3](http://www.ihg.com/Q3)

## Notes to Editors:

InterContinental Hotels Group PLC (IHG) of the United Kingdom [LON:IHG, NYSE:IHG (ADRs)] is one of the world's largest hotel groups by number of rooms. IHG owns, manages, leases or franchises, through various subsidiaries, over 3,800 hotels and more than 571,000 guest rooms in nearly 100 countries and territories around the world. IHG owns a portfolio of well recognised and respected hotel brands including InterContinental® Hotels & Resorts, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites® and Hotel Indigo®, and also manages the world's largest hotel loyalty programme, Priority Club® Rewards with over 33 million members worldwide.

The company pioneered the travel industry's first collaborative response to environmental issues as founder of the International Hotels and Environment Initiative (IHEI). The IHEI formed the foundations of the Tourism Partnership launched by the International Business Leaders Forum in 2004, of which IHG is still a member today. The environment and local communities remain at the heart of IHG's global corporate responsibility focus.

IHG offers information and online reservations for all its hotel brands at [www.ihg.com](http://www.ihg.com) and information for the Priority Club Rewards programme at [www.priorityclub.com](http://www.priorityclub.com). For the latest news from IHG, visit our online Press Office at [www.ihg.com/media](http://www.ihg.com/media)

## Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements as defined under US law (Section 21E of the Securities Exchange Act of 1934). These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements. Factors that could affect the business and the financial results are described in 'Risk Factors' in the InterContinental Hotels Group PLC Annual report on Form 20-F filed with the United States Securities and Exchange Commission.

## InterContinental Hotels Group PLC

## GROUP INCOME STATEMENT

For the three months ended 30 September 2007

	3 months ended 30 September 2007			3 months ended 30 September 2006		
	Before Exceptional		Total	Before Exceptional		Total
	exceptional	items		exceptional	items	
	items	(note 8)	£m	items	(note 8)	£m
	£m	£m	£m	£m	£m	£m
<b>Continuing operations</b>						
<b>Revenue (note 3)</b>	<b>224</b>	-	<b>224</b>	<b>197</b>	-	<b>197</b>
Cost of sales	(96)	-	(96)	(86)	-	(86)
Administrative expenses	(48)	-	(48)	(44)	-	(44)
	<u>80</u>	<u>-</u>	<u>80</u>	<u>67</u>	<u>-</u>	<u>67</u>
Depreciation and amortisation	(14)	-	(14)	(13)	-	(13)
Other operating income and expenses (note 8)	-	6	6	-	-	-
	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating profit (note 4)</b>	<b>66</b>	<b>6</b>	<b>72</b>	<b>54</b>	-	<b>54</b>
Financial income	2	-	2	5	-	5
Financial expenses	(18)	-	(18)	(9)	-	(9)
	<u>50</u>	<u>6</u>	<u>56</u>	<u>50</u>	<u>-</u>	<u>50</u>
<b>Profit before tax</b>	<b>50</b>	<b>6</b>	<b>56</b>	<b>50</b>	-	<b>50</b>
Tax (note 9)	(10)	9	(1)	(8)	-	(8)
	<u>(10)</u>	<u>9</u>	<u>(1)</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
<b>Profit for the period from continuing operations</b>	<b>40</b>	<b>15</b>	<b>55</b>	<b>42</b>	-	<b>42</b>
Profit for the period from discontinued operations (note 10)	2	6	8	5	115	120
	<u>2</u>	<u>6</u>	<u>8</u>	<u>5</u>	<u>115</u>	<u>120</u>
<b>Profit for the period</b>	<b>42</b>	<b>21</b>	<b>63</b>	<b>47</b>	<b>115</b>	<b>162</b>
	<u><u>42</u></u>	<u><u>21</u></u>	<u><u>63</u></u>	<u><u>47</u></u>	<u><u>115</u></u>	<u><u>162</u></u>
Attributable to:						
Equity holders of the parent	42	21	63	47	115	162
Minority equity interest	-	-	-	-	-	-

<b>Profit for the period</b>	<u>42</u>	<u>21</u>	<u>63</u>	<u>47</u>	<u>115</u>	<u>162</u>
	====	====	====	====	====	====
<b>Earnings per ordinary share (note 11)</b>						
Continuing operations:						