

INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
May 07, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 AND 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For 07 May 2008

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

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Headline dated 1st Quarter Results 2008

99.1

7 May 2008

InterContinental Hotels Group PLC
First Quarter Results to 31 March 2008

Headlines

- o 5,267 net rooms added in the quarter. System size up 6% year on year, taking the total to 590,361 rooms (3,983 hotels).
- o Global constant currency RevPAR growth of 3.5%; impacted by Easter timing.
- o Total gross revenue* from all hotels in IHG's system of £2.2bn, up 10% at constant currency.
- o Continuing revenue up 15% from £196m to £226m, up 14% at constant currency. Excluding £7m liquidated damages relating to one Americas development project leaving the pipeline, continuing revenues up 10% at constant currency.
- o Continuing operating profit up 38% from £45m to £62m, up 40% at constant currency. Excluding £7m liquidated damages, continuing operating profit up 24% at constant currency.
- o Adjusted continuing earnings per share ("EPS") up 47% to 11.6p. Adjusted total EPS of 12.0p. Basic total EPS of 10.6p.
- o 19,678 rooms signed, taking the pipeline to 231,553 rooms (1,720 hotels), equal to 39% of IHG's existing system size.

*See appendix 5 for definition. 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 delivered a good performance in the first quarter of 2008. Growth in revenue per available room (RevPAR) of 3.5% was solid given the adverse impact of the timing of Easter. We increased the number of rooms in our system by over 5,200, more than twice the increase in the first quarter of 2007. We signed over 150 hotels into our development pipeline which now stands at over 1,700 hotels, giving good visibility on future openings.

"We continue to focus on strengthening our brands. The response from our owner community to the Holiday Inn relaunch has been very encouraging and we now have 21 hotels operating with some or all of the elements of the new brand standards and identity ahead of our full roll out which begins in the summer.

"Even in a less certain economic environment our broad market coverage, record pipeline, strong brands and resilient fee based business model position us well for continued growth."

Rooms – strong signings and openings

- o In the quarter 19,678 rooms were signed. The growth of the InterContinental brand continued with five hotels signed, including three in the Americas, taking the total pipeline of hotels to 62. IHG signed its first Hotel Indigo outside the US in London which is due to open in Paddington in the third quarter, and its second Staybridge Suites hotel in the Middle East. This takes the pipeline of Staybridge Suites hotels outside the Americas region to 10. The first Staybridge Suites hotel in the UK will open in June in Liverpool.

- o 11,113 rooms were added to the system and 5,846 rooms were removed, in line with our strategy of driving quality growth, giving net room additions of 5,267.
- o The pipeline now stands at 1,720 hotels (231,553 rooms). The pipeline of Holiday Inn brand family hotels increased by 23 and now stands at 1,100 hotels (129,232 rooms).

Americas: solid performance

Revenue performance

RevPAR increased 2.3%, driven by rate, with RevPAR growth of 4.6% in the first two months of the year and a 1.2% decline in March due to the timing of Easter. Continuing revenue grew 14% from \$201m to \$230m, driven by 11% growth in revenues from owned and leased hotels and 16% growth in managed and franchised revenues. Excluding the impact of \$13m liquidated damages, continuing revenues grew 8%.

Operating profit performance

Operating profit from continuing operations increased 20% to \$112m. Excluding the impact of \$13m liquidated damages, continuing operating profit grew 6%. Continuing owned and leased hotel profit increased by \$3m to \$7m driven by ongoing improvement in trading at the InterContinental Boston, which opened in November 2006 and 10% RevPAR growth at the InterContinental New York. Managed hotel profit increased \$12m to \$23m including the liquidated damages, and franchised hotel profit increased \$4m to \$97m.

EMEA: strong performance in the Middle East

Revenue performance

RevPAR increased 5.9%, driven by rate, with RevPAR growth of 9.1% in the first two months and 0.8% in March. The Middle East continued to perform strongly, growing RevPAR by 20.2%. Continental Europe grew RevPAR by 5.7%, including a 12.3% increase in France. In the UK, Holiday Inn and Holiday Inn Express outperformed their market segment recording RevPAR growth of 1.5%. Continuing revenues increased 18% driven by 29% growth in managed and franchised revenues.

Operating profit performance

Operating profit from continuing operations increased £8m to £15m. The contribution from continuing owned and leased hotels increased by £4m to £2m, driven by RevPAR growth of 11.9% at the InterContinental Paris Le Grand and continued improvement in trading at the InterContinental London Park Lane following the completion of its refurbishment in June 2007. Managed hotel profit increased by 38% from £8m to £11m reflecting the increase in number of hotels under management and strong growth in the Middle East. Franchised hotel profit increased from £6m to £7m reflecting 3.8% RevPAR growth and 9.1% net rooms growth.

Asia Pacific: further growth across all brands

Revenue performance

RevPAR increased 5.1%, driven by rate, with RevPAR growth of 6.1% in the first two months and 3.4% in March. InterContinental and Holiday Inn brand performance were strongest with 7.3% and 9.4% RevPAR growth respectively. Greater China RevPAR increased 3.2%, driven by both occupancy and rate growth. Continuing revenues increased 16% to \$72m.

Operating profit performance

Operating profit from continuing operations increased 31% to \$17m. Owned and leased hotel operating profit increased \$2m to \$10m driven by RevPAR growth of 9.2% at the InterContinental Hong Kong after completion of its rolling refurbishment at the end of 2007. Managed hotel profit increased \$5m to \$14m driven by the contribution from the increasing number of hotels under IHG management in the region.

Overheads, Tax and Exceptional items

In the first quarter aggregated regional overheads increased £1m to £17m and central costs increased £1m to £18m.

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 29% (Q1 2007: 28%). As previously disclosed, the effective tax rate in 2008 is expected to be in the mid to high 20s and then will trend upwards over time.

As previously announced IHG will make a non-recurring revenue investment of £30m to accelerate implementation of the global relaunch of the Holiday Inn brands, which will be treated as an exceptional item. £3m has been charged in the period.

Disposals and returns of funds

IHG's net debt at the period end was £845m, including the \$200m (£101m) finance lease on the InterContinental Boston.

1.6m shares were repurchased under IHG's buyback programme during the first quarter, at a cost of £13m, leaving £87m of the current buyback programme to be completed.

After the period end, IHG sold its 17% interest in the Crowne Plaza Amsterdam City Centre for €18m (£14m) including a €6m (£5m) agreed settlement for the previous management contract and €2m (£1m) repayment of existing loans. IHG will continue to manage the hotel under a new 40 year management contract including renewals.

Appendix 1: Asset disposal programme

	Number of hotels	Proceeds	Net book value
Disposed since April 2003	181	£3.0bn	£2.9bn
Remaining hotels	18		£0.9bn

For a full list please visit www.ihg.com/Investors

Appendix 2: Rooms

	Americas	EMEA	Asia Pacific	Total
Openings	7,456	2,434	1,223	11,113
Removals	(4,536)	(636)	(674)	(5,846)
Net room additions	2,920	1,798	549	5,267
<i>Signings</i>	<i>15,060</i>	<i>1,659</i>	<i>2,959</i>	<i>19,678</i>

Appendix 3: Financial headlines

Three months to 31 Mar £m	Total		Americas		EMEA		Asia Pacific		Central	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Franchised operating profit	57	55	49	48	7	6	1	1		
Managed operating profit	29	19	11	6	11	8	7	5		
Continuing owned and leased operating profit	11	4	4	2	2	(2)	5	4		
Regional overheads	(17)	(16)	(8)	(8)	(5)	(5)	(4)	(3)		
Continuing operating profit pre central overheads	80	62	56	48	15	7	9	7		
Central overheads	(18)	(17)	-	-	-	-	-	-	(18)	(17)
Continuing operating profit	62	45	56	48	15	7	9	7	(18)	(17)
Discontinued owned and leased operating profit	2	1	2	1	-	-	-	-		
Total operating profit	64	46	58	49	15	7	9	7	(18)	(17)

Appendix 4: Constant currency continuing operating profits before exceptional items

	Americas		EMEA		Asia Pacific		Total***	
	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant currency**
Growth	17%	19%	114%	114%	29%	29%	38%	40%

Exchange rates	USD:GBP	EUR:GBP
Q1 2008	1.98	1.32
Q1 2007	1.95	1.49

* Sterling actual currency.

** Translated at constant 2007 exchange rates.

*** After Central Overheads.

Appendix 5: Definition of total gross revenue

Total gross revenue is defined as 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.

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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 . 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 7 May. There will be an opportunity to ask questions.

International dial-in: +44 (0)1452 556 518
UK Free Call: 0800 694 8084
Conference ID: 43988921

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 43988921#

International dial-in:

+44 (0)1452 55 00 00
UK Free Call: 0845 245 5205

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 7 May with Andrew Cosslett (Chief Executive) and Richard Solomons (Finance Director). There will be an opportunity to ask questions.

International dial-in:

+44 (0)1452 556 518
US Toll Free: 1866 966 4782
Conference ID: 43989314

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 43989314#

International dial-in:

+44 (0)1452 55 00 00

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 Wednesday 7 May The web address is www.ihg.com/Q1

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 3,980 hotels and more than 590,000 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 37 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 and information for the Priority Club Rewards programme at www.priorityclub.com. For the latest news from IHG, visit our online Press Office at 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 31 March 2008

	3 months ended 31 March 2008			3 months ended 31 March 2007		
	Before Exceptional		Total	Before Exceptional		Total
	exceptional items	(note 8)		exceptional items	(note 8)	
	£m	£m	£m	£m	£m	£m
Continuing operations						
Revenue (note 3)	226	-	226	196	-	196
Cost of sales	(104)	-	(104)	(98)	-	(98)
Administrative expenses	(47)	(4)	(51)	(40)	-	(40)
Other operating income and expenses	1	-	1	1	16	17
	<u>76</u>	<u>(4)</u>	<u>72</u>	<u>59</u>	<u>16</u>	<u>75</u>
Depreciation and amortisation	(14)	(1)	(15)	(14)	-	(14)
	<u>62</u>	<u>(5)</u>	<u>57</u>	<u>45</u>	<u>16</u>	<u>61</u>
Operating profit (note 4)	62	(5)	57	45	16	61
Financial income	2	-	2	3	-	3
Financial expenses	(17)	-	(17)	(8)	-	(8)
	<u>47</u>	<u>(5)</u>	<u>42</u>	<u>40</u>	<u>16</u>	<u>56</u>
Profit before tax	47	(5)	42	40	16	56
Tax (note 9)	(13)	1	(12)	(12)	2	(10)
	<u>34</u>	<u>(4)</u>	<u>30</u>	<u>28</u>	<u>18</u>	<u>46</u>
Profit for the period from continuing operations	34	(4)	30	28	18	46
Profit for the period from discontinued operations (note 10)	1	-	1	1	-	1
	<u>35</u>	<u>(4)</u>	<u>31</u>	<u>29</u>	<u>18</u>	<u>47</u>
Profit for the period attributable to the equity holders of the parent	35	(4)	31	29	18	47

Earnings per ordinary share

(note 11):

Continuing operations:

Basic		10.3p		13.0p
Diluted		10.2p		12.6p
Adjusted	11.6p		7.9p	
Adjusted diluted	11.5p		7.7p	

Total operations:

Basic		10.6p		13.3p
Diluted		10.5p		12.9p
Adjusted	12.0p		8.2p	
Adjusted diluted	11.9p		7.9p	
	=====	=====	=====	=====

InterContinental Hotels Group PLC**GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE****For the three months ended 31 March 2008**

	2008	2007
	3 months	3 months
	ended 31 March	ended 31 March
	£m	£m
Income and expense recognised directly in equity		
Gains/(losses) on valuation of available-for-sale assets	3	(4)
Actuarial (losses)/gains on defined benefit pension plans	(4)	11
Exchange differences on retranslation of foreign operations	10	1
	<u>9</u>	<u>8</u>
Transfers to the income statement		
On disposal of available-for-sale assets	-	(4)
	<u>-</u>	<u>(4)</u>
Tax		
Tax on items above taken directly to or transferred from equity	2	-
Tax related to share schemes recognised directly in equity	(2)	3
	<u>-</u>	<u>3</u>
Net income recognised directly in equity	9	7
Profit for the period	31	47
Total recognised income and expense for the period attributable to the equity holders of the parent	<u>40</u>	<u>54</u>
	=====	=====

InterContinental Hotels Group PLC**GROUP CASH FLOW STATEMENT****For the three months ended 31 March 2008**

	2008	2007
	3 months	3 months
	ended 31 March	ended 31 March
	£m	£m
Profit for the period	31	47
Adjustments for:		
Net financial expenses	15	5
Income tax charge	13	10
Exceptional operating items before depreciation	4	(16)
Depreciation and amortisation	15	15
Equity settled share-based cost, net of payments	1	(1)
	<hr/>	<hr/>
Operating cash flow before movements in working capital	79	60
Increase in net working capital	(27)	(25)
Retirement benefit contributions, net of cost	(11)	(10)
Cash flows relating to exceptional operating items	(3)	-
	<hr/>	<hr/>
Cash flow from operations	38	25
Interest paid	(16)	(6)
Interest received	2	4
Tax paid	(3)	(2)
	<hr/>	<hr/>
Net cash from operating activities	21	21
	<hr/>	<hr/>
Cash flow from investing activities		
Purchases of property, plant and equipment	(9)	(18)
Purchase of intangible assets	(5)	(3)
Purchases of associates and other financial assets	-	(9)
Disposal of assets, net of costs	-	(5)
Proceeds from associates and other financial assets	4	22
	<hr/>	<hr/>
Net cash from investing activities	(10)	(13)
	<hr/>	<hr/>
Cash flow from financing activities		
Proceeds from the issue of share capital	1	3
Purchase of own shares	(13)	(25)
Purchase of own shares by employee share trusts	-	(43)
Proceeds on release of own shares by employee share trusts	-	1
Increase in borrowings	38	55
	<hr/>	<hr/>

Net cash from financing activities	26	(9)
	_____	_____
Net movement in cash and cash equivalents in the period	37	(1)
Cash and cash equivalents at beginning of the period	52	179
Exchange rate effects	-	-
	_____	_____
Cash and cash equivalents at end of the period	89	178
	=====	=====

InterContinental Hotels Group PLC**GROUP BALANCE SHEET****31 March 2008**

	2008	2007	2007
	31 March	31 March	31 December
	£m	£m	£m
ASSETS			
Property, plant and equipment	983	950	962
Goodwill	113	110	110
Intangible assets	173	161	167
Investment in associates	34	32	33
Retirement benefit assets	43	-	32
Other financial assets	86	100	93
Total non-current assets	1,432	1,353	1,397
Inventories	3	3	3
Trade and other receivables	253	248	235
Current tax receivable			