

A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the  
NOVA – School of Business and Economics.

Equity Research – InterContinental Hotel Group PLC –  
How to feel safe in the Hotel Industry

Sofia Belo de Sousa Bento  
44617

A Project carried out on the Master in Finance Program, under the supervision of:

Professor Rosário André

16 December 2021

## Abstract

This report contains the valuation conducted to InterContinental Hotel Group PLC, one of the largest Hotel Chains worldwide. This study includes analyses made to macroeconomic, industry, and company-specific factors that may have any impact on the company's value. It also includes scenario and sensitivity analysis regarding the uncertainties that the global pandemic brought to the economy. An estimated share price was computed, which prompts us to recommend investors to hold their positions on InterContinental Hotel Group.

Keywords: InterContinental Hotel Group, Share Price, Covid-19, China

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

This report is part of the InterContinental Hotel Group report (annexed) and should be read as an integral part of it.

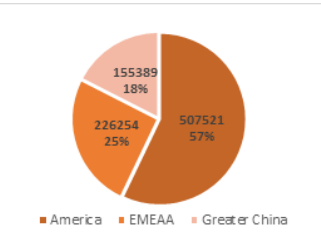
# Table of Contents

<b>Company Overview</b> .....	<b>4</b>
Company Description .....	4
Shareholder Structure .....	5
<b>Economic Overview</b> .....	<b>6</b>
<b>Risk Analysis</b> .....	<b>7</b>
Covid-19.....	7
Data Privacy.....	8
<b>Value Drivers</b> .....	<b>9</b>
Hotel Development.....	9
The Americas.....	9
EMEA.....	10
Greater China.....	10
<b>Valuation</b> .....	<b>11</b>
Revenue Forecast .....	11
<b>Scenario Analysis</b> .....	<b>12</b>
<b>Recommendation</b> .....	<b>13</b>

# Company Overview

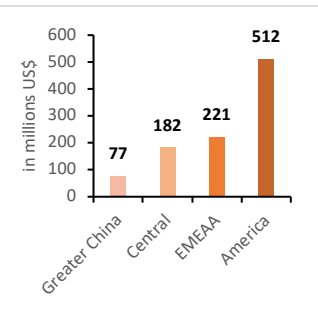
## Company Description

**Figure 1 – Number of rooms per region as of September 30th, 2021**



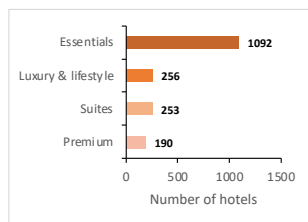
Source: IHG Data, 2021

**Figure 2 – Revenue per region in 2020**



Source: IHG Data, 2020

**Figure 3 – Number of hotels in pipeline in the first semester of 2021**



Source: IHG Data.

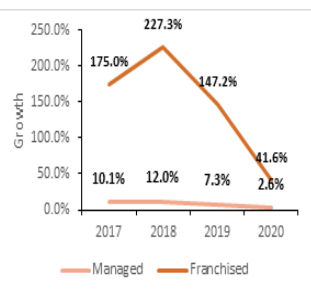
The journey starts in April 2003 when InterContinental Group was born as a standalone company. The purpose's group is "True Hospitality for Good" by representing 16 brands across more than 100 countries around the world. The group counts with 889,164 total rooms, divided into three operating regions – Americas, Europe, Middle East, Asia and Africa (EMEAA), and Greater China (see Figure 1). The US is the largest hotel market having 44.4% of room revenue while Greater China has been growing with a weight of 11.6%, in 2020.

The InterContinental has its portfolio of brands that fall into the following categories: suites (midscale, upper scale and upscale), essentials (predominantly in midscale and upper scale), premium (upscale), and luxury & lifestyle (upper upscale and luxury). With 426 hotels in the system and 242 in the pipeline, IHG is already the second largest global player in Luxury & Lifestyle. It acquired two new brands in 2018, the Regent Hotels & Resorts and Six Senses Hotels Resorts Spas, to add to its Luxury & Lifestyle portfolio, Intercontinental, Kimpton and Indigo. Also, the group launched a new collection brand in August of 2021, Vignette Collection. Although, the HolidayInn Brand Family accounts for half of all signings, around 60% of openings in 2020, with pipeline of further 917 hotels, and contributed 51.85% for the global revenues (in 2020, decreased 48.5% vs 2019). This brand is one of the Essentials brands as well as avid, which was launched in 2017. Besides that, the group designed a specific brand just for the Chinese market that composes the Premium segment along with Crowne Plaza, Even Hotels, and voco. The 4 brands are having an accelerated signing pace with 460 hotels in the system, and 190 in pipeline. The most recent brand of the company is Atwell Suites that completes the Suites segment as well as Candle suites and Staybridge. Just in first semester of 2021, the group already opened 132 hotels, which means an increase of 46% when compared to 2020.

The strategy of the group is to focus on an asset-light business by growing fee revenues and margins with low requirement of capital whilst generating high returns on invested capital. This means that the group neither employs colleagues in franchised hotels, nor control their day-to-day operations, policies or procedures. Due to its strategy, since 2003, the group has already sold almost 200 hotels, and currently the owned, leased, and managed lease IHG rooms just represent 1%. Meanwhile, in 2020, there were 56,146 room signings that represent almost one hotel per day (360 hotels in total).

The company has two principal business models which are fee-based, asset-light model and owned-operated, asset-heavy model. The fee-based includes i) the franchised model - the hotel owners pay a fee to brand their hotels with one of the well-known brands of the group and benefit from the loyalty program and the reservation system; and ii) the managed model – the third-party owners pay a fee to have their hotel managed for them. This is largely determined by market maturity, owner preference and, in some specific cases, the particular brand. Regarding the asset-heavy model, the owned and leased model the owner benefits from all the profit. In the developed markets, such as US and Europe, 90% of the hotels' group follow the franchised model, while in the emerging market, such as Greater China, 80% of IHG Hotels are being managed.

**Figure 4 – Growth of the number of hotels according to the fee segments in Greater China**



Source: IHG Data.

To have a consistent brand experience, a stable high-level reputation all over the world, and a loyalty proposition, IHG manages a system fund on behalf of the third-party hotel owners. The goal is to drive revenue by using all the assessments and contributions made by the hotels owners on the marketing department, the loyalty programme, and the guest reservation system. This fund does not generate profit directly by operating at break even.

When analysing the revenues of the group in the first semester of 2021, it grew 16% in comparison to the homologous period in 2020 and -44% when compared to 2019. The Global RevPAR was -42.6% (H1 2021) vs 2019 mainly because of the decrease in occupancy by a rate of 21.0%. This is the result of a temporary closure of many hotels of the group around the world. Nevertheless, this figure benefited from a stronger performance in the fee business (-42.3% vs 2019) than the Owned, Leased and Managed Lease estate (-71.9% vs. 2019).

## Shareholder Structure

InterContinental Hotels Group PLC (IHG) is a member of the FTSE 1000 Share Index, but its ordinary shares are also listed on the New York Stock Exchange in the form of American Depositary Shares (ADR). Each ADR corresponds to one ordinary share.

Its market capitalization is US\$12,678.57 million and it has 183.22 million shares outstanding, being 3.7% institutional ownership and 96.3% individual ownership. The top three institutional investors are FMR LLC (2M), Bank of Montreal (654k), and Goldman Sachs Group Inc (402k). Regarding the individual investors, the executives' directors, Keith Barr, Paul Edgecliffe-Johnson, and Elie Maalouf also own shares of the group. In 2020, the company did not distribute any dividend due to the downward momentum of the economy; in 2019 39.9 cents per ADR, and in 2018 36.3. In the future, it will be considered as the industry recovers from Covid-19.

## Economic Overview

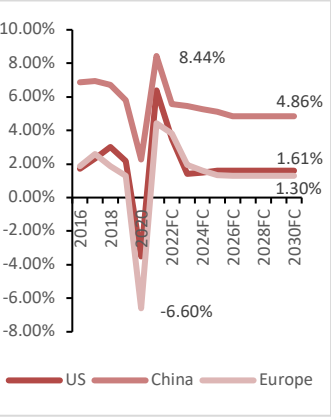
Travel and tourism is highly dependent on the economic environment. In fact, it was growing constantly for nine consecutive years between 2011-2020 until the crisis caused by Covid-19. Travel restrictions were introduced, and borders were closed. Consequently, people were forced to cancel their bookings and hotels, including IHG hotels which had to suspend their operations.

The Hotels segment accounts for 47% of the global Travel and Tourism market. That said, it is crucial to have an economic outlook in order to understand how it might impact the Hotel segment, more specifically, IHG Group.

According to Oxford Economics, there are three main factors contributing to the Hotel Industry growth, which are i) Global GDP that indicates the expected hotel performance, ii) Global Household Disposable Income supports the overall spending and leisure travel, and iii) Global Corporate Profits is the indicator of business travels.

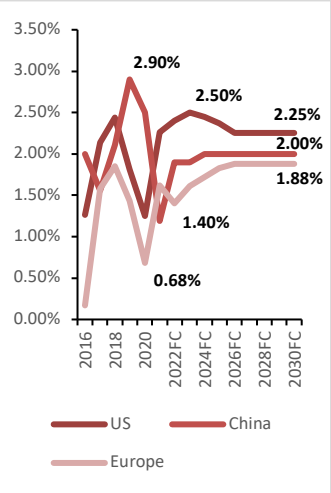
The year before the pandemic, the travel and tourism contributed for the Global GDP 10.4% and in 2020, it had a declined of 5.1 p.p because the Travel and Tourism GDP declined by 49.1% while the overall economy decreased 3.7%.

**Figure 5 – Historical and forecasted GDP**



Source: Statista, 2020

**Figure 6 – Historical and forecasted inflation rate**



Source: Statista, 2020

Covid-19 is transforming traveller inclinations and behaviours, while domestic visitor spending decreased by 45%, international spending declined by 69.4% due to ongoing travel restrictions. This led to an increase of 10 percentage points on the domestic visitor spending share of overall Travel and Tourism in 2020 when compared to 2019. Therefore, while the business spending dropped by 61%, the leisure spending decreased by 49.4% supported by the domestic travellers in 2020.

Even though, America travel and tourism GDP dropped by 42.4% in 2020, it was the least affected major region globally. The U.S. economy is expected to have its highest GDP growth rate of 6.4% in 2021. This is supported by the increase in expansion in the country following the increase of domestic demand, as well as the accelerated vaccination levels and fewer restrictions. This recovery is expected to be quicker for the U.S. economy than for the Eurozone. While, Europe remained the top region globally in terms of international visitor receipts even with a international spending fell sharply at 63.8%, some certain European governments helped minimise the decline in domestic spending through stimulus initiatives. This can be explained by the fact that some countries depend largely on this sector, and also because the European GDP was -6.6% in 2020. Nevertheless, it is expected to recover in 2021 by having a GDP of 4.43%. Additionally, despite the cuts among manufacturers, the less fiscal support and the local Covid-19 outbreaks across China, the forecast for the GDP is 8.44% in 2021, while the GDP in 2020 was 2.27%. Moreover, the GDP growth rate is also expected to be 4.86% in 2026 being the highest when compared to 1.6% in US and 1.3% in Europe. The total contribution of travel and tourism was 4.5% for China's GDP, in 2020.

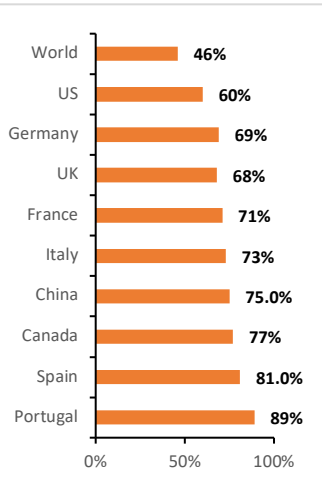
The inflation is another indicator that might have a direct or indirect impact on the average daily rate (ADR), and consequently in the revenue per available room (RevPAR) even if the hotel industry has the ability to raise room rates. The increase on the inflation rates is tied to the full reopening of the economy. Consequently, higher costs due to supply-chain problems such as production bottlenecks, shortages of input comparables, and capacity constraints, have led to higher prices for many goods and services. Nevertheless, as stated by the Fed Chairman Jerome Powell high inflation is just a temporary effect on the economy. That said, the inflation rates are estimated to become stable over time during our valuation.

## Risk Analysis

### Covid-19

The pandemic has been sharply impacting the tourism sector due to the highly uncertainty about the health public and the economy. In 2020 pre-covid, the global air traffic demand commercial flights increased 4.1%, but post-covid, it declined sharply by a rate of -65.9%, along with a lost in the number of tourists that corresponds to 5 to 7 years. Additionally, the occupancy rates decreased because travelers were with fear of catching the virus and unsure about how effective the public governance and the health infrastructure of their destination were along with restrictions. However, in the summer of 2021, the vaccine rollouts increased, people began to get vaccinated, health restrictions eased, and the global tourism restarted as the metric overnight visitors increased by 58% in July-September 2021 when compared to the homologous period in 2020. Nevertheless, the share of vaccinated people varies across countries (Figure 7), so it is likely that tourism in

**Figure 7 – Percentage of people fully vaccinated on the 11<sup>th</sup> of December, 2021**



Source: Our World in Data. 2021

countries with a high share of vaccinated people will rebound faster than in countries with a low share. In Europe, as vaccine rates increased, the reopening of the EU to fully vaccinated people, the easing of restrictions, and the launch of the EU Digital COVID Certificate made it possible that some tourism destinations witnessed a recovery close to pre-pandemic levels, during the summer. The average RevPAR across the hotel sector increased by a rate of 68% in comparison to 2020.<sup>1</sup> Also, China, with a large-scale vaccination rate, witnessed its gross revenue of domestic tourism to grow 157.9% Y-o-Y. In United States, the borders were just opened in early November of 2021 for foreign tourists fully vaccinated.

Nevertheless, with people against the vaccines, and poor countries with no access to them, the probability of appearing new variants is higher. With the discovery of Omicron, and the increase of cases, countries introduced throw up new barriers to travel in an effort to contain the new variant.

Covid-19 has had an extreme impact on the tourism sector and there is still a long way to gain global immunization against the virus. According to McKinsey, the recovery is likely to be gradual and it could take five years to return to 2019 levels in 2024 or later. However, the tourism sector is dependent on the confidence level from tourists to achieve the pre-pandemic levels.

## Data Privacy

During the pandemic, governments implemented strict safety protocols that hotels needed to follow regarding on the physical distancing. Therefore, hotels began to invest in contactless technologies in order to limit the interaction between guests and hotels. With no doubt that the latest technologies make travelers feel safe due to coronavirus while traveling. In fact, 63% believe that accommodations will need to implement new technologies to make guests feel safe. The InterContinental Group is not an exception because IHG guests can check-in to more than 3,000 properties in US and Canada through their own devices, and by the end of the year in 4,500 properties in other regions too.

However, in the last decade, hotels have already become very dependent on new technologies due to the online booking platforms. The online sales channel has a share of 65% of the global travel and tourism market, and hotels are the travel products that people book more online when compared to the others. Since, most hotel rooms are booked online, the credit card details, and other personnel details are required to proceed the booking. Every day, hotels store personal information of millions of travelers on a long-term basis meaning that guests are potentially at risk before, during and after their stay. Hence, the hospitality industry is one of the top industries most targeted by cybercriminals. In 2016, InterContinental Hotels suffered a cyberattack in which 1,200 hotels of the group in U.S. were stolen guests' credit card details for 3 months. Consequently, plaintiffs took an action against the InterContinental Hotels companies in 2017 and a total of \$1.6M was available to fund payments.<sup>2</sup> Also, in 2017, Hilton had to solve a payment card breach and was fined \$700 thousand. Additionally, Marriott suffered a breach in 2014, but it was discovered in 2018. It was estimated that it may have affected up to 339 million guests and it was fined \$23.8M for failing to meet security standards.<sup>3</sup> That said, on the day of the announcement of the Marriot

<sup>1</sup> European Commission, *Summer of '21: European tourism taking off again*, 2021

<sup>2</sup> Top Class Actions, *InterContinental Hotel Data Breach Class Action Settlement*, 2021

<sup>3</sup> Ibid

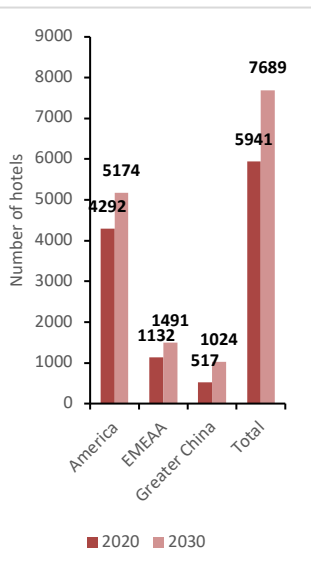
data breach, the share price went down -7%, from \$122.8 to \$114. These aftershocks take huge proportions, such as loss of trust, impact on the hotel's reputation, and consequently hotels suffer significantly financially by not complying with regulations such as the General Data Protection Regulation (GDPR) of the European Union and the California Consumer Privacy Act (CCPA).

In fact, hospitality is seen as an easy target and for that reason hotels must protect personal data. According to a study conducted by IntSights, Intercontinental had 19% share of mentions on the dark web hacker forums, by being behind Hilton with 31%, and followed by Marriot at 28%.

## Value Drivers

### Hotel Development

**Figure 8 –  
Number of hotels  
under the fee  
segment**



Source: Analysts, 2021

In the hospitality sector, to measure the overall success of the hotel is by analysing the ability to fill its available rooms at an average rate. For that reason, the revenues until 2030 were forecasted by: Revenue per region = RevPAR \* number of rooms \* 365 \* management fee (if applicable).

Overall, the group has 23 hotels under the owned model and 6,008 hotels under the fee management model, on the 30<sup>th</sup> of September 2021.

As strategy of IHG, the focus on new room openings is critical to drive both short and long-term profitable growth and is a recognised key performance measure across the industry, while new room signings will in turn drive profit and revenue growth and new room signings. In fact, IHG expects to open 1,814 new hotels (pipeline 2020) within the next years, by having a share of the total industry of 11%.<sup>4</sup>

In order to forecast the number hotels on the group's forecast until 2030, it is assumed that the projects in pipeline take 3 years to operate on average, and just 10% will be effectively finished in a base scenario. A worst case scenario (7.5%), and a best case scenario (15%), were also considered, but the forecast was based on the base scenario. Therefore, in average, every year the group will open on average 187 hotels across the world as the net value of the hotels that open and close since the hotel industry is becoming saturated.

#### ■ The Americas

In this region are located 71.4% of the hotels of the company. In fact, The Americas market is where IHG has been more active, and so it is expected for the group to expand more on other regions, such as Europe and Greater China. Just until September of 2021, the group opened 14 hotels under the franchise model and registered less 5 under the managed model. Overall, the number of hotels under the fee model showed a CAGR between 2016 to 2020 of 1.02% mainly due to the franchise segment. This can be explained by the fact that IHG's strategy is focused on the asset-light strategy. That said, in the owned model, we do not expect that the company is going to open any hotel on its own. So, we assumed that its six owned hotels will close during our forecasting, as mentioned in the sector overview.

<sup>4</sup> Lodging Econometrics, *Global Hotel Development Insights, 2021*

Regarding the pipeline, it has been stable over the last years with a CAGR (2016-2020) almost close to 1%. Although, until 2023, the new supply growth is forecasted to be 2.0% in US.<sup>5</sup> Therefore, it was assumed that this rate will be the driver for the growth of the pipeline in America. Moreover, the group is planning to take voco to the U.S., and avid to Mexico and Canada. Therefore, it is expected that IHG goes from 4,292 hotels under the fee segment in 2020 to 5,174 in 2030.

- EMEAA

The EMEAA represents Asia (excluding Greater China), the Middle East, Africa and Europe, having 67.7% of the hotels of this region. IHG does not have the same presence in this region as in America, and also as its competitor Accor Hotels, which leads franchise companies in Europe. Additionally, by 2026, most hotel guests will live in Europe which means 291.9 million users, an increase of 27.4% in comparison to 2020.<sup>6</sup> Additionally, even though U.S. guests spend more on hotels, the average spending on hotels is going to increase by 2.6% in Europe from \$377 in 2020 to \$440 in 2026. So, there is an opportunity for the group to expand and invest more in this region. For instance, InterContinental decided to launch its new Luxury & Lifestyle brand, Vignette Collection, with hotels spread across Australia and Thailand, and it is expected to attract over 100 hotels in 10 years. The same happens with voco that was launched in 2018, and has a growth plan for more than 200 signings in 10 years.

Regarding the pipeline, as it happened with America, it remains largely unchanged year-over-year. With the challenges (presented in the risk analysis section) created by the Covid-19 pandemic, it is assumed that around 2024 the pipeline will have approximately the same number of projects as in 2019. In the end of 2030, it is expected to have 1,491 hotels operating under the fee management model as an increase at a CAGR of 2.8% when compared to 2020. Similar to America, all the owned hotels will be closed until 2030.

- Greater China

The Greater China region in 2020 had a weight of 3.1% from the total revenues. In fact, Greater China was the first region to be impacted by COVID-19 of IHG's three regions, as government measures were introduced to contain the spread of virus. However, China is the fastest-growing global hotel market across the other segments with a 5.1% CAGR from 2017 to 2026, and the travel and tourism market is growing on average 3.6% per year.<sup>7</sup>

Moreover, the China's burgeoning economy has produced a large middle class with disposable income to travel with the desire to improve their quality of life by having higher standards. Indeed, Chinese consumers have specific demands and so some international chains have launched specific brands and concepts just to satisfy the Chinese market requirement (as it was mentioned in the company overview). Therefore, the group is expanding to this market by opening more 225 hotels between 2019 and 2020 and 26.2% of the pipeline projects are in this region. By the end of 2030, 1,024 hotels expected to be operating and contributing 13.9% for the revenue from

---

<sup>5</sup> Lodging Econometrics, *Global Hotel Development Insights*, 2021

<sup>6</sup> Statista, *Hotels market – Number of users in Europe*, 2021

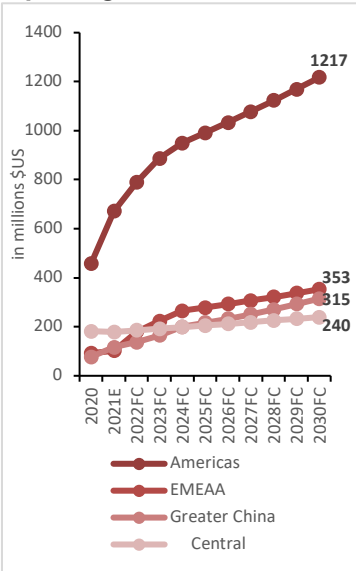
<sup>7</sup> Statista, *Hotel industry in China*, 2021

reportable segments.

## Valuation

### Revenue Forecast

**Figure 9 – Revenue from the fee segment per region**



Source: IHG Data and Analysts, 2021

IHG Group revenues were forecasted for 2022 until 2030. In the hospitality sector, one of the most critical driver of hotel occupancy is RevPAR. An increase on it means that the average room rate or the occupancy rate is improving. That said, it measures the overall success of the hotel by analysing the ability to fill its available rooms at an average rate.

InterContinental revenues were growing at an average CAGR of 4.3% from 2016 until 2019. However, due to the lockdowns, the governments' measures, not only did the occupancy rates decrease 29.5 percentage points, but InterContinental also had to reduce the average daily rooms in 17.0 percentage points in 2020. Consequently, a 52.5% reduction in RevPAR lead to operating profit from reportable segments falling by 75.0%. It is only expected to reach the same values from 2019 once there will not be any signs of pandemic, and it was assumed to be in 2023, without taking into account the owned, leased and managed lease hotels.

The total turnover was divided by i) the revenue from the fee segment and the owned, lease and managed lease segment on the three regions, ii) the system fund, and iii) the reimbursement cost.

In Greater China, at the lockdown period trough, 40% of the region's hotels were closed, which led to a decline on the RevPAR of 44.4% in 2020. Also, in 2019, the RevPAR decreased 15.6% because of the uncertainty posed by political disputed in Hong Kong. However, this region is recovering due to the boost on the economy as mentioned in the hotel development section. Additionally, demand has increased, and people have started to travel domestically by leisure rather than business travelers because companies are reducing non-essential business trips to safe costs. Along with growth of population, reformulation of more holidays in the form of festive and religious celebrations, and introducing a 5-day work week, the government recognizes the importance of this sector on the economy of the country. Hence, as the pandemic is over and travelling rebounds, we assume that in 2023, the RevPAR will reach the same level as pre-Covid, and it will grow at a reasonable pace. That said, the revenues will increase at an average CAGR of 11.7% between 2021 and 2030.

Besides the decrease in America's RevPAR of 49.2% due to the pandemic, it is expected to achieve pre-pandemic values between 2023 and 2024. Afterwards, the only metric that will influence the RevPAR is the inflation rate of because it is not assumed any other factor that might have impact on it. Moreover, this is the region of the group that contributes the most for the revenue from segments, in 2020 it being 51.6%, and in 2030 expecting to contribute 55.0%. The Americas is the region with the highest RevPAR because out of the three major regions, U.S. users spend the most on hotel, 1.7 times more than in Europeans and 2.25 times more than the Chinese, in 2020. Additionally, American users will have an increase of 50.8% in leisure spending.<sup>8</sup> Therefore,

<sup>8</sup> World Travel and Tourism Council, *Trending in Travel*, 2021

the group can implement a higher ADR. Consequently, the total revenue will increase at a CAGR of 7.7% between 2021 and 2030.

Regarding the EMEAA, which was highly affected by the pandemic, it had a decrease in RevPAR of -66.1% Y-o-Y in 2020 mainly because of a decline in the occupancy rate of 57.8%. This is a result of the government-mandated international and domestic travel restrictions since February of 2020. Even though, the restrictions were eased due to the uncertainty of a new wave coming by, the governments are implementing new restrictions as it is happening right now in several countries such as the U.S. That said, it is expected that the EMEAA will be the slowest region to recover by achieving the pre-pandemic values of RevPAR around 2025. Nevertheless, the total revenues will increase at a CAGR of 15.1% between 2021 and 2030.

Plus, the group has its strategy based on an asset light business, the owned, leased and managed hotels were impacted as well because the majority of the hotels were closed for a largely portion of 2020. Additionally, it was assumed that they will recover at the same pace as the fee segment of the corresponding region.

The last two sections, which are the System Fund and the Reimbursement of Costs, are not managed to a profit or loss for IHG over the longer term. Both are managed for the benefit of hotels in IHG's system. So, for the forecasting of the System Fund, an average from the past years based on its a percentage of the total hotel owners' revenues was applied, while, for the Reimbursement of Costs, the cost per employee was computed which will be stable over time.

## Scenario Analysis

The valuation was proceeded in a base scenario hospitality sector having in consideration the recovery of the pandemic and its impact in the IHG Group. The pipeline projections, explained in the hotel development section, and the RevPar change according to the scenario. Therefore, to conduct the scenario analysis, it was built three scenarios based on the following assumptions:

> the worst-case scenario, in which, it is expected that the pandemic will take more time to be under control due the inefficiency of the vaccines. Hence, the recovery will be slower (until 2025) because of the lockdowns and the travelling restrictions.

> the base-case scenario, in which, it is expected that there might be new mutations, and some restrictions. However, the vaccination rate will keep increasing, and there will be more knowledge about the virus, having a full recovery in 2023.

> the best-case scenario, in which, it is expected that the new variant Omicron will be under control and there won't be new mutations. Everyone will get the vaccine; no more restrictions and people are allowed to travel as before the pandemic. Full recovery in this scenario is in 2022.

In the best case scenario, the recommendation would be to buy because the return to the shareholder is 67%. This is explained by the fast growth of the economy and the control over the pandemic. The travel demand would be higher in this scenario due to the higher available income and no travelling restrictions.

In the worst-case scenario, the recommendation would be to sell because the return to the shareholder is -35%. As mentioned in the risk section, there is still the risk of new mutations and lockdowns which would overall decrease demand, therefore decreasing RevPAR and occupancy rates.

**Table 1 – Scenario analysis results**

(in 2030)	Full recovery (year)	Revenues' fee segment	Core Result	Terminal Value	Entreprise Value	Share price
Worst	2025	1862.1	562.4	13282.1	9626.5	38.68
Base	2023	2214.2	744.6	21630.0	12257.7	65.55
Best	2022	2608.5	904.2	32783.3	21367.8	100.80

Source: Analysts, 2021

## Recommendation

Considering all of the factors mentioned throughout the analysis that ultimately affect the share price of IHG, it is recommended for investors to hold their position in the company's stock, as they are expected to receive a 9.1% return over the year, with no dividend payment. This conclusion considers the price target of \$65.55 in FY22 and the price of December 14, 2021 of \$60.07.