



SIX CONTINENTS



Six Continents PLC

Interim Results

For the Half Year ended 13th April 2002

Tim Clarke - Chief Executive

Richard North - Finance Director

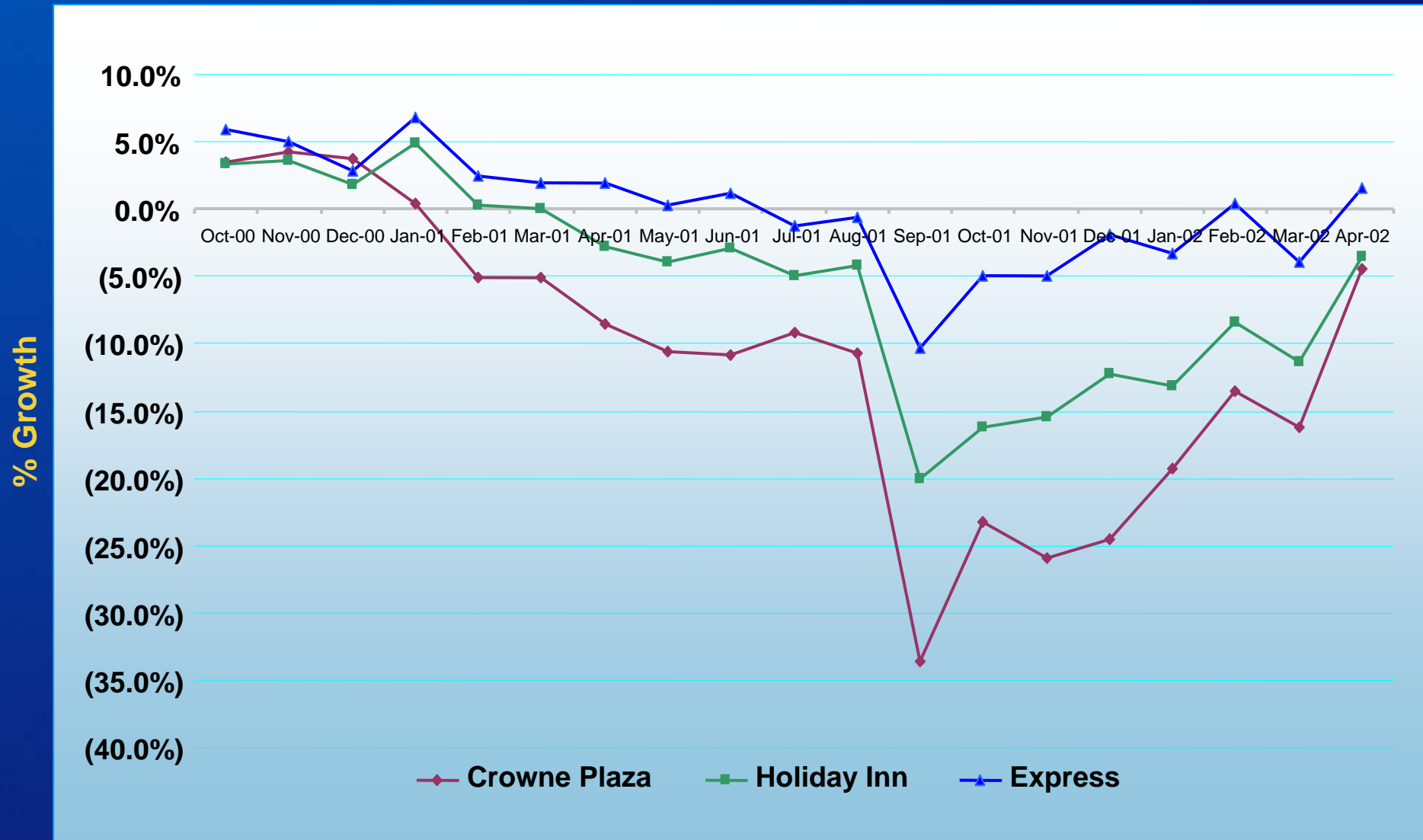


RICHARD NORTH

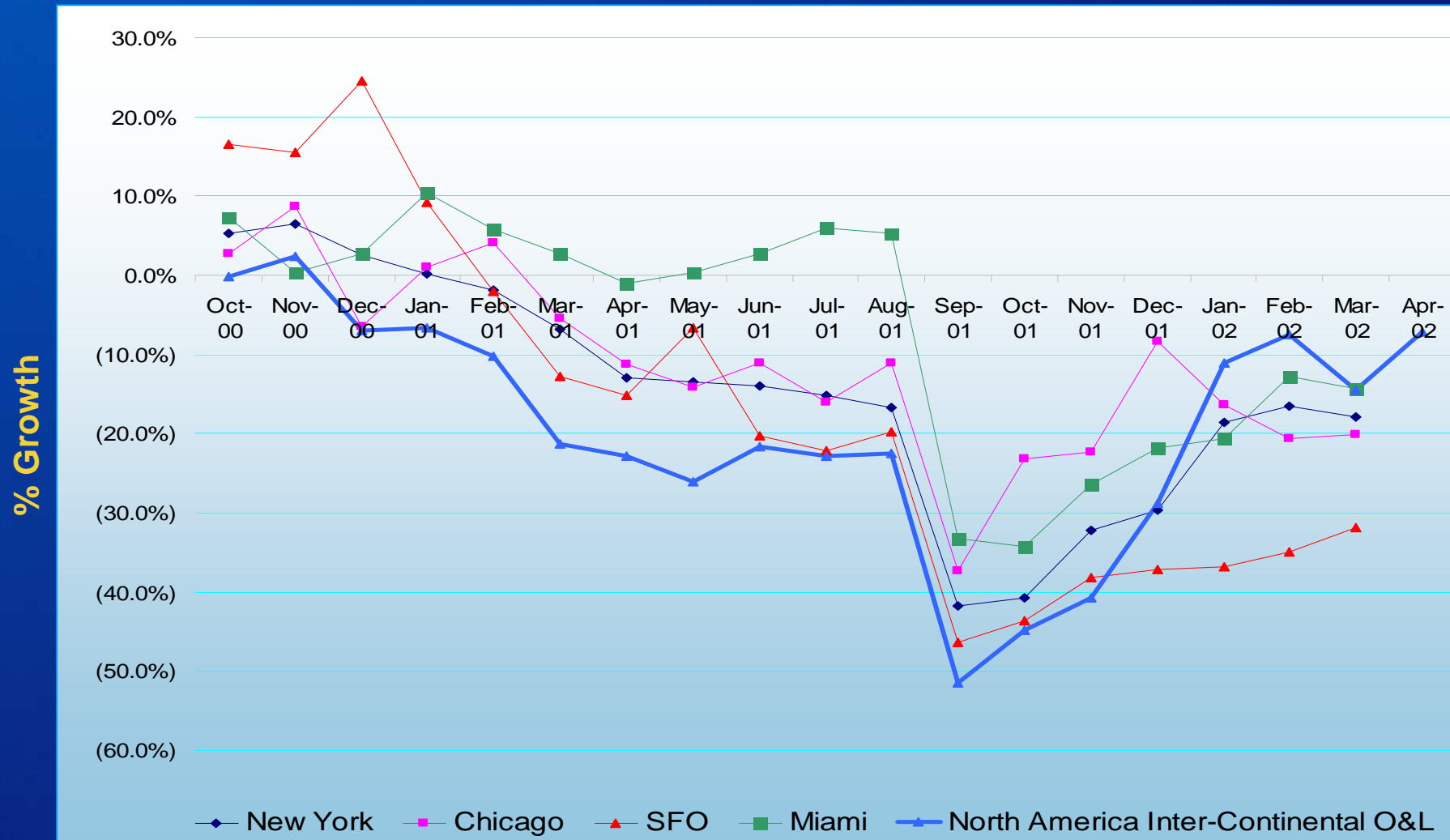
Finance Director

Six Continents Hotels

Americas RevPAR Performance

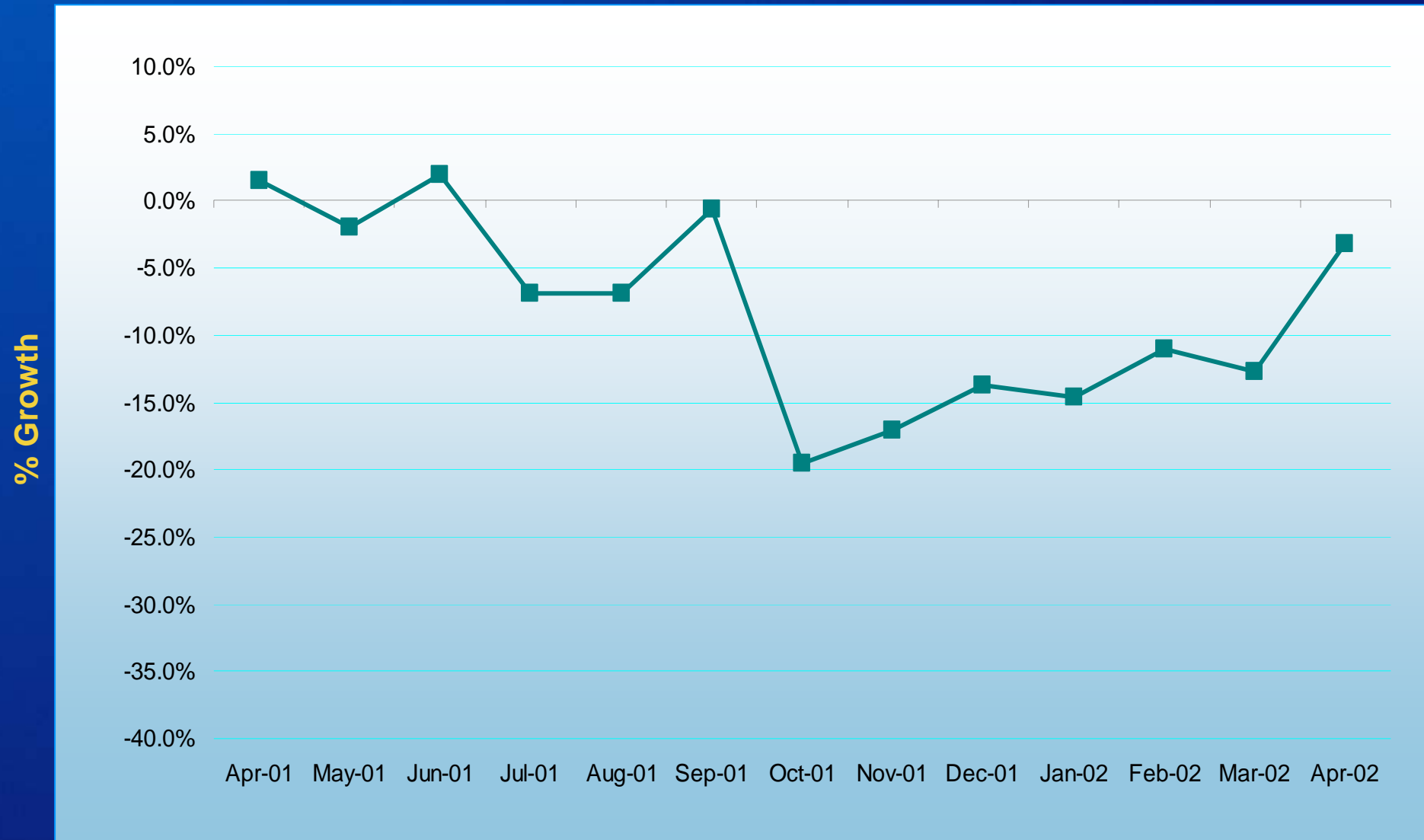


Six Continents Hotels RevPAR - Key US Cities*



* Market Data Source - Smith Travel

Six Continents Hotels Holiday Inn UK RevPAR



Six Continents Hotels

Operating Profit Hotels



	H1 01/02 \$m	H1 00/01 \$m	Growth %
Owned & Leased	4	43	- 90.7
Managed & Upscale Franchise	20	25	- 20.0
Midscale Franchise	83	98	- 15.3
Total Americas	107	166	- 35.5
EMEA	72	111	- 35.1
Asia Pacific	20	15	+ 33.3
FelCor and Others	8	22	- 63.6
Central Overheads	(45)	(39)	+ 15.4
Goodwill Amortisation	(6)	(6)	-
Total	156	269	- 42.0
Total £m	109	185	- 41.1

Six Continents Hotels

EMEA



	H1 01/02	H1 00/01	Decline %
Reported (\$m)	72	111	- 35.1
Sterling analysis:	£m	£m	
Owned & leased	37	60	- 38.3
Managed & franchised	13	17	- 23.5
Total £m	50	77	- 35.1



Six Continents Hotels

Asia Pacific

RevPAR	Q1 01/02	Q2 01/02	H1 01/02
Owned & Leased	- 21.1%	- 12.5%	- 16.9%
Managed	- 11.0%	- 6.4%	- 8.8%

**First time contribution from
Inter-Continental Hong Kong \$7m**

Operating profit up by 33.3%

Six Continents Retail Operating Profit



	H1 01/02 £m	H1 00/01 £m	Growth %
Restaurants	45	39	+ 15.4
Pubs & Bars	101	96	+ 5.2
Ongoing Business	146	135	+ 8.1
Disposal to Nomura	-	31	n/a
Reported	146	166	- 12.0

Six Continents Retail Development Estate

- **337 re-opened, 16 in refurbishment**
- **Target over 400 re-opened by year end**
- **Sales uplifts over 40% versus last year of Allied ownership**

Britvic Soft Drinks Results



- **Volumes up 3.5%**
- **Average realised price per litre up 0.9%**
- **Turnover up 4.3% to £291m**
- **Profit margin up 1.6 percentage points**

Operating profit up 45.5% to £16m

Six Continents PLC

Profit and Loss Account



£m	H1 01/02	H1 00/01 *	Growth %
Operating profit	275	365	- 24.7
Minor exceptionals	(1)	1	-
PBIT	274	366	- 25.1
Interest	(32)	(29)	- 10.3
Tax	(75)	(104)	+ 27.9
Minority Interests	(6)	(5)	- 20.0
Adjusted Earnings	161	228	- 29.4
Adjusted EPS	18.7p	26.4p	- 29.2
Major Exceptional Items	114	(32)	-

* restated for FRS 19



TIM CLARKE

Chief Executive

Six Continents Hotels

Growth Prospects



Market Forces

- ◆ Pace of RevPAR recovery
- ◆ Favourable supply trends

Management Actions

- ◆ Revenue investment
- ◆ Renovated assets
- ◆ New Distribution

RevPAR
Hotel
rooms

Six Continents Hotels

RevPAR Recovery - Prospects

- **RevPAR recovery expected**
 - ◆ Return to cyclical economic trends following 9/11
 - ◆ Easing Autumn comparables
 - ◆ Favourable medium-term US supply position
- **Uncertain pace of recovery**
 - ◆ Recovery of international travel
 - ◆ European economic prospects
- **Management action to exploit the key opportunities**
 - ◆ International and corporate sales investments
 - ◆ Tactical promotions to drive business mix
 - ◆ Continued brand-building

Six Continents Hotels

Sales and Marketing Development

- **Driving international and corporate sales**
 - ◆ strengthened EMEA and Americas sales forces
 - ◆ Focus on key multinational accounts
- **Cross-border advertising**
 - ◆ focus on European leisure market



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Loyalty Programmes and New Delivery Channels



- 1 million enrolments
- 13.5 million members

Six Continents Hotels

Big 10: Coming Out of Renovation

Completed Projects

	Rooms
Miami	639
New York	686
Vienna	453
Budapest	398
Madrid	307
San Francisco	380

In Renovation

	Start	Finish	Rooms
Chicago	1/00	11/02	844
Le Grand	12/01	6/03	514
Mayfair	12/02	7/04	290
Cannes	1/03	10/04	338

Six Continents Hotels Holiday Inn UK Renovation



	2002	2003	2004	Total
Rooms Upgrading	2,000	3,000	2,000	7,000
% of total Rooms	17%	25%	17%	60%



Six Continents - Organic Pipeline

Will be a Key Driver of Growth

Brand	Owned Rooms	Managed/Franchised Rooms	Total
	420	8,925	9,345
	314	8,849	9,163
	400	19,512	19,912
	357	24,924	25,281
	145	2,909	3,054
	1,636	65,119	66,755

Six Continents Hotels - Summary



- **Action to defend profits**
 - ◆ Upscale exposure
 - ◆ Resilient franchise
 - ◆ Maintained investment plans
- **Driving future growth**
 - ◆ RevPAR recovery
 - ◆ Revenue investment & cost re-engineering
 - ◆ Big 10 Inter-Continentials
 - ◆ Holiday Inn UK
 - ◆ Organic pipeline

Six Continents Retail

- **2,000 pubs, bars and restaurants**
- AWT £14.2k up 6%
- **Defending margins against cost pressures**
- **Driving high sales uplifts and returns from development pipeline**
- **Exploiting segment opportunities to gain market share**

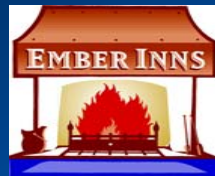
Well positioned as industry capacity cycle continues to improve

Six Continents Retail

Brand development: Target segments

Residential

Pubs
42%



Pub Restaurants
27%



Drinks led

Food led



Bars
27%



Restaurants
4%

City Centre

Six Continents Retail Site Acquisitions



Six Continents Retail

Base Profit Drivers

- **Regulatory-driven costs absorbed**
 - ◆ £20m this year: estimated £9m in 02/03
- **Like-for-like performance**
 - ◆ Price/volume trade off
 - ◆ Central London and High Street versus Suburbs
- **Defending margins**
 - ◆ Purchasing scale
 - ◆ Retail staff productivity
 - ◆ Reducing overheads
- **Conversion of Development estate**
 - ◆ Lower drag factor
 - ◆ Pre-opening/closure costs reducing

Six Continents Retail Conversion Potential

	H1 01/02
Branded	1,090
Operating format	65
Individual character	140
Identified pipeline	600

**15%
returns**

Six Continents Retail

Growing the business



- Improving industry environment
- Leveraging scale and driving efficiencies
- Exploiting segment opportunities
 - ◆ Main focus on suburbia
- Flow of new product development
- Further growth from strong conversion pipeline and selective site acquisitions

Six Continents PLC



- **Strong growth prospects**
 - ◆ Favourable industry cycle
 - ◆ Benefit of continued investment
- **Short-term outlook**
- **Corporate investment strategy**



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