International Workplace Group

8 August 2017

IWG plc – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2017

Increased investment activity on strong returns, improving sales momentum and excellent overhead performance

IWG plc, the global leader in the fast-growing Workspace-as-a-Service ("WaaS") sector, today announces its half year results for the six months ended 30 June 2017.

Key financial highlights:

- Continued strong post-tax cash returns. Return on pre-2013 investment of 23.3%(i)
- Net growth capital investment more than doubled to £179.7m, including approximately £110m on property
- Group revenue was stable(ii) at £1,169.7m with revenue momentum improving through the period as IWG returned to growth in Q2
- Sequential quarterly recovery in mature revenue performance with positive growth anticipated for the second half
- Gross profit before growth and closures increased £7.1m. Including growth and closures gross profit declined £13.9m to £211.3m
- Overheads reduced 14%(ii); down 210bp as a percentage of revenue to 10.6%
- Operating profit down 13%(ii) to £87.0m (down 2% at actual rates) after additional growth investment
- Cash generation (before net growth capital expenditure, share buybacks, and dividends) of £87.4m
- Prudent financial position maintained with net debt of £306.5m (0.8x net debt:LTM EBITDA)
- 13% increase in interim dividend to 1.75p (H1 2016: 1.55p), reflecting confidence in long-term outlook
- We anticipate strong cash generation in the second half of the year

£m	**H1 2017**	H1 2016	% change actual currency	% change constant currency
Revenue	**1,169.7**	1,077.6	8.5%	(0.4)%
Gross profit	**211.3**	225.2	(6)%	(13)%
Overheads	**(124.3)**	(136.5)	(9)%	(14)%
Operating profit (Inc. JV)	**87.0**	89.1	(2)%	(13)%
Profit before tax	**80.8**	84.3	(4)%	
Earnings per share (p)	**6.9**	7.2	(4)%	
Dividend per share (p)	**1.75**	1.55	13%	
EBITDA	**190.5**	177.7	7%	(3)%
Post-tax cash return on Investment (i)	**23.3%**	23.6%	Down 30bp	
Cash flow before net growth capex and dividends	**87.4**	141.7	(38)%	
Net debt	**306.5**	173.8		
Net debt : EBITDA – Last 12 months (x)	**0.8**	0.5		

(i) Calculated as: EBITDA less amortisation of partner contributions, less tax based on EBIT, less net maintenance capital expenditure / growth capital less partner contribution. Returns based on those locations open on or before 31 December 2012. Prepared on a last twelve-month (LTM) basis to 30 June 2017 and for 2016 on the 12 months to 31 December 2016.

(ii) At constant currency

Key operational highlights

- Returns on new investment benefitting from operational scale and further efficiencies, on-going focus on disciplined investment, risk management and maintaining flexibility
- Benefitting from the introduction of the new field structure during 2016
- Further network expansion and improvement in network quality, with 149 new locations (115 organic) added in H1 2017. Now in 2,996 locations (up 2% from December 2016), with 481,773 workstations (up 7%) as we intensified the use of space
- Significant focus on the roll out of our large co-working format, Spaces, with 23 new locations and 5 new countries added in H1 2017
- Increased visibility on net growth capital expenditure for the whole of 2017. Pipeline visibility as of 28 July 2017 of approximately £240m, representing 310 locations, 5.8m sq. ft. of additional space (c.12% growth in space) and property investments (c. £110m)
- Increasing traction on partnering deals, accounting for approximately half of the organic openings

Mark Dixon, Chief Executive of IWG plc, said:

"It is a very exciting time for our industry and, as market leader, we will continue to benefit from the structural growth in the Workspace-as-a-Service market globally.

As expected the improving trend in sales activity at the beginning of the year has led to a gradual improvement in revenue growth throughout the first half, with IWG returning to growth in Q2. Current sales activity remains robust and we are therefore confident that our mature business will see growth over the second half of 2017.

Against the backdrop of improving sales trends we have made the decision to invest in our network to deliver additional earnings growth and shareholder value creation over the medium-term. In this regard, we decided to opportunistically acquire properties as well as further accelerate our growth. The underlying capital efficiency of our business more broadly has improved as IWG is increasingly working with partners in expanding its business. This is also reflected in our pipeline.

While IWG's exciting category of Workspace-as-a-Service continues to develop at pace and attract investment on the back of growing customer demand, we remain focused on reinforcing our competitive advantage through the quality of our network, quality of service, technology and cost benefits from scale.

Given the gradual improvement in revenue growth, while continuing to control costs, we anticipate strong cash generation in the second half of the year.

These trends, together with the positive outlook for our industry, are reflected in our decision to increase the interim dividend by 13%, and maintain our progressive dividend policy."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Dominik de Daniel, Chief Financial Officer and Chief Operating Officer, are hosting a presentation today for analysts and investors at 9.30am at CityPoint, 1 Ropemaker Street, EC2Y 9HT.

For those unable to attend the presentation, please contact Jessica Ayres to obtain details for the webcast or conference call: jayres@brunswickgroup.com or +44 (0) 20 7396 7466

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Chief Executive Officer's review

We continue to strengthen our market leading position in the Workspace-as-a-Service ("WaaS") sector which is benefitting from strong structural growth. Our strategy is clearly focused on addressing this opportunity which is being augmented by an increasing awareness of our industry and significant investment among sector participants.

After demonstrating an appropriate degree of restraint last year in growing the business, we are now in a more attractive environment to accelerate growth with the addition of 149 new locations. This has increased our global network to 2,996 locations, which is unrivalled. We are particularly pleased with the quality of this growth. We have partnered with more companies that own and fund real estate to bring these investors to our fast-growing global customer base and become part of our industry leading network. We are now rapidly rolling out our larger co-working format, Spaces. 23 new Spaces locations were added in the first half and with our existing global network we have been able to introduce this format quickly into 5 new countries. Our growth pipeline for Spaces is very strong and continues to gain momentum, with approximately 50 Spaces co-working locations planned for 2017. We remain focussed on developing all our formats and the overall pipeline visibility for the group for the whole of 2017 is strong at approximately £240m representing 310 locations.

During 2016 we implemented significant changes to our field structure and we are now seeing the benefit of these actions with sales activity building momentum through the first half of 2017. The new structure, along with our on-going actions to improve the efficiency of the business, has strengthened our cost leadership. The global scale of our business and the operational efficiency this drives, further improves our competitive advantage and provides for a more resilient business model.

In the six months to June 2017, we have achieved another excellent performance on overheads. Our overhead costs significantly reduced in absolute terms and we improved the ratio of overhead costs to revenue by 210bp from 12.7% in the first half of 2016 to 10.6% for this half year.

We are pleased with the strong financial returns, greater operating efficiency, improving sales activity and the increase in our network growth and quality. We remain in a strong financial position and have the resources available to deliver our strategy. These all place the Group in an even stronger position to address the significant structural growth opportunity in flexible workspace. We can continue to improve our competitive advantage to provide a more resilient business model.

We are confident that IWG, as market leader, will continue to prosper in the attractive WaaS sector.

In-line first half financial performance

The last 12-month post-tax cash return on net growth capital expenditure achieved from locations opened on or before 31 December 2012 was 23.3%, a similarly strong return for the same estate in 2016 and at a level well above our cost of capital. Rolling forward one additional year group, the last 12-month post-tax cash return on investment from locations opened on or before 31 December 2013 was 21.5% (2016: 21.5%).

Group income statement

£m	**H1 2017**	H1 2016	% Change (actual currency)	% Change (constant currency)
Revenue	**1,169.7**	1,077.6	8.5%	(0.4)%
Gross profit (centre contribution)	**211.3**	225.2	(6)%	(13)%
Overheads	**(124.3)**	(136.5)	(9)%	(14)%
Operating profit[(1)]	**87.0**	89.1	(2)%	(13)%
Profit before tax	**80.8**	84.3	(4)%	
Income tax expense	**(17.5)**	(16.9)		
Profit for the period	**63.3**	67.4	(6)%	
EBITDA	**190.5**	177.7	7%	(3)%

(1) After contribution from joint ventures

Group revenue increased 8.5% to £1,169.7m (H1 2016: £1,077.6m). At constant currency rates this represented a decrease of 0.4%. This is an improvement on the first quarter performance which showed a decline of 1.5% at constant currency and reflects the total business moving back into positive growth for the second quarter with year-on-year growth of 0.6% and a pleasing sequential growth in quarterly revenues of 3.5%. Mature revenue declined 2% year-on-year at constant currency. As anticipated the constant currency rate of revenue decline in the mature business reduced in the second quarter to 1.5% year-on-year as we experienced an improvement throughout the quarter. Sequentially Q2 over Q1, mature revenue was up 2.1% with eight of our top ten countries showing sequential growth in the second quarter. Several countries, including the US, Canada, Germany and Japan, turned into positive growth year-on-year at the end of the second quarter and some countries, like the Netherlands, Spain and Italy, were growing significantly throughout the period.

The 13% constant currency reduction in gross profit to £211.3m (H1 2016: £225.2m) primarily reflects a significantly higher year-on-year movement in the losses from a greater number of new locations opened and a negative impact from closures that contributed

positively in the corresponding period. The gross profit from the mature business of £230.2m (H1 2016: £223.1m), represents a decrease of 5% at constant exchange rates. Overall, we maintained a strong mature gross margin of 20.8% (H1 2016: 21.5%).

Gross margin

	Revenue £m		Gross margin %	
	H1 2017	H1 2016	**H1 2017**	H1 2016
2014 Aggregation	**955.2**	915.7	**22.2%**	24.9%
New 15	**153.6**	121.2	**11.9%**	(4.2)%
New 16	**48.7**	8.5	**(22.0)%**	(62.4)%
Pre-17	**1,157.5**	1,045.4	**19.0%**	20.8%
New 17[1]	**9.0**	–	**(78.9)%**	–
Closures	**3.2**	32.2	**(34.4)%**	23.0%
Group	**1,169.7**	1,077.6	**18.1%**	20.9%

(1) New 17 also includes any cost incurred in 2017 for centres which will open in 2018.

As anticipated there was a strong performance on overheads with an absolute reduction to £124.3m (H1 2016: £136.5m). In line with our strategic objective, overheads as a percentage of revenue have reduced 210bp to 10.6% (H1 2016: 12.7%). This cost leadership and our unrivalled network scale, we believe, provide an important advantage in an increasingly competitive landscape. This excellent performance on overheads helped to mitigate the impact on operating profit, which decreased from £89.1m to £87.0m, down 13% at constant currency (down 2% at actual rates), from the reduction in gross profit.

We have again converted our operating profit strongly with cash flow after maintenance capital expenditure, but before investment in growth, dividends and share repurchases, of £87.4m. This remains a positive feature of our business model. After taking the increased net growth capital expenditure of £179.7m and after paying dividends of £32.5m and spending £36.0m buying our own shares as a further hedge against the cost of the exercise of employee share awards, Group net debt increased from £151.3m at 31 December 2016 to £306.5m at 30 June 2017. This represents an underlying Group net debt : LTM EBITDA leverage ratio of 0.8 times, which reflects our continued prudent approach with respect to the Group's capital structure.

We invested £179.7m in net growth capital expenditure during the period, adding a further 149 new openings to the network, which stood at 2,996 locations at the end of the half year. This net growth investment is considerably higher than the £83.1m we invested in the first half of 2016. This reflects both the reacceleration of our growth programme and the, previously announced, acquisition of freehold and long-leasehold properties which have flexible workspace operations which increased our pipeline visibility by approximately £100m, in addition to a small number of individual property purchases. We are pleased that we again see attractive opportunities to grow our business. In addition, we are encouraged with the traction we have achieved in partnering with property owners and investors, with approximately half of the 115 organic openings involving this approach. Another important focus area is the roll out of our Spaces co-working format. During the six months to June 2017 we have opened 23 Spaces locations taking the total to 44. We have also increased the geographic footprint of our Spaces format by opening in new countries like France, Italy, India, Israel and Switzerland, in addition to adding further locations in existing countries like the UK and US. The pipeline for Spaces is very strong and we anticipate approximately 50 locations being added in total this year. With our global network, we can quickly and efficiently introduce the Spaces format into other new markets globally.

Regional mature performance

On a regional basis, mature[2] revenue and contribution can be analysed as follows:

	Revenue		Contribution		Mature gross margin (%)	
£m	**H1 2017**	H1 2016	**H1 2017**	H1 2016	**H1 2017**	H1 2016
Americas	**472.7**	431.1	**92.9**	86.0	**19.7%**	19.9%
EMEA	**245.6**	226.4	**54.6**	52.6	**22.2%**	23.2%
Asia Pacific	**179.7**	164.4	**36.9**	33.2	**20.5%**	20.2%
UK	**209.0**	213.2	**45.4**	50.3	**21.7%**	23.6%
Other	**1.8**	1.8	**0.4**	1.0		
Total	**1,108.8**	1,036.9	**230.2**	223.1	**20.8%**	21.5%

(2) Centres open on or before 31 December 2015.

Americas

The Americas continues to be our largest business region. Total revenue increased 0.4% at constant currency to £494.0m (up 12.8% at actual rates). Mature revenue declined 2.4% at constant currency to £472.7m (up 9.6% at actual rates). Individual country performances remained mixed. The US business turned into a positive position in the second quarter with good sequential improvement in the total business. Canada had a recovery in its mature business from the end of the first quarter, which provided positive momentum overall for the first half. The sequential profile for the total business in Canada was stronger. We experienced continued weakness in LATAM where the most significant markets of Brazil and Mexico continued to weaken throughout the first half due to macroeconomic and geopolitical issues. Although in the case of Mexico, the rate of decline reduced through the period.

Average mature occupancy for the region was 75.9% (H1 2016: 75.6%). The gross profit margin remained solid at 19.7%.

We added 32 new locations during the first half, over 50% through partnering deals. Within the Americas the US was the main focus of growth with just over half of these locations being added there. These US openings were evenly split between our Spaces co-working format and our other formats. Approximately a third of the total locations added were in LATAM, with Brazil the focus following the conclusion of a portfolio deal with a large property owner. All these new locations in LATAM were varying forms of partnering deals. We also opened in Trinidad and Tobago through a partnering agreement. In total, we had 1,236 locations in the region at 30 June 2017. The average number of available workstations increased from 169,828 to 186,009, with a total of 189,221 at the period end.

EMEA

Our EMEA business has made good progress. Total revenue increased 4.1% to £264.0m at constant currency (up 15.1% at actual rates). Mature revenue on a constant currency basis declined 1.9% to £245.6m but was up 8.5% at actual rates. Individual country performances varied. The Netherlands, Spain and Italy contributed strongly throughout H1 2017 and Germany moved back into growth in the second quarter. Russia, Turkey and France have experienced challenging market conditions, although in the case of Russia the benefits of the actions taken to restructure are now starting to come through. Some smaller markets in the Middle East and Africa continued to face challenges.

Occupancy on the Mature business increased from 75.4% to 77.3%, reflecting the continued maturation of the newer year group additions within the mature business. The gross profit margin declined from 23.2% in the first half of 2016 to 22.2% for the six months to 30 June 2017, primarily an effect of mix. For example, in Russia, strong occupancy was maintained but pricing has been under significant pressure, as previously announced, and the benefit of restructuring phasing in over time.

During the first half, we added 56 new locations, taking the total number of locations to 842. Almost 40% of these new locations were established via partnering deals. We opened six Spaces co-working locations during the period and introduced it into four new countries, France, Italy, Israel and Switzerland. The average number of workstations increased from 89,539 to 101,576. At period end we had 105,887 workstations.

Asia Pacific

Total revenue in Asia Pacific improved 0.4% at constant currency to £191.3m (up 11.2% at actual rates). Revenue from the region's mature business on a constant currency basis declined 1.4% to £179.7m. At actual rates, mature revenue increased 9.3%. Individual market performances in the region have been varied. Our business in Australia has grown throughout the first half and our performance in Japan moved back to growth in the middle of the second quarter. In China, we have experienced an easing in the rate of decline during the first half.

Mature occupancy increased from 70.1% in the comparable period for 2016 to 73.4% for the six months to June 2017. The gross margin improved to 20.5% (H1 2016: 20.2%).

Asia Pacific has grown in the period with 19 new locations being added to take the total locations in the region to 607. Two thirds of these new locations were partnering deals. Over 40% of the new locations were in Japan and half of these were Regus Express formats. Three new Spaces were opened in the region, one in Japan and two in India. The average number of workstations increased from 93,501 to 99,331. At the end of the period we had 100,467 workstations.

UK

Total revenue in the UK decreased 7.5% to £218.6m reflecting the impact of closures and lower occupancy in the remaining estate. Mature revenue was down 2.0% to £209.0m (H1 2016: £213.2m).

Mature occupancy in the first half was 72.9% compared to 75.8% in the corresponding period in 2016. Our UK business has continued with its space optimisation programme and this has resulted in a 7% increase in the average number of available workstations within the mature business during the first 6 months of 2017. With the decline in mature revenue on a relatively fixed cost base in the near-term, the mature gross margin reduced to 21.7% (H1 2016: 23.6%). The UK, whilst already a very operationally efficient business, has further contributed to the strong overhead performance.

During the first half of 2017 42 locations were added to the UK network compared to 8 locations in the comparable period in 2016. These locations are primarily in the South of England and very complementary to our existing UK network. They also broaden our product offering in the UK in terms of price point, geographic presence and type of workspace. We added five new Spaces locations and now have seven in the UK. Total average workstations increased from 72,775 to 76,561 with 86,198 at the period-end.

Outlook

It is a very exciting time for our industry and, as market leader, we will continue to benefit from the structural growth in the Workspace-as-a-Service market globally.

As expected the improving trend in sales activity at the beginning of the year has led to a gradual improvement in revenue growth throughout the first half, with IWG returning to growth in Q2. Current sales activity remains robust and we are therefore confident that our mature business will see growth over the second half of 2017.

Against the backdrop of improving sales trends we have made the decision to invest in our network to deliver additional earnings growth and shareholder value creation over the medium-term. In this regard, we decided to opportunistically acquire properties as well as further accelerate our growth. The underlying capital efficiency of our business more broadly has improved as IWG is increasingly working with partners in expanding its business. This is also reflected in our pipeline.

While IWG's exciting category of Workspace-as-a-Service continues to develop at pace and attract investment on the back of growing customer demand, we remain focused on reinforcing our competitive advantage through the quality of our network, quality of service, technology and cost benefits from scale.

Given the gradual improvement in revenue growth, while continuing to control costs, we anticipate strong cash generation in the second half of the year.

These trends, together with the positive outlook for our industry, are reflected in our decision to increase the interim dividend by 13%, and maintain our progressive dividend policy.

Mark Dixon
Chief Executive Officer
8 August 2017

Chief Financial Officer’s review

Return on investment

Our strategy remains focused on driving cash returns that achieve our post-tax cash payback criteria, which typically is within four years. For the last 12 months to 30 June 2017, the Group has delivered a post-tax cash return of 23.3% in respect of locations opened on or before 31 December 2012 (23.6% on the same estate for the 12 months to 31 December 2016). Incorporating the centres opened during 2013, the Group delivered a post-tax cash return of 21.5% in respect of all locations opened on or before 31 December 2013 (the equivalent return for the 12 months to 31 December 2016 on the same estate was also 21.5%).

This strong level of post-tax cash return performance reflects the continued focus on efficiency and productivity, and the economies of scale on overheads that we enjoy as we continue to grow the business.

The table below shows the status of our centre openings by year of opening, with pleasing progress in the development of returns for centres added in 2013, 2014 and 2015 as they continue to progress towards full maturity.

Post-tax cash return[(1)] on net investment by year group – LTM to 30 June 2017

Year of opening	**09 & earlier**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
Post-tax cash return	**24.3%**	**26.7%**	**19.5%**	**19.7%**	**15.4%**	**13.3%**	**6.5%**	**(19.2)%**	**(3.6)%[(3)]**
Net growth investment on locations opened in year[(2)] £m	**557.4**	**52.0**	**76.1**	**140.2**	**236.9**	**159.2**	**258.0**	**131.0**	**205.9**

2016 Post-tax cash return on net investment by year group – 12 months to 31 December 2016

Year of opening	09 & earlier	10	11	12	13	14	15	16	17
Post-tax cash return	25.0%	31.1%	21.3%	16.6%	13.9%	10.0%	(2.6)%	(15.8%)[(4)]	-
Net growth investment on locations opened in year[(2)] £m	562.1	52.5	77.4	142.0	238.6	159.9	259.0	130.8	26.7

(1) These returns are based on the post-tax cash return divided by the net growth capital investment. The post-tax return is calculated as the EBITDA achieved, less the amortisation of any partner capital contribution, less tax based on the EBIT and after deducting maintenance capital expenditure. Net growth capital investment is the growth capital after any partner contributions. We believe this provides an appropriate and conservative measure of cash return.

(2) These amounts relate to net investment based on the year of opening of the centre. Depending on the timing of opening, some capital expenditure can be incurred in the calendar year before or after opening. These amounts are also adjusted for net investment relating to closures.

(3) 2017 return on net growth investment is based on the actual results for the six-months to 30 June 2017 on investment made in 2017 up to 30 June.

(4) 2016 return on investments made in 2016 is based on the results for the period that the locations were open.

Developing the network

After approaching 2016 with a high degree of caution, we see 2017 as an opportune time to reaccelerate our growth programme. We continue to apply maximum focus to the investment decision process, which remains critical to our ultimate success in meeting our stringent financial hurdles. In the six months to June 2017 we invested £179.7m of net growth capital expenditure. This investment included approximately £110m on property. In total, we added a further 149 locations to the network, less than a quarter of which came from acquisitions. These locations added approximately 2.7m sq. ft., taking the Group’s total space globally to approximately 49.8m sq. ft. as at 30 June 2017.

Of particular note in this first half has been the increased traction with partnering deals and the roll out of our Spaces format. Approximately half of the 115 organic openings were partnership deals and approaching 40% of the total new additions. We opened 23 Spaces in the first half, taking the total number of Spaces open at 30 June 2017 to 44. Being on average larger, these 23 new Spaces locations added 0.7m sq. ft., representing 26% of the total space added.

By continuing to invest in developing our network we are increasing the depth and breadth of our geographic scope, our ability to address different styles of working and price points. This is a major differentiator for IWG and provides a competitive advantage as well as building further resilience into the business.

We have a good pipeline of new openings and many more are capital light opportunities through partnering deals. Consequently, we anticipate increasing the proportion of our leases with partners that are variable in nature. Currently over 50% of the organic locations in the pipeline are through partnering deals. As of 28 July, we had visibility on net capital expenditure so far for the whole of 2017 of approximately £240m, representing approximately 310 locations, including approximately 50 Spaces, and approximately 5.8m sq. ft. of additional space.

Operational developments

We continued to further simplify our operational processes in the field and fine tune the significant changes made in 2016. We have centralised more activities which is aided by the roll out of local shared service centres.

We are now seeing the benefit of the changes implemented last year which justifies our belief that these were the right actions to take and that they would bring major benefits to the Group.

Financial performance

Group income statement

£m	H1 2017	H1 2016	% Change (actual currency)	% Change (constant currency)
Revenue	**1,169.7**	1,077.6	8.5%	(0.4)%
Gross profit (centre contribution)	**211.3**	225.2	(6)%	(13)%
Overheads	**(124.3)**	(136.5)	(9)%	(14)%
Joint ventures	**-**	0.4		
Operating profit	**87.0**	89.1	(2)%	(13)%
Net finance expense	**(6.2)**	(4.8)		
Profit before tax	**80.8**	84.3	(4)%	
Income tax expense	**(17.5)**	(16.9)		
Effective tax rate	**21.7%**	20.0%		
Profit for the period	**63.3**	67.4	(6)%	
Basic EPS (p)	**6.9**	7.2	(4)%	
Depreciation & amortisation	**103.5**	88.6		
EBITDA	**190.5**	177.7	7%	(3)%

Revenue

Group revenue decreased 0.4% at constant currency to £1,169.7m (H1 2016: £1,077.6m), an increase of 8.5% at actual rates. The first quarter revenue decline for the total business was 1.5%, which highlights a stronger second quarter performance. All the regions, apart from the UK, contributed positive growth in the second quarter. The UK did however reduce the decline in its revenue over the second quarter. Generally, we experienced a gain in momentum as we moved through the second quarter, including in the UK. This demonstrates that the increase in sales activity we had previously reported is now starting to filter through into our revenue numbers. A similar experience has been seen in the mature business. Mature revenue (from the 2,616 like-for-like locations added on or before 31 December 2015) declined 2.0% at constant currency to £1,108.8m (H1 2016: £1,036.9m), up 6.9% at actual rates. This represents an improvement in the deceleration in the pace of year-on-year growth in the second quarter compared with the first quarter from 2.5% in Q1 to 1.5% in Q2. Mature revenue momentum was gathering pace throughout the second quarter. The Americas and Asia Pacific were notable contributors to this improving performance. Mature occupancy was 75.1% (H1 2016: 74.4%).

Gross profit

Group gross profit decreased 13% at constant currency rates to £211.3m (H1 2016: £225.2m), down 6% at actual rates. The reduction in Group gross margin from 20.9% to 18.1% reflects a 70bp reduction in the mature margin to 20.8%, a substantial higher level of initial losses from the new centre additions and an £8.5m negative swing year-on-year from closures.

Gross margin

£m	**Mature centres H1 2017**	**New centres H1 2017**	**Closed centres H1 2017**	**Total H1 2017**
Revenue	**1,108.8**	**57.7**	**3.2**	**1,169.7**
Cost of sales	**(878.6)**	**(75.5)**	**(4.3)**	**(958.4)**
Gross profit (centre contribution)	**230.2**	**(17.8)**	**(1.1)**	**211.3**
Gross margin	**20.8%**	**(30.8)%**	**(34.4)%**	**18.1%**

£m	Mature centres H1 2016	New centres H1 2016	Closed centres H1 2016	Total H1 2016
Revenue	1,036.9	8.5	32.2	1,077.6
Cost of sales	(813.8)	(13.8)	(24.8)	(852.4)
Gross profit (centre contribution)	223.1	(5.3)	7.4	225.2
Gross margin	21.5%	(62.4)%	23.0%	20.9%

Further overhead efficiency gains

As anticipated, we have achieved further scale benefits and reduced overheads in absolute terms as we see a full half year benefit of the reductions made during 2016 and no repetition of the costs incurred and expensed last year to achieve the improved efficiency. The process of centralising more activities, globally and regionally, into dedicated service centres continues and is instrumental in being able to increasingly unlock the benefits of our unmatched scale. Therefore, despite further network growth, total overheads declined by 14% at constant currency to £124.3m (down 9% at actual rates). As a percentage of revenue, total overheads declined from 12.7% in the first half of 2016 to 10.6% for the first six-months of 2017. This also represents a further improvement on the 10.9% achieved in the second half of 2016 and the full year outturn of 11.8%. Our continuing strong focus on overheads will be important in the current market environment.

Operating profit

The achievement of a further absolute reduction in Group overheads has helped to mitigate much of the reduction in the first half gross profit. As a consequence, Group operating profit decreased 13% at constant currency to £87.0m (H1 2016: £89.1m) (down 2% at actual rates). Consequently, the Group operating margin decreased 90bp from 8.3% in the six months 30 June 2016 to 7.4% in the first half of 2017, which is a function of the normal initial losses on a larger number of new locations in the network.

Net finance expense

The net finance charge for the six months to 30 June 2017 increased to £6.2m from £4.8m for the corresponding six-months in 2016. Net debt at the end of June 2017 was higher at £306.5m compared with £173.8m at 30 June 2016, this primarily reflects the acceleration of investment activity, including the acquisition of a number of freehold and long-leasehold properties with flexible workspace operations, we announced in May, along with the repurchase of shares. Notwithstanding the higher level of net debt, we reduced the cash cost of our borrowing compared to the first six months of 2016, reflecting the lower funding costs in general on our credit facility. Also, the net finance cost for the first half of 2016 was positively impacted by a favourable foreign exchange movement, most notably in June following the weakness of sterling after the result of the UK Referendum on EU membership. The foreign exchange impact in the six months to June 2017 has been materially lower.

Tax

The effective tax rate for the six months to June 2017 was 21.7% (H1 2016: 20.0%). We anticipate that the tax rate this year will be approximately 20.0%.

Earnings per share

Group earnings per share reduced marginally in the first six-months to 6.9p (H1 2016: 7.2p), a decrease of 4%. This reflects the lower level of post-tax profitability in the period which was partly mitigated by a reduction in the weighted average number of shares outstanding in the period. Diluted earnings per share for the six months to June 2017 were 6.8p (H1 2016: 7.1p).

The weighted average number of shares in issue for the first six-months was 919,189,471 (H1 2016: 931,328,502). The weighted average number of shares for diluted earnings per share was 932,916,702 (H1 2016: 949,079,315). During the first half of the year, the Group purchased 11,280,000 shares for £36.0m, designated to be held in treasury to satisfy future exercises under various Group long-term incentive schemes. This represents a significantly greater investment than in the corresponding period in 2016. Over the same period, the Group reissued 4,045,944 shares from treasury to satisfy such exercises.

Cash flow and funding

Cash generation continues to be a positive feature of our business model. Cash generated before the investment in growth capital expenditure, dividends and share repurchases totalled £87.4m in the first six months of 2017 (H1 2016: £141.7m). This is lower than for the comparable period as the six months to June 2016 benefitted from some specific programmes undertaken to unlock working capital, which resulted in an additional inflow of approximately £45.0m. In addition, we have experienced some of the normal timing differences that can occur around the half year.

Group net debt increased from £151.3m at 31 December 2016 to £306.5m at 30 June 2017. This increase comes after a significant step-up in our growth programme. Net growth capital investment increased from £83.1m in the first half of 2016 to £179.7m for the six months to June 2017. This reflects an underlying reacceleration of our growth programme, particularly in our generally larger and more designed Spaces co-working format, and the acquisition of properties. We have continued to invest in maintaining and refreshing our existing locations. We also paid the 2016 final dividend of £32.5m and spent £36.0m on buying our own shares as a further hedge against the cost of the exercise of employee share awards.

We have continued to maintain a prudent approach to the Group's capital structure. This half year net debt position of £306.5m represents a Group net debt : LTM EBITDA leverage ratio of 0.8 times, even after the significant acquisition in the second quarter. A leverage ratio of 0.8 times remains well within the range we consider appropriate for our business model and significantly below our bank covenant limitation.

Our £550m Revolving Credit Facility continues to provide adequate funding headroom to execute our strategy. During the first half of 2017 we further improved the debt maturity profile by extending this facility to 2022 (previously 2021), with a further option to extend until 2023. The facility is predominately denominated in sterling and can be drawn in several major currencies.

Cash flow

The table below reflects the Group's cash flow:

£m	**H1 2017**	H1 2016
Group EBITDA	**190.5**	177.7
Working capital	**(11.7)**	50.3
Less: growth-related partner contributions	**(30.6)**	(23.7)
Maintenance capital expenditure	**(44.8)**	(33.6)
Tax paid	**(11.6)**	(20.2)
Interest paid, net	**(5.8)**	(9.9)
Other items	**1.4**	1.1
Cash flow before growth capital expenditure, share repurchases and dividends	**87.4**	141.7
Gross growth capital expenditure	**(210.3)**	(106.8)
Less: growth-related partner contributions	**30.6**	23.7
Net growth capital expenditure[(1)]	**(179.7)**	(83.1)
Total net cash flow from operations	**(92.3)**	58.6
Purchase of shares	**(36.0)**	(7.5)
Dividend	**(32.5)**	(28.9)
Other financing activities	**3.7**	(4.2)
Opening net cash/debt	**(151.3)**	(190.6)
Exchange movements	**1.9**	(1.2)
Closing net debt	**(306.5)**	(173.8)

(1) Net growth capital expenditure of £179.7m relates to the cash outflow in first six-months of 2017. Accordingly, it includes capital expenditure related to locations added in 2016 and to be added in 2018, as well as 2017. The total net investment in the 2017 and 2018 additions amounts to £206.2m so far.

Foreign exchange

The Group's results are exposed to translation risk from the movement in currencies. During first half of 2017 key individual currency exchange rates have moved, as shown in the table below. Following the June 2016 UK Referendum on EU membership sterling weakened against our key trading currencies. This weakness prevailed through the first half of 2017 and provided a boost to the translation of our significant international earnings.

Foreign exchange rates

	At 30 June			Half year average		
Per £ sterling	2017	2016	%	2017	2016	%
US dollar	1.30	1.34	(3)%	1.27	1.42	(11)%
Euro	1.14	1.21	(6)%	1.16	1.27	(9)%
Japanese yen	146	138	6%	142	158	(10)%

Risk management

Effective management of risk is an everyday activity at IWG and, crucially, integral to our growth planning. The principal risks and uncertainties affecting the Group remain unchanged. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risks can be found on pages 27 to 32 of the 2016 Annual Report and Accounts.

Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the six-months ended 30 June 2017. Details of related party transactions that have taken place in the period can be found in note 11.

Dividends

A final dividend of 3.55p per share for 2016 was paid by IWG on 26 May 2017 following shareholder approval (2016: 3.10p).

In line with IWG's progressive dividend policy, the Board has increased the 2017 interim dividend by 13% to 1.75p per share (H1 2016: 1.55p). The interim dividend will be paid on Friday, 6 October 2017 to shareholders on the register at the close of business on Friday, 8 September 2017.

Dominik de Daniel
Chief Financial Officer and Chief Operating Officer
8 August 2017

Condensed Consolidated Financial Information

Interim consolidated income statement (unaudited)

£m	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Revenue	**1,169.7**	1,077.6
Cost of sales	**(958.4)**	(852.4)
Gross profit (centre contribution)	**211.3**	225.2
Selling, general and administrative expenses	**(124.3)**	(136.5)
Share of profit of equity-accounted investees, net of tax	**-**	0.4
Operating profit	**87.0**	89.1
Finance expense	**(6.3)**	(4.9)
Finance income	**0.1**	0.1
Net finance expense	**(6.2)**	(4.8)
Profit before tax for the period	**80.8**	84.3
Income tax expense	**(17.5)**	(16.9)
Profit for the period	**63.3**	67.4

Interim consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Profit for the period	**63.3**	67.4
Other comprehensive income:		
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – reclassified to the income statement	**-**	2.1
Cash flow hedges – effective portion of changes in fair value	**-**	(0.4)
Foreign currency translation differences for foreign operations	**(17.8)**	60.0
Items that are or may be reclassified to profit or loss in subsequent periods	**(17.8)**	61.7
Other comprehensive (loss)/income for the period, net of tax	**(17.8)**	61.7
Total comprehensive income for the period, net of tax	**45.5**	129.1

Earnings per ordinary share (EPS):

	Six months ended 30 June 2017	Six months ended 30 June 2016
Basic (p)	**6.9**	7.2
Diluted (p)	**6.8**	7.1

The above interim consolidated income statement and interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim consolidated statement of changes in equity (unaudited)

£m	Issued share capital	Treasury shares	Foreign currency translation reserve	Hedging reserve	Revaluation reserve	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2016	**9.5**	**(42.9)**	**7.4**	**(2.1)**	**10.5**	**15.3**	**586.0**	**583.7**
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	67.4	67.4
Other comprehensive income:	-	-	-	2.1	-	-	-	2.1
Cash flow hedges – effective portion of changes in fair value	-	-	-	(0.4)	-	-	-	(0.4)
Foreign currency translation differences for foreign operations	-	-	60.0	-	-	-	-	60.0
Other comprehensive income, net of tax	-	-	60.0	1.7	-	-	-	61.7
Total comprehensive income for the period	-	-	60.0	1.7	-	-	67.4	129.1
Transactions with owners, recorded directly in equity:								
Share based payments	-	-	-	-	-	-	1.4	1.4
Ordinary dividend paid (note 3)	-	-	-	-	-	-	(28.9)	(28.9)
Purchase of shares	-	(6.6)	-	-	-	-	(0.9)	(7.5)
Proceeds from exercise of share awards	-	4.5	-	-	-	-	(3.8)	0.7
Balance at 30 June 2016	**9.5**	**(45.0)**	**67.4**	**(0.4)**	**10.5**	**15.3**	**621.2**	**678.5**
Balance at 1 January 2017	**9.2**	**(2.9)**	**97.6**	**(0.3)**	**10.5**	**15.3**	**612.6**	**742.0**
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	63.3	63.3
Other comprehensive income:								
Foreign currency translation differences for foreign operations	-	-	(17.8)	-	-	-	-	(17.8)
Other comprehensive (loss)/income, net of tax	-	-	(17.8)	-	-	-	-	(17.8)
Total comprehensive income for the period	-	-	(17.8)	-	-	-	63.3	45.5
Transactions with owners, recorded directly in equity:								
Share based payments	-	-	-	-	-	-	1.2	1.2
Ordinary dividend paid (note 3)	-	-	-	-	-	-	(32.5)	(32.5)
Purchase of shares	-	(36.0)	-	-	-	-	-	(36.0)
Proceeds from exercise of share awards	-	11.5	-	-	-	-	(8.1)	3.4
Balance at 30 June 2017	9.2	(27.4)	79.8	(0.3)	10.5	15.3	636.5	723.6

On 19 December 2016, the Group entered into a court approved Scheme of Arrangement. As a result of the Scheme of Arrangement shares in Regus plc were cancelled and shares in the new Group holding company, IWG plc, were issued on the basis of one IWG plc share (nominal value one pence) for one share previously held in Regus plc (nominal value one pence). As a result, the shareholders of Regus plc became the shareholders of IWG plc. The establishment of IWG plc as the new parent company was accounted for as a common control transaction under IFRS and consequently the aggregate of the Group reserves have been attributable to IWG plc.

At 30 June 2017, treasury shares represent 8,404,755 (30 June 2016: 20,514,246) ordinary shares of the Group that were acquired for the purposes of the Group's various employee share option plans. During the period 11,280,000 (30 June 2016: 2,707,545) shares were purchased and 4,045,944 (30 June 2016: 2,683,912) were utilised to satisfy the exercise of share options by employees. At 8 August 2017, 8,162,001 treasury shares were held.

The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic cost to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006.

Other reserves include £37.9 million arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5 million relating to merger reserves and £0.1 million to the redemption of preference shares partly offset by £29.2 million arising from the Scheme of Arrangement undertaken in 2003.

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim consolidated balance sheet

£m	Notes	**As at 30 June 2017 (unaudited)**	As at 31 December 2016*
Non-current assets			
Goodwill	4	**677.8**	685.3
Other intangible assets		**45.9**	52.8
Property, plant and equipment		**1,318.5**	1,194.4
Deferred tax assets		**28.7**	29.3
Other long term receivables		**82.5**	83.7
Investments in joint ventures		**13.1**	13.6
Total non-current assets		**2,166.5**	2,059.1
Current assets			
Trade and other receivables		**557.6**	517.1
Corporation tax receivable		**35.8**	34.8
Assets held for sale	6	**-**	-
Cash and cash equivalents	7	**85.6**	50.1
Total current assets		**679.0**	602.0
Total assets		**2,845.5**	2,661.1
Current liabilities			
Trade and other payables (incl. customer deposits)		**873.0**	875.2
Deferred income		**285.3**	276.4
Corporation tax payable		**22.4**	17.7
Bank and other loans	7	**10.6**	7.8
Provisions		**4.3**	6.0
Liabilities held for sale	6	**-**	-
Total current liabilities		**1,195.6**	1,183.1
Non-current liabilities			
Other payables		**532.9**	532.1
Non-current derivative financial liabilities		**0.1**	0.3
Bank and other loans	7	**381.5**	193.6
Deferred tax liability		**4.7**	2.4
Provisions		**3.1**	3.4
Provision for deficit on joint ventures		**3.2**	3.4
Retirement benefit obligations		**0.8**	0.8
Total non- current liabilities		**926.3**	736.0
Total liabilities		**2,121.9**	1,919.1
Total equity			
Issued share capital		**9.2**	9.2
Treasury shares		**(27.4)**	(2.9)
Foreign currency translation reserve		**79.8**	97.6
Hedging reserve		**(0.3)**	(0.3)
Revaluation reserve		**10.5**	10.5
Other reserves		**15.3**	15.3
Retained earnings		**636.5**	612.6
Total equity		**723.6**	742.0
Total equity and liabilities		**2,845.5**	2,661.1

* Based on the audited financial statements for the year ended 31 December 2016.

The above interim consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim consolidated statement of cash flows (unaudited)

£m	Notes	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Profit before tax for the period		**80.8**	84.3
Adjustments for:			
Net finance expense		**6.2**	4.8
Share of profit on equity-accounted investees, net of income tax		**-**	(0.4)
Depreciation charge		**97.7**	82.3
Loss / (gain) on disposal of property, plant and equipment		**1.0**	(0.6)
Loss on disposal of assets-held-for-sale		**-**	0.1
Impairment of intangibles assets		**1.5**	-
Impairment of assets-held-for-sale		**-**	2.0
Amortisation of intangible assets		**5.8**	6.3
Amortisation of acquired lease fair value adjustment		**(1.4)**	(1.5)
(Decrease) / increase in provisions		**(2.0)**	0.6
Share based payments		**1.2**	1.4
Other non-cash movements		**1.2**	(2.4)
Operating cash flows before movements in working capital		**192.0**	176.9
(Increase) / decrease in trade and other receivables		**(42.5)**	23.2
Increase in trade and other payables		**30.8**	27.1
Cash generated from operations		**180.3**	227.2
Interest paid		**(5.9)**	(10.0)
Tax paid		**(11.6)**	(20.2)
Net cash inflows from operating activities		**162.8**	197.0
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	12	**(37.6)**	(0.3)
Proceeds on the sale of assets-held-for-sale		**-**	3.1
Dividends received from joint ventures		**-**	0.1
Proceeds on sale of property, plant and equipment	5	**0.2**	13.9
Purchase of property, plant and equipment	5	**(156.3)**	(150.7)
Purchase of intangible assets		**(1.1)**	(2.5)
Interest received		**0.1**	0.1
Cash outflows from investing activities		**(194.7)**	(136.3)
Financing activities			
Net proceeds from issue of loans	7	**458.0**	385.8
Repayment of loans	7	**(327.1)**	(404.0)
Settlement of financial derivatives		**-**	(7.0)
Purchase of shares		**(36.0)**	(7.5)
Proceeds from exercise of share awards		**3.4**	0.7
Payment of ordinary dividend	3	**(32.5)**	(28.9)
Cash inflows / (outflows) from financing activities		**65.8**	(60.9)
Net increase / (decrease) in cash and cash equivalents	7	**33.9**	(0.2)
Cash and cash equivalents at beginning of period	7	**50.1**	63.9
Effect of exchange rate fluctuations on cash held	7	**1.6**	10.9
Cash and cash equivalents at end of period	7	**85.6**	74.6

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Notes to the Condensed Interim Consolidated Financial Information (unaudited)

Note 1: Basis of preparation and accounting policies

IWG plc is a public limited company incorporated in Jersey and registered and domiciled in Switzerland. The Company's ordinary shares are traded on the London Stock Exchange. IWG plc owns an international network of business centres which are utilised by a variety of business customers.

The unaudited condensed interim consolidated financial information as at and for the six months ended 30 June 2017 included within the half yearly report:

- was prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as adopted by the European Union ("adopted IFRS"), and therefore does not include all disclosures that would otherwise be required in a complete set of financial statements. Selected explanatory notes are included to understand events and transactions that are significant to understand the changes in the Group's financial position and performance since the last IWG plc Annual Report and Accounts for the year ended 31 December 2016;
- was prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Conduct Authority;
- comprise the Company and its subsidiaries (the "Group") and the Group's interests in jointly controlled entities;
- do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2016 has been filed with the Jersey Companies Registry. Those accounts have been reported on by the Company's auditors and the report of the auditors was (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. These accounts are available from the Company's website - www.iwgplc.com; and
- the condensed consolidated interim financial information was approved by the Board of Directors on 8 August 2017.

In preparing this condensed consolidated interim financial information, the significant judgments made by management and the key sources of estimation of uncertainty were the same as those that applied to the Report and Accounts for the year ended 31 December 2016. The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2016 have been applied in the preparation of this half yearly report, except for the adoption of new standards and interpretations effective as of 1 January 2017, which did not have a material effect on the Group's financial statements, unless otherwise indicated.

The following standards, interpretations and amendments to standards were applicable to the Group for periods commencing on or after 1 January 2017:

IAS 7	Disclosure Initiative – Amendments to IAS 7
IAS 12	Recognition of Deferred Tax Assets for Unrealised losses – Amendments to IAS 12
Various	Annual Improvements (2012 – 2014 Cycle)

Except for IFRS 16 Leases, the following new or amended standards and interpretations that are mandatory for 2018 annual periods (and future years) are not expected to have a material impact on the Company:

IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

The adoption of IFRS 16 will result in the recognition of a significant right-of-use asset together with corresponding lease liabilities. The Group is in the process of quantifying the related impact through a detailed analysis of the Group's lease arrangements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Seasonality

The majority of the Group's revenue is contracted and is therefore not subject to significant seasonal fluctuations. Demand based revenue (from products such as Meeting Rooms and Customer Services) is impacted by seasonal factors within the year, particularly around summer and winter vacation periods. This fluctuation leads to a small seasonal profit bias to the second half year compared to the first half. However, this seasonal bias is often hidden by other factors which drive changes in the pattern of profit delivery such as the addition of new centres or changes in demand or prices.

Going concern

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

Note 2: Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker (the Board of Directors of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments: Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. These geographical segments exclude the Group's non-trading, holding and corporate management companies. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker. All reportable segments are involved in the provision of global workplace solutions.

The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own discrete senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for the Group for the year ended 31 December 2016. The performance of each segment is assessed on the basis of the segment operating profit, which excludes internal revenue, corporate overheads and foreign exchange gains and losses arising on transactions with other operating segments.

£m Six months ended 30 June	Americas		EMEA		Asia Pacific		United Kingdom		All other segments		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenues from external customers	**494.0**	438.0	**264.0**	229.4	**191.3**	172.0	**218.6**	236.4	**1.8**	1.8	**1,169.7**	1,077.6
Revenues from internal customers	**-**	-	**-**	-	**-**	-	**0.4**	0.5	**-**	-	**0.4**	0.5
Segment revenues	**494.0**	438.0	**264.0**	229.4	**191.3**	172.0	**219.0**	236.9	**1.8**	1.8	**1,170.1**	1,078.1
Reportable segment profit before tax	**57.8**	53.9	**31.0**	24.4	**20.3**	18.0	**38.3**	49.0	**(10.9)**	(7.3)	**136.5**	138.0
Reportable segment assets	**1,761.8**	1,326.4	**581.1**	519.2	**375.8**	389.4	**976.9**	954.9	**25.6**	1.5	**3,721.2**	3,191.4
Reportable segment liabilities	**(1,733.2)**	(1,284.2)	**(758.7)**	(646.5)	**(435.6)**	(416.4)	**(888.0)**	(931.2)	**(16.5)**	(0.1)	**(3,832.0)**	(3,278.4)

Reconciliation of reportable segment results to published statements:

£m	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Reportable segment profit	**136.5**	138.0
Elimination of inter-segment revenue	**(0.4)**	(0.5)
Corporate overheads	**(49.1)**	(48.8)
Share of post-tax profit of joint ventures	**-**	0.4
Net finance expense	**(6.2)**	(4.8)
Published Group profit before tax	**80.8**	84.3

			At 30 June 2017
£m	Assets	Liabilities	Net assets/(liabilities)
Reportable segment results	**3,721.2**	**(3,832.0)**	**(110.8)**
Exclude: Segmental inter-company amounts	**(1,030.5)**	**2,116.5**	**1,086.0**
Corporate overheads (excluding amounts due to/from reportable segments):			
Cash	**56.9**	**-**	**56.9**
Deferred taxation	**16.7**	**-**	**16.7**
Bank and other loans	**-**	**(369.3)**	**(369.3)**
Other	**81.2**	**(37.1)**	**44.1**
Published Group total	**2,845.5**	**(2,121.9)**	**723.6**

			At 30 June 2016
£m	Assets	Liabilities	Net assets/(liabilities)
Reportable segment results	3,191.4	(3,278.4)	(87.0)
Exclude: Segmental inter-company amounts	(756.3)	1,653.7	897.4
Corporate overheads (excluding amounts due to/from reportable segments):			
Cash	41.8	-	41.8
Deferred taxation	25.6	-	25.6
Bank and other loans	-	(230.7)	(230.7)
Other	67.3	(35.9)	31.4
Published Group total	2,569.8	(1,891.3)	678.5

There have been no changes to the basis of segmentation or the measurement basis for the segments since 31 December 2016.

Note 3: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Final dividend for the year ended 31 December 2016: 3.55 pence per share (2015: 3.10 pence per share)	**32.5**	28.9

Note 4: Goodwill and indefinite life intangible assets

As at 30 June 2017, the carrying value of the Group's goodwill and indefinite life intangible assets was £677.8 million and £11.2 million respectively (31 December 2016: £685.3 million and £11.2 million respectively). The last annual review of the carrying value of the goodwill and indefinite life intangible was performed as at 30 September 2016 and will be reassessed during the last quarter of 2017. There are no indicators of impairment in the period ended 30 June 2017.

Note 5: Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired assets with a cost of £156.3 million (30 June 2016: £150.7 million). Assets with a net book value of £1.2 million (30 June 2016: £13.3 million) were disposed of during the period for £0.2 million (30 June 2016: £13.9 million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £41.3 million (30 June 2016: £34.8 million).

Note 6: Assets and liabilities held for sale

During 2016 the Group disposed of specific assets and liabilities acquired as part of the Avanta Services Offices Group plc acquisition in accordance with the agreed settlement with the United Kingdom Competition & Markets Authority for a consideration of £3.3 million. There were no assets and liabilities held for sale as at 30 June 2017 and 31 December 2016.

	At June 2016 **£m**
Assets	
Goodwill	0.7
Property, plant and equipment	0.5
Assets held for sale	**1.2**
Liabilities	
Trade and other payables	(0.9)
Liabilities held for sale	**(0.9)**
Net assets held for sale	**0.3**

There is no cumulative income or expense included in other comprehensive income relating to the net assets held for sale.

Note 7: Analysis of net financial resources

£m	At 1 Jan 2017	Cash flow	Non-cash changes	Exchange movement	**At 30 June 2017**
Cash and cash equivalents	50.1	33.9	-	1.6	85.6
Gross cash	50.1	33.9	-	1.6	85.6
Debt due within one year	(7.8)	(2.7)	-	(0.1)	(10.6)
Debt due after one year	(193.6)	(128.2)	(60.1)	0.4	(381.5)
	(201.4)	(130.9)	(60.1)	0.3	(392.1)
Net financial liabilities	**(151.3)**	**(97.0)**	**(60.1)**	**1.9**	**(306.5)**

Cash, cash equivalents and liquid investment balances held by the Group that are not available for use (''Blocked Cash'') amounted to £10.6 million at 30 June 2017 (31 December 2016: £11.3 million).

Of this balance, £7.0 million (31 December 2016: £9.6 million) is pledged as security against outstanding bank guarantees and a further £3.6 million (31 December 2016: £1.7 million) is pledged against various other commitments of the Group.

The Group acquired debt of £60.1 million as part of an acquisition during the current period.

Note 8: Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts included in the consolidated statement of financial position, are as follows:

	At 30 June 2017		At 31 December 2016	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Cash and cash equivalents	**85.6**	**85.6**	50.1	50.1
Trade and other receivables	**450.3**	**450.3**	418.5	418.5
Financial assets[b]	**535.9**	**535.9**	468.6	468.6
Non-derivative financial liabilities[a] :				
Trade and other payables	**(144.6)**	**(144.6)**	(136.5)	(136.5)
Customer deposits	**(424.9)**	**(424.9)**	(421.0)	(421.0)
Bank loans & other corporate borrowings	**(378.2)**	**(378.2)**	(193.6)	(193.6)
Other loans	**(13.9)**	**(13.9)**	(7.8)	(7.8)
Derivatives financial liabilities:				
Interest rate swaps				
- Outflow	**(0.1)**	**(0.1)**	(0.3)	(0.3)
- Inflow	**-**	**-**	-	-
Financial liabilities	**(961.7)**	**(961.7)**	(759.2)	(759.2)
Unrecognised gain		**-**		-

(a) All financial instruments are classified as variable rate instruments.

(b) Financial assets are all held at amortised cost.

The carrying amount of financial assets and liabilities not measured at fair value is considered to be a reasonable approximation of fair value.

There has been no change in the classification of financial assets and liabilities, the methods and assumptions used in determining fair value and the categorisation of financial assets and liabilities within the fair value hierarchy from those disclosed in the annual report for the year ended 31 December 2016.

The Group maintains a £550.0 million revolving credit facility provided by a group of international banks with a final maturity in 2022, with a further option to extend to 2023.

The debt provided under the bank facility is floating rate, however, as part of the Group’s balance sheet management and to protect against a future increase in interest rates, £70 million and $30 million were swapped into a fixed rate liability for a three-year period with an average fixed rate of respectively 0.7% and 1.8% (excluding funding margin).

The £550 million credit facility is subject to financial covenants relating to EBITDA, and EBITDA plus rent to interest plus rent. The Group is in compliance with all covenant requirements.

Note 9: Share based payment

During the period the Group awarded 1,200,000 options (2016: nil) under the Share Option Plan, 1,095,406 share awards (2016: 1,038,179) under the Performance Share Plan and 383,664 share awards (2016: nil) under the Deferred Share Bonus Plan.

Note 10: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £141.6 million (31 December 2016: £151.7 million). There are no material lawsuits pending against the group.

Note 11: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2016 has not changed.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
2017			
Joint Ventures	**1.4**	**8.4**	**1.1**
2016			
Joint Ventures	1.5	12.1	10.2

As at 30 June 2017, £nil of the amounts due to the Group have been provided for (31 December 2016: £nil). Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2017.

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £42,949 (30 June 2016: £10,542).

Compensation paid to the key management personnel of the Group will be disclosed in the Group's Annual Report and Accounts for the year ending 31 December 2017.

Note 12: Acquisitions of subsidiaries and non-controlling interest

Current period acquisitions

During the six month period ended 30 June 2017 the Group made a number of acquisitions for a total consideration of £42.7 million.

£m	Book value on acquisition	Provisional fair value recognised on acquisition
Net assets acquired		
Intangible assets	-	-
Property, plant and equipment	97.7	97.7
Cash	5.5	5.5
Other current and non-current assets	0.1	1.4
Current liabilities	(5.0)	(5.0)
Non-current liabilities	(60.2)	(60.2)
	38.1	39.4
Goodwill arising on acquisition		3.3
Total consideration		42.7
Less: Contingent consideration		0.7
		42.0
Cash flow on acquisition		
Cash paid		42.0
Net cash outflow		42.0

The goodwill arising on the above acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services. £nil of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2017, the revenue and net retained loss arising from these acquisitions would have been £7.8 million and £ 0.1 million respectively. In the period the equity acquisitions contributed revenue of £1.5 million and net retained profit of £0.5 million.

There was £0.7 million contingent consideration arising on the above acquisitions. Contingent consideration of £1.1 million (2016: £0.3 million) was also paid during the current year with respect to milestones achieved on prior year acquisitions.

The external acquisition costs associated with these transactions were £1.8 million.

For the acquisitions in 2017, the fair value of assets acquired has only been provisionally assessed at the reporting date. The main changes in the provisional fair values expected are for the fair value of the leases (asset or liability), customer lists and plant, property and equipment. The final assessment of the fair value of these assets will be made within 12 months of the acquisition date and, any adjustments reported in future reports.

Note 12: Acquisitions of subsidiaries and non-controlling interest *(continued)*

Prior period acquisitions

During the six month period ended 30 June 2016 the Group made a number of small acquisitions for a total consideration of £2.5 million.

£m	Book value on acquisition	Provisional fair value recognised on acquisition	Final fair value recognised on acquisition
Net assets acquired			
Intangible assets	-	-	-
Property, plant and equipment	1.1	1.1	1.1
Cash	1.0	1.0	1.0
Other current and non-current assets	2.2	2.2	2.2
Current liabilities	(4.4)	(4.4)	(4.4)
Non-current liabilities	-	-	-
	(0.1)	**(0.1)**	**(0.1)**
Goodwill arising on acquisition		2.6	2.6
Total consideration		**2.5**	**2.5**
Less: Fair value adjustment of historical investment in acquired joint venture		(2.5)	(2.5)
Less: Contingent consideration		-	-
		-	-
Cash flow on acquisition			
Cash paid		-	-
Net cash outflow		**-**	-

The goodwill arising on the above acquisitions reflects the anticipated future benefits IWG can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services. £0.5 million of the above goodwill is expected to be deductible for tax purposes.

There was no contingent consideration arising on the above acquisitions. Contingent consideration of £0.3 million was also paid during the six month period ended 30 June 2016.

The external acquisition costs associated with these transactions were £nil.

The prior year comparative information has not been restated due to the immaterial nature of the final fair value adjustments recognised in 2017.

Note 13: Events after the balance sheet date

There were no significant events occurring after 30 June 2017 affecting the condensed interim financial information of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors approved this document on 8 August 2017.

The Directors confirm that to the best of their knowledge this unaudited condensed interim consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency Rules.

After making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing this Interim Management Report.

The Directors of IWG plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2016.

A list of current Directors is maintained on the IWG plc website: http://www.iwgplc.com/about-us/board-of-directors

By order of the Board

Mark Dixon	Dominik de Daniel
Chief Executive Officer	Chief Financial Officer and Chief Operating Officer

8 August 2017

This half yearly announcement contains certain forward looking statements with respect to the operations of IWG plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.

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Independent Review Report to IWG plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the EU ("IFRSs"). Our review was conducted in accordance with the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority.

Basis of our report, responsibilities and restriction on use

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review

We conducted our review in accordance with the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Cliona Mullen 8 August 2017

For and on behalf of KPMG
Chartered Accountants, Statutory Audit firm
1 Stokes Place
St.Stephen's Green
Dublin 2
D02 DE03
Ireland

Other Information

Segmental analysis – management basis (unaudited)

Six months ended 30 June 2017	Americas	EMEA	Asia Pacific	UK	All other segments	Total
Mature[1]						
Workstations[4]	166,644	88,207	88,755	70,027	-	413,633
Occupancy (%)	75.9%	77.3%	73.4%	72.9%	-	75.1%
Revenue (£m)	472.7	245.6	179.7	209.0	1.8	1,108.8
Contribution (£m)	92.9	54.6	36.9	45.4	2.1	231.9
REVPOW	3,738	3,603	2,759	4,095	-	3,568
2016 Expansions[2]						
Workstations[4]	14,648	9,991	8,792	3,883	-	37,314
Occupancy (%)	50.0%	60.9%	47.6%	60.3%	-	53.4%
Revenue (£m)	18.3	13.8	10.2	6.4	-	48.7
Contribution (£m)	(6.7)	(1.6)	(2.0)	(0.4)	-	(10.7)
2017 Expansions[2]						
Workstations[4]	3,955	3,070	1,493	2,470	-	10,988
Occupancy (%)	15.3%	32.3%	16.1%	60.7%	-	30.4%
Revenue (£m)	1.7	3.9	0.8	2.6	-	9.0
Contribution (£m)	(5.1)	(1.3)	(1.2)	0.5	-	(7.1)
Closures						
Workstations[4]	762	308	291	181	-	1,542
Occupancy (%)	66.1%	47.4%	71.1%	74.0%	-	64.3%
Revenue (£m)	1.3	0.7	0.6	0.6	-	3.2
Contribution (£m)	-	(0.2)	(0.9)	-	-	(1.1)
Totals						
Workstations[4]	186,009	101,576	99,331	76,561	-	463,477
Occupancy (%)	72.5%	74.2%	70.2%	71.9%	-	72.3%
Revenue (£m)	494.0	264.0	191.3	218.6	1.8	1,169.7
Contribution (£m)	81.1	51.5	32.8	45.5	2.1	213.0
Unallocated contribution (£m)	-	-	-	-	-	(1.7)
REVPAW (£)	2,656	2,599	1,926	2,855	-	2,524
Period end workstations[5]						
Mature	166,983	89,061	88,795	72,045	-	416,884
2016 Expansions	14,331	9,647	8,833	3,926	-	36,737
2017 Expansions	7,907	7,179	2,839	10,227	-	28,152
Totals	189,221	105,887	100,467	86,198	-	481,773

Segmental analysis – management basis (unaudited) (continued)

Six months ended 30 June 2016	Americas	EMEA	Asia Pacific	UK	All other segments	Total
Mature[1]						
Workstations[4]	163,181	86,658	88,748	65,329	-	403,916
Occupancy (%)	75.6%	75.4%	70.1%	75.8%	-	74.4%
Revenue (£m)	431.1	226.4	164.4	213.2	1.8	1,036.9
Contribution (£m)	86.0	52.6	33.2	50.3	1.8	223.9
REVPOW	3,494	3,465	2,642	4,306	-	3,451
2016 Expansions[2]						
Workstations[4]	3,795	1,919	1,748	2,470	-	9,932
Occupancy (%)	17.7%	22.4%	24.7%	59.0%	-	30.1%
Revenue (£m)	1.7	1.1	1.6	4.1	-	8.5
Contribution (£m)	(3.5)	(1.4)	(0.8)	0.4	-	(5.3)
Closures[3]						
Workstations[4]	2,852	962	3,005	4,976	-	11,795
Occupancy (%)	69.3%	64.8%	75.5%	78.0%	-	74.2%
Revenue (£m)	5.2	1.9	6.0	19.1	-	32.2
Contribution (£m)	(0.4)	(0.2)	0.9	7.1	-	7.4
Totals						
Workstations[4]	169,828	89,539	93,501	72,775	-	425,643
Occupancy (%)	74.2%	74.1%	69.5%	75.4%	-	73.3%
Revenue (£m)	438.0	229.4	172.0	236.4	1.8	1,077.6
Contribution (£m)	82.1	51.0	33.3	57.8	1.8	226.0
Unallocated contribution (£m)	-	-	-	-	-	(0.8)
REVPAW (£)	2,579	2,562	1,840	3,248	-	2,532

Notes:

1. The mature business comprises centres opened on or before 31 December 2015.
2. Expansions include new centres opened and acquired businesses.
3. A closure for the 2016 comparative data is defined as a centre closed during the period from 1 January 2016 to 30 June 2017.
4. Workstation numbers are calculated as the weighted average for the period.
5. Workstations available at period end.

Post-tax cash return on net investment (unaudited)

The following table provides the post-tax cash return on net investment on a 12 month rolling basis. Additional information is also provided to reconcile some of the key numbers used in the return calculation back to results presented in the half year announcement.

Description	2013 Aggregation	2014 Expansions	2015 Expansions	2016 Expansions	2017 & 2018 Expansions	Closed	Total
Post-tax cash return on net investment	**21.5%**	**13.3%**	**6.5%**	**(19.2%)**	**(3.6%)**	**-**	**13.1%**
Revenue	1,694.5	223.1	306.0	76.0	9.1	16.8	2,325.5
Centre Contribution	393.7	41.9	32.7	(25.3)	(7.7)	(0.4)	434.9
Loss on disposal of assets	0.8	-	-	-	-	3.2	4.0
Underlying centre contribution	**394.5**	**41.9**	**32.7**	**(25.3)**	**(7.7)**	**2.8**	**438.9**
Selling, general and administration expenses	(152.0)	(28.0)	(45.5)	(20.0)	(3.7)	(1.4)	(250.6)
EBIT	**242.5**	**13.9**	**(12.8)**	**(45.3)**	**(11.4)**	**1.4**	**188.3**
Depreciation and amortisation	126.4	24.0	36.6	16.3	2.3	3.8	209.4
Amortisation of partner contributions	(34.6)	(7.0)	(8.4)	(5.3)	(0.6)	(0.1)	(56.0)
Amortisation of acquired lease fair value adjustments	(3.2)	(0.3)	0.8	-	-	(0.3)	(3.0)
Non-cash items	**88.6**	**16.7**	**29.0**	**11.0**	**1.7**	**3.4**	**150.4**
Taxation [(1)]	**(48.5)**	**(2.8)**	**2.6**	**9.1**	**2.3**	**(0.3)**	**(37.6)**
Adjusted net cash profit	**282.6**	**27.8**	**18.8**	**(25.2)**	**(7.4)**	**4.5**	**301.1**
Maintenance capital expenditure	86.1	6.4	5.4	-	-	-	97.9
Partner contributions	(32.2)	0.3	(3.5)	-	-	-	(35.4)
Net maintenance capital expenditure	**53.9**	**6.7**	**1.9**	**-**	**-**	**-**	**62.5**
Post-tax cash return (£m)	**228.7**	**21.1**	**16.9**	**(25.2)**	**(7.4)**	**4.5**	**238.6**
Growth capital expenditure	1,235.6	206.1	323.8	192.6	231.4	-	2,189.5
Partner contributions	(173.0)	(46.9)	(65.8)	(61.6)	(25.2)	-	(372.5)
Net investment (£m)	**1,062.6**	**159.2**	**258.0**	**131.0**	**206.2**	**-**	**1,817.0**

(1) Based on the EBIT at the Group's long term effective tax rate of 20%

Movement in growth capital expenditure - For the period ended 30 June 2017

£m	2013 Aggregation	2014 Expansions	2015 Expansions	2016 Expansions	2017 & 2018 Expansions	Closed	Total
December 2016	1,247.4	207.0	325.0	183.7	30.0	-	1,993.1
2017 Capital expenditure	-	-	-	8.9	192.0	-	200.9
Properties acquired	-	-	-	-	9.4	-	9.4
Centre closures [(2)]	(11.8)	(0.9)	(1.2)	-	-	-	(13.9)
June 2017	**1,235.6**	**206.1**	**323.8**	**192.6**	**231.4**	**-**	**2,189.5**

(2) The growth capital expenditure for an estate is reduced by the investment in centres closed during the year.

Movement in partner contributions - For the period ended 30 June 2017

£m	2013 Aggregation	2014 Expansions	2015 Expansions	2016 Expansions	2017 & 2018 Expansions	Closed	Total
December 2016	174.8	47.1	66.0	52.9	3.3	-	344.1
2017 Partner contributions	-	-	-	8.7	21.9	-	30.6
Centre closures [(3)]	(1.8)	(0.2)	(0.2)	-	-	-	(2.2)
June 2017	**173.0**	**46.9**	**65.8**	**61.6**	**25.2**	**-**	**372.5**

(3) The partner contributions for an estate is reduced by the partner contributions for centres closed during the year.

EBIT Reconciliations

For the period ended (£m)	**H2 2016**	**H1 2017**	**Total**
EBIT	98.8	89.5	188.3
Loss on disposal of assets	(1.5)	(2.5)	(4.0)
Share of profit on joint ventures [(4)]	(1.2)	-	(1.2)
June 2017	**96.1**	**87.0**	**183.1**

(4) Refer to the Group Income Statement on page 11

Capital Expenditure

For the period ended (£m)	H2 2016	H1 2017	Total
Maintenance capital expenditure	53.1	44.8	97.9
Growth capital expenditure	121.6	210.3	331.9
• Reinvestment in mature centres	-	-	-
• 2015 expansions[3]	12.4	-	12.4
• 2016 expansions[3]	79.2	8.9	88.1
• 2017 expansions	29.9	201.1	231.0
• 2018 expansions	0.1	0.3	0.4
• Properties acquired	-	-	-
• Proceeds on property disposals	-	-	-
Total capital expenditure	**174.7**	**255.1**	**429.8**
Analysed as			
• Purchase of subsidiary undertakings [5]	8.6	37.6	46.2
• Purchase of property, plant and equipment [5]	163.1	156.3	319.4
• Purchase of intangible assets [5]	3.0	1.1	4.1
• Settlement of acquired debt [6]	-	60.1	60.1

(5) Refer to the Group Cash Flow Statement on page 14

(6) The acquired debt of £60.1 million, which was settled in H1 2017, is included in the repayment of loans in the Group Cash Flow Statement on page 14.