IWG International Workplace Group

6 August 2018

IWG plc – INTERIM RESULTS ANNOUNCEMENT – SIX MONTHS ENDED 30 JUNE 2018

Increased investment in growth and infrastructure, improving sales momentum and strong cash conversion

IWG plc, the global operator of leading co-work and workspace companies, today announces its interim results for the six months ended 30 June 2018.

Highlights:

- Revenue from open centres increased 9.8%(i) to £1,194.1m
- Group revenue increased 7.1%(i) to £1,204.0m with sequential quarterly improvement
- Mature revenue growth of 2.4% (i) with strong performance in most large markets
- Strong sales activity trends expected to result in further revenue growth in the second half
- Mature gross profit margin increased 60bp to 19.7%
- Operating profit down 29%(i) to £60.0m (down 31% at actual rates) given the significant additional growth-related and talent investments, incremental marketing spend and weakness in the UK
- Post-tax cash return on pre-2014 investment of 16.6%(ii); cash generation (before net growth capital expenditure, share repurchases, and dividends) of £75.7m
- Prudent financial position maintained with net debt of £383.2m (1.1x net debt : LTM EBITDA)
- Net growth capital expenditure of £130.1m, driven by strong network expansion and improvement in network quality. 2.8m sq. ft. of space added with 132 new locations (126 organic) added in H1 2018. Now in 3,211 locations, with 54.2m sq. ft. of space
- Significant focus on the roll out of our large co-working format, Spaces, with 45 new locations and 1.5m sq. ft. of space added in H1 2018. Total of 124 Spaces locations at 30 June 2018
- Good visibility on net growth capital expenditure for the whole of 2018. Current pipeline visibility of approximately £230m, representing 275 locations, 6.7m sq. ft. of additional space (c.22% more space than added in 2017)
- 11% increase in interim dividend to 1.95p (H1 2017: 1.75p), reflecting conviction in the long-term growth outlook
- Share buyback programme announced
- The Board remain confident that the Group will deliver a full year result in line with management's expectations

£m	**H1 2018**	H1 2017	% change actual currency	% change constant currency
Revenue	**1,204.0**	1,169.7	2.9%	7.1%
Gross profit	**195.1**	211.3	(8)%	(5)%
Overheads	**(134.1)**	(124.3)	8%	11%
Operating profit (Inc. JV)	**60.0**	87.0	(31)%	(29)%
Profit before tax	**54.3**	80.8	(33)%	
Earnings per share (p)	**4.8**	6.9	(30)%	
Dividend per share (p)	**1.95**	1.75	11%	
EBITDA	**170.9**	190.5	(10)%	(6)%
Post-tax cash return on Investment (ii)	**16.6%**	19.3%	Down 270bp	
Cash flow before net growth capex, share repurchases and dividends	**75.7**	87.4	(13)%	
Net debt	**383.2**	306.5		
Net debt : EBITDA – Last 12 months (x)	**1.1**	0.8		

(i) At constant currency

(ii) 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 2013. Prepared on a last twelve-month (LTM) basis to 30 June 2018 and for 2017 on the 12 months to 31 December 2017.

Mark Dixon, Chief Executive of IWG plc, said:

"We remain very confident in the structural, long-term growth of the flexible workspace market and IWG's leading position within it. To fully participate in the market potential, we have made significant investments into our infrastructure, growth related resources and the continued development of our strategic corporate account activities.

Global sales activity trends remain strong and we are converting this into improvements in occupancy and price in the mature estate and strong improvements in our newer estate. These trends have strengthened our order book and we expect to see the benefit of this in our business in the second half of the year. Our new openings in 2017 and 2018 are developing according to plan. As we reposition our UK business through talent and refurbishment investments, there will be a short term effect on revenue performance.

The Board remains confident that the Group will deliver a full year result in line with management's expectations."

Details of results presentation

Mark Dixon, Chief Executive Officer, and Dominik de Daniel, Chief Financial Officer and Chief Operating Officer, are hosting a presentation Tuesday, 7 August, for analysts and investors at 9.30 am at J. P. Morgan, 60 Victoria Embankment, London, EC4Y 0JP.

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

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Interim financial performance

The flexible workspace market is benefitting from strong structural growth and is now a permanent feature of the corporate real estate landscape. With our industry becoming a structural solution, we are seeing our order book strengthen and we expect to see this benefit our revenue performance going forward.

We have continued to invest in our business, growing our global network and ensuring we have the appropriate resources to capture the full potential of the long-term opportunity. We have added more people to our growth team, franchising team and corporate accounts team globally. This has been supported with increased marketing investment and other growth-related costs.

Developing our national networks and product offering is vital to servicing the growing demands from corporates, which IWG is uniquely placed to benefit from. Large corporates already represent a significant portion of our business globally. We are seeing increasing demand from the corporate sector, and we believe there is a sizeable upside opportunity in developing strategic relationships with these companies nationally and globally. Our largest strategic corporate client utilises 100 centres in 32 countries. We have over 250 clients using 10 or more centres and almost 700 using two or more centres. We also have over 550 large corporates that utilise our networks in more than one country.

We see a great opportunity to both grow the total network and reposition parts of it. We are looking to accelerate the rate of space growth this year. We added 2.8m sq. ft. of space through 132 new locations in the six months to 30 June 2018. We have a strong pipeline for the remainder of the year and in total for 2018 we anticipate adding 6.7m sq. ft. of new space and 275 locations for approximately £230m of net growth investment.

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. Approximately 40% of our organic growth has been through partnering.

We have seen strong growth within our Regus brand, with 75 new locations added. We are also rapidly rolling out our larger co-working format, Spaces, with 45 new locations, 1.5m sq. ft. of space and seven new countries added in the first half. At 30 June 2018 we had 124 Spaces locations. Our growth pipeline for Spaces is very strong and continues to gain momentum.

IWG has a broad portfolio of operational brands providing additional service offerings, a further 12 locations were added for some of these other operational brands.

Whilst we have decided to invest in the business to deliver the potential of this growth, we remain focused on driving further operational efficiencies from our scale. The centralisation of more processes into our network of local shared service centres continues and we believe will further improve our competitive advantage and provides for a more resilient business model. In the six months to June 2018, with the increased investment, our ratio of overheads to revenue increased 50bp to 11.1% from 10.6%. Overhead costs in the first half benefited from the recognition of £6.2m of negative goodwill. Without this, underlying overheads increased to 11.7% of revenue, which is still a very good achievement considering our accelerated growth.

We remain very confident in the long-term direction of the structurally growing flexible workspace market and the leading position IWG has within it.

Group income statement

£m	**H1 2018**	H1 2017	% Change actual currency	% Change constant currency
Revenue	**1,204.0**	1,169.7	2.9%	7.1%
Gross profit (centre contribution)	**195.1**	211.3	(8)%	(5)%
Overheads	**(134.1)**	(124.3)	8%	11%
Joint ventures	**(1.0)**	-		
Operating profit	**60.0**	87.0	(31)%	(29)%
Net finance expense	**(5.7)**	(6.2)		
Profit before tax	**54.3**	80.8	(33)%	
Income tax expense	**(10.9)**	(17.5)		
Effective tax rate	**20.1%**	21.7%		
Profit for the period	**43.4**	63.3	(31)%	
Basic EPS (p)	**4.8**	6.9	(30)%	
Depreciation & amortisation	**110.9**	103.5		
EBITDA	**170.9**	190.5	(10)%	(6)%

Revenue

Group revenue increased 7.1% at constant currency to £1,204.0m (H1 2017: £1,169.7m), an increase of 2.9% at actual rates. This represents a strengthening performance overall as we moved through the half year despite further weakness in the UK. Group revenues in Q1 increased 6.7% at constant currency. The improvement in Q2 was driven by improved revenue growth in the Americas and EMEA and a sustained level of good growth in Asia Pacific. Global sales activity trends remain strong and we are converting this into improvements in occupancy and price in the Mature business and strong improvements in our newer estate, which has strengthened our order book. We expect to see the benefit of these trends in our business in the second half of the year. As we reposition our UK business through talent

and refurbishment investments, there will be a short term effect on revenue performance, particularly as several centres in key locations are currently being refurbished.

These Group numbers reflect the negative impact of 46 closures during the first half of 2018. Consequently, a better indication of the ongoing business is therefore provided by the performance of our open centres. On this basis, Group revenue increased 9.8% on a constant currency basis to £1,194.1m (H1 2017: £1,131.3m).

Mature revenue (from our like-for-like locations added on or before 31 December 2016) increased 2.4% at constant currency to £1,104.4m (H1 2017: £1,122.5m), down 1.6% at actual rates. Key regional drivers to the improvement in constant currency revenue were the Americas and Asia Pacific, both delivering mid-single digit growth. The Americas continues to reflect strong growth in the US and a very strong performance in Canada. Within EMEA it was pleasing to see both France and Switzerland return to growth in the second quarter, reflecting good progress in winning major new accounts which has benefitted occupancy in both the newer and mature locations.

On a regional basis, mature[(1)] revenue and contribution can be analysed as follows:

	Revenue		Contribution		Mature gross margin (%)	
£m	**H1 2018**	H1 2017	**H1 2018**	H1 2017	**H1 2018**	H1 2017
Americas	**464.1**	476.9	**94.1**	83.7	**20.3%**	17.6%
EMEA	**259.8**	253.7	**56.3**	53.5	**21.7%**	21.1%
Asia Pacific	**183.7**	184.8	**37.3**	34.1	**20.3%**	18.5%
UK	**194.6**	205.3	**29.1**	42.4	**15.0%**	20.7%
Other	**2.2**	1.8	**0.4**	0.4		
Total	**1,104.4**	1,122.5	**217.2**	214.1	**19.7%**	19.1%

(1) Centres open on or before 31 December 2016.

Americas

Revenue for the Americas, our largest region, from our open centres increased 10.0% at constant currency. Total revenue increased 8.1% at constant currency to £493.7m (H1 2017: £494.0m), down 0.1% at actual rates. Mature revenue increased 5.2% at constant currency to £464.1m (down 2.7% at actual rates). This performance was driven by a strong mid-single digit performance in the US, with quarterly sequential improvement, and the maintenance of very strong double-digit growth in Canada. Continuing macroeconomic and geopolitical challenges in Brazil and Mexico resulted in a reduction in revenue from our Latin American business.

Average mature occupancy for the region was 75.0% (H1 2017: 73.8%). The mature gross profit margin improved to 20.3% (H1 2017: 17.6%).

We added 33 new locations during the first half, including 19 Spaces. The US saw the greatest growth with 19 new locations. In Canada, five new locations were added to the network. In LATAM, nine new locations were added in Brazil, two-thirds through varying forms of partnering deals. There were 17 closures in the Americas during the period. In total, we had 1,281 locations in the region at 30 June 2018. The average number of available workstations increased from 186,009 to 199,958, with a total of 205,720 at the period end.

EMEA

Our EMEA business performed well in the first half. Revenue from our open centres increased 13.8% at constant currency. Total revenue increased 11.7% in both constant currency and at actual rates to £295.0m, reflecting our focus on growth in this region in recent years. Mature revenue on a constant currency basis increased 2.3% to £259.8m (up 2.4% at actual rates). Most of our European businesses performed well. The Netherlands and Ireland contributed strongly throughout the first half and there were much stronger second quarter performances from several countries, including France and Switzerland which both delivered positive second quarter revenue growth. Turkey also improved and delivered strong growth in the first half. Markets like Russia and parts of the Middle East and Africa remained challenging.

Occupancy on the Mature business increased from 76.1% to 76.6%. The mature gross profit margin also increased from 21.1% in the first half of 2017 to 21.7% for the six months to 30 June 2018.

EMEA was again the region with the largest number of new locations. During the first half, we added 63 new locations, taking the total number of locations to 957. Nearly 40% of these new locations were established via partnering deals. A further 11 Spaces co-working locations were opened during the period. There were 15 closures in the first half in the EMEA region. The average number of workstations increased from 101,576 to 125,273. At period end we had 135,908 workstations.

Asia Pacific

Revenue in Asia Pacific from our open centres increased 10.2% at constant currency. Total revenue increased 7.4% at constant currency to £196.4m (up 2.7% at actual rates). Revenue from the region’s Mature business on a constant currency basis increased 4.0% to £183.7m, continuing the improvement seen from the fourth quarter of 2017. At actual rates, mature revenue decreased 0.6%. Our Mature businesses in Japan, the Philippines and Hong Kong delivered double-digit revenue growth, but with the growth being even stronger in the first quarter. Our business in Australia improved its growth rate throughout the first half. We achieved low single digit growth in China. India and Singapore continue to be challenging markets, with mid to high-single digit mature revenue declines.

Mature occupancy increased from 71.0% in the comparable period for 2017 to 72.3% for the six months to June 2018. The mature gross margin improved to 20.3% (H1 2017: 18.5%).

Over half of the 25 new locations added in Asia Pacific were delivered via partnering deals. These new locations included seven Spaces. The main focus of growth was Japan (six locations) and India (four locations), with the remaining locations well spread across the region. There were seven location closures within Asia Pacific in the first six months of 2018. Our total number of locations in the region is 656. The average number of workstations increased from 99,331 to 108,158. At the end of the period we had 112,233 workstations.

UK

As we have previously reported, our business in the UK has not performed to management expectations. The development of our UK business has been different to our other regions, with relatively less organic growth, which influences the age profile of the estate. Revenue from our open centres increased 3.9%, but total revenue in the UK decreased 1.0% to £216.5m reflecting the impact of closures and lower occupancy in the mature estate, partially offset by the performance of new openings. Seven locations were closed in the first half of 2018, making thirteen closures in total in the last twelve months in the UK business, which has had a significant impact on performance. As at 30 June 2018 we had 317 locations in the UK. Total average workstations increased from 76,561 to 91,704 with 97,201 at the period-end.

Mature revenue was down 5.2% to £194.6m (H1 2017: £205.3m). London continues to adversely impact the mature estate with double-digit revenue declines compared to low single-digit growth outside of London. We are focused on reversing these declines through selective centre closures and refurbishing those where we want to maintain a presence. In the near-term this refurbishment programme results in the centres being effectively closed for a short period of time. Not all centres in the UK require attention in this way. We are also investing in our people and more training. These are the right actions to be taking but in the short-term can lead to additional headcount costs being incurred before a new location opens and starts to generate revenue.

Mature occupancy in the first half was 69.2% compared to 72.2% in the corresponding period in 2017. With the decline in mature revenue on a relatively fixed cost base in the near-term, the mature gross margin reduced to 15.0% (H1 2017: 20.7%).

During the first half of 2018 11 locations were added to the UK network, over half through various partnering deals. We added eight new Spaces locations in the UK, including three in London. The performance of these new Spaces locations has been very encouraging and reflects the strong demand in the UK for this format of flexible workspace.

We remain optimistic about the UK market and are encouraged by the performance of the new locations we have added in 2017 and 2018 in the UK.

Gross margin

Group gross profit decreased 5% at constant currency rates to £195.1m (H1 2017: £211.3m), down 8% at actual rates. A positive feature of the results is the improvement in the mature gross margin in both the first and the second quarter. The increase in the mature margin, the first for a while, is an encouraging development for the outlook for the second half of 2018, with the prospect of further improvement. At the group level the stronger mature gross margin was more than offset by the impact, year-on-year, from closures and higher short-term opening losses from the increased investment in new locations, including pre-hiring and training additional new centre team members.

£m	**Mature centres H1 2018**	**New centres H1 2018**	**Closed centres H1 2018**	**Total H1 2018**
Revenue	**1,104.4**	**89.7**	**9.9**	**1,204.0**
Cost of sales	**(887.2)**	**(103.1)**	**(18.6)**	**(1,008.9)**
Gross profit (centre contribution)	**217.2**	**(13.4)**	**(8.7)**	**195.1**
Gross margin	**19.7%**			**16.2%**

£m	Mature centres H1 2017	New centres H1 2017	Closed centres H1 2017	Total H1 2017
Revenue	1,122.5	8.8	38.4	1,169.7
Cost of sales	(908.4)	(15.8)	(34.2)	(958.4)
Gross profit (centre contribution)	214.1	(7.0)	4.2	211.3
Gross margin	19.1%			18.1%

Investment in overhead to support increased growth

To support the increased network growth we anticipate this year, and the development of our strategic account activities, we have invested more in overheads. The increase in overheads is a function of additional headcount for our growth team, franchise team and corporate account team, as well as incremental marketing spend and other costs to support the network growth. Total overheads increased 11% at constant currency to £134.1m (H1 2017: £124.3m), up 8% at actual rates. Overheads in the first half were reduced by the recognition of £6.2m of negative goodwill arising from an acquisition.

As a percentage of revenue, total overheads increased from 10.6% in the first half of 2017 to 11.1% for the first six-months of 2018. Removing the beneficial impact from the recognition of negative goodwill, underlying overheads as a percentage of sales increased to 11.7%. Overheads remain at a level which we believe provides an important advantage in an increasingly competitive landscape.

Operating profit

The impact of closures and a higher level of initial losses from a larger new estate, taken together with the investment in overheads, has reduced Group operating profit by 29% at constant currency to £60.0m (H1 2017: £87.0m) (down 31% at actual rates). Consequently, the Group operating margin decreased 240bp from 7.4% in the six months 30 June 2017 to 5.0% in the first half of 2018.

Net finance expense

The net finance charge for the six months to 30 June 2018 decreased to £5.7m from £6.2m for the corresponding six-months in 2017. This reflects a larger favourable result on foreign exchange movements compared to the first half of 2017. The underlying finance expense

before foreign exchange increased approximately £1.4m. This reflects the increase in net debt and higher market interest rates. Net debt at the end of June 2018 was higher at £383.2m compared with £306.5m at 30 June 2017.

Tax

The effective tax rate for the six months to June 2018 was 20.1% (H1 2017: 21.7%). We anticipate that the tax rate this year will be approximately 20%, broadly in line with the historical average.

Earnings per share

Group earnings per share reduced 30% in the first six-months to 4.8p (H1 2017: 6.9p). Diluted earnings per share for the six months to 30 June 2018 were 4.7p (H1 2017: 6.8p).

The weighted average number of shares in issue for the first six-months was 910,723,392 (H1 2017: 919,189,471). The weighted average number of shares for diluted earnings per share was 918,583,760 (H1 2017: 932,916,702).

Cash flow and funding

Cash generation continues to be a very positive feature of our business model. Strong working capital management helped increase cash flow from operations from £103.4m in the first six months to 30 June 2017 to £109.1m for the first half of 2018, despite the lower level of reported operating profit. Cash generated before the investment in growth capital expenditure, dividends and share repurchases totalled £75.7m in the first six months of 2018 (H1 2017: £87.4m). This is lower than for the comparable period primarily resulting from a higher taxation cash outflow, due to timing differences.

Group net debt increased to £383.2m at 30 June 2018 compared to £296.4m at 31 December 2017. This is after net growth capital expenditure of £130.1m in the first half of 2018 (H1 2017: £179.7m) and an increase in maintenance capital expenditure to £49.7m (H1 2017: £44.8m) as we have continued to invest in maintaining and refreshing our existing locations. We also paid the 2017 final dividend of £36.0m.

During the first half of 2018 we strengthened our funding position. We increased our Revolving Credit Facility from £550m to £750m to provide adequate funding headroom to execute our strategy. We also further improved the debt maturity profile by extending this facility to 2023 (previously 2022). The facility is predominately denominated in sterling and can be drawn in several major currencies.

The table below reflects the Group's cash flow:

£m	**H1 2018**	H1 2017
Group EBITDA	**170.9**	190.5
Working capital	**49.6**	(11.7)
Less: growth-related partner contributions	**(61.7)**	(30.6)
Maintenance capital expenditure	**(49.7)**	(44.8)
Cash flow from operations	**109.1**	103.4
Tax paid	**(20.4)**	(11.6)
Interest paid, net	**(6.9)**	(5.8)
Other items	**(6.1)**	1.4
Cash flow before net growth capital expenditure, share repurchases and dividends	**75.7**	87.4
Gross growth capital expenditure	**(191.8)**	(210.3)
Less: growth-related partner contributions	**61.7**	30.6
Net growth capital expenditure(2)	**(130.1)**	(179.7)
Total net cash flow from operations	**(54.4)**	(92.3)
Purchase of shares	**-**	(36.0)
Dividend	**(36.0)**	(32.5)
Other financing activities	**1.6**	3.7
Opening net debt	**(296.4)**	(151.3)
Exchange movements	**2.0**	1.9
Closing net debt	**(383.2)**	(306.5)

(2) Net growth capital expenditure of £130.1m relates to the cash outflow in first six-months of 2018. Accordingly, it includes capital expenditure related to locations added before 2018 and to be opened in 2019 of £29.3m. The remaining investment relates to the 132 locations added in the six months to 30 June 2018.

Capital management

We have continued to maintain a prudent approach to the Group's capital structure. This half year net debt position of £383.2m represents a Group net debt : LTM EBITDA leverage ratio of 1.1 times. The Group has approximately £140m of freehold and long-leasehold property assets on the balance sheet but long-term intends to continue to pursue a predominately capital-light approach to network growth. A leverage ratio of 1.1 times remains well within the range we consider appropriate for our business model and significantly below our bank covenant limitation.

IWG continues to make significant investments to drive future growth and is able to fund this from organic cash generation, whilst also distributing capital to shareholders through the ordinary dividend policy. IWG will now supplement this dividend policy with prudent capital management to be implemented through a share buyback programme. Additional information on share buyback activity and intentions will be periodically provided.

Developing the network

During the first six months of 2018, we invested £130.1m of net growth capital expenditure, adding a further 132 new locations to the network. These openings were well spread across the entire network, predominately organic and approximately 40% were various forms of partnering deals. These locations added approximately 2.8m sq. ft., taking the Group's total space globally to 54.2m sq. ft. as at 30 June 2018.

We are rapidly rolling out our larger co-working format, Spaces, with 45 new locations, 1.5m sq. ft. of space and seven new countries added in the first half of the year. At 30 June 2018 we had 124 Spaces locations. Our growth pipeline for Spaces is very strong and continues to gain momentum.

In addition to adding new locations we actively manage the existing estate, which can lead to closures. In total, including natural expiration of leases, there were 46 closures in the six-months ended 30 June 2018. This represented a space reduction of approximately 0.8m sq. ft., approximately 1.5% of our network. It also impacted revenue growth negatively by 2.7 percentage points year-on-year in the first half at constant currency (down approximately 2.7 percentage points at actual rates).

At 30 June 2018 we had 3,211 locations offering 54.2m sq. ft. of flexible workspace.

We are looking to accelerate the rate of space growth this year and we have a strong pipeline for the remainder of the year. In total for 2018 we anticipate adding 6.7m sq. ft. of new space and 275 locations for approximately £230m of net growth investment.

Return on investment

Our strategy remains focused on growth but in tandem with delivering strong cash returns that achieve our post-tax cash payback criteria, which typically is within four years. For the last 12 months to 30 June 2018, the Group has delivered a post-tax cash return of 16.6% in respect of locations opened on or before 31 December 2013 (19.3% on the same estate for the 12 months to 31 December 2017). Incorporating the centres opened during 2014, the Group delivered a post-tax cash return of 16.4% in respect of all locations opened on or before 31 December 2014 (the equivalent return for the 12 months to 31 December 2017 on the same estate was 18.2%). These post-tax cash returns remain well above the Group's average weighted cost of capital.

The table below shows the status of our centre openings by year of opening.

Post-tax cash return[(1)] on net investment by year group – LTM to 30 June 2018

Year of opening	10 & earlier	11	12	13	14	15	16	17	18/19
Post-tax cash return	**18.2%**	**16.2%**	**16.0%**	**12.7%**	**14.9%**	**8.6%**	**(2.4)%**	**(6.2)%**	**(7.4)% [(3)]**
Net growth investment on locations opened in year[(2)] £m	**588.9**	**76.1**	**134.2**	**231.7**	**157.8**	**257.1**	**143.1**	**294.7**	**114.8**

Post-tax cash return[(1)] on net investment by year group – 12 months to 31 December 2017

Year of opening	10 & earlier	11	12	13	14	15	16	17	18
Post-tax cash return	22.2%	16.7%	17.1%	14.0%	11.3%	7.3%	(9.6)%	(6.9%) [(4)]	-
Net growth investment on locations opened in year[(2)] £m	600.0	75.6	137.7	235.1	157.6	262.7	139.7	268.8	13.4

(1) These returns are based on the post-tax cash return divided by the net growth capital expenditure. 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 expenditure 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) 2018/19 return on net growth investment is based on the actual results for the six-months to 30 June 2018 on investment made in 2018 up to 30 June.

(4) 2017 return on investments made in 2017 is based on the results for the period that the locations were open.

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 37 to 43 of the 2017 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 2018. Details of related party transactions that have taken place in the period can be found in note 10.

Dividends

A final dividend of 3.95p per share for 2017 was paid by IWG on 25 May 2018 following shareholder approval (2017: 3.55p).

In line with IWG's progressive dividend policy, the Board has increased the 2018 interim dividend by 11% to 1.95p per share (H1 2017: 1.75p). The interim dividend will be paid on Friday, 5 October 2018 to shareholders on the register at the close of business on Friday, 7 September 2018.

Outlook

We remain very confident in the structural, long-term growth of the flexible workspace market and IWG's leading position within it. To fully participate in the market potential, we have made significant investments into our infrastructure, growth related resources and the continued development of our strategic corporate account activities.

Global sales activity trends remain strong and we are converting this into improvements in occupancy and price in the mature estate and strong improvements in our newer estate. These trends have strengthened our order book and we expect to see the benefit of this in our business in the second half of the year. Our new openings in 2017 and 2018 are developing according to plan. As we reposition our UK business through talent and refurbishment investments, there will be a short term effect on revenue performance.

The Board remains confident that the Group will deliver a full year result in line with management's expectations.

Mark Dixon
Chief Executive Officer

Dominik de Daniel
Chief Financial Officer and Chief Operating Officer

6 August 2018

Condensed Consolidated Financial Information

Interim consolidated income statement (unaudited)

£m	**Six months ended 30 June 2018**	Six months ended 30 June 2017
Revenue	**1,204.0**	1,169.7
Cost of sales	**(1,008.9)**	(958.4)
Gross profit (centre contribution)	**195.1**	211.3
Selling, general and administration expenses	**(134.1)**	(124.3)
Share of loss of equity-accounted investees, net of tax	**(1.0)**	-
Operating profit	**60.0**	87.0
Finance expense	**(5.9)**	(6.3)
Finance income	**0.2**	0.1
Net finance expense	**(5.7)**	(6.2)
Profit before tax for the period	**54.3**	80.8
Income tax expense	**(10.9)**	(17.5)
Profit for the period attributable to equity shareholders of the parent	**43.4**	63.3

Interim consolidated statement of comprehensive income (unaudited)

£m	**Six months ended 30 June 2018**	Six months ended 30 June 2017
Profit for the period	**43.4**	63.3
Other comprehensive income:		
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges – effective portion of changes in fair value	**0.1**	-
Foreign currency translation differences for foreign operations	**0.4**	(17.8)
Items that are or may be reclassified to profit or loss in subsequent periods	**0.5**	(17.8)
Other comprehensive income/(loss) for the period, net of tax	**0.5**	(17.8)
Total comprehensive income for the period, net of tax	**43.9**	45.5

Earnings per ordinary share (EPS):

	Six months ended 30 June 2018	Six months ended 30 June 2017
Basic (p)	**4.8**	6.9
Diluted (p)	**4.7**	6.8

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	Other reserves	Retained earnings	Total Equity
Balance at 1 January 2017	**9.2**	**(2.9)**	**97.6**	**(0.3)**	**25.8**	**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, net of tax	-	-	(17.8)	-	-	-	(17.8)
Total comprehensive income for the period	-	-	(17.8)	-	-	63.3	45.5
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)**	**25.8**	**636.5**	**723.6**
Balance at 1 January 2018	**9.2**	**(39.6)**	**63.2**	**0.2**	**25.8**	**668.9**	**727.7**
Total comprehensive income for the period:							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**43.4**	**43.4**
Other comprehensive income:							
Cash flow hedges-effective portion of changes in fair value	**-**	**-**	**-**	**0.1**	**-**	**-**	**0.1**
Foreign currency translation differences for foreign operations	**-**	**-**	**0.4**	**-**	**-**	**-**	**0.4**
Other comprehensive income, net of tax	**-**	**-**	**0.4**	**0.1**	**-**	**-**	**0.5**
Total comprehensive income for the period	**-**	**-**	**0.4**	**0.1**	**-**	**43.4**	**43.9**
Share-based payments	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.0**
Ordinary dividend paid (note 3)	**-**	**-**	**-**	**-**	**-**	**(36.0)**	**(36.0)**
Proceeds from exercise of share awards	**-**	**4.0**	**-**	**-**	**-**	**(2.7)**	**1.3**
Balance at 30 June 2018	**9.2**	**(35.6)**	**63.6**	**0.3**	**25.8**	**674.6**	**737.9**

Other reserves include £10.5m for the restatement of the assets and liabilities of the UK associate from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006, £37.9m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5m relating to merger reserves and £0.1m to the redemption of preference shares partly offset by £29.2m 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 2018 (unaudited)**	As at 31 December 2017*
Non-current assets			
Goodwill	4	**671.1**	666.7
Other intangible assets		**41.2**	45.4
Property, plant and equipment	5	**1,514.6**	1,367.2
Deferred tax assets		**24.3**	23.0
Non-current derivative financial asset		**0.3**	0.2
Other long-term receivables		**83.6**	80.7
Investments in joint ventures		**12.1**	12.4
Total non-current assets		**2,347.2**	2,195.6
Current assets			
Trade and other receivables		**596.6**	581.8
Corporation tax receivable		**38.9**	27.6
Cash and cash equivalents	6	**48.8**	55.0
Total current assets		**684.3**	664.4
Total assets		**3,031.5**	2,860.0
Current liabilities			
Trade and other payables (incl. customer deposits)		**907.3**	904.8
Deferred income		**301.7**	285.3
Corporation tax payable		**25.0**	21.6
Bank and other loans	6	**10.7**	8.5
Provisions		**2.2**	4.5
Total current liabilities		**1,246.9**	1,224.7
Non-current liabilities			
Other long-term payables		**614.2**	553.2
Bank and other loans	6	**421.3**	342.9
Deferred tax liability		**0.4**	1.3
Provisions		**4.9**	4.9
Provision for deficit on joint ventures		**4.4**	3.8
Retirement benefit obligations		**1.5**	1.5
Total non-current liabilities		**1,046.7**	907.6
Total liabilities		**2,293.6**	2,132.3
Total equity			
Issued share capital		**9.2**	9.2
Treasury shares		**(35.6)**	(39.6)
Foreign currency translation reserve		**63.6**	63.2
Hedging reserve		**0.3**	0.2
Other reserves		**25.8**	25.8
Retained earnings		**674.6**	668.9
Total equity		**737.9**	727.7
Total equity and liabilities		**3,031.5**	2,860.0

* Extracted from the audited financial statements for the year ended 31 December 2017.

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 2018**	Six months ended 30 June 2017
Profit before tax for the period		**54.3**	80.8
Adjustments for:			
Net finance expense		**5.7**	6.2
Share of loss on equity-accounted investees, net of income tax		**1.0**	-
Depreciation charge		**105.8**	97.7
Loss on disposal of property, plant and equipment		**6.0**	1.0
Impairment of intangibles assets		**-**	1.5
Impairment of property, plant and equipment		**0.1**	-
Amortisation of intangible assets		**5.1**	5.8
Amortisation of acquired lease fair value adjustment		**(1.0)**	(1.4)
Negative goodwill arising on an acquisition	11	**(6.2)**	-
Decrease in provisions		**(2.3)**	(2.0)
Share-based payments		**1.0**	1.2
Other non-cash movements		**(4.7)**	1.2
Operating cash flows before movements in working capital		**164.8**	192.0
Increase in trade and other receivables		**(18.2)**	(42.5)
Increase in trade and other payables		**67.8**	30.8
Cash generated from operations		**214.4**	180.3
Interest paid		**(7.1)**	(5.9)
Tax paid		**(20.4)**	(11.6)
Net cash inflows from operating activities		**186.9**	162.8
Investing activities			
Purchase of property, plant and equipment	5	**(238.1)**	(156.3)
Purchase of subsidiary undertakings (net of cash acquired)	11	**(2.5)**	(37.6)
Purchase of intangible assets		**(0.9)**	(1.1)
Proceeds on sale of property, plant and equipment	5	**0.1**	0.2
Other investing activities		**0.2**	-
Interest received		**0.2**	0.1
Cash outflows from investing activities		**(241.0)**	(194.7)
Financing activities			
Net proceeds from issue of loans	6	**847.6**	458.0
Repayment of loans	6	**(766.9)**	(327.1)
Purchase of shares		-	(36.0)
Proceeds from exercise of share awards		**1.3**	3.4
Payment of ordinary dividend	3	**(36.0)**	(32.5)
Cash inflows from financing activities		**46.0**	65.8
Net (decrease)/increase in cash and cash equivalents	6	**(8.1)**	33.9
Cash and cash equivalents at beginning of period	6	**55.0**	50.1
Effect of exchange rate fluctuations on cash held	6	**1.9**	1.6
Cash and cash equivalents at end of period	6	**48.8**	85.6

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 a 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 2018 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 2017;
- 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 Companies (Jersey) Law 1991. A copy of the statutory accounts for the year ended 31 December 2017 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 6 August 2018.

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 2017. The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2017 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 2018, 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 2018:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification – financial assets:

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised costs, fair value through other comprehensive income (OCI) and fair value through the profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale, which are now classified at amortised cost

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The requirements of IFRS 9 did not have a significant impact on the Group's accounting policies. Furthermore, as at 31 December 2017, the Group did not have any balances classified as available-for-sale. The adoption of IFRS 9 has therefore not resulted in the restatement of any historical balances.

Classification – financial liabilities:

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at fair value through the profit or loss are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in profit or loss.

The requirements of IFRS 9 do not have a significant impact on the Group's accounting policies. Furthermore, as at 31 December 2017, the Group had not designated any financial liabilities at fair value through the profit or loss and it has no current intention to do so. The adoption of IFRS 9 has therefore not resulted in the restatement of any historical balances.

Impairment – financial assets:

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach to all trade receivables, which requires the recognition of the expected credit loss based on the lifetime expected losses. The expected credit loss is mitigated through the invoicing of contracted services in advance and the deposits received from customers prior to the start of the contract.

Taking these considerations into account, the adoption of IFRS 9 did not have a significant impact on the Groups accounting policies and has therefore not resulted in the restatement of the provision for bad debts.

Hedge accounting:

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of non-financial items, will be likely to qualify for hedge accounting.

The Group is exposed to foreign currency exchange rate movements. The majority of day-to-day transactions of overseas subsidiaries are carried out in local currency and the underlying foreign exchange exposure is small. Transactional exposures do arise in some countries where it is local market practice for a proportion of the payables or receivables to be in other than the functional currency of the affiliate. Intercompany charging, funding and cash management activity may also lead to foreign exchange exposures. It is the policy of the Group to seek to minimise such transactional exposures through careful management of non-local currency assets and liabilities, thereby minimising the potential volatility in the income statement. Net investments in IWG affiliates with a functional currency other than sterling are of a long-term nature and the Group does not normally hedge such foreign currency translation exposures.

From time to time the Group uses short-term derivative financial instruments to manage its transactional foreign exchange exposures where these exposures cannot be eliminated through balancing the underlying risks. The Group designates these derivatives as fair value hedges.

The Group manages its exposure to interest rate risk through the relative proportions of fixed rate debt and floating rate debt. This strategy includes the use of derivative financial instruments to protect against future interest rate volatility. The Group designates these derivatives as cash flow hedges.

The Group has chosen to apply IFRS 9 prospectively. The Group determined that the hedge relationships that existed at the date of transition (four interest rate swaps with a total mark-to-market value of £0.2 million) will continue to qualify for hedge accounting under IFRS 9. The adoption of IFRS 9 did not have a significant impact on the Group's accounting policies and has therefore not resulted in the restatement of any historical balances.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is involved in the provision of flexible workspace, as well as performing related services. Revenue from the provision of these services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes). Where rent-free periods are granted to customers, rental income is spread on a straight-line basis over the length of the customer contract. The services performed are based on the list price at which the Group provides the contracted services.

Based on the Group's assessment, the fair value of the service performed under IAS 18 is consistent with IFRS 15. The adoption of IFRS 15 did not have a significant impact on the Group's accounting policies and has therefore not resulted in the restatement of any historical balances. Additional disaggregation disclosures are included in the segmental analysis set out in note 2, reflecting the internal and external reporting of revenue by geographic location and centre maturity.

Other standards

Except for IFRS 16 Leases, the following new or amended standards and interpretations that are mandatory for 2019 annual periods (and future years) are not expected to have a material impact on the Company:

Standard	Effective date
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
Annual Improvements to IFRSs 2015 – 2017 Cycle	1 January 2019

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The impact of these new or amended standards and interpretations has been considered as follows:

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard (i.e. lessors continue to classify leases as finance or operating leases).

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical measures and recognition exemptions.

The most significant impact identified is the right-of-use asset and related lease liability the Group will recognise for its leases in respect of its global network, which will be further dependant on the transition method adopted.

In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and an interest expense on the lease liabilities.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the covenant requirements on its revolving credit facility described in note 7.

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

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. 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 (the Group's operating 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 2017.

Six months ended 30 June	**Americas**		**EMEA**		**Asia Pacific**		**United Kingdom**		**Other**		**Total**	
£m	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Revenues from external customers	**493.7**	494.0	**295.0**	264.0	**196.4**	191.3	**216.5**	218.6	**2.4**	1.8	**1,204.0**	1,169.7
Mature	***464.1***	*476.9*	***259.8***	*253.7*	***183.7***	*184.8*	***194.6***	*205.3*	***2.2***	*1.8*	***1,104.4***	*1,122.5*
2017 Expansions	***20.5***	*1.7*	***31.4***	*3.9*	***10.8***	*0.8*	***16.6***	*2.4*	***0.2***	*-*	***79.5***	*8.8*
2018 Expansions	***2.5***	*-*	***2.3***	*-*	***0.9***	*-*	***4.5***	*-*	***-***	*-*	***10.2***	*-*
Closures	***6.6***	*15.4*	***1.5***	*6.4*	***1.0***	*5.7*	***0.8***	*10.9*	***-***	*-*	***9.9***	*38.4*
Gross profit (centre contribution)	**78.4**	81.1	**51.4**	51.5	**31.5**	32.8	**33.3**	45.5	**0.5**	0.4	**195.1**	211.3
Share of loss of equity-accounted investees	**-**	-	**(1.0)**	-	**-**	-	**-**	-	**-**	-	**(1.0)**	-
Operating profit	**48.0**	51.5	**18.2**	25.8	**13.9**	17.1	**25.8**	33.4	**(45.9)**	(40.8)	**60.0**	87.0
Finance expense											**(5.9)**	(6.3)
Finance income											**0.2**	0.1
Profit before tax for the year											**54.3**	**80.8**
Depreciation and amortisation	**56.3**	55.8	**19.7**	15.4	**15.1**	14.6	**14.8**	13.3	**5.0**	4.4	**110.9**	103.5
Assets	**1,288.0**	1,231.0	**636.2**	538.9	**409.8**	361.2	**617.1**	635.0	**80.4**	79.4	**3,031.5**	2,845.5
Liabilities	**(920.9)**	(846.8)	**(410.3)**	(348.8)	**(265.5)**	(232.2)	**(290.4)**	(298.1)	**(406.5)**	(396.0)	**(2,293.6)**	(2,121.9)
Net assets/(liabilities)	**367.1**	384.2	**225.9**	190.1	**144.3**	129.0	**326.7**	336.9	**(326.1)**	(316.6)	**737.9**	723.6
Non-current asset additions [(1)]	**90.4**	64.0	**53.2**	33.5	**34.0**	16.2	**46.2**	32.5	**15.2**	11.2	**239.0**	157.4

1. Excluding deferred taxation.

Operating profit in the "Other" category is generated from services related to the provision of workspace solutions, including fees from franchise agreements, offset by corporate overheads.

Note 3: Dividends

Equity dividends on ordinary shares paid during the period:

£m	**Six months ended 30 June 2018**	Six months ended 30 June 2017
Final dividend for the year ended 31 December 2017: 3.95 pence per share (2016: 3.55 pence per share)	**36.0**	32.5

Note 4: Goodwill and indefinite life intangible assets

As at 30 June 2018, the carrying value of the Group's goodwill and indefinite life intangible assets was £671.1 million and £11.2 million respectively (31 December 2017: £666.7 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 2017 and will be reassessed during the last quarter of 2018. There are no indicators of impairment in the period ended 30 June 2018.

Note 5: Property, plant and equipment

During the six months ended 30 June 2018, the Group acquired assets with a cost of £238.1 million (30 June 2017: £156.3 million). Assets with a net book value of £6.1 million (30 June 2017: £1.2 million) were disposed of during the period for £0.1 million (30 June 2017: £0.2 million).

Capital expenditure authorised and contracted for but not provided for in the accounts amounted to £78.4 million (30 June 2017: £41.3 million).

Note 6: Analysis of financial assets/(liabilities)

£m	**At 1 Jan 2018**	**Cash flow**	**Non-cash changes**	**Exchange movement**	**At 30 June 2018**
Cash and cash equivalents	55.0	(8.1)	-	1.9	48.8
Gross cash	55.0	(8.1)	-	1.9	48.8
Debt due within one year	(8.5)	(2.2)	-	-	(10.7)
Debt due after one year	(342.9)	(78.5)	-	0.1	(421.3)
Gross debt	(351.4)	(80.7)	-	0.1	(432.0)
Net financial liabilities	**(296.4)**	**(88.8)**	**-**	**2.0**	**(383.2)**

£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)
Gross debt	(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 £8.8 million at 30 June 2018 (31 December 2017: £9.3 million).

Of this balance, £6.8 million (31 December 2017: £7.1 million) is pledged as security against outstanding bank guarantees and a further £2.0 million (31 December 2017: £2.2 million) is pledged against various other commitments of the Group.

Note 7: 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 2018		At 31 December 2017	
£m	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**48.8**	**48.8**	55.0	55.0
Trade and other receivables [1]	**403.1**	**403.1**	413.3	413.3
Other long-term receivables [2]	**79.6**	**79.6**	76.3	76.3
Derivative financial assets:				
Interest rate swaps				
• Inflow	**0.3**	**0.3**	0.2	0.2
Financial assets [3]	**531.8**	**531.8**	544.8	544.8
Non-derivative financial liabilities [4]:				
Bank loans & other corporate borrowings	**(416.5)**	**(416.5)**	(330.5)	(330.5)
Other loans	**(15.5)**	**(15.5)**	(20.9)	(20.9)
Trade and other payables [5]	**(709.2)**	**(709.2)**	(721.3)	(721.3)
Other long-term payables [5]	**(6.1)**	**(6.1)**	(11.1)	(11.1)
Financial liabilities	**(1,147.3)**	**(1,147.3)**	(1,083.8)	(1,083.8)
Unrecognised gain		**-**		-

1. Excluding prepayments and accrued income and acquired lease fair value asset.
2. Excluding acquired lease fair value asset.
3. Financial assets, excluding cash and cash equivalents and derivative financial instruments, are all held at amortised cost.
4. All financial instruments are classified as variable rate instruments.
5. Excluding deferred rents, deferred partner contributions and acquired lease fair value liability.

The undiscounted cash flow and fair values of these instruments is not materially different from the carrying 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 2017.

The Group maintains a revolving credit facility provided by a group of international banks. In the period to 30 June 2018, the amount of the facility was increased from £550.0 million to £750.0 million with the final maturity extended to May 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, £100.0 million and $30.0 million were swapped into a fixed rate liability for a three-year period with an average fixed rate of respectively 0.8% and 1.8% (excluding funding margin).

The £750 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 8: Share-based payment

During the period the Group awarded nil options (2017: 1,200,000) under the Share Option Plan, 1,278,350 share awards (2017: 1,095,406) under the Performance Share Plan and nil share awards (2017: 383,664) under the Deferred Share Bonus Plan.

Note 9: Bank guarantees and contingent liabilities

The Group has bank guarantees and letters of credit held with certain banks amounting to £151.5 million (31 December 2017: £142.7 million). There are no material lawsuits pending against the Group.

Note 10: Related parties

The nature of related parties as disclosed in the consolidated financial statements for the Group for the year ended 31 December 2017 has not changed.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
At 30 June 2018			
Joint Ventures	**2.2**	**9.9**	**1.8**
At 30 June 2017			
Joint Ventures	1.4	8.4	1.1

As at 30 June 2018, £nil of the amounts due to the Group have been provided for (31 December 2017: £nil). Transactions with related parties did not have a material effect on the financial results for the six months ended 30 June 2018.

During the period the Group acquired goods and services from a company indirectly controlled by a director of the Company amounting to £27,310 (30 June 2017: £42,949).

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 2018.

Note 11: Acquisitions of subsidiaries and non-controlling interest

Current period acquisitions

During the six-month period ended 30 June 2018 the Group made a number of individually immaterial acquisitions for a total consideration of £1.6 million.

£m	Book value on acquisition	Provisional fair value recognised on acquisition
Net assets acquired		
Property, plant and equipment	0.5	0.5
Cash	0.6	0.6
Other current and non-current assets	0.5	0.5
Current liabilities	(1.0)	(1.0)
	0.6	**0.6**
Goodwill arising on acquisition		1.0
Total consideration		**1.6**
Less: Deferred consideration		0.5
		1.1
Cash flow on acquisition		
Cash paid		1.1
Net cash outflow		**1.1**

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. £0.4 million of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2018, the revenue and net retained loss arising from these acquisitions would have been £1.4 million and £0.3 million respectively. In the period the equity acquisitions contributed revenue of £0.7 million and net retained profit of £0.2 million.

There was £0.5 million deferred consideration arising on the above acquisitions. Contingent consideration of £2.0 million (2017: £1.1 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 £0.1 million.

For the acquisitions in 2018, 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 11: Acquisitions of subsidiaries and non-controlling interest (continued)

Prior period acquisitions

During the six-month period ended 30 June 2017 the Group made a number of acquisitions for a total consideration of £42.9 million.

£m	Book value on acquisition	Provisional fair value recognised on acquisition	Final fair value recognised on acquisition
Net assets acquired			
Intangible assets	-	-	1.3
Property, plant and equipment	97.7	97.7	106.2
Cash	5.5	5.5	5.5
Other current and non-current assets	0.1	1.4	1.1
Current liabilities	(5.0)	(5.0)	(6.4)
Non-current liabilities	(60.2)	(60.2)	(60.2)
	38.1	**39.4**	**47.5**
Goodwill arising on acquisition		3.3	(4.6)
Total consideration		**42.7**	**42.9**
Less: Deferred consideration		0.7	0.7
		42.0	**42.2**
Cash flow on acquisition			
Cash paid		42.0	42.2
Net cash outflow		**42.0**	**42.2**

For a number of acquisitions in 2017, the final assessment of the fair value of the acquired assets and liabilities has been recorded at 30 June 2018 and adjustments have been made to the provisional fair value accounting.

Goodwill arising on acquisitions includes negative goodwill of £6.2m recognised as part of the selling, general and administration expenses line item in the consolidated income statement. The negative goodwill recognised is primarily due to the fair value uplift on the acquired properties based on the valuation provided by external valuation experts.

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 million of the above goodwill is expected to be deductible for tax purposes.

There was £0.7 million deferred consideration arising on the above acquisitions. Contingent consideration of £1.1 million was also paid during 2017 with respect to milestones achieved on prior year acquisitions.

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

The prior year comparative information has not been restated due to the immaterial nature of the final fair value adjustments recognised in 2018.

Note 12: Events after the balance sheet date

There were no significant events occurring after 30 June 2018 affecting the condensed interim financial information of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Each of the Directors confirm to the best of his knowledge:

1. That the condensed consolidated interim financial statements comprising the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes give a true and fair view of the assets, liabilities, financial position and profit of the Group and have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

2. That the interim management report herein includes a fair review of the information required by:

   - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
   - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the Annual Report and Accounts 2017 that could do so.

Signed on behalf of the Board

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

6 August 2018

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 reviewed the accompanying condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2018 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 condensed consolidated interim financial information'). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU.

Cliona Mullen 6 August 2018

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 2018	Americas	EMEA	Asia Pacific	UK	Other	Total
Mature [1]						
Workstations [4]	**177,255**	**98,106**	**95,086**	**75,449**	**-**	**445,896**
Occupancy (%)	**75.0%**	**76.6%**	**72.3%**	**69.2%**	**-**	**73.8%**
Revenue (£m)	**464.1**	**259.8**	**183.7**	**194.6**	**2.2**	**1,104.4**
Contribution (£m)	**94.1**	**56.3**	**37.3**	**29.1**	**0.4**	**217.2**
REVPOW (£)	**3,493**	**3,457**	**2,673**	**3,729**	**-**	**3,358**
2017 Expansions [2]						
Workstations [4]	**16,377**	**20,013**	**9,512**	**13,685**	**-**	**59,587**
Occupancy (%)	**46.4%**	**55.9%**	**44.2%**	**72.9%**	**-**	**55.3%**
Revenue (£m)	**20.5**	**31.4**	**10.8**	**16.6**	**0.2**	**79.5**
Contribution (£m)	**(8.5)**	**(1.1)**	**(2.8)**	**4.9**	**0.1**	**(7.4)**
2018 Expansions [2]						
Workstations [4]	**3,966**	**6,076**	**2,664**	**1,935**	**-**	**14,641**
Occupancy (%)	**21.7%**	**20.7%**	**16.0%**	**32.1%**	**-**	**21.6%**
Revenue (£m)	**2.5**	**2.3**	**0.9**	**4.5**	**-**	**10.2**
Contribution (£m)	**(3.2)**	**(2.4)**	**(1.4)**	**1.0**	**-**	**(6.0)**
Closures						
Workstations [4]	**2,360**	**1,078**	**896**	**635**	**-**	**4,969**
Occupancy (%)	**59.4%**	**45.0%**	**43.3%**	**59.2%**	**-**	**53.4%**
Revenue (£m)	**6.6**	**1.5**	**1.0**	**0.8**	**-**	**9.9**
Contribution (£m)	**(4.0)**	**(1.4)**	**(1.6)**	**(1.7)**	**-**	**(8.7)**
Total						
Workstations [4]	**199,958**	**125,273**	**108,158**	**91,704**	**-**	**525,093**
Occupancy (%)	**71.4%**	**70.3%**	**68.2%**	**68.9%**	**-**	**70.0%**
Revenue (£m)	**493.7**	**295.0**	**196.4**	**216.5**	**2.4**	**1,204.0**
Contribution (£m)	**78.4**	**51.4**	**31.5**	**33.3**	**0.5**	**195.1**
REVPAW (£)	**2,469**	**2,355**	**1,816**	**2,361**	**-**	**2,293**
Period end workstations [5]						
Mature	**178,676**	**100,425**	**95,673**	**75,681**	**-**	**450,455**
2017 Expansions	**16,499**	**20,623**	**9,876**	**15,625**	**-**	**62,623**
2018 Expansions	**10,545**	**14,860**	**6,684**	**5,895**	**-**	**37,984**
Total	**205,720**	**135,908**	**112,233**	**97,201**	**-**	**551,062**

A glossary is included on page 132 of the 2017 Annual Report, which defines various alternative measures used to provide useful and relevant information.

Segmental analysis – management basis (unaudited) (continued)

Six months ended 30 June 2017	Americas	EMEA	Asia Pacific	UK	Other	Total
Mature [1]						
Workstations [4]	177,157	95,151	94,867	71,162	-	438,337
Occupancy (%)	73.8%	76.1%	71.0%	72.2%	-	73.4%
Revenue (£m)	476.9	253.7	184.8	205.3	1.8	1,122.5
Contribution (£m)	83.7	53.5	34.1	42.4	0.4	214.1
REVPOW (£)	3,648	3,504	2,744	3,996	-	3,489
2017 Expansions [2]						
Workstations [4]	3,955	3,070	1,493	2,296	-	10,814
Occupancy (%)	15.3%	32.3%	16.2%	61.7%	-	30.1%
Revenue (£m)	1.7	3.9	0.8	2.4	-	8.8
Contribution (£m)	(5.1)	(1.3)	(1.2)	0.6	-	(7.0)
Closures [3]						
Workstations [4]	4,897	3,355	2,971	3,103	-	14,326
Occupancy (%)	72.8%	59.4%	71.4%	70.9%	-	69.0%
Revenue (£m)	15.4	6.4	5.7	10.9	-	38.4
Contribution (£m)	2.5	(0.7)	(0.1)	2.5	-	4.2
Total						
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	0.4	211.3
REVPAW (£)	2,656	2,599	1,926	2,855	-	2,524

Notes:

1. The mature business comprises centres opened on or before 31 December 2016.
2. Expansions include new centres opened and acquired businesses.
3. A closure for the 2017 comparative data is defined as a centre closed during the period from 1 January 2017 to 30 June 2018.
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	2014 Aggregation	2015 Expansions	2016 Expansions	2017 Expansions	2018 & 2019 Expansions	Closed	Total
Post-tax cash return on net investment	**16.4%**	**8.6%**	**-2.4%**	**-6.2%**	**-**	**-**	**9.3%**
Revenue	1,782.4	311.5	121.3	122.6	10.4	38.4	2,386.6
Centre Contribution	378.9	42.3	0.6	(18.4)	(6.3)	(11.7)	385.4
Loss on disposal of assets	0.2	-	-	-	-	9.2	9.4
Underlying centre contribution	**379.1**	**42.3**	**0.6**	**(18.4)**	**(6.3)**	**(2.5)**	**394.8**
Selling, general and administration expenses	(153.3)	(37.3)	(21.2)	(26.4)	(6.1)	(3.1)	(247.4)
EBIT	**225.8**	**5.0**	**(20.6)**	**(44.8)**	**(12.4)**	**(5.6)**	**147.4**
Depreciation and amortisation	133.7	35.6	19.5	24.4	2.2	5.0	220.4
Amortisation of partner contributions	(40.5)	(8.7)	(6.6)	(6.8)	(0.8)	(0.3)	(63.7)
Amortisation of acquired lease fair value adjustments	(4.0)	0.5	0.1	-	-	0.2	(3.2)
Non-cash items	**89.2**	**27.4**	**13.0**	**17.6**	**1.4**	**4.9**	**153.5**
Taxation [(1)]	**(45.2)**	**(1.0)**	**4.1**	**9.0**	**2.5**	**1.1**	**(29.5)**
Adjusted net cash profit	**269.8**	**31.4**	**(3.5)**	**(18.2)**	**(8.5)**	**0.4**	**271.4**
Maintenance capital expenditure	87.9	12.0	0.6	-	-	-	100.5
Partner contributions	(12.5)	(2.6)	(0.6)	-	-	-	(15.7)
Net maintenance capital expenditure	**75.4**	**9.4**	**-**	**-**	**-**	**-**	**84.8**
Post-tax cash return (£m)	**194.4**	**22.0**	**(3.5)**	**(18.2)**	**(8.5)**	**0.4**	**186.6**
Growth capital expenditure	1,406.9	322.4	201.1	374.8	169.0	-	2,474.2
Partner contributions	(218.2)	(65.3)	(58.0)	(80.1)	(54.2)	-	(475.8)
Net investment (£m)	**1,188.7**	**257.1**	**143.1**	**294.7**	**114.8**	**-**	**1,998.4**

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 2018 (unaudited)

£m	2014 Aggregation	2015 Expansions	2016 Expansions	2017 Expansions	2018 & 2019 Expansions	Closed	Total
December 2017	1,425.9	328.6	197.9	343.7	14.0	-	2,310.1
2018 Capital expenditure	2.5	-	3.2	31.1	149.4	-	186.2
Properties acquired	-	-	-	-	5.6	-	5.6
Centre closures [(2)]	(21.5)	(6.2)	-	-	-	-	(27.7)
June 2018	**1,406.9**	**322.4**	**201.1**	**374.8**	**169.0**	**-**	**2,474.2**

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 2018 (unaudited)

£m	2014 Aggregation	2015 Expansions	2016 Expansions	2017 Expansions	2018 & 2019 Expansions	Closed	Total
December 2017	219.9	65.9	58.2	74.9	0.6	-	419.5
2018 Partner contributions	2.9	-	-	5.2	53.6	-	61.7
Centre closures [(3)]	(4.6)	(0.6)	(0.2)	-	-	-	(5.4)
June 2018	**218.2**	**65.3**	**58.0**	**80.1**	**54.2**	**-**	**475.8**

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

EBIT Reconciliations (unaudited)

For the period ended (£m)	**H2 2017**	**H1 2018**	**Total**
EBIT	80.4	67.0	147.4
Loss on disposal of assets	(3.4)	(6.0)	(9.4)
Share of profit on joint ventures [(4)]	(0.8)	(1.0)	(1.8)
June 2018	**76.2**	**60.0**	**136.2**

4. Refer to the Group Income Statement on page 9.

Capital Expenditure (unaudited)

For the period ended (£m)	H2 2017	H1 2018	Total
Maintenance capital expenditure	50.8	49.7	100.5
Growth capital expenditure	142.8	191.8	334.6
• Reinvestment in mature centres	3.7	2.5	6.2
• 2015 expansions	6.7	-	6.7
• 2016 expansions	6.1	3.2	9.3
• 2017 expansions	112.6	31.1	143.7
• 2018 expansions	13.7	154.4	168.1
• 2019 expansions	-	0.6	0.6
Total capital expenditure	**193.6**	**241.5**	**435.1**
Analysed as			
• Purchase of subsidiary undertakings (5)	2.5	2.5	5.0
• Purchase of property, plant and equipment (5)	188.6	238.1	426.7
• Purchase of intangible assets (5)	2.5	0.9	3.4

5. Refer to the Group Cash Flow Statement on page 12.