



2019 INTERIM RESULTS

6 August 2019

IWG International
Workplace
Group

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Agenda

1	Highlights	Mark Dixon
2	Financial review	Eric Hageman
3	Outlook	Mark Dixon
4	Q&A	Mark Dixon & Eric Hageman

Interim highlights

- Strong operating momentum
- Excellent momentum in franchising strategy
 - Japan master franchise agreement
 - Franchises commenced in numerous other territories
- Continued significant capital investment in network and infrastructure
 - Strong returns anticipated
- Good progress on network rationalisation
- Increasing traction on enterprise accounts – record sales
- Record cash generation enabling increased shareholder returns



Key financial highlights

Strong trends across the board

- Open centre revenue up 15.1%* to £1,275.0m
- Pre-2018 EBITDA up 22%* to £229.7m
- Group EBITDA of £189.8m
- Record profit after tax of £294.9m**
- Record cash generation of £385.1m***
 - Interim dividend increased 10.3%
 - £100m share repurchase programme announced

- At constant currency ** Includes strategic agreement in Japan
- *** Before net growth capital expenditure, share repurchases and dividends and including the Japan transaction



Excellent momentum in franchising strategy

Significant growth opportunity for us and ambitious master franchise partners

Franchise business

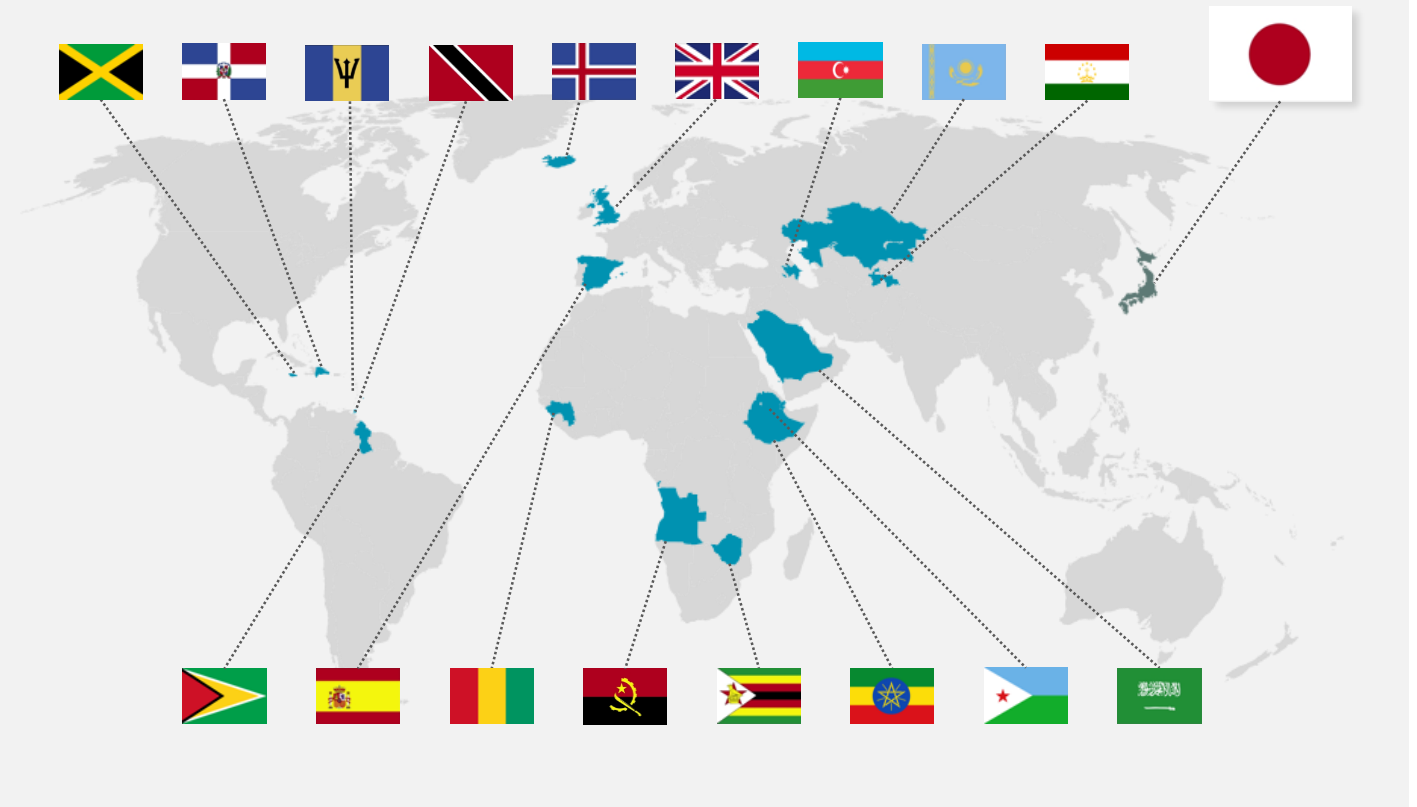
To date

- No. franchise partners **24**
- No. countries **18**
- No. locations **300+**

H1 2019

- Sale of Japanese operations to TKP
- Added 6 franchise partners
- Added 180+ committed locations

Franchise agreements

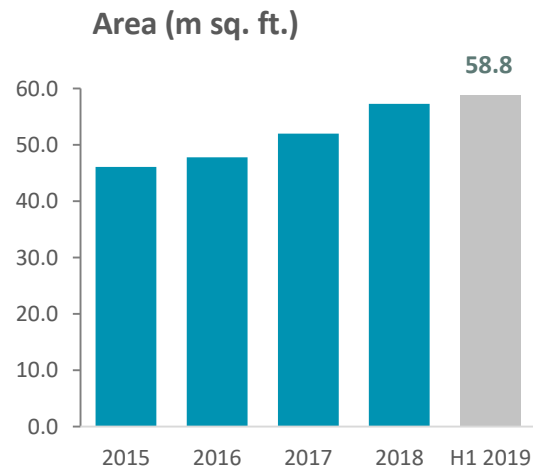
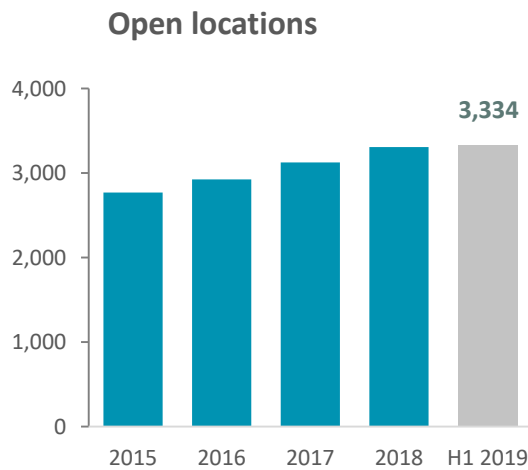


■ Master Franchise Agreement ■ Franchise agreements

Strong company owned growth

Strong network development

- 3.0m sq. ft. opened
- 114 new locations added, all organic
- Net growth capital investment of £185.5m
- Now in 3,334 locations worldwide, 58.8m sq. ft. of space
- Strong returns anticipated



USA

Chrysler Building, New York



UK

The Foundry, London



Singapore

Signature Asia Square, Singapore



Europe

Eur Laurentina, Rome

Continued Spaces growth, strong pipeline

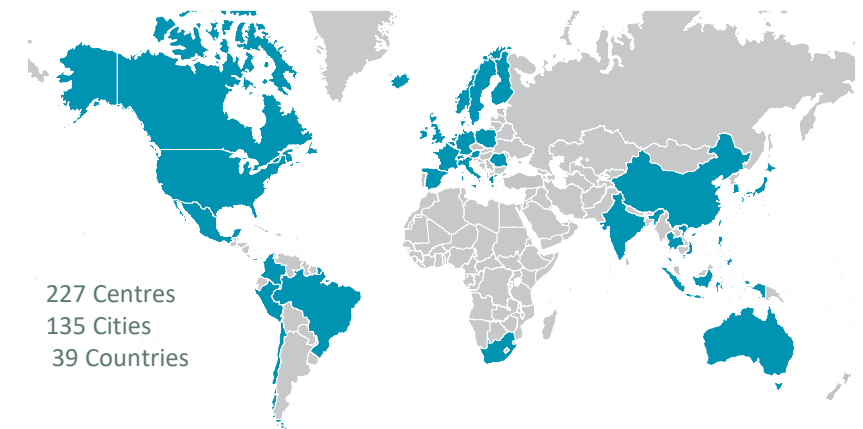
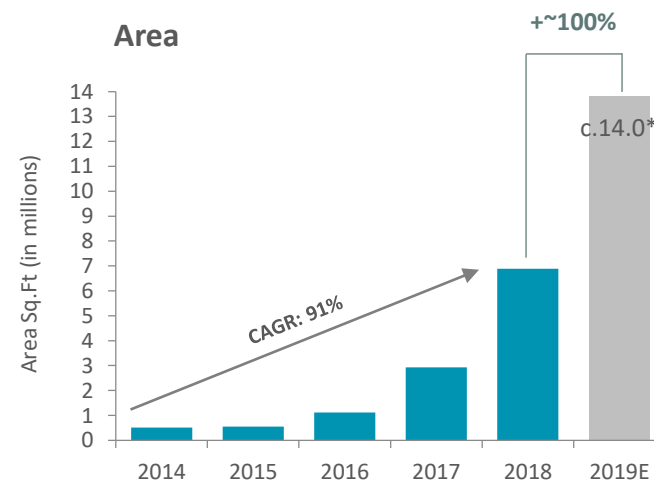
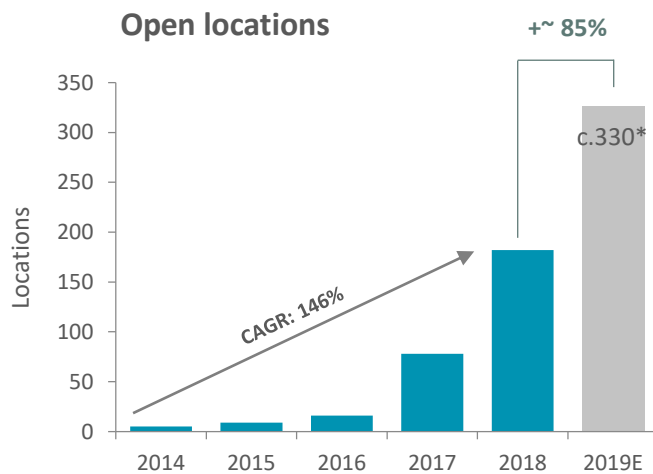


- 5 year+ track record
- Strong performance
- Record 1.8m sq. ft. of co-working and creative workspace added in H1 2019, to total 8.8m sq. ft.
- 45 new openings in H1 2019: 227 total locations
- Very healthy pipeline of openings across all continents



SPACES key performance metrics

SPACES global footprint



Enterprise account case studies

Strong momentum



Global partnership to provide a new customised solution in Kuala Lumpur.

- Google has been a global enterprise client for 18 years
- IWG has provided Google with flexible workplace solutions across the globe
- IWG's ability to provide speed-to-market is key to Google
- This new deal provides a customised solution for 500 employees in Kuala Lumpur



Improved work environment to improve collaboration and productivity.

- Consolidation of existing real estate across the UK
- IWG tailored the design of floors to meet the clients specific requirements
- Full floors made exclusive to the client
- Client employees have access to the shared amenities of the Spaces location – front desk, café, co-working, etc.



Creation of customised work environment for creative team.

- Customer wanted a new work environment to improve collaboration and productivity
- IWG tailored a floor in a Regus location in the Netherlands
- Full floor made exclusive to the customer
- Customer's employees also have access to the Regus amenities of the main floor, including front desk and co-working



Global partnership to transition to flexible space.

- Transition to flexible space with IWG across all customer's markets across EMEA
- Global membership programme for all customer employees
- 20 locations added in H1 2019, with over 170 planned for 2019-2020

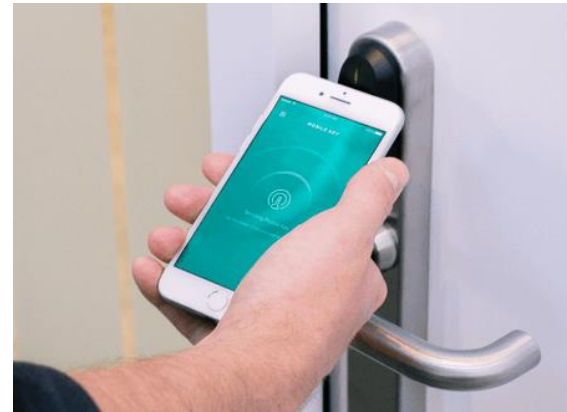
Platform improvements to support network

Continued significant investment into platform and increased digitisation



Operating Platform

- Support for franchise partners
- Cloud migration
- Big data platform



Centre Technology

- Smart building technology
- Automated network configuration
- Industry leading bandwidth



Customer Experience

- Mobile app for smart locks
- Microsoft Dynamics for Customer Service
- Process automation

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Group results

Record profits, strong and improving growth trend

£m	H1 19*	H1 18	% Constant	% Actual
Revenue	1,302.4	1,159.3	10.3%	12.3%
Open centre revenue	1,275.0	1,086.7	15.1%	17.3%
Gross profit	196.3	183.2	4%	7%
Overheads	(145.4)	(131.8)	10%	10%
Operating profit**	50.6	50.4	(8)%	-%
PBT***	55.2	54.3		2%
Taxation	(5.1)	(9.4)		
Profit for the period	294.9	43.4		579%
Basic EPS (p) - Statutory	32.9	4.8		585%
EBITDA	189.8	170.9	6%	11%
Pre – 2018 EBITDA	229.7	180.5	22%	27%

- Revenue up 10.3% at constant currency to £1,302.4m
- Open centre revenue up 15.1% at constant currency to £1,275.0m
- Pre-2018 EBITDA of £229.7m, excludes Japan gain
- Group EBITDA up 6% to £189.8m
- Overheads down 20bps as a percentage of revenue
 - Investment in continued growth and
 - Investment in pivot towards franchising model
- Record profit for the period of £294.9m, including Japan strategic agreement
- Operating profit of £50.6m, in line with management's expectations
 - £63.3m growth investment
 - £15.0m network rationalisation costs

*Results presented in accordance with previous IAS 17 accounting standard – before the implementation of IFRS 16

**Including joint ventures

*** Including profit before tax from Japan

Group cash flow

Record cash generation and strong balance sheet

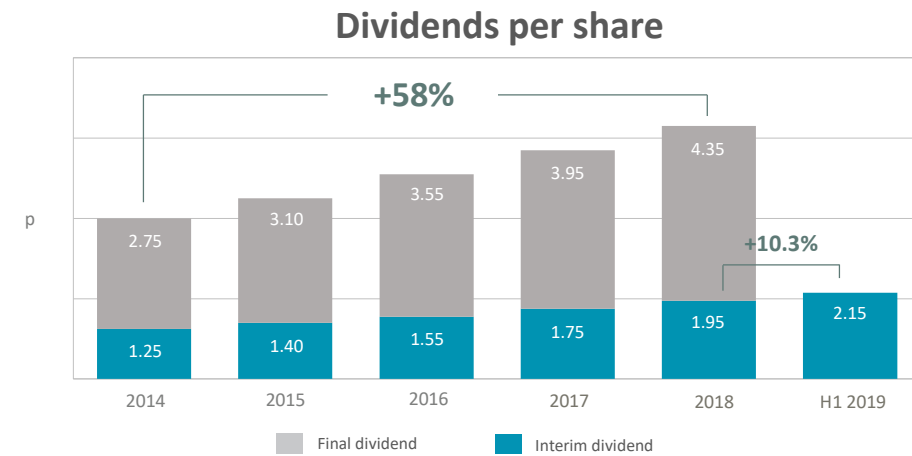
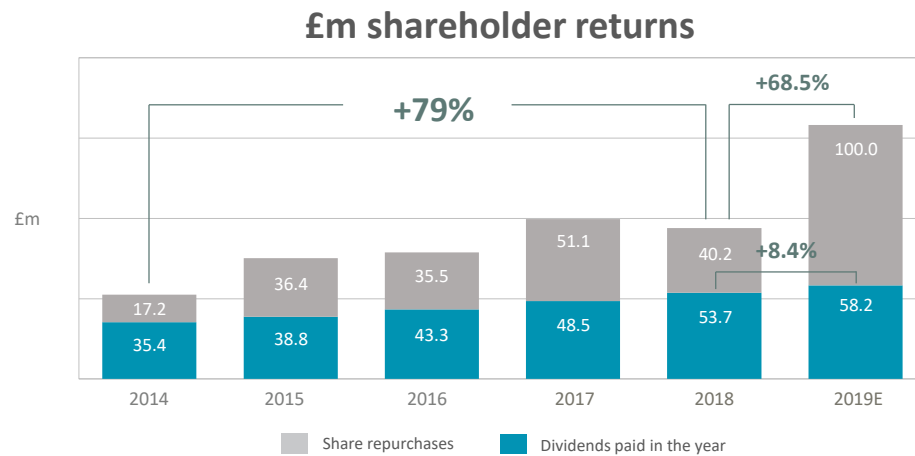
£m	H1 19*	H1 18	% Actual
EBITDA	189.8	170.9	11%
Working capital	80.2	49.6	62%
Growth related partner contributions	(95.4)	(61.7)	55%
Maintenance capital expenditure – Gross	(71.0)	(49.7)	43%
Taxation & finance costs	(24.8)	(27.3)	(9)%
Other items	306.3	(6.1)	-%
Cash flow before net growth capital expenditure, share repurchases & dividends	385.1	75.7	409%
Cash flow before growth capex per share (p)	43.0	8.3	418%
Net growth capital expenditure	(185.5)	(130.1)	43%
Dividends	(38.9)	(36.0)	8%
Closing net debt	(298.1)	(383.2)	(22)%
Net debt : LTM EBITDA	0.7x	1.1x	

*Results presented in accordance with previous IAS 17 accounting standard – before the implementation of IFRS 16

- Record cash flow before net growth capital expenditure of £385.1m
 - Positively impacted by:
 - EBITDA growth
 - Increase in working capital inflow
 - Decrease in taxation
 - Japan proceeds
 - Partly offset by:
 - Increased maintenance capital expenditure
 - Increase in finance costs
- Net growth capital expenditure of £185.5m
 - 3.0m sq. ft. added vs 2.8m last year
 - Higher proportion of Spaces
- Net debt reduced to £298.1m
 - Net debt to LTM EBITDA ratio of 0.7x
 - Freehold property of c. £150m
- Franchise model leverage opportunity

Shareholder returns

Increasing returns to shareholders



Total shareholder returns potential

- £158m expected return to shareholders in 2019, up 68.5%
 - £58m paid in dividends (Final 2018 dividend & proposed 2019 interim dividend)
 - £100m proposed share repurchase programme

Progressive dividend

- Dividend proposal:
 - Interim dividend of 2.15p, up 10.3%
 - Payable October 2019

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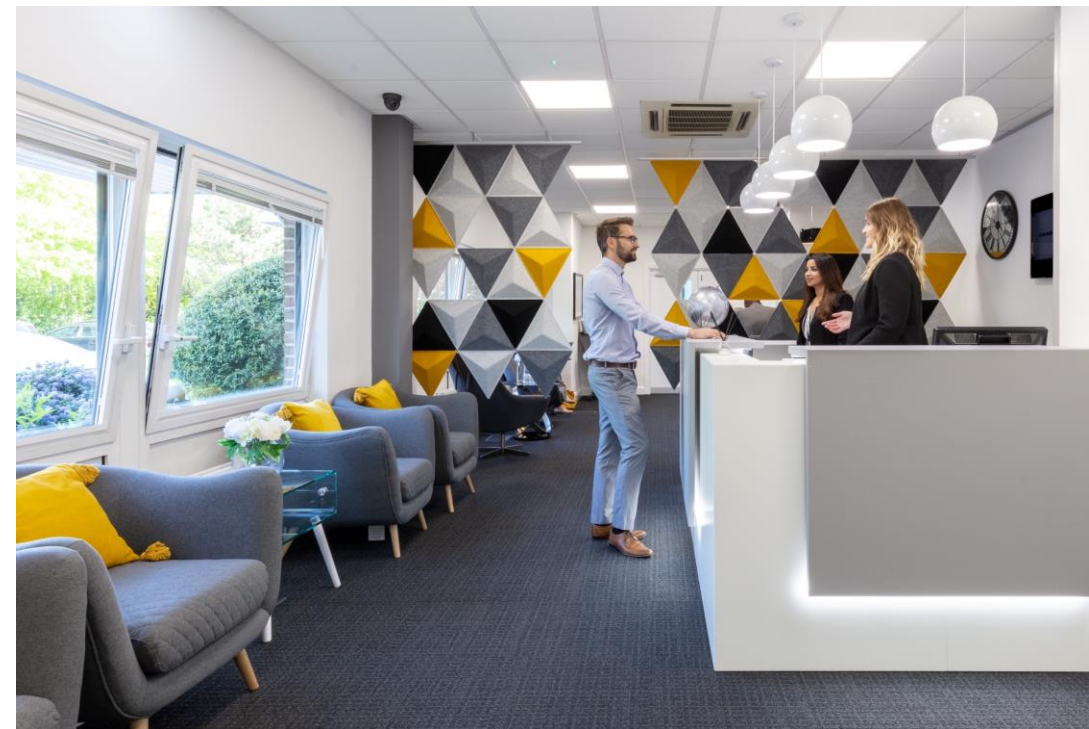
Outlook for 2019

Current trading providing a strong outlook for 2019

- On track to meet our full year expectations
- Trading continues with good momentum
- Sales activity trends remain excellent
- Benefit of network rationalisation programme coming through
- Strong focus on margin improvement
- Commencement of share repurchase programme reflecting record cash generation

Good outlook for more network growth

- Well placed to take advantage of industry growth
- Continued disciplined investment
- Excellent momentum in partnering approach, with third parties wanting to operate our brands across a wide range of geographies
- H2 network growth anticipated to be slightly ahead of H1
- Franchise transformation well underway



Market opportunity

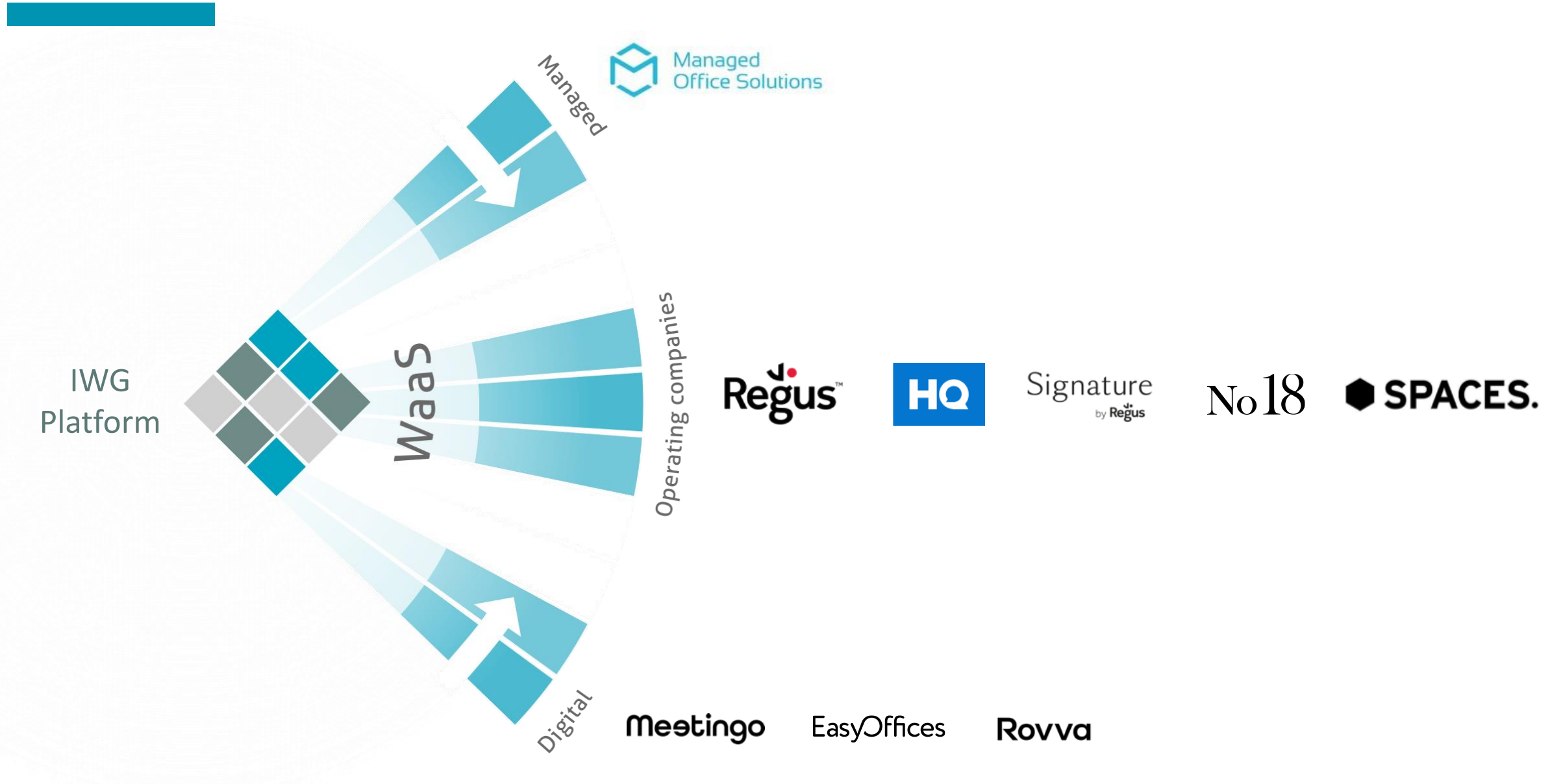


Global
commercial real
estate market
\$29_{TRN}



Source: Savills Commercial Research

Strategy to address market opportunity



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Q&A?



A modern office interior featuring a prominent geometric ceiling pattern, large windows on the right, and various workstations and tables. The scene is brightly lit, suggesting a high-rise office environment.

Thank you

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Contact details



Wayne Gerry

- Group Investor Relations Director
- wayne.gerry@iwgplc.com