

2021 Interim results

10 August 2021



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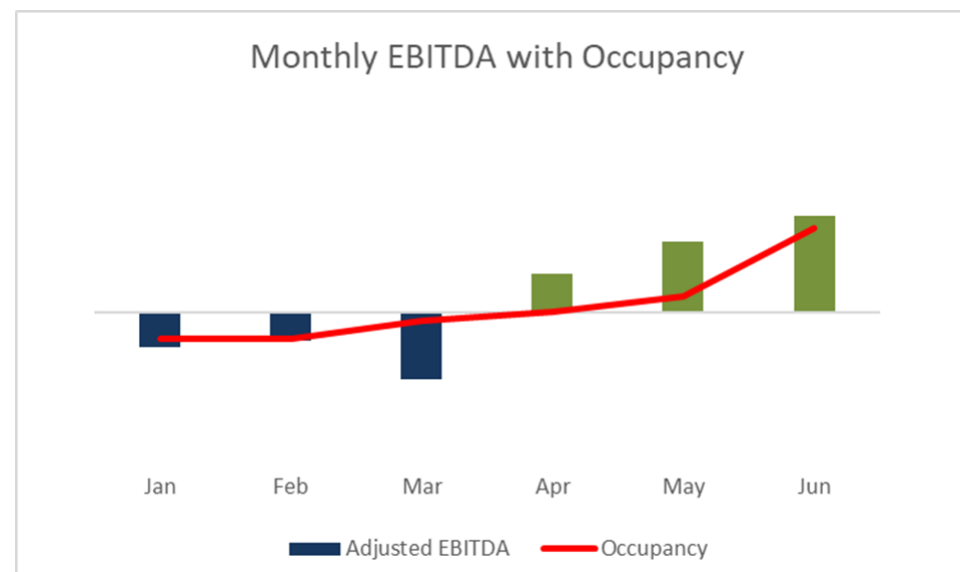
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All percentages are at constant currency unless otherwise stated

Financial summary

- **Positive pre-2020 adjusted EBITDA** of £63.8m
 - Positive adjusted EBITDA of £5.4m
- **Open centre revenue** £1,055.2m -10.4%
 - Q2 revenue 3.4% higher than Q1
- **Pre-2020 revenue** £992.0m -15.0%
 - Q2 revenue 1.5% higher than Q1
 - Q2 occupancy 120 bps higher than Q1
- **Cost reduction programme** delivering
 - Pre-growth* cost reduction of ~£190m in H1
 - Pre-growth* cost run rate reduced by ~£320m
- **Capital expenditure reduced**
 - Net growth capex - £46.9m (H1 2020: £116.2m)



* Before costs associated with new centres

Two very different quarters ...

- **Q1 was the trough** of COVID-19 impacted performance
- **A clear inflection point...**
- ... although recovery trend impacted by COVID variants
- Improvement in operational metrics in Q2 has translated into **month-on-month revenue and EBITDA recovery**
- **Cost control** discipline maintained
- Sales and operational performance underpins **Q3/Q4 momentum**



Structural tailwinds strengthening

- **Unprecedented interest** in our sector
- **Permanent shift** in our direction
- **Most employers reassessing** fixed space and moving to hybrid working
- Enquiries and sales conversions **back at 2019 levels**
- **Weakness of competition** creates potential acquisition opportunities

THE WALL STREET JOURNAL
Flexible Offices Will Be Crowded After Covid-19

MailOnline

Standard Chartered signs deal to allow staff to work away from central offices in big step towards permanent flexible working at a major financial firm

CITYA.M.

Demand for suburban offices soars as businesses move towards 'hybrid' working



pa media

Local offices 'could let staff walk to work in 15 minutes after Covid'

The chief executive of IWG said the pandemic had sped up the shift away from centralised workplaces.

The Washington Post

Co-working companies tap into customers facing work-from-home fatigue

BBC NEWS

'Hybrid working will become the norm'

The Telegraph

Civil Service strikes deal for 'hybrid' offices across the UK

Operational metrics drive revenue inflection ...

- **Network growth has continued**, and unprofitable centres closed
- **Improved occupancy drives billings and services utilisation**
- **Price now stabilised** and recovery in sight
- **Inflection into second half** clearly visible

Pre-2020 occupancy %



Embedded price £/sqm



VO & membership (£M)



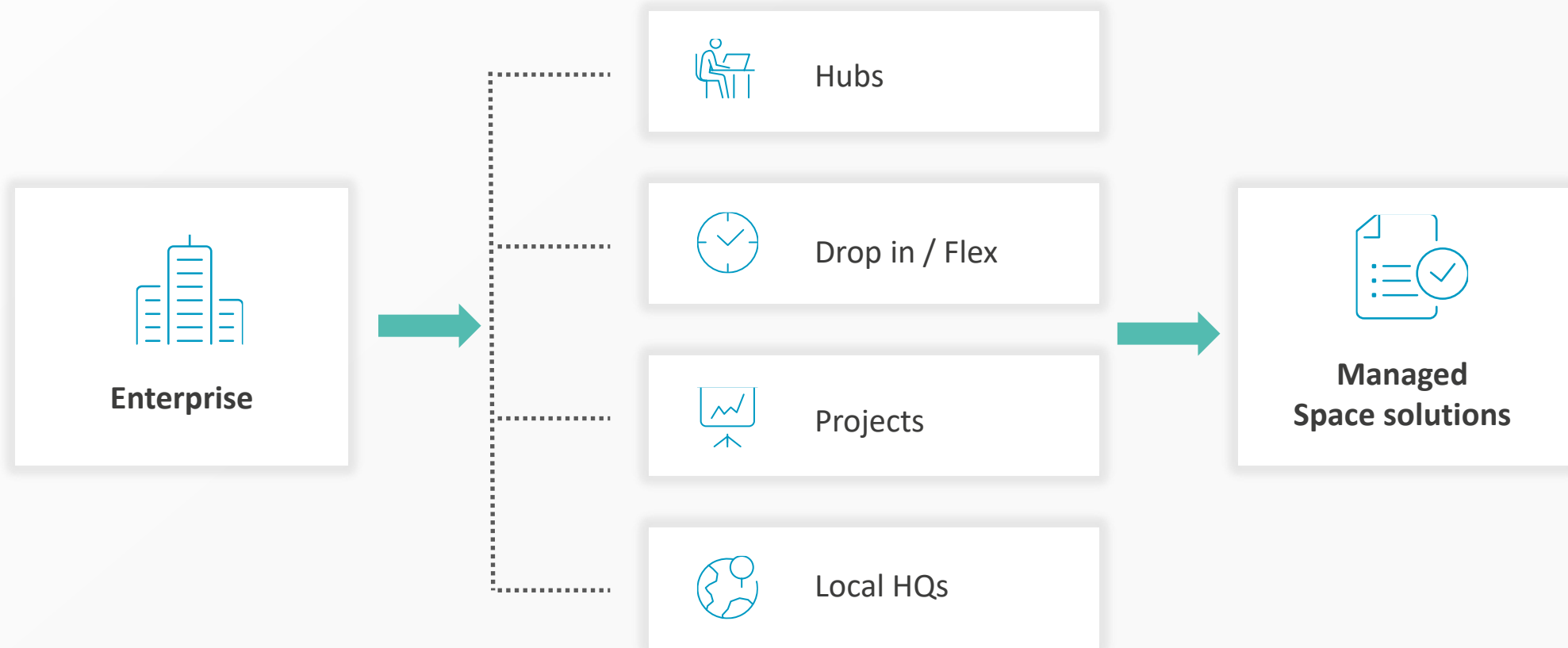
Progress against strategic objectives

- Enterprise customer development
- Network growth
- Reduced capital intensity
- Cost optimisation



Enterprise customer development

Why & how enterprises use IWG



Winning new accounts ...

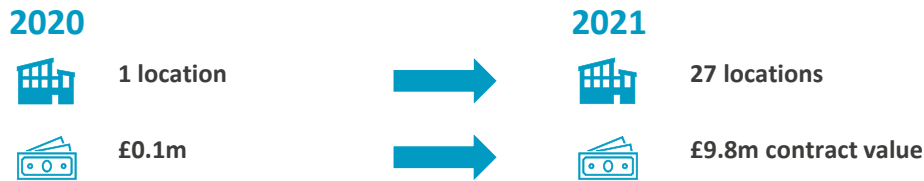


... and expanding existing relationships

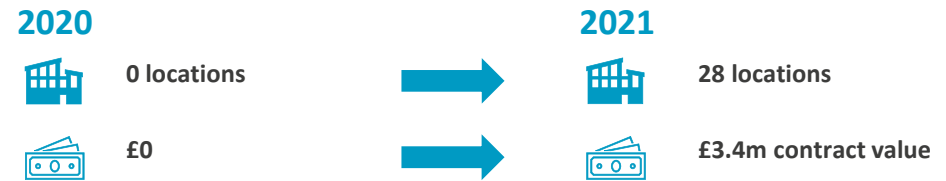


Customer examples

Global pharmaceutical company required a **new workplace solution for a spin-off to boost its focus on high-growth areas**. IWG successfully designed and delivered 27 new locations for the company across the globe.



International services provider started working with IWG in March 2021 to explore opportunities to **migrate its staff across the UK and Ireland**. Over the past 6 months, the client has been successfully exiting its leases, surrendering traditional and flex offices to consolidate all under IWG.



Spin-off from a global IT infrastructure services company partnered with IWG to provide **global workspace and membership solutions** to enable their employees to build and run secure and complex technology environments.



When this business management consulting firm acquired a restructuring business, they needed to house several new teams in city centers and a network of branches to **provide the new team members productive and collaborative environments** across the UK.



Customer examples

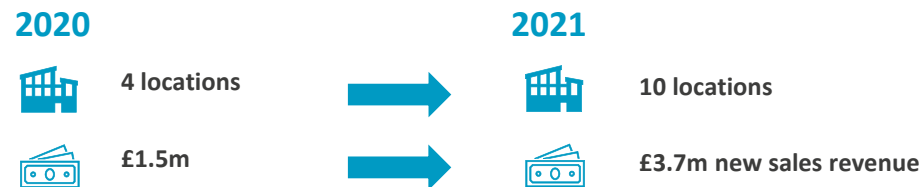
Multinational technology company required a **solution for regional HQs while increasing flexible solutions to support employees globally**. Company provided flexibility to their employees by providing access to IWG’s global network.



This **global aerospace, defence, and transportation technology business** was seeking new **office space in an iconic location** in Paris to **improve talent acquisition efforts**. IWG provided a customized design to align with the client’s brand standards.



British Government agency was looking to transition 28 locations at the end of long-term leases to **maximize flexibility and streamline operating expenses** while providing an outstanding environment for their employees and citizens.



Multinational internet technology company required a **solution within high-growth markets for regional HQs to provide collaborative work environments** given the accelerated growth of their business.



Area under management growing strongly

- **Network coverage** drives success
- **Record levels of franchise** and management deals
 - 50:50 JV with Hysan to **significantly develop the network in the GBA**
- **84 new centre additions** in H1 2021
- Multiple **centre acquisitions completed**, including London, New York, Philadelphia, Chicago and Jakarta
- Area under management **at 30 June 2021 – 64.1m sq. ft.**
- Expectation of **10-15% run-rate growth in H2**



Attractive new openings and competitor locations taken over

New centre openings

San Diego, USA



Toronto, Canada



Hong Kong



Hamburg, Germany

Competitor locations taken over

Shanghai, China



London, UK

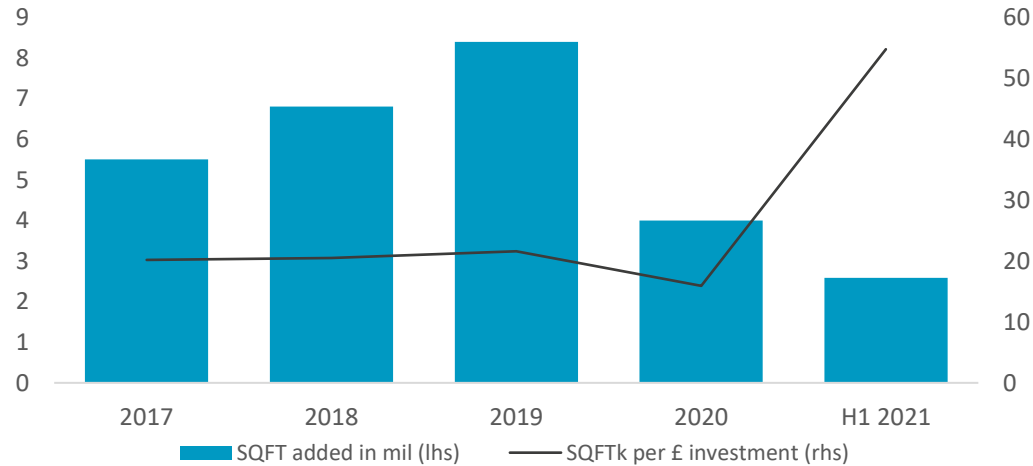


Jakarta, Indonesia

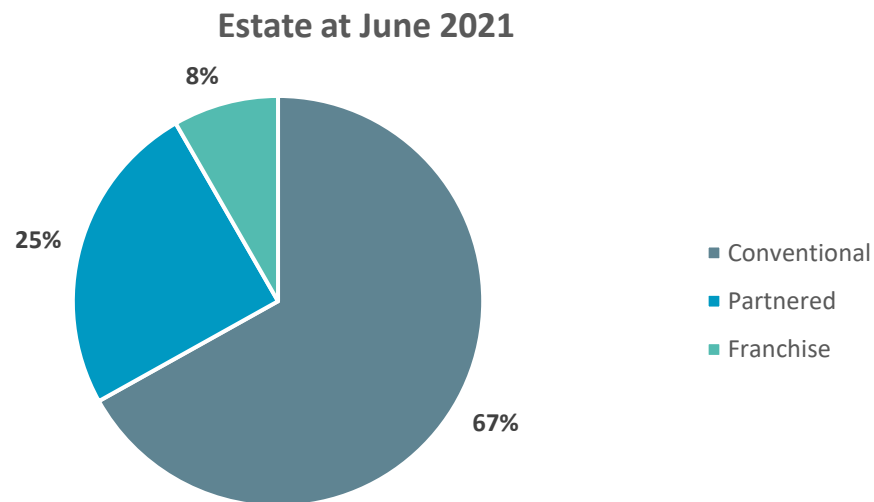


Calgary, Canada

Capital-light is working



- **Network growth continues** despite external environment
- **Net growth investment** of £46.9m / 84 locations (H1 2020: £116.2m / 88 locations)
- **Portfolio transition accelerates** with opportunities to variabilise rents
- **Reduced capital intensity** with significantly lower costs of acquisition



Increased franchising momentum



H1 2021

- Added 17 franchise partners (FY 2020: 15)
- Added 64 committed locations (FY 2020: 67)
- Across 10 countries
- First franchise agreements in USA
 - Detroit, Michigan
 - Dayton & Toledo, Ohio
 - Fort Wayne, Indiana

H2 2021 to date

- Clear acceleration in interest
- Strategic flexible workspace deal with Hysan

JV with Hysan Development Company Limited

Formation of a 50:50 JV between Hysan Development Company and IWG

- Brings together complimentary strengths of Hysan and IWG
- Focus on Hong Kong and the Greater Bay Area (GBA) – **86m population***
- JV will acquire IWG’s 32 existing locations and operate a flexible workspace business exclusively under IWG’s brands across the GBA
- **Growing demand for hybrid working** in the region
- Underlines partners’ **confidence in China** and GBA opportunity

Hysan Development Company (Hong Kong stock code: 00014)

- Leading Hong Kong property investment, management and development company
- One of the most established commercial landlords in the GBA
- Investment portfolio of over 4m sq. ft in high quality office, retail and residential
- Long-standing relationship between IWG and Hysan as partners with shared values
- Experience in creating synergies between flexible workspace and other space in mixed use properties, as well as community buildings



*Source: Guangdong Province, the Hong Kong Special Administrative Region Government (SARG) and the Macao SARG

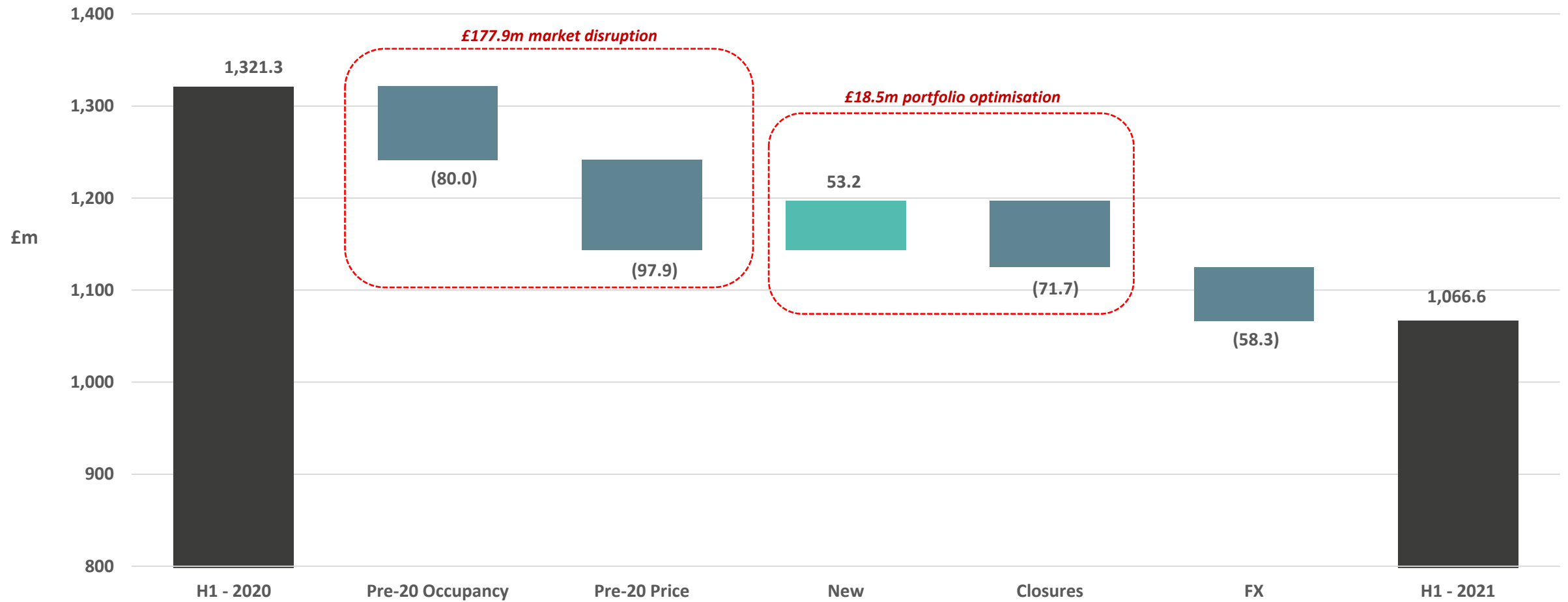
Group results

£m	H1 2021*	H1 2020*
Revenue	1,066.6	1,321.3
Open centre revenue	1,055.2	1,236.2
Adjusted gross (loss)/profit	(15.1)	143.9
Adjusted operating (loss)	(147.4)	(13.7)
Adjusting operating items	(39.2)	(155.8)
Operating (loss)	(186.6)	(169.5)
Net finance costs	3.2	(6.7)
(Loss) before tax	(183.4)	(176.2)
Taxation	(8.6)	(26.0)
(Loss) for the period	(192.0)	(202.2)
Adjusted EBITDA	5.4	137.4

- Open centre revenue £1,055.2m
 - Q2 revenue increased over Q1 by 3.4%
 - Average **new sales price exceeds embedded price** as of June
- **Pre-2020 revenue increased from Q1 to Q2 by 1.5%**
 - Pre-2020 occupancy increased 120 bps over Q1 to 69.0% in Q2
- Pre-growth **cost reduction of c. £190m vs H1 2020**
- Adjusted operating loss of £147.4m
- Underlying net finance expense of £11.1m
- COVID-19 related adjusting items of £39.2m
- Positive adjusted EBITDA of £5.4m
 - **Pre-2020 adjusted EBITDA of £63.8m**

* Results presented in accordance with pre-IFRS 16 accounting standard – before the implementation of IFRS 16

Revenue bridge



Cost optimisation and restructuring

Costs reducing in line with plan

- Underlying, pre-growth*, annualised cost run-rate **reduced by c. £320m**
- Further reductions in affected countries
- Supply chain innovation and support
- Increased discipline on maintenance capex

Portfolio rationalised with many rents now variable

- Unprofitable centres eliminated
- Major cost savings delivered
- Adequate provisioning for COVID-19 related exceptional rationalisation costs

Resilient platform now derisked for future growth

- Continued investment of £46.9m in platform growth

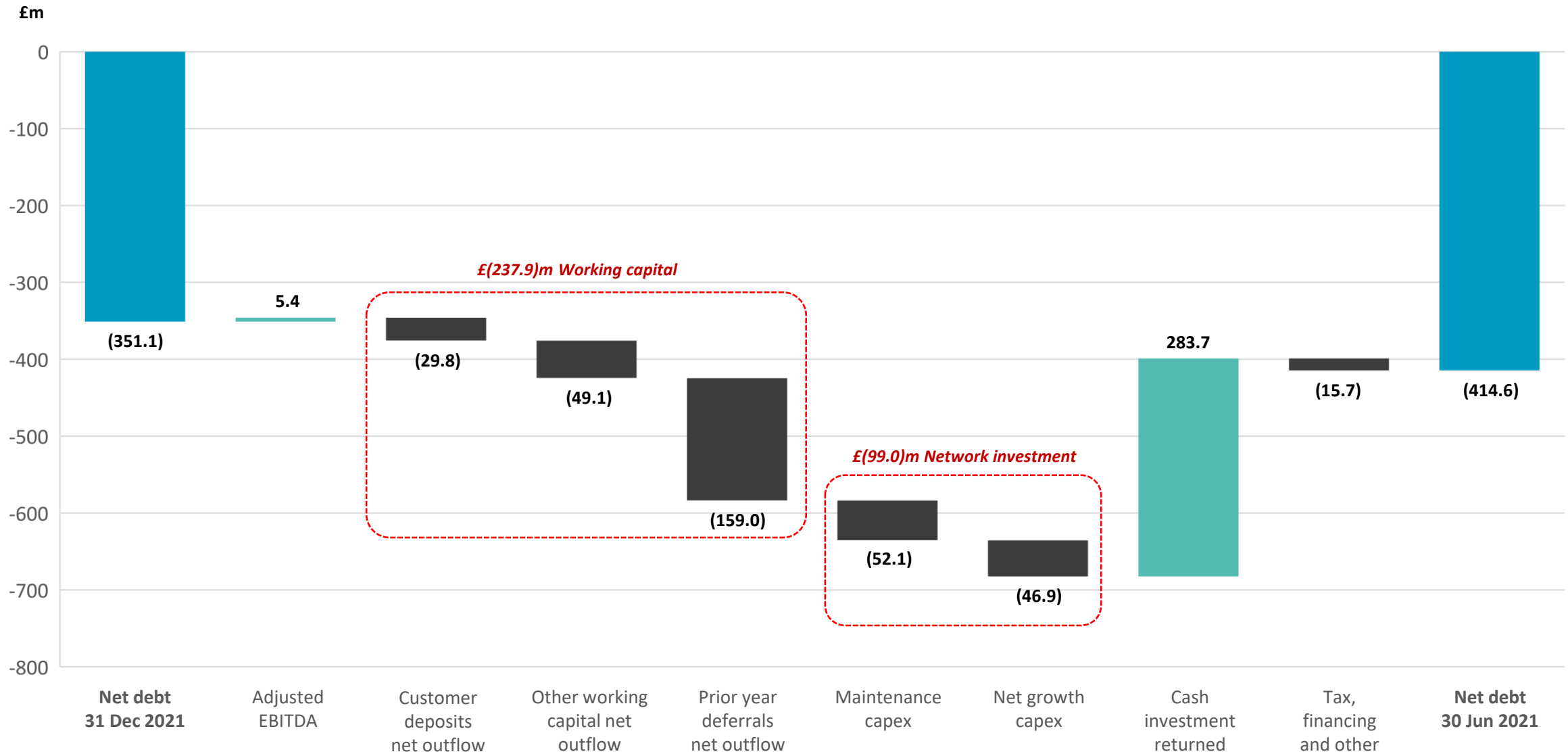


* Before costs associated with new centres

Cost reduction on track



Cash flow bridge



Outlook



- **Unprecedented sales activity**
- Strengthening **structural tailwinds**
- Trading passes **point of inflection**
- Network **growth acceleration**
- Cost reduction and **restructuring delivered**
- **Market-leading platform** well set for growth in H2
- Although **pace of recovery dependent on continued easing of restrictions...**

...we look forward to **H2 with cautious optimism** and...

...we remain **confident of a stronger recovery** in 2022

Q&A

APPENDIX

Adjusting items H1 2021

Adjusting items	H1 2020 (£m)	H2 2020 (£m)	FY 2020 (£m)	H1 2021 (£m)
Accelerated network rationalisation provision	134.5	177.5	312.0	9.4
Expected credit losses	9.4	8.1	17.5	12.6
Restructuring costs	4.9	14.6	19.5	17.4
Transaction costs	5.8	2.4	8.2	0.4
Other one-off items	1.2	21.1	22.3	(0.6)
Total adjusting items	155.8	223.7	379.5	39.2

A modern office interior with a large window on the right side. The office is furnished with desks, chairs, and blue pendant lights. Two women are sitting at a desk in the foreground, looking at a laptop. The background shows other people working at desks. The overall atmosphere is bright and professional.

Thank you

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Workplace
Group

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