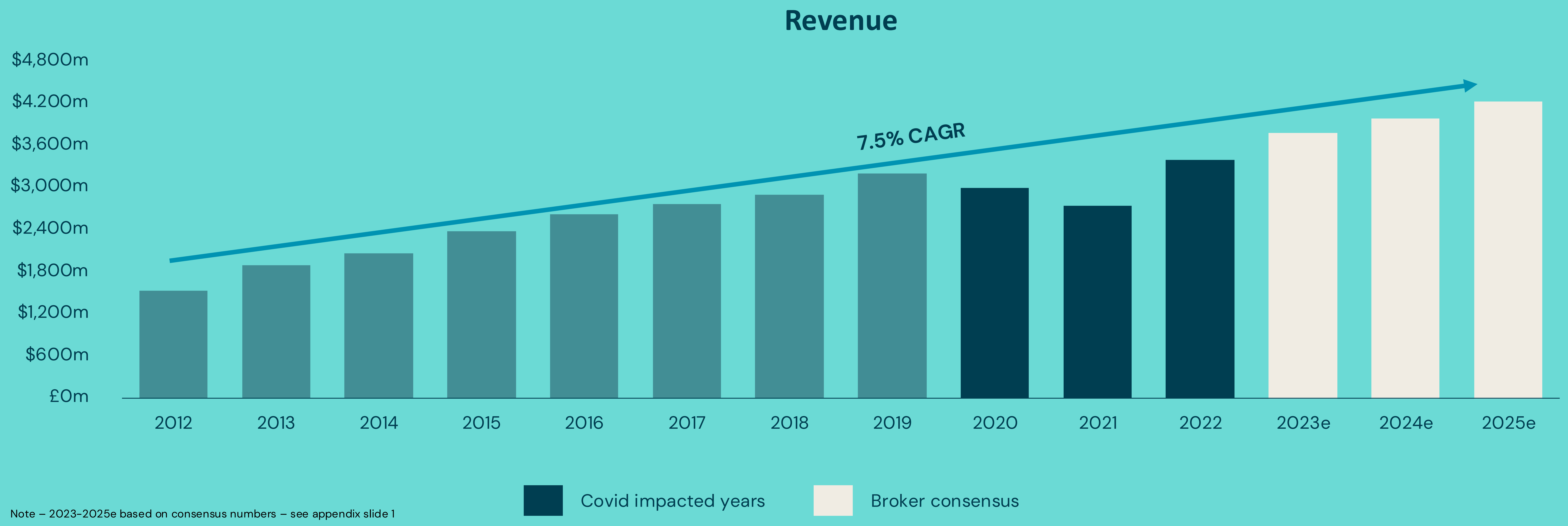
Charlie Steel
Chief Financial Officer

Financial performance

Highlights

- Cashflow is building strongly and will continue to grow across our three business units – company-owned, managed and franchised, Worka
- Capex has fallen dramatically and will continue to decline
- Leaving more cash available to shareholders
- Our commitment to maintain a strong balance sheet and increased returns to equity holders over the medium term

A decade-long track record in delivering strong financial performance

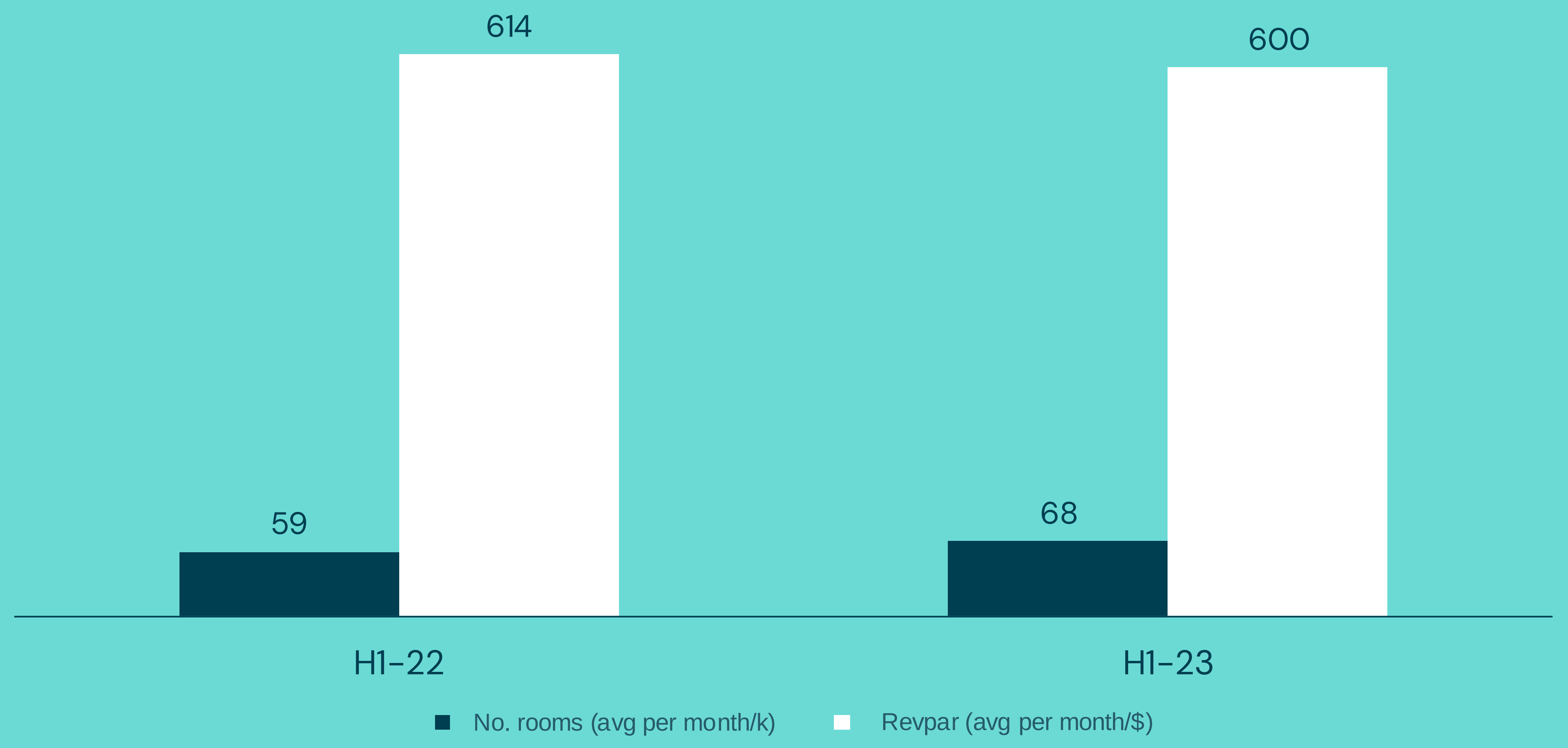


Note – 2023-2025e based on consensus numbers – see appendix slide 1

Managed & Franchised

	H1 2023 ($m)	Year-on-Year Growth
System Revenue	181	40%
Contribution	25	40%

Managed and Franchised - open rooms and RevPAR

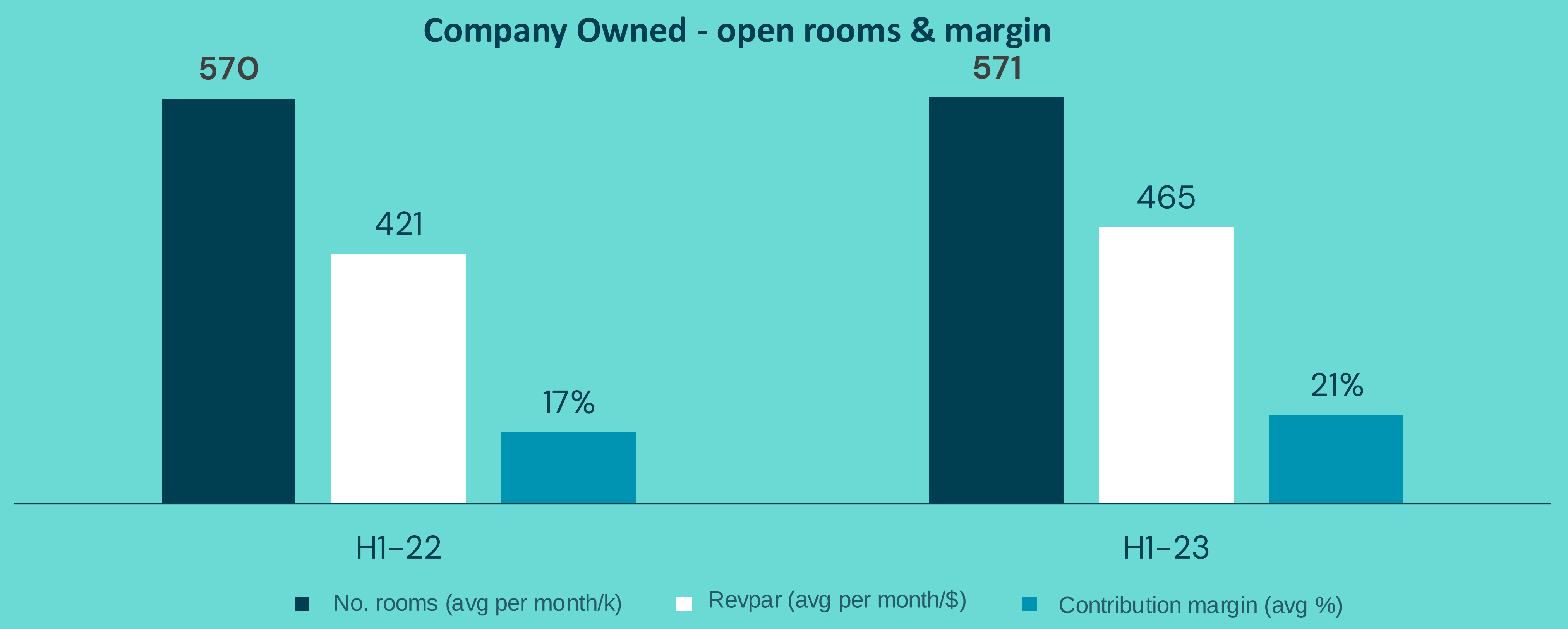


- The two KPIs for our managed and franchised business we are introducing are revenue per room (RevPAR), and number of rooms
- RevPAR is the expected revenue target at maturity
- We will target a RevPAR for the existing rooms as well as the rooms in the pipeline
- We assume a 10-month timeline from signing to opening and a further 18 months to revenue maturity

Note – One room assumed to be $5m^2$

Company-owned

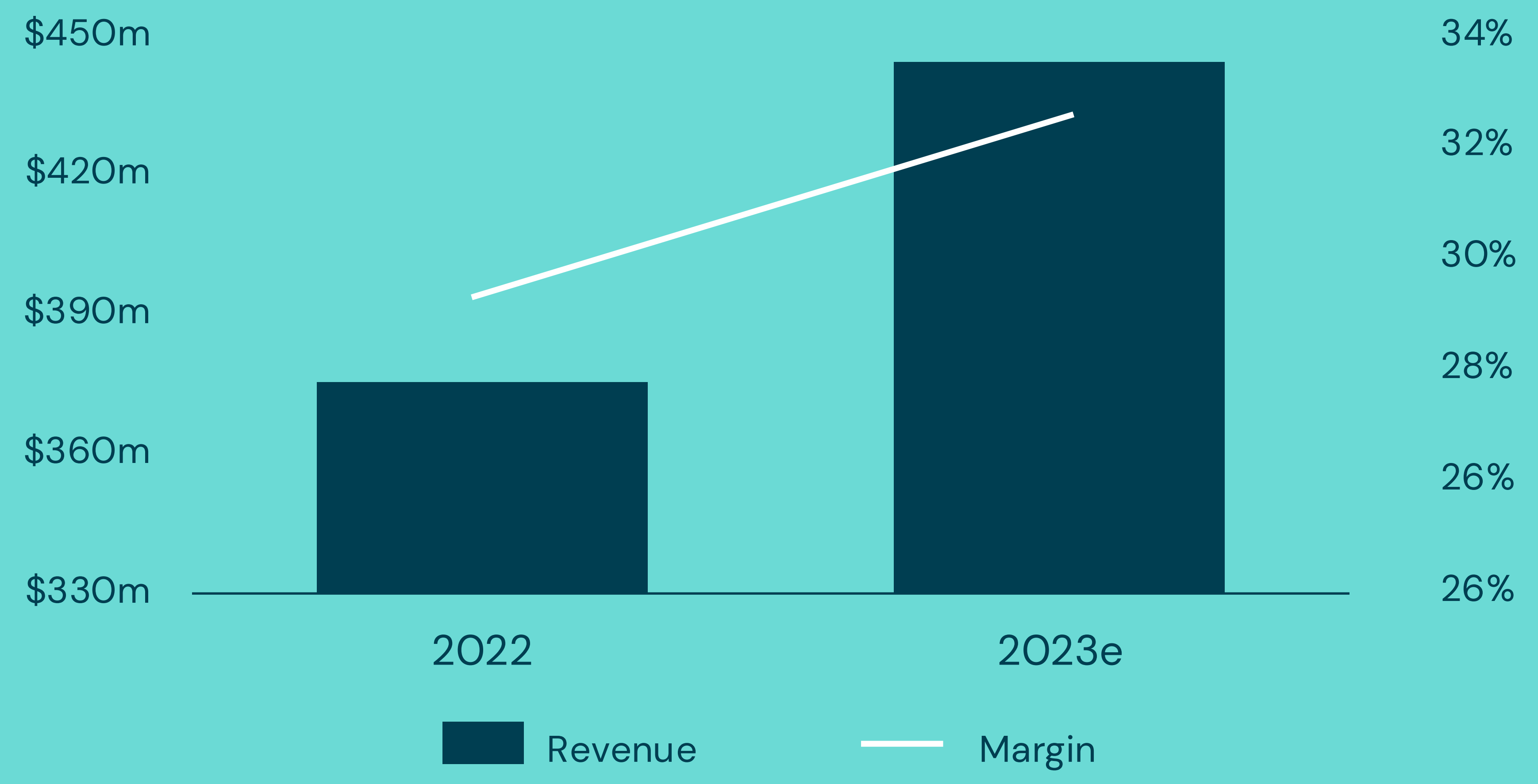
	H1 2023 ($M)	Year-on-Year Growth
Revenue	1,561	11%
Cost	(1,229)	7%
Contribution	332	29%
Contribution Margin	21%	+300bps



- The two KPIs for our Company-owned and leased business we are introducing are revenue per room (RevPAR), and margin
- RevPAR is the expected revenue at a standardised occupancy we will target
- Margin remains the most important driver to our Company-owned and leased business

Worka

	H1 2023 ($m)	Year-on-Year Growth
Revenue	218	32%
Cost	122	40%
Contribution	96	23%
Contribution margin	44%	



- The two KPIs for Worka are revenue growth and margin
- Post the transaction, we have been integrating the platforms and investing in products
- Growth will accelerate from H2 2024

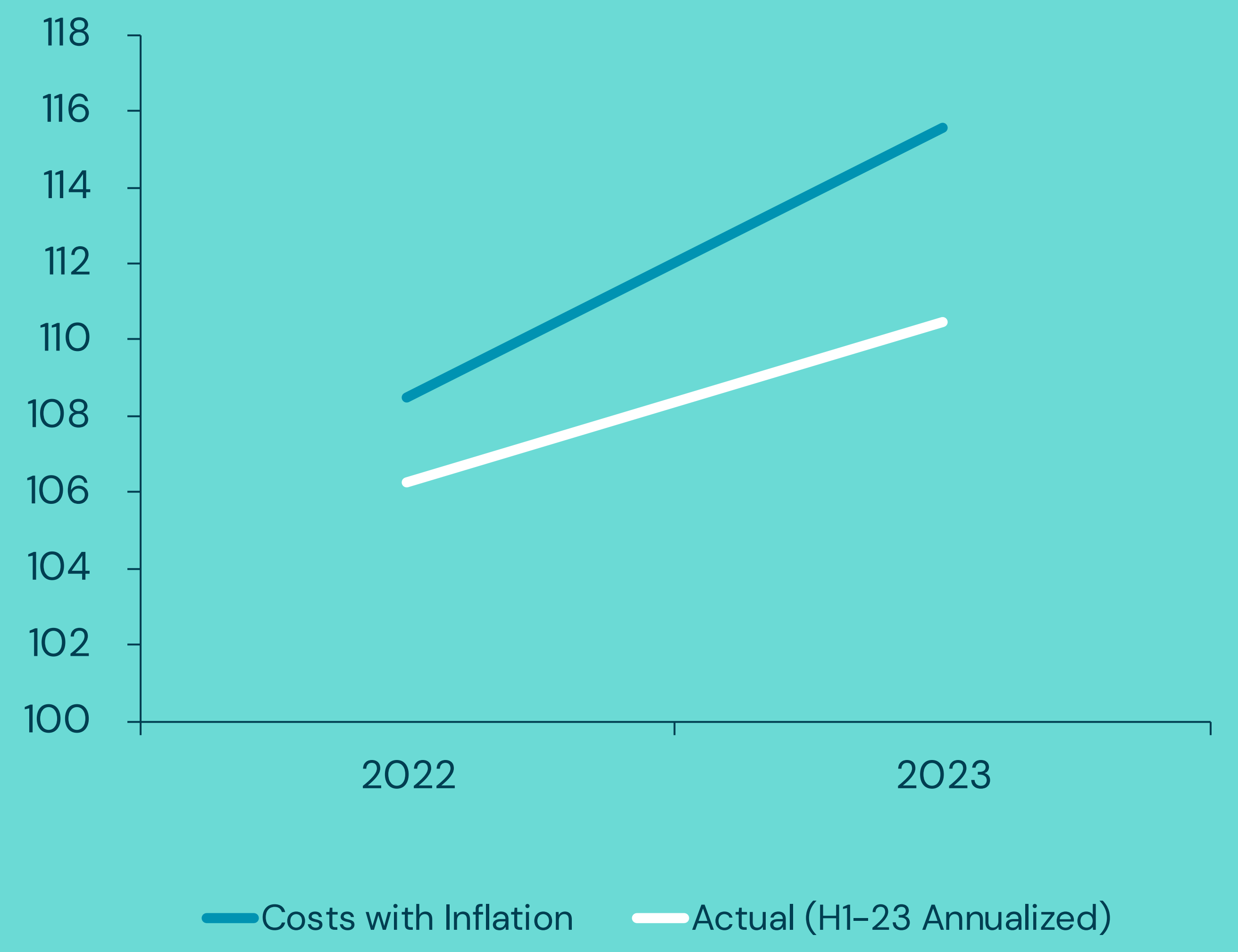
Delivering from three sources of cash

Pre-IFRS $m	Managed and franchised		Company owned		Worka	
	H1 2023	Year-on-Year growth	H1 2023	Year-on-Year Growth	H1 2023	Year-on-Year growth
Revenue	181	40%	1,561	11%	218	32%
Contribution Margin	25	40%	332	29%	96	23%
			Group			
			H1 2023	Year-on-Year growth		
Total Contribution			453	+29%		
EBITDA			238	+48%		
Maintenance Capex			(49)			
Working Capital			16			
Other			(9)			
Cashflow from business activities			194			

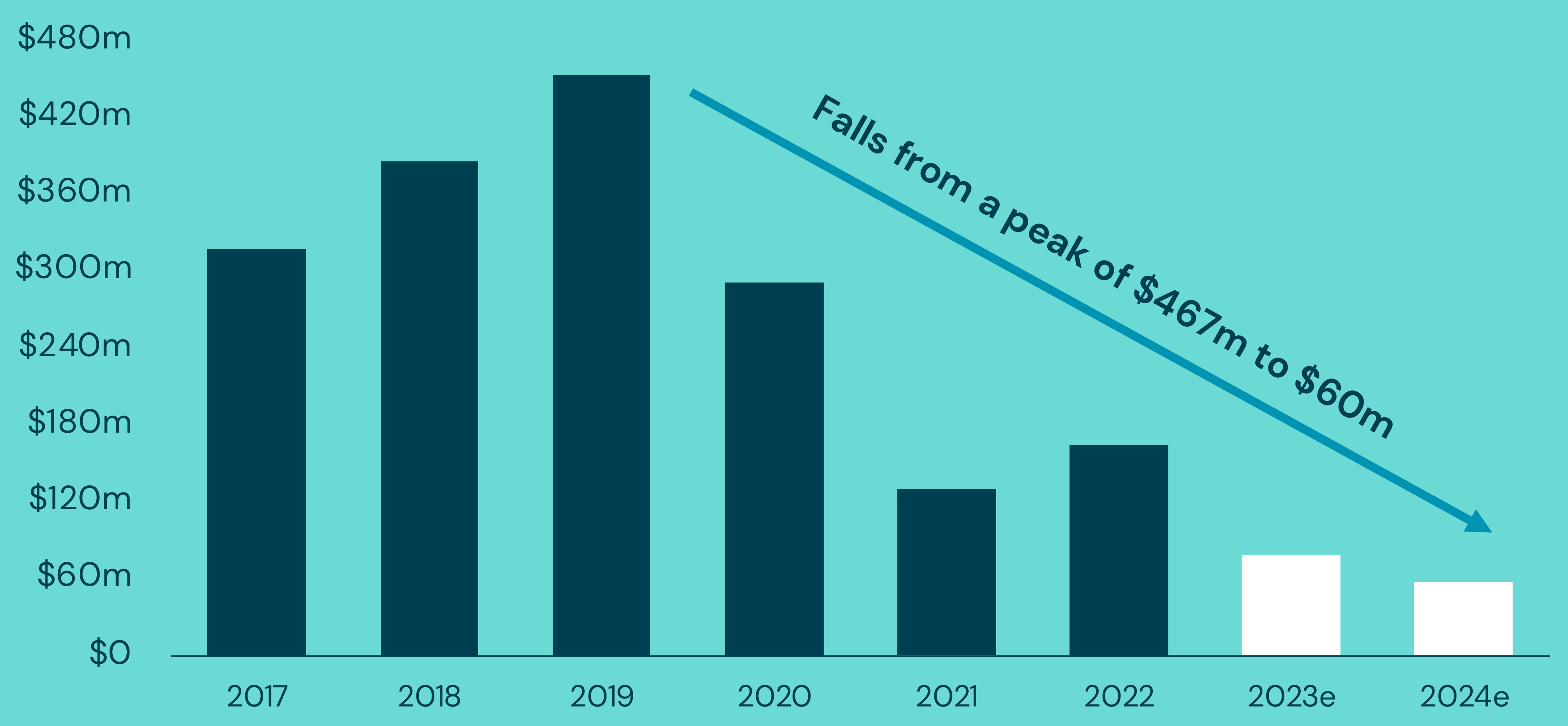
We have a laser-like focus on costs

- We have a track record of maintaining costs below inflation
- Our 34-year history gives us a wealth of knowledge in how to best manage costs
- Our scale, network and vertical integration allows us to be the lowest cost operator – enabling us to pass on our cost savings to customers and partners
- Data driven analytical approach has yielded significant cost savings

IWG Costs growing below inflation



Growth capex falls as capital-light accelerates

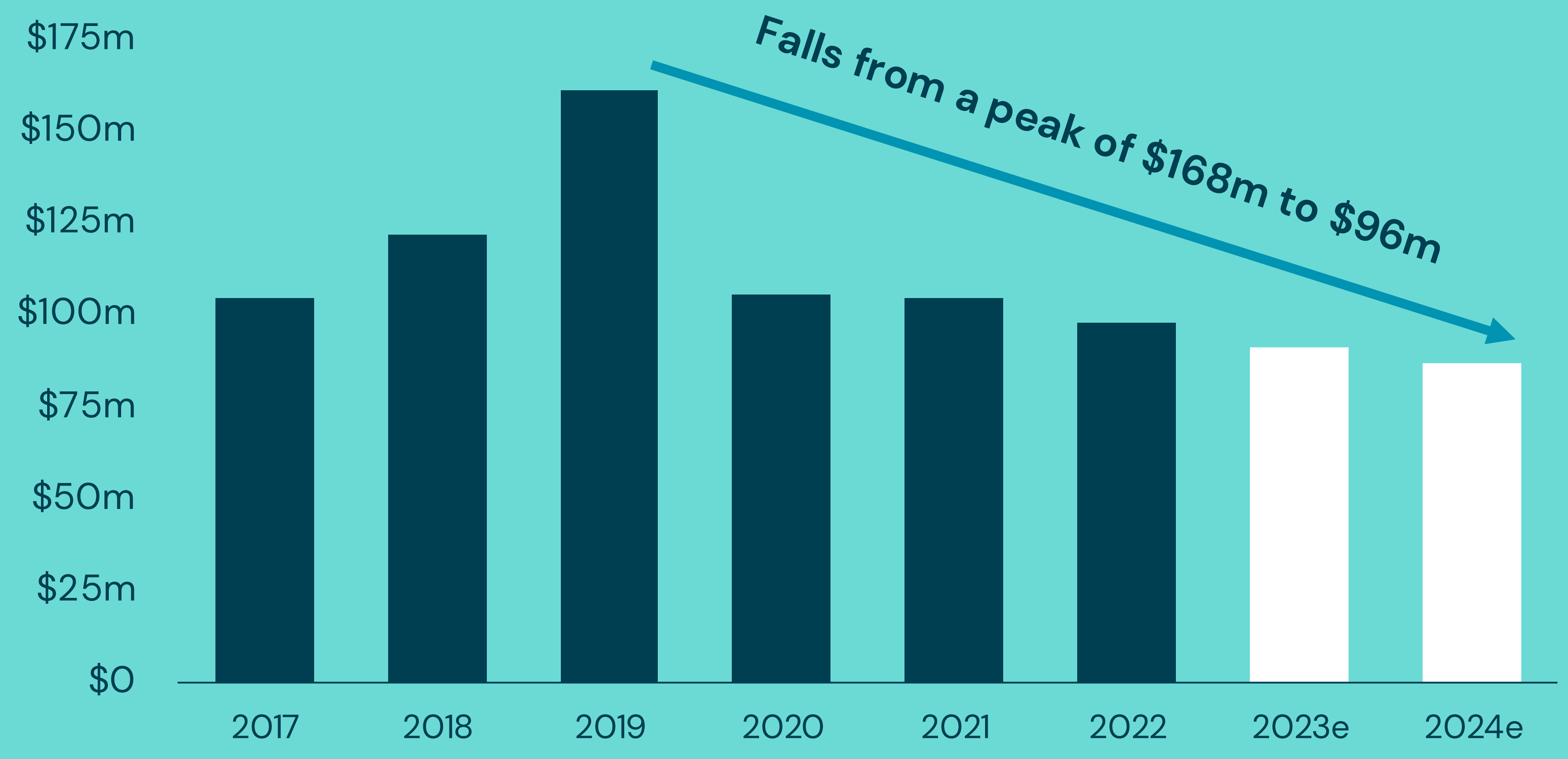


- Net growth capex fallen from a peak of over $465m pa to just $84m this year
- Will reduce further to c$60m in 2024

2023 / 24 are based on internal company forecasts

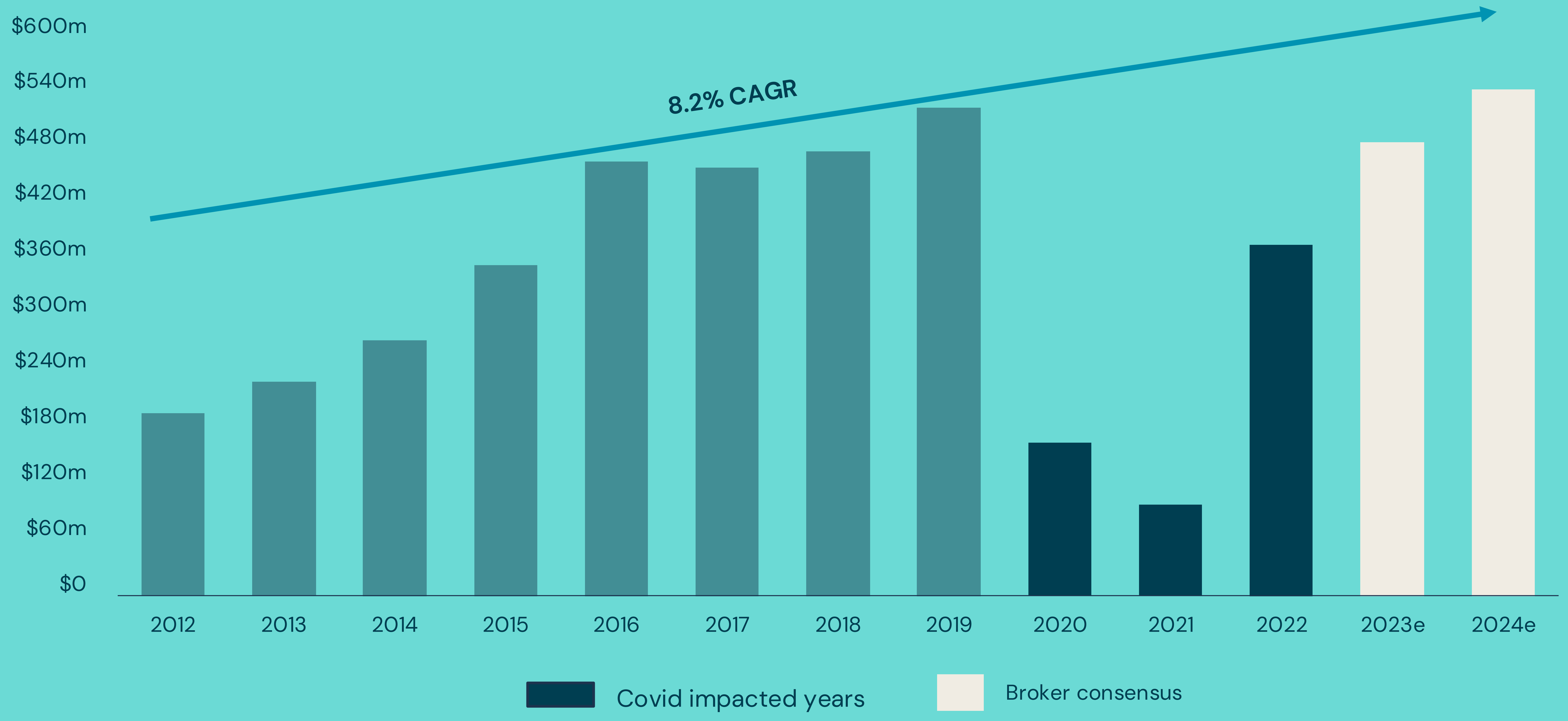
Maintenance capex falls as we gain efficiencies

- Maintenance capex fallen from a peak of $168m to $96m where it will stabilise as we continue to extract efficiencies



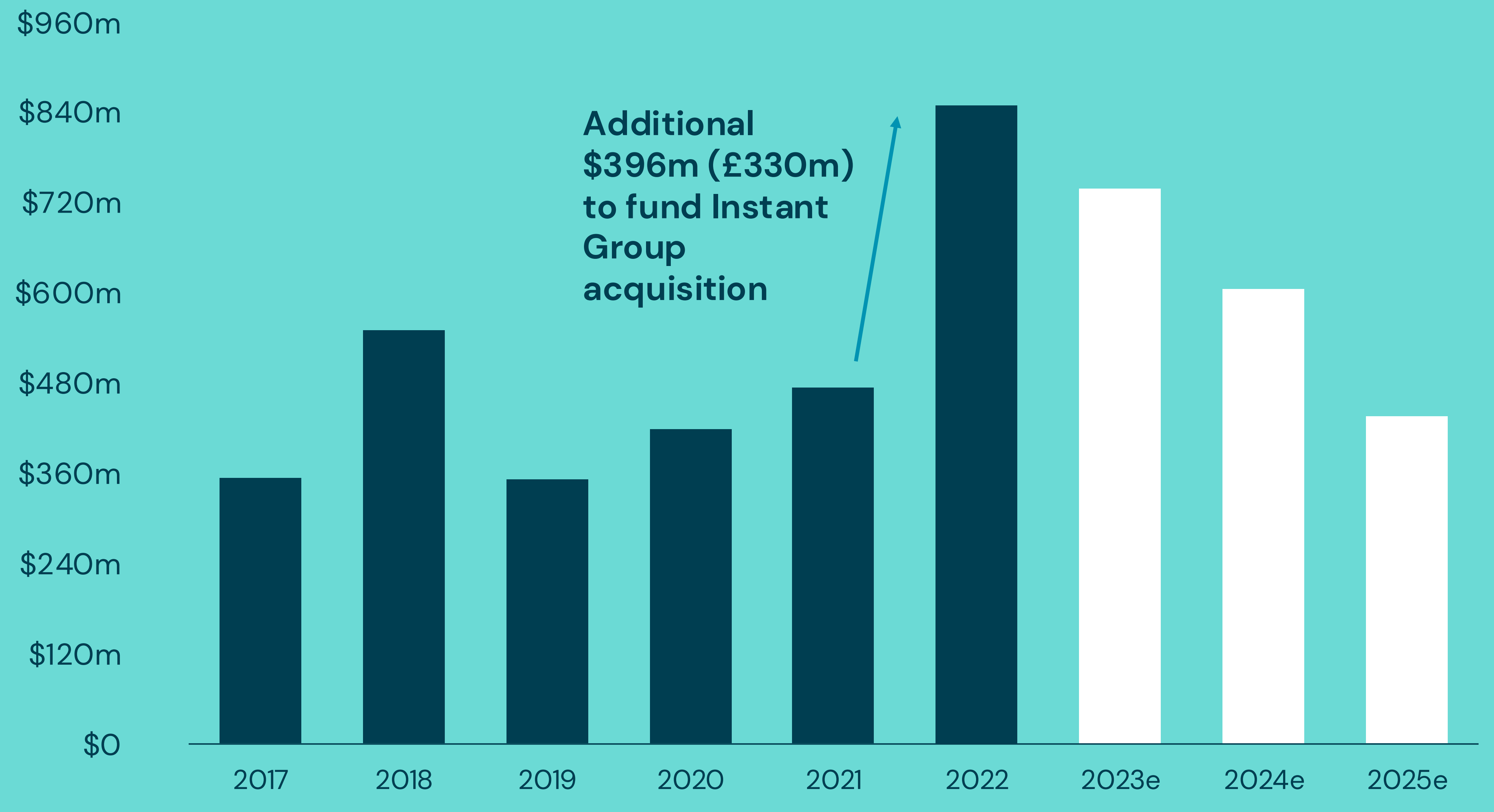
2023 / 24 are based on internal company forecasts

Consistent delivery of EBITDA which drives cashflow



Note – 2023-2024e based on consensus numbers – see appendix slide 1

Net debt falling post The Instant Group acquisition



- Including the Instant acquisition debt of $396m (£330m), net debt continues to fall
- Net financial debt fallen by over $120m (£100m) since H1 2022
- Cashflow generation driving net financial debt paydown

2023-2025 = Consensus forecasts

Coupled with EBITDA strength driving an improvement in the balance sheet

- Net financial debt has fallen by over $120m (£100m) since H1 2022
- At the same time EBITDA has grown significantly
- ND / EBITDA approaching 1.5x on consensus estimates

2023-2025 = Consensus forecasts

Drives a resumption of shareholder returns

- The strengthening of our balance sheet allows for restarting of the dividend – likely 1p dividend at the FY 2023 stage followed by a progressive dividend policy
- Most remaining cash to be used for Net Debt reduction and some small-scale M&A
- At 1x ND/EBITDA, will share the proceeds of growth between equity and debt holders

We are also making the business financials easier to understand

- We will be adopting USD as our functional currency from 1st January 2024

Which drive many models

- The Board will make a decision in the first half of 2024 regarding the adoption of US GAAP as our accounting standard


IWG PLC

Periodicity Annuals | Source Standard | Cur GBP
Broker -------- | Guidance

More estimates are available | MODL »

1) Headline | 2) Headline Growth | 3) Company-Specific

	FY 2022 Act	FY 2023 Est		FY 2024 Est		FY 2025 Est		FY 2026 Est	
12 Months Ending	12/31/2022	12/31/2023	#	12/31/2024	#	12/31/2025	#	12/31/2026	#
11) EPS, Adj+	-0.101	0.007	8	0.006 ↓	7	0.073 ↓	5	-0.036	1
12) EPS, GAAP	-0.113	-0.006	7	-0.006	6	0.070 ↓	5	-0.034	1
13) Revenue	2.751B	3.021B	8	3.252B	9	3.508B	5	3.028B	1
14) Gross Margin %	20.901	15.290 ↓	4	16.410 ↓	4	18.699	2	19.316	1
15) Operating Profit	148.000M	56.220M ↓	5	132.286M ↓	7	229.433M ↓	3	64.200M	1
16) EBIT	147.000M	100.350M ↓	6	132.286M ↓	7	229.433M ↓	3	64.200M	1
17) EBITDA	308.000M	404.286M	7	612.750M ↓	8	968.400M	5	376.000M	1
18) Pre-Tax Profit	-105.000M	-21.940M ↓	5	18.517M ↓	6	103.430M ↓	4	-20.200M	1
19) Net Income Adj+	-121.000M	-14.614M ↓	7	17.686M ↓	7	60.820M	3	-16.100M	1
20) Net Income, GAAP	-121.000M	-54.725M	4	-29.850M	4	-30.600M	2	-56.100M	1
21) Net Debt	6.751B	604.571M	7	518.857M ↓	7	355.750M ↓	4	415.000M	1
22) BPS	0.182	0.117 ↓	5	0.124 ↓	5	0.201 ↓	4	0.255 ↓	1
23) CPS	1.140	5.256	2	7.899	2	8.652	2		
24) DPS	0.000	0.007 ↓	5	0.023 ↓	7	0.043	4		
25) Return on Equity %	-48.964	-77.995	4	749.463	3	445.645	2		
26) Return on Assets %	-1.338	1.645 ↓	2	1.970 ↓	2	2.135 ↓	2	2.690 ↓	1
27) Depreciation	190.000M	315.369M ↓	5	473.965M ↓	6	643.363M	3	311.314M	1
28) Amortization		50.214M ↑	4	53.439M ↑	4	51.799M ↑	2	61.845M ↑	1
29) Free Cash Flow	905.000M	115.800M ↓	2	168.050M ↓	2	164.850M ↓	2		
30) CAPEX	-243.000M	-184.000M	6	-190.000M ↑	6	-192.250M ↑	4	-111.000M ↑	1
31) Net Asset Value		146.667M ↓	3	133.733M ↑	3	104.800M ↓	2	257.000M ↓	1

Clear, useful, KPIs

- Alongside clearer financials, we will publish clearer KPIs for each business division going forward
- **Capital-light**
  RevPAR and number of rooms. This will help to explain both what is in the pipeline, and what is in the existing estate
- **Company-owned and leased**
  RevPAR and margin. Margin will remain the most important driver to the company-owned business, and we will show how both evolve over time
- **Worka**
  Revenue growth and margin

ESG is important to both us and our customers

- IWG empowers businesses and people everywhere to work more sustainably
- As a solution to global workforces, and as a business, we are committed to ensuring our business activities achieve the highest level of environmental sustainability
- IWG benefits as our customers adopt hybrid work, and the environment benefits from substantially lower commuting
- We sell ESG solutions and products to our customers
- IWG is AA rated by MSCI
- 100% of IWG workspace are now carbon neutral
- We have a 100% green electricity target by 2030

Guidance

2023:

- Reaffirming guidance given at Q3 trading update on 7th November

Medium term:

- Steady improvement and continued growth in all three divisions
- Medium term EBITDA run rate target of $1bn, including strong cashflow production

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Q&A

Appendix

Consensus forecasts

Bank	Date	Rec	PO	Revenue (£m)			EBITDA (£m)[1]			Net Financial Debt (£m)[1]		
				2023	2024	2025	2023	2024	2025	2023	2024	2025
Barclays	7th Nov	Neutral	126	3,014	3,082	3,078	393	400	387	614	567	512
HSBC	7th Nov	Buy	180	3,034	3,133	3,445	400	458	555	605	502	275
Investec	7th Nov	Buy	262	3,097	3,253		412	470		644	623	
Numis	7th Nov	Buy	200	3,037	3,272		393	437		601		
Peel Hunt	7th Nov	Add	170	3,097	3,352	3653	407	441	488	621	504	382
RBC	7th Nov	Neutral	170	3,089	3,321	3,528	392	454	502	619	460	341
Stiefel	7th Nov	Buy	220	3,066	3,224		393	448		612	505	
Consensus				3,062	3,234	3,426	399	444	483	617	527	376

1. Pre IFRS forecasts