

7th November 2023

THIRD QUARTER TRADING STATEMENT

IWG plc, the largest provider of hybrid workspace globally including its Regus and Spaces brands with an unrivalled network of 3,455 locations across more than 120 countries, issues its third quarter trading statement for the three months ended 30th September 2023.

CONTINUING TO DELIVER AS WORLD LEADER IN HYBRID WORKSPACE

- Quarterly system revenue of £830m, representing constant currency growth of 8% year-on-year
- Acceleration of capital-light centre growth: 200 capital-light centre signings during Q3 taking the total to 582 year to date, almost 40% more than signed during all of 2022
- Previous signings progressing through to openings (99 in Q3 2023 vs 32 in Q3 2022). This is expected to increase further, driving higher fee income
- Net financial debt reduced by £24m during Q3 2023 to £634m with revenues and continued cost discipline driving cash generation
- No change in Group's financial outlook from the statement at H1 results on 8th August 2023

IWG will be hosting a Capital Markets Day in New York City on 5th December 2023.

Summary financials

Continuing operations (£m)	Q3 2023	Q3 2022	Constant currency Q3 YoY	Actual currency Q3 YoY	9m 2023	9m 2022	Constant currency 9m YoY	Actual currency 9m YoY
System revenue ¹	830	812	+8%	+2%	2,491	2,259	+11%	+10%
Group revenue	736	726	+7%	+1%	2,219	2,013	+11%	+10%
Net financial debt ²	634	723			634	723		

1. System-wide revenue represents the total of all revenue made by both non-consolidated and consolidated locations globally

2. Before the application of IFRS 16 (primarily relating to operating leases) as defined in the Alternative performance measures section of the 2022 Annual Report and Accounts

Momentum in quarterly revenue

System-wide revenue increased by 8% year-on-year to £830m in the quarter driven by continued global demand for hybrid working solutions. Group revenue increased by 7% to £736m illustrating the benefit of network growth, pricing strength, and ancillary services. As anticipated, FX was a headwind for the Group during Q3 2023, which has adversely affected revenue numbers on an actual FX basis.

Continued momentum in capital-light operating model

The business continues to sign new locations on a capital-light basis, meaning the Group will have less capital-intensive exposure and lower operational leverage. The momentum which was evident in H1 has continued with 200 new capital-light centres signed in Q3 and 582 signed year-to-date. This adds to an already healthy pipeline of centres signed but not yet opened. As previously guided, capital-light centres take on average 10 months to open and a further 18 months to reach revenue maturity. Additionally, 212 centres which were signed up under the capital-light model have opened during 2023 (consisting of managed, franchised and variable rent centres).

Worka

Worka continues to perform in line with management's expectations. To ensure Worka fully captures the value chain from the structural growth market of hybrid working. Worka continues to invest and develop the platform adding new services and geographies to its operations. The company continues to generate attractive cash flows. Worka has excellent potential for the future.

Continuing the reduction of net financial debt

Revenue growth, coupled with ongoing cost discipline, has resulted in net financial debt reduction of £24m in the quarter to £634m.

	Q3 2023	Q3 2022	YoY change	9m 2023	9m 2022	YoY change
Number of centres	3,455	3,323	+132	3,455	3,323	+132
Centre openings	99	32	+67	232	102	+130
Centre rationalisations	(42)	(44)	(2)	(122)	(93)	+29
Total new centre deals signed	204	160	+44	604	285	+319
Of which capital light	200	147	+53	582	252	+330
Average total occupancy³	73.5%	73.4%	+10 bps	73.6%	73.4%	+20 bps
Embedded price, indexed⁴	103	97	+6%	103	95	+8%

3. Occupancy excluding managed and franchised centres.

4. Price per square foot, Q1 2020 = 100

Capital Markets Day

To help the market better understand our business model, IWG will be hosting a Capital Markets Day on 5th December 2023 in New York City. Details of the event can be found using this [link](#).

Mark Dixon, Chief Executive of IWG plc, said:

“The structural growth in hybrid working, combined with our market position, has resulted in continued revenue momentum in the third quarter of 2023. Our capital-light growth strategy is continuing to deliver with around 40% more locations already signed in 2023 than in the whole of 2022. Our revenue growth and cost control are driving cash flow enabling us to continue to pay down debt.”

Outlook and guidance

The increasing demand for hybrid and flexible working solutions continues to provide growth opportunities for the Group. In particular, the market has facilitated acceleration of the growth plans for our capital-light segment. Our active management of costs, including those associated with supporting this accelerated growth, has enabled us to maintain our strong financial performance this year.

We confirm our financial outlook for 2023 and remain confident that both EBITDA² and year-end net financial debt² will remain in-line with management’s expectations.

Further to the announcement regarding functional currency and accounting standards consideration, IWG will report full-year 2023 results in GBP with plans to convert to USD with effect from 1st January 2024. Adopting US GAAP remains under evaluation, with a decision to be taken during H1 2024.

Financial Calendar

5th December 2023 – Capital Markets Day (New York City, USA)

5th March 2024 – 2023 FY Results (London, UK)

7th May 2024 – Q1 2024 Trading Update (Remote)

Details of conference call

Mark Dixon, Chief Executive Officer, and Charlie Steel, Chief Financial Officer, will host a conference call for analysts and investors at 9:00am GMT. To attend the conference call, please pre-register through PC, Mac, iOS or Android, using this [link](#).

Further information

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This trading update 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.