

# **International Workplace Group plc**

**Financial results for the six months  
ending  
30.06.2024**

**6 August 2024**

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Results presented in accordance with IFRS except in certain circumstances (as footnoted) where accounting standards pre application of IFRS 16 are presented.

All percentages are at constant currency unless otherwise stated.



Mark Dixon  
Founder  
Chief Executive Officer

# Investment Case

# 1

Market leader in a future mega industry – Hybrid work / Platform work

# 2

Fast capital light growth

# 3

Significant cash generation whilst growing

# 4

Global network and coverage advantage

# 5

50% US

# 6

Structural cost advantage

# 7

Deeply experienced management team

# IWG – Global market leader in the Hybrid work market

3,751



locations<sup>1</sup>

465



pipeline deals signed<sup>2</sup>

>120 / 44



countries / languages

926,000



rooms<sup>1</sup>

306



Locations opened<sup>2</sup>

8m

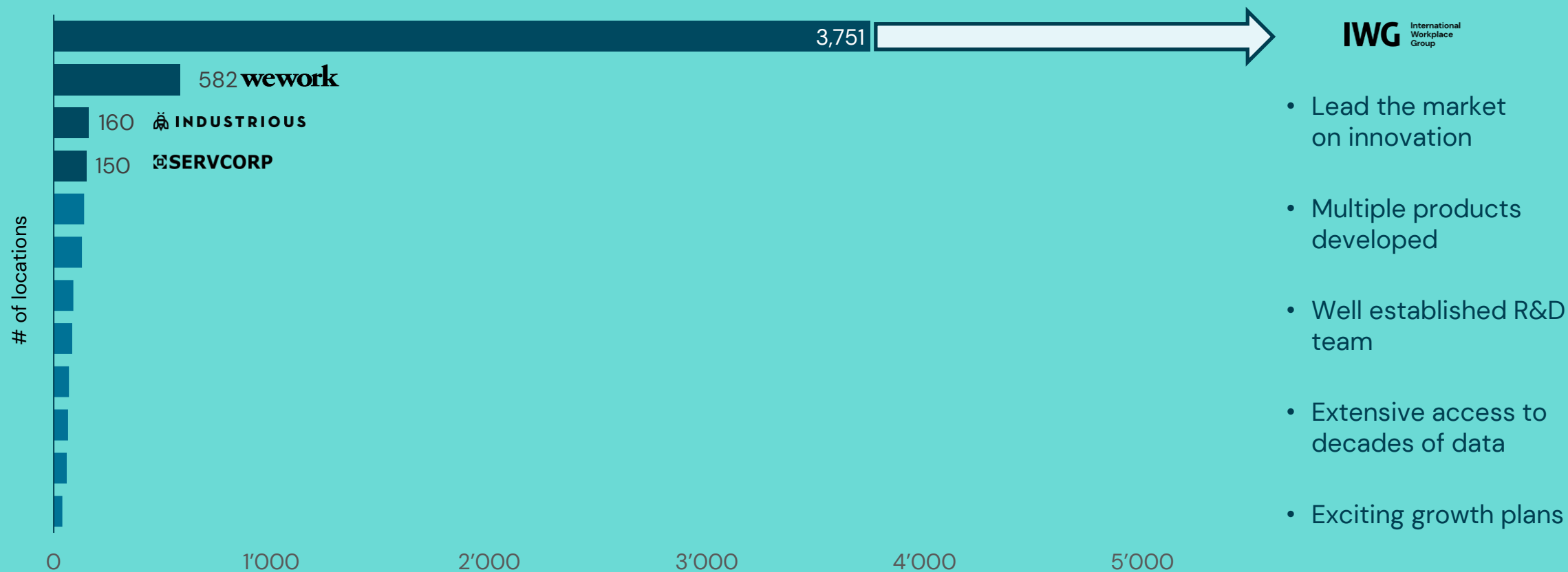


users

1. As of June 30<sup>th</sup> 2024  
2. In H1 2024

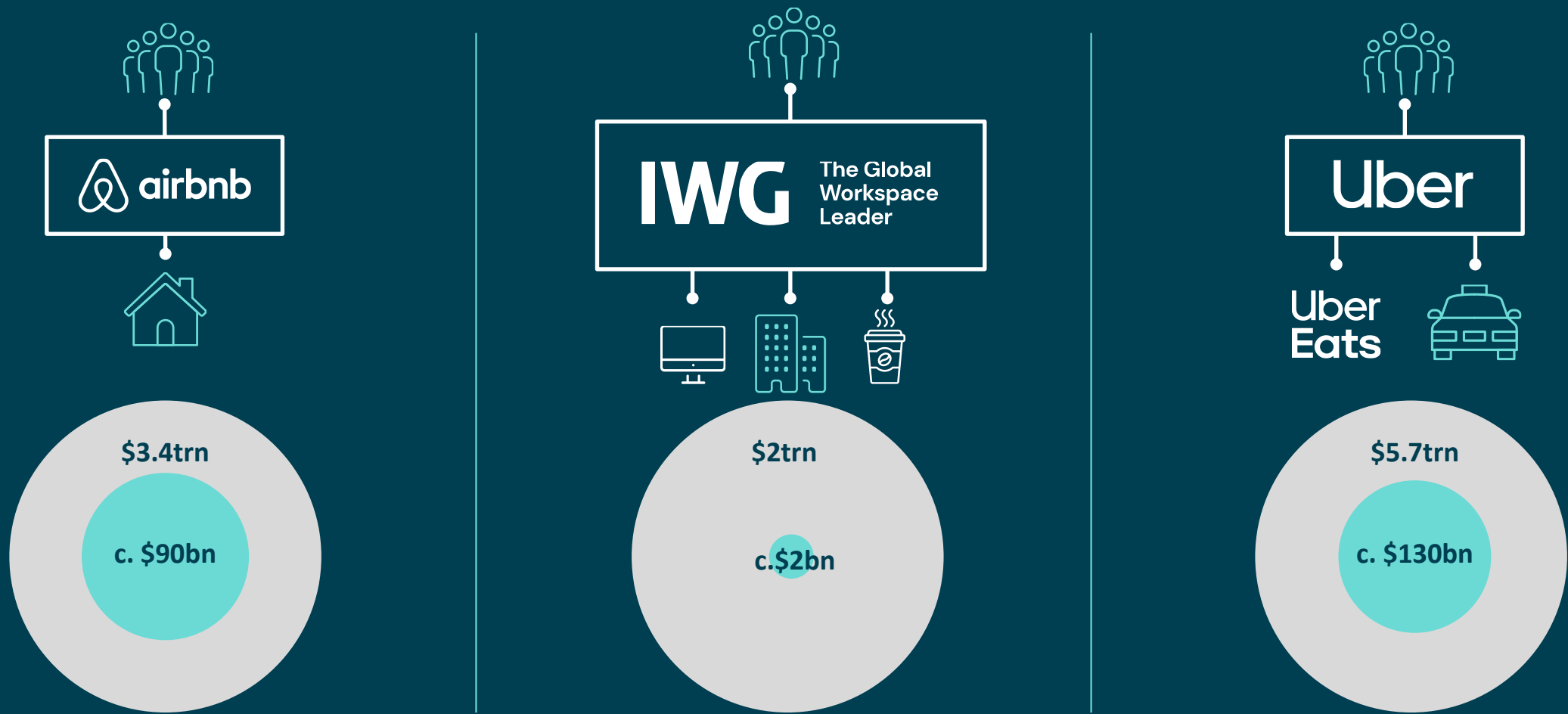
# Market leader, only global platform

Hugely fragmented market



Source: WeWork estimated post-restructuring footprint

# The growth opportunity



Sources: Bloomberg, *airbnb* S-1 Filing, *Uber* S-1 Filing

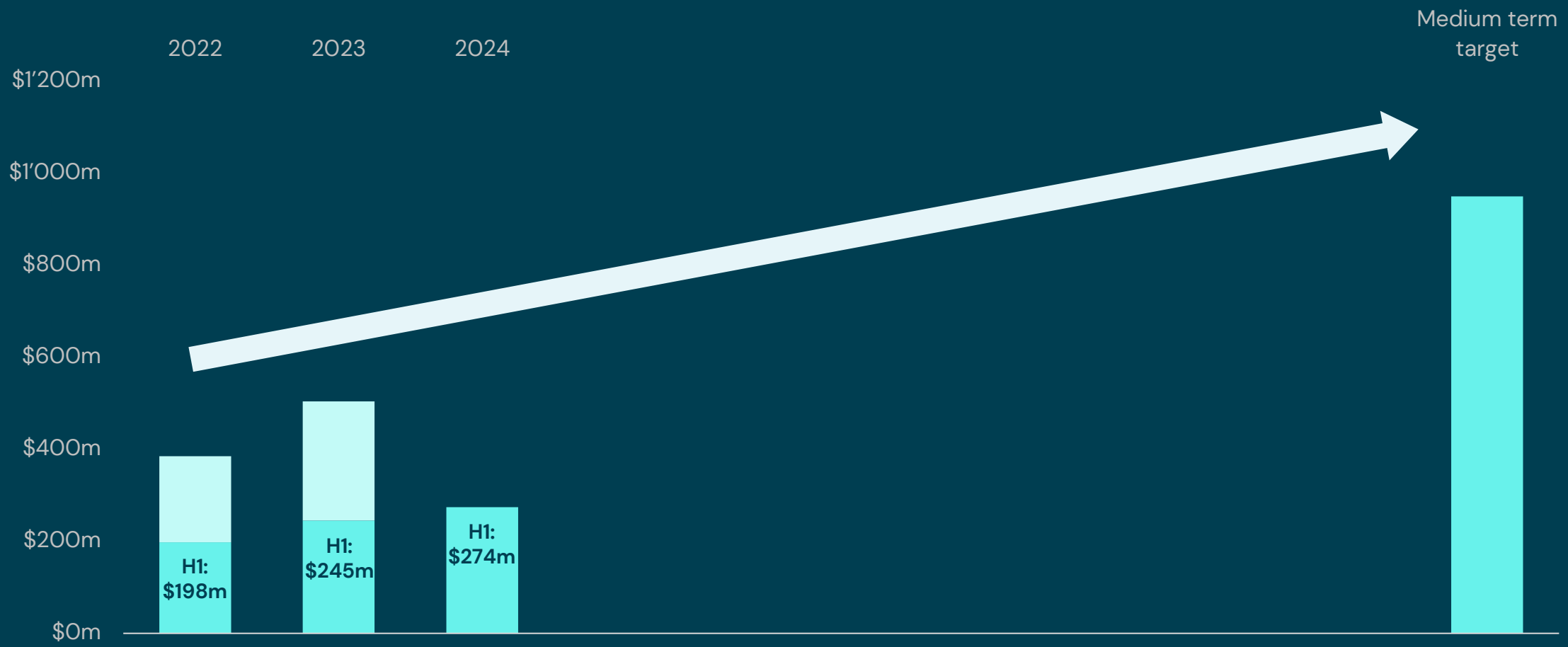
● Total addressable market ● Market Cap.

# IWG delivering the strategy

- **Network expansion:** 465 locations signed in H1 2024 (H1 2023: 400) and 306 opened in H1 2024 (H1 2023: 133)
- **RevPAR – lfl RevPAR growth**
- **Managed & Franchised:**
  - Fee income growth of 23% in H1 2024 to \$35m (H1 2023: \$28m)
  - System revenue growth of 15%
- **Company-Owned & Leased:**
  - 5% revenue growth of open centres
  - Continued efficiency gains delivering margin expansion of 260bps to 23.6% in H1 2024
- **Refinancing successfully** completed via an Investment Grade bond backed by a debut BBB rating from Fitch. Debt tenors extended and convertible bond outstanding reduced



# On track to \$1bn EBITDA target



Sources: Based on pre-IFRS EBITDA; GBP to USD FX: 1.25



Charlie Steel  
Chief Financial Officer

# Financial performance

# H1 2024 highlights

## Delivering the plan

- Cashflow generation of \$118m before growth capex. All three businesses will grow cashflow
- Total net capex reduced to \$79m driven by a reduction in growth capex, maintenance capex remaining broadly stable
- Net debt reduced by \$67m to \$768m (H1 2023: \$835m) and longer term financing in place
- Capital Allocation policy remains to continue to work towards a target 1.0x net financial debt / EBITDA
- Profitability: EBITDA of \$274m<sup>1</sup> (+13% vs H1 2023) – return to positive earnings: 1.6¢ (H1 2023: (7.5) ¢)
- Returns to shareholders – Interim dividend: 0.43¢

1. Adjusted EBITDA Before the application of IFRS 16 as defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts



# Group Overview

## Healthy growth

\$m	System Revenue	Revenue	Contribution <sup>1</sup>	Overhead <sup>2</sup>	EBITDA <sup>3</sup>
Managed & Franchised	287	35	35		
Company Owned & Leased	1,613	1,613	380	211	204
Worka	188	188	96	(26)	70
<b>H1 2024</b>	<b>2,088</b>	<b>1,836</b>	<b>511</b>	<b>(237)</b>	<b>274</b>
H1 2023	2,060	1,836	467	(222)	245

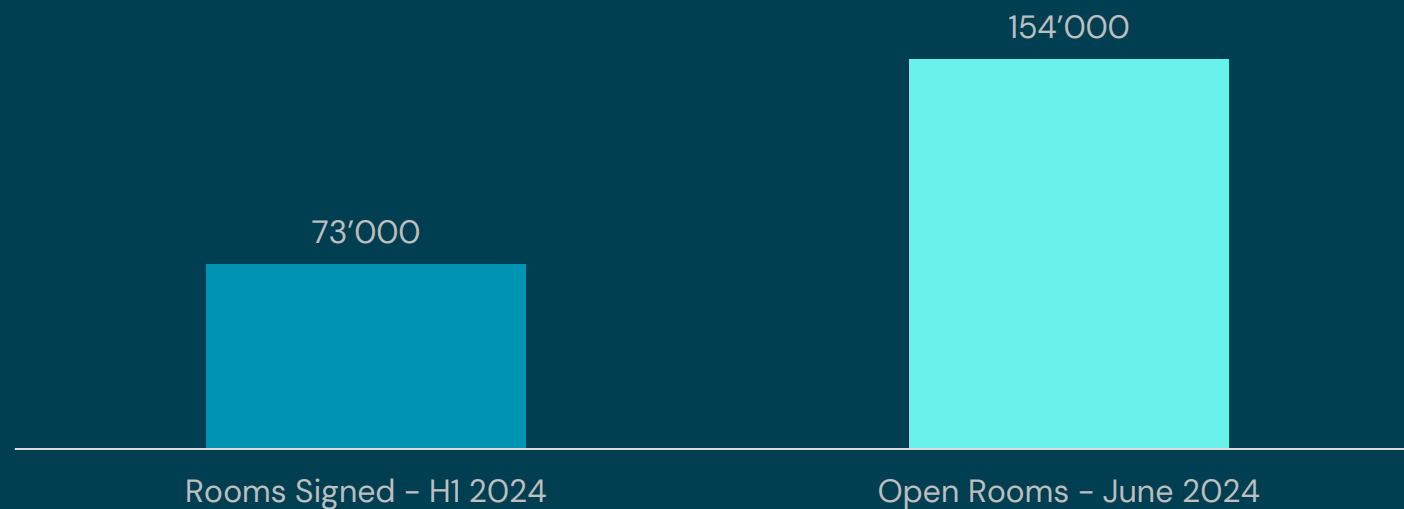
- Company Owned & Leased revenue remaining stable, delivering increased EBITDA through focus on margin expansion underpinned by efficiency gains
- Managed & Franchised System revenue growth of 15%
- Worka revenue flat, although underlying earnings have remained stable
- Resulting in Group EBITDA<sup>3</sup> of \$274m

1. Gross Profit excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts  
 2. Pre-rationalisation costs, SG&A excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts  
 3. Adjusted EBITDA before the application of IFRS 16 as defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

# Managed & Franchised

## Gaining momentum

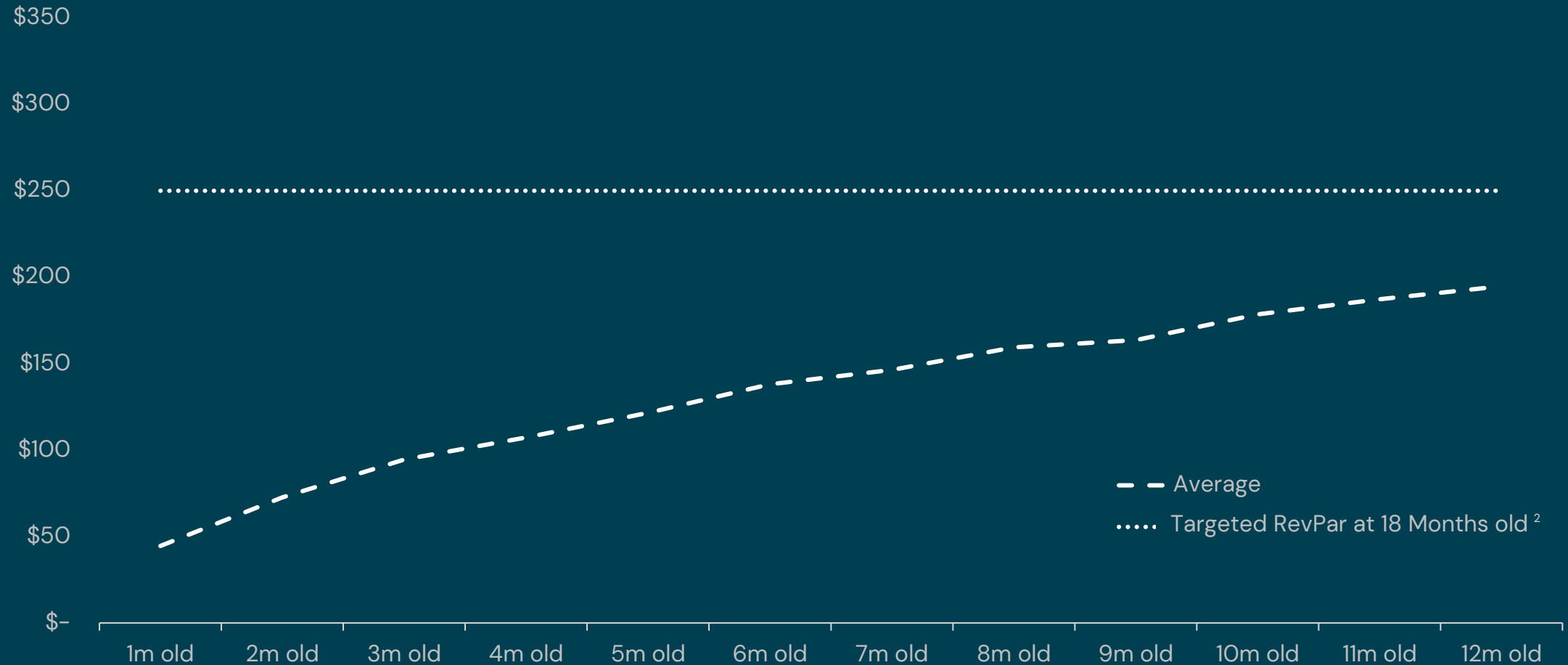
	H1 2024 (\$m)	Year-on-Year ("YoY") Growth
System (Partner) revenue	287	15%
Contribution <sup>1</sup>	35	23%



- Fee income grew 23% YoY to \$35m (\$287m of System revenue)
- Signings are evolving into openings at pace growing by 19% YoY (room openings grew by 173% YoY)
- Pipeline is continuing to build. At June 30, we have 154,000 rooms open and a pipeline of 151,000 rooms signed, not yet opened
- RevPAR evolving as expected.
- Existing network and pipeline should deliver >\$1bn of System revenue when all rooms are open and mature

1. Gross Profit excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

# Managed Partnerships – RevPAR evolution



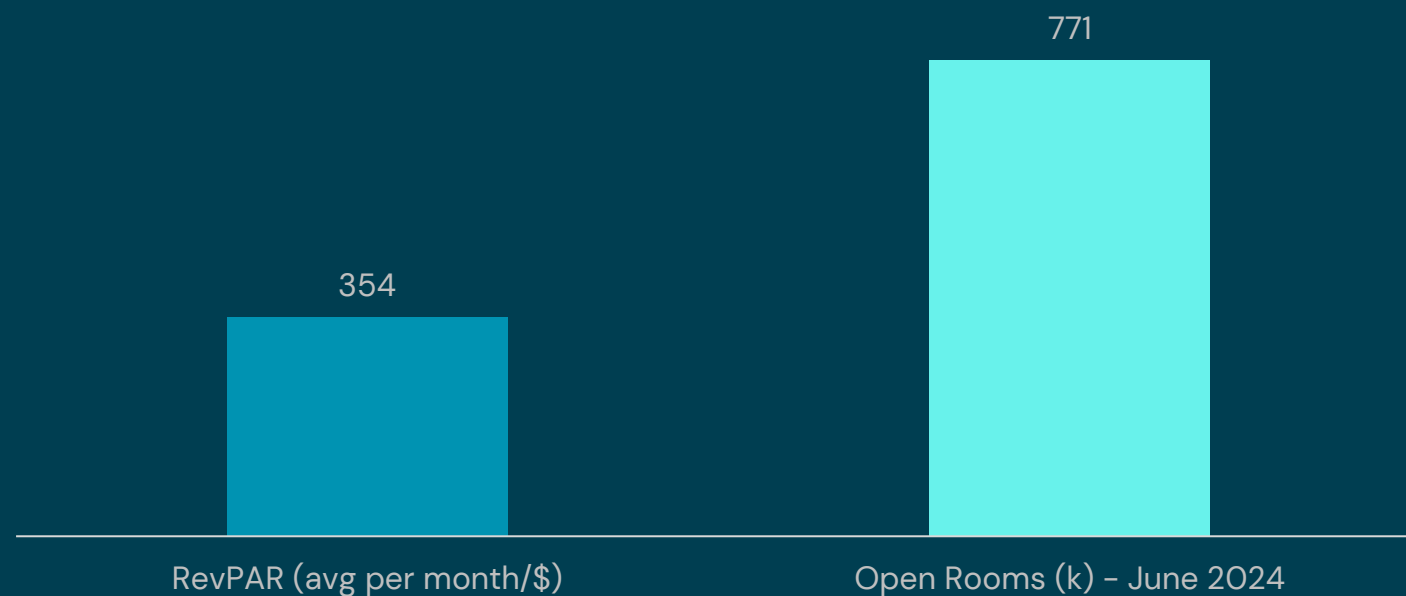
1. Includes all Managed Partnerships opened since January 2022

2. Targeted RevPar at 18 Months £200 per room per month, as disclosed in March 2024 results presentation, converted to USD at GBP:USD of 1.25

# Company-Owned & Leased

## Continued margin expansion

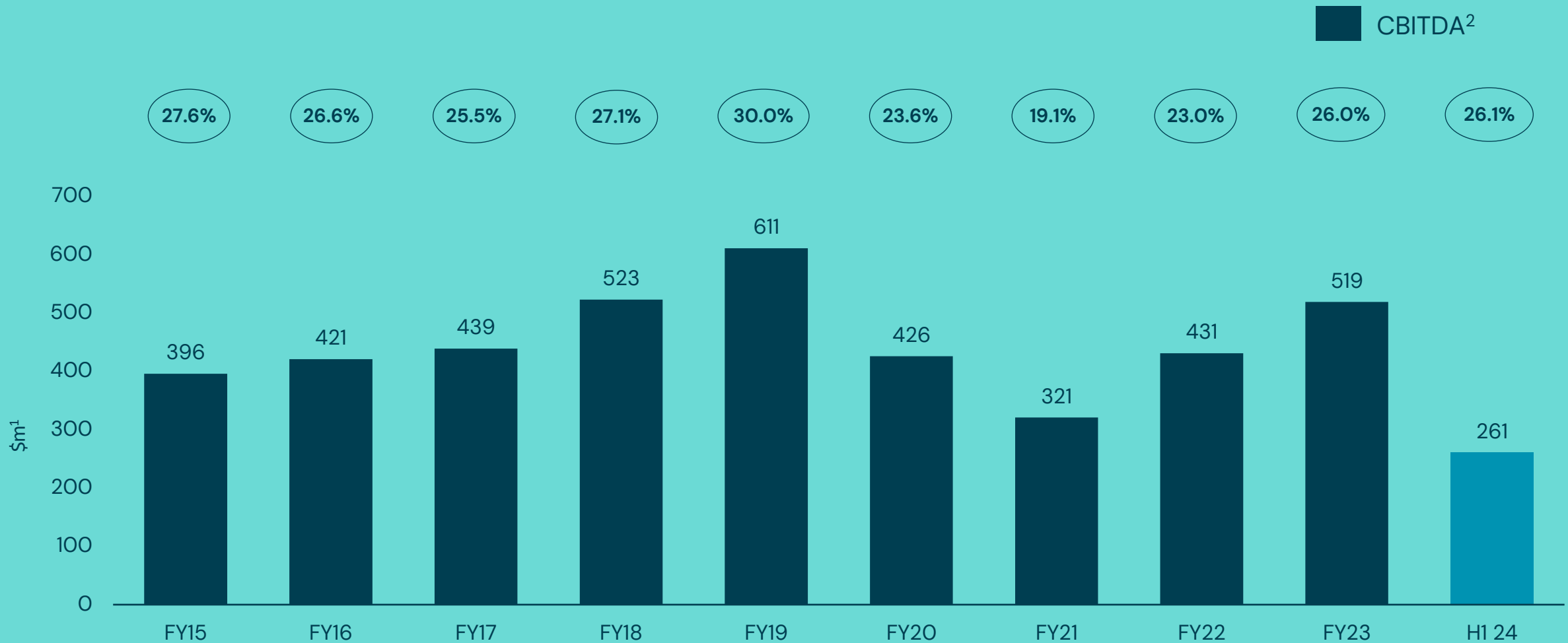
	H1 2024 (\$m)	Year-on-Year ("YoY") Growth
Revenue	1,613	0%
Contribution <sup>1</sup>	380	13%



- Contribution margin increased by 260bps to approx. 24%
- RevPAR remained stable with a slight increase of 1%
- Costs, including centre net maintenance capex, were held below inflation driven by focus on cost efficiencies expanding margin
- We continue to add locations opportunistically but with much lower capex intensity than historically
- Revenue growth of open centres 5% combined with cost control driving margin and cash flow generation

1. Gross Profit excluding depreciation before the application of IFRS 16 defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

# Margin stability through the cycle



Note: Represents the Pre-2018 cohorts (open centres only) on a Pre-IFRS and adjusted basis. All numbers are like-for-like based on VO (pre 2023 numbers adjusted for 50% of VO). Dotted box denotes H1 2024 annualised.

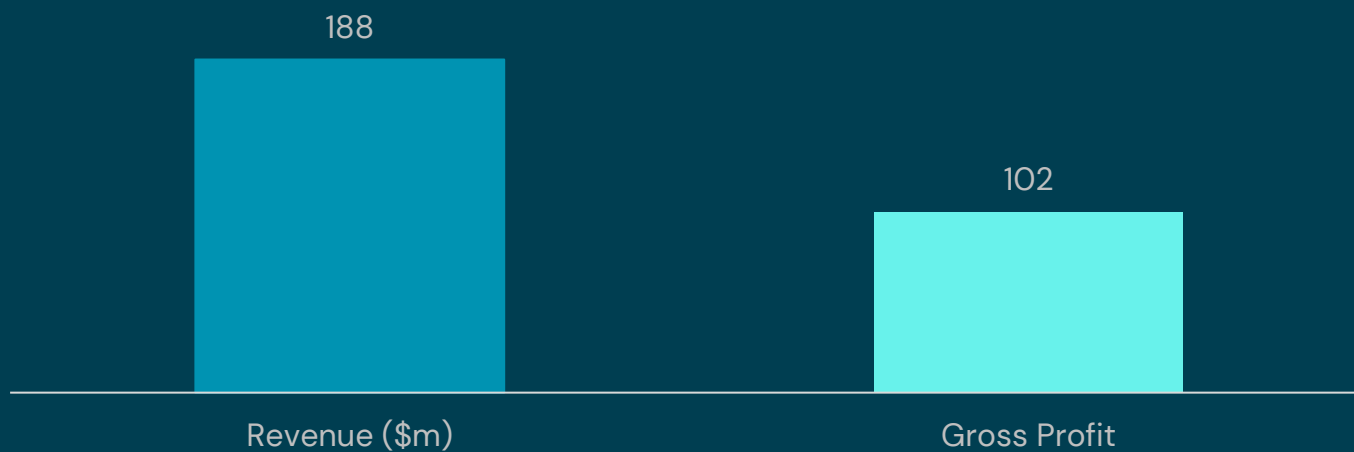
1. Financial figures for all periods presented in USD are translated at an exchange rate of GBP/USD 1.2074

2. Centre Contribution before Interest, Taxes, Depreciation and Amortization

# Worka

## Market-leading hybrid work platform

	H1 2024 (\$m)	Year-on-Year Growth
Revenue	188	-1%
Gross profit	102	9%



- We continue to invest in Worka as it captures the full value chain of the structural growth in the market driven by the expansion of hybrid working
- Flat revenue growth as previously guided

# Investments

## Lower capex...but pivot toward platform

\$m	Centre Maintenance Capex (net)	Centre Fitout Capex (net)	Other Capex (incl. M&A)
Managed & Franchised	-	-	-
Company Owned & Leased	(26)	(23)	(16)
Worka	-	-	(14)
H1 2024	<b>(26)</b>	<b>(23)</b>	<b>(30)</b>
H1 2023	(29)	(34)	(39)

- Total capex has fallen to \$79m in H1 2024 (H1 2023: \$102m)
- Controlling centre maintenance capex as we continue to drive efficiencies throughout the business
- Net spend on centre fitouts continues to fall as we pivot further to our capital-light strategy through Managed & Franchised
- A bigger proportion of our capex is being diverted towards systems and technology

# Summary P&L

## Margin delivery

Preliminary results – \$m	H1 2024	H1 2023	Constant currency	Actual Currency
System-wide revenue	2,088	2,060	2%	1%
<b>Group revenue</b>	<b>1,836</b>	1,836		
<b>Gross profit</b> before impact of rationalisations <sup>1</sup>	<b>513</b>	383		
<i>Margin</i>	28%	21%		
<b>Gross profit</b>	<b>558</b>	368	52%	52%
Overheads	(289)	(252)	13%	15%
<b>Operating profit</b> before impact of rationalisations <sup>1</sup>	<b>231</b>	125	93%	85%
<b>Operating profit</b>	<b>269</b>	116	142%	132%
Net finance cost	(225)	(203)		11%
<b>Profit / (Loss) before tax from continuing operations</b>	<b>44</b>	(87)		
Taxation	(28)	11		
<b>Profit / (Loss) after tax from continuing operations</b>	<b>16</b>	(76)		
Basic EPS (¢)	1.6	(7.5)		
<b>EBITDA<sup>2</sup></b>	<b>274</b>	245		

- EBITDA<sup>2</sup> of \$274m (+13% year-on-year)
- Positive earnings for the first time since the pandemic as strengths of the business becomes evident
- EPS of 1.6¢
- Margin growth, fee income growth combining to result in healthy EBITDA growth
- Revenue growth in open centres 5%

1. Rationalisations include charges related to closures, one off impairments and other one-off items

2. Adjusted EBITDA before the application of IFRS 16 as defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

# Focus on cash

## Cash delivery

Preliminary results – \$m	H1 2024	H1 2023
<b>Operating profit</b>	<b>269</b>	<b>116</b>
Depreciation & amortisation	665	735
Rationalisation impact	(17)	19
Rent income	35	37
Rent expense	(680)	(674)
Other costs	(16)	4
Pre-IFRS additional rationalisation impact differences	18	8
<b>EBITDA<sup>1</sup></b>	<b>274</b>	<b>245</b>
Working capital (excl. amortisation of landlord contributions on leased centres )	(47)	78
Working capital related to the amortisation of landlord contributions on leased centres	(57)	(60)
Maintenance capital expenditure (net)	(47)	(52)
Other items <sup>2</sup>	(5)	(7)
<b>Cash inflow/(outflow) from business activities<sup>3</sup></b>	<b>118</b>	<b>204</b>
Tax paid	(16)	(30)
Finance costs on bank & other facilities	(36)	(37)
<b>Cash inflow/(outflow) before growth capex and corporate activities</b>	<b>66</b>	<b>137</b>
Net growth capital expenditure	(28)	(42)
Purchase of subsidiary undertakings (net of cash)	(4)	(8)
<b>Cash outflow before corporate activities</b>	<b>34</b>	<b>87</b>
Purchase of shares & other corporate items	-	(2)
Dividend payment	(13)	-
Net (repayments)/proceeds from loans	8	(122)
<b>Net cash inflow / (outflow) for the year</b>	<b>29</b>	<b>(37)</b>
Opening net cash	141	194
FX movements	(10)	1
<b>Closing cash</b>	<b>160</b>	<b>158</b>

- Cashflow generation of \$118m from business activities leading to a net debt reduction
- Working capital, excluding the amortisation of landlord contributions, was impacted by prepaying quarterly rents upfront which resulted in an outflow of \$(47)m (H1 2023: inflow of \$78m).
- For the first time since 2019 the Group paid a dividend of \$13m

1. Adjusted EBITDA before the application of IFRS 16 as defined in the Alternative Performance measures section of the 2023 Annual Report and Accounts

2. Includes capitalised rent related to centre openings (gross growth capital expenditure) of \$(2)m (H1 2023: \$(2)m)

3. Cash flow before growth capex, corporate activities, tax and finance cost on bank & other facilities

# Sustainability is important to our customers and ourselves

- 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 offer environmental solutions that benefit IWG
- IWG is AA rated by MSCI
- 100% of IWG workspaces are carbon neutral



# H2 2024 and beyond

## No change to expectations

- Continued growth and net debt reduction throughout 2024
- Medium term EBITDA run rate target of \$1bn, including strong cashflow production
- Successful transition to US\$ as functional currency
- Interim dividend of 0.43¢ per share

