2017 FULL YEAR RESULTS

6 March 2018

IWG International Workplace Group

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Full year highlights

Revenue acceleration in Q4, excellent overhead performance and increased investment activity

- Excellent cash generation* of £215.5m
- Attractive post-tax cash returns on investment of 20.8% (Pre 2013 investment)
- Group revenues up 4.2% for open centres, Q4 up 7.5%
  - Mature revenue returned to year-on-year growth in Q4, with a 0.5% improvement (Q3: 1.8% decline)
- Overheads declined 12%, reduced 170bp to 10.1%
- 12% increase in dividend to 5.70p
- Strong balance sheet, 0.8x net debt:EBITDA

* Before net growth capex, share repurchases and dividends
All percentage movements are stated at constant currency

A year of continued growth

Increased investment activity and network growth

- Invested £162.3m in growth
- Added 314 locations (5.5m sq. ft.)
  - Regus – 213 new locations, 48% of space
  - Spaces – 56 new locations, 34% of space
  - Other brands – 45 locations, 18% of space
- Over 50% of organic openings were partnership deals
- Added new brands and formats
- Network now 3,125 locations (52.0m sq. ft.) globally

Property investment

Selective, opportunistic investment in property

- £110.2m invested in 2017
- 26 freehold and long-leasehold properties
- All have flexible workspace operations
- As at 31 December 2017
    - 32 properties
    - c. £130m
- Strategy remains to pursue a predominately capital light approach to network growth

Growth outlook

Strong pipeline for 2018

- Visibility at end February 2018
  - c. 230 locations
  - c. 5.5m sq. ft. – matching total 2017 growth
  - c. £190m net investment
  - More portfolio and corporate partnership deals

Comparable visibility for 2017

- Visibility at end February 2017
  - c. 250 locations
  - c. 4.0m sq. ft.
  - c. £120m net investment

Three key drivers of industry growth

- Digitalisation is changing how people work
- People want the benefits of flexible working
- Businesses want the financial and strategic benefits

Everyone is talking about it

"Growth in the number of open office workstations/sq ft will approach an exponential scale, in line with wider technological trends."

J.P.Morgan

"The swift rise in popularity of the co-working format has re-energised the flexible workspace sector."

pwc

"The sector is expected to grow, as businesses take advantage of the flexible working format."

Deloitte.

"84% believe flexible workspace disruption is a permanent trend"

"By 2025, flexible spaces will account for 30% of the total real estate footprint of a large company."

Businesses want the benefits

Financial

- The penetration of corporate real estate outsourcing is increasing, creating a more flexible on-demand model for businesses
- Lower costs can be achieved as a result
- Businesses can achieve better balance sheet flexibility
  - This includes managing IFRS 16 liabilities

Strategic

- Businesses want greater geographic flexibility to be closer to talent, suppliers and customers, when and where needed
- Workers can be more productive, and gain the personal geographic benefits
- Businesses can better attract and retain talent with flexible working solutions

IWG is well positioned for growth

- The world's leading physical platform, built of interlinked multi-brand national networks
- The world's leading digital platform for delivering all the services and capabilities that customers are seeking
- The industry's most cost-efficient operating model
- The right people and the right infrastructure to deliver industry-leading levels of customer service across the planet
- Unique global scale providing greater investment opportunities, underpinned by disciplined capital allocation
- We are in the right place at the right time - at the forefront of a highly attractive growth market

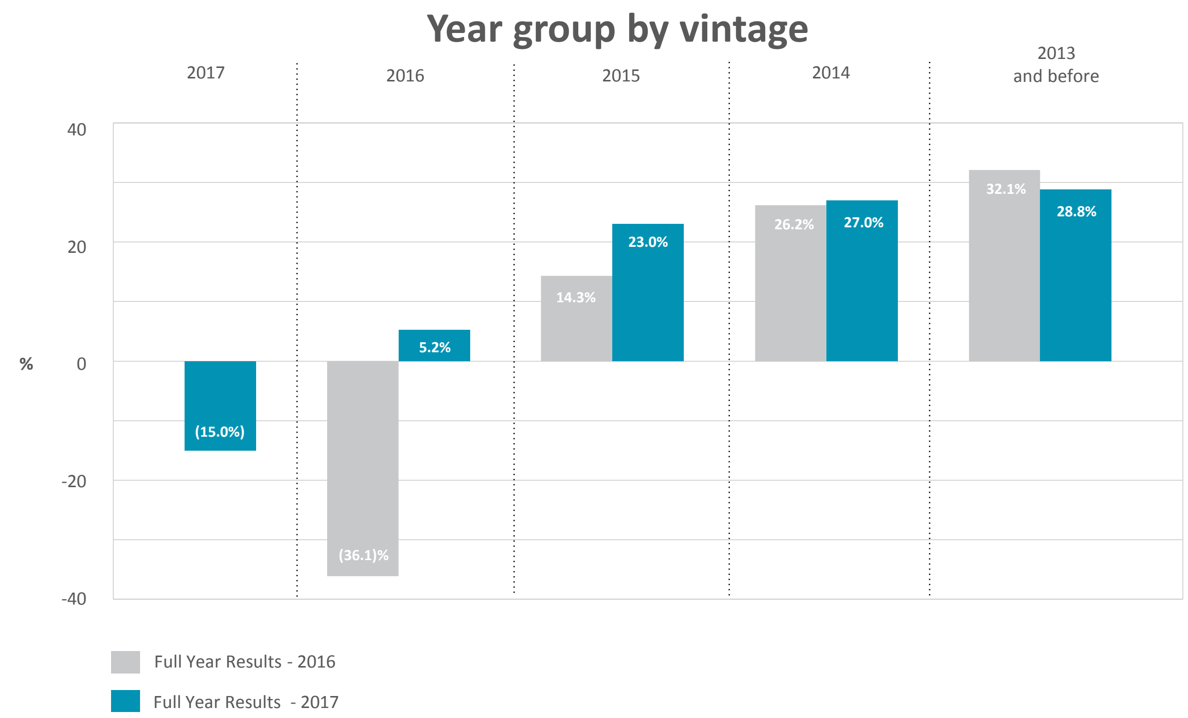
Financial review

International Workplace Group

Gross profit margin

Gross profit margin

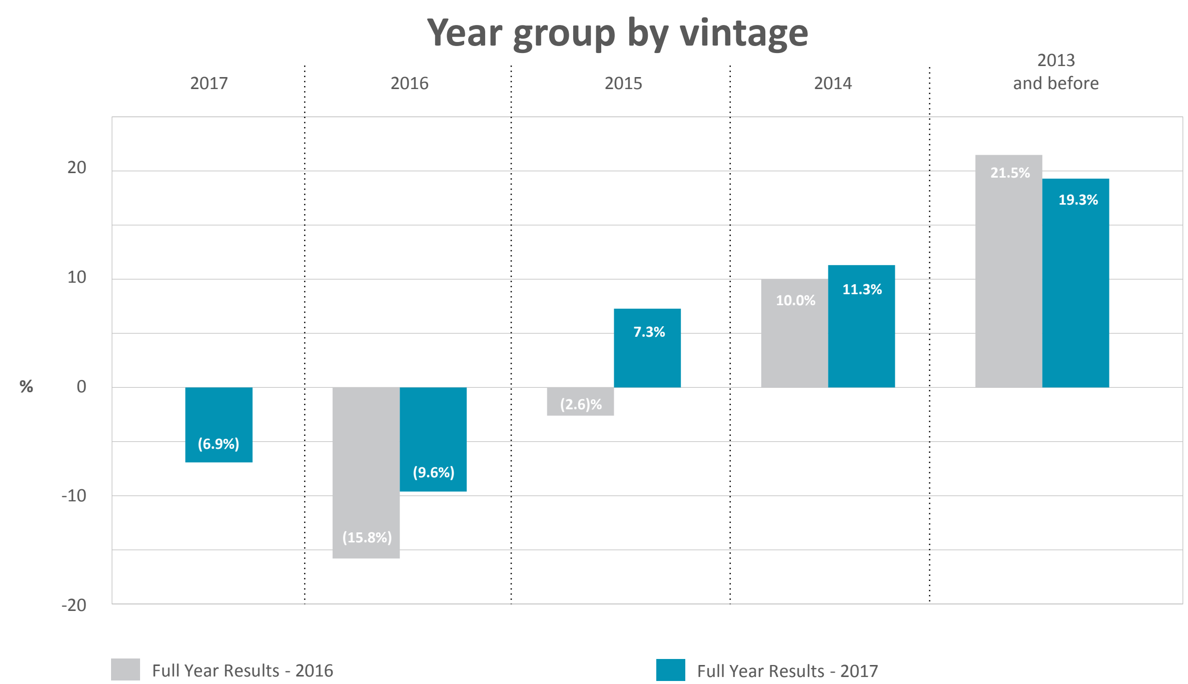
- Before depreciation and amortisation
- Excellent 2016 year group performance
- Good 2015 and 2014 year group progression
- 2013 and before openings reflect Mature performance



Returns developing as expected

Post-tax return on net investment

- We continue to make attractive returns
- Benefiting from operational leverage and capital efficiency
- After increased investment in maintenance capital expenditure



Performance in line

Group income statement

£ million	2017	2016	% change actual currency	% change constant currency
Revenue	**2,352.3**	**2,233.4**	**5.3%**	**1.9%**
Gross profit (centre contribution)	401.6	448.8	(11)%	(13)%
Gross profit margin	*17.1%*	*20.1%*		
Overheads	(237.6)	(262.8)	(10)%	(12)%
Overheads as a % of Revenue	*10.1%*	*11.8%*		
Operating profit**	**163.2**	**185.2**	**(12)%**	**(15)%**
Operating profit margin	*6.9%*	*8.3%*		
Net finance expense	(13.8)	(11.5)		
Profit before tax	**149.4**	**173.7**	**(14)%**	
Taxation	(35.4)	(34.9)		
Profit after tax	**114.0**	**138.8**	**(18)%**	
EPS (p)	**12.4**	**14.9**	**(17)%**	
Dividend per share (p)	**5.7**	**5.1**	**12%**	
EBITDA	376.2	379.7	(1)%	(4)%

* At constant currency ** Including contribution from joint ventures

- Full year 2017 revenue from open centres up 4.2%*, accelerating to 7.5%* in Q4 (Q3: 4.4%*)
- Full year 2017 total revenue up 1.9%*, accelerating in Q4 to 5.9%* (Q3: 2.5%*)
- Strong overhead performance – 12%* reduction, overheads as % of revenue now 10.1%
- Operating profit of £163.2m, in line with previous guidance
- Effective tax rate of 23.7%
- EPS of 12.4p
- Full year dividend up 12%
- EBITDA broadly stable

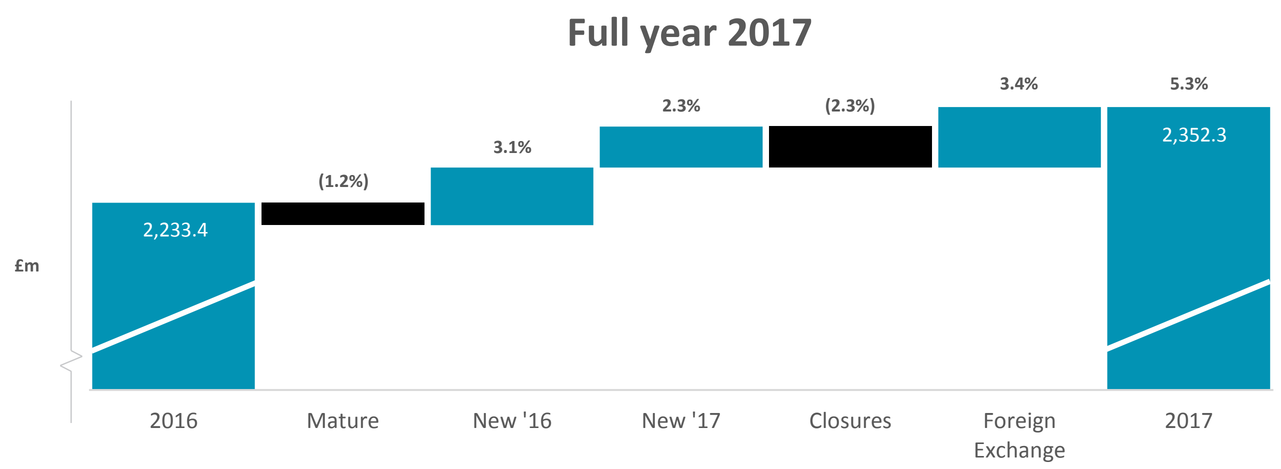
Mature performance by geography

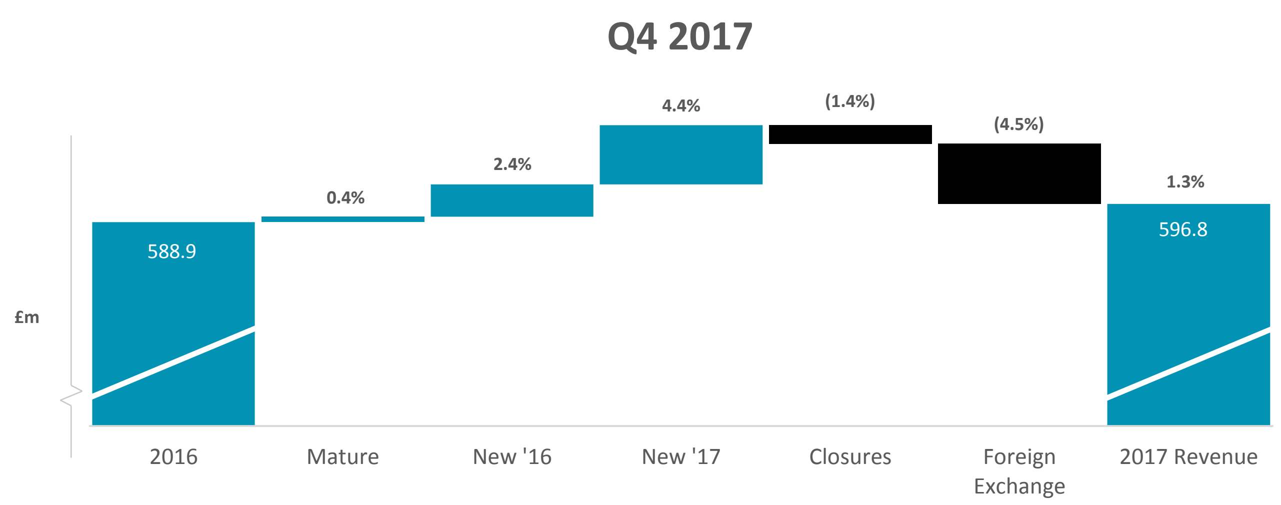
- Mature revenue returned to growth in Q4
- Primarily driven by the Americas and Asia Pacific and to a lesser extent EMEA
- Improving sales momentum a positive trend for 2018 Mature revenue growth
- Robust mature gross margin of 20.2%

	Revenue				Centre Contribution		Gross Margin (%)	
			% Change at Actual Currency	% Change at Constant Currency				
£m	**2017**	**2016**			**2017**	**2016**	**2017**	**2016**
Americas	926.4	897.4	3.2%	(0.5)%	177.6	173.8	19.2%	19.4%
EMEA	486.1	461.8	5.3%	(1.0)%	105.6	106.6	21.7%	23.1%
Asia Pacific	351.1	342.1	2.6%	(0.6)%	74.3	69.9	21.2%	20.4%
UK	398.2	409.9	(2.9)%	(2.9)%	79.2	95.9	19.9%	23.4%
Other	2.9	6.8			(0.2)	6.8		
Total	**2,164.7**	**2,118.0**	**2.2%**	**(1.2)%**	**436.5**	**453.0**	**20.2%**	**21.4%**

* Mature centres open on or before 31 December 2015

Group revenue development

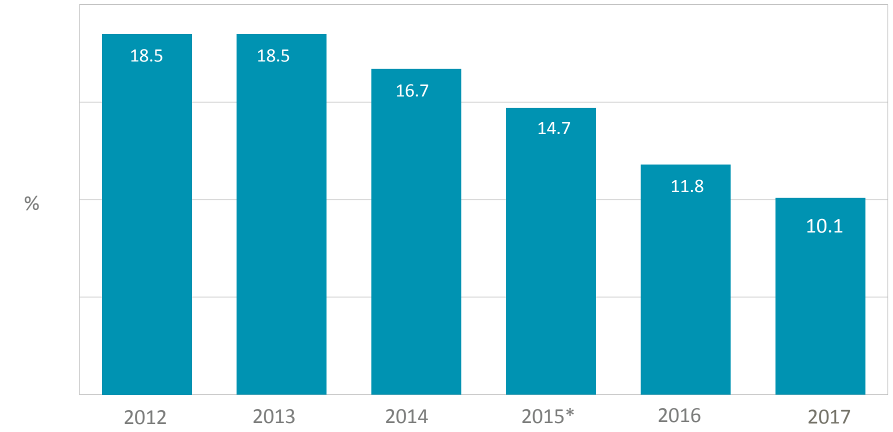




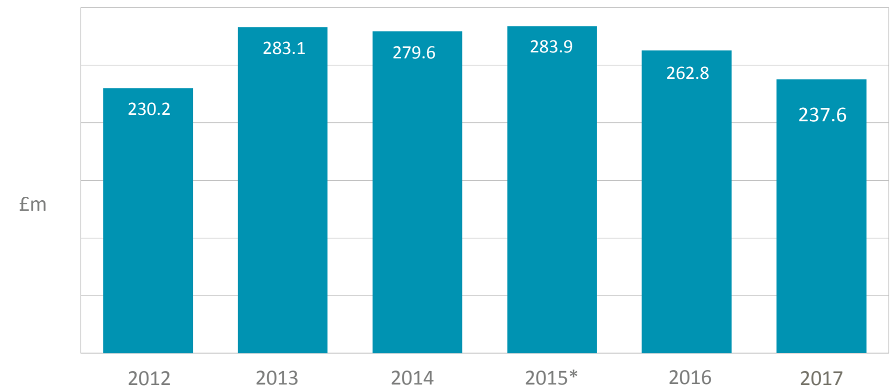
Further overhead efficiency

- Cost leadership a significant competitive advantage
- Overall 2017 overheads declined 12%*, compared to a 7% increase in the number of locations
- Benefiting from investment last year in new cluster based field structure
- Increased scale also delivering efficiency gains
- Lower reorganisation costs
- Capacity available to support further growth
- Goal of overhead costs below 10% of revenue in reach

Total overheads as a % of revenue



Total overheads (£m at actual rates)



* Excluding non-recurring items

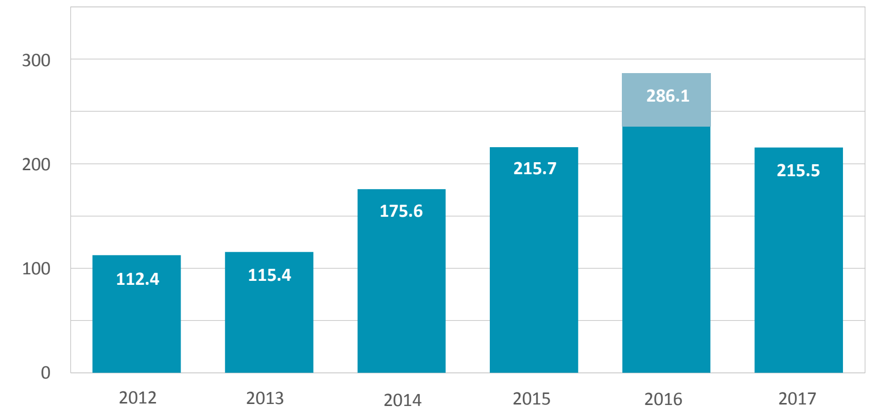
* At constant currency

Strong cash flow

- Strong cash performance
- Group EBITDA solid at £376.2m
- Increased investment in maintenance capital expenditure
- Cash flow before net growth investment of £215.5m, or 23.5p per share

£ million	2017	2016
Group EBITDA	**376.2**	**379.7**
Working capital	44.2	104.2
Less growth related partner contributions	(80.6)	(66.1)
Maintenance capital expenditure	(95.6)	(86.7)
Taxation	(22.4)	(31.5)
Finance costs	(11.9)	(16.1)
Other items	5.6	2.6
Cash flow before net growth expenditure, share repurchases and dividends	**215.5**	**286.1**

Cash flow before net growth capital expenditure (£m)



A healthy balance sheet

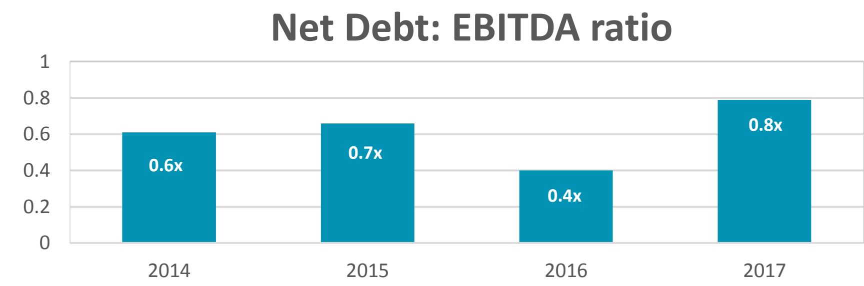
Balance sheet

- Maintained prudent approach to balance sheet management
- Net debt to EBITDA ratio of 0.8x
- Property investments of c. £130m

Financial headroom

- £550m Revolving Credit Facility in place
- Adequate headroom to execute strategy
- Facility extended to 2022 (previously 2021) with option to extend until 2023
- Denominated in sterling but can be drawn in several major currencies
- Provided by a broad base of international banks

£ million	2017	2016
Cash flow before net growth expenditure, share repurchases and dividends	**215.5**	**286.1**
Net growth capital expenditure	(272.5)	(162.3)
Total net cash flow from operations	**(57.0)**	**123.8**
Purchase of shares	(51.1)	(35.5)
Dividend	(48.5)	(43.3)
Corporate financing activities	4.2	(3.1)
Opening net debt	(151.3)	(190.6)
Exchange movements	7.3	(2.6)
Closing net debt	**(296.4)**	**(151.3)**



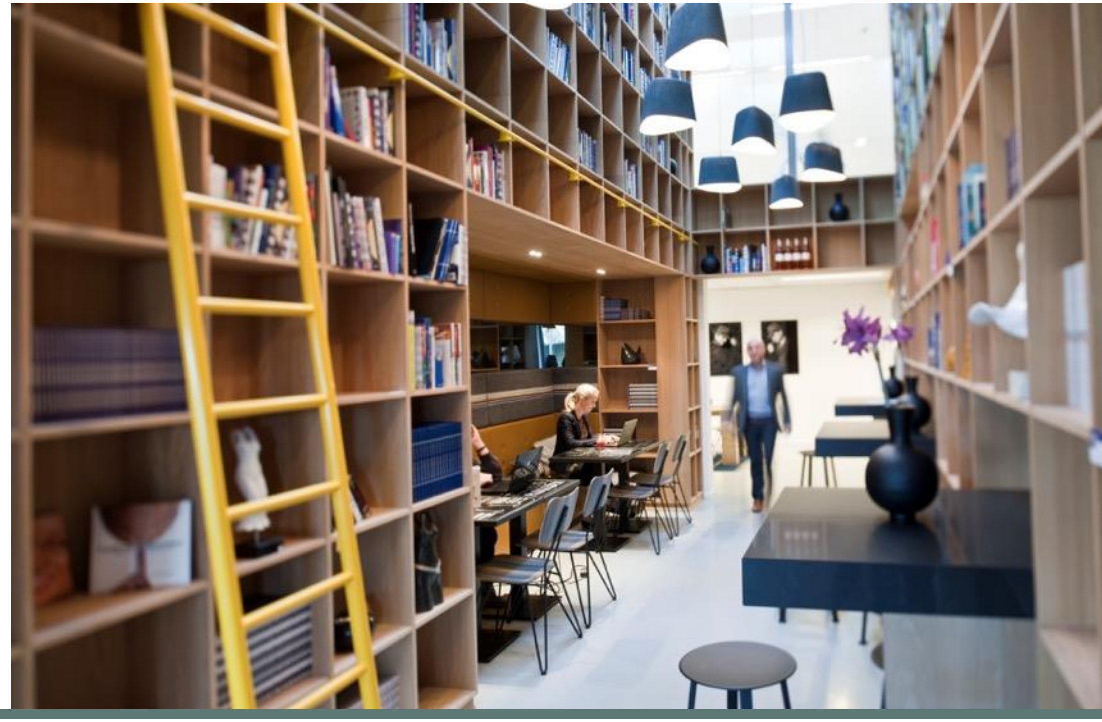
Summary

Strong recovery into Q4

- Proactive actions delivering a more streamlined and scalable business model
- Strong returns on investment
- Good cash generation
- Better growth with increased traction on partnering deals
- Dividend increase of 12% for the full year, continuing progressive policy

Outlook for 2018

- Current trading providing a good start to 2018
- Continue to invest in our network in a disciplined manner
- Strong pipeline visibility
  - c. £190m net investment
  - 230 locations
  - 5.5m sq. ft.
- Well placed to take advantage of growth in our industry
- Focused on delivering attractive returns and monetising our leading network
- Sales activity trends remain good and we anticipate improved revenue growth in 2018



The workspace revolution advances

QUESTIONS?

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Thank you
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