

2008 Interim Results

August 29, 2008

workwithoutboundaries



Caution statement

This presentation may contain forward looking statements, which are subject to risk and uncertainty. A variety of factors could cause our actual results to differ materially from the anticipated results expressed in such forward looking statements.

Agenda

Introduction

Mark Dixon

Financials

Stephen Gleadle

Strategy and Outlook

Mark Dixon



Introduction

Mark Dixon

Chief Executive Officer



Business performing strongly



- Revenues up 23%
to £507.5m
- Operating profit up 32%
to £74.4m
- Cash from operations up 45%
to £123.4m
- Earnings Per Share up 27%
to 5.7p
- Maiden Interim Dividend
of 0.6p

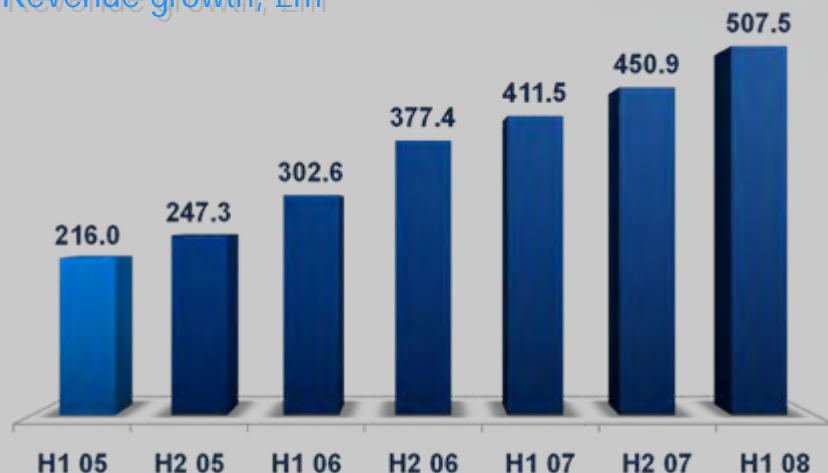


Regus delivering the promise

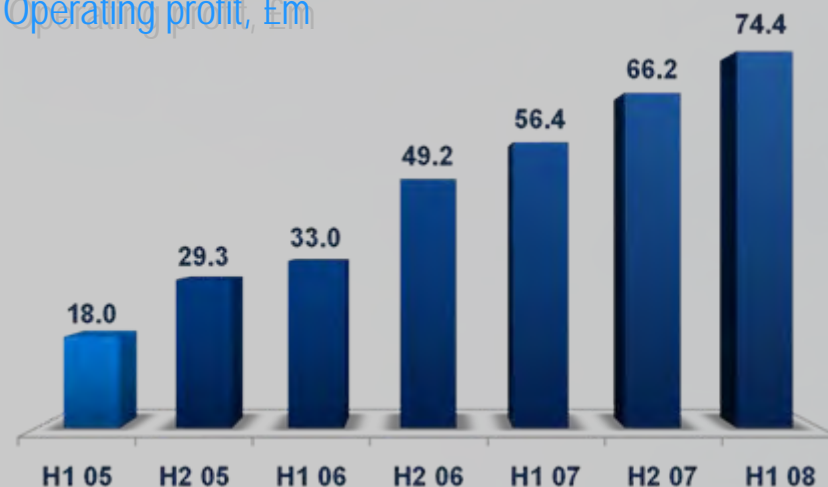
Actual exchange rates



Revenue growth, £m



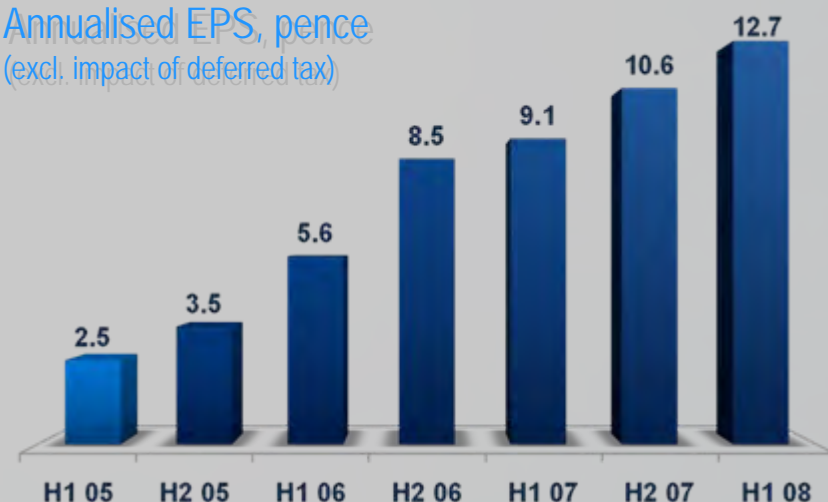
Operating profit, £m



Cash from operations, £m



Annualised EPS, pence
(excl. impact of deferred tax)

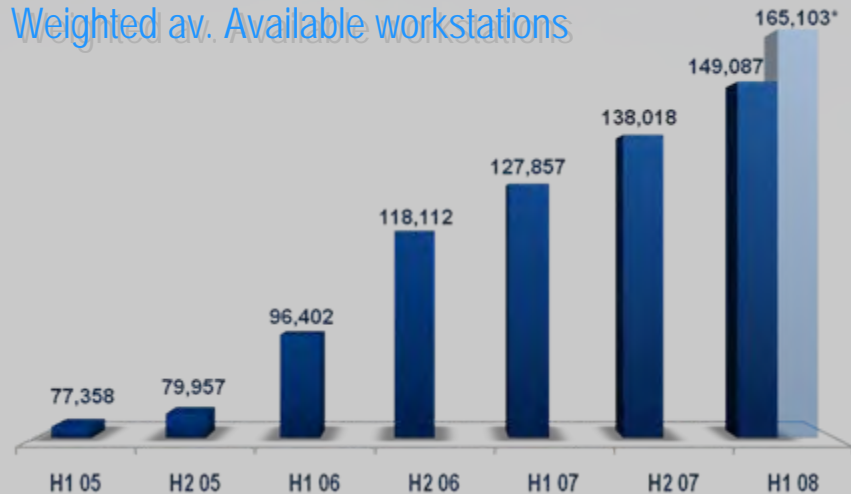


Regus delivering the promise

Actual exchange rates



Weighted av. Available workstations

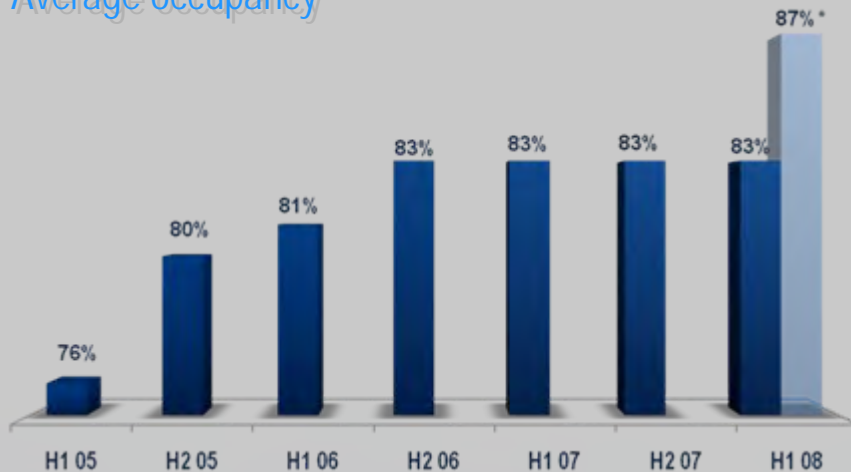


*Actual available workstations including non consolidated

Annualised REVPAW



Average occupancy



*Average mature occupancy

Annualised REVPOW



Financials

Stephen Gleadle
Finance Director



Summary income statement

Actual exchange rates



£ million	2008	2007	Change
Revenue	507.5	411.5	96.0
Centre contribution	150.2	117.5	32.7
Overheads	(75.8)	(61.1)	(14.7)
Operating profit	74.4	56.4	18.0
JV / Associate	1.2	-	1.2
Net interest	(1.1)	(2.8)	1.7
Tax	(20.0)	(9.1)	(10.9)
Earnings	54.5	44.5	10.0
Basic EPS (pence)	5.7p	4.5p	1.2p



Revenue & centre contribution

Workstations Weighted av.		Revenue £ million	Contribution £ million	Margin (%)
127,858	2007	411.5	117.5	29%
	Impact of exchange rate movement	19.7	6.0	
	2007 at 2008 exchange rates	431.2	123.5	29%
303	Mature business	26.0	18.2	
15,686	Added 2007	44.9	13.5	
5,574	Added 2008	6.7	(4.7)	
(334)	Closures	(1.3)	(0.3)	
149,087	2008	507.5	150.2	30%

Regional analysis

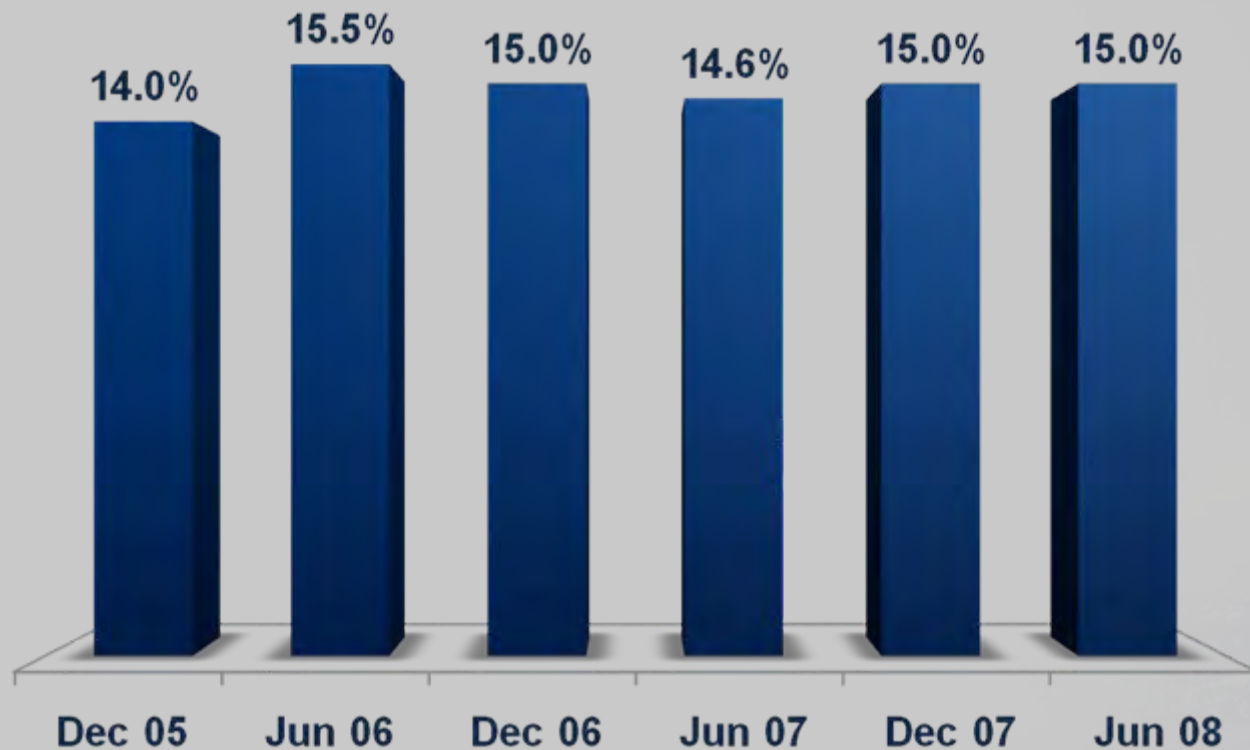
Actual exchange rates



	Revenue		Contribution		Mature margin (%)	
£ million	2008	2007	2008	2007	2008	2007
Americas	190.5	162.0	56.1	48.8	33%	31%
EMEA	150.8	114.5	52.2	38.6	37%	35%
Asia Pacific	55.0	34.9	17.6	12.2	38%	38%
UK	111.2	100.1	24.3	17.9	24%	19%
	507.5	411.5	150.2	117.5	32%	30%

Overheads

Overheads as % of revenue 12 month rolling trend



Interest and Tax

Interest	2008	2007	Change
Interest payable on bank loans and overdrafts	(1.9)	(2.3)	0.4
Interest receivable	2.2	1.1	1.1
Finance lease	(0.1)	(0.1)	-
Non cash - Deferred finance costs	(0.2)	(0.3)	0.1
Non cash - UK acquisition related	(1.1)	(1.2)	0.1
Net Interest	(1.1)	(2.8)	1.7
Tax			
Corporation tax	(13.5)	(8.8)	(4.7)
Deferred tax	(6.5)	(0.3)	(6.2)
Tax (charge) / credit	(20.0)	(9.1)	(10.9)

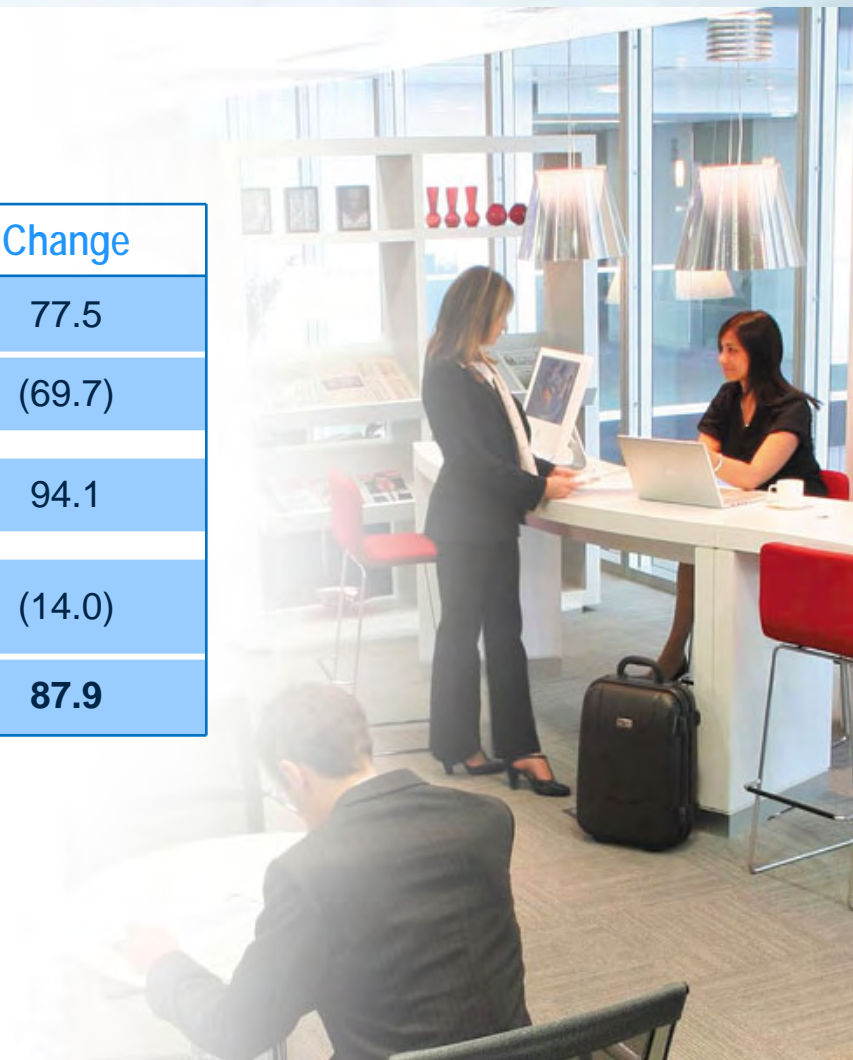


Cash flow

£ million	2008	2007	Change
Cash from operations	123.4	85.1	38.3
Dividends from joint ventures	0.6	-	0.6
Cash in	124.0	85.1	38.9
Maintenance capex	(13.8)	(11.1)	(2.7)
Interest and tax	(12.9)	(7.3)	(5.6)
Free cash flow	97.3	66.7	30.6
Acquisitions (inc fees)	(9.0)	(5.0)	(4.0)
New centre openings	(25.5)	(21.5)	(4.0)
Net (repayments)/borrowings	(13.8)	(15.2)	1.4
Share Buybacks and Dividends	(26.9)	(16.4)	(10.5)
Cash out	(75.2)	(58.1)	(17.1)
Change in cash	22.1	8.6	13.5
Opening Cash	142.9	80.9	62.0
FX	3.6	(0.6)	4.2
Closing balance	168.6	88.9	79.7

Summary balance sheet

£ million	2008	2007 <i>restated</i>	Change
Non-current assets	542.9	465.4	77.5
Working capital	(253.6)	(183.9)	(69.7)
Net cash	140.2	46.1	94.1
Other non-current liabilities	(89.5)	(75.5)	(14.0)
Net assets	340.0	252.1	87.9



- Regus has become and will continue to develop as a true international business and consequently there is a need to better reflect this at Board level.
- In 2007 only 7% of Group operating profit was attributable to the UK business
- Proposed creation of a new UK listed, Jersey incorporated holding company with its head office and strategic management processes resident in Luxembourg
- Opportunity to bring a significantly greater international flavour to the Board and the decision making process
- Expected to be earnings enhancing in 2009

What will change?

- Board membership will be strengthened with more international experience
- Shareholders can continue to receive dividends from a UK company
- Shares will be traded on London Stock Exchange as now and remain in FT All-Share
- Company will be subject to Jersey company law & Luxembourg company law - no current incompatibilities have been identified which cannot be accommodated
- Under Combined Code, Corporate Governance remains the same
 - Under Listing Rules
 - Under Takeover Panel
- Subject to shareholder approval and court sanction, likely to be effective mid to late October

- Operating profit up 32%
- Cash from operations up 45%
- Average workstations up 16.6%
- Net Cash to £140.2m



Strategy and Outlook

Mark Dixon
Chief Executive Officer



Building on our foundations



- Regional overview
- Product innovation
- Purchasing group
- Video conferencing
- BusinessWorld
- Proven business model
- Efficiency and cost
- Expanded regional diversity
- Continued portfolio flexibility



- Continue positive growth in mature markets
- Americas due to reach the 500 centres mark early H2
- 3 new countries in Latin America
El Salvador opened H1, Honduras & Paraguay due to open H2
- Continued penetration into new US states
(i.e. Louisiana and Idaho).
- Mature centre margin up 2% and holding stable
- Completed roll-out of global inventory, reservations & billing system



- Mature centre margin up 2% to 37%
- Mature occupancy traded > 90% for first time during H1
- Opened 17 new centres
- Increased presence to 223 centres in 41 countries
 - added Malta (centre due to open H2)
- Middle East revenue growth up 40% over H2 07
- Centralised Financial Service Centre (FSC) in Prague - collections, reporting and compliance



- Continued high demand in emerging Asian economies
- 12 new centres opened in 10 Cities; new cities include Adelaide, Aus; Fukuoka, Japan; Karachi, Pakistan
- Crossed the 100 centre threshold
- Major Partnership signed with Thai Airways Royal Orchid programme to harness potential 400,000 members utilising Regus BusinessWorld.
- Partnership also recently launched with Citibank India, Amex Japan and Diners Club Australia also utilising Regus BusinessWorld programme.



- Mature margin up 5%
- Record sales made in July
- Tough competitive landscape
- Early adopter of new concepts
- Continued focus on efficiency/cost
- New towns added – Peterborough, Maidstone, Portsmouth
- Stonemartin Acquisition completed – 3 centres



- Extensive proactive product development
- meeting changing customer requirements
- Optimise solutions
- Campus
- Hot-desking
- Disaster Recovery
- Purchasing Group
- BusinessWorld



- Regus customer community obtain benefit of Plc purchasing power
- Accords major customer benefits;
 - Access to great deals/services – “buy like a £billion business”
– usually inaccessible to smaller individual companies
 - End to end business solutions
 - Improved customer experience and therefore retention
 - Discounts on many items – better prices than customers can source independently
 - Exclusive benefits, member offers
- Free to Regus customers
- Designated Purchasing Group function
- Key differentiator

Purchasing group – partners



Video conferencing

- Regus is the world's largest public videoconferencing room operator
- Upgraded equipment
- 26% yr on yr growth
- Reducing our customers costs
 - decreasing travel time & expense
- Recognising increasing environmental concerns – air miles saved
- Constant product innovation
 - new on line reservation system



BusinessWorld – from strength to strength

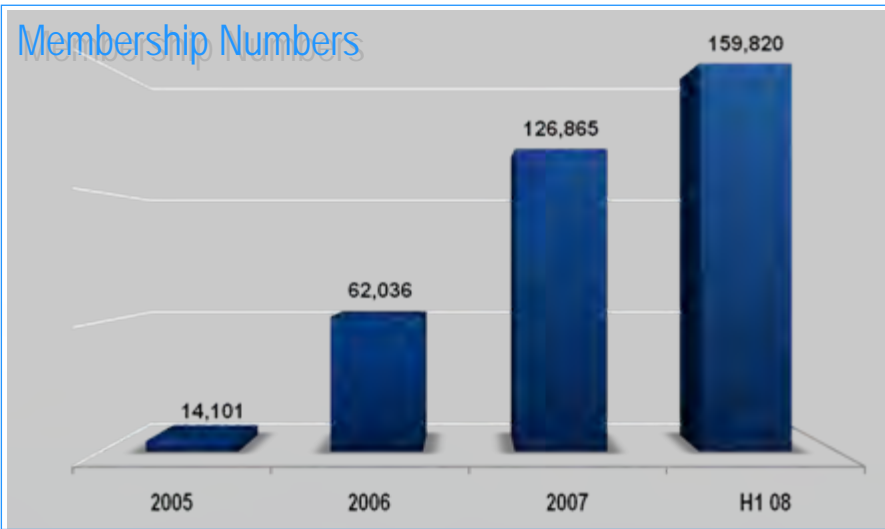


“By 2010 – 60% of work will be done off site or outside of a corporate facility” - Gartner

- Generating real revenues and cashflows
- Continues to enhance centre footfall & new revenue streams
- Helps to sell the last 10% of inventory
- Significant growth prospect for 2009



Membership Numbers



A simple, innovative membership programme



Provides your employees discounts and promotions with no minimum spend requirements.

Provides management information for tracking spend.

5% discount on meeting rooms.



Unlimited access to business cafes and lounges for all your mobile workers.

10% discount on meeting rooms, videoconferencing and day offices.

Access to all other Regus services on a "pay-as-you-go" basis.



Provides 10 days a month of *private office use* with telephone and internet.

Includes all benefits of Gold.

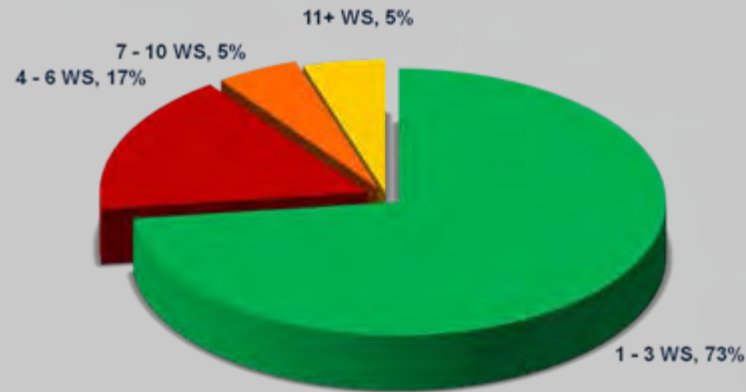


An alternative to the traditional fixed workplace with unlimited access to an office anywhere, anytime.

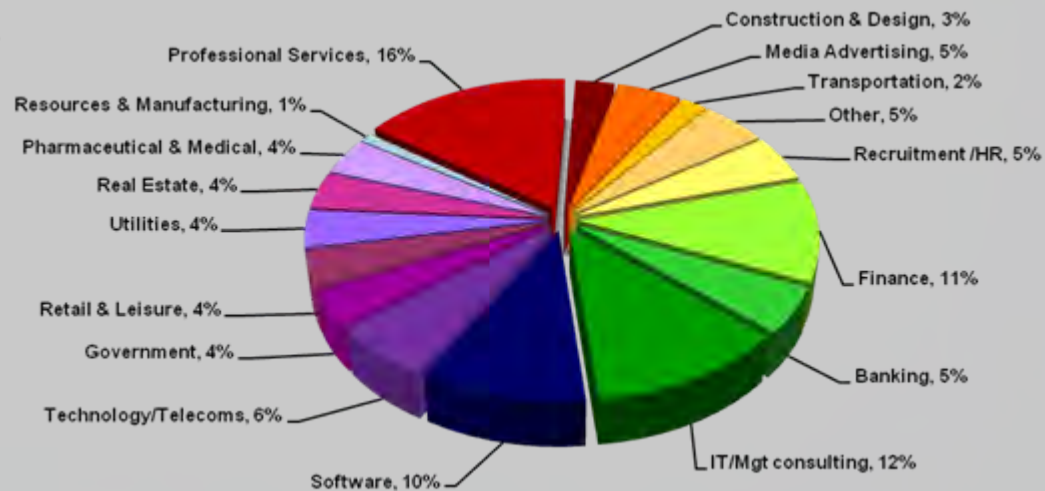
Includes all benefits of Gold.

Proven business model
































































Workstation segmentation



Customer sectors



71 countries

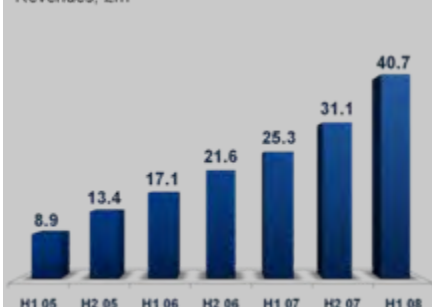
 Algeria	 Egypt	 Kenya	
 Argentina	 El Salvador	 Korea	
 Australia	 England	 Lebanon	
 Austria	 Finland	 Luxembourg	
 Bahrain	 France	 Malaysia	
 Belgium	 Germany	 Mexico	 Puerto Rico
 Brazil	 Greece	 Morocco	 Qatar
 Bulgaria	 Guatemala	 Netherlands	 Romania
 Canada	 Hong Kong	 New Zealand	 Russian Federation
 Chile	 Hungary	 Nigeria	 Saudi Arabia
 China	 India	 Norway	 Scotland
 Colombia	 Indonesia	 Pakistan	 Singapore
 Costa Rica	 Ireland	 Panama	 Slovakia
 Cymru	 Israel	 Peru	 South Africa
 Cyprus	 Italy	 Philippines	 Spain
 Czech Republic	 Japan	 Poland	 Sweden
 Denmark	 Jordan	 Portugal	 Switzerland



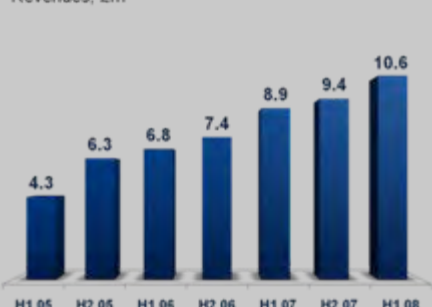
 Thailand
 Tunisia
 Turkey
 Ukraine
 United Arab Emirates
 United States of America
 Venezuela
 Vietnam

A continued global growth story

B.R.I.C. NATIONS
Revenues, £m



N-11 NATIONS
Revenues, £m



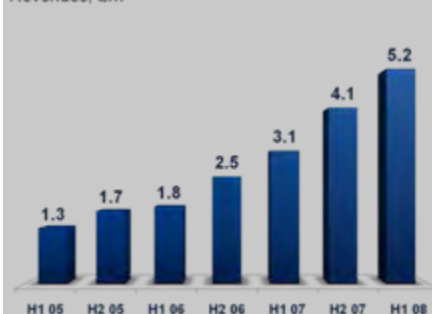
EASTERN EUROPE
Revenues, £m



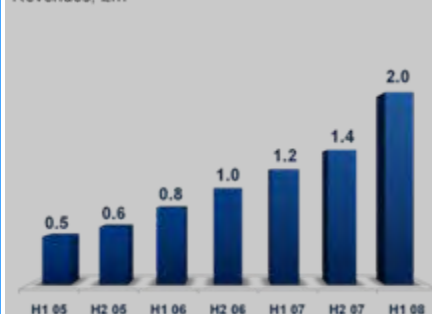
AFRICA EXCL EGY/MOR
Revenues, £m



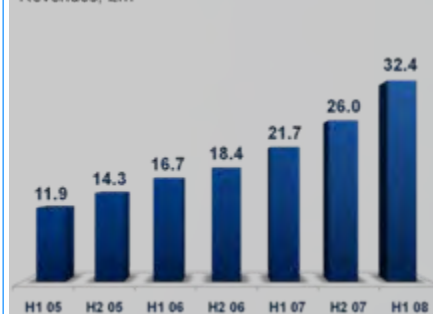
LATIN AMERICA
Revenues, £m



MIDDLE EAST
Revenues, £m

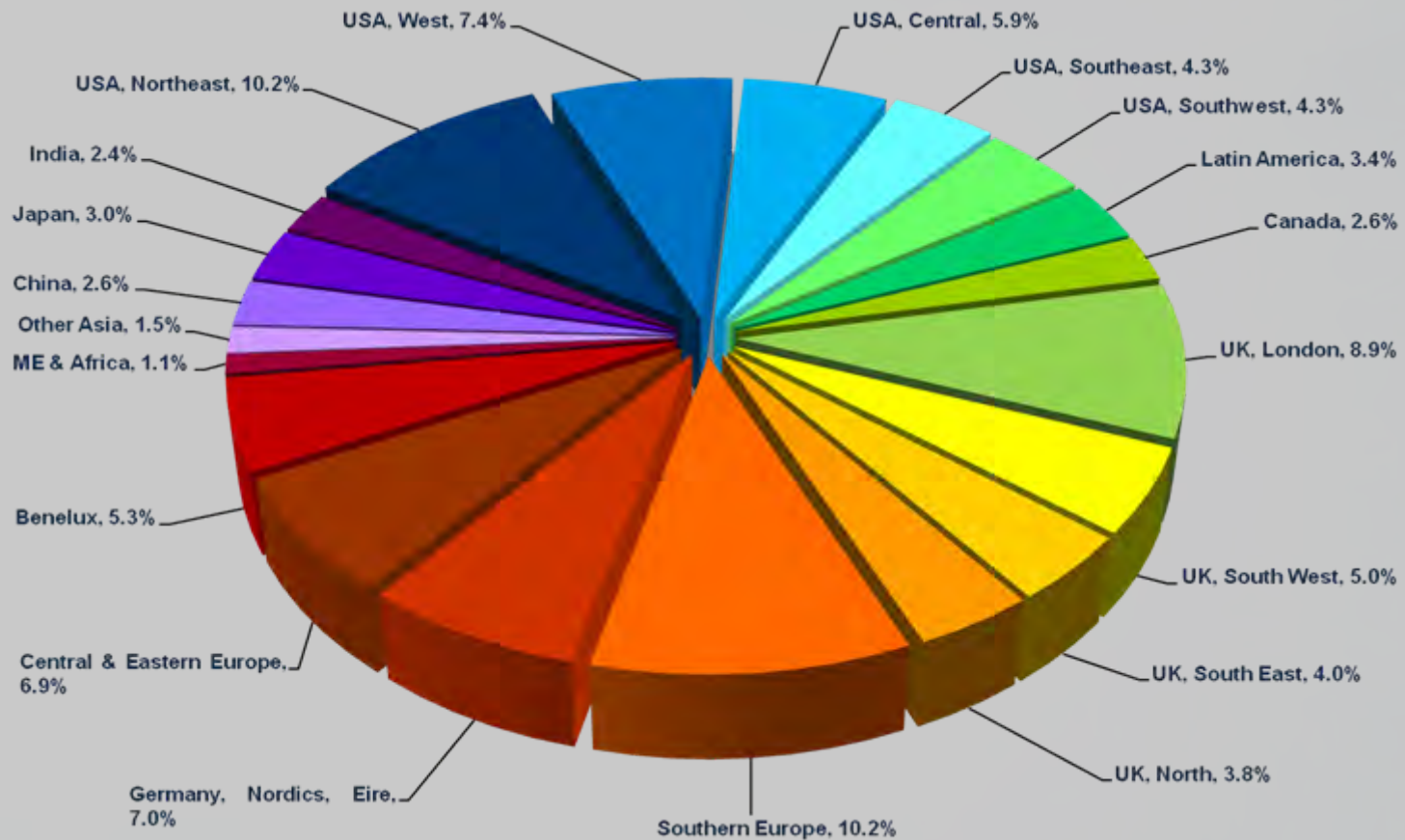


ASIA EXCL INDIA/CHINA
Revenues, £m



Regional diversity

H1 2008 revenues by region

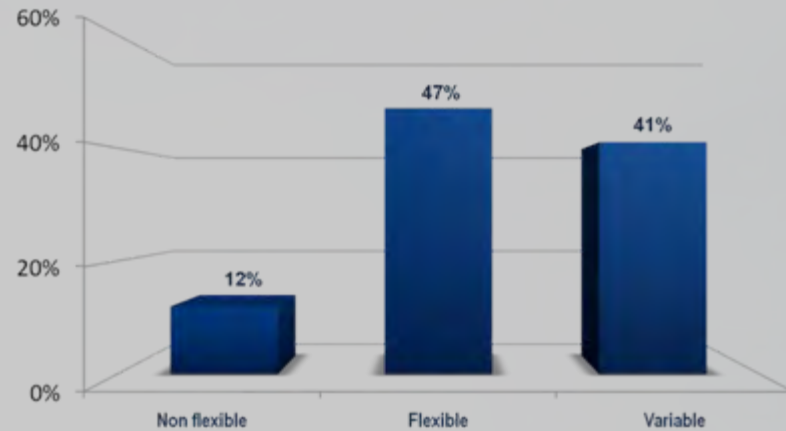


- Acting early and definitively
- Key projects began over a year ago – we have traction
- Significant investment in streamlining initiatives and systems implementation
- “Back to basics” on costs – both above and below the line

Portfolio flexibility – H1 2008

- 88% of new centre lease deals variable or flexible
- 41% of new centre lease deals variable
- Increasing number of management contracts

New centres opened in 2008



- 62% variable or flexible portfolio
- Constant trading of stock part of daily business
- Variable overhead growth related £1-2m monthly

Property portfolio



Summary

- £140m cash in bank
- Cash and cashflow is king
- Maiden Interim dividend
- Macro-environmental conditions challenging
- Forward order book and enquiries remain strong
- Product innovation creating new revenue streams
- Attractive growth opportunities remain
- Proactive cost management continues a priority
- Management acting definitively, dynamically & early
- Management view for full year unchanged



Appendix

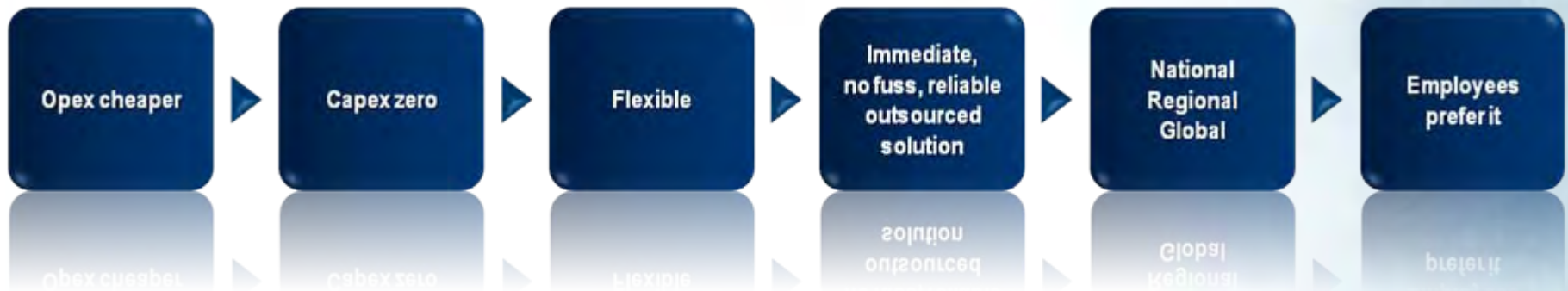


A proven business model



A proven business model

Compelling for the Customer



Compelling for the Landlord



- **"BRIC"** – Brazil, Russia, India, China
- **"N11"** - Next 11 countries which Goldman Sachs has considered has promising outlooks for investment and future growth. Based on macroeconomic stability, political maturity, openness of trade and investment policies and quality of education. Countries are:
 - Bangladesh
 - Egypt
 - Indonesia
 - Iran
 - Mexico
 - Nigeria
 - Pakistan
 - Philippines
 - South Korea
 - Turkey
 - Vietnam

