

2008 Year End Results

March 20, 2009

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 25%
to £1,077.2m
- Operating profit up 20%
to £147.4m
- Cash from operations up 18%
to £249.6m
- Earnings Per Share up 14%
to 12p (10.5p)
- Dividend per share up 80%
to 1.8p

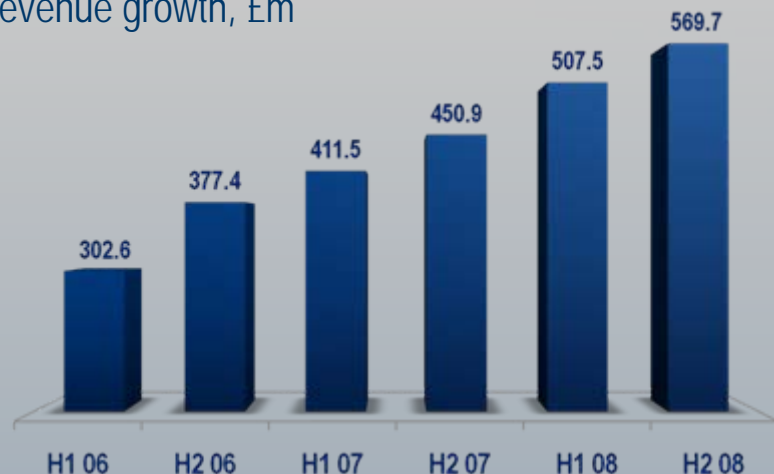


Regus delivering the promise

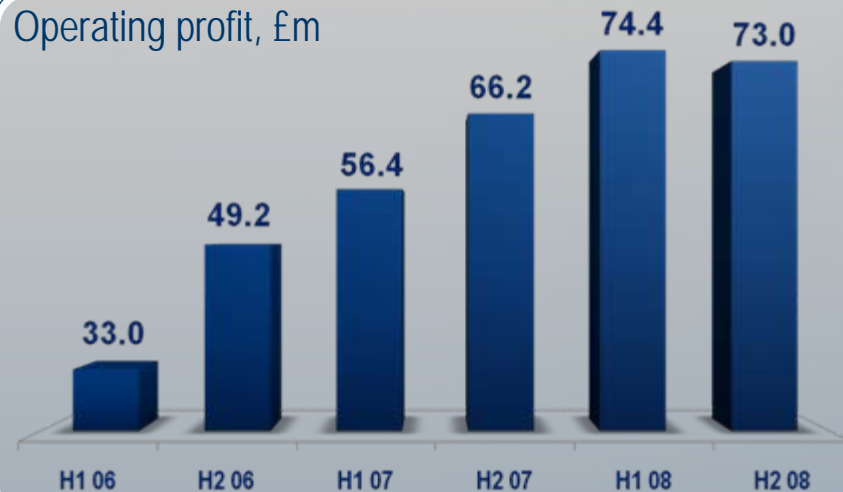
Actual exchange rates



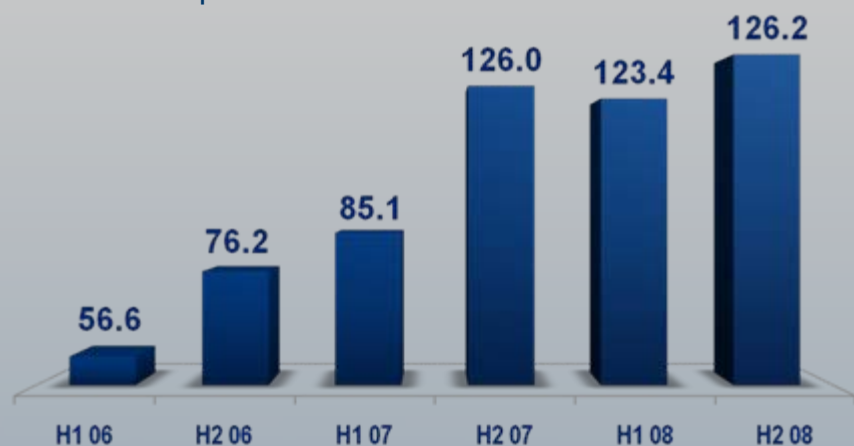
Revenue growth, £m



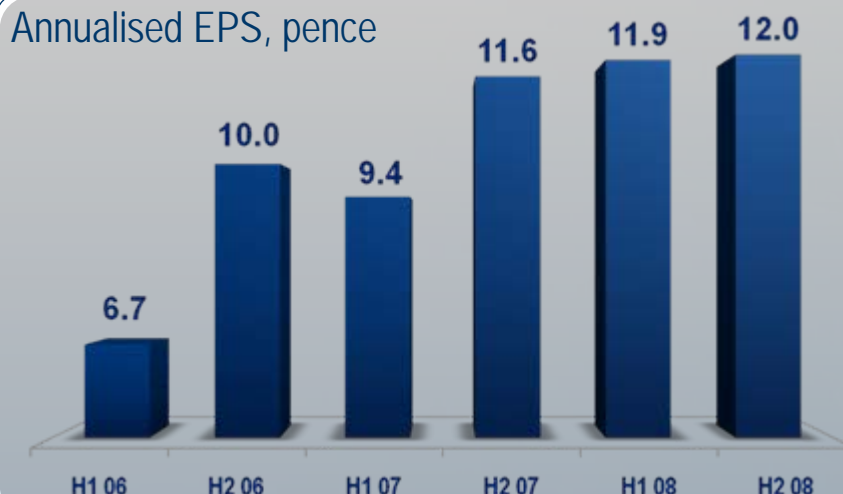
Operating profit, £m



Cash from operations, £m



Annualised EPS, pence

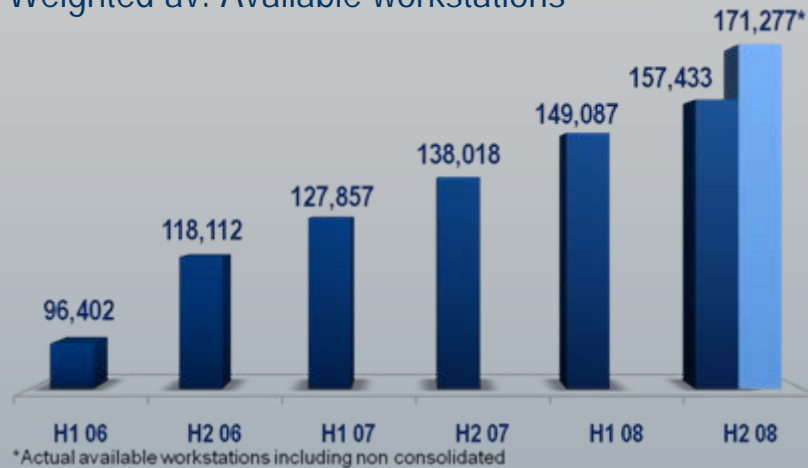


Regus delivering the promise

Actual exchange rates



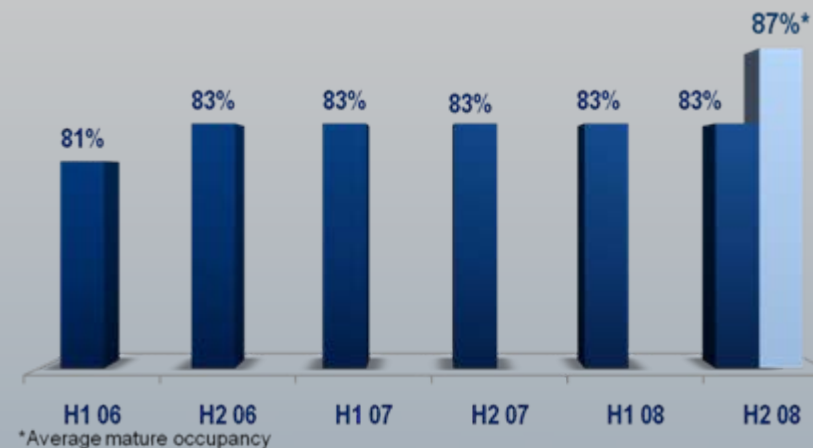
Weighted av. Available workstations



Annualised REVPAW



Average occupancy



Annualised REVPOW



FINANCIALS

Stephen Gleadle
Finance Director



Summary income statement

Actual exchange rates



| £ million | 2008 | 2007 | Change |
|----------------------------|----------------|--------------|--------------|
| Revenue | 1,077.2 | 862.4 | 214.8 |
| Centre contribution | 305.7 | 251.9 | 53.8 |
| Overheads | (158.3) | (129.3) | (29.0) |
| Operating profit | 147.4 | 122.6 | 24.8 |
| JV / Associate | 2.3 | 0.8 | 1.5 |
| Net interest | (0.5) | (4.0) | 3.5 |
| Tax | (34.3) | (15.8) | (18.5) |
| Earnings | 114.9 | 103.6 | 11.3 |
| Basic EPS (pence) | 12p | 10.5p | 1.5p |
| Dividend per share (pence) | 1.8p | 1.0p | 0.8p |



Revenue & centre contribution



| Workstations Weighted av. | | Revenue £ million | Contribution £ million | Margin (%) |
|------------------------------|------------------------------------|----------------------|---------------------------|------------|
| 132,938 | 2007 | 862.4 | 251.9 | 29% |
| - | Impact of exchange rate movement | 86.3 | 26.9 | |
| 132,938 | 2007 at 2008 exchange rates | 948.7 | 278.8 | 29% |
| 1,526 | Mature business | 33.2 | 9.9 | |
| 10,849 | Added 2007 | 75.9 | 31.1 | |
| 9,764 | Added 2008 | 33.4 | (10.3) | |
| (1,817) | Closures | (14.0) | (3.8) | |
| 153,260 | 2008 | 1,077.2 | 305.7 | 28% |

Regional analysis

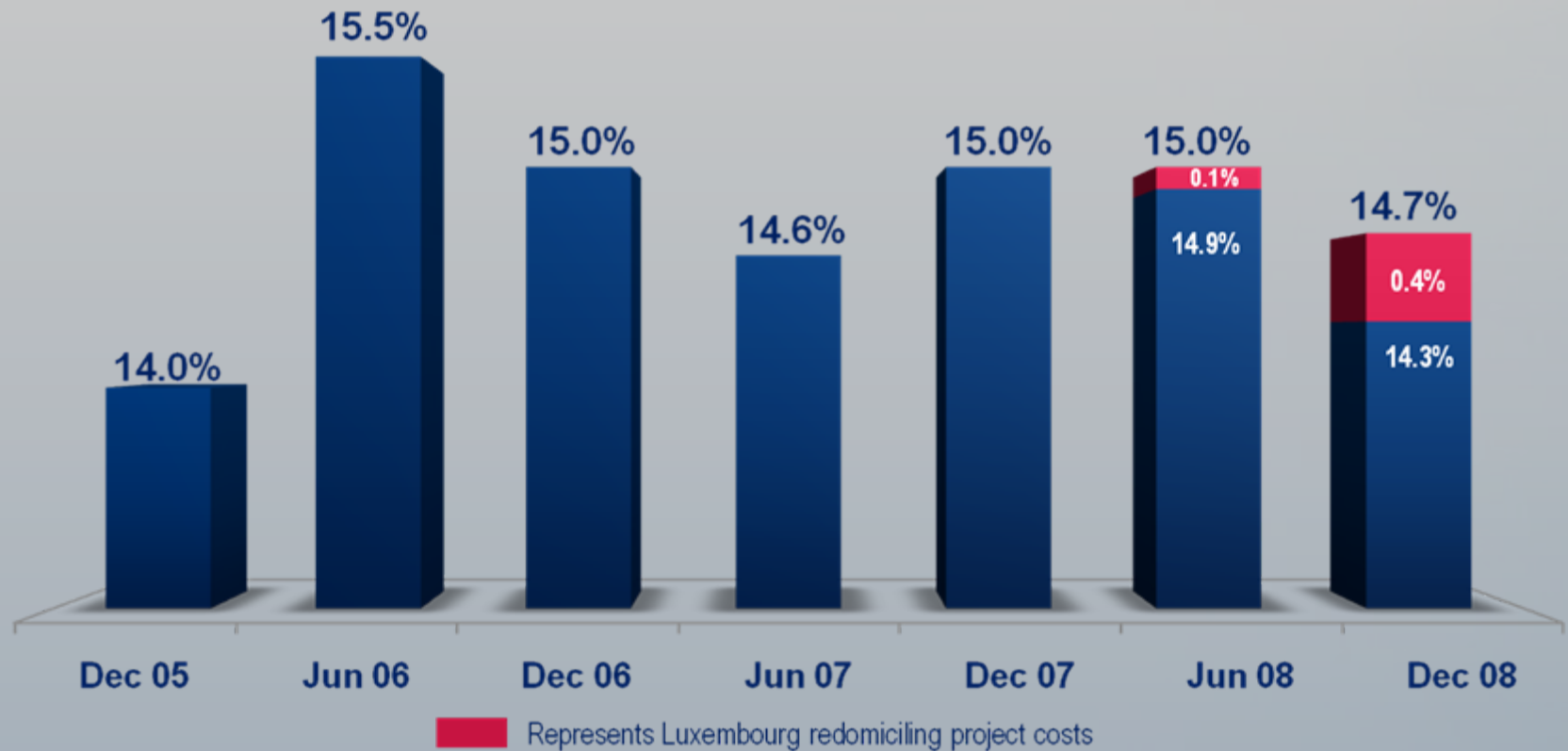
Actual exchange rates



| | Revenue | | Contribution | | Mature margin (%) | |
|--------------|----------------|--------------|--------------|--------------|-------------------|------------|
| £ million | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Americas | 414.9 | 336.3 | 117.0 | 102.7 | 32% | 32% |
| EMEA | 319.2 | 240.3 | 111.2 | 80.3 | 37% | 36% |
| Asia Pacific | 121.0 | 77.7 | 37.5 | 27.5 | 38% | 38% |
| UK | 222.1 | 208.1 | 40.0 | 41.4 | 20% | 22% |
| | 1,077.2 | 862.4 | 305.7 | 251.9 | 31% | 31% |

Overheads

Overheads as % of revenue 12 month rolling trend



| Interest | 2008 | 2007 | Change |
|---|-------|-------|--------|
| Interest payable on bank loans and overdrafts | (3.5) | (4.4) | 0.9 |
| Interest receivable | 5.3 | 3.4 | 1.9 |
| Finance lease | (0.2) | (0.2) | -- |
| Non cash - Deferred finance costs | (0.6) | (0.5) | (0.1) |
| Non cash - UK acquisition related | (1.5) | (2.3) | 0.8 |
| Net Interest | (0.5) | (4.0) | 3.5 |

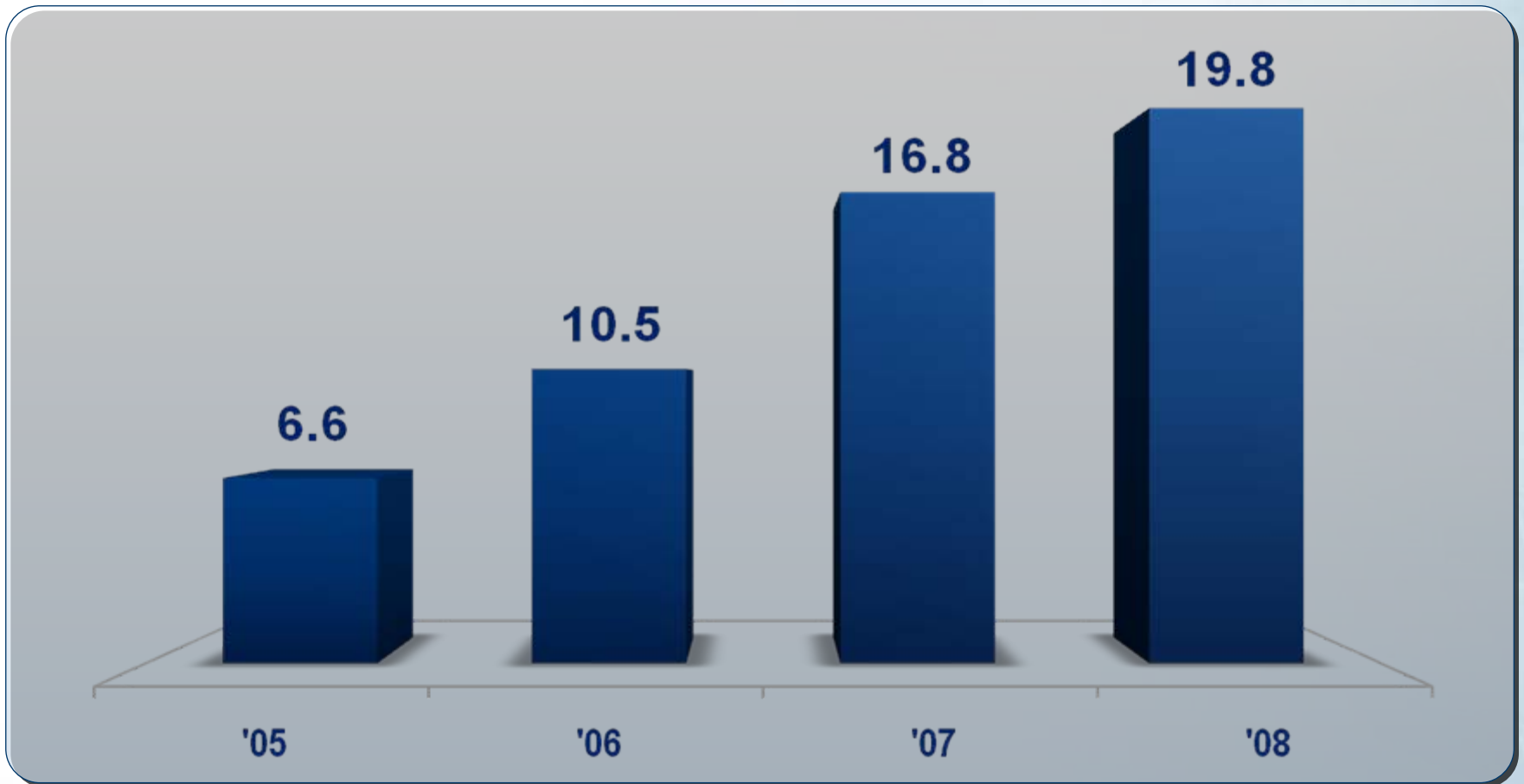


| Tax | | | |
|-----------------------|--------|--------|--------|
| Corporation tax | (57.3) | (22.3) | 35.0 |
| Deferred tax | 23.0 | 6.5 | 16.5 |
| Tax (charge) / credit | (34.3) | (15.8) | (18.5) |

Cash flow

| £ million | 2008 | 2007 | Change |
|-----------------------------------|----------------|----------------|---------------|
| Cash from operations | 249.6 | 211.1 | 38.5 |
| Exercise of share options & other | 1.9 | 0.5 | 1.4 |
| Cash in | 251.5 | 211.6 | 39.9 |
| Maintenance capex | (32.9) | (29.8) | (3.1) |
| Interest and tax | (30.2) | (16.9) | (13.3) |
| Free cash flow | 188.4 | 164.9 | 23.5 |
| Acquisitions (inc fees) | (12.1) | (17.8) | 5.7 |
| New centre openings | (57.4) | (50.9) | (6.5) |
| Net (repayments)/borrowings | (37.5) | (17.0) | (20.5) |
| Share Buybacks and Dividends | (36.3) | (20.6) | (15.7) |
| Cash out | (143.3) | (106.3) | (37.0) |
| Change in cash | 45.1 | 58.6 | (13.5) |
| Opening Cash | 142.9 | 80.9 | 62.0 |
| FX | 31.5 | 3.4 | 28.1 |
| Closing balance | 219.5 | 142.9 | 76.6 |

Free Cashflow per Share



Summary balance sheet

| £ million | 2008 | 2007 | Change |
|-------------------------------|--------------|--------------|--------------|
| Non-current assets | 729.6 | 527.1 | 202.5 |
| Working capital | (346.0) | (240.4) | (105.6) |
| Net cash | 211.2 | 101.4 | 109.8 |
| Other non-current liabilities | (114.5) | (78.3) | (36.2) |
| Net assets | 480.3 | 309.8 | 170.5 |



Summary

- Operating profit up 20%
- Cash from operations up 18%
- Average workstations up 15%
- Dividend per share up 80%
- Net Cash to £211.2m



STRATEGY AND OUTLOOK

Mark Dixon

Chief Executive Officer



- America in recession for 18 months
- Mature occupancy increased from 85.8% to 86.2%
- Inventory growing
- Marketing wins in partnerships - American Express, Clear
- Significant Corporate downsizing wins
- New Latin countries due – Honduras and Paraguay opening in early H109.



- Held Mature Occupancy at an average of 88.7% throughout the year
- Opened 35 new centres
- Increased presence to 240 centres in 43 countries - added Malta & Monaco
- Centralised Financial Service Centre (FSC) in Prague opened - collections, reporting and compliance
- Restructured Operational teams to be more sales focused



- Mature occupancy increased from 80.1% to 82.1%
- Remained a high growth market in 2008
- Size > twice our nearest competitor
- National networks well established – India, China, Japan, Australia
- Partnerships – Cathy Pacific, Thai Airways and Malaysian Airways, Amex and Diners Card
- 112 centres in 15 countries
- Added 22 new centres



- Mature occupancy increased from 83.5% to 84.4%
- Added c.4,000 workstations in 2008 – 15% extra capacity (low risk, low cost focus)
- Introduced new premium brand to portfolio - Stonemartin
- Continued early adopter of new concepts in sales and products
- Heightened focus on efficiency/cost
- Migrating all centres onto centralised billing and credit control - complete by Q2 09



2009 – Rising to the challenge

- Macro Picture
- Revenue Initiatives
- Cost initiatives
- Translation to cash



- Enquiry levels
- Sales
- Price
- Churn
- Corporate downsizing and restructuring
- Small company & "individuals" start up



- "Reboot" sales platform
 - "Recession ready"
- Strong marketing message
 - cost savings and flexibility
- "Recession Busting" products
 - low cost, flexible
- Capture all existing revenue potential
 - "no loss"
- Increase Membership base and spend



Product variety

| businessworld |  |  | PLATINUM CAMPUS OFFICE | | |  | PLATINUM PRIVATE OFFICE | |
|--------------------------------|---|---|------------------------|-------------------|-----------|---|-------------------------|-----------|
| | BLUE FREE | GOLD £17 per month | 5 days per month | 10 days per month | Unlimited | 5 days per month | 10 days per month | Unlimited |
| City based access (Manchester) | ✓ | ✓ | £69 | £99 | £149 | £99 | £129 | £199 |
| National access (UK) | ✓ | ✓ | £149 | £199 | £299 | £199 | £299 | £399 |
| Global access | ✓ | ✓ | £199 | £249 | £399 | £299 | £399 | £499 |

| Virtual Office | MAILBOX | TELEPHONE ANSWERING | VIRTUAL OFFICE | VIRTUAL OFFICE PLUS |
|---|--------------------|---------------------|---------------------|---------------------|
|  | From £59 Per month | From £84 Per month | From £129 Per month | From £189 Per month |

| Office | | PLATINUM | VIRTUAL OFFICE PLUS | CORPORATE CAMPUS | TEAM ROOM | CAMPUS | PRIVATE OFFICE |
|---|---|----------|---------------------|--------------------|--------------------|---------------------|---------------------|
|  | Day office options available | | | From £39 per month | From £99 per month | From £149 per month | From £299 per month |
| | In the City Options - King St • Peter House • Spinningfields | | | | | | |
| | Out of Town Options - Didsbury • Exchange Quay • Cheadle • Manchester Business Park (Airport) | | | | | | |

- Transformational product
- Gaining momentum
- Corporate take up
- Extensive/rapid business development
- Reached £1m sales in Jan 09



Membership numbers



Unique, Simple and Easy to Implement



**SAVE UP TO
60%
ON YOUR
OFFICE
COSTS**

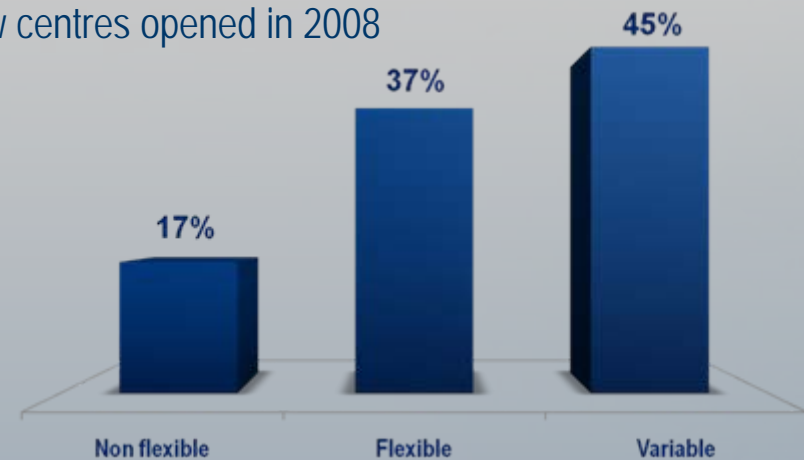
- Anticipated cost reductions - c.£75m in 2009
- Acceleration of global “smartworking” program
- Renegotiation with suppliers
- Rent savings



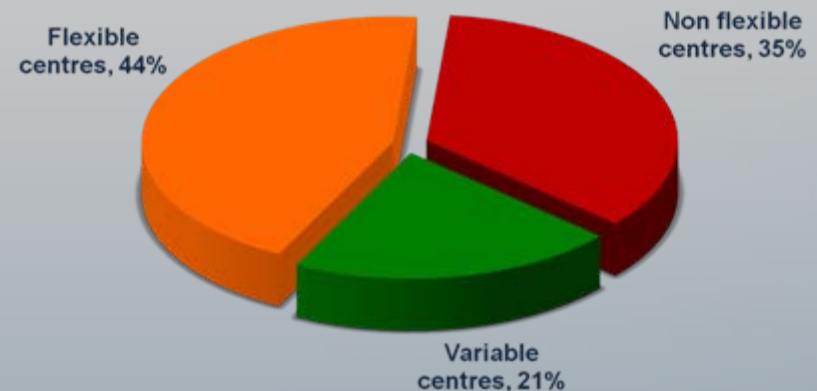
Growth with flexibility

- Still growing
- Focus on low capex
- Focus on variable terms
- Focus on management contracts
- Consolidation expected
- Well balanced portfolio

New centres opened in 2008



Property portfolio



- £211 million net cash start point
- Maintain focus on working capital
- Reduce maintenance capex
- Reduce growth capex
- Operating cash flow key
- 2009 – continued strong cash generation



Summary

- £220m cash in bank
- Cash and cashflow continues to be king
- Strong operating performance in 2008
- Dividend increased 80% year-on-year
- Global economic conditions very challenging
- Product innovation creating new revenue streams
- Growth opportunities remain
- Aggressive cost control continues a priority
- Management acting definitively, dynamically & early

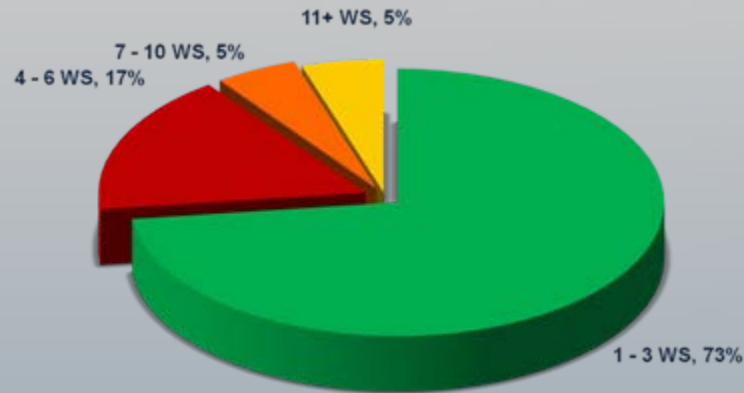


Appendix

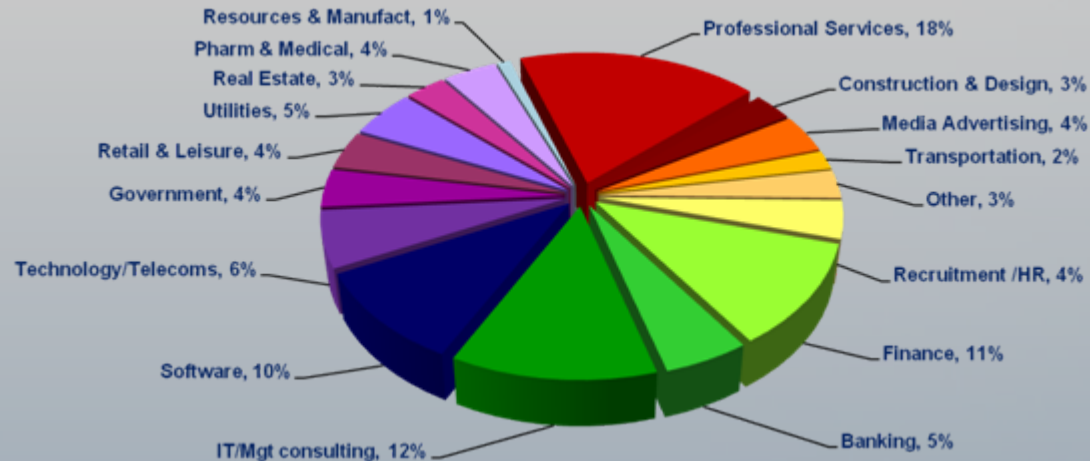


Stability in our business model











































































Workstation segmentation



Customer sectors



74 countries

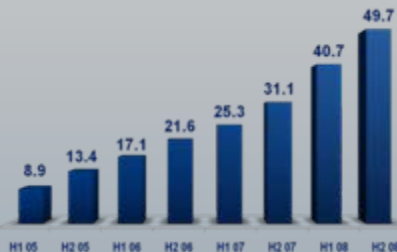
| | | | | | | | |
|--|----------------|---|-------------|---|-------------|---|--------------------------|
|  | Algeria |  | Egypt |  | Kenya |  | Portugal |
|  | Argentina |  | El Salvador |  | Lebanon |  | Puerto Rico |
|  | Australia |  | England |  | Luxembourg |  | Qatar |
|  | Austria |  | Finland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



Emerging Markets – continued contributors

B.R.I.C. NATIONS

Revenues, £M



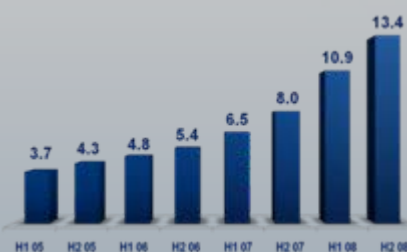
N-11 NATIONS

Revenues, £M



EASTERN EUROPE

Revenues, £M



AFRICA EXCL EGY/MOR

Revenues, £M



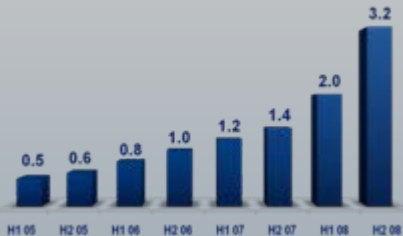
LATIN AMERICA

Revenues, £M



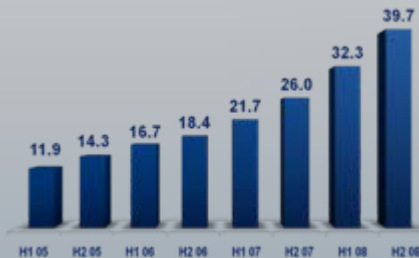
MIDDLE EAST

Revenues, £M



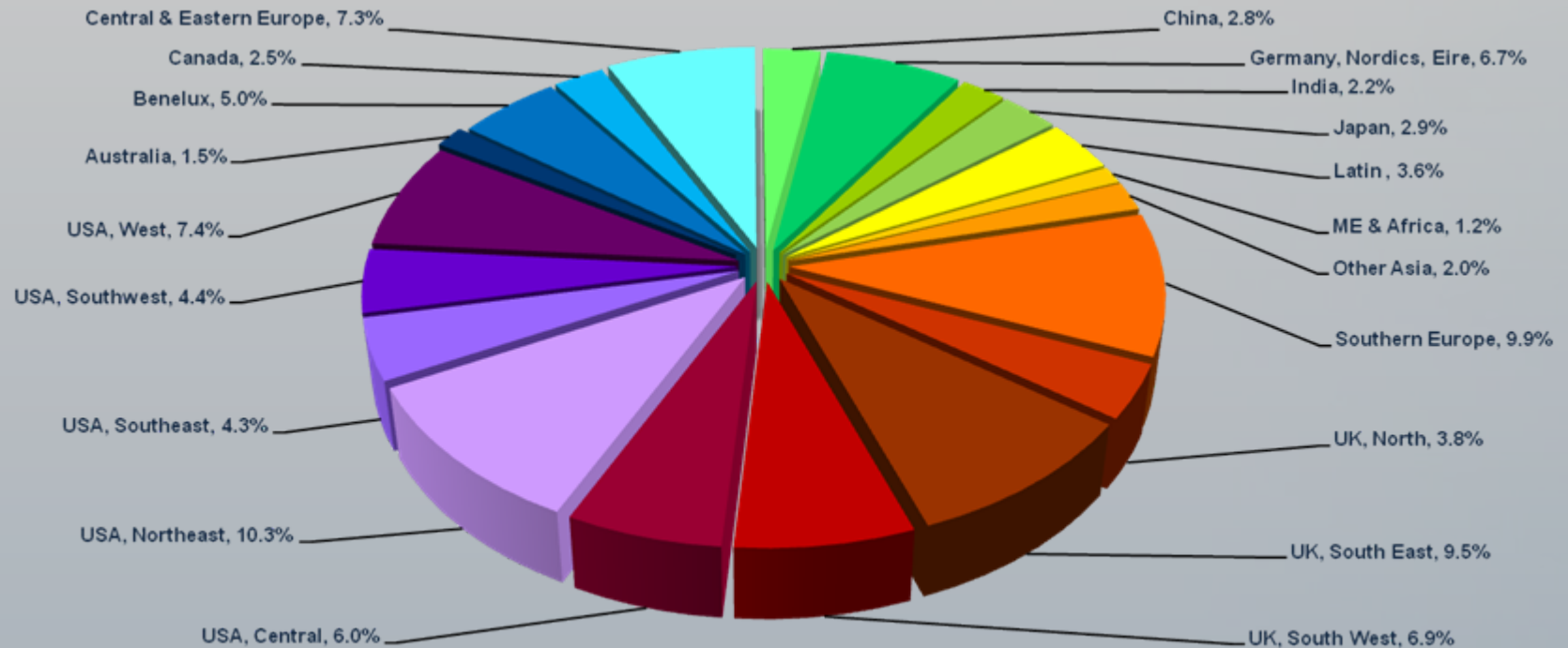
ASIA EXCL INDIA/CHINA

Revenues, £M



Regional diversity

2008 Revenues by region



Note: UK regional review has resulted in change in regional segments; London no longer separate, now in SE; some SE centres now in SW.