

2009 Half Year Results

August 25, 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 solidly in downturn



- **Revenues**
to £557.4m
- **Operating profit**
to £68.4m
- **Net Cash**
to £229.5m
- **Earnings Per Share**
maintained at 5.7p
- **Interim Dividend**
increased by a third to 0.8p

Note: Results include exceptional net income from settlement of a legal dispute of £18.3 million

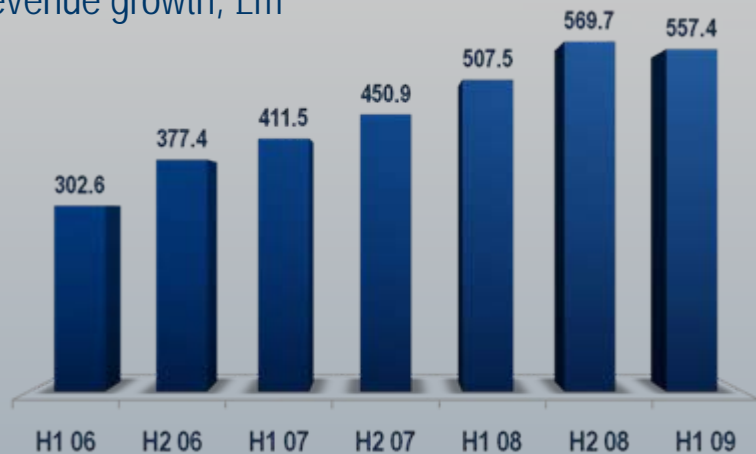


Robust performance

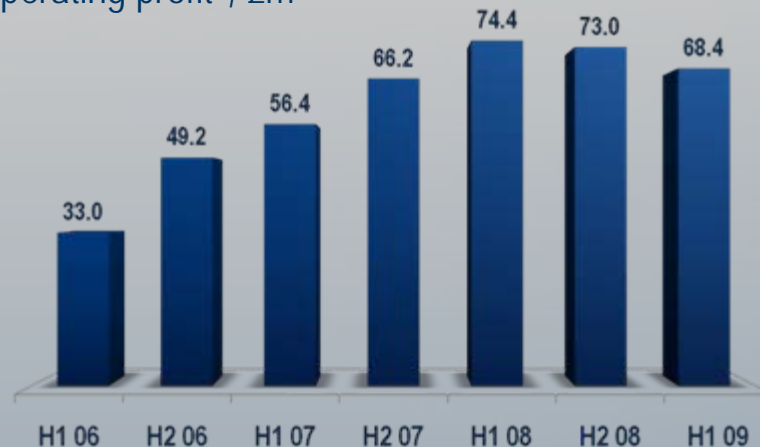
Actual exchange rates



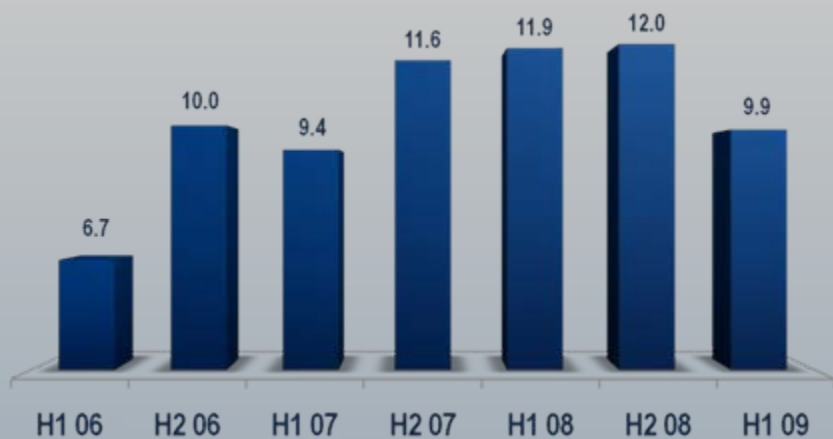
Revenue growth, £m



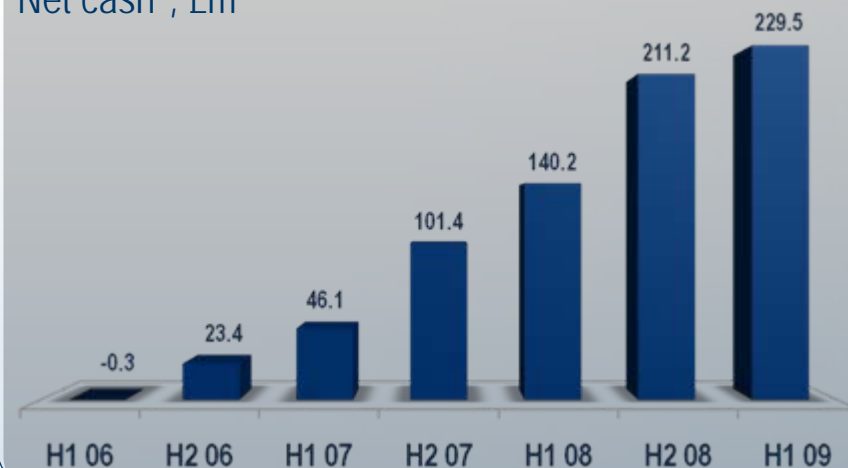
Operating profit*, £m



Annualised EPS, pence



Net cash*, £m



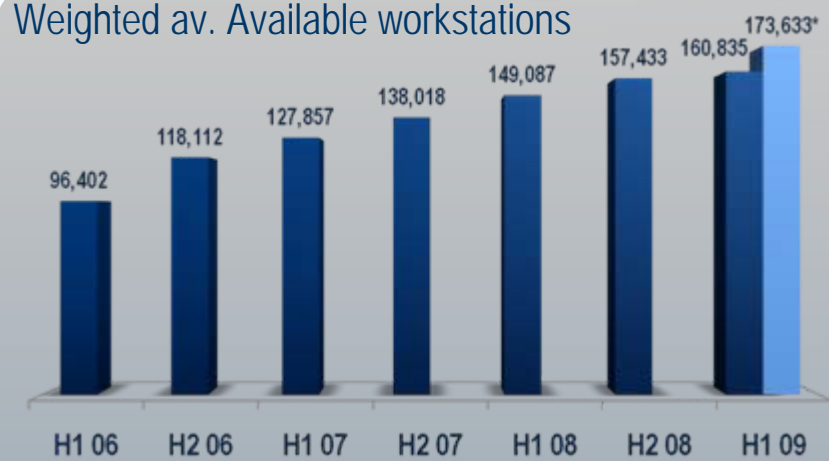
*Results include exceptional net income from settlement of a legal dispute of £18.3 million

Robust performance

Actual exchange rates



Weighted av. Available workstations

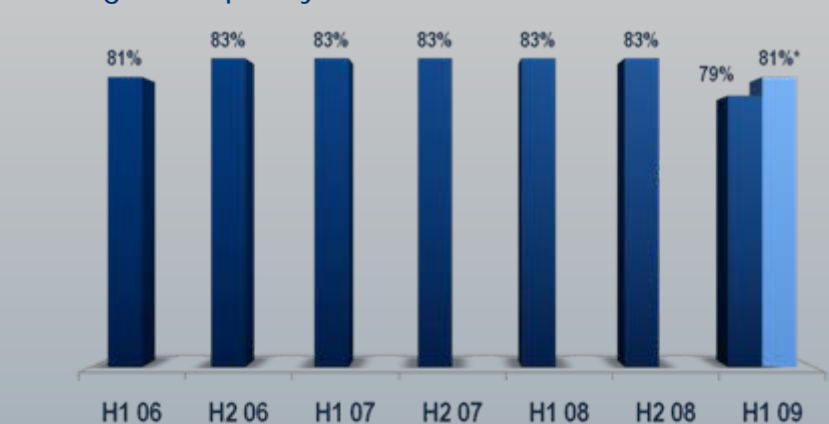


*Actual available workstations including non consolidated

Annualised REVPAW



Average occupancy



*Average mature occupancy

Annualised REVPOW



Financials

Stephen Gleadle
Chief Financial Officer



Summary income statement

Actual exchange rates



| £ million | 2009 | 2008 | Change |
|-------------------------|--------------|--------------|---------------|
| Revenue | 557.4 | 507.5 | 49.9 |
| Centre contribution | 134.0 | 150.2 | (16.2) |
| Overheads | (83.9) | (75.8) | (8.1) |
| Operating profit | 50.1 | 74.4 | (24.3) |
| Exceptional receipt | 18.3 | -- | 18.3 |
| Joint ventures | 1.3 | 1.2 | 0.1 |
| Net interest | (0.7) | (1.1) | 0.4 |
| Tax | (14.3) | (20.0) | 5.7 |
| Earnings | 54.7 | 54.5 | 0.2 |
| Basic EPS (pence) | 5.7p* | 5.7p | -- |

* Result includes exceptional net income from settlement of a legal dispute of £18.3 million



Revenue & centre contribution

| Workstations Weighted av. | | Revenue £ million | Contribution £ million | Margin (%) |
|------------------------------|------------------------------------|----------------------|---------------------------|------------|
| 149,087 | 2008 | 507.5 | 150.2 | 30% |
| - | Impact of exchange rate movement | 90.6 | 28.4 | |
| 149,087 | 2008 at 2009 exchange rates | 598.1 | 178.6 | 30% |
| (32) | Mature business | (66.9) | (48.0) | |
| 11,227 | Added 2008 | 28.1 | 6.2 | |
| 949 | Added 2009 | 1.0 | (1.1) | |
| (396) | Closures | (2.9) | (1.7) | |
| 160,835 | 2009 | 557.4 | 134.0 | 24% |

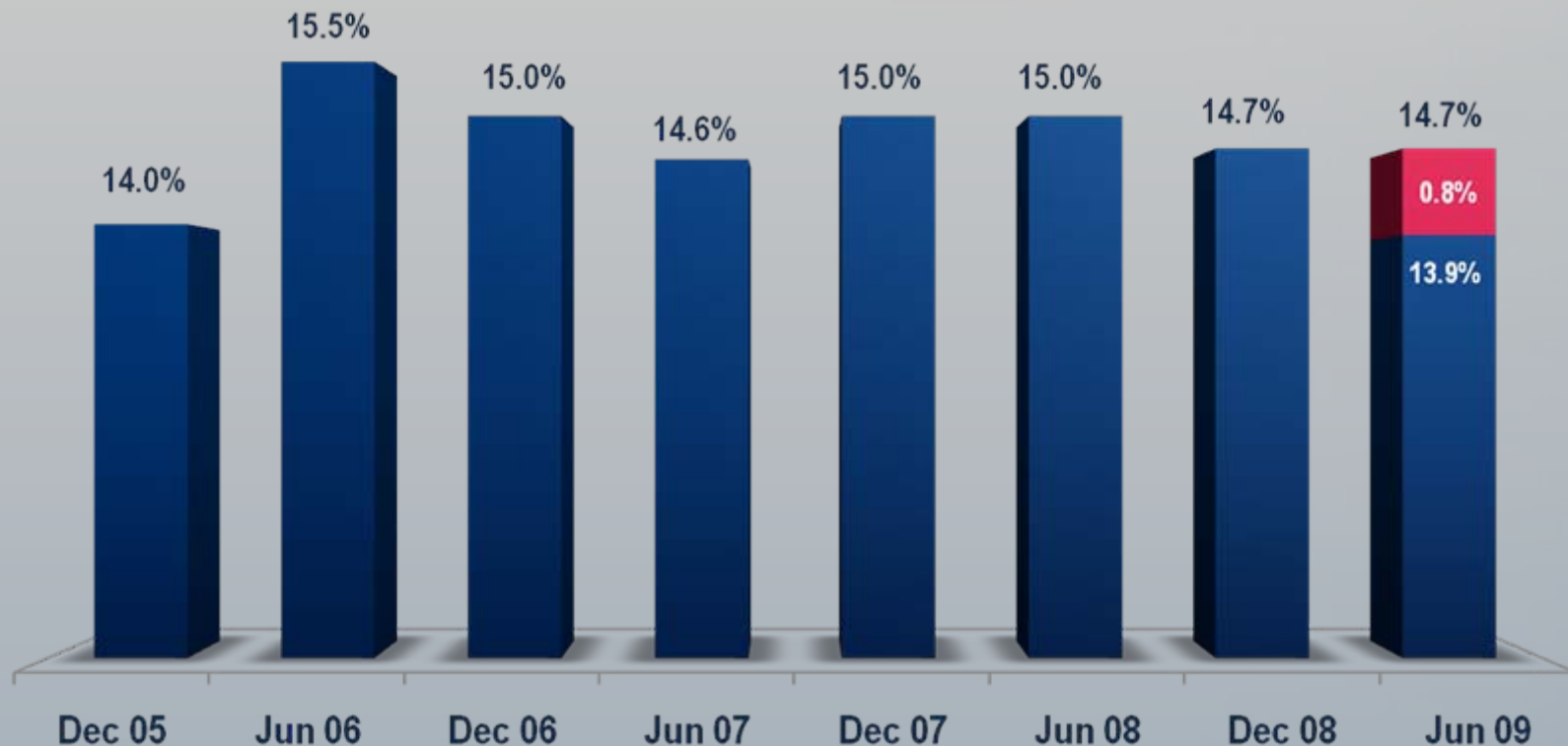
Regional analysis

Actual exchange rates



| | Revenue | | Contribution | | Mature margin (%) | |
|--------------|--------------|--------------|--------------|--------------|-------------------|------------|
| £ million | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Americas | 227.0 | 190.5 | 51.4 | 55.7 | 24% | 30% |
| EMEA | 162.5 | 150.6 | 49.1 | 51.6 | 32% | 35% |
| Asia Pacific | 68.6 | 55.0 | 20.9 | 17.6 | 35% | 36% |
| UK | 98.5 | 110.5 | 11.1 | 23.6 | 13% | 22% |
| Other | 0.8 | 0.9 | 1.5 | 1.7 | - | - |
| | 557.4 | 507.5 | 134.0 | 150.2 | 26% | 31% |

Overheads as % of revenue 12 month rolling trend



■ Represents costs associated with "Smartworking" initiatives

Interest and Tax

| Interest | 2009 | 2008 | Change |
|---|---------------|---------------|------------|
| Interest payable on bank loans and overdrafts | (0.9) | (1.9) | 1.0 |
| Interest receivable | 1.3 | 2.2 | (0.9) |
| Finance lease | (0.1) | (0.1) | - |
| Non cash - Deferred finance costs | (0.5) | (0.2) | (0.3) |
| Non cash - UK acquisition related | (0.5) | (1.1) | 0.6 |
| Net Interest | (0.7) | (1.1) | 0.4 |
| Tax | | | |
| Corporation tax | (11.5) | (13.5) | 2.0 |
| Deferred tax | (2.8) | (6.5) | 3.7 |
| Tax (charge) / credit | (14.3) | (20.0) | 5.7 |



Cash flow

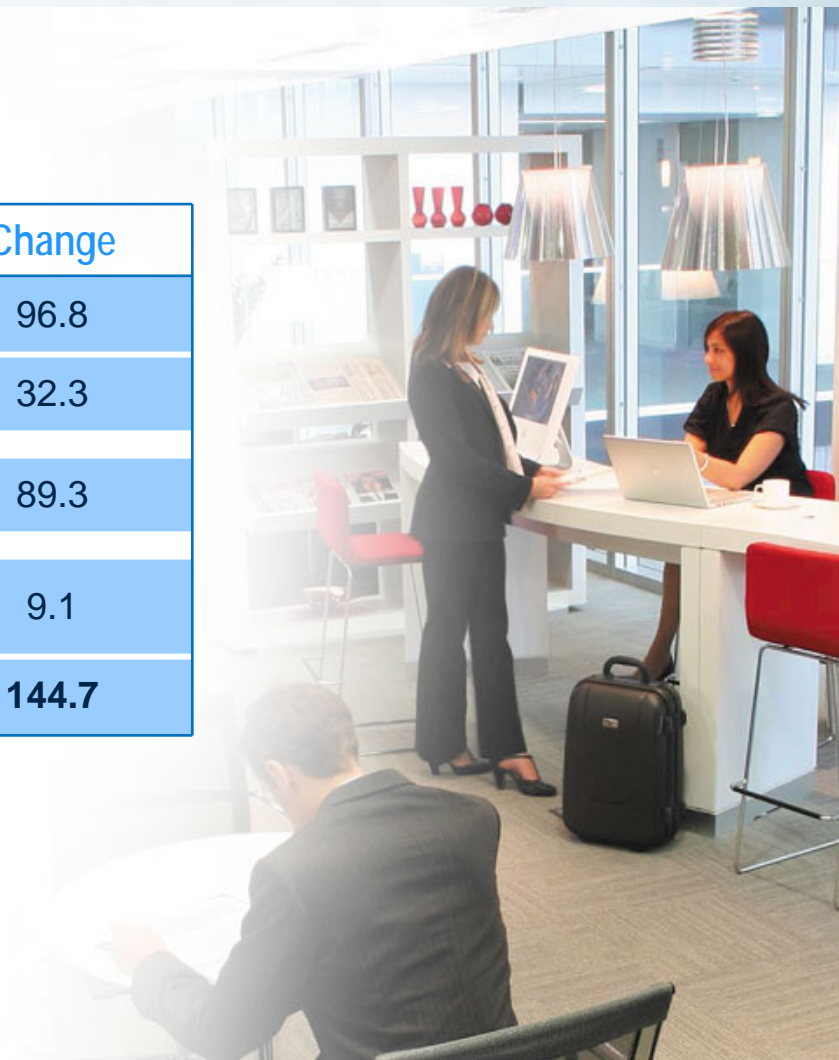
| £ million | 2009 | 2008 | Change |
|-------------------------------|---------------|---------------|---------------|
| Cash from operations | 62.2 | 123.4 | (61.2) |
| Dividends from joint ventures | 0.2 | 0.6 | (0.4) |
| Exceptional receipt | 18.5 | -- | 18.5 |
| Cash in | 80.9 | 124.0 | (43.1) |
| Maintenance capex | (6.8) | (13.8) | 7.0 |
| Interest and tax | (15.2) | (12.9) | (2.3) |
| Free cash flow | 58.9 | 97.3 | (38.4) |
| Acquisitions (inc fees) | 0.1 | (9.0) | 9.1 |
| New centre openings | (16.6) | (25.5) | 8.9 |
| Net (repayments)/borrowings | 0.1 | (13.8) | 13.9 |
| Share Buybacks and Dividends | (12.3) | (26.9) | 14.6 |
| Cash out | (28.7) | (75.2) | 46.5 |
| Change in cash | 30.2 | 22.1 | 8.1 |
| Opening Cash | 219.5 | 142.9 | 76.6 |
| FX | (12.2) | 3.6 | (15.8) |
| Closing balance | 237.5 | 168.6 | 68.9 |

Summary balance sheet

@ Actual exchange rates



| £ million | 2009 | 2008 | Change |
|-------------------------------|--------------|--------------|--------------|
| Non-current assets | 639.7 | 542.9 | 96.8 |
| Working capital | (285.9) | (253.6) | 32.3 |
| Net cash | 229.5 | 140.2 | 89.3 |
| Other non-current liabilities | (98.6) | (89.5) | 9.1 |
| Net assets | 484.7 | 340.0 | 144.7 |



- In an uncertain trading environment, we have
 - remained strongly cash generative
 - increased our net cash balance
 - executed our cost savings plans
 - maintained our EPS and
 - increased our interim dividend by one third
- We remain well placed for the long term
 - a wide, well diversified geographic presence
 - new revenue streams starting to gain traction
 - best platform for growth in many years



STRATEGY AND OUTLOOK

Mark Dixon

Chief Executive Officer



- Historically tough market
- Global Market leader – in a growing market
- 981 centres, 500,000 customers
- 2/3rds of customers outside of a physical Regus office
- New products performing well
- Back office consolidation producing savings
- Ready to exploit growth opportunities



- Continued increase in mature occupancy and holding mature margin steady at 35%
- New centres opened in Macau, Hangzhou and Pune, India
- Significant development of regional shared service centre in Manila – all billing and > 50% of finance now handled; expected 100% by end Oct 09
- Continued cost base consolidation, supplier renegotiations
- Partnerships continue – Malaysian Airlines, Diners Club International Thailand



- Continued strengthening of country networks
- New countries added in 09 – Senegal, Estonia and Mauritius
- Regional shared service centre now operationally implemented: centralised billing, collections, etc
- New partnerships with SIXT; renewed partnership Air France/KLM



- Enquiry levels holding firm
- Cost reduction schemes going to plan
- Taking advantage of rent renegotiation opportunities – locking in savings early
- Opened in Paraguay – expanding our network
- Capitalising on strategic growth opportunities



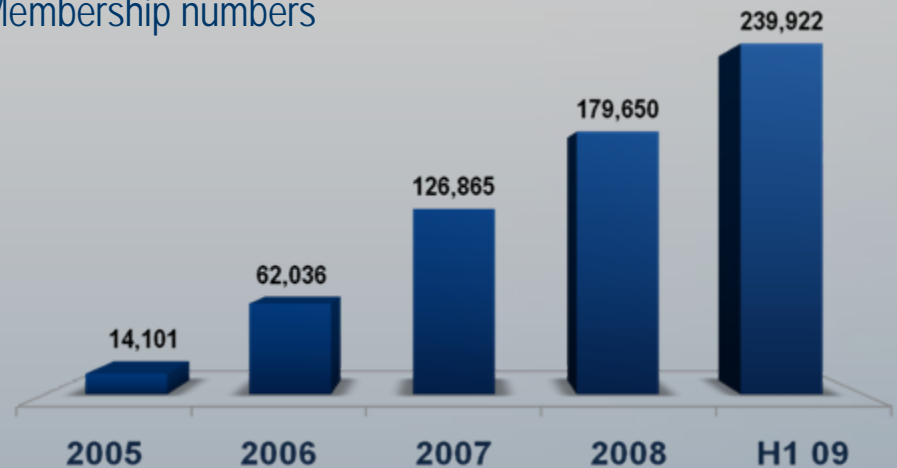
- Very challenging market – as expected
- Market leader in a highly competitive market
- Continuing competitive consolidation
- Focus on efficiency and productivity gains
- Significant new partnerships - large potential target group



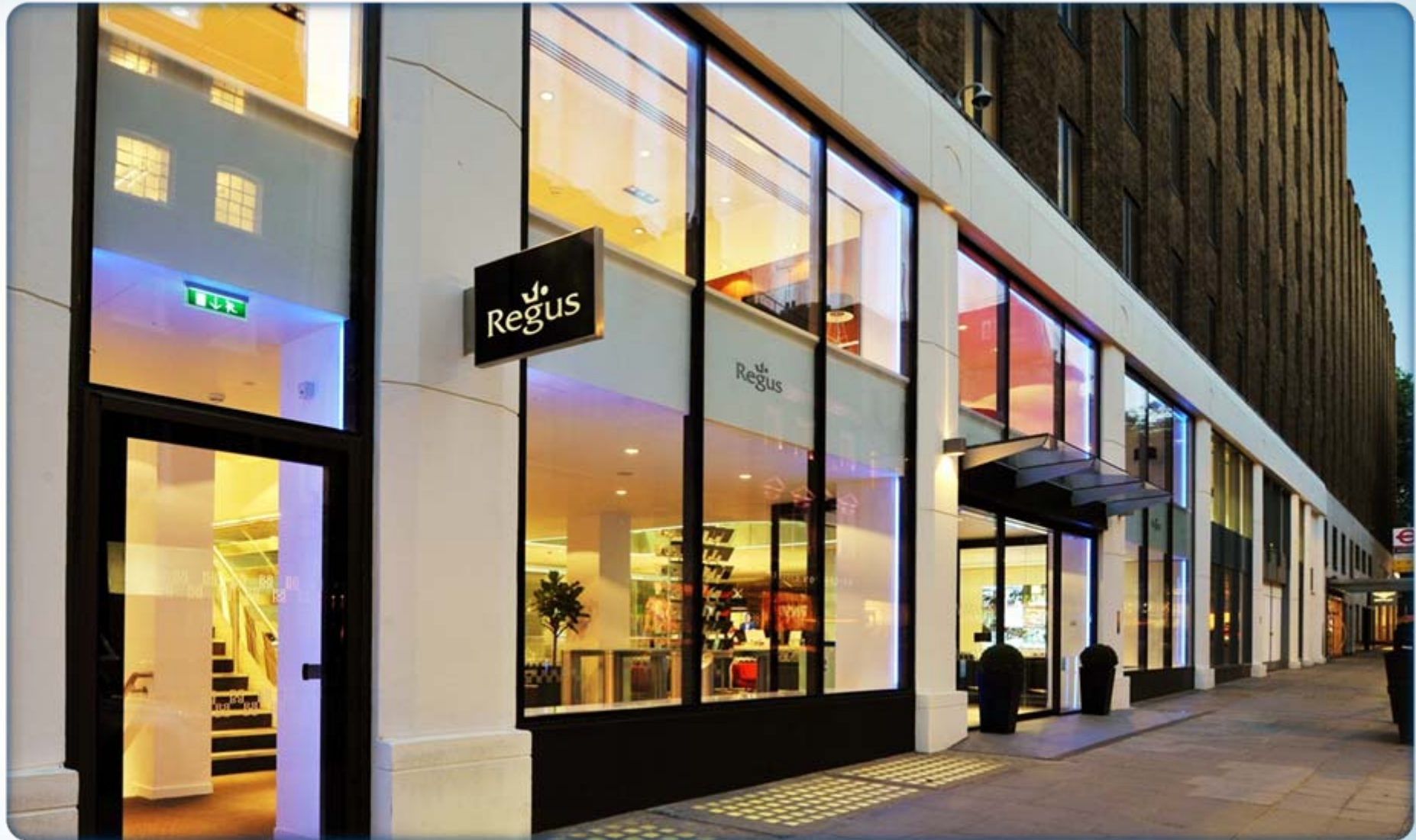
- Multiple offerings to suit all
- Continued global growth
- Major partnership opportunities expected
- Revenues up ten-fold over comparative half



Membership numbers



Berkeley Square Lounge



Enterprise solutions – a clear cost benefit

- Spend visibility
- Utilisation reporting
- Improve employee satisfaction
- Green credentials
- Simplicity, Flexibility
- One monthly invoice





My Office Anywhere
- Full Day



Business Traveller
- Worldwide Access



Regus to Go – full suite



Cost Initiatives

- Progressing as expected in establishing financial shared service centres
- Cost reductions in line with expectations
- Continued implementation of global “smartworking” programmes
- Focus on every cost line
- Rent renegotiation opportunities

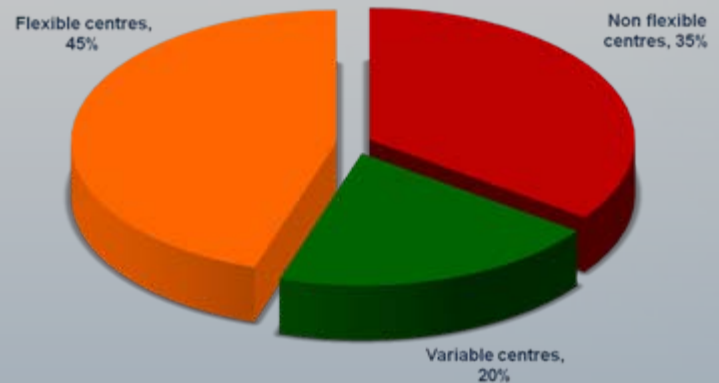


Shared service centres.....



- Kick starting growth
- Low capex/low risk preferred
- Variable terms
- Potential selective property acquisitions

Property portfolio @ H1,09



Summary

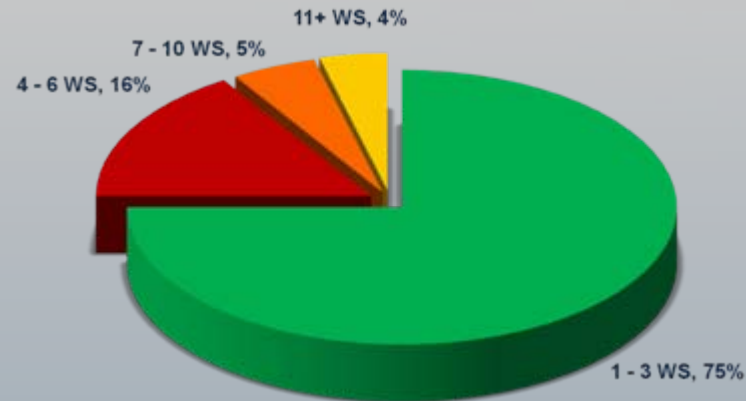
- £237m total cash in bank
- Earnings maintained
- Interim dividend increased one third
- Continued investment in new product offerings
- Additional sales channels open
- Delivering expected cost savings
- Global economic conditions continue to be very challenging
- Ready to kick-start growth



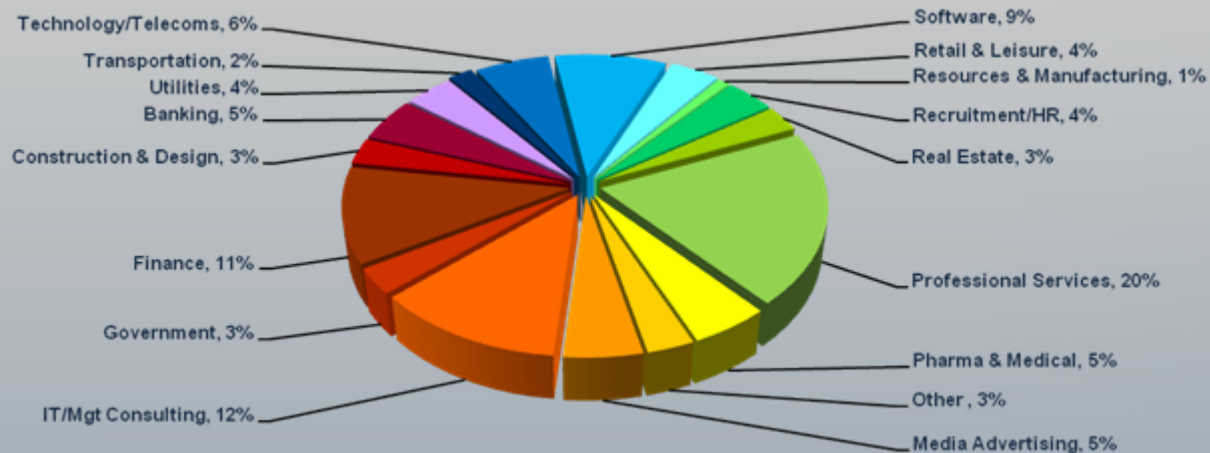


Stability in our business model














































































Workstation segmentation



Customer sectors



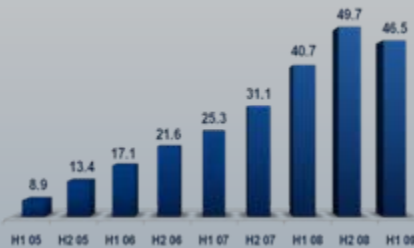
76 countries

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

Emerging Markets – continued contributors

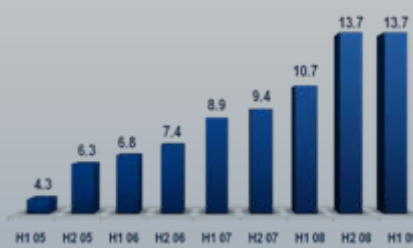
B.R.I.C. NATIONS

Revenues, £M



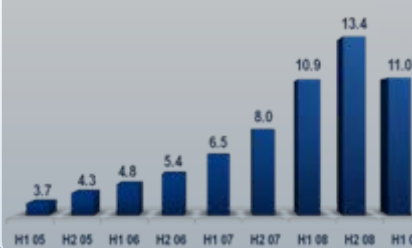
N-11 NATIONS

Revenues, £M



EASTERN EUROPE

Revenues, £M



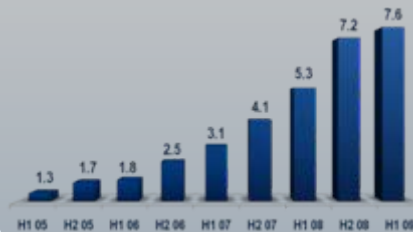
AFRICA EXCL EGY/MOR

Revenues, £M



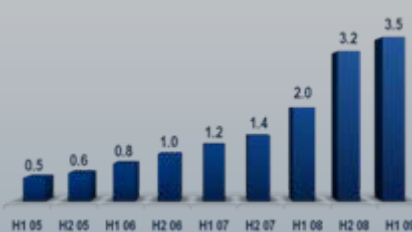
LATIN AMERICA

Revenues, £M



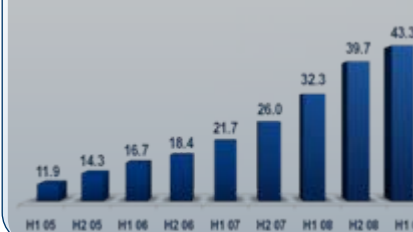
MIDDLE EAST

Revenues, £M



ASIA EXCL INDIA/CHINA

Revenues, £M



Regional diversity

H1 2009 Revenues by region

