

## 2009 Full Year Results

March 22, 2010

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 £1,055.1m
- Operating profit  
to £86.0m
- Net Cash  
to £237.0m
- Earnings per Share  
at 7.1p
- Dividend per share  
to 2.4p



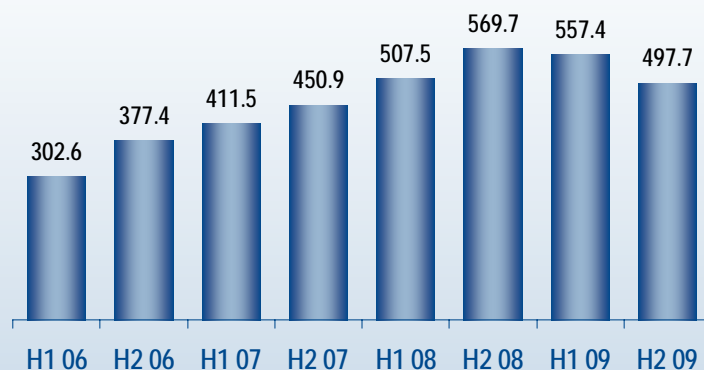
*Note: Results include exceptional net income from settlement of a legal dispute of £18.3 million and the £2.6million impact of the 2010 restructuring plan*

# Robust performance

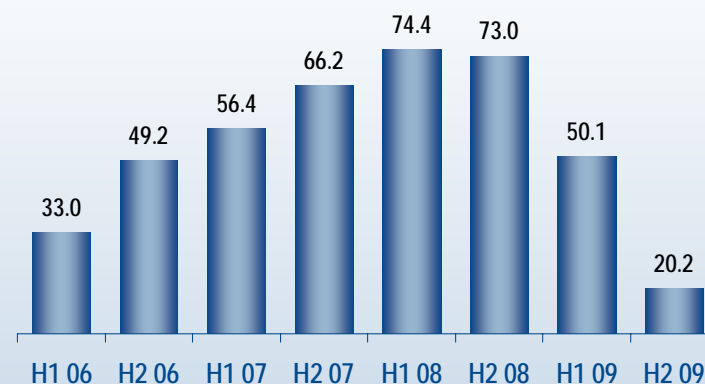
Actual exchange rates



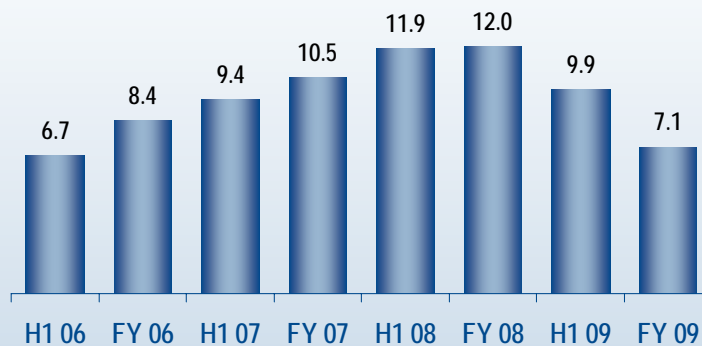
Revenue £m



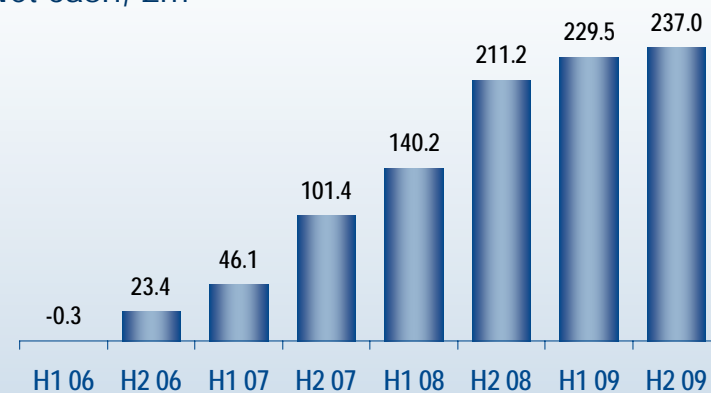
Operating profit before exceptionals, £m



Annualised EPS, pence



Net cash, £m

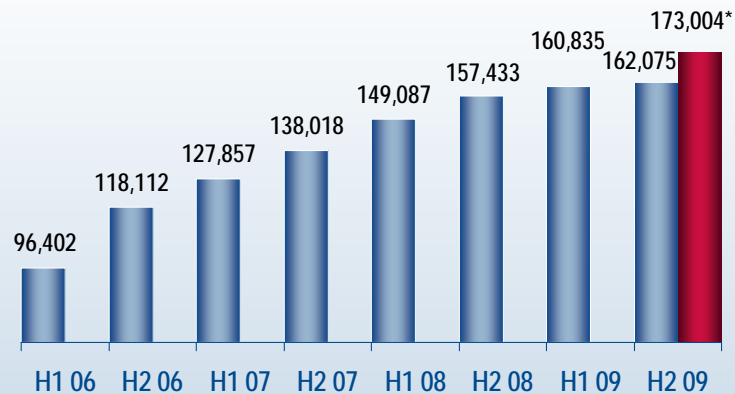


# Robust performance

Actual exchange rates

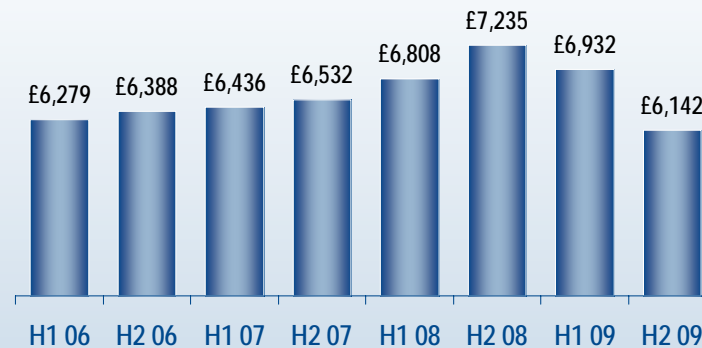


## Weighted av. Available workstations

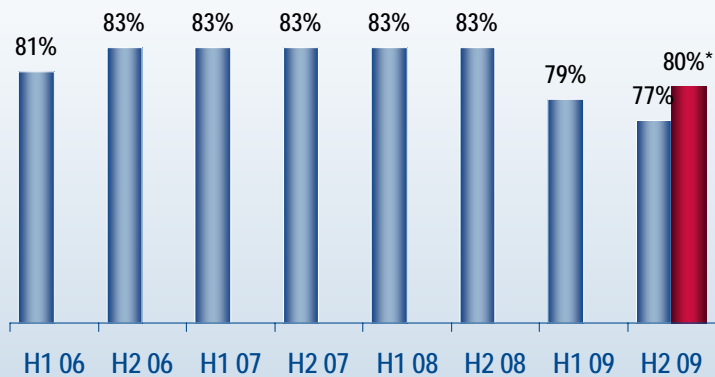


\*Actual available workstations including non consolidated

## Annualised REVPAW

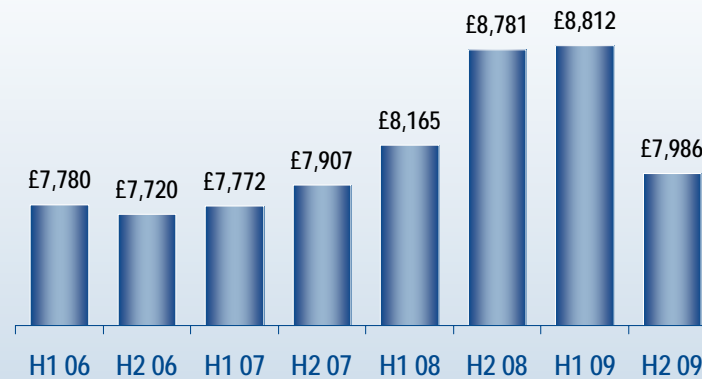


## Average occupancy



\*Average mature occupancy

## Annualised REVPOW



# Financials

Stephen Gleadle  
Chief Financial Officer





# Summary income statement

Actual exchange rates



£ million	2009	2008	Change
<b>Revenue</b>	<b>1,055.1</b>	<b>1,077.2</b>	<b>(22.1)</b>
Centre contribution	235.6	305.7	(70.1)
Overheads	(165.3)	(153.5)	(11.8)
<b>Operating profit</b>	<b>70.3</b>	<b>152.2</b>	<b>(81.9)</b>
Exceptional receipt	18.3	-	18.3
Restructuring & Reorganisation	(2.6)	(4.8)	2.2
Joint ventures	2.0	2.3	(0.3)
Net interest	(1.1)	(0.5)	(0.6)
Tax	(19.2)	(34.3)	15.1
<b>Earnings</b>	<b>67.7</b>	<b>114.9</b>	<b>(47.2)</b>
Basic EPS (pence)	7.1p	12.0p	(4.9p)



# Revenue & centre contribution



	Revenue £ million	Contribution £ million	Margin (%)
<b>2008</b>	<b>1,077.2</b>	<b>305.7</b>	<b>28%</b>
Impact of exchange rate movement	115.7	36.6	
<b>2008 at 2009 exchange rates</b>	<b>1,192.9</b>	<b>342.3</b>	<b>29%</b>
Mature business	(156.1)	(108.5)	
Added 2008	35.0	12.2	
Added 2009	6.2	(1.8)	
Closures	(22.9)	(8.6)	
<b>2009</b>	<b>1,055.1</b>	<b>235.6</b>	<b>22%</b>

# Regional analysis

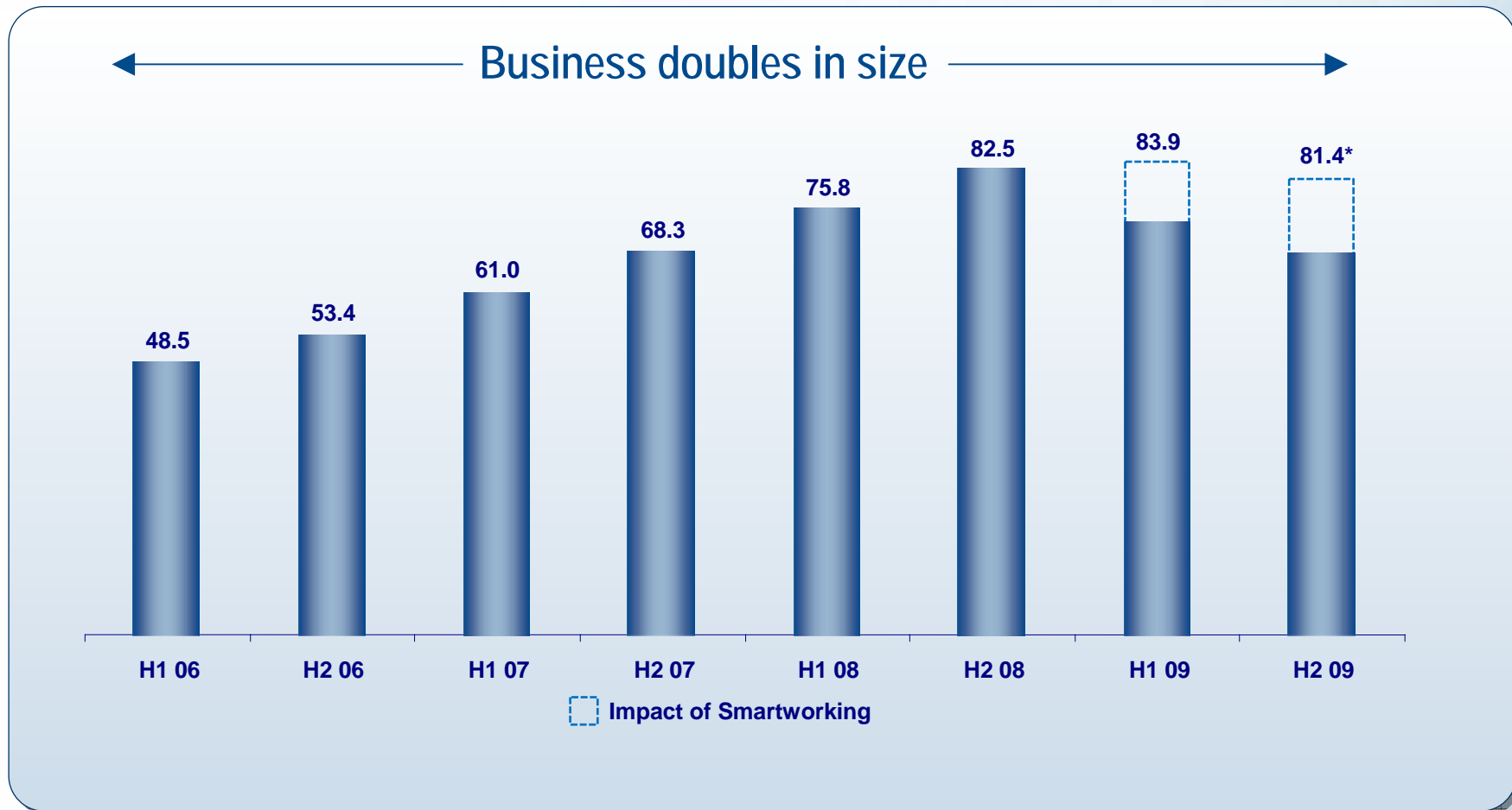
Actual exchange rates



	Revenue		Contribution		Mature margin (%)	
£ million	2009	2008	2009	2008	2009	2008
Americas	423.8	414.9	92.9	116.1	24%	30%
EMEA	306.2	319.0	83.0	109.2	29%	36%
Asia Pacific	132.3	120.9	40.3	37.4	34%	36%
UK	191.4	220.8	18.5	41.5	11%	20%
Other	1.4	1.6	0.9	1.5	--	--
	<b>1,055.1</b>	<b>1,077.2</b>	<b>235.6</b>	<b>305.7</b>	<b>24%</b>	<b>30%</b>

# Overheads

£million



\* excludes exceptional 2010 restructuring costs of £2.6 million

- Net capex of c.£3,500 per workstation
- Contribution loss c.£400 per workstation
- Marketing spend c.£200 per workstation
- Growth teams c.£3.5m per year



# Interest and tax

£ million



Interest	2009	2008	Change
Interest payable on bank loans and overdrafts	(1.6)	(3.5)	1.9
Interest receivable	2.6	5.3	(2.7)
Finance lease	(0.1)	(0.2)	0.1
Non cash - Deferred finance costs	(0.5)	(0.6)	0.1
Non cash - UK acquisition related	(1.5)	(1.5)	-
Net Interest	<b>(1.1)</b>	<b>(0.5)</b>	<b>(0.6)</b>
Tax			
Corporation tax	(12.5)	(57.3)	44.8
Deferred tax	(6.7)	23.0	(29.7)
Tax (charge) / credit	<b>(19.2)</b>	<b>(34.3)</b>	<b>15.1</b>



# Cash flow



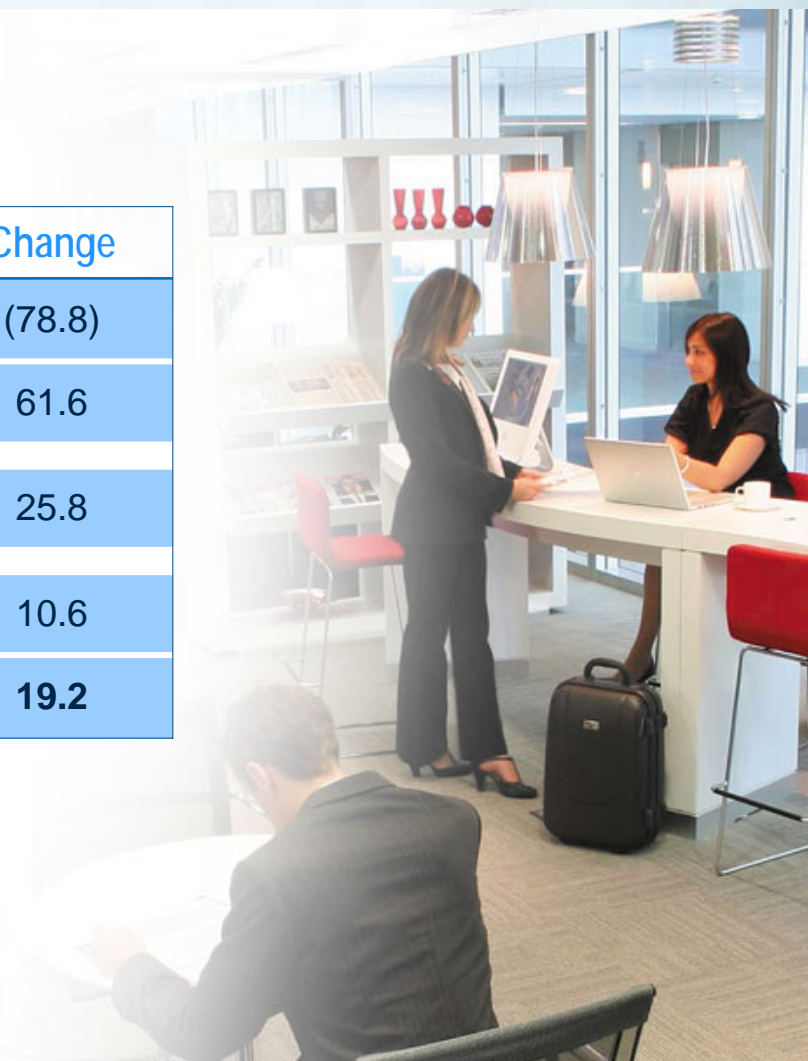
£ million	2009	2008	Change
Cash from operations	105.1	249.6	(144.5)
Other income	1.2	1.9	(0.7)
Exceptional receipt	18.3	--	18.3
<b>Cash in</b>	<b>124.6</b>	<b>251.5</b>	<b>(126.9)</b>
Maintenance capex	(20.2)	(32.9)	12.7
Interest and tax	(24.1)	(30.2)	6.1
<b>Free cash flow</b>	<b>80.3</b>	<b>188.4</b>	<b>(108.1)</b>
Acquisitions and JV Investments (inc fees)	1.0	(12.1)	13.1
New centre openings	(28.3)	(57.4)	29.1
Loan repayments	(0.3)	(37.5)	37.2
Share Buybacks, settlement of share awards and Dividends	(20.4)	(36.3)	15.9
<b>Cash out</b>	<b>(48.0)</b>	<b>(143.3)</b>	<b>95.3</b>
<b>Change in cash &amp; cash equivalents</b>	<b>32.3</b>	<b>45.1</b>	<b>(12.8)</b>
Opening Cash	219.5	142.9	76.6
FX	(6.7)	31.5	(38.2)
<b>Closing balance – cash &amp; cash equivalents</b>	<b>245.1</b>	<b>219.5</b>	<b>25.6</b>

# Summary balance sheet

@ Actual exchange rates



£ million	2009	2008	Change
Non-current assets	650.8	729.6	(78.8)
Working capital	(284.2)	(345.8)	61.6
Net cash	237.0	211.2	25.8
Other non-current liabilities	(104.1)	(114.7)	10.6
<b>Net assets</b>	<b>499.5</b>	<b>480.3</b>	<b>19.2</b>



In an uncertain trading environment, we have

- remained cash generative
- increased our net cash balance
- executed and exceeded our cost savings plans
- increased our dividend by a third

We remain well placed for the long term

- a wide, well diversified geographic presence
- rationalised and tightened cost base
- ready for growth





# STRATEGY AND OUTLOOK

Mark Dixon

Chief Executive Officer





# Overview



- Bottom reached; cash generated throughout downturn - strategy is working
- 80 countries, 1000+ centres, 600,000+ customers – huge scope for growth
- Global Market leader – in a growing market
- Cautious yet increased optimism
- Ready to exploit growth opportunities
  - Low risk, low cost acquisitions
  - Rapid payback NCO's

The image shows a hand-drawn comparison of two office move options, with a man in a suit pointing at the text. The Regus logo is at the bottom left of the graphic.

Option 1	Option 2
<b>Conventional Office move</b>	<b>Regus Office Move</b>
<ul style="list-style-type: none"><li>• Find location</li><li>• Sort contract</li><li>• 3 yr fixed contract!!!</li><li>• Organise office fitters</li><li>• Buy office furniture</li><li>• Arrange IT installation</li><li>• Find receptionist!!!!</li><li>• Pay estate agents</li><li>• Pay surveyors &amp; lawyers</li><li>• Pay all monthly bills!!</li><li>• Service charges</li><li>• Taxes</li><li>• Office maintenance</li><li>• Repairs</li><li>• Utilities</li><li>• Cleaner</li><li>• Building insurance</li></ul>	<ul style="list-style-type: none"><li>• Choose location</li><li>• Move in</li><li>• Everything included</li><li>• No extras, no hassle</li></ul>
	<b>TERMS FROM ONLY 3 MONTHS</b>

**TOTAL SAVING WITH REGUS**

**60%**

**VS**

**CONVENTIONAL LEASE !!**

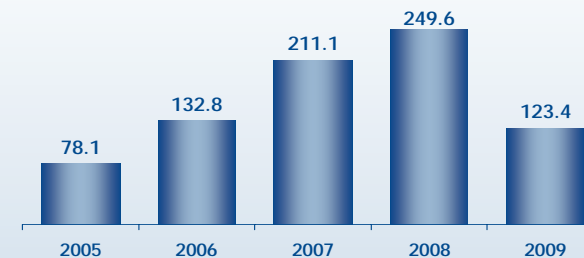
# Regus – resilience through the cycle



In the last five years, we have

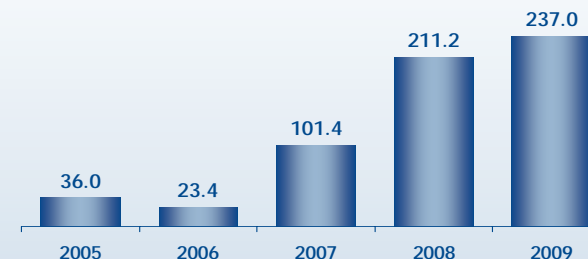
- Invested £411m in growth
- Repaid £124m to the bank
- Returned £77m to shareholders

Cash generated from operations, £m\*



Continued strong cash generation from operations

Net cash, £m



Accumulation of cash year on year

\* 2009 Results include exceptional net income of £18.3 million

## Grow our revenue

- Maximise revenue opportunities
- Price and Occupancy uplifts sought
- New product contributions growing

## Control our costs

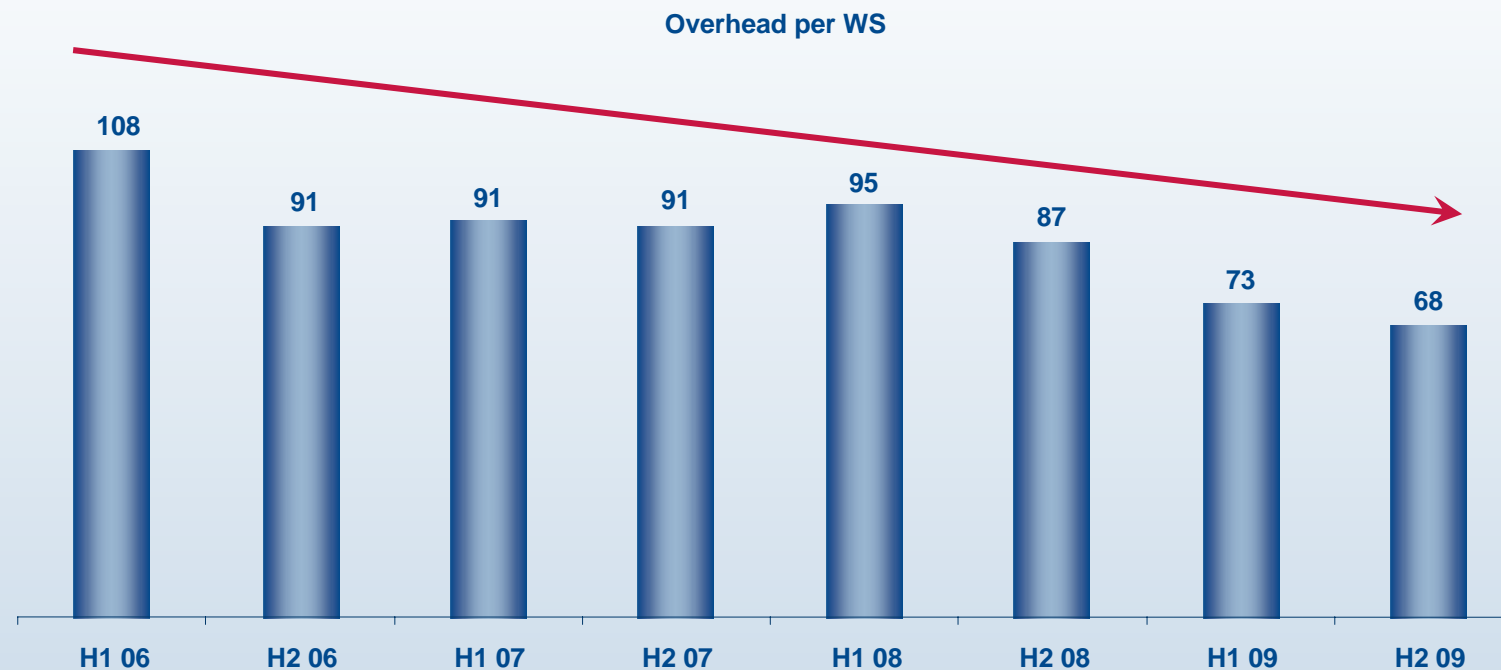
- Significant savings already achieved – more targeted
- Long term focus on adding 4+ points of additional margin
- Simplify operations and leverage scale benefits
- May invest more in marketing over the medium term

## Grow our capacity

- Very focused on controlled growth

# Cost savings critical

Core overhead cost per workstation – reduces as business grows









## Global trend – Flexible working

### Centres

- 2010 planned growth
- Low risk, low cost
- Emerging economies
- Multiple brands and price entry points

### Mobile workers

- Enabling work from in-between spaces
- Lounges, meeting rooms and VC enhance productivity and effectiveness whilst on the move

### Home workers

- Business world is low cost entry point
- Focussed professional products tailored to their needs such as meeting rooms and VC

### Corporate

- Global offering leveraging Regus scale
- Low risk
- Easily scalable
- Utilise all Regus products

**Regus – THE Global Brand of Choice**

# Market moving toward Regus



- In the throes of a working revolution - changing the way organisations function
- Increasingly, people aren't going to work; work is coming to them
- Technology - the catalyst; no longer the same need to gather in one place
- Increasingly, people choosing to work away from the traditional office
- Proven increases in productivity via flexible working
- Environmental benefits clear



# New channels



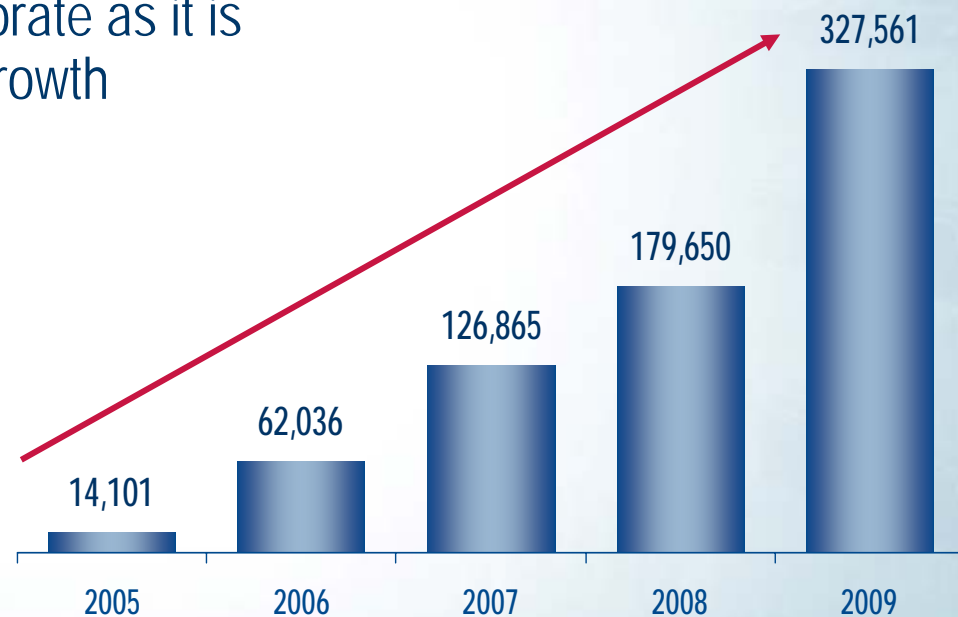
- Retail is progressing well and now in stores across UK and US as well as online
- Helping us access home and mobile workers who wouldn't necessarily consider Regus
- Looking at launching in Europe in Q2
- Starting to produce variations on the main product for different retailers
- Partnerships remain crucial to our channel strategy; both:
  - global such as Virgin and Delta; and,
  - local such as in country chambers of commerce etc.



# New products



- Competition intensifies - we continue to innovate and augment our product portfolio
- New product launches occurring throughout 2010
- Businessworld embodies our flexible work ethos  
- as compelling for the largest corporate as it is to the smallest business; as such growth remains strong



# Marketing



- Tailored marketing plans in 80 countries, local to specific needs
- Targeted campaigns using proven approaches are delivering results
  - Email, web, outdoor advertising, radio, TV, dominating web search
- Strategy to encourage direct rather than introduced business
- Enquiry volumes are encouraging across all products
- Our awareness is growing strongly
  - Targeted radio and TV advertising in selected priority markets
  - Press campaign running in all 80 countries and coverage up more than 50% year-on-year





# Enterprise solutions



- Fundamental shift towards flexible working
- Potential for Regus to reduce enterprises' costs is large (e.g. saved Nortel US\$129million)
- Early stages of what is a significant opportunity
- Sales cycle can often exceed 12 months



# Driving regional performance



## Asia

- outperformed peers by significant margin
- margins improving, volume and price on the move
- maximum growth profile

## EMEA

- good performance through recession
- shallower curve in and out
- acquisition opportunities capitalised; continued focus on growth

## US

- held up well – slow pace of decline; rapid improvement
- very focused on growth

## UK

- challenged performance in most depressed market
- continue to pursue low risk growth opportunities
- restructuring taking place as required



# Ready to move forward



- Signs of downturn stabilising
- £245m total cash in bank
- 33% increase in dividend
- Delivering expected cost savings
- Ready to capitalise on appropriate opportunities:
  - A scalable model
  - A growth industry – significant potential
  - A global platform – multiple opportunities
  - Management team in place to execute

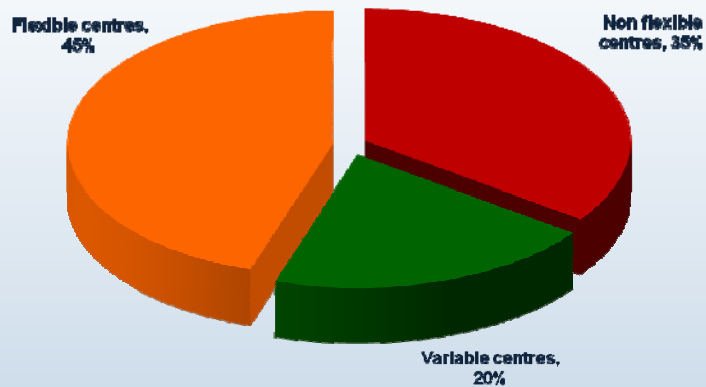




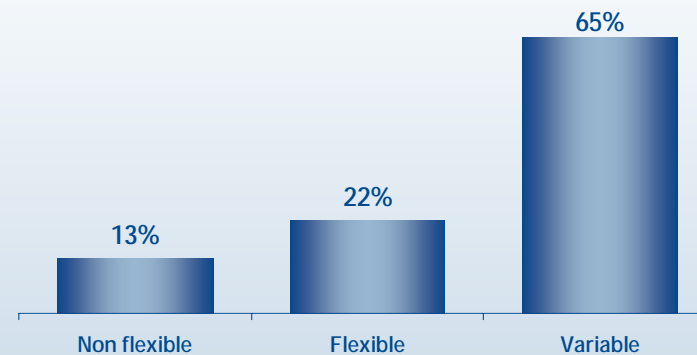
# Growth - low risk, low cost

- Q1 2010 approved growth already > total for 2009
- Low capex/low risk remains focus
- Variable terms wherever possible

Property portfolio @ Dec 09



New centres opened in 2009

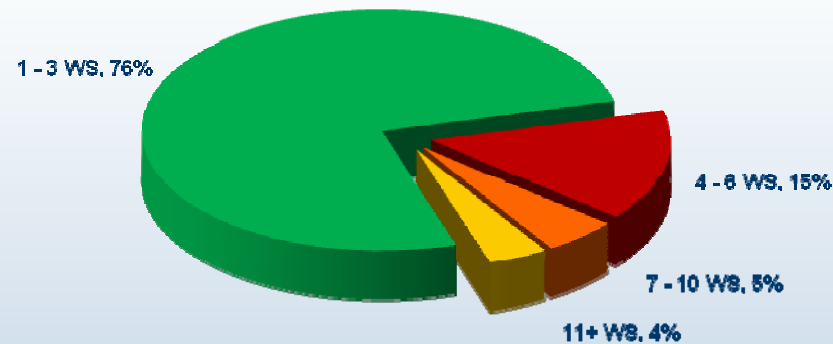




# Stability in our business model



## Workstation segmentation

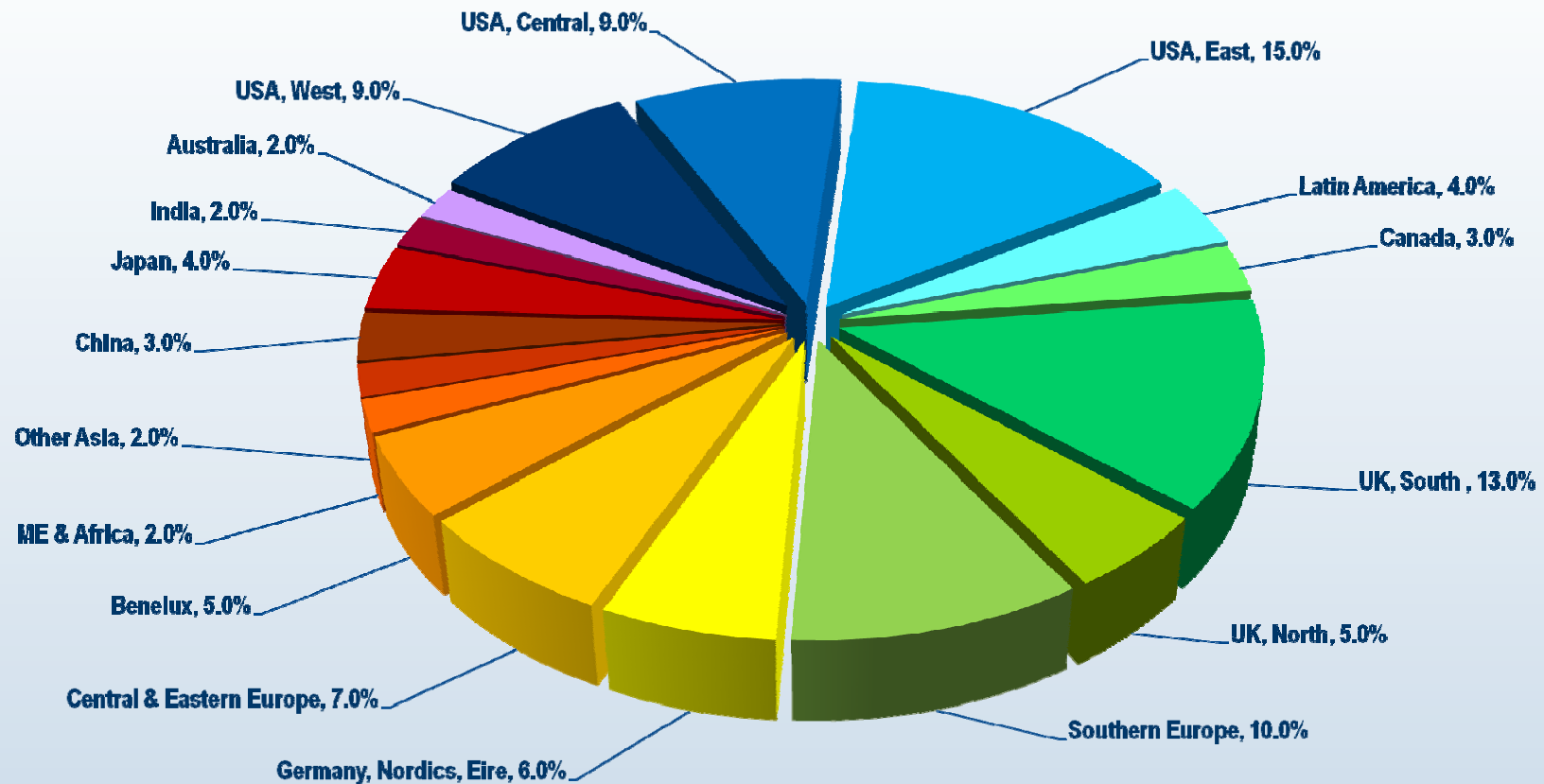


## Customer sectors





















































































# Regional diversity

2009 revenues by region



# Global footprint



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