



# 2015 Full Year Results Presentation●

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# Full Year Financial Highlights.

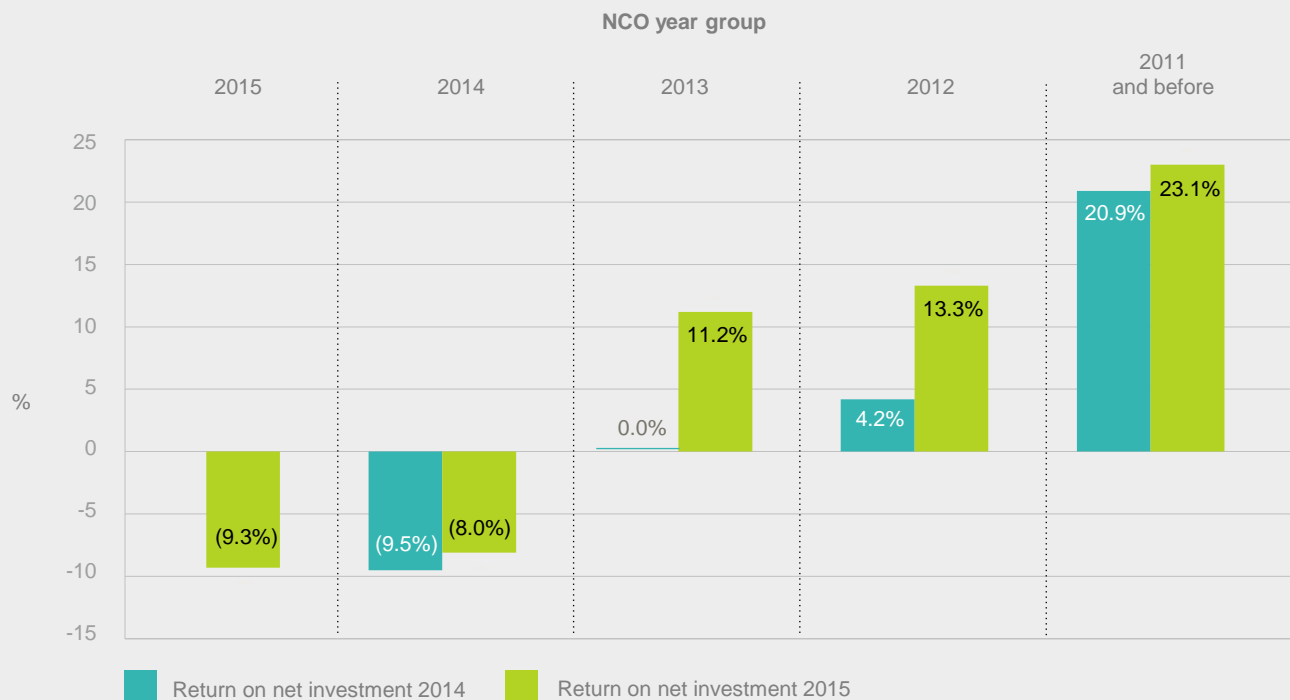
- Group revenues increased 15.9% to £1,927.0m
- Underlying operating profit up 37% to £144.8m
- Underlying cash generated before net growth investment increased to £215.7m from £175.6m
- Improved post-tax ROI on pre-12 net investment to 23.1%
- Operating margin increased from 6.2% to 7.5%
- EPS increased 45% from 7.4p to 11.2p
- Full year dividend of 4.5p – an increase of 13%



# Generating attractive returns.

## Post-tax cash return on net investment

- 23.1% post-tax cash returns on all locations opened on or before 31 December 2011
- Recent year group investments are progressing well and should achieve similarly attractive returns



### Definition

Post-tax cash return  
on net investment =

$$\frac{\text{EBITDA less amortisation of partner contribution} \\ \text{less tax on EBIT, less maintenance capex}}{\text{Growth capital expenditure less partner contribution}}$$

# Fast growth trajectory●

## 2015

- Another year of strong revenue growth
- Invested £285m, adding 554 new locations
- 22% growth in locations to 2,768
- Further overhead leverage
- Strong and improving returns

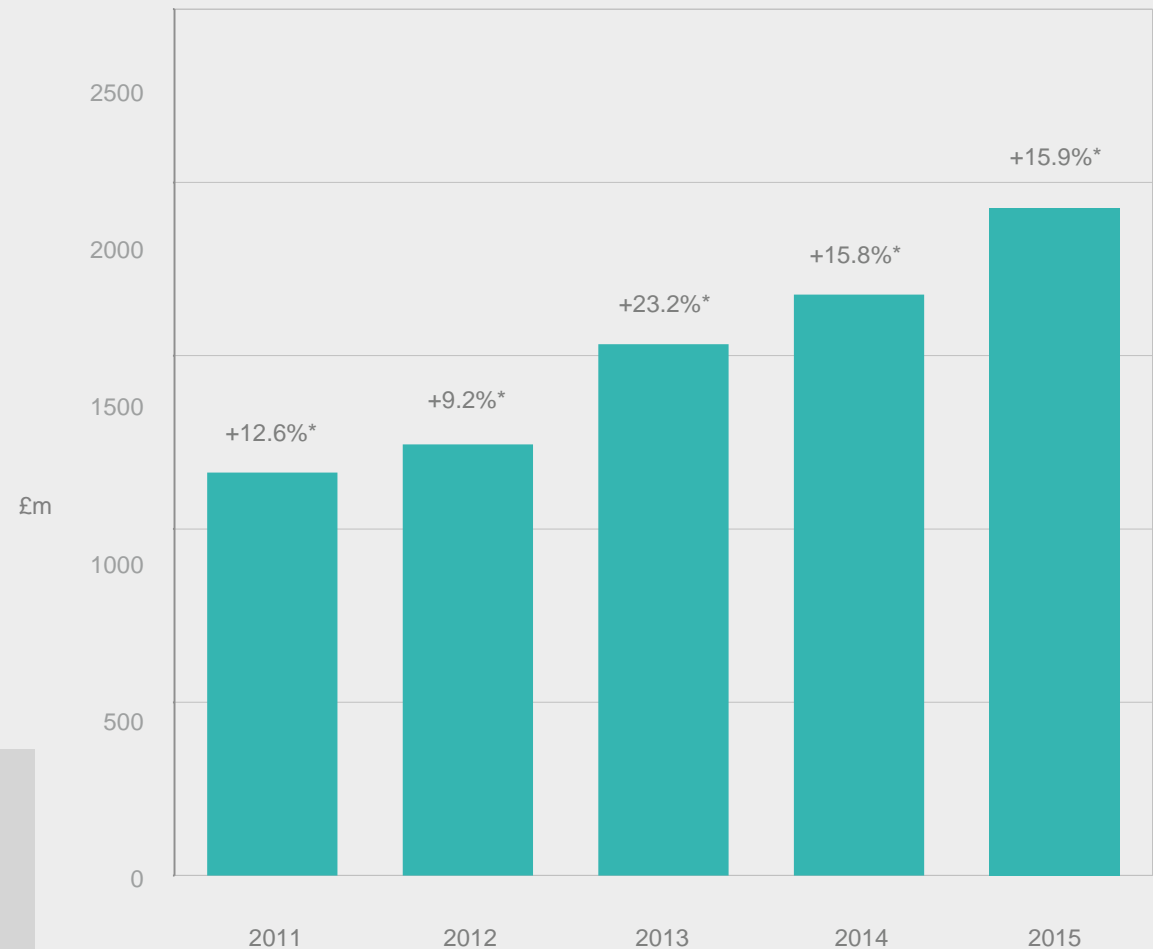
## 2016

- Current pipeline visibility:
  - c. £100m net growth capital
  - c. 300 locations

### Prudence remains our watchword

- We have seen rapid growth but are carefully watching the global economic climate
- We will continue to apply our strict planning and processes to the opening of new locations

### Group revenue



\* Revenue growth at constant currency



# Exciting opportunities.



## Structural change helping drive our industry across the globe:

- The rise of the sharing economy, facilitated by technology and changing work practises
- Companies actively seeking flexibility and alternative ways to support their workplace
- Greater awareness of what the market offers customers



**Verizon to transform its real estate portfolio, with staff moving into multiple Regus locations across the USA**

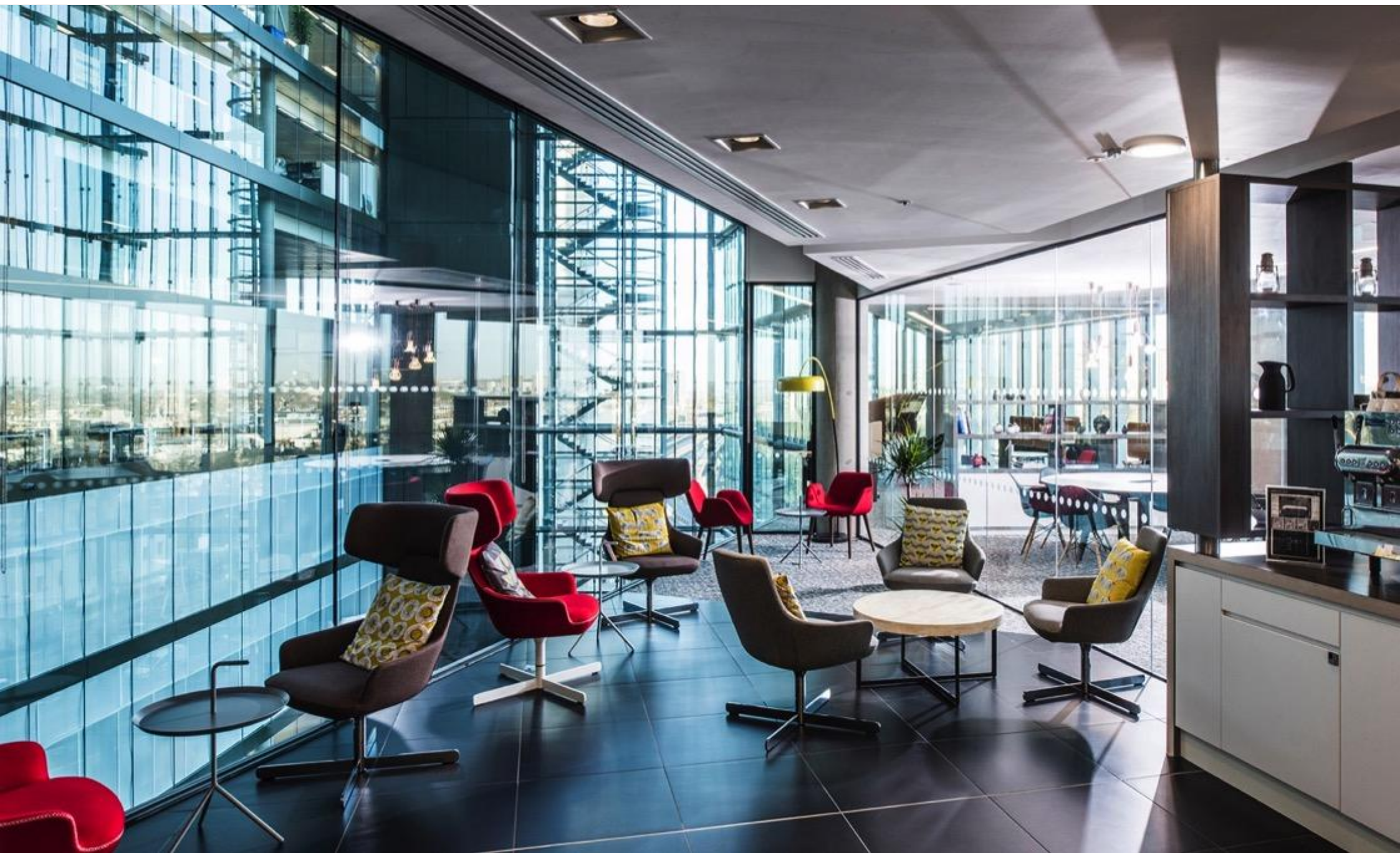
Deal will:

- Help Verizon to halve operating costs over the next five years
- Enable Verizon & its staff to work more flexibly and cost effectively
- Boost employee productivity, morale and convenience
- Give remote workers access to Regus' entire network of centres
- Anticipate further similar deals due to Regus' global network and our new simplified Global Agreement





# Financial Review.

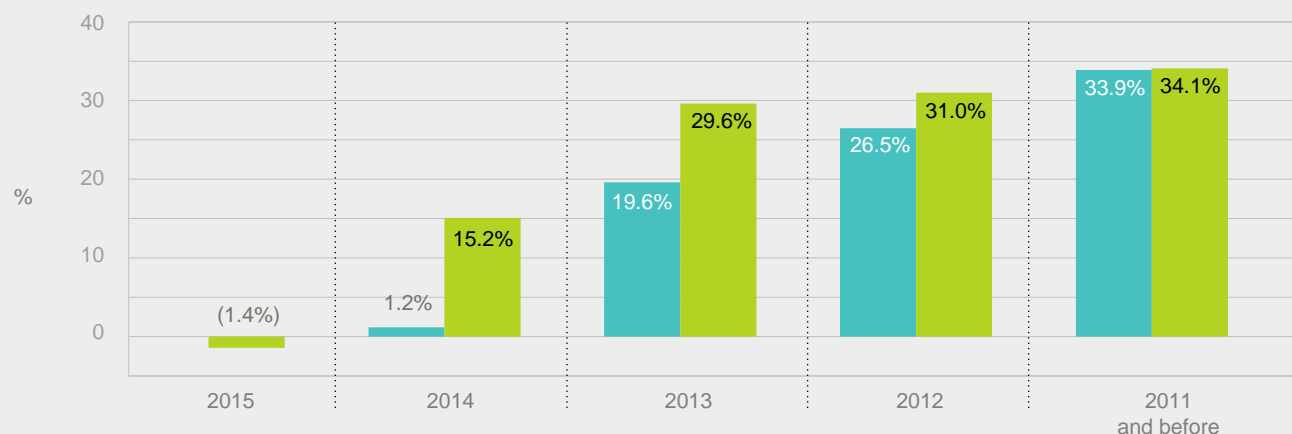




# Returns developing as expected.

## Gross profit margin\*

- 2012, 2013 and 2014 additions showing continued improvement
- 2015 locations progressing as planned

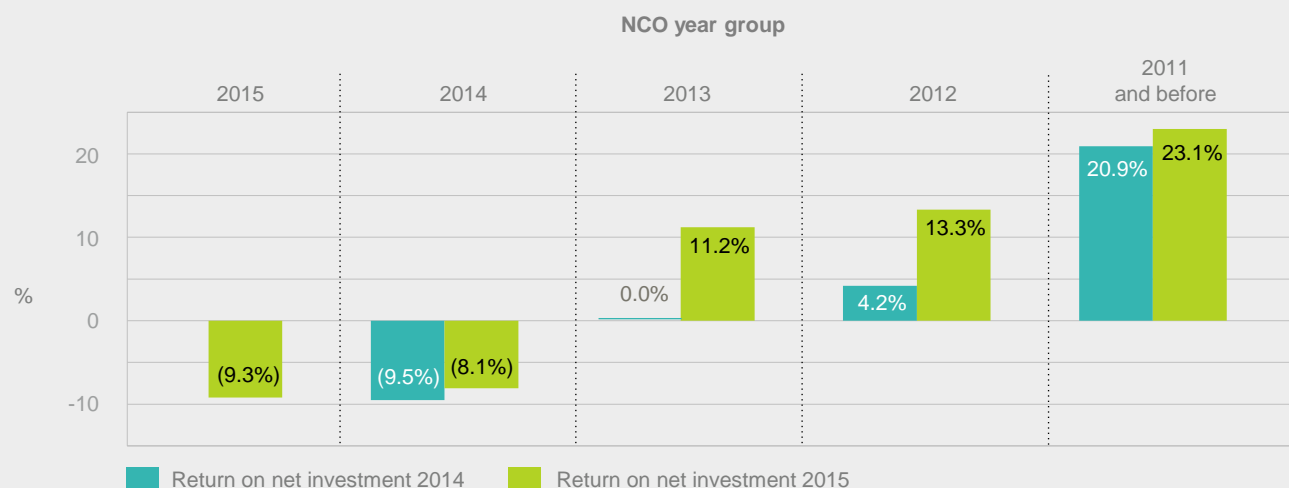


\*before interest, tax, depreciation and amortisation

■ Gross profit margin before interest, tax depreciation and amortisation 2014  
 ■ Gross profit margin before interest, tax depreciation and amortisation 2015

## Post-tax return on net investment

- We continue to make attractive returns
- Benefiting from operational leverage and capital efficiency



■ Return on net investment 2014 ■ Return on net investment 2015

# A strong performance.

## Group income statement (excluding non-recurring profit\*)

£ million	2015	2014	% change (actual currency)	% change (constant currency)
<b>Revenue</b>	<b>1,927.0</b>	<b>1,676.1</b>	<b>15.0%</b>	<b>15.9%</b>
Gross profit (centre contribution)	428.4	383.1	12%	12%
<i>Gross profit margin</i>	<i>22.2%</i>	<i>22.9%</i>		
Overheads	(283.9)	(279.6)	(2%)	(2%)
<i>Overheads as a % of Revenue</i>	<i>14.7%</i>	<i>16.7%</i>		
<b>Operating profit**</b>	<b>144.8</b>	<b>104.3</b>	<b>39%</b>	<b>37%</b>
Net finance	(14.4)	(17.2)		
<b>Profit before tax</b>	<b>130.4</b>	<b>87.1</b>	<b>50%</b>	<b>46%</b>
Taxation	(25.9)	(17.2)		
Profit for the period	104.5	69.9	50%	43%
<b>EPS (p)</b>	<b>11.2</b>	<b>7.4</b>	<b>51%</b>	<b>45%</b>
<b>Dividend per share (p)</b>	<b>4.5</b>	<b>4.0</b>	<b>13%</b>	
EBITDA	290.0	224.8	29%	28%

\* Non-recurring profit of £15.3m

\*\* Including contribution from joint ventures

- Revenue up 15.9% with growth in all regions at constant currency
- Further overhead efficiency achieved
- Operating profit up 37% at constant currency
- Effective underlying tax rate of 19.9%
- Statutory EPS increased 74% to 12.8p (includes £15.3m profit from non-recurring items)
- Final dividend up 13%

# Mature centre\* performance: by geography.



	Revenue		Revenue Growth at Actual Currency		Revenue Growth at Constant Currency		Contribution		Mature Gross Margin (%)	
£m	2015	2014					2015	2014	2015	2014
Americas	712.1	660.1	7.9%		3.9%		189.0	157.3	26.5%	23.8%
EMEA	321.2	341.0	(5.8)%		5.5%		89.6	83.2	27.9%	24.4%
Asia Pacific	239.1	230.6	3.7%		3.9%		68.7	64.9	28.7%	28.1%
UK	352.9	340.2	3.7%		3.7%		86.8	81.0	24.6%	23.8%
Other	2.9	0.6					1.0	0.2		
<b>Total</b>	<b>1,628.2</b>	<b>1,572.5</b>	<b>3.5%</b>		<b>4.3%</b>		<b>435.1</b>	<b>386.6</b>	<b>26.7%</b>	<b>24.6%</b>

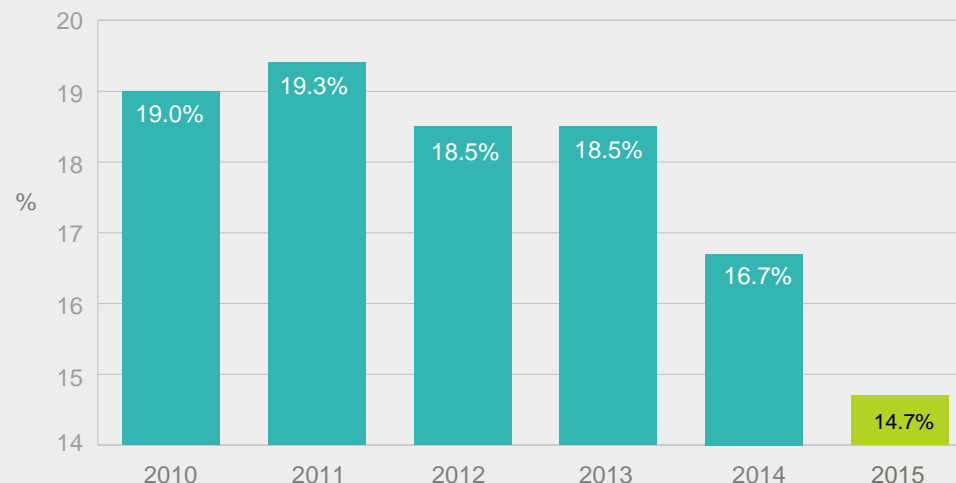
\* Mature centres open on or before 31 December 2013



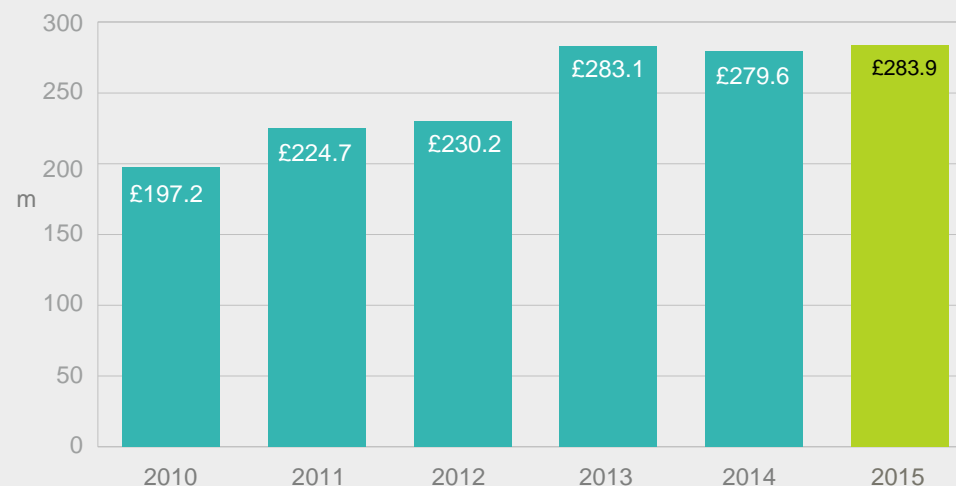
# Further overhead efficiency●

- Continued focus on overhead efficiency
- Overall up only 2% compared to 22% increase in network
- Benefit from prior investment in systems, processes and management to support growth
- Capacity available to support further growth
- Stable overhead since 2013, while our network has almost doubled

**Total overheads as a % of revenues**



**Total overheads (£m)**



# Improved field structure.

## Two important changes to local sales structure:

- New 'cluster' location management:
  - higher productivity
  - cost efficiencies
  - sharper focus on broader offering
- Revised compensation basis:
  - move away from sales commissions
  - quarterly profit share bonus scheme

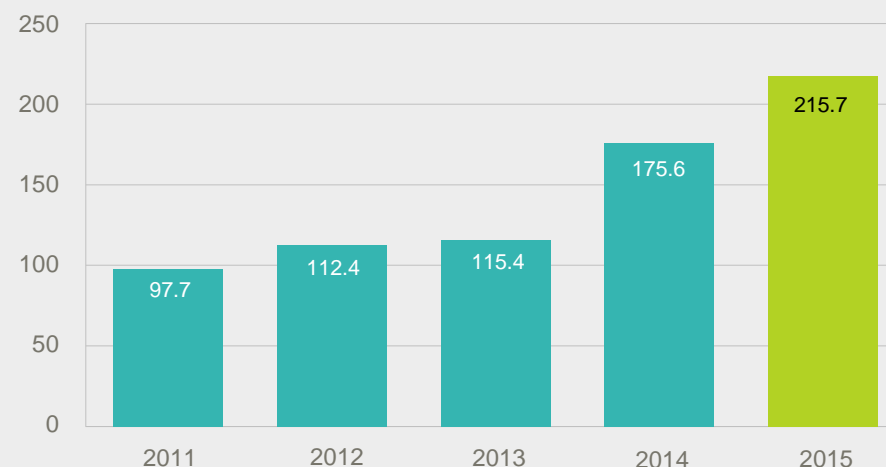


# Strong cash flow.

£ million	2015	2014
<b>Group EBITDA</b>	<b>290.0</b>	<b>224.8</b>
Working capital	103.5	80.3
Less growth related partner contributions	(59.8)	(47.0)
Maintenance capital	(74.9)	(53.8)
Taxation	(29.1)	(20.9)
Finance costs	(13.2)	(13.5)
Other items	(0.8)	5.7
<b>Underlying cash flow</b>	<b>215.7</b>	<b>175.6</b>
Disposal proceeds after costs	80.0	-
<b>Cash flow before growth expenditure</b>	<b>295.7</b>	<b>175.6</b>

- Group EBITDA increased by 28% at constant currency
- Cash generated before net growth investment and disposal proceeds increased to £215.7m, or 23.1p per share
- Sale of property portfolios for £80m

## Underlying cash flow before net growth capital expenditure (£m)





# A healthy balance sheet.

£ million	2015	2014
<b>Cash flow before growth expenditure</b>	<b>295.7</b>	<b>175.6</b>
Net growth capital expenditure	(284.9)	(206.6)
<b>Total net cash flow from operations</b>	<b>10.8</b>	<b>(31.0)</b>

£ million	2015	2014
<b>Total net cash flow from operations</b>	<b>10.8</b>	<b>(31.0)</b>
Corporate finance / Share repurchase	(32.0)	(17.3)
Dividends	(38.8)	(35.4)
Opening net debt	(138.0)	(57.2)
Exchange movements	7.4	2.9
<b>Closing net debt</b>	<b>(190.6)</b>	<b>(138.0)</b>
<b>Net Debt : EBITDA ratio</b>	<b>0.66x</b>	<b>0.61x</b>

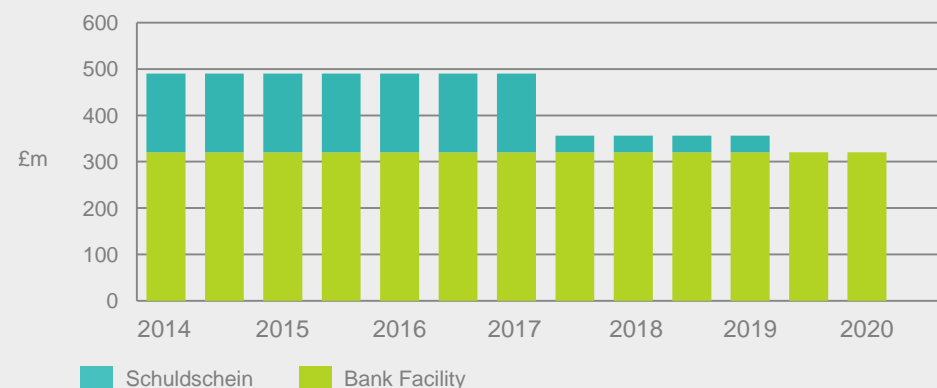
## Balance Sheet

- Maintained prudent approach to balance sheet management
- Net debt to Group EBITDA ratio broadly maintained at 0.66x
- Intention remains to maintain target ratio of less than 1.5x

## Financial Headroom

- Extended maturity of £320m Revolving Credit Facility, now committed until 2020
- Total available funding of £474m with improved maturity profile

## Maturity profile 31 December 2015



# Financial summary.

- A strong set of financial results
- Continued to deliver attractive post-tax cash returns
- Significant growth in profitability reflecting underlying progress in the business and economies of scale
- Maintained a prudent balance sheet with improved maturity profile of funding and significant available headroom
- Increased the dividend 13%



# Strategic update and outlook.





# The market opportunity.

## Key drivers of the industry

### External factors enabling change

#### No Limits

Technology has stripped away the restrictions of time and place: the right workspace is whatever people need, when they need it.

#### Constant connections

No one is ever offline – colleagues and customers are always within range and within touch.

#### Network convenience

The increasing availability of flexible spaces to work – offices, hotspots, hubs and more – is driving increased adoption by companies and people right across the world.



2,768  
locations

106  
countries

977  
cities

9,290  
colleagues

### Forces driving demand



#### Value

Paying only for the space they need and use means major savings for many businesses.



#### Rapid transformation

Short-term business cycles means headcounts are changing faster than ever before.



#### Diverse requirements

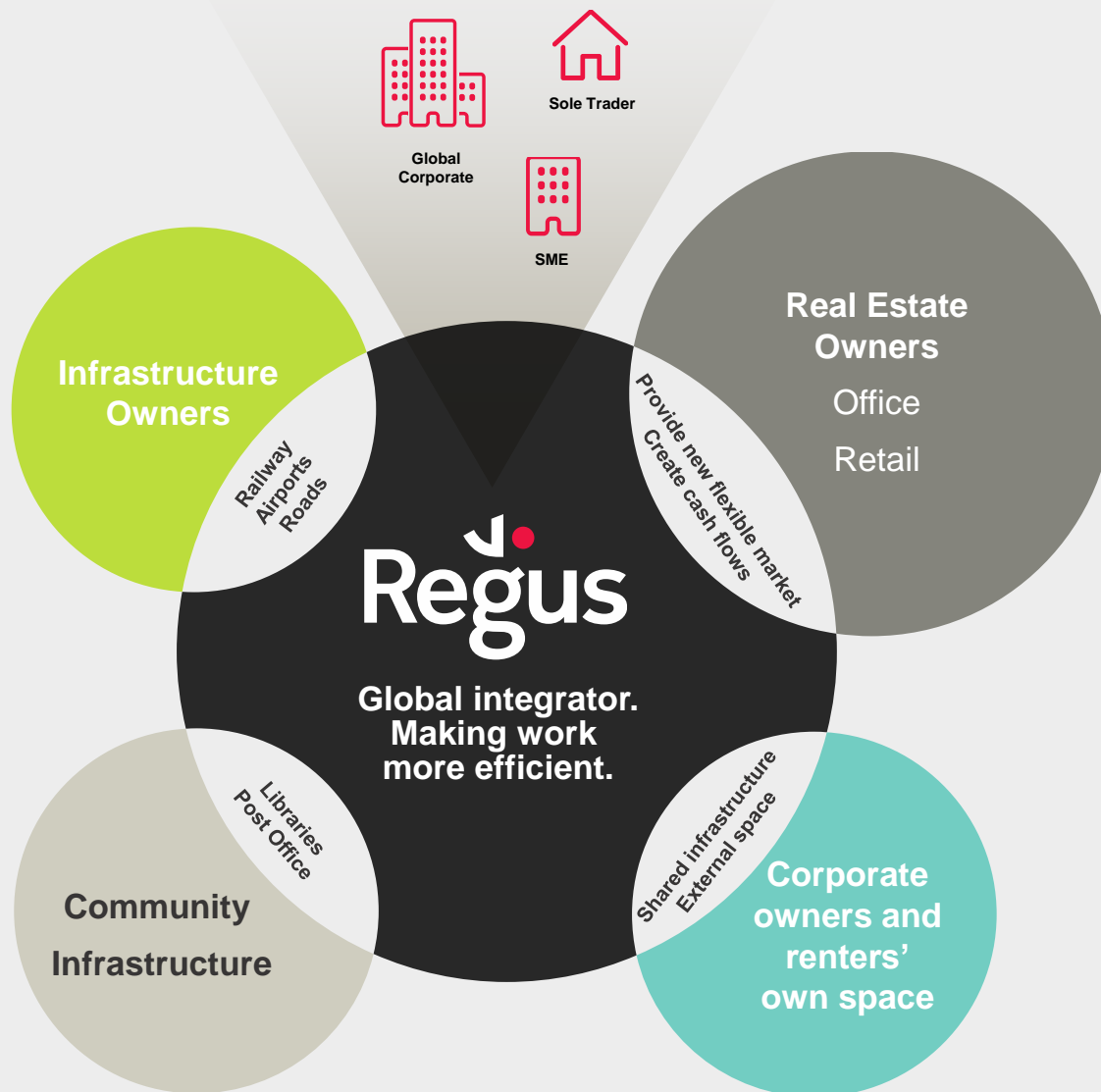
Large organisations need many types of space, from call centres to executive suites, R&D facilities to satellite networks.



#### The productivity challenge

Corporate space that evolves to meet changing needs heightens business effectiveness and efficiency.

# Regus - Partner of choice.




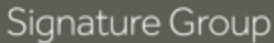




## The principles that drive our business

1. Investment in products and innovation
2. Detailed planning to deliver growth
3. Range of partnering options
4. Rigorous management of the business

# 1. Investment in products and innovation: formats●

## Meeting demand: Delivering growth

		
<ul style="list-style-type: none"><li>• Flexibility</li><li>• Consistency</li><li>• Support</li><li>• Professionalism</li></ul>	<ul style="list-style-type: none"><li>• Flexibility</li><li>• Inspiration</li><li>• Community</li><li>• Creative workstyle</li></ul>	<ul style="list-style-type: none"><li>• Business support</li><li>• Inspiration</li><li>• Connections</li><li>• Funding</li></ul>
		
<ul style="list-style-type: none"><li>• Exclusivity</li><li>• Privacy</li><li>• Luxury</li><li>• Status</li></ul>	<ul style="list-style-type: none"><li>• Value</li><li>• Ease</li><li>• Functional</li><li>• Convenience</li></ul>	<ul style="list-style-type: none"><li>• Convenience</li><li>• Professionalism</li><li>• Productivity</li><li>• Mobility</li></ul>



# 1. Investment in products and innovation: innovation●

## Regus app

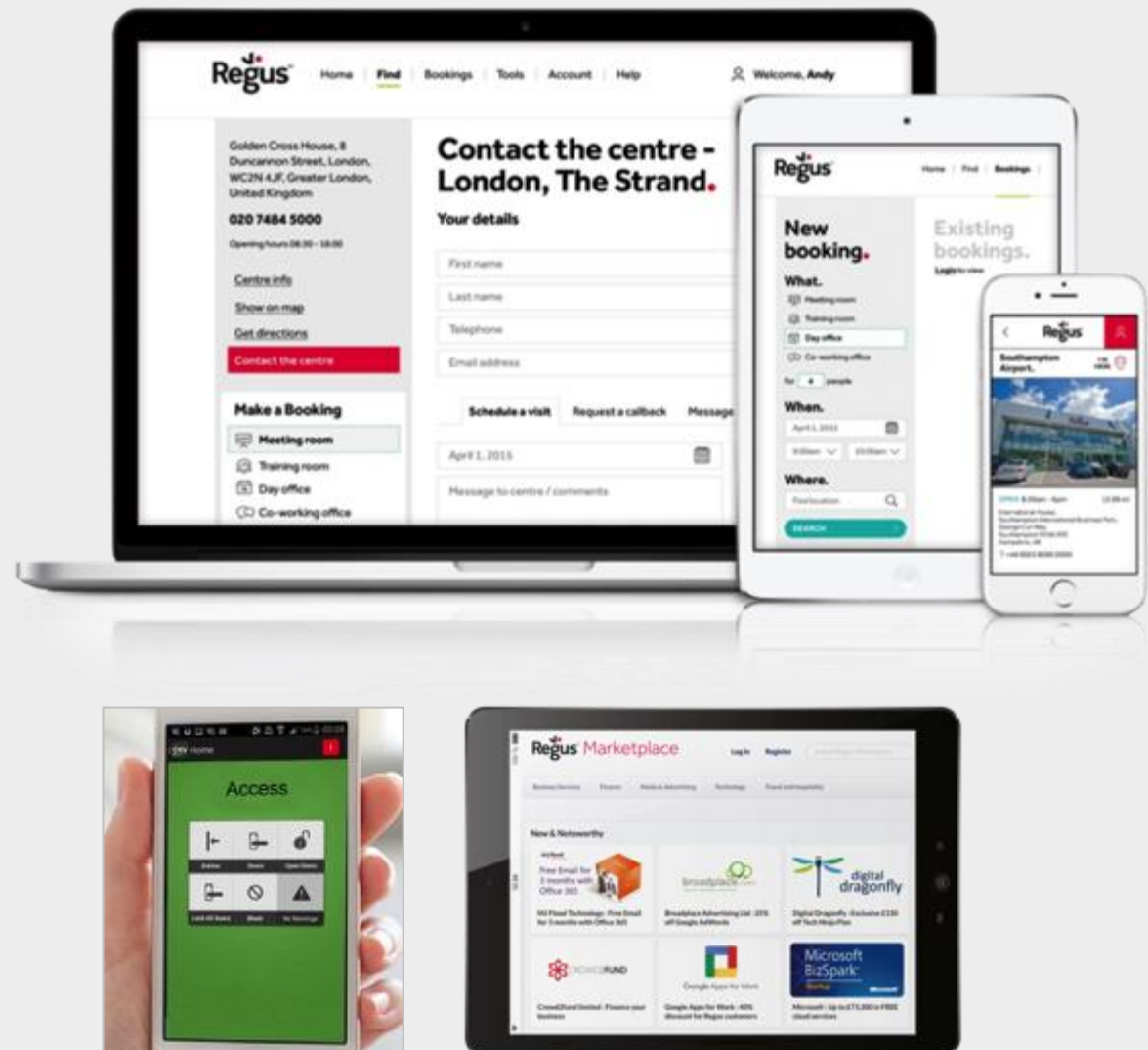
- The world of flexible working in the palm of your hand
- Search for locations, check availability and make bookings on the move

## Marketplace

- An online trading platform that allows customers to promote services to each other, as well as giving them access to specially curated offers from partners around the world

## Access control

- Cloud based electronic access control that simplifies lock and key administration while providing customers with improved control over their workspace

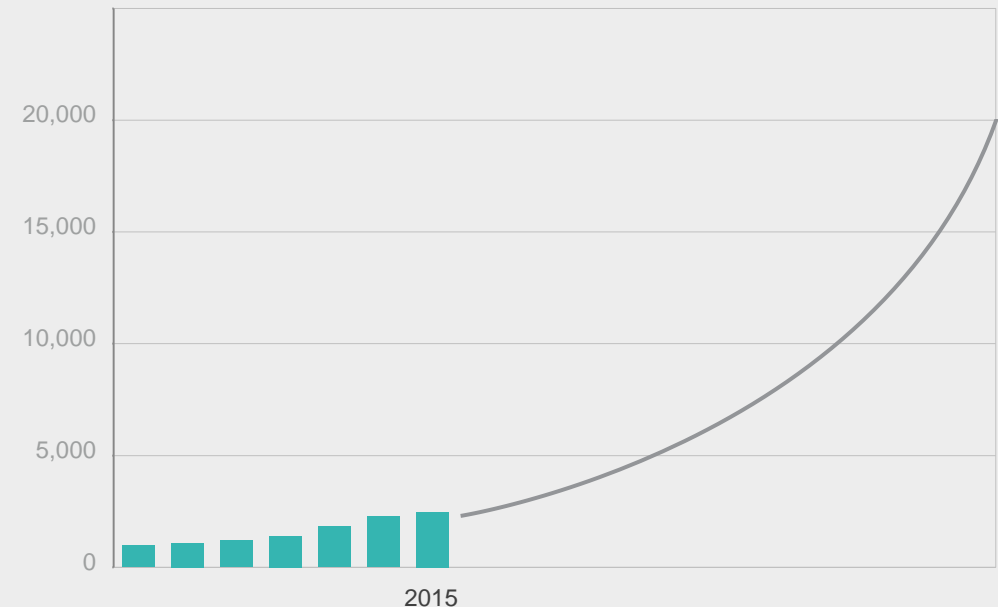


## 2. Detailed planning to deliver growth.

### A clear strategy to deliver profitable growth

- Detailed and comprehensive country plans
- Investment in strong local management to deliver these plans
- Exciting growth market, with significant customer demand
- Potential for 20,000+ Regus locations
- Pace of investment will be driven by ability to generate strong returns

### Growth potential



### Benchmarks



>36,000 restaurants  
119 countries



>21,000 locations  
65 countries

### 3. Range of partnering options.

Intelligent use of different partnering methods dependent on geographic demographics and inherent risks to develop our national networks

Occasionally and tactically, property purchases will also make sense



## 4. Rigorous management of the business.

- Continued drive to improve overall rigour and efficiency in the business
- Strong risk management
- Investing in key management
- Improving software & systems
- Further improvement in operating model e.g. clustering
- Improving customer service





# Outlook & summary.

- Successful 2015:
  - Improved returns on investment
  - Significant operating leverage
  - Strong cash flow
- Outlook for 2016
  - Healthy growth
  - Well placed to take advantage of structural changes in the world of work
  - Mindful of global economic uncertainty
  - Current trading in line with our expectations



# Questions.

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