FIRST QUARTER TRADING STATEMENT – 3 May 2016

Regus plc, the world's largest provider of flexible workspace solutions, today issues its trading statement for the period to 31 March 2016.

Continued progress in Group performance

The Group has enjoyed good trading in the three months to 31 March 2016, generating a financial performance in line with management expectations.

This has been an important three months in the development of our business. We have implemented the significant changes to our field and management structures we previously announced. We are also continuing to transition toward our goal of less capital intensive growth through increased use of partnerships.

Our strong discipline to drive further cost efficiency continued through this quarter and has delivered good margin performance, strong profit growth and cash generation. Prevailing exchange rates have provided a modest tailwind on the translation of our results during the first quarter.

In the three months to 31 March 2016, Group revenue increased to £532.5m compared with £452.3m in the corresponding period last year, an increase of 14.5% at constant currency rates (up 17.7% at actual rates). This performance has been driven strongly by the development of the 554 locations added during 2015.

Underlying cash generation[1] has been strong and more than doubled year-on-year to £56.4m in the quarter (Q1 2015: £25.2m), reflecting the good trading performance and improved working capital management. After investing a total of £39.5m (net)[2] in growth in the quarter, net debt at 31 March 2016 reduced to £183.0m from £190.6m at the 2015 year end. This is a strong performance in what is normally our weakest quarter for cash generation and demonstrates that we have maintained a prudent balance sheet.

Network development

The Group's focus remains on building long-term shareholder value through delivering attractive returns from our existing business and continuing with the disciplined investment in new locations. During the first quarter we added 42 new locations to our global network. These represented over 0.5m sq ft of space added to the network, which now totals more than 46m sq ft globally. As at 31 March 2016, the Group had a total of 2,799 locations, with the total number of co-working seats / workstations (including non-consolidated) increasing to 447,548 (434,162 as at 31 December 2015)[3].

As of 27 April 2016 we had visibility on net growth capital expenditure for 2016 of approximately £120m and represent approximately 350 locations. In total these locations add approximately 4.5m sq ft of space to our global portfolio. The pipeline includes a number of larger co-working locations in major cities, which have a higher associated net capital investment, excluding these, the average net capital cost per location continues to fall, demonstrating that we are being increasingly successful in achieving partnership deals.

These deals help us reduce the capital expenditure per location, de-risk the initial financial performance and improve financial returns. This investment in growth continues to broaden and deepen our geographic network and build further resilience into the business. As we did last year, we will provide further updates on our pipeline visibility as we progress through the year.

Good mature performance

The performance of our mature business, representing approximately 79% of our global portfolio of locations, also remains strong. Revenues for these centres (which were opened on or before 31 December 2014) were £467.8m in the three months to 31 March 2016, an increase of 2.7% at constant currency (up 5.7% at actual exchange rates). This reflects both a solid underlying revenue performance in our more established locations as well as the continued maturation of the 439 locations added in 2014 which joined the mature portfolio on 1 January 2016. Our mature portfolio now comprises 2,203 locations.

Year-on-year mature occupancy for the three months to 31 March 2016 increased 1.6 percentage points on a like-for-like basis to 79.1%, reflecting the maturation of the 2014 additions where occupancy has grown strongly as expected. Overall, mature profit margins remain strong and ahead of the prior year.

Summary

We are pleased with the performance of our business which remains in line with management expectations.

We remain confident in the long-term structural drivers of our industry and our investments are continuing to deliver attractive returns well ahead of our cost of capital.

Our mature business continues to generate strong levels of profitability and cash flow. We continue to see attractive opportunities to reinvest in building our business, which, we believe, will deliver further long-term shareholder value.

The newer locations in our portfolio are progressing towards maturity in line with our expectations. We continue to take a rigorous approach to risk management across every aspect of our business including ensuring that our new locations deliver the financial returns that we seek.

We remain focussed on delivering greater operational rigour and efficiency. In particular, we believe that the important operational changes we have implemented this year will help us deliver further scale benefits.

Whilst we are vigilant about the overall macroeconomic environment, we remain confident in delivering a full year result in line with management's expectations given the benefits from our new field and management structure and current trading performance.

[1] Underlying cash generation is cash generated before the investment in growth capital expenditure, dividend payments, the purchase of shares and asset disposals

[2]Net capital expenditure in new locations equals gross capital expenditure less any contributions received towards fit-out costs

Capital Expenditure (£m)	**Q1 2016 New Locations**	**Q1 2016 Maintenance**	**Q1 2016 Total**
Gross Capital Expenditure	51.6	16.0	67.6
Net Capital Expenditure	39.5	11.7	51.2

[3]Consolidated co-working seats / workstations as at 31 March 2016 were 421,491 (31 December 2015: 410,798)

Conference call details

Regus will be hosting a call for analysts and investors at 08.30 BST this morning. Details are set out below:

Dial in number: +44 (0) 1452 555 566
Conference ID: 95768460

There will also be a replay facility available for 7 days after the call (until Tuesday 10 May, 9.30am):

Dial in number: +44 (0) 1452 550 000
Playback ID: 95768460

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About Regus

Regus is the world's largest provider of flexible workspace solutions, with a network of 2,800 locations across 106 countries and 977 cities, serving 2.3m members. Our customers include some of the most successful entrepreneurs, individuals and multi-billion dollar corporations.

Through our range of office formats, as well as our growing mobile, virtual office, and workplace recovery businesses, we enable people and businesses to work where they want, when they want, how they want, and at a range of price points.

More information is available at www.regus.com.