THIRD QUARTER TRADING STATEMENT – 3 November 2016

Regus plc, the leading global workplace provider, today issues its trading statement for the period ended 30 September 2016.

Strong Group profit, cash performance and returns development

The Group has generated revenue growth of 8.1% for the nine months to 30 September 2016 at constant currency, enjoying strong profit performance with excellent cash conversion. Importantly, post-tax cash returns on net growth investment have also increased further. Overall we are pleased with this result and remain confident of delivering a full year performance in line with management's expectations.

This year has been an important transitional period in the development of the Group. As previously announced we have implemented a new field structure and made significant progress towards our goals of cost leadership and achieving more capital-light growth.

In the three months ended 30 September 2016, Group revenue increased to £566.9m compared with £478.8m in the corresponding period last year, an increase of 3.8% at constant currency rates (up 18.4% at actual rates). For the nine months ended 30 September 2016, Group revenue increased to £1,644.5m compared with £1,415.8m for the same period last year, an improvement of 8.1% at constant currency rates (up 16.2% at actual rates).

Group underlying operating profit performance has been strong and for the nine months ended 30 September 2016, in constant currency, remains consistent with the 30% improvement reported with the interim results. The operating profit at actual rates has benefitted further from prevailing exchange rates which have provided a tailwind on the translation of our results during the third quarter.

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. Returns on our existing business have developed well and the returns to 30 September 2016 are ahead of those reported with our interim results, on a 12 month rolling basis. For those locations open on or before 31 December 2012 the returns are at record levels, driven by continued operational leverage.

Underlying cash generation[1] has remained strong. For the nine months ended 30 September 2016 underlying cash generation has increased 52% year-on-year to £208.9m (nine months to September 2015: £137.8m), reflecting the strong profit performance.

During the third quarter we added 56 new locations to our global network with associated net growth capital investment[2] of £43.1m. This investment included £12.9m spent on acquiring properties in which we will establish centres. As with previous property investments we expect strong returns. In the nine months ended 30 September 2016 the Group has added 169 new locations and net capex of £126.2m, representing over 2.4m sq. ft. of space added to the network, which now totals more than 47m sq. ft. globally. These new locations were predominately organic openings.

We have used this period as an opportunity to refresh some of our existing estate and in accordance with the CMA ruling have disposed of certain acquired locations in the UK. These factors have driven the closure of 54 locations in the year to date, which is a slightly higher level of closures than has been seen in recent years.

As at 30 September 2016, the Group had a total of 2,883 locations, with the total number of co-working seats / workstations (including non-consolidated) increasing to 467,507 (459,747 as at 30 June 2016)[3].

The Group had net debt at 30 September 2016 of £158.1m, a decrease on the 30 June 2016 position of £173.8m, notwithstanding the £43.1m investment in the quarter in net growth capital expenditure and £7.8m on share repurchases. Achieving this reflects the continuation of a good profit performance which has converted strongly into cash.

2016 growth plans

We have continued to maintain our selective approach to growth during the third quarter and only to invest where we expect strong returns. Our pipeline of new openings remains solid, with a number of previously scheduled late 2016 openings now anticipated to open in early 2017 and the majority of the associated investment having been incurred in 2016. Accordingly, our visibility on net capital expenditure for the whole of 2016 is now approximately £150m, representing c240 locations and 3.4m sq. ft. of additional space.

Mature performance

Revenues for the three months ended 30 September 2016 from our mature business (centres opened on or before 31 December 2014, now comprising a total of 2,171 locations representing approximately 75% of our global portfolio), decreased 2.6% at constant currency to £481.0m (up 11.4% at actual exchange rates). This reflects some variation in market conditions across certain geographies and an element of cannibalisation from the enlarged Group network.

For the nine months ended 30 September 2016 mature revenues increased to £1,406.5m compared to £1,310.1m for the comparable period in 2015, broadly flat at constant currency (up 7.4% at actual rates). Based on this stable revenue performance together with the strong discipline in respect of overheads, operating profit and return on investment has been strong.

Year-on-year mature occupancy for the nine months ended 30 September 2016 reduced 0.7 percentage points on a like-for-like basis to 78.5%.

Change of Name and Scheme of Arrangement

In a separate statement released today, the Group announces a proposed scheme of arrangement (the “Scheme”) and alongside this is taking this opportunity to change the name of its group holding company to IWG plc (International Workplace Group). This change is to reflect the continuing progression of the Group in its provision of a broad spectrum of flexible work solutions across multiple brands. It is also in recognition of the Board’s view of the broader market opportunities that the Group can develop.

The proposed Scheme is to create a new holding company, with a head office in Switzerland.

As the Group continues to develop worldwide there has been an increasing presence of senior management located in Switzerland. The Group’s financial control, treasury and procurement functions are all now run from Switzerland and, as the business continues to centralise its key functions in order to achieve synergies of scale, the Board considers that this hub will continue to grow further.

There will be no substantive changes to corporate governance and investor protection measures. In particular, upon implementation of the Scheme, the Takeover Code will apply to IWG and IWG intends to comply with the Corporate Governance Code to the same extent that the Group does currently.

Summary

We are pleased with the continued strong profit, cash generation and returns performance of our business which remain in line with management expectations. Having anticipated an increase in global macro-economic uncertainty, we took specific actions early in the year to improve efficiencies across the business and our continued progress reflects those early actions.

We have continued to build our national networks globally, whilst maintaining our disciplined and flexible approach to investment throughout the economic cycle. Our investments are continuing to deliver attractive returns, well ahead of our cost of capital.

Looking forward to the remainder of 2016, we remain confident of delivering a full year performance in line with management's expectations.

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

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

Growth Capital Expenditure (£m)	**H1 2016**	**Q3 2016**	**YTD 2016**
Gross Growth Capital Expenditure	106.8	61.0	167.8
Net Growth Capital Expenditure	83.1	43.1	126.2

[3]Consolidated co-working seats / workstations as at 30 September 2016 were 443,337 (30 June 2016: 436,372)

Conference call details

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

Dial in number: +44 (0) 1452 555 566
Conference ID: 3889467

There will also be a replay facility available for 7 days after the call (until 10 November, 11.30am):

Dial in number: +44 (0) 1452 550 000
Playback ID: 3889467

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