Regus plc

2012 full year presentation

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Regus

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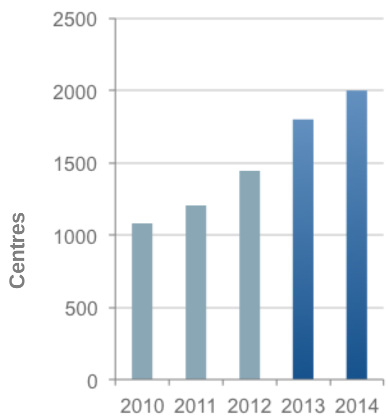
Consistent delivery of our strategy

Revenue growth

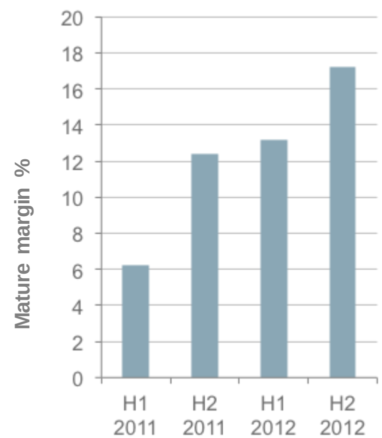
- Revenue up 9.2%* to £1,244.1m
- 243 new centres against guidance of 230-250
- Remain on track for at least 2000 by 2014



*at constant currency

Mature margin growth

- Exceeds 17% in H2
- Measured progress in gross margin
- Economies of scale and overhead efficiencies

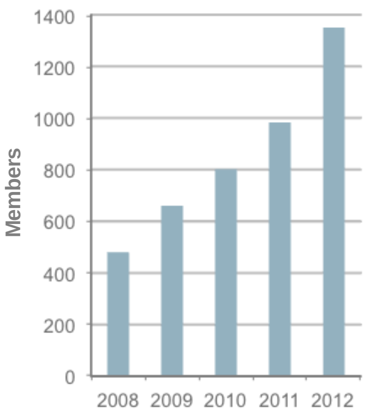


Third place

- Complementary locations – mostly partnership / JV
- Trains, planes, automobiles, retail stores, community centres
- Additional growth and margin
- Highly accretive to core business

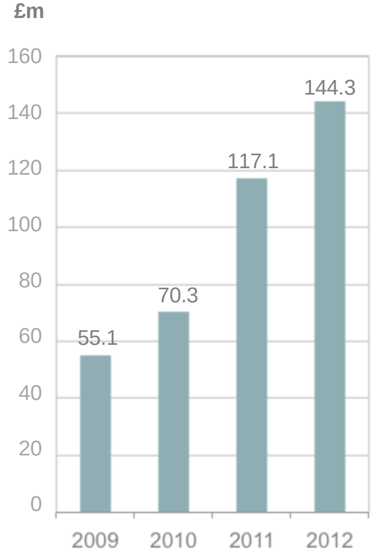
Grow customer base

- Currently 1.35 million members
- Focus on companies of all sizes



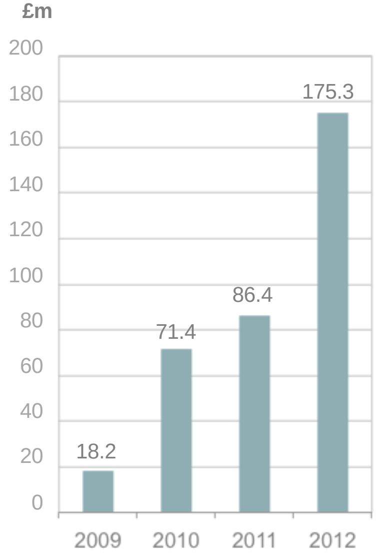
Strong cash generation funding growth and dividend distribution

Progress on mature free cash flow



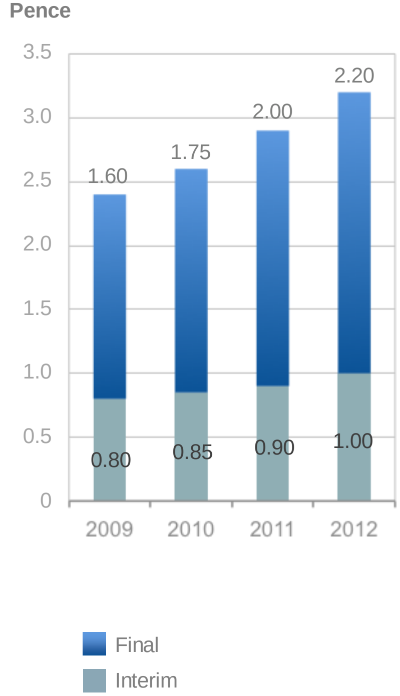
NB: these figures are prepared on a consistent basis ie. 2011 mature centres are those that were opened on or before 31 December 2009

Growing net investment in new centres

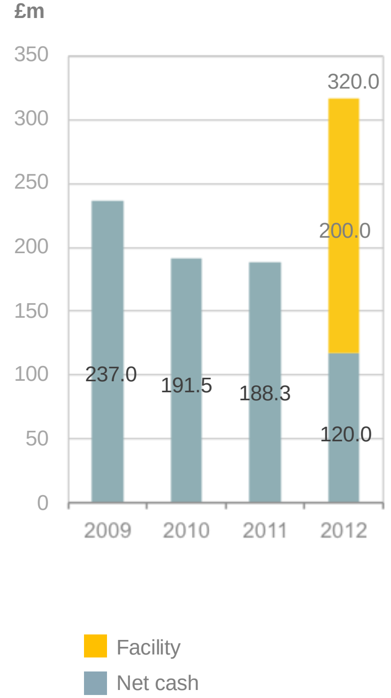


NB: these figures are prepared on a consistent basis ie. 2011 new centres are those that were opened between 1 January 2010 and 31 December 2011

Increased dividends



Financial strength maintained



Mature Centres business

- Revenue growth of 2.9% at constant currency to £1,124.1m
    - Occupancy 85.8% (2011: 85.6%)
    - REVPOW of £7,565 up 2.4% at constant currency
- Adjusted* gross margin up to 27.9% (2011: 26.0%)
- Adjusted* operating profit up 51% to £158.5m

** Before accounting changes*

Growth is demand driven

3.1bn in work today

1.3bn mobile workers

72% of workers say they are more productive when they work flexibly

12.8bn hours wasted annually by US commuters

66% of workers would consider a pay-cut for more flexible work conditions

90% potential cost saving from flexible vs fixed work

Network growth

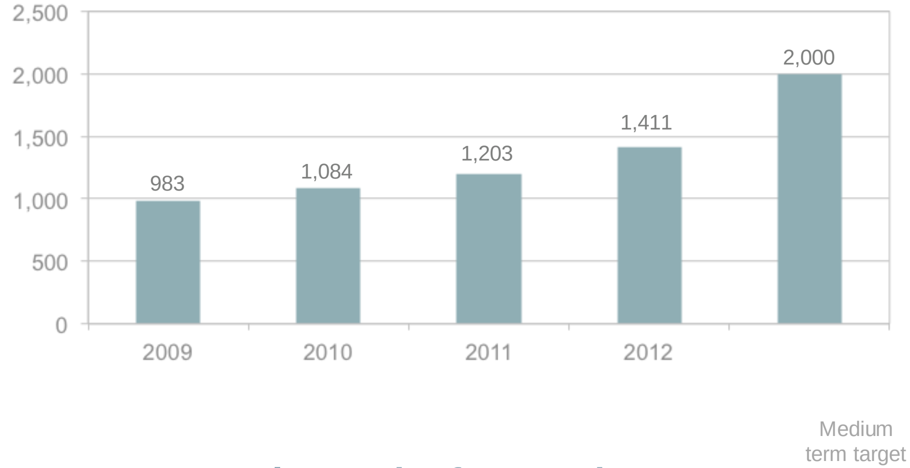
Why is growth so important?

- Continued customer demand
- Substantial opportunities to invest above our hurdle rate
- Scale drives reduction in overheads per centre
- Further strengthening of the network

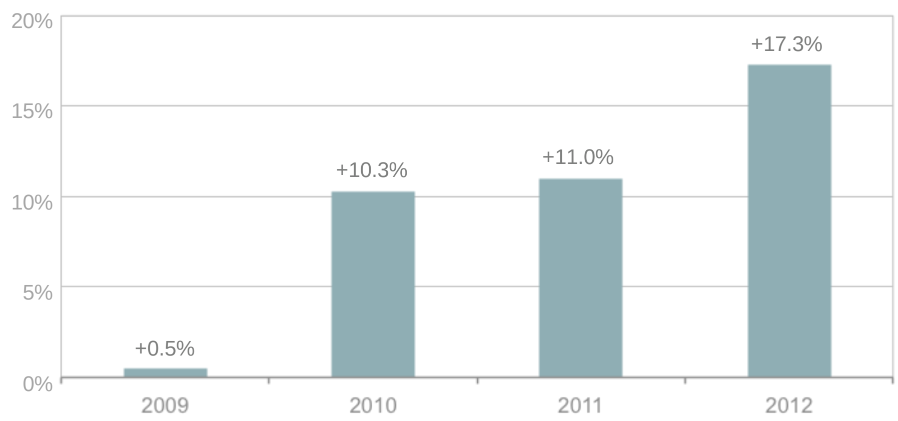
What we delivered in 2012

- 17% growth of centre network (2011: 11%) – 243 new centres
- 18% growth of total workstations (2011: 8%) – total now stands at 240,131

Growth in size of network



Net annual growth of network



New centre performance

2011

- Revenues up to £74.0m (2011: £20.1m)
- Progressing to maturity in line with expectations
- Turned contribution positive in Q2 and close to operating profit break even in Q4

2012

- Revenues of £39.0m
- 243 new centres opened

Third place

- Important additional part of the strategy
- Extends reach and supports core network
- Growth is demand driven – organisations are approaching us to partner with them
- Ventures now in place with seven organisations across five countries
- Significant opportunities in pipeline

STAPLES SBB SNCF
WELCOMEBREAK station2station EXTRA

- Regus and Shell in Berlin
- 69 locations – mixture of business lounges, document stations and Wi-Fi
- Extends our core business centre network
- Now cover entire Berlin Metropolitan Area

Group summary

Group

- Revenues up 9.2% at constant currency to £1,244.1m
- Reported operating profit up 66% to £90.2m
- Full year dividend up 10% to 3.2p
- Strong balance sheet – net cash of £120.0m; £200m facility signed

Mature

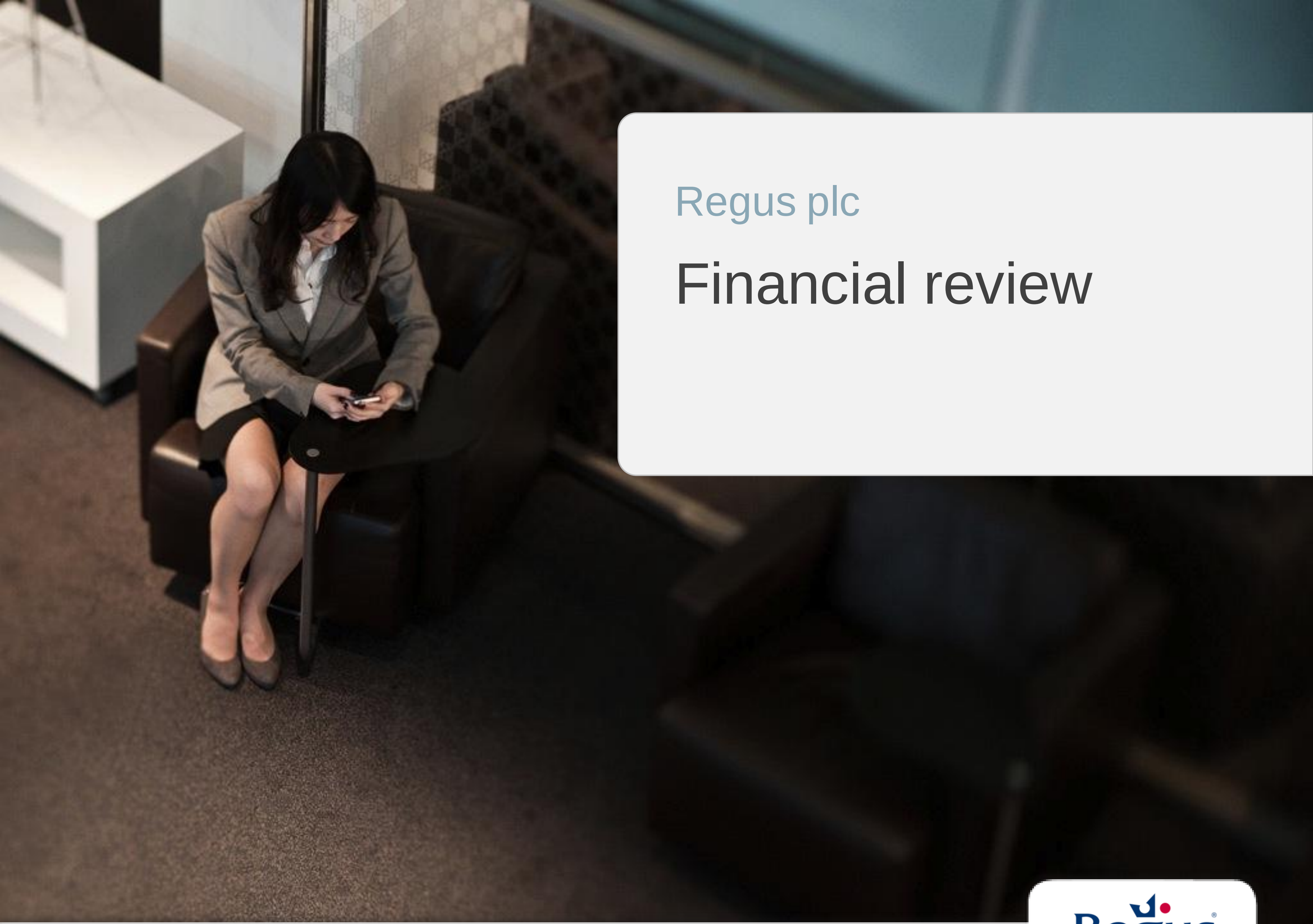
- Mature operating margin improved from 9.3% to 15.2%
- 10s contributing in line with rest of mature estate achieving attractive returns
- Overheads being managed; decreasing on a per available w/s basis

New

- 243 new centres added; 1,411 now open
- 11s and 12s performing in line with expectations

Third place

- Important additional part of the business
- Good progress, strong interest
- End user, demand driven



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Financial review

Income statement – mature centres

£ million	Reported 2012	Accounting changes	Adjusted 2012		Adjusted 2011	Accounting changes	Reported 2011	Adjusted % increase/ decrease
Revenue	1,124.1	-	**1,124.1**		**1,114.3**	-	1,114.3	**0.9%**
Gross profit (centre contribution)	325.7	(12.0)	**313.7**		**289.6**	1.2	288.4	**8%**
Gross margin	*29.0%*	-	***27.9%***		***26.0%***	-	*25.9%*	
Overheads	(154.9)	-	**(154.9)**		**(184.9)**	-	(184.9)	**16%**
Overheads as % of sales	*13.8%*	-	***13.8%***		***16.6%***	-	*16.6%*	
Operating profit	170.5	(12.0)	**158.5**		**104.8**	1.2	103.6	**51%**
Operating margin	*15.2%*	-	***14.1%***		***9.4%***	-	*9.3%*	
EBITDA	223.1	-	**223.1**		**173.1**	-	173.1	**29%**
EBITDA margin	*19.8%*	-	***19.8%***		***15.5%***	-	*15.5%*	
Earnings per share (p)	*14.0*		***13.0***		***8.5***		*8.5*	***51%***

- Revenue growth 2.9% at constant currency
  - Occupancy stable at high level (85.8%)
  - REVPOW up 2.4% at constant currency
- Adjusted gross margin improved from 26.0% to 27.9%
- Mature overhead down 16% and reduced as a % of sales from 16.6% to 13.8% due to efficiencies and scale benefits

Regional performance – mature centres

£ million	Revenue		Contribution		Mature margin (%)		Adjusted mature margin (%)*	
	2012	2011	2012	2011	2012	2011	2012	2011
Americas	480.0	463.3	152.9	132.7	31.9%	28.6%	31.1%	28.7%
EMEA	275.2	288.8	80.1	75.2	29.1%	26.0%	27.8%	26.1%
Asia Pacific	163.4	159.8	53.5	45.1	32.7%	28.2%	30.6%	28.5%
UK	204.2	200.7	37.9	32.1	18.6%	16.0%	17.9%	16.1%
Other	1.3	1.7	1.3	3.3	-	-	-	-
Total	**1,124.1**	**1,114.3**	**325.7**	**288.4**	**29.0%**	**25.9%**	**27.9%**	**26.0%**

- Margin improvement across all regions
- Americas and APAC remain strongest
- EMEA revenues stable on a constant currency basis
- UK maintains steady improvements on previous year

**Before accounting change*

Cash flow – mature centres

£ million	2012	2011
EBITDA	**223.1**	**173.1**
Working capital	6.7	31.2
Maintenance capital expenditure	(48.1)	(46.9)
Other items	(1.9)	(1.5)
Net finance costs	(2.4)	(0.9)
Taxation	(33.1)	(19.9)
Mature free cash flow	**144.3**	**135.1**
Mature free cash flow per share (p)	**15.3**	**14.3**
Free cash flow margin	***12.8%***	***12.1%***

- Prior year working capital benefited from increased rate of occupancy gains
- Maintenance capex remains in the 4-5% guidance range of revenue
- All finance costs allocated to mature
- Taxation growing in line with earnings (notional 20% rate)

Net investment in new centres

£ million	2012	2011
EBITDA	**(63.1)**	**(40.8)**
Working capital	39.7	19.6
Growth capital expenditure	(171.1)	(91.4)
Taxation	19.2	9.2
Net investment in new centres	**(175.3)**	**(103.4)**

- 243 new centres added
- Strong positive working capital from new openings
- Investment largely self funded from mature free cash flow

Income statement – new centres

£ million	2012	2011
New centres 2011		
Revenues	74.0	20.1
Gross profit	3.8	(8.4)
Growth overheads	(20.4)	(36.1)
Operating loss	**(16.6)**	**(44.5)**
New centres 2012		
Revenues	39.0	-
Gross profit	(8.7)	-
Growth overheads	(53.8)	-
Operating loss	**(62.5)**	-
New centre operating loss	**(79.1)**	**(44.5)**

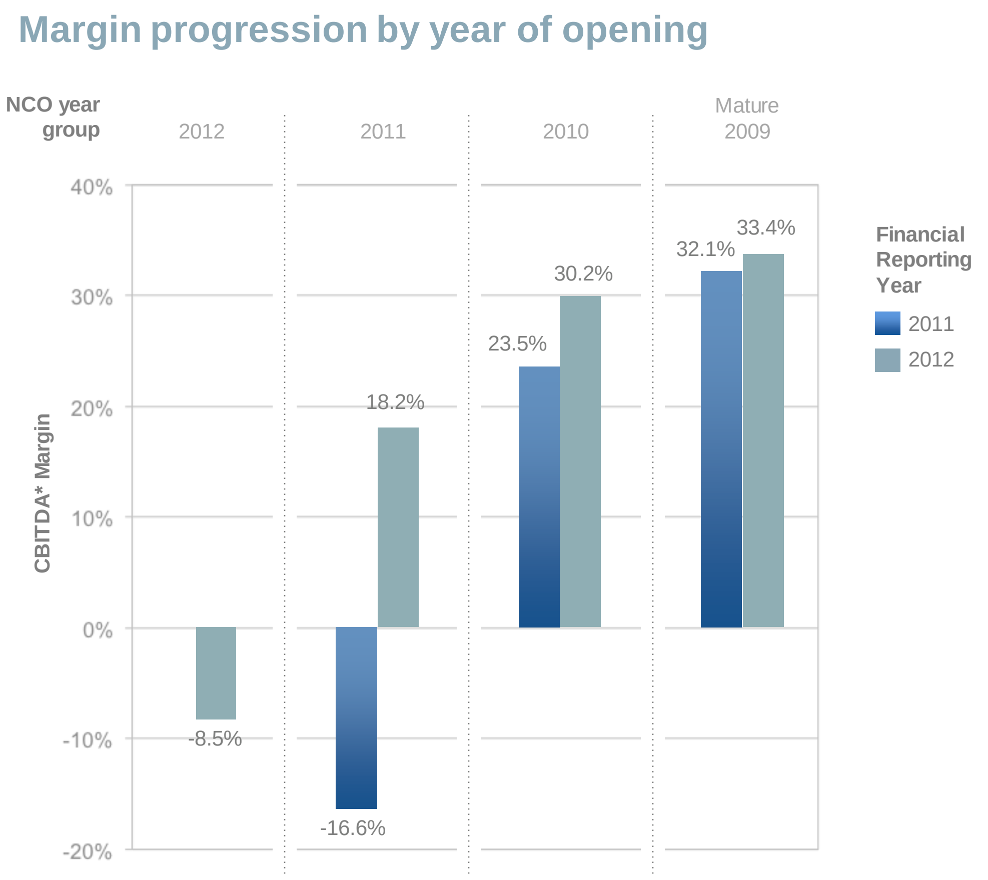
New centres - 2011

- Progressing as expected
- Expect these centres to be operating profit positive in early 2013

New centres 2012

- 243 locations

2012 improved performance per year group

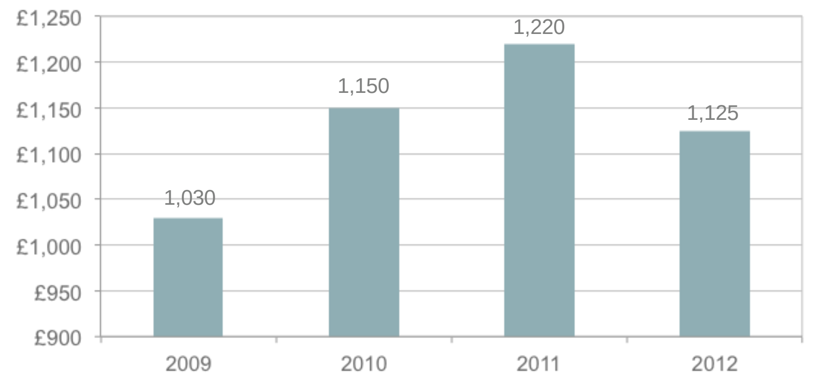


*Gross profit (centre contribution) before Interest, Tax, Depreciation and Amortisation

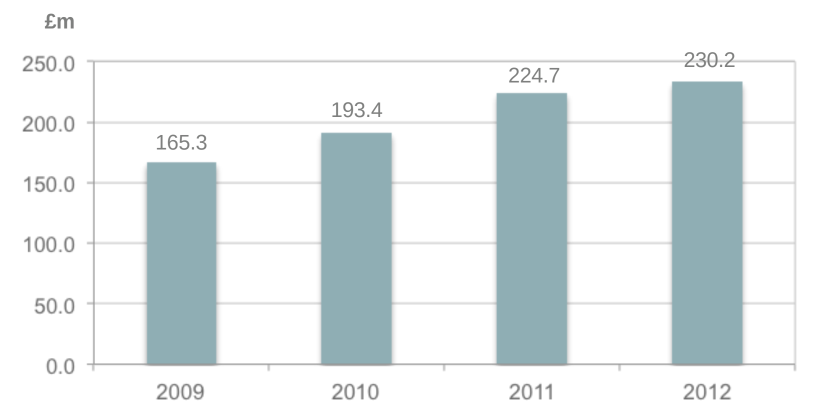
- 2010s generating strong returns – 27% return on gross investment in 2012
- 2011 and 2012 centres tracking as anticipated

Group overheads

Overheads per available workstation



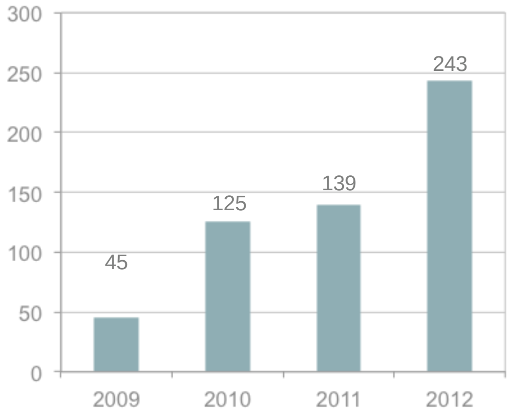
Total Group overheads



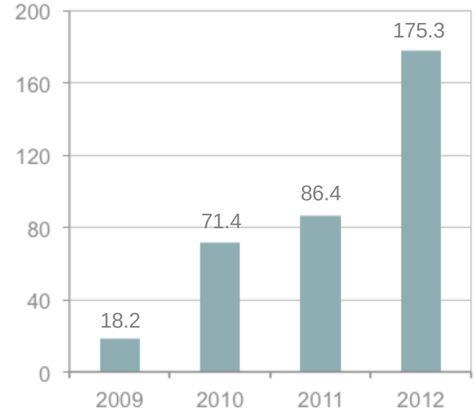
- 8% reduction on a per available workstation basis despite accelerated growth
- Total overhead up 4% at constant currency vs 11% increase in average no. of workstations
- Reflects economies of scale and greater efficiencies

Funding increased investment

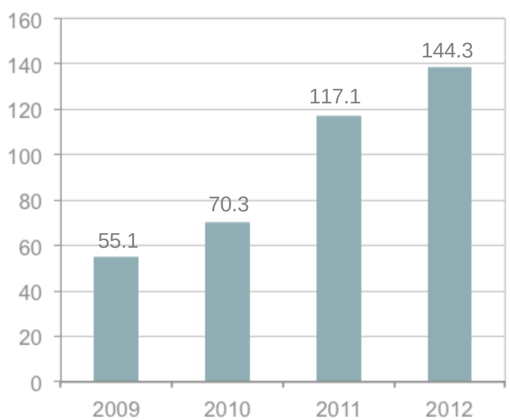
New centre openings



£m Investment in growth

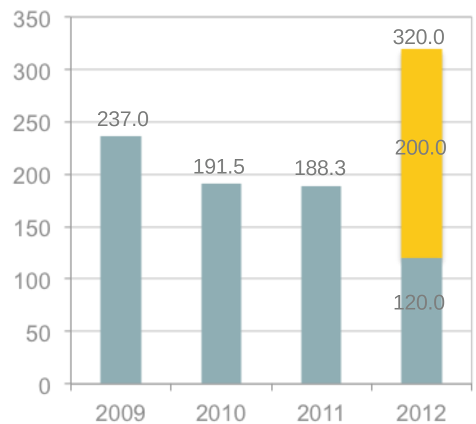


£m Mature free cash flow*



* These figures are prepared on a consistent basis ie. 2011 mature centres are those that were opened on or before 31 December 2009

£m Net cash



- Conservative balance sheet approach
- Strong organic cash flow
- Growing mature network capable of supporting more growth if desired
- Capable of internally funding approx. 250 new centres in 2013

Group results – overview

£ million	Total 2012	Accounting Changes	Adjusted 2012		Adjusted 2011	Accounting Changes	Total 2011
Revenue	1,244.1		**1,244.1**		**1,162.6**		1,162.6
Gross profit (centre contribution)	320.7	(21.6)	**299.1**		**275.2**	(3.9)	279.1
Gross profit (centre contribution)	*25.8%*		***24.0%***		***23.7%***		*24.0%*
Overheads	(230.2)		**(230.2)**		**(224.7)**		(224.7)
Joint ventures	(0.3)		**(0.3)**		**0.1**		0.1
Operating profit	90.2	(21.6)	**68.6**		**50.6**	(3.9)	54.5
Operating margin	*7.3%*		***5.5%***		***4.4%***		*4.7%*
Net finance	(5.1)		**(5.1)**		**(5.1)**		(5.1)
Profit before tax	85.1	(21.6)	**63.5**		**45.5**	(3.9)	49.4
Taxation	(14.2)	-	**(14.2)**		**(8.9)**	0.1	(9.0)
Profit for the period	70.9	(21.6)	**49.3**		**36.6**	(3.8)	40.4
EPS (p)	7.5		**5.2**		**4.0**		4.3
EBITDA	159.4		**151.2**		**124.1**		129.3
Dividend per share (p)	3.2						2.9

- Long term tax rate is expected to be approximately 20%
- Dividend up 10%

Financial summary

Mature

- Good profit performance, strong cash conversion
- Strong occupancy & REVPOW gains deliver margin improvement
- 10s contributing in line with mature, achieving attractive returns

New

- Material investment into quality assets
- 11s and 12s performing in line with expectations

Third place

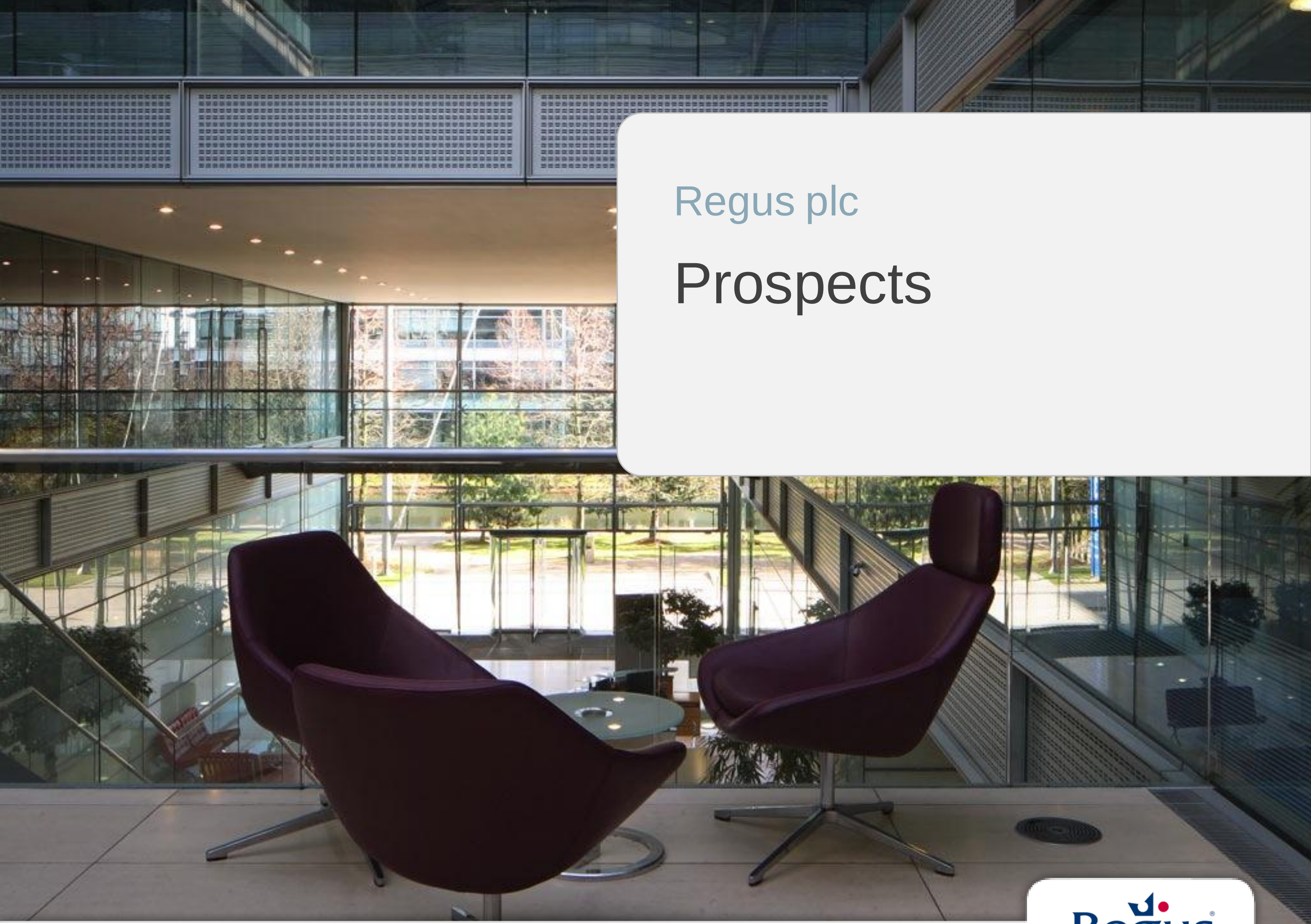
- Gained momentum, strong pipeline of opportunities
- No relaxation of our investment criteria

Overheads

- Strong discipline on costs – 4% increase year-on-year at constant currency
- 8% reduction on a per workstation basis despite accelerated growth
- Growth will continue to improve operational leverage

Cash flow and funding

- Strong balance sheet – net cash of £120.0m
- £200m new financing in place
- Enhanced ability to self-fund further growth



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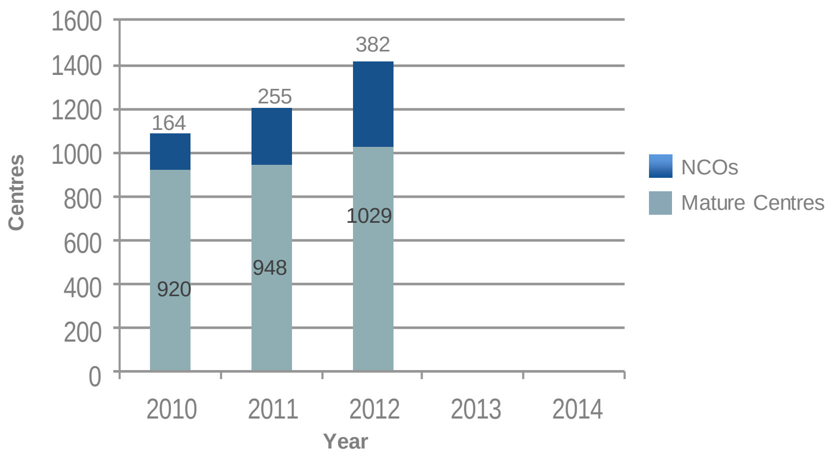
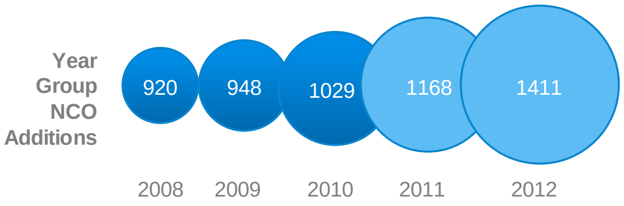
Prospects

The potential of our maturing network

Embedded growth of mature network



Notional mature EPS 5.4p 8.7p **14.0p**



Approx. 37% increase in network 2012 to 2014

- Improving gross margin performance
- Lower overhead growth and scale benefits drive operating margin
- Mature group getting bigger through addition of centres

Prospects

Revenue growth

- Current trading since year end has been good and in line with expectations
- Expect to open in at least 350+ centres
- More new countries and cities will strengthen our platform, reach and diversity

Margin growth

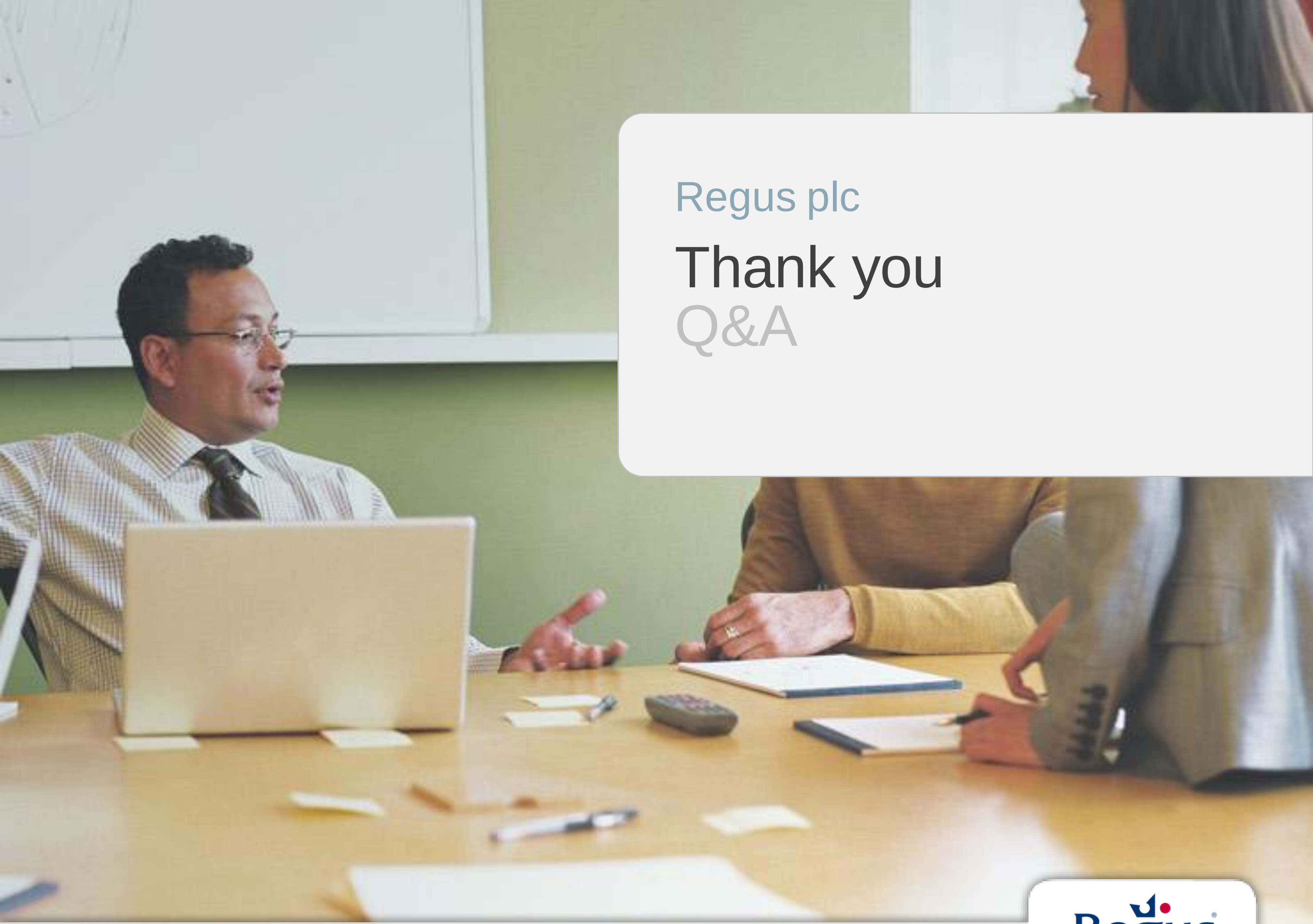
- Measured progress on gross margin
- Further efficiencies on overhead

Third place

- Strong demand
- More locations
- Enhances existing network
- Highly differentiated

Grow customer base

- Strong demand from all areas
- Continued innovation drives momentum



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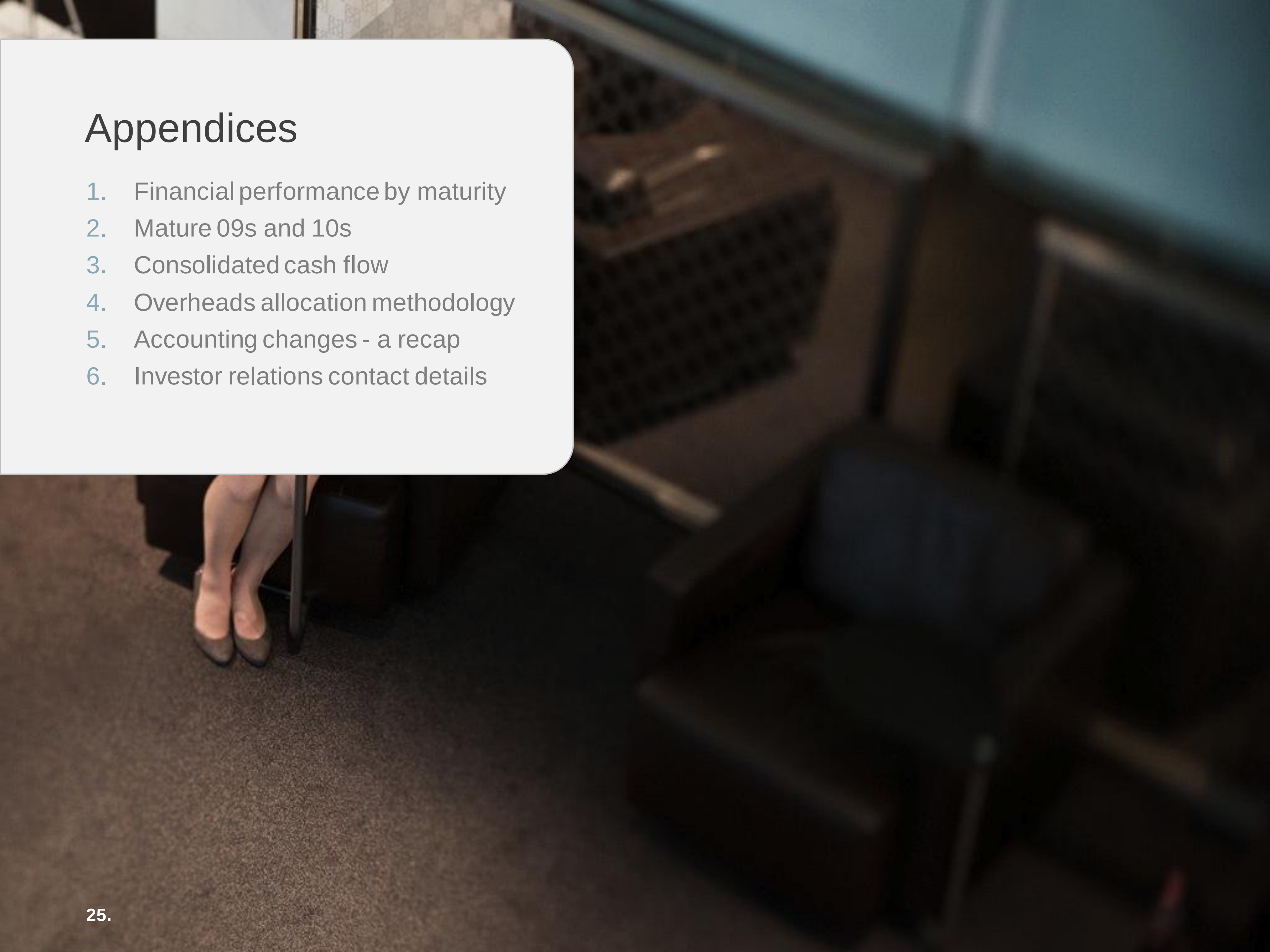
Thank you

Q&A



Appendices

1. Financial performance by maturity
2. Mature 09s and 10s
3. Consolidated cash flow
4. Overheads allocation methodology
5. Accounting changes - a recap
6. Investor relations contact details

Financial performance by maturity

£m	2012					2011			
	Mature centres	New centres	Closed centres	Total		Mature centres	New centres	Closed centres	Total
Revenue	1,124.1	113.0	7.0	1,244.1		1,114.3	20.1	28.2	1,162.6
Cost of sales	(798.4)	(117.9)	(7.1)	(923.4)		(825.9)	(28.5)	(29.1)	(883.5)
Gross Profit (centre contribution)	325.7	(4.9)	(0.1)	320.7		288.4	(8.4)	(0.9)	279.1
Overheads	(154.9)	(74.2)	(1.1)	(230.2)		(184.9)	(36.1)	(3.7)	(224.7)
Share of profit on joint venture	(0.3)	–	–	(0.3)		0.1	–	–	0.1
Operating profit	**170.5**	**(79.1)**	**(1.2)**	**90.2**		**103.6**	**(44.5)**	**(4.6)**	**54.5**

Mature 09s and 10s

£m	Mature 09s	10s	Total
Revenues	1,016.1	108.0	1,124.1
Gross profit (centre contribution)	299.9	25.8	325.7
CBITDA[1] margin	**33.4%**	**30.3%**	**33.1%**

[1] Centre Contribution before Interest, Tax, Depreciation & Amortisation

Consolidated cash flow

£m	2012	2011
Mature free cash flow	**144.3**	**135.1**
New investment in new centres	**(175.3)**	**(103.4)**
Closed centres cash flow	(6.4)	(4.5)
Exceptional items	-	(1.9)
Total net cash flow from operations	**(37.4)**	**25.3**
Dividends	(28.2)	(25.0)
Corporate financing activities	(0.3)	0.1
Change in net cash	**(65.9)**	**0.4**
Opening net cash	188.3	191.5
Exchange movements	(2.4)	(3.6)
Closing net cash	**120.0**	**188.3**

Overheads allocation methodology

Four key elements

1. New centre opening costs estimated at £130,000 per centre. Reflects the costs incurred to the point of opening.
2. Property team costs. It is estimated that 90% of the property teams' costs are spent on supporting the growth programme.
3. Sales and marketing costs. The principle is that the allocation is made on the basis of new workstation sales as the nature of the spend is to generate new enquiries and convert into new sales. Renewals are excluded, as these are handled by the centre staff, who form part of our cost of sales.
4. All other overhead costs are allocated pro rata by reference to available workstation numbers.

Accounting changes – a recap

- Announced on 19 July 2012, adopted 1 January 2012
- Two changes:
  - Estimates of useful economic life of assets
    - No restatement required
  - Capitalisation of facility costs
    - A policy change
- Move better reflects the underlying economic reality of our business
- No impact on cash
- Impact at gross margin level only
- These changes are incremental

Investor relations contact details

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