2014 Interim Results Presentation

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26 August 2014

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Strong returns and impressive network growth

Good financial performance

- Group revenues up 16.9%* to £804.7m and operating profit up 41%* to £39.9m
- Group overheads (excluding R&D) as % of sales down from 19.2% to 16.8%
- Dividend up 14% to 1.25p
- Sterling has significantly impacted results and will continue to exert an influence in H2

Strong returns from our Mature business

- Mature revenue growth of 3.2%* to £647.5m
- Mature operating profit up 44%* to £93.0m
- Mature EPS increased 42%* to 7.6p

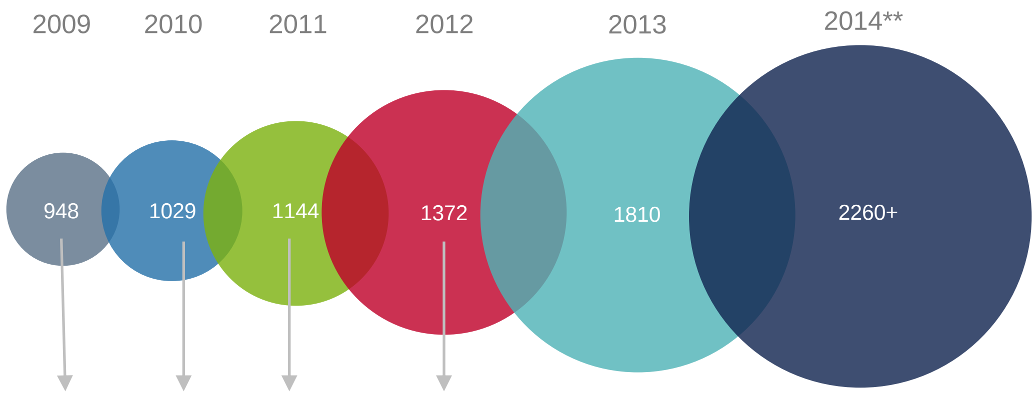
Impressive network growth

- Growing at a vigorous rate: 194 new centres opened, three new countries added
- Compelling opportunities to open more as we continue to strengthen our networks

* At constant currency

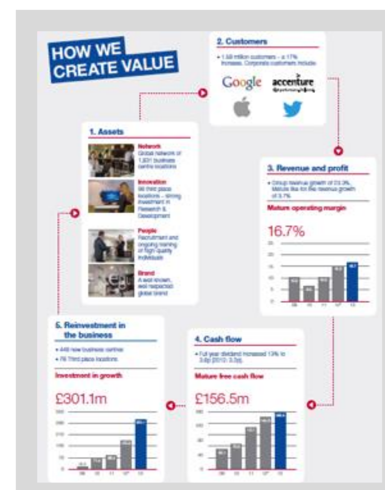
Network growth and scale benefits drive earnings

Mature portfolio



Mature EPS Y/E 31 Dec*	2011	2012	2013	2014
Half year	3.8p	6.2p	7.6p	7.6p
Full year	8.6p	14.0p	17.0p	

- Scale benefits on overheads drive improvements to operating margin
- Increasing EPS as mature estate grows (tempered by FX headwinds in 2014)



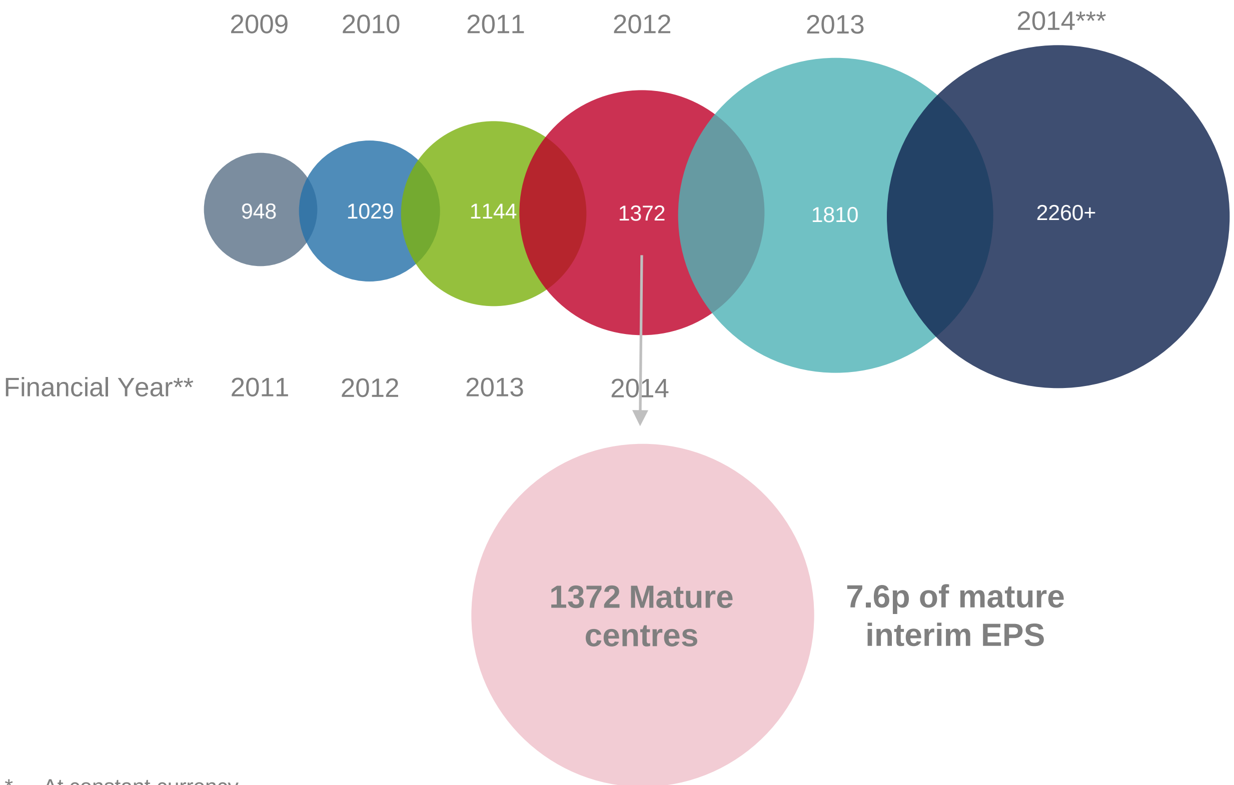
Source: Regus Annual Report & Accounts 2013, p.7

* These figures are prepared on a consistent basis ie. 2013 mature centres are those that were opened on or before 31 December 2011

** Illustrative based on guidance of at least 450 new centre openings in 2014

A good mature performance

Mature portfolio



- Continued good performance from this mature group
- Biggest addition of centres to Mature – 239 centres
- Mature revenue up 3.2%* to £647.5m
- Revenue growth and cost efficiencies drive mature operating margin improvement to 14.4% (H1 2013: 10.6%).
- Mature operating profit up 44%* to £93.0m
- Mature EPS increased 42%* to 7.6p
- Strong mature cash conversion – free cash flow per share of 7.6p
- Post tax return on investment for 2010 and 2011 centres combined of 25%

* At constant currency

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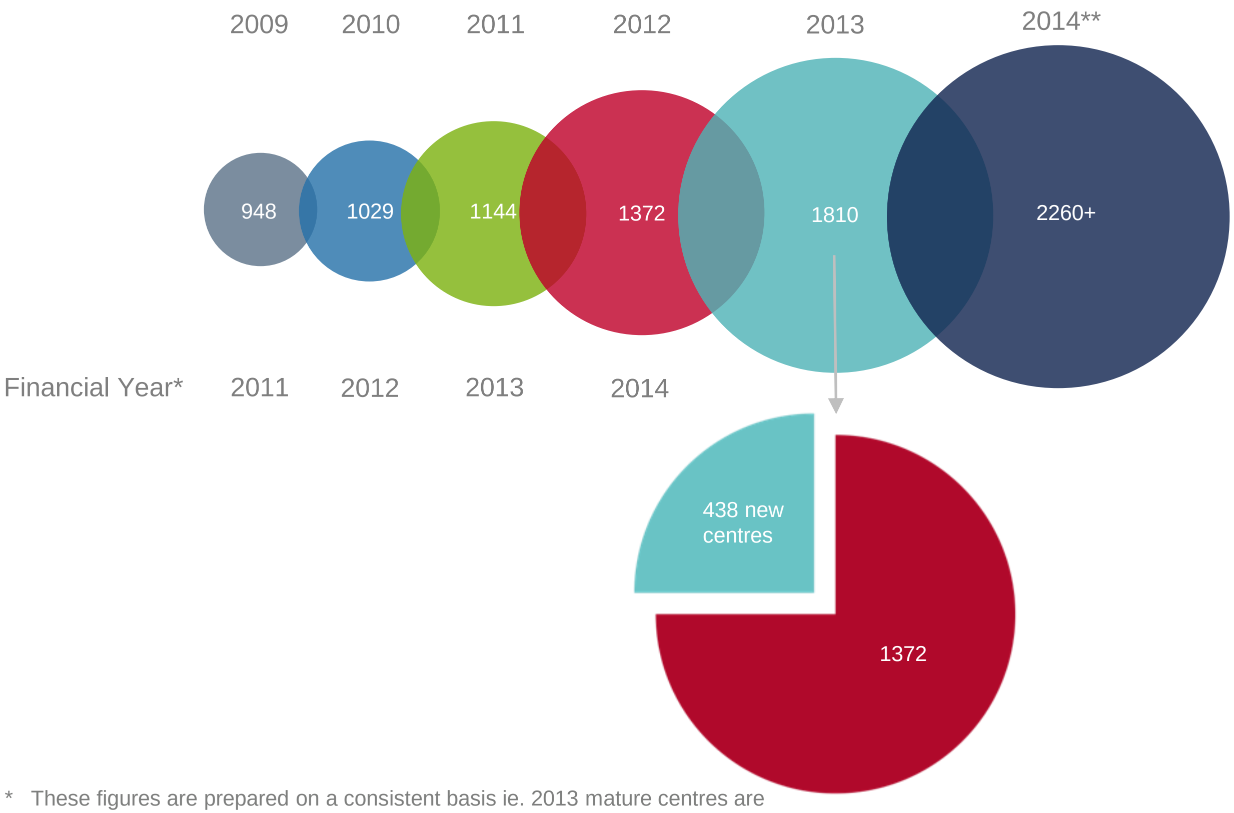
2013 centre openings progressing well

Mature portfolio



- A significant year of growth for the group
- 438 centres added to network
- Financial development on target
  - Revenue of £137.9m
  - Gross profit of £7.0m
- MWB contributed positively to gross profit
- Remaining centre openings weighted towards late 2013 so still relatively young

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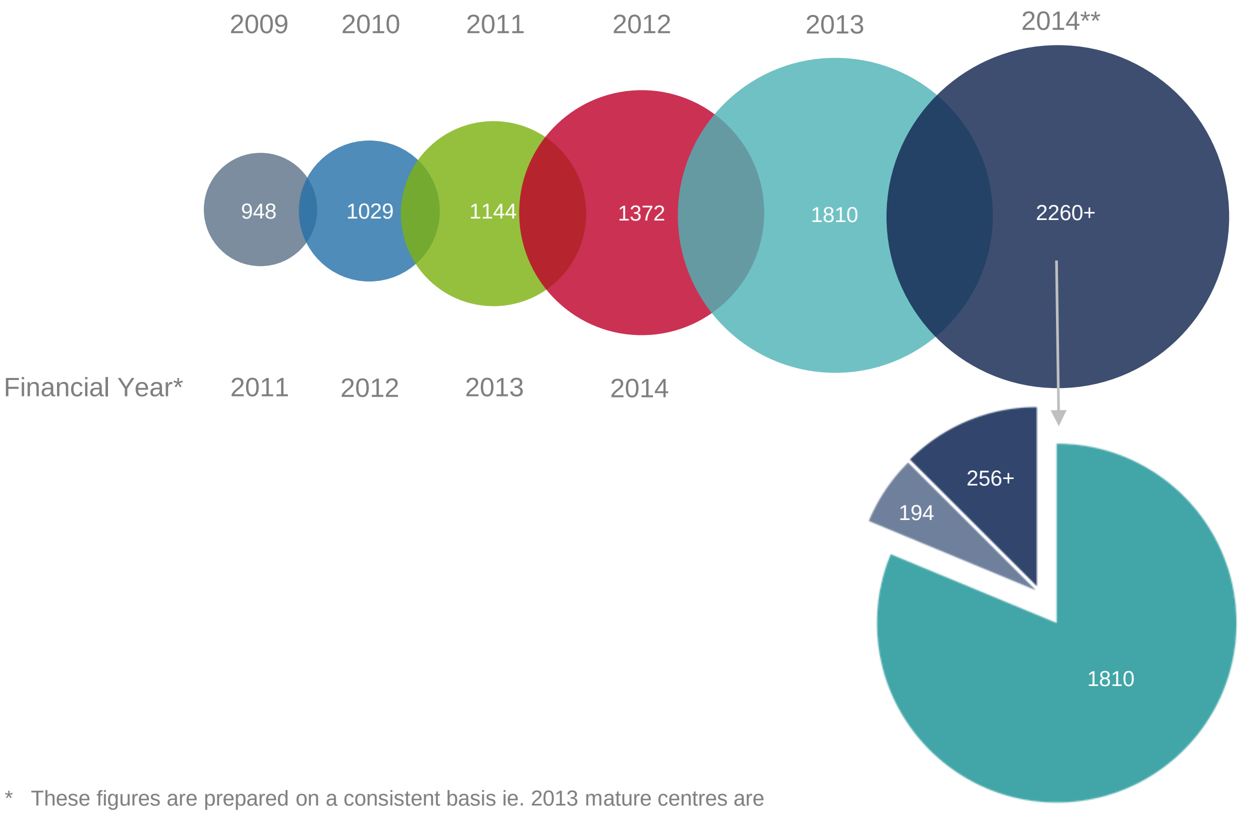
Strong growth in 2014

Mature portfolio



- Six months of strong growth
- 194 new centres opened
- Three countries added – Botswana, Bangladesh, Namibia
- Third Place locations increasing customer choice - good pipeline of opportunities
- £136m of growth capital invested
- Greater cost synergies from a bigger business
- View growth on a returns basis because of increased diversity in centre type, location and capital structure
- Expect to add at least 450 new centres this year

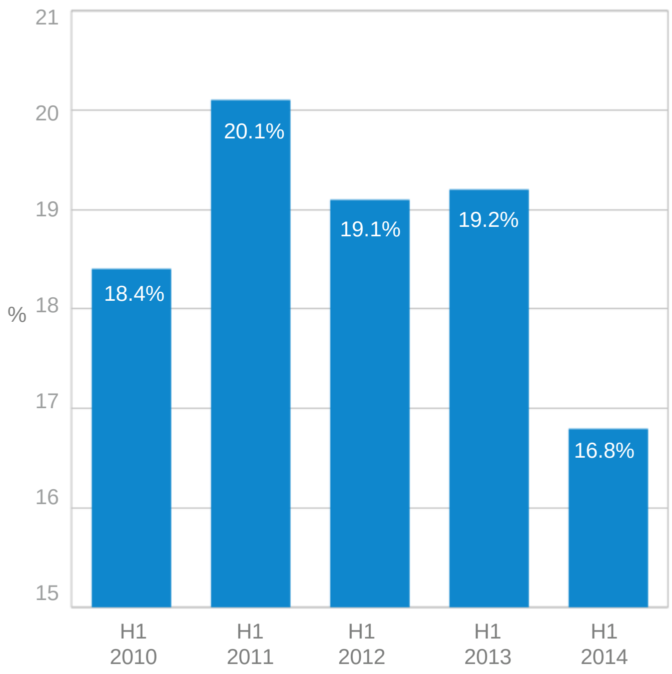
* These figures are prepared on a consistent basis ie. 2013 mature centres are those that were opened on or before 31 December 2011

** Illustrative based on guidance of at least 450 new centre openings in 2014

Improving overhead efficiency

- Group overheads* as a percentage of revenue decreased from 19.2% to 16.8%
- Cost reductions delivered through:
  - Scale advantages of an ever larger network
  - Further automation of back office
  - Management delayering and strengthening
- Achieved in spite of continued and significant investments made in the business to develop the network and our operating platform and processes

Overheads* as a % of sales



* Excluding R&D

Understanding growth

- Increasingly diverse range of opportunities makes the concept of the ‘average centre’ less relevant
    - Different configurations
    - Location mix
    - Wide variety of capital structure
- We are also seeing a far wider range of deal types on favourable terms
- Now is the time to signal a more relevant and appropriate way to talk about our business

Joint-venture with Singapore government

Partnership with Moto service stations

Evoluon centre in Netherlands

150 sqm centre in Tokyo

Business lounge in Terminal 5 with BAA

Joint venture with British Land at Meadowhall

Understanding growth

- We have a far more diverse business which current data – workstations, occupancy etc – are less relevant for
- Investment decision consider the following:
    - Can we generate returns well in excess of our cost of capital?
    - Is the growth manageable?
    - Is it sustainable?
- Intend to align external communication with internal evaluation criteria
- From 2015 onwards we will talk about investment and return on investment

Summary

A strong half year performance

Progress made against all our strategic objectives

- Improved profitability
- Strong network growth
- Excellent control of overheads

Increased investment in innovation and R&D (+34%)

Achieving attractive returns, well ahead of our cost of capital

Expect to have opened at least 450 new centres by year end

Business is in good shape and forward momentum remains strong

Financial review

Income statement – mature centres

- Continued strong progress
- Largest new year group addition to date of 239 centres
- REVPOW up 2.3%* to £3,523
- Occupancy healthy at 82%
- Continuing to see attractive scale benefits on overhead
- Mature EPS growth of 42% at constant currency to 7.6p

£ million	H1 2014	H1 2013	% change (actual currency)	% change (constant currency)
Revenue	647.5	682.5	**(5.1)%**	**3.2%**
Gross profit (centre contribution)	175.8	176.1	**0%**	**10%**
Gross margin	*27.2%*	*25.8%*		
Overheads	(83.2)	(104.0)	**20%**	**13%**
Overheads as % of sales	*12.8%*	*15.2%*		
Operating profit**	93.0	72.4	**28%**	**44%**
Operating margin	***14.4%***	***10.6%***		
EBITDA	132.6	113.5	**17%**	**30%**
EBITDA margin	*20.5%*	*16.6%*		
Mature EPS (p)	***7.6***	***6.0***	**27%**	**42%**

* At constant currency
** After contribution from joint ventures

Regional performance – mature centres

£ million	Mature revenue		Mature contribution		Mature margin (%)	
	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
Americas	284.9	308.1	82.7	87.2	29.0%	28.3%
EMEA	147.6	158.8	37.2	40.5	25.2%	25.5%
Asia Pacific	104.5	110.3	32.7	28.1	31.3%	25.5%
UK	109.8	104.4	24.8	20.7	22.6%	19.8%
Other	0.7	0.9	(1.6)	(0.4)	-	-
Total	**647.5**	**682.5**	**175.8**	**176.1**	**27.2%**	**25.8%**

- Revenue and contribution in the period both impacted by the significant strength of sterling
- Continued operational improvements driving UK margin forward

Cash flow– mature centres

- Mature free cash flow per share up 33% to 7.6p (100% EPS cash conversion)
- Working capital outflow 1.1% of gross Group working capital – mainly timing
- Maintenance capital expenditure remains in 4-5% guidance range
- ROI on maturing year groups well ahead of cost of capital – 2010 and 2011 centres delivering 25% return on investment

£ million	H1 2014	H1 2013
EBITDA	**132.6**	**113.5**
Working capital	(16.6)	(2.2)
Maintenance capital expenditure	(28.0)	(43.7)
Other items	4.9	2.2
Net finance costs	(3.1)	(1.9)
Taxation at 20%	(18.0)	(14.1)
Mature free cash flow	**71.8**	**53.8**
Mature free cash flow per share (p)	**7.6**	**5.7**
Free cash flow margin	***11.1%***	***7.9%***

Net investment in new centres

- 194 centres added
- New centres continue to have positive impact on working capital
- Investment continues to be supported by strong mature free cash flow and increased external funding availability
- We expect to add at least 450 new centres this year

£ million	H1 2014	H1 2013
EBITDA	**(35.7)**	**(33.4)**
Working capital	22.8	13.3
Growth capital expenditure	(136.3)	(153.5)
Other items	(2.2)	2.2
Finance costs	(5.8)	(1.3)
Taxation	8.7	5.3
Net investment in new centres	**(148.5)**	**(167.4)**

Income statement – new centres

New centres - 2013

- MWB delivering expected contribution to operating profit
- 2013 organic openings impacted profits in H1

New centres - 2014

- 194 centres added
- Early days, but performance in-line with expectations

£ million	H1 2014	H1 2013
New centres 2013		
Revenues	137.9	51.8
Gross profit	7.0	3.9
Growth overheads	(24.6)	(41.3)
Operating loss	**(17.6)**	**(37.4)**
New centres 2014		
Revenues	16.5	-
Gross profit	(3.4)	-
Growth overheads	(31.1)	-
Operating loss	**(34.5)**	
New centre operating loss	**(52.1)**	**(37.4)**

Consolidated cash flow

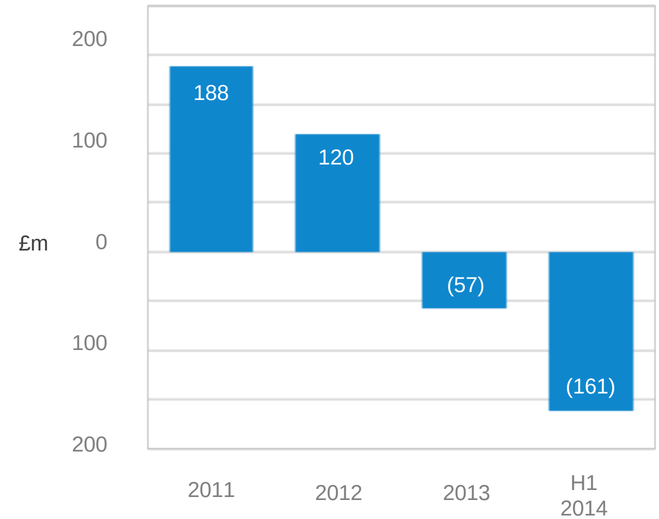
- Generated strong mature cash flows
- Invested significantly in growth
- Paid the 2013 final dividend
- Net debt of £161.3m

£m	H1 2014	H1 2013
Mature free cash flow	**71.8**	**53.8**
New investment in new centres	**(148.5)**	**(167.4)**
Closed centres cash flow	(0.6)	(0.3)
Total net cash flow from operations	**(77.3)**	**(113.9)**
Dividends	(23.7)	(20.8)
Corporate financing activities	(4.6)	(1.3)
Change in net cash	**(105.6)**	**(136.0)**
Opening net cash/(debt)	(57.2)	120.0
Exchange movements	1.5	2.0
Closing net cash/(debt)	**(161.3)**	**(14.0)**

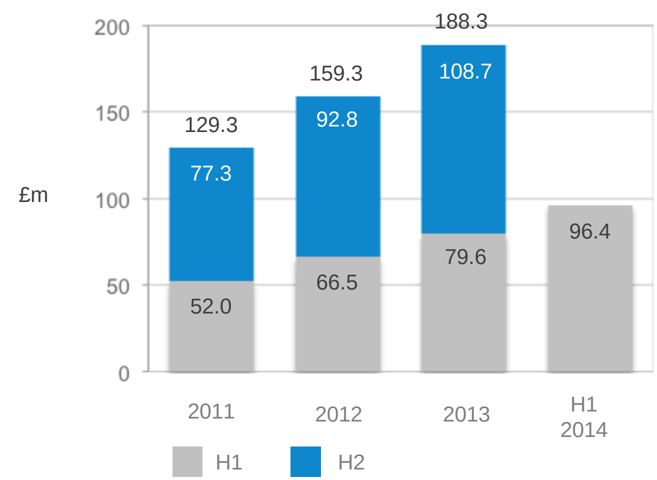
A prudent balance sheet

- Prudent approach to balance sheet funding
- Raised £170m via a loan note – well received by investor base
- Available funding of £490m
- Target to maintain net debt: Group EBITDA leverage ratio below c. 1.5x
- Increased availability on RCF provides additional flexibility
- Future interest rate exposure on outstanding debt has been partially hedged
- Net debt to Group EBITDA: 0.8x after all costs of growth

Net cash / (debt)



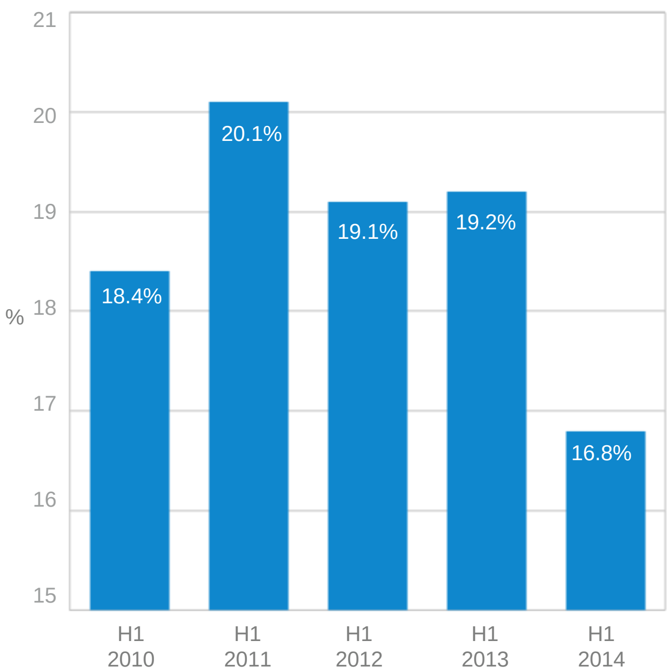
Group EBITDA



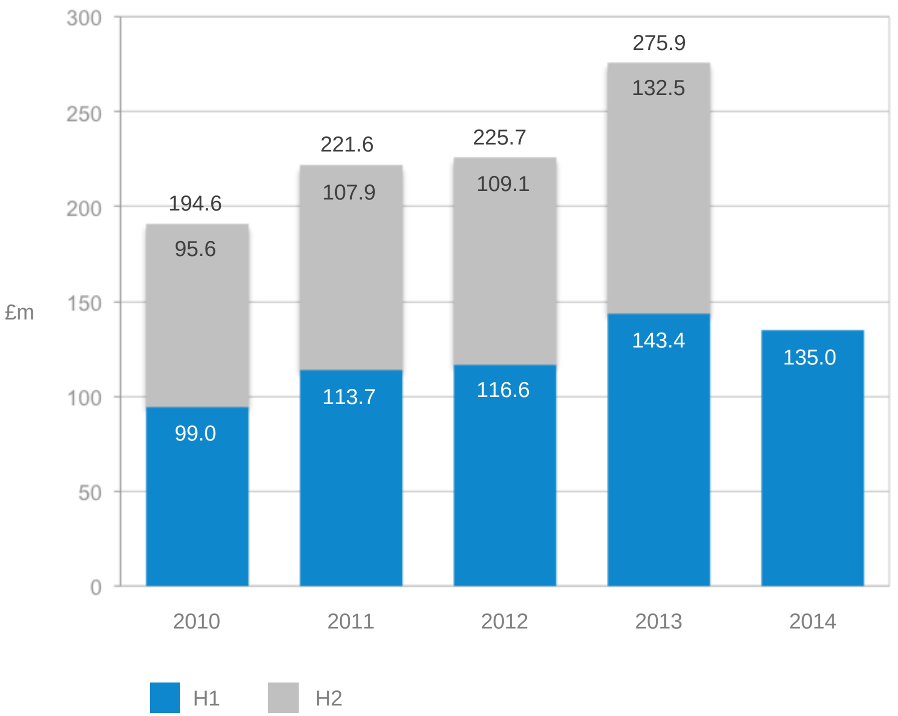
Group overheads (excluding R&D)

As expected, a very strong performance

Overheads as a % of sales



Total Group overheads



Group results - overview

- Revenue up 16.9% and operating profit up 41% at constant currency
- R&D spend up 34%
- Dividend up 14%

£ million	H1 2014	H1 2013
Revenue	804.7	744.7
Gross profit (centre contribution)	**178.8**	**180.6**
Gross margin	*22.2%*	*24.3%*
Overheads	(135.0)	(143.4)
Investment in R&D	(4.3)	(3.2)
Joint ventures	0.4	0.3
Operating profit	**39.9**	**34.3**
Operating margin	*5.0%*	*4.6%*
Net finance	(8.9)	(3.2)
Profit before tax	31.0	31.1
Taxation	(6.2)	(4.9)
Profit for the period	24.8	26.2
EPS (p)	**2.6**	**2.8**
Dividend per share (p)	**1.25**	**1.1**
EBITDA	96.4	79.6

The way we look at growth

Growth strategy is returns driven – 25% return on investment from 2010 and 2011 centres

Increasing diversity in centre size, configuration and location

Increasing variety of capital structures - high and low capital intensity, management contracts, Joint-Ventures etc.

Guidance by reference to centre additions therefore becoming less helpful

Need to align balance sheet and income statement

From 2015 will guide by reference to capital invested and not centre openings

Financial summary

Another strong performance

- Good mature operating profit growth of 44% at constant currency and excellent cash conversion
- Strong discipline over cost control with further improvements in SG&A (ex R&D) as a percentage of sales
- Maintained a prudent approach to balance sheet funding with increased resources
- Investment in growth continuing to generate pleasing returns in excess of our cost of capital and we continue to find further attractive opportunities to grow

Guidance

- Maintenance capital expenditure 4-5% of revenues
- Effective tax rate remains at 20%
- Anticipate opening at least 450 new centres in 2014
- Sterling has strengthened further since 4 March, with translation impact affecting results

Summary and outlook

Summary

2014 priorities

•Focus on continued strong returns for the mature estate

•Ensure new centres continue to develop in line

•Maintain tight grip on overheads and deliver further economies of scale

Outlook

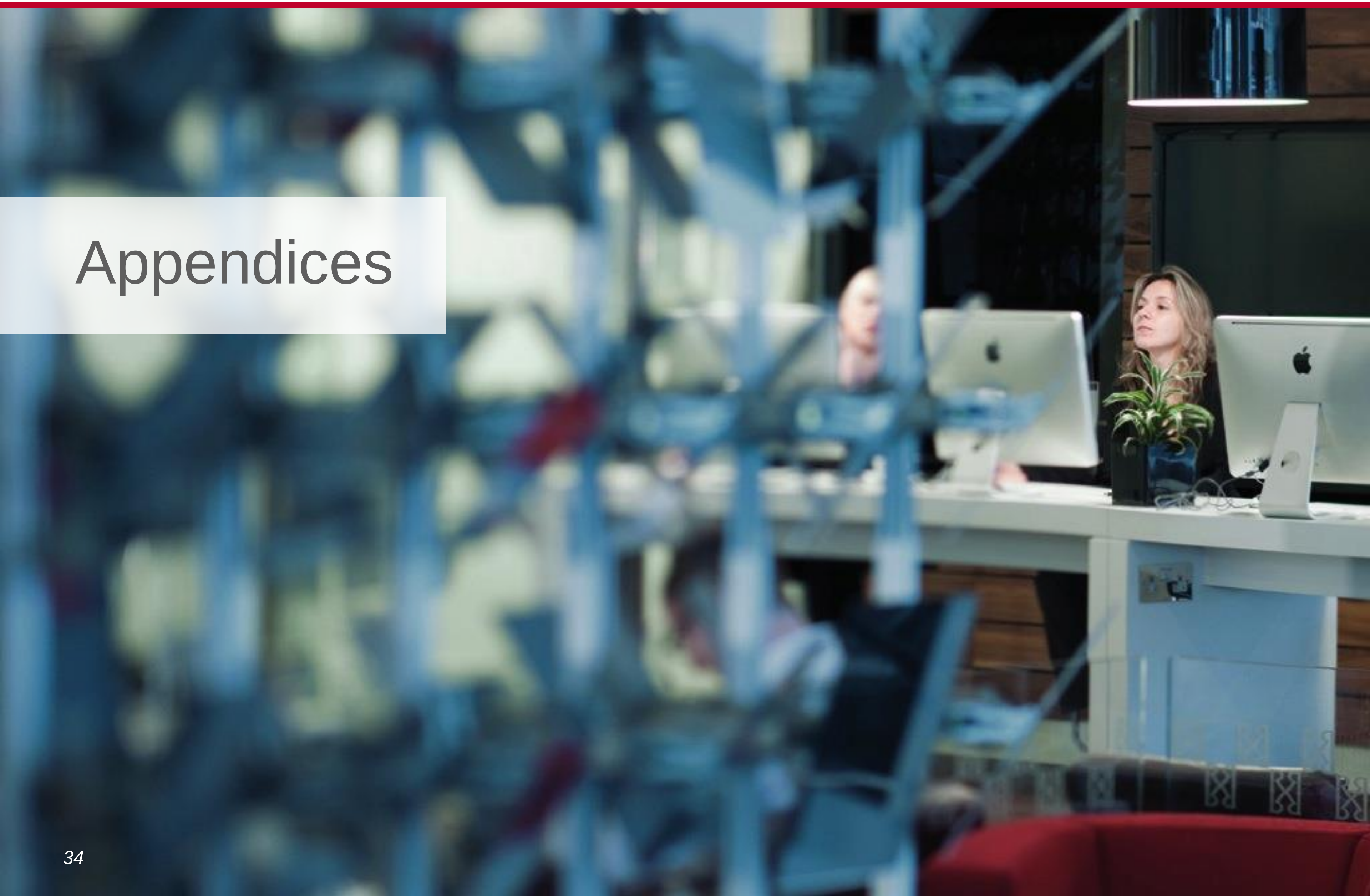
•Expect to add at least 450 new business centres, as well as additional Third Place locations; driven by demand and returns criteria

•Current trading is good and in line with expectations

New way of looking at investment and returns

•From 1 January 2015 will guide by reference to capital invested and not centre openings

Questions



Appendices

Financial performance by maturity

£m	H1 2014					H1 2013			
	Mature centres	New centres	Closed centres	Total		Mature centres	New centres	Closed centres	Total
Revenue	**647.5**	**154.4**	**2.8**	**804.7**		**682.5**	**51.8**	**10.4**	**744.7**
Cost of sales	(471.7)	(150.8)	(3.4)	(625.9)		(506.4)	(47.9)	(9.8)	(564.1)
Gross Profit (centre contribution)	**175.8**	**3.6**	**(0.6)**	**178.8**		**176.1**	**3.9**	**0.6**	**180.6**
Overheads	(83.2)	(55.7)	(0.4)	(139.3)		(104.0)	(41.3)	(1.3)	(146.6)
Share of profit on joint venture	0.4	-	-	0.4		0.3	-	-	0.3
Operating profit	**93.0**	**(52.1)**	**(1.0)**	**39.9**		**72.4**	**(37.4)**	**(0.7)**	**34.3**
EBITDA	**132.6**	**(35.7)**	**(0.5)**	**96.4**		**113.5**	**(33.4)**	**(0.5)**	**79.6**

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