



# Capital Markets Day.

**6 October 2015**

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# Leadership Team.



**Mark Dixon.**

Global Chief Executive Officer.





## Market

Market Perspective

Ben Munn, MD Corporate Services

## Planning

Business Planning

Andrew Lemonofides, Chief Strategy Officer

## Performance

Business Performance  
Marketing and Products  
Innovation

Gareth Haver, Chief Commercial Officer  
Ian Hallett, Chief Marketing Officer  
Andre Sharpe, Chief Innovation Officer

Coffee break

## Growth

Formats  
Finding and building 20k  
Managing Risk

Phil Kemp, MD Formats  
Rick Bertasi, MD Global Network Development  
Dominique Yates, Chief Financial Officer

## Talent

Talent Management

Francesca Peters, Chief Talent Officer

## Global View

Global View

John Wright, CEO Asia  
Filippo Sarti, CEO Middle East and Africa  
Dominic Harrison, CEO Northern Europe  
Richard Morris, CEO UK  
Stephen Farley, CEO North America

Innovation ExPo and drinks reception





# Setting the scene.

**Mark Dixon**



# Opportunity.



- 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



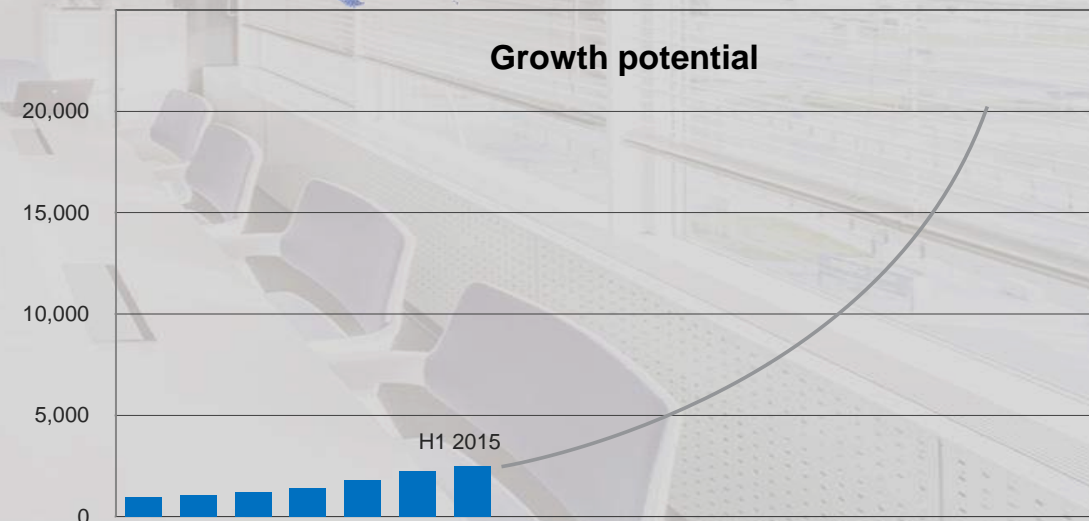
## Benchmarks



- >36,000 restaurants
- 119 countries



- >21,000 locations
- 65 countries



Source: Company reports and presentations



# Demand drivers.

## Factors enabling change



Smartphones



Broadband



Work  
at home



Work  
anywhere



Network  
convenience

## Business forces driving demand



Company  
adoption



Employee  
popularity



Marketing  
visibility



Environment

# Investment case.

- Market leader – No 1 player in highly fragmented market
- Structurally growing demand
- Attractive ROI, cash flow and returns
- Proven ability to manage growth
- Significant runway for growth with expected incremental post tax cash returns of at least 20%
- Prudent management of capital structure

A large, solid red circle containing the text "Right Place, Right Time" in white, sans-serif font.

“Right Place,  
Right Time”

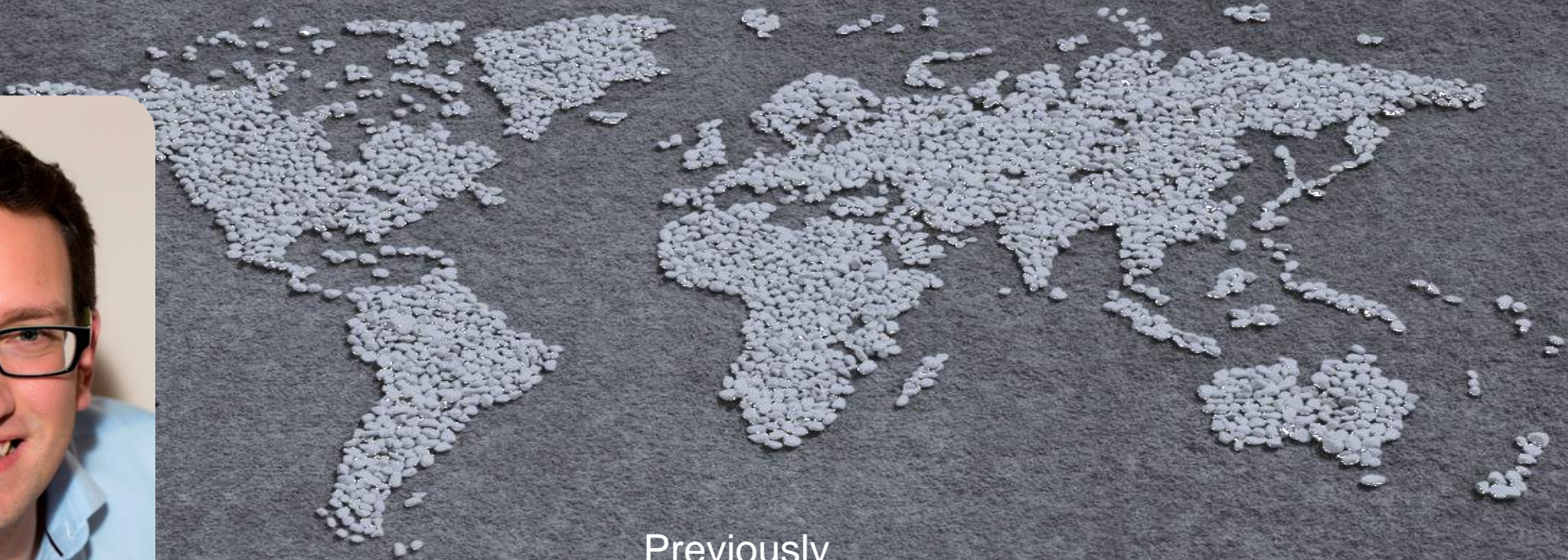


# Leadership Team.



**Ben Munn.**

MD Corporate Services.



Previously

**Head of Global Workplace Strategy, CBRE.**

**Director, Jones Lang LaSalle .**

**Head of Consulting Practice, Gensler.**

BA English Literature, UCL





**The global workplace revolution.**

**Ben Munn**



# Ideas informed by:

Regus™



# Speed of change is accelerating.

## The life expectancy of companies is falling

66% of S&P 500 could be replaced by 2027 at current churn rates

1958

61  
YEARS

2012

18  
YEARS

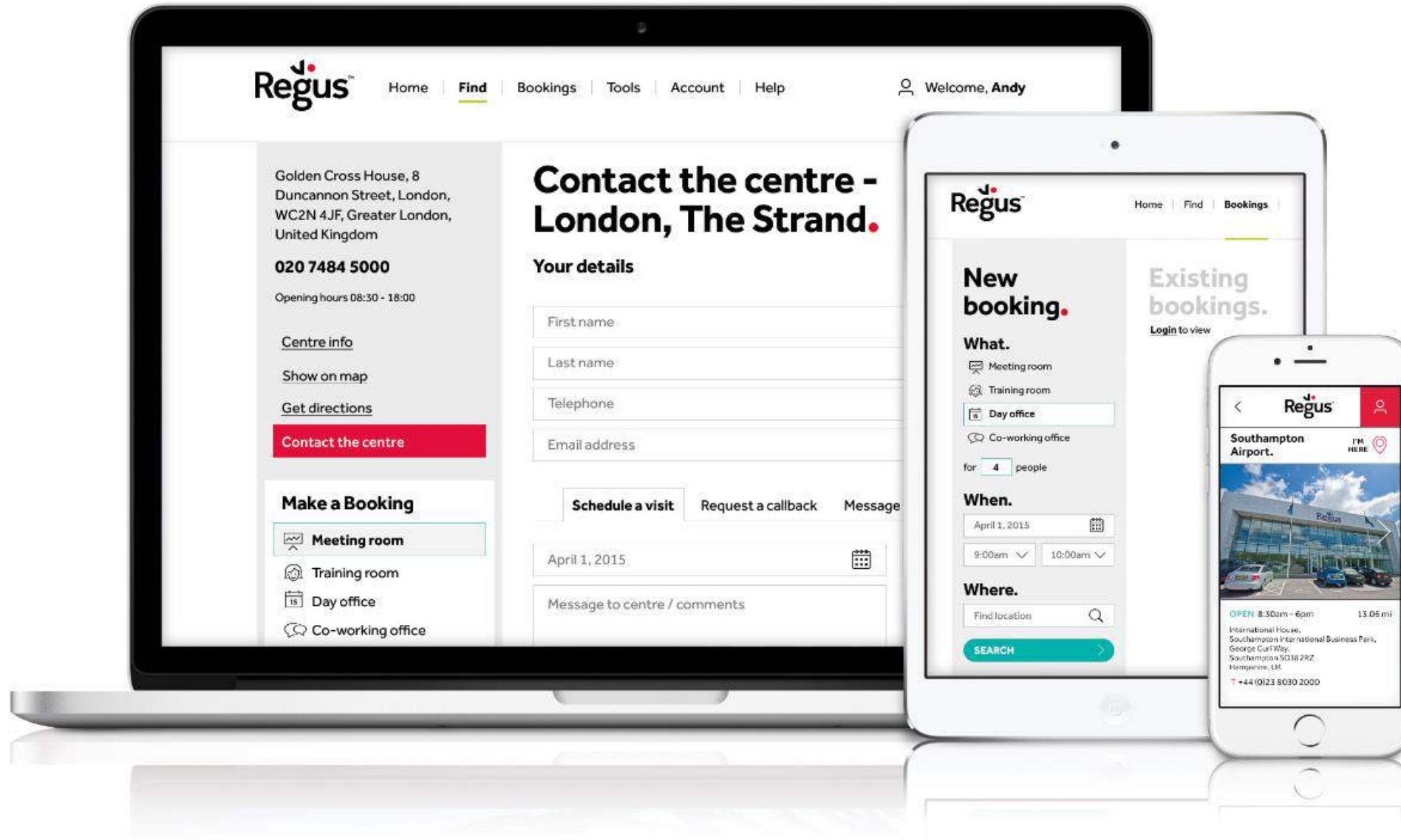


# Business Concerns.

- Growing profitably
- Mitigating financial risk
- Increasing organizational efficiency
- Attracting and retaining top talent
- Staying ahead of the competition
- Brand reputation
- Preparing for the future:
  - Proactive innovation
  - Ready for change and disruption
  - Political and regulatory changes

“Everyone is starting to worry about being Ubered.”

# Tech driving opportunity for change.





# Tech driving opportunity for change.

The screenshot shows the BBC News website's Technology section. At the top, there's a navigation bar with the BBC logo, a 'Sign in' button, and links to News, Sport, Weather, iPlayer, TV, Radio, and a 'More' dropdown. A search bar is on the right. Below this is a red banner with the word 'NEWS' in large white letters and a 'Find local news' button with a location pin icon. Underneath the banner is a horizontal menu with links to Home, UK, World, Business, Politics, Tech (which is highlighted), Science, Health, Education, Entertainment & Arts, Video & Audio, and another 'More' dropdown.

The main content area is titled 'Technology' and features the article 'Will a robot take your job?' dated 11 September 2015. The article text states: 'Type your job title into the search box below to find out the likelihood that it could be automated within the next two decades. About 35% of current jobs in the UK are at high risk of computerisation over the following 20 years, according to a study by researchers at Oxford University and Deloitte.'

Below the text is an illustration of various professions (a robot, a businessman, a construction worker, a doctor, a teacher, a large industrial robot, and a small robot) standing on a platform. Below this illustration is an interactive tool titled 'I am a...' with a text input field containing 'Finance and investment analyst and adviser'. Below the input field is a link that says 'Can't find your job? Browse the full list'. At the bottom right of the tool is a green button that says 'Find out my automation risk >'. To the left of the tool is a small illustration of a person and a robot on a bridge, and to the right is an illustration of a robot holding a sign.



**The basics are still the same.**

**Regus™**





**This is a bank.**





**This is a bank.**





This is NOT a bank . . . yet



# Companies' changing space needs.



Branch office



New market entry



Individual offices



Conference rooms



Team rooms



Demonstration rooms



Project space



Virtual office



Branch office



Individual offices

**Different requirements, at different times, in different places, for different terms . . .**



# Real estate isn't working.

## Traditional Real Estate

## Customer Needs

Slow

'We need to be more agile'

Rigid

'We need flexible space'

Inefficient

'We don't want to pay for empty desks'

Capital intensive

'We don't want to spend on bricks and mortar'

A product not designed for its customer

'We want to work in the cloud – using space on-demand'

# The historic approach.

**Fixed offices and fixed costs.**  
Inefficient and inflexible.



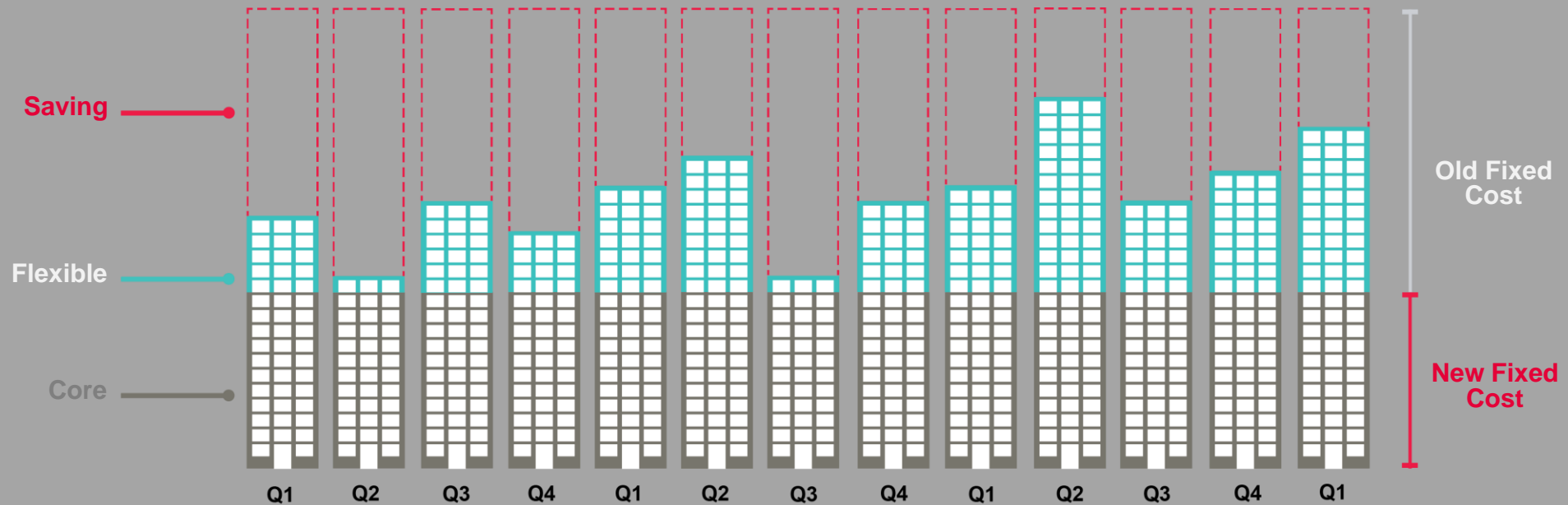
**Over 55% of office desks are empty at any one point in time**

Unwired Research Report



# Workplace as a service.

**Reduce the fixed.**  
Become more flexible.



## Work in the cloud

- Reduce costs
- Increase agility
- Minimise risk

# Workplace as a service.





**The market is vastly underserved.**

The background of the slide is a collage of three skyscrapers. On the left is One World Trade Center, a tall, slender, tapering tower with a glass facade. In the center is the Freedom Tower, a similar tapering tower with a glass facade and a spire. On the right is the Toranomon Hills building, a modern skyscraper with a glass facade and a distinctive angular design. The text "1 billion square feet" is overlaid in a large, bold, dark blue font on a semi-transparent white background.

**1 billion  
square feet**

**10 million square feet flexible space**



**A growing market.**

**DEMAND**

**CONFIDENCE**

**SUPPLY**

**MIND THE GAP**

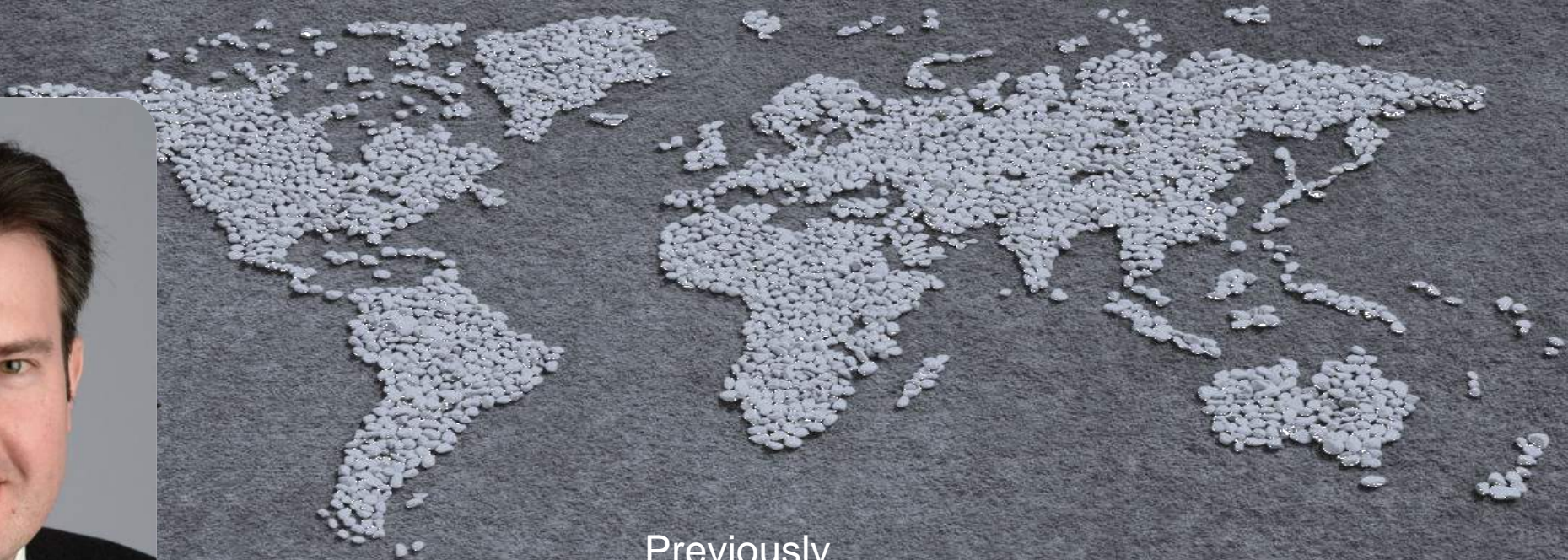


# Leadership Team.



**Andrew Lemonofides.**

Chief Strategy Officer.



Previously

**Global Strategy Director, Dell Computers.**

**Finance Director UK, Dell Computers.**

**Commercial Director, Toshiba UK.**

MBA, Cass Business School, London

MSc(Econ) Economics & Statistics, University of London

BSc Business Studies & Marketing, City University, London





**Foundations of planning.**

**Andrew Lemonofides**



# Shifting expectations.



**Change in  
attitude**

**Change in  
approach**

**Change in behaviour.**

# Approach.

**1. Comprehensive**

Build out each country network

**2. End state**

Defined end-state for each country

**3. Granularity**

Growth planned by geography, by format,  
by deal type and by price-point

**4. Investment**

Clear people investment plan

**5. Performance**

Accountability to achieve the plan

**Well defined, simple plan.**



A world map composed of small, light-colored stones or pebbles arranged on a dark, textured surface.

**Country  
Overview**

**Growth  
Plan**

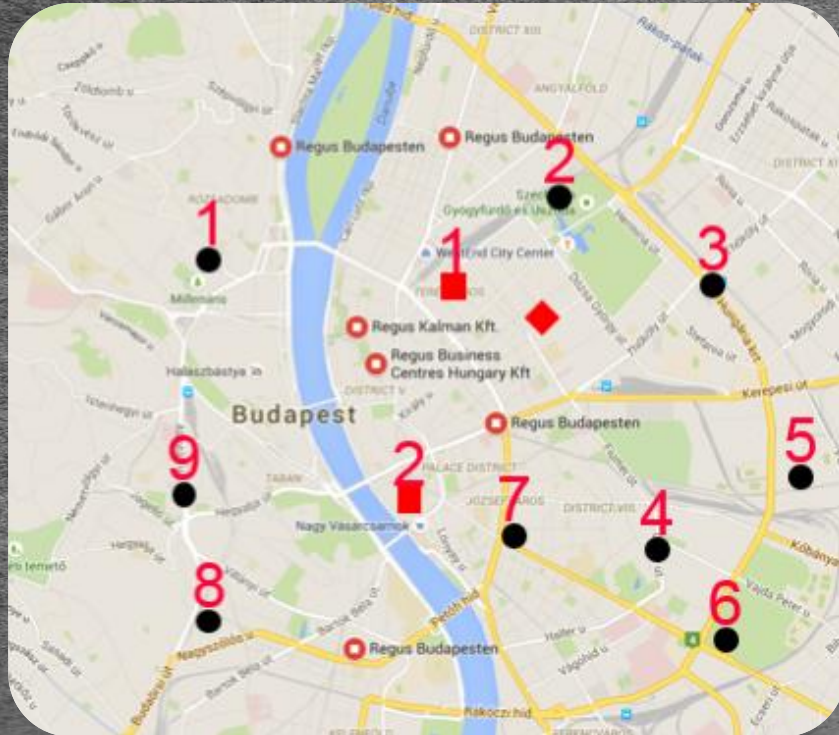
**Performance  
Plan**

**Resource  
Plan**

**Comprehensively planned, focused execution.**



# Granularity.



By  
geography

By  
format


By  
deal type

By  
price point

Multi-level planning underpins ability to scale.



# Building capability.



**Simple  
structure**

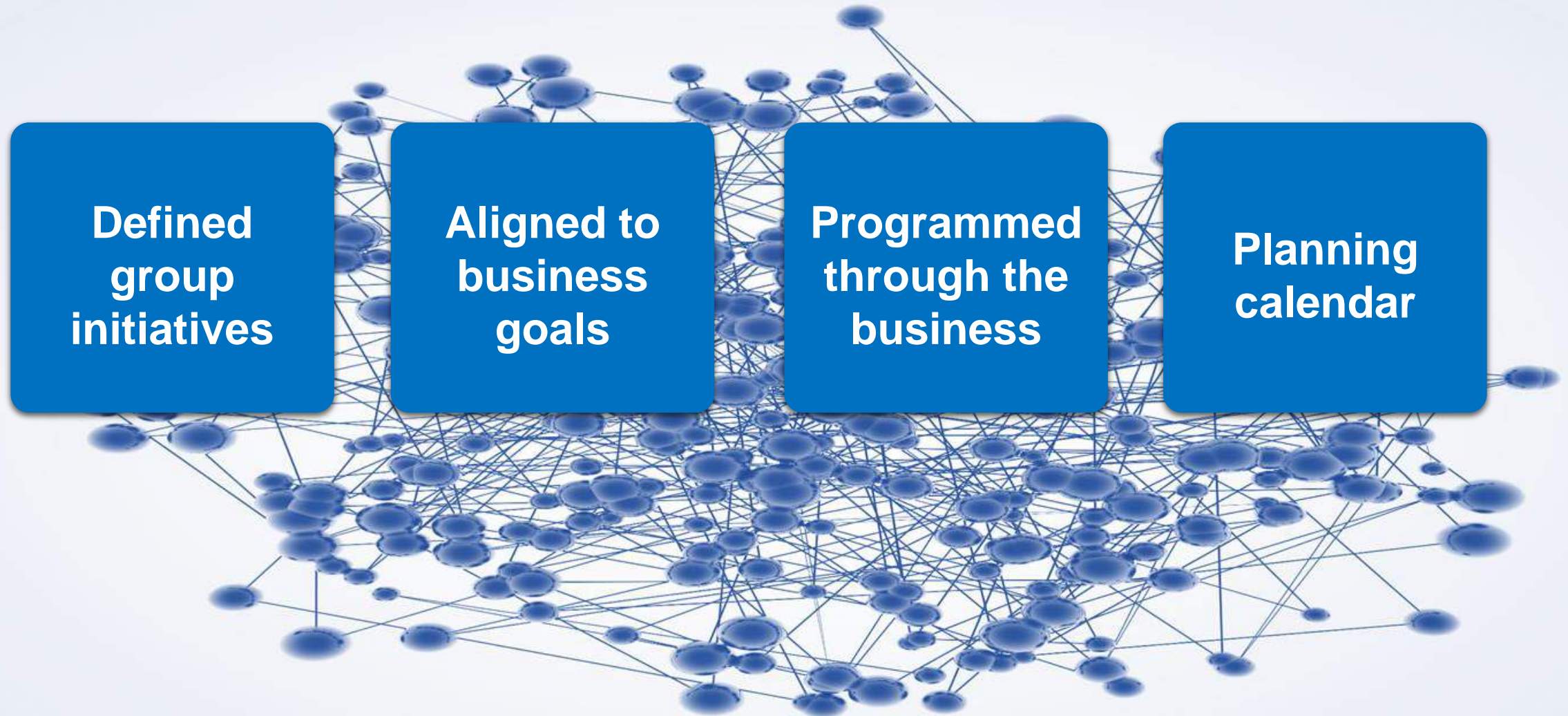
**Strong core  
roles**

**Build  
resilience**

**Increased  
reach**

**Clear investment in people.**

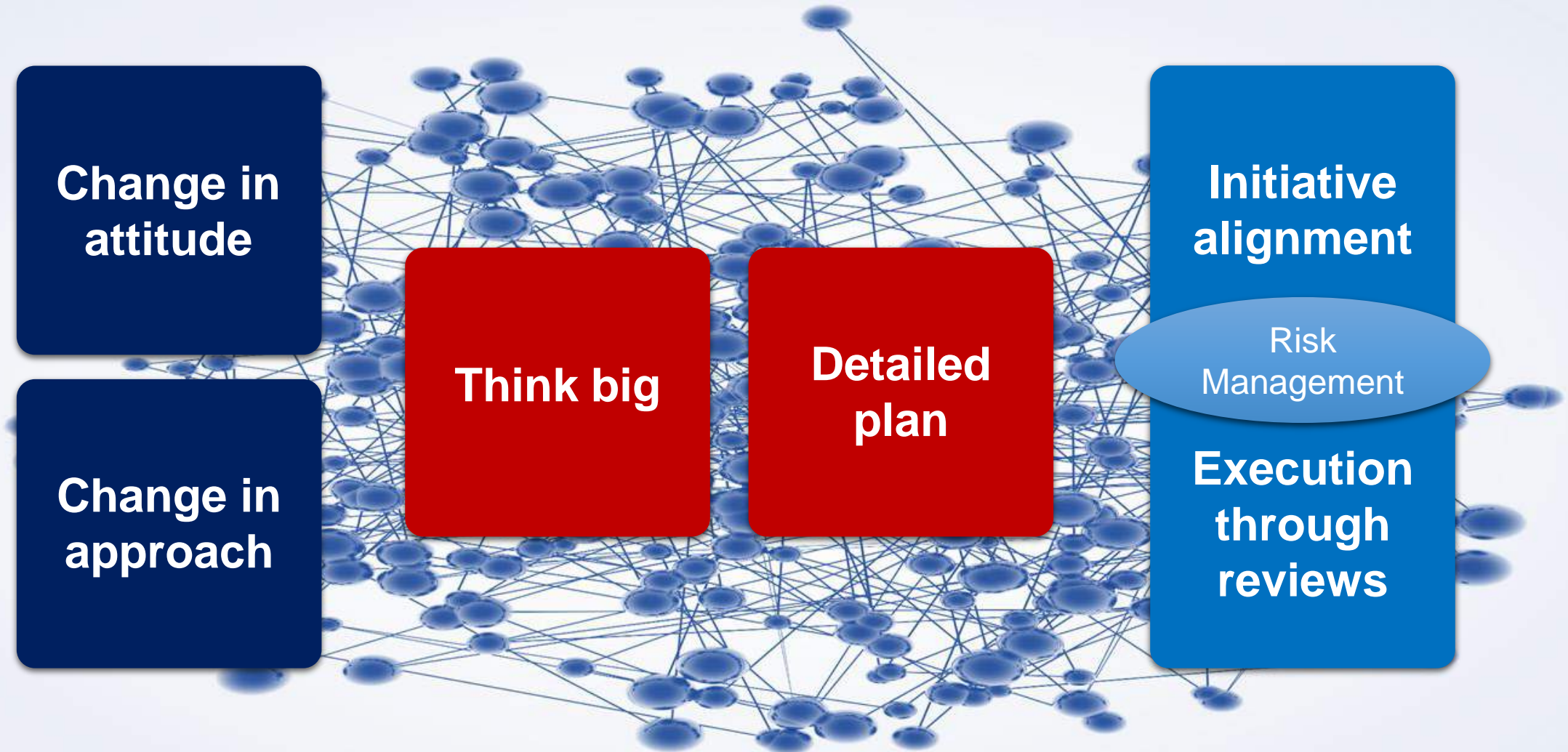
# Functional planning.

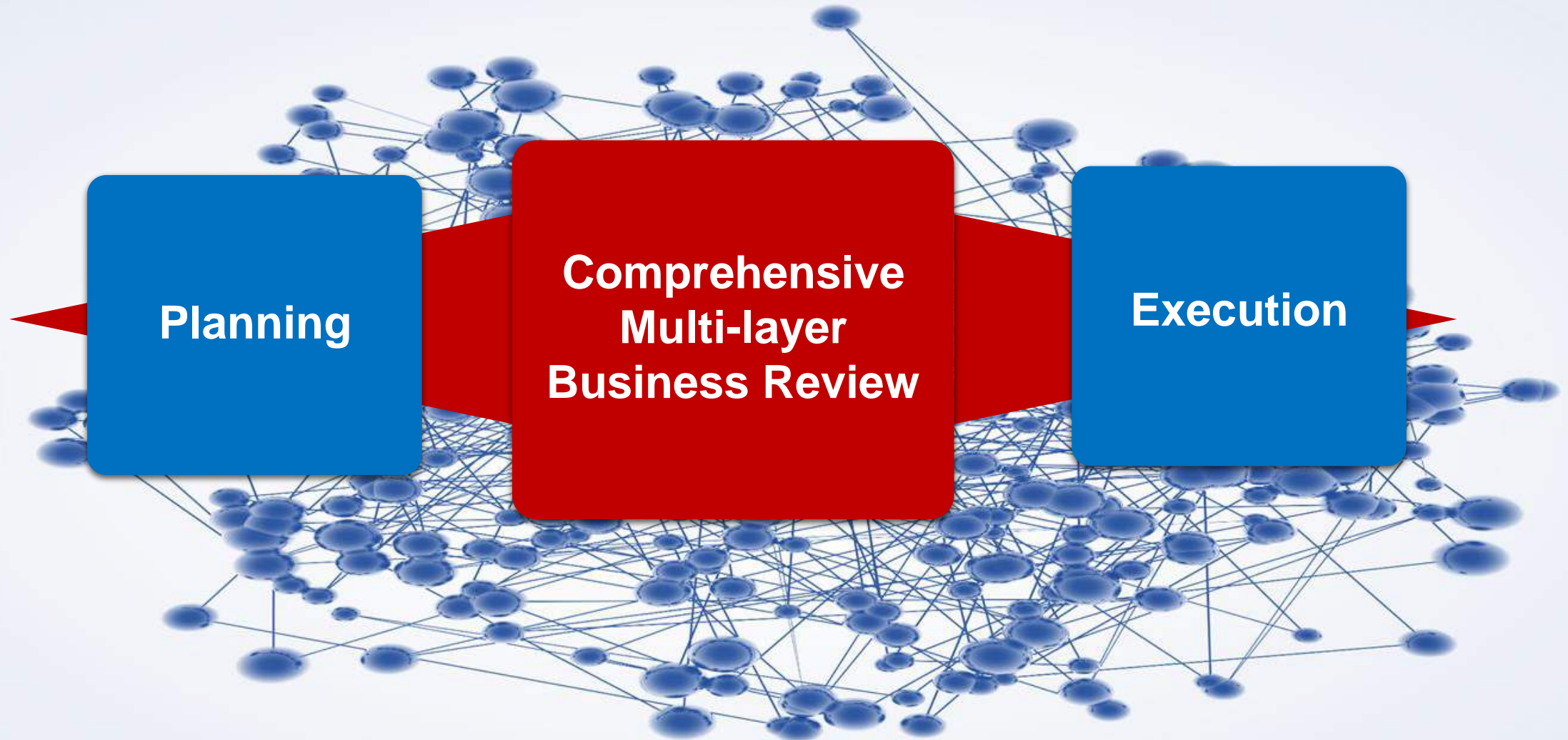


**Clearly integrated group initiatives.**



# Foundations of planning.





**Integrated business reviews to deliver results.**



# Questions.



**Ben Munn.**  
MD Corporate Services.

**Mark Dixon.**  
Group CEO.

**Andrew Lemonofides.**  
Chief Strategy Officer.



# Leadership Team.



**Gareth Haver.**

Chief Commercial Officer.



History

**Chief Commercial and Marketing Officer, Homeserve.**  
**MD Credit Products, Virgin Money**  
**Consultant, Boston Consulting Group**

Masters in Finance, London Business School  
BA Modern History and Economics (Double First), Oxford University





**Commercial performance.**

**Gareth Haver**

# Focus areas.

**Increasing  
revenue**

**Lowering  
operating  
cost**

**Managing  
overhead**

**Simplifying the business**



**Improved  
gross margin**

**Improved  
net margin**

**Improved  
customer  
satisfaction &  
retention**

**Scalable business model**

**Scalability enables shift in pace of openings.**

# Margin drivers.



**Mature  
estate  
margin**

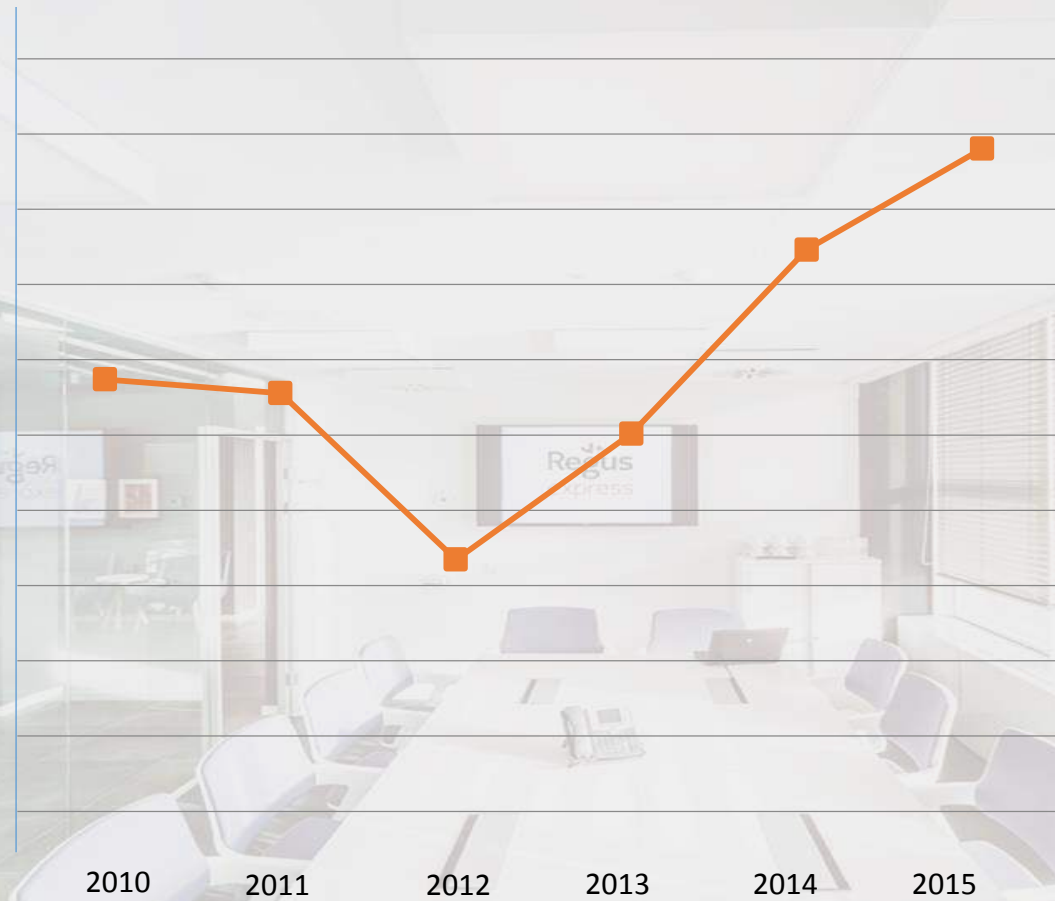
**Faster  
margin  
from  
NCOs**

**Price**

**Product  
income**

**Initiatives in place to drive each of these levers.**





**Sustained improvement in retention**

**Manila**

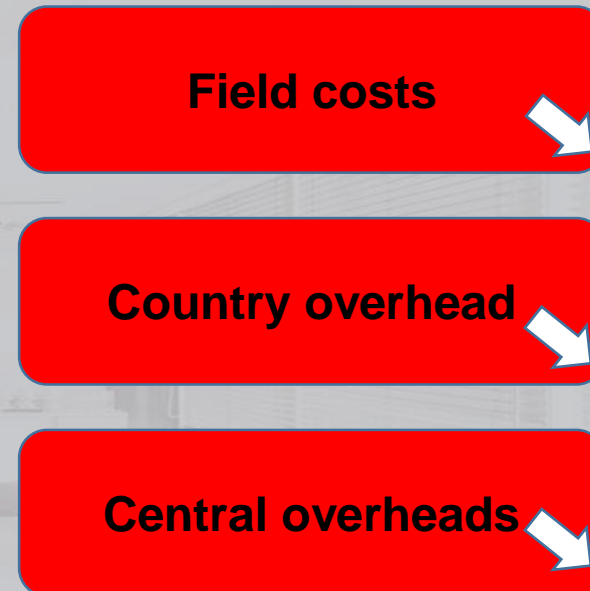
**Local service  
centres**

**Efficient  
“in country”  
model**

**Economies of scale  
Reduced complexity**

**Focus on efficiency and customer satisfaction**





**Focussed driving efficiency out of our model**

# Optimising performance.



**Increasing  
revenue**

**Lowering  
operating  
cost**

**Managing  
overhead**

**All about the customer**



**Customer video.**





# Leadership Team.



**Ian Hallett.**

Chief Marketing Officer.



History

**COO – Finance**, Lloyds Banking Group.

**Commercial Director**, Lloyds Banking Group.

**Financial Director**, Cable & Wireless.

BSc Management Science, University of Kent





**Products and marketing.**

**Ian Hallett**

# Our opportunity.



## Office

Office and co-working space sold by the hour to multi-year contracts.

## Home

Workplace and business support to home-based workers and start-ups.

## Mobile

Drop-in workplaces and technology services to help people stay productive on the move.



A blurred background image of a modern office interior. In the foreground, a man in a white shirt is seated at a desk, looking down and resting his chin on his hand. Behind him, two other people are visible, also working. The office has large windows, modern lighting (including a green pendant lamp), and a clean, professional aesthetic.

Office and  
co-working space  
sold by the hour to  
multi-year contracts.

Targeting **20,000**  
locations globally

**New range of products that offer  
customers more workplace options so  
they can work how they want to work**

---

**Introduction of cloud-based telephone  
solution, maintaining our strategy of  
offering best of breed services to  
customers**

**Workplace and  
business support  
to home-based  
workers and start-  
ups.**

20% of self employed  
people work from home

---

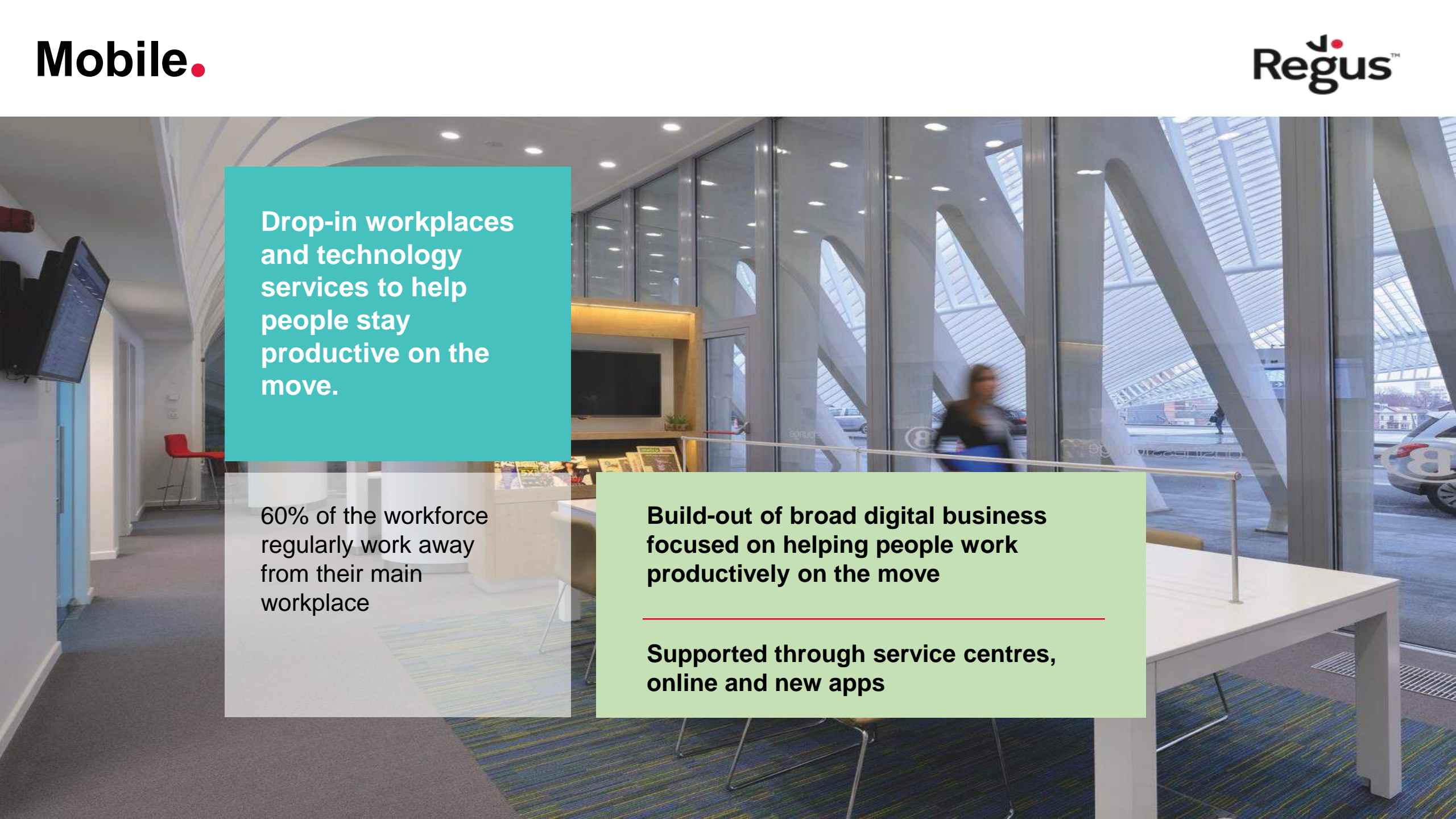
10m+ new businesses  
are registered every  
year globally

**Build-out of broad digital business  
focused on supporting people that run  
their own business and / or work from  
home**

---

**Remotely supported through service  
centres, online and new apps**



A background image of a modern office interior with large glass windows, a curved ceiling, and a person walking in the background.

**Drop-in workplaces  
and technology  
services to help  
people stay  
productive on the  
move.**

60% of the workforce  
regularly work away  
from their main  
workplace

**Build-out of broad digital business  
focused on helping people work  
productively on the move**

---

**Supported through service centres,  
online and new apps**



# Workplace Recovery.



## Workplace recovery

£1.3bn annual market

Achieving **53% growth**  
year-on-year

Existing customers

**ExxonMobil**

**E\*TRADE**

 **ditech**

## Incubation Business

Today  
c. £2m

Opportunity  
£30-£50m



# Evangelising about what we do.



**Today**

Advertising to  
people that are  
looking

**Tomorrow**

Evangelise  
the benefit of  
what we do  
to a broad  
audience

**Actively engaging with all current and potential customers.**

**App video.**



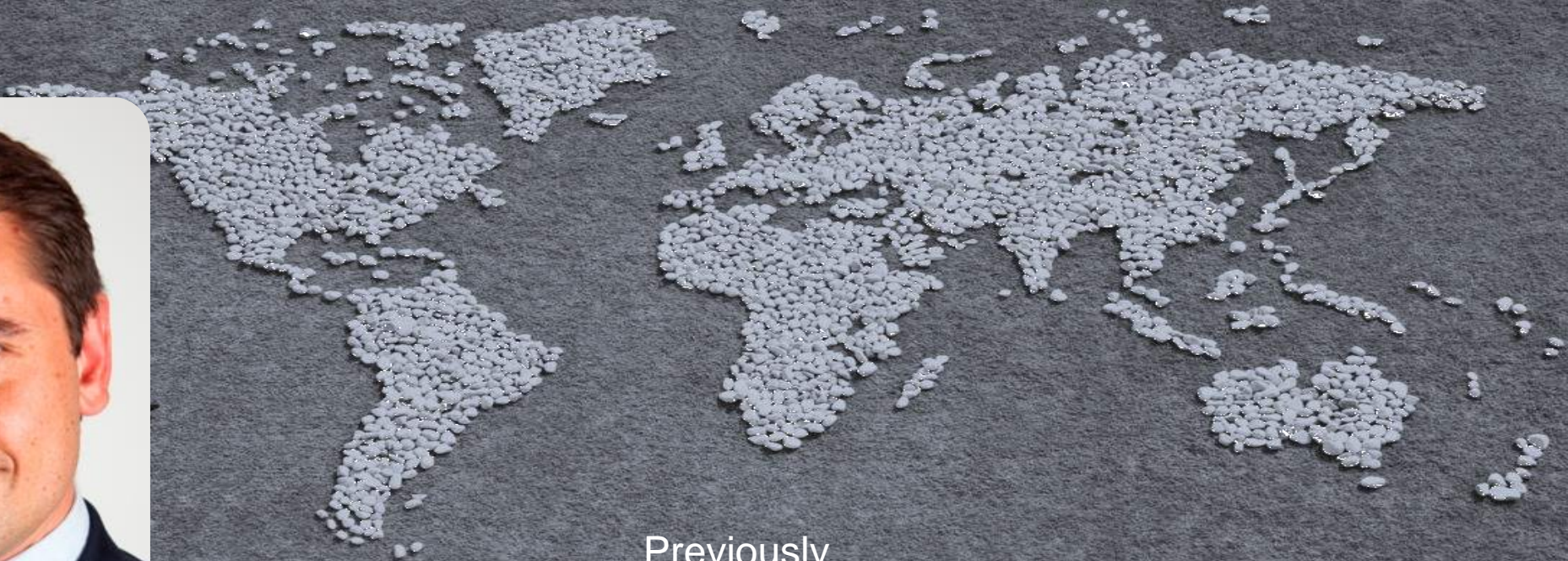


# Leadership Team.



**Andre Sharpe.**

Chief Innovation & Information Officer.



Previously

**Founder & CEO, Habitaz Global Workspaces.**

**CEO, The Business Group.**

**Founder & CEO, Fedsure Health Technologies.**





Regus<sup>™</sup> express  
business lounge

The image shows a modern, bright lounge area with large windows overlooking an airport terminal. In the foreground, there is a yellow armchair with a black seat, a small wooden side table, and a potted plant. A square lamp with a warm glow sits on a surface to the left. The lounge is part of a larger building with a curved, ribbed ceiling and a glass railing overlooking the airport below.



The image shows a modern office interior with a long white table and several white chairs. The background is a bright, open space with large windows and a curved ceiling. The text "Research and development." is overlaid in the center.

**Research and development.**

**Andre Sharpe**



**Regus  
Information  
Technology**

**Research and  
Development**

**Introduction  
to Innovation  
ExPo**



## Infrastructure

IT and telecommunications infrastructure.  
New location support

## Systems

Internal, customer and self-service applications

## Services

24/7/365 IT service desk

## Global Technology Alliances

## Research & Development



**Continuous Investment**

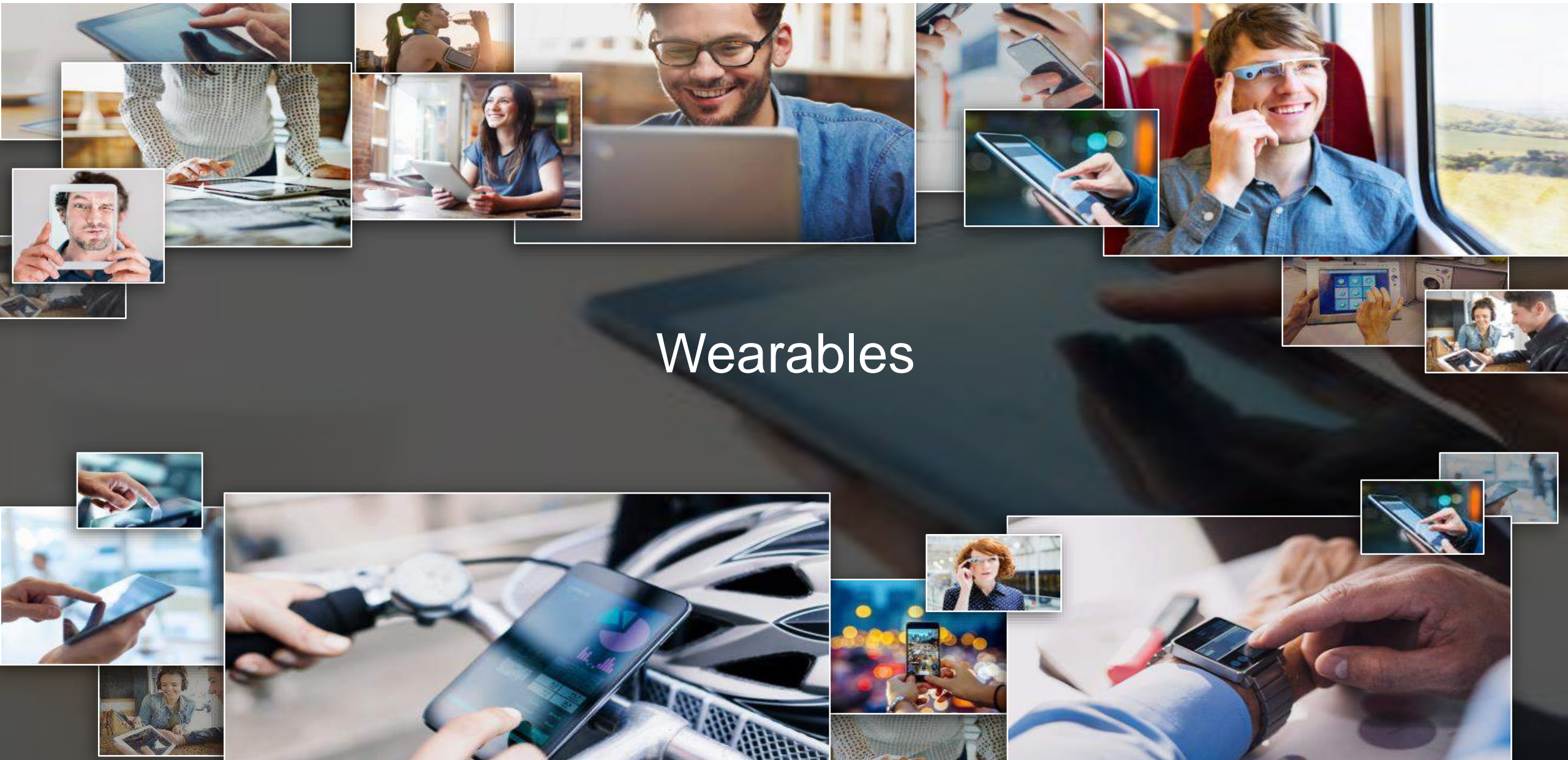
**Support > 2m devices**

**2,000,000 Mbps**

**Extend offering to Office, Home and Mobile**

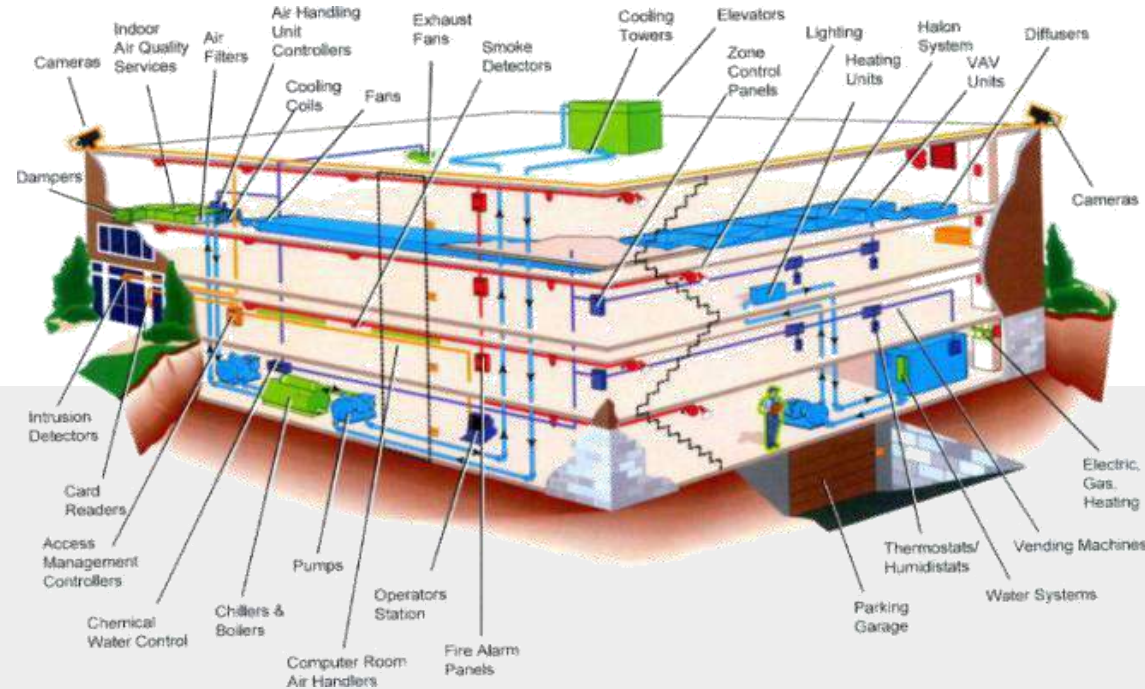
**Future trends**

# Opportunity 1: Wearables





# Opportunity 2: Internet of Workplace Things.



**15bn**

connected devices today

**40bn**

by 2020

**10,000**

in the average office

# Opportunity 3: Big Data.

Information



Behaviour

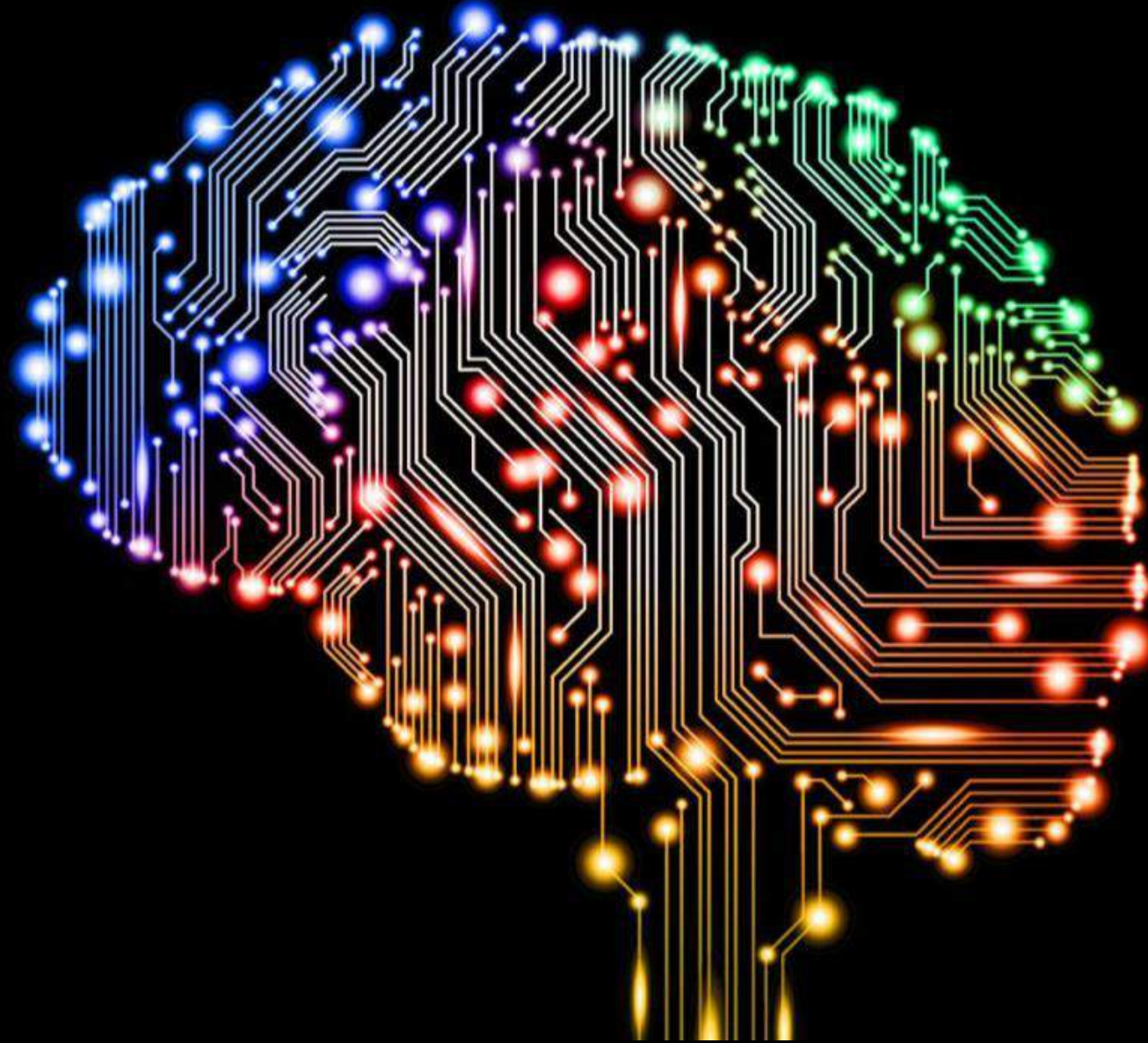


Needs



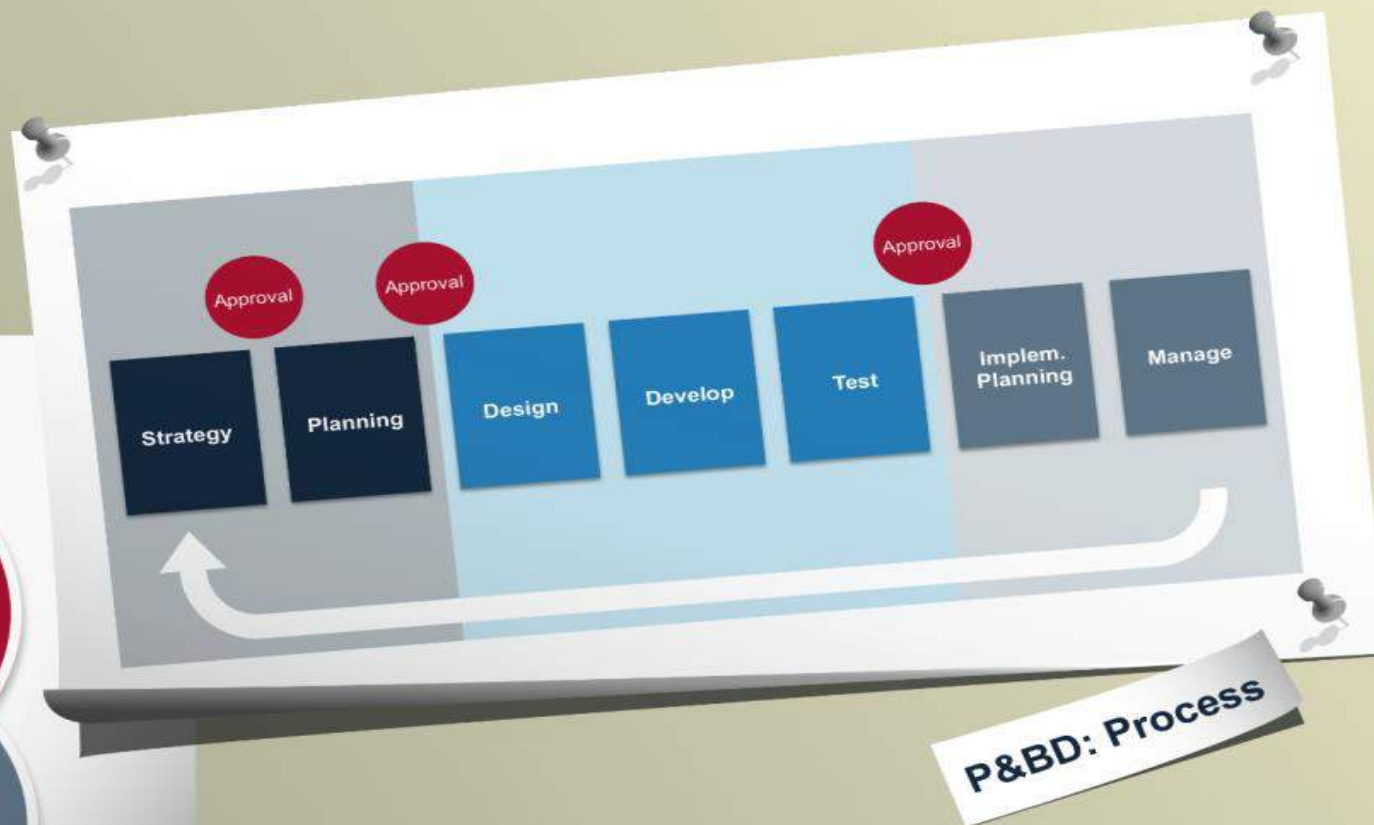


# Opportunity 4: AI & Machine Learning.



# R&D & Business Development.

What do we do





# Platform Components.



## Community

Largest connected business community globally



## Apps

Mobility and productivity applications



## Benefits

High value customer benefits



## Services

Simple to buy and use products and services



## Network

Most extensive network of workspaces



**Jan 2010**  
**Businessworld 1.0**  
Global implementation of flexi working membership programme



**Jun 2011**  
**1,000 Business Lounges (complete)**  
Implementation of first 1,000 business lounges



**Jul 2012**  
**BusinessLink 2.0**  
Online community networking platform



**Mar 2010**  
**Customer Communities**  
Local customer community programme



**May 2012**  
**Regus Express Rail (beta)**  
Opening locations with Dutch and French railways



**Sep 2012**  
**Regus Express Roadside 1.0**  
Launch two roadside locations in the UK



**Sep 2011**  
**Regus Express (beta)**  
Launch first roadside location in France



**Aug 2012**  
**Enterprise Programme 1.0**  
Regus programme for corporates and multinationals, UK/USA



**Jun 2013**  
**100 Countries (complete)**  
Open in Nepal, Angola and Cambodia



**Mar 2014**  
**Regus Express Retail (beta)**  
Opening shopping centre in UK



**May 2014**  
**Regus Express Library (beta)**  
Open in public library in Singapore



**Oct 2014**  
**Kora Innovation (beta)**  
Open three Innovation Centres in Finland



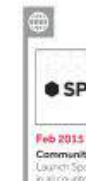
**Dec 2014**  
**Regus Express Hotel (beta)**  
Open partnership with Hilton hotels



**Jan 2015**  
**Marketplace 1.0**  
Platform for partner offers and discounts to Regus customers

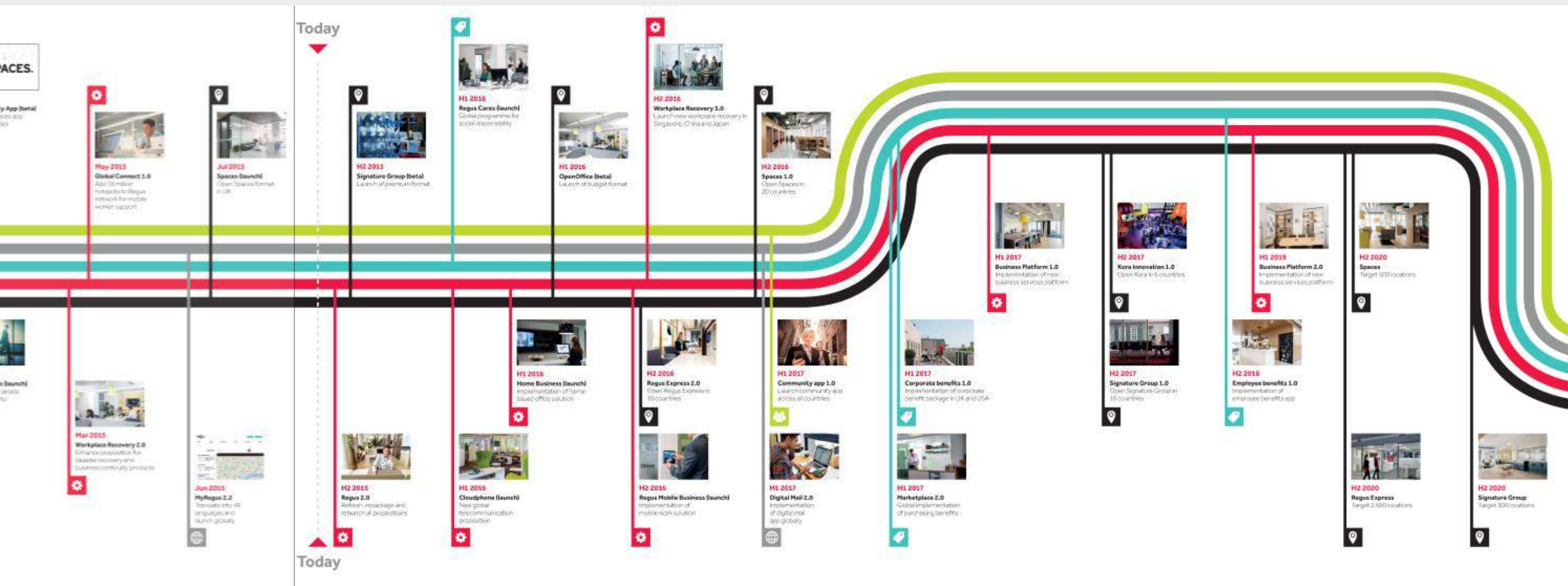


**Jan 2015**  
**Airside Lounge**  
Adds 800 ultra-luxe lounges globally Regus network



**Feb 2015**  
**Community**  
Launch Sp in all countries







# The Regus Platform.

## A roadmap for the future.

An integrated platform that supports the way people work today and will work tomorrow.



# Innovation Expo.



**FIBRE**  
TECHNOLOGIES LTD


**RINSPEED**

**SALTO**  
inspiredaccess

 **Polycom™**

**Travelport**   
Redefining travel commerce

 **Microsoft**

 **8x8, Inc.**





# Questions.



**Ian Hallett.**  
Chief Marketing Officer.

**Gareth Haver.**  
Chief Commercial Officer.

**Andre Sharpe.**  
Chief Innovation Officer.



**Coffee break.**





# Leadership Team.



**Phil Kemp.**

MD Formats.



History

**VP Mobile Phones – China, Nokia.**

**VP Devices, Nokia.**

**MD Nokia New Zealand, Nokia.**

Senior Executive Programme, London Business School  
MEng Electrical and Electronic Engineering, Bradford  
BEng Electrical and Electronic Engineering, Bradford





**Developing formats.**

**Phil Kemp**



**Formats video.**





# Leadership Team.



**Rick Bertasi.**

MD Group Network Development.



History

**Global VP Real Estate Services, Deutsche Bank.**  
**VP & GM, JCI Global Workplace Solutions.**  
**President & CEO, Sequentra Solutions.**

MBA, Amos Tuck School of Business Administration  
BA International Political Economy, Dartmouth College





**Finding and building 20k.**

**Rick Bertasi**



# Focus areas.



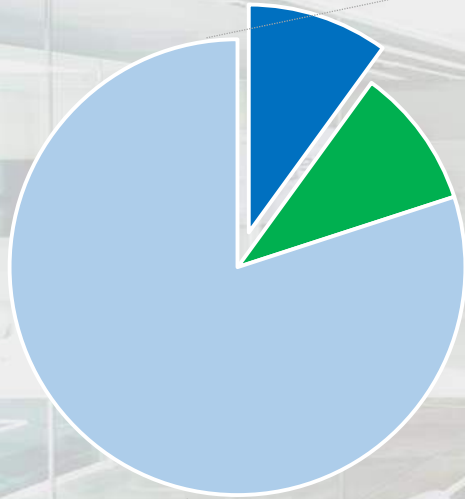
**Change the  
mix**

**Industrialize  
the approach**

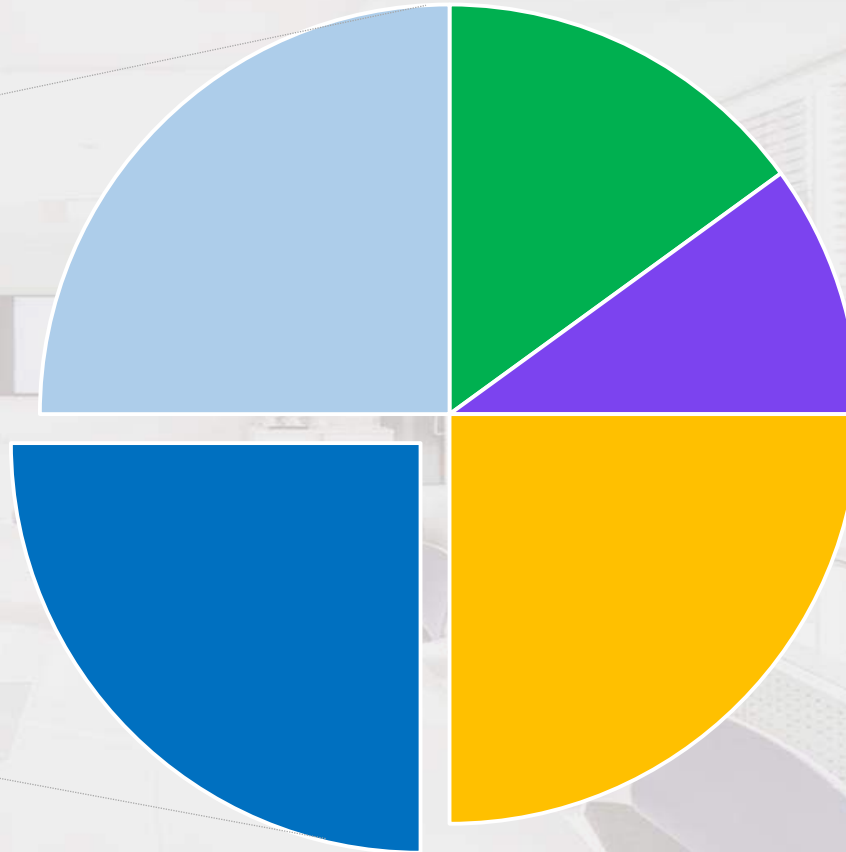
**Essential to change the pace of growth.**

# Changing the mix.

Mix of Models  
(2014)



Changed Mix  
(future)





# Partnering methods for capital lite growth.



- We employ **different partnering methods** to serve different demographic, segment **and investment profiles**
- Franchising / Licensing
- Joint Ventures
- Management contracts
- Variable rent deals
- Conventional lease deals
- Occasionally and tactically, property purchases will also make sense

## Generating Income via Revenue share.



Payment waterfall – Cumulative



## Long term partnership.



Profit share payment waterfall  
– Cumulative sequence of revenue allocation



## Management agreement.



Payment waterfall – Cumulative



# Industrialising the entire approach - WIP.



## Supply chain consolidation

## Process Industrialisation

## Product Standardisation

## Workload Automation

## Skillset Enhancement

**Broker Service**  
Partners

**Project Management**  
Service Partners

**Design and build**  
general contracting

**Simplification**  
Plan based

**Standardisation**  
Tools and  
Methods

**Localisation**  
Advance  
alignment

**Formats**  
Office, Air, etc.

**Segments**  
Regus,  
Signature, Open

**Specification**  
Design,  
procurement

**Integrated Planning**

**Process Visibility**

**Streamlined report and approvals**

**Small, select Group roles**

**Senior Country Talent in all major countries**

**Leveraging core competences from our partners**



# Workflow approach.



1. Detailed Planning

2. Broker Search

3. Property Team Close

4. Simplified approvals

5. Fast Build

- Multiple formats  
+
- Multiple segment  
+
- Multiple partner models  
+
- Multiple geographies

**Simplified, scalable model.**

**Consistently deployed.**

# Country set-up.

## Each Country has:

- Business Plan
- Outsourced Suppliers
- Deal Palette
- Sales Collateral
- Workflow Technology
- Standard Tools / Templates

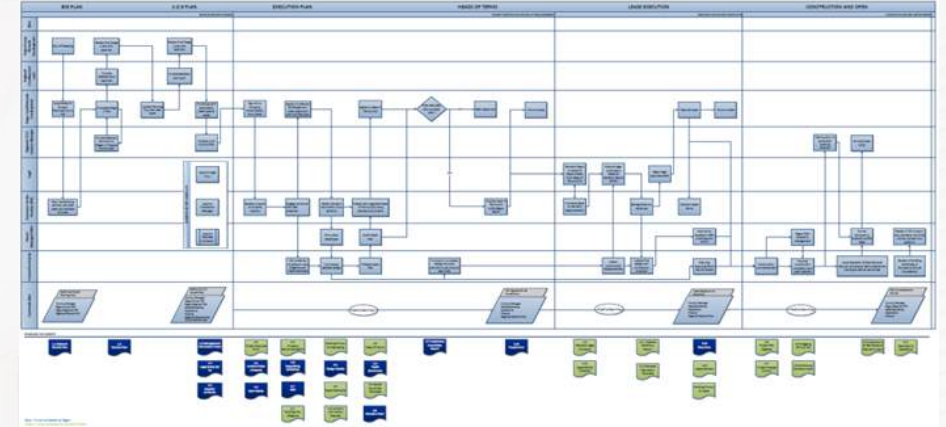
Folio	Tool / Template	
1.0 Planning		
1.1	Network Growth Plan	4.0 Brokerage
1.2	Country Business Plan	4.1 Landlord Sales Collateral
1.3	Management Information	4.2 Deal Palette
1.4	Legal Entity Set-Up	4.3 Property Recommendation
		4.4 Landlord Information Request
		4.5 Heads of Terms
2.0 Supplier Contracts		
2.1	Brokerage	4.6 Standard Legal Contracts
2.2	Project Management	4.7 Investment Committee Report
2.3	Design & Build	4.8 Negotiating Guidelines
2.4	Legal	4.9 Valuation Pack
2.5	Other approved preferred suppliers	4.10 Lease Exhibits Checklist
		4.11 Material Variations Report
		4.12 Renewal Calculation Template
		4.13 Purple Form
		4.14 Blue Form
3.0 Country Tools / Templates		
3.1	NCO Process	4.15 Lease Abstract
3.2	Process Timelines	4.16 Broker Training Materials
3.3	Contract Change Control	4.17 Broker Playbook
3.4	Project Approval Form	
3.5	Supplier Monthly Review Meetings	5.0 Project Management
3.6	Supplier CPIs Reporting	5.1 Building Due Diligence
3.7	NDA	5.2 Design Palette (interim)
		5.3 Space Standards (interim)
		5.4 Cap Ex Benchmarks
		5.5 Capital (Cost) Plan Template
		5.6 Project Risk Register
		5.7 Project Change Control
		5.8 Snagging (Punch) list
		5.9 NCO External Verification Audit
		5.10 Operations & Maintenance Manual Content
		5.11 Project Handover to Operations
		5.12 Project Management Training



# Workflow management.

## Definition

- Global Process
- Workflow Technology
- Tools & Templates
- Global Standards



## Benefits

- Speed to Market
- Global Scale
- Pipeline Management
- Planning & Reporting

Stage		Duration (mth)	Target Result	Attrition Rate	Input Required
1	Find and Qualify	1	16.8	50%	34
2	Negotiate HoTs	2	12.6	33%	16.8
3	Negotiate Lease	1	11	15%	12.6
4	Build	4	10	10% Schedule Delay only	11
5	Open		10		10

# Opportunity.



- 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



Accelerating growth from a successful foundation by optimizing the mix, and industrializing the approach

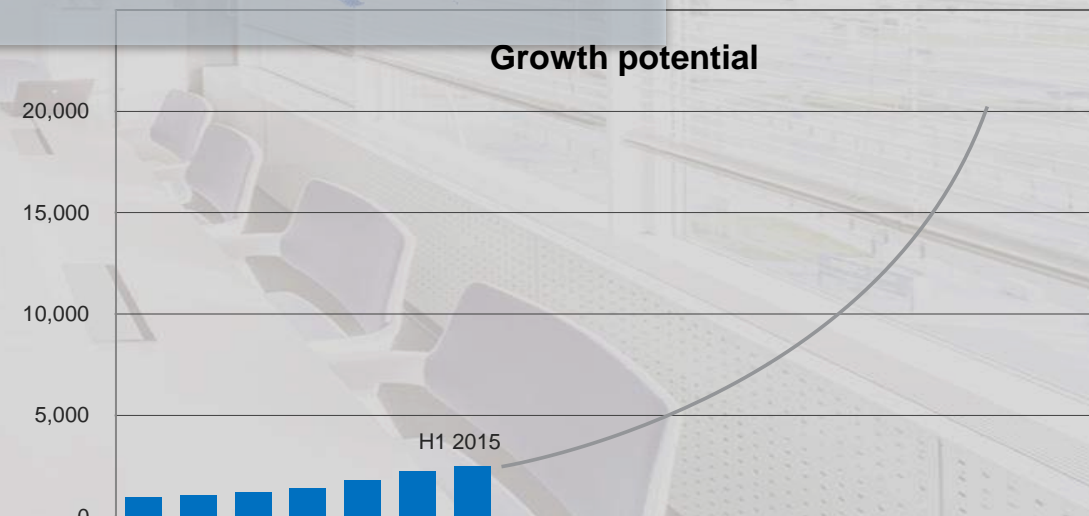
## Benchmarks



- >36,000 restaurants
- 119 countries



- >21,000 locations
- 65 countries



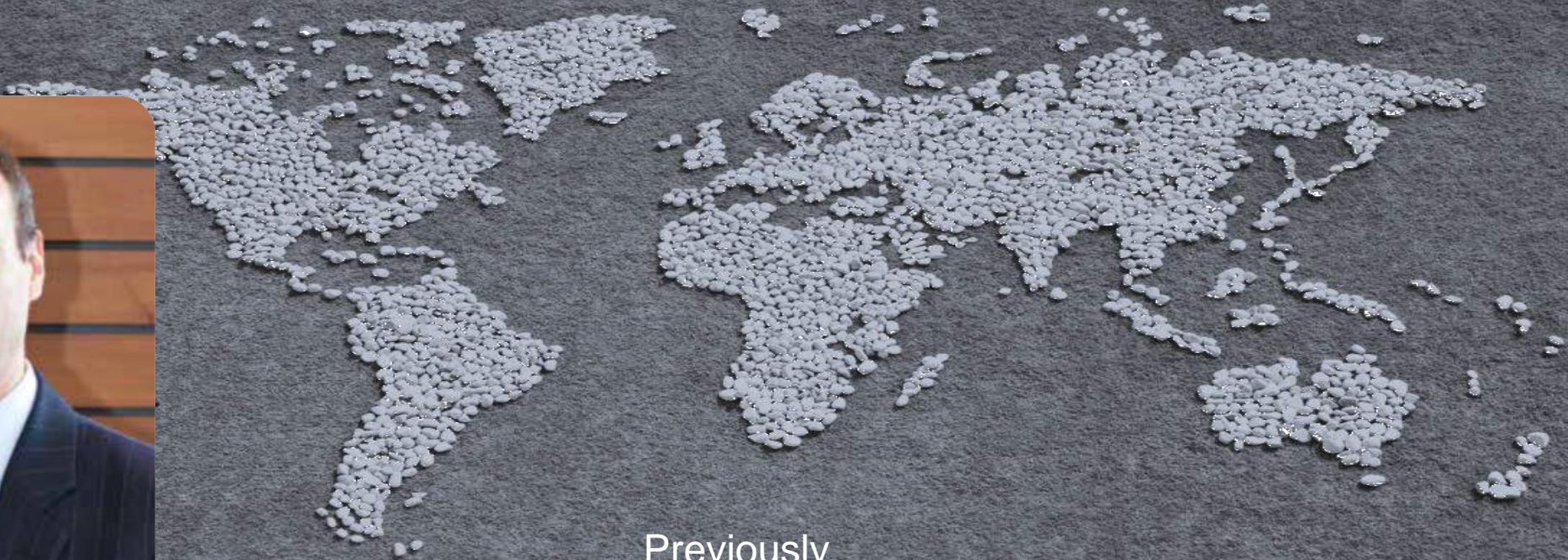


# Leadership Team.



**Dominique Yates.**

Chief Financial Officer.



Previously

**Chief Financial Officer, Symrise AG.**

**Global Bus Development Director, Imperial Tobacco.**

**Chartered Accountant, Arthur Andersen & Co.**

FCA Chartered Accountant

BSc Economics and Accounting, Bristol University





**Managing risk / Preparing for the next downturn.**

**Dominique Yates**



# Managing risk.



Managing risk is an everyday activity at Regus and, crucially, integral to our growth planning

- 'Standard' model is single centre entities with no / limited guarantees
- Every single investment case is reviewed and approved at 3 layers – country management, regional management, Group Investment Committee
- Increasing focus on 'risk-sharing' deal types – revenue share / share of profit agreements (non-conventional deals already represent 24% of Regus locations)

# Other factors.

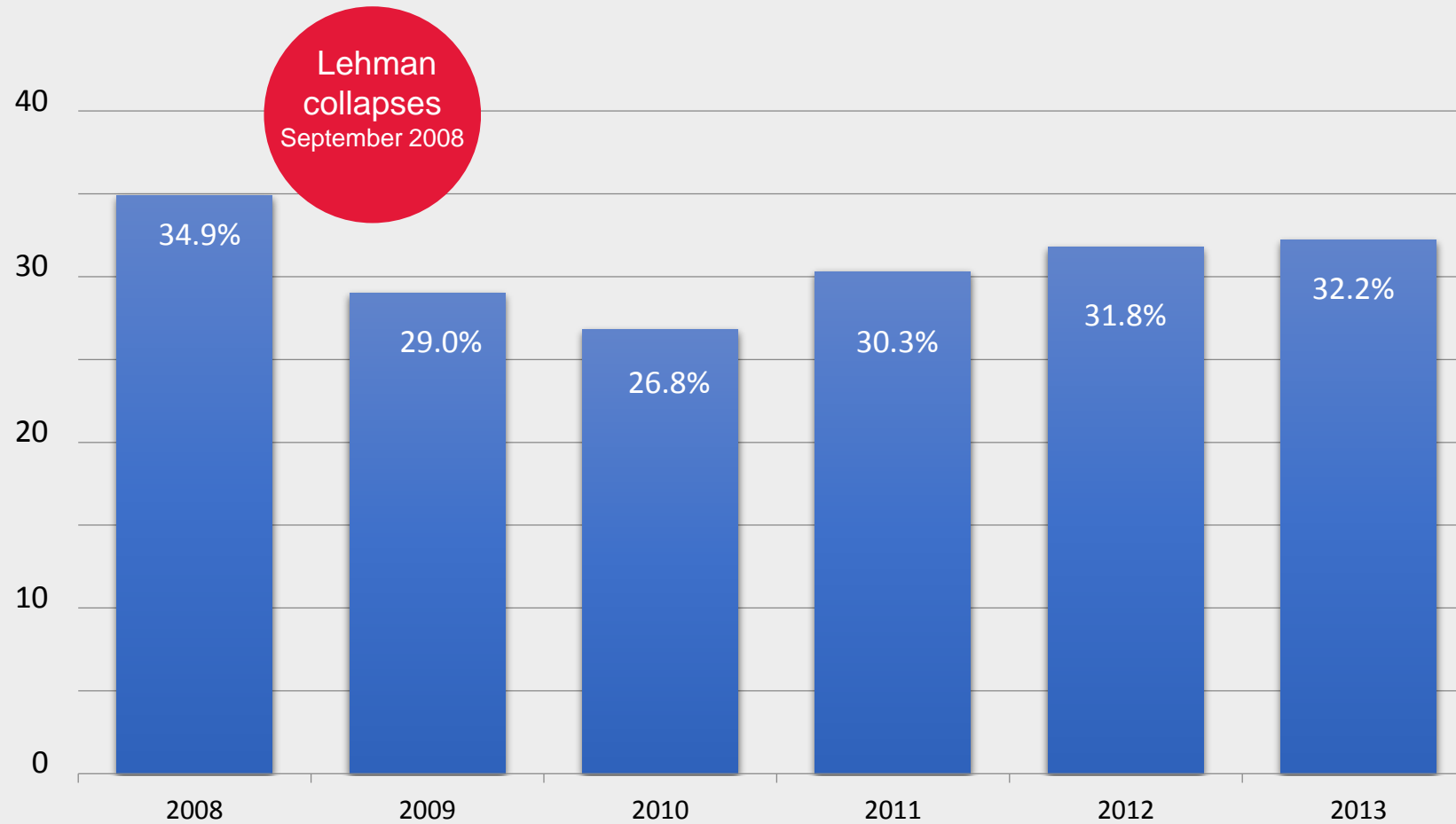
- Global diversity – 106 countries, 900 cities, 2,481 locations compared with 74 countries, 450 cities, 978 locations in 2008
- Country management infrastructure
- Detailed country plans at city level
- Rigorous monthly reviewing process highlighting warning signals very early





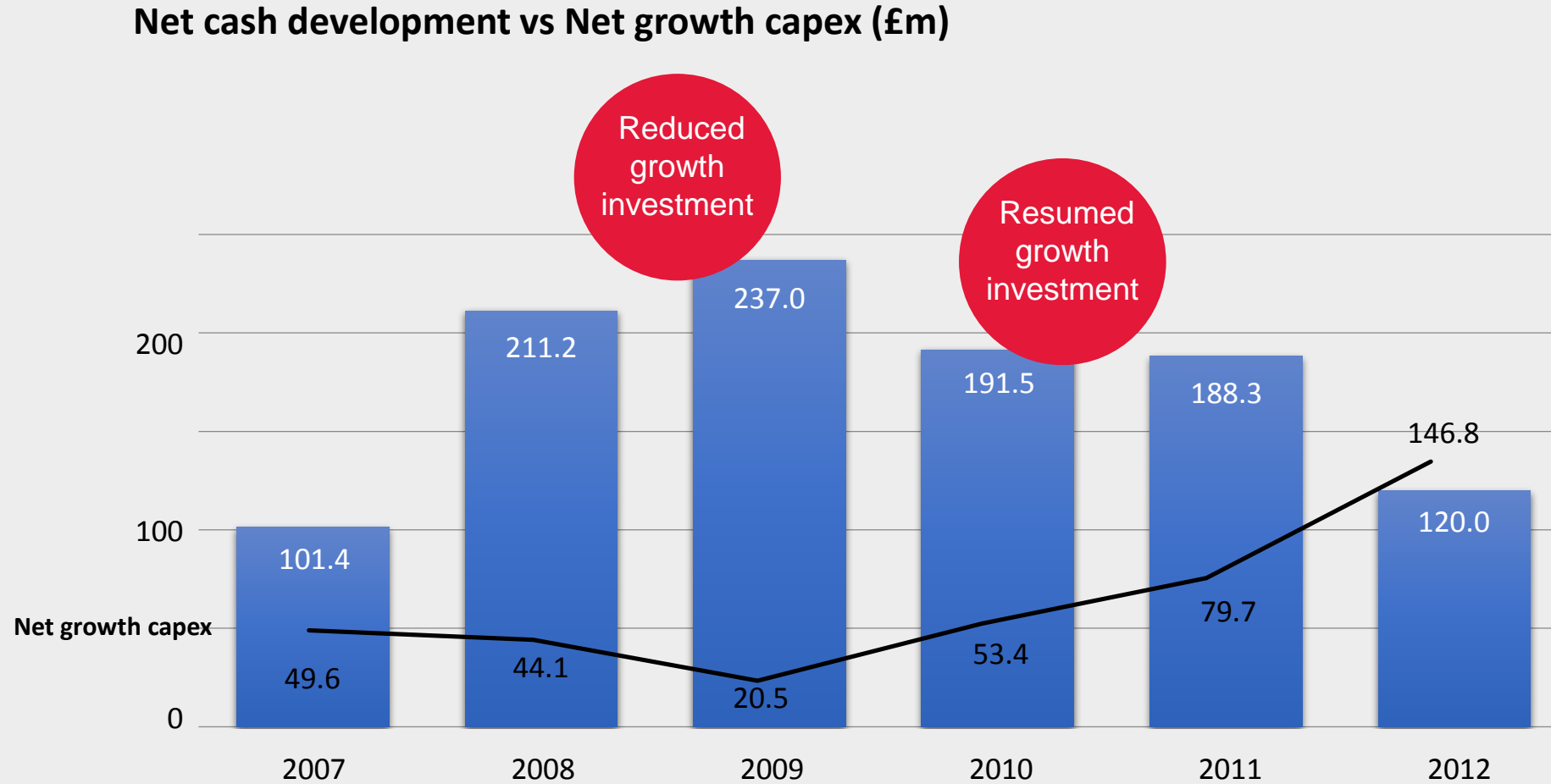
# What happened in the last financial crisis.

Mature Gross Profit margin (ex. UK) (%)



Prepared on a like-for-like basis

# Defensive cash generation profile.





# This is being put into practice everyday (where necessary)●

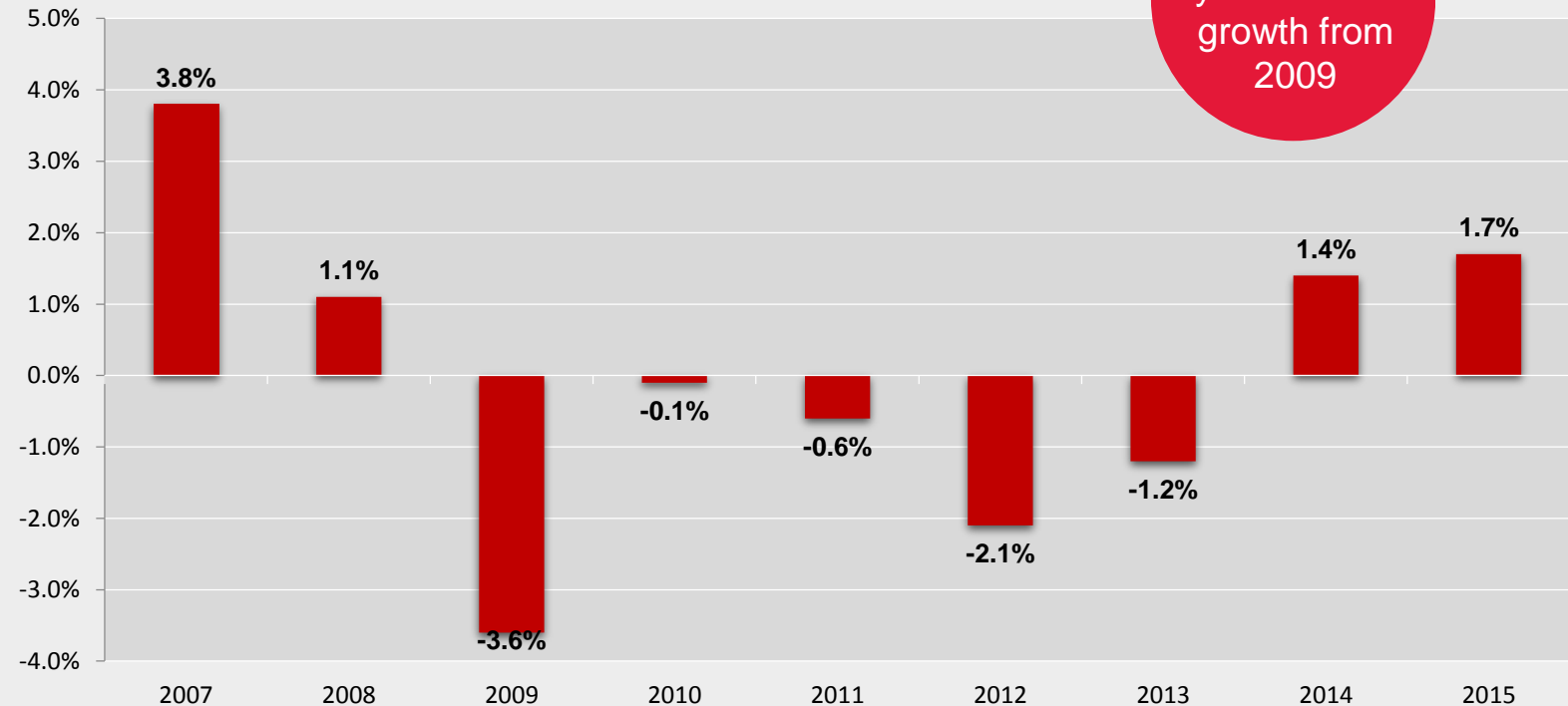


- This is not theory - in the last 24 months, we have successfully concluded lease renegotiations outside of the contractual renewal cycle in:
  - Brazil
  - Russia
  - Portugal
  - Italy
  - Greece
  - Spain
  - And many other centres across the world

# Spain – Case Study.



## Spain's GDP development since 2007



- 2009 Global economic crash after years of strong economic growth, rising unemployment, property crash
- 2012 Soaring government bond yields, bank bailout, further economic reverse
- 2014 Government bond yields stabilise, becomes second country to exit international bailout programme



# Spain – Regus experience.

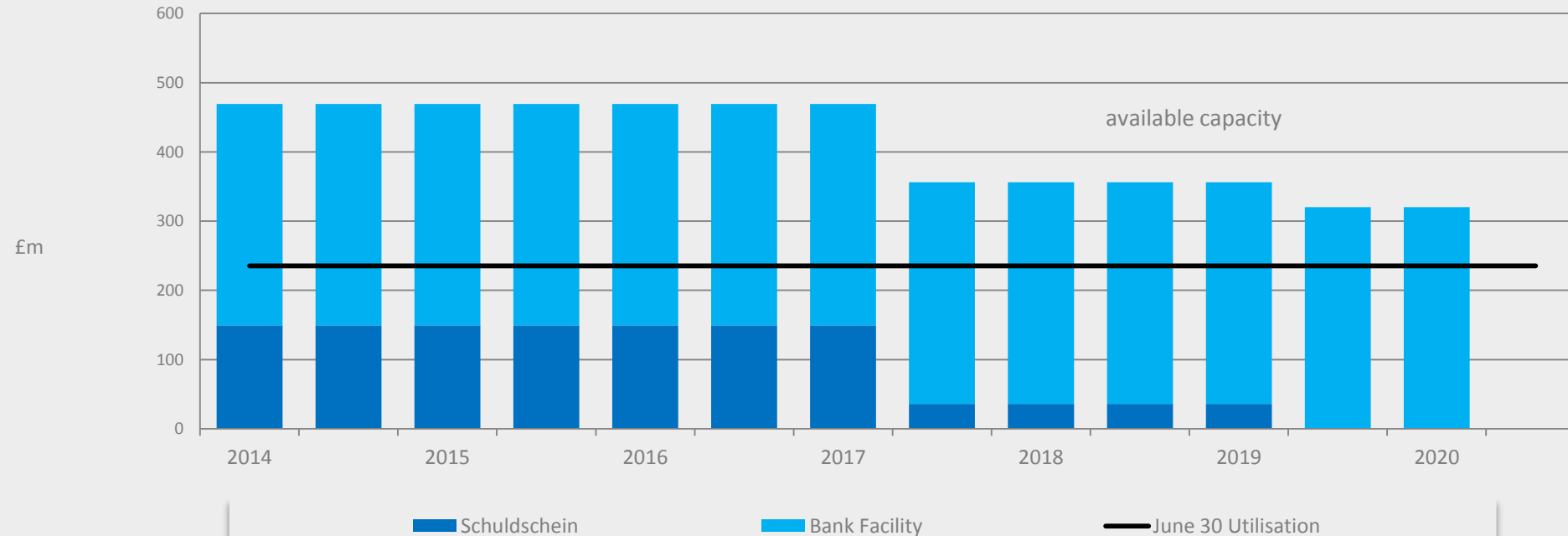


- 2008 – 10 Margin reduction
- 2010 – 12 Renegotiation of most rental agreements
- 2013 – 15 Further renegotiation of leases following second crisis in 2012

- **Result**
  - **Savings on rents achieved**
  - **2015 margins will have recovered to pre-crisis levels**
  - **Crisis has allowed us to source great deals to grow our business – 3 times as many locations end 2015 vs 2010**

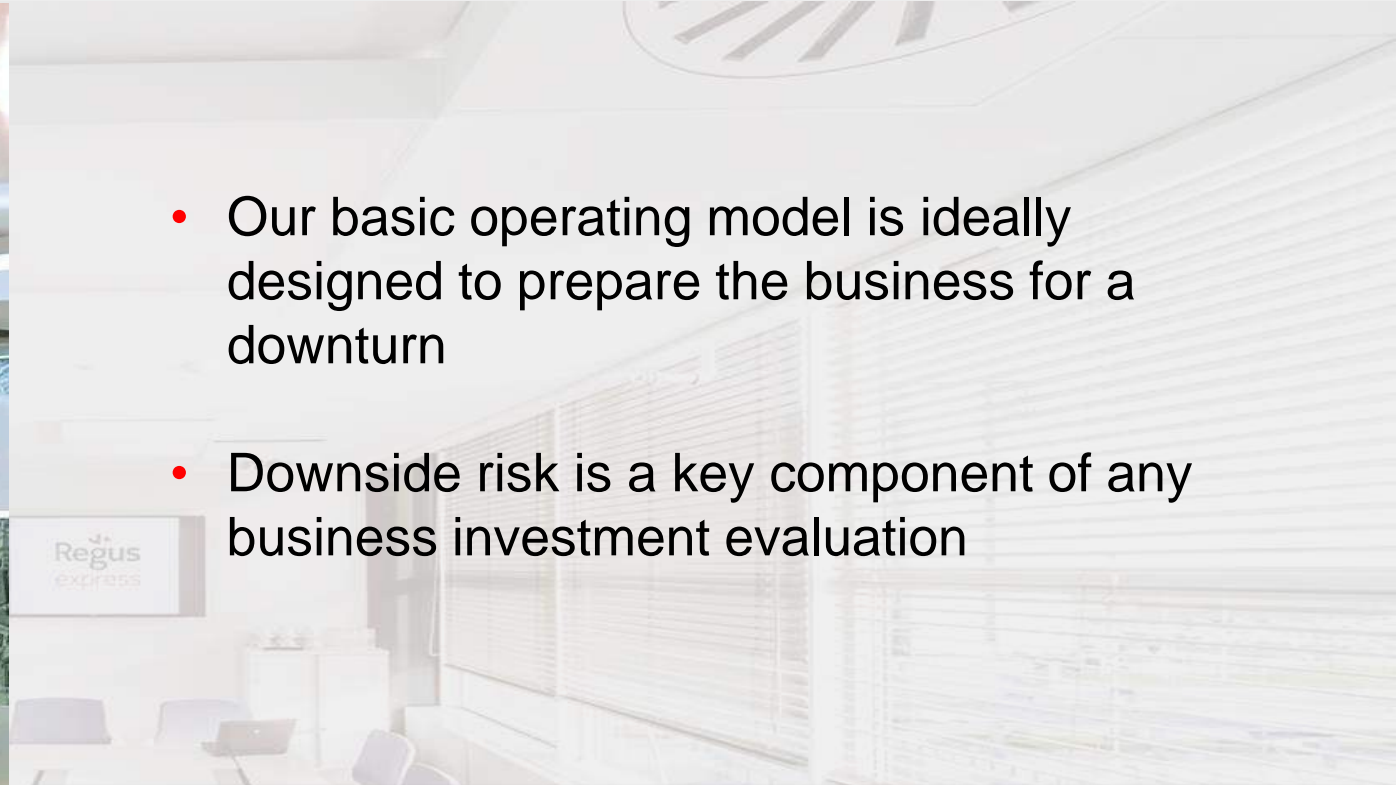
# Refinancing risk.

- Regus has a strong cohort of supportive relationship banks and has also successfully tapped the Schuldschein market.
- Maturity profile of debt has significantly improved.
- Approach to balance sheet is very prudent – current net debt : EBITDA ratio of 0.5x





# Conclusion.



- Our basic operating model is ideally designed to prepare the business for a downturn
- Downside risk is a key component of any business investment evaluation

‘Preparing for the next downturn is business as usual at Regus’

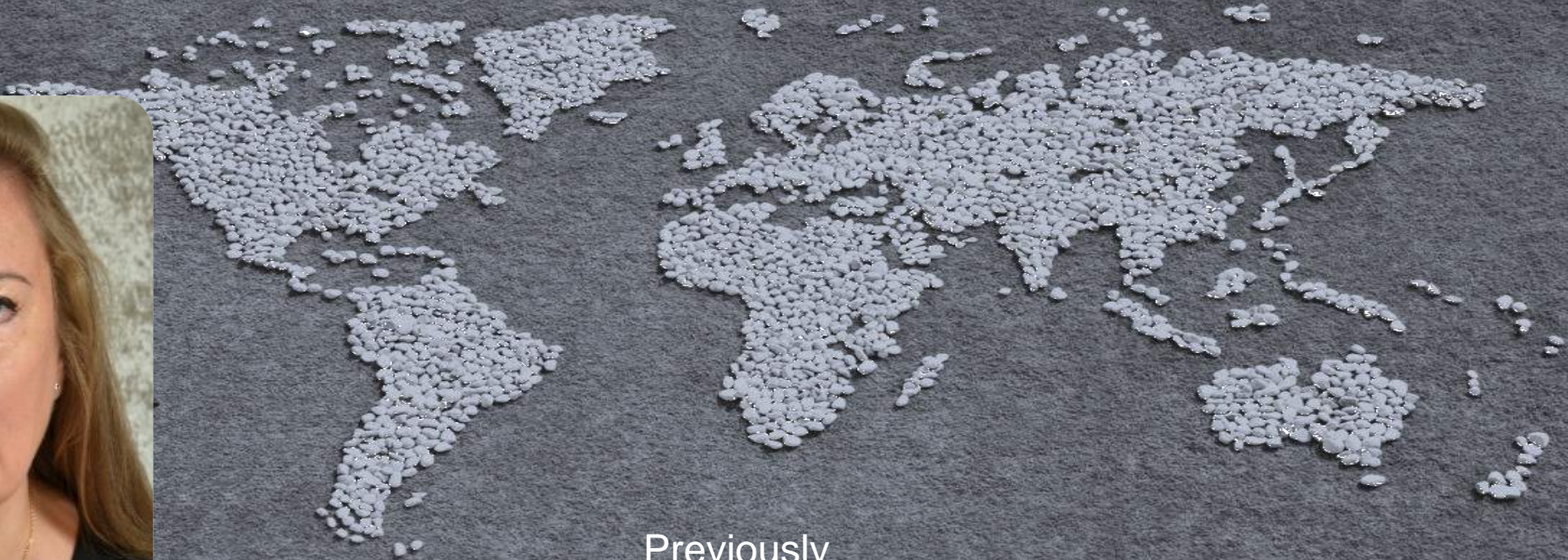


# Leadership Team.



**Francesca Peters.**

Chief Talent Officer.



Previously

**Global HRD, Dunnhunby.**

**HR Director EMEA, Saachi & Saachi.**

**HR Director EMEA, Young & Rubican.**

MSc European HR Management, Leicester University





**Talent.**  
**Francesca Peters**

## 1. World-class

To build a world class leadership team to achieve Regus' long term strategic objectives

## 2. Readiness

To be prepared for growth

## 3. Bandwidth

To give our leadership bandwidth to focus on achieving objectives 'better, faster, cheaper'

## 4. Opportunity

To offer development & career opportunities internally to our talent, minimising churn

# Enhancing leadership capability.



## Hiring

- Bar for top talent continues to rise. Talent to have 5 - 7 year runway
- Build in breadth and succession
- Direct recruitment model

## Retain

- Induction critical
- Leadership development high on talent agenda
- Competitive & performance related incentives

# “Great place to work”.





# Questions.



**Rick Bertasi.**

MD Group Network Development.

**Dominique Yates.**

Chief Financial Officer.

**Phil Kemp.**

MD Formats.

**Francesca Peters.**

Chief Talent Officer.



# Around the world.



**John Wright.**

CEO Asia



History

**CEO, Reach.**

**Senior VP Finance & Operations, Vsource Asia.**

**Chief Financial Officer, Philips Lighting.**

MBA, Peter F. Drucker School of Management, Claremont University  
BS, University of California



# Market Overview - Asia.



- Regus operates in 18 of the 25 major countries in the region
- Expanding in 2016 into Maldives, Myanmar and Papua New Guinea
- Looking to franchise Tahiti and South Sea islands



# Market Overview - Asia.



- Good growth opportunity with lots of headroom
- All planned
- Demand increasing as national networks are built out
- Relationships with key property owners, developers and landlords underpin ability to accelerate growth
- Increasing number of profit share deals reduces business risk, as does the shorter duration of most Asian leases
- Strong development capability giving ability to scale



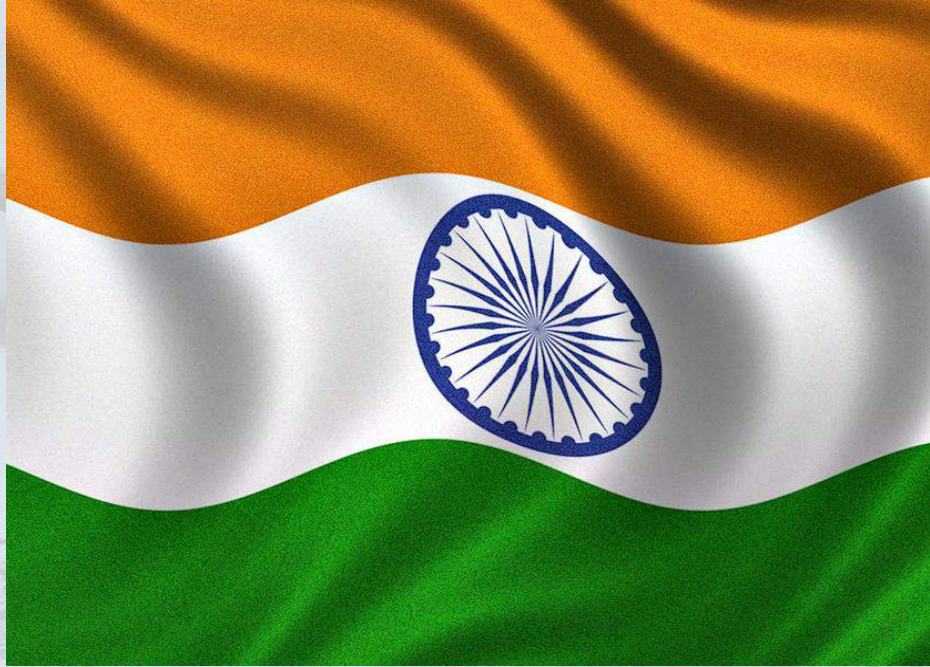
# Understanding China.



105 centres today

- Population of 1.4bn
- 10 cities >10m population and 168 cities of >1m.
- Significant opportunity to build 3k+ end state business from today where present in 28 cities
- No impact from recent economic slow down
- Need to offer range of price points in existing and new markets
- Launch of co-working and Spaces
- Using capital to build out existing cities and driving tertiary expansion through share of profit deals
- Managing risk with flexible lease terms
- Experienced team in place, ready to scale

# Understanding India.



68 centres today

- Population of 1.2bn
- 2 cities (Delhi and Mumbai) >10m and 47 cities > 1m
- End state opportunity 1.5k+ centres, although challenging environment
- Key obstacle remains cycle time to open new centres caused by legal and regulatory hurdles
- Highly price sensitive market requiring coverage of lower price points
- Successful partnerships allowing acceleration into new cities and regions to build out the network



# Around the world.



**Filippo Sarti.**

CEO Middle East and Africa.



History

**CEO Asia, Regus PLC.**

**CEO Symonds pty, Australia.**

**Commercial Director, Symonds FM UK.**

MBA, Cranfield

BSc Quantity Surveying



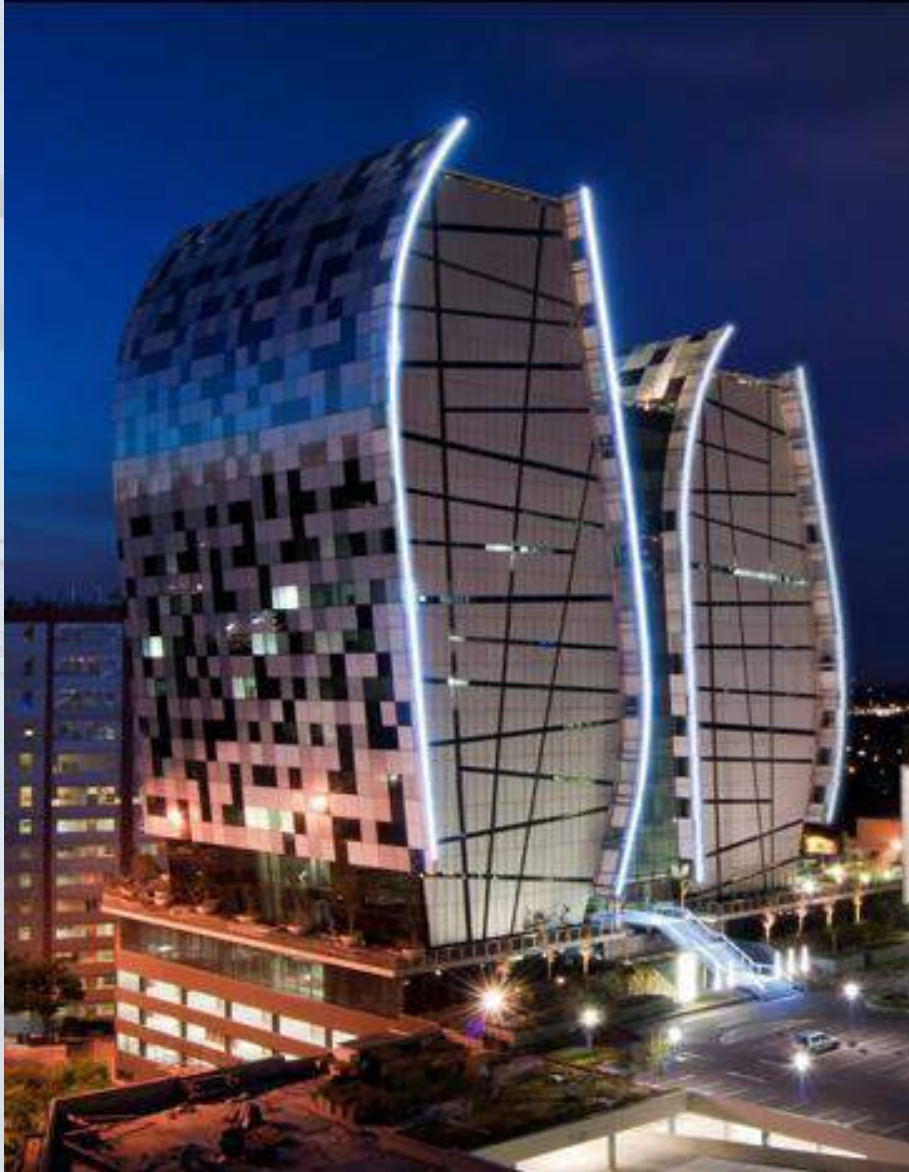
# Market Overview – Middle East & Africa.



- Population of c. 1.5bn
- Regus operates in 29 of the 70 countries in the region
- Expanding in 2016 into at least 15 further countries including Ethiopia, Angola, DRC and Armenia



# Market Overview – Middle East and Africa.



- Incredibly diverse region, requiring detailed individual country planning
- Young population (average age <20 yrs old) in Africa
- Multiple high population cities (over 100 > 1m population, 10 > 10m)
- Significant network opportunities enhanced by lack of cohesive infrastructure
- Profit share deals and franchising underpin growth capability

# Understanding Kenya.



7 centres today

- Population 44m, working population 18m
- 5 major cities, 10 secondary cities about 100k people
- End potential at least 80 centres creating full network
- At least 40 in Primary and Secondary Markets (i.e. Nairobi, Mombasa, Nakura, Kisumi)
- Balance in tertiary markets
- Investment with local partners
- Focus on share of profit deals
- Local team being strengthened to drive growth



# Understanding UAE.



19 centres today

- Made up of 7 Emirates with c. 6m total population
- 3 cities > 1m population
- End state network c. 50 locations
- Growth mix
  - Share of profit and management contracts
    - Partner and landlord funded capital leases
    - Limited direct Regus investment
- Key opportunity within Free Zone locations
- Budget centres for local companies
- All planned and have well established local management team



# Around the world.



## Dominic Harrison.

CEO Northern Europe.



History

**CEO, Gala Coral Group.**

**Commercial Director, Ladbrokes plc.**

**Director & General Manager, Bass plc.**

Chartered Accountant

BA Modern History, Oxford University



# Market Overview – Northern Europe.



- 17 countries today with over 230 business centres covering Benelux, Scandinavia, Germany and Central and Eastern Europe
- 4 further countries identified for 2016 expansion



# Market Overview – Northern Europe.



- Improving economic situation in most countries (Russia and Ukraine are exceptions)
- Strong demand in Scandinavia
- Good coverage across major metros – opportunity to now realise truly national networks
- Strong progress with Regus Express, key focus and success building out airports and roadside
- Mix of new and experienced Country Managers, continuing to top grade the development capability
- Local business plans in place



# Understanding Russia.



11 centres today

- 140m population
- Significant opportunity with 10 cities of >1m people, 201 cities > 100k inhabitants and 1,292 towns and cities with 10k+ inhabitants
- Economic stability returning, strongest demand for 2 years
- Rouble weakness has increased costs, rent renegotiations and currency caps have ensured business stability
- Business is slowed by bureaucratic processes
- Entry level price point is key opportunity
- Share of profit deals critical to building beyond the two major concentrations of Moscow and St Petersburg

# Understanding Germany.



87 centres today

- Population 83m
- 3 cities > 1m population, 78 cities > 100k
- End network 1.5k+ centres, similar to UK
- Current focus on major metros – more still to do to finish off the range
- Opportunity beyond major metros in 400+ identified cities and towns
- Continuing to build out the transport infrastructure, airports being primary focus, in addition to introducing the road, rail, university and retail formats
- Established successful share of profit deals to underpin growth



# Around the world.



## Richard Morris.

CEO UK.



History

**CEO UK & Ireland, G4S.**

**Group MD, G4S.**

**Divisional Finance Manager, Royal Mail.**

Chartered Accountant

Global Leadership Programme, Manchester Business School

BA Economics, Liverpool University



# Market Overview – UK.



- Rising population; rising employment.
- Relatively well established market – but with significant unrealised potential to further grow demand
- Economy dominated by the services sector which has strong inherent demand for office space
- Market leader with a network of 400 locations – end state potential of up to 2,000 locations



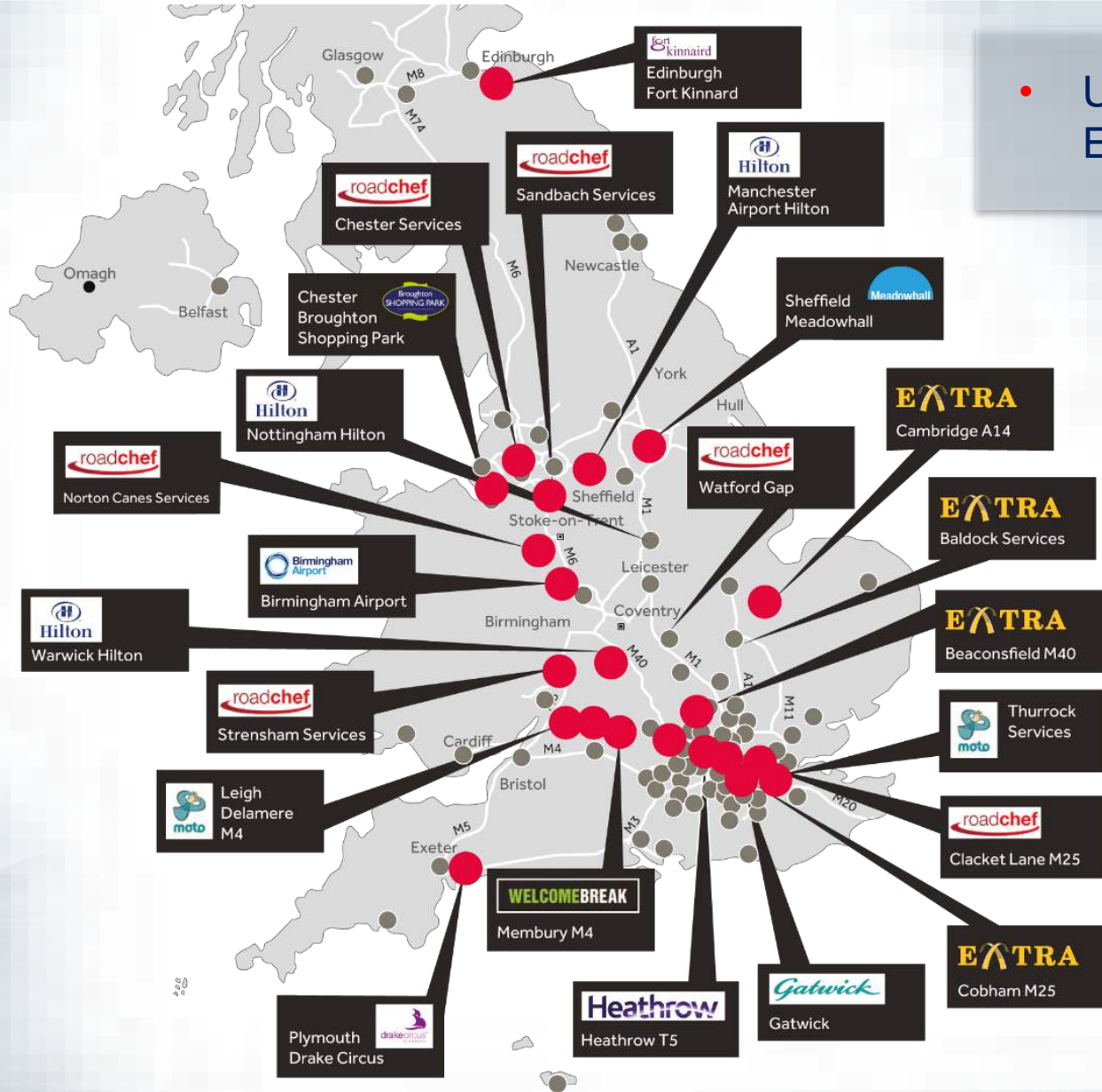
# Understanding UK.



400 centres today

- Expanding our network to achieve truly universal coverage across the whole of the UK – a unique national network.
- Detailed area plans have been developed – strong focus on Land Lord partnering
- Filling the gaps in secondary and tertiary markets, e.g. Hull, Coventry, Ipswich, Bradford, Southampton, Ashford.
- First Spaces opened in London; more to follow.
- Good momentum behind Regus Express building out air, road and rail networks of convenient drop-in locations
- Being known for excellent customer service is critical to success

# Understanding UK.



- UK has most connected network of Regus Express sites



# Around the world.



## Stephen Farley.

CEO North America.



History

**President, Yankee Candle.**

**EVP Merchandising, Bombay Co.**

**CMO, JCP/Payless ShoeSource.**

MS, Rutgers University



# Market Overview – USA.



- Currently 862 centres and end state potential 5k+
- 319m population; 10 cities > 1m population and 297 cities > 100k
- Positive demand across all segments
- High ease of doing business, single language, homogeneous business processes and vast market opportunity



# Understanding USA.



862 centres today

- Realise opportunity by being thoroughly planned at the state level
- Accelerate the creation of the network by filling gaps in high demand, strong performing markets
- Expand into the secondary and tertiary markets with variable lease deals to complete coverage
- Increase the range of price by expanding number of formats offered
- Opportunity to open Spaces in 75-100 cities
- Strong customer/associate centric mentality
- Experienced real estate/HR/sales/Ops team, able to scale as we industrialise the build out of the network



# Questions.



**John Wright.**

CEO Asia.

**Filippo Sarti.**

CEO Middle East & Africa.

**Dominic Harrison.**

CEO Northern Europe.

**Richard Morris.**

CEO UK.

**Stephen Farley.**

CEO North America.





# Capital Markets Day.

**6 October 2015**