2016 Interim Results Presentation

9 August 2016

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Percentage movements in this presentation are stated at constant currency unless otherwise indicated. Financial results are stated before non-recurring items unless otherwise indicated.

First Half Financial Highlights

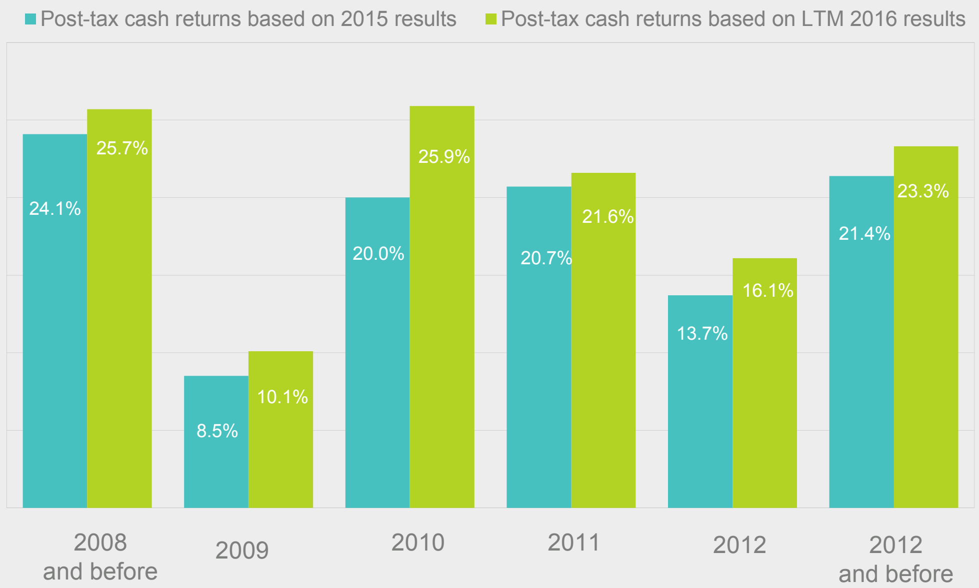
- Group revenues increased 10.3%* to £1,077.6m
- Underlying operating profit up 30%* to £90.0m
- Operating margin increased from 6.9% to 8.4%
- Overheads reduced 9%* in absolute terms – 12.6% as a percentage of revenues
- Underlying cash generated before net growth investment increased 78% from £79.9m to £142.6m – representing 15.3p per share
- Continued strong post-tax ROI on pre-12 net investment to 24.8% (up 180bp)
- EPS increased 36%* from 4.9p to 7.3p
- Interim dividend of 1.55p – an increase of 11%

* At constant currency

Generating attractive returns

- 23.3% post-tax cash returns on all locations opened on or before 31 December 2012
- Recent year group investments are developing well and should achieve similarly attractive returns

Post-tax cash return on net investment



	2008 and before	2009	2010	2011	2012	2012 and before
Net Growth Capital Investment *(£m)	**544.3**	**20.7**	**52.5**	**78.5**	**142.5**	**838.5**

*Net investment represents the Growth Capital Expenditure relating to locations opened in the period only

Definition

$$\textbf{Post-tax cash return on net investment} = \frac{\text{EBITDA less amortisation of partner contribution less tax on EBIT, less maintenance capex}}{\text{Growth capital expenditure less partner contribution}}$$

Structural growth market

Structural changes are driving our industry globally

The way people use office space is changing:

- 53% of professionals globally now work remotely for at least half their working week[1]
- 67% of businesses globally say they are now choosing forms of flexible workspace as a long-term strategy rather than a temporary solution[1]
- 79% of companies globally actively use space efficiency initiatives to impact costs[2]

[1] Source: Jan-Feb 2016 Mindmetre
2 Source CBRE Global occupier Survey 2015/2016

Strong market position

- Global market leader with a highly diversified business
- Unrivalled global and national networks
  - operating 2,845 centres
  - across 1,008 towns and cities
  - in 107 countries
- Diverse range of office formats
- Wide range of service offerings
  - Mobile
  - Virtual office
  - Workplace recovery
- Regus enables its wide diversity of customers to work where, when and how they want and grow with flexibility

Regus' growth strategy

- Confidence in long-term growth opportunity
- Our focus remains on developing national networks offering a range of products and price points
- Streamlined and more efficient business model
- Detailed planning is key to successful delivery
- Net growth investment of £83.1m – 113 locations
- Pipeline visibility at 27 July for 2016 - £120m of net capex and approximately 350 locations
  - Strong investment discipline
  - Focus on net profit and cash flow
  - More partnering deals
  - Highly flexible pipeline
  - Vigilant in the current macro-economic environment

Our national network in the UK

- The UK network
  - City centre locations
  - Business parks
  - Road locations
  - Rail locations
  - Airport locations
  - Educational & community locations
  - Retail locations
  - Hotels

Developing national networks globally

Regus Express, Mumbai airport

Spaces, Menlo Park, Silicon Valley

Regus, Toa Payoh Library, Singapore

Regus, Geneva City Centre

Spaces, Melbourne

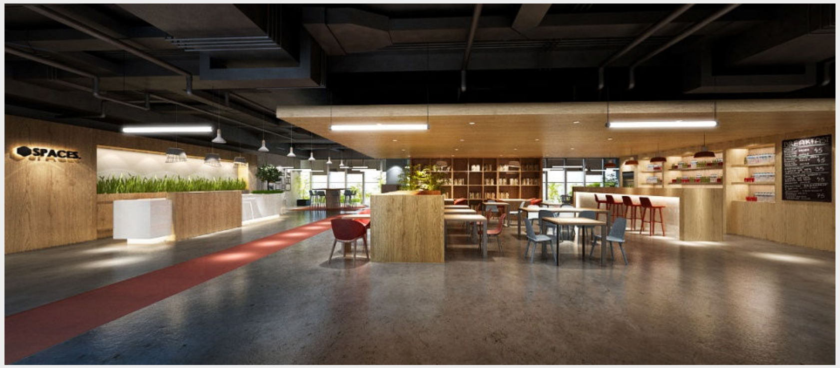
Regus, St. Thomas, Barbados

SPACES development

Regus

- Strong roll out programme of our Spaces co-working format in 2016
    - Amsterdam
    - Rotterdam
    - The Hague
    - London
    - Glasgow
    - Melbourne
    - Sydney
    - Nagoya
    - Singapore
    - Long Island City
    - Silicon Valley
    - Los Angeles
    - Santa Monica
    - San Francisco
    - San Jose
    - Denver
    - Boston
    - Dallas
    - Atlanta

- Strong pipeline for 2017



Financial review

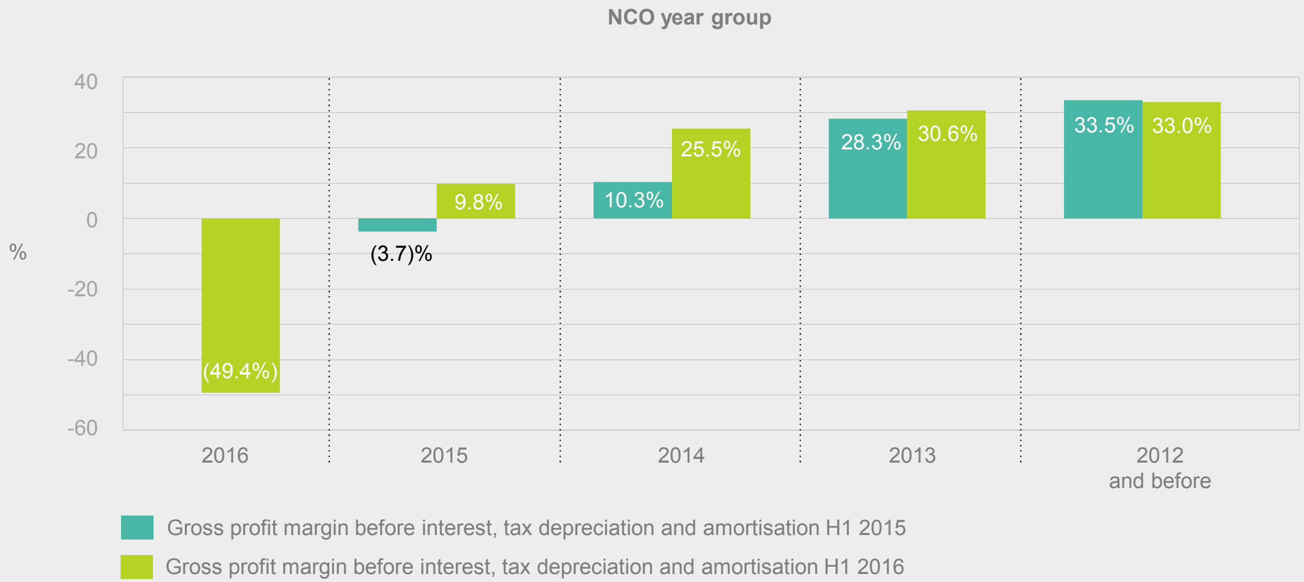
Regus

Returns developing as expected

Gross profit margin*

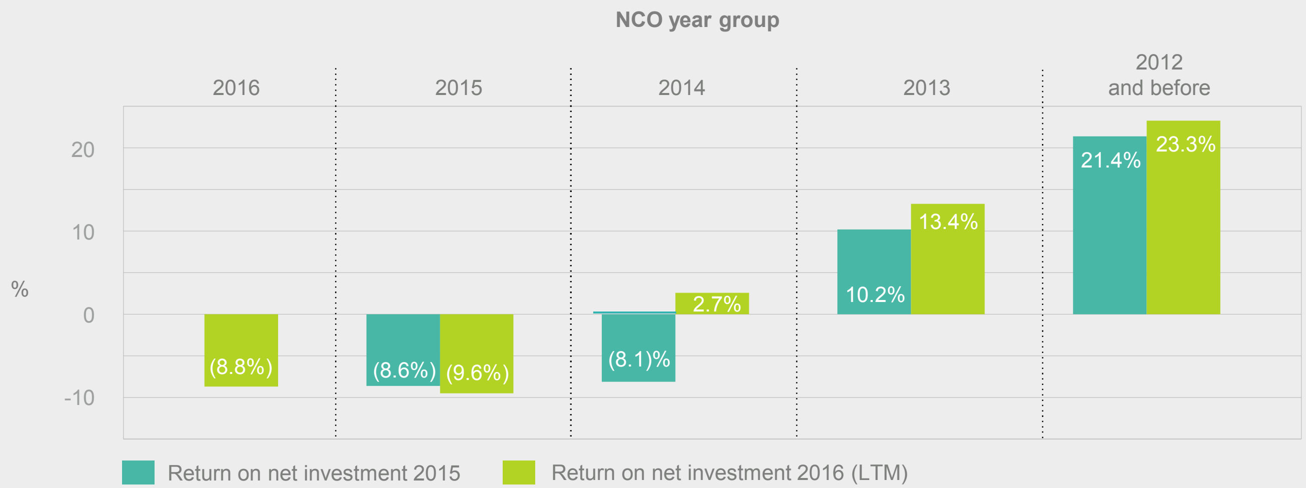
- 2013, 2014 and 2015 additions showing continued improvement
- 2016 locations predominately organic additions

*before interest, tax, depreciation and amortisation



Post-tax return on net investment

- We continue to make attractive returns
- Benefiting from operational leverage and capital efficiency



A strong performance

Group income statement (excluding non-recurring items*)

£ million	H1 2016	H1 2015	% change (actual currency)	% change (constant currency)
Revenue	**1,077.6**	**937.0**	**15.0%**	**10.3%**
Gross profit (centre contribution)	225.2	209.0	8%	3%
Gross profit margin	*20.9%*	*22.3%*		
Overheads	(135.6)	(144.4)	(6%)	(9%)
Overheads as a % of Revenue	*12.6%*	*15.4%*		
Operating profit**	**90.0**	**65.0**	**38%**	**30%**
Operating profit margin	*8.4%*	*6.9%*		
Net finance expense	(4.8)	(7.2)		
Profit before tax	**85.2**	**57.8**	**47%**	**38%**
Taxation	(17.3)	(11.9)		
Profit for the period	67.9	45.9	48%	35%
EPS (p)	**7.3**	**4.9**	**49%**	**36%**
Dividend per share (p)	**1.55**	**1.40**	**11%**	
EBITDA	178.6	136.3	31%	24%

* Non-recurring loss of £0.9m in H1 2016. Profit of £21.3m in H1 2015
** Including contribution from joint ventures

- Revenue up 10.3% with growth in all regions at constant currency
- Strong overhead performance – 9% reduction at constant currency
- Operating profit up 30% at constant currency
- Effective underlying tax rate of 20.3%
- Underlying EPS increased 36% to 7.3p
- Interim dividend up 11%

Mature centre* performance: by geography

	Revenue		Revenue Growth at Actual Currency	Revenue Growth at Constant Currency	Contribution		Mature Gross Margin (%)	
£m	**H1 2016**	**H1 2015**			**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**
Americas	398.4	373.8	6.6%	0.8%	93.7	89.0	23.5%	23.8%
EMEA	198.7	187.7	5.9%	0.8%	52.1	42.9	26.2%	22.9%
Asia Pacific	146.6	136.8	7.2%	1.7%	37.9	32.8	25.9%	24.0%
UK	188.0	187.9	0.1%	0.1%	47.3	46.9	25.2%	25.0%
Other	1.8	0.8			1.0	(0.9)		
Total	**933.5**	**887.0**	**5.2%**	**0.9%**	**232.0**	**210.7**	**24.9%**	**23.8%**

* Mature centres open on or before 31 December 2014

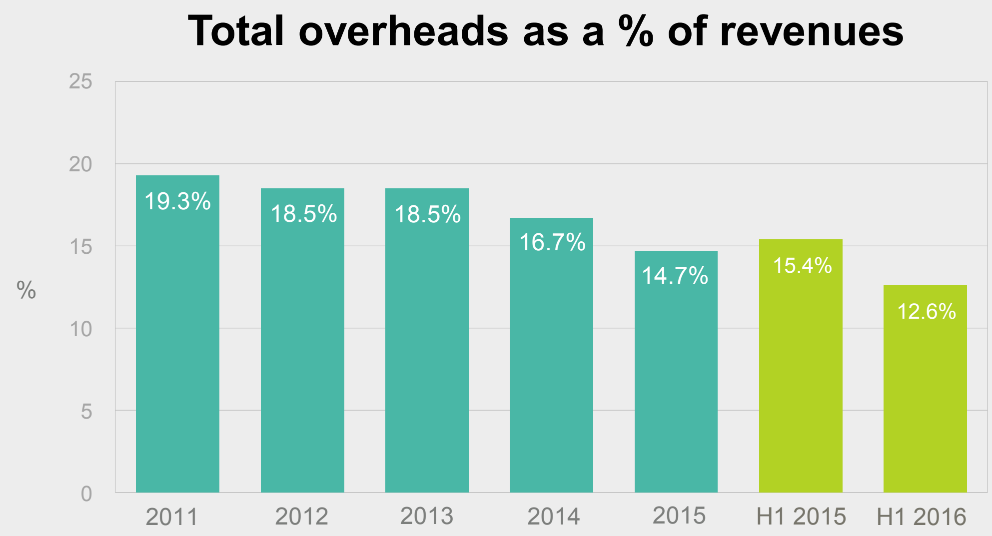
Further overhead efficiency

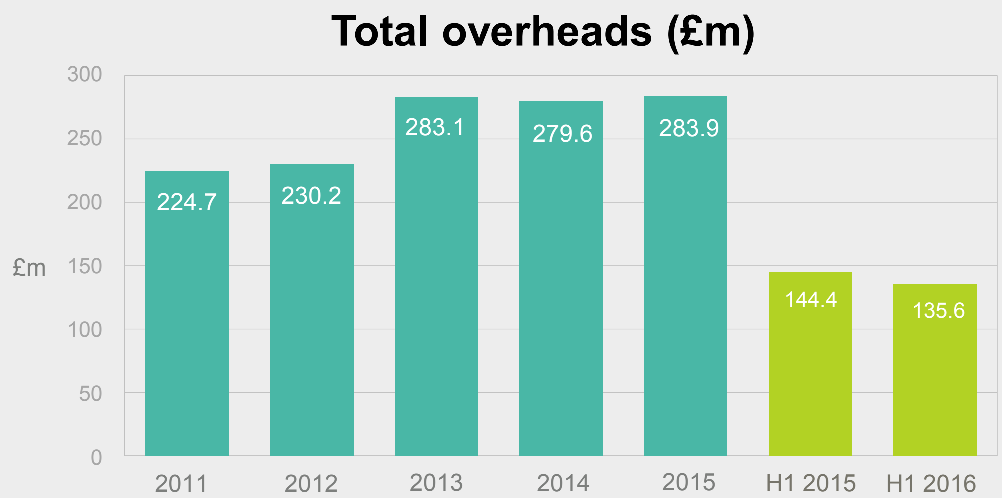
What happened

- Overall overheads declined 9% at constant currency, compared to a 15% increase in the number of locations over the last 12 months
- New cluster based field structure embedded
- First half overhead includes costs of restructuring
- Capacity available to support further growth

How we achieved it

- Streamlining the business and administration processes
- More efficient organisational structure
- Benefit from prior investment in IT and systems



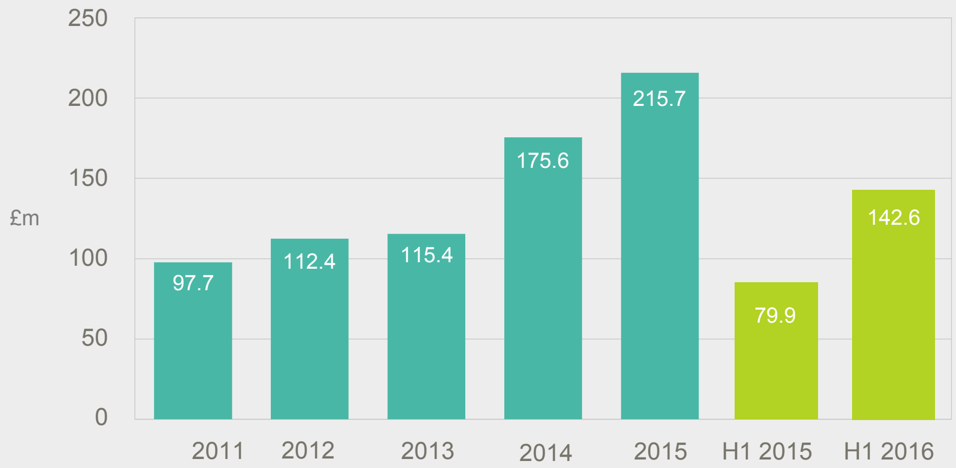


Strong cash flow

£ million	H1 2016	H1 2015
Group EBITDA	**178.6**	**136.3**
Working capital	48.8	17.5
Less growth related partner contributions	(23.7)	(24.5)
Maintenance capital	(33.6)	(32.8)
Taxation	(20.2)	(9.8)
Finance costs	(9.9)	(6.3)
Other items	2.6	(0.5)
Underlying cash flow	**142.6**	**79.9**
Disposal proceeds after costs	-	80.0
Cash flow before growth expenditure	**142.6**	**159.9**

- Very strong cash performance
- Group EBITDA increased by 24% at constant currency
- Strong working capital management
- Modest exchange rate benefit
- Cash generated before net growth investment increased to £142.6m, or 15.3p per share

Underlying cash flow before net growth capital expenditure (£m)



A healthy balance sheet

£ million	H1 2016	H1 2015
Cash flow before growth expenditure	**142.6**	**159.9**
Net growth capital expenditure	(83.1)	(120.0)
Total net cash flow from operations	**59.5**	**39.9**

£ million	H1 2016	H1 2015
Total net cash flow from operations	**59.5**	**39.9**
Corporate finance / Share repurchase	(12.6)	(27.6)
Dividends	(28.9)	(25.8)
Opening net debt	(190.6)	(138.0)
Exchange movements	(1.2)	14.6
Closing net debt	**(173.8)**	**(136.9)**
Net Debt : LTM EBITDA ratio	**0.5x**	**0.5x**

Balance Sheet

- Maintained prudent approach to balance sheet management
- Net debt to Group LTM EBITDA ratio maintained at 0.5x
- Intention remains to maintain ratio below 1.5x

Financial Headroom

- Key banking facility increased to £550m
- Facility now committed until 2021 with option to extend until 2023
- Predominately denominated in sterling but can be drawn in several major currencies
- Revised facility well supported by new and existing international banking relationships
- Prepaid €210m Schuldschein debt

Financial summary

- Strong profit growth and cash generation
- Increased overhead and operational efficiency
- Good post-tax cash return on investment
- Disciplined approach to growth with more partnership deals
- Pipeline visibility maintained at c.£120m of net capex
- Prudent balance sheet management
- Improved maturity profile of funding and significant available headroom
- Dividend increased 11%

Outlook & summary

Successful First half

- Improved returns on investment
- Proactive actions delivering significant operating leverage
- Strong cash flow

Outlook for 2016

- More uncertainty in the world
- Maintain disciplined approach to growth
- Well placed to take advantage of structural changes in the world of work
- Full year profit anticipated to be in line with our expectations

Questions

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