

Full Year Results 2010 Presentation

21 March 2011

Mark Dixon, Chief Executive Officer
Stephen Gleadle, Chief Financial Officer



Regus
Work your way

Caution statement

This presentation may contain forward looking statements, which are subject to risk and uncertainty. A variety of factors could cause our actual results to differ materially from the anticipated results expressed in such forward looking statements

Continued financial and strategic delivery

Financial highlights

- **Revenues** of £1,040.4m
- **EBITDA** of £112.6m* (£97.2 after growth costs)
- **EBIT** of £42.0m* (£23.8m after growth costs)
- **Cash from Operations** of £109.7m; **Net Cash** of £191.5m
- **Earnings per share** of 1.9p*
- **Full Year Dividend per share** of 2.6p; (8% increase)

Strategic highlights

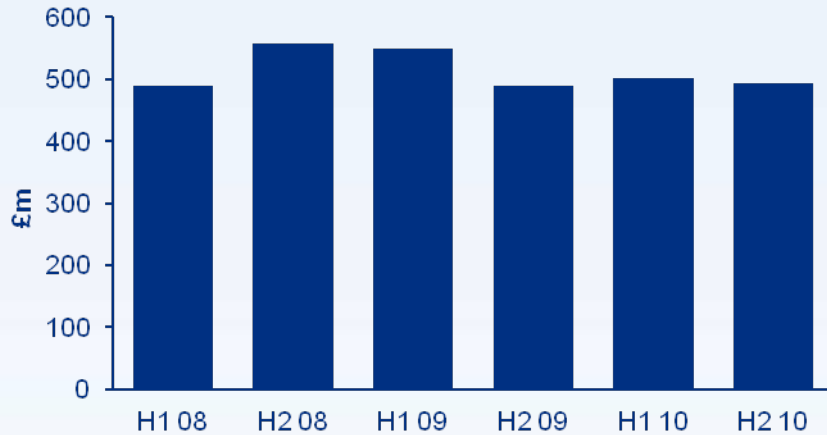
- Mature margin maintained at circa 21.5% since H2 2009
- Significant **investment in growth** of £69.7 million translated into 125 new centres
- Global footprint established in **87 countries**, including new openings in Oman, Ghana and Lithuania
- **Strengthened management team** and structure to support growth
- Annualised **costs savings** achieved since the second half of 2008 now **£135 million**
- Improvements in marketing and sales **increased enquiries** by 32% and deal volumes by 12%
- Continued **Businessworld** growth – **69% increase** in membership to 540,000 (2009: 320,000)

¹ Results exclude the £15.8 million impact of the 2010 UK restructuring

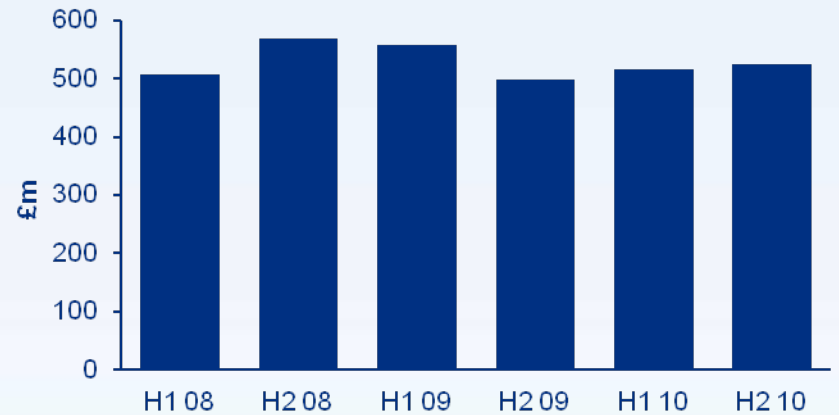
Healthy underlying revenue and margin trends

Actual exchange rates

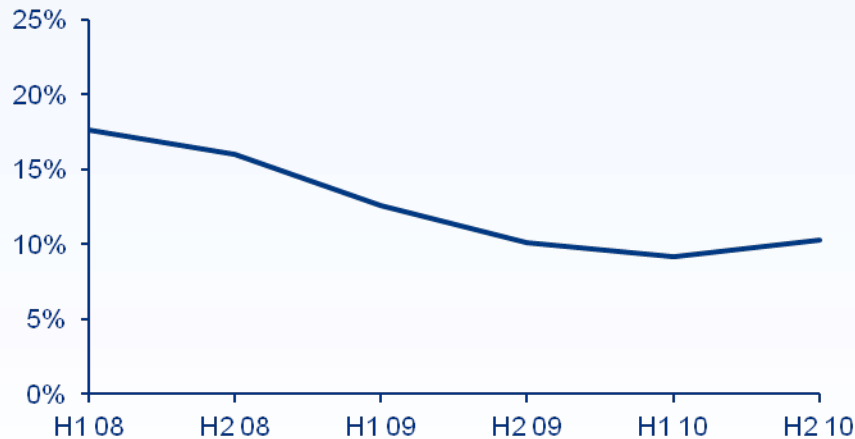
Mature revenue



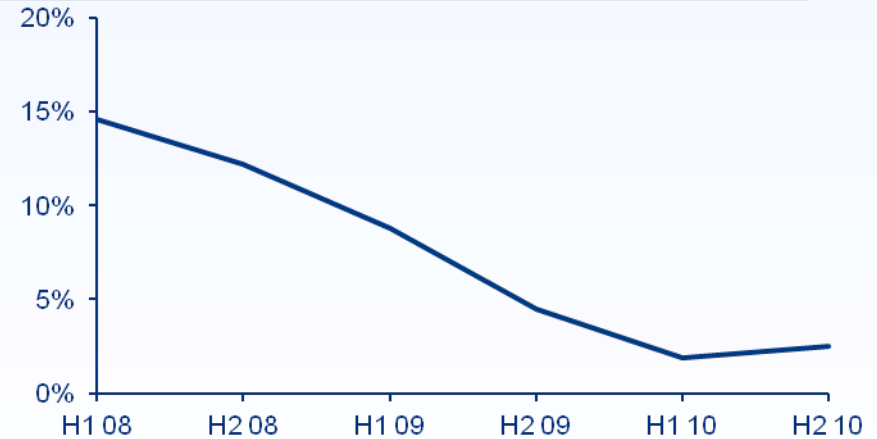
Total revenue



Mature operating profit margin



Total operating profit margin



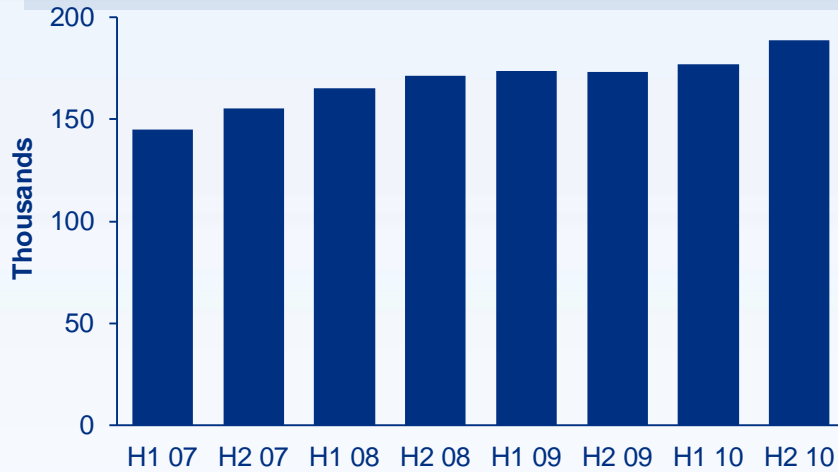
Strong cash generation



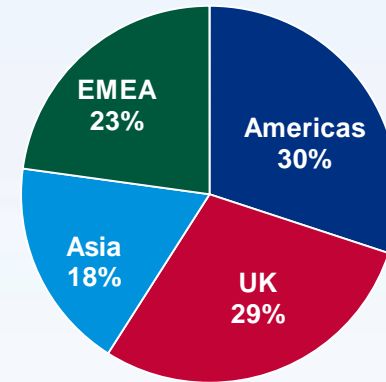
- Increased cash from operations
- Significant investment in growth – all self funded
- Robust dividend payments
- Maintained robust cash position

Investment in growth continues

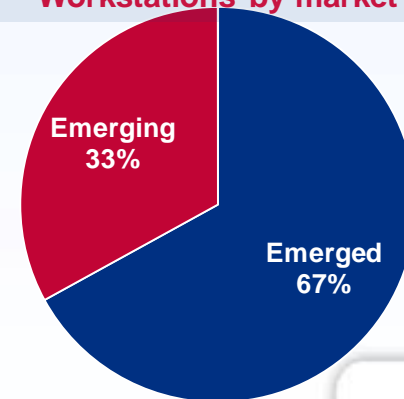
Total available workstations



Workstation growth by region



Workstations by market



New countries added include:

- Lithuania
- Oman
- Ghana
- Tanzania
- Puerto Rico



Business improvements – marketing

Large in-house team focused on web
Team increased from 5 to 47

Increased spend
2009: £26.2m – 2010: £33.3m

Reorganised management
From 1 central to 30 segments

TV & Radio combination
2009: £1.0m – 2010: £3.0m

Specialist recruitment
Four new senior managers

Substantial increase in enquiries

Retail initiatives
Stockists include BA, WHSmiths, Staples

Improved planning
Detailed at a local monthly levels

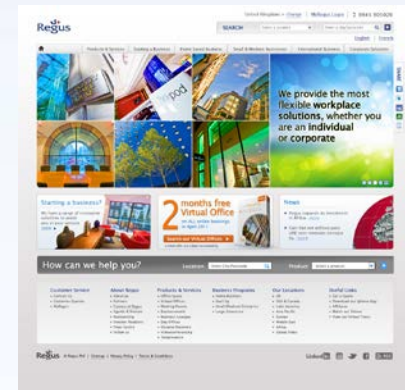
Partnerships and channel
Chambers of Commerce, New broker programmes

Local ownership and execution

More enquiries in right place

BRITISH AIRWAYS

AMERICAN EXPRESS



Regus
Work your way

Business improvements – sales

Improved systems

Invested £1m in upgrades

Training and development

Doubled spend and retrained entire team

Improved customer targeting

Doubled spend

Sales infrastructure

Launched sales room and refreshed tools

Specialist recruitment

Four new senior managers

New products specific to corporate needs

Total approach refresh

Specific marketing support

New head of corporate marketing

Increased headcount

2009: 30 – 2010: 79

Strengthened management

3 new global heads appointed

Improved systems

providing unique reporting capabilities

Higher conversion

Corporate sales growing strongly

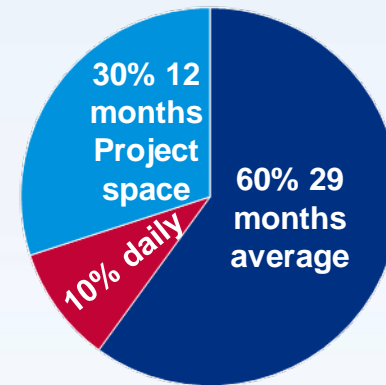
New wins



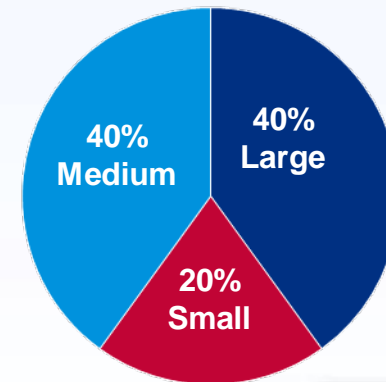
Business improvements – Regus now a mainstream choice

- We are attractive to any size or type of company
- The decision to use Regus is commercially and financially driven as it reduces cost by 50-80%
- Additional reasons include:
 - Increasing demand from workers
 - Flexible working is becoming mainstream
 - Green and sustainable

Contract Duration*

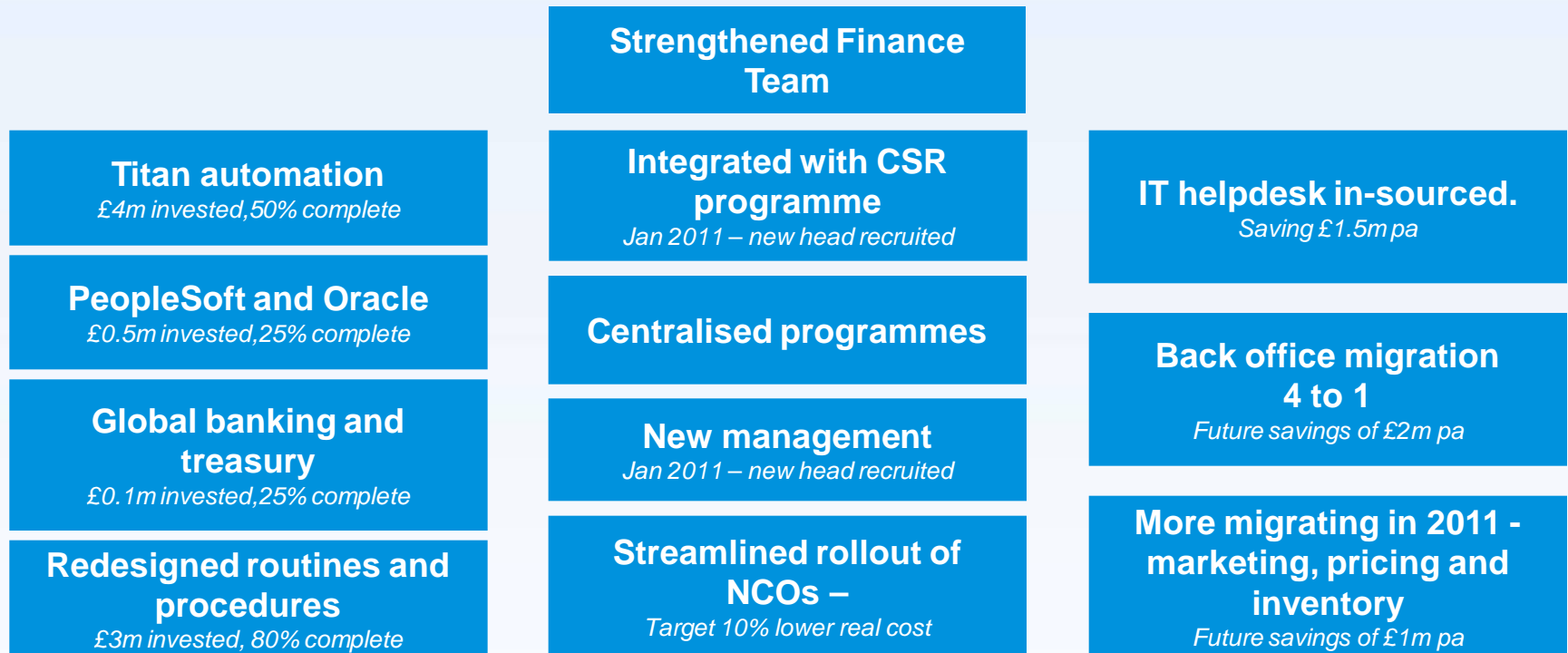


Mix by Company Size*



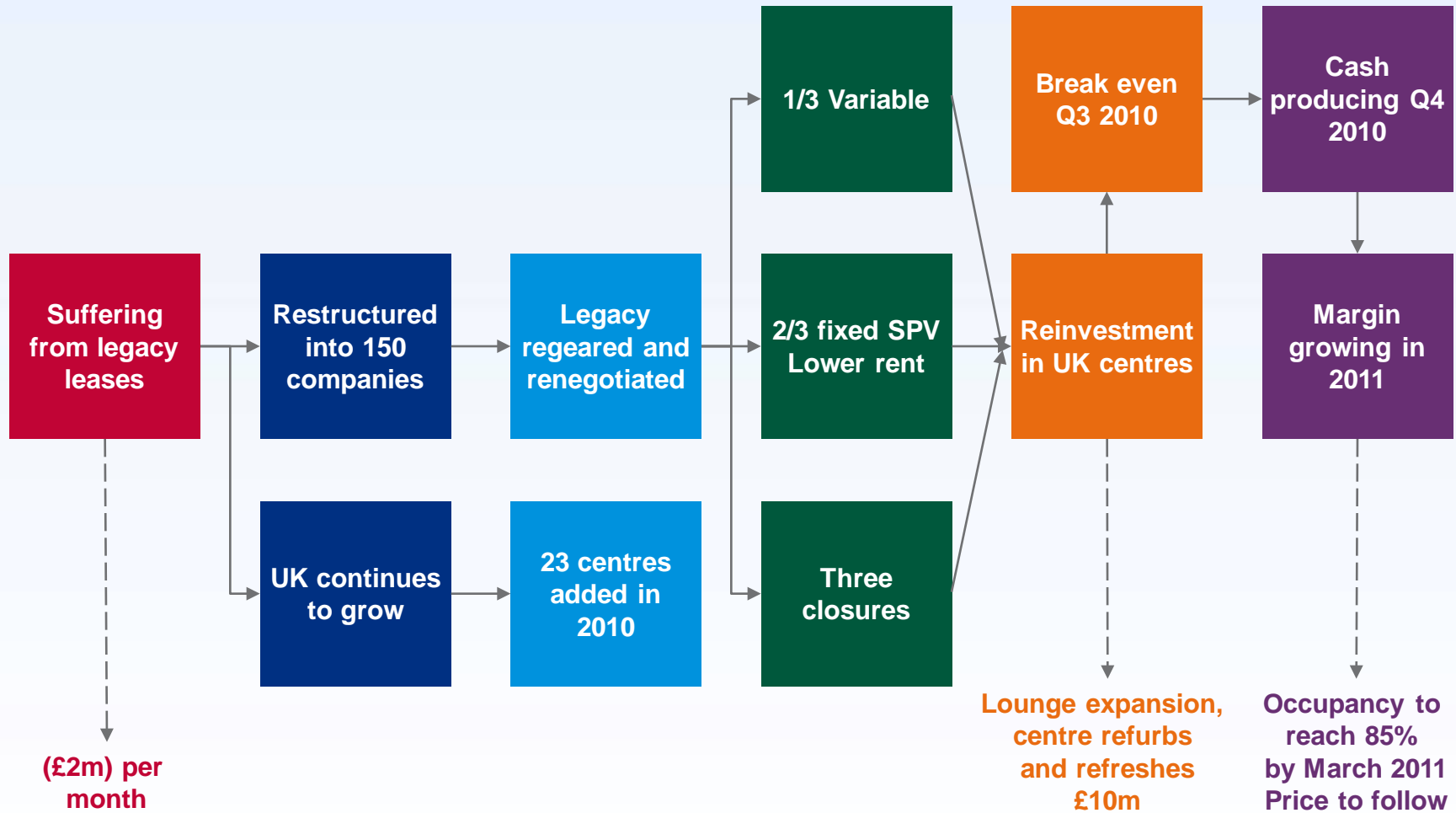
*Estimated

Business improvements – operations and costs

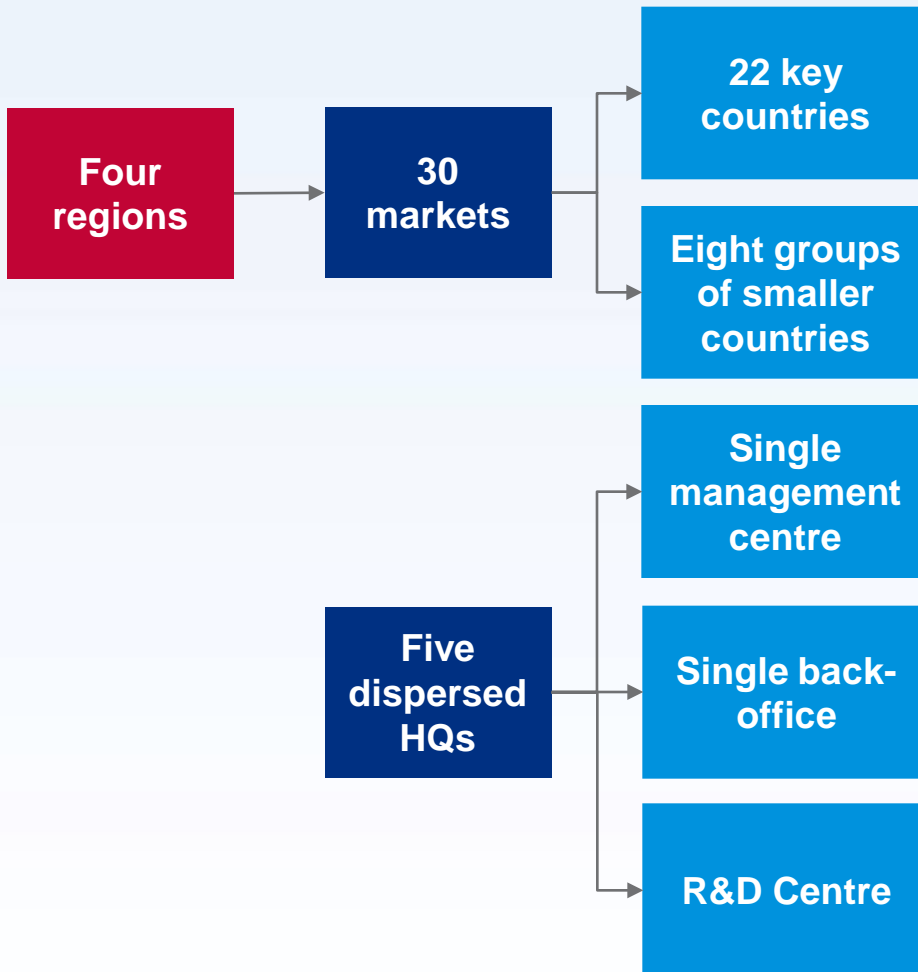


Highly efficient and scalable operations for the lowest cost

Business improvements – proactive approach to addressing UK challenges



Business improvements – stronger management team and structure



- New country managers appointed in Canada, Brazil, Mexico, Japan and Germany
- Additional key hires and promotions will be made

Completed by end 2011

- Shared service centre
- Strengthened finance
- Further strengthened sales

Summary



I. Financials

Stephen Gleadle
Chief Financial Officer



Summary income statement

Actual exchange rates

£ million	2010	2009	Change
Revenue	1,040.4	1,055.1	(14.7)
Centre contribution	215.9	235.6	(19.7)
Overheads	(193.4)	(165.3)	(28.1)
Joint ventures	1.3	2.0	(0.7)
EBIT pre-exceptional	23.8	72.3	(48.5)
Exceptional receipt	-	18.3	(18.3)
Restructuring & Reorganisation	(15.8)	(2.6)	(13.2)
Net interest	(0.2)	(1.1)	0.9
Tax	(5.9)	(19.2)	13.3
Earnings	1.9	67.7	(65.8)
Basic EPS (pence)	1.9 ¹	5.1 ¹	

¹ Result excludes exceptional items

Revenue & centre contribution

	Revenue £ million	Contribution £ million	Margin (%)
2009	1,055.1	235.6	22%
Impact of exchange rate movement	16.3	4.4	
2009 at 2010 exchange rates	1,071.4	240.0	22%
Mature business	(60.8)	(24.5)	
Added 2009	13.0	4.8	
Added 2010	25.1	(7.0)	
Closures	(8.3)	2.6	
2010	1,040.4	215.9¹	21%

¹ Result excludes exceptional items

Regional analysis

Actual exchange rates

£ million	Revenue		Contribution		Mature margin (%)	
	2010	2009	2010	2009	2010	2009
Americas	436.9	423.8	99.1	92.9	24%	23%
EMEA	281.2	306.2	65.8	83.0	25%	28%
Asia Pacific	141.7	132.3	36.4	40.3	29%	30%
UK	178.9	191.4	13.2	18.5	8%	10%
Other	1.7	1.4	1.4	0.9	--	--
Total	1,040.4	1,055.1	215.9	235.6	22%	23%

Cash flow

£ million	2010	2009	Change
Cash from operations and other income	111.5	106.3	5.2
Maintenance capex	(30.8)	(20.2)	(10.6)
Interest and tax	(15.4)	(24.1)	8.7
Free cash flow	65.3	62.0	3.3
Acquisitions and JV investments	(17.0)	1.0	(18.0)
New centre openings and property purchase	(42.7)	(26.7)	(16.0)
Share Buybacks, settlement of share awards and Dividends	(31.4)	(20.4)	(11.0)
Exceptional (cost)/receipt	(13.7)	18.3	(32.0)
Other	(3.0)	(1.9)	(1.1)
Other cash movements	(107.8)	(29.7)	(78.1)
Change in cash & cash equivalents	(42.5)	32.3	(74.8)
Opening Cash	245.1	219.5	25.6
FX	2.0	(6.7)	8.7
Closing balance – cash & cash equivalents	204.6	245.1	(40.5)

Summary balance sheet

Actual exchange rates

£ million	2010	2009	Change
Non-current assets	676.6	650.8	25.8
Working capital	(272.0)	(284.2)	12.2
Net cash	191.5	237.0	(45.5)
Other non-current liabilities	(110.3)	(104.1)	(6.2)
Net assets	485.8	499.5	(13.7)

Risk management and leases

- With the recent publication of an Exposure Draft on lease accounting there has been increased focus on the extent of our lease liability
- While the contents of any potential new accounting standard remain uncertain it is not possible to estimate how or what impact on our financial statements this might have
- Our current annual property related lease rentals are circa £400m per annum
- The NPV of the minimum contractual lease rentals total circa £1100m
- The NPV of our commercial exposure to leases, taking into account commercial reality and from past experience, we estimate at circa £553m

Summary

- Strong and improving cash generation
 - Stable mature margins
 - Robust balance sheet
 - Continued investment in growth with appropriate discipline
 - Realising benefits of strategic initiatives
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- Well positioned for future revenue growth and business improvement

II. Current Trading & Outlook

Mark Dixon
Chief Executive Officer



Current trading

- Solid improvements throughout H2 2010
- Good start to 2011
- Global pick up resulting from strategic initiatives
- Investment in sales and marketing increasing new business
- Occupancy to 85%; price lower but gradual recovery expected to begin in H2 2011
- New contract wins with large corporates
- Mature margin gradually improving month-on-month
- Continued investment in growth

2011 Outlook

- Grow network by 10-15% (w/s)
- Significant progress on re-engineering and efficiency projects
- Falling run rate overhead per workstation
- Recovery of UK to positive contributor over time
- Continue to strengthen global management team
- Maintain strong cash generation
- Well positioned for business improvement

Well positioned to seize our opportunity

- An indefinitely large, fragmented and high growth market, underpinned by structural trend to flexible working
- Clear global leader by a substantial margin
- Roll-out a necessity and opportunity
 - Demand led from global companies
 - Competitive gap widening
 - Continued investment in growth
- Strong operating leverage, with proven business model
- Highly cash generative and strong balance sheet
- Strategy delivering results in face of economic challenges