Interim Results 2011 Presentation

30 August 2011

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

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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

I. Welcome and introduction

Mark Dixon
Chief Executive Officer

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Continued financial and strategic delivery

Financial highlights

- **Revenues** of £565.6m: +9.7%
- **EBITDA** of £50.1m: +8.4%
- **EBIT** of £13.8m: +35.3%
- **Cash from operations** of £70.2m: +49%
- **Net Cash** of £197.8m (+3.3% from 31/12/2010)
- **Earnings per share** of 2.5p (up 3.3p)
- **Dividend per share** of 0.9p: +6.0%

Strategic highlights

- Record mature occupancy levels
- Price recovering
- Continued expansion of the network and substantial investment
- Maintained sales and marketing drive
- Improvements to operations and process continue
- Focus on cost efficiency and reducing overheads per workstation

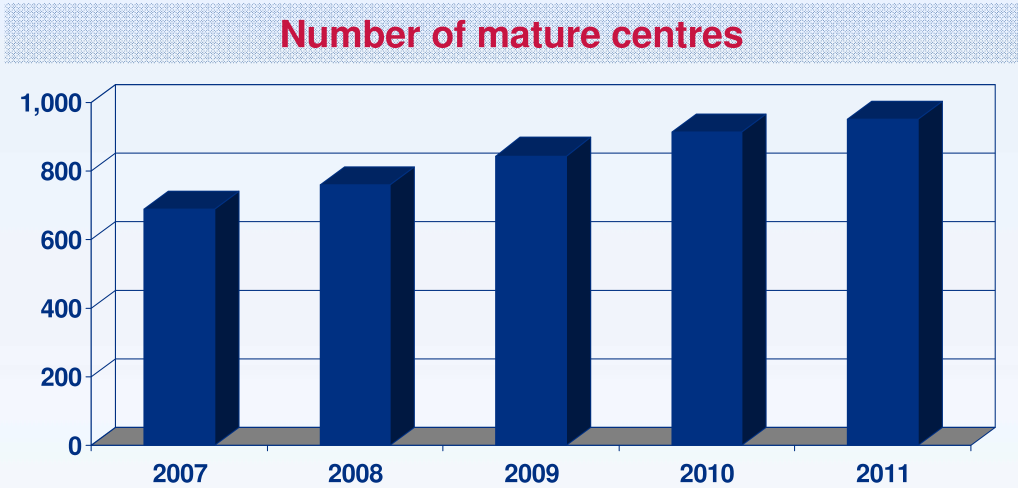
Strong mature performance

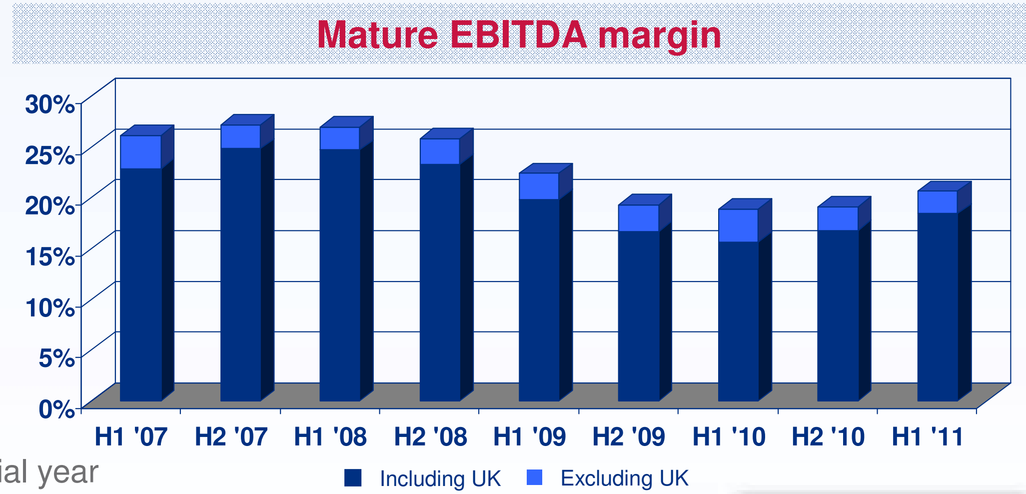
Mature financial highlights

- **Revenues** of £514.1m: +1.9%
- **EBITDA** of £69.0m: +12.6%
- **EBIT** of £37.7m: +46.1%
- **Mature cash flow** of £54.7m: +5.0%
- **Earnings per share** of 3.1p: +47.6%

Strategic highlights

- Record levels of occupancy
- Price recovering
- Improving margins
- Focus on overheads





Mature business in 2011:
Centres not opened in the current or previous financial year
85% of the business: 954 centres and 168,000 workstations

Mature cash flow = EBITDA less maintenance capital expenditure
EPS calculated using expected long term tax rate
EBITDA margin calculated using the long term overhead rate

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New centres - 2010 and 2011

Financial highlights

- **Revenues** of £50.3m
- **EBITDA** of £(18.2m)
- **EBIT** of £(23.2m)
- **Investment in Growth** of £45.6m

Strategic highlights

- 48 centres added in the first half of 2011
- 5,674 additional workstations
- Three new countries: Uganda, Serbia, Latvia
- 11 new cities: Arlington; Belgrade; Charleston; Dammam; Kampala; Middleton; Nuremberg; Plymouth; Providence; Riga; Skokie
- New openings to accelerate in 2^{nd} half – 100+ centres and 10,000+ workstations

Immature and new: workstations not owned within the current or previous financial year (165 centres and 25,000 workstations)
Investment = EBITDA plus Capital expenditure in new centres

II. Financial review

Stephen Gleadle
Chief Financial Officer

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Summary income statement - Consolidated

Actual exchange rates

£ million	H1 2011	H1 2010	Change
Revenue	**565.6**	**515.5**	**50.1**
Centre contribution	129.4	105.5	23.9
Overheads	(115.7)	(96.2)	(19.5)
Joint ventures	0.1	0.9	(0.8)
EBIT pre-exceptional	**13.8**	**10.2**	**3.6**
Restructuring & reorganisation	-	(15.8)	15.8
Net interest and tax	9.5	(1.9)	11.4
Earnings	**23.3**	**(7.5)**	**30.8**
Basic EPS	**2.5p**	**(0.8)p**	**3.3p**

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Regional analysis

Actual exchange rates

£ million	Revenue		Contribution		Mature margin (%)	
	H1 2011	H1 2010	H1 2011	H1 2010	H1 2011	H1 2010
Americas	230.8	215.7	60.9	47.4	28%	23%
EMEA	149.9	142.4	33.9	35.6	25%	26%
Asia Pacific	79.8	68.4	20.1	19.5	30%	32%
UK	105.1	89.0	14.5	3.0	15%	4%
Total	**565.6**	**515.5**	**129.4**	**105.5**	**25%**	**22%**

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Summary income statement – Mature centres

Actual exchange rates

£ million	H1 2011	H1 2010	Change
Revenue	**514.1**	**504.5**	**9.6**
Centre contribution	129.0	109.4	19.6
Overheads	(91.3)	(83.6)	(7.7)
add back Depreciation	31.3	35.5	(4.2)
EBITDA	**69.0**	**61.3**	**7.7**
EBITDA Margin %	*13%*	*12%*	*1%*
Maintenance Capex	(14.3)	(9.2)	(5.1)
Mature cash flow	**54.7**	**52.1**	**2.6**
Earnings per share	**3.1p**	**2.1p**	**1.0p**

Mature business: Centres not opened in the current or previous financial year
85% of the business: 954 centres and 168,000 workstations

Centre contribution includes profit from joint ventures
2010 Result excludes exceptional items
EPS calculated using expected long term tax rate

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Summary income statement – new 2010 and 2011 centres

Actual exchange rates

£ million	H1 2011	H1 2010
Revenue	**50.3**	**4.1**
Centre contribution	1.0	(2.3)
Overheads	(24.2)	(11.6)
Add back depreciation	5.0	0.5
EBITDA	**(18.2)**	**(13.4)**
Growth capex	(27.4)	(14.0)
Investment in growth	**(45.6)**	**(27.4)**
Number of centres	***165***	***44***

Investment in Growth = EBITDA plus Growth Capex

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Cash flow

Actual exchange rates

£ million	H1 2011	H1 2010	Change
Mature cash flow	**54.7**	**52.1**	**2.6**
Investment in growth	**(45.6)**	**(27.4)**	**(18.2)**
Working capital movement	19.5	2.9	16.6
Interest and tax	(3.1)	(8.6)	5.5
Dividends and share buybacks	(17.4)	(19.2)	1.8
Other cash movements	6.2	13.3	(7.1)
Change in cash & cash equivalents	**14.3**	**13.1**	**1.2**
Closing balance – cash & cash equivalents	**208.3**	**218.8**	**(10.5)**
Cash & cash equivalents at 31/12/2010		**194.2**	

Share based payments = share buybacks, settlement of share awards, dividends
Other cash movements includes exceptional items

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Summary balance sheet

Actual exchange rates

£ million	H1 2011	H1 2010	Change
Non-current assets	673.0	656.2	16.8
Working capital	(279.4)	(280.9)	1.5
Net cash	197.8	224.2	(26.4)
Other non-current liabilities	(110.3)	(102.6)	(7.7)
Net assets	**481.1**	**496.9**	**(15.8)**

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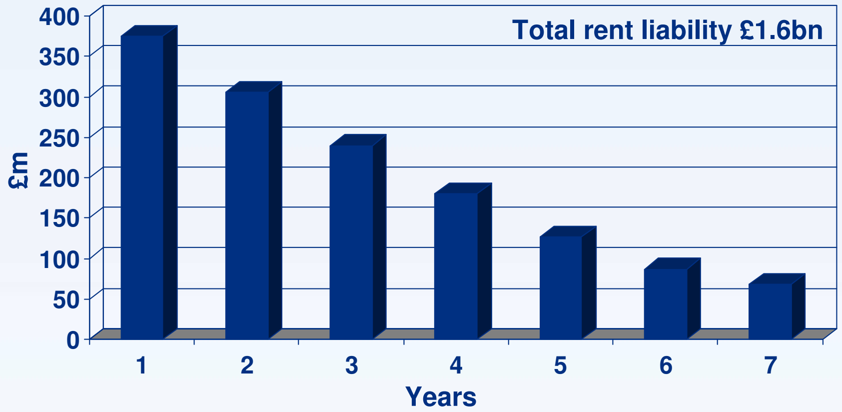
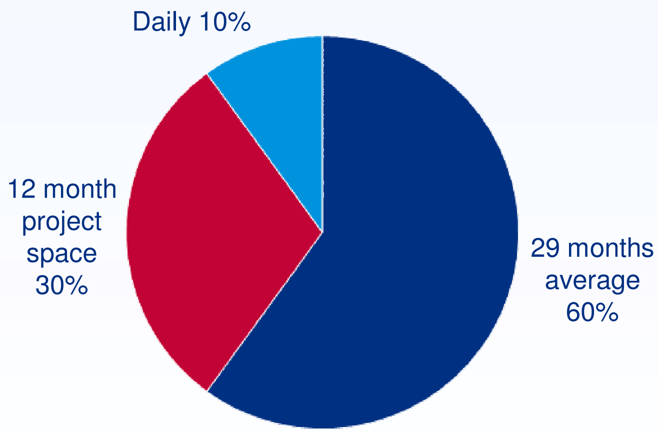
Building revenue while managing rent

- Contracted income > 18 months' rent
- Managed case limits rent liability
- >900k customers
- Customers sector diversity
- Geographical diversity

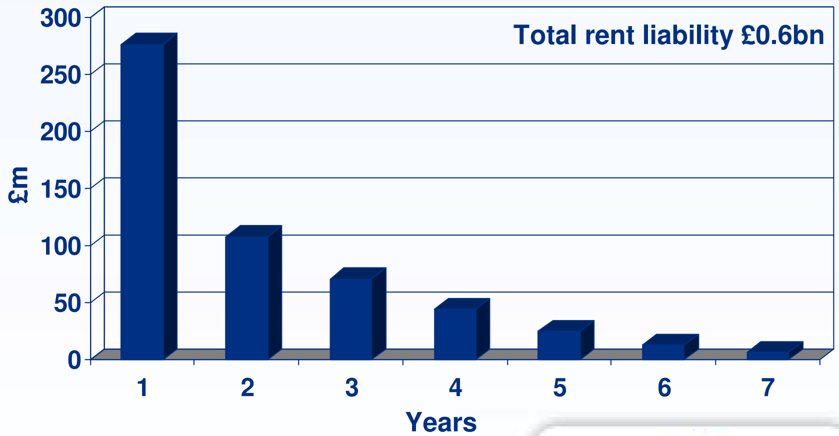
Rent liability – statutory case



Contracts



Rent liability – managed case



Financial summary

- Strong mature performance through the cycle
- Continued cash generation
- Ongoing investment in infrastructure
- Significantly increasing investment in growth
- Strong balance sheet
- Proactive management of lease liabilities

III. Business review

Mark Dixon
Chief Executive Officer

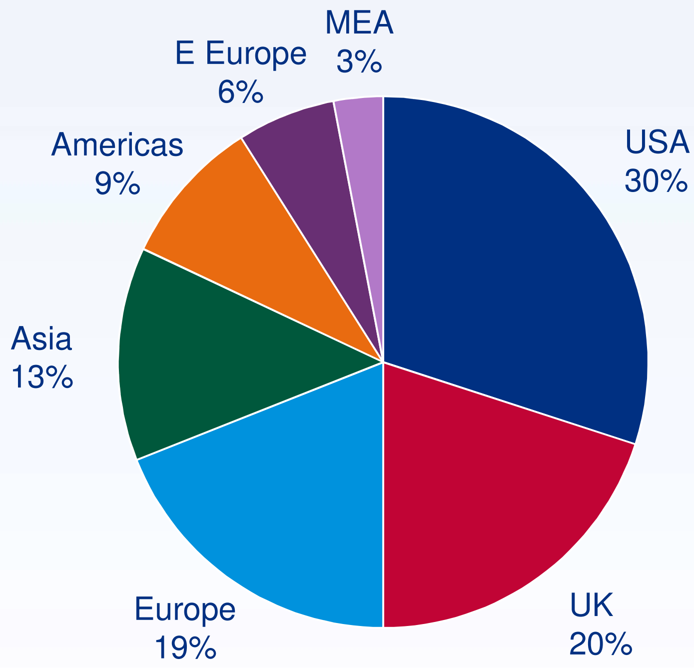
Regus at a glance

The world's largest provider of flexible workplaces

Key statistics

No. of countries	88
No. of cities	519
No. of centres	1,119
No. of colleagues (FTE)	6,500
No. of workstations	193,000
No. of customers	900,000

Revenue mix by geography



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The network continues to expand

Europe & UK
396 +50%

BRIC Nations
85 +158%

USA
416 +21%

N-11 Nations
44 +76%

Americas
106 +121%

Asia Pacific
142 +115%

Middle East & Africa
47 +104%

Number of centres at end H1 2011 and percentage increase since 2006
Excluding franchises

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A growing opportunity

Five key drivers

1. Lower cost
2. Technology
3. Company adoption
4. Employee demand
5. Ongoing globalisation

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1 Lower cost

- Ongoing economic uncertainty maintains cost-cutting pressure
- We can provide small branch offices at 50% or less of in-sourced alternatives
- Our enterprise programmes for field employees can reduce costs by 80%

Google

- Supporting 900+ workers across 32 markets
- Mix of office, Virtual Office and Businessworld
- Saving over three years vs traditional = US$24million

American Express

- Supporting 400+ workers across five markets
- Mix of office, Virtual Office and Businessworld
- Saving over three years vs traditional = US$11million

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2 Technology

- Key enabler and catalyst for change
- Totally transformed the “work” landscape
- Continued technology advances will further enhance flexible work growth

1990
Launch of 2G and adoption of mobile phones

1995
First true laptops begin development

2001
Launch of 3G

2003
Smartphone Blackberry launched

2010
iPad released

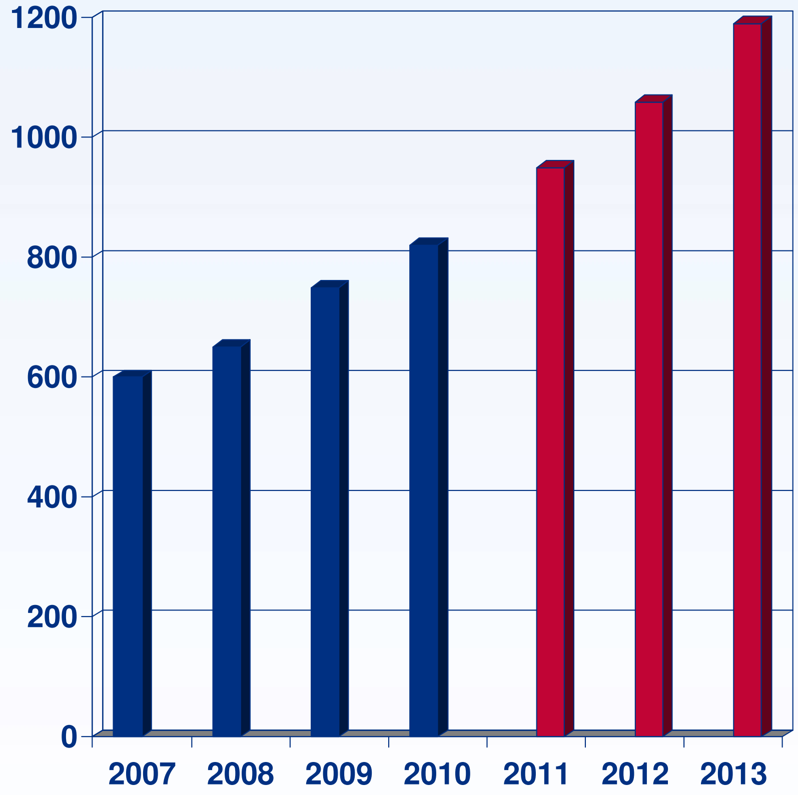
3 Company adoption

- Outsourcing in growth mode
- Regus simplifies the complex and inflexible process of real estate procurement / management
- Regus products and services are being adopted as recognised and accepted business tools
- New product enhancements and launches bringing in new customer/corporate types
- Repeat business and new company wins reflect these trends

4 Employee demand

- Employee support a priority when fixed offices reduced
- Home work programmes increasing dramatically
- Commuting time and cost significant
- Convenience of location and ease of access a priority to flexible workers
- Numbers of mobile workers expected to continue growth in years to come

More than a billion mobile workers



Source: IDC (2009)

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5 Ongoing globalisation

- The internet continues to dissolve borders and expand markets
- Global connectivity continues to grow, led by the emerging markets
- Companies need physical locations to trade
- Capital is more scarce and companies are looking at cost-effective expansion

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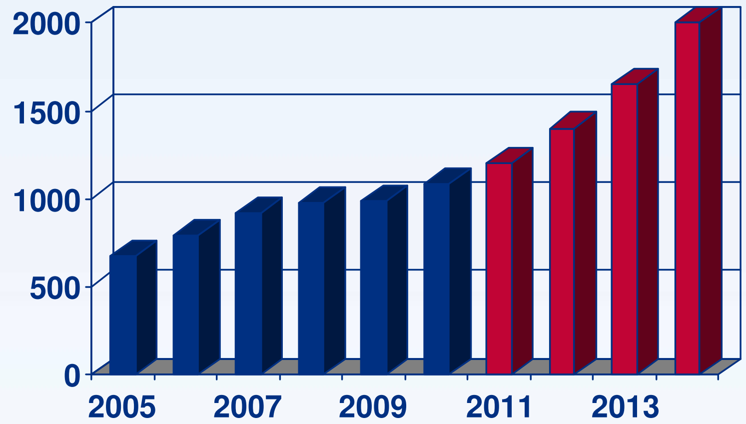
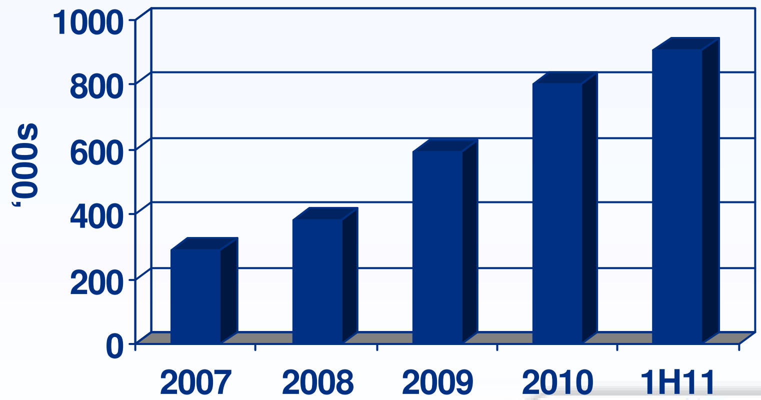
Satisfying demand

- Reach 2000 centres
- Extend footprint to 120 countries
- Major focus on national networks
- Increase targeting of infrastructure points
- Leverage multi-brand offering
- Continue investing in product and service innovation

Centre growth – 2005-2014



Customer numbers



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IV. Current trading and outlook

Mark Dixon
Chief Executive Officer

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Current trading

- Benefits from strategic investment continued into H1 2011
- Mature occupancy at record levels
- Price gradually improving
- Steady margin progression expected
- Increased investment in growth and group infrastructure

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2011 outlook

- Network growth acceleration in H2
- Reducing overhead per available workstation (OPWS)
- UK returning towards normalised margins
- Further margin and cashflow improvement
- Further strengthening of global management team

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V. Q&A