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# Investor Presentation

## Preliminary Results

for the twelve months ended 30 June 2009





*Regeneris is a leading provider of after sales product support services to many of the World's premier technology brands.*

*If a product fails we will fix it, if the product is no longer in use we will find a new market for it and if it is beyond use we will recycle it safely and responsibly.*



## Investment programme in Eastern Europe now complete

- Facilities fully operational in Sommerda (east Germany), Raszyn (Poland) and Bucharest (Romania)
- Volumes increased by 55% year-on-year; now account for c40% of Group repair activity

## Cost base remains under tight control

- Production labour costs were flat on repair related volumes up 19%
- Plans to further reduce costs in UK and Germany

## TRS acquisition completed

- Highly complementary business model
- Will be integrated into the Technical Services Division
- Enterprise value of £6.25 million fully funded through equity; acquired debt free
- Blue chip customer relationship and innovative service offering will augment existing group profile.



	2009	2008
	£m	£m
<hr/>		
<b>Revenue</b>		
<b>Technical Services</b>	69.4	61.6
<b>Environmental Services</b>	28.9	43.4
	<b>98.3</b>	<b>105.0</b>
<b>Headline operating profit</b>		
<b>Technical Services</b>	4.1	3.0
<b>Environmental Services</b>	1.1	2.8
	<b>5.2</b>	<b>5.8</b>
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## Improved margins on increased activity

- Volumes processed increased by 19%; underlying sales growth was 8% at constant exchange rates
- Labour costs flat reflecting cost control and impact of increased activity in east Europe
- Generating 6% EBIT margin (2008: 4.8%)

## Demand increasing for lower cost facilities

- Market demand for low cost solutions continuing; particularly in mobile phone sector
- Second Polish site opened (April 2009) in Raszyn; capacity increased in Janki (Warsaw)
- Sommerda and Bucharest trading profitably
- c40% of group repair activity now through these sites (2008: 30%)

## Market holding up well in key areas

- Overall market volumes down reflecting lower consumer sales
- Good activity in core markets such as cable and satellite set top box market; upgrades to HD and PVR technologies
- Evidence of customer base driving consolidation and moving to more financially robust partners



### Traditional market is much reduced

- Lower volumes from corporate clients reflecting withdrawal of incentives, extended contracts and lower handset sales
- Growth of new competitors in the direct-to-consumer space
- Underlying sales decrease of 22%; average resale price per handset increased c15%
- Unclear as yet what the impact of Orange: T-mobile tie-up will be

### Industry standards proving difficult to establish

- Market is unregulated and so far has resisted drive to establish WEEE and data compliant standards
- Evidence to suggest there is a more considered market approach in Continental Europe
- Volume UK market has moved to the 'direct-to-consumer' space

### Developing new service models

- 'On-line' retail trade-in programme with a major network operator is currently in trial
- Further initiatives aimed at full service solution for manufacturers
- Insurance fulfilment model trading well establishing basis for expansion
- Opportunities to realign costs



## Results in line with expectations

- Improved second half
- Revenues lower at £98.3m (2008: £105.0m); Headline operating profits £5.2m (2008: £5.8m)
- Decline in Environmental Services masks underlying 8% growth in Technical Services
- Margins maintained due to tight cost control

## Net Debt increased to £4.3m (2008 net cash: £0.7m)

- Investment programme completed (total investment to date in Sommerda, Raszyn and Bucharest is £3.6m)
- Cash outflows slowed in second half (£0.9m) as new sites improved operating cash flow
- Significant changes in mix towards Technical Services are major factors in working capital increases

## New funds secured to support TRS acquisition

- Placing raises £3.3m (before expenses)
- Banking facilities renegotiated to 2013 and headroom increased by £3.5m



## Regeneris Financial Results

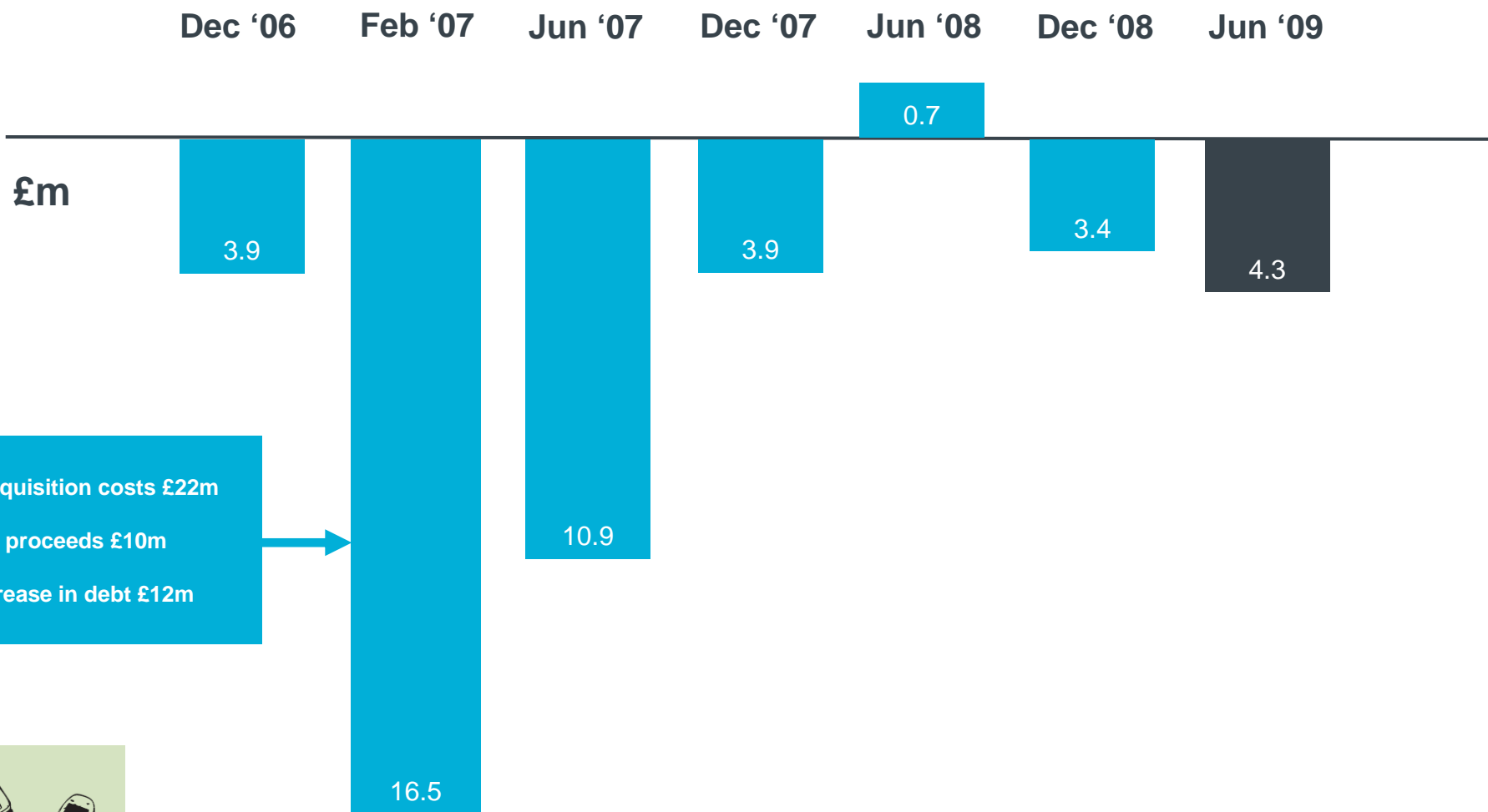
	2009 £m	2008 £m
<b>Revenue</b>	98.3	105.0
<b>Profit:</b>		
<b>Headline Operating Profit</b>	5.2	5.8
<b>Operating Profit</b>	3.8	5.0
<b>Profit Before Tax</b>	3.4	3.9
<b>Net Debt/(Cash)</b>	4.3	(0.7)
<b>Net Assets</b>	21.5	19.4
<b>Earnings Per Share (pence)</b>		
<b>Basic</b>	8.75	11.55
<b>Headline</b>	12.79	15.10



## Reconciliation of profits

	2009 £m	2008 £m
<b>Headline operating profit</b>	<b>5.2</b>	<b>5.8</b>
Exceptional restructuring costs	(0.9)	(0.3)
Amortisation of acquired intangible assets	(0.4)	(0.4)
Share based payments	(0.1)	(0.1)
<b>Operating profit</b>	<b>3.8</b>	<b>5.0</b>
Net finance charge	(0.4)	(1.1)
<b>Profit before tax</b>	<b>3.4</b>	<b>3.9</b>
Tax	(0.9)	(0.6)
<b>Profit after tax</b>	<b>2.5</b>	<b>3.3</b>





CRC acquisition costs £22m  
 Placing proceeds £10m  
 Net increase in debt £12m



## Reconciliation of cash flows

	2009 £m	2008 £m
<b>Operating cash flow</b>	<b>5.6</b>	<b>7.0</b>
<b>Movement in working capital</b>		
decrease in inventories	0.6	1.7
(increase)/decrease in receivables	(2.0)	4.0
(decrease)/increase in payables and accruals	(5.1)	0.3
	<b>(6.5)</b>	<b>6.0</b>
<b>Net interest payments</b>	<b>(0.4)</b>	<b>(0.8)</b>
<b>Tax (paid)/received</b>	<b>(1.6)</b>	<b>1.1</b>
<b>Net capital expenditure</b>	<b>(1.7)</b>	<b>(1.9)</b>
<b>Exchange rate (losses)/gains on translation</b>	<b>(0.4)</b>	<b>0.2</b>
<b>Net (increase)/reduction in net debt</b>	<b>(5.0)</b>	<b>11.6</b>



	H1 £m	H2 £m	FY £m
<b>Operating cash flow</b>	<b>2.8</b>	<b>2.8</b>	<b>5.6</b>
<b>Movement in working capital</b>			
decrease in inventories	(0.4)	1.0	0.6
(increase)/decrease in receivables	(1.1)	(0.9)	(2.0)
(decrease)/increase in payables and accruals	(3.6)	(1.5)	(5.1)
	<b>(5.1)</b>	<b>(1.4)</b>	<b>(6.5)</b>
<b>Net interest payments</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.4)</b>
<b>Tax (paid)/received</b>	<b>(0.6)</b>	<b>(1.0)</b>	<b>(1.6)</b>
<b>Net capital expenditure</b>	<b>(0.8)</b>	<b>(0.9)</b>	<b>(1.7)</b>
<b>Exchange rate (losses)/gains on translation</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Net (increase)/reduction in net debt</b>	<b>(4.1)</b>	<b>(0.9)</b>	<b>(5.0)</b>



## Key benefits include:

- Strengthens Regeneris' position as a leader within the UK mobile telecoms market
- Key client relationships are additive and will further dilute customer concentration
- Complimentary service capability to consolidate end-to-end service offering
- Established track record of growth
- Significant synergies are available through further UK consolidation
- Strengthens strategic position with OEMs and Network Operators as they drive supply chain consolidation
- Access to significant international development opportunities
- Strong management team with complimentary skills to Regeneris
- Systems platform has potential to save substantial investment in ERP



### TRS acquired debt free

- £6.25m enterprise value satisfied through issue of new equity
- 8.1m Consideration Shares to vendor (£3.25m)
- £3.3m cash (before expenses) raised via placing of 8.4m shares
- Equity issued at 40 pence per share (15% discount)
- New share issue represents 37% of enlarged equity base
- Transaction will be earnings dilutive in first year
- Results to be consolidated from 1 September 2009, the date of completion

### Banking facilities renegotiated

- Facilities of £12.5m in place
- Scheduled reductions deferred until September 2010; revised agreement extends out to 2013
- Net effect is to increase headroom by £3.5m
- Cost of debt service will rise to between 2.5 and 3% above LIBOR
- Remain comfortably within banking covenants



	2007*	2008*	2009*
	£m	£m	£m
<b>Revenue</b>	16.3	18.3	22.5
<b>EBITDA</b>	0.7	1.1	1.4
<b>Headline operating profit</b>	0.1	0.5	0.8
<b>Average no. employees</b>	384	425	485

\*Financial year to 31<sup>st</sup> March



## **The mobile phone activities in the UK will be integrated under one management team**

- Will incorporate best of combined teams
- CEO of TRS appointed to lead combined activities
- TRS already 're-branded'

## **Opportunity to consolidate operations in 'centres of excellence'**

- Includes sites in Glasgow, Nottingham, Huntingdon and Thurrock
- First phase of integration plan to be communicated by end September

## **Financial synergies identified are significant**

- Anticipate twelve months to deliver

## **Systems integration will further benefit performance and operational management**

- Business and sales development as a secondary benefit
- Will facilitate greater integration of the Group and UK management teams and back office functions



## Another year of solid progress

- Solid performance despite coinciding with the worst of market conditions
- Investment programme completed with benefits becoming visible
- Focus on growth potential of Technical Services division established

## The acquisition of TRS provides a significant opportunity to strengthen Regeneris' position with the UK mobile market

- Transaction bolsters Group position with key manufacturers and operators
- Deal structure preserves the financial strength of the Group
- Renegotiation of banking facilities provides longer term certainty and headroom

## Priorities for the current year established

- Deliver successful integration of TRS and related synergies
- Maximise opportunities in key growth areas (locations and technologies)
- Maintain control of costs and cash flows



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## Appendices





### **Gary Stokes (Chief Executive Officer)**

Appointed Chief Executive Officer in January 2007, following the acquisition of CRC Group plc. Gary had served CRC as Chief Executive Officer since joining the business in April 2006.

Prior to CRC, Gary had led the Materials Handling Division of LINPAC from 2001 and was a member of the management team that completed the £860 million buyout of the family owned Group in 2003.

Gary has considerable City experience and was previously Finance Director at both Atkins plc and Tomkinsons plc before a move into general management in 1999 as Managing Director of the retail operation for Gaskell plc.

### **David Kelham (Chief Financial Officer)**

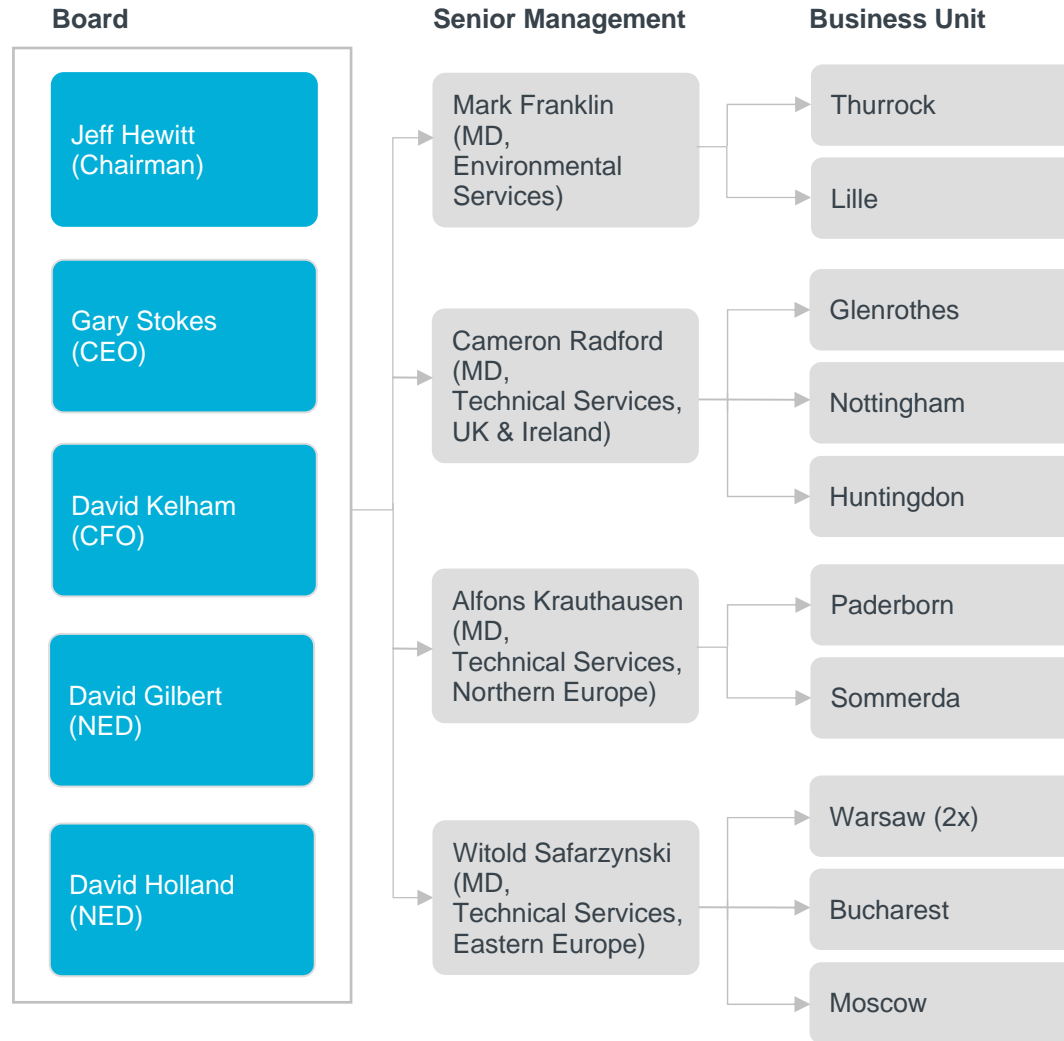
Joined Regeneris at the end of March 2007 after the Company acquired CRC Group, where he held the position of Chief Financial Officer since June of 2006. David has had a senior finance career spanning over 25 years.

David joined the team from Courts International Retailers, where he held an interim role as Group Finance Director working for the Administrators of Courts plc. Prior to joining Courts, David spent five years at NTL in senior financial positions, During that time, David was heavily involved in many acquisitions and the integration of businesses across the UK and Ireland.

David was previously Finance Director at P&O European Ferries.



# Group organisation structure (excluding TRS)



- **2002**
  - Fonebak launched by Gordon Shields as the world's first mobile phone recycling scheme with the endorsement of the British Government and the backing of all the network operators in the UK
- **2004**
  - Fonebak receives growth funding from Bank of Scotland Equity Investments
- **2005**
  - Fonebak IPO completed with listing on AIM.
  - Fonebak wins the Queen's Award for Enterprise and International Trade
  - Fonebak acquires Intec Group Ltd (Intec Cellular Services and Intec Distribution)
- **2006**
  - Fonebak acquires the mobile phone repair and administration business of DSG Retail Ltd
- **2007**
  - Fonebak secures £10 million equity placing and new £25 million banking facilities to fund acquisition of CRC
  - Current CEO, Gary Stokes and CFO, David Kelham appointed following completion of CRC acquisition
  - Non-Executive Chairman, Jeff Hewitt appointed
  - Group integration plans announced. Surplus sites in Barnet and Stoke are closed
  - New repair centre opened in Sommerda, East Germany
- **2008**
  - Group re-launched as Regenersis bringing together the CRC, Fonebak and Intec businesses
  - New repair centre opened in Bucharest
  - Hong Kong sales office opened
  - Environmental Services (Europe) established in Lille
- **2009**
  - Second site opened in Raszyn (Warsaw) to extend capacity in mobile phone and notebook repair
  - Joint venture signed establishing Regenersis in Moscow
  - Completes £6.25m acquisition of TRS including £3.3m placing



## Significant global market

- Focus is on warranty repair services
- Consumer 'digital' products used in the home and work place
- Regeneris services leading global manufacturers and brands

## Service locations are dictated by cost and TAT requirements

- Services are generally customised and client specific
- Regeneris operates nine service centres across Europe

## Market is generally under invested and differentiated

- Regeneris is investing in additional capacity in Eastern Europe
- Regeneris is reducing average unit labour costs
- Regeneris is developing IP through automation and remote diagnostics

## Difficult economic outlook is expected to reduce supplier base

- A number of competitors are under financial pressure
- Capacity is expected to reduce as brands drive consolidation



## The market is still relatively immature and developing

- Amongst the first to commercially develop the market for end-of-life electrical equipment
- Targeted mobile phones in recognition of the impact of WEEE Directive
- Regeneris established 'take-back' schemes for major corporate clients across Europe

## Key differentiation is end-to-end 'quality assured' services

- Operates the mobile industry's Producer Compliance Scheme
- Licensed to recover, treat and export electronic waste
- Match handsets to secondary markets for reuse and added-value
- Non-viable equipment is recycled – 'no landfill' policy enforced
- Developing additional services including data removal

## Fulfilment services developed for growing insurance market



**Regeneris**  
Turning Around Technology

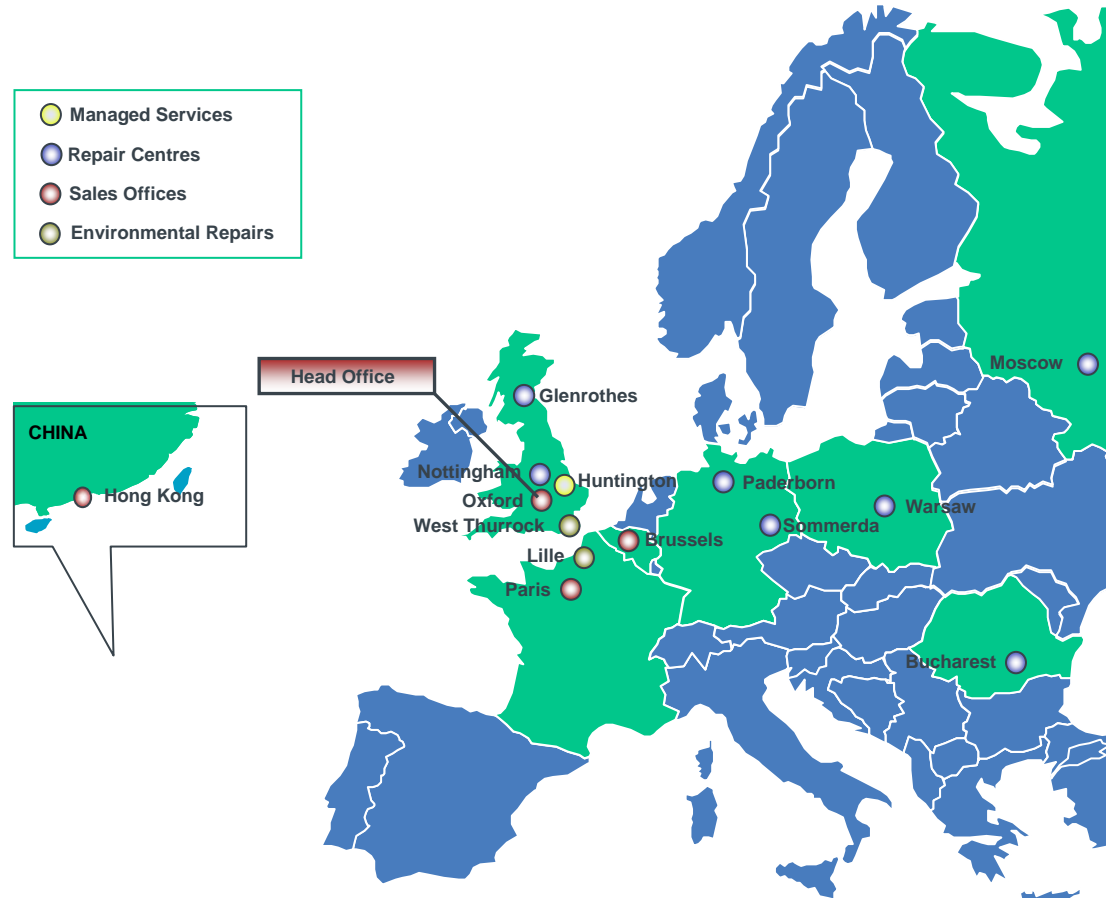
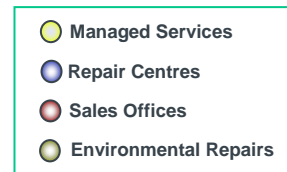
**FREEPOST**  
**BBC Children in Need**

**Recycle your old mobile phone, MP3/4 or PDA and we'll donate up to £80\* to BBC Children in Need**

**How you can help**  
1. Clear off all your data  
2. Remove your SIM card  
3. Put your device in this envelope  
4. Pop this bag in the post - it's free

**BBC Children in Need**  
Turnover: £222.5 million  
No. 1212007

- Global reach servicing clients in UK, Europe and Asia
- Headquarters located close to Oxford
- The Group has a number of other operational facilities across Europe and beyond
  - The Technical Services division operates from nine centres of excellence and is managed as three business units (UK, Germany and Eastern Europe)
  - The Environmental Services division is also managed as three operational business units (RES UK, RES Europe and Distribution)



## Key Customers



## 2009 Sales by destination

