

# Turning around technology

Interim Results

Six months to 31 December 2008



*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.*

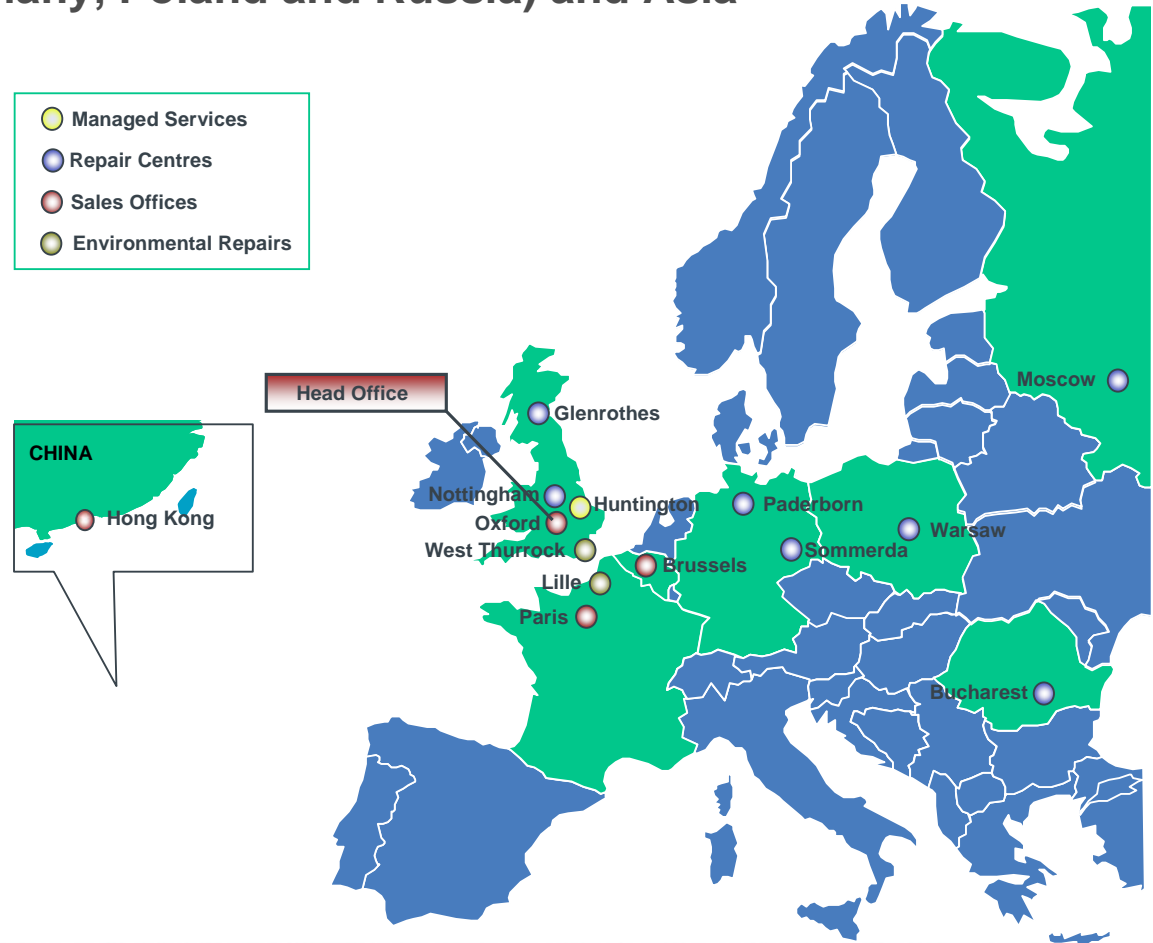
## Operational highlights

- > **Strategic progress maintained**
  - Continued focus on ‘full service’ proposition
  - Expanding on core technical and environmental expertise
  - Benefits of prior investment coming through as planned
- > **Extended geographical reach with new facilities across Europe**
  - Technical Services expands to nine locations with second Warsaw facility and launch of Moscow based JV
  - New sites in Sommerda and Bucharest are starting to generate a return on investment
  - Environmental Services establishes a new processing centre in Lille
- > **Raising profile to meet demands for new services**
  - Promoting ‘quality assured’ partner brand protection
  - Upgraded data cleansing capabilities in recognition of increasing risks of personal identity theft

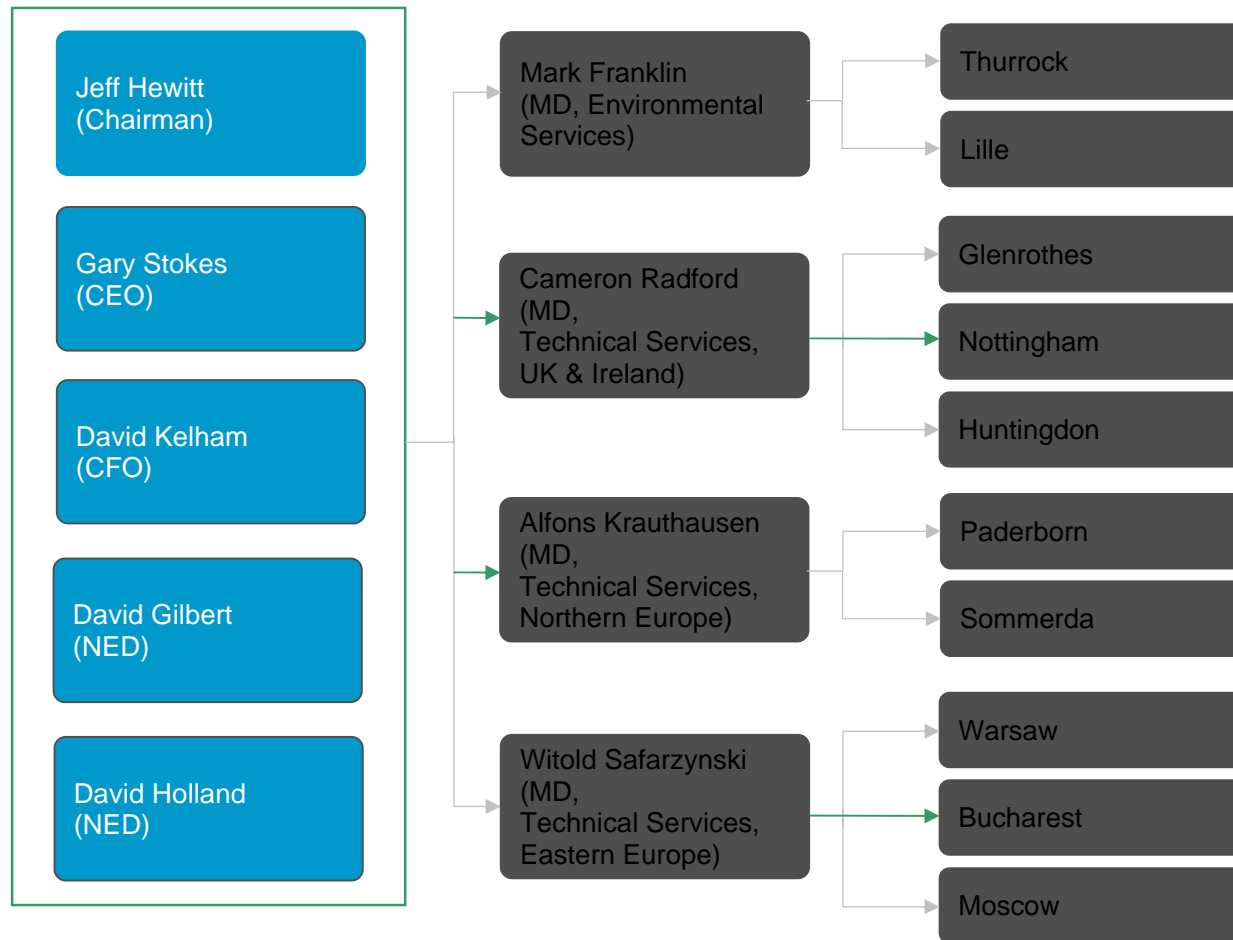
# Extended geographic reach

- Facilities in UK, Europe (Germany, Poland and Russia) and Asia provide global reach

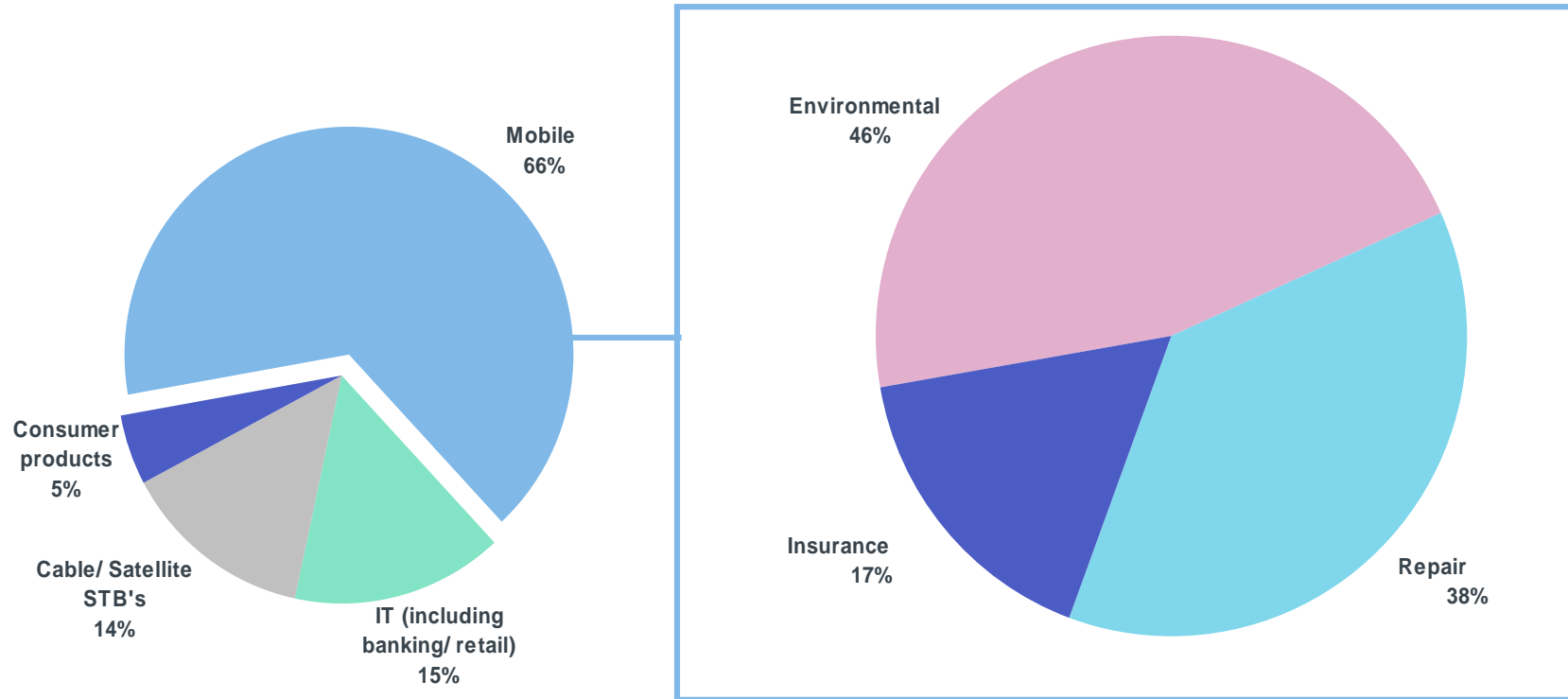
- The Technical Services division operates from nine centres of excellence and is managed as three business units (UK, Germany and Eastern Europe)
- The Environmental Services division is also managed as three operational business units (RES UK, RES Europe and Distribution)



# Business Overview



# Multiple markets & technologies



*Relative % of total revenues earned*

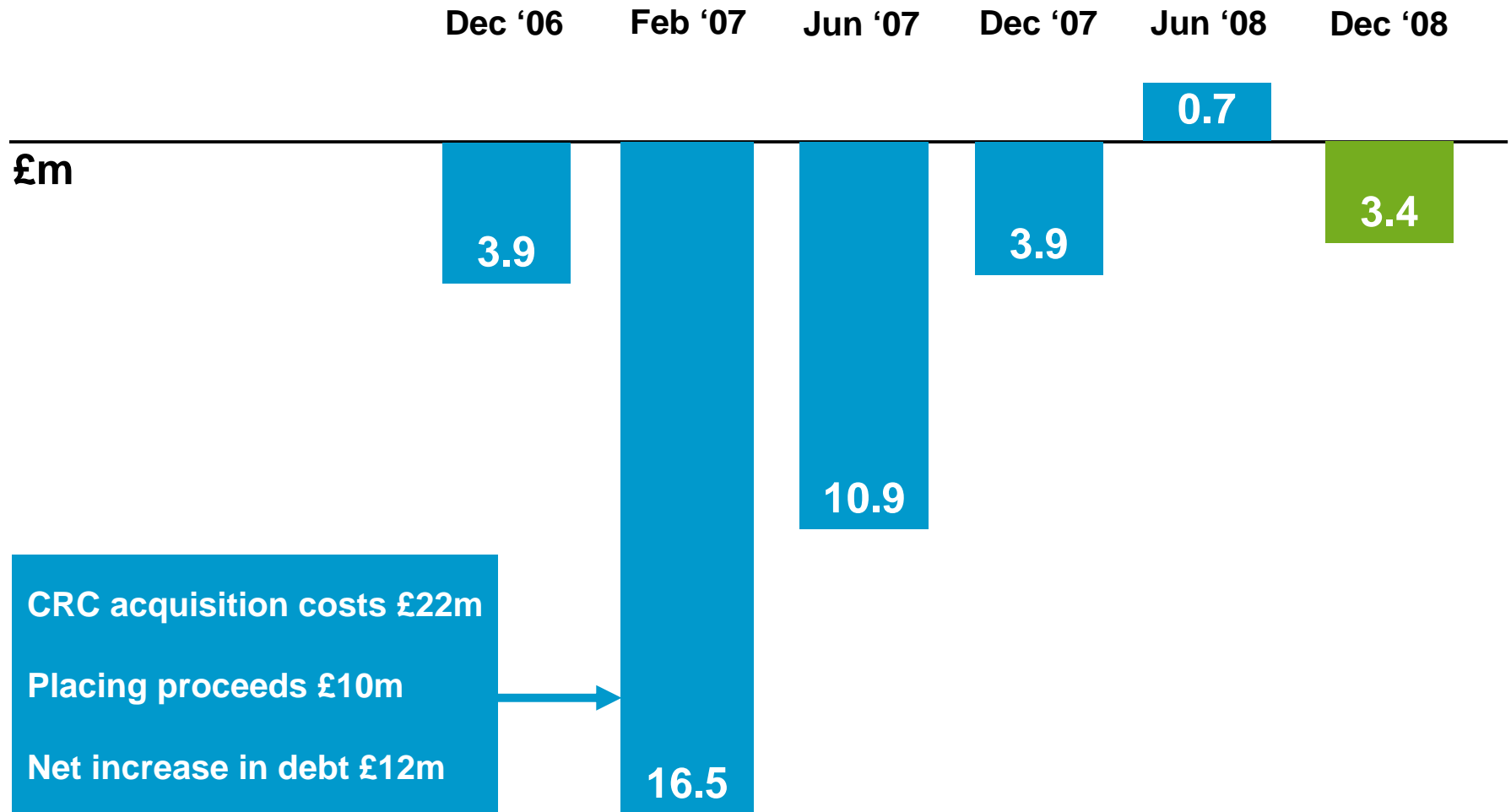
# Blue-chip customer base



## Financial highlights

- > **Results in line with expectations**
- > **Group revenue £49.2m (2007: £55m) comparable to previous six months**
- > **Headline operating profit £2.2m (2007: £2.8m)**
  - Start up costs reduced profits by £0.9m
  - Foreign exchange benefits at constant exchange rates £0.3m
- > **Planned investments of £1.8m cash to support Nottingham, Sommerda and Bucharest repair facilities starting to deliver benefits**
- > **Cash outflow of £4.1m**
  - Higher repair activity increases working capital demands
  - Timing differences on payments
- > **Strengthened balance sheet**
  - Net debt at £3.4m (2007: £3.9m)
  - Loan and overdraft facilities of £15.25m provide strong headroom and covenant cover

# Movement in net debt



# Cash flow reconciliation

	<b>Cash in/(out) flow £ millions</b>
<b>Headline operating profits</b>	<b>2.2</b>
<b>Depreciation</b>	<b>0.6</b>
<b>Reversal of 2008 year end timing differences</b>	<b>(3.6)</b>
<b>Investments in new facilities</b>	<b>(1.8)</b>
<b>Tax and interest payments</b>	<b>(0.9)</b>
<b>Capital expenditure</b>	<b>(0.8)</b>
<b>Other working capital movements</b>	<b>0.2</b>
<b>Cash outflow in the period</b>	<b>(4.1)</b>

## Balance sheet remains strong

- > **Balance sheet strengthened further**
  - Shareholders funds increased to £21m (2007: £16.5m)
  - Positive distributable reserves following approval of the scheme to reallocate surplus share premium
- > **Funding position continues to be good**
  - Net debt of £3.4m (2007: net cash £0.7m) compares favourably to recent past
  - Total loan and overdraft facilities of £15.25m provide for significant headroom and covenant cover
  - Cash outflow is expected to reduce in the second half as the rate of investment and working capital growth slows
- > **Balance sheet strength is an increasingly valuable asset as clients look for security of supply**

## Technical Services market

- > **Significant global market**
  - Regeneris market focus is on warranty repair services
  - Expertise is in consumer 'digital' products used in the home and work place
  - Regeneris market share globally is c3%; in Europe its nearer to 10%
- > **Service locations are dictated by cost and TAT requirements**
  - Services are generally customised and client specific
  - Regeneris combines local and regional service hubs to maximise opportunities
- > **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

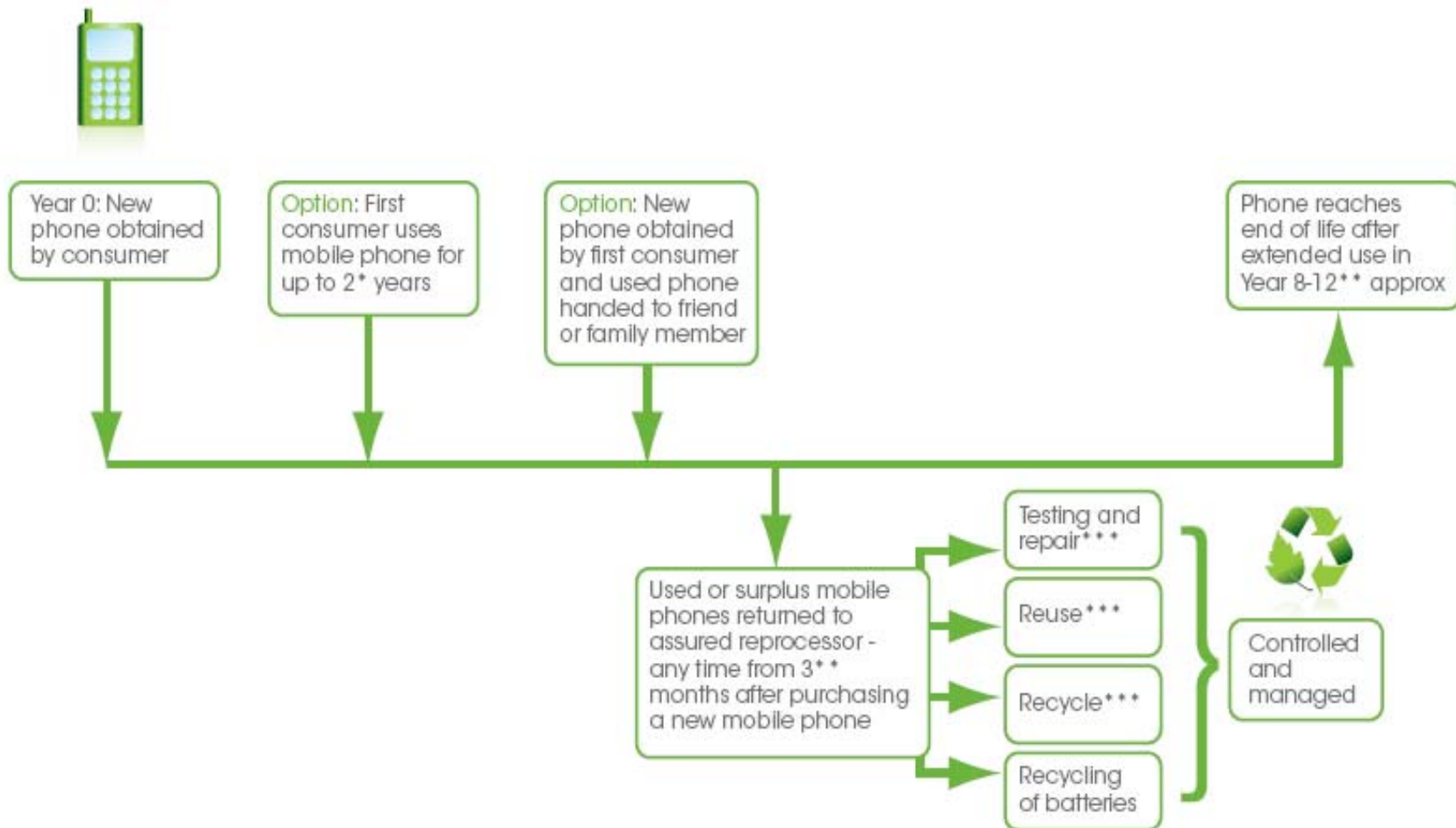
## Technical Services progress

- > **Increased repair activity in 'established' facilities**
  - Overall volumes up 14%
  - Strong demand for set top boxes and mobile phone capacity
- > **Eastern Europe particularly strong**
  - Added capacity in Romania (recruited 200 staff in last twelve months)
  - Second facility added in Poland to focus mobile phone and IT capabilities
  - New JV in Moscow to support existing customers in new market
- > **German operations making progress in difficult market**
  - Sommerda activities increasing as new clients introduced
  - Paderborn labour agreements concluded; plans to relocate in 2009 will deliver significant cost savings
- > **UK maintaining position**
  - Glenrothes focused on significant business due to market in 2009
  - Huntingdon performing well; Nottingham has additional capacity

## Environmental Services market

- > **The market is still immature and developing**
  - Fonebak originally conceived in recognition of the impending WEEE Directive
  - The success of Fonebak has spawned a number of 'me too' resellers
  - The market is failing to differentiate the quality assured services of Regeneris from the mass market
- > **Regeneris is developing new services**
  - Data protection is a growing risk for clients; Regeneris has invested in additional data cleansing capacity
- > **The industry needs greater 'regulation'**
  - Regeneris has consulted with clients, government departments and NGO's
  - Widespread recognition that quality assurance on environmental, data and crime issues is required by brands and consumers

# Mobile Phone Lifecycle



# Setting new standards

Getting rid of your mobile phone? Be careful; do not give your identity away!



**I Knowz Everything Aboutz You**

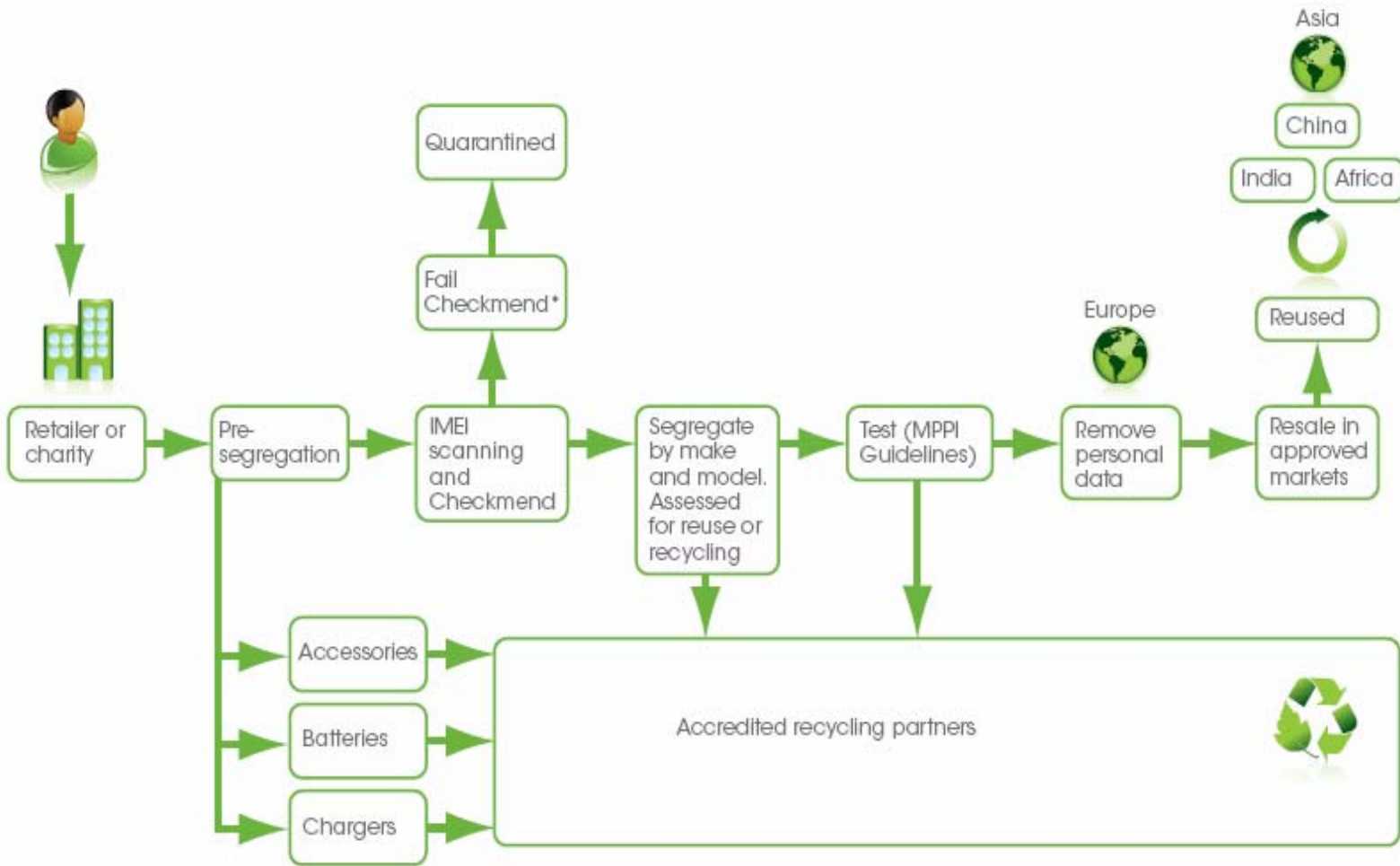


**Used and surplus mobile phones:**  
Enabling stakeholders to make responsible decisions



A REGENERIS WHITE PAPER

# Regeneris 'quality assured' services



# Environmental Services progress

## > **UK volumes down as expected**

- Previous year benefited substantially from the clearance of surplus stocks
- The market generally is more difficult due to ‘unregulated’ competition
- Tightening economic conditions have seen ATPs reducing ‘take back’ promotions

## > **New capacity added to push into Europe**

- New processing centre in Lille to provide a ‘local’ solution for Mainland Europe
- Evidence that European ATPs are becoming engaged in the opportunity

## > **Focus is on raising appropriate industry standards**

- Regeneris is taking a leadership position
- Proposal will differentiate the Regeneris model from the resellers
- Clients will be able to ‘value’ the different service models and make an informed judgement
- Priority is to see new standards adopted and managed

## Strategy for growth

- > **Growth in customer base**
  - Greater penetration of existing customer base
  - Cross selling technical and environmental services
  - Follow customers into new territories
- > **New products and services**
  - Identify new growth markets (for example replicate recent moves into PND and Chip and Pin markets)
  - Develop end user/consumer interface and services
  - Expand on IP in technical and environmental services
  - Invest behind growth opportunities
- > **Selective acquisitions**
  - Scale and financial strength is an important success factor
  - Economic conditions will provide opportunities
  - Strict acquisition criteria in place

# The expanding digital market

## 31 January 2009 update

The numbers below show adoption of the Index's 12 digital products and services as of January 2009 alongside data from previous quarters.

Technology		Media	Telecommunications		
<b>64%</b>	<b>DVD player</b> Sustained demand as a reasonably priced source of entertainment. (h)	<b>25%</b>	<b>DAB radio sets</b> Penetration rising, but DAB stations under challenge. (h)	<b>62%</b>	<b>Fixed broadband</b> Growth flagging, but may become a universally provided service. (h)
Oct 08 64%		Oct 08 24%		Oct 08 61.5%	
Jul 08 64%		Jul 08 23%		Jul 08 61%	
Apr 08 64%		Apr 08 22%		Apr 08 59%	
Jan 08 64%		Jan 08 21%		Jan 08 57%	
<b>76%</b>	<b>PC</b> Netbooks selling well, but mostly to existing PC households. (h)	<b>91%</b>	<b>Digital TV</b> Into the last decile of conversion. (h)	<b>2%</b>	<b>Consumer Voice over IP (VoIP)</b> Vogue over, interest peaked? (p)
Oct 08 76%		Oct 08 90.5%		Oct 08 2%	
Jul 08 76%		Jul 08 90%		Jul 08 2%	
Apr 08 76%		Apr 08 89%		Apr 08 1.7%	
Jan 08 75%		Jan 08 87%		Jan 08 1.6%	
<b>29%</b>	<b>Digital video recorder</b> Price reductions should spur demand. (h)	<b>24%</b>	<b>Online video</b> Getting ever closer to the television set. (h)	<b>23%</b>	<b>Mobile internet</b> As consumers cut back on non-essential spending, mobile internet growth could slow. (p)
Oct 08 28%		Oct 08 23%		Oct 08 22%	
Jul 08 28%		Jul 08 23%		Jul 08 22%	
Apr 08 26%		Apr 08 19%		Apr 08 22%	
Jan 08 24%		Jan 08 17%		Jan 08 21%	
<b>48%</b>	<b>MP3 player</b> Recession may drive greater usage of converged phone/MP3 players. (p)	<b>&lt;1%</b>	<b>Mobile TV</b> Fade to black? (p)	<b>84%</b>	<b>Mobile</b> Likely to be more resistant to the economic cycle. (p)
Oct 08 47%		Oct 08 1%		Oct 08 84%	
Jul 08 47%		Jul 08 1%		Jul 08 84%	
Apr 08 46%		Apr 08 1%		Apr 08 84%	
Jan 08 45%		Jan 08 1%		Jan 08 84%	

Source: Deloitte Digital Index (January 2009)

## Outlook

- > **Challenging trading environment for all consumer facing businesses**
- > **Technical Services volumes holding up well**
- > **Focus on promoting 'quality assured' Environmental Services**
- > **Investment benefits starting to come through as planned**
- > **Robust balance sheet - well financed to support ongoing development**
- > **Cost control and working capital management will remain a key focus**
- > **Group positioned to deliver on identified opportunities**

# Thank you

[www.regenerisplc.com](http://www.regenerisplc.com)