

Turning around technology

Interim Results

Six months to 31st December 2007

Operational highlights

- > **Restructuring plans yielding positive results**
 - unprofitable businesses divested
 - syndication of banking facilities completed
 - smaller, more compact Group now well positioned for long-term growth

- > **Core strategic shift towards end-to-end product lifecycle management**
 - contract wins exceed £25m; £6m incremental
 - combining technical and environmental excellence

- > **Rebrand from Fonebak to Regeneris marks next phase in our plan**
 - focus now is profitable growth
 - sales pipeline is building

Financial highlights

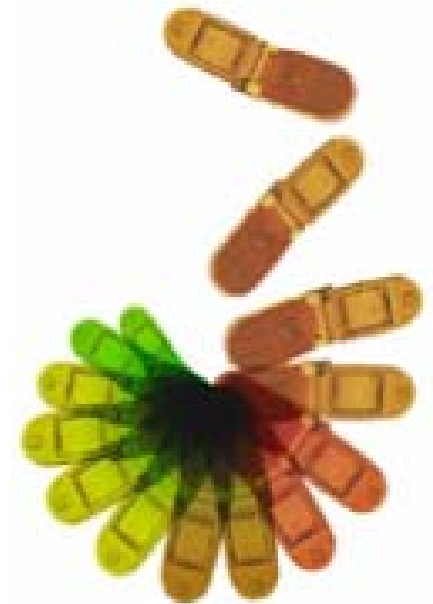
- > **Group revenue increased 42% to £55m (2006: £38.7m)**
 - CRC adds £31.1m (acquisition completed January 2007)
 - prior year included £5.3m from discontinued activities
- > **Headline profit increased to £2.8m (2006: headline loss £0.3m)**
 - Fonebak improved £1.8m
 - CRC benefit £2.8m before shared costs of £1.5m
- > **Significant increase in cash generated from operations at £7.9m (2006: £3.9m)**
 - net debt markedly improved to £3.9m (June 2007: £10.9m) from a peak in February 2007 of £16.5m
 - sufficient facility headroom to fund future strategy

Fonebak challenges

- > **Early 2007 – new management appointed**
 - discover loss of a key profitable contract
 - significant trading issues in all Fonebak businesses
 - profit warning released March 2007
- > **Operational review initiated and identifies:**
 - decline in Fonebak margins
 - excessive dependency for outbound sales on a single customer
 - losses being incurred by the Fonebak repair facilities
 - significant reduction of working capital necessary to address excessive levels of debt
- > **The retention of key clients was identified as a priority**
 - need to improve customer care programme and service levels

Key recommendations completed

- > **Closed down mobile phone ‘trading activities’**
 - Fonebak ‘take-back’ schemes now focused on revenue share contracts
 - loss making contracts terminated
- > **The outbound sales network has been developed**
 - management succession completed
 - increased sales resource
 - a presence established in Hong Kong
- > **Key client relationships have been strengthened**
 - investment made in sales management and resourcing
 - improved operational performance against SLA’s
 - contract renewals point to improved position



Key recommendations completed

- > **Sites in Barnet and Stoke both closed with minimal disruption**
 - viable contracts relocated to other facilities
 - closures delivered within budget and timelines
- > **The downsizing of Romanian facility**
 - reporting lines transferred to CRC Eastern Europe
 - staff retrained for OEM accredited repair
 - first contract win
- > **£4.4m cash generated from working capital**
 - 600,000 Fonebak phones cleared from stock
 - improved debtor performance
 - paying creditors to terms



Recent contract wins



IT



DAIMLER

Mobiles



Multimedia



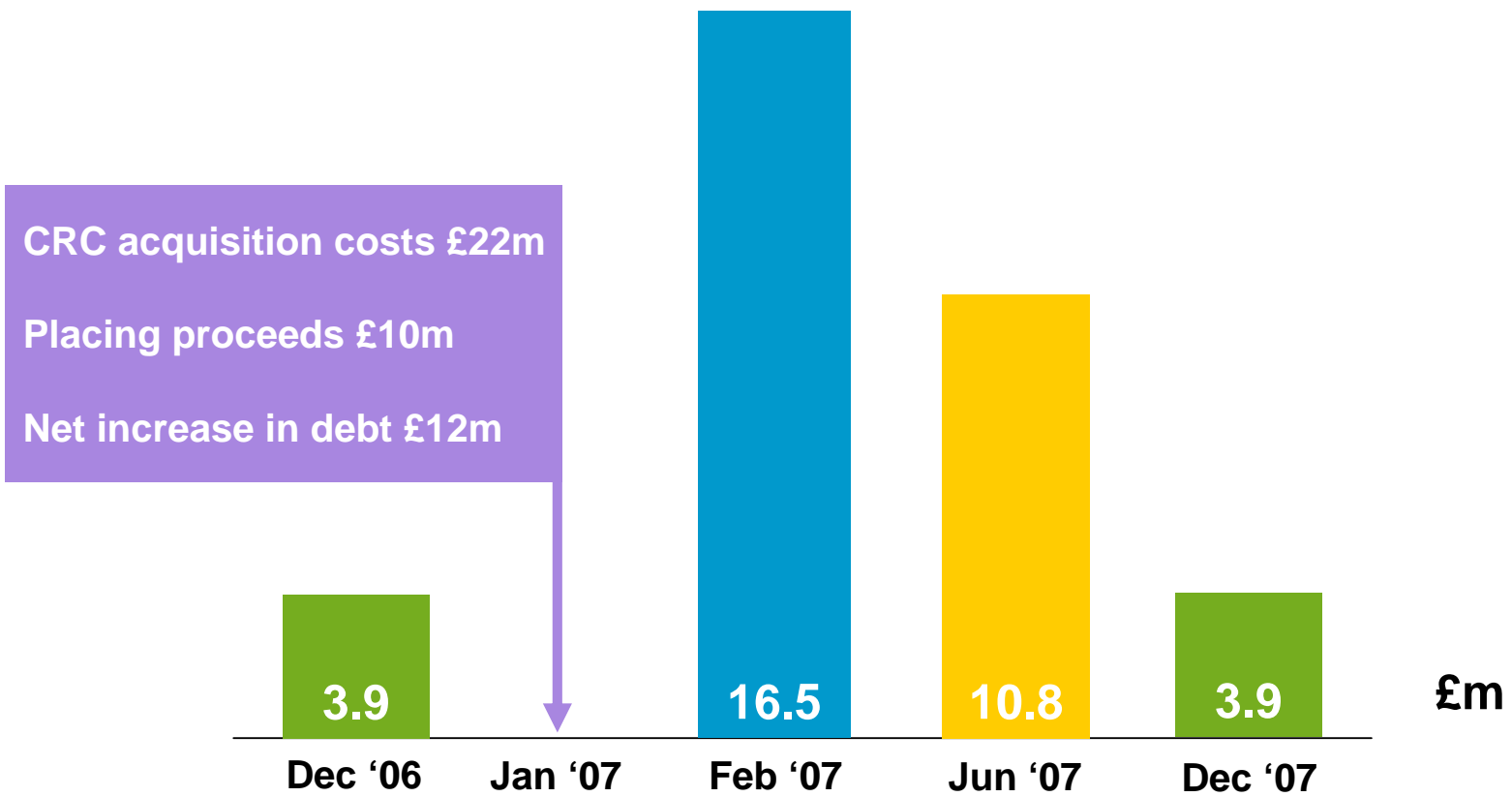
Revenue split

£'000's	6 months to 31 st December 2007	6 months to 31 st December 2006	Movement
Environmental	23,823	33,356	-29%
Repair	31,166	5,321	486%
Total	54,989	38,677	42%

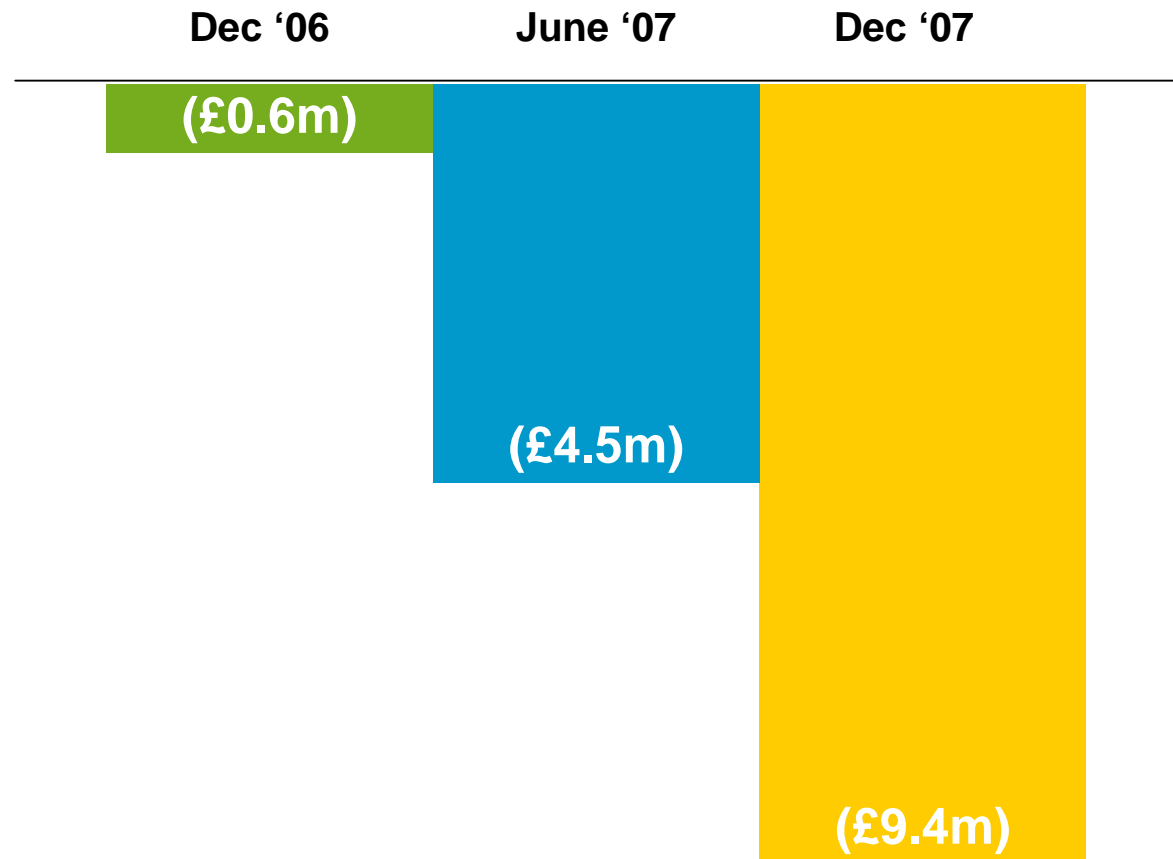
Headline Profit

£'000's	6 months to 31 st December 2007	6 months to 31 st December 2006
Original Fonebak Group	1,513	(311)
CRC business units	2,794	-
Shared Costs	(1,461)	-
Total	2,846	(311)

Net Debt



Working capital



Balance Sheet

£'000's	31 st December 2007	31 st December 2006 (ex CRC)	30 th June 2007 (inc CRC)
Goodwill and intangibles	25,959	19,326	26,099
Fixed Assets	2,429	628	2,425
Stock	3,471	5,290	6,079
Debtors	11,566	6,759	16,411
Creditors	(24,456)	(12,640)	(26,945)
Taxation	1,471	37	1,887
Net Debt	(3,899)	(3,929)	(10,870)
Net Assets	16,541	15,471	15,086

Repair services – UK

- > **Traded well despite the impact of the previously announced lower volumes in Nottingham**
- > **Glenrothes awarded new business:**
 - **UPC:** a Dutch based major European cable TV operator
 - **Virgin Media:** sole supplier contract to support their UK set top box programme
- > **The closures of Barnet and Stoke were completed with the minimum of disruption**
 - **business with DSGi and Orange** has been retained and relocated to other UK sites



Repair services – Germany

- > **Activity levels have increased substantially**
 - number of service events has more than doubled compared to 2006
- > **Operational capability is improving:**
 - new facilities in Eastern Germany are now in full operation
 - the Epson hub established for the German and Austrian markets is now up and running and trading well
 - new tariff agreement in Paderborn will lower cost base – benefits will be seen in 2008/9
- > **Business development programme gaining pace:**
 - new contract wins with Tyco, Daimler and Uniwill
 - success in the high security financial services sector with further business wins with market leaders

EPSON[®]

tyco

DAIMLER

UNIWILL 

Repair services - Eastern Europe

- > **Polish output at record levels:**
 - output volumes increased 25% year-on-year
 - short-term actions taken to increase capacity
 - increased demand will justify a second site
- > **Reduction in cost base at Romanian facility:**
 - new management team in place
 - focus on OEM technical & low cost repair
 - Sony Ericsson has now accredited the facility for repair and a programme to ramp up capacity is underway
- > **Network being extended to include a capability in Russian market**



Sony Ericsson

Environmental Services

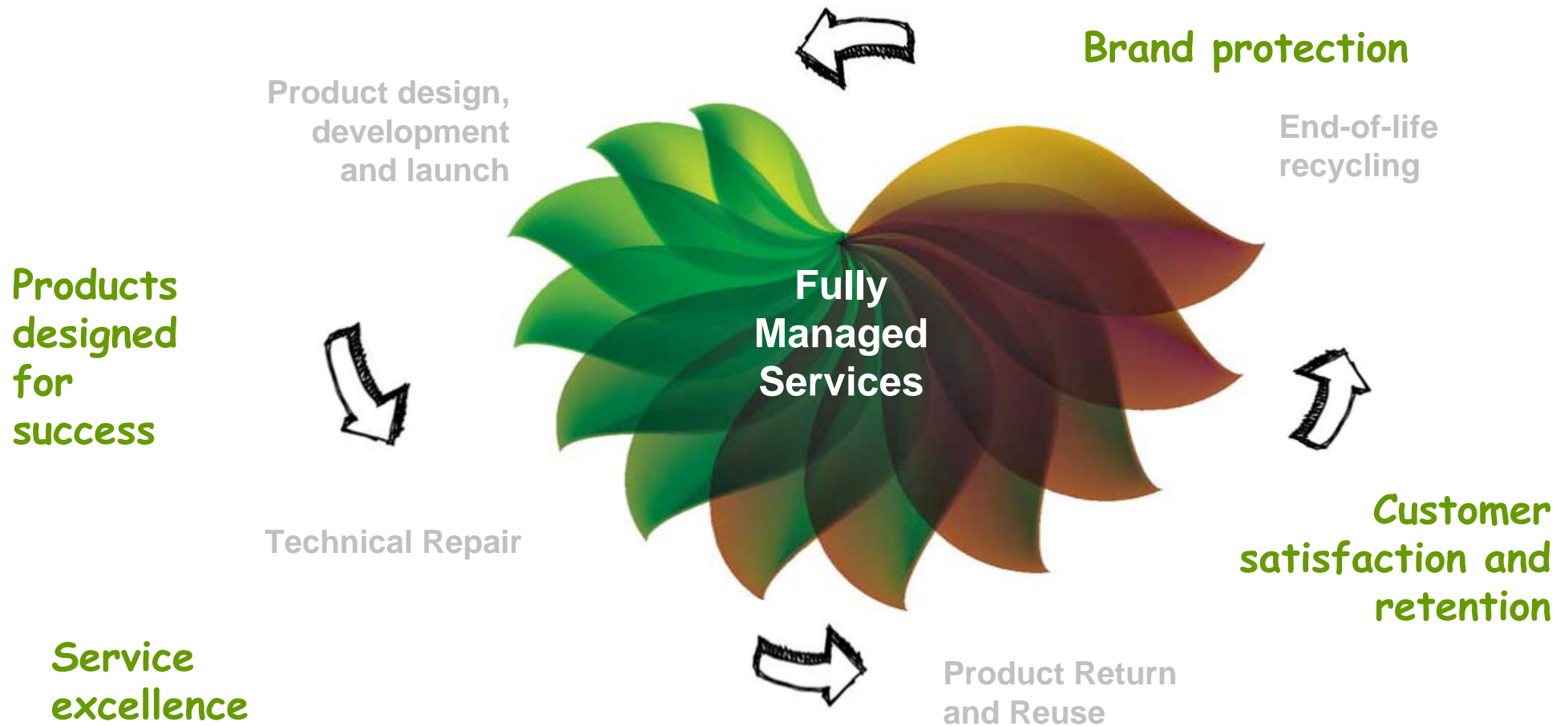
- > **Revenue share sales increased 16% over the period to 1.3m units**
 - sales prices have held up; margins have increased
 - slow moving/obsolescent inventory has been cleared
- > **More resource is being recruited into the client facing activities**
 - new contracts with iPhone and Blackberry
 - contract extensions with O₂ and T-Mobile
 - established a sales presence in Hong Kong
- > **Continental Europe remains a challenge**
 - establishing a vertically integrated 'in-country' solution combining inbound, processing and outbound sales activities
 - first facility in France up and running by the end of the current financial year



Our new brand



What we do



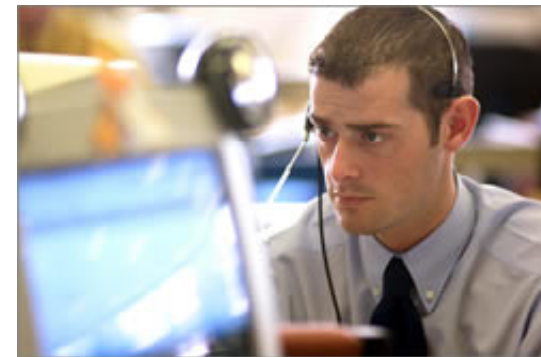
Managed services

**We are the
support partner
for over 100
million products
in use today**



- **Technical support centres**
- **Training and support for service points and third party suppliers**
- **Contact centres and web-based customer service**
- **Claims validation, warranty management and insurance fulfillment**
- **Inventory management**

**Meeting demanding targets while
delivering cost efficiencies**



Logistics

We collect products from over 10,000 locations across Europe



- **In-store drop-off points**
- **Consolidated bulk returns**
- **Call centre or web based tracking giving full end-user visibility**
- **Forward and reverse logistics capability**

We can support the most diverse and demanding requirements

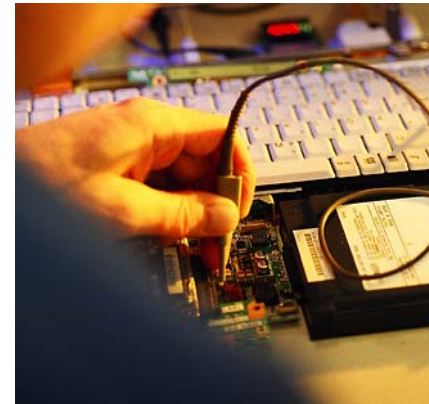
Screen, repair and refurbishment

- In and out of warranty support
- Reverse logistics and supply chain management
- Parts management
- OEM accredited technical repair centres
- Test development and automation
- Remote diagnostics, fast turnaround time, and return delivery

Keeping end users connected and reducing churn



We repair over 3 million products a year



Product reuse

- Reuse is the preferred end-of-life solution
- Providing affordable communications to developing countries
- Global sales and distribution network
- On-going warranty and service support



Over 10 million products given a second life



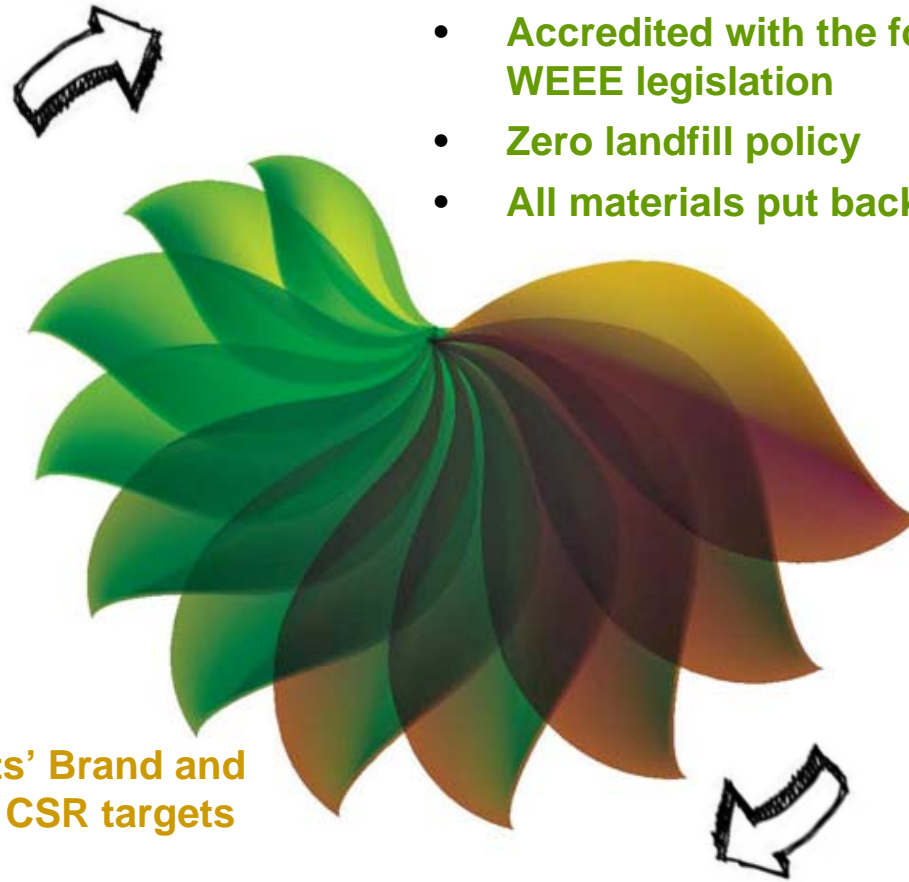
Providing a significant revenue return to our clients

Recycling

**Over 3 million
products sent for
safe recycling**

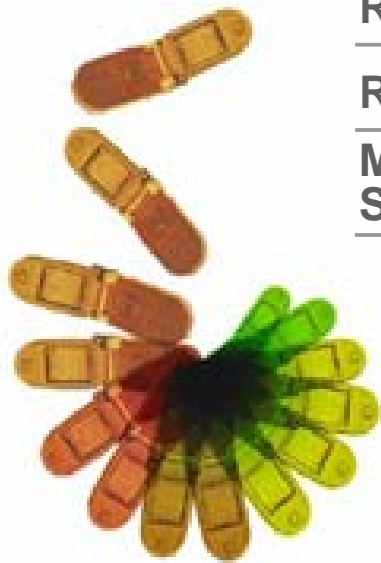
**Protecting our clients' Brand and
contributing to their CSR targets**

- Registered as a Producer Compliance Scheme
- Accredited with the four key licenses under WEEE legislation
- Zero landfill policy
- All materials put back into productive use



2007 service events

Resale	3.3m
Repair	3.0m
Recycling	0.5m
Managed Services	0.4m



Who we work with



Where we are

- Managed Services
- Repair Centres
- Sales Offices
- Environmental Services



Ongoing strategy

- > **Manage the entire product lifecycle**
 - focus on high value technology products
 - support market leaders & international brands
- > **Develop added-value service offering**
 - build on technical and environmental excellence
 - integrate 'one-stop' service offering
 - innovate new solutions
- > **Develop cost effectiveness**
 - continue to develop low cost capacity
 - leverage 'fast turnaround' capability in higher cost, service sensitive markets
- > **Create a strategic interdependence**
 - support key clients into multiple geographical markets
 - build reputation for service excellence

Outlook

- > **A good start made to the second half**
- > **Progress made in the UK repair market**
 - business wins will support the recent investment in Glenrothes facility
- > **Sales pipeline is improving**
 - contract wins achieved in all businesses
 - general activity levels in the market are good
 - repair capacity appears in short supply
- > **After a period of change Regeneris is in good shape**
 - restructuring programme largely complete
 - further changes anticipated are minor
 - rebrand marks the start of the next phase of development

Thank you

www.regenerisplc.com