

# Turning around technology

Preliminary Results  
Year to 30<sup>th</sup> June 2008

## Operational highlights

- > **Restructuring now complete**
  - Quality of individual businesses significantly improved
  - Enhanced business and service quality now delivering demonstrable results
  - £15.0m of new business and £20.0m of renewed business secured in the year
  
- > **Regeneris rebrand complete and fully deployed**
  - Operations focused on two core activities: Technical and Environmental Services
  - Blue chip client base responding well to enhanced proposition
  
- > **Investment continues in pursuit of long term growth**
  - New sites and additional capacity being built

## Financial highlights

- > **Group Revenue increased 9% to £105.0m (2007: £96.1m)**
  - Full year contribution from CRC adds £61.6m (prior year £34.9m)
  - Like-for-like revenue growth of 9.0%
  - Environmental sales of £43.4m exclude loss making trading activities
  
- > **Significant improvements in profitability**
  - Gross margins almost doubled to 22%
  - **Headline Operating Profit improved to £5.8m (2007: loss £0.3m)**
  - **Environmental Services improved by £3.6m; Technical Services £2.5m ahead**
  - Profit before tax improved by £14.6m to £3.9m year-on-year
  
- > **Strong balance sheet**
  - Operating cash flows of £13.4m (2007: £7.1m)
  - Net cash balance of £0.7m compared to prior year net debt of £10.9m
  - Deficit on distributable reserves eliminated; dividend policy on agenda
  - Net assets increased by 29.0% to £19.4m

## Continuing to deliver to plan

### > Ticking off the 'to-do' list

- **Site closures completed on time and budget**
  - Stoke, Barnet and Berlin
- **New repair sites brought on-line**
  - Sömmerda and Bucharest
- **Capacity increased at key locations**
  - Warsaw and Glenrothes

### > Work continues in line with strategy

- **Repositioning businesses subject to volume and mix changes**
  - Nottingham and Environmental (Thurrock and Lille)
- **Further improving competitiveness**
  - Renegotiated labour terms in Paderborn
- **Extending capacity into new markets**
  - Russia and Central/Eastern Europe

# Business development success

## New contracts secured



## Existing business renewed



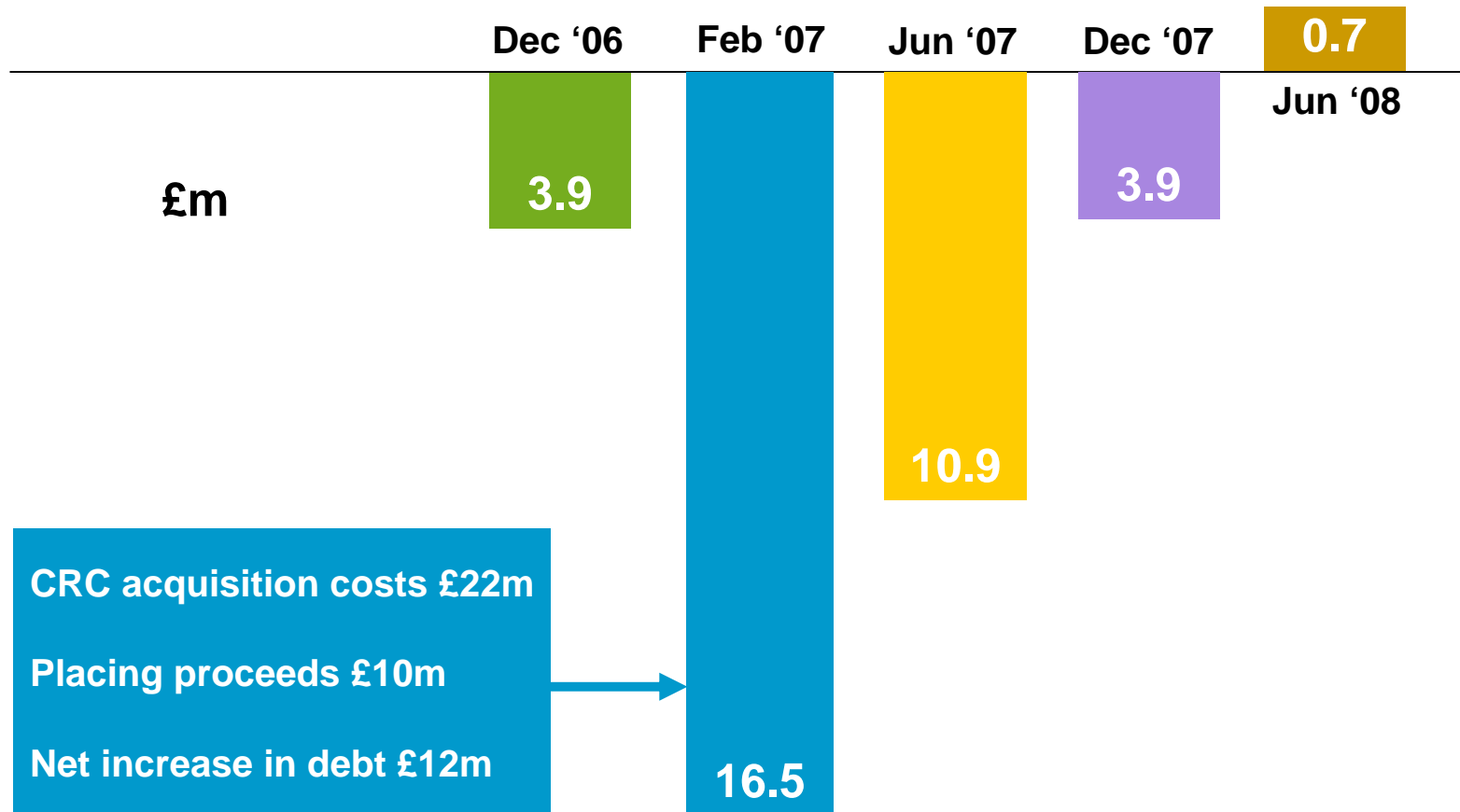
# Revenue by business

£'000's	Year to 30 <sup>th</sup> June 2008	Year to 30 <sup>th</sup> June 2007
Technical	61,628	34,937
Environmental	43,334	61,193
Total	104,962	96,130

# Headline operating profit by business

£'000's	Year to 30 <sup>th</sup> June 2008	Year to 30 <sup>th</sup> June 2007
Technical	2,950	462
Environmental	2,831	(786)
<b>Total</b>	<b>5,781</b>	<b>(324)</b>

# Net debt to net cash



## Balance sheet strength

- > **Balance sheet strengthened considerably**
  - year end net cash position of £0.7m (FY 2007: net debt £10.9m)
- > **Significant cash inflows from operating activities**
  - FY 2008: £13.4m (FY 2007: £7.1m)
- > **Sensible restructuring of bank debt facilities**
  - completion of £16.0m facility syndication in February 2008
- > **Court approval granted for restructuring of balance sheet reserves**
  - distributable reserves deficit eliminated
  - dividend policy will be outlined in due course
- > **Group back on a firm and stable footing**

## Core service proposition

### Technical Services

- > **In Warranty repair**
- > **Parts management**
- > **Claim validation**
- > **Customer contact centres**
- > **Technical support**
- > **Network management**
- > **3<sup>rd</sup> Party Logistics**
- > **Web enabled services**

### Environmental Services

- > **End-of-life take back**
- > **OEM accredited refurbishment**
- > **Insurance fulfilment**
- > **Accessories management**
- > **Remarketing and resale**
- > **WEEE compliance**
- > **Data Protection compliance**

# Products we support



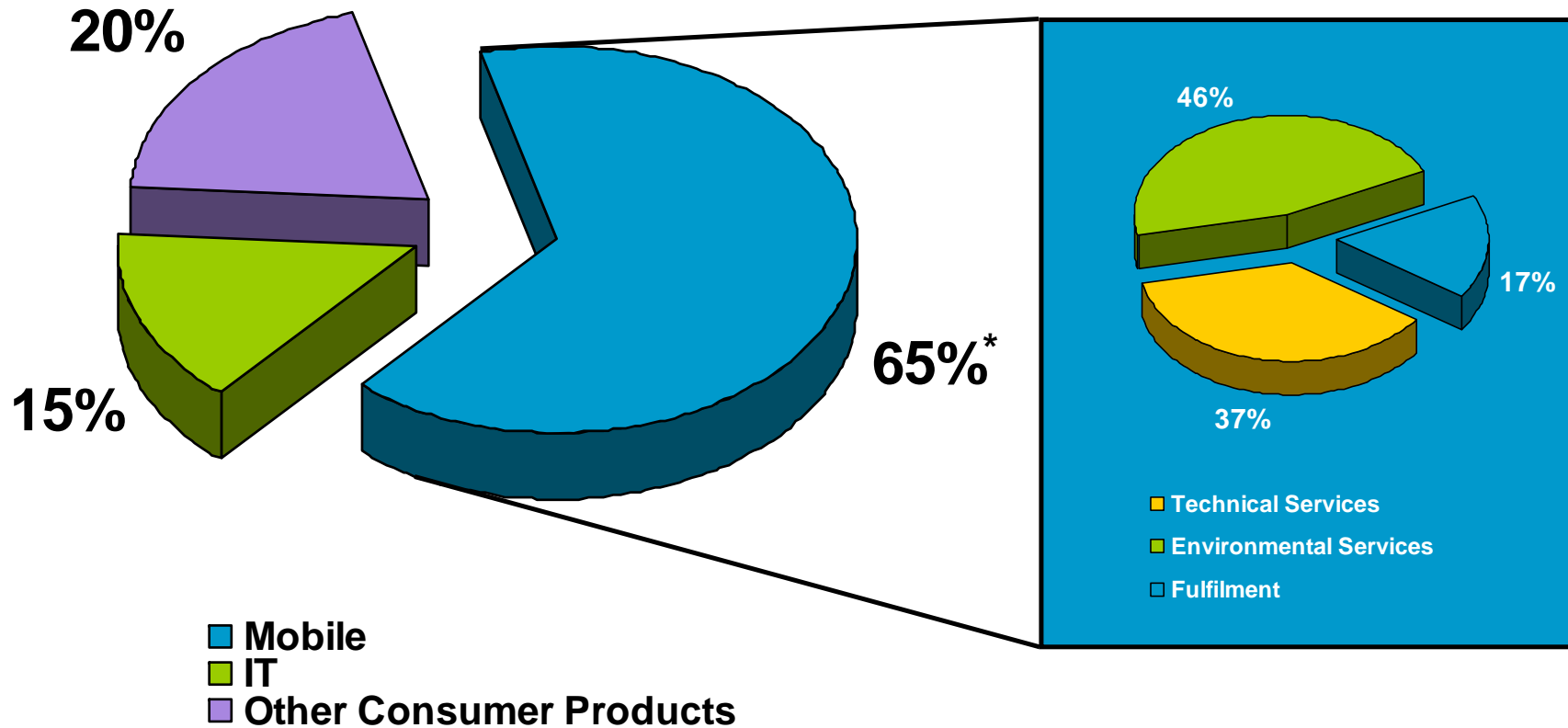
# Our customers



Sony Ericsson



# Our business profile



\* FY 2007 – 75% pro forma

## Our competitive position

- > **Estimated addressable market = US\$ 7.0bn**
  - Highly fragmented market place
  - Consolidation WILL be a feature of this market going forward
  
- > **Some competitors less well placed**
  - Highly leveraged financially
  - Less able to invest in their businesses
  - Lack scale
  
- > **Customers 'twitchy' about the security of their suppliers**
  
- > **We are well placed to take advantage of such situations**

## Market dynamics

- > **Market for high value consumer goods is slowing...**
  - Strong linkage between high street sales, warranty and replacement volumes
  - BUT some key markets (Central/Eastern Europe) remain strong
  
- > **...but increasing brand linkage between quality of service and retention**
  - Significant brands are making greater effort to improve service
  - Initiatives are less price driven and commoditised
  - Demands consistent, higher quality and multi location service partners
  - Initiatives will continue to support trend to outsource
  
- > **The competitive landscape will change**
  - Business will migrate to organisations able to innovate and invest
  - The weak will not survive
  
- > **We remain well positioned to take advantage of these changes**

## Our strategy

- > **Continue our investment programme**
  - Develop capabilities in growth markets: Central/Eastern Europe
  - Support business in transition; Nottingham and Environmental Europe
  - Upgrade infrastructure and systems to support integrated services
  
- > **Push on with the marketing of the Group's capabilities**
  - Build on the successful launch of Regeneris
  - Target key markets in mobile communications and computing
  - Broaden the service portfolio around totality of 'managed services'
  
- > **Pursue opportunities to create scale**
  - Market may present opportunities for some consolidation
  - Financial strength will be an asset

# Outlook

- > **Today's emphasis: the longer term development of the Group**
  - Investing in facilities and opportunities across Europe
  - Our clients here are calling now for greater support
  - Many of our competitors cannot answer these calls
  
- > **Cost of investment coinciding with tighter consumer markets**
  - Group sales in H1 2009 will be similar to those reported in H2 2008
  
- > **Benefits will flow through in H2 and beyond**
  - Benefit of investment in new facilities
  - Organic growth in our other businesses
  
- > **Board strongly believes in the longer term benefits of investing now**
  - Supported by re-energised and financially sound Group structure
  - Cost control and working capital management will remain a key focus

# Thank you

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