

CHAIRMAN'S ADDRESS

2015 ANNUAL GENERAL MEETING

ADDRESS BY MR BRUCE CORLETT AM
CHAIRMAN, SERVCORP LIMITED
11 NOVEMBER 2015

Ladies and Gentlemen,

Your Board is pleased with Servcorp's overall performance in 2015.

It has taken six years, but the Company's substantial global expansion program, which commenced in 2009, is now creating the desired momentum in revenue growth and improving margins. This year Servcorp achieved record levels of revenue and cash flow from operating activities. Happily, from a shareholder perspective, the equity market has continued to recognise our improved operating performance.

Results

Revenue for the year was \$277.4 million, an increase of 15% on 2014; net profit before tax was \$41.2 million, an increase of 20% on 2014, and above guidance; net profit after tax was \$33.1 million, with earnings per share of 33.7 cents, an increase of 26% on 2014. On a like for like basis, revenue increased by 15%, and net profit before tax increased by 36%.

Revenue and profit growth was achieved across most geographic segments, with the Middle East and Japan again being the leading performers.

Financial strength is a distinct advantage in these turbulent times. During the 2015 financial year, the business generated record net operating cash surpluses of \$59.9 million, an increase of 49% on 2014. Cash and investment balances at 30 June 2015 were \$114.4 million; \$99.3 million of this balance was unencumbered and the Company has negligible debt.

The Company paid a final dividend of 11.0 cents per share, franked to 40%, bringing total dividends for the year to 22.0 cents per share; a payout to shareholders of more than \$21.6 million.

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Global Expansion

I now turn to our global expansion.

This was historically Servcorp's biggest year for office growth, with 645 offices being added.

In the 2015 financial year, we opened ten new floors across seven countries. We also focused on the expansion of existing floors, with six floors having their capacity increased. In all, total office capacity increased by 15% during the financial year.

Two of the floors opened were our new landmark locations in One World Trade Center, New York and One Mayfair Place, London, accentuating Servcorp's status as a five-star business.

In the 2016 financial year, our aim is to consolidate and bring new locations to maturity.

We expect to open approximately six large floors in the 2016 financial year. Four new floors have already opened - in Singapore, Abu Dhabi, Auckland and Osaka. New floors in Kuala Lumpur and Wollongong are expected to open in the second half of the financial year. These new floors will see office capacity grow by approximately 7% in the current financial year.

We have also launched our new Professional Co-working concept in four locations; in London, Sydney, New York and Osaka.

Alf and Marcus will take you through the detail of our global expansion in their addresses.

Outlook

This takes me to the outlook for the 2016 financial year.

When we released our 2015 results in August, we projected net profit before tax would increase to \$48 million in the 2016 financial year, skewed toward the second half. Trading for the first quarter of the current financial year is encouraging and accordingly we confirm this guidance, subject as always to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

Our global footprint and financial strength has us positioned to take advantage of opportunities should they arise.

Dividends

I now turn to dividends.

Directors anticipate that shareholders can expect to receive dividends totalling 22.0 cents per share in respect of the 2016 financial year; with 11.0 cents in each half.

At this stage, franking levels are still uncertain, but are not anticipated to fall below current levels. Dividend projections are always subject to unforeseen circumstances.

Close

Notwithstanding significant levels of global political and economic uncertainty, Servcorp has been able to continue its global growth thanks to critical mass, a highly skilled, committed and experienced management team, supported by an outstanding IT platform and proprietary product offerings.

On behalf of the Board, I want to acknowledge the outstanding efforts of our CEO, Alf Moufarrige, our COO, Marcus Moufarrige, our leadership group and all the Servcorp team members for their dedication and commitment during the past year. Due to their efforts, we have a strong global presence and continue to maintain our position as the world's premium provider of Serviced and Virtual Office solutions.

We thank you, our shareholders, for your continuing support.