



Annual General Meeting

Wednesday 8 November 2017

Welcome

Did you notice?



1. NPAT has increased from \$21.3m in FY 13 to \$40.7m in FY 17, up 91%
2. Servcorp in the last 3 years has generated over \$206m in pre-tax free cash flow^A; free cash flow is up 77% since FY 13
3. Our share price has increased ~39%^B since November 2013
4. FY 17 NPAT of \$40.7m was an all time record
5. We produce free cash flows in excess of \$1m per week

A. Free cash flow is cash from operations (receipts from clients plus net interest received less payments to suppliers and employees)

B. Average share price in November 2013 ~\$4.00 against closing share price of \$5.57 on 1 November 2017.

Welcome cont'd

Did you notice?



- Our industry is in unprecedented transition
- We are seeing many new participants and as a result the shared workspace market is growing rapidly, more than 25% annually
- This opens up substantial opportunities for Servcorp. We expect our business returning to its traditional revenue and earnings growth pattern from the end of 3Q 18

Where are we spending money?



\$30m investment in Servcorp's future

- We are investing \$20m over the next 12 months reshaping the portfolio to modernise current fit-outs and to embellish their ecosystem to incorporate CoWorking as an integral piece
- In addition we are investing a further \$10m over the next 12 to 18 months to improve the customer experience

“Servcorp has been investing for years to build a second-to-none global platform for the benefit of our clients. Now we are investing in the way our clients interact with that platform”

New Servcorp Coworking locations

Tri-Seven Tokyo | Barangaroo Sydney



FY '17 Overview

Headline performance



- Revenue and other income of \$329.6m, up \$1.0m
- NPBT of \$48.2m, down 1% on pcp
- NPAT of \$40.7m, up 3% on pcp
- Like for Like NPBT of \$58.1m, up 16%
- Operating cash flow from operations (after tax) of \$54.4m, down 10%
- Unencumbered cash balance of \$107.9m, up 8% on pcp
- NTA backing of \$2.56 per share, up 3%
- EPS of 41.4 cps, up 3%

FY '17 Result

NPAT \$40.7m, up 3%, record result



	FY 17 A\$m	FY 16 A\$m	FY 17 v FY 16	Constant FX
Revenue and other income	329.6	328.6	-	↑ 2.7%
Operating expenses	(281.4)	(279.8)	↑ 1%	↑ 0.6%
Net profit before tax	48.2	48.8	↓ 1%	↑ 0.6%
Income tax expense	(7.5)	(9.1)	↓ 18%	
Net profit after tax	40.7	39.7	↑ 3%	
Like for Like NPBT	58.1	50.1	↑ 16%	
Net tangible assets per share	\$2.56	\$2.50	↑ 3%	
Earnings per share (cents)	41.4	40.4	↑ 3%	
	FY 17	Franking		
Final dividend per share	A\$0.13	50%		
Total dividend per share	A\$0.26	50%		



Statutory Position



Balance sheet and Cash flow

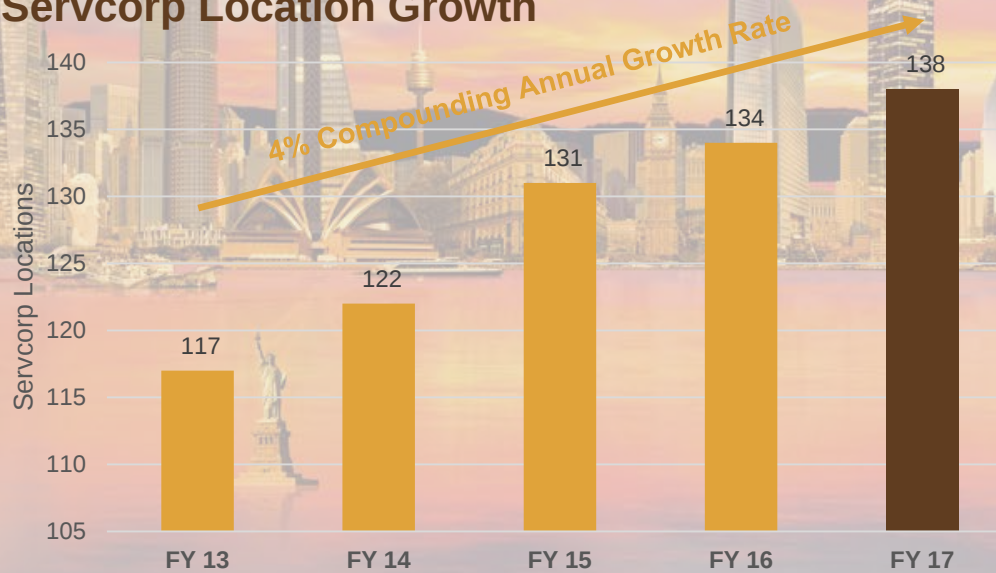
Balance Sheet	Jun-17 A\$m	Jun-16 A\$m	Cash Flow	FY 17 A\$m	FY 16 A\$m
Cash	104.4	95.8	Opening cash 1 July	95.8	97.8
Trade & other receivables	41.7	40.3			
PP&E	125.8	132.0	Net operating cash inflows	54.4	60.6
Goodwill	14.8	14.8	Net investing cash outflows	(23.0)	(37.1)
Deferred tax asset	33.6	35.2	Net financing cash outflows	(20.5)	(27.7)
Other assets	70.4	74.4	Foreign exchange movements	(2.3)	2.2
Total assets	390.7	392.5	Closing cash 31 December	104.4	95.8
Trade & other payables	79.5	77.0			
Provisions	7.6	7.4			
Deferred tax liabilities	1.2	1.2			
Other liabilities	35.2	45.9			
Total liabilities	123.5	131.5			
Net assets	267.2	261.0	Growth %		
			↑ 3%		

Servcorp Footprint

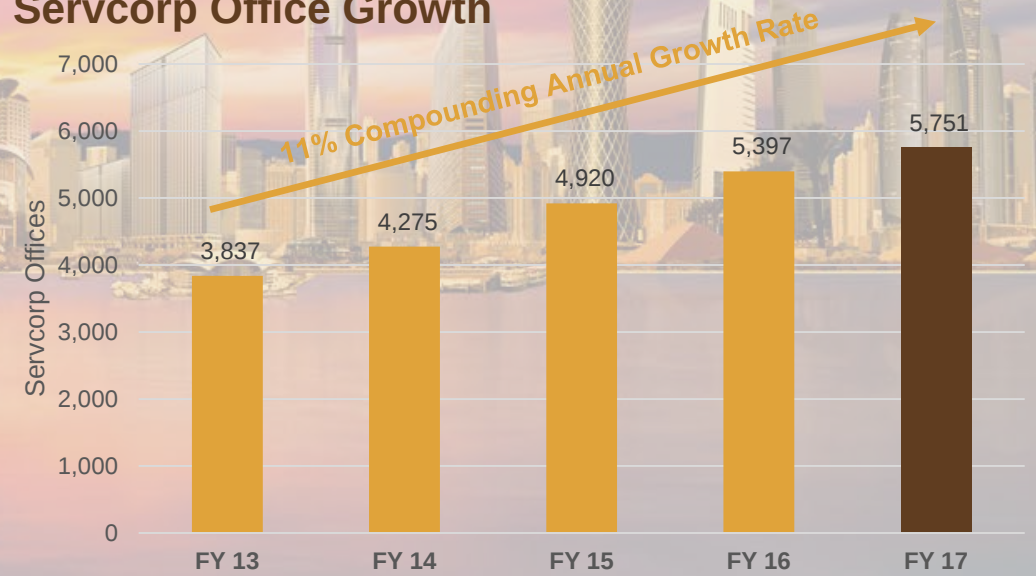
Our story



Servcorp Location Growth



Servcorp Office Growth

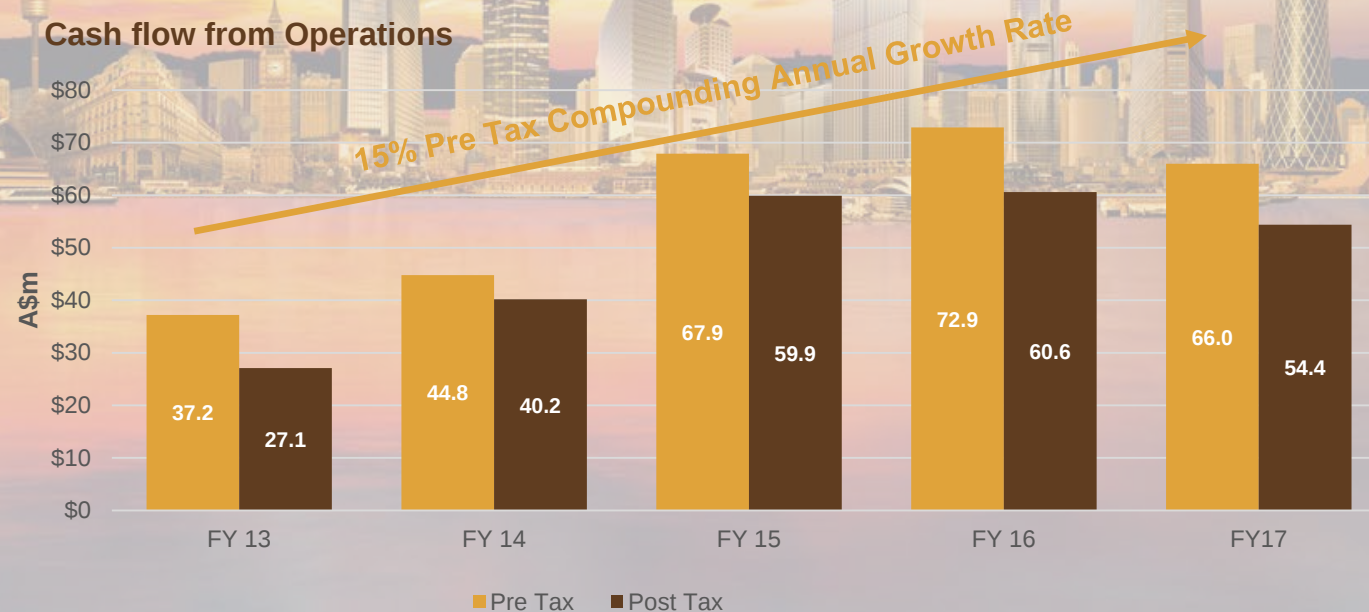


Cash is King



5 year free cash flows

- Free cash flow up 77% since FY 13
- 15% pre-tax CAGR
- Last 3 years generated over \$206m in pre-tax free cash flow
- Current cash balance up ~\$20m from FY 13



Dividend – “Don’t complain”

Shareholder value



FY 17 Paid

- Total dividends up 73% since FY 13 (15.00 cps to 26.00 cps)
- Servcorp share price up 38% since November 2013
- Final dividend paid of 13.00 cps, 50% franked
- Total dividends paid of 26.00 cps (50% franked), up 18% on FY 16

FY 18 Forecast^A

- Dividends of 26.00 cps (13.00 cps each half) are anticipated to be paid for FY 18
- FY 18 franking levels are uncertain

Dividends paid (cents per share)



A. Subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

Trading Update

1st Quarter FY 18



- Excluding the USA, 1Q 18 results are generally in line with forecasts
- The USA continues to be Management's primary focus
- While the USA 1Q 18 result is disappointing, Serviced and Virtual Office sales have improved from 30 June 2017. Management is confident this forward trend will continue

Outlook



FY 18 Guidance

- Management reconfirms NPBT guidance for FY 18 of between \$45m and \$55m^A
- Servcorp's future will be reflected in 4Q 18 result when we expect to have delivered improved occupancy and margins and see benefits from our industry-leading CoWorking product

A. Subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.