

Servcorp Limited

Analyst Presentation

FY 2013

Tuesday 27 August, 2013



Presented by A.G. Moufarrige Chief Executive Officer
& Marcus Moufarrige Chief Operating Officer

Operational Highlights

FY 2013

- Revenue of \$207,995,000
- NPBT of \$27,630,000
- NPAT of \$21,271,000
- EPS of \$0.22 cps
- Mature floor NPBT of \$42,216,000
- NPBT growth in H2 of 22% vs. H1
- Free cash produced (before tax) of \$37,223,000
- Unencumbered cash balances of \$90,616,000 at 30 June 2013
- NTA backing of \$1.96 per share at 30 June 2013
- Dividends payable of 15.00 cps, fully franked payable for FY 2013
- Forecast FY 2014 dividends of no less than 16.00 cps



Financial Results

FY 2013

	FY 2013 ¹ \$AUD 000's	FY 2012 ² \$AUD 000's	%	% Constant Currency
Total Revenue	207,995	200,785	4%	5%
Mature floor profit	42,216	37,307	13%	
Immature floor loss	(14,586)	(18,978)	23%	
Statutory NPBT	27,630	18,329	51%	53%
Tax	(6,359)	(3,528)		
Statutory NPAT	21,271	14,801	44%	

1: FY 2013 results are based on new depreciation rates

2: FY 2012 results are based on old depreciation rates

Financial Results

FY 2013

	As at 30 June 2013 \$AUD 000's	As at 30 June 2012 \$AUD 000's	%
Cash balance	99,758	104,334	(4%)
Cash balance (unencumbered)	90,616	95,765	(5%)
Total Net Assets	207,900	198,709	5%

	FY 2013	FY 2012	%
Net Tangible Assets (per share)	\$1.96	\$1.87	5%
Earnings per share	\$0.22 ¹	\$0.15 ²	47%
Dividends per share	\$0.15	\$0.15	-

1: FY 2013 results are based on new depreciation rates

2: FY 2012 results are based on old depreciation rates

Change in Depreciation Estimate

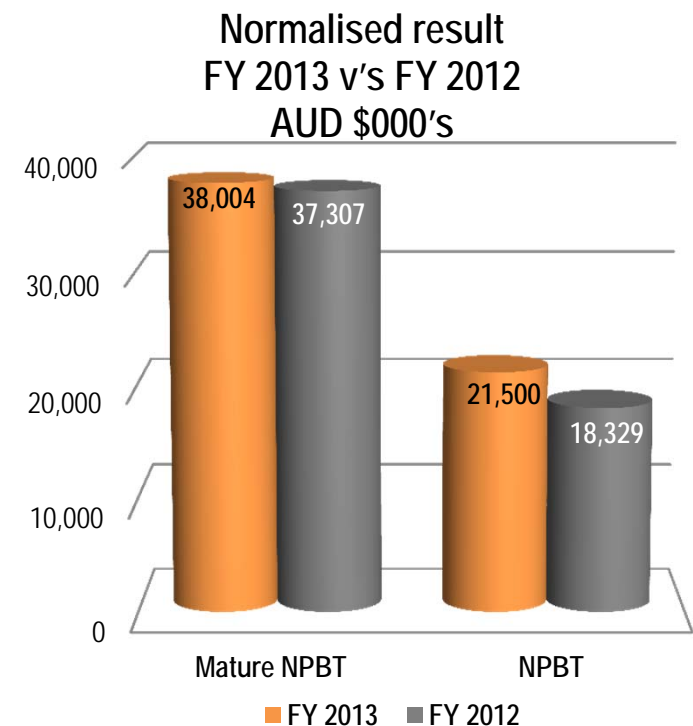
FY 2013

- Depreciation rate of leasehold improvements reduced from 15% to 10%
 - 10% more accurately reflects the life of a Servcorp floor
 - Servcorp's depreciation now aligned to industry standards
- The impact was to increase NPBT by \$6,130,000 in FY 2013

Normalised Result

FY 2013

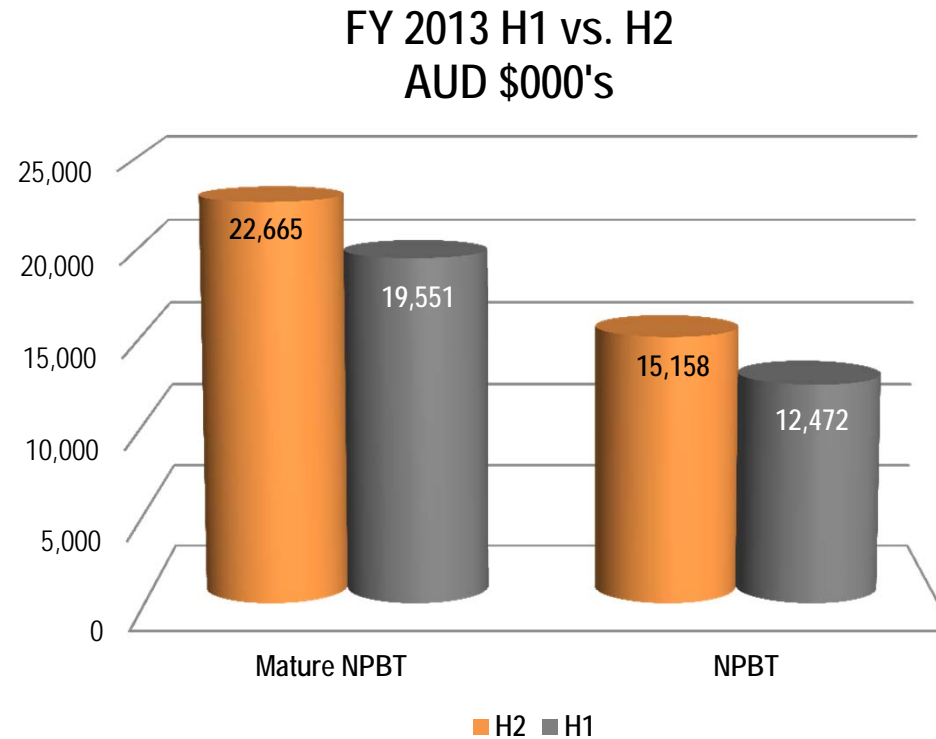
- On a normalised basis:
 - Mature floor profit up 2% compared to FY 2012
 - NPBT up 17% compared to FY 2012



Financial Results

FY 2013 - H1 vs. H2

- Revenue improved by 3% in H2
- Mature NPBT improved by 16% in H2
- NPBT improved by 22% in H2

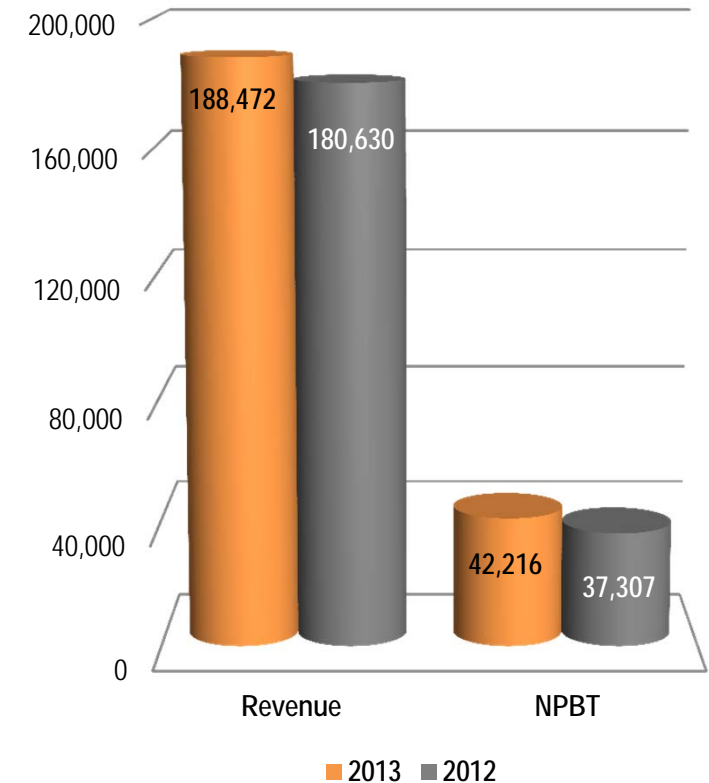


Mature Business

FY 2013

- In H1 FY 2013 business conditions remained challenging
 - Aggressive price competition, which
 - Adversely impacted revenue growth
- Conditions improved in H2 FY 2013
- Mature revenue increased by 4% during FY 2013
 - Despite the strong AUD headwind
- Average mature floor occupancy for FY 2013 was 79%
- We aim to increase occupancy to 85% - 90% by Dec 2013
- We are encouraged by the progress to date
 - Mature occupancy was 81% by Q4 FY 2013
- Satisfied with the performance of the Virtual Office business

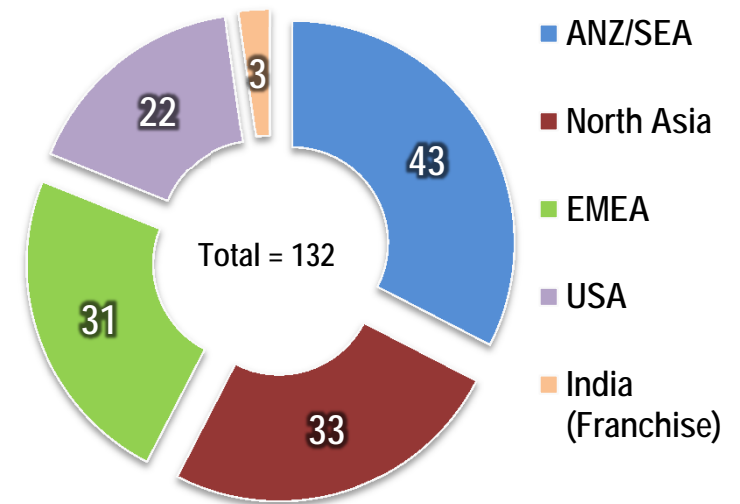
Mature Revenue & NPBT
AUD \$'000's



The Servcorp Footprint

- 10 new floors opened in FY 2013
- 72 new floors opened in the 48 months to 30 June 2013
- We plan to open a further 8 large floors in FY 2014
 - adding approximately 10% to office capacity
- At 30 June 2013 there were 132 floors in 52 cities in 21 countries

Floors by Region
30 June 2013

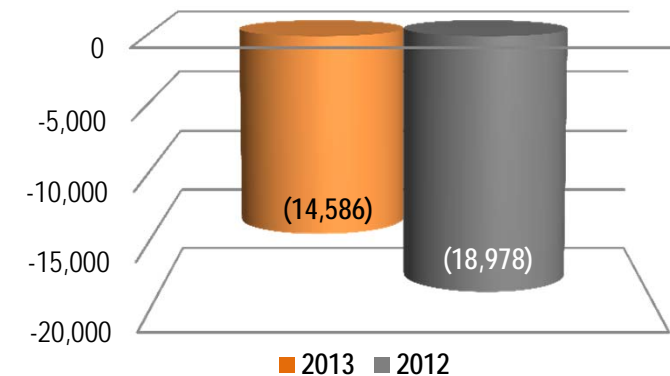


Immature Business

FY 2013

- Immature floor loss was \$14,586,000
- Revenue and occupancy continue to improve in the immature business
- 38 floors were immature at 30 June 2013
- Anticipate that 23 floors will mature in early FY 2014

Immature Floor Result
FY 2013 vs. FY 2012
\$ AUD 000's
NPBT



Operating Summary by Region

FY 2013

ANZ/SEA

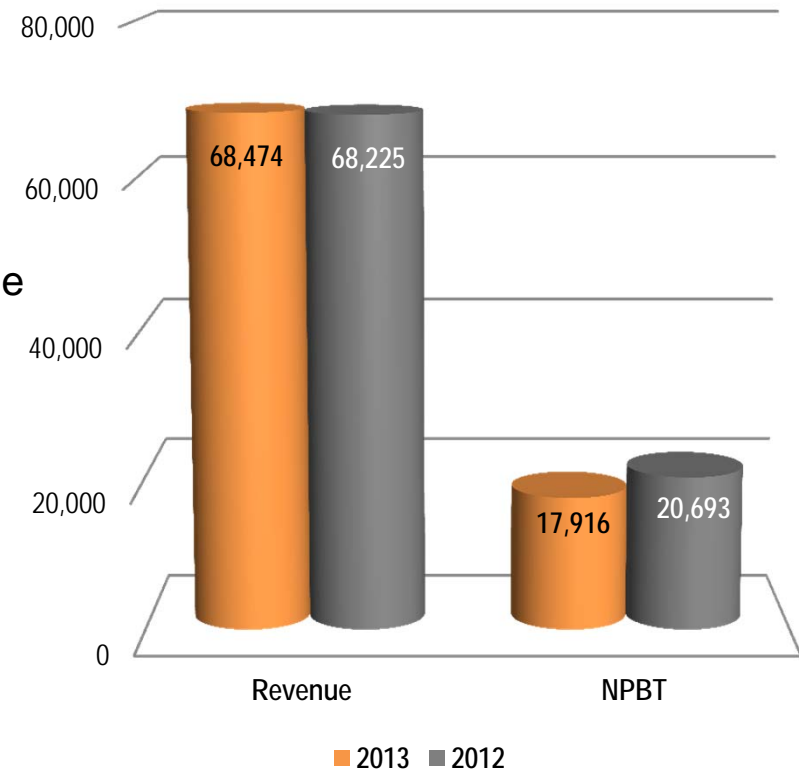
Mature floors

- Performance in New Zealand, Thailand and Malaysia was consistent with FY 2012
- Performance in Perth, Sydney and Singapore was worse than anticipated
- Perth market continues to remain challenging
- A floor in Singapore was closed in H2 FY 2013

Immature floors

- Five new floors opened in Singapore, Manila, Melbourne, Parramatta and Perth
- Immature floor loss was \$4.58M in FY 2013 (FY 2012: \$2.36M)

Mature Results - ANZ/SEA
AUD \$000's



Operating Summary by Region

FY 2013

North Asia

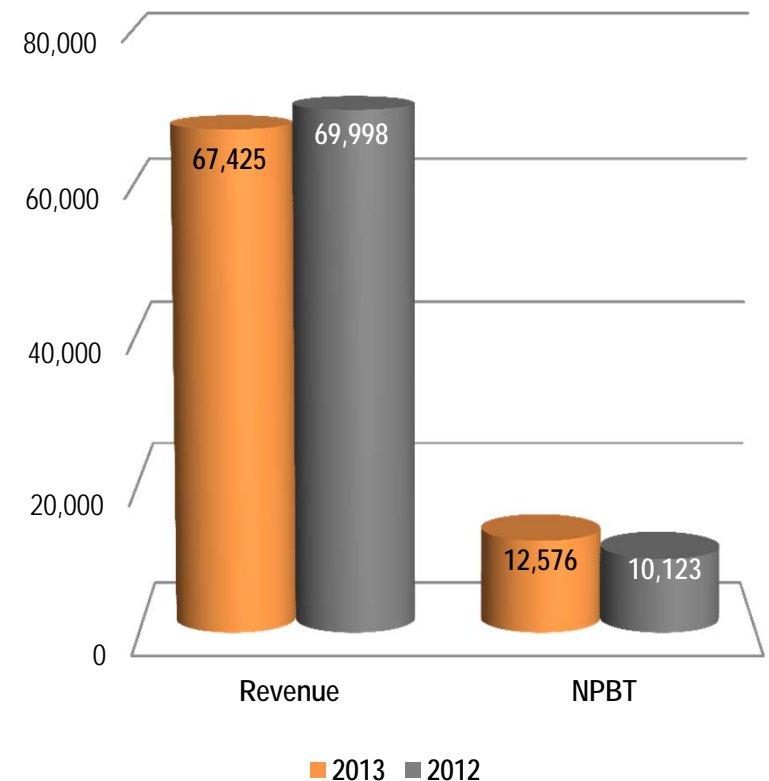
Mature floors

- North Asia produced a solid result in FY 2013
- Shanghai and Hong Kong continue to disappoint
- A weak JPY impacted revenues and profits
- Underlying earnings from Japan continue to remain robust
- A floor in Tokyo was closed during H1 FY 2013

Immature floors

- Immature floor loss was \$1.90M in FY 2013 (FY 2012: \$1.80M)

Mature Results - North Asia
AUD \$000's



Operating Summary by Region

FY 2013

Europe & Middle East

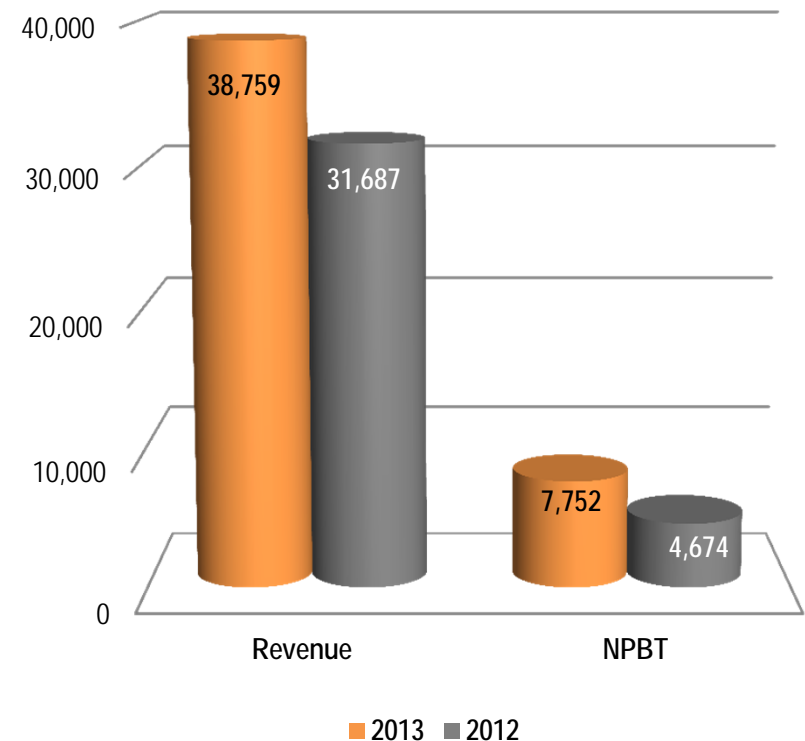
Mature floors

- EMEA remains a key growth market for Servcorp
- Revenues and profits from the region continue to grow
- We now comply with licensing regulations in Saudi Arabia
- Our financial investment in this country is now \$13.72M

Immature floors

- Four new floors opened in Dubai, Riyadh (2) and Dammam
- Immature floor loss was \$2.32M in FY 2013 (FY 2012: \$2.99M)

Mature Results - EMEA
AUD \$000's

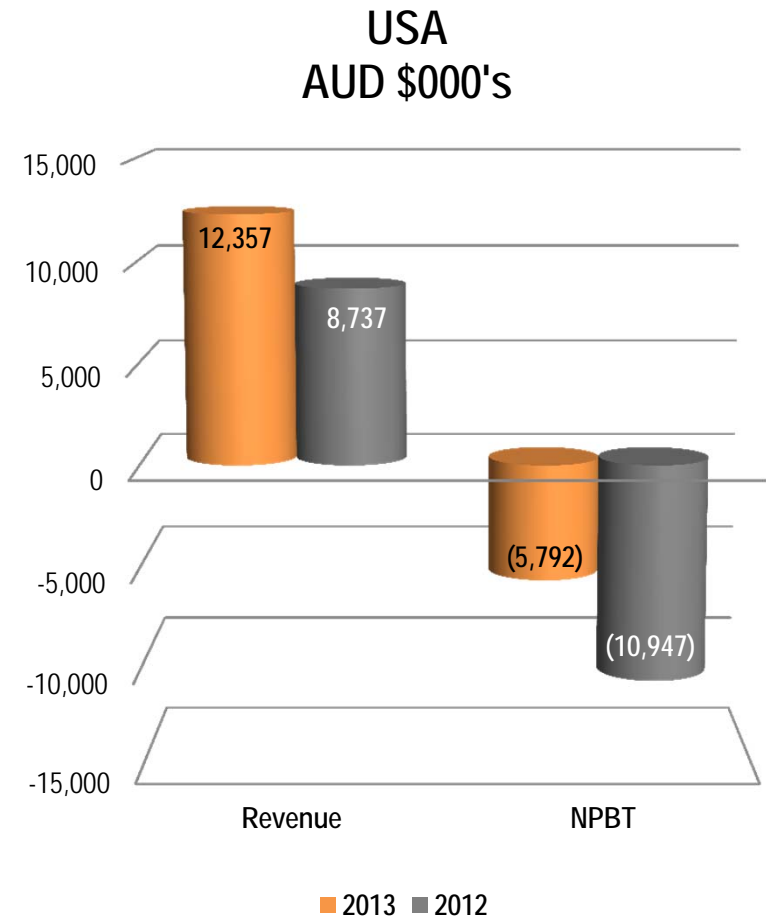


Operating Summary by Region

FY 2013

USA

- Revenue from our USA business continues to improve
- USA business as a whole is now cash neutral (excluding the new floor opened in March 2013 in New York)
- All floors in the USA (except 1 new floor) will mature at the beginning of FY 2014
- Occupancy in the USA was 88% at 30 June 2013



Dividend

FY 2013

- Final dividend payable of 7.5 cents per share, fully franked
- Total dividends payable in relation to FY 2013 of 15.0 cents per share, fully franked

FY 2014 Forecast

- Dividends of no less than 16 cents per share are expected to be paid for FY 2014
- At this point, future franking levels are uncertain

This payment is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances

Share Buy-Back

- The Directors have resolved to continue the share buy-back for a further 12 months
- No director or entity associated with a director will sell any shares into the buy-back

Outlook

FY 2014

- Continue to remain optimistic about the outlook of Servcorp, and are encouraged by:
 - the continued growth in revenue, and;
 - the improvement in occupancy, particularly in Q4 FY 2013
- Remain focused on reducing vacancy across the Serviced Office portfolio
- Continue to focus on growing the Virtual Office package base
- We will continue to grow our footprint in strategic locations:
 - expect to add 8 floors in FY 2014, which will;
 - add 10% to office capacity in FY 2014
- We will not be providing a financial forecast for FY 2014
- We do however expect our growth to continue

Servcorp Limited

Questions & Answers

