

CHAIRMAN'S ADDRESS

2022 ANNUAL GENERAL MEETING

ADDRESS BY THE HON. MARK VAILE AO
CHAIRMAN, SERVCORP LIMITED
9 NOVEMBER 2022

Ladies and Gentlemen,

As I shared in the annual report, the 2022 financial year has seen most parts of the world gradually return to a state of normalcy.

Servcorp has proven, over the more than forty years of its existence, to be a robust business, and this remains the circumstance today. It has been a tough few years, however our results this year are evidence of our resilience.

Results

Revenue for the year was \$275.6 million, in line with last year.

Net profit before tax for the year was \$34.4 million, an increase of 12% on 2021; net profit after tax was \$28.0 million, with earnings per share of 28.9 cents.

During the 2022 financial year, the business generated underlying free cash of \$57.3 million, an increase of 17% on 2021. Cash and investment balances at 30 June 2022 were \$108.2 million, an increase of 4% on 2021; the Company has no external debt. Having strong cash balances positions Servcorp to capitalise on our renewed growth strategy.

Dividends

In October, the Company paid a final dividend of 10.0 cents per share, unfranked. This final dividend brings total dividends for the 2022 financial year to 20.0 cents per share, resulting in a payout to members of approximately \$19.4 million, an increase of 11% on 2021.

Directors expect to maintain future dividend payments consistent with our long-term history and commitment to members.

Dividend amounts to be paid in the 2023 financial year are expected to be at least 20.0 cents per share, with 10.0 cents in each half. Whilst always ensuring we retain strong net cash balances, we will continue to reward members with a healthy dividend flow when prudently possible.

Payment of future dividends is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.

Outlook

This takes me to the outlook for the 2023 financial year.

Although the economic outlook globally remains uncertain, we see the 2023 financial year as one in which opportunities and risks co-exist.

Due to our strong balance sheet, cash reserves and global presence, we were able to expand our footprint in select markets in 2022. We have already committed to growth in the 2023 financial year and continue to look for further opportunities for growth in mature markets with proven management performance.

For the 2023 financial year our view is that, subject to no worsening near-term economic conditions globally, Servcorp's mature net profit before non-cash impairment of assets and tax will be between \$41.0 million and \$43.0 million. In line with this guidance and performance, we expect to produce more than \$60.0 million in underlying free cash.

These forecasts are subject to currencies remaining constant, global financial markets remaining stable and the continued impacts of global economic uncertainties on our operations.

As we emerge from the COVID-19 pandemic, flexible workspace solutions have become more important than ever; Servcorp has provided this capability for four decades, and we will continue to tailor our offering to serve these ever-evolving trends.

We have absolute confidence that we have the leading products in the industry, a unique value proposition that truly differentiates and an unmatched technology platform. Our team is highly motivated to provide everything our clients need to help make their businesses succeed.

Close

On behalf of the Board, I want to acknowledge the outstanding efforts of our CEO, Alf Moufarrige; our leadership group; and all the Servcorp team members for their dedication and commitment during the past year, which has continued to be very challenging and unpredictable.

We look to the future with optimism, and thank you, our members, for your continuing support.

This ASX announcement is approved and authorised by the Board of Directors of Servcorp Limited.