

Servcorp Limited

Analyst Presentation

H1 FY 2014

Wednesday 19th February 2014



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Operational Highlights

H1 FY 2014

- Revenue of \$118,517,000, up 15%
- NPBT of \$15,057,000, up 21%
- NPAT of \$11,819,000, up 20%
- Like for Like NPBT of \$16,693,000, up 27%
- Operating Cash Flow of \$18,127,000, up 63%
- Unencumbered cash and investment balances of \$91,038,000
- NTA backing of \$2.04 per share, up 10%
- EPS of \$0.12, up 20%
- Interim dividend of 9.00 cps, declared for H1 FY 2014, unfranked
- Forecast H2 FY 2014 dividend of 9.00 cps, fully franked



Overview

H1 FY 2014

- We are satisfied with the results for the half
- Virtual Office growth continues in line with expectations
 - 37,000 Virtual Office packages,
 - 9% package growth in the 12 month period
- Our objective was to increase occupancy to a range of 82% - 85%
- Actual mature floor occupancy was 80% by 31 December 2013
 - USA and EME were within the target range
 - North Asia was slightly below the target range
 - ANZ / SEA was lower than expected
- Like for Like occupancy was 78% (pcp: 78%)
- We view our current vacancy levels as a significant opportunity to improve;
 - our margins; and,
 - operating results
- AUD weakened across all currencies which had a positive impact on overseas earnings



Financial Results

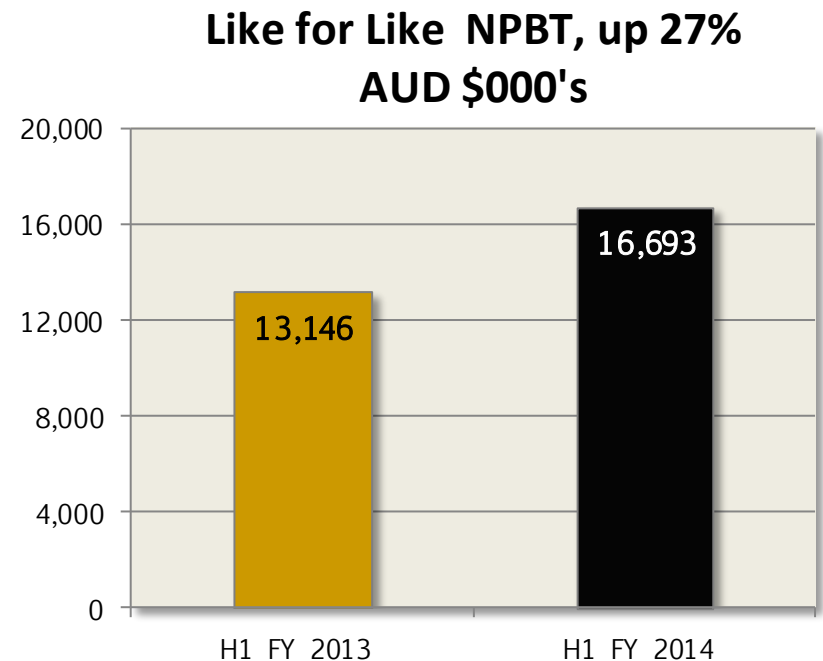
H1 FY 2014

	H1 FY 2013 \$AUD 000's	H1 FY 2014 \$AUD 000's	%	% Constant Currency
Revenue	102,668	118,517	15%	11%
NPBT	12,472	15,057	21%	19%
Tax	(2,636)	(3,238)		
NPAT	9,836	11,819	20%	
	H1 FY 2013 \$AUD	H1 FY 2014 \$AUD		
Net Tangible Assets (per share)	\$1.86	\$2.04	10%	
Earnings Per Share	\$0.10	\$0.12	20%	
Interim Dividend Per Share	\$0.075	\$0.090	20%	

Like for Like Floor Performance

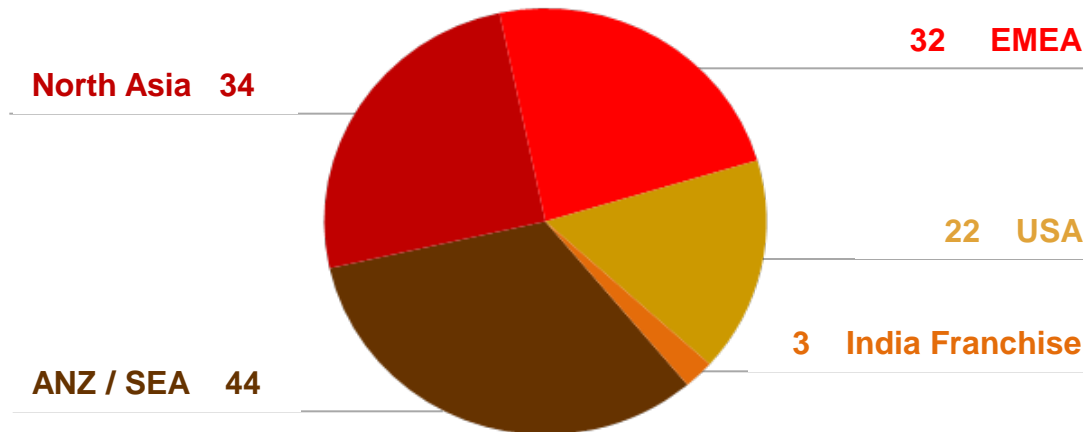
H1 FY 2013 vs H1 FY 2014

- Like for Like NPBT growth of 27%
- Now have more than 120 mature floors
- We believe it is now more appropriate to report the results in Like for Like terms
- Like for Like results include;
 - Results of floors open in both periods
- Like for Like results exclude;
 - New floor openings in the 2013 calendar year
 - Floors that were closed in the comparative period
- We will no longer be reporting mature and immature results



The Servcorp Footprint

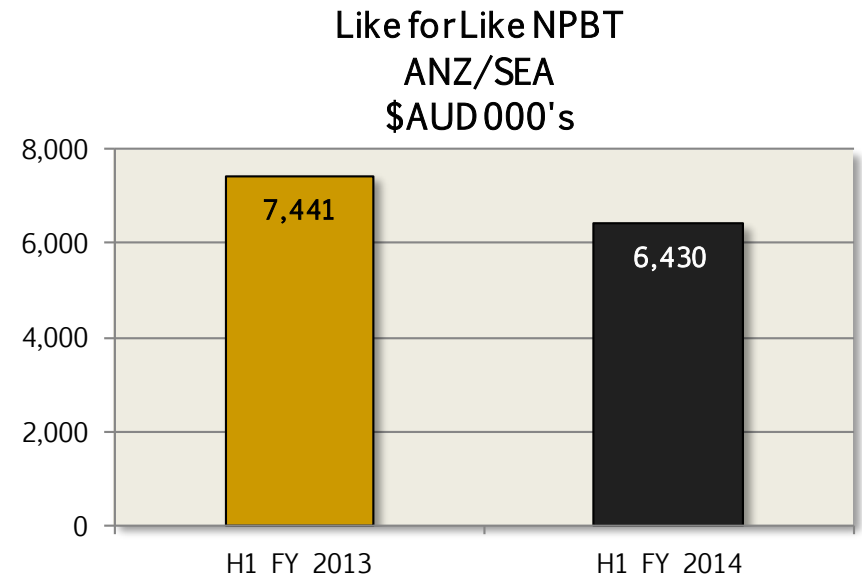
- New floor openings in H1 FY 2014;
 - 3 new floors were opened in Sydney, Tokyo & Dubai
 - 2 floors were expanded in Guangzhou & Singapore
- Plans to open a further 5 floors in H2 FY 2014;
 - Add approximately 10% to office capacity in FY 2014
- 75 new floors opened in the 54 months to 31 December 2013
- At 31 December 2013 there were 135 floors in 52 cities in 21 countries



ANZ / SEA

H1 FY 2014

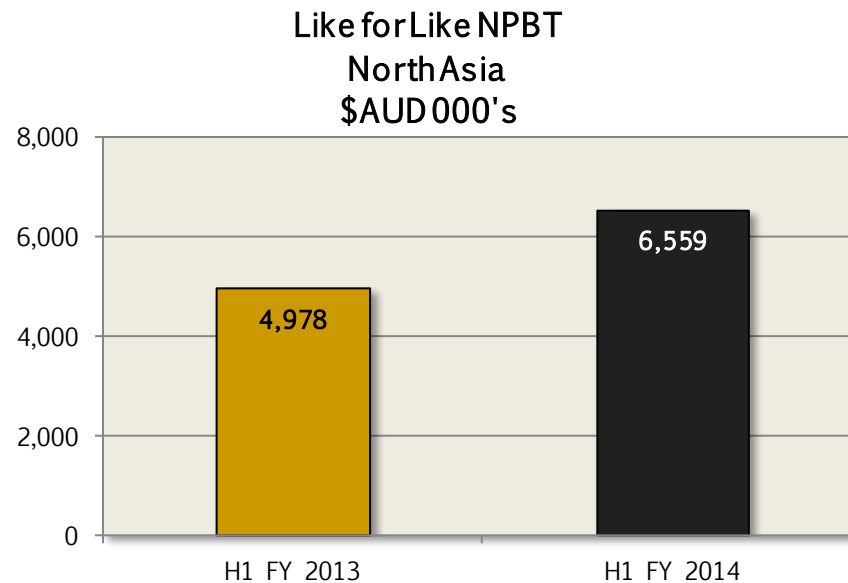
- Like for Like NPBT in ANZ / SEA was down 14%
- Trading conditions in Australia remained difficult, especially in Perth
- Performance of Singapore and KL was disappointing
- Thailand continues to produce solid results
- Occupancy lower than expected in;
 - Singapore, Perth, KL & Wellington
 - Now pricing offices to compete in these cities



North Asia

H1 FY 2014

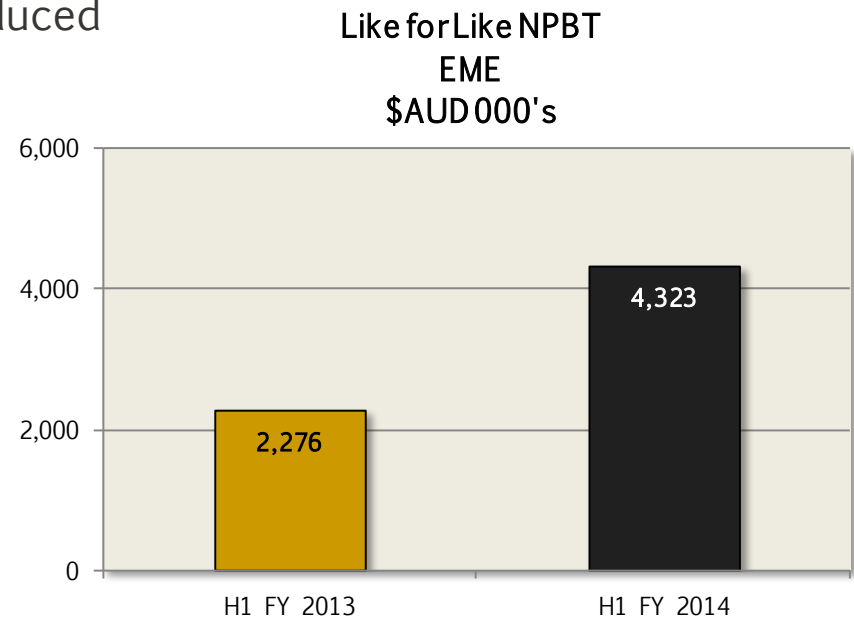
- North Asia produced a solid result, Like for Like growth of 32%
- Satisfied with the performance of all locations; however,
 - Revenue and margins in Hong Kong can improve
- Performance of Japan exceeded our expectations



EME

H1 FY 2014

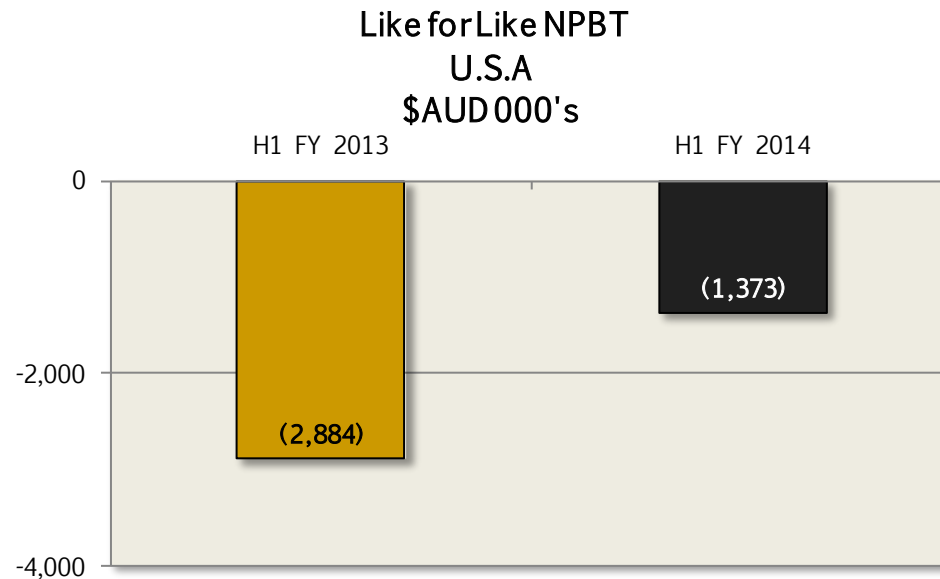
- Like for Like NPBT growth in EME was 90%
- Management is very pleased with this outcome
- Four floors reached maturity during the half;
 - Two floors matured in just 12 months in Saudi Arabia
- Qatar, London, Dubai and Bahrain produced solid results
- Management now focusing on maximising profit



USA

H1 FY 2014

- USA continues to improve and our losses continue to decrease
- Virtual Office package base is growing and margins are improving
- The USA produced a net cash excess for H1 FY 2014
- Anticipate that the USA will reach NPBT profitability in the coming months



Dividend

H1 FY 2014

- Interim dividend payable of 9.0 cents per share, unfranked

Forecast

H2 FY 2014

- Final dividend of 9.0 cents per share fully franked is expected to be paid for H2 FY 2014

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

Outlook

H2 FY 2014

- Initial indications are that business conditions are starting to recover around the world
- Servcorp is very well positioned to take advantage of the recovery in global business sentiment
- Our current vacancy levels give us a significant opportunity to improve our margins from our existing business
- Remain focused on growing our footprint in strategic locations, and expect to add 10% to office capacity in FY 2014
- Will not be providing a financial forecast for FY 2014, but expect our earnings growth to continue

Questions & Answers

