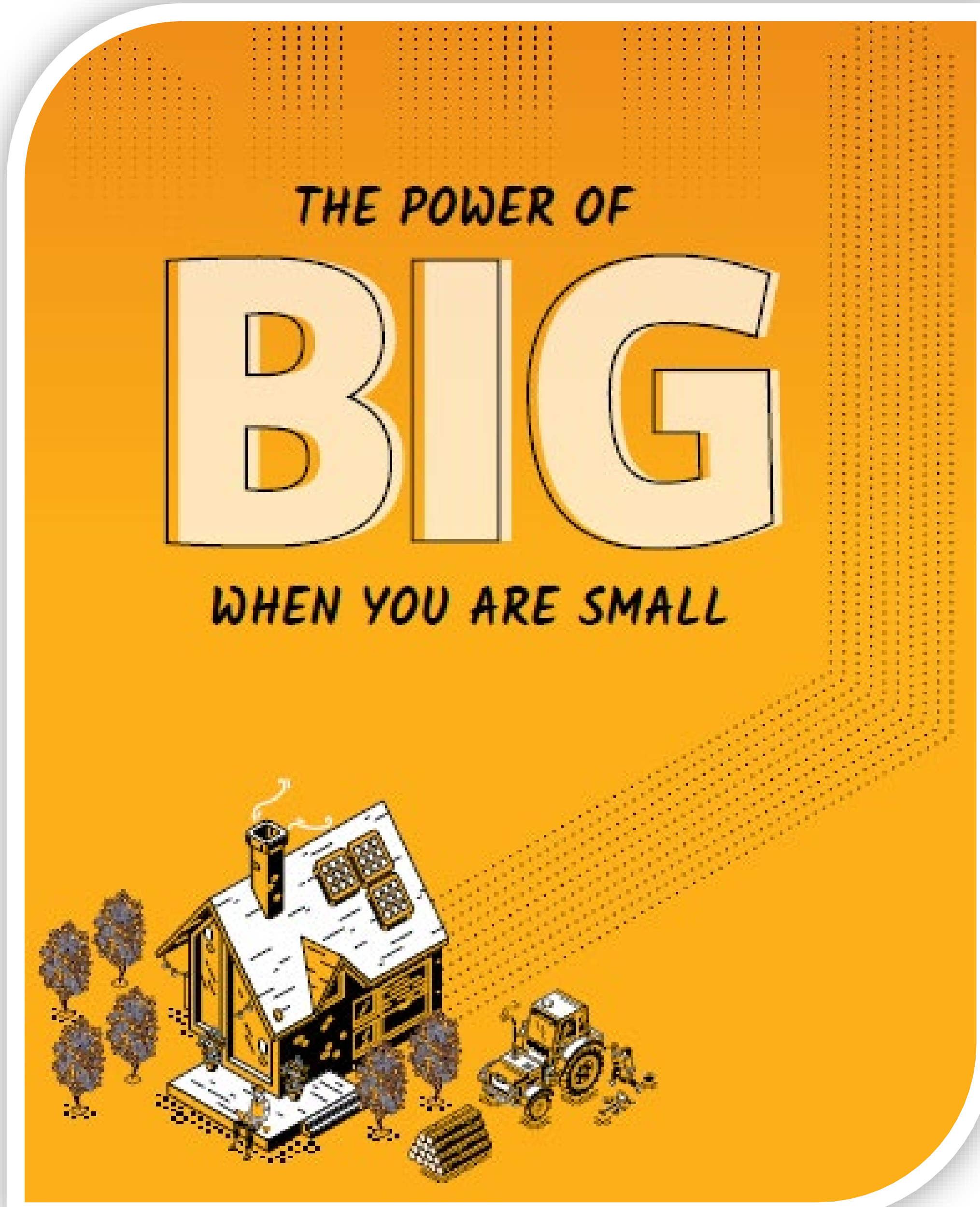
Servcorp Limited

Annual General Meeting



Wednesday 10 November 2021

Presented by: **Mr. Alf Moufarrige**,
Chief Executive Officer
This presentation is approved and authorised by the Board of Directors of Servcorp Limited.

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Disclaimer

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Dividend Guidance

Servcorp's dividend guidance and related statements in this presentation are subject to Servcorp's forecast assumptions being met.

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Servcorp's Aim

To be the world's finest Workspace Solutions provider, by:

- providing IT and commercial services second to none;
- giving our clients a commercial advantage;
- paying our people reasonable wages; and
- giving our shareholders an acceptable return on the funds they invest.

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FY21 in Review

The impact of COVID-19 on the flexible workspace industry has been unprecedented. Servcorp's response to the existing global environment has been swift and we continue to manage through the pandemic and post-pandemic world by prioritising:

- **A strong liquidity position**

  Current cash balances in excess of $105.0m and no external debt.
- **Tightly controlled operating expenditure**

  Cost reduction initiatives across our operations lowered our FY21 operating cost base by 24% compared to pcp.
- **Strict capital expenditure allocation**

  All capital expenditure programs were temporarily suspended through FY21. However looking to the medium term and opportunities for growth, particularly in mature markets with proven management performance, there is allocation of capital for some growth in FY22.
- **Unique technology platforms**

  Servcorp's technology platforms are market-unique and well placed to attract new clients this post COVID-19 environment. In particular, our best-in-market virtual product makes working from home seamless.
- **Vaccination of the team**

  Encouraging team members to be vaccinated by allowing paid time off and, where necessary, paying for vaccinations.

Occupancy levels through FY21 have been relatively stable, Mature[A] floor occupancy finishing the year at 73%. While the COVID-19 pandemic had a significant impact on coworking initially, our investment pre-COVID in refurbishing reception areas has played a substantial part in our ability to hold serviced office occupancy above 70%.

The restructuring of coworking and virtual office has allowed us to operate globally and ensure adherence to social distancing requirements. We continue to see higher enquiries across all our products where vaccination rates are above 60%.

A. Mature means floors that were open in both the current and comparative reporting periods. A floor is categorised as Mature at the earlier of 24 months from the date it becomes operational or 3 months consecutive operating profit. For the avoidance of doubt, Mature excludes closed floors.

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FY21 Headline

Reasonable underlying FY21 performance despite difficult COVID-19 trading conditions

- Underlying Free Cash $49.9m (down 25%)
- Revenue and other income[A] down 22%
- Mature revenue down 17% (constant currency down 10%)
- Underlying[B] NPBT down 20%
- Statutory NPBT up 83%
- FY21 final dividend of 9.0 cps (paid 7th October), unfranked, 100% conduit foreign income

Balance sheet

- Cash balances at 30 June 2021 of $97.0m, down $4.4m on 30 June 2020 driven substantially by a strong Australian dollar and $8.0m downward cash balance revaluations
- Cash balances currently in excess of $105.0m
- Underlying Free Cash 166% of Underlying FY21 NPBT, providing some buffer to navigate through COVID-19, supporting maintenance capital expenditure and dividends
- No external net debt
- Strong cash generation enabling a FY21 final dividend of 9.0 cps (paid 7th October), unfranked

A. Excluding $2.4m (FY20: $1.1m) JobKeeper subsidy revenue and other income was down 22%; JobKeeper is disclosed in the 30 June 2021 Financial Report as revenue.
B. "Underlying" is a non-statutory measure and is the primary reporting measure used by the CEO, CFO, COO & Board of Directors for assessing the performance of our business.

FY21 Result

Statutory NPAT $22.1m, up 219%

Profit & Loss	Underlying[A] FY21	Underlying[A] FY20	FY21 v FY20		Statutory FY21	Statutory FY20	FY21 v FY20	
	A$m				A$m			
Revenue and other income	**275.7**	352.9	22%	↓	**275.2**	352.9	22%	↓
Operating expenses	**(245.7)**	(315.4)	22%	↓	**(247.2)**	(337.3)	27%	↓
Net profit before tax	**30.0**	37.5	20%	↓	**28.5**	15.6	83%	↑
Income tax expense	**(6.4)**	(6.9)	7%	↓	**(6.4)**	(8.7)	26%	↓
Net profit after tax	**23.6**	30.6	23%	↓	**22.1**	6.9	219%	↑

	FY21	FY20
Net tangible assets per share[B]	**$1.93**	$2.14
Earnings per share (cents)	**22.9**	7.2

FY21	A$	Franking
Final dividend per share	**0.09**	none
Total dividend per share	**0.18**	none

A. Underlying" is a non-statutory measure and is the primary reporting measure used by the CEO, CFO, COO & Board of Directors for assessing the performance of our business. FY21 operating expenses before $1.5m of net non-cash impairment of assets; FY20 before $21.9m of restricted earnings, restructure costs and deconsolidation losses

B. At 30 June respectively

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Statutory Position

Balance sheet and Cash flow

Balance Sheet	Jun-21 A$m	Jun-20 A$m
Cash	93.8	99.9
Trade receivables	24.0	31.1
PP&E & ROUA	392.4	476.4
Goodwill	13.8	13.8
Deferred tax asset	38.3	37.0
Other assets	62.5	65.7
Total assets	**624.8**	**723.9**
Trade payables	35.4	44.8
Provisions	11.0	10.0
Current lease liabilities	88.0	104.4
Non-current lease liabilities	260.7	310.0
Other liabilities	28.6	33.8
Total liabilities	**423.7**	**503.0**
Net assets	**201.1**	**221.0**

Cash Flow	FY21 A$m	FY20 A$m
Opening cash 1 July	99.9	65.1
Net operating cash inflows	151.2	182.3
Net investing cash flows	(7.0)	(18.0)
Net financing cash outflows	(142.3)	(133.0)
Foreign exchange movements	(8.0)	3.4
Closing cash 30 June	**93.9**	**99.9**

Underlying Free Cash[A] Reconciliation	FY21 A$m	FY20 A$m
Net operating cash inflows	151.2	182.3
Add: tax paid	10.2	9.4
Net Cash Rent adjustments	(114.4)	(129.0)
Restructure costs[B]	2.9	3.4
Underlying Free Cash	**49.9**	**66.1**

A. Refer to the Appendix 4E MD&A for a detailed reconciliation of statutory cash flows to Free Cash to Underlying Free Cash.

B. Is $2.9m (FY20: $1.4m) paid in relation to the USA deconsolidation accounted for in FY20.

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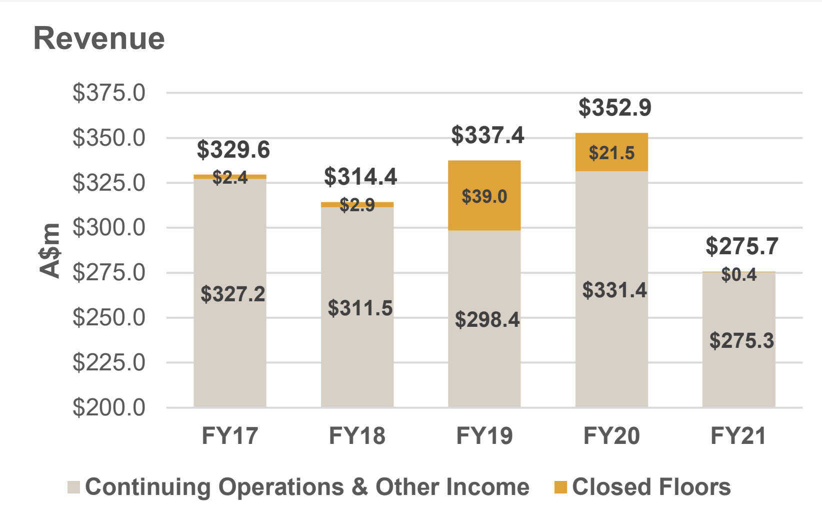
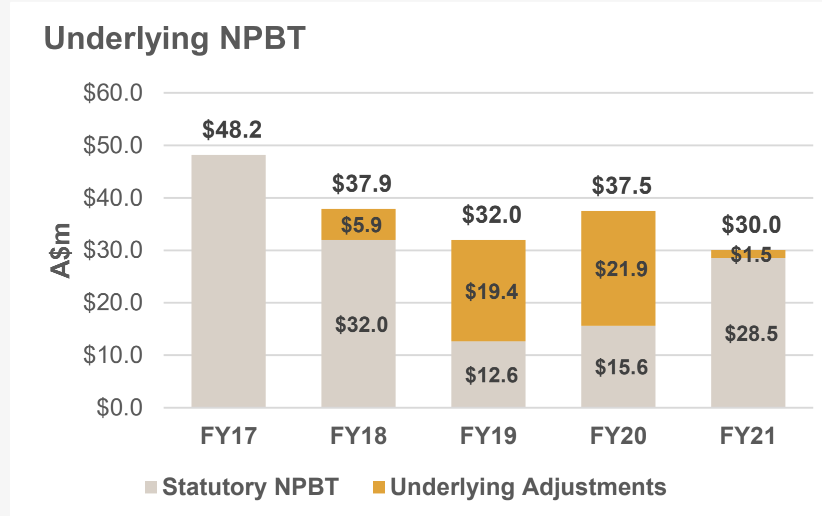
Performance

Underlying operating performance





- FY21 revenue $275.7m, down 22%
- Revenue from continuing operations[A] and other income[B] $275.3m, down 17%[C]
- Reflects tough COVID-19 trading conditions partially offset by the benefits of the global footprint consolidation undertaken in FY20.

- FY21 Underlying NPBT $30.0m, down 20%
- FY21 NPBT was underpinned by:
  - a solid North Asia performance
  - a reasonable EME performance
  - a poor ANZ & SEA result
  - reduced losses in the USA.

A. Refer to the segment information note B1 in the FY21 Financial Report
B. Excluding $2.4m (FY20: $1.1m) JobKeeper subsidy, revenue from continuing operations and other income was down 17% on FY20.
C. Revenue from continuing operations and other income decreased 10% compared to FY20 on constant currency basis.

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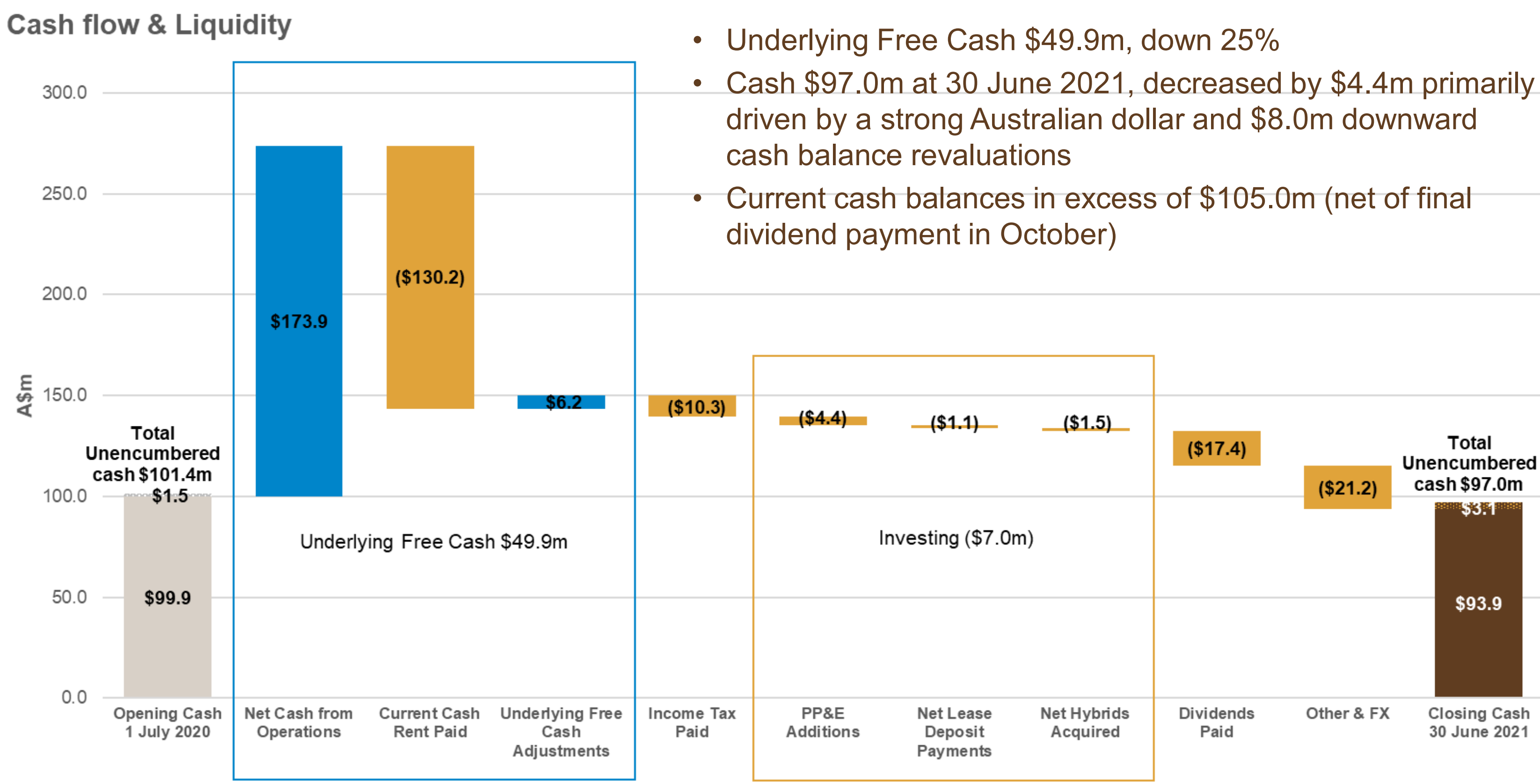
Positioning

Cash flow & liquidity



- Underlying Free Cash $49.9m, down 25%
- Cash $97.0m at 30 June 2021, decreased by $4.4m primarily driven by a strong Australian dollar and $8.0m downward cash balance revaluations
- Current cash balances in excess of $105.0m (net of final dividend payment in October)

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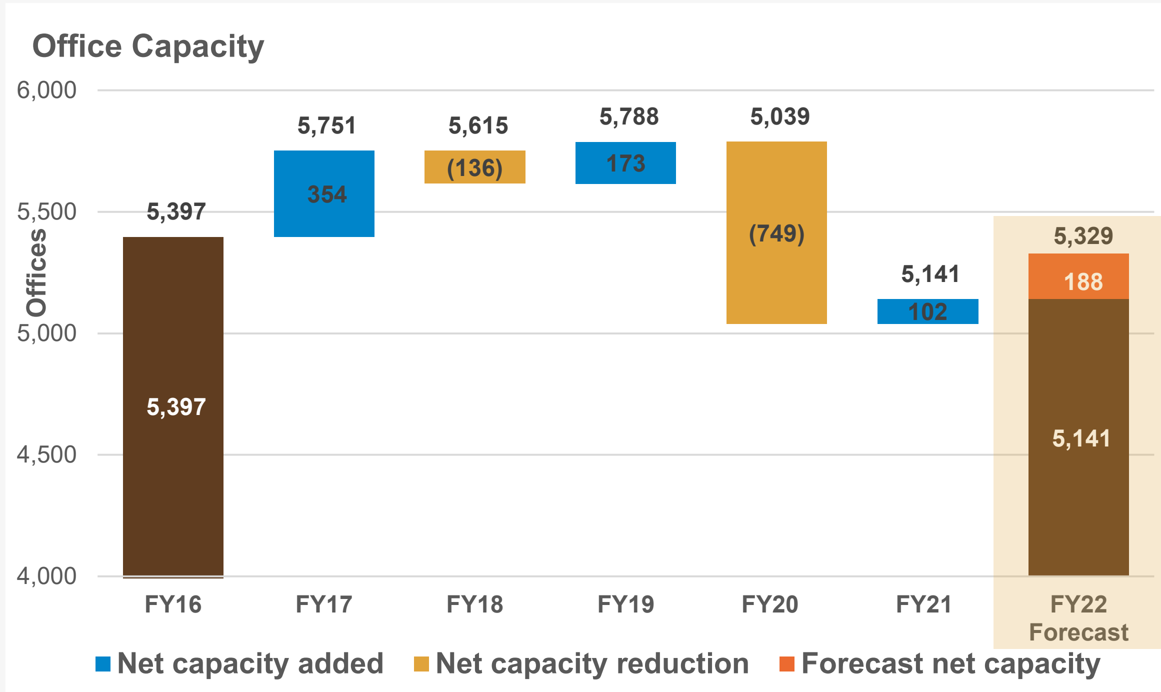
Servcorp Capacity

Global Footprint

Our global footprint encompasses 125 floors, in 43 cities across 21 countries

- In FY21 we opened one floor in Manila & closed two floors (Al Khobar & NYC).
- Net capacity increased by 102 offices to 5,141.
- FY22 capacity is forecast to increase by 188 offices to 5,329
- New floors in Macquarie Park, Parramatta, Riyadh & Tokyo offset by closures in Hong Kong, Manila & Parramatta.
- Mature floor occupancy 73% & all floor occupancy 72% at 30 June 2021 (30 June 2020: both 69%).



- Mature floor occupancy at 30 September 2021 was 72% & all floor occupancy was 70%.

Servcorp Capacity

Coworking

Recent growth in the flexible workspace industry has been underpinned by the expansion of coworking spaces. While the COVID-19 pandemic had a significant impact on coworking initially, our investment pre-COVID in refurbishing reception areas has played a substantial part in our ability to hold serviced office occupancy above 70%.

The restructuring of coworking and virtual office has allowed us to operate globally and ensure adherence to social distancing requirements. In the last few months coworking uptake has increased significantly in areas that are not either in state of emergency or in lockdown. We are also currently seeing higher enquiries where vaccination rates are above 60%.

There is no doubt coworking is an important part of not only our offering but also the industry and that our investment in reshaping our portfolio for coworking will realise a return on investment in the longer term.

FY21 Segment Performance

Global overview

Segment	Mature[A] Revenue A$m		Revenue Growth %		Mature NPBT[B] A$m		Mature Cash Earnings[C] A$m		Margin %	
	FY21	FY20	Actual	Constant FX	FY21	FY20	FY21	FY20	FY21	FY20
ANZSEA[D]	67.1	80.0	(16%)	(14%)	2.5	9.9	5.3	15.1	4%	12%
USA	13.4	23.0	(42%)	(24%)	(4.5)	(6.9)	(2.7)	(4.5)	(34%)	(30%)
EME	71.1	91.6	(22%)	(15%)	5.8	22.0	11.6	29.5	8%	24%
North Asia	117.5	130.6	(10%)	(3%)	24.0	13.4	35.5	29.2	20%	10%
Total	**269.1**	**325.2**	**(17%)**	**(10%)**	**27.8**	**38.5**	**49.6**	**69.3**	**10%**	**12%**

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B. Excludes non-cash impairment

C. Cash Earnings calculated as EBITDA minus Cash Rent paid.

D. Mature: Revenue, Segment Profit and Cash Earnings include $1.1m JobKeeper subsidy (FY20: $0.5m) relating to Australian operations.

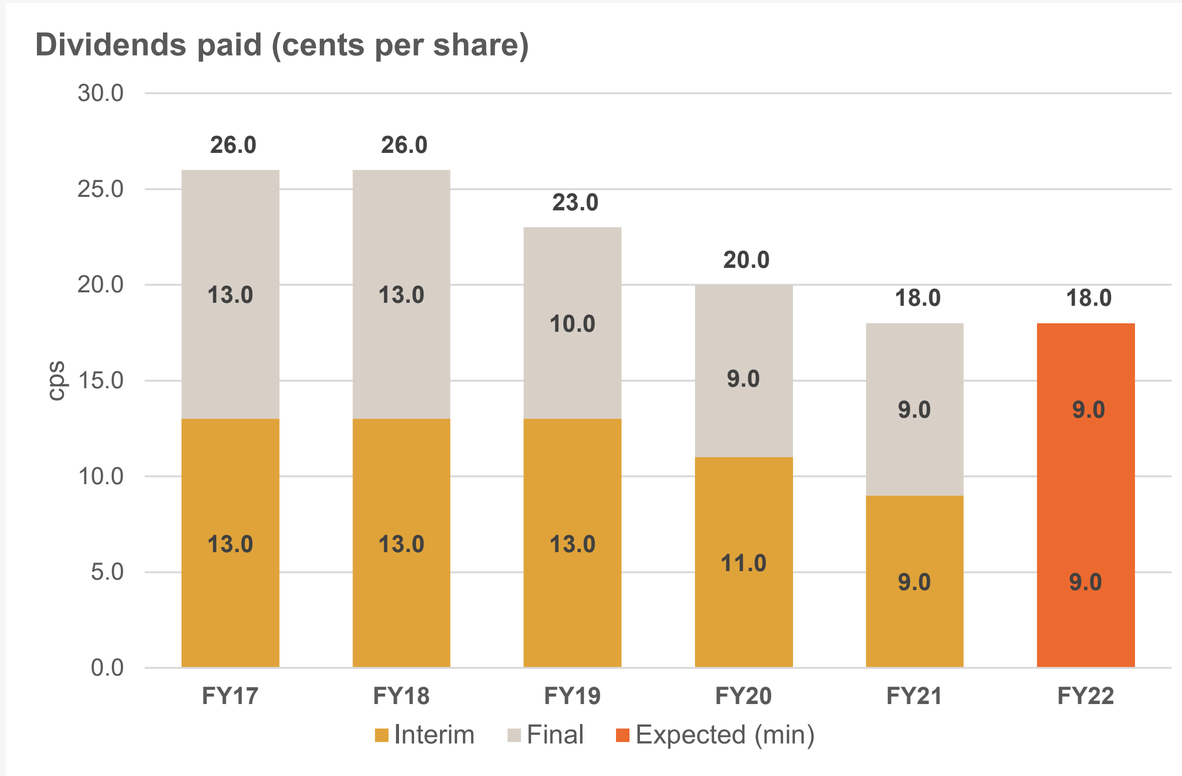
Dividend

Final FY21 dividend

- Final dividend paid of 9.0 cps, unfranked
- Total FY21 dividends paid of 18.0 cps, unfranked

Minimum expected FY22 dividend[A]

- Minimum dividend of 18.0 cps (9.0 cps in each half)
- Franking levels are uncertain



A. Subject to currencies remaining constant, continued strong cash generation, and the continued impacts of COVID-19 on our operations.

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Guidance & Trading Update

FY22 guidance[A] reaffirmed

Servcorp reaffirms FY22:

- Mature[B] NPBIT[C] between $33.0m and $36.0m
- Underlying Free Cash of more than $50.0m
- Minimum dividend[A] of 18.0 cps (9.0 cps in each half); future franking levels are uncertain

In order to achieve guidance[A] and cash flow forecasts[A] we continue to focus on controlling operating expenditure, maintaining strong liquidity (> $105.0m current cash balances) and encouraging team members and clients to be vaccinated.

Despite the COVID-19 challenges, we remain optimistic due to our unique positioning, worldwide reach, experienced global team, technology platforms, longstanding track record and cash generation.

A. **Forecasts and future dividends are subject to currencies remaining constant, continued strong cash generation, and the continued impacts of COVID-19 on our operations.**
B. *Mature means floors that were open in both the current and comparative reporting periods. A floor is categorised as Mature at the earlier of 24 months from the date it becomes operational or 3 months consecutive operating profit. For the avoidance of doubt, Mature excludes closed floors.*
C. *NPBIT is net profit before non-cash impairment of assets and tax*

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