

CHAIRMAN'S ADDRESS

2024 ANNUAL GENERAL MEETING

ADDRESS BY THE HON. MARK VAILE AO
CHAIRMAN, SERVCORP LIMITED
14 NOVEMBER 2024

Ladies and Gentlemen,

As I shared in the annual report, the 2024 financial year was a landmark year for Servcorp.

We benefited from improved trends in many of our markets, achieving record underlying net profit before non-cash impairments and tax.

Servcorp is a proven, innovative business and well positioned to capitalise on the evolution of flexible working. After a period of consolidation, we have returned to floor growth, and have seen continued like-for-like improvement in both our office and coworking revenue.

Results

Revenue for the year was \$317.0 million, up 7% on last year.

Statutory net profit before tax for the year was \$42.9 million, an increase of 153% on 2023; net profit after tax was \$39.0 million, with an earnings per share of 39.9 cents.

Our mature business result, before non-cash impairments and tax (NPBIT) was \$56.6 million, up 18% on 2023, and exceeding our 2024 financial year guidance.

During the 2024 financial year, the business generated underlying free cash of \$72.5 million, up 18% on 2023. Cash and investment balances at 30 June 2024 were \$115.7 million, a decrease of 0.6%; the Company has no external debt. Having strong cash balances positions Servcorp very well to capitalise on our growth strategy.

Dividends

In October, the Company paid a final dividend of 13.0 cents per share, 20% franked. This final dividend brings total dividends for the 2024 financial year to 25.0 cents per share, resulting in a payout to members of approximately \$24.6 million, an increase of 16% on 2023.

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

Dividend amounts to be paid in the 2025 financial year are expected to be at least 26.0 cents per share, with 13.0 cents in the first half and 13.0 cents in the second 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.

Operations

Due to our strong balance sheet, cash reserves and global presence, we were able to expand our footprint in select markets in 2024. We have already committed to growth in the 2025 financial year, particularly in Saudi Arabia, and continue to look for further opportunities for growth, in mature markets with proven management performance.

While we are still seeing the impacts of an inflationary environment and uncertainty about the global economy, we enter the 2025 financial year with a positive mindset.

Middle East reorganisation

Earlier this afternoon, Servcorp updated the market with respect to plans for our Middle East operations.

As stated when we released our full year results in August, the Middle East reorganisation has been completed to establish the Servcorp Middle East Group, and a new Regional Headquarters in Riyadh has been inaugurated.

The business has performed well in the first quarter of the 2025 financial year, and all other work streams have been progressing on schedule for a potential listing in 2025. However, given the current environment in the Middle East and the value inherent in retaining full ownership of the business, the decision has been taken to not proceed with the listing at this time.

We are of the opinion this decision is in the best interests of shareholders, and the outlook for the business remains strong.

Outlook

This takes me to the outlook for the 2025 financial year.

Our view is that, subject to no worsening near-term economic conditions globally, we continue to expect Servcorp's mature net profit before non-cash impairment of assets and tax will be between \$61.0 million and \$65.0 million. In line with this guidance and performance, we expect to produce more than \$75.0 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.

Demand for Coworking has surged as businesses evolve to adopt flexible workspace capability. Servcorp has provided this capability for four decades and is determined to stay ahead in this changing competitive landscape utilising our unparalleled technology platform, which provides the capability to adapt to the requirements for flexibility.

Servcorp has the leading products in the industry, a unique value proposition that truly differentiates, global reach, strong cash generation and healthy net cash position; all of which reinforce our confidence in Servcorp's potential to continue to drive healthy returns for our shareholders and maintain our position as the world's premium provider of Workspace Solutions.

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.

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.