

ASX AND MEDIA RELEASE

SERVCORP REPORTS NET PROFIT BEFORE TAX OF \$28.5 MILLION

NET PROFIT AFTER TAX OF \$22.1 MILLION

UNDERLYING FREE CASH OF \$49.9 MILLION

Servcorp Limited ABN 97 089 222 506 (SRV) today announced a net profit before tax of \$28.5 million for the 12 months ended 30 June 2021.

Servcorp, the world's leading provider of workspace solutions and superior IT and business infrastructure solutions, operates 125 floors in 43 cities across 21 countries, at the date of this release.

Summary of results for Financial Year 2021

- Revenue and other income down 22% to \$275.7 million. Mature revenue down 17%, or 10% in constant currency terms.
- Statutory net profit before tax of \$28.5 million, up 83%.
- Free cash (net operating cash flow before tax) of \$42.6 million for the 2021 financial year, down 41%. Underlying free cash of \$49.9 million, down 25%.
- Underlying net profit before tax of \$30.0 million, down 20%; excludes \$1.5 million of net non-cash impairment of assets.
- Net profit after tax of \$22.1 million.
- Cash and investment balances of \$104.5 million as at 30 June 2021 (2020: \$109.1 million).
- Earnings per share of \$0.228.
- Final dividend of 9.00 cents per share, unfranked; payable on 7 October 2021.
- Total dividends for the 2021 financial year of 18.00 cents per share.

Business overview

- Revenue from continuing operations and other income reflected the tough COVID-19 trading conditions, partially offset by the benefits of the global footprint consolidation undertaken in the 2020 financial year.
- Underlying net profit before tax was underpinned by a solid North Asia result, and a reasonable result in the Middle East, offset by underperformance in Australia, New Zealand and South East Asia.
- The COVID-19 pandemic continues to make trading conditions difficult across every market in which we operate. Occupancy levels through 2021 financial year have been relatively stable, mature floor occupancy finishing the year at 73%. While the COVID-19 pandemic initially had a significant impact on coworking, our investment pre-COVID in refurbishing reception areas has played a substantial part in our ability to hold serviced office occupancy above 70%.
- There remains continued downward price pressure across our global footprint. Virtual office client numbers have almost recovered to pre-COVID levels.
- Occupancy of mature floors was 73% at 30 June 2021 (2020: 69%). All floor occupancy was 72%.

Servcorp footprint

- One new floor opened at One Bonifacio High Street in Manila and two floors were closed in the 2021 financial year.

Dividends

- The Directors of Servcorp have declared a final dividend of 9.00 cents per share, with a record date of 2 September 2021 and payable on 7 October 2021. The dividend will be unfranked. There is 100% conduit foreign income attributed to the dividend.
- This brings total dividends for the 2021 financial year to 18.00 cents per share.
- Dividend amounts to be paid in the 2022 financial year are uncertain, however we would expect to make dividend payments consistent with our long term history and commitment to shareholders.
- Payment of future dividends is subject to currencies remaining constant, and the continued impacts of the COVID-19 pandemic on our operations.

Outlook for Financial Year 2022

- While it remains unclear how long the path to a post-COVID world is, we remain optimistic. The roll out of the vaccine across markets in which we operate, as well as impacts of fiscal stimulus, are supporting economic activity, with both business and consumer confidence slowly returning to pre-COVID levels in some markets.
- We have already committed to some growth in the 2022 financial year and continue to look for further opportunities for growth in mature markets with proven management performance.
- Given our view, and subject to no worsening near-term COVID impacts, combined with increasing vaccination programs, our guidance in the 2022 financial year for mature net profit before non-cash impairment of assets and tax is between \$33.0 million and \$36.0 million.
- In line with this guidance and performance, in the 2022 financial year we expect to produce more than \$50.0 million in underlying free cash.
- Forecasts are subject to currencies remaining constant, global financial markets remaining stable and the continued impacts of COVID-19 on our operations.
- We expect COVID-19 to continue to significantly impact the way we live and work for the foreseeable future. We are still of the view that, when we emerge from the COVID-19 pandemic, flexible workspace solutions will be more important than ever; we will continue to tailor our offering to serve those ever-evolving trends.
- 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.

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

For more information contact

Mr Alf Moufarrige	Mr Anton Clowes
Chief Executive Officer	Chief Financial Officer
+61 2 9238 2262	+61 2 9231 7446

Results Presentation

Thursday 26 August 2021 at 4:30pm

Dial-in facility	Online webinar
Australia: +61 3 8488 8990	If you wish to join the online meeting click below
Access Code: 405-656-225	Register now!

or email kate.mullineaux@servcorp.com.au by midday on Thursday 26 August 2021

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