

CHAIRMAN'S ADDRESS

2023 ANNUAL GENERAL MEETING

ADDRESS BY THE HON. MARK VAILE AO
CHAIRMAN, SERVCORP LIMITED
15 NOVEMBER 2023

Ladies and Gentlemen,

As I shared in the annual report, the 2023 financial year has seen many economies in the world suffering the effects of the rising cost of living, declining consumer confidence, tightening monetary policy and a disrupted supply chain.

Servcorp has proven, over the more than forty years of its existence, to be an innovative business and this is reflected in our results for the 2023 financial year.

Results

Revenue for the year was \$295.5 million, up 7% on last year.

Our statutory net profit was impacted by non-cash impairments during the year. Statutory net profit before tax for the year was \$17.0 million, a decrease of 51% on 2022; net profit after tax was \$11.1 million.

Our mature business result, before non-cash impairments and tax (NPBIT) was \$42.3 million, up 36% on 2022, and achieving our 2023 financial year guidance.

During the 2023 financial year, the business generated underlying free cash of \$61.7 million, an increase of 17% on 2022. Cash and investment balances at 30 June 2023 were \$116.4 million, an increase of 7% on 2022; the Company has no external debt. Having strong cash balances positions Servcorp very well to capitalise on our renewed growth strategy.

Dividends

In October, the Company paid a final dividend of 12.0 cents per share, 20% franked. This final dividend brings total dividends for the 2023 financial year to 22.0 cents per share, resulting in a payout to members of approximately \$21.3 million, an increase of 10% on 2022.

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

Dividend amounts to be paid in the 2024 financial year are expected to be at least 25.0 cents per share, with 12.0 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 2023. We have already committed to growth in the 2024 financial year, and continue to look for further opportunities for growth, in mature markets with proven management performance.

Although the economic outlook globally remains uncertain, we enter the 2024 financial year with positive momentum across all regions of the business, with improvements in most key performance indicators.

Outlook

This takes me to the outlook for the 2024 financial year.

Given the aforementioned improvement in performance, for the 2024 financial year our view is that, subject to no worsening near-term economic conditions globally, we now expect Servcorp's mature net profit before non-cash impairment of assets and tax will be between \$50.0 million and \$55.0 million. In line with this guidance and performance, we expect to produce more than \$70.0 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.

Flexible workspace solutions are now part of many companies' business plans, as the world transitions between working from home and returning to the office; Servcorp has provided this capability for four decades, and we continue to tailor our offering to serve these ever-evolving trends.

We have absolute confidence that Servcorp has 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.