

# ASX AND MEDIA RELEASE

## SERVCORP REPORTS FIRST HALF NET PROFIT AFTER TAX OF \$18.1 MILLION, DOWN 3.6%

Servcorp Limited ABN 97 089 222 506 (SRV) today announced a net profit after tax of \$18.06 million for the six months ended 31 December 2016.

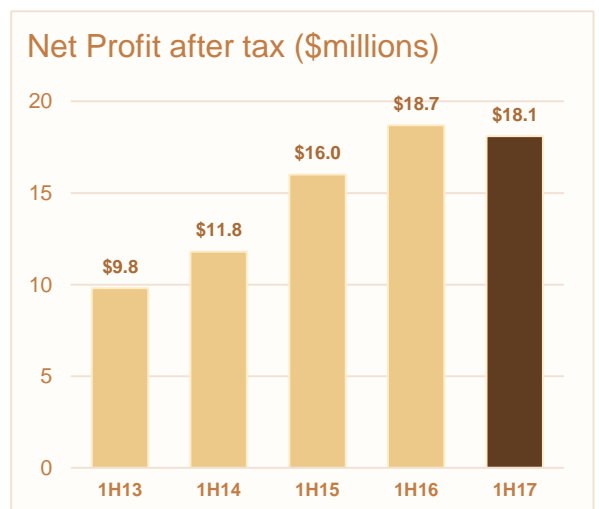
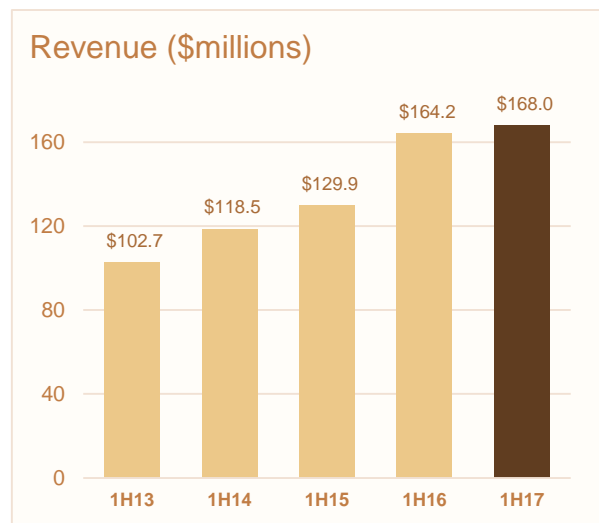
Servcorp, the world's leading provider of executive serviced offices, virtual offices and superior IT and business infrastructure solutions, operates 155 floors in 55 cities across 23 countries.

### Summary of results for First Half of Financial Year 2017

- Revenue of \$167.96 million, up 2.3% on the first half of FY 2016.
- Net profit before tax of \$21.01 million, down 10.5% on first half of FY 2016.
- Net profit after tax of \$18.06 million.
- Net profit before tax on like for like floors was \$27.77 million, up 14.4%.
- Floor closure costs of \$3.3 million, substantially higher than \$0.8 million in first half of FY 2016.
- Unencumbered cash and investment balances of \$102.2 million as at 31 December 2016 (30 June 2016: \$99.7 million).
- NTA backing of \$2.52 per share as at 31 December 2016 (30 June 2016: \$2.50 per share).
- Earnings per share of \$0.18, down 3.7% on the first half of FY 2016.
- Directors reaffirm updated guidance of \$47 million net profit before tax for FY 2017.
- Interim dividend of 13.00 cents per share, 50% franked, payable on 5 April 2017.

### Business overview

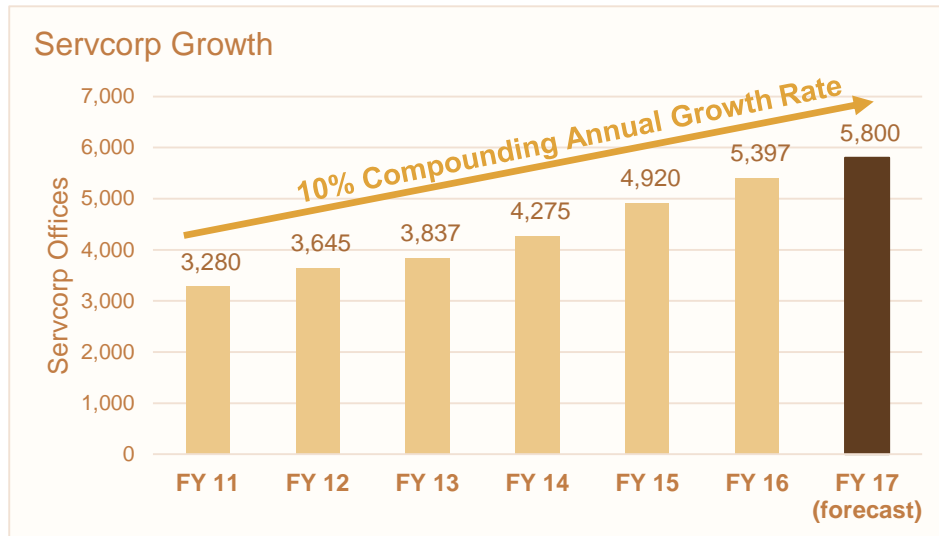
- Servcorp has a strong global business.
- Several regions performed ahead of forecast, however the result was substantially impacted by the underperformance of Singapore, New York City and Saudi Arabia.
- To a lesser extent, revenue and profits have been impacted by an overall marginally stronger Australian dollar. Approximately 80% of revenue and profits are earned offshore.
- Occupancy of like for like floors was 77% at 31 December 2016.
- All floor occupancy was 73% at 31 December 2016.
- Directors have deferred further growth to consolidate existing floors and accelerate the maturity of new floors.



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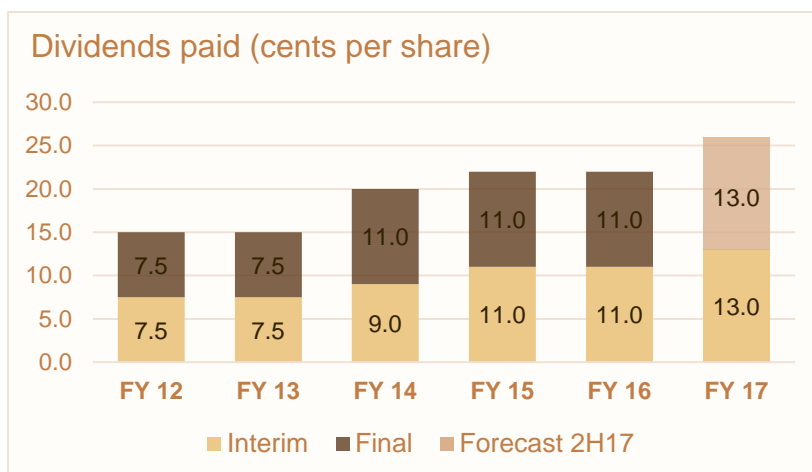
## The Servcorp Footprint

- Servcorp has experienced an extended period of growth over the last five years, demonstrated by a compounding annual growth rate in office stock of 10%.
- Office stock has grown from 3,280 at 30 June 2011 to 5,676 at 31 December 2016.
- Five new floors were opened in the first half of FY 2017 and one floor was expanded.
- Our new floors were in Tokyo, Brussels (two floors), Jakarta and Sydney.
- A new floor in Chicago opened in January 2017, and there are plans to expand two existing floors in the second half of FY 2017.
- In total this will add approximately 7% to office capacity in FY 2017.



## Dividends

- The Directors have declared an interim dividend of 13.00 cents per share, with a record date of 10 March 2017, payable on 5 April 2017. The dividend will be 50% franked. There is no foreign conduit income attributed to the dividend.
- It is expected that the final dividend will also be 13.00 cents per share; franking levels remain uncertain. This would bring total dividends for FY 2017 to 26.00 cents per share, an increase of 18% on FY 2016.
- Payment of future dividends is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.



## Outlook for Financial Year 2017

- Directors reaffirm updated guidance, for FY 2017, of net profit before tax of \$47 million (previous FY 2017 NPBT guidance was not less than \$56 million).
- This forecast is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.
- As previously mentioned, Directors have deferred growth beyond 2017 to consolidate existing floors and accelerate the maturity of new floors.
- COO, Marcus Moufarrige, is relocating to New York City for the remainder of 2017 to lead the USA business.
- CEO, Alf Moufarrige, to assume responsibility for Southeast Asia.
- Non-executive Director, Taine Moufarrige, will assist management on a consulting basis with Indonesia, Malaysia, Saudi Arabia and Turkey.

### For more information contact

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Chief Executive Officer	Chief Operating Officer	Chief Financial Officer
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### Results Presentation

Wednesday, 22 February 2017 at 4:30pm  
Level 63 MLC Centre, 19 Martin Place, Sydney

#### Dial-in facility

02 8256 2441

#### Online meeting

If you wish to join the online meeting,  
please use the link below:

<https://join-apac.broadcast.skype.com/servcorp.com.au/71d640c0c23e4d35925d40e2669bdfcd>