

# **CHAIRMAN'S ADDRESS**

## **2021 ANNUAL GENERAL MEETING**

**ADDRESS BY THE HON. MARK VAILE AO**  
**CHAIRMAN, SERVCORP LIMITED**  
**10 NOVEMBER 2021**

Ladies and Gentlemen,

As I shared in the annual report, the 2021 financial year has seen ongoing unprecedented challenges for the world, and has continued to make trading conditions difficult across every market in which we operate.

With the onset of the COVID-19 pandemic, we have maintained a strong cost control discipline.

Servcorp rapidly adapted to the present environment across our global footprint, with our priority being the health and safety of our people, and that of our clients who utilise our locations globally. We continue to work closely with our clients who have been genuinely impacted, to provide them with the necessary support to manage through the pandemic and beyond.

### **Results**

Revenue for the year was \$275.7 million, a decrease of 22% on last year's record year.

Net profit before tax for the year was \$28.5 million, an increase of 83% on 2020; net profit after tax was \$22.1 million, with earnings per share of 22.8 cents.

During the 2021 financial year, the business generated underlying free cash of \$49.9 million, a decrease of 25% on 2020. Cash and investment balances at 30 June 2021 were \$104.5 million, a decrease of 4% on 2020; the Company has no external debt. Having strong cash balances provides Servcorp with a buffer to help manage the pressures resulting from COVID-19.

### **Dividends**

In October, the Company paid a final dividend of 9.0 cents per share, unfranked. This final dividend brings total dividends for the 2021 financial year to 18.0 cents per share, resulting in a payout to members of approximately \$17.4 million.

Notwithstanding the current economic climate stemming from COVID-19, Directors have maintained dividend payments consistent with our long-term history and commitment to members.

Dividend amounts to be paid in the 2022 financial year are expected to be at least 18.0 cents per share, with 9.0 cents in each half. Franking levels are uncertain. 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, and the mitigation of the impacts of the COVID-19 pandemic on our operations.

## Outlook

This takes me to the outlook for the 2022 financial year.

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 the impact of fiscal stimulus, are supporting economic activity, with both business and consumer confidence slowly returning to pre-COVID levels in some markets. We are seeing encouraging signs with respect to enquiries for offices, coworking and virtual.

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.

For the 2022 financial year we anticipate that, subject to no worsening near-term COVID-19 impacts, Servcorp's mature net profit before non-cash impairment of assets and tax will be between \$33.0 million and \$36.0 million. In line with this guidance and performance, we expect to produce more than \$50.0 million in underlying free cash.

These forecasts are subject to currencies remaining constant, global financial markets remaining stable and the continued impacts of COVID-19 on our operations.

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.

We have absolute confidence that our product is better, and 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 been very challenging and at times unpredictable.

Servcorp has proven, over the more than forty years of its existence, to be a robust business, and this remains the circumstance today. We are confident that Servcorp will emerge from the COVID-19 crisis in a financially sound position and full of determination.

We look to the future with optimism, and thank you, our members, for your continuing support.