



Servcorp Limited Analyst Presentation

Alf Moufarrige, CEO

Taine Moufarrige, Executive Director

Thursday 26 August, 2010

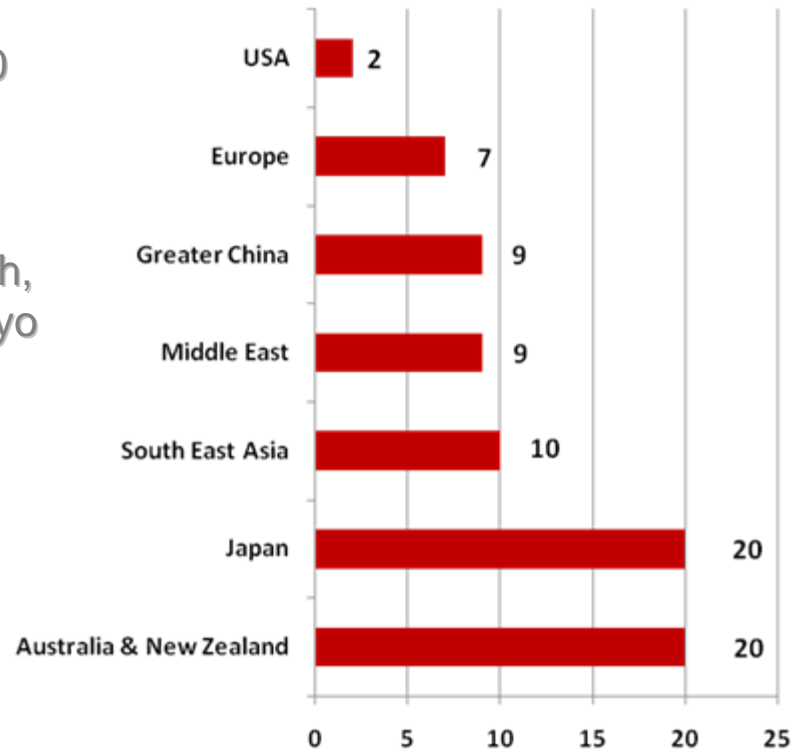
Twelve Months ended 30 June, 2010

SERVCORP
Smart Office[®]

Operational Highlights FY 2010

- Mature floor NPBT of \$25.13 million for FY 2010 (in line with forecast)
- NPBT of \$2.88 million for FY 2010
- Virtual Office package growth of 20% for FY 2010
- Virtual Office revenue growth of 9% in constant currency for FY 2010
- 13 new floors opened in Chicago, London, Jeddah, Abu Dhabi, Kuwait, Hangzhou, Fukuoka and Tokyo
- Closure of 3 floors in FY 2010
- Development of Virtual Office business model
- Capital raising of \$80 million for the purposes of expansion
- Global expansion is progressing well
- Office Squared business has been scaled back considerably

**Total Floors as at
30 June 2010 = 77**



Financial Results - FY 2010

	FY 2010 \$000's	FY 2009 \$000's	%	% Constant Currency
Revenue	168,837	228,646	(26%)	(19%)
Mature Floor Net Profit Before Tax	25,127	54,360	(54%)	
Immature Floor Expansion Costs	(20,103)	(2,942)		
Office Squared Losses	(2,149)	(4,143)	48%	
Net Profit Before Tax	2,875	47,275	(94%)	(97%)
	As at 30 June 2010	As at 30 June 2009	%	
Net Assets	212,610	145,291	46%	
Cash Balance (unencumbered)	121,030	71,490	69%	
Net Tangible Assets (per share)	\$2.01	\$1.65		
Total Dividends (cents per share)	10.00cps	25.00cps		

Serviced Office Business

- Trading conditions in the Serviced Office Business were very difficult in FY 2010:
 - Depressed global business sentiment
 - Decrease in demand for Serviced Offices
 - Both occupancy and office pricing have been impacted
- Average occupancy has softened to 76% for FY 2010 from 79% in FY 2009
- Office revenue for FY 2010 has decreased by 32% compared to FY 2009
- A strong AUD during the period has had a negative impact on AUD revenues
- Office revenue decreased by 26% on a constant currency basis compared to FY 2009



Virtual Office Business

- Continued growth of Virtual Office - package growth of 20% during FY 2010
- Virtual Office revenue decreased by 1% for FY 2010
- Virtual Office revenue increased by 9% on a constant currency basis compared to FY 2009



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Everything but the office®
www.servcorpvirtual.net

Around The World 2009 – 2010

AUSTRALIA & NEW ZEALAND

- Not impacted to the same extent as other markets by the global financial crisis
- One floor in Sydney closed during FY 2010
- Opened two floors since June 2010 in Sydney
- One additional location scheduled to open in H1 FY 2011

JAPAN

- Japanese business sentiment continues to be depressed
- Commercial markets and lease rates are at cyclical lows
- There is an opportunity to expand in this market
- Four locations in Japan were immature during the period
- Opened one location in Yokohama since June 2010
- Two new locations scheduled to open in H1 FY 2011



Around The World 2009 – 2010

GREATER CHINA

- The Hong Kong market was significantly impacted by the global financial crisis
- Management has been restructured in Greater China
- Opened four locations in Greater China in FY 2010
- Two locations closed in FY 2010
- The Greater China market is now on track to recovery

SOUTHEAST ASIA

- Singapore and Kuala Lumpur have seen dramatic falls in commercial property values
- A recovery in Singapore is now evident
- Kuala Lumpur however remains challenging
- The Bangkok market has suffered as a result of civil upheaval in April and May 2010
- The Bangkok market has now stabilised
- Two new locations scheduled to open in FY 2011



Around The World 2009 – 2010

MIDDLE EAST

- The property market in Dubai has suffered a material downturn however Servcorp is still profitable in this city
- Serviced Office markets in both Bahrain and Qatar remain challenging
- Opened new locations in Jeddah, Abu Dhabi and Kuwait in FY 2010
- Opened two new locations since June 2010 in Beirut and Istanbul
- A further location scheduled to open in Saudi Arabia in H1 FY 2011



INDIA

- India property market collapsed in calendar 2009 but is now improving

Around The World 2009 – 2010

EUROPE

- European market continues to be very difficult
- The Paris location continues to be impacted by pricing pressures
- The Brussels location has now stabilised
- London opened during December 2009
- A further location to open in Belgium in H2 FY 2011

USA

- Commenced expansion in FY 2010
- Two locations opened in Chicago during H2 FY 2010
- One location opened in Atlanta since 30 June 2010
- Immature floor costs include the setup of the head office infrastructure and locating new floors
- At 30 June 2010 we have executed a further 19 leases
- Expect to have the majority of these floors open during H1 FY 2011



Global Expansion Is Progressing Well

- Management intend to rapidly expand the Servcorp global footprint to a number of markets
- Thirteen floors opened in FY 2010
- A further 31 leases have been executed for locations that are expecting to open in the next six to nine months
- Management are happy with the progress of new centre rollouts
- Sales appear to adhere to the business model projections
- A strong AUD has helped keep capex for new international floors below budget estimates

Floors Open & Leases Executed at 30 June 2010



2010 / 2011 Outlook

- FY 2011 will be a major construction period for the company
- FY 2012 will be a year of consolidation
- Reaffirm our intention to open no less than 35 new floors open in the 18 months to 31 December 2010. On track to open 100 floors in the 36 months to 30 June 2013
- Trading conditions will remain difficult in FY 2011
- Forecast mature floor NPBT will be approximately \$30 million:
 - \$13 million for H1 FY 2011
 - \$17 million for H2 FY 2011assuming currencies remain constant and global financial markets remain stable

2010 / 2011 Outlook

- Initial Virtual Package target of 29,000 was contingent on having ten locations open in the USA by 30 June 2010. We estimate we are several months behind this target
- Expansion costs for new floors will have a material negative impact on group profits until they reach maturity
- Immature floor losses for FY 2011 will be approximately \$15 million, significantly skewed towards H1 FY 2011

Dividend FY 2010

- March 2010 interim dividend of 5.00 cps (fully franked) declared
- October 2010 final dividend of 5.00 cps (fully franked) declared

Dividend Outlook FY 2011

- It is anticipated that dividends will be 10.00 cps in relation to the 2011 financial year



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