

ASX AND MEDIA RELEASE

SERVCORP REPORTS FIRST HALF NET LOSS BEFORE TAX OF \$6.1 MILLION

UNDERLYING NET PROFIT BEFORE TAX OF \$14.5 MILLION

Servcorp Limited ABN 97 089 222 506 (SRV) today announced a net loss before tax of \$6.1 million for the 6 months ended 31 December 2018.

Servcorp, the world's premium provider of managed workspace solutions, operates 155 floors in 54 cities across 24 countries.

Summary of results for First Half of Financial Year 2019

- Net operating cash flow of \$23.6 million, up \$3.7 million on the first half of FY2018.
- Revenue and other income of \$164.2 million, up 5.1% on the first half of FY2018; up 1.7% in constant currency terms.
- Statutory net loss before tax of \$6.1 million.
- Underlying net profit before tax of \$14.5 million; excluding one-off restructure costs and write-offs of \$1.9 million, and impairment of assets and goodwill of \$18.7 million.
- Net loss after tax of \$12.8 million.
- Unencumbered cash and investment balances of \$72.9 million as at 31 December 2018.
- NTA backing of \$2.25 per share at 31 December 2018, down 7%.
- Interim dividend of 13.00 cents per share, 40% franked; payable on 3 April 2019.

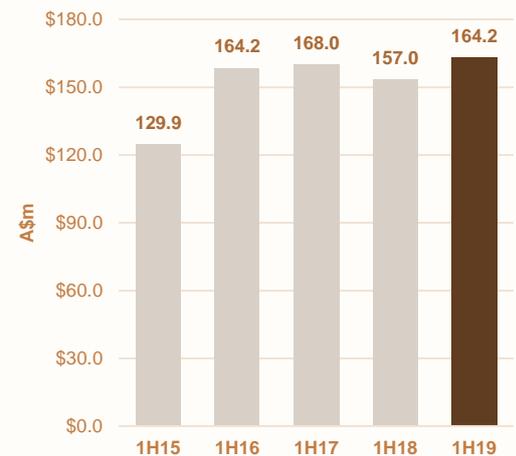
Flexible workspace industry

- The flexible workspace industry continues to see unprecedented change, as commercial real estate experiences significant disruption.
- We remain confident we can navigate these challenges to remain a dominant premium provider in a rapidly expanding market.
- Significant changes have necessitated an extensive assessment of our operations and management structure.
- This has impacted our results, but we are encouraged by our recent stabilised performance.

Business operational review

- A detailed review of all aspects of the Servcorp business has been undertaken by the CEO, leading to a revised strategy for the coming year to achieve market growth and improve financial performance.
- Personnel changes were implemented and various one-off expenses incurred.
- A Board review determined it was appropriate to take a non-cash write-down of leasehold improvements amounting to \$17.7 million and goodwill impairment of \$1.0 million.

Revenue and Other Income

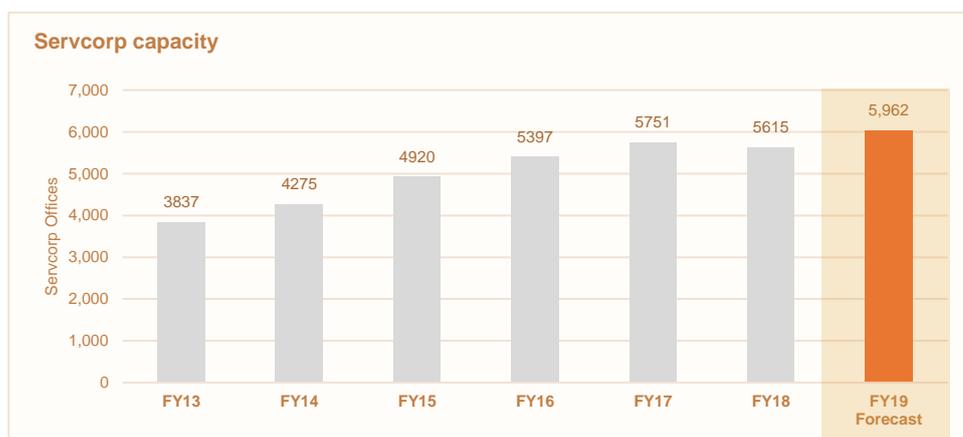


Underlying NPBT



Servcorp capacity

- We expanded our locations in Mayfair and Canary Wharf in London and opened one new floor in Honmachi Garden City in Osaka in the first half of FY 2019. Three floors were closed.
- We will open two new floors in Tokyo, one new floor in Berlin and three new floors in Riyadh in the third quarter of FY 2019.
- Capacity will increase from 5,615 offices at 30 June 2018 to 5,962 offices at 30 June 2019.

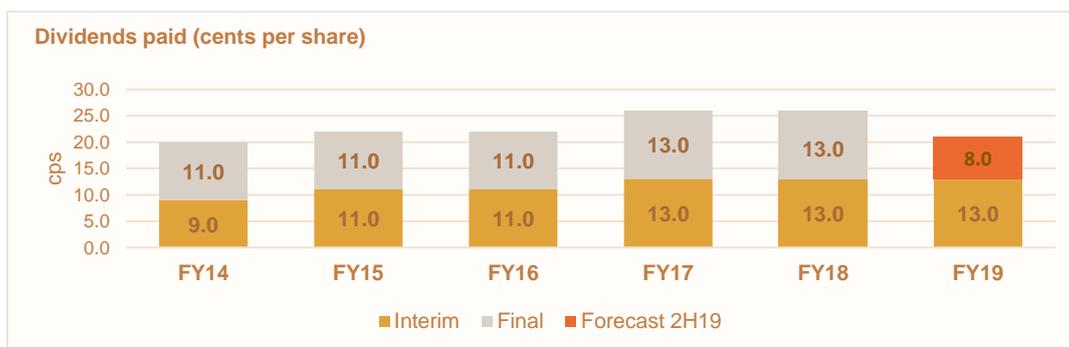


Options

- As previously advised, Directors are structuring an Options package for key executives and managers. Details will be advised in due course.

Dividends

- The Directors have declared an interim dividend of 13.00 cents per share, with a record date of 7 March 2019 and payable on 3 April 2019. The dividend will be 40% franked. There is no foreign conduit income attributed to the dividend.
- It is anticipated that the final dividend will be 8.00 cents per share. Future franking levels are uncertain. This would bring total dividends for FY 2019 to 21.00 cents per share.
- Payment of future dividends is subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.



Outlook for Financial Year 2019

- Directors now expect forecast net profit before tax between \$14 million and \$18 million in the second half of FY 2019.
- This forecast includes second half FY 2019 new floor operating losses of \$4.0 million.
- Directors reaffirm full year FY 2019 net operating cash flows exceeding \$50.0 million.
- These forecasts are subject to currencies remaining constant, global financial markets remaining stable and no unforeseen circumstances.
- Our industry continues to undergo unprecedented transition and the global market for shared workspace continues to be highly competitive. We continue to focus on staying ahead of this changing competitive landscape with strategic initiatives such as the extension of our unparalleled technology platform, and our investment in reshaping our global portfolio.
- Our operational and strategic initiatives continue to be designed to position Servcorp to take advantage of significant growth in the sector over the medium term. Meanwhile in the short term our focus is on improving our weaker regions.
- Despite these challenges, we remain optimistic due to our unique strategic positioning, global reach, technology platform, longstanding track record, impressive cash generation and strong net cash position; all of which reinforce our confidence in Servcorp's potential to drive healthy returns for our shareholders.

For more information contact

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Results Presentation

Thursday, 21 February 2019 at 4:30pm
Level 63 MLC Centre, 19 Martin Place, Sydney

Dial-in facility

Australia: +61 3 8488 8990
Access Code: 590-937-772

Online meeting

If you wish to join the online meeting please click the link below;

<https://register.gotowebinar.com/register/7937357245577923597>