

# ASX Release

Wednesday 25 November 2009

Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

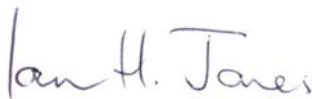
Dear Sir,

## ASX Media Release Half Year ended 30 Sept. 2009

Please find attached the Media Release for the half year to 30 September 2009, which provides the details of the Group's results for the period.

Yours sincerely,

**PROGRAMMED MAINTENANCE SERVICES LIMITED**



Ian H. Jones  
Company Secretary

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## Programmed First Half FY10 Results

### KEY POINTS

- Revenue of \$583 million (1H FY09: \$625 million)
- EBITA of \$27.3 million (1H FY09: \$32.7 million before bid defence costs of \$3.5 million and earnings from discontinued operations of \$1.4 million)
- Profit after tax of \$12.0 million (1H FY09: \$12.6 million)
  
- Net debt/equity ratio was 64% at 30 September 2009 and before new equity raising (Mar 09: 62%)
- Bank facility extended to May 2012
- Temporary dividend reduction strategy and dividend reinvestment plans remain in place
- Interim dividend of 3 cents per share fully franked (FY09 interim: 9.5 cents)
  
- KLM acquisition announced and Bidder's Statement sent to all KLM shareholders
- Entitlement offer expected to raise approximately \$65 million

### SUMMARY OF 1H FY10 RESULT

Programmed Group, the staffing, maintenance and project services group, today announced a net profit after tax of \$12.0 million for the half year ended 30 September 2009 (1H FY09: \$12.6 million). EBITA was \$27.3 million compared to prior corresponding half year EBITA of \$32.7 million (before bid defence and discontinued operations).

Chris Sutherland, Managing Director of Programmed, said: "When one considers the weak economic conditions in comparison to the prior corresponding half year period (ended September 2008) which was at the peak of the economic cycle, the small declines of group revenue and profit are a good result.

"This result demonstrates the strength of Programmed's business model and the resilience of its earnings based on the group's diverse services and industry sectors, broad range of customers and significant volumes of work under long term contracts.

"We have completed a successful rights issue with \$53.5 million raised from the institutional component to fund the proposed acquisition of KLM and other potential acquisitions that fit our group strategy. Programmed is in a strong position to further expand the services it can offer and the industry sectors it serves."

**TABLE 1 Group Results**

| <b>Group Results</b>                                                             | <b>1H Ended 30<br/>Sep 2009<br/>\$m</b> | <b>1H Ended 30<br/>Sep 2008<sup>1</sup><br/>\$m</b> | <b>% Change</b> |
|----------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|-----------------|
| <b>Revenue</b>                                                                   | <b>583.1</b>                            | <b>625.1</b>                                        | <b>(6.7%)</b>   |
| EBITDA (before Spotless defence costs and discontinued operations <sup>2</sup> ) | 33.9                                    | 38.7                                                | (12.4%)         |
| Depreciation                                                                     | (6.6)                                   | (6.0)                                               | (10.0%)         |
| <b>EBITA (before Spotless defence costs and discontinued operations)</b>         | <b>27.3</b>                             | <b>32.7</b>                                         | <b>(16.5%)</b>  |
| Spotless defence costs                                                           | 0.0                                     | (3.5)                                               | (100.0%)        |
| Discontinued operations <sup>2</sup>                                             | 0.0                                     | 1.4                                                 | (100.0%)        |
| EBITA                                                                            | 27.3                                    | 30.6                                                | (10.8%)         |
| Amortisation                                                                     | (0.8)                                   | (1.8)                                               | 55.6%           |
| EBIT                                                                             | 26.5                                    | 28.8                                                | (8.0%)          |
| Net Interest                                                                     | (8.6)                                   | (10.2)                                              | 15.7%           |
| Profit Before Tax                                                                | 17.9                                    | 18.6                                                | (3.8%)          |
| Income Tax Expense                                                               | (5.9)                                   | (6.0)                                               | 1.7%            |
| <b>Profit After Tax</b>                                                          | <b>12.0</b>                             | <b>12.6</b>                                         | <b>(4.8%)</b>   |
| Profit After Tax (pre amortisation)                                              | 12.8                                    | 14.4                                                | (11.1%)         |
| <b>Earnings Per Share (pre amortisation)</b>                                     | <b>12.9</b>                             | <b>15.4</b>                                         | <b>(15.9%)</b>  |
| Weighted Average Shares on Issue (million)                                       | 99.2                                    | 93.8                                                | 5.8%            |

<sup>1</sup> 1H 30 Sep 2008 results include 3 months contribution from both Engineering Services (SWG - purchased in July 2008) and Industrial Services (Barry Bros - sold in July 2008)

<sup>2</sup> Discontinued operations comprise Industrial Services (Barry Bros)

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**TABLE 2 Divisional Revenue**

| Divisional Revenue                 | 1H Ended 30<br>Sep 2009<br>\$m | 1H Ended 30<br>Sep 2008 <sup>1</sup><br>\$m | % Change      |
|------------------------------------|--------------------------------|---------------------------------------------|---------------|
| <b>Continuing Operations</b>       |                                |                                             |               |
| Property Services <sup>2</sup>     | 114.0                          | 122.4                                       | (6.9%)        |
| Facilities Management <sup>2</sup> | 140.8                          | 114.7                                       | 22.8%         |
| Workforce                          | 180.8                          | 224.8                                       | (19.6%)       |
| Marine                             | 106.6                          | 111.7                                       | (4.6%)        |
| Engineering Services               | 41.0                           | 40.3                                        | 1.7%          |
| <b>Total Continuing Operations</b> | <b>583.2</b>                   | <b>613.9</b>                                | <b>(5.0%)</b> |
| <b>Discontinued Operations</b>     |                                |                                             |               |
| Industrial Services (Barry Bros)   | 0.0                            | 11.2                                        | (100.0%)      |
| <b>Total Consolidated Revenue</b>  | <b>583.2</b>                   | <b>625.1</b>                                | <b>(6.7%)</b> |

<sup>1</sup> 1H 30 Sep 2008 results include 3 months contribution from both Engineering Services (SWG - purchased in July 2008) and Industrial Services (Barry Bros - sold in July 2008)

<sup>2</sup> Certain contracts previously included in Property Services in 1H Sep 2008 have been reallocated to Facilities Management in 1H Sep 2009. The 1H Sep 2008 comparatives have been restated by an amount of \$22.7m accordingly. On a full year basis the amount to be reallocated from Property Services to Facilities Management is \$48.8m

**TABLE 3 Divisional EBITA**

| Divisional EBITA                   | 1H Ended 30<br>Sep 2009<br>\$m | 1H Ended 30<br>Sep 2008 <sup>1</sup><br>\$m | % Change       |
|------------------------------------|--------------------------------|---------------------------------------------|----------------|
| <b>Continuing Operations</b>       |                                |                                             |                |
| Property Services <sup>2</sup>     | 11.8                           | 14.0                                        | (15.7%)        |
| Facilities Management <sup>2</sup> | 2.7                            | 1.5                                         | 80.0%          |
| Workforce                          | 4.0                            | 8.3                                         | (51.8%)        |
| Marine                             | 11.4                           | 9.5                                         | 20.0%          |
| Engineering Services               | 0.9                            | 3.5                                         | (74.3%)        |
| <b>Total Continuing Operations</b> | <b>30.8</b>                    | <b>36.8</b>                                 | <b>(16.3%)</b> |
| <b>Discontinued Operations</b>     |                                |                                             |                |
| Industrial Services (Barry Bros)   | 0.0                            | 1.4                                         | (100.0%)       |
| <b>Unallocated</b>                 | <b>(3.5)</b>                   | <b>(4.1)</b>                                | <b>14.6%</b>   |
| <b>Total Consolidated EBITA</b>    | <b>27.3</b>                    | <b>34.1</b>                                 | <b>(19.9%)</b> |

<sup>1</sup> 1H 30 Sep 2008 results include 3 months contribution from both Engineering Services (SWG - purchased in July 2008) and Industrial Services (Barry Bros - sold in July 2008)

<sup>2</sup> Certain contracts previously included in Property Services in 1H Sep 2008 have been reallocated to Facilities Management in 1H Sep 2009. The 1H Sep 2008 comparatives have been restated by an amount of \$(0.3)m accordingly. On a full year basis the amount to be reallocated from Property Services to Facilities Management is \$0.5m

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## REVIEW OF OPERATIONS

### PROPERTY SERVICES

The Property Services division provides painting, corporate imaging and grounds services and employs over 2,000 people. Its 6,000-strong customer base extends across a diverse range of industries including retail, commercial, manufacturing, education and aged care, with services delivered through 60 branches in capital cities and regional centres throughout Australia, New Zealand and the United Kingdom.

The division experienced a small revenue decline (7% overall) with the levels of discretionary expenditure impacted by the economic slowdown in all three countries with the largest percentage decline in the UK. The division resisted wholesale branch closures or staff redundancies during this period and thus EBITA margin has fallen. The division continues to focus on developing new customers within the retailing, education, aged care and government sectors in particular. The level of sales quotations is consistent with the prior year, however some clients are currently delaying final spending decisions and thus deferring planned expenditures.

### FACILITY MANAGEMENT

The Facility Management division provides facility management solutions, property maintenance, refurbishments, and minor capital works through more than 50 contracts and related projects across all states of Australia. These services are delivered through a combination of direct employees and accredited suppliers and sub-contractors. The division also provides strategic facility management advice to government and industry.

The division increased both its revenue and earnings significantly, with growth coming from existing contracts and new contracts that commenced last year. Additional work was won in both NSW and WA associated with the Federal Government stimulus package. Some clients have set lower budgets for their own financial year commencing 1 July 2010. Significant investments are being made to improve systems and operational efficiencies.

### WORKFORCE

The Workforce division, trading as Integrated, provides recruitment and labour hire services to more than 2,500 customers in a range of sectors including resources, industrial, government, manufacturing, transportation and logistics. It operates through a national network of over 40 branches in all states and territories of Australia and employs for customers a daily average of more than 5000 skilled and semi-skilled staff from an active database of more than 60,000 personnel.

The division was significantly impacted by the slowdown of the Australian economy with revenue falling 20% against prior half year. Significant costs were taken out of this division which has enabled a reasonable EBITA result albeit a fall of 52% on the prior half year. It is noted that the prior half year was during the height of strong economic conditions in Australia, resulting in record half year earnings for Workforce.

Since the beginning of July we have seen the traditional seasonal pickup in demand for casual labour in the run up to Christmas. In 2007 our weekly full time equivalent casual

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headcount increased 16.1% from the beginning of July to the end of October. For the same period in 2008 the increase was only 4.4% as a sharp downturn hit in September and October 2008. In 2009 the increase over the same period is 15.4%, albeit from a significantly lower base than 2008. We therefore consider the increase to be the normal seasonal increase (i.e. consistent with prior years excluding 2008) and not a broader significant market increase in aggregate casual labour demand. We would expect a broader market increase to occur next year and are well positioned to benefit from the recovery in casual labour demand across the country.

#### MARINE SERVICES

The Marine division, trading as Total Marine Services, is a specialist provider of manning, catering, vessel management and logistics services to the offshore oil and gas industries in Australia, New Zealand and Asia. Headquartered in Fremantle, Western Australia with offices in Singapore and New Plymouth, New Zealand, the division provides crews and services for rigs, drill ships, offshore support vessels, specialist construction vessels, dredges, offshore platforms and floating production vessels. It also provides a variety of trades, supervisors and management to support offshore construction and maintenance activities.

The division continues to benefit from buoyant market conditions, with sustained exploration and production activity in the oil and gas sector. It has good visibility of work for the next few years.

#### ENGINEERING SERVICES

The Engineering Services division, trading as SWG, is a construction and maintenance group servicing the resources and energy sectors in Australia, New Zealand and Asia. Headquartered in Perth, Western Australia with an office in Singapore, the division undertakes works in both the offshore oil and gas sector and the onshore resources sector.

Prior to the commencement of this first half period, some contracted works were suspended and there was a reduction in immediate opportunities as a number of projects were deferred or cancelled. In response, overhead costs were reduced to ensure the business remained profitable in the short term.

During the first half the business saw work return more quickly than expected resulting in revenues of \$41 million. Previously suspended works were reinstated. Margins were lower than prior year as some initial work was taken to maintain base levels of activity. The business is likely to see better margins in the second half of FY10.

The strategy for SWG to expand Programmed's footprint into the resources industry remains unchanged. The division continues to identify opportunities for new work in both the offshore oil and gas sector and the onshore resources sector, particularly where it can provide complementary services to other Programmed divisions.

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## CASH FLOW AND BALANCE SHEET

Gross Operating Cashflow was impacted by timing differences with significant weekly wages (\$7 million) paid on 30 September (being the start of a new pay week in our cycle) and expansion of our work in progress (part of inventories) on a number of major contracts.

Major movements on the balance sheet compared to the end of March 2009 position were Cash down \$18 million (after reduction of borrowings of \$7 million), Trade Receivables up \$6 million or 4% with a small increase in average debtor days, Inventories up \$12 million or 27% as noted above and Trade Payables down \$5 million or 4% mainly due to the wage payment noted above.

Net Debt to Equity ratio was steady at 64% compared to 62% at end of March 2009.

**TABLE 4 Group Cashflow**

| <b>Group Cash Flow</b>                   | <b>1H Ended 30<br/>Sep 2009<br/>\$m</b> | <b>1H Ended 30<br/>Sep 2008<sup>1</sup><br/>\$m</b> | <b>% Change</b> |
|------------------------------------------|-----------------------------------------|-----------------------------------------------------|-----------------|
| Gross Operating Cash Flow                | 15.3                                    | 43.9                                                |                 |
| Interest paid                            | (13.2)                                  | (7.5)                                               |                 |
| Income tax paid                          | (8.4)                                   | (9.4)                                               |                 |
| <b>Net Operating Cash Flow</b>           | <b>(6.3)</b>                            | <b>27.0</b>                                         | <b>(123.3%)</b> |
| Net purchases of plant & equipment       | 0.1                                     | (5.7)                                               |                 |
| Payment for businesses                   | (2.0)                                   | (0.5)                                               |                 |
| Proceeds from sales of businesses        | 0.0                                     | 14.2                                                |                 |
| Other investing cash flows               | 0.2                                     | 1.5                                                 |                 |
| <b>Net Investing Cash Flow</b>           | <b>(1.7)</b>                            | <b>9.5</b>                                          | <b>(117.9%)</b> |
| Net borrowings / (repayments)            | (11.5)                                  | 1.8                                                 |                 |
| Dividends paid                           | (3.5)                                   | (10.3)                                              |                 |
| <b>Net Financing Cash Flow</b>           | <b>(15.0)</b>                           | <b>(8.5)</b>                                        | <b>76.5%</b>    |
| <b>Net Increase / (Decrease) in Cash</b> | <b>(23.0)</b>                           | <b>28.0</b>                                         | <b>(182.1%)</b> |
| Cash at beginning of half year           | 36.4                                    | 0.5                                                 |                 |
| <b>Cash at End of Half Year</b>          | <b>13.4</b>                             | <b>28.5</b>                                         | <b>(53.0%)</b>  |

<sup>1</sup> 1H 30 Sep 2008 results include 3 months contribution from both Engineering Services (SWG - purchased in July 2008) and Industrial Services (Barry Bros - sold in July 2008)

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**TABLE 5 Group Balance Sheet**

| <b>Balance Sheet</b>               | <b>30 Sep 09<br/>\$m</b> | <b>31 Mar 09<br/>\$m</b> | <b>% Change</b> |
|------------------------------------|--------------------------|--------------------------|-----------------|
| Cash                               | 20.4                     | 38.2                     | (46.6%)         |
| Trade and other receivables        | 164.1                    | 157.5                    | 4.2%            |
| Contract Recoverables              | 185.6                    | 187.9                    | (1.2%)          |
| Inventories                        | 55.8                     | 43.8                     | 27.4%           |
| Property, plant & equipment        | 30.2                     | 34.8                     | (13.2%)         |
| Goodwill & other intangible assets | 232.9                    | 233.7                    | (0.3%)          |
| Other assets                       | 41.1                     | 40.7                     | 1.0%            |
| <b>Total Assets</b>                | <b>730.1</b>             | <b>736.6</b>             | <b>(0.9%)</b>   |
| Trade and other payables           | 125.6                    | 130.3                    | (3.6%)          |
| Borrowings                         | 208.2                    | 215.5                    | (3.4%)          |
| Provisions and other liabilities   | 102.0                    | 106.5                    | (4.2%)          |
| <b>Total Liabilities</b>           | <b>435.8</b>             | <b>452.3</b>             | <b>(3.6%)</b>   |
| <b>Total Equity</b>                | <b>294.3</b>             | <b>284.3</b>             | <b>3.5%</b>     |
| Net Debt                           | 187.8                    | 177.3                    | 5.9%            |
| Net Debt / Equity                  | 63.8%                    | 62.3%                    | 2.4%            |

### INTERIM DIVIDEND

The directors have declared an interim dividend of 3 cents per share fully franked, payable on 27 January 2010 to shareholders on the register at 7 January 2010. The dividend reinvestment plan (DRP) will apply with a discount of 5% and the DRP will not be underwritten. This represents an approximate 30% payout of profit after tax for the anticipated number of shares at the record date following the completion of the current entitlement offer.

Programmed's current dividend policy, as announced on 27 May 2009, is to maintain a dividend payout ratio of 30% in order to achieve a target debt to equity ratio of 40% by 31 March 2011. The current entitlement offer will increase Programmed's equity base and, as a result, Programmed expects to achieve its target debt to equity ratio sooner than previously indicated. Once the debt to equity ratio reaches the 40% target, Programmed will review the current dividend policy.

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For further information contact:

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|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General Enquiries</b><br>Chris Sutherland<br>Managing Director<br>Programmed Group<br>Telephone: +61 3 8542 5702<br>Fax: +61 3 9543 3760 | <b>General Enquiries</b><br>Ian Jones<br>Company Secretary<br>Programmed Group<br>Telephone: +61 3 8542 5704<br>Fax: +61 3 9543 3760 | <b>Media Enquiries</b><br>Anthony Tregoning /<br>James Longfield<br>Financial & Corporate Relations<br>Telephone: +61 411 852 448<br>/ +61 423 338 005 |
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