

# ASX Release

Wednesday 24 November 2010

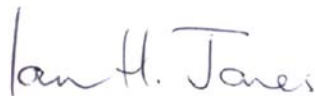
Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

## **INVESTOR PRESENTATION – First Half FY11 RESULTS**

Please find attached the slides for the Investor Presentation to be given later today by Mr. Chris Sutherland, Programmed Group's Managing Director, to fund managers and broker analysts via a teleconference.

Yours sincerely,  
**PROGRAMMED MAINTENANCE SERVICES LIMITED**



Ian H. Jones  
Company Secretary

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**PROGRAMMED**  
**Group**

# FY11 First Half Results Presentation

Half Year ended 30 September 2010



**PRESENTED BY**

Chris Sutherland  
Managing Director

24 November 2010

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This presentation should be read in conjunction with the Announcements issued to the ASX since the 2010 Annual Report, and can be found on the Programmed website: [www.programmed.com.au](http://www.programmed.com.au)

# Agenda

- ① Strategy
- ② Group results
  - ▶ Financial summaries
  - ▶ Impact of accounting policy change
  - ▶ Interim dividend
- ③ Segment Results
  - ▶ Property & Infrastructure
  - ▶ Resources & Industrial
  - ▶ Workforce
- ④ Outlook

# Our Vision

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## Our Vision

To be the leading provider of  
staffing, maintenance and project services

# Our Business

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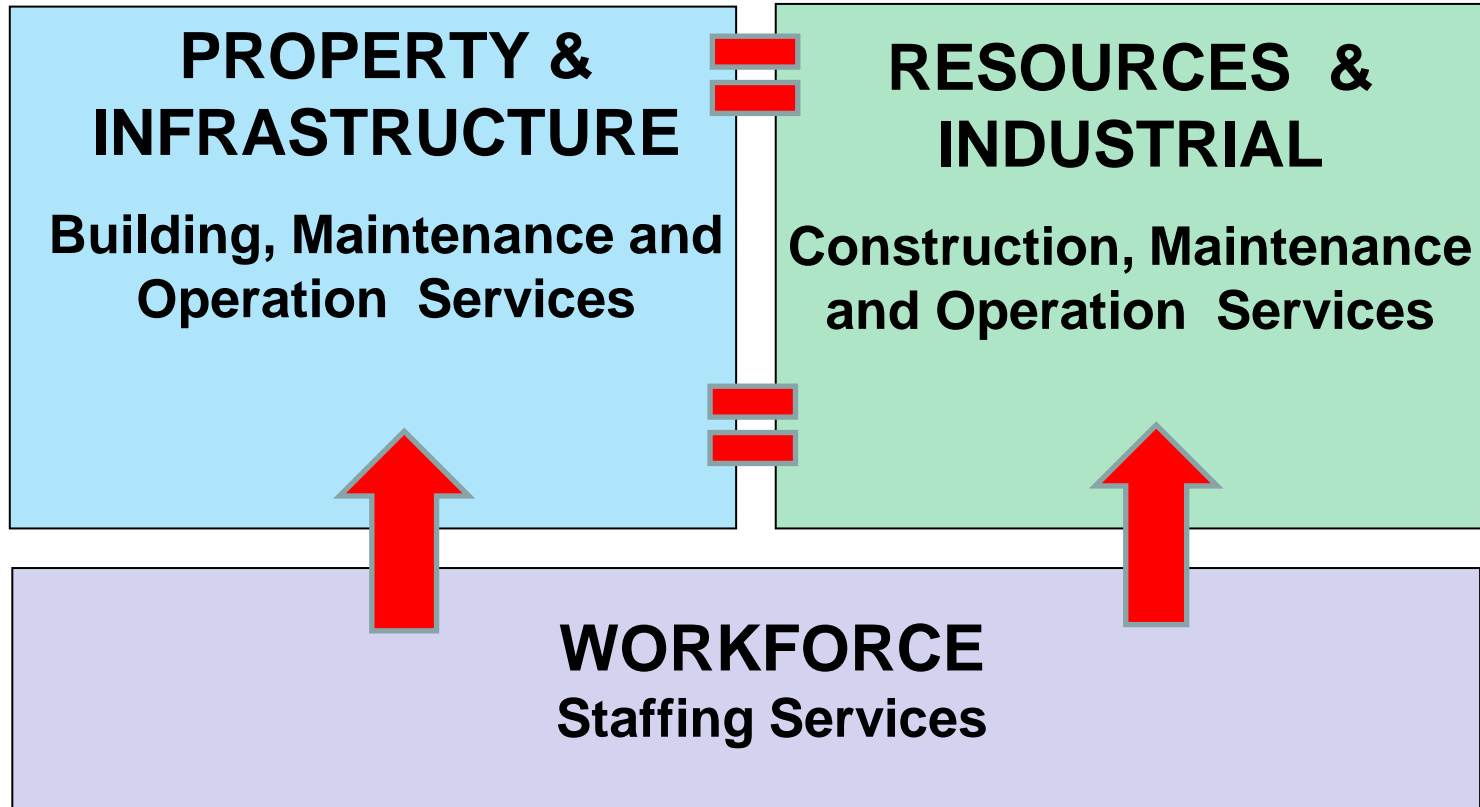
Customers contract a complete **MANAGEMENT** and / or maintenance **SOLUTION**



Customers contract the **TASK** capability



Customers contract the **STAFFING** service

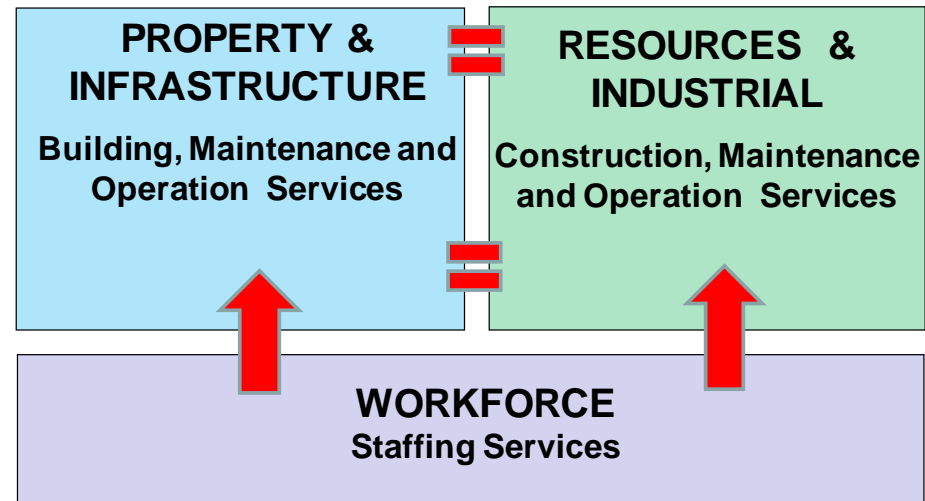


# Our Strategy

## Key Drivers for Growth

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- ▶ To provide additional services to existing Property & Infrastructure customers
- ▶ To expand existing services to Resources & Industrial market
- ▶ To expand our staffing services market
- ▶ To add new service capability



| <b>Group Results</b>                            | <b>1H11<br/>30 Sep 2010<sup>1</sup><br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|---|---|-------------------------------------|---------------------|
| <b>Continuing Operations:-</b>                  |   |                                     |                     |
| <b>Revenue</b>                                  | 604.7   | 572.3                               | 5.6%                |
| <b>EBITDA</b>                                   | 22.7  | 33.1                                | (31.4%)             |
| Depreciation                                    | (6.5)   | (6.2)                               | (4.6%)              |
| <b>EBITA (before restructuring costs)</b>       | <b>16.2</b>                                     | <b>26.9</b>                         | <b>(39.8%)</b>      |
| Restructuring costs                             | (5.9)   | 0.0                                 | 0.0%                |
| <b>EBITA</b>                                    | <b>10.3</b>                                     | <b>26.9</b>                         | <b>(61.6%)</b>      |
| Amortisation                                    | (0.2)   | (0.8)                               | 76.9%               |
| <b>Earnings before interest expense and tax</b> | <b>10.2</b>                                     | <b>26.1</b>                         | <b>(61.1%)</b>      |
| Net interest expense                            | (6.8)   | (8.4)                               | 19.2%               |
| <b>Profit before tax</b>                        | <b>3.4</b>                                      | <b>17.7</b>                         | <b>(81.0%)</b>      |
| Income tax benefit/(expense) <sup>2</sup>       | 1.2   | (6.0)                               | 120.1%              |
| <b>Profit from continuing operations</b>        | <b>4.6</b>                                      | <b>11.7</b>                         | <b>(60.9%)</b>      |
| Discontinuing operations <sup>3</sup>           | (7.6)   | 0.4                                 |                     |
| <b>Profit after tax (statutory basis)</b>       | <b>(3.1)</b>                                    | <b>12.1</b>                         | <b>(125.4%)</b>     |
| Profit after tax (pre amortisation)             | (2.9)   | 12.9                                | (122.3%)            |
| <b>Earnings per share (pre amortisation)</b>    | <b>(2.4)</b>                                    | <b>12.9</b>                         | <b>(118.9%)</b>     |
| Weighted average shares on issue (million)      | 118.2   | 99.2                                | 19.1%               |

<sup>1</sup> Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group

<sup>2</sup> Includes \$1.8m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002

<sup>3</sup> Discontinuing operations comprise the United Kingdom painting business



| <b>Group Cash Flow</b>                   | <b>1H11<br/>30 Sep 2010<sup>1</sup><br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> |                 |
|--|---|-------------------------------------|-----------------|
| Gross Operating Cash Flow                | 15.9  | 15.3                                | 4.0%            |
| Interest paid                            | (7.0)   | (13.2)                              | 47.1%           |
| Income tax paid                          | (6.8)   | (8.4)                               | 19.4%           |
| <b>Net Operating Cash Flow</b>           | <b>2.1</b>                                      | <b>(6.3)</b>                        | <b>133.4%</b>   |
| Net purchases of plant & equipment       | (2.1)   | 0.6                                 | (442.5%)        |
| Payment for businesses                   | (0.1)   | (2.0)                               | (97.0%)         |
| Proceeds from sales of businesses        | 3.0   | 0.0                                 | 0.0%            |
| Other investing cash flows               | (0.1)   | (0.3)                               | (51.2%)         |
| <b>Net Investing Cash Flow</b>           | <b>0.7</b>                                      | <b>(1.6)</b>                        | <b>(142.0%)</b> |
| Net borrowings / (repayments)            | (25.1)  | (11.5)                              | 117.7%          |
| Dividends paid                           | (7.1)   | (3.5)                               | 103.7%          |
| <b>Net Financing Cash Flow</b>           | <b>(32.2)</b>                                   | <b>(15.0)</b>                       | <b>114.6%</b>   |
| <b>Net Increase / (Decrease) in Cash</b> | <b>(29.4)</b>                                   | <b>(23.0)</b>                       | <b>27.9%</b>    |
| Cash at beginning of year                | 46.4  | 36.4                                | 27.5%           |
| <b>Cash at End of Year</b>               | <b>17.0</b>                                     | <b>13.4</b>                         | <b>26.8%</b>    |

<sup>1</sup> Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group

| Balance Sheet                              | 30-Sep-10    | 31-Mar-10    | %             |
|--|--------------|--------------|---------------|
|  | \$m          | \$m          | Change        |
| Cash                                       | 27.2         | 48.2         | (43.6%)       |
| Trade and other receivables                | 156.4        | 157.6        | (0.8%)        |
| Contract Recoverables                      | 138.6        | 160.0        | (13.3%)       |
| Inventories                                | 60.6         | 38.6         | 57.1%         |
| Property, plant & equipment                | 26.8         | 28.7         | (6.5%)        |
| Goodwill & other intangible assets         | 238.5        | 240.9        | (1.0%)        |
| Assets held for sale                       | 11.8         | 0.0          | 0.0%          |
| Other assets                               | 46.4         | 63.6         | (27.1%)       |
| <b>Total Assets</b>                        | <b>706.3</b> | <b>737.6</b> | <b>(4.2%)</b> |
| Trade and other payables                   | 126.9        | 136.7        | (7.2%)        |
| Borrowings                                 | 135.7        | 154.7        | (12.3%)       |
| Provisions and other liabilities           | 93.6         | 94.3         | (0.7%)        |
| Liabilities linked to assets held for sale | 9.9          | 0.0          | 0.0%          |
| <b>Total Liabilities</b>                   | <b>366.0</b> | <b>385.8</b> | <b>(5.1%)</b> |
| <b>Total Equity</b>                        | <b>340.2</b> | <b>351.9</b> | <b>(3.3%)</b> |
| Net Debt                                   | 108.5        | 106.6        | 1.8%          |
| Net Debt / Equity                          | 32%          | 30%          | 5.3%          |

# Impact of accounting policy change

| Balance sheet            | 31 Mar 2010 | Increase /<br>(decrease) | 31 Mar 2010<br>(Restated) |
|--------------------------|-------------|--------------------------|---------------------------|
|                          | \$m         | \$m                      | \$m                       |
| Contract recoverables    | 105.3       | (27.6)                   | 77.7                      |
| Deferred tax assets      | 17.2        | 0.6                      | 17.8                      |
| Total assets             | 764.6       | (27.0)                   | 737.6                     |
| Deferred tax liabilities | 62.6        | (7.6)                    | 54.9                      |
| Total liabilities        | 393.4       | (7.6)                    | 385.8                     |
| Net assets               | 371.2       | (19.3)                   | 351.9                     |
| Retained earnings        | 139.5       | (19.3)                   | 120.2                     |

| Profit and loss       | 30 Sep 2009 | Change in policy | Reclassified as<br>discontinuing | 30 Sep 2009<br>(Restated) |
|-----------------------|-------------|------------------|----------------------------------|---------------------------|
|                       | \$m         | \$m              | \$m                              | \$m                       |
| Revenue from services | 583.1       | 0.2              | (14.1)                           | 569.2                     |
| Income tax expense    | (5.9)       | (0.1)            | (0.0)                            | (6.0)                     |
| Profit after tax      | 12.0        | 0.1              | 0.0                              | 12.1                      |

Full details of the rationale for the change in accounting policy were provided in the ASX announcement of 10 November 2010 (available on the Programmed website: [www.programmed.com.au](http://www.programmed.com.au))

# Interim dividend

- Fully franked interim dividend of 3 cents per share, similar to the interim dividend for FY 10
- Dividend to be paid on 27 January, for shareholders on the register at 11 January
- Reflects Board's confidence in future performance and cash flow

| <b>Segment Revenue</b>                | <b>1H11<br/>30 Sep 2010<sup>1</sup><br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|---------------------------------------|---|-------------------------------------|---------------------|
| <b>Continuing Operations</b>          |   |                                     |                     |
| Property & Infrastructure             | 298.1   | 240.9                               | 23.8%               |
| Resources & Industrial                | 103.5   | 147.6                               | (29.9%)             |
| Workforce                             | 201.5   | 180.8                               | 11.5%               |
| <b>Total Continuing Operations</b>    | <b>603.1</b>                                    | <b>569.2</b>                        | <b>6.0%</b>         |
| Other Revenue                         | 1.5   | 3.1                                 |                     |
| Discontinuing Operations <sup>2</sup> | 6.7   | 14.1                                | (52.6%)             |
| <b>Total Consolidated Revenue</b>     | <b>611.3</b>                                    | <b>586.4</b>                        | <b>4.2%</b>         |

<sup>1</sup> Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group

<sup>2</sup> Discontinuing operations comprise the United Kingdom painting business

| <b>Segment EBITA</b>                  | <b>1H11<br/>30 Sep 2010<sup>1</sup><br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|---------------------------------------|---|-------------------------------------|---------------------|
| <b>Continuing Operations</b>          |   |                                     |                     |
| Property & Infrastructure             | 10.5  | 14.1                                | (25.6%)             |
| Resources & Industrial                | 4.3   | 12.3                                | (65.0%)             |
| Workforce                             | 5.3   | 4.0                                 | 32.7%               |
| Unallocated                           | (3.9)   | (3.5)                               | 11.4%               |
| <b>Total Continuing Operations</b>    | <b>16.2</b>                                     | <b>26.9</b>                         | <b>(39.8%)</b>      |
| Restructuring costs                   | (5.9)   | 0.0                                 |                     |
| Discontinuing Operations <sup>2</sup> | (8.9)   | 0.6                                 |                     |
| <b>Total Consolidated EBITA</b>       | <b>1.5</b>                                      | <b>27.5</b>                         | <b>(94.6%)</b>      |

<sup>1</sup> Half year ended 30 Sept 2010 results include 6 months contribution from KLM Group

<sup>2</sup> Discontinuing operations comprise the United Kingdom painting business

| <b>Property &amp; Infrastructure</b> | <b>1H11<br/>30 Sep 2010<sup>1</sup><br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|--------------------------------------|---|-------------------------------------|---------------------|
| <b>Revenue</b>                       | 298.1   | 240.9                               | 23.8%               |
| <b>EBITA</b>                         | 10.5  | 14.1                                | (25.6%)             |

<sup>1</sup> Includes revenue of \$75.4m and EBITA of \$2.9m from KLM Group (acquired in Jan 2010)

- ✱ Weaker demand, with customers reluctant to commit to new expenditure
- ✱ Responses:
  - reduction in overhead costs (\$7.5 million per annum)
  - expansion of service options for painting programmes

| <b>Resources &amp; Industrial</b> | <b>1H11<br/>30 Sep 2010<br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|-----------------------------------|-------------------------------------|-------------------------------------|---------------------|
| <b>Revenue</b>                    | 103.5                               | 147.6                               | (29.9%)             |
| <b>EBITA</b>                      | 4.3                                 | 12.3                                | (65.0%)             |

- ❖ Revenues and earnings lower due to
  - delays in work restarting after major industrial dispute in Marine
  - lower levels of general maintenance / construction works
- ❖ Restructure of construction and maintenance operations
  - back office merged with larger marine services operations
  - lowered fixed cost base by more than \$5 million



| <b>Workforce</b> | <b>1H11<br/>30 Sep 2010<br/>\$m</b> | <b>1H10<br/>30 Sep 2009<br/>\$m</b> | <b>%<br/>Change</b> |
|------------------|-------------------------------------|-------------------------------------|---------------------|
| <b>Revenue</b>   | 201.5                               | 180.8                               | 11.5%               |
| <b>EBITA</b>     | 5.3                                 | 4.0                                 | 32.7%               |

- Revenues and earnings growth from
  - improved demand in mining and construction
  - some recovery in SME market
  - strong cost management
- Improved EBITA margins

# Outlook

## FY 11 guidance

- ❖ Projected 2H 11 EBITA of approximately \$30m
- ❖ Projected FY 11 EBITA of approximately \$46m (before restructuring costs)



# Questions