ASX Release

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Programmed Maintenance Services Ltd
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FY12 NPAT $31.2 million, up 41%[1]

Programmed (ASX: PRG), which provides staffing, maintenance and project services, today announced a profit after tax of $31.2 million for the year ending 31 March 2012. This is an increase of 41% over the profit from continuing operations in FY2011 ($22.2 million) and an increase of 200% over the reported profit of $10.4 million in FY 2011 which included the discontinued UK operations.

EBIT (earnings before interest and tax) was $56.7 million, up 34% compared with $42.3 million in FY2011.

Revenue from continuing operations was $1,394 million, an increase of 14% over FY2011 ($1,220 million).

The board has determined to pay a fully franked final dividend of 8.0 cents per share (FY2011: 6.0 cents), bringing dividends for the full year to 13.0 cents per share fully franked (FY2011: 9.0 cents). The final dividend will be paid on 27 July 2012 to shareholders on the register at 6 July 2012.

Chris Sutherland, managing director of Programmed, said: ‘We are very pleased with this result which demonstrates the strength of our business model, offering staffing, maintenance and project services across all industry sectors. This has enabled us to offset weaker demand in the retail, manufacturing and light industrial sectors with strong growth in the mining, oil and gas sectors.

‘The standout performance was from our Resources division where we nearly doubled earnings year on year.

‘Whilst margins were weaker in the Property & Infrastructure division, we were successful in continuing to win our share of property maintenance work in a competitive environment, as well as securing long-term contracts in the water and Public Private Partnership sectors.

‘The Integrated Workforce division’s earnings were slightly higher in a market where demand was weaker than the prior year.

‘Importantly, we were able to increase dividends for the full year to 13 cents per share fully franked, up 44%.’

OUTLOOK

‘While the external business environment remains challenging and demand from some sectors has weakened, we continue to expand our operations with focus on markets where economic activity is growing. Overall, the group projects moderate growth in earnings for FY2013,’ said Mr Sutherland.

[1] compared with NPAT from continuing operations in FY2011

Group Results	Year Ended 31 March 2012 $m	Year Ended 31 March 2011 $m	% change
Continuing operations			
Revenue	**1,393.6**	**1,220.2**	**14%**
EBITDA (before restructuring costs)	**67.6**	**60.9**	**11%**
Depreciation and Amortisation	(10.9)	(12.7)	14%
EBIT (before restructuring costs)	**56.7**	**48.2**	**18%**
Restructuring costs	0.0	(5.9)	
EBIT	**56.7**	**42.3**	**34%**
Interest	(12.5)	(14.4)	13%
Profit Before Tax	**44.2**	**27.9**	**58%**
Income Tax Expense[1]	(13.0)	(5.7)	
Profit From Continuing Operations	**31.2**	**22.2**	**41%**
Discontinued operations[2]	0.0	(11.8)	
Profit After Tax (statutory basis)	**31.2**	**10.4**	**200%**
Earnings Per Share	**26.4**	**8.8**	**200%**
Earnings Per Share (continuing operations)	**26.4**	**18.8**	**40%**
Weighted Average Shares on Issue (million)	118.2	118.2	

[1] *2011 includes $1.9m tax benefit from retrospective change in tax consolidation rules to allow additional deductions for assets acquired after 1 July 2002*

[2] *Discontinued operations comprise the United Kingdom painting business*

Property & Infrastructure	Year Ended 31 March 2012 $m	Year Ended 31 March 2011 $m	% change
Revenue	656.2	607.5	8.0%
EBIT	26.8	31.5	(14.9%)

The Property & Infrastructure division provides a range of building and maintenance services, including painting, electrical, communications, grounds, signage, general building repairs and facility management.

Whilst revenue grew, margins were lower in the second half. This was the result of weaker demand for sundry works, tighter margins on a number of projects and reduced productivity due to wet weather in the fourth quarter.

In the Property Services business, weaker demand for painting in the second half lowered earnings compared to the prior year. Capital investment in maintenance programmes was $129.8 million at the end of FY2012 compared with $133.8 million a year earlier; by value, 36% of new maintenance programmes sold were new-style and less capital intensive.

In the Facility Management (FM) business, margins on some contracts were lower and there was extra expenditure on business development targeting larger opportunities. The strategy to sell complete maintenance solutions to customers using a range of the group's capabilities succeeded in securing the FM component of New Zealand's first school Public Private Partnership, as well as a new long-term maintenance contract with WA Water Corporation. In addition, the contract with City West Water in Victoria was renewed for another three years and a new public housing maintenance contract was secured in the South Western Australia region.

Whilst the operational start of our FM contract for the Ararat prison in Victoria has been delayed, the contract with the Aegis Correctional Partnership (ACP) remains in place and we have no direct exposure to the issues connected with the builder of the prison which has a separate contract with ACP.

The KLM electrical and communication business' margins were lower on increased volumes, particularly in the new commercial building market where competition is strong. Opportunities continue to be developed across the group's customer base and new energy reduction programmes will be launched shortly.

Resources	Year Ended 31 March 2012 $m	Year Ended 31 March 2011 $m	% change
Revenue	354.0	213.5	65.8%
EBIT	28.3	14.3	97.9%

The Resources division provides a range of workforce, maintenance, construction support and operational services to both the offshore oil and gas and onshore mining sectors.

Revenue grew strongly as a result of major expansion of offshore oil and gas developments in the North West of Australia.

Offshore work is serviced by Total Marine Services and demand for vessel management, manning, catering and logistical services reached a high during the fourth quarter as work commenced on the Gorgon pipelay project. During the year, more than 60 offshore vessels, FPSOs, drilling rigs and platforms were serviced. Significant business development in the prior year was rewarded with offshore revenue and earnings growing more than 60%. With some projects concluding in the first half of FY2013, additional work will need to be secured to achieve further growth.

Revenue from onshore work, providing maintenance and construction support to the WA mining sector, grew more than 60%, and profitability was improved as a result of the focus on smaller construction support, managed labour and maintenance opportunities. The group plans to target long-term maintenance contracts as its profile grows and the construction of new assets are completed.

Workforce	Year Ended 31 March 2012 $m	Year Ended 31 March 2011 $m	% change
Revenue	380.9	397.5	(4.2%)
EBIT	11.3	11.1	1.8%

The Integrated Workforce division provides a range of staffing services across all industry sectors.

Overall demand was flat in the first quarter and weakened across the general manufacturing and industrial sectors for the remainder of the year. Margins were maintained through tight control of costs.

The market remains weak, with small and medium size enterprises cautious about hiring people, but the business has a low cost base and will respond strongly to a broad economic (ie non-mining) recovery when general business confidence returns.

Unallocated costs

These relate to corporate overheads and a range of non-trading income and expenses, including foreign exchange movements from UK and NZ payments and amortisation of contract intangibles. The net unallocated costs for the year were $9.7 million (FY2011: $8.7 million before restructuring costs of $5.9 million).

Balance sheet and cash flows

Gross operating cash flow was $72.7 million, 150% higher than the prior corresponding period ($29.1 million). Net operating cash flow was $48.3 million.

With the continued focus on capital management, the group's net debt reduced to $87.8 million at 31 March 2012, from $118.3 million at 31 March 2011. The net debt to equity ratio fell to 23.5% at 31 March 2012 from 33.7% at 31 March 2011.

On 30 September 2011, the group agreed new terms with its banks to provide lending facilities to October 2014 at lower rates, replacing the existing facilities due to expire in October 2012. The bank syndicated facility includes three financing tranches aggregating $250 million. Other arrangements for the group's asset finance requirements ($20 million) remain in place.

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