



# Investor Presentation

## Macquarie Australia Conference

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8th May 2008

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This presentation has been prepared by Programmed Maintenance Services Limited and contains forward looking statements concerning the projected Revenue, EBITA, NPAT and EPS for the financial year ending 31 March 2009. These projections are extrapolated from the Revenue, EBITA, NPAT and EPS for the financial year ended 31 March 2008. The projections and statements are based on assumptions referred to on page 16 of this presentation. More detailed analysis and assumptions has been provided in the Target's Statement issued to the ASX on the 7<sup>th</sup> May 2008 in response to the Spotless Bidder's Statement.

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# PRG recommends shareholders reject Spotless' Offer



## The Board of Programmed unanimously recommends against accepting the Spotless offer

“Your Directors believe the Spotless Offer is inadequate. (They) believe Spotless' Offer does not reflect Programmed's strong business model and growth potential.”

**Geoff Tomlinson, Chairman, Programmed Maintenance Services Limited. 7<sup>th</sup> May 2008**

### Reasons:

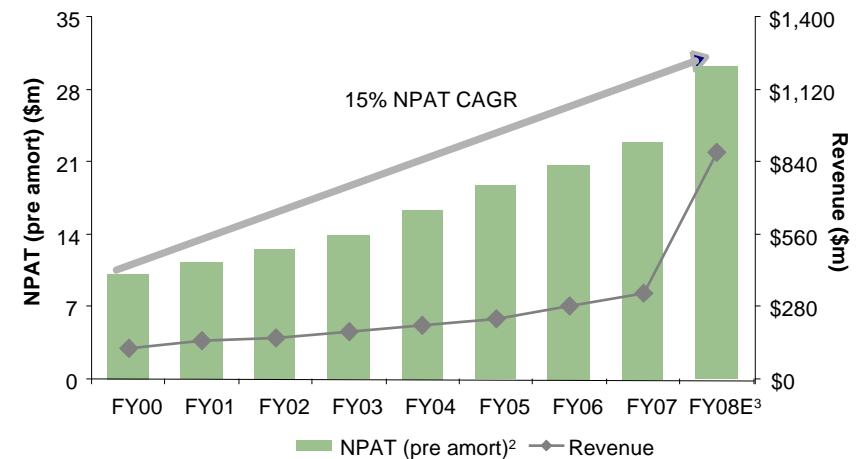
- Your Directors believe the Offer is inadequate
- Programmed is well positioned for continued growth
- Spotless' share price has underperformed for many years
- Programmed has a stronger track record than Spotless
- The offer is highly conditional and uncertain
- You should be concerned about Spotless' share price post-completion

# Programmed is Well Positioned for Continued Growth



- ✦ Strong track record
- ✦ Projecting 15% EPS growth in current year ending 31 March 2009<sup>2</sup>
- ✦ Strong outlook
  - Merger with Integrated is delivering real benefits eg large skilled labour sourcing capability
  - Strategy is working eg new agreement to undertake certain works at Coles supermarkets across Australia.
  - Organic growth through:
    - (i) further geographic expansion
    - (ii) expanding service offering
    - (iii) pipeline of new contracts and customers
  - Proposed acquisition of SWG is projected to provide another step-up in earnings and increase the group's exposure to the oil and gas sector

**Programmed NPAT (pre amort) and Revenue - FY2000 - FY2008E<sup>1</sup>**

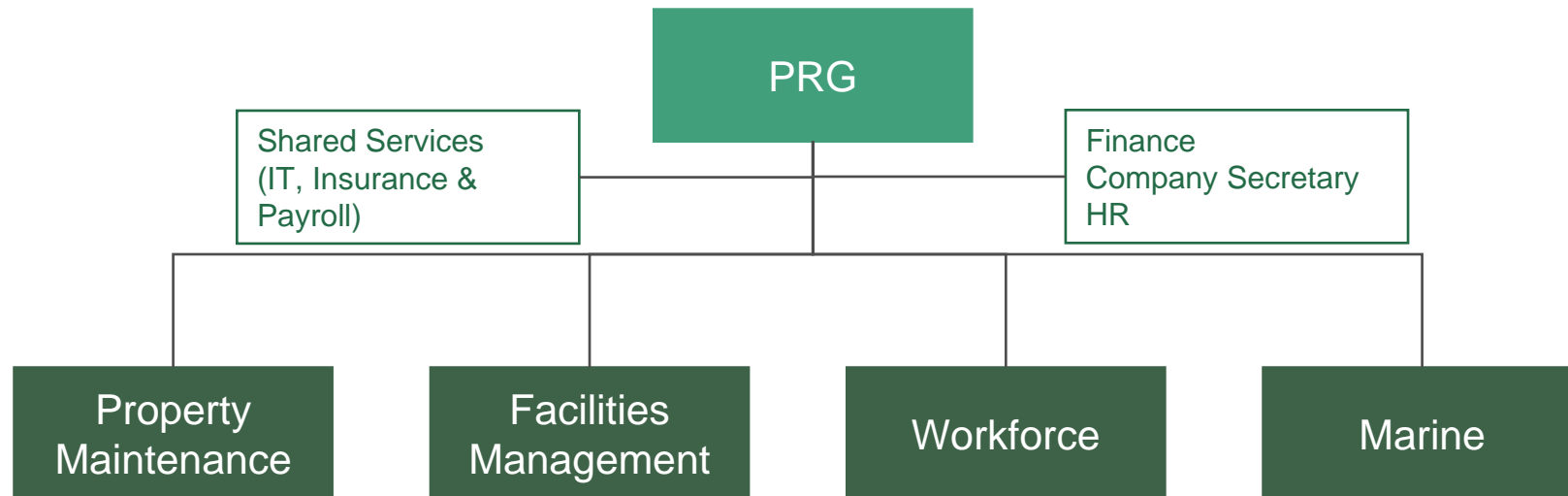


1. Items have been adjusted for "one-off" items including adoption of A-IFRS from 1 April 2004. FY08 forecast revenue and NPAT include a 10 months' contribution from the Integrated Group. The compound annual growth rate from 31 March 2000 to 31 March 2007 is 12%.
2. EPS and NPAT pre amortisation of identifiable intangibles. See page 16 for assumptions underlying financial projections
3. FY08 forecast based on unaudited management accounts

# A Revitalised Team



- ✦ Programmed's merger with Integrated is delivering real benefits
- ✦ Smooth transition to new Managing Director (Jan 08)
- ✦ Revised structure in place, with divisional CEOs & management teams
- ✦ Continuation of group strategy established at time of merger with Integrated



# Strategy for Value Creation

## Key Drivers



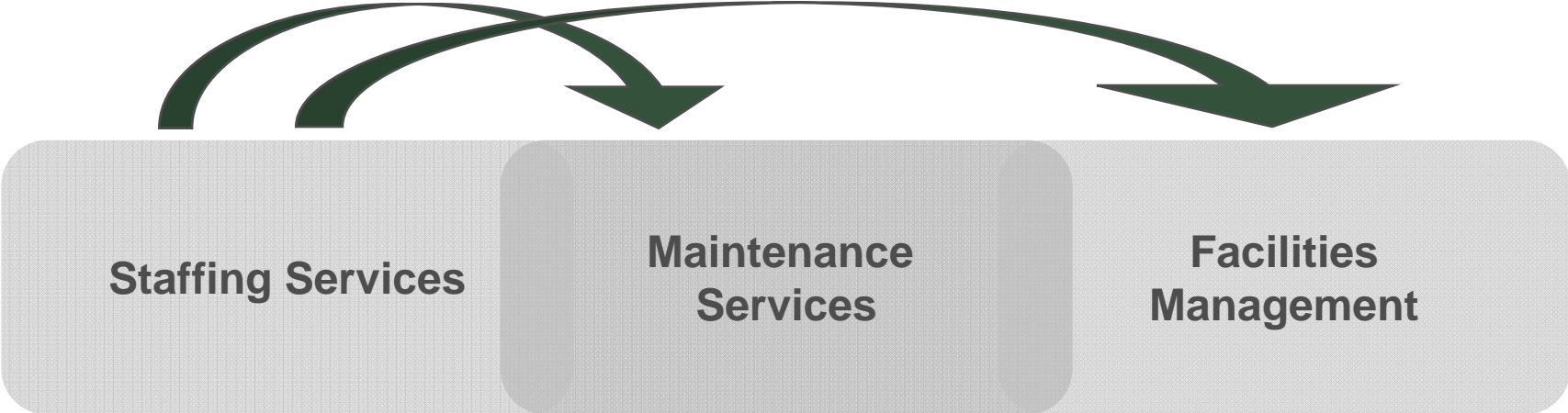
- ❖ Recruit and deploy a large workforce
- ❖ Value-adding complementary services
- ❖ Long-term customer relationships / contracts
- ❖ Geographic expansion
- ❖ Continued internal improvement
- ❖ Acquisitions that fit our strategy

# Strategy for Value Creation

Strategic Business Model



provision of skilled & semi-skilled labour



provision of trade based services


# Strategy for Value Creation


## Industry Expansion Opportunities




	Commercial	Industrial/ Manufacturing	Infrastructure	Resources	Education/ Health/Aged Care
Staffing Services	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✓ ✓ ✓	✓
Maintenance Services	✓ ✓ ✓	✓	✓ ✓ ✓		✓ ✓ ✓
Facilities Management	✓		✓		

✓ = Existing presence

 = Established

 = Near term expansion plan

 = Medium term expansion plan

# Strategy for Value Creation

## Geographic Expansion Opportunities



	Australian Cities	Australian Regional	NZ	UK
Property Maintenance	✓ ✓ ✓	✓ ✓	✓ ✓ ✓	✓
Facilities Management	✓	✓		
Workforce	✓ ✓ ✓	✓ ✓		
Marine	✓ ✓ ✓	n/a	✓ ✓ ✓	

✓ = Existing presence



= Established



= Near term expansion plan



= Medium term expansion plan

# Strategy for Value Creation

## Acquisition of SWG



### SWG is a high-growth WA-based service company

- ❁ Specialising in installation, minor capital works and maintenance in the offshore oil & gas and mining industries
- ❁ Projection for FY09 (on a full year basis):
  - Revenue \$120m
  - EBIT \$10m
- ❁ Strong management team
- ❁ 200 staff (including field employees)
- ❁ Headquartered in Bunbury, WA and an office in Perth, WA
- ❁ Will be a separate division of the group reporting directly to the Managing Director



# Strategy for Value Creation

## Acquisition of SWG (cont)



### Strategic Rationale

- ❖ Strong growth prospects in:
  - offshore oil and gas
  - mining and resources
- ❖ Exportable to New Zealand, Asia and UK
- ❖ Complementary to existing PRG Divisions

### Status

- ❖ Heads of Agreement signed
- ❖ Subject to due diligence
- ❖ Completion targeted for 1 July 2008
- ❖ Vendors have right to terminate if Spotless takeover is successful
- ❖ Completion subject to shareholder approval or the Spotless bid not proceeding

### Acquisition Terms

- ❖ Consideration consists of \$40m (6.8m shares @ \$5 each + \$6.0m in shares @ 30 day VWAP to completion<sup>1</sup>)
- ❖ EPS accretive in FY09

# Strategy for Value Creation

## Disposal of Non-Core Business Activities



### Barry Bros

#### Strategic rationale

- ❖ Small industrial services business
- ❖ Capital intensive
- ❖ A space with very large competitors
- ❖ Does not fit strategy

#### Status

- ❖ Information memorandum sent out in February
- ❖ Multiple offers received in March
- ❖ Heads of Agreement signed to sell to Tox Free Solutions for \$25m cash, free of encumbrances
- ❖ Subject to due diligence, completion targeted for 1 July 08

#### Financial Impact

- ❖ EBITA - \$3.1m (Forecast FY08)
- ❖ **Reduce borrowings by \$25m**

### Total Harbour Services

#### Strategic rationale

- ❖ Small harbour towing/barge business
- ❖ Capital intensive
- ❖ A space with very large competitors
- ❖ Does not fit strategy

#### Status

- ❖ Sold to private buyer for \$4m cash

#### Financial Impact

- ❖ EBITA – not material (Forecast FY08)
- ❖ **Reduce borrowings by \$4m**

# Financial Performance

## 2008 Forecast and 2009 Projection



### Forecast for year ended 31 March 2008

### Projection for year ending 31 March 2009

Summary P&L (A\$m)	31-Mar-08 Forecast <sup>1</sup>
Revenue	893.8
EBITA	56.6
NPAT <sup>2</sup>	30.2
Weighted SOI	86.5
EPS <sup>2</sup> (cents)	34.9

Summary P&L (A\$m)	31-Mar-09 Projection <sup>3</sup>	% Growth FY08-FY09
Revenue	1,172	31%
EBITA	74	31%
NPAT <sup>4</sup>	38.7	28%
Weighted SOI	96	
EPS <sup>4</sup> (cents)	40.3	15.5%

(1) Unaudited Forecast FY08 management accounts to 31 March 08

(2) NPAT and EPS are pre amortisation of identifiable intangibles

NB: There are a number of non-recurring items as a result of the merger with Integrated and disposal of surplus assets. The net result is not material to the result.

(3) Based on management projections ( assumes: 9 month contribution from SWG, 3 month contribution from Barry Bros)

(4) NPAT and EPS are pre amortisation of identifiable intangibles

- ✱ The projection for 31 March 2009 has been prepared based on the assumptions contained on page 16. Shareholders should refer to Programmed's Target's Statement lodged with ASX on 7<sup>th</sup> May for full details.

# What Happens Next?



- ❖ Shareholders have received a Bidder's Statement from Spotless – **DO NOTHING**
  
- ❖ A Target's Statement from Programmed was lodged with ASX on 7<sup>th</sup> May and Shareholders are now receiving this document containing:
  - Board recommendation that shareholders should reject the Spotless' Offer
  - Reasons for the recommendation
  - Financial information relating to the FY08 forecast and FY09 projection
  - Other relevant information



# Appendix

# Appendix

## Key assumptions underlying FY09 projections



- Key assumptions include:
  - Effective tax rate: 30%
  - Average finance costs: 9.0%
  - Average workers comp rate consistent with prior year
  - Exchange rates: AUD/UK - £0.46; AUD/NZ - \$1.14
  - Net total financial debt (including finance leases): \$231M as at 1 April 08
  - Contribution from Barry Bros – 3 months income (Apr 08 – Jun 08)
  - Sale of Barry Bros assumed 1 July 2008. Cash proceeds: \$25m
  - Contribution from SWG – 9 months income (Jul 08 – Mar 09)
  - SWG purchase assumed 1 July 2008. Consideration: 8m PRG shares
  - Weighted average number of shares on issue (1 April 2008 – 31 March 2009): 96m
  - Capital expenditure consistent with current business needs (\$15m). No capex assumed for Barry Bros due to sale
  - Excludes defence and transaction costs associated with SPT offer