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MAINTENANCE  
SERVICES  
LIMITED**

# Full Year Report 31<sup>st</sup> March 2003

Presented by  
Max Findlay, Managing Director



## Agenda

- highlights for 2003
- financial results
- United Kingdom operations
- customer base
- technology
- future direction
- appendix - company profile

Slide 2



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## Highlights for 2003

- fifth consecutive year of double-digit growth in PMS group revenues and profits
- continued strong growth in New Zealand
- rapid growth in building services strengthens customer relationships and operating cashflows
- further growth in programmes in United Kingdom
- strong increase in net operating cashflows
- increase in final dividend to 5 cents per share with 50% franking
- productivity enhancement through field-based technology implementation

Slide 3



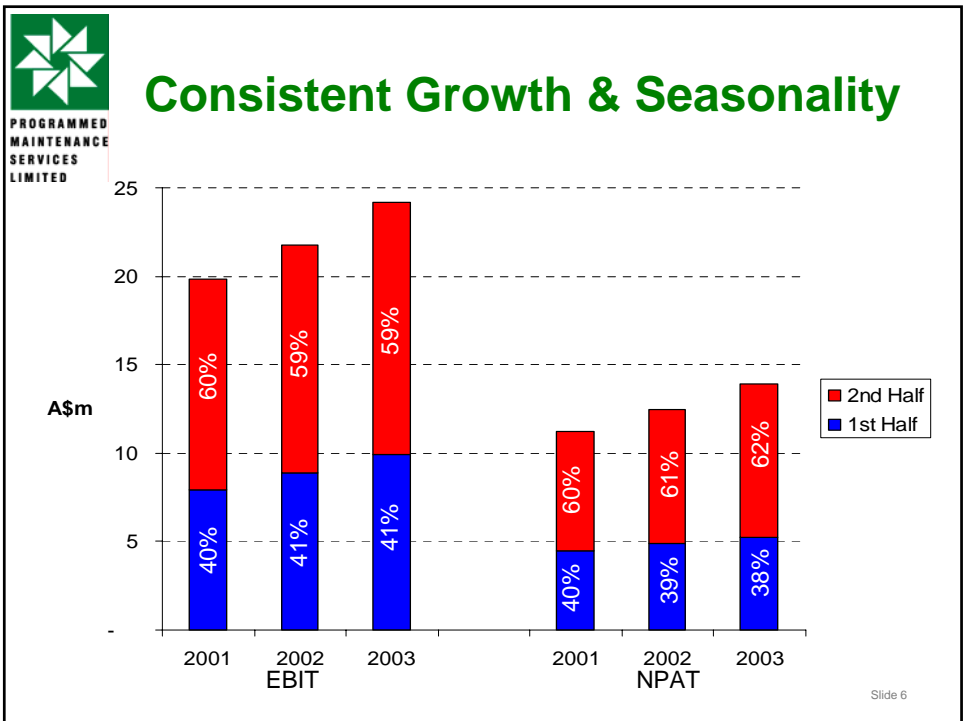
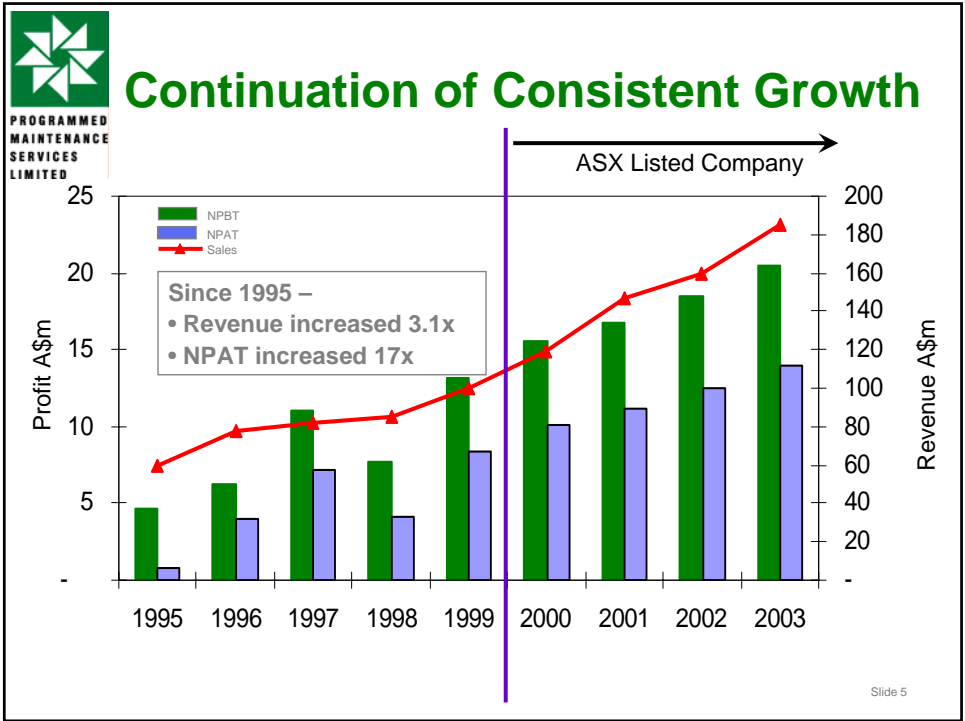
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## 2003 Financial Results

A\$m	31-03-03	31-03-02	% change
Revenue	184.5	159.3	15.8%
EBITDA	30.2	28.3	7.0%
EBIT	23.6	21.7	8.6%
Profit before Tax	20.5	18.5	10.5%
Income Tax Expense	(6.6)	(6.0)	8.9%
<b>Profit after Tax - Comparable Basis</b>	<b>13.9</b>	<b>12.5</b>	<b>11.4%</b>
WIP One-Off Impact on Profit after Tax	0.4	0.0	
Reported Profit after Tax	14.3	12.5	14.7%

Revenue and earnings data exclude \$0.6m of WIP one-off pre-tax impact

Slide 4





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## Consolidated Cash Flows

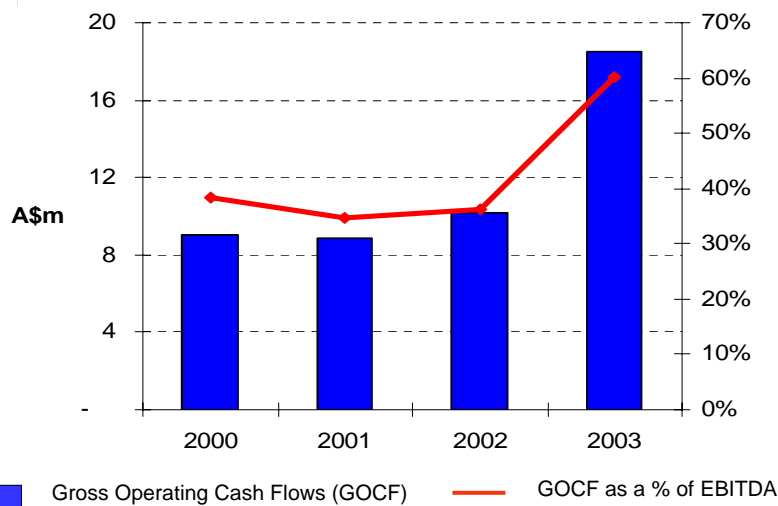
A\$m	31-03-03	31-03-02
Gross Operating Cashflows	18.5	10.2
Net Interest Payments	(3.2)	(3.1)
Income Tax Payments	(2.4)	(2.1)
<b>Net Operating Cashflows</b>	<b>12.9</b>	<b>4.9</b>
Net Investing Cashflows	(2.6)	(2.5)
Net Financing Cashflows	(9.4)	(0.5)
<b>Increase in Cash held</b>	<b>0.9</b>	<b>1.9</b>
Cash at beginning of period	0.8	(1.0)
<b>Cash at end of period</b>	<b>1.7</b>	<b>0.9</b>

Slide 7



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## Operating Cash Flows



Slide 8



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## Aust. Property Maintenance

A\$m	31-03-03	31-03-02	% change
Revenue	124.4	107.7	15.4%
EBITDA	19.0	18.0	5.9%
EBIT	15.1	14.3	5.8%
<b>Profit before Tax</b>	<b>12.6</b>	<b>12.2</b>	<b>3.1%</b>
EBIT Margin	12.1%	13.2%	

Slide 9



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## Industrial Services

A\$m	31-03-03	31-03-02	% change
Revenue	16.9	14.8	14.4%
EBITDA	2.3	2.1	7.0%
EBIT	0.5	0.4	36.3%
<b>Profit before Tax</b>	<b>0.28</b>	<b>0.04</b>	<b>567.4%</b>
EBIT Margin	2.8%	2.4%	

Slide 10



## PMS New Zealand

A\$m	31-03-03	31-03-02	% change
Revenue	26.0	20.4	27.7%
EBITDA	8.4	7.1	18.2%
EBIT	7.9	6.5	22.4%
<b>Profit before Tax</b>	<b>7.3</b>	<b>6.0</b>	<b>21.4%</b>
EBIT Margin	31%	32%	

Slide 11



## PMS United Kingdom

A\$m	31-03-03	31-03-02	% change
Revenue	17.8	16.4	8.7%
EBITDA	1.2	1.1	6.6%
EBIT	0.7	0.6	6.3%
<b>Profit before Tax</b>	<b>0.33</b>	<b>0.29</b>	<b>14.0%</b>
EBIT Margin	4%	4%	

Slide 12



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## Strategic Direction . . .

# United Kingdom

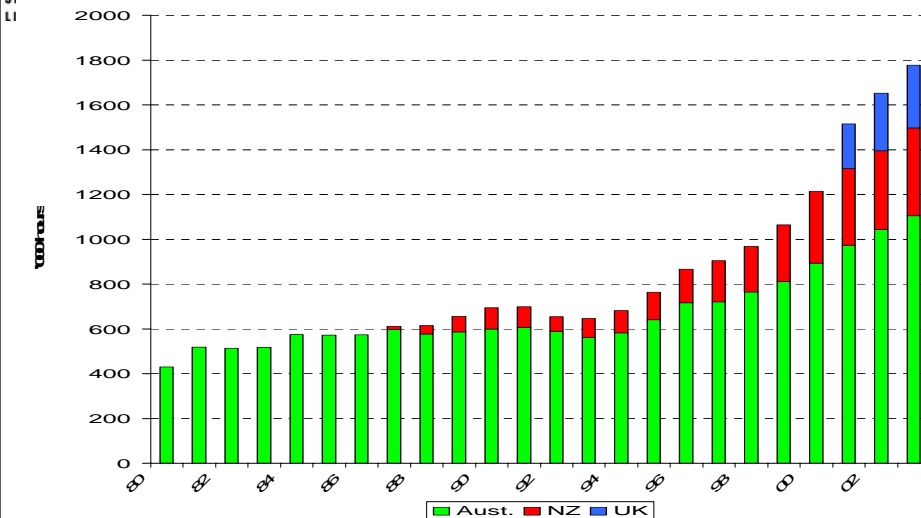
- 80 long term maintenance painting programmes sold to date - total contract value of £3.2m (A\$8.4m)
- UK personnel actively involved in developing the programme concept
- continued improvement in operational productivity and discipline
- improved corporate imaging (e.g. vans, uniforms, signage)
- keen interest in programmes from private school sector – 120 enquiries from recent national bursars' conference
- debt facility established with Yorkshire Bank to finance development of UK business
- continued profitable operation of the business

Slide 13



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## Hours Worked – Painting Division

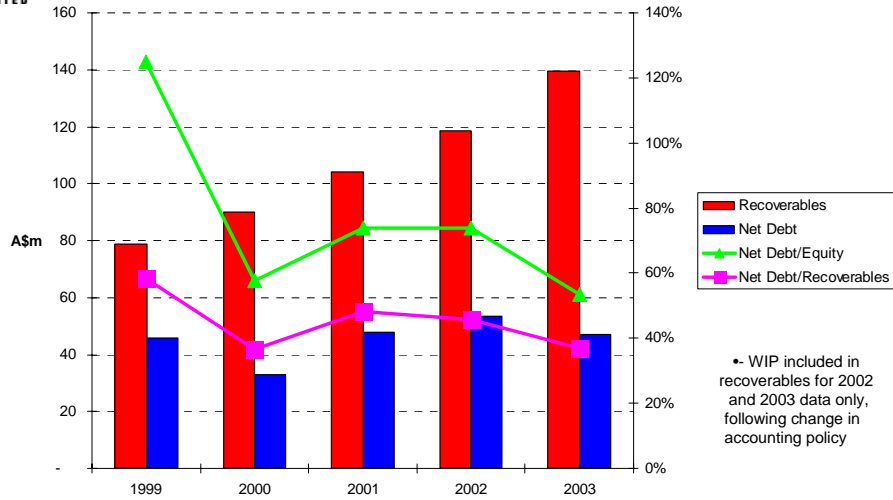


Slide 14



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## Recoverables, WIP & Net Debt



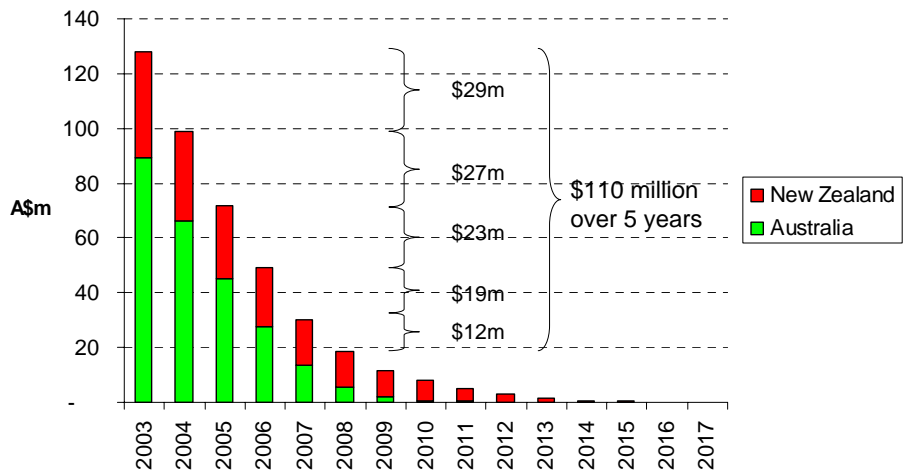
Slide 15



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## Contract Recoverables

Anticipated reduction based on existing contract terms with no new contracts added



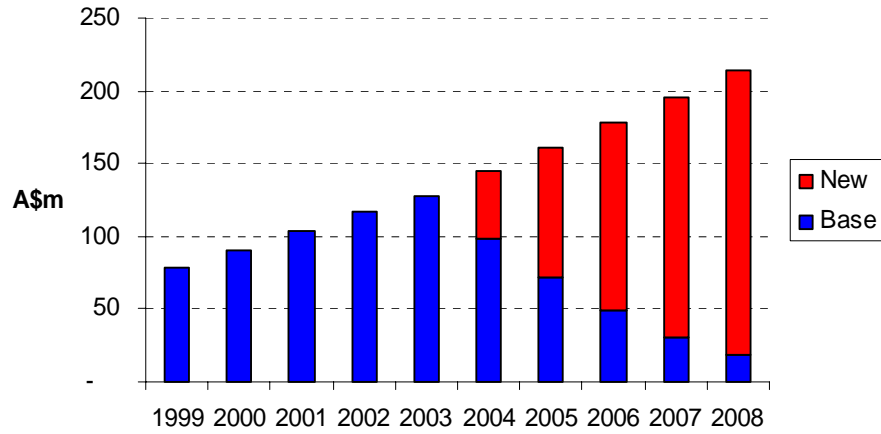
Slide 16



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## Contract Recoverables

Contract recoverables with new contracts added at consistent growth rates and indexation



Slide 17

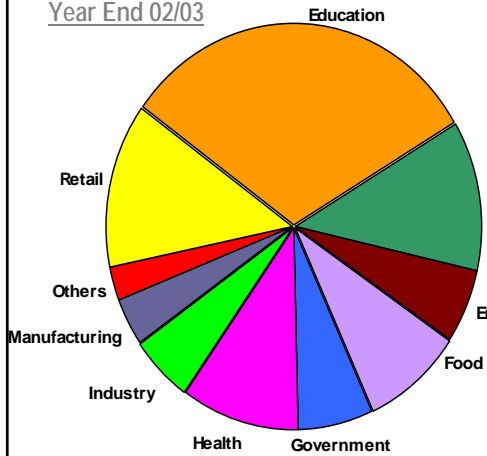


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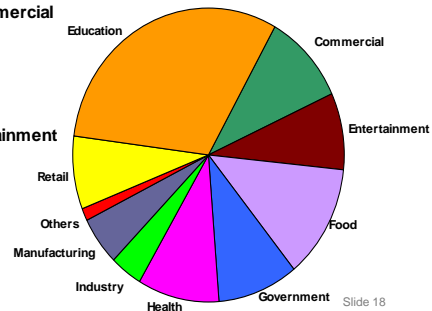
## Customer Base

Australia and New Zealand  
(Painting Division)

Year End 02/03



Year End 01/02



Slide 18



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## Customer Base

Some major contracts written during the year include;

### Painting Division

#### Victoria

- John Danks Limited (on-going maintenance programme for Home Hardware)
- Ballarat Secondary College
- Ballarat Turf Club
- Star of the Sea College (contract renewal)
- Yarra Valley Grammar School
- Ormond College (contract renewal)
- Christian Brothers College (contract renewal)
- Inghams Enterprises, Somerville
- Swinburne University
- Nestle Dairy Products, Echuca

#### New South Wales

- Woolworths Limited (National interior repainting works to all supermarkets)
- Illawarra Grammar School (contract renewal)
- Adelene Retirement Village
- David Jones Limited (contract renewal – 4 stores in NSW, VIC and SA)
- Cranbrook School
- Sir Moses Montefiore Homes
- Southern Cross Homes
- Northern Inland Masonic Aged Care, Tamworth

#### Queensland

- Ipswich Turf Club
- Kings Christian College, Gold Coast
- Incitec Limited, Gibson Island
- John Flynn College, Townsville
- Dairy Farmers, Malanda

Slide 19



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## Customer Base

Some major contracts written during the year include;

#### South Australia

- Seaview High School
- BRL Hardy, Leasingham Wineries
- District Council of Yorke Peninsula
- St Peters College
- St Johns Grammar
- Victor Harbor High School
- Arnotts Biscuits Limited

#### Western Australia

- Pioneer Concrete, Bunbury
- Amcor Fibre Packaging, Perth
- Inghams Enterprises Pty Limited, Wanneroo
- Southern Cross Aged Care
- Clelands Cold Stores

#### New Zealand

- Flaxmere College, Hawkes Bay
- Palmerston North City Council
- New Plymouth Boys High School
- Newlands College, Wellington
- Carter Holt Harvey Limited, Rotorua
- Inghams Enterprises Mill, Hamilton
- Lion Breweries, Auckland
- Canterbury Meat Packers, Ashburton
- West Coast District Health Board

Slide 20



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## Customer Base

Some major contracts written during the year include;

### Grounds Maintenance Division

- The Kings School, Sydney, NSW (Contract renewal and additional works)
- Camberwell Grammar School, VIC (Contract renewal)
- Peninsula Health Care Network, VIC (Grounds maintenance services to seven facilities)
- St Paul's Anglican Grammar School, VIC (Landscaping and maintenance works)
- Novotel Barossa Valley Resort, SA (Contract renewal & additional works)

### Industrial Services Division

- Sydney Water Corporation, NSW (additional drain cleaning and CCTV contract works)
- Logan City Council, QLD (Drain cleaning and CCTV)
- NSW Western Orbital Link (Non Destructive Digging services prior to construction phase)
- Barwon Water Authority, VIC (Root foaming)
- City West Water, VIC (CCTV and responsive maintenance works)

### Building Services Division

- Myer Grace Bros. (\$ 13 Million, five year contract to provide national painting and general carpentry and building maintenance services throughout VIC and SA)
- Aged Care Sector (Continuing services for Baldwin Health Care, NSW, Village Baxter, VIC, Australian Retirement Homes (FKP) and Australian Retirement Communities Pty Limited, VIC and Primelife Limited, SA)
- Catholic Archdiocese (Extension of essential service audit works covering some 600 schools and parish properties throughout Victoria)
- Industrial Properties Refurbishment and building maintenance services for ING Industrial Parks and AMP Commercial and Industrial Management.

Slide 21



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## Application of Technology



Slide 22



Future Direction . . .

## Future Outlook for the Group

**Growth targets in our core maintenance painting business**

- **Australia**            **10%**
- **New Zealand**       **12%**
- **United Kingdom**   **rapid growth from small base**

**Continuing growth of conventional cashflow businesses;**

- **Industrial Services**
- **Grounds Maintenance**
- **Building Services**

**People development – “employer of choice” – culture & training**

**Further implementation of technology to improve operational & marketing efficiencies**

Slide 23



## Appendix

- **Company Profile**
- **Core Strengths**
- **Australian Painting Market**
- **Long-Term Maintenance Programs**
- **Group Structure & Locations**

Slide 24



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## Company Profile

- The business was founded in 1951
- Floated on the ASX on 1<sup>st</sup> October 1999
- Largest contract painting business in Australia & NZ, with a growing contract painting business in the UK
- One of Australia's largest grounds maintenance businesses with over 200 employees
- An integrated Building Services business, maintaining a range of property assets
- Industrial services business providing industrial and underground asset maintenance services
- Currently maintain 60,000 buildings and structures for over 5,000 customers, throughout Australia, NZ and the UK
- Branch office network in Australia (30), NZ (14) and UK (6)
- Over 1,600 employees

Slide 25



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## Company Profile . . .

An integrated range of property maintenance services

Slide 26



Company Profile . . .

## Painting Division

The Painting Divisions operate from 30 branches in Australia, 14 branches in New Zealand and 6 branches in the United Kingdom.

Painting  
Maintenance  
& Painting  
Programs

Comprehensive range of maintenance painting services:-

- interior and exterior painting programs
- specialised surface preparation
- heavy-duty protective coatings
- graffiti removal
- signwriting
- corporate re-identification

Slide 27



Company Profile . . .

## Grounds Management Division

Specialist grounds improvement and maintenance programs, with key services:-

Gardens &  
Grounds  
Management  
& Maintenance

- grounds maintenance
- landscaping
- garden development
- herbicide programs
- arboriculture
- irrigation

Operations are focused in Victoria, New South Wales, South Australia & now Western Australia

Slide 28



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Company Profile . . .

## Building Services Division

Management programs for both planned and reactive building maintenance, including:-

Building  
Services &  
Maintenance  
Management  
Programs

- compliance with essential services and OH&S regulations
- 24-hour maintenance support systems, covering carpentry, electrical, plumbing and painting services
- maintenance of high-value plant & equipment

Operations are focused in Victoria,  
New South Wales & South Australia

Slide 29



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Company Profile . . .

## Industrial Services

Industrial Services trades as Barry Bros. Specialised Services, and provides industrial and underground asset maintenance services:-

Industrial  
Services

- sewerage and drainage management
- domestic drain maintenance
- vacuum loading
- high pressure cleaning
- drain maintenance
- non-destructive digging

Industrial Services' operations are focused  
across Victoria, New South Wales & Queensland

Slide 30



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## Company Profile . . .

# Our Core Strengths

- Blue chip customer base of over 5,000 customers spread across a wide range of market segments
- Only one customer (in the public sector) contributes more than 1% of revenue
- Our business is focused on outsourcing of property maintenance services, not new building construction
- Long term revenue streams & certainty of future earnings
- Stable workforce of over 1,600 staff, & 80 apprentices in Australian operating businesses
- Long term programmes provide some insulation from economic cycles with a unique product offering
- Proprietary IT, estimating and customer knowledge systems
- A business model not easily replicated & unique worldwide

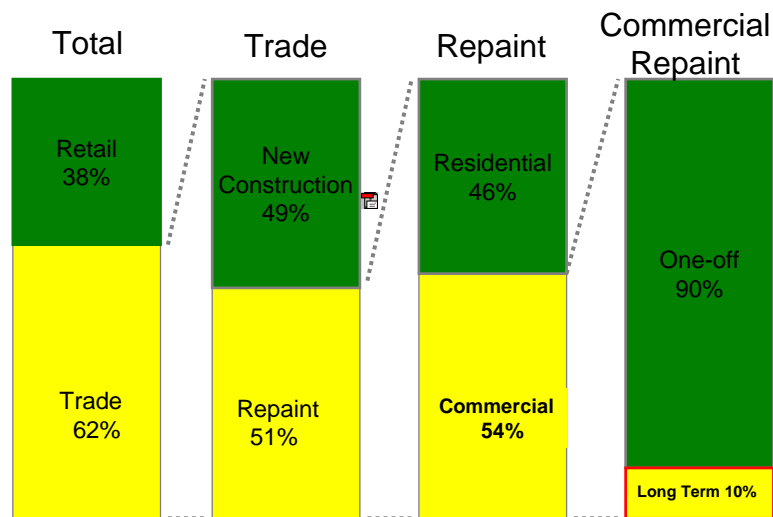
Slide 31



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## Company Profile . . .

# Australian Paint Market



Source: PRG Prospectus, August 1999

Slide 32

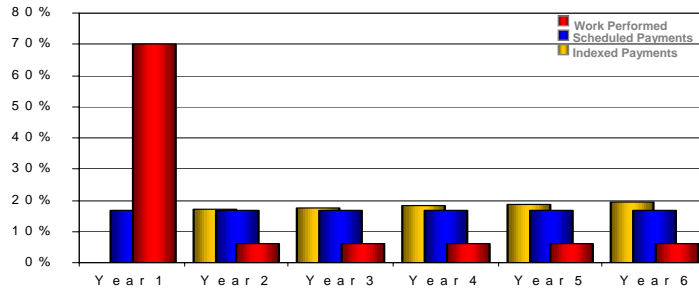


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Our Business is based on . . .

## Long Term Maintenance Programmes

Our business model is based on maintenance painting programmes:



- Program terms range up to 12 years
- Year 1 – initial refurbishment
- Year 2 onwards – regular ongoing maintenance
- Funds are invested to provide for future revenue streams
- Customer payments are indexed to increases in costs
- Provides for forward work scheduling

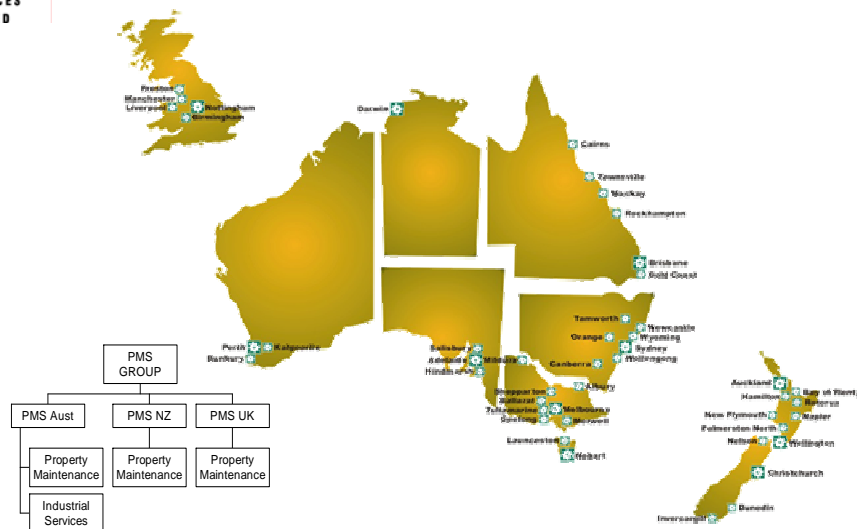
Slide 33



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Company Profile . . .

## Group Structure & Locations



Slide 34



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## United Kingdom Operations



### Key Statistics

#### Whittle Painting Group Limited

- one of the larger painting contractors in the UK
- annual revenue from “one off” contracts is £6m
- 200 employees
- maintenance painting only of commercial buildings
- long established business & brands
- highly seasonal business, 70% of profits made in summer months

Slide 35



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## Five Key Strategies - Detail

### Strategy 1: Growth: Acquisition UK & organic

Invest in the UK for growth  
Acquire a property maintenance business with cash flow  
Develop other existing business divisions (Grounds, Building Services & Industrial Services)

### Strategy 2: People: Become an “employer of choice”

Define and develop the corporate culture  
Understand and develop competencies, recognise talent and develop successors  
Optimise performance (clear objectives set, regular feedback, identify development needs)

### Strategy 3: Product and Brand Development / Company Profile

Re-define value proposition (competitors, differentiation, pricing strategy & policy)  
Develop differential service

### Strategy 4: Improve Internal Business Processes

Improve operational productivity (benchmark, output rates)  
Re-engineer internal processes and systems  
Further integrate OH & S practices into work systems  
Develop a ‘cashflow’ strategy

### Strategy 5: Customer: Account Management

Improve customer account management processes  
Develop a process to integrate the selling of ‘other’ services

Slide 36



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## Work in Progress Adjustment

- new computerised contract administration system records individual contract progress against assessed hours and costs
- revenue (including an operating margin) is taken up on the proportion of work completed against assessment for each contract
- restatement of opening Work In Progress at 1st April 2002 to include revenue on those contracts
- restatement “one-off” impact was \$0.6m in revenue, \$0.4m in profit after tax

Slide 37