



# Investor Presentation FY08 Preliminary Results

28th 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 32 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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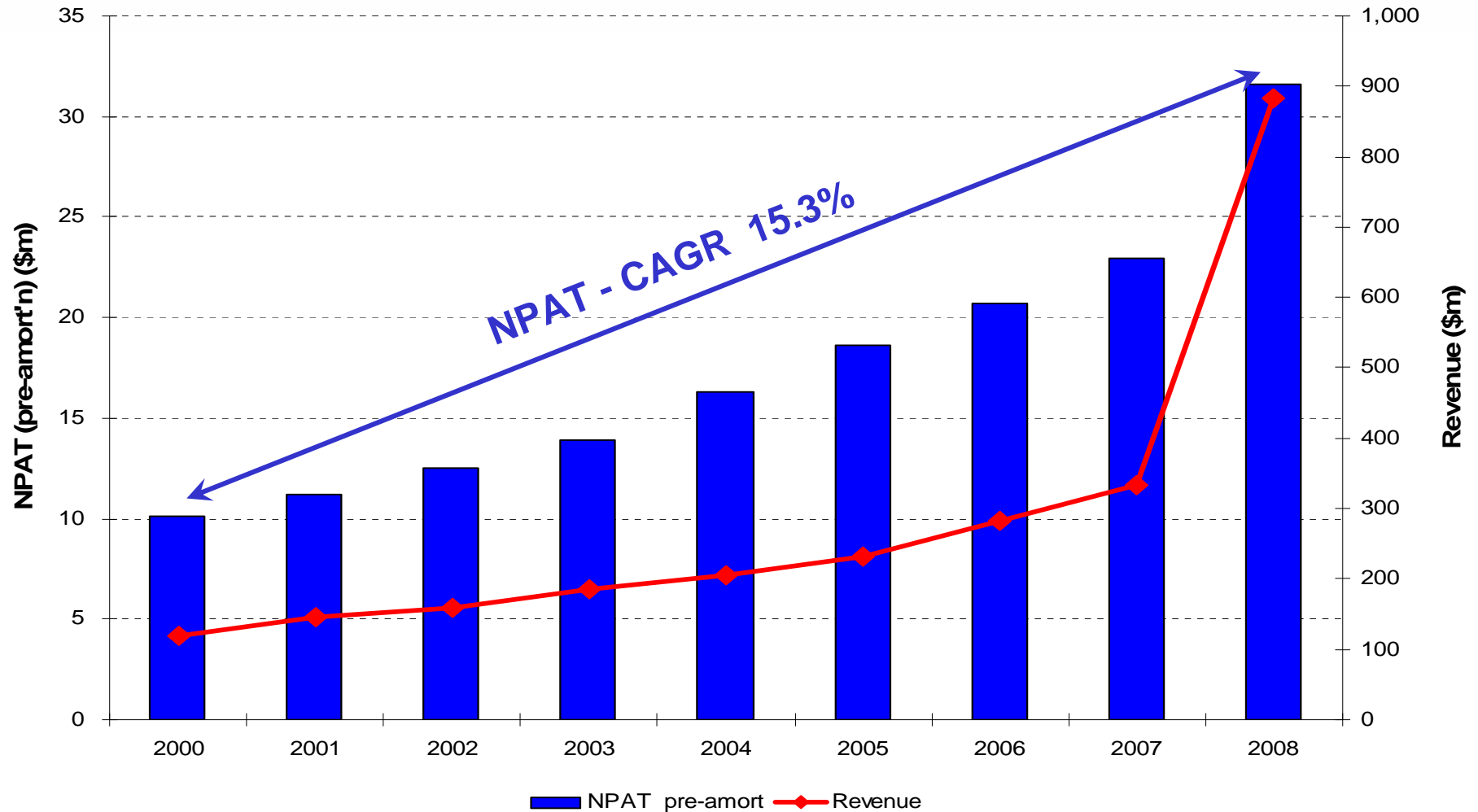
# Summary – Programmed to deliver



- ✱ Tenth consecutive year of growth in Programmed revenue and profits
- ✱ Final dividend of 10.5cps, 100% franked
- ✱ Revenue of \$877m (up 163%).....10 months revenue from Integrated
- ✱ EBITA of \$57.5m (up 46%).....10 months contribution from Integrated
- ✱ Profit after tax of \$28.4m (up 27%)<sup>1</sup>
- ✱ EPS (pre- amortisation) of 36.5c (up 13%)
- ✱ Successful merger with Integrated Group creates platform for future growth
- ✱ Property Maintenance result impacted by lower productivity and weather in NZ
- ✱ Strong growth in Marine / offshore oil and gas sector
- ✱ Further expansion into resources with proposed acquisition of SWG
- ✱ April trading performance in line with projection  
.....FY09 Projection in Target's Statement reconfirmed<sup>2</sup>
- ✱ The Programmed directors continue to recommend shareholders **REJECT** the Spotless offer

1. Profit was 4.8% higher than forecast in Programmed's Target's Statement (lodged with the ASX on 7 May) due mainly to:-
  - (i) better results in March from Australian operations within the Property Maintenance division (up approximately \$1.0m), and
  - (ii) lower taxes in New Zealand than originally estimated (down approximately \$0.7m) due to "one off" adjustments arising from the lowering of the New Zealand company tax rate.
2. The 4.8% increase in profit between the FY08 Forecast in Programmed's Target's Statement and the Actual FY08 profit, the EPS (pre-amortisation) growth projected in FY09 is now lower than stated in Programmed's Target's Statement. However, the Projected EPS (pre-amortisation) for FY09 of 40.3 cents remains as per Programmed's Target's Statement

# Growth in Revenues and Profits



1. Items have been adjusted for "one-off" items including adoption of A-IFRS from 1 April 2004. FY08 revenue and NPAT include 10 months' contribution from the Integrated Group. The compound annual growth rate is NPAT from 31 March 2000 to 31 March 2008 is 15.3%, and from 31 March 2000 to 31 March 2007 was 12%.
2. NPAT is shown pre amortisation of identifiable intangibles.

# Group Financial Results

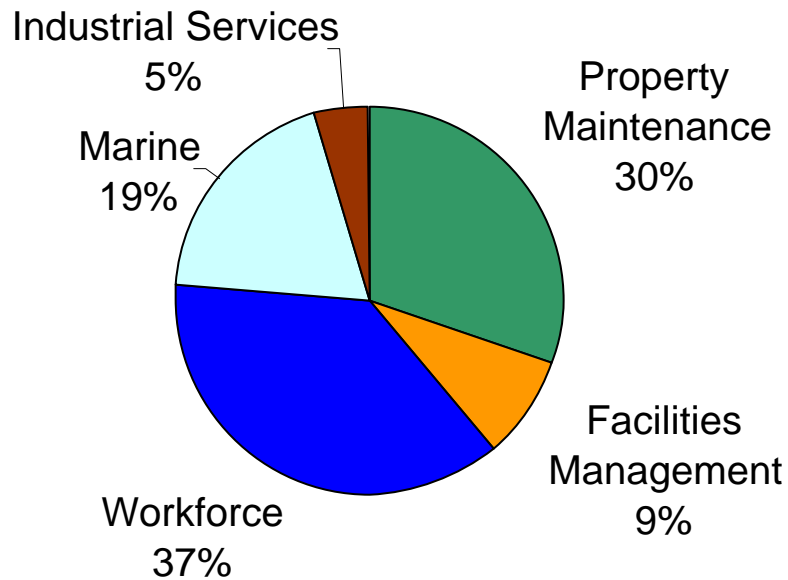


	Year Ended 31 March 2008 <sup>1</sup> \$m	Year Ended 31 March 2007 \$m	% change
Revenue	877.0	333.0	163.4%
EBITDA	72.6	50.6	43.4%
EBITA	57.5	39.3	46.4%
Amortisation	(3.1)	(0.5)	520.3%
EBIT	54.4	38.8	40.2%
Net Interest	(16.3)	(6.2)	161.4%
Profit before Tax	38.1	32.6	17.0%
Income Tax Expense	(9.7)	(10.2)	(4.7%)
Reported Profit after Tax	28.4	22.4	26.9%
Profit after Tax (pre-amort'n) <sup>2</sup>	31.5	22.9	37.9%
EPS pre-amortisation (cents) <sup>2</sup>	36.5	32.2	13.4%

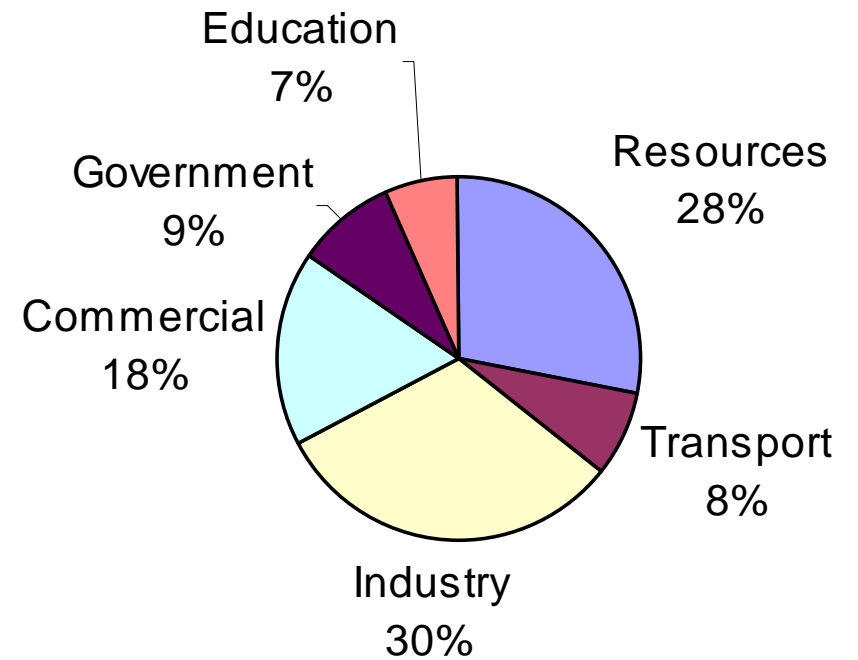
# Revenue



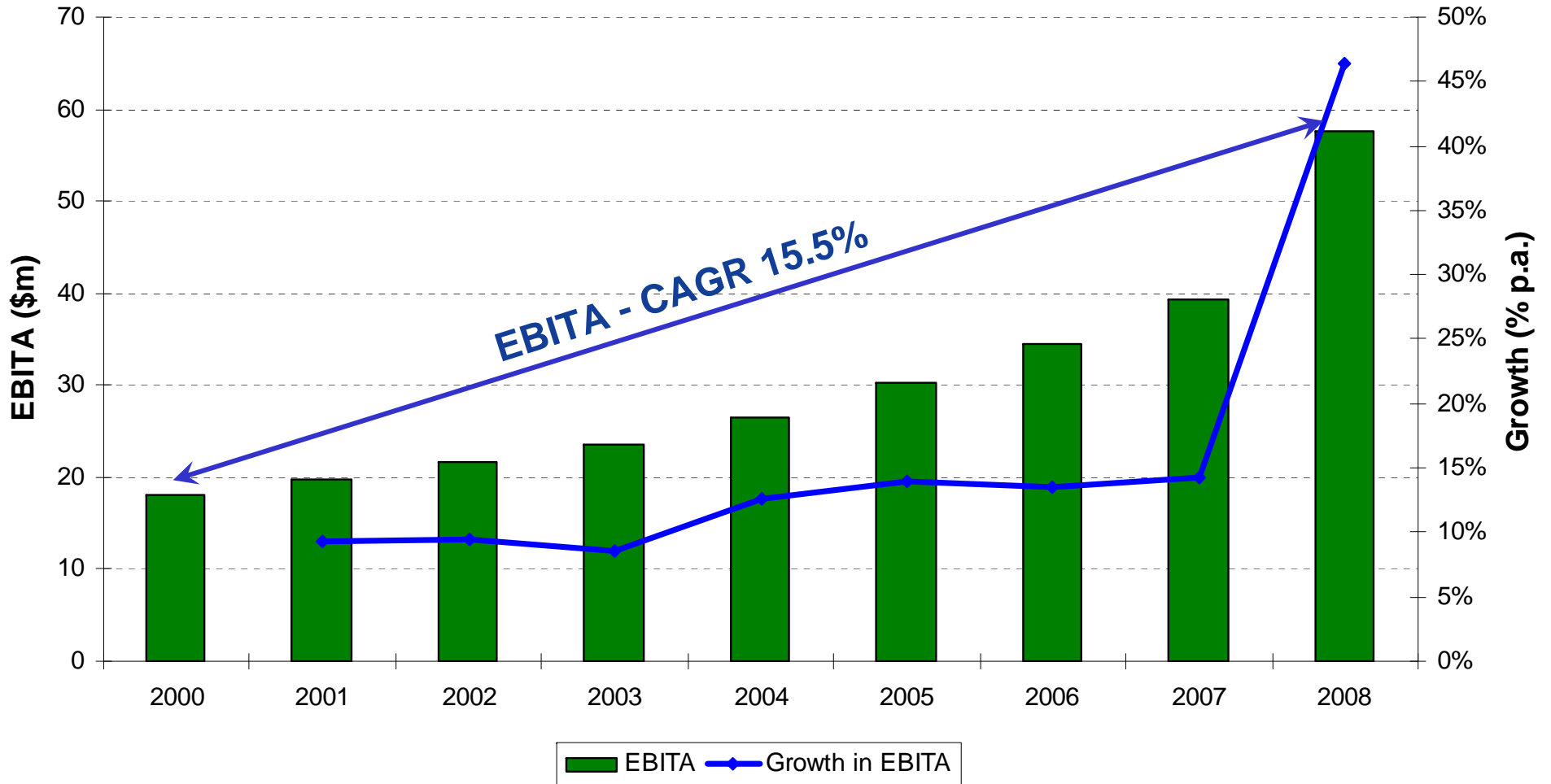
## REVENUE BY DIVISION



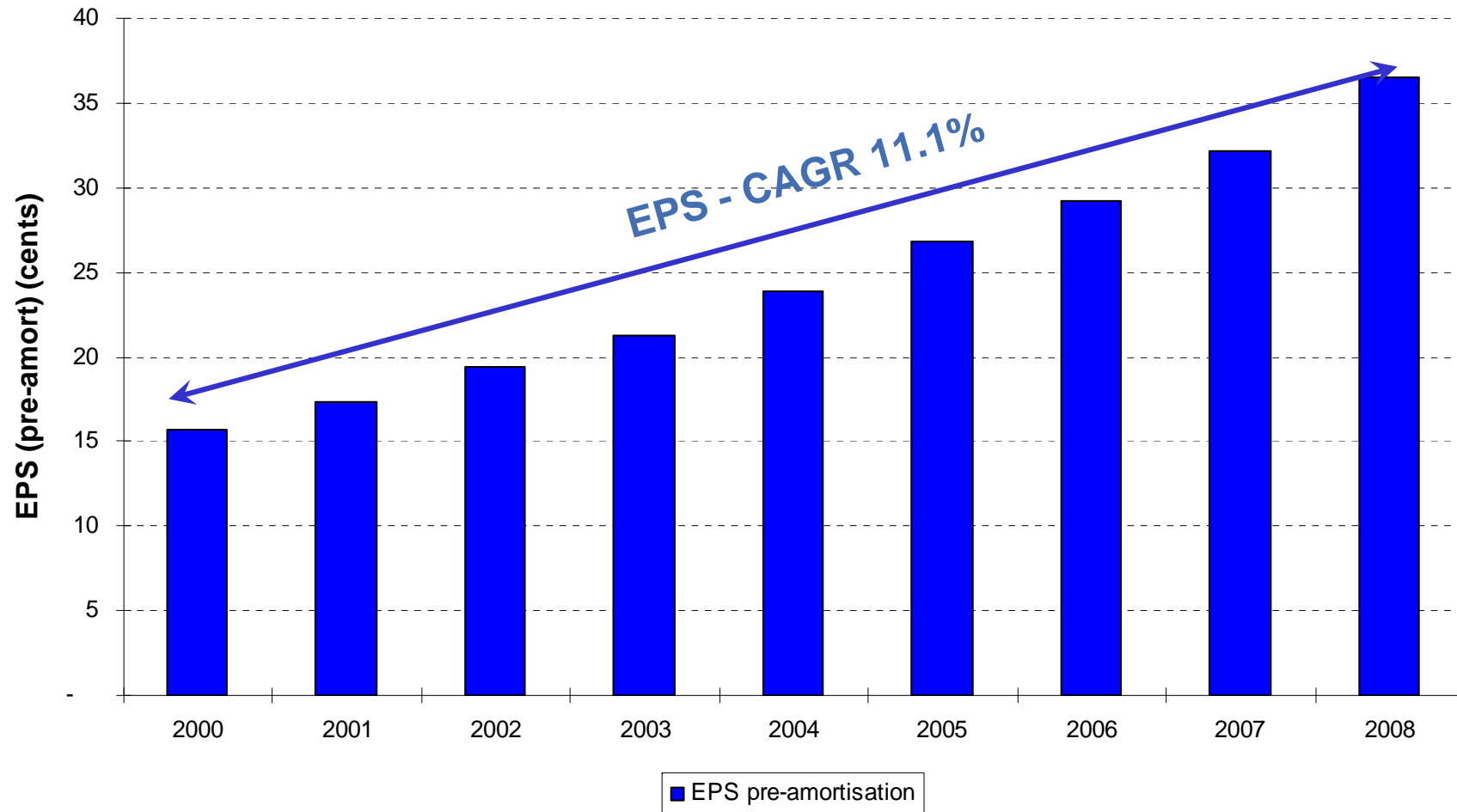
## REVENUE BY INDUSTRY SECTOR



# Growth in EBITA

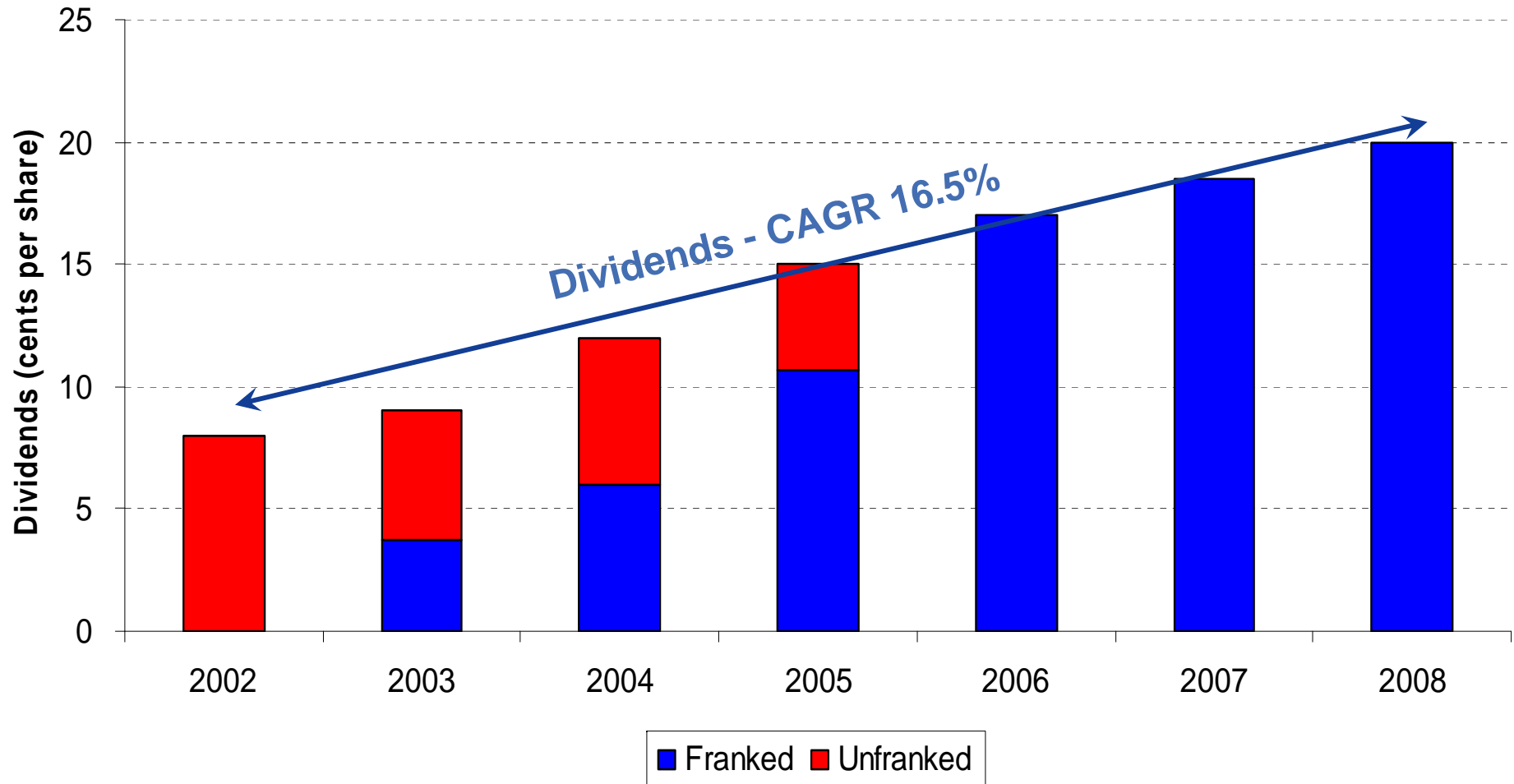


# Earnings per Share



1. FY08 results include 10 months' contribution from the Integrated Group.
2. The Earnings per share shown above are pre-amortisation of identifiable intangibles.

# Dividends



# Group Cashflows



Gross operating cashflows grew 82.5%, reflecting the inclusion of the Integrated business

	Year Ended 31 March 2008 \$m	Year Ended 31 March 2007 \$m	% change
Gross Operating Cashflows	57.1	31.3	82.5%
Interest Payments	(17.1)	(6.5)	(164.0%)
Income Tax Payments	(12.2)	(8.0)	(51.6%)
<b>Net Operating Cashflows</b>	<b>27.8</b>	<b>16.8</b>	<b>65.8%</b>
Net Investing Cashflows	(137.1)	(3.8)	
Net Financing Cashflows	110.3	(13.0)	
<b>Increase in Cash held</b>	<b>1.1</b>	<b>0.0</b>	
Cash at beginning of year	(0.4)	0.1	
<b>Cash at end of year</b>	<b>0.6</b>	<b>0.1</b>	

# Financial Performance

## Divisional Results



	Year Ended 31-Mar-2008 <sup>1</sup> \$m	Year Ended 31 March 2007 \$m	% change
<b>Revenue</b>			
- Property Maintenance	267.1	248.4	7.5%
- Facilities Management	76.0	50.5	50.3%
- Workforce	324.1	-	-
- Marine	169.0	-	-
- Industrial Services	39.7	33.5	18.7%
- Other/Unallocated	1.1	0.6	75.0%
<b>Total Revenue</b>	<b>877.0</b>	<b>333.0</b>	<b>163.4%</b>
<b>EBITA<sup>2</sup></b>			
- Property Maintenance	30.3	33.5	(9.5%)
- Facilities Management	2.9	2.9	1.6%
- Workforce	8.7	-	-
- Marine	12.6	-	-
- Industrial Services	3.0	2.9	2.5%
<b>Total EBITA</b>	<b>57.5</b>	<b>39.3</b>	<b>46.4%</b>

### Key Impacts

- ❖ Property Maintenance impacted by poor weather and lower productivity in New Zealand
- ❖ Significant growth in Marine (on comparable full year basis) driven by strong demand in offshore oil and gas sector
- ❖ Workforce continues to grow (on comparable full year basis) in a tight employment market and continuing strong demand for labour services particular in WA
- ❖ Refer to Appendix B in this presentation for the full year comparable basis detail

# Year in Review

## Merger with Integrated



- ❖ Friendly merger with Integrated (**two “people” businesses – 12,000+ people**) achieved
  - ✓ Detailed planning and internal communication was the key
- ❖ Successful integration to date
  - ✓ NO loss of significant customers
  - ✓ NO loss of key staff
  - ✓ Sound long term management team in place
  - ✓ Shared service functions of IT, Payroll, Risk/Insurance established

# Year in review

## Benefits of Merger Beginning to Accrue



### Shared Back Office

- ✳ Savings from combining IT network being reinvested in higher speed service
- ✳ Significant insurance savings / improved cover / service
- ✳ Payroll savings and significantly expanded / improved service – improved productivity
- ✳ Cost savings are on-track and will be reinvested in the business

### Sharing People

- ✳ All business units sourcing labour through Workforce division – enables growth to continue in a tight labour market
- ✳ A number of key function / operational moves across divisions giving people expanded career options

### Sharing Customers

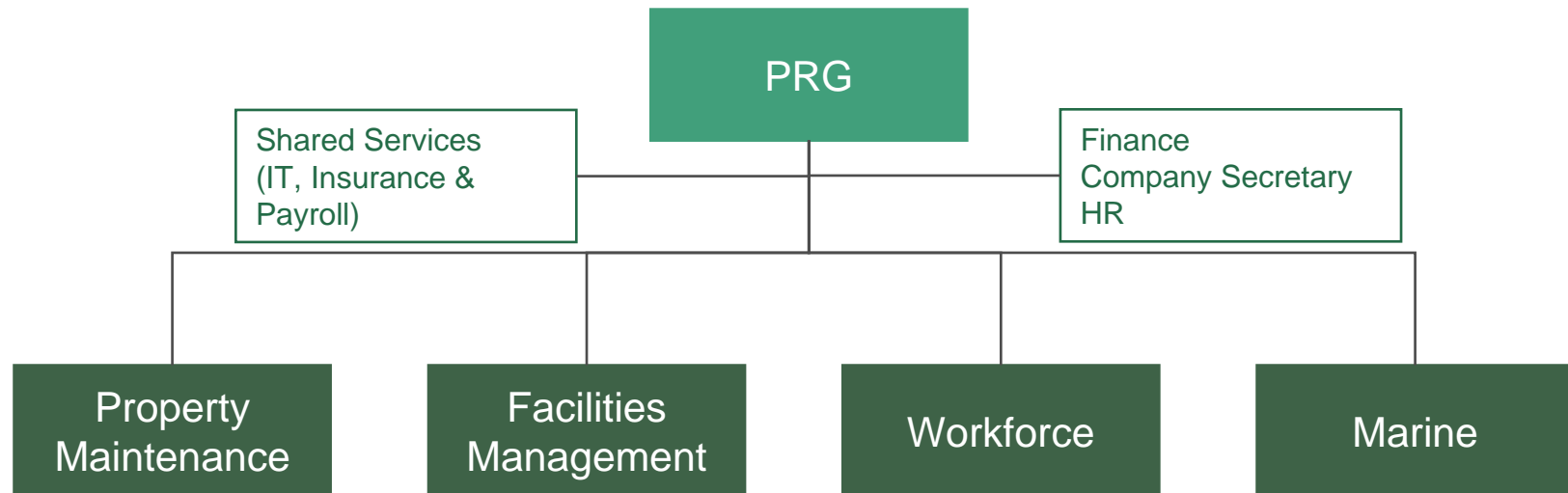
- ✳ Business opportunities utilising group capability being developed
- ✳ Ability to source labour a 'big plus' in securing key long term contracts (eg Rottneest, Major Oil co)

# Year in Review

## A Revitalised Team



- ✦ 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



# Division Review



## Property Maintenance

Painting, building and grounds maintenance services, and minor capital works

### Key points in year ended 31 March 2008

- ✱ Growth in Australia
- ✱ Lower painting result in NZ (weather, productivity)
- ✱ UK - good results in most branches, growth in contracts
- ✱ Significant growth in building and ground services
- ✱ Good contract success with clients seeking multi site property maintenance solutions

### Initiatives underway for current year ending 31 March 2009

- ✱ A plan to improve utilisation during wet periods and improve productivity in NZ
- ✱ Targeting major multi-site property maintenance contracts which leverage our total network - (contract to undertake certain works at Coles supermarkets across Australia announced on 7<sup>th</sup> May)
- ✱ Adding building and ground services to existing long term painting clients
- ✱ Opening new branches in Australia, NZ and UK

# Division Review



## Facilities Management

**Management, planning and execution of maintenance, minor capital works and operation support systems**

### Key points in year ended 31 March 2008

- ✳ Strong growth in FY08
- ✳ Major contract wins (Rottnest, Major Petrol Co)
- ✳ Business now well positioned for further growth

### Initiatives underway in current year ending 31 March 2009

- ✳ Further investment in systems
- ✳ Increase project management capability
- ✳ Leverage the group's Workforce and Property Maintenance capability within larger FM contracts
- ✳ Securing further major contracts currently being tendered

# Division Review



## Workforce

### Recruitment and labour hire services

#### Key points in year ended 31 March 2008

- ✳ Business continues to grow at greater than 10% pa
- ✳ 8 new branches (52 in total)
- ✳ 2 “bolt on” acquisitions
- ✳ Strong growth in resources industry
- ✳ Strong support to other PRG Divisions

#### Initiatives underway in current year ending 31 March 2009

- ✳ 8 new branches planned
- ✳ 4 branches to be co-located with existing PMS offices
- ✳ Commence in NZ
- ✳ Explore opportunities in UK

# Division Review



## Marine

### Marine manning, vessel management and catering services

#### Key points in year ended 31 March 2008

- ✳ Significant growth in both Australia and New Zealand
- ✳ Major contract successes (eg Prosafe 5yr manning contract)
- ✳ Demand is outstripping available labour

#### Initiatives underway in current year ending 31 March 2009

- ✳ Major investment in training new people
- ✳ Explore opportunities in UK
- ✳ Expand manning services further in other non-marine categories (eg offshore trade and rig labour)

# Our Strategy

## Key Drivers



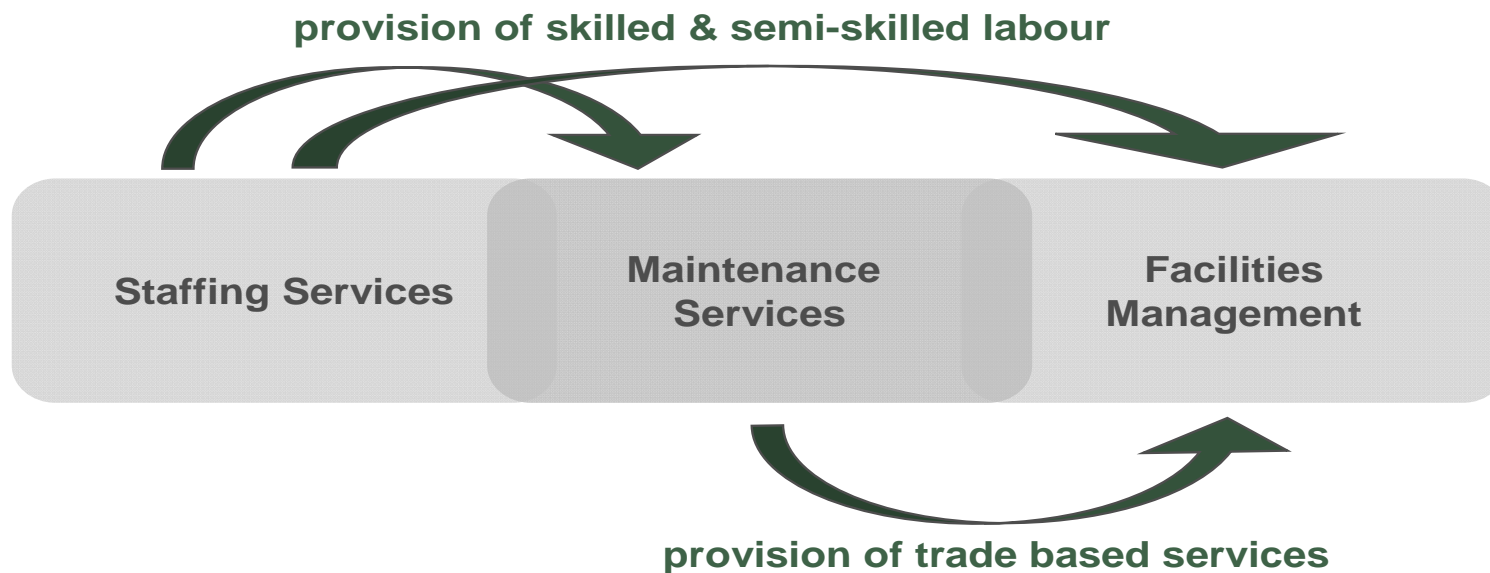
- ❖ Recruit, retain and deploy a large skilled workforce (active database of greater than 50,000 personnel)
- ❖ Long-term customer relationships and contracts
- ❖ Geographic expansion in Australia, New Zealand and UK
- ❖ Industry Sector expansion (particularly further into the resources industry)
- ❖ Continued internal improvement
- ❖ Acquisitions that fit our strategy

# Our Strategy

## Strategic Business Model



**Our business model is built around our ability to recruit, retain and deploy a skilled workforce, which was significantly enhanced by the merger with Integrated last year**




# Our Strategy


## 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


# Our Strategy


## 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

# Our Strategy

## Proposed Acquisition of SWG



### SWG is a WA-based company servicing the resources industry

- ❖ 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
- ❖ Field due diligence completed and transaction on track for completion by 30 June 2008, subject to the Spotless bid not proceeding<sup>1</sup>
- ❖ EPS accretive in FY09



# Our Strategy

## 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 2008

#### Financial Impact

- ❖ EBITA - \$3.0m (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 (FY08)
- ❖ **Reduce borrowings by \$4m**

# Outlook

## 2009 Projection



### Projections for year ending 31 March 2009

Summary P&L (A\$m)	31-Mar-09 Projection <sup>1</sup>	% Growth <sup>3</sup> FY08-FY09
Revenue	1,171.7	33%
EBITA	74.0	29%
NPAT <sup>2</sup>	38.7	23%
Weighted SOI (no. of shares)	96.0	
EPS <sup>2</sup> (cents)	40.3	10.4%

#### Key Impacts

- 1) Organic Growth from branch expansion
- 2) Full year contribution of Integrated's Workforce and Marine divisions (10 months only in FY08)
- 3) Proposed acquisition of SWG - 9 months contribution
- 4) Proposed divestment of Barry Bros – 3 months contribution
- 5) Full year of financing costs arising out of Integrated acquisition and higher interest rates. (10 months only in FY08)

1. Based on management projections ( assumes: 9 month contribution from SWG, 3 month contribution from Barry Bros)
2. NPAT and EPS are pre amortisation of identifiable intangibles
3. The growth rates shown are lower than the growth rates shown in Table 5.2.2 on page 29 of the Target's Statement, due to FY08 results being higher than forecast in the Target's Statement

The projections for 31 March 2009 have been prepared based on the assumptions contained on page 32. Shareholders should refer to Programmed's Target's Statement lodged with ASX on 7<sup>th</sup> May for full details.

# Spotless Offer



- ❖ Shareholders have received a Bidder's Statement from Spotless in April and further supplementary Bidder's Statements recently – **DO NOTHING**
  
- ❖ A Target's Statement from Programmed was lodged with ASX on 7 May 2008 and Shareholders have received this document containing:
  - Board recommendation that shareholders should **reject** the Spotless Offer
  - Reasons for the recommendation
  - Financial information
  - Other relevant information

# 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 May 2008**

### Reasons:

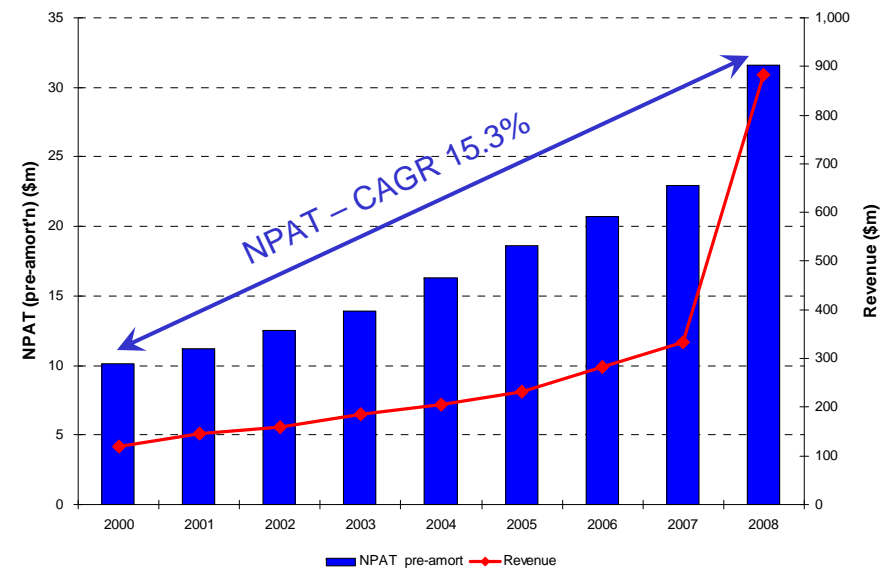
- Your Directors believe the Offer is inadequate
- Programmed is well positioned for continued growth
- Spotless' share price has underperformed for many years
- Programmed has a stronger track record than Spotless
- The offer is highly conditional and uncertain
- You should be concerned about Spotless'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

# Programmed is Well Positioned for Continued Growth



- ❖ Strong track record
- ❖ Projecting 10.4% 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 - FY2008<sup>1</sup>**



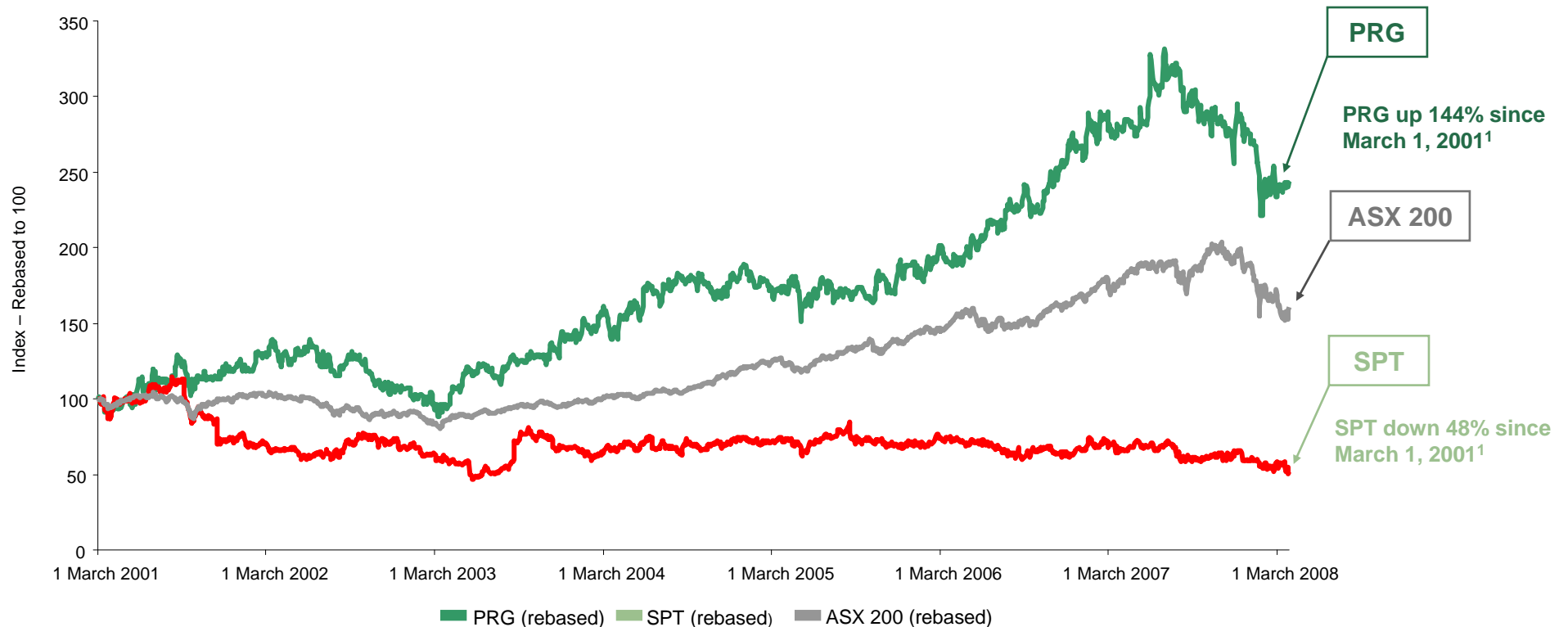
1. Items have been adjusted for "one-off" items including adoption of A-IFRS from 1 April 2004. FY08 forecast revenue and NPAT include 10 months' contribution from the Integrated Group. The compound annual growth rate from 31 March 2000 to 31 March 2007 is 12%.  
 2. EPS and NPAT pre amortisation of identifiable intangibles. See page 32 for assumptions underlying financial projections

# All or part of your consideration is in Spotless shares



## Spotless' share price has underperformed for many years

Relative Share Price Performance (2001-2008)<sup>1,2</sup>



1. Source: IRESS. Based on Spotless and Programmed share prices from 1 March 2001 to 26 March 2008 (the day prior to the Announcement of the takeover bid).
2. Programmed, Spotless and ASX 200 rebased to 100 from 1 March 2001

# The Offer is highly conditional and uncertain



## The offer includes a 90% minimum acceptance condition

- ❖ Spotless advised the ASX on 26 May 2008 that it had a relevant interest in 14.6% of Programmed, which is only 1.4% above the level when they announced the takeover bid on 27 March 2008
- ❖ In addition, Programmed shareholders (including all the directors) who together control in aggregate 16% of Programmed shares have indicated to Programmed on a non-binding basis that subject to new information becoming available, they will not accept the Offer on current terms

## You should be concerned about Spotless' share price post-completion

- ❖ Your Directors believe that the lack of prior consultation by Spotless as to potential integration issues could lead to losses of key Programmed staff and associated customer relationships if the Offer by Spotless is successful.
- ❖ If Spotless proceeds with an equity raising of up to \$200m<sup>1</sup>, the Spotless share price may fall further



# Appendices

# Appendix A

## 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

# Appendix B Comparative Table



Year Ending 31 March \$m	2007 Actual	2008 Actual	% Change	2009 Projection	% Change	Comments
<b>Revenue:</b>						
Original PRG (excluding Barry Bros)	299.4	344.2	15.0%	406.1	18.0%	
Barry Bros (proposed to be divested 30 June 2008) <sup>3</sup>	33.6	39.7	18.2%	10.2	(74.3%)	Assumes 3 months contribution from Barry Bros in FY2009
Original PRG (including Barry Bros)	333.0	383.9	15.3%	416.3	8.4%	
<b>Acquired Businesses</b>						
Integrated		493.1		665.4	34.9%	FY2008 includes only 10 months of IGL
(full year comparative)		(606.0)		(665.4)	9.8%	
SWG (proposed to be acquired 1 July 2008) <sup>3</sup>				90.0		Assumes 9 months contribution from SWG in FY2009
(full year comparative)		(101.9)		(120.0)	17.7%	
Total Acquired Businesses		493.1		755.4	53.2%	
<b>Total Revenue</b>	<b>333.0</b>	<b>877.0</b>	<b>163.4%</b>	<b>1,171.7</b>	<b>33.6%</b>	
<b>EBITA:<sup>1</sup></b>						
Original PRG (excluding Barry Bros)	36.4	33.2	(8.6%)	36.5	9.8%	
Barry Bros (proposed to be divested 30 June 2008) <sup>3</sup>	2.9	3.0	2.5%	1.2	(61.5%)	Assumes 3 months contribution from Barry Bros in FY2009
Original PRG (including Barry Bros)	39.3	36.2	(7.7%)	37.6	3.9%	
<b>Acquired Businesses</b>						
Integrated		21.3		29.2	37.4%	FY2008 includes only 10 months of IGL
(full year comparative)		(25.8)		(29.2)	13.3%	
SWG (proposed to be acquired 1 July 2008) <sup>3</sup>				7.1		Assumes 9 months contribution from SWG in FY2009
(full year comparative)		(8.5)		(9.6)	12.5%	
Total Acquired Businesses		21.3		36.3	70.8%	
<b>Total EBITA</b>	<b>39.3</b>	<b>57.5</b>	<b>46.4%</b>	<b>74.0</b>	<b>28.6%</b> <sup>2</sup>	

<sup>1</sup> After allocation of corporate costs. Comparison to Programmed's Target's Statement FY08 Forecast before allocation of corporate costs is shown below.

	2008 Forecast <sup>3</sup>	2008 Actual	Corp Cost Allocation	2008 Actual
<b>EBITA:</b>				
Property Maintenance Services	30.3	31.5	(1.2)	30.3
Facilities Management	3.2	3.1	(0.1)	3.0
Workforce	10.3	10.2	(1.5)	8.7
Marine	13.8	13.3	(0.8)	12.6
Barry Bros	3.1	3.4	(0.4)	3.0
Unallocated / Corporate	(4.1)	(4.1)	4.1	(0.0)
<b>Total EBITA</b>	<b>56.6</b>	<b>57.5</b>	<b>0.0</b>	<b>57.5</b>

<sup>2</sup> 28.6% increase comprises:

	\$	%
Organic Growth	6.7	11.6%
Sale of Barry Bros	(1.8)	(3.2%)
Full year of Integrated	4.5	7.9%
SWG Acquisition	7.1	12.3%
<b>Total Increase</b>	<b>16.5</b>	<b>28.6%</b>

<sup>3</sup> Refer to Programmed's Target's Statement lodged with the ASX on 7 May 2008 for more details