

**PROGRAMMED  
MAINTENANCE  
SERVICES**

**PEOPLE  
TAKING CARE  
OF PROPERTY**

52 RICKETTS ROAD  
MOUNT WAVERLEY  
VICTORIA 3149

PO BOX 331  
MOUNT WAVERLEY  
VICTORIA 3149

TELEPHONE  
(03) 9562 8033  
FACSIMILE  
(03) 9562 8006

## **ASX Announcement**

12 February 2007

Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

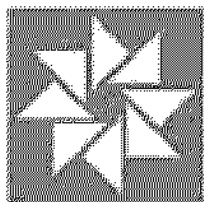
### **INVESTOR PRESENTATION – PROPOSAL TO MERGE**

Please find attached an investor presentation describing the proposal to merge with Integrated Group Limited. This presentation will be discussed with investment analysts and institutional shareholders later today.

Yours sincerely,  
**PROGRAMMED MAINTENANCE SERVICES LIMITED**

Ian H. Jones  
Secretary

# PROPOSAL TO MERGE WITH INTEGRATED GROUP LTD



**PROGRAMMED  
MAINTENANCE  
SERVICES**

12 February 2007

# Important Notice and Disclaimer

This presentation has been prepared by Programmed Maintenance Services Limited. The information contained in this presentation is for information purposes only and does not constitute an offer to issue or arrange to issue, securities or other financial products. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Programmed Maintenance Services Limited, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this presentation. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies.

Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.



# Agenda

1. Key Highlights
  2. Transaction Overview
  3. Profile of Integrated Group
  4. Strategic Rationale
  5. Profile of Merged Group
  6. Financial Impacts
  7. Benefits for Integrated Shareholders
  8. Key Steps and Timing
  9. Conclusion
- Appendix: Conditions

# 1. Key Highlights

- Programmed Maintenance (“PMS”) and Integrated Group (“Integrated”) are pleased to announce a merger to create a \$800m maintenance and labour hire group. This will create a **new national force in** workforce, facilities management and maintenance solutions
- Integrated shareholders to receive cash and scrip with an implied value of **approximately \$2.64<sup>1</sup> per share**
- **Attractive premium** to Integrated’s share price
- Expected to be **EPS accretive** (pre-amortisation<sup>2</sup>) for PMS shareholders for the year ending 31 March 2008
- **Unanimous recommendation** from both Integrated and PMS Boards
- Vertical integration benefits and access to new customer and geographic markets
- **New opportunities for growth** provided by the scale and broad operations of the combined group

1. Based on PMS’s closing share price on 9 February 2007 of \$5.14
2. Post-merger amortisation will depend on the identified level of intangible assets with finite lives, which may be subject to amortisation over their useful lives. Identification of these assets, if any, will take place following completion of the merger



## 2. Transaction Overview

- Offer consideration of approximately \$2.64<sup>1</sup> per share consists of:
  - 0.26 PMS share;
  - \$1.25 in cash; and
  - any interim dividend declared by Integrated in respect of 1H FY07, up to a maximum of 5 cents per share
- West shareholders would also be entitled to any final dividend declared by PMS for the six months ending 31 March 2007
- Committed debt funding in place to finance the acquisition
- Neil Hamilton and Jon Whittle have been invited to join the PMS Board if the Scheme is implemented
- PMS will acquire Integrated through a scheme of arrangement of Integrated's shareholders
- Scheme meeting scheduled for early May 2007
- PMS has undertaken a short due diligence on the operations of Integrated

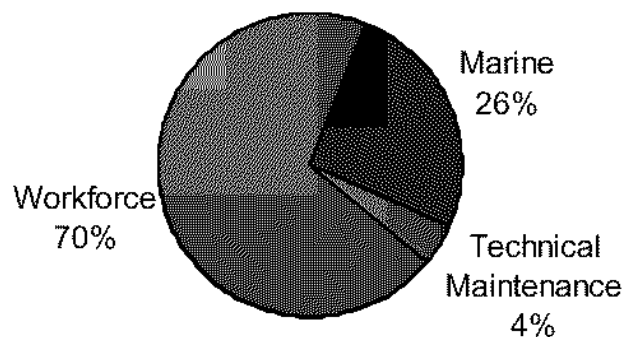
1. Based on PMS's closing share price on 9 February 2007 of \$5.14



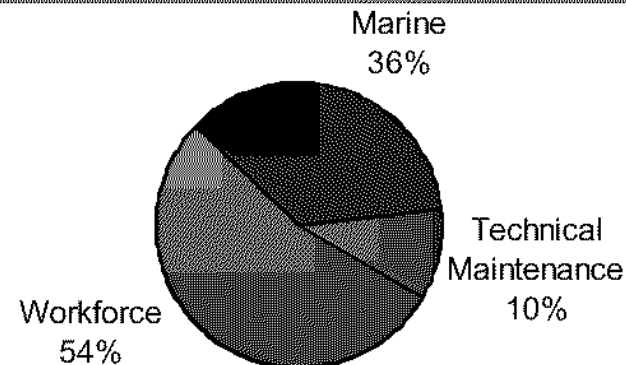
### 3. Profile of Integrated Group

- Integrated brings to the PMS group three valuable areas of operation:
  - **Workforce**: delivering a range of trade-based recruitment and labour hire services through a national branch network
  - **Marine**: providing managed labour services to the oil & gas and marine industries
  - **Technical Maintenance**: providing contract maintenance in communications, manufacturing and process industries

Integrated Revenue Split



Integrated EBIT Split



## 4. Strategic Rationale

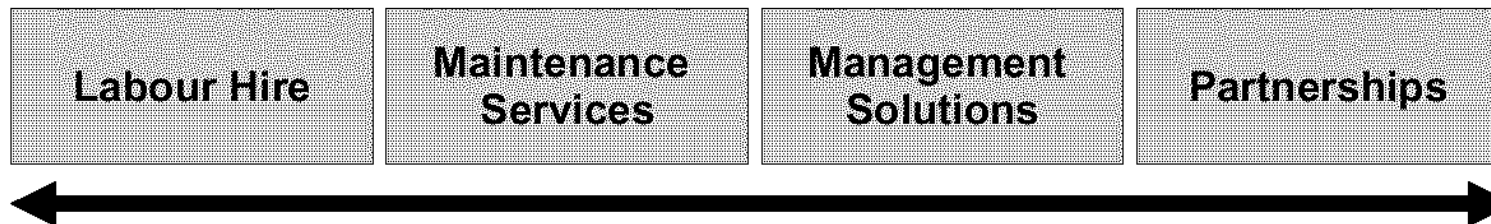
- The proposed merger with Integrated Group will deliver a range of strategic and financial benefits for PMS
  - ✓ Full service offering with an opportunity to add greater customer value
  - ✓ Greater labour flexibility
  - ✓ Larger geographic footprint
  - ✓ Broader industry coverage leading to a more diversified earnings base
  - ✓ Operational improvements
  - ✓ Superior financial scale



# 4. Strategic Rationale

## Full Service Offering

- Trade-based labour hire represents a logical area of expansion for PMS along the outsourced services service supply chain
- Provides scope to add customer value through bundling of services from labour hire to full maintenance and facilities management solutions



- Providing a workforce
- Spot buys
- Individual labour hire at customers request
- Time & materials
- Scope of skills (trade, engineering, project management)

- Single or multiple services
- One-off events as well as programmes
- Local and national
- Low tech & high tech

- Managed outsourced solutions
- Long-term and integrated
- Multi-services
- Alliance model

- Public Private Partnerships (PPP)
- Corporate Real Estate (CRE)
- Complex and large solutions
- Large national customers
- Possible funding stake
- Very long term (>15 years)



## 4. Strategic Rationale

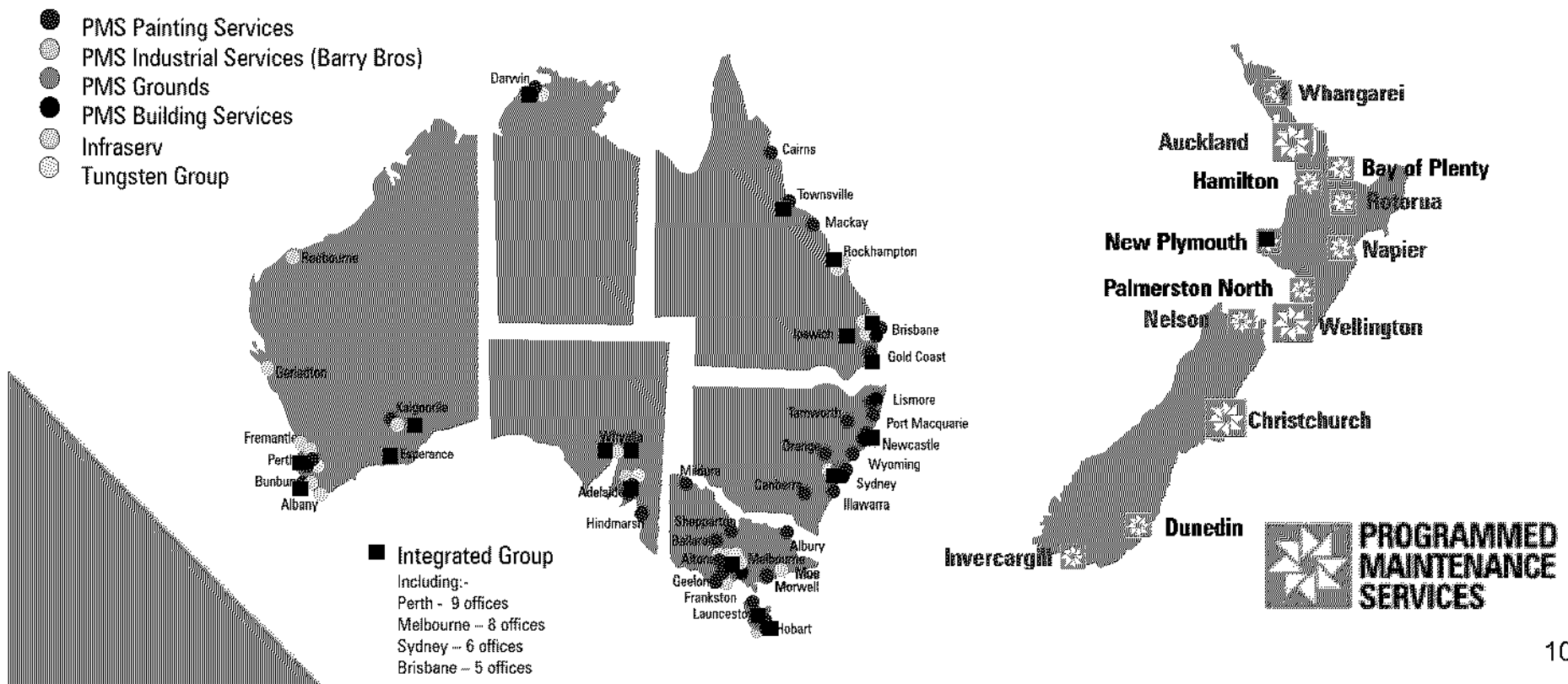
### Greater Labour Flexibility

- Larger workforce pool in a tight labour market, particularly in Australia
- Further improvement in Health and Safety risk management practices with a larger and more specialised group
- Potential for recruitment from New Zealand and UK databases to meet the shortfall in Australia
- Greater career opportunities for all staff and management in the combined organisation, making it possible to improve the retention and attraction of high quality employees

# 4. Strategic Rationale

## Larger Geographic Footprint

- Leverage PMS's existing position in New Zealand and the UK, to accelerate labour hire expansion into those regions
- Utilise Integrated's growing national branch network to expand PMS's customer geographic reach
- Strengthen labour hire presence in regional Australia



## 4. Strategic Rationale

### Broader Industry Coverage

- Introduction of labour hire services into PMS's traditional customer base, including the food, wine, education and broad manufacturing and services markets
- Expansion of managed labour and maintenance services into oil, gas and resource markets, particularly in Western Australia and Queensland, by leveraging Integrated's presence in the offshore oil and gas services sector
- Diversifies business across different industries to reduce cyclical risk



## 4. Strategic Rationale Operational Improvements

- Vertical integration benefits, including access to a larger workforce pool, enabling greater labour flexibility to meet seasonal demands
- Improved shared services delivery at lower unit costs
  - Combined best practice across support functions and services including HR, IT&T, workers compensation, accounting and payroll

## 4. Strategic Rationale

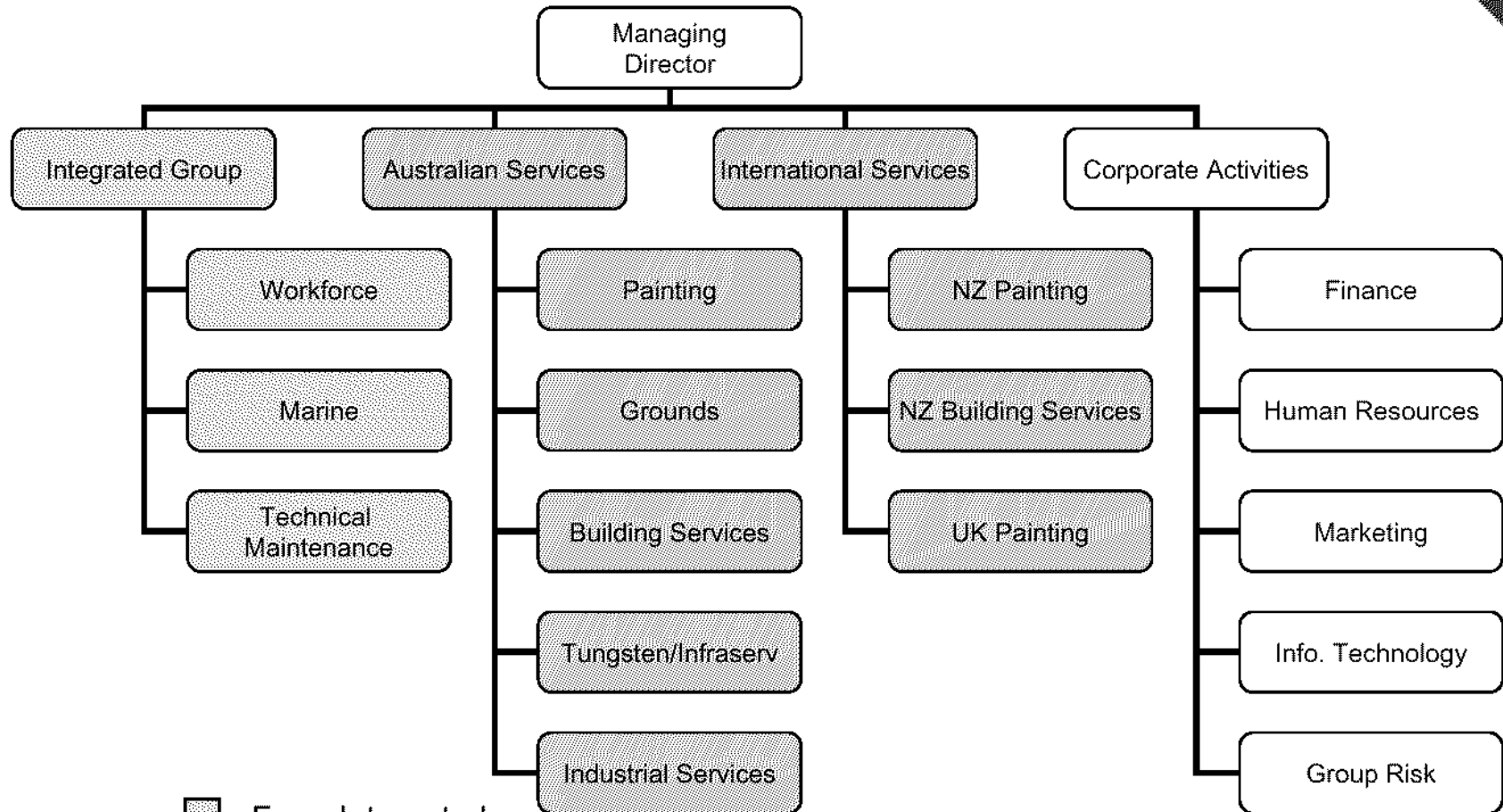
### Superior Financial Scale

- Stronger combined balance sheet from which to pursue growth initiatives – both organic and through acquisition
- Increased investor relevance and market recognition
- Opportunities for realisation of cost synergies and potential revenue synergies through cross selling opportunities

## 5. Profile of Merged Group

- Integrated will form a separate division of PMS
- Chris Sutherland, the current Integrated CEO, will lead the Integrated Group division, reporting directly to Max Findlay
- Integrated's team of highly experienced and quality employees will assist in driving the future success of PMS

# 5. Profile of Merged Group

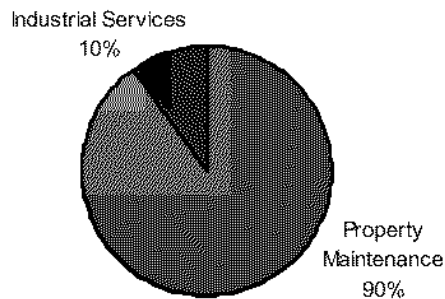




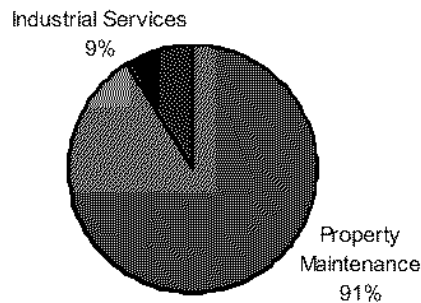
# 5. Profile of Merged Group

- The merged group will be a leading provider of temporary and permanent labour, facilities management and maintenance solutions across a broad range of infrastructure, industrial and resource sectors throughout Australia, NZ and the UK

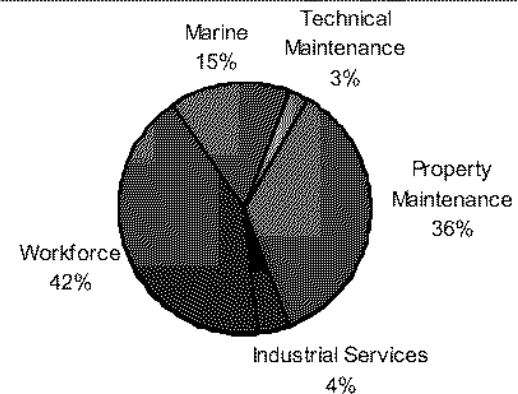
**PMS Pre-Merger Revenue Split**



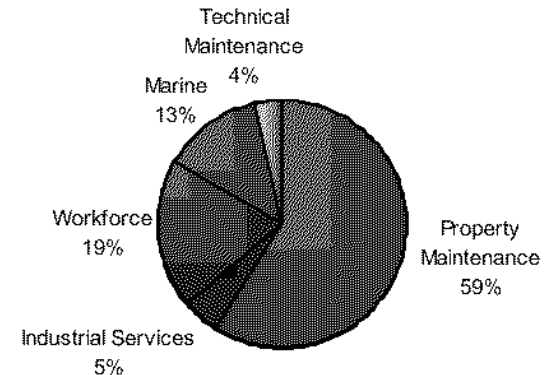
**PMS Pre-Merger EBIT Split**



**PMS Post-Merger Revenue Split**



**PMS Post-Merger EBIT Split**



## 5. Profile of Merged Group

Financial Profile	Year to 31 March 2007 Pro-Forma (\$m)		
	Integrated <sup>1</sup>	PMS <sup>2</sup>	Pro-Forma Merged <sup>3</sup>
Revenue	470.7	328.1	798.8
EBITDA	24.0	49.3	73.3
EBIT	20.8	38.6	59.4
Less: Interest expense	(2.0)	(5.7)	(7.7)
Less: Interest payable on addtl. debt <sup>4</sup>	n/a	n/a	(7.0)
PBT	18.8	32.9	44.7
Less: Tax <sup>5</sup>	(5.9)	(10.5)	(14.1)
<b>NPAT</b>	<b>12.9</b>	<b>22.4</b>	<b>30.6</b>
EPS (\$)	0.18	0.31	0.34

1. Integrated financials based on Integrated internal forecast, annualised to 31 March 2007
2. PMS financials based on average of the following five broker reports, issued on or about 29 November 2006: Deutsche Bank, Goldman Sachs JBWere, Macquarie Research Equities, Citigroup and UBS
3. Assumes 18.8m new PMS shares issued and additional borrowings of \$96.6m to fund the acquisition (including transaction costs). Excludes estimated synergies
4. Assumes cost of debt on additional borrowings of 7.25%
5. Assumes average tax rate of 31.5%



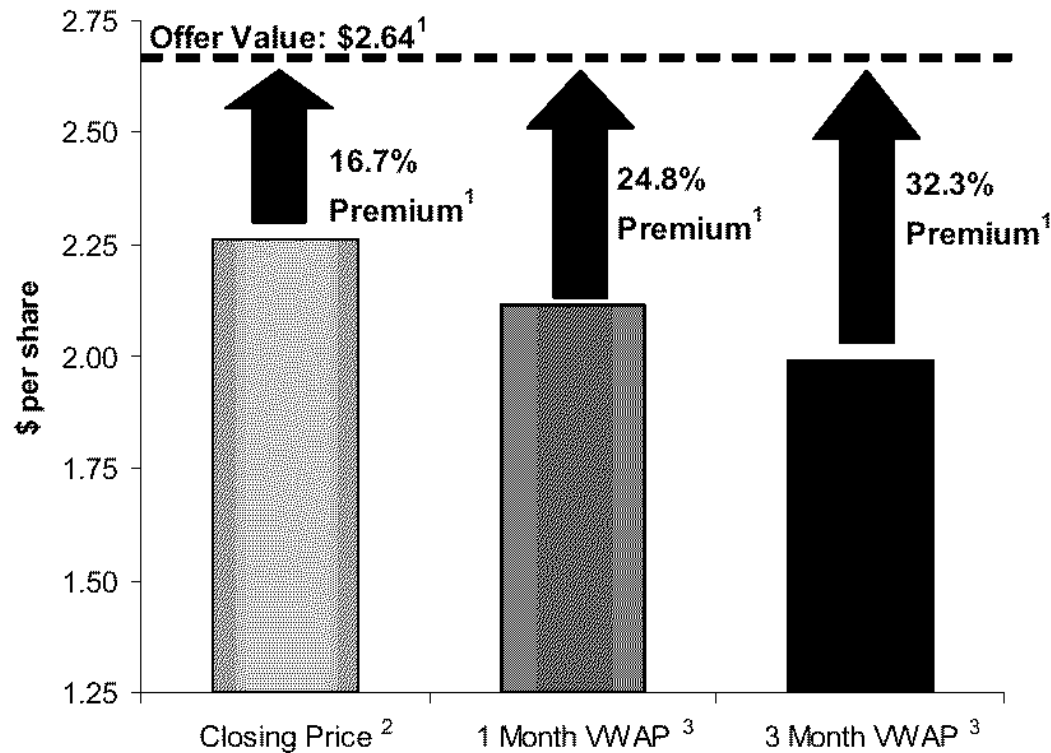
## 6. Financial Impacts

- Expected cost synergies, net of integration costs, of \$1.5m in first year post acquisition and \$2.5m+ p.a. thereafter
- Expected to be EPS accretive (pre amortisation<sup>1</sup>) for PMS shareholders for the year ending 31 March 2008
- Post transaction gearing (net debt / net debt + book equity) to remain below 50%
- PMS expects to be able to fully frank dividends over the next twelve months and maintain a payout ratio of broadly 60% of after-tax profits

1. Post-merger amortisation will depend on the identified level of intangible assets with finite lives, which may be subject to amortisation over their useful lives. Identification of these assets, if any, will take place following completion of the merger.

# 7. Benefits for Integrated Shareholders

- The Proposal offers Integrated shareholders a significant and highly attractive premium



1. Based on PMS's closing share price on 9 February 2007 of \$5.14
2. Integrated's closing price on 9 February 2007
3. VWAP's calculated up until and including 9 February 2007



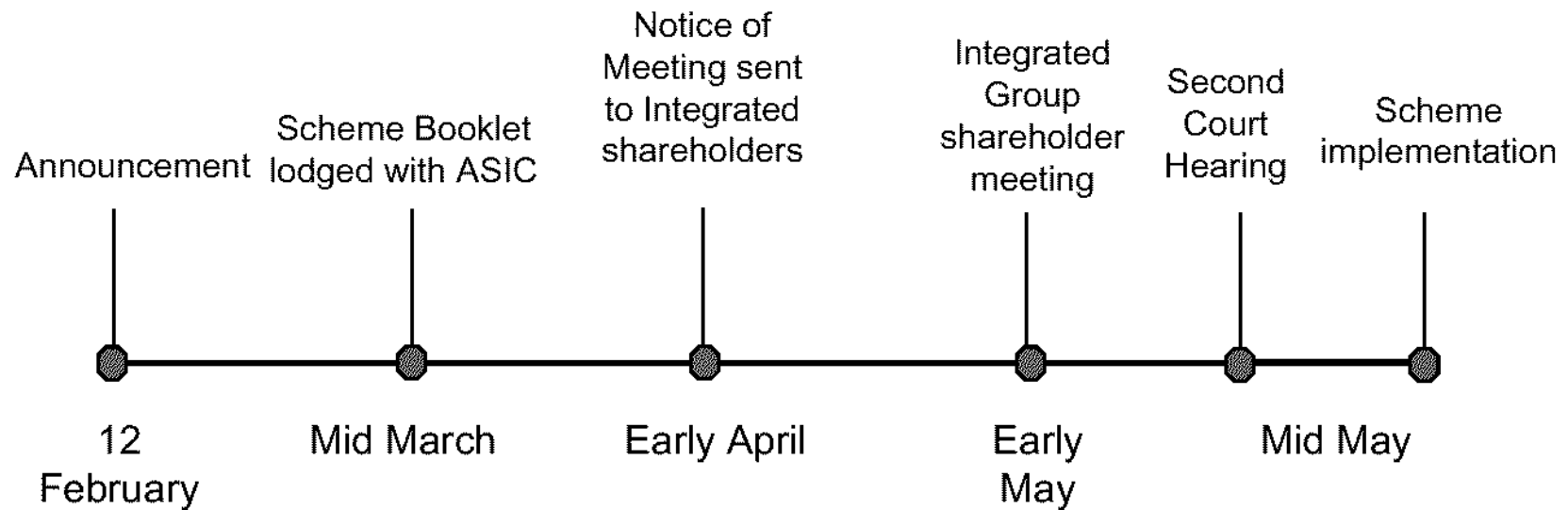
# 7. Benefits for Integrated Shareholders

- Integrated shareholders will receive shares in a larger business
  - A track record of consistent earnings growth
  - Improved growth opportunities
  - Broader range of services
  - Share in the generated merger synergies
- A combined PMS – Integrated is also likely to bring benefits of increased equity market recognition and liquidity

# 8. Key Steps and Timing

- Scheme meeting expected in early May with completion anticipated mid-May

## Indicative Timetable



## 9. Conclusion

- The Proposal represents a strategically and financially compelling opportunity for PMS
- Will deliver an outstanding platform for future growth
  - Access to trade-based workforce base enabling provision of full service offering
  - Increased scale and industry diversification
  - Excellent opportunities for both organic and acquisition led growth
- Represents attractive value for Integrated shareholders, who will participate in the likely future success of PMS
- Unanimously recommended by the Boards of Integrated and PMS

# Appendix: Conditions

- Completion of the merger is subject to the following key conditions<sup>1</sup>
  - Independent expert opinion that the scheme is in the best interest of Integrated shareholders
  - Integrated shareholder approval and court approval of the scheme of arrangement
  - No material adverse change and certain prescribed occurrences (including certain changes in capital structure, substantial changes in business operations, insolvency events and changes in material contracts) not occurring for either Integrated or PMS

1. For further information please see the joint ASX announcement by PMS and Integrated regarding the proposed merger