# ASX Release

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Programmed Maintenance Services Ltd
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# FY13 NPAT $32.1 million, up 3%

- **Final dividend up 25% to 10 cps fully franked**
- **Net debt down 24% to $67.1 million**

Programmed, which provides staffing, maintenance and facility management services, today announced an after-tax profit of $32.1 million for the year to 31 March 2013, an increase of 3% over FY2012 ($31.2 million).

EBIT (earnings before interest and tax) before restructuring costs of $2.6 million was $54.6 million (FY2012: $56.7 million). Interest expense fell by 21% to $9.9 million due to strong cash flow, lower debt and lower rates on new bank facilities negotiated in October 2011. Income tax expense was lower at $9.9 million (FY2012: $13.0 million) due partly to a $2.7 million benefit from tax losses carried forward from previous years.

Revenue was up 9% to $1,517 million (FY2012: $1,394 million). The Resources division maintained its strong revenue performance of the previous year and better performance onshore resulted in a 10% increase in EBIT. The Property and Infrastructure division's revenue increased by 15%, due partly to an acquisition, but lower margins in a very competitive market and contract disputed costs on an electrical project contributed to a 14% decline in EBIT. The Integrated Workforce division increased its revenue by 7%, but EBIT was 5% lower, also due to challenging market conditions in some sectors.

Net debt at 31 March 2013 was $67.1 million, down 24% from 31 March 2012 ($87.8 million) and the net debt/equity ratio at 31 March 2013 was 17.1% compared with 23.5% at 31 March 2012.

The board has determined to pay a fully franked final dividend of 10 cents per share, up 25% from FY2012, bringing dividends for the full year to 15 cents per share fully franked (FY2012: 13 cents). The final dividend will be paid on 26 July 2013 to shareholders on the register at 5 July 2013.

Chris Sutherland, managing director of Programmed, said: 'We consider that maintenance of net profit, which is consistent with what we said a year ago, along with a reduction in debt and an increase in dividend, represents a good result for shareholders in challenging market conditions.

'Activity in some of our sectors remains subdued, while we have good visibility of future work from both the oil and gas and public infrastructure sectors.

'Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength.

'We will continue to manage the group conservatively, while taking advantage of growth opportunities that arise.'

| Group results | Year ended 31 March 2013 $m | Year Ended 31 March 2012 $m | % change |
|---|---|---|---|
| **Revenue** | **1,517.4** | **1,393.6** | **9%** |
| **EBITDA (before restructuring costs)** | **67.0** | **67.6** | **(1%)** |
| Depreciation and amortisation | (12.4) | (10.9) | (14%) |
| **EBIT (before restructuring costs)** | **54.6** | **56.7** | **(4%)** |
| Restructuring costs | (2.6) | 0.0 | |
| **EBIT** | **52.0** | **56.7** | **(8%)** |
| Interest | (9.9) | (12.5) | 21% |
| **Profit before tax** | **42.1** | **44.2** | **(5%)** |
| Income tax expense[1] | (9.9) | (13.0) | 24% |
| **Profit after tax** | **32.1** | **31.2** | **3%** |
| **Earnings per share** | **27.2** | **26.4** | **3%** |
| Weighted average shares on issue (million) | **118.2** | 118.2 | |

[1]2013 includes $2.7m tax benefit from utilisation of tax losses carried forward from previous years.

| Property & Infrastructure | Year ended 31 March 2013 $m | Year Ended 31 March 2012 $m | % change |
|---|---|---|---|
| Revenue | 751.7 | 656.2 | 15% |
| EBIT | 23.1 | 26.8 | (14%) |

The Property & Infrastructure division provides a range of maintenance, building and operational services, including painting, electrical, communications, grounds, signage, general building repairs and facility management. The division's services were expanded in April 2012 with the acquisition of Turnpoint which provides landscaping, construction and maintenance services for golf courses, horse race courses and sports stadia.

While revenue was higher, partly due to the acquisition of Turnpoint, the overall EBIT margin was lower. This was the result of weaker demand, leading to tighter margins on a number of projects, and contractual delay costs on a Queensland electrical project. In response, the division's cost base has been reduced by more than $5 million annualised and further savings are being sought.

In the Property Services business, weaker demand lowered earnings. Capital investment in maintenance programs was $113.6 million at the end of FY2013 compared with $129.8 million a year earlier, releasing $16.2 million for investment in other parts of the group. While current economic conditions have reduced demand for painting maintenance, the business is seeking all suitable commercial painting opportunities. It is also continuing to monetise the contract recoverable and, where appropriate, offering alternative and less capital-intensive maintenance programs.

The KLM electrical and communication business' margins were lower on increased volumes, particularly in the new commercial building market where competition is strong. In addition, earnings suffered due to a time delay dispute on a Queensland contract; a number of claims have been submitted which are expected to go to arbitration. Action has been taken to reduce work in the new commercial building market and to increase fit-out and maintenance work and upgrades of electrical, data and communications systems in buildings and infrastructure; this is expected to reduce revenue for the current year, but improve profitability.

Turnpoint contributed earnings of $3.1 million, in line with expectations. The group's customer relationships offer opportunities for growth across Australia.

The Facility Management business performed well, with substantial increases in revenue and earnings. The WA Water Corporation work is progressing; the New Zealand school PPP contract will commence mid-year; and the Ararat Prison contract has been renegotiated with work expected to start in 2014. Recent contract wins with Housing South Australia and Canberra University will contribute to future earnings.

| Resources | Year Ended 31 March 2013 $m | Year Ended 31 March 2012 $m | % change |
|---|---|---|---|
| Revenue | 354.3 | 354.0 | - |
| EBIT | 31.0 | 28.3 | 10% |

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.

While revenue was similar to FY12, earnings increased 10% as a result of increased margins from onshore work.

The offshore oil and gas sector contributes 85% of the division's revenue, with work on major resource developments off the North West of Australia. Demand for vessel management, manning, catering and logistical services was strong and the division serviced more than 50 offshore vessels, FPSOs, drilling rigs and platforms. Highlights were work associated with the Gorgon project and securing major work associated with Chevron's Wheatstone project, scheduled to start late in FY2014. The division is currently bidding for work associated with Inpex's Ichthys project, scheduled to start in FY2015.

New Zealand operations continued to service most of the offshore oil and gas operators. Manning, catering, camp and logistic support is also provided to onshore drillers and new opportunities are in the pipeline.

Earnings grew from onshore work, providing maintenance and construction support to the WA mining sector. Long-term maintenance contracts will be targeted as construction of new assets is completed.

| Workforce | Year Ended 31 March 2013 $m | Year Ended 31 March 2012 $m | % change |
|---|---|---|---|
| Revenue | 407.1 | 380.9 | 7% |
| EBIT | 10.7 | 11.3 | (5%) |

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

While revenue grew, margins fell as business confidence remained fragile and there was increased competition to secure work.

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 business confidence returns.

### Net unallocated costs (FY2013: $10.2 million vs $9.7 million pcp)

These relate to corporate overheads and a range of non-trading income and expenses, including foreign exchange movements on UK and NZ payments.

### Balance sheet and cash flows

Gross operating cash flow was $90.6 million, 25% higher than FY2012 ($72.6 million) and 141% of EBITDA. Net operating cash flow was $56.9 million, up 18% on FY2012 ($48.3 million).

With the continued focus on capital management and further returns of capital from the contract recoverable associated with the long term painting maintenance programs, the group's net debt reduced to $67.1 million at 31 March 2013, from $87.8 million at 31 March 2012. The net debt to equity ratio fell to 17.1% from 23.5%.

### For further information contact:


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