ASX Release

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Programmed Maintenance Services Ltd
ACN 054 742 264

23 November 2016

Results for first half to 30 September 2016

NPAT before amortisation and non-trading items $17.9 million, up 36%
Statutory profit $3.7 million
Interim dividend 3.5 cps, fully franked
Full year guidance of c. $100 million EBITDA before non-trading items maintained

Programmed (ASX:PRG), which provides staffing, maintenance and facility management services, today announced an after-tax profit of $17.9 million before amortisation and non-trading items for the six months to 30 September 2016 (1H FY16: $13.2 million). After amortisation and non-trading items, the company's after-tax profit was $3.7 million (1H FY16: after-tax loss of $18.7 million).

Earnings before interest, tax, depreciation, amortisation (EBITDA) and non-trading items were $43.4 million, 71% above 1H FY16 ($25.3 million).

Amortisation and non-trading items totalled $14.2 million. These were $5.3 million for the non-cash amortisation of identifiable intangibles; $14.4 million related to the Skilled integration, restructuring and other expenses; $0.3 million representing a share of an associate's net loss; and a tax credit of $5.8 million related to these items.

Group revenue, at $1,338 million, was up 88% (1H FY16: $710 million), due to the acquisition of Skilled completed on 16 October 2015.

Gross operating cash flow was higher than pcp at $30.0 million (1H FY16: $17.4 million) and represents 103% of EBITDA after cash non-trading items.

Net debt was $240 million at 30 September 2016, similar to 31 March 2016, due to one-off integration and restructuring expenses; and the final deferred payment of $9.5 million for the Broadsword business purchased by Skilled three years ago.

The board has determined to pay an interim dividend of 3.5 cents per share fully franked (1H FY16: 6.5 cents), payable on 31 January 2017 to shareholders on the register at 9 January 2017. The DRP has been suspended.

'The integration of Skilled has progressed very well since its acquisition just one year ago,' said Chris Sutherland, Managing Director of Programmed. 'Our integration plan had three important phases:

1. The first was to create one team, one brand and align the culture. Our most recent employee engagement score was identical to the same high result prior to the Skilled acquisition, a significant achievement.
2. The second phase was to transfer the entire Skilled operation onto our business systems. Two weeks ago, we completed successfully the most critical and complex task, transferring more than 500,000 employment records onto our system. Our staffing business is now trading on a common system which will enable better sales, customer service and employee management.

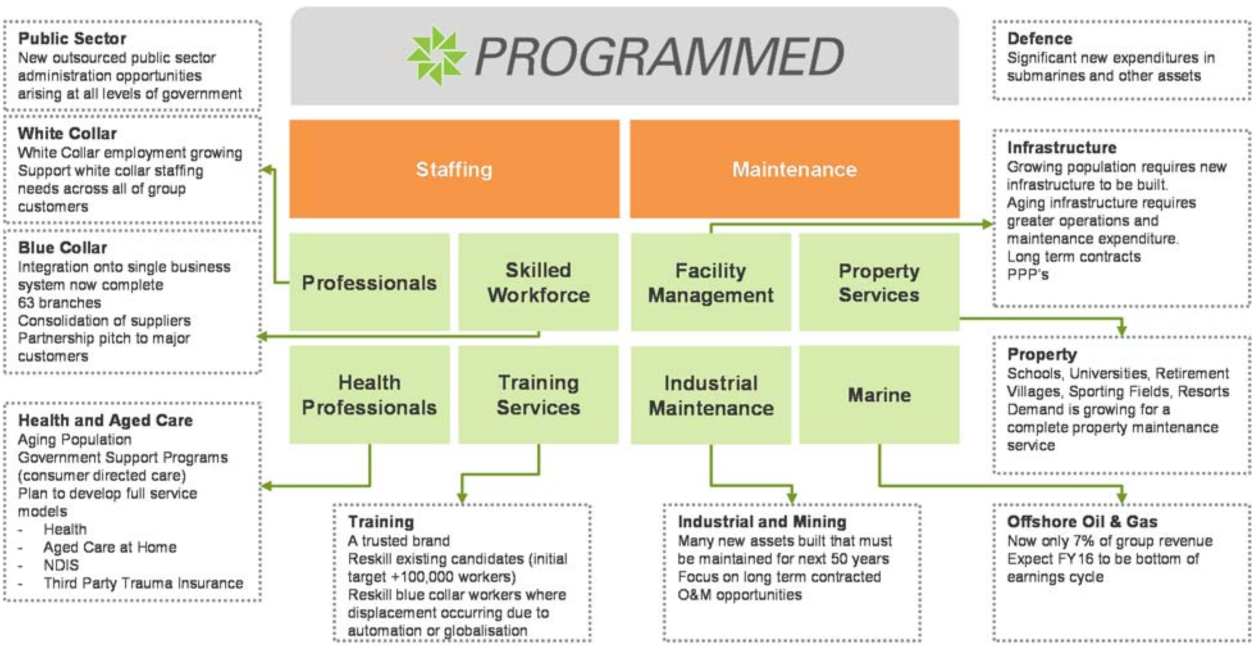
3. The final and most important phase is to use our new size, scale and diversity of customers to grow sales over the next three years. We have developed a detailed plan to target significant additional revenue opportunities which will be implemented over the coming months, with the benefits accruing over a number of years.'

'Programmed has a clear vision to be the leading provider of staffing, maintenance and facility management services, without injury. Like most businesses today, scale and efficiency are important as customers seek price and productivity improvements and global competitors increase their presence in Australia. The acquisition of Skilled, only a year ago, was a very important long-term transformation opportunity for Programmed to greatly increase our scale and efficiency and provide for the opportunity to grow services across a much larger customer base.

'We are excited to be now moving to the third and most important phase of our plan which is to significantly grow sales over the next three years.'

Next Three Years

A summary of our plan to significantly grow sales over the next three years is outlined below;



Earnings Guidance

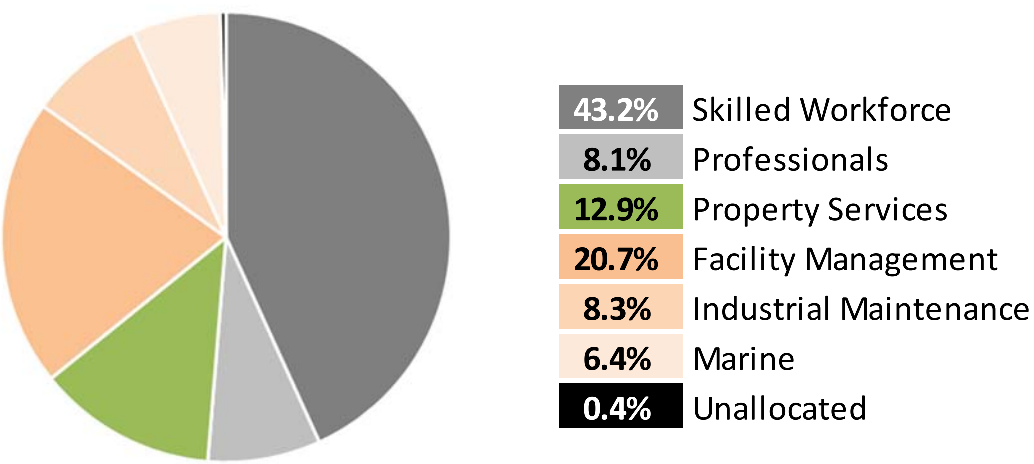
Programmed maintains its previous guidance of FY17 EBITDA of approximately $100 million[1] before non-trading items.

[1]based on current estimates; excluding non-trading items; subject to actual trading conditions and assuming no material changes to the macro economic environment.

Group Results

Group Results	1H FY17 30 Sep 2016 $m	1H FY16 30 Sep 2015 $m	% change
Revenue	**1,337.7**	**709.7**	**88.5%**
Results Before Amortisation and Non-Trading Items			
EBITDA	**43.4**	**25.3**	**71.5%**
Depreciation	(9.4)	(4.8)	(95.8%)
EBITA	**34.0**	**20.5**	**65.9%**
Interest	(8.1)	(1.9)	(326.3%)
Profit before Tax	**25.9**	**18.6**	**39.2%**
Income tax expense	(8.0)	(5.4)	(48.1%)
Profit after Tax (before amortisation and non-trading items)	**17.9**	**13.2**	**35.6%**
Amortisation and Non-Trading Items			
Amortisation	(5.3)	(0.4)	
Skilled integration, restructuring and other costs	(14.4)	(5.2)	
Marine goodwill impairment (non-cash)	0.0	(27.8)	
Share of net loss of associates	(0.3)	(0.1)	
Tax on amortisation and non-trading items	5.8	1.6	
Profit / (Loss) after Tax (statutory basis)	**3.7**	**(18.7)**	
Earnings per Share (before amortisation and non-trading items)	**7.1**	**11.1**	**(36.0%)**
Earnings per Share (statutory basis)	**1.5**	**(15.7)**	
Weighted Average Shares on Issue (million)	252.2	118.8	

% FY17 1H REVENUE BY BUSINESS UNIT



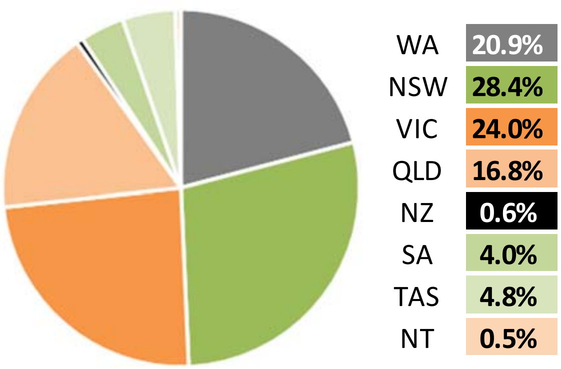
Divisional Results

Staffing	1H FY17 30 Sep 2016 $m	1H FY16 30 Sep 2015 $m	% change
Revenue	686.5	196.0	250%
EBITA	20.2	3.9	418%

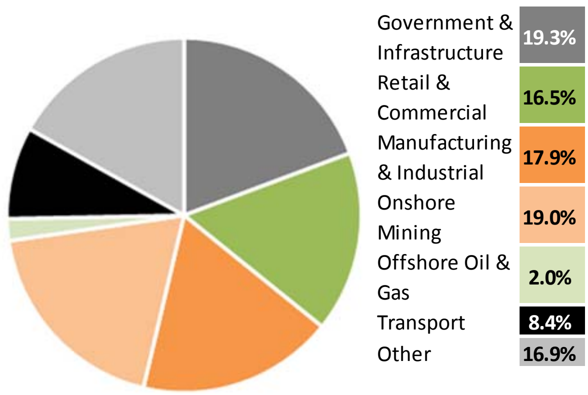
The Staffing division provides a range of staffing services across all industry sectors. It trades as four business units: Skilled Workforce (blue collar); Professionals (white collar); Health Professionals (hospitals and aged care) and Training Services (licenced RTO and GTO).

First half revenue was significantly higher than 1H FY16 reflecting the acquisition of Skilled, but was weaker than forecast at the beginning of the year. As the Western Australian, Queensland and Northern Territory economies adjusted to lower mining capital expenditure, revenue from non-mining customers in these regions was weaker, but direct revenue from major mining companies grew as they increased production. Revenue increased in the other major regions as growth in non-mining activity offset some of the decline in the 'mining' states.

Staffing Revenue by State / Country



Staffing Revenue by Sector



The introduction of a single business system for the combined Skilled Workforce business, completed two weeks ago, will enable a more efficient coordinated sales approach across the entire network of 63 branches. The business is well positioned to support a growing number of customers seeking new efficiencies and improvements in safety and service by outsourcing for the first time, or by consolidating service providers. There are more than $300 million per annum of new, near-term revenue opportunities in the business' development pipeline, which if successful will support growth into next year.

The Professionals business is marketing its white collar staffing services to a wider group of customers and growth is expected in the next 12 months. In particular, there are increasing opportunities in health and aged care.

Overall, the Staffing division's performance is expected to improve in the second half as it begins to benefit from the completion of its business system integration. OneShift, the start-up online recruitment business in which Programmed invested $5 million for a 27.5% equity stake in October 2013, continues to develop.

Maintenance	1H FY17 30 Sep 2016 $m	1H FY16 30 Sep 2015 $m	% change
Revenue	646.1	513.0	26%
EBITA	24.8	22.6	10%

The Maintenance division provides a range of maintenance, building and operational services to asset owners across all industry sectors. Due to the significant fall in marine revenue, the marine/offshore oil and gas business was combined with the division's other operational and maintenance services from 1 April 2016.

The division's services include painting, grounds maintenance and landscaping; specialist turf construction and maintenance for golf and horse racing; corporate imaging and signage; building repair; electrical and lighting installation, audio-visual, data and communications; complete maintenance and asset management services; industrial maintenance, shut downs, project management and minor capital works; and marine operations and maintenance, catering and logistics.

The division trades as four main business units: Property Services, Facility Management; Industrial Maintenance and Marine Services.

The division's revenue grew as a result of the addition of Skilled's maintenance businesses, but was lower than forecast at the beginning of the year due to the fall in marine revenue following the significant fall in the oil price at the beginning of the calendar year.

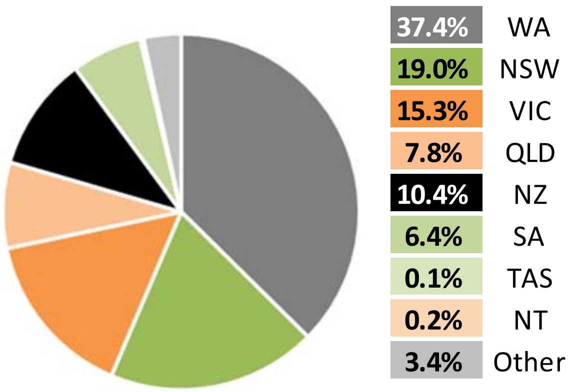
The Property Services business is performing well, with the sales pipeline across its traditional education, aged care, retail and commercial sectors remaining solid.

The Facility Management business is consolidating its contract wins of the last 12 months, with work-in-hand of $2,200 million and a pipeline of further opportunities under active development.

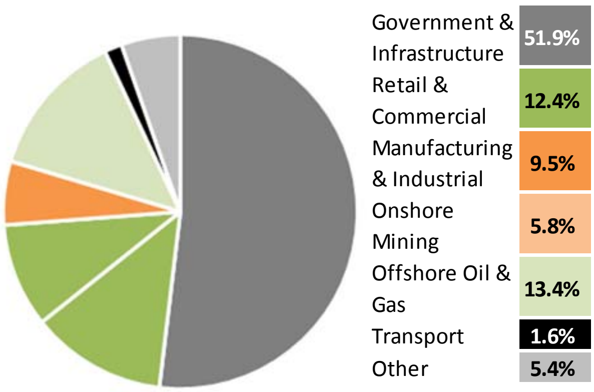
The Industrial Maintenance business improved its performance in the first half of FY17 compared to the second half of FY16, but headwinds remain in some sectors.

The Marine Services business has a number of exploration and construction opportunities which are expected to support future activity levels no lower than the present.

Maintenance Revenue by State / Country



Maintenance Revenue by Sector



Unallocated Costs

Unallocated costs, which relate to corporate overheads and non-trading income and expenses, were $11.0 million (1H FY16: $6.0 million).

Cash Flow and Net Debt

Gross operating cash flow was higher than pcp at $30.0 million (1H FY16: $17.4 million) and represents 103% of EBITDA after cash non trading items. Net operating cash flow was $17.5 million (1H FY16: $9.7 million).

Net debt at 30 September 2016 was $240 million compared to $239 million at 31 March 2016. Cash outgoings included $14.4 million of one-off integration and restructuring costs and a $9.5 million final deferred payment for Broadsword, purchased by Skilled three years ago.

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