



*PROGRAMMED*

# 1H FY17 Results Presentation

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23 November 2016

Recruit. Deploy. Manage. Maintain.

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This presentation should be read in conjunction with the Announcements issued to the ASX since the 2016 Annual Report which can be found on the Programmed website at **[www.programmed.com.au](http://www.programmed.com.au)**.

## Safety Pause



Two “working at heights” jobs next to each other, two supervisors, two cultures

## Key Points

- ▼ Important 6 months, as we completed the most critical and complex integration tasks and successfully transferred all of the Skilled staffing data onto the Programmed system
- ▼ After one year, integration of Skilled ahead of plan, and we are about to commence the third and final phase of our plan – targeting significant sales growth
- ▼ NPAT before amortisation and non-trading items was \$17.9 million, up 36%
- ▼ After amortisation and non-trading items, reported NPAT was \$3.7 million (1H FY16: after tax loss of \$18.7 million)
- ▼ EBITDA before non-trading items was \$43.4 million, up 71%
- ▼ Gross operating cash flow 103% of EBITDA after cash non-trading items
- ▼ Net debt was \$240 million, similar to 31 March 2016, due to one-off expenses for the the integration of Skilled and marine redundancies; and the final deferred payment of \$9.5 million for the Broadsword business purchased by Skilled three years ago
- ▼ Interim dividend of 3.5cps fully franked
- ▼ Maintained earnings guidance of FY17 EBITDA of approximately \$100 million<sup>1</sup>

<sup>1</sup>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
<b>Revenue</b>	<b>1,337.7</b>	<b>709.7</b>	<b>88.5%</b>
<b>Results Before Amortisation and Non-Trading Items</b>			
<b>EBITDA</b>	<b>43.4</b>	<b>25.3</b>	<b>71.5%</b>
Depreciation	(9.4)	(4.8)	(95.8%)
<b>EBITA</b>	<b>34.0</b>	<b>20.5</b>	<b>65.9%</b>
Interest	(8.1)	(1.9)	(326.3%)
<b>Profit before Tax</b>	<b>25.9</b>	<b>18.6</b>	<b>39.2%</b>
Income tax expense	(8.0)	(5.4)	(48.1%)
<b>Profit after Tax (before amortisation and non-trading items)</b>	<b>17.9</b>	<b>13.2</b>	<b>35.6%</b>
<b>Amortisation and Non-Trading Items</b>			
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	
<b>Profit / (Loss) after Tax (statutory basis)</b>	<b>3.7</b>	<b>(18.7)</b>	
<b>Earnings per Share (before amortisation and non-trading items)</b>	<b>7.1</b>	<b>11.1</b>	<b>(36.0%)</b>
<b>Earnings per Share (statutory basis)</b>	<b>1.5</b>	<b>(15.7)</b>	
Weighted Average Shares on Issue (million)	252.2	118.8	

- 1H FY17 results include six months' revenue from Skilled
- NPAT before amortisation and non-trading items was \$17.9 million, up 36%
- Increase in amortisation to \$5.3 million relates to identifiable intangibles arising from the Skilled acquisition and is non-cash
- Interim dividend of 3.5cps fully franked (1H FY16: 6.5 cps)
- Interim dividend payable on 31 Jan 2017 to shareholders on the register at 9 Jan 2017.
- DRP suspended

# Group Cash Flow

Group Cash Flow	1H FY17 30 Sep 2016 \$m	1H FY16 30 Sep 2015 \$m	% change
Gross Operating Cash Flow	30.0	17.4	72%
Interest paid	(7.4)	(1.8)	(311%)
Income tax paid	(5.1)	(5.9)	14%
<b>Net Operating Cash Flow</b>	<b>17.5</b>	<b>9.7</b>	<b>80%</b>
Net purchases of non current assets	(8.3)	(4.8)	
Payment for businesses	(9.7)	(1.3)	
Other investing cash flows	0.3	0.2	
<b>Net Investing Cash Flow</b>	<b>(17.7)</b>	<b>(5.9)</b>	<b>(200%)</b>
Net borrowings / (repayments)	(40.7)	(1.7)	
Dividends paid	0.0	(13.6)	
<b>Net Financing Cash Flow</b>	<b>(40.7)</b>	<b>(15.3)</b>	<b>(166%)</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>(40.9)</b>	<b>(11.5)</b>	
Cash at beginning of year	78.9	42.8	
Exchange Rate Variances	0.3	(0.4)	
<b>Cash at End of Period</b>	<b>38.3</b>	<b>30.9</b>	<b>23%</b>

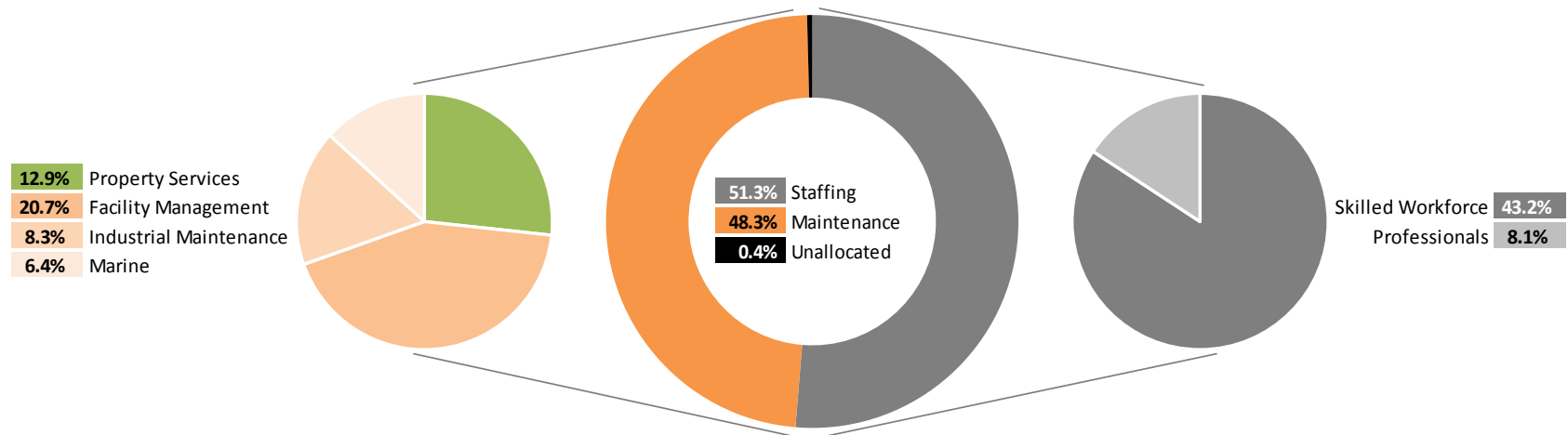
- ▼ Gross operating cash flow 103% of EBITDA after cash non-trading items
- ▼ Payment for businesses includes the final deferred payment of \$9.5 million for Broadsword, a business purchased by Skilled, three years ago

# Group Balance Sheet

Balance Sheet	30 Sep 2016 \$m	31 Mar 2016 \$m	% change
Cash	38.3	78.9	(51%)
Trade and other receivables	360.4	413.8	(13%)
Contract recoverables	88.9	90.5	(2%)
Inventories	101.7	94.1	8%
Property, plant & equipment	39.9	43.2	(8%)
Goodwill & other intangible assets	590.2	593.0	(0%)
Other assets	76.3	67.3	13%
<b>Total Assets</b>	<b>1,295.7</b>	<b>1,380.8</b>	<b>(6%)</b>
Trade and other payables	242.8	263.8	(8%)
Borrowings	278.3	318.0	(12%)
Provisions and other liabilities	164.0	193.4	(15%)
<b>Total Liabilities</b>	<b>685.1</b>	<b>775.2</b>	<b>(12%)</b>
<b>Total Equity</b>	<b>610.6</b>	<b>605.6</b>	<b>1%</b>
Net Debt	240.0	239.1	
Net Debt / Equity	39.3%	39.5%	

- Continued focus on capital management and strong operating cash flow
- Net debt of \$240 million compares with \$239 million at 31 March 2016
- 1H FY17 included cash payments for: final deferred payment for acquisition of Broadsword, acquired by Skilled three years ago; integration expenses; and marine redundancies

## 1H FY17 Revenue by Division / Business Unit





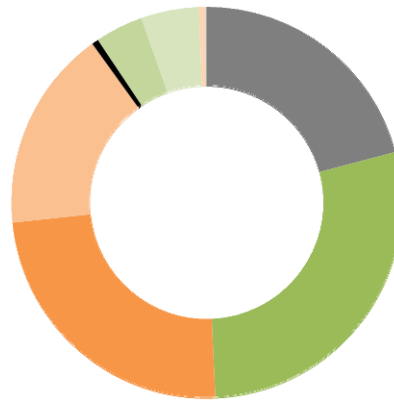
# 1H FY17 Revenue by State / Country

**Programmed  
Revenue By State / Country**



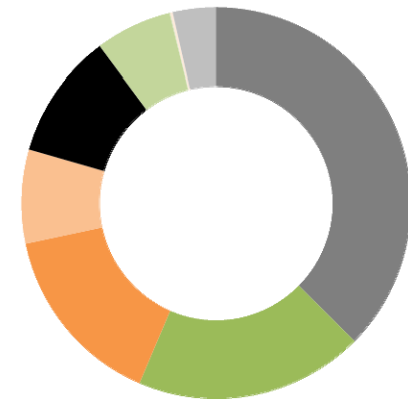
29.0%	WA
23.8%	NSW
19.7%	VIC
12.4%	QLD
5.4%	NZ
5.1%	SA
2.5%	TAS
0.4%	NT
1.7%	Other

**Staffing  
Revenue By State / Country**



20.9%	WA
28.4%	NSW
24.0%	VIC
16.8%	QLD
0.6%	NZ
4.0%	SA
4.8%	TAS
0.5%	NT
0.0%	Other

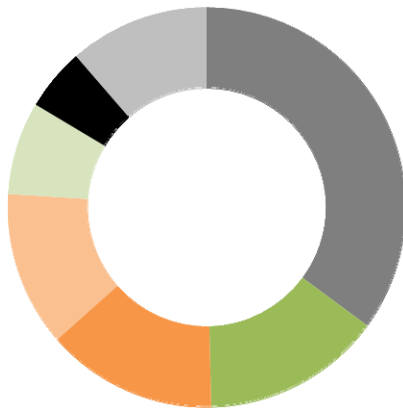
**Maintenance  
Revenue By State / Country**



37.4%	WA
19.0%	NSW
15.3%	VIC
7.8%	QLD
10.4%	NZ
6.4%	SA
0.1%	TAS
0.2%	NT
3.4%	Other

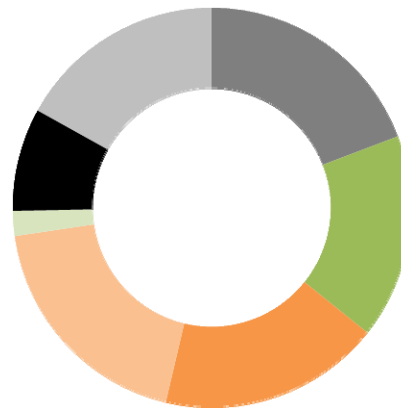
# 1H FY17 Revenue by Sector

**Programmed  
Revenue by Sector**



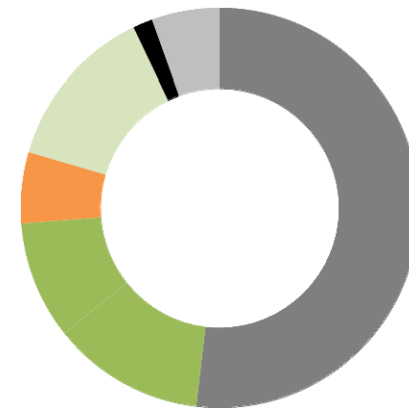
<b>35.1%</b>	Government & Infrastructure
<b>14.5%</b>	Retail & Commercial
<b>13.8%</b>	Manufacturing & Industrial
<b>12.6%</b>	Onshore Mining
<b>7.5%</b>	Offshore Oil & Gas
<b>5.1%</b>	Transport
<b>11.4%</b>	Other

**Staffing  
Revenue by Sector**



<b>19.3%</b>	Government & Infrastructure
<b>16.5%</b>	Retail & Commercial
<b>17.9%</b>	Manufacturing & Industrial
<b>19.0%</b>	Onshore Mining
<b>2.0%</b>	Offshore Oil & Gas
<b>8.4%</b>	Transport
<b>16.9%</b>	Other

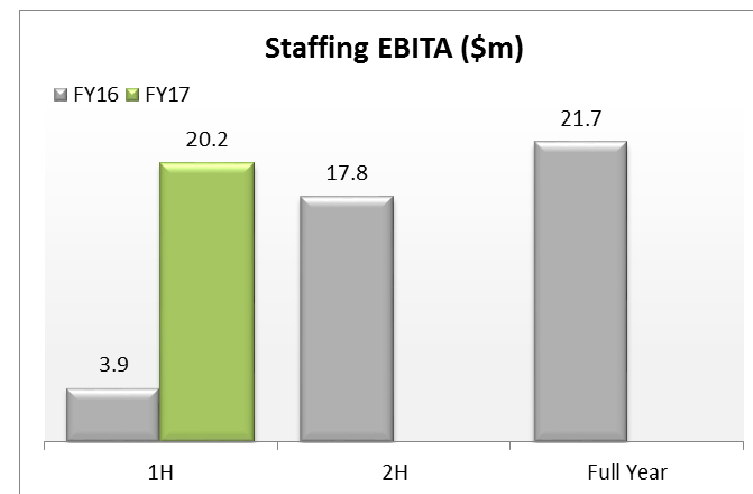
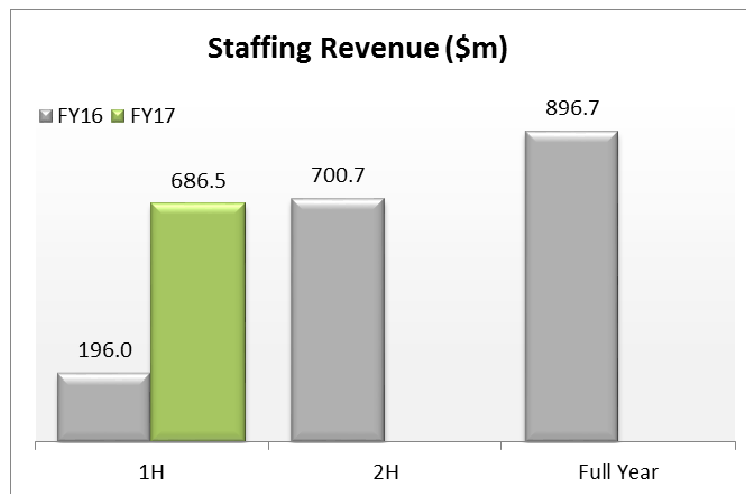
**Maintenance  
Revenue by Sector**



<b>51.9%</b>	Government & Infrastructure
<b>12.4%</b>	Retail & Commercial
<b>9.5%</b>	Manufacturing & Industrial
<b>5.8%</b>	Onshore Mining
<b>13.4%</b>	Offshore Oil & Gas
<b>1.6%</b>	Transport
<b>5.4%</b>	Other

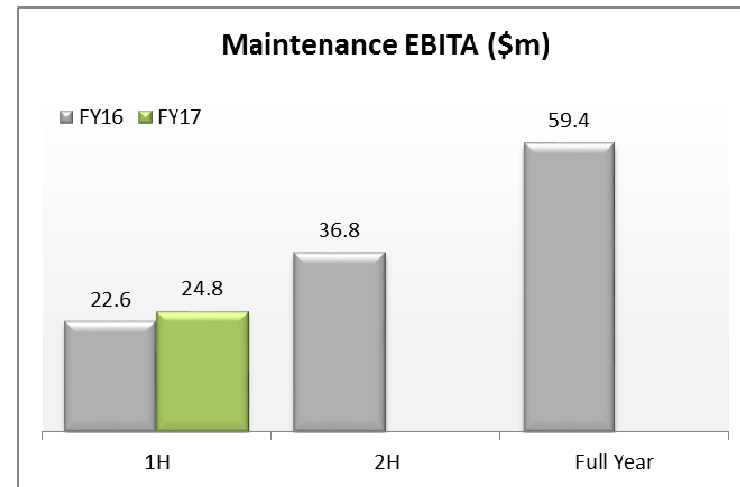
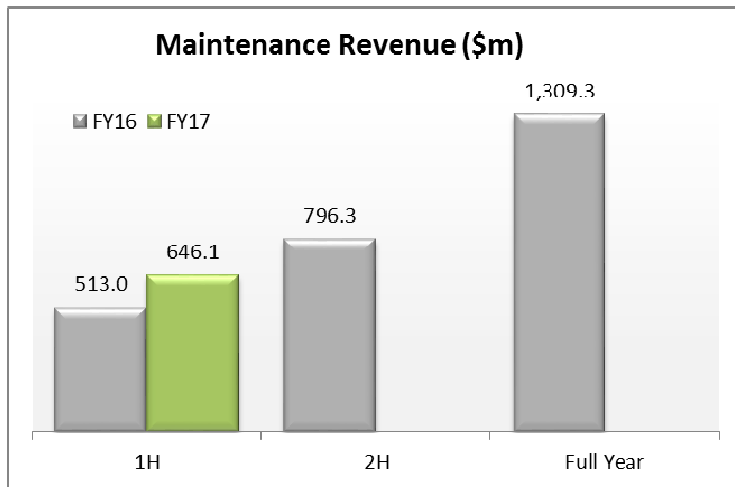
## Staffing

- ▼ First half revenue significantly higher than 1H FY16 reflecting the acquisition of Skilled
- ▼ 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
- ▼ However 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
- ▼ Business system integration successfully completed
- ▼ Focus now on sales growth with more than \$300 million (per annum) of additional near term revenue opportunities in the sales pipeline



# Maintenance

- Revenue grew as a result of the addition of Skilled's maintenance businesses
- The Property Services business performed well, with the sales pipeline across its traditional education, aged care, retail and commercial sectors remaining solid
- The Facility Management business consolidated 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

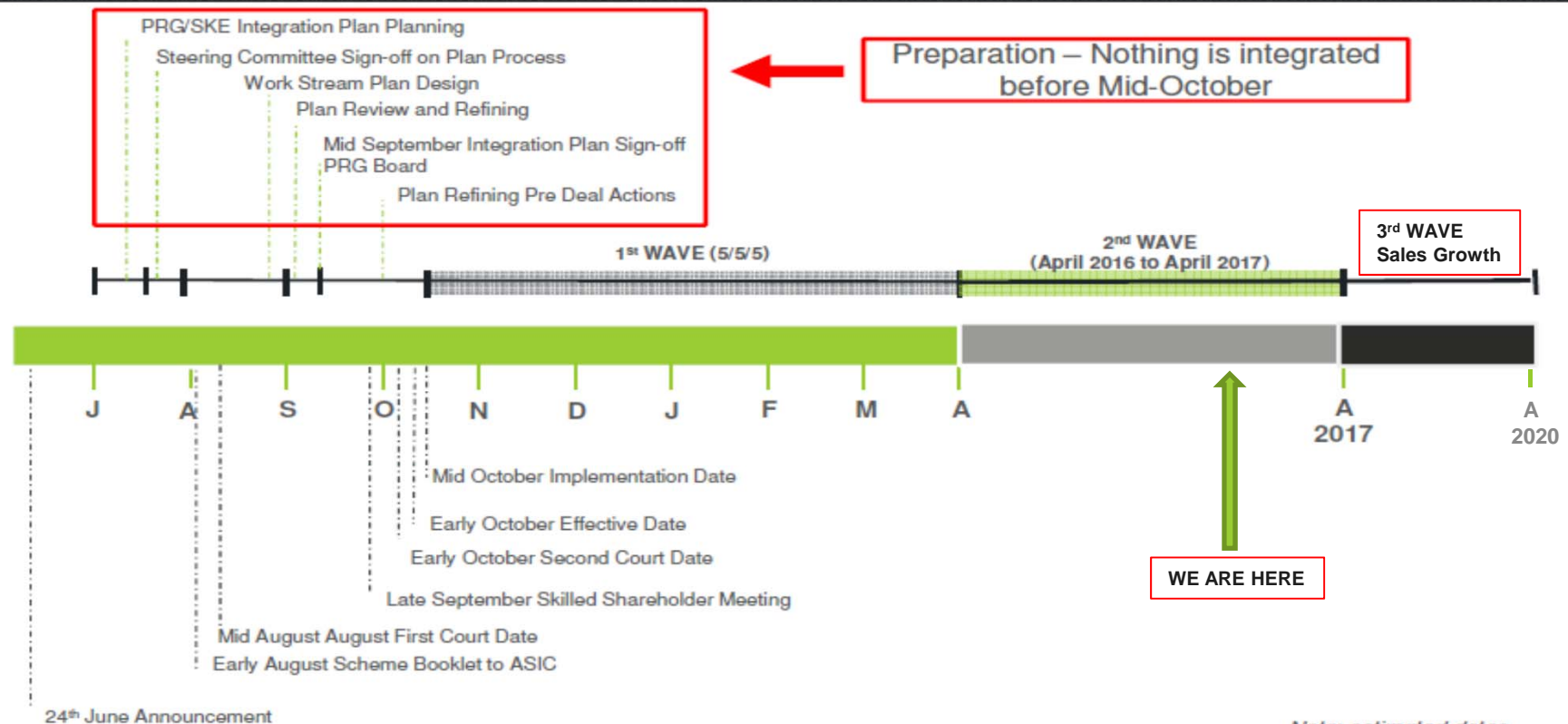


# Strategic Update

The plan to combine Programmed and Skilled has 3 phases

- ▼ Phase 1 -19 October 2015 (day 1) to 31 March 2016
  - ▼ People, Structure & Culture
    - Corporate integration
    - Business operations integration
    - Embedding the Programmed culture
    - Plan and design system integration
    - MD 3 week roadshow
- ▼ Phase 2 – 1 April 2016 to 31 March 2017
  - ▼ Business Systems
    - Move all functions onto Programmed's business systems (HSE, HR, Finance, Payroll, Onhire Employees, CRM)
- ▼ **Phase 3 – 1 April 2017 to 31 March 2020**
  - ▼ ***Sales - We now use our scale and diversity to grow revenue and leverage the bottom line***
    - ***Sales Growth – a plan to add significant additional revenue***
    - ***Business Systems – invest in improvements to systems / online capabilities to improve customer service and lower overheads***
    - ***Reduce debt to less than 1 x EBITDA***

# Integration time line



# Integration

- ... a complex people and system integration is nearly complete and ahead of schedule
- ... staff engagement has remained at the same high level as pre-acquisition suggesting successful integration of people / culture
- ... most critical system integration task just completed with more than 500,000 employment records successfully transferred to the Programmed system in the past month



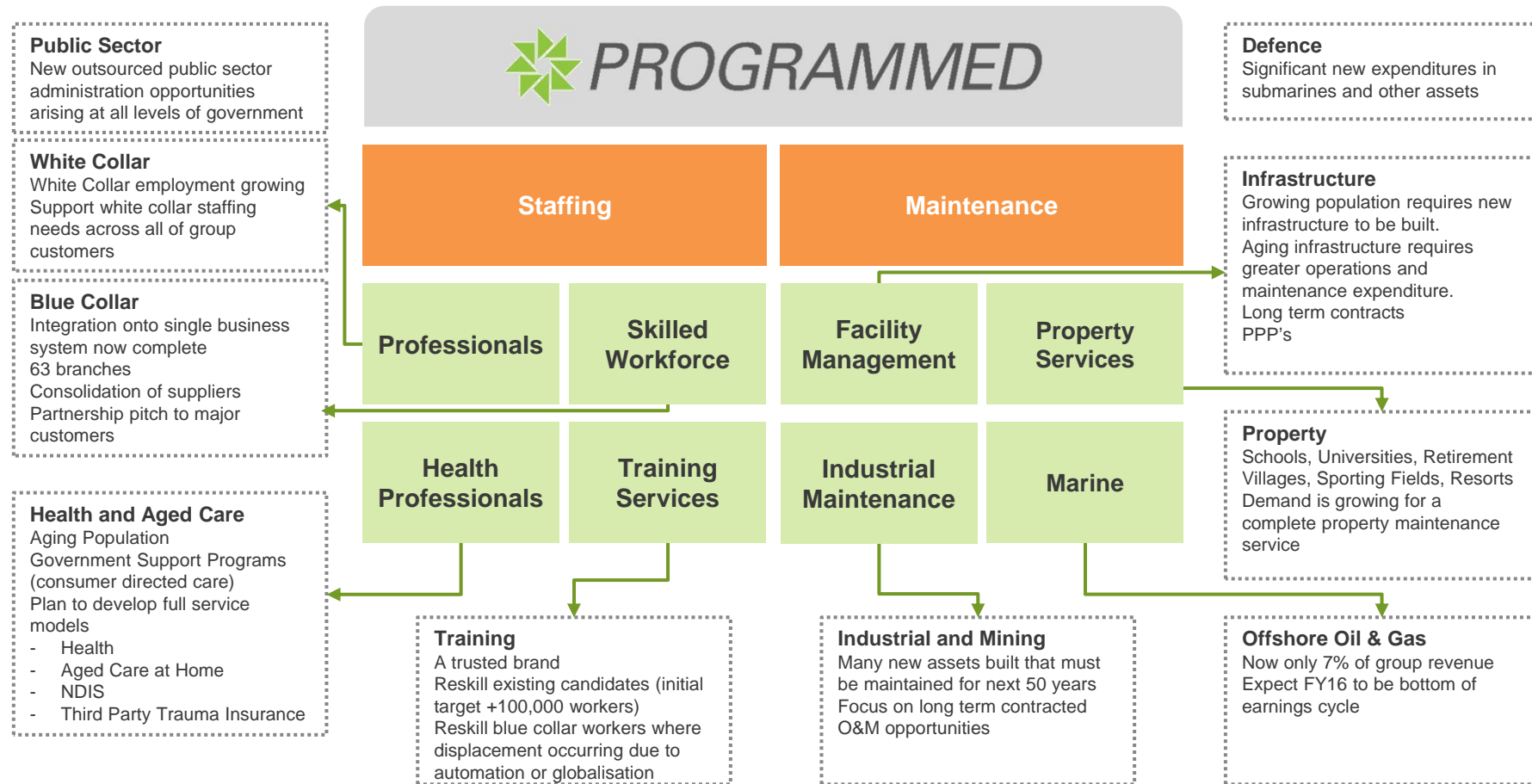
**Staffing**

**Operations and Maintenance**



# Sales Growth Plan

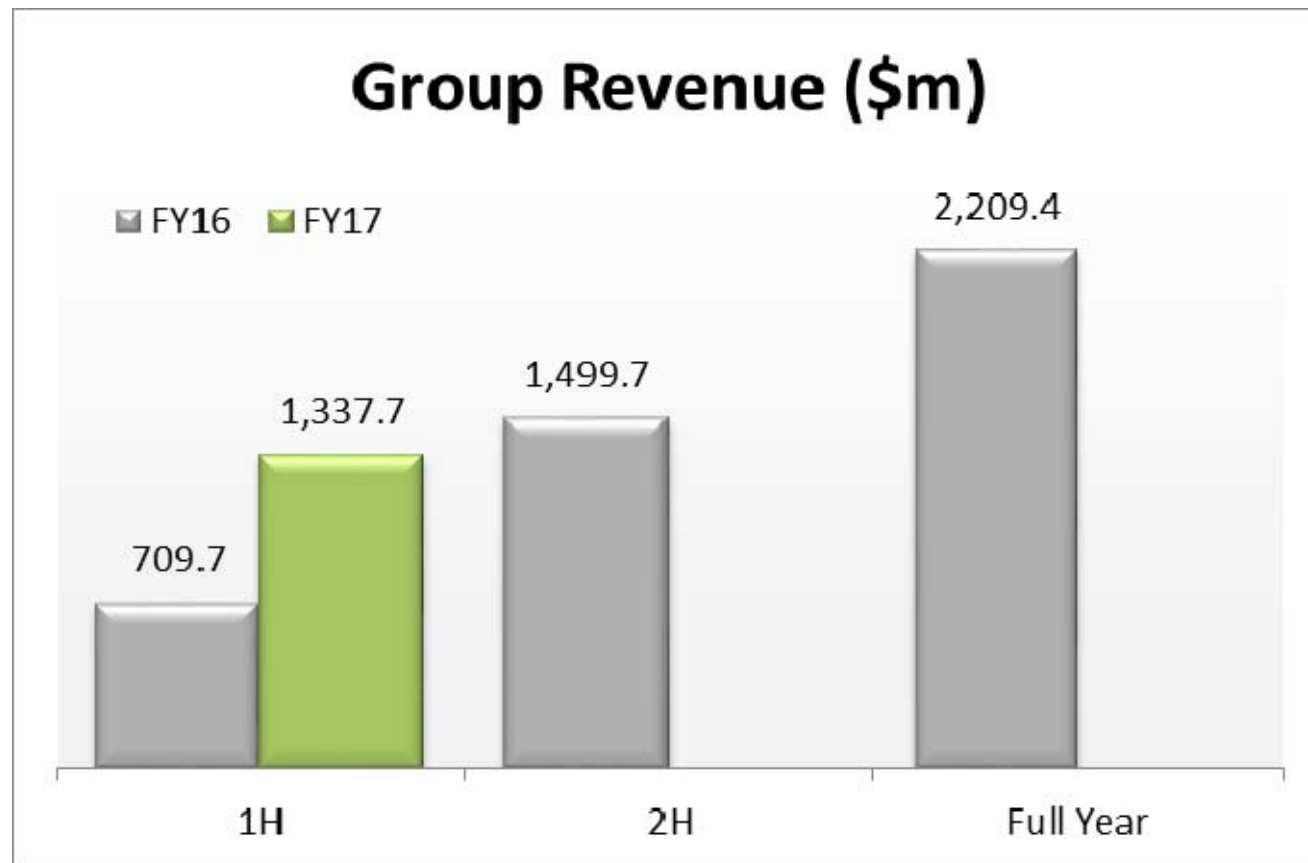
... we are now ready to commence the third and final phase of our plan – targeting significant sales growth, leveraging the scale and diversity of our business



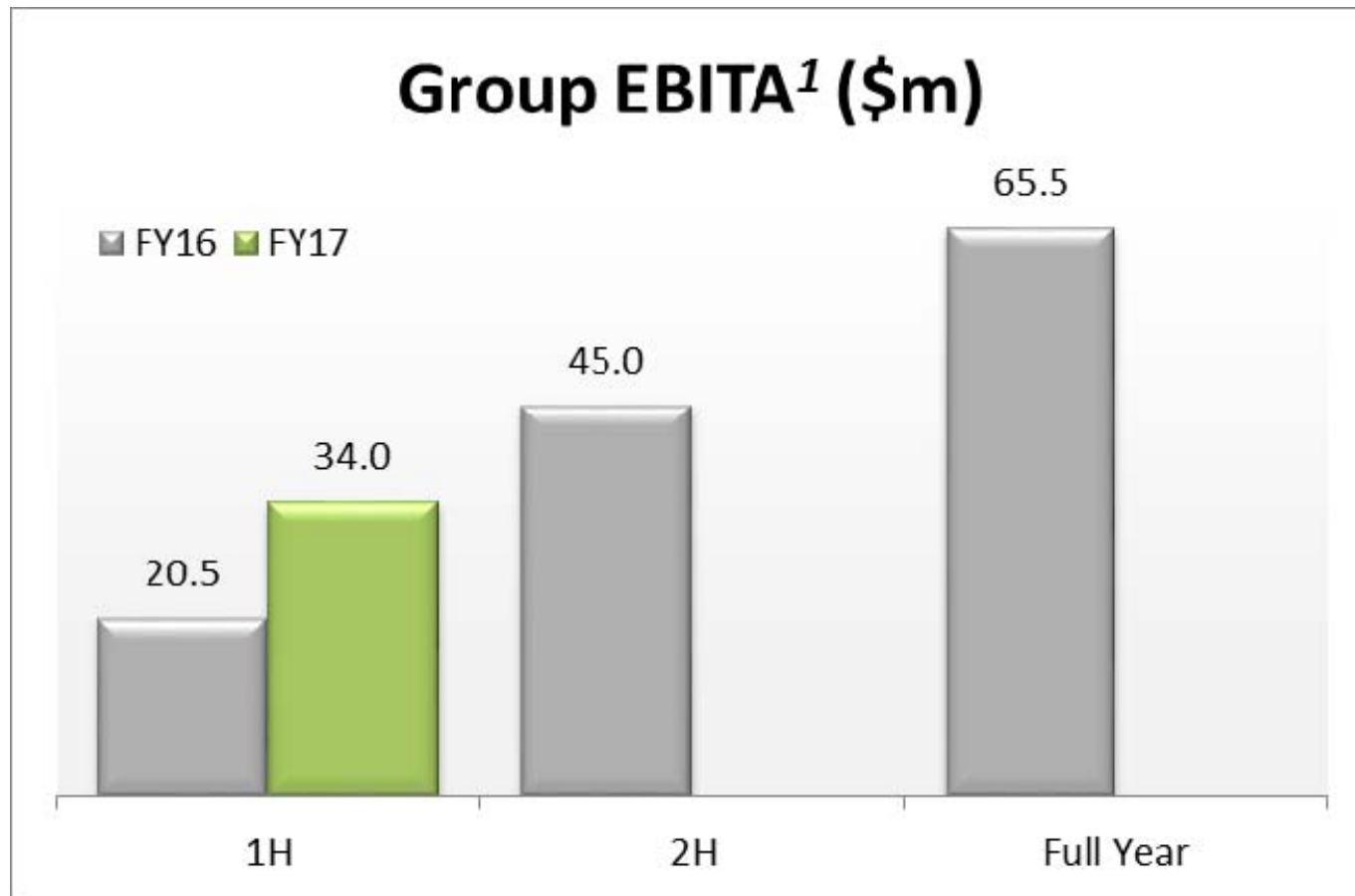


# APPENDIX

## Group Revenue



## Group EBITA



<sup>1</sup> Before non-trading items

## 1H FY17 Revenue / EBITA by Division

Revenue by division	1H FY17 30 Sep 2016 \$m	1H FY16 30 Sep 2015 \$m	% change
Staffing	686.5	196.0	250%
Maintenance	646.1	513.0	26%
Other Revenue	5.1	0.7	
<b>Total Consolidated Revenue</b>	<b>1,337.7</b>	<b>709.7</b>	<b>88%</b>

EBITA by division	1H FY17 30 Sep 2016 \$m	1H FY16 30 Sep 2015 \$m	% change
Staffing	20.2	3.9	418%
Maintenance	24.8	22.6	10%
Unallocated	(11.0)	(6.0)	(83%)
<b>Consolidated EBITA (before amortisation and non trading items)</b>	<b>34.0</b>	<b>20.5</b>	<b>66%</b>
Non trading items	(14.7)	(33.1)	
<b>Total Consolidated EBITA</b>	<b>19.3</b>	<b>(12.6)</b>	<b>(253%)</b>