FY17 Results Presentation

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24 May 2017

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.**

Diversity Pause – IT"S UP TO YOU

Search "Programmed - It's up to you" OR go to https://youtu.be/KLIG52i1mko

Key Points

- We have completed the integration of Skilled and set the foundations for future growth
- NPAT before amortisation and non-trading items was $41.3 million, up 6%
- After amortisation and non-trading items, reported NPAT was $12.3 million (FY16: after tax loss of $98.0 million)
- EBITDA before non-trading items was $96.5 million, up 20% (guidance was approximately $100 million)
- Strong operating cash flow (net) of $61.5 million, up 5%
- Net debt down to $200 million from $239 million at 31 March 2016 and $302 million at time of acquisition of Skilled (October 2015) (guidance was $200 million)
- Final dividend of 3.5cps fully franked, DRP activated
- Safety performance was flat with TIFR of 12, similar to prior year
- Employee engagement was maintained at a high 71, which was pleasing considering the large number of new staff following the acquisition of Skilled
- Diversity improved across all key measures

Group Results

Group Results	Year Ended 31 Mar 2017 $m	Year Ended 31 Mar 2016 $m	% change
Revenue	**2,691.4**	**2,209.4**	**21.8%**
Results Before Amortisation and Non-Trading Items			
EBITDA	**96.5**	**80.6**	**19.7%**
Depreciation	(19.0)	(15.1)	(25.8%)
EBITA	**77.5**	**65.5**	**18.3%**
Interest	(17.4)	(11.2)	(55.4%)
Profit before Tax	**60.1**	**54.3**	**10.7%**
Income tax expense	(18.8)	(15.5)	(21.3%)
Profit after Tax (before amortisation and non-trading items)	**41.3**	**38.8**	**6.4%**
Amortisation and Non-Trading Items			
Amortisation	(11.2)	(9.3)	
Skilled transaction, integration and other costs	(18.6)	(33.9)	
Marine goodwill impairment	0.0	(102.4)	
Exit Skilled Hawthorn head office costs	(4.9)	0.0	
Further overhead costs out (April 2017 - $10m pa)	(2.6)	0.0	
Share of net loss of associates	(2.4)	(0.5)	
Discontinued operations (Broadsword)	0.0	(1.7)	
Tax on amortisation and non-trading items	10.7	11.0	
Profit / (Loss) after Tax	**12.3**	**(98.0)**	
Earnings per Share (before amortisation and non-trading items)	**16.2**	**21.8**	**(25.7%)**
Earnings per Share	**4.8**	**(55.0)**	
Weighted Average Shares on Issue (million)	254.7	178.3	

- Revenue was $2,691 million, up 22%, reflecting the benefit of a full 12 months contribution of Skilled (versus 6 months in FY16) and a significant downturn in marine revenue arising from the downturn in oil and gas work
- EBITDA before non trading items $96.5 million (guidance $100 million)
- NPAT before amortisation and non-trading items was $41.3 million, up 6.4%
- Non-Trading items reflect the need to complete the integration and make further adjustments to the business to ensure the right cost base going forward
- Final dividend of 3.5cps fully franked, bring total for FY17 to 7cps (FY16 – 11.5cps)
- Final dividend payable on 31 July 2017 to shareholders on the register at 7 July 2017.
- DRP active

Group Cash Flow

Group Cash Flow	Year Ended 31 Mar 2017 $m	Year Ended 31 Mar 2016 $m	% change
Gross Operating Cash Flow	85.8	90.9	(6%)
Interest paid	(15.0)	(15.8)	5%
Income tax paid	(9.3)	(16.4)	43%
Net Operating Cash Flow	**61.5**	**58.7**	**5%**
Net purchases of non current assets	(12.9)	(1.9)	
Payment for businesses	(9.7)	(1.3)	
Proceeds from sales of businesses	2.6	3.9	
Cash received for business acquisitions	0.0	26.7	
Receipts from other receivables	7.9	0.0	
Other investing cash flows	0.7	0.6	
Net Investing Cash Flow	**(11.4)**	**28.0**	**141%**
Net borrowings / (repayments)	(61.3)	(20.0)	
Dividends paid	(9.0)	(29.9)	
Net Financing Cash Flow	**(70.3)**	**(49.9)**	**(41%)**
Net Increase / (Decrease) in Cash	**(20.2)**	**36.8**	
Cash at beginning of year	78.9	42.8	
Exchange Rate Variances	0.0	(0.7)	
Cash at End of Period	**58.7**	**78.9**	**(26%)**

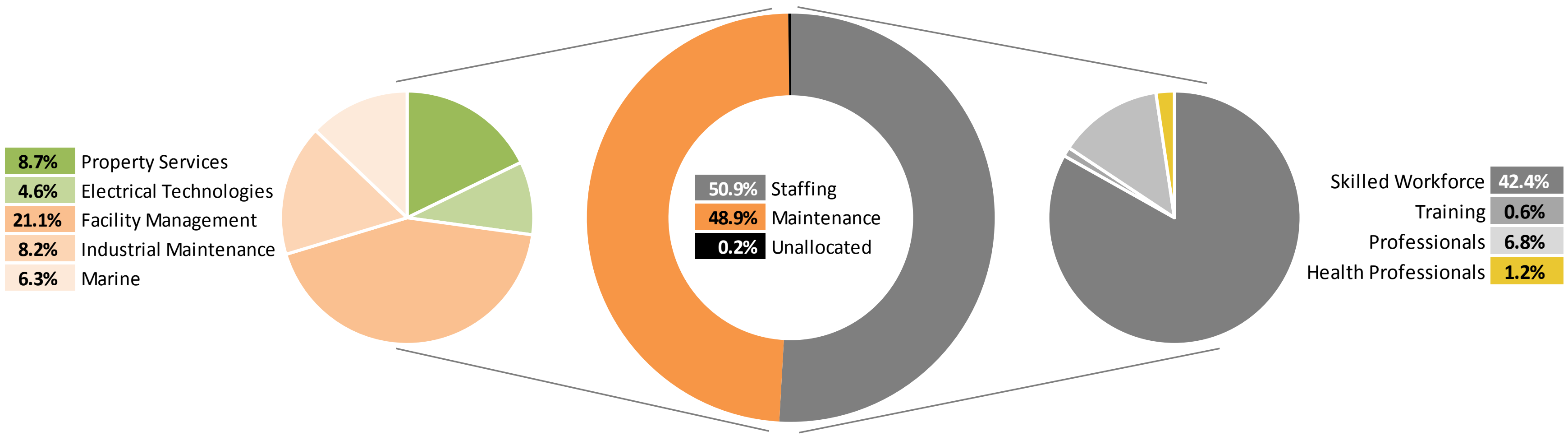
- Strong Operating Cash Flow due to tight credit management
- Investing Cash Flow benefited from sale of vessels and Damstra
- Payment for businesses includes the final deferred payment of $9.5 million for Broadsword, a business purchased by Skilled three years ago

Group Balance Sheet

Balance Sheet	31 Mar 2017 $m	31 Mar 2016 $m	% change
Cash	58.7	78.9	(26%)
Trade and other receivables	363.3	413.8	(12%)
Contract recoverables	84.7	90.5	(6%)
Inventories	103.0	94.1	9%
Property, plant & equipment	38.0	43.2	(12%)
Goodwill & other intangible assets	582.3	593.0	(2%)
Other assets	63.5	67.3	(6%)
Total Assets	**1,293.5**	**1,380.8**	**(6%)**
Trade and other payables	272.0	263.8	3%
Borrowings	258.7	318.0	(19%)
Provisions and other liabilities	155.0	193.4	(20%)
Total Liabilities	**685.7**	**775.2**	**(12%)**
Total Equity	**607.8**	**605.6**	**0%**
Net Debt	200.0	239.1	
Net Debt / Equity	32.9%	39.5%	

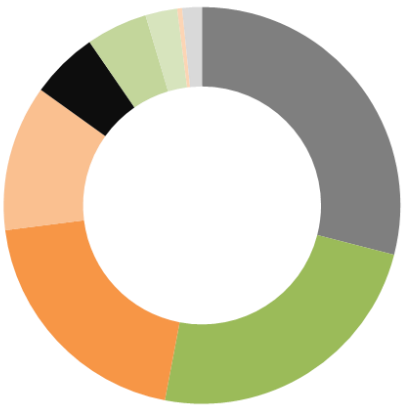
- Significant reduction in average debtor days achieved in 2H
- Net debt of $200 million compares with $239 million at 31 March 2016 and $302 million at time of acquisition of Skilled (October 2015)

FY17 Revenue by Division / Business Unit



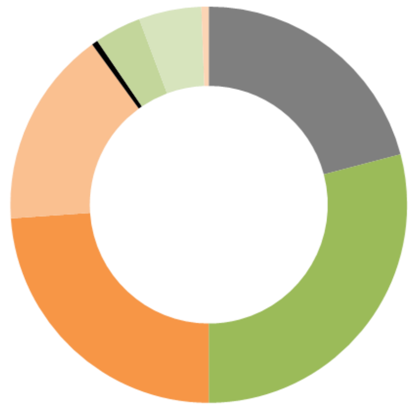
FY17 Revenue by State / Country

Programmed
Revenue By State / Country



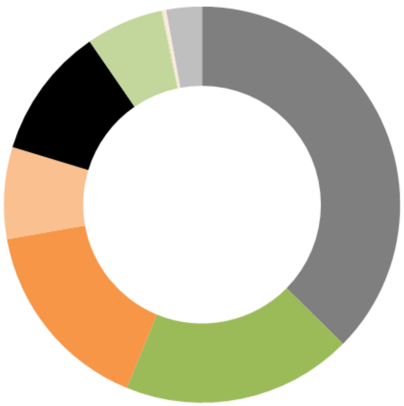
29.0%	WA
24.0%	NSW
20.0%	VIC
11.9%	QLD
5.5%	NZ
5.0%	SA
2.6%	TAS
0.4%	NT
1.6%	Other

Staffing
Revenue By State / Country



20.9%	WA
29.1%	NSW
23.9%	VIC
16.1%	QLD
0.5%	NZ
3.8%	SA
5.1%	TAS
0.6%	NT
0.0%	Other

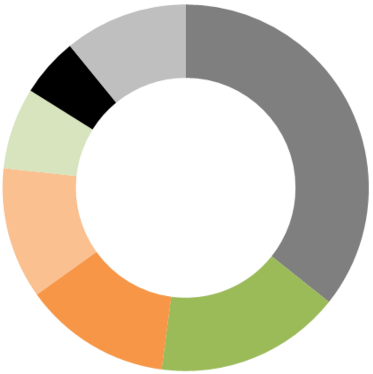
Maintenance
Revenue By State / Country



37.4%	WA
18.8%	NSW
16.0%	VIC
7.5%	QLD
10.7%	NZ
6.3%	SA
0.1%	TAS
0.3%	NT
2.9%	Other

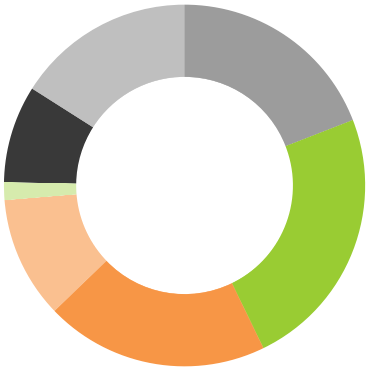
FY17 Revenue by Sector

Programmed
Revenue by Sector



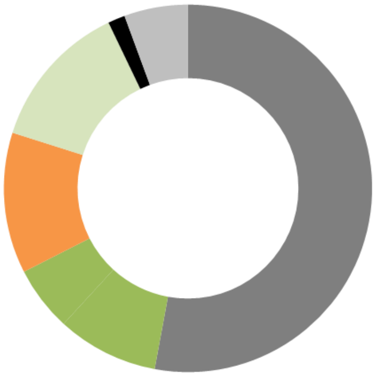
35.7%	Government & Infrastructure
16.4%	Manufacturing & Industrial
13.0%	Onshore Mining
11.6%	Retail & Commercial
7.2%	Offshore Oil & Gas
5.2%	Transport
10.9%	Other

Staffing
Revenue by Sector



19.1%	Government & Infrastructure
23.7%	Manufacturing & Industrial
20.0%	Onshore Mining
10.9%	Retail & Commercial
1.6%	Offshore Oil & Gas
8.7%	Transport
16.0%	Other

Maintenance
Revenue by Sector



52.9%	Government & Infrastructure
8.9%	Manufacturing & Industrial
5.7%	Onshore Mining
12.4%	Retail & Commercial
13.0%	Offshore Oil & Gas
1.5%	Transport
5.6%	Other

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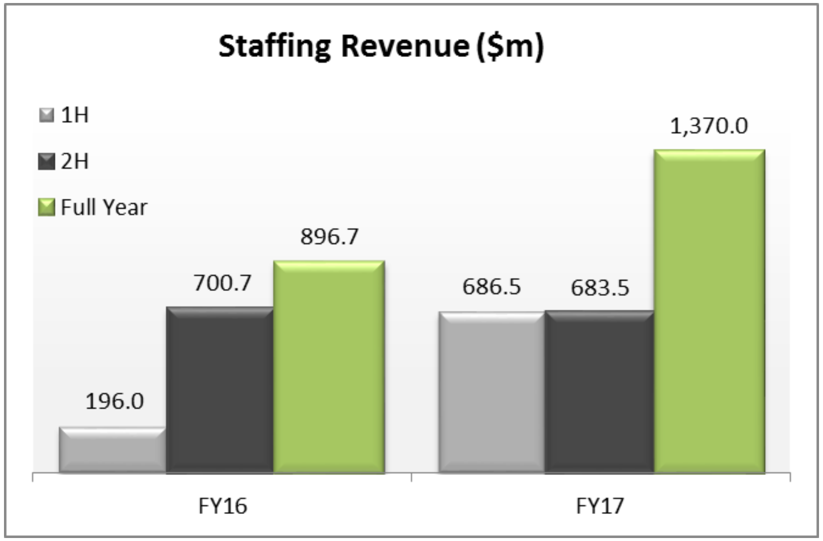
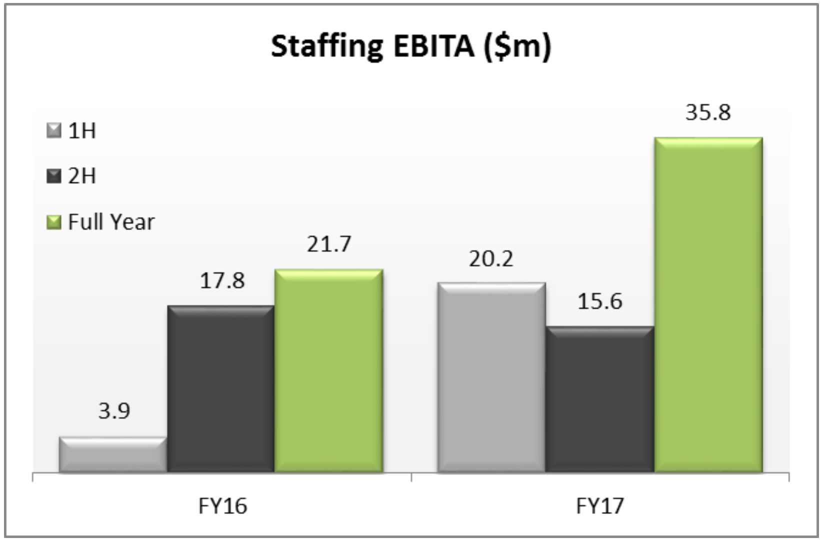
Staffing

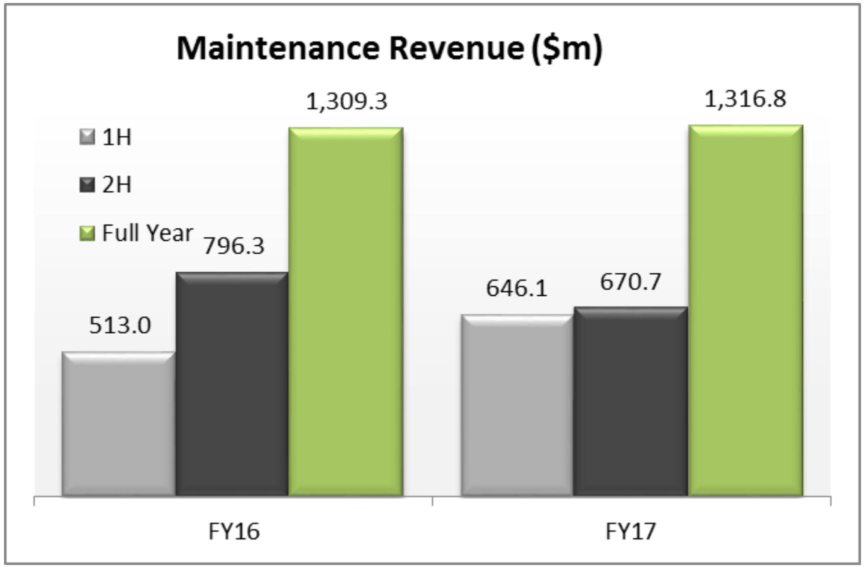
- Revenue significantly higher than FY17 due to the additional 6 month contribution from Skilled
- As a result, EBITA was $35.8 million, up 65%
- Demand in manufacturing, industrial, materials, transport and logistics sectors tightened further in the second half, lowering margins
- In the past month have reduced management and administration expenses further (as explained in a later slide)
- Completed 100% exit of Skilled head office in Hawthorn to deliver future cash savings
- Developing plan for expansion of Health Professional business
- Training Services business concluded the purchase of Apprenticeships Australia contracts with major LNG operators

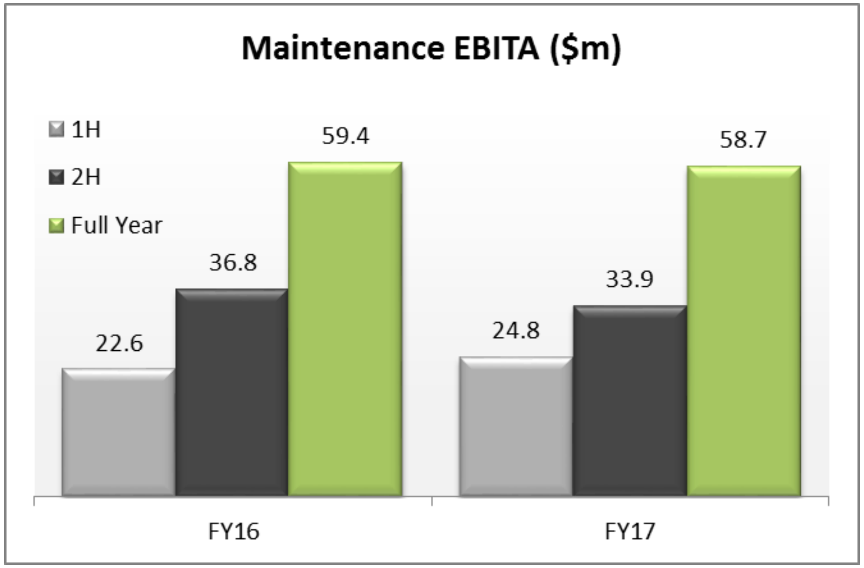


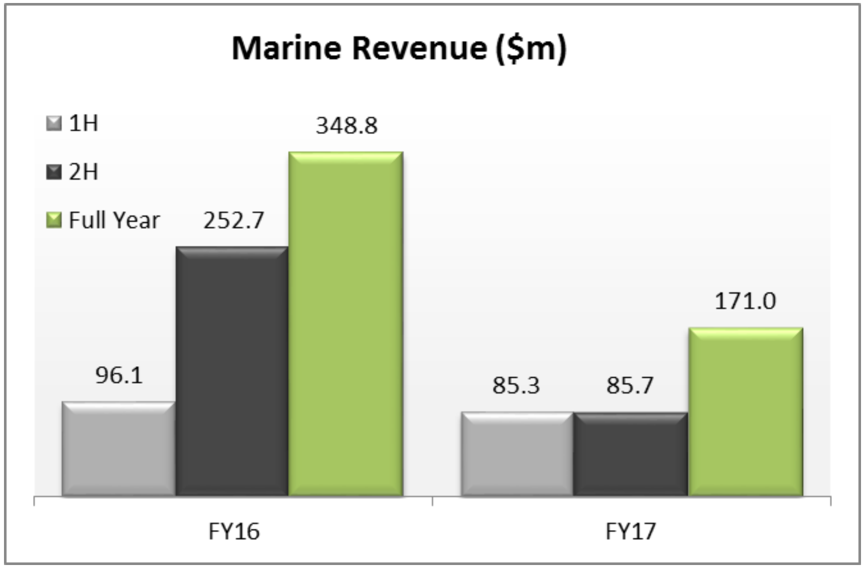


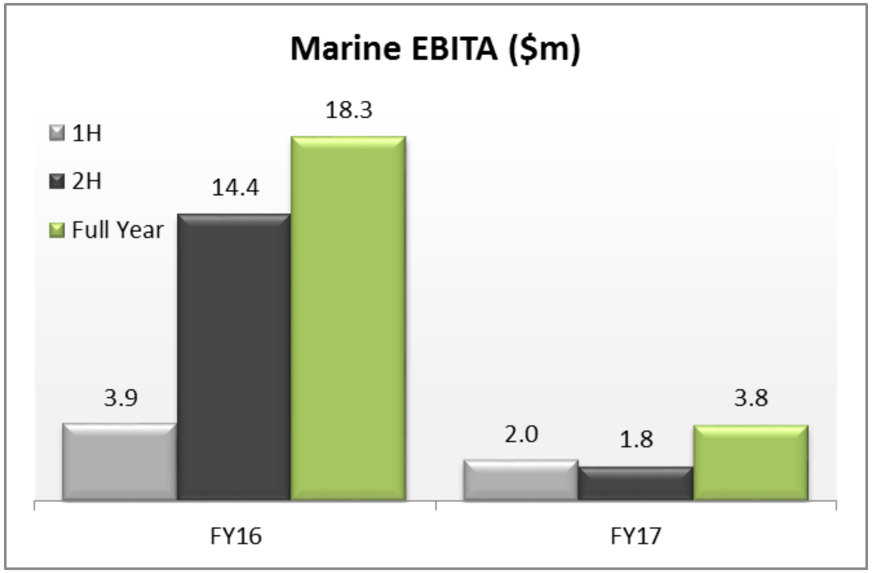
Maintenance

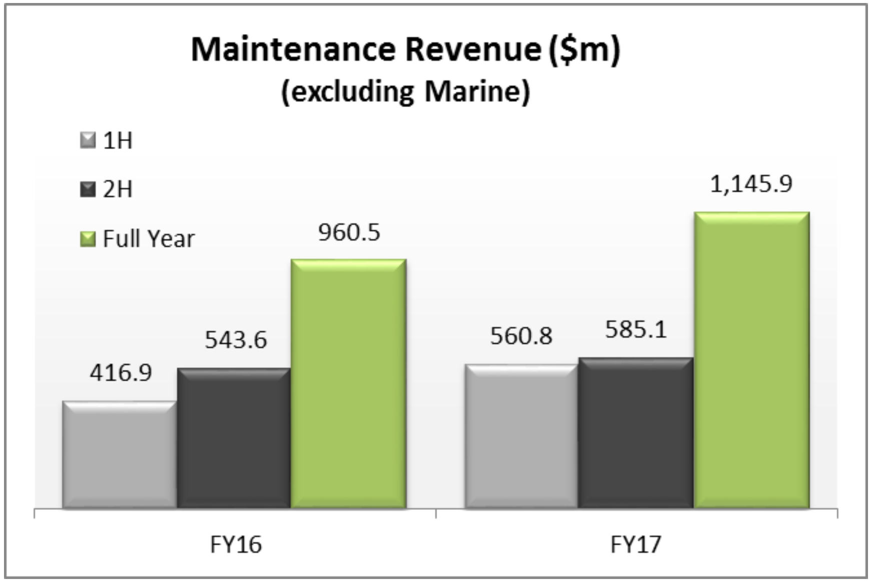
- Revenue steady with growth in maintenance in the property and infrastructure sectors offset by steep decline in oil & gas / marine services
- EBITA was flat; however excluding marine EBITA was up 33%
- The Property Services business performed well, with the sales pipeline across its traditional education, aged care, retail and commercial sectors remaining solid
- The Facility Management business consolidated its contract wins of the last 12 months, and has a strong pipeline of further opportunities under active development
- The Industrial Maintenance business improved its performance compared to the prior year
- Demand for Marine Services fell significantly; however we expect FY17 to be the bottom of the earnings cycle

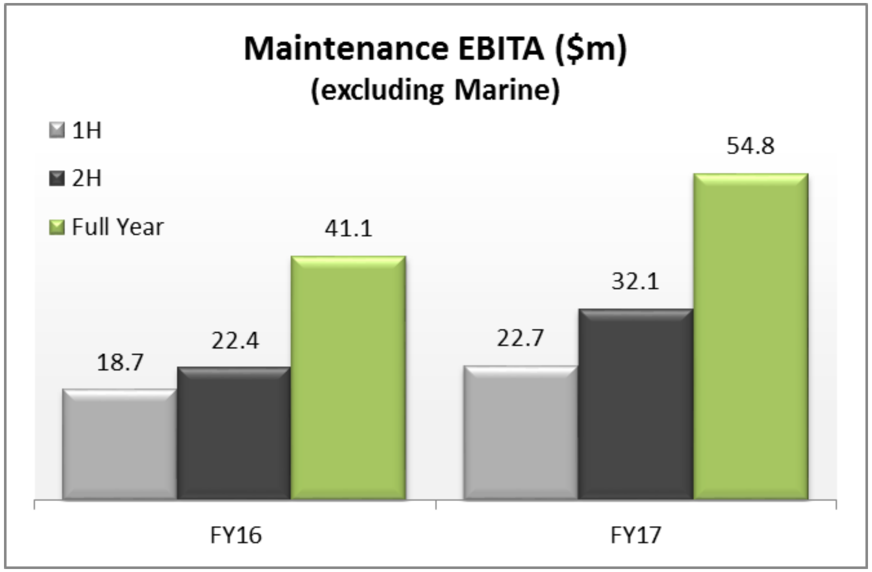





Marine Revenue ($m)
1H
2H
Full Year
96.1
252.7
348.8
85.3
85.7
171.0
FY16
FY17


Marine EBITA ($m)
1H
2H
Full Year
3.9
14.4
18.3
2.0
1.8
3.8
FY16
FY17


Maintenance Revenue ($m)
(excluding Marine)
1H
2H
Full Year
416.9
543.6
960.5
560.8
585.1
1,145.9
FY16
FY17


Maintenance EBITA ($m)
(excluding Marine)
1H
2H
Full Year
18.7
22.4
41.1
22.7
32.1
54.8
FY16
FY17

Marine JV with Atlas Professionals

- The offshore oil and gas business is a global one, with customers increasingly seeking borderless manning and support services. In view of this, Programmed has agreed to form a 50/50 joint venture with Atlas Professionals, a global provider of staffing services to the offshore oil and gas industry, headquartered in the Netherlands.
- As part of the agreement, Programmed will sell Atlas 100% of its international marine activities and 50% of its Australian and New Zealand marine services business for $29 million, of which $7.5 million will be paid up-front and $21.5 million will be subject to a vendor finance arrangement, with the finance carrying 5% interest.
- Atlas will bring to the Australian and New Zealand joint venture, opportunities with its global customers, which will enable the marine business to enjoy the benefits of operating as part of a global enterprise.
- This transaction remains subject to due diligence and completion of sale and shareholder agreements, and is expected to be completed on or before 30 June 2017.
- The result will be a stronger and more capable marine services business servicing the Australian and New Zealand market.

Growth Plan

PROGRAMMED

Staffing

Professionals
White Collar

White collar employment growing

Service white collar staffing needs across all of group customers

New outsourced public sector administration opportunities

Skilled Workforce
Blue Collar

Integration onto single business system now complete

63 branches

Consolidation of suppliers

Partnership pitch to major customers

Health Professionals
Health and Aged Care

Ageing Population

Government Support Programs (consumer directed care)

Plan to develop full service models
- Health
- Aged Care at Home
- NDIS
- Third Party Trauma Insurance

Training Services
Apprentices and Trainees

A trusted brand

Reskill existing candidates

Reskill blue collar workers where displacement occurring due to automation or globalisation

Expand into LNG by acquisition of Appenticeship Australia

OneShift
Online Staffing Services

Move to 100% ownership of OneShift

Sell online placement services to customers of the group

Enable all job candidates to be employed through OneShift

Maintenance

Facility Management
Infrastructure

Growing population requires new infrastructure to be built.

Ageing infrastructure requires greater operations and maintenance expenditure

Long term contracts

PPP's

Defence

Property Services
Property

Schools, Universities, Retirement Villages, Sporting Fields, Resorts

Demand is growing for a complete property maintenance service

Industrial Maintenance
Industrial and Mining

Many new assets built that must be maintained for next 50 years

Focus on long term contracted O&M opportunities

Marine
Offshore Oil & Gas

Now only 7% of group revenue

Expect FY17 to be bottom of earnings cycle

Establish JV with global partner

Electrical Technologies
Electrical, Data & Communications

Focus on fit-out, maintenance and upgrades of electrical, data and communications systems in existing buildings and infrastructure

Current Economic Conditions

Whilst some leading economic indicators may point to business confidence improving and to the economy strengthening in the next 12 months, our current internal staffing indicators suggest a lack of growth in some of the sectors that we serve. We have visibility on a weekly basis of the ups and downs of the economy, and recent trading suggests that many businesses are still seeking to reduce costs and are reluctant to hire additional people or invest capital for growth, and governments of all levels are tightening expenditure due to the deficits or debts they now carry.

Further Cost Reductions

In light of present uncertainties and weaknesses that still remain in the economy, and the lack of growth we have experienced in the past six months, we have taken a prudent decision to take further costs of approximately $10 million out of the business to help ensure we deliver an improved return on capital deployed than was delivered in FY2017. This has involved the redundancies of approximately 60 management and administration personnel, leading to a one-off expense of $2.6 million for which a provision has been included in our FY2017 results. In further reducing our costs we have been mindful of the impacts on people and customers and have ensured that all our plans to grow sales or improve our services have not been impeded in any material way.

Looking Ahead

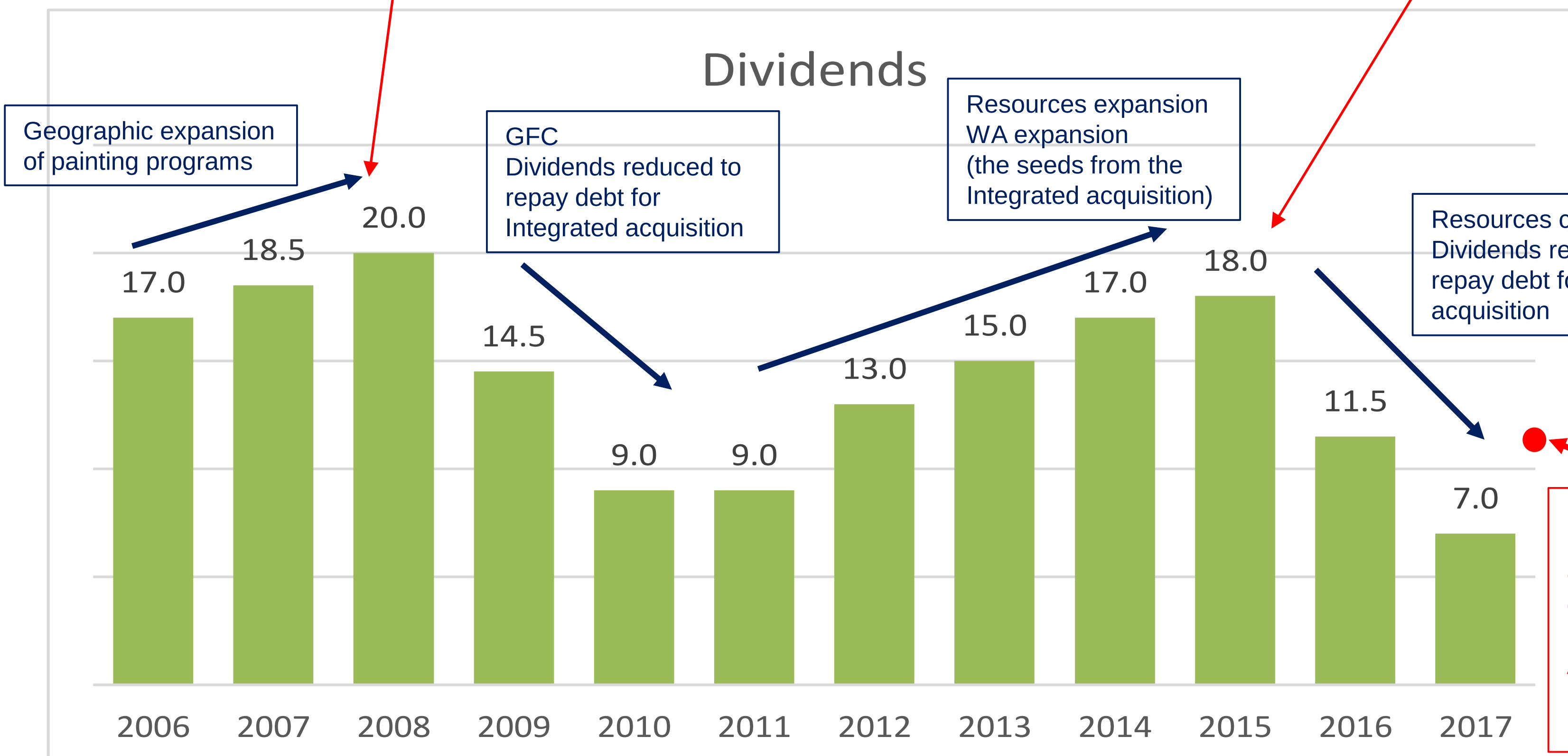
We have a clear vision and a long-term plan to grow our business.
Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength in an economy that continues to present different challenges.
There are growing opportunities in the public infrastructure, tourism, education, health and aged care sectors. However, demand for staff in the materials, transport, logistics and manufacturing sectors has weakened in past year. We believe the resources sector has completed a period of downsizing and staff reductions, and expect growth in next 12 months, particularly in oil and gas.

Shareholder Returns

… average payout of 14 cps (fully franked) per year over last 12 years through two cycles: GFC and RESOURCES
… in the same period, we have paid a dividend each year and every year

Growth in Painting programs was unsustainable.
Need to plant the seeds for new areas to grow.
Purchased Integrated Group to gain exposure to WA, resources and stronger cash flow.
Net Debt at March 2008, $231m from funding of acquisition

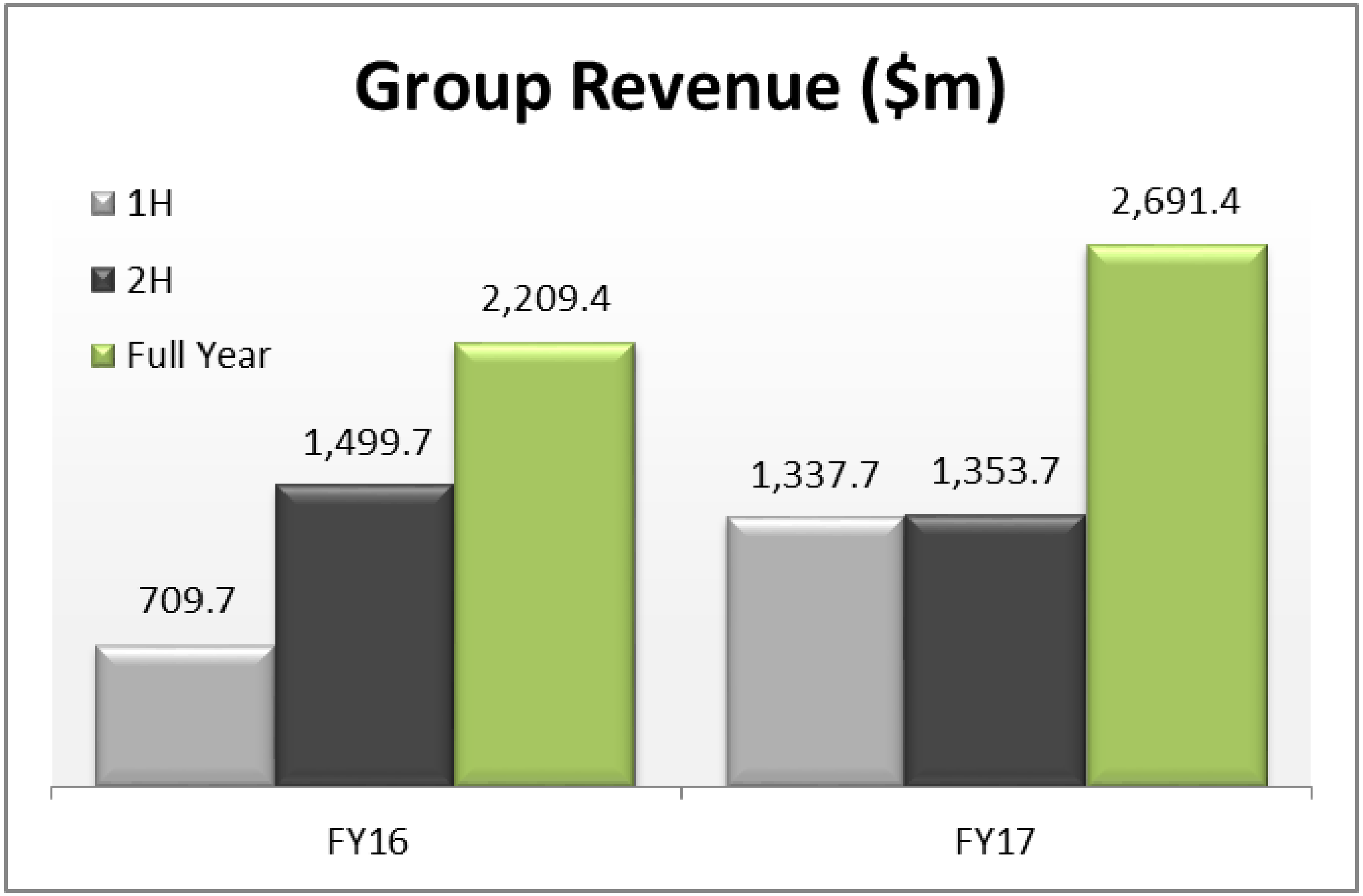
Resources boom was coming to an end.
Need to plant the seeds for new areas to grow.
Purchased Skilled Group to gain exposure to white collar employment, healthcare and industrial maintenance and to establish clear scale, efficiency and no.1 market position in staffing services.
Net Debt at March 2016, $239m from funding of acquisition



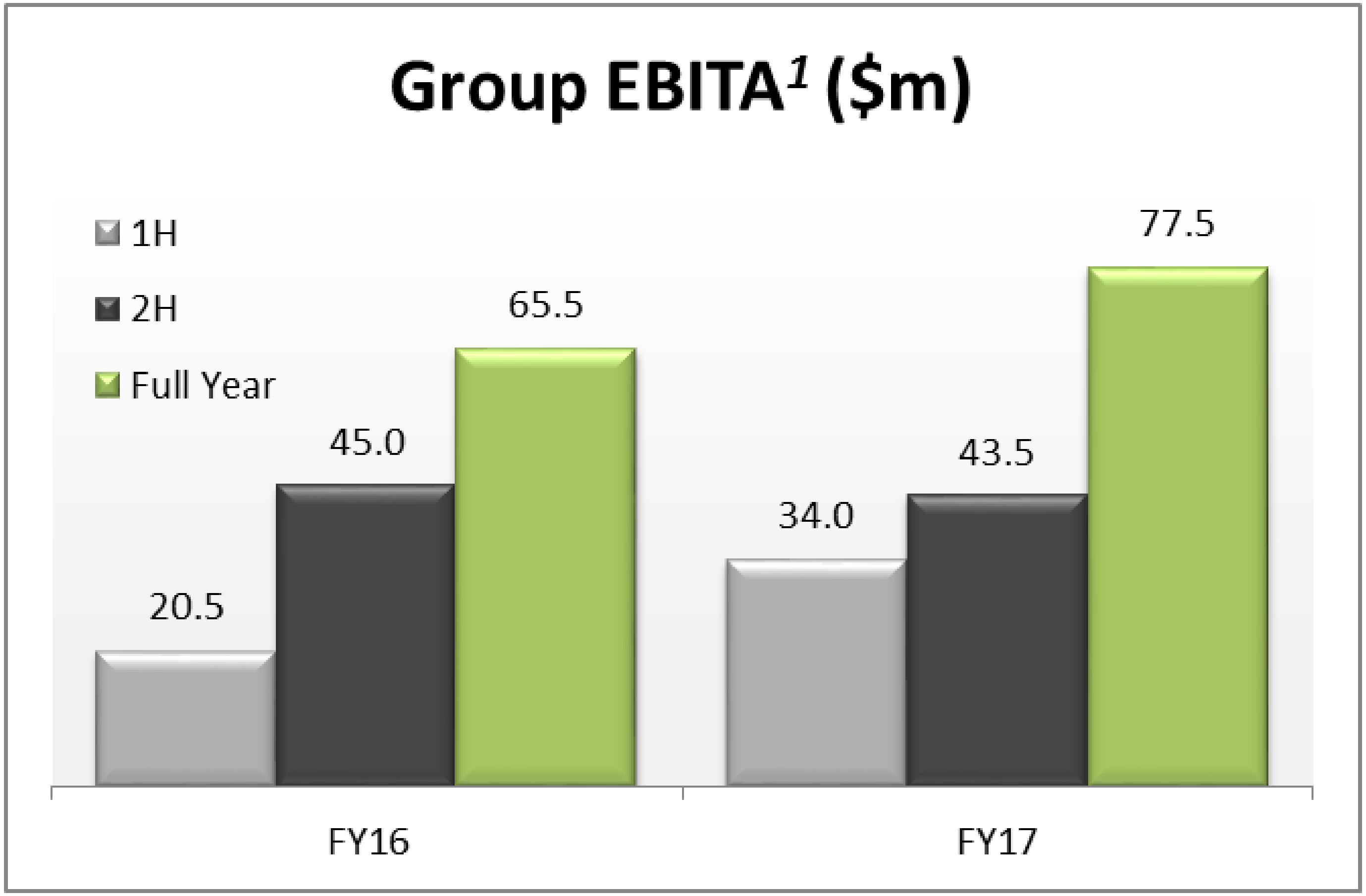
Foundation set to maintain strong cash flow and grow in markets including Health, Aged Care, Defence, and Infrastructure

APPENDIX

Group Revenue



Group EBITA



[1] Before non-trading items

FY17 Revenue / EBITA by Division

Revenue by division	Year Ended 31 Mar 2017 $m	Year Ended 31 Mar 2016 $m	% change
Staffing	1,370.0	896.7	53%
Maintenance	1,316.8	1,309.3	1%
Other Revenue	4.6	3.4	
Total Consolidated Revenue	**2,691.4**	**2,209.4**	**22%**

EBITA by division	Year Ended 31 Mar 2017 $m	Year Ended 31 Mar 2016 $m	% change
Staffing	35.8	21.7	65%
Maintenance	58.7	59.4	(1%)
Unallocated	(17.0)	(15.6)	(9%)
Consolidated EBITA (before amortisation and non trading items)	**77.5**	**65.5**	**18%**