



PROGRAMMED

FY2015 Results Presentation

By Chris Sutherland, Managing Director
27 May 2015



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This presentation should be read in conjunction with the 2015 Annual Report which can be found on the Programmed website at **www.programmed.com.au**.





Welcome
to the world of Programmed

 **PROGRAMMED**

**Group
HSE**

Alert

April 2015- 105
PPS

**Subject: URGENT VEHICLE AIRBAG
CONCERN**



What happened and how is the employee?

After a GPS device was fitted to a company vehicle recently, the vehicle seat belt warning light began glowing on the dash.

The driver took the vehicle to a dealer who found a wire to the airbags had been cut by the GPS installers.

No one was injured but the airbags would NOT have fired in a collision.

What systems failed and how it was allowed for this event to occur?

It seems the person fitting the GPS device cut a wire which operates the two vehicle airbags, rendering them inoperable. The Vehicle dealer has fixed this problem.

Tools and Equipment

The seatbelt dashboard light began glowing which indicated a fault. Vehicles should not be driven when warning lights are active

Actions taken with recommendations and learnings to the wider business.

Rendering airbags inoperable creates a life threatening risk for vehicle occupants. The following actions MUST be done before you next drive your vehicle:

1. Familiarise yourself with the warning lights in your vehicle (check the manual).
2. Check the dash lights on your vehicle for glowing lights, particularly Seat Belt and Air Bag lights.
3. If warning lights are glowing, check the vehicle manual to learn what action to take.
4. If a safety issue, have the vehicle checked by the dealer immediately.
5. **Action safety issues immediately.**



For more information contact Craig McNamara, PPS GM HSEQ
Approved for distribution by Business Unit Safety Leader, Craig McNamara

Ph. (03) 9244 7479 Mtel 39679
Date: 21/04/2015

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zero/harm

Group FY15 highlights

- ✱ Safety – 15% reduction in LTIFR (lost time injury frequency rate) to 1.7
- ✱ Revenue of \$1,434 million, similar to last year
- ✱ EBIT¹ of \$50.1 million, down 5.1%
- ✱ Profit after tax of \$30.4¹ million, down 4.7%
- ✱ Earnings per share of 25.7c¹, down 4.5%
- ✱ Fully franked final dividend of 11.5 cents per share, up 4.5%
- ✱ Gross operating cash flow was \$80.9 million or 146% of EBITDA
- ✱ Net debt down 83% to \$7.0 million
- ✱ Net debt/equity is 1.7% at March 2015

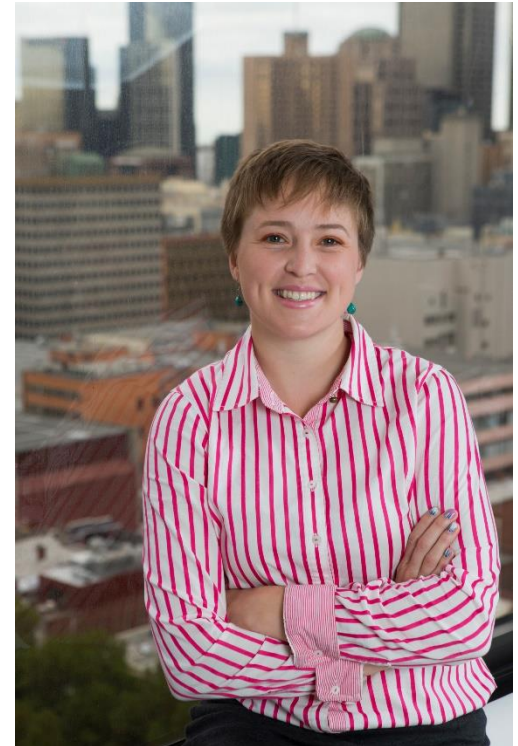
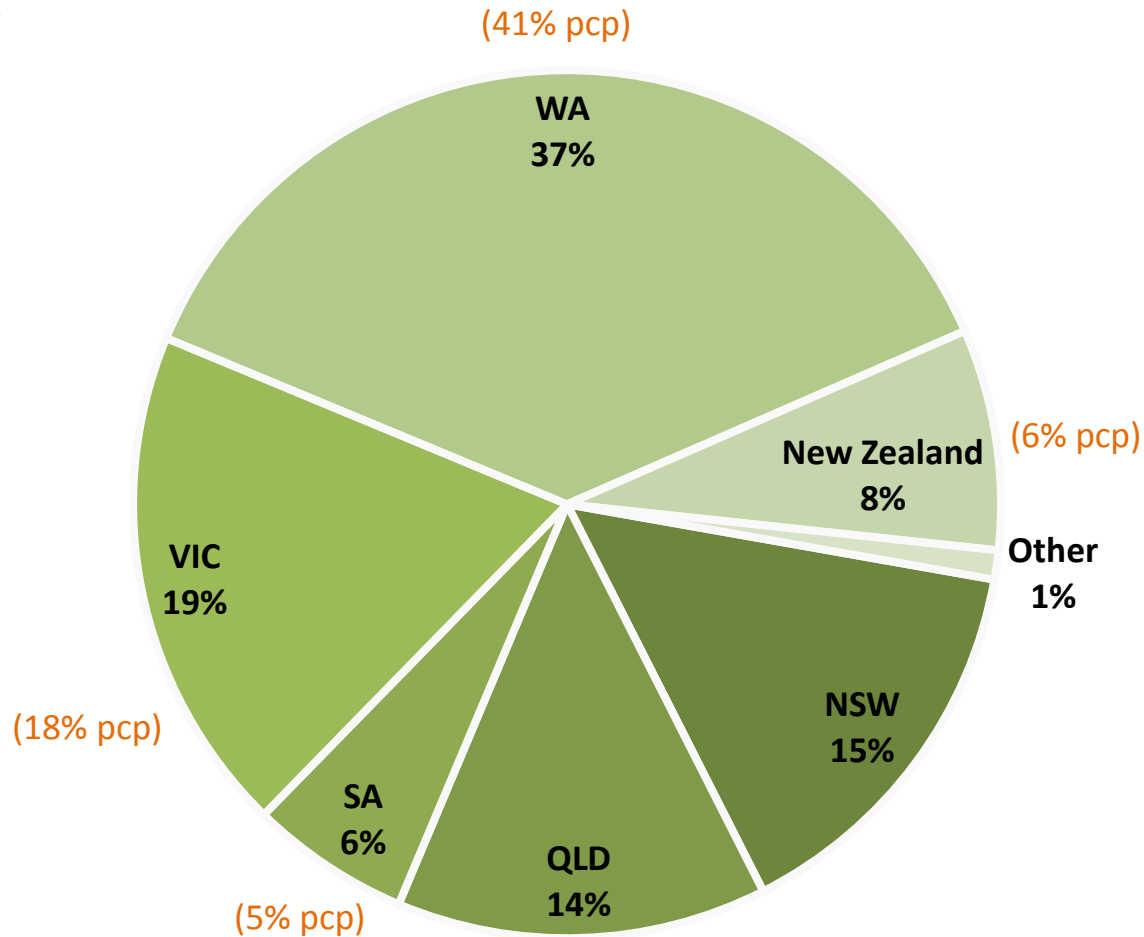


¹ Before non trading items

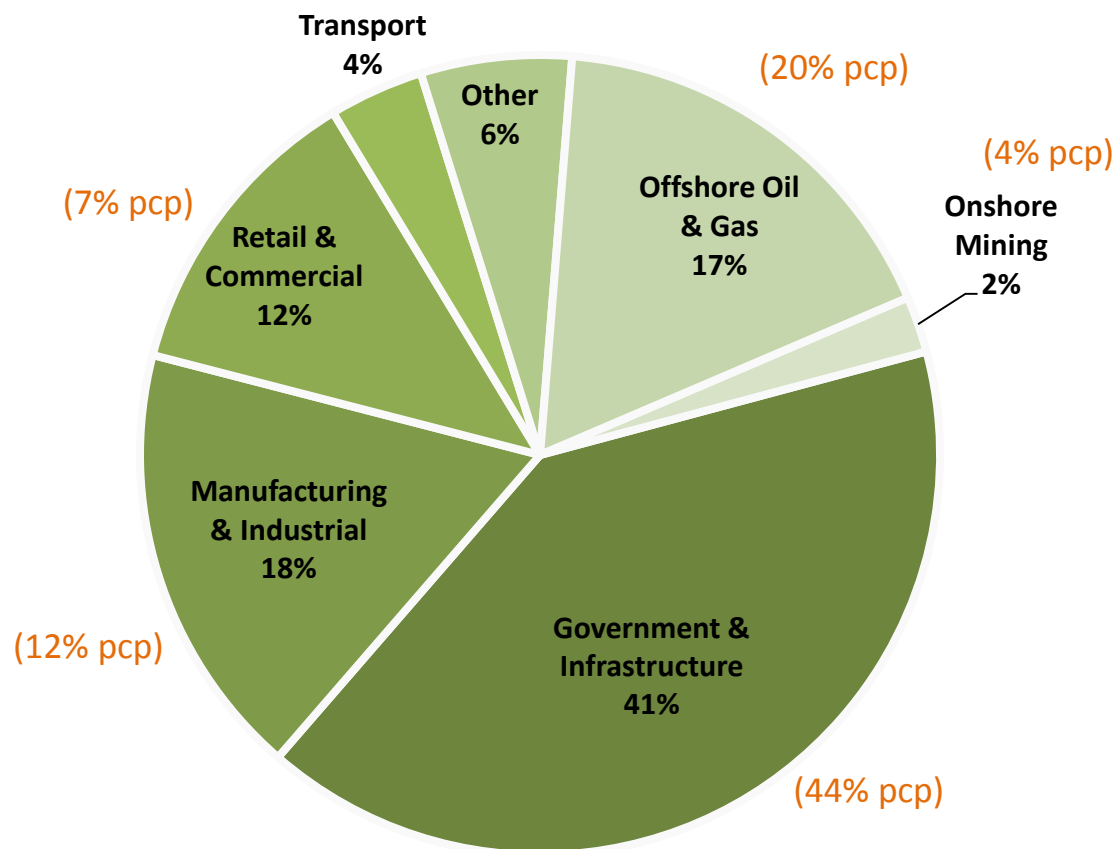
Group results

Group Results	Year Ended 31 Mar 2015 \$m	Year Ended 31 Mar 2014 \$m	% change
Revenue	1,434.2	1,434.9	(0.0%)
Results Before Non Trading Items			
EBITDA	61.4	64.0	(4.1%)
Depreciation and amortisation	(11.3)	(11.2)	0.9%
EBIT	50.1	52.8	(5.1%)
Interest	(5.4)	(7.4)	(27.0%)
Profit before Tax	44.7	45.4	(1.5%)
Income tax expense	(14.3)	(13.5)	5.9%
Profit after Tax (before non trading items)	30.4	31.9	(4.7%)
Non Trading Items			
Restructuring and other costs	(3.8)	(1.0)	
Incentive payment (Turnpoint acquisition)	(1.4)		
Share of net loss of associate (OneShift)	(0.6)	(0.7)	
Tax on non trading items	1.1	0.3	
Profit after Tax (statutory basis)	25.7	30.5	(15.7%)
Earnings per Share (before non trading items)	25.7	26.9	(4.5%)
Earnings per Share (statutory basis)	21.7	25.8	(15.9%)
Weighted Average Shares on Issue (million)	118.5	118.2	

Group revenue by region



Group revenue by sector



Group cash flow

Group Cash Flow	Year Ended 31 Mar 2015 \$m	Year Ended 31 Mar 2014 \$m	% change
Gross Operating Cash Flow	80.9	80.6	0%
Interest paid	(5.1)	(7.8)	(35%)
Income tax paid	(10.1)	(17.0)	(41%)
Net Operating Cash Flow	65.7	55.8	18%
Net purchases of non current assets	(8.8)	(4.9)	
Payment for businesses	0.0	(5.1)	
Other investing cash flows	0.4	0.4	
Net Investing Cash Flow	(8.4)	(9.6)	(13%)
Net borrowings / (repayments)	(23.5)	(36.7)	
Proceeds from issue of shares	0.0	0.0	
Dividends paid	(20.7)	(18.9)	
Net Financing Cash Flow	(44.2)	(55.6)	(21%)
Net Increase / (Decrease) in Cash	13.1	(9.4)	239%
Cash at beginning of year	29.5	38.3	
Exchange Rate Variances	0.2	0.6	
Cash at End of Period	42.8	29.5	45%

Group balance sheet

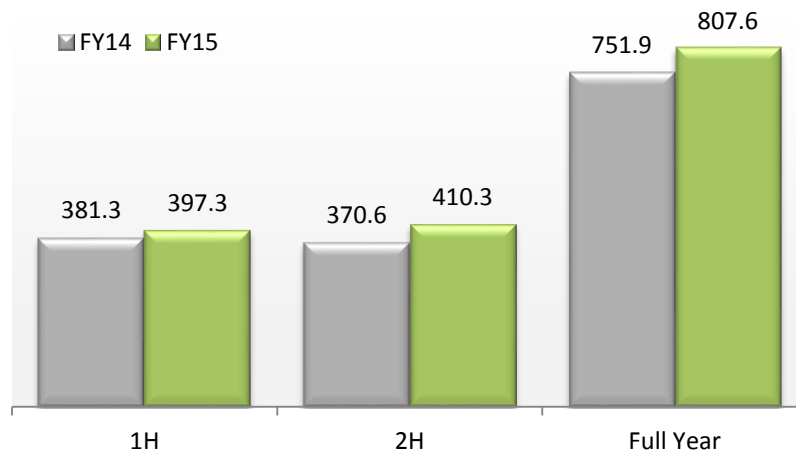
Balance Sheet	31 Mar 2015 \$m	31 Mar 2014 \$m	% change
Cash	42.8	29.5	45%
Trade and other receivables	196.4	201.4	(2%)
Contract recoverables	97.2	110.2	(12%)
Inventories	82.6	73.0	13%
Property, plant & equipment	24.4	26.4	(8%)
Goodwill & other intangible assets	263.0	260.2	1%
Other assets	26.1	33.3	(22%)
Total Assets	732.5	734.0	(0%)
Trade and other payables	173.6	162.4	7%
Borrowings	49.8	71.7	(31%)
Provisions and other liabilities	90.7	89.5	1%
Total Liabilities	314.1	323.6	(3%)
Total Equity	418.4	410.4	2%
Net Debt	7.0	42.2	(83%)
Net Debt / Equity	1.7%	10.3%	

Property & Infrastructure division

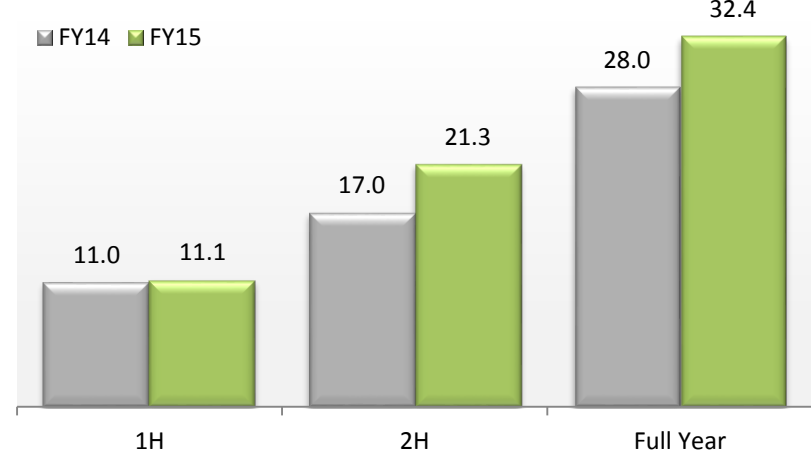
 **PROGRAMMED**

- ✱ Revenue growth of 7% due to growth in new Facility Management contracts
- ✱ Margin improvement due to tighter operational control across all operations
- ✱ Painting volumes similar to FY2014 but on reduced invested capital due to greater mix of sundry work and less capital intensive programs
- ✱ Grounds maintenance business performed well and secured a number of new contracts
- ✱ Continued to focus on fit-out, maintenance and upgrades of electrical, data and communication systems resulting in a strong backlog of electrical / data / communication maintenance and upgrade work for FY16
- ✱ Significant volume of new long term Facility Management (FM) work secured

Property & Infrastructure Revenue (\$m)



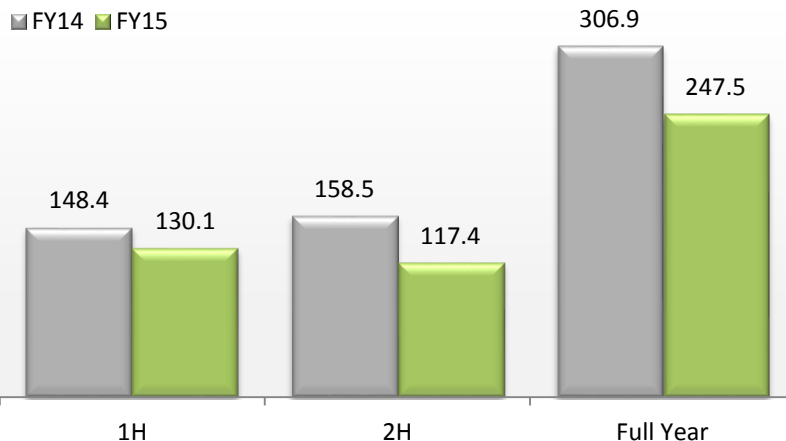
Property & Infrastructure EBIT (\$m)



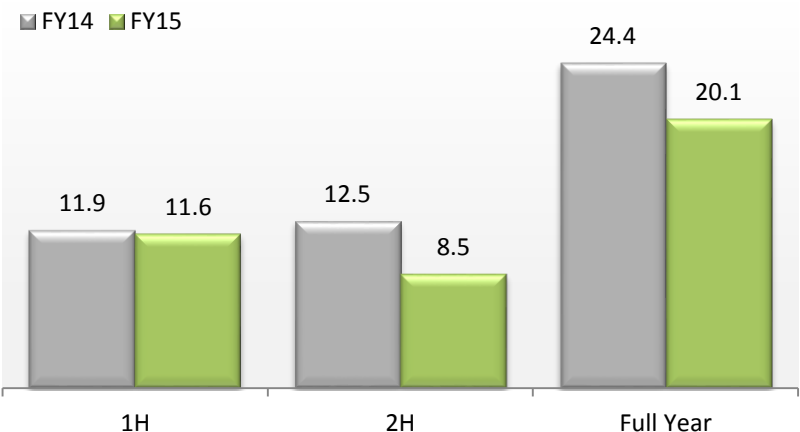
Resources division

- ✱ Revenue and earnings lower as offshore construction work demand reduces.
- ✱ Demand for vessel management, manning, catering and logistical services has fallen in recent months by approximately 25% compared to pcp.
- ✱ Offshore construction work will continue on Inpex's Ichthys project and then Shell's Prelude development is likely to follow.
- ✱ Ongoing field extension drilling and increased production and operations support work projected in future years.
- ✱ Onshore miners are focused on significant cost out programs and whilst our exposure is limited there are a number of new outsourcing opportunities coming to market.
- ✱ Negotiations for new Australian marine EBA continue and there remains some risk of industrial action with associated short term revenue and cost impacts.

Resources Revenue (\$m)



Resources EBIT (\$m)

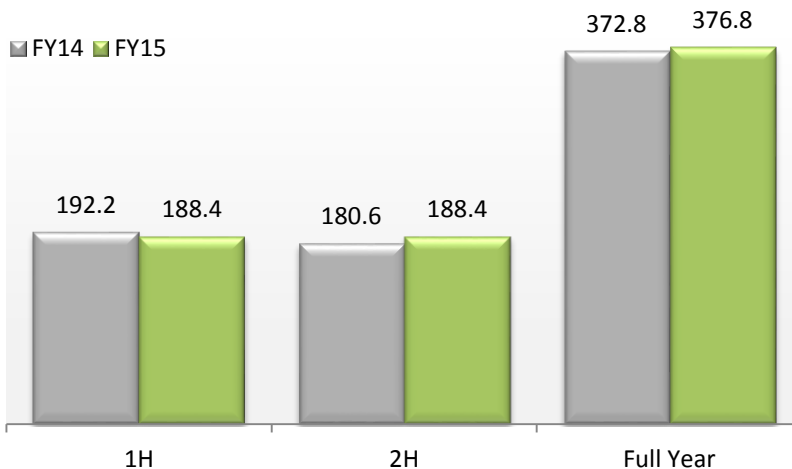


Integrated Workforce division

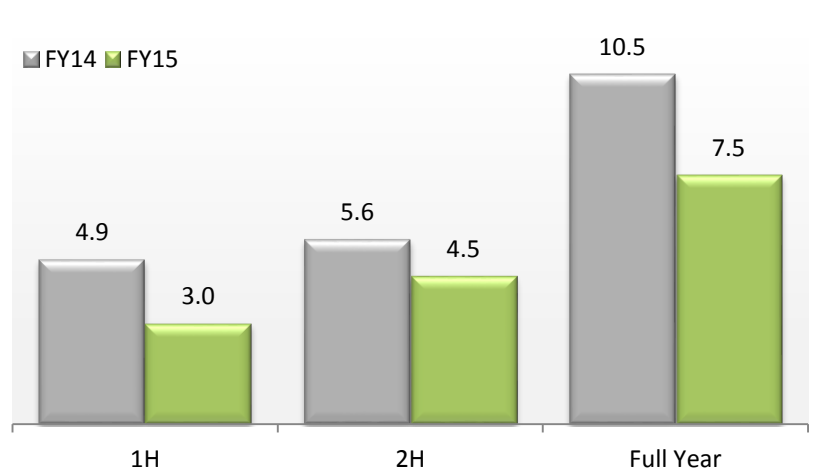


- ✱ Margins lower on similar revenue due to ongoing weakness in the blue collar economy
- ✱ Business reshaped in second half resulting in improved margin
- ✱ Costs were lowered in the second half through using our upgraded business system to centralise recruitment functions in each state, expand the mobile account/sales network and reduce the number of branches
- ✱ OneShift continues to grow
- ✱ In partnership with APM, we have been successful in securing Federal Government “jobactive” service provider contracts in 9 of 51 regions across Australia. Contract to start on 1 July 2015.

Workforce Revenue (\$m)



Workforce EBIT (\$m)



To achieve our vision, we have a plan built on 4 key components.

1. Safety

2. People and Culture

3. Systems and Integration

4. Growth

- a) marketing and customer development
- b) build scale
- c) expansion in resources
- d) expansion in public infrastructure



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- c) expansion in resources
- d) expansion in public infrastructure

- 
- critical risk standards
 - life saving rules
 - behavioural tools
 - risk assessments
- 

To achieve our vision, we have a plan built on 4 key components.



1. Safety

2. People and Culture

3. Systems and Integration

4. Growth

- a) marketing and customer development
- b) build scale
- c) expansion in resources
- d) expansion in public infrastructure

- 
- education, demonstration and promotion of the Programmed Difference
 - customer service culture development program
 - common customer satisfaction measurement and reporting
- 

To achieve our vision, we have a plan built on 4 key components.


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- a) marketing and customer development
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- c) expansion in resources
- d) expansion in public infrastructure

- upgrade of finance system underway - 18 month project
 - upgraded workforce system with full service capability across any mobile device for job seekers and customers
 - HR system upgrade
 - Customer Relationship Management (CRM) system
- 

To achieve our vision, we have a plan built on 4 key components.

1. Safety

2. People and Culture

3. Systems and Integration

4. Growth

- a) marketing and customer development
- b) build scale
- c) expansion in resources
- d) expansion in public infrastructure

- 
- education
 - health & aged care
 - tourism & recreation
 - agribusiness
 - water
 - mining infrastructure
 - oil and gas (offshore)
- 

Rottnest Island Authority

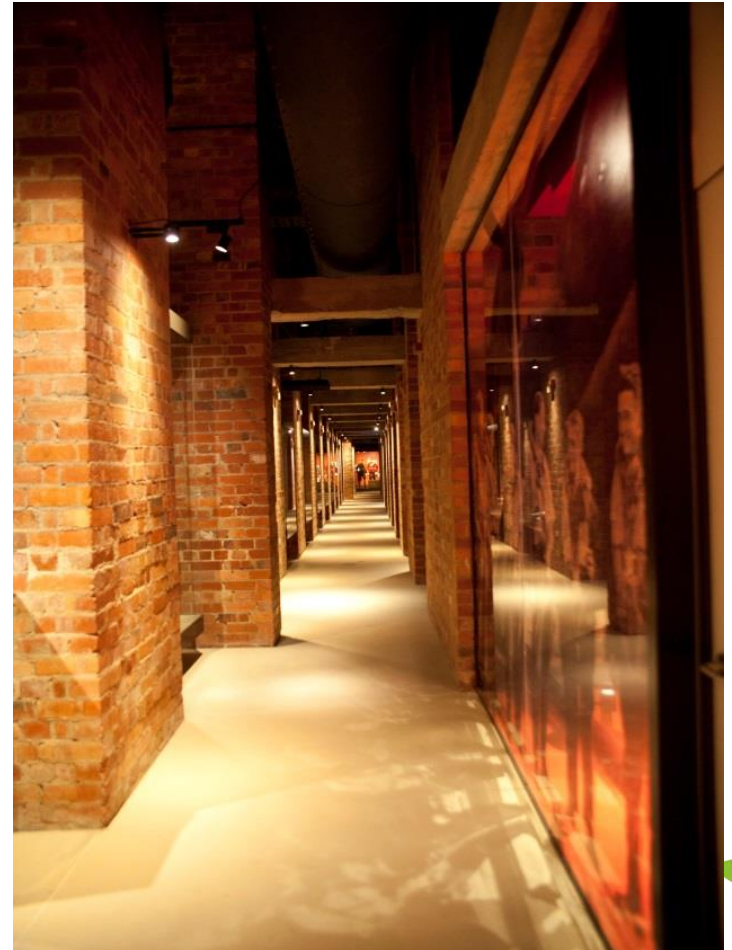
✱ PROGRAMMED

- ✱ Holiday Island 20km off coast of WA
- ✱ Renewed facility management contract
- ✱ Includes all utilities, accommodation and operational support
- ✱ Commenced 1 August 2014
- ✱ 5 + 5 year contract
- ✱ Expanded scope including accommodation housekeeping



Galleries of Remembrance

- ✿ Contract to fitout advanced audio visual technology in undercroft space of museum in Melbourne
- ✿ Design included many interactive projection exhibits
- ✿ More than 35 separate exhibits throughout gallery space



SPC (Shepparton, Vic)

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- ✱ SPC is a provider of packed fruit and vegetables
- ✱ Contracted to onhire and manage a maintenance workforce for three years
- ✱ Successfully recruited and deployed a new workforce and delivered improved productivity
- ✱ Delivered new safety initiatives and improved the safety outcomes across the site



Fremantle Football Club

- ✱ New elite AFL standard oval
- ✱ Finance, Build & Maintain (FBM) contract
- ✱ 18 month build with completion set for Oct 2016
- ✱ 5 year maintenance period after build completion



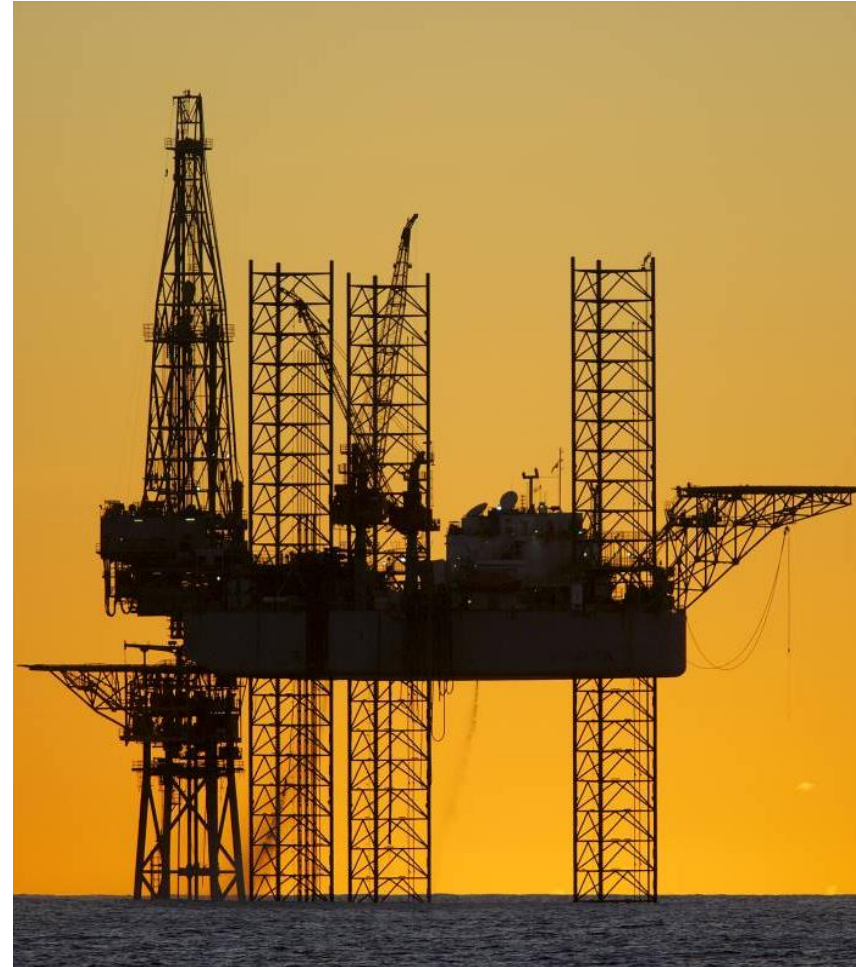
University of Wollongong

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- ✱ University of Wollongong student accommodation PPP project
- ✱ Programmed part of Living and Learning Partners Consortium awarded PPP contract
- ✱ Programmed to maintain existing accommodation from 1 Jan 2015 whilst new accommodation is built
- ✱ Programmed to provide full facility management services across existing and new accommodation
- ✱ Contract duration is 39 years



- ✱ Catering and Hotel services contract to both Maui A and B offshore platforms
- ✱ Up to 65 persons on a 24/7 basis
- ✱ Contract in place for more than 25 years
- ✱ Full logistic support at Port of Taranaki



Housing New Zealand

✱ PROGRAMMED

- ✱ Contract to provide complete maintenance services to more than 15,000 public houses
- ✱ Located in Auckland and Wellington, New Zealand
- ✱ Contract commenced 1 July 2014
- ✱ Contract duration is 5 years





Looking forward



Our business model, providing staffing, maintenance and facility management services across all industry sectors, gives Programmed considerable strength and has enabled us to deliver a reasonable result for shareholders in markets that continue to present new challenges.

We are pleased to have maintained very strong cash flow, reduced debt and increased the dividend.

We are targeting markets forecast to grow and are seeking new strategic positions in some emerging markets.

In the past year, we have secured new long-term work in education, social housing, defence, tourism and food/agriculture, all industries forecast to grow over the next ten years.

As a result, we project that growth in Property & Infrastructure earnings should offset any potential falls in Resources earnings in FY16.

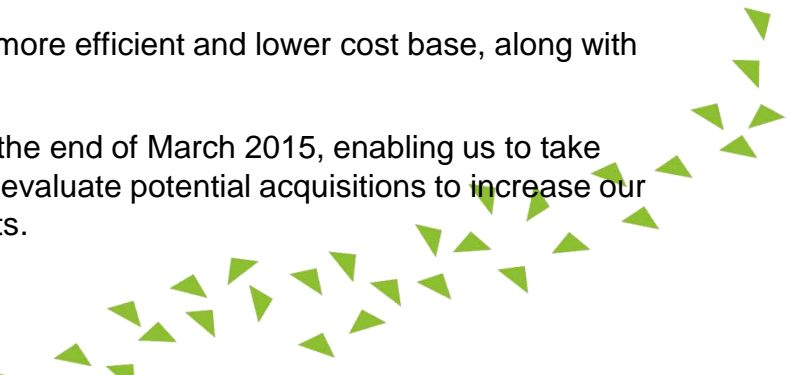
We are on the short lists for the Western Australian schools PPP and the new federal courts PPP in ACT, and are positioned to benefit from further PPP projects.

We are also having more success with selling a greater range of maintenance services to our property customers.

We have invested in two new Workforce opportunities: OneShift to benefit from growth in the online staffing sector, and an alliance with APM to become a National Job Network provider to the Federal Government.

We are investing heavily in technology to give the business a more efficient and lower cost base, along with significantly greater field capability to service our customers.

Our balance sheet is strong, with just \$7 million of net debt at the end of March 2015, enabling us to take advantage of further growth opportunities, and we continue to evaluate potential acquisitions to increase our scale and ways in which we can expand in our existing markets.





Discussions with Skilled Group

 *PROGRAMMED*

- ✧ Programmed and Skilled have agreed to engage in discussions to assess the potential merits of combining the two businesses
- ✧ Programmed believes the strategic rationale for combining the businesses is strong:
 - ✧ It would create a stronger, more efficient and more competitive workforce solution provider covering staffing, maintenance and facility management operations, diversified across all sectors of the economy and better positioned to take advantage of growth opportunities
 - ✧ It would deliver greater flexibility and service opportunities for the combined group's customer base
- ✧ There is no certainty the proposal will result in a transaction
- ✧ Programmed will update the market in due course

Strategic rationale for Programmed's PROGRAMMED shareholders

Overview

Maintenance

- Programmed has a large maintenance and facility management business, focused in the property and infrastructure sectors, including education, aged care, social housing and tourism – all industries that are forecast to grow
- Skilled has a significant engineering maintenance business focused in the manufacturing, industrial and mining markets
- Minimal overlap between the businesses

Marine

- Both companies' marine businesses work across the full life cycle of an offshore oil and gas field from exploration and construction to production and decommissioning
- Skilled has a strong position in northern Australia (Broadsword), owning a number of vessels
- Programmed does not own vessels and focuses on vessel management, manning, logistics and catering services

Workforce

- Skilled is the leading provider of blue collar labour hire in Australia and is a specialist recruiter across the resources, telecommunications, health and IT industries
- Programmed's workforce division provides a range of staffing services across most industry sectors
- The recent performance of both businesses has been impacted by macroeconomic and structural headwinds

Rationale

- ✓ Increased earnings diversity
- ✓ Stronger ability to compete more effectively for larger contracted outsourcing opportunities that are emerging

- ✓ Complementary geographical locations
- ✓ Although small in number of vessels relative to the overall market, the combined presence will be better positioned for offshore operational and maintenance work

- ✓ Greater combined scale and lower unit costs
- ✓ Increased efficiencies and resilience to pressure on margins in current market conditions

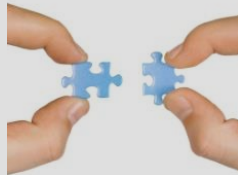
Appendix

Our Vision: To be a leading provider of staffing, maintenance and facility management services, without injury



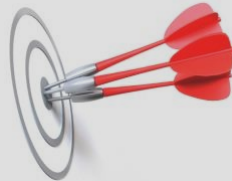
SAFETY

Safety is paramount. We will act to ensure the safety and environmental well-being of our customers, the public and ourselves.



TEAMWORK

We respect everyone's contribution by working together to achieve common goals and project outcomes. Our sense of team extends to building long-term customer and community relationships for the benefit of all.



ACCOUNTABILITY

We encourage individuals and teams to take responsibility and ownership of the process, and the outcome, through decisive leadership and initiative.



HONESTY & INTEGRITY

Our business relationships are based on fair, open, and ethical principles. We take pride in the way we work with our customers and communities, the integrity of our services, and doing what we say we are going to do.



RECOGNITION & ENJOYMENT

We are a people business. We recognise and reward outstanding achievement, and provide opportunity for our employees to develop and succeed. We create an environment for every team member to have a positive, enjoyable and rewarding work experience.

Programmed today



PROGRAMMED



We have the power to build your business.

Programmed provides the people, maintenance, tools and expertise to help your business grow. With over 10,000 employees working out of more than 100 locations, we are ready to support your business today.

Take a look at the services we provide, and if you can see a way our business may be able to assist yours, please visit www.programmed.com.au

Integrated Workforce provides labour hire and staffing services to all industries.

Property Services provides a complete range of painting, building repairs, signage and grounds maintenance services.

Facility Management offers a comprehensive range of facilities and asset management services.

Total Marine Services is a specialist provider of manning, project management and logistics solutions to the offshore oil and gas industry.

Construction and Maintenance provides construction support, maintenance and shutdown services to the resources and energy sectors.

KLM Electrical and Communication provides design, installation and maintenance services to the electrical, audio visual and communications market.

Recruit. Deploy. Manage. Maintain.
www.programmed.com.au

Approx. 10,000 employees

100+ offices around Australia and NZ

\$1.4 billion+ revenue

The Programmed Difference



The Programmed Difference are the core attributes of our company that support all the services we deliver;

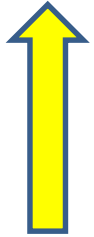
- 1) our ability to recruit and develop the right people
- 2) our ability to deploy the right person with the right competency to each job
- 3) our ability to get safety right on the ground
- 4) our ability to manage IR in an increasingly difficult environment
- 5) our ability to manage HR in an increasing regulatory environment
- 6) our ability to deliver operational improvements, flexibility and high levels of satisfaction to our customers



Our structure



Customers contract a
complete **MANAGEMENT**
and / or maintenance
SOLUTION



Customers contract the
TASK capability



Customers contract the
STAFFING service

PROPERTY & INFRASTRUCTURE

Maintenance, Building and
Operational Services

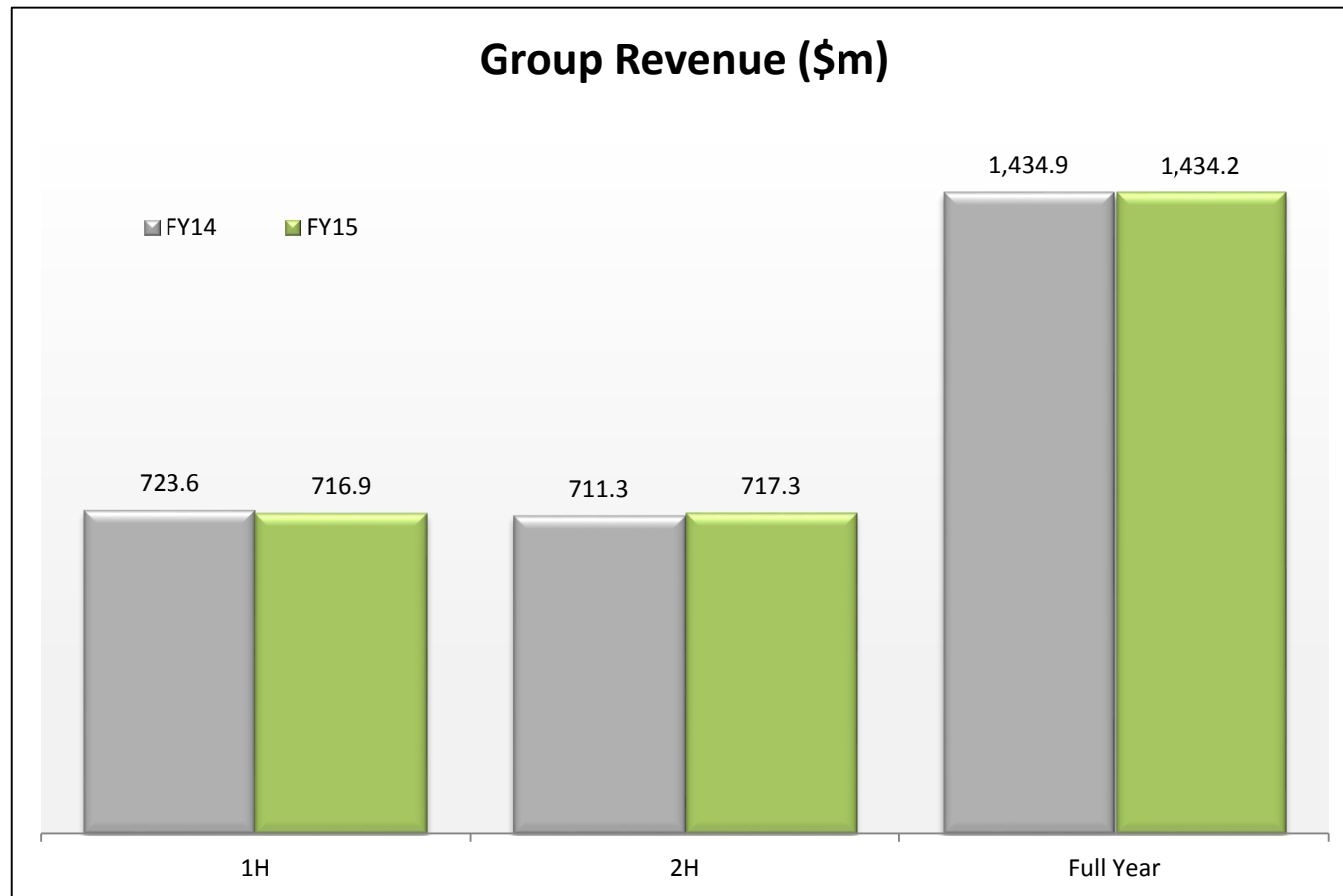
RESOURCES

Maintenance,
Construction and
Operational Services

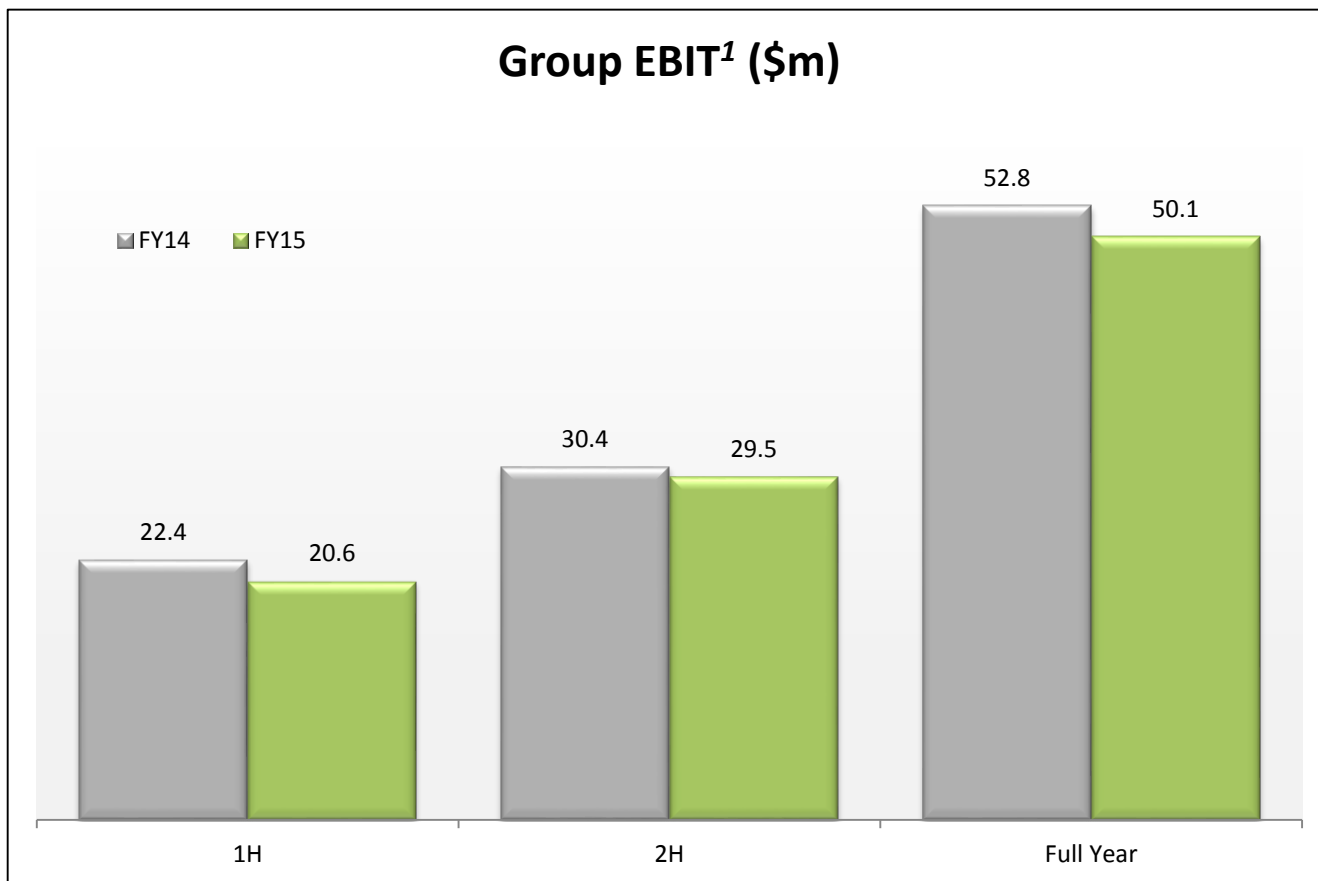
INTEGRATED WORKFORCE

Recruitment and Labour Hire Services

Group revenue



Group EBIT



¹ Before non trading items



FY15 segment revenue

 **PROGRAMMED**

Revenue by division	Year Ended 31 Mar 2015 \$m	Year Ended 31 Mar 2014 \$m	% change
Property & Infrastructure	807.6	751.9	7%
Resources	247.5	306.9	(19%)
Workforce	376.8	372.8	1%
Other Revenue	2.3	3.3	
Total Consolidated Revenue	1,434.2	1,434.9	(0%)

FY15 segment EBIT

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EBIT by division	Year Ended 31 Mar 2015 \$m	Year Ended 31 Mar 2014 \$m	% change
Property & Infrastructure	32.4	28.0	16%
Resources	20.1	24.4	(18%)
Workforce	7.5	10.5	(29%)
Unallocated	(9.9)	(10.1)	(2%)
Consolidated EBIT (before non trading items)	50.1	52.8	(5%)
Non trading items	(5.8)	(1.7)	
Total Consolidated EBIT	44.3	51.1	(13%)