JOHNSON
SERVICE GROUP PLC

Final Results for the Year ended 31 December 2010

John Talbot, Executive Chairman
Yvonne Monaghan, Finance Director

Highlights

- Strong performance
- Adjusted PBT[1] up 18.9% to £14.5 million
- Adjusted fully diluted EPS[1] up 20.6% to 4.1 pence
- Debt reduced by £8.2 million during the year through:
  - cash generative businesses
  - tight management of working capital
  - £1.8 million tax repayment
- Increased full year dividend of 0.82 pence

Notes:

1 Before intangibles, amortisation and impairment (excluding software amortisation), exceptional items and exceptional finance costs

Financial Results

JOHNSON SERVICE GROUP PLC

Income Statement

Continuing, £m	2010	2009	Change
Revenue[1]	227.4	229.3	(0.8)%
Adjusted operating profit[2]	18.3	17.5	4.6%
Adjusted operating margin[2]	8.0%	7.6%	
Exceptional items	(7.5)	12.0	
Adjusted PBT[3]	14.5	12.2	18.9%
Adjusted EPS[3]	4.1p	3.4p	20.6%
Fully diluted number of shares[4]	261.7m	259.0m	
Dividend per share	0.82p	0.75p	9.3%

Notes:
1 Excluding costs recharged to customers
2 Before intangibles, amortisation and impairment (excluding software amortisation) and exceptional items
3 Before intangibles, amortisation and impairment (excluding software amortisation), exceptional items and exceptional finance costs
4 Basic number of shares of 248,170,808 plus dilutive potential Ordinary Shares re. warrants and share options

Cash Flow at 31 December 2010

JOHNSON SERVICE GROUP PLC

£m		2010	2009
Adjusted operating profit		18.3	17.5
Depreciation and software amortisation (excl. exceptionals)		20.9	21.0
Working capital (excl. exceptionals)		0.6	1.1
Capital expenditure	– Fixed assets	(8.0)	(7.5)
	– Rental stocks (net)	(12.1)	(12.4)
	– Fixed asset proceeds	1.4	0.7
Interest and tax		(1.3)	(1.7)
Exceptional items (cash effect)		(2.6)	(1.7)
Dividends		(1.9)	(0.6)
Additional pension contributions		(1.6)	(1.5)
Other		(2.9)	(3.5)
Net cash inflow		10.8	11.4
Equity issue (net)		0.1	-
Acquisitions less disposals		(0.4)	(0.6)
Lifecycle funds (PFI contracts)		(2.3)	-
Net debt movement		8.2	10.8
Net debt		59.5	67.7

Divisional Performance

Textile Rental

Revenue[1] (£m)	2010	2009	Change
Johnsons Apparelmaster	88.4	90.1	(1.9%)
Stalbridge Linen Services	26.7	26.8	(0.4%)
Total	**115.1**	**116.9**	**(1.5%)**
Adjusted operating profit[2] (£m)			
Johnsons Apparelmaster	13.2	12.3	7.3%
Stalbridge Linen Services	2.3	1.2	91.7%
Allocated income	1.1	1.1	- %
Total	**16.6**	**14.6**	**13.7%**
Margin	14.4%	12.5%	

- Textile Rental includes the two brands of Johnsons Apparelmaster, which is predominantly workwear rental, and Stalbridge, which is predominantly linen rental

Notes:
1 Excluding costs recharged to customers
2 Before intangibles, amortisation and impairment (excluding software amortisation) and exceptional items

Divisional Performance

Textile Rental

Johnsons Apparelmaster

- Small PPE business acquired with new catalogue launches at start of 2011
- 11% reduction in energy cost benefiting margin
- 70,000 more garments processed each week than a year ago

Stalbridge Linen Services

- Full year margin of 8.6% (2009: 4.5%)
- 33% increase in H2 profit on stable revenue
- 13% reduction in energy cost benefiting margin

Division

- Energy costs expected to increase in 2011
- Cotton prices under pressure
- Investment in production efficiencies to continue

Divisional Performance

Drycleaning

Retail

£m	2010	2009	Change
Revenue[1]	70.1	74.1	(5.4%)
Adjusted operating profit[2]	1.7	3.1	(45.2%)
Margin	2.4%	4.2%	

- Like for like sales decrease of 3.7% (H1: 5.0%, H2: 2.9%) at Johnson Cleaners
- 2.8% like for like sales increase (H1: 3.4%, H2: 2.1%) at Jeeves
- Total like for like sales reduction was 3.6% reducing to an estimated 1.7% excluding the weeks of snow
- £1.6m adverse impact on profit from extreme weather at start and end of year
- Benefit from £0.6m of property credits (2009: £0.5m) unlikely to be repeated in 2011
- 7 new supermarket, 2 drive-in and 2 High St sites opened in 2010 and 42 closures
- Number of shops reduced to 480 (Dec 2009: 511, June 2010:506)

Alex Reid

- Profit[2] of £0.3m (2009: £0.1m loss after £0.1m of reorganisation costs)

Notes:
1 Excluding costs recharged to customers
2 Before intangibles, amortisation and impairment (excluding software amortisation) and exceptional items

Divisional Performance

JOHNSON SERVICE GROUP PLC

Facilities Management

SGP (£m)	2010	2009	Change
Revenue[1]	33.6	28.9	16.3%
Adjusted operating profit[2]	3.6	3.3	9.1%
Margin	10.7%	11.4%	

- Increase in revenue and profit with improved second half performance
- Successful integration of acquired PFI business
- Investment in infrastructure during the year has increased capacity to pursue new business
- Service charge and business rates service being developed
- Increased proportion of revenue derived from long term contracts

Notes:
1 Excluding costs recharged to customers
2 Before intangibles, amortisation and impairment (excluding software amortisation) and exceptional items

Group Costs

£m	2010	2009	Change
Administration costs	3.1	2.5	24.0%
Management incentive costs	0.8	0.9	(11.1%)
Total	3.9	3.4	14.7%

- Cost increase partly reflects increased non trading property costs (£0.3m)
- Replaced management incentives fully expensed in 2010

Exceptional Items

Continuing, £m	2010	2009
Pension credit	2.2	12.0
Restructuring costs	(6.8)	-
Acquisition related costs (fees)	(1.4)	-
Property disposals and onerous lease provisions	(1.5)	-
Total	(7.5)	12.0

- Pension credit arises from change in statutory increases applied to certain deferred pensions from RPI to CPI based
- Restructuring costs of the Drycleaning (£6.5m) and FM (£0.3m) divisions

Bank Facilities

Facility is currently £74.5m (December 2010: £76.0m)

- Term loan: £54.5m at LIBOR + margin, reducing by £1.5m in December 2011 and by £1.5m per half year thereafter
- Revolver: £20.0m at LIBOR + margin
- Margin of 3.75% for most of 2010, with adjustment depending on gearing, in the range 3.0% to 4.0%
- Hedging from January 2010 swaps LIBOR for an average fixed rate on £40.0m of debt of 1.9% in 2010 and 3.0% in 2011 and 2012

Net debt level at 31 December 2010 £59.5m (December 2009: £67.7m)

- £3.0m of repayments due in 2011 (February £1.5m, December £1.5m)

Interest cost reduced to £3.8m (2009: £5.7m)

- Interest charge included a credit of £0.8m for notional (non-cash) interest (2009: £0.7m charge)
  - A similar credit is expected in 2011
- 2010 interest cover 4.8 times (H1: 4.4 times, H2: 5.1 times)

Pensions and Tax

JOHNSON SERVICE GROUP PLC

- Net IAS 19 Pension liability of £11.3m (Dec 2009: £13.7m):
  - additional pension contributions of £1.6m from continuing Group in 2010
  - 7% growth in asset values but lower future return assumption
  - change in statutory increase applied to deferred pensions reduced liabilities by £1.6m net of tax
  - offset by reduced discount rate assumption increasing liabilities
  - new agreed schedules of deficit payments of approximately £1.7m in 2011
  - agreement that part of cash may be used in a more efficient way of reducing liabilities than normal cash funding

- Underlying tax rate, before intangibles amortisation and impairment (excluding software amortisation), exceptional items and exceptional finance costs of 26.9% (2009: 26.7%)

- Tax repayment of £5.8m received in February 2011 but remains subject to agreement with HMRC

The Group Moving Forward

- Textile Rental
  - Focused on driving revenue
  - Opportunities as smaller laundries come under pressure
  - Development of PPE catalogue

- Drycleaning
  - Focus on accelerated growth of additional services
  - Expansion of Empowerment programme
  - Targeted opening of further drive-in and supermarket locations
  - Additional Jeeves locations and services

- Facilities Management
  - Encouraging new business pipeline
  - Additional PFI contracts due to come on stream in 2012
  - Potential of further acquisitions

Conclusion

- Strong performance despite economic conditions
- Three profitable businesses with strong market positions
- Benefits from reduced level of debt and gearing
- Targeted investment in the businesses to continue
- Dividend payment increased

Segmental Results

Appendix I

Segmental Results

JOHNSON SERVICE GROUP PLC

£m	2010		2009	
	Revenue[1]	Operating profit[2]	Revenue[1]	Operating profit[2]
Textile Rental				
- Johnsons Apparelmaster	88.4	13.2	90.1	12.3
- Stalbridge	26.7	2.3	26.8	1.2
- Allocated income / (costs)	-	1.1	-	1.1
	115.1	**16.6**	**116.9**	**14.6**
Drycleaning				
- Retail drycleaning	70.1	1.7	74.1	3.1
- Alex Reid	8.6	0.3	9.4	(0.1)
- Allocated income / (costs)	-	-	-	-
	78.7	**2.0**	**83.5**	**3.0**
Facilities Management				
- SGP	**33.6**	**3.6**	**28.9**	**3.3**
Unallocated costs	-	(3.9)	-	(3.4)
Total	**227.4**	**18.3**	**229.3**	**17.5**

Notes:
1 Excluding costs recharged to customers
2 Before intangibles, amortisation and impairment (excluding software amortisation) and exceptional items