Interim Results
Half Year Ended 30 June 2010

John Talbot – Executive Chairman

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Wednesday 1st September 2010

JOHNSON SERVICE GROUP PLC

Overview

- Traded well in challenging market conditions
- Increased PBT to £6.2m (2009: £5.3m)*
- Further reduction in net debt to £64.6m (Dec 2009: £67.7m)
- Increased interim dividend of 0.27p (2009: 0.25p)

All figures are continuing
*Before intangibles amortisation and impairment (excluding software amortisation) and exceptional items

Financial Results- Income Statement

Continuing Operations	**2010**	**2009**	**Change**
Revenue*	£109.8m	£113.4m	(3.2)%
Adjusted Operating Profit **	£8.0m	£8.0m	0 %
Adjusted Operating Margin **	7.3%	7.1%	
Adjusted PBT**	£6.2m	£5.3m	17.0%
Adjusted Fully Diluted EPS**	1.8p	1.4p	28.6%
Exceptional (Charge)/Credit	£(7.0m)	£2.2m	
Interim Dividend	0.27p	0.25p	8.0%

All figures are continuing
* Excluding costs recharged to customers
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Cash Flow at 30 June 2010

£m	2010	2009
Adjusted Operating Profit	8.0	8.0
Depreciation and software amortisation	9.9	10.2
Working Capital (excl. exceptionals)	(0.5)	1.0
Capital Expenditure – Fixed assets	(4.2)	(3.2)
– Rental stocks (net)	(6.4)	(6.1)
– Fixed asset proceeds	0.1	0.4
Interest and Tax	1.0	(2.3)
Exceptional items	(0.2)	(1.7)
Dividends	(1.2)	-
Additional pension contributions	(0.8)	(0.7)
Other (incl. discontinued operating profit in 2009)	(1.5)	(1.8)
Net Cash inflow/(outflow)	4.2	3.8
Acquisitions (net of cash acquired)	(1.1)	(0.8)
Net Debt Movement	3.1	3.0
Net Debt	64.6	75.5

Divisional Performance

Textile Rental

Revenue * £m	2010	2009	Change
Johnsons Apparelmaster	43.8	44.8	
Stalbridge Linen Services	12.5	12.8	
Total	56.3	57.6	(2.3)%
Adjusted Operating Profit ** £m			
Johnsons Apparelmaster	6.4	6.2	
Stalbridge Linen Services	0.7	0.0	
Allocated income	0.5	0.5	
Total	7.6	6.7	13.4%
Margin	13.5%	11.6%	

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

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Divisional Performance

Textile Rental

Johnsons Apparelmaster

• Continued reduction in spend by existing customers but reduced level of customer terminations

• New business wins continue

• 14% reduction in energy cost benefiting margin

• Food garment throughput increased by 60,000 per week to circa 0.5 million

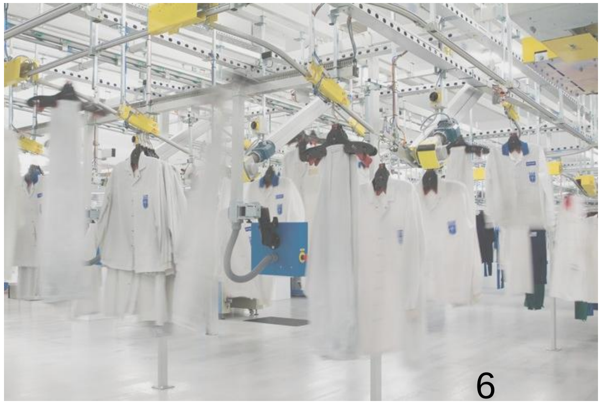
• Investment in energy efficient equipment ongoing to help offset expected increase in unit costs in 2011

Stalbridge Linen Services

• Performed ahead of expectations

• Reduction in customer terminations and focus on new sales

• Further improvement in margin expected in second half



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Divisional Performance

Drycleaning

Retail

£m	2010	2009	Change
Revenue*	34.6	36.7	(5.7)%
Adjusted Operating Profit **	0.4	1.3	(69.2)%
Margin	1.2%	3.5%	

- Like for like sales decrease of 5.0% (2009 H1: -5.3%) at Johnson Cleaners
- Like for like sales increase of 0.9% (2009 H1: -10.6%) at Jeeves
- Profit impact of bad weather circa £0.6m
- Divisional restructuring provision of £6.5m, closing 20 stores ahead of lease expiry
- Number of shops reduced to 506 (June 2009: 512, Dec 2009: 511)

Alex Reid

- Profit** of £0.1m (2009: Break Even) on revenue of £4.2m (2009: £4.6m)

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Divisional Performance

Facilities Management

SGP

£m	**2010**	**2009**	**Change**
Revenue*	14.7	14.5	1.4%
Adjusted Operating Profit **	1.6	1.6	0%
Margin	10.9%	11.0%	

- Profit maintained despite increase in overhead to support new business wins
- Public and Private FM contracts represent 66% of H1 revenue
- Acquisition of 4 contracts and 3 SPCs now completed with the remaining 4 being operated under licence pending legal completion
- Acquisition immediately earnings enhancing

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Group Costs

£m	**2010**	**2009**
Administration Costs	1.4	1.2
Management incentive costs	0.3	0.4
	1.7	1.6

Exceptional Items

£m	2010	2009
Continuing		
Restructuring costs - Drycleaning	(6.5)	-
Business Acquisition Activity	(0.5)	-
Pension Credit	-	2.2
Total costs	(7.0)	2.2

Restructuring provision for:

- **20 shop closures ahead of lease expiry**
- **8 loss making stores**
- **Warehousing and logistical operations**
- **Overhead cost realignment**

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Bank Facilities

Net debt at June 2010 reduced to £64.6m (Dec 09: £67.7m)

Facility at June 10 - £77.5m

- Facility expires April 2013 and comprises;
  - £55.5m term loan at LIBOR + margin reducing by £1.5m in December and £1.5m per half year thereafter
  - £20.0m revolver at LIBOR + margin
  - Current margin 3.75%

- Interest Hedges in place – LIBOR swapped on £40m of Term Loan for fixed rate of;

  2010 – 1.9%

  2011 – 3.0%

Pensions and Tax

Increased IAS 19 Pension net liability to £18.6m (Dec 2009: £13.7m) due to:

- Fall in equity markets
- Reduced discount rate applied to liabilities

Offset by:

- additional pension contributions of £0.8m

- Agreed schedule of deficit payments of £1.6m in full year 2010. Main scheme actuarial valuation as at April 2010 underway

- Continuing underlying tax rate expected to be 28.3% for full year

The Group Moving Forward

- Textile Rental
  - Continued focus on efficiency and energy recycling
  - Take advantage of market opportunities
  - Leverage of Johnson brand

- Drycleaning
  - Green evolution programme continues as stores continue to show improved sales
  - Closure of loss making stores to allow focus on remaining estate
  - Targeted opening of further drive-ins and supermarket concessions
  - Expanding additional services to more stores
  - Building on trial B2B and B2C models as the market changes

- Facilities Management
  - Expansion of Property management and technical business
  - Significant player in Public sector PFI market following acquisitions
  - Continued update of proprietary IT systems

Conclusion

- Good overall performance
- Improvement in Textile Rental
- Progress on SGP expansion of PFI contracts
- Repositioning of Drycleaning portfolio
- Further reduction in net debt
- Increased interim dividend

Appendix 1 – Segmental Results

£m	2010 Revenue*	2010 Op Profit**	2009 Revenue*	2009 Op Profit**
Textile Rental				
Johnsons Apparelmaster	43.8	6.4	44.8	6.2
Stalbridge	12.5	0.7	12.8	0.0
Allocated Income / (Costs)	-	0.5	-	0.5
	56.3	7.6	57.6	6.7
Drycleaning				
Retail drycleaning	34.6	0.4	36.7	1.3
Alex Reid	4.2	0.1	4.6	0.0
Allocated Income / (Costs)	-	0.0	-	0.0
	38.8	0.5	41.3	1.3
Facilities Management				
SGP	14.7	1.6	14.5	1.6
Other Segmental				
Group costs	-	(1.7)	-	(1.6)
Total	109.8	8.0	113.4	8.0

All figures are continuing and 2009 has been restated to reflect the disposal of WE
* Excluding costs recharged to customers
** Before intangibles amortisation and impairment (excluding software amortisation) and exceptional items