JOHNSON SERVICE GROUP PLC

Interim Results for the 6 months ended 30 June 2011

John Talbot, Executive Chairman
Yvonne Monaghan, Finance Director

Highlights

- Strong performance across all 3 divisions despite challenging market conditions
- Adjusted PBT[1] up 4.8% to £6.5 million (H1 2010: £6.2 million)
- Adjusted fully diluted EPS[1] maintained at 1.8 pence
- Debt reduced by £8.5 million during the period through:
  - cash generative businesses
  - £5.8 million tax repayment (remains subject to HMRC agreement)
- 22% increase in interim dividend to 0.33 pence (H1 2010: 0.27 pence) in line with progressive dividend policy

Notes:
1 Before intangibles amortisation and impairment (excluding software amortisation) and exceptional items

Financial Results

Income Statement

Continuing operations	2011	2010	Change
Revenue[1]	£113.6m	£109.8m	3.5%
Adjusted operating profit[2]	£8.4m	£8.0m	5.0%
Adjusted operating margin[2]	7.4%	7.3%	
Exceptional items	-	£(7.0)m	
Adjusted PBT[2]	£6.5m	£6.2m	4.8%
Adjusted EPS[2]	1.8p	1.8p	
Fully diluted number of shares[3]	270.8m	261.1m	
Dividend per share	0.33p	0.27p	22.2%

Notes:
1 Excluding costs recharged to customers
2 Before intangibles amortisation and impairment (excluding software amortisation) and exceptional items
3 Basic number of shares of 249,214,647 plus potential dilutive Ordinary Shares re. warrants and share options

Cash flow at 30 June 2011

£m		2011	2010
Adjusted operating profit		8.4	8.0
Depreciation and software amortisation (excl. exceptionals)		9.9	9.9
Working capital (excl. exceptionals)		(1.2)	(0.5)
Capital expenditure	– Fixed assets	(2.0)	(4.2)
	– Rental stocks (net)	(6.5)	(6.4)
	– Fixed asset proceeds	0.3	0.1
Interest and tax		4.1	1.0
2010 exceptional items (cash effect)		(0.7)	(0.2)
Dividends		(1.4)	(1.2)
Additional pension contributions		(0.5)	(0.8)
Other		(1.7)	(1.5)
Net cash inflow		8.7	4.2
Equity issue (net)		0.1	-
Acquisitions less disposals		(0.2)	(1.1)
Movement in Lifecycle funds (PFI contracts)		(0.1)	-
Net debt movement		8.5	3.1
Net debt		51.0	64.6

Divisional Performance

JOHNSON SERVICE GROUP PLC

Textile Rental

Revenue[1] (£m)	2011	2010	Change
Johnsons Apparelmaster	45.3	43.8	3.4%
Stalbridge Linen Services	12.7	12.5	1.6%
Total	**58.0**	**56.3**	**3.0%**
Adjusted operating profit[2] (£m)			
Johnsons Apparelmaster	6.5	6.4	1.6%
Stalbridge Linen Services	0.7	0.7	- %
Allocated income	0.5	0.5	- %
Total	**7.7**	**7.6**	**1.3%**
Margin	13.3%	13.5%	

- 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

- Stable level of spend by existing customers
- 6% reduction in energy consumption helped to offset increased unit price
- Improved new sales, particularly in the food processing sector

Stalbridge Linen Services

- Corporate hospitality market remains difficult
- Margin maintained despite cost pressures

Division

- H1 fuel and energy costs increased £0.2m on H1 2010
- Further increases expected in second half
- Garment prices increased c14% on prior year, FY cash impact c£1.1m
- Investment in production efficiencies to continue

Divisional Performance

Drycleaning

Retail

£m	2011	2010	Change
Revenue[1]	33.7	34.6	(2.6%)
Adjusted operating profit[2]	0.5	0.4	25.0%
Margin	1.5%	1.2%	

- Total like for like sales decrease of 0.7% (2010 H1: decrease of 4.7%; 2010 FY: decrease of 2.6%)
- Benefit from £0.2m of property credits (2010: £0.3m)
- 2 new Jeeves locations, 3 new supermarkets (including 2 POD's), 1 High St (RO unit) opened and 11 closures
- Number of shops reduced to 475 (Dec 2010: 480; June 2010: 506)
- Focus on accelerated growth of laundry service, producing +7.5% LFL growth in this category
- Continuing benefit from Empowerment programme

Alex Reid

- Profit[2] of £0.1m (2010: £0.1m) on revenue[1] of £4.2m (2010: £4.2m)

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

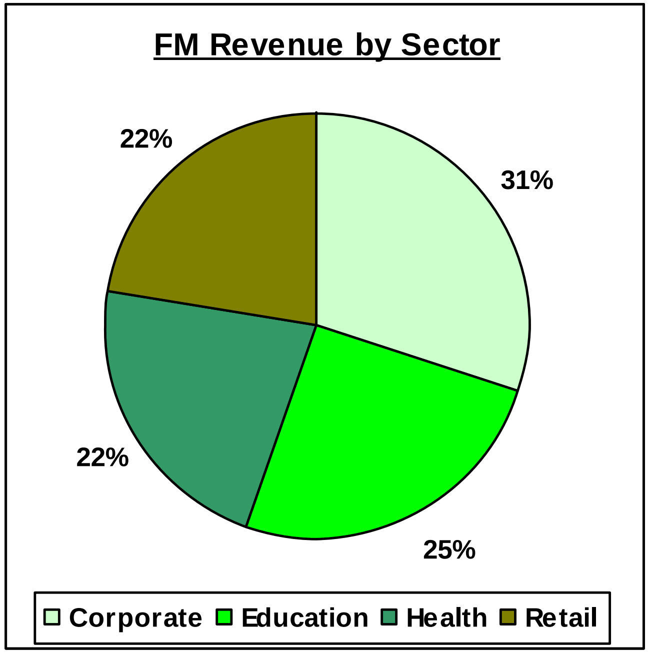
Divisional Performance

JOHNSON SERVICE GROUP PLC

Facilities Management

£m	2011	2010	Change
Revenue[1]	17.7	14.7	20.4%
Adjusted operating profit[2]	2.0	1.6	25.0%
Margin	11.3%	10.9%	

- Significant increase in revenue and profit
- Successful integration of acquired PFI business
- Revenue spread across our 4 key markets
- Increased proportion of revenue (almost 60%) derived from long term contracts
- Investment in infrastructure during FY2010 has increased capacity to pursue new business
- Expand presence in technical services such as engineering and energy management



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

Group Costs

£m	2011	2010
Administration costs	1.4	1.4
Management incentive costs	0.4	0.3
Carbon Reduction Commitment (CRC)	0.1	-
Total	1.9	1.7

- Underlying cost base held at 2010 levels
- Full year CRC cost anticipated to be c£0.2m

Bank Facilities

Facility is currently £73.45m (December 2010: £76.0m) and expires April 2013

- Term loan: £53.45m at LIBOR + margin, reducing by £1.5m in December 2011 and by £1.5m per half year thereafter
- RCF: £20.0m at LIBOR + margin
- £3.0m of repayments due in 2011 (February £1.5m, December £1.5m)
- Additional £1.05m prepaid in April 2011
- Margin of 3.0% for most of 2011 (previously 3.5%) with adjustment depending on gearing in the range 3.0% to 4.0%
- Hedging swaps LIBOR for an average fixed rate of 3.0% in 2011 and 2012 on £40.0m of debt
- £5.8m Tax repayment in February - remains subject to agreement with HMRC
- H1 / H2 weighting of capex / pension payments approximately 40 / 60

Interest cost increased to £1.9m (2010: £1.8m)

- Interest charge includes a credit of £0.4m for notional (non-cash) interest (2010: £0.4m credit)
- Increase reflects higher average swap rate (1.9% in 2010) offset by lower average borrowings
- 2011 H1 interest cover 4.4 times (2010 H1: 4.4 times; 2010 H2: 5.1 times; 2010 FY: 4.8 times)

Pensions and Tax

Pensions

- Net IAS 19 Pension liability of £3.2m (Dec 2010: £11.2m)
  - further 1.1% growth in asset values (7.1% growth in FY2010)
  - higher discount rate assumption reducing liabilities
  - additional pension contributions, or equivalent, of £1.7m from continuing Group in 2011, rising to £1.8m in 2012
  - agreement that part of cash may be used in a more efficient way of reducing liabilities than normal cash funding, likely to defer some cash to 2011 H2 / 2012 H1

Tax

- Underlying tax rate[1] of 25.6% (2010: 28.3%) compared to substantively enacted rate of 26% (2010: 28%)
  - minor prior year credits reducing rate in 2011

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

- Normal quarterly payments resumed in July 2011

Notes:
1 Before intangibles amortisation and impairment (excluding software amortisation) and exceptional items

The Group Moving Forward

- Textile Rental
  - Focused on driving revenue
  - Opportunities as smaller laundries come under pressure
  - Development of Direct Sales market

- Drycleaning
  - Focus on continued growth of additional services
  - Further expansion of Empowerment programme
  - Targeted opening of further POD, 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

Appendix 1 - Segmental Results

	2011		2010		Change	
	Revenue[1] £m	Operating Profit[2] £m	Revenue[1] £m	Operating Profit[2] £m	Revenue[1] %	Operating Profit[2] %
Textile Rental						
- Johnsons Apparelmaster	45.3	6.5	43.8	6.4	3.4%	1.6%
- Stalbridge Linen Services	12.7	0.7	12.5	0.7	1.6%	-
- Allocated Income	-	0.5	-	0.5	-	-
	58.0	**7.7**	**56.3**	**7.6**	**3.0%**	**1.3%**
Drycleaning						
- Retail Drycleaning	33.7	0.5	34.6	0.4	(2.6)%	25.0%
- Alex Reid	4.2	0.1	4.2	0.1	-	-
	37.9	**0.6**	**38.8**	**0.5**	**(2.3)%**	**20.0%**
Facilities Management						
- SGP	17.7	2.0	14.7	1.6	20.4%	25.0%
	17.7	**2.0**	**14.7**	**1.6**	**20.4%**	**25.0%**
Unallocated Costs						
- Head Office Overheads	-	(1.9)	-	(1.7)	-	(11.8)%
	-	**(1.9)**	**-**	**(1.7)**	**-**	**(11.8)%**
TOTAL	**113.6**	**8.4**	**109.8**	**8.0**	**3.5%**	**5.0%**

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