

The Davis Service Group Plc

Preliminary Results For the year to 31st December 2009



BERENDSEN

Sunlight 

Davis

Key Achievements 2009

- Revenue up 2%
- Strong operating profit at £115m
- EPS up slightly at 39.4p
- Excellent cash flow of £76.7m
- Dividend maintained at 20p
- Thorough planning for downturn and follow up through 2009
- Continued strategic investments in growth

Adjusted Income Statement

| £ million | 12 months to 31st Dec 2009 | 12 months to 31st Dec 2008 | Growth % |
|-----------------------------|-------------------------------|-------------------------------|----------|
| Revenue | 970.9 | 953.9 | 2 |
| Operating profit* | 115.3 | 116.6 | (1) |
| Net finance expense | (23.6) | (25.3) | – |
| Profit before taxation* | 91.7 | 91.3 | – |
| Taxation | (24.2) | (24.1) | |
| Tax rate | 26.4% | 26.4% | |
| Minority interest | (0.7) | (0.4) | |
| | 66.8 | 66.8 | |
| Average number of shares | 169.5 | 170.1 | |
| Adjusted earnings per share | 39.4p | 39.3p | – |

- At constant currency revenue down 3% and adjusted operating profit down 6%
- Tax rate maintainable in 2010

*Before exceptional items and amortisation of customer contracts

Consolidated Income Statement

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 |
|-------------------------------------|------------------------------------|------------------------------------|
| Revenue | 970.9 | 953.9 |
| Adjusted operating profit | 115.3 | 116.6 |
| Profit/(loss) on sale of properties | 2.0 | (2.7) |
| Restructuring items | (8.7) | (6.6) |
| Goodwill impairment | (6.0) | – |
| Growth initiatives written off | – | (2.2) |
| Amortisation of customer contracts | (17.3) | (19.4) |
| | 85.3 | 85.7 |
| Net finance expense | (23.6) | (25.3) |
| Taxation | (15.9) | (18.3) |
| Profit from continuing operations | 45.8 | 42.1 |
| Minority interest | (0.7) | (0.4) |
| | 45.1 | 41.7 |
| Earnings per share | 26.6p | 24.5p |

- Net cash cost of exceptional items of £2.8 million

Free Cash Flow

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 |
|--|------------------------------------|------------------------------------|
| Cash flow from operating activities | 270.5 | 262.8 |
| Net interest paid | (23.6) | (24.7) |
| Tax paid | (24.2) | (15.9) |
| Net capital expenditure | (146.0) | (175.0) |
| Free cash flow | 76.7 | 47.2 |
| Capital Expenditure | | |
| - Textile plant | 31.8 | 52.6 |
| - Textiles | 105.0 | 115.7 |
| - Decontamination | 12.9 | 7.2 |
| Intangible assets (primarily software) | 7.5 | 5.5 |
| Asset disposals | (11.2) | (6.0) |
| | 146.0 | 175.0 |

Cash Flow and Net Debt

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 |
|------------------------------|------------------------------------|------------------------------------|
| Free cash flow | 76.7 | 47.2 |
| Acquisitions* | (7.5) | (53.1) |
| Special pension contribution | (6.0) | – |
| Own shares purchased | (3.4) | (2.1) |
| Dividends | (33.9) | (33.8) |
| Other | (2.2) | (3.8) |
| Movement in net debt | 23.7 | (45.6) |
| Translation difference | 35.5 | (131.4) |
| Net debt at 1 January | (544.1) | (367.1) |
| Net debt at 31 December | (484.9) | (544.1) |

- Net debt/EBITDA at 1.7x (2008 2.0x) – well inside covenant level of 3x
- \$259m and £25m of US private placement notes issued in December 2009
- £600m of bank facilities to June 2012: £345m USPP notes 2014-2021
- Net pension liabilities of £32.9m

*Includes net debt assumed/obligations disposed in relation to acquisition and disposals – deferred consideration excluded

Nordic – Performance

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 | Growth % | |
|--------------------|------------------------------------|------------------------------------|--------------|----------------|
| | | | Actual rates | Constant rates |
| Revenue | 330.8 | 326.5 | 1 | (5) |
| Operating profits* | 51.2 | 51.2 | – | (5) |
| Operating margin* | 15.5% | 15.7% | (20)bps | (10)bps |

- Excellent cash delivery
- Swedish rental profits substantially lower
- Denmark profit maintained
- Good profit growth in Norway
- New countries held up well despite economy
- Björnkläder meeting challenging group targets

*Before exceptional items and amortisation of customer contracts



BERENDSEN

Davis

Continent – Performance

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 | Growth % | |
|--------------------|------------------------------------|------------------------------------|--------------|----------------|
| | | | Actual rates | Constant rates |
| Revenue | 245.2 | 226.2 | 8 | (2) |
| Operating profits* | 32.7 | 29.2 | 12 | 2 |
| Operating margin* | 13.3% | 12.9% | 40bps | 40bps |

- German Healthcare profits up: c. 5% operating profit margin*
- Austria Healthcare performing well in a stable market
- German Industry stable sales and profits
- Holland sales and profits stable
- Polish sales up 5% with profits maintained after more difficult second half
- Good progress in establishing Czech and Slovak operations

*Before exceptional items and amortisation of customer contracts



UK & Ireland – Performance

| £ million | 12 months to 31st December 2009 | 12 months to 31st December 2008 | Growth |
|--------------------|------------------------------------|------------------------------------|---------|
| Revenue | 394.9 | 401.2 | (2)% |
| Operating profits* | 37.6 | 40.2 | (6)% |
| Operating margin* | 9.5% | 10.0% | (50)bps |

- Excellent cash delivery
- Solid second half for hotel linen with volume decline progressively reducing
- Excellent result in Healthcare
- Workwear profits close to last year
- Revenues in Clinical Solutions up 9%. Profits reduced by decontamination start up costs
- Lower revenues in Ireland but profits held: good progress in Facility business

*Before exceptional items and amortisation of customer contracts

Sunlight 

Davis

Financial Summary

- Business delivering on expectations. Excellent cash flow
- Financial strength maintained. Improved funding position
- Growing higher margin segments for higher returns
- Dividend maintained

First Impressions – Peter Ventress

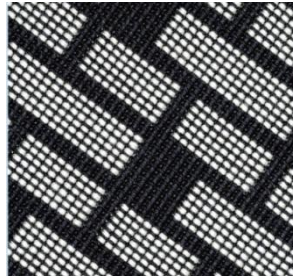
- Strong market positions in most areas
- Operational excellence at the core of the business
- Stable and experienced management team
- Emphasis on local accountability with group activities adding value
 - Finance/management/procurement
- Confidence across the business

Our Business

Workwear



Facilities



Healthcare



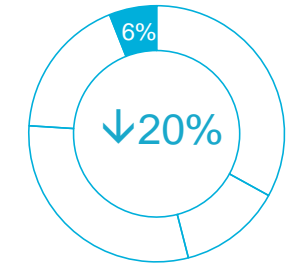
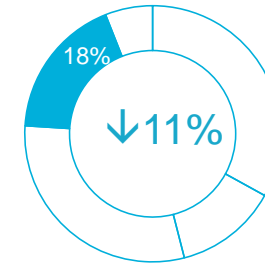
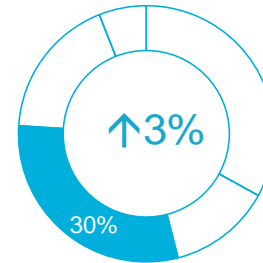
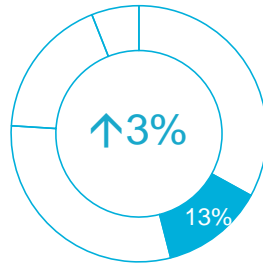
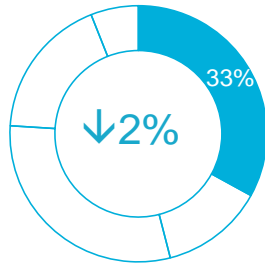
Hotels and restaurants



Sales and production



Composition and growth* 2009



Margin opportunity

✓ ✓ ✓

✓ ✓ ✓ ✓

✓ ✓

✓

✓

Growth opportunity

✓ ✓ ✓

✓ ✓ ✓ ✓

UK ✓ ✓ ✓

✓

✓

Continent ✓

Capital requirements

Well invested in core countries
Investing in new countries and Germany

Investing for growth at higher returns

Investing in UK.
Managing for cash on continent

Managing for cash

Lower capital requirements

*Change in revenue compared to 12 months to 31 December 2008. At constant currency.

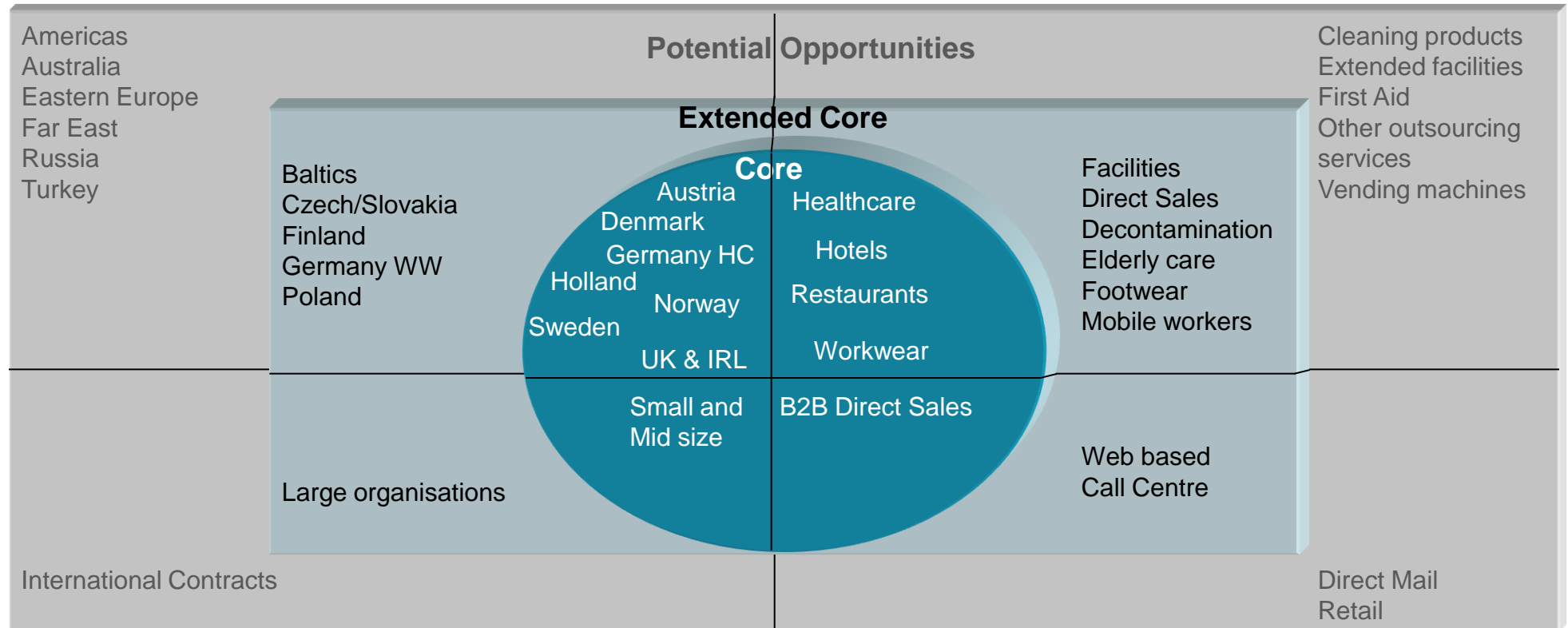
Focus on Growth and Increased Returns

- Build on our market leading positions
- Actively manage and re-balance portfolio to focus on high margin sectors
 - Leverage customer base / operational efficiency
 - Adjacent markets: geographic / product lines
- Natural consolidator in fragmented industry landscape
 - Build scale / bolt-on acquisitions / disciplined approach
- Grow sales capabilities in all areas
 - Selective investment / improvement in processes and performance management / best practice exchange / virgin territory
- Strengthen management development
 - Change mindset / focus on strategy

Focus on Core: Evaluating New Areas of Growth

Markets

Product and service sectors



Customers

Channels

2010 Outlook

- Cautious view of economy in 2010
- Limited top line growth
- Cost measures in 2009 continue to deliver through 2010
- Confidence in ability to deliver in tough economic environment, this is a resilient business
- Solid foundation for future growth

The Davis Service Group Plc



BERENDSEN

Sunlight 

Davis

Return on Invested Capital (average)

Appendix 1

| £ million | 2009* | 2008 |
|--|---------|--------|
| Total equity | 472.2 | 478.1 |
| Add back: | | |
| Net debt | 504.4 | 455.6 |
| Retirement benefit obligations | 28.9 | 15.5 |
| Goodwill previously written off and intangibles amortisation | 161.0 | 184.4 |
| Average invested capital | 1,166.5 | 1133.6 |
| Adjusted operating profit | 115.3 | 116.6 |
| Add back: Pension interest less returns on investment | (1.5) | (2.9) |
| Less tax at effective rates | (30.0) | (30.0) |
| NOPAT return | 83.8 | 83.7 |
| Return on invested capital | 7.2% | 7.4% |

*Based on 12 month average

Turnover and Adjusted Operating Profit

Appendix 2

| £ million | 12 months to 31st December 2009 | | 12 months to 31st December 2008 | |
|-----------------------|------------------------------------|-------------------|------------------------------------|-------------------|
| | Revenue | Operating profit* | Revenue | Operating profit* |
| Textile maintenance | | | | |
| – Nordic | 330.8 | 51.2 | 326.5 | 51.2 |
| – Continent | 245.2 | 32.7 | 226.2 | 29.2 |
| Continental Europe | 576.0 | 83.9 | 552.7 | 80.4 |
| UK & Ireland | | | | |
| – Textile maintenance | 334.7 | 35.4 | 345.8 | 36.4 |
| – Clinical Solutions | 60.2 | 2.2 | 55.4 | 3.8 |
| Central overheads | | (6.2) | – | (4.0) |
| | 970.9 | 115.3 | 953.9 | 116.6 |

*Before exceptional items and amortisation of customer contracts

Net Debt and Financing

Appendix 3

| £ million | At 31st Dec 2009 | At 31st Dec 2008 |
|--|------------------|------------------|
| Net debt | 484.9 | 544.1 |
| EBITDA | 285.8 | 276.8 |
| Net debt/EBITDA | 1.70x | 1.97x |
| Net debt/EBITDA covenant* | <3.0x | <3.0x |
| Committed Funding | | |
| £420m Revolving credit facility 2012 | 420 | 420 |
| €200m Revolving credit facility 2012 | 180 | 196 |
| \$250m US private placement notes 2014 – 2018 | 157 | 172 |
| \$259m and £25m US private placement notes 2016 – 2021 | 188 | – |
| | 945 | 788 |

- An EBITDA/net interest covenant* of not less than 3 times also applies: 2009 actual of 12.1 times

*As defined by banking documentation

Disclaimer

The information provided in this presentation is accurate as of the date on which it was released. It will not be updated in the light of any new information or events except in the form of subsequent presentations or statements by Davis.

The information in the presentation contains forward-looking statements which relate to the business of Davis and its future prospects and, as such, involve risks and uncertainties which may cause the actual results and developments to differ materially from those expressed or implied by these statements. Whilst the company believes that these forward-looking statements are reasonable, no undue reliance should be placed on them as they are only predictions and not guarantees of performance.

All information in the presentation is the property of Davis Service Group Plc and may not be reproduced or recorded without the written permission of the company. Nothing contained in the presentation constitutes or shall be deemed to constitute an offer or invitation to invest in or otherwise deal in any shares or other securities of Davis Service Group Plc.