

Siteserv plc

Interim Results for the six months ended 31 October 2008

Siteserv plc, (“Siteserv”, the “Group” or the “Company”) the infrastructure & utilities support services group, today announces its unaudited interim results for the six months to 31 October 2008.

Financial Highlights

	Unaudited Half Year Ended 31-Oct 2008 €	Unaudited Half Year Ended 31-Oct 2007 €	Audited Year Ended 30-Apr 2008 €
Group Revenue	128.4m	35.5m	133.8m
Group Operating Profit	13.2m	6.3m	18.7m
Group Profit After Tax	5.5m	4.1m	10.3m
Adjusted Fully Diluted EPS*	4.9 cent	4.1 cent	10.1 cent
Group Cash Flow from Operating Activities	16.8m	5.9m	19.8m
Group Net Debt	153.6m	87.0m	153.6m

*Excludes amortisation of intangible assets and notional interest on deferred consideration

- Group revenue €128.4m for the six months up from €35.5m in prior year;
- Group operating profit €13.2m up from €6.3m;
- Group cash flow from operating activities €16.8m compared to €5.9m in the comparative period;
- Fully adjusted EPS 4.9 cent up from 4.1 cent;

Operational Highlights

- The Group has successfully diversified away from its Irish access hire and sales origins into sectors that benefit from long term contractual revenue streams. (Infrastructure and utilities support services and multi-discipline support services account for 72% of Group revenue).
- Irish infrastructure and utilities support services continues to grow ahead of expectations generating revenue of €60m and Ebitda €10.9m for the six months to October 2008.
- Successful integration of UK acquisition in February 2008 doubles the size of Group.
- Recent acquisitions showing good organic growth in first six months.
- The Group now employs 2,100 people throughout Ireland and the UK.
- UK Multi-Discipline operation continues to grow.

- Renewal of contract for Deborah Services Limited; Exxon Mobile contract on Fawley refinery, valued at Stg£50m over 7 years to November 2015.
- Achieved annualised cost savings of €3.7m in the Access Hire and Sales Division as part of an ongoing focus on cost reduction.
- Siteserv's Multi-Discipline and infrastructure divisions contracted revenue visibility over the coming years is now in excess of €200m up to 2013.

Commenting on the performance for the six months under review, Siteserv Chief Executive, Brian Harvey said:

“The Group made significant progress in the first half of 2009 across its diverse business sectors. Our Infrastructure & Utilities services division in Ireland is ahead of expectations for the six months under review reporting revenue of €60m. The UK division reported revenue of €56.2m supported by a strong performance in multi-discipline support service contracts. The Access equipment division in Ireland continues to face into a challenging environment with €12.2m revenue in the six months but corrective action is being taken to realign the cost base.

Siteserv's diversification by strategic acquisitions over the last 18 months into the infrastructure & utilities sectors in Ireland and industrial services sector in the UK has provided the Company with a diverse range of services and long term contractual revenue streams and has played a key role in offsetting the impact of economic volatility on the Group's access division”.

ENDS

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Overview

Siteserv is a leading infrastructure and utilities support services group operating from 53 strategic locations in the United Kingdom and Ireland.

The Group provides 3 core services:

1. **Infrastructure & Utilities support services (“Infrastructure & Utilities”)**: Satellite installation services, motorway services, power network maintenance, civil engineering, rapid build schools & childcare facilities, hospital accommodation.
2. **Industrial & Multi-Discipline support services (“Multi-Discipline”)**: Provision of insulation services, asbestos removal, protective coatings and passive fire protection to the nuclear power, petrochemical and power generation sectors in the UK. Typical contract is for 4+ years.
3. **Access Equipment Hire & Sales (“Access”)**: Provision of formwork design, scaffolding hire & sales, contract scaffolding, temporary fencing distribution through 35 depots.

Sectors supported by the Group include:

Petrochemical, power generation, nuclear power, schools, hospitals, pharmaceuticals, utilities, civil engineering, special events, agriculture, motorway construction, satellite installation, building and construction.

Integration

The Irish Access business (*incorporating Easy Access, Rentafence and Donohue Scaffolding*) has been fully integrated into a single depot network generating significant cost efficiencies in payroll, transport, rent and general overheads during the period.

In the UK Deborah Services Ltd (acquired in February 2008) has been integrated into Siteserv. The Group has leveraged the combined purchasing power of the UK and Irish access businesses to achieve further cost savings across the Group.

During the period, we paid €6.4m in deferred consideration as acquisitions exceeded their earnout targets.

Diversification

Siteserv’s strategic acquisitions in the Infrastructure & Utilities sectors in Ireland and into the Multi-Discipline sector in the UK have achieved its ambition to become a leading support service provider to a wide range of industrial and government clients.

The Irish Access business now only accounts for 10% of its revenue. The Group’s exposure to the Irish residential market is less than 2% of Group revenues. In the UK the Group’s exposure to the residential sector is 6% of UK revenue.

Divisional Update

Infrastructure and Utilities

Infrastructure and Utilities delivered a strong performance for the six months to 31 October 2008.

	6 Months to <u>31-Oct-08</u>
Division Revenue	€60.0 m
EBITDA	€10.9 m
Division Operating Profit	€9.7 m

Incorporating, *Sierra Communications Limited*, *Roankabin Limited* and *Holgate Fencing Limited*, the division is a leading provider of services to Local Authorities, schools and day care centres for the education sector, specialist hospitals and clean room accommodation, motorway fencing installation, satellite installation services and maintenance programmes for the national power grid.

The division performed ahead of market expectation in the six months to October 2008. Its niche services to a customer base that is relatively insulated from the broader economic slowdown provide the division with stable revenue streams.

UK (Deborah Services Limited)

	6 Months to <u>31/10/2008</u>
Division Revenue	€6.2 m
EBITDA	€5.3 m
Division Operating Profit	€3.0 m

The Multi-Discipline division accounts for approx. 60% of UK revenue and continues to grow organically as its maintenance services remain in demand with its blue chip petrochemical, nuclear and power generation customer base.

Deborah renewed a Multi-Discipline contract from Exxon Mobil totalling Stg £50m over 7 years in November 2008. Multi-Discipline provides Siteserv with long term maintenance contracts and future revenue visibility.

The hire and sales operational performance in the first half of the year reflects the slowdown in the UK economy with sales down 18% year on year.

Adverse movements in the value of Sterling since the beginning of the financial year has lowered EBITDA by €70,000 and operating profit by €27,000 for the six months.

Access

Access delivered a solid performance in a difficult trading environment for the six months to 31 October 2008.

	6 Months to <u>31-Oct-08</u>
Division Revenue	€12.2 m
EBITDA	€2.2m
Division Operating Profit	€1.8m

Access businesses *Easy Access Limited*, *Donohue Scaffolding Limited* and *Rentafence Limited* will continue to fully integrate their operations and reduce costs during 2009.

Access continues to operate in a challenging economic environment. The division will continue to focus on cost reduction and will continue to maintain its brands strong position in the market place.

During the six months to October 2008 formwork products benefited from infrastructural activity however other areas of demand for Access products were generally subdued.

Debt Position

The consolidated net debt position at 31 October 2008 amounted to €153.6m, since 30 April 2008, €2.2m was repaid and €1.4m was drawn down for planned capital expenditure as envisaged under our banking facilities. Additionally, the Group paid €6.4m in deferred consideration and earn-outs. We recently successfully renegotiated our banking facilities, in particular our schedule of principal repayments, such that our facilities are structured to support the Group through the cycle. Group interest is expected to fall going forward as we move from a hedged to an unhedged position. We continue to trade comfortably within our banking requirements.

Strategy and Outlook

Our business is built on the provision of quality service to our clients and building long term client relationships.

Our strategic focus is to continue to grow our strong market positions in the Infrastructure and Utilities sector in Ireland and the Multi-Discipline sector in the UK in the short term. We will continue to focus on our non-construction sector service offering given the difficult trading conditions associated with the construction sector and lack of availability of credit to our customers.

The outlook for the Access business in the near term will continue to be challenging due to the downturn in both the Irish and UK economies. The inability of our customers in these sectors to raise finance will continue to impact on Group revenues.

Siteserv will continue to position the Company to take advantage of future opportunities in anticipation of the economic climate improving. Siteserv's non-construction revenue now accounts for 72% of Group revenues.

Approximately 44% of the Group's business by turnover is based in the UK. Any further fluctuations in the value of sterling will impact the Group's results.

Siteserv's core business model of offering a diverse range of support services to a wide range of industry sectors will continue to provide a stable platform for future growth.

Trading since the period end has been in line with management expectations. Longer term, our strong market positions, our recently restructured debt facilities, cash generative and flexible business model and the ongoing restructuring exercise in the Access division allow the Board to view the future with confidence.

The Preliminary Results Announcement is available on the Company website, www.siteserv.ie.

Consolidated Income Statement
for the period ended 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Revenue	128,381	35,470	133,758
Operating Profit	13,154	6,290	18,661
Finance costs	<u>(6,345)</u>	<u>(1,502)</u>	<u>(6,409)</u>
Profit Before Taxation	6,809	4,788	12,252
Income tax expense	<u>(1,300)</u>	<u>(650)</u>	<u>(1,986)</u>
Profit after Taxation and Attributable to Equity Shareholders	<u>5,509</u>	<u>4,138</u>	<u>10,266</u>
 Earnings Per Ordinary Share			
Basic earnings per ordinary share	4.6c	4.1 c	9.5 c
Fully diluted earnings per ordinary share	4.6c	4.0 c	9.4 c
 Adjusted Earnings Per Ordinary Share			
Adjusted basic earnings per ordinary share	4.9c	4.2 c	10.2c
Adjusted fully diluted earnings per ordinary share	4.9c	4.1 c	10.1c

Consolidated Balance Sheet

as at 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Non-Current Assets			
Intangible assets	140,438	99,290	145,640
Property, plant and equipment	47,691	5,360	48,125
Financial asset investments	34	-	34
Total Non-Current Assets	<u>188,163</u>	<u>104,650</u>	<u>193,799</u>
Current Assets			
Inventories	26,223	18,912	24,284
Trade and other receivables	48,646	30,703	48,187
Cash and cash equivalents	7,011	7,856	8,699
Deferred tax	-	304	-
Derivatives and other financial instruments	-	<u>2,753</u>	-
	<u>81,880</u>	<u>60,528</u>	<u>81,170</u>
Current Liabilities			
Trade and other payables	43,417	20,718	42,582
Provisions for liabilities and charges	1,735	-	1,735
Current tax liabilities	1,627	998	699
Deferred consideration	7,672	7,000	10,415
Interest bearing loans and borrowings	16,957	11,874	11,794
Derivatives and other financial instruments	-	<u>2,724</u>	-
	<u>71,408</u>	<u>43,314</u>	<u>67,225</u>
Non-Current Liabilities			
Provisions for liabilities and charges	2,521	-	2,521
Deferred consideration	2,226	6,821	10,657
Interest bearing loans and borrowings	143,635	82,964	150,520
Deferred tax liabilities	706	-	568
Total Non-Current Liabilities	<u>149,088</u>	<u>89,785</u>	<u>164,266</u>
Net Assets	<u>49,547</u>	<u>32,079</u>	<u>43,478</u>

Consolidated Balance Sheet (continued)

as at 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Capital and Reserves			
Share capital	194	174	193
Share premium account	28,059	22,673	27,860
Share based payment reserve	571	345	410
Retained earnings	<u>20,723</u>	<u>8,887</u>	<u>15,015</u>
Shareholders' Equity	<u>49,547</u>	<u>32,079</u>	<u>43,478</u>

Consolidated Cash Flow Statement
for the period ended 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Cashflows from Operating Activities			
Profit before taxation	6,809	4,788	12,252
Depreciation of property, plant and equipment	3,867	730	3,483
Amortisation of share based payments	161	185	250
Amortisation of intangible assets	259	-	266
Interest received	(60)	(33)	(39)
Interest expenses	6,404	1,535	6,448
Profit on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>(89)</u>
Operating Cash Flow Before Movement in Working Capital	17,440	7,205	22,571
Movement in inventories	(1,939)	2,853	1,745
Movement in trade and other receivables	(459)	(3,626)	2,961
Movement in trade and other payables	<u>2,145</u>	<u>(634)</u>	<u>(5,586)</u>
Cash Generated from Operations	17,187	5,798	21,691
Income tax paid	<u>(372)</u>	<u>128</u>	<u>(1,923)</u>
Net Cash from Operating Activities	16,815	5,926	19,768
Investing Activities			
Interest received	60	33	39
Interest paid	<u>(6,068)</u>	<u>(1,315)</u>	<u>(5,912)</u>
Net Cash Used in Investing Activities	<u>(6,008)</u>	<u>(1,282)</u>	<u>(5,873)</u>
Acquisitions			
Capital expenditure	(3,688)	(630)	(4,031)
Acquisition costs	(721)		
Purchase of subsidiary undertakings	<u>-</u>	<u>(43,763)</u>	<u>(112,208)</u>
	(4,409)	(44,393)	(116,239)

Consolidated Cash Flow Statement (continued)

for the period ended 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Financing Activities			
Issue of share capital	-	-	-
Other loans	(473)	-	1,911
Net finance lease payments	(424)	(354)	(2)
Net bank loan (repayments) / advances	(830)	49,459	112,134
Deferred consideration paid	<u>(6,359)</u>	<u>(1,500)</u>	<u>(3,000)</u>
Net Cash Used in Financing Activities	(8,086)	47,605	111,043
Net Increase / (Decrease) in Cash and Cash Equivalents	(1,688)	7,856	8,699
Cash and cash equivalents at beginning of period	<u>8,699</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Period	<u>7,011</u>	<u>7,856</u>	<u>8,699</u>

Segmental Analysis

for the period ended 31st October 2008

By Business Segment	Unaudited Half Year Ended 31-Oct 2008	Unaudited Half Year Ended 31-Oct 2007	Audited Year Ended 30-Apr 2008
<u>Revenue</u>	€000	€000	€000
Access	12,186	26,535	40,926
Infrastructure and Utilities	59,991	8,935	56,542
United Kingdom	56,204	-	36,290
Head Office	---	---	---
Total	128,381	35,470	133,758
<u>Operating Profit</u>			
Access	1,770	5,569	7,188
Infrastructure and Utilities	9,675	1,313	9,658
United Kingdom	3,016	-	3,871
Head Office	<u>(1,307)</u>	<u>(592)</u>	<u>(2,056)</u>
Total	13,154	6,290	18,661
Finance costs	<u>(6,345)</u>	<u>(1,502)</u>	<u>(6,409)</u>
Profit before taxation	6,809	4,788	12,252
Income tax expense	<u>(1,300)</u>	<u>(650)</u>	<u>(1,986)</u>
Profit after taxation and attributable to ordinary shareholders	<u>5,509</u>	<u>4,138</u>	<u>10,266</u>

Segmental Analysis (continued)
for the period ended 31st October 2008

By Geographical Location

	Unaudited Half Year Ended 31-Oct 2008 €000	Unaudited Half Year Ended 31-Oct 2007 €000	Audited Year Ended 30-Apr 2008 €000
Revenue			
Ireland	72,177	35,470	97,468
United Kingdom	<u>56,204</u>	—	<u>36,290</u>
Total	128,381	35,470	133,758

Operating Profit

Ireland	10,138	6,290	14,790
United Kingdom	<u>3,016</u>	—	<u>3,871</u>
Total	13,154	6,290	18,661

EPS Calculation

For the period ended 31st October 2008

	Unaudited Half Year Ended 31-Oct 2008	Unaudited Half Year Ended 31-Oct 2007	Audited Year Ended 30-Apr 2008
Earnings	€000	€000	€000
Profit after tax attributable to ordinary shareholders	5,509	4,138	10,266
Discount on deferred consideration	208	85	514
Amortisation of intangibles	<u>259</u>	<u>-</u>	<u>266</u>
Adjusted profit after taxation attributable to ordinary shareholders	<u>5,976</u>	<u>4,223</u>	<u>11,046</u>
Number of Shares	'000	'000	'000
Weighted average number of ordinary shares in issue during the year	120,760	101,493	107,854
Dilutive effect of outstanding share options	<u>-</u>	<u>1,883</u>	<u>1,701</u>
Diluted weighted average number of ordinary shares	<u>120,760</u>	<u>103,376</u>	<u>109,555</u>
Earnings per Ordinary Share			
Earnings per ordinary share	4.6 cent	4.1 cent	9.5 cent
Fully diluted earnings per ordinary share	4.6 cent	4.0 cent	9.4 cent
Adjusted Earnings per Ordinary Share			
Adjusted earnings per ordinary share	4.9 cent	4.2 cent	10.2 cent
Adjusted fully diluted earnings per ordinary share	4.9 cent	4.1 cent	10.1 cent