

# 2006/07 Full Year Results Acquisition of Offshore Marine Services

21 August 2007

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people • risk management • specialist skills • safety  
productivity • innovation • delivery • people • risk  
leadership • productivity • innovation • delivery  
specialist skills • safety • knowledge • integrity •  
delivery • people • risk management • specialist

Greg Hargrave, MD and CEO

**SKILLED** Group




# Agenda

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- SKILLED Group Full Year 2007 Results
- Acquisition of Offshore Marine Services
- SKILLED Group post acquisition
- Outlook and Guidance 08
- Appendices

## Highlights – 30 June 2007

- **Revenue**  44% to \$1.4 billion
- **EBITDA**  46% to \$69.4 million
- **NPAT**  17% to \$29.0 million
- Achieved 12% organic revenue growth in past 12 months
- Final fully franked dividend of 14 cents per share (full year dividend 22 cps)
- Completed seven acquisitions
- Realigned our organisational structure making key appointments to support our continued growth
- Successful integration of acquired businesses
- Increased our market share in key industry sectors

## Financial Summary

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		30 June 2007	30 June 2006	% change
<b>Revenue</b>	\$M	1,390.5	968.7	+44
<b>EBITDA</b>	\$M	69.4	47.5	+46
<b>EBITDA Margin</b>	%	5.0	4.9	
<b>EBIT</b>	\$M	55.2	38.6	+43
<b>EBIT Margin</b>	%	4.0	4.0	

## Financial Summary (continued)

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		30 June 2007	30 June 2006	% change
<b>EBITDA</b>	\$M	69.4	47.5	+46
<b>Depreciation &amp; Amortisation</b>	\$M	(14.2)	(8.9)	+60
<b>Net Interest Expense</b>	\$M	(9.7)	(2.1)	+362
<b>Income Tax Expense</b>	\$M	(16.5)	(11.8)	+40
<b>NPAT</b>	\$M	29.0	24.7	+17
<b>NPAT pre-intangibles amortisation</b>	\$M	31.7	24.9	+27
<b>EPS</b>	cps	27.8	24.0	+16
<b>DPS</b>	cps	22.0	19.0	+16

## Non-cash cost of amortisation of intangibles

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	\$M	Intangibles	Amortisation (non-cash cost)*
<b>Extraman</b>		1.0	0.2
<b>Prosafe</b>		0.3	0.2
<b>TESA</b>		2.8	0.8
<b>Catalyst</b>		3.6	1.3
<b>Damstra</b>		0.2	0.1
<b>Swan</b>		2.1	0.2
<b>Pacific Relines</b>		0.1	-
<b>TOTAL</b>		<b>10.2</b>	<b>2.7</b>

\* non-tax deductible

# SKILLED Group Limited – Segment Reporting

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## SKILLED Brand



## Catalyst Blue Collar



## Other Brands



## SKILLED Brand Results

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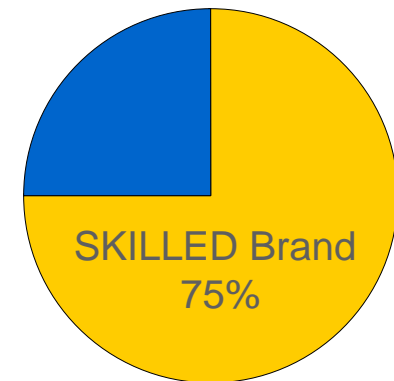
		30 Jun 07	30 Jun 06	% change	like-for-like organic  % change
<b>Revenue</b>	\$M	1,043.5	716.1	46	+16
<b>EBITDA</b>	\$M	47.6	33.0	44	
<b>EBITDA Margin</b>	%	4.6	4.6		
<b>EBIT</b>	\$M	40.4	29.7	36	
<b>EBIT Margin</b>	%	3.9	4.1		

# SKILLED Brand Overview

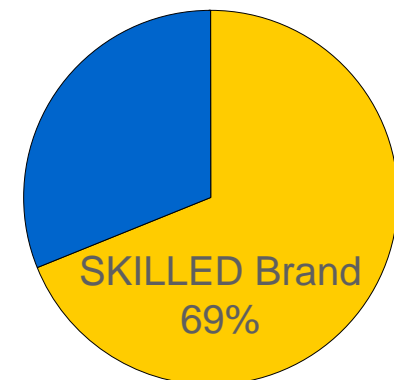
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- Increased market share across all key industry segments
- Significant growth in maintenance and project services
- Grew shutdown and maintenance business to service mine sites across WA, QLD and NT
- Drought impacted regional areas in NSW, SA and VIC
- Strong performance in WA and Tasmania
- Solid platform for future growth in 2008

Group Revenue Contribution



Group EBITDA Contribution



## Other Brands Results:

Extraman, Swan, Excelior, Origin, PeopleCo, Mosaic, SEM

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		30 Jun 07	30 Jun 06	% change	like-for-like organic  % change
<b>Revenue</b>	\$M	348.4	246.5	41	+2
<b>EBITDA</b>	\$M	21.8	13.5	61	
<b>EBITDA Margin</b>	%	6.3	5.5		
<b>EBIT</b>	\$M	14.7	7.8	88	
<b>EBIT Margin</b>	%	4.2	3.2		

## Extraman & Swan Overview

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- Profit increased
- Earn-out complete
- Fully integrated into SKILLED management structure
- Key management retained



- Acquired January 2007
- Business performing well
- Good opportunities in mining & resources and oil & gas sector

## Excelior & Origin Healthcare Overview

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- Took over operation of AAPT's Bendigo and Robina Contact Centres
- Upfront payment which resulted in a \$5.3 million pre-tax profit impact received as part of the contractual arrangements for taking over the AAPT call centres
- Built Shepparton Contact Centre and working to secure long term clients
- Opened Contact Centre in Box Hill
- Significantly increased market share
- Strong earnings growth outlook



- Strong growth was achieved across WA and QLD
- Improved profitability and margins
- ProSafe and Locumitis acquisitions performed well

# PeopleCo, Mosaic & SEM Overview

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- Strong revenue increase
- Opened 10 branches across eastern seaboard
- Plans to open additional 14 branches across WA, QLD and NSW taking total number of branches to 38 by June 2008



- Mosaic brand launched in June (white collar businesses)
- Strong outlook with new management team, restructure and re-branding



- Flat revenue but strong order book going forward

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# Offshore Marine Services (OMS) Overview

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- Entered into a contract to acquire the manning business of Offshore Marine Service
- Provides drilling and marine crews to oil and gas industry
- Operates in Australia and New Zealand with developing businesses in UK, Malta and Dubai
- OMS forecasting revenue around \$209 million for the 2007/08 financial years with full year impact to SKILLED Group of approximately \$173 million
- EBITDA in 2007/08 estimated at \$22.5 million with full year contribution to SKILLED Group post acquisition around \$18 million
- Client base consisting of blue chip and secondary businesses in oil and gas sector

# OMS Overview – Transaction Structure

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## **Australia & New Zealand**

- Upfront payment of \$79 million
- Balance based on 5.75 times EBITDA multiple for 2008 (80% weighting less upfront amount), 2009 (10% weighting) and 2010 (10% weighting)

## **UK, Malta & Dubai**

- No upfront payment
- Payment based on 5.75 times EBITDA multiple for 2010 (50% weighting), 2011 (25% weighting) and 2012 (25% weighting)
- The transaction will be fully debt funded
- SKILLED Group has extended its bank debt funding facilities to \$350 million to finance this acquisition and provide funding for further growth and bolt-on acquisitions
- Senior management locked into three or five year employment contracts and the business will operate as an autonomous brand
- Deal expected to complete 31 August 2007

# Overview of OMS (Australia & New Zealand)

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## Overview

- approx 60% market share of marine / drilling manning market
- SKE to bareboat charter vessels
- 50% drilling crew / 50% marine vessel crew

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## Locations

- Perth, Western Australia
- New Plymouth, NZ

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## Clients

- Clients include BHP Billiton, Woodside, Chevron, Maersk
- pre-qualified with all major oil companies in Australia

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## Staff / Employees

- 50 staff
- 1,100 field employees

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## Management

- experienced management team locked into 3 year contracts
- additional five year non-compete restraint

## Overview of OMS (UK, Malta & Dubai)

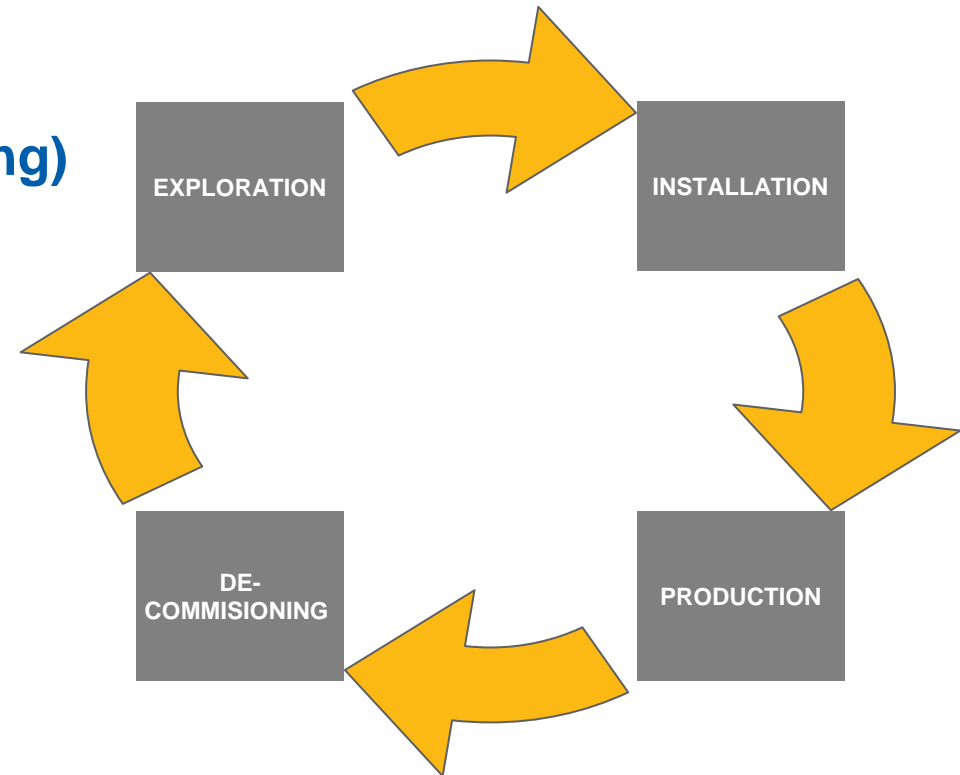
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<b>Overview</b>	<ul style="list-style-type: none"><li>• Developing business</li><li>• 70% drilling crew / 30% marine vessel crew</li></ul>
<b>Clients</b>	<ul style="list-style-type: none"><li>• Blue chip and secondary services companies</li></ul>
<b>Staff / Employees</b>	<ul style="list-style-type: none"><li>• 23 staff</li><li>• 550 field employees</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>• experienced management team</li><li>• locked into 5 year employment contracts</li></ul>

# Life Cycle of Oil and Gas

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1. **Exploration (Seismic, Drilling)**
2. **Installation (Construction)**
3. **Production**
4. **Decommissioning**



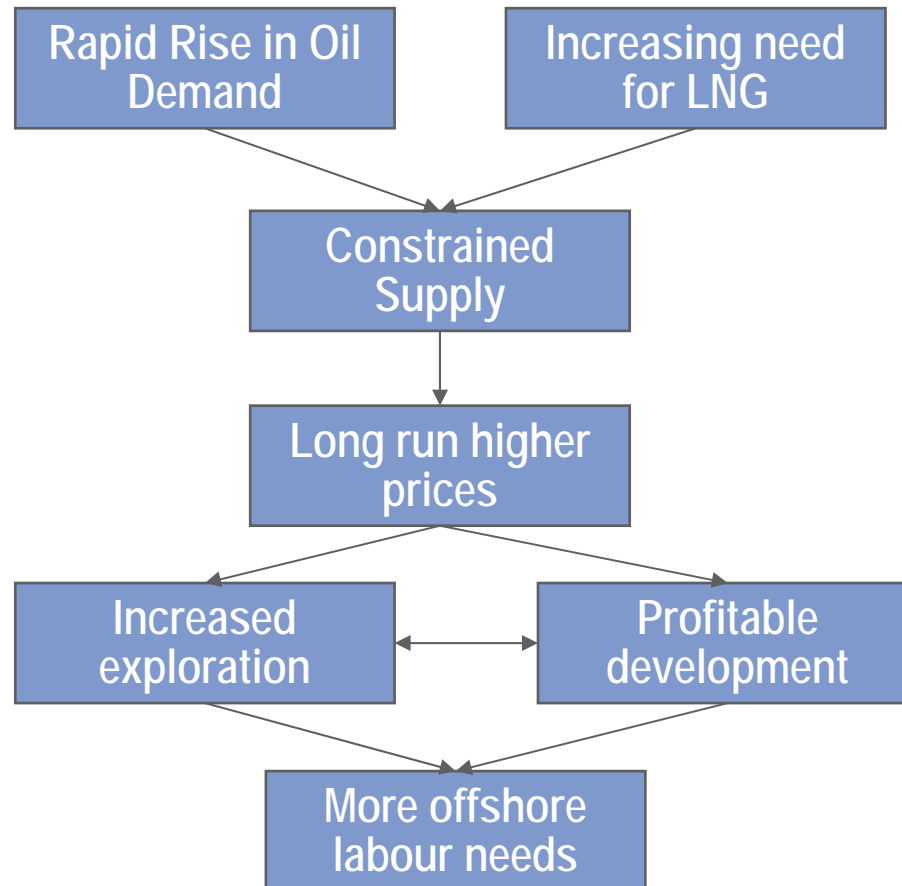
OMS works across all industry sectors which allows the business to remain buoyant throughout the different life cycles of the industry.

# Strategic Rationale

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- **Excellent Strategic Fit**
  - further builds our position in oil and gas sector
  - consistent with our growth strategy to increase market share in key sectors
- **Well managed business**
  - strong management team and good people
  - quality client base of blue chip and secondary services businesses
  - excellent safety record
- **Low operational risk**
  - existing management have been retained
  - business will operate as autonomous brand
- **Low risk expansion for SKILLED Group offshore**
  - purchase price for UK & International based on earn-out arrangement
- **Positive outlook for oil and gas sector**

## Underlying industry drivers are positive



## Steady pipeline of new major oil & gas projects underway in WA

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Project	Location	Expected Start Up	CapEx
Angel gas and condensate field	Carnarvon Basin	Late 2008	\$1.6b
North West Shelf Project extension (fifth train)	North West Shelf, WA	Late 2008	\$2.4b
Stybarrow Oil field	65km NW Exmouth	Early 2008	\$803m
Vincent oil field (stage 1)	50km NW Exmouth	2008	\$1b
Pluto LNG	190km off WA coast	Early 2010	\$1.7b
Pluto Gas Discovery	Browse Basin / Burrup Peninsula WA	Late 2010	\$10.5b
Pyrenees	Exmouth sub-basin	2010	\$2b

Source: ABARE

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## Feasibility Studies underway for a raft of other WA based oil & gas projects

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Project	Status	Location	Expected Start Up	CapEx
Browse LNG Development	Feasibility Study underway	Browse Basin, offshore WA	2013	\$10b
Gorgon LNG	Studies underway	Barrow Island, WA	2013	\$15b
Ichthys gasfield	Feasibility Study underway	Browse Basin, 440km N Broome	2012	\$8b
Pilbara LNG plant	Pre-feasibility Study underway	280 km NW of Onslow WA	Late 2011	\$5b

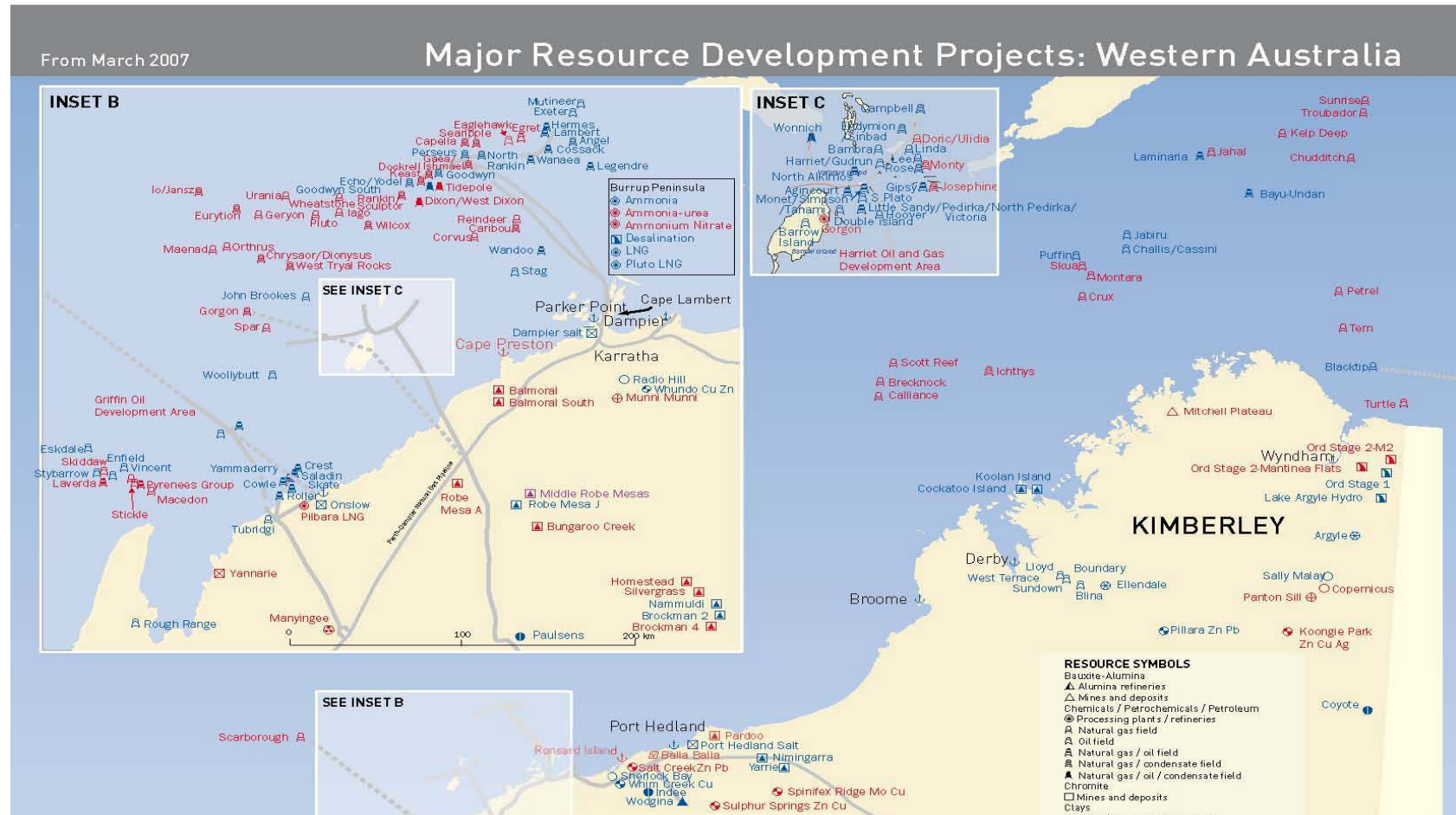
Source: ABARE

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# Major Resource Development Projects: WA

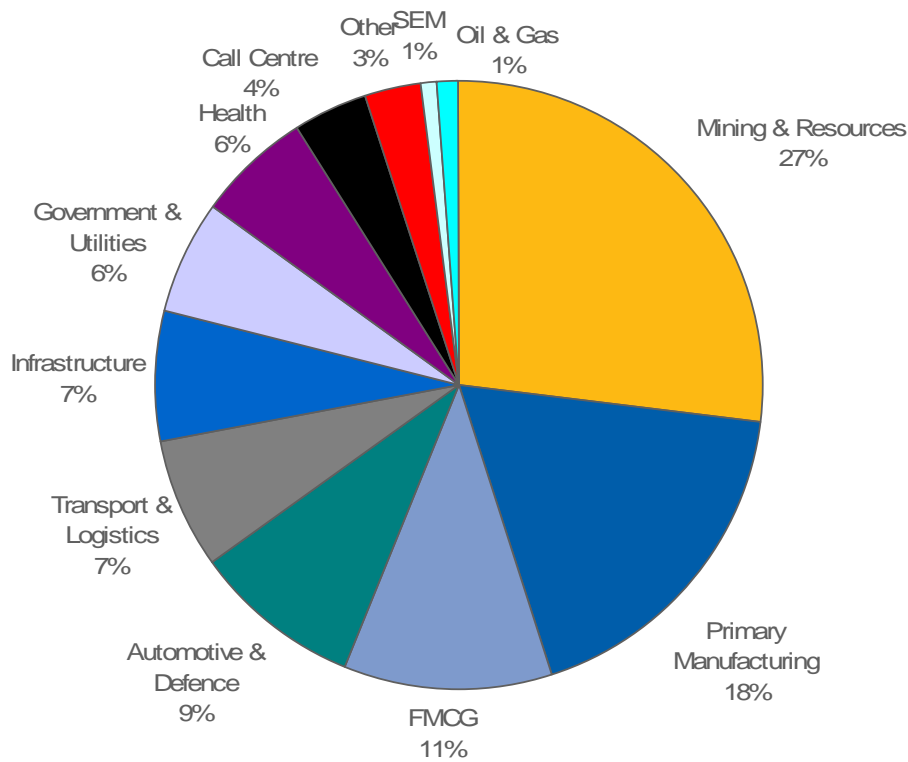


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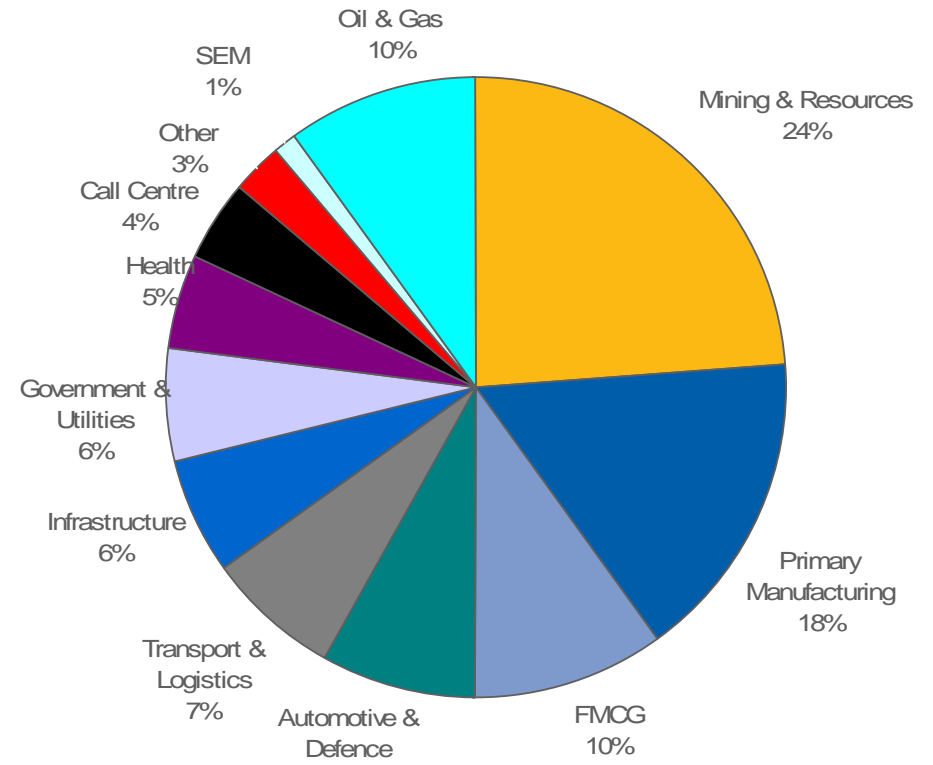
# SKILLED Group 07 Revenue: Industry Segmentation

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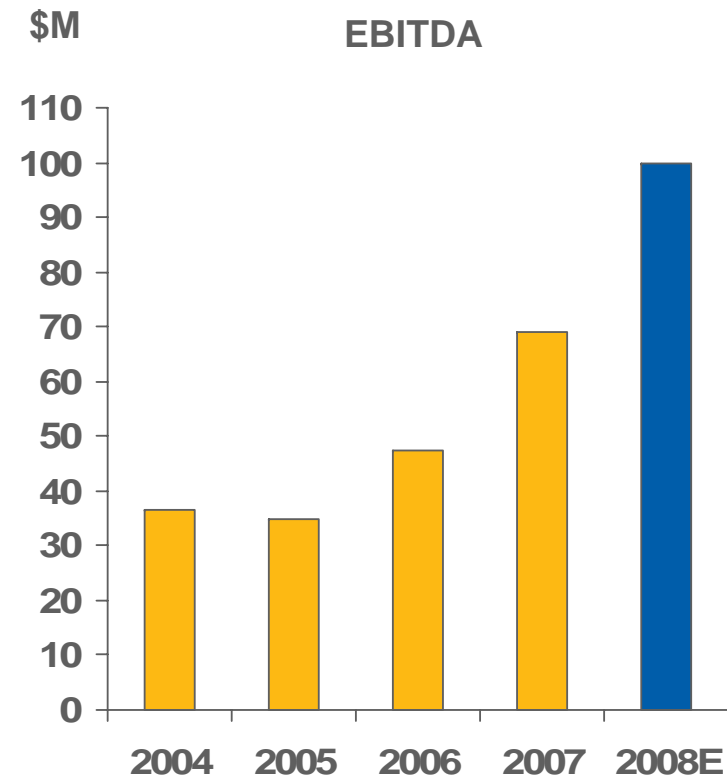
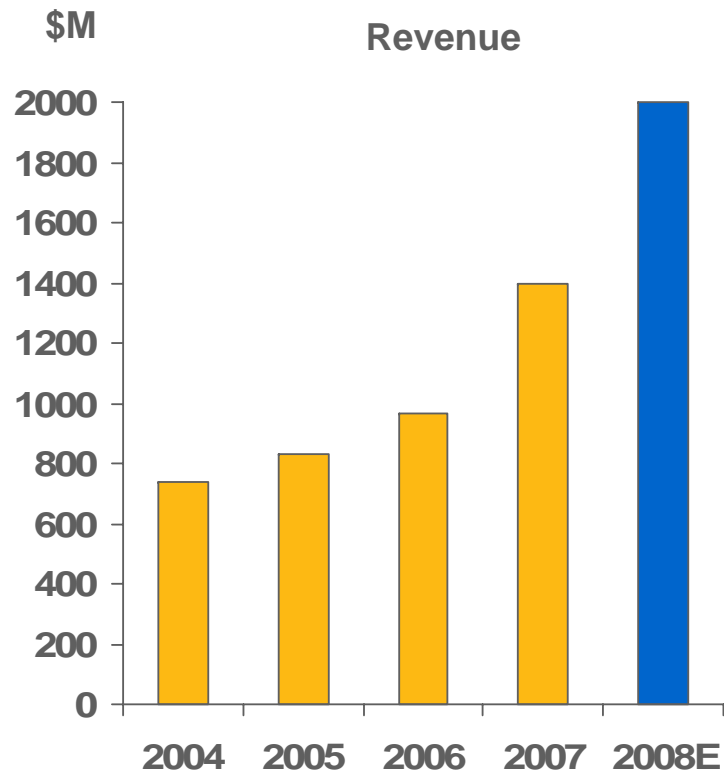


## SKILLED Group post OMS (estimated)



# SKILLED Group has solid revenue and EBITDA growth

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## Financial Ratios

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		At 30 June 2007	Est 30 June 2008 incl OMS
<b>Leverage Ratio</b> (Debt / EBITDA)	times	2.3	2.4
<b>Interest Cover</b> (EBITDA / Interest Expense)	times	7.5	5.5
<b>Gearing</b> (Debt / Debt + Equity)	%	58	62

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## Outlook & FY08 Guidance

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- Opportunities to further increase market share in key industry sectors
- Mining and resources sector continues to boom
- Significant increase in key crops forecast for drought stricken areas with opportunities flowing through to packaging, distribution, storage and transport
- An economic slowdown would result in permanent headcount freezes and an increase in outsourcing of labour
- Continue to look at good bolt-on acquisition opportunities
- EBITDA, including acquisition of OMS, up 45% to \$98 to \$103 million
- Depreciation and amortisation around \$22.5 million
- Total NPAT contribution of \$34 to \$37 million

## APPENDICES

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people • risk management • specialist skills • safety  
productivity • innovation • delivery • people • risk  
leadership • productivity • innovation • delivery  
specialist skills • safety • knowledge • integrity •  
delivery • people • risk management • specialist

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## SKE Financial Performance: 5 Year History

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		2007	2006	AIFRS* 2005	2004	2003
<b>Revenue</b>	\$M	1,390.5	968.7	833.6	736.1	656.5
<b>EBITDA</b>	\$M	69.4	47.5	48.5	36.4	31.3
<b>Dep &amp; Amortisation</b>	\$M	14.2	8.9	10.9	10.6	6.4
<b>EBIT</b>	\$M	55.2	38.6	37.6	25.8	24.9
<b>Net Interest Expense</b>	\$M	9.7	2.1	2.9	1.9	1.0
<b>Profit before Tax</b>	\$M	45.5	36.5	34.7	23.9	23.9
<b>Tax</b>	\$M	16.5	11.8	8.8	7.5	7.8
<b>NPAT</b>	\$M	29.0	24.7	25.9	16.4	16.1
<b>Sales Revenue Growth</b>	%	43.0	16.2	13.2	12.4	12.7
<b>EBITDA Margin</b>	%	5.0	4.9	5.8	4.9	4.8
<b>EBIT Margin</b>	%	4.0	4.0	4.5	3.5	3.8

\* includes profit on divestment

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