

20 February 2008

**SKILLED Group reports strong organic growth  
for the period ended 31 December 2007**

**Financial Highlights**

- Revenue of \$917.6 million up 51%
- Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) of \$41.0 million up 55%
- Net Profit after Tax (NPAT) from continuing operations of \$13.7 million up 23%
- Earnings per share (EPS) 12.8 cents (HY07: 10.7) up 20%
- Interim dividend per share (DPS) 9.0 cents (HY07: 8.0) up 13%

**Operational Highlights**

- Delivered 15% organic revenue growth
- Completed three acquisitions: Offshore Marine Services (OMS), Hudson's Australian Trade and Industrials business, and Tradeforce NZ
- Integration of acquisitions progressing well; OMS performing strongly and delivering healthy profit performance
- Continued investment in corporate infrastructure to support business growth (leadership team, back-office IT, property, operational reviews)

**FINANCIAL PERFORMANCE**

SKILLED Group Limited ("SKILLED") (ASX: SKE) today reported revenue of \$917.6 million, up 51% from the corresponding period and an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of 55% to \$41.0 million. Net profit after tax (NPAT) from continuing operations was up 23% to \$13.7 million.

As a result of recent acquisitions, net debt increased in the six months to 31 December 2007 to \$271.4 million, from \$170.0 million at 30 June 2007. SKILLED's gearing, expressed as debt to debt plus equity, was 57% and interest cover (EBITDA / interest expense) was 5.3 times. The leverage ratio (debt / EBITDA) was 2.7 times.

Greg Hargrave, Managing Director and Chief Executive Officer, said:

“Organic revenue growth of 15% in the first half of the current financial year is a great result for our business. We’re continuing to benefit from a strong operating environment characterised by a sustained boom in the mining and resources sector, as well as the ongoing national skills shortage and trend to outsourced labour.

“In addition to growing our business organically, we’ve also maintained our momentum in terms of acquisitions, adding three additional businesses to our portfolio and bringing the total number of acquisitions completed in 2007 to six.

“We’ve worked hard to ensure the successful integration of new businesses over the past twelve months and we will continue to do so in the future. The financial rewards from our efforts are beginning to flow through to our bottom line and our ability to identify, complete and effectively integrate acquisitions has been proven.

“This level of activity has kept us extraordinarily busy. We are investing heavily in preparing our business for the future and ensuring the right level of operational support is in place. We have recently made a number of senior executive appointments, continued our investment in IT and property, as well as undertaking a detailed review of operational efficiencies”.

### **Fully Franked Interim Dividend**

The Board have declared a fully franked interim dividend of 9.0 cents per share (2006: 8.0 cents) to be paid on 16 April 2008 to all shareholders on the registry at 1 April 2008. The shares will trade ex-dividend from 26 March 2008 and shareholders will continue to have the option of participating in the Dividend Reinvestment Plan with a 2.5% discount.

## **OPERATIONAL OVERVIEW**

### **SKILLED Brand \***

|               |     | <b>6 months to<br/>31 Dec 07</b> | <b>6 months to<br/>31 Dec 06</b> | <b>Change %</b> |
|---------------|-----|----------------------------------|----------------------------------|-----------------|
| Sales Revenue | \$M | 621.9                            | 512.6                            | +21             |
| EBITDA        | \$M | 27.7                             | 23.6                             | +17             |
| EBITDA Margin | %   | 4.4                              | 4.6                              |                 |
| EBIT          | \$M | 23.6                             | 20.5                             | +15             |
| EBIT Margin   | %   | 3.8                              | 4.0                              |                 |

\* Note Extraman is now included in the SKILLED Brand segment. Previously it was reported with Other Brands.

The SKILLED Brand, which includes TESA Mining, Catalyst’s blue collar businesses, NZ based ICE Personnel, Pacific Relines, Extraman and newly acquired Tradeforce NZ increased revenue by 21% to \$621.9 million, where like-for-like organic revenue grew 12%. Earnings before interest, tax, depreciation and amortisation increased 17% to \$27.7 million.

The six months to 31 December 2007 saw continued growth in the key industrial segments of mining, manufacturing, FMCG, transport and logistics, and utilities.

Favourable trading conditions continued across Western Australia, Queensland and Tasmania, flowing through to the bottom line and easing the negative effect of floods and heavy rains on mining operations in regional areas of New South Wales and parts of Queensland.

## Other Brands

|               |     | 6 months to<br>31 Dec 07 | 6 months to<br>31 Dec 06 | Change % |
|---------------|-----|--------------------------|--------------------------|----------|
| Sales Revenue | \$M | 297.4                    | 95.7                     | +211     |
| EBITDA        | \$M | 13.3                     | 2.8                      |          |
| EBITDA Margin | %   | 4.5                      | 2.9                      |          |
| EBIT          | \$M | 7.7                      | 0.1                      |          |
| EBIT Margin   | %   | 2.6                      | 0.1                      |          |

Results reported by Other Brands were impacted by the inclusion of SKILLED's recent acquisition of Offshore Marine Services (OMS), while the segment delivered strong organic revenue growth of 32%.

Other Brands, comprising OMS, Swan Contract Personnel, Excelior, Origin Healthcare, PeopleCo., Mosaic and SEM Fire and Rescue, reported a 211% increase in revenue to \$297.4 million, and earnings before interest, tax, depreciation and amortisation (EBITDA) of \$13.3 million.

The acquisition of OMS (Australia and New Zealand) in August 2007, and OMS's developing business (UK, Malta and Dubai) in December 2007, has significantly expanded SKILLED's presence in the domestic and international offshore oil and gas industries. Both businesses have been performing strongly and all pre-acquisition expectations are being met. The oil and gas industry fundamentals remain strong and further growth in the industry is anticipated.

The integration of Swan Contract Personnel, acquired by SKILLED in January 2007, continues to perform well. Good opportunities remain for this business as a result of the mining and resources boom, as well as strength shown by the oil and gas sector.

Excelior, Australia's fastest growing contact centre operator, continues to perform strongly. AAPT's Bendigo and Robina call centre operations have been successfully integrated into the business, while recently built centres in Shepparton and Box Hill present strong growth opportunities. New clients in the telecommunications and government markets add to what is already a strong outlook for the business.

Origin Healthcare delivered a solid performance in the six months to 31 December 2007, buoyed by continued growth in its Western Australian operations and an increasing focus on the aged care market segment.

PeopleCo., SKILLED's start up generalist staffing services business to the small to medium enterprise (SME) market, had an exciting start to the 2007/08 financial year opening an additional 13 new branches and expanding the business into Western Australia. This brings the total number branches now operating across Australia to 37.

Mosaic, the brand name for SKILLED's white collar businesses consisting of Teamwork and the Catalyst brands Trinity and Premium, was launched to the market in June 2007. The launch has been received very positively, delivering increasing brand awareness and strong sales growth in the six months to 31 December 2007. The securing of several large white collar tenders and increasing government work indicates a bright outlook for the business.

SEM Fire and Rescue revenue was stable and the business continues to perform strongly.

## **OUTLOOK AND GUIDANCE**

In 2007/08, inclusive of acquisitions, SKILLED is forecasting sales revenue of circa \$2 billion. The Company reiterates full year EBITDA guidance of \$98 to \$103 million, while depreciation and amortisation is expected to be around \$20.5 million. Full year NPAT guidance has been revised, with the Company expecting a result within the range of \$35 - \$38 million. Both EBITDA and NPAT are expected to be at the lower end of guidance.

Commenting on the outlook, Greg Hargrave said:

“SKILLED Group remains market leader in an industry supported by strong market fundamentals. Opportunities exist to further increase our market share in key industry sectors and we anticipate stronger earnings in the second half of the 2007/08 financial year.

“We will continue to look at acquisition opportunities which complement our existing portfolio of staffing services businesses, while at the same time growing our business organically and creating an environment in which greater operational efficiencies continue to be achieved. The outlook remains bright for SKILLED Group”.

For further information please contact:

Annabel Urquhart  
Group Manager Corporate Affairs  
SKILLED Group Limited  
Direct: 03 8646 6417  
Mobile: 0458 394 213