2007/08 Full Year Results

20 August 2008

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SKILLED Group

Agenda

Performance highlights

- Financial overview
- Segment reporting
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Performance highlights – 30 June 2008

- Strong financial results
  - Revenue up 39% to $1,930m, including 14% organic revenue growth
  - EBITDA up 36% to $94.1m (excluding profit on divestment of SEM)
  - Underlying NPAT up 30% to $42.3m
  - Reported EPS up 21% to 34.5 cps
  - Final dividend of 14 cps, full-year dividend of 23 cps
- Acquisitions made in FY08 performed well – Offshore Marine Services strongly exceeded initial expectations
- Significantly expanded exposure to mining and resources, offshore oil and gas, and infrastructure industries (representing 44% of revenue mix)
- Strong safety performance – 12 month rolling average Lost Time Injury Frequency Rate down 56% to 2.3 injuries per million hours worked

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Highlights

$Million	FY08	FY07	Change
Revenue	**1,929.5**	**1,384.8**	**+ 39 %**
Revenue – organic growth			+ *14 %*
EBITDA	101.1	69.4	+ 46 %
EBITDA – excluding sale of SEM	**94.1**	**69.4**	**+ 36 %**
Reported NPAT	39.3	29.8	+ 32 %
Underlying NPAT	**42.3**	**32.6**	**+ 30 %**
Reported EPS (cps)	34.5c	28.6c	**+ 21 %**
Final Dividend Per Share (cps)	**14c**	**14c**	
2008 Full Year Dividend	23c	22c	

Sustained double-digit organic growth performance

Underlying NPAT

$Million	FY08	FY07
Reported NPAT[1]	**39.3**	**29.8**
Reported NPAT[1] – excluding sale of SEM	**34.5**	**29.8**
Adjustments:		
Notional interest on earn-out liabilities (non-cash)	4.1	0.9
Amortisation of intangible assets (non-cash)[1]	3.7	1.9
Underlying NPAT	**42.3**	**32.6**

[1] Reported NPAT includes a change in accounting policy in relation to the tax effect accounting treatment of acquired intangible assets ($1.6m benefit FY08 and $0.8m benefit FY07)

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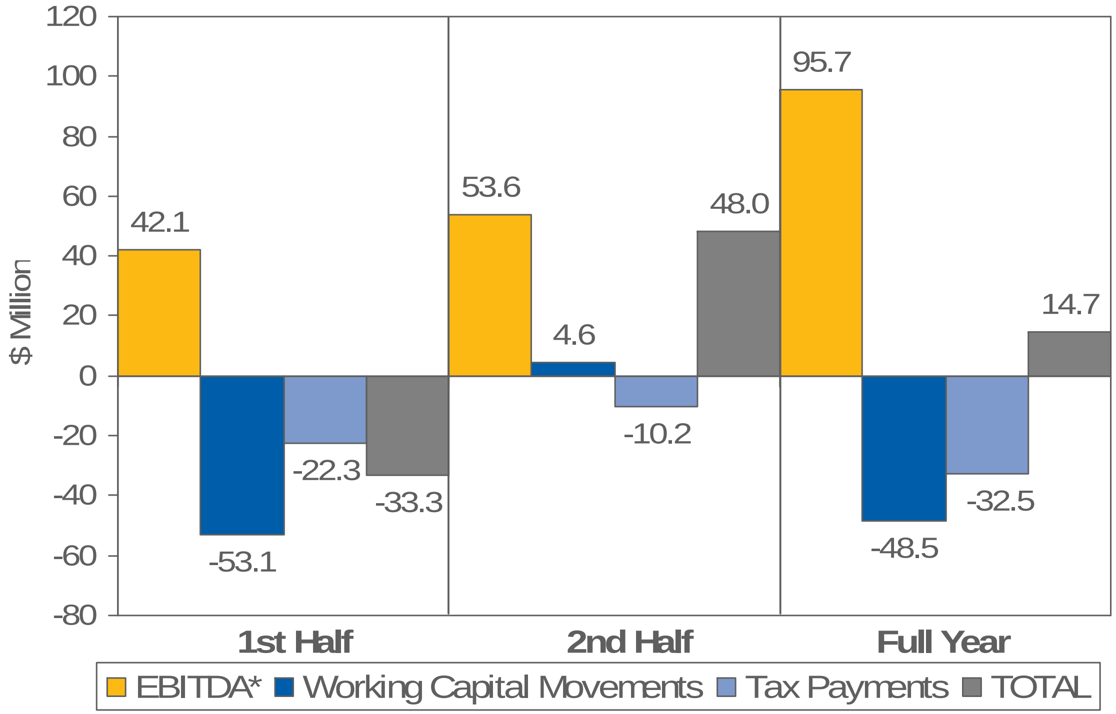
Financial analysis

$Million	FY08	FY07	Change
Revenue	1,929.5	1,384.8	+ 39%
EBITDA – excluding sale of SEM EBITDA Margin %	94.1 4.9	69.4 5.0	+ 36%
D&A of fixed assets, software & databases *Amortisation of acquired intangibles*	*14.6* *5.3*	*11.5* *2.7*	
Total D&A (as reported)	19.9	14.2	+ 40%
Net Interest Expense on Debt *Notional interest on earn-out liabilities*	*19.0* *4.1*	*8.8* *0.9*	
Total Net Interest Expense (as reported)	23.1	9.7	+ 138%

Analysis of EBITDA margin

- Group EBITDA margin remained flat (4.9% FY08 / 5.0% FY07)
- However, as expected 2H08 margin (5.2%) was an improvement on 1H08 (4.5%)
  - Increased revenue contribution with higher margins from OMS
  - Lower corporate costs
- EBITDA margins at Business Unit level consistent year on year (before allocation of corporate costs)
- Investments in ‘corporate infrastructure’ to support past and future growth have offset margin gains at the Business unit level
- These ‘infrastructure investments’ (Shared services, IT, business processes, premises, staff) will deliver operational efficiencies and support earnings growth in the future

Cash flow from operations – 2H strongly positive



- Strong 2H08 operating cash flows of $48.0m resulted in positive full year total of $14.7m
- FY08 working capital movements included increased post acquisition funding of OMS and initial funding for business acquisitions (Hudson T&I, Tradeforce NZ)
- FY08 tax payments of $32.5m included catch-up from prior year and payment of pre-acq liabilities for OMS

* EBITDA adjusted for investing activities and non-cash items

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Net debt position

- Successfully extended $175 million debt facility to 2011 with full support of banking syndicate (NAB, ANZ and Westpac)

- Total syndicated debt facility of $350m provides flexibility to manage business
  - Tranche A: A$175 million, maturing 2011
  - Tranche B: A$175 million, maturing 2010

Net Debt	**$M**	**244.9**
Interest Cover[1] (EBITDA / Interest Expense[2])	**Times**	**4.8**
Gearing (debt / {debt + equity})	**%**	**51**

[1] Rolling 12 months [2] Excludes interest on earn-out liabilities

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SKILLED Group Limited – Segment Reporting

Workforce & Maintenance Services

SKILLED

TESA Group Pty Ltd

eXtraman

SKILLED Services

Other Brands

swan contract personnel

excelior insourcing·outsourcing·resourcing

Offshore Marine Services

PeopleCo.

mosaic recruitment

OriginHealthcare

Workforce & Maintenance Services

$Million	30 Jun 08	30 Jun 07	Change	like-for-like organic change
Revenue	1,265.7	1,107.5	14%	12%
EBITDA[1]	55.7	53.5	4%	
EBITDA Margin %	4.4	4.8		

[1] After allocation of corporate costs

Business Unit EBITDA margins maintained

Strong contribution from mining and resources and rail sectors

- Solid organic revenue growth of 12%
  - Business unit EBITDA margins maintained
- All businesses performing well
  - Continued to capture benefit from the mining and resources boom
- Ongoing business expansion with key clients in mining and resources, and infrastructure sectors
  - Secured major client contract extensions
- Strong growth in rail business across Australia
  - Particularly in WA and SA
- Heavy rains in parts of NSW and central and north Queensland
  - Impacted labour supply to black coal industry
  - Disruption to normal business activity
- WA (Varanus Island) gas plant explosion impacted June performance

Strategic acquisitions performing well

- Successfully completed three acquisitions
  - Hudson Trade & Industrial
  - Tradeforce NZ
  - Longhill Group
- Businesses performing in line with expectations
- Hudson and Longhill successfully integrated into SKILLED brand
- Strengthened our position the mining and resources, manufacturing, and transport and logistics sectors
- Further expanded our employee talent pool

Refocussing our maintenance and project services business

- We have added to our existing contract maintenance competency by rapidly developing our project services capability
- Major service lines are:
  - plant and equipment maintenance
  - project work and plant shutdowns (turnarounds)
- Major markets include:
  - mining, manufacturing, utilities, oil & gas and petro chemicals
- We have invested in a highly experienced management team
- New brand identity to be launched 1H09
- This new business stream offers good returns and we expect a strong performance in the coming years

Other Brands: OMS, Swan Contract Personnel, Excelior, Origin Healthcare, PeopleCo. and Mosaic

safety • integrity • knowledge • people • innovation • specialist skills •

$M	30 Jun 08	30 Jun 07	Change	like-for-like organic change
Revenue[1]	667.2	279.1	139%	26%
EBITDA[1, 2]	38.4	15.9	142%	
EBITDA Margin %	5.8	5.7		

[1] Includes SEM to 30 April 08 [2] After allocation of corporate costs

Strong organic growth performance up 26%

Offshore Marine Services (OMS)

- Overall performance exceeded initial expectations
- Australian and New Zealand businesses delivered strong growth
  - Largest established marine employer in Australia
  - Pre-qualified with all major oil companies
- Developing businesses in UK, Malta and Dubai showing solid growth prospects
- Industry fundamentals remain strong, creating growth opportunities for OMS

Swan Contract Personnel

- Strong financial contribution in FY08
- 100% exposure to mining and resources, and oil and gas industries
- Acquisition earn-out period now complete
  - Key management personnel to remain with the business
- Growth prospects remain strong
- Demand for skilled labour continues to exceed supply

Excelior

- Strong growth in revenue benefiting from significant expansion in operational capacity over past 18 months
  - Increased number of call centres from 1 to 5
  - Increased call centre seats from 190 to 1,100
- Call centre business secured new anchor clients in telecommunications and government sectors
- Ongoing growth in staffing services business
  - Expansion in customer base driven largely by utilities

Other businesses

- Origin Healthcare
  - Business continues to perform well
  - Strong growth in WA
  - Increasing focus on aged care segment
- Mosaic Recruitment
  - Strong sales growth
  - Successfully launched our new national brand in the white-collar / professional space
  - Secured large white collar tenders
  - Increasing government work
- PeopleCo.
  - Total of 37 branches now operating in four states
  - Opened 13 new branches in FY08
  - Traded profitably in 2H08

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Strategic initiatives will drive operational efficiency across the Group

- Back office IT platform to commence roll-out in FY09
- New shared services environment
  - Implementation to be completed in FY09
  - Will lead to business efficiencies and improved level of service to clients and employees
- New and expanded services targeting mining and resources and infrastructure
- Driving efficiency through standardisation of processes
- Strengthening leadership and developing our team
  - Management appointments
  - Group wide performance management program

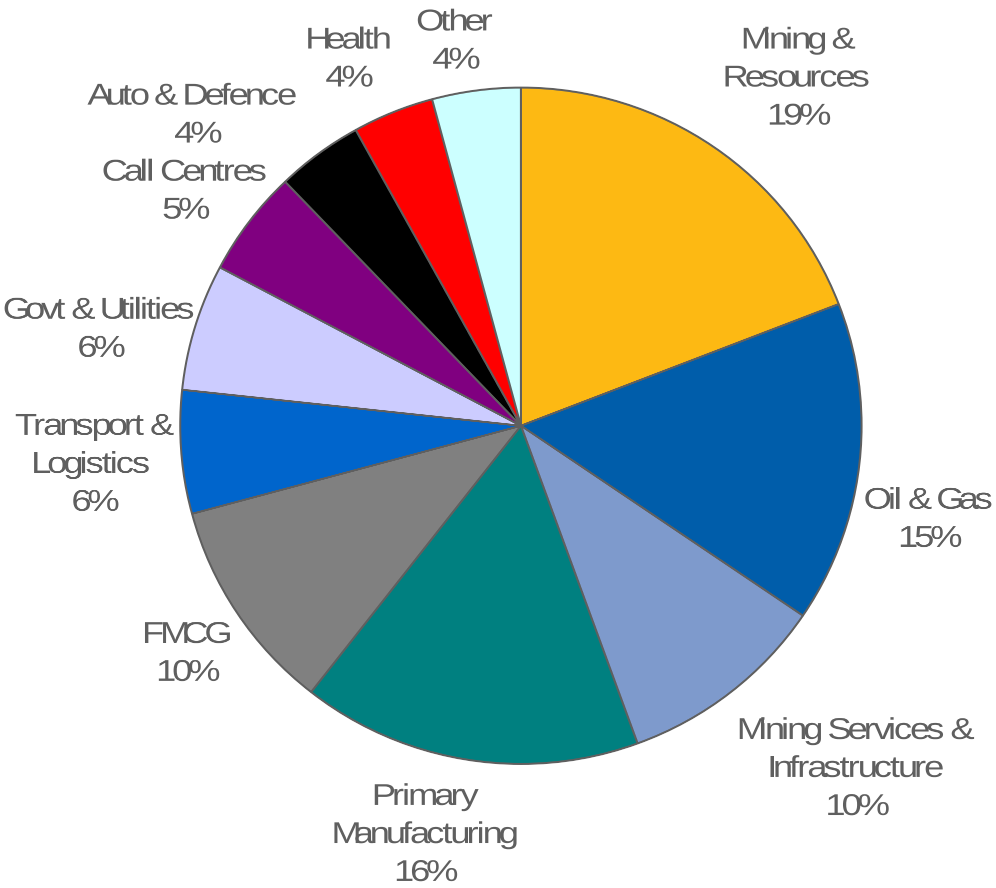
Workforce attraction and retention strategies

- Innovative strategies to meet industry demand for labour in high-growth sectors
- Relocation and rostering strategies
  – mobilising ‘skill rich’ areas
  – Fly-In-Fly-Out opportunities
- Training and up-skilling of employees for new high-demand sectors
- Traineeships and apprenticeships

Our underlying business remains strong

- Resilient earnings base
- Strong exposure to growth industries
- Continued strong demand for skilled labour
- Expected growth in government infrastructure projects
- Insulated from rising input costs (Cost + margin model)

Diverse industry exposure provides flexibility to adjust focus for industry cycles



- Diversified earnings base with strong exposure to growth sectors
- 44% revenue from mining and resources, infrastructure and oil and gas industries
- No exposure to retail or commercial property sectors

*based on FY08 revenue of $1,930 million

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We are cognisant of current macro economic uncertainty

- Our business model has flexibility to adapt to changes in the market environment

  – Our cost base is predominantly variable

  – We are diversified across multiple industry sectors

We are therefore adopting a conservative view for FY09

- EBITDA of $100 million – $110 million

- Total reported depreciation and amortisation of approximately $22.5 million

- Reported NPAT of $31 million – $38 million

  Adjusted for:

  > Notional interest on earn-out liabilities of approx. $4 million

  > Amortisation of acquired intangibles of approx. $4 million

- Underlying NPAT of $39 million – $46 million

Thank you

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Sector Opportunities – Mining & Resources

- **19% of SKILLED Group's revenue** is generated through mining & resources
- To achieve currently predicted increases in output the mining sector **will need to employ 86,000 more workers**, from 128,000 in 2008 to 215,000 in 2020, an increase of 68%
- The greatest increase in the demand for labour is projected to be in the '**Tradespersons' and 'Semi-skilled workers'** categories with these together accounting for an increase of 61,386 or 71% of the overall increase
- The largest state increase, by a significant margin, will be in **WA representing a 55% share** of the total national increase in demand
- Sector growth underpinned by global demand for energy, particularly from **China & India**

*Source: Minerals Council of Australia

Sector Opportunities – Oil & Gas

- **15% of SKILLED Group's revenue** is generated through oil & gas
- **Record offshore activity levels**; demand for services in the oil and gas market remain strong across all divisions
- In WA, **$20 billion of major oil & gas projects** expected to commence 2008-2010, with an **additional $38 billion** undergoing feasibility studies (ABARE)
- **Strong 6-year exploration outlook** already committed; 343 exploration wells over the next 6 years, nearly double the amount of wells drilled in the previous 6 years
- Growth is concentrated in deeper waters, requiring **larger, more sophisticated vessels**
- **Major growth in the short-term (3-5 years)** will be in the Carnarvon Basin, with growth in the Exmouth Basin moving north to the Browse Basin and East Timor in the longer term

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Sector Opportunities – Mining Services & Infrastructure

- **10% of SKILLED Group's revenue** generated through mining services and infrastructure – this includes mining related construction and maintenance, as well as general road, rail, port and utility infrastructure projects
- The **Australian Government has committed $20 billion** to building critical infrastructure such as roads, rail, ports and broadband
- Latest ABARE figures indicate further growth with a **record $70.5 billion committed to 97 projects** either under construction or in an advanced stage of planning and a further 244 projects planned

2007 / 2008 Acquisition summary

Business contribution by months	2008 Months	2007 Months
Offshore Marine Services (Australia and New Zealand)	10	
Offshore Marine Services (UK, Malta and Dubai)	8	
Hudson Trade and Industrial	8	
Longhill Group	4	
Tradeforce NZ	7	
TESA Group	12	10
Catalyst Recruitment	12	9
Swan Contract Personnel	12	6
Damstra Mining Services	12	6
ICE Personnel NZ	12	5
Pacific Relines	12	3