

23 August 2006

**SKILLED Group delivers fifth consecutive year of growth**

**Financial Highlights**

- Revenue of \$968.7 million up 16 %
- Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) of \$47.5 million up 36 %\*
- EBITDA Margin 4.9% (2005: 4.2%)
- Net Profit After Tax (NPAT) of \$24.7 million up 65 %\*
- Earnings per share (EPS) 24.03 cents
- Final dividend per share (DPS) 12.0 cents

\* excluding profit on divestments in 2004/05 Financial Year

**Operational Highlights**

- Bid to acquire Catalyst Recruitment (announced 17 August 2006)
- Acquisition of TESA Group (announced 23 August 2006)
- Acquisition of Extraman in July 2005
- Increased margins through improved service delivery
- Strong organic growth across the SKILLED Brand.
- Reduced lost time injury frequency rate (LTIFR) to 1.13

## **Investment Commentary**

SKILLED Group today announced a record result for the 12 months to 30 June 2006 with revenue increasing by 16% to \$968.7 million and earnings before interest, tax, depreciation and amortisation from trading up 36% to \$47.5 million. Net profit after tax (NPAT) rose 65% to \$24.7 million, excluding profit from divestments.

The final dividend was increased to 12.0 cents per share bringing the total dividend paid for the year to 19.0 cents per share, a 19% increase on last years payout of 16.0 cents per share. The dividend will be paid on 17 October with a record date of 25 September and the shares will trade ex-dividend on 19 September.

Commenting on the result Greg Hargrave, Managing Director and Chief Executive Officer said:

“This is our fifth consecutive year of growth and reflects our sound business strategy and the underlying performance of our staffing services businesses.”

“We continued to benefit from the buoyant trading conditions in the mining and resources sector, which represented approximately one fifth of our revenue, as well as solid investment in rail and road infrastructure and strong ongoing business investment by our clients.”

“This year we have invested in our people, infrastructure and information technology systems to prepare us for our next growth phase.”

## **SKILLED Brand**

The SKILLED Brand increased revenue by 13% to \$731 million and earnings before interest, tax, depreciation and amortisation was up 18% to \$34.3 million.

SKILLED has evolved from a geographic state based business model with a national sales overlay to a national industry based solutions provider. By focusing on key market segments we have developed a more intimate knowledge of our clients industries and a deeper understanding of their key issues and growth drivers. This enabled us to increase our margins through an enhanced service offering to our clients.

## **Other Brands**

Our other brands which include Origin Healthcare, Excelior, Extraman, SEM and PeopleCo increased revenue by 25% to \$238.2 million and earnings before interest, tax, depreciation and amortisation was up 126% to \$13.1 million. This result included 12 months trading of the Extraman business which we acquired in July 2005.

Origin Healthcare reported revenue of \$77.6 million a 5% increase over the previous year and EBITDA more than doubled due to increased margins and reduced costs.

The Extraman business, which provides labour to the mining, resources and marine industries, performed slightly ahead of our expectations reporting revenue of \$69.0 million.

Excelior, our call centre business, increased revenue by 3.4% to \$64.5 million and expanded the size of the Burnie Call Centre in Tasmania and commenced construction of a second call centre in Box Hill, Victoria.

PeopleCo, a start up business providing generalist staffing services to the small to medium enterprise (SME) market reported revenue of \$4.0 million while SEM Fire and Rescue increased revenue by 22% to \$23.1 million.

## **Acquisitions of Catalyst Recruitment and TESA Group**

SKILLED has entered a new growth phase through the acquisitions of Catalyst Recruitment and TESA Group. These acquisitions strengthen our position in the blue collar segment while creating new opportunities through the provision of staffing services to the wine and black coal sectors.

Commenting on the acquisitions, Greg Hargrave, Managing Director and CEO said:

“The addition of Catalyst Recruitment and TESA Group to our business will deliver long term sustainable growth and shareholder value. We are confident of our ability to bed down the acquisitions simultaneously through two separate and dedicated integration teams.”

“The staffing services industry in Australia remains fragmented but with the addition of Catalyst Recruitment and TESA we now estimate our market share to be around 10%. We are clearly the largest player and our continued focus on safety, industrial relations and training and apprenticeships ensures that we are also the industry leader.”

## **Outlook and Guidance**

The outlook for 2007 is positive with business expansion expected to continue, particularly in the non-residential building and construction sectors and across mining and resources.

SKILLED Group is forecasting organic EBITDA growth of 10 – 15% from \$47.4 million with incremental EBITDA from acquisitions of approximately \$10 million.

Commenting on the outlook, Greg Hargrave said:

“We are well positioned to benefit from the robust economy and anticipate strong organic growth as well as solid contributions from our recent acquisitions”.

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## **About SKILLED Group**

SKILLED Group Limited is Australia's leading provider of labour hire and staffing services, partnering with clients to improve their workforce utilisation and increase their productivity levels through the provision of skilled and semi-skilled people. With over 90 offices across Australia, SKILLED provides staffing services in the blue collar, call centre and nursing sectors and their expertise in safety, industrial relations, training and apprenticeships is a core competitive advantage. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,169 shareholders, predominantly in Australia.