

2006/2007 Half Year Results

21 February 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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- Results Highlights and Key Drivers
- SKILLED Group Financial Overview
- Segment Reporting
- Recent Acquisitions – Integration and Overview
- Outlook and FY07 Guidance

Highlights – 31 December 2006

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- **Revenue**  25% to \$607.7 million
- **EBITDA**  11% to \$26.5 million
- Fully franked interim dividend increased 14% to **8.0 cents** per share
- **Increased market share** while maintaining or increasing gross margins
- Catalyst and TESA **integrations progressing well**
- Continued **focus on safety** with lost time injury frequency rate (LTIFR) of 1.3 (excluding acquisitions)
- **Additional acquisitions** announced in January 2007 to build further capability

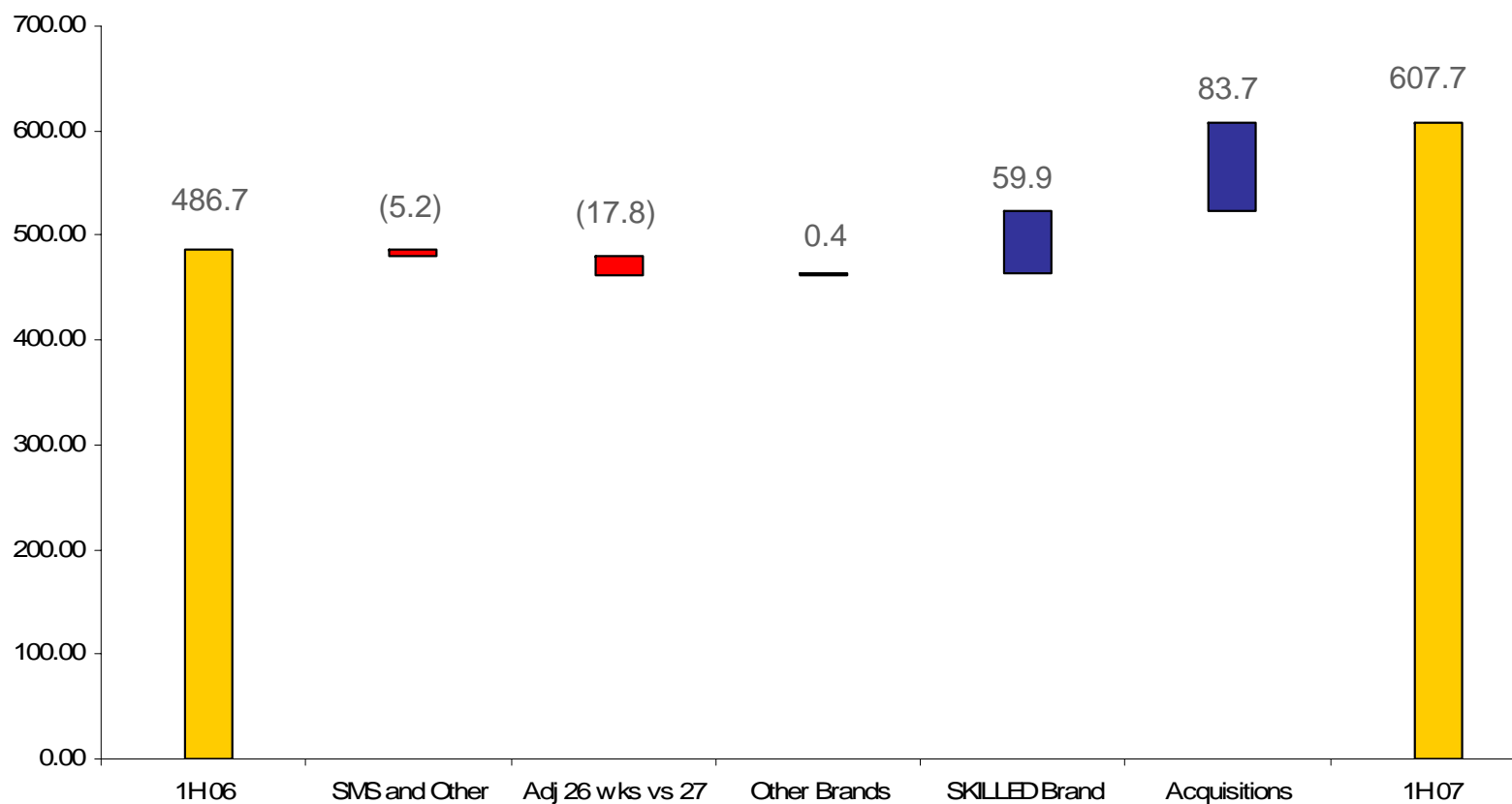
Key Results Drivers

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- **Capitalised on opportunities** in high growth States of WA and QLD
- **Invested in integration capability**
 - full time team to ensure a smooth integration and build expertise
- **Higher interest expense** through increased borrowings to fund acquisitions
- **Higher depreciation and amortisation** due to TESA and Catalyst acquisitions
- **Continued strong performance** from SKILLED Brand

Revenue – 1H06 vs 1H07

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Financial Summary

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		31 Dec 2006 ¹	31 Dec 2005 ²	% change
Revenue	\$M	607.7	486.7	+25
EBITDA	\$M	26.5	23.8	+11
EBITDA Margin	%	4.4	4.9	
EBIT	\$M	20.5	19.4	+6
EBIT Margin	%	3.4	4.0	

¹ includes TESA & Catalyst acquisitions

² includes SMS engineering business (divested 27 March 2006)

Financial Summary (continued)

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		31 Dec 2006	31 Dec 2005	% change
EBITDA	\$M	26.5	23.8	+11
Depreciation & Amortisation	\$M	(5.9 ¹)	(4.3)	+36
Net Interest Expense	\$M	(3.2 ²)	(1.2)	+155
Income Tax Expense	\$M	(6.3 ³)	(6.0)	+6
NPAT	\$M	11.1	12.3	-9
NPAT from continuing ops	\$M	11.1	11.6	-4
EPS	cps	10.7 ⁴	12.1	-11
DPS	cps	8.0	7.0	+14

¹ increased D&A primarily due to acquisitions of Catalyst & TESA [higher amortisation of non-goodwill intangibles (\$1.0 million); fixed assets (\$0.4 million)]

² increased interest expense due to additional borrowings to fund acquisitions

³ effective tax rate increased to 36%

⁴ EPS pre-intangibles amortisation is 12.27 cps

Operating Cash Flow

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Operating cash flow reduced to \$3.0 million at 31 December 2006 from \$10.3 million over the same period primarily a result of:

- Acquisition integration costs of \$1.7 million
- Increased interest due to additional borrowings to fund acquisitions
- Higher tax payments
- Timing differences in the working cash flows

TESA and Catalyst currently have a slower debtors collection rate providing an opportunity to improve cash flow

Gearing & Interest Cover

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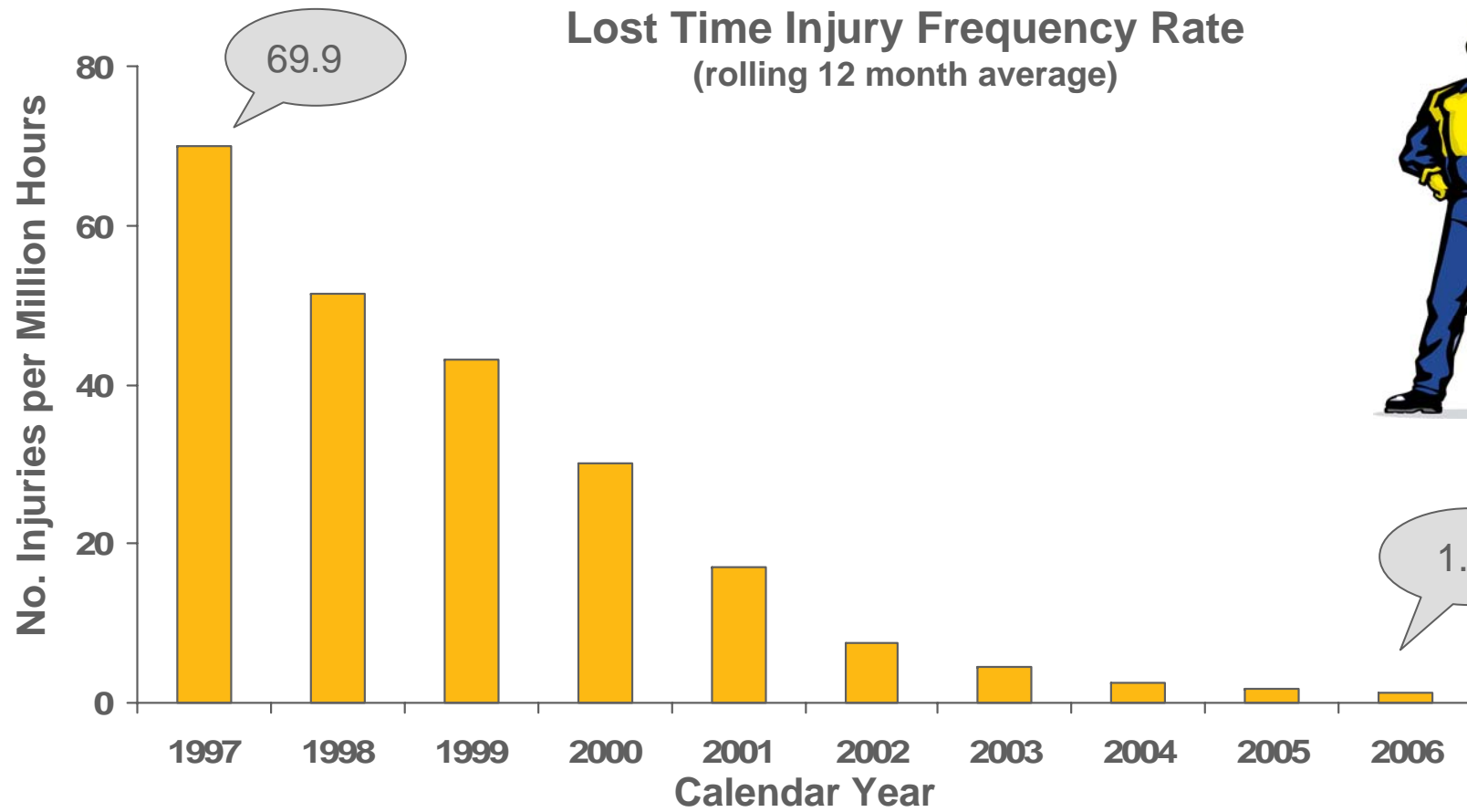
		31 Dec 2006	31 Dec 2005
Gearing			
(net debt / net debt + equity)	%	56.0	3.0
Interest Cover (12 months rolling)			
(EBIT / Net Interest Expense)	times	9.8	13.3

Total debt facilities \$225 million

Unused debt facilities at 31 December 2006 ~ \$75 million

Safety remains a key focus

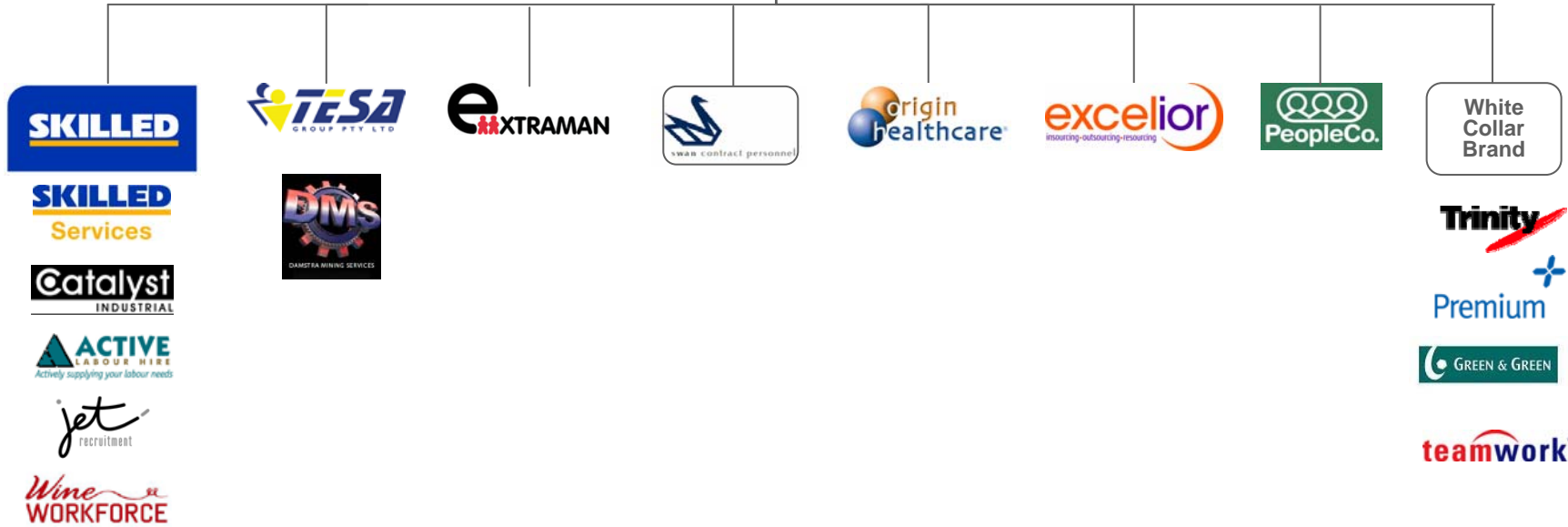
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SKILLED Group Brands

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SKILLED Group



← Core business = market focused staffing services →

SKILLED Group also operate **SEM** Fire and Rescue which provides vehicle solutions to the emergency services sector

SKILLED Group Limited – Segment Reporting

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SKILLED Brand



Catalyst Blue Collar

Other Brands



SKILLED Brand Results

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		31 Dec 06 ^{1 2}	31 Dec 05 ³	% change	like-for-like organic % change
Revenue	\$M	479.3	360.4	+33	+17 ⁴
EBITDA	\$M	20.3	17.9	+13	+16
EBITDA Margin	%	4.2	4.9		
EBIT	\$M	17.3	16.4	+11	+17
EBIT Margin	%	3.6	4.6		

¹ includes 4 months contribution from TESA

² includes 3 months contribution from Catalyst's blue collar businesses

³ includes divested SMS engineering business

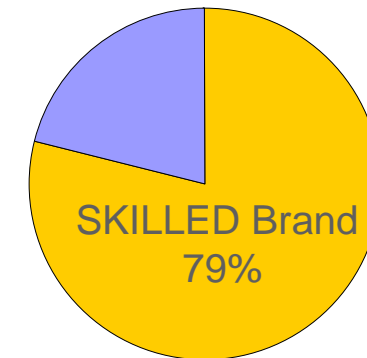
⁴ adjusted for 27 weeks versus 26 weeks

SKILLED Brand Overview

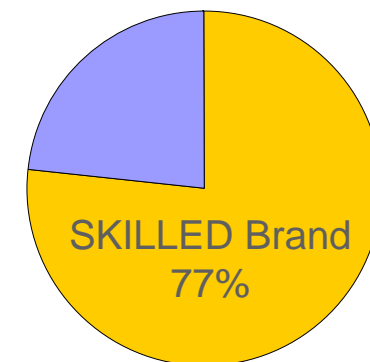
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- A story of **two economies**
 - booming in QLD & WA; weaker across NSW, SA & VIC
- **Strong demand** in maintenance services
- **Increased our market share** in Mining & Resources, FMCG, Transport & Logistics and Infrastructure
- **Held or increased gross margins** despite strong price competition
- **Drought continues to affect SKILLED** operations in regional areas
 - particularly across NSW, SA, VIC
- TESA's mining business **performed strongly**

Group Revenue Contribution



Group EBITDA Contribution



Other Brands Results:

Extraman, Origin, Excelior, PeopleCo, White Collar, SEM

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		31 Dec 06	31 Dec 05	% change	like-for-like organic % change
Revenue	\$M	129.0	126.8	+2	-4
EBITDA	\$M	6.2	5.8	+6	+7
EBITDA Margin	%	4.8	4.6		
EBIT	\$M	3.2	3.0	+7	+13
EBIT Margin	%	2.5	2.4		

Extraman & Origin Overview

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- Profit contribution and margins increased although revenue was flat
- Earn-out period ending
- Integration plans have been developed



- Profit contribution and margins increased from static revenue
- Bolt on acquisition of Locumtis in December provided entry into allied health
- Launched successful international recruitment campaign in UK & Ireland in November
- Renewed focus on attraction and retention of nurses

Excelior & PeopleCo Overview

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- Revenue declined as one-off projects ended
- Opened second call centre in December in Box Hill, VIC
- Third call centre to open in March in Shepparton, VIC
- Selected to operate AAPT's call centres in Bendigo, VIC and Robina, QLD (announced 8 February)



- Strong increase in revenue
- Opened 14 offices across the eastern seaboard
- Continued to increase market share and refine model roll-out

White Collar Brand & SEM Overview

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White Collar Brand

- New business unit formed from Catalyst's white collar businesses and SKILLED's Teamwork brand
- Focus on executive and support staff to public and private sectors
- Eastern seaboard focus



- Solid revenue and earnings growth
- Strong order book going forward

TESA Integration

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Integration of blue collar branches complete

- Nine branches fully integrated



Black coal mining business

- Business is performing strongly
- New branch opened in December 2006
- Damstra Mining Services (acquired December 2006) being integrated into TESA



Catalyst Integration

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Blue collar businesses report to SKILLED



- Catalyst Industrial, Active, Jet, Wine Workforce report into SKILLED

White collar brand formed



- Trinity, Premium, Green & Green and SKILLED's Teamwork brand
- New brand name launch imminent

Training Services division formed

- MindAtlas, SKILLED's Registered Training Org's (RTO's) & Group Training Org (GTO)
- Dedicated to the provision of training to clients and field employees

Damstra Mining Services

- acquired 21 December 2006

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Overview	<ul style="list-style-type: none">• established 30 years ago• labour hire, training & finger scan technology• integrated into TESA
Sector	<ul style="list-style-type: none">• black coal mining
Locations	<ul style="list-style-type: none">• Singleton, NSW & Mackay, QLD
Clients	<ul style="list-style-type: none">• Minimal client crossover with TESA & SKILLED
Employees	<ul style="list-style-type: none">• 150 skilled and semi skilled employees
Strategic Rationale	<ul style="list-style-type: none">• increase our capacity in black coal mining• access to wider employee and client base• finger scan technology
Purchase Price	<ul style="list-style-type: none">• \$7 million (fully debt funded)• 3.0 times EBIT
FY 06 Financials	<ul style="list-style-type: none">• Revenue of \$17 million• EBIT of \$2.3 million

Swan Contract Personnel

– acquired 17 January 2007

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Overview	<ul style="list-style-type: none">• niche operator formed in 1976 in Western Australia• operate as a separate business & brand
Sectors	<ul style="list-style-type: none">• oil & gas• mining & minerals
Locations	<ul style="list-style-type: none">• Perth, WA & Brisbane, QLD
Clients	<ul style="list-style-type: none">• 45 clients
Employees	<ul style="list-style-type: none">• 1,000 employees and contractors
Strategic Rationale	<ul style="list-style-type: none">• exposure to front end project work in mining & minerals sector• increased penetration of oil & gas sector• employee base predominantly engineering & technical specialists
Purchase Price	<ul style="list-style-type: none">• ~ \$44 million comprised of \$19m cash and 18-mth earn-out• 6.0 times EBIT multiple
FY 06 Financials	<ul style="list-style-type: none">• Normalised revenue of \$130 million• EBIT of \$6.8 million

ICE Personnel

- acquired 31 January 2001

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Overview	<ul style="list-style-type: none">• established in 2003 to provide skilled and semi skilled labour• integrated into SKILLED New Zealand
Sectors	<ul style="list-style-type: none">• industrial, engineering & commercial
Location	<ul style="list-style-type: none">• Auckland, New Zealand
Clients	<ul style="list-style-type: none">• several clients• predominantly focused in warehousing and distribution
Employees	<ul style="list-style-type: none">• 160 employees
Purchase Price	<ul style="list-style-type: none">• NZD \$1.5 million (cash \$1 million and two deferred payments)• 3.0 times EBIT multiple
Strategic Rationale	<ul style="list-style-type: none">• deeper penetration of Auckland market• builds SKILLED's profile and position in New Zealand
FY 06 Financials	<ul style="list-style-type: none">• Revenue of \$NZ 5 million

Outlook & FY07 Guidance

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- Expect a **stronger second half**
- **Excellent growth prospects** in key industry sectors
- Continue to focus on our client value proposition to **increase our market share**
- Continue to evaluate good opportunities through **bolt-on acquisitions and strategic alliances**
- Well positioned for **long term growth and increased shareholder value**
- Expected **FY07 EBITDA Guidance between \$66 - \$69 million** including contributions from recent acquisitions
- Depreciation and amortisation to increase in second half to around \$8.4 million with **FY NPAT between \$29 and \$32 million.**

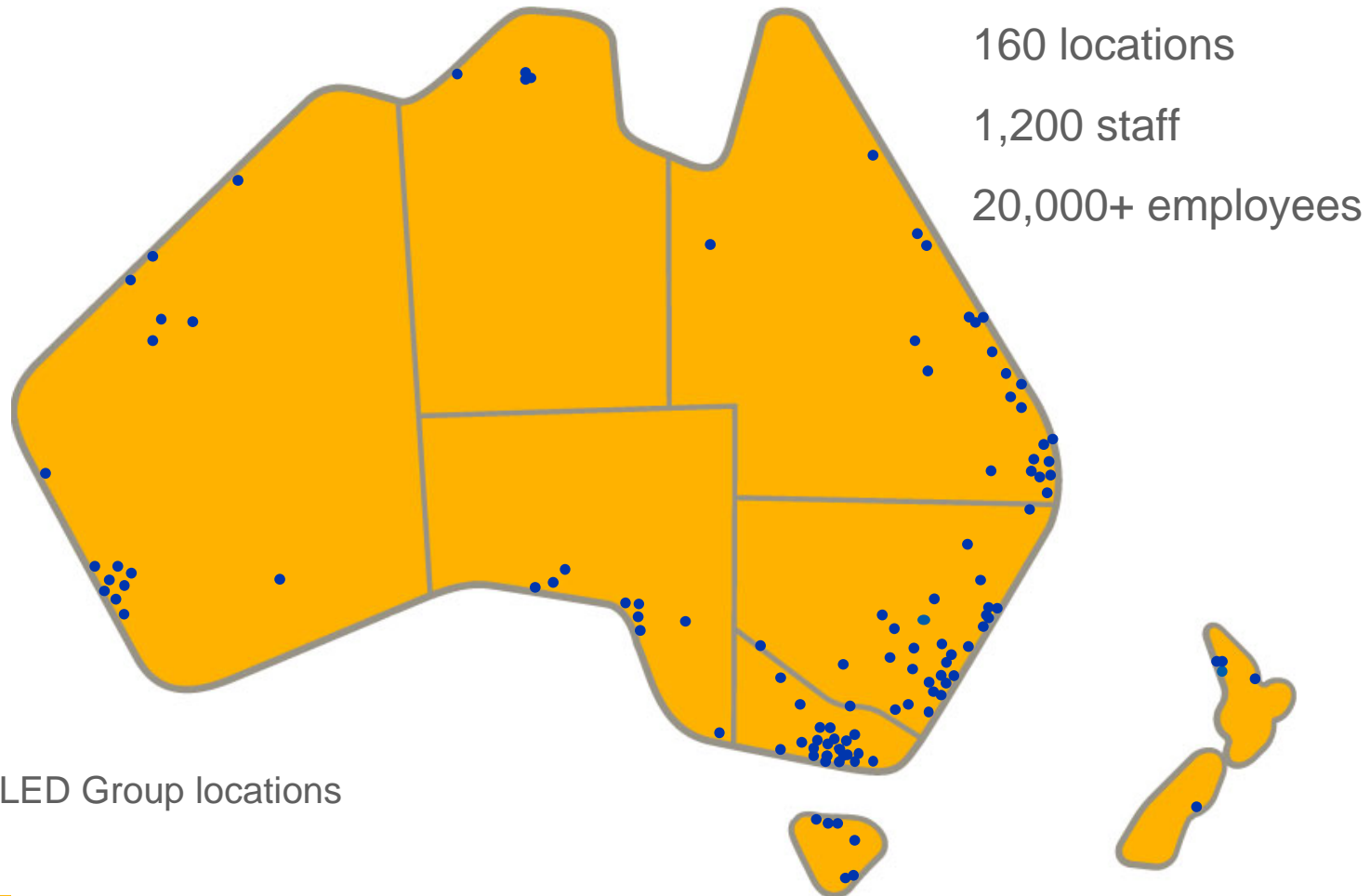
APPENDICES

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specialist skills • safety • knowledge • integrity •
delivery • people • risk management • specialist

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Our Branch Network

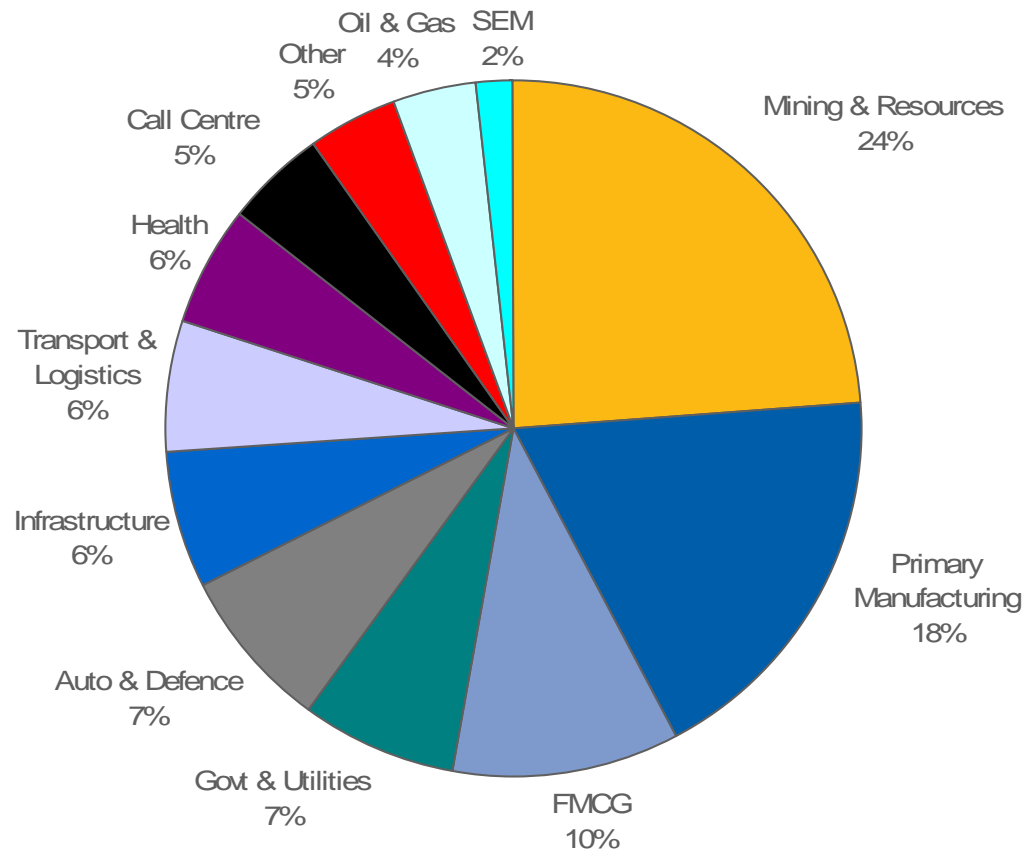
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Our industry focus

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SKILLED Group Industry Segmentation



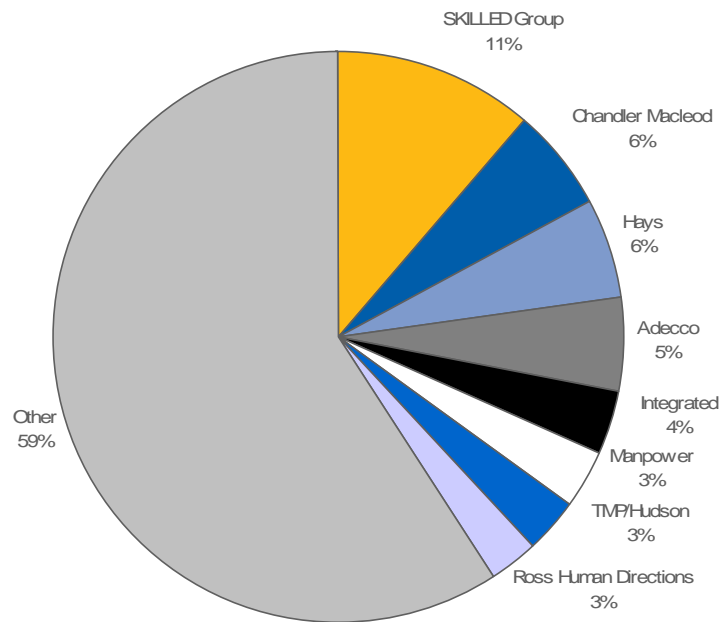
• based on normalised 2006 revenue; other includes PeopleCo business

Commercial in Confidence

Our Market Share in Australia

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Staffing Services Industry
Market Share Estimates*



- Estimated market share of 11.33%
 - Industrial market share estimated >15%
- Currently:
 - 3,500 organisations
 - large number of specialist / regional based small firms
 - few large companies operating nationally

*Based on 2006 total revenues as proportion of total 2006 Staffing Services Industry revenues (contract plus permanent)
Source: IBISWorld; BRW; Shortlist; internal analysis