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**SKILLED** Group

27 November 2007

Manager Companies  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

#### **INVESTOR RELATIONS PRESENTATION**

Please find attached the Investor Relations presentation provided to participants in the recently announced share placement.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ken Bieg', with a large, sweeping underline stroke below it.

**Ken Bieg**  
Company Secretary

# SKILLED Group – Positioned for Growth

November 2007

safety • knowledge • integrity • leadership • production  
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 & CEO  
Terry Janes, CFO

**SKILLED** Group

# SKILLED Group Overview

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Australia & NZ's pre-eminent provider of staffing services and labour hire



Industry sector and skills focused brands



5,500 clients



20,000+ employees



Generates around \$2 billion revenue

# What is staffing services?

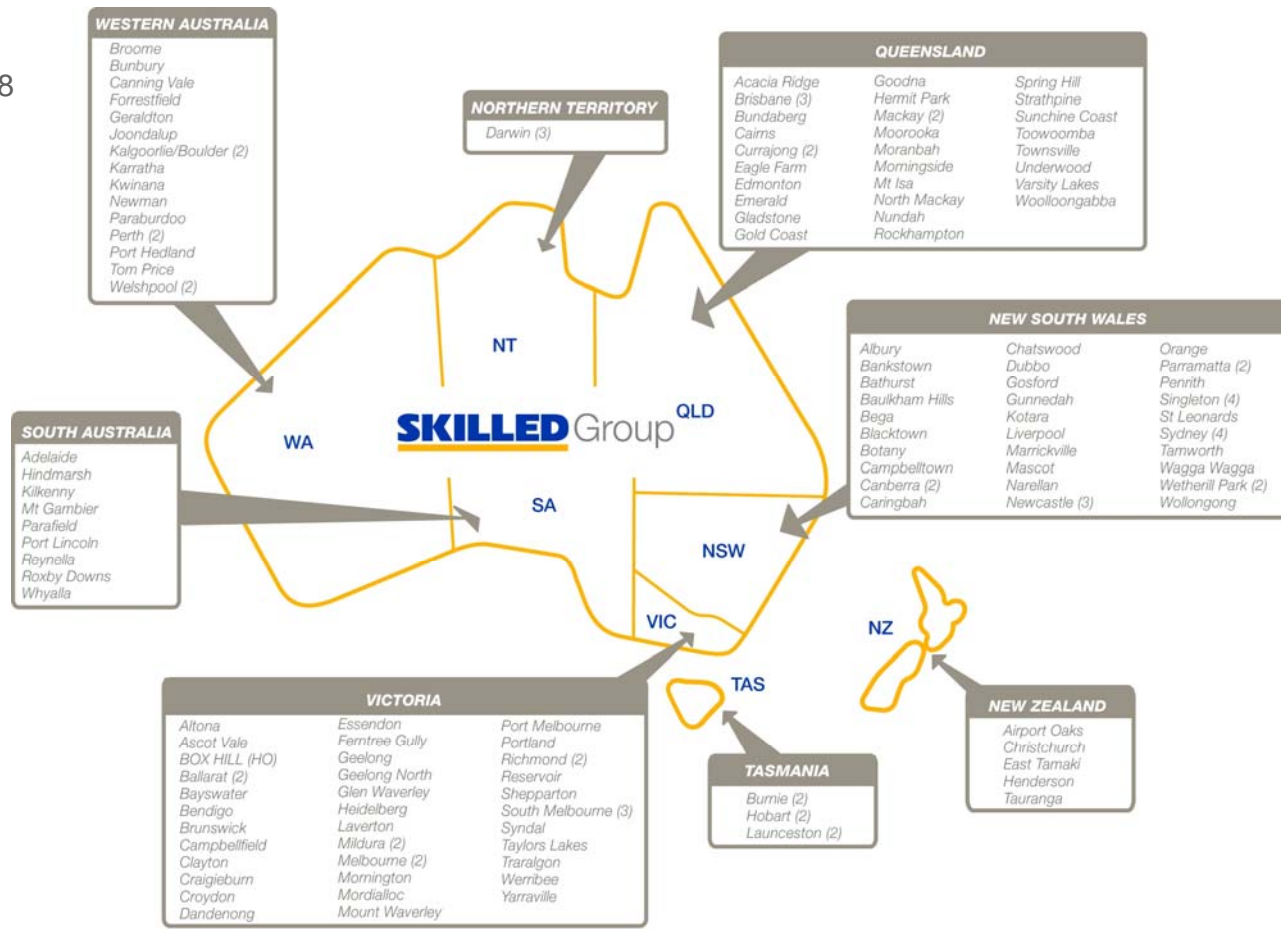
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## *Core business for **SKILLED** Group is Staffing Services*

- Provision of **flexible labour**
  - short, medium and longer term
- Provision of **managed project or contract services**, eg:
  - Contract maintenance
  - Workforce projects
  - Call centre management
  - Other workforce related outsourcing activities
- Provision of workforce related **consulting services**, eg:
  - Training and apprenticeships
  - OH&S
  - IR

# We have a national footprint

Branches 168  
 Staff 1,300



## SKILLED Group is well positioned for future growth

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- **SKILLED Group is a low risk, high growth stock**
  - specialise in providing flexible labour
  - operate across a range of sectors (largest sector represents 22% revenue)
  - business spread over a diverse range of clients (largest client represents 4% revenue)
- **Pipeline of acquisition opportunities**
- Proven experience at effectively integrating acquired businesses
- We continue to deliver **double-digit organic growth**
- Skills shortages **create opportunities for SKILLED Group** as Australian businesses turn to us to access people with highly sought after skills
- The staffing services sector is highly fragmented and **SKILLED Group is leading the consolidation**

We partner with blue chip Australian companies

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**ExxonMobil**



Goodman  
Fielder



**onesteel**



Our business operates predominantly using a cost plus model

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**Client Cost = Wages & on-costs + SKILLED Margin**

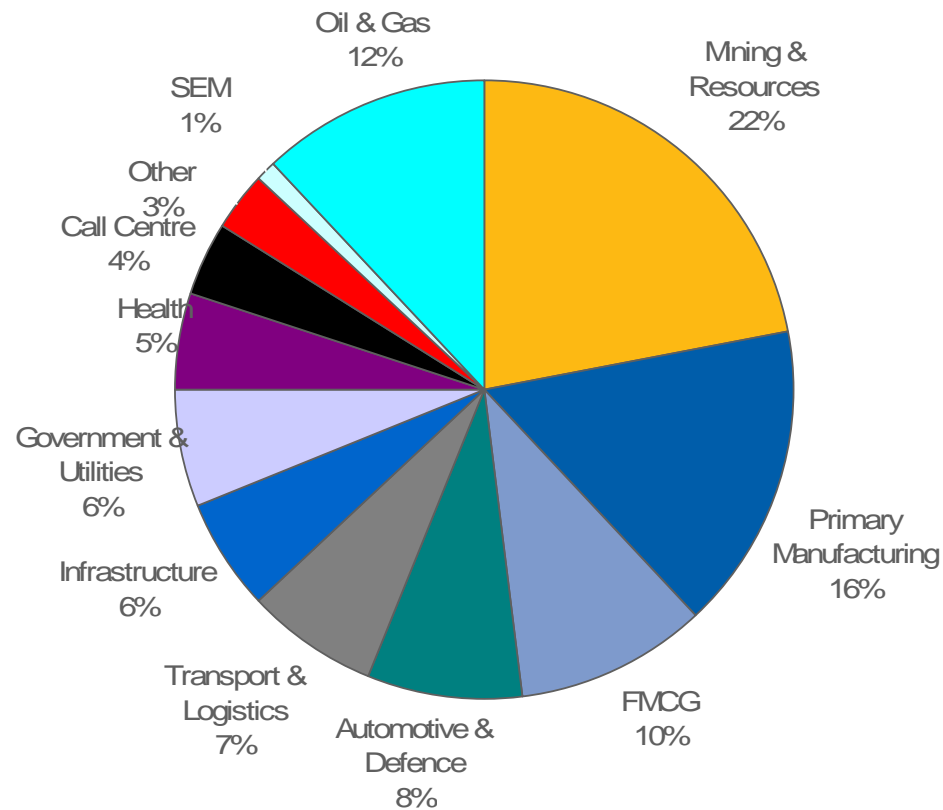
Hourly labour rate plus all statutory costs:

- payroll tax
- superannuation
- work cover

We have a clear industry focus

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### SKILLED Group industry segmentation



• based on FY07 revenue and includes recent acquisitions

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## Sector Opportunities – Mining & Resources

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- 22% of SKILLED Group's revenue generated through mining & resources
- Continued demand from China & India
- New projects coming on-line
- Estimated 55,420 additional tradespeople, semi-skilled workers and labourers required for the sector by 2015\*



\*source: Minerals Council of Australia

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## Sector Opportunities – Oil & Gas

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- 12% of SKILLED Group's revenue generated through oil & gas following the acquisition of Offshore Marine Services
- In WA, \$20bn of major oil & gas projects expected to commence 2008-2010
- Additional \$38bn of major oil & gas projects in WA undergoing feasibility studies
- Australian crude oil production forecast to increase by 6% in 07/08\*



\*Source: ABARE

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## Sector Opportunities - Infrastructure

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- 6% of SKILLED Group's revenue generated through infrastructure
- Underinvestment by Federal & State Governments for 20+ years
- Over \$140bn infrastructure projects in the construction, planning or tendering stage that SKILLED Group have expertise in
- We are focused on the following projects:
  - Road
  - Rail
  - Port
  - Harbours
  - Utilities



# Our growth strategies

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## Growth Strategies

### Organic Growth

### Acquisitions & Alliances

#### Through *current* brands

- Improving penetration of existing markets / increasing share of customer wallet
- Increasing margins
- Developing deeper value solutions

#### Through *new* brands

- New business development in new vertical markets / customer segments  
ie. *PeopleCo*

#### Acquisitions

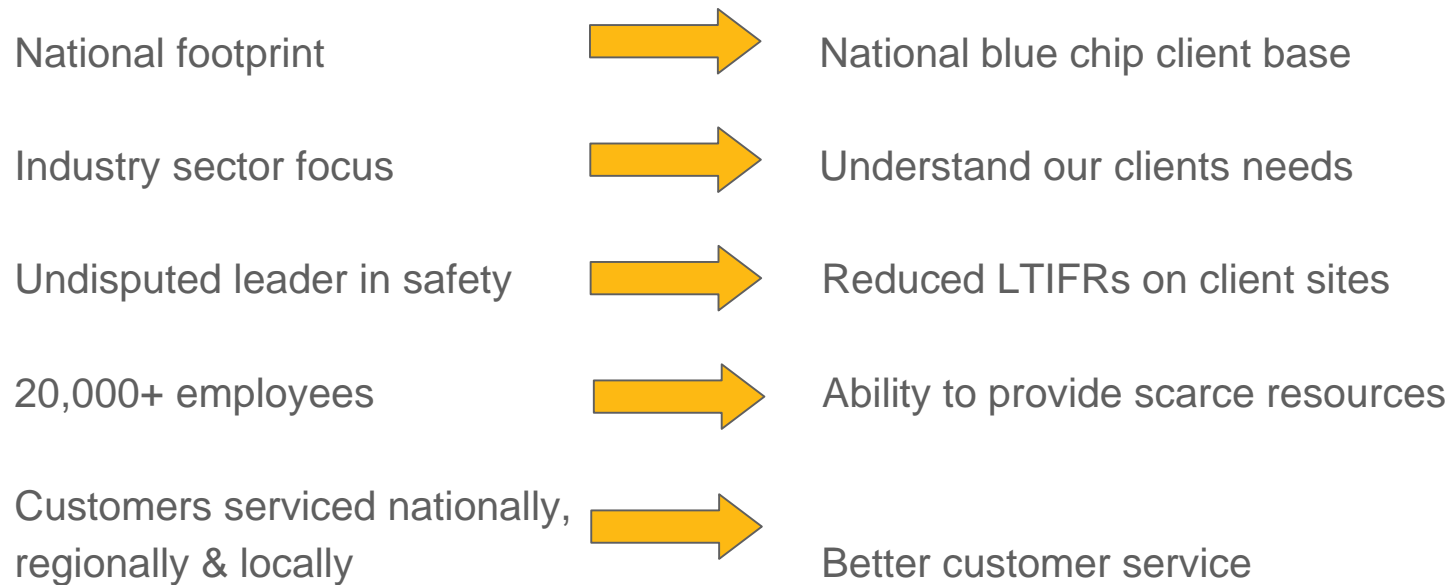
- Aligned to current vertical markets / customer segments
- Aligned to core business in new vertical markets / customer segments  
ie. *TESA*

#### Strategic Alliances

- In related vertical markets to support current customers  
eg:
  - Managed vendor
  - Training providers

# We have continually delivered double-digit organic growth

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# We are investing in our business for future growth

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## Our investment in the future

*Support continued growth*

*Improve efficiency*

### People

- strengthened our leadership capability
- in-house integration expertise
- development of people capability
- attraction & retention of employees

### Processes

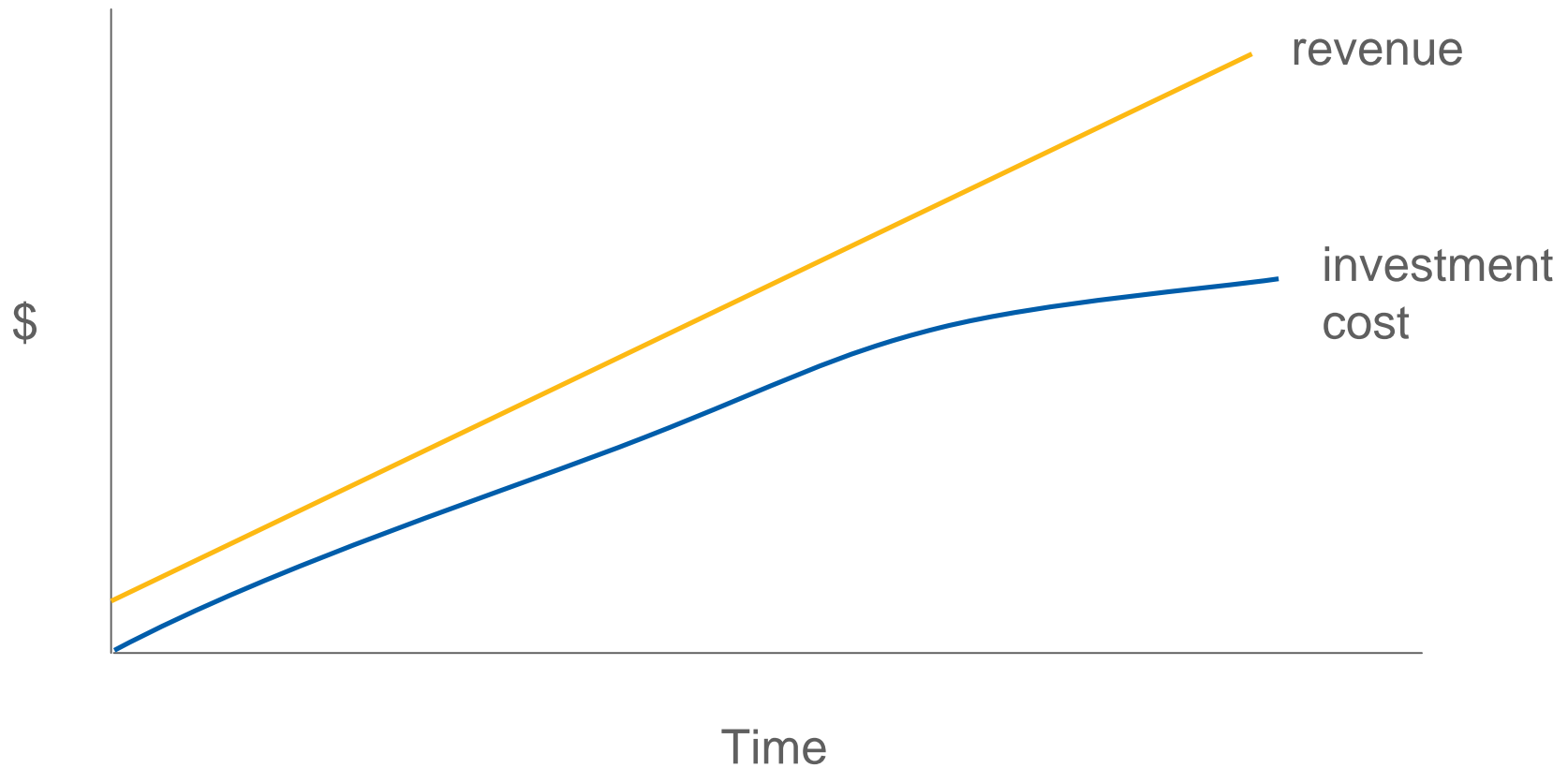
- client intimacy project
- operating model review

### Technology

- rolling out world class back office IT system
  - payroll
  - invoicing & billing
  - accounting
- continuous investment in IT infrastructure

Our investment in our future will pay off in a couple of years

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Since 2005 we have acquired 12 businesses in the staffing services space

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## Recent Acquisitions

Business	Price Paid	Sectors
The TESA Group	\$66.8M	Industrial, Black Coal Mining
Catalyst Recruitment	\$49.5M + \$5M acquired debt	Primary Manufacturing, FMCG, Transport & Logistics
Locumitis	\$200,000	Healthcare
Damstra Minng Services	\$7M	Black Coal Mining
Swan Contract Personnel	\$48.6M (\$21 upfront & 18 mth earn-out)	Oil & Gas
ICE Personnel Limited	\$NZD 1.5M	Industrial, Engineering, Commercial
Pacific Relines	\$8.8M additional earn-out if targets are met	Mining & Minerals (hard rock mining sites)
OMS	Estimated \$121M (\$79M upfront)	Offshore Oil & Gas
Hudson T&I	\$3.6M	Mining, Manufacturing, Trans & Log

# Our Low Risk Approach to Acquisitions



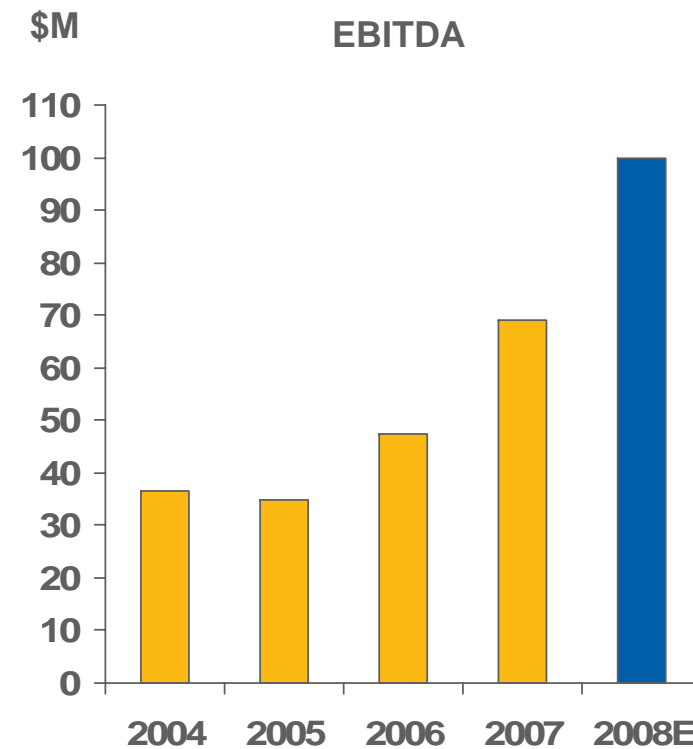
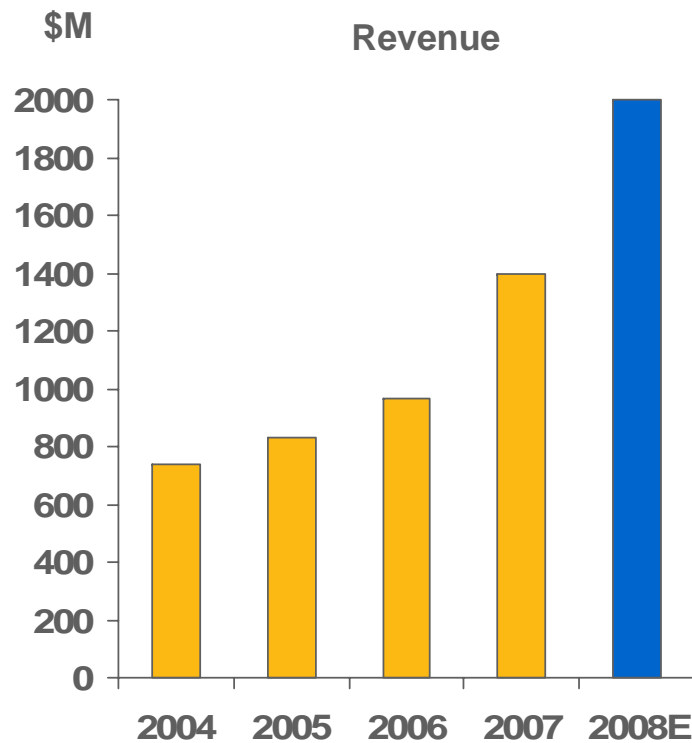
## Current Debt Levels

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- Our bank debt facilities were extended from A\$225 million to **A\$350 million in August 2007**
- Following the initial payment of \$79M for Offshore Marine Services (Aust & NZ businesses) our **debt levels are around \$300 million**
- We have approximately **\$50 million remaining** under our current debt facilities
- Board and Management are comfortable with our current debt levels and our ability to service our debt

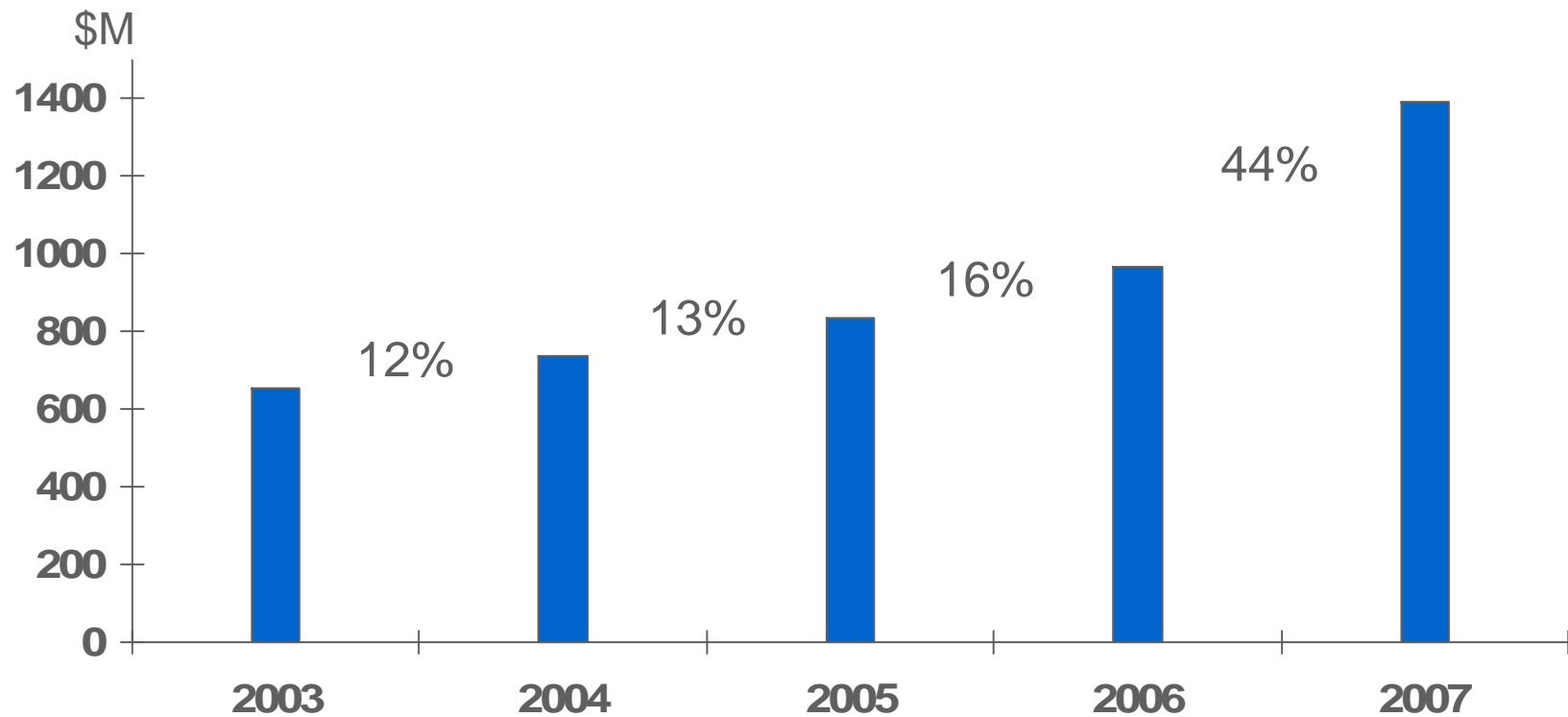
Acquiring businesses has helped to double our revenue and almost triple our earnings since 2005

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We continue to deliver double-digit revenue growth

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## Financial Summary – FY07

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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

## 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		

## Other Brands Results:

Extramam, Swan, Excelior, Origin, PeopleCo, Mosaic, SEM

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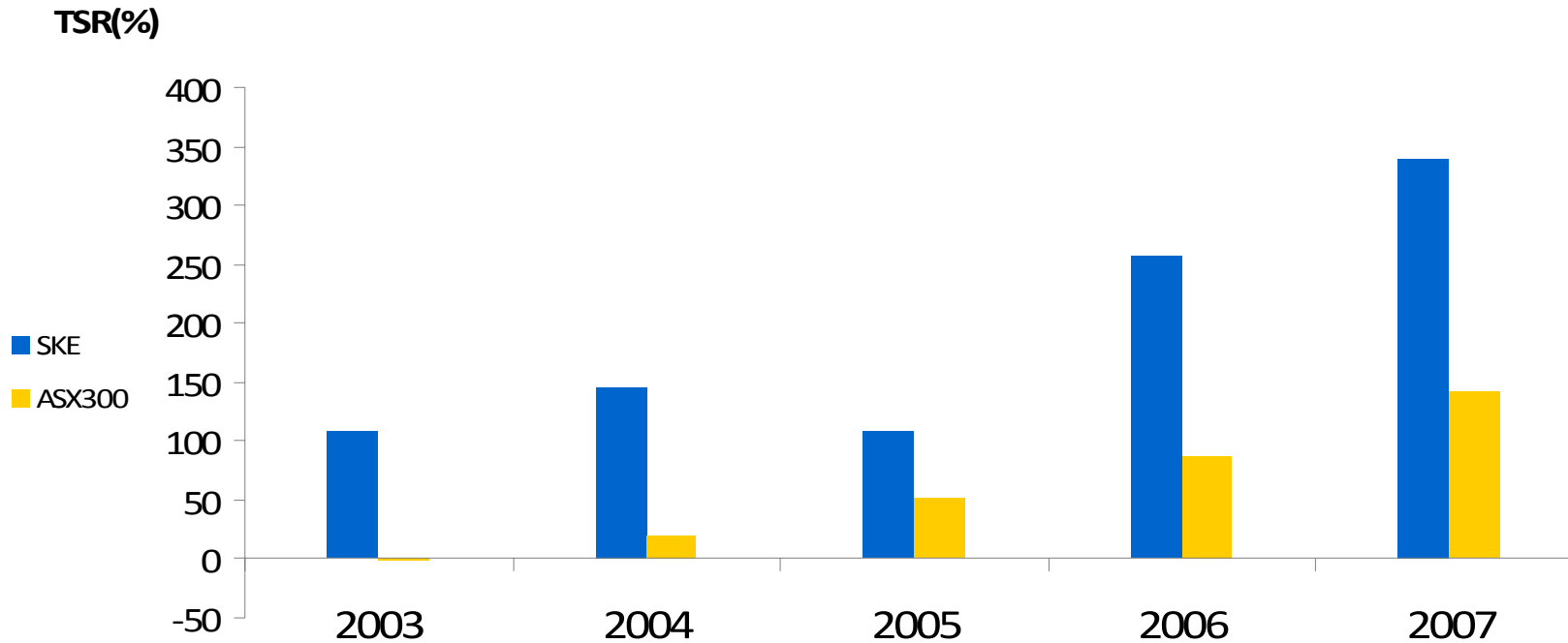
		30 Jun 07	30 Jun 06	% change	like-for-like organic  % change
<b>Revenue</b>	\$M	348.4	246.5	41	+2
<b>EBITDA</b>	\$M	21.8	13.5	61	
<b>EBITDA Margin</b>	%	6.3	5.5		
<b>EBIT</b>	\$M	14.7	7.8	88	
<b>EBIT Margin</b>	%	4.2	3.2		

# Total Shareholder Return (cumulative since 30 June 2002)

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SKE annualised 1 Yr Return = 42%pa

SKE 5 Yr Return = 340%



ASX 300 Accumulation Index

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## Operating Environment and Our Outlook

- The demand for labour continues to increase
- Opportunities to further increase market share in key industry sectors
- Mining and resources sector continues to boom
- Continue to look at good bolt-on acquisition opportunities
  - ASX will be notified of all acquisitions irrespective of size and structure
- The overall outlook is very positive
- Financial Year 2008 EBITDA forecast up 45% to \$98 - \$103 million (expected 40% - 45% in 1<sup>st</sup> half; 55% - 60% in 2<sup>nd</sup> half)
- Depreciation and amortisation around \$22.5 million
- Financial year forecast NPAT contribution of \$36 - \$39 million (after allowing for the impact of \$75M capital raising)

## APPENDICES

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

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Each business specialises in staffing services across key skill, market and customer areas

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<b>Skills focus</b>	<p><i>“3 inches wide, 1 mile deep”</i></p> <ul style="list-style-type: none"> <li>• Trades &amp; maintenance</li> <li>• Production &amp; distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Trades &amp; maintenance</li> <li>• Production &amp; distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Trades &amp; maintenance</li> <li>• Production &amp; distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering &amp; technical specialists</li> </ul>
<b>Market focus</b>	<p><i>“Concrete not carpet”</i></p> <p>Industrial</p>	<ul style="list-style-type: none"> <li>• Mining &amp; resources</li> </ul>	<ul style="list-style-type: none"> <li>• Mining &amp; resources (black coal)</li> </ul>	<ul style="list-style-type: none"> <li>• Mining &amp; resources</li> <li>• Oil &amp; gas</li> </ul>
<b>Client Segment focus</b>	<ul style="list-style-type: none"> <li>• Corporate clients / large organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate clients / large organisations</li> <li>• Geographic focus (WA, QLD, NT)</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate clients / large organisations</li> <li>• Geographic focus (NSW, QLD)</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate clients / large organisations</li> <li>• Geographic focus (WA, QLD)</li> </ul>

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 • knowledge  
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 specialist skills •

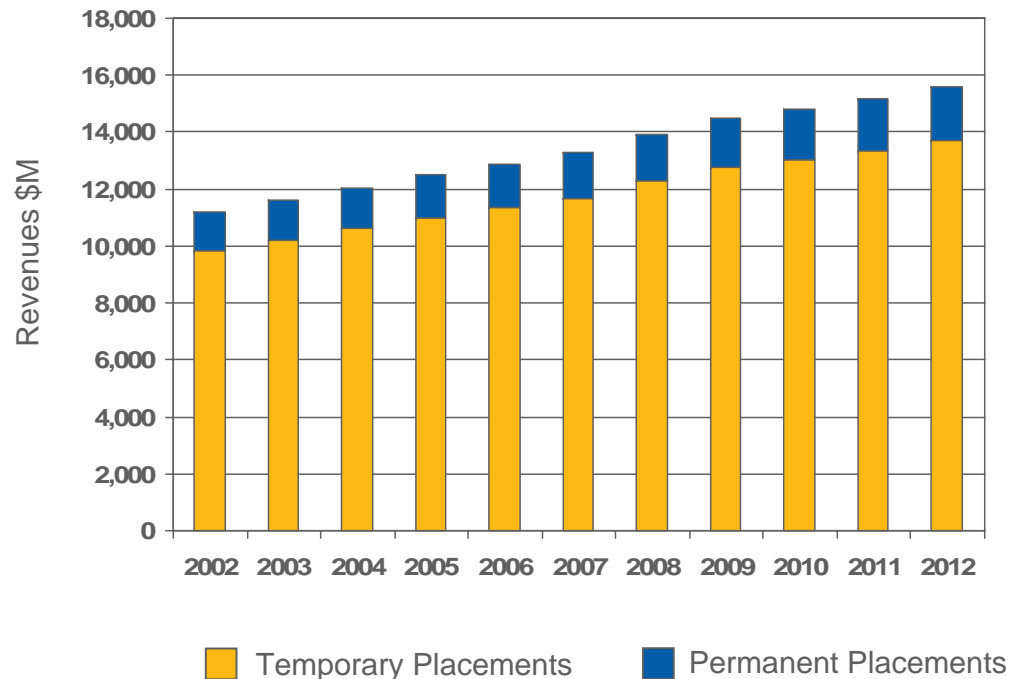


<b>Skills focus</b>	<ul style="list-style-type: none"> <li>• Nursing</li> <li>• Nurse Support</li> <li>• Locum doctors</li> </ul>	<ul style="list-style-type: none"> <li>• Customer contact</li> <li>• Call centre</li> </ul>	<ul style="list-style-type: none"> <li>• Production &amp; distribution</li> <li>• Retail</li> <li>• Office support</li> </ul>	<ul style="list-style-type: none"> <li>• Executive</li> <li>• Professional</li> <li>• Office support</li> </ul>
<b>Market focus</b>	<ul style="list-style-type: none"> <li>• Healthcare / hospitals</li> </ul>	<ul style="list-style-type: none"> <li>• Generalist</li> </ul>	<ul style="list-style-type: none"> <li>• Generalist</li> </ul>	<ul style="list-style-type: none"> <li>• Generalist</li> </ul>
<b>Client Segment focus</b>	<ul style="list-style-type: none"> <li>• Public, Private, Aged Care and Home Care</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate clients / large organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Small and Medium Enterprises (SME's)</li> </ul>	<ul style="list-style-type: none"> <li>• Midsize / Government</li> <li>• Geographic focus (eastern seaboard)</li> </ul>

# Australia's Staffing Services Industry continues to grow

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Historical & Forecast Industry Revenues  
2001-2012 (F)



- Staffing Services Industry revenues of \$13.3 billion in 2006-07
  - 88% of industry revenues generated by the Temporary Placements Services sector
- Forecast to grow by \$2.3 billion or 17.6% over the next 5 years

Source: IBISWorld

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## Future staffing services industry growth will be fuelled by increasingly sophisticated client needs

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- Ability to **attract and retain** scarce resources
- Demonstrating exceptional **safety and IR** capability
- Companies seeking **workforce productivity partners** v. lowest price labour providers
- Increasingly moving from a commodity to **value add** based industry
- Ability to provide consistency through **national supply**

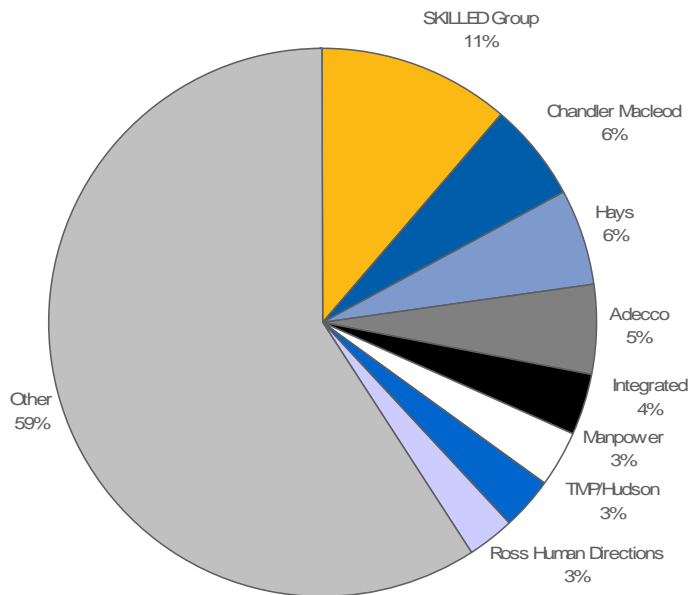


Providing productivity solutions to more than 400 of Australia's top 2000 companies

# SKILLED Group is well positioned to continue the market consolidation

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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

## 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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## SKILLED Group have been operating for more than 43 years

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- **1964** Frank Hargrave opened 'Hargrave & deMartini'
- **1966** Name changed to SKILLED Engineering
- **1969** SKILLED moves into TAS
- **1970** SKILLED moves into NSW
- **1978** SKILLED moves into WA
- **1979** SKILLED moves into QLD
- **1979** SKILLED moves into SA
- **1981** First Electrical Apprentice commences
- **1994** SKILLED becomes a public company
- **1996** SKILLED acquires Equipment Manufacturing
- **1999** SKILLED acquires Quest Personnel
- **1999** SKILLED Call Centres launched
- **2003** SKILLED Awarded AS / NZS 4801
- **2004** Frank Hargrave retires as Managing Director
- **2004** SKILLED acquires Origin Healthcare
- **2004** Company name changed to SKILLED Group
- **2005** PeopleCo. Launched
- **2005** SKILLED Group acquires Extraman
- **2005** SKILLED Group acquires Medistaff
- **2006** SKILLED Group acquires The TESA Group
- **2006** SKILLED Group acquires Catalyst
- **2006** SKILLED Group acquires Damstra Mining
- **2007** SKILLED Group acquires Swan, ICE, OMS & Hudson T&I