

Introduction

- Welcome
- Structure of Presentation
- Brief History of Company / Key Statistics



Brief History of Company

- Commenced operations in 1964
- Pioneer of labour hire in Australia
- ASX listing 1994
- Expansion and diversity
 - Contract Maintenance
 - Communications
 - Call Centres



Key Statistics

	Approximately
• Sales revenue (2002/03)	\$650 million
• Number of employees	11,500
• Number of clients	6,000
• Worksites (Supplementary Labour Hire)	10,000
• Number of job starts	150,000
• Number of branch offices	60



Summary of Performance

Half Year Ended 30 December 2002

- Consolidated sales increased by 14% over last year
- EBITDA of \$15.2 million; 4.7% EBITDA margin (LY 3.7%)
- EBIT of \$12.6 million; margin 3.9% (LY 2.7%)
- Net Profit after tax of \$8.5 million (LY \$4.5 million)
- EPS of 9.6 cents per share
- Interim dividend of 6.0 cents per share fully franked



Adjustment for Non-recurring Items

Half Year Ended 30 December 2002

- Profit on sale of surplus maritime assets of \$1.3 million
- EBIT adjusted to \$11.3 million; margin 3.5% (LY 2.7%)
- Net Profit after tax adjusted to \$7.2 million (LY \$4.5 million)
- EPS of 8.1 cents per share



Half Year Ended 30 December 2002

- Net debt of \$22.1 million compared to \$15.2 million at 30 June 2002 and \$27.3 million at 31 December 2001
- Gearing (debt / debt + equity) of 27%
- Interest cover was 17.6 times (12 month rolling)
- Strong operating cash flow

Key Financial Strategies

- Sales growth
- Margin improvement
- Debt management
- Dividends



Corporate Structure

Managed Labour Services

Core Labour Hire Workforce Solutions

- Trades
- PD&S
- Personnel
- Professionals
- Education
- Hospitality
- Events
- Projects
- Rail

Maintenance Services

- Contracted
- Shut Down
- Supplemental

Skilled Maritime Services

Call Centres

- Supplemental
- Managed Services
- Owned / Managed (i.e. Burnie)

Infrastructure Services

Communications and Power

- Design and Construction
- Installation Services
- Maintenance Services
- Supplementary Labour to Communications Industry

Yallourn Workshops

Skilled Equipment Manufacturing



Managed Labour Services

Includes effect of sale of surplus maritime assets:

		First Half 2002/03	First Half 2001/02	% Change
Sales	A\$000's	250,200	219,959	+14%
EBIT	A\$000's	9,091	4,471	+103%
EBIT %		3.6%	2.0%	+80%

Excludes effect of sale of surplus maritime assets:

		First Half 2002/03	First Half 2001/02	% Change
Sales	A\$000's	250,200	219,959	+14%
EBIT	A\$000's	7,774	4,471	+74%
EBIT %		3.1%	2.0%	+55%

- Sales increase of 14%
- EBIT margin has increased to 3.1%



What is Labour Hire?

- Skilled employees - but work on client assignments
- Benefits to client
- Diversity of occupations, industries and clients



The Labour Hire Market in Australia

- Industry turnover 2000-01 \$8 - \$10 billion
- 1,400 industry participants
- Low level of industry concentration - top 20 companies account for less than 30% of market
- SKE = 5% of market and is the market leader
- Low barriers to entry (but this is changing)



Labour Hire is a GROWTH Market

- IBIS describes the industry as being in the GROWTH life cycle stage

“The industry is currently in a high growth stage caused by the changing structure in the workforce and the changing needs of both business and employees in terms of temporary or contract work.

The outsourcing of some non-core activities by the government and private sector has also assisted.”



The Changing Face of the Labour Hire Market

- Consolidation of corporate decision making
 - contract management efficiency
 - labour hire as a strategic decision
 - transaction costs
 - national footprint
- Increasing importance of OH&S and other compliance issues
- Insurance and indemnity issues
- The flight to quality
- Market consolidation



SKE Differentiating Platform

- OH&S
- Industrial relations
- Customer facing IT
- Training
- Workforce management
- Skills shortages
- National footprint
- Value added propositions



Strategic Initiatives to Improve Margins

- Value added propositions and higher margin customers
- Continuous improvement in OH&S performance
- Strong focus on cost control
- Leveraging the cost base off higher sales



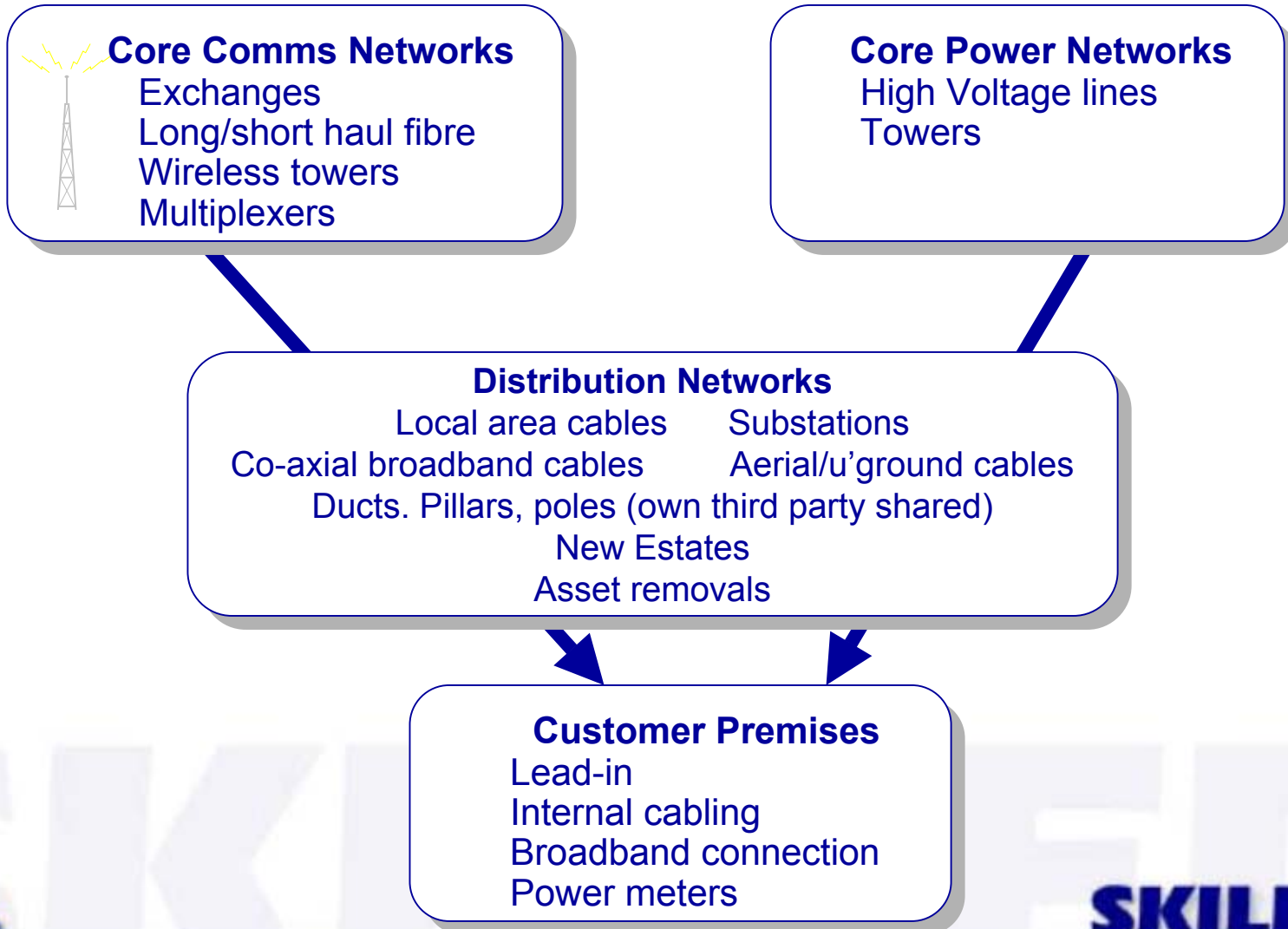
Infrastructure Services

		First Half 2002/03	First Half 2001/02	% Change
Sales	A\$000's	75,058	66,928	+12%
EBIT	A\$000's	3,543	3,242	+9%
EBIT %		4.7%	4.8%	-

- Sales increase of 12%
 - SEM = +78%
 - Communications & Power = +6%
 - Telstra AN Contracts = flat
- EBIT margin: 4.7% (LY = 4.8%)



Skilled Infrastructure Services - Activities



Skilled Infrastructure Services – Key Strategic Focus

- SIS one of 8 Telstra distribution network suppliers and expects to play a long-term role
- SIS expects to become one of a small number of core network suppliers
- SIS has been reconfigured to use contractors to provide a more flexible and low risk approach - supported by new IT
- SIS is positioned to take advantage of future outsourcing in the power distribution industry
- SIS is developing additional infrastructure expertise (eg water, gas) through its growing asset removal activities
- SIS is implementing new IT platform to facilitate further growth and provide comprehensive solutions to new markets eg: broadband
- SIS contracting capability extends to other markets



In Summary

- Many opportunities to continue to expand and profitably grow the business
- Continue to concentrate on refinement of business model
- No discernable impact from any reported economic slowdown
- Acquisition will be considered where they contribute to strategic capability
- Expect second half earnings to be about in line with first half (excluding the non-recurring item)



Appendices

- Statement of Financial Performance
- Statement of Financial Position
- Sales Revenue: 10 Year History
- Earnings Before Interest & Tax: 10 Year History
- Net Profit After Tax by Half Year
- Net Profit After Tax by Full Year



Statement of Financial Performance

	First Half 2002/03 A\$000	First Half 2001/02 A\$000	Increase / (Decrease)
Sales Revenue	324,181	286,141	+14%
EBDAIT	15,216	10,568	+44%
Depreciation and	(2,582)	(2,855)	
EBIT	12,634	7,713	+64%
Net Interest	(496)	(1,165)	
Profit/(Loss) before Tax	12,138	6,548	+85%
Taxation	(3,616)	(1,999)	
Net Profit/(Loss) after	8,522	4,549	+87%
EBIT Margin	3.9%	2.7%	



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YOUR FLEXIBLE WORKFORCE

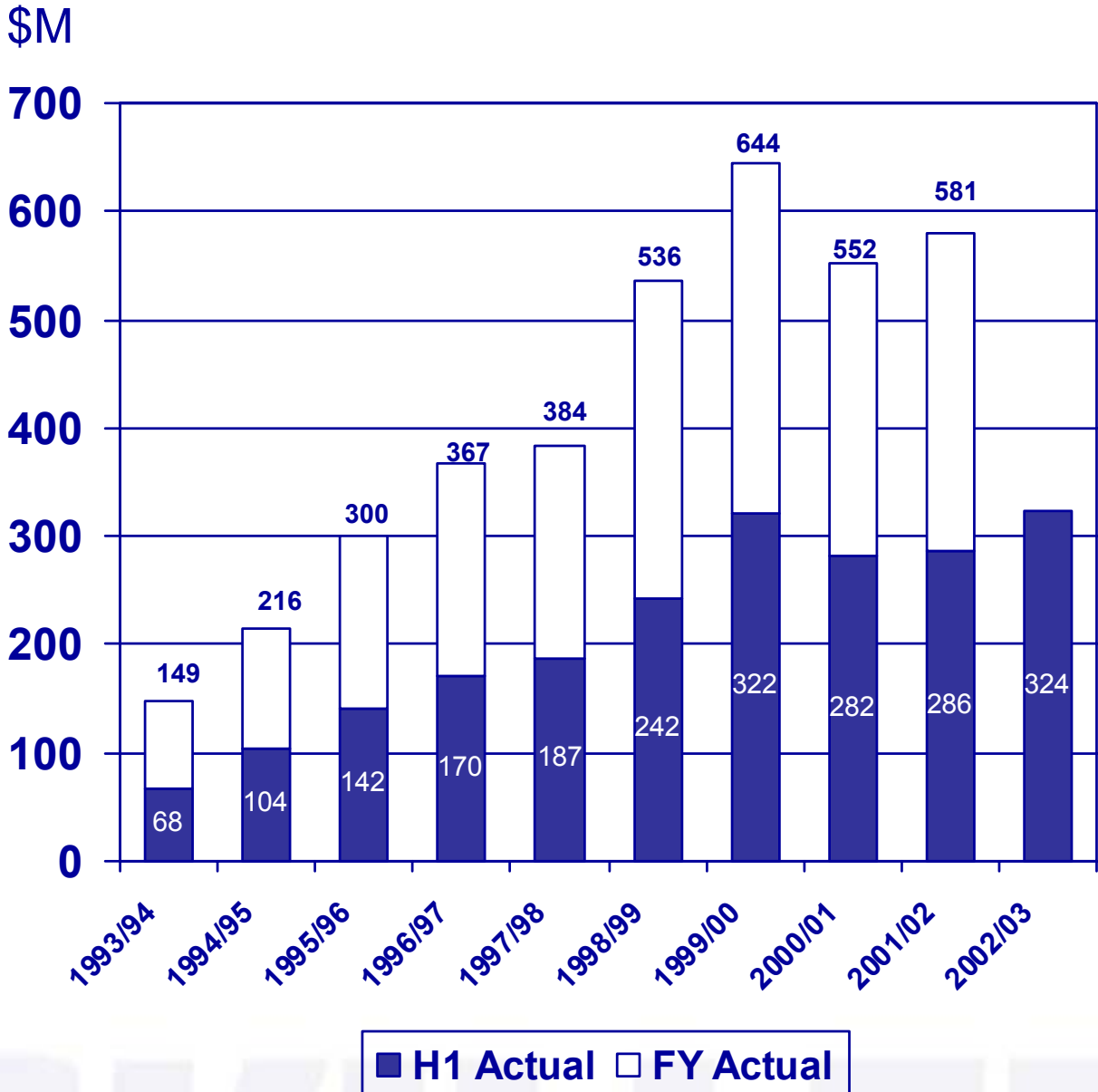
Statement of Financial Position

	31 December 2002 A\$000	30 June 2002 A\$000
Current Assets		
Cash	2,405	2,107
Receivables	91,083	81,954
Inventories	5,057	4,529
Other – Prepayments	3,359	3,144
Total Current Assets	101,904	91,734
Non-Current Assets		
Receivables	296	203
Investments (equity accounted)	269	317
Property, Plant and Equipment	17,547	15,963
Intangibles	25,651	26,227
Deferred Tax Assets	2,582	3,668
Other – Prepayments		278
Total Non-Current Assets	46,345	46,656
Total Assets	148,249	138,390
Current Liabilities		
Payables	40,686	44,638
Interest Bearing Liabilities	3,239	3,465
Current Tax Liabilities	901	3,841
Provisions	19,716	23,139
Total Current Liabilities	64,542	75,083
Non-Current Liabilities		
Interest Bearing Liabilities	21,278	13,830
Provisions	3,379	2,526
Total Non-Current Liabilities	24,657	16,356
Total Liabilities	89,199	91,439
Net Assets	59,050	46,951
Shareholders' Equity		
Contributed Equity	44,782	41,042
Reserves	4,670	4,833
Retained Profits	9,598	1,076
Total Shareholders' Equity	59,050	46,951



Sales Revenue 10 Year History

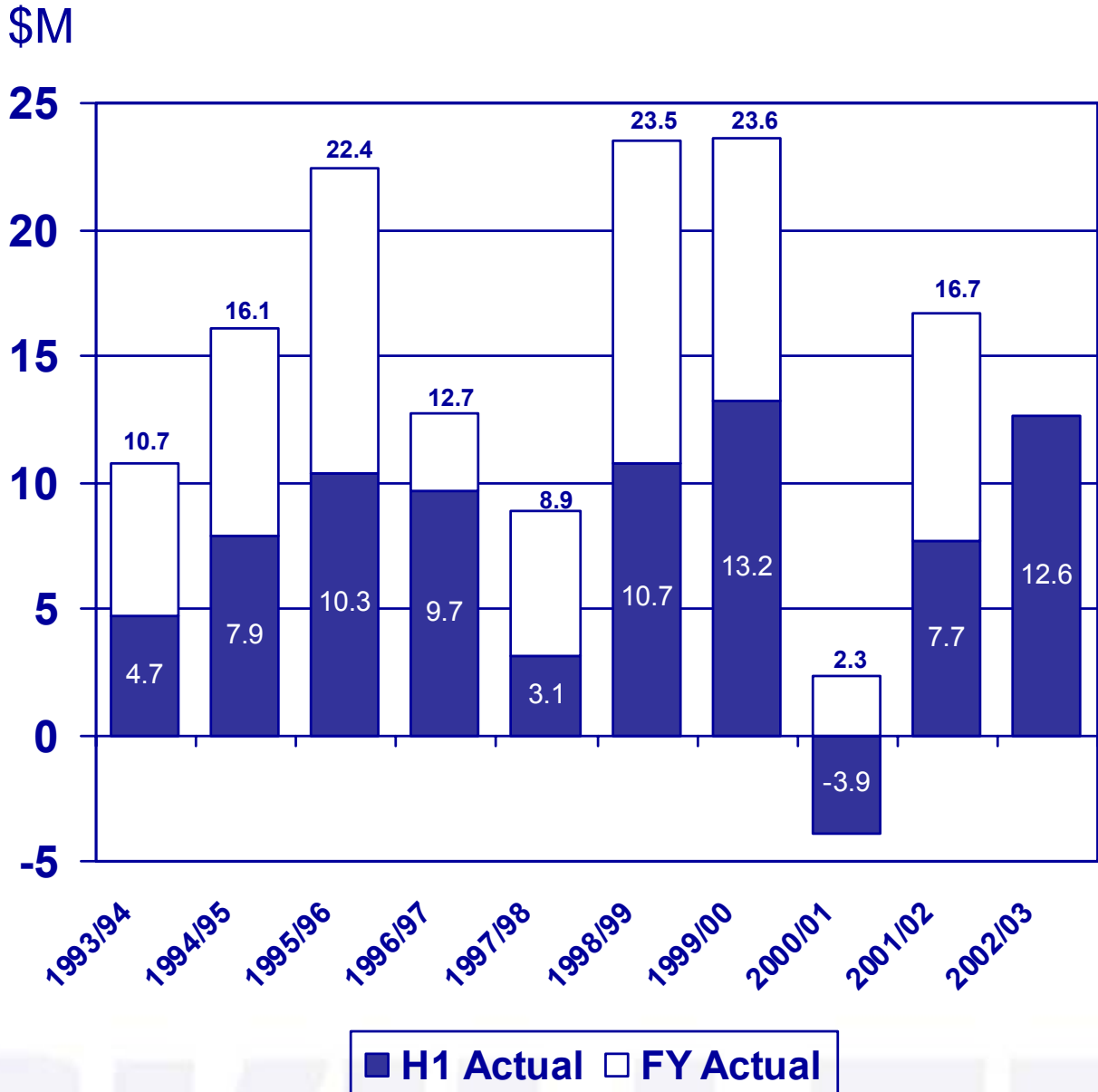
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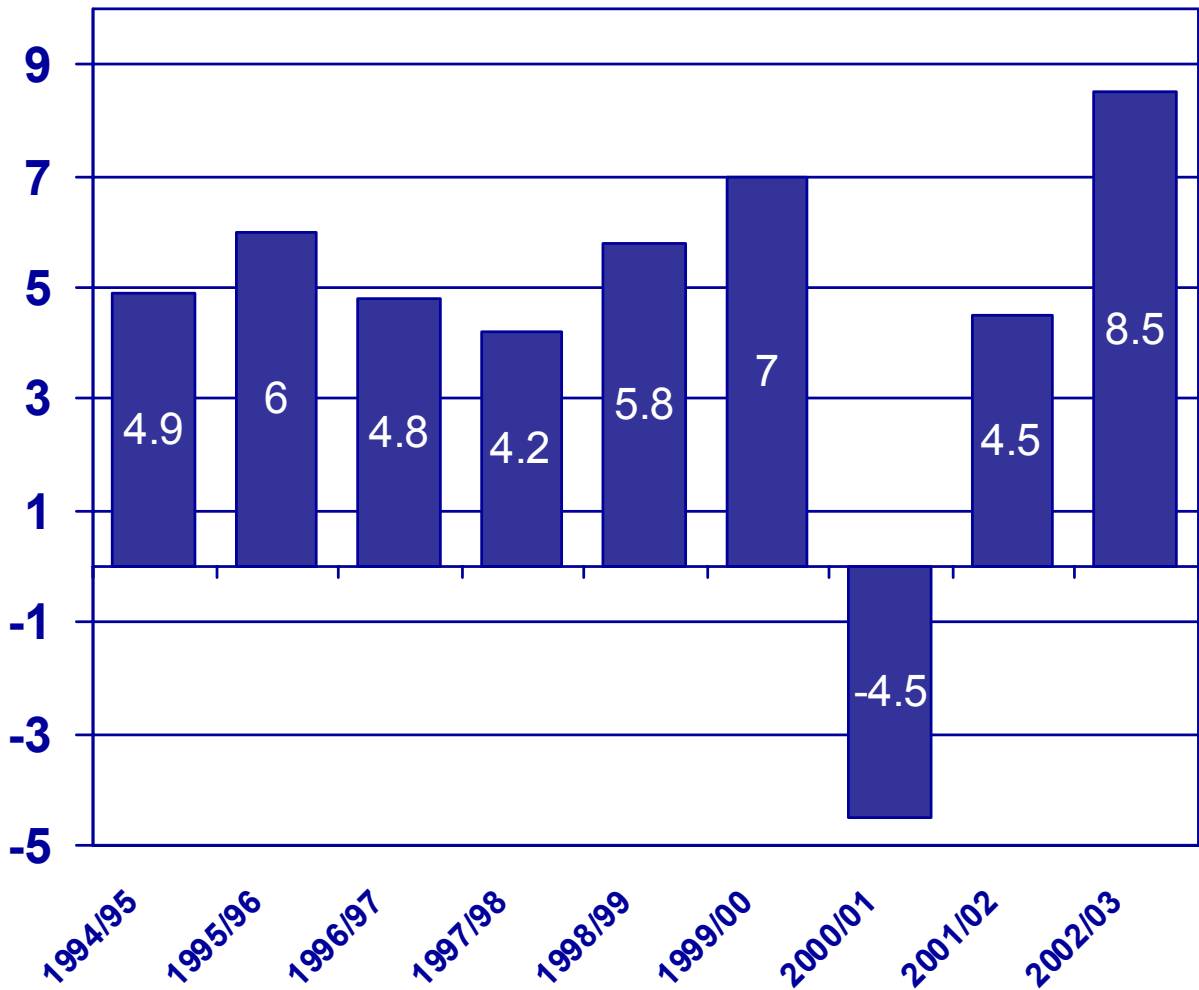
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Earnings Before Interest & Tax 10 Year History



Net Profit After Tax by Half Year

\$M



■ First Half Net Profit

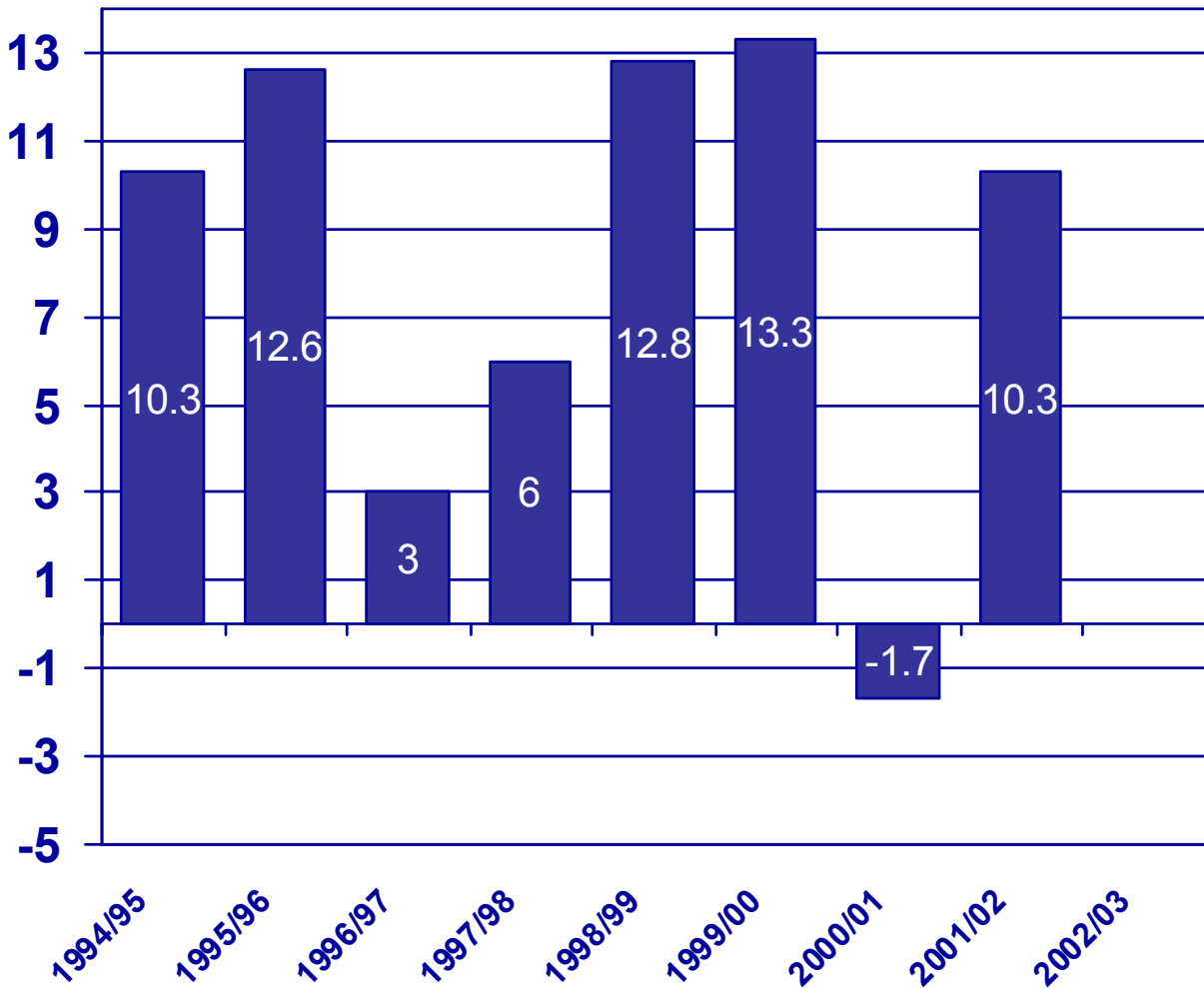


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Net Profit After Tax Full Year

\$M



■ Full Year Net Profit



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