

23 June 2014

Mobilisation of Saipem project and working capital facility in place

As previously announced, SKILLED Offshore has been awarded a significant contract with Saipem to provide manning services to the Ichthys Gas Export Pipeline project. This project will construct an 889 kilometre subsea pipeline connecting the offshore central processing facility to the onshore processing facility in Darwin. Under the contract, SKILLED Offshore will provide approximately 1,000 qualified construction & marine crews for engagement on the pipe-lay vessels. The total contract value for SKILLED Offshore is approximately \$200 million. This phase of the project is due to be completed by June 2015.

The first phase of the project has commenced with the first vessel now mobilised. To provide funding for the potential working capital requirements of this project, SKILLED has established an additional tranche of its senior debt facility of \$90 million. The additional tranche will mature in August 2015.

It is expected that SKILLED's net debt will peak in 1H15 then reduce in 2H15 in line with the work program for the Saipem project. The financing of the additional tranche was well supported by the four major domestic banks in SKILLED's existing syndicate with favourable pricing compared to SKILLED's existing facilities.

Outlook

The outlook for FY14 and FY15 remains consistent with the previous update (7 May 2014).

FY14

- Includes a strong performance in the second half in Engineering and Marine Services from:
 - improved oil and gas activity levels in OMS Australia;
 - Broadsword Marine Services continuing to trade well, with high vessel utilisation in Q4; and
 - T & C Services' performance in line with expectations.
- The cost reduction program is on track to deliver ~\$15 million in savings, helping to offset continued weakness in macroeconomic conditions.
- As expected, net debt as at 30 June 2014 will be affected by the acquisitions of Broadsword and T&C Services, the purchase of additional vessels in Broadsword (ex GSS ~ \$32 million) and the initial working capital build up associated with the Saipem project.

FY15

- EBITDA growth is expected to be supported by full year contributions from the Saipem project and T&C Services; increased activity in Broadsword; stabilisation of volumes in Workforce Services and Technical Professionals; and underpinned by continued cost discipline.
- The equity contribution from the OMSA JV and earnings from manning services provided by OMS Australia to the OMSA JV for the Gorgon project are expected to reduce through to December 2015, in line with the anticipated wind-down of activity levels and de-mobilisation of vessels. This financial impact should be offset by the contribution from the Saipem project in FY15.

SKILLED remains well positioned for longer term benefits from:

- any improvement in economic activity and expansion in oil & gas, mining, infrastructure and telecommunications volumes;
- ongoing strategy implementation supporting further cost reduction; and
- a strong balance sheet to continue to support dividends and investment in future growth.

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About SKILLED Group

SKILLED Group Limited is Australia's leading provider of labour hire and workforce services. SKILLED Group has 100 offices across Australasia with annualised revenues of around A\$1.9billion. SKILLED partners with clients to improve their workforce efficiency, enhance safety performance and increase productivity levels. SKILLED is listed on the Australian Securities Exchange (ASX: SKE) and has approximately 5,600 shareholders, predominantly in Australia.