

# ASX Announcement



**15 December 2014**

## **SKILLED appoints Managing Director and Chief Executive Officer**

The Chairman of SKILLED Group, Ms Vicki McFadden, announced today the appointment of Mr Angus McKay as Managing Director and Chief Executive Officer of SKILLED.

The SKILLED Board appointed Mr McKay after conducting an extensive search both within Australia and overseas for a candidate with the appropriate skills and experience to lead SKILLED in the next phase of its development.

Mr McKay has had a successful career both in Australia and overseas. He was most recently employed by Asciano as Managing Director, Pacific National Rail from 2012- 2014 (a Division of Asciano) and was Asciano's Chief Financial Officer from 2010 – 2013 and Acting CEO from February – April 2012. During that time he significantly reshaped the business strategy, expanded Pacific National into new markets, improved operating margins and returns, implemented a customer engagement model, and enhanced investment in operations resulting in increased efficiency and improved capability.

Prior to these positions at Asciano, Mr McKay was employed by the Foster's Group Ltd from 2004 in a number of financial roles, including Chief Financial Officer from 2008 – 2010. In addition to responsibility for the financial aspects of the Foster's Group, Mr McKay was responsible for strategy and business development and investor relations.

Prior to joining Foster's, Mr McKay held a number of internationally based senior finance roles.

Ms McFadden said that the Board was delighted to appoint a candidate with a strong people and customer focus. This focus combines with a track record of developing and implementing strategy and growing businesses, whilst managing costs and improving profitability."

"Angus is a highly regarded executive with local and overseas experience known for his ability to think strategically and to grow a business whilst leveraging the capability of his team. I am very confident that Angus will successfully steer the company through its next phase and under his stewardship it will realise its future growth potential."

Mr McKay said "I am delighted to be joining SKILLED. The business is uniquely positioned and has a tremendous opportunity to participate across a wide range of market segments. I am looking forward to working with the wider team and leading the business in its next phase of development."

Mr McKay will take up his role at SKILLED on 20 January 2015.

Mr McMahan will step down as CEO and Managing Director from 20 January 2015. In acknowledging Mr McMahan's contribution to the Company, Ms McFadden said, "Mr McMahan has been a wonderful CEO and having completed a significant turnaround exercise leaves SKILLED in great shape with a good management team, well positioned to take advantage of future growth opportunities. Mr McMahan will work closely with Mr McKay to facilitate a smooth handover."

A summary of Mr McKay's experience and terms of employment is attached.

For further information please contact:

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**Summary of experience:**

**Mr Angus McKay, Chief Executive Officer, SKILLED Group**

<b>2010 - 2014</b> 2012 – 2014 2010 – 2013	<b>ASCIANO</b> Managing Director, Pacific National Rail Chief Financial Officer, Asciano
<b>2004 – 2010</b> 2008 – 2010 2006 – 2008 2005 – 2006 2004 - 2005	<b>FOSTER'S GROUP LTD</b> Chief Financial Officer Director, Finance Australia, Asia & Pacific (AAP) Finance Director Carlton United Beverages (CUB) VP Finance Foster's Corporate
<b>2002 - 2004</b>	<b>NEW ZEALAND MILK</b> Chief Financial Officer
<b>1999 - 2002</b>	<b>UNITED DISTILLERS &amp; VINTNERS – A Diageo Company</b> Senior VP Finance UDV Spirits & CFO UDV Global Wines
<b>1997 – 1999</b>	<b>GUINNESS LIMITED – A Diageo Company</b> CFO and Senior VP Finance, Guinness North America
<b>1992 - 1997</b> 1996 – 1997 1995 - 1996 1992 – 1994	<b>UNITED DISTILLERS – A Diageo Business</b> Director Business Development (UK Based) Controller – International Region (UK Based) Controller UD Australia
<b>1986 - 1992</b>	<b>IBM AUSTRALIA CORPORATION</b>

**The material terms of Mr McKay's employment are summarised below:**

**Total Fixed Package**

\$1,250,000 per annum (including superannuation & other non-cash benefits), to be reviewed 1 October each year.

**Short term incentive (STI)**

Nil

**Long term incentive (LTI)**

**Initial Grant Upon Commencement**

Subject to obtaining any required shareholder approval required, Mr McKay will receive a grant of performance rights equal in value to 50% of Total Fixed Package, to be issued in accordance with the SKILLED Long Term Incentive Plan Rules.

The number of performance rights to be issued will be determined by dividing 50% of Total Fixed Package by the VWAP of SKILLED shares traded on the ASX during the 5 day period commencing one day after announcement of his appointment as CEO.

These performance rights will be issued following shareholder approval at the 2015 AGM.

Performance rights will be subject to a vesting period to 31 December 2017 and will be subject to the following performance criteria:

- 50% will be measured against earnings per share measures specified below, and
- 50% will be measured against total shareholder return specified below.

**Earnings per Share (EPS) – Vesting Schedule**

<b>Performance</b>	<b>3 Year EPS 1 January 2015 – 31 December 2017</b>	<b>Vesting</b>
<b>Below Threshold</b>	Less than 3% Compound Annual Growth (CAGR)	0%
<b>Threshold</b>	3% CAGR	25%
<b>Between Threshold &amp; Target</b>	Between 3% and 5% CAGR	Straight line vesting between 25% & 50%
<b>Target</b>	5% CAGR	50%
<b>Between Target &amp; Stretch</b>	Between 5% and 7% CAGR	Straight line vesting between 50% & 100%
<b>Stretch</b>	7% CAGR	100%

**Relative Total Shareholder Return (Relative TSR) – Vesting Schedule**

The peer group for comparison of the Relative TSR is the ASX200 group of companies excluding financial institutions and including some key competitors.

<b>Performance Level</b>	<b>Relative TSR 1 January 2015 – 31 December 2017</b>	<b>Vesting</b>
<b>Below Target</b>	Below 50 <sup>th</sup> Percentile	0%
<b>Target</b>	50 <sup>th</sup> Percentile	50%

<b>Between Target &amp; Stretch</b>	Between 50 <sup>th</sup> and 75 <sup>th</sup> Percentile	Straight line vesting between 50% & 100%
<b>Stretch</b>	75 <sup>th</sup> Percentile	100%

No amount is payable by Mr McKay for the issue of these performance rights.

Performance rights that do not meet the performance criteria will lapse

#### Subsequent Performance Rights Grants

Subsequent performance rights grants will be issued in two components comprising an at “target” award of 50% of Total Fixed Package and a “Stretch” award representing an additional 50% of Total Fixed Package. These grants will be subject to such shareholder approval as may be required and will be issued in accordance with the SKILLED Long Term Incentive Plan Rules as apply at that time. Performance rights will be subject to performance criteria applying under the Long Term Incentive Plan Rules at the time.

If shareholder approval is not granted to the grant of any performance rights, the Board may instead make an equivalent cash payment, subject to such performance criteria as determined by the Board.

#### **Termination**

- SKILLED may terminate the employment of Mr McKay by giving 52 weeks’ notice or payment in lieu of notice.
- Mr McKay must provide 52 weeks’ notice of resignation.
- If there is a reorganisation, merger or change of control which, without Mr McKay’s prior consent, results in:
  - him ceasing to hold the position of Managing Director and CEO of SKILLED or the reorganised or merged group; or
  - his status, duties or authorities being materially diminished,

Mr McKay may within 6 months of this change occurring, provide 6 months’ notice of resignation, or such lesser period of notice as may be agreed in the circumstances.
- SKILLED may provide 6 months’ notice of termination in the following situations:
  - if the Board has provided notice of unsatisfactory performance and after a reasonable period of time (not exceeding 6 months), determines that the deficiencies have not been adequately remedied;
  - after absence of 26 weeks in any 52 consecutive weeks; or
  - if Mr McKay becomes permanently incapable of performance the responsibilities and duties of his office.
- SKILLED may immediately terminate Mr McKay’s employment for cause, such as misconduct.

In the event of termination, Mr McKay will receive outstanding salary, superannuation, accrued leave and any other benefits or entitlements which have accrued or which accrue at termination.

#### **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 6,700 shareholders, predominantly in Australia.