Results for the six months ended 31 December 2014

Presented by: Angus McKay, CEO and Gary Kent, CFO
Date: 11 February 2015

Disclaimer

This presentation includes “forward-looking statements.” Statements which are not based on historic or current facts may be forward-looking statements. These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate” and “expect”.

- Forward-looking statements are based on assumptions regarding SKILLED’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which SKILLED will operate.
- Forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed and are subject to various risks and uncertainties. Actual results, performance or achievements of SKILLED could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this presentation are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of SKILLED, which may cause the actual results, performance or achievements of SKILLED to differ materially from those expressed or implied by the forward-looking statements. For example, the factors that are likely to affect the results of SKILLED include general economic and labour market conditions in Australia, downturn in the industries SKILLED operates in, market competition, political changes that impact demand for workers, loss of key contracts and regulatory risks.
- The forward-looking statements contained in this presentation should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive.
- SKILLED disclaims any responsibility for the accuracy or completeness of any forward-looking statement. SKILLED disclaims any responsibility to update or revise any forward-looking statement to reflect any change in SKILLED’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.
- The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of SKILLED. Unless otherwise stated, all amounts are based on AIFRS and are in Australian Dollars. Certain figures may be subject to rounding differences. Any market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.
- You must not place undue reliance on these forward-looking statements.
- This presentation is not an offer or invitation for subscription or purchase of, or a recommendation of securities.
- This presentation is unaudited. Notwithstanding this, the presentation includes certain financial data which is extracted or derived from the Half Year Financial Report for the six month period ended 31 December 2014 which has been reviewed by the Group’s Independent Auditor.

Introduction & Agenda

Angus McKay

Chief Executive Officer

- Group Highlights
- Outlook

Gary Kent

Chief Financial Officer

- Financial Results

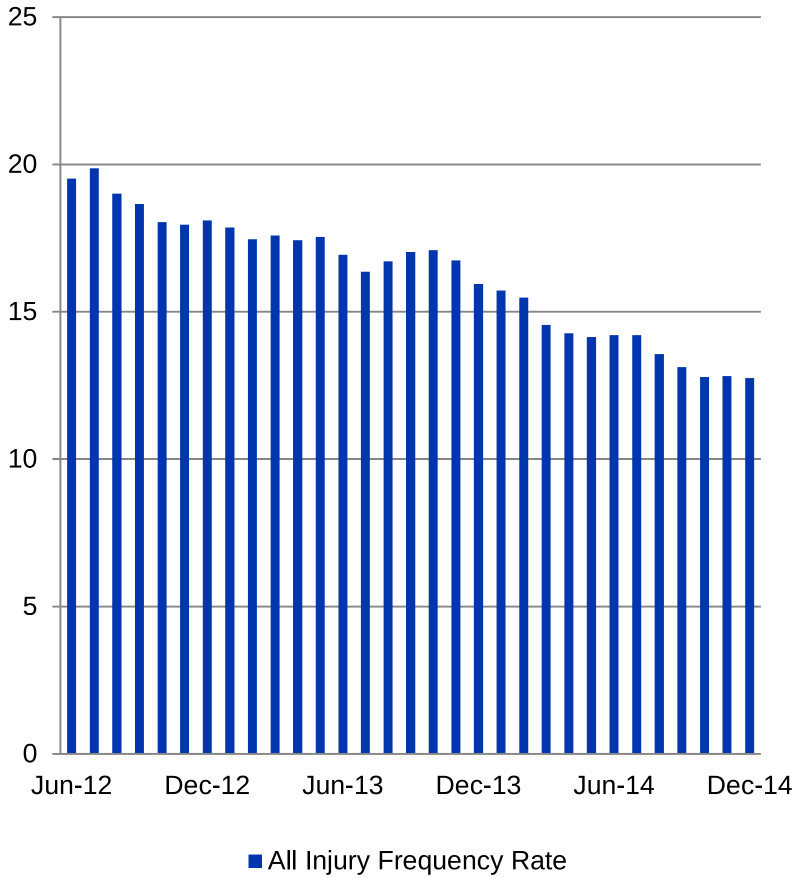
SKILLED 50 YEARS STRONG

Group Highlights

Angus McKay, CEO

Safety Performance

Continued improvement in AIFR[1] reflects ongoing safety focus



Safety is core to SKILLED's culture

- Continued reduction in workers' compensation costs
- Risk-based approach to safety management via the Golden Rules

[1] All Injury Frequency Rate

SKILLED 50 YEARS STRONG

1H15 Group Performance

Solid result in challenging markets

	1H15	% change vs 1H14
Sales revenue[1] ($m)	1,001.9	10.6%
EBITDA[2] ($m)	49.3	12.3%
EBIT[2] ($m)	41.9	9.3%
Reported NPAT ($m)	21.2	0.8%
Underlying NPAT[3] ($m)	26.7	2.6%
Reported EPS (cps)	9.0	-
Underlying EPS (cps)	11.3	1.8%
Return on capital employed[4]	12.4%	(125bps)
Operating cash flow (before tax) ($m)	5.2	(60.1)%
Capital expenditure ($m)	8.4	(2.4)%
Dividend (cps)	7.5	-

[1] Includes equity accounted income from joint ventures
[2] As per segment reporting
[3] Refer to appendix for reconciliation of underlying NPAT to reported NPAT. Underlying NPAT is an unaudited non-IFRS measure
[4] EBIT / Average capital employed

SKILLED
50 YEARS STRONG

1H15 Highlights

Strengthened and diversified earnings base is delivering results

- Growth led by Engineering & Marine Services
- EBITDA margin of 4.9% supported by an enhanced business mix and cost management initiatives
- Thomas & Coffey exceeding expectations. Integration with ATIVO well advanced and delivering scale and capability benefits
- Saipem project progressing well, work now expected to continue in FY16
- Positive flow of seismic and drilling activities expected to continue
- Creation of SKILLED Marine through combination of OMSA and Broadsword
  - OMSA now 100% owned and performing ahead of expectation
  - Solid Q1 for Broadsword; disappointing Q2 performance largely driven by termination of Western Desert Resources project. Integration with OMSA will accelerate turnaround.
- Positive trends in Technical Professionals (excl. Swan)
- On track to deliver at least $15 million in cost savings in FY15
- Continued progress in automation, standardisation and centralisation of core processes

1H FY15 – Engineering & Marine Services

Delivering results and positioned for the next phase of growth

Financial Performance	• Revenue \$431.7m • EBITDA \$36.4m • EBITDA margin 8.4%
Clients & Business Position	• Strong revenue growth led by Thomas & Coffey acquisition and Saipem project • Saipem work plan growing and expected to continue into FY16 • Positioned across entire life cycle of resource projects • OMSA and Broadsword combined to form SKILLED Marine
Business Focus	• Capitalise on Engineering integration opportunity (ATIVO + Thomas & Coffey) leveraging scale and capability on a national basis • OMSA now 100% owned, positioning for next phase of Gorgon and other opportunities as part of a combined Marine business • Link activities to leverage whole of client relationship

SKILLED
50 YEARS STRONG

1H FY15 – Workforce Services

Retaining clients but insourcing having an adverse impact; addressing challenge of persistent margin pressure

Financial Performance	• Revenue \$405.3m • EBITDA \$12.3m • EBITDA margin 3.0%
Clients & Business Position	• Insourcing has affected volumes and margins • Key clients being retained; benefiting from supplier consolidation • Pipeline of future prospects but slower than expected conversion • Transformation activities delivering improved customer service
Business focus	• Market changes are structural, conditions are the new 'norm' • Business model must rapidly change to reflect market dynamics and clients' preferences – innovation is required • Accelerating efficiency and effectiveness initiatives • Much improved pricing discipline and cost management

1H FY15 – Technical Professionals

Decline vs. pcp but stable revenue and EBITDA growth vs. 2H14

Financial Performance	• Revenue $168.7m • EBITDA $8.1m • EBITDA margin 4.8%
Clients & Business Position	• Overall business stabilisation and profitability improvement on 2H14 • Pick–up in demand for permanent and contractor roles (excl. Swan) • Positive trend in white collar revenues and margins • Swan affected by decrease in front end engineering and design work
Business focus	• Target organic growth in specific sectors e.g. trainees & apprentices, health, niche white collar segments • Maintain focus on process improvement • Whole of client service model and seek out vertical integration opportunities

Financial Results

Gary Kent, CFO

SKILLED
50 YEARS STRONG

1H15 Financial Results

	1H15	1H14	*% change*	2H14
Sales revenue[1] ($m)	1,001.9	906.3	*10.6%*	967.1
EBITDA[2] ($m)	49.3	43.9	*12.3%*	51.5
EBITDA[2] margin	4.9%	4.8%	*8bps*	5.3%
Reported NPAT ($m)	21.2	21.0	*0.8%*	23.2
Underlying NPAT[3] ($m)	26.7	26.0	*2.6%*	29.2
Reported EPS (cps)	9.0	9.0	-	9.9
Underlying EPS (cps)	11.3	11.1	*1.8%*	12.5
Return on capital employed[4]	12.4%	13.7%	*(125bps)*	14.2%
Operating cash flow (before tax) ($m)	5.2	13.1	*(60.1)%*	67.8
Capital expenditure ($m)	8.4	8.6	*(2.4)%*	(42.4)
Net debt ($m)	220.6	132.9	*66.1%*	170.1
Gearing[5]	31.4%	21.9%	*950bps*	26.2%
Dividend (cps)	7.5	7.5	-	9.5

Increase in revenue, EBITDA, NPAT and EPS vs pcp

- Growth led by Engineering & Marine Services
- EBITDA margin 4.9%, up from 4.8%

On track to achieve at least $15 million in cost savings in FY15

Interim dividend of 7.5 cps, consistent with pcp

- Fully franked

Operating cashflow, debt and gearing in line with expectations

[1] Includes equity accounted income from joint ventures
[2] As per segment reporting
[3] Refer to appendix for reconciliation of underlying NPAT to reported NPAT. Underlying NPAT is an unaudited non-IFRS measure
[4] EBIT/Average capital employed
[5] Debt/(Debt + Equity)

SKILLED 50 YEARS STRONG

Segment Performance

		Sales $m	EBITDA[2] $m	EBITDA margin
Engineering & Marine Services[1]	**1H15**	**431.7**	**36.4**	**8.4%**
	2H14	365.6	35.6	9.7%
	1H14	252.3	22.7	9.0%
Workforce Services	**1H15**	**405.3**	**12.3**	**3.0%**
	2H14	431.7	15.8	3.7%
	1H14	452.6	19.4	4.3%
Technical Professionals	**1H15**	**168.7**	**8.1**	**4.8%**
	2H14	172.3	7.2	4.2%
	1H14	202.8	9.3	4.6%
SKILLED Group[1]	**1H15**	**1,001.9**	**49.3**	**4.9%**
	2H14	967.1	51.5	5.3%
	1H14	906.3	43.9	4.8%

Engineering & Marine Services' growth continues

- Engineering margin increased
- Overall EBITDA margin reduced by move to consolidation of OMSA from equity accounting

Workforce Services continues to be affected by weak market conditions

- Persistent margin pressure, affected by client insourcing
- Acceleration of cost reduction initiatives, weighted to second half

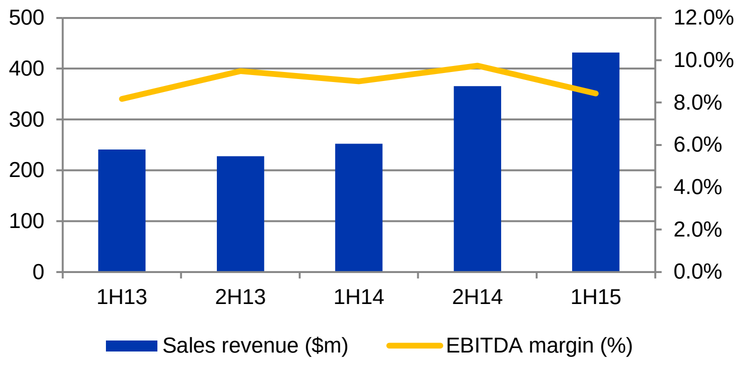
Increased margin overall in Technical Professionals

- Margin improvement in white-collar recruitment
  - IT
  - Telecommunications
- Decline in Swan

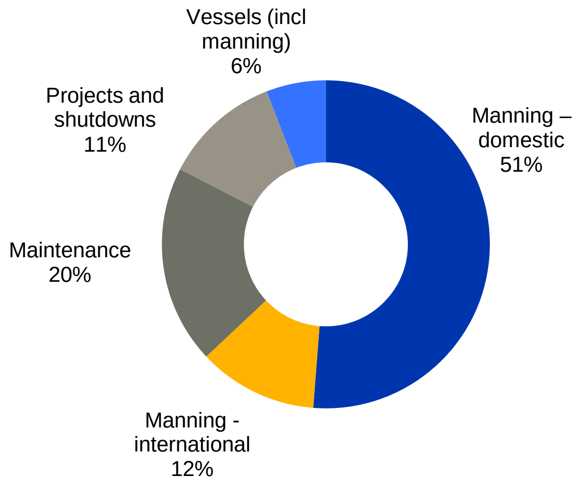
[1] Includes equity accounted income from joint ventures for the period prior to consolidation of OMSA
[2] As per segment reporting

Engineering & Marine Services

Financial performance[1]



Revenue by activity 1H15[2]



Strong revenue trend continues

- 71% revenue increase vs 1H14; 18% increase vs 2H14
  - Contribution from Thomas & Coffey from February 2014
  - Impact of Saipem project

Engineering delivering results and well positioned for further growth

- Benefiting from ability to leverage scale and broad capabilities across national footprint and range of industries
- EBITDA margin increased

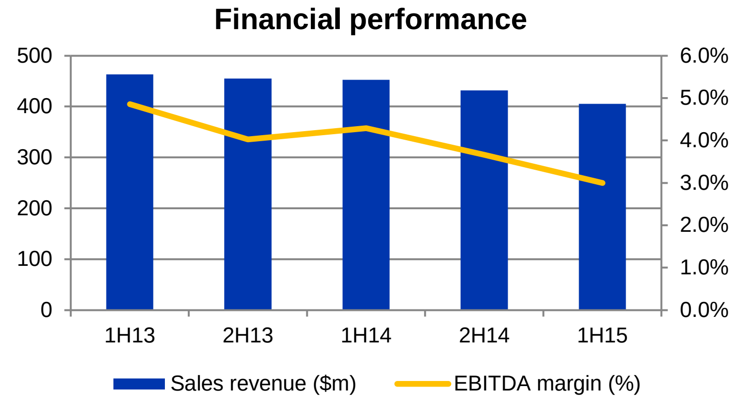
Marine business covering full oil & gas life cycle

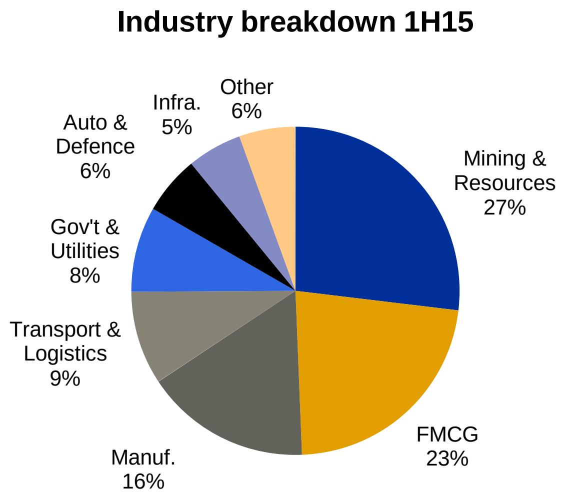
- Customer activity strong in 1H15
- Saipem project work ongoing; Castorone vessel mobilised in Feb-15 and work expected to continue into FY16
- OMSA now 100% owned; continues to de-mobilise vessels consistent with project plan; partly offset by new Gorgon work won
- Broadsword experienced low utilisation rates in Q2, largely as a result of termination of Western Desert Resources project
- OMSA and Broadsword combined to form SKILLED Marine and leverage technical capabilities and Gorgon project expertise across full marine business

[1] Includes equity accounted income from joint ventures for the period prior to consolidation of OMSA
[2] Includes notional 50% share of joint venture revenue for the period prior to consolidation of OMSA

SKILLED
50 YEARS STRONG

Workforce Services





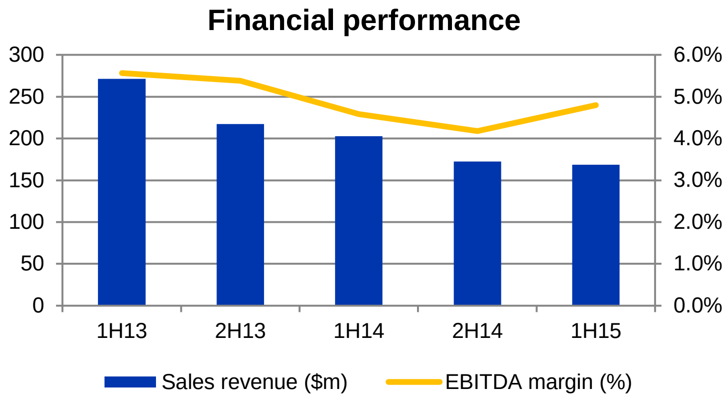
WFS revenue and margin continue to be affected by difficult market conditions

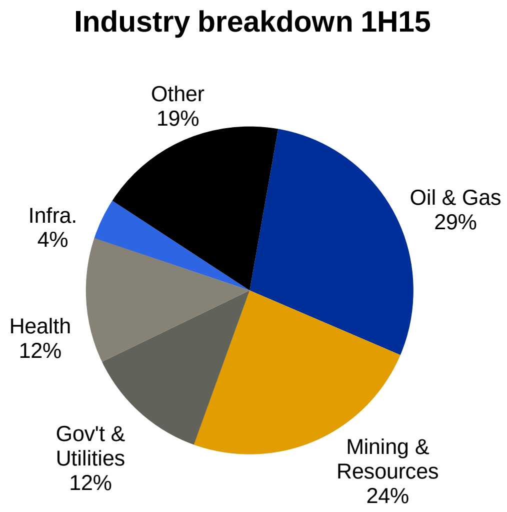
- Activity levels lower overall, but variable across sectors and geographies
- Pipeline of infrastructure projects converting more slowly than expected
- Volumes and margin affected by increased customer insourcing; however, benefiting from supplier consolidation across a broad range of sectors
- Cost reduction program accelerated
- Transformation delivering cost reduction benefits
  - Automation of previously manual activities: online and mobile
  - Centralisation of activities, supporting branches
  - Improved system and organisational capability

Retaining key clients while improving discipline in pricing, costs and working capital

SKILLED 50 YEARS STRONG

Technical Professionals





Overall stabilisation of revenue, with EBITDA and margin growth vs 2H14

Improved demand for technical professional roles

- Pick-up in demand for both permanent and contractor roles, including in NBN-related telecommunications activity
- Positive revenue and margin trends across white-collar recruitment
- SKILLED Health and Training Services improved vs 2H14

Decrease in front end engineering and design project activity adversely affected Swan's revenue and contractor numbers

SKILLED 50 YEARS STRONG

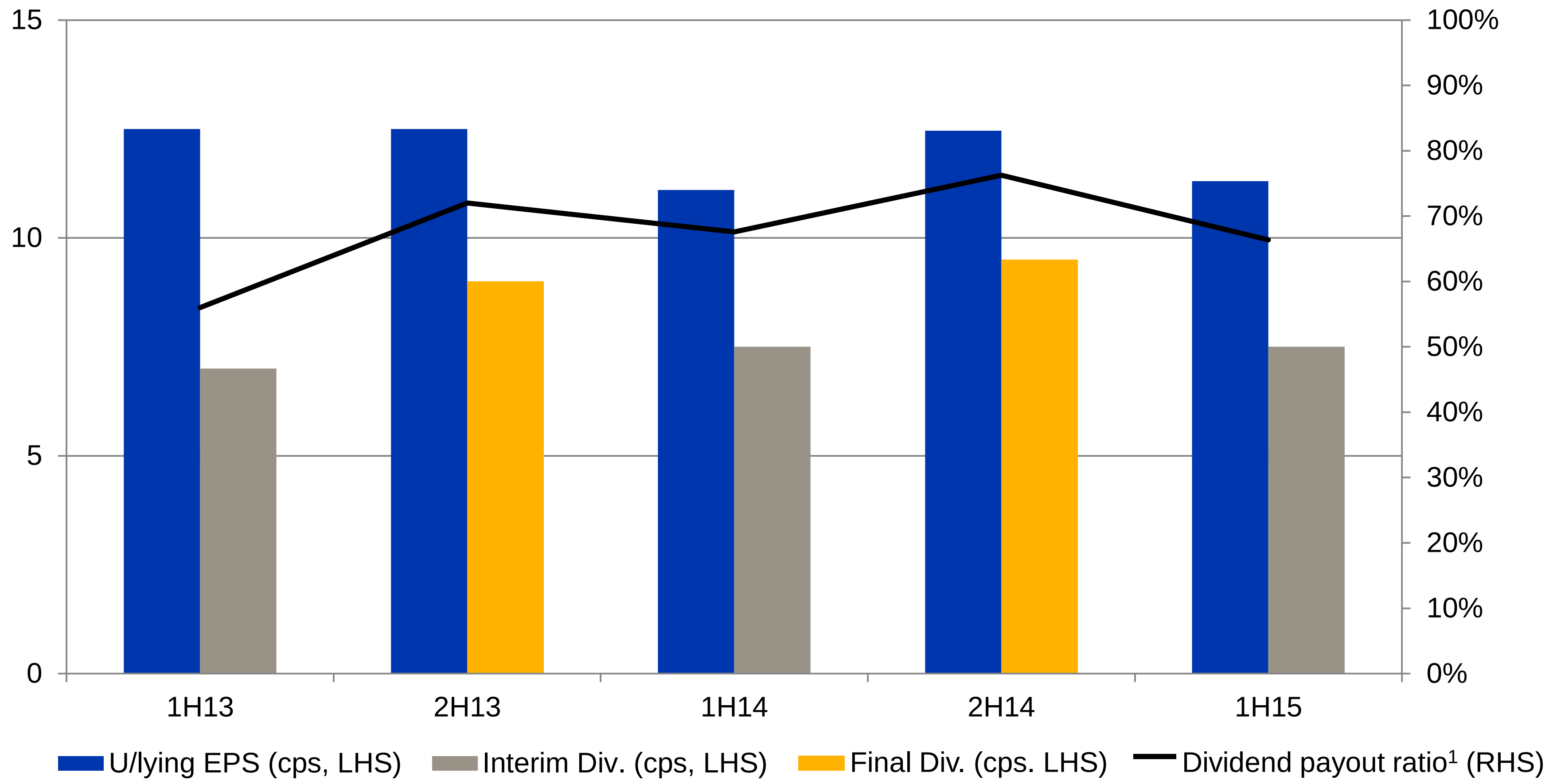
Business Improvement Program

Continued commitment to delivering at least $15m cost savings in FY15

- Year to date savings of $6.3 million
  - Personnel savings; further reductions in Q2 to benefit 2H15
  - Workers' compensation self-insurance
  - Other insurances
- On track to deliver at least $15 million in FY15
  - Full year impact of implemented personnel savings
  - Continued improvements resulting from Agresso (ERP) upgrade and Transformation program
  - Workforce Services business model changes to deliver further savings in second half

Dividend Profile

Consistent dividend level and payout ratio, generating returns for shareholders



[1] Dividend per share / Underlying EPS

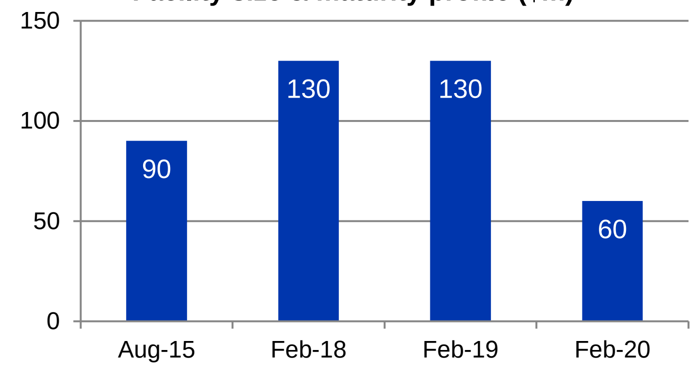
SKILLED 50 YEARS STRONG

Cashflow & Net Debt Position

$m	1H15	1H14	% change	2H14
EBITDA adjusted for non-cash items	**45.2**	**38.4**	**17.7%**	**46.3**
Decrease/(increase) in working capital	(40.0)	(25.3)	**(58.0)%**	21.5
Operating cashflow, excluding tax	**5.2**	**13.1**	**(60.1)%**	**67.8**
Net tax paid	(9.7)	(11.7)	**17.6%**	(8.5)
Operating cashflow after tax	**(4.5)**	**1.4**	**NM**	**59.3**
Net interest paid	(5.4)	(3.0)	**(83.1)%**	(4.3)
Capital expenditure	(8.4)	(8.6)	**2.4%**	(42.4)
Acquisition/earn-out payments[1]	(8.9)	(52.4)	**83.0%**	(34.1)
Dividends paid	(22.3)	(21.0)	**(6.3)%**	(17.6)
Other	(1.3)	(1.3)	**-**	0.3
Total cashflow	**(50.8)**	**(84.9)**	**40.1%**	**(38.8)**
Opening Net Debt	**170.1**	**44.8**	**279.5%**	**132.9**
Cash (inflow)/outflow	50.8	84.9	**(40.1)%**	38.8
Other movements (FX, fees)	(0.3)	3.2	**NM**	(1.6)
Closing Net Debt	**220.6**	**132.9**	**66.1%**	**170.1**
Gearing[2]	**31.4%**	**21.9%**	**95bps**	**26.2%**

- Net debt increase through 1H15 as a result of seasonal factors and working capital to support growth including the Saipem project
- Disciplined working capital management across the Group
- Refinancing announced December 2014:
  - Increased tenor
  - Reduced funding cost
- Substantial headroom – total facility size $410 million vs $231 million drawn

Facility size & maturity profile ($m)



[1] Net of cash/debt acquired
[2] Debt/(Debt + Equity)

SKILLED 50 YEARS STRONG

Observations & Outlook

Angus McKay, CEO

SKILLED
50 YEARS STRONG

CEO Early Observations

- Delighted to have started and to be leading SKILLED through its next phase of development
- A solid foundation for growth has been established
  - Diverse earnings streams
  - Broad sector exposure; acquisitions have strengthened this position
  - Flexibility to operate across multiple cycles and segments
  - High quality employee capabilities
  - Transformation initiatives
- Safety is a priority and differentiator for the Group
- A real opportunity to demonstrate to clients the breadth of SKILLED's existing offering – and to expand in the future
- SKILLED needs to be technologically enabled and embrace the digital world
- SKILLED has a good track record of cost reduction and business improvement which must continue
- BUT need to focus on top line growth
- Need to clearly articulate what SKILLED is capable of doing / being and develop a strategy for the Group's next phase, building the businesses' potential from their foundations

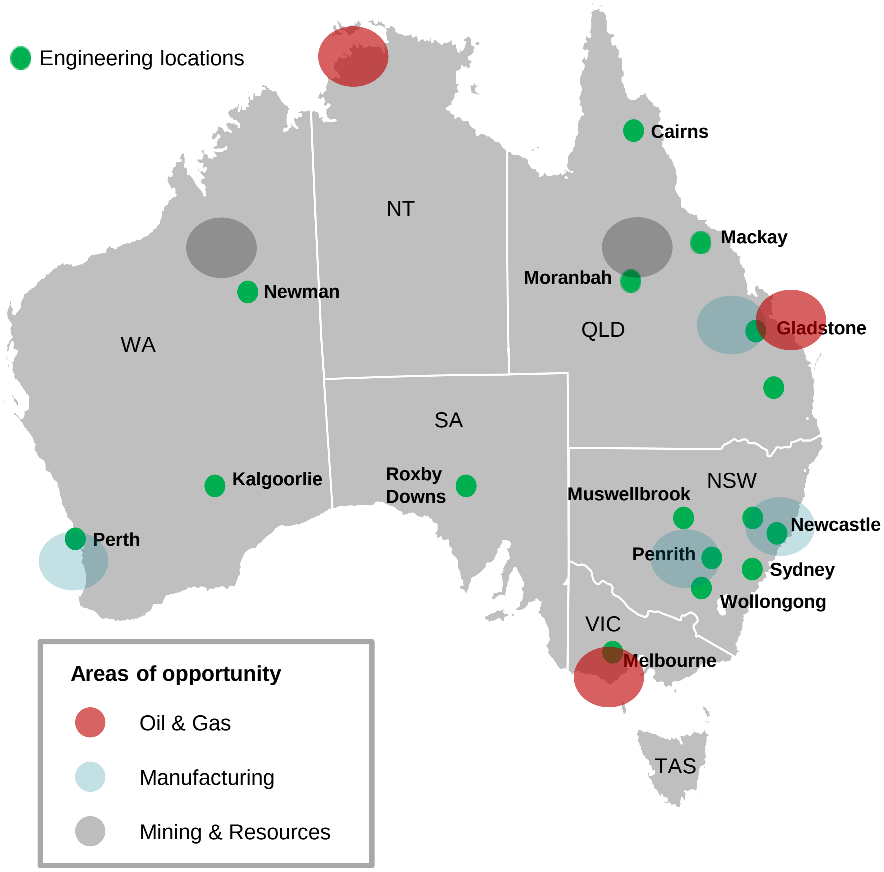
SKILLED Current Strategic Focus

1. Maintain and promote SKILLED's safety leadership position
2. Define / communicate the next phase of development, from current foundations
3. Continue to build scale and capability
   - Focus on higher margin segments
   - Focus on life cycle of activities
   - Leverage and exploit assets and capabilities, including cross-sell opportunities
   - Expand Engineering & Marine Services. The combination of Thomas & Coffey + ATIVO and OMSA + Broadsword have significant potential
4. Leverage the scale and brand strength in Workforce Services and Technical Professionals
   - Pursue operational efficiencies and effectiveness FASTER
   - Adapt the business models to better service clients – this is the new 'norm'
   - Innovate
5. Promote "services" vs. "labour"
   - Target industries where differentiation, and the capability to deliver a customised solution is appropriately valued

Engineering Outlook

National footprint provides access to growth opportunities

Engineering - Locations & Opportunities



- Long term, established client relationships provide foundation of recurring maintenance work
- Combination of Thomas & Coffey and ATIVO provides a broader offer and greater relevance to customers
- Mining volumes (iron ore and coal) remain high, against backdrop of reduced commodity prices
- Strong pipeline of new work across mining, LNG, manufacturing, government and utilities
  - Exposure to mining production volumes rather than commodity prices, with production growth expected in key sectors including iron ore and coal
  - Track record of converting pipeline to revenue at an attractive rate
- New contract wins in Damstra

SKILLED 50 YEARS STRONG

Marine Services Outlook

Strong pipeline of potential new work in offshore Australian oil & gas

Browse
- Pipeline construction FY15/FY16
- Pipeline commissioning FY17/FY18
- Ichthys production FY16+
- Prelude commissioning FY17/FY18

Bayu-Undan
- Next phase exploration FY16

Montara
- Production/maintenance FY15+

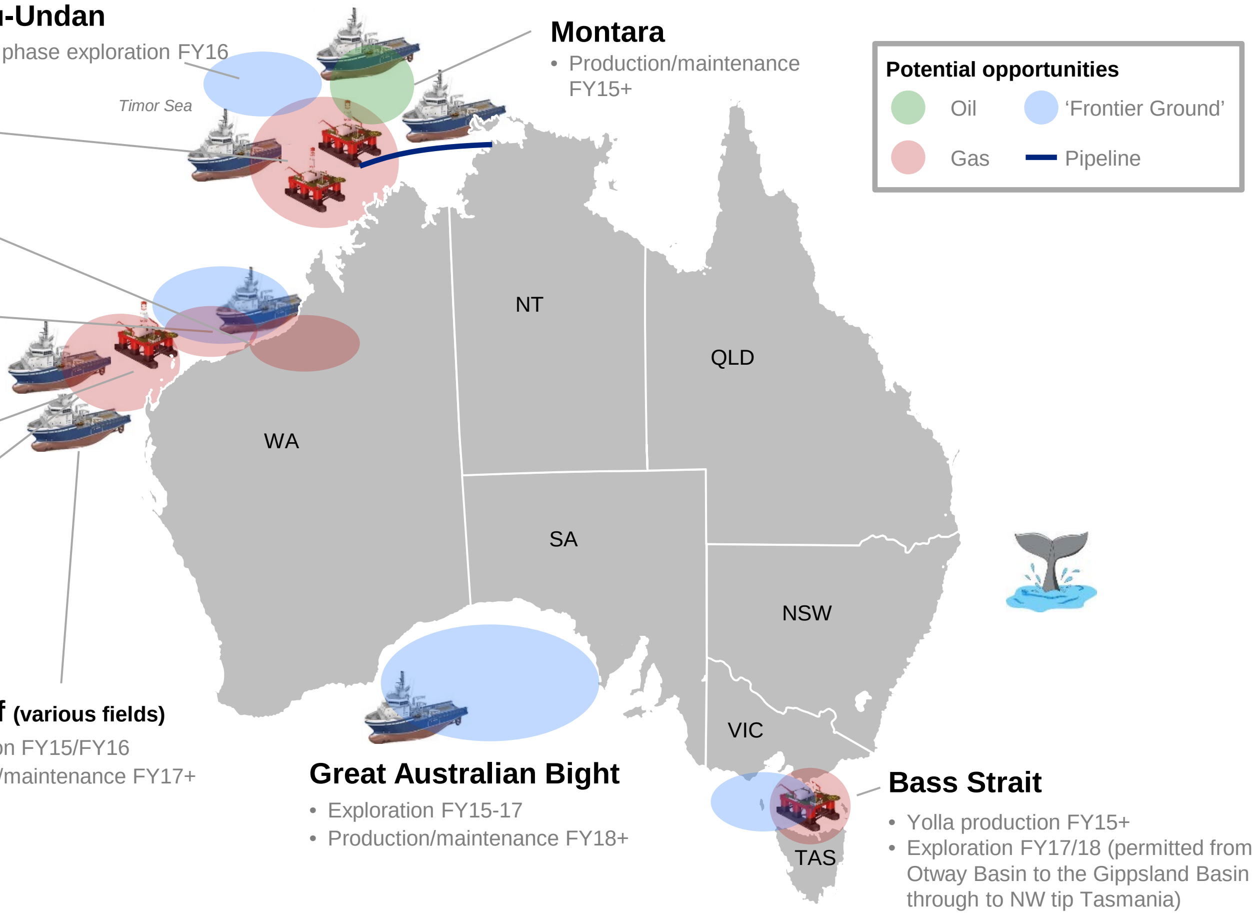
Outer Canning Basin
- Production/maintenance FY15+
- Next phase exploration FY17+

Carnarvon Basin
- Exploration FY15/FY16
- Production/maintenance FY17+
- Next phase exploration FY17+

Wheatstone
- Production/maintenance FY15+

Gorgon
- Construction FY15/FY16
- Production/maintenance FY17+

NW Shelf (various fields)
- Construction FY15/FY16
- Production/maintenance FY17+



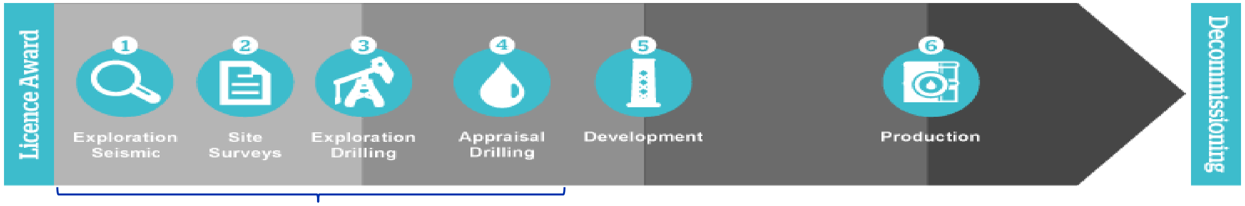
Great Australian Bight
- Exploration FY15-17
- Production/maintenance FY18+

Bass Strait
- Yolla production FY15+
- Exploration FY17/18 (permitted from Otway Basin to the Gippsland Basin through to NW tip Tasmania)

SKILLED
50 YEARS STRONG

Marine Services Outlook

>$1 billion of addressable offshore oil & gas contract work for SKILLED visible over the medium term in Australia



~10%
Pre-construction

~30%
Construction

~50%
Production, maintenance, support

~10%
Post-production

Current addressable contract work profile

- Offshore exploration work is expected to continue in Australia, supported by permit issuance and requirements
- Stable outlook for drilling, with rig numbers expected to remain constant
- Sizable pipeline of construction projects already underway to be completed, which will then shift to production phase
- Substantial investment in new capacity has and will increase long-term oil & gas production base, which will require operating and maintenance services

New Zealand

- Both North and South Islands close to fully permitted for exploration

Utilising SKILLED Marine capability outside oil & gas

- Expertise developed to service the oil & gas industry has applications in other sectors (e.g. port services, transhipment of bulk mining commodities, dredging)

SKILLED 50 YEARS STRONG

Group Outlook

Engineering & Marine Services

- Engineering generating attractive growth across a range of sectors. Major mining projects are moving from the construction to production phase - increases pipeline of opportunities for shutdown and maintenance services
- Castorone vessel mobilised, with work on Saipem project expected to extend into FY16
- Well placed to deliver existing contracts and win new contract work in oil & gas
  - Full life cycle exposure
  - Strong client relationships and established expertise (e.g. OMSA currently an 'A' rated supplier)
  - International platform provides strong base to service global clients
- Expanding SKILLED Marine to service sectors in addition to oil & gas
- New contract wins in Damstra

Workforce Services

- Customer insourcing may continue; business now more resilient with greater efficiency and effectiveness planned for the second half. New panel positions being won and existing business being retained. Margin erosion trend slowing

Technical Professionals

- Modest growth expected across white-collar recruitment, health and training services; contractor numbers in Swan likely to remain weak

Well-established cost improvement, process centralisation and efficiency program

- On track to deliver at least $15 million of savings in FY15

Longer term outlook based on strong market positions, diversified business foundation and an agile business model

- Further update on SKILLED Group strategy to be delivered in due course

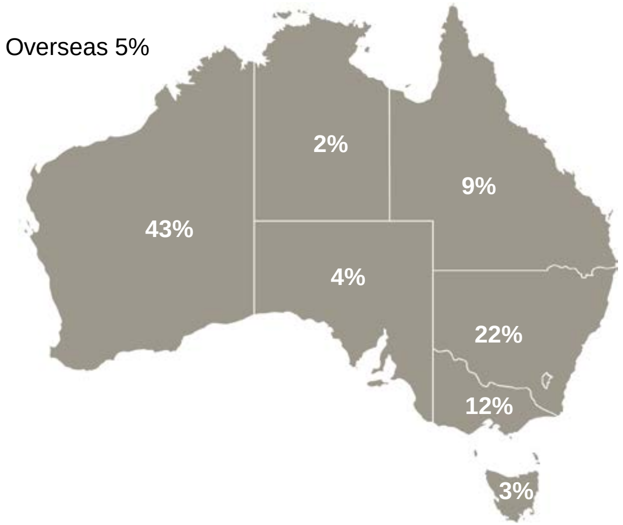
Questions & Answers

Appendix

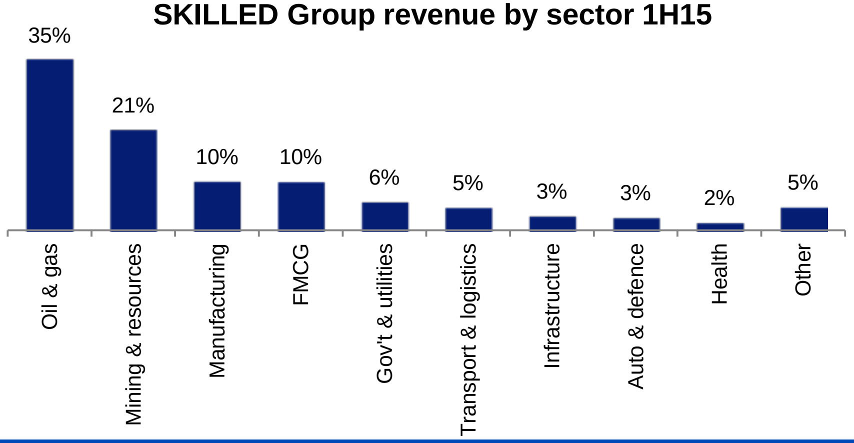
SKILLED
50 YEARS STRONG

SKILLED Group Overview

SKILLED Group revenue by geography 1H15



SKILLED Group revenue by sector 1H15



Market leader in the provision of flexible labour solutions

- Tradespeople, experienced operators & technical professionals
- Engineering projects & maintenance
- Offshore marine services

Strong position in key sectors

- Mining & resources; oil and gas; infrastructure; telecommunications

Safety leadership in the industry

Industrial relations expertise

~50,000 people employed each year, including:

- ~ 1,000 traineeships and apprenticeships
- ~ 500 Indigenous employees

Long term client relationships

Well established and trusted brand

Extensive branch network across Australia

Note: above graphs include notional 50% share of joint venture revenue for the period prior to consolidation of OMSA

SKILLED 50 YEARS STRONG

Segment Results

Engineering & Marine Services

	1H15	2H14	1H14	2H13	1H13
Revenue ($m)[1]	431.7	365.6	252.3	227.8	241.0
EBITDA ($m)	36.4	35.6	22.7	21.6	19.7
EBITDA margin	8.4%	9.7%	9.0%	9.5%	8.2%

Workforce Services

	1H15	2H14	1H14	2H13	1H13
Revenue ($m)	405.3	431.7	452.6	454.9	463.4
EBITDA ($m)	12.3	15.8	19.4	18.3	22.5
EBITDA margin	3.0%	3.7%	4.3%	4.0%	4.9%

Technical Professionals

	1H15	2H14	1H14	2H13	1H13
Revenue ($m)	168.7	172.3	202.8	217.5	271.4
EBITDA ($m)	8.1	7.2	9.3	11.7	15.1
EBITDA margin	4.8%	4.2%	4.6%	5.4%	5.6%

[1] Includes equity accounted income from joint ventures for the period prior to consolidation of OMSA

Reconciliation of Result

	$m	Comments
Underlying NPAT	**26.7**	
Restructuring costs	(2.3)	Costs incurred to realise savings; additional benefit in 2H15
Acquisition and integration costs	(1.3)	Thomas & Coffey integration costs
Amortisation of acquired intangibles (non-cash)	(3.5)	Non-cash amortisation of customer contracts acquired in relation to Broadsword, Thomas & Coffey and OMSA
Notional interest on deferred consideration (non-cash)	(0.5)	Non-cash notional interest expense on Broadsword deferred consideration recognised at NPV on acquisition
Tax on reconciling items	2.1	Tax expense on above items, where relevant
Reported NPAT	**21.2**	

SKILLED
50 YEARS STRONG

SKILLED

50 YEARS STRONG

Contact Details:
Andrew Ford
Group General Manager
Finance & Investor Relations
P: +61 3 9924 2119
M: +61 408 377 854
E: aford@skilled.com.au