

SKILLED GROUP TO BE ACQUIRED BY PROGRAMMED MAINTENANCE SERVICES



24 June 2015

Transaction overview

- SKILLED Group Limited (**SKILLED**) and Programmed Maintenance Services Limited (**Programmed**) have entered into a Scheme Implementation Agreement under which SKILLED will be acquired by Programmed via a Scheme of Arrangement (**Scheme**)
- SKILLED shareholders will be offered 0.55 Programmed shares plus \$0.25 cash for each SKILLED share
 - SKILLED shareholders will hold 52.4%¹ of the combined entity
 - Cash consideration intended to be received in the form of a fully franked dividend
- The transaction terms imply a value of \$1.79² per SKILLED share, a 45.5% premium to SKILLED's share price of \$1.23 per share on 22 May, being the date prior to the announcement of discussions between SKILLED and Programmed
- The SKILLED Directors recommend that SKILLED shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of SKILLED shareholders³
 - All SKILLED Directors intend to vote their personal shareholdings in favour of the Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of SKILLED shareholders

1. Based on 237.1m SKILLED diluted shares outstanding and 118.7m Programmed ordinary shares outstanding.

2. Based on Programmed's closing share price as at 19 June 2015 of \$2.80.

3. Max Findlay has absented himself from discussions and abstained from making a recommendation due to his significant shareholding in Programmed.

Transaction rationale

- The business combination of SKILLED and Programmed will generate significant synergies
 - SKILLED and Programmed's management teams have jointly undertaken a significant level of work to substantiate the level of synergies that are potentially available
 - More than \$20m of pre-tax synergies expected in the first year after implementation; greater than \$35m expected within three years
 - One-off integration costs expected to be c. \$11m (P&L) / \$17m (cash) over three years
- Transaction represents significant value to SKILLED shareholders
 - Implied premium of 46%¹ to SKILLED's share price of \$1.23 per share on 22 May 2015
 - 52.4% ownership of the combined entity, allowing synergy benefits to be received
 - Double digit EPS accretion expected in pro-forma FY16 and in FY17^{2,3}
- Transaction will create a market-leading diversified staffing, maintenance and facilities management business
 - Significantly increased scale in staffing, maintenance and facility management
 - Improved sector and customer diversification
- Enhanced trading liquidity and equity market scale
- Greater flexibility with respect to future funding options

1. Based on Programmed's closing share price as at 19 June 2015 of \$2.80.

2. Excluding one-off transaction and integration costs and the amortisation of intangible assets.

3. Based on FY16 and FY17 broker consensus estimates for SKILLED and Programmed as at 19 June 2015.

Other transaction terms and timetable

Conditions	SKILLED shareholder approval Court approval No material adverse change in either SKILLED or Programmed Other customary conditions
Joint Integration Committee	To be formed and hold regular meetings
Break Fee	\$3.5 million, reciprocal
Exclusivity	No shop, no talk, notification and matching right subject to standard fiduciary out

Timetable

SKILLED Scheme Booklet submitted to ASIC	Early August 2015
First Court Date	Mid August 2015
Scheme Meeting for SKILLED shareholders	Late September 2015
Second Court Date	Early October 2015
Effective Date	Early October 2015
Implementation Date	Mid October 2015