

Results for the year ended 30 June 2015



Presented by: Angus McKay, CEO and Gary Kent, CFO
Date: 5 August 2015

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Introduction & Agenda



Angus McKay

Chief Executive Officer & Managing Director

- Group Highlights
- Outlook



Gary Kent

Chief Financial Officer

- Financial Results

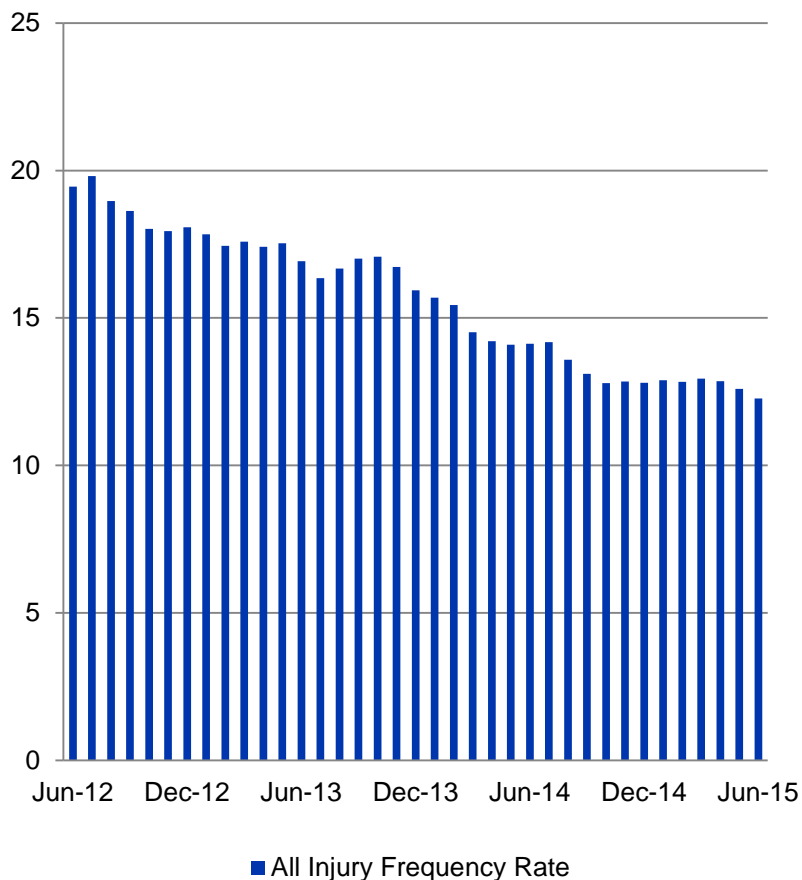
Group Highlights



Angus McKay, CEO & MD

Safety Performance

Continued improvement in AIFR¹, 13% reduction in FY15, reflects ongoing safety focus



Safety is core to SKILLED’s culture

- Continued reduction in workers’ compensation costs
- Self-insurance regime in NSW and SA. Vic licence pending
- Risk-based approach to safety management via the Golden Rules












Successful roll-out of SKILLED’s “Hands & Fingers” program across Group



¹ All Injury Frequency Rate

FY15 Group Performance

Strong operating result at the Group level

	FY15	% change vs FY14	
Sales revenue ¹ (\$m)	2,047.4		9.3%
EBITDA ² (\$m)	102.4		7.4%
EBIT ² (\$m)	86.4		4.3%
Reported NPAT (\$m)	(16.7)		nm
Underlying NPAT ³ (\$m)	54.2		(2.0%)
Reported EPS (cps)	(7.1)		nm
Underlying EPS ³ (cps)	23.0		(2.5%)
Return on capital employed ⁴	14.2%		(7 bps)
Operating cash flow (before tax) (\$m)	126.6		56.5%
Capital expenditure (\$m)	16.9		(66.9%)
Dividend (cps)	17.0		-

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 and Underlying EPS are an unaudited non-IFRS measures

⁴ EBIT as per segment reporting / Average capital employed

FY15 Highlights

Strong finish to the year, with 2H results ahead of 1H

- Growth continues to be led by Engineering & Marine Services
 - The combination of Thomas & Coffey with ATIVO has exceeded expectations
 - Saipem contribution in FY15 supported by higher crew numbers in 2H (deep water pipe-lay stage); work expected to continue through 1H16
 - Strong contribution from OMSA (now part of SKILLED Marine) with additional work on the Gorgon project; plus awarded first contract outside the Gorgon project (Wheatstone project)
 - Marine manning activity (outside construction projects) remains robust
 - Combination of Broadsword with OMSA has enhanced offering, however difficult second half with low levels of utilisation persisting
- Improved revenue trend in Workforce Services in Q4; margins stable overall since Q2
- Decline in Technical Professionals as a result of difficult market conditions continuing for Swan, partially offset by stronger white collar and training services results
- Delivered \$15 million in cost savings in FY15 as expected
- Group EBITDA margin of 5.0% vs 5.1% pcp, 2H margin above 1H margin due to business mix and cost management
- Significant cashflow generation resulted in net debt reduction to \$146m as at June and net debt / EBITDA 1.4x

FY15 – Engineering & Marine Services

Strong results, positioned for industry evolution from construction to production phase

Financial Performance



- Revenue \$941.5m
- EBITDA \$80.0m
- EBITDA margin 8.5%

Clients & Business Position



- Strong revenue growth led by Thomas & Coffey, Saipem and Gorgon projects and OMSA acquisition
- Saipem and Gorgon construction project work will conclude in FY16; positioning for the next phase of industry work focused on hook-up & commissioning for major oil & gas projects, and ongoing maintenance requirements

Business Focus



- Expand Engineering capability, leveraging ATIVO + Thomas & Coffey national footprint and expertise
- Target opportunities include resources projects (both operating and moving from construction to production phase) and on/offshore energy

FY15 – Workforce Services

Improved revenue trend overall in Q4. Flow on impact of FY14 resource sector slowdown

Financial Performance



- Revenue \$799.4m
- EBITDA \$22.8m
- EBITDA margin 2.9%

Clients & Business Position



- Improved revenue trend in Q4, with margins stable since Q2
- Transformation activities continue to centralise administrative functions, improve customer service and drive efficiency
- Key clients being retained; benefiting from supplier consolidation

Business focus



- Adapting business model to reflect “the new norm”
- Efficiency and effectiveness initiatives in progress
- Maintaining strong pricing discipline and cost management
- Proactively working with clients to provide alternative productivity solutions

FY15 – Technical Professionals

Improved performance in white collar and training vs pcp offset by weaker demand in Swan

Financial Performance



- Revenue \$312.6m
- EBITDA \$14.7m
- EBITDA margin 4.7%

Clients & Business Position



- White collar and training businesses delivered results ahead of FY14, with increased revenue, EBITDA and EBITDA margin
- Swan revenue and earnings significantly lower due to decreased project activity and lower demand for contractors

Business focus



- Continuing to target organic growth in specific sectors e.g. trainees & apprentices, health, niche white collar segments, particularly through leveraging Group relationships
- Swan is being integrated with broader technical professionals business

Financial Results



Gary Kent, CFO

FY15 Financial Results

	FY15	FY14	% change
Sales revenue ¹ (\$m)	2,047.4	1,873.3	9.3%
EBITDA ² (\$m)	102.4	95.4	7.4%
EBITDA ² margin	5.0%	5.1%	(9 bps)
EBIT ² (\$m)	86.4	82.9	4.3%
Reported NPAT (\$m)	(16.7)	44.2	<i>nm</i>
Underlying NPAT ³ (\$m)	54.2	55.3	(2.0%)
Reported EPS (cps)	(7.1)	18.9	<i>nm</i>
Underlying EPS ³ (cps)	23.0	23.6	(2.5%)
Return on capital employed ⁴	14.2%	14.2%	(7bps)
Operating cash flow (before tax) (\$m)	126.6	80.9	56.5%
Capital expenditure (\$m)	16.9	51.0	(66.9%)
Net debt (\$m)	146.1	170.1	(14.1%)
Gearing ⁵	25.5%	26.2%	(68bps)
Dividend (cps)	17.0	17.0	-

Increase in revenue and EBITDA vs FY14

- Growth led by Engineering & Marine Services
- EBITDA margin stable overall

Achieved \$15 million in cost savings in FY15

Fully franked final dividend of 9.5 cps

Strong cash conversion⁶ of 132%

Comfortable balance sheet position

- Net debt substantially lower than Dec-14 and Jun-14 levels
- Net debt / EBITDA² of 1.4x

The reported result includes a \$60.0m non-cash fair value impairment charge required in relation to the proposed Scheme of Arrangement with Programmed

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 and Underlying EPS are unaudited non-IFRS measures

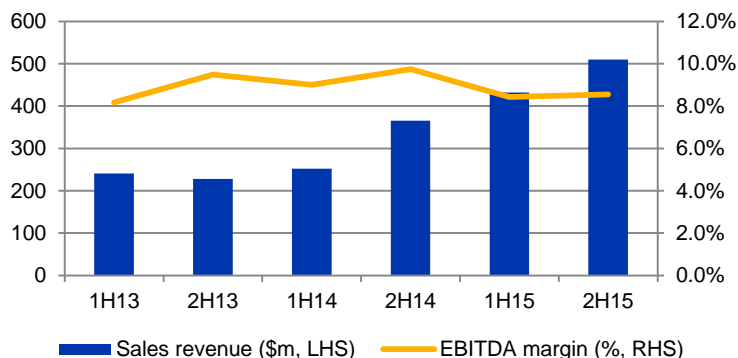
⁴ EBIT as per segment reporting / Average capital employed

⁵ Debt/(Debt + Equity)

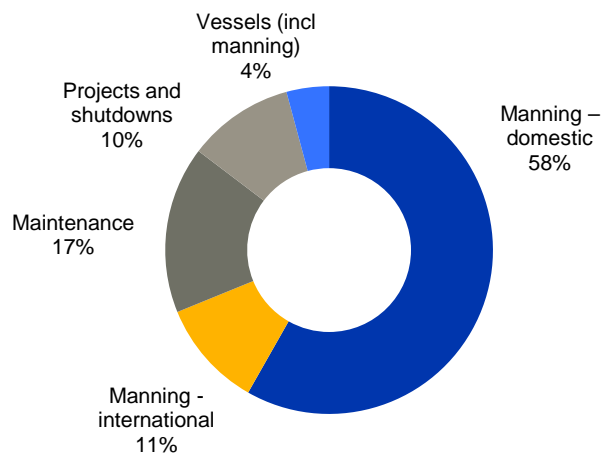
⁶ Operating cashflow before tax / EBITDA adjusted for non-cash items as per statement of cash flows

Engineering & Marine Services

Financial performance¹



Revenue by activity FY15²



Strong revenue trend continued

- 52% revenue increase vs pcp
 - Contribution from Thomas & Coffey from February 2014 and 100% of OMSA from November 2014
 - Impact of Saipem project
- Overall EBITDA margin reduced by move to consolidation of OMSA from equity accounting

Engineering continuing to perform well

- Benefiting from ability to leverage scale and broad capabilities across national footprint and range of industries; positioned for maintenance phase of resources projects
- EBITDA margin increased vs pcp

Marine business covering full oil & gas life cycle

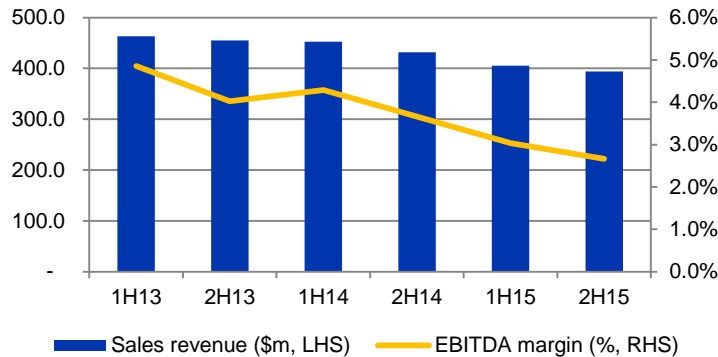
- Manning activity (outside construction projects) remains robust
- Increase in Saipem project work in 2HFY15 from larger Castorone vessel; work continuing in 1H16
- Strong results from recently won Gorgon project work, although overall vessels continue to de-mobilise consistent with project plan; OMSA has won its first non-Gorgon contract (Wheatstone)
- Broadsword utilisation persisted at low levels through 2H

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

Workforce Services

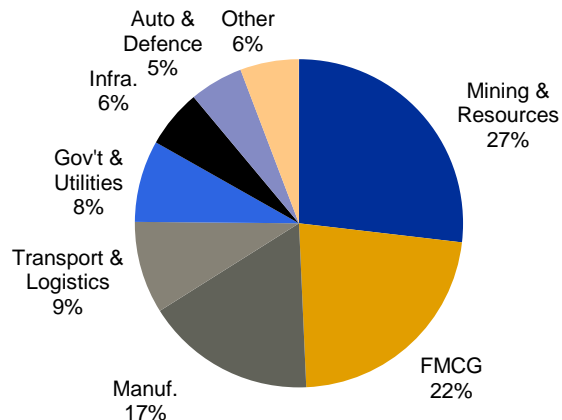
Financial performance



FY15 saw weaker revenue and margin overall, but improvement in revenue trend in Q4

- Activity levels lower overall, although mining and FMCG hours higher than pcp in both 1H and 2H
- Impact of insourcing (e.g. dump truck drivers and locomotive drivers) within resources sector flowed into FY15
- Margins in mining improved in 2H vs 1H, reversing a negative trend

Industry breakdown FY15



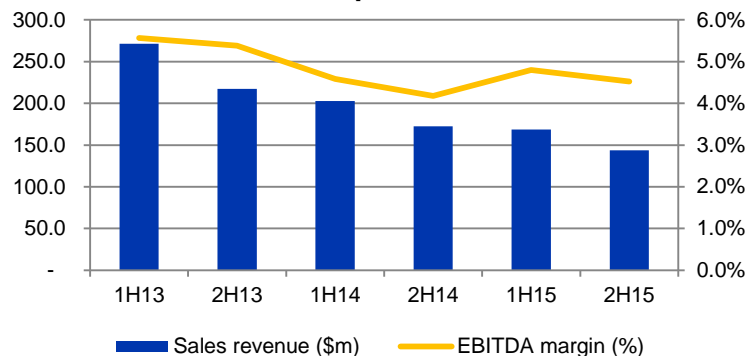
Cost reduction program accelerated in 1H, delivered benefits in 2H

- Further restructuring through Transformation project
 - Automation of previously manual activities: online and mobile
 - Centralisation of activities, supporting branches
 - Improved system and organisational capability

Maintaining discipline in pricing, costs and working capital

Technical Professionals

Financial performance



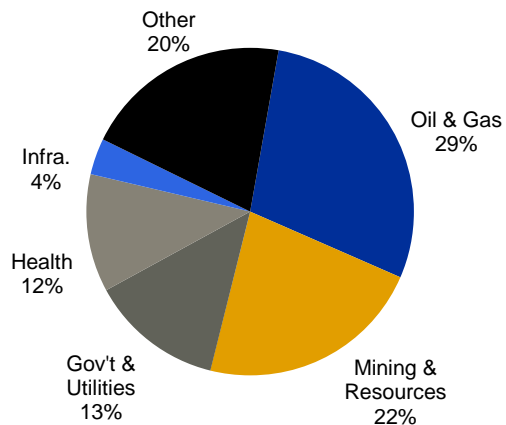
Decline in Swan more than offset growth in white-collar and training businesses

Improved result across technical professional roles

- Revenue, EBITDA and margin ahead of FY14
- Positive trends in Training Services in 2H

Continued weakness in resources sector resulted in lower revenue and earnings for Swan vs pcg

Industry breakdown FY15



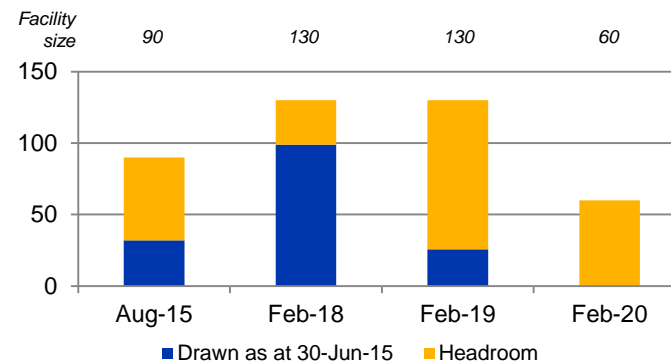
Improved results in Training Services

Cashflow & Net Debt Position

\$m	FY15	FY14	% change
EBITDA adjusted for non-cash items	95.6	84.7	12.8%
Decrease/(increase) in working capital	31.0	(3.8)	nm
Operating cashflow before tax	126.6	80.9	56.5%
Net tax paid	(18.4)	(20.2)	(8.9%)
Operating cashflow after tax	108.2	60.7	78.3%
Net interest paid	(10.1)	(7.2)	40.0%
Capital expenditure	(16.9)	(51.0)	(66.9%)
Acquisition/earn-out payments ¹	(17.1)	(86.5)	(80.2%)
Dividends paid	(40.0)	(38.7)	3.6%
Other	(1.0)	(1.0)	-
Total cashflow	23.0	(123.8)	nm
Opening Net Debt	170.1	44.8	279.5%
Cash (inflow)/outflow	(23.0)	123.8	nm
Other movements (FX, fees)	(1.0)	1.5	nm
Closing Net Debt	146.1	170.1	(14.1%)
Gearing²	25.5%	26.2%	(68bps)

- Net debt reduction from strong operating cashflow - cash conversion³ of 132%
- Net debt substantially lower than as at June 2014 and December 2014
- Disciplined working capital management across the Group
- Appropriate level of debt, with substantial headroom

Facility drawings, headroom & maturity profile (\$m)



¹ Net of cash/debt acquired

² Debt/(Debt + Equity)

³ Operating cashflow before tax / EBITDA adjusted for non-cash items

Outlook & Transaction Update



Angus McKay, CEO & MD

Group Outlook

Engineering & Marine Services

- Engineering generating attractive growth across a range of sectors
- Saipem and Gorgon activity to conclude in FY16; OMSA first contract win outside the Gorgon project
- Well positioned for shift from the construction to production phase of resources projects

Workforce Services

- Improved revenue trend in Q4
- Continue working with customers to improve productivity outcomes

Technical Professionals

- Improvement in FY15 vs pcp across white-collar recruitment and training services; Swan likely to remain weak

Strategic review identified opportunities for SKILLED to better deliver productivity solutions for customers; however, implementation on hold pending proposed acquisition by Programmed

Update on acquisition by Programmed

- SKILLED and Programmed working together to progress the proposed transaction
- SKILLED has declared a fully franked FY15 final dividend of 9.5 cents per share, which will be paid regardless of whether the transaction proceeds; scheme consideration will be adjusted by an equivalent amount
- SKILLED Board will declare a fully franked special dividend of 15.5 cents per share if shareholder approve the Scheme, with payment conditional on the Scheme becoming effective
- To access franking credits from FY15 final dividend and special dividend SKILLED shares should be acquired no later than 24 August 2015

Proposed transaction timetable

- Subject to ASIC review and Court approval

First Court hearing	Friday, 21 August
Expected last day on which SKILLED shares can be purchased with entitlement to use franking credits from FY15 final and special dividends	Monday, 24 August
Scheme meeting	Friday, 25 September
Second Court hearing and effective date	Thursday, 1 October
FY15 final dividend and special dividend record date	Wednesday, 7 October
Scheme record date	Friday, 9 October
Payment of FY15 final dividend and (if Scheme becomes effective) special dividend	Thursday, 15 October
Scheme implementation date	Friday, 16 October

Questions & Answers

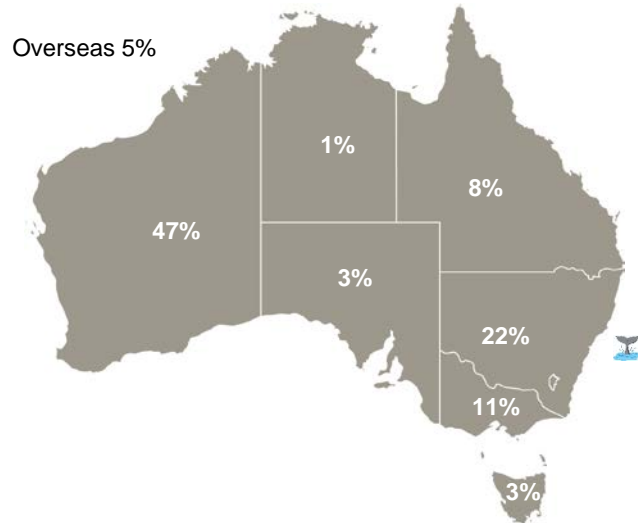


Appendix

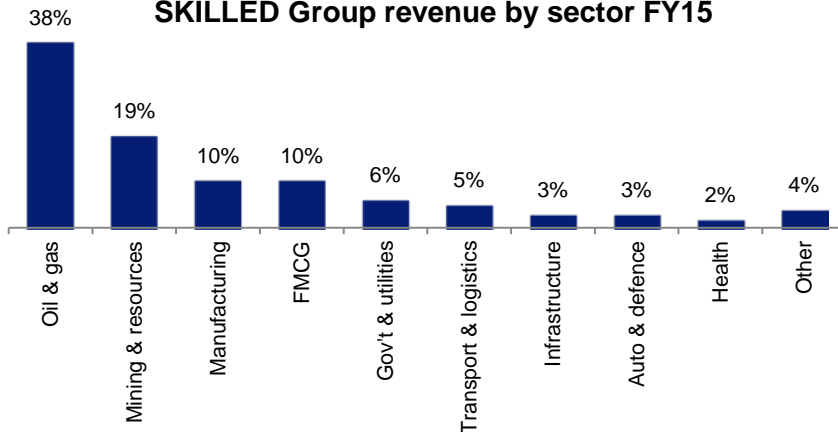


SKILLED Group Overview

SKILLED Group revenue by geography FY15



SKILLED Group revenue by sector FY15



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

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

Employer of:

- ~ 1,000 traineeships and apprenticeships
- ~ 600 Indigenous employees

Long term client relationships

Well established and trusted brand

Extensive branch network across Australia

Segment Results

		Sales \$m	EBITDA ² \$m	EBITDA margin
Engineering & Marine Services¹	FY15	941.5	80.0	8.5%
	FY14	617.8	58.3	9.4%
Workforce Services	FY15	799.4	22.8	2.9%
	FY14	884.3	35.2	4.0%
Technical Professionals	FY15	312.6	14.7	4.7%
	FY14	375.0	16.6	4.4%
SKILLED Group¹	FY15	2,047.4	102.4	5.0%
	FY14	1,873.3	95.4	5.1%

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

² As per segment reporting

Segment Results

Engineering & Marine Services

	2H15	1H15	2H14	1H14	2H13	1H13
Revenue (\$m) ¹	509.8	431.7	365.6	252.3	227.8	241.0
EBITDA (\$m)	43.6	36.4	35.6	22.7	21.6	19.7
EBITDA margin	8.5%	8.4%	9.7%	9.0%	9.5%	8.2%

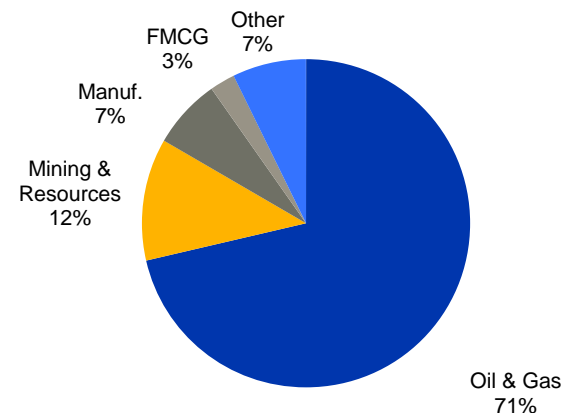
Workforce Services

	2H15	1H15	2H14	1H14	2H13	1H13
Revenue (\$m)	394.1	405.3	431.7	452.6	454.9	463.4
EBITDA (\$m)	10.5	12.3	15.8	19.4	18.3	22.5
EBITDA margin	2.7%	3.0%	3.7%	4.3%	4.0%	4.9%

Technical Professionals

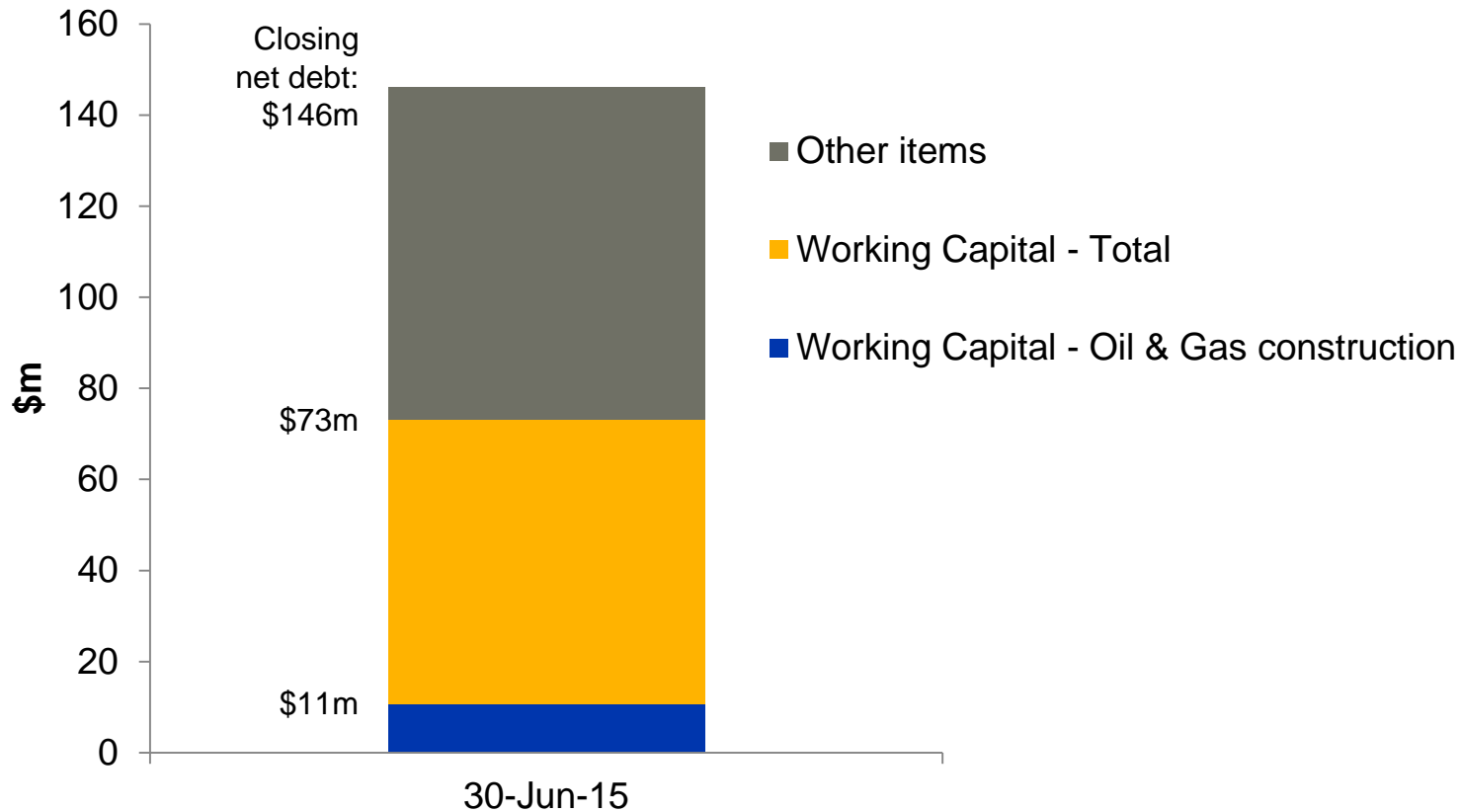
	2H15	1H15	2H14	1H14	2H13	1H13
Revenue (\$m)	143.8	168.7	172.3	202.8	217.5	271.4
EBITDA (\$m)	6.5	8.1	7.2	9.3	11.7	15.1
EBITDA margin	4.5%	4.8%	4.2%	4.6%	5.4%	5.6%

Engineering & Marine Services Industry breakdown FY15



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

Net Debt & Working Capital



Note: Working capital is receivables (current and non-current), inventories, other current assets, current payables (excluding deferred consideration) and provisions (current and non-current)

Reconciliation of Result

	\$m	Comments
Underlying NPAT	54.2	
Restructuring costs	(2.9)	Cost incurred to realise savings
Acquisition and integration costs	(1.7)	Thomas & Coffey integration costs
Strategic initiatives costs	(1.7)	Strategic review undertaken under new CEO
SKILLED CEO transition costs	(1.0)	Costs associated with prior CEO and recruitment of new CEO
Impairment of goodwill (non-cash)	(60.0)	One-off, non-cash fair value impairment charge required in relation to the proposed Scheme of Arrangement with Programmed
Amortisation of acquired intangibles (non-cash)	(10.2)	Non-cash amortisation of customer contracts in relation to Thomas & Coffey and OMSA
Notional interest on deferred consideration (non-cash)	(0.8)	Non-cash notional interest expense on Broadsword deferred acquisition consideration recognised at NPV on acquisition
Income tax benefit on reversal of acquisition tax provision	2.3	Reversal of tax provision not required in relation to Thomas & Coffey acquisition
Income tax benefit on reconciling items	5.1	Tax expense on above items, where relevant
Reported NPAT	(16.7)	
Underlying EPS	23.0	
Reported EPS	(7.1)	

Calculation of Impairment

Offer metrics		
Programmed share price ¹	\$	2.86
Implied offer price	\$	1.82
No of SKILLED shares ²	m	237.1
Calculation of fair value and impairment		
Implied offer value	\$m	431.8
Transaction costs	\$m	(5.6)
Implied fair value	\$m	426.2
SKILLED net assets before impairment	\$m	486.2
Impairment	\$m	(60.0)

¹ Programmed VWAP from 19 June 15 (last trading day before announcement) to 30 June 15

² Includes maximum 1.2 million new SKILLED shares that may be issued in accordance with the terms of the Scheme Implementation Agreement

SKILLED

50 YEARS **STRONG**

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