CHANDLER MACLEOD
UNLEASHING POTENTIAL

FULL YEAR FINANCIAL RESULTS FY14

19 August 2014

PLAN | SOURCE | ASSESS | DEVELOP | MANAGE

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The forward looking statements included in these materials involve subjective judgement and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and are unknown to, the Chandler Macleod Group. In particular, they speak only as of the date of these materials, they are based on the particular events, conditions or circumstances stated in the materials, they assume the success of Chandler Macleod Group's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks.

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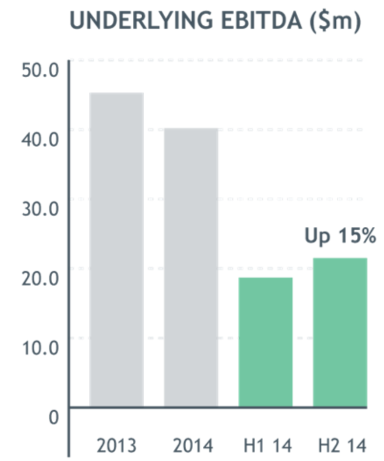
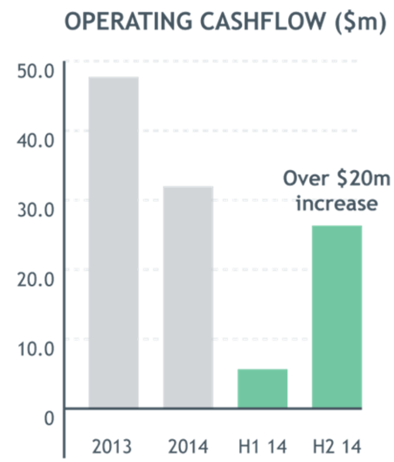
CHANDLER MACLEOD IS A LEADER IN SAFETY

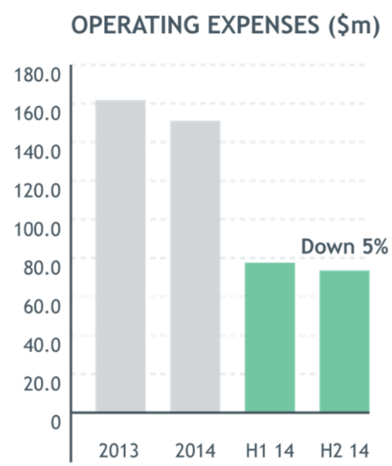
- Improved Group TRIFR[1] by 40% in 36 months
- Improved AHS TRIFR by 22% in 24 months
- Achieved OHSAS 18001 and AS/NZ 4801 accreditation
- RCSA McLean Award for Workplace Safety
- Extended our Safety Commitment to all employees within the Group
- Continue to invest in safety leadership programs to reduce injury frequency, severity and costs

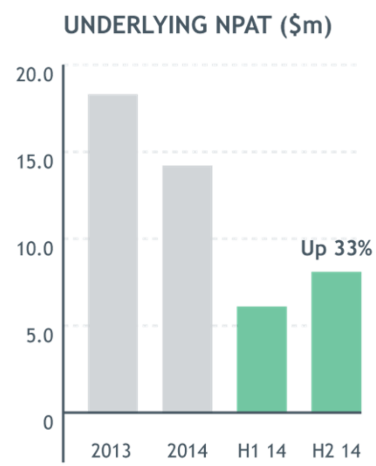
[1] Total Recordable Injury Frequency Rate.

CHANDLER MACLEOD FULL YEAR 2014









Highlights

- Underlying EBITDA[1] of $40.2M
- Second half underlying EBITDA up 15% on first half
- Our strategy to diversify earnings continues
- Cost reduction program delivered $14M in savings
- Very strong operating cashflow[2] of $36M
- Dividend maintained at 3.2 cps
- Share buy-back announced
- Lower debt, lower gearing

1. Underlying EBITDA and NPAT exclude restructuring, acquisition transaction costs, earn-out fair value adjustment and brand name write-off(FY13).
2. Before interest, acquisition and restructuring costs.

CHANDLER MACLEOD

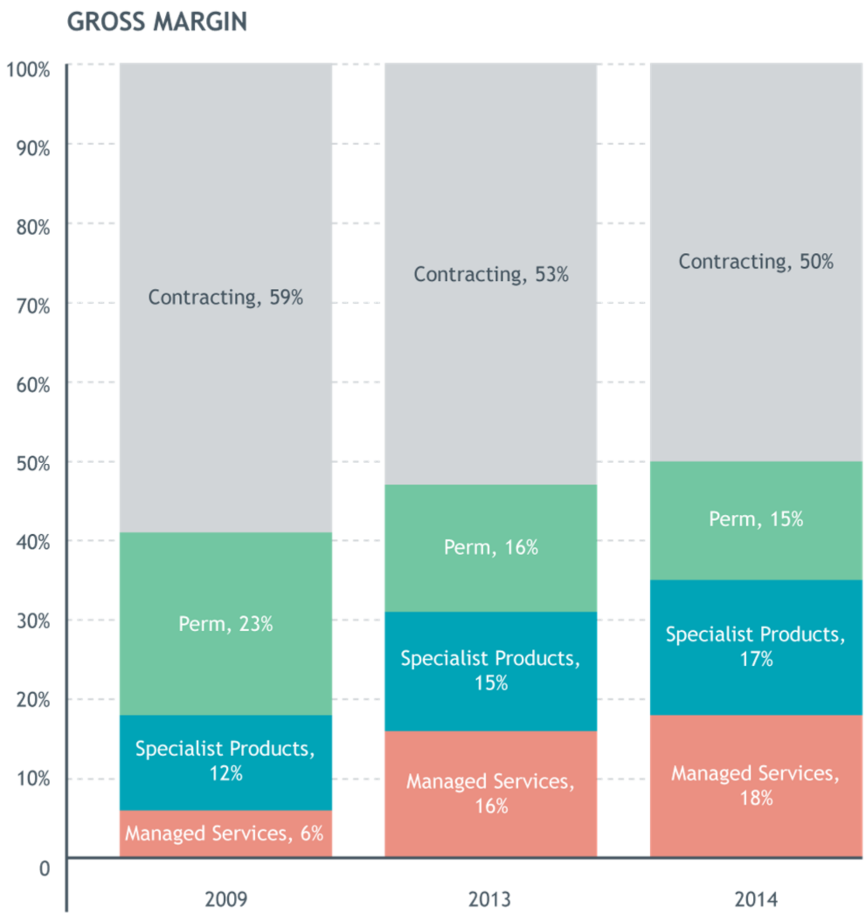
AUSTRALASIA'S LEADING PROVIDER OF INTEGRATED HR SERVICES, PRODUCTS & TECHNOLOGIES

55 YEAR HERITAGE UNLEASHING THE POTENTIAL OF INDIVIDUALS, TEAMS & ORGANISATIONS

Staffing Services	Managed Services	Specialist Products	INT'L
Providing BestFit™ people	Managing people resources	Enhancing people capability	Leveraging CMG capabilities offshore

Plan → Source → Assess → Develop → Manage

CHANDLER MACLEOD'S STRATEGY TO BUILD AUSTRALASIA'S LEADING HR SERVICES BUSINESS



- Grow higher margin Managed Services and Specialist Products businesses
- 43% of client opportunities were for Managed Services and Specialist Products
- Product extension strategy within Staffing Services
- Reduced reliance on permanent recruitment and contracting

STRATEGY PROGRESS

Objectives/Outcomes

Phase 3 Leverage

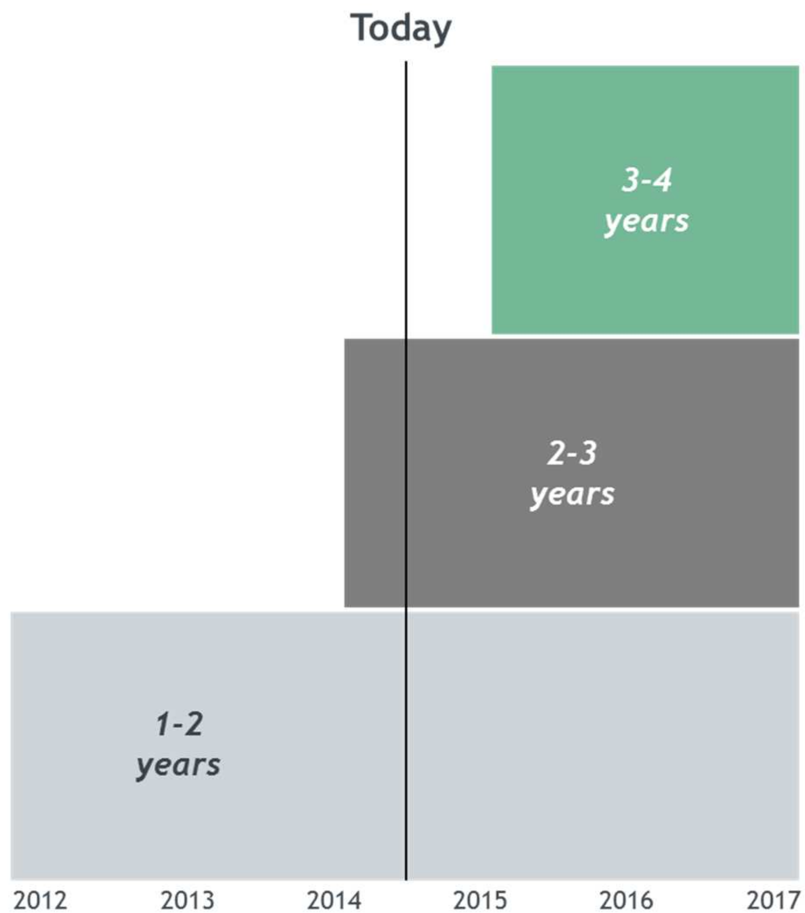
Phase 3: Leverage
1. Deep industry verticals
2. Sell whole of Group to whole of customer
3. Scalable lowest cost to serve model
4. Higher margins

Phase 2 Enhancing Capability

Phase 2: Enhancing Capability
1. Improve and optimise BU's
   - Refine & enhance delivery model
   - Accelerate productivity
   - Focus on the Customer
2. Accelerate growth
   - Managed Services
   - Specialist Products
3. Portfolio rebalancing complete

Phase 1 Foundation

Phase 1: Build Foundations
1. Change the business mix
2. Organise around the client
3. Improve productivity and efficiency
4. Build International network
5. Enhance risk management



STAFFING SERVICES: REFINE FOR GROWTH

1. **Refine and enhance delivery model**

- Deploy new business intelligence system to enhance client profitability:
  - Cost to serve / tiered service delivery
  - Key performance metrics
- Accelerate productivity
  - Ramp up non-core recruitment activity consolidation
  - Invest in systems to deliver process and efficiency improvements
  - Automate candidate on-boarding
  - Cost out via re-engineering - $10M YOY expense reduction

2. **Focus on the Customer**

- Retain key clients, targeted volume growth, maintain pricing discipline
- Enable better cross-selling through refined account management

3. **Leverage growth opportunities**

- Focus on Health and Government Sectors
- Product extension: Pre Employment Medicals, drug and alcohol testing, bulk recruitment, managed recruitment services
- Continue H2 momentum
  - Contractor hours worked steadily increased during second half
  - Blue collar workforce volumes well up on prior year

MANAGED SERVICES: KEY DRIVER OF GROWTH

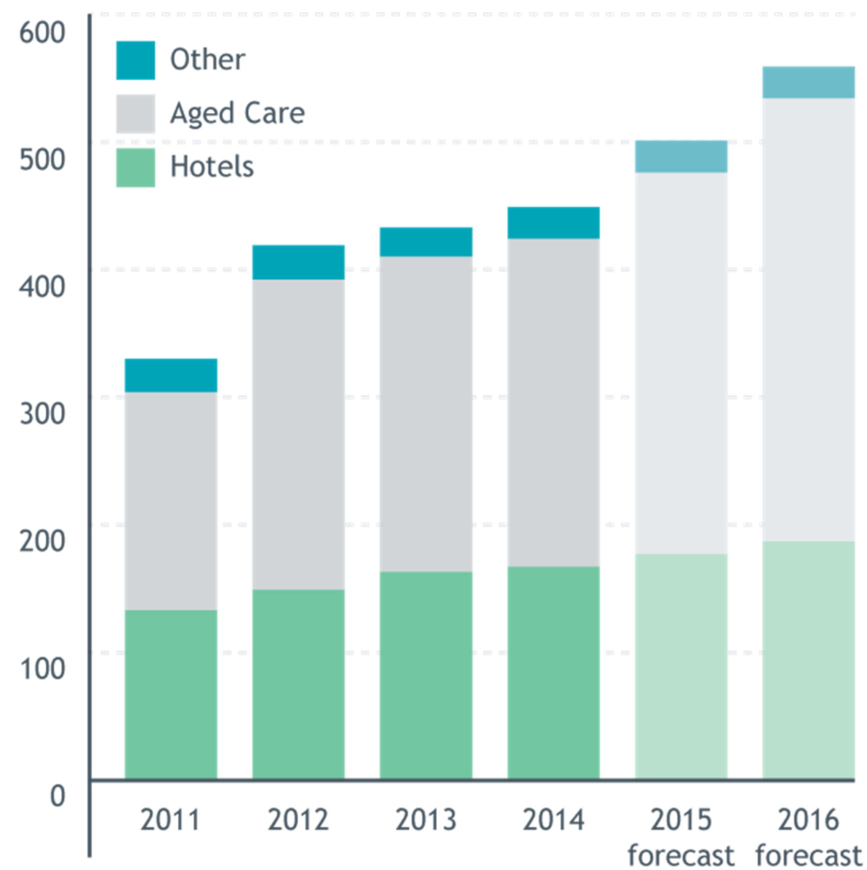
AHS:

- Growth across Australia and NZ
- 8,875,000 rooms serviced, a 13% increase
- 167 hotels serviced, outsourcing market continues to grow
- Very strong pipeline

Vivir:

- Serviced over 280 facilities (13% increase) and assessed over 20,000 beds
- 30% increase in Pain Management program
- 11% increase in Residential Aged Care hours per fortnight
- Opened 19 new sites in NSW / ACT – progressing national footprint

FACILITIES SERVICED



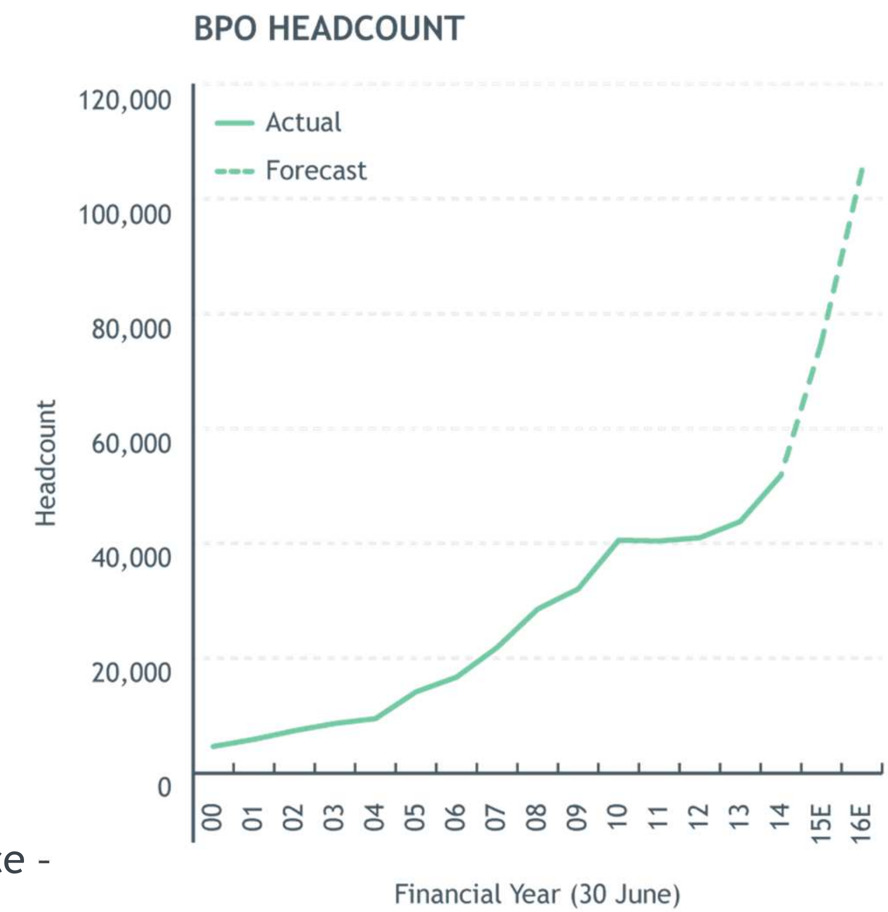
SPECIALIST PRODUCTS: POSITIONED FOR FUTURE GROWTH

Aurion:

- Shift of focus from software to BPO
- Restructured business and delivery model to better meet needs of market
- Strong pipeline in place to deliver on aggressive BPO growth targets – 30%+ headcount increase for 2015
- Commenced significant 3 year investment in core software project including mobile enabled software
- Ongoing sales strategy and client retention initiatives in support of long-term annuity growth

Consulting:

- 55 year heritage in assessment
- New Leadership Team
- Restructured around 5 Centres of Excellence - focus on customer and improve efficiency



IMPROVING MARKET CONDITIONS WILL PRESENT OPPORTUNITIES

External challenges

- Macroeconomic environment mixed, although business confidence slowly improving
- Employment market growing although below long-term trend

External opportunities

- Rationalisation of panel supply contracts continues, to the benefit of larger suppliers
- Workforce flexibility and outsourcing of non core functions remain key for our clients

Leveraging our strengths

- Our breadth of HR services, products and technology positions us to win
- Our industry diversification strategy makes our earnings more resilient
- We are well positioned for growth in Health, Hospitality and Government

CHANDLER MACLEOD
UNLEASHING POTENTIAL

FINANCIAL RESULTS

For the 12 months ended 30 June 2014

THE RESULT REFLECTS TOUGH ECONOMIC CONDITIONS IN THE FIRST HALF

	FY2014 $m	FY2013^ $m	Change %
REVENUE	1,413.2	1,503.9	-6%
EXPENSES[1]	(151.0)	(161.8)	-7%
UNDERLYING EBITDA[1]	40.2	45.3	-11%
REPORTED EBITDA	38.2	38.1	0%
UNDERLYING NPAT[1]	14.2	18.2	-22%
REPORTED NPAT	13.5	10.7	26%
UNDERLYING CASH EPS (cps)	4.37	5.56	-21%
REPORTED EPS (cps)	2.71	2.39	13%
DIVIDEND PER SHARE (cps)	3.20	3.20	0%

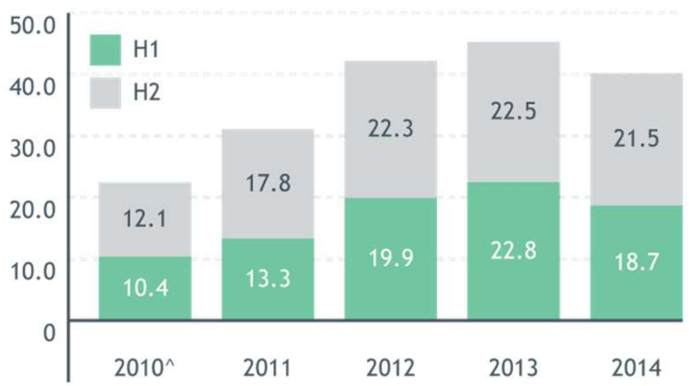
^ 2013 NPAT restated to reflect the amortisation of $0.4m as a result of intangibles accounted on Vivir acquisition.
1. Before acquisition, restructuring costs fair value adjustment to contingent consideration and write-off RHD Brand Value (FY2013).
2. Before interest, acquisition and restructuring costs.

Financial Overview

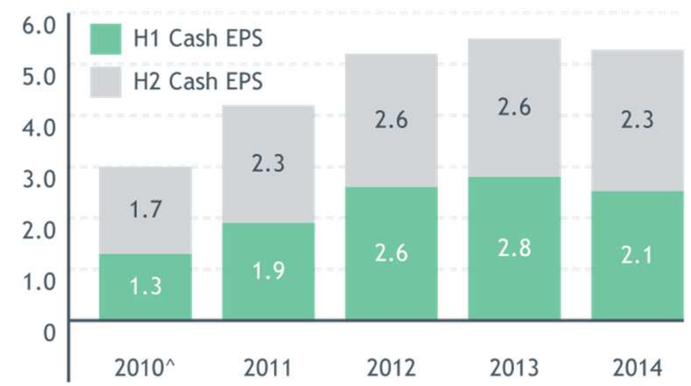
- Results reflect the first half impact of low business confidence around the election
- Revenue drop mainly H1 and largely in Staffing Services plus the conclusion of Defence Health contract at end H1 13
- Cost down $14.6M or 9% (excl. acquisitions)
- Strong balance sheet at 30 June 2014
- Operating Cashflow[2] of $36M
- Final dividend steady at 1.8 cps, fully franked

ALL METRICS REFLECT THE FIRST HALF MARKET CONDITIONS

EBITDA[1] ($m)

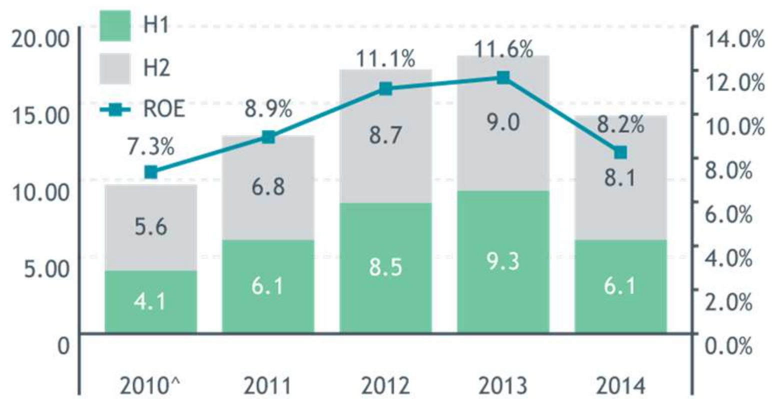


BASIC EARNINGS PER SHARE (cents)



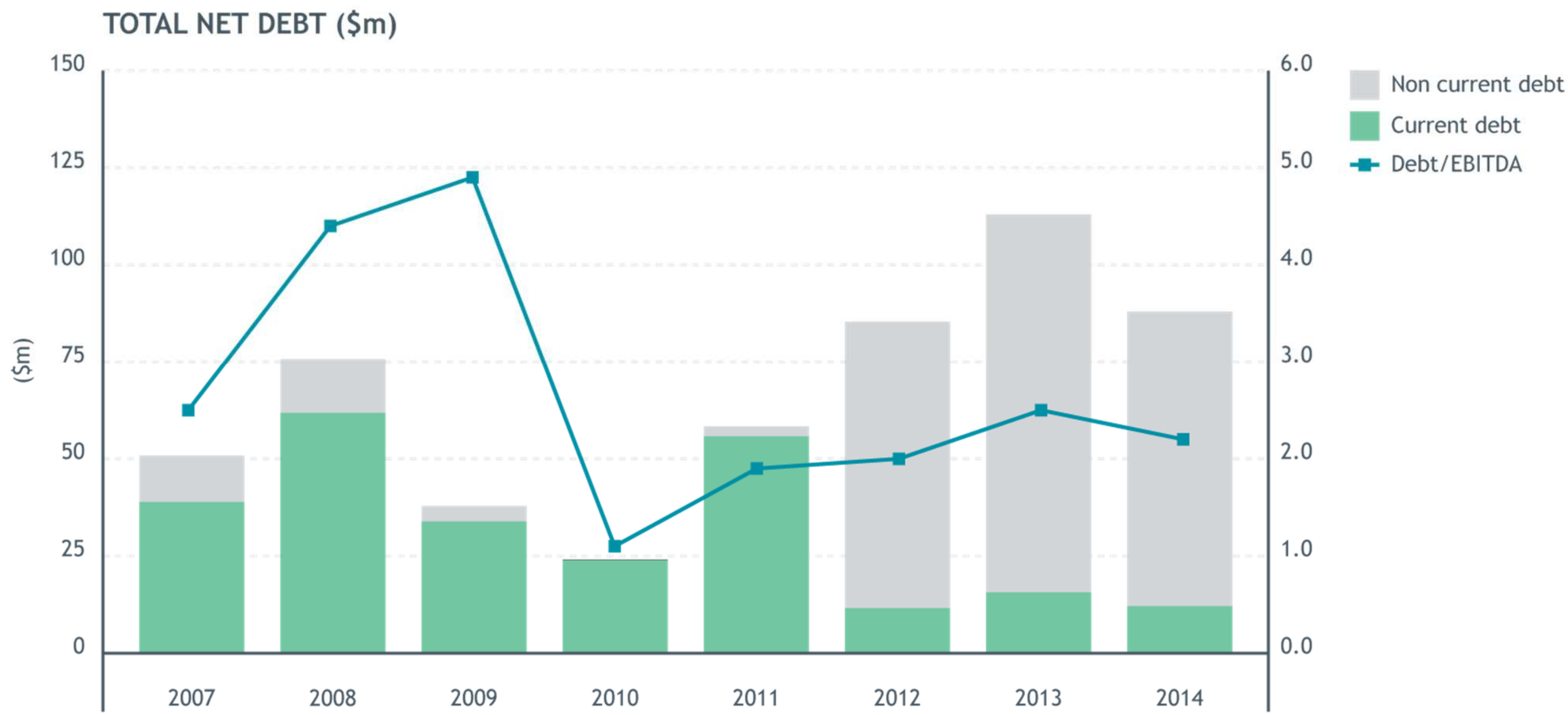
DIVIDENDS PER SHARE (cents)

NET PROFIT AFTER TAX[1] ($m)

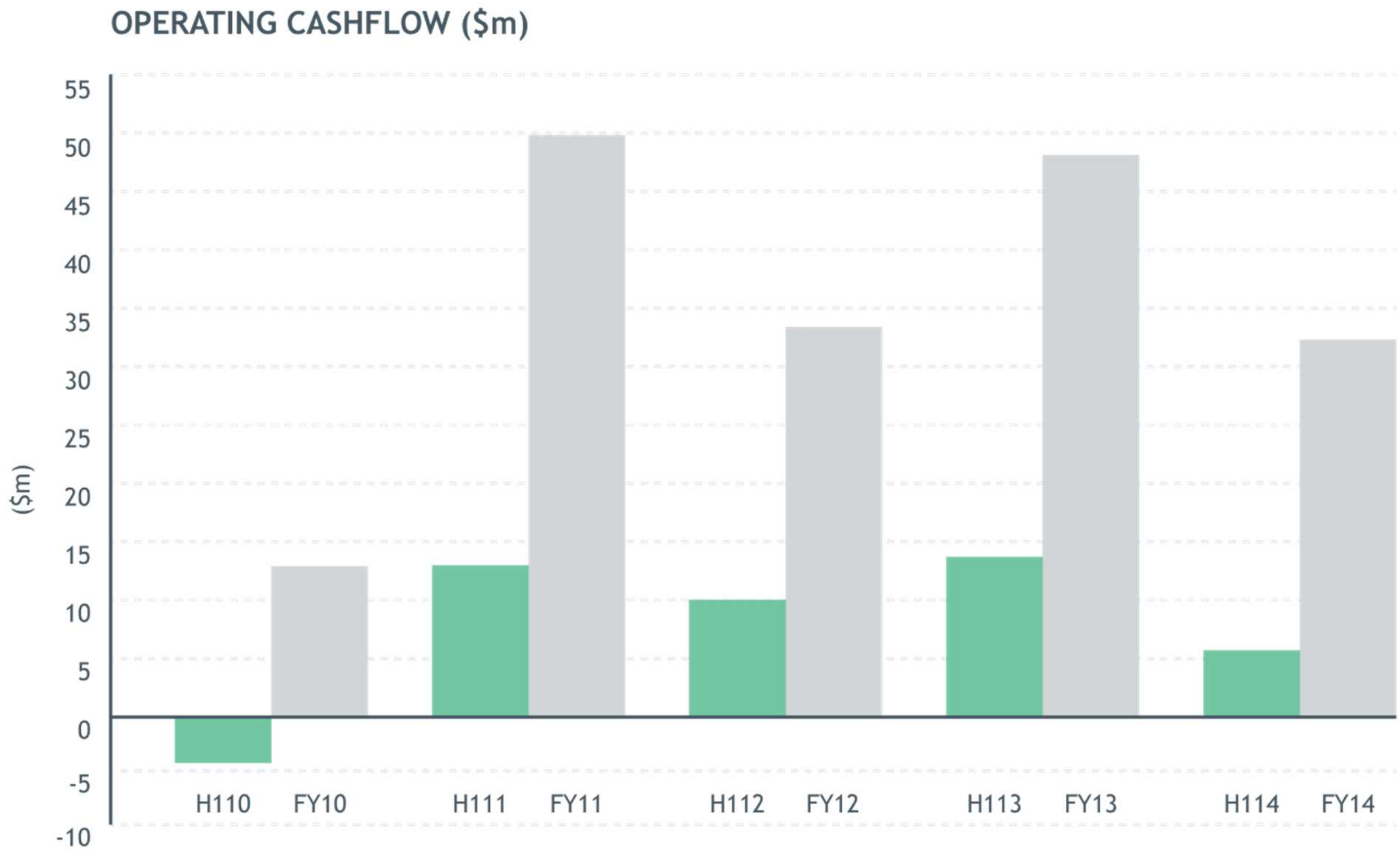


^ From Continuing Business.
1. EBITDA and NPAT excludes acquisition and restructuring costs and fair value adjustment to contingent consideration.

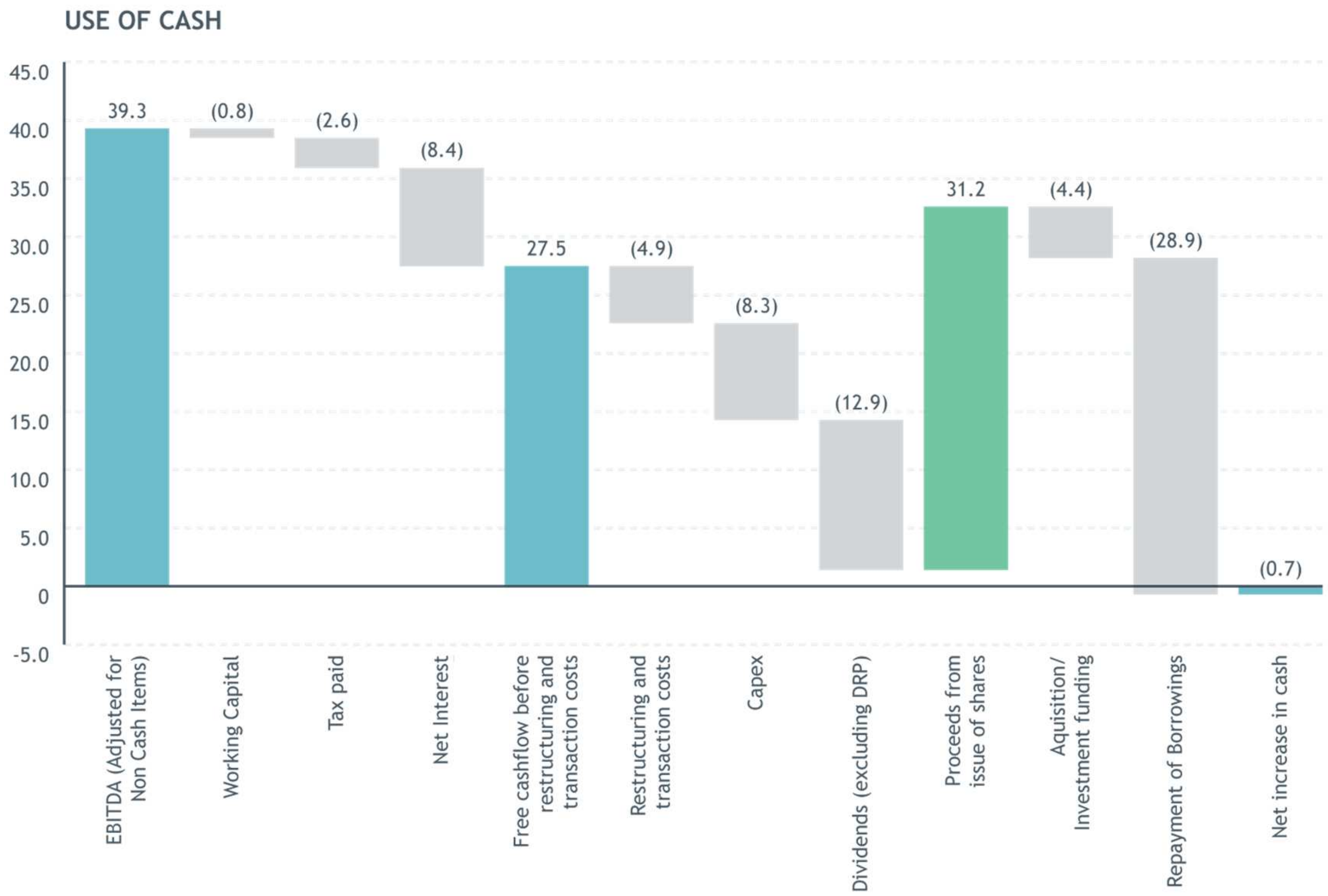
DEBT LEVELS REDUCED



OPERATING CASHFLOW WAS STRONG IN SECOND HALF



GOOD REDUCTION IN DEBT



INDUSTRY FOOTPRINT

MARGIN CONTRIBUTION BY INDUSTRY IN FY 2014

17.0%	Government
15.4%	Mining
9.2%	FMCG, Retail & Wholesale
8.7%	Health & Pharma
7.4%	Hospitality
6.4%	Eng & Construction
6.1%	Manufacturing
4.8%	Transport & Logistics
4.8%	IT & Comms
4.0%	Other
3.6%	Utilities
3.4%	Professional
3.1%	Banking & Financial
2.4%	Aviation
1.9%	Industrial
1.9%	Defence

MARGIN CONTRIBUTION BY INDUSTRY IN FY 2013

18.5%	Mining
15.3%	Government
8.0%	FMCG, Retail & Wholesale
7.0%	Manufacturing
6.5%	Hospitality
5.7%	IT & Comms
5.3%	Banking & Financial
5.0%	Transport & Logistics
4.7%	Other
4.5%	Aviation
4.1%	Defence
3.5%	Eng & Construction
3.4%	Professional
3.2%	Health & Pharma
2.7%	Utilities
2.6%	Industrial

FY15 Outlook

- There has been a gradual improvement in business confidence since the election but markets remain somewhat patchy between sectors and geographies. Pressure on margins and reduced demand in the mining sector is expected to continue
- The stronger second half result demonstrates the momentum we are taking into 2015.
- Hours worked in the Staffing Services business have returned to prior year levels and we are confident that this trend will continue.
- The year on year result will reflect the conclusion of the Qantas contract at Avalon in March this year.
- The AHS, Vivir and Aurion businesses continue to grow and have very strong pipelines
- Further productivity initiatives are planned which will deliver cost savings in 2015 and 2016
- Cashflow is expected to remain strong in 2015 supporting dividends and balance sheet strength

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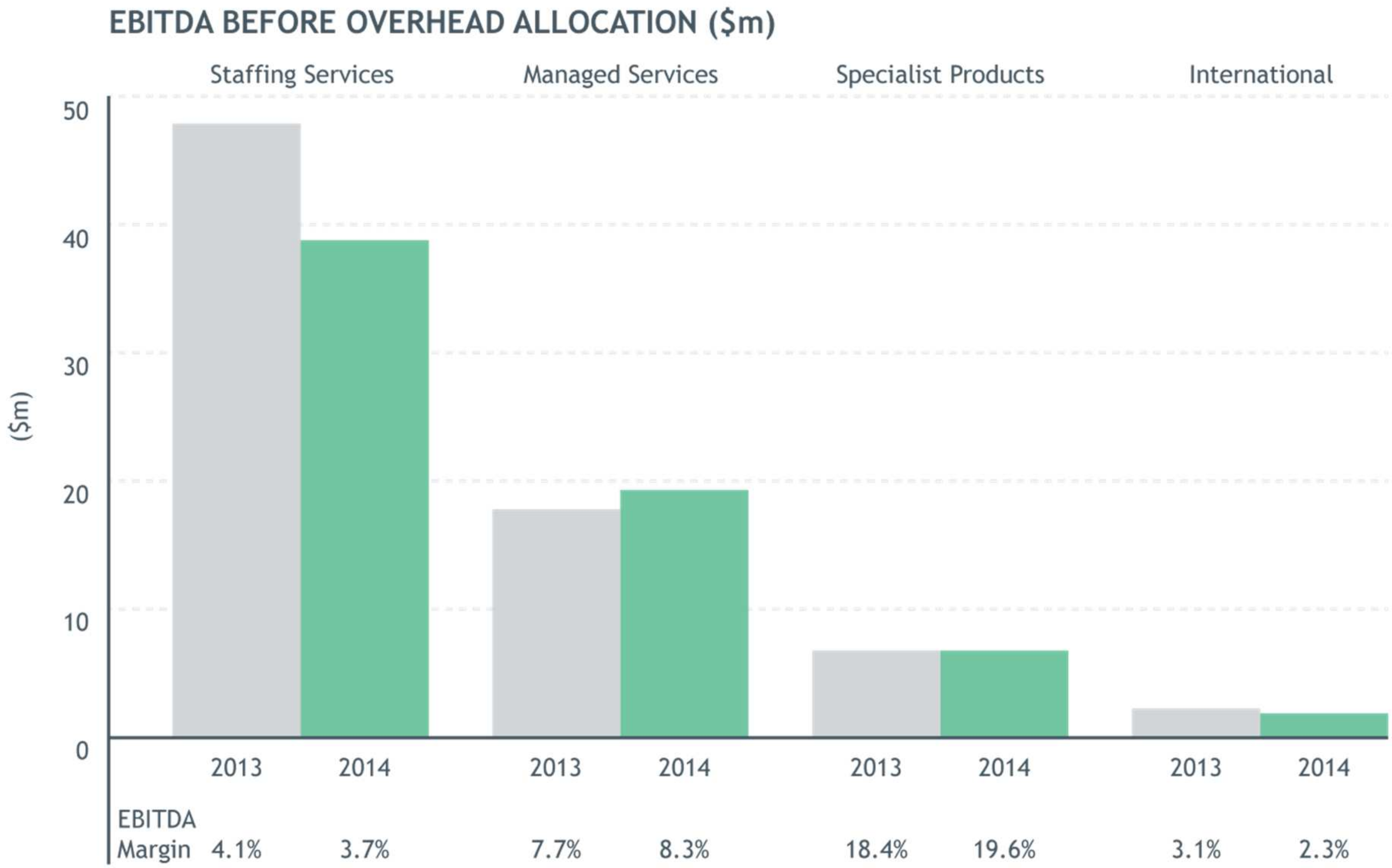
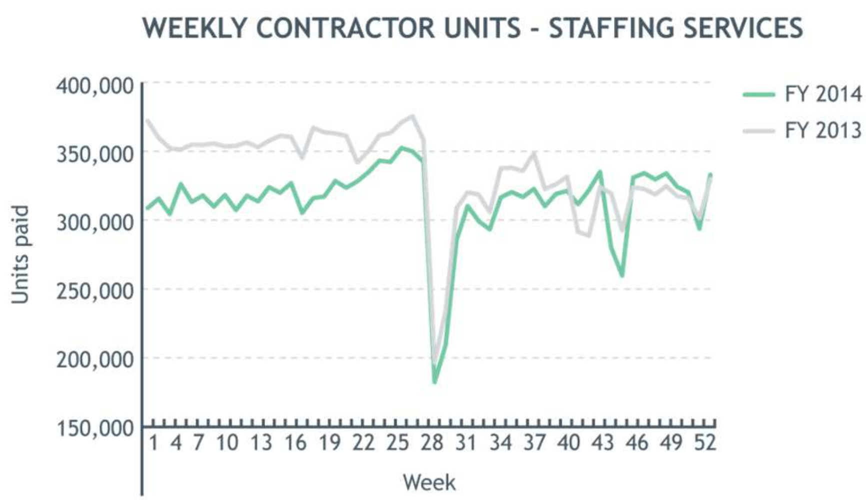
SEGMENT REPORTING

EBITDA BY BUSINESS SEGMENT



STAFFING SERVICES

	2014	2013	Change YOY
Revenue $m	1,063.3	1,159.7	-8%
EBITDA before corporate overheads $m	39.0	48.1	-19%
EBITDA margin before corporate allocations	3.7%	4.1%	-10%



Highlights

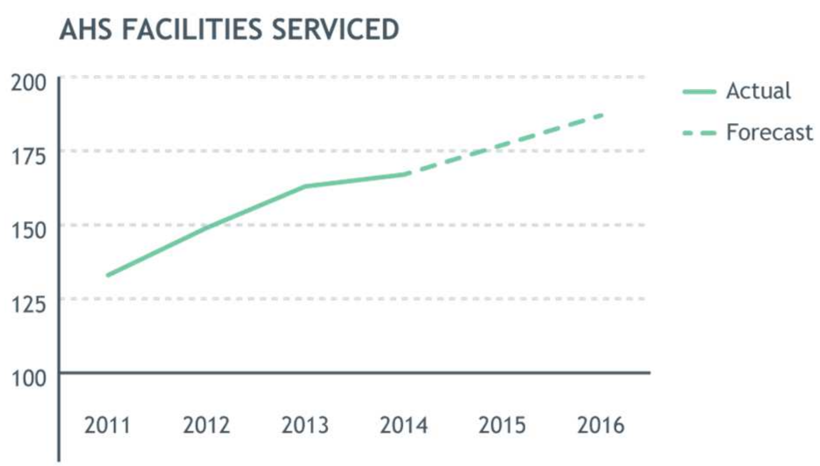
- Overall contractor hours worked steadily increased during second half of the year – blue collar workforce volumes are now well up on prior year
- Contraction in mining sector volumes and margins impacted WA earnings although this was offset by some large project deals. Vic and NSW volumes were down with some very positive signs of recovery in South Australia and Queensland experienced
- Permanent recruitment continued to be subdued in most sectors although there were signs of increased activity towards the latter part of the year
- Government has been the most resilient sector with the falls mainly in mining, manufacturing and financial sectors
- A series of productivity and efficiency initiatives were implemented during the year with expenses falling $10 M YOY
- EBITDA margin compression was mainly attributed to lower permanent recruitment volumes

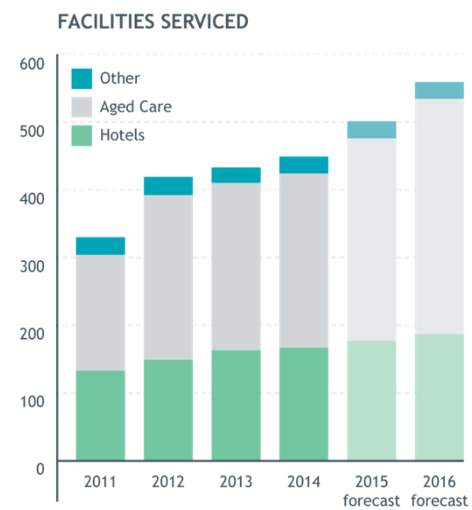
MANAGED SERVICES

	2014	2013	Change YOY
Revenue $m	233.2	231.6	1%
EBITDA before corporate overheads $m	19.4	17.9	8%
EBITDA margin before corporate allocations	8.3%	7.7%	8%

Highlights

- Principally comprises the AHS and Vivir businesses
- Inclusion of Vivir results for the full year more than offset reduction from loss of Forstaff Aviation contract and a major BPO contract
- Vivir's expansion into the NSW market continues to deliver solid returns - 19 new sites in NSW / ACT
- Investment in QLD to create a platform for growth in FY15
- Cost synergies were achieved through the realignment of the management structure and integration of AHS and Vivir back-office

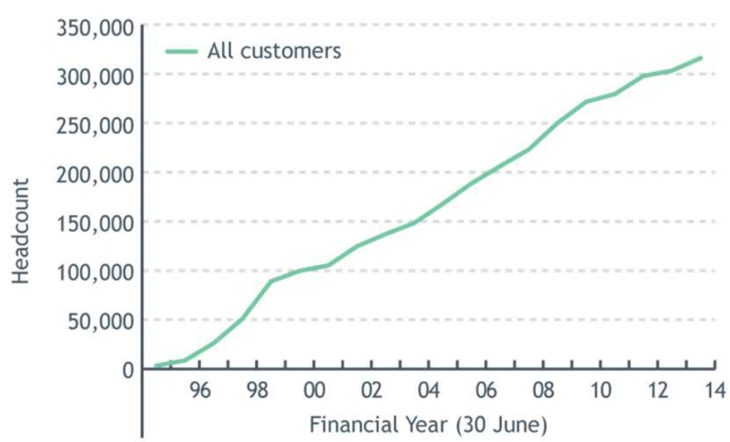




SPECIALIST PRODUCTS

	2014	2013	Change YOY
Revenue $m	34.6	36.7	-5.7%
EBITDA before corporate overheads $m	6.8	6.8	0.4%
EBITDA margin before corporate allocations	19.6%	18.4%	6.5%

NUMBER PAID USING AURION



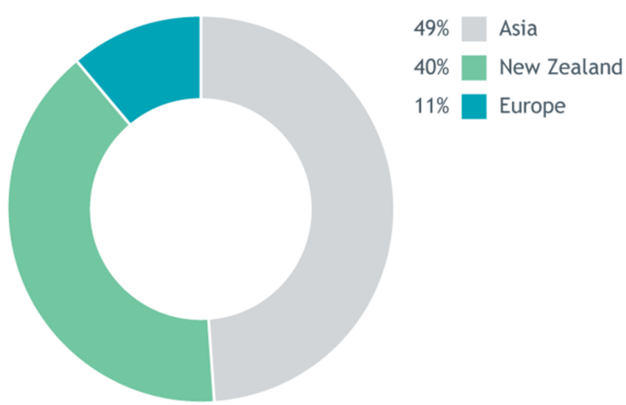
Highlights

- Comprises Aurion and Consulting businesses
- The Aurion business was restructured delivering both an increase in revenue and a reduction in costs
- Aurion has invested to upgrade its products to take advantage of growth opportunities
- Consulting was impacted by lower demand for assessment and development products partially offset by increased career transition revenues
- Consulting restructured around Centres of Excellence in Culture, Safety, Career Transition, Assessment and Indigenous - enabling service improvement, operational efficiencies and enhanced ability to cross-sell across Group
- Investment in sales culture will enable future Consulting growth

INTERNATIONAL

	2014	2013	Change YOY
Revenue $m	81.1	74.5	9%
EBITDA before corporate overheads $m	1.9	2.3	-17%
EBITDA margin before corporate allocations	2.3%	3.1%	-26%

REVENUE BY GEOGRAPHY - FY 2014



Highlights

- Temp/Contract revenue growth in Hong Kong and NZ
- Perm revenue decreased in NZ - progressed service line and geographical expansion offset this reduction
- Contribution from Grafton acquisition exceeded expectations
- The China Cornerstone operations are exceeding expectations
- Indonesia impacted significantly by labour law changes
- EBITDA margin impacted by changed revenue mix moving from perm to Temp/Contract

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SUPPLEMENTARY INFORMATION

THE REPORTED RESULTS INCLUDE RESTRUCTING COSTS AND TRANSACTION COSTS ASSOCIATED WITH ACQUISITIONS

	2014 $m	2013^ $m
REPORTED EBITDA	38.2	38.1
RESTRUCTURING COSTS	4.2	7.4
ACQUISITION RELATED TRANSACTION COSTS	0.6	1.6
EARN-OUT FAIR VALUE ADJUSTMENT	(2.8)	(1.8)
UNDERLYING EBITDA	40.2	45.3
REPORTED NET PROFIT AFTER TAX	13.5	10.7
RESTRUCTURING COSTS	3.0	5.1
ACQUISITION RELATED TRANSACTION COSTS	0.5	1.5
EARN-OUT FAIR VALUE ADJUSTMENT	(2.8)	(1.8)
BRAND NAME WRITE-OFF	-	2.7
UNDERLYING NET PROFIT AFTER TAX	14.2	18.2

^2013 NPAT restated to reflect the amortisation of $0.4m as a result of intangibles accounted on Vivir acquisition.

OUR BALANCE SHEET POSITIONED FOR FURTHER GROWTH

	30-Jun-14 $m	31-Dec-13 $m	30-Jun-13^ $m
Trade Receivables	110	113	106
Other current assets	15	35	15
Intangibles and goodwill	237	237	232
Other non-current assets	25	25	20
Total Assets	**387**	**410**	**373**
Current Debt including acquisition funding	12	5	16
Non-Current Debt including acquisition funding	76	94	97
Total Debt	**88**	**99**	**113**
Trade and other payables	86	96	77
Provisions and others	23	27	27
Total Liabilities	**197**	**222**	**217**
Net assets	**190**	**188**	**156**
Gearing (Debt/Net Assets + Debt)	**32%**	**34%**	**42%**
	FY2014	**H1 2014#**	**FY 2013**
Interest Cover (Times)* (Underlying EBIT/interest cost**)	3.4	2.9	3.8
Net Debt/Underlying EBITDA*	2.2	2.6	2.5

^ 30 June 2013 balances are restated to reflect the amortisation of intangibles accounted on Vivir acquisition.
# Annualised.
* Based on Underlying EBITDA/EBIT.
** Excludes non-cash interest.

HALF ON HALF

	H1 2013 ^	H2 2013^	H1 2014	H2 2014	H2 14 vs H1 14
Revenue	802.0	701.9	732.5	680.7	-7%
Expenses[1]	(82.4)	(79.4)	(77.5)	(73.5)	-5%
Underlying EBITDA[1]	22.5	22.8	18.7	21.5	15%
Reported EBITDA	17.4	20.7	17.9	20.3	13%
Underlying NPAT[1]	9.3	8.9	6.1	8.1	33%
Reported NPAT	5.4	5.3	6.1	7.4	21%
Underlying cash eps (cps)	2.79	2.77	2.09	2.28	9%
Reported eps (cps)	1.22	1.17	1.31	1.40	7%
Dividend per share (cps)	1.40	1.80	1.40	1.80	29%

^ 2013 NPAT restated to reflect the amortisation of of intangibles accounted on Vivir acquisition.
1. Before restructuring, acquisition transaction costs, fair value adjustment to contingent consideration and brand name write-off(FY13).