
Friday, 4 December 2009

SKILLED GROUP LIMITED (ASX: SKE) – MARKET UPDATE

Given the uncertainty about the timing and pace of the economic recovery for this financial year SKILLED Group has not provided market guidance. As indicated at the time of the capital raising and subsequently at the AGM and Investor 'Day' the 2010 financial year is a period of rebuilding in order to deliver strong performance in FY2011 and beyond.

However, SKILLED Group has noted that the average forecast EBITDA from the analyst community that covers SKE is approximately \$88m for this financial year.

In the July – October 2009 period, SKILLED Group has been operating at an underlying EBITDA dollar run rate modestly above that of the average 2H FY2009 and this run rate is progressively increasing. Group revenue run rates are also improving but currently are slightly below the average revenue run rate of 2H FY2009.

Notwithstanding the improving performance, given the low starting run rates for EBITDA and revenue, current internal forecasts suggest that it is unlikely that the average analyst forecast for FY2010 of \$88m EBITDA will be reached.

While it is clear that the economic and hence market environment is improving this is yet to impact all areas of our business.

- In the Staffing Services area:
 - Workforce Services (blue collar labour hire and ~50% of SKE revenue) is experiencing a strong rebound with weekly revenue up 18% from the start of July 2009. This is above typical seasonal movements.
 - Other staffing businesses are showing mixed performance since the beginning of the financial year with strong growth in the PeopleCo brand (small – medium enterprise staffing), flat performance in Mosaic (white collar recruitment), and minor declines in SWAN (technical professionals contracting) and Origin Healthcare (healthcare staffing).
 - In aggregate we expect Staffing Services to continue to grow through the rest of the financial year.

- In the Engineering and Marine Services area:
 - ATIVO (maintenance and project engineering) is yet to rebound although its order book is building.
 - OMS (offshore marine manning and vessel services) is running a little below the average of 2H FY2009 and is yet to show a growth trend. This is due to a weak vessel market driven by a temporary global slowdown in oil and gas offshore expenditure, offsetting good growth in revenue and profit in the manning area. We anticipate performance improving through the 2nd half of this financial year and expect this business to deliver full year results around that of FY2009.

- In the Business Services area Excelior (customer contact management) performance is flat and this is likely to continue into the 2nd half with new sales being offset by the planned for wind down of a major contract.

Notwithstanding the differing responses of SKILLED Group's business areas to an economic recovery that is still gathering strength, the Group financial trajectory is positive and the foundation is being laid for a strong performance in FY2011 and beyond.

For further information please contact:

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About SKILLED Group

SKILLED Group Limited is Australia and New Zealand's leading provider of labour hire and staffing services. SKILLED Group has over 160 offices across Australasia with annualised revenues around \$2 billion. SKILLED partners with clients to improve their workforce efficiency and increase their productivity levels and provides staffing services to the industrial and healthcare sectors. SKILLED is listed on the Australian Stock Exchange (ASX: SKE) and has approximately 6,200 shareholders, predominantly in Australia.