

Acquisition of Broadsword Marine Contractors



SKILLED Group

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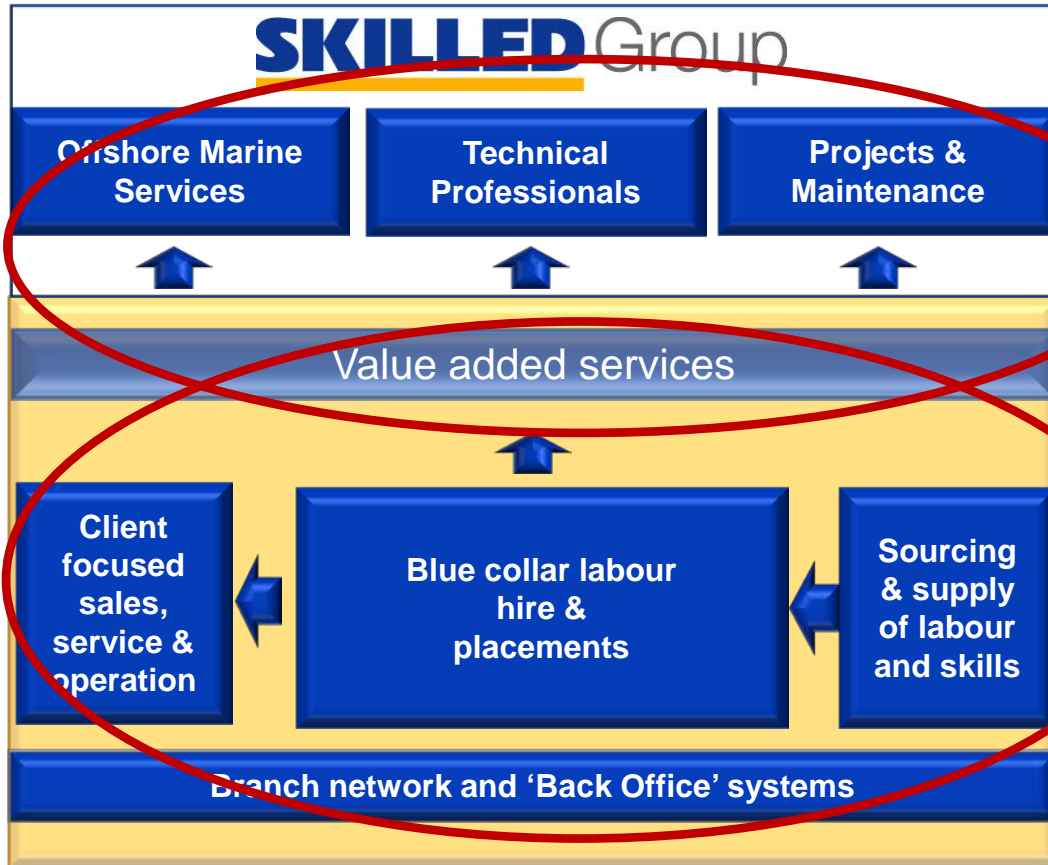
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Transaction summary

Broadsword Marine Contractors Pty Limited	<ul style="list-style-type: none"> • Broadsword is an asset backed, marine services provider, with a range of shallow water vessels and access to port facilities, supported by crewing and technical marine capability • Established presence in WA, NT and QLD with port access in Darwin and exposure to the oil and gas sector and related activities in the 'Top End' from Exmouth to Gladstone • Blue chip client base – relationships built on reputation for quality and service • Experienced management team - shallow water and inshore expertise
Strategic rationale	<ul style="list-style-type: none"> • Highly complementary to Offshore Marine Services (OMS) and the OMSA JV • Builds scale in an attractive, higher skill, higher margin market segment • Strong pipeline of opportunities in the oil and gas sector. Demand for ongoing marine support services expected to continue to grow, including support to FLNG projects and operations • Exposure to full lifecycle from exploration through construction to operations and maintenance • SKILLED Group adds client reach, safety systems, 'back office' and financial strength
Purchase price	<ul style="list-style-type: none"> • Initial cash out \$48.8 million with deferred consideration of \$26.7 million payable over 3 years; for total consideration of \$75.5m • A further contingent amount may be payable if 3 year EBITDA growth exceeds stretch targets
Financial benefits	<ul style="list-style-type: none"> • Expected FY14 EBITDA ~\$16 - \$17 million with strong growth potential over subsequent years <ul style="list-style-type: none"> • Forecast FY13 EBITDA¹ of approximately \$14 million on total revenue¹ of ~\$60 million, with a history of rapid earnings growth • Expected to be EPS accretive from Year 1; with >10% forecast growth in Year 1 cash EPS² • Expected EV/EBITDA multiple of approximately 4.0 times Year 3 EBITDA
Funding	<ul style="list-style-type: none"> • The transaction will be wholly debt funded through SKILLED's current funding facility • Gearing post transaction < 20 per cent (debt/debt plus equity)
Timing	<ul style="list-style-type: none"> • Transaction expected to be completed in July 2013

¹ estimated FY13 EBITDA and Revenue on a pro forma basis

² cash EPS growth excludes depreciation, amortisation and other non cash items



Build scale in attractive higher skill, higher margin segments

(e.g.: Oil & Gas, Maintenance, Telecommunications, Training)

BROADSWORD
MARINE
CONTRACTORS

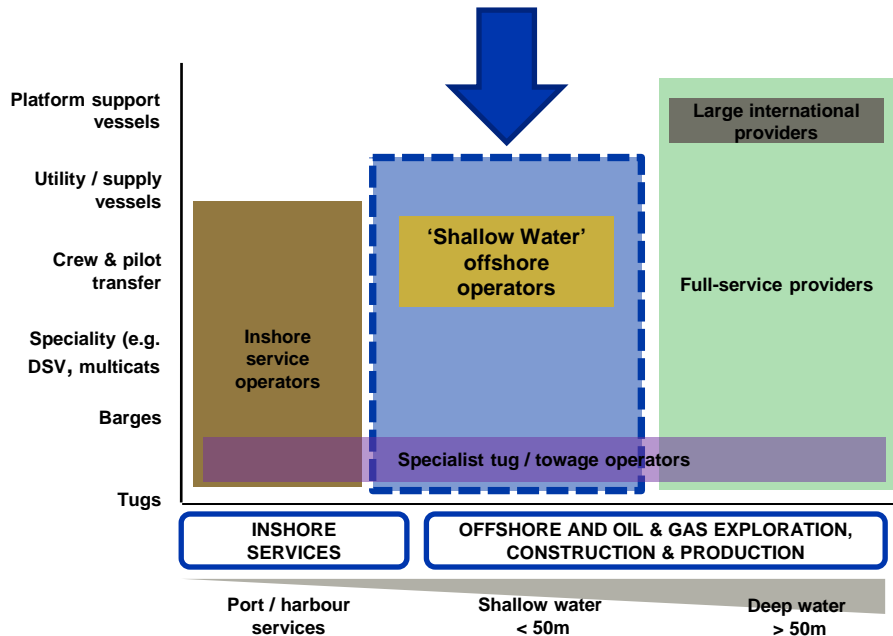


Leverage scale and brand strength in Workforce Services:

- Transformation, cost efficiency, data based decision support
- Focus on safety and higher skill roles

...acquisition consistent with strategy to build scale in high margin growth sectors

**BROADSWORD
MARINE
CONTRACTORS**

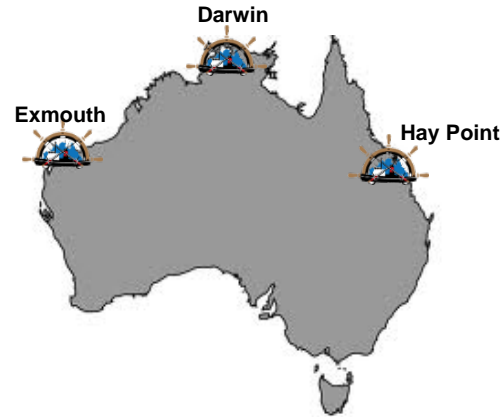


- Over \$160bn committed to LNG projects in Australia
- Current expansion plans remain robust including FLNG projects
- Significant demand for inshore and offshore, shallow water vessels to support LNG projects:
 - Gorgon, Wheatstone, Ichthys and Prelude
 - FLNG projects provide attractive marine services opportunities
- Marine services required to support operational and maintenance phases of projects
- Demand also driven by rapid increase in the throughput of Darwin and other Australian ports
- Broadsword positioned to support international and domestic client needs
- Complements the existing OMS and OMSA JV service offering

... strong competitive position with exposure to a growing market



...strategic positioning in Darwin port



- Profitable, fast growing business established in 2004
- Specialist and highly regarded supplier to the oil and gas sector with blue chip clients
- Established presence in WA, NT and QLD:
 - Port access and maintenance facilities in Darwin
 - Access to cyclone rated moorings and permanent boat pens
- Exposure to full life cycle from construction to operations and maintenance:
 - Environmental surveys; dredging and dive support; construction support; coastal towage; harbour works; marine logistics; crew transfer; remote operating vehicles; FLNG support ; crew provision and technical support



CATAMARANS

- Aluminium multi-purpose vessels.
- Used for: crew transfers; surveying; dredge & barge support, harbour work and dive support



MULTICATS

- Multi purpose barge like vessels with stable work platforms.
- Used for: anchor handling, dredge and barge support and harbour construction



MONOHULLS / UTILITY

- High speed aluminium multi-purpose vessels.
- Used for: crew transfers, surveying; dredge support, harbour work, off-shore cargo transfer and ship lines works



TUGS

- Manoeuvres other vessels by pushing / towing

• High quality and versatile fleet

- 24 vessels (18 owned/6 bareboat chartered) plus 1 Pontoon
 - 1 vessel under construction (~\$4m capex in FY14)
- Average age of the fleet is ~4 years
- Average capital value of each vessel is \$1.5m
- Minimal exposure to bareboat charter i.e. vessel paid for on usage only, with no maintenance exposure
- Low cost maintenance with in house maintenance team
- Vessel supply arrangements in place with Gareloch Support Services Pty Limited³
- **Experienced management team with oil and gas experience**
 - Highly trained crew to meet operational, technical, environmental and regulatory requirements
 - Key management to remain following the acquisition

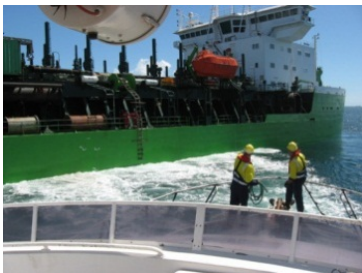
...a high quality, versatile, low cost, easily maintained fleet



Darwin Harbour UXO Survey



Environmental survey :Scott Reef, WA



Pluto LNG Project - Dampier, WA

- **Highly complementary service offering to SKILLED's Offshore Marine Services division (OMS)**
 - OMS is Australia's leading provider of offshore drilling and marine personnel to the oil and gas industry
 - Logical bolt-on that extends the service offering of OMS for existing and new clients while leveraging operational and technical capability
 - Extends service offering and OMS presence around the 'Top End' from Exmouth to Gladstone
 - Complementary service offering to OMSA JV 'Tug & Barge Operations'
- **Broadsword will benefit from SKILLED's safety systems, oil & gas expertise, management support and client reach**
- **SKILLED's systems, expertise and financial strength, will support Broadsword's identified growth opportunities**
- **Back office support to be provided by OMS:**
 - Safety support, IT and commercial support
 - Broadsword will remain focused on operations and business development
 - Integration Manager appointed

....Broadsword provides a range of complementary services

- **The outlook for FY13 remains the same as the previous market update (1 May 2013). Trading conditions remain challenging in some business segments with growth in others:**
 - **Workforce Services:** weakness in mining with continued price and margin pressure; weak employment conditions overall, with 'pockets' of strength e.g. telecommunications and infrastructure; some geographies e.g. Pilbara and Metropolitan NSW
 - **Technical Professionals:** reduced activity in mining and related engineering services, with growth in telecommunications and training
 - **Engineering & Marine Services:** continued growth supported by increased activity levels in oil & gas and maintenance services; the pipeline of oil and gas opportunities remains strong
 - Good progress on **transformation and cost reduction** expected to deliver at least \$10 million in FY13; with further opportunity to reduce costs identified for FY14
- **Expanding capability in attractive market segments:**
 - Previously announced equity increase in the OMSA JV to 50%
 - Broadsword expected to deliver between \$16 - \$17 million EBITDA in FY14
- **Well positioned to maintain a strong balance sheet to support dividends and invest for future growth**

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