

Delivering shareholder value



Half Year Results

for the six months ended
31 December 2012

Presented by:
Mick McMahon, CEO
13 February 2013

SKILLED Group

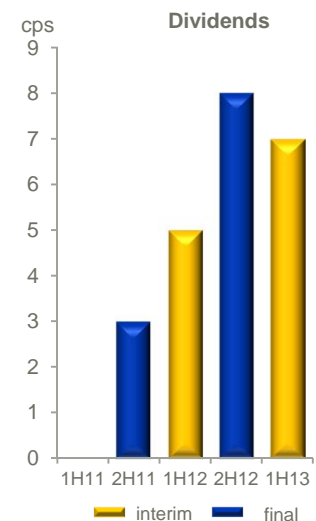
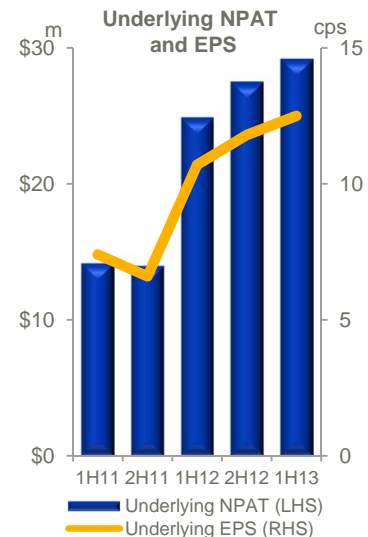
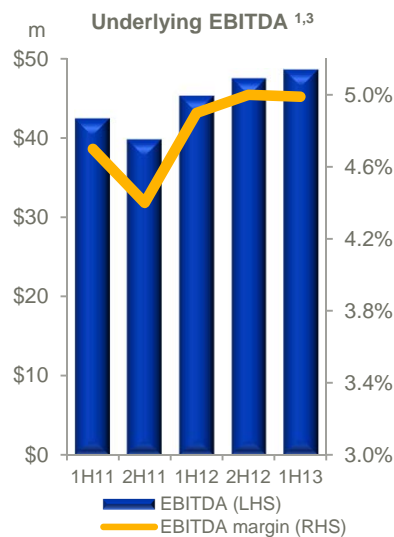
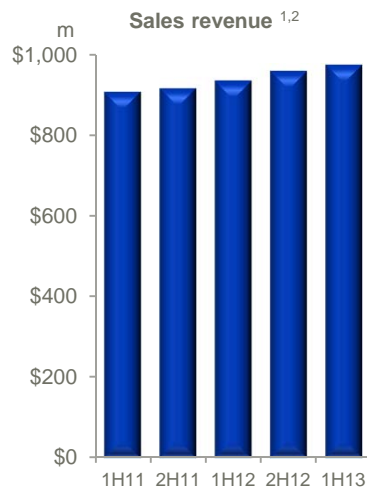
This presentation has been prepared by SKILLED Group Limited (ASX:SKE). The information contained in this presentation is of a general nature only, is not investment advice, and should not be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or specific needs of any particular person.

Except for any statutory liability that cannot be excluded, none of SKILLED Group Limited, its directors, employees or agents accept any liability, including, without limitation, any liability caused or contributed to by any fault or negligence on their part, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecast, or statement as to prospects or expected returns contained in this presentation. Any such forecast, or statement as to prospects or expected returns are by their nature subject to significant uncertainties and contingencies, and are for indicative purposes only. Past performance is no guarantee of future performance.

Before making an investment decision, you should consult your financial adviser to determine whether an investment in SKILLED Group Limited is appropriate in light of your particular investment objectives, financial situation, or specific needs.

- Group performance
- Strategy update
- Outlook
- Business segment performance
- Appendices

- Sales Revenue^{1,2} up 4.1% to \$973.6 million
- Reported NPAT of \$28.2 million, up 23.1% on a continuing business basis
- Underlying NPAT¹ up 17.4% to \$29.2 million
- Underlying EBITDA^{1,3} up 7.2% to \$48.7 million
- Underlying EBIT^{1,3} up 11.2% to \$43.2 million
- Operating cash flow (before tax) of \$15.9 million
- Net debt of \$67.1 million; gearing at 12.8%
- Reported EPS of 12.1 cps up from 11.0 cps
- Underlying EPS of 12.5 cps up from 10.7 cps
- Interim dividend of 7.0 cps, fully franked, up from 5.0 cps

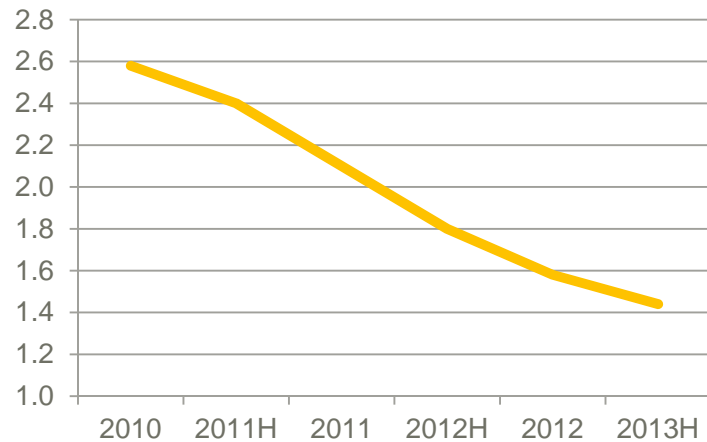


Note: all comparisons above are to the prior corresponding period unless stated otherwise. ¹ from continuing operations; ² Includes equity accounted income from OMSA JV; ³ as per segment reporting in Half Year Financial Report

- **Profitable growth in a weak market underpinned by Swan, ATIVO, OMS and OMSA JV**
- **Strategy implementation supported Workforce Services margin despite weak demand**
- **Continuing improvement in Safety**
- **Transformation program on plan delivering further reduction in the cost base**
 - ~\$5 million reduction in the indirect cost base within the half
- **Lower average net debt and interest expense**
- **Increased Interim Dividend**
- **Strong pipeline of growth opportunities**
 - New contract wins and pipeline of opportunities in mining, oil & gas, telecommunications

Maintaining leadership in safety

LTIFR (per 1,000,000 hours)



Continued Improvement in LTIFR and AIFR¹

- Continuing reduction in number and severity of incidents

Driving toward a Zero Harm safety culture

- Zero Harm Workshops held across Workforce Services engaging the top 200 Regional and Branch staff

Electronic Workplace Risk Assessment tool rolled out

- Electronic Workplace Risk Assessment tool (touch-screen fully electronic platform) rollout nearing completion
- Improved compliance and efficiency; strongly supported by clients due to ease of use and focus on key risks

Continued reduction in Worker’s Compensation costs

- Successfully completed Self Insurance renewal audit in NSW

the safety golden rules



¹ LTIFR: Lost Time Injury Frequency Rate per million hours worked AIFR: All Injury Frequency Rate per million hours worked

	Sales	Underlying EBITDA	Underlying EBITDA margin
Workforce Services	\$463.4m ↓ 1.7%	\$22.5m ↓ 3.5%	4.9% ↓ 0.1
Technical Professional Services	\$271.4m ↑ 11.1%	\$15.1m ↑ 13.5%	5.6% ↑ 0.2
Engineering & Marine Services ²	\$241.0m ↑ 9.3%	\$19.7m ↑ 11.8%	8.2% ↑ 0.2
Segment Performance	\$975.8m	\$57.3m	5.9%
Unallocated/Eliminations	\$(2.2)m	\$(8.6)m	
Group Performance ^{1,2}	\$973.6m ↑ 4.1%	\$48.7m ↑ 7.2%	5.0% ↑ 0.1

Workforce Services impacted by weak economy

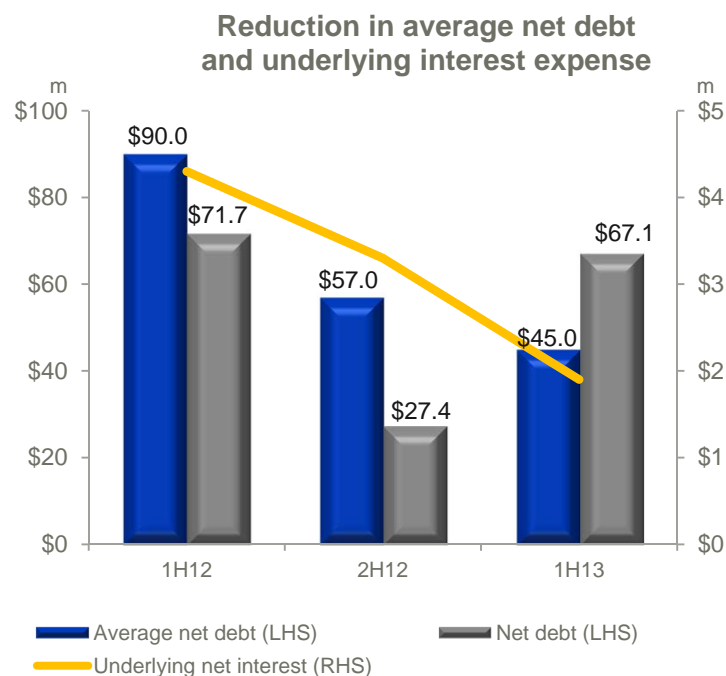
- Volume impacted by volatility in the resources sector and continuing weakness in demand on the east coast
- Margin pressure from customers across most sectors
- Reduction in indirect costs

11% revenue growth in Technical Professionals

- Continued revenue and earnings growth in Swan
- Growth in trainees and apprentices and Indigenous employment program
- Mining slowdown offset by growth in oil & gas and telecommunications

9% revenue growth and improved profitability in Engineering & Marine Services

- Strong revenue and profitable growth in ATIVO from new contract wins, especially in mining, and increased activity from existing clients
- Increased manning activity in OMS Australia from existing and new oil & gas clients
- Strong growth in the OMSA JV due to increased activity on the Gorgon project



Average net debt continues to reduce

- Net interest reduced significantly
- Average debtors days same as pcg

Operating cashflow lower than pcg due to:

- Timing of debtor payments due to earlier Christmas break; payments received in early January
- One-off \$12m cash released from OMSA JV in 1H12
- Current debt levels consistent with first half average

Movement in net debt:

- Increased (one off) tax payments due to higher FY12 earnings compared to tax instalments paid
- Final earn-out payment in 1H13
- Step up in final FY12 dividend

Simplification and transformation projects progressing well:

- **Integrated Rates Calculator** (in-house web based system) rolled out; enabling consistent margin management
- **Electronic Workplace Risk Assessment tool** rolled out (touch-screen fully electronic platform)
- **Automation of Candidate Application process ('e-onboarding')** in pilot mode, to be rolled out in second half
- **Timesheet Automation program** underway with the initial focus on utilising existing tools
- Increasing efficiency and service through **centralised delivery of services**

Further reduction in the indirect cost base:

- ~\$ 5 million indirect cost reduction delivered in the first half (with approx. \$1.4m in restructuring costs)
- Expect to deliver a total of ~\$10 million cost reduction over the full year

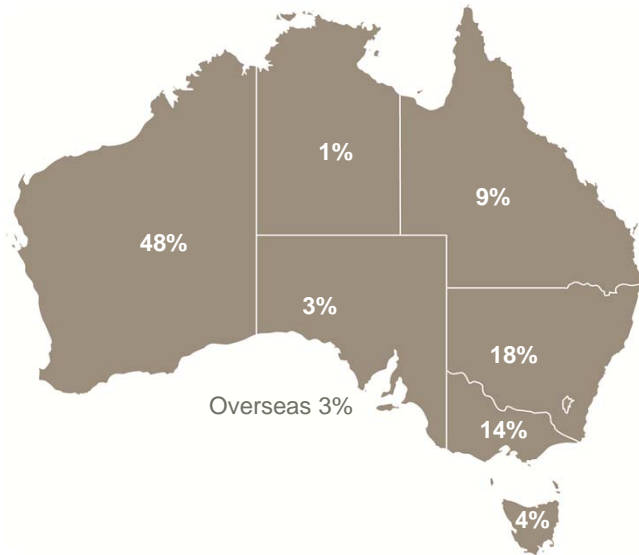
One Team - continued co-location and brand integration:

- Hawthorn, Welshpool and Mt Waverley completed, further co-locations underway
- Origin Healthcare to be fully integrated, rebranded SKILLED Health and co-located into the Hawthorn office

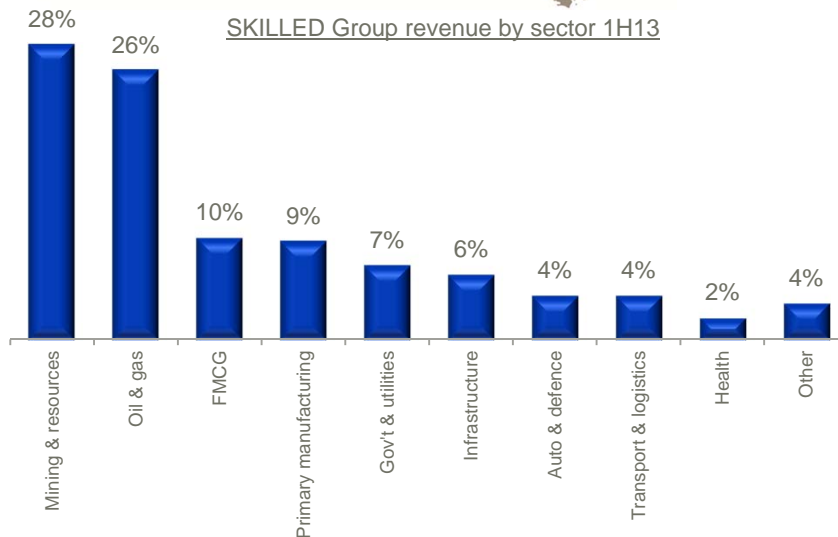
Strategy and outlook



SKILLED Group revenue by geography 1H13



SKILLED Group revenue by sector 1H13



Market leader in the provision of flexible labour solutions

- Tradespeople, experienced operators & technical professionals
- Engineering projects & maintenance
- Offshore marine services

Strong position in key growth sectors

- Mining & resources; oil and gas; infrastructure; telecommunications
- 57% revenue from WA and QLD

Safety leadership in the industry

Industrial relations expertise

~50,000 people employed each year, including:

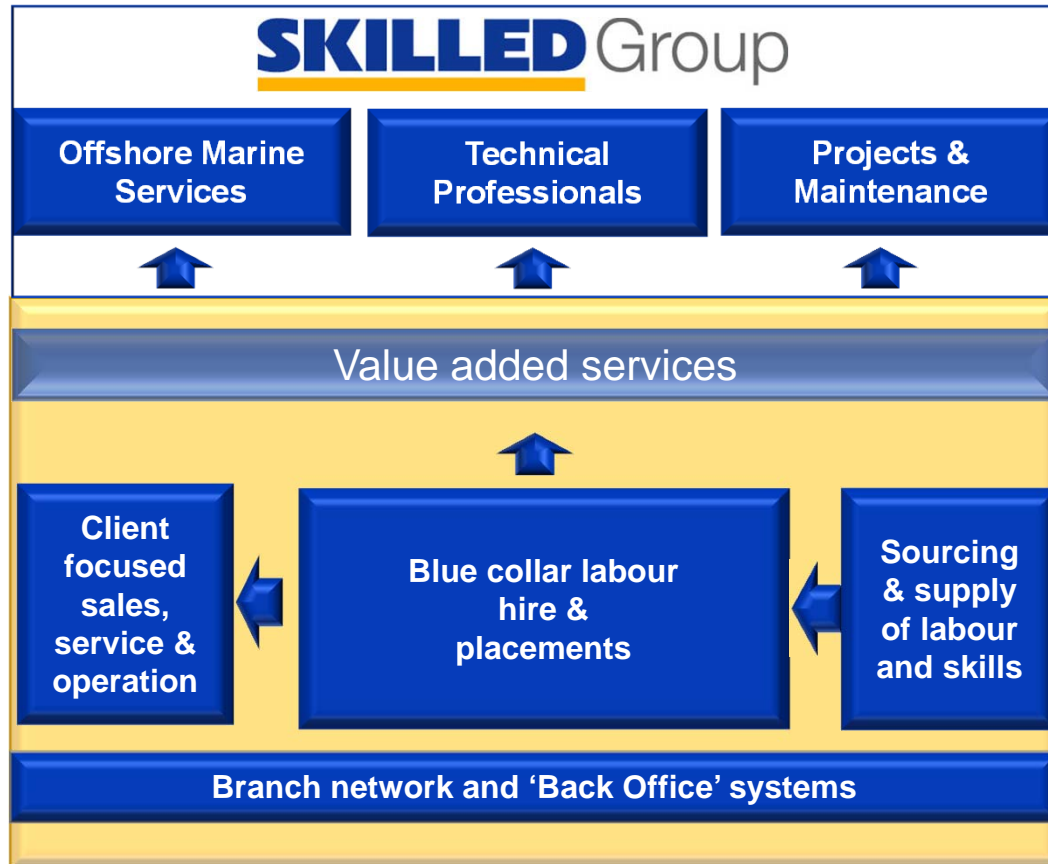
- ~ 1,100 traineeships and apprenticeships
- ~ 500 Indigenous employees

Long term client relationships

- ~ 50% clients with 2 – 5 year contracts; 18% with 5+ years

Well established and trusted brand

Extensive branch network across Australia



Zero harm

Focus on the Core business

Fit for purpose back office systems

Scale overheads and cost base to suit

Drive value added services

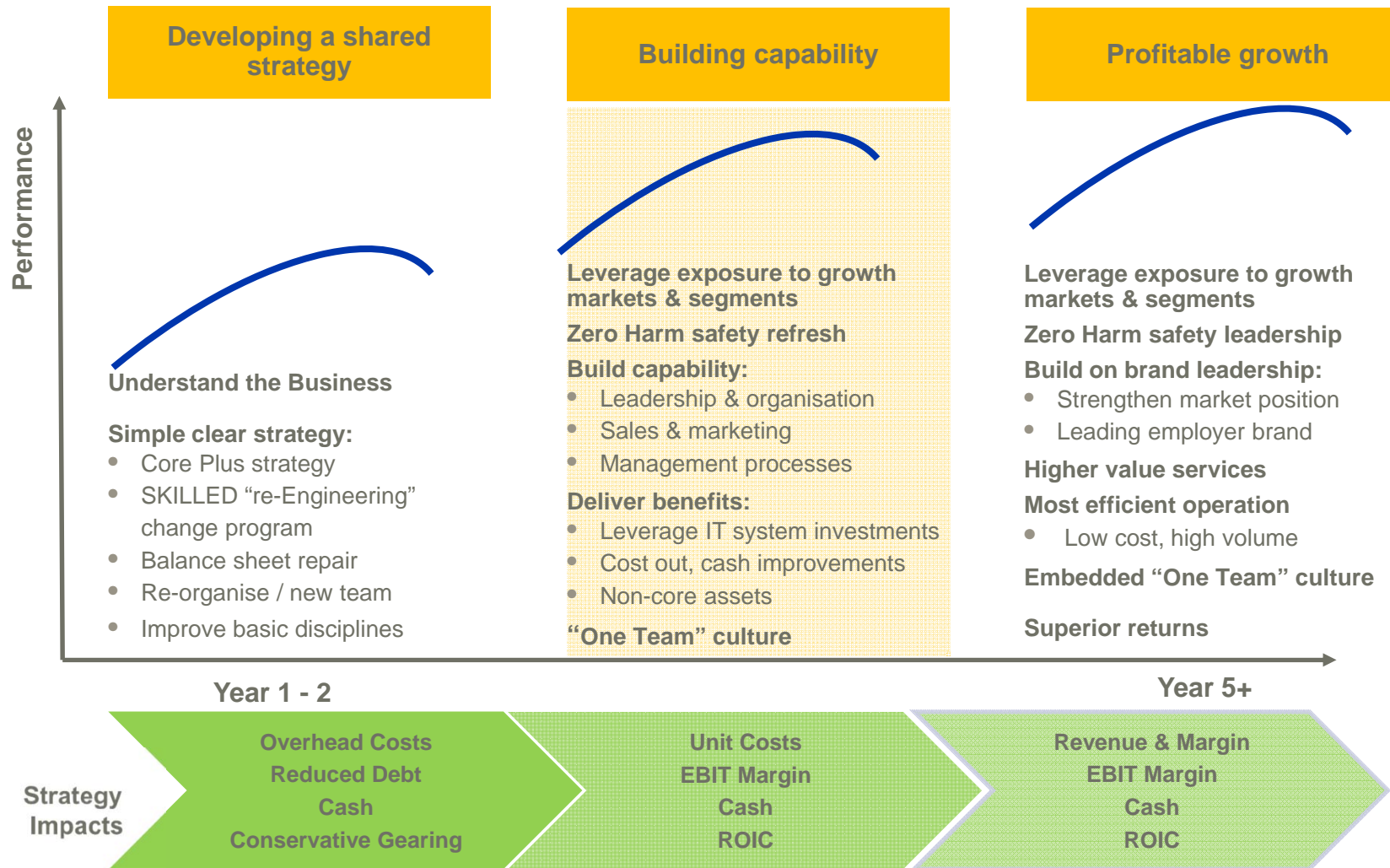
'Core Plus' businesses leverage the core:

'One Team' culture in support of front line teams

Improve the performance or exit from non-core businesses

... strategy remains appropriate for the uncertain economic environment...

Good progress but more to do



Portfolio balance and exposure to key industries, high skill roles and geographies delivering value growth despite macro economic challenges

Challenging market conditions expected to continue into the second half:

- **Workforce Services:** mining demand improving in Western region; but remains weak in Eastern region
- **Technical Professionals:** demand in oil & gas and telecommunications sectors currently offsetting softening demand in mining engineering projects
- **Engineering & Marine Services:** continued growth supported by increased activity levels

Continued strategy implementation to support EPS growth:

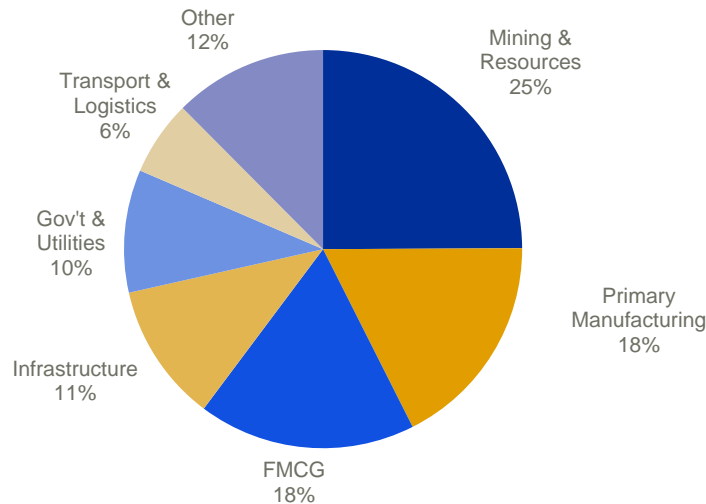
- Lower sustainable indirect cost base, reduced debt and interest cost
- Continue to pursue opportunities for profitable growth in the oil & gas, mining and telecommunications sectors
- Expansion of maintenance and shutdown services
- Delivery of scale benefits in Workforce Services

Balance sheet strength to support dividends and deliver improved shareholder value

Business segments



Industry Breakdown:

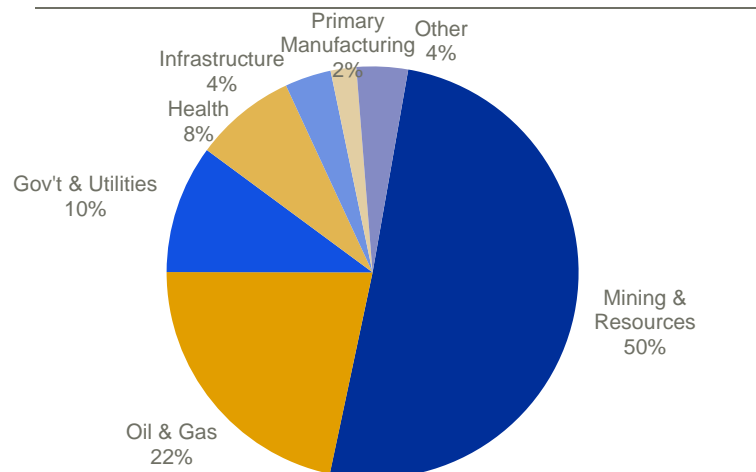


- Improved activity in infrastructure, telecommunications and rail sectors driven by increase in construction, rail projects and NBN
- Lower volume in mining and resources sector and ongoing slowdown on east coast due to commodity price volatility
- Continuing margin pressure from customers across most sectors
- Reduction in indirect costs from strategy implementation and good progress on transformation initiatives
- Strong pipeline of opportunities in mining, rail, infrastructure and telecommunications sectors

Revenue and EBITDA:

	1H13	2H12	1H12	1H13 v 1H12
Revenue (\$m)	463.4	462.2	471.3	(1.7%)
EBITDA (\$m)	22.5	22.8	23.4	(3.5%)
EBITDA margin	4.9%	4.9%	5.0%	(0.1)

Industry Breakdown:



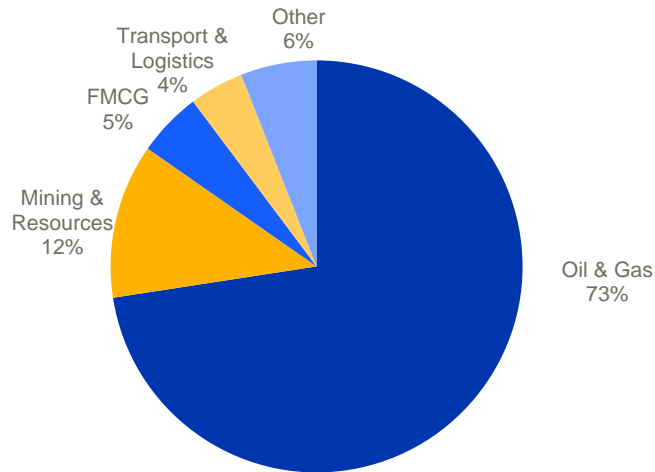
- Continued revenue growth and profitability in Swan
 - Slowdown in mining and related clients
 - Growth in oil & gas
- Increased number of traineeships and apprenticeships in mining, telecommunications and government sectors
- Integration of Origin operations and support
 - Rebranding to SKILLED Health
 - To be co-located with the Hawthorn office
- Technology Solutions (Damstra) affected by reduced mining demand on the east coast

Revenue and EBITDA:

	1H13	2H12	1H12	1H13 v 1H12
Revenue (\$m)	271.4	263.1	244.3	11.1%
EBITDA (\$m)	15.1	15.8	13.3	13.5%
EBITDA margin	5.6%	6.0%	5.4%	0.2

Engineering and Marine Services

Industry Breakdown:



Revenue and EBITDA:

	1H13	2H12	1H12	1H13 v 1H12
Revenue (\$m)	241.0	236.0	220.5	9.3%
EBITDA (\$m)	19.7	18.9	17.6	11.8%
EBITDA margin	8.2%	8.0%	8.0%	0.2

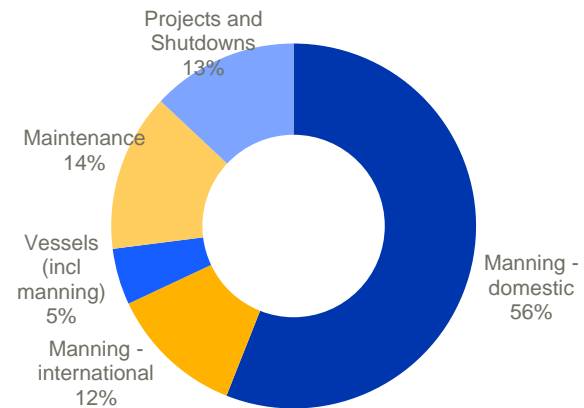
ATIVO:

- Profitable growth from increased activity in current and new project and maintenance contracts, primarily in mining
- Safety leadership - achieved a 365-day LTI free period
- Strong pipeline of opportunities with several new contracts in final negotiation phase

OMS:

- Increased manning activities in OMS Australia
- Strong performance in the OMSA JV due to increased activity on the Gorgon project

Revenue by activity:



Note: above graphs include notional 1/3rd share of OMSA JV revenue

Appendices



Cash flow analysis

\$m	1H13	1H12	1H13 vs. 1H12
EBITDA adjusted for non-cash items	46.5	41.9	4.6
Decrease/(increase) in working capital	(30.6)	2.9	(33.5)
Operating cashflow, excluding tax	15.9	44.8	(28.9)
Net tax paid	(19.8)	(3.6)	(16.2)
Operating cashflow after tax	(3.9)	41.2	(45.1)
Net interest paid	(2.0)	(5.1)	3.1
CAPEX	(6.5)	(4.0)	(2.5)
Proceeds from business & asset sales	1.5	8.6	(7.1)
Acquisition earn-out payments	(9.5)	(10.2)	0.7
Dividends paid	(18.7)	(7.0)	(11.7)
Total cashflow	(39.1)	23.5	(62.6)
Opening Net Debt	27.4	96.6	(69.2)
Cash (inflow)/outflow	39.1	(23.5)	62.6
Other movements (FX, fees)	0.6	(1.4)	2.0
Closing Net Debt	67.1	71.7	(4.6)