

Macquarie Annual Australia Conference



Presented by:
Mick McMahon, CEO
1st May 2013

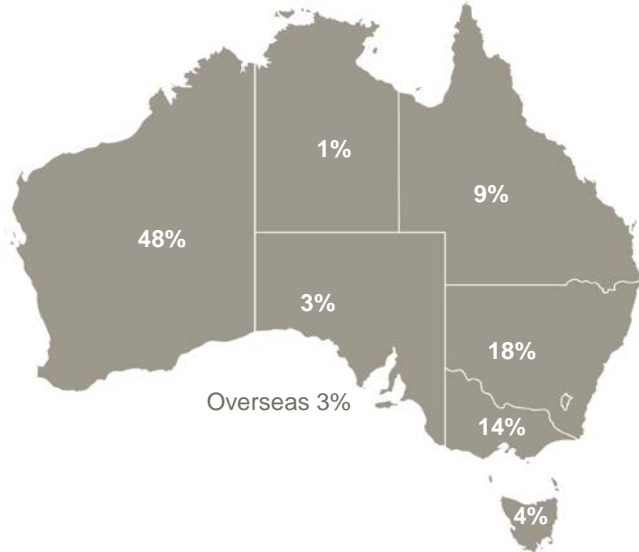
SKILLED Group

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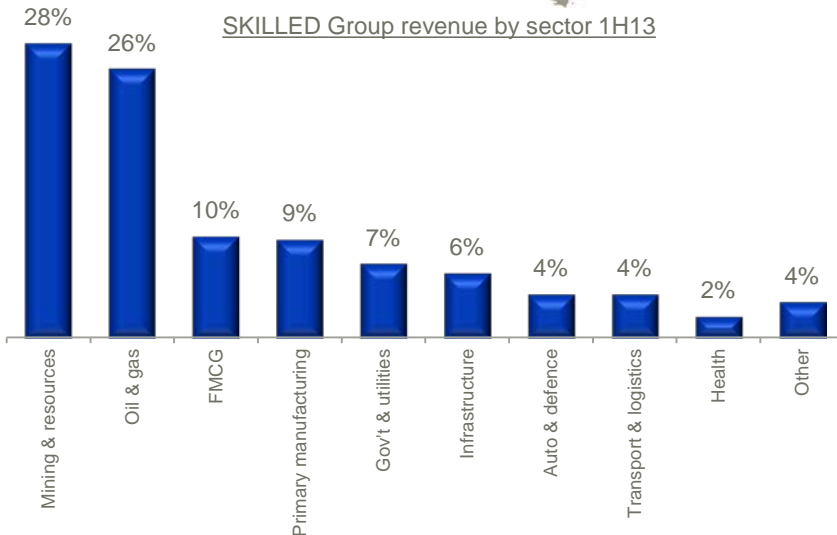
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SKILLED Group revenue by geography 1H13



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

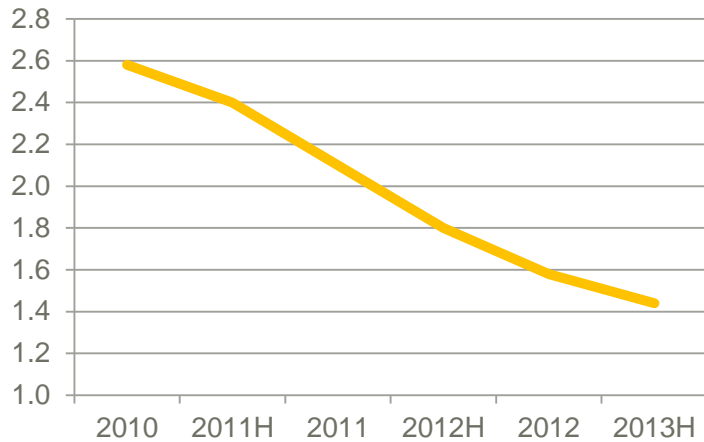
Long term client relationships

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

Well established and trusted brand

Extensive branch network across Australia

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) near 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 audits in NSW and SA

the safety golden rules

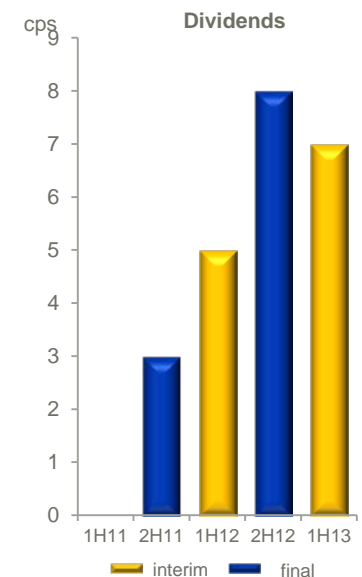
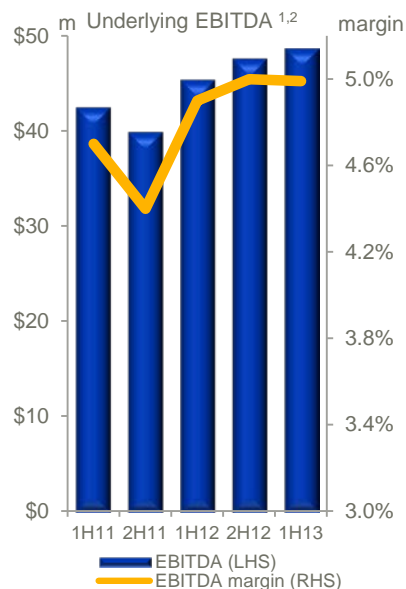
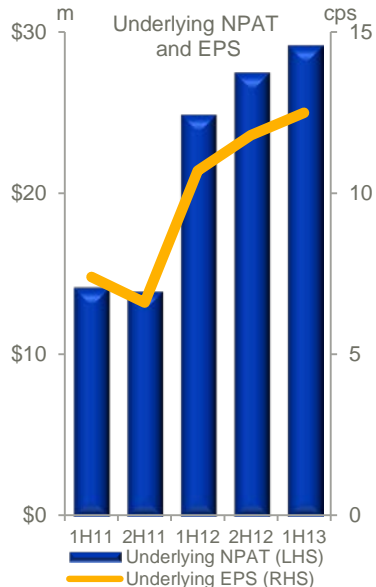


¹ LTIFR: Lost Time Injury Frequency Rate per million hours worked AIFR: All Injury Frequency Rate per million hours worked

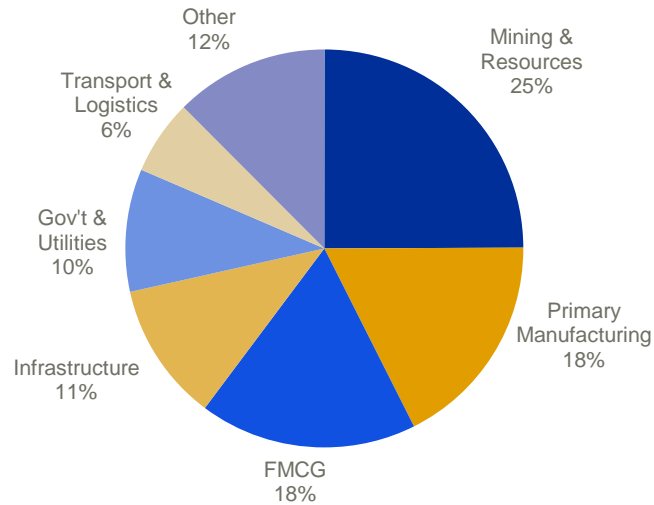
- **Profitable growth in 1H13 in a weak macro economic environment:**

- 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^{1,2} up 7.2% to \$48.7 million
- Underlying EPS of 12.5 cps from 10.7cps

- **Average net debt reduced**
- **Net debt of \$67.1 million; gearing at 12.8%** (as at 31 Dec 2012)
- **Net interest reduced significantly**
- **Increase in dividends, fully franked**



Industry breakdown:



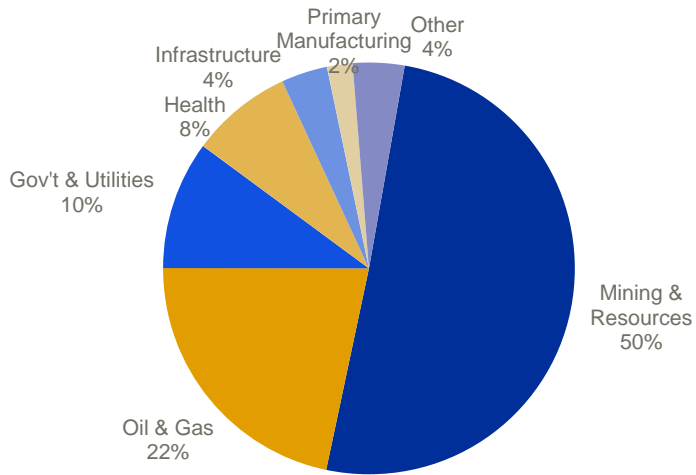
Revenue and EBITDA:

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

2H update:

- Continued volatility and reduced demand in mining, coupled with margin pressure from mining clients seeking reduced costs
- Overall weak employment growth nationally
- Improved activity in infrastructure, telecommunications and rail sectors driven by increase in construction, NBN and rail projects
- Rationalisation of suppliers in the mining sector provides opportunity for increased volumes over time
- Good progress on transformation initiatives:
 - further reduction in indirect costs
 - move to single national WFS structure

Industry Breakdown:



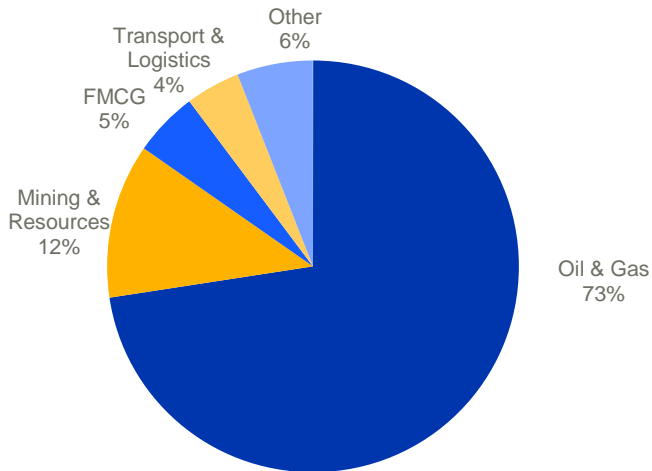
Revenue and EBITDA:

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

2H update:

- Swan impacted in 2H by the slowdown in mining and related engineering services :
 - average weekly contractor hours reduced by cost conscious clients
- Reduction in number of traineeships and apprenticeships in the mining sector; offset by continued growth in telecommunications
- NBN related Technical Professional placements continuing
- Higher margin Workforce Management Technology Solutions affected by reduced mining demand on the east coast

Industry Breakdown:



Revenue and EBITDA:

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

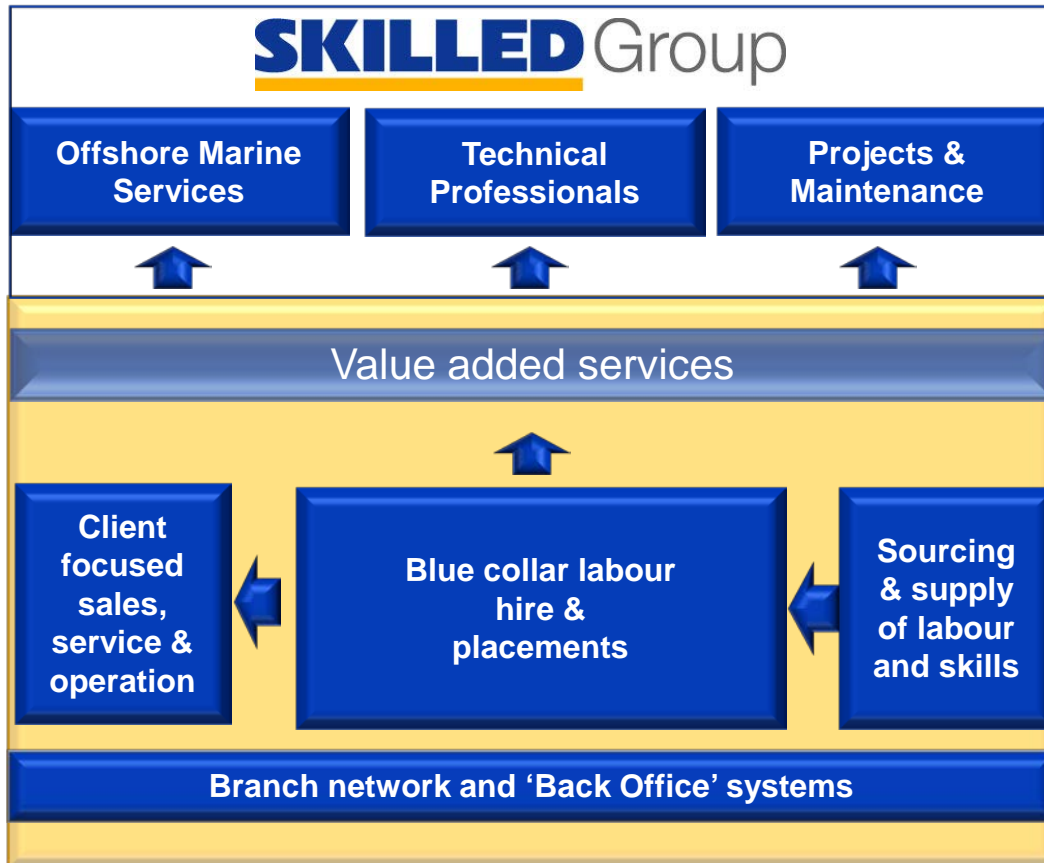
2H update:

ATIVO:

- Growth in activity levels continues but with 2H lower than 1H due to timing of projects and shutdowns
- Safety leadership - achieved a 365-day LTI free period
- Strong pipeline with several new contracts successfully negotiated, primarily in mining as ATIVO benefits from supplier consolidation

OMS:

- Increased manning activities in OMS Australia
- Increased partnership to 50% in OMSA JV
 - increased activity on the Gorgon project and opportunities beyond Gorgon
- Well positioned for work on new LNG projects in OMS and the OMSA JV



Zero harm

Focus on the Core business

Fit for purpose back office systems

Scale overheads and cost base to suit

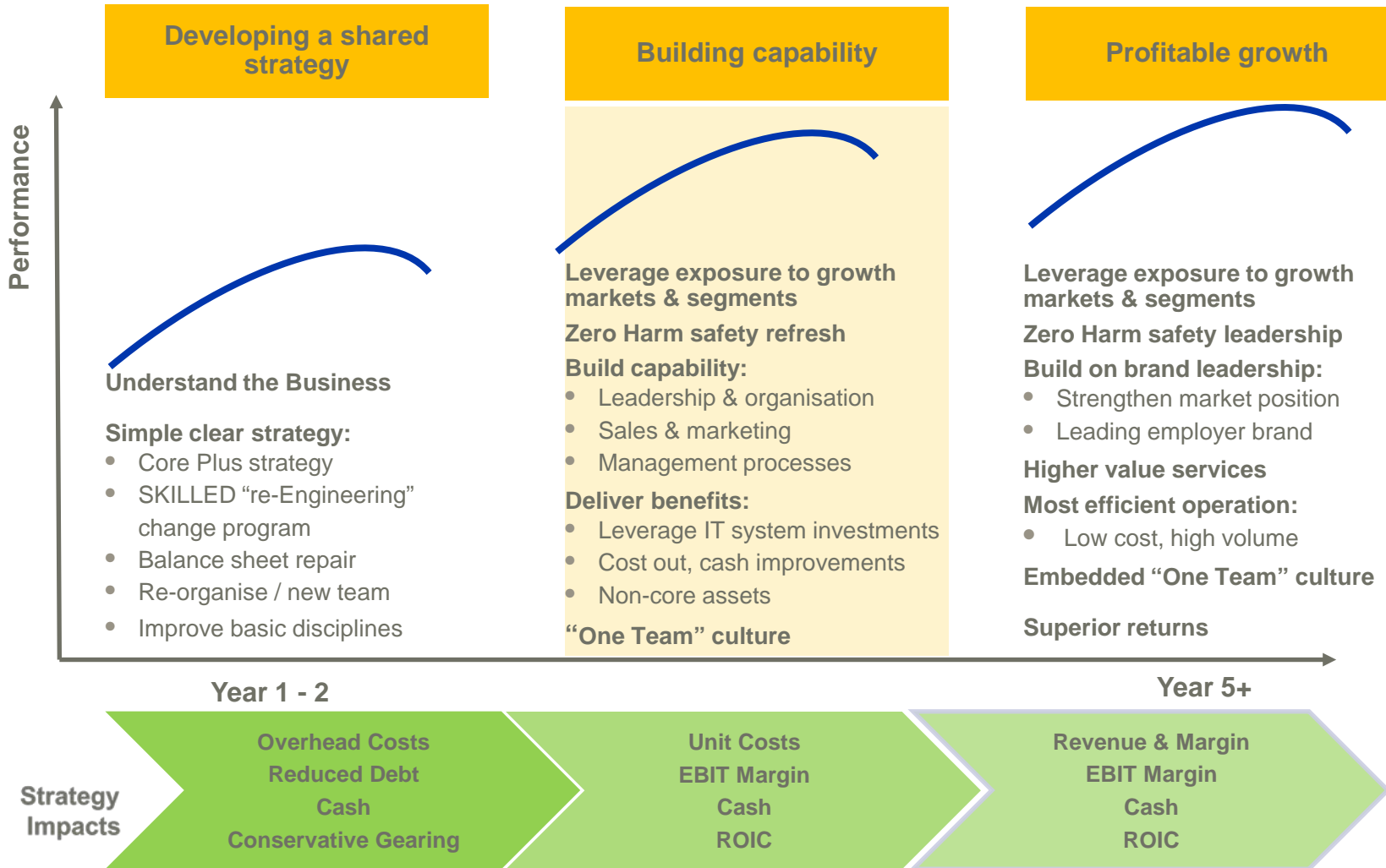
Drive value added services

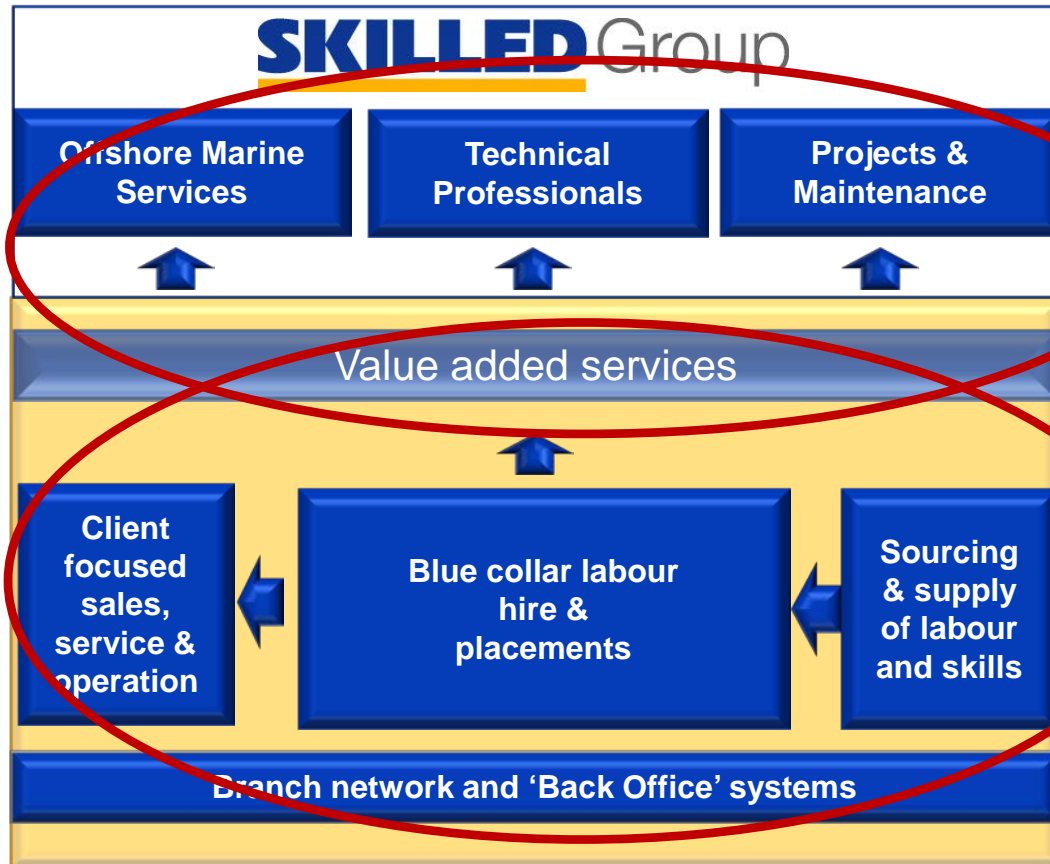
'Core Plus' businesses leverage the core:

'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...





- **Build scale in attractive higher skill, higher margin segments:**
 - e.g.: Oil & Gas, Maintenance, Telecommunications, Training
- **Leverage scale and brand strength in Workforce Services:**
 - Transformation, Cost efficiency, data based decision support
 - Focus on safety and higher skill roles

.. while maintaining financial discipline and improved returns to shareholders ..

Simplification and transformation projects progressing well:

- **Integrated Rates Calculator** (in-house web based system); enabling consistent margin management
- **Electronic Workplace Risk Assessment tool** (touch-screen fully electronic platform)
- **Automation of Candidate Application process** ('e-onboarding')
- **Timesheet Automation program** underway with the initial focus on utilising existing tools
- Increasing efficiency and service through **centralised delivery of services:**
 - recruitment support, allocations & scheduling, 24 hour on call support, national client support

Move to a single national Workforce Services Structure

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 at least ~\$10 million cost reduction in FY13

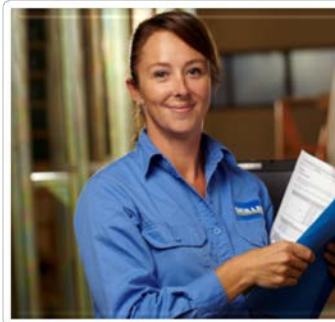
Challenging market conditions in the second half:

- **Workforce Services:** continuing weakness in demand in mining with continued price and margin pressure; weak employment conditions overall
- **Technical Professionals:** reduced activity in mining and related engineering services impacting on Swan in 2H
- **Engineering & Marine Services:** continued growth supported by increased activity levels
- Good progress on transformation and cost reduction

Continued strategy implementation to support EPS growth:

- Lower sustainable indirect cost base, reduced debt and interest cost
- Delivery of scale benefits in Workforce Services
- Continue to pursue opportunities for profitable growth in oil & gas, telecommunications, expansion of maintenance & shutdown services and other higher margin segments

Balance sheet strength to support dividends and growth



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