2010 Full Year Results Presentation

26 August 2010

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SKILLED Group

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Agenda

- FY10 Results Overview
- Strategic Review Update
- Segment Reporting
- Outlook

Impacted by patchy nature of recovery……

- Earnings within market guidance given in April 2010
  - Reported EBITDA of $62.1m down 28% and reported NPAT of $12.7m down 55%
  - Underlying EBITDA of $69.1m down 22%; underlying NPAT of $19.2m down 44%
- Revenue of $1.7b down 13%
- Continued positive operating cash flow of $29.1m
- Net debt reduced to $184.4m; down from $258.7m
- Reported earnings per share of 7.3c
- Continued focus on cost management
- No final dividend declared
  - continued focus on improving profitability and reducing debt

….. positioned for a recovery in demand

- Steady signs of improvement and recovery across the Group in the last two months of the year and continuing
- Strategic review of business initiated by the Board has been completed
  - confirmed the fundamental elements of the businesses are strong
  - level of debt (~3x EBITDA) is high given the Group's financial profile and operating requirements
  - desired debt level to be around 2x EBITDA
  - decision to divest Swan Contract Personnel; sale proceeds to be applied to the Group's debt
  - proceeds from the sale expected to exceed debt reduction target
- Key executive appointments following restructure of the Group
- Search for new SKILLED Group CEO well advanced

Financial Highlights

$M	FY10	FY09	change
Revenue	1,698	1,943	-13%
Reported EBITDA	62.1	86.1	-28%
Underlying EBITDA	69.1	88.7	-22%
Underlying EBITDA % Margin	4.1%	4.6%	-11%
Reported NPAT	12.7	28.3	-55%
Underlying NPAT	19.2	34.2	-44%
Net Operating Cash Flow	29.1	122.1	-76%
Reported EPS (cps)	7.3	23.01	-68%
Fully franked Dividends per Share (cps)	0.0	10.5	n/a
Net Debt	184.4	258.7	-29%
Gearing (net debt / net debt + equity)	35%	53%	-34%

Stronger result in second half

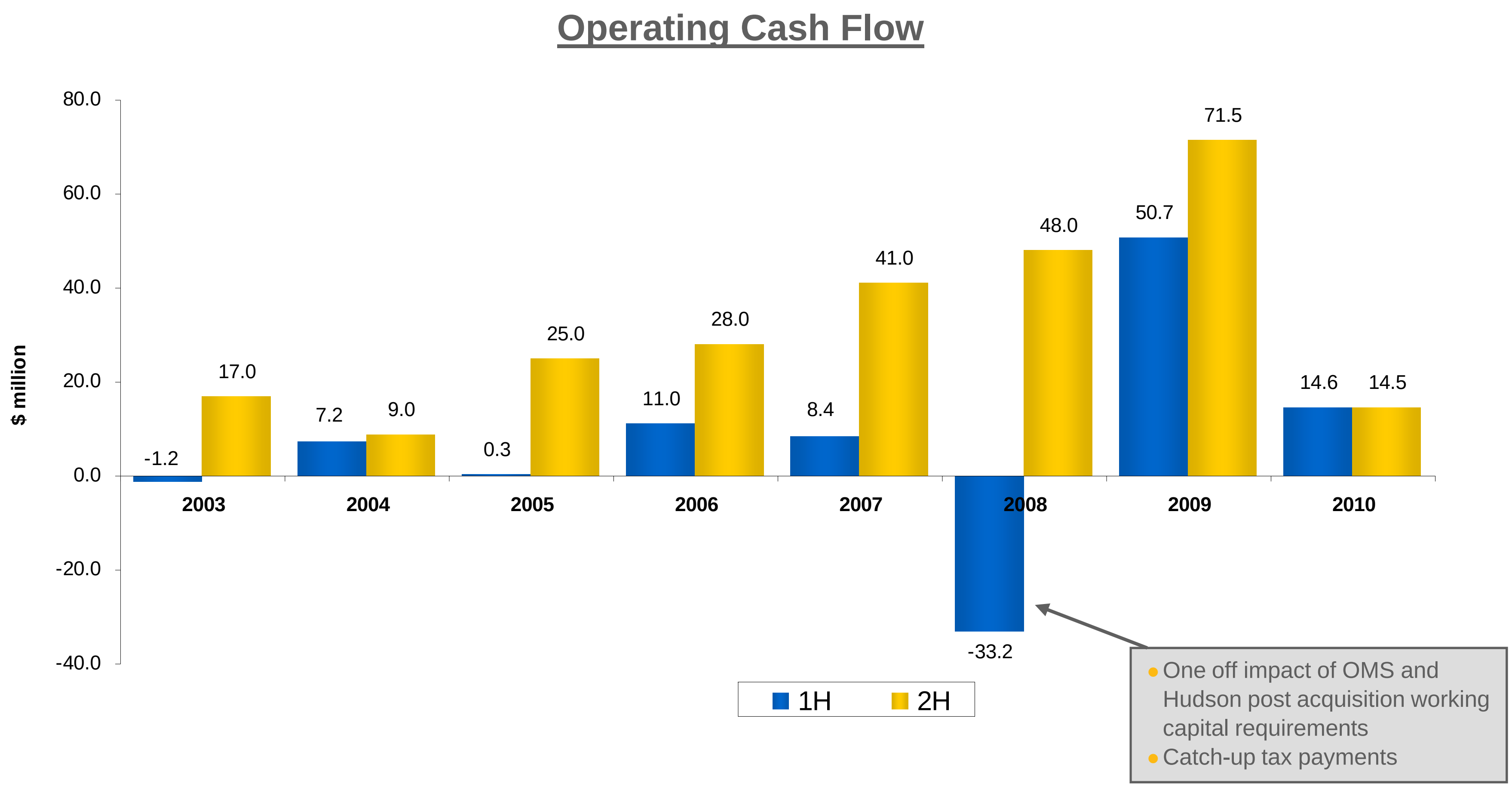
Half Year Comparison

	2H 10 $m	1H 10 $m	2H 09 $m	1H 09 $m	Change **2H 09 v 2H 10**
Revenue	853.4	844.5	875.9	1,067.4	-2.6%
Reported EBITDA	31.4	30.7	29.3	56.8	7.2%
Underlying EBITDA	35.5	33.6	29.9	58.8	18.7%
Underlying EBITDA % Margin	4.2%	4.0%	3.4%	5.5%	
Reported NPAT	8.2	4.5	6.9	27.2	18.8%
Underlying NPAT	10.2	9.0	6.9	22.1	47.8%
Net Debt	184.4	181.2	258.7	299.1	
Gearing (net debt / net debt + equity)	35%	35%	53%	57%	

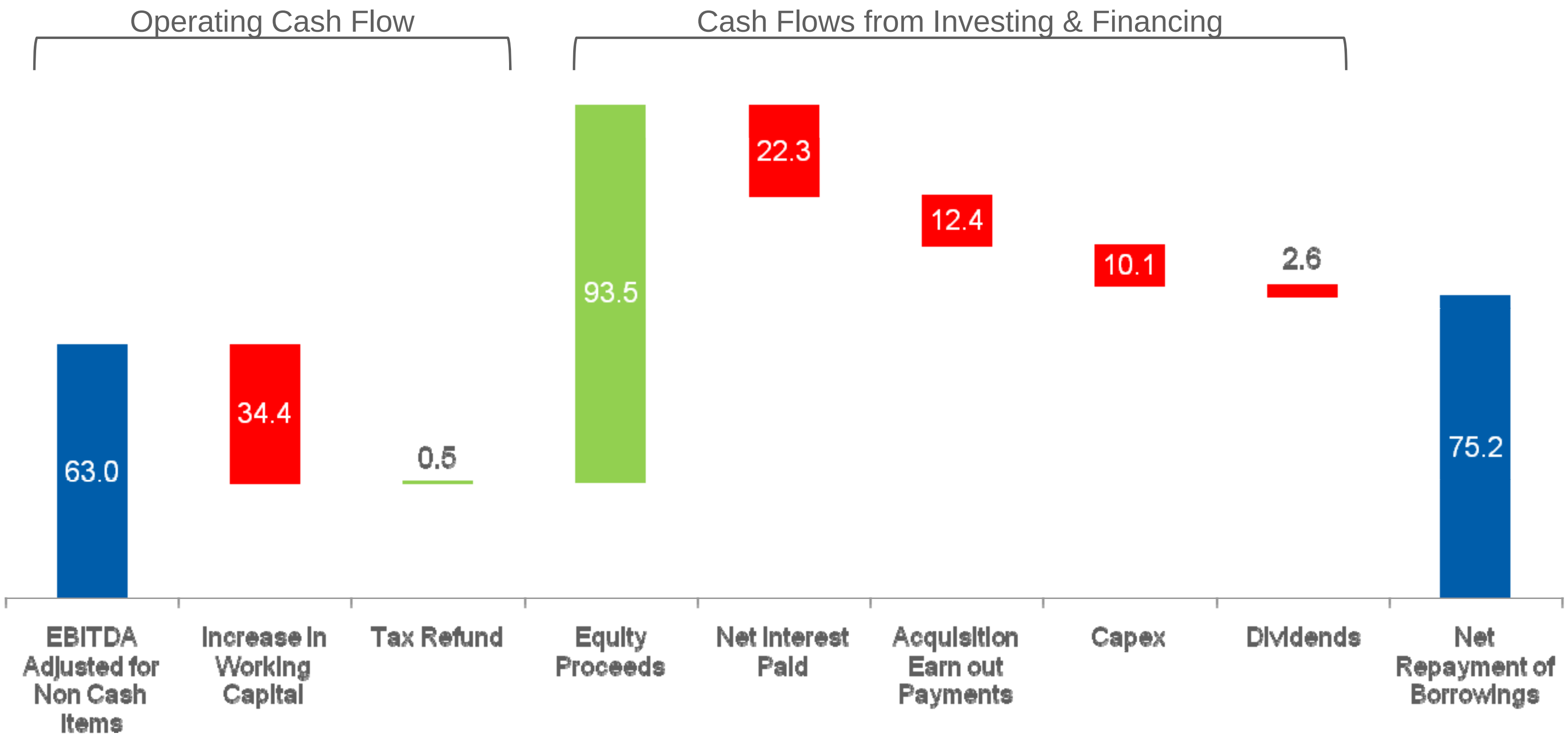
Financial Highlights – ‘Underlying’ Adjustments

$M	FY10	FY09	Change
Reported EBITDA	62.1	86.1	(24.0)
Adjustments:			
Restructuring and Branch Closure Costs	5.3	5.0	0.3
Goodwill impairment	1.7	-	1.7
Adjustment to Executive Option expense	-	(2.4)	2.4
Underlying EBITDA	**69.1**	**88.7**	**(19.6)**
Reported NPAT	12.7	28.3	(15.6)
Adjustments:			
After tax EBITDA adjustments	5.3	1.1	4.2
Notional interest on earn-out liabilities (non cash)	2.3	3.8	(1.5)
Amortisation of intangible assets (non cash)	2.1	3.0	(0.9)
R&D Tax Concession	(1.5)	(2.0)	0.5
Impact of tax consolidation adjustments	(1.7)	-	(1.7)
Underlying NPAT	**19.2**	**34.2**	**(15.0)**

Operations continued to deliver positive cash flow



Movement in Cash Flow



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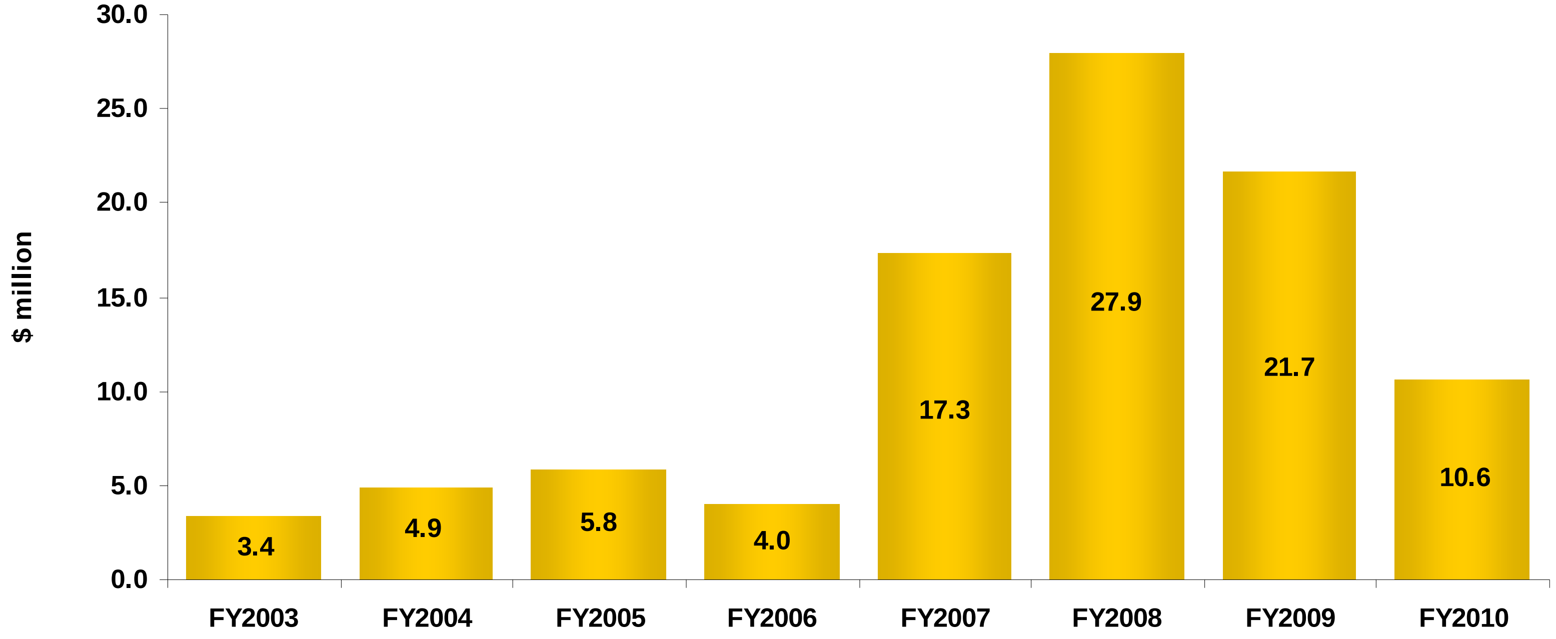
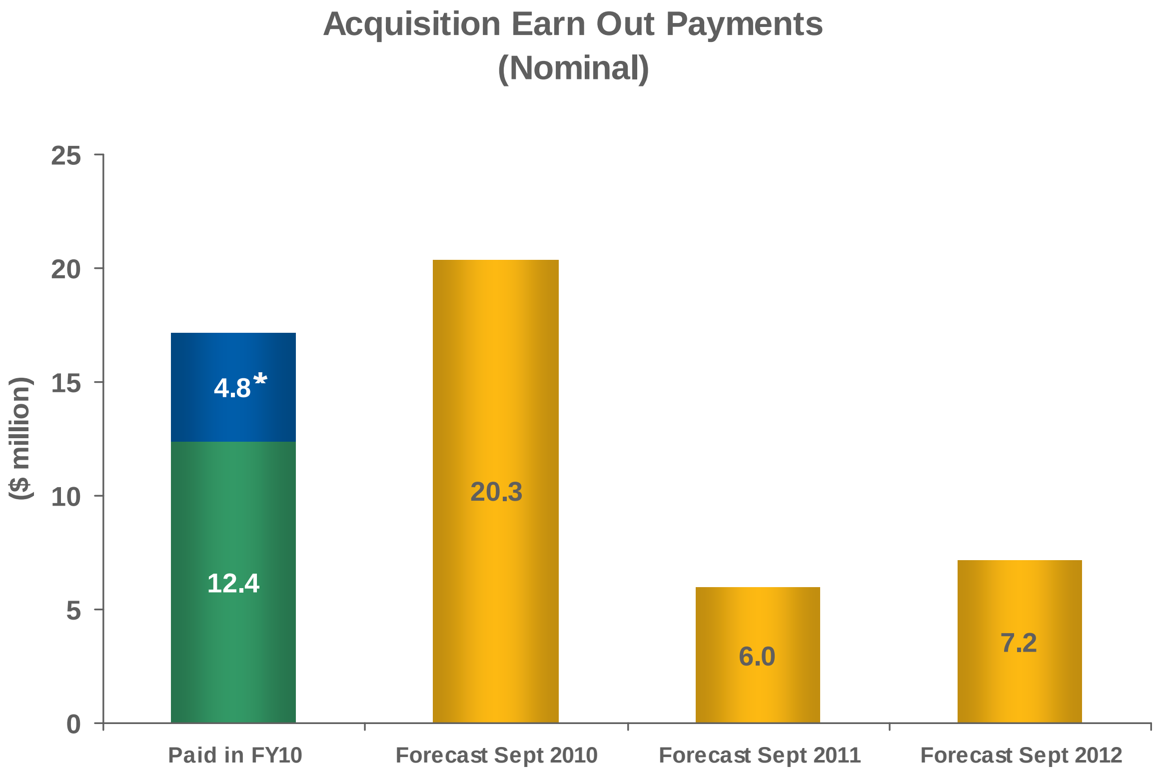
Capex has returned to a sustainable level

Capital Expenditure



Estimated future earn-out payments of ~$33 million



Relevant Acquired Businesses	Paid in FY10	Forecast Sept 2010	Forecast Sept 2011	Forecast Sept 2012
	• OMS Australia • OMS NZ • OMS Internat'l • Tradeforce NZ	• OMS UK • OMS Internat'l • OMS Australia • OMS NZ	• OMS UK • OMS Internat'l	• OMS UK • OMS Internat'l

* $4.8m earn out payment to OMS Australia vendor settled via issue of equity

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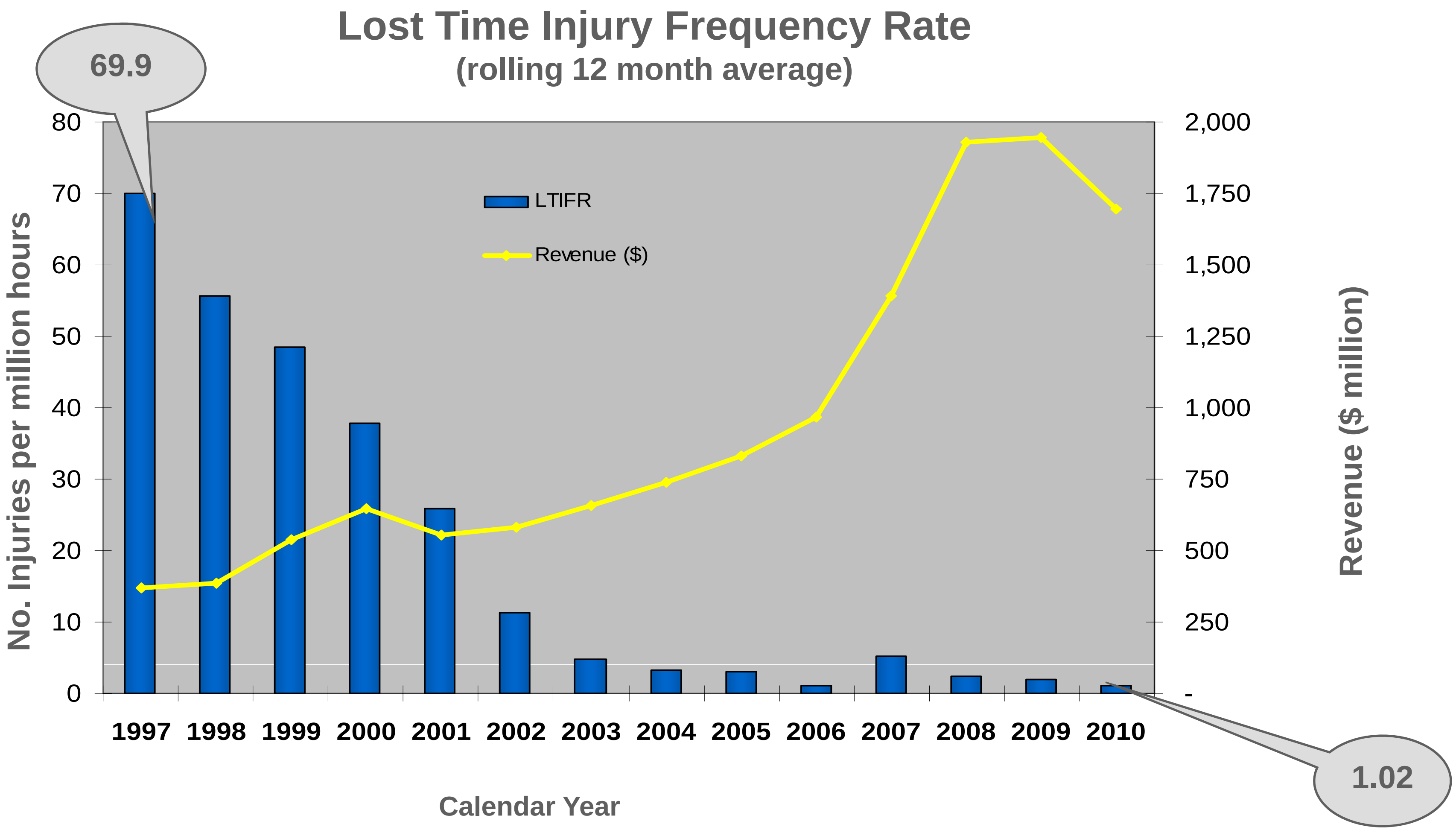
Strong safety performance continues



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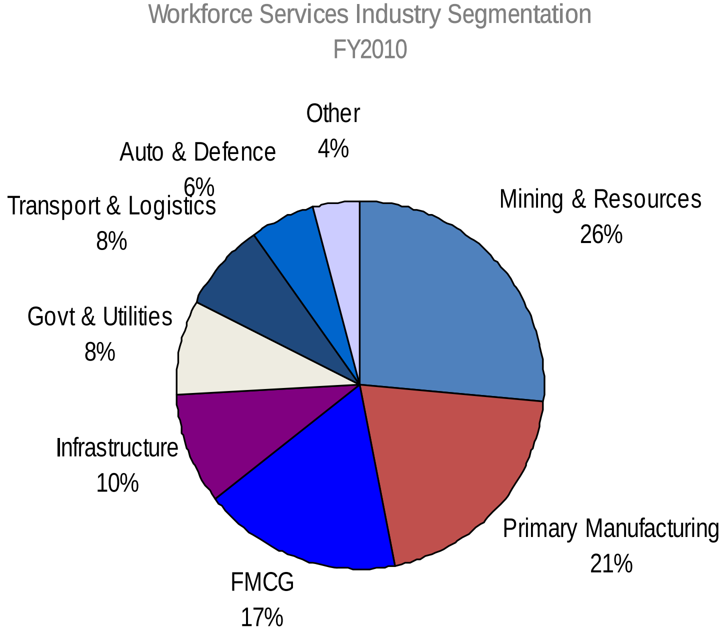
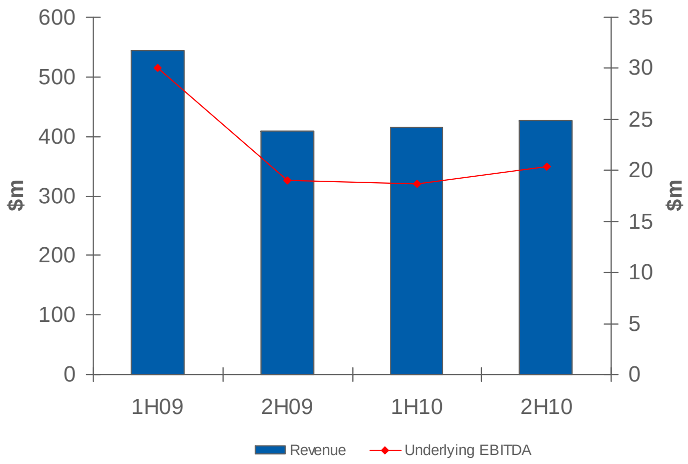
Workforce Services

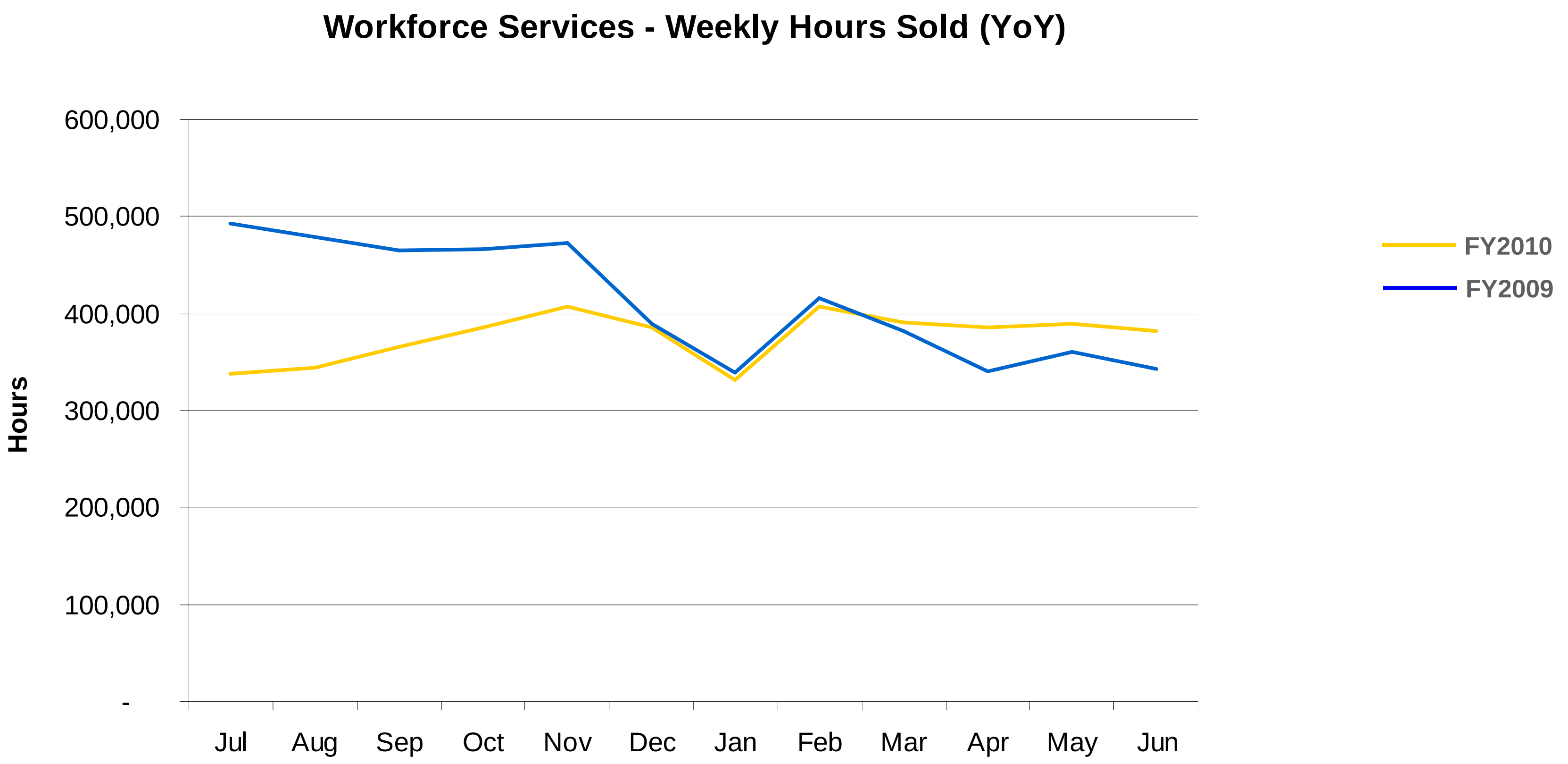
$M	FY10	FY09
Revenue	841.4	953.5
EBITDA[1]	36.1	46.5
EBITDA[1] Margin	4.3%	4.9%
Underlying EBITDA[1]	39.1	49.1
Underlying EBITDA[1] Margin	4.6%	4.2%





1 Before Corporate Costs

Workforce Services
Signs of recovery but at a slower pace

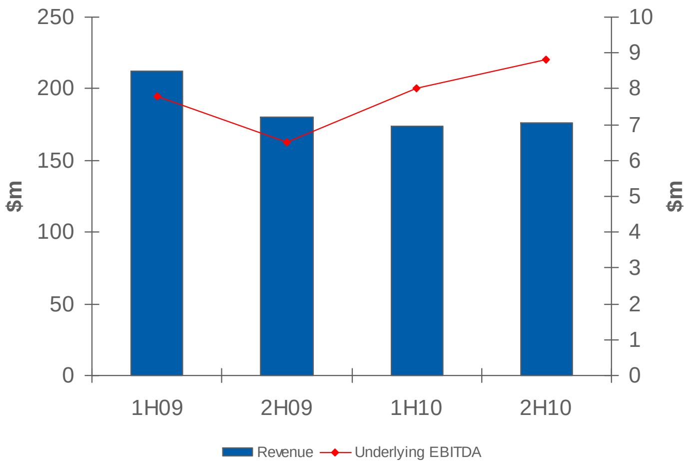


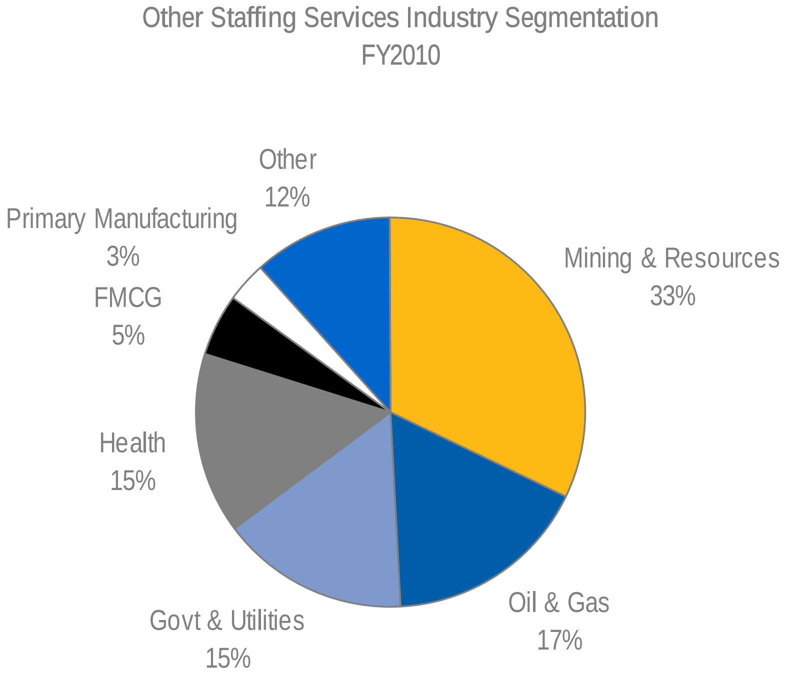
Workforce Services

- Growth solid in first half; however not at the same rate in the second half, following the normal seasonal slowdown
- Higher margin trades skills have performed well in the second half
- Activity levels in the Eastern seaboard are being driven by civil and construction projects and major roads upgrades
- Activity levels in the mining business continue to improve in line with the recovery in the mining sector
- Benefiting from the provision of innovative labour solutions for key clients
- Ongoing focus on indirect costs has countered the pressure of reduced volumes and gross margin reductions
- Appointment of Damian Johnson as CEO of Staffing Services

Other Staffing Services

$M	FY10	FY09
Revenue	350.4	393.1
EBITDA[1]	15.6	13.7
EBITDA[1] Margin	4.5%	3.5%
Underlying EBITDA[1]	16.8	14.3
Underlying EBITDA[1] Margin	4.8%	3.6%





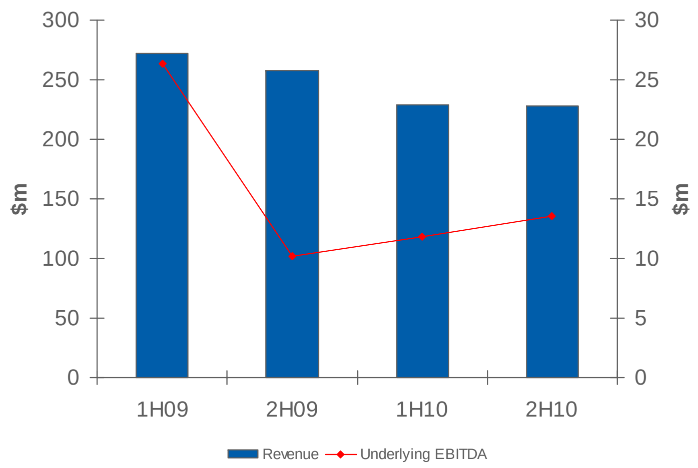
1 Before Corporate Costs

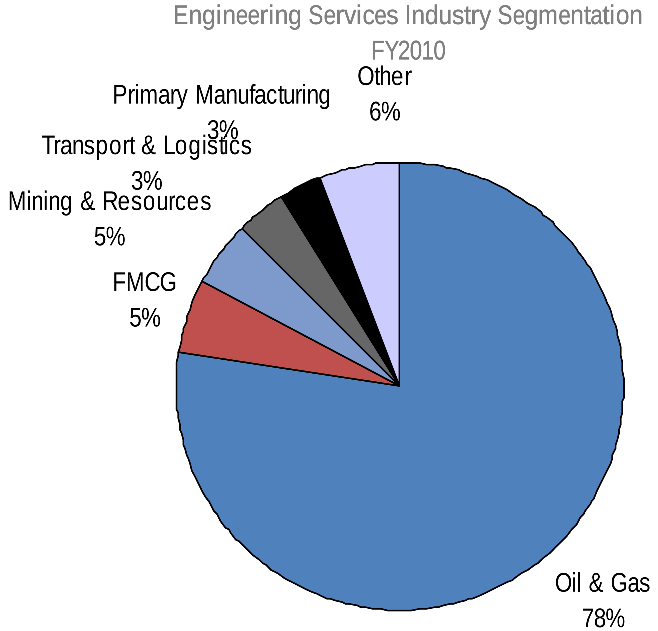
Other Staffing Services

- **Swan:** Profitability impacted marginally by GFC and the slowing down of projects in the oil and gas, petrochemical and mining sectors. The level of activity increased substantially in the last two months of the year and the trend has continued to date. The business is well positioned to take advantage of this increased activity including major LNG and infrastructure projects
- **Mosaic:** Increase in revenue generated from the extension of the Victorian new public transport ticketing system contract; offset by minimal recruitment in the business support and professional services sectors. Increased demand for contractors in the professional services and IT&T sectors, namely in Sydney over the last few months
- **PeopleCo:** Revenue slightly lower due to a reduction in permanent and temporary recruitment; offset by significant reductions in the personnel and office lease costs as part of the overall restructuring programme
- **Origin Healthcare:** Impacted by a reduction in the healthcare industry's reliance on agency staffing during the year

Engineering and Marine Services

$M	FY10	FY09
Revenue	457.4	529.5
EBITDA[1]	24.9	35.5
EBITDA[1] Margin	5.4%	6.7%
Underlying EBITDA[1]	25.4	36.5
Underlying EBITDA[1] Margin	5.6%	6.9%





Offshore Marine Services
ATIVO MAINTENANCE & PROJECT SERVICES
SKILLED Group

Engineering and Marine Services

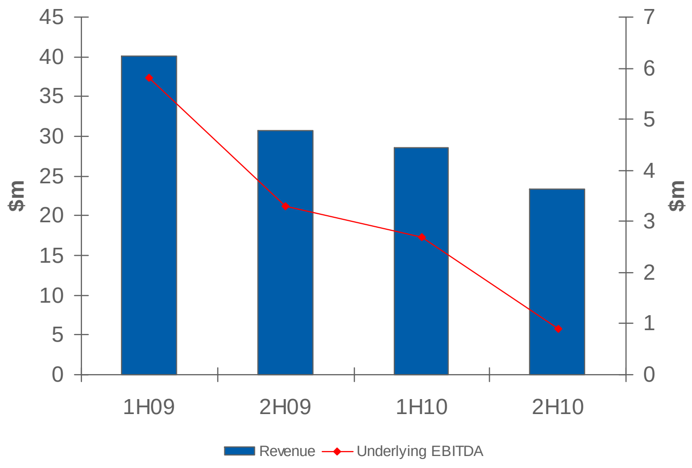
- **Offshore Marine Services (OMS)**
  - Sales down by 8% due to slow down in the sector
  - Lower margins in the manning business
  - Vessel business impacted by underutilisation, higher maintenance costs and provisioning for non-profitable contracts
  - Offset by strong first year performance from the OMS Alliance joint venture; further contracts with the Gorgon project and other opportunities in the oil and gas industry being pursued
  - Appointment of John Kempe as CEO of OMS
  - Next six months to be flat but will grow rapidly with increased activity in the oil & gas sector

Engineering and Marine Services

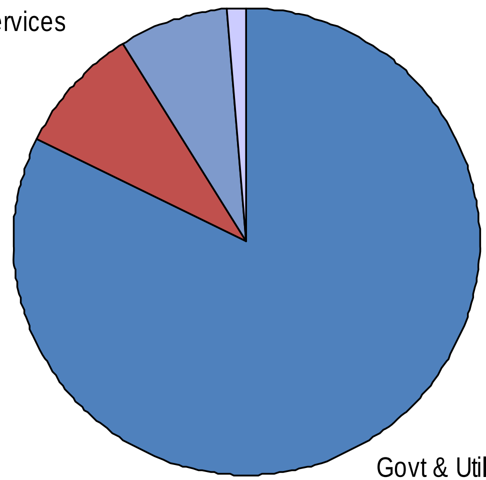
- **ATIVO**
  - Results in first half continued to be impacted by decline in business activity due to clients cancelling or postponing maintenance shutdowns and restrictions on capital expenditure
  - Increased activity over the last few months with contract wins in the annuity maintenance business
  - Appointment of Mark Jansen as CEO ATIVO (commencing Sep 10)

Business Services

$M	FY10	FY09
Revenue	51.9	70.8
EBITDA[1]	2.5	8.8
EBITDA[1] Margin	4.8%	12.4%
Underlying EBITDA[1]	3.6	9.1
Underlying EBITDA[1] Margin	6.9%	12.9%



Business Services Industry Segmentation
FY2010



excelior customer contact solutions

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Business Services

Excelior

- Results impacted by:
  - The slowdown in the growth of the call centre outsourcing market
  - Reduction in volumes from continuing contracts
  - Wind down of a major contract
  - Restructuring costs
- Activity improved over the last few months with new opportunities in the pipeline and the signing of new contracts reducing excess capacity

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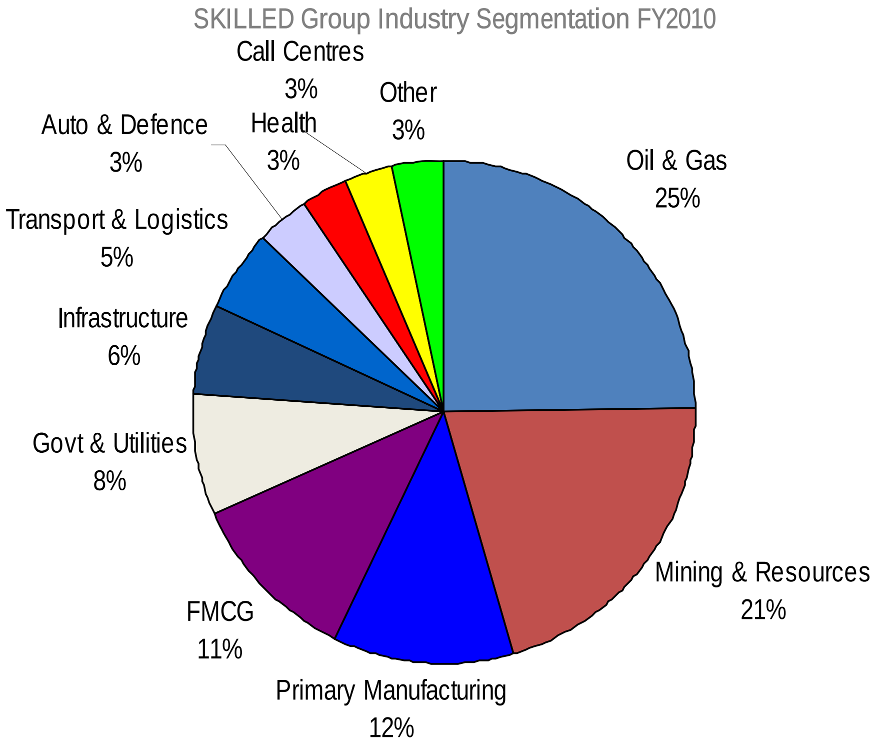
Outlook
Signs of recovery but at a slower pace

- Improved level of activity across the Group over the last few months indicating recovery in the economy; however improvement is still patchy as clients continue to be conservative and cautious with their plans
- Employment growth forecast to be 2.3% in 2011, compared to 1.2% in 2010[1]
- Strong leverage to a return to increased staffing services demand
  - Cost base at a sustainable level to flow through to improved margins
  - Substantial debt reduction resulting in a stronger balance sheet
- Strong position to grow the business

[1] BIS Shrapnel Economic Outlook June/July 2010

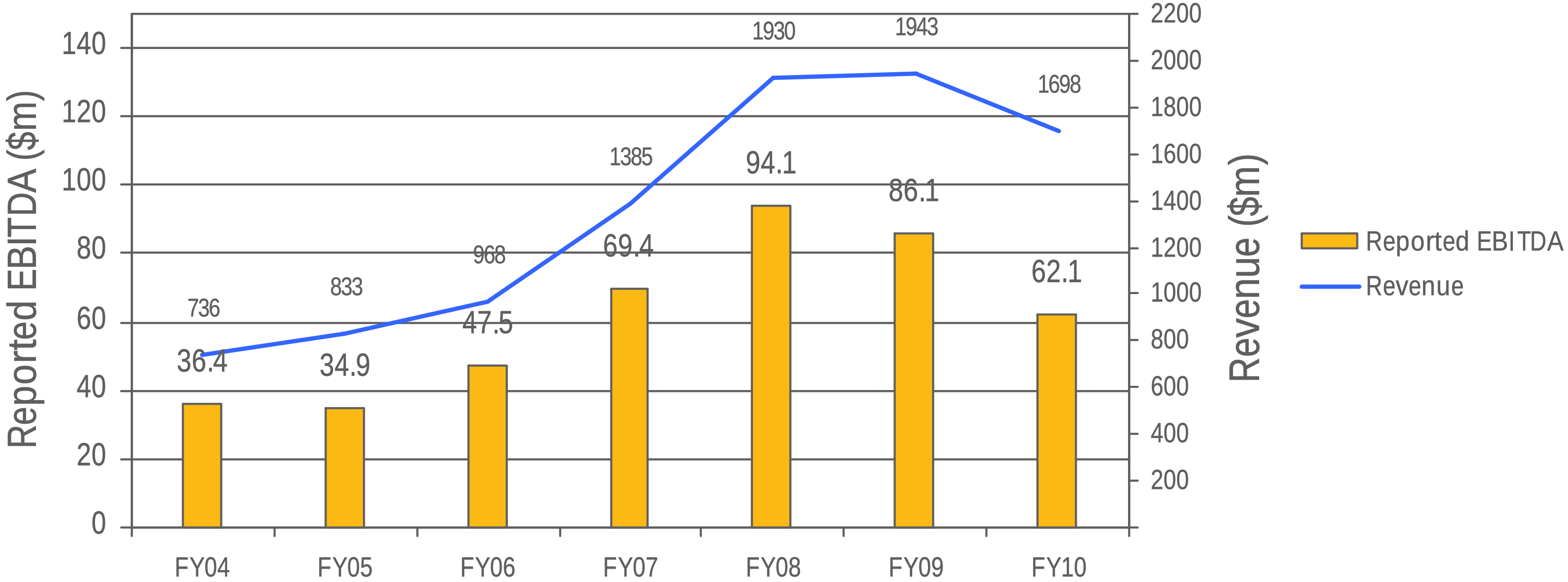
APPENDICES

SKILLED Group Industry Segmentation FY10



Impacted by slower than expected recovery post GFC

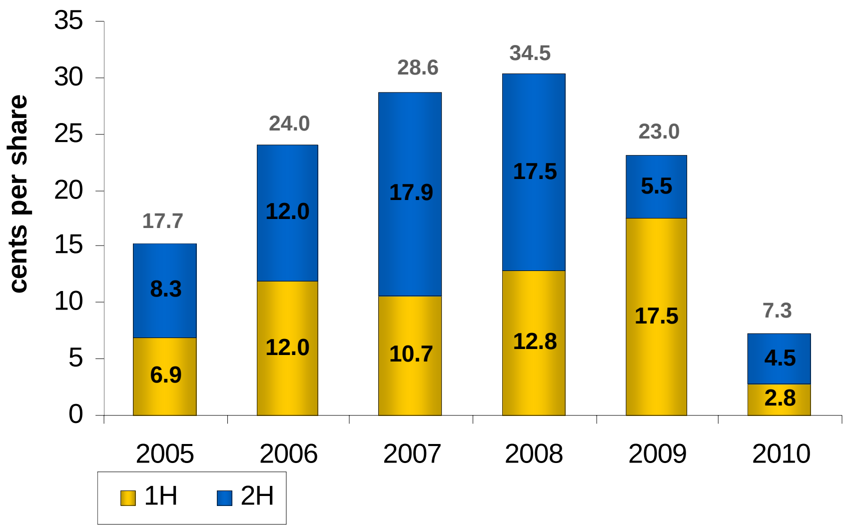
Historical Reported EBITDA
(excluding profit on divestments)



	FY04	FY05	FY06	FY07	FY08	FY09	FY10
EBITDA Margin	4.9%	4.2%	4.9%	5.0%	4.9%	4.4%	3.6%

Historical EPS and DPS

Earnings Per Share (less divestments)



Dividends Per Share