

Delivering shareholder value



Full Year Results

for the year ended
30 June 2013

Presented by:
Mick McMahon, CEO
14 August 2013

SKILLED Group

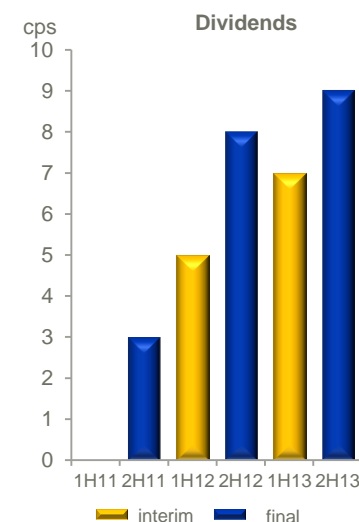
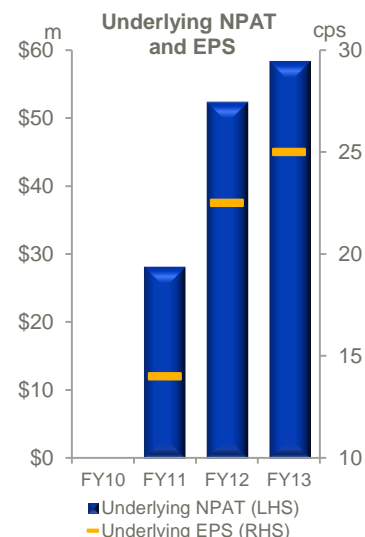
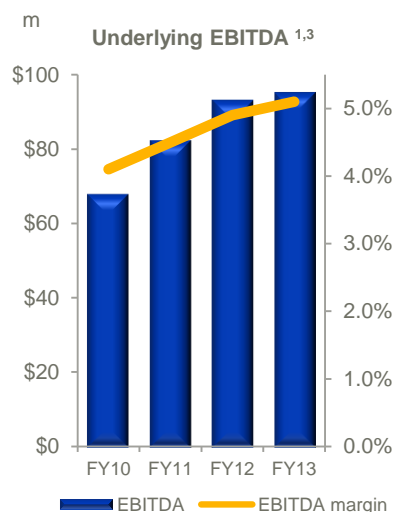
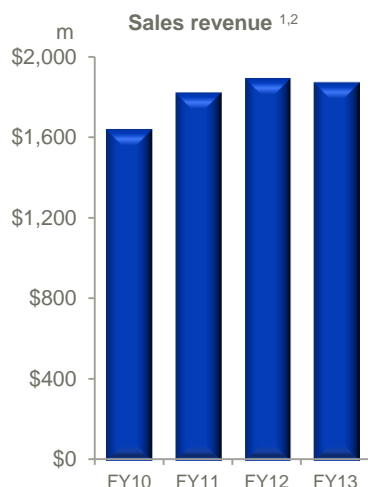
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- Group performance
- Strategy update
- Outlook
- Business segment performance
- Appendices

- Sales Revenue^{1,2} of \$1,873.9 million, down 1.1%
- Reported NPAT of \$56.2 million, up 13.9%
- Underlying NPAT¹ of \$58.4 million, up 11.6%
- Underlying EBITDA^{1,3} of \$95.1 million, up 2.2%
- Underlying EBITDA margin of 5.1%, up from 4.9%
- Underlying EBIT^{1,3} of \$84.7 million, up 4.9%
- Operating cash flow (before tax) of \$89.7million
- Net debt of \$44.8 million; gearing at 8.7%
- Reported EPS of 24.1 cps up from 21.1cps
- Underlying EPS⁴ of 25.0 cps up from 22.5 cps
- Final dividend of 9.0 cps, fully franked, up from 8.0 cps
- Total FY13 dividend of 16.0 cps, fully franked, up from 13.0 cps



Profit growth in a challenging environment

- Strong performance in Engineering and Marine Services
- Retained key mining clients across Workforce Services
- Rapid response to the changing environment in mining and related sectors
- EBITDA margin expansion

Continuing improvement in safety

Delivered a further \$13 million reduction in indirect cost base

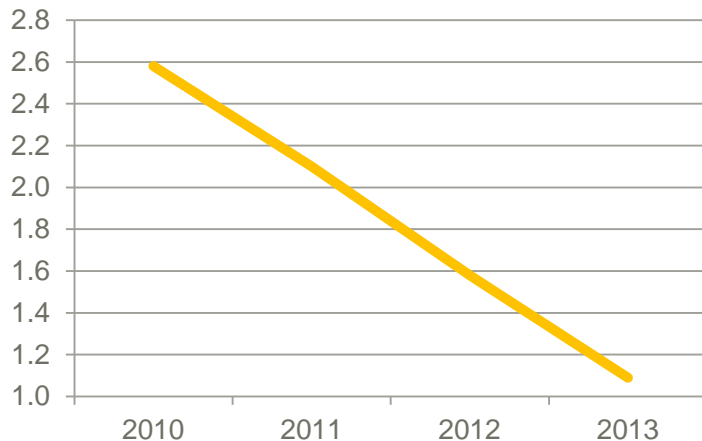
Disciplined management of cash and debt

Expanded presence in attractive market segments

- Increased ownership in the OMSA JV to 50%
- Acquired Broadsword Marine Contractors; highly complementary to OMS

Increased interim and final dividends, fully franked

LTIFR (per 1,000,000 hours)



Continued improvement in LTIFR and AIFR¹

- LTIFR down 31%
- AIFR down 13%

Launched next phase of “Safety Refresh”

- Building on the Golden Rules and improved disciplines implemented over the last two years
- Supported by increased line accountability and simplified tools (e.g. electronic Workplace Risk Assessments)
- Strengthening the safety culture

Continued reduction in Worker’s Compensation costs as a result of improved safety performance

Self Insurance renewal audits in SA and NSW successfully completed

the safety
golden
rules



	Sales	Underlying EBITDA	Underlying EBITDA margin
Workforce Services	\$918.3m (1.6%)	\$40.8m (11.6%)	4.4% (0.5)
Technical Professionals	\$488.9m (3.6%)	\$26.8m (7.8%)	5.5% (0.2)
Engineering & Marine Services ²	\$468.8m 2.7%	\$41.3m 13.1%	8.8% 0.8
Segment Performance	\$1,876.0m	\$108.9m	5.8%
Unallocated/Eliminations	\$(2.1)m	\$(13.9)m	
Group Performance ^{1,2}	\$1,873.9m (1.1%)	\$95.1m 2.2%	5.1% 0.2

Workforce Services

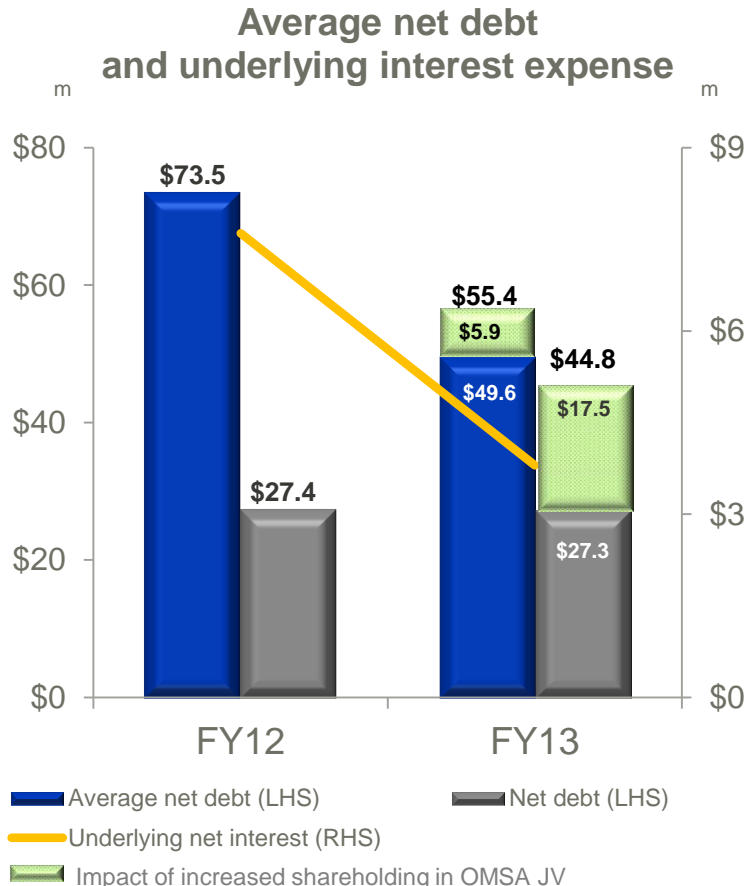
- Lower volume due to weakness in the mining and resources sector and weaker employment growth overall
- Continued margin pressure from customers across most sectors; successful focus on retaining key clients
- Offset partially by reduction in indirect costs

Technical Professionals

- Revenue and profitability growth in Swan impacted by slowdown in activity in the second half
- Technology Solutions (Damstra) continues to be affected by reduced mining demand on the east coast

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 as activity on the Gorgon project reaches peak levels



Disciplined management of cash and debt

Reducing average net debt:

- Average net debt decreased to \$55.4m from \$73.5m
- Underlying net interest reduced to \$3.8m, down 50%

Strong operating cash flow

- Operating cash flow before tax of \$89.7m
- Working capital reduced by \$3.3m
- Average debtors days same as pcg

Renegotiation of syndicated debt facility completed

- New facility A\$230m: A\$100m (2yrs); A\$130m (3yrs)
- Improved terms
- Effective from 14 August 2013

Simplification and transformation projects progressing well

- Further **centralised delivery of services** into Managed Recruitment Services
- Delivery of benefits from simplification and standardisation of processes, e.g.: e-onboarding and eWRA

Further reduction in the indirect cost base

- ~\$ 13 million indirect cost reduction (with approx. \$2.5 million in restructuring costs)
- Further reduction expected in FY14 through realignment of WFS and Shared Services structures, benefits from process efficiencies already implemented and further simplification of processes and organisation

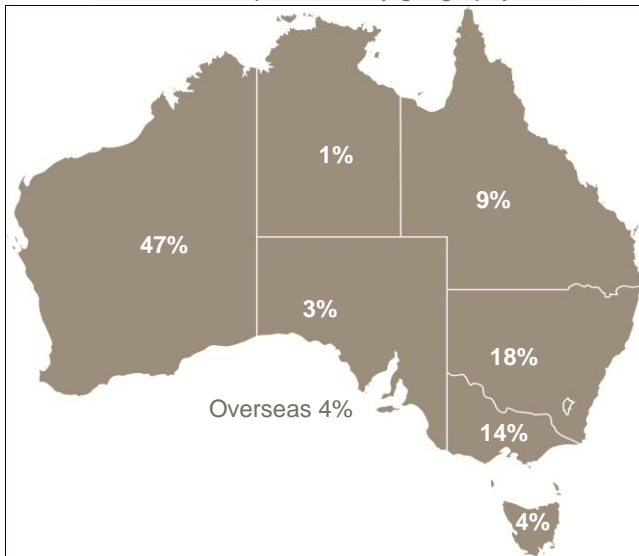
One Team - continued co-location and integration

- Further co-locations of offices underway
- Integration of Broadsword Marine in progress
- Appointment of a Chief Operating Officer across expanded SKILLED Offshore business unit (OMS Australia and New Zealand, Broadsword, OMS International, OMSA JV and Skilled Offshore)
 - Mark Williamson: extensive experience in the oil and gas services sector both in Australia and Internationally (AusGroup and Hertel Group)
- Workforce Services: consolidation into single national reporting structure
 - Appointed David Timmel as EGM Workforce Services (previously EGM WFS Western region since 2011)

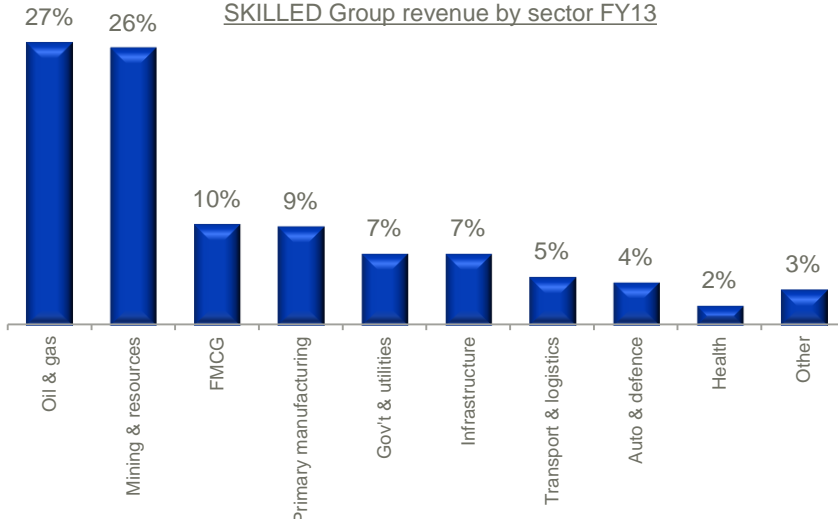
Strategy and outlook



SKILLED Group revenue by geography FY13



SKILLED Group revenue by sector FY13



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

Safety leadership in the industry

Industrial relations expertise

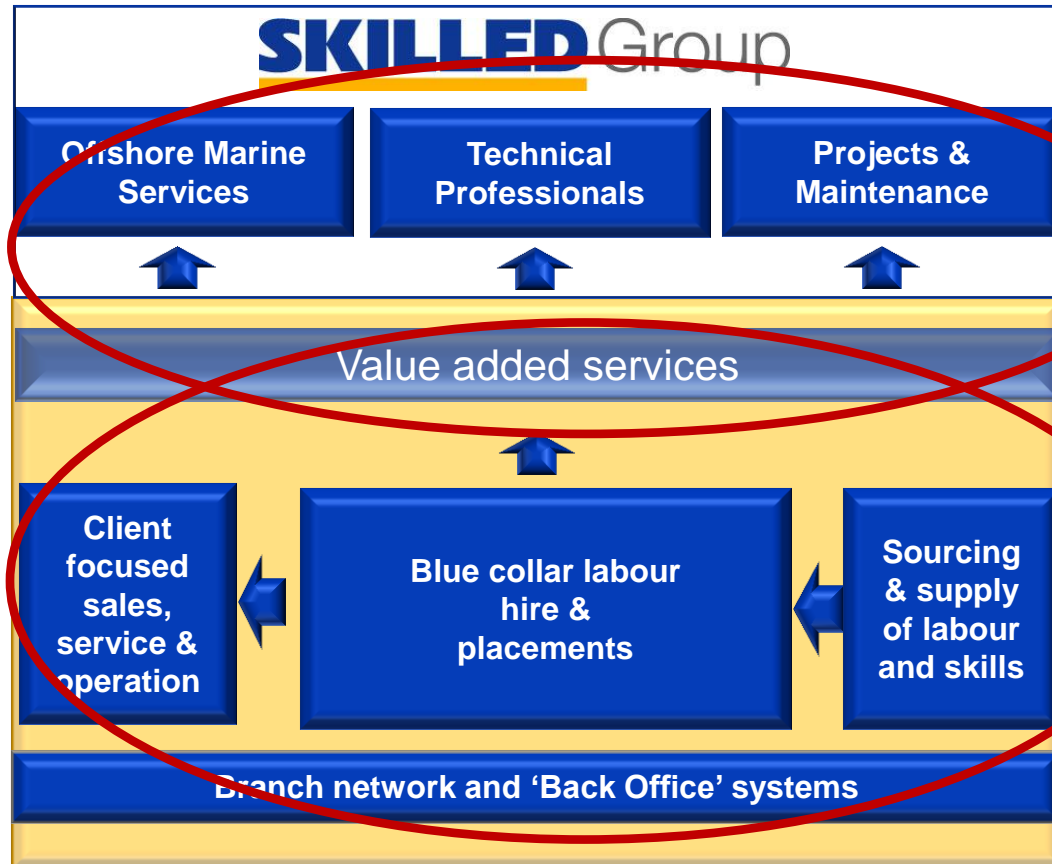
~50,000 people on average employed each year, including:

- ~ 1,000 traineeships and apprenticeships
- ~ 500 Indigenous employees

Long term client relationships

Well established and trusted brand

Extensive branch network across Australia



Build scale in attractive higher skill, higher margin segments

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

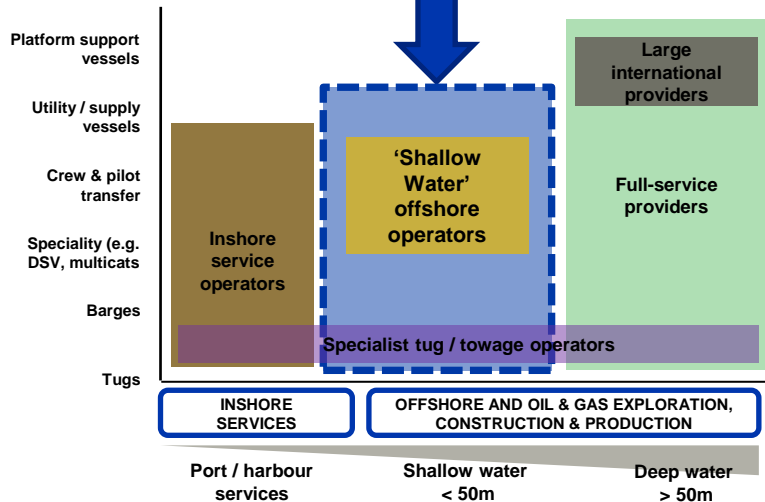
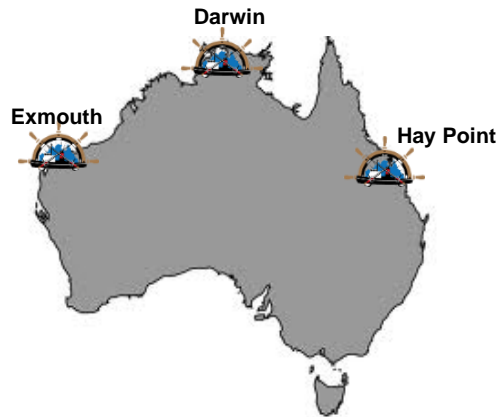
**BROADSWORD
MARINE
CONTRACTORS**



Leverage scale and brand strength in Workforce Services

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

.....building scale in high margin growth sectors



Specialist and highly regarded supplier to the oil and gas sector with blue chip clients

- Established presence in WA, NT and QLD
- Exposure to full life cycle from construction to operations and maintenance

Positioned for further growth in marine services sector

- Significant demand for inshore and offshore, shallow water vessels to support LNG projects
- Complements OMS and OMSA JV

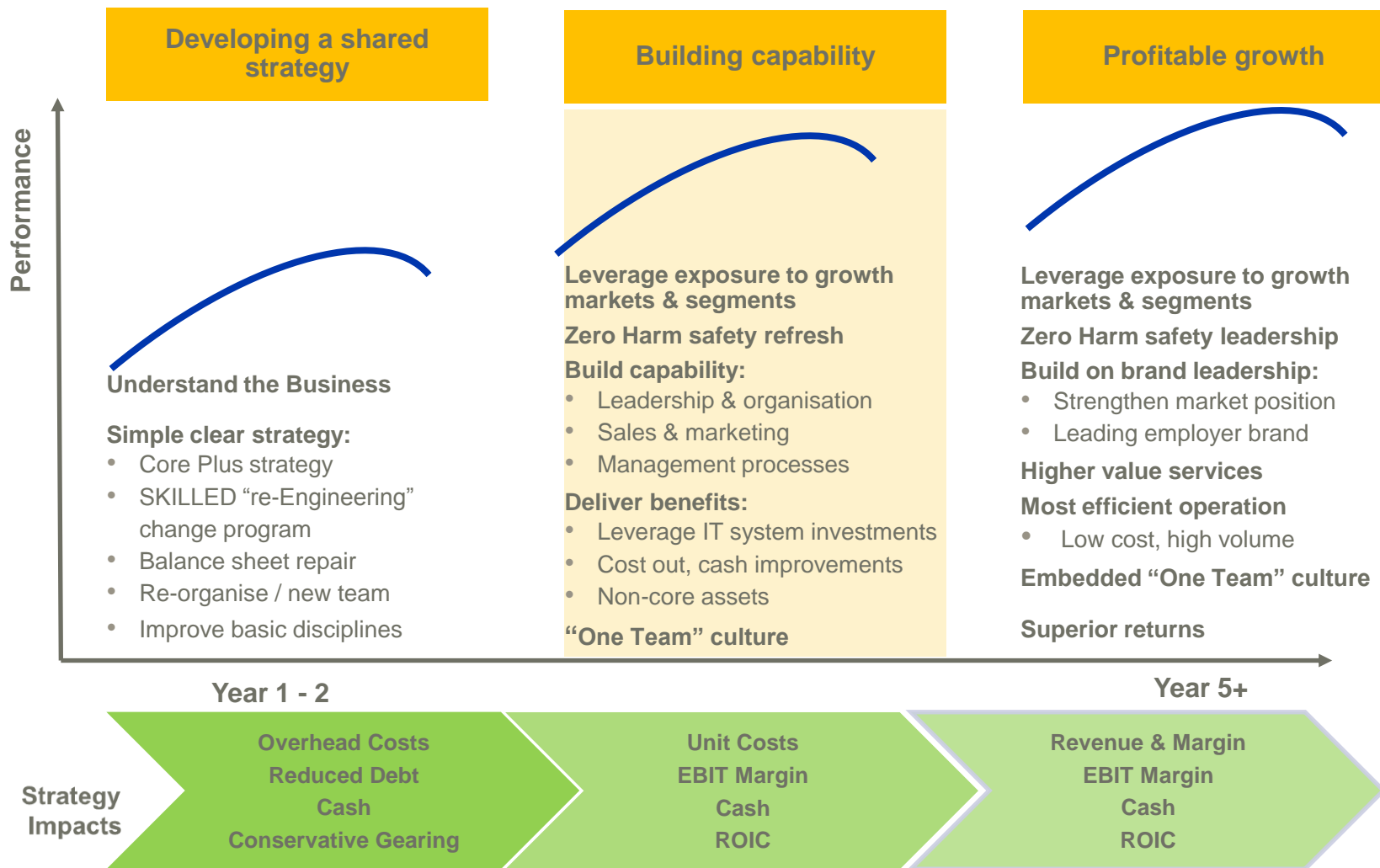
Acquisition completed on 3rd July 2013

- Initial consideration of \$48.8 million
- Deferred consideration of \$26.7 million payable over 3 years
- Further contingent payment may be payable based on stretch targets over 3 years

Integration into OMS progressing well

Expected FY14 EBITDA ~\$16 - \$17 million with strong growth potential over subsequent years

- Activity weighted to 2H FY14 given growth profile and new vessel expected to join fleet January 2014



Trading conditions expected to remain challenging in some business segments with growth in others

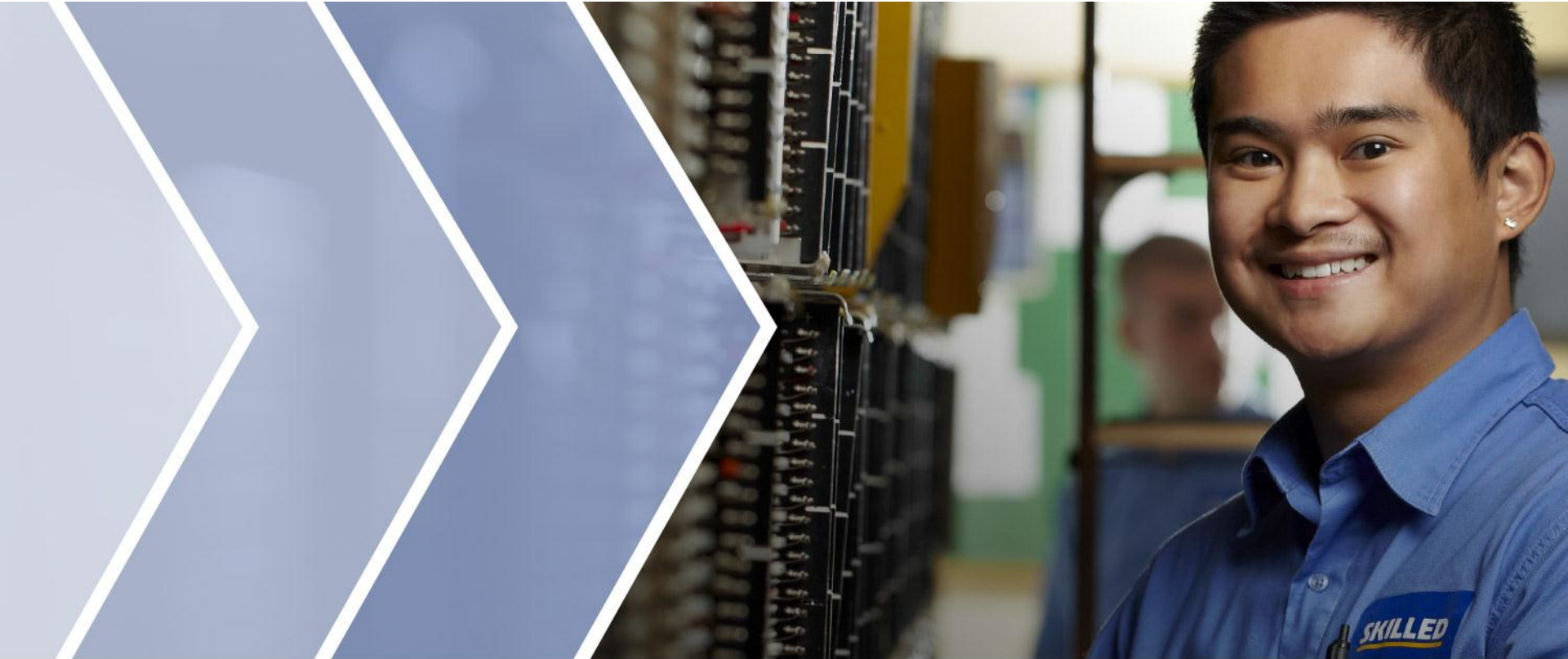
- **Workforce Services:** continued price pressure in mining sector; increased activity expected in telecommunications and infrastructure sectors and in some geographies
- **Technical Professionals:** reduced activity in mining and related engineering services, partially offset by activity in telecommunications and training
- **Engineering & Marine Services:** continued growth expected from increased activity levels in oil & gas and maintenance services
 - OMS and Broadsword well positioned for the next phase of oil & gas growth as activity in the construction phase of the Gorgon project reaches peak levels
 - ATIVO continues to benefit from consolidation of suppliers in the mining sector
 - Some risk of industrial relations impact in OMS as industry agreements are negotiated with unions

Subdued activity levels expected to continue in 1H FY14

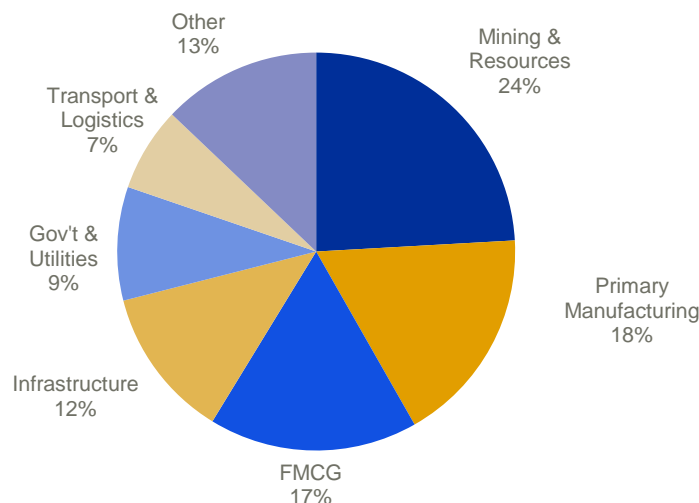
Transformation and cost reduction program expected to deliver at least a further \$10 million in FY14 from initiatives already underway

Well positioned to maintain a strong balance sheet to support dividends and invest for future growth

Business segments



Industry Breakdown:

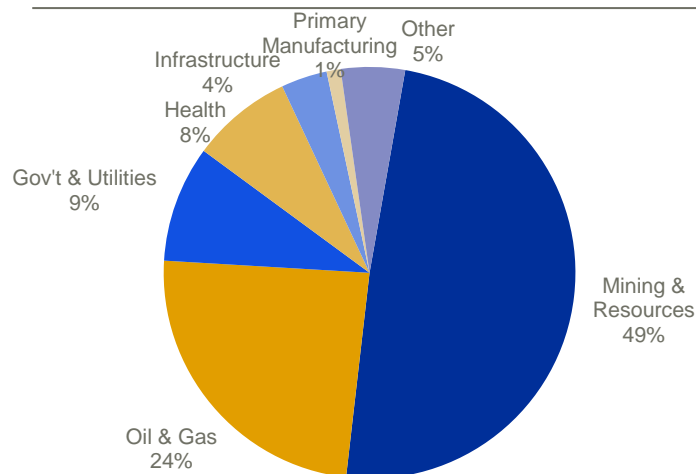


Revenue and EBITDA:

	FY13	FY12	FY11	FY13 v FY12
Revenue (\$m)	918.3	933.5	928.7	(1.6%)
EBITDA (\$m)	40.8	46.2	42.3	(11.6%)
EBITDA margin	4.4%	4.9%	4.6%	(0.5)

- Impacted by the slowdown in mining and related services; successfully retaining key clients but volume and margin impact in the short term
- Operational demand in Pilbara remains strong
- Improved activity in infrastructure, telecommunications and rail sectors
- Margins impacted by pricing pressure from customers across most sectors and change in sales mix as clients reduce overtime and value added services such as training
- Well positioned to benefit from an upswing in the economy and growth in mining volumes
- Reduction in indirect costs from strategy implementation and good progress on transformation initiatives
- Single national reporting structure now in place

Industry Breakdown:

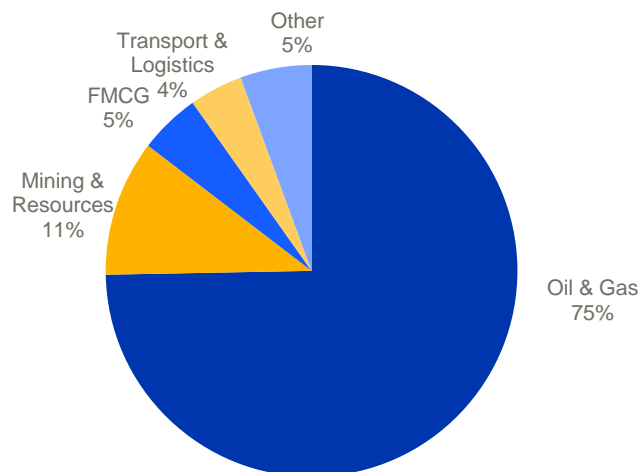


Revenue and EBITDA:

	FY13	FY12	FY11	FY13 v FY12
Revenue (\$m)	488.9	507.4	433.0	(3.6%)
EBITDA (\$m)	26.8	29.1	22.5	(7.8)%
EBITDA margin	5.5%	5.7%	5.2%	(0.2)

- Slowdown in mining and related activity in the second half impacted Swan's revenue growth and profitability; offset by lower costs
- Technology Solutions (Damstra) affected by reduced mining demand on the east coast (mainly coal mining clients)
- Slight reduction in number of traineeships and apprenticeships resulting from the weaker economic environment; however well placed to benefit from growth in telecommunications activity and the need for training
- Activity levels in recruitment of telecommunications related professionals remained solid through FY13
- Integration of Skilled Healthcare operations and support completed

Industry Breakdown:



Revenue and EBITDA:

	FY13	FY12	FY11	FY13 v FY12
Revenue (\$m)	468.8	456.5	465.0	2.7%
EBITDA (\$m)	41.3	36.5	33.7	13.1%
EBITDA margin	8.8%	8.0%	7.2%	0.8

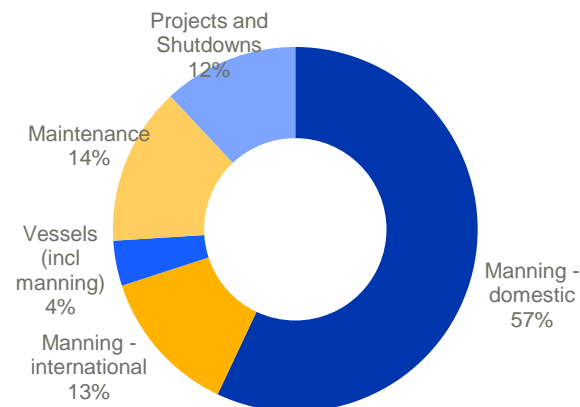
ATIVO:

- Profitable growth from increased activity in current and new project and maintenance contracts, primarily in mining
- Strong pipeline of opportunities with several new contracts and extensions in the Hunter Valley, WA, VIC
- ATIVO well placed to benefit from the consolidation of suppliers in the mining services sector

OMS:

- Increased manning activities in OMS Australia with further opportunities in key projects across future years
- Strong performance in the OMSA JV as activity in the construction phase of Gorgon project reaches peak levels; overall activity levels likely to reduce through FY14
- Integration of Broadword Marine proceeding as planned

Revenue by activity:



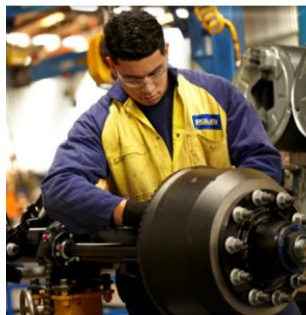
Appendices



\$m	FY13	FY12	FY13 vs. FY12
EBITDA adjusted for non-cash items	86.3	82.4	3.9
Decrease/(increase) in working capital	3.3	27.5	(24.1)
Operating cashflow, excluding tax	89.7	109.9	(20.2)
Net tax paid	(27.8)	(8.1)	(19.7)
Operating cashflow after tax	61.9	101.8	(39.9)
Equity proceeds, net of transaction costs	0.2	0.4	(0.2)
Net interest paid	(3.9)	(9.1)	5.2
Purchase of equity accounted investment	(17.5)	-	(17.5)
CAPEX	(11.3)	(8.2)	(3.1)
Proceeds from business & asset sales	2.2	11.8	(9.6)
Acquisition earn-out payments	(9.5)	(10.2)	0.7
Dividends paid	(35.0)	(18.7)	(16.3)
Total cashflow	(12.9)	67.8	(80.7)
Opening Net Debt	27.4	96.6	(69.2)
Cash (inflow)/outflow	12.9	(67.8)	80.7
Other movements (FX, fees)	4.5	(1.4)	5.9
Closing Net Debt	44.8	27.4	17.4

Appendix 2: Reconciliation of Underlying EPS

No. of shares: 233.5 m	FY13	
	\$m	EPS (cps)
Underlying NPAT	58.4	25.0
Reconciling items, net of tax:		
Redundancy & Restructuring	(1.8)	(0.7)
Acquisition costs	(0.4)	(0.2)
Amortisation of acquired intangibles (non cash)	(0.6)	(0.3)
Tax - prior year impact of LTIP	0.5	0.3
Reported NPAT	56.2	24.1



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