

2012 Annual General Meeting



SKILLED Group
25 October 2012

Disclaimer

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.

FY12 Group Performance

Sales Revenue^{1,2} up 3.9% to \$1,894.4 million

Reported NPAT of \$49.3 million from \$3.1 million

Underlying EBIT^{1,3} up 34.2% to \$80.7 million

Operating cash flow (before tax) of \$109.9 million

Net debt reduced to \$27.4 million from \$96.6 million

Reported EPS of 21.1 cps up from 1.6 cps

- Underlying EPS of 22.5 cps up from 14.0 cps

Final dividend of 8.0 cps, fully franked

- Total dividend of 13.0 cps up from 3.0 cps

FY12 Group Highlights

Improved profitability across all segments

Continued improvement in operating cash and reduction in debt

Sustainable cost base reduction delivered ahead of plan

- Achieved \$13.5 million (net) sustainable reduction in indirect cost base against \$10 million target; one year ahead of plan
- Further benefits identified from simplification and automation of manual processes

Building organisational capability and a One Team culture

- Further integration of business units in geographic regions

One-off impacts from strategy implementation:

- Profit on sale of non-core businesses
- Close out of legal dispute in ATIVO, from 2008
- Restructuring charges and impact of vessel exits

FY12 Segment Performance

	Sales	Underlying EBITDA	Underlying EBITDA margin
Workforce Services	\$933.5m ↑ 0.5%	\$46.2m ↑ 9.2%	4.9% ↑ 0.3%
Technical Professional Services¹	\$507.4m ↑ 17.2%	\$29.1m ↑ 29.2%	5.7% ↑ 0.5%
Engineering & Marine Services³	\$456.5m ↓ (1.8%)	\$36.5m ↑ 8.4%	8.0% ↑ 0.8%
Segment Performance	\$1,897.3m ↑ 3.9%	\$111.8m ↑ 13.5%	5.9% ↑ 0.5%
Unallocated/Eliminations	\$(2.9)m	\$(18.7)m	
Group Performance^{2,3}	\$1,894.4m ↑ 3.9%	\$93.1m ↑ 13.0%	4.9% ↑ 0.4%

Improving profitability in Workforce Services

- Consistent demand for trades and skilled labour in the mining, resources and infrastructure sectors, mainly in WA, NSW & QLD
- Offset by reduced activity in manufacturing & related sectors
- Profitability improvements from the Core Plus strategy

17% revenue growth in Technical Professionals

- Strong revenue and earnings growth in Swan
- Growth in higher margin trainees, apprentices, Indigenous employment and Technology Solutions

Improved profitability, reduced risk and contract wins in Engineering & Marine Services

- Growth in manning offset by planned reduction in vessels
- Strong growth in OMSA JV, OMS NZ and OMS international businesses
- ATIVO contract wins with mining clients in last quarter

EBITDA margin expansion across all segments

Strategy and outlook



Our competitive advantage

Market leader in provision of flexible labour solutions

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

Positioned in key growth sectors

- Mining & resources; oil and gas; infrastructure; telecommunications
- 54% revenue from WA and QLD

Strong safety record

Industrial relations expertise

Employed ~50,000 people throughout FY12, including:

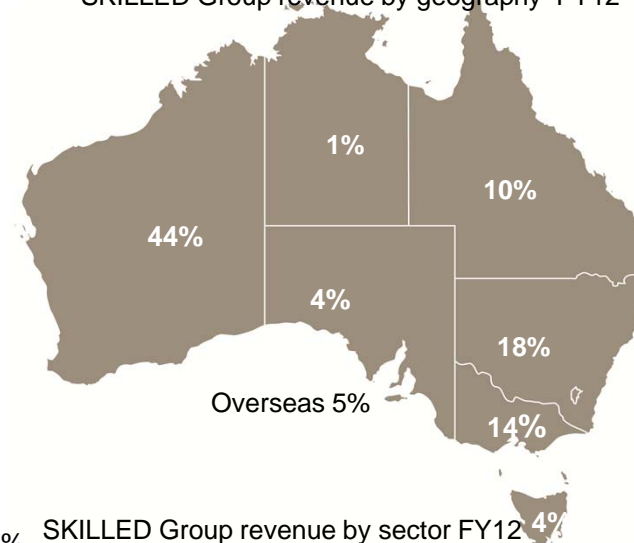
- ~ 1,100 traineeships and apprenticeships
- ~ 500 Indigenous employees

Long term client relationships

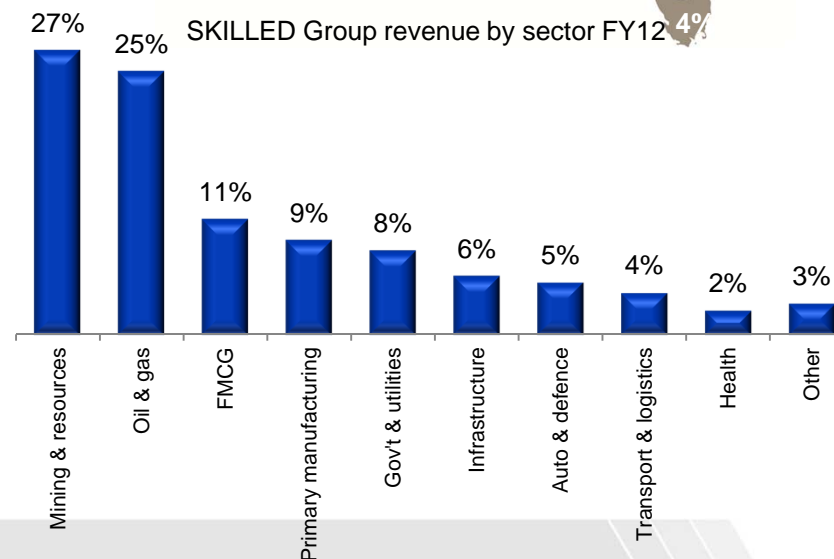
Well established and trusted brand

Extensive branch network across Australia

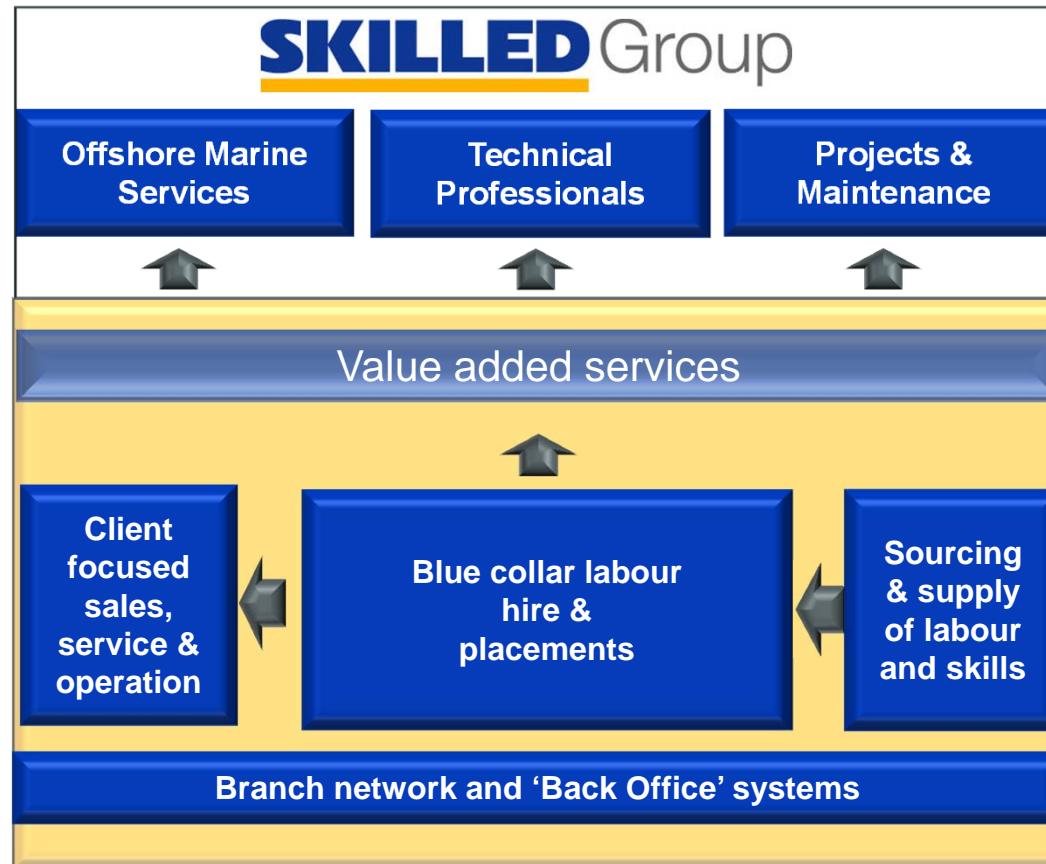
SKILLED Group revenue by geography FY12



SKILLED Group revenue by sector FY12



Core Plus strategy



Zero harm

Focus on the Core business

Fit for purpose back office systems

Scale overheads and cost base to suit

Drive value added services

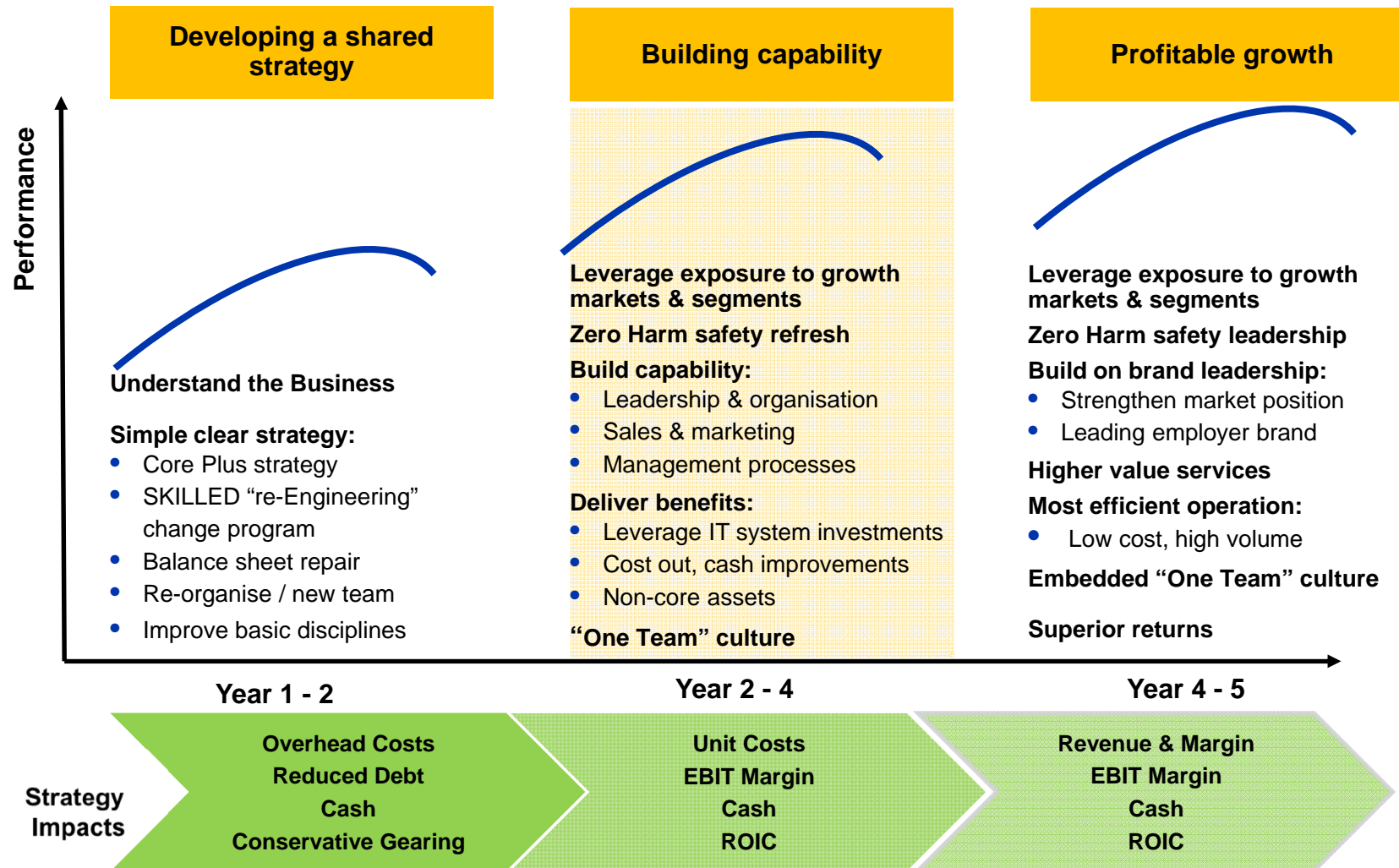
'Core Plus' businesses leverage the core:

'One Team' culture in support of front line teams

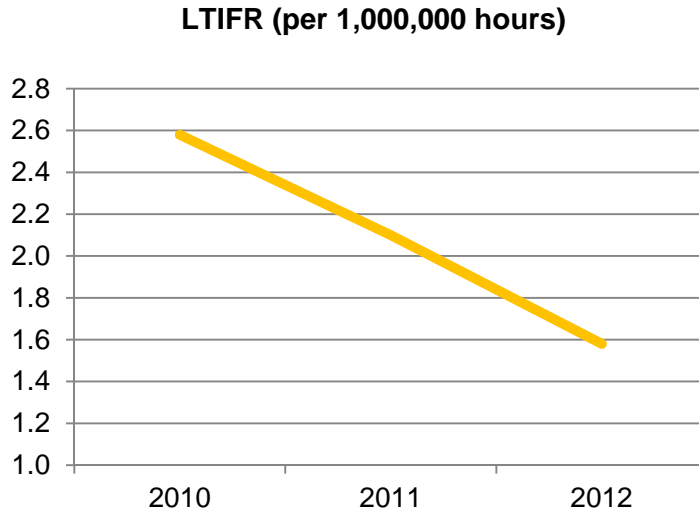
Improve the performance or exit from non-core businesses

... strategy is appropriate for uncertain economic environment...

SKILLED change program on track



Safety Leadership



Commitment to Zero Harm

- Risk based approach to safety - Golden Rules
- Challenge of 50,000 people working on > 5,000 client sites

Industry leadership in Safety

- 15 years of safety leadership
- Only major provider with Self Insurance (NSW & SA)
- Awarded RCSA 2012 Award for Workplace Safety

25% improvement in LTIFR in 2012

- Safety Refresh and Golden Rules deliver benefits
- Improved operational discipline and focus
- Reducing severity of incidents
- Delivering single figure LTIFR in mining and oil & gas sectors

Supported by improved safety processes

- e-WRA introduced (electronic Workplace Risk Assessment)
- Flex-screening and testing of all candidates

Transformation program

Build on the improvement in efficiency and stability of existing processes

Simplification and automation of key processes and systems including:

- Integrated Rates Calculator, full e-WRA rollout and Candidate On-boarding
- Re-developed web portals and websites
- Continued centralisation of distributed activities

Further structural cost out through transformation of processes over 2 to 3 years

- some re-structuring costs to be incurred as implementation progresses

Will support the delivery of benefits in:

- Efficient processes and systems, improved margins, lower unit costs
- Reduced administrative load on branches
- Increased competitive advantage

Outlook

Group performance in the year to date in line with expectations:

- **Workforce Services** - trading conditions in the mining sector in the short term are likely to be volatile, and activity levels in manufacturing and related sectors, and in South Eastern Australia remain slow
- **Technical Professionals** - continued demand for services, despite a slowdown in mining projects
- **Engineering & Marine** - increased activity levels in oil & gas and in project and maintenance activity

Balanced portfolio with exposure to key industries, skills & geographies delivered growth in the first quarter despite macro economic challenges

Continued strategy implementation to support EPS growth:

- **Transformation program on plan to reduce costs and improve service over two to three years**
 - some further restructuring costs to be incurred in FY13 as implementation progresses

Operating cash flow and balance sheet strength to support dividends and shareholder value growth

2012 Annual General Meeting



Contact Details:

Delphine Cassidy
Executive General Manager Corporate Affairs
P: +61 3 8646 6465
M: +61 419 163 467
E: dcassidy@skilled.com.au

SKILLED Group