

8 January 2014

SKILLED welcomes Thomas & Coffey shareholder approval

SKILLED Group Limited (ASX:SKE) ("SKILLED") today welcomed the decision by Thomas & Coffey Limited ("Thomas & Coffey") shareholders to vote in favour of the proposal for SKILLED's wholly-owned subsidiary ATIVO Pty Ltd ("ATIVO") to acquire T & C Services Pty Limited, a subsidiary of Thomas & Coffey.

T & C Services provides a broad range of maintenance and asset management services to the manufacturing, mining, heavy industry and utilities sectors in New South Wales and Queensland, where it has operated for 80 years with a high quality client base.

SKILLED Group Chief Executive Officer, Mick McMahon commented "This acquisition will enhance ATIVO's competitive position in maintenance services and creates a unique and differentiated service provider with a strong national footprint, supported by a highly skilled and experienced workforce."

The transaction value is \$33.5 million and will be wholly funded through SKILLED Group's existing debt facilities.

The transaction is expected to be completed in February 2014, subject to satisfaction of the remaining market standard conditions precedent.

The acquisition is expected to be EPS¹ accretive from FY15 with a minimal contribution from the acquisition in FY14 post acquisition and integration costs (FY13 adjusted underlying EBITDA for T & C Services business was approximately \$7.0 million).

Outlook

Trading conditions remain challenging with subdued activity levels continuing in key segments:

- **Workforce Services:** price pressure in the mining sector continues to impact margins; overall activity levels appear to have stabilised despite weak employment conditions
- **Technical Professionals:** reduced activity in mining and related engineering services continues, primarily impacting volumes in Swan and Damstra
- **Engineering & Marine Services:** deferral of some client activity has continued through the first half; growth is expected from increased activity levels in oil & gas and maintenance services in the second half, supported by project wins and recent acquisitions:
 - OMS and Broadsword remain well positioned for the next phase of oil & gas growth as OMSA activity on the construction phase of the Gorgon project reduces from peak levels
 - Saipem contract mobilisation is scheduled for the end of the second half
 - Continued risk of industrial relations impact in OMS as industry agreements are re-negotiated with unions
- **Transformation and cost reduction program:** continues to progress well and is expected to deliver at least a further \$10 million in FY14 from initiatives already underway
- Overall activity pipeline, Broadsword, Saipem and phasing of cost out supports a stronger 2H
- Will benefit from any pickup in economic activity and employment growth, supported by good visibility of the longer term pipeline of activity levels in oil and gas and maintenance services
- Well positioned to maintain a strong balance sheet to support dividends and invest for future growth

¹ excluding amortisation of acquired intangibles

About ATIVO:

Established over 15 years ago, ATIVO is a provider of maintenance, project and shutdown services to the mining and resources, manufacturing, energy, infrastructure and industrial sectors. Servicing a blue chip client base, ATIVO delivers tailored solutions designed to meet client-specific needs, from highly skilled maintenance teams to fully managed solutions. ATIVO is a subsidiary of SKILLED Group Limited.

About SKILLED Group:

SKILLED Group Limited is Australia's leading provider of labour hire and workforce services. SKILLED Group has 100 offices across Australasia with annualised revenues of around A\$1.9billion. SKILLED partners with clients to improve their workforce efficiency, enhance safety performance and increase productivity levels. SKILLED is listed on the Australian Securities Exchange (ASX: SKE) and has approximately 5,600 shareholders, predominantly in Australia.

For further information please contact:

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