

ASX Release | 10 August 2011

Talent2 Results Announcement

Key Points

Talent2 announces a Record Year

Revenue	\$306.1m, up 26%
Gross Profit	\$194.0m, up 24%
Reported EBITDA	\$30.0m, up 52%
Normalised EBITDA	\$28.0m, up 41%

- » Talent2 announces a record year of growth based on the rapid expansion of the Human Resources Outsourcing (HRO) market across Asia.
- » Talent2's recruitment business in Asia is being supported by the increasing skills shortages hampering organisations across Asia to drive top line business growth.
- » Talent2 has a sharpened focus on its core offerings of HR Advisory, Recruitment, Payroll and Learning.
- » Talent2 is expecting continued growth in 2011/12 in spite of the challenging global economic outlook based on the huge multi \$Bn size and growth of the Business Process Outsourcing (BPO) market in the Asia Pacific Region as well as the continued demand for more sophisticated services from the Company's HR Advisory, Recruitment, Payroll and Learning divisions.

The directors of Talent2 International Limited (ASX: TWO) today reported the Company's results for the year ended 30 June 2011.

The Company reported the following, compared to the previous financial year:

Revenue	\$306.1m, up 26%
Gross Profit	\$194.0m, up 24%
Reported EBITDA	\$30.0m, up 52%
Normalised EBITDA	\$28.0m, up 41%
Reported Profit after Tax	\$10.7m, up 85%
Normalised Profit after Tax	\$9.9m, up 72%
EPS	7.2 cents, up 64%
Adjusted EPS	10.1 cents, up 37%
Dividend	5.5 cents (fully franked)
Net Debt	\$4.2m, down 49%
Cash on Hand	\$20.6m, down 15%
Debt	\$24.8m, down 24%

"In a challenging period for the global economy, we are pleased to report that our robust business model and geographical spread has resulted in a record year on all key measures" said Andrew Banks, Talent2's Managing Director. "A strong result in our managed services division, driven by our Recruitment Managed Services and Learning business, was particularly pleasing, as was profitable growth in traditional recruitment outside Australia", said Banks.

"The good news is that this record result was delivered with more than half of our business units yet to achieve scale and full margin potential, and the recruiting division still below pre GFC levels", said Banks.

"We continue to build out our service offerings throughout our Asian footprint and are yet to fully realise the investment being made. Revenue derived from our operations in Asia more than doubled over the year, now representing almost 20% of our total revenue", said Banks.

The managed services business continues to grow strongly, reporting revenue growth of 34% and EBITDA growth of 74%. Organically, revenue grew 25% and EBITDA 64%.

The Recruitment Managed Services business revenue grew by 57%, as existing clients expanded their service requirements across our product lines and locations, and new clients came on board. Payroll and HR Services revenue grew by 3% and Learning by 66%.

“Our recent acquisitions and the organic growth of the Learning business was tangible as we grafted them onto our broad client base. Our ability to offer students training on line, allowing them the flexibility to complete courses to their own timeframes, has been well received, and has increased our penetration of the vocational training sector” said John Rawlinson, Talent2’s Chief Executive Officer.

The Company reported profit after tax of \$10.7m (\$9.9m normalised) and generated operating cash of \$12.1m in the year. Net debt has fallen to \$4.2m from \$8.3m. The Company repaid \$4.6m in debt during the year, and distributed \$5.6m by way of a dividend.

Basic earnings per share increased to 7.2 cents up 64%. Adjusted earnings per share (after allowing for normalisation adjustments set out below and the tax affected amortisation of intangibles arising from business acquisitions) increased by 37% to 10.1 cents.

The Board has declared a **fully franked dividend of 5.5 cents (up from 4.0 cents) in respect of the 2011** financial year, reflecting its confidence in the Company’s growth agenda and cash flows.

Reported figures shown as normalised have been adjusted to reflect a \$2m credit in relation to an acquisition purchase price adjustment, and an impairment charge of \$1.2m taken against the Company’s recruitment operations in the Middle East.

About Talent2

Talent2 was founded in 2003, is listed on the Australian Stock Exchange (ASX:TWO) and operates in over 40 offices in 31 countries across the Asia Pacific region, Middle East, UK and USA. It is the leading HR BPO organisation in the Asia Pacific region, working with clients across diverse organisation types and industries to deliver end-to-end talent management solutions that put people first. These include HR Advisory, Payroll, Recruitment and Learning. Talent2’s end-to-end talent management solution gives it a unique capacity to fulfil the rapidly evolving business needs for talent management and to help organisations be more successful by improving power and productivity of their people.

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Talent2

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