



Fact Sheet

Talent2 International Limited

***Australia's Leading Human Resource
Solutions, Recruitment and Technology
Company***

February 2009

talent²

High Profile Branding

Talent Optimised

Let us help manage your Talent Acquisition!

Planning, technology selection and operation, sourcing and employer branding, screening, logistics, offer process, on-boarding, benchmarking and analysis.

Call us today for an initial discussion to see how we can help your organisation meet its future plans! Talent Acquisition Management – another Talent2 solution.

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Asia:

3,712,527,624 people

2,269 languages

37 countries

1 HR outsourcing provider

0 headaches

Talent2 is the only multi-national HRO provider that's actually headquartered in Asia Pacific

You can't beat experience. Except with local knowledge. And when it comes to HRO in Asia Pacific, only Talent2 can bring you both. Our services have earned trust and acclaim with multi-national organisations who rely on us for RPO and Recruiting, Payroll, Learning, HRIS, Career Management and more, across the region. And as an Australian company, the cultural fit is complete. There's no easier way to free yourself from local HR complexities so that you can focus on your business goals.

To find out more about us and what we can offer, contact us on 02 9087 6664 or visit talent2.com

AUSTRALIA | NEW ZEALAND | CHINA (PRC) | HONG KONG | INDIA | JAPAN | MACAU
MALAYSIA | MIDDLE EAST | PAPUA NEW GUINEA | SINGAPORE | TAIWAN | UK | USA

talent management for the future

Multi-Media Marketer

- > Leading direct marketing multinational
- > Media and production focus
- > Circa \$140,000 package

As a commercial, media savvy marketer, with the ability to proactively and profitably expand media channels, this role, within an entrepreneurial business will appeal.

Reporting to the CEO, responsibilities span both media and production. Negotiating media contracts, media analysis, writing media briefs and liaising with external media buyers and directly with the media are key. You also work closely with international and in-house production units in overseeing the editing, scripting and filming of advertisements. Managing a multi million budget and a team of 4, your remit is to drive growth and best practice through existing and complementary media channels.

You have a successful track record working across all areas of media, with a strength in TV, knowledge of the changing media landscape, sound DM and production credentials and good fiscal/ROI skills. With a can-do approach and being a people person, you will be attracted to this dynamic opportunity.

To apply or for more information visit www.talent2.com and enter SMH217399 or you can call Amanda Burke on (02) 9087 6230.

Executive Recruitment Firm of the Year 2009 & 2006
Fairfax Employment Marketing Awards

It's who you know

A fresh approach to Talent Management

Talent Horizons

The availability and utilisation of talent is a defining factor for every organisation. Talent2 creates a better and more effective way of helping your business recruit, retain and develop the people you need to succeed. **Are you prepared for the future?**

It's who you know

Company Profile and Fact Note

Summary Stats

ASX Code	TWO	No. Shares	127 m	M.cap	\$ 82m
Share Price	\$0.65	Cash	\$ 17.9 m		
GICS sector	Industrials	Listed	Feb 2000 ¹		

	Revenue \$m	Gross Profit \$m	EBITDA \$m	EBITDA Margin on Gross Profit	Reported		Adjusted (Amortisation & Tax adj.)	
					NPAT \$m	EPS	NPAT \$m	EPS
2006 a.	99.6	71.8	10.0	14.0%	3.7	3.3c	5.7	5.1c
2007 a.	153.4	98.0	15.7	16.0%	6.8	5.7c	9.0	7.6c
2008 a.	229.3	142.8	20.3	14.2%	9.28	7.6c	11.9	9.8c
2008 a. half	107.4	65.5	9.0	13.7%	4.2	3.4c	5.4	4.5c
2009 a. half	128.0	82.9	7.6	9.2%	0.2	0.2c	3.4	2.7c

Talent2 is Asia Pacific's leading human resources solutions, recruitment and technology company. Talent2 currently operates through two divisions in sixteen countries. The divisions are:

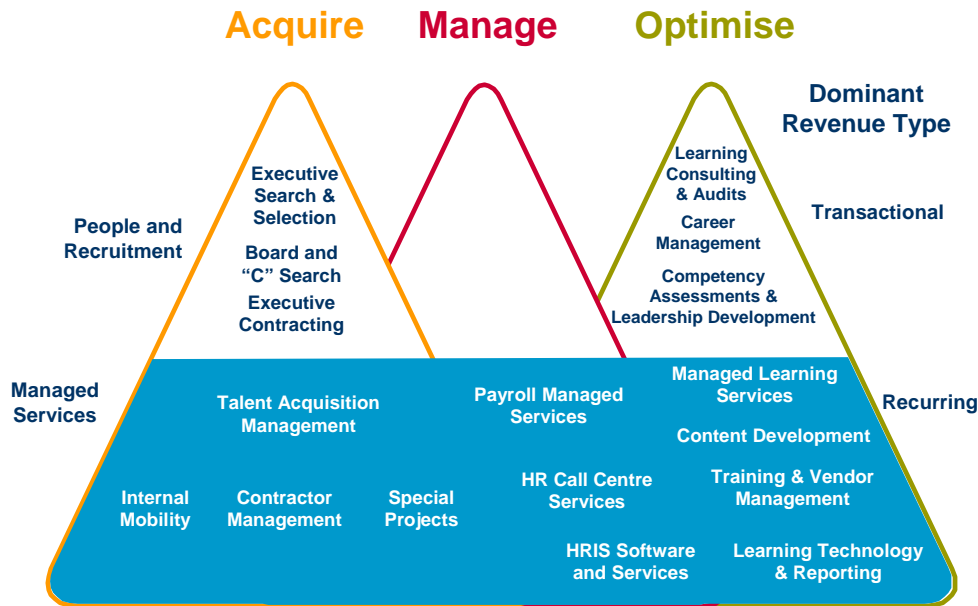
Executive Recruitment	Search and Recruitment Operations
Managed Services	Managed Services whereby clients use Talent2's systems and services either within their operations or on a full outsourced basis

Talent2 is differentiated from other listed Australian HR companies as follows:

- > **Breadth of services** – Talent2 offers a full HR service including Executive Search, Executive Recruitment, Payroll management, Learning services, HR Consulting and many other HR services either through traditional models or through a fully managed service offering
- > **Geography** – Talent2 services are offered in Australia, New Zealand, throughout Asia, the Middle East and in the UK
- > **A track record of success** – as Talent2, and previously as the founding team of Morgan & Banks

¹ Concept Systems International Limited, which changed its name to Talent2 in June 2004

Business Model



Key Trends

Two key mega trends underpin the Talent2 business model:

- > Organisations are discovering that effective human capital practices provide better returns to shareholders substantially in excess of companies which have weak human capital practices. Talent2 delivers improved human capital practices for its customers.
- > One of the strongest-growing markets in HR is HR outsourcing, estimated to be more than US\$100B worldwide. Talent2 Managed Services business has the technology and skills today to take advantage of this trend.

The war for talent is on hold²:

- > After 'survival' comes return to future growth!
- > Employers know long-term workforce trends necessary to survive and grow.
- > Economic downturn short-term relief for employers/ongoing skills shortage/ageing workforce.
- > During economic turmoil issue of talent 'mix' becomes even more critical.

² Source: Mercer, Workplace 2012 – Beyond the Global Financial Crisis

Customers

The company is exposed to a number of different industries and companies. However, no one client accounts for more than 5% of Revenue. Our clients include:



Brief History

A calendar of the main events in the company's history is outlined at the end of this note. The key components of the story are as follows:

- > The HR payroll and software company Concept Systems was established in 1985 and undertook a listing on the ASX in early 2000.
- > In April 2002, Morgan & Banks Investments (MBI), a private company associated with Andrew Banks and Geoff Morgan, acquired a substantial shareholding in Concept.
- > In 2003, Concept announced that it would acquire a newly established HR business from MBI and associated interests in return for shares in Concept. The business was initially called MB2 but later renamed Talent2. Following the acquisition, effective 29 September 2003, MBI's interest in Concept increased to an effective holding of 45% [which has since reduced to 26%]. At the same time, Andrew Banks became Managing Director and Geoff Morgan moved on to the board.
- > In May 2004, at an EGM, the group changed its name from Concept Systems to Talent2 International (adopting the name of the subsidiary). The ASX code changed to TWO (from CSI), effective 1 June 2004.

Morgan & Banks – a Precursor to Talent2

- > Geoff Morgan and Andrew Banks established Morgan & Banks in 1985 and later sold it to Select plc in UK for A\$38.3m, before buying it back in 1991 for A\$2.6m.
- > In 1994, Morgan & Banks Limited (MBL) listed on ASX with market capitalisation of \$33m, 250 staff and 200 contractors. In 1998, MBL was bought by TMP for \$380m, MBL having at the time revenue of \$330m, EBITDA of \$25.5m and NPAT of \$11.2m. From 1993-1998 MBL's compound annual growth rates for revenue and EBITDA were 46% and 35%, respectively.

Board and Senior Management

The board and senior management of Talent2 are listed below.

Board	Senior Management
Ken Allen, Chairman	John Rawlinson, Chief Executive Officer
Mary Beth Bauer, Deputy Chairman	Martin Brooke, Chief Financial Officer
Andrew Banks, Managing Director	Paul Jury, General Manager, Recruitment Australia / New Zealand
Geoffrey Morgan, Non-executive Director	Eileen Aitken, Regional Director, HRIS and Payroll Services
Hans Neilson, Non-executive Director	David Patteson, Company Secretary
Pam Laidlaw, Non-executive Director	
Ken Borda, Non-executive Director	

2009 Interim Results

The company reported its 2009 interim results on 18 February 2009. The main highlights were:

- > Continued revenue growth, increasing 19% to \$128.0m when compared to previous period, while EBITDA decreased 16% to \$7.6m when compared to the previous period.
- > The Managed Services division remaining resilient with EBITDA up 85% to \$6.7m.
- > The Recruitment division's EBITDA was down 83% to \$0.9m, directly attributed to an unprecedented stop in global demand in the second quarter.
- > Cash generation remains strong and debt levels remain low.

Financial Performance

A\$ (except EPS data)	2007			2008			2009
	1st Half	2nd Half	Year	1st Half	2nd Half	Year	1st Half
Revenue	64.8m	88.6m	153.4m	107.4m	121.9m	229.3m	128.0m
EBITDA	6.5m	9.2m	15.7m	9.0m	11.3m	20.3m	7.6m
<i>EBITDA per share ¢</i>	<i>5.5¢</i>	<i>7.7¢</i>	<i>13.2¢</i>	<i>7.4¢</i>	<i>9.3¢</i>	<i>16.7¢</i>	<i>6.0¢</i>
Depreciation and Amortisation	2.7m	3.4m	6.1m	3.2m	3.9m	7.1m	4.2m
<i>Of which: Amortisation of acquired intangible assets</i>	<i>1.5m</i>	<i>1.6m</i>	<i>3.1m</i>	<i>1.8m</i>	<i>1.9m</i>	<i>3.7m</i>	<i>1.9m</i>
Impairment of assets	-	-	-	-	-	-	1.8m
EBIT	3.8m	5.8m	9.6m	5.8m	7.4m	13.2m	1.6m
Interest	0.2m	0.0m	0.2m	0.0m	0.1m	0.1m	(0.2m)
Profit before tax	4.0m	5.8m	9.8m	5.8m	7.3m	13.1m	1.4m
Tax operating	(1.4m)	(1.6m)	(3.0m)	(1.8m)	(2.0m)	(3.8m)	(1.2m)
<i>Tax rate %</i>	<i>34%</i>	<i>28%</i>	<i>31%</i>	<i>31%</i>	<i>28%</i>	<i>29%</i>	<i>86%</i>
Reported profit after tax	2.6m	4.2m	6.8m	4.0m	5.3m	9.3m	0.2m
Minority interests	-	-	-	0.1m	(0.1m)	0.0m	0.0m
Members profit after tax	2.6m	4.2m	6.8m	4.1m	5.2m	9.3m	0.2m
<i>Reported EPS ¢</i>	<i>2.2¢</i>	<i>3.5¢</i>	<i>5.7¢</i>	<i>3.4¢</i>	<i>4.2¢</i>	<i>7.6¢</i>	<i>0.2¢</i>
Adjusted profit after tax ³	3.7m	5.3m	9.0m	5.4m	6.5m	11.9m	3.4m
<i>Adjusted EPS before amortization ¢</i>	<i>3.1¢</i>	<i>4.5¢</i>	<i>7.6¢</i>	<i>4.5¢</i>	<i>5.3¢</i>	<i>9.8¢</i>	<i>2.7¢</i>

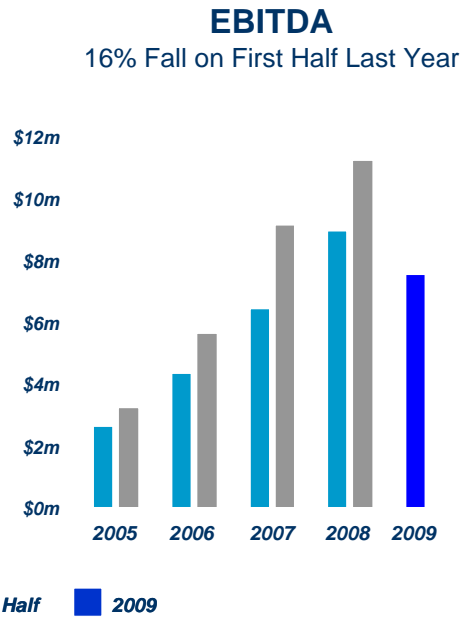
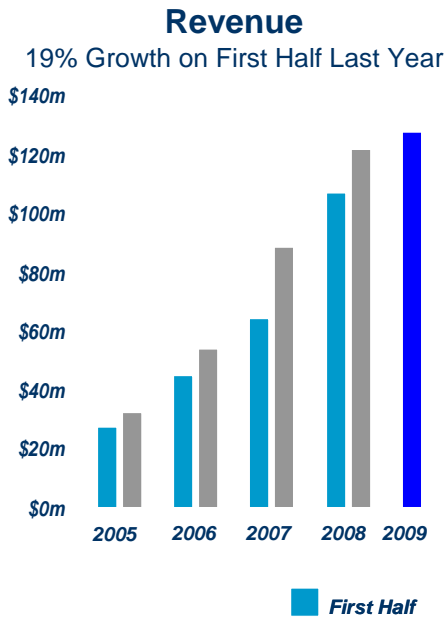
Valuation Consideration

When valuing companies such as Talent2, it is standard analyst practice to:

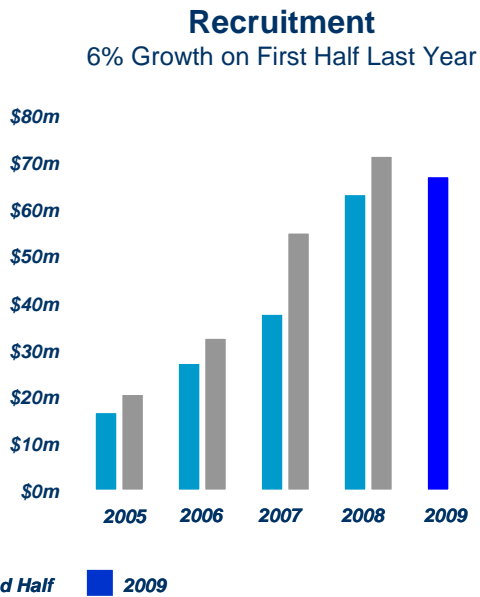
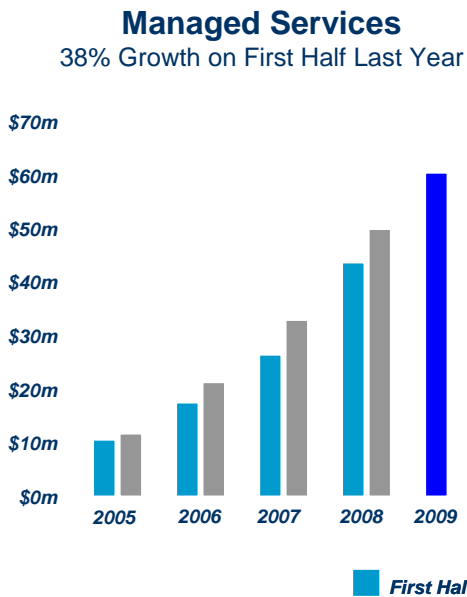
- > Calculate adjusted (core or normalised) profit and adjusted EPS numbers which add-back acquisition amortisation (and other non-recurring items) after tax
- > For Talent2, the amortisation adjustment relates to 'amortisation of acquired intangible assets'. This reflects in the main to the acquisition of NPS and its intellectual property, which under the AIFRS accounting standards is subject to amortisation over a period not exceeding eight years.
- > Other non-recurring items include the current period impairment charge.

³ Profit after tax before, add back amortisation of acquire intangible assets after tax. (i.e. for 2009 half year, add back \$1.4m = \$1.9m - 30% tax) and add back impairment charge (i.e. for 2009 half year, add back \$1.8m)

Group Results



Revenue by Segment



Outlook

- > In today's turbulent economic environment Talent2 will continue to focus on growing the Managed Services Division, while maintaining a strong balance sheet.
- > Talent2 will be vigilant in assessing its cost base in line with expected demand and will balance this with maintaining an appropriate cost base to take full advantage of the market turn around when it comes.

Detailed Historical Calendar

Date	Event
1985	Concept established.
29-Feb-00	Concept (backdoor) listing on ASX via Arcadia Minerals. ASX code changes to CSI from ARK.
22-Apr-02	Announces proposed share issue of up to 122m shares at 3 cents to raise up to \$3.66m. Morgan & Banks Investments (MBI) acquires interest in Concept. Andrew Banks appointed as a non-executive Director.
29-Sep-03	EGM: Approves acquisition of mb2 (later renamed Talent2). Following acquisition, MBI's interest increases to 45% from 32%. Andrew Banks becomes Managing Director. Geoff Morgan appointed as a non-executive Director.
26-May-04	EGM: Group changes name from Concept International to Talent2 International (adopting the name of the subsidiary). ASX code changed to TWO from CSI, effective 1 June 04.
16-Aug-04	Launches Talent Partners together with acquisition of Hansen & Searson and acquisition of boardSEARCH.
17-Nov-04	AGM: Group approves share consolidation on a 1:5 basis reducing number of shares on issue to approx 95 million.
8-Mar-05	Launches Talent2 eLearn together with acquisition of Southrock.
9-Jun-05	Expands into China with acquisition of Wall Street Associates.
18-Oct-05	AGM: Approves the acquisition of National Payroll Systems. Bud Hawk appointed as a non-executive Director.
15-Nov-05	Launches Talent2 People in New Zealand with acquisition of Stonyer & Associates.
1-Aug-06	Special Dividend Payment: 3c per share.
15-Nov-06	Shareholder approved repayment of 3c per share return of capital.
9-Mar-07	Announces Shanghai office open for business.
29-Mar-07	Opens UK operations with acquisition of Australasian Talent Company (ATC).
23-Apr-07	Invests into India recruitment industry with effective 24% interest in HR One.
2-May-07	Expands training outsourcing service offerings with acquisition of BizEd.
21-Jun-07	Significant RPO contract with Telstra.
14-Aug-07	Release of preliminary 2007 results and announcement of 3.5c per share dividend.
29-Nov-07	Opens Japan operations with acquisition of TOG
21-Dec-07	Open Middle East operations with acquisition of InterSearch UAE
4-Feb-08	Significant RPO contract with UBS in Hong Kong and Singapore
20-Feb-08	Release of 2008 Interim Results
7-Mar-08	Expands New Zealand footprint through acquisition of Duncan Ryan & Associates
4-Aug-08	Significant HRO contract with New Zealand Ministry of Education
13-Aug-08	Release of 2008 Preliminary Final Report and announcement of 4.5c per share dividend
14-Nov-08	Talent2 expands managed learning services through the acquisition of The Learning Group
18-Feb-09	Release of 2009 Interim Report

Full details available in investor relations section of www.talent2.com Investor Information

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