

Stress Testing the Model



December 2008 Business Review

- ▲ Team introductions
- ▲ Financial performance in the half
- ▲ The year ahead

Half Year Results

	FY 2009 First Half (m)	FY 2008 First Half (m)	Growth
Revenue	\$128.0	\$107.4	+19%
Gross profit (NDR)	\$82.9	\$65.5	+27%
EBITDA	\$7.6	\$9.0	- 16%
Return on NDR	9.2%	13.7%	
Reported earnings after tax	\$0.23	\$4.15	- 95%
Reported EPS	0.19c	3.44c	- 95%
Adjusted earnings after tax*	\$3.39	\$5.39	- 37%
Adjusted EPS*	2.72c	4.46c	- 39%

* Adjusting for impairment and the amortisation of acquired intangibles under AIFRS

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Results – Anomalies

▲ Impairment Charge \$1.8m

- > Discounted cashflows do not support the carrying value of goodwill for recruitment operations in Hong Kong, United Kingdom, India

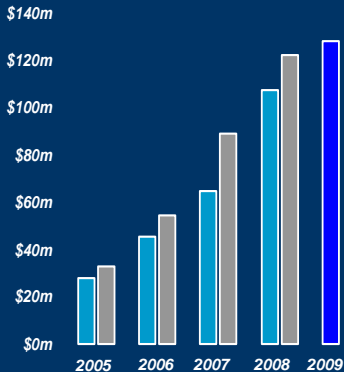
▲ Effective Tax Rate 86%

- > Impairment charge not tax deductible \$1.8m
- > Amortisation of equity incentives not tax deductible \$1.0m
- > Effective rate 29% excluding the above

Group Revenue and Profit

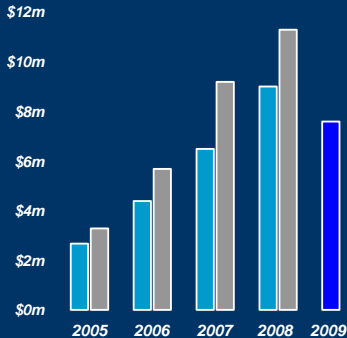
Revenue

19% Growth on First Half Last Year



EBITDA

16% Fall on First Half Last Year

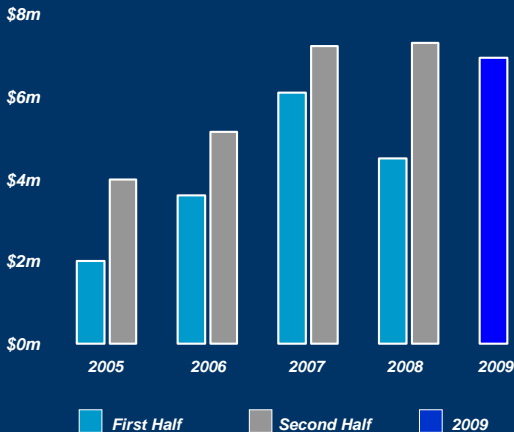


■ First Half ■ Second Half ■ 2009

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Operating Cash Surplus

Operating Cash Surplus



Debt Position

Balance at 30 June 2008	\$12.8m
Impact of foreign currency movements	\$4.1m
Acquisition of The Learning Group	\$1.7m
Repayments	\$<0.5>m
Net movement in Finance Leases	\$0.2m
Balance at 31 December 2008	\$18.3m

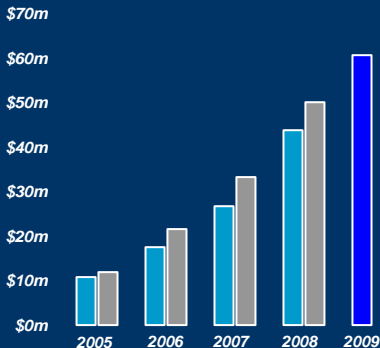
Average interest rate approximately 3%

At 31 December 2008, 88% of debt and 60% of cash held in foreign currencies

Managed Services

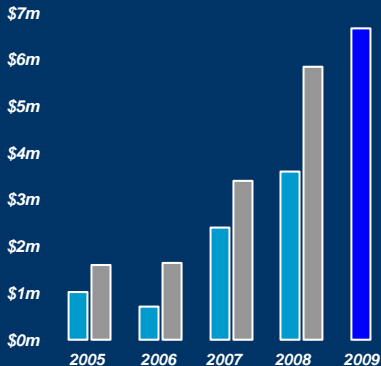
Revenue

38% Growth on First Half Last Year



EBITDA

85% Growth on First Half Last Year

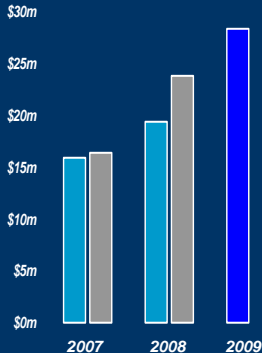


 First Half  Second Half  2009

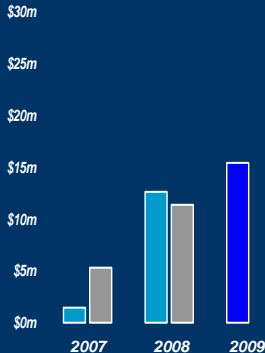
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Managed Services Revenue Dissected

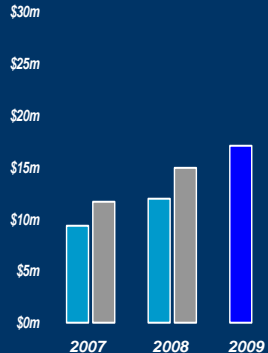
Payroll Outsourcing



Training and Development



Outsourced Recruitment



■ First Half ■ Second Half ■ 2009

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Managed Services

- ▲ The Model is working
- ▲ Margins increasing
- ▲ Growth in all service lines
 - > Payroll outsourcing accelerating – fast/immediate cost savings
 - > Outsourcing Training/Development – better value for investment
 - > Outsourcing Recruitment – reduced costs in volume recruitment

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Payroll Outsourcing

- ▲ Trend to outsource HR/Payroll operations increasing as pressure to reduce people costs increases
- ▲ Our maturity/critical mass brings efficiencies/economies of scale not apparent from our competitors
- ▲ Few competitors in the market place
- ▲ Significant focus on roll out of regional solution across Asia Pacific

Initial Drivers for RPO Engagement



Note: Cited by 262 buyers surveyed for the July/August 2008 issue of HRO Today

Source: HRO Today, RPO In Development, December 2008

2009 Acquisition



The Learning Group
customised e-learning solutions

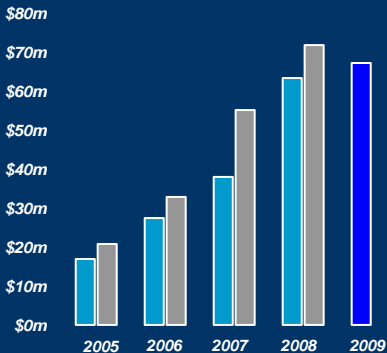
- ▲ Content Management
- ▲ 40 people
- ▲ Blue chip client base
- ▲ Increases capabilities in Optimise

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Recruitment

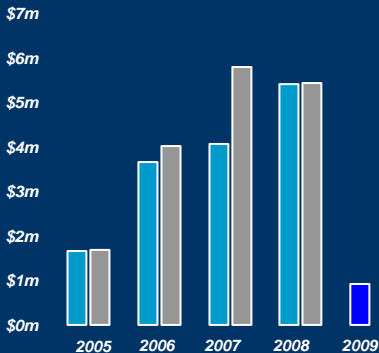
Revenue

6% Growth on First Half Last Year



EBITDA

83% Fall on First Half Last Year



■ First Half ■ Second Half ■ 2009

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Recruitment

- ▲ Unprecedented 'full stop' in decision making in October
- ▲ All locations impacted to varying degrees
- ▲ Costs reduced, effective 1 January 2009 – continuing
- ▲ Uncertainty remains in the market – no visibility!
- ▲ Increase in revenue impact of new offices/acquisitions
- ▲ Decline in consultant productivity impacting profitability

The Tide Went Out ... Fast!!

- ▲ Persistent slowing of labour market (since October 2007)
- ▲ Dramatic decline from October 2008
- ▲ Hiring confidence tied to lack of visibility!
- ▲ 'Opportunistic' replaces 'planned' hiring!

But When Confidence Returns – The ‘Slingshot Effect’

- ▲ Downturn = business model change = skill set changes
- ▲ Watch for confidence return not unemployment statistics for recovery
- ▲ Candidate driven market = fast, competitive and aggressive
- ▲ Sector/geographic spread is diverse

New Managed Services Clients

TATWEER

symbion
Health



TRU
energy



bhpbilliton

ERICSSON



Wesfarmers

Marriott
HOTELS · RESORTS · SUITES

University of
Western Sydney
Bringing knowledge to life



cliffons

Roche



Department of Health
Government of Western Australia
WA Country Health Service

origin

NORTEL

Goldman
Sachs

PPG

carlson
marketing

GBST

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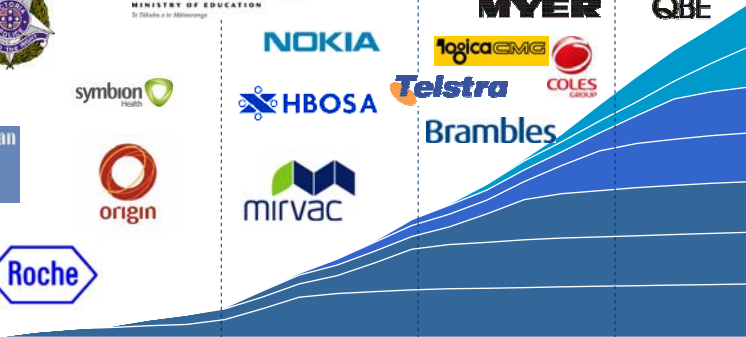
Managed Services Patterns

Implementation

Quick Acceleration

Additional Services Added

Tenure Extended



The Year Ahead

- ▲ Provide outstanding customer service
- ▲ Increase focus on HRO/Managed Services
- ▲ Focus on cashflow/reducing debt
- ▲ Manage cost base in line with demand

Talent Management Megatrends will Re-emerge

- ▲ Talent supply still decreasing!
- ▲ Talent demand will return strongly
- ▲ Tenure decreasing impacts mix of work
- ▲ Organisation focus on talent increasing

The War for Talent is 'On Hold'

- ▲ 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

The Future is Here Now!

- ▲ We worry about what we can control!
- ▲ Nothing is off the table!
- ▲ The business model moves faster to *recurring* revenues + profitable *transactional* income streams
- ▲ Expanding payroll outsourcing across Asia for scale!
- ▲ Refine HRO model to enhance margin and scalability
- ▲ Organic growth and strategic acquisitions

Questions

