

CHANDLER MACLEOD RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2008

Results at top end of expectations

Turnaround on track

NEWS RELEASE

27 February 2009

Key points:

- Reported EBITDA of \$4.6 million and normalised EBITDA of \$7.6 million against previous guidance of \$3 - \$4 million for EBITDA and \$6.5 - \$7.5 million for normalised EBITDA
- Normalised profit after tax for the period was \$0.8 million. The turnaround is well underway
- Sales up 10 per cent over same period last year with strong sales growth across most business lines
- Strong balance sheet following successful capital raising
- Significant reduction in net debt to \$37.3 million at 31 December
- Gearing reduced to 27% and renegotiated funding lines in place
- Cost base reduced going forward
- Good contract wins in Workforce Services business
- EBITDA and NPAT impacted by underperformance in executive recruitment business, restructuring costs, additional CMYPeople losses and goodwill write off

Chandler Macleod Group Limited today announced results for the half year ended 31 December 2008 which were at the top end of the guidance given in the trading update of 25 November, 2008. Managing Director, Ian Basser said the result demonstrated the turnaround for one of Australasia's largest and most diverse Human Resource outsourcing and recruitment companies is well underway.

“While we still have a way to go, despite a tough environment, the Workforce Services businesses and Consulting businesses performed well with strong organic revenue growth. As importantly we are now in a very sound financial position. These businesses have a solid growth pipeline with workforce management accounting for 62% of our total revenue.

“The permanent recruitment market took the full brunt of the economic downturn in the last quarter of 2008. Permanent recruitment revenue was down 6% in the half, while EBITDA was down \$4.2 million. In our Recruitment division we have focussed on lifting client service, taking out overhead and generally improving productivity. As a result costs are down over 30% on annualised basis and the full benefit will be seen in the second half numbers.”, Mr Basser said.

Chairman, Richard England, said “Our capital management strategy has put the group in a strong position to grow organically while being in a position to take advantage of any opportunities in the market. The increased capital and improved working capital management allowed us to significantly reduce both short and long term debt levels.

“These results come from the strong action we took in July to reshape the company. We appointed a new managing director, considerably strengthened the management team, and focussed on key fundamentals to stabilise the business and then move it to profitability”, Mr England said.

Financial Performance

In the six months to 31 December 2008, sales were \$472.0 million, compared to \$428.1 million over the same period last year.

Normalised EBITDA (excluding restructuring and CMyPeople losses) of \$7.6 million decreased 44% over the first half in 2007. This was impacted by the reduction in recruitment revenue in the last three months of 2008.

The company recorded a loss after tax of \$2.5 million against a profit of \$4.7 million in the corresponding period in 2007. This result includes:

- Material restructuring costs (\$1.8 million)
- Additional losses in CMyPeople (\$1.8 million)
- Write-off of the goodwill relating to the JML business (\$0.7 million)

The normalised profit after excluding these items was a profit after tax of \$0.8 million.

The company will not pay an interim dividend in 2009.

Outlook

The continuing uncertainty facing the Australian economy has had a dramatic impact on the demand for permanent recruitment. It is difficult to predict when this will turn around and businesses will feel confident enough to recommence hiring and therefore difficult to forecast financial outcomes with any degree of certainty.

Mr Bassier said “We are fortunate to have an operating platform that can respond quickly to changes in the economic environment. We have reduced personnel numbers in accordance with demand, streamlined business management and taken positive steps to significantly reduce the loss from CMyPeople in the second half. This coupled with a strong balance sheet and good debt reductions ensures we are well positioned for the future.”

ENDS

SHAREHOLDER AND ANALYST ENQUIRIES

CONTACT:

Chandler Macleod

Ian Bassier
Managing Director
P (03) 8629 1228

Owen Wilson
Chief Financial Officer
P (03) 8629 1130

About Chandler Macleod (ASX: CMG)

Chandler Macleod is one of Australasia's largest and most diverse HR outsourcing and recruitment companies. Chandler Macleod focuses on the provision of complete and fully integrated human capital solutions across blue-collar, office support, technical, IT, health, professional and executive recruitment and contracting.

Additionally, the Company offers comprehensive consulting services encompassing psychometric assessment, management and organisational development, executive coaching, outplacement, career transition, talent management and training.

Chandler Macleod is also at the leading edge of the fast growing recruitment process outsourcing sector.

The Company's key brands are Chandler Macleod, Ready Workforce, Forstaff Aviation, Recruitment Solutions, Entec, Diversiti, Mettle, OCG, Luminary Search, ExecSupply and CompAssess.

For personal use only