



Candle Australia Limited



Financial Results - year ending June 30, 2003



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Managing Director



CANDLE
AUSTRALIA LTD

Agenda

- Overview
- Strategy
- Financial Results
- Operating divisions
- Market conditions
- Overview of strategies
- Looking ahead



Overview



- Candle continues to perform well
- Candle “in control” of its business
- Continued incremental improvement
- Action orientation
- More opportunities apparent



Candle Strategy



- Control what's controllable
- Measure "everything"
- Incremental improvement
- Focus on customer service
- Attract and retain talent
- Develop new relationships
- Maintain financial strength
- Acquisition opportunities



Financial Summary

	Change	2003	2002
Net revenues (\$'000s)	(8%)	\$162,055	\$177,197
Net Profit after Tax (\$'000s)	17%	\$3,532	\$3,025
Earnings per share (cents)	14%	9.5c	8.3c
Earnings Before Interest & Tax	9%	\$5,498	\$5,023
EBIT / Sales	19%	3.4%	2.8%
Fully franked dividend	80%	9c	5c
EBITDA / Employee (\$'000s)	9%	\$45.6	\$41.9

Balance Sheet

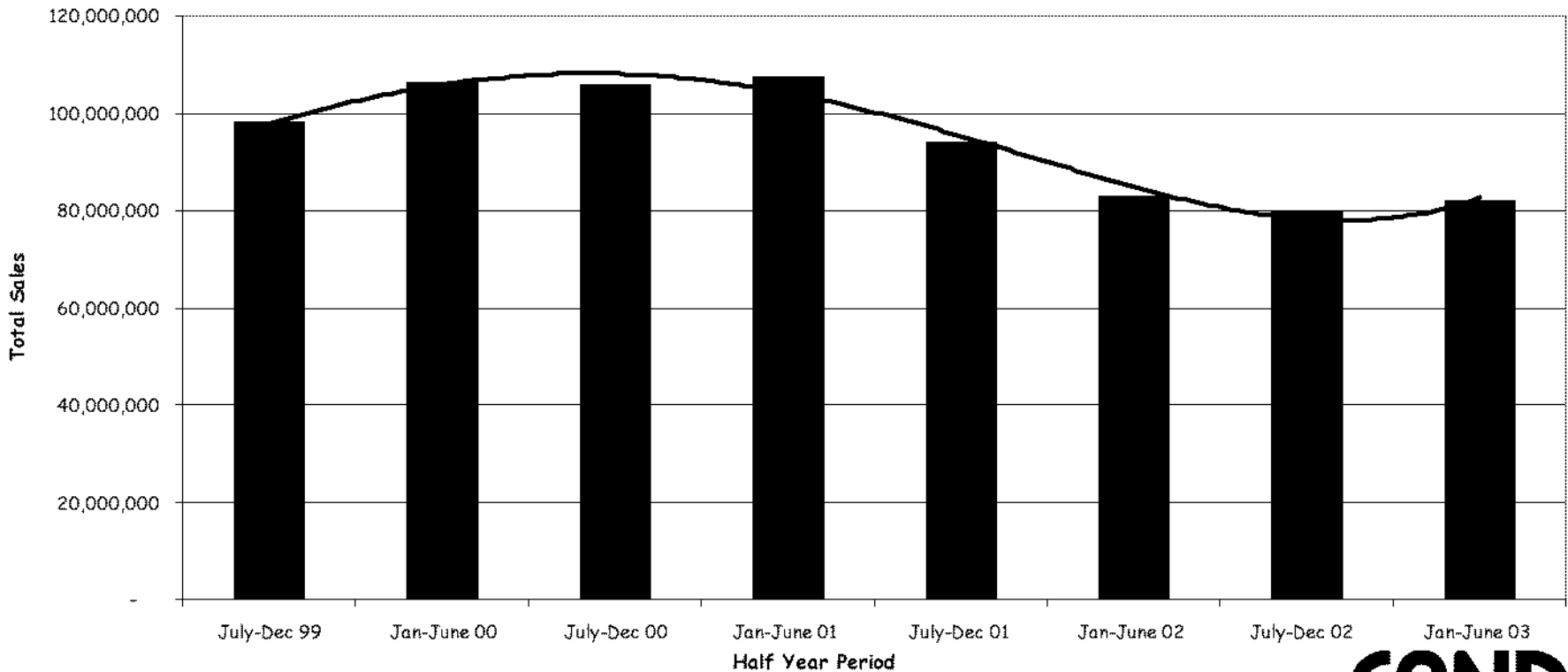
	Change	2003	2002
Net Debt	(91%)	A\$0.63M	A\$7.05M
Net Debt / Equity	(94%)	1%	18%
Operating Cash Flow	47%	A\$8.6M	A\$5.8M

Sales Revenue

- **Market has bottomed**
- **Some improvement**
- **Contractors earning less, therefore charge less, therefore lower sales**
 - margins not necessarily impacted with a mix of fixed dollar and percentage margin
- **“Paymaster” fees**

Sales Each Half

Candle Australia Limited Group Total Sales by Half Year

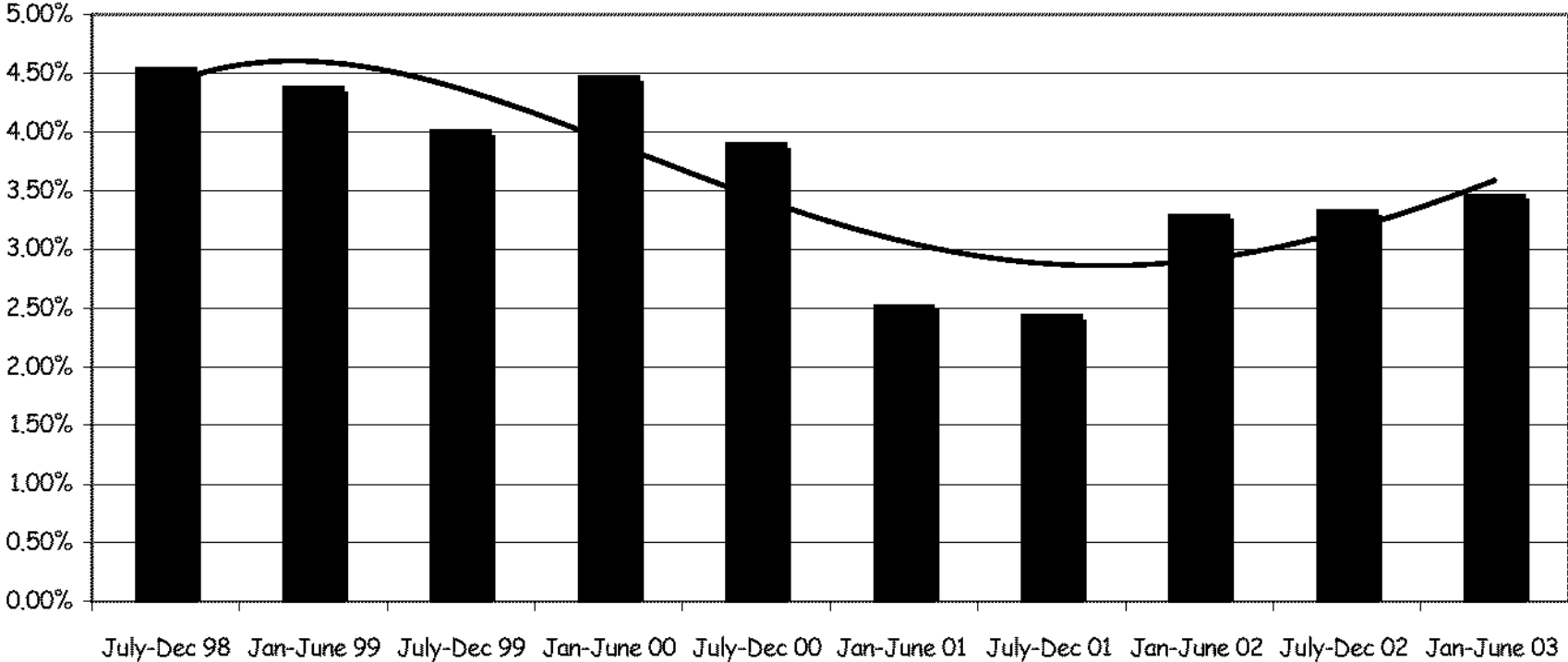


Margins

- **Operating margin (EBIT / Sales) is improving**
- **Mix has changed, esp. in ICT**
- **Very competitive market**
 - over 2700 agencies in Australia
- **“External” costs - insurances, taxes etc.**
- **Continued improvement in operating margin remains the goal**

Improving EBIT/Sales %

Candle Australia Group EBIT/Sales



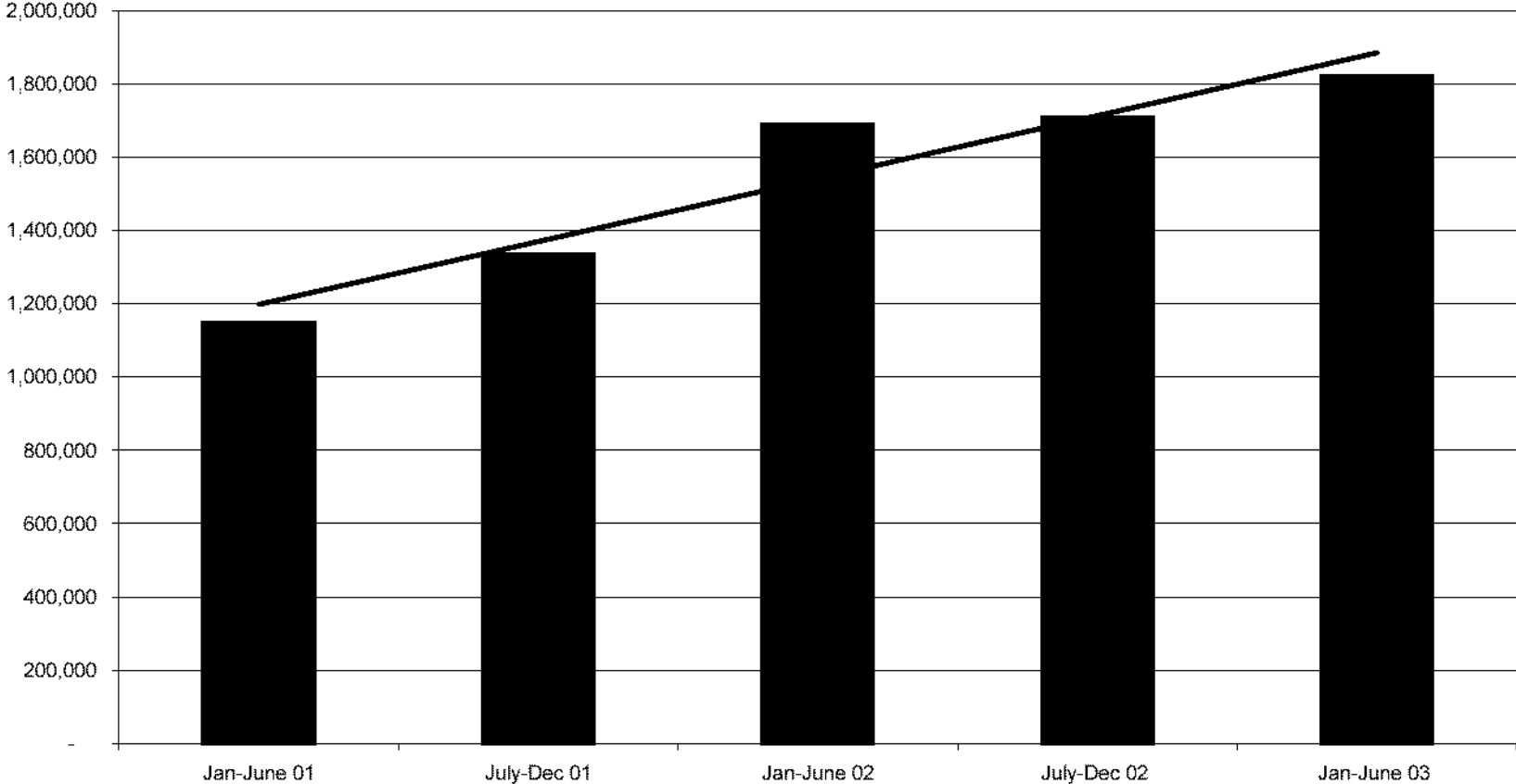
Period

Profit

- **Steady improvement in profit**
- **EBITDA stable**
 - Reflects ongoing commitment to efficiency measures
- **Focus on gross margin growth**
 - improving market conditions
 - increasing market share, leveraging client relationships
 - Transaction level

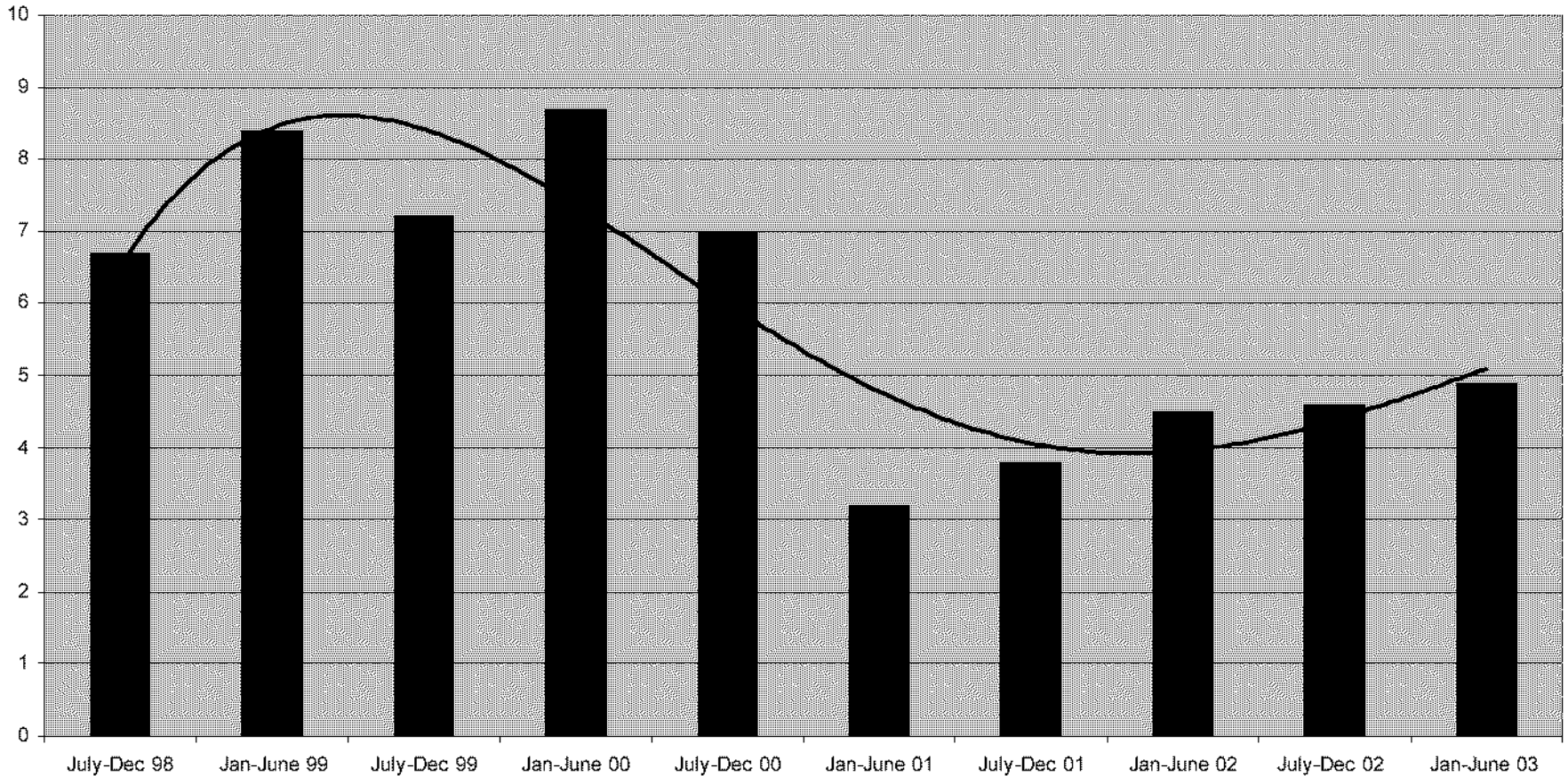
Profit After Tax

NPAT each half



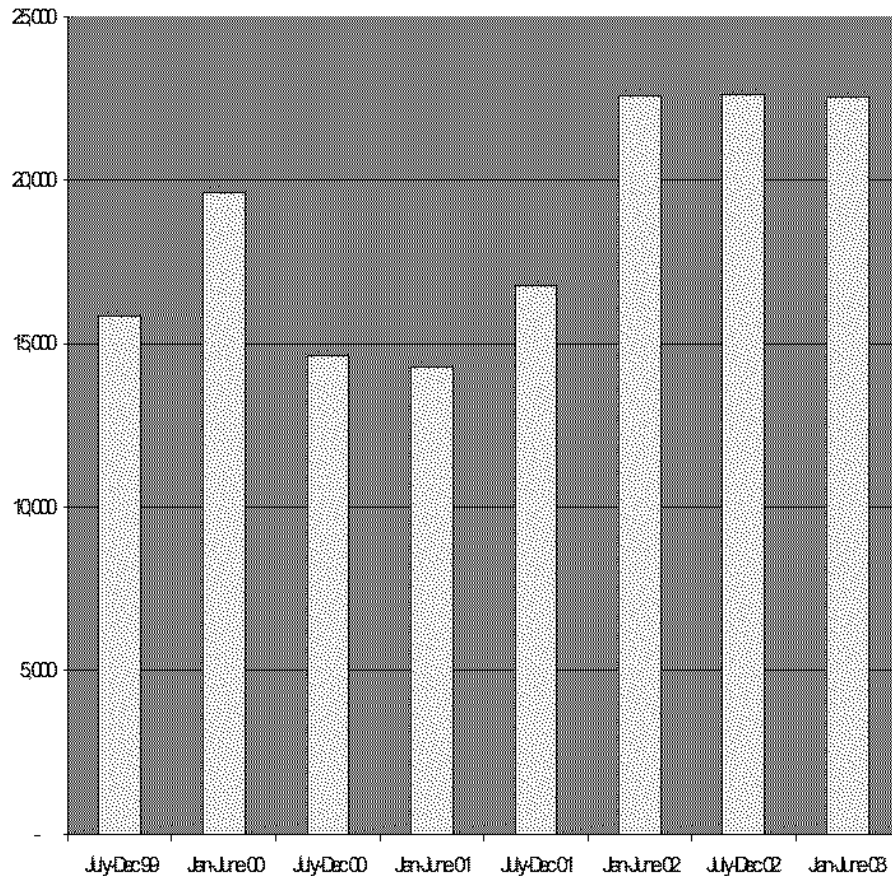
Earnings Per Share

EPS for each half year



Productivity

EBITDA per Employee



- Productivity high
- Candle efficient - more to be done
- Average industry income per employee is \$308K* - Candle produces \$1,032K

(* source: ABS: Employment Services Australia 2002)

Banking & Finance Division

- Overall result pleasing
- Demand did slow in second half
- Refined delivery model to improve efficiency
- Skilled talent shortage
- Maintained market share
- Several new clients
- Plans to open Melbourne office leveraging from existing infrastructure

Office Support and Accounting

- **Increased demand in some areas**
- **Overall very solid result**
- **Established Canberra and Sydney offices**
 - leverage of existing client base and infrastructure
 - expect break-even or better over the first year
 - early results pleasing
- **Continue to pursue quality acquisition opportunities**

ICT Division

○ New Zealand

- A very good year
- Growth in contract and permanent

○ Australia

- Federal Government - growth
- State Government solid
- Client base grew
 - *many new clients*
 - *focus on permanent recruitment*
- Order flow improving late in second half

Value Added Services

- **New TCS division - in its infancy**
- **One anchor client - others being developed**
- **Fills gap in market**
 - Internal management and sourcing
 - External management and sourcing
- **Low risk profile**
- **Modest investment to date**

Focus Areas

- New clients
- Existing clients
- Customer service
- Differentiation of services
- Success in selected tenders
- Expansion of services offering
 - New lines
 - New geographies



Focus Areas (continued)



○ Staff

- Development, training & promotion
- Ideas - “brains trust”



○ Risk Management

- OHS, Contracts and compliance
- Quality



○ IT systems stability & new development

○ Web-sites - content management



○ Corporate Governance

The Future

- **Candle's future remains bright**
- **Solid business fundamentals**
 - Strong Customer franchise
 - Financially strong
 - Stable focused and dedicated management
 - Large market opportunity for expansion
- **Expect increase in demand in the period ahead - continuation of the recent trend**
- **Cash tightening with profit growth**
- **Remain active in exploring opportunities**
- **Profit growth is expected**



Disclaimer:

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