

Annual General Meeting 2017



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

BLACKADDER
RECRUITMENT



Concept Engineering
LABOUR HIRE & RECRUITMENT SPECIALISTS



INTEGRACOM

ashley institute
of training



- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY18 Financial Results – Chris McFadden
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Q1 FY18 Profit and Loss



\$ million	Unaudited Q1 FY18	Unaudited Q1 FY17	Audited H1 FY17	Audited H2 FY17	Audited FY17
Revenue by segment					
Labour Hire	79.6	67.1	145.0	144.2	289.2
Training	2.1	11.3	18.3	7.2	25.5
Total Revenue	81.7	78.4	163.3	151.4	314.7
EBITDA by segment					
Labour Hire	2.8	1.9	3.8	4.0	7.8
Training	0.1	2.1	2.5	0.4	2.9
Corporate	(1.0)	(1.3)	(2.4)	(2.6)	(5.0)
Underlying EBITDA	1.9	2.7	3.9	1.8	5.7
Depreciation & Amortisation	(0.1)	(0.8)	(1.6)	(0.3)	(1.9)
Underlying EBIT	1.8	1.9	2.3	1.5	3.8
Net interest expense	(0.1)	(0.1)	(0.3)	(0.4)	(0.7)
Income tax credit / (expense)	(0.6)	(0.6)	2.6	(0.7)	1.9
Underlying NPAT	1.1	1.2	4.6	0.4	5.0
Significant items	-	-	(10.0)	(0.7)	(10.7)
NPAT from continuing operations	1.1	1.2	(5.4)	(0.3)	(5.7)

- **Q1 FY18** characterised by strong Labour Hire performance, reduction in Corporate costs and a minimal profit out of the reduced Training division
- **Underlying EBITDA** for Q1 FY18 at \$1.9m is ↓\$0.9m on Q1 FY17 due to impact of reduced Training division despite Labour Hire division strength and significant cost reduction
 - **Training** ↓\$2.0m
 - **Labour Hire** ↑\$0.9m ↑\$51%
 - **Corporate Costs** ↓\$0.3m ↓\$25%
- **Revenue** ↑4.2% despite impact of significant reduction in Training revenue
 - **Labour Hire** ↑\$12.5m ↑18.6%
- **Depreciation & Amortisation** well down following significant asset write downs in FY17
- **Income Tax expense** of \$0.6m notional only, tax effect position tried up at H1 and FY18

Q1 FY18 Balance Sheet



\$ million	Unaudited Q1 FY18	Unaudited Q1 FY17	Audited FY17
Assets			
Current Assets			
Cash and cash equivalents	7.2	3.9	4.4
Trade and other receivables	33.7	34.8	26.4
Current tax receivable	-	-	0.3
Other assets	0.8	1.4	1.4
Total Current Assets	41.7	40.1	32.5
Non-Current Assets			
Property, plant and equipment	1.5	5.6	1.2
Deferred tax assets	6.7	6.9	7.3
Intangible assets	3.2	9.7	3.3
Total Current Assets	11.4	22.2	11.8
Total Assets	53.1	62.3	44.3
Liabilities			
Current Liabilities			
Trade and other payables	20.7	17.7	17.2
Borrowings	5.0	5.9	0.7
Provisions	3.0	6.2	3.1
Total Current Liabilities	28.7	29.8	21.0
Non-Current Liabilities			
Deferred tax liabilities	1.6	3.7	1.6
Provisions	1.7	0.6	1.7
Total Current Liabilities	3.3	4.3	3.3
Total Liabilities	32.0	34.1	24.3
Net Assets	21.1	28.2	20.0

- **Cash** balance high at end Q1 due to fully drawn **Borrowings** late in Q1 due to end of month/quarter timing challenges
 - Fully repaid in week 2 Q2
- **Trade Receivables** and **Trade Payables** increases reflective of seasonal ramp up and an additional customer brought on during the quarter
- **Property, Plant & Equipment** and **Intangible assets** both well down on pcp reflecting FY17 write downs
- **Provision** reduction on pcp in part related to restructuring impact on Training workforce
- **Net Assets** increase since end FY17 reflects Q1 profitability

Q1 FY18 Cash Flow



\$ million	Unaudited Q1 FY18	Unaudited Q1 FY17	Audited FY17
Underlying EBITDA	1.9	2.7	5.7
Change in working capital	(3.8)	(7.6)	(4.9)
Net interest received / (paid)	0.2	(0.2)	(0.5)
Income tax received / (paid)	-	2.8	2.9
Operating cash loss from discontinued operations	(0.1)	(0.4)	(0.2)
Net Cash from / (used in) operating activities	(1.8)	(2.7)	3.0
Property, plant and equipment	(0.4)	(0.1)	(0.7)
Payment for purchase of businesses		(0.6)	(0.6)
Proceeds from sale of property, plant and equipment			0.6
Proceeds from sale of intangibles			0.5
Payments for IP		(0.1)	
Net Cash used in investing activities	(0.4)	(0.8)	(0.2)
Net proceeds from / (prepayment of) borrowings	5.0	5.7	(0.1)
Net Cash from / (used in) financing activities	5.0	5.7	(0.1)
Net Cash flow	2.8	2.2	2.7
Cash at beginning of period	4.4	1.7	1.7
Cash at end of period	7.2	3.9	4.4
Debt at end of period	5.0	5.9	0.7
Net Cash / (Debt) at end of period	2.2	(2.0)	3.7

- **Net Cash used in operating activities** of \$1.8m reflects seasonal ramp up of Labour Hire division
 - This compares very favourably with Q1 FY17 outflow of \$2.7m or \$5.5m excluding tax refund received
- **Net Cash used in investing activities** of \$0.4m reflects technology investment primarily across our Labour Hire division
- **Net Cash from financing activities** of \$5.0m reflects fully drawn Borrowings late in Q1 due to end of period timing challenges
 - Fully repaid in week 2 Q2
- **Net Cash** position of \$2.2m after allowing for \$5m debt position
- As per announcement at year end FY17, assuming we continue to see these trends remain on track at the half year, we anticipate we will be revisiting the dividend policy with a view to returning to dividend payments in FY18

Business Update

Labour Hire



\$ million	Unaudited Q1 FY18	Unaudited Q1 FY17	Audited H2 FY17	Audited FY17
Revenue	79.6	67.1	144.2	289.2
EBITDA	2.8	1.9	4.0	7.8
EBITDA margin %	3.58%	2.82%	2.7%	2.70%
Labour hours charged (millions)	2.03	1.69	3.53	7.13

- **Safety** record maintained with one Lost Time Injury (LTI) in Q1 FY18 for an LTIFR of 0.59
- **Successful integration** of one large client during the quarter
- **Weekly activity** levels currently at December 2016 peak level and building
- **Labour Hire Revenue** ↑\$12.5m ↑18.6%, maintaining strong momentum established in FY17, esp. H2 FY17
 - **Action Workforce** ↑17.8%
 - **Concept Engineering** ↑29.8%
 - **Blackadder Recruitment** ↑3.1%
- **Labour Hire EBITDA** at 3.58% (↑76bps) due in part to Concept mix growth but also an efficiency dividend with overheads ↓\$0.1m ↓3.4% on Revenue growth of ↑18.6%

LABOUR HIRE BRANDS

Concept Engineering



Trades Staff
Engineering Staff
Technical Services
Drafting Services
Construction Workers

Action Workforce



Transport & Logistics Workers
Horticulture Workers
Production/Process Workers
General Hands

Blackadder Recruitment



Executive Search
Executive Placement
Administration Recruitment
White Collar Temp
HR & IR Consulting

Business Update

Training



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\$ million	Unaudited Q1 FY18	Unaudited Q1 FY17	Audited H2 FY17	Audited FY17
Revenue	2.1	11.3	7.2	25.5
EBITDA	0.1	2.1	0.4	2.9
EBITDA margin %	5.67%	18.93%	5.56%	11.37%

- **Restructured Training Division** now operates with a far reduced range of qualifications on scope, across a reduced geographical distribution
- **Queensland** and **Western Australia** operations, where funding contracts are in place, are both trading profitably
- **Victoria** continues primarily in train out mode with no current state funding contract with application submitted for calendar 2018-19
- We continue to invest in our **Compliance** function with good results in recent state audits
- **Q1 minimal profit** was within expectations and in line with H2 FY17
- In the absence of additional state funding the Training division is not anticipated to be a significant contributor to overall group profitability

Proxies Cast



Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Re-election of Director: Ian Pratt	102,589,545	3,840	83,206	0
ITEM 3. Election of Director: Chris McFadden	102,589,545	3,840	83,206	0
ITEM 4. Remuneration Report	18,118,706	12,000	83,206	45,256

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