



2018 Annual General Meeting

10:00am Thursday 25th October 2018



- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY19 Financial Results – Chris McFadden CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Q1 FY19 Profit and Loss

- **EBITDA** for Q1 FY19 at \$2.1m is ↑\$0.2m (↑8%) on prior corresponding period
 - **Labour Hire** ↑\$0.1m ↑4%
 - **Corporate Costs** ↓\$0.1m ↓9%
- **Revenue** ↓9% reflecting previously announced major contract exit (↑10% excluding contract exit impact)
 - **Labour Hire** ↑\$6.4m ↑10% excl. contract exit impact (headline revenue was ↓\$7.1m ↓9%)
 - **Action Workforce** ↑\$2.2m ↑4% excl. contract exit
 - **Concept Engineering** ↑\$4.4m ↑42%
- **Depreciation & Amortisation** remains minimal following significant asset write downs in FY17
- **Income Tax expense** of \$0.6m with FY19 seeing us move back into a tax paying mode

\$ million	Unaudited Q1 FY19	Unaudited Q1 FY18	Audited H1 FY18	Audited H2 FY18	Audited FY18
Revenue by segment					
Labour Hire	72.5	79.6	166.0	160.1	326.1
Training	2.0	2.1	3.5	3.2	6.7
Total Revenue	74.5	81.7	169.5	163.3	332.8
EBITDA by segment					
Labour Hire	3.0	2.9	5.6	6.2	11.8
Training	0.1	0.1	0.1	(0.1)	-
Corporate	(0.9)	(1.0)	(1.9)	(1.9)	(3.8)
EBITDA	2.1	1.9	3.8	4.2	8.0
Depreciation & Amortisation	(0.2)	(0.1)	(0.3)	(0.4)	(0.7)
EBIT	1.9	1.8	3.5	3.8	7.3
Net interest expense	(0.1)	(0.1)	(0.3)	(0.2)	(0.5)
Income tax credit / (expense)	(0.6)	(0.6)	(1.0)	(1.0)	(2.0)
NPAT	1.2	1.1	2.2	2.6	4.8

First quarter FY19 delivered EBITDA growth of 8% with another strong Labour Hire performance, continuing reduction in Corporate costs and a minimal contribution from Training

Q1 FY19 Balance Sheet



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\$ million	Unaudited Q1 FY19	Unaudited Q1 FY18	Audited FY18
Assets			
Current Assets			
Cash and cash equivalents	6.8	7.2	6.4
Trade and other receivables	33.2	33.7	29.8
Other assets	1.5	0.8	0.9
Total Current Assets	41.5	41.7	37.1
Non-Current Assets			
Property, plant and equipment	1.5	1.5	1.3
Deferred tax assets	5.4	6.7	5.4
Intangible assets	3.1	3.2	3.2
Total Current Assets	10.0	11.4	9.9
Total Assets	51.5	53.1	47.0
Liabilities			
Current Liabilities			
Trade and other payables	18.3	20.7	15.7
Borrowings	4.0	5.0	-
Current tax receivable	0.4	-	-
Provisions	2.7	3.0	2.8
Total Current Liabilities	25.4	28.7	18.5
Non-Current Liabilities			
Deferred tax liabilities	1.8	1.6	1.8
Provisions	1.9	1.7	1.9
Total Current Liabilities	3.7	3.3	3.7
Total Liabilities	29.1	32.0	22.2
Net Assets	22.4	21.1	24.8

- **Cash** balance high at end Q1 due to **Borrowings** of \$4m, drawn late in Q1 due to end of month/quarter timing challenges including public holiday(s)
 - Fully repaid in first two days of Q2
- **Trade Receivables** increased despite exit of major contract, more than offset by a ramp up on a couple of customers and EOM receipts challenges caused by the Victorian public holiday on the final business day of the quarter
- **Other Assets** increase primarily related to Prepaid full year FY19 expenses
- **Trade Payables** increase on FY18 primarily related to increase in Superannuation payable
- **Net Assets** now at \$22.4m reflecting increase of \$1.2m from Q1 NPAT less FY18 Dividend of \$3.6m

Q1 FY19 Cash Flow



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\$ million	Unaudited Q1 FY19	Unaudited Q1 FY18	Audited FY18
EBITDA	2.1	1.9	8.0
Change in working capital	(0.9)	(3.8)	(4.3)
Net interest received / (paid)	(0.1)	0.2	(0.6)
Income tax received / (paid)	-	-	0.3
Operating cash loss from discontinued operations	-	(0.1)	(0.2)
Other	(0.8)	-	-
Net Cash from / (used in) operating activities	0.3	(1.8)	3.2
Property, plant and equipment	(0.3)	(0.4)	(0.7)
Proceeds from sale of property, plant and equipment			0.2
Net Cash used in investing activities	(0.3)	(0.4)	(0.5)
Net proceeds from / (prepayment of) borrowings	4.0	5.0	(0.7)
Dividend Paid	(3.6)	-	-
Net Cash from / (used in) financing activities	0.4	5.0	(0.7)
Net Cash flow	0.4	2.8	2.0
Cash at beginning of period	6.4	4.4	4.4
Cash at end of period	6.8	7.2	6.4
Debt at end of period	4.0	5.0	-
Net Cash / (Debt) at end of period	2.8	2.2	6.4

- **Net Cash from operating activities** of \$0.3m is in contrast to our normal Q1 outflow pattern. Working Capital (\$0.9m) with:
 - Trade Receivables up by \$3.4m despite major contract exit, offset by new/expanded customer and negative impact on EOM receipts of ending the quarter on a VIC public holiday
 - Trade Payables up by \$2.6m mainly due to increase in Superannuation payable
- **Net Cash used in investing activities** of \$0.3m reflects modest investment in our Training division and some minor leasehold improvements across the group
- **Net Cash from financing activities** of \$0.4m reflects \$3.6m Dividend payment and \$4m Borrowings drawn late in Q1 due to end of period timing challenges
- **Net Cash** position of \$2.8m after allowing for \$4m debt position

Business Update

Labour Hire



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\$ million	Unaudited Q1 FY19	Unaudited Q1 FY18	Audited FY18
Revenue	72.5	79.6	326.1
EBITDA	3.0	2.9	11.8
EBITDA margin %	4.10%	3.58%	3.61%
Labour hours charged (millions)	1.69	2.03	7.63

- **Safety** performance continues to exhibit industry best practice with zero Lost Time Injuries (LTI) in Q1 FY19
- **Successful integration** of two new large clients during the quarter and expansion nationally of two existing customers
- **Labour Hire Revenue** ↑\$6.4m ↑10% excl. contract loss impact (headline revenue was ↓\$7.1m ↓9%)
 - **Action Workforce** ↑4% excl. contract loss
 - **Concept Engineering** ↑42%
 - **Blackadder Recruitment** ↓5.9%
- **Revenue mix** has changed following the AWF revenue contraction due to major contract exit
 - AWF Q1 mix: FY19 75% v FY18 83%
 - Concept Q1 mix: FY19 21% v FY18 13%
- **Labour Hire EBITDA** at 4.10% (↑52bps) due primarily to Concept mix shift

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

\$ million	Unaudited Q1 FY19	Unaudited Q1 FY18	Audited FY18
Revenue	2.0	2.1	6.7
EBITDA	0.1	0.1	0.0
EBITDA margin %	3.28%	5.67%	0.0%

- **Training Division** continues to operate on a narrow range of qualifications on scope, across Western Australia, Queensland and Victoria
- **Western Australia** continues to trade profitably
- **Queensland** is trading near breakeven with the Telco training area performing well whilst we are in the process of growing our job network focused business
- **Victoria** is also near breakeven with our Civil training performing particularly well
- We continue to have a strong culture of **Compliance** and have continued to deliver good results in recent state audits
- **Q1 minimal profit** was slightly below expectations but we believe the division to be well placed to improve over the balance of FY19

Proxies Cast



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Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Re-election of Director: Ross Shrimpton	98,745,563	0	3,304,842	2,649,522
ITEM 3. Remuneration Report	17,389,101	0	4,842	2,888,561
ITEM 4. Appointment of auditor	98,745,563	0	3,304,842	2,649,522

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