



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING



2019 Annual General Meeting

10:00am Thursday 24th October 2019



- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY20 Financial Results – Chris McFadden CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Q1 FY20 Profitability in line with prior year

- **NPAT** for Q1 FY20 at \$1.2m was unchanged on prior corresponding period
- **EBITDA** for Q1 FY20 at \$2.0m is ↓\$0.1m (↓5%) on prior corresponding period
 - **Labour Hire** ↓\$0.2m ↓7%
 - **Training** ↑\$0.1m ↓136% off a low base
- **Revenue** ↑\$7.5m ↑10% with Labour Hire the driving force of this growth
 - **Q1 FY20 14wk v Q1 FY19 13wk**, so adjusting both to 13wk Revenue ↑\$1.6m ↑2%
 - **Labour Hire** ↑\$7.4m ↑10%
13wk adjusted ↑\$1.6m ↑2%
 - **Action Workforce** ↑\$9.8m ↑18%
13wk adjusted ↑\$5.0m ↑9%
 - **Concept Engineering** ↓\$2.4m ↓16%
13wk adjusted ↓\$3.2m ↓21%
 - **Training** ↑\$0.1m ↑4%

\$ million	Unaudited Q1 FY20	Unaudited Q1 FY19	Audited H1 FY19	Audited H2 FY19	Audited FY19
Revenue by segment					
Labour Hire	79.9	72.5	144.2	135.4	279.6
Training	2.1	2.0	4.0	4.0	8.0
Total Revenue	82.0	74.5	148.2	139.4	287.6
EBITDA by segment					
Labour Hire	2.8	3.0	5.8	5.6	11.5
Training	0.2	0.1	0.5	0.6	1.0
Corporate	(0.9)	(0.9)	(1.8)	(1.6)	(3.4)
EBITDA	2.0	2.1	4.5	4.6	9.1
Depreciation & Amortisation	(0.3)	(0.2)	(0.4)	(0.6)	(1.0)
EBIT	1.7	1.9	4.1	4.0	8.1
Net interest expense	(0.1)	(0.1)	(0.4)	(0.3)	(0.6)
Income tax expense	(0.4)	(0.6)	(1.0)	(1.1)	(2.1)
NPAT	1.2	1.2	2.7	2.7	5.4

First Quarter NPAT in line with prior year, with a lift in Action Workforce largely offsetting a decrease in Concept, which was still well down against what was a strong Q1 FY19 but with significantly improved revenue levels against more recent quarters

Q1 FY20 Balance Sheet, solid cash level and debt free

\$ million	Unaudited Q1 FY20	Unaudited Q1 FY19	Audited FY19
Assets			
Current Assets			
Cash and cash equivalents	7.0	6.8	6.8
Trade and other receivables	30.4	33.2	28.5
Other assets	2.7	1.5	2.0
Total Current Assets	40.2	41.5	37.3
Non-Current Assets			
Property, plant and equipment	1.1	1.5	1.1
Deferred tax assets	3.6	5.4	3.6
Intangible assets	3.3	3.1	3.2
Total Current Assets	8.0	10.0	7.9
Total Assets	48.2	51.5	45.3
Liabilities			
Current Liabilities			
Trade and other payables	19.2	18.3	13.9
Borrowings	-	4.0	-
Current tax payable	0.6	0.4	0.3
Provisions	2.4	2.7	2.3
Total Current Liabilities	22.2	25.4	16.5
Non-Current Liabilities			
Deferred tax liabilities	1.0	1.8	1.0
Provisions	1.1	1.9	1.2
Total Current Liabilities	2.0	3.7	2.1
Total Liabilities	24.3	29.1	18.6
Net Assets	23.9	22.4	26.6

- **Cash** balance has held firm over the first quarter despite the \$3.9m dividend payment, reflecting the underlying cash flow strength
- **Trade Receivables** have largely held at consistent levels across the quarter but have improved significantly on the position one year ago
- **Other Assets** increase primarily related to increase in Prepayments and a slight lift in Training WIP
- **Borrowings** are undrawn despite the dividend payment, again reflecting underlying cash flow strength
- **Trade Payables** increase on year end FY19 primarily related to a \$4m increase in Superannuation payable
- **Net Assets** now at \$23.9m reflecting increase of \$1.2m from Q1 NPAT less FY19 Dividend of \$3.9m

Q1 FY20 Cash Flow was very strong

\$ million	Unaudited Q1 FY20	Unaudited Q1 FY19	Audited FY19
EBITDA	2.0	2.1	9.1
Change in working capital	3.1	(0.9)	(3.0)
Net interest received / (paid)	(0.1)	(0.1)	(0.6)
Income tax received / (paid)	-	-	(0.8)
Operating cash loss from discontinued operations	-	-	-
Other	(0.6)	(0.8)	-
Net Cash from / (used in) operating activities	4.4	0.3	4.7
Property, plant and equipment	(0.3)	(0.3)	(0.9)
Proceeds from sale of property, plant and equipment			0.2
Net Cash used in investing activities	(0.3)	(0.3)	(0.7)
Net proceeds from / (prepayment of) borrowings	-	4.0	-
Dividend Paid	(3.9)	(3.6)	(3.6)
Net Cash from / (used in) financing activities	(3.9)	0.4	(3.6)
Net Cash flow	0.2	0.4	0.4
Cash at beginning of period	6.8	6.4	6.4
Cash at end of period	7.0	6.8	6.8
Debt at end of period	-	4.0	-
Net Cash / (Debt) at end of period	7.0	2.8	6.8

- **Net Cash from operating activities** of \$4.4m was very strong reflecting improved working capital position:
 - Trade Receivables ↓\$2.8m on Q1 FY19 despite stronger revenue, reflecting in part strong Q1 collections and also the shorter payment cycle of AWF (v Concept)
 - Trade Payables ↑\$0.9m primarily due to slightly higher statutory payment outstanding balances due to weekly timings
- **Net Cash used in investing activities** of \$0.3m reflects modest investment primarily in our Training division
- **Net Cash used in financing activities** of (\$3.9m) reflects \$3.9m dividend payment
- **Net Cash** position of \$7.0m is consistent with both year end FY19 and Q1 FY19, with dividend funded from operating cash

Labour Hire, a strong AWF quarter

\$ million	Unaudited Q1 FY20	Unaudited Q1 FY19	Audited FY19
Revenue	79.9	72.5	279.6
EBITDA	2.8	3.0	11.5
EBITDA margin %	3.46%	4.10%	4.10%
Labour hours charged (millions)	1.88	1.69	6.73

- **Labour Hire Revenue** ↑\$7.4m ↑10% (13wk ↑\$1.6m ↑2%)
 - **Action Workforce** ↑\$9.8m ↑18% (13wk ↑\$5.0m ↑9%) with 4 of our top 15 customers experiencing very strong average weekly growth (>25%)
 - **Concept Engineering** ↓\$2.4m ↓16% (13wk ↓\$3.2m ↓21%) down against a strong Q1 FY19 (↑42% on Q1 FY18)
 - Q1 FY20 Avg weekly \$0.89m, its strongest level since Q1 FY19 (FY19: Q1 \$0.95m, Q2 \$0.77m, Q3 \$0.81m, Q4 \$0.73m)
 - **Blackadder Recruitment** ↓\$25k ↓0.9% (13wk ↓\$0.2m ↓7%)
- **Revenue mix** has swung back to AWF:
 - AWF Q1 mix: FY20 81% v FY19 75%
 - Concept Q1 mix: FY20 16% v FY19 21%
- **Labour Hire EBITDA** at 3.46% (↓64bps) due primarily to AWF v Concept mix shift
- **Concept Recruitment Specialists** launched in Q1, focusing on specialist permanent recruitment, but revenue is negligible during this initial phase



Training continues steady improvement

\$ million	Unaudited Q1 FY20	Unaudited Q1 FY19	Audited FY19
Revenue	2.1	2.0	8.0
EBITDA	0.2	0.1	1.0
EBITDA margin %	7.47%	3.28%	12.98%

- **Training Division** continues to perform well, operating with a focused range of qualifications on scope, across Western Australia, Victoria and Queensland
- **Revenue** is slightly up on prior year and the pipeline of students is strengthening, so in addition to the pleasing lift in profitability seen in the first quarter we remain confident that our Training division will continue to improve over FY20
- The Training division continues to deliver from a solid base built on its strong culture of **Compliance**



Proxies Cast



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Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	17,353,106 100%	0	0	84,373,524
ITEM 3. Re-election of Director: Ian Pratt	101,726,630 100%	0	0	0

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