



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

Labour Hire | Recruitment

Training



2020 ANNUAL GENERAL MEETING

10:00am Thursday 22 October 2020



- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY21 Financial Results – Chris McFadden CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Pleasing profit lift on reduced revenue



- **NPAT** for Q1 FY21 at \$2.0m was up \$0.3 million on the prior corresponding period
- **EBITDA** for Q1 FY21 at \$3.4m is ↑\$0.5m (↑19%) on prior corresponding period
 - **Labour Hire** ↑\$0.1m ↑2%
 - **Training** ↑\$0.4m with \$0.2m coming from The Instruction Company (TIC)
- **Revenue** ↓\$6.7m ↓7% (↓\$0.9m ↓1% excl 14 week impact*) with the decline wholly Labour Hire related
 - * 13 week v FY20 14 week, impact \$5.8m
 - **Labour Hire** ↓\$6.6m ↓7%
 - ↓\$0.8m ↓1% excl 14 week impact*
 - **Training** in line with Q1 FY20 due in part to \$0.4m revenue from the newly acquired TIC

\$ million	Unaudited Q1 FY21	Unaudited Q1 FY20	Audited H1 FY20	Audited H2 FY20	Audited F20
Revenue by segment					
Labour Hire	85.1	91.7	179.0	150.5	329.5
Training	2.1	2.1	4.4	2.9	7.3
Total Revenue	87.2	93.8	183.4	153.4	336.8
EBITDA by segment					
Labour Hire	3.7	3.6	7.2	5.3	12.5
Training	0.6	0.2	0.8	-	0.8
Corporate	(0.9)	(0.9)	(1.9)	(1.7)	(3.6)
EBITDA	3.4	2.9	6.1	3.6	9.7
Depreciation & Amortisation	(0.5)	(0.3)	(1.2)	(0.8)	(2.0)
EBIT	2.9	2.6	4.9	2.8	7.7
Net interest expense	(0.1)	(0.1)	(0.3)	(0.3)	(0.6)
Income tax expense	(0.8)	(0.8)	(1.2)	(0.8)	(2.0)
NPAT	2.0	1.7	3.4	1.7	5.1

Q1 FY21 profitability up on prior year, chiefly due to revenue lift in CCL, improved Training profitability and the first quarter TIC contribution

Labour Hire (excl CCL) was down slightly on revenue declines in Concept Engineering and Concept Recruitment against pre-COVID Q1 FY20 and the impact of Q1 FY20 14 weeks v Q1 FY21 13 weeks

Q1 FY21 Balance Sheet



\$ million	Unaudited Q1 FY21*	Unaudited Q1 FY20**	Audited FY20***
Assets			
Current Assets			
Cash and cash equivalents	5.1	7.0	8.1
Trade and other receivables	37.9	30.4	29.4
Other assets	2.9	2.7	1.9
Total Current Assets	46.0	40.2	39.4
Non-Current Assets			
Property, plant and equipment	1.0	1.1	1.1
Deferred tax assets	4.7	3.6	4.7
Right-of-use assets	2.1	-	2.3
Intangible assets	10.4	3.3	9.3
Other assets	-	-	0.1
Total Current Assets	18.1	8.0	17.5
Total Assets	64.1	48.2	56.9
Liabilities			
Current Liabilities			
Trade and other payables	25.8	19.2	18.5
Borrowings	2.4	-	-
Current tax payable	1.8	0.6	1.6
Dividends payable	-	-	0.4
Lease liabilities	0.3	-	0.7
Other liabilities	1.4	-	1.4
Provisions	2.7	2.4	2.5
Total Current Liabilities	34.5	22.2	25.1
Non-Current Liabilities			
Deferred tax liabilities	0.8	1.0	0.8
Lease liabilities	1.7	-	1.7
Other liabilities	2.7	-	2.8
Provisions	0.6	1.1	0.7
Total Current Liabilities	5.8	2.0	5.9
Total Liabilities	40.3	24.3	31.1
Net Assets	23.7	23.9	25.8

- **Cash** balance down \$3m from end FY20 – refer cash flow comments
- **Trade Receivables** have grown since year end largely due to growth in CCL infrastructure project based labour with longer terms
- **Intangibles** increase reflects TIC acquisition but still to be finalised through acquisition accounting
- **Borrowings** are \$2.4m at end of quarter following payment of dividend and acquisition in Q1 as well as the working capital swings inherent in the CCL infrastructure labour growth
- **Trade Payables** increase on end FY20 primarily related to a \$3.2m increase in Superannuation payable, \$1.5m in Payroll Tax deferral and PAYE timing differences of \$1.4m
- **Net Assets** now at \$23.7m reflecting decrease of \$1.9m on FY20 being Q1 NPAT of \$2.0m less FY20 Dividend of \$3.9m

* Q1 FY21 Balance Sheet includes CCL but excludes TIC (acquisition accounting not yet finalised)

** Q1 FY20 Balance Sheet excludes CCL (acquisition not concluded until Dec-19) & TIC (pre-acquisition)

*** FY20 Balance Sheet includes CCL but excludes TIC (pre-acquisition)

Q1 FY21 Cash Flow



\$ million	Unaudited Q1 FY21*	Unaudited Q1 FY20**	Audited FY20***
EBITDA	3.4	2.0	9.7
Change in working capital	(1.5)	3.1	7.8
Net interest/tax received / (paid)	(0.7)	(0.1)	(2.8)
Operating cash loss from discontinued operations	-	-	(0.3)
Other	(0.7)	(0.6)	(0.3)
Net Cash from / (used in) operating activities	0.5	4.4	14.1
Property, plant and equipment	(0.1)	(0.3)	(0.6)
Payment for purchase of businesses	(1.1)		(4.8)
Net Cash used in investing activities	(1.1)	(0.3)	(5.4)
Net proceeds from / (prepayment of) borrowings	2.4	-	-
Repayment of lease liabilities	(0.5)	-	(1.0)
Dividend Paid	(4.3)	(3.9)	(6.5)
Net Cash from / (used in) financing activities	(2.3)	(3.9)	(7.5)
Net Cash flow	(2.9)	0.2	1.3
Cash at beginning of period	8.1	6.8	6.8
Cash at end of period	5.1	7.0	8.1
Debt at end of period	2.4	-	-
Net Cash / (Debt) at end of period	2.7	7.0	8.1

- **Net Cash from operating activities** of \$0.5m
- Q1 FY21 EBITDA \$3.4m less
 - Working Capital demand of \$1.5m
 - Trade Receivables ↑\$8.5m – refer Balance Sheet comments
 - Trade Payables ↑\$7.3m – refer Balance Sheet comments
 - Tax & Other payments \$1.4m
- **Net Cash used in investing activities** of (\$1.1m) reflects initial payment relating to acquisition of The Instruction Company
- **Net Cash used in financing activities** of (\$2.3m) reflects \$4.3m in dividend payments and draw down of borrowings through invoice financing facility
- **Net Cash** position of \$2.7m is down on year end FY20 due to a combination of dividend and acquisition payments as well as the working capital demand increase due to growth in CCL infrastructure labour

* Q1 FY21 Cash Flow includes CCL & TIC

** Q1 FY20 Cash Flow excludes CCL (acquisition not concluded until Dec-19) & TIC (pre-acquisition)

*** FY20 Cash Flow includes CCL but excludes TIC (pre-acquisition)

Labour Hire, improving EBITDA %

\$ million	Unaudited Q1 FY21	Unaudited Q1 FY20	Audited FY20
Revenue	85.1	91.7	329.5
EBITDA	3.7	3.6	12.5
EBITDA margin %	4.34%	3.98%	3.79%
Labour hours charged (millions)	1.785	1.984	7.001

- Labour Hire Revenue** ↓\$6.6m ↓7% (↓\$0.8m ↓1% excl 14 week impact*)
 * 13 week v FY20 14 week, impact \$5.8m
- Action Workforce** ↓\$3.1m ↓5% (↑\$1.7m ↑3% excl 14 week impact*)
 * 13 week v FY20 14 week, impact \$4.8m
 - Customer exited 3PL contract \$4.4m
- Concept Engineering** ↓\$4.7m ↓38% (↓\$3.7m ↓32% excl 14 week impact*)
 * 13 week v FY20 14 week, impact \$1.0m
- Concept Recruitment** ↓\$0.7m ↓24%
- CCL** ↑\$1.9m ↑16% with strong growth in infrastructure projects leading the way
- Labour Hire EBITDA** at 4.34% (↑36bps) due primarily to growth in CCL
- Concept Recruitment Specialists** is still dealing with a very soft permanent recruitment market impacted by Covid restrictions



Training now includes The Instruction Company



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\$ million	Unaudited Q1 FY21	Unaudited Q1 FY20	Audited FY20
Revenue	2.1	2.1	7.3
EBITDA	0.6	0.2	0.8
EBITDA margin %	28%	7.47%	11.20%

- **Training Division** has faced a challenging quarter given Covid restrictions particularly in Victoria. We continue to operate across a focused range of qualifications on scope, across Western Australia, Victoria and Queensland
- **The Instruction Company** acquisition announced during Q1 has performed well and is on track with the expectations underlying the business case behind the acquisition
- The Training division continues to deliver from a solid base built on its strong culture of **Compliance**



Proxies Cast



Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	25,936,975	0	0	84,749,531
ITEM 3. Re-election of Director: Christopher McFadden	110,055,876	0	0	0

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