



# ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING



Labour Hire  
Recruitment



Training



## 2021 ANNUAL GENERAL MEETING

Thursday 04 November 2021



- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY22 Financial Results – Chris McFadden CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

# Q1 FY22 Financial Results

## Strong Revenue driving Profit growth



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- **NPAT** for Q1 FY22 at \$2.3m was up \$0.3 million on the prior corresponding period
- **EBITDA** for Q1 FY22 at \$3.7m is up \$0.3m (8.2%) on prior corresponding period
  - **Labour Hire** up \$0.6m ↑18%
  - **Training** down \$0.2m primarily due to COVID related challenges finalising students
- **Revenue** up \$19m or 22%
  - **Labour Hire** up \$18.5m or 22%
  - **Training** up \$0.8m or 43%
- Q1 FY22 Revenue strength due in part to tracking against a significantly COVID impacted Q1 FY21

\$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited H1 FY21	Audited H2 FY21	Audited F21
<b>Revenue by segment</b>					
Labour Hire	103.6	85.1	181.7	192.3	374.0
Training	2.9	2.1	4.3	5.4	9.7
<b>Total Revenue</b>	<b>106.5</b>	<b>87.2</b>	<b>186.0</b>	<b>197.7</b>	<b>383.7</b>
<b>EBITDA by segment</b>					
Labour Hire	4.3	3.7	7.4	10.4	17.8
Training	0.4	0.6	1.4	0.6	2.0
Corporate	(1.0)	(0.9)	(2.0)	(2.3)	(4.3)
<b>EBITDA</b>	<b>3.7</b>	<b>3.4</b>	<b>6.8</b>	<b>8.7</b>	<b>15.5</b>
Depreciation & Amortisation	(0.4)	(0.5)	(0.9)	(0.8)	(1.7)
<b>EBIT</b>	<b>3.3</b>	<b>2.9</b>	<b>5.9</b>	<b>7.9</b>	<b>13.8</b>
Net interest expense	(0.1)	(0.1)	(0.2)	(0.3)	(0.5)
Income tax expense	(0.9)	(0.8)	(1.5)	(2.2)	(3.7)
<b>NPAT</b>	<b>2.3</b>	<b>2.0</b>	<b>4.2</b>	<b>5.4</b>	<b>9.6</b>

***Q1 FY22 profitability up on prior year, chiefly due to revenue lift in Labour Hire, up an impressive 22% on what was a slower, COVID impacted quarter in Q1 FY21***

***Victorian construction shutdown for 2 weeks in September had an impact on profitability across our construction focused labour hire brands***

***Training profitability was down slightly despite revenue lift in part due to covid related challenges finalising students for completion payments***

# Q1 FY22 Financial Results

## Balance Sheet



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\$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4.3	5.1	3.0
Trade and other receivables	47.5	37.9	44.4
Current tax receivable	-	-	-
Other assets	2.8	2.9	2.8
<b>Total Current Assets</b>	<b>54.6</b>	<b>46.0</b>	<b>50.2</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	1.3	1.0	1.2
Deferred tax assets	5.7	4.7	5.7
Right-of-use assets	1.8	2.1	2.0
Intangible assets	10.9	10.4	10.8
Other assets	-	-	0.1
<b>Total Current Assets</b>	<b>19.8</b>	<b>18.1</b>	<b>20.0</b>
<b>Total Assets</b>	<b>74.4</b>	<b>64.1</b>	<b>70.2</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	29.4	25.8	27.4
Borrowings	3.8	2.4	1.1
Current tax payable	1.1	1.8	1.1
Dividends payable	-	-	0.5
Lease liabilities	0.4	0.3	0.9
Other liabilities	0.8	1.4	1.2
Provisions	3.9	2.7	3.4
<b>Total Current Liabilities</b>	<b>39.4</b>	<b>34.5</b>	<b>35.5</b>
<b>Non-Current Liabilities</b>			
Borrowings	1.6	-	-
Deferred tax liabilities	2.3	0.8	2.3
Lease liabilities	1.3	1.7	1.3
Other liabilities	2.0	2.7	2.0
Provisions	0.4	0.6	0.5
<b>Total Non-Current Liabilities</b>	<b>7.7</b>	<b>5.8</b>	<b>6.2</b>
<b>Total Liabilities</b>	<b>47.1</b>	<b>40.3</b>	<b>41.7</b>
<b>Net Assets</b>	<b>27.3</b>	<b>23.7</b>	<b>28.5</b>

- **Cash** balance up by \$1.3m from end FY21 due to working capital requirements offset by increased borrowings – refer cash flow comments
- **Trade Receivables** have grown since year end broadly in line with revenue growth and trading terms impact
- **Borrowings** are \$5.4m at end of quarter following payment of dividends as well as continuing working capital build resulting from our significant and sustained revenue growth (22%)
- **Trade Payables** increase on end FY21 primarily related to lifts in on cost provisions driven by revenue growth
- **Net Assets** now at \$27.3m reflecting decrease of \$1.2m on FY21 being Q1 NPAT of \$2.3m less FY21 Final Dividend of \$3.9m

# Q1 FY22 Financial Results

## Cash Flow

\$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
<b>EBITDA</b>	<b>3.7</b>	<b>3.4</b>	<b>15.5</b>
Change in working capital	(0.9)	(1.5)	(6.1)
Net interest/tax received / (paid)	(1.1)	(0.7)	(4.0)
Other	0.3	(0.7)	-
<b>Net Cash from / (used in) operating activities</b>	<b>2.1</b>	<b>0.5</b>	<b>5.4</b>
Property, plant and equipment	(0.3)	(0.1)	(0.8)
Payment for purchase of businesses	(0.4)	(1.1)	(2.4)
<b>Net Cash used in investing activities</b>	<b>(0.7)</b>	<b>(1.1)</b>	<b>(3.2)</b>
Net proceeds from / (prepayment of) borrowings	4.3	2.4	1.1
Repayment of lease liabilities	(0.4)	(0.5)	(1.1)
Dividend Paid	(3.9)	(4.3)	(7.3)
<b>Net Cash from / (used in) financing activities</b>	<b>(0.1)</b>	<b>(2.3)</b>	<b>(7.3)</b>
<b>Net Cash flow</b>	<b>1.3</b>	<b>(2.9)</b>	<b>(5.1)</b>
<b>Cash at beginning of period</b>	<b>3.0</b>	<b>8.1</b>	<b>8.1</b>
<b>Cash at end of period</b>	<b>4.3</b>	<b>5.1</b>	<b>3.0</b>
<b>Debt at end of period</b>	<b>5.4</b>	<b>2.4</b>	<b>1.1</b>
<b>Net Cash / (Debt) at end of period</b>	<b>(1.1)</b>	<b>2.7</b>	<b>1.9</b>

- **Net Cash from operating activities** of \$2.1m
- Q1 FY21 EBITDA \$3.7m less
  - Working Capital demand of \$0.9m
    - Trade Receivables up \$3.1m – refer Balance Sheet comments
    - Trade Payables up \$2.0m – refer Balance Sheet comments
  - Tax & Other payments \$0.8m
- **Net Cash used in investing activities** of (\$0.7m) reflects ongoing capital investment and the final payment relating to acquisition of The Instruction Company
- **Net Cash used in financing activities** of (\$0.1m) reflects \$3.9m in dividend payments and draw down of borrowings through invoice financing and bill facilities
- **Net Cash** position of (\$1.1m) is down on year end FY21 due to a combination of dividend and acquisition payments as well as the working capital demand lifts driven by continued revenue growth

# Q1 FY22 Financial Results

## Labour Hire, strong Revenue growth

\$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
Revenue	103.6	85.1	374.0
EBITDA	4.3	3.7	17.8
EBITDA margin %	4.21%	4.34%	4.78%
Labour hours charged (millions)	2.164	1.785	7.995

- **Labour Hire Revenue up \$18.5m or 22%**
  - Strong COVID driven demand, particularly in the supply chain sector, has continued throughout the quarter. This has a margin rate diluting impact as these are primarily at the lower end of our volume-margin equation
  - Construction sector revenue was impacted negatively by the two week shutdown of the Victorian construction sector during September
- **Labour Hire EBITDA** of \$4.3m was up \$0.6m or 18% at an EBITDA rate of 4.21% down slightly (13bps) reflecting concentration of growth in lower margin clients
- **Labour Hours charged** for the quarter were up 21%, broadly in line with Revenue trend, indicating overall hourly rate is up marginally (Q1 FY22 \$47.87, Q1 FY21 \$47.68, FY21 \$46.78)



# Q1 FY22 Financial Results

## Training top line growth a good sign



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\$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
Revenue	2.9	2.1	9.7
EBITDA	0.4	0.6	2.0
EBITDA margin %	13.3%	28.0%	20.7%

- **Training Division** has seen a pleasing lift in revenue, up \$0.8m or 43% with this growth well spread across all states
- COVID challenges were in existence across most markets in Q1, with the ability to finalise students impacted, which flows onto overall profitability
- **The Instruction Company** has seen an expanded geographical footprint and cost base since Q1 FY21. We look forward to driving further growth as lockdown constraints relax
- The Training division continues to deliver from a solid base built on a strong culture of **Compliance**



# Proxies Cast



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Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	25,289,093	14,583	107,207	0
ITEM 3. Re-election of Director: Ian Pratt	108,256,804	0	107,207	0



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