



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

24 February 2023

First Half 2023 Results

- EBITDA of \$10.3 million, up \$1 million or 10.7% on pcg
- NPAT of \$6.1 million, up \$0.2 million or 4.3% on pcg
- EPS down 0.04 cents or 0.9% on pcg
- FY23 interim dividend at 3.0 cents, in line with pcg
- Operating Cash Flow, a \$7.5 million inflow, despite seasonal peak for labour hire working capital requirements

Ashley Services Group Limited (ASX: ASH) today announced a statutory after-tax profit from continuing operations of \$6.1 million for the half year to 31 December 2022, an increase of \$0.2 million (4.3%) on the prior corresponding period ("pcg") (1H 2022: profit \$5.9 million).

Revenue of \$262.4 million was up by \$42.5 million (19.4%) on the pcg (1H 2022: \$219.8 million). Revenue includes \$8.4 million from Linc Personnel Pty Limited ("Linc"), acquired 5 July 2022.

EBITDA for the six months of \$10.3 million, was up \$1 million or 10.7% on the pcg (1H 2022: \$9.3 million). EBIT of \$8.6 million was up \$0.1 million, with depreciation and amortisation for the six months up \$0.9 million, partly due to increased depreciation associated with higher capital expenditures to fund growth in the traffic labour hire business, but also due to \$0.5 million of amortisation related to identifiable Linc intangible assets acquired (customer relationships).

Group Statutory results (\$ million)	1H23 \$m	1H22 \$m	Growth/ Decline %
Revenue	262.4	219.8	19.4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10.3	9.3	10.7%
Earnings before interest and tax (EBIT)	8.6	8.5	1.3%
Net profit/(loss) after tax (NPAT)	6.1	5.9	4.3%
Basic earnings per share attributable to shareholders of ASH (EPS) - cents	3.99	4.03	(0.9%)

EBITDA by Division (\$ million)	1H23 \$m	1H22 \$m	Growth / (Decline) %
Labour Hire	11.0	10.6	3.8%
Training	1.6	1.0	60.0%
Corporate costs	(2.3)	(2.2)	(4.6%)
Group EBITDA	10.3	9.3	10.7%
EBITDA %	3.93%	4.24%	(31bps)



Labour Hire Division – Positive revenue contributions from most Labour Hire brands with Action Workforce and CCL Group leading the way.

Results for the half year (\$million)	1H23	1H22	Growth/ Decline %
Revenue	255.0	213.8	19.2%
EBITDA	11.0	10.6	3.8%
EBITDA %	4.30%	4.95%	(65bps)

Labour Hire revenue at \$255 million was up by \$41.1 million or 19.2% on the pcp. Excluding the Linc acquisition, labour hire revenues were up \$32.7 million (15.8%), driven predominantly by growth in construction and traffic management labour hire in Victoria and increased hours in Action Workforce in NSW with both existing and new customers.

Labour Hire EBITDA of \$11 million, was up \$0.4 million or 3.8% on the prior corresponding period (1H 2022: \$10.6 million). Linc contributed \$1.0 million. Excluding this acquisition, labour hire EBITDA was below the comparative period, with an expected decline in margins from 5% in FY22 to 4.3% in the six months to 31 December 2022, as government support programmes wind down and the Group works through contract renewals in the current inflationary environment.

Training Division – pleasing lift in revenue and profits

Results for the half year (\$million)	1H23	1H22	Growth%
Revenue	7.4	5.9	24.4%
EBITDA	1.6	1.0	60.0%
EBITDA %	21.8%	16.0%	581bps

The Training division delivered strong revenue growth of \$1.5 million or 24.4%, with the prior period negatively impacted by COVID restrictions. EBITDA margins returned to historic levels.

Cash Flow, balance sheet and funding

Operating cash flow for the half-year was an inflow of \$7.5 million (1H 2022: inflow of \$0.5 million), assisted by a \$0.7 million reduction in net working capital (trade and other receivables less trade and other payables).

Net cash used in investing activities was a \$5.6 million outflow. Underlying capital spending for the six months increased \$1.4 million to \$2 million to fund business growth. The payment for Linc was \$3.6 million (net of cash acquired).

Net cash used in financing activities included the \$4.3 million payment of the 2022 final dividend, as well as normal ongoing lease payments of \$0.8 million.

Net debt increased \$3.1 million during the six months to \$6.7 million.

On 28th December 2022, ASH replaced its original \$10 million Bank Bill Business Loan facility with an increased \$20 million facility, on largely similar terms and conditions (with adjustments consistent with those associated with a larger institutional facility). The new facility, together with the existing \$25 million invoicing facility, increased the Group's total borrowing facilities to \$45 million. As at 31 December 2022, the new loan facility was drawn to \$2.6 million. The invoice financing facility was drawn to \$9 million, with total Borrowings at \$11.6 million, or \$6.7 million, inclusive of cash.

**Managing Director's Comments**

Ross Shrimpton, Managing Director, said "The first half of financial year 2023 has seen the Ashley Services Group continue its strong growth in revenues, driven partly by the Linc acquisition, but largely through increased hours worked with existing customers and new business wins.

During the six months, we also saw the successful start-up of Dardi Munwurro Labour and Traffic Management Pty Ltd ("Dardi"), a company in which ASH has a non-controlling 49% interest. Dardi supplies indigenous labour to the construction and infrastructure sectors in Victoria.

On 4 January 2023, ASH acquired a 49% interest in EWP Yalagan Pty Ltd (now named EWP Services Pty Ltd), an indigenously controlled company, providing labour to the mining sector in the Pilbara region of Western Australia.

On 6th February 2023, the Group acquired Owen Pacific Workforce Pty Ltd ("OPW"), a company which provides seasonal workers, sourced predominantly from Tonga and Vanuatu, to the Australian horticultural industry. The acquisition price for the 100% purchase of OPW is expected to be between \$14.2 million and \$15.9 million in total, based primarily on EBITDA for the financial year ending 30 June 2023, which is expected to be between \$4.1 million and \$5.0 million.

These acquisitions continue the strategic expansion of our labour hire business, broadening both our sourcing options for labour and our industry sector and geographic coverage".

For further details:

Paul Brittain
Chief Financial Officer and Executive Director

Established almost half a century ago as a Labour Hire business in Sydney, Ashley Services Group listed on the Australian Securities Exchange in 2014. Today, it has cemented its position as a prominent national labour hire provider engaging over 7,700 workers during the peak seasonal period.