ASHLEY SERVICES GROUP
LABOUR HIRE | TECHNICAL SERVICES | TRAINING

21 February 2025

First Half 2025 Results

- **EBITDA of $5.4 million, up $0.3 million or 6.6% from pcp**
- **NPAT of $1.8 million, up $0.8 million or 80% from pcp**
- **EPS of 1.27 cents per share up 0.59 cents or 87% from pcp**
- **FY25 interim dividend at 0.8 cents, up from 0.5 cents in pcp**
- **Operating Cash Flow, a $2.2 million outflow, with $3m seasonal build up in trade and other receivables**

Ashley Services Group Limited (ASX: ASH) today announced a statutory after-tax profit ("NPAT") of $1.8 million for the half year to 31 December 2024, an increase of $0.8 million (80%) from the prior corresponding period ("pcp") (1H 2024: profit $1.0 million).

Group Statutory results ($ million)	1H25 $m	1H24 $m	Growth/ (Decline) %
Revenue	266.2	290.8	(8.5%)
Earnings before interest, tax, depreciation and amortisation (EBITDA) – excluding non-cash impairments, primarily Linc	5.4	8.1	(33.3%)
Reported Earnings before interest, tax, depreciation and amortisation (EBITDA)	5.4	5.1	6.6%
Reported Earnings before interest and tax (EBIT)	3.5	3.1	12.9%
Net profit after tax (NPAT)	1.8	1.0	80.0%
Basic earnings per share attributable to shareholders of ASH (EPS) - cents	1.27	0.68	86.8%

Note:

1H25 – the six months from 1 July 2024 to 31 December 2024

1H24 – the six months from 1 July 2023 to 31 December 2023

2H24 – the six months from 1 January 2024 to 30 June 2024

EBITDA by Division ($ million)	1H25 $m	2H24 $m	1H24 $m
Labour Hire	6.7	4.4	8.8
Training	1.0	2.0	2.0
Corporate costs*	(2.3)	(2.6)	(2.7)
EBITDA excluding non-cash impairments, primarily Linc	**5.4**	**3.8**	**8.1**
Non-cash impairments	-	(0.2)	(3.0)
Group EBITDA	**5.4**	**3.6**	**5.1**
EBITDA % excluding non-cash impairments, primarily Linc	2.0%	1.31%	2.79%

* Corporate overheads, at $2.3 million, were down $0.4m on the prior corresponding period (1H 2024: $2.7 million) due to nil non-cash Long Term Incentive expense (1H 2024: $0.265 million), reduced headcount and reduced insurance costs.

Labour Hire Division – margin improved from second half of FY24

Labour hire for the half year ($million)	1H25 $m	2H24 $m	1H24 $m
Revenue	258.0	257.0	281.3
EBITDA	6.7	4.4	8.8
EBITDA %	2.6%	1.7%	3.1%

Revenue at $258.0 million was down $23.3 million or 8.3% from the pcp, due mainly to a $22.5 million (39%) decline in construction and engineering revenues in Victoria, driven by a completion of projects, delays in the commencement of new projects and industrial relation challenges.

Labour Hire EBITDA of $6.7 million, was down $2.1 million or 24% from the pcp (1H 2024: $8.8 million). Half this decrease reflects the reduced revenues from the historically higher margin construction, engineering and oil and gas sectors. The remainder was due to increased workers compensation cost.

Labour hire EBITDA margin at 2.6% has now started to increase from its lows in H2 of FY24, reflecting the overall average margin increases achieved in recent contract negotiations, as well as effective cost management.

Training Division – a challenging six months

Training for the half year ($million)	1H25 $m	2H24 $m	1H24 $m
Revenue	8.2	8.8	9.5
EBITDA	1.0	2.0	2.0
EBITDA %	12.2%	22.7%	21.1%

Revenues and EBITDA for the first half were down by $1.3 million (13.7%) and $1 million respectively, due to funding constraints in Victoria and a reduction in Telco training in QLD. Government funded training spots available in Victoria for calendar 25 have been reduced 25%. The ASH training business has now commenced delivery of two important fee for service courses, with student numbers expected to grow again in H2 of FY25.

Cash Flow and balance sheet

The operating cash flow for the half-year was an outflow of $2.2 million (1H 2024: outflow of $0.75 million). $3 million in payments were delayed from four key customers over the Christmas shut down but received in the first half of January 2025.

Net cash used in investing activities was a $4.0 million outflow. The final payments were made in relation to the acquisition of Owen Pacific Workforce ("OPW" - $3 million) and to complete the purchase of the final 20% of the CCL Group ($0.3 million). Underlying capital expenditures were $0.6 million, significantly reduced from pcp, following completion of the vehicle replacement programme within the CCL Group.

Net cash used in financing activities included the $0.35 million payment of the 2024 final dividend, as well as normal ongoing lease payments of $0.7 million.

Net debt (cash less borrowings) increased $7.15 million in the six months to 31 December 2024 (30 June 2024: $12.5 million) to $19.65 million.

Net assets at $31.9 million were up $1.45 million from 30 June 2024, in line with the net profit after tax of $1.8 million for the six months, reduced by payment of the FY24 final dividend of $0.35 million in September 2024.

Banking facilities and dividend pay-out ratio update

In late November 2024, the Group's borrowing facilities were varied through a Deed of Amendment to extend the maturity date for acquisition loan facility by two years from 27 December 2025 to 31 December 2027, with quarterly repayment requirements reduced from $1 million per quarter to $0.65 million per quarter. The first repayment of $0.65 million is due 1 February 2025. The acquisition loan facility limit was $13 million at 31 December 2024. The invoice facility, with $25 million maximum capacity, remains in place.

Managing Director's Comments

Ross Shrimpton, Managing Director, said:

"Our focus remains:

i) To grow revenues in higher margin sectors;

ii) To deliver sustainable margin improvements across all sectors.

Progress in achieving these goals stalled in calendar 2024, with Group results significantly impacted by the loss of Linc's Inpex contract and the decline in revenues and profits from our Victorian construction, engineering and training businesses. Pleasingly:

i) Multi-year contracts are now in place or being finalised with key customers in the supply chain, retail, manufacturing and horticultural sectors, comprising over 80% of current revenues in those sectors. The contracts incorporate improved terms and conditions, which should arrest the margin declines seen in these core businesses in FY24;

ii) The Group has commenced labour hire in the mining sector in the Pilbara (through its 49% investment in EWP Services);

iii) The ASH training business has commenced delivery of two important fee for service courses;

iv) OPW continues to gain additional customers, improving geographic and product spread;

v) Our labour hire and training businesses in the rail sector ("TSA" and "TIC") continue to grow; and

vi) We continue to progress a project with two customers to commercialise the Group's workforce management system, with potential to licence the system to third parties.

We still expect EBITDA for FY25 to be similar to that achieved in FY24 (which was $11.9 million, excluding the net non-recurring expenses).

The Group is pleased to announce an increased interim dividend for the year ending 30 June 2025 of 0.8 cents per share, an increase of 0.3 cents per share from the interim dividend for FY24. The dividend represents a pay-out ratio of 64% of profits attributable to shareholders, reduced from prior periods to assist the company to strengthen its balance sheet and support growth into higher margin sectors".

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 7,200 workers during the peak seasonal period.