



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

25 February 2022

First Half 2022 Results

- EBITDA of \$9.3 million, up \$2.6 million or 39.5% on pcg
- EBITDA rate of 4.24% up 65bps on pcg
- NPAT of \$5.9 million, up \$1.8 million or 43.2% on pcg
- EPS up 1.38 cents or 52.3% on pcg
- FY22 interim dividend at 3.0 cent, up 1.2 cents or 66.7% on pcg
- Operating Cash Flow a \$0.5 million inflow despite labour hire peak seasonality working capital build

Ashley Services Group Limited (ASX: ASH), today announced a statutory after-tax profit from continuing operations of \$5.9 million for the half year to 2 January 2022, representing a pleasing improvement of \$1.8 million (up 43.2%) on the prior corresponding period (pcg) (1H 2020: profit \$4.1 million).

EBITDA for the half year to 3 January 2021 of \$9.3 million, was up \$2.6 million or 39.5% on the pcg (1H 2021: \$6.7 million), with our EBITDA rate continuing to improve, up 57 basis points (bps) to 4.24%.

Revenue of \$219.8 million was up by \$33.8 million (18.2%) on the pcg (1H 2021: \$186.0 million), with revenue growth seen across most areas of the business.

Operating cash flow for the half year period was an inflow of \$0.5 million despite the increased working capital requirement resulting from labour hire peak seasonality working capital build.

| Statutory results for continuing operations (\$ million) | 1H22 | 1H21 | Growth |
|---|-------|-------|--------|
| Revenue | 219.8 | 186.0 | 18.2% |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 9.3 | 6.7 | 39.5% |
| Earnings before interest and tax (EBIT) | 8.5 | 5.7 | 48.8% |
| Net profit/(loss) after tax (NPAT) | 5.9 | 4.1 | 43.2% |
| Basic earnings per share (EPS) - cents | 4.03 | 2.65 | 52.3% |

| EBITDA by Division (\$ million) | 1H22 | 1H21 | Growth / (Decline) |
|---------------------------------|--------|-------|--------------------|
| Labour Hire | 10.6 | 7.3 | 44.2% |
| Training | 1.0 | 1.4 | (31.2%) |
| Corporate costs | (2.2) | (2.0) | 13.7% |
| Group EBITDA | 9.3 | 6.7 | 39.5% |
| EBITDA % | 4.24% | 3.59% | 65bps |



Labour Hire Division – Positive EBITDA contributions from all Labour Hire brands with Action Workforce leading the way on both revenue and profit growth.

| Results for the half year (\$million) | 1H22 | 1H21 | Growth |
|---------------------------------------|-------|-------|--------|
| Revenue | 213.8 | 181.6 | 17.7% |
| EBITDA | 10.6 | 7.3 | 44.2% |
| EBITDA % | 4.95% | 4.04% | 91bps |

Labour Hire revenue was up by \$32.2 million or 17.7% on the prior year, with Action Workforce growth particularly strong. The half did continue to be negatively impacted by continuing COVID related restrictions and lockdowns, which mostly impacted the labour hire brands exposed to the construction sector.

All Labour Hire brands produced positive EBITDA contributions for the half, with Action Workforce the dominant contributor.

Training Division – pleasing lift in revenue despite ongoing COVID challenges

| Results for the half year (\$million) | 1H22 | 1H21 | Growth / (Decline) |
|---------------------------------------|-------|-------|--------------------|
| Revenue | 5.9 | 4.3 | 38.7% |
| EBITDA | 1.0 | 1.4 | (31.2%) |
| EBITDA % | 16.0% | 32.2% | |

The Training division delivered pleasing revenue growth of \$1.6 million or 38.7% even with some continuing COVID related restrictions and lockdown impact across the half. Profitability was down \$0.4 million largely due to the positive contribution made to profit in the prior corresponding period by JobKeeper, with no such benefits present in the latest half.

Balance Sheet, Cash Flow and Funding

The operating cash flow for the half-year period was an inflow of \$0.5 million (1H 2021: outflow of \$7.0 million), reflecting a more traditional marginally positive H1 cash flow, as we have a significant working capital requirement in peak period (Nov-Dec) as high levels of workers are paid with collection of the associated invoices occurring in early H2 (Jan-Feb). To illustrate further, Nov-Dec average weekly revenue is 10% higher than the YTD Oct average. (1H 2021 significant outflow anomaly was due in part to year on year timing movements at end of calendar 2020, as well as strong Nov-Dec 2020 revenue growth, particularly in Action Workforce).

The first half also saw the \$3.5 million payment of the 2021 final dividend, \$0.5 million in minority shareholder dividends and \$1.2 million for the final deferred purchase payments for both the CCL Group and The Instruction Company.

Accordingly, our Balance Sheet saw lifts in Trade Receivables, Trade Payables and Borrowings and a decrease in Cash reserves, all reflective of the increased working capital requirement resulting from the labour hire peak seasonality working capital build.

Please refer to the comments contained within the 4D for greater detail on these balance sheet movements.

As at 2 January 2022, the \$13 million Invoice Financing facility was drawn to \$5.0 million. The \$3.5 million Bank Bill Business Loan was drawn to \$0.2 million, for total Borrowings of \$5.2 million, or \$4.0 million in Net Borrowings (inclusive of Cash).



Managing Director's Comments

Ross Shrimpton, Managing Director, said, "The first half of financial year 2022 has seen the Ashley Services Group deliver another excellent result, with strong growth of both revenue and bottom line profitability.

Whilst COVID impacts are decreasing, they are still present and the ability of our teams to excel in what are demanding conditions, places us in a sound position, with a greatly enhanced capability across the entire organisation.

These strong first half results are a continuing tribute to the excellent efforts of our dedicated team members who continue to put our customers first in everything they do."

For further details:

Chris McFadden

Chief Financial Officer, Executive Director & Joint Company Secretary

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 almost 6,000 workers during the peak seasonal period.