



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

22 October 2020

Chairman & Managing Director 2020 AGM Addresses

Address by Ian Pratt, Chairman

Good morning ladies and gentlemen,

My name is Ian Pratt and I am the Chairman of Ashley Services Group Limited. I'd like to welcome you to Ashley Services 2020 Annual General Meeting.

It is now 10am, the nominated time for the meeting. I am informed that a quorum is present, the meeting is validly constituted, and I am pleased to declare the meeting open. No apologies have been received.

I'd like to start by acknowledging the traditional owners of the land on which we meet, the Gadigal people of the Eora Nation and I pay my respects to their elders' past and present. I also extend that respect to other Aboriginal and Torres Strait Islander peoples joining us today.

I thank you for taking the time to join us here in Sydney in our Corporate Office. Your directors are all here today, including your Managing Director Ross Shrimpton along with Chris McFadden our Chief Financial Officer and Executive Director. Also in attendance is our Company Secretary, Ron Hollands and Simon James, our Audit Partner from HLB Mann Judd.

The agenda for today's meeting will be as follows:

1. Address by Ian Pratt, Chairman
2. Address by Ross Shrimpton, Managing Director
3. Q1 FY21 Financial Results Presentation by Chris McFadden, CFO and Executive Director
4. Resolutions as per the Notice of Meeting
5. Finally, we cover any general business including questions

Copies of the Notice of Meeting and Annual Report are available if you wish to obtain a copy.

Our 2020 Financial Year delivered a pleasing set of results in a COVID impacted year. The Group has again continued to deliver on the expectations of our shareholders and other stakeholders, including our employees and customers. We remain focused on delivering for all our stakeholders and on growing shareholder value. We are committed to always operating in an environment of strong corporate governance, characterised by highly ethical behaviour.

Ross and Chris will go into both the 2020 results and our strong first quarter 2021 performance in more detail.

2020 saw the first full year of contribution from our acquisition of the CCL Group. I am pleased to report that these results for CCL delivered on our expectations underlying the business case at the time of the acquisition. To do so in the context of COVID is indeed a positive indicator as to the robustness of this business with its strong mix of infrastructure based project work.

More recently we also announced the acquisition of The Instruction Company, a Registered Training Organisation (RTO) servicing the Rail sector nationally. Ross will give some more details on the strategic rationale underpinning this acquisition.



Ashley Services Group has recently entered into a “Collaboration Agreement” with the Yalagan Group who are indigenous personnel experts focused on delivering indigenous orientated, value added and innovative solutions to a range of industries. This sees both organisations committed to continually seeking indigenous personnel with the aim of fundamentally changing lives through long term fulfilling employment opportunities.

The Board remains confident in the ability of senior management to further grow our organisation and its performance. With our strong balance sheet, impressive cash flow generation and largely undrawn borrowing facilities, we remain well placed to look at suitable further acquisition opportunities.

I am particularly pleased that we were able to hold our dividend at prior year levels, which was somewhat of a rarity in the market. We are pleased to announce again that the intention is that we move to a twice-yearly dividend payments. We remain on track to make that move in late calendar 2020 or early calendar 2021, once we have a clearer view on our first half result.

Before I hand over to our Managing Director, Ross Shrimpton, to discuss our business divisions in further detail, I’d like to take this opportunity to recognise Ross’s leadership in navigating Ashley Services through the challenges of COVID. With the CCL acquisition and more recently adding The Instruction Company, it has been a busy year, but one which has been successfully executed by the whole Ashley team. We look forward to continuing to deliver on exciting opportunities we see in the year ahead.

So well done Ross to you and the team and I’ll now hand over to you for a more detailed insight into our 2020 performance and future prospects.

Address by Ross Shrimpton, Managing Director

Thanks Ian. Our 2020 results, as you have touched on, were very positive in the context of COVID. Our business showed an impressive resilience in providing a hard-earned continuation of our quality results along with strong cash generation for the year. The results achieved really were a testament to the hard work of our staff across the entire company who adapted and adjusted our systems and operations to respond to the challenge of COVID.

The major drivers underlying our business have shielded us from the worst impacts of COVID. Action Workforce has benefited from a high exposure to the supermarket and related supply chain sector. The CCL Group was supported by its strong exposure to the major Victorian government infrastructure projects that have continued throughout the COVID period.

At an NPAT level, we delivered a headline result of \$5.1 million in 2020, a \$0.3m or 6.5% drop on the prior year, but if we adjust for the impact of the introduction of the new accounting standard for leases, we were in fact up \$0.1m or 1.6% on the prior year on revenues that were up \$49 million or 17%.

This lift in revenue came from our first year of CCL Group revenues following its acquisition in late calendar 2019 with financial effect being back to the commencement of financial year 2020.

As you will see from the first quarter 2021 results which Chris will present shortly, we have commenced the new financial year strongly as we continue to navigate the ongoing but decreasing challenges of COVID.

CCL has kicked off the year strongly, benefiting from a pickup in activity in the infrastructure sector.

Action Workforce is also up slightly on first quarter 2020 which is impressive in the circumstances which Chris will expand upon.

Concept Engineering has suffered more of a downturn than most of our labour hire brands and this continued in the first quarter of 2021. Concept Engineering, which is heavily exposed to the Victorian market, hasn’t experienced growth across any of its significant customers. We are working on a number of initiatives and



complementary industry sectors to bolster this business and we have seen some promising signs, but it is early days in returning to a growth position here.

Concept Recruitment Specialists has now absorbed the operations of our former Blackadder brand. The past 9 months haven't been the ideal conditions for a permanent recruitment-based business. That said we have maintained a strong team in place and are well poised to benefit from the eventual recovery.

I'd also like to again highlight our impressive Safety record, which continues to deliver record lows in terms of injury rates across the last 4 or so years. These low results are truly world's best practice and something we at Ashley Services are extremely proud of, and which is a direct consequence of our strenuous on-boarding programmes, closely partnering with our customers, and an absolute commitment to continued innovation across our Workplace Health & Safety programmes.

Our Training division was well placed half-way through financial year 2020 but the onset of COVID made things more difficult across the second half. We have consciously held onto our teams in Training despite the revenue downturn. We feel this division will be well placed to deliver on opportunities that will present themselves as the nation looks to rebuild our economy and get people back to work. The dedicated team here have done an excellent job in transitioning to alternate training delivery models and their first quarter results have been quite positive albeit with revenue levels remaining challenging, particularly in Victoria.

The first quarter saw us conclude the acquisition of The Instruction Company. This is an important strategic move, giving us exposure to the large and rapidly growing rail industry. With its substantial rail industry experience and knowledge, along with a broad national customer base, this acquisition enhances our credentials in the rail industry, a space we operate in already through our CCL and Concept Engineering operations. We look forward to leveraging this into an expanded national rail training footprint as well as exploiting synergies with our labour hire operations.

I'd like to again recognise our CFO and Executive Director, Chris McFadden, who has played a major role, working alongside me to bring us to the positive position we report on here today and also in relation to our two recent acquisitions. I'd also like to thank our Chairman, Ian, who is a strong independent sounding board for myself and Chris.

We continue to change and adapt to suit the needs of our markets and through this we have a solid path to ongoing future growth, in terms of both revenue but more importantly profitability. The acquisitions of the CCL Group and The Instruction Company have been important steps in that evolution as we broaden our exposure in more advantageous market sectors.

Finally, I'd like to thank our staff for their continuing dedication and excellent performance, and also our customers and shareholders for their ongoing support. We remain committed to growing shareholder value and to delivering continued improving results in the years to come.

I will now hand over to our Chief Financial Officer and Executive Director, Chris McFadden, to take us through a brief presentation on our first quarter results for the 2021 Financial Year.

- ENDS -

For further details:

Chris McFadden
Chief Financial Officer, Executive Director & Joint Company Secretary