



FY14 RESULTS PRESENTATION

AUGUST 2014

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Pro forma financial information

ASH uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information. ASH considers that this non-IFRS financial information is important to assist in evaluating the performance of ASH. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of ASH’s businesses. In particular, this information is important for comparative purposes with Pro forma historical and forecast for the year ending 30 June 2005 financial information contained in the Initial Public Offering Prospectus lodged with ASIC on 7 August 2014 (Prospectus).

All references to the FY14 Pro forma results are to be read as unaudited.

This presentation has been reported in Australian currency, unless otherwise stated.

All references to “Prospectus” contained within this document refer to the ASH prospectus lodged with ASIC on 7 August 2014.

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FY14 RESULTS PRESENTATION

FY14 RESULTS

PRO FORMA FY14 RESULTS COMPARED TO THE PROSPECTUS AND FY13 RESULTS

	Pro forma Actual FY14 ⁽¹⁾ (unaudited) \$m	Pro forma Prospectus FY14 (reviewed) \$m	Variance to Prospectus %	Pro forma Prospectus FY13 (reviewed) \$m	Variance to FY13 %
Revenue	287.1	285.1	+0.7	176.0	+63.1
EBITA ⁽²⁾	21.9	21.9	-	12.5	+76.6
EBITDA	22.9	22.8	+0.4	13.0	+76.2
NPATA ⁽²⁾	15.0	15.0	-	8.5	+78.6

Notes:

1. The FY14 Pro forma unaudited financial results incorporate ASH, including Concept Engineering Pty Limited (“**Concept**”) and Integracom Unit Trust (“**Integracom**”), as if they were owned by ASH for the whole year. Appendix 1 sets out a reconciliation of the statutory financial results to the Pro forma results.
2. EBITA and NPATA exclude amortisation of acquired intangibles of \$47,590 for FY14, and related tax impacts in relation to the acquisition of Concept and Integracom.

FY14 PRO FORMA INCOME STATEMENT

	Pro forma Actual FY14 (unaudited) \$m	Pro forma Prospectus FY14 (reviewed) \$m	Variance %	Pro forma FY13 (reviewed) \$m	Variance %
Revenue by Business Channel					
Labour Hire	245.4	243.6	0.7	151.4	62.1
Training	41.7	41.5	0.5	24.6	69.5
Total Operating Revenue	287.1	285.1	0.7	176.0	63.1
EBITDA by Business Channel					
Labour Hire	7.3	7.3	-	5.0	46.0
Training	16.8	16.8	-	8.9	88.8
Corporate	(1.2)	(1.3)	(7.7)	(0.9)	33.3
Total EBITDA	22.9	22.8	0.4	13.0	76.2
Depreciation & Amortisation ⁽¹⁾	(1.0)	(1.0)	-	(0.5)	100.0
EBIT	21.9	21.8	0.5	12.5	75.2
Net Interest Expense	(0.5)	(0.4)	(25.0)	(0.4)	(25.0)
Income Tax Expense	(6.4)	(6.4)	-	(3.6)	77.8
NPAT	15.0	15.0	-	8.5	76.5
EBITA	21.9	21.9	-	12.5	76.6
NPATA	15.0	15.0	-	8.5	76.5

Notes:

1. This includes the amortisation of acquired intangibles for FY14 of \$47,590.

Revenue

- Total revenue and revenue and revenue by individual business channels were in line with Prospectus forecasts.
- FY14 revenue compared to FY13 on a Pro forma basis was significantly higher reflecting:
 - increased training revenues in the public and private sectors;
 - significant growth achieved in the telecommunications business;
 - awarding of a large labour hire contract to a logistics supplier; and
 - full year impact from the acquisition of the OneForce Recruitment business.

Earnings

- FY14 actual EBITDA was also in line with the Prospectus forecast;
- FY14 EBITDA compared to FY13 EBITDA on a Pro forma basis was also significantly higher due to the following:
 - increased contribution from training revenues;
 - overall improvement in training margins from 36% to 40%; and
 - growth in Labour Hire business and consequent gross margins.

FY14 PRO FORMA CASH FLOWS

	Pro forma Prospectus Forecast FY14 (unaudited) \$m	Pro forma Actual FY14 (reviewed) \$m
EBITDA	22.8	22.9
Changes in Working Capital	(6.5)	(1.2)
Operating Cash Flows before CAPEX	16.3	21.7
Capitalised Course Material Costs and other Payments for Property, Plant & Equipment	(1.5)	(2.2)
Operating Cash Flows after CAPEX	14.7	19.5
Net Interest Paid	(0.4)	(0.5)
Income Tax Paid	(6.1)	(8.9)
Operating Cash Flows Before Dividends	8.2	10.0
Cash Conversion Ratio⁽¹⁾	64.7%	85.0%

Note:

1. Operating free cash flow after capital expenditure as a percentage of EBITDA.

Key Points

- Cash flow exceeded Prospectus. Factors causing the increase include:
 - improved debtor collections; and
 - focus on cash flow management, including timing of payments to suppliers.
- Greater level of capital expenditure than that included in the Prospectus. Factors causing the increase in include:
 - greater than forecasted level of expenditure on course developments to support the organic growth strategy;
 - greater level of equipment purchases for the telecommunication business to support national expansion; and
 - minor over-runs for the head office fit-out.
- Income tax instalments are calculated based on a fixed percentage, as set by the Australian Taxation Office. The actual amount of income tax paid in FY14 is higher than that of the Prospectus, due to the increased revenue from the Labour Hire division where tax has been based on the fixed instalment rate. As a consequence, this has result in an increased amount in tax instalments paid, which was not included in the Prospectus. The additional amount of tax paid is a timing difference.

FY14 PRO FORMA STATEMENT OF FINANCIAL POSITION

	Pro forma Prospectus As at 31 Dec 13 (unaudited) \$m	Pro forma Actual As at 30 Jun 14 (reviewed) \$m
Cash and Cash Equivalents	18.6	19.1
Trade & Other Receivables	39.4	30.5
Property, Plant & Equipment	3.2	4.7
Deferred Tax Assets	5.8	6.8
Intangible Assets	74.1	73.9
Other Assets	0.6	0.6
Total Assets	141.7	135.6
Trade & Other Payables	25.5	22.0
Borrowings	22.8	18.8
Current Tax Liabilities	2.8	2.6
Deferred Tax Liabilities	0.7	2.2
Provisions	1.7	1.8
Total Liabilities	53.5	47.4
Net Assets	88.2	88.2

Working capital and capital expenditure

- Decline in trade receivables and payables between 31 December 2013 and 30 June 2014 is seasonal – particularly in relation to the Labour Hire business.

Net Debt

- Net debt has improved since 31 December 2013 from \$4.2 million to a net cash position of \$0.3 million. This improvement represents improved cash collections of business over the last six months. The net debt does not reflect certain professional fees associated with the listing of ASH and these have been paid since balance date. The Pro forma assumed that all professional costs would be paid; and
- ASH has entered into a \$24 million banking facility with BankWest, which provides for additional liquidity for the Company.

Net Assets

- There is no difference in net assets due to the payment of dividends to the vendors, as disclosed in the Prospectus.

FY14 RESULTS PRESENTATION

FY15 OUTLOOK

FY15 OUTLOOK STATEMENT

ASHLEY SERVICES GROUP REAFFIRMS ITS PRO FORMA PROSPECTUS FY15 FORECAST

- Below is an extract from the Prospectus of ASH's Pro forma forecast earnings for the year ending 30 June 2015 (Forecast):

	\$m
Revenue	319.5
EBITDA	31.0
EBIT	29.0
EBITA	29.7
NPAT	19.8
NPATA	20.5

The Forecast is to be read in conjunction with the assumptions and qualifications set out in the Prospectus.

- The Board of ASH also reaffirms the Directors' intent to target a dividend payout ratio of 60 – 70% of Statutory NPATA for the period from listing to 30 June 2015.

FY14 RESULTS PRESENTATION

ASHLEY SERVICES GROUP SNAPSHOT

BUSINESS OVERVIEW

ASHLEY SERVICES GROUP DELIVERS VOCATIONAL EDUCATION AND TRAINING, LABOUR HIRE AND RECRUITMENT SERVICES THROUGH A MULTI-BRAND DELIVERY STRUCTURE

Training



FY14F EBITDA contribution = \$16.8m

Labour Hire



FY14F EBITDA contribution = \$7.3m

Overview of Ashley Services Group

- ASH was founded in 1968 and is one of the largest integrated VET and labour hire businesses in Australia
- National footprint with 33 strategically located offices and 63 additional training locations in each state and territory
- Delivers a broad range of VET services across 24 industries to the Public and Corporate Markets
- Specialist labour hire provider to large scale organisations across industries such as transport & logistics, FMCG and food
- Strong history of growth, both organic and via acquisition – 14 acquisitions completed since 2000, including the acquisition of Integra.com

BUSINESS OPERATIONS

ASHLEY SERVICES GROUP HAS A NATIONAL FOOTPRINT WITH STRATEGICALLY LOCATED OFFICES AND TRAINING CENTRES IN EACH STATE AND TERRITORY TO SERVICE THE DEMANDS IN EACH REGION



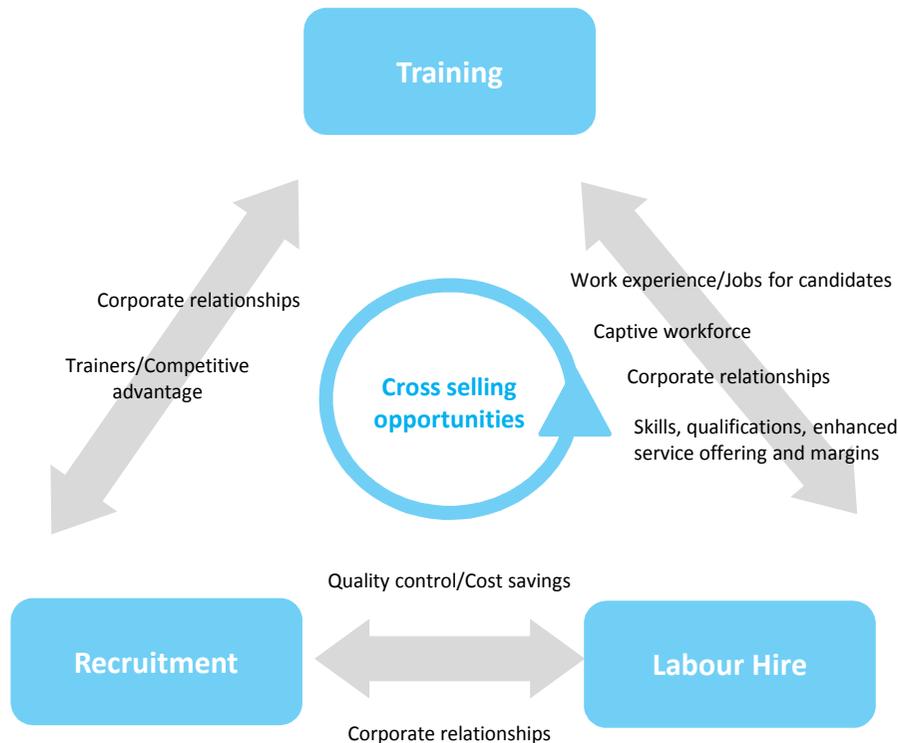
Offices ¹	33
Additional Training locations ¹	63
Staff ¹	355
Trainers ¹	149
Qualifications ¹	97
Enrolments ²	~19,700
Weekly Labour Hire workers ²	~3,800
Annual Labour Hire hours ²	~6.0 million
Labour Hire clients ²	265

Note:

1. As at 30 June 2014
2. FY14F

AN INTEGRATED MODEL

THE INTEGRATION OF ASHLEY SERVICES' GROUP TRAINING AND LABOUR HIRE BUSINESSES GENERATES MATERIAL SYNERGIES AND VALUE THROUGH CROSS SELLING INITIATIVES AND PROVIDES VALUE-ADDING INTRA-COMPANY SERVICES



Ashley Services Group integrated business model

- Holistic approach to clients' business service requirements enhances service quality and competitiveness;
- Generates synergies through cross-referrals between business segments;
- Training improves skills of the ASH labour force – attractive and beneficial to Labour Hire clients; and
- Integrated returns superior to stand-alone businesses.

Material incremental revenue and margin contributions:

- 11% of FY14 Training revenue from ASH Labour Hire clients; and
- Recruitment has provided 82 trainers and 94 staff members to ASH in FY14.

Ashley Services Group integration success stories



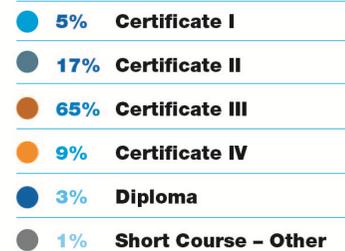
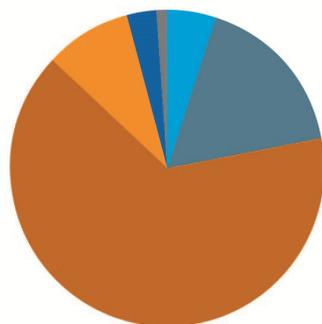
VET QUALIFICATIONS

ASHLEY SERVICES' GROUP LABOUR HIRE OFFERS A BROAD RANGE OF QUALIFICATIONS AND IS FOCUSED ON THE DESIGN AND DEVELOPMENT OF HIGH QUALITY TRAINING SOLUTIONS

Qualification scope and offering

- Comprehensive and diverse VET offering: 97 nationally accredited qualifications covering 24 industries;
- Strategic focus on qualifications in skill shortage areas that are most likely to receive ongoing government funding support;
- Concentration of Certificate Level III qualifications (65%) reflects DDM funding's focus;
- In-house curriculum development IP and capabilities allow ASH to bring new courses to market quickly to capitalise on market opportunities;
- Highly experienced trainers, recruited through Blackadder, typically sourced from within industry; and
- Courses offered across multiple industries, with two key industries being telecommunications and transport and logistics - ASH, through Integracom, is dominant nationally in telecommunications training.

Enrolment Volume by Level FY14



Training courses scope summary

Course	2011	2012	2013	2014
Aged Care / Health Services Assist				
Occupational Health and Safety				
Asset Maintenance				
Marketing and Human Resources				
Business				
Customer Contact				
Civil Construction				
Mining / Quarrying				
Childcare				
Training and Assessment				
Transport & Logistics				
Hospitality				
Manufacturing Systems				
Retail Operations				
Engineering Production Systems				
Disabilities				
Food Processing				
Telecommunications / NBN				
Commercial Cookery / Bakery				
Horticulture				
Meat Retailing / Smallgoods Manufacture				
English and Vocational Preparation				
Construction / Scaffolding				
Automotive				
Total Qualifications on scope	59	60	80	97
= Qualifications offered				

ASHLEY SERVICES' GROUP LABOUR HIRE CLIENTS

LABOUR HIRE HAS ESTABLISHED AND LONG TENURE RELATIONSHIPS WITH HIGH QUALITY CLIENTS

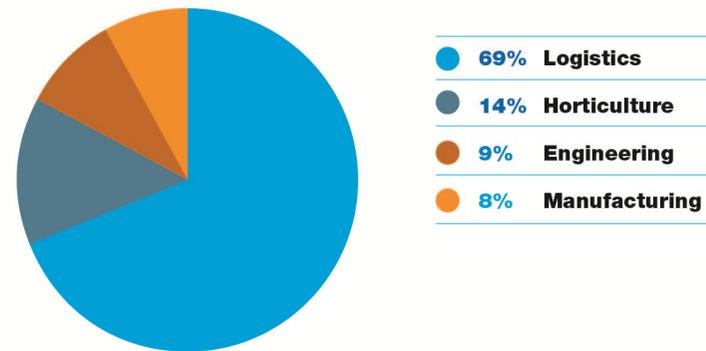
Clients

- Diversified client base with more than 265 active clients;
- Strong presence in the warehouse, logistics, fast-moving consumer goods, food, pharmaceutical and manufacturing and trade industries;
- Supply to clients nationally, with capability to cater for large national clients; and
- Strategy of supplying labour to high quality businesses with low WH&S risk and safe working environments.

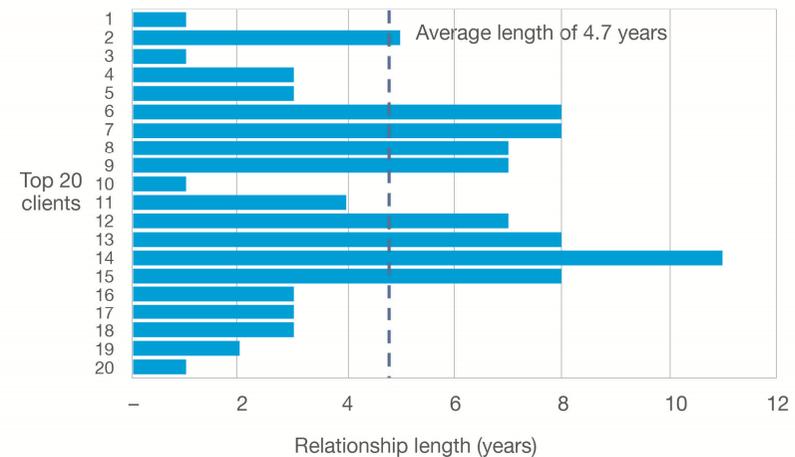
Strength of relationships

- Diversified client base with more than 265 active clients;
- Strong presence in the warehouse, logistics, fast-moving consumer goods, food, pharmaceutical and manufacturing and trade industries;
- Supply to clients nationally, with capability to cater for large national clients; and
- Strategy of supplying labour to high quality businesses with low WH&S risk and safe working environments.

Enrolment Volume by Level FY14



Enrolment Volume by Level FY14



INVESTMENT HIGHLIGHTS

ASHLEY SERVICES' GROUP OFFERS A BROAD RANGE OF QUALIFICATIONS AND IS FOCUSED ON THE DESIGN AND DEVELOPMENT OF HIGH QUALITY TRAINING SOLUTIONS



Integrated service offering drives value



Attractive markets with significant growth opportunities



Market leading position in VET with a national presence



Specialist provider of Labour Hire



Strong earnings growth and cash flow generation



Highly experienced and incentivised management team

FY14 RESULTS PRESENTATION

ASHLEY SERVICES GROUP GROWTH OPPORTUNITIES

ASHLEY SERVICES GROUP GROWTH DRIVERS

ASHLEY SERVICES GROUP INTENDS TO TARGET A NUMBER OF ORGANIC AND ACQUISITION BASED GROWTH OPPORTUNITIES

	Training	Labour Hire
Organic	<ul style="list-style-type: none"> • Leverage Labour Hire and other corporate relationships to expand corporate market share; • Pursue new funding opportunities: <ul style="list-style-type: none"> – expansion in WA, QLD and NSW as DDM is fully deployed; – VET FEE-HELP and higher education; • Scope expansion and entry into new industries, aligned with: <ul style="list-style-type: none"> – National Skills Needs List; – the Labour Hire client base; – high growth industries; • Geographic expansion; • CRICOS registration for international students; and • VET in secondary schools. 	<ul style="list-style-type: none"> • Leverage existing Labour Hire clients to increase demand for services; • Tender pipeline; • Geographic expansion; • Expand Group Training Organisation nationally: <ul style="list-style-type: none"> – provides the ability to employ apprentices; – accreditation received in WA as first stage; • Pursue new industry sectors: <ul style="list-style-type: none"> – heavy maintenance and construction; and – Telecommunications.
Acquisition	<ul style="list-style-type: none"> • Private VET is a highly fragmented, nascent industry, with over 5,000 providers; • Target bolt-on opportunities to: <ul style="list-style-type: none"> – expand client base; – enter new markets and industries; – expand scope; – Leverage Labour Hire client base; – grow geographical footprint; and – access new revenue sources. 	<ul style="list-style-type: none"> • Labour hire industry highly fragmented; and • Target businesses that justify investment on stand-alone basis plus drive significant synergies through the potential overlay of the Training business.

FY14 RESULTS PRESENTATION

ADDITIONAL INFORMATION

VET INDUSTRY DRIVERS

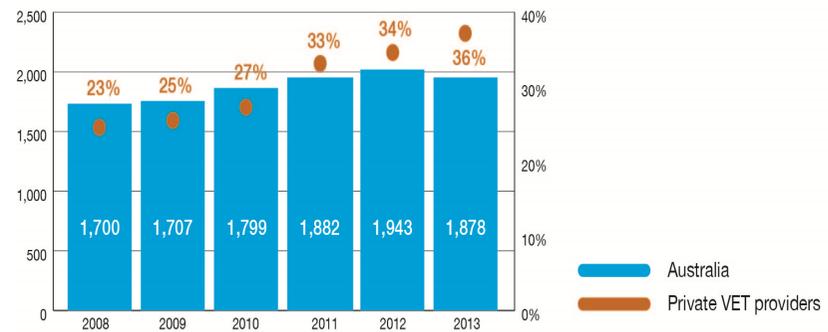
STRUCTURAL CHANGES IN THE VET SECTOR HAVE SIGNIFICANTLY INCREASED ENROLMENTS AND GOVERNMENT FUNDING AND SECTOR REVENUE

Industry sector drivers

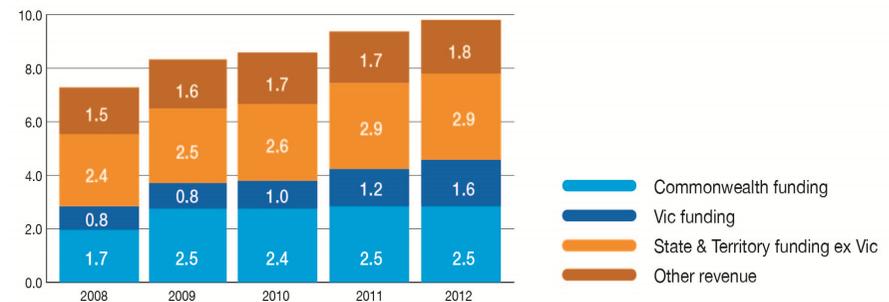
- ✓ Demand Driven Model
- ✓ National Skills Needs List
- ✓ Government policy & reform
- ✓ Mandatory skills legislation
- ✓ Technological advancements
- ✓ Skilled migration incentives
- ✓ Unemployment rate

Significant growth in enrolments and funding since 2008

VET enrolments in Australia ('000s)



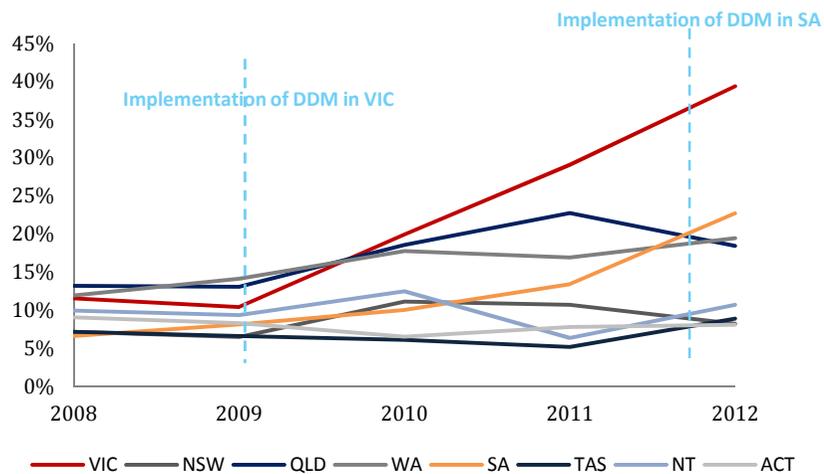
VET sector revenue (\$ billion)



DEMAND DRIVEN MODEL

VET ENROLMENTS AND PRIVATE RTO FUNDING INCREASED SUBSTANTIALLY IN STATES POST IMPLEMENTATION OF THE DRIVEN MODEL (DDM). IMPLEMENTATION IS NOW UNDERWAY IN WA, QLD AND NSW

Government payments to private VET providers by state



Impact of DDM on RTO enrolments & funding

	Enrolments increase	Private RTO funding pre DDM (% of total funding)	Private RTO funding post DDM (% of total funding)
VIC (2009 introduction)	31%	10%	39%
SA (2012 introduction)	16%	7%	23%

Source: NCVET, 2012

Demand Driven Model

- All state and territory governments signed up to the COAG agreement on skills reform in 2012 requiring a transition to demand driven funding
- The introduction of the DDM in Victoria and South Australia has substantially increased VET enrolments and payments to private RTOs
- Other states have commenced implementation of the DDM in 2014

Implementation of the DDM in Australia¹

VIC	✓	2009
SA	✓	August 2012
TAS	✓	January 2014
WA	✓	January 2014
QLD	✓	July 2014
NSW		January 2015

Note:

1. ACT and NT have not provided definitive statements on timing of implementation

VET SECTOR OVERVIEW

	VET	Higher Education
Key Sources of Demand	<ul style="list-style-type: none"> • Employees wanting to up-skill • Employees maintaining compulsory certification standards • Unemployed job seekers • New workforce entrants 	<ul style="list-style-type: none"> • Students • Post-graduate students • Professionals
Key Features	<ul style="list-style-type: none"> • More hands-on and practical approach • Required for a number of professions • Shorter duration (< 3 years) 	<ul style="list-style-type: none"> • More theoretical approach • Required for a number of professional occupations • Longer duration (> 3 years)
Qualifications	<ul style="list-style-type: none"> • Certificates I – IV • Diplomas • Advanced Diploma 	<ul style="list-style-type: none"> • Bachelor • Honours • Graduate Diploma / Graduate Certificate • Masters / Doctoral
Funding Sources	<ul style="list-style-type: none"> • State and Federal Government funding • Fee-for-service • VET FEE-HELP • Private funding 	<ul style="list-style-type: none"> • Higher Education Contribution Scheme • Private funding
Providers	<ul style="list-style-type: none"> • TAFE Colleges • RTOs 	<ul style="list-style-type: none"> • Universities • TAFE Colleges • Private VET providers

FY14 RESULTS PRESENTATION

APPENDIX

APPENDIX 1: RECONCILIATIONS FROM STATUTORY TO PRO FORMA INCOME STATEMENT

Reconciliation from statutory revenue to Pro forma revenue

\$m	Note	FY14
Statutory revenue		196.7
Impact of the ASH Consolidation	1	54.2
Impact of acquisitions	2	36.2
Pro forma Revenue		287.1

Note 1

On 1 July 2014, ASH acquired the following related companies referred to as (the "ASH Consolidation"):

- ADV Services Pty Limited;
- Ashley Institute Holdings Pty Limited;
- TBRC Holdings Pty Limited;
- Tracmin Pty Limited; and
- Australian Institute of Vocational Development Pty Limited.

The revenues from the above entities have been included in the Pro forma revenue.

Note 2

- On 1 May 2014, ASH acquired 100% of Concept Engineering Pty Limited ("Concept"). The Pro forma adjustment in the table represents revenue derived by Concept for the 10 months to 30 April 2014. In addition, on 20 August 2014, ASH acquired 100% of Integracom Unit Trust ("Integracom") and the FY14 revenue has been included.

APPENDIX 1: RECONCILIATIONS FROM STATUTORY TO PRO FORMA INCOME STATEMENT

Reconciliation from statutory EBITDA to Pro forma EBITDA

\$m	Note	FY14
Statutory EBITDA		4.3
Impact of the ASH Consolidation	1	9.8
Impact of acquisitions	2	8.8
Pro forma EBITDA		22.9

Note 1

The Pro forma EBITDA includes the effects of the ASH Consolidation.

Note 2

The Pro forma EBITDA includes the EBITDA from Integracom and Concept, on the same basis as that outlined in Pro forma revenue set out above.

Reconciliation from statutory NPAT

\$m	Note	FY14
Statutory NPAT		3.0
Impact of the ASH Consolidation	1	6.1
Impact of acquisitions	5.8	8.8
Pro forma NPAT		14.9

Note 1

The Pro forma NPAT includes the effects of the ASH Consolidation.

Note 2

The Pro forma NPAT includes the EBITDA from Integracom and Concept, on the same basis as that outlined in Pro forma revenue set out above.