ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

Labour Hire
Recruitment

Training

2021 ANNUAL GENERAL MEETING

Thursday 04 November 2021

Agenda

- Opening Address from Chairman – Ian Pratt
- Business Update from Managing Director – Ross Shrimpton
- Q1 FY22 Financial Results – Chris McFadden CFO
- Resolutions as per Notice of Meeting
- General Business
- Close of Annual General Meeting

Q1 FY22 Financial Results
Strong Revenue driving Profit growth

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- **NPAT** for Q1 FY22 at $2.3m was up $0.3 million on the prior corresponding period
- **EBITDA** for Q1 FY22 at $3.7m is up $0.3m (8.2%) on prior corresponding period
  - **Labour Hire** up $0.6m ↑18%
  - **Training** down $0.2m primarily due to COVID related challenges finalising students
- **Revenue** up $19m or 22%
  - **Labour Hire** up $18.5m or 22%
  - **Training** up $0.8m or 43%
  - Q1 FY22 Revenue strength due in part to tracking against a significantly COVID impacted Q1 FY21

$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited H1 FY21	Audited H2 FY21	Audited F21
Revenue by segment					
Labour Hire	103.6	85.1	181.7	192.3	374.0
Training	2.9	2.1	4.3	5.4	9.7
Total Revenue	**106.5**	**87.2**	**186.0**	**197.7**	**383.7**
EBITDA by segment					
Labour Hire	4.3	3.7	7.4	10.4	17.8
Training	0.4	0.6	1.4	0.6	2.0
Corporate	(1.0)	(0.9)	(2.0)	(2.3)	(4.3)
EBITDA	**3.7**	**3.4**	**6.8**	**8.7**	**15.5**
Depreciation & Amortisation	(0.4)	(0.5)	(0.9)	(0.8)	(1.7)
EBIT	**3.3**	**2.9**	**5.9**	**7.9**	**13.8**
Net interest expense	(0.1)	(0.1)	(0.2)	(0.3)	(0.5)
Income tax expense	(0.9)	(0.8)	(1.5)	(2.2)	(3.7)
NPAT	**2.3**	**2.0**	**4.2**	**5.4**	**9.6**

Q1 FY22 profitability up on prior year, chiefly due to revenue lift in Labour Hire, up an impressive 22% on what was a slower, COVID impacted quarter in Q1 FY21

Victorian construction shutdown for 2 weeks in September had an impact on profitability across our construction focused labour hire brands

Training profitability was down slightly despite revenue lift in part due to covid related challenges finalising students for completion payments

Q1 FY22 Financial Results

Balance Sheet

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$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
Assets			
Current Assets			
Cash and cash equivalents	4.3	5.1	3.0
Trade and other receivables	47.5	37.9	44.4
Current tax receivable	-	-	-
Other assets	2.8	2.9	2.8
Total Current Assets	**54.6**	**46.0**	**50.2**
Non-Current Assets			
Property, plant and equipment	1.3	1.0	1.2
Deferred tax assets	5.7	4.7	5.7
Right-of-use assets	1.8	2.1	2.0
Intangible assets	10.9	10.4	10.8
Other assets	-	-	0.1
Total Current Assets	**19.8**	**18.1**	**20.0**
Total Assets	**74.4**	**64.1**	**70.2**
Liabilities			
Current Liabilities			
Trade and other payables	29.4	25.8	27.4
Borrowings	3.8	2.4	1.1
Current tax payable	1.1	1.8	1.1
Dividends payable	-	-	0.5
Lease liabilities	0.4	0.3	0.9
Other liabilities	0.8	1.4	1.2
Provisions	3.9	2.7	3.4
Total Current Liabilities	**39.4**	**34.5**	**35.5**
Non-Current Liabilities			
Borrowings	1.6	-	-
Deferred tax liabilities	2.3	0.8	2.3
Lease liabilities	1.3	1.7	1.3
Other liabilities	2.0	2.7	2.0
Provisions	0.4	0.6	0.5
Total Non-Current Liabilities	**7.7**	**5.8**	**6.2**
Total Liabilities	**47.1**	**40.3**	**41.7**
Net Assets	**27.3**	**23.7**	**28.5**

- **Cash** balance up by $1.3m from end FY21 due to working capital requirements offset by increased borrowings – refer cash flow comments
- **Trade Receivables** have grown since year end broadly in line with revenue growth and trading terms impact
- **Borrowings** are $5.4m at end of quarter following payment of dividends as well as continuing working capital build resulting from our significant and sustained revenue growth (22%)
- **Trade Payables** increase on end FY21 primarily related to lifts in on cost provisions driven by revenue growth
- **Net Assets** now at $27.3m reflecting decrease of $1.2m on FY21 being Q1 NPAT of $2.3m less FY21 Final Dividend of $3.9m

Q1 FY22 Financial Results
Cash Flow

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$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
EBITDA	**3.7**	**3.4**	**15.5**
Change in working capital	(0.9)	(1.5)	(6.1)
Net interest/tax received / (paid)	(1.1)	(0.7)	(4.0)
Other	0.3	(0.7)	-
Net Cash from / (used in) operating activities	**2.1**	**0.5**	**5.4**
Property, plant and equipment	(0.3)	(0.1)	(0.8)
Payment for purchase of businesses	(0.4)	(1.1)	(2.4)
Net Cash used in investing activities	**(0.7)**	**(1.1)**	**(3.2)**
Net proceeds from / (prepayment of) borrowings	4.3	2.4	1.1
Repayment of lease liabilities	(0.4)	(0.5)	(1.1)
Dividend Paid	(3.9)	(4.3)	(7.3)
Net Cash from / (used in) financing activities	**(0.1)**	**(2.3)**	**(7.3)**
Net Cash flow	**1.3**	**(2.9)**	**(5.1)**
Cash at beginning of period	**3.0**	**8.1**	**8.1**
Cash at end of period	**4.3**	**5.1**	**3.0**
Debt at end of period	**5.4**	**2.4**	**1.1**
Net Cash / (Debt) at end of period	**(1.1)**	**2.7**	**1.9**

- **Net Cash from operating activities** of $2.1m
- Q1 FY21 EBITDA $3.7m less
  - Working Capital demand of $0.9m
    - Trade Receivables up $3.1m – refer Balance Sheet comments
    - Trade Payables up $2.0m – refer Balance Sheet comments
  - Tax & Other payments $0.8m
- **Net Cash used in investing activities** of ($0.7m) reflects ongoing capital investment and the final payment relating to acquisition of The Instruction Company
- **Net Cash used in financing activities** of ($0.1m) reflects $3.9m in dividend payments and draw down of borrowings through invoice financing and bill facilities
- **Net Cash** position of ($1.1m) is down on year end FY21 due to a combination of dividend and acquisition payments as well as the working capital demand lifts driven by continued revenue growth

Q1 FY22 Financial Results
Labour Hire, strong Revenue growth

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$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
Revenue	103.6	85.1	374.0
EBITDA	4.3	3.7	17.8
EBITDA margin %	4.21%	4.34%	4.78%
Labour hours charged (millions)	2.164	1.785	7.995

- **Labour Hire Revenue up $18.5m or 22%**
  - Strong COVID driven demand, particularly in the supply chain sector, has continued throughout the quarter. This has a margin rate diluting impact as these are primarily at the lower end of our volume-margin equation
  - Construction sector revenue was impacted negatively by the two week shutdown of the Victorian construction sector during September
- **Labour Hire EBITDA** of $4.3m was up $0.6m or 18% at an EBITDA rate of 4.21% down slightly (13bps) reflecting concentration of growth in lower margin clients
- **Labour Hours charged** for the quarter were up 21%, broadly in line with Revenue trend, indicating overall hourly rate is up marginally (Q1 FY22 $47.87, Q1 FY21 $47.68, FY21 $46.78)

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Q1 FY22 Financial Results
Training top line growth a good sign

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$ million	Unaudited Q1 FY22	Unaudited Q1 FY21	Audited FY21
Revenue	2.9	2.1	9.7
EBITDA	0.4	0.6	2.0
EBITDA margin %	13.3%	28.0%	20.7%

- **Training Division** has seen a pleasing lift in revenue, up $0.8m or 43% with this growth well spread across all states
- COVID challenges were in existence across most markets in Q1, with the ability to finalise students impacted, which flows onto overall profitability
- **The Instruction Company** has seen an expanded geographical footprint and cost base since Q1 FY21. We look forward to driving further growth as lockdown constraints relax
- The Training division continues to deliver from a solid base built on a strong culture of **Compliance**

Training

Proxies Cast

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Resolution	For	Against	Proxy Discretion	Abstain
ITEM 2. Remuneration Report	25,289,093	14,583	107,207	0
ITEM 3. Re-election of Director: Ian Pratt	108,256,804	0	107,207	0

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