ASHLEY SERVICES GROUP
LABOUR HIRE | TECHNICAL SERVICES | TRAINING

Full Year 2024 Results

- **Underlying EBITDA of $11.9 million, down $8.2 million or 41% on pcp**
- **NPAT of $1.35 million, down $10.05 million on pcp**
- **EPS of 0.94 cents, down 6.56 cents or 88% on pcp**
- **Final dividend at 0.24 cents, down from 3.0 cents in pcp**

Ashley Services Group Limited (ASX: ASH) today announced a statutory after-tax profit ("NPAT") of $1.35 million for the year ended 30 June 2024 ("FY24"), a decrease of $10.05 million on the prior corresponding period ("FY23 or pcp") (2023: profit $11.4 million). The result includes non-recurring expenses of $3.2 million, primarily relating to the write-down of customer relationships and goodwill associated with the purchase of Linc Personnel Pty Ltd ("Linc").

Revenue of $556.5 million was up by $7.3 million (1.3%) on the pcp (2023: $549.2 million). Revenue includes a full year of sales of $62.8 million from Owen Pacific Pty Limited ("OPW"), acquired 6 February 2023.

Ashley Services Group Limited (ASX: ASH) today announces that it will be declaring a final fully franked dividend for FY24 of 0.24 cents per share. This brings the full year dividend for FY24 to 0.74 cents, down from the 6.0 cents paid in relation to FY23, due to the decline in distributable profits. The full year dividend equates to a payout ratio of 79%, similar to the 80% payout ratio for FY23.

Group Statutory results ($ million)	FY24 $m	FY23 $m	Growth/(Decline) %
Revenue	556.5	549.2	1.3%
Revenue excluding OPW	493.7	524.0	(5.8%)
Earnings before interest, tax, depreciation and amortisation (EBITDA) – excluding non-recurring expense, primarily Linc impairments	**11.87**	**20.11**	**(41.0%)**
Earnings before interest and tax (EBIT) – excluding non-recurring expense, primarily Linc impairments	**8.08**	**16.95**	**(52.3%)**
Reported Earnings before interest, tax, depreciation and amortisation (EBITDA)	8.63	20.11	(57.1%)
Reported Earnings before interest and tax (EBIT)	4.84	16.95	(71.4%)
Net profit/(loss) after tax (NPAT)	1.35	11.40	(88.2%)
Basic earnings per share attributable to shareholders of ASH (EPS) - cents	0.94	7.50	(87.5%)

EBITDA by Division ($ million)	FY24 $m	FY23 $m	Growth/(Decline) %
Labour Hire	13.2	21.5	(38.6%)
Training	4.0	3.7	8.1%
Corporate costs	(5.3)	(5.1)	(3.9%)
EBITDA excluding non-recurring expense, primarily Linc impairments	**11.9**	**20.1**	**(40.8%)**
Non-recurring expense	(3.3)	n/a	n/a
Group EBITDA	**8.6**	**20.1**	**(57.2%)**
EBITDA % excluding non-recurring expense, primarily Linc impairments	2.14%	3.66%	(152bps)

Labour Hire Division

Labour hire ($million)	FY24 $m	FY23 $m	Growth/(Decline) %
Revenue	538.3	533.2	1.0%
Revenue excluding OPW	475.5	508.0	(6.4%)
EBITDA	13.2	21.5	(38.6%)
EBITDA %	2.45%	4.04%	(159bps)

Revenue at $538.3 million was 1% above the prior year. Excluding OPW, revenues were 6% below prior period with total hours worked down 8%, due to reduced existing customer demand across all key sectors. The decreased activity has been partly offset by inflationary increases in underlying wages.

Labour Hire margin reduced to 2.45%. Linc contribution in FY24 was negligible following the loss of the Inpex contract, down $1.4 million from the prior period.

The expected growth in the warehousing, logistics, retail and manufacturing sectors did not occur in FY24. Underlying hours in these sectors were down 6%, with economic activity and casual labour demand reduced across the existing customer base. The Group has not lost any significant customers. We have secured longer term contracts with several key customers and gained new customers. Hours delivered to the new customers were minor in FY24, but are expected to increase in FY25. Margins continued to decline due to the negative impact of fixed hourly margins in the current inflationary environment, the general competitive nature of the labour hire industry and the decrease in benefits received from government support programmes for trainees. We believe both demand and margins in these market sectors have now stabilised and the Group is focused on improving efficiencies through continuing system and process improvements.

Hours worked, revenue and margin in the construction and engineering sectors reduced due to industrial relation challenges and project delays in Victoria. The Group's focus is to expand in both sectors outside Victoria and, within Victoria, to diversify its customer base.

Profitability from Owen Pacific Workforce ("OPW") has been below expectations due mainly to increasing flight costs not recoverable from workers. The Department of Workplace Relations ("DEWR") has issued a more favourable flight recovery matrix, effective from 1 August 2024. OPW has now been merged with the horticultural business previously existing within the Group and improved delivery structures, processes and systems will enable the Group to better service customers, with expected growth moving forward.

Training Division

Training ($million)	FY24 $m	FY23 $m	Growth/(Decline) %
Revenue	18.25	16.0	14.1%
EBITDA	4.0	3.7	8.1%
EBITDA %	21.9%	23.1%	(120bps)

Training revenues at $18.25 million were up $2.25 million (14%), with growth achieved across both the Ashley and The Instruction Company ("TIC") training businesses, as new courses continued to be added to scope and both businesses increased geographic coverage. Current period EBITDA margins were solid at 22%. Revenue growth has recently slowed due to funding reductions in Victoria and reduced telecommunications training in Queensland. Our short-term focus is to grow non-government fee for service revenues.

Cash Flow, balance sheet and funding

Operating cash flow for FY24 was an inflow of $3.5 million. Operating cash flows included $6.0 million of tax payments (mainly in relation to the financial year ended 30 June 2023) and $1.96 million of interest and other financing payments.

Net cash used in investing activities was a $3.8 million outflow. Net underlying capital spending for the year was $2.5 million. Payments for businesses acquired were $2.95 million with the 1st instalment of $0.886 million paid to acquire the remaining 20% of the CCL Group, the 2nd instalment of $1.8 million paid in relation to the prior year acquisition of OPW and $0.244 million paid to acquire the remaining 25% interest in Linc. $1.65m was received from associated entities in FY24, partly repaying prior period loans.

Net cash used in financing activities includes $5 million in dividend payments ($4.3m payment of the 2023 final dividend plus $0.7m interim dividend paid in March 24), as well as normal ongoing lease payments of $1.5 million.

Net debt (cash less borrowings) increased $6.8 million in the period to $12.45 million at 30 June 2024, a $3.15m improvement from the half year ended 31 December 2023.

Net assets at $30.45 million were down $3.8 million from the financial year ended 30 June 2023 position of $34.3 million, largely in line with the NPAT of $1.35 million for the year, reduced by the dividend payment of $5 million.

Non-recurring, non-cash expense

	FY24 $m	FY23 $m
Linc customer relationship - impairment	1.80	-
Linc goodwill - impairment	2.58	-
Reduction in redemption liabilities to purchase the remaining 25% of Linc (acquired 31 January 2024 for $0.244 million) and the remaining 20% of the CCL Group (acquired 14 July 2023).	(1.14)	-
Net non-recurring expense within EBITDA and NPAT	**3.24**	**-**

Managing Director's Comments

Ross Shrimpton, Managing Director, said "FY24 has been challenging, with a disappointing outcome from the acquisition of Linc Personnel Pty Ltd ("Linc") and specific negative factors affecting our key market sectors.

Our focus remains to diversify revenues, particularly in higher margin sectors and to optimise efficiency. More specifically:

- Growing the technical services division. We are expanding in both the construction and engineering sectors outside Victoria and diversifying the customer base within Victoria. We also expect a positive contribution in FY25 from the EWP Services joint venture, with business to commence in mining in the Pilbara;
- Growing the horticulture sector. The Group has recently secured several new customers, leveraging the OPW acquisition;
- Capitalising on strengths within our Training division by continuing to expand qualifications on scope, geographic coverage and private fee for service training;
- Solidifying margins in the core supply chain, retail and construction labour hire sectors. 3-year contracts are now in place with most key customers;
- Improving efficiencies and lowering cost through continuing system and process improvements. Solid progress was achieved by the team in FY24, with efficiencies and cost reductions being delivered across all areas of service delivery and supporting administration; and
- Commercialisation of our industry leading labour management systems, through licensing to overseas customers.

Our construction-exposed labour hire brands face uncertainty in Victoria and we expect profit in this sector to be minimal during the first quarter of FY25. First quarter profits for ASH training will also be reduced with lower public funding available in Victoria.

We believe margins have now stabilised in our core warehousing, logistics, retail and manufacturing sectors (following two years of declines) and our growth initiatives will contribute more significantly in FY25. We expect overall earnings in FY25 will be similar to those achieved in FY24 (excluding the non-recurring expense)".

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 7,250 workers during the peak seasonal period.