



19 August 2015

Ashley Services reports statutory NPATA of \$14.8 million, 61% above the prior year and declares 4.1 cents final dividend

- Proforma EBITDA of \$20.7 million, slightly below the low end of market guidance range announced 27 April 2015 of \$21 million to \$23 million.
- Final quarter performance negatively impacted April guidance due to changes in Public Job Service Provider network and lower labour hire margins
- ASG Integracom revenues and EBITDA within April market guidance range
- 4.1 cents final dividend declared, in line with Prospectus

Sydney: Ashley Services Group Limited (ASX: ASH) today reported statutory net profit after tax before intangible amortisation (NPATA) of \$14.8 million (FY14: \$9.2 million) for the year ended 30 June 2015.

A final fully franked dividend of 4.1 cents per share has been declared by the Board, in line with Prospectus forecasts. The dividend will be payable on 25 September 2015 to shareholders on the register as at 4 September 2015. The full year post IPO dividend of 6.4 cents represents a pay-out ratio of 65% of NPATA.

Proforma revenues at \$305.8 million were 6.5% above the prior year (FY14: \$287.1 million) due mainly to increased labour hire revenues, which included the full year impact from three major national logistics contracts, secured in the prior year. Proforma revenues were \$13.7 million or 4.3% below Prospectus, due primarily to lower than expected revenues from ASG Integracom and Concept (-\$11.1 million and -\$6.4 million respectively).

Proforma EBITDA at \$20.7 million was \$2.2 million or 9.6% below the prior year (FY14: \$22.9 million), due to a decrease in profits from the ASG Integracom business and increased Corporate costs incurred as a result of becoming a publicly listed entity. EBITDA from the labour hire and ASG training businesses increased 23% from the prior year.

Proforma EBITDA was \$10.3 million or 33% below prospectus, due to the under performance of ASG Integracom (-\$9.9 million) and slightly higher Corporate costs (-\$0.4 million).

Proforma EBITDA was at the low end of the market guidance range announced 27 April 2015. ASG Integracom revenues and profits were within the April guidance. ASG training revenues were negatively impacted by changes to the Job Service Provider network. Labour hire revenues and margins for Q4 were below expectations, partly due to impact of extreme storms in Western Sydney which impacted certain clients in late April and May.

The statutory result includes expensed costs associated with the IPO and acquisitions, the results of Cantillon and SILK from their respective dates of acquisition to 30 June 2015 and adjustments to the fair value of deferred consideration liabilities and intangibles associated with acquisitions. The net impact of these adjustments was +\$1.9 million, resulting in a statutory EBITDA of \$22.6 million.



Cash flow and gearing

The Group had net cash of \$12.4 million at 30 June 2015, an increase of \$9.8 million from December 2014. Second half cash flows benefited from the seasonality associated with the labour hire business.

All the Group's banking facilities of \$23 million were undrawn at 30 June 2015.

Return on equity

Proforma return on equity was 13.3% (calculated as NPATA/Equity).

Outlook

Ross Shrimpton said: "ASH is focusing on growth in the training business by diversifying both funding sources and market segments. Growth is expected in the Corporate training market, particularly through the telecommunications, hospitality and children's services industries. ASH will also market diploma and advance diploma qualifications, all of which are higher value courses, utilising VET FEE-HELP funding. ASH has invested during FY15 in establishing the structures and qualifications to expand in these areas and should see growth by Q2 of FY16. The labour hire business remains in a steady state and ASH expects FY16 NPATA to be in line with the Proforma FY15 result."

Investor briefing call

An investor briefing and Q&A session will be held at 10.30AM (AEST) today. Details for the call are below:

Dial in details:

- Australia: 1800 857 029
- HK: 8009 67125
- Singapore: 8006 163 130
- United States: 1866 814 5210
- Canada: 1866 617 8166
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