MEDIA RELEASE

24 October 2019

Solid white collar performance underpins Half Year result

- Revenue down 2% to $139 million
- EBITDA increase of 20% to $6.2 million (noting impact of IFRS 16)[i]
- Net profit before tax down from $2.9 to $1.9 million
- White collar segment earnings steady at $3.8 million
- AWF segment earnings turn corner and increase on prior 6 months
- Earnings guidance (EBITDA) $12.7 million to $14 million for FY March 2020
- Interim Dividend steady at 8.0 cents per share

AWF Madison completed the acquisition of JacksonStone & Partners on 1 June 2019. This is an excellent acquisition and a great fit for the Group. JacksonStone was earnings-accretive for four months after acquisition costs and will make a strong contribution in the next 6 months. The ease of integration and cultural fit is extremely encouraging, as is the pipeline of work as we head in to the second half of the year.

Slight softening of the economy has had an impact on our existing white collar businesses, Madison and Absolute IT. Industrial Relations activity specific to Madison has had an impact on the first six months, which prevented a growth in earnings in this segment.

AWF has continued to experience immigration-related employment issues which are nearing resolution. This outcome has taken longer than anticipated and has not delivered us the earnings lift we were seeking but has improved on the prior six months markedly and will see us deliver to our expectations for the final six months.

From a market perspective we expect a softening in the economy to reduce demand for permanent recruitment services, offset by an upswing in demand for temporary and contract resources.

Strong cashflows and shareholder support for the Dividend Reinvestment Plan allowed us to fund the acquisition of JacksonStone & Partners, with an initial payment of $6.7 million. During the period, net debt rose $1.8 million.

A fully-imputed Interim Dividend of 8.0 cents per share (unchanged from 2018) will be paid on 29 November 2019, to shareholders on the register at close of business on 18 November 2019 (the Record Date).

The Dividend Reinvestment Plan (DRP), will apply to the Interim Dividend; and in this regard the Board has determined that up to 50% of this Interim Dividend will be allowed to participate in the forthcoming distribution. Shareholding Directors have, again, committed to participate to the full extent of their respective entitlements under the DRP, as they have since its inception.

Simon Bennett: CEO
Contact: (09) 917 1010

Ross Keenan: Chairman
For the Board

Level 6, 51 Shortland Street
PO Box 105 675, Auckland 1143
Tel 09 526 8770
awfmadison.co.nz

i Note 1 Reconciliation – EBITDA to Profit after tax

EBITDA is a non-generally accepted accounting principle term and reconciles to reported Profit after tax as follows:

	6 months 30-Sep-19	6 months 30-Sep-18
EBITDA to NPAT Reconciliation	$000's	
EBITDA	6,231	5,152
IFRS 16 - Leases; Depreciation on ROU assets	(1,371)	
IFRS 16 - Leases; Finance	(276)	
Depreciation and Amortisation Expense	(1,813)	(1,642)
Finance Costs	(737)	(637)
Acquisition-related expenses	(101)	
Net Profit before tax	1,933	2,873
Income tax expense	(612)	(821)
Net Profit after tax	1,321	2,052

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www.awfmadison.co.nz