AWF MADISON

MEDIA RELEASE

8 June 2020

Solid year for AWF Madison - firm start to FY2021 trading

AWF Madison [NZX:AWF] today announces an after-tax profit of $2.7 million for the year ended 31 March 2020, up from $2.0 million a year ago.

EBITDA (earnings before interest, tax, depreciation and amortisation)[i] recovered strongly in FY2020, to $12.4 million, from $7.6 million in FY2019. This was only a little below the guidance given in October 2019.

- Group revenue $264 million, down 1.6%
- NPAT $2.7 million, up 33%
- 10-month contribution from JacksonStone & Partners
- No final dividend - acknowledging economic uncertainty

The reduction in Group revenue was driven by AWF, where revenue fell by 16% to $97.4 million.

This reflected a number of factors. The Group took the decision in 2018 to start relinquishing low margin, high cost-to-serve business in favour of customers with higher engagement levels.

In addition, AWF has recently seen growth in permanent recruitment, which furnishes higher margins than temporary.

Taken together, these factors constitute encouraging momentum by AWF towards a greater contribution to Group profitability.

In our white collar segment – Madison, Absolute IT and JacksonStone & Partners – revenue rose from $151.9 million in FY2019 to $166.1 million in FY2020, of which JacksonStone contributed $27 million.

Our white collar segment last year contributed 63% of Group revenues, up from 57% in FY2019 and 53% in FY2018.

Madison and Absolute IT's contributions fell slightly short of plan but were partially offset by the better-than-expected performance of JacksonStone & Partners.

POST BALANCE DATE

CEO Simon Bennett said the Group was eligible for the Government's wage subsidies in two of its businesses, resulting in retention of the majority of the workforce.

AWF Madison was able to support many of its temporary workforce who were unable to work through Level 4 lockdown, and had more than 1,000 people out working in essential services during that period.

Activity levels early in the new financial year, as we await the return to Level 1, point to a satisfactory first half of 2021 Group result, he said.

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"Continued investment in our technology infrastructure and operational platforms has served us well. This has not only enhanced internal efficiencies, including our internal staff's ability to work remotely through lockdown; but has also expanded our capability and service offerings that we are able to provide to our clients.

This additional capability combined with our broadening reach in the market has put us in a strong position to be able to support the flexible needs of our clients as they navigate an unpredictable economy."

FY2020 operating cashflow rose by $0.4 million to $9.9 million and the Group ended the year in a strong position, with net cash of $6.2 million.

The Board has decided to not pay a final dividend this year, which was considered prudent during the continuing uncertainty, and in an environment where senior management and Directors accepted reduced remuneration through the critical period.

An interim dividend of 8.0 cents a share was paid in November 2019.

Ends

Simon Bennett
Chief Executive

For the Board:
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[i] EBITDA is a non-generally accepted accounting principle term and reconciles to reported Net Profit After Tax as follows:

EBITDA to NPAT Reconciliation	**$000's**
EBITDA	12,429
Depreciation and Amortisation Expense	(6,194)
Investment Revenue	9
Finance Costs	(2,084)
Acquisition-related expenses	(263)
Net Profit before tax	3,897
Income tax expense	(1,220)
Net Profit after tax	2,677