

MEDIA RELEASE

28 October 2016

STEADY PERFORMANCE LIFTS AWF MADISON

HIGHLIGHTS - HALF YEAR TO 30 SEPTEMBER 2016

- Revenue rises 13% to \$119.3 million
- EBITDA lifts 10% to \$7.8 million
- NPAT up 15% to \$3.9 million
- Interim dividend increases 11% to 8c per share

The Board of AWF Madison has advised a steady lift in performance for the Group with net profit increasing by 15% to \$3.9 million (from \$3.4 million in the six months to September 2015).

Whilst sales grew to \$119.3 million (up 13%), well above last year's \$105.7 million, tight management control restricted operating costs to an increase of 5%. This reflected improving productivity across the Group's more than 30 branches as opportunities to achieve efficiencies of scale were identified and implemented.

As the period concluded signs of improved yields were evident and continuing.

For the board, Chairman Ross Keenan commented that this stronger performance reflected management's particular attention to the cost of doing business at all levels and locations, with emphasis on individual client profitability plus steady progress in driving operational efficiencies.

Given the steady lift in profitability and excellent cash flow, directors have declared a lift in interim dividends of 11% to 8 cents per share (2015 7.2 cents).

Whilst this is at the lower end of the range indicated for dividends (in relation to underlying earnings), in view of the likely purchase of the Absolute IT Group, a conservative approach is deemed appropriate.

Forward cash projections are strong after factoring in the purchase of Absolute IT Group, and are expected to enable the Board to consider further debt reduction over time.

In commenting further on overall business performance, Chief Executive Simon Bennett noted that;

"AWF has had a strong start to the year, growing both revenue and earnings. The tight labour market is resulting in strong demand in the city centres and we expect this to continue. We are capitalising on this increased demand and we are starting to achieve margin growth. Madison contributed modest revenue growth and is positioned well in the market to continue to deliver good results.

AWF Madison was recently awarded the contract to supply Statistics NZ with recruitment and associated services for the 2018 census. Our success in winning this major contract is a huge vote of confidence in the capability and reach of AWF Madison Group.

We are excited to have announced our intention to acquire Absolute IT and expect to settle this transaction on November 1. This will further solidify our footprint as a top quality provider of recruitment services across New Zealand. Absolute IT is a strong and well-respected business in a significant sector forecast to experience strong growth.”

The dividend of 8 cents per share will be paid on December 5th 2016 to shareholders registered at 5pm on November 28th 2016.

For further information contact:

Simon Bennett 021 036 8387
Chief Executive Officer

Ross Keenan 021 685 655
Chairman

Reconciliation of Profit before tax to earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)¹

	H1 FY 2017 (\$000's)	H1 FY 2016 (\$000's)	Change (\$000's)	Percentage %
Profit before tax ²	5,814	5,033	781	16%
Add back: Finance Costs	585	711	(126)	
Add back: depreciation and amortisation	1,384	1,356	28	
Less: investment revenue	(7)	(38)	31	
EBITDA ¹	7,776	7,062	714	10%

1. *Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is a non-GAAP measure which allows a comparison of profitability between different companies by removing the effects of interest, tax, depreciation and amortization. This measure will provide consistency with previous financial disclosures.*
2. *The reported profit for the period information has been prepared in accordance with New Zealand general accepted accounting practice and complies with New Zealand Equivalents to International Financial Reporting Standards.*