

TRANSITION YEAR AT AWF MADISON

25 May 2016

PERFORMANCE FULL YEAR TO 31st March, 2016

- Revenue up 9% to \$214.6 million
- Net profit at \$5.2 million
- Underlying earnings slightly reduced at \$6.51 million
- Final dividend steady at 8 cents per share

The Board of AWF Madison has advised that the year to 31 March, 2016 has ended at similar levels to the previous year due to ongoing restructuring costs and a number of one-off costs associated with the functional integration of the AWF Madison brand. In addition, noting the rapid growth of debtors across the Group, particularly in Christchurch, the Board has considered that significant extra provisions are appropriate.

The opportunities are significant in AWF and we were pleased to achieve 15% revenue growth. Whilst this did not flow through to the bottom line, structural changes will ensure both top and bottom line growth in FY17.

Net profit, at \$5.2 million, compared to the previous year \$5.4 million, on the back of more than \$1.3 million of one-off restructure-related costs. Extra provisions against the larger debtors' book totalled \$0.3 million.

Underlying earnings were slightly reduced at \$6.51 million (2015, \$6.76 million).

Given strong forecasted cash flows and the strong start to the 2016/17 financial year, the Board has declared a final dividend of 8 cents per share (2015, 8 cents), maintaining the 15.2 cents paid for the previous full year.

For the Board, Chairman Ross Keenan said: "While the overall result is disappointing, the fact is that the restructuring process has taken longer, and cost more, than forecast, but has positioned the Group well as we move into the new financial year."

"Having cleared the decks for a leaner business operation, the Group is targeting double-digit growth in profit levels for the 2016/17 year as the benefits of efficiency gains begin to flow through."

Keenan said that, while earnings were now well spread across the regions, considerable skill shortages continue. "We are positioned well to capitalise on these shortages, remaining extremely relevant as a strong national provider of resource."

The final dividend of 8 cents per share will be fully imputed and will be payable on 4 July, 2016 to shareholders on the register at 27 June.

For the Board;

Ross B Keenan

Chairman

For further information, contact:

Simon Bennett

Chief Executive Officer

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Reconciliation of reported Profit for the Period to Underlying earnings¹

	FY 2014	FY 2015	FY 2016
	\$'000	\$'000	\$'000
Profit for the period ²	3,952	5,416	5,202
Add back amortisation of intangibles ³	967	1,861	1,820
Taxation effect on adjustments ⁴	(271)	(521)	(510)
Underlying earnings ¹	4,648	6,756	6,512
Earnings per share (cents)	15.1	20.7	16.0
Underlying earnings per share (cents) ⁵	17.8	25.8	20.1

1. Underlying earnings is a non-GAAP measure which adjusts for non-cash items of amortisation and the profit on disposal of subsidiaries. In the Directors' opinion this more clearly reflects the operating performance of the Group. This treatment is consistent with the previous reporting period.
2. The reported profit information has been prepared in accordance with New Zealand Generally Accepted Accounting Principles (GAAP), and complies with New Zealand Equivalents to International Financial Reporting Standards. The reported profit information has been extracted from audited financial statements.
3. Included in the assets of subsidiaries acquired are identifiable intangible assets that are amortised over their useful lives. These amortisation charges have been added back in the calculation of underlying earnings.
4. Taxation adjustments as a result of adjustments to 2 above.
5. Underlying earnings have been calculated on the same basis, and using the same number of shares issued, as earnings per share, as reported in the audited annual financial statements.