

Positioning for Growth

Simon Bennett

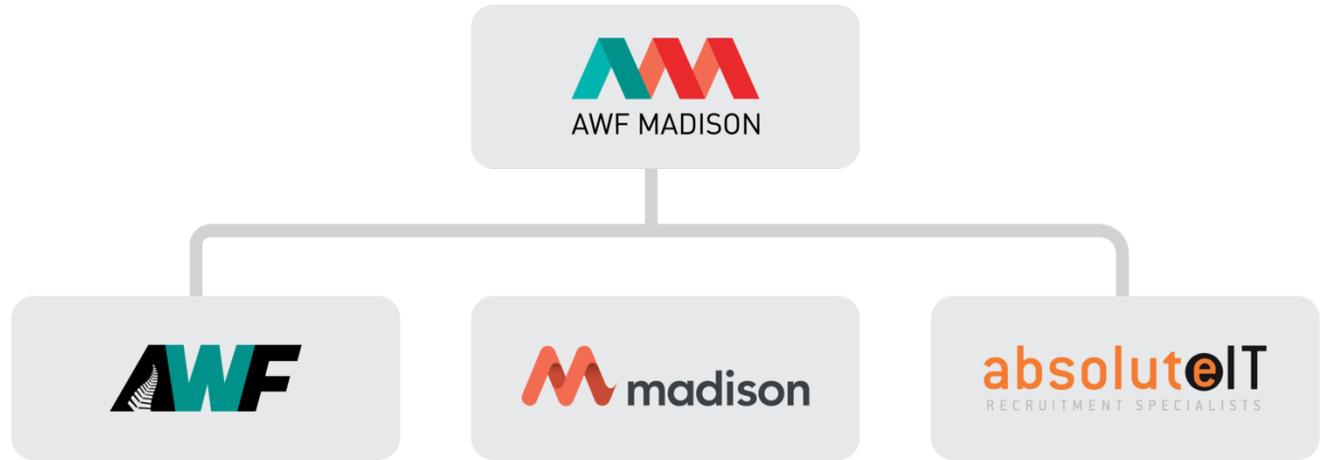
Chief Executive

June 2017



AWF MADISON

NZX'S ONLY LISTED RECRUITER

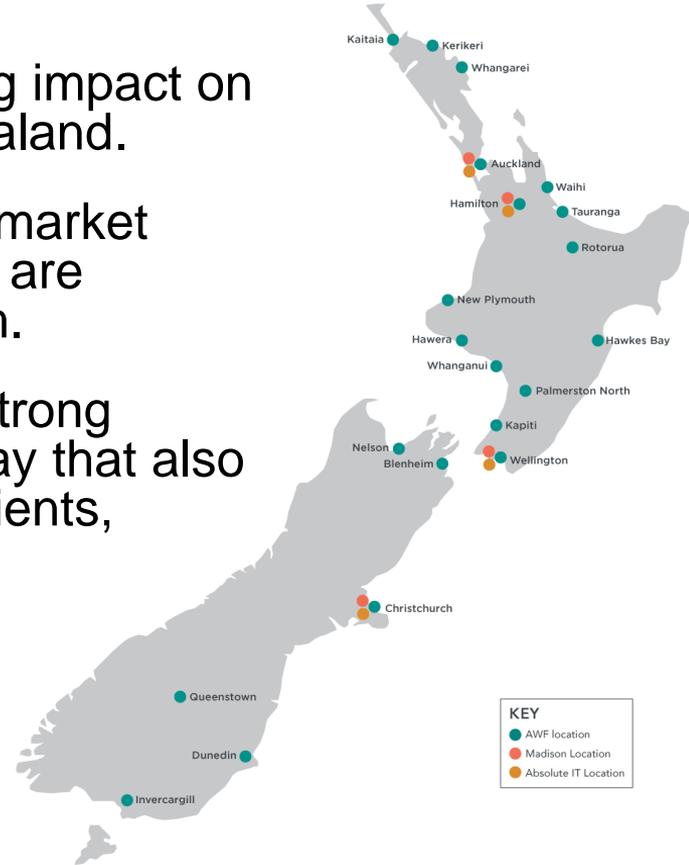


WHAT DRIVES US

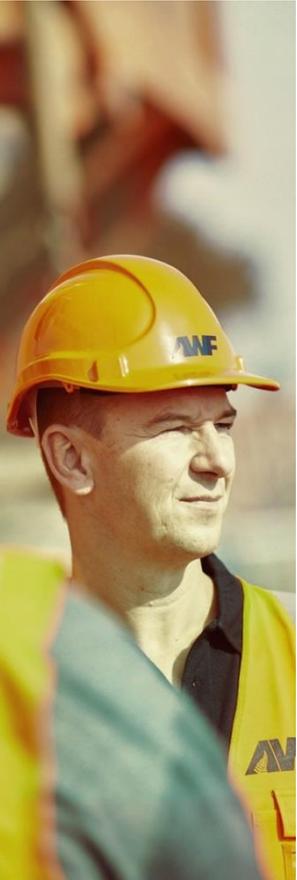
Our businesses strive to make a big impact on the growth and success of New Zealand.

Structural challenges in the labour market require proactive solutions, and we are uniquely positioned to provide them.

We believe it's possible to deliver strong returns for our shareholders in a way that also provides better outcomes for our clients, people and New Zealand.



FROM ITS BEGINNINGS IN 1988 TO TODAY



34%
MANUFACTURING & LOGISTICS

40%
CIVIL & GENERAL

26%
CONSTRUCTION & TECHNICAL



30
OFFICES



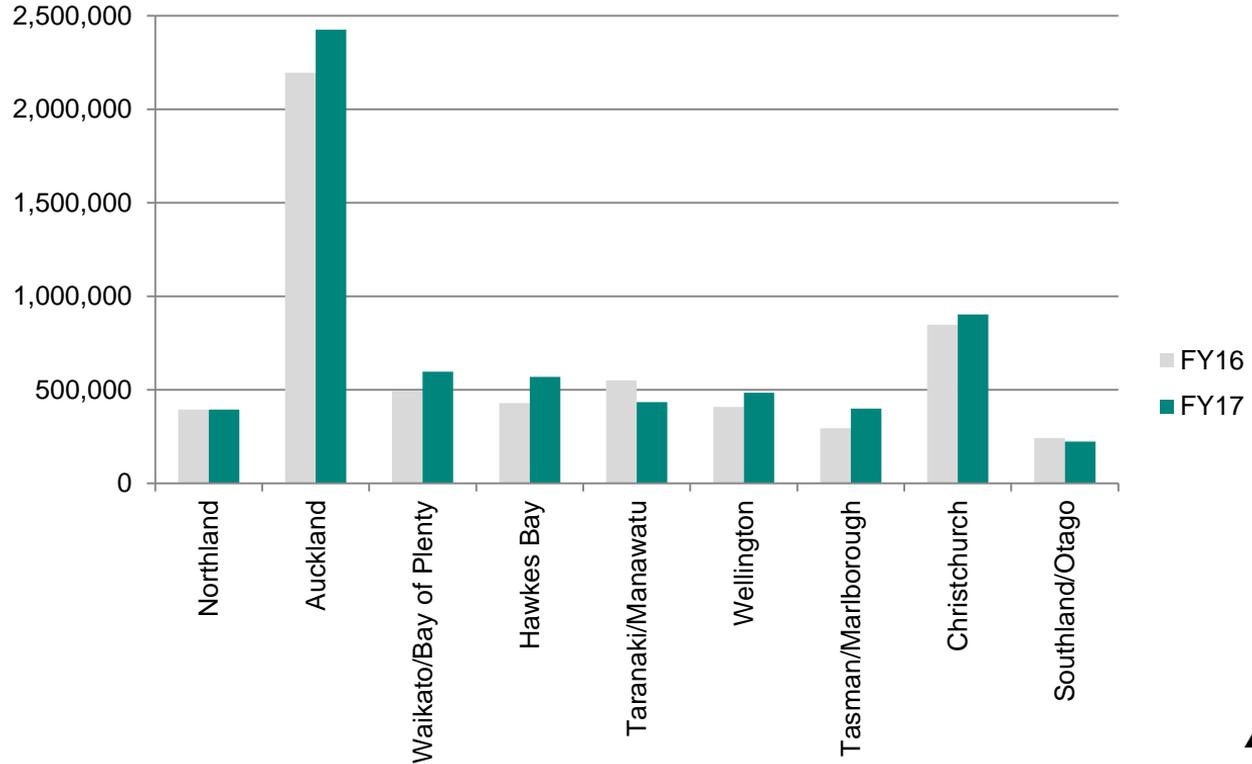
124
STAFF



UP TO
3,500
PEOPLE
DEPLOYED DAILY

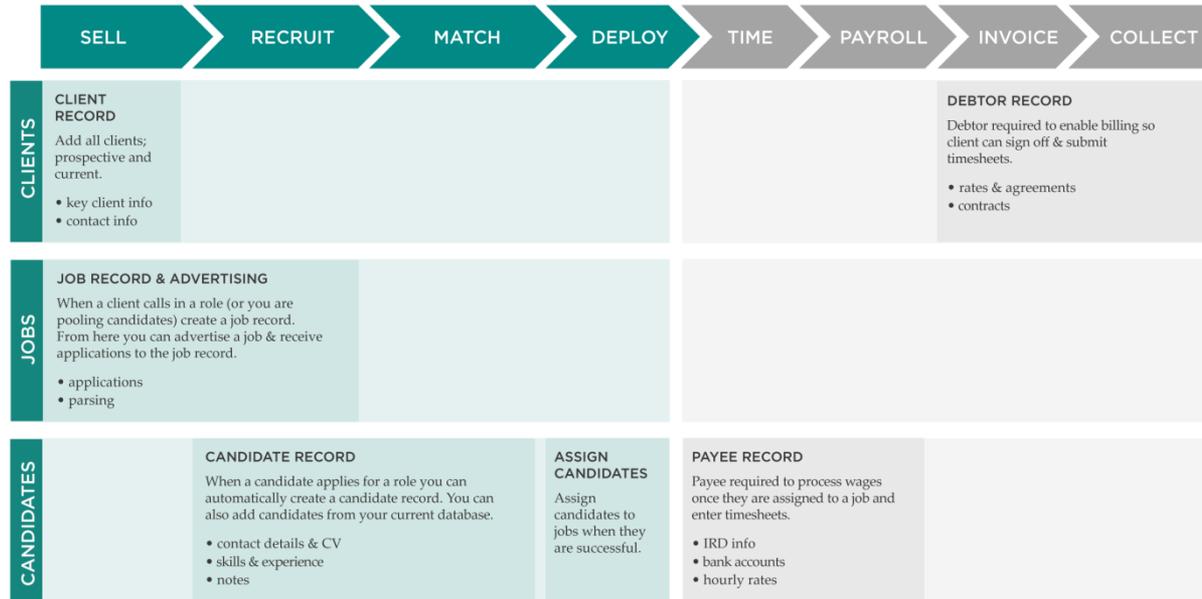
HOURS SOLD BY REGION

10% Year-on-year growth in hours sold



PLATFORM CHANGE

- Consolidation of branch databases to centralised CRM.
- Integration of operations systems across recruitment process.



THE AWF BUSINESS PLAN

Continue strengthening our platform in order to source and safely place candidates in a skill-short market:

People: The adaptability of our branch network is paramount.

Customers: Expand our higher margin business and develop new service offerings to complement our core strength.

Country: Improve NZ's productivity by addressing the shortage of labour, assisting youth and the unemployed, and utilising skilled migrant labour.

Finances: Achieve sales and margin growth, improve operating efficiency and minimise exposure to bad debts.



FROM ITS BEGINNINGS IN 1998 TO TODAY

45%
PERMANENT
PLACEMENTS



55%
TEMPS/
CONTRACTORS



1,100
PEOPLE
DEPLOYED DAILY



5,615
PLACEMENTS/YEAR



13,400
CANDIDATES
INTERVIEWED/YEAR



510,000+
CANDIDATES IN THE
DATABASE

THE MADISON BUSINESS PLAN

Maintain exceptional customer experience standards through our growth and amidst market challenges:

People: Support skills development and high performance culture in an all-encompassing role.

Customers: Focus on excellence in execution whilst having to “do more for less”.

Country: Drive outcomes and contribute thought leadership to assist the Post-Millennial generation.

Finances: Achieve earnings growth through existing business and the financial contribution from the Census 2018 contract.

ABSOLUTE IT ACQUISITION

- The purchase price of \$15.3 million comprised:
 - » An initial cash payment of approximately \$11.1 million, paid on 1 November 2016; and
 - » An additional payment of up to \$4.2 million, subject to Absolute IT's earnings achieving defined thresholds for the 52 weeks to 1 November, 2017.
- The acquisition was debt-funded, using AWF Madison's existing facility with ASB Bank. \$12.5 was drawn on settlement.



FROM ITS BEGINNINGS IN 2000 TO TODAY



66.7%
CONTRACTORS



33.3%
PERMANENT
PLACEMENTS



4
OFFICES



48
STAFF



450
PEOPLE
DEPLOYED DAILY

THE ABSOLUTE IT BUSINESS PLAN

Ensure Absolute IT's identity remains intact under new ownership, whilst leveraging group resources:

People: Protecting our values-based hiring and culture is key to retaining and developing a high performing team.

Customers: Our reputation and approach to doing business will enable us to make further inroads.

Country: Using our data and market insights, we will work to have a bigger impact on the growth of NZ's IT talent.

Finances: Drive P&L accountability through the business.



FY17 FINANCIALS

\$000's	FY 2014	FY 2015	FY 2016	FY 2017
Total Revenue	148,647	196,434	214,589	256,428
Employee benefit expense*	-129,373	-172,112	-190,333	-229,150
EBITDA**	8,385	12,617	11,710	13,454
Profit for the period	3,952	5,416	5,202	5,867

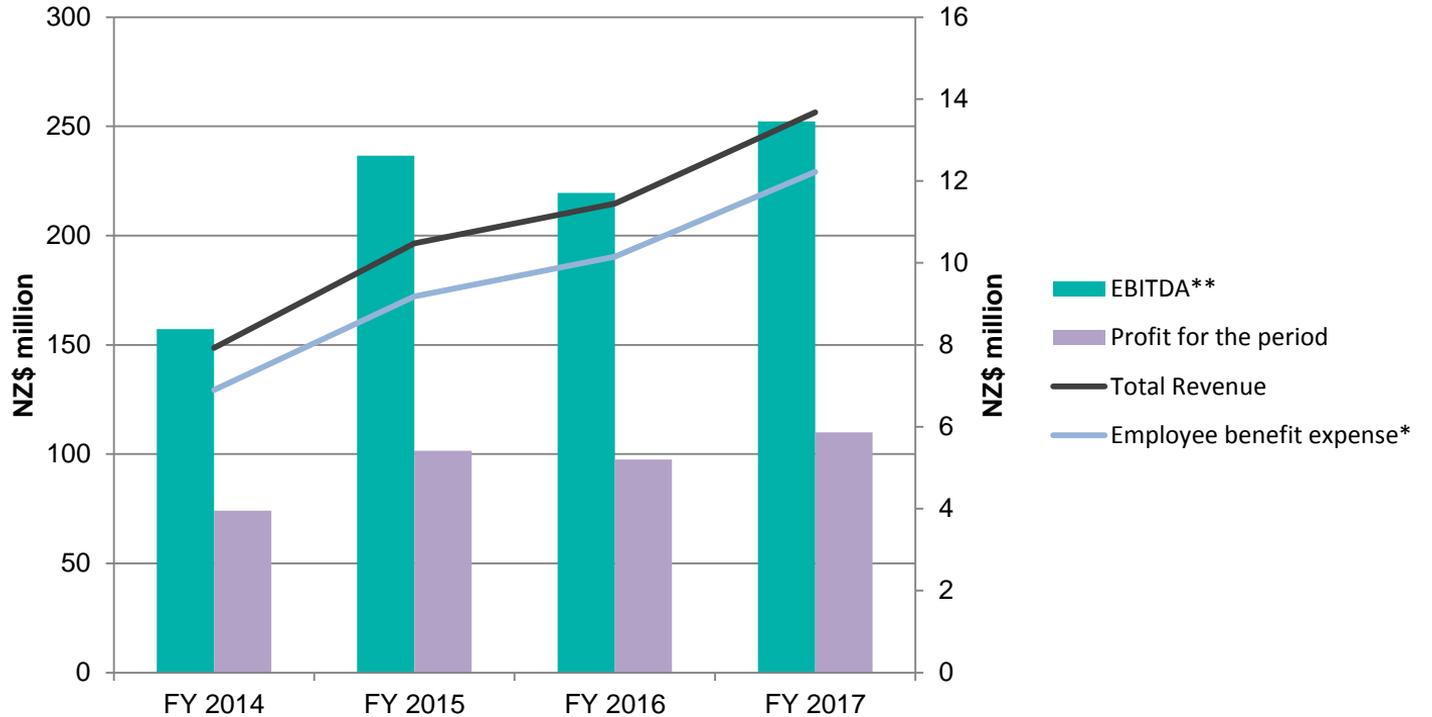
14.9%
increase



* Wage and salary payments

**EBITDA: earnings before interest, tax, depreciation and amortisation

FY17 FINANCIALS

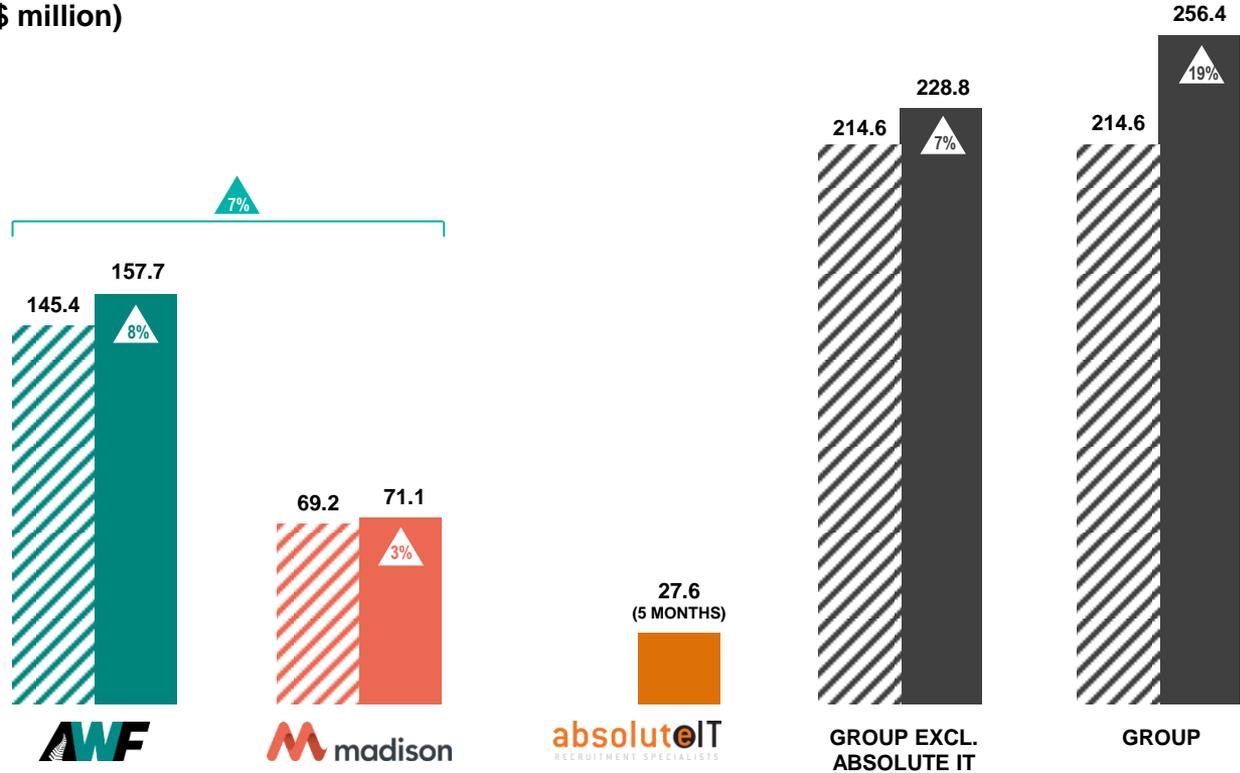


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FY16 VS FY17 GROUP REVENUE

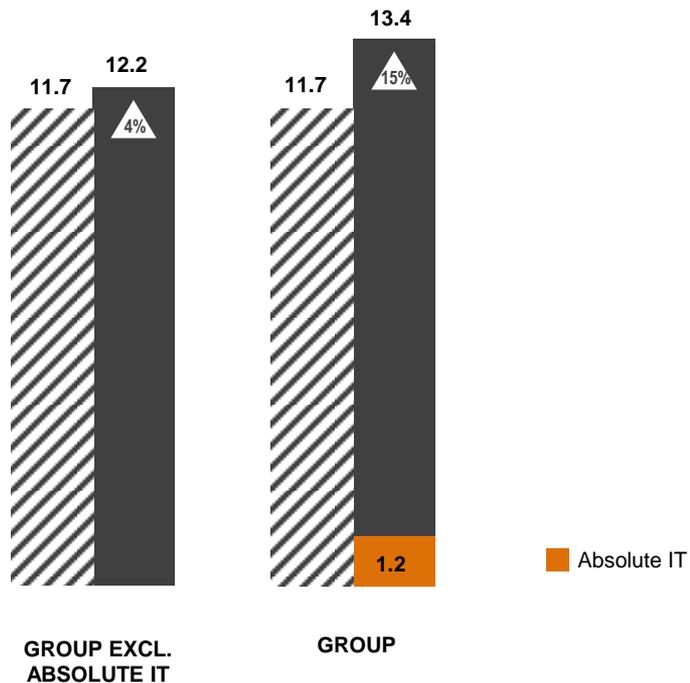
(NZ\$ million)



- Absolute IT was acquired 1 November 2016.
- The 12 months Revenue to 31 March 2017 for Absolute IT was \$72.8m

FY16 VS FY17 GROUP EBITDA

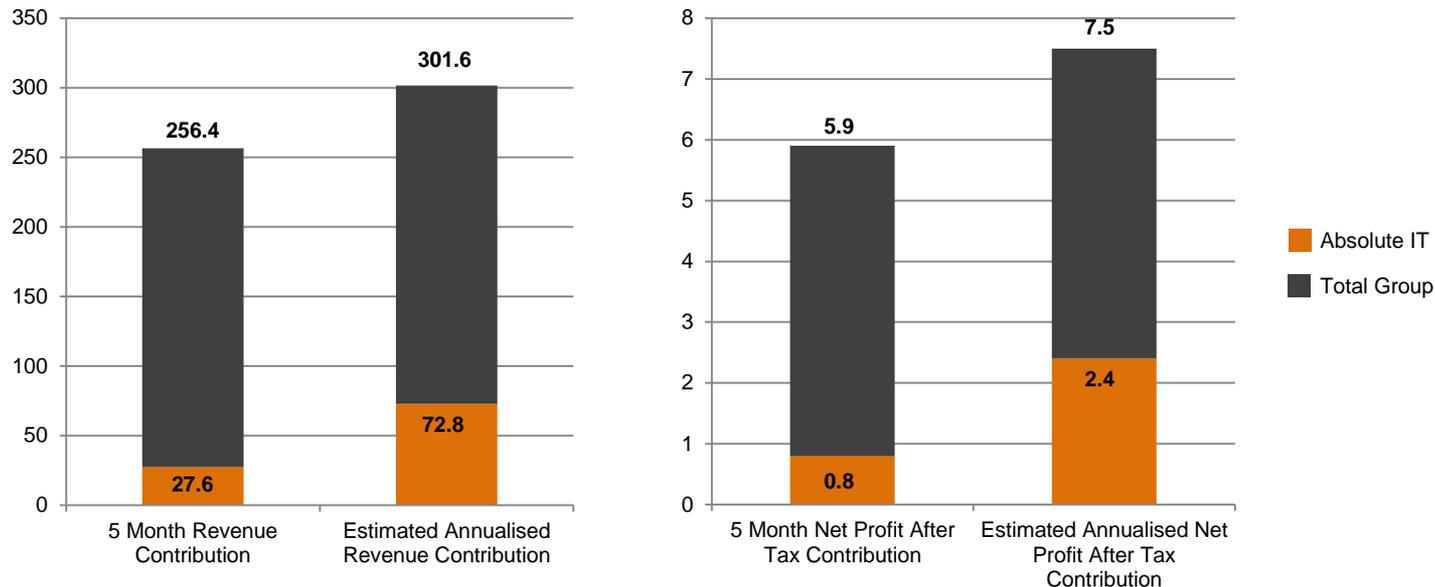
(NZ\$ million)



- Absolute IT was acquired 1 November 2016.
- No allowance within AWF has been provided for 'lost' business / EBITDA due to the distraction associated with the implementation of the new Fast Track business front end software.

IMPACT OF ABSOLUTE IT ACQUISITION

(NZ\$ million)



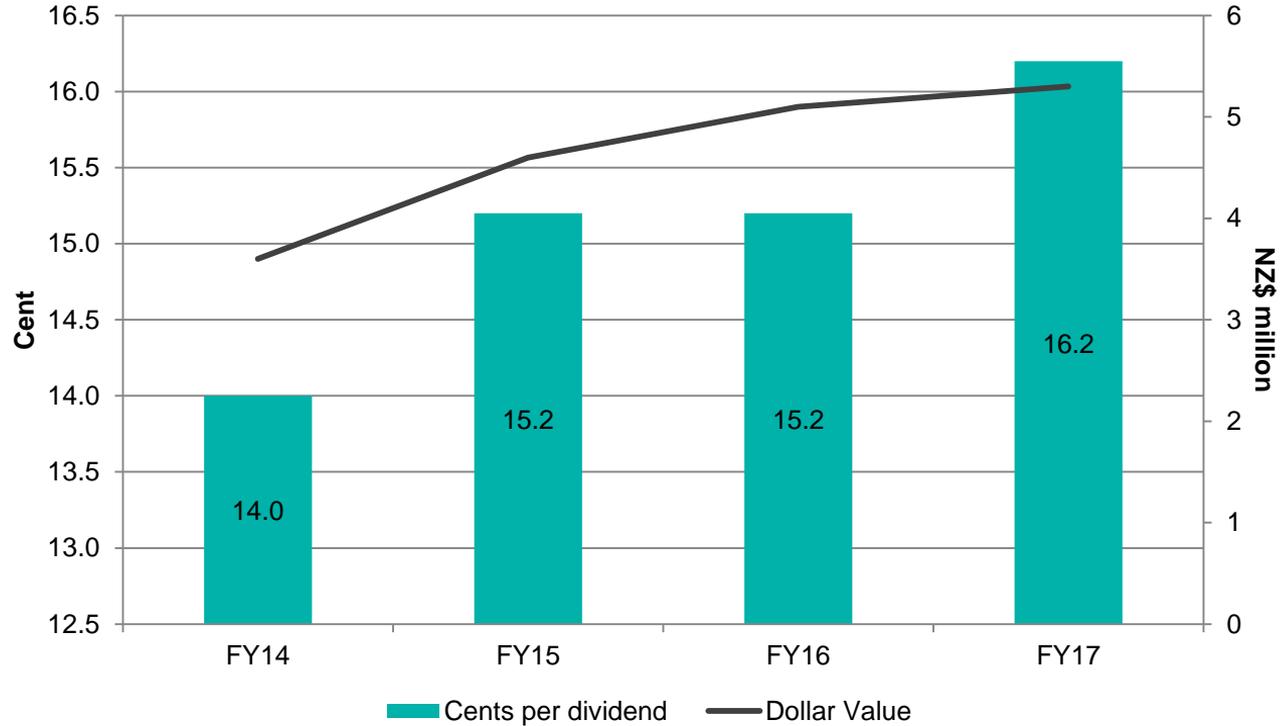
In determining the estimated revenue and profit of the Group had Absolute IT Group been acquired at the beginning of the current year, the directors have:

- Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination; and
- Calculated amortisation of identifiable intangible assets acquired based on the value of these assets at date of acquisition

FUNDING & DEBT

- Term debt of \$33.5m at 31 March 2017 (Limit \$36m).
- Net debt \$32.4m at year end.
- Overdraft facility of \$12.0m.
- Facilities expire 31 December 2019.
- Interest expense \$1.2m vs 1.3m last year.
- Debtors at \$45.5m vs \$33.1m last year.

DIVIDEND CHART



NZX PRICE HISTORY



Investor Case

- Track record of robust dividends.
- AWF Madison Group offers a unique stock offering.
- A broad client base is covered by 3 established companies, each with a differing revenue mix to provide dependable earnings.
- Of value to the New Zealand economy.

www.awfmadison.co.nz

APPENDIX A

Reconciliation of EBITDA to Net Profit for the period

	2017	2016
EBITDA	13,454	11,710
Depreciation & Amortisation	3,003	2,772
Impairment (AWF IT legacy system)	443	-
Finance costs	1,193	1,333
Investment Revenue	(2)	(35)
Acquisition costs (IT Absolute)	262	-
Net Profit before tax	8,555	7,640
Income Tax Expense	2,688	2,438
Net Profit for the period (as reported)	5,867	5,202