



NZX Release

28 February 2018

AWF MADISON GROUP LIMITED (NZX:AWF): TRADING UPDATE

AWF Madison advises that the second half year financial results will signal an ongoing soft labour hire environment, as notified to the Market in September 2017.

The September 2017 Release referred to lower than expected revenue owing to various factors, notably a change in traditional construction activity; and reduced chargeable hours from AWF's construction and civil clientele. Another factor has been the continuing increased cost of legislative compliance, into the second half of the year.

The demand for Trades, particularly in the Auckland construction sector, is strong; however, the mobilisation of AWF's migrant workforce channel, which largely supports this function, has been hampered by delays in arrivals to take advantage of this opportunity.

The demand for recruitment talent has had some impact on the Madison business with pressure of competition for current and future talent by growing internal recruitment teams. This has softened the Madison result.

The performance of AWF Madison's other business, Absolute IT, continues to meet expectations.

As a consequence of the above, profit, as at 31 March 2018, is expected to be behind that of the prior year. However, Cash Flow remains strong, and the operational plans to improve financial performance, implemented during the year, are having the desired effect, albeit at a rate slower than anticipated.

AWF Madison anticipate announcing its Full Year result following its scheduled Board meeting, on 28 May.

Ends

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