

# HALF YEAR RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Disclaimer: This half year presentation dated 11 November 2015 provides additional comment on the NZX/media release and other supporting documentation issued on 9 November 2015. As such, it should be read in conjunction with and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release. Please read this presentation in the wider context of material published by AWF Madison Group Limited. References to non-GAAP information are used in this presentation. Reconciliations of non-GAAP financial measures are included in the above release and in this presentation.

**SIMON BENNETT**

CHIEF EXECUTIVE

November 2015

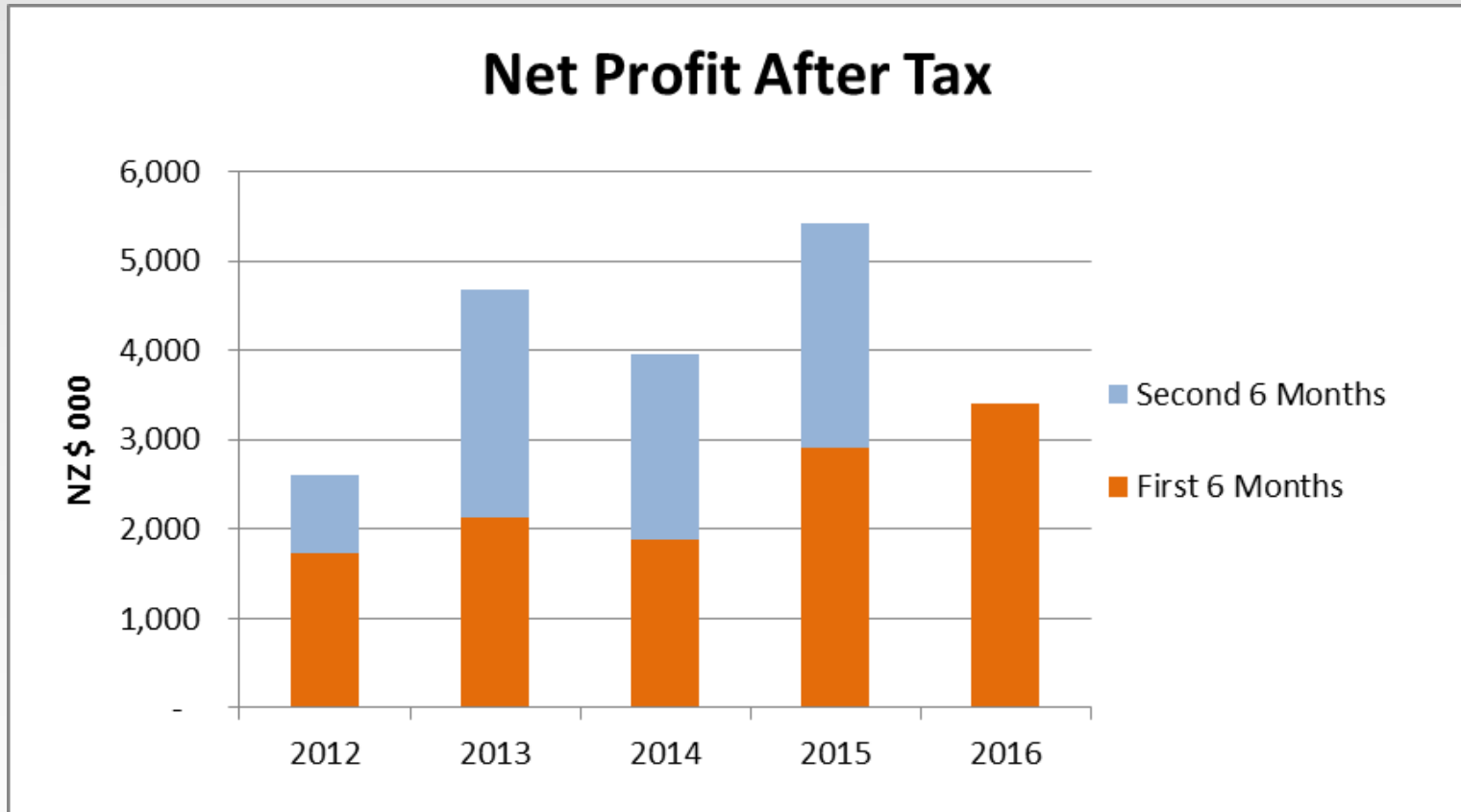


AWF MADISON

# H1 FY16: A steady first half

- AWF lifts revenue
- AWF has started Operational Excellence Programme
- Madison steady, slight shift in revenue mix
- Continued strength in Auckland, Christchurch and Wellington
- Strong balance sheet and cash flow
- Group organisational changes well underway

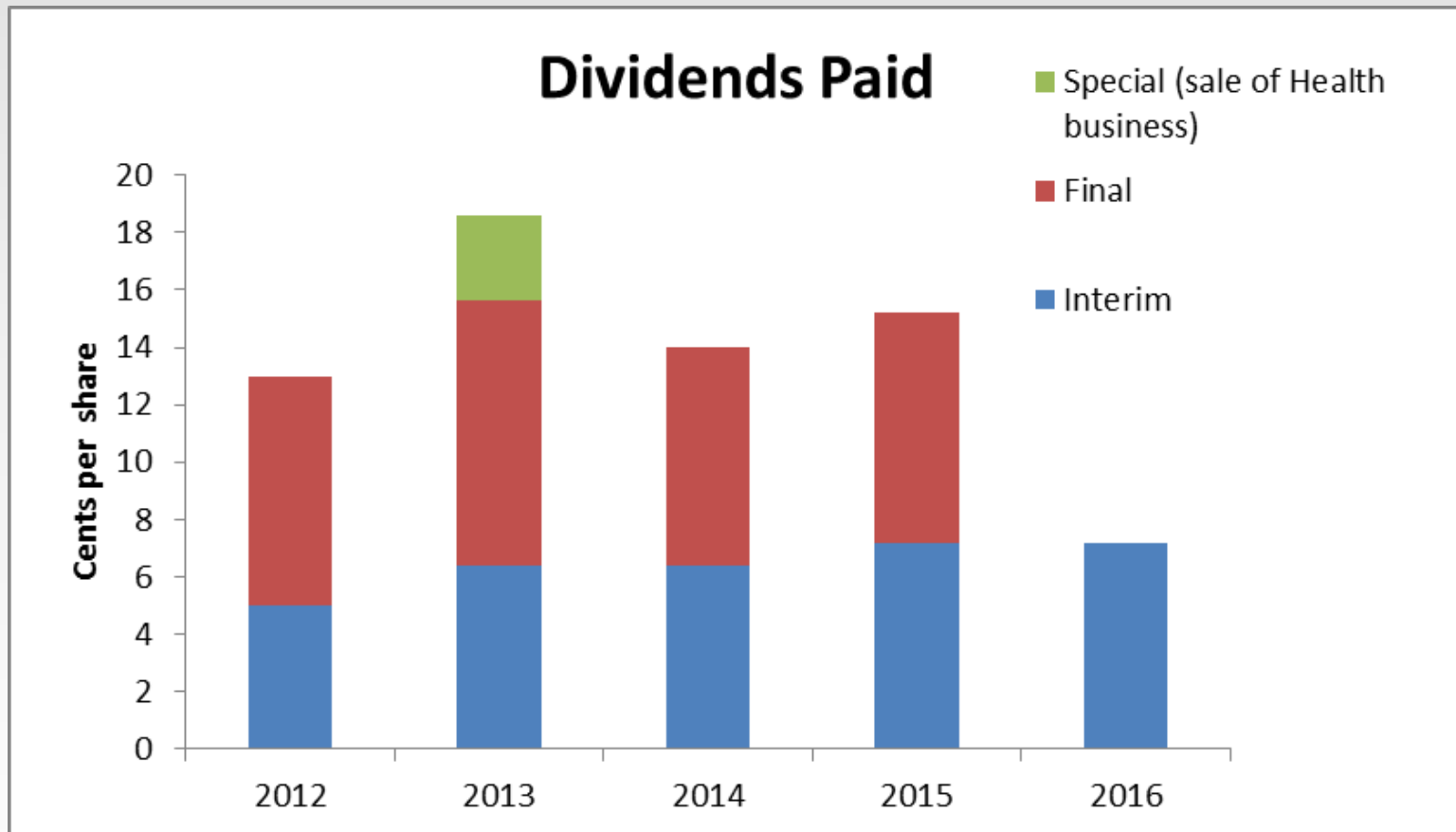
# Net Profit



# Summary Result

\$m	H1 FY15	H1 FY16	Change (\$m)	Change (%)
Revenue	98.6	106.3	7.7	8.0%
EBITDA	6.6	7.1	0.4	6.4%
NPAT	2.9	3.4	0.5	17%
Underlying earnings	3.6	4.2	0.6	17%

# Dividend Chart



# Dividend Policy

- The payment of dividends is at the discretion of the Board
- The Board's current policy is to declare a steady lift in dividends (with current annual dividends representing approximately 60 - 65% of underlying earnings after tax)
- Half year dividend same as prior year but cash cost \$2.39m vs \$1.98m prior year
- Conservative payment leaving opportunity to lift with final dividend

# Financial Performance

\$m	H1 FY15	H1 FY16
Total Revenue	98.7	106.3
Employee benefit expense*	(86.2)	(92.7)
EBITDA**	6.6	7.1
Profit for the period	2.9	3.4
Underlying earnings***	3.6	4.2
Earnings per share (cents)****	11.1	10.5
Underlying earnings per share (cents)****	13.7	12.9
Dividend per share (cents)	7.2	7.2

\* Wage and salary payments

\*\* EBITDA: earnings before interest tax depreciations and amortisation.

\*\*\* Underlying earnings after tax excludes amortisation of goodwill and impairment

\*\*\*\* prior year earnings per share and underlying earnings per share have been adjusted for the rights issue in order to comply with accounting standards

# Business Performance



- Good revenue growth, up 14% on prior year
- Third successful Maori cadetship programme completed
- AWF Operational Excellence Programme targets efficiencies and operating cost reduction
- Website relaunched – traffic up 45% on prior year
- Decline in margin halted



# Business Performance



- Stronger demand for permanent recruitment but longer time to fill roles
- Increase in contracting volume
- Slight decrease in temp revenue as clients propensity to hire increases
- Opportunity to recruit for higher level roles remains, scarcity of internal talent has slowed progress

# Financial Position

- Strong balance sheet and cash flow
- Net debt: Sep 2015 - \$18.5m (Sep 2014 - \$28.3m, Mar 2015 - \$21.8m)
- ANZ Term Loan Facility extended to 2018

# Outlook

- *“Some further reduction in the OCR seems likely. This will continue to depend on the emerging flow of economic data. It is appropriate at the moment, to watch and wait.” – RBNZ, 29 October 2015*
- From our perspective;
  - Continued strong demand in Auckland, Wellington and Christchurch will support AWF
  - We expect modest growth for Madison on the back of continued strong demand for white collar roles
- Operational Excellence focus within AWF will start to influence results this full year and beyond
- At this stage we are confident the Group will post a satisfactory result for the full year to 31 March 2016

# Thank you

**SIMON BENNETT**

CHIEF EXECUTIVE

021 036 8387

**ROSS KEENAN**

CHAIRMAN

021 685 655



AWF MADISON