



ANNUAL SHAREHOLDERS' MEETING

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

27 JULY 2016

CHAIRMAN'S ADDRESS

ROSS KEENAN
CHAIRMAN

AGENDA ITEM 1

Chairman's Introduction.

AGENDA ITEM 2

Consolidated financial statements for the year ended 31st March 2016.

AGENDA ITEM 3

Fully imputed final dividend of 8 cents.



Presentation to AWF Madison AGM

Wednesday 27th July 2016

From the Board perspective here are some key points from FY16:

- In our releases and again in the Annual Report you may have noticed our references on several occasions to “one off costs” plus multiple references to the process of “transition”.
- As I chaired this meeting last year, I was somewhat chuffed at the “transition” from one CE to another and that part was indeed very well achieved – with Simon Bennett slipping into the role by July 2015 both comfortably and firmly.
- But even he would say that was the easy part. Several times I have made the observation that the transition to new leadership would inevitably bring changes through the organisation but also in the manner in which business was conducted and with that a review of priorities, capabilities and objectives both short and long term.
- I also observed that in the view of the Board that transition represented a generation change of style and focus. In our comments we called this a “fresh leadership style ushering in renewed energy” and indeed it was.
- A few of our old hands would have put this somewhat differently – as the firestorm arrived – showing an easy ability to dig down into the business; to test our Health & Safety practices; to test our understanding of business profitability at branch levels; to test our competence around embracing technology as an opportunity; testing the culture of service delivery to clients and of course a certain inevitability of shaking the tree that followed – and continues!
- Simon knew the Madison business so my references here relate to the core AWF business across our 35 branches around NZ.
- Transition also applied to business within the AWF Madison Group and the opportunities that emerged by being that diverse Group.
- We are able by the combined AWF and Madison to be a fully integrated recruitment service provider across industrial and commercial blue collar and white collar, from

labour and skilled trades through office and administration management, contractors, permanent and temporary staff, a wide capability.

- It's early days in the delivery of this capability – for example why don't AWF branches themselves offer a broader range of services to the 2000 firms on the client base of AWF.
- Much opportunity ahead, but requires greater use of technology with systems and processes, while demonstrating efficiency in a client friendly manner. We are investing heavily in our capability in this area, but as with bold goals, time to implement and refine is needed.
- From a business mix perspective we have a very diverse business base, with no individual client or group commanding more than 11% of our business, and we like that spread.
- On the other hand as our larger client base grows (and it is), pressure on net yield occurs and we are working hard to better deliver, a better service to our ever growing client base to draw them to us – it's work in progress, and as will be obvious, technology will drive our success in this area.
- In respect to the year ahead (ie, which we are in), we have modest goals but are certainly seeing some of the pain incurred in the latter part of the 15/16 year being overtaken by efficiency gains.
- Finally having had long experience personally in matters around safety, I am impressed with this new generation of leadership to the culture of Health and Safety across the daily responsibility for well over 4500 contracted people out across New Zealand on a daily basis.
- As a Board with our extensive and varied business experience, we know that only constant attention, at all levels of the company, to the measurement and management of practices in the workplace, will deliver the confidence that leads to pride in delivery of service, and within that the delivery of standards that meet collective goals. It is a constant focus within our Group.

Ross Keenan

Chairman

AGENDA ITEM 4

CEO's Presentation.

CEO'S PRESENTATION

SIMON BENNETT

CEO



OUR PEOPLE

- Across the group, 258 people deliver services.
- We deploy up to 4,600 people each week.
- Safety remains our key focus.

FY16 FINANCIALS

\$000's	FY 2014	FY 2015	FY 2016
Total Revenue	148,647	196,434	214,589
Employee benefit expense*	-129,373	-172,112	-190,333
EBITDA**	8,385	12,617	11,710
Profit for the period	3,952	5,416	5,202
Underlying earnings***	4,648	6,756	6,512

* Wage and salary payments

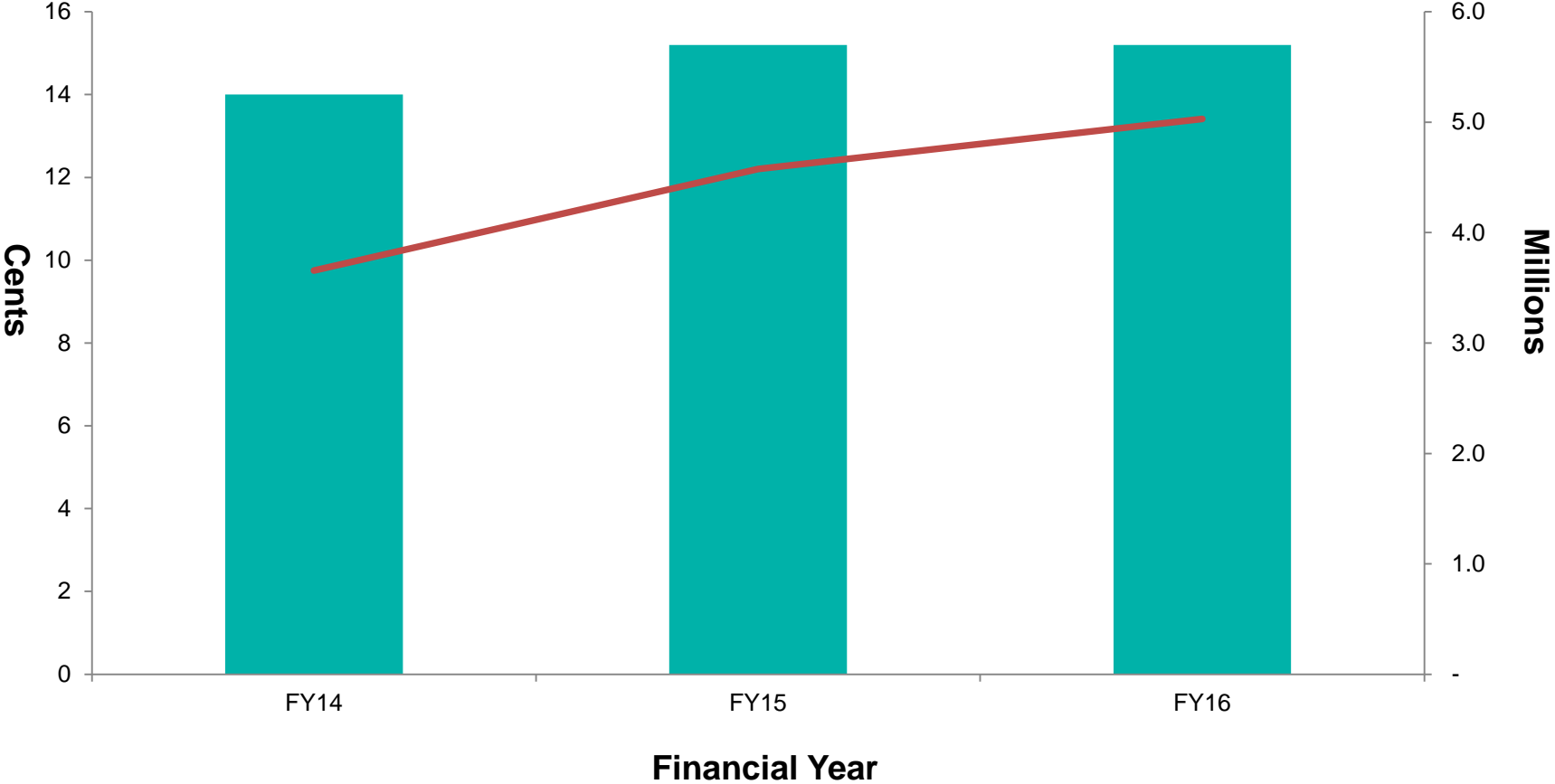
**EBITDA: earnings before interest tax depreciations and amortisation

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

FUNDING & DEBT

- Term debt to \$21.0m at 31 March 2016.
- Facility expires 31 December 2018.
- Net debt \$21.9m at year end.
- Debtors at \$33.1m vs \$28.0m last year.

DIVIDEND CHART



■ Cents per dividend — Dollar Value



DIVIDEND POLICY

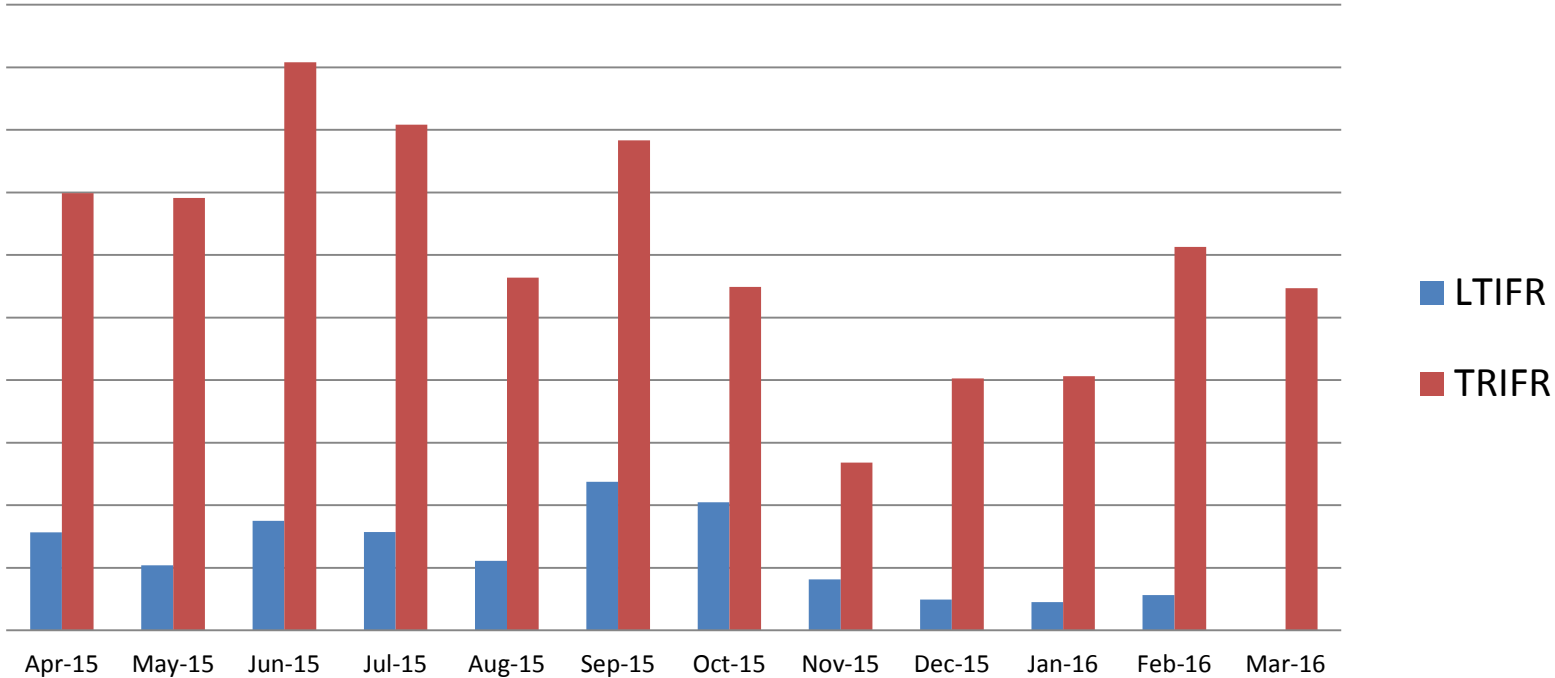
- Declare a steady lift in dividends.
- Current annual dividends targeted at 60 - 65% of underlying earnings after tax.
- This policy may change at the discretion of the Board.

BUSINESS PERFORMANCE & ACHIEVEMENTS

- Experienced and capable leadership team formed.
- Consolidation of Group shared services function.
- Strategic framework established.
- Reorganised Christchurch company structure.

HEALTH & SAFETY

2015/16 LTIFR vs TRIFR



BUSINESS PERFORMANCE



- Maintained all existing key clients.
 - » 36% growth across our top 20 customers
- 868 new customers on boarded in FY16.
- Over 9000 new employees on boarded and placed into work across FY16.
- Strong in Auckland, Wellington and Christchurch.
- Certain regions weaker with downturn in dairy and oil price slowing supporting services spend.
- Margin pressures throughout manufacturing sites linked to global market effects.
- Trades business unit re structured to deploy national program with identified upside on large projects in metro areas.



BUSINESS PERFORMANCE



- Cadet programme continues to grow and add back to industry.
- Over a two year period, we have trained over 125 cadets through our pathways programs.
- Employees graduate with practical industry qualifications & work experience.
- Work experience covers all AWF industries whilst training focuses on the safety of the employee and skills required for the future.



FY17 STRATEGY



- Specific 2 – 3 year program of managed internal change.
 - » Focus on Safety via AWF Golden Rules and Home Safe programs
- Strong IT systems with duplication & cost removed.
- Better quality client relationship & candidate handling through measured sales and service focus.
- Core unskilled & logistic sector work reinforced.
- Growth in trades, engineering, skilled and semi skilled.
- Aiming for 10% EBIT growth from mix of lower costs, higher average price realisation, new revenue streams and stronger volumes.
- Re engineering of internal capability, structure and talent management to ensure a strong operational future of our people.



BUSINESS PERFORMANCE



- Strong performance in Wellington, Christchurch, IT and South Auckland.
- Strong temp and contractor performance; permanent recruitment challenging.
- Year on year operating margin maintained 21.5%.



FY17 STRATEGY



- Focus on core strength whilst developing professional high value permanent recruitment.
- Simplify and standardise structure.
- Focus on measurement, performance management, incentives and staff development.
- Optimise consulting desk model via senior consultants.
- Targeted business development.



OUTLOOK



- Complex market dynamics.
 - » Migration, Property Bubble, Christchurch, Health and Safety and Digital Economy.
- Candidate shortages.
- Madison's scale, resources and reach – well placed.



GROUP OUTLOOK

Market is strong

- Efficiency gains to be had in AWF.
- Opportunity to grow channels in Madison.
- Shortages of candidates will reward higher margin over time across both businesses.
- Scale will be rewarded as smaller players find it hard to comply, especially in Health and Safety.
- Pathway to growth in earnings established.

AGENDA ITEM 5

Resolutions:

1. Eduard (Ted) van Arkel re-appointment.

AGENDA ITEM 5

Resolutions:

2. Julia Hoare re-appointment.

AGENDA ITEM 5

Resolutions:

3. Directors to fix the fees for the auditors for the year.

AGENDA ITEM 6

Auditors' Re-appointment.

AGENDA ITEM 7

Update on staff share incentive scheme.

AGENDA ITEM 8

General Business.

