



AWF MADISON

NZX RELEASE

20 March 2020

### **AWF MADISON GROUP LIMITED: MARKET UPDATE**

We are pleased to report that we have had some strength returned to AWF, which is now also boosted by resolution of the Labour Inspectorate investigation.\* This investigation, dating back to 2018, limited flexibility of both deployment and redeployment of AWF's migrant labour. In addition, AWF experienced a reduction of workflow following the fire at the NZ International Convention Centre, which impacted overall earnings. Some softness at Madison also contributed to this result, on the back of one large client project suspension which has subsequently resumed.

We advised the markets on 24 October 2019 that our full year EBITDA\*\* earnings would be between \$12.7m and \$14 m. There are still some unknowns that will influence our Year End result. However, we are close to our balance date and can provide an update that we are now expecting our EBITDA to fall short of this guidance by circa 10 percent.

While we expect the full year EBITDA will be ahead of FY19, looking forward, our immediate concern is the wellbeing of our people and the ramifications of COVID-19. It is too early to tell what the impact of social and subsequent economic changes will be.

Immediately following the announcement of the outbreak in early February, and up until today, we continued to trade normally. We are now starting to see changes in the market. A number of clients are putting permanent roles on hold. Offsetting this, we have had some strong levels of enquiry from large organisations in blue and white collar sectors needing additional resources to cope with their COVID-19 response.

Our temp and contractor channels have tended to grow in previous recessionary times, albeit what lies ahead is unprecedented.

The Company has cash on hand and substantial available undrawn bank capacity.

We expect to be able to provide further guidance on the impact of COVID-19 when we announce our full year result for FY20 towards the end of May 2020.

For further information contact:

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**Chief Executive**

\*For further details on AWF's settlement with the Labour inspectorate, see media release of 20 March 2020 here: <https://www.awf.co.nz/blog/2020/03/awf-adopts-best-practice-in-contracting-overseas-workers>

\*\*EBITDA is a non-generally accepted accounting principle term and reconciles to reported profit before tax by deducting depreciation, amortisation finance, depreciation on right of use assets and finance on leases.