



NZX RELEASE

4 September 2020

AWF Madison Group Limited: Market Update

AWF Madison Group Limited (NZX:AWF) wishes to update the market on its expected half year financial results, which are likely to show materially higher profit than the FY2020 Half Year result on reduced turnover.

The impact of COVID-19 on the country, the labour markets and our businesses has been significant and unpredictable, driving both cost saving initiatives but also some additional margin for the Group. In the early stages of the pandemic, the Group took significant cost containment measures. This included directors and senior management voluntarily taking pay cuts, as did a high percentage of our operational teams. Commercial reality also required us to undertake limited restructuring actions which resulted in the business reducing some of its workforce.

The businesses have worked hard through the lockdown to provide essential services to many key clients. A number of our business units received the wage subsidy for eligible employees, which enabled us to continue to employ large numbers of our people.

Whilst areas of our key business of Permanent Recruitment is subdued at this time, and likely to remain so, there has been continued demand for Contingent workers; and our ability, in many cases, to supply to market requirements; and in other cases to provide innovative solutions to problems faced by clients, has driven strong profitability, ahead of the prior year.

The balance sheet has benefited not only from the operating performance noted, but also from our reduced capital expenditure, the suspension of our FY20 final dividend and a reduction in working capital. As a result our net debt position as at 31 August is \$11.5 million (including bank debt and tax payable).

We expect to provide a further update at the Annual Shareholders Meeting on 30 September 2020; and to report our FY2021 Half Year result at the end of October 2020.

Ends

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