

# AWF GROUP LIMITED

## 2006 Annual General Meeting

*NZ's leading specialist blue collar  
labour hire group*

Simon Hull, Managing Director

July 2006



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# Introduction

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- On hire businesses employ people to ‘hire’ to other businesses
- NZ market for on-hire labour grew 56% over 4 years to 2005
- AWF Group is New Zealand’s largest specialist blue collar on hire labour business, and has achieved 38.4% CAGR from FY1993
- Deploy up to 4,000 crew to work on any given day
- AWF listed on NZSX in July 2005
  - providing balance sheet strength for organic and acquisition growth



# Fundamental Points of Difference

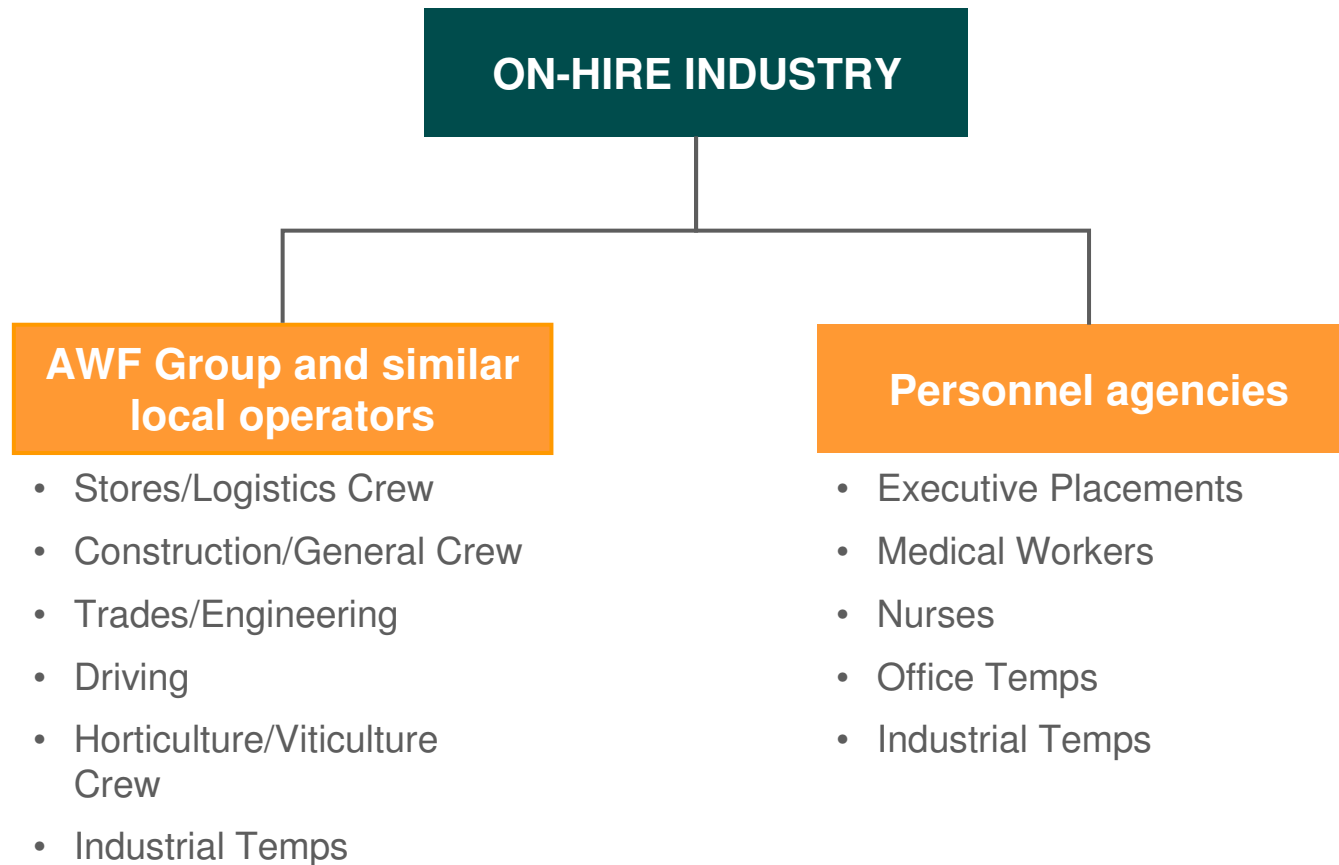
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- **WE: Supply a service**
  - Results focussed: skillset → urgency → client solution
  - Requires face to face approach with client and crew
- **OTHERS: Work to formula**
  - Secure the placement to secure the revenue stream
    - send more candidate CVs
  - Right person for the job? Up to client not agency



# What is the on-hire industry?

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# Advantages for industry

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- **Total skills and resource flexibility**

Meeting industry's increasingly variable (not fixed) labour requirements

- **Contained fixed cost structure**

No overhead, transparency of cost for clients

- **Removal of payroll and statutory compliance difficulties**

All handled by AWF Group as part of our complete service

- **Cost effective**



“Good for Business”



# Why workers work in 'on-hire'

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- **Job**

Similar to 'full time' engagement if a worker requires

- **Competitive pay rates**

Average pay rates run from \$10 per hour to \$40 per hour depending on skill level

- **Flexibility in when, where and what they do**

Workers choose the roles they want to take

- **Gain wide experience and up-skill**

Training, qualifications offered to recognise & develop skills



“Good for the Crew”



# What sets Allied apart

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- **Scale of the business**

Up to 4,000 workers on any one day, 10,000 workers on the books, 8,000 clients

- **Hands-on approach**

Management understand the business, clients & jobs

- **Much more interaction with both 'crew' and clients**

Recognition that crew is the source of our success

- **Bigger national footprint and range of offering**

Servicing national clients from local branches

- **Labour 'when you need it' to get it done**

AWF Group's focus on achieving the desired result





## Board of Directors

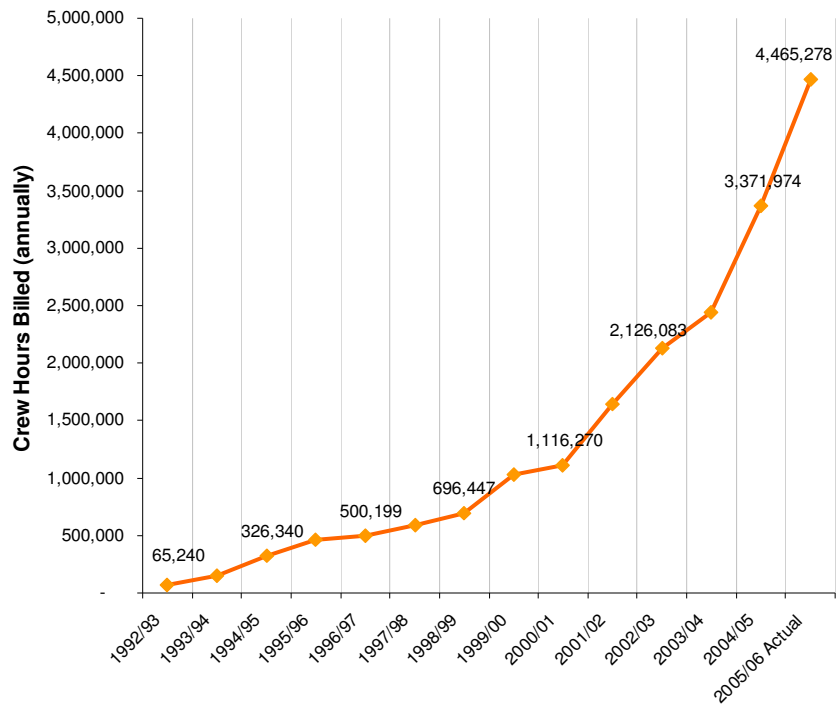
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- Ross Keenan, Independent Chairman
- Simon Hull, Managing Director
- Ted van Arkel, Independent Director
- Greg Webster, Chief Executive Officer

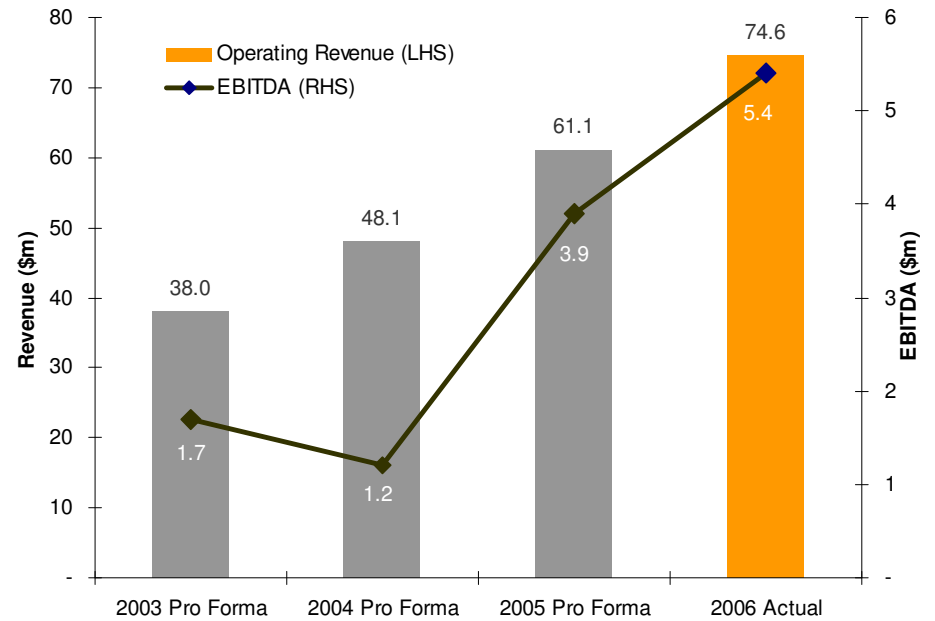


# Track record of growth

## Crew hours worked



## AWF Group revenue & ebitda



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## Final Results & Operational Performance



## Financial Results - FY2006

Year ending 31 March	2003	2004	2005	2006	Prospectus
\$ million	Proforma Audited	Proforma Audited	Proforma Audited	Actual Audited	Projection
Operating revenue	38.0	48.1	61.1	74.6	74.2
- growth		27%	27%	22%	
EBITDA	1.7	1.2	3.9	5.4	5.2
- growth		-29%	233%	38%	
NPAT	0.7	0.4	1.9	3.0	3.1
- growth				60%	
EPS (cents)			7.2	11.6	
Dividend (imputed)				10.0 cents	9.5 cents

*Note: Pro forma and prospectus NPAT amended for impact of IFRS (no amortisation of goodwill)*



## Revenue growth

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- Same branch basis 10.4%
- Incl. new branches AWF & Quin 15.7%
- Incl. CLS (six months) 22.5%
- If CLS included for full year 27.7%



# Acquisition of CLS

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- Strategic opportunity to enter horticulture / agriculture labour hire
- Acquired 64% in Sept 2005
- 700-800 crew, annual turnover \$8-10 million
- Adds branches in Hawke's Bay, Motueka, Blenheim and Waipara
- Rationale:
  - Seasonal horticultural market a growth industry
  - Operational benefits from applying AWF's systems / support
  - Consideration linked to FY2006 performance (Sept y/end)
- Update:
  - Integration complete but large potential to improve operations
  - Growing sector, CLS proving to be a recognised brand
  - Expect contribution to NPAT in FY2006

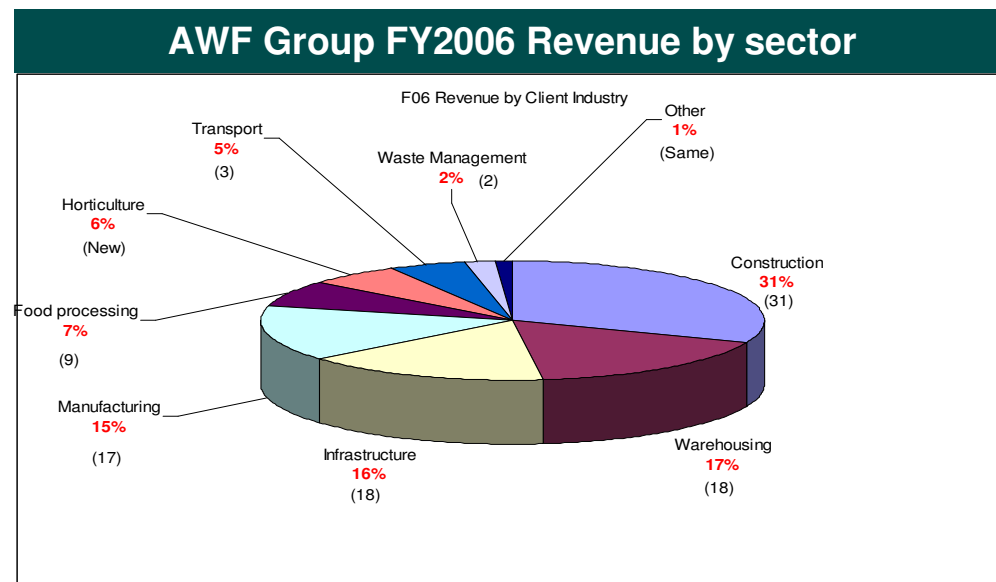


# Steady client base with new additions & projects

## AWF Group clients include:

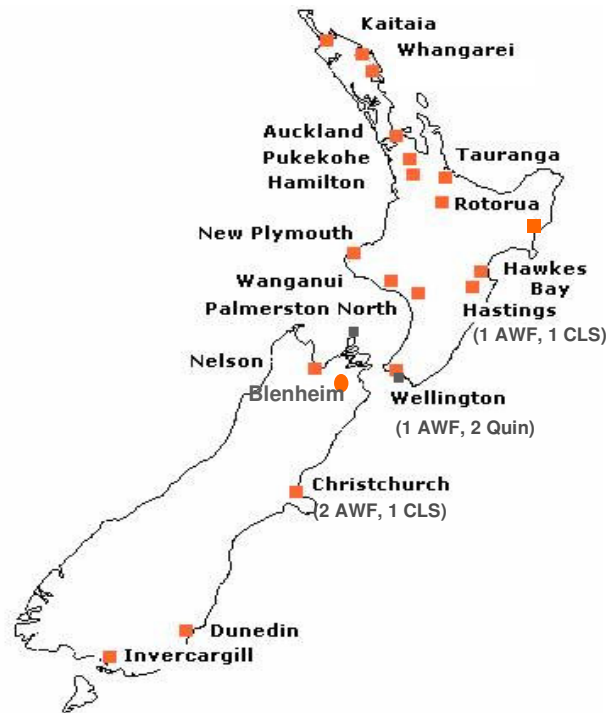
Alstrom	Nobilo
CHEP	NZTS
Courier Post	Oyster Bay
Delegats	Placemakers
Excel Corp.	P&O Nedlloyd
Exide	PPCS
Farmers	Resene Paints
Firth Industries	Rheem Industries
Fletchers	Steel & Tube
Foodstuffs	Tasti Products
Fulton Hogan	Tegel
Hawkins	Te Mata Estate
Huhtamaki	Toll Logistics
Hume	Transfield
Inghams	Turners & Growers
Linfox Logistics	Tyco Electrical
Mainfreight	Weck Pack
Mainzeal	Westfield
Multiplex	Wilson Hellaby
Montana	Works Infrastructure

- Client base increased from 6,000 to 8,000, no client more than 3%, nationally...
- New clients – including rail, food processing, horticulture
- Overall demand is strong (infrastructure, commercial construction), some softer sectors (logistics, retail)



# AWF Group - national coverage

AWF Group locations



Allied Work Force Auckland branches



AWF - "Got it covered"



# Branch network continues to grow

Allied Work Force	Quinn Workforce	CLS
Kaitaia	<b>Lower Hutt</b>	<b>Pukekohe</b>
Whangarei	<b>Wellington Central</b>	Hastings
Auckland (7)		Blenhiem
Hamilton		<b>Christchurch</b>
Tauranga		
<b>Rotorua</b>		
New Plymouth		
Wanganui		
Palmerston North		
Napier		
<b>Hastings</b>		
Wellington		
Nelson		
<b>Christchurch (2)</b>		
Dunedin		
<b>Invercargill</b>		

= new branch

- An expanding network – by location, by brand, by service
- Take-up in new branches as expected. Other branches continue to mature
- New sites planned for current year (AWF & CLS)
- Synergies from co-locating AWF & CLS



# Personnel

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## Crew

- Strong demand continues for flexible work – available crew increased from 8,000 at IPO to 10,000
- Good flow of new crew to branches – quality, availability. Good general demand – across NZ, all sectors, male/female
- Number employed on any day up to 4,000
- Softer economic outlook has eased wage pressure. AWF pays market rate for good people

## Branch / Head Office

- New Auckland GM – Gordon McMahon
- Stable core management team (holding 2.6% of company, excluding SH)



# Summary

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- Recognised specialist for blue collar on-hire labour
- Growing business with branding in place
- Labour hire continues to be a growth market – organic growth, undeveloped sectors
- Full year performance exceeded IPO projections
  - Branch expansion goals met
  - CLS acquisition – integrated, AWF systems in place, improving performance
  - Financial projections exceeded, dividend increased
- Strategy to pursue further growth opportunities
  - Balance sheet well positioned

