



ASX ANNOUNCEMENT

15 February 2018: McGrath Limited (ASX: MEA) today announced its FY18 H1 results.

FY18 H1 vs FY17 H1

- Revenue down 23% to \$51.6 million
- Proforma EBITDA down 66% to \$3.2 million
- Statutory EBITDA loss of \$0.1 million
- Proforma NPAT loss of \$0.7 million¹
- Statutory NPAT loss of \$25.5 million (which includes \$21.8 million goodwill impairment of our Company Owned Sales business and \$1.1 million goodwill impairment of Property Management rights)
- \$3.4 million cash and no bank debt
- National market share remains at 3%²
- No interim dividend has been declared

Commenting on the FY18 H1 results, McGrath CEO, Cameron Judson said:

“Our half year earnings have been adversely impacted by the underperformance of our Company Owned Sales business, including Project Marketing. Our annuity businesses, Property Management, Franchise and Oxygen have performed largely to expectations.

“The Company has now completed the previously announced restructuring of the Board, Executive and Corporate functions. These changes have delivered annualised savings of \$5 million and a leaner organizational structure. Other things being equal, this structure and cost base is consistent with the earnings guidance given on 22 January 2018.

“Given the underperformance of Company Owned Sales, a review of the carrying value of the segment was completed and has led to a \$21.8 million goodwill impairment charge.

“The McGrath network now comprises 95 offices and well over 2,000 people. Year on year we maintained our market share by sales value above 3.0% nationally.

“I would like to thank all of our team and franchise partners for their energy, commitment and dedication during what has been a challenging period.”

¹ Excludes \$21.8 million goodwill impairment of Company Owned Sales and \$1.1 million goodwill impairment of Property Management Rights.

² McGrath settled sales volume data for 12 months to 30 September 2017 and total market size by value derived from CoreLogic data, 12 Months to September 2017.

Balance sheet

With \$3.4 million cash, no bank debt, and net assets of \$74.4 million, McGrath's balance sheet is in a solid position to support its future strategy.

Dividend

The Company has not declared an interim dividend.

Executive Changes

Cameron Judson and Morgan Sloper will leave the Company at the close of business Friday 16 January 2018. Ms Melissa Jones has been appointed transitional Company Secretary effective immediately.

Strategy and outlook

Commenting on the Company's strategy and outlook, Founder John McGrath said.

"I am very proud and excited to again be leading the business.

"Despite the challenges we have endured since listing, McGrath remains one of the best real estate businesses in Australia with outstanding talent throughout the Group. Residential real estate is one of the largest industries in Australia, as well as being the country's largest asset class, and we remain very well positioned to leverage our scale and quality brand for future success and growth.

"Our investors and team have exhibited great patience and loyalty during this difficult time and I intend to work very hard to repay them for their confidence in the Company. I have a clear plan to rebuild momentum but I will let our results speak for themselves from here."

-Ends-

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About McGrath

Founded in 1988, McGrath Limited (ASX: MEA) has grown to be one of Australia's most successful residential real estate groups. An integrated real estate services business, McGrath is a total solution company offering agency sales, property management, mortgage broking and career training services. McGrath Estate Agents currently has 95 offices located throughout the east coast of Australia.

For further information please visit www.mcgrath.com.au