

### McGrath confirms FY18 guidance and impairment

31 July 2018 - McGrath Limited (ASX: MEA) ("McGrath", or the "Company") provides the following trading update.

Based on unaudited financial accounts for the 12 months ended 30 June 2018 (FY18), McGrath anticipates that it will achieve the earnings guidance it provided to the market on 12 March 2018, as updated in its announcement on 20 June 2018.

In accordance with prior guidance, based on the unaudited financial accounts for FY18, underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY18, is expected to be approximately \$5 million. Following approximately \$4 million of one-off cash costs, reported EBITDA is expected to be approximately \$1 million for the year ended 30 June 2018. This information is subject to any changes required by the audit process.

The Company has also commenced its balance sheet review as part of the normal year-end financial statement process (consistent with the Company's announcements on 12 March 2018 and 20 June 2018). Following the impairment testing process for the year ended 30 June 2018, the Company expects to recognise an additional impairment charge of approximately \$35 million against the company owned sales segment. These assets were primarily brought onto the balance sheet as part of the agency acquisitions in 2015. This amount is in addition to the impairment announced at the half year results in February 2018.

Commenting on the Company's achievement of the previous earning guidance provided, McGrath CEO Geoff Lucas said: "The past 12 months have been very challenging for McGrath. While reduced sales volumes during FY18 impacted the performance of the business, I am pleased with the recent initiatives and the positive rebuilding of the business we have seen."

"McGrath is a high quality, well respected real estate agency with a market leading position. Notwithstanding a tight residential sales market, there has been an uplift in momentum within the business."

"We are encouraged by the skills and quality of the agents within the business, as well as those that have recently joined us as we continue to attract and retain some of the best real estate talent in the country. We are also very proud of our dedicated team that have contributed to McGrath's domination in the recently published annual Real Estate Business Top 100 Agents ranking with 27 of the Top 100 agents in Australia. Importantly, 37% of the female agents in this Top 100 ranking work with our company," concluded Mr Lucas.

McGrath intends to release its FY18 audited financial results on 20 August 2018.

-Ends-

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**About McGrath:**

McGrath Limited (ASX: MEA) has grown to be an integrated real estate services business, offering agency sales, property management, mortgage broking and career training services. McGrath Estate Agents currently has 94 offices located throughout the East Coast of Australia. For further information, please visit [www.mcgrath.com.au](http://www.mcgrath.com.au).