

### McGrath FY19 Trading Update

22 March 2019 – McGrath Limited (ASX: MEA) announced its FY19 first half results on 18 February 2019, showing an underlying EBITDA loss of \$2.5 million.

McGrath stated at the time that the continuing subdued property market had impacted the company's performance, noting that trading conditions since balance date were below expectations, with generally lower listing volumes and average sale prices.

The subdued market conditions have continued in the second half with recent market data indicating national dwelling values are continuing to fall and transaction volumes remain more than 20% below the prior year in both Sydney and Melbourne markets. Sydney dwelling values in February were down 10.4% on the prior year while Melbourne dwelling values were down 9.1% with Brisbane relatively flat (-0.5%). \*

The company also foreshadowed in February 2019 that underlying EBITDA for the second half of FY19 was expected to be impacted by ongoing difficult trading conditions, with external factors including NSW and Federal elections, potentially further impacting performance of the property market and McGrath.

Based on the unaudited management accounts year to date, the company has generated an underlying EBITDA loss for the eight months ended 28 February 2019 of \$4.5 million, including the seasonally lower January and February months. Trading conditions in March 2019 are currently below expectations. Market conditions remain difficult to forecast and if current trends continue, further losses in the final quarter are expected.

CEO Geoff Lucas said: "We are disappointed that the real estate sector is facing continued headwinds, exacerbated by the elections, the tighter lending environment and weakening economic conditions affecting our sales business, however our Property Management business continues to perform well."

"The significant reduction in transaction volumes in the real estate sector has continued, however we are seeing signs that sellers are now more prepared to meet the market and interest rates continue to be at historic lows", he added.

McGrath continues to focus on its cost base and noted its strong balance sheet position at 28 February 2019, featuring no debt and \$14.3m million in cash.

\* Industry data sourced from CoreLogic

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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 93 offices located throughout the East Coast of Australia. For further information, please visit [www.mcgrath.com.au](http://www.mcgrath.com.au).