



Geoff Lucas, CEO  
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**McGrath**

**McGrath Limited 2019 Annual General Meeting**

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55 Pyrmont Street, Pyrmont, NSW

# Summary of FY19 results: Market conditions impacted business performance

Statutory \$m	FY19	FY18	% Change
Revenue	82.7	99.2	(17%)
EBITDA	(10.1)	1.0	n.m
(NLAT)	(15.6)	(63.1)	(75%)
Cash	10.3	10.9	(6%)
Underlying \$m	FY19	FY18	% Change
Revenue	82.7	99.6	(17%)
EBITDA	(6.4)	5.0	n.m
(NLAT)	(9.7)	(1.5)	555%

## • Revenues

- Outperformed the market in new listings and number of sales<sup>(1)</sup> but challenging market conditions and lower average selling price impacted performance
- Slowdown in the Project Marketing business with challenging conditions ahead (particularly in NSW Apartment developments)
- Lower sales transactions continued to impact Auction services and Oxygen businesses in 2H

## • Underlying EBITDA consistent with guidance

## • Net Loss After Tax

- Adversely impacted by \$3.4 impairment charges and onerous contracts provisions of \$3.7m mainly relating to the IT strategy reinvigoration as announced at 1H19.

(1) Core Logic  
n.m. = not meaningful

## TRADING UPDATE

- Consistent with the previous market update in August 2019 when announcing our FY 19 results, McGrath expects a return to growth in the FY20 year notwithstanding the continued challenging market conditions.
- Performance to date has been inline with our internal projections and McGrath expects EBITDA for the first half of the year to be in the range of \$1.0. million to \$1.5 million (pre the adoption of AASB 16 leasing standard) , a median increase of c.\$ 3.8 million over the corresponding prior period.

# KEY PRIORITIES AND OUTLOOK FOR FY20

- **FY20 outlook**

- Recent easing of financing restrictions and interest rate reductions is likely to assist in the availability of credit for house borrowers
- Stabilisation in house prices however tight listing levels are expected to remain and continue to impact transaction volumes
- McGrath well placed with experienced agents to gain market share as clients look to established brands to transact.

- **FY20 key priorities**

- Continued roll out of our reinvigorated IT solution to all offices by early 2020 (80 of the 97 current offices already completed)
- Continue to establish larger agent teams and further improvement in agent productivity across the network
- Further roll out of new Franchise offices in select key markets
- Optimising of company owned office footprint
- Continued assessment of select value accretive acquisition opportunities

## McGRATH CONTACTS ASSOCIATED WITH THIS PRESENTATION

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