

## McGrath FY21 First Half Results at Top End of Guidance Range Fully franked dividend declared

22 February 2021 - McGrath Limited (ASX: MEA) today announced its FY21 first half results, at the top end of the guidance range provided in November 2020.

### Results highlights

- Revenue up 16% to \$56.7 million.
- Underlying EBITDA<sup>1</sup> of \$6.6 million, a \$5 million increase from first half FY20 Underlying EBITDA of \$1.6m.<sup>2</sup>
- Statutory reported EBITDA of \$13.5 million, following adoption of AASB leasing standard, Government COVID grants and gain on disposal of Parramatta business.
- NPAT of \$8.1 million, a significant turnaround compared with first half FY20 loss of \$1.0 million.
- Strong Balance sheet with \$24.6 million cash (1HFY20: \$8.0 million) and no borrowings.
- Resumption of Dividends: 0.5c per share interim fully franked dividend declared.

McGrath has announced a \$9.1 million turnaround in its Net Profit After Tax, posting NPAT of \$8.1 million for the first half of the 2021 financial year, compared with a loss of \$1 million in the previous corresponding half year.

The turnaround, highlighted by a \$5 million rise in underlying EBITDA to \$6.6 million, has allowed a return to the payment of a fully franked interim dividend. This underlying EBITDA result is at the top end of the guidance range provided at the company's Annual General Meeting on 26 November 2020, and excludes both the \$2.1 million worth of Government COVID-related grants and a \$1.9 million gain on the conversion of the Parramatta business to become a franchise.

The group posted a 16 per cent lift in revenue to \$56.7 million for first half FY21 and a 23 per cent rise in sales per agent for the period, despite lower listing volumes in the market.

McGrath noted that positive market sentiment, price stability in McGrath's key markets and strong clearance rates, notwithstanding the market's lower listing numbers, contributed to our sales businesses performing significantly better in the first half of FY21. Our property management business continues to contribute solid results notwithstanding some headwinds in the rental market primarily as a consequence of COVID-19.

This momentum in our key operating divisions has created a strong platform to continue to build for future growth.

Mr Eddie Law, CEO of McGrath said, "The residential property market has proved to be very resilient during the ongoing COVID-19 pandemic, compared with other sectors.

"Cashed up homeowners, many of whom are prevented from travelling either domestically and internationally, are now largely working from home and as such, are reassessing their lifestyle and

surroundings. This is positive for our industry as it results in homeowners either transacting or improving the asset value of their current home.

“Despite a challenging year navigating the various lockdowns, McGrath has demonstrated our ability to continue to transact successfully and efficiently should further COVID restrictions are deemed necessary in the future.

“We are very pleased as foreshadowed at the AGM, to return to the payment of dividends to shareholders as the business continues to recover and grow”, he added.

Continued business improvement and focus initiatives include:

- Traction from our newly launched data centric website, providing a further 2,000 vendor and landlord leads to our agents in the half.
- Revitalisation of the property management businesses, with a focus on improving the overall customer experience.
- Successful acquisition of one Company Owned Office (St Ives), complementing the addition of four new Franchise offices in Cooma, Thirroul, Upper Hunter and Tweed Coast.
- Projects division capability and relevance to Developers enhanced with the execution of an alignment agreement with a third party capital provider.
- Oxygen Home Loans- progress made towards refocussing our service proposition to be relevant to both the McGrath and other third party networks.

### **Strong Balance Sheet**

McGrath closed off the period with no borrowings, \$24.6 million in cash and \$38.1 million in disclosed net assets. The company notes that its rent roll has a market value estimated to be worth \$50.6 million at balance date, of which \$36.9 million is not reflected on the balance sheet.

The Board has declared a 0.5c per share, fully franked interim dividend, payable on 23 March 2021.

### **Outlook**

Mr. Law said “The combination of improving consumer sentiment, record low interest rates, limited listings in the market and the emerging COVID vaccine rollout has driven strong price growth in recent months.

“The first 7 weeks of the new year have started positively and we optimistic for the second half, with the McGrath business well positioned for long-term future growth”, he concluded.

-Ends-

Authorised for release by McGrath Board of Directors

<sup>1</sup> Pre-adoption of new AASB 16 Leasing standard and not including Government Grants and gain on sale of business  
<sup>2</sup> Statutory reported loss \$1.0m.

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