

McGrath 1H FY17 Results

February 23, 2017: McGrath Limited (ASX: MEA) today announced its FY17 first half results.

1H FY17 vs 1H FY16

- Market share up to 3.6%
- Pro forma revenue down 11% to \$67 million
- Pro forma EBITDA down 37% to \$9.3 million
- Pro forma NPAT down 72% to \$2.4 million ¹
- Statutory NPAT up from \$0.4 million to \$2.7 million ¹
- \$5.3 million cash and no bank debt
- Fully franked dividend declared of 1.0 cent per share

Commenting on the 1H FY17 results, McGrath CEO, Cameron Judson said:

“Notwithstanding the challenging market environment, particularly as a result of the low volume of listings and sales in CY16, and the recent loss of a number of sales agents in the Company Owned segment, the strength of our business model saw us deliver \$9.3 million pro forma EBITDA.

We have grown into new markets by opening 9 new offices, 3 new company owned offices in NSW, and 6 new franchise offices in NSW and Victoria. We expanded our network to 96 offices in the half and 2,300 people, and achieved 3.6% market share nationally.

Particularly pleasing has been the strength of our annuity businesses in Property Management and Franchise, which have delivered revenue and EBITDA growth half on half.

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

Balance sheet

With \$5.3 million cash, no bank debt, and net assets of \$94.4 million, McGrath's balance sheet is in a solid position to support its strategy.

¹ Includes impairment of software asset \$2.2 million (\$1.5 million after tax)

Dividend

Reflecting McGrath's operating cashflow, balance sheet and outlook, the company has declared a fully franked dividend of 1.0 cent per share. The record date for this dividend is 14 March 2017 and payment date is 28 March 2017.

Strategy and outlook

Commenting on the company's outlook, CEO Cameron Judson said:

"McGrath is one of Australia's largest residential real estate service companies and we continue to leverage the underlying strength of the McGrath brand, quality of sales agents and network reach.

With a concerted, ongoing focus on talent identification, McGrath continues to attract, develop and retain emerging and high performing sales agents. We have recently launched 'McGrath Future', a compelling remuneration and longer term wealth creation framework specifically for high performing agents. We have an unparalleled track record of growing and nurturing the best real estate agents in Australia.

We have commenced a strategic review with a renewed focus on improving productivity and performance of each of our existing segments and McGrath is exploring new revenue opportunities. Our aim is to grow the relative contributions of our annuity businesses and de-risk the volatility of our earnings.

We continue to take a disciplined approach to investment in the business to build long term shareholder value."

-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 97 offices located throughout the East Coast of Australia.

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

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