

2014 Full Year Results

Creating sustainable growth

By: Chris Nicholl, Chief Executive Officer
Frank Hardiman, Chief Financial Officer
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Creating sustainable growth

- **Financial Highlights**

- Net Profit after Tax up 61% to \$1.17m
- Gross Revenues including franchised offices up 4.4% to \$22.4m
- Earnings per share 4.2 cents up from 2.6 cents in 2013

- **Operational Highlights**

- Residential valuations underpin growth
- Investment in mobile valuations create competitive advantage
- Strategic review sets 5 year business direction

- **Dividend**

- Fully franked 2.5 cents final dividend; up 0.25 cent on 2013
- Full year dividend 3.75 cents; up 0.5 cents on 2013

Underlying business strong

- **Profitability**

- Improved revenues reflect increased property activity in both commercial and residential sectors
- Focus on underlying business processes that add value to valuation services
- Proactive client relationships contribute to repeat business and contracts for property portfolio valuations

- **Gross Revenues**

- Residential valuations increased 12.9%
- Queensland: 12.8% growth across residential and commercial
- Gold Coast and Melbourne commercial down slightly due to organisational and staff changes required to reset business
- Residential Development valuations up strongly

Underlying business strong

- **Broad revenue base**

- Broad range of clients: Lenders, Investors, Developers
- Industry recognised expertise in many classes of property
- Leadership in commercial valuation of residential developments
- National profile meets needs of clients with national operations and property portfolios

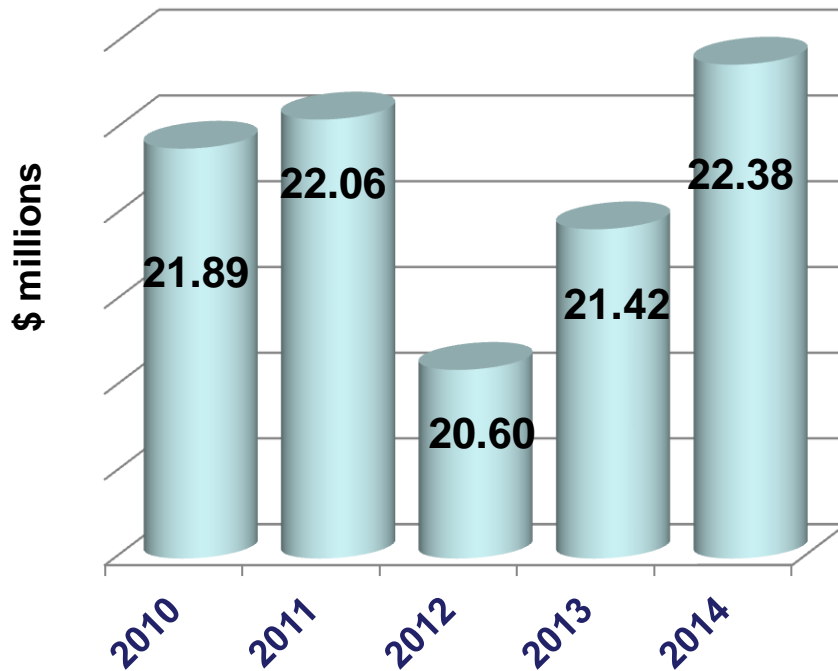
- **Balance Sheet**

- Strong balance sheet
- Cash at Bank \$1.7m as at 30 June 2014

Key Financial data

	FY 2014 \$m	FY 2013 \$m	Change %
Gross Revenues including Franchised Operations	22.4	21.4	4.4
Gross Revenues excluding Franchised Operations	18.28	19.64	(7)
Profit before Tax	1.68	1.07	57
Net Profit after Tax	1.17	0.72	61
	Cents	Cents	
Earnings per Share	4.2	2.6	61
Full year Dividend	3.75	3.25	15

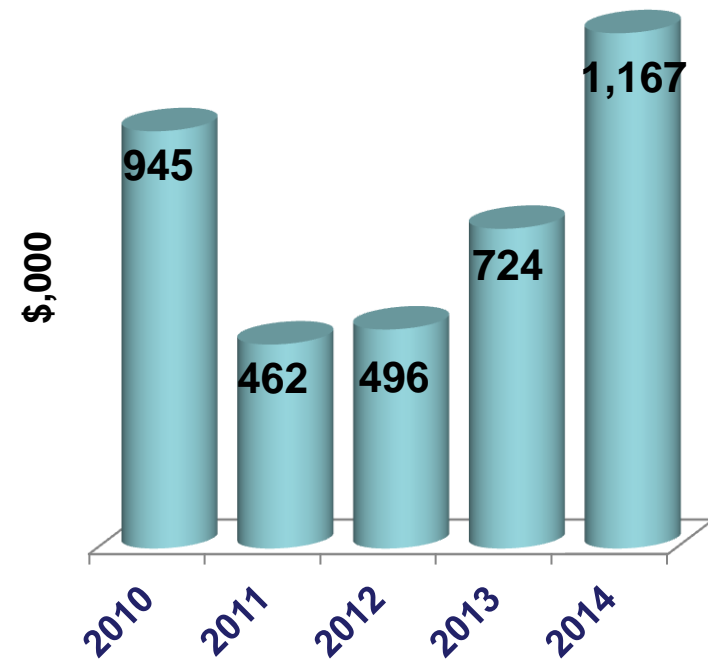
Rebuilding LMW market position



Gross Revenues

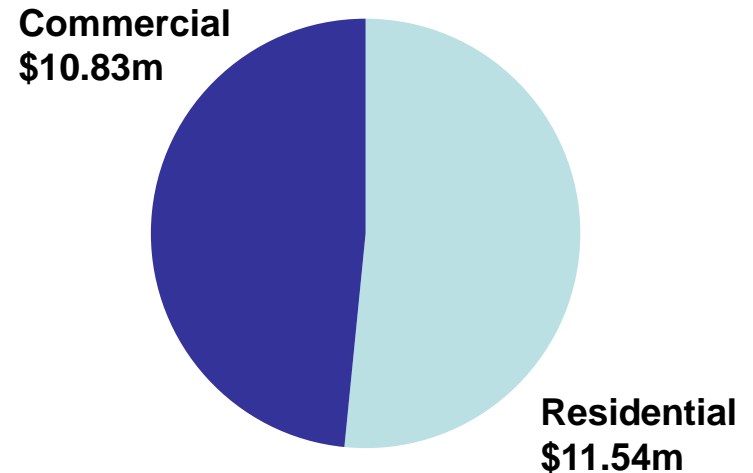
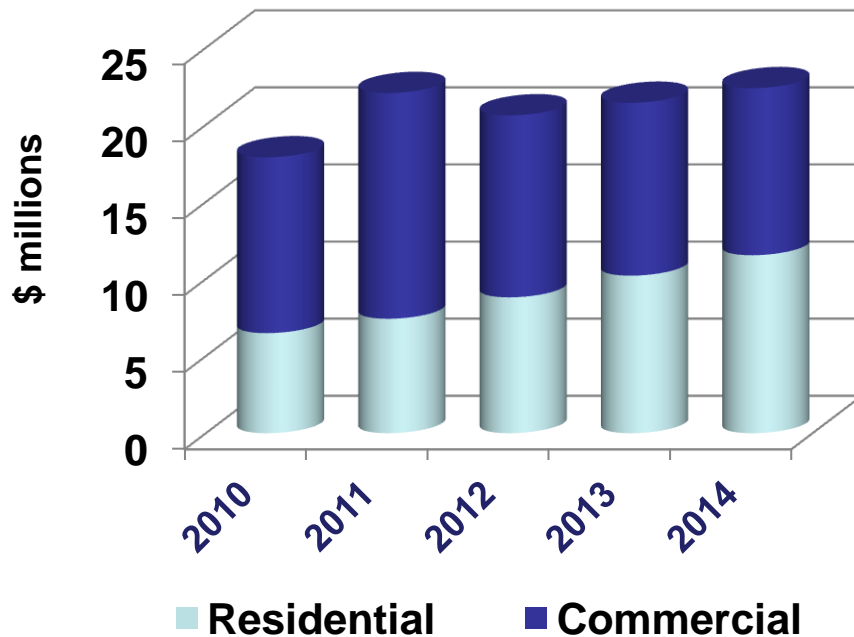
(including franchised operations)

- **Gross Revenues:**
 - LMW winning increased market share, increased property market activities
- **NPAT:**
 - Gains driven by business systems, delivering better productivity, focus on costs



Net Profit After Tax

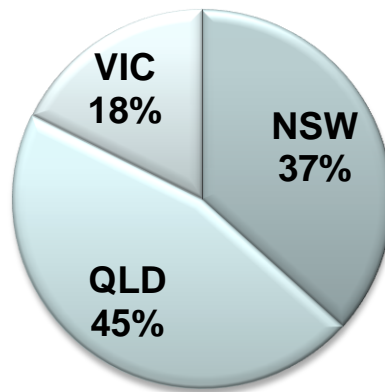
Balancing the opportunities



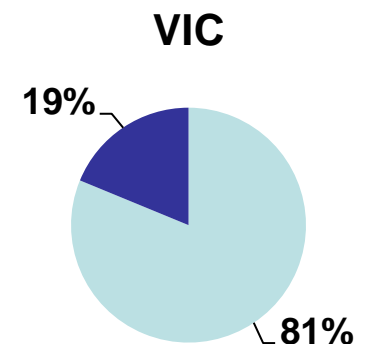
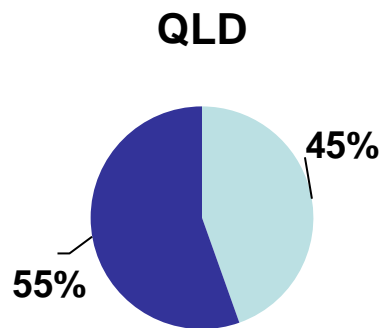
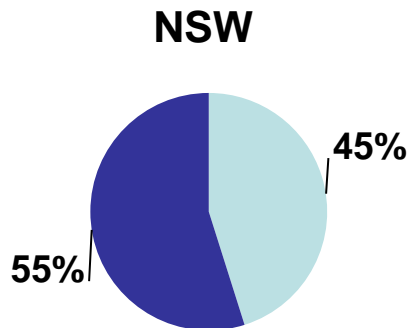
2014 revenues

- **Residential:**
 - Steadily increasing importance in LMW mix
 - National footprint a gateway to increasing market share
- **Commercial**
 - Lack of consistent services depth
 - Focus on property specialisation to improve market share

Residential and Commercial



- **Victoria** reflects a lack of scale and a broad mix of skills
- **Queensland** market share increasing strongly
- **New South Wales** commercial to improve within a market with opportunity



■ Residential ■ Commercial

Diversified Revenues

- **Residential markets**

- Growth driven by ability to meet KPIs specified in major client Service Level Agreements
- Increasing market share from major and qualified second tier lenders
- Residential systems on one IT platform to standardise services
- National footprint aligns with needs of clients

- **Commercial markets**

- Residential Developments contributed strongly to overall business in past 12 months
- Strong reputation in valuing hotels, leisure, retail, contributing to repeat business from major clients
- Renewed focus on property class specialisation

Investing for growth

- **IT systems and intellectual property**
 - Mobile valuation software creates competitive advantage
 - Improves efficiency and quality of the valuation process
 - Provides better market data for clients
 - Invest in commercial valuation applications
- **Strategic Review**
 - LMW commercial reliant on Sydney and Brisbane
 - Increase suite of services to clients
 - Focus on client engagement
 - Improve market share by increasing specialisation

The Australian Property Valuation Sector



Our World

Market Size

- Approaching \$1bn in valuation fees
- Top 10 market share approaching 70% (LMW: 5th)
- > 3,000 valuers across Australia
- Few firms with national footprint
- Few independent – no real estate agency attached

Major players

- **CBRE:** property portfolio valuation main strength
- **Opteon:** conglomerate of 25+ valuers under common brand, limited back office synergies
- **Herron Todd White:** strong residential focus, mixture of franchise, license and owned

Short Term Trends

- Development of firms with national footprint
- Increased competition on prices for residential sector
- Continued growth due to increased market activity

Long Term Trends

- Rationalisation of valuation sector as clients demand national business
- Ability to value add services to differentiate between small and large firms
- Independence from sales process

Residential and Commercial Markets

	Residential	Commercial
Market factors	<ul style="list-style-type: none"> • High volume; • Owner; price focus • Importance of bank panels 	<ul style="list-style-type: none"> • Lower volume; repeat business • Owners expertise focus • Client relationships
Major players	<ul style="list-style-type: none"> • Heron Todd White • Opteon • LMW • CBRE 	<ul style="list-style-type: none"> • CBRE • Jones Lang LaSalle • LMW • Colliers
Short Term Trends	<ul style="list-style-type: none"> • Margins under threat • Curb side valuations • War for talent 	<ul style="list-style-type: none"> • Not as price sensitive • Residential Property Developments • Increasingly specialised
Long Term Trends	<ul style="list-style-type: none"> • Impact of technology • Data aggregation 	<ul style="list-style-type: none"> • Attraction of new talent • Impending impact of technology

Creating Long Term Shareholder Value

Value Proposition

- LMW leading provider of independent valuation and accompanying professional property services
- Creating a suite of integrated services that align with the needs of clients
- Leading advice and services
- Property knowledge across multiple valuation sectors

Market Gaps

- Ability to provide full range of valuations services
- Independent valuation advice
- Valuation expertise
- Geographic diversity

Customer Attributes

- National and Local
- Integrated services – property economics, advisory, urban planning
- Consistency of engagement – strategic relationships

Focus for 2015

Residential

- Continuing scope for organic growth
- Market indications continued residential sales at current levels
- Place on banking panels increasingly important
- Investments in systems and products to value add to lenders and owners

Commercial

- Right people in place to grow Victorian market
- Significant opportunities for organic growth
- Coordinated national services to align with client requirements
- Client specific research and sharing of knowledge to assist in property advisory

LMW in total

- Continue to invest in our people – employer of choice
- Invest in intellectual property and develop mobile systems to assist staff with valuations