

McGrath achieves FY16 revenue and EBITDA guidance

August 24, 2016: McGrath Limited (ASX: MEA) today announced its first full year results as a listed company. Over the 12 months ended 30 June 2016 (FY16) McGrath continued to grow sales, agent numbers, offices and market share.

FY16 (vs FY15) snapshot:

- Strong sales metrics in a challenging market:
 - Number of property sales up 11% to 12,232
 - Value of property sales up 14% to \$13.2 billion
- Statutory results:
 - Revenue up 41% to \$121.0 million
 - EBITDA up 27% to \$16.4 million
 - NPAT up 20% to \$8.4 million
- Pro-forma earnings achieved revenue and EBITDA guidance (provided on 18 April 2016):
 - Revenue up 12% to \$137.0 million – in line with guidance range of \$136-140 million
 - EBITDA down 3% to \$26.2 million – in line with guidance range of \$26-27 million
 - NPAT down 7% to \$14.6 million
- Strong balance sheet with \$12.5 million cash and no debt
- Initiated dividend policy, with FY16 fully franked dividend declared of 3.5 cents per share

Commenting on the FY16 results, McGrath Joint-CEO, John McGrath said:

“Notwithstanding the challenging market environment for the real estate industry, given the low volume of listings and sales in the second half, the strength of our business model saw us deliver a solid result.

“We have successfully grown into new and emerging markets by opening our first four franchise offices in Victoria, and another eight in Queensland. In addition, we have opened three new company owned offices, and further increased the number of agents within the McGrath network.

“Property NSW’s appointment of McGrath Estate Agents as the exclusive selling agent for two phases of the Millers Point program was a key milestone for the company. Our ability to achieve a 100 percent clearance rate with 58 properties sold for \$179.9 million is a testament to the capabilities of our people and the strength of our offering.

“I would like to thank all of our team and franchise partners for their energy, commitment and dedication during the year.

“Our team has been further strengthened with the appointment of Cameron Judson as Joint-CEO on 14 July 2016. He brings a wealth of professional services industry experience and new perspectives to McGrath.”

Strong balance sheet

With \$12.5 million cash and no debt, McGrath has a strong balance sheet to support its growth strategy. In addition, the company has an undrawn \$11.5 million term facility in place.

Initiation of dividend

Reflecting McGrath’s strong operating cashflow, strong balance sheet and long term growth outlook, the company has initiated a dividend policy with a FY16 fully franked dividend declared of 3.5 cents per share. The record date for this dividend is 14 September 2016 and payment date is 28 September 2016.

Strategy and outlook

Commenting on the company’s outlook, Joint-CEO Cameron Judson said:

“McGrath has a long and successful history, with an exceptional team, including sales agents and franchise partners. With 30 of Australia’s Top 100 performing agents¹, and increasing market share, the business is well positioned to grow in the highly fragmented \$4.8 billion residential real estate industry.

“While short term market conditions remain challenging, the long term fundamentals of the real estate industry remain attractive, underpinned by historically low interest rates, population growth, and the strength of the asset class generally. In order to achieve the long term growth potential of the business, we will remain focused on the things that are in our control.

“The current short term industry uncertainty creates long term growth opportunities. As a result, we will continue to invest in the business to build long term shareholder value.”

¹. *Real Estate Business Top 100 Agents 2016*.

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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 91 offices located throughout the East Coast of Australia.

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