ASX ANNOUNCEMENT

LandMark White Limited (ASX: LMW)

25 January 2019

Trading Update and FY19 Guidance

Previous Guidance

Following release of our FY18 results, at our AGM we provided FY19 guidance indicating revenues of $56.8M, EBITDA of $7.1M, NPAT of $4.0M and EPS of 4.8 cents.

This guidance was predicated on our market outlook at the time and included preliminary assessments of the impact of the Taylor Byrne acquisition.

Changes in trading conditions combined with a greater clarity of the impact of the Company's acquisition of Taylor Byrne and review, by the board, of preliminary first half results require a revision to the FY19 guidance previously provided.

Taylor Byrne Acquisition

Effective 1 October 2018, we completed the acquisition of Taylor Byrne funded via the issue of 8.5M shares and a bank loan of $5M. The Taylor Byrne acquisition is anticipated to deliver an additional profit before tax of circa $2.3M on an annualised basis once integration has been completed and synergies realised.

For FY19, the acquisition is expected to deliver an increase in profit before tax of circa $1.3M with partial delivery of synergies and improved margins arising from the insourcing of valuations previously sub-contracted to licensees and third-party valuation firms.

Current Trading Conditions

During the period September through December 2018, we have experienced a significant reduction in valuation instructions from the first-tier lenders. This is a direct result of tighter regulation of credit from APRA as well as the adverse impact of the lenders reaction to the Banking Royal Commission. The negative sentiment on housing prices across major centres has also driven weaker loan volumes and hence valuation instructions.

In previous property cycles, we have seen similar periods of reduced valuation activity. These are traditionally followed by a resurgence in sales-driven activity as buyers return to market seeking under-valued opportunities, or borrowers taking advantage of refinancing options. Additionally, a sharper drop in property prices can lead to banks being more cautious and circumspect with their current lending portfolios, also leading to an increased demand for valuations.

With the upcoming State and Federal elections and continued negative sentiment towards banks, current market sentiment towards property remains cautious. While the Company is reluctant to make predictions about when this resurgence in valuation activity will occur, it is likely volumes will remain subdued in the immediate short term.

The Company does not anticipate a return to above trend volumes within the current financial year, however second half revenues will be substantially stronger than the first half of FY19. Additionally, we have made changes to our cost structures going forward to partially offset the impact of lower first half revenues and we will continue to monitor costs going forward.

Government Contracts

We have also seen volumes from government contracts remain below the longer-term averages and expected volumes. The Company anticipates an increase in government contract volumes in the coming periods.

Updated FY19 Guidance and Strategy

Taking the above into account, we now expect our FY19 revenues to be $55.0M, EBITDA to be $5.3M (normalised to remove one off acquisition costs $5.8M) and NPAT to be $2.8M (normalised $3.3M).

	1st Half Provisional	2nd Half Forecast	Full Year Forecast	1st Half Provisional *Normalised*	Full Year Forecast *Normalised*
Revenue	$23.9 M	$31.1 M	$55.0 M	$23.9 M	$55.0 M
EBITDA	$0.9 M	$4.4 M	$5.3 M	$1.4 M	$5.8 M
NPAT	$0.2 M	$2.6 M	$2.8 M	$0.7 M	$3.3 M
EPS	0.2 cents	3.4 cents	3.6 cents	0.9 cents	4.3 cents

Notwithstanding the reduction in our profit guidance arising from the challenging trading conditions, we expect to deliver EPS of circa 3.6 cents (normalised circa 4.3 cents) and a net return to our shareholders of 6% based on the current share price.

We believe that the second half forecast result, when annualised, provides a reasonable estimate of future performance.

We remain committed to building a profitable, independent, mid-tier property services firm and believe that prevailing market conditions may present opportunistic acquisition propositions.

John Wise
Company Secretary
(02) 8823 6300 email john.wise@lmw.com.au

About LMW

Founded in 1982 and listed on the Australian Stock Exchange in 2003, LMW has a long and proud heritage of providing independent professional property services to people and companies across Australia.

LMW has over 400 property professionals across 40 plus locations Australia wide and offers a wide range of services which includes commercial and residential valuations, research, and property advice with a focus in providing unrivalled property services that minimise the risks to our clients.