

2015 Full Year Results Towards Excellence Implementation

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Creating strong platform for continued growth

Financial Highlights

- Gross Revenues up 10.6% to \$24.7m
- Group Revenues excluding franchises up 7.9% to \$19.7m
- Net Profit after Tax down 33% to \$0.78m
- One-off settlement charges of \$0.406m

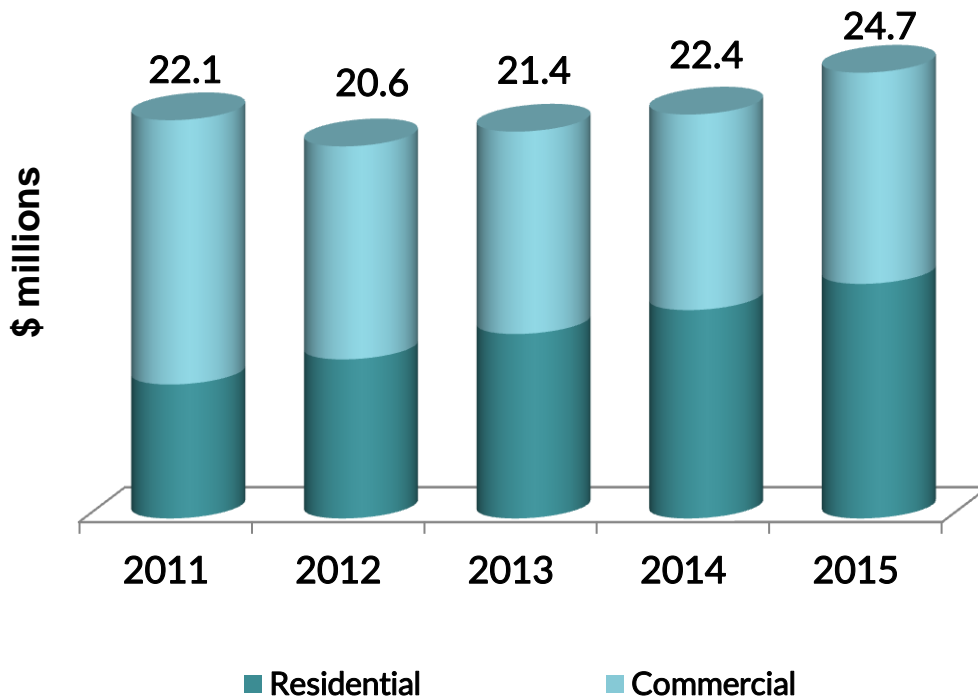
Operational Highlights

- Continued strong growth in Residential valuations
- Residential development valuations contribute to improved Commercial performance
- Positive growth in revenues from leading clients
- Investment in staff, IT infrastructure and office upgrades lay a platform for growth and sustainable operations
- 12.5% investment in LMW Hegney – joint venture partner to improve national offering to major clients with identifiable synergies

Investment in business infrastructure impacts financial results

	FY 2015 \$m	FY 2014 \$m	Change %	Comment
Gross Revenues	24.8	22.4	10.7	Increased revenues across most parts of business
Group Revenues excluding Franchises	19.7	18.3	7.7	Improved results in QLD commercial and NSW residential
Profit before Tax	1.15	1.68	(31.1)	Investment in staff , office upgrades business processes
Net Profit after Tax	0.78	1.17	(33.3)	One-off settlement of two long-running issues
	Cents	Cents		
Earnings per Share	2.8	4.2	(61)	Reflects investment and one-off settlements
Full year Dividend	3.75	3.75	No change	Confidence in continued increase in company revenues and profits

Rebuilding LMW market position

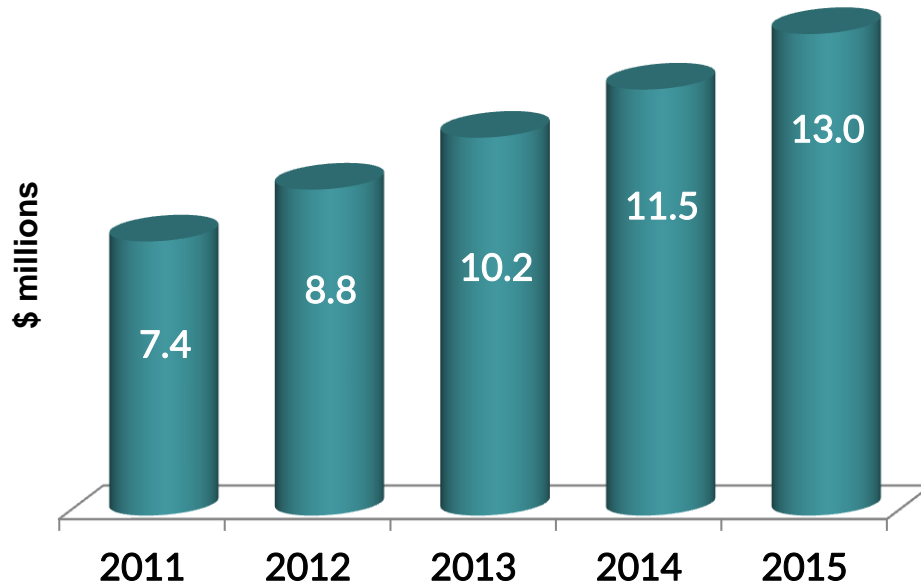


Gross Revenues

Gross Revenues growth driven by:

- Focus on leading clients
- Growing national footprint
- Active markets and additional banking panels
- Continuing strong results in QLD and NSW
- Improving valuation capacity
- Enhancing sector valuation expertise

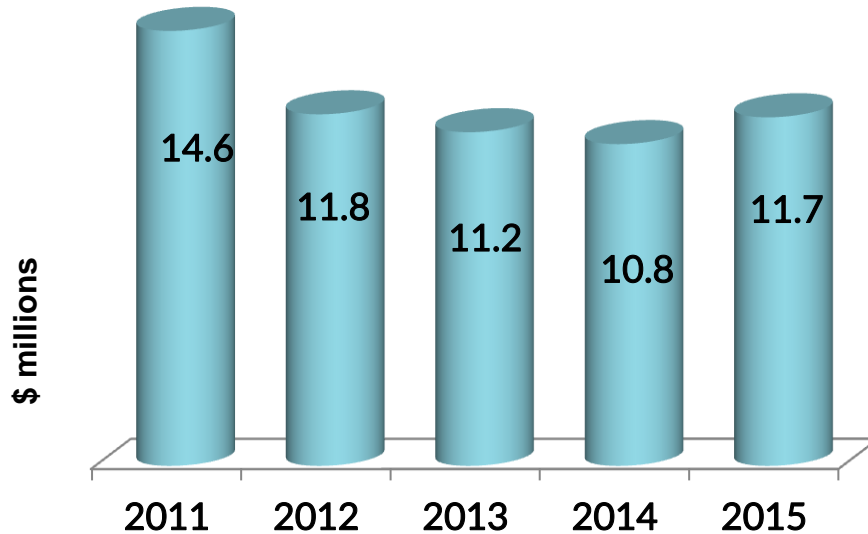
Residential: continues contribution to growth in revenues



Residential

- Residential leading 5 clients = 74% of revenues
- Growth reflects increased activity in residential sector
- LMW increasing market share
 - Increased staff to and productivity
- Investing in client relationships
- Broadening expertise and client base

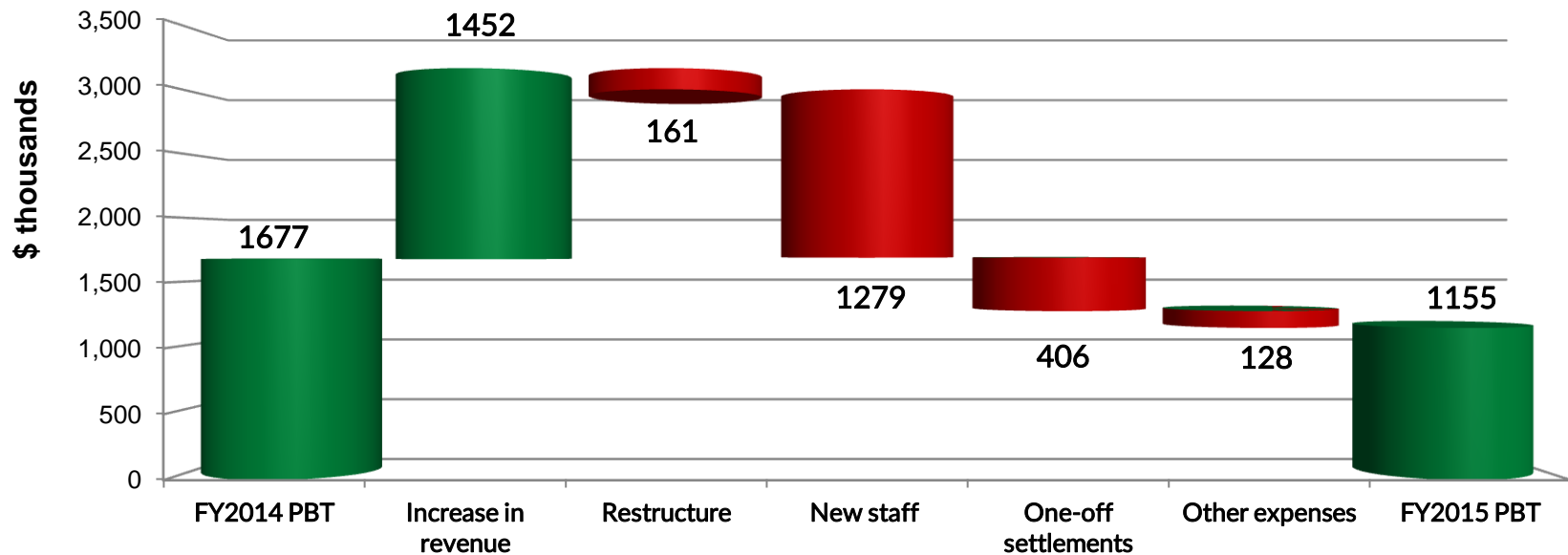
Commercial: growing again, further investment still required



Commercial

- LMW's expertise in Residential Development valuations
- Deepened skill base and strengthened valuation teams
- Focus on client engagement
- Building specialisation and diversity of revenues

Underlying PBT is \$1.8m: valuation capacity & revenue opportunity not fully realised in FY15



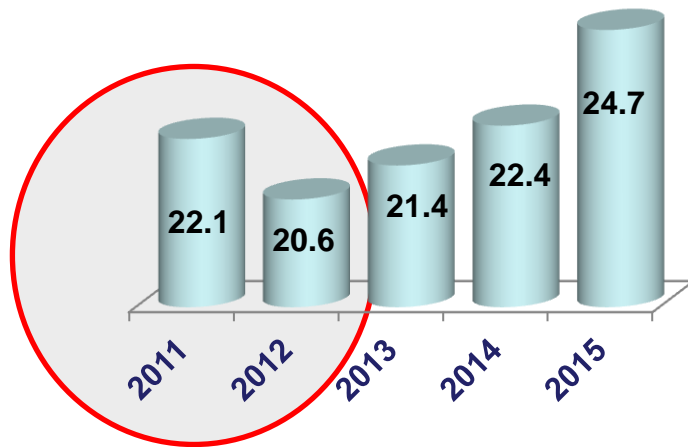
New staff and restructuring costs

- Necessary to build valuation capacity; LMW lacked capacity to meet client demand
- Office upgrades and changes to leases

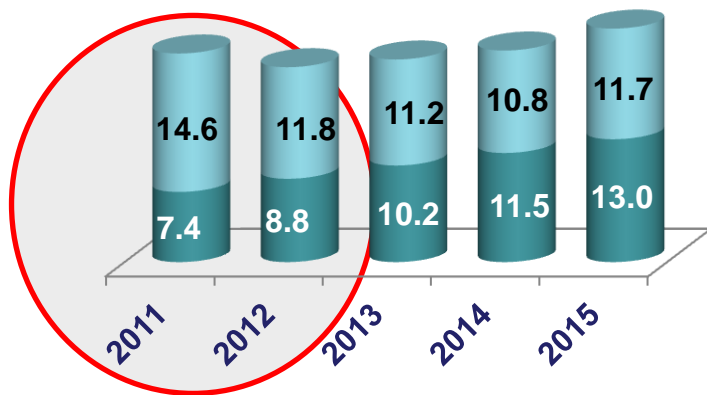
Settlement of two long running legal issues

- Legacy issues dating back to GFC; needed to be resolved
- Improved risk management processes implemented

Capacity: part of key to future growth



Impact of reduced capacity



- FY12 results shows the impact of loss of senior commercial valuers
- FY 15 addressing shortfall in capacity – both residential and commercial
- >20% increase in professional staff; weighted to end of 2H15
- Depth of talent key selling point to win new business
- Ability to create strong teams of valuers key competitive advantage

FY15 Operational Achievements

Created framework for the implementation of Towards Excellence

- Implemented top-to-bottom review of LMW processes and practices
- Revenue growth while restructuring business and adding new staff
- Implemented IT Projects and back - office systems:
 - Delivered on time and within budgets
- Increased work flowing from banking panels
 - Added to more panels
 - Residential: better KPI performances achieved
 - Strengthened national footprint
- Appointed Directors for Residential and Commercial to provide better leadership to valuation teams
- Continued to grow expertise in Residential Property Development Valuations
- Renewed emphasis on risk management
- Creating one organisation

LMW Hegney Investment

Strengthening national footprint

- 12.5% investment in WA joint venture partner
- Strategic investment to cement a national presence and support service delivery to leading national clients
- Known quantity : business partners for 5 years
- Common valuation platform
- >60 valuers across WA and SA
 - 6 offices in WA
- Ability to add commercial valuation to their mix of services



Towards Excellence Business Strategy



Blueprint for LMW growth

- 5 strategic pathways underpin the plan
- Flows from review of LMW during first half of FY 2015
- Creates framework for business growth
- Provides concrete measures of success and goals
- Mixture of short, long-term and stretch goals

Pathway 1: People

Pathway 2: Innovation

Pathway 3: Planning and executing for growth

Pathway 4: Measurement

Pathway 5: Communication

Core elements for LMW success

Building Capacity

- Increase quality of income
- Add new skills and strengthen existing valuation teams
- Provide career path and mentoring for junior valuers
- Appropriate continuous investment in infrastructure
- Achieve and retain “Employer of Choice” status
- Broaden sector expertise

Client Relationships

- Quality of client and earnings
 - High-value low-risk clients
- Focus on delivering superior customer experience
 - Services and advice that competitors can't provide
- Co-ordinated and holistic marketing
- National “client centric” management

Managing growth

Risk Management

- Created Valuation Risk Management Team
- External appointment of Director, Valuation Risk Management
 - Stephen Bembick: CBA property and panel management;
- Integrate risk management procedures into staff development
- Required additional “eyes” for high-value property valuations
- Risk compliance metrics to be part of staff performance reviews

Sector Specialisation

- **Residential**
 - Goal: all major banking panels and winning all tendered work
 - Increase non-lender valuation revenues
- **Commercial:**
 - Improve current spread of sector expertise
 - Leadership in emerging sectors
 - Develop five pillars of specialisation creating diversity and quality of revenue

Building best practice

Innovation and back-office systems

- Improve valuation productivity; reduce obstacles to improving revenue per valuer and team
- Set new business metrics to deliver top and bottom line growth
- Investment in past 12 months to continue; clear goals and outcomes established to keep projects on time and budget

Leadership

- At all levels – internal and external
- Good leaders build good teams
- Strong culture internally creates external leadership
- Better staff communication to foster inclusion and support
- Thinking like one company

Outlook



Australian Market: continued growth in property valuations and sales

Market

- Residential markets continue to be strong particularly in Sydney
- Unlikely to see a significant weakening in demand for residential valuations while interest rates remain at low rates
- National shortage of housing to keep demand strong
- Commercial markets active
- Large firms are getting larger at the expense of small firms
- Clients continue to look for services quality and consistency across major markets

LMW: Towards Excellence underpins focus for 2015

Residential	<ul style="list-style-type: none">• Manage demand to meet client expectations• Implement staff productivity measures• Expand services offered to clients• Increase revenue streams outside banking panels• Increase number of banking panels
Commercial	<ul style="list-style-type: none">• Appropriate diversification of valuation activity• Better marketing to high value clients• Services expansion across all specialisations• Build on 2015 initiatives to build revenues
LMW	<ul style="list-style-type: none">• Increase quality of income by creating services to meet needs of high-value low-risk clients• Continue to invest in management and risk governance processes• Grow revenues from non-bank lending sector• Invest in online presence; Better marketing materials• Consider geographic expansion – organic and acquisition

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