

MIRVAC GROUP (MGR)

9 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Revenue (\$m)	2,802.0	3,021.0	-7%
Operating Profit after Tax (\$m)	580.0	534.0	+9%
Bloomberg Consensus (\$m)	577.1		
Funds From Operations (\$m)	608.0	556.0	+9.4%
Net Profit after Tax (\$m)	1,089	1,164.0	-6%
Final Distribution (\$)	0.06	0.055	+9.1%
Full Year Distribution (\$)	0.11	0.104	+5.8%

Mirvac (MGR) earnings were boosted by its Office & Industrial unit

- **Mirvac Group (MGR)** posted in-line with consensus annual result, with operating profit lifting by 9% to \$580m for the 12 months to June. The result was driven by a strong performance in its Office & Industrial business and was at the top end of the group's guidance which it tightened in late June. Once including favourable property revaluations of \$490m, net profit came in at \$1,089m.
- Earnings from its core **Office & Industrial (O&I)** division rose most, lifting by 19% to \$381m over the year and was the biggest contributor to profits. Growth in the size of its portfolio helped lift leasing revenue and 11% growth in income. MGR completed its 664 Collins Street development in Melbourne and has an extensive pipeline of projects under construction.
- The better outcome for O&I helped offset a largely flat result from its **Retail business** and lower earnings from its **Residential operations**. Its **retail unit** was impacted by lower fund management fees and the 50% sale of Kawana in Queensland. MGR announced the sale of the shopping centre in December for \$186m to Sydney based ISPT.
- **Residential** underlying earnings fell by just \$2m, was helped by record lot settlements and improved margins but remained under some pressure as the property market cools in key markets.
- MGR **gearing/debt** is at 21.3% and at the lower end of the company's target range of between 20-30%.
- MGR will pay eligible investors a \$0.06 per share **final dividend** on 31 August. As is the case with many other property groups, its shares already went ex-dividend at the end of June. It announced its distribution on 13 June.
- **MGR shares** are largely unchanged so far this calendar year.

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