

Thursday, 31 October 2013

### **Countrywide plc Interim Management Statement**

Countrywide plc (LSE:CWD), the UK's largest integrated property services group issues this Interim Management Statement (IMS) for the period up to 30 October 2013, incorporating the three month period to 30 September 2013.

#### **Financial highlights**

- Q3 total income was £154.9 million, an increase of 12% year on year
- Income in the 9 months to 30 September 2013 was £413.7 million, representing an increase of 7% on the previous year
- Q3 saw the Group achieve a healthy increase in its underlying operating margin with improvements across all divisions
- The Group's cash generation remains strong which helps underpin our ongoing investment plans

#### **Business highlights**

- Q3 is always a key period of the financial year and the underlying business volumes are encouraging:

	<u>Q3 2013</u>	<u>v. Q3 2012</u>
- house exchanges	18,102	+13%
- retail properties under management	53,069	+21%
- number of mortgages arranged	16,411	+25%

- Our lettings business has completed 21 acquisitions so far in 2013 for a total commitment of £14 million with another 4 deals due to complete in November with an investment of £5 million. We remain on track to spend our targeted £20 million capital investment for the current financial year
- As outlined at IPO, our strategic plan to grow our New Homes business remains on track with a 23% increase in homes sold in the nine months to September 2013 compared to the previous year with stock available (completed homes and future pipe-line) standing at 4,100 units which is 36% ahead of our position at the end of Q1 2013
- The Group completed the acquisition of Lambert Smith Hampton (LSH) on 14 October 2013

Grenville Turner, Chief Executive at Countrywide, commented

“This is our second interim management statement as a listed company and we are pleased to report further strong progress across our entire Group. Market data confirms the continuation of recent trends and we now expect the second half of 2013 to provide the foundation for a strong recovery in market volumes in 2014. The Countrywide Group is uniquely placed to take full advantage of this recovery.”

### **Market overview**

We welcome the Government clarification and acceleration of the second stage of the Help to Buy scheme. Our view is that the scheme is a credible and well thought out policy which will benefit the whole of the UK housing market.

Recent market data confirms the momentum building in the residential property market. Land Registry volumes for the 7 months to July 2013 are 7% up on the same period in 2012 with The Bank of England volumes for new home mortgage approvals (seasonally adjusted) for the 9 months to September showing an increase of 16%.

Across the majority of the country, and excluding London, house prices remain well below the peak in 2007 with only modest recent gains as reported by the Department for Communities and Local Government. The latest Rightmove House Price Index published on 21 October stated that outside of London two regions recorded monthly falls, five are negative year-on-year, and seven in ten regions have annual price rises lagging behind inflation. The contrast between the London area and the rest of the country remains, with on-going challenges evident outside of London with regard to house prices and volumes compared to long run averages. Given our national coverage the group is well positioned to benefit from any further recovery in national house prices and housing transactions across all regions.

Based on discussions with major banks, gross mortgage lending in 2013 is expected to be between £165-175 billion compared to £143 billion in 2012.

### **Investing In People**

As we see the increasing evidence of a sustained recovery in the market, we continue to invest in our people to ensure we are positioned to take maximum advantage of the recovery.

This is evident in our branch network and also across other divisions. Countrywide’s Trainee Surveyor Programme filled its 60 applicant places in just two weeks and plans for another intake of 30 applicants in January 2014. Countrywide Conveyancing Services are making a significant

investment in an in-house training school which will launch in November this year with a further intake of applicants in January and April 2014. The training school will enable us to maintain capacity and ensure the quality of our conveyancers.

Nearly 2,000 Countrywide employees joined the recently launched Employee Share Incentive Plan (SIP) scheme with total annual contributions of over £1.8m worth of shares.

### **LSH**

We acquired Lambert Smith Hampton (LSH), giving us a significant foothold in the commercial property market. The acquisition of LSH is an important part of Countrywide's continued growth strategy. It will enhance our footprint across the UK and will help create more opportunities for our teams operating the Land and New Homes, and Residential Development & Investment businesses as well as extending our relationship with key Corporate Partners. We have a successful track record of acquiring and managing businesses, and being part of Countrywide plc will bring a wealth of new opportunities, fresh investment, economies of scale, and expertise to LSH. We are committed to the continued development of LSH as it becomes an increasingly important player in the commercial property market.

### **Outlook**

The continuation of recent trends in the UK residential property market coupled with the implementation of the second phase of the Government's Help to Buy Mortgage Guarantee scheme is expected to result in a meaningful uplift in market volumes for the second half of 2013 with momentum continuing into 2014. External industry predictions for lending are for an additional 10% in 2014.

The benefit of these trends and the anticipated contribution from LSH have increased our profit expectations for both 2013 and 2014 as the year has progressed.

**-Ends-**

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## **1. About Countrywide plc**

Countrywide plc, the UK's largest integrated property services Group, including the largest estate agency and lettings network, operates more than 1,300 associated branches across the UK.

Countrywide plc's network of expertise helps more people move than any other business in the UK and is a leading provider of estate agency, lettings, mortgage services, land and new homes, auctions, surveying, conveyancing and corporate property management services.

Countrywide plc's award-winning service has earned the business 142 high-profile industry awards in the last five years, with customers voting Countrywide Best Large Chain – National category, at the 2013 ESTA awards. Other awards include our Land & New Homes team was named the UK's Best New Homes Agent at the Estate Agency of the Year Awards 2012 and Countrywide Surveying Services and Countrywide Conveyancing Services won the award for Best Anti-Fraud Measure at the Mortgage Finance Gazette Awards 2012.

## **2. Forward Looking Statements**

This announcement has been prepared solely to provide additional information to the shareholders of Countrywide plc in order to meet the requirements of the FCA's Disclosure and Transparency Rules. It should not be relied on by any other party, or other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.

## **3. Next Results Announcement**

The next trading update is expected to be the 2013 full-year results, due to be issued in February 2014.