

Thursday, 2 May 2013

Countrywide plc Interim Management Statement

Positive start to 2013 provides platform for continued growth

Countrywide plc (LSE:CWD), the UK's largest integrated property services group issues this Interim Management Statement (IMS) for the period 1 January 2013 to date.

Financial highlights

- In line with our expectations and driven by the end of the stamp duty holiday in Q1 2012, Q1 2013 total income at £121 million was down 1% year on year
- Continued strong performance in our lettings division
- Land & New Homes delivered double digit income growth following explicit support from the Government for this sector
- Operating margin and profitability remain in line with management expectations

Business highlights

- As outlined at IPO, the key focus on expansion within the Group remains our Lettings business with 5 acquisitions completed so far in 2013 (circa £4.5 million investment)
- Strong pipe-line of prospective lettings acquisitions
- Target remains £20 million investment for lettings acquisitions in 2013
- Our Lettings new starts branches achieved profitability in March 2013, ahead of target
- Opened four new Hamptons branches in 2013 in Sevenoaks, Amersham, Canary Wharf and a new lettings unit in Paddington to complement our existing Paddington office
- Expanded our presence with three new Countrywide sales offices into newly opened lettings branches including Liverpool city centre and Cambridge.

Grenville Turner, Chief Executive at Countrywide, commented

"This is our first interim management statement as a listed company and we are pleased to report it is business as usual for the UK's largest integrated property services group. We continue to focus on delivering results, developing innovative and differentiated products and capitalising on our unique proposition. We are also very proud to have been awarded the coveted Gold prize for Best Large Chain - National Category, at the Estate & Letting Agent Awards (ESTAs). This marks the 5th consecutive year that we have won this award which is unique in being the only awards in the industry to be based purely on the votes of vendors and buyers."

Market overview

Recent general sentiment around the UK housing market has been positive, aided by the announcement of the Government initiatives included in this year's budget statement.

Any comparison of Q1 2013 volumes with Q1 2012 will be distorted by the end of the stamp duty holiday in March 2012 which saw the acceleration of some transactions from Q2 2012 into Q1. The Bank of England volumes for new home mortgage approvals (seasonally adjusted) in Q1 2013 saw an increase of 1.3% v. last year. Land Registry volumes for January 2013 saw a drop of 3% in sales completed compared to January 2012.

The availability of competitively priced mortgage credit has been increasing recently with lower pricing and a reduction in the size of deposit required. The impact of the Government initiatives and the improvement in the mortgage market has created positive momentum around the residential property market, although the effect of this on transactions will only become evident in the coming months.

IPO

The Group listed on the London Stock Exchange in March 2013 and raised net proceeds of approximately £207 million which will be used to repay the existing long term bonds on 8 May 2013. This will leave the Group in a relatively secure financial position to progress with its previously stated strategy.

Outlook

The combination of recent Government initiatives and positive signs from the mortgage market has created encouraging front-end activity in the housing market. The next three to six months will be key to establishing whether this front-end activity ultimately results in an increase in underlying market transactions. Based on our performance so far in 2013 and anticipated trends for the rest of the year, we anticipate that our overall financial results for 2013 will be in line with our expectations.

-Ends-

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