

24th November 2016

Countrywide plc Trading Update

Good strategic progress in a challenging market

Countrywide plc (“Countrywide” or the “Group”) (LSE:CWD), the UK’s largest integrated property services group, issues its trading update for the quarter ended 30 September 2016.

Markets

As expected when we reported our Interim results, transactional activity in the residential property market has remained challenged. A combination of changes in stamp duty and the EU referendum in June means transaction levels are currently running significantly below 2015. Bank of England mortgage approvals in Q3 2016 were 12% below last year. We now expect transaction volumes for 2016 to be 6% down on 2015 and while too early to say definitively, it is likely that the level of market transactions in 2017 will be lower than 2016.

The lettings market was affected by the rush to beat the changes in stamp duty at the end of Q1, resulting in a larger than usual supply of rental properties. Stock has increased more than tenant numbers, meaning more choice for tenants slowing rental growth, with rents falling in some areas. Overall though tenant numbers have increased slightly compared to last year and we expect the slowdown in the sales market to support the growth in the size of the rental market in the medium term.

Key Performance Indicators

Total group revenue for the quarter was £188.5m (2015: £197.1m) with revenue for the nine months ended 30 September 2016 totalling £558.7m (2015: £535.7m).

KPI’s in Q3 were as follows:

	Q3 2016	V Q3 2015	Sep YTD 2016	V Sep 2015
- House exchanges (Retail)	13,409	-1%	39,207	+7%
- House exchanges (London)	2,484	-29%	7,960	-11%
- Residential lettings properties under management (Retail)	68,601	+14%	68,554	+15%
- Residential lettings properties under management (London)	22,069	+1%	22,060	+4%
- Number of mortgages arranged (Financial Services)	24,011	+19%	68,367	+30%

The slowdown in activity across the market in Q3 is clearly evident in the closing pipe-lines for our Retail and London businesses, which at the end of September were down 16% and 26% respectively compared to a year earlier.

Strategy Update

In a challenging and fast changing market it is more important than ever that we move at pace in delivering our strategic initiatives. We continue to demonstrate good progress on these as outlined below.

- **Digital Pilot**

We are delighted with the results of our digital pilot. Compared to the relevant control group, the pilot branches have recorded consistent outperformance in the period since launch to date across key measures:

	Pilot v. Control Group
- number of leads	+4%
- instructions	+15%
- registered buyers	+8%
- Average fee achieved (%)	No change
- Online as a % of all instructions	3-4%

What we have learned over the past few months has informed the development of the proposition going forward. The combination of our people, our high street presence and online technology is clearly differentiating. It is evident that our full service customers value the enhanced online tools that this proposition brings. We are now rolling out our digital proposition to the next wave of brands and branches as planned.

- **Lettings Progress**

We have successfully grown the number of properties under management by 11% over the past 12 months to 90,614 (2015: 82,013). Landlord retention has been a key initiative and the progress is evident with the run-rate for 2016 showing a 6% improvement on 2015. We also successfully launched the 'Fixflo' tenant app (www.fixflo.com) to our Lettings customers in August 2016. Feedback has been positive from both Landlords and Tenants who find it easy to report issues and appreciate the significantly improved communication and control.

- **Remortgaging Activity**

As well as further strengthening our position as the UK's largest single mortgage broker, we have been focused on improving our retention rate on existing customers whose fixed term deal has come to an end. So far in 2016, we have successfully completed a re-mortgage for 19% of our customers compared to 13% in 2015. We expect to finish the year having helped 25% of our existing customers to find new deals and we remain committed to our long-term target of 33%.

Outlook

We anticipate that the reduced level of market transactions we have seen in the second half of this year will lead to our 2016 EBITDA being around the lower end of market expectations. This challenging environment underlines the importance of our focus on efficiency and productivity and the shift to our multi-channel model which we expect to yield significant benefit to our performance.

Commenting on the Group's performance, Alison Platt, CEO said:

"We have made good progress this year despite tough market conditions since the EU referendum, particularly pleasing is our growth in market share in both Sales and Lettings based on available market data up to July. In addition, these results in our Lettings, Mortgage and Professional Service businesses underline the importance of the breadth of the group and the focus we have placed on keeping the customers we win and continuing to serve them. In light of the chancellor's announcement yesterday regarding letting agents' fees, we look forward to working with the Government through this consultation process. The results of our digital sales pilot and the roll out of Fixflo in Lettings signal strong steps towards building our multi-channel network across the UK. Our work to ensure we have fewer, better brands and branches continues at pace."

-Ends-

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Countrywide is the UK's largest integrated property services Group, including the largest estate agency and lettings network. Countrywide's network of expertise combining national scale and local reach helps more people move than any other business in the UK and is structured around four key business units: Retail, London, B2B and Financial Services. We are proud of our strong position:

- £19 billion worth of property sold in 2015 - More homes in the UK than anyone else
- £12.1 billion of mortgages completed - Largest single mortgage broker in the UK
- 74,500 properties under management - Largest player in a fragmented market

Countrywide plc's award-winning service has earned the business over 231 high-profile industry awards since 2008 with customers voting Countrywide Best National Agency Group at the 2015 ESTAS awards.

1. 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 for 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.

2. Next Results Announcement

The next trading update is expected to be the 2016 full year results, to be issued in February 2017.