Continued Progress

Interim result for the six months ended 30 June 2019

31 July 2019

Peter Long, Executive Chairman
Paul Creffield, Group Managing Director
Himanshu Raja, Group CFO

Disclaimer

This document has been prepared by Countrywide (the “Company”). This document is not to be reproduced nor distributed, in whole or in part, by any person other than the Company. The Company takes no responsibility for the use of these materials by any person.

The information contained in this document has not been subject to independent verification and no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company, its shareholders, its advisors or representatives nor any other person shall have any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection with this document.

This document does not constitute an offer to sell or an invitation or solicitation of an offer to subscribe for or purchase any securities, and this shall not form the basis for or be used for any such offer or invitation or other contract or engagement in any jurisdiction.

This document includes statements that are, or may be deemed to be, “forward looking statements”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. You should assume that the information appearing in this document is up to date only as of the date of this document. The business, financial condition, results of operations and prospects of the Company may change. Except as required by law, the Company do not undertake any obligation to update any forward looking statements, even though the situation of the Company may change in the future.

All of the information presented in this document, and particularly the forward looking statements, are qualified by these cautionary statements. You should read this document and the documents available for inspection completely and with the understanding that actual future results of the Company may be materially different from what the Company expects.

This presentation has been presented in £ and £ms. Certain totals and change movements are impacted by the effect of rounding.

Agenda

1. **Executive summary**
2. **Financial performance**
3. **Return to Growth strategy – progress to date**
4. **Conclusion and outlook**
5. **Q&A**

Executive summary

- **Delivered both financial and operating plan in line with the Board's expectations(1)**
- **Countrywide is now the clear market leader in sales and lettings(2)**
- **Self-help measures continue to drive efficiency and align cost base which**
  - **has underpinned our delivery to date and**
  - **provides good momentum for the second half**
- **New covenant package agreed with lenders provides the financial flexibility to execute the turnaround**

Outlook

- **The second half EBITDA(1) will benefit strongly from H1 cost actions and the increased momentum in sales of complementary services**
- **Confident that the full year results(1) will be in line with the Board's expectations as a result of the self-help measures that have been implemented**
- **Political and Brexit uncertainty remains**

(1) Adjusted EBITDA (before the impact of IFRS16)

(2) Market share – based on Rightmove data, in Countrywide playing areas

Financial performance

Himanshu Raja, Group CFO

Group summary financials

For the six months ended 30 June	2019 £m	2018 [1] £m	YoY %
Income	290.6	302.9	-4%
Adjusted EBITDA [2]	20.2	9.9	104%
Adjusted EBITDA (pre-IFRS 16)	*3.9*	*9.9*	*-61%*
Depreciation& amortisation	(10.2)	(13.2)	23%
Operating profit	10.0	(3.3)	-406%
Net finance costs	(5.1)	(5.0)	-2%
Underlying profit before tax	4.8	(8.3)	-158%
Tax	(0.1)	1.9	-107%
Underlying profit	4.7	(6.4)	-174%
Exceptionals, amortisation etc	(42.5)	(200.0)	-79%
Loss after tax	(37.7)	(206.4)	-82%
Adjusted EPS (pence)	0.3	(2.7)	n/m

	As at 30 Jun 2019	As at 31 Dec 2018
Net debt	193.5	n/a
Net debt (pre-IFRS 16)	90.0	70.7
Leverage (pre-IFRS 16)	3.4x	2.4x

Group income £291m, down 4%

- Good progress on estate agency, down 6% in challenging market .
- Lettings continued to be resilient down 2%
- Financial services in line with expectations
- B2B (excluding LSH) performing in line with expectations

Adjusted EBITDA (pre-IFRS 16) £3.9m, down £6.0m

- Mostly attributable to our commercial business, LSH down £5m YoY

Depreciation and amortisation charges reduced following the impairment of assets in 2017 and 2018

Net finance costs include:

- c .£3m IFRS 16 interest
- Underlying debt interest reduced through lower debt

Net £42.5m exceptional items, amortisation, etc. comprise:

- Impairment charges of £36.4m
- IT transformation costs of £2.1m
- Restructuring charges of £2.6m
- Other (net) £1.4m

Net debt increased £19.3m from year end to £90.0m (pre-IFRS 16) at 30 June, after investment of £8.9 million in IT transformation

(1) Restated from prior year following amendment of the Group's opening IFRS 15 transition adjustment and H1 2018

(2) Earnings before interest, tax, depreciation, amortisation, exceptional items, employment-linked contingent consideration, share-based payments and share of profits from joint venture,

H1 Segmental performance

Adjusted EBITDA (pre-IFRS 16) For the six months ended 30 June	2019 £m	2018 [1] £m	YoY £'m	 %
Sales & Lettings	(4.5)	(3.7)	(0.8)	-22%
Financial Services	6.4	7.3	(0.9)	-12%
B2B	7.6	12.6	(5.0)	-40%
Other segments	(5.6)	(6.3)	0.6	10%
Total Group	**3.9**	**9.9**	**(6.0)**	**-61%**

Sales & Lettings

- After 1 month of tenant fee ban, 2019 impact expected to be c. £6m
- Conveyancing income up 27% YoY
- Benefit of cost actions

Financial Services

- Investment in mortgage consultants impacting H1
- Expect productivity gains in H2

B2B

- Robust performance in Surveying
- Strong momentum in Coveyancing
- YoY B2B delta £5m mostly due to weakness in capital and commercial transactions markets in LSH

Other segments

- Reflects on going cost reductions

Cost Actions

Underpinned H1, full benefits will be realised in H2

- *Branch closures*
- *Staffing levels aligned to local market activity*
- *Return on marketing investment carefully assessed*
- *Discretionary* and overhead cost reductions

(1) Restated from prior year following amendment of the Group's opening IFRS 15 transition adjustment and H1 2018

Cash flow

For the six months ended 30 June	2019 Post-IFRS16 £m	2018[1] Pre-IFRS16 £m
Adjusted EBITDA	**20.2**	**9.9**
Changes in working capital:		
Decrease in trade & other receivables	3.4	3.4
Decrease in trade & other payables	(6.8)	(11.8)
Increase in provisions	(0.6)	3.0
Operating Cash Flow (OCF)	**16.2**	**4.5**
OCF conversion rate	***n/a***	***45.5%***
Use of Funds		
Capital expenditure (steady state)	(2.5)	(2.1)
Repayment of finance leases	(12.8)	(1.6)
Interest, Tax and Pension	(6.1)	(4.0)
Cash from Operations	**(5.2)**	**(3.3)**
Deferred & contingent consideration	(4.5)	(7.2)
IT transformation	(8.9)	(3.0)
Restructuring	(1.2)	(14.2)
Investments, buybacks, finance fees	-	13.0
Total Cash Flow	**(19.8)**	**(14.7)**
RCF drawn	15.0	30.0
Net decrease in cash and cash equivalents	**(4.8)**	**15.3**
Opening cash	17.4	22.5
Closing cash	**12.6**	**37.9**

Cash from operations comparable YoY

Impact of IFRS16 on 2019 (no restatement of comparatives)

- Adjusted EBITDA increased by £16.3m
- Finance lease payments increased by capital elements of operating lease rentals

IT transformation programme on track and had £8.9m cash investment in H1 19.

Restructuring of £1.2m from self help measures to re-align the cost base to current market conditions

Completed triennial pension valuation with no change in contributions – at £2m for period 2020-2022

(1) Restated from prior year following the amendment of the Group's opening IFRS 15 transition adjustment and H1 2018 results.

Guidance

Confident that our full year results[1] will be in line with the Board's expectations

Adjusted EBITDA[1]

- **Sales and Lettings**
  - Good momentum, with pipeline in line with H1 prior year
  - Underpinned by self-help measures on cost and resourcing, which will offset the effect of the tenant fee ban
- **Financial Services**
  - H1 reflects investment to build back mortgage consultants
  - Expect productivity gains in H2
- **B2B**
  - Surveying contract retentions provide confidence in H2
  - Strong momentum on Conveyancing

  Offset by
  - Weakness in capital and commercial transactions markets in LSH

(1) Adjusted EBITDA (before the impact of IFRS16)

Return to Growth strategy – progress to date

Paul Creffield and Himanshu Raja

Return to Growth strategy

Market context

- Market conditions are very challenging as a result of significant uncertainty in relation to the political environment in the UK and around the outcome of the Brexit;
- As a result of political uncertainty and Brexit we are seeing consumer sentiment being affected and a deterioration in confidence
- Transaction levels are declining down 9.9% in Q1 2019 compared to 2018[1]
- New properties coming to the market (listings) are 7% down YOY[2]
- These conditions are also impacting the commercial transactional and capital markets both from an occupier and investor perspective

However, the medium and long term macro economic conditions are positive for the housing market

(1) Land Registry data

(2) Rightmove data

Strategy to turnaround the business to profitable growth

2018 implementation of “Back to Basics” – what we said…

1. Back to Basics in Sales and Lettings	• Rebuild and sustain the register and pipeline • Right level of staffing, spans of control and capability • Pricing and fee discipline • Decentralise decision making and empower branch network • Restore Lettings capability and expertise • Turnaround loss making branches
2. Grow complementary services	• Grow complementary services in Financial Services and Conveyancing
3. Continued growth in B2B and FS	• Increase number of mortgage and protection consultants in branch network • Improve remortgage conversion • Continue to expand digital offerings in Surveying and Valuation • Combined offering to developers and property investors • Improved productivity and customer service
4. Cost efficiency	• Invest to address legacy IT infrastructure and reduce costs • Rationalise the end to end processes in the customer contact centres • Reduce overheads and drive cost efficiency in central support functions
5. Financial discipline and cash flow	• Aim to reduce leverage to below 1.0x in medium term • Improve working capital discipline and capital allocation • Timeliness of billing and collections

Strategy to turnaround the business to profitable growth

"Back to Basics" – what we have done…

1. Back to Basics Sales and Lettings	• Listings market share up at 8.4% Sales and 7.3% Lettings in June 2019 (Dec 18: Sales 7.8% and Lettings 7.25%) • Fee discipline in place with fixed fees with pipeline underpinned by material level of fixed fee arrangement • Closed loss making branches that are non-viable • Rebased staffing numbers to reflect the current market
2. Grow complementary services	• Complementary services continuing to build with p in the £ growing from 43p at Dec. 2018 to 49p at June 2019 • Sales management driving close alignment on all complementary services - FS, Conveyancing, Surveying • Strong focus on complimentary services and sales drive
3. Continued growth in B2B and FS	• Mortgage consultant numbers grown. Branch coverage now 84% from 71% at the end of 2018 • Invested in Conveyancing teams to build capacity • Key client contracts retained in our core surveying business as well as client contracts in LSH
4. Cost efficiency	• IT transformation mobilised and underpins three year cost opportunity of 30-35% cost savings off IT cost based expected in 2021 • Transformation underway to establish optimal customer contact centre design and processes and planning to achieve 15% cost savings p.a. • Self help measures actioned to protect future profits
5. Financial discipline and cash flow	• Supportive lender group have relaxed covenants to facilitate the build back in a very challenging market • Net debt at 30 June 2019 at £90.0m and leverage at 3.4x and to below 1x over medium term • Cash from operations £0.7m lower than in H1 18 despite weaker trading. • A continued focus on debt collection and further improvement in LSH with debtor days now 53 (2018: 60 and 2017: 72)

1. Back to basics in Sales and Lettings is working

Resilient performance in a challenging market, with cost actions providing momentum for H2

For the six months ended 30 June	2019 £m	2018 (1) £m	YoY %
Income	157.9	164.8	-4%
Adjusted EBITDA	8.4	(3.7)	n/m
Adjusted EBITDA (before IFRS 16)	*(4.5)*	*(3.7)*	*-21%*
Key Performance Indicators			
Exchanges	21,623	22,026	-2%
Average cash fee (£)	3,235	3,370	-4%
Average house price (£)	286,722	293,929	-2%
Managed properties (Average)	86,064	87,846	-2%
Employees FTE (Average)	5,605	5,644	-1%

(1) New Homes and Auctions businesses have moved to Sales and Lettings and B2B during 2019 and therefore KPI comparatives have been restated accordingly
(2) Sourced: Rightmove data
(3) Sourced: Land Registry data

Income £158m, down 4% (compared with 7% H1 2018)

Sales, good progress on estate agency, down 6%

- No. 1 for Sales listings(2) at 8.4% in our playing areas
- Exchanges 2% down YoY (market reduction of 9.9% in Q1(3))
- Fee levels held >£3,000
- Average FTE down 1%: exit FTE down 350 due to H1 cost actions

Lettings continued to be resilient down 2%reflecting the impact of tenant fee ban

- No. 1 Lettings agent for listings in our playing areas at 7.3%
- Landlord retention for the UK area has recovered from 80.5% in 2017 to 84.0% 2019
- Properties under management down 2%
- Tenant fee ban mitigated

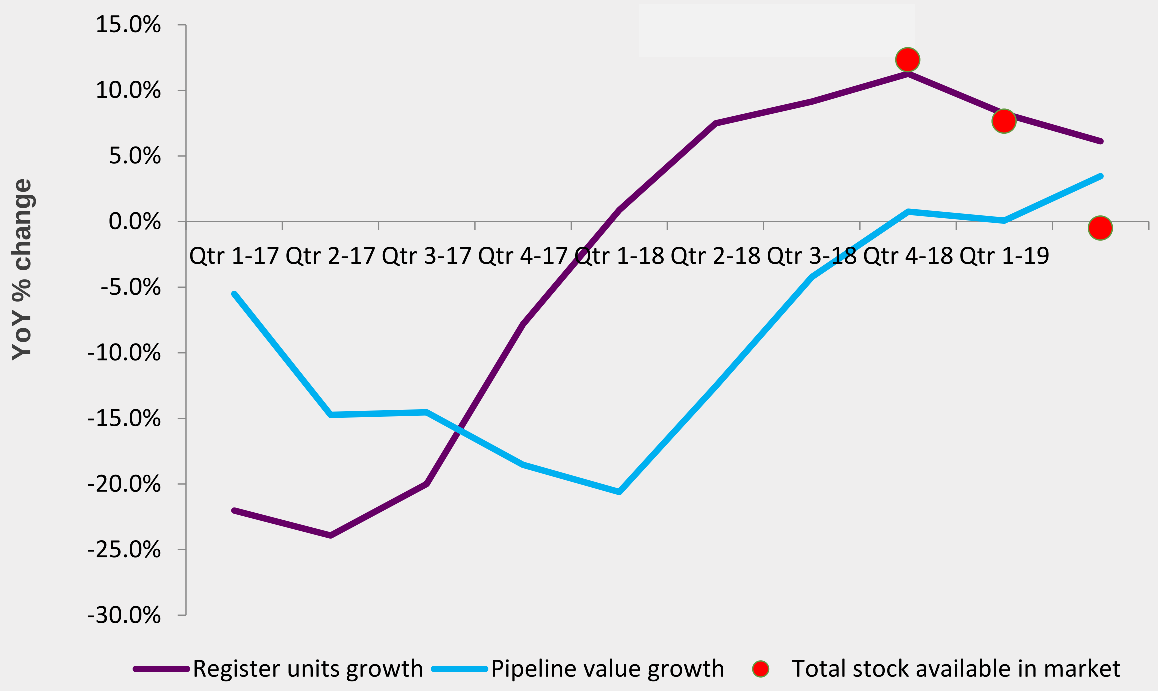
Self help measures implemented

- Conveyancing instructions up 17% YoY
- Cost actions in place during H1 is driven through branch closures, staff reductions and aligning spend to market size – mitigates all the tenant fee ban

1. Back to basics in Sales and Lettings

Continued progress in a challenging market, with strong closing pipeline underpinning H2

Quarter on Quarter Growth (excluding closed branches)



Sales

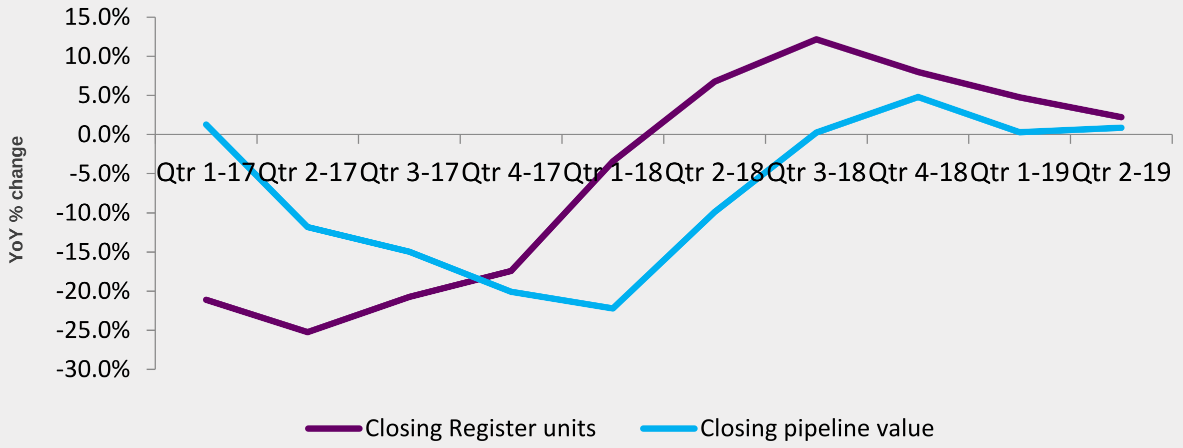
- Income down 6% (vs down 23% H1 2018)
- Excluding closed branches, sales income was 3% down YoY
- Register up 6% (excluding closed branches)
- Pipeline up 3% (excluding closed branches) providing good confidence for H2
- Complementary services 49p in £ (H1 2018 43p)

Source: Rightmove data available from Q4 17.
Total stock available in the market represents the number of properties for sale and those sold subject to contract for all agents that operate in our playing areas

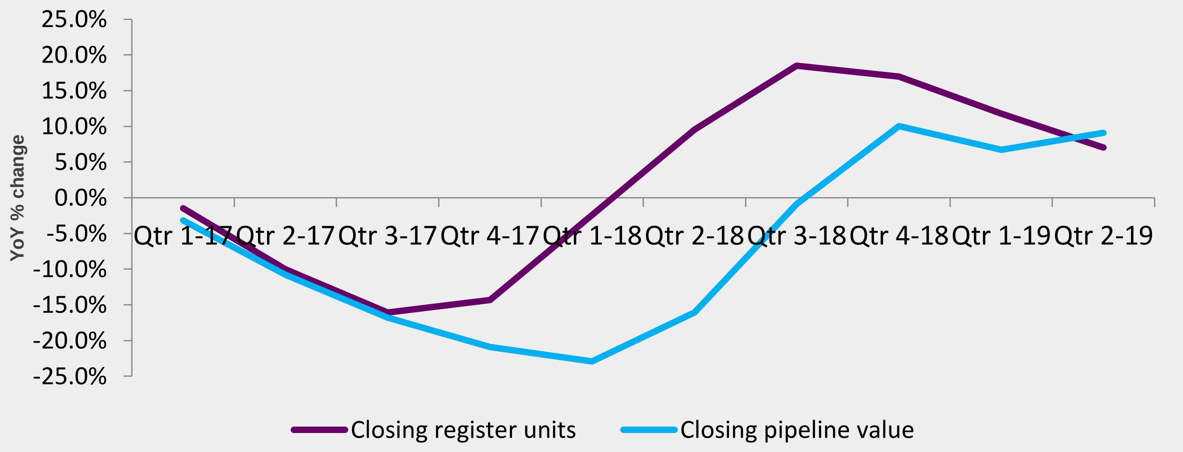
1. Back to basics in Sales and Lettings

Continued progress in North and South, strong closing pipeline underpinning H2

North (excluding closed branches)



South (excluding closed branches)



North

- Income flat YoY (vs down 16% H1 2018)
- Register up 6% excluding closed branches
- Pipeline up 2% excluding closed branches but turn is pipeline turn is better than South
- Complementary services 75p in £

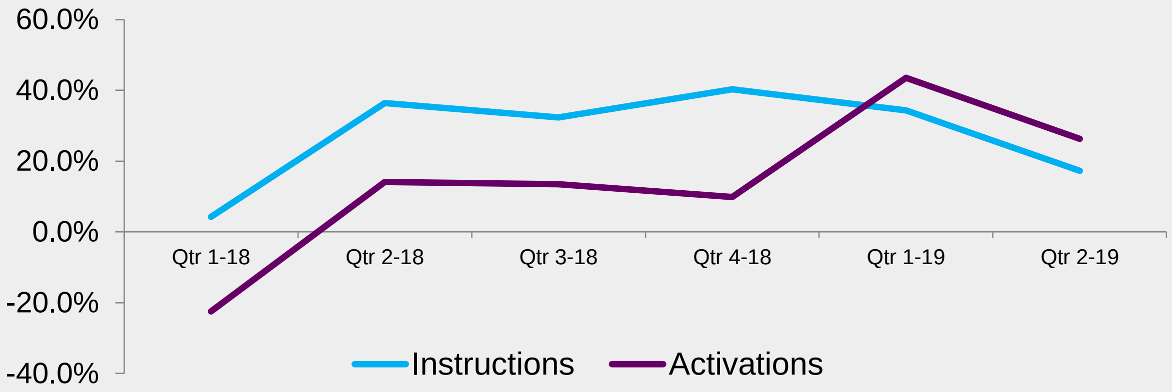
South

- Income flat YoY (vs down 16% H1 2018)
- Register up 11% excluding closed branches
- Pipeline up 9% (excluding closed branches) providing good confidence for H2
- Complementary services 58p in £

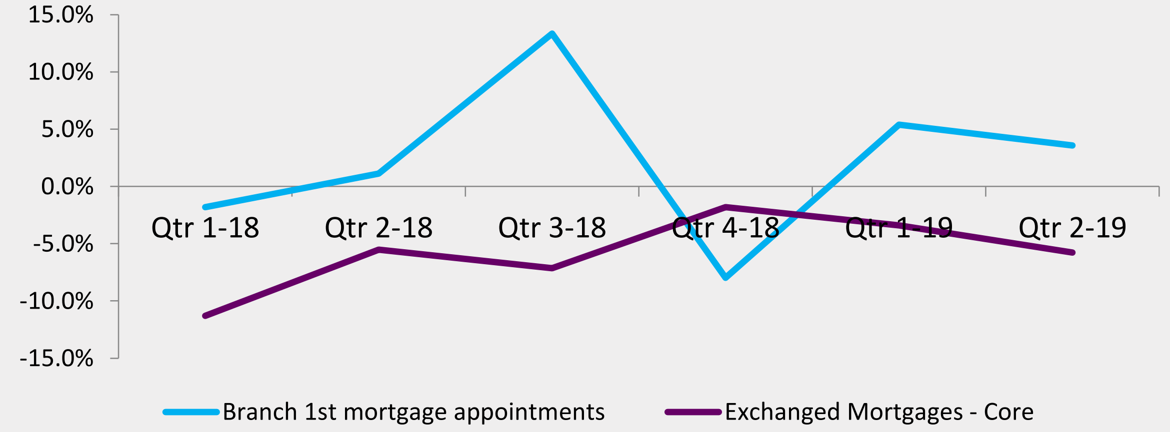
2. Strong momentum on complementary services

Good progress in the first half of 2019; good momentum in Conveyancing, lag in FS due to new hires

Conveyancing attachment



Financial services – mortgages



Conveyancing

- We are one of the leading property conveyancing firms in the UK
- Gross conveyancing revenue increased 8% H1 YoY
- On average we achieve legal exchange 13 days faster than other firms used by our Sales clients
- 2019 won four awards: What Mortgage Awards: Best Legal Services provider – Highly Commended, Modern Law Conveyancing Awards: Conveyancing Firm of the Year – Wales – Won, Outstanding Commitment to Training - Highly Commended, Conveyancer of the Year Highly commended

Financial Services

- Focus for FS was to build back the footprint of MPCs
- To improve advisory referral rate from branch network
- Exchanges mortgages lag as our new MPCs reach productivity

* See glossary for definition

3a. Grow B2B

Strong H1 performance in Surveying and Conveyancing and good for H2
H1 YoY decline wholly due to commercial transactions in LSH

For the six months ended 30 June	2019 £m	2018 [1] £m	YoY %
Income	92.5	97.4	-5%
Adjusted EBITDA	10.1	12.6	-20%
Adjusted EBITDA (before IFRS 16)	*7.6*	*12.6*	*-40%*
Key Performance Indicators			
Surveys and valuations completed	192,224	192,097	0%
Conveyancing completions	13,247	11,398	16%
Corporate properties under management	40,134	36,930	9%
Employees FTE (Average)	2,024	2,335	-13%

Surveying

- Maintained allocations with three of our largest clients
- Launched Homefact product with Santander for first time buyer customers, giving them more information about their new home
- Valuations completed consistent with H1 2018

Conveyancing

- Total group instructions up 17% YoY
- Completions up 16% YoY and Gross revenue has increased by 8% - strong momentum into H2
- Investment in staff to build capacity has cost £0.6m in H1 19
- In-house pipeline 18% higher at 30 June YoY

Lambert Smith Hampton

- Delayed completion of a number of transactional deals
- Continued strength in consultancy

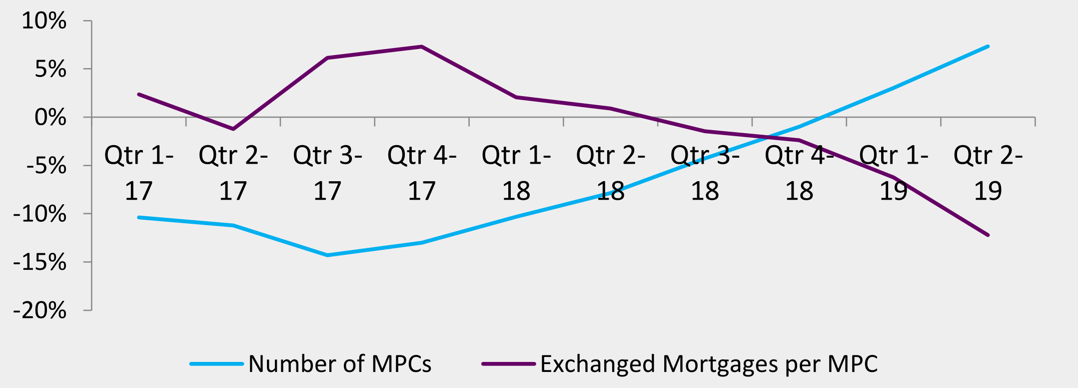
(1) New homes business and Auctions have moved to Sales and Lettings from B2B during 2019 and therefore KPI comparatives have been restated accordingly

3b. Grow Financial Services

Investment in Mortgage Consultants has had a short term impact on profitability

For the six months ended 30 June	2019 £m	2018 £m	YoY %
Income	40.1	40.2	0%
Adjusted EBITDA	6.9	7.3	-6%
Adjusted EBITDA (before IFRS 16)	*6.4*	*7.3*	*-12%*
Key Performance Indicators			
Gross mortgage value (core) £'bn	2.3	2.4	-3%
Gross mortgage value (non core) £'bn	7.4	7.1	5%
Gross mortgage value (total) £'bn	9.8	9.5	3%
Total mortgages arranged (number)	51,685	51,134	1%
Employees FTE (Average)	1,009	977	3%

Productivity



(1) Source: UK Finance (Council of Mortgage Lenders)

Mortgage distribution

- 3% growth in gross mortgage distribution to £9.8bn (2018: £9.5bn); (market growth May YTD 1%[(1)])
- 1% growth in total mortgages arranged
- Branch channel positively impacted by increase in MPC numbers following growth plan during H1 2019
- MPCs (Average H1 2019: 547 vs H1 2018: 523)
- Exchanges mortgages lag as MPCs reach productivity

Strong performance from alternative channels in terms of number of mortgages exchanged

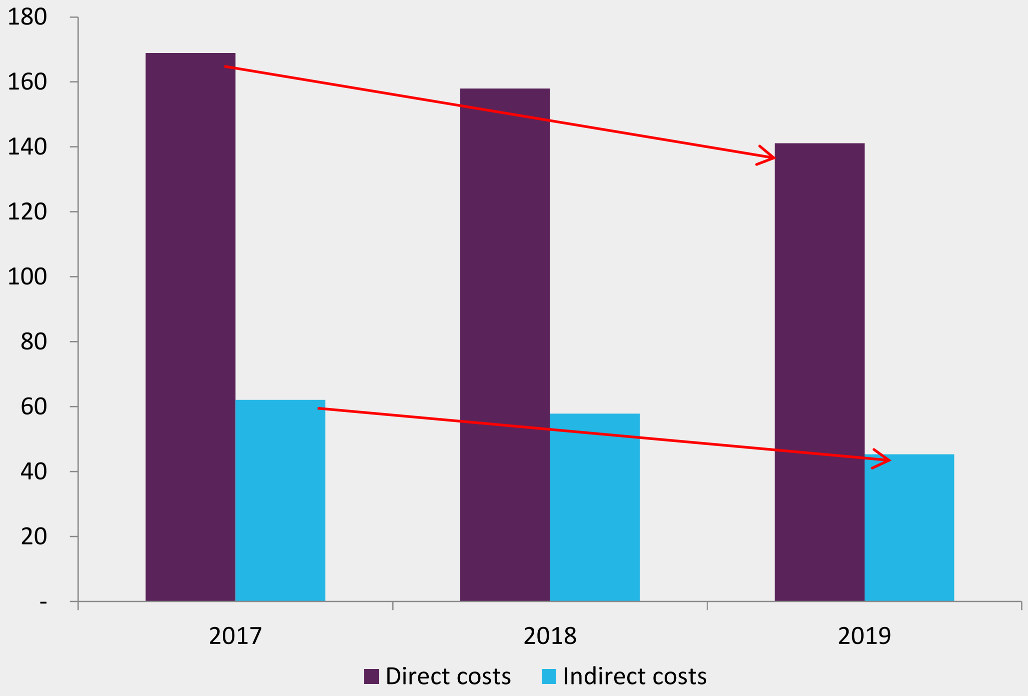
- The Buy to Let Business/telephony + 16%
- The Mortgage Bureau + 2%
- Mortgage Intelligence Network + 1%

Productivity per Mortgage Consultant increases three fold for those in post > 12 months compared to those recently joined

Currently c30% of Consultants have < 12 months service

4. Cost efficiency

First half cost actions underpinned H1 and give confidence in H2



Indirect costs

- Between 2014 and 2017 increased by £32m in part due to acquisitions and also centralisation under prior strategy
- Reduced from 2017 to 2018 by 14%
- Re-invested £6m in the build back of UK Sales & Lettings

Cost efficiency on track

- Invest to address our legacy IT infrastructure and line of business applications
- Contact centre optimisation to improve customer experience through localisation and improved productivity
- Right size and drive cost

Direct costs self-help measures implemented

- Branch closures
- Staffing levels aligned to local market activity
- Return on marketing investment carefully assessed
- Discretionary and overhead cost reductions

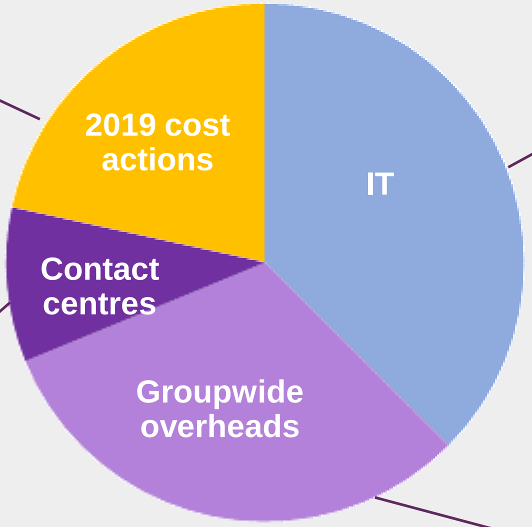
4. Cost efficiency

Targeting a further £15-20m cost out by 2021

Indirect cost base

2019 cost actions– aiming to deliver £8.5m on indirect costs in 2019 alone:

- Further cost savings implemented in year in response to Brexit
- Also includes wider plans tackling direct costs in areas such as loss making Branches and staffing levels
- In H1 has delivered over £3m on indirect costs



IT – aiming to deliver 35% cost reduction by 2021:

- £2m saved since 2017
- H2 2019 forecasts no further savings as the transformation programme increases in momentum
- Future transformation benefits will begin to materialise in 2021 of £14m

Customer contact centres – aiming to deliver c15-20% cost reduction whilst improving service:

- £1m of savings since 2017
- Plans to deliver a minimum of £5m of savings in 2021 following the implementation of the target operating model

Groupwide overheads – aiming to deliver further 5-10% cost reduction by 2021:

- £10m of savings since 2017
- We will continue to rationalise back office processes in 2020 and 2021 which forecast a stabilising of overhead costs after delivering a further £3m of savings

5. Financials discipline and cash flow

Supportive lender group providing the financial flexibility to execute the turnaround

Debt Facilities and Covenants

- Committed facilities of £125m until September 2022
  - Net debt (before IFRS 16) 30 June 2019 £90.0m (December 2018: £70.7m)
  - Net debt: adjusted EBITDA 3.4x (December 2018: 2.2x)

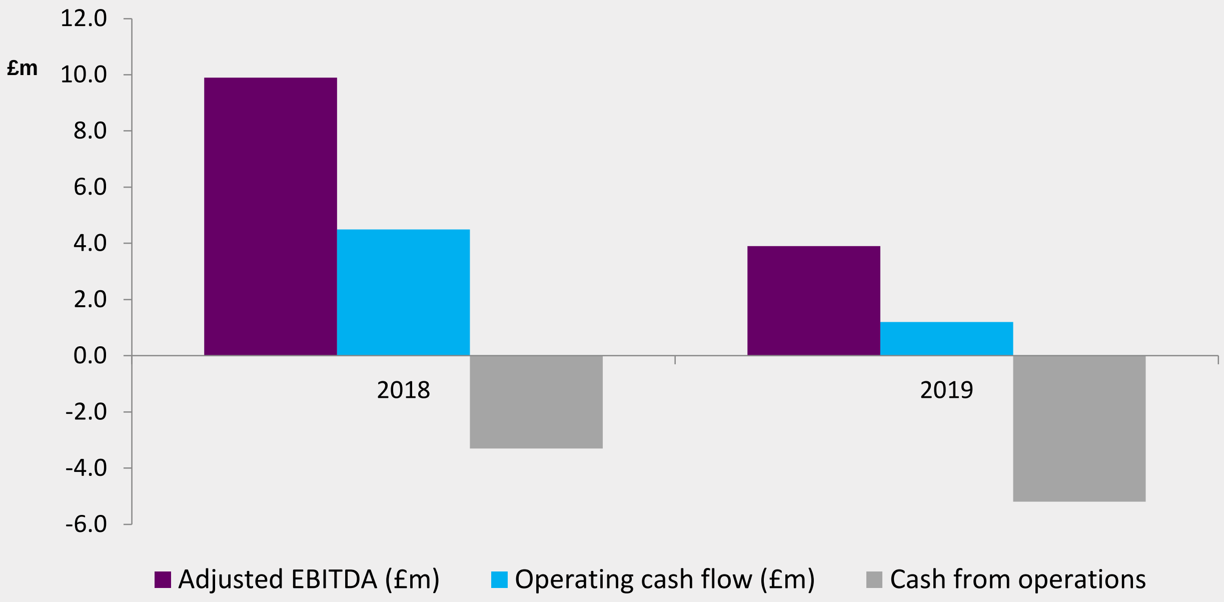
Committed to reducing net debt to adjusted EBITDA to < 1x in the medium term

Reporting date	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21
New leverage covenant	6.00x	4.75x	4.25x	4.25x	4.00x	4.00x	3.75x	3.75x	3.75x	2.50x
Previous leverage covenant	6.00x	4.75x	4.25x	4.00x	3.50x	2.75x	2.50x	2.50x	2.50x	2.50x

Bank covenant testing is based on “frozen” GAAP, prior to the adoption of IFRS 16

5. Financial discipline and cash flow

Meaningful cash generation in H2 from operations offset by investment in IT



- **Cash from operations £1.9m lower than H1 18 despite weaker adjusted EBITDA (before IFRS 16)**
- **H1 is seasonally weak for cash generation following the seasonal trend of the property market**
- **Continue to improve working capital management**
  - Debt collection in our new homes and commercial teams has reduced the ageing of debts by £4.2m
  - Further improvements are planned to release more cash on time from our clients
- **Improved capital discipline and capital allocation through better processes and management**
  - Disciplined steady state capex management
  - investment in IT transformation
  - Improved procurement

Conclusion and Outlook

Peter Long,
Executive Chairman

Conclusions and Outlook

Continued progress

- Countrywide is the clear market leader[(1)] in sales and lettings
- Self-help measures continue to drive efficiency and align cost base which
  - has underpinned our delivery to date and
  - provides good momentum for the second half
- New covenant package agreed with lenders provides the financial flexibility to execute the turnaround

Outlook

- The second half EBITDA[(2)] will benefit strongly from H1 cost actions and the increased momentum in sales of complementary services, fully mitigating the impact of the tenant fee ban
- Confident that the full year results[(2)] will be in line with the Board's expectations
- Political and Brexit uncertainty remains

(1) Market share – based on Rightmove data, in Countrywide playing areas

(2) Adjusted EBITDA (before the impact of IFRS16)

Questions

Appendices

IFRS 16 - Lease Accounting

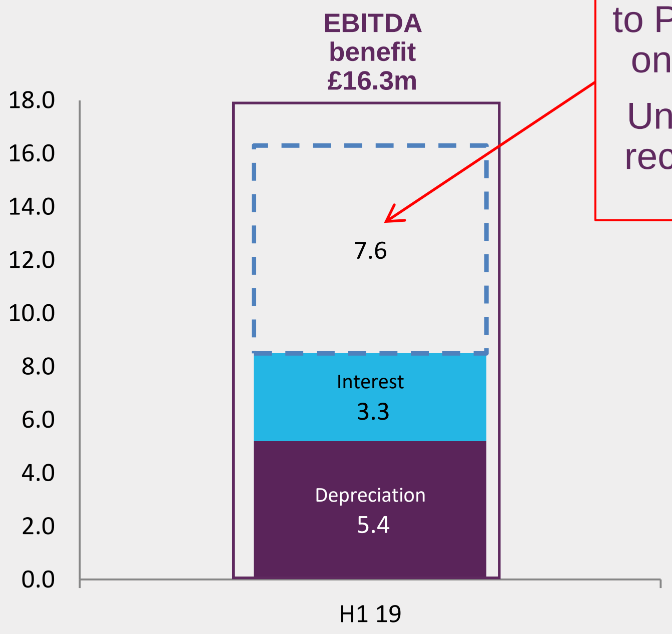
EBITDA + £16.3m

Net profit + £7.6m

Net Assets
- £70.6m

Depreciation not charged to P&L due to impairment on adoption of IFRS 16

Unwinds over 4-5 years recovering net assets to pre-adoption level



IFRS16 has no impact on

- Income
- Net cash
- How we run the business
- Finance facilities

IFRS16 involved a review of

- 1,000 property leases
- 3,500 car leases
- Master leases for printers and equipment
- Majority of leases < 5 years

We have adopted the modified retrospective approach

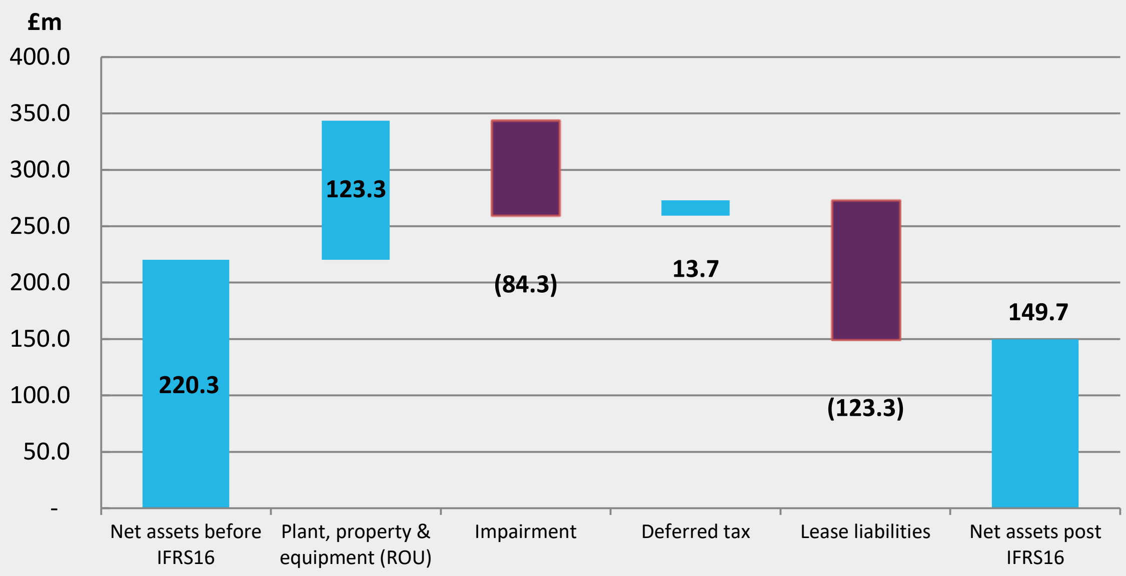
- Balance sheet transition 1 Jan 2019
- No change to 2018 or earlier results
- Lease liabilities add £123.3m to balance sheet debt, mostly unwinds over 4-5 years

Finance facilities and net debt

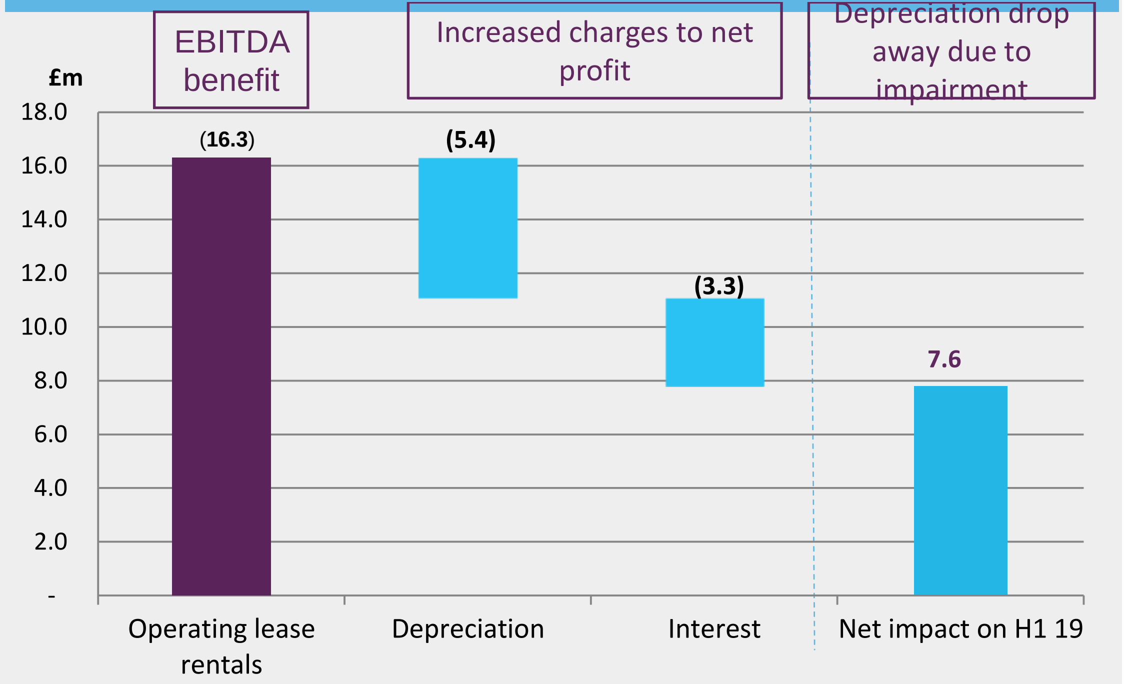
- Covenant testing based on financial statements before the impact of IFRS16

FY 19 Impact of IFRS 16 – Lease Accounting

Opening balance sheet adjustments



Benefits EBITDA and Net Profit



- IFRS 16 adopted on 1 January 2019 and premises, cars and equipment operating lease liabilities brought onto the balance sheet
- Some assets impaired on transition
- Depreciation charges with interest will be significantly lower than rental costs, owing to impairment
- Balance sheet net debt increased by £123.3m, will mostly unwind over 4-5 years