Countrywide

Returning to profitable growth

2 August 2018

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Agenda

Introduction

2018	• FY 2018 outlook: – H1: EBITDA of £10.7m[1]; slightly better than guidance previously given; net debt £211.7m – H2: Positive outlook due to improved pipeline in Sales, the traditionally strong H2 in FS and B2B and flow through impact of cost-out actions
3 year plan	• Back to basics underpins the three-year turnaround plan to re-build the pipeline and grow market share; aim to deliver by 2021: – Objective to return to 2016 levels of profitability – Reduce leverage below 1.0x
Capital Structure	• Fully underwritten equity capital raise of £140m; proposed structure includes: – Firm placing; and – Placing and open offer – Majority of proceeds to repay existing bank debt • Amended £125m 4 year RCF facility and covenant package

[1] H1 2018 EBITDA includes £1.1m benefit from adoption of IFRS 15

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H1 Financial performance - & FY Outlook:

Himanshu Raja, Group CFO

Group summary financials

	H1 2018 £m	H1 2017[1] £m	YoY £'m	YoY %
Income	303.6	332.7	(29.1)	(9%)
Adjusted EBITDA[2]	10.7	27.8	(17.2)	(62%)
Depreciation \ Amortisation \ JV	(13.2)	(13.6)	0.5	3%
Operating (loss)/profit	(2.5)	14.2	(16.7)	(118%)
Net finance costs	(5.0)	(6.0)	1.0	17%
(Loss)/profit before tax	(7.6)	8.1	(15.7)	(193%)
Tax	1.8	(1.4)	3.2	(227%)
Underlying (loss)/ earnings	(5.8)	6.7	(12.5)	(186%)
Exceptionals, amortisation etc	(200.0)	(7.2)	(192.8)	n/a
Loss after tax	(205.8)	(0.5)	(205.3)	n/a
Adjusted EPS (pence)	(2.5)	3.0		(183%)
Net debt	211.7	221.7		
Leverage	4.7x	3.1x		

- **Group income declined 9% driven by opening pipeline deficit in Sales, with YoY exchanges down 18%**
- **Reduction in central costs completed in H1 which funded the build back of staffing in Sales & Lettings**
- **Adjusted EBITDA of £10.7m slightly better than recent guidance**
- **Net finance costs , before exceptionals, down £1m due to a lower average net debt**
- **£200m of exceptional and non-underlying items are primarily non-cash goodwill and intangibles write downs (£211m). £11m of expected future cash outflows to 2026**
- **Leverage at 30 June 18 4.7x**

(1) Restated for the adoption of IFRS 15, with £1.1m EBITDA benefit in H1

(2) Earnings before interest, tax, depreciation, amortisation, exceptional items, contingent consideration, share-based payments and share of losses from joint venture, referred as 'adjusted EBITDA'

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HY 18 Adjusted EBITDA to retained result bridge

	HY 18 £m	HY 17 £m
Adjusted EBITDA	10.7	27.8
Depreciation and amortisation	(13.2)	(13.6)
Underlying operating (loss)/profit before exceptional items	(2.5)	14.2
Exceptional, amortisation and other items:		
Share based payments	(1.7)	(1.2)
Contingent consideration and Share of JV	(4.6)	(1.1)
Amortisation of acquired intangibles	(2.0)	(2.9)
Impairment and related charges:		
Impairment of goodwill, brands and customer contracts	(180.6)	-
Impairment of software and tangible assets	(30.1)	-
	(210.7)	-
Strategic restructuring:		
Strategic and restructuring costs	(7.1)	(2.7)
Onerous lease/closure provision	(8.4)	-
Profit on disposal of financial assets and PI settlement	3.2	-
	(12.3)	(2.7)
Financing costs	(3.8)	-
Taxation impact of exceptional and non-underlying items	35.2	0.7
Total exceptional and non-underlying items	(200.0)	(7.2)
Net finance costs	(5.0)	(6.0)
(Loss)/profit before taxation	(207.6)	0.9
Underlying taxation	1.8	(1.4)
(Loss)/profit for the period	(205.8)	(0.5)

Impairment charges:

- **£211m of principally non-cash impairment charges on goodwill, brands, customer contracts, software and tangible assets**

Strategic restructuring & other:

- **£3.7m redundancy costs and £3.4m professional fees incurred in relation to restructuring**
- **Onerous lease property provisions: total cash impact of £8.4m over the life of the leases to 2026**
- **Income of £3.2m from settlement of a historic PI claim in Group's favour and true up of a PI provision**

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Cash flow

	HY 18 £m	HY 17 £m
Adjusted EBITDA	10.7	27.8
Working capital, provisions and other	(13.7)	(13.7)
Operating cash flow (non-GAAP)	(3.0)	14.5
Uses of funds:		
Capex	(5.2)	(6.8)
Net finance expense	(4.0)	(5.4)
Tax	2.0	0.4
Pension contributions	(2.0)	(2.0)
Acquisitions, disposals and other:		
Acquisitions/deferred & contingent consideration	(7.3)	(2.5)
Disposals	16.0	0.5
Employee share plans/Share placing	(0.5)	36.1
Other	(3.6)	(1.4)
Net cash-flow before exceptionals	(7.5)	33.4
Exceptional items	(7.2)	(2.7)
Net cash-flow after exceptionals	(14.7)	30.7

- **OCF held at £3m outflow despite £17.2m decline in adjusted EBITDA**
- **OCF reflects unwind of £17.9m of previous cyclical cash management practices**
- **Exceptional cash outflow relates to:**
  - **Redundancy cost mainly in relation to the Group's central functions;**
  - **Professional fees and financing fees;**
  - **offset by receipt from settlement of PI claim**

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2018 outlook

Adjusted EBITDA: H1 2017 £27.8m; H2 17 £34.8m; H1 2018: £10.7m

Anticipated H2 2018 business drivers

FS	↑	Strong improvement in FS
B2B	—	Flat in B2B
Cost efficiency	↑	Partial flow through of cost out actions
Sales & Lettings	↓	Recovery in Register* and Pipeline*; operating in a subdued market with longer transactions cycle

* See glossary for definition

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Strategy & turnaround plan:
Peter Long and Himanshu Raja

Experienced management team at industry and corporate level

Group Executive Committee

Peter Long
Executive Chairman
- Joined in 2016 as Non-Executive Chairman; subsequently appointed Executive Chairman in 2018
- Extensive business experience at Executive and Non-Executive level

Paul Creffield
Group Managing Director
- Re-joined Countrywide in 2006
- 35 years industry experience

Peter Curran
MD, Financial Services
- Joined in 2015
- Over 10 years experience in the intermediary mortgage sector

Paul Chapman
Chief Operating Officer
- Joined in 2011
- 20 years industry experience

Paul Wareham
MD, Business to Business
- Joined in 2013
- 35 years industry experience

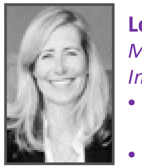
Dan Thompson
Group HR Director
- Joined in 2016
- Over 15 years HR experience

Himanshu Raja
Group CFO
- Joined in 2017
- 25 years experience in large multinational organisations, including turnarounds

Sales & Lettings Operational / Divisional Management

Jonathan Simpson
MD, North
- Joined in 1991
- 31 years' industry experience

Toby Phillips
MD, South (incl. Mid Markets London)
- First joined in 1989
- 29 years' industry experience



Lesley Cairns
MD, Hamptons International
- Joined Hamptons in 2006
- 30 years' industry experience

John Hards
National Lettings Director
- Joined in 1994
- 35 years' industry experience

Ezra Nahome
CEO, Lambert Smith Hampton ("LSH")
- Joined LSH in 2000
- 25 years industry experience

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Clear strategy to turnaround the business and deliver profitable growth

1. Back to basics Sales & Lettings

- Rebuild and sustain the register and pipeline
- Right level of staffing, spans of control and capability
- Pricing & fee discipline
- Decentralise decision making and empower branch network
- Restore Lettings capability and expertise
- Turnaround loss making branches

2. Ancillary services

- Deliver ancillary services sales in financial services and conveyancing
- New incentive structures and commission arrangements for sale of ancillary services

3. 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

4. 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

5. Continued growth in B2B and FS

- Increase number of mortgage & protection consultants in branch network
- Improve re-mortgage conversion
- Continue to expand digital offerings in Surveying and Valuation
- Combined offering to developers and property investors
- Improved productivity and customer service

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1. Back to basics in Sales & Lettings

Industry led organisation now in place, experienced people returning to Countrywide

Paul Creffield
Group Managing Director
(35 years experience)

New in post since 1 Jan 18

Jonathan Simpson Managing Director UK North	Toby Phillips Managing Director UK South	Lesley Cairns Managing Director Hamptons International	Nick Taylor Managing Director Premier & City	John Hards National Lettings Director	Phil Tennant Operations Director
Territory MDs **Keith Peacock** North Wales & Birmingham **Sharon Donaldson** Scotland & North **Ian Culbert** Midlands & East Anglia **109 years' experience**	**Territory MDs** **Keith Knight** South East **Andy Bates** South Central **Simon Old** South Wales & West **Stuart Lobb** South West **124 years' experience**	**Mary Beeton** Head of Sales - London **Peter Everett** Head of Sales - Country **Cat Westerling** Head of Lettings **90 years' experience**	**41 years' experience**	National role Coordinating Lettings activity and industry expert **35 years' experience**	National role All Central Lettings activities including: Property Management (diversified) Client Accounting Renewals Reporting Compliance **20+ years' experience**
381 branches 569 Sales & Lettings business units	349 branches 466 Sales & Lettings business units	84 Sales branches 64 Lettings branches	62 Sales & Lettings branches		
32 Regional Directors 621 years' experience	36 Regional Directors 582 years' experience	16 Regional Directors 258 years' experience	5 Regional Directors 96 years' experience		

- **89 regional directors now in place covering 880 branches**
- **Over 120 returners at branch level in 2018**

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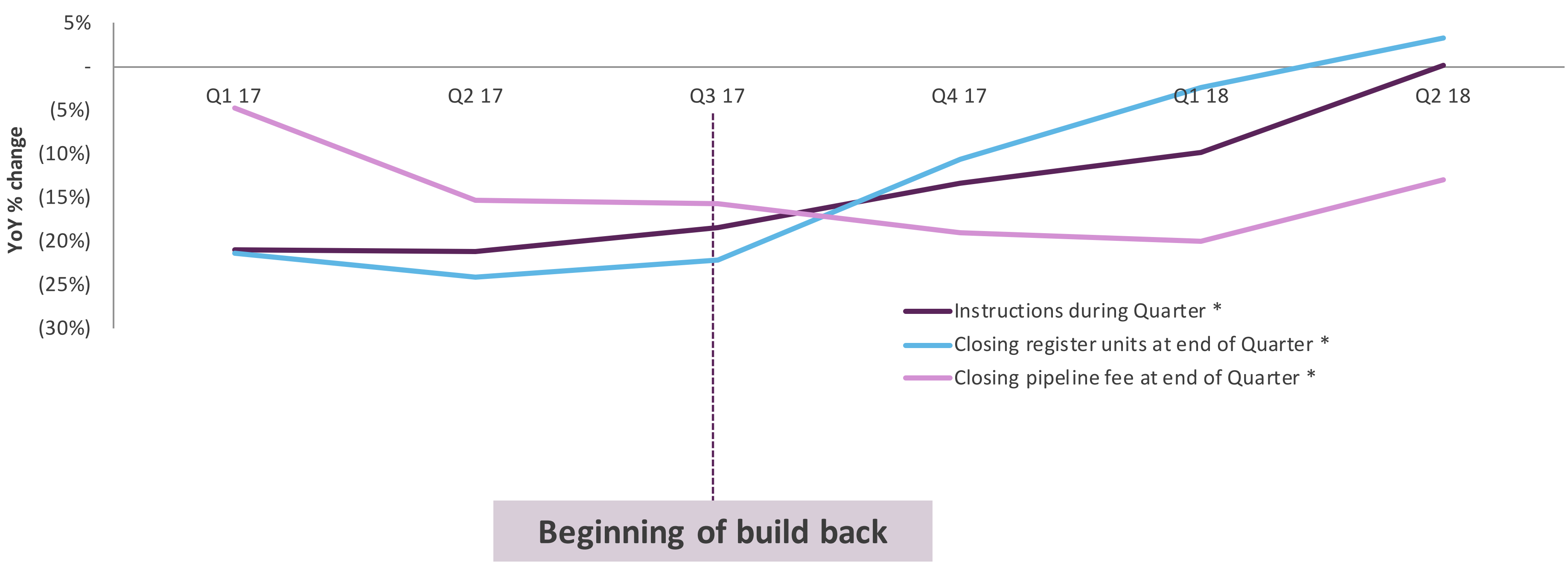
1. Back to basics in Sales & Lettings

Sales – early indications of the build back

Total UK - Sales



- **Closing register of properties available for sale up 3% YoY as at 30 June 2018, up 13% from 31 December 2017**
- **Closing pipeline fee deficit as at 30 Jun 18 was down 13% YoY from being down 19% YoY at 31 December 2017**
- **Usually a 4-6 month lag before the operational improvement feeds through to financial performance**

* See glossary for definition

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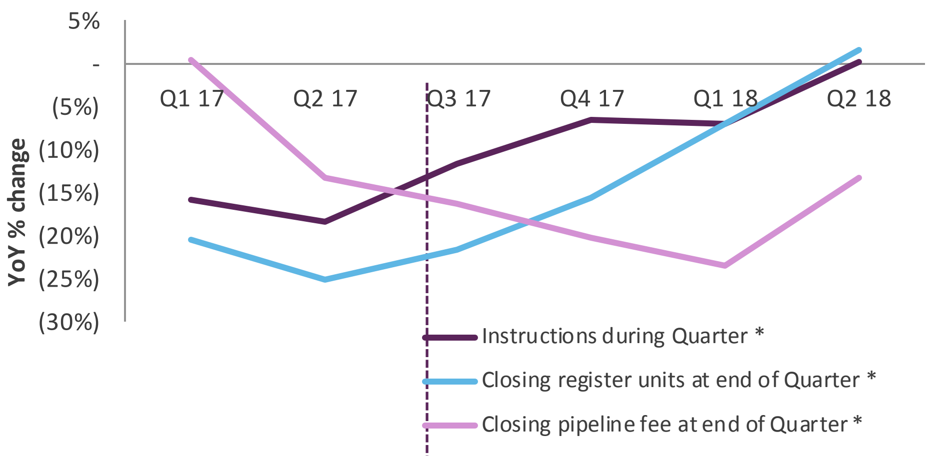
1. Back to basics in Sales & Lettings

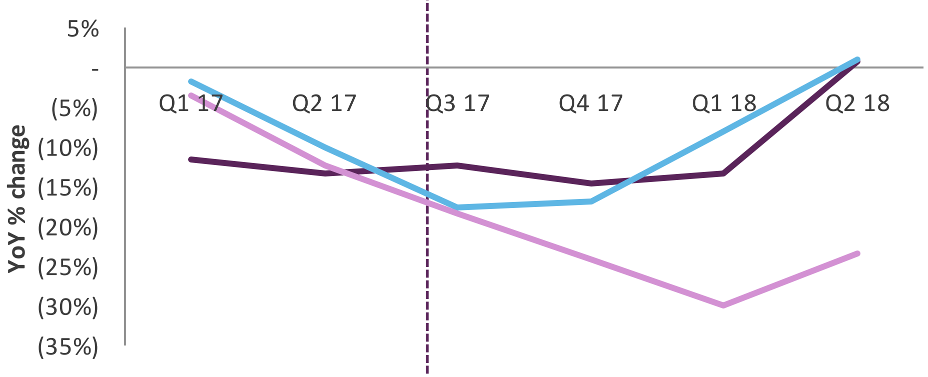
Sales – Recovery in the North has been quicker than in the South

North



- Closing register at 30 June 2018 up 2% YoY having been down 16% YoY at 31 Dec 2017. Register up 14% from 31 December 2017.
- Closing pipeline fee deficit reduced from 20% down YoY at 31 December 17 to 13% down YoY at 30 June 18.
- Pipeline fee levels expected to be ahead of 2017 peak levels in Q3/Q4 2018.

South



- Closing register at 30 June 2018 up 1% YoY having been down 17% at 31 Dec 2017. Register up 15% on 31 December 2017.
- Closing pipeline fee deficit reduced from 24% down YoY at 31 December 17 to 23% down YoY at 30 June 18.
- Pipeline fee levels expected to be ahead of 2017 peak levels in Q4 2018/Q1 2019

Recovery in the North has been quicker than in the South

* See glossary for definition

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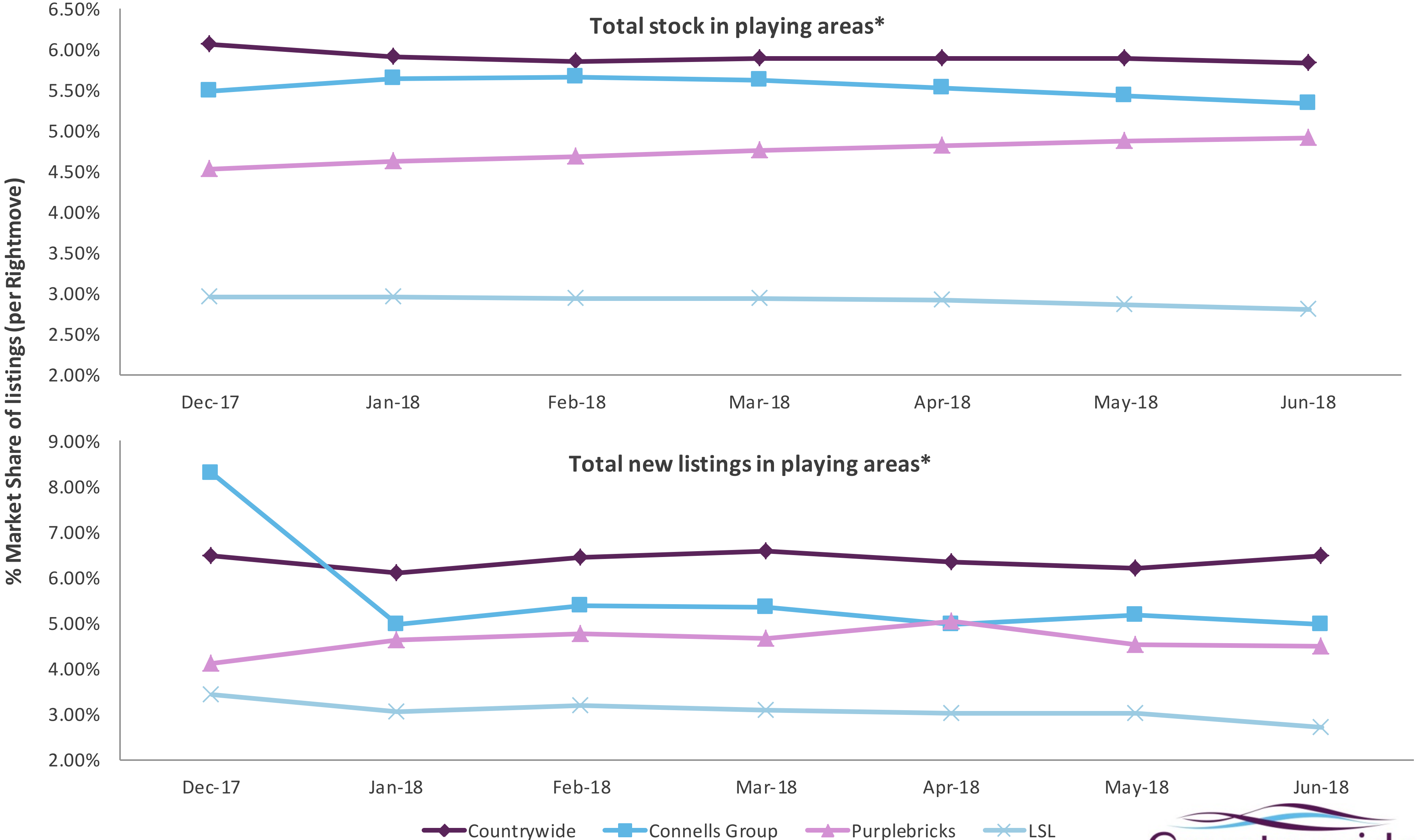
1. Back to basics in Sales & Lettings

Still the largest estate agency network in the UK today



* See glossary for definition

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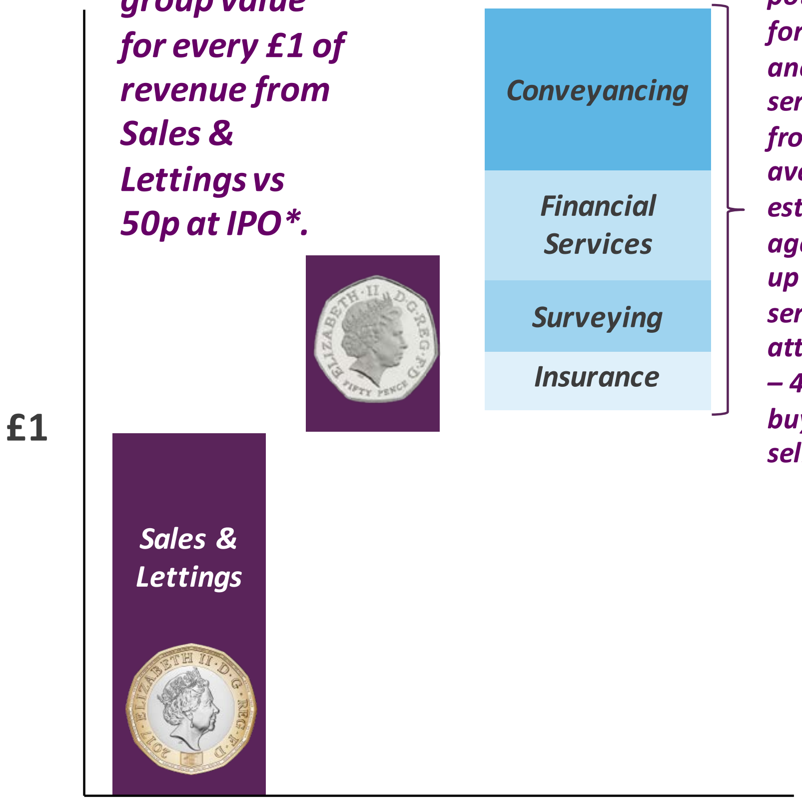
2. Recovering ancillary revenues

Ancillary services showing improved performance and further growth potential

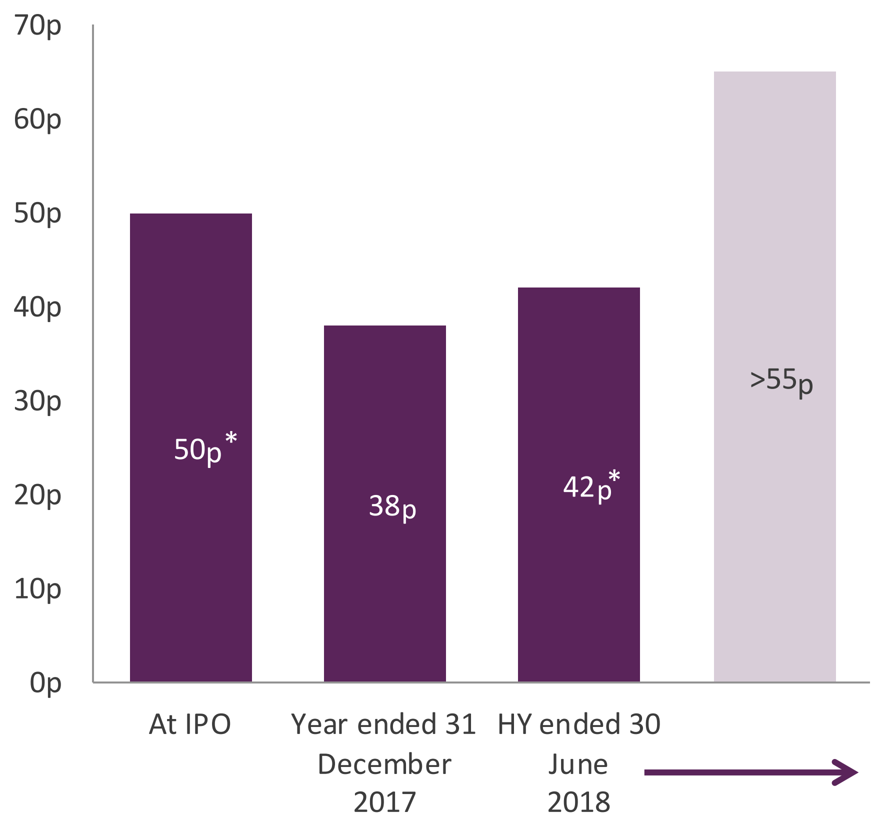
Today we deliver c. 42p group value for every £1 of revenue from Sales & Lettings vs 50p at IPO*.



The potential for sale of ancillary services from an average estate agency is up to 8 service attachments – 4 for each buyer and seller

Ancillary services

Pence of revenue for every £1 of revenue from Sales & Lettings



* At IPO sales of ancillary services also included other items of income such as insurance rebates; with the like for like figure to the current calculations being 41p. The average figure for the half year ended 30 June 2018 was 41p.

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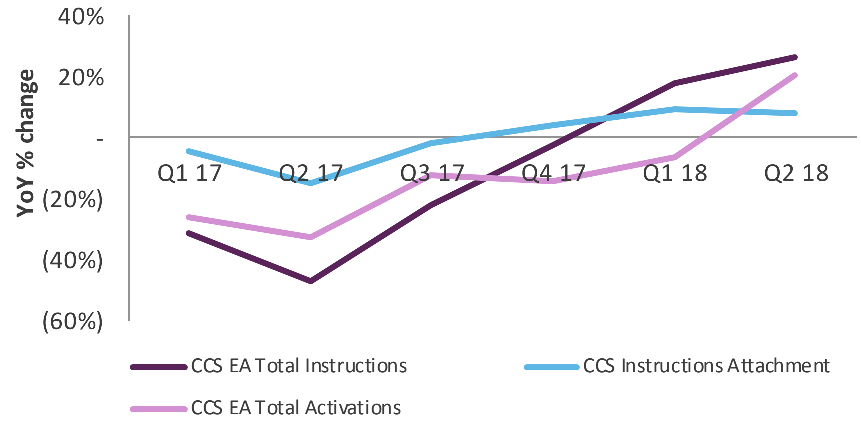
2. Recovering ancillary revenues
Further opportunities

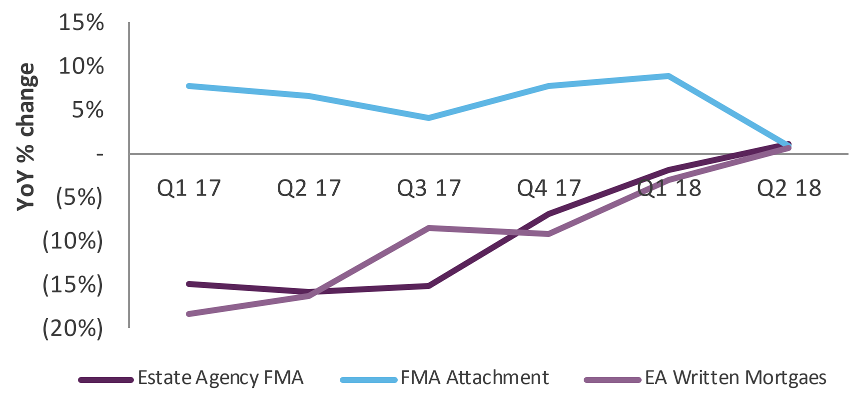
More for us to go for…

- **Our footprint on the high street positions us well to provide ancillary services:**
  - **A leading independent employed mortgage broker**
  - **National network of mortgage consultants**
  - **Leading UK lenders are on our panel**
- **Further upside potential from Lettings management, Surveying and re-mortgage (maximising the customer loan-to-value through their mortgage cycle)**

Conveyancing attachment rates*



FS attachment rates*



* See glossary for definition

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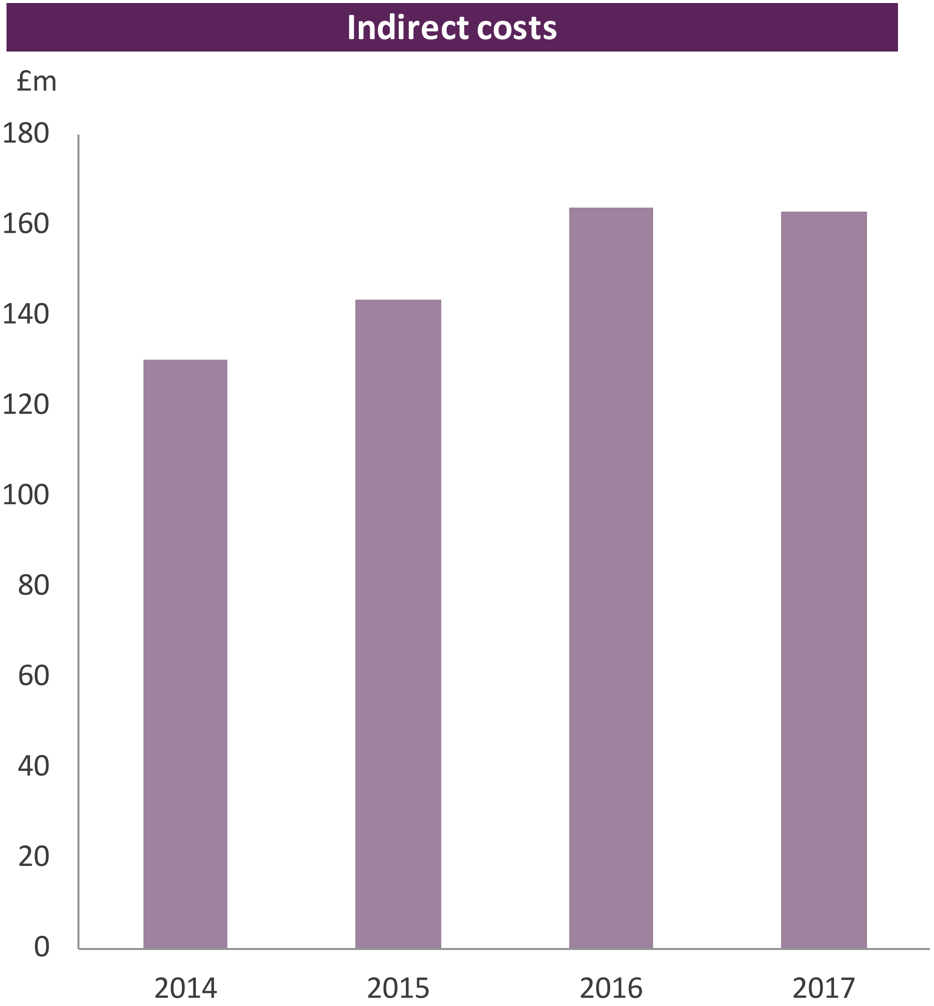
3. Cost efficiency

Right sizing the support functions and investing in fee earning activities



- Direct costs (linked to fee earning activity) reduced by £46m (9%) between 2016 and 2017
- Indirect costs between 2014 and 2017 increased by £33m; in part due to acquisitions and prior strategy
- Cost efficiency agenda now underway
  - 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 efficiency in our central support functions

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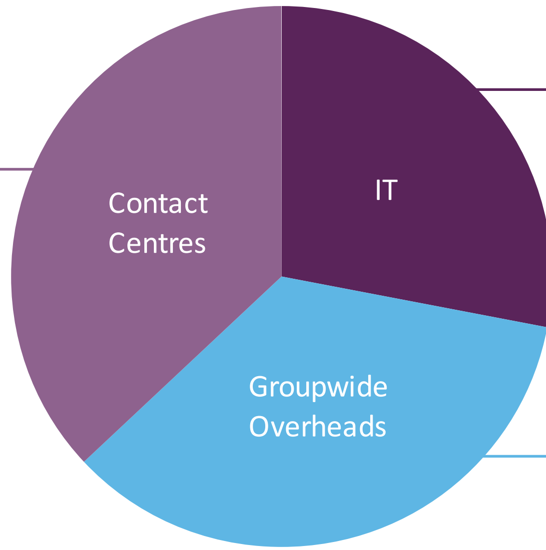
3. Cost efficiency

Target £30m - £35m cost out from the 2017 base by 2021*

Indirect cost base - 2017

Contact centres – aiming to deliver 15-20% cost reduction by 2021:

- Rationalise the end-to-end processes in the customer contact centres
- Localise PMC's decision making
- Harmonise on-shore and off-shore activity
- Address workflow and data
- Eliminate manual activity and hand offs



IT – aiming to deliver 30-35% cost reduction by 2021:

- Opportunity rich environment
- Optimise the Group's IT infrastructure and applications:
  - Multiple data centres
  - Multiple voice and data networks
  - Over 450 applications

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

- Rationalise end-to-end finance and HR processes
- Better terms from supply chain rationalisation
- Facilities rationalisation – relocation from Group's Central London HQ – saving c£1.5m per annum
- £9.2m of embedded cost savings delivered in 2018; offset by re-investment in right sizing frontline staff in Sales & Lettings and MPC's within FS

Range of other levers available including:

- Turn-around loss making branches
- Flexible lease terms; 40% can be exited within a year and only 8% > 5 years

* Includes £9.2m of embedded cost savings delivered in 2018

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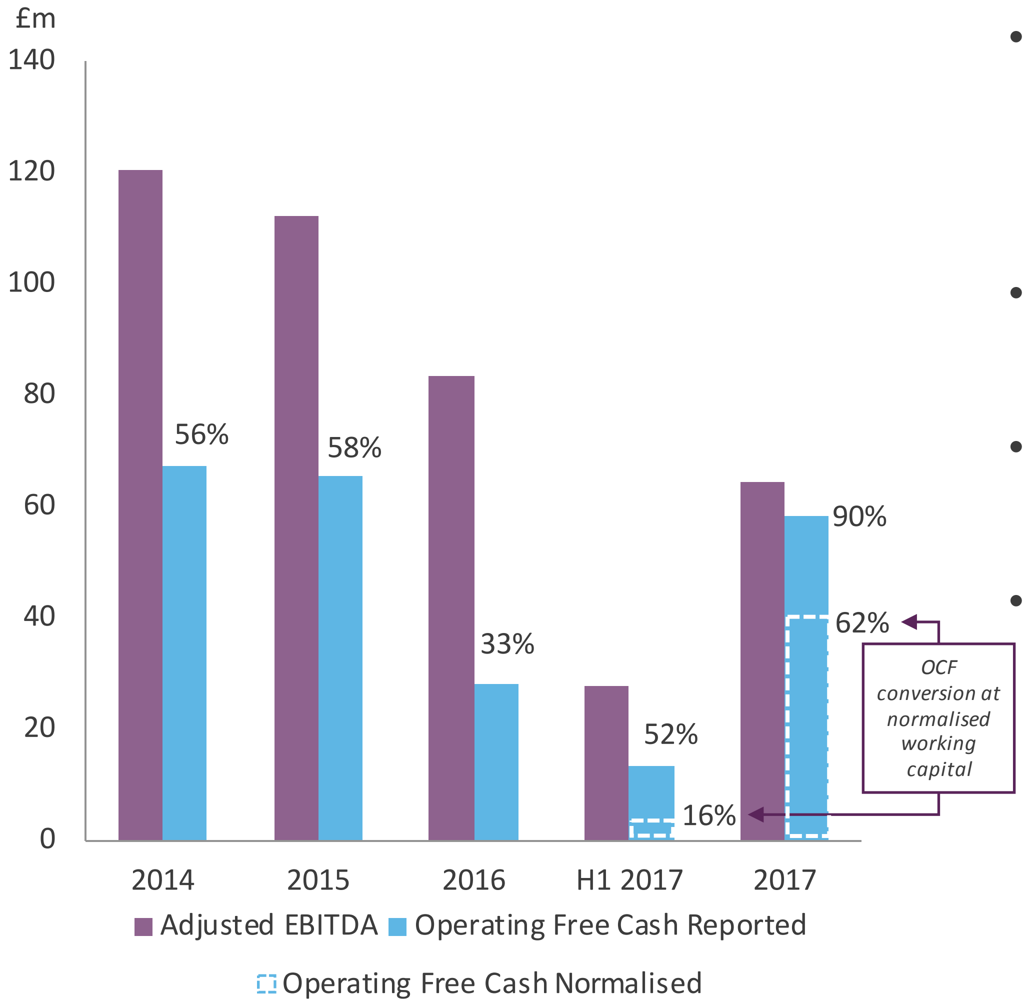
4. Financial discipline and cash flow

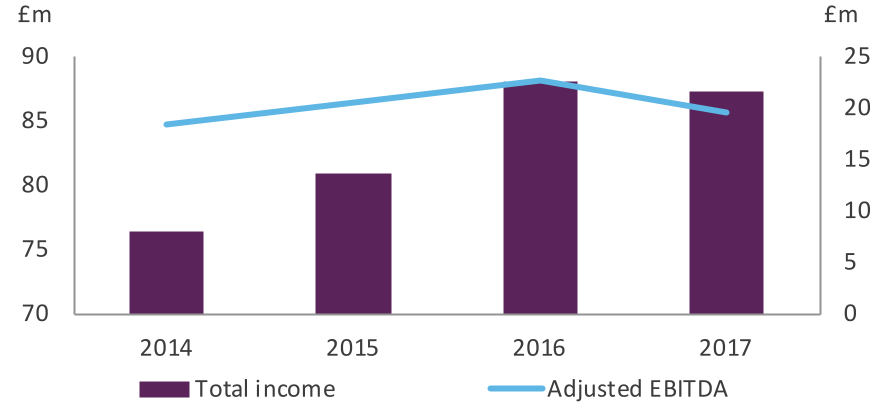
Aiming for 80-90% Operating Cash flow conversion



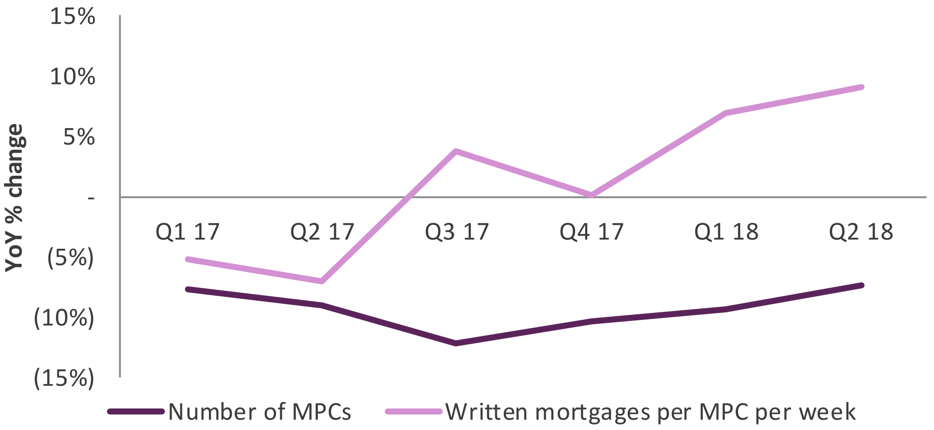
- **Continue to drive better normalised working capital management (adjusted for unwind of cyclical cash management actions)**
- **Improved capital discipline and capital allocation**
- **Leverage the Group's purchasing power through better procurement terms**
- **Capital and Refinancing Plan intended to reduce adjusted EBITDA to net debt ratio to around 2.0-2.5x and to strive to reduce to below 1.0x over the medium term**

5. Continued growth in Financial Services

2014–2017	
	• A leading independent mortgage broker with written mortgage value of £17.7bn in 2017, up from £10.3bn in 2014 • Number of mortgages completed increased 36% to over 96k since 2014 • Income has increased 14% since 2014 to £87.3m and adjusted EBITDA has increased 6% to £19.7m • Number of successful brands addressing various segments of the property mortgage market; provide significant opportunity for further growth
Priorities 2018 and beyond	• Invest and grow the number of mortgage and protection consultants in our branch network • Improve productivity through investment in sales skills • Improve remortgage conversion through enhanced customer contact • Improve retention and renewal



Operational KPIs progressing well



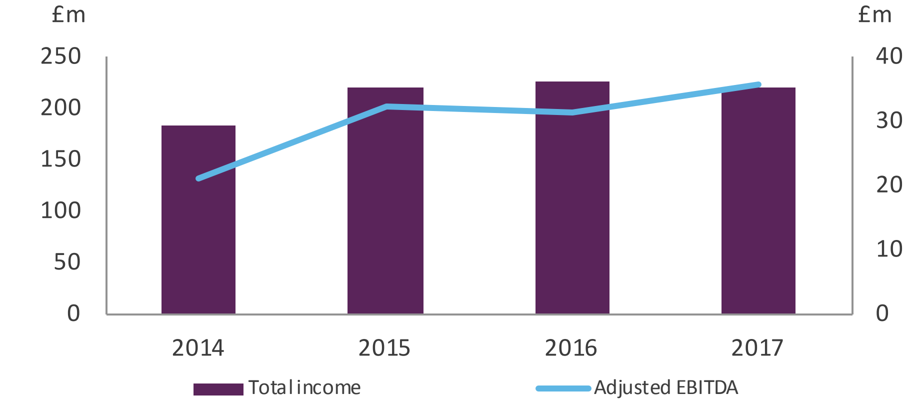
5. Continued growth in B2B

2014–2017

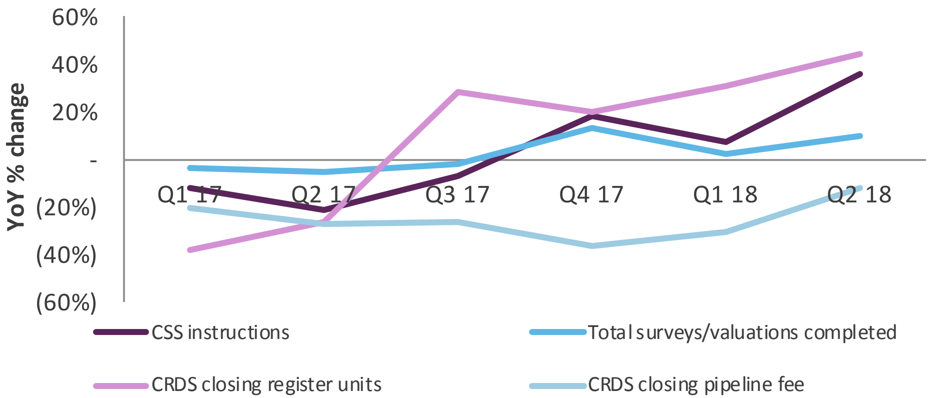
- 66% growth in adjusted EBITDA since 2014; with adjusted EBITDA margin growth from 12% in 2014 to 16% in 2017
- c25% share of surveying market; 365k surveys and valuations in 2017 up 10% from 332k in 2014
- Conveyancing volumes suffer as dependent on Sales and Lettings for instructions (down more than 20% since 2014)

Priorities 2018 and beyond

- Focus on highest levels of service for our existing lender clients
- Target new business opportunities
- Invest in new techniques and technologies to drive innovation in our surveying and valuation businesses to increase productivity and enhance customer service
- Continue to build on our combined offering to developers and property investors providing “joined up” services for acquisition, development, management and sales/lettings
- Continue to invest in our B2B academy – driving our graduate/colleague intake programme to support our talent pipeline



Operational KPIs progressing well



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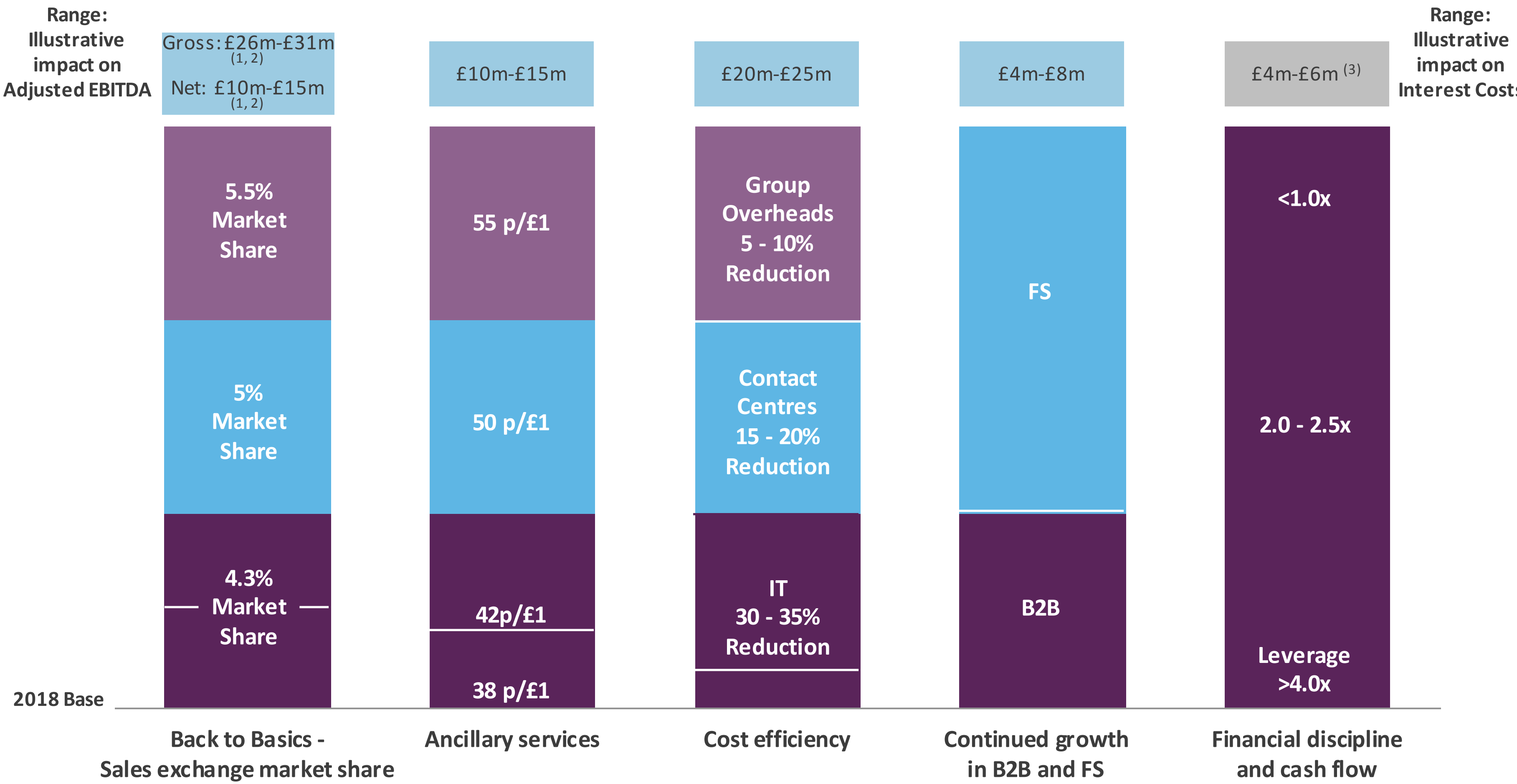
Turnaround Strategy – Illustrative Size of the Prize



(1) Assumes no recovery in the London housing market
(2) After the impact of the proposed Tenant fee ban; estimated EBITDA impact of £16m annualised net of mitigating actions. Net illustrative impact on adjusted EBITDA: £10m-£15m
(3) Illustrative reduction in interest costs (all other bars are illustrative impact on Adjusted EBITDA)

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Conclusion:

Peter Long, Executive Chairman

Returning to profitable growth - conclusion

1. Focused turnaround strategy with a clear 3-year plan
2. Experienced new management team to guide Company through the turnaround
3. Long term capital structure to enable the turnaround
4. Turnaround has begun and is working

Countrywide

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Questions & answers

Countrywide

Appendices

Sales and Lettings – loss of operational gearing from opening pipeline deficit

	HY 18 £m	HY 17 £m	YoY £'m	YoY %
Income	159.1	180.6	(21.5)	(12%)
Adjusted EBITDA	(1.8)	12.4	(14.2)	(115%)
Adjusted EBITDA Margin	n/a	7%		
Exchanges	20,630	25,044	(4,414)	(18%)
Average Commission Rate	1.1%	1.2%	(0.1%)	(4%)
Average Cash Fee (£)	3,286	3,411	(125)	(4%)
Average House Price (£)	286,523	284,612	1,911	1%
Managed Properties (Average)	87,090	90,506	(3,416)	(4%)
Branches (Average)	874	933	(59)	(6%)
Branches (Closing)	871	935	(64)	(7%)
Employees FTE (Average)	5,439	5,745	(307)	(5%)

H1 2018 EBITDA loss is a result of the flow through impact of a lower opening pipeline in Sales:

- **Loss of operating leverage from lower sales volumes; down 18%**
- **Partially offset by continued strong contribution from Lettings with margin maintained around the historic average**
- **Average sales fee down 4% to £3,286 despite a 1% increase in house prices – overhang of previous poor pricing and fee disciplines**

Expect a stronger H2 from recovery in register of properties available for sale and of the pipeline of agreed sales

Countrywide

Financial Services – a resilient performance

	HY 18 £m	HY 17 £m	YoY £'m	YoY %
Income	40.2	42.6	(2.4)	(6%)
Adjusted EBITDA	7.3	8.6	(1.3)	(16%)
Adjusted EBITDA Margin	18%	20%		
KPIs				
Gross mortgage value (core) £'bn	2.4	2.6	(0.2)	(8%)
Gross mortgage value (non core) £'bn	7.1	5.3	1.8	34%
Total mortgages completed (number)	51,134	43,461	7,673	18%
Gross mortgage value (total) £'bn	9.5	7.9	1.6	20%
Employees FTE (Average)	977	1,002	(25)	(2%)

Financial performance:

- **Branch channel mortgage distribution down 8% due to attrition of MPC's (Average H1 18: 527 vs H1 17: 575)**
- **Strong performance from alternative channels terms of number of mortgages written:**
  - **The Buy to Let Business/telephony + 49%**
  - **The Mortgage Bureau + 14%**
  - **Mortgage Intelligence Network + 31%**

Operational highlights:

- **18% growth in total mortgages completed (market growth at 6%[1])**
- **20% growth in gross mortgage distribution to £9.5bn (2017: £7.9bn); (market growth 1%[1])**

Strong confidence in H2 2018 due to increased branch headcount; higher referrals from the Sales business and the continued strong performance of the alternative channels

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

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B2B – a resilient performance

	HY 18 £m	HY 17 £m	YoY £'m	YoY %
Income	103.7	108.6	(4.9)	(4%)
Adjusted EBITDA	11.4	14.7	(3.3)	(22%)
Adjusted EBITDA Margin	11%	14%		
KPIs				
Surveys and valuations (Total)	192,097	181,415	10,682	6%
CRDS exchanges	1,396	2,056	(660)	(32%)
Corporate properties under management (average)	37,677	36,222	1,455	4%
Employees FTE (Average)	2,541	2,598	(57)	(2%)

Financial performance

- Revenue and EBITDA YoY decline vs H1 2017 mainly driven from a weak six months in CRDS where opening pipeline was down 35% YoY
- Delayed stock releases and longer sales cycles

Operational highlights

- Surveying (income up 2% YoY) with over 10,000 more valuations in H1 18
- Conveyancing improved profitability from operational improvements
- Net promoter scores in H1 2018 have been consistently above 50 and driven current Feefo rating of 4.2/5.0

Strong confidence in H2 2018 due to continued resilience in Surveying, higher conveyancing referrals and CRDS closing register up 44% YoY

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Glossary

Instructions means new mandates to sell property

Register is the available properties for sale

Pipeline represents the sum of the total future fees from agreed sales subject to contract

Playing area is defined as a postcode sector that we operate within from branches

Ancillary services represents Conveyancing, Surveying, Lettings management, Mortgage, Mortgage protection and insurance products offered to our Sales customers

Conveyancing attachment rates defined as conveyancing instructions (sales and purchase) as a percentage of listings within that branch / area / region

FS attachment rates defined as first mortgage appointments from our sales and lettings instructions as a percentage of listings within that branch / area / region

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