

13 February 2019

Countrywide plc

Trading statement for the year ended 31 December 2018

Countrywide plc (the “Company” or the “Group”) (LSE: CWD) is issuing the following unaudited trading update ahead of its full year results for the year ended 31 December 2018.

Group overview

Total Group income for the year was £627 million (2017: £672 million⁽¹⁾), which is a resilient performance against the backdrop of both a challenging market and the previously reported 19% opening pipeline⁽²⁾ deficit in Sales at the beginning of 2018.

The Group’s Adjusted EBITDA⁽³⁾ for the year ended 31 December 2018 was £33 million (2017: £65 million⁽¹⁾), and includes £2 million of net charges, unrelated to current trading, resulting from a review of the carrying value of certain assets and liabilities.

The Group’s underlying trading (excluding the £2 million of net charges) was in line with the Board’s expectations at £35 million.

Significant progress on implementation of “Back to Basics”, with more opportunity in 2019

The Group announced on 2 August 2018 its Strategy and Turnaround plan, at the heart of which was to build back industry expertise in Sales and Lettings to support the growth in the register of properties available for sale, to grow the pipeline of agreed sales in the UK and to improve ancillary income.

We have made significant progress in the delivery of Back to Basics in Sales and Lettings:

- The build back of expertise is now largely complete with a full complement of staffing and separate sales and lettings expertise at regional and branch management level.
- The register⁽⁴⁾ of properties available for sale in UK Sales and Lettings was up 9% year on year.
- The pipeline of agreed sales awaiting exchange of contracts in UK Sales and Lettings was up 5% having begun the year with a 21% opening pipeline deficit in UK Sales.
- Ancillary services income for each £1 of estate agency revenues for the year was 44p (2017: 38p).

A more detailed progress report on our turnaround and the further opportunities for improvement that lie ahead will be provided with the release of our Preliminary results on Thursday 7 March 2019.

Segmental performance:

Sales and Lettings

Income in the sales and lettings business for the full year was £329 million (2017: £361 million⁽¹⁾) with a strong performance in particular in lettings, which was flat year on year, offset by a 16% decline in sales, due to the lower pipeline of sales agreed as we ended 2017, and the challenging market.

B2B

Income in our B2B businesses was £213 million (2017: £221 million), with another good performance in surveying and valuations, offset by a slower market for new homes and a slower commercial transactional property market.

Financial Services

Financial Services income was £84 million (2017: £87 million), including another year of strong double digit income growth across the combined Buy to Let Business, Mortgage Bureau and Mortgage Intelligence channels offset by lower transactional volumes from estate agency sales.

Net debt

Net debt was £70 million, with a net debt to Adjusted EBITDA ratio of 2.2x.

Outlook

We are encouraged by the progress we have made in our Strategy and Turnaround plan and in the growth in the register and the pipeline in the UK. Nevertheless, we remain cautious about the market outlook for 2019 and continue to closely monitor market conditions for any potential impact arising from the wider political and economic environment. We will be in a position to provide further guidance for 2019 with the release of our Preliminary results on 7 March 2019.

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Notes to Editors:

About Countrywide plc

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 three key business units: Sales and Lettings; B2B and Financial Services.

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.

Notes

⁽¹⁾ Restated from prior year following the adoption of IFRS 15 and the correction of a prior year error (see note 4 of interim financial statements)

⁽²⁾ Pipeline represents the sum of the total future fees from agreed sales subject to contract in the hands of solicitors

⁽³⁾ Earnings before interest, tax, depreciation, amortisation, exceptional items, employment-linked contingent consideration, share-based payments and share of profits from joint venture

⁽⁴⁾ Register is the available number of properties for sale