

**Purplebricks Group plc**  
**FY20 Results Presentation**

**3 August 2020**



# DISCLAIMER

## Forward-looking statements

This presentation includes statements that are, or may be considered to be, "forward-looking statements". By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Results may, and often do, differ materially from forward-looking statements previously made. Any forward-looking statements in this presentation reflect management's view with respect to future events as at the date of this announcement. Except as required by law or by the AIM Rules of the London Stock Exchange, the Company undertakes no obligation to publicly revise any forward-looking statements in this presentation following any change in its expectations to reflect subsequent events or circumstances.

# Highlights & COVID-19

Vic Darvey, Chief Executive Officer

PURPLE  
BRICKS

SOLD<sup>STC</sup>



# FY20 HIGHLIGHTS

## Resilient trading in face of very challenging market conditions with Group revenue down only 2%

- UK revenue down 11%, pleased with resilience against a 23% drop in instructions
- 3.9% share of UK listings
- 5.1% share of houses sold

## Emerging through the COVID-19 pandemic in a very strong position

- US/AUS exits completed; Canada disposed
- New Exec Leadership Team, accelerating digital and data capabilities
- Net cash balance of £66.0m at 15 July

## Technology led estate agency emerging as the winning model

- Largest and best performing estate agent in the UK, saving customers £77m commission last year
- Clear evidence consumers are increasingly shifting towards apps and tech-based alternatives
- Strong position to accelerate our model, extend our market share and grow our value-add revenue



TEAM GB

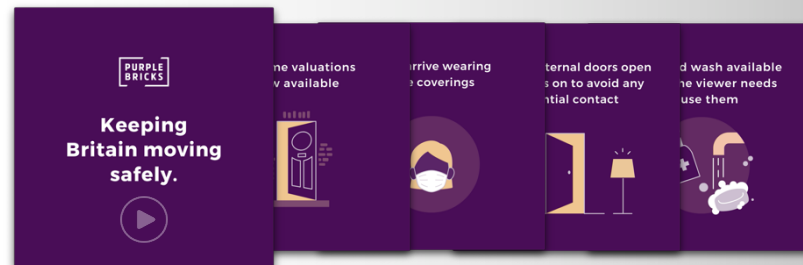
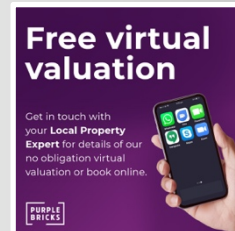


OFFICIAL PARTNER



# BUSINESS IMPACT OF COVID-19

- 3 phases of managing through the COVID-19 crisis – respond, recover, thrive
- Took swift and decisive actions to protect our people
- Immediate and significant measures in place to preserve cash, with variable cost model a clear advantage
- Trading materially impacted Mar-May 2020
- Technology-led proposition meant we continued to remain open throughout
- Market is now rebounding strongly
- Strong position as consumer behaviour continues to evolve



# Financial review

**Andy Botha, Chief Financial Officer**

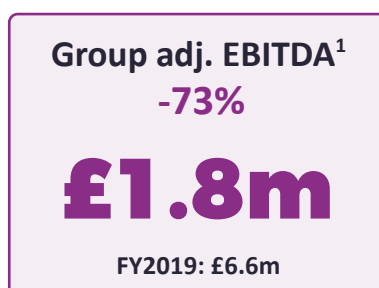
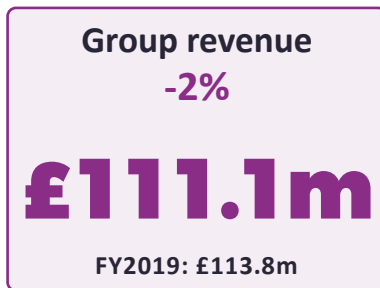
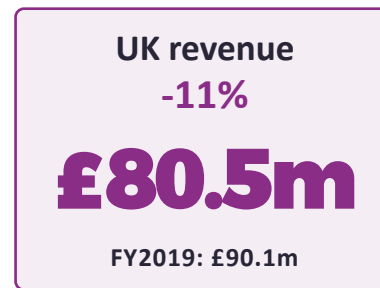
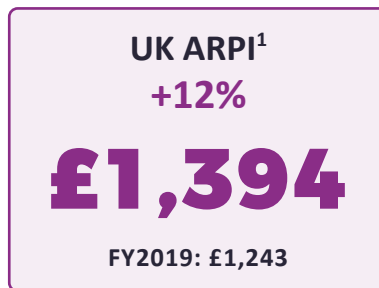
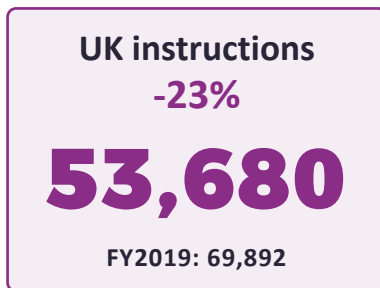
**PURPLE  
BRICKS**

**SOLD** STC



# FINANCIAL & OPERATIONAL HIGHLIGHTS

## CHALLENGING MARKET CONDITIONS PREVAILED THROUGHOUT



1. ARPI (Average revenue per instruction) and Adjusted EBITDA definitions see appendix

2. Net cash position as at 15 July was £66.0m

# GROUP SUMMARY INCOME STATEMENT

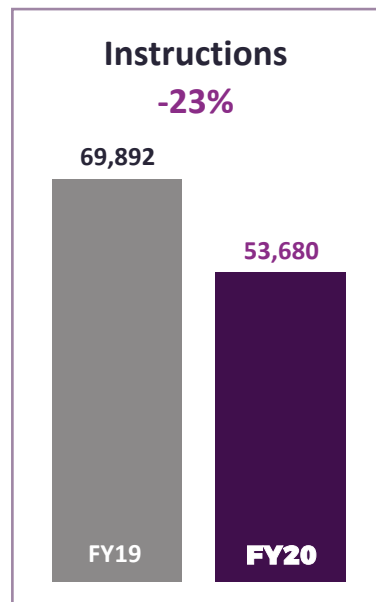
## RESILIENT GROUP PERFORMANCE DESPITE EXTERNAL CHALLENGES

	FY 2020 £m	FY 2019 £m	Change %
Revenue	111.1	113.8	-2%
Gross margin %	60.9%	61.0%	-10bps
Adjusted operating costs	(37.1)	(28.7)	+29%
Marketing costs	(28.8)	(34.1)	-16%
Adjusted EBITDA	1.8	6.6	-73%

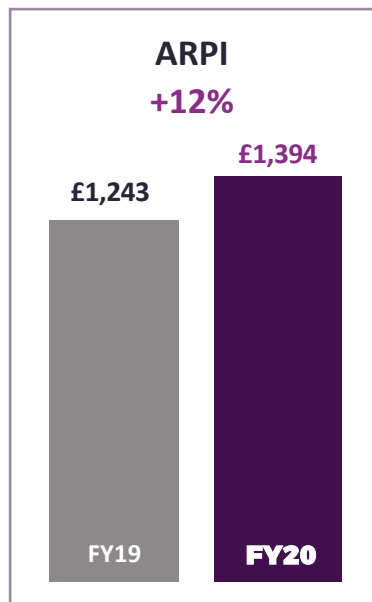
- Revenue held up well despite UK instructions being down 23%
- Revenue benefitted from continuing improvement in ARPI
- Gross margin maintained in challenging environment
- Marketing costs demonstrated high degree of flexibility
- UK contributed £4.8m of adjusted EBITDA in the period
- Canadian loss of £1.4m driven by market conditions and ongoing marketing investment

# UK PERFORMANCE

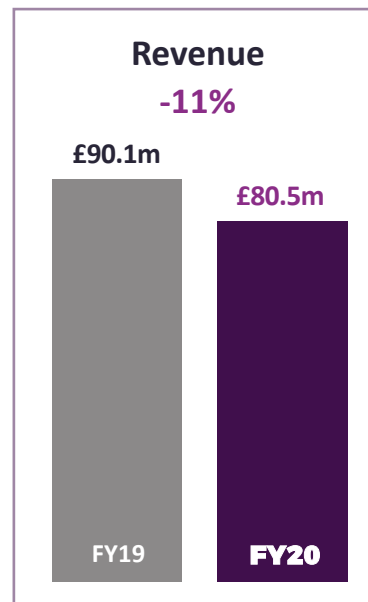
## REVENUE SUPPORTED BY ARPI GROWTH



COVID-19 material impact at year end



Improving split 53:47 between instruction & ancillary



Revenue benefitted from increase in ARPI



Decline reflects increased investment



# IMPROVING PERFORMANCE PRE-COVID-19

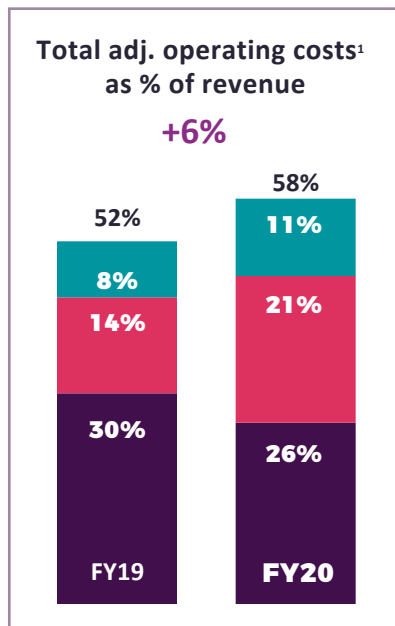
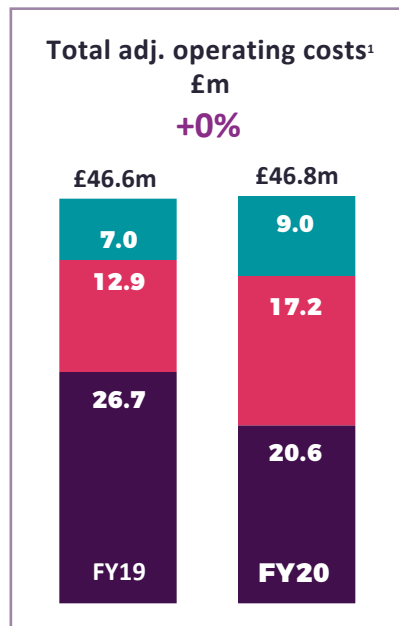
## FULL YEAR RESULTS HEAVILY IMPACTED BY THE PANDEMIC

	10 months FY 2020 £m	2 months FY 2020 £m	12 months FY 2020 £m	10 months FY 2020 % change	2 months FY 2020 % change	12 months FY 2020 % change
Instructions (#)	49,150	4,530	53,680	-15%	-63%	-23%
Revenue	73.9	6.6	80.5	0%	-59%	-11%
Adjusted operating costs	(22.7)	(3.5)	(26.2)	+41%	-9%	+32%
Marketing costs	(19.1)	(1.5)	(20.6)	-14%	-66%	-23%
Adjusted EBITDA	5.7	(0.9)	4.8	-31%	-148%	-53%

- Tough 1st 10 months but progress across key metrics beginning to be seen
- Last 2 months, post COVID-19, contributed to poor full year instructions and EBITDA outcomes
- Cost reductions in March and April demonstrate capability to flex costs down when required

# CONTROLLING OPERATING COSTS IN THE UK

## COSTS FLAT OVERALL WITH INVESTMENT FOCUSED ON DIGITAL AND TEAM



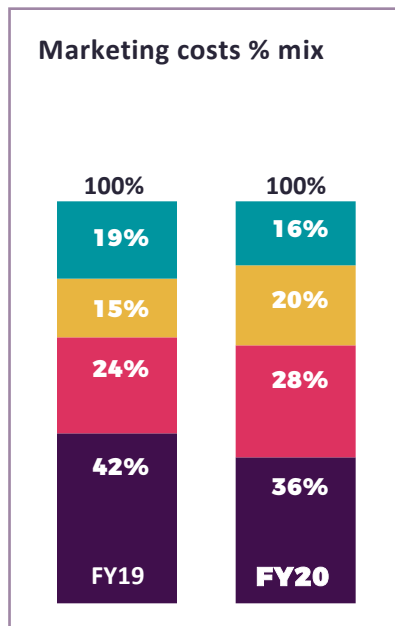
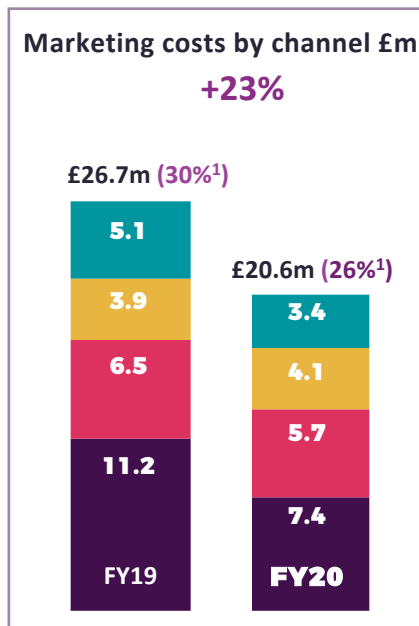
- Costs flat year on year as we see rate of growth % slowing
- Investment in new management and digital talent in year
- Conservative capitalisation of tech and digital team costs
- Marketing spend reducing in absolute £ terms and also as a % of revenue

● Marketing ● Staff ● Other

1. Total adjusted operating costs include marketing costs

# CONTROLLING UK MARKETING COSTS

## SPEND REDUCING TO 26% OF REVENUE AS CHANNEL SPEND EVOLVES



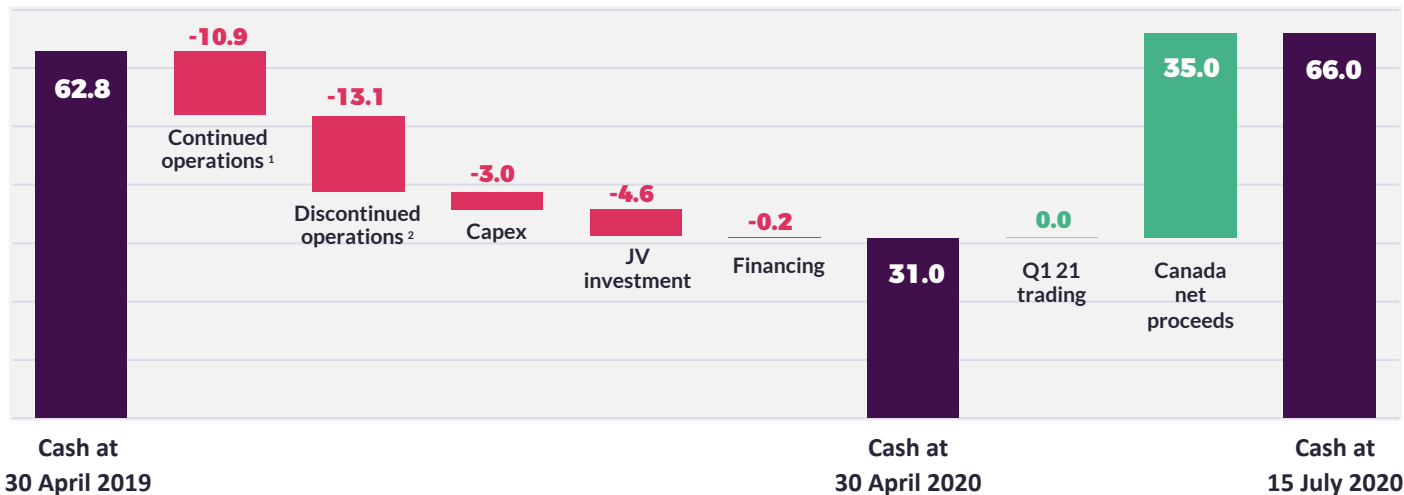
- Efficient use of brand marketing spend maintains healthy awareness in the market
- Further opportunity remains in digital as we develop this channel further
- Property portals continue to be a key source of leads, focus moving forward on even greater efficiency

● Brand ● Digital ● Portal ● Other

1. As a percentage of revenue

# CASH BRIDGE HIGHLIGHTS BALANCE SHEET STRENGTH

## UK FOCUSED BUSINESS WITH HEALTHY RESERVES



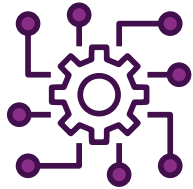
- Year end of £31m cash and no bank debt
- Positive actions taken to conserve cash during COVID-19 as can be seen by Q1 trading cash flow
- Post Canada sale cash balance of £66.0m, in position to weather any market volatility but also to invest where required
- No need to make use of furlough bonus scheme

1. Inclusive of trading cash-flow, working capital movements and debt factoring expense  
 2. Inclusive of closure costs, working capital unwind and pre-closure announcement trading losses

# CLEAR CAPITAL ALLOCATION PRIORITIES

## DISCIPLINED AND RIGOROUS ASSESSMENT OF ALL INVESTMENT DECISIONS

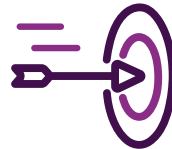
- No strategic need to increase spend dramatically but no hesitation to do so if required
- Selective investments in FY21 focused on accelerating our strategic initiatives:



Technology and automation



Talent and skills in Digital and Field



Marketing to support market uplift

- Always looking at opportunities to further accelerate strategy



# FINANCIAL SUMMARY

- Resilient Group performance despite external challenges in the year
- All resources now focused on UK growth
- Confidence from our cash position today
- Focused on multiple levers to grow revenue and control costs
- Q1 trading strongly which is encouraging, too early to extrapolate further

# Strategy update and outlook

**Vic Darvey, Chief Executive Officer**

**PURPLE  
BRICKS**

**SOLD** STC

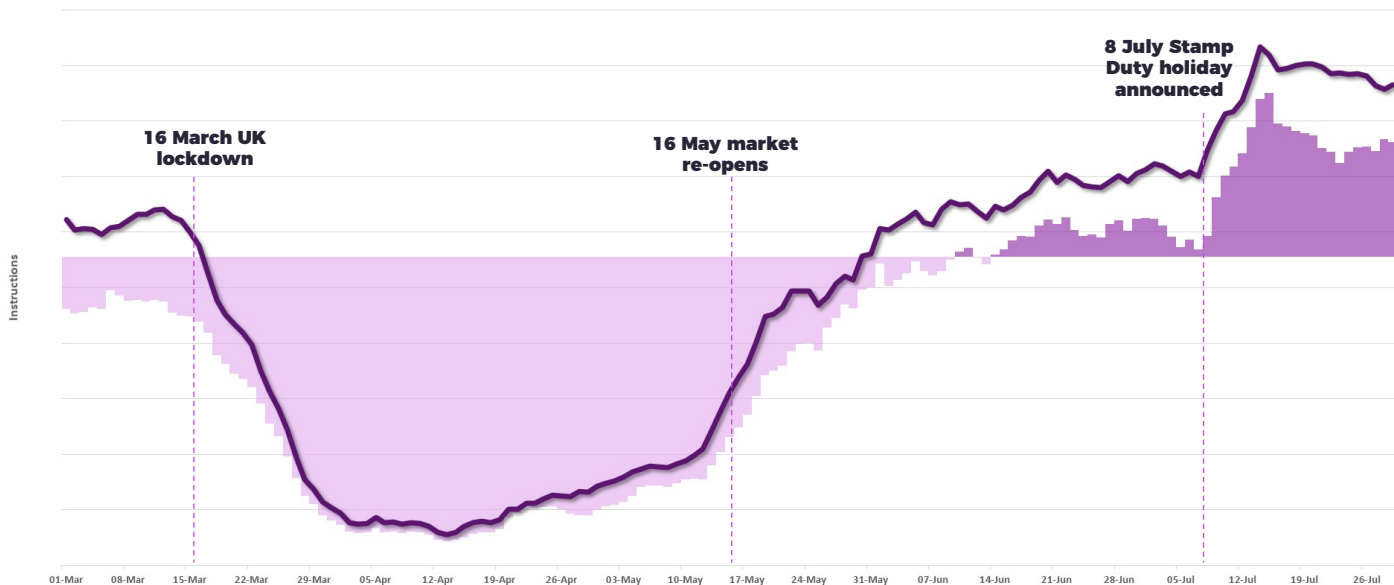


# MARKET REBOUNDED POST COVID

## STRONG PERFORMANCE, STRONG LEAD INDICATORS OF RECOVERY

### New Instructions

Rolling 7 Days Total Instructions by Day (and YOY Variance)



- Market rebounding strongly following lift of housing market suspension and Stamp Duty holiday
- Record instructions of over 7,000 homes in July
- Well positioned as consumers move towards virtual valuations and viewings
- H2 outlook more uncertain – too early to extrapolate for the rest of the year

Source: Company data

# Technology led estate agency is the winning model, accelerated by changing customer behaviour

Value-led online is the winning model

Changing consumer behavior will accelerate online

Opportunity to drive leverage through leadership and scale

Significant opportunities for further innovation

# LARGEST & BEST PERFORMING ESTATE AGENT IN THE UK



**Instruct  
more  
#1**



**Sell  
more  
#1**



**Convert  
more  
#1**



**Best price for  
vendors  
#1**

Based on sales data from TwentyCi, May 2019 – April 2020





# MULTIPLE LEVERS IN OUR CONTROL TO DRIVE GROWTH

## OUR HOUSE STRATEGY UNCHANGED

Evolving our  
pricing

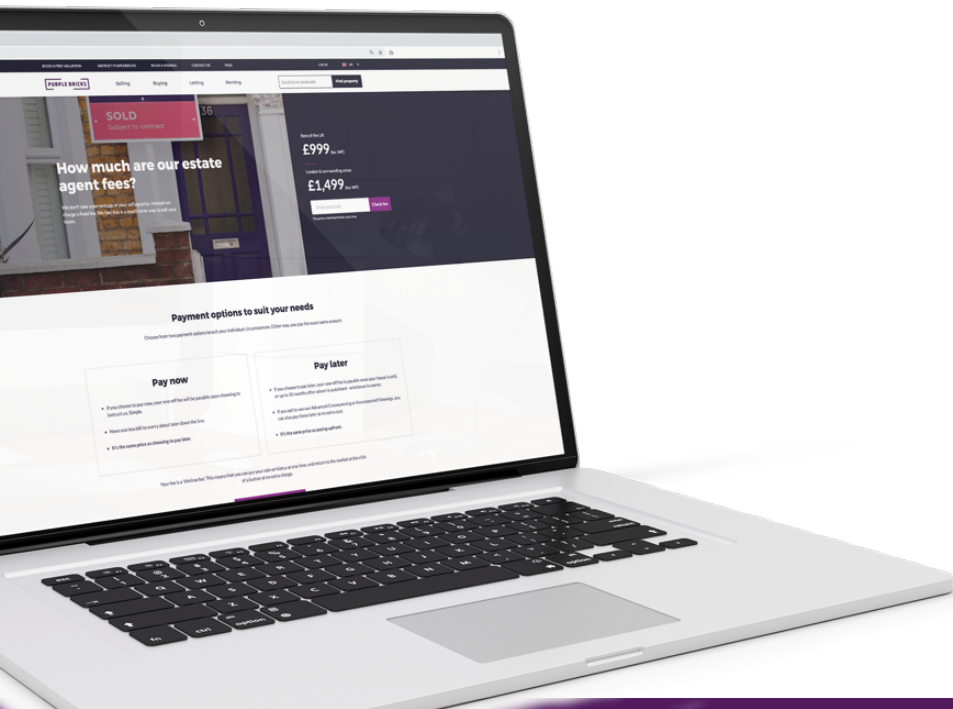
Estate agent  
of the future

Enhancing  
performance  
in the field

Transforming  
our customer  
processes



## Evolving our pricing



### FY20 ACHIEVED

- Completed pricing deep dive and in-market tests
  - There is still headroom for price increases
  - More sophisticated pricing will widen the market opportunity & introduce new customer segments
- Commenced tech work to establish capability to move to more agile pricing structure
- Design work completed on ‘bundled propositions’ to appeal to a wider audience

### FOCUS FOR FY21

- Target London and surrounding areas, where most headroom exists
- Pilot new pricing ‘bundles’ in Q2

1

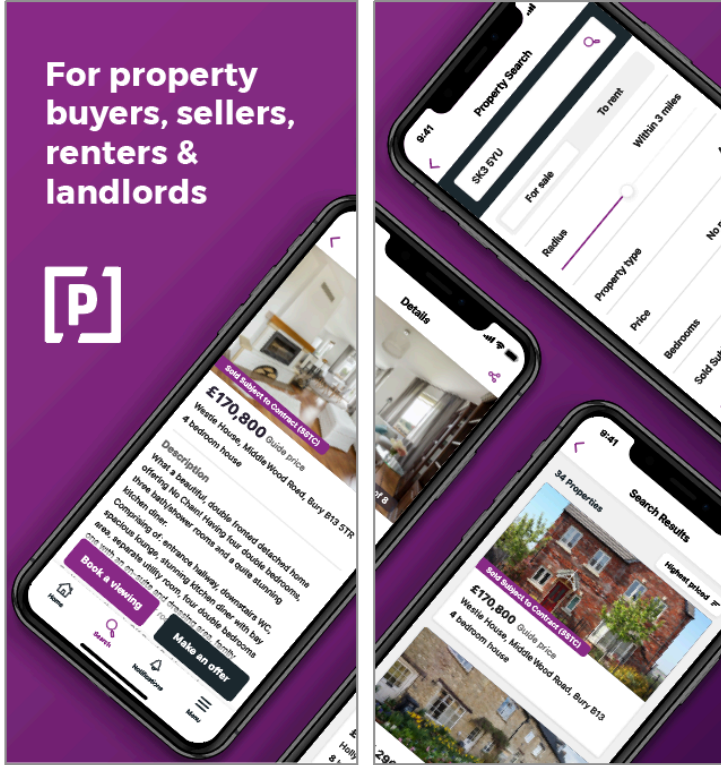
2

3

4

## Estate agent of the future

For property buyers, sellers, renters & landlords



### FY20 ACHIEVED

- Restructured teams to accelerate ability to deliver, with dedicated squads focused on improving the customer journey
- Increased our resources in mobile and the App to deliver a more personalised experience for our customers
- 4.5 star approval rating in the App Store (based on over 27,000 ratings)

### FOCUS FOR FY21

- New Chief Technology Officer starting 7 September
- Re-accelerate the growth of core by delivering rapid innovation of the customer journey
- Increase LPE productivity by delivering greater automation and efficiency

# 1 2 3 4 Enhancing performance in the field



## HOUSE PROUD



### FY20 ACHIEVED

- Transformational strategic progress in the year
- Field restructure completed - Territory Operators reduced from 120 to 42
- Clear leadership and span of control in each territory
- The right income opportunities for our agent community
- Improved retention rates of our best agents

### FOCUS FOR FY21

- Implement a new target operating model
- Focus on consistent and improved performance across all regions
- Improving effectiveness and efficiencies across the customer 'funnel' to increase conversion in the living room

# 1 2 3 4 Transforming our customer processes



**Over 74,912 reviews. Rated "Excellent".**  
July 2020

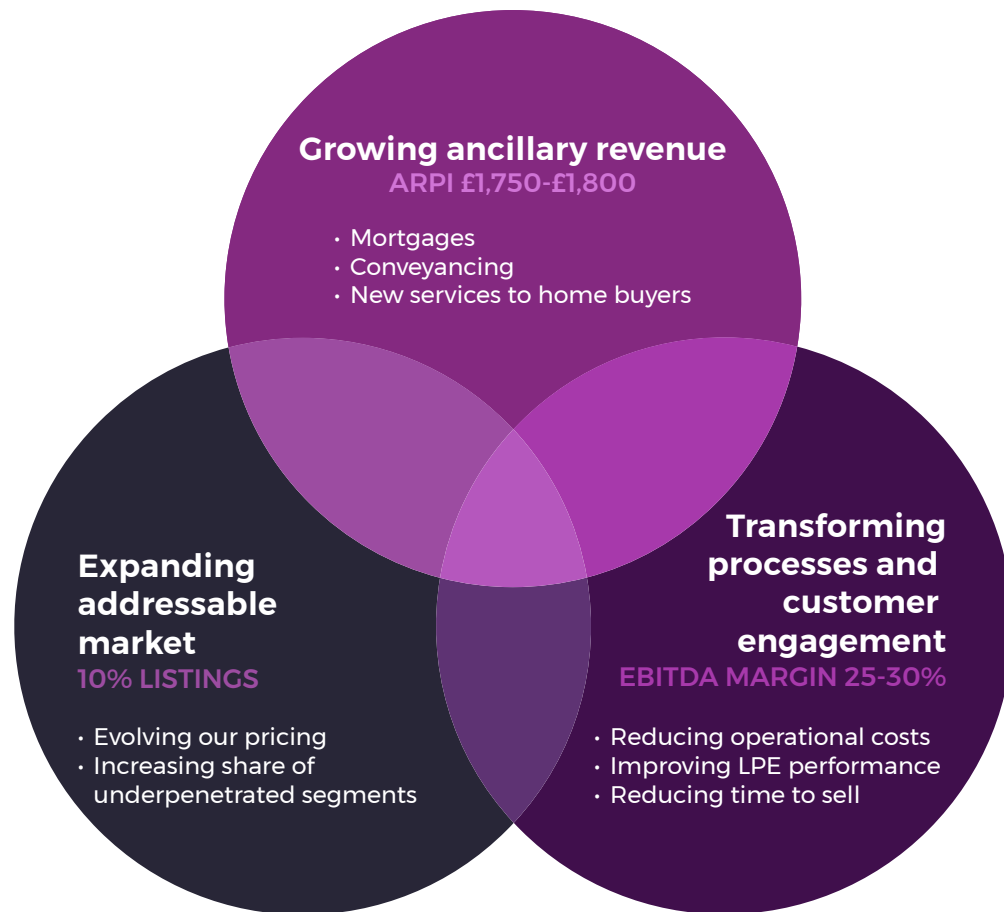
## FY20 ACHIEVED

- Investing to enhance customer engagement
  - World Class Manager training programme and Contact Centre School
  - Introduction of proactive post sales support
- Delivering great customer service
  - Net Promoter Score of 84
  - Feefo Gold Trusted Service Award for the second year running

## FOCUS FOR FY21

- Deployment of new omni-channel customer engagement platform
- Introduction of further automation to reduce dependency on contact centre

# Multiple levers to achieve our medium-term opportunities



# SUMMARY AND OUTLOOK

- Market rebounding strongly following lift of housing market suspension and Stamp Duty holiday but outlook remains uncertain
- Technology led estate agency emerging as the winning model with consumers continuing to shift towards apps and tech-based alternatives
- Significant opportunity for further innovation with FY21 focus on delivering strategic initiatives at pace
- Strong position as multiple levers for growth in our control
- Opportunity to drive leverage and scale by extending our market and growing value-add revenues

# APPENDIX

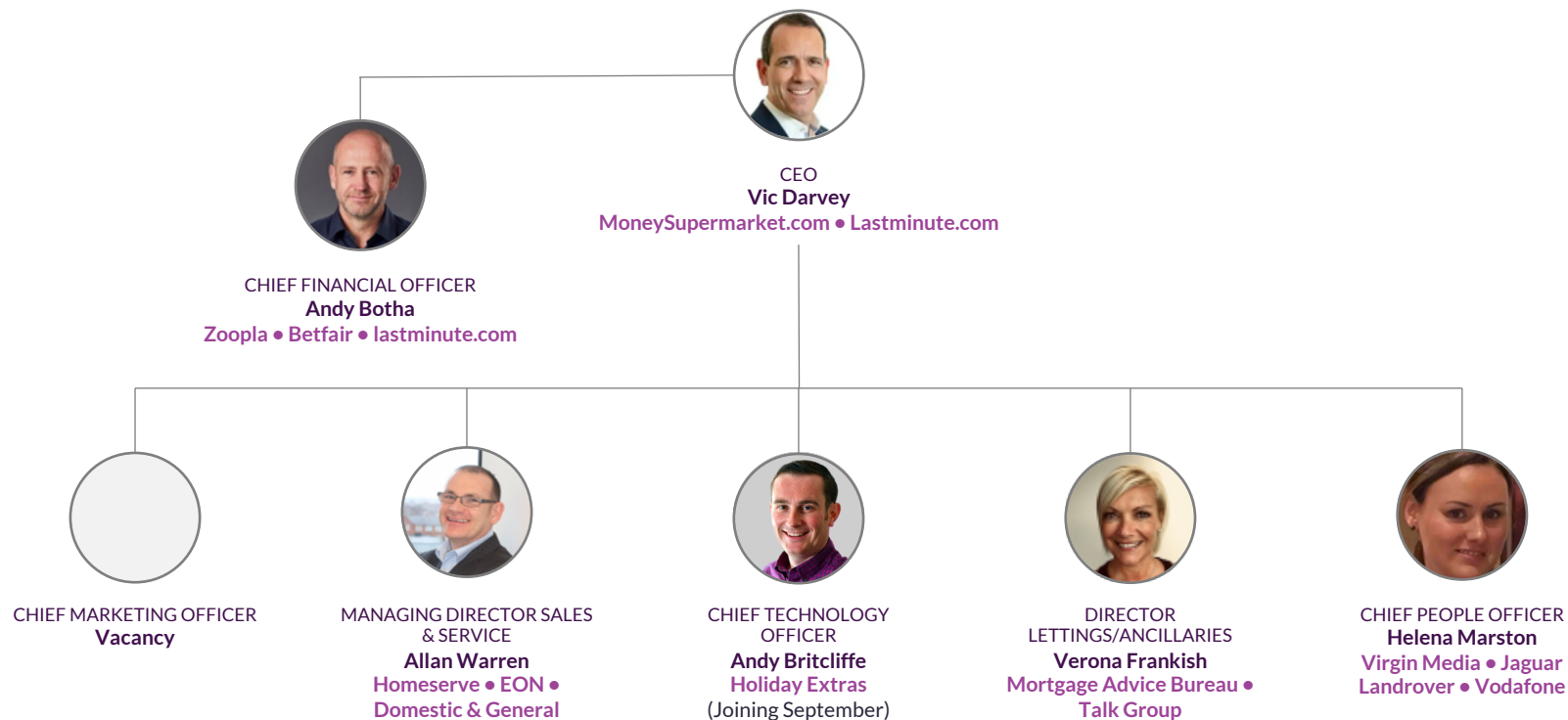
PURPLE  
BRICKS

SOLD STC

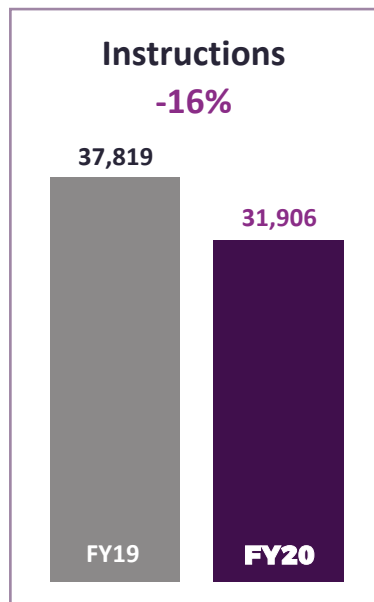




# A NEW AND EXPERIENCED LEADERSHIP TEAM WITH DIGITAL CAPABILITIES



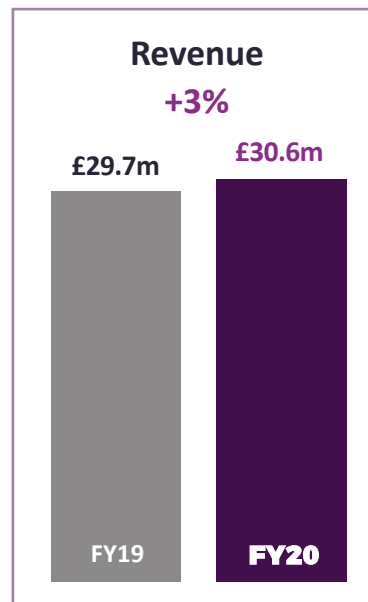
# PERFORMANCE – CANADA (FY19 PRO FORMA BASIS)



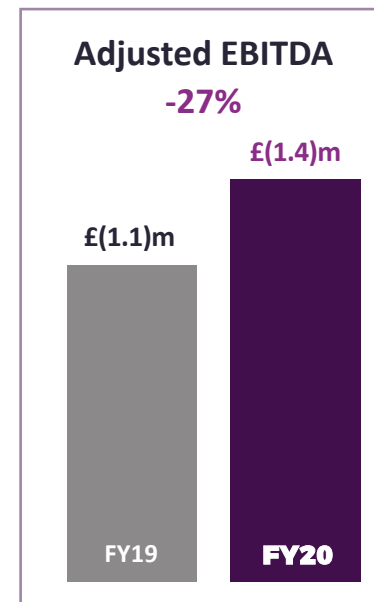
COVID-19 material impact at year end



Revenue helped by increase in ARPI



Growth from expansion into Rest of Canada



Decline reflects increased investment

# ACCOUNTING TERMS

- **Instructions**

This term refers to the number of instructions won

- **ARPI (Average Revenue Per Instruction)**

ARPI: Average revenue per instruction equates to total fee income divided by the number of instructions published in the year

- **Adjusted EBITDA**

Refer to RNS, note 4, Alternative Performance Measures

- **Adjusted operating costs**

Refer to RNS, note 4, Alternative Performance Measures