

FY 2019 RESULTS PRESENTATION



Today's agenda

INTRODUCTION

Vic Darvey

FINANCIAL REVIEW

James Davies

STRATEGIC REVIEW

Vic Darvey

Q&A

FY 19 HIGHLIGHTS

- Increase in UK profitability
- Made the decision to exit the Australian and US markets
- Significant opportunities to extend market leadership in both UK and Canada
- Healthy cash balance – post closure of AUS/US our business will be cash generative
- Strong foundations for second phase of growth



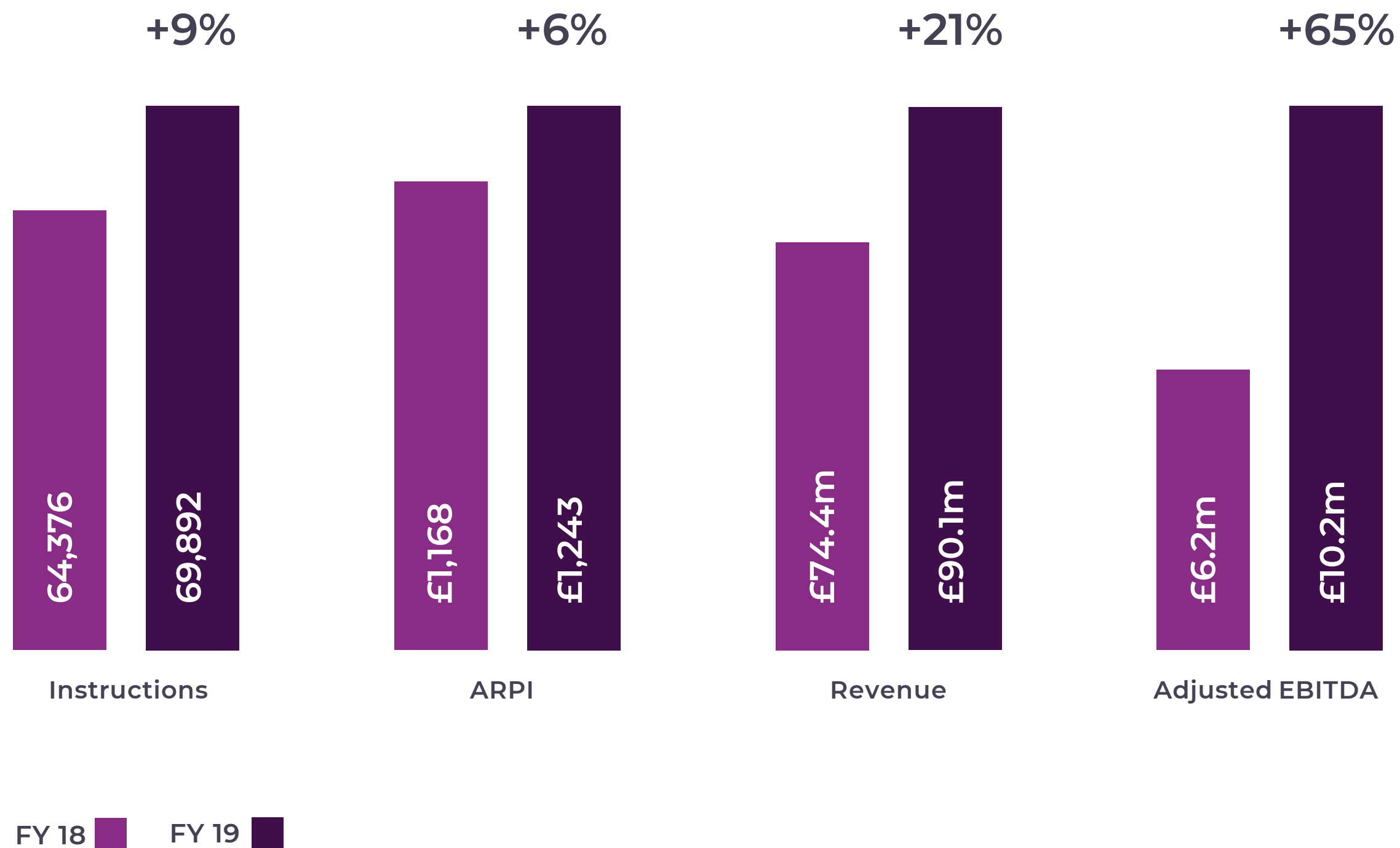
FINANCIAL REVIEW

James Davies



STRONG UK PERFORMANCE

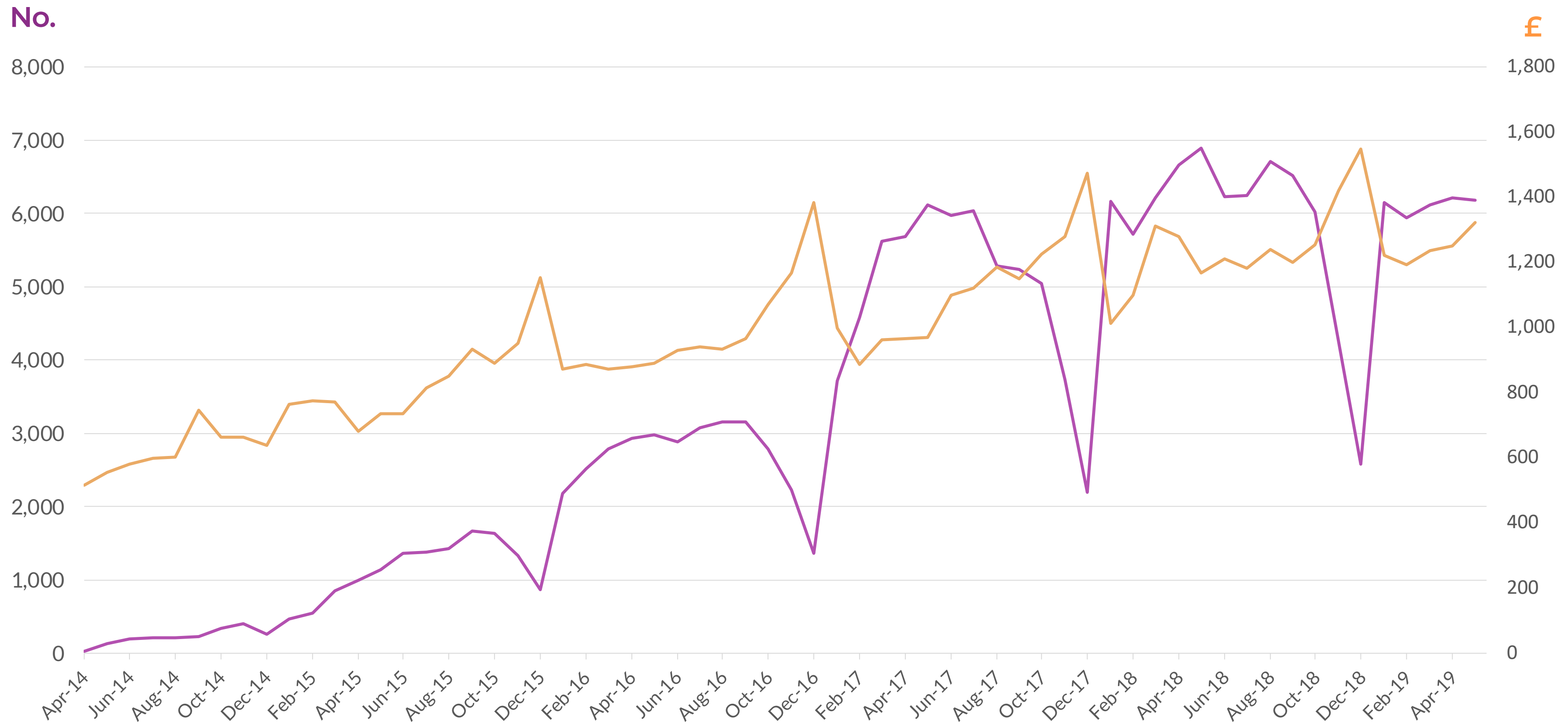
PROFITABLE IN A SHRINKING MARKET



- Ancillary revenue represents 44% of total, up 80bps
- Gross profit margin up 510bps; up 70bps like-for-like
- Continued investing for growth
- Like-for-like adj. EBITDA increase of £2.3m
- Improving marketing leverage expected in FY 2020

UK PROGRESS

INSTRUCTIONS AND ARPI



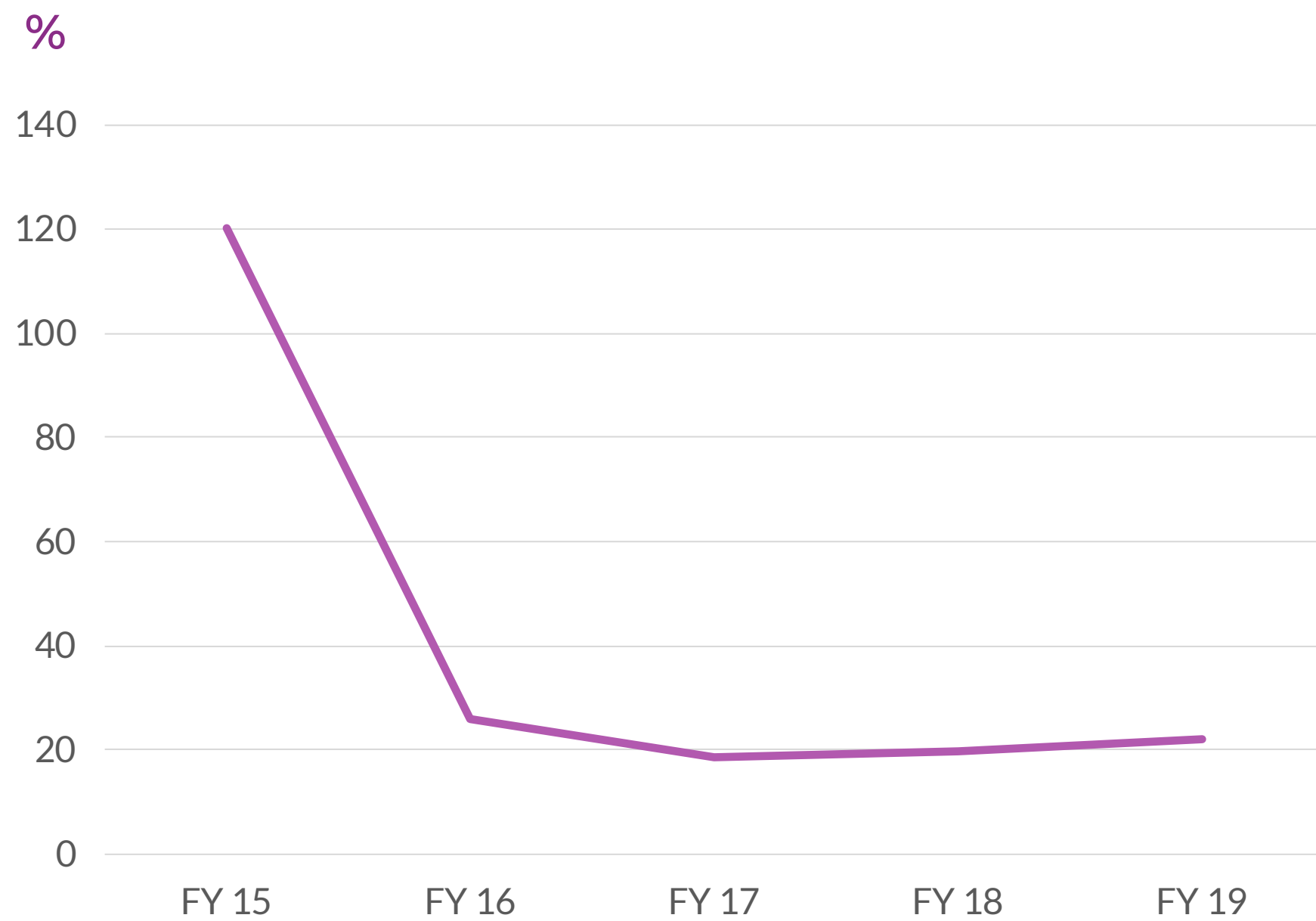
Instructions won ■ ARPI ■

UK SCALE

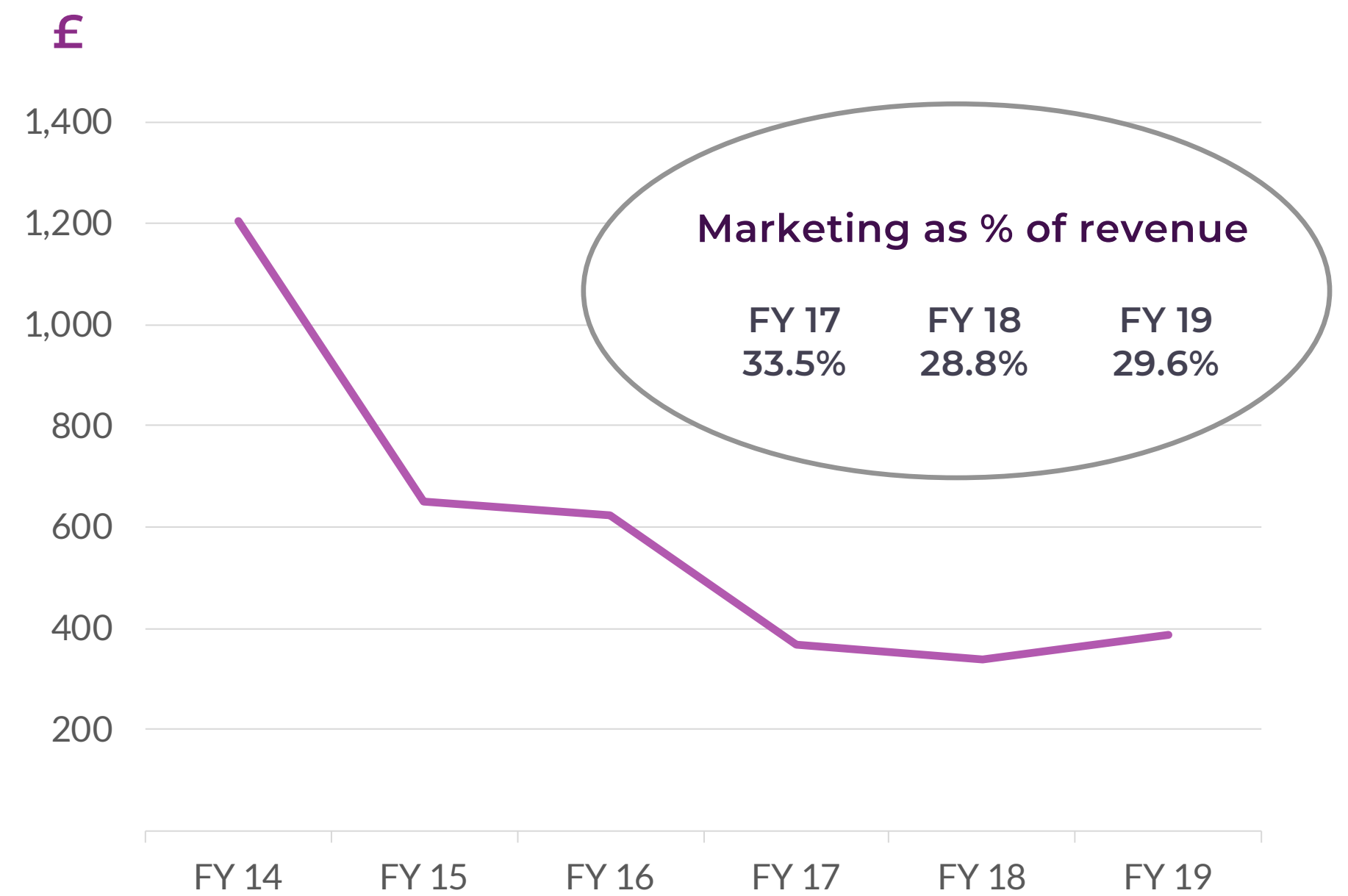
OPERATING LEVERAGE OVER TIME



UK Overheads as % of revenue

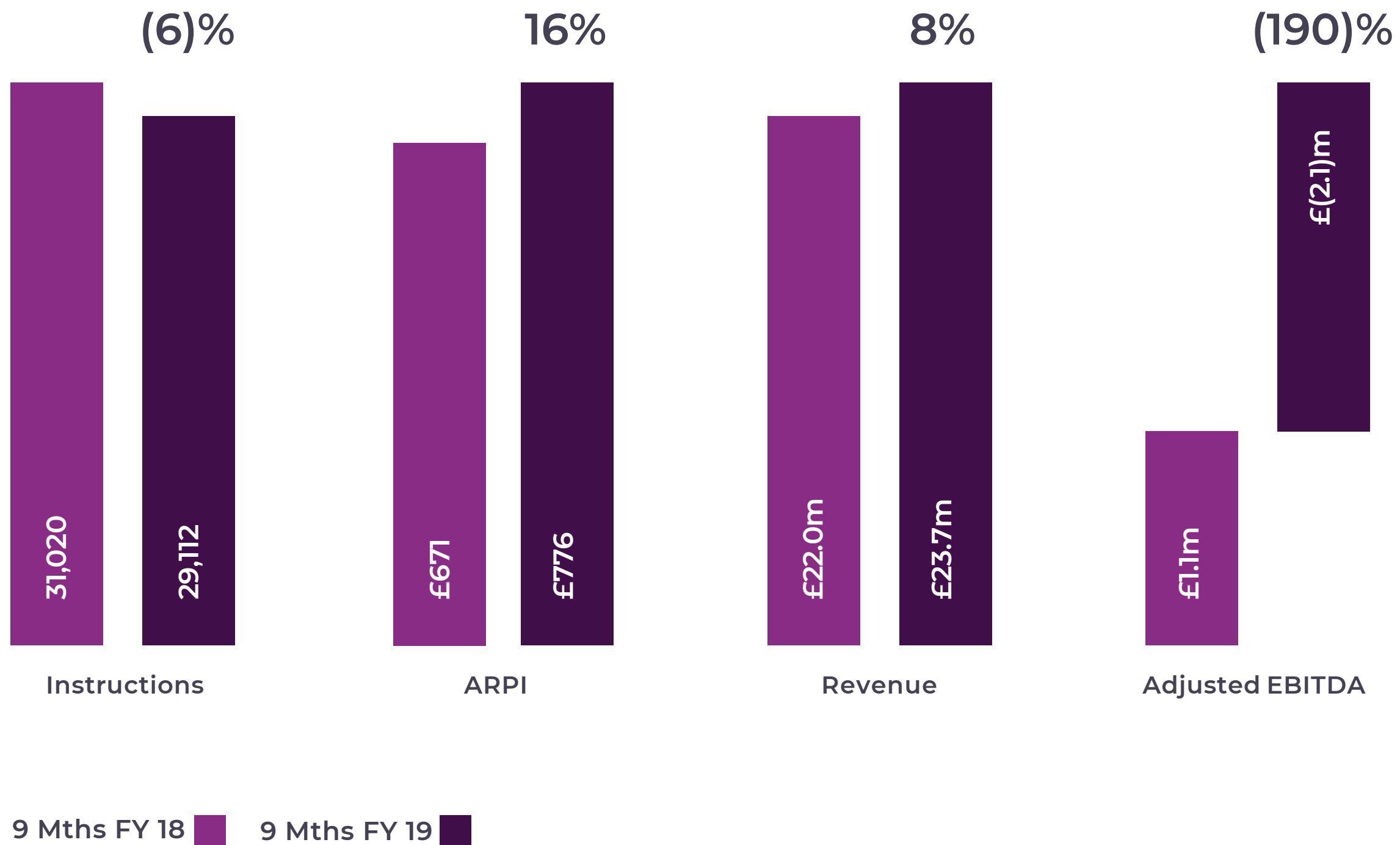


UK CPI including portal costs



MARKET-LEADING CANADIAN BUSINESS

DRIVING SHARE OUTSIDE QUEBEC



- Completed acquisition 6 July 2018

Revenue

- Up 8% 9 mths yoy
- ARPI up 16% YoY
- Tough market conditions – new listings down YoY across all Provinces

Gross profit margin 53%

Marketing costs

- Up 80% H2 on proforma prior year in line with strategy



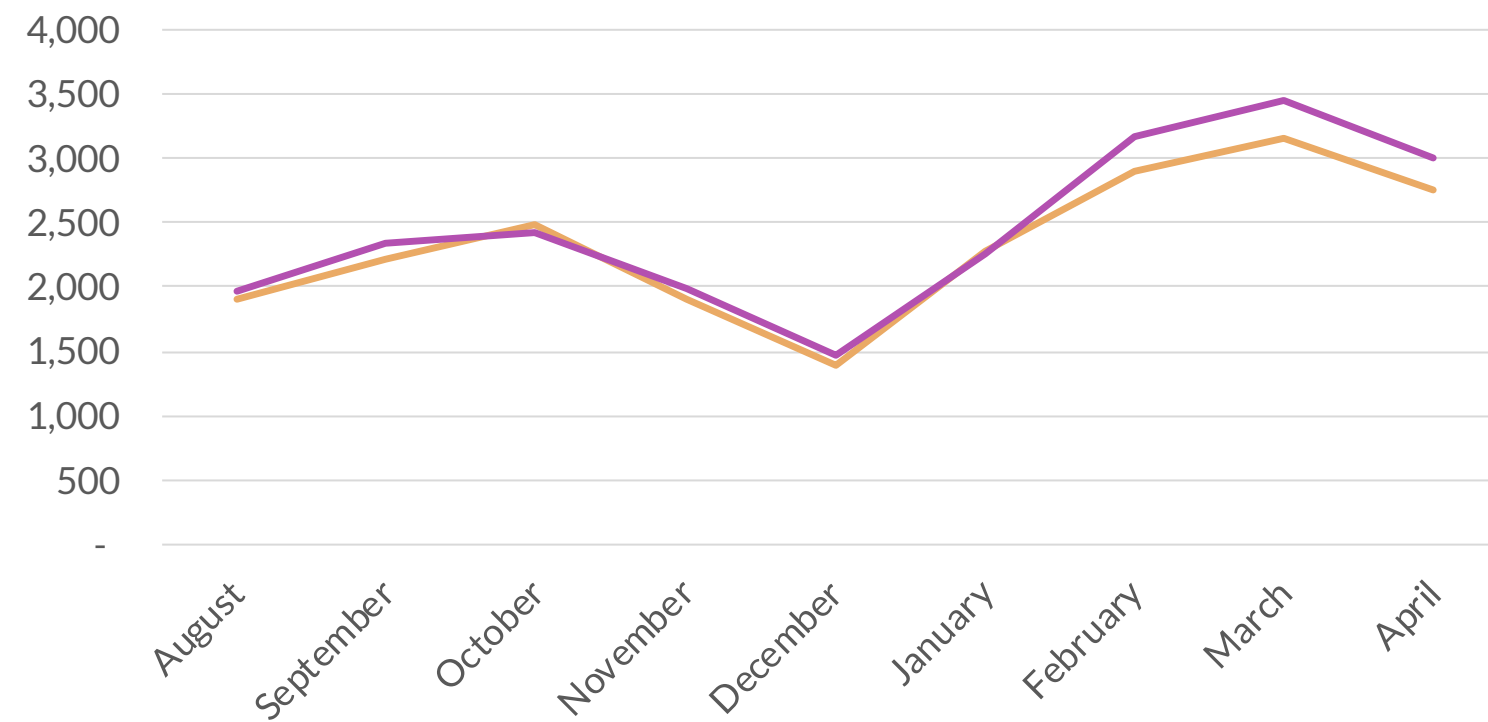
CANADA

GROWTH AND CONSISTENCY OF OPERATION

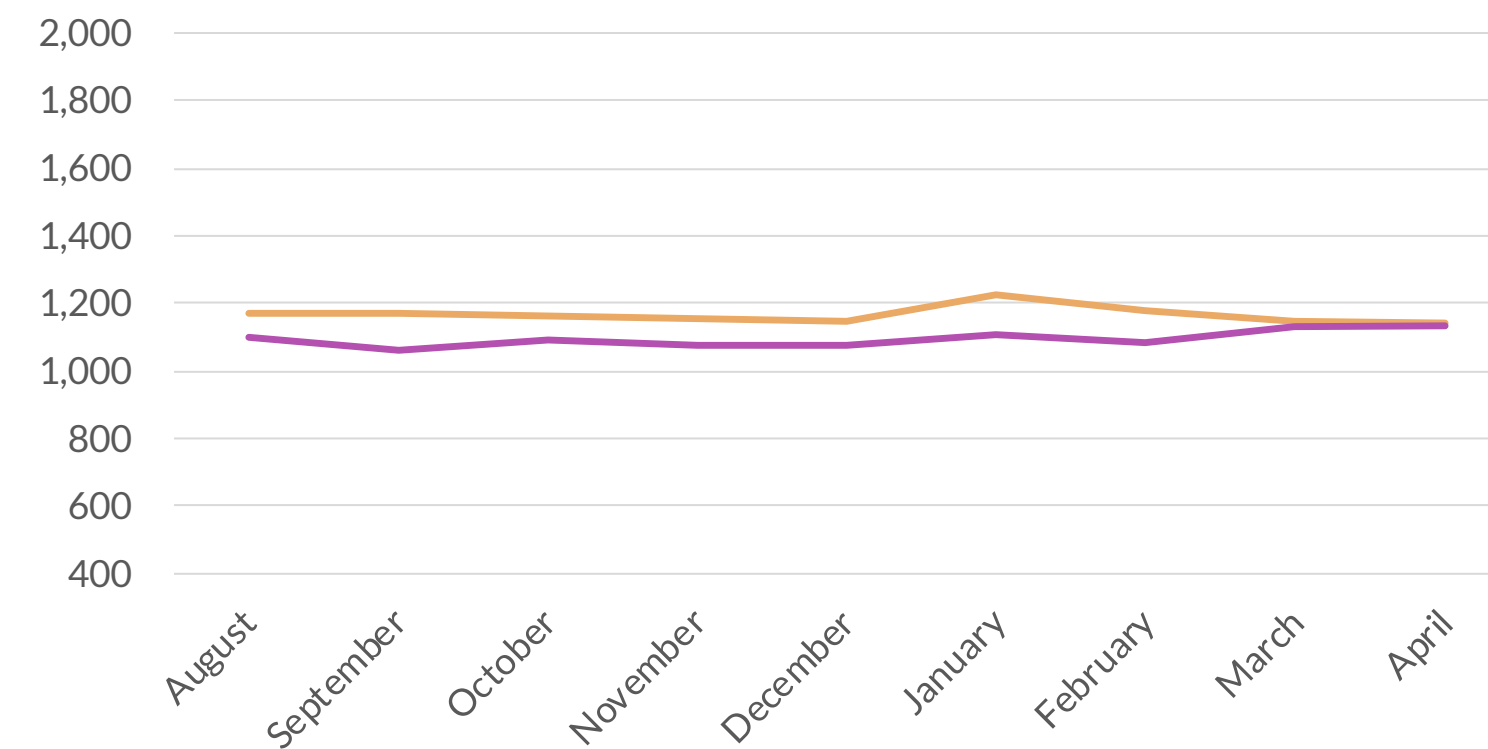


Quebec

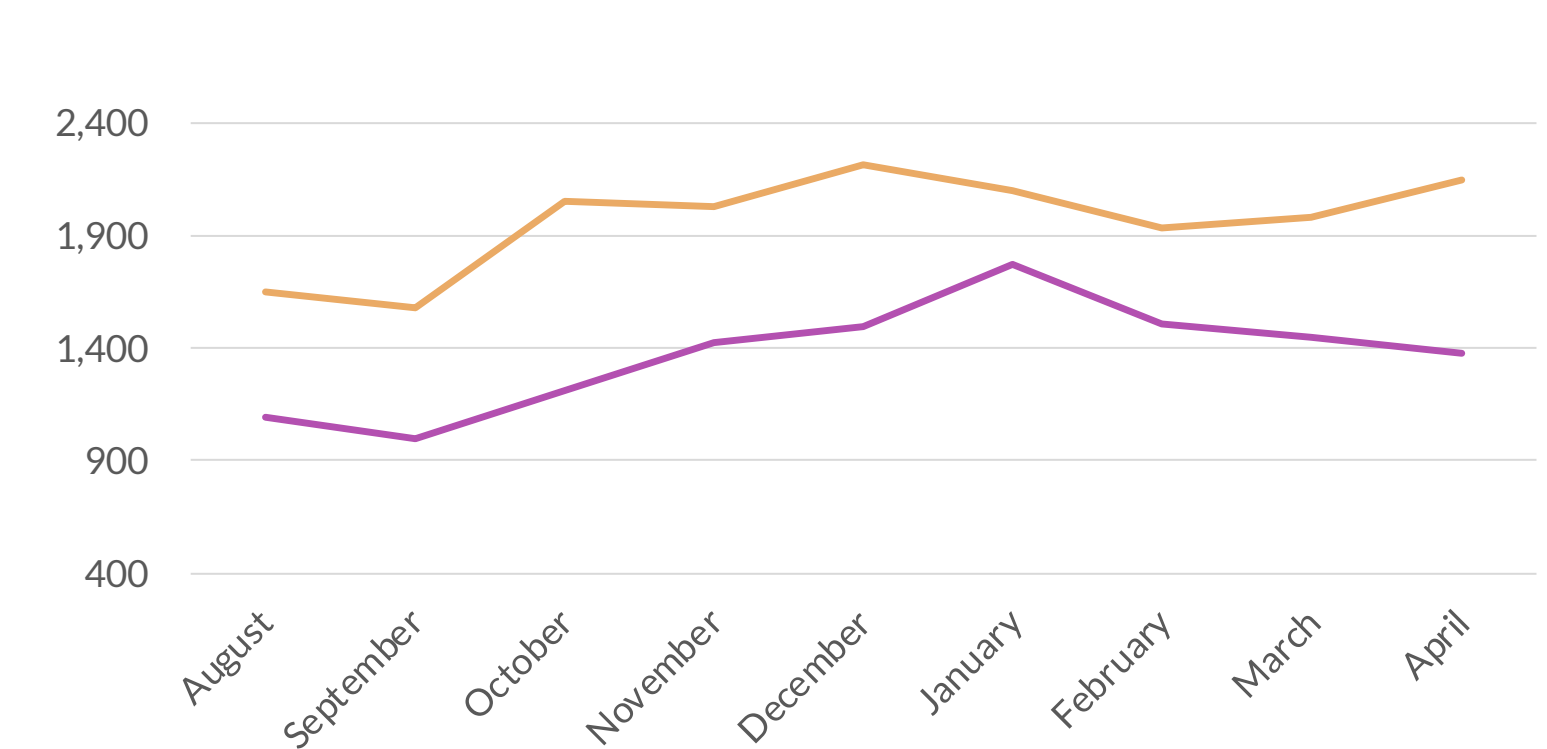
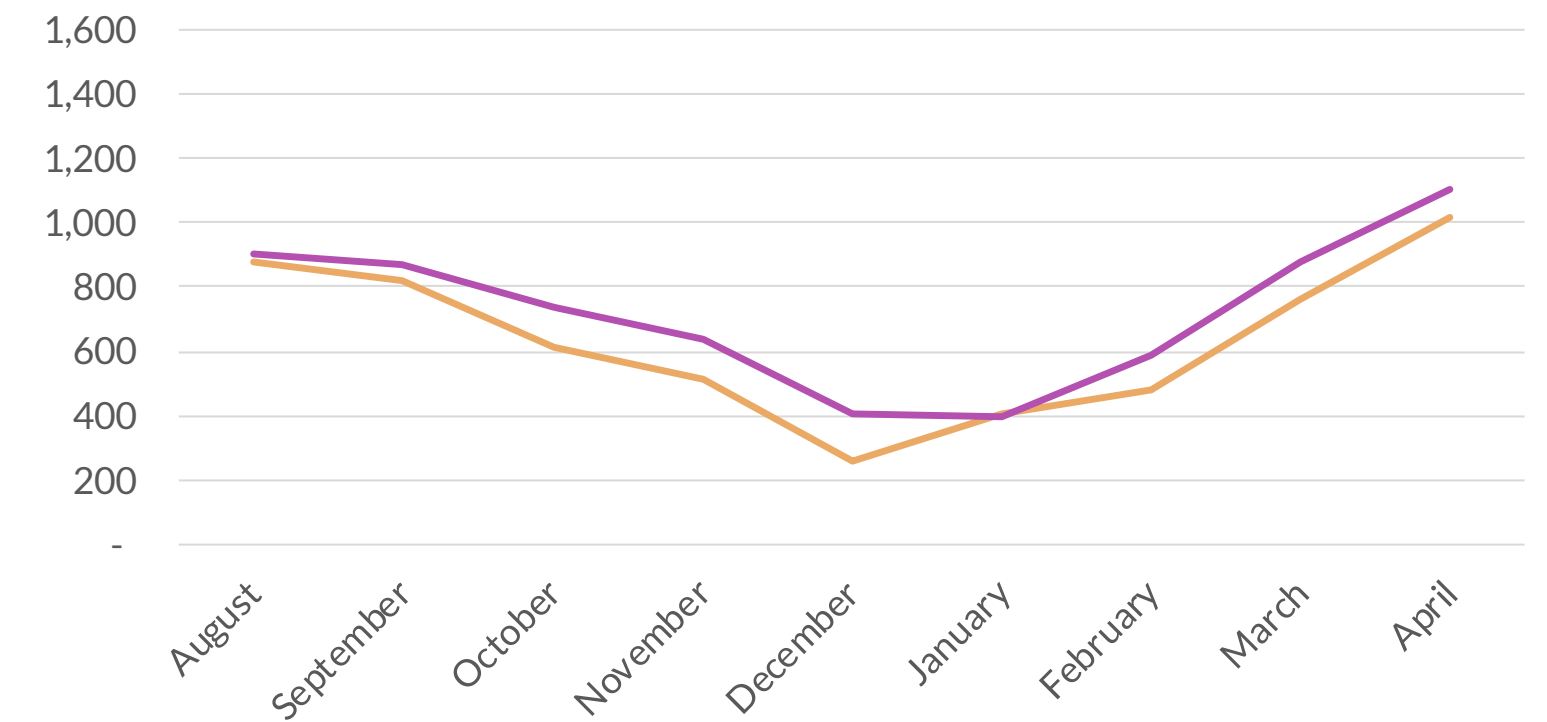
Listings



ARPI



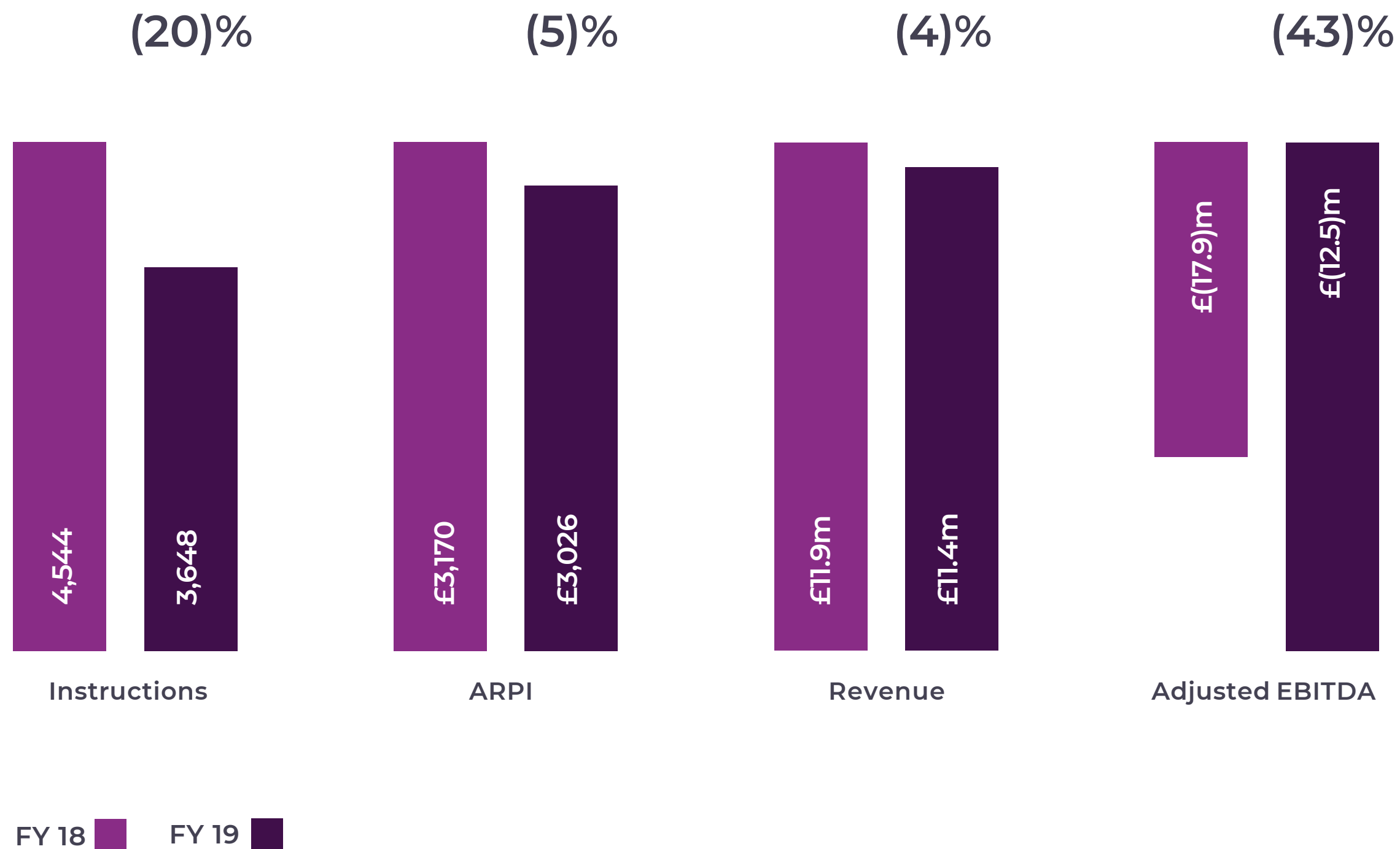
Remainder of Canada



FY18 ■ FY19 ■

AUSTRALIA

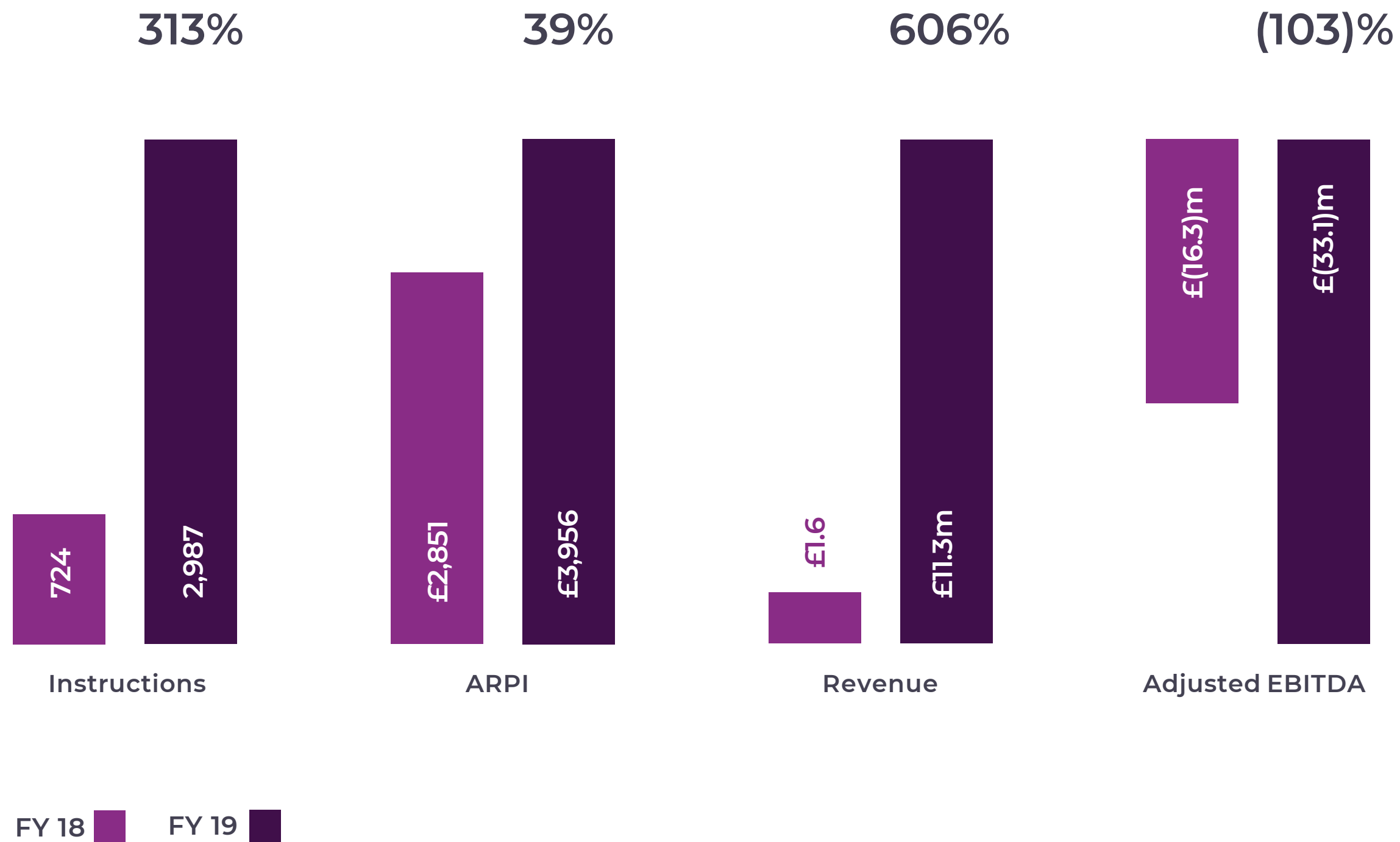
ORDERLY EXIT FROM MARKET



- Size of prize was no longer deemed attractive enough to justify further investment
- Investment to date £41m, plus closure costs between £6-8m
- Closure process proceeding – residual property sales ahead of plan
- Standing by key obligations and helping customers successfully sell their properties

US

STRATEGIC REVIEW RESULTS IN WITHDRAWAL



- Expanded too quickly
- A number of alternative business models considered under a strategic review
- Investment to date £53m, plus initial cut of closure costs expected to be between £4-6m
- Closing process expected to be simpler than Australia

GROUP INCOME STATEMENT

	FY 19	FY 18
	£m	£m
Revenue	136.5	87.8
Gross margin %	58.5%	56.5%
Marketing costs	(70.7)	(42.1)
Operating loss	(52.3)	(27.8)
Adjusted EBITDA	(43.1)	(22.6)



Significant revenue growth

- Revenue up 55%
- Includes £23.7m from Canada

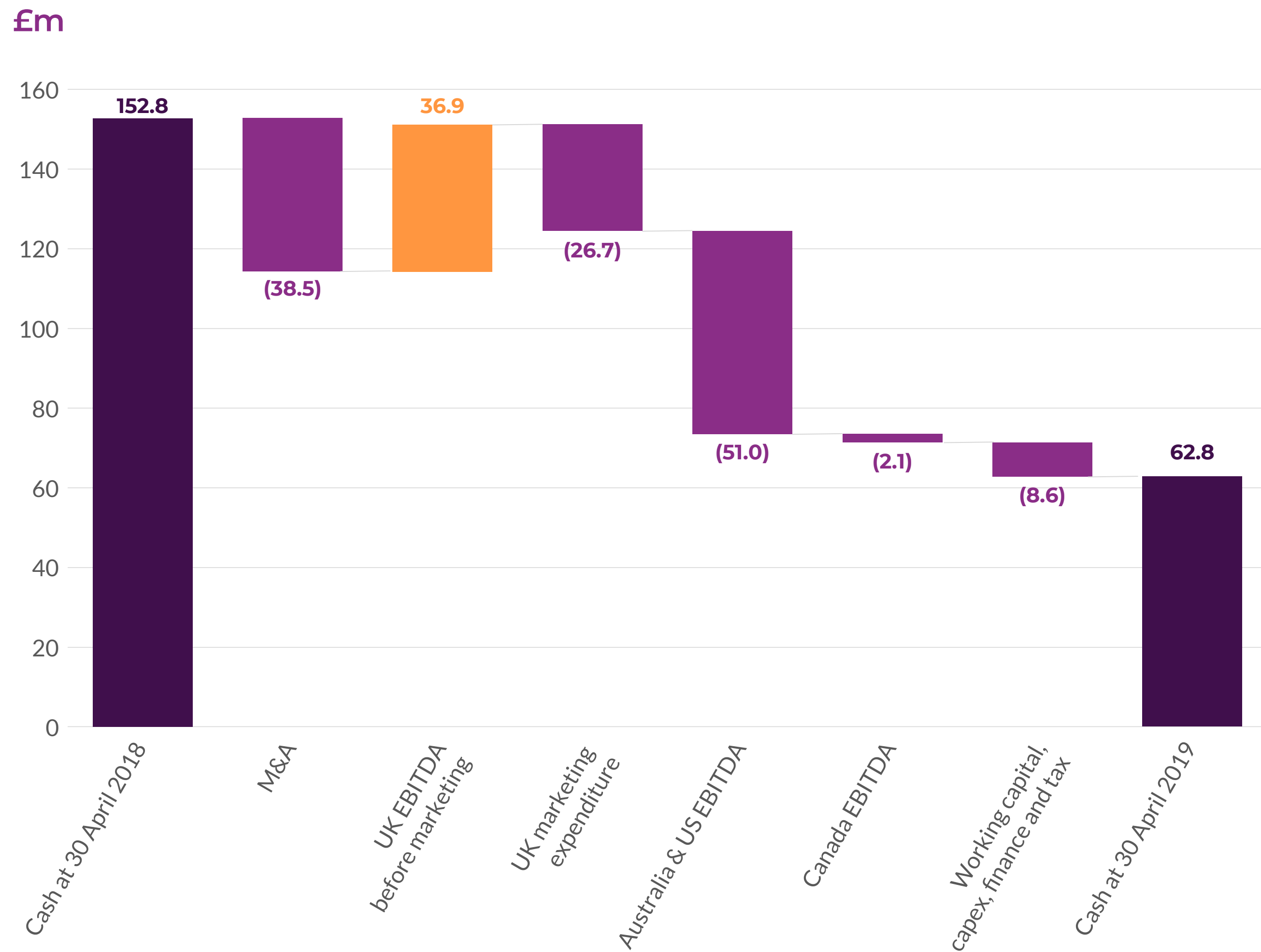
Gross profit

- Up £30.3m with margin up 200bps
- Includes £12.6m from Canada

Adjusted EBITDA

- Loss of £43.1m for the year, includes £10.2m of positive adjusted UK EBITDA

CONSOLIDATED CASH FLOW BRIDGE





STRATEGIC REVIEW

Vic Darvey



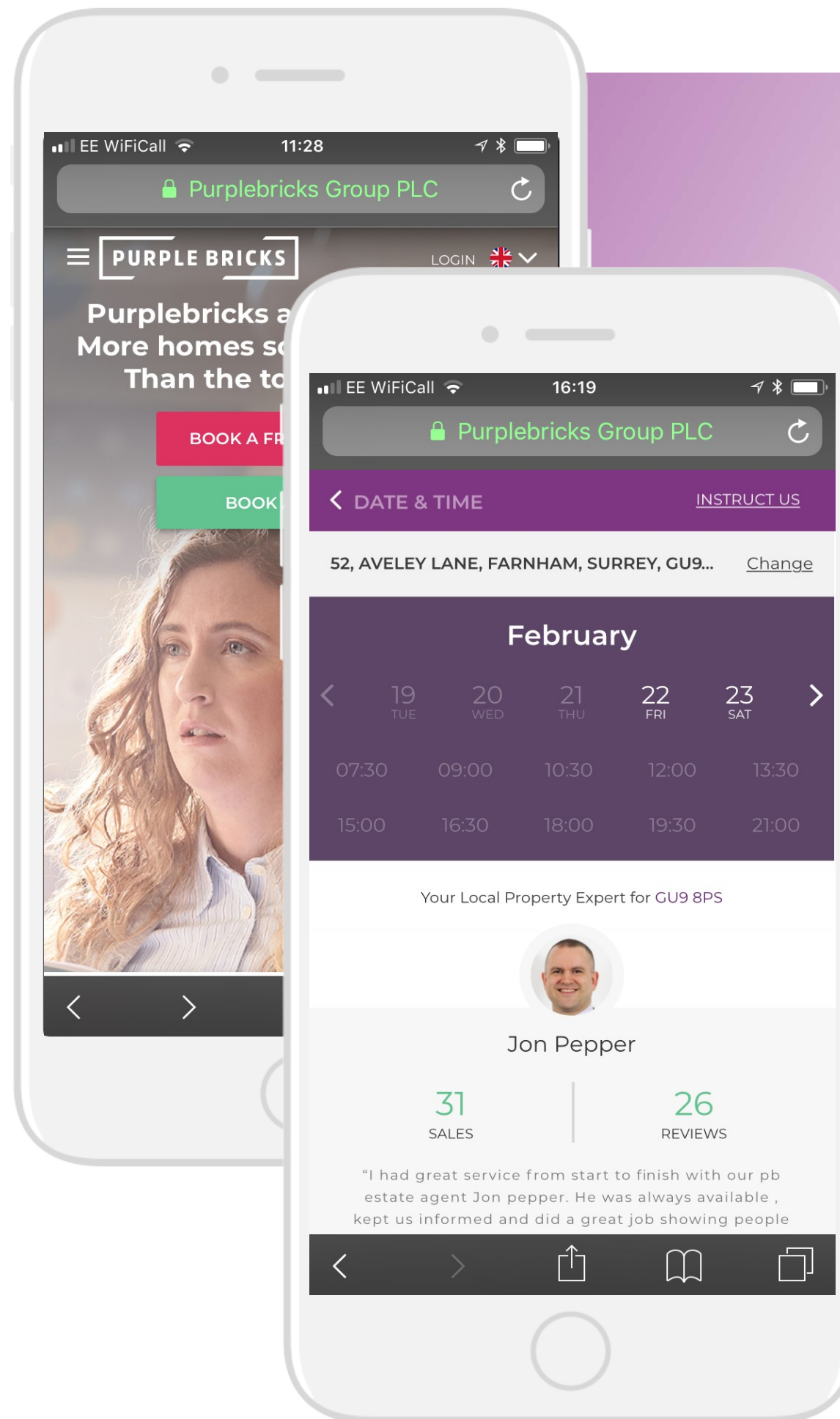
A BRAND ON A MISSION

To be the only place customers go to buy, sell and let their homes.

...we will achieve this by using data and technology to enhance the service standards of the industry.



A STRONG DIFFERENTIATED CORE BUSINESS MODEL

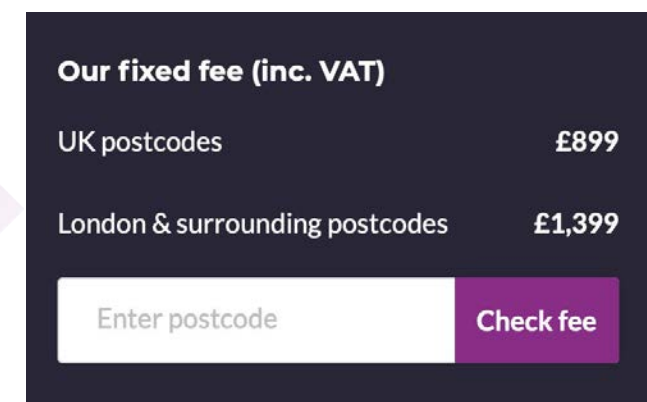


BRAND LEADERSHIP



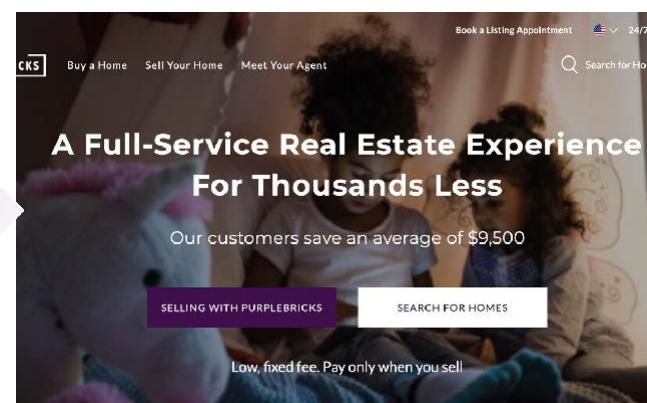
- Clear brand leadership in UK with 96% awareness
- Leading hybrid brand in Quebec

UNRIVALLED VALUE PROPOSITION



- Sell your home for a fair, fixed fee
- Complete transparency 24/7
- Most reviewed estate agent ever

INNOVATIVE BUSINESS MODEL



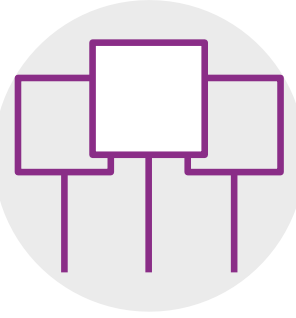
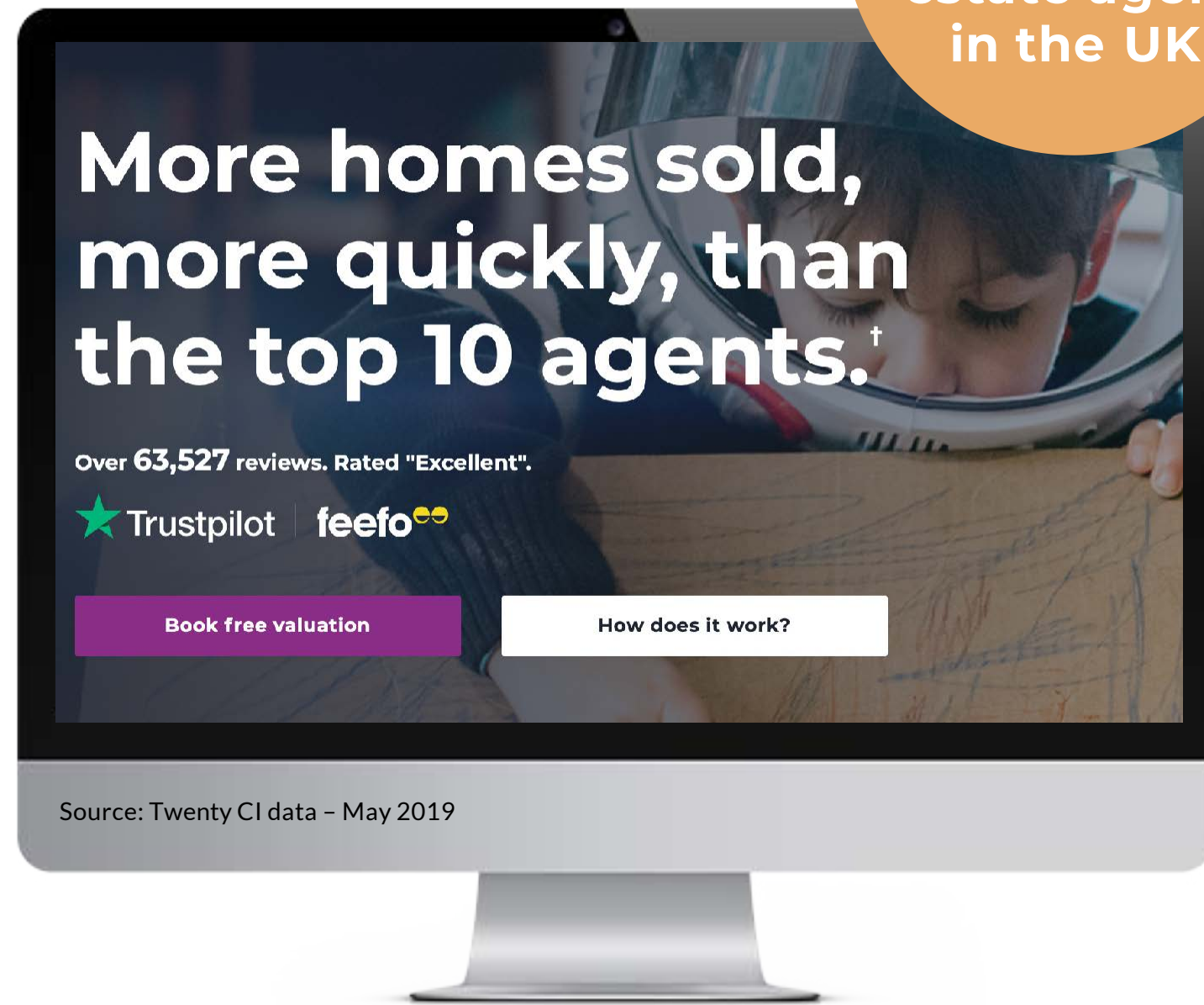
- Differentiated, technology-led proposition driving business model advantages
- Significant opportunity to scale



A POWERFUL DISRUPTIVE BUSINESS MODEL VALIDATED IN THE UK




The largest
and best
performing
estate agent
in the UK




Instruct more



Sell more



Convert more



**Unrivalled
coverage**



Sell fastest



**Best price for
vendors**



Withdraw less



**Top in 7/13
regions**



**Top market share in
all main price bands**



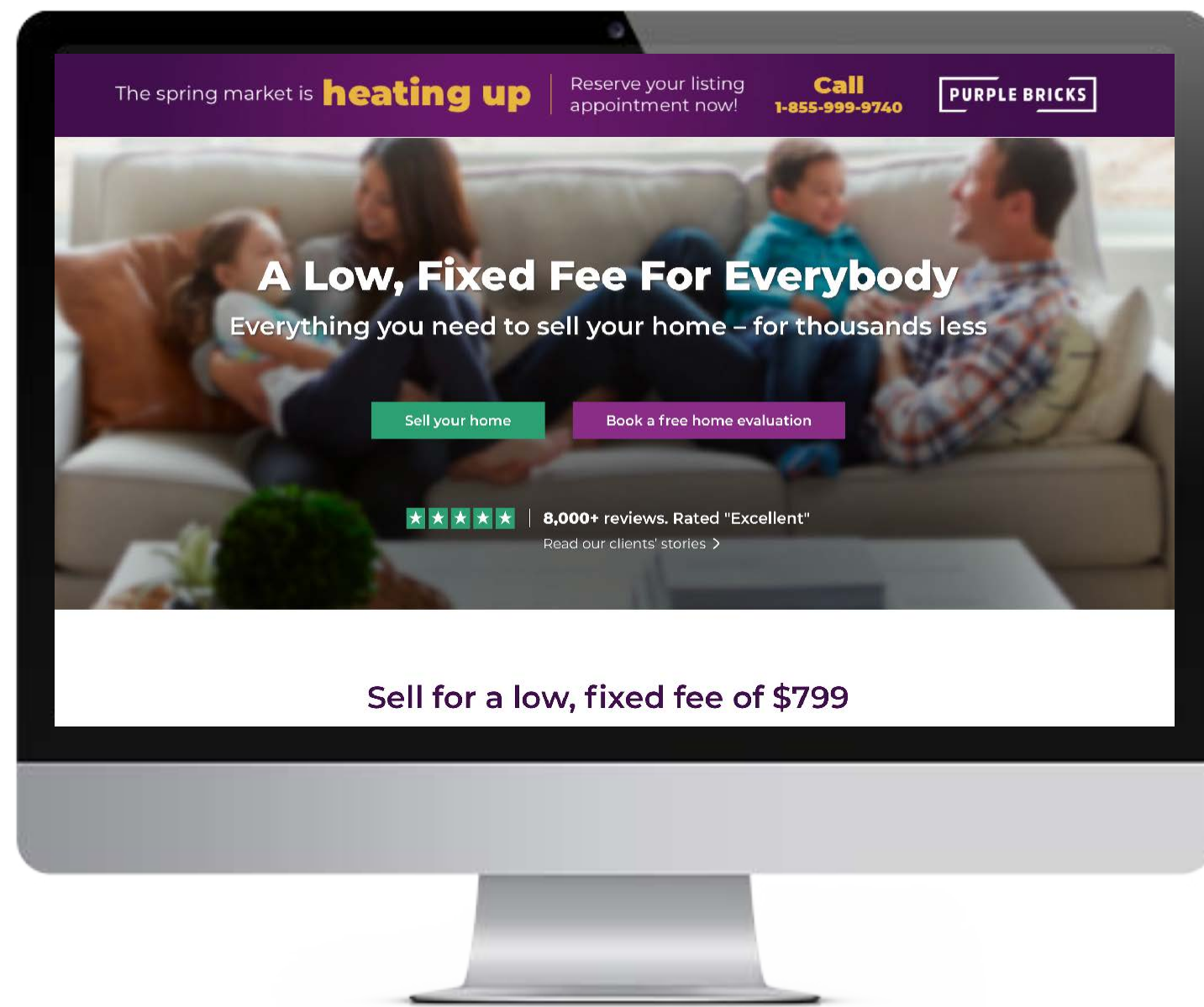
AN ESTABLISHED BUSINESS WITH SIGNIFICANT OPPORTUNITIES OUTSIDE OF QUEBEC

Quebec

- Leading hybrid in Quebec with 20% listing market share

Remainder of Canada

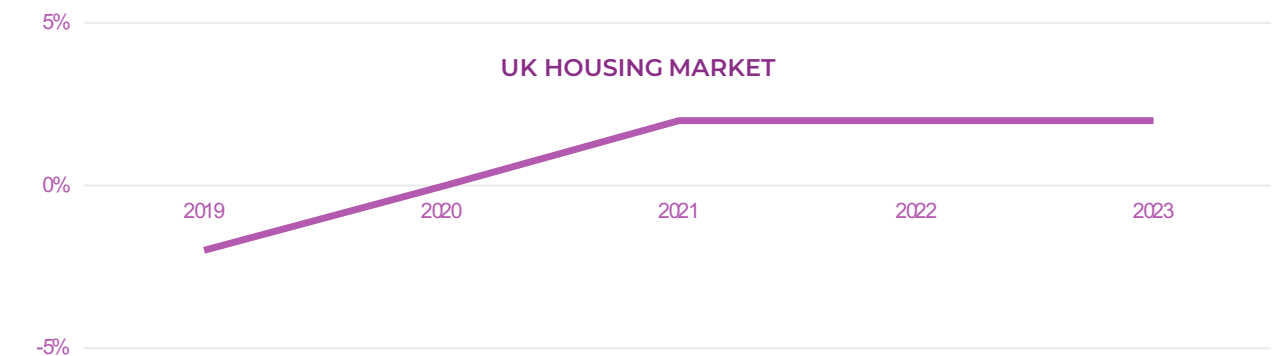
- In January 2019 Ontario, Manitoba and Alberta markets successfully transitioned to the Purplebricks brand
- Purplebricks has quickly cemented a place of prominence in the market
- In just 5 months the PB brand has reached 24% unaided awareness (Ontario, Alberta, Manitoba) while the ComFree brand was at 6% unaided after 7 years
- Total opportunity is 4x Quebec in terms of annual listings and we remain optimistic about the opportunity



EXCITING MEDIUM TERM OPPORTUNITIES

STABILISATION AND RECOVERY IN END MARKETS

- UK housing market resilience with return to growth
- Continued willingness to use hybrid agents



TECHNOLOGY TRANSFORMING THE PROPERTY AGENT LANDSCAPE

- Consumer expectations continue to evolve
- Personalisation through machine learning



SIGNIFICANT OPPORTUNITY FOR FURTHER INNOVATION

- Higher attachment rate of products in basket
- Higher engagement through My PB app
- Create longer lifetime value through PB Plus



OPPORTUNITY TO DRIVE LEVERAGE THROUGH LEADERSHIP AND SCALE

- Clear leadership and scale will drive margins
- Attractive unit economics



SIGNIFICANT POTENTIAL AT SCALE IN OUR KEY MARKETS



NO. OF PROPERTY LISTINGS	1.5M	0.7M
POTENTIAL PURPLEBRICKS SHARE	10%	12%*
NO. OF TRANSACTIONS PER ANNUM	150,000	85,000
POTENTIAL ARPI	£1,750-£2,000	£1,250-£1,400
POTENTIAL REVENUE	£255M-£300M	£105M-£120M
POTENTIAL EBITDA MARGIN	25-30%	20-25%
POTENTIAL EBITDA	£65M-£90M	£20M-£30M

* 20%Quebec, 10% elsewhere

OUR PRIORITIES FOR FY 20

A LASER FOCUS ON OPERATIONAL EXCELLENCE



UNLOCK THE NEXT
WAVE OF GROWTH
AND EXTEND MARKET
LEADERSHIP

- Re-accelerate the growth of core by delivering rapid innovation of the customer journey
- Increase LPE productivity by delivering greater automation and efficiency
- Start building the foundations of a real-time, mobile-enabled estate agent of the future



BUILD ON THE POSITIVE
MOMENTUM OF THIS
MATURE BUSINESS

- Continue to automate the experience through technology and process improvements
- Maintain 20% market share in Quebec
- Increase brand awareness and market penetration outside of Quebec

WE ARE CONFIDENT OF LONG-TERM SUCCESS

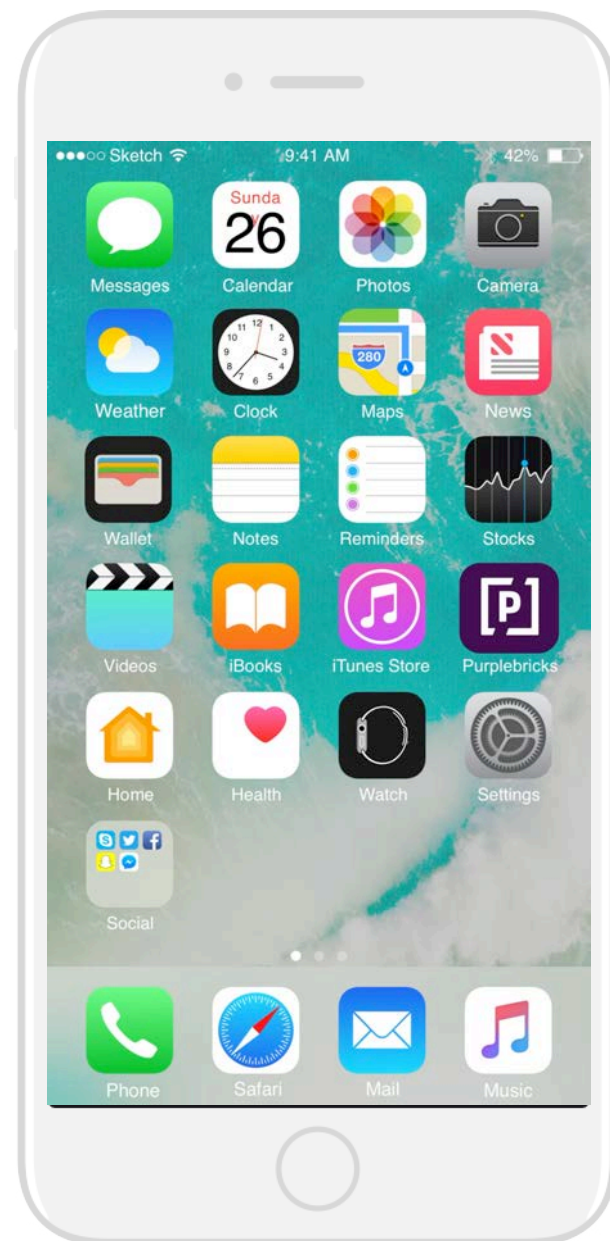
INITIAL THREE AREAS OF FOCUS



1

REAL-TIME MOBILE-ENABLED ESTATE AGENT OF THE FUTURE

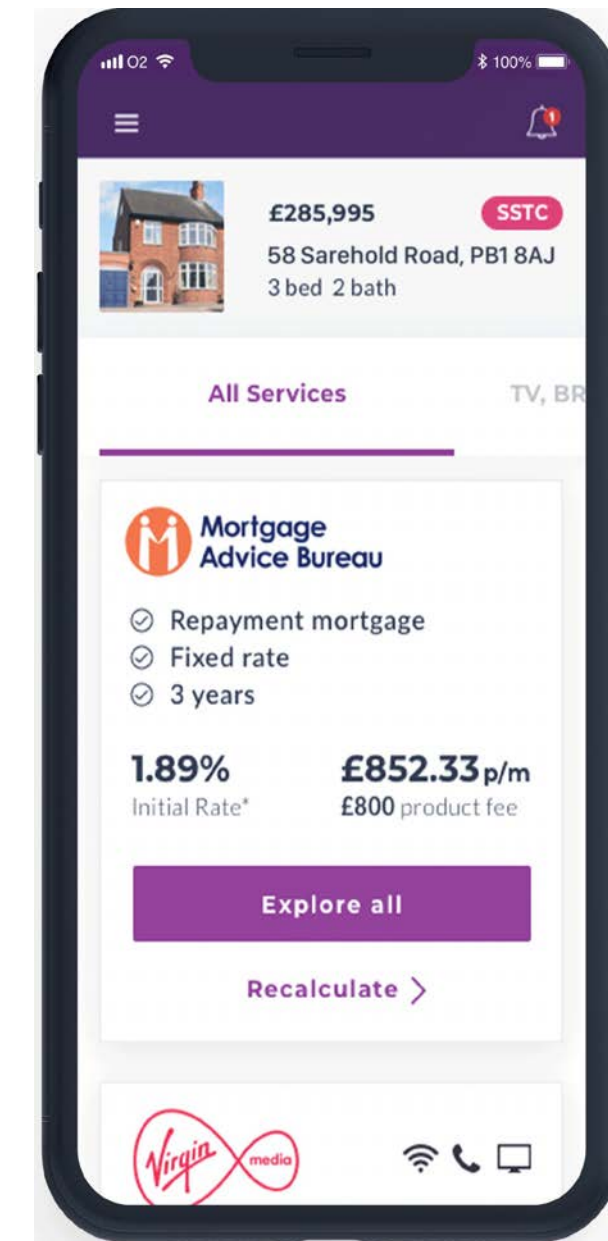
[P] Real-time



Market leading app delivering best-in-class experience in the palm of your hand



Dynamic customer experience based on real-time analytics, AI and smart CRM



Higher engagement increasing basket attachment rates



2

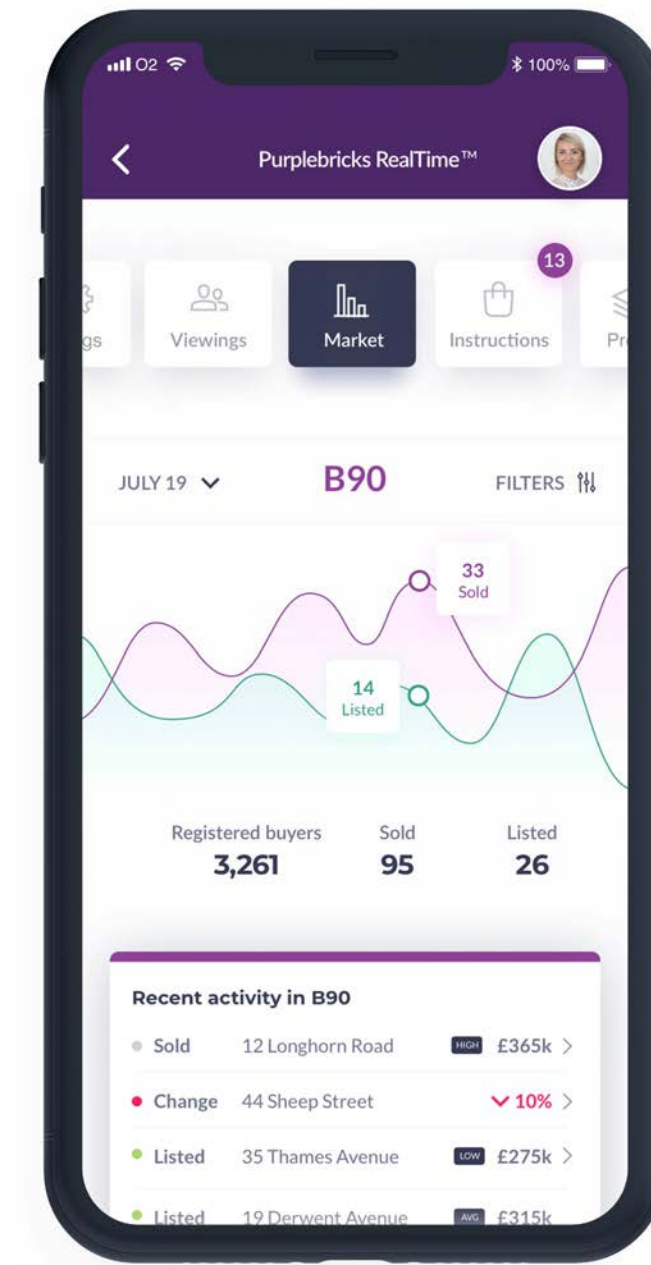
BEST-IN-CLASS AGENTS SPENDING MORE TIME WITH PEOPLE NOT PAPERWORK



Greater automation and efficiency will put one working day back in agent's week by end of 2020



Real-time analytics throughout the journey to ensure end-to-end service excellence and intervention

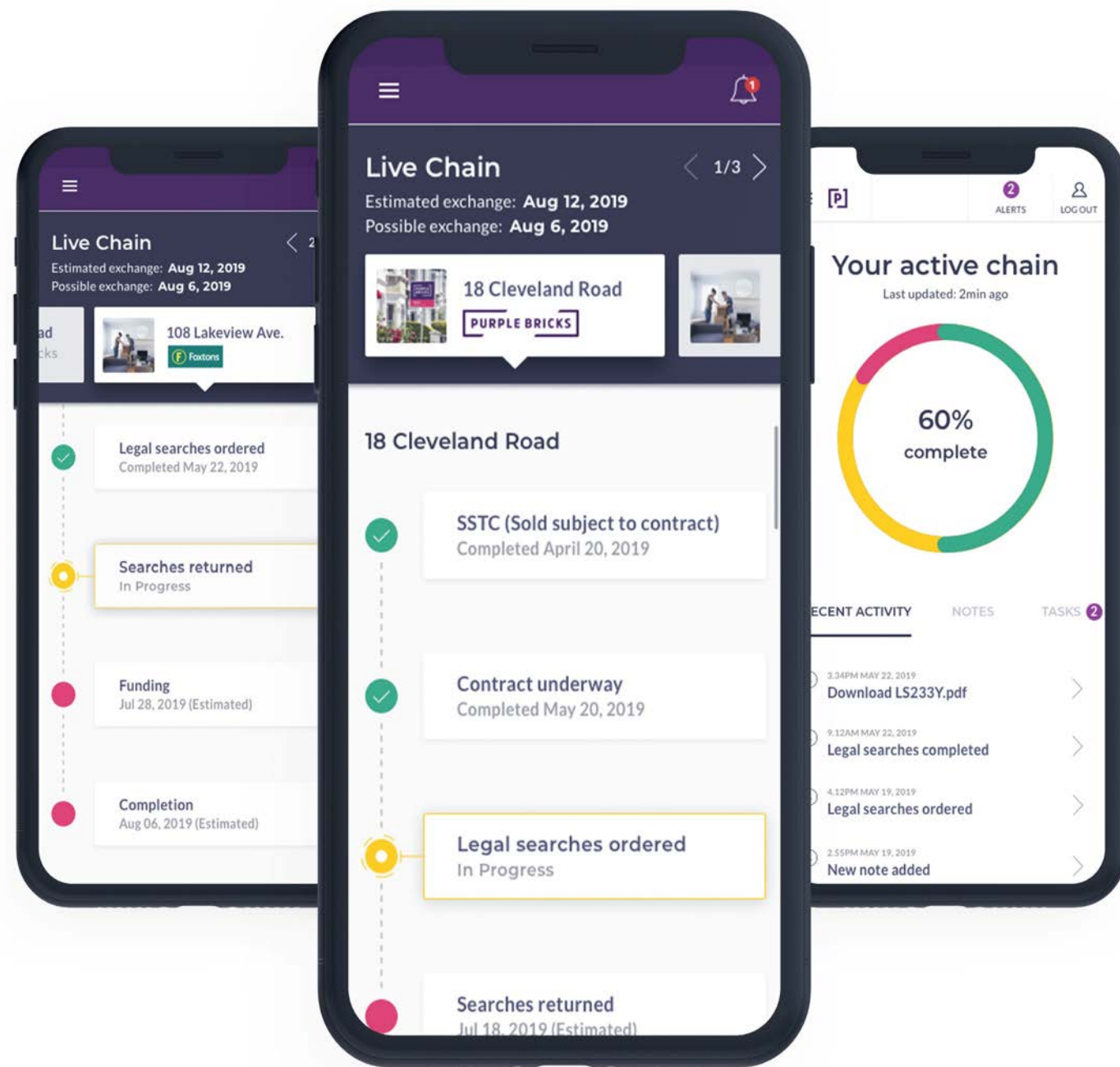


Real-time market data and technology supporting a superior conversation in the living room

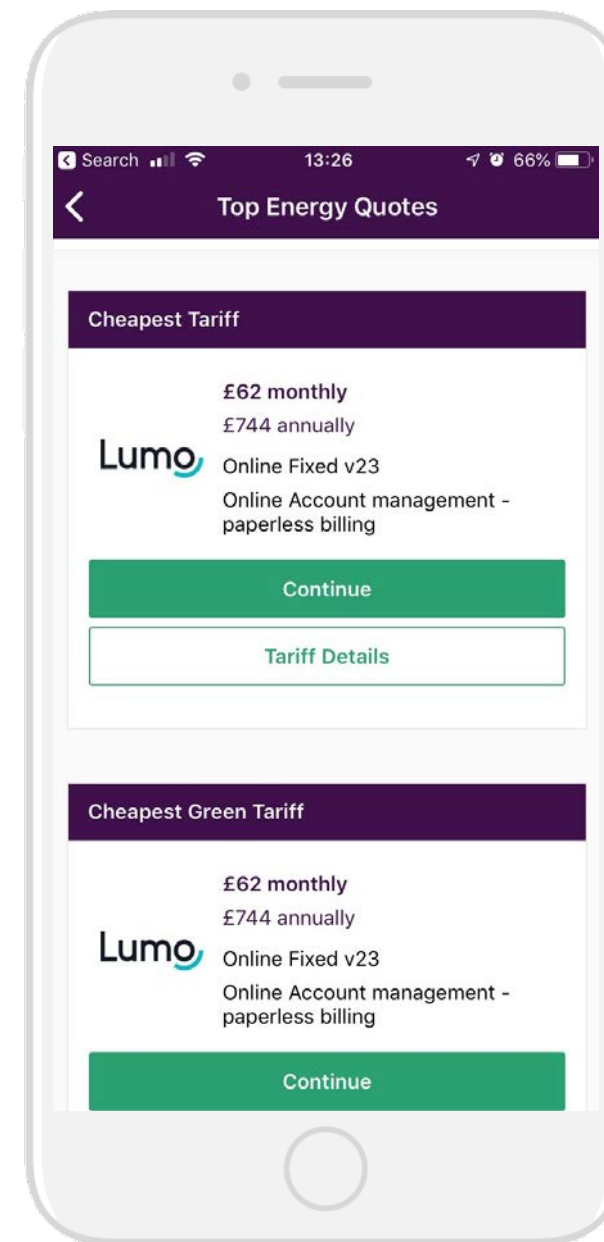


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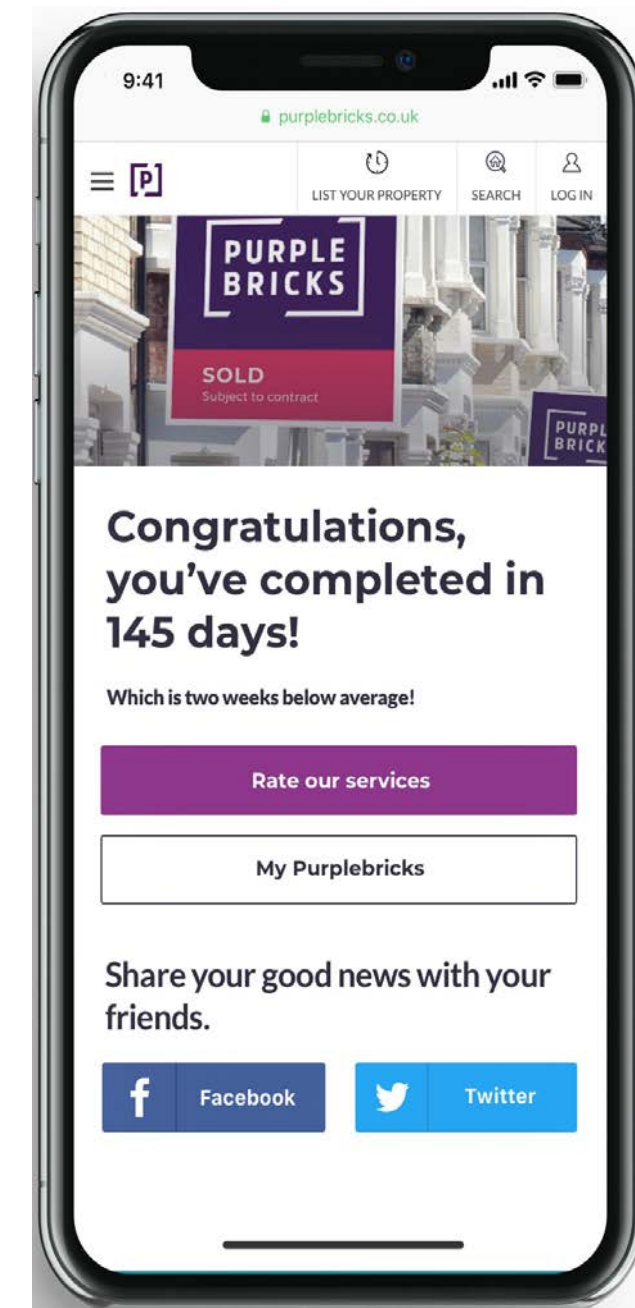
DIGITALISING THE CHAIN TO ACCELERATE UNDERLYING OPPORTUNITIES



Digitalisation of the chain to provide transparency and increase speed of completion



Integrated ancillary products will allow quick quotes, deep-links to utility providers and one-click services



Chain data facilitates model flexibility and payment on completion opportunities



FY 20 FOCUS

- Clear plan in place to extend market leadership in UK and Canada
- Strong foundations for second phase of growth
- Healthy cash balance – post closure of AUS/US our business will be cash generative
- More optimal allocation of capital
- Laser sharp focus on operational excellence
- Re-acceleration of our core business





**PURPLE
BRICKS**

SOLD
Subject to contract

Q&A