Foxtons Group plc
Interim results presentation

For the period ended 30 June 2022

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This presentation 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 “believe”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

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Agenda

1.	Strategic and market update	Peter Rollings
2.	Financial review	Chris Hough
3.	Summary and outlook	Peter Rollings
4.	Q&A	

Strategic and market update

Peter Rollings

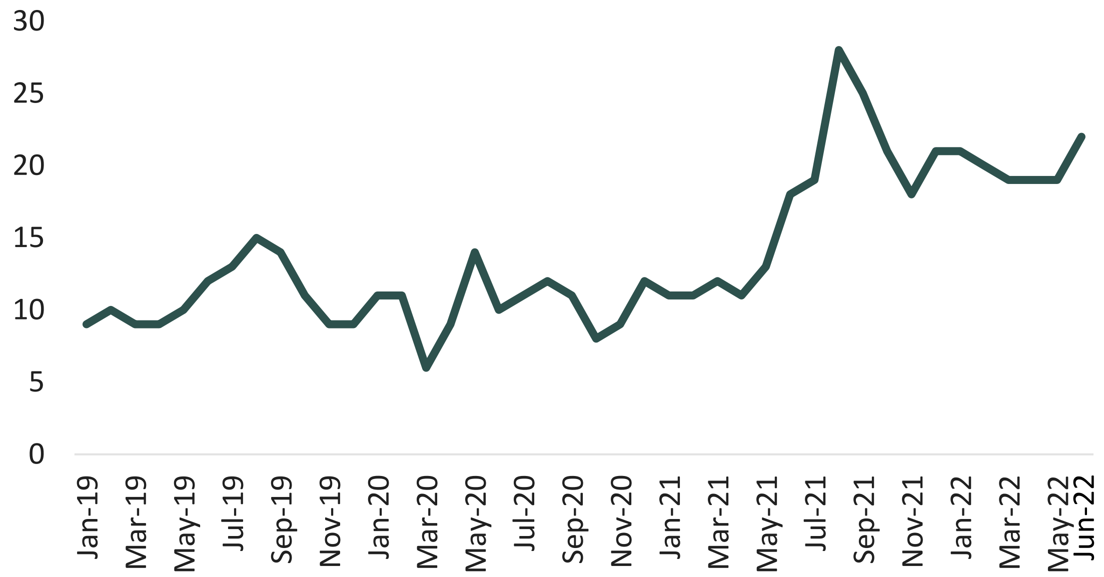
Strategic update

- Decisive action taken to further accelerate business reset and financial performance
- Good financial and operational progress in H1:
  - Organic growth: investment in salesforce capacity, as well as returning to culture of sales intensity
  - Lettings acquisitions : integrated D&G lettings and completed two further acquisitions
  - Profit growth: reduced HQ costs enables investment in growth areas
- Business has strong foundations:
  - Leading industry technology
  - Talented sales force
  - Most recognised brand in London estate agency
- Needs a return to its estate agency roots to deliver against strategic objectives and deliver shareholder returns
- Appointment of Guy Gittins as CEO brings industry experience and a track record of delivering profitable growth

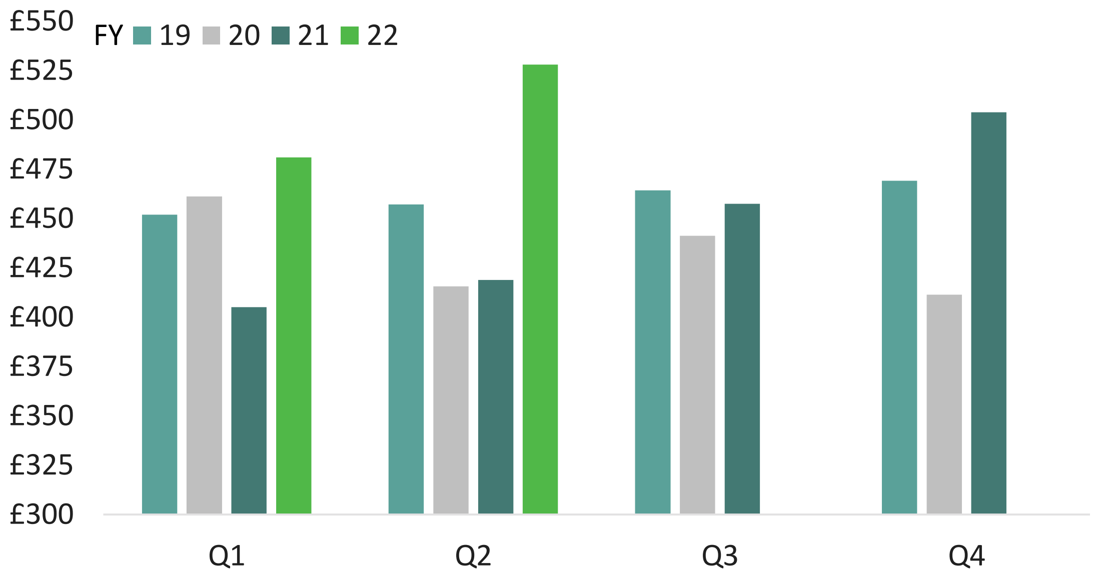
Note: throughout this presentation certain totals and change movements may be impacted by the effects of rounding
Note: throughout this presentation all financial measures and narrative are presented on a continuing operations basis unless otherwise stated. Continuing operations excludes the results of the D&G sales business (disposed of on 11 February 2022)

Lettings market update

Ratio of renters to properties (1)



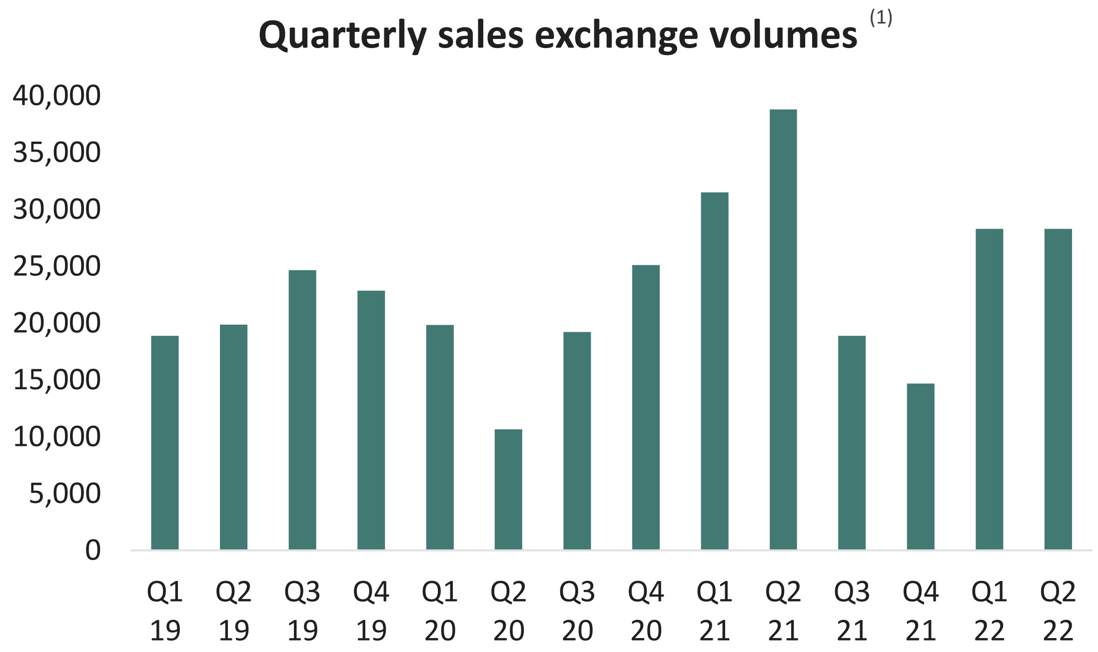
Average new tenancy weekly rental price (2)

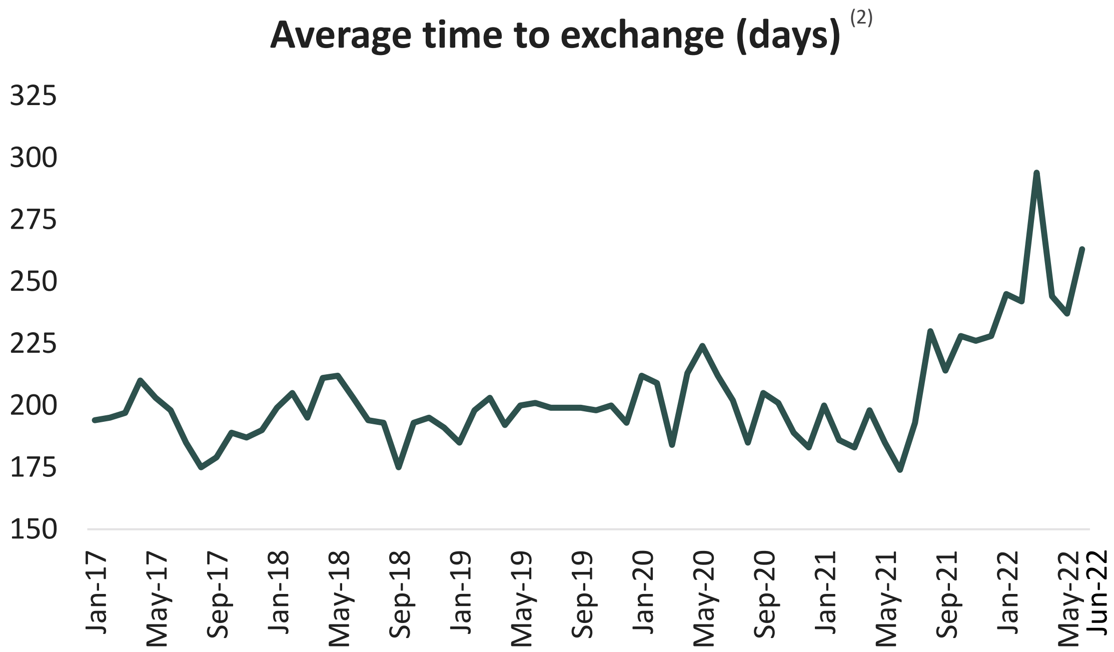


- Supply / demand imbalance as higher numbers of rental applicants entering a low inventory market
- Lower new transaction volumes and increased rental prices, with rents now above pre-pandemic levels
- Low inventory levels leading to longer tenancy duration, with new tenancy lengths c.10% higher than H1 21

1) Source: Foxtons
2) Source: Foxtons

Sales market update





- Sales transactions levels c.20% lower vs. H1 21 reflecting pull-forward effect of stamp duty relief in the prior year
- Expect Q3 22 volumes above prior year reflecting more normalised market phasing
- Challenge from increased time for transactions to exchange, with exchanges in H1 22 taking 35% longer than PY

1) Source: Land Registry, TwentyCi
2) Average time from property instruction to exchange. Source: TwentyCi

Financial review

Chris Hough

Financial highlights

	H1 22	H1 21	V%
Revenue [1]	£65.1m	£63.4m	*+3%*
Adj. operating profit [2]	£6.2m	£5.4m	*+13%*
Adj. operating profit margin	9.5%	8.6%	*+90bps*
Profit before tax	£4.3m	£3.6m	*+21%*
Adj. EPS [3]	1.1pps	1.1pps	-
Net free cash inflow [4]	£2.8m	£3.0m	*(5%)*
Interim dividend	0.2pps	0.18pps	*+0.02pps*

Continue to deliver growth in H1

- Revenue and profit growth
- Growth in recurring lettings revenue
- Improved operating margin
- Cost actions to support investments and mitigate external cost pressures
- Cash generation supports:
  - Interim dividend of 0.2pps
  - Acquisition of 2 lettings portfolios
  - Ongoing share buyback programme

1) Both 2021 and 2022 results are presented on a continuing operations basis and excludes the results of the D&G sales business (disposed of on 11 February 2022).
2) Continuing operations. Adjusted operating profit is defined as profit before tax for the period before finance income, finance cost, other gains/(losses) and adjusted items
3) Continuing operations. Adjusted earnings per share is defined as earnings per share excluding the impact of adjusted items and any significant remeasurements of deferred tax balances as a result of UK corporate tax rate changes
4) Total Group basis. Net free cash flow is defined as net cash from operating activities less repayment of IFRS 16 lease liabilities and net cash generated/used in investing activities, excluding the acquisition of subsidiaries (net of any cash acquired), divestments and purchases of investments

Overview of segmental performance

	Revenue	*Vs. H1 21*	Adj. operating profit	*Vs. H1 21*	Margin
Lettings	£39.4m	*+£6.5m*	£7.3m	*+£5.8m*	18%
Sales	£20.8m	*(£4.4m)*	(£0.7m)	*(£5.1m)*	(3%)
Financial Services	£4.8m	*(£0.4m)*	£0.8m	*(£0.2m)*	17%
Corporate costs	-	-	(£1.2m)	*+£0.3m*	-
Group	**£65.1m**	***+£1.7m***	**£6.2m**	***+£0.8m***	**9.5%**

Note: for the purposes of segmental reporting, shared costs relating to the estate agency businesses are allocated between the lettings business and the sales business with reference to relevant cost drivers, such as front office headcount in the respective businesses. Corporate costs which relate to non-executive director and other listed entity costs are not allocated to the operating segments and are presented separately

Segmental performance: lettings

Organic revenue growth and contribution from D&G lettings portfolio delivering strong profits uplift

	H1 22	H1 21	V%
Volume	9,110	10,026	*(9%)*
Revenue per transaction	£4,330	£3,284	*+32%*
Revenue	**£39.4m**	**£32.9m**	*+20%*
Contribution	**£28.9m**	**£22.1m**	*+31%*
Contribution margin	*73%*	*67%*	
Adj. operating profit	**£7.3m**	**£1.5m**	
Adj. operating profit margin	*18%*	*4%*	
% of Group revenue	61%	52%	
Average weekly rental price	£506	£412	*+23%*

- Lower volumes and higher rental prices reflecting low inventory market
- Revenue per transaction growth reflecting higher rental prices, longer tenancy lengths and growth in our property management service
- D&G lettings delivered £5.7m revenue and £2.6m adj. operating profit contribution in H1
- Margin growth from realisation of synergies in D&G and operating leverage in the Foxtons business model
- YoY revenue and profits growth in Build to Rent and Asia Pacific channels

Segmental performance: sales

Resilient performance despite tough prior year comparator

	H1 22	H1 21	*V%*
Volume	1,528	1,865	*(18%)*
Revenue per transaction	£13,627	£13,532	*+1%*
Revenue	**£20.8m**	**£25.2m**	*(17%)*
Contribution	**£10.9m**	**£14.9m**	*(27%)*
Contribution margin	*52%*	*59%*	
Adj. operating profit	**(£0.7m)**	**£4.4m**	
Adj. operating profit margin	*(3%)*	*18%*	
% of Group revenue	32%	40%	
Average sales price	£586k	£560k	*+5%*

- Tough prior year comparable reflecting pull-forward effect of 2021 stamp duty holiday
- Average property price increased 5% reflecting increased focus on driving instructions on higher value property
- Investment in salesforce capacity in Q2, with expected c.12 month pay-back. Some impact on contribution and adj. operating margins

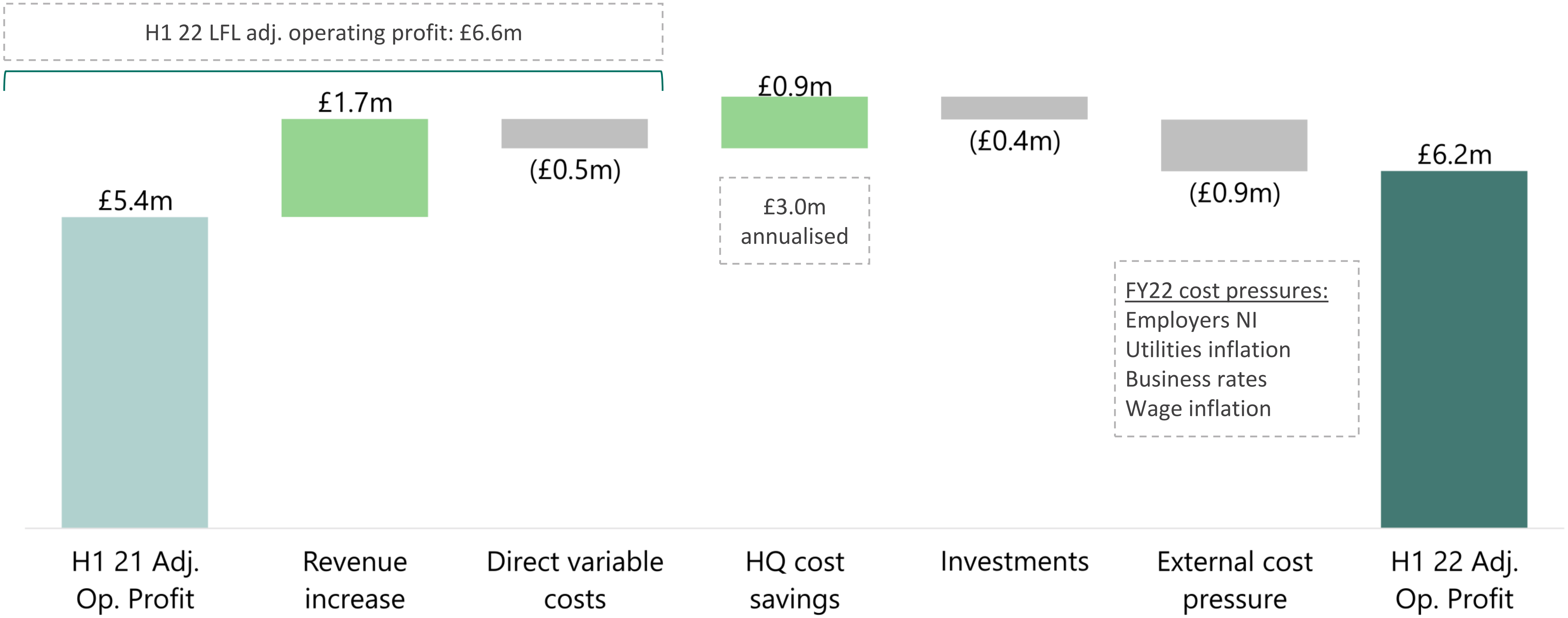
Segmental performance: financial services

Good growth in recurring remortgage revenues offset weaker new purchase volumes

	H1 22	H1 21	V%
Volume	2,334	2,795	*(16%)*
Revenue per transaction	£2,056	£1,859	*+11%*
Revenue	**£4.8m**	**£5.2m**	*(8%)*
Contribution	**£2.1m**	**£2.3m**	*(12%)*
Contribution margin	*43%*	*45%*	
Adj. operating profit	**£0.8m**	**£1.1m**	
Adj. operating profit margin	*17%*	*20%*	
% of Group revenue	7%	8%	

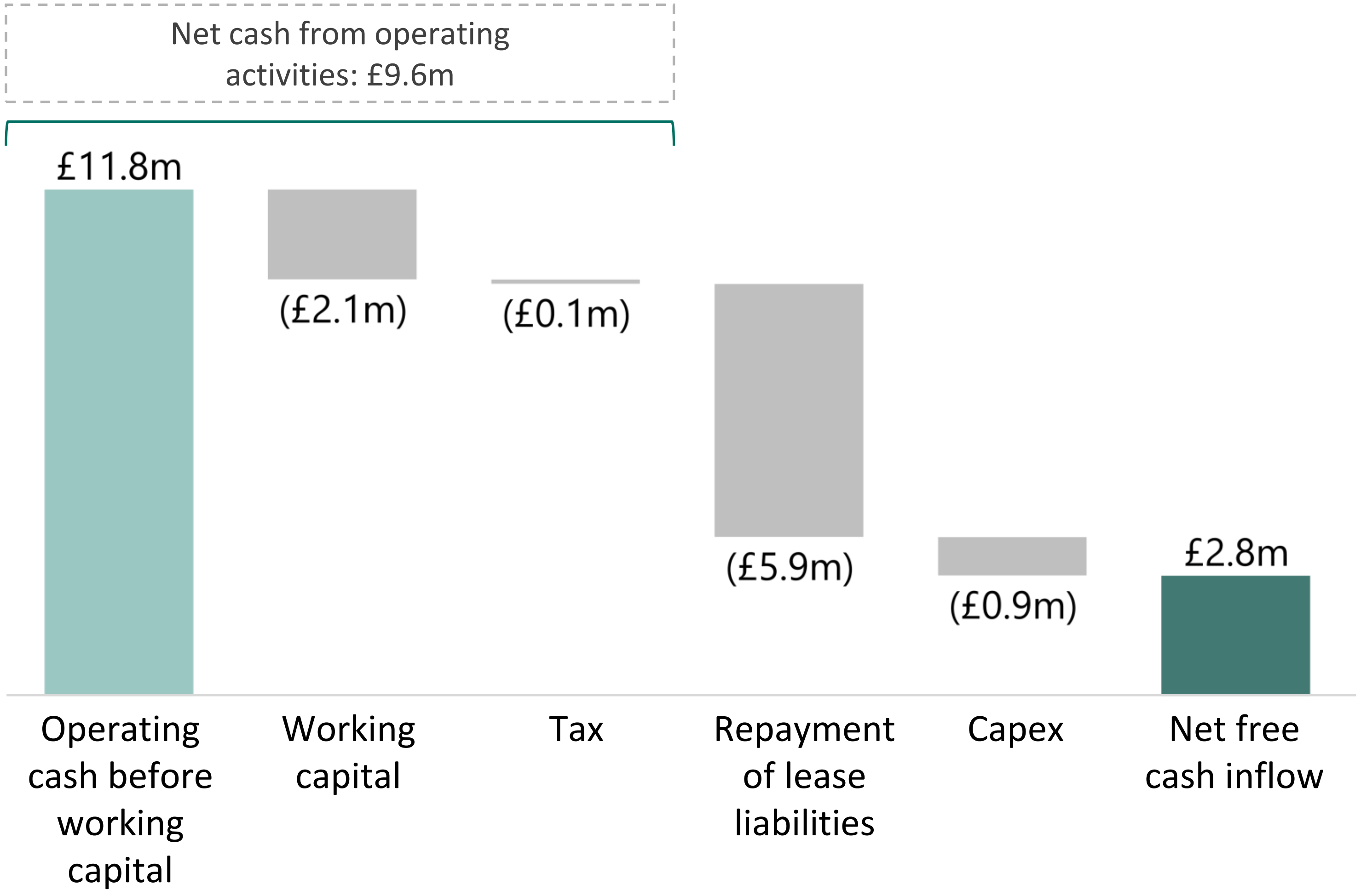
- Lower volumes driven by lower new purchase mortgages reflecting the sales market
- YoY growth in recurring remortgage volumes and revenue
- Revenue per transaction 11% higher, reflecting larger loan sizes and increased sell-through of ancillary products
- Investment in capacity in H1, with expected c.12 month pay-back. Some impact on contribution and adj. operating margins

Adj. operating profit bridge



High levels of cash generation supports investments and shareholder returns

Operating cash to net free cash inflow conversion



Uses of cash flow

Opening cash	**£23.1m**
Net free cash inflow	£2.8m
Acquisitions (net of cash acquired)	(£8.5m)
Disposal of D&G sales	(£3.7m)
Investments	(£0.4m)
Dividends	(£0.9m)
Share buybacks	(£0.9m)
Other	£0.2m
Change in cash	(£11.4m)
Cash at end of period	**£11.7m**

Clear capital allocation policy to deliver shareholder returns

Organic growth	• Investments in revenue generating areas • Business operational requirements
Acquisitions	• Lettings portfolio acquisitions
Shareholder returns	• Interim dividend of 0.2pps declared today • Share buybacks

Financial summary

- Organic revenue growth in recurring lettings revenue, sales and financial services tracking wider market conditions
- Integrated D&G lettings and disposed of loss-making sales business to deliver good revenue and profit contribution
- Two further lettings acquisitions completed in May 2022
- Cost actions to support:
  - Reinvestment in growth areas to maximise operating leverage
  - Mitigation of external cost pressures
  - Delivery of profits growth
- High levels of operating leverage - good drop-through of revenue growth to adj. operating profit and profit before tax
- Cash generation supports shareholder returns though interim dividend and share buy-back programme

Summary

Peter Rollings

Summary and outlook

Summary

- Good progress against strategic and financial growth objectives
- Strong business fundamentals; reduced HQ costs enabling investment in key revenue growth areas
- Lettings acquisition strategy performing well, particularly in D&G lettings
- Guy Gittins joins as CEO in September to accelerate the pace of improvement and return to a culture of sales intensity

Outlook

- **Group:** anticipate earnings for the full year to be at least in line with market expectations
- **Lettings:** expect market conditions to continue, underpinning lower volume/higher rental price market. Some additional benefit in H2 from the two acquisitions completed in May 2022
- **Sales:** "under offer commission pipeline" significantly higher than PY, reflecting more normalised seasonality in 2022. Some headwinds from increased time to exchange and impact on consumer sentiment of changing macro-economic conditions
- **Costs:** continued focus on costs to support investments, offset inflationary pressures and deliver profits growth

Appendix

1. Additional financial information

1. Additional financial information: income statement

From continuing operations

£m	H1 22	H1 21	%
Revenue	65.1	63.4	*+3%*
Direct operating costs	(23.2)	(23.9)	*+3%*
Contribution	**41.9**	**39.4**	***+6%***
Margin	*64%*	*62%*	*+210bps*
Other operating costs	(35.7)	(34.0)	
Adj. operating profit	**6.2**	**5.4**	***+13%***
Margin	*10%*	*9%*	*+90bps*
Adjusted items	(0.9)	(0.8)	
Net finance costs	(1.0)	(1.0)	
Profit before tax	**4.3**	**3.6**	***+21%***
Tax charge / credit	(1.4)	(7.2)	
Profit / (loss) after tax	**2.9**	**(3.7)**	

1. Additional financial information: reconciliation to H1 21 reported revenue and adj. operating profit

£m	H1 22	H1 21
Revenue from continuing operations	65.1	63.4
Revenue from discontinued operations	0.6	3.6
Total Group revenue	**65.6**	**66.9**
Adj. operating profit from continuing operations	6.2	5.4
Adj. operating loss from discontinued operations	(0.6)	(0.2)
Total Group adj. operating profit	**5.6**	**5.2**

- Continuing operations excludes the results of the D&G sales business, a discontinued operation disposed of on 11 February 2022
- H1 21 reported results previously included results from discontinued operations
- A reconciliation is provided above

1. Additional financial information: balance sheet

£m	Jun-22	Jun-21	Dec-21
Goodwill and intangibles	135.5	125.8	125.0
Property, plant & equipment	51.9	60.5	53.5
Cash	11.7	24.4	19.4
Investments	3.7	3.7	3.3
Net working capital	0.3	(1.0)	1.8
Deferred tax	(26.1)	(25.4)	(24.8)
Provisions and net contract liabilities	(5.9)	(6.1)	(6.6)
Lease liabilities	(46.9)	(53.3)	(48.1)
Borrowings	(0.1)	-	-
Net assets	**124.1**	**128.7**	**123.5**

- Borrowings carried-over from acquisition of Gordon & Co in May 2022, and expected to be repaid during the normal course of business

1. Additional financial information: earnings/(loss) per share

	Continuing operations		Total Group	
£000s	H1 22	H1 21	H1 22	H1 21
Profit / (loss) for the purposes of basic and diluted EPS	**2,905**	**(3,667)**	**2,587**	**(3,881)**
Adjust for:				
Adjusted items (including associated taxation)	713	897	533	897
Deferred tax remeasurement (due to UK corporate tax rate change)	-	6,316	-	6,316
Adjusted earnings for the purposes of adj. EPS	**3,618**	**3,546**	**3,120**	**3,332**
Weighted average number of shares	317,888,904	326,253,710	317,888,904	326,253,710
Effect of potentially dilutive ordinary shares	2,633,344	4,694,741	2,633,344	4,694,741
Weighted average number of ordinary shares for the purpose of diluted EPS	**320,522,248**	**330,948,451**	**320,522,248**	**330,948,451**
Earnings/(loss) per share (basic and diluted)	**0.9p**	**(1.1)p**	**0.8p**	**(1.2)p**
Adjusted earnings per share (basic and diluted)	**1.1p**	**1.1p**	**1.0p**	**1.0p**