FOXTONS GROUP PLC

TRADING UPDATE

31 JANUARY 2019

Foxtons Group plc (LSE: FOXT) (the "Group"), London's leading estate agency, issues its trading update for the year ended 31 December 2018 ahead of its preliminary results on 28 February 2019.

The Group's performance for the year was in line with the Board's expectations. Group revenue for 2018 was circa £111m (2017: £118m), with revenue for the quarter ended 31 December 2018 totalling circa £23m (2017: £24m).

Adjusted EBITDA[1] for the year is expected to be approximately £3m (2017: £15m). The reduction in Adjusted EBITDA compared to the prior year was driven mainly by the fall in sales volumes alongside planned increases in operating expenses as we invested in our people, technology and brand.

Cash flow was good in the period, supporting a strong balance sheet with no debt. Year end cash was circa £17m (2017: £19m).

Our Lettings business continues to deliver a consistent and recurring revenue stream for the Group. Total Lettings revenue for 2018 was circa £67m (2017: £66m) with a good second half performance. Lettings revenue in the final quarter of the year was circa £12m, up 4% versus the prior year. As a result, Lettings revenue in the second half was up 3% versus the prior year as our enhanced offer and improved resourcing enabled us to capitalise on demand in what remains an attractive market.

Sales revenue for 2018 was circa £36m (2017: £43m). Sales revenue in the final quarter of 2018 was circa £9m (2017: £10m), which was a solid performance amidst ongoing reduced transaction levels.

Alexander Hall mortgage broking revenue for the year was circa £8m (2017: £9m) reflecting the wider sales market.

In addition, we expect to recognise a non-recurring charge of circa £16m in 2018 of which £13m is non-cash. The charge comprises circa £6m relating to the branch closures undertaken in the second half which were announced in November, and a further circa £10m relating to goodwill in the sales segment. The Board considers this write down to be an appropriate course of action given the prolonged nature of the current downturn in the sales market. The £3m of the non-recurring charge which is cash related, all of which relates to branch closures, is expected to be spent over a 3-year period. The branch closures and other cost saving initiatives undertaken in the second half are expected to deliver circa £3m of cost savings during 2019.

Nic Budden, CEO, said:

"2018 was one of the toughest sales markets we have ever had in London with transactions falling from last year's historically low levels. Considering this, we have delivered a solid performance and taken steps to ensure the business is best prepared for these conditions through prudent actions on cost and enhancements to our proposition. We are confident in our model which provides high levels of service to achieve the best results for our customers.

Looking ahead, we expect trading conditions in the sales market to remain challenging throughout 2019. We have become accustomed to operating in these conditions and are well placed to withstand them given our leaner cost base and continued strong balance sheet with no debt."

---

[1] Adjusted EBITDA is defined as profit before tax, finance costs, finance income, depreciation, amortisation, profit on disposal of assets, share-based payments and Adjusted items

For further information, please contact:

Foxtons Group plc	
Mark Berry, Chief Financial Officer Muhammad Patel, Investor Relations	+44 20 7893 6261 investor@foxtonsgroup.co.uk
Teneo	
Robert Morgan / Laura Stewart	+44 20 7420 3194