



Foxtons

Interim Results Presentation

For the six months ended 30 June 2015



Important information

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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Highlights

Nic Budden, Chief Executive Officer

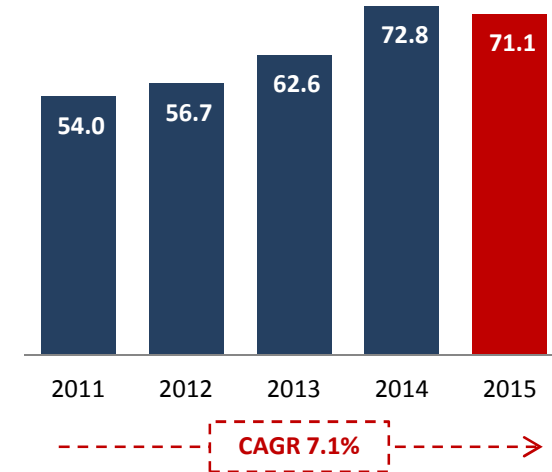
Group performance



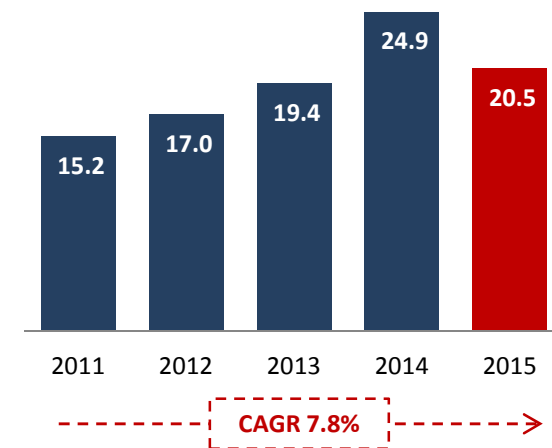
Encouraging performance in a challenging market

- General Election led to subdued market activity in H1 2015
- Group revenue £71.1m (-2.3%):
 - Continued momentum in Lettings revenue (+5.4%)
 - Strong Mortgage broking revenue growth (+21.7%)
 - Solid property Sales revenue v H1 2014 when market was operating at highest since 2007 (-10.9%)
- Group Adj. EBITDA £20.5m (-17.8%). Confident of meeting FY 2015 market expectations:
 - Sales pipeline higher than 2014 with £1bn of property under offer
 - Good inventory levels with sales stock 12% higher than H1 2014
 - Expansion programme on track with 5 branches already opened this year and a further 2 to open in the autumn
- Interim and Special dividends totalling 4.77p (+5.0%) due to high levels of cash generation

H1 Group Revenue (£m)



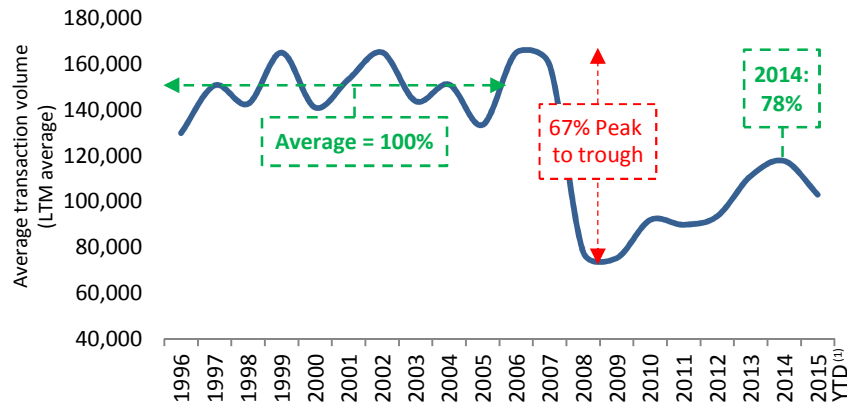
H1 Group Adj. EBITDA (£m)



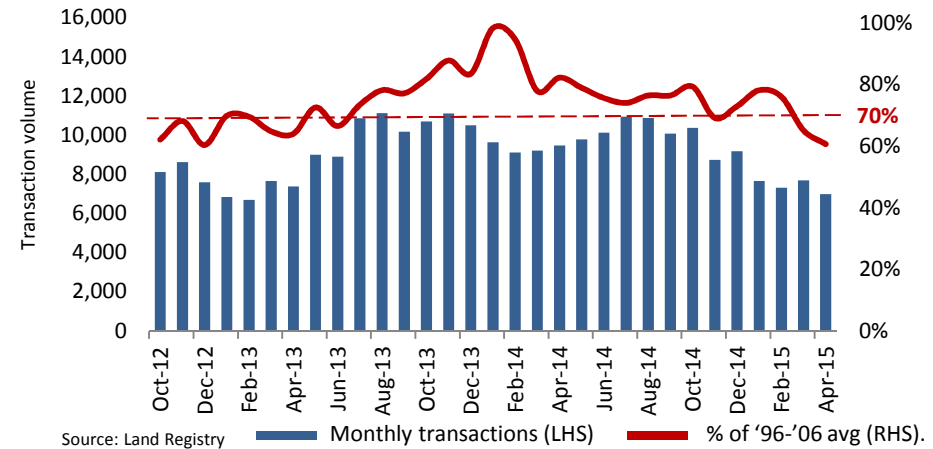
London residential property sales market



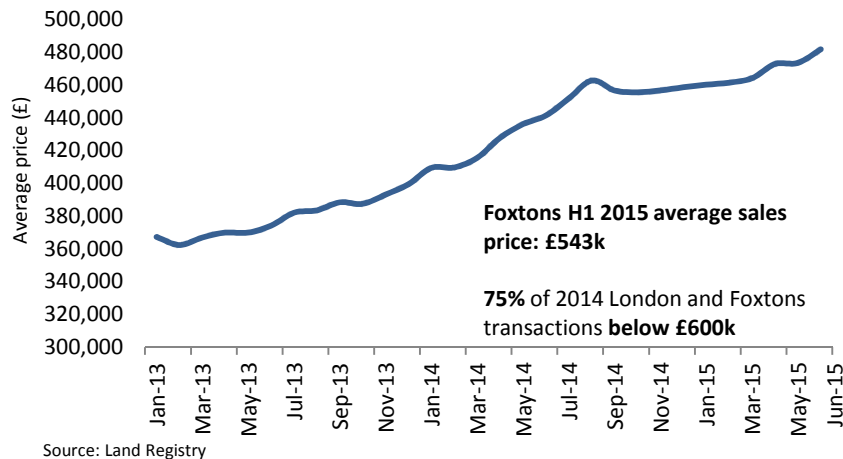
Long term property sales transactions volumes continue to recover



Markets subdued pre-election



Price appreciation moderated but continues

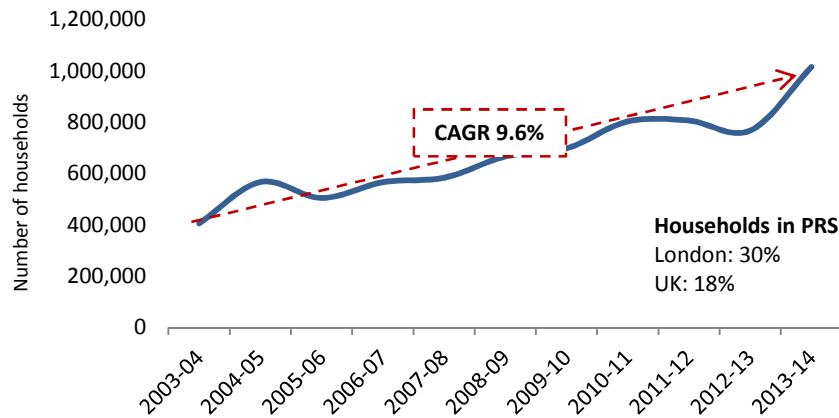


- Monthly property sales transactions peaked at close to 100% of long-term average in Q1 2014
- H2 2014 and early 2015 transaction volumes slowed to levels seen in late 2012 and early 2013, in contrast to a buoyant market at the same time a year ago
- Expectations for 2015 transaction volume levels remain below 2014; confident of continued growth through 2016 given improved political certainty

London residential property lettings market

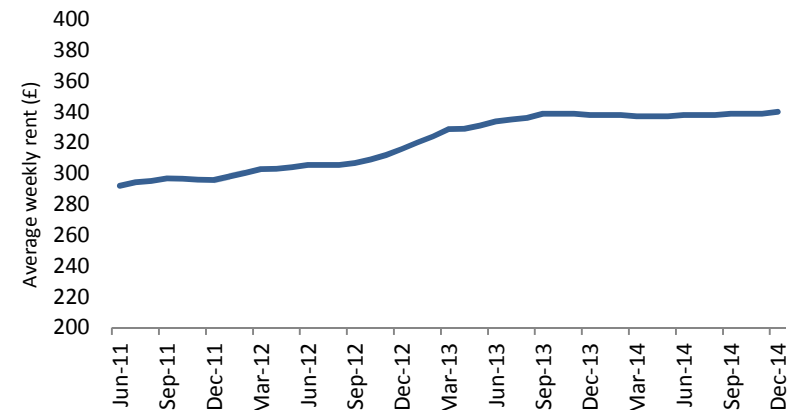


Households privately renting in London has doubled in 10 years



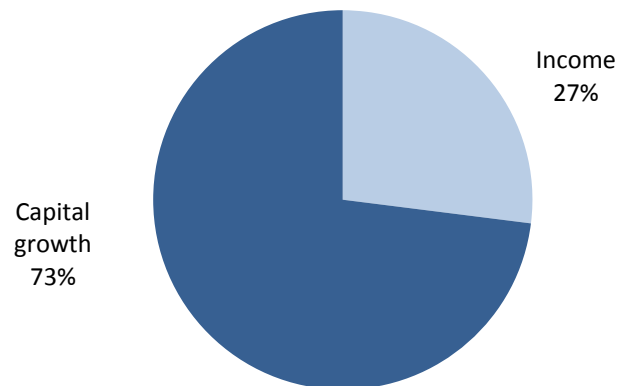
Source : English Housing survey 2013/14

Rental price growth



Source : Valuation Office Agency

Buy to Let property returns driven by capital appreciation



Source: IPD Residential Index 2009 - 2014

- Increasing population and affordability issues led to a significant switch in tenure preferences towards the private rental sector (PRS)
- London rents are 18% higher than the rest of England
- July Budget 2015 restricted tax relief on interest on Buy to Let property to the basic rate of income tax
 - Marginal impact to a small number of higher rate tax, highly leveraged landlords
 - May impact rental prices



Financial results

Gerard Nieslony, Chief Financial Officer

Profit and loss



Profit & loss (£000)	H1 2015	H1 2014	%
Revenue			
Sales	33,662	37,762	(10.9)%
Lettings	33,532	31,829	5.4%
Mortgage broking	3,637	2,988	21.7%
Other	232	178	
Total revenue	71,063	72,757	(2.3)%
Administrative expenses	(50,547)	(47,810)	(5.7)%
Adj. EBITDA	20,516	24,947	(17.8)%
Adj. EBITDA margin	28.9%	34.3%	
Depreciation	(2,103)	(1,973)	
LTIPs	(393)	-	
Operating profit	18,020	22,974	(21.6)%
Net finance income	91	78	
Profit before tax	18,111	23,052	(21.4)%
Tax	(3,717)	(4,885)	
Profit after tax	14,394	18,167	(20.8)%

EPS	H1 2015	H1 2014	%
Basic EPS	5.1	6.4	(20.3)%
Adjusted Basic EPS	5.2	6.4	(18.8)%

Sales: Reduction in volumes (11.7%) reflects subdued London market in the run up to the General Election, partially offset by organic growth

Lettings: continues to provide a consistent revenue stream and broadly in line with our long term growth rate of 6%.

Mortgage broking: continued strong performance; +15.7% volume growth and +5.3% increase in average revenue per deal

Increase in costs partially due to network expansion which has increased by 14.3% over this period

Effective tax rates of 20.5% for 2015 and 21.2% for 2014 are in line with statutory blended tax rates

Sales market at highest level since 2007

Listed Sep 2013

Adj. EBITDA analysis

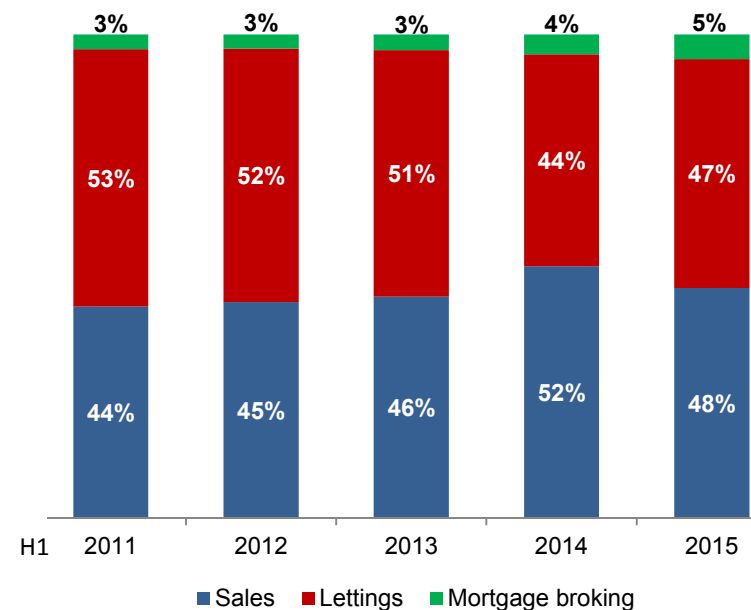
£m	H1 2015	H1 2014	H1 2013
Sales	29.8%	39.6%	31.3%
Lettings	29.2%	30.4%	32.5%
Mortgage broking	13.4%	13.9%	(2.8)%
Group margin	28.9%	34.3%	31.0%
<i>Number of branches</i>	56	49	42

Key performance indicators



KPIs	H1 2015	H1 2014	%
Number of branches	56	49	14.3%
Average revenue per branch (£000)	1,328	1,565	(15.1)%
Average revenue per employee (£000)	55,238	59,890	(7.8)%
Sales revenue (£000)	33,662	37,762	(10.9)%
Units ⁽¹⁾	2,578	2,919	(11.7)%
Revenue per deal	£13,057	£12,937	0.9%
Lettings revenue (£000)	33,532	31,829	5.4%
Units	10,310	9,923	3.9%
Revenue per deal	£3,252	£3,208	1.4%
Mortgage revenue (£000)	3,637	2,988	21.7%
Units	1,699	1,469	15.7%
Revenue per deal	£2,141	£2,034	5.3%

Revenue by division - % of total



Balanced business model across Sales and Lettings

(1) Excludes 0% sales

Cash flow



	H1 2015	H1 2014
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Adjusted operating cash

Adjusted EBITDA	20,516	24,947
Movement in working capital	(379)	(1,063)
Net capital spend	(3,188)	(4,436)

Adjusted operating cash	16,949	19,448
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<i>Operating cash conversion ratio</i>	82.6%	78.0%
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Other cash movements

Income taxes paid	(4,168)	(5,164)
Other	88	41

Net free cash flow	12,869	14,325
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<i>Net free cash to Adjusted EBITDA ratio</i>	62.7%	57.4%
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Financing activities

Dividends paid	(14,535)	(15,350)
Share buyback for LTIPs	-	(1,540)
Other	10	-

Net increase/(decrease) in cash	(1,656)	(2,566)
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Cash at start of period	22,533	23,352
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Cash at end of period	20,877	19,448
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Strong EBITDA generation

Minimal working capital requirements

Low capital spend relative to cash generation

Includes fit out costs of new branches, 5 in H1 2015 and 7 in H1 2014

Improving cash generation metrics

Cash payment of final plus special dividends from 2014 and 2013

High profitability and strong cash generation enables high dividend pay-out

Dividend



- **H1 2015 Interim and Special dividend to be paid totalling 4.77pps (+5.0%) (2014: 4.54pps)**

Interim dividend	1.67pps
Special dividend	3.10pps
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Total dividend	4.77pps
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Total payable	£13.4m

Payment will be made on 25 September 2015 to shareholders on the register at 4 September 2015
The shares will be quoted ex-dividend on 3 September 2015

- Since IPO (September 2013), and including the planned H1 2015 dividends, the company will have returned £56.1m to shareholders; 19.91pps



Strategy and outlook

Nic Budden, Chief Executive Officer

Foxtons strategy



Focus on market with attractive fundamentals

- London property market continues to offer disproportionate value and growth
- 46% of all property transactions by value in England and Wales occurred in London in 2014
- Natural imbalance between supply and demand leading to resilient prices
- Highly valuable letting markets

Centralised business model

- Network of single brand branches attracts thousands of buyers and properties
- Entire business underpinned by innovative technology and data with 3.7m property records
- High levels of productivity and service at low cost
- Leading market share position across broad range of market segments

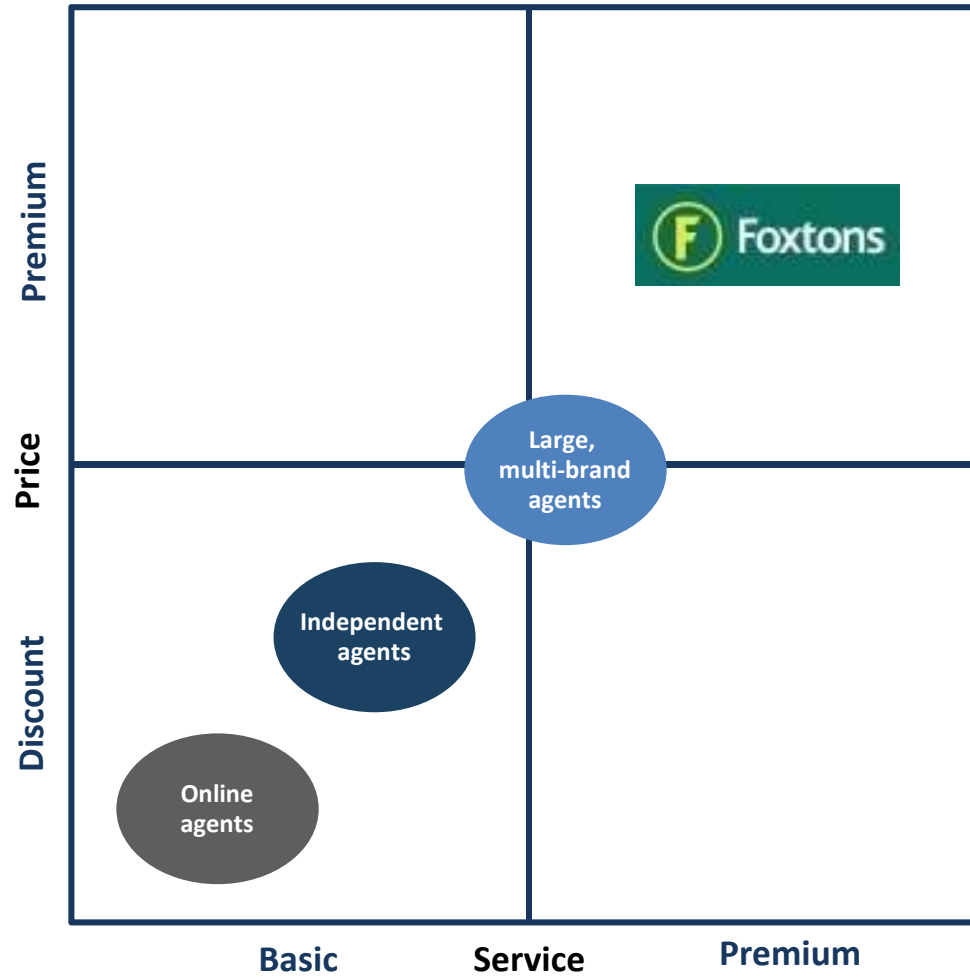
Exceptional service, premium pricing

- 97% of sale price, 1 sale every 46 minutes
- 98% of rental asking price, 1 rental every 21 minutes
- 75% landlord repeat business, 72% tenant renewal rate
- 90 awards won in the last 3 years

Low risk, high return expansion programme

- Successful track record of organic expansion
- 56 branches with potential for 100+ in London
- Emphasis on Outer London areas where volume growth is highest
- Newer branches performing in line with expectations

Competitive positioning



Expansion strategy

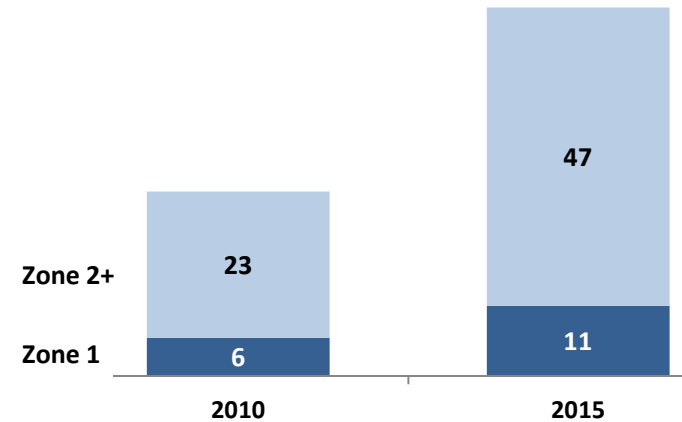


London 2014 sales transaction levels

Transport zone	Transaction volume change	Price change	Avg. price
1	(6.5)%	17.4%	£1,443k
2	(2.4)%	15.4%	£658k
3	4.7%	12.5%	£517k
4	11.1%	10.9%	£363k
5	9.0%	11.9%	£389k
6	11.3%	9.9%	£372k

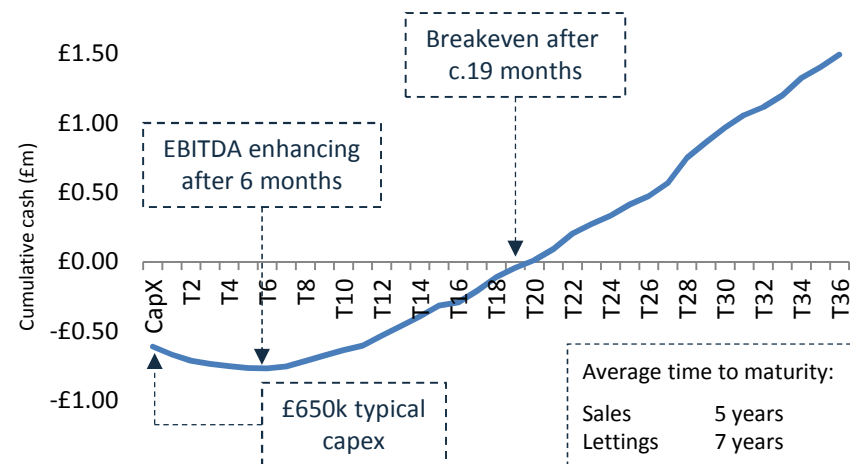
Source : Land Registry

Number of Foxtons branches by transport zone ⁽¹⁾



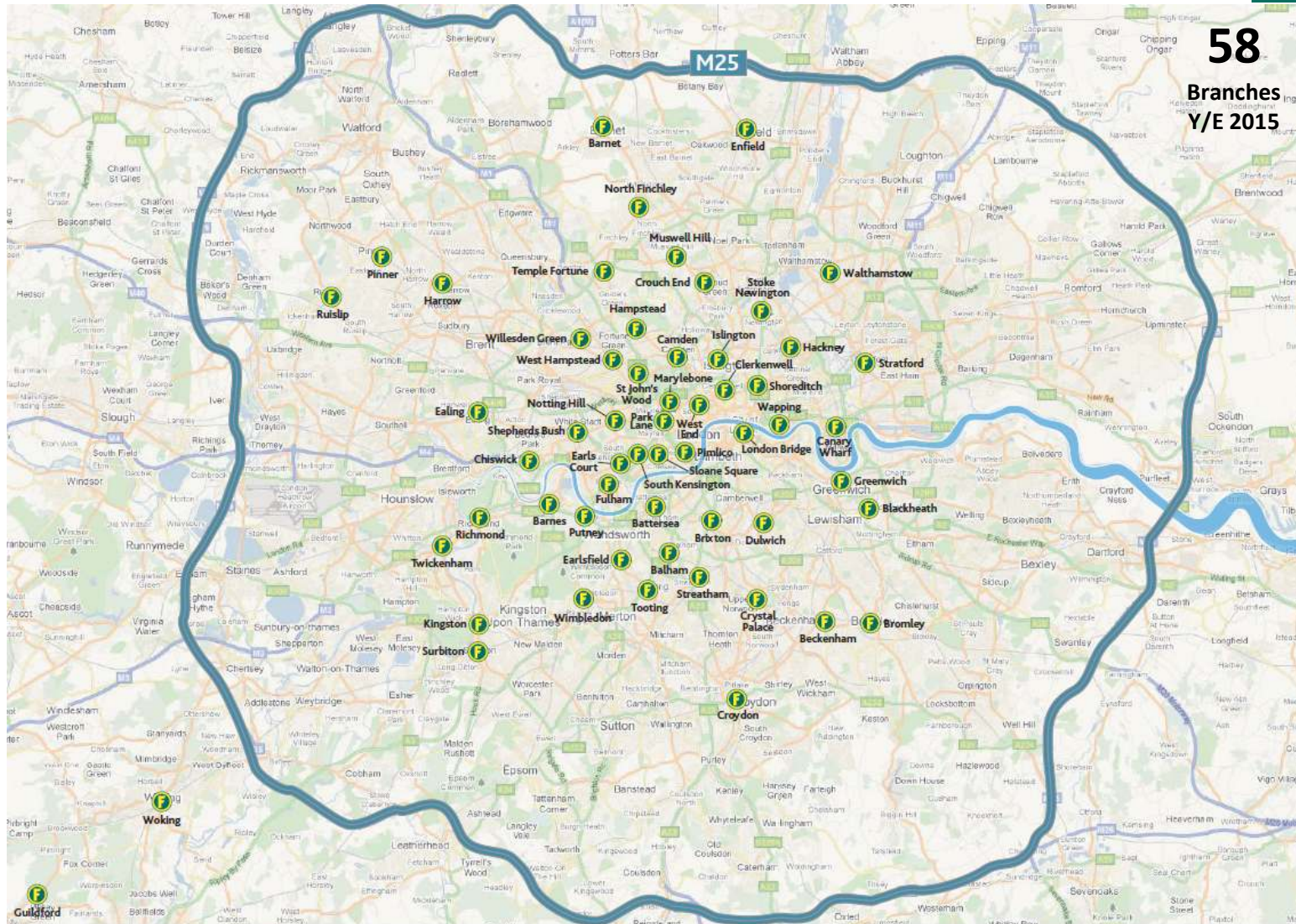
- **Foxtons expansion strategy is to diversify into Outer London areas where we expect volume and price growth to remain highest in the future**
- 2014 sales transactions growth located in Outer London regions; Central London transaction levels decreased nearly 7%
- Central London transaction levels affected by affordability issues and uncertainty related to potential mansion tax and general election
- Medium term affordability issues will continue to drive migration and house building to Outer London areas

New branch economics (27 branches opened 2010 – 2014)



(1) As defined by Transport for London

Branch network



Summary and outlook



Summary

- Encouraging performance in a challenging market
- Business model continues to deliver strong margins, high cash generation and returns attractive dividends
- Branch expansion performing as expected and strategy continues to focus on faster growing areas of London

Outlook

- Post-election increase in customer activity levels across branch network
- £1bn under offer sales pipeline and healthy stock levels (+12% v 2014) expected to drive stronger sales performance in H2 2015
- Lettings and Mortgage broking growth expected to continue into H2
- Confident of achieving full year market expectations