Interim Results Presentation

December 2017

Today's agenda

1 Business Highlights *Michael Bruce*

2 Financial Highlights *James Davies*

3 Strategic Overview *Michael Bruce*

4 Summary

5 Q&A

6 Appendix

1 Business Highlights

Highlights - UK

Revenue up
118%

LPEs increased by **107%** to **650**[1]
(Oct 16: 314)

EBIT
£3.2m
(Oct 16: £0.3m loss)

Online market share
74%
(Oct 16: 63%)

YoY Instructions increased by
84%

H1 instructions
32,112
(H1 17 17,424)

Average revenue per instruction up
14% £1,138
(H1 2017: £1,000)

Currently **2.92m** monthly visits to our website, year on year increase of
101%

Conversion from instruction to sale agreed over[2]
78%

Over **32,000** reviews on Trustpilot
the most revewed estate agent in the UK

Sold and completed on
£4.62bn
(H1 2017: £2.59bn)

Current SSTC pipeline
£3.75bn
(Oct 2016: £2.52bn)

[1]At 12 December 2017 [2]May-October 2017

Highlights - Australia

Revenue increased to
£6.8m
(Oct 16: £0.4m)

LPEs increased by
600% to 105[1]
(Oct 16: 15)

H1 instructions
2,325
(H2 17: 1,210)

Conversion from instruction to sale agreed[2]
83%

Sold and completed on
$0.8bn
(6 months to April 17: $322m)

Commission saved for customers over
$22m AUD

Average revenue per instruction up
21% £3,145
(H1 2017: £2,600)

Over **1,500** reviews on Trustpilot
9.4 Rated 'Excellent'
the most reviewed estate agent in Australia

[1]At 12 December 2017 [2]May - October 2017

2 Financial Review

Financial Highlights - by region

	Revenue growth 118% to **£39.9m** (H1 17: £18.3m)	Average revenue per instruction **£1,138** (H1 2017: £1,000)	Gross Profit **56.5%** (H1 17: 55.6%)	Adjusted EBITDA **£4.7m** (H1 17: £0.3m)
	Revenue increased to **£6.8m** (Oct 16: £0.4m)	Average revenue per instruction **£3,145** (H1 17: £2,600)	Gross Profit **53.3%**	Adjusted EBITDA **(£5.1m)**
	Investment up to end of H1 18 **£6m**	**£102k** revenue	**40 LREEs[1]**	**Further region launches**

[1]At 12 December 2017

Income Statement - UK

	UK	
	H1 2018	H1 2017
	£m	£m
Revenue	**39.9**	**18.3**
Cost of sales	(17.4)	(8.1)
Gross Profit	**22.5**	**10.2**
Administrative expenses	(9.3)	(3.8)
Sales and marketing costs	(10.1)	(6.6)
Operating profit/(loss)	**3.2**	**(0.3)**
Finance income/(expenses)	0.0	0.0
Profit/ (loss) before tax	**3.2**	**(0.3)**
Taxation	0.0	0.0
Profit/(loss) for the period	**3.2**	**(0.3)**
Reconciliation of Operating Profit to Adjusted EBITDA		
Operating profit/(loss)	3.2	(0.3)
Less: Depreciation and Amortisation	0.6	0.2
EBITDA	**3.9**	**(0.1)**
Less: Share based payments charge	0.9	0.4
Adjusted EBITDA	**4.7**	**0.3**

- Significant revenue growth
  - Increase of 118%
  - 107% increase in LPEs[1]
  - Revenue per instruction up 14% to £1,138
  - Ancillary revenue proportion increase
- Gross profit margin of 56.5% vs 55.6%
  - Higher proportion of ancillary revenue/further stabilisation
- Administrative expenses
  - Headline increase of £5.5m vs prior period
  - Underlying increase of £3.4m
- Sales and Marketing costs
  - Increase of £3.5m as per guidance
  - Continued decline as a proportion of revenue
- £3.2m operating profit vs £300k operating loss
- Adjusted EBITDA achieved of £4.7m vs £0.3m

1. At 12 December 2017.

Notes
Adjusted EBITDA is defined by the Group as profit/(loss) before net finance costs, tax, depreciation, amortisation and share based payments charge.
Financial data have not been rounded. As a result the arithmetic total of data presented in this document may vary slightly from the sum.

Income Statement - Australia

	AUS	
	H1 2018	**H1 2017**
	£m	**£m**
Revenue	**6.8**	**0.4**
Cost of sales	(3.2)	(0.2)
Gross Profit	**3.6**	**0.2**
Administrative expenses	(3.0)	(1.7)
Sales and marketing costs	(5.7)	(1.0)
Operating loss	**(5.1)**	**(2.5)**
Finance income/(expenses)	0.0	0.0
Loss before tax	**(5.1)**	**(2.5)**
Taxation	0.0	0.0
Loss for the period	**(5.1)**	**(2.5)**
Reconciliation of Operating Profit to Adjusted EBITDA		
Operating loss	(5.1)	(2.5)
Less: Depreciation and Amortisation	0.0	0.0
EBITDA	**(5.1)**	**(2.5)**
Less: Share based payments charge	0.0	0.0
Adjusted EBITDA	**(5.1)**	**(2.5)**

- First period with full market coverage
- Highly experienced industry Sales Director and CMO appointed
- KPIs in line, or ahead of, the UK on a like for like basis
- Significant revenue growth
  - Up £6.4m from £0.4m in prior year and £3.1m in H2 17
  - 600% increase in LPEs
  - Revenue per instruction up 21% to £3,145
- Gross profit margin increase
  - Up to 53.3% from 49.7% as business develops
- Administrative costs and marketing spend
  - Developing in line with management expectations
  - Early signs of operational leverage
- Loss for period £5.1m
- Cash investment as at 31 October 2017 of £9.3m

Notes
Adjusted EBITDA is defined by the Group as profit/(loss) before net finance costs, tax, depreciation, amortisation and share based payments charge.
Financial data have not been rounded. As a result the arithmetic total of data presented in this document may vary slightly from the sum.

Income Statement - USA

	USA
	H1 2018
	£m
Revenue	**0.1**
Cost of sales	0.0
Gross Profit	**0.1**
Administrative expenses	(3.8)
Sales and marketing costs	(2.5)
Operating loss	**(6.3)**
Finance income/(expenses)	0.0
Loss before tax	**(6.3)**
Taxation	0.0
Loss for the period	**(6.3)**
Reconciliation of Operating Profit to Adjusted EBITDA	
Operating loss	(6.3)
Less: Depreciation and Amortisation	0.0
EBITDA	**(6.3)**
Less: Share based payments charge	0.0
Adjusted EBITDA	**(6.3)**

- Launch date w/c 15th September 2017
- Income statement represents just five weeks of trading activity
- Launched ahead of time, key themes to date
  - Initial KPIs are promising
  - Attraction of experienced LREEs
  - Instructions being won
  - Offers being accepted
  - Escrow business generating further revenue
  - Sale prices above asking price being achieved
  - Agreed launch plans for second batch of regions in January

Notes
Adjusted EBITDA is defined by the Group as profit/(loss) before net finance costs, tax, depreciation, amortisation and share based payments charge.
Financial data have not been rounded. As a result the arithmetic total of data presented in this document may vary slightly from the sum.

Income Statement

	Consolidated	
	H1 2018	H1 2017
	£m	£m
Revenue	**46.8**	**18.7**
Cost of sales	(20.6)	(8.3)
Gross Profit	**26.2**	**10.4**
Administrative expenses	(16.2)	(5.5)
Sales and marketing costs	(18.3)	(7.7)
Operating loss	**(8.2)**	**(2.8)**
Finance expenses	0.0	0.0
Loss before tax	**(8.2)**	**(2.8)**
Taxation	0.0	0.0
Loss for the period	**(8.2)**	**(2.8)**
Reconciliation of Operating Profit to Adjusted EBITDA		
Operating loss	(8.2)	(2.8)
Less: Depreciation and Amortisation	0.7	0.2
EBITDA	**(7.5)**	**(2.6)**
Less: Share based payments charge	0.9	0.4
Adjusted EBITDA	**(6.6)**	**(2.2)**

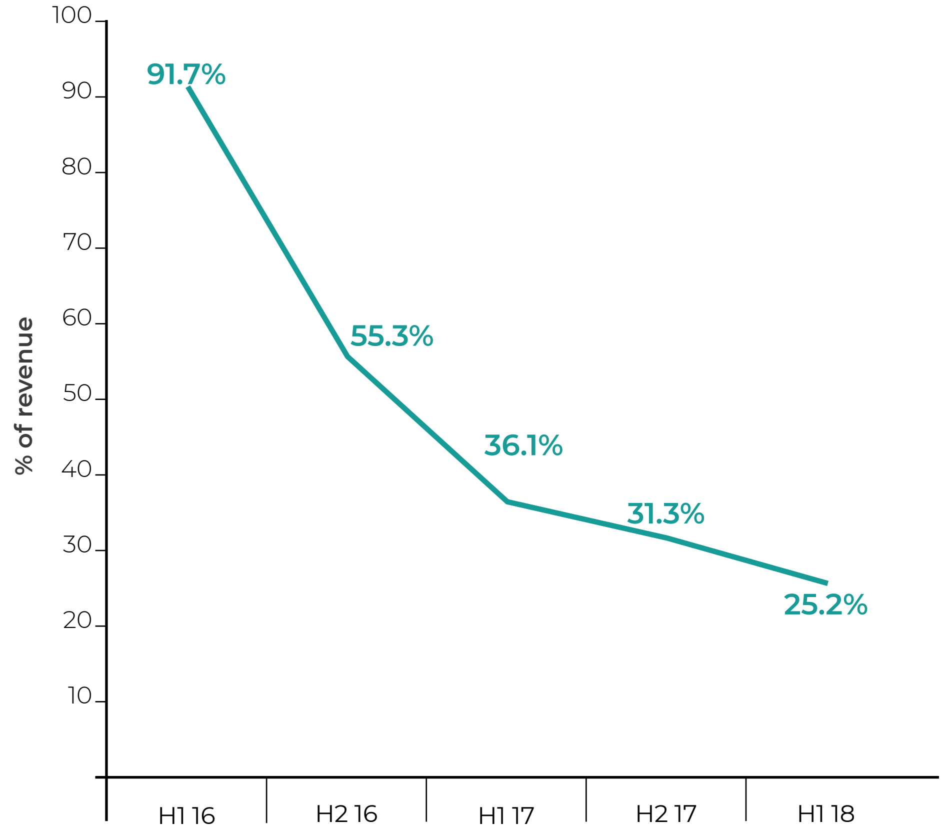
- Consolidated Group revenue of £46.8m, an increase of 150% on £18.7m in H1 17
- Average revenue per instruction is £1,263 up from £1,000 in H1 17
- Gross profit margin of 56.0%
- Group gross profit increase of 152% to £26.2m (H1 17: £10.4m)
- Loss in H1 18 due to investment in establishing a national footprint in AUS whilst making our initial step into the US market, launching in our first Californian region

Notes
Adjusted EBITDA is defined by the Group as profit/(loss) before net finance costs, tax, depreciation, amortisation and share based payments charge.
Financial data have not been rounded. As a result the arithmetic total of data presented in this document may vary slightly from the sum.

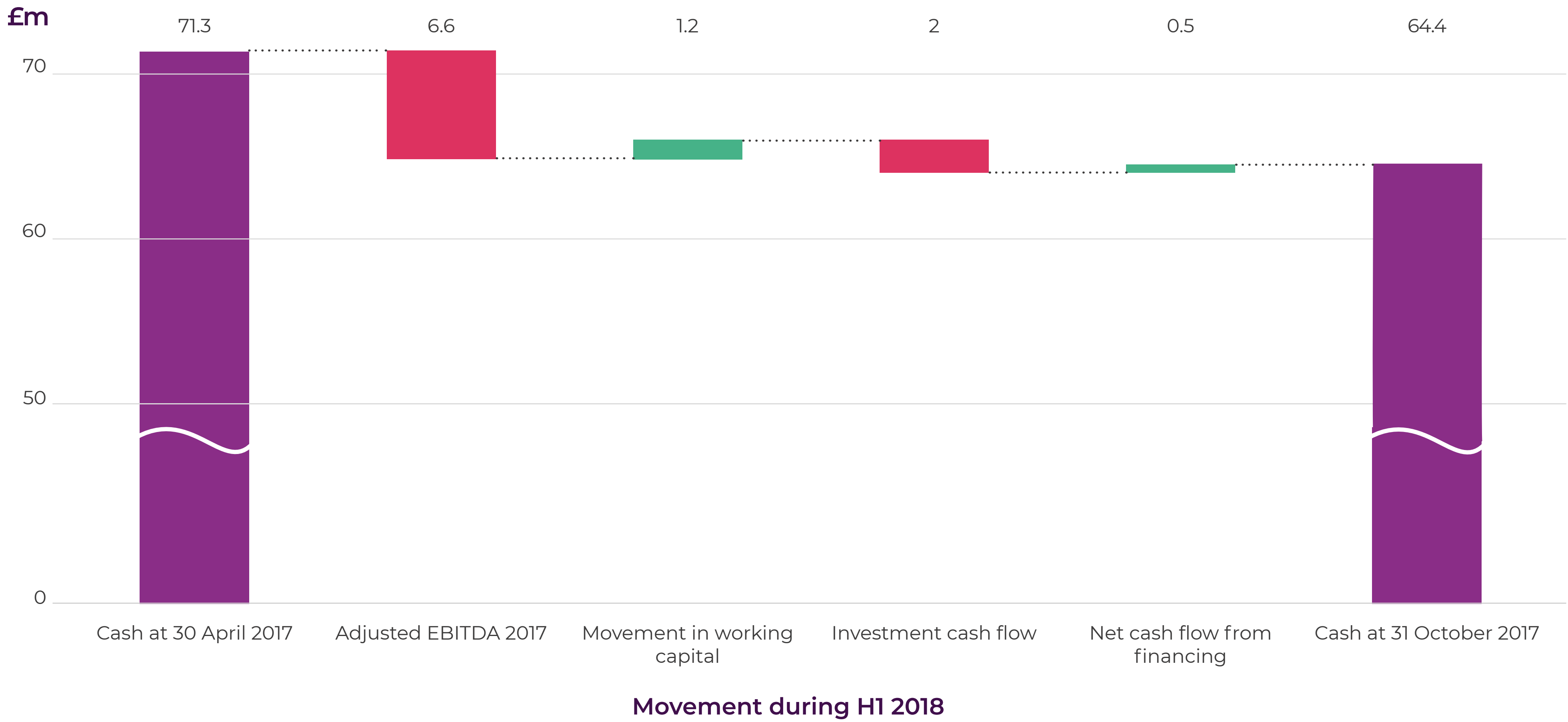
Cost contribution analysis - UK

	UK		
Period ended 31 Oct (£m)	**H1 2018**	**H1 2017**	**Growth**
Revenue	**39.9**	**18.3**	**118%**
Underlying administration costs	6.7	3.3	107%
% of sales	17%	18%	
Sales and marketing costs	10.1	6.6	53%
% of sales	25%	36%	
Adjustments	2.6	0.5	
Total non-direct costs	**19.4**	**10.4**	

Evolution of marketing costs as a % of sales



Consolidated cash flow bridge 30 April 2017 - 31 October 2017



No corporation tax payments in H1 18. Expected to continue to utilise accumulated losses in FY 18

3 Strategic Overview

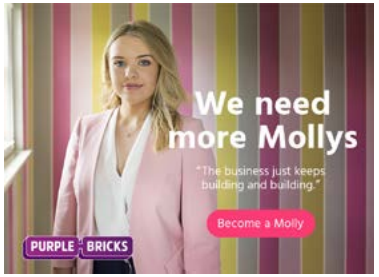
Investing in people and innovation for growth

Leading historic change in the estate agency industry

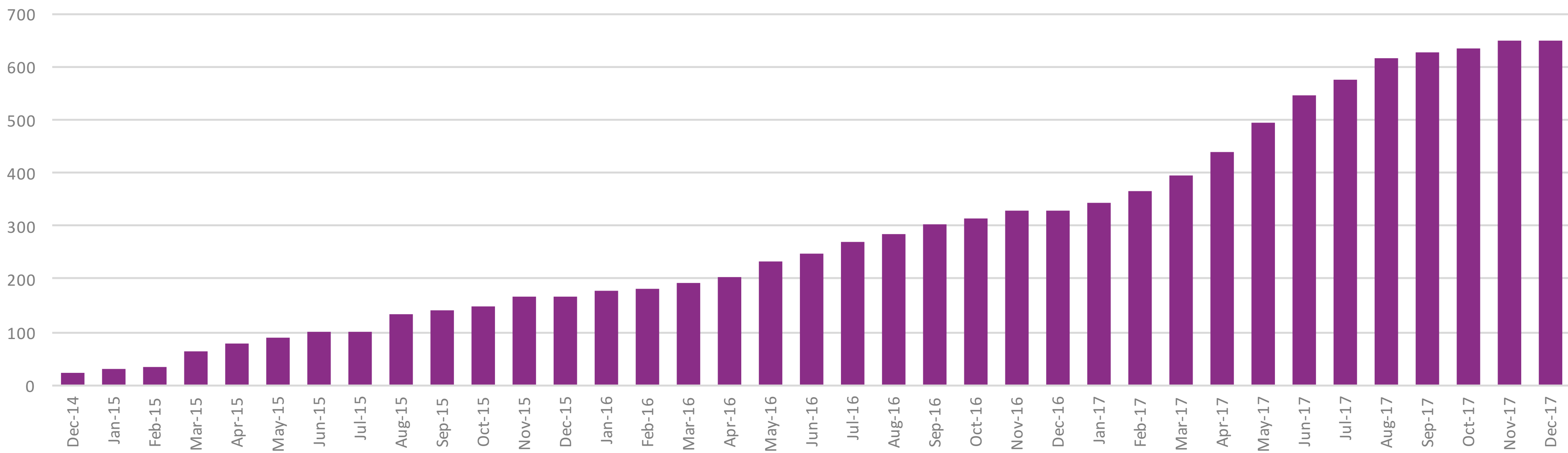
people **culture** **innovation** **learning** **winning**

Investing in people and innovation for growth

Continuing to attract more first class people

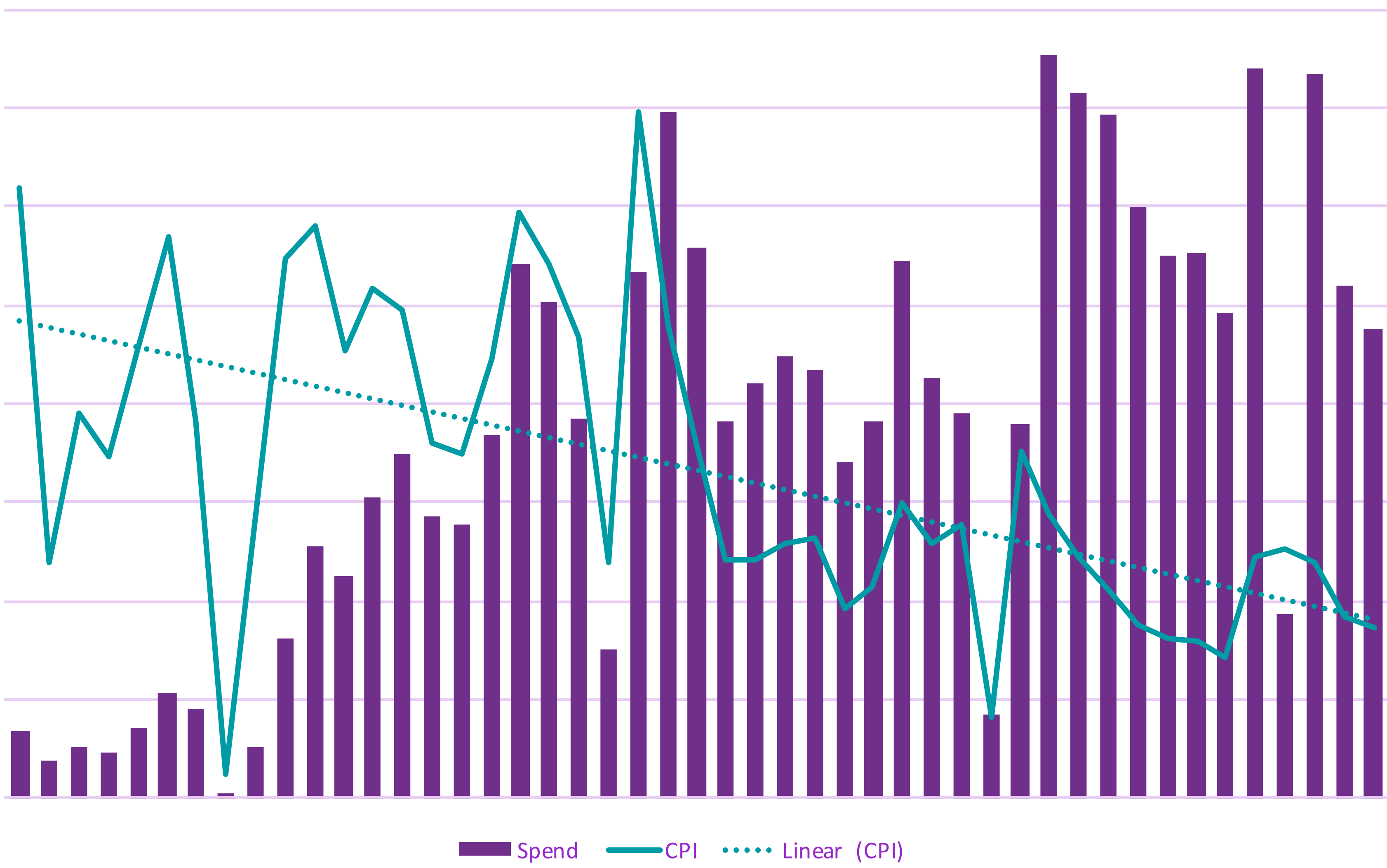


Our LPE footprint



Investing in people and innovation for growth

Continuing to drive marketing efficiency

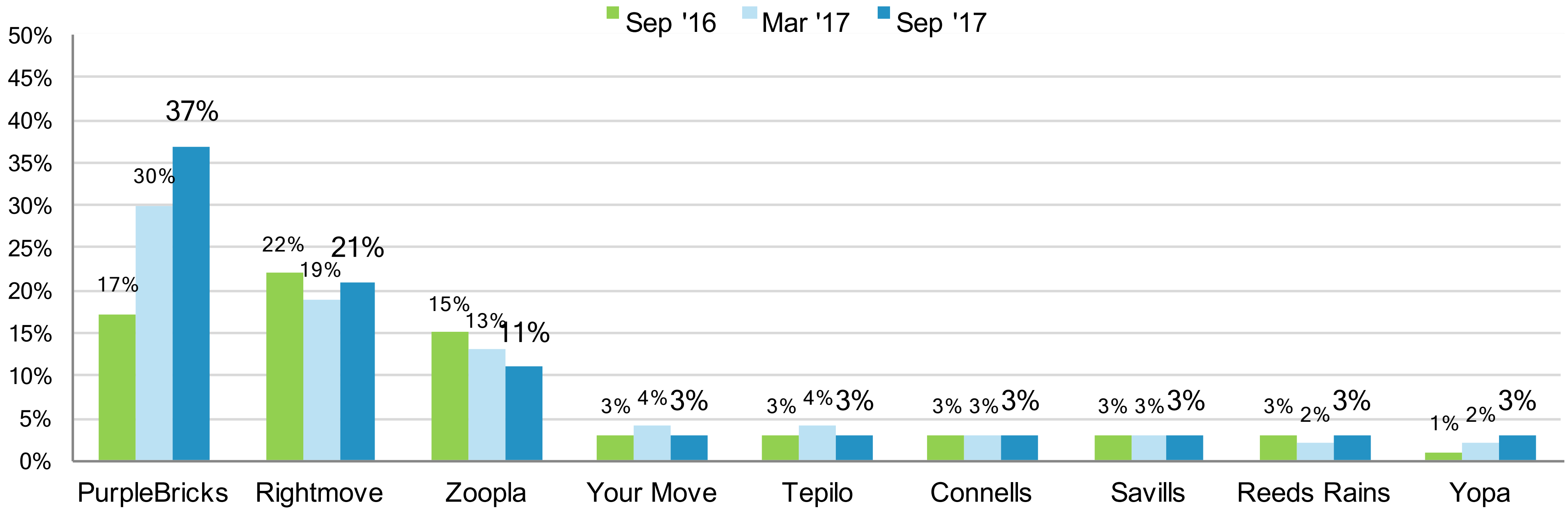


Investing in people and innovation for growth

Continuing to accelerate and outperform competitors with brand awareness

Spontaneous brand awareness (Not showing <3%)

Question: If you were thinking of selling your home, what companies would you think of contacting first?
Respondents: c1,000
Source: Independent research agency The Nursery
www.the-nursery.net



Investing in people and innovation for growth

Resonating with our audience

Commisery Campaign

Probably the most successful industry advertising campaign ever:

Series 3 is coming!

Party

Wedding

"Home Truths" Campaign

Unlocking those questions you want to know but don't ask.

"Why take the risk of selling online, wouldn't I be better off with one of the big dogs?"

"How can you give me a good service when you charge so little?"

"If Purplebricks don't have branches will I end up doing everything myself?"

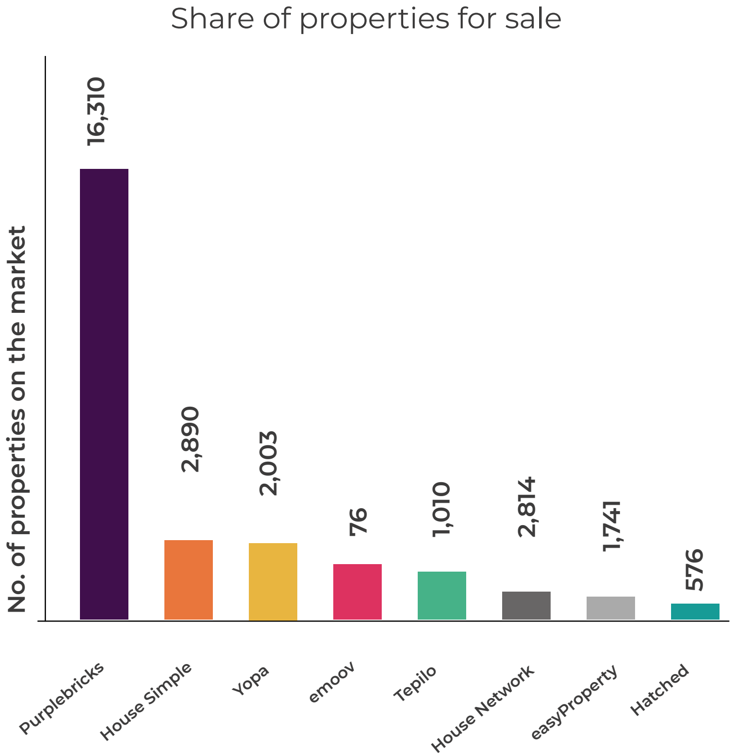
"Why would you bother to get me the best price if you don't charge commission?"

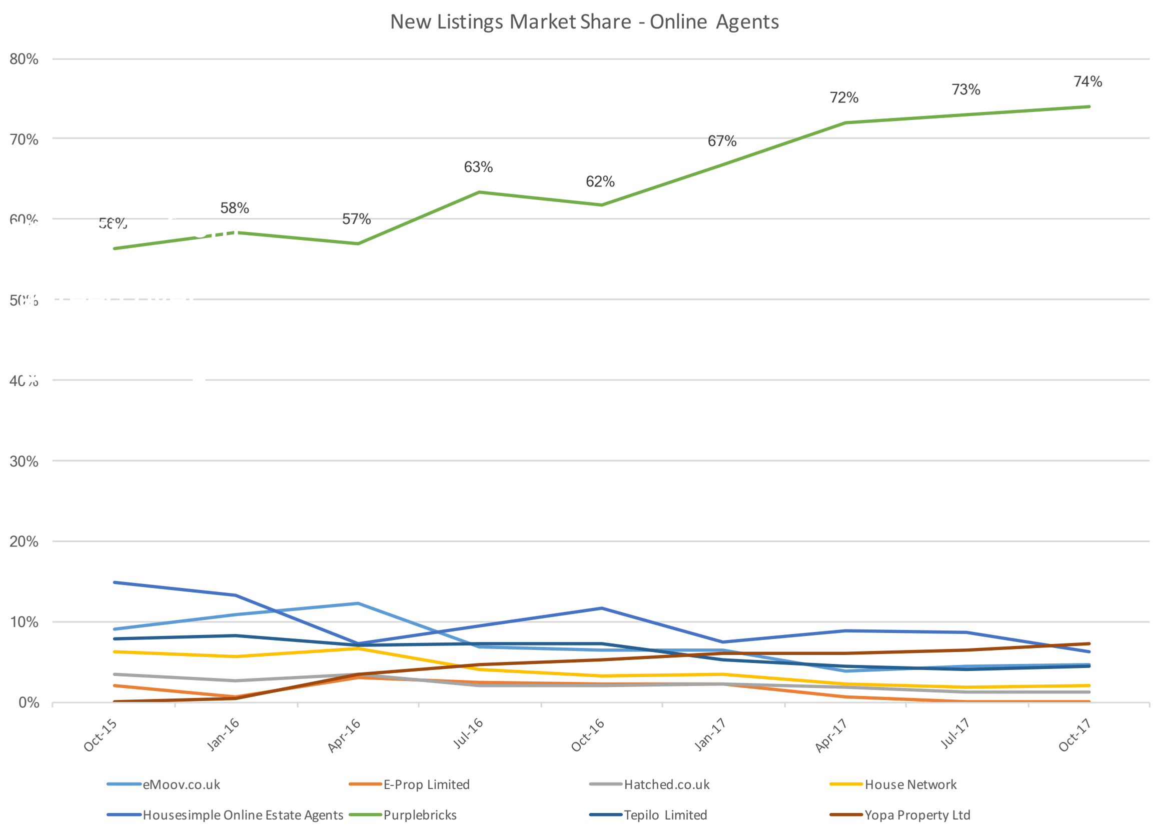
"How can Purplebricks be cheap and good?" #smellsfishy

UK narrated by Dawn French

Investing in people and innovation for growth

Purplebricks' position within the Top 7 online estate agencies





- Increased our number of instructions
- Increased our property stock
- Increased our sales
- Increased our market share by 20% in period

Investing in people and innovation for growth

Continuing to build infrastructure targetted on performance

Post Sales Support Team
better service than ever

Central Property Team
more skilled than ever

Data Sales Team
more intelligence than ever

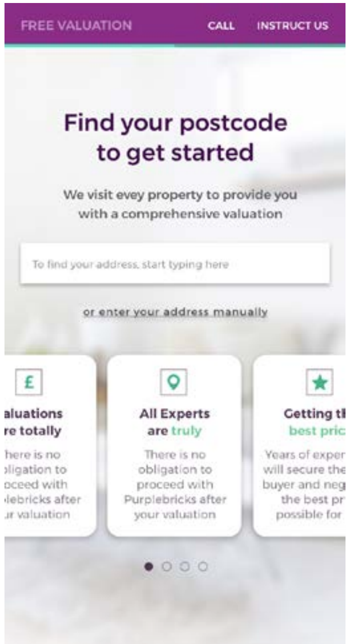
Lettings Management Team
more control in-house

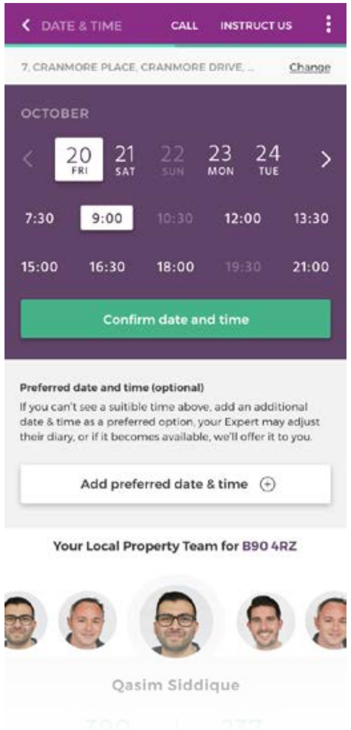
Finance Team
more targeted on performance

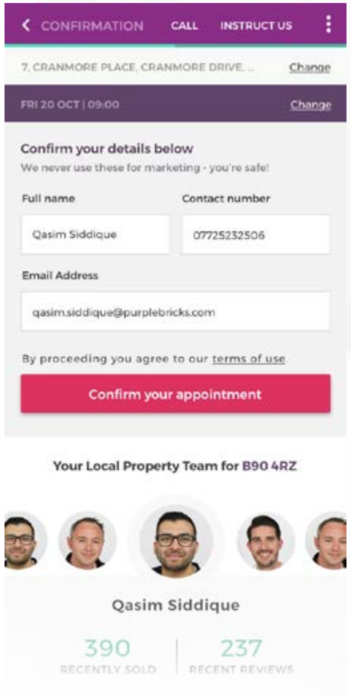
Compliance Team
more protective of the brand

Investing in innovation for growth

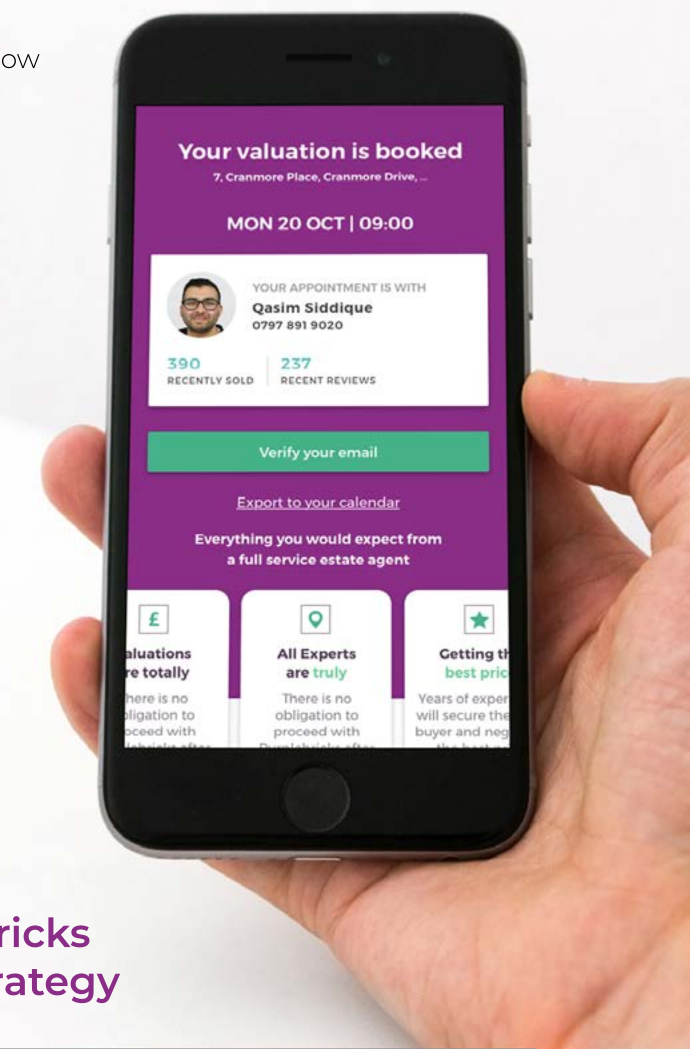
Continuing to be at the forefront of technological advancement







Book a valuation flow



Global thinking and sharing

Development 24/7

Support 24/7

The Purplebricks Innovation Strategy

Investing in people and innovation for growth

Continuing to leverage opportunity from our success

Growing conveyancing sale

Successfully growing a new homes footprint

Starting the journey of longer lifetime relationships

Introducing auctions

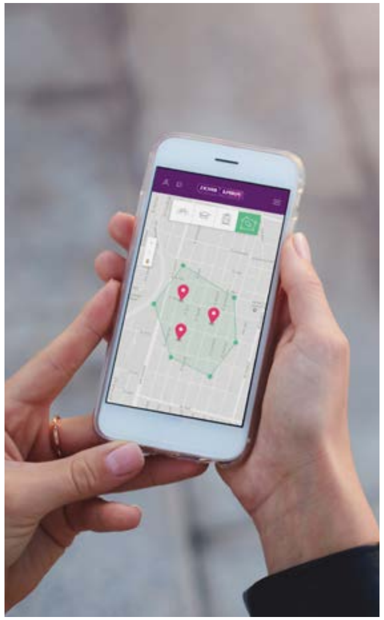
New products with Rightmove and Facebook

Exciting new proposition for customers

User experience - marginal gains producing big wins

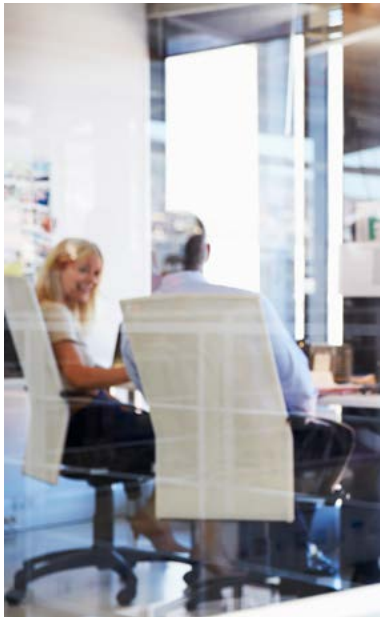
Investing in people and innovation for growth

Continuing to create global efficiencies

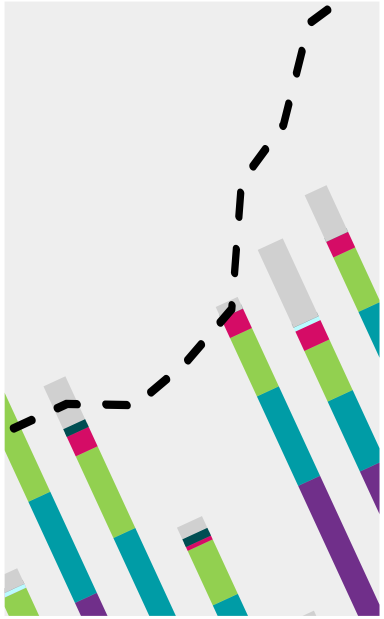


Technology

Marketing



People

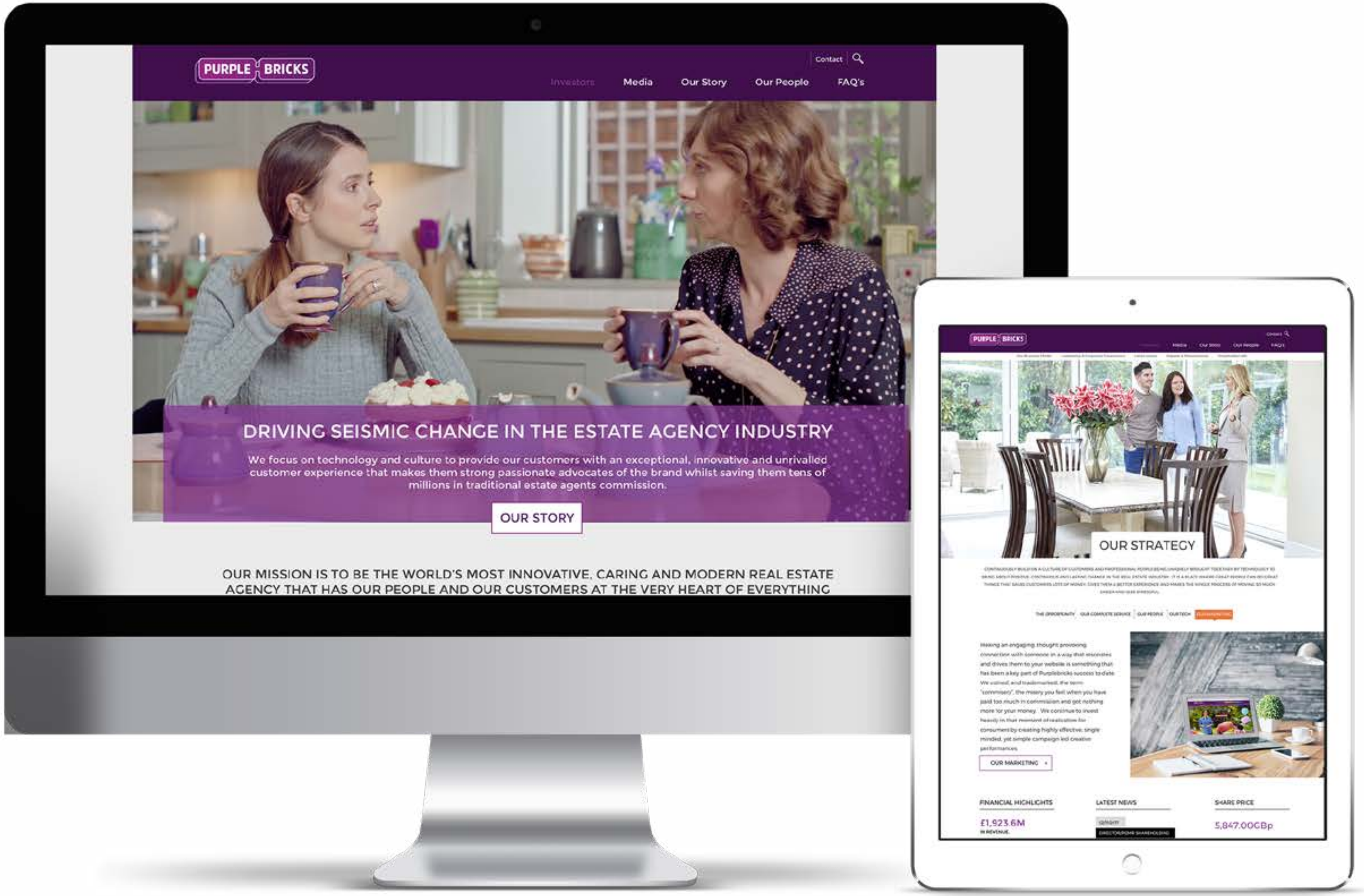


Market Intelligence

Consumer thinking

Investing in people and innovation for growth

Continuing to invest in better informing our investors



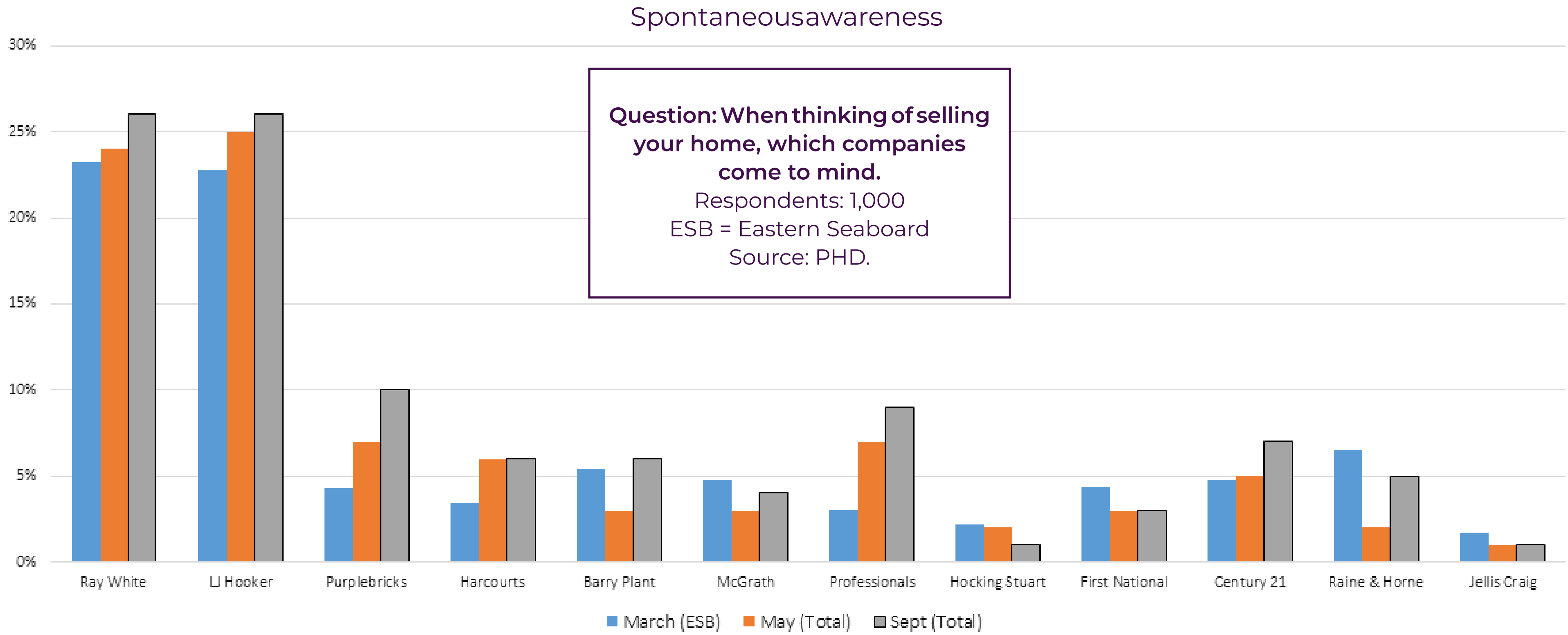
Investing in people and innovation for growth

Australia building market share

Stronger management team	Attracting higher quality LPEs	Growing reputation for excellence	Building whilst incumbents struggle	Strong sales performance
Highly experienced Sales Director appointed	Highly accomplished Marketing Director appointed	Third most well-known brand after only 12 months	Instruction run rate over **60%** up	CPI down **20%**
77% increase in monthly revenue run rate	**30%** increase in conversion with productivity changes	Selling **90%** in NSW and **95%** in Victoria	Adjusted sales rate **83%**	Rated "Excellent' by Trustpilot **1500 reviews**

Investing in people and innovation for growth

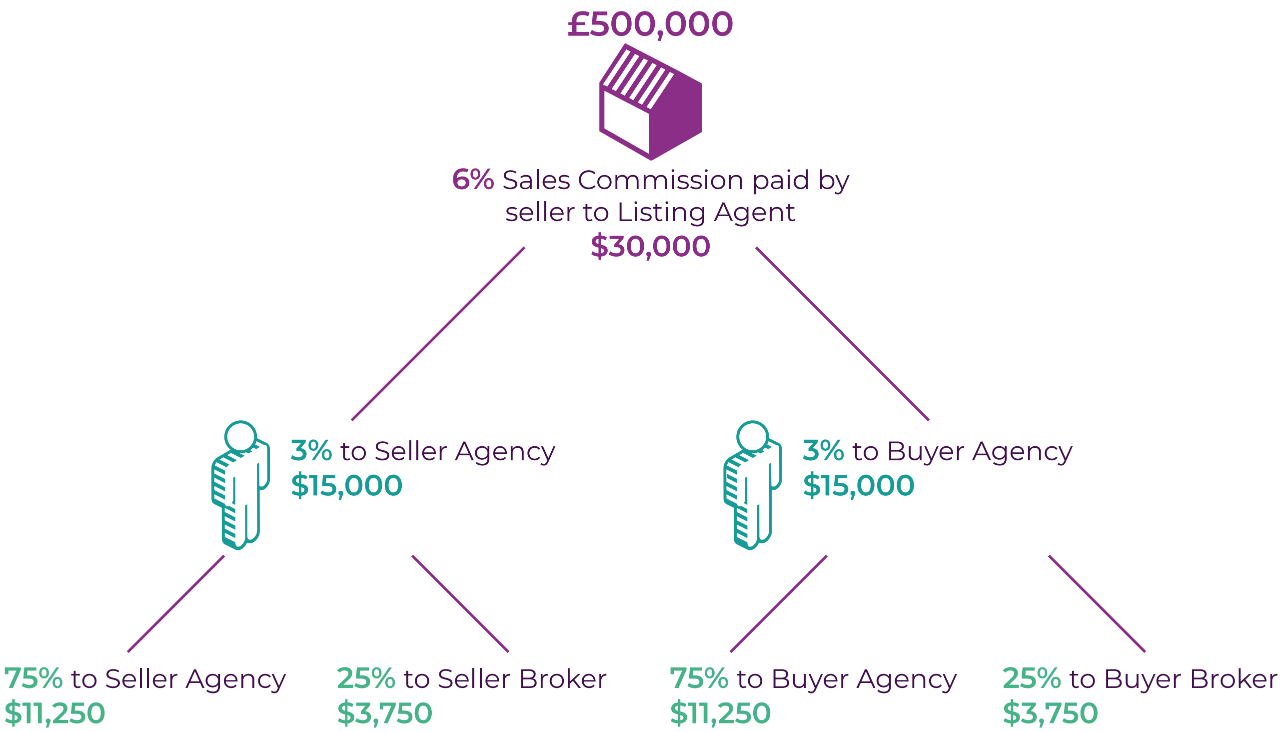
Purplebricks Australia now sitting third in terms of spontaneous awareness.



- Sponsorship of prime time TV show launching with full integration of Local Property Experts throughout the series
- New TV commercials and onsite video content launching - 14th January
- New homepage, appraisal booking journey and instruction - all coming in Q1
- Wider investment of hyper local marketing to build on the ground credibility

Headline: The US: An enormous opportunity

US real estate brokerage economics



- In the US, a real estate brokerage firm can monetise both sides of a transaction - buy and sell-side
- Typically, a real estate commission is 5-6% of the home's sale prices, paid by the seller
- In California, comparable to other states, it can be the same agent that represents a buyer and seller in the smae transaction, retaining 100% of the commission through a dual agency relationship
- In a traditional real estate model in the US, the broker will share a portion of the commission with real estate (independent contractors) that operate under their license
- It's estimated, the average commission payout is 75% to agents under a traditional real estate brokerage

The US: An enormous opportunity

How it works comparison

1
Attend listing appointment
Listing Agent

2
Prepare property advert
Listing Agent

3
Take photos/do floorplan
Third party contractor

4
Order for sale board/any certificates
Listing Agent

5
Expose it to as many people as possible
Listing Agent & Buying Agent
Zillow realtor.com trulia

6
Introduce buyers
Listing Agent & Buying Agent

7
Attend showings
Buying Agent

8
Negotiate offers
Listing Agent & Buying Agent

9
Support to close/completion
Listing Agent & Buying Agent

The US: An enormous opportunity

Early days: a really positive start

- Successfully developed our technology
- Attracted first class Local Real Estate Experts
- Launched Real Misery Campaign
- Significant web traffic and interest
- Converted traffic to listing appointments
- Conversion from appointment to listing ahead UK
- Secured listings
- Sales agreed with our LREEs and via third party agents
- Closed on a number of properties via our escrow business
- Feedback on people, model and technology all very positive
- Optimising:
  - Website and messaging
  - Book a listing appointment flow
  - The power of the technology
- We have a strong and growing management team

2018 Guidance

Building now upon a unique opportunity

Guidance for the year

Increase of UK revenue guidance by 5% to
£84m

Australia revenues of
£12m
(Reconfirmed)

Further US rollout California and beyond

Increase in H2 UK marketing costs up to
£3.0m
over H1


PURPLE BRICKS
Sold subject to contract
Book viewings and valuations online 24/7
www.purplebricks.co.uk
PURPLE BRICKS
Sold
Book viewings and valuations online 24/7
www.purplebricks.co.uk

4 Summary

Investing in people and innovation for growth

"Well positioned for further sustained success"

UK progress continues at pace

- Winning market share from traditional agents
- Further consolidating our lead with digital offerings
- Leading on technical innovation
- Operational gearing coming through into profit and margin growth

Proving the Purplebricks global appeal

- Successfully localised the model for Australia and the US
- Rollout into the five Australian states
- Third highest brand awareness in Australia in just 12 months
- Encouraging start to the US, with further expansion in January

Your opportunity to question management

5 Q&A


PURPLE BRICKS
Sold
subject to contract
viewings and valuations online 24/7
www.purplebricks.co.uk
45

6 Appendix

Group cash flow statement

	Consolidated	
	H1 2018	H1 2017
	£m	£m
Adjusted EBITDA	**(6.6)**	**0.4**
Movement in working capital	1.2	(1.7)
Net cash flow from operations	**(5.4)**	**(1.3)**
Cash flow from investment activities	(2.0)	(0.9)
Cash flow from financing activities	0.5	0.5
Net increase in cash	(6.9)	(1.7)
Cash at beginning of year	71.3	30.5
Cash at 31 October 2017	**64.4**	**28.8**

- Strong working capital management continues, aided by our business model
- Investment in the platform to launch USA and new territory specific products in H1 18
- No corporation tax payments in H1 18. Expected to continue to utilise accumulated losses in FY 18
- Cash as at 31 October 2017 of £64.4m, no debt

Strong group balance sheet

	Consolidated	
	H1 2018	H1 2017
	£m	£m
Deferred tax asset	3.3	0.0
Intangible assets and goodwill	6.4	0.9
Property, plant and equipment	1.0	0.4
Non current assets	**10.7**	**1.3**
Trade and other receivables	6.0	2.4
Cash and cash equivalents	64.4	29.1
Current assets	70.4	31.5
Total assets	**81.1**	**32.8**
Trade and other payables	(9.5)	(5.5)
Deferred income	(2.5)	(1.1)
Derivative financial instrument	(0.2)	0.0
Deferred tax liability	(0.4)	0.0
Total liabilities	**(12.6)**	**(6.6)**
Share capital	2.7	2.5
Share premium	75.3	26.3
Share based payments reserve	1.6	0.7
Foreign currency reserve	0.1	0.0
Retained earnings	(11.2)	(3.3)
Shareholders' funds	**68.5**	**26.2**
Equity and liabilities	**81.1**	**32.8**

- Deferred tax asset rolled forward from year end
- Investment in intangibles:
  - Platform development for AUS and US launch
  - Provisions of new products, services and features in AUS and US
  - Goodwill on lettings aquisition
- Trade and other receivables and payables increase is a function of increasing size of business
- Deferred income includes £1.7m UK, £0.8m Aus
- US placing March 2017
- Cash of £64.4m despite ongoing investment in developing AUS operation plus US launch