RNS Number : 7494X
Mortgage Advice Bureau (Hldgs) PLC
25 July 2024

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Mortgage Advice Bureau (Holdings) plc

("MAB" or the "Group")

Trading Update

Mortgage Advice Bureau (Holdings) plc (AIM: MAB1) today issues a trading update for the six months ended 30 June 2024, ahead of publishing interim results on 24 September 2024.

Group revenue for the six months ended 30 June 2024 increased by 5% to £123.5m (H1 2023: £117.5m), despite a difficult market backdrop, with UK Finance forecasting there would be a 5% reduction in gross lending in 2024 to £215 bn (2023 gross lending was £226 bn).

MAB also increased its value of gross mortgage completions by 5% and our market share gains were maintained throughout the five months ended 31 May 2024 (the latest available data period), with MAB's share of new lending increasing to 8.2% versus 8.0% for the equivalent timeframe last year.

The average number of mainstream advisers in the first half fell 3% to 1,898 (H1 2023: 1,966), with our adviser numbers having increased following the period end to 1,944 (2023:1,918).

As expected, we saw a slight dip in the organic number of advisers in H1. Although forecast interest rate reductions have not yet materialised, we are now starting to see that trend reverse. In addition, new advisers from Appointed Representative ("AR") recruitment have started to come through in a more meaningful way since the period end.

We expect to deliver further growth in the remainder of this year as new ARs are recruited into MAB, and our ARs start growing adviser numbers again after more than 20 months of consolidation that reflected market conditions.

Current Trading and Outlook

The Group is trading in line with expectations, with a modest pick-up in activity expected in the second half.

There is a significant amount of re-financing that has been delayed for several months, pending possible rate reductions in the summer. Whilst the market may no longer expect a rate cut in August, at some stage we expect these borrowers will want to switch to a better mortgage rate, rather than sitting on expensive floating rates. The current market expectation is that the Bank of England will cut rates by c. 0.5% by the end of the year.

2024 was always going to be about stability, following an extremely challenging 2023, with momentum building in the latter part of the year and into 2025. We expect base rate reductions to be the trigger for a recovery in housing transactions and a gradual release of pent-up demand.

Peter Brodnicki, CEO of MAB, commented:

"2024 started well, following a difficult 2023. However, most experts have been proved wrong in terms of the pace and scale of any rate reductions this year, and that has consequently delayed many re-finance transactions in H1 and any sustainable pick up in purchase activity.

"Against this challenging backdrop, I am very pleased with how MAB continues to grow its market share. As we did last year, to ensure we are in the best possible shape when market conditions improve, we have continued to invest in technology to drive lead flow and adviser productivity across the Group. The progress we are making will further increase our resilience in more challenging market conditions, whilst supporting accelerated growth when market conditions normalise.

"We look forward to a downward trend in the base rate, which will lead to a more active refinancing market and a build-up to more normal levels of housing transactions. It is very encouraging to now have a new government a build up to more normal levels of housing transactions. It is very encouraging to now have a new government so focused on housebuilding and other initiatives that will give our market and MAB a tailwind, added to which we expect to see record years in terms of re-financing in 2025/26.

We therefore expect to see activity pick up in the second half of the year and into 2025, when we anticipate our investment in lead generation and retention will contribute more significantly to our ambitious growth plans."

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