

FOXTONS GROUP PLC Q3 2024 Trading Update

Third consecutive quarter of revenue growth in 2024, and the highest Q3 Sales revenue since 2015, as significant Sales market share gains¹ delivered double-digit Sales revenue growth

24 October 2024 - Foxtons Group plc (LSE: FOXT) ("the Group" or "Foxtons") has delivered a third consecutive quarter of growth in 2024, with Q3 revenue up 8% to £47.4m (Q3 2023: £43.9m) and 30 September 2024 YTD revenue up 10% to £125.9m (30 September 2023 YTD: £114.8m).

Q3 growth was driven by Sales, with Sales revenue up 36% to £13.5m (Q3 2023: £9.9m), and underpinned by resilient Lettings revenue which was in line with a strong 2023 comparator.

The Group is trading in line with management's expectations, with full year results expected to be in line with consensus². The Group remains on track to deliver against its medium-term target of £25m to £30m adjusted operating profit.

Group revenue: 30 September (Q3 and 9 months YTD)

3 months	Q3 2024	Q3 2023	£m change	% change
Lettings	£31.6m	£31.6m	-	-
Sales	£13.5m	£9.9m	+£3.5m	+36%
Financial Services	£2.3m	£2.4m	(£0.1m)	(4%)
Total	£47.4m	£43.9m	+£3.5m	+8%

9 months	30 September 2024 YTD	30 September 2023 YTD	£m change	% change
Lettings	£84.0m	£81.3m	+£2.7m	+3%
Sales	£35.1m	£26.9m	+£8.2m	+31%
Financial Services	£6.8m	£6.6m	+£0.2m	+3%
Total	£125.9m	£114.8m	+£11.1m	+10%

Lettings

Q3 Lettings revenue was resilient at £31.6m, and in line with a strong Q3 2023 (Q3 2023: £31.6m), which benefited from record renewal revenues due to high numbers of tenancies coming up for renewal in the quarter. Operational improvements have driven double-digit growth in new business volumes through the year, and in Q3 2024 this helped to offset the expected lower renewal volumes. Ludlow Thompson, acquired in November 2023, delivered £1.0m of incremental revenue in the quarter.

On a year-to-date basis revenue was up 3% to £84.0m (Q3 2023 YTD: £81.3m), including £3.1m of incremental acquisition revenues.

Lettings market dynamics are broadly consistent with the first half. Rental prices remain in line with the prior year, tenant demand remains strong, and improving levels of available stock support the Group's focus on driving new business volumes.

Sales

Q3 Sales revenue was up 36% to £13.5m (Q3 2024: £9.9m), the highest Q3 revenue since 2015, as continued market share volume gains and early signs of recovery in our markets delivered improved revenues. Foxtons' Q3 transaction volumes were 34% higher than the prior year, compared with the wider market which saw transaction volumes grow c.13% against 2023's historically low levels³. Year-to-date revenue was up 31% to £35.1m (Q3 2023 YTD: £26.9m), reflecting year-to-date market share growth⁴ of 25% (YTD 2024: 5.0%; YTD 2023: 4.0%).

At the end of September, the under-offer pipeline was 23% higher than the prior year, reflecting double-digit growth in new sales agreed over the course of Q3, which is expected to support year-on-year revenue growth in the fourth quarter.

Financial Services

Q3 Financial Services revenue was broadly flat at £2.3m (Q3 2023: £2.4m) and up 3% year-to-date to £6.8m (Q3 2023 YTD: £6.6m). Q3 2024 saw increased levels of lower value product transfer mortgages which impacted average commission levels, but this dynamic was mostly offset by increased adviser productivity as operational upgrades take effect. Recurring refinance activity continues to underpin revenue, with further new business growth expected as new purchase volumes improve.

Renters' Rights Bill

The Group supports many of the initiatives embedded in the Renters' Rights Bill which is currently progressing through Parliament. Foxtons has, and will continue, to provide critical value-add and timely advice and services to our customers as the Bill progresses. Our aim is to ensure customers can fully understand and prepare for the impact of the new legislation whilst, importantly, also unlocking new opportunities for the Group. We will provide updates as the Bill progresses through Parliament.

Commenting on Q3, Guy Gittins, Chief executive officer said:

"We have delivered our third consecutive quarter of growth, with Q3 revenues up 8% to £47.4m, and year-to-date revenue up 10% to £125.9m, as the momentum we have built across the business has been maintained, and we continue to cement our position as London's largest lettings and sales agency brand.

"Continued market share growth, enabled by a focus on improving training, negotiator tenure, culture and our data and technology capabilities, and supported by early signs of market recovery, drove Q3 Sales revenue up 36%. This growth was supported by a resilient performance in Lettings, which continues to provide a valuable stream of recurring and non-cyclical revenues.

"We enter the final quarter with optimism: our sales agreed pipeline is 23% higher than this time last year, sales volumes in our markets continue to recover, and we are well placed to continue to unlock the value within our business. Our balance sheet and cash flow remain strong which will continue to support our growth and value creation initiatives, including both organic investments and synergistic lettings acquisitions. We are on-track to deliver increased profitability in 2024, in line with consensus, and we continue to make progress towards our medium-term target of £25m to £30m adjusted operating profit."

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Note: Values in tables may have been rounded and totals may therefore not be the sum of presented values in all instances.

¹ Market share of exchange volumes in Foxtons' core addressable markets. Source: TwentyCI.

² Consensus expectations for Foxtons Group plc, being the average of forecasts for the year ending 31 December 2024 provided by analysts covering the Group, is revenue of £159.0m

and adjusted operating profit of £17.6m (adjusted operating profit includes the amortisation of acquired intangibles).

³ Exchange volumes in Foxtons' core addressable markets. Source: TwentyCI.

⁴ Market share of exchange volumes in Foxtons' core addressable markets. Source: TwentyCI.

About

Founded in 1981, Foxtons is London's leading estate agency and largest lettings agency brand, with a portfolio of over 28,000 tenancies. The Group operates from a network of interconnected, single-brand branches and offers a range of residential property services across three business segments: Lettings, Sales and Financial Services.

The Group's strategy is to accelerate growth and deliver against its medium-term target of £25m to £30m adjusted operating profit, by focusing on non-cyclical and recurring revenues from Lettings and Financial Services refinance activities, supplemented by market share growth in Sales.

Growth is underpinned by the Foxtons Operating Platform, the most comprehensive and advanced platform in UK estate agency. The platform was strengthened through 2023 and leverages the Group's competitive advantages in data and technology; the Foxtons brand, its hub and spoke operating model and, its people, culture and training.

By fully leveraging the platform, the Group will drive significant growth; both organically through market share gains and by strengthening Foxtons' position as an effective sector consolidator, to deliver significant profit growth and value for shareholders. The Group's strategic priorities are:

- **Lettings organic growth:** Focus on winning new property instructions, with speed to market and high quality landlord service to drive revenue growth.
- **Lettings acquisitive growth:** Acquire, integrate and service high quality lettings portfolios.
- **Sales market share growth:** Reinvigorating the Foxtons brand to grow addressable market share.
- **Financial Services revenue growth:** Increasing adviser headcount, with improving productivity and cross sell to drive revenue growth.

To find out more, please visit www.foxtongroup.co.uk

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