



OnTheMarket plc - OTMP Operational and Trading Update
Released 07:00 26-Sep-2019



RNS Number : 7092N
OnTheMarket plc
26 September 2019

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

26 September 2019

ONTHEMARKET PLC
("OnTheMarket" or the "Group")

OPERATIONAL AND TRADING UPDATE

OnTheMarket plc (AIM: OTMP), the agent-backed company which operates the OnTheMarket.com property portal, today announces the following update on trading. The Group also announces that its unaudited interim results for the six months ended 31 July 2019 will be released on 10 October 2019.

Key points

- **Further progress in converting free-of-charge trial agents to paying contracts** and in recruiting new agents:
 - Based on the latest data, over 2,000 agent offices have been signed under paying contracts, overwhelmingly converted from free trial listing. Average ARPA¹ of these contracts is £297 per month.
 - 46% are long-term contracts of 3 or 5 years with associated share issuance to align interests.
- **Strong agent listings and property content**
 - Agent offices listing remain in excess of 12,500, reflecting recruitment of new agents offset by removal of agents at expiry of their free trial periods.
 - UK residential property listings are now approximately 86% of Zoopla's and 65% of Rightmove's².
- **Launch of new home developers offering**
 - Barratt Developments plc, the UK's leading housebuilder, is contracted on a portal listing and additional products advertising agreement.

- A dedicated sales team has been established which has already added a number of smaller housebuilders on paying contracts.
- **Increasing portal traffic, consumer engagement and value to advertisers**
 - September 2019 is expected to be another record month for visits³, exceeding the 25.4m achieved in May 2019.
 - Leads are also anticipated to be at record levels, further increasing the value OnTheMarket is delivering to advertisers.
- **Investing to drive brand awareness** with strong TV, digital, radio and poster advertising.
- **Maintaining a strong, disciplined financial approach**, with a current net cash balance in excess of £8.5m and Group revenues more than covering ongoing operating costs before marketing expenditure.
- **Updated guidance**
 - Due to market conditions, conversions have occurred at a slower rate than originally planned, with fewer having been to long-term, full-tariff contracts. Revenue and profit guidance for FY20 and FY21 is therefore reduced accordingly as detailed below.

Market conditions and strategy

Agents are facing well-documented headwinds with lower than usual transaction volumes, reduced lettings fee income, the possible onset of recession, the prospect of a no-deal Brexit and a strong sense of uncertainty and a "wait and see" approach amongst buyers and sellers.

These circumstances have given rise to a much more challenging backdrop against which to convert agents onto full-tariff paying contracts. Agents are taking longer to consider such commitments and fewer are currently signing them than anticipated, with ARPA of £329 per month for those that have. The Group has, therefore, introduced shorter term, lower cost contracts, the ARPA on which is running at £207 per month. The availability of this alternative has raised the current rate at which agent offices are signing paying contracts to record daily levels.

Guidance

FY20

Group revenue for the current financial year to 31 January 2020 is expected to be in the range of £18.0m to £18.5m (growth of 27% to 31% compared with revenues for the year to 31 January 2019). OnTheMarket's disciplined approach to costs management means that the Group's adjusted EBITDA loss⁴ for the current financial year to 31 January 2020 is expected to be in the region of £9m to £10m, a small improvement over previous guidance.

FY21

Revenue for the financial year to 31 January 2021 is expected to be in the range of £27m to £29m. Approximately half of this growth is expected already to be embedded at the beginning of the financial year based on the anticipated January 2020 monthly run rate. The Group expects to achieve a broadly breakeven adjusted EBITDA position for the financial year with monthly breakeven achieved in Q2/Q3.

FY22

The Board's expectation is that revenue growth will continue into the year ending 31 January 2022 and that operational leverage and network effects will result in significant profitability and cash generation being achieved in this period, approximately 12 months later than originally envisaged.

Outlook

Notwithstanding the lower revenues arising in the short term from the revised strategy, we are continuing to expand the team to support the growth in revenues. With net cash currently in excess of £8.5m and the Group's increasing recurring revenue base, disciplined financial approach and strong cost control,

OnTheMarket believes it has the necessary funds and resources to implement its strategy and achieve the strong growth projected over the medium term for the benefit of all stakeholders.

- 1) *Average revenue per property advertiser, being revenues due from property advertisers for a period divided by the number of property advertisers for that period.*
- 2) *Zoopla listed 753,422 UK residential properties as at 25 September 2019. Rightmove, in its August 2019 House Price Index, stated that it "at any time displayed a stock of over one million properties to buy or rent".*
- 3) *Visits comprise individual sessions on OnTheMarket's web based portal or mobile applications by users for the period indicated as measured by Google Analytics.*
- 4) *Adjusted EBITDA loss or profit is defined as EBITDA loss or profit before finance costs, taxation, share based payments and exceptional or non-recurring items. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating loss or profit.*

For further information, please contact:

OnTheMarket

0207 930 0777

Ian Springett, CEO
Clive Beattie, CFO

TB Cardew (Financial PR adviser)

0207 930 0777 / onthemarket@tbcardew.com

Ed Orlebar
Alycia MacAskill

07738 724 630
07876 222 703

Zeus Capital (Nominated Adviser/Joint Broker)

0203 829 5000

Martin Green, Pippa Hamnett, Jamie Peel
(Corporate Finance)
Benjamin Robertson, John Goold (Broking)

Shore Capital (Joint Broker)

0207 601 6100

Daniel Harris

Background on OnTheMarket:

OnTheMarket plc, the agent-backed company which operates the OnTheMarket.com property portal, is the third biggest UK residential property portal provider in terms of traffic. It aims to deliver a market-leading, agent-backed alternative to Rightmove and Zoopla, offering a first-class service to agents at sustainably fair prices and becoming the go-to portal for serious property-seekers.

OnTheMarket plc was admitted to AIM in February 2018 with £30 million in new capital in order to support a new growth strategy for the business.

At its IPO in February 2018, OnTheMarket was 70% owned by over two thousand agent firms. With backing from its agent owners, OnTheMarket has developed unique sources of competitive advantage such as the thousands of "New & exclusive" property listings it receives every month from its agents to display 24 hours or more before they are on Rightmove or Zoopla.

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, plans and objectives, to differ materially from

those expressed or implied in the forward-looking statements. There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The Group undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

TSTDXGDCIGDBGCU

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2014 London Stock Exchange plc. All rights reserved

Operational and Trading Update - RNS