

Regulatory Story



OnTheMarket plc - OTMP Further COVID-19 Update
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15 April 2020

ONTHEMARKET PLC

("OnTheMarket", the "Group" or the "Company")

Further COVID-19 Update

OnTheMarket plc, the majority agent-owned company which operates the OnTheMarket.com property portal, provides the following update regarding its response to the impact of the evolving COVID-19 situation.

The Group is committed to being a stable and well financed agents' portal with the policy of low, fair pricing, both in the short-term and sustainably into the future. This is even more important and relevant in the current market environment.

To support this commitment, the Group has taken a number of mitigation measures to provide value and support to our agent network, safeguard jobs and conserve cash. This will help position the Group and its customers to benefit once the property market picks up again.

The Group continues to engage with agents attracted by our unique agent ownership model, as they continue to reconsider their portal marketing choices.

Summary

- At 31 March 2020 the Company had cash of £8.5m and, excluding deferred creditor payments, no borrowings. The key initiatives outlined below will help us to conserve cash in these challenging times whilst supporting agents and are designed to allow revenues to cover ongoing costs.
- The measures we are taking include:

- As previously announced, a 33% discount of fees to agents for 3 months
 - Selective furloughing of some colleagues
 - Voluntary waiver of 20% of remuneration for 3 months by the Board, the executive management and the majority of other employees who continue to work remotely
 - A reduction in temporary and sub-contracted IT workers
 - Curtailment of discretionary marketing
 - Certain agreed deferrals of creditor payments
- In this current environment, it is difficult to predict the evolving impact of COVID-19 and therefore we are suspending financial guidance until greater clarity exists.

COVID-19 Update

The UK Government has introduced restrictions on movement which have had a substantial short-term impact on the ability of estate and lettings agents to run their businesses.

As well as a need to reduce short-term costs, including their portal charges, the crisis has the potential to lead to a large-scale and widespread re-evaluation by agents of their longer-term portal relationships. Significant new collectives of agents have formed with that as their over-riding objective, both during the COVID-19 crisis and beyond.

The Group's focus is on providing value and support to customers, whilst safeguarding jobs for our people and conserving cash to position the business to capitalise on the market opportunity once normal activity levels return.

To support agents, on 19 March we actioned:

- a 33% listing fee discount for invoices issued in the three months starting April 2020. This will reduce the cash flow pressure facing agents and is being given to all OnTheMarket agent customers on full tariff listing agreements.

Due to the current uncertainty over the impact on the housing market and on the wider economy, the Company has taken a number of mitigation measures, to manage the Group's cost base and conserve cash. These precautionary measures include:

- a review of the impact of the COVID-19 restrictions on the level and type of business activities the Group can undertake at this time, which has led to the Company furloughing 32 colleagues (22%) under the Coronavirus Job Retention Scheme, whilst maintaining the Company's core operational service levels, sales and IT capacity;
- a Group wide survey of employees to establish the support, by those who were able, for a temporary reduction in wages. As a result, the Group has agreed a voluntary waiver of 20% of remuneration for April, May and June by the Board, the executive management and the majority of other employees who continue to work remotely;
- a reduction in the temporary and sub-contracted workforce within IT from 17 to 6 individuals and agreement reached with those remaining over voluntary fee waivers in line with the employee measures;
- the curtailment of discretionary marketing expenditure; and
- agreements with trade creditors and with HMRC to defer payments due.

Cash position

At 31 March 2020 the Company had cash of £8.5m and, excluding deferred creditor payments, no borrowings. The measures the Group has taken are designed to allow revenues to cover ongoing costs, whilst rescheduling certain creditor payments to conserve cash in the short-term so as to enable the Group to provide its agent support measures.

Outlook

As a result of the ongoing uncertainty, it is too early to give guidance on the potential impact of COVID-19 on the Group in the current financial year to 31 January 2021. While revenues will be impacted in the short-term,

OnTheMarket considers it of fundamental importance to support agents through this difficult period and the Group will conserve cash through the careful management of costs.

As a prudent measure, the Company is suspending its financial guidance until greater clarity exists on the impact of COVID-19.

Financial calendar

The dates for the release of the Group's preliminary results for the year to 31 January 2020 and its AGM will be published in due course as any impact from COVID-19 on timing becomes clearer.

Clive Beattie, Acting Chief Executive Officer, commented:

"Our main concern at this time is for the health and safety of all our colleagues and I would like to thank them for their dedication and professionalism during this time.

"We continue to do all that we can to support our customers, many of whom are also our shareholders, through this period. Agents across the country are reconsidering their portal marketing choices and we continue to engage with agents attracted by our unique agent ownership model and our strategic commitment, as the agents' portal, to a policy of low, fair pricing, both in the short term and sustainably into the future.

"The steps we are taking to conserve cash and to assist agents are appropriate to ensure we weather the current crisis and come through ready to provide our customers a market leading, fairly priced portal service."

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For further information, please contact:

OnTheMarket Clive Beattie, Acting Chief Executive Officer	0207 353 4200
Tulchan Communications James Macey White Giles Kernick Sophie Duckworth	0207 353 4200
Zeus Capital (Nominated Adviser/Joint Broker) Jamie Peel, Martin Green, Daniel Harris (Corporate Finance) John Goold, Benjamin Robertson (Broking)	0203 823 5000
Shore Capital (Joint Broker) Daniel Bush Fiona Conroy	0207 408 4090

Background on OnTheMarket:

OnTheMarket plc, the majority agent-owned company which operates the OnTheMarket.com property portal, is a leading UK residential property portal provider.

Its objective is to create value for shareholders and property advertiser customers by delivering an agent-backed, technology enabled portal - offering a first-class service to agents and new homes developers at sustainably fair prices and becoming the go-to portal for serious property-seekers.

With over 3,000 estate and letting agent shareholders, operating over 6,000 offices, OnTheMarket provides a unique opportunity for agents to participate in the equity value of their own portal. Agent backing and support enable OnTheMarket to display "New & exclusive" properties to serious property-seekers 24 hours or more before agents release these properties to other portals.

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