

Purplebricks

08:54 03 Jul 2019

Purplebricks red faced as it pulls out of US amid growing losses

Purplebricks Group PLC (LON:PURP) confirmed increased full-year losses and an embarrassing retreat from the USA as its management focuses on trying to disrupt the housing market in the UK and Canada.

Following the announcement of a withdrawal from Australia earlier this year, new boss Vic Darvey said the expansion in the US had required a significant investment in marketing but had not seen the revenue growth expected, so it would be closed down by the end of 2019.

READ: Purplebricks isn't the first UK company to fail to crack overseas markets, and it won't be the last

Darvey, who joined the company in January as chief operating officer, launched a review of the US business in May when he was promoted to the top job after the departure of founder Michael Bruce.

He said: "Having reviewed a number of alternative business models, the outcome of the strategic review was that while there remains a significant opportunity to disrupt the US market, it would take substantially more management time and resources than the company is able to commit at this time."

Purplebricks said making the decision to exit the Australian and US businesses would allow its' resources to be fully focused on the UK and Canada, "where we have a strong established presence and where there are significant opportunities to grow market share and deliver profitable growth for shareholders".

Losses double but UK going well

The exit news came as Purplebricks reported full year results which were in line with previous guidance, with group revenue up 55% to £136.5mln in the year to 30 April but losses before tax almost doubling to £56.0mln.

The UK business increased revenue by 21% to £90.1mln and underlying earnings (adjusted EBITDA) were up 65% to £10.2mln, while the Canadian business, acquired in July 2018, contributed £23.7mln of revenue.

With £62.8mln of cash at the year end, Darvey said continued investment will be made in marketing, technology and product development, "while ensuring greater control over cash management and generation".

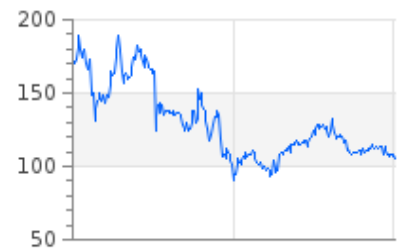
"We are excited by the prospect of driving forward our well-established UK and Canadian businesses in FY 2020 and beyond, and reiterate our medium term objective to gain 10% share of the UK market," the Purplebricks boss added.

In early trade on Wednesday, Purplebricks shares were up 3% to 95.6p.

Price: 106.85

Market Cap: £327.82 m

1 Year Share Price Graph



November 2018 May 2019 November 2019

Share Information

Code: PURP

Listing: AIM

| | | |
|----------------|-------------|------------|
| 52 week | High | Low |
| | 195 | 88.5 |

Sector: Real Estate

Website: www.purplebricks.com

Company Synopsis:

Purplebricks was conceived by brothers Michael and Kenny Bruce from their experience in running a successful traditional estate agency in the Midlands. Purplebricks now has a substantial national footprint. From its launch along the South Coast of England in April 2014 it has expanded across the country, most recently entering London and Scotland and entered the lettings market.

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.