

Purplebricks

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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".

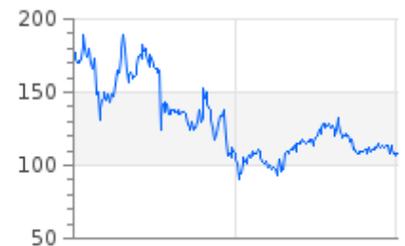
"We are excited by the prospect of driving forward our well-established UK and Canadian businesses in FY 2020 and beyond, and reiterate our medium term objective to gain 10% share of the UK market," the Purplebricks boss added.

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

Price: 107.4

Market Cap: £329.51 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.

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