
LSL

2024 Interim Results

18 September 2024

■ Growth
Focus
Execution
Technology
People





Agenda

01

Highlights

02

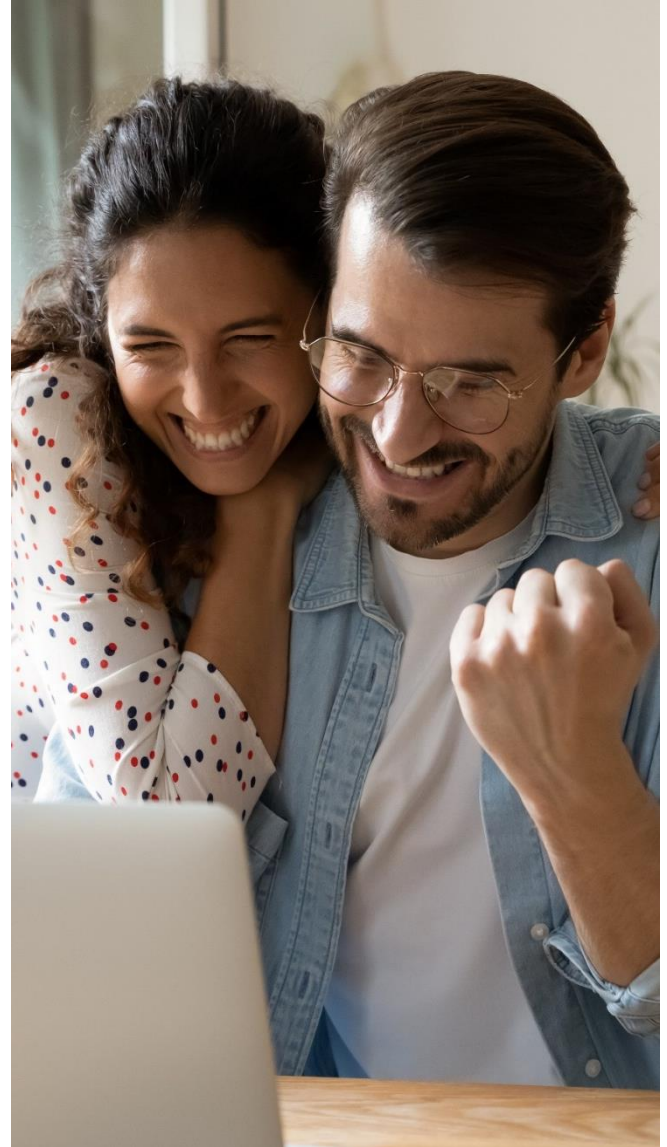
Financial and Operational Performance

03

Summary and Outlook

01

Highlights



Driving performance following strategic transformation

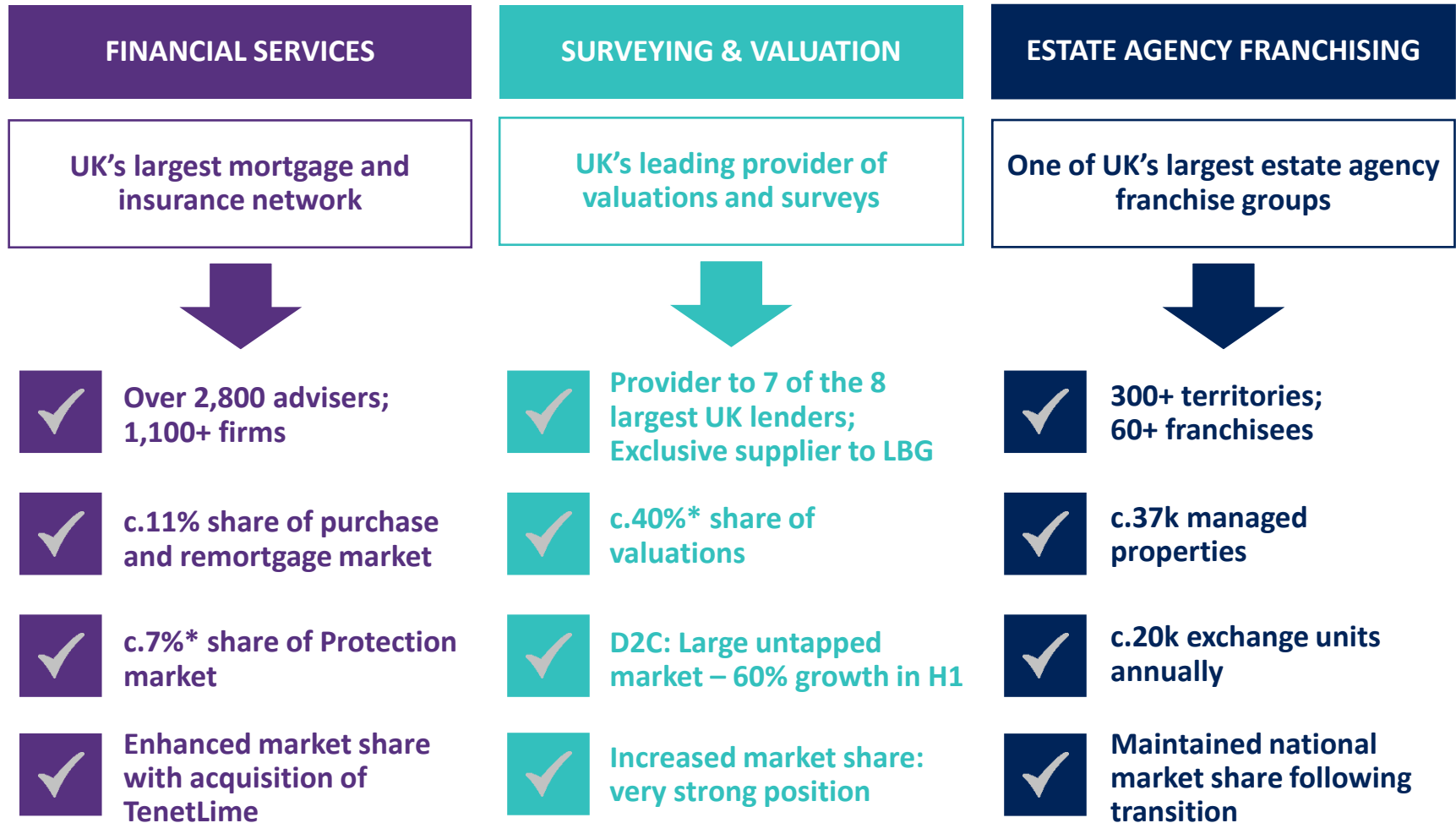
Strategic transformation delivered. More streamlined, agile Group

Underlying Operating Profit £10m+ higher than H1 2023

Robust performance in a muted market

Focus on organic growth opportunities and enhancing shareholder returns

Strong market positions across all businesses



Building on strategic transformation

FOCUS ON BUSINESS-TO-BUSINESS SERVICES



BUSINESS DEVELOPMENT

Long-term extension of contract with Lloyds Banking Group and renewal of two main lender contracts with improved terms

DLPS quote service developed with launch in Q3, and continued technology investment planned

Improved service delivery through enhanced technology and propositions investment

INVESTMENT IN GROWTH

Further development of data, modelling and Home Survey initiatives

Acquisition of TenetLime network, comprising c.250 advisers and £3.4bn lending

Assisted growth programme supporting franchise partners' territory growth and lettings book acquisitions

STRENGTHENING AND INVESTING IN LEADERSHIP TEAM

Principal Data Scientist, Product Director, Director of Lender Services and Head of Marketing

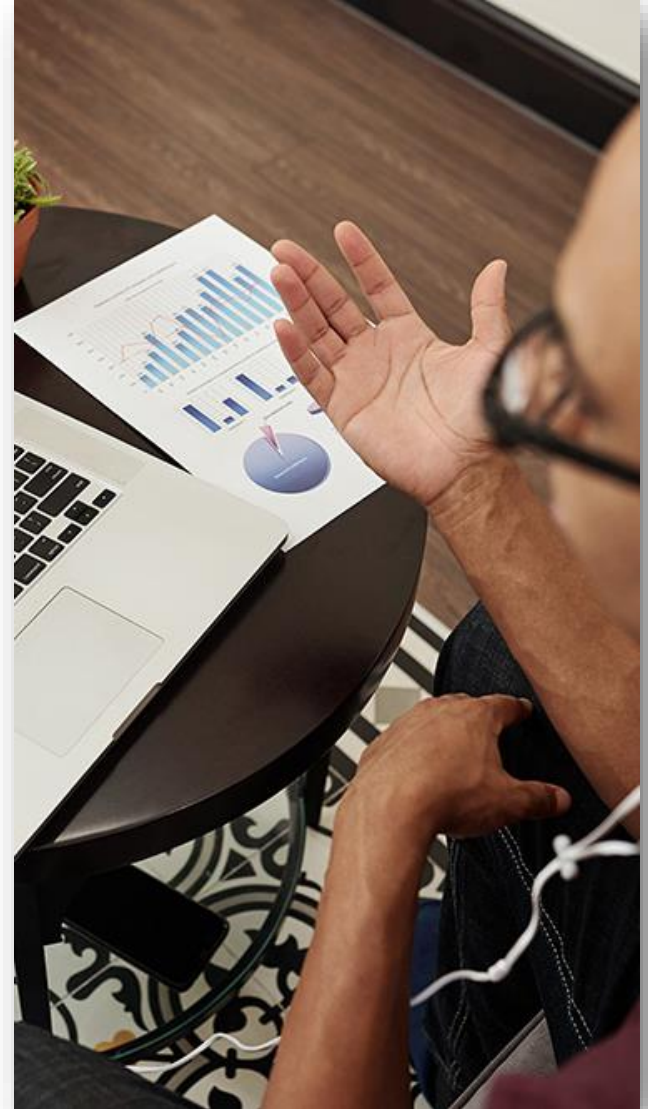
Managing Director, Chief Operating Officer, Chief Distribution Officer and NEDs

Operations Director and Propositions Director

Chair, NEDs and Chief Risk Officer

02

Financial and Operational Performance

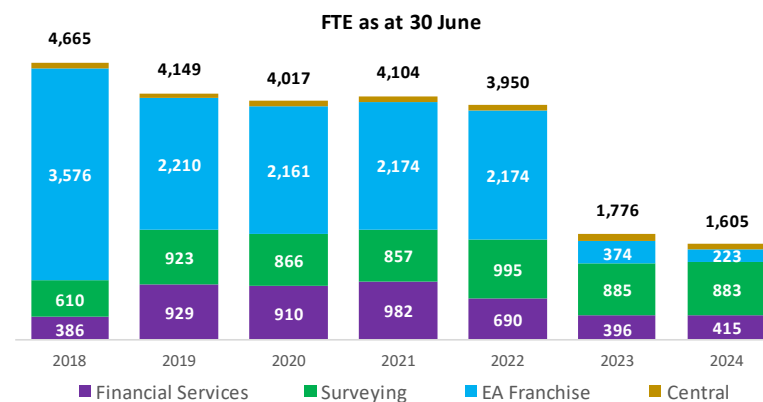


Strong profit improvement with benefits of strategic transformation programme, enhanced Surveying contracts and markets starting to normalise

Group

- Revenue and profit growth in each division. LFL revenue +27%
- Strong Group operating margin
- Strong cash conversion
- Interim Dividend maintained
- Further reduction in Group headcount

H1 Highlights (£m)	2024	2023	Var.
Group Revenue	85.4	72.5	18%
Group Underlying Operating Profit*	14.4	3.2	354%
Group Underlying Operating Margin	17%	3%	1,390bps
Net Exceptional (Costs) / Gains	(0.1)	4.7	(102)%
Group Operating Profit / (Loss)	13.0	7.6	72%
Net Cash	32.5	36.3	(11)%
Cash flow conversion	81%	(220)%	nm
Interim Dividend (pence)	4.0	4.0	-



*Note: H1 2023 is total operations including discontinued

Resilient FS performance in soft market conditions

Financial Services

- Adjusting for TenetLime, Network profit broadly maintained with extended governance structure as well as restructure costs absorbed
- LFL Net revenue broadly flat
- Record mortgage market share of 11.1% (excl. PTs), increasing again in July to 11.3%
- Increased market share of product transfers to 7.2% (2023: 5.8%)
- Increase in Firm and Adviser numbers include TenetLime
- Improved Pivotal underlying trading profit with slightly increased share of Loss after Tax due to additional deal costs

H1 Financial Services P&L (£m)	2024	2023	Var.
FS Network Gross Revenue	145.7	139.2	5%
FS Network Net Revenue	23.6	28.0	(16)%
FS Network Underlying Operating Profit	4.3	3.8	14%
<i>FS Network Underlying Operating Margin</i>	18%	13%	480bps
Pivotal (share of JV PAT)	(0.4)	(0.2)	(126)%
Total Divisional Profit	3.9	3.6	9%
KPIs			
Total Firms	1,146	986	16%
Total Advisers	2,847	2,718	5%
Mortgage Lending Market (excl. PTs) (£bn)	111.0	109.5	1%
LSL Mortgage Lending (£bn)	22.0	19.6	12%
<i>LSL Purchase & Remo Lending (£bn)</i>	12.4	11.5	7%
<i>LSL Product Transfer Lending (£bn)</i>	9.6	8.1	19%
Market Share (excl. PTs)	11.1%	10.5%	60bps

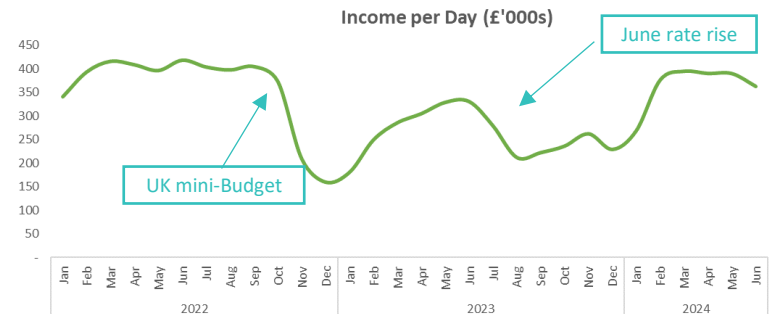
Profit improvement with contract renewals and taking full advantage of improving markets as capacity retained

— Surveying & Valuation

- Income per job up 11% reflecting improved terms negotiated on contract renewals
- Excess capacity retained in H2 2023 utilised in H1 2024 in improving markets
- Strategic focus on our Private Survey business has delivered 60% revenue growth
- Elevated operating margin of 26% reflecting lower cost base arising from steps taken to meet market challenges in H2 2023
- H2 strategic investment to support future new revenue streams
- Asset Management business performed well in improved markets

H1 S&V P&L (£m)	2024	2023	Var.
B2B – Valuations	43.5	33.7	29%
Private Surveys	2.8	1.8	60%
Other including Asset Management	2.6	1.7	48%
Total Revenue	48.9	37.2	31%
Underlying Operating Profit	12.9	3.7	249%
<i>Underlying Operating Margin</i>	26%	10%	1,650bps
KPIs			
Jobs Performed ('000s)	250	212	18%
Remote Valuations as % of Total	20%	23%	(350)Bps
Jobs per Average Surveyor	528	413	28%
Income per Job (£)	185	168	11%
Operational Surveyors at 30 June (FTE)	474	510	(7)%
Market Share	40%	39%	170bps

Note: Surveying & Valuation Division now includes the Asset Management business, previously reported within Estate Agency



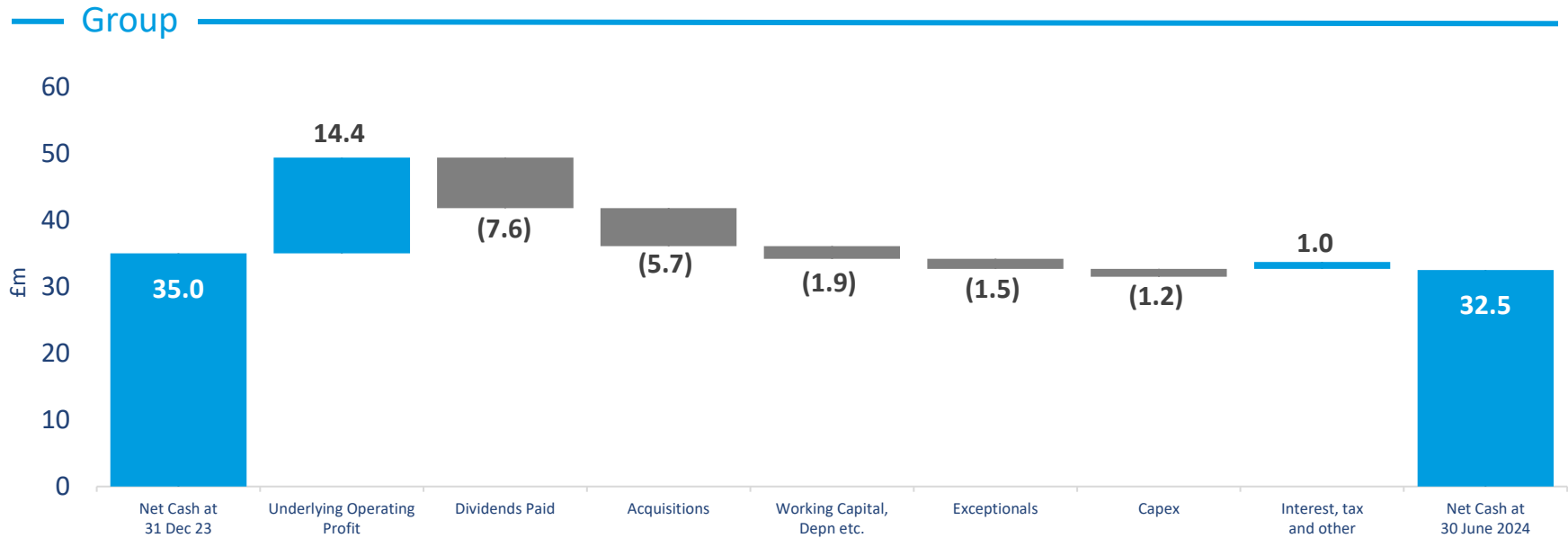
Strong profit and enhanced margin since conversion to franchise model

— Estate Agency Franchising

- Revenue and Profit uplift reflects enlarged and more efficient franchise operation for whole of H1 2024 (transition was early May 2023)
- £1.4m loss in H1 2023 of owned estate agency network
- 24% operating margin compared to 4% historical H1 average
- Robust residential exchange sales performance
- Average lettings income per property up c.+5% with stock of managed properties slightly down reflecting soft BTL market
- In August first loan granted to franchisee to facilitate lettings book acquisitions, adding c.600 properties

H1 EA Franchising P&L (£m)	2024	2023	Var.
Franchising Revenue	12.9	5.8	125%
Franchising Underlying Operating Profit	3.1	0.7	339%
<i>Franchising Underlying Operating Margin</i>	24%	12%	1,180bps
<i>Owned EA network losses (Discontinued and owned operations)</i>	-	(1.4)	nm
<i>Total Underlying Operating Profit / (Loss)</i>	3.1	(0.7)	(573)%
Franchise KPIs			
HMRC Transactions ('000s)	488	483	1%
Exchange Units	9,025	8,934	1%
Managed Properties	36,987	37,960	(3)%
Number of Territories	308	308	-

Strong cash conversion



Highlights:

- H1 Cashflow conversion rate 81%
- Initial consideration for TenetLime asset acquisition
- Franchise related exceptional costs provided for in 2023
- Low level of capex, reflecting new capital light business model
- Capital allocation strategy unchanged

03 Summary and Outlook



Summary and Outlook

- Strategic transformation has been executed successfully
- Significant increase in profitability in H1
- Completed and successfully onboarded Tenet advisers into our FS Network
- Estate Agency Franchise business performing ahead of plan with attention now turning to growth opportunities
- Strong growth in S&V Private Survey income and good progress being made in developing data capability
- Full year performance in line with raised expectations announced with Preliminary results and materially ahead of 2023
- Three well positioned businesses with strong market positions and compelling growth opportunities
- Focus is on driving organic growth and enhancing shareholder value

Looking forward

WELL-PLACED FOR THE FUTURE

INVESTING TO SUPPORT GROWTH

Surveying & Valuation	Financial Services Network Business	Estate Agency Franchising
Win increased instructions with major lenders	Focus on 'sweet spot' adviser firms	Enhance franchisee proposition, with new products and services
Lead in growth and specialist markets such as equity release	'Go to' network for adviser firms seeking to maximise productivity	Complete IT transition
Optimise Surveyor utilisation	Invest in risk management and technology	Support franchisee expansion
Data strategy (AVM + data sets)	Increase product penetration for Life, IP and GI	Support franchisee distribution of complementary products
Consumer Home Surveys	Develop presence in specialist markets	Leverage strength of Your Move and Reeds Rains brands into territory expansion

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