

**Growth.
Focus.
Execution.
Technology.
People.**

LSL

Interim Results
for six months ended 30 June 2021



LSL is one of the largest providers of services to mortgage intermediaries, specialist mortgage and protection advice to estate agency and new build customers and valuation services to the UK's biggest mortgage lenders.

It also operates a network of 228 owned and 127 franchised estate agency branches.



Best Network 300+ ARs



Mortgage Network
of the Year



Mortgage Network
of the Year



Best Intermediary
Promotion of
Protection/Health



Best Surveyor/Valuer

Agenda

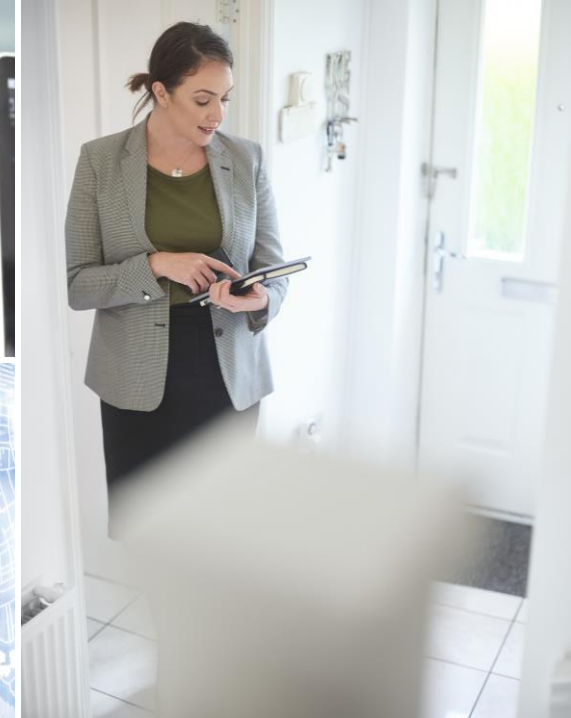
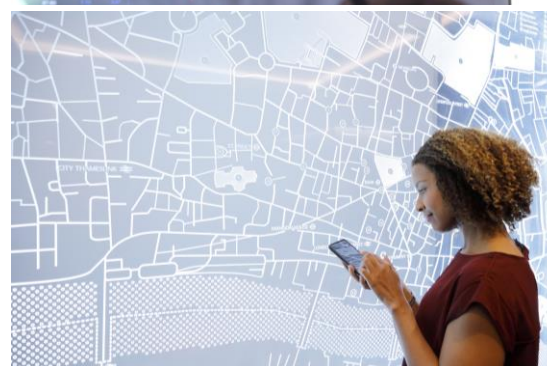
Financial Highlights 4

Strategy Recap and Progress 6

Financial and Operating Performance 10

Summary and Outlook 21

Appendix: 2019 – 2021 24



Strong Trading Performance

Record financial performance as LSL took advantage of favourable market conditions and reporting a net cash position for the first time since IPO

Group Revenue

£166.5m

(2020: £114.9m)

Profit Before Tax

£25.5m

(2020: £2.0m)

Group Underlying Operating Profit

£27.3m

(2020: £9.7m)

Net Cash

£17.0m

(2020: Net debt £12.7m)

- Record H1 revenue, profit and margin
- Each operating division profit materially ahead of 2020
- Increased market share in Estate Agency
- At 2020 Prelims, recommenced guidance with improved growth profile in outer years
- Plan to continue reducing reliance on housing market cycles

Agenda

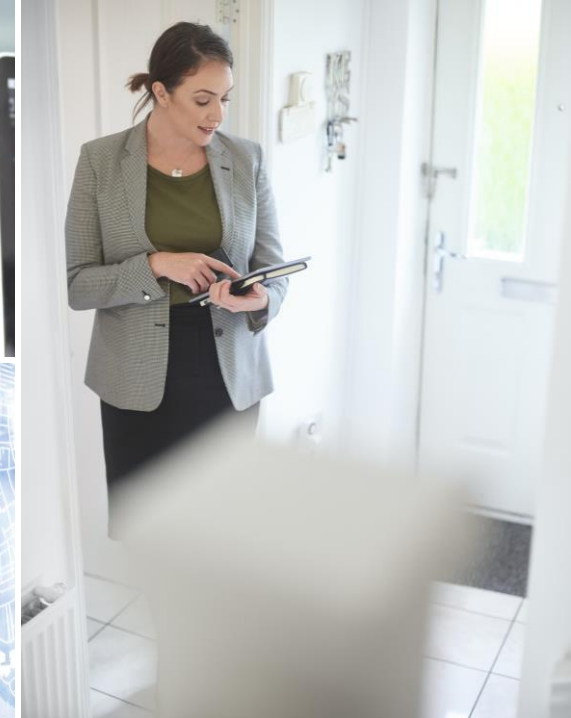
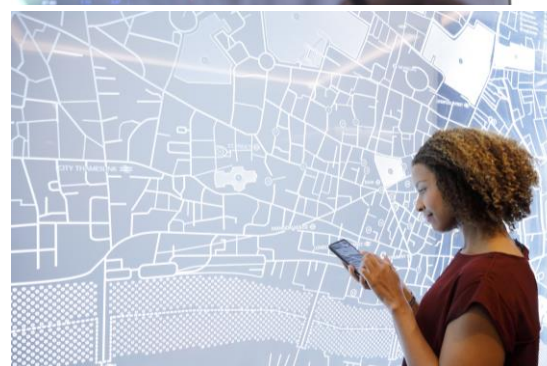
Financial Highlights 4

Strategy Recap and Progress 6

Financial and Operating Performance 10




Summary and Outlook 21

Appendix: 2019 – 2021 24



Strategy Recap

New strategy stated at the Prelims with Financial Services at its heart

Financial Services 	Surveying & Valuation 	Estate Agency 
Remain the leading mortgage network and club	Grow profitable market share in Business-to-Business	Grow profitable market share in existing catchments
Become major player in distribution via estate agencies	Develop value-added services for lender clients and consumers	Improve the franchise proposition and expand reach
Significantly grow strong position in new homes market	Develop the Direct-to-Consumer offer	Support development of Financial Services
Execute buy and build strategy through Pivotal Growth	Support development of Financial Services	
Increase penetration of protection, insurance and other revenue streams		

	Grow market share in core markets	Generate new sources of leads	Implement new Target Operating Model and ways of working
	Build resilient revenue streams	Develop or acquire new products and services	Deploy capital to high growth areas
Enablers:	Leverage technology, data and digital capability		
	Hire, retain and develop talented people		

Strategy Execution On Track

Significant progress implementing the strategy outlined at the Prelims with Financial Services at the heart of the business

Senior Appointments



- David Akinluyi as Group COO to drive IT strategy and transformation
- Tom Adorian to join to lead FS Customer Direct operation
- Stuart Whittle to join as FS CFO
- Raj Raichura to move to Group Strategy to include focus on M&A

Group Simplification



- Combined £41m sale of assets contributing c.£30m to full year PBT
- Focus management time and capital on principal drivers of long-term shareholder value
- Strong cash position, including £90m RCF negotiated in H1, to make further investments

The Property Franchise Group



- Agreement to provide digital and face-to-face mortgage and protection advice to The Property Franchise Group's 430 offices
- Resources being put in place to deliver and franchisees being recruited

Mortgage Broker Buy-and-Build



- Joint Venture with Pollen Street Capital now established
- Management team in place
- Class 1 circular completed to allow uncapped gains
- Acquisition opportunities identified and being progressed

Mortgage Gym Acquisition



- Integration of Mortgage Gym's award-winning mortgage platform on track
- Rollout to 250+ advisers within Embrace Financial Services to take place in Q3
- Deployment in RSC and Group First to enhance builder proposition

Direct Life & Pensions Acquisition



- Acquired to increase distribution of protection products
- Integration on track
- To offer to PRIMIS brokers by the end of the year

Strategy Execution On Track

Further progress made at divisional level

Financial Services



- New Direct to Consumer infrastructure, including management team, IT and processes
- Increased distribution to third party channels including independent estate agencies
- Mortgage Gym being leveraged to win new regions for new home builders

Surveying & Valuation



- Improved Surveying & Valuation margin (25%)
- Major contract renewal secured, including increases in allocations
- Development of data capability

Estate Agency



- Increased market share of core catchment areas following re-focus of management targeting
- Expansion of conveyancing proposition into franchisees
- Successful opening of two branches in M&P

Group

- Development of Customer Relationship Management strategy, to improve sales effectiveness and better realise group synergies
- Incoming Group COO leading review of Target Operating Model
- Mobilisation of ESG programme
- New banking facility to May 2024

Agenda

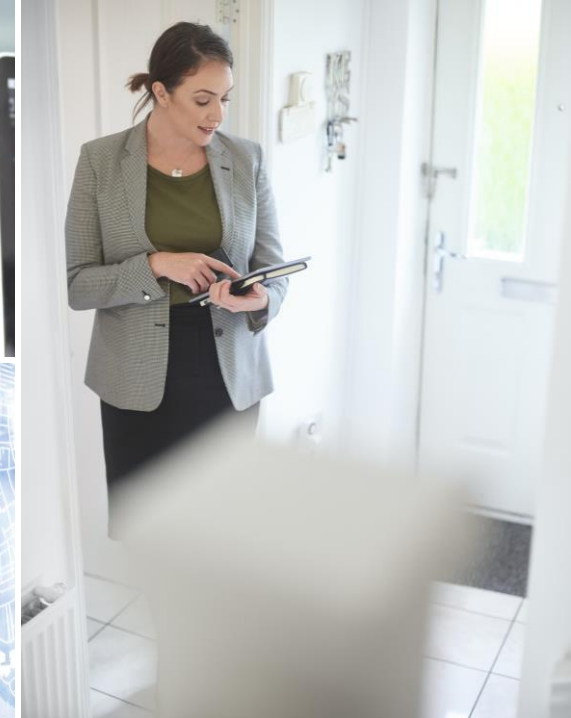
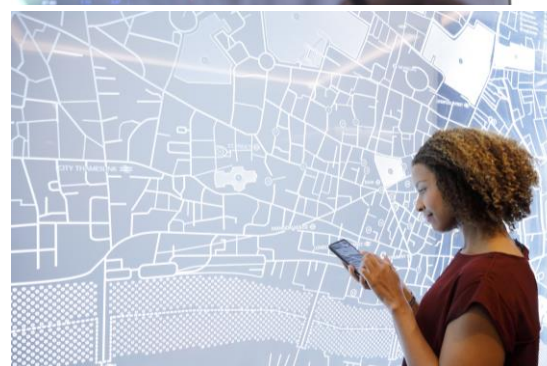
Financial Highlights 4

Strategy Recap and Progress 6

Financial and Operating Performance 10

Summary and Outlook 21

Appendix: 2019 – 2021 24



Financial Summary

Record H1 financial performance, strong net cash position and strategy on track

2021 Results

- Record H1 revenue, profit and margin
- Each operating division profit materially ahead of 2020
- Long-term growth in Financial Services continues
- July trading in line with expectations

Balance Sheet/Cash

- Disposals of non-core investments in May and July generated £41m
- Balance Sheet provides funds for further investment to support strategy
- Profits turn into cash – 100% cash conversion
- Interim dividend declared

Prospects

- At 2020 Prelims, recommenced guidance with improved growth profile in outer years
- On track with our plans and execution of strategy
- Plan to continue reducing reliance on housing market cycles
- Strengthened bench strength in key functions to underpin growth plans

H1 2021 Highlights

Strong performance in H1 2021

- Record June Revenue ahead of Stamp Duty tapering
- Growth in number of financial advisers continues
- Pipeline of new financial advisers grew in H1
- Strong Surveying margin
- Increased market share in Estate Agency

Group Revenue
£166.5m

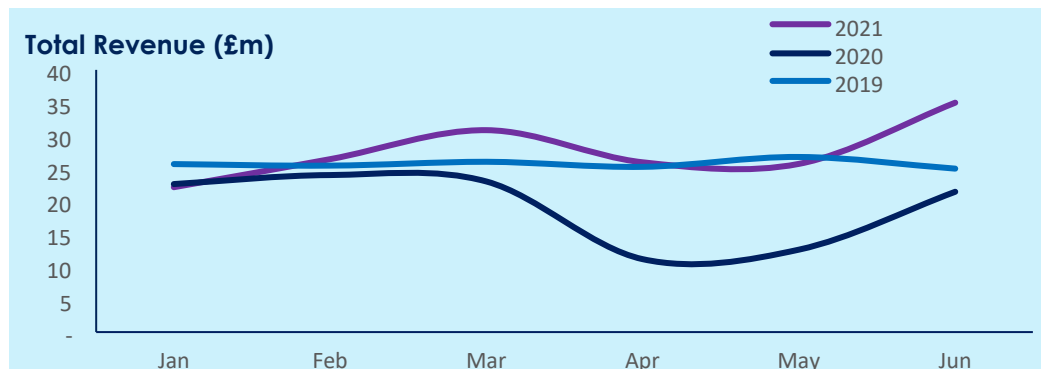
+£51.6m v 2020
(2020: £114.9m)

Group Underlying Operating Profit
£27.3m

+£17.6m v 2020
(2020: £9.7m)

Net Cash / (Debt)
£17.0m

+£29.7m net cash v June 2020
(31 December 2020: £(1.6)m; 30 June 2020: £(12.7)m)



Mortgage Completion Lending

£19.3bn

+32% v 2020

(2020: £14.6bn)

Financial Advisers

2,744

+13% v Jun 2020

(Jun 2020: 2,431)

Surveying Margin

24.7%

+1160bps v 2020

(2020: 13.1%)

Income per Job

£173

+£15 v 2020

(H1 2020: £158)

Residential Sales Exchange Income

£40.4m

+117% v 2020

(2020: £18.6m)

Residential Sales Exchange Pipeline

£21.2m

+41% v 2020

(2020: £15.1m)

LSL

Financial Highlights

Strong operational performance reflecting growth across all our divisions

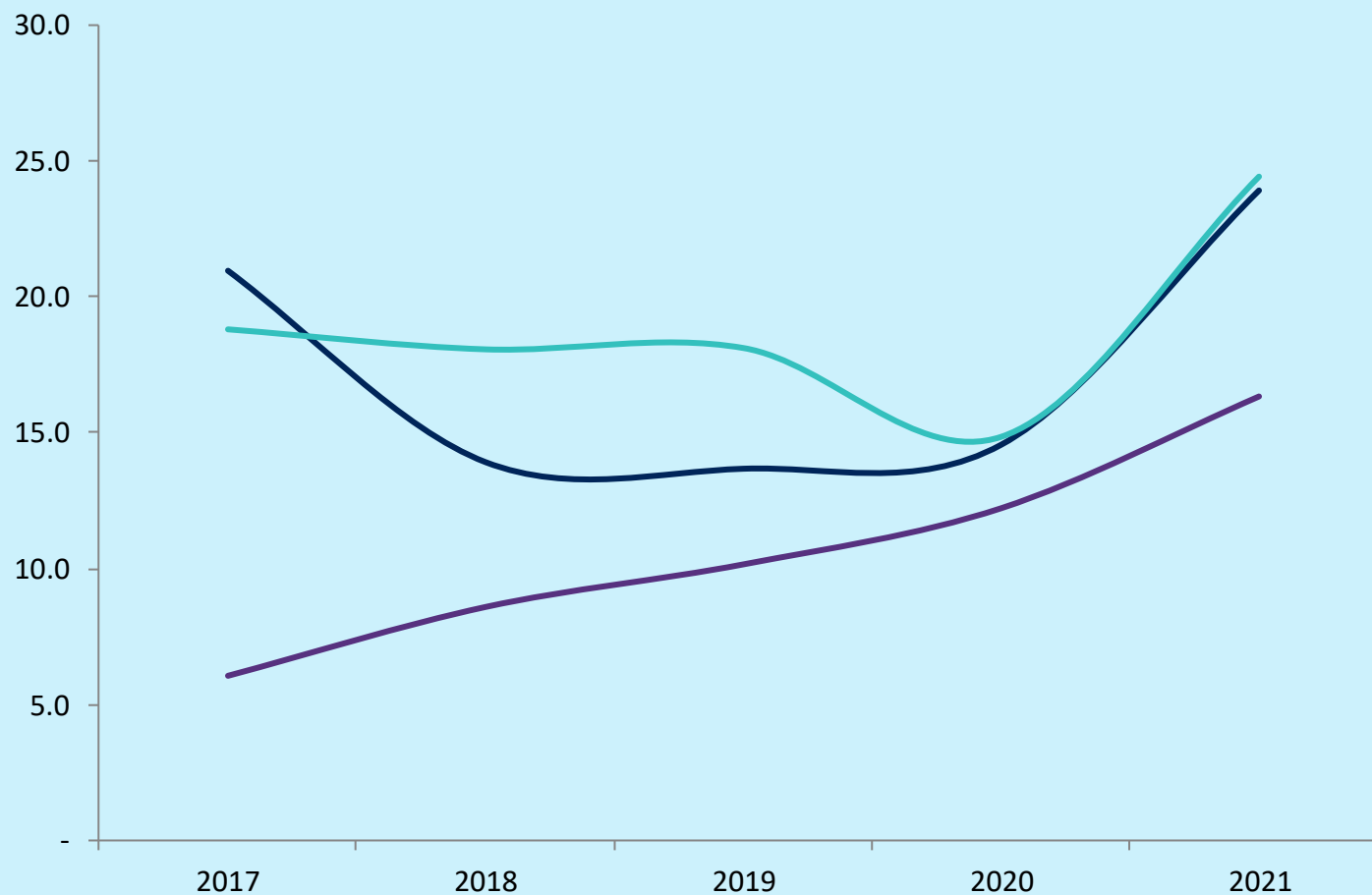
- Record H1 Group Revenue, Group Underlying Operating Profit and Group Operating Margin %
- Significant profit growth in each Division against 2020
- Net Exceptional Gain: Disposal of investment and PI provision release net of restructuring costs and Class 1 costs
- Interim Dividend declared in line with reinstated policy

H1 P&L (£m)	2021	2020	Change
Group Revenue	166.5	114.9	45%
Group Underlying Operating Profit (post COVID-19 costs)	27.3	9.7	180%
<i>Group Underlying Operating margin (post COVID-19 costs)</i>	16%	8%	790bps
Group Underlying Operating Profit (pre COVID-19 costs)	27.3	12.5	117%
<i>Group Underlying Operating Margin (pre COVID-19 costs)</i>	16%	11%	550bps
Net Exceptional Gains/(Costs)	2.7	(4.4)	nm
Profit Before Tax	25.5	2.0	1166%
Adjusted Basic EPS (p)	20.9	9.4	124%
Interim Dividend	4.0	-	nm

Historic Performance and Growth Trajectory

Financial Services achieved a profit CAGR of +28% between 2017 and 2021. The Board has set out a clear strategy to grow returns in this area, reducing reliance on housing market cycles

Rolling 12-month Operating Profit by Division (£m) (excluding Central Costs) | 2017-2021



CAGR | 2017-2021

Financial Services



+28.1%

Surveying & Valuation



+6.8%

Estate Agency



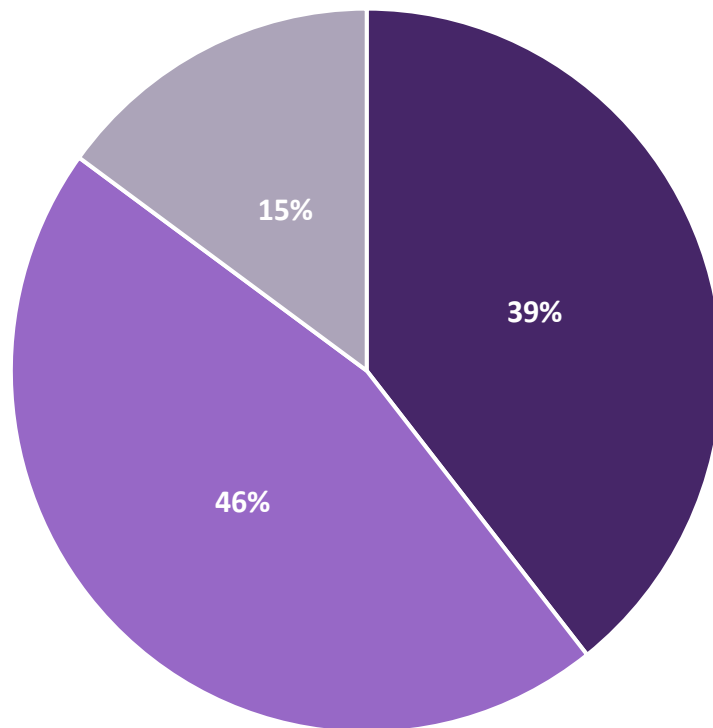
+3.3%

Financial Services

Revenues are diversified across multiple channels and products, including mortgages, protection and insurance

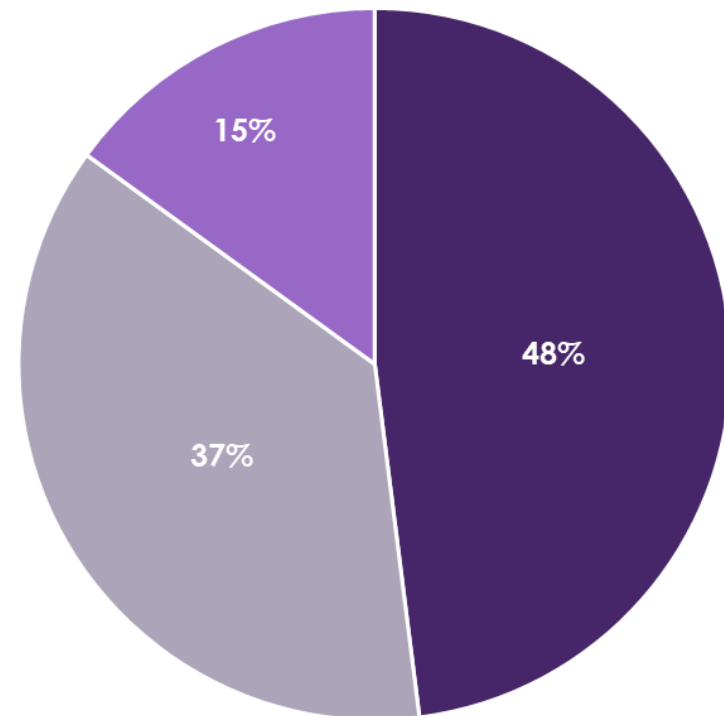


Total Financial Services Revenue Mix by Type



- Mortgage Fees
- Life & General Insurance Fees
- Other Fees

Financial Services Revenue Mix by Channel



- Intermediary Network
- D2C - Estate Agency
- D2C - New Build Home

Financial Services

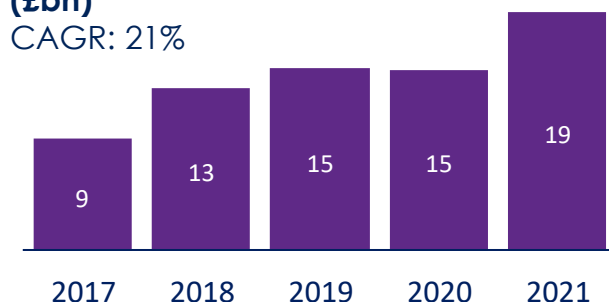
Financial Services profit growth during a period of investment in Mortgage Gym, TPGF infrastructure/contract win and establishment of Pivotal Growth



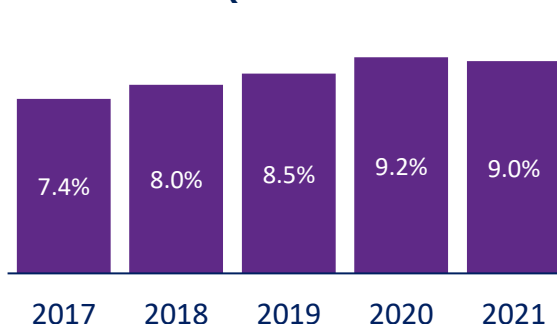
- Material H1 revenue growth, less marked than other Divisions as Financial Services less impacted by COVID-19 in 2020
- Total gross mortgage completions increased by +32% to £19.3bn. Total share of mortgage market lending of 9%
- Continued adviser growth with a strong pipeline of new advisers
- H1 focus on Direct to Consumer – Estate Agency with TPGF contract signed and £0.8m additional income from third party channels including independent estate agencies
- Investment initiatives in period with additional costs charged of c.£1.7m in H1 and further investment planned in H2

FS H1 P&L (£m)	2021	2020	Change
Total Revenue	39.1	28.1	39%
Underlying Operating Profit (post COVID-19 costs)	7.8	4.6	68%
<i>Underlying Operating margin (post COVID-19 costs)</i>	20%	17%	350bps
Underlying Operating Profit (pre COVID-19 costs)	7.8	4.9	59%
<i>Underlying Operating margin (pre COVID-19 costs)</i>	20%	18%	250bps
KPIs			
LSL Mortgage Completion Lending (£bn)	19.3	14.6	32%
LSL Market Share	9%	9%	-
Total Advisers	2,744	2,431	13%
Annualised Premium Income (API) (£m)	32.5	25.6	27%

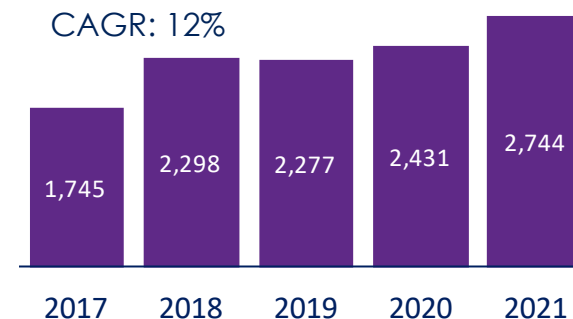
LSL Mortgage Completion Lending (£bn)
CAGR: 21%



Market Share (exc. Product Transfers)



Adviser Numbers
CAGR: 12%



LSL

Surveying & Valuation

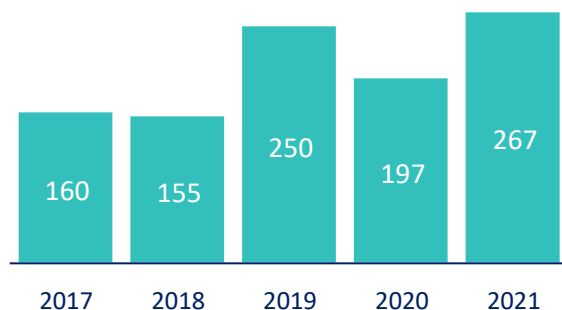
Agile and effective response to increasing demand and delivering improved margins



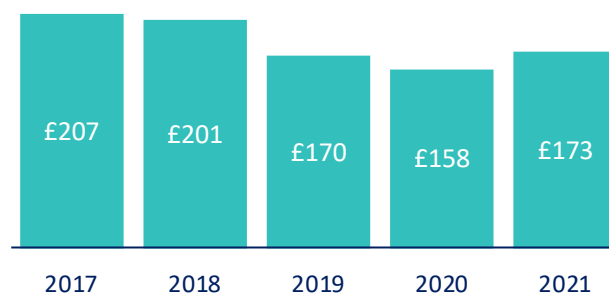
- High quality of service maintained in very busy market
- Margin benefited from increased surveyor utilisation & income per job, and restructuring programmes
- Surveyor numbers broadly maintained, supported by graduates achieving AssocRICS status
- Continued progress in resolving historic PI claims (£1.1m exceptional PI release)

S&V H1 P&L (£m)	2021	2020	Change
Total Revenue	46.2	31.1	48%
Underlying Operating Profit (post COVID-19 costs)	11.4	4.1	179%
<i>Underlying Operating margin (post COVID-19 costs)</i>	25%	13%	1160bps
Underlying Operating Profit (pre COVID-19 costs)	11.4	4.9	135%
<i>Underlying Operating margin (pre COVID-19 costs)</i>	25%	16%	910bps
KPIs			
Jobs performed (000's)	267	197	36%
Income per job (£)	173	158	9%
No. of Operational Surveyors	497	507	(2)%
PI Costs Provision at 30th June	(5.5)	(7.6)	28%

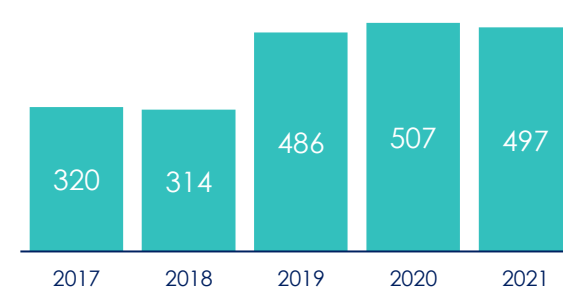
Jobs Performed



Income per Job



FTE Surveyors



Estate Agency

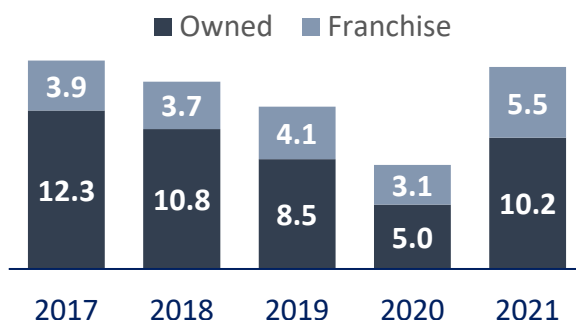
Increased market share with the increase in housing market activity continuing throughout Q2



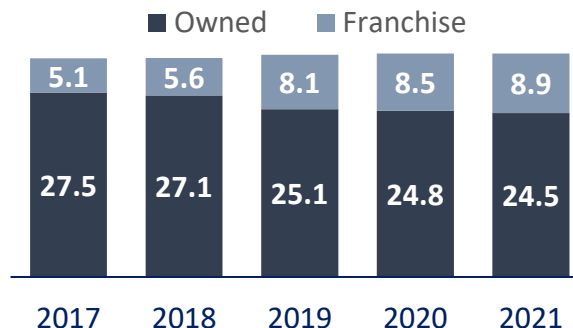
- Increased market share across core catchment areas
- Revenue up 46% with acceleration in Q2 ahead of the 30 June 2021 tapering of Stamp Duty relief deadline (Q1 +18%, Q2 +85%, record June 2021 Residential Sales activity)
- Average residential sales exchange fees per unit +7% (HPI and higher value property mix in lead up to 30 June deadline)
- Lettings revenue up 9.5%, more resilient and less impacted by COVID-19
- H1 focus on Direct to Consumer – Estate Agency with TPGF contract signed and additional income from third party channels including independent estate agencies

Estate Agency H1 P&L (£m)	2021	2020	Change
Residential Sales Exchange Income	40.4	18.6	117%
Lettings Income	30.1	27.4	9%
Financial Services Income	3.2	4.5	-29%
Franchise income	1.4	0.7	93%
Conveyancing & Other	4.4	2.5	79%
Asset Management	1.7	2.0	-15%
Total revenue	81.2	55.7	46%
Underlying Operating Profit (post COVID-19 costs)	12.5	2.4	422%
<i>Underlying Operating margin (post COVID-19 costs)</i>	15%	4%	1110bps
Underlying Operating Profit (pre COVID-19 costs)	12.5	4.1	202%
<i>Underlying Operating margin (pre COVID-19 costs)</i>	15%	7%	800bps
KPIs			
Branch numbers (owned & franchise)	355	356	-0.3%
Exchange units	10,158	4,985	104%
Average Residential Sales Fee (£)	3,980	3,730	7%

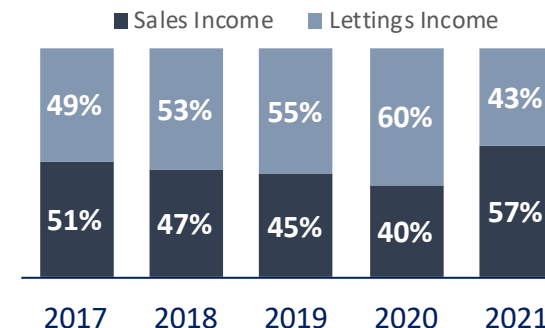
Exchange Units ('000s)



Managed Properties ('000s)



Residential/Lettings Income



Balance Sheet

Strong and flexible balance sheet, boosted by disposals positioning us to make further investments to secure out strategy

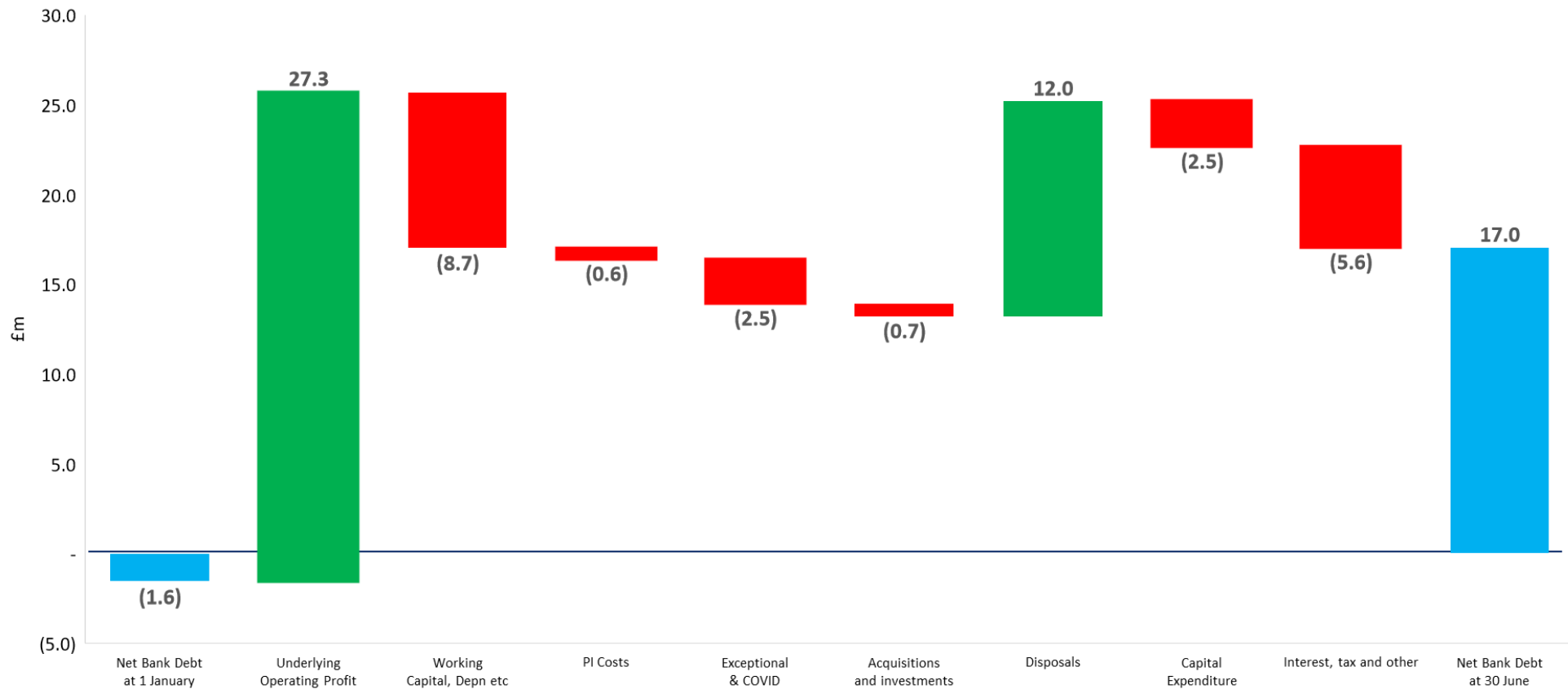
- Net Cash reported for the first time since IPO
- Disposal of Investments in May and July for total proceeds of £41m (H1 2021 LSL share of profits £1.4m)
- Net Cash at end of July 2021 of c.£43m
- Prudent approach to balance sheet management with significant Regulatory Capital Buffer in the Financial Services Division
- RCF facility in place to May 2024 (£90m)

Balance Sheet (£m)	2021	2020
Net Cash / (Debt) (reported)	17.0	(12.7)
Net Cash / (Debt) (underlying)	11.0	(45.6)
<i>Gearing ratio (underlying)</i>	<i>n/a</i>	0.91X
FCA Capital Requirement	5.0	5.2
Regulatory Capital Buffer	292%	204%
PI Costs Provision	5.5	7.6
Deferred & Contingent Consideration	(5.9)	(5.5)
Financial Assets & JVs	8.0	21.8

Cash Flow

Profits turn into cash: strong operational cash-flow and conversion of Underlying Operating Profit consistently over 100%

Underlying Cash Flow Conversion: 100%



Agenda

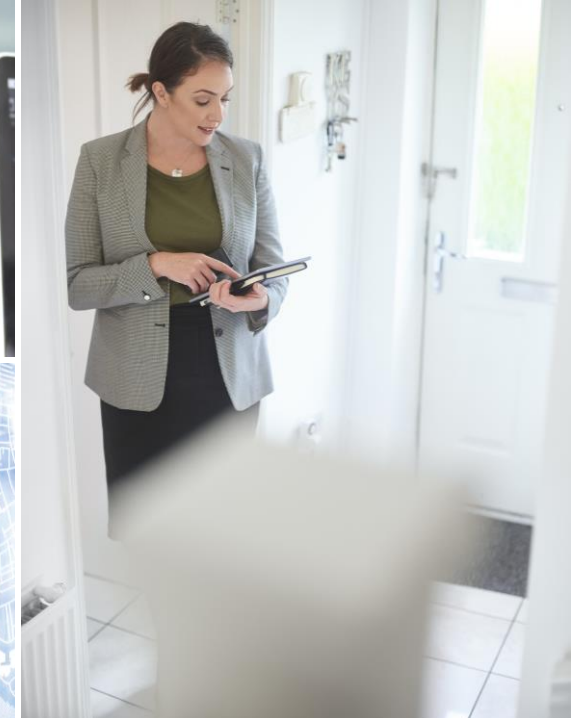
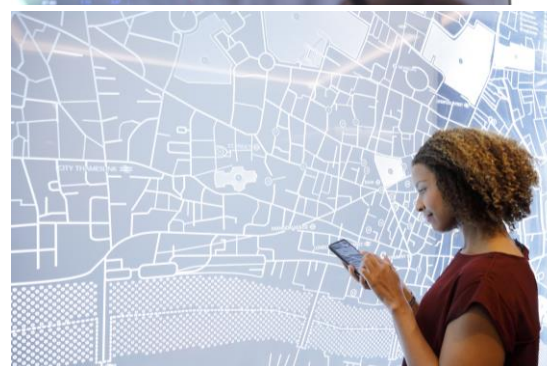
Financial Highlights 4

Strategy Recap and Progress 6

Financial and Operating Performance 10

Summary and Outlook 21

Appendix: 2019 – 2021 24



Summary

- Substantial and demonstrable progress in implementation of stated strategy
- Significant organic and inorganic growth opportunities across the Group to create value for shareholders
- Well-positioned in Financial Services to capitalise on leading market positions
- Sale of non-core holdings in LMS and TM Group for a combined £41m
- Strong balance sheet with net cash position for first time since IPO positions Group to make further investments in line with its strategy
- Further strengthened management team with appointments of Group COO and, in Financial Services, new CFO and Head of Customer Direct
- Integration of technology investments in Mortgage Gym and DL&PS on track
- Pivotal Growth established and execution of The Property Franchise Group partnership on schedule
- Will continue to update market on plans to enhance performance of existing business and exploit further new opportunities



Outlook

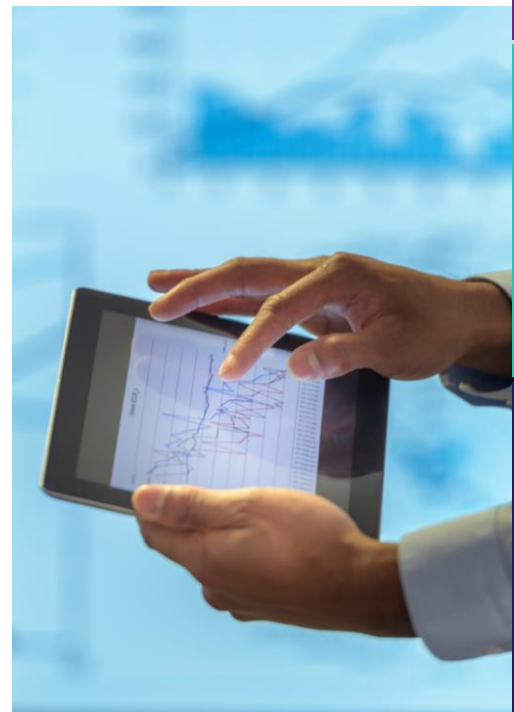
- Likelihood of reduced H2 activity below recent record peaks
- H1 2021 Operating Profit slightly ahead of expectations
- At 2020 Prelims, recommenced guidance with improved growth profile
- Confident that full year profit outturn will be in line with our expectations, substantially more H1 weighted than in previous years
- July trading in line with expectations, with markets slowed since the 30 June Stamp Duty deadline as expected
- Housing market activity in 2022 expected to be lower than 2021
- Growth to come from further underlying performance improvement
- Significant opportunities in Financial Services as well as new income streams identified in Surveying and Valuation Services



Group



Financial Services



Surveying

Estate Agency

Agenda

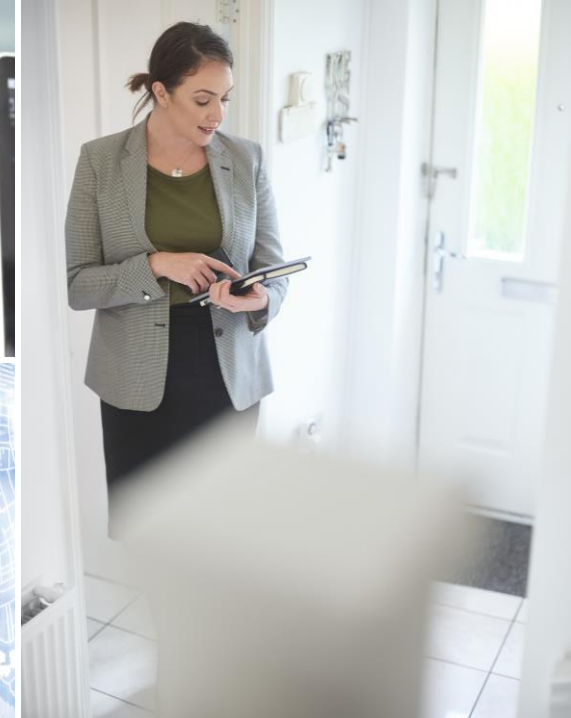
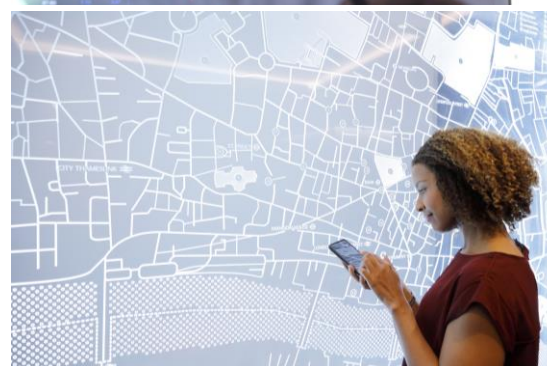
Financial Highlights 4

Strategy Recap and Progress 6

Financial and Operating Performance 10

Summary and Outlook 21

Appendix: 2019 – 2021 24



Financial Highlights H1 2019-2021

H1 P&L (£m)	2021	2020	2019
Group Revenue	166.5	114.9	154.1
Group Underlying Operating profit (post COVID-19 costs)	27.3	9.7	12.2
<i>Group Underlying Operating margin (post COVID-19 costs)</i>	16%	8%	8%
Group Underlying Operating profit (pre COVID-19 costs)	27.3	12.5	12.2
<i>Group Underlying Operating margin (pre COVID-19 costs)</i>	16%	11%	8%
Net Exceptional gains/ (costs)	2.7	(4.4)	(12.8)
Profit before tax	25.5	2.0	(4.6)
Adjusted Basic EPS (p)	20.9	9.4	9.0
Interim Dividend	4.0	-	4.0

Financial Highlights H1 2019-2021

H1 P&L (£m)	2021	2020	2019
Revenues			
Financial Services	39.1	28.1	34.3
Surveying and Valuation Services	46.2	31.1	42.7
Estate Agency	81.2	55.7	77.1
Group Revenue	166.5	114.9	154.1
Underlying Operating Profit			
Financial Services	7.8	4.6	4.3
Surveying and Valuation Services	11.4	4.1	6.3
Estate Agency	12.5	2.4	4.0
Unallocated	(4.5)	(1.4)	(2.5)
Group Underlying Operating profit (post COVID-19 costs)	27.3	9.7	12.2
Financial Services	7.8	4.9	4.3
Surveying and Valuation Services	11.4	4.9	6.3
Estate Agency	12.5	4.1	4.0
Unallocated	(4.5)	(1.4)	(2.5)
Group Underlying Operating profit (pre COVID-19 costs)	27.3	12.5	12.2

Disclaimer

- This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, LSL undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. LSL and its Directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.
- Any forward-looking statements in this document speak only at the date of this document and LSL undertakes no obligation to update publicly or review any forward-looking statement to reflect new information or events, circumstances or developments after the date of this document.