

Half Year Results

for the half year ended 30 June 2023

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CEO intro

Background

Experienced global General Manager with focus on B2B2C and product/data-centric businesses

Investor and board member of technology companies at different stages

What have I spent time on?

Met all the teams & business operations

Customer meetings

Current real estate industry & macro, given inflation dynamics

What are key impressions?

Superb brand and business position; clear compounding effects and resiliency built in

Impressive operations and team; high-quality mindset, strong delivery capabilities & leaders

Long development runway in existing core business; clear growth opportunities

Half Year 2023

Highlights



Key Performance Indicators – H1 2023

Revenue

+10%

Revenue up to £179.5m
(2022: £162.7m)

ARPA¹

£1,411

Up £121 (9%)
(2022: £1,290)

Membership¹

19,116

(30 Jun 2022: 18,934)

Underlying Profit²

+9%

Underlying Operating profit
£133.2m (2022: £122.4m)

Underlying EPS³

+6%

Underlying EPS 12.5p
(2022: 11.8p)

Dividend

3.6p

Dividend per ordinary share
(2022: 3.3p)

Cash returned⁴

£97.6m

(2022: £100.3m)

Site traffic⁵

1.4bn

Time in minutes spent on site;
(2022: 1.5bn; 2019: 1.1bn)

⁵ Sources: ¹ For Agency and New Homes customers ² Underlying operating profit is operating profit before share based payments charges and related national insurance. ³ Underlying EPS is underlying profit (profit before share-based payments charges including the related National Insurance and appropriate tax adjustments) divided by the weighted average number of ordinary shares in issue for the period. ⁴ Cash returned to shareholders include dividend paid and shares bought back during the year ⁵ Source: Google Analytics

Progressing our ESG agenda

Environmental

- Publication today of our **2023 Greener Homes Report**
- Uses our unique data to provide thought leadership & insight to consumers, government, lenders, landlords and industry partners
- Launched internally our **Go Greener** initiative, with ambition to play an active role in driving industry transition efforts
- Good progress with our own emissions reduction efforts: SBTi near-term targets validated

Social

- Enhanced family-friendly employee policies implemented
- Conscious inclusion network formations and training rolled out to all employees
- Significant charitable commitment to Centrepoin't's Independent Living appeal
- Employee-led environmental group established to drive low-carbon initiatives

Governance

- New Enterprise-Wide Risk Management Framework implemented with enhanced risk analysis and controls review
- New Supplier Management System and Supplier Code of Conduct implemented
- Accredited agent training programme to launch in H2

Insights from our data:

+59%

Increase vs 2019 in agents mentioning A-C rated EPC properties on Rightmove

+ £56,000

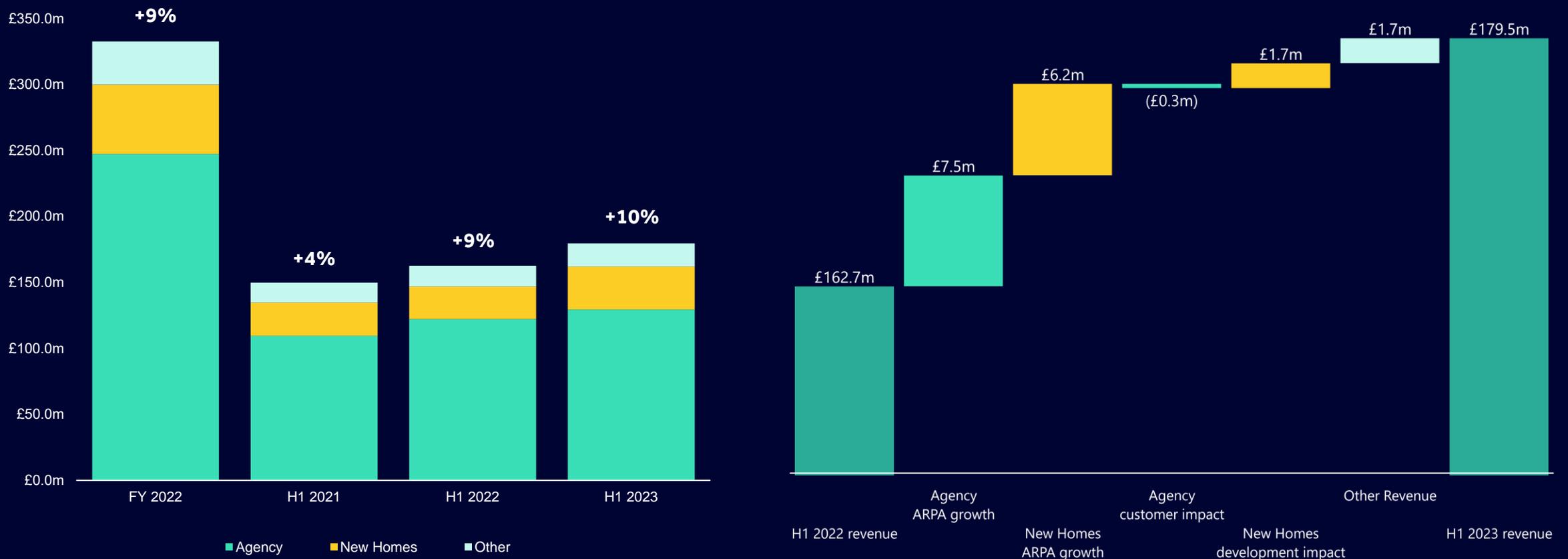
Sellers who have improved their home from an EPC rating of F up to a C could command an average price premium of almost £56,000 (+15%)

Financials

Alison Dolan, CFO



Revenue up 10%; broad based growth



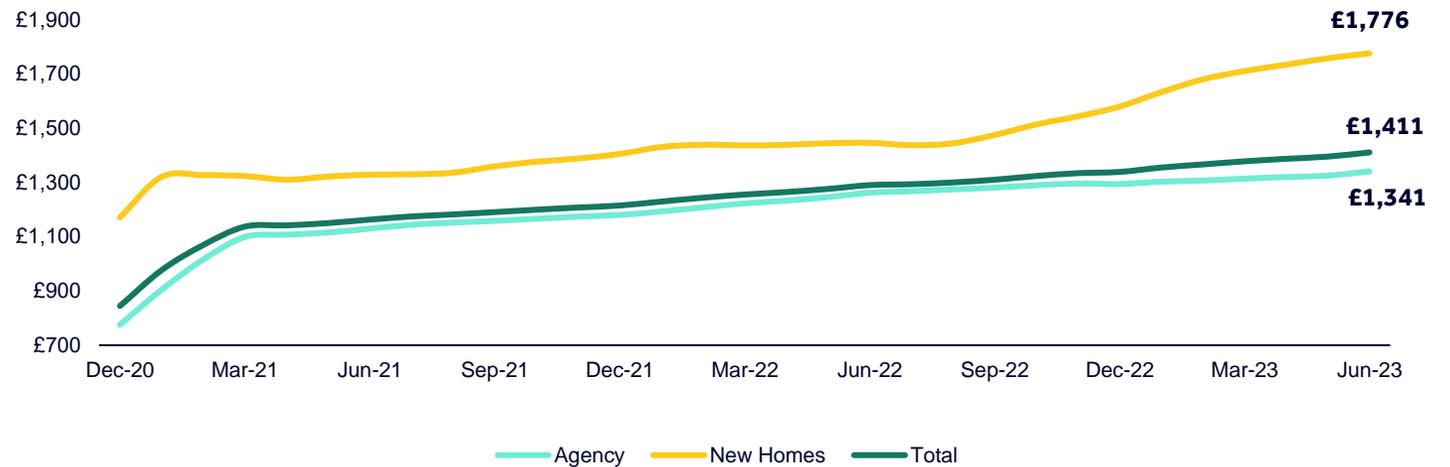
H1 ARPA growth fuelled by strong New Homes growth

- Total YTD ARPA up 9% on H1 '22
- Record H1 New Homes growth of £330; up 23% on H1 '22
- Agency ARPA growth of £79; up 6% on comparable period
- Full year ARPA growth of £97 already vs Dec '22 so expect to exceed previous guidance of +£100

ARPA Growth to exceed FY guidance



6 month trailing monthly ARPA¹



¹: Average Revenue per Advertiser (ARPA) is calculated as revenue from Agency and New Homes advertisers in a given month divided by the total number of advertisers during the month, measured as a monthly average over the six-month period. For Agency and New Homes customers only.

Product accounts for c60% of revenues

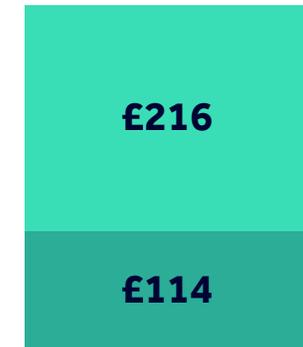
- New Homes upgrades to Advanced underpinned by contract renewals for developers
- Increased product uptake in Agency
 - Increased revenue 12% from Vendor Lead Generation products
 - Branding products remain most popular
- c80% Agency contract renewals now completed successfully

Product uptake has driven ARPA growth



New Homes

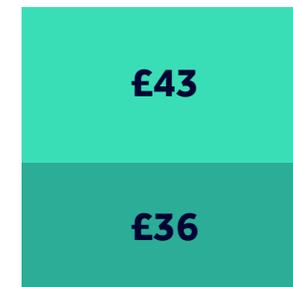
+£330



■ Contract renewal ■ Product upgrades

Agency

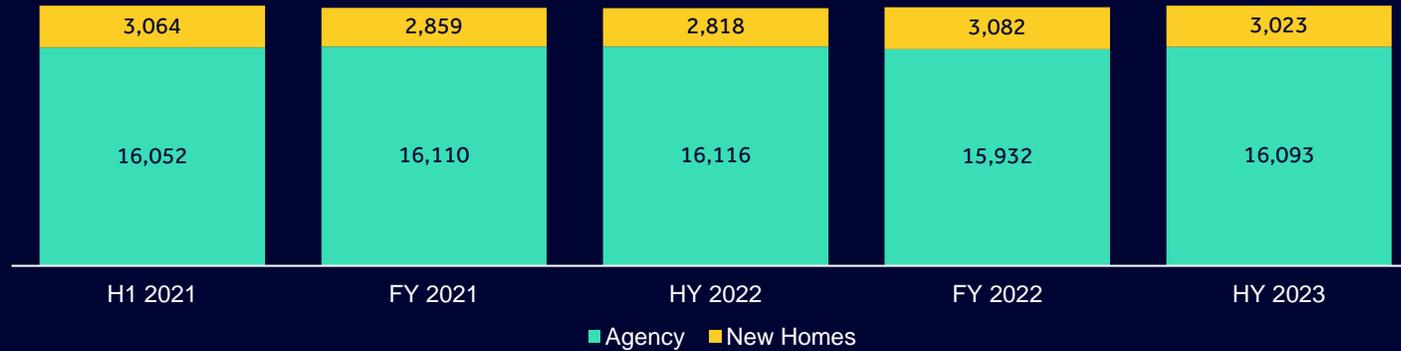
+£79



■ Contract renewal ■ Product upgrades

Customer Numbers stable

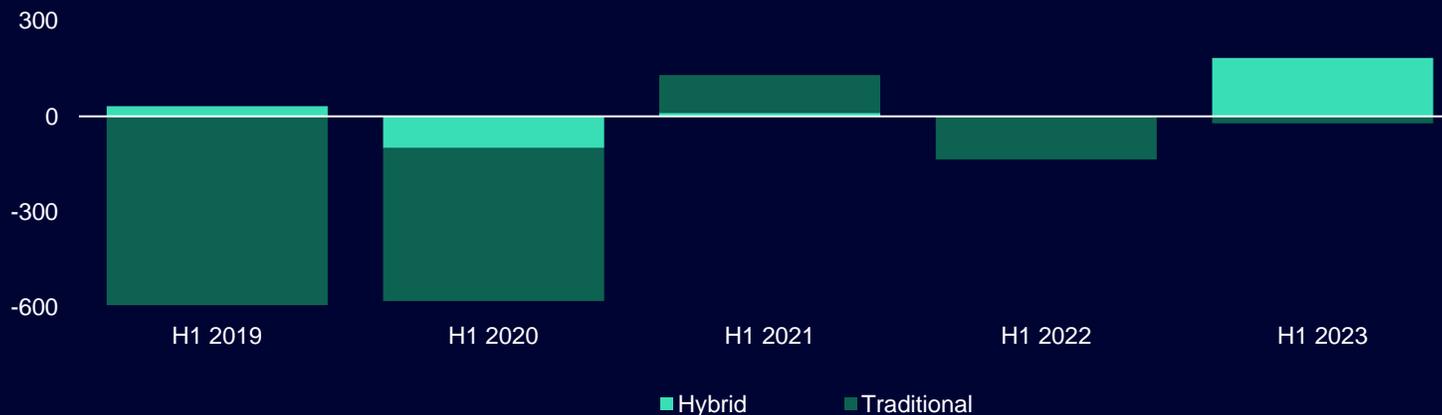
Agency and New Homes



- Continued strong Agency retention, 95%, as agents continue to see Rightmove as crucial to their marketing needs

- Higher stock levels led to an increase in hybrid branch numbers in H1

Increase in Hybrid agent numbers in H1



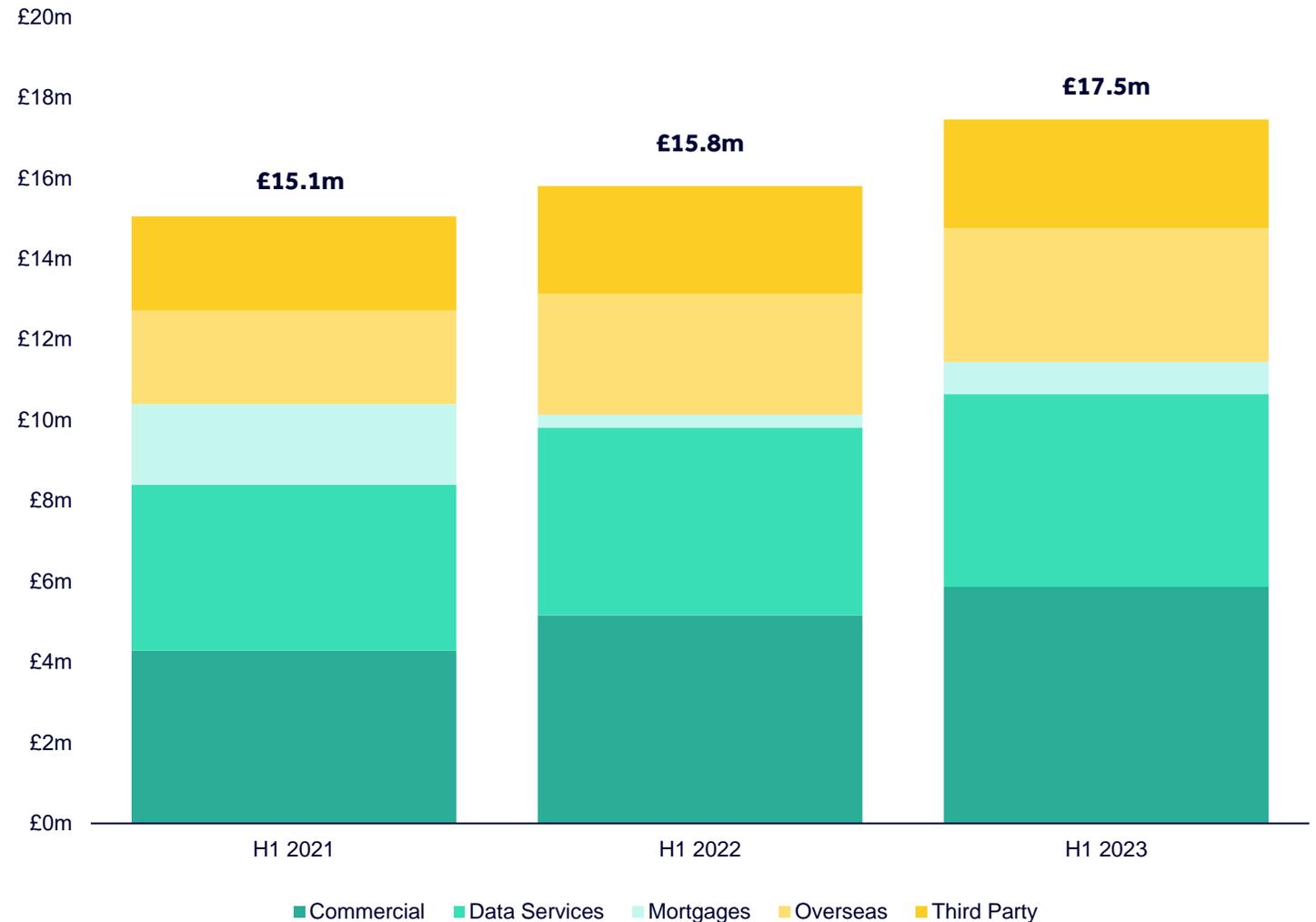
- Good progress with both Agent Accelerator and Essential Extra

- Rightmove remains the only place to find virtually the whole of the UK property market in one place

Other business units also grew strongly

- Commercial revenue has grown 14% YoY. Commercial customers up 13%
- Mortgage revenue up 150% to c£1m for H1
- Broke record of daily Mortgage in Principle submissions five times in the last month
- Data Services flat growth YoY; expect low double digit growth H2
- Overseas 11% growth and 3rd Party 1%; both experiencing challenges in their own markets but still seeing modest growth

Other revenue has grown 11% YoY

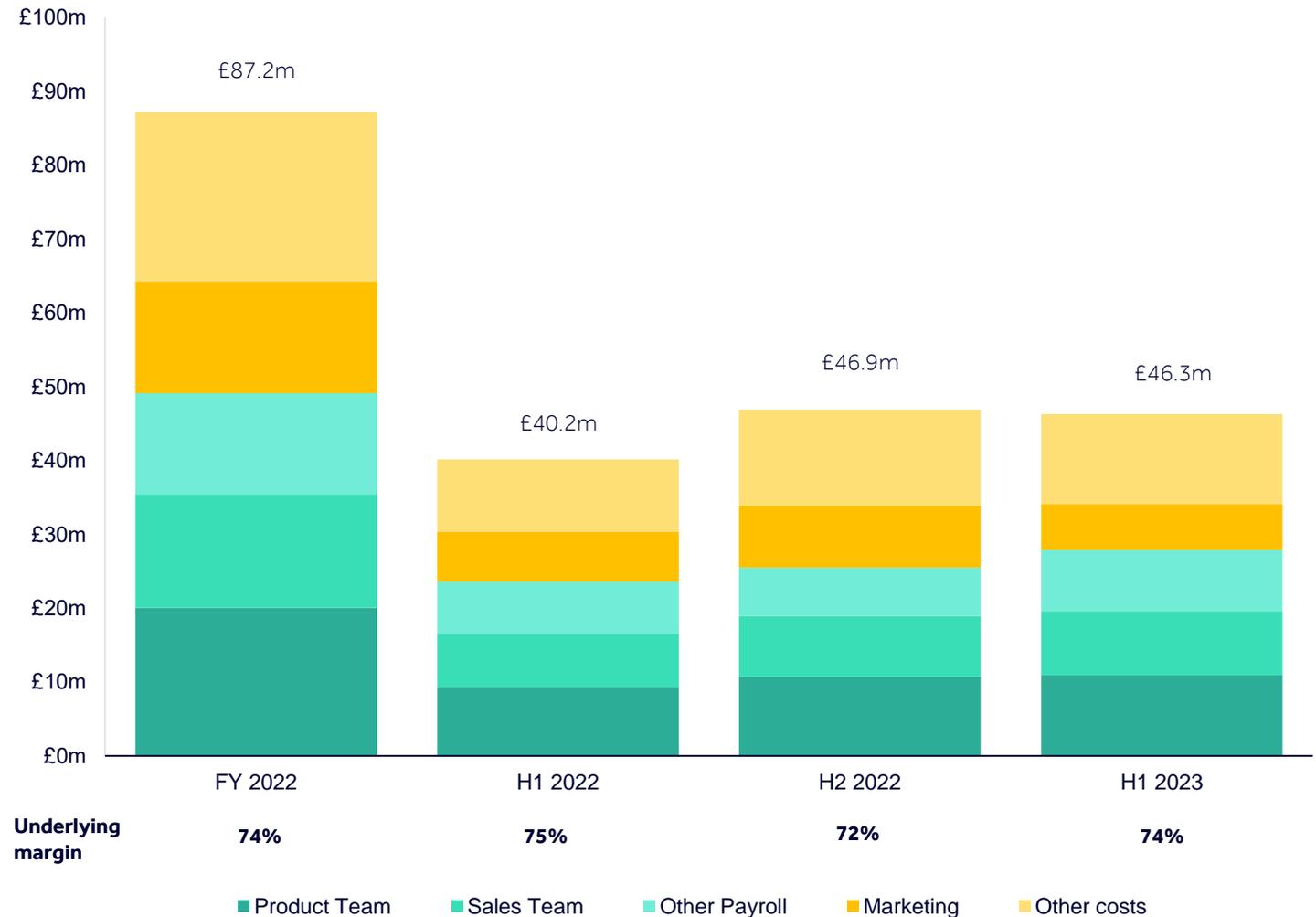


Note: in 2022 Rightmove transitioned mortgages from an advertising to a commission based model, which reduced revenue in the first year.

H1 2023 costs up 15% vs H1 2022; flat vs H2 2022

- Continue to recruit successfully into Product Development teams: 41 new heads
- H2 2022 costs will reflect:
 - Slightly increased marketing spend due to usual H2 weighting
 - Increased payroll costs due to ongoing recruitment, particularly as we grow Product Development & Data teams
 - No repeat of pulling forward salary increases – which will return to January 1
- Continue to expect full year margin c73%

Underlying Operating Costs¹



1. Costs are excluding share based payments charges and related national insurance and net finance costs 2. Other payroll costs are mainly Marketing and Support Function people costs eg finance, legal, customer service

- Cash generated from operating activities of £131.7m (June 2022: £122.1m)
- Operating cash conversion⁽²⁾ of 102% (2022: 101%)
- Effective rate of Corporation Tax: 23.7% for FY 2023
- Share buy back programme will resume in August
- Interim dividend to increase by 9% to 3.6p (2022: 3.3p)

Cash bridge¹



1. Cash includes money market deposits 2. Cash generated from operating activities of £131.7m (2022: £122.1m) compared to operating profit as reported in the income statement of £129.5m (2022: £121.3m). 3. The difference between the blended standard rate of 23.5% and the Group's effective rate of 23.7% as at 30 June 2023 is attributable to the impact of the deferred tax in relation to the share based incentives.

Financial Outlook

2023

Strong first half revenue performance expected to continue in H2

Full year ARPA growth £100+

Cost growth as expected and 2023 margin guidance of 73% remains

2024 and beyond

Modest increase in investment from 2024 to accelerate both revenue and profit growth

We will maintain an underlying operating margin of 70-72%

Capital returns policy unchanged

Investor day to be held on 27th November

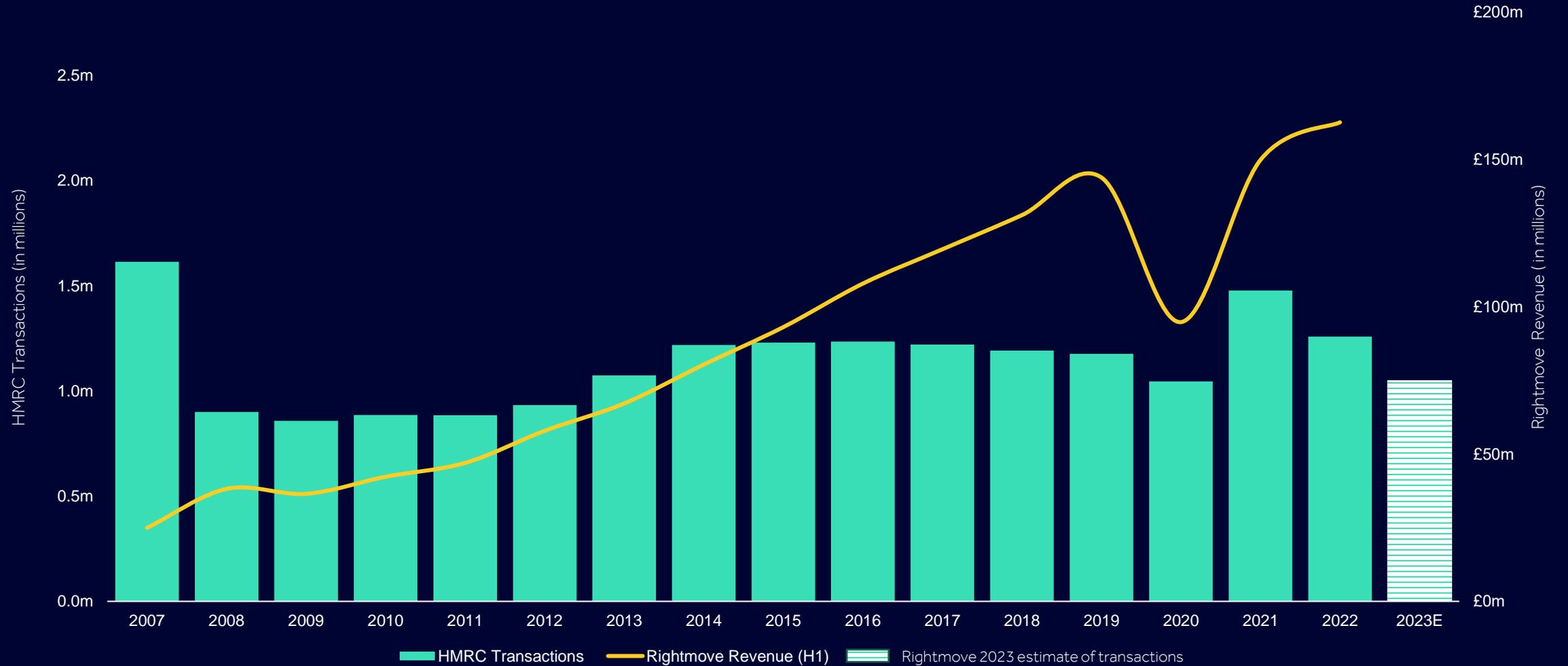
The Board remains confident of Rightmove's outlook for 2023 and beyond

Housing Market Update

Johan Svanstrom, CEO



Through economic and housing market cycles, Rightmove shows growth



Property market remains active in spite of rapid rate rise

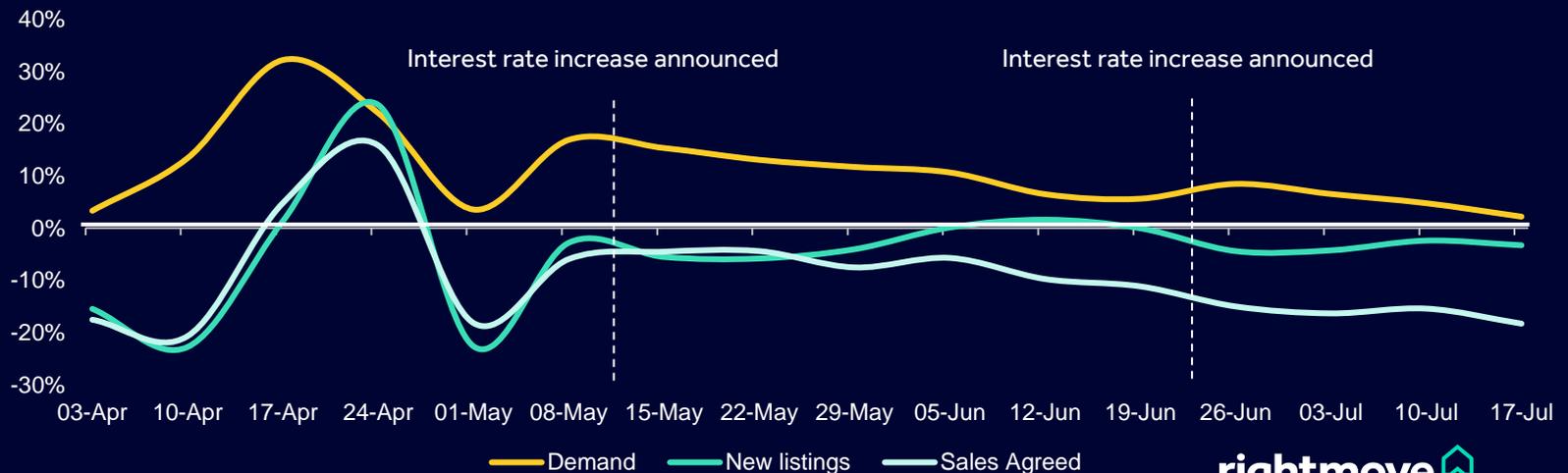
New listings and demand vs June 2019



- Demand is up around 2% vs 2019 as homehunters continue to enquire on properties
- New listings remain broadly on par with 2019 levels; up 2% vs 2022

- Sales agreed 18% down having previously in Spring come back to 2019 levels
- The average time to find a buyer of 55 days compares to 62 in 2019 as the market remains active, but is up from 33 in July 2022
- Available stock at 0.9m; down 15% vs 2019 but up 10% vs 2022

April – July period: New listings, demand and sales agreed indexed vs 2019



The property market is adapting to the change in market dynamics

Number of price reductions for Sales Agreed, Sales Agreed transaction volumes and Rightmove House Price indexed to July 2019



- Property market is resilient and adapts to find its equilibrium of supply, demand and pricing
- House prices remain 20% higher than 2019, but roughly flat to 2022
- UK a strong cash market base, around 40% of transactions completed without a mortgage
- Government announced in June a new Mortgage Charter working with lenders to actively support mortgage holders

Rental market remains challenging for agents, tenants and landlords

Rental Supply and Demand, indexed to January 2019



- Rental demand continues strongly, while lack of supply see rental increases of 36% since January 2019
- More than double the number of leads per property are sent to Rental agents versus 2019
- Lack of supply-issues worsening, with Buy To Let landlords facing continued legislative and financing challenges
- Many Lettings agents however seeing solid revenue due to strong demand and rents-driven increases on property management book

Business & Strategic update

Johan Svanstrom, CEO



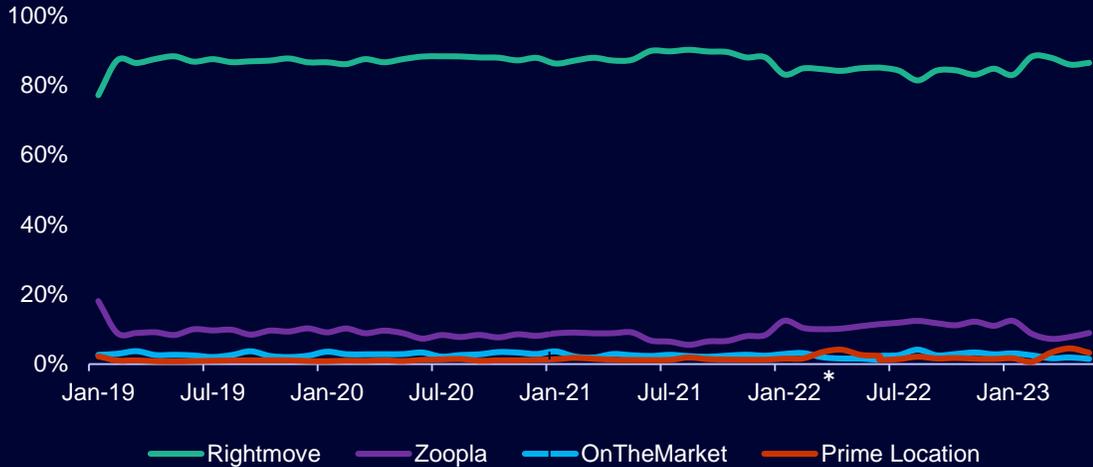
Source: information to go here

We are on a path of accelerating Product innovation



We remain the place consumers turn to first and engage with most

Market Share of top 4 property portals¹

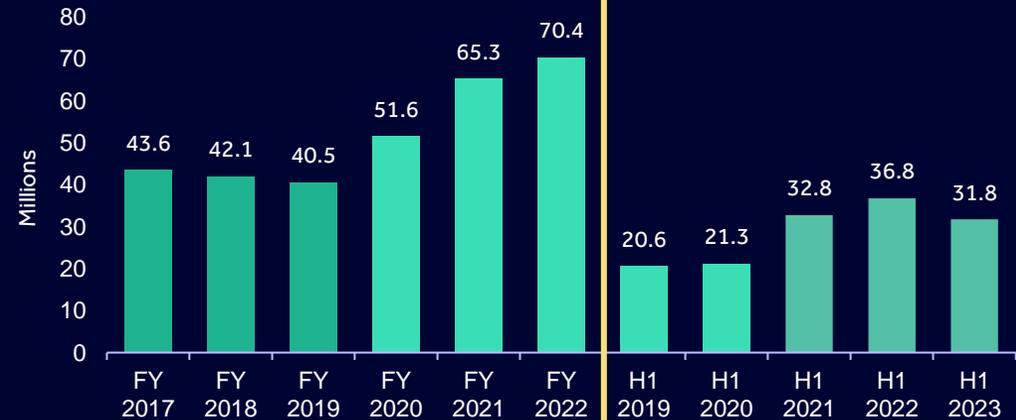


- Strong market share at 86%, up from Dec-2022 when 85%
- Time on-site and visits down 7% YoY but both well above pre-pandemic levels; 27% and 45% respectively
- Leads up over 50% from pre-pandemic levels

Visits and Time²



Leads²



* Comscore methodology change

Source: 1 Time in minutes spent on Rightmove platforms, relative to our nearest competitors. Comscore MMX® Desktop only + Comscore Mobile Metrix® Mobile Web & App, Total Audience, Custom-defined list of Rightmove Sites, ZOOPLA.CO.UK, PRIMELOCATION.COM, ONTHEMARKET.COM, BOOMIN.COM January 2019 - June 2022, United Kingdom 2. Google Analytics & Rightmove

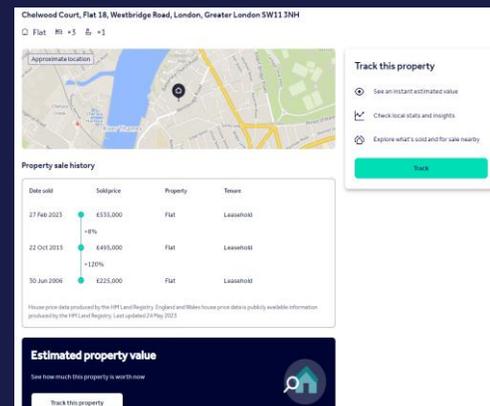
Driving increased engagement, data capture and relevancy

2023 innovation to date :

- 3x YoY increase in richer data profile capture from signed-in consumers – from which we can produce relevant information and products
- Strong sequential growth of mortgage-in principle (MiP) applications; Joint Applicant Mortgages now live
- Successful start of Track A Property – a valuation indication tool of high interest in current market
- Ramping up fully digital flows for Renter Home services sales (e.g. insurance and broadband)

Track A Property highlights:

- Leverages large data and unparalleled archive of 16.4m properties to automate property value estimates
- Currently 1k consumers per day signing up, and increasing
- Provides further consumer value from Rightmove and deepens Rightmove consumer insights
- Displaying a valuation range reinforces how we and consumers then lean on agents' final valuation and local expertise



Why are you interested in:

9, Oxendon Court, Leighton Buzzard, Central Bedfordshire LU7 3HD

- I'm the homeowner 28%
- I'm the landlord
- I'm the tenant
- I'm interested in buying this property
- I'm interested in renting this property
- I'm just curious
- Prefer not to say

Next

By answering this we'll personalise your experience with us, unless you click "prefer not to say". You can update your answers at a later date.

Final step!

Do you have a mortgage for this property?

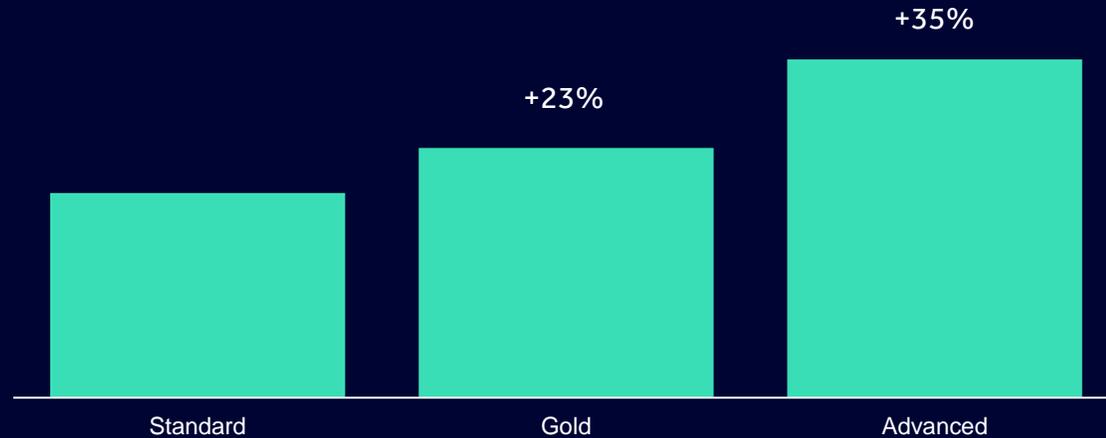
- I own the property outright 11%
- I have a mortgage 64%
- Prefer not to say 26%

Next

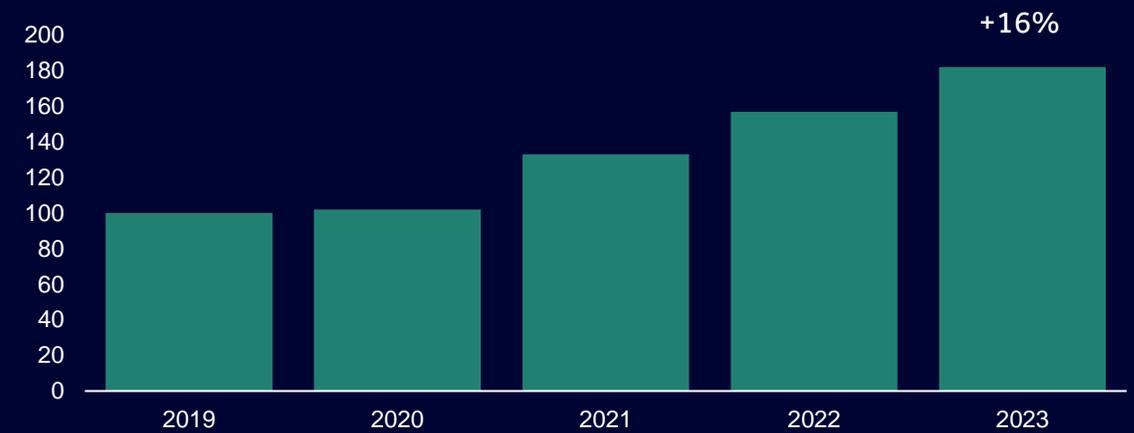
By answering this we'll personalise your experience with us, unless you click "prefer not to say". You can update your answers at a later date.

Our products continue to help customers succeed in the market

Buyer leads per development per New Homes package in June



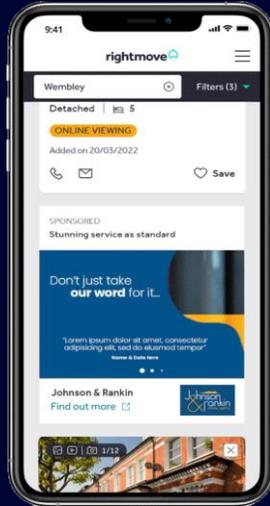
Agency Valuation product Vendor leads indexed to 2019



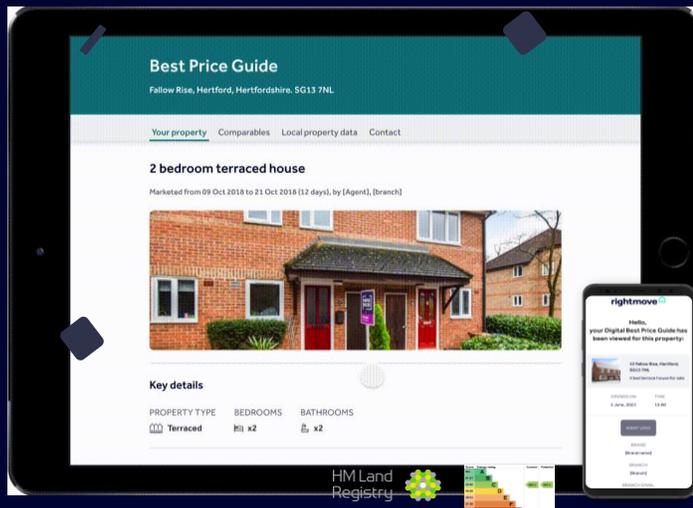
- Both in New Homes and Agency our products are delivering what our customers want; buyer leads and vendor leads
- Our premium New Homes package Advanced, generates +35% more buyer leads than the next package down
- Our Agency Local Valuation Alert and RM Discover products delivered a 16% increase in vendor leads YoY

Launch of Optimiser Edge – new top end package for Estate Agencies

Native Search Adverts



Premium Price Guide



Optimiser Edge comes with two exclusive products:

1. Native Search Adverts allows customers to

- Do branded advertising on the most viewed page on Rightmove
- Sellers can interact with a swipe-able carousel & video content
- Dynamic targeting allowing customer branding to be always present during the search

2. A Digital Premium Price Guide enhances our most popular report, the Best Price Guide, and allows customers to:

- Receive email notifications and alerts when sellers interact digitally with the Premium Best Price Guide
- Agents can view, edit and share for 12 months in a centralised dashboard
- We add data insights into the report from Rightmove listings and external sources with what the agent cares about most

In New Homes, growth to continue from product adoption

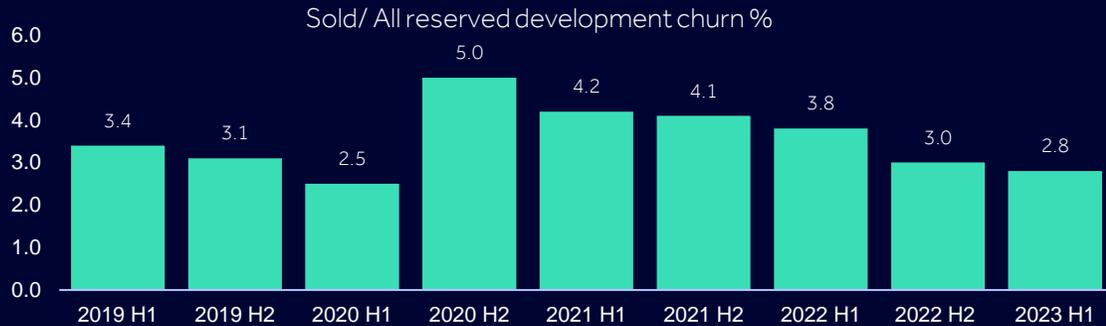
Growing revenue through continued product adoptions



Growing ARPA once upgraded



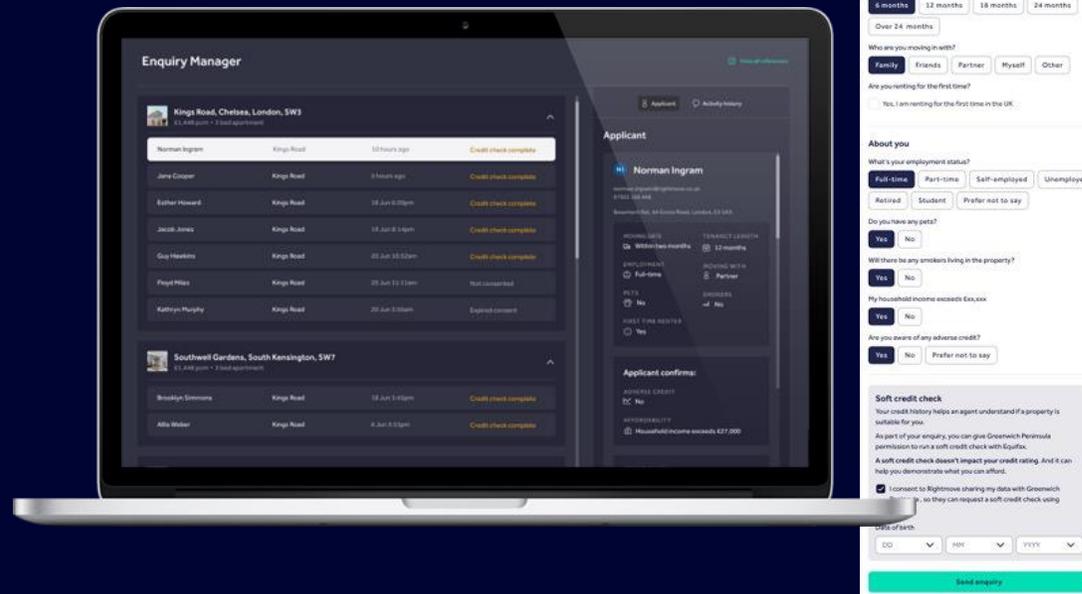
Developments advertising onsite for longer, with churn rate lower than pre-pandemic levels



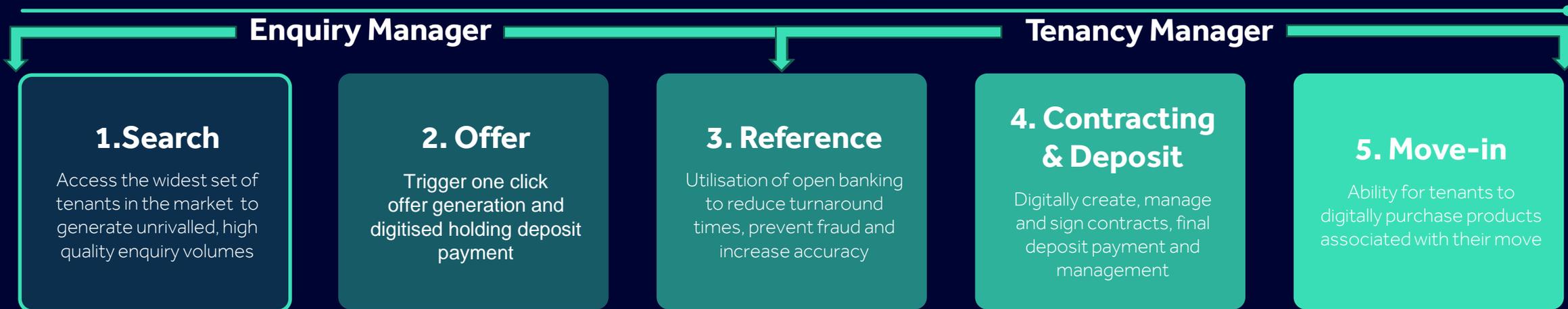
- YoY increase from 31% of developments to 49% on the top new Homes package, Advanced
- Penetration of Native Search Adverts still at less than 1/3rd of developments
- ARPA continues once upgraded as developer chooses to purchase more product – 21% YoY
- As developments have taken longer to sell out, they stay on-site longer, with churn due to site-sold near historic low levels

Growing the product set for Lead to Keys - spanning consumers & customers

- We added Enquiry Manager to the Search stage, an efficiency tool that pre-qualifies leads for agents who see on avg 25 leads/listings
- Streamlines qualification stage and allows agents to request a one-click reference
- Agents have received 30k pre-qualified leads in our short trial period saving an estimated 11,000 hours of admin



Lead to Keys



Generative AI: A big opportunity for Rightmove

Machine learning and AI usage already at work

Robotics Process Automation (RPA):

- RPA implemented in 2020
- Estimated to have saved 2k hours of work across Customer Support and Digital Marketing in H1 '23

Machine learning :

- Classification model that predicts probability of a consumer submitting a Mortgage in Principle ; using large behavioural data sets from on-site and CRM signals
- Data science models applied in Data Services product suite

Image detection

- Automatically process 600k+ images per day for quality, approvals and optimisation

Approach to Generative AI technology

- Exploring most important use case areas and impact potential
- Considering production-grade scale, data implications and regulatory landscape
- An enabler-technology where we identify great potential for Rightmove:
 - Leveraging by far the largest data set in the industry
 - Leveraging vendor software platforms where appropriate, avoiding wheel re-invention
 - Consumer search evolution
 - Customer product features and platform orchestration of capabilities
 - Velocity and productivity benefits for internal business operations, across many business functions (eg customer support, platform development, marketing)

Outlook

Strategic Outlook – in brief

Focus on UK property market

Expand RM's Platform and network effects significantly over 5-10 years; going after large revenue opportunity

Enable long term double-digit revenue and profit growth

Continue focus on the core Home Sales & Lettings segments and Customers

Deepen Consumer services and frequency of use

Pursue growth areas like Commercial Real Estate; established yet digitally underpenetrated

Accelerate further our Product & Data scale and signal universe

Take an active role in supporting the industry's green transition

Appendix

Income Statement

	6 months ended 30 June 2023 (£'m)	6 months ended 30 June 2022 (£'m)
Revenue	179.5	162.7
Operating costs (exc. share-based incentives charges)	(46.3)	(40.3)
Underlying Operating Profit	133.2	122.4
Underlying margin	74%	75%
Share-based payments charge	(3.7)	(1.1)
Operating profit	129.5	121.3
Margin	72%	75%
Net financial income/(expense)	0.8	(0.1)
Profit before tax	130.3	121.2
Income tax expense	(30.9)	(22.8)
Profit for the period	99.4	98.4
Basic Underlying EPS (in pence)	12.5	11.8
Basic EPS (in pence)	12.1	11.7
Effective tax rate	23.7%	18.8%

Balance Sheet

	As at 30 June 2023 £m	As at 31 Dec 2022 £m	As at 30 June 2022 £m
Property, plant and equipment	9.2	10.4	11.5
Intangible assets	22.0	22.1	21.7
Deferred tax assets	2.1	1.5	1.5
Total non-current assets	33.3	34.0	34.7
Trade and other receivables	31.8	26.6	22.6
Contract assets	0.8	0.5	0.4
Income tax receivable	-	0.6	0.9
Cash and money market deposits	43.2	40.1	43.9
Total current assets	75.8	67.8	67.8
Trade and other payables	(23.9)	(20.9)	(20.1)
Contract liabilities	(2.0)	(2.3)	(2.2)
Income tax payable	(0.7)	-	-
Lease liabilities	(8.3)	(9.6)	(10.6)
Provisions	(0.8)	(0.8)	(0.7)
Total liabilities	(35.7)	(33.6)	(33.6)
Net assets	73.4	68.2	68.9

Capital Structure

Share Capital	HY 2023 m	HY 2022 m	FY 2022 m
In issue at 1 January	837.4	859.7	859.7
Purchase and cancellation of own shares	(10.0)	(9.8)	(22.3)
Total issued share capital	827.4	849.9	837.4
Shares held in Treasury	(12.0)	(12.5)	(12.2)
Voting rights share capital	815.4	837.4	825.2
Own shares held by the EBT/SIP	(2.1)	(1.9)	(2.3)
Issued ordinary shares less shares held by Treasury/SIP/EBT	813.3	835.5	822.9
Weighted average number of shares	HY 2023 m	HY 2022 m	FY 2022 m
Number of shares brought forward	835.1	857.7	857.7
Less own shares held by Treasury	(12.2)	(12.4)	(12.5)
Effect of share buybacks	(3.4)	(3.8)	(10.0)
Effect of shares purchased	-	-	(0.1)
Effect of share-based incentives exercised	0.3	-	0.1
Number of shares used in basic EPS calculation	819.8	841.5	835.3
Dilutive impact of share-based incentives outstanding	2.0	1.6	2.2
Number of shares used in diluted EPS calculation	821.8	843.1	837.5

Key performance indicators

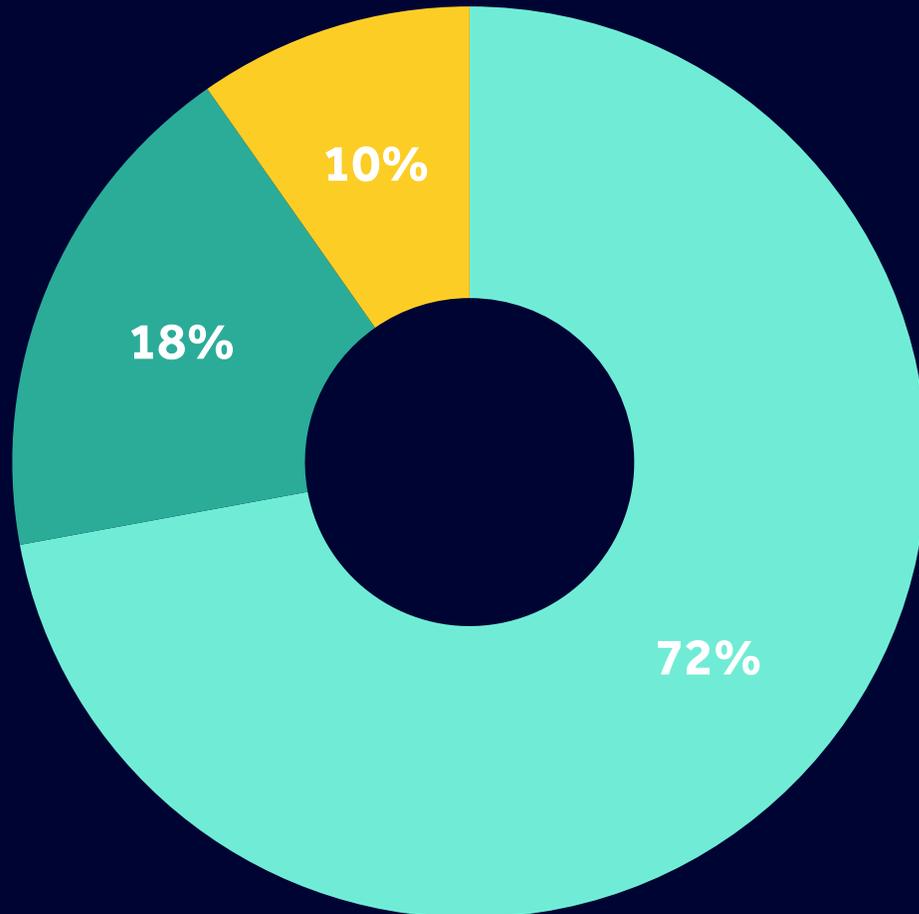
Period end membership	HY 2023	HY 2022	HY 2021	FY 2022	FY 2021
Agency branches	16,093	16,116	16,052	15,932	16,110
New Home developments	3,023	2,818	3,064	3,082	2,859
Total	19,116	18,934	19,116	19,014	18,969
Growth	1%	-1%	0%	0%	-1%

Agency	1,341	1,262	1,130	1,278	1,155
New Home developments	1,776	1,446	1,329	1,513	1,367
Total¹	1,411	1,290	1,163	1,314	1,189
Growth	9%	11%	63%	11%	53%

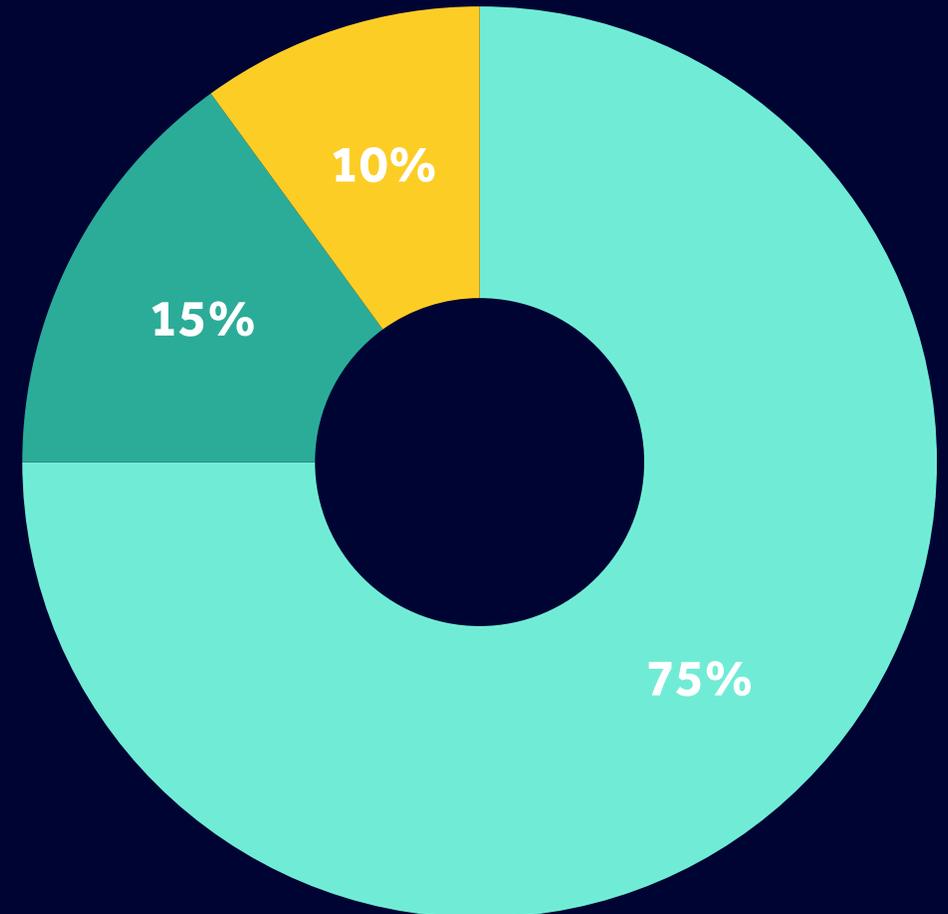
Period end membership	HY 2023	HY 2022	HY 2021	FY 2022	FY 2021
Agency (% of agents at start still listing at end of period)	95%	95%	95%	90%	91%
New Home developments (monthly churn rate)	4%	6%	6%	6%	7%

Revenue by business segment

H1 2023 Percentage of revenue

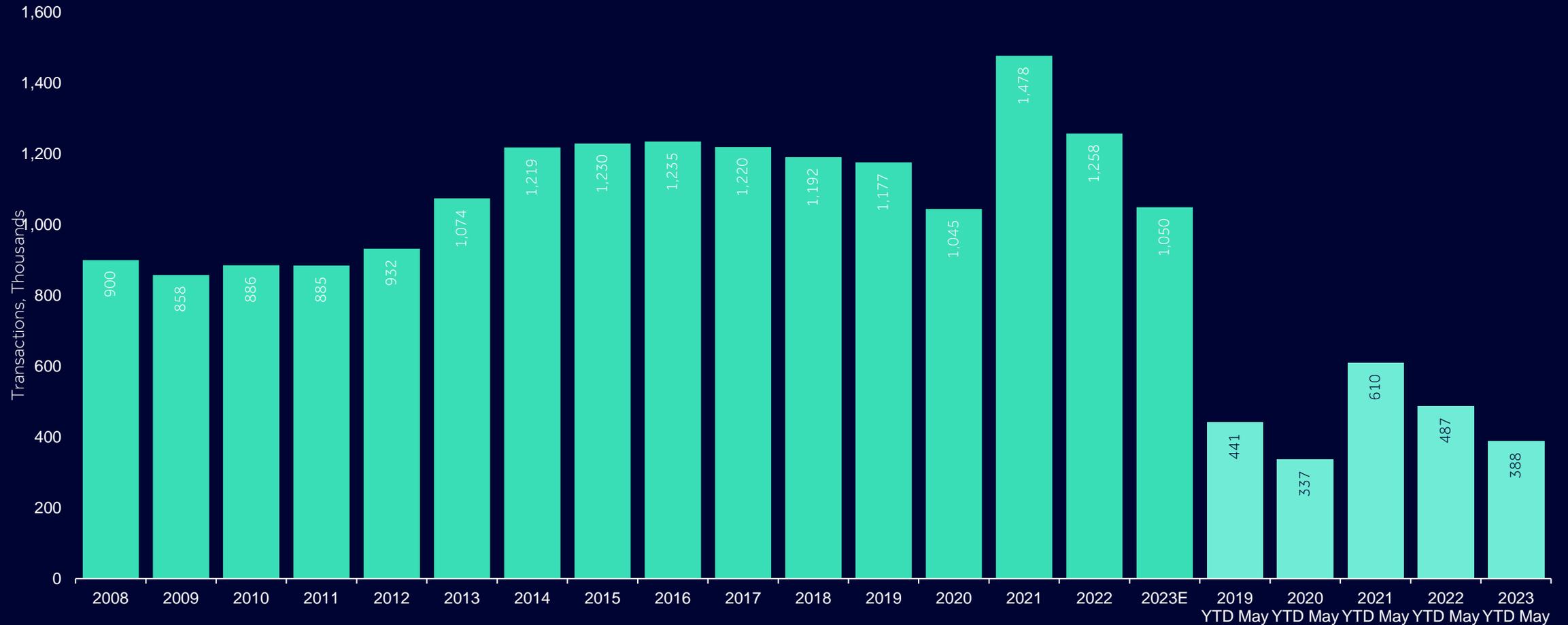


H1 2022 Percentage of revenue



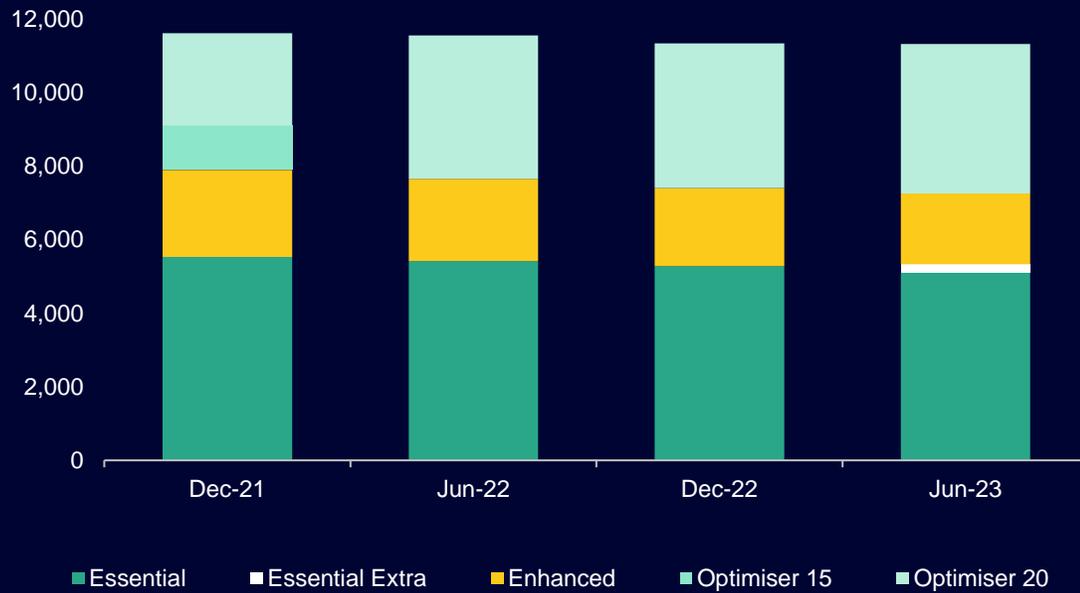
Agency New Homes Other

Housing transactions 2008-2023 (UK)¹



Package breakdown – H1 2023

Agency Packages



New Homes Packages

