BrightHouse

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14 June 2017

**BrightHouse Group plc (the "Company")**
**Unaudited preliminary FY 2016/17 results, update on current trading and business outlook in relation to Caversham Finance Limited trading as BrightHouse ("BrightHouse")**

This announcement provides bondholders with preliminary unaudited information on the Company's FY 2016/17 results, an update on current trading and the outlook for the business in its new regulatory and trading environment. This announcement together with the business update presentation is made available on the Company's website (www.brighthousegroup.co.uk).

**Full Year 2016/17**

Lower numbers of customer sign-ups and the consequent decline in the contract portfolio have been highlighted throughout the year during the quarterly updates by management. This has led to a marked reduction in pre-exceptional EBITDA as compared to the prior year, as expected. Pre-exceptional EBITDA for FY 2016/17 is £11.7m.

BrightHouse's cash balance has increased as the lower level of sign-ups has required the purchase of fewer rental assets while BrightHouse continues to benefit from the regular payments from existing customers. The cash generated during the period of lower sign-ups and currently on balance sheet will be required to acquire rental assets as sign-ups increase in subsequent years. Subject to audit, exceptional items in FY 2016/17 principally include an expected impairment of goodwill amounting to £75m, costs associated with a continuation of our affordability action plan and ongoing property commitments following store closures.

All numbers for FY 2016/17 are provided on a preliminary and unaudited basis.

| FINANCIAL SUMMARY | FY 2015/16 | FY 2016/17 |
|---|---|---|
| | | |
| **Profit & Loss (£m)** | | |
| Revenue | 370.7 | 320.1 |
| Gross Profit | 199.2 | 162.5 |
| EBITDA (pre-exceptionals) | 56.0 | 11.7 |
| Exceptional Items | (3.3) | (87.2) |
| **Cash Position (£m)** | | |
| Operating Cash flow | 55.5 | 69.0 |
| Capex | (16.6) | (15.1) |
| Year End Cash Balance | 41.4 | 77.8 |
| Of which restricted[1] | 10.0 | 6.0 |
| **KPIs** | | |
| Contract Portfolio (£m) | 560.1 | 403.8 |
| Expected Cash Conversion | 72.7% | 73.8% |
| Store Numbers | 312 | 283 |
| Gross Dues (£m) | 25.8 | 14.8 |
| Dues Base (£m) | 33.2 | 26.6 |
| Customer Base (000's) | 276.2 | 232.0 |

**Current trading**

Revenues in the first two months of the financial year were £45.7m, down 22% versus last year and £0.9m behind plan, primarily due to the absence of £1.1m of budgeted late fees during this period. New business from sign-ups in the stores is in line with the plan.

In the same period, pre-exceptional EBITDA was (£0.1m), behind plan by approximately £1.4m. This was principally due to a £2.2m shortfall attributable to the absence of late fees and the related issue of higher cost of bad debt.

The FY 2017/18 business plan assumed that late fees would be reintroduced from the start of April, contributing £6.5m of revenue and EBITDA over the full year. Further delays in the reintroduction would result in a greater proportion of the late fees being lost. Discussions with the FCA about the reintroduction of late fees are ongoing, and while we expect them to be reintroduced this year, there is no confirmed date for this.

[1] Predominantly related to cash held at Maltese Insurance Subsidiaries

The 29 store reduction in the retail estate has been completed as planned, with some two thirds of impacted colleagues from those stores being retained through redeployment into vacancies across the business.

**FCA authorisation and outlook for the business**

As announced on 6 April 2017, BrightHouse has received notification from the FCA that they are minded to authorise BrightHouse's business subject to a number of conditions being met. These include a refinancing or restructuring of the Company's existing debt and ongoing adherence to BrightHouse's business plan.

An outline of the financial metrics of BrightHouse's business outlook which underpin the expected future cash flow and earnings is set out in the business update presentation. The material impact of the reduction in business from sign-ups is expected to continue to affect the performance over the next two years, as terminating customer agreements entered into during the peak trading years of FY 2013/14 to FY 2015/16 exceed new agreements being taken out by BrightHouse customers. Consequently, the financial metrics show the Company is expecting to generate EBITDA lower than that of FY 2016/17 in both FY 2017/18 and FY 2018/19. As from FY 2018/19, new business from sign-ups is expected to start to exceed terminating agreements, leading to earnings growth from FY 2019/20.

We continue to have discussions with the FCA on the reintroduction of late fees, the recommencement of lending to temporarily excluded customer segments and our affordability action plan.

**For further information, please contact:**

BrightHouse Group plc
investor.relations@brighthouse.co.uk

NOTE: A bondholder call will be held at 14.00 (BST) on Wednesday 14 June 2017, with the dial-in details being available on the Company's website (www.brighthousegroup.co.uk).

**For financial media enquiries please contact Brunswick Group**

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**About BrightHouse**

BrightHouse is the UK's leading rent-to-own retail chain, providing quality branded domestic appliances, technology products and household furniture to customers on affordable weekly payments. A major employer in local communities, BrightHouse has some 280 stores nationwide and 2,800 colleagues.

Since 2010, BrightHouse has supported the NSPCC, the UK's leading children's charity that specialises in child protection and the prevention of cruelty to children.

More information about the business can be found on the BrightHouse Group website:
www.brighthousegroup.co.uk

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