

12 October 2017

BrightHouse Group plc (the “Company”)
Update on current trading and business outlook in relation to
Caversham Finance Limited trading as BrightHouse (“BrightHouse”)

Today the Company provides bondholders with an update on current trading for FY 2017/18 through to the end of September and a revised outlook for the business. This information is preliminary and unaudited and is provided to highlight headline trends. The Company expects to release its full second quarter results in November in line with its normal timetable.

This announcement together with the business update presentation is made available on the Company’s website (www.brighthousegroup.co.uk).

Current trading

Revenues and gross dues in the first six months of the financial year were c.£142.1m and c.£10.1m, respectively. While the number of sign-ups was behind plan, gross dues were c.16% ahead of plan driven predominantly by customers opting for shorter contract lengths. Pre-exceptional EBITDA was (£0.2m) over the period and was adversely impacted by the higher cost of bad debt from increased forbearance and a delayed reintroduction of late fees.

As previously disclosed, late fees were expected to contribute c.£6.5m of revenue and EBITDA over the full year FY 2017/18. As a consequence of the delayed reintroduction and the revised fee charging structure, income from late fees is now expected to contribute c.£2.6m to revenue and EBITDA over the full year.

BrightHouse continues to utilise its cash balance to deliver on plans to return the business to growth and cash utilisation for FY 2017/18 is in line with our expectations at the time of our 14 June 2017 business update. Rental asset purchase costs to date are higher as a greater proportion of agreements are based on new product sales as opposed to the Company’s refurbished products. Additionally, working capital has been adversely impacted, including by a higher VAT debtor following the unbundling of BrightCare.

However, lower capital expenditure for the year (as previously disclosed during our Q1 results) partly mitigate the additional cash usage described. The cash balance at the end of September was £56.7m.

FINANCIAL SUMMARY		6 months to September 2017
Profit & Loss (£m)		
	Revenue	142.1
	Gross Profit	71.5
	EBITDA (pre-exceptionals)	(0.2)
Cash Position (£m)		
	Cash generated from operations	(2.6)
	Capex	(9.0)
	Period End Cash Balance	56.7
	Of which restricted ¹	5.8
KPIs		
	Gross Dues (£m)	10.1
	Net Dues (£m)	(0.7)
	Dues Base (£m)	25.9
	Number of customers	215,481
	Average revenue per customer (£)	120.14
	Contract portfolio (£m)	401.7

Outlook for the business

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 available on the Company's website (www.brighthousegroup.co.uk).

For further information, please contact:

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¹ Predominantly related to cash held at Maltese Insurance Subsidiaries

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 Company's website:

www.brighthousegroup.co.uk

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This announcement includes statements, estimates, opinions and projections with respect to anticipated future performance of BrightHouse ("forward-looking statements") which reflect various assumptions concerning anticipated results taken from BrightHouse's current business plan or from public sources, which may or may not prove to be correct. Such forward-looking statements reflect the Company's expectations as of the date of this announcement, based on BrightHouse's then current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Although the Company believes that the expectations reflected in the forward-looking statements were reasonable at the time they were made, the Company can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. Some of such risks and uncertainties are identified in the "Forward-Looking Statements" and "Risk Factors" sections of the Listing Particulars in

relation to the Notes dated 16 May 2013 and the sections describing material risk factors and material recent developments contained in the reports prepared by the Company in compliance with the reporting undertakings under the Notes. It is up to the recipient of this announcement to make its own assessment of the validity of such forward-looking statements and assumptions and no liability is accepted by the Company, BrightHouse, or any director, officer, employee, agent, partner, affiliate, manager or adviser of the Company or BrightHouse or any other person in respect of the achievement of such forward-looking statements and assumptions. In particular, the Company and BrightHouse do not accept any liability whatsoever to any person, regardless of the form of action, including for any lost profits or lost opportunity, or for any indirect, special, consequential, incidental or punitive damages arising from any use of this announcement, its contents or preparation or otherwise in connection with it, even if the Company and BrightHouse have been advised of the possibility of such damages.