

PurpleBricks puts up 'for sale' sign after profit warning

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Online estate agent [PurpleBricks](#) could be sold as the [business](#) launched a strategic [review](#) and announced a [profit warning](#) alongside yet another round of redundancies this morning.

The PurpleBricks [board](#) said that while the brand had [value](#) because of its name recognition, it may be more likely to reach its potential "under an alternative ownership structure".

"We recognise that our upside potential is not currently reflected in our market valuation, which is why the entire board has therefore concluded that a strategic review is now in the best interests of all [shareholders](#)," CEO Helena Marston said.

The board added that no offers have been received yet, and the business is not currently in talks with any specific buyers.

PurpleBricks also announced a profit warning today, after it said its new strategy to focus on the most profitable regions of the country proved more expensive than expected.

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“Implementation has taken place but it has involved more disruption to the sales field than originally envisaged in order to achieve the required cost savings and efficiency improvements,” PurpleBricks said.

The business expects a £1.2 million exceptional cost related to these changes in the year ending 30 April and noted that its results for the quarter to 31 January were below expectations.

The group revised its revenue expectations for the year downwards by £7.5 million. It now expects to bring in between £60 million and £65 million for the year.

Having previously expected a loss in line with analysts’ expectations at £10.1m, PurpleBricks now expects to lose between £15 million and £20 million.

However, the business still expects to be profitable by the early months of its next financial year.

“We have undertaken a huge amount of work in the last nine months to improve our sales business, raise standards, establish Purplebricks Financial Services and stabilise lettings, all of which means the company has never been in better shape for the future,” Marston said.

“Yes, the actions we have taken have caused more short-term disruption to our Q3 performance than anticipated, but we remain confident in returning to positive cash generation in early FY24.”

In addition, the estate agent said it had identified a further

£4 million worth of savings on top of its existing cost-cutting plan. This will include redundancies in lettings, mortgages and some supporting roles, a spokesperson told the Standard.

The business initiated multiple rounds of layoffs last year.

PurpleBricks shares are down 13.2% this morning to 8.6p, giving the business a market capitalisation of just over £26 million. In July 2017, PurpleBricks shares traded at 498.5p.