

# Interim Results

26 July 2012

Helping every  
household to  
make the most of  
their money





Gerald Corbett - Chairman



# Finance Update

Paul Doughty – Chief Financial Officer

# Summary financial highlights

## Strong trading results; interim dividend increased by 20%



- Strong trading results
  - Revenue 15% ahead to £102.2m
  - EBITDA 25% ahead to £28.7m
- H1 operating margins improved 2% to 28%
  - Offline marketing (TV, Radio and Print) expenditure flat
  - Paid Online marketing (SEM and Portal Partners) efficiency – improved gross margins
- Continued strong cash generation
  - 106% of EBITDA converted to cash
- Dividends
  - Interim dividend increased by 20% to 1.8p per share

# Continued revenue growth

H1 Operating margins improved to 28%

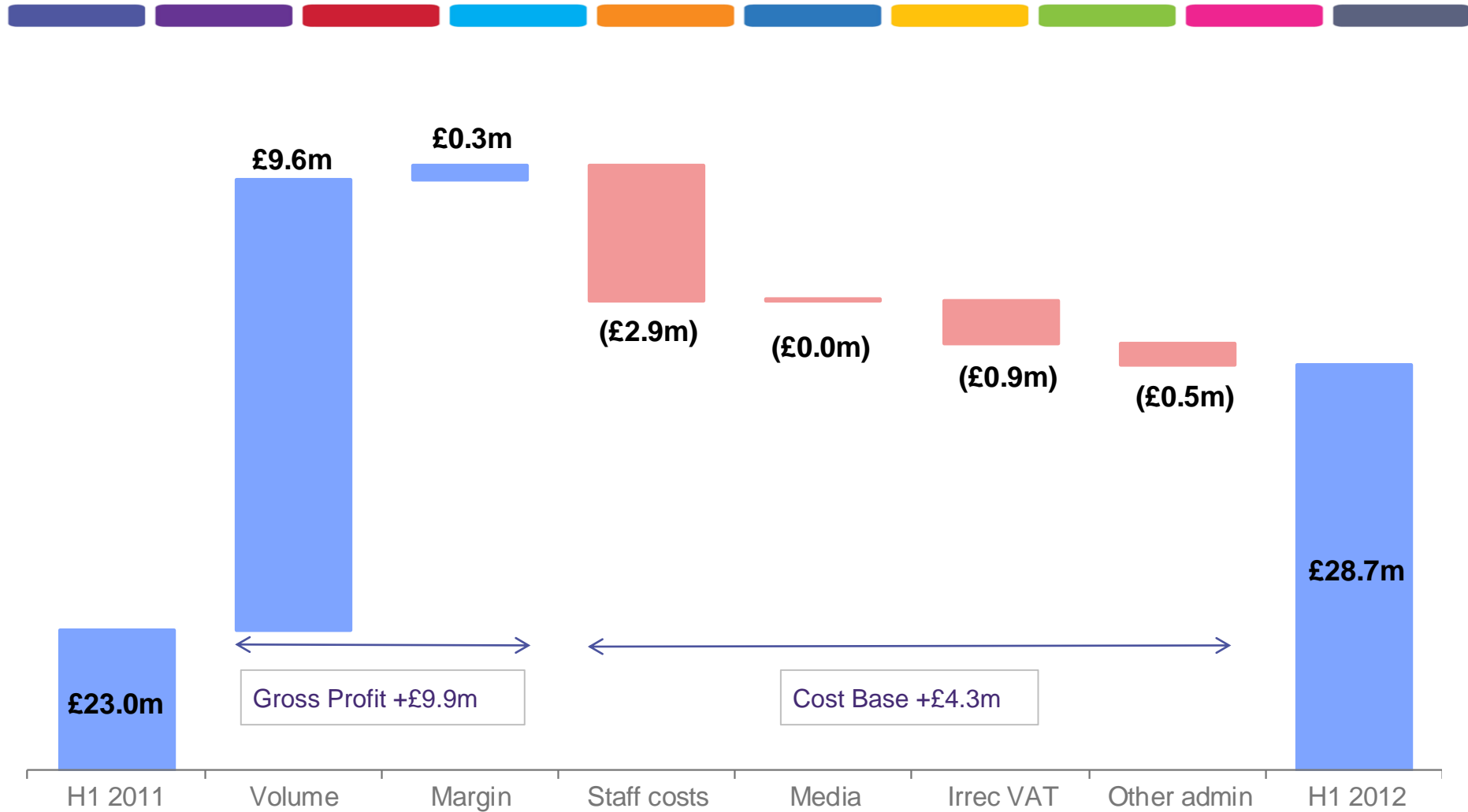
	H1 2012 £m	H1 2011 £m	Variance £m	Variance %	H2 2011 £m
Revenue	102.2	88.7	13.5	15%	89.8
Internet	102.2	88.6	13.6	15%	89.8
Intermediary	–	0.1	0.1	n/a	–
Gross Profit	73.3	63.4	9.9	16%	65.0
Gross Margin	71.7%	71.4%			72.4%
Administrative Costs*	(27.8)	(23.5)	(4.3)	18%	(25.3)
Distribution Costs	(16.9)	(16.9)	–	0%	(13.1)
Adjusted EBITDA**	28.7	23.0	5.7	25%	26.6
Adjusted EBITDA %	28%	26%			30%

\* Excludes depreciation, amortisation of intangibles, costs relating to the acquisition of Local Daily Deals Limited, costs relating to the proposed acquisition of MoneySavingExpert, and VAT recovery relating to prior periods.

\*\* Slide 26 contains a reconciliation of adjusted EBITDA to statutory operating profit.

# Adjusted EBITDA

EBITDA margins improved to 28%

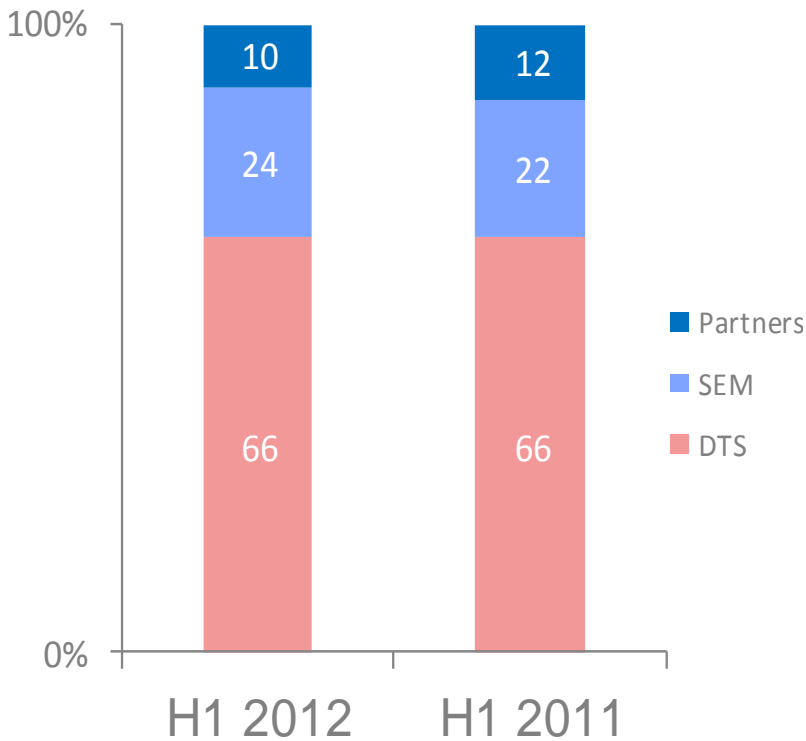


# Direct to site share of revenues maintained

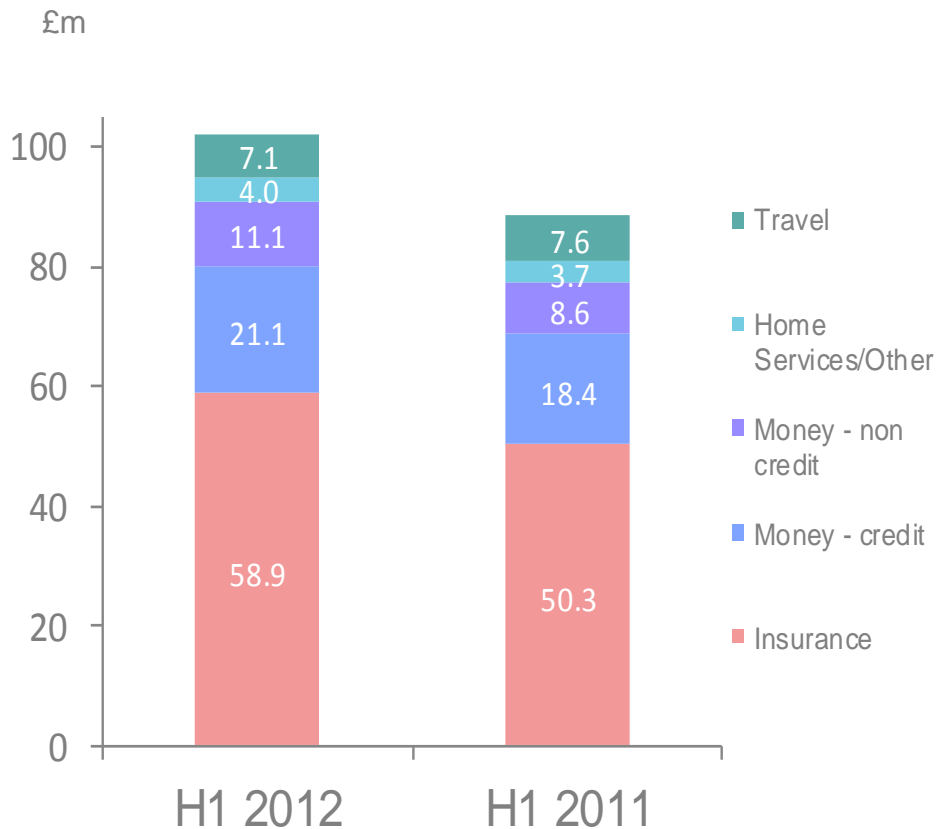
Group and DTS revenues ahead 15%



Revenue by source



Revenue by vertical



# Insurance H1 2012

## Strong and consistent revenue growth

- Revenues increased 17% against last year
  - Growth across major product lines
  - Visitors 15% ahead
  - Other revenues £3.5m (89%) ahead of same period last year
    - Life insurance change of model
    - Market iQ – (Data)

	H1 2012	H1 2011	Variance	Variance %	H2 2011
<b>Insurance</b>					
Visitors ('m)	16.7	14.6	2.1	15%	14.0
Transactions ('m)	8.2	8.1	0.1	1%	7.6
Click Revenue (£m)	51.5	46.4	5.1	11%	45.8
Other Revenue (£m)	7.4	3.9	3.5	89%	6.5
Total Revenue (£m)	58.9	50.3	8.6	17%	52.4
RPV	£3.52	£3.45	£0.07	2%	£3.75
RPT	£6.30	£5.76	£0.54	9%	£6.01



# Money H1 2012

## Growth in both credit and non credit product revenues

- Revenue increased 19% over H1 2011
- Growth in both credit and other banking products
  - Credit Card revenues flat against declining overall market
  - Savings and Current Accounts strong performers
- Provider budgets and availability of product remain solid

	H1 2012	H1 2011	Variance	Variance %	H2 2011
<b>Money</b>					
Visitors ('m)	22.0	18.1	3.9	22%	17.2
Transactions ('m)	12.2	9.4	2.8	30%	9.4
Click Revenue (£m)	30.3	24.8	5.5	22%	23.5
Other Revenue (£m)	2.0	2.2	(0.3)	-13%	2.1
Total Revenue (£m)	32.2	27.0	5.2	19%	25.6
RPV	£1.47	£1.50	(£0.03)	-2%	£1.49
RPT	£2.48	£2.64	(£0.15)	-6%	£2.51

# Home Services H1 2012

## Revenues flat; Utilities revenues weaker

- Revenues flat with first half of last year
  - Utilities switching market softer given benign domestic energy market conditions
  - Growth from other areas
    - Broadband
    - Mobile
- RPV down 16%
  - Sales mix

	H1 2012	H1 2011	Variance	Variance %	H2 2011
<b>Home Services</b>					
Visitors ('m)	14.0	11.7	2.2	19%	14.0
Transactions ('m)	4.9	4.1	0.8	19%	4.4
Click Revenue (£m)	3.6	3.6	–	0%	5.6
Other Revenue (£m)	0.0	–	0.0	n/a	–
Total Revenue (£m)	3.6	3.6	–	0%	5.6
RPV	£0.26	£0.31	(£0.05)	-16%	£0.40
RPT	£0.75	£0.89	(£0.14)	-16%	£1.26

# Travel H1 2012

## Package Holidays ahead; Hotels and Flights continue to be weak

- Revenue down 7% on H1 2011
- Package Holidays and Car Hire growing
- Continued weakness in demand for discretionary weekend type travel
  - Hotels and Flights channels impacted

	H1 2012	H1 2011	Variance	Variance %	H2 2011
<b>Travel</b>					
Visitors ('m)	22.6	23.2	(0.6)	-3%	17.5
Transactions ('m)	11.6	13.3	(1.7)	-13%	8.6
Click Revenue (£m)	6.6	7.0	(0.4)	-6%	5.2
Other Revenue (£m)	0.5	0.7	(0.2)	-23%	0.5
Total Revenue (£m)	7.1	7.6	(0.5)	-7%	5.7
RPV	£0.31	£0.33	(£0.02)	-5%	£0.32
RPT	£0.57	£0.53	£0.04	8%	£0.61

# Marketing investment

Offline represents > 1/3 of total spend; Efficiency maintained

	FY 2010		FY 2011		H1 2011		H1 2012	
	£m	%	£m	%	£m	%	£m	%
Online	43.2	69%	50.5	65%	25.5	62%	28.8	66%
Offline	19.0	31%	27.0	35%	15.3	38%	15.2	34%
Total spend	62.2		77.5		40.8		44.0	
Revenue	148.6		177.8		88.5		101.8	
Marketing margin %	58%		56%		54%		57%	

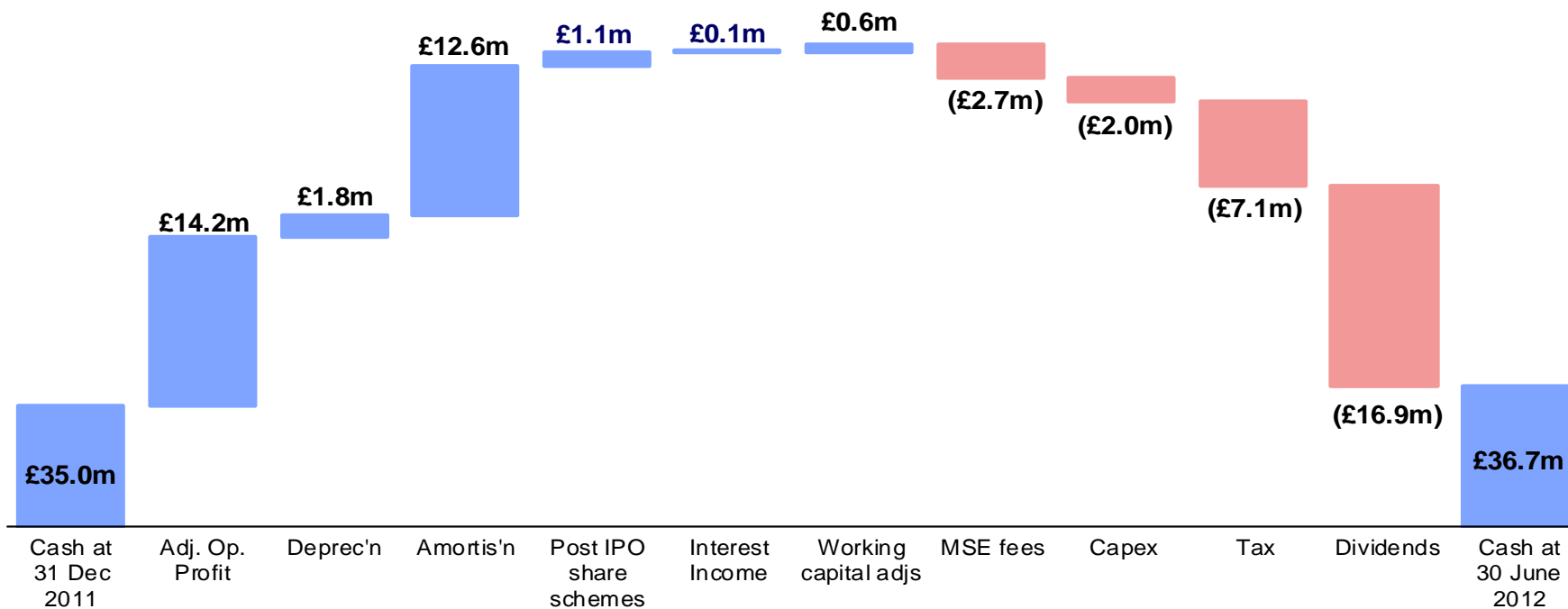
- Offline marketing accounts for 35% of total spend
  - Consistent with building brand
- Marketing efficiency maintained
- Online expenditure (SEM and Portal partner)
  - 34% of revenues but 66% of marketing spend

Note – includes MoneySupermarket and TravelSupermarket only (Excludes FSN and LDD)

# Cash

## Cash generation remains a key strength of the business

- Cash balances of £36.7m at 30 June 2012
- Over 100% of EBITDA converted to cash
- H2 cash considerations
  - Capex
  - MSE
  - VAT



# Dividends

Interim dividend increased by 20% to 1.8p

	Dividend – p/share		
	2012	2011	2010
Interim	<b>1.8</b>	1.5	1.3
Final		3.03	2.53
<b>Total Dividend Declared</b>		<b>4.53</b>	<b>3.83</b>
Special Dividend		3.93	
<b>TOTAL (p)</b>		<b>8.46</b>	<b>3.83</b>

- Progressive dividend policy
- Interim dividend increased by 20% to 1.8p
- Total dividend return to shareholders since IPO 32.56p per share
- Dates
  - Ex Div Date – 15 August 2012
  - Payment Date – 14 September 2012

# Summary



- Strong start to the year
  - Revenues +15%
  - EBITDA + 25%
- Cash generation continues to remain strong converting >100% EBITDA to cash
- Interim dividend up 20% to 1.8p per share



# Business Update

Peter Plumb – Chief Executive Officer



# Agenda



- 2012 H1 Review: continued strong growth
- 2012 H2: What to expect from our investment programme
- MoneySavingExpert update
- Current trading

# We saved more people more money in H1

Revenue growth of +15% and EBITDA growth of +25%



- We continue to save customers money; +£540M in H1
  - H1 savers\* up, 2.6M vs. 2.37M
  - Avg savings up to £209
- Markets reflect customer sentiment
  - Insurance good growth
  - Savings very strong
  - Credit cards tough market for balance transfer cards
- We delivered strong revenue and EBITDA growth
  - Revenues £102M +15%
  - EBITDA £28.7M +25%
    - Technology investments
    - Marketing investments
    - Skill investments

\*Prime Channels are Motor Insurance, Home Insurance, Travel Insurance, Savings, Loans, Credit Cards and Energy

# Investments will deliver an even better shop in H2

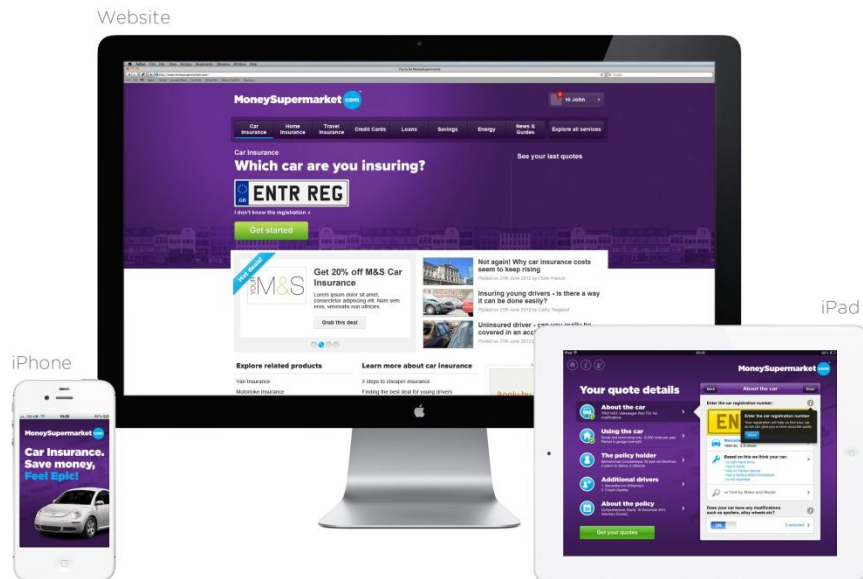
## Making it easier for customers to save money

More content, easier access to personal details and mobile ready...

H2 test new sites

...delivering improved data sets and market insights

Personalised CRM



# Marketing delivered strong efficiencies in H1

## TV and radio spends slow, digital fuelled growth

TV and radio spends show signs of flattening...

...digital marketing revenues deliver further growth

Offline Media Spends  
£M H1\*

SEO  
(Organic search)

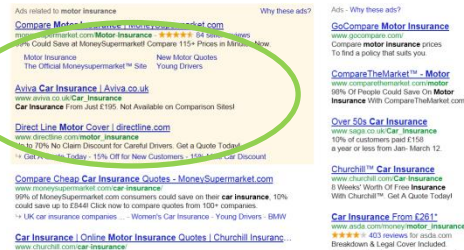
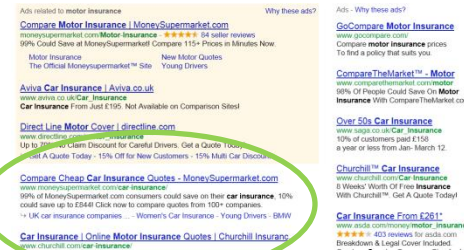
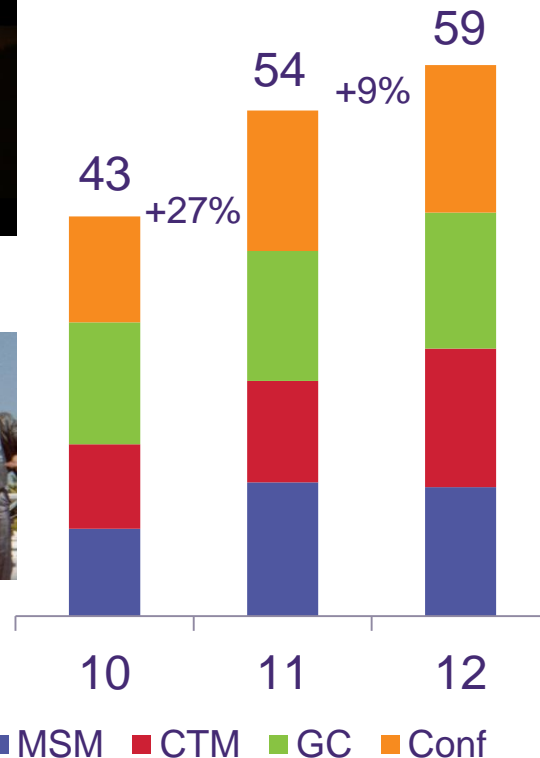
Rev  
+29%

SEM  
(Paid search)

Rev  
+20%

H1 (Vegas)

H2 (£1000 Man)

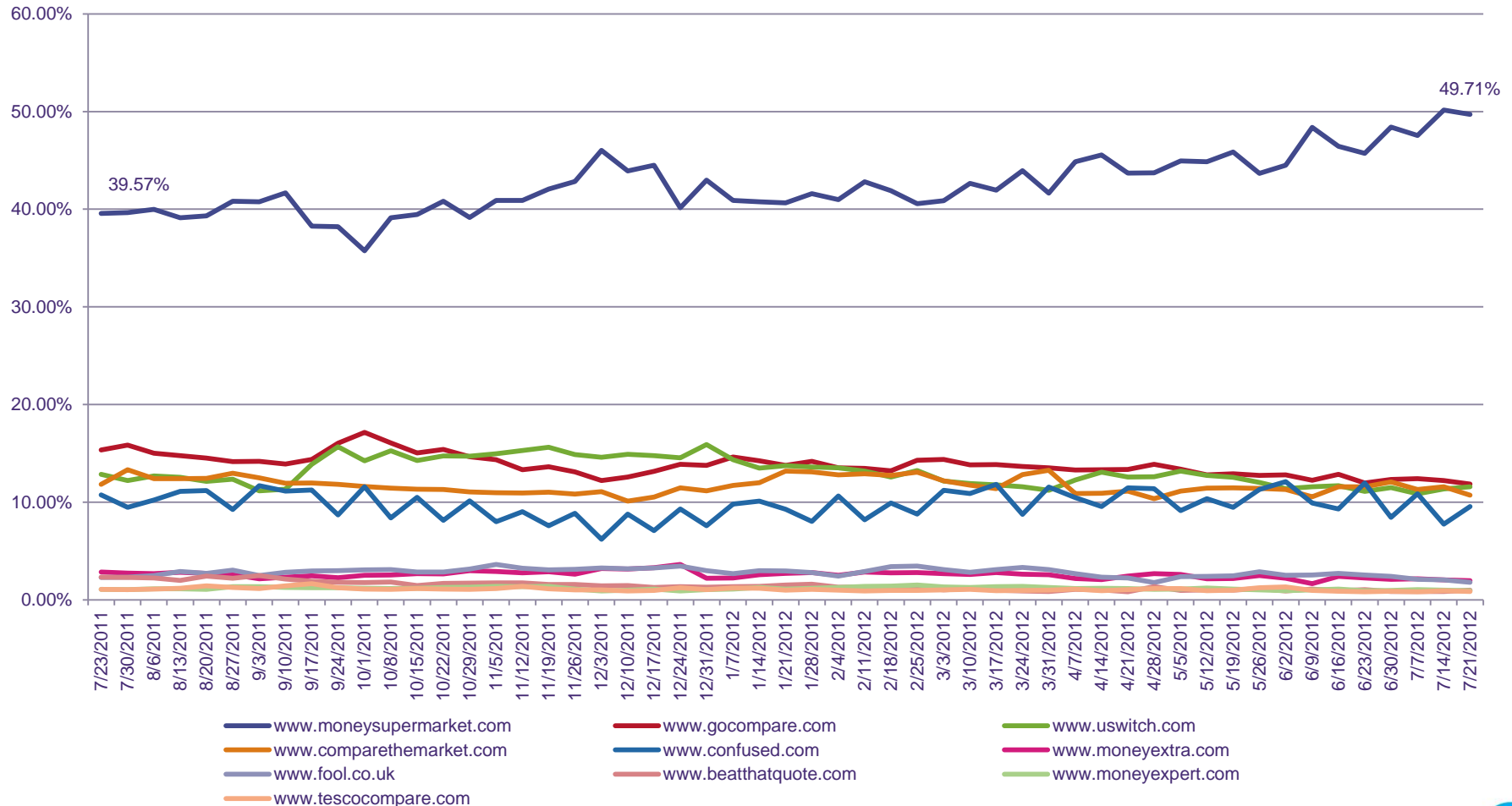


\* Source : Competitor NMR ex online, MSM Internal

# Customers choose MoneySupermarket.com

Investment in best shop, best product and content is working

Hitwise: Visitor share by Price Comparison Site %\*



\* Source: Experian Hitwise – MS.com

# MSE continues to help more customers

Both users and brand are performing well

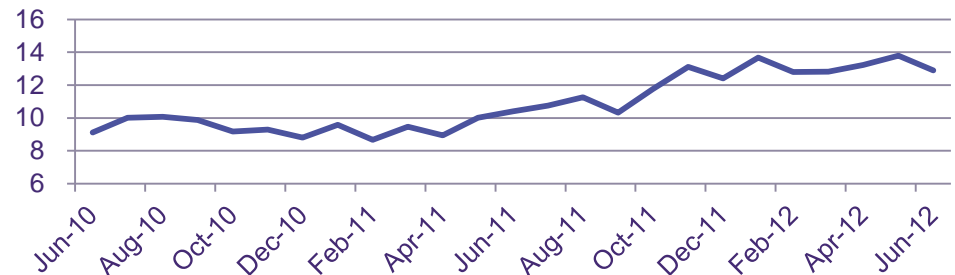
MSE acquisition is with the OFT for approval, which we expect in Sept ...

MoneySavingExpert.com



... meanwhile MSE continues to help users save money

Unique visitors (M) H1\*



MSE Brand Tracker\*\*

27/28 May 12

30 June/1 July 12



\*Source: Google Analytics, Unique visitors

\*\*Source: HPI tracker, sample circa 2000 Below are some descriptions people have said they feel apply to websites that champion the consumer and can save you money or help you find the best deals for you. Please indicate which ones apply to the following websites."

# Outlook

## July trading in line with Board's expectations



- Revenues:
  - MoneySupermarket.com: current trading +10%
    - Insurance: good growth continues
    - Money: savings strong, credit cards slow BT market
    - Energy: tariffs likely to move in H2
    - Travel: package holidays focus
- Profitability:
  - Investment to continue through H2
    - Skills: marketing and data
    - Systems: new site customer testing
    - Marketing: H2 increased offline
- Board remains confident in prospects for the full year



# Questions & Answers





## Appendix

## Additional Financial Materials

# Adjusted EBITDA

## Reconciliation from stat. revenue and operating profit to stat. and adjusted EBITDA

	H1 2012	H1 2011	Var.	Var.%	H2 2011	Var.	Var.%	FY 2011
Revenues								
Internet	102.2	91.6	10.6	12%	89.3	12.9	14%	180.9
Intermediary	–	0.1	(0.1)	n/a	–	–	n/a	0.1
Total	102.2	91.7	10.5	11%	89.3	12.9	14%	181.0
Gross Profit	73.3	66.4	6.9	10%	64.5	8.8	14%	130.9
Margin %	72%	72%			72%			72%
Administrative costs	(45.0)	(37.0)	(7.9)	21%	(40.1)	(4.9)	12%	(77.1)
Distribution Costs	(16.9)	(16.9)	0.0	(0)%	(12.9)	(4.0)	31%	(29.8)
Operating Profit	11.5	12.4	(0.9)	(8)%	11.6	(0.1)	(1)%	24.0
Operating Profit	11.5	12.4	(0.9)	(8)%	11.6	(0.1)	(1)%	24.0
Amortisation of intangibles	12.6	11.9	0.7	6%	12.3	0.2	2%	24.2
Depreciation	1.8	2.0	(0.1)	(7)%	1.8	0.0	1%	3.8
Stat. EBITDA	25.9	26.2	(0.4)	(1)%	25.7	0.1	0%	52.0
Acquis'n related costs	2.8	–	2.8	n/a	0.5	2.3	445%	0.5
VAT Recovery	–	(3.2)	3.2	n/a	0.1	(0.1)	n/a	(3.1)
Adjusted EBITDA	28.7	23.0	5.6	25%	26.4	2.3	9%	49.5
Margin %	28%	25%			30%			27%

Note: 2011 statutory numbers include £3.0m in revenue and margin, together with a credit of £0.2m to administrative costs, from VAT recovery relating to periods before 2011.

# Adjusted cost base

## H1 2012 v H1 2011, H2 2011

	H1 2012 £m	H1 2011 £m	Variance	Variance %	H2 2011 £m	Variance
<b>Adjusted Cost Base*</b>						
Staff Costs	16.5	13.6	2.9	21%	16.7	-1%
IT Contractors **	0.0	0.0	0.0	n/a	0.0	n/a
Depreciation	1.8	2.0	-0.2	-10%	1.8	-3%
Irrecoverable VAT	5.6	4.7	0.9	18%	4.4	27%
Other Admin	5.7	5.2	0.5	9%	4.5	26%
Total Adjusted Admin	29.5	25.5	4.0	16%	27.4	8%
Advertising	15.2	15.3	-0.1	-1%	11.7	29%
Other Marketing/PR	1.7	1.6	0.1	8%	1.2	50%
Total Distribution Costs per P&L	16.9	16.9	0.0	0%	12.9	31%
Other Online Marketing Costs	28.8	25.5	3.3	13%	25.0	15%
Intermediary Marketing Costs ***	-0.1	-0.1	0.1	-55%	-0.2	-75%
Total Marketing Costs	45.7	42.3	3.4	8%	37.7	21%
Total Adjusted Cost Base Below Gross Margin	46.4	42.4	4.0	10%	40.3	15%
Total Adjusted Cost Base	75.2	67.8	7.4	11%	65.1	15%

\* Excludes costs associated with the acquisition of LDD, and the proposed acquisition of MSE, and costs/credits associated with VAT recovery.

\*\* Represents the cost of third party development resource only. Other third party resource costs are included within Staff Costs.

\*\*\* Represents the release of creditor balances within the intermediary business which are more than 6 years old.

# Online marketing (SEM and Portal Partners)

One third of revenues; 65% of total marketing spend

	FY 2010 £m	FY 2011 £m	H1 2011 £m	H1 2012 £m
Revenue from online sources*	47.1	55.6	28.3	34.0
Online marketing spend	(40.0)	(45.3)	(23.5)	(27.2)
Associated Irrec. VAT	(3.8)	(4.9)	(2.6)	(2.9)
Online marketing profit **	3.3	5.4	2.2	3.9
Online marketing margin %	7%	10%	8%	11%

- Online marketing represents highest area of spend
  - Competitive marketplace
  - Low margins
- Efficiency of paid search improving
- Often first point of contact with new customers

Note:

\* Includes MoneySupermarket and TravelSupermarket only (Excludes FSN and LDD)

\*\* Online revenues and spend include SEM and Partner sources only.

# VAT

## Settlement of leads business in 2011

- A number of the group's services are on the borderline of being a marketing service or an intermediary service
  - Marketing service – standard rated for VAT purposes
  - Intermediary service – exempt rated for VAT purposes
- HMRC raised an assessment on the Group's PAA leads business for £2.2m in March 2008 covering the period from March 2005 arguing that the supply of leads was a marketing service and should be standard rated.
  - The Group had previously VAT accounted for leads as an exempt rated supply but had made provision in its accounts in the event that HMRC ruled that this was not the case
  - From March 2008 onwards the Group VAT accounted for leads as a standard rated supply
- MS challenged ruling and HMRC conceded the position in Q2 2011
- Impact as follows:
  - £3.4m credit to P/L in 2011
    - £3.2m revenue, £0.2m credit to admin costs in statutory numbers
    - £0.7m revenue, £0.4m charge to admin costs in adjusted numbers in H1
    - Cash all now received.

# VAT

## H1 2012 Partial Exemption Special Method (PESM)


- A number of the group's services are classified as exempt (for VAT purposes)
  - Restricts the proportion of input VAT incurred on expenses (e.g marketing) that may be recovered by the Group
  - Recoverable proportion calculated by reference to a PESH
- The Group has sought to vary its PESH for a number of years and in July 2012 finally received written notification that HMRC had approved the Group's technical analysis.
- The Group has filed voluntary disclosures for £8m plus relating to the current and prior periods seeking to apply the agreed PESH retrospectively.
- Although technical agreement has been reached with HMRC the claims are subject to final review and audit by HMRC. Consequently a credit has not been recognised in the H1 2012 financial statements.
- The Group believes that these claims will be completed in H2.
- On an ongoing basis the Group estimates that the change in PESH is likely to be worth £2m plus per annum in increased recoveries of input tax.

# Principal terms of the MoneySavingExpert Acquisition

- Initial payment £60m
  - £35m cash
  - £25m equity
  - Initial equity subject to a 3 year lock up
  - Funded from existing cash and 3 year £20m Revolving Credit Facility
- Up to £27m deferred consideration payable 3 years from completion
  - 50/50 cash and equity\*
  - Deferred equity to be locked up for a 3 year period. Tiered release of 1/3 per annum over the 3 year period
- Earnout performance measures - up to:
  - £3.3m payable on growth in Brand Awareness
  - £7.9m payable on growth in Unique visitors
  - £7.9m payable on growth in Clicks, as a proxy for customer engagement
  - £7.9m payable at the absolute discretion of MoneySupermarket.com

\* May be settled fully in cash at MoneySupermarket.com's discretion

# Statutory balance sheet



	June 2012 £m	December 2011 £m	June 2011 £m
Intangible assets	148.8	160.6	170.6
Other non-current assets	11.5	12.0	13.5
Net current assets	20.0	17.2	29.3
Long term liabilities	(19.9)	(23.3)	(28.8)
Net assets	160.3	166.5	184.6

- Intangible assets include £55m of goodwill and £85m of other intangibles associated with the acquisition of MSFG, £4.8m of other intangibles associated with the acquisition of FSN, £0.6m of goodwill associated with the acquisition of LDD, and £3.4m of internally generated intangible assets.
- Net current assets includes cash of £36.7m as at the end of June 2012.
- The long term liability represents the net deferred tax liability largely relating to the tax amortisation benefit of the intangibles assets recognised upon the acquisition of MSFG.



# Accounting information

## Tax



- Tax charge of £2.8m giving effective rate of 24.3%
  - In line with statutory tax rate for 2012 of 24.5%.
  - Reduction in effective statutory rate of corporation tax from 26.5% in 2011, to 24.5% in 2012.
  - Vesting of the 2009 LTIP scheme in H1 2012 has given rise to a Schedule 23 deduction to tax.
  - Costs associated with acquisition of MSE treated as disallowable for tax purposes.

# KPIs – by vertical

	H1 2012	H1 2011	Var	H2 2011	Var
<b>Money</b>					
Visitors ('m)	22.0	18.1	22%	17.2	28%
Transactions ('m)	12.2	9.4	30%	9.4	30%
Revenue (£m) - Click-based	30.3	24.8	22%	23.5	29%
Revenue (£m) - Total	32.2	27.0	19%	25.6	26%
RPV	£1.47	£1.50	(2)%	£1.49	(2)%
RPT	£2.48	£2.65	(6)%	£2.51	(1)%
<b>Insurance</b>					
Visitors ('m)	16.7	14.6	15%	14.0	20%
Transactions ('m)	8.2	8.1	1%	7.6	7%
Revenue (£m) - Click-based	51.5	46.4	11%	45.8	12%
Revenue (£m) - Total	58.9	50.3	17%	52.4	12%
RPV	£3.52	£3.45	2%	£3.75	(6)%
RPT	£6.30	£5.76	9%	£6.01	5%
<b>Travel</b>					
Visitors ('m)	22.6	23.2	(3)%	17.5	29%
Transactions ('m)	11.6	13.3	(13)%	8.6	35%
Revenue (£m) - Click-based	6.6	7.0	(6)%	5.2	26%
Revenue (£m) - Total	7.1	7.6	(7)%	5.7	24%
RPV	£0.31	£0.33	(5)%	£0.32	(4)%
RPT	£0.57	£0.52	8%	£0.61	(7)%
<b>Home Services</b>					
Visitors ('m)	14.0	11.7	19%	14.0	(1)%
Transactions ('m)	4.9	4.1	19%	4.4	11%
Revenue (£m) - Click-based	3.6	3.6	1%	5.6	(35)%
Revenue (£m) - Total	3.6	3.6	1%	5.6	(35)%
RPV	£0.26	£0.31	(15)%	£0.40	(35)%
RPT	£0.89	£0.89	0%	£1.27	(30)%

# KPIs – MSM Internet

	H1 2012	H1 2011	Variance %	H2 2011	Variance %
Visitors ('m)	75.2	67.6	11%	62.7	20%
Transactions ('m)	36.8	34.8	6%	30.0	23%
Click Revenue (£m)	92.0	81.8	12%	80.4	14%
Other Revenue (£m)	9.9	6.8	45%	9.1	8%
Total Revenue (£m)	101.8	88.6	15%	89.5	14%
RPV	£1.35	£1.31	3%	£1.43	-5%
RPT	£2.50	£2.35	6%	£2.68	-7%

Note - MoneySupermarket and TravelSupermarket only - excludes FSN and LDD, and the revenue impact from VAT recovery in the prior period.