

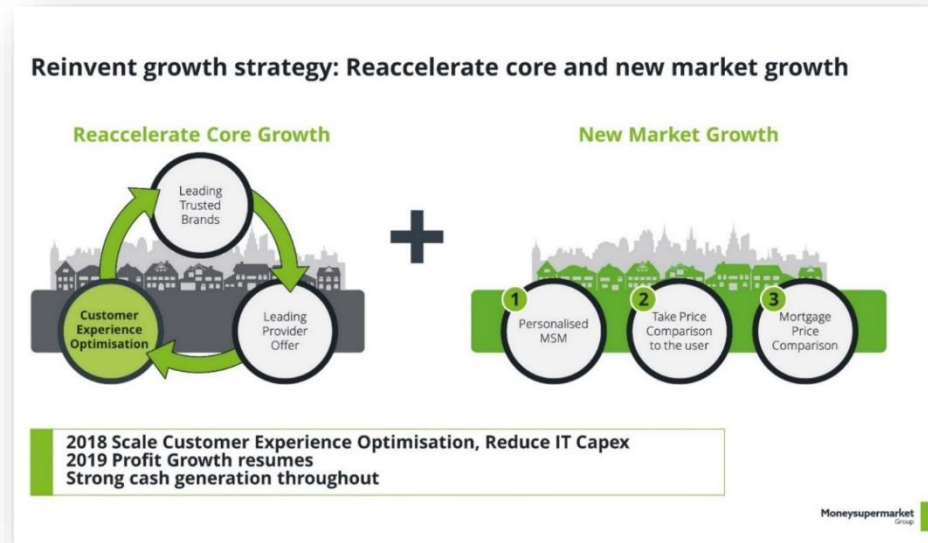
# **Preliminary Results**

14 February 2019

**Mark Lewis**

Chief Executive Officer

# Successful first year of growth strategy delivery



## First year strategic milestones met

- Core growth accelerated following investment in customer experience
- Decision Tech integrated to add new revenue streams
- Number of new market growth initiatives launched

## Continued performance through year of transformation

- Helped customers save record £2.1bn
- Revenue growth +8%
- Adjusted EBITDA +2% after investment in operations
- £40m enhanced distribution

## Set to scale delivery and return to profit growth in 2019

**Scilla Grimble**

Chief Financial Officer

# Full year financial themes

## Diversified business delivering to plan

- £2.1bn of savings for customers
- Invested £5m and completed the build out of our product engineering hub in Manchester
- Successful acquisition and integration of Decision Tech
- Group revenue +8% and EBITDA +2% in line with expectations

## Continued strong cash generation supporting M&A and enhanced distribution

- Generated over £100m of operating cash
- Increasing the full year dividend by 6%
- Announcement of a £40m enhanced distribution

# Financial highlights



Revenue +8%	Adjusted EBITDA +2%	Reported EPS +13%
£356m	£129m	16.2p

Reinvestment rate -1%	Operating cash flow	Dividend per share +6%
11%	£107m	11.05p

# Income statement

£Millions	2018	2017	Growth
Revenue	355.6	329.7	8%
Gross margin	71%	74%	
Adjusted EBITDA *	129.4	127.2	2%
EBITDA margin	36%	39%	
Depreciation & software amortisation	(13.2)	(13.3)	
Adjusting items **	(8.2)	(19.1)	
Operating profit	108.0	94.9	14%
Net finance costs	(0.9)	(0.8)	
Share of profit of joint venture	(0.2)	0.0	
Profit on disposal of associate & investment	0.0	2.0	
Taxation	(20.3)	(18.0)	
<b>Net profit</b>	<b>86.6</b>	<b>78.1</b>	<b>11%</b>

\* Adjusted EBITDA is Operating Profit adjusted for depreciation and amortisation, impairment of goodwill, amortisation of acquisition-related intangibles and other adjusting items.

\* \* Adjusting items are amortisation of acquisition-related intangibles, strategy related costs and impairment of property, plant and equipment.

# Segmental performance

£Millions	2018	2017	Growth
Insurance	183.0	176.5	4%
Money	88.1	85.4	3%
Home Services	49.2	43.0	15%
	<b>320.4</b>	<b>304.9</b>	<b>5%</b>
Other Revenue*	35.2	24.8	42%
<b>Total Group</b>	<b>355.6</b>	<b>329.7</b>	<b>8%</b>

\* Includes £10.7m revenue net of intercompany related to Decision Tech



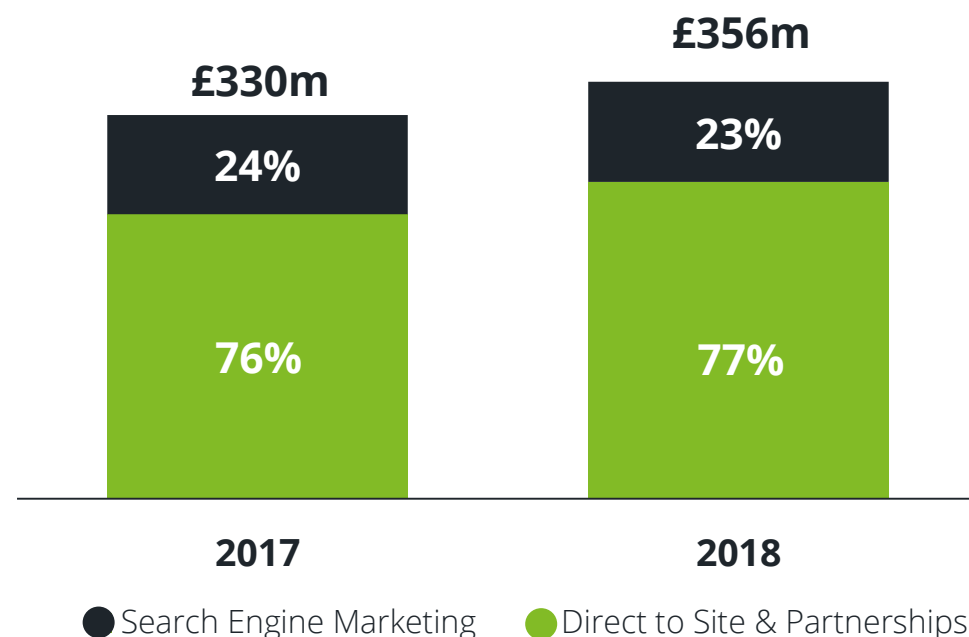
# Disciplined approach to marketing

## Marketing spend

£Millions	2018	2017	YoY
TV & radio	25.5	25.1	0.4
Online spend	86.8	74.7	12.1
Other*	20.2	14.7	5.5
<b>Total Group</b>	<b>132.5</b>	<b>114.5</b>	<b>18.0</b>
<b>Marketing margin</b>	<b>63%</b>	<b>65%</b>	<b>(2%)</b>

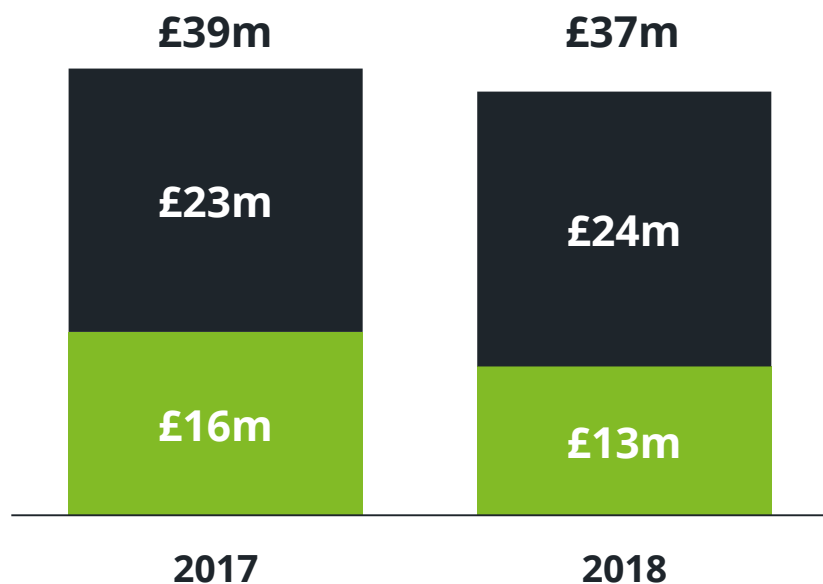
\* Includes revenue share of partners on B2B activity and cash back

## Revenue by source



# Operating costs account for majority of our technology investment

## Total Tech Investment



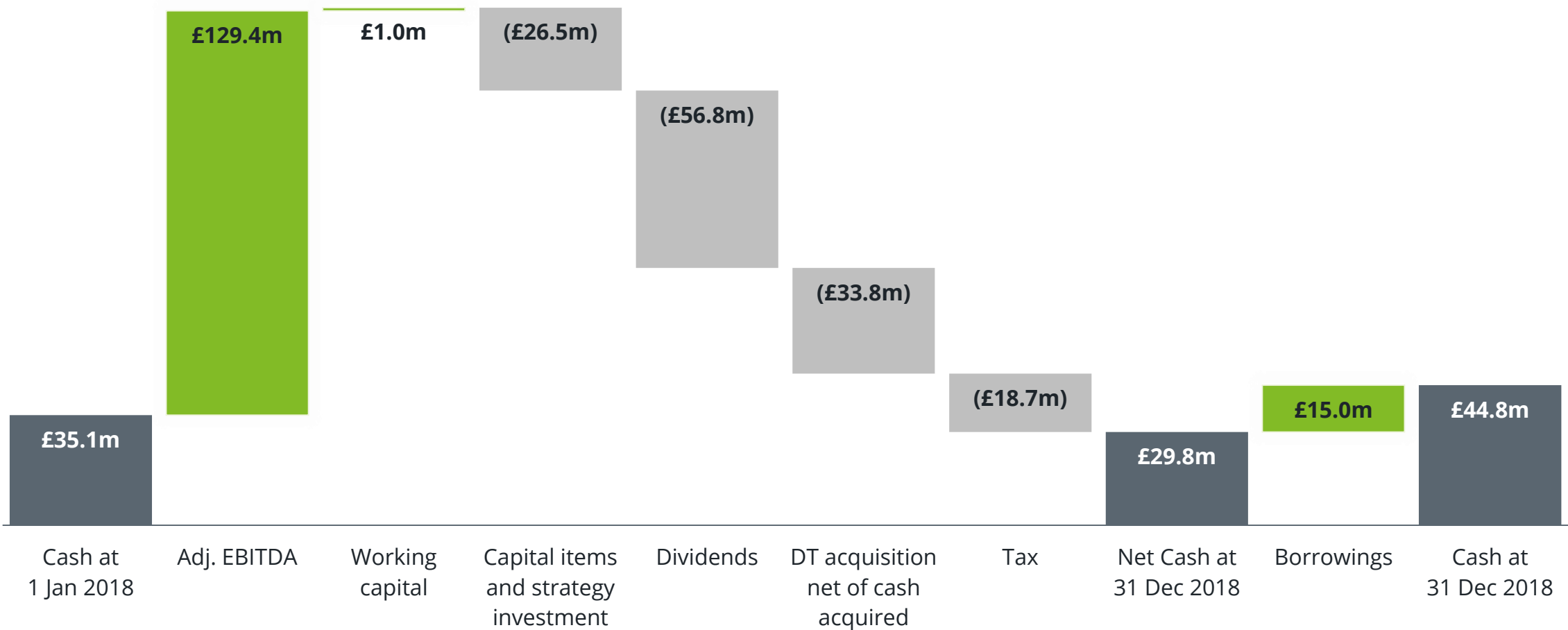
- Technology capital investment
- Technology operating costs excluding amortisation

## Reinvestment Rate



- Operating costs are mainly staff costs and licences

# Strong levels of cash generation



**Mark Lewis**

Chief Executive Officer

# Business fundamentals strengthened through strategy execution

## Growing Markets

- Added new growth in Home Communications, mobile and B2B
- First moves made to drive digitisation of the mortgage market
- Further diversified our revenue streams in growing markets

## Engaged Users

- Active users stable at 13m
- Market leading NPS increased to 74
- Revenue per active user increased to £15.90

## Marketplace Model

- 63% marketing margin
- Proven provider benefits
- Efficient cash generation supported M&A and distribution

Comparison average NPS: Twelve monthly rolling average (1 January 2018- 31 December 2018 inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue to create a Group wide NPS. Comparison average includes comparethemarket.com GoCompare, Confused, Clearscore, Uswitch & money.co.uk

Active User: The number of unique accounts running enquiries in our core seven channels in the prior 12 month period

Revenue per Active User: The revenue for the equivalent core seven MoneySuperMarket channel's divided by the number of active users

# Reinvent growth strategy set to scale in the second year of delivery



## Reaccelerate Core Growth



## New Market Growth



# Customer experience optimisation underpinning revenue growth

## Reaccelerate Core Growth



## Manchester product engineering base established

- Scaled to 150 headcount, permanent office move in 2019
- Squads operating across Insurance, Money and Home Services
- Operating across both MoneySuperMarket and MoneySavingExpert

## Customer and commercial results delivered in year

- Conversion rates increased in all major categories
- NPS increased across all three brands
- Revenue per active user increased

## Exciting optimisation roadmap for 2019

# Reinvent growth strategy set to scale in the second year of delivery

**Help households save money**

## Reaccelerate Core Growth



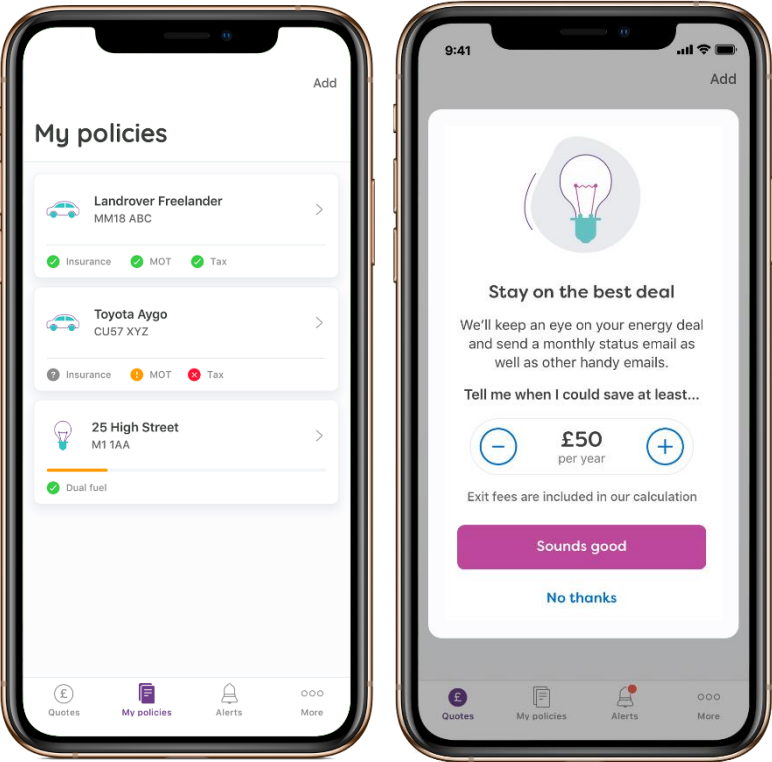
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## New Market Growth

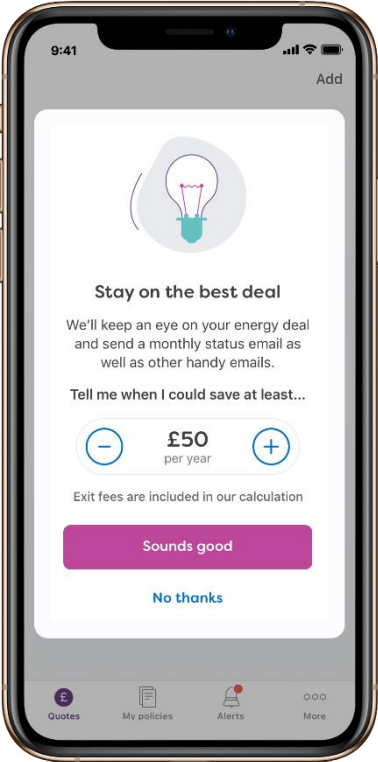




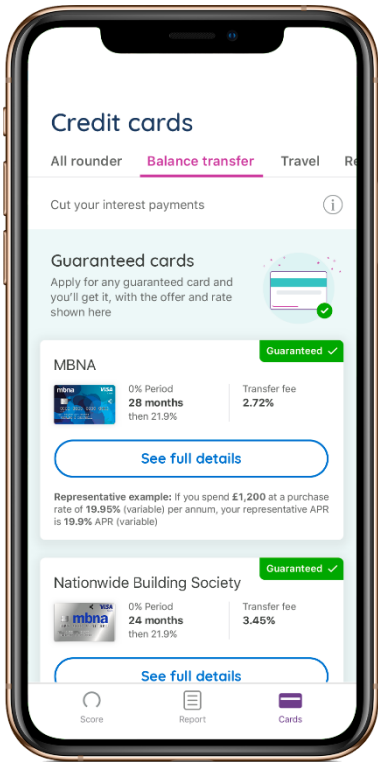
# Personalising the MoneySuperMarket experience



Proactive policy monitoring



Credit Score & recommendations



MSM brand relaunch

# Decision Tech now integrated and selling B2B comparison services



## Decision Tech now integrated into the Group

- Adding growth to Home Communications and Mobile
- B2C and B2B models

## B2B offer extended to add Energy comparison

- Leveraging Group Platform Investments
- API and White Label solutions

## Encouraging pipeline and first deals agreed

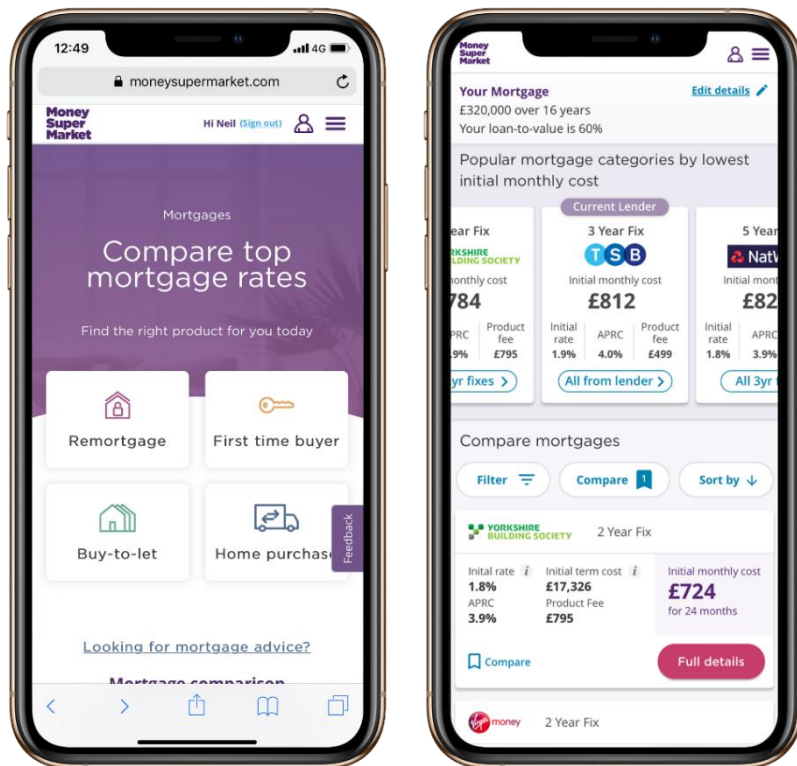
- MoneySuperMarket powered Energy switching on the Yolt open banking app



**decisiontech**

Part of the **Moneysupermarket**  
Group

# Our digitisation of Mortgages has now begun



## Remortgage market our first target for digitisation

- Remortgages and product transfer account for ~60% of market
- Addressable market of ~£500m of procurement fees
- Third of mortgage customers miss out on a better deal

## First mobile-friendly journey live

- Dedicated MoneySuperMarket remortgage flow
- Mortgage eligibility powered by Podium joint venture

## 2019 Roadmap to enhance the experience

- Refined mortgage eligibility
- Deeper broker and lender integrations

# 2019 Outlook

## To help households save more money than ever

- Proud to be there for our customers in times of stretched household budgets

## Reinvent strategy operating at scale

- Customer experience optimisation underpinning revenue growth
- Increased innovation and new market growth

## Return to profit growth

- Encouraging start to the year
- Board confident of meeting market expectations for 2019



# Appendix

# Disclosure update

- Number of shares in issue 31 December 2018 – 536,319,819
- The impact from the transition to IFRS 16 on 2019 is estimated at :
  - Income statement: £3.0m reduction in rental costs , £2.6m increase to depreciation costs and £1.0m increase in finance costs
  - Balance sheet: Assets + £31.7m increase from the recognition of leases, Liabilities + £29.3m increase from the recognition of obligations to pay rentals
- Software amortisation costs were £12m in 2018 and we expect the full-year amortisation charge to be in the region of £16m for 2019
- We expect technology capital investment of c.£11m in 2019
- Adjusting items in 2019 are expected to be c.£2m
- The Group has a revolving credit facility of £100m until September 2021

## Dividends, EPS and dividend cover

Dividend (pence)	2018	2017
Interim	3.0	2.8
Final	8.1	7.6
<b>Total ordinary dividend declared</b>	<b>11.1</b>	<b>10.4</b>

Ratios	2018	2017
Earnings per share (Adjusted basic)	17.4	16.9
Dividend cover	1.6 x	1.6 x

# Adjusted EBITDA

£Millions	2018	2017	Variance	Variance
Revenue	355.6	329.7	25.9	8%
Gross profit	253.3	244.5	8.8	4%
<b>Gross margin</b>	<b>71%</b>	<b>74%</b>		
Administrative costs	(115.1)	(111.0)	(4.1)	4%
Distribution costs	(30.2)	(29.3)	(0.9)	3%
Impairment of intangibles	-	(9.3)	9.3	
<b>Operating profit</b>	<b>108.0</b>	<b>94.9</b>	<b>13.1</b>	<b>14%</b>
Amortisation of acquired intangible assets	1.5	7.3	(5.8)	
Strategy related costs:				
Strategy related impairment of intangible assets	-	9.3	(9.3)	
Strategy review and associated reorganisation costs	4.2	1.9	2.3	
Deal fees	1.7	-	1.7	
Dilapidations provisions	-	0.4	(0.4)	
Impairment of property, plant & equipment	0.8	-	0.8	
Depreciation	1.4	1.2	0.2	
Amortisation of technology related intangible assets	11.8	12.2	(0.4)	
<b>Adjusted EBITDA</b>	<b>129.4</b>	<b>127.2</b>	<b>2.2</b>	<b>2%</b>



# Adjusted cost base

£Millions	2018	2017	Growth
Staff costs	56.6	54.1	5%
Depreciation	1.4	1.2	17%
Amortisation of technology	11.8	12.2	-3%
Irrecoverable VAT	12.1	12.2	-1%
Other administrative costs	25.0	21.7	15%
<b>Total Adjusted Administrative Costs</b>	<b>106.9</b>	<b>101.4</b>	<b>5%</b>
TV & Radio	25.5	25.1	2%
Online spend	86.8	74.7	16%
Other*	20.2	14.7	37%
<b>Total Marketing Costs</b>	<b>132.5</b>	<b>114.5</b>	<b>16%</b>
<b>Total Adjusted Cost Base</b>	<b>239.4</b>	<b>215.8</b>	<b>11%</b>

\* Includes revenue share of partners on B2B activity and cash back

Adjusted cost base refers to total costs excluding items adjusted for in arriving at adjusted EBITDA.

# Tax and Earnings Per Share Calculations

£Millions	2018	2017
Profit before tax	106.9	96.1
Standard rate of tax 19.00% (2017: 19.25%)	20.3	18.5
Effects of:		
Expenses not deductible for tax purposes	0.2	0.2
Impact of changes in tax rates	(1.4)	0.0
Adjustment in relation to prior periods	1.2	(0.7)
<b>Tax expense for the period</b>	<b>20.3</b>	<b>18.0</b>
<b>Effective tax rate</b>	<b>19.0%</b>	<b>18.7%</b>
<b>Adjusted earnings</b>	<b>93.2</b>	<b>91.4</b>
Basic average shares (millions)	536.2	540.8
<b>Basic adjusted EPS (pence)</b>	<b>17.4</b>	<b>16.9</b>
Diluted average shares (millions)	537.5	542.6
<b>Diluted adjusted EPS (pence)</b>	<b>17.3</b>	<b>16.8</b>

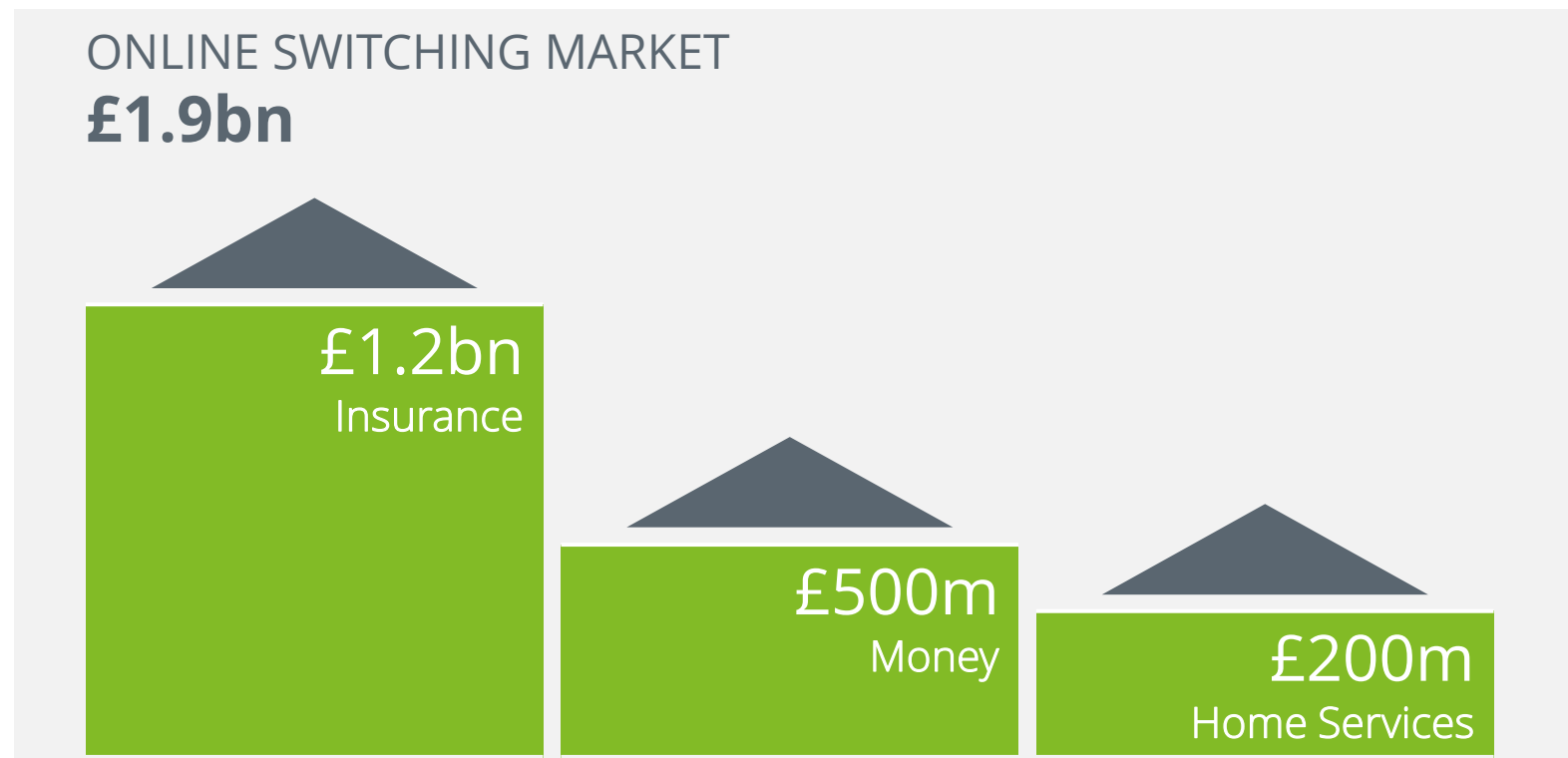
# Balance sheet

£Millions	2018	2017
Property, plant and equipment	13.8	9.4
Intangible assets – technology	35.2	32.1
Intangible assets - acquisition related	148.5	112.5
Investments	1.7	0.4
Trade and other receivables	49.6	42.9
Cash and cash equivalents	44.8	35.1
<b>Total Assets</b>	<b>293.6</b>	<b>232.4</b>
Trade and other payables	(59.6)	(46.9)
Tax assets and liabilities	(18.5)	(15.5)
Borrowings	(15.0)	-
<b>Total Liabilities</b>	<b>(93.1)</b>	<b>(62.4)</b>
<b>Net assets</b>	<b>200.5</b>	<b>170.0</b>

Acquisition related intangible assets includes £31m Goodwill and £7m of market related intangible assets associated with the acquisition of Decision Tech, £55m Goodwill associated with the pre-IPO Group reorganisation & £53m Goodwill and £4m of other market related intangible assets associated with the MoneySavingExpert acquisition.

Tax assets and liabilities include both current and non-current balances.

# Our markets are worth £1.9bn and are growing



**Forecast price comparison markets  
annual switching growth +4-5%**

Estimates based on our core markets and scaled for each vertical; using internal data and external sources.

# Strategic KPIs



£2.1bn	74	63%
Savings made by customers	Net promoter score	Marketing margin

13m	£15.90
Active users	Revenue per active user

Definitions:  
Estimated Savings made by customers in 2018  
Net Promotor Score: Twelve monthly rolling average (1 January 2018- 31 December 2018 inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue to create a Group wide NPS  
Active User: The number of unique accounts running enquiries in our largest seven channels (Car insurance, Home insurance, Life insurance, Travel insurance, Credit Cards, Loans, Energy) on the MoneySuperMarket website in the prior 12 month period as of December 2018  
Revenue per Active User: The revenue for the equivalent main seven MoneySuperMarket channels divided by the number of active users