

# MoneySavingExpert.com Acquisition

June 2012

Helping every  
household to  
make the most of  
their money





# Peter Plumb

Chief Executive Officer



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# Agenda



- Acquisition of MoneySavingExpert.com
  - Business overview
  - Acquisition benefits
- Financial details of the acquisition
- Group current trading
- Conditions and timetable

# Summary

Accelerate strategy of 'helping every household make the most of their money'



- Acquisition of MoneySavingExpert.com
  - Leading consumer champion site
  - For up to £87m
- Financially attractive
  - Earnings enhancing in Y1\*
  - Multiple of 6.9x EBITDA 2011A (Oct)\*\*
  - Corporation tax relief
- Benefits
  - Complementary brands build on existing working partnership:
    - Enhanced brand and content
    - Grow direct-to-site revenues
    - Website optimisation
- Expected Timeline
  - Shareholder meeting 5<sup>th</sup> July 2012
  - OFT approval being sought

\* Expectation for first full financial year post completion

\*\* Assuming maximum consideration and excluding tax benefits

# MoneySavingExpert.com

Consumer champion website, est. 2003 by Martin Lewis

Website, forum and email...

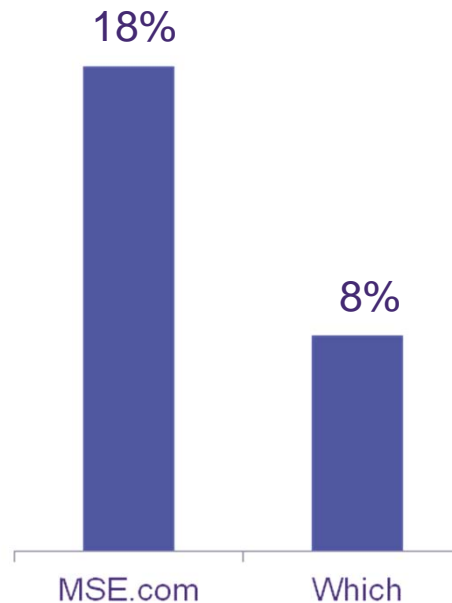
Destination content

...trusted consumer champion brand...

Brand awareness\*

...great team and engaged users

Expert team



- 42 Highly skilled team members
- Fully qualified editorial team
- Dedicated team of developers

\*Source: Omnibus Survey by Opinium: 'Think about different consumer champion websites that can help you save money?' First Mention. Sample circa 2000 online. Fieldwork conducted 23/3/12 – 26/3/12 MoneySavingExpert.com (MSE.com)

# Impartial content and guides attract users

## Revenue sharing arrangements from Price Comparison Websites and providers



Independent content attracts users ...

Money Savings Guides

**MoneySavingExpert.com**

**Cheap Gas & Electricity**

Search now to save £100s

**Overall winner: £15 cashback per switch**  
Energyhelpline.com

While that's our overall top comparison, if you're going for dual fuel, which means getting gas and electricity from one provider, bigger freebies are possible (one per household).

Don't assume dual fuel is always cheapest. Check whether getting separate gas and electricity can undercut it, as it often can. These picks are based on a mix of feedback and freebies.

**Dual fuel: crate of wine**  
Go via this [SwitchIt!](#) link and if it can switch you, you get eight bottles from Virgin Wines, totally free, plus four wine glasses (worth c. £40) to your door. Don't confuse this with its "£40 off £80 spend" deal if you go to it direct. Expect delivery 6-12 weeks after your supply has gone live.

**Dual Fuel: £30 cashback**  
Go via this [MoneySupermarket](#) link and if it can switch you it will put £30 in your account. Expect it 6-12 weeks after your supply has gone live.

**Dual fuel: £40 cashback**  
Go via this [SimplySwitch](#) link and if it can switch you it will put £40 in your bank account. Expect it 6-12 weeks after switching.

# Impartial content and guides attract users

Revenue sharing arrangements from Price Comparison Websites and providers



Independent content attracts users ...

Money Savings Guides



...links take customers to product providers...

Price Comparison Websites





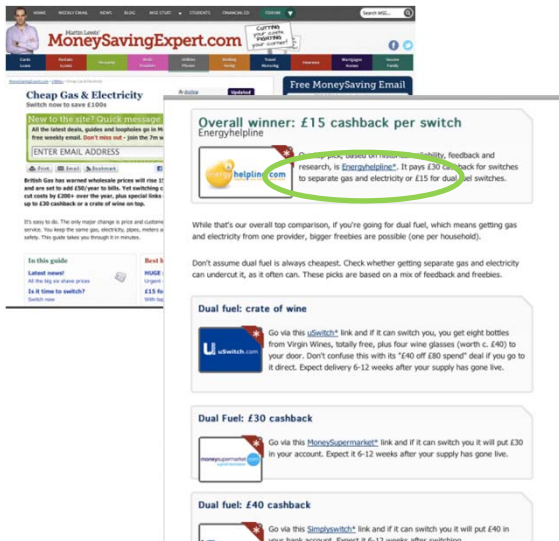
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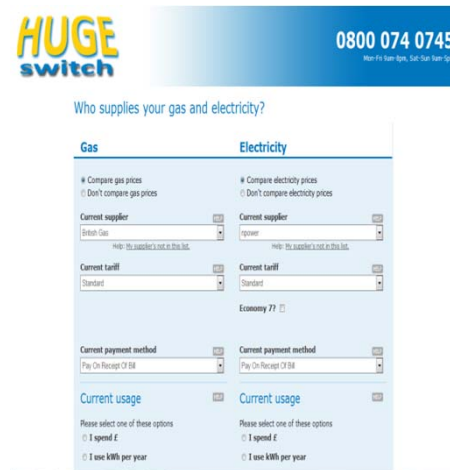
Independent content attracts users ...

Money Savings Guides



...links take customers to product providers...

Price Comparison Websites



...any fees from paid links are shared

Product providers



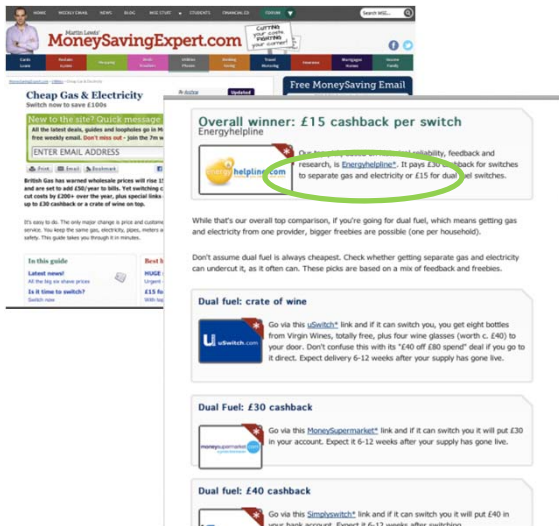
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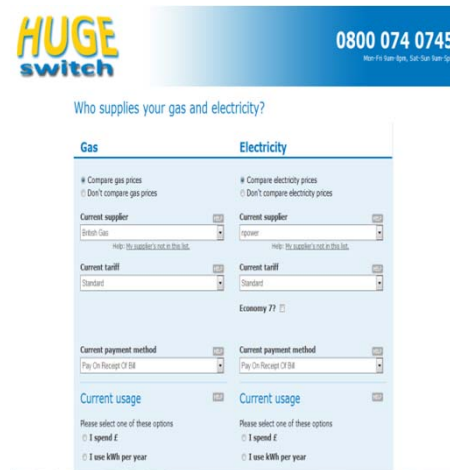
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Price Comparison Websites



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Product providers



Fee



MoneySupermarket.com

# Complementary brands

Maintaining MoneySavingExpert.com's journalistic independence is a priority



**MoneySupermarket** 

**MoneySavingExpert.com**

# Acquisition benefits

Worked together for many years



## MoneySupermarket.com Group

- Earnings enhancing in Y1\*
- Attractive valuation - 6.9x EBITDA 2011A (Oct)\*\*
- Corporation tax relief

## MoneySavingExpert.com

MoneySupermarket.com group brings new skills

- Digital marketing to enhance SEO/SEM
- Technology to build new tools and services
- CRM experience to improve impact and engagement

## MoneySupermarket.com

MoneySavingExpert.com brings to the group

- Great content with the potential to increase conversion
- An additional brand with a broader reach
- Increase proportion of DTS customers

\* Expectation for first full financial year post completion

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# Paul Doughty

Chief Financial Officer



# Financial Review



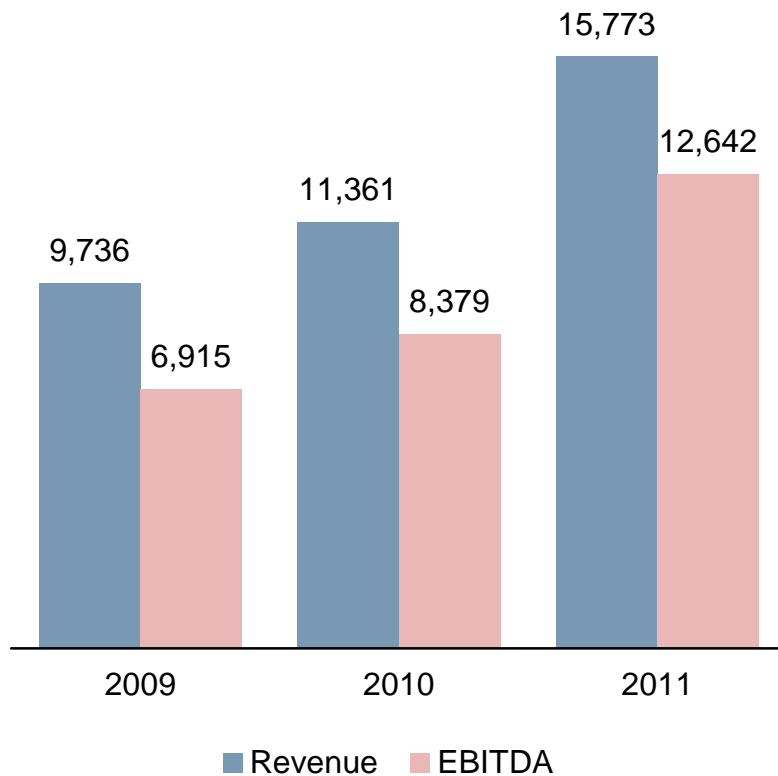
- Historical Trading Performance and Impact on Group
- Summary of Transaction
- Accounting and Tax
- MoneySupermarket.com and MoneySavingExpert.com Current Trading Summary
- Summary

# Financial Summary



## MoneySavingExpert.com 2009-2011

(£ 000s, year ended 31 October)



	MSM 2011 £m	Combined Restated* 2011 £m
Revenue	178.5	184.9
Internet	178.4	184.8
Intermediary	0.1	0.1
Gross Profit	128.4	143.4
Gross Margin	71.9%	77.6%
Administrative Costs	(49.1)	(51.6)
Distribution Costs	(29.8)	(29.8)
Adjusted EBITDA	49.5	62.0
Adjusted EBITDA %	28%	34%

\* Combination of adjusted results from MoneySupermarket.com (MSM) based on year ended 31 Dec 2011. Inter-company trading has been eliminated. MSE.com based on year ended 31 Oct 2011.

# Principal terms of the 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



# Accounting and Tax

## Group Accounts (Prepared under IFRS)



- Only the upfront element (£60m) included on the balance sheet at the point of acquisition analysed between Tangible Assets (*de minimis*), Intangible Assets and Goodwill
- Intangibles will be amortised over a period likely to be between 3 and 10 years. Goodwill is not amortised
- 'Fair Value' of deferred consideration is expensed to the P&L over the earnout period
  - Dependent in part on continued employment of Martin Lewis
- Deal fees will be expensed
  - FY11 £1m expensed in 2011
  - FY12 £2m to be expensed in 2012

# Accounting and Tax

## Corporation Tax Deduction



- Individual subsidiaries of MoneySupermarket.com acquiring the trade and assets of the sole trader and company prepare accounts under UK GAAP
- Under UK GAAP
  - Virtually all of the purchase price including the fair value of deferred consideration and deal fees will be classified on the balance sheet split between Goodwill and Intangible assets
  - Goodwill and intangible assets are amortised over their expected economic useful lives
    - Whilst further analysis is still to be undertaken the board currently anticipates a period in the region of 5 years
  - Corporation tax should be available for such amortisation
  - Anticipated therefore that virtually all of the purchase price will be eligible for corporation tax relief, over a 5 year period

# Current Trading Update

## MoneySupermarket.com and MoneySavingExpert.com

- MoneySupermarket.com trading Q1 IMS
  - Revenues 14% ahead; EBITDA 12% ahead of Q1 2011
- MoneySupermarket.com current trading
  - The Group has made a good start to Q2, and continues to trade in line with management expectations
  - Board remains confident in the prospects for the full year
- MoneySavingExpert.com current trading (for the 6 months to April 2012)
  - Revenues 6% down; EBITDA 12% down (H1 on H1)
  - Strong comparator period – more than 60% ahead of prior year
  - Cards and Loans and Banking and Savings are 6% ahead against tough comparator
  - Insurance and Energy and Phones approx 20% down
    - Stable pricing in utilities market
    - Price comparison sites better at retaining existing customers
  - Other verticals including Shopping, Travel and Mortgages all ahead
  - Visits and email volumes ahead of the same period last year
    - Continues to be a destination site for consumers with a loyal base
  - Board remains confident in the prospects for the MoneySavingExpert.com business

# Completion Conditions and Timetable



- Completion is subject to:
  - Shareholder approval
  - Competition authority approval
    - Backstop date of 9 months from date of completion to obtain necessary approvals
  - Consideration Shares being admitted
  
- We anticipate:
  - Shareholder approval 5 July 2012
  - Competition approval estimated September 2012

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# Questions & Answers