18 February 2021

Moneysupermarket.com Group PLC preliminary results for the year ended 31 December 2020

Strategy evolves; focus on delivery

Year ended 31 December	2020	2019	Growth %
Group revenue	£344.9m	£388.4m	(11)
Adjusted EBITDA *	£107.8m	£141.5m	(24)
Profit after tax	£69.3m	£94.9m	(27)
Adjusted basic EPS *	13.1p	18.2p	(28)
Basic EPS	12.9p	17.7p	(27)
Operating cashflow	£83.9m	£113.7m	(26)
Net cash/(debt) *	£23.6m	£24.2m	(2)
Dividend per share	11.71p	11.71p	-

2020 performance reflects exceptional market conditions

- Revenue down 11% due to exceptional COVID-19 related market conditions. Excluding travel channels (TravelSupermarket and travel insurance), revenue fell 4%
- Adjusted EBITDA fell 24% as a result of lower revenue and a lower gross margin rate, primarily due to poorer conversion in Money
- Strong cash conversion: £83.9m operating cashflow with net cash £23.6m at 31 December 2020
- Full year dividend maintained at 11.71p, reflecting our confidence in our longer-term growth prospects and continued robust cash generation

Peter Duffy, CEO of Moneysupermarket Group, commented:

"We have again helped millions of UK households save on their bills, while providing indispensable financial advice throughout the COVID-19 pandemic.

"The business is resilient, and our dividend reflects our confidence for the future.

"Our job now is to encourage consumers to engage with us more and save on more of their bills. We will use our data better so consumers find our sites easier to use and are reminded when there are savings available to them."

An updated, evolved strategy

We are evolving our strategy, with emphasis on attracting users more efficiently; on providing an easier and more engaging experience for users so they return more frequently and switch more products; and on broadening our offer either organically or through M&A.

Stronger execution against this strategy is needed to deliver the full potential of the Group. We have begun to make changes to drive greater accountability and faster decision-making. Improving our data infrastructure and capabilities will also drive long-term advantage, and we are making good, early progress in this area.

***Notes:**
Adjusted EBITDA is operating profit before depreciation, amortisation and impairment and adjusted for other non-underlying costs as detailed on page 10. This is consistent with how business performance is measured internally.
Adjusted basic earnings per ordinary share is profit before tax adjusted for acquisition related intangible assets and other non-underlying costs as described on page 10, divided by the number of weighted average shares. A tax rate of 19% (2019:19%) has been applied to calculate adjusted EPS.
Net cash/(debt) is cash and cash equivalents less borrowings and does not include deferred consideration or lease liabilities.

Quarter 4 trading

	Revenue for the three months ended 31 December 2020		Revenue for the year ended 31 December 2020	
	£m	**Growth %**	**£m**	**Growth %**
Insurance	37.8	(11)	172.9	(8)
Money	13.9	(26)	62.8	(27)
Home Services	15.4	(8)	68.8	0
Other	9.5	(7)	40.4	(11)
Total	**76.6**	**(13)**	**344.9**	**(11)**

Revenue for the quarter was down 13%, the November lockdown having a less pronounced impact than the Spring lockdown.

- Car insurance growth slowed during the quarter. Home insurance returned to low growth, while life insurance remained in decline. Travel insurance was negligible.

- In Money, borrowing saw a slight improvement. Provider lending criteria improved marginally but remained tighter than pre-COVID-19.

- Home Services year-on-year performance was slightly better than the third quarter. Energy revenue remained below 2019 as continued low levels of consumer savings meant reduced switching in the market. Home Comms grew well.

- Within Other, Decision Tech continued its strong performance in B2B and B2C. This was offset by TravelSupermarket, where revenue remained negligible due to travel restrictions.

Recent performance and outlook

Our end markets continue to be impacted by COVID-19 restrictions and the pace of lockdown measures being eased will be a major driver of our 2021 performance. The breadth of the consensus range for 2021 adjusted EBITDA (£96.4m to £128.8m) reflects this. Reaching the upper end of the consensus range will require strong and rapid recovery in both Money and travel related channels. If dynamics within Money were close to Q4 2020 levels and travel restrictions stay in place, adjusted EBITDA will likely be towards the lower end of the consensus range. Given the likely shape of the trading recovery, as well as the good 2020 Q1 performance, we expect revenue and profit performance to be firmly weighted to the second half.

Early 2021 trading reflects lockdown measures and we currently expect Q1 performance for Insurance and Money to be similar to Q2 2020 (in terms of year-on-year % change). Car, home and life insurance have been stronger than in April 2020, but we will shortly lap strong comparables for life and travel insurance. Within Money, tight provider lending criteria have been compounded by a market-wide drop in demand similar to the initial drop in traffic seen during the Q2 2020 lockdown.

In Home Services, customer savings in energy remain low and we are lapping a strong comparable when savings levels were high. Home Services revenue is therefore down significantly year on year although we note the recent price cap increase may improve performance as the quarter progresses.

Our purpose of “Helping households save money” has never been more relevant and, despite the current uncertainty, the Board remains confident in the Group’s long-term growth prospects.

Results presentation

A presentation for investors and analysts will be available from 8am at
http://corporate.moneysupermarket.com/Investors/results-centre
A Q&A session will be held at 9.30am with Peter Duffy (CEO) and Scilla Grimble (CFO). This session can be accessed via https://edge.media-server.com/mmc/p/yvr39ydy

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Cautionary note regarding forward looking statements

This announcement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules, Disclosure and Transparency Rules and applicable law, the company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date such statements are published.

Business review

The Group traded profitably through 2020, with our technology platform, secure infrastructure and cash generative business model enabling us to respond well to the COVID-19 challenges.

Our purpose of "Helping households save money" has never been more relevant. We are proud of how our colleagues rose to the challenge, quickly adopting remote working and then continuing to innovate for users throughout the year. We helped providers deal with issues caused by COVID-19, for example 'triaging' traffic in certain products to ease call centre pressure, and amending our question sets to help decision making. Helpful product innovation included a mortgage holiday calculator, a filter to exclude broadband switches that required a home visit, and frequently updated guides on the latest travel guidance.

MoneySavingExpert ("MSE") became the authoritative voice on lockdown finance, attracting over 24m visits in 2020, and it continues to have an outstanding net promoter score. During the year we rationalised our weekly MSE 'Tip' email to 7m subscribers, but still saw significantly increased levels of engagement. We also updated the site's visual identity and introduced a clearer, more intuitive layout. We launched two new journeys within MSE Cheap Energy Club: with 'Pick Me A Tariff' a customer can weight what preferences matter most to them and we display tariffs based on that, while with Autoswitch a customer also signs up to a simple, repeat switch every year based on those weighted preferences. 60k users have signed up to Autoswitch and a further 70k have switched via 'Pick Me A Tariff'. Both new journeys have improved conversion compared with the standard energy comparison journey, and users that have set preferences are showing greater engagement with subsequent reminder and monitoring emails. Based on further testing with users since launch, we will be rebranding Autoswitch to 'Pick Me A Tariff every year'.

MoneySuperMarket ("MSM") saw 11.5m active customers in 2020 – a lower figure than usual, due primarily to the significant reduction in the normally high-volume travel insurance market. We still helped consumers save £2bn on their household bills and continued to scale our profitable monitoring tools, which now have 2m users. The new MSM dashboard, launched as a prototype in December, combines monitoring information, recent enquiries, links to relevant articles and prompts to save in further channels. It presents this via an engaging user interface, with dynamic promotion of content based on what we know of the user.

Decision Tech ("DT") continued its strong B2C and B2B growth. The number of live B2B energy partners rose from 6 to 23 in 2020, including comparison sites and fintechs such as Snoop, Revolut and Zopa. Our mortgages joint venture with Podium also progressed in what was a difficult year for the mortgage market due to tightened lending criteria. We became the first price comparison website to launch a mortgage 'decision in principle' offering in February, with Nationwide, and launched a further, similar product with Santander in November. We added five Product Transfer options, allowing customers to easily re-mortgage to a new deal with their current provider – taking our total now to seven.

We were proud to move "Beyond Carbon Neutral" in 2020, offsetting 150% of our carbon footprint. Our partnership with the Prince's Trust is ongoing and we reached our fundraising target of £100,000 in the year. We also supported local charities, including local food banks, and our Ewloe catering team delivered up to 750 meals a week to people impacted by COVID-19. Throughout 2020 MSE continued to donate to the MSE Charity, which gives grants of up to £7,500 to UK not-for-profit groups that provide education, information and support to help people manage their money better.

We are committed to embracing and promoting diversity, inclusion and equal opportunities; in 2020 we were recognised as number 17 on the Inclusive Companies Top 50 UK Employer List, an improvement of 19 places since 2019.

Looking ahead – evolving our strategy

Today we set out an update to our strategy, which has three major objectives:

- **Efficient acquisition**

We will attract consumers to our sites in the most cost-effective way. This means optimising our approach to PPC, to SEO, and to above-the-line marketing spend.

We can deliver efficiencies in our PPC bidding through better use of data and a more sophisticated bidding platform. We plan to migrate bidding platform by the end of H1 to enable this and have already made good, early progress on modernising our data infrastructure to allow bidding to a more granular level.

SEO drives substantial volumes of free search traffic to our site. We have accelerated changes to our content management platform and some channels are now fully live with faster page speed, leaner and more efficient pages, and other technical advantages. These changes should benefit our natural search rankings. The updated platform will also help us deploy new content faster onto the site.

Above-the-line marketing remains an important driver of traffic to our sites. We will be working to more sharply define the MSM brand proposition to the consumer.

- **Retain and grow**

We will improve customer retention, cross-sell and engagement. This means continuing to develop our products to help customers monitor their bills, to remind them of policy end and other key dates, and to more generally engage them to find other ways to save. We will continue to simplify and shorten comparison journeys for returning users.

These developments will result in significant improvements to the MSM dashboard experience, and to our 'next best action' suggestions to consumers. These will be highlighted consistently to consumers across email marketing as well as web and app notifications. We will launch tariff expiry notifications to MSM energy customers in the coming months.

- **Expanding our offer**

We will seek attractive opportunities to grow and develop the potential of the Group further. This could be new channels, new distribution routes or targeting new customer bases. We have been pleased with our successful acquisition of Decision Tech and the capabilities it has brought to the Group. We remain open to further M&A to access adjacent growth areas or technologies and skills that enhance our core offer.

In the immediate term expanding our offer means continuing to drive the good B2B growth of Decision Tech. It also encompasses our work to drive the digitisation of mortgages via our joint venture with Podium.

Supporting infrastructure and capabilities

These objectives are supported by a common platform that is highly scalable – additional revenue brings only a low marginal cost.

Data is key to delivering our strategy. In 2021 we are modernising our data infrastructure and related capabilities. This will shorten and simplify internal processes, as well as delivering significant benefits to our users.

Among other things, this will allow us to capture more customer journey data, to use customer data to surface the right 'next best action' for them, and to streamline their subsequent enquiries. Already in 2021 we have started transitioning to Google Cloud Platform as our primary data lake and implementing Braze CRM to drive more efficient, coordinated and focused marketing campaigns.

In January 2021 we completed the acquisition of CYTI, our partner for our life, pet and travel insurance journeys. The acquisition gives us direct control of those journeys and the associated consumer data. Relative to peers we operate more of our channels directly and see this as an ongoing competitive advantage.

Structure and ways of working

We have made several structural changes to boost accountability, clarify decision-making and accelerate delivery. A single General Manager now heads each of our verticals with ownership of the relevant commercial, product and tech resource and priorities. Within Home Services we have recently brought MSM, MSE and DT's B2C brands under common management, at the same time bringing some of DT's product expertise and ways of working into the heart of the Group. Finally, we have added senior data representation to both the company and the leadership team.

Key performance indicators

The Board reviews key performance indicators (KPIs) to assess the performance of the business against the Group's strategy. We measure five key strategic KPIs: estimated customer savings, net promoter score, active users, revenue per active user and marketing margin.

	31 December 2020	31 December 2019
Estimated customer savings	£2.0bn	£2.0bn
Net promoter score	72	74
Active users	11.5m	13.1m
Revenue per active user	£16.19	£16.40
Marketing margin	57%	61%

Estimated customer savings:	This is calculated by multiplying sales volume against the average saving per product for core channels, the balance of the calculation is a company estimation.
Net promoter score:	The 12 monthly rolling average NPS (1 Jan 2020 - 31 Dec 2020 inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue for MoneySuperMarket and MoneySavingExpert to create a Group-wide NPS. Note that prior to 2020, TravelSupermarket was included within this KPI and thus the 2019 figure has been restated.
Active users:	The number of unique accounts running enquiries in our core seven channels for MoneySuperMarket (car insurance, home insurance, life insurance, travel insurance, credit cards, loans and energy) in the last 12-month period.
Revenue per active user:	The revenue for the core seven MoneySuperMarket channels divided by the number of active users for the last 12 months.
Marketing margin:	The inverse relationship between revenue and total marketing spend represented as a percentage. Total marketing spend includes the direct cost of sales plus distribution expenses.

The significant travel restrictions, the tightening of lending criteria for credit products, and other COVID-19 issues affected several KPIs in 2020.

Despite this, we estimate MoneySuperMarket customers again saved £2.0bn in 2020. The lower volumes in credit cards and travel insurance from Q2 onwards were offset by higher savings levels in car insurance, and in energy during the first half.

Group NPS remained healthy at 72, with the decline of two points late in the year reflecting a trend experienced across our peer group. This strong score demonstrates that trust and satisfaction in our brands remains high, especially with MSE.

Travel insurance is a high-volume channel but, in comparison with other channels, has a lower revenue per policy for the Group and lower savings levels for consumers, given the relatively low cost of the product. The reduction in travel insurance volumes was the main reason why our active users, which peaked in Q1, closed the year significantly lower than 2019.

Revenue per active user continued to grow until the end of Q1 before falling sharply in Q2 and ending the year at £16.19. This was primarily due to a reduction in conversion in cards and loans, partially offset by improved conversion in car insurance.

The marketing margin reduction reflects the £5m increase in above the line marketing spend and the dynamics in gross profit both described below.

Financial review

Group revenue decreased 11% to £344.9m (2019: £388.4m), with profit after tax declining 27% to £69.3m (2019: £94.9m). When reviewing performance, the Board reviews several adjusted measures, including adjusted EBITDA which decreased 24% to £107.8m (2019: £141.5m) and adjusted EPS which decreased 28% to 13.1p (2019: 18.2p), as shown in the table below.

Extract from the Consolidated Statement of Comprehensive Income

for the year ended 31 December

	2020	2019	Growth
	£m	£m	%
Revenue	**344.9**	388.4	(11)
Cost of sales	**(115.4)**	(122.0)	(5)
Gross profit	**229.5**	266.4	(14)
Operating costs	**(142.5)**	(148.1)	(4)
Operating profit	**87.0**	118.3	(26)
Amortisation and depreciation	**20.8**	20.9	(0)
EBITDA	**107.8**	139.2	(23)

Reconciliation to adjusted EBITDA:			
EBITDA	**107.8**	139.2	(23)
Strategy review and associated reorganisation costs	**-**	2.3	n.m
Adjusted EBITDA	**107.8**	141.5	(24)
Adjusted earnings per share**:			
– basic (p)	**13.1**	18.2	(28)
– diluted (p)	**13.1**	18.2	(28)

**A reconciliation to adjusted EPS is included within note 5.

Alternative performance measures

We use a number of alternative (non-Generally Accepted Accounting Practice (“non-GAAP”)) financial measures which are not defined within IFRS. The Board reviews adjusted EBITDA and adjusted EPS alongside GAAP measures when reviewing the performance of the Group. Executive management bonus targets include an adjusted EBITDA measure and the long-term incentive plans include an adjusted basic EPS measure.

The adjustments are separately disclosed and are usually items that are non-underlying to trading activities and that are significant in size. Alternative performance measures used within these statements are accompanied with a reference to the relevant GAAP measure and the adjustments made. These measures should be considered alongside the IFRS measures.

Revenue

for the year ended 31 December

	2020	2019	Growth
	£m	£m	%
Insurance	**172.9**	188.4	(8)
Money	**62.8**	86.0	(27)
Home Services	**68.8**	68.6	0
Other	**40.4**	45.4	(11)
Total	**344.9**	388.4	(11)

The impact of COVID-19 on both the consumer and provider side of our business caused the reduction in revenue on 2019. Excluding travel channels (TSM and travel insurance), Group revenue fell 4% year on year.

Performance in the early months of the year was good as Money returned to growth and the prospect of the pandemic drove strong demand for travel and life insurance (Insurance revenue was +8% in Q1). However revenue declined in the Insurance, Money and Other verticals from Q2 onwards as the impact of the pandemic hit.

Insurance

Insurance was impacted by travel restrictions (materially reducing travel insurance revenue from Q2 onwards), the temporary closure of the housing market (home-moving being a trigger for both home and life insurance switching) and, particularly during the Q2 lockdown, a slowdown in car insurance.

During the first lockdown in Spring, the sharp reduction in car purchases and less mileage driven (meaning fewer accidents) reduced two major triggers for car insurance switching. Home and life insurance switching also suffered, given the effective closure of the housing market.

As lockdown measures eased in Q3, car switching volumes across the market improved, driven by pent-up demand, before moderating in Q4 (which included a second, lighter lockdown). Life and home insurance remained in year-on-year decline for most of the year.

The travel restrictions in place for most of the year meant that demand for travel insurance was extremely low. Excluding travel insurance, Insurance revenue would have been broadly flat on 2019.

Money

Money revenue fell 27%. The start of the year saw a return to revenue growth in both borrowing and banking products before a material decline in performance driven by COVID-19. An initial drop in consumer demand for credit products soon reversed, but significant supply issues remained as providers tightened their lending criteria and consumers saw fewer attractive search results as a result. This impacted conversion and therefore reduced gross margin rate.

Towards the end of the year we saw a modest recovery in conversion as lending criteria loosened marginally.

Banking suffered from poor product availability for most of the year.

Home Services

Home Services revenue was stable year on year, following very strong growth (+39%) in 2019. The first half of the year saw strong performance, as our ability to secure compelling offers and the attractive customer savings levels in the energy market were amplified by MSE's editorial focus. In the second half growth slowed as the level of savings available to customers fell, and energy market switching levels reduced. The lower savings available were caused by the energy price cap reduction which, combined with a rise in wholesale prices, meant fewer attractive tariffs were available from providers.

Home Comms performed well throughout the year, contributing almost 25% of revenue in Home Services, and seeing double-digit growth each quarter. Broadband was a significant driver of this, aided by consumer demand during lockdown and strong offers from providers.

Other

Within Other, Decision Tech's B2B business performed well, maintaining its good momentum with continued innovation in customer journeys. The B2C businesses also grew strongly. As mentioned, demand and supply for TSM were heavily affected by travel restrictions, leading to negligible revenue for most of the year.

Gross profit

Gross margin fell from 68.6% to 66.5% in 2020.

Approximately two thirds of this decline was due to the poorer conversion in Money that began in Q2 and continued for the rest of the year. The rest of the decline was mainly due to volatility in SEO positions for key insurance terms, with SEO positions in H1 weaker on average than in H1 2019. This means a lower proportion of customers came to us via natural search, leading to a fall in gross margin.

Gross margin benefited from the decline in travel insurance, a lower margin channel, but this was broadly offset by growth at Decision Tech, with B2B margins being structurally lower than the B2C margins of the rest of the Group. We continued to see a shift to mobile devices, where margins are lower than on desktop, with 57.4% of MSM visits coming from a mobile device (2019:53.6%). In 2020 however, we saw a significant decline in tablet mix, resulting in a shift towards (higher-margin) desktop. This shift broadly offset the 2020 impact from increased mobile mix.

Operating costs
for the year ended 31 December

	2020	2019	Growth
	£m	£m	%
Distribution expenses	**34.3**	29.9	15
Administrative expenses	**108.2**	118.2	(8)
Operating costs	**142.5**	148.1	(4)
Within administration expenses			
Amortisation of software	**13.9**	14.0	(1)
Amortisation of acquisition related intangible assets	**2.4**	2.4	0
Depreciation	**4.5**	4.5	0

Our planned £5m increase in brand marketing spend drove the increase in distribution expenses for the year.

Administrative expenses decreased by £10m driven primarily by materially lower incentive accruals, as well as tighter control of discretionary spend in response to COVID-19.

We anticipate that incentive costs will return in 2021. Overall, we expect operating costs (excluding depreciation and amortisation) to be slightly ahead of 2019 levels.

Adjusting items*
for the year ended 31 December

	2020	2019	Growth
	£m	£m	%
Amortisation of acquisition related intangible assets	**2.4**	2.4	0
Change in fair value of financial instrument	**3.5**	-	n.m
Strategy review and associated reorganisation costs	**-**	2.3	n.m
	5.9	4.7	n.m

* *Amortisation of acquisition related intangible assets and the change in fair value of financial instrument are not included in EBITDA and therefore are only adjusting items in the adjusted EPS calculation. In 2019, strategy review and associated reorganisation costs were included in EBITDA and so were adjusting items in both the adjusted EBITDA and adjusted EPS calculations.*

The acquisitions of MSE in 2012 and Decision Tech in 2018 gave rise to intangible assets (excluding goodwill) of £12.9m and £8.7m respectively. These are each being amortised over a period of 3-10 years with a total charge of £2.4m (2019: £2.4m).

The change in fair value of financial instruments relates to a gain recognised on a call option to acquire the remaining share capital of CYTI, an existing technology partner for life, pet and travel insurance in which we already held a 28% investment at year end. Given the non-underlying nature and size of this gain, this has been treated as an adjusting item. More information on the CYTI investment is detailed below.

Prior year adjusting items included £2.3m of strategy related costs associated with the strategy review and reorganisation, including the Manchester relocation.

Dividends

The Board has recommended a final dividend of 8.61 pence per share (2019: 8.61p), making the proposed full year dividend 11.71 pence per share (2019: 11.71p). This reflects the ongoing strong cash generation of the business, strong balance sheet and the Board's confidence in the future prospects of the Group.

The final dividend will be paid on 20 May 2021 to shareholders on the register on 9 April 2021, subject to approval by shareholders at the Annual General Meeting to be held on 13 May 2021.

Tax

The effective tax rate of 21.1% (2019: 18.2%) is above the UK standard rate of 19.0% (2019: 19.0%). This is due to a charge arising from the revaluation of deferred tax liabilities following the Government announcement that the standard rate of corporation tax will no longer fall to 17% in the future. The Group expects the underlying effective rate to continue to approximate to the standard rate of corporation tax.

Earnings per share

Basic reported earnings per share for the year ended 31 December 2020 was 12.9p (2019: 17.7p). Adjusted basic earnings per ordinary share decreased 28% to 13.1p per share. This represents a larger decrease than at EBITDA level, due primarily to depreciation and amortisation charges remaining broadly flat year on year.

The adjusted earnings per ordinary share is based on profit before tax before the adjusting items detailed above. A tax rate of 19.0% (2019: 19.0%) is applied to calculate adjusted profit after tax.

Cashflow and balance sheet

The Group generated robust operating cash flows of £83.9m (2019: £113.7m) and finished the year with a net cash position of £23.6m (2019: £24.2m).

Working capital remained flat as both receivables and payables remained at similar levels to 2019. Whilst trade receivables fell in line with revenue, prepayments increased as the Group renewed certain key technology infrastructure contracts, prepaying for several years.

In terms of creditors, c.£8m of VAT payments were deferred into 2021 as the Group fell under the Government's automatic VAT payment deferral scheme. This was largely offset by a significant decrease in other payables due to the lack of incentive accrual at year end.

In the year there was also a one-off change to HMRC's corporation tax payment schedule, which resulted in corporation tax payments being £6.1m higher than our income statement charge. The Group also repaid £4.0m of loan notes which were part of the deferred consideration on acquisition of Decision Tech. At 31 December 2020, £0.8m of this deferred consideration remained outstanding and is due to be settled during 2021.

In December, the Group extended the duration of its revolving credit facility ("RCF"), replacing one lender and slightly reducing the committed funds to £90m. The facility now matures in September 2023. The Group also has an accordion option to apply for up to £100m of additional funds during the term of the RCF. At year end, the RCF was undrawn.

Capital expenditure

During the year, we invested £1.3m refurbishing our Ewloe site creating a modern workplace for employees based there. All offices within our estate are now either recently refurbished or relatively recently opened, following the Spinningfields, Manchester office opening in 2019.

Our technology capital expenditure continued to fall in 2020 to £9.2m (2019: £10.6m), due to the continuing shift towards operating expenditure. In 2021, we expect technology capex to be in the region of £10m and the technology amortisation charge to be in the region of £15m.

The amortisation charge for 2021 will include accelerated amortisation of several data infrastructure assets. This is due to a transition to Google Cloud Platform in 2021 as part of the change to our data strategy announced today to make data more accessible and allow faster, more efficient and insightful analysis and decision making.

CYTI investment

In March 2020, the Group acquired a 28% shareholding in CYTI (for £2.8m) and took a call option to purchase the remainder of the business. The investment forged closer links with an important partner in our travel, life and pet insurance channels and gave the Group the option for more control over these key channels. In January 2021, the Group acquired the remaining share capital of CYTI for a cash amount of £1.4m (see note 12 to the financial statements below).

The COVID-19 travel restrictions materially impacted CYTI's financial results in 2020. Our option to acquire the business was based on a fixed multiple of profit after tax for the trailing twelve months before acquisition. This meant that at 31 December 2020 the option strike price was advantageous compared to the longer term valuation of CYTI, assuming the travel sector and therefore the profits of CYTI recover from the effects of the pandemic. This resulted in the call option having a value of £3.5m at year end which has been recognised as a derivative financial asset and a fair value gain on financial instrument was credited to the income statement.

FCA General Insurance review

The FCA is due to publish its policy statement on General Insurance pricing during Q2 2021.

We are supportive of the intent behind the reforms, which aligns to our purpose of helping households save money, and have engaged with the FCA to shape the detail of the reforms. The FCA proposed that the window for implementation would be four months after its final statement is published, although we understand there will be consistent market participant feedback that a longer implementation period would be advisable.

We particularly welcome the FCA proposal to make it easier for consumers to opt out of policy auto-renewal across general insurance. This is a consumer pain-point that can lead to them paying higher costs – and is a barrier to switching.

The proposals to end 'price walking' within car and home insurance are likely to dampen switching levels in the medium to long term, which could mean customers find themselves on sub-optimal policies as their needs evolve. 'Price walking' is just one of several triggers for consumers to compare and switch policies. Other triggers include insurer-led changes (e.g. risk re-pricing, market premium inflation), direct risk changes (e.g. new car, accident), extrinsic risk changes (e.g. house move, neighbourhood flooding) and other reasons (e.g. poor service or ingrained price comparison behaviours).

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	**2020** **£m**	2019 £m
Revenue	*2*	**344.9**	388.4
Cost of sales		**(115.4)**	(122.0)
Gross profit		**229.5**	266.4
Distribution expenses		**(34.3)**	(29.9)
Administrative expenses		**(108.2)**	(118.2)
Operating profit		**87.0**	118.3
Change in fair value of financial instruments	*8*	**3.5**	-
Net finance costs	*3*	**(2.0)**	(2.0)
Share of loss of joint venture	*8*	**(0.7)**	(0.3)
Profit before taxation		**87.8**	116.0
Taxation	*4*	**(18.5)**	(21.1)
Profit for the period		**69.3**	94.9
Other comprehensive income		**2.6**	2.1
Total comprehensive income for the period		**71.9**	97.0
Earnings per share:			
Basic earnings per ordinary share (pence)	*5*	**12.9**	17.7
Diluted earnings per ordinary share (pence)	*5*	**12.9**	17.7

Consolidated statement of financial position
as at 31 December

	Note	**2020**	2019
		£m	£m
Assets			
Non-current assets			
Property, plant and equipment		**42.6**	44.7
Intangible assets	*7*	**170.8**	177.9
Equity accounted investments	*8*	**2.6**	0.5
Other investments	*9*	**8.2**	5.3
Total non-current assets		**224.2**	228.4
Current assets			
Derivative financial assets	*8*	**3.5**	-
Trade and other receivables		**45.1**	47.4
Prepayments		**8.8**	6.3
Cash and cash equivalents		**23.6**	24.2
Total current assets		**81.0**	77.9
Total assets		**305.2**	306.3
Liabilities			
Non-current liabilities			
Other payables		**30.7**	37.3
Deferred tax liabilities		**11.4**	10.8
Total non-current liabilities		**42.1**	48.1
Current liabilities			
Trade and other payables		**54.6**	52.2
Current tax liabilities		**-**	6.7
Total current liabilities		**54.6**	58.9
Total liabilities		**96.7**	107.0
Equity			
Share capital		**0.1**	0.1
Share premium		**205.0**	204.7
Reserve for own shares		**(2.8)**	(2.9)
Retained earnings		**(57.2)**	(63.4)
Other reserves		**63.4**	60.8
Total equity		**208.5**	199.3
Total equity and liabilities		**305.2**	306.3

Consolidated statement of changes in equity

for the year ended 31 December

	Share capital £m	Share premium £m	Reserve for own shares £m	Retained earnings £m	Other reserves £m	Total £m
At 1 January 2019	**0.1**	**204.0**	**(2.6)**	**(59.7)**	**58.7**	**200.5**
Profit for the period	-	-	-	94.9	-	94.9
Other comprehensive income	-	-	-	-	2.1	2.1
Total comprehensive income	-	-	-	94.9	2.1	97.0
Purchase of shares by employee trusts	-	-	(0.5)	-	-	(0.5)
Exercise of LTIP awards	-	-	0.2	(0.2)	-	-
New shares issued	0.0	0.7	-	-	-	0.7
Equity dividends paid	-	-	-	(100.0)	-	(100.0)
Share-based payments	-	-	-	1.6	-	1.6
At 31 December 2019	**0.1**	**204.7**	**(2.9)**	**(63.4)**	**60.8**	**199.3**
At 1 January 2020	**0.1**	**204.7**	**(2.9)**	**(63.4)**	**60.8**	**199.3**
Profit for the period	-	-	-	69.3	-	69.3
Other comprehensive income	-	-	-	-	2.6	2.6
Total comprehensive income	-	-	-	69.3	2.6	71.9
Purchase of shares by employee trusts	-	-	(0.9)	-	-	(0.9)
Exercise of LTIP awards	-	-	1.0	(1.0)	-	-
New shares issued	0.0	0.3	-	-	-	0.3
Equity dividends paid	-	-	-	(62.8)	-	(62.8)
Share-based payments	-	-	-	0.7	-	0.7
At 31 December 2020	**0.1**	**205.0**	**(2.8)**	**(57.2)**	**63.4**	**208.5**

Consolidated statement of cash flows
for the year ended 31 December

	2020	2019
	£m	£m
Operating activities		
Profit for the year	**69.3**	94.9
Adjustments to reconcile Group profit to net cash flow from operating activities:		
Amortisation of intangible assets	**16.3**	16.4
Depreciation of property, plant and equipment	**4.5**	4.5
Share of loss of joint ventures	**0.7**	0.3
Change in fair value of financial instruments	**(3.5)**	-
Net finance costs	**2.0**	2.0
Equity settled share-based payment transactions	**0.7**	1.6
Tax charge	**18.5**	21.1
Changes in trade and other receivables	**(0.2)**	(4.1)
Changes in trade and other payables	**0.2**	(0.9)
Tax paid	**(24.6)**	(22.1)
Net cash flow from operating activities	**83.9**	113.7
Investing activities		
Interest received	**0.1**	0.2
Acquisition of investments	**(7.1)**	(2.3)
Acquisition of property, plant and equipment	**(1.8)**	(4.5)
Acquisition of intangible assets	**(8.8)**	(10.7)
Net cash used in investing activities	**(17.6)**	(17.3)
Financing activities		
Dividends paid	**(62.8)**	(100.0)
Proceeds from issue of shares	**0.3**	0.7
Share purchases by employee trusts	**(0.9)**	(0.5)
Proceeds from borrowings	**55.0**	49.0
Repayment of borrowings	**(55.0)**	(64.0)
Interest paid	**(1.7)**	(1.4)
Repayment of lease liabilities	**(1.8)**	(0.8)
Net cash used in financing activities	**(66.9)**	(117.0)
Net decrease in cash and cash equivalents	**(0.6)**	(20.6)
Cash and cash equivalents at 1 January	**24.2**	44.8
Cash and cash equivalents at 31 December	**23.6**	24.2

Notes

1. **Basis of preparation**

Moneysupermarket.com Group plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange.

The financial statements are prepared on the historical cost basis. Comparative figures presented in the financial statements represent the year ended 31 December 2019.

The financial statements have been prepared on the same basis as those for the year ended 31 December 2019.

Going concern

The Directors have prepared the consolidated financial statements on a going concern basis for the following reasons. The Group is profitable, cash generative and has no external debt other than the revolving credit facility, “RCF”, (£nil drawn as at 31 December 2020 and post year end of the £90m available). The operations of the business have been impacted by COVID-19 and whilst revenue and profit are lower than for the same period in 2019, the Group remains profitable, cash generative and compliant with the covenants of the RCF.

The Directors have prepared cash flow forecasts for the Group for a period in excess of 12 months from the date of approval of the consolidated financial statements and have also considered the impact of COVID-19 upon the Group’s business, financial position, and liquidity in severe, but plausible, downside scenarios, using stress testing and scenario modelling techniques. The scenarios modelled take into account the impacts of COVID-19 and include a base scenario derived from the Group’s latest forecasts. The severe, but plausible, downside scenarios modelled, under a detailed exercise at a channel level, included minimal revenue recovery over the period of the cash flow forecasts, while conservatively assuming no operational cost mitigation actions are taken to reduce the cost base where reduced revenues are forecast. The impact these scenarios have on the financial resources, including the extent of utilisation of the available RCF and impact on covenant calculations has been modelled. The Directors also considered possible mitigating circumstances and actions in the event of such scenarios occurring, including the availability of the Group’s banking facilities, reduction in the ordinary dividend payment, removal of future special dividends/share buybacks or the slowdown of capital expenditure.

The scenarios tested showed that the Group will be able to operate at adequate levels of liquidity for a period in excess of 12 months from the date of signing the consolidated financial statements. The Directors, therefore, consider that the Group has adequate resources to continue in operational existence for a period in excess of 12 months from the date of approval of the consolidated financial statements and have prepared them on a going concern basis.

2. **Segmental information**

This year the Group has incorporated a profit measure into its segmental reporting. This measure reflects the way performance is assessed internally. The Group has a number of teams, capabilities and infrastructure which are used to support all verticals e.g. data warehousing and brand marketing. These are shared costs of the Group rather than “central costs”. We have concluded there is no direct or accurate basis for allocating these costs to the operating segments and therefore they are disclosed separately, which is how they are presented to the Chief Operating Decision Maker.

The Group’s reportable segments are Insurance, Money and Home Services. These segments represent individual trading verticals which are reported separately for revenue and directly attributable expenses. Net finance costs, share of loss of equity accounted investments, tax and net assets are only reviewed by the Chief Operating Decision Maker at a consolidated level and therefore have not been allocated between segments. All assets held by the Group are located in the UK.

The operating segments within ‘Other’ do not meet the quantitative threshold for reportable segments and have been aggregated.

The following summary describes how revenue is generated for each segment.

Segment	**Revenue products and services**
Insurance	Customer completes transaction for insurance policy on any of the following: provider website, our website or a telephone call.
Money	Customer completes transaction for money products such as credit cards, loans and mortgages on provider website.
Home Services	Customer completes transaction for home services products such as energy and broadband on provider website.
Other	Customer completes transaction for other products such as mobile, broadband, and travel on provider website or our website. This includes B2B revenues.

Segment	**Insurance £m**	**Money £m**	**Home Services £m**	**Other £m**	**Shared costs £m**	**Total £m**
Year ended 31 December 2020						
Revenue	172.9	62.8	68.8	40.4	-	**344.9**
Directly attributable expenses	(74.6)	(26.0)	(26.5)	(28.5)	(81.5)	**(237.1)**
Adj. EBITDA contribution	98.3	36.8	42.3	11.9	(81.5)	**107.8**
Adj. EBITDA contribution margin	57%	59%	62%	30%	-	***31%***
Depreciation and amortisation						**(20.8)**
Change in fair value of financial instruments						**3.5**
Net finance costs						**(2.0)**
Share of loss of equity accounted investments						**(0.7)**
Profit before tax						**87.8**
Taxation						**(18.5)**
Profit for the year						**69.3**

Segment	Insurance £m	Money £m	Home Services £m	Other £m	Shared costs £m	Total £m
Year ended 31 December 2019						
Revenue	188.4	86.0	68.6	45.4	-	388.4
Directly attributable expenses	(79.7)	(29.7)	(25.7)	(30.9)	(80.9)	(246.9)
Adj. EBITDA contribution	108.7	56.3	42.9	14.5	(80.9)	141.5
Adj. EBITDA contribution margin	*58%*	*65%*	*63%*	*32%*	-	*36%*
Depreciation and amortisation						(20.9)
Strategy and reorganisation costs						(2.3)
Net finance costs						(2.0)
Share of loss of equity accounted investments						(0.3)
Profit before tax						116.0
Taxation						(21.1)
Profit for the year						94.9

Adjusted EBITDA contribution margin is calculated by dividing adjusted EBITDA contribution by revenue.

Insurance adjusted EBITDA contribution margin fell slightly from 58% to 57% in the year. Insurance is a largely VAT exempt vertical and in 2020 the Group's VAT recovery rate fell. This resulted in higher irrecoverable VAT costs in the Insurance vertical. Insurance margins benefitted from the reduction of travel insurance, which is a relatively low margin channel, but suffered from the year-on-year loss of SEO positions during H1 - the two impacts broadly netting out.

Money was impacted by lower conversion rates due to tightened lending criteria, which led to a margin decline of 6 percentage points for the vertical. Home Services margin declined slightly due to profitable growth in broadband paid acquisition.

Within Other, DT's strong performance and the decline in TSM revenues led to mix shift towards B2B and away from B2C channels. This led to a decrease in margins to 30% from 32% due to the structurally lower margins for B2B businesses.

3. **Net finance costs**

	2020 £m	2019 £m
Finance income	**0.1**	0.2
Finance costs	**(2.1)**	(2.2)
	(2.0)	(2.0)

4. **Taxation**

The Group's consolidated effective tax rate for the year ended 31 December 2020 was 21.1% (2019: 18.2%). The increase in effective tax rate is mainly due to a deferred tax charge arising from a change in the expected future standard rate of corporation tax. This follows the Government announcement on 17 March 2020 that the planned reduction in corporation tax from 19% to 17% would no longer take place. In addition, the comparative effective tax rate includes a favourable prior year adjustment.

	2020	2019
	£m	£m
Current tax:		
Current tax on income for the year	**17.6**	22.9
Adjustment in relation to prior period	**0.3**	(2.5)
	17.9	20.4
Deferred tax		
Origination and reversal of temporary differences	**(0.8)**	(0.3)
Adjustment due to changes in tax rate	**1.3**	-
Adjustment in relation to prior period	**0.1**	1.0
	0.6	0.7
Tax expense for the year	**18.5**	21.1

5. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year. The Company's own shares held by employee trusts are excluded when calculating the weighted average number of ordinary shares outstanding.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share

Basic and diluted earnings per share have been calculated on the following basis:

	2020	2019
	£m	£m
Profit after taxation attributable to ordinary shareholders	**69.3**	94.9
Basic weighted average ordinary shares in issue (millions)	**536.4**	536.3
Dilutive effect of share based instruments (millions)	**0.1**	0.1
Diluted weighted average ordinary shares in issue (millions)	**536.5**	536.4
Basic earnings per ordinary share (pence)	**12.9**	17.7
Diluted earnings per ordinary share (pence)	**12.9**	17.7

Adjusted basic and diluted earnings per share have been calculated as follows:

	2020	**2019**
	£m	**£m**
Profit before tax	87.8	116.0
Amortisation of acquisition related intangible assets	2.4	2.4
Strategy related one-off costs	-	2.3
Change in fair value of financial instruments	(3.5)	-
	86.7	120.7
Estimated taxation at 19% (2019: 19%)	(16.5)	(22.9)
Profit for adjusted EPS purposes	70.2	97.8
Basic adjusted earnings per share (pence)	13.1	18.2
Diluted adjusted earnings per share (pence)	13.1	18.2

6. **Dividends**

	2020 £m	2019 £m
Equity dividends on ordinary shares:		
Final dividend for 2019: 8.61 pence per share (2018: 8.10 pence per share)	**46.2**	43.4
Special dividend for 2019: £nil (2018: 7.46 pence per share)	**-**	40.0
Interim dividend for 2020: 3.10 pence per share (2019: 3.10 pence per share)	**16.6**	16.6
	62.8	100.0
Proposed for approval (not recognised as a liability as at 31 December):		
Final dividend for 2020: 8.61 pence per share (2019: 8.61 pence per share)	**46.2**	46.2

7. **Intangible assets**

	Market related	Customer relationships	Customer lists	Technology related	Goodwill	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cost						
At 1 January 2019	155.3	69.3	2.3	98.1	212.6	537.6
Additions	-	-	-	10.6	-	10.6
At 31 December 2019	155.3	69.3	2.3	108.7	212.6	548.2
Amortisation						
At 1 January 2019	145.1	69.3	2.3	62.9	74.3	353.9
Charged in period	1.7	-	-	14.7	-	16.4
At 31 December 2019	146.8	69.3	2.3	77.6	74.3	370.3
Net book value						
At 1 January 2019	10.2	-	-	35.2	138.3	183.7
At 31 December 2019	**8.5**	**-**	**-**	**31.1**	**138.3**	**177.9**
Cost						
At 1 January 2020	155.3	69.3	2.3	108.7	212.6	548.2
Additions	-	-	-	9.2	-	9.2
Disposals	-	(69.3)	(2.3)	(16.4)	-	(88.0)
At 31 December 2020	155.3	-	-	101.5	212.6	469.4
Amortisation						
At 1 January 2020	146.8	69.3	2.3	77.6	74.3	370.3
Charged in period	1.7	-	-	14.6	-	16.3
Eliminated on disposal	-	(69.3)	(2.3)	(16.4)	-	(88.0)
At 31 December 2020	148.5	-	-	75.8	74.3	298.6
Net book value						
At 1 January 2020	8.5	-	-	31.1	138.3	177.9
At 31 December 2020	**6.8**	**-**	**-**	**25.7**	**138.3**	**170.8**

Asset disposals in the year include assets with gross book value of £88.0m and £nil net book value that are no longer in use and have therefore been retired.

8. Equity accounted investments

	Podium Solutions Limited (50%) £m	CYTI (Holdings) Limited (28%) £m	Total £m
At 31 December 2019			
Investment	1.0	-	1.0
Group share of loss brought forward	(0.2)	-	(0.2)
Group share of loss for the period	(0.3)	-	(0.3)
	0.5	-	0.5
At 31 December 2020			
Investment	1.0	2.8	3.8
Group share of loss brought forward	(0.5)	-	(0.5)
Group share of loss for the period	(0.5)	(0.2)	(0.7)
	-	2.6	2.6

In March 2020, the Group acquired a 28% shareholding in CYTI (Holdings) Limited for £2.8m and a call option to acquire the remaining share capital. Given the ongoing impact of COVID-19 on the travel sector at the balance sheet date, the asset was tested for impairment and we have concluded that it is not impaired.

At 31 December 2020 the call option had a fair value of £3.5m. This was determined using the income approach, discounting expected future cash flows to their present value. Expected future cash flows were derived from CYTI's latest forecasts, taking into account the travel restrictions in place at the balance sheet date. The cash flows were discounted using a cost of capital appropriate to the risk of the underlying investment, reflecting the view of an informed and independent market participant as required by the accounting standards.

Subsequent to the year end, the Group acquired the remaining share capital of CYTI (see note 12).

9. Other investments

	1 January 2019 £m	Additions £m	Fair value uplift £m	31 December 2019 £m
Truelayer Limited	0.4	-	1.1	1.5
Flagstone Investment Management Limited	-	2.0	0.5	2.5
By Miles Ltd	0.3	0.3	0.4	1.0
Plum Fintech Limited	0.2	-	0.1	0.3
	0.9	2.3	2.1	5.3

	1 January 2020 £m	Additions £m	Fair value uplift £m	31 December 2020 £m
Truelayer Limited	1.5	-	-	1.5
Flagstone Investment Management Limited	2.5	0.3	0.8	3.6
By Miles Ltd	1.0	-	1.6	2.6
Plum Fintech Limited	0.3	-	0.2	0.5
	5.3	0.3	2.6	8.2

Investments are measured at fair value, using the latest unquoted share price of recent transactions, with updates made as required considering market conditions at year end. This valuation method falls under level 3 as defined by IFRS 13 *Fair Value Measurements.*

Sensitivity analysis

For the fair value of investments, a 5% movement in share price would have an effect of £0.4m (2019: £0.3m) on the total value.

10. **Related party transactions**

Robin Freestone, Scilla Grimble, James Bilefield and Sally James in total received dividends from the Group totalling £19,491 (2019: Robin Freestone, Scilla Grimble, Bruce Carnegie-Brown and Sally James in total received £14,503).

11. **Commitments and contingencies**

At 31 December 2020, the Group was committed to incur capital expenditure of £0.5m (2019: £1.4m).

Comparable with most companies of our size, the Group is a defendant in a small number of disputes incidental to its operations and from time to time is under regulatory scrutiny.

As a leading website operator, the Group occasionally experiences operational issues as a result of technological oversights that in some instances can lead to customer detriment, dispute and potentially cash outflows. The Group has a professional indemnity insurance policy in order to mitigate liabilities arising out of events such as this. The contingencies outlined above are not expected to have a material adverse effect on the Group.

12. **Post balance sheet events**

On 28 January 2021, the Group acquired the remaining share capital of CYTI (Holdings) Limited. Total consideration for the acquisition of CYTI comprises £1.4m cash, the fair value of the option and the fair value of the 28% held as at the acquisition date.

Appendix

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2020 or 31 December 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The annual report and accounts for the year ended 31 December 2020 will be posted to shareholders in March 2021. The results for the year ended 31 December 2020 were approved by the Board of Directors on 17 February 2021 and are audited. The Annual General Meeting will take place on 13 May 2021. The final dividend will be payable on 20 May 2021 to shareholders on the register at the close of business on 9 April 2021.

Presentation of figures

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly with the total figure given.