14 February 2019

Moneysupermarket.com Group PLC preliminary results for the year ended 31 December 2018

Year ended 31 December	2018	2017	Change %
Group Revenue	£355.6m	£329.7m	+8
Operating Profit	£108.0m	£94.9m	+14
Adjusted EBITDA *	£129.4m	£127.2m	+2
Profit After Tax	£86.6m	£78.1m	+11
Adjusted EPS **	17.4p	16.9p	+3
Basic EPS	16.2p	14.4p	+13
Net Cash	£29.8m	£35.1m	-15
Ordinary Dividend per share	11.05p	10.44p	+6

- Significant progress in executing our strategy to reaccelerate core growth and unlock new market growth
- Delivered record levels of switching and helped our customers save an estimated £2.1bn
- Good trading performance with revenues up 8%
- Adjusted EBITDA £129.4m in line with expectations
- Strong cash generation with £106.6m of operating cash during the period
- Total dividend up 6% reflecting our progressive dividend policy
- Announcing intention to return additional £40m to shareholders in 2019 in-line with our capital allocation policy

Mark Lewis, Moneysupermarket Group CEO, said:

"In 2018 we made great progress on our Reinvent strategy. As well as growing the business we helped save customers a record £2.1bn. Our investment in optimising our sites means we have made saving even easier.

"In 2019 we are taking price comparison to the next stage by offering people more personalised ways to save and on more of their household bills."

Outlook

The Board is confident of delivering market expectations for the year. Trading in the first six weeks is encouraging. ***

* Adjusted EBITDA is Operating Profit adjusted for amortisation of acquisition related intangible assets, depreciation, amortisation and other non-underlying costs (including impairments and strategy related costs) as detailed on page 4. The adjusted results are consistent with how business performance is measured internally.

** Adjusted basic earnings per ordinary share is Profit before Tax adjusted for amortisation of acquisition related intangible assets, profit on disposal of associates and investments and other non-underlying costs as described in the financial review. In addition, a tax rate of 19% (2017: 19.25%) has been applied to calculate adjusted profit after tax.

*** Market expectations of Adjusted EBITDA for the 12 months to 31 December 2019 from the analyst consensus on our investor website are in a range of £134.3m to £149.8m, with an average of £140.1m (pre IFRS16).

Quarter 4 trading

	Revenue for the three months to 31 December 2018		Revenue for the year ended 31 December 2018	
	£m	Growth y-o-y %	£m	Growth y-o-y %
- Insurance	41.1	+7	183.0	+4
- Money	21.8	+3	88.1	+3
- Home Services	12.2	+22	49.2	+15
	75.1	+8	320.4	+5
Other revenue	10.2	+121	35.2	+42
Total	**85.3**	**+15**	**355.6**	**+8**

- The good growth in Insurance continued
- The positive momentum in credit products was supported by the recent investment in customer experience, partly offset by lower growth in current accounts which did not have the same level of promotional products as the prior year
- Improvements in customer experience and attractive offers from providers meant energy switching remained strong
- Other revenue includes £6.1m from Decision Tech during the fourth quarter.

Directorate change: Robin Freestone to be appointed Chairman

We are pleased to announce that Robin Freestone will be appointed Chairman of the Board at the conclusion of the Annual General Meeting on 9 May 2019 ("AGM"), subject to regulatory confirmation. Bruce Carnegie-Brown will step down from the Board after the AGM. We have published a separate RNS detailing the change.

Results presentation

There will be a presentation for investors and analysts at Herbert Smith Freehills, Exchange House, Primrose Street, London, EC2A 2EG at 9.30am on 14 February 2019. To watch the presentation being streamed live, please visit: http://corporate.moneysupermarket.com/ to register and listen.

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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

We made significant progress executing the first year of our Reinvent strategy. After choosing to invest in our product engineering teams, growth accelerated. We acquired and integrated Decision Tech to add B2B capability to the Group, and we launched several new market growth initiatives.

The Group's financial performance was strong during this year of transformation and we delivered record levels of switching, saving our customers £2.1bn. We enjoy leading positions in growing markets and our brands are firmly trusted by our customers. Our users are engaged with our brands, saving money across the broadest range of products in the price comparison sector.

Our business model is a data-driven marketplace, providing offers that our customers cannot get elsewhere, value to our providers and a track record of returns to investors.

Market growth

Our markets remain dynamic and healthy and we now forecast our core markets will grow at 4-5%. This is lower than our previous estimate as we now expect a later recovery to motor insurance premium inflation.

Reinvent strategy

Our first priority was to focus on the rapid optimisation of our customer journeys, making the sites easier to use, particularly for anyone using a mobile device. The investment in product engineering capability is now complete and there are dedicated squads in place across the main channels. This has made our site easier to use and our customers have noticed it, with our NPS increasing to 74. Our conversion rates have increased across each of our main comparison products, improving our financial performance. This new capability combined with the existing strengths of our brands, our new technology platform and strong provider relationships, is making our business more robust for the future.

The second pillar of the Reinvent strategy leverages our technology platform to enable us to lead the innovation of price comparison and unlock new market growth. We have made good progress on each of the initiatives.

- Personalised MoneySuperMarket - during 2018, we have begun to make our services more proactive and personalised. Starting with the users who access us through our mobile app, we launched new products driving meaningful engagement. Our app delivers proactive policy monitoring where customers can store key policies and these are then checked against offers in the market to identify the best deal. We also launched Credit Monitor, which offers the addition of a credit file to help our customers understand and improve their credit score, as well as offering personalised credit recommendations. During 2019 we will look to scale these propositions to more of our customers.

- Take Price Comparison to the user - we are tapping into the opportunity to take our products and services to the sites people are already visiting regularly on their mobile phones. In August 2018 we bought Decision Tech, which has leading B2B price and product comparison capabilities. This company can offer Moneysupermarket's wider comparison services to new audiences through partnerships. Today, we have announced a MoneySuperMarket powered energy switching product on the Yolt open banking app.

- Mortgage price comparison – millions of customers look to us for help with mortgages every year and in 2018 we launched a new joint venture, Podium, to develop product eligibility, so customers can receive an enhanced, digitalised mortgage comparison service with products they will be eligible for. Our initial focus is the remortgage market, which is the simplest proposition and is independent of property transactions. We estimate the addressable remortgage market including product transfer at £500m of procurement fees. The first milestones of our new mobile friendly journey are now live. During 2019, we will develop the product eligibility further and deepen our broker and lender integrations.

Financial review

We have delivered good financial results through this period of transformation. Group revenue increased 8% to £355.6m (2017: £329.7m) and profit after tax to £86.6m (2017: £78.1m). When reviewing performance, the Directors use a number of adjusted measures, including Adjusted EBITDA which was up 2% at £129.4m (2017: £127.2m) and Adjusted EPS which grew 3% to 17.4p (2017: 16.9p), as shown in the table below.

	2018	2017
	£m	£m
Revenue	**355.6**	329.7
Cost of sales	**(102.3)**	(85.2)
Gross profit	**253.3**	244.5
Distribution expenses	**(30.2)**	(29.3)
Administrative expenses	**(115.1)**	(111.0)
Impairment of goodwill and intangible assets	**-**	(9.3)
Operating profit	**108.0**	94.9
Amortisation of software	**11.8**	12.1
Amortisation of acquisition related intangible assets	**1.5**	7.3
Depreciation	**1.4**	1.2
EBITDA	**122.7**	115.5
Reconciliation to adjusted EBITDA:		
EBITDA	**122.7**	115.5
Impairment of Property, Plant & Equipment	**0.8**	-
Strategy related costs:		
Technology assets no longer in use	**-**	9.3
Deal fees	**1.7**	-
Strategy review and associated reorganisation costs	**4.2**	2.4
Adjusted EBITDA	**129.4**	127.2
Adjusted earnings per ordinary share:		
– basic (p)	**17.4**	16.9
– diluted (p)	**17.3**	16.8

Revenue

During the year, Group revenue grew 8%. Insurance traded well, delivering 4% growth in a challenging market. Money performance improved, particularly in the second half of the year, growing at 3% for the full year. Home Services performance was also strong. Decision Tech, which the Group acquired on 9 August 2018 is included within other revenue and contributed revenue of £11m in the year.

	2018 £m	2017 £m	Change %
Insurance	183.0	176.5	4
Money	88.1	85.4	3
Home Services	49.2	43.0	15
	320.4	304.9	5
Other revenue (*)	35.2	24.8	42
Total	355.6	329.7	8

(*) includes £10.7m of revenue related to Decision Tech

Insurance revenue grew 4%, which is a good performance in a challenging market where motor premiums are falling. The change in the premium cycle for motor insurance has reduced the number of visitors to our site, however, those visiting had a higher propensity to switch. Motor and home insurance showed strong growth in the year. We have also continued successful initiatives, such as competitive pricing, in tandem with our work on refactoring our motor code base, which have improved conversion.

Money revenue grew by 3% but with stronger performance in the second half of the year when revenue grew at 5%. This better second half was driven by credit cards' performance with better customer experience optimisation and stronger provider offers. This was partly offset by our current accounts channel, which had fewer compelling deals for customers than the prior year.

Home Services revenue was strong, growing 15%, driven by energy switching. Following our commitment last year to focus on customer experience optimisation, our improved mobile experience and conversion rates meant that energy grew materially year-on-year. Furthermore, the rising price environment encouraged switching and we secured a number of competitive provider offers and exclusive deals.

Other revenue grew by 42% due to the acquisition of Decision Tech which accounted for £11m of the growth. Excluding this, Other revenue reduced slightly driven by the tougher travel market conditions.

Gross profit and distribution expenses

A number of factors influenced the decline in gross margin to 71% from 74% in 2017. One percentage point of the reduction was driven by the consolidation of Decision Tech, as B2B has lower margins than B2C. As we previously reported, the trend for customers to transition to mobile puts around one percentage point a year pressure on our gross margins through both conversion and acquisition impact; and during 2018 we chose to invest harder in online paid search auctions to generate profitable growth and gain market share. Our conversion improvements have allowed us to be more competitive in these auctions whilst maintaining our strategy of bidding to breakeven. Distribution expenses were broadly in line with the prior year, with spending levels on TV and radio media similar to 2017.

Administrative expenses

Administrative costs (excluding amortisation of acquisition-related intangible assets, impairments and strategy review and associated reorganisation costs) increased by 5% driven by the investment in the product engineering hub in Manchester and the acquisition of Decision Tech, partly offset by efficiency savings.

Investment in technology

The Group completed its technology replatforming in 2017, delivering a modern and scalable technology infrastructure. Since then, our technology development costs have rebalanced from capital expenditure to operating costs. During 2018, the total technology spend, defined as technology operating costs excluding amortisation plus technology capital investment, was £37m (2017: £39m). In 2018, software amortisation costs were £11.8m and technology capital investment was £13.0m. During 2019, we expect technology capital investment of £11m and the technology amortisation charge to be in the region of £16m.

Amortisation of acquisition related intangible assets

The charge for amortisation of acquisition related intangibles fell significantly year on year as intangible assets relating to the acquisition of Moneysupermarket.com Financial Group Limited were fully amortised in 2017. The charge in 2018 relates to both MoneySavingExpert.com (£1m, with £1m expected in 2019) and Decision Tech. The acquisition of Decision Tech gave rise to £8.8m of intangible assets which will be amortised over a period of 3 – 10 years. The charge incurred in 2018 was £0.5m (2017: £nil) and the amortisation charge for 2019 is expected to be in the region of £1.4m.

Strategy related costs

During 2018 the Group incurred £1.7m one-off costs relating to the acquisition of Decision Tech along with £4.2m of reorganisation costs supporting the Reinvent strategy. In 2019, we also expect to incur transitional costs in the region of £2m relating to the necessary reorganisation to support our new strategy.

Alternative performance measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice (“non-GAAP”)) financial measures which are not defined within IFRS. The Directors use Adjusted EBITDA and Adjusted EPS alongside GAAP measures when reviewing performance of the Group. This results from moving out of the phase of significant capital investment in our technology platform towards focusing on developing and optimising our product and technology. Therefore, capital investment and amortisation is less meaningful and so it is more appropriate to focus on an Adjusted EBITDA measure alongside Adjusted EPS. Executive management bonus targets also include reference to Adjusted EBITDA and similarly, Long Term Incentive Plans are measured in relation to Adjusted EPS.

As such, these measures are important and should be considered alongside the IFRS measures. The adjustments are separately disclosed and are usually items that are non-underlying to trading activities and which 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.

Key performance indicators

The Directors use key performance indicators (KPIs) to assess the performance of the business against the Group's strategy. As highlighted in February 2018, the KPIs have been re-assessed to align with the strategic priorities announced. We now measure five key strategic KPIs: Estimated Customer Savings, Customer Net Promoter Score, Active Users, Revenue per Active User and Marketing Margin.

	31 December 2018	31 December 2017
Estimated Customer Savings	£2.1bn	£2.0bn
Net Promoter Score	74	69
Active Users	12.9m	13.2m
Revenue per Active User	£15.90	£14.80
Marketing Margin	63%	65%

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 twelve monthly rolling average (1 Jan - 31 Dec inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue for each of our brands (excluding Decision Tech's consumer brands) to create a Group-wide NPS.
Active Users:	The number of unique accounts running enquiries in our core seven channels (Motor insurance, Home insurance, Life insurance, Travel insurance, Credit Cards, Loans and Energy) in the prior 12 month period.
Revenue per Active User:	This is the revenue for the core seven MoneySuperMarket channels divided by the number of active users.
Marketing Margin:	The inverse relationship between revenue and total marketing spend represented as a percentage.

We estimate that our customers saved £2.1bn in 2018. This is a strong performance given the change in the motor premium cycle. Whilst there has been an increase in the number of customers saving from switching their motor policy, falling premiums have meant that the average saving per customer is lower than it was in 2017.

Trust and satisfaction in our brands is strong and we are pleased with the 5 points increase in the net promoter score over the last 12 months, from 69 to 74. This reflects the investments we have made in our product engineering capability, which has improved the customer experience.

Active users is a measurement of customers who have made an enquiry in the last 12 months on the MoneySuperMarket website for motor insurance, home insurance, life insurance, travel insurance, credit cards, loans and energy. The revenue from these 7 channels represents circa 60% of Group revenue. The number of active users remains stable at around 13m, reflecting the impact that the reduction in motor premiums has had on the volume of customers visiting our site.

Our investment in optimisation drove more efficient customer journeys, leading to an increased Revenue per Active User to £15.90 for the year ended 31 December 2018.

The marketing margin reflects the dynamics described under gross profit and distribution expenses above.

Cash

As at 31 December 2018 the Group had net cash of £29.8m (2017: £35.1m).

In September 2018, the Group secured a new three year revolving credit facility of £100m in committed funds provided in equal parts by Lloyds Bank Plc and Barclays Bank Plc. The Group also has an accordion option to apply for up to an additional £100m of funds during the term. At the year end we had utilised £15m of the facility.

Dividends

For 2018, the Board has recommended a final dividend of 8.10 pence per share, making the proposed full-year dividend 11.05 pence per share (2017: 10.44 pence per share). The 6% increase in the 2018 proposed full-year dividend is in line with our progressive dividend policy and dividend cover is maintained at 1.6 times (2017: 1.6 times). The final dividend of 8.10 pence per share will be paid on 16 May 2019 to shareholders on the register on 5 April 2019, subject to approval by shareholders at the Annual General Meeting to be held on 9 May 2019.

Enhanced distribution

In line with our capital allocation policy, whilst the Board continues to consider ordinary dividends to be the primary method of returning capital to shareholders, it will also undertake enhanced distributions. In line with this policy we are announcing our intention to return an additional £40m to shareholders in 2019 and will be taking soundings from major shareholders on the mechanism in due course.

Tax

The effective tax rate of 19.0% (2017: 18.7%) is in line with the UK statutory rate of 19.0% (2017: 19.25%) and the Group expects the underlying effective rate of tax to continue to approximate to the standard UK corporation tax rate.

Earnings per share

Basic statutory earnings per ordinary share for the year ended 31 December 2018 was 16.2p (2017:14.4p). Adjusted basic earnings per ordinary share increased from 16.9p to 17.4p per share.

The adjusted earnings per ordinary share is based on profit before tax after adjusting for intangible amortisation related to acquisitions, and adjusting items shown in the reconciliation from EBITDA to adjusted EBITDA above. The tax rate of 19.00% (2017: 19.25%) has been applied to calculate adjusted profit after tax.

Consolidated statement of comprehensive income

for the year ended 31 December 2018 and 31 December 2017

	Note	**31 December 2018 £m**	31 December 2017 £m
Revenue		**355.6**	329.7
Cost of sales		**(102.3)**	(85.2)
Gross profit		**253.3**	244.5
Distribution expenses		**(30.2)**	(29.3)
Administrative expenses		**(115.1)**	(111.0)
Impairment of intangible assets		**-**	(9.3)
Operating profit		**108.0**	94.9
Finance income		**0.2**	0.1
Finance costs		**(1.1)**	(0.9)
Net finance costs		**(0.9)**	(0.8)
Share of loss of joint venture		**(0.2)**	-
Profit on disposal of associate		**-**	0.9
Profit on disposal of investment		**-**	1.1
Profit before tax		**106.9**	96.1
Taxation		**(20.3)**	(18.0)
Profit for the year		**86.6**	78.1
Total comprehensive income for the year		**86.6**	78.1
Earnings per share:			
Basic earnings per ordinary share (pence)	*2*	**16.2**	14.4
Diluted earnings per ordinary share (pence)	*2*	**16.1**	14.4

Consolidated statement of financial position

as at the year ended 31 December 2018 and 31 December 2017

	Note	**31 December 2018 £m**	31 December 2017 £m
Assets			
Non-current assets			
Property, plant and equipment		**13.8**	9.4
Intangible assets	*4*	**183.7**	144.6
Investments		**1.7**	0.4
Total non-current assets		**199.2**	154.4
Current assets			
Trade and other receivables		**43.1**	37.4
Prepayments		**6.5**	5.5
Cash and cash equivalents		**44.8**	35.1
Total current assets		**94.4**	78.0
Total assets		**293.6**	232.4
Liabilities			
Non-current liabilities			
Other payables		**4.7**	-
Deferred tax liabilities		**10.1**	9.5
Total non-current liabilities		**14.8**	9.5
Current liabilities			
Borrowings		**15.0**	-
Trade and other payables		**54.9**	46.9
Current tax liabilities		**8.4**	6.0
Total current liabilities		**78.3**	52.9
Total liabilities		**93.1**	62.4
Equity			
Share capital		**0.1**	0.1
Share premium		**204.0**	203.3
Reserve for own shares		**(2.6)**	(3.5)
Retained earnings		**(59.7)**	(88.6)
Other reserves		**58.7**	58.7
Total equity		**200.5**	170.0
Total equity and liabilities		**293.6**	232.4

Consolidated statement of changes in equity

for the year ended 31 December 2018 and 31 December 2017

	Issued share capital	Share premium	Other reserves	Retained earnings	Reserve for own shares	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2017	**0.1**	**202.7**	**58.7**	**(71.4)**	**(3.7)**	**186.4**
Profit for the year	-	-	-	78.1	-	78.1
Total comprehensive income for the year	-	-	-	78.1	-	78.1
Purchase of shares by employee trusts	-	-	-	-	(2.7)	(2.7)
Exercise of LTIP awards	-	-	-	(2.9)	2.9	-
New shares issued	-	0.6	-	-	-	0.6
Distribution in relation to LTIP	-	-	-	(0.3)	-	(0.3)
Equity dividends	-	-	-	(54.1)	-	(54.1)
Purchase of own shares	-	-	-	(40.0)	-	(40.0)
Tax effect of share based payments	-	-	-	-	-	-
Share-based payments	-	-	-	2.0	-	2.0
At 31 December 2017	**0.1**	**203.3**	**58.7**	**(88.6)**	**(3.5)**	**170.0**
At 1 January 2018	**0.1**	**203.3**	**58.7**	**(88.6)**	**(3.5)**	**170.0**
Profit for the year	-	-	-	86.6	-	86.6
Total comprehensive income for the year	-	-	-	86.6	-	86.6
Purchase of shares by employee trusts	-	-	-	-	(0.8)	(0.8)
Exercise of LTIP awards	-	-	-	(1.7)	1.7	-
New shares issued	-	0.7	-	-	-	0.7
Distribution in relation to LTIP	-	-	-	(0.3)	-	(0.3)
Equity dividends	-	-	-	(56.5)	-	(56.5)
Share buy back	-	-	-	-	-	-
Tax effect of share-based payments	-	-	-	-	-	-
Share-based payments	-	-	-	0.8	-	0.8
At 31 December 2018	**0.1**	**204.0**	**58.7**	**(59.7)**	**(2.6)**	**200.5**

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Consolidated statement of cash flows
for the year ended 31 December 2018 and 31 December 2017

	Note	**Year ended 31 December 2018 £m**	Year ended 31 December 2017 £m
Operating activities			
Profit for the year		**86.6**	78.1
Adjustments to reconcile Group profit for the year to net cash flow from operating activities:			
Depreciation of property, plant and equipment		**1.4**	1.2
Amortisation of intangible assets		**13.3**	19.5
Share of (profit) / loss of joint venture		**0.2**	-
Impairment of intangible assets		**-**	9.3
Impairment of tangible assets		**0.8**	-
Net finance costs		**0.9**	0.8
Profit on disposal of associate and investment		**-**	(2.0)
Equity settled share-based payment transactions		**0.8**	2.0
Tax charge		**20.3**	18.0
Changes in trade and other receivables		**(6.9)**	(3.6)
Changes in trade and other payables		**7.9**	1.9
Tax paid		**(18.7)**	(18.9)
Net cash from operating activities		**106.6**	106.3
Investing activities			
Interest received		**0.2**	0.1
Acquisition of property, plant and equipment		**(6.5)**	(1.5)
Acquisition of intangible assets		**(12.9)**	(19.4)
Acquisition of investments	*1*	**(1.5)**	(0.4)
Acquisition of subsidiary, net of cash acquired		**(33.8)**	-
Disposal of associate and investment	*1*	**-**	2.4
Net cash used in investing activities		**(54.5)**	(18.8)
Financing activities			
Proceeds from share issue		**0.7**	0.7
Dividends paid	3	**(56.5)**	(54.1)
Share buy back		**-**	(40.0)
Distribution in relation to Long Term Incentive Plan		**(0.3)**	(0.3)
Proceeds from borrowings		**127.5**	57.5
Repayment of borrowings		**(112.5)**	(57.5)
Purchase of shares by employee trusts		**(0.7)**	(2.7)
Payment of transaction costs related to financing activities		**-**	(0.2)
Interest paid		**(0.6)**	(0.4)
Net cash used in financing activities		**(42.4)**	(97.0)
Net (decrease)/increase in cash and cash equivalents		**9.7**	(9.5)
Cash and cash equivalents at 1 January		**35.1**	44.6
Cash and cash equivalents at 31 December		**44.8**	35.1

Notes

The Financial Statements are prepared on the historical cost basis. Comparative figures presented in the Financial Statements represent the year ended 31 December 2018. The Financial Statements are prepared on a going concern basis, which the Directors deem appropriate, given the Group's positive cash position, continued growth and forecast profitability.

1 Acquisitions and Disposals

Decision Tech
On 9 August 2018, the Group acquired a 100% shareholding in Decision Technologies Limited for consideration of £40.6m paid in cash and £4.7m deferred consideration. This acquisition was driven by the strategic intent to enter the B2B segment, whilst providing Decision Technologies Limited with the platform to enable development within new verticals such as Home Services, Insurance and Money.

Podium Solutions Limited
On 26 March 2018, the Group acquired a 50% shareholding in Podium Solutions Limited for £200,000. A further investment was completed on 14 December 2018 for £66,700 that maintained the Group's 50% shareholding. At the same time the Group invested in £733,300 of loan notes that was matched by other investors. Neither the Group nor any of the other shareholders in Podium Solutions Limited hold a majority shareholding or have direct rights or obligations to the assets or liabilities of the joint arrangement and therefore Podium Solutions is accounted for as a joint venture using the equity accounting method.

Social Significance Limited
On 22 February 2016, the Group acquired a 12.8% shareholding in Social Significance Limited for consideration of £0.5m paid in cash. Accordingly £0.5m of investments was recognised in the Consolidated Statement of Financial Position in 2016 in relation to the acquisition. This shareholding was disposed of on 27 January 2017, resulting in a profit on disposal of £1.1m in 2017.

Other investments
Three small minority investments totaling £0.5m were made during the year in fintech businesses.

2 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:

	2018	2017
Profit after taxation attributable to ordinary equity holders (£m)	86.6	78.1
Basic weighted average ordinary shares in issue (millions)	536.2	540.8
Dilutive effect of share based instruments (millions)	1.3	1.7
Diluted weighted average ordinary shares in issue (millions)	537.5	542.5
Basic earnings per ordinary share (p)	16.2	14.4
Diluted earnings per ordinary share (p)	16.1	14.4

3 Dividends

	2018	2017
	£m	£m
Equity dividends declared and paid during the year on ordinary shares:		
Final dividend for 2016: 7.10p per share	-	38.7
Interim dividend for 2017: 2.84p per share	-	15.4
Final dividend for 2017: 7.60p per share	40.7	-
Interim dividend for 2018: 2.95p per share	15.8	-
Total	56.5	54.1
Proposed for approval (not recognised as a liability at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2018: 8.10p per share (2017: 7.60p per share)	43.2	40.7

4 Intangible assets

	Market related	**Customer relationship**	**Customer list**	**Technology related**	**Goodwill**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cost:						
At 1 January 2017	148.7	69.3	2.3	67.2	181.9	469.4
Additions	-	-	-	15.8	-	15.8
At 1 January 2018	**148.7**	**69.3**	**2.3**	**83.0**	**181.9**	**485.2**
Additions	-	-	-	13.0	-	13.0
Assets acquired on acquisition of subsidiary	6.6	-	-	2.1	30.7	39.4
At 31 December 2018	**155.3**	**69.3**	**2.3**	**98.1**	**212.6**	**537.6**
Amortisation and impairment:						
At 1 January 2017	136.5	69.3	2.3	29.4	74.3	311.8
Amortisation charge for the year	7.3	-	-	12.2	-	19.5
Impairment charge	-	-	-	9.3	-	9.3
At 1 January 2018	**143.8**	**69.3**	**2.3**	**50.9**	**74.3**	**340.6**
Amortisation charge for the year	1.3	-	-	12.0	-	13.3
At 31 December 2018	**145.1**	**69.3**	**2.3**	**62.9**	**74.3**	**353.9**
Carrying amount:						
At 31 December 2017	4.9	-	-	32.1	107.6	144.6
At 31 December 2018	**10.2**	**-**	**-**	**35.2**	**138.3**	**183.7**

5 Joint Venture

Podium Solutions Limited (Podium) is a joint venture in which the Group obtained joint control and a 50% ownership interest on 26 March 2018. Podium is a newly created Financial Technology business, principally engaged in developing digital solutions in the Mortgages sector. Podium is not publicly listed.

Podium is structured as a separate vehicle and the Group has a residual interest in the net assets of Podium. Accordingly, the Group has classified its interest in Podium as a joint venture.

The following table reconciles the summarised financial information of Podium to the carrying amount of the Group's interest in Podium.

	2018	2017
Percentage ownership	**50%**	-

	2018 **£m**	2017 £m
Net assets (100%)	**1.7**	-
Groups share of net assets (50%)	**0.9**	-
Investment in joint venture	**1.0**	-
Loss for period ending 31 December 2018 (100%)	**(0.3)**	-
Groups share of loss (50%)	**(0.2)**	-
Carrying amount of interest in joint venture	**0.8**	-

6 Related party transactions

In addition to their salaries, the Group also provides non-cash benefits to Directors and Executive Officers. Directors and Executive Officers also participate in the Group's Long Term Incentive Plan.

Bruce Carnegie-Brown, Matthew Price (prior to resigning as a director), Robin Freestone and Sally James received dividends from the Group totalling £23,484 (2017: £71,909).

There were no amounts outstanding to the Company or any future commitments of the Company as at 31 December 2018 (2017: nil).

7 Acquisition of subsidiary

On 9 August 2018, the Group acquired 100% of the share capital of Decision Technologies Limited for consideration of £45.3m.

Decision Technologies Limited is a leading operator in the home communications sector, operating in both the Business to Business (‘B2B’) and Business to Consumer (‘B2C’) segments. The acquisition is in line with the Group’s strategic intent to enter the B2B area in order to take price comparison to new audiences and also equips Decision Technologies Limited with the access to enable B2B development within other verticals such as other Home Services, Insurance and Money.

For the 5 months ended 31 December 2018, Decision Technologies Limited contributed revenue of £10.7m and net profit of £1.4m to the Group’s results.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	£m
Cash	40.6
Deferred consideration	4.7
Total consideration transferred	**45.3**

Deferred consideration

The Group has issued £4.7m of loan notes paying a 1.5% coupon as additional deferred consideration. This has been discounted at a rate of 1.5% recognised as a liability at the date of acquisition with a fair value of £4.7m. At 31 December 2018 the outstanding balance of this liability is £4.7m.

Acquisition related costs

The Group incurred acquisition-related costs of £1.7m on legal fees and due diligence costs. These costs have been included in ‘administrative expenses’.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	£m
Property, Plant and Equipment	0.1
Intangible assets	8.7
Trade and other receivables	5.7
Cash	6.8
Trade and other payables	(5.6)
Deferred tax liability	(1.1)
Total identifiable net assets acquired	**14.6**

Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets – domain names	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the domain names being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the domain names, by excluding any cash flows related to contributory assets. This has been determined by an independent valuation to identify the fair value of the domain names (marketing related intangible assets) at £6.6m.
Intangible assets - technology	A rebuild cost valuation method has been used to determine the value of the technology asset. This was developed in conjunction with Senior Technology professionals and uses a cost assumption for developers inclusive of a profit margin as would be the case in an external build contracted to develop an equivalent platform. A degree of obsolescence has also been assumed within the costs to reflect the advancements in technology since it has been built.

Goodwill
Goodwill arising from the acquisition has been recognised as follows.

	£m
Consideration transferred	45.3
Fair value of identifiable net assets	(14.6)
Goodwill	**30.7**

The goodwill is attributable mainly to the experience and processes in place within Decision Technologies Limited for servicing B2B customers, which can be leveraged into new sectors, alongside the synergies expected to be achieved from integrating the company into the Group's existing platforms to build a competitive B2B offering in new sectors. None of the goodwill recognised is expected to be deductible for tax purposes.

The acquisition accounting is provisional and will be finalised within the measurement period permitted by accounting standards.

8 Commitments and Contingencies

The Group is committed to incur capital expenditure during 2019 on office fixtures and fittings, and property, plant and equipment of £nil (2017: £1.6m). Along 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.

In aggregate, the commitments and contingencies outlined above are not expected to have a material adverse effect on the Group.

Appendix

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2018 or 31 December 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 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 2018 will be posted to shareholders in March 2019. The results for the year ended 31 December 2018 were approved by the Board of Directors on 13 February 2019 and are audited. The Annual General Meeting will take place on 9 May 2019. The final dividend will be payable on 16 May 2019 to shareholders on the register at the close of business on 5 April 2019.

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.