



# **GoCo Group**

## **2019 Full Year Results**



3<sup>rd</sup> March 2020

# 1 Highlights

---

Matthew Crummack  
Group CEO



# Momentum building across the Group

GoCompare car insurance  
returning to growth

**+4%**

Underlying car insurance  
revenue growth in Q4<sup>1</sup>

Strong growth of  
AutoSave customers

**300,000**

Live AutoSave customers<sup>2</sup> as of 31<sup>st</sup>  
December 2019

1. Underlying car insurance revenue versus Q4 2018

2. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills

# GoCompare car insurance has returned to growth

- ▶ Car insurance switching market returned to growth (c.+1% in H2<sup>1</sup>) with positive momentum continuing into 2020
- ▶ Launch of £250 excess proposition on 23<sup>rd</sup> July 2019
- ▶ Increased TV investment to drive brand preference with new campaign from 25<sup>th</sup> August 2019
- ▶ Improved quote to sales conversion +1ppt<sup>2</sup> in second half of the year

**Underlying car insurance revenue +4% in Q4<sup>3</sup>**

1. Based on management estimates  
2. Delta in quote to sales conversion between Q2 2019 and Q4 2019  
3. Underlying car insurance revenue versus Q4 2018

## AutoSave diversifying the Group

- ➡ AutoSave growing the switching market and providing new growth segment for the Group
- ➡ From fewer than 1,000 customers on 1<sup>st</sup> January 2019 to **300,000** live<sup>1</sup> customers by 31<sup>st</sup> December 2019, +80,000 vs. expectations at interim results in July 2019
- ➡ Trading profit breakeven in H2 with a disciplined approach to customer acquisition building upon expertise garnered following acquisition of Look After My Bills
- ➡ Excellent customer feedback and two years operational experience
- ➡ Investment self-funded from free cash flow
- ➡ Significant growth opportunity; 23m households have not switched their energy in last 12months and ~15m households<sup>2</sup> are on default tariffs, and likely overpaying for energy

**Transforming into a higher & more sustainable margin business**

1. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills  
2. According to Ofgem's latest State of the Energy Market, 53% of households are on Default Tariffs (October 2019)

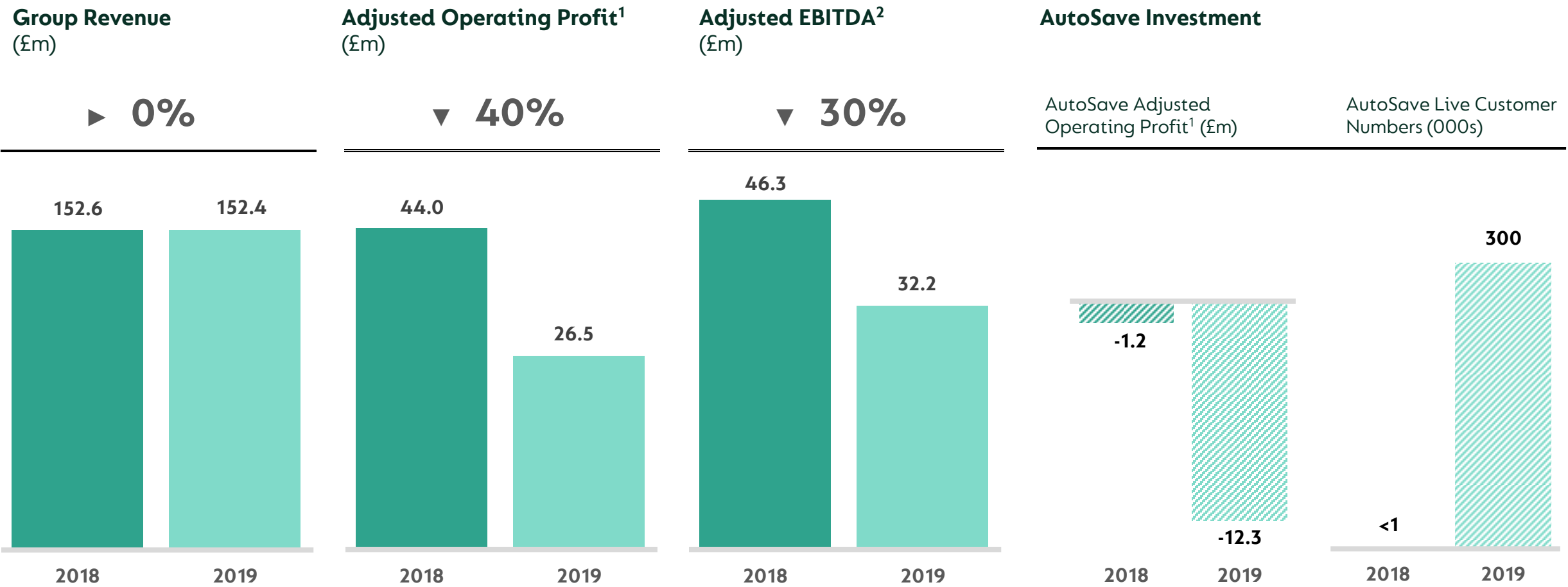
A grayscale photograph of two women in a call center environment. The woman in the foreground is wearing a headset and glasses, gesturing with her hands while speaking. The woman in the background is wearing a hijab and looking down at a desk. The background shows a large window with a grid pattern.

## **2 Financial Review**

---

Nick Wrighton  
Group CFO

# Disciplined financial performance and investment into AutoSave



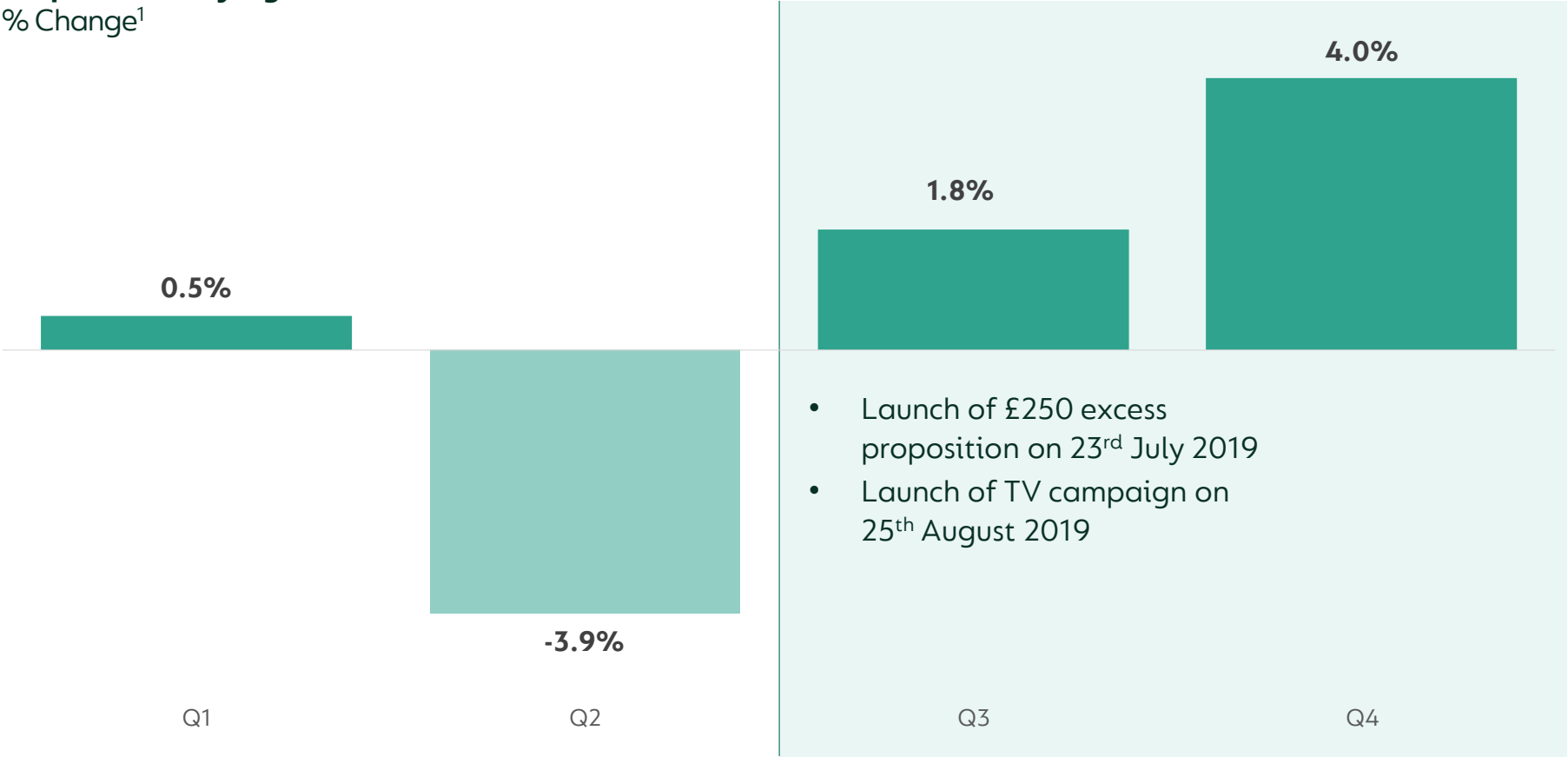
1. Adjusted operating profit represents operating profit, after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs and Foundation Award share-based payment charges

2. Adjusted EBITDA represents adjusted operating profit for the period after adding back depreciation and amortisation

3. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills

# Car insurance innovation driving underlying revenue growth in H2

**GoCompare Underlying Car Insurance Revenue**  
YoY % Change<sup>1</sup>



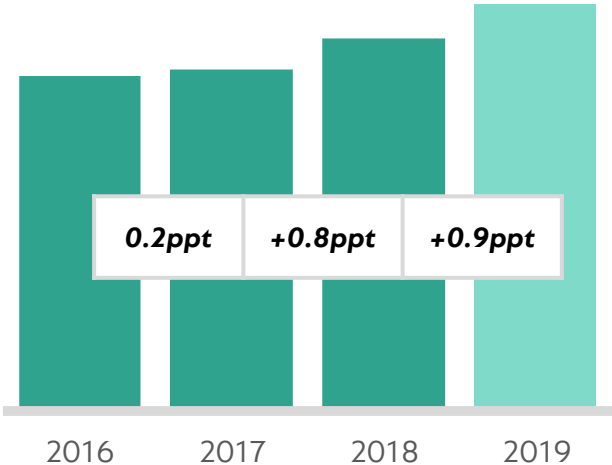
1. Underlying car insurance revenue versus corresponding quarter in previous year



# Improved marketing efficiency for GoCompare

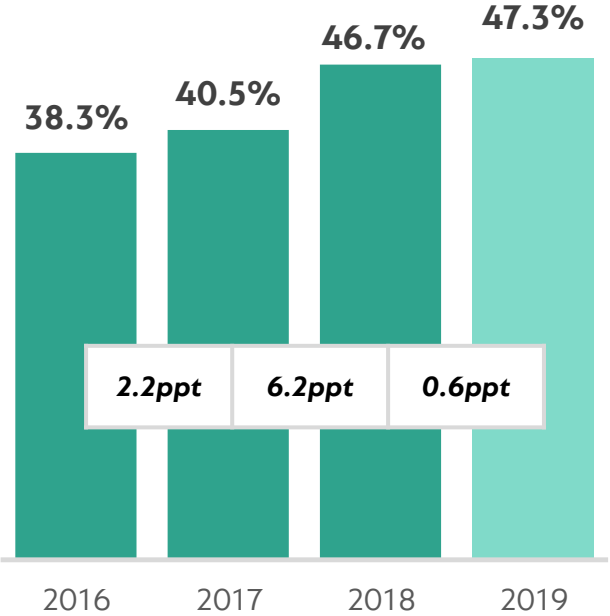
## Increasing quote conversion

GoCompare Car Insurance Conversion<sup>1</sup>  
Average Over 12 Months; YoY %pt Delta



## Marketing margin improvements

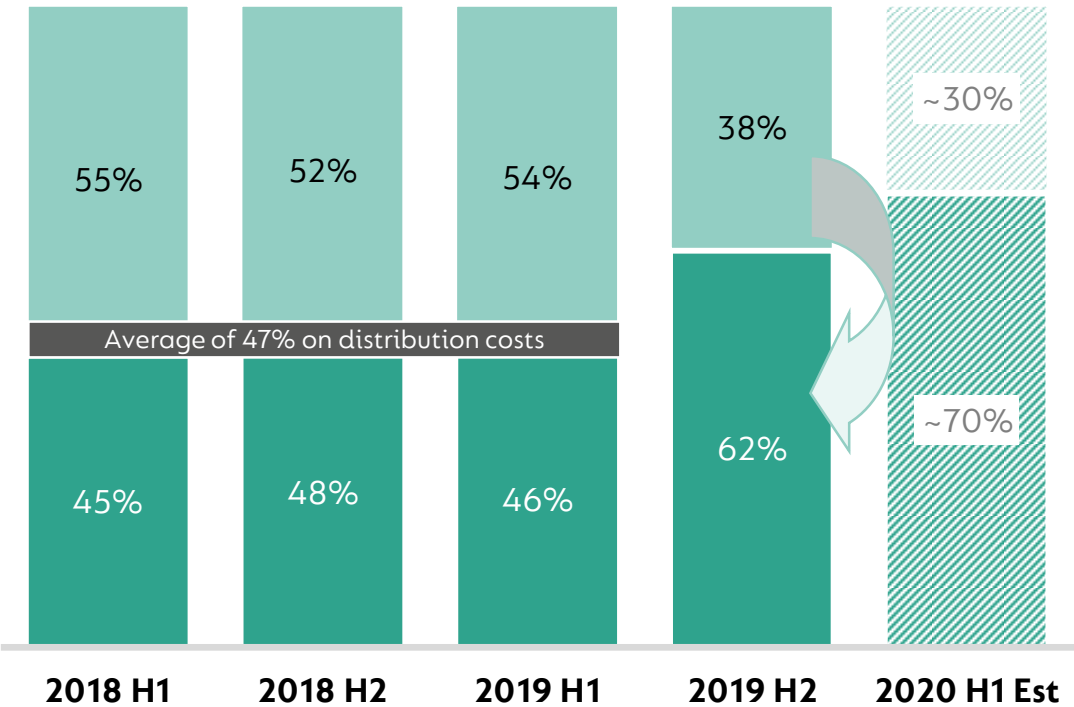
GoCompare Marketing Margin<sup>2,3</sup>  
% of Revenue



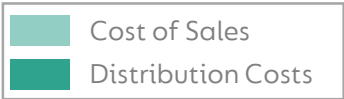
1. Conversion defined as ratio of number of sales to quotes  
2. GoCompare Trading Profit as % of GoCompare Revenue  
3. Marketing spend is inclusive of cost of £250 excess proposition

# Investment in above-the-line advertising in H2 2019 to drive medium-term growth

## GoCompare Marketing: Cost of Sales vs. Distribution % of Total Marketing Spend



- New proposition and TV creative developed during H1 2019; launched 23<sup>rd</sup> July 2019 with TV campaign from 25<sup>th</sup> August
- Investment in above-the-line TV advertising from August, focused on driving brand preference (*captured in Distribution Costs*)
- Reduction in highly transactional, low return on investment generic paid search (*captured in Cost of Sales*)
- Improvement in quality of traffic, improvement in conversion and expect to see an increase in returning customers
- Approach to continue in H1 2020

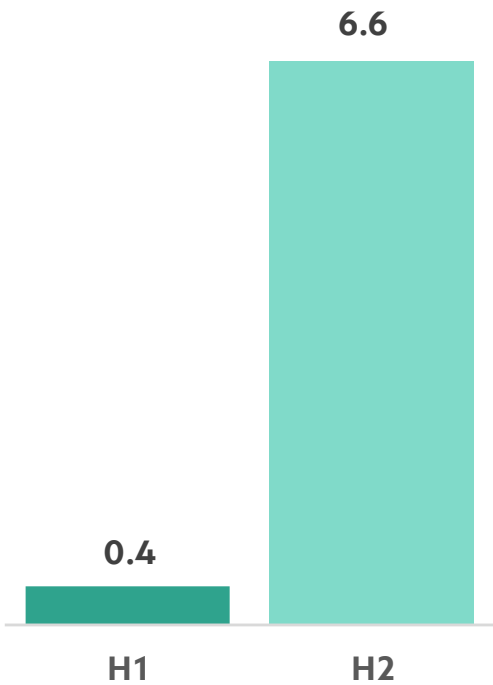


Data-led approach to marketing spend

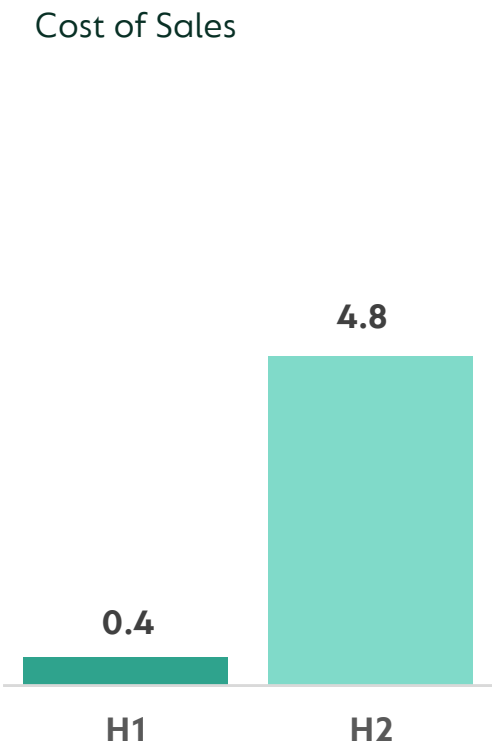


# Significant momentum achieved on AutoSave in 2019

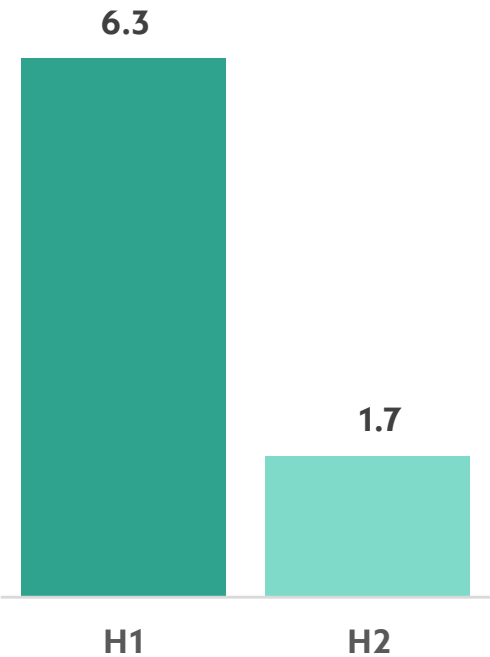
**AutoSave Revenue<sup>1</sup>**  
2019 H1 vs. H2: (£m)



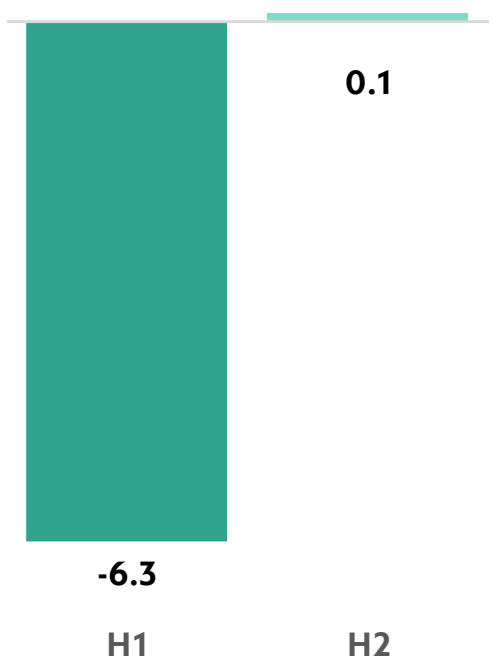
**AutoSave Marketing**  
2019 H1 vs. H2: (£m)



Distribution Costs



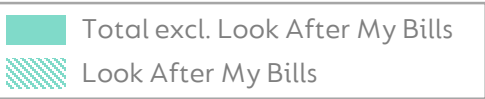
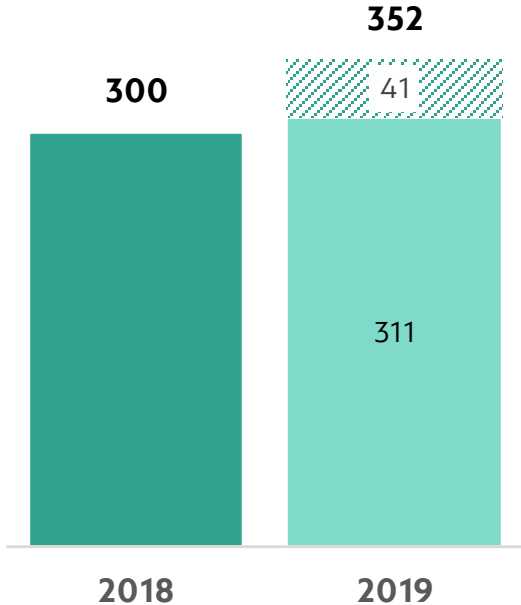
**AutoSave Trading Profit**  
2019 H1 vs. H2: (£m)



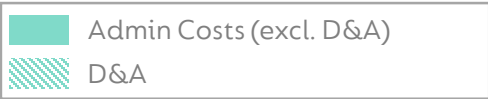
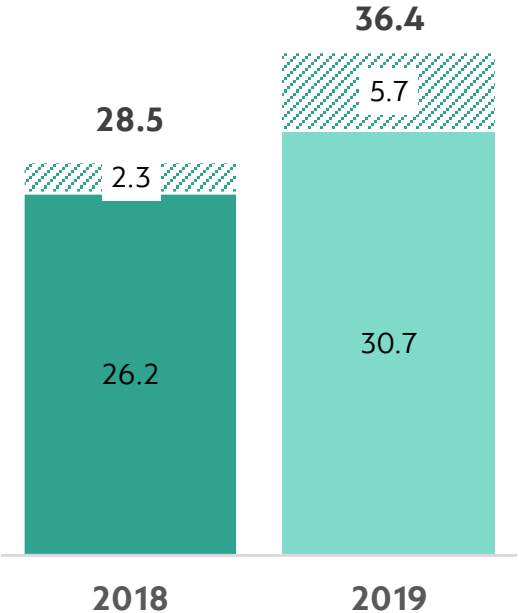
1. Look After My Bills revenue of £1.8m recognised in H1 in Price Comparison and cost of sales of £1.5m

# Increase in headcount and costs largely reflects AutoSave investment

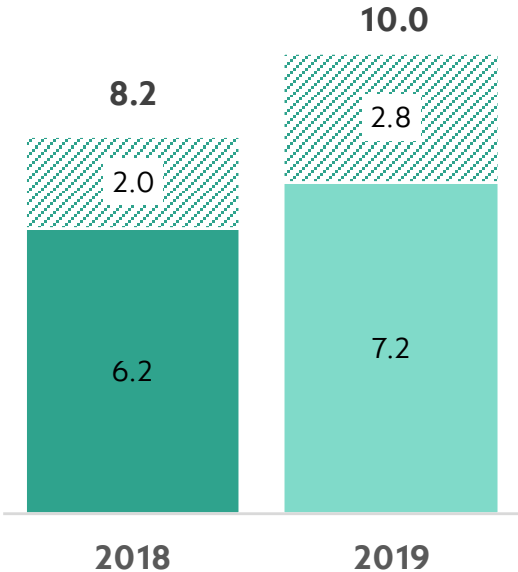
**Headcount**  
# of FTEs at Period End



**Adjusted Admin Costs**  
£m

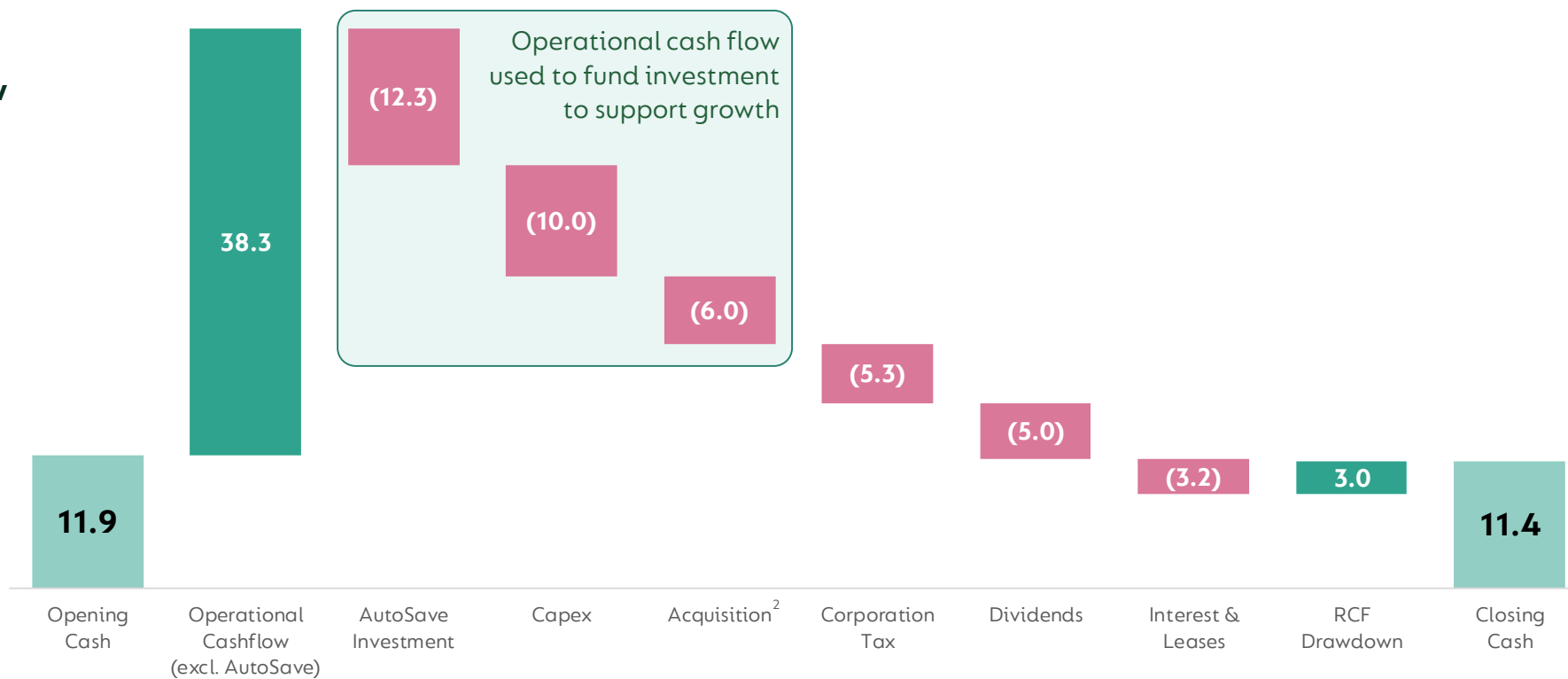


**Capex**  
£m



# Strong operational cash generation funding investment in AutoSave

## 2019 Cash flow (£m)



- Strong operational cash flow on Price Comparison
- Investment of £12.3m into AutoSave
- £6m spend on acquisition of Look After My Bills<sup>2</sup>
- Interest and leases includes debt interest paid and payments made in respect of lease liabilities
- Net Debt of £71.6m at 31<sup>st</sup> December 2019 up from £67.5m at 31<sup>st</sup> December 2018
- Leverage at 31<sup>st</sup> December 2019<sup>1</sup> of 2.2x, up from 1.5x at 31<sup>st</sup> December 2018 reflecting the Look After My Bills acquisition and investment in AutoSave; down from 2.8x at demerger in 2016

1. Leverage ratio is calculated as net debt divided by 12 month rolling Adjusted EBITDA  
 2. Acquisition cash flow represented net of cash acquired

# Summary

---

- Disciplined financial performance across the Group with self-funded investment into AutoSave to deliver 300,000 live customers
- AutoSave trading profit breakeven in H2 with disciplined approach to customer acquisition
- Launch of £250 excess proposition on GoCompare driving underlying car insurance revenue growth of +4% in Q4.
- Headcount and admin cost increases in 2019 predominantly driven by acquisitions
- Strong operational cash flow on Price Comparison to fund investment to support growth

## ③ **Business Review**

---

Matthew Crummack  
Group CEO



# Delivering our strategy



## Transforming into a higher & more sustainable margin business

### Disciplined financial performance

- Relentless focus on optimising the core business of Price Comparison and Rewards to generate cash to reinvest
- Continued improvements to conversion on GoCompare and focus on execution of Rewards



### Investment in GoCompare

- Innovative value-add proposition offering £250 excess protection; early signs promising, with car insurance revenue **+4% in Q4**
- Strengthens our position as the comparison service looking after customers through the insurance buying process



### Innovation with AutoSave to unlock growth

- Group focussed on being the leading provider of automated savings in the market
- Strong growth in customers to achieve 300,000 live AutoSave customers as of 31 December 2019



### Transformation into a tech-led business

- Increase in talent to help further develop our proprietary SaveStack™ technology platform
- Strengthened technology leadership; new CTO with significant experience of leading technology transformation



**SaveStack™**

Flexible platform enabling us to innovate at speed and reach customers, wherever they are





# Working responsibly to deliver a sustainable business

Aim to align values and approach to United Nations Sustainable Development Goals



## Our Customers: Working towards affordable energy for all

- Our AutoSave business is a key part of our strategy and is focused on bringing affordable energy to the UK consumer
- We harness our technology to save people time and money on their energy bills and aim to support them on an ongoing basis
- Our AutoSave business has already helped customers save an average of £200<sup>1</sup> on their bills
- We are united by the belief that making saving easier will bring down bills for everyone

# £1bn

Total 2019 savings made by customers<sup>2</sup>



FTSE4Good

We are committed to adopting responsible business practices, delivering sustainable choices, making a difference and improving lives

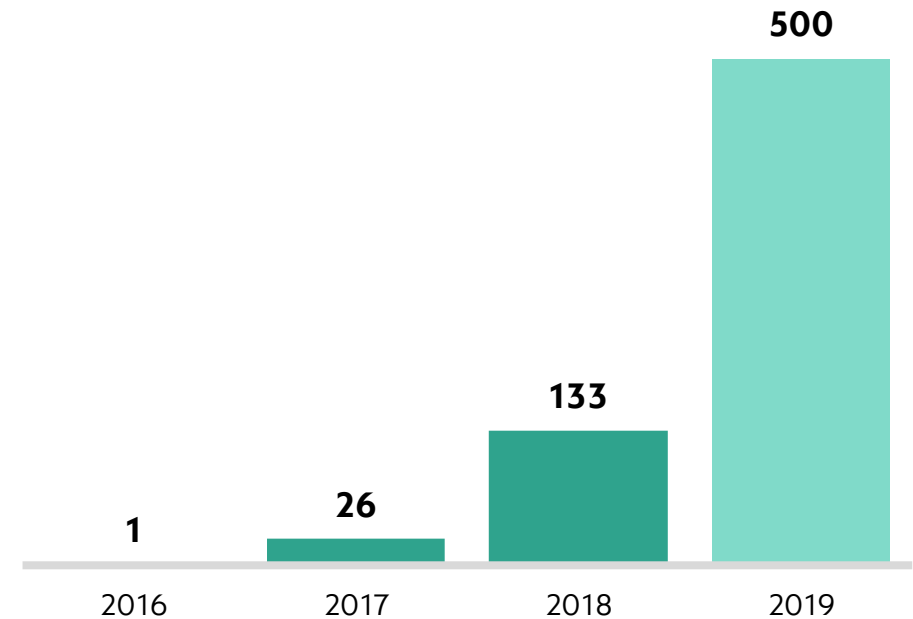


1. Average savings on energy across customers for weflip and Look After My Bills  
2. Total customer savings including car and home insurance, and energy

# Continued transformation into a tech-enabled business

- Continued development of our proprietary tech platform SaveStack™, a service-based architecture enabling scalability and agility to deliver faster innovation
- SaveStack™ architecture is API driven and powered by rich insights data
- GoCompare now run on hybrid cloud to improve data recovery (*resilience to maintain solid availability of 100% YTD*) and response times
- Development of award-winning Group Data Platform providing greater insight and more personalised offerings
- Integration of SaveStack™ technology into leading banking apps, Virgin Money and Bud, demonstrates potential for new distribution channels
- Appointment of Seb Chakraborty to Group CTO bringing a wealth of agile-based tech experience to drive the next stage of the Group's transformation

**Average Releases per Quarter<sup>1</sup>**  
# / Qtr

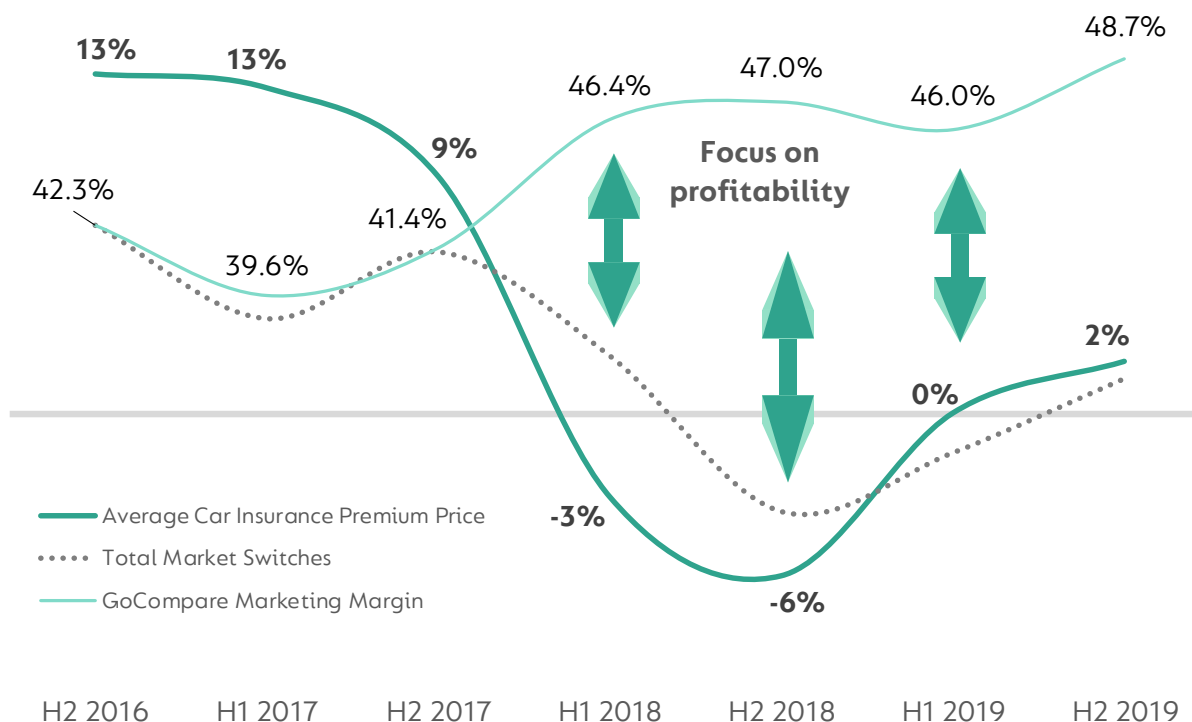


1. A 'release' represents a discrete component

# Car Insurance switching market grew in H2

## Car Insurance Premium Price and Switching Volume<sup>1</sup> vs. GoCompare Marketing Margin<sup>2</sup>

% YoY Change vs. GoCompare Trading Profit as % of GoCompare Revenue



- Car insurance premiums returned to growth through 2019 leading to a gradual improvement in switching volumes
- Insurance pricing growth continued to track below claims inflation in 2019 - further price increases expected through 2020
- Disciplined approach, focused on improving profitability not chasing unprofitable transactions

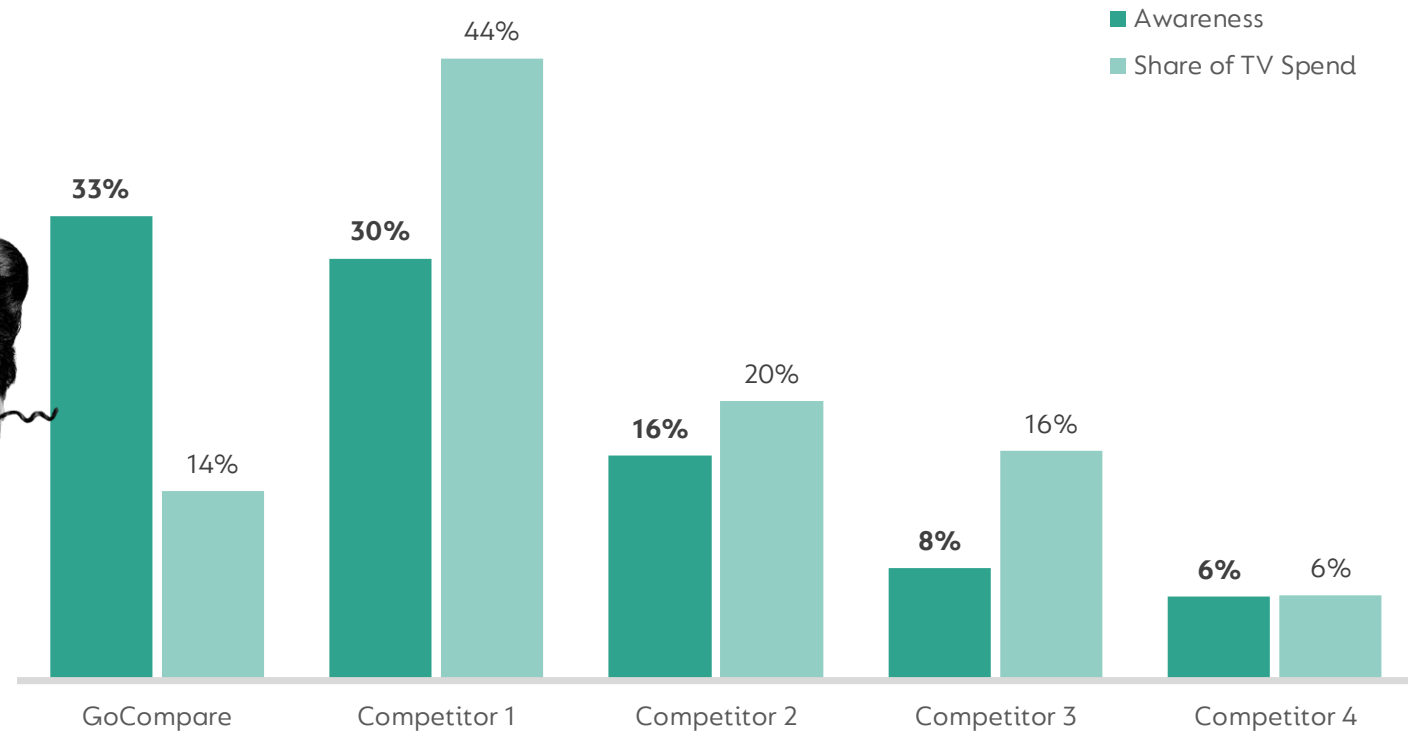
1. Car insurance premium price and switching volumes across the market; indicative year on year change for each 6 month period; based on management estimates  
2. GoCompare marketing margin (GoCompare Trading Profit as % of GoCompare Revenue)

# GoCompare has leading brand awareness to drive preference

- GoCompare has market leading awareness
- Awareness comes despite relatively low TV spend
- Considerable benefit from iconic Gio Compario, who first appeared in 2009 and has significant intrinsic brand equity
- Spend on TV helps maintain strong awareness, however, is less effective without the right proposition to drive preference
- In 2019 we therefore launched a new brand proposition offering £250 excess cover
- Initial focus on car insurance before extending proposition to other products



**Unprompted Brand Awareness<sup>1</sup> and Share of 2019 TV Spend<sup>2</sup>**  
% of Respondents; % of TV 2019 advertising spend



1. Proportion of respondents who first mention [X] when asked to name a price comparison website. Source: 3rd party consumer survey completed by The Nursery in November 2019 (#=800)

2. Share of TV advertising spend in 2019 based on estimates from BARB

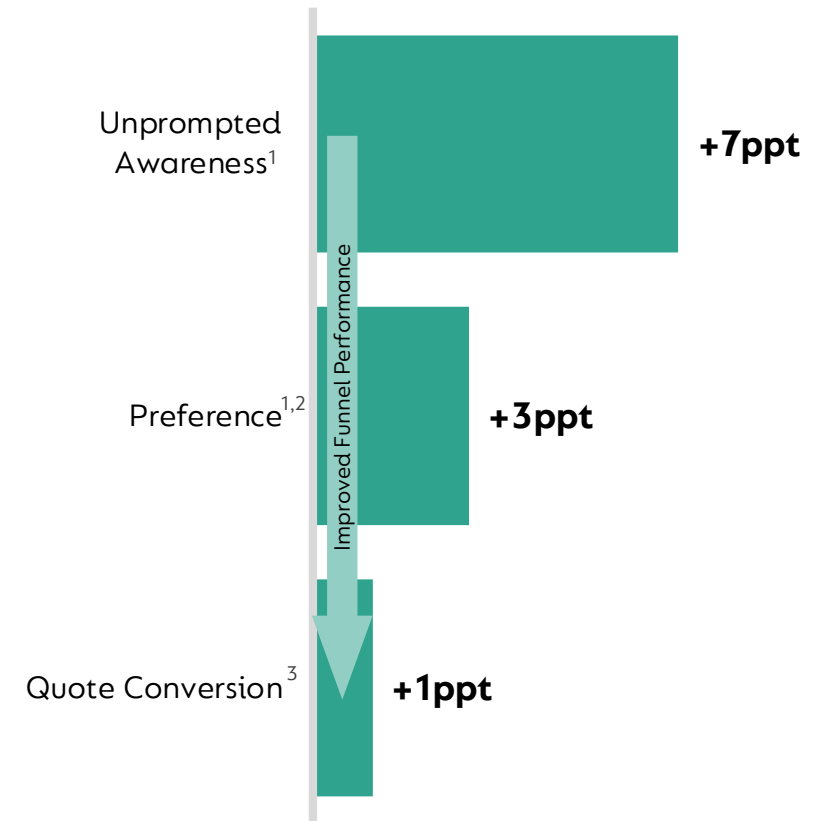
# Positive early signs for GoCompare investment

## Launch of innovative new value-add customer proposition



- ➡ **Competitive Advantage:** first real innovation in Price Comparison industry for many years with compelling differentiator
- ➡ **Engagement & Preference:** drive greater brand awareness and preference for GoCompare providing clear point of difference
- ➡ **Loyalty:** start to move customer interactions with GoCompare from a transactional view to a relationship based experience

## Early results appear positive through 2019 H2



1. 'Unprompted Awareness' and 'Preference' based on consumer survey completed by the Nursery in November 2019 (# = 800). Comparison between those who recognise the campaign vs. those who don't
2. Preference = those for whom GoCompare is the only, or one of the first, brands a customer would consider
3. Delta in Quote to Sales Conversion between Q2 2019 and Q4 2019

## GoCompare ideally positioned for growth

- 1 Extend new brand proposition and build upon positive early signs
- 2 £250 excess proposition to drive loyalty and increase returning customers
- 3 Focus on brand marketing investment to support sustainable growth
- 4 Expect the car insurance switching market to continue to grow in 2020

**Building positive  
momentum into  
2020**

# Challenging 2019 but signs of stabilisation

## Back to basics

- Organic traffic is a key driver of profitability for the business
- Organic traffic declined in 2018 and through the first half of 2019 as new competitors entered the market
- However, in H1 2019 we welcomed a new Head of Rewards who reinvigorated the strategic direction of the business
- This led to a greater focus on going back-to-basics, optimising the business to improve our speed of response
- This helped organic traffic stabilise in H2 2019 with a return to modest growth in Q4 2019

## Rewards positioned to support Group strategy

- Over half a million shared customers between GoCompare and MyVoucherCodes
- Provides exciting opportunities as both businesses become more efficient and competitive in their own domains

1 Data powering Group insight

2 Strengthen Group's B2B proposition

3 Leverage in AutoSave business

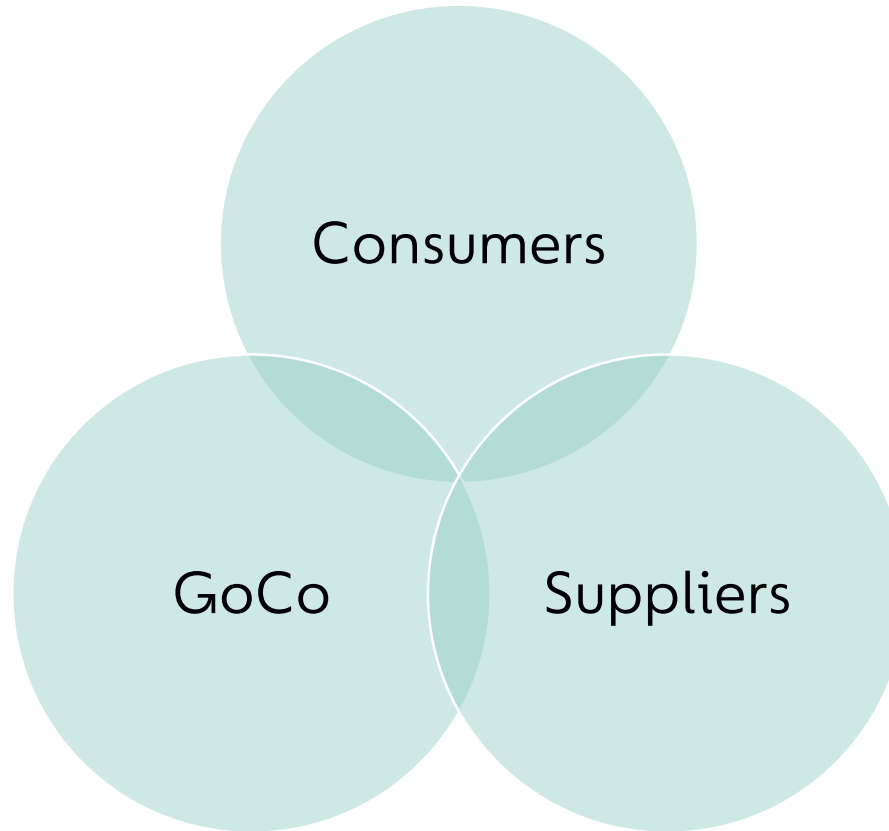
# AutoSave is beneficial to all stakeholders

## Consumers love it

- **Hassle-free switching for the consumer**  
frictionless automated switching model rather than a recommendation or prompted email alert
- **Doing the right thing for the consumer**  
developed with consumer at it's heart and taking problems away from the consumer, not about being the cheapest

## Expandable proposition

- **Growing the switching market by targeting new consumers**  
current price comparison and advisory portals target certain consumers but AutoSave opportunity far bigger
- **Model expandable**  
business model can be expanded with a large opportunity beyond energy alone



## Great supplier model

- **Primarily annual switch with upfront annual supplier payment**  
offer optionality for energy suppliers and able to innovate as needs
- **Leading relationships = strong energy panel**  
15+ years of energy industry knowledge leading to a strong energy panel  
>> **largest energy supplier over last 3 months is a Top 5 Which rated energy supplier offering 100% renewable energy**



# AutoSave growing the switching market



- Current size ~£1.1bn<sup>1</sup>
- Dominated by 5 key players
- Limited innovation over last 10 years

**Building momentum for growth into 2020 through innovation with £250 excess proposition**



- Potential opportunity 3 – 4x<sup>2</sup> bigger than size of current traditional comparison
- Significant opportunity on energy alone with ~15m households<sup>3</sup> on default tariffs

**Huge opportunity through our AutoSave business**

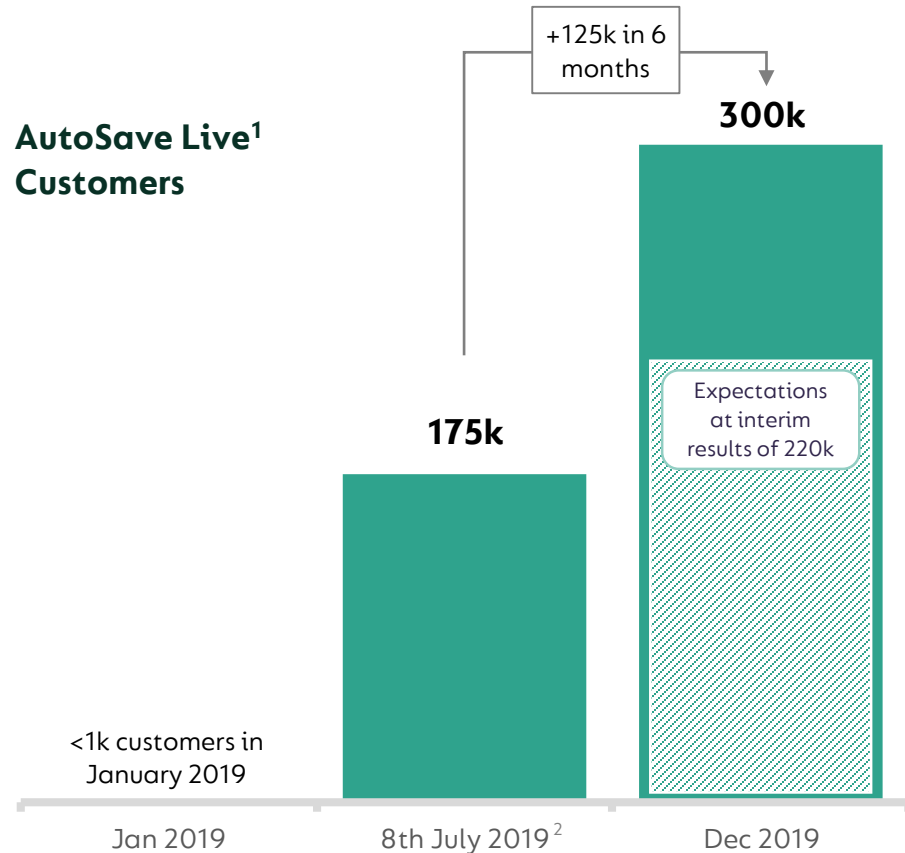
GoCompare

For when the unexpected happens  
**£250 excess cover.**  
For free. On us.

LOOK AFTER MY BILLS woflip

1. Estimates based on a survey of average switching rates for Car Insurance, Home Insurance and Energy; 1 in 5 never switch  
2. Implied potential market opportunity for Car Insurance, Home Insurance and Energy based on industry switching rates and average industry switching fees  
3. According to Ofgem's latest State of the Energy Market, 53% of households are on Default Tariffs (October 2019)

# Significant progress and customer growth ahead of our expectations

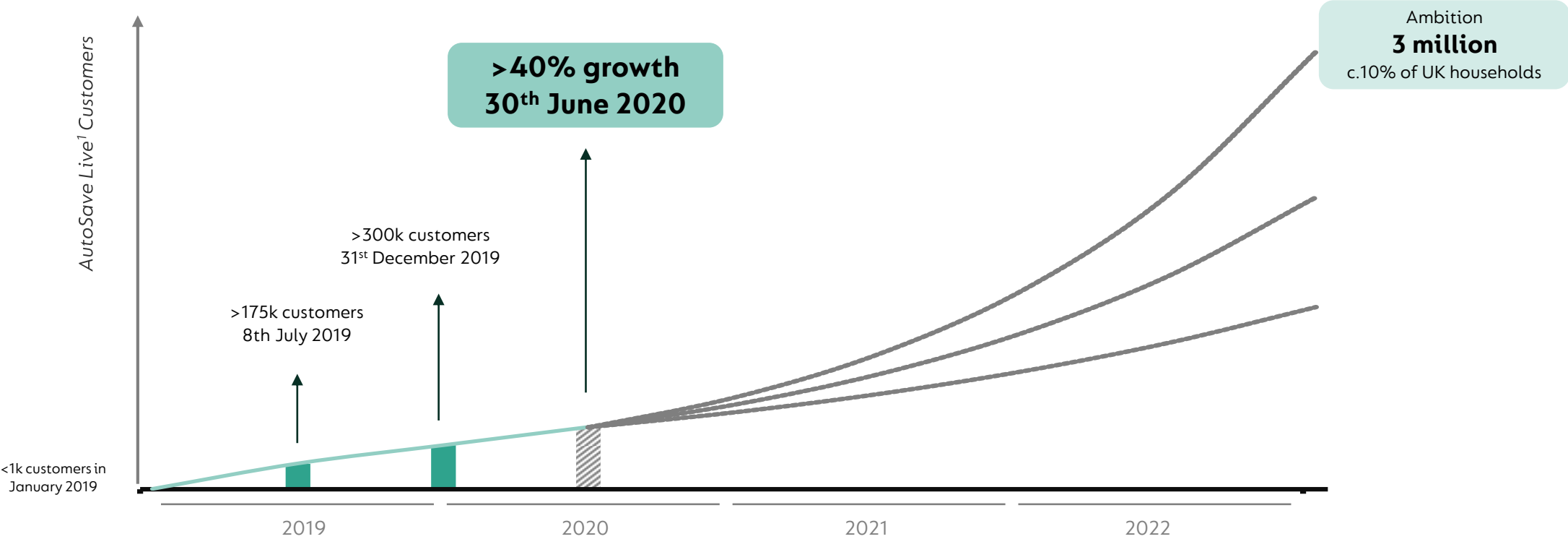


- 300,000 live AutoSave customers, +125,000 (+71%) in 6 months, and +80,000 (+37%) vs. expectations at interim results in July 2019
- Customer growth exceeded expectations and delivered at a lower than expected cost of acquisition
- £7.0m of AutoSave revenue in 2019
- Breakeven trading profit in H2
- Expect to maintain customer growth rate in H1 2020, aiming to grow customers by at least 40% to 30<sup>th</sup> June 2020 with disciplined acquisition costs

1. Live customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills  
 2. Total combined AutoSave customers post Look After My Bills completion

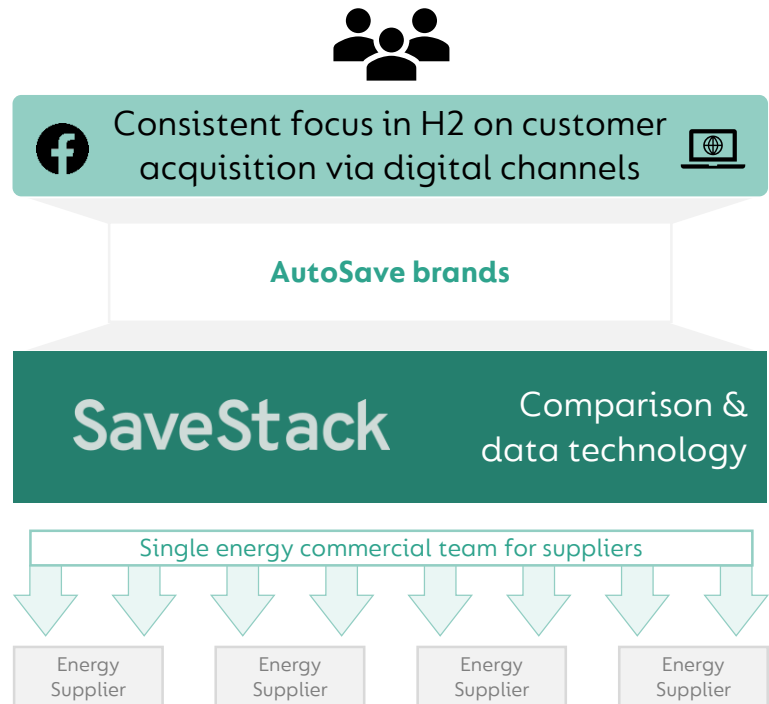
# AutoSave is ambitious but we will be disciplined

Live<sup>1</sup> AutoSave Customers, 2019 to 2022



1. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills

# Delivering sustainable and scalable growth, cost effectively



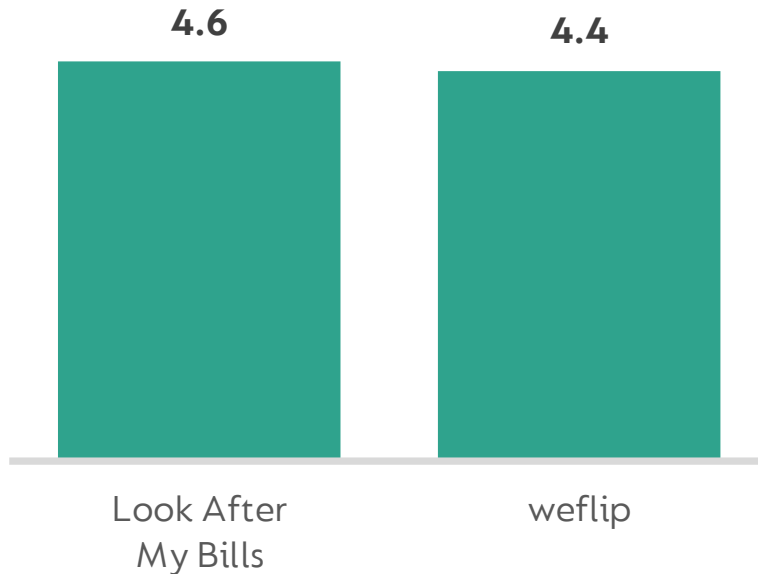
- ▶ Key functions operating from one office location
- ▶ Integrated leadership team under AutoSave CEO
- ▶ Flexible and scalable technology platform
- ▶ Single energy supply team across Group
- ▶ Unified customer service teams
- ▶ Customer acquisition based on unit economic viability

**Two brands run cost effectively around one integrated AutoSave team**

# Customer engagement builds operational experience

Excellent customer experience &  
high level of service

**AutoSave Customer Review Scores<sup>1</sup>**  
Score out of 5



**“Great savings on green energy”**

“I have had **brilliant service** from Look After My Bills. They are excellent at what they do. I did my research before going with them and so glad I did, I know they get me the **best deals with the best providers**”

**“Fantastic!** In a world full of comparison sites, it’s a relief to have supplier searches taken off our hands. Never going to worry about our energy renewal date again. **Great savings and great service**, highly recommend”

“This is just **fantastic and amazing service** being provided by weflip. It was a simple and easy way to move from an existing supplier to another supplier. I am very pleased and thank you. weflip well done”

Customer interactions =  
operational experience

- 31 dedicated UK based customer service advisers supporting our AutoSave business
- Comparison switches the customer and leaves them to it
- New proposition and targeting a different type of customer require greater customer service
- Considerable learnings developed so far from interactions with customers
- The more we build structure and scale the more efficient the business becomes

**Two year operational head start on the market provides significant competitive advantage**

1. Scores are a weighed average over Trustpilot, Reviews.co.uk and Google reviews; as of 14th February 2020 (Look After My Bills = 9,226 / weflip = 1,170)

# Targeting customer and Lifetime Value growth in 2020

1

Growth in  
customer #s

Cohort management

Cost of acquisition

2

Increasing customer  
Lifetime Value

Improved repeat switch rate

Sustainable monetisation

Model expansion

# 2020 Outlook

The Board remains confident of meeting its expectations for the 2020 full year, with performance skewed towards the second half of the year

# Summary

## Disciplined financial performance

- Disciplined and controlled financial performance
- Self-funded investment into AutoSave from free cash flow

## Innovation on GoCompare

- Launch of £250 excess proposition driving underlying car insurance revenue growth +4% in Q4<sup>1</sup>
- Early positive results on GoCompare; car insurance quote conversion improvements, increased marketing margin and investment in above-the-line advertising to drive medium-term growth

## Investment in AutoSave to unlock growth

- From fewer than 1,000 live<sup>2</sup> customers on 1st January 2019 to 300,000 by 31st December 2019
- £7.0m of full year AutoSave revenue and breakeven trading profit in H2 through controlled approach to customer acquisition
- Significant opportunity with ~15m households<sup>3</sup> on default tariffs

## Transformation into a tech-led business

- Continued development of proprietary tech platform SaveStack™
- Continued increase in speed of releases, to an average of 500 per quarter, up from 133 in 2018
- Appointment of new Group CTO to drive the next stage of the Group's transformation

1. Underlying car insurance revenue versus Q4 2018  
2. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers. Numbers across weflip & Look After My Bills  
3. According to Ofgem's latest State of the Energy Market, 53% of households are on Default Tariffs (October 2019)



# Q&A

---



# Appendix



# Income Statement and Segmental Overview

£m	2019				2018				YoY (%)		
	Price Comparison	Rewards	AutoSave	Total	Price Comparison	Rewards	AutoSave	Total	Price Comparison	Rewards	Total
Revenue <sup>1</sup>	138.8	6.6	7.0	<b>152.4</b>	144.4	8.2	0.0	<b>152.6</b>	-4%	-19%	<b>0%</b>
COS	(36.3)	(2.1)	(5.2)	<b>(43.6)</b>	(42.8)	(1.8)	-	<b>(44.6)</b>	-15%	17%	<b>-2%</b>
<b>Gross Profit<sup>2</sup></b>	<b>102.5</b>	<b>4.5</b>	<b>1.8</b>	<b>108.9</b>	<b>101.6</b>	<b>6.4</b>	<b>0.0</b>	<b>108.0</b>	<b>1%</b>	<b>-29%</b>	<b>1%</b>
Distribution Costs	(37.1)	(0.9)	(8.0)	<b>(46.0)</b>	(34.6)	(0.8)	(0.1)	<b>(35.5)</b>	7%	12%	<b>30%</b>
<b>Trading Profit<sup>2</sup></b>	<b>65.4</b>	<b>3.7</b>	<b>(6.2)</b>	<b>62.9</b>	<b>67.0</b>	<b>5.6</b>	<b>(0.1)</b>	<b>72.5</b>	<b>-2%</b>	<b>-34%</b>	<b>-13%</b>
Marketing Margin (%) <sup>2</sup>	47.1%	55.3%	n/a	41.3%	46.4%	68.3%	n/a	47.5%	0.7ppt	-13ppt	-6.3ppt
Adjusted Admin Costs	(14.5)	(2.1)	(6.1)	<b>(22.7)</b>	(13.2)	(2.8)	(1.1)	<b>(17.1)</b>	10%	-25%	<b>33%</b>
<b>Segment Adjusted Operating Profit<sup>2</sup></b>	<b>50.9</b>	<b>1.6</b>	<b>(12.3)</b>	<b>40.2</b>	<b>53.8</b>	<b>2.8</b>	<b>(1.2)</b>	<b>55.4</b>	<b>-5%</b>	<b>-43%</b>	<b>-27%</b>
Group Costs				<b>(13.7)</b>				<b>(11.4)</b>			<b>20%</b>
<b>Group Adjusted Op Profit<sup>2</sup></b>				<b>26.5</b>				<b>44.0</b>			<b>-40%</b>

1. Revenue pre-acquisition for Look After My Bills would be captured in Price Comparison segment with an associated Cost of Sales; post acquisition 2019 H2 revenue is captured in AutoSave
2. Totals based on exact figures and hence slight differences may occur due to rounding

# H2 segmental revenue effected by Look After My Bills acquisition

## Price Comparison

£m

		2019			2018			YoY %		
		H1	H2	Full Year	H1	H2	Full Year	H1	H2	Full Year
Revenue	GoCompare	67.8	64.0	131.8	71.9	67.1	139.0	-5.7%	-4.6%	-5.2%
	Energylinx	4.2	2.8	7.0	0.2	5.2	5.4	n/a	-45.3%	30.3%
	<b>Price Comparison</b>	<b>72.0</b>	<b>66.8</b>	<b>138.8</b>	<b>72.1</b>	<b>72.3</b>	<b>144.4</b>	<b>-0.1%</b>	<b>-7.5%</b>	<b>-3.8%</b>
Marketing Margin	GoCompare	46.0%	48.7%	47.3%	46.4%	47.0%	46.7%	-0.4ppt	1.7ppt	0.6ppt
	Energylinx	39.2%	49.5%	43.3%	43.5%	38.0%	38.3%	-4.3ppt	11.5ppt	5.1ppt
	<b>Price Comparison</b>	<b>45.6%</b>	<b>48.7%</b>	<b>47.1%</b>	<b>46.4%</b>	<b>46.4%</b>	<b>46.4%</b>	<b>-0.8ppt</b>	<b>2.3ppt</b>	<b>0.7ppt</b>

- Energylinx acquired by the Group on 13<sup>th</sup> June 2018
- Look After My Bills was a customer of Energylinx; therefore revenue generated by Look After My Bills prior to acquisition was reported in Price Comparison
- Look After My Bills was acquired by the Group on 9<sup>th</sup> July 2019 and from this date associated revenue is reported in AutoSave

# AutoSave switching funnel

## AutoSave Customer Switching Funnel

