

A person with a backpack is walking away from the camera down a busy city street. The street is lined with shops and buildings, and there are many other people walking around. The image is slightly blurred, giving a sense of motion.

GoCo Group 2019 Half Year Results

25th July 2019

GOCO
GROUP

Agenda

- | | | |
|----------|---------------------------------------|------------------|
| 1 | Highlights & AutoSave | Matthew Crummack |
| 2 | Financial Review | Nick Wrighton |
| 3 | Price Comparison & Rewards | Lee Griffin |
| 4 | Summary | Matthew Crummack |

2019 H1 Highlights

Strong discipline on core & innovation for growth

Disciplined performance on core in H1

- Total Group revenue stable at £76m in competitive market
- GoCompare.com car insurance market share flat to H2 2018 with stable marketing margin of 46%¹ (driven by further conversion improvements broadly offsetting marketing inflation)
- Adjusted Operating Profit excluding weflip of £20.6m (H1 2018 = £21.2m)

GoCompare proposition innovation to grow in H2

- Launch of innovative data driven brand proposition to drive awareness & preference to grow revenue in H2 as the market recovers: **Free £250 Off Your Excess – When It Matters, GoCompare**
- Relentless focus on improving conversion

Acceleration of AutoSave to over 175k³ live customers

- Acquisition of Look After My Bills², one of the UK's fastest growing energy savings services with over 150k live customers³
- AutoSave segment (weflip + Look After My Bills) now has over 175k live customers³

Further **SaveStack** development leading to first B2B partnership

- Ongoing improvements to underlying architecture
- Market first comparison and switching journey in bank app, through B app for CYBG/Virgin Money
- Fast learning in new environment

1. GoCompare.com only
2. Consideration of £6.0m upfront, financed through the Group's existing resources, plus £2.5m deferred consideration, plus up to a further £4.0m performance based earn-out, leading to a maximum potential consideration of £12.5m
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

GOCO revolutionising an industry

- Our ambition for the Group is to transform into a higher & more sustainable EBITDA margin business
- Traditional Price Comparison dynamics do not enable this
 - **Market:** focuses on discrete consumer segment = highly competitive & size constrained
 - **Model:** low loyalty = high annual marketing spend on acquisition
- Significant opportunity of 23m households¹ exists by addressing the needs of infrequent switchers
- The Group maintains a disciplined approach on core Price Comparison and Rewards, focusing on cash to invest in disruptive innovation to unlock growth
- Highly attractive business model to transform the Group with a subscription style service (*free to consumers, revenue from suppliers*) driving high customer retention, lower marketing spend and ultimately higher margins
- Whatever the customers' preference, we have a model to meet their needs

Price Comparison maintains revenue & earnings

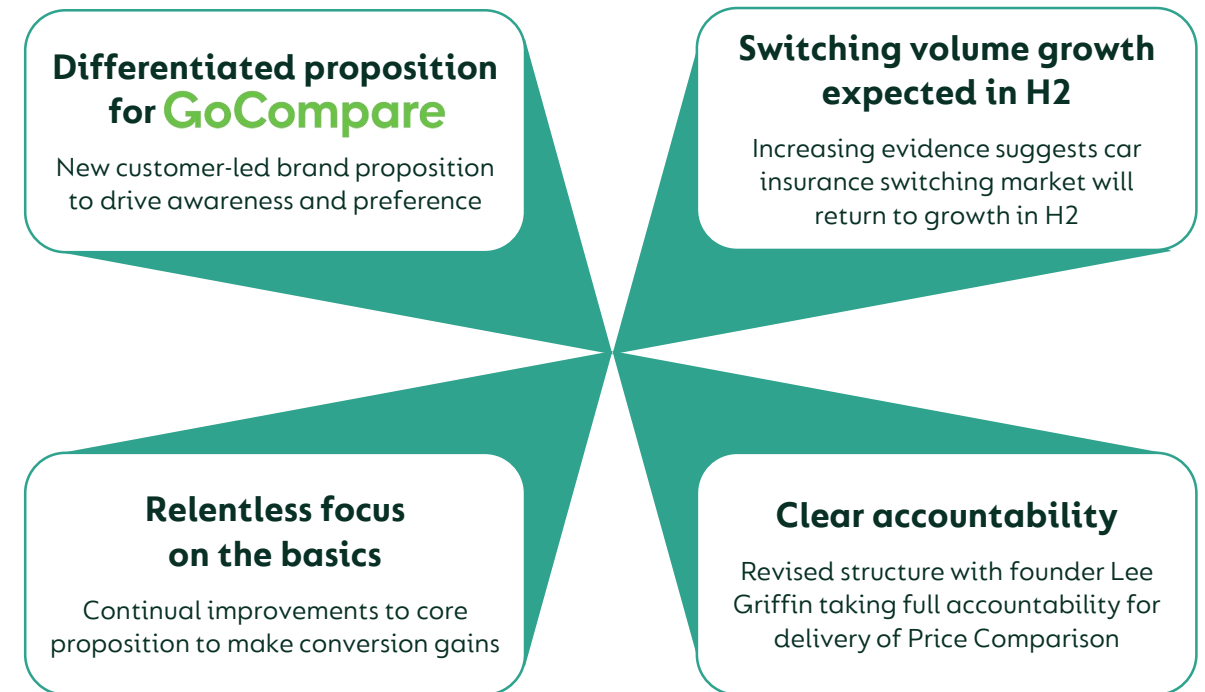
Solid results in the face of a competitive market in H1



In H1 we maintained a disciplined approach on our core Price Comparison & Rewards businesses:

- Revenue flat YoY
- Marketing margin stable despite cost inflation
- Improved conversion and revenue per interaction

Price Comparison positioned to grow revenue in H2 and beyond



The addressable opportunity

An iceberg diagram with a small light blue tip above the water line and a large dark teal body below. The top tip represents the 'Traditional Price Comparison' segment, and the larger body represents the 'Huge Unaddressed Opportunity' segment.

Traditional Price Comparison

- Current size ~£1.1bn¹
- Addresses the needs of only c.20% of consumers who switch frequently
- Dominated by 5 key players
- Limited innovation over last 10 years

Opportunity to deliver solid medium-term sustainable profitable growth



Huge Unaddressed Opportunity

- Potential opportunity 3 – 4x² bigger than today
- Targets infrequent switchers, representing majority of the population, who only occasionally switch

Huge opportunity through our AutoSave³ propositions



Incremental 23m household opportunity in Energy alone ► automated savings can unlock this

The opportunity is in addressing the Infrequent Switchers

~28M supplied
households

~15M households are on a Default Tariff¹

~23m
(>80%)
£1.3bn²

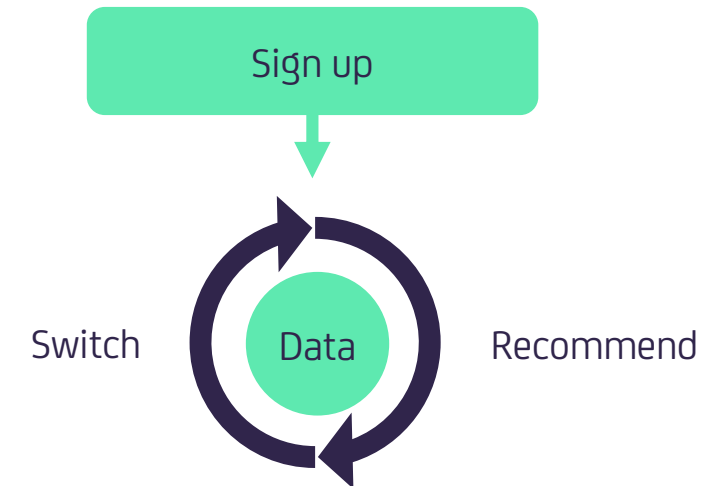
Household
Opportunity

~5.4M² (<20%) switched
energy in 2018
£0.3bn

Existing
Switching
Households

Automated saving can target these consumers

Sign up once
Save forever
Savings Resignists



Switching inertia works
for customers

1. According to Ofgem's latest State of the Energy Market, 54% of households are on Default Tariffs (October 2018)
2. Potential opportunity per annum assuming £30 fee per fuel for 23m households
3. Number of switches in 2018 based on BEIS / Ofgem data

Acquisition of Look After My Bills



LOOK
AFTER MY
BILLS

GoCo Group today announces it has acquired Look After My Bills, one of the UK's fastest growing energy saving services

Transaction highlights

- Acquisition of This Is The Big Deal Limited (trading as Look After My Bills)
- Total consideration comprised of £6.0m upfront (*financed through the Group's existing resources*) plus £2.5m deferred consideration, plus up to a further £4.0m performance based earn-out¹
- Operations to continue to be run as a standalone business based in London
- Additional headcount of 36

Acquisition closely aligned to our Group strategy

- Relevance enabling further acceleration
- Customer acquisition & marketing expertise
- Operational expertise

Founders incentivised to drive growth

Henry & Will both secured investment on BBC's Dragon's Den in 2018, regarded as one of the show's most exciting opportunities

Henry De Zoete

Co-founder

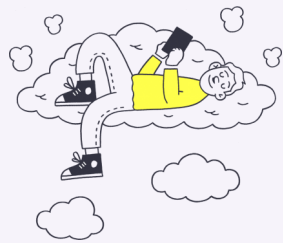
- Primarily responsible for customer acquisition strategy, including community and campaigns
- Founded The Big Deal Ltd, a UK collective energy switching proposition

Will Hodson

Co-founder

- Primarily responsible for strategy, finance, product and partnerships
- Previously founded a social food start-up in London

>175k live customers¹ ▶ 2 brands, 23M households², transformative by 2022



LOOK
AFTER MY
BILLS

Track record demonstrating expertise to rapidly and efficiently acquire customers

GOCO
GROUP

0
Jan 2018

<5k
July 2018

>175k
live customers¹

Powered by
SaveStack
ENERGYLINX

Support to address non-core functions³
to enable a focus on customer growth

w@flip



1. Total combined customers post Look After My Bills completion as of 8th July 2019; Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers
2. Approximate number of households in 2018 who did not switch energy based on BEIS / Ofgem data
3. Includes Information Security & Compliance, HR, Finance

Innovation extends to acquiring customers

Learnings for marketing effectiveness of channels

Successful operational processes & pricing preferences

weflip



Portfolio of brands appealing to different audience segments

Dedicated teams, optimising incremental acquisition

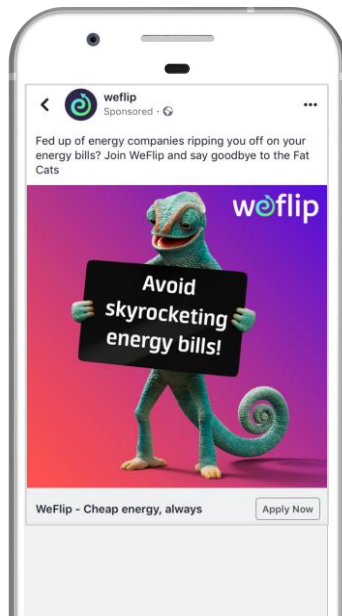
Optimising channels & customer targeting to acquire incremental consumers, i.e. infrequent energy switchers who do not regularly use price comparison sites

Digital acquisition channels to recruit engaged customers

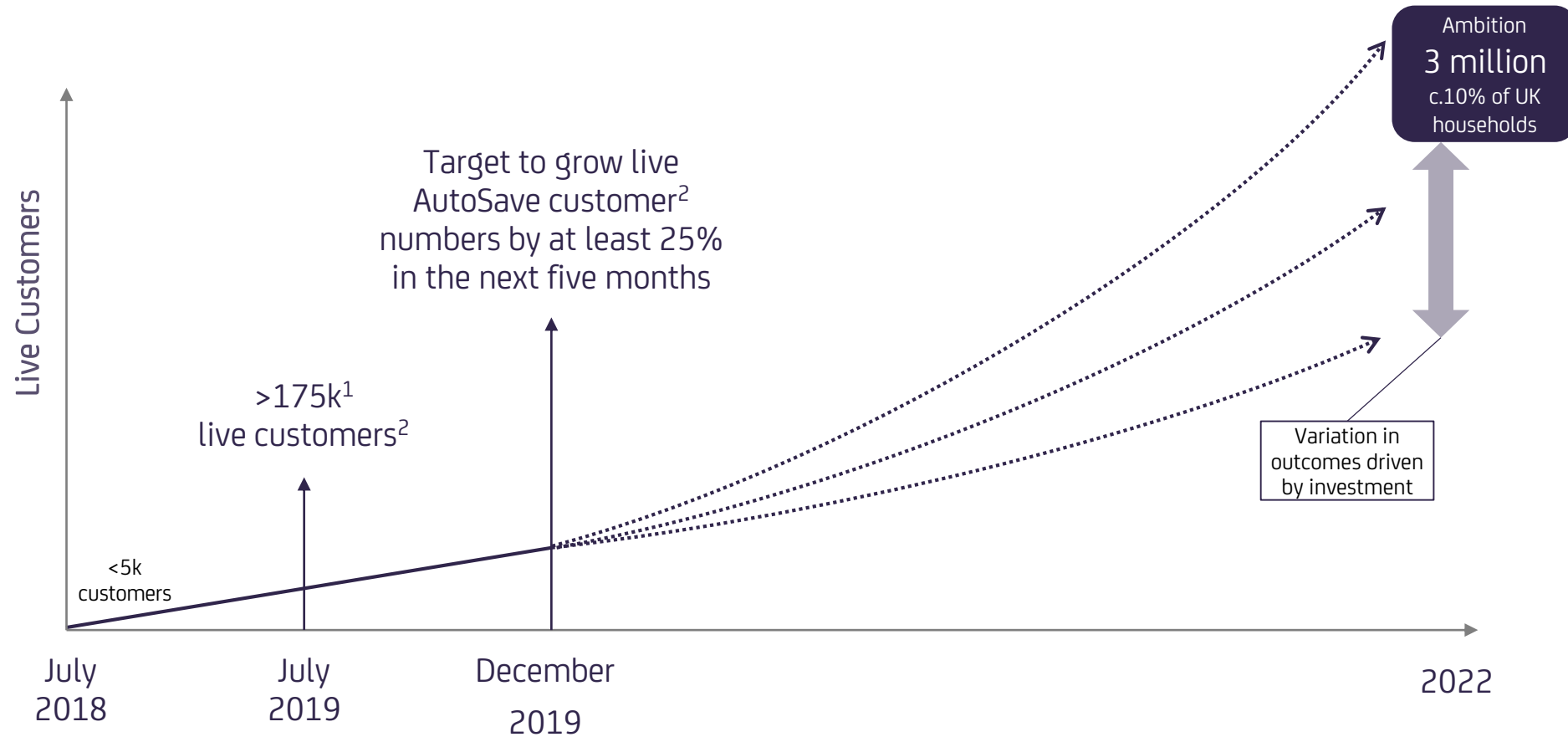
Exclusive tariffs, increasing growth opportunity for a wider selection of suppliers

Increased relevance enables us to offer customers market leading deals across both brands

GOCO GROUP



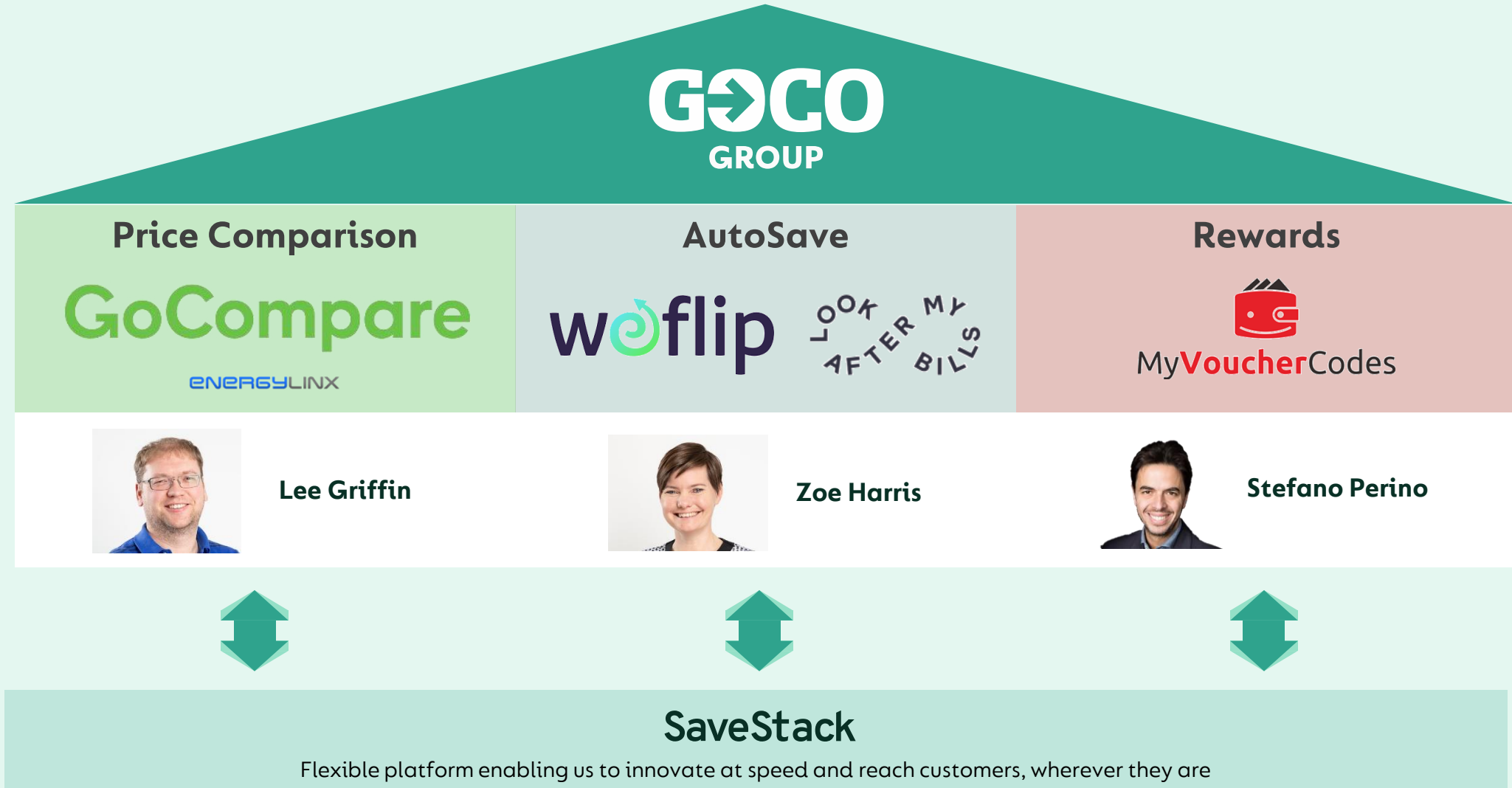
Goal remains for AutoSave to be transformative to Group earnings by 2022



- Acquisition of Look After My Bills places the Group in a strong position to grow
- We therefore intend to increase investment through H2 2019
- This investment will have an impact of up to £7m on full year Adjusted Operating Profit expectations

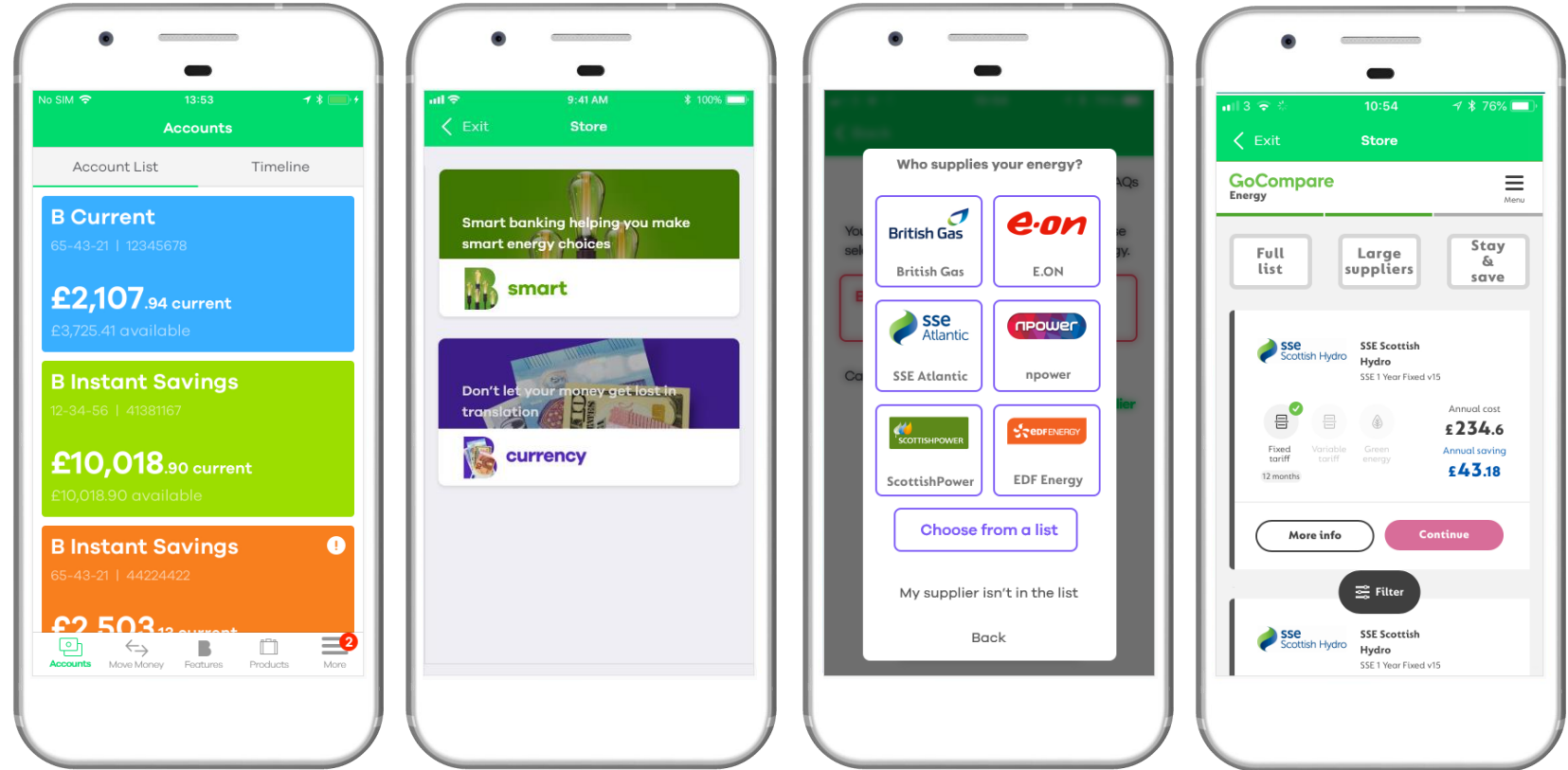
1. Total combined customers post Look After My Bills completion as of 8th July 2019
 2. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers

Simplicity key to organisation and technological transformation



Potential for new distribution channels, such as CYBG (Virgin Money)

- Market first comparison and switching journey in a bank app, through B app for CYBG
- Complete whole journey (including comparison and switch) within the app
- Data sharing to simplify experience
- Revenue share to incentivise volume
- Fast learning to establish customer appetite
- Powered by **SaveStack** APIs



Agenda

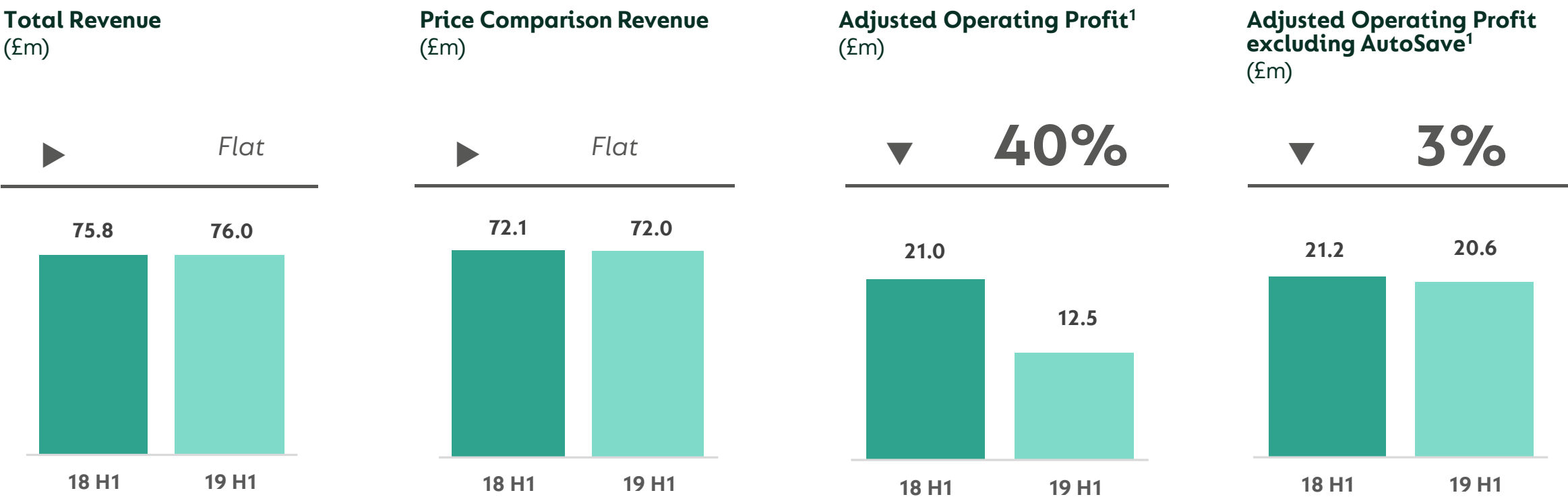
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Solid financial performance in line with expectations

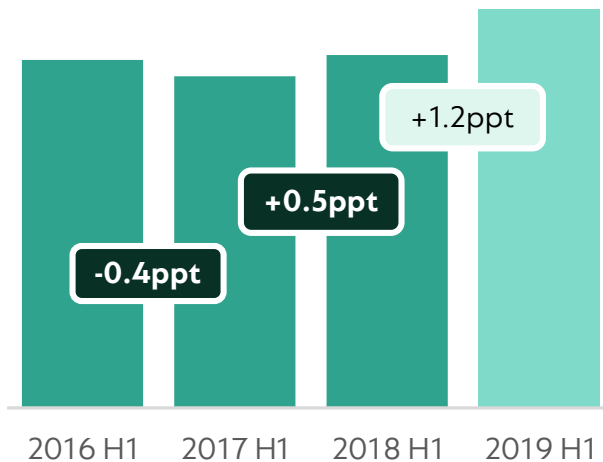


1. Adjusted operating profit represents operating profit, after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs and Foundation Award share-based payment charges

Continued improvements on GoCompare, despite competitive market

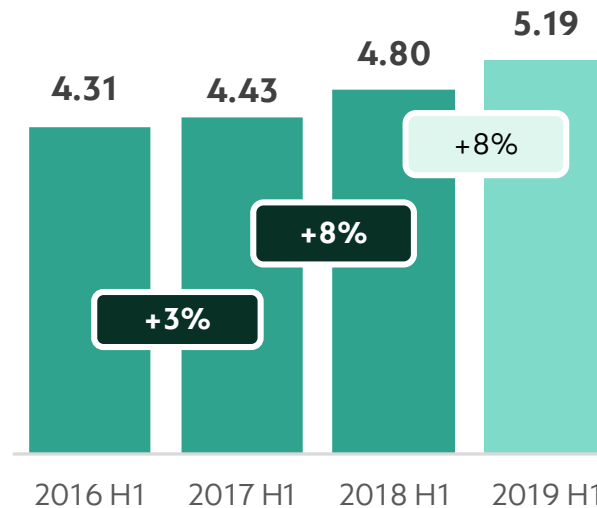
Improved Conversion

GoCompare.com Car Insurance Conversion
Average over 6months



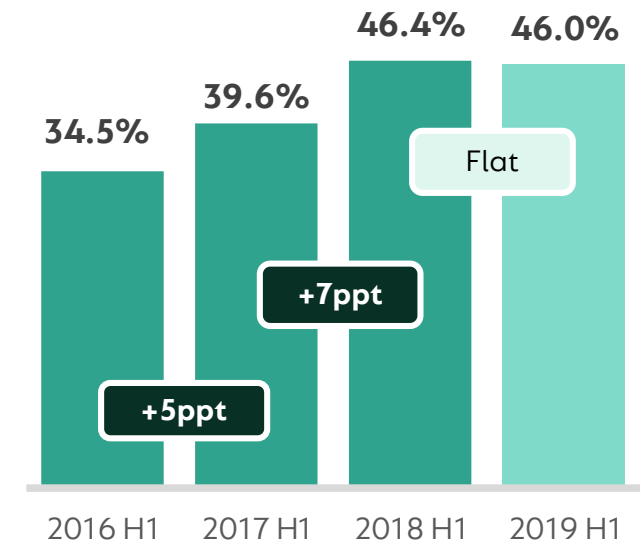
Increased Revenue per Interaction

GoCompare.com Revenue per Interaction
£



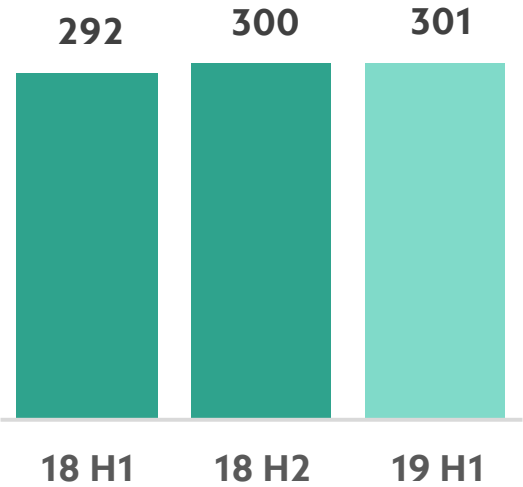
Stable Marketing Margin

GoCompare.com Marketing Margin
% of Revenue

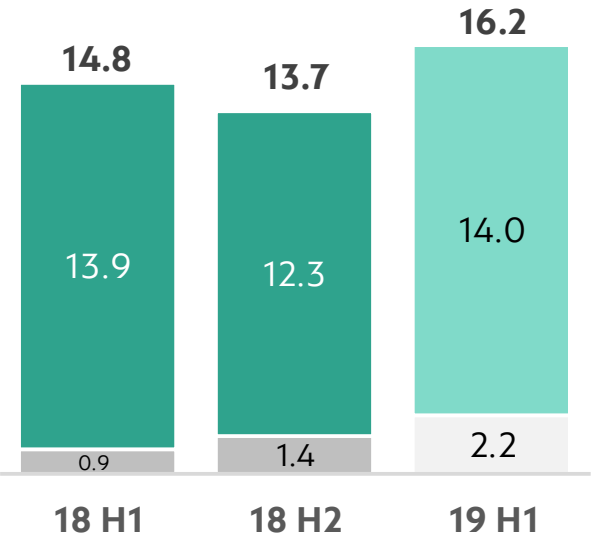


Headcount and Capex flat to 2018 H2

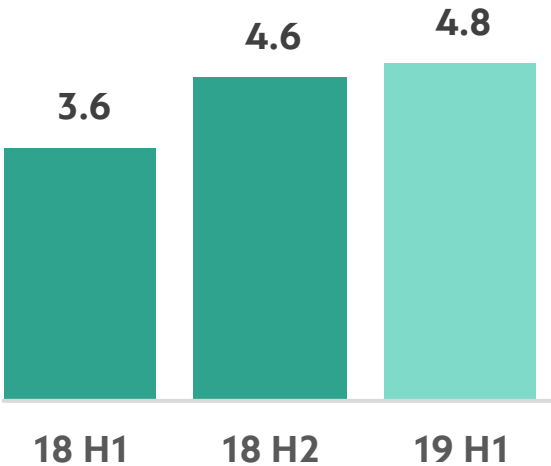
Headcount
of FTEs at Period End



Adjusted Admin Costs
£m



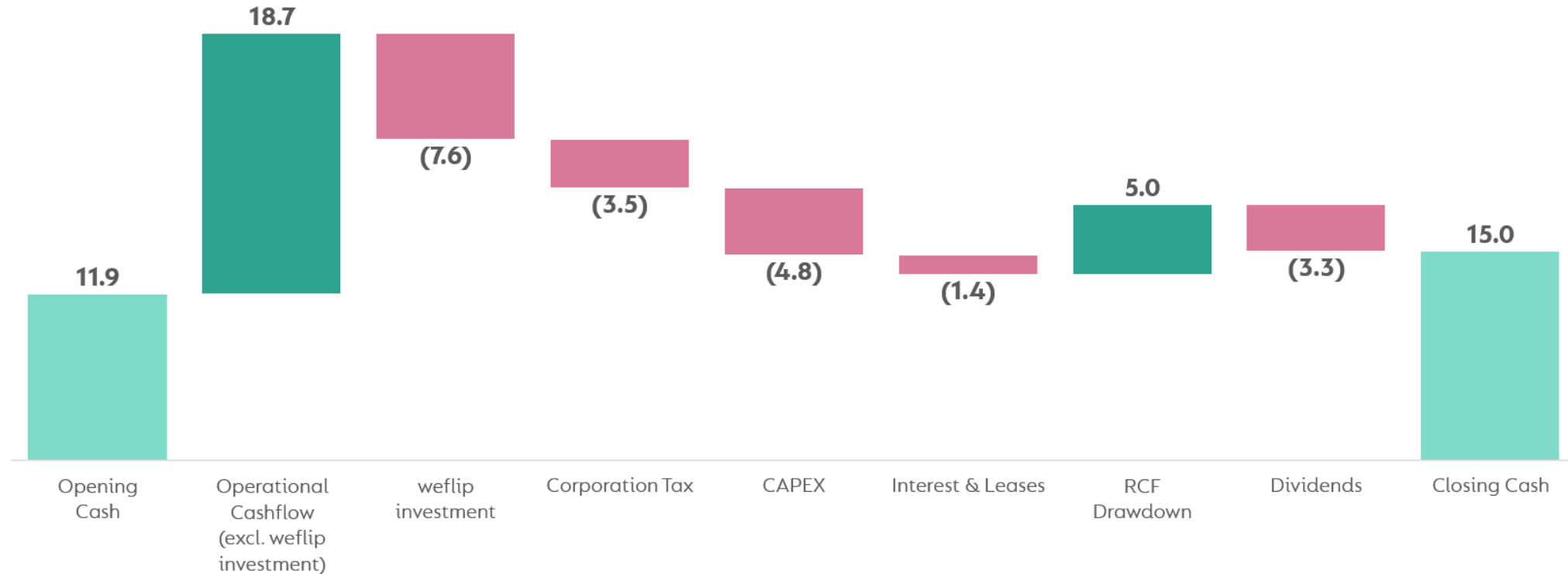
Capex
£m



■ D&A ■ Admin Costs (exc. D&A)

Strong operational cash flow and investment in innovation

2019 H1 Cash flow (£m)



- Strong operational cash flow on Price Comparison and Rewards businesses
- Investment of £7.6m into weflip during H1
- Corporation Tax payments based on 2018 profit
- Interest and leases includes debt interest paid and payments made in respect of lease liabilities
- Leverage at 30th June 2019¹ of 1.8x, up marginally from 1.7x at 2018 H1 and 1.5x at 31st December 2018; down from 2.8x at demerger in 2016

Investing at the right time

- Acquisition of Look After My Bills places the Group in a strong position to grow
- We believe now is the right time to maximise the opportunity and we therefore intend to increase investment in H2 2019
- This investment will have an impact of up to £7m on full year Adjusted Operating Profit expectations
- Expect AutoSave customer numbers to grow by at least 25% in the next five months to 31st December 2019
- Our goal remains for AutoSave to be transformative to Group earnings by 2022
- GoCo Group (via Energylinx) already powers Look After My Bills and hence 100% of Look After My Bills revenue is already recognised by GoCo Group (see appendix for detail)
- There are no other changes to the Board's expectations for the full year 2019

	Investment Impact to FY19 (£m)
GoCo Group revenue	nil
GoCo Group Marketing Costs	(4)
GoCo Group Admin Costs	(3)
Investment Impact to FY19 Adjusted Operating Profit	(7)

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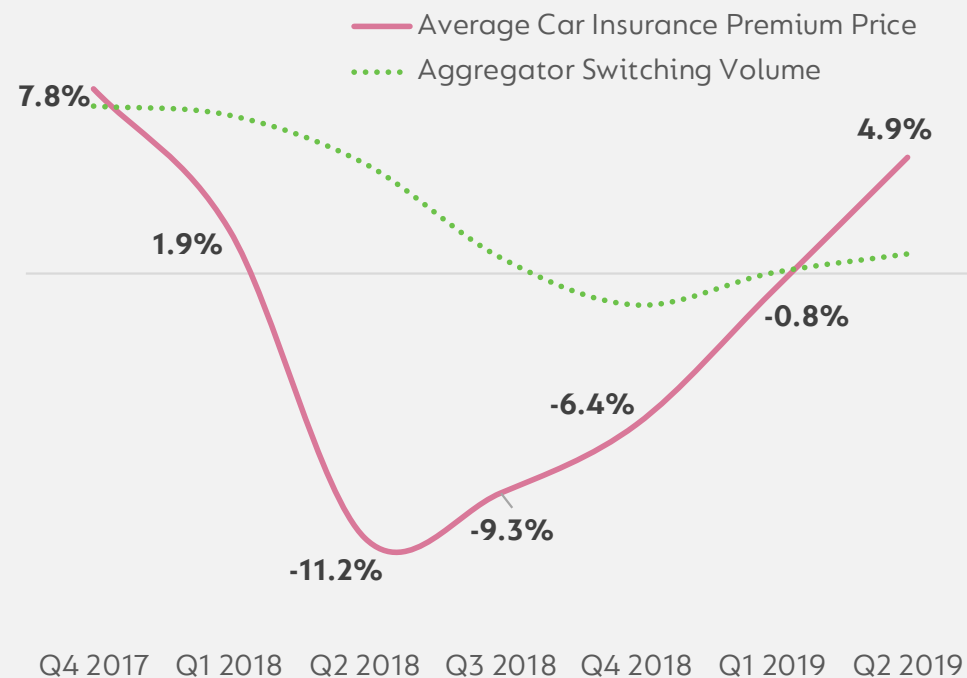
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Car insurance comparison market returning to growth

Car Insurance Premium Price vs. Aggregator Switching Volume¹

% YoY Change



Car Insurance Premium Price

- Car insurance premiums declined in Q1, but increased in Q2 both Quarter on Quarter (+3%) and Year on Year (+5%)¹
- Major insurers have been reporting rising vehicle repair costs and are therefore expected to increase premiums in short to medium term
- Announcement on 15th July that the Ogden discount rate will increase to -0.25%, lower than the 0 - 1% widely anticipated, will likely only increase the need to raise premiums

Aggregator Switching Volumes

- Latest management estimates indicate aggregator market was returning to growth in the last 2 months of H1 2019

1. Car insurance premium price based on Willis Towers Watson insurance pricing index; switching volumes indicative performance based on management estimates

Solid performance, positioned for growth

Disciplined performance in a challenging market

1

Marketing
Margin
Stable

Despite marketing inflation across the industry, we have maintained our marketing margin at 46%

46%¹
Flat YoY

2

Improved
Conversion

Continued to make further conversion improvements through the funnel of core GoCompare.com business

+1.2ppt¹
YoY

3

Increased
Revenue Per
Interaction

Significant increases on revenue per interaction driven by both conversion and improved commercial relationships

£5.19¹
+8.1% YoY



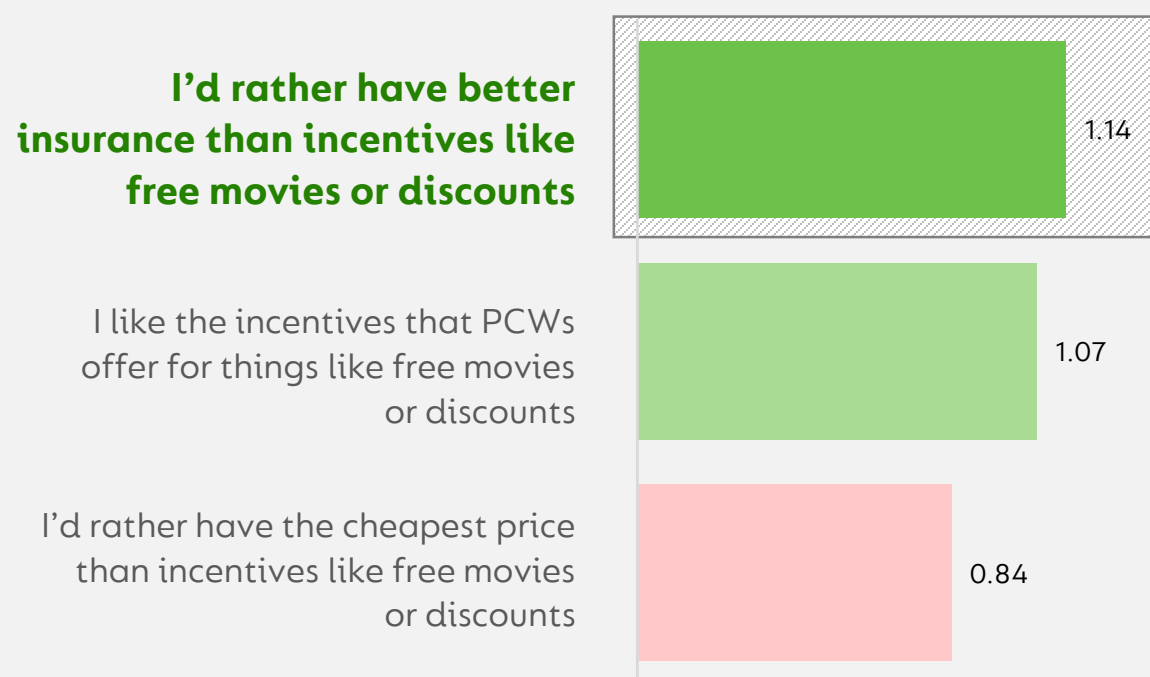
Positioning us to grow revenue in H2

Launch of new brand proposition to drive awareness & preference, positioning us to grow revenue in H2 as the market recovers

Our new proposition is grounded in a detailed understanding of what the consumer wants

“Which comes closest to your views?”

GoCompare Customers Indexed to Average PCW Buyers¹



“Extremely important when considering which PCW to use”

Top 4 Most important to GoCompare Segmented Customers

-  1. Finding the right insurance
-  2. Holding insurers to account
-  3. Customer service ‘beyond the journey’
-  4. Insurance extras

1. Based on a 3rd Party Consumer Survey completed for GoCompare by Old Street Science; % of GoCompare customers selecting response / % for PCW buyers

Unique customer-led proposition launched with new brand line

The right insurance always costs you less

When it matters, GoCompare

We empower you to compare on what matters

We are there for you when it matters

We are using our technical expertise to tackle industry issues that matter

Comparison beyond price

Customer Experience ratings to show customer satisfaction as well as depth of cover

There for you when the worst does happen



When it matters,
GoCompare

FREE £250

★ **EXCESS COVER** ★

Get a car insurance quote >

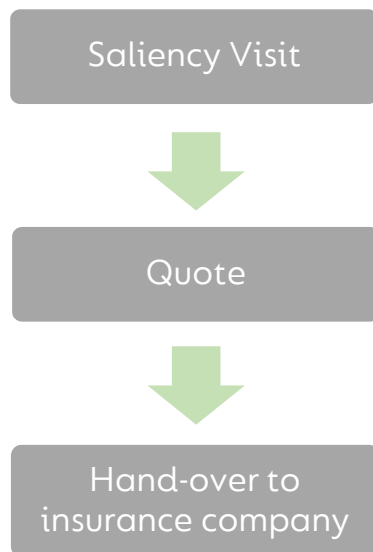
Helping improve the insurance industry for the better

Challenge industry norms; tech driven collaborations to reduce crime, claims and premiums (e.g. fraud solution and data-led pricing insight)

GoCompare

We are innovating to grow the switching market and increase our share

Top of Mind Awareness



TRANSACTIONAL

GoCompare has always had leading awareness which we will continue to harness



FREE £250

★ EXCESS COVER★

Top of Mind Awareness



RELATIONSHIP-BASED

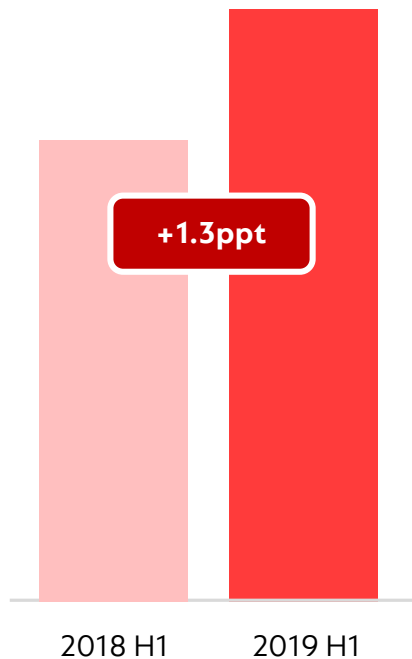
-
- ✓ Increases engagement
 - ✓ Improves loyalty
 - ✓ Competitor differentiator
 - ✓ Drives preference

GoCompare

Focus on execution to deliver stable revenue despite competitive market

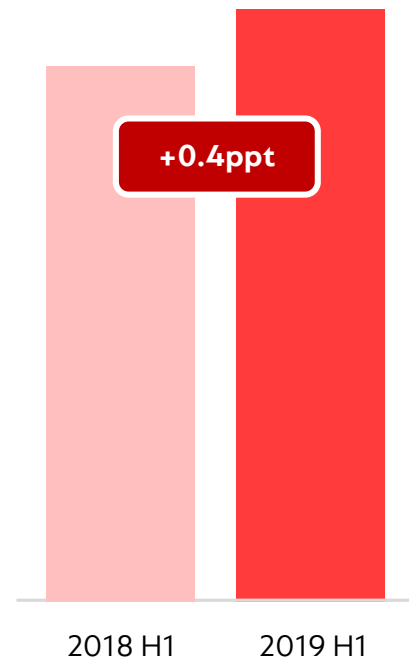
Improved Conversion

Rewards Conversion
H1 average



Increased Commission per Transaction

Rewards CPA %
% average commission from retailers



- Rewards business is profitable and cash generative
- Competitive market has led to a decline in overall traffic to the MyVoucherCodes website
- However, a continued focus on improving conversion and the underlying drivers of the business has led to flat revenue year on year with increased Adjusted Operating Profit

Disciplined approach with innovation to grow in H2

- Disciplined H1 performance in a challenging market in Price Comparison
 - GoCompare.com car insurance market share flat to H2 2018 with stable marketing margin of 46%¹
 - Driven by further conversion improvements broadly offsetting marketing inflation
- Comparison market returning to growth
 - Latest management estimates indicate aggregator market returning to growth in last 2 months of H1 2019
- Unique customer-led proposition launched with new brand line: **The right insurance always costs you less**
 - Innovation proposition to drive awareness & preference to grow revenue in H2 as the market recovers: Free £250 Off Your Excess
- Continued relentless focus on execution
 - Relentless focus on increasing performance of core metrics on Price Comparison and Rewards

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GOCO is uniquely positioned for growth

- ▶ Price Comparison focuses on discrete consumer segment ▶ existing approach **highly competitive and demanding**
- ▶ Disciplined approach on Price Comparison and launch of **new differentiated consumer-led proposition** to drive awareness and preference
- ▶ **Innovation key to unlock growth** ▶ AutoSave targets a huge opportunity with an attractive business model
- ▶ AutoSave ambition to **grow customers by at least 25%** in the next five months to 31st Dec 2019 and be transformative to Group earnings by 2022

Appendix



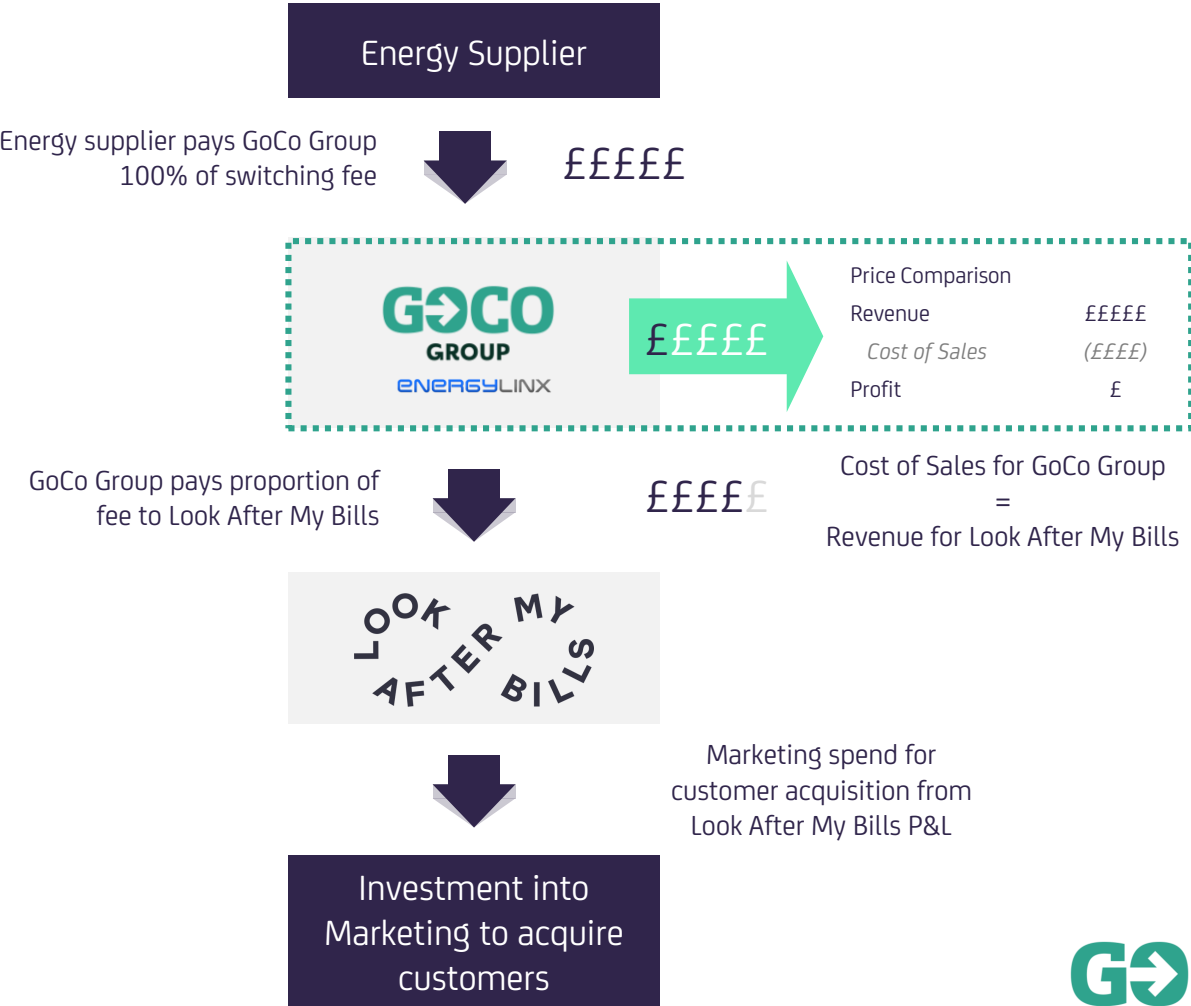
2019 H1 Income Statement and Segmentation Overview

£m	2019 H1				2018 H1				YoY (%)		
	Price Comparison	Rewards	AutoSave	Total	Price Comparison	Rewards	AutoSave	Total	Price Comparison	Rewards	Total
Revenue	72.0	3.6	0.4	76.0	72.1	3.7	-	75.8	0%	-3%	0%
COS	(22.3)	(1.0)	(0.4)	(23.7)	(21.2)	(0.9)	-	(22.1)	5%	11%	7%
Gross Profit	49.7	2.6	-	52.3	50.9	2.8	-	53.7	-2%	-7%	-3%
Distribution Costs	(16.9)	(0.5)	(6.3)	(23.7)	(17.5)	(0.4)	-	(17.9)	-3%	25%	32%
Trading Profit	32.8	2.1	(6.3)	28.6	33.4	2.4	-	35.8	-2%	-13%	-20%
Marketing Margin (%)	45.6%	58.3%	n/a	37.6%	46.3%	64.9%	n/a	47.2%	-1ppt	-7ppt	-10ppt
Admin Costs	(6.8)	(0.9)	(1.8)	(9.5)	(7.1)	(1.8)	(0.2)	(9.1)	-4%	-50%	4%
Adjusted Op Profit	26.0	1.2	(8.1)	19.1	26.3	0.6	(0.2)	26.7	-1%	100%	-28%
Group Costs				(6.6)				(5.7)			15.8%
Group Adjusted Op Profit				12.5				21.0			-40%

Impact of Look After My Bills to GoCo Group

Indicative

Pre-Acquisition



Post-Acquisition

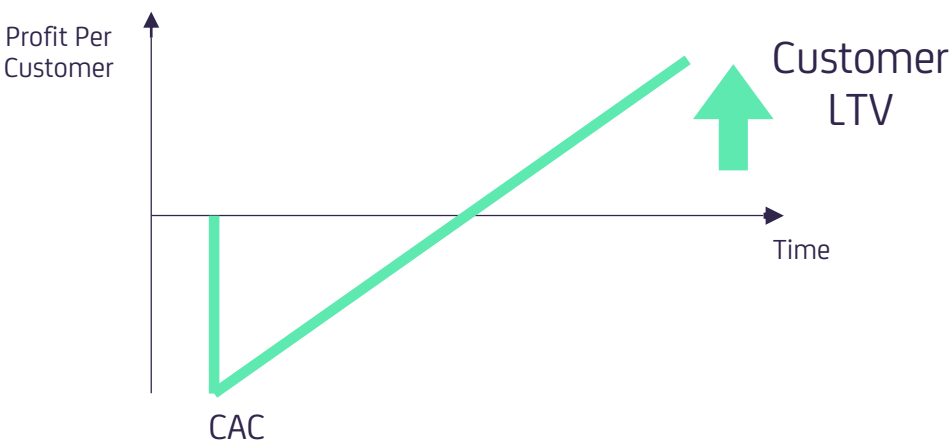


Attractive business model and customer economics

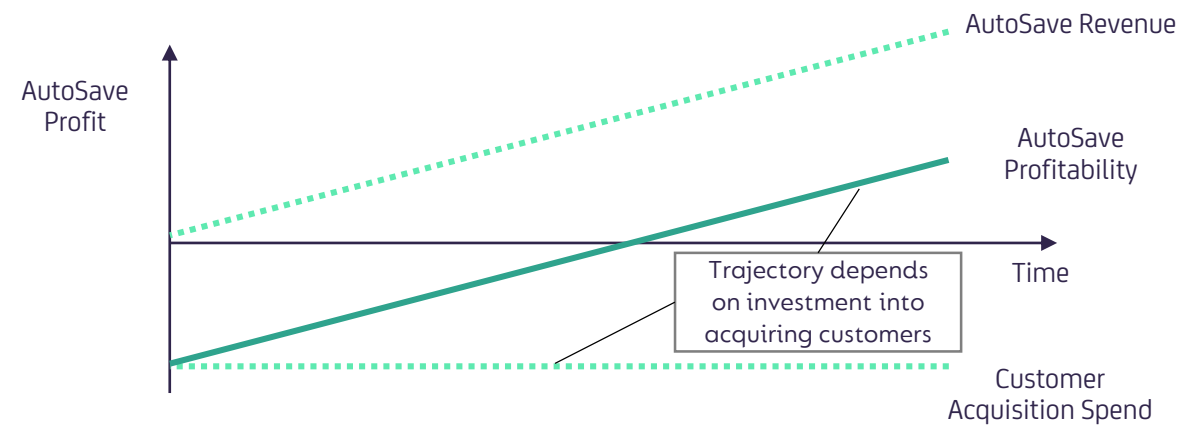
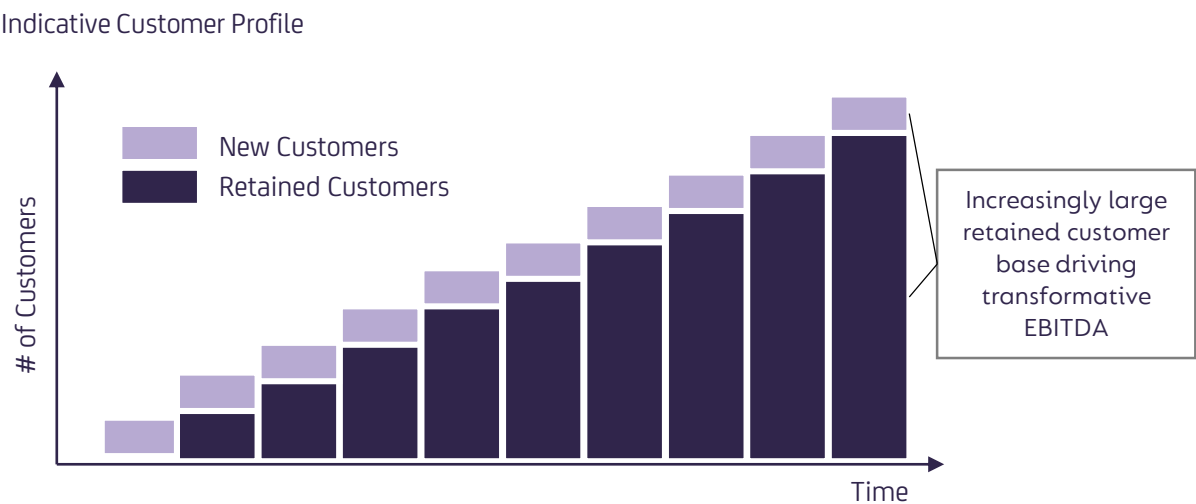
Excellent unit customer economics (vary by Retention Rates)

Indicative Metrics for AutoSave	Annual Customer Retention Rates				
	70%	75%	80%	85%	90%
Average Customer Lifetime	3.3	4.0	5.0	6.7	10.0
Proportion of 2019 Customers Remaining in 2022	34%	42%	51%	61%	73%
Lifetime Value over 10 years (Energy Only) ¹	153	174	201	236	282

Target: Customer Lifetime Value > Customer Acquisition Costs



AutoSave payback timings dependent on rate of acquisition



1. Assumes £30 per fuel, average 1.8 fuels per customer; discounted at 10% with 2% inflation on Energy switching fee; assumes minimal annual cost to serve

Look After My Bills: Key Transaction Highlights

- ✓ Developed into one of the fastest growing energy savings services since appearing on BBC Dragon's Den in 2018
- ✓ Transformative business model → recurring revenue & higher lifetime value
 - Like weflip, delivers subscription-style model (*free to consumers, revenue from suppliers*)
 - Provide GoCo Group with relevance and expertise
 - Track record in acquiring customers at low cost of acquisition, particularly utilising social channels
 - Proven capability for switching customers and delivering a strong customer experience
- ✓ Goal to achieve seamless technological integration with **SaveStack**
 - Energylinx already fulfils the switching capabilities
- ✓ Combined performance of weflip and Look After My Bills to be reported as a distinct segment, AutoSave
- ✓ Customers sign up providing full switch authority but not all might be immediately able to switch and hence a potential lag to switches



LOOK
AFTER MY
BILLS

Transaction Highlights

Upfront Consideration	£6m
Deferred Consideration & Performance Based Earn-out	up to £6.5m
Live Customers	>150k ¹
Equivalent CAC based on upfront consideration ²	~£40
Indicative Lifetime Value ³ (Energy Only)	£150+
Headcount	36 (inc. 2x founders)

1. Live Customers defined as those who have provided full switching authority to enable a switch net of churned customers
 2. Equivalent Customer Acquisition Costs based on upfront consideration and customers acquired at acquisition
 3. Discounted; conservative assumptions based on 70% retention rate (*see previous slide*)