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Gocompare.com Group plc - Interim results for the 6 months ended 30 June 2017

1 August 2017

Disciplined delivery of strong financial results while making good progress on a material transformation program.

Financial highlights and KPIs:

	H1-2017	H1-2016	YOY
Revenue (£m)	75.8	72.8	+4.1%
Adjusted Operating Profit[1] (£m)	17.5	14.4	+21.5%
Profit before income tax (£m)	14.7	14.5	+1.7%
Marketing Margin (%)	39.6%	34.5%	+5.1%pts
Average revenue per interaction[2] (£)	£4.43	£4.31	+2.8%
Adjusted basic EPS (pence)	3.2	2.8	+14.3%
Basic EPS (pence)	2.8	2.8	+2.6%
Customer interactions[3] (m)	17.1	16.9	+1.3%
Number of partners[4]	312	326	-4.3%
Savings made by customers[5] (£m)	620	490	+27%

Business highlights:

- Increased agility in the business, accelerated delivery of updates to the site.
- Invested in talent, strengthening key capabilities in Tech, Product and Marketing
- Exclusive partnership agreement signed with Haymarket Media Group.
- First strategic investment, acquiring minority shareholding in Mortgage Gym Limited.
- Leverage[6] of 1.5x – down from 1.7x at 31 December 2016 and 2.8x at the time of demerger.
- Interim dividend declared of 0.7 pence per share.

Sir Peter Wood, Chairman, said: "The executive team under Matthew's leadership has made great progress in building on GoCompare's strong foundations and its continuing evolution into a leading tech business.

"I am delighted with the increase in adjusted operating profit and strong cash generation. Our maiden interim dividend of 0.7pence per share balances cash returns to shareholders with our ability to fund potential strategic investments.

"GoCompare is well positioned to continue to drive shareholder value by remaining focused on providing an independent, unbiased and fair service that helps customers save time and money"

Matthew Crummack, Chief Executive Officer, said: "We have delivered material improvements to our core business following organisational and operational transformations early in the year and I am particularly pleased with the integration and performance of our existing talent, alongside new talent recruited in Newport.

"As well as progressing the core business we have continued to develop our strategy and our investment in Mortgage Gym is an exciting opportunity to work with an innovative business that is well aligned to our mission of helping people everywhere save time and money."

Outlook

The Board remains confident about meeting its expectations for the full year 2017.

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Notes:

1. Adjusted operating profit represents operating profit, adjusted to exclude the costs of the Foundation Award share based payment charges.
2. Average revenue per interaction defined as Revenue for the period divided by Customer interactions.
3. Customer interactions defined as (a) for products where the quote process begins on GoCompare, as each unique instance of activity within any half hour period in which a Customer initiates such a quote process, although they do not necessarily complete a purchase, and (b) for the remainder of the Group's products, each instance in which a Customer clicks through to a Partner website from GoCompare
4. Number of core partner brands we have actively worked with in the 12 month period.
5. Customer savings measured by Car and Home insurance savings calculated by applying the average Consumer Intelligence reported savings per customer across the year.
6. Leverage is calculated as net debt divided by Adjusted EBITDA. Adjusted EBITDA is defined as Adjusted operating profit after adding back depreciation and amortisation charges.

Cautionary statements

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Group or industry results to differ materially from any future events, results, performance or achievements expressed or implied by such forward-looking statements. Persons receiving this announcement should not place undue reliance on any forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, GoCompare disclaims any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Business Review

The 2017 first half performance saw a disciplined delivery of strong financial results, while the company has undergone a material transformation program. Even while the competitive environment continued to be robust, the team generated a 22% increase in adjusted operating profit, with controlled revenue growth of 4% and strong cash generation reducing leverage from 1.7x to 1.5x. While growth was stronger within the strategic initiatives segment (+15% YoY), insurance-related comparison (+3.5% YoY) still drives the majority of our revenues and operating profit, so much of our commercial focus was on this controlled growth.

Outside of day to day trading, the collective focus of the organisation has been to address the underlying capability of growing revenue and improving marketing margin via increases in conversion alongside investment into profitable marketing channels. This was the essence of our H1 transformation project, and we believe we have made good progress.

Saving consumers time and money is a compelling opportunity

During H1 we helped consumers save £620m on car and home insurance (up 27% on H1 16) but believe there is a compelling opportunity to help consumers save even more. Earlier this year we introduced "botheration" as a term summarising the significant barriers that face UK consumers as they look to reduce the financial burden of often non-discretionary everyday household and personal finance expenditure. We see that a combination of complexity and apathy leads to infrequent switching at best, and in many cases to no switching at all.

To understand more about the underlying causes and impacts, we commissioned independent research with leading research companies and academics. For example, Populus reaffirmed our own analysis that circa 1 in 5 of UK consumers had never switched any of car insurance, home insurance or energy, and that an opportunity to save over £2bn exists for this set of consumers alone.

The bewildering complexity for consumers in the relationship with their providers in many of these categories is a material barrier to switching. Combining this complexity with apathy, which can be further explained by behavioural science, drives further inertia.

We are therefore focusing our people, resources and capital on improvement and innovation that can help address complexity and apathy.

Our transformation work is yielding early results

The focus of our transformation work in H1 was to re-introduce to the company the speed, spirit and agility of a start-up, focusing principally on our product development and software engineering teams.

In practical terms this means that we have already accelerated our software release cycle from one site release per quarter in H1 2016 to many times per week by the end of H1 2017, a process of improvement that we expect to continue. We achieved this through a modest addition of talent to our existing team, alongside a major shift to culture and working practices but without increasing our capital expenditure. Importantly, we expect this improving capability to allow us to make increasingly frequent and meaningful innovations and simplifications to the customer journey, thereby increasing conversion and improving marketing efficiency.

We focused commercial and marketing resources on building a disciplined, data-driven trading environment. We further in-sourced marketing competence away from agency relationships and contractors, only retaining relationships with valuable partners in specialist areas. Both these efforts allowed us to increase customer volumes across H1 from relatively efficient direct to consumer channels. This positively impacts marketing margin, a trend we expect to continue.

New business development complements this activity, with us winning our first new major partnership with Haymarket Publishing Group, who recently announced renewed focus and investment on their automotive assets, Piston Heads, Autocar and What Car. GoCompare has already implemented in-journey insurance information and quotes to Haymarket customers, and we expect this journey to improve across H2.

We were also delighted to announce our first external investment, in line with our strategy of investing into relevant or adjacent entrepreneurial ventures which are trying to solve big consumer problems. We have agreed a minority capital investment into, and commercial partnership with, Mortgage Gym – an exciting fintech start-up which is targeting a major simplification to the UK mortgage sector. They are creating a unique blend of a fast and simplified user experience, a set of tools to empower IFAs and a deep integration with Experian.

We remain confident of meeting our expectations for the full year 2017, and are excited about the changes that we have made and continue to make to our business. We shall maintain strong focus on the development of our people, who remain at the heart of everything we do. We believe that the creation of a strong, diverse culture will ultimately prove to be a competitive advantage and provide a strong base for the future.

Matthew Crummack
Chief Executive Officer

Financial Review

Revenue increased by 4.1% to £75.8m and adjusted operating profit increased by 21.5% to £17.5m compared to the same period last year.

The Directors have declared an interim dividend of 0.7 pence per share, which represents a pay-out ratio of approximately 22% of profit after tax after adding back the share based payment charge net of tax for the Foundation Awards.

Revenue

	H1 17 £m	H1 16 £m	Movement £m	Movement %
Insurance	70.9	68.5	2.4	3.5
Strategic Initiatives	4.9	4.3	0.6	15.0
Total	**75.8**	**72.8**	**3.0**	**4.1**

The Insurance segment saw growth in H1 17 with revenue up 3.5% to £70.9m. Growth was driven by a combination of higher interactions, higher income per sale and improved conversion.

The Strategic Initiatives segment also saw growth in H1 17 with revenue up 15% to £4.9m. Within this segment there was strong growth in Protection but a reduction in revenue generated from Money products.

Marketing costs and marketing margin

	H1 17 £m	H1 16 £m	Movement £m	Movement %
Cost of sales	24.0	22.1	1.9	8.6
Distribution costs	21.8	25.6	(3.8)	(14.8)
Total marketing spend	**45.8**	**47.7**	**(1.9)**	**(4.0)**

Marketing margin	39.6%	34.5%	+5.1%pts

Total marketing spend in H1 17 of £45.8m is £1.9m lower than spend in H1 16. The reduction in marketing spend is largely due to lower distribution costs and in particular lower broadcast spend on TV and other media. Spend on broadcast is typically higher in periods where new TV advertising creatives are launched and this is reflected in the lower H1 17 spend where there has not been a new creative versus H1 16 where there was. Spend on cost of sales is £1.9m higher in H1 17 than H1 16 and this reflects an increase in on-line pay per click.

The combination of higher revenue and lower marketing spend has resulted in an improvement in marketing margin (calculated as the difference between revenue and marketing expenditure divided by revenue) from 34.5% in H1 16 to 39.6% in H1 17.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation of £11.9m are £2.0m higher than in H1 16. This increase is mainly attributable to an increase in staff costs which reflects the increased headcount across the Tech, Product and Marketing teams as well as the costs of the strengthened leadership team and Board which have been incurred following the Group’s demerger from esure Group plc in November 2016.

Adjusted operating profit, Adjusted EBITDA, and Profit before tax

	H1 17 £m	H1 16 £m	Movement £m	Movement %
Revenue	75.8	72.8	3.0	4.1
Total marketing spend	(45.8)	(47.7)	1.9	(4.0)
Administrative expenses excluding adjusting items, depreciation and amortisation	(11.9)	(9.9)	(2.0)	20.2
Adjusted EBITDA	**18.1**	**15.2**	2.9	19.1
Depreciation and amortisation	(0.6)	(0.8)	0.2	(25.0)
Adjusted operating profit	**17.5**	**14.4**	3.1	21.5
Foundation Award share based payment charge	(1.7)	-	(1.7)	100.0
Operating profit	**15.8**	**14.4**	1.4	9.7
Net finance costs	(1.1)	0.1	(1.2)	
Profit before tax	**14.7**	**14.5**	0.2	1.7

Adjusted operating profit, calculated as operating profit for the period after adding back the £1.7m share based payment charge in relation to the Foundation Awards, increased by 21.5% to £17.5m.

Adjusted EBITDA for the period, calculated as Adjusted operating profit for the period after adding back depreciation and amortisation, increased by 19.1% to £18.1m.

The Group has a light infrastructure and continues to have relatively low capital expenditure. The charge for depreciation and amortisation for H1 17 of £0.6m is broadly similar to H1 16.

The Group incurred net finance costs of £1.1m during H1 17 compared to £0.1m of net finance income in H1 16. The Group drew down £75m of debt on 1 November 2016 and has incurred interest charges since this date. The Group had no borrowings in 2016 prior to 1 November but generated finance income on its cash balances.

Profit before tax for H1 17 of £14.7m is £0.2m higher compared to the same period last year. This reflects the improvement in Adjusted operating profit being largely offset by the increase in net finance costs and the share based payment charge relating to the Foundation Awards.

Income tax expense

The Group's tax charge of £2.8m is based on an expected effective income tax rate for the year to December 2017 of 19.25% (H1 16: 20.0%).

Earnings per share

	H1 17 (pence per share)	H1 16 (pence per share)	Movement (pence per share)
Basic earnings per share	2.8	2.8	0.0
Adjusted basic earnings per share	3.2	2.8	0.4

Basic earnings per share for H1 17 is 2.8pence which is in line with the 2.8pence delivered in H1 16. Adjusted earnings per share, which excludes the impact of the adjusting items noted above (net of tax), is 3.2p, an increase of 0.4pence (14%) on H1 16 and better reflects the earnings generated by the underlying core business.

Cash and leverage

The Group delivered a positive operating cash flow during H1 17 of £7.7m. This was negatively impacted by a timing difference, with £5.1m of fees relating to the demerger in 2016 being paid in January 2017. The underlying operating cash flow in H1 17 was £12.8m. Net cash used in investing activities of £1.8m includes the £1.0m that was paid for the investment in Mortgage Gym Limited.

The total increase in cash and cash equivalents during the period was £4.8m and the total cash and cash equivalents at the end of the period was £23.2m. After allowing for working capital requirements and the cost of the interim dividend, surplus cash at the end of the period is approximately £16m.

	H1 17 £m	H1 16 £m
Net cash generated from operating activities	**7.7**	**16.8**
Net cash used in investing activities	**(1.8)**	**(0.7)**
Proceeds from issuance of ordinary shares	-	-
Interest paid	(1.1)	-
Dividends paid to owners of the parent	-	(12.5)
Net cash used in financing activities	**(1.1)**	**(12.5)**
Net increase in cash and cash equivalents	4.8	3.6
Cash and cash equivalents at beginning of year	18.4	4.3
Cash and cash equivalents at end of period	**23.2**	**7.9**

Borrowings at the 30 June 2017 were £73.2m, which after allowing for cash and cash equivalents of £23.2m results in net debt of £50.0m. The net debt is £4.7m lower than at 31 December 2016. Adjusted EBITDA for the 12 months to 30 June 2017 of £34.5m is £2.9m higher than in the 12 months to 31 December 2016. The combination of the reduction in net debt and the increase in Adjusted EBITDA results in the leverage falling to 1.5x compared to 1.7x at 31 December. The leverage is significantly lower than the 2.8x at the time of the demerger and well within the banking covenants.

The Board does not target a specific leverage ratio but instead looks to optimise the capital structure of the Group ensuring that cash is available for investment in opportunities that will drive shareholder value over the medium term as well as for paying dividends in line with the dividend policy.

	H1 17 £m	FY 16 £m
Borrowings	(73.2)	(73.1)
Cash and cash equivalents	23.2	18.4
Net debt	**(50.0)**	**(54.7)**
Adjusted EBITDA (rolling 12 months)	34.5	31.6
Leverage	1.5	1.7

Dividends

The Board has declared an interim dividend of 0.7 pence per share. The dividend is equivalent to a pay-out ratio of approximately 22% of profit after tax after adding back the share based payment charge net of tax for the Foundation Awards, which is at the lower end of the Group's target pay-out ratio of 20%-40%. The pay-out ratio balances cash returns to shareholders with our ability to fund potential strategic investments.

The ex-dividend date is 14 September 2017, with a record date of 15 September 2017 and a payment date of 6 October 2017.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are unchanged from those disclosed in the 2016 Annual Report (pages 20 to 22) which is available to view at www.gocomparegroup.com. These cover certain key areas of risk which have been summarised below.

Risk area	Nature of risk	Mitigation and management
Competitive environment	The Group operates in a highly competitive market and changes from new or existing competitors may have a significant impact on market share, revenue and profit.	- Experienced and capable customer acquisition team. - Comprehensive mix of marketing activities to drive efficient and cost-effective customer acquisition. - Continual investment developing other verticals to diversify revenue streams.
Brand performance	The Group is reliant on customer awareness and appreciation of the GoCompare brand, deterioration of which may lead to lower market share, revenue and profit.	- Ongoing review of the advertising approach, including performance and customer perception. - Branding relaunch in July 2017 across all media channels with refreshed content.

Technology and cyber	The Group is reliant on high-performing comparison solutions delivered through online interaction with its customers. Inability to develop or adapt to technological changes could impact the number of customers using the Group's services. Inability to protect against cyber related incidents could impact the availability of this online service and potential loss of data.	- Continual investment in and response to developments in cyber risk management including cyber threat monitoring systems. - Regular review and testing of business and service continuity capabilities.
Legal and regulatory	The Group operates in a number of regulated markets and is also subject to competition and data protection laws. Failure to comply with existing or adapt to changes in regulatory requirements may have a fundamental impact on the Group's business model and financial performance.	- Ongoing dialogue and contact with regulatory bodies. - Established in-house Legal and Compliance resource with access to specialist advice, as required.
Financial	The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk. Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance, availability of cash or breach of banking covenants.	- Regular monitoring and management of debtors to ensure prompt payment. - Cash flow forecasting and headroom monitoring to manage availability of cash, debt repayment and covenant compliance.
Economic conditions	The Group's revenue is derived from provision of product and price comparison services in the UK. A contraction in the economy, changes to fiscal policy or developments in the process for the UK to leave the EU, may lead to worsening economic conditions and performance of the Group. In a time of economic uncertainty and rising costs, consumers are more likely to consider switching through a price comparison website to achieve better deals.	- Ongoing review of wider market conditions and indicators. - Flexible approach to cost base. - Diversification of revenue streams to adapt to future changes and development of scalable solutions in emerging markets.

The Board ensures that measures are in place to provide independent and objective identification and management of risks through the Audit and Risk Committee. The Committee is responsible for reviewing the effectiveness of internal control and assurance through the reports from internal audit, compliance and risk functions.

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Statement of Directors' Responsibilities

The Directors' confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of the important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of Gocompare.com Group plc are listed in the Gocompare.com Group plc Annual Report for 31 December 2016. There have been no changes since the publication of that Annual Report to the date of this interim report.

Matthew Crummack, **Chief Executive Officer**	**Nick Wrighton,** **Chief Financial Officer**

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GROUP

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INDEPENDENT REVIEW REPORT TO GOCOMPARE.COM GROUP PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Timothy Butchart
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
31 July 2017

Condensed consolidated interim financial statements

Gocompare.com Group plc
Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2017

	Note	**6 months to 30 June 2017 £m**	6 months to 30 June 2016 £m
Revenue	4	**75.8**	72.8
Cost of sales		**(24.0)**	(22.1)
Gross profit		**51.8**	50.7
Distribution costs		**(21.8)**	(25.6)
Administrative expenses		**(14.2)**	(10.7)
Operating profit		**15.8**	14.4
Analysed as:			
Adjusted operating profit	5	**17.5**	14.4
Foundation Award share-based payment charges		**(1.7)**	-
Operating profit		**15.8**	14.4
Finance income		**0.0**	0.1
Finance costs		**(1.1)**	-
		(1.1)	0.1
Profit before income tax		**14.7**	14.5
Income tax expense	6	**(2.8)**	(2.9)
Profit for the period		**11.9**	11.6
Other comprehensive income		**-**	-
Total comprehensive income for the period		**11.9**	11.6
Earnings per share (pence)	7		
Basic earnings per share		**2.8**	2.8
Diluted earnings per share		**2.7**	2.8

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

Gocompare.com Group plc
Condensed Consolidated Statement of Financial Position
As at 30 June 2017

	30 June 2017 £m	31 December 2016 £m	30 June 2016 £m
Non-current assets			
Goodwill	**2.5**	2.5	2.5
Intangible assets	**0.5**	0.5	0.9
Tangible assets	**1.6**	1.3	1.3
Investment	**1.0**	-	-
Deferred tax asset	**1.0**	0.3	0.1
	6.6	4.6	4.8
Current assets			
Trade and other receivables	**23.7**	16.7	19.3
Cash and cash equivalents	**23.2**	18.4	7.9
	46.9	35.1	27.2
Total assets	**53.5**	39.7	32.0
Non-current liabilities			
Borrowings	**63.6**	63.4	-
Provisions for liabilities and charges	**1.0**	1.0	0.9
	64.6	64.4	0.9
Current liabilities			
Trade and other payables	**20.4**	21.3	17.9
Current income tax liabilities	**3.2**	2.9	2.9
Borrowings	**9.6**	9.7	-
	33.2	33.9	20.8
Total liabilities	**97.8**	98.3	21.7
Equity attributable to owners of the parent			
Ordinary shares	**0.1**	0.1	0.0
Share premium	**2.7**	2.7	2.7
Retained earnings	**(47.1)**	(61.4)	7.6
Total equity	**(44.3)**	(58.6)	10.3
Total equity and liabilities	**53.5**	39.7	32.0

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

Gocompare.com Group plc
Condensed Consolidated Statement of Changes in Equity
For the period ended 30 June 2017

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2016	0.0	2.7	8.5	11.2
Profit for the period	-	-	11.6	11.6
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	11.6	11.6
Transactions with owners				
Dividends paid	-	-	(12.5)	(12.5)
Total transactions with owners	-	-	(12.5)	(12.5)
At 30 June 2016	0.0	2.7	7.6	10.3
At 1 July 2016	0.0	2.7	7.6	10.3
Profit for the period	-	-	4.2	4.2
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	4.2	4.2
Transactions with owners				
Dividends paid	-	-	(73.3)	(73.3)
Share based payments	-	-	0.1	0.1
Proceeds from shares issued	0.1	-	-	0.1
Total transactions with owners	0.1	-	(73.2)	(73.1)
At 31 December 2016	0.1	2.7	(61.4)	(58.6)
At 1 January 2017	**0.1**	**2.7**	**(61.4)**	**(58.6)**
Profit for the period	**-**	**-**	**11.9**	**11.9**
Other comprehensive income for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**11.9**	**11.9**
Transactions with owners				
Dividends paid	**-**	**-**	**-**	**-**
Share based payments	**-**	**-**	**2.0**	**2.0**
Tax on share based payments	**-**	**-**	**0.4**	**0.4**
Proceeds from shares issued	**0.0**	**-**	**(0.0)**	**-**
Total transactions with owners	**0.0**	**-**	**2.4**	**2.4**
At 30 June 2017	**0.1**	**2.7**	**(47.1)**	**(44.3)**

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

Gocompare.com Group plc
Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2017

	6 months to 30 June 2017 £m	6 months to 30 June 2016 £m
Cash flows from operating activities		
Profit for the period before tax	**14.7**	14.5
Adjustments for:		
Depreciation of property, plant and equipment	**0.2**	0.2
Amortisation of intangible assets	**0.3**	0.6
Impairment of tangible assets	**0.1**	-
Share based payment charge	**2.0**	-
Net finance costs	**1.1**	(0.1)
Changes in working capital:		
Increase in trade and other receivables	**(6.9)**	(3.6)
(Decrease) / increase in trade and other payables	**(0.9)**	7.0
Income tax paid	**(2.9)**	(1.8)
Net cash generated from operating activities	**7.7**	16.8
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.6)**	(0.1)
Purchase of intangible assets	**(0.2)**	(0.7)
Interest received	**0.0**	0.1
Purchase of equity investment	**(1.0)**	-
Net cash used in investing activities	**(1.8)**	(0.7)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**-**	-
Interest paid	**(1.1)**	-
Dividends paid to owners of the parent	**-**	(12.5)
Net cash used in financing activities	**(1.1)**	(12.5)
Net increase in cash and cash equivalents	**4.8**	3.6
Cash and cash equivalents at beginning of period	**18.4**	4.3
Cash and cash equivalents at end of period	**23.2**	7.9

Notes 1 to 14 are an integral part of these condensed consolidated interim financial statements

Gocompare.com Group plc
Notes to the financial statements
For the period ended 30 June 2017

1. General information

Gocompare.com Group plc ("the Company") and its subsidiaries (together, "the Group") provide an internet based price comparison website for financial and non-financial products.

The company is a public limited company, which is listed on the London Stock Exchange and is incorporated in England and Wales. Its registered office is Imperial House, Imperial Way, Newport, NP10 8UH.

All of the Company's subsidiaries are located in the United Kingdom.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 1 March 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) and (3) of the Companies Act 2006. These condensed interim financial statements have been reviewed, not audited.

2. Summary of significant accounting policies

These condensed interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted are consistent with those applied to the consolidated financial statements for the year ended 31 December 2016. In addition to those accounting policies, a policy for investments in equity instruments is provided as this is a new accounting item for the current financial period.

The financial statements have been presented in Sterling and rounded to the nearest hundred thousand. Throughout these financial statements any amounts which are less than £0.05m are shown by 0.0, whereas a dash (-) represents that no balance exists.

New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations will be applicable to the consolidated financial statements in future years. The adoption of these standards are not expected to have a material impact on the Group financial results or disclosures.

Financial assets - investments in equity instruments

Investments in equity instruments are classified as available for sale financial assets and are initially recognised at fair value with transaction costs expensed as incurred. Investments are subsequently recognised at fair value with changes in the value of the investment recognised in Other Comprehensive Income.

Dividend income is recognised in profit and loss when the dividend is received.

Going concern

The Group meets its day to day working capital requirements through it bank facilities and cash balances held. In considering the appropriateness of the going concern assumption, the Directors' have taken into account the Group's forecasts, projections and reasonably possible changes in trading performance and cash flows. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its condensed interim financial statements.

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2. Summary of significant accounting policies (continued)

Use of non-GAAP performance measures

In the analysis of the Group's results, certain financial performance measures are presented which may be prepared on a non-GAAP basis. The Board believes that these measures provide a useful analysis, allow comparability of performance and present results in a way that is consistent with how information is reported internally.

The key non-GAAP measures presented by the Group are:
- Adjusted Operating profit: defined as Operating profit after adding back adjusting items
- Adjusted EBITDA: defined as Adjusted Operating profit after adding back depreciation and amortisation
- Adjusted basic EPS: defined as Profit for the period, excluding exceptional items (adjusted for tax) divided by the weighted average number of shares in issue for the period.

Adjusted EBITDA is a measure which is used in calculating one of the Group's financial covenants on its borrowings as well as a factor in determining the coupon rate. Adjusted Operating profit is one of the factors used in assessing performance to determine remuneration for the Executive Directors and Senior Management.

3. Critical accounting judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements for the year ended 31 December 2016.

4. Segment information

Information reported to the Board (the Chief Operating Decision Maker) for the purposes of the assessment of segment performance is focused on the types of products customers have purchased. The Chief Operating Decision Maker, does not review profit and loss items below cost of sales nor the assets and liabilities of the Group by reportable segments and therefore they are reported on an aggregated basis for the Group.

The Group’s reportable segments under IFRS 8 are as follows:
- Insurance Customers and activities (“Insurance”); and
- Strategic Initiative Customers and activities (“Strategic Initiatives”).

The identification and disclosure of the Group's segments is unchanged from that detailed in the consolidated financial statements of the Group for the year ended 31 December 2016.

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4. Segment information (continued)

Period ended 30 June 2017

	Insurance	Strategic initiatives	Total
	£m	£m	£m
Revenue	**70.9**	**4.9**	**75.8**
Cost of sales	**(21.2)**	**(2.8)**	**(24.0)**
Gross profit	**49.7**	**2.1**	**51.8**

Period ended 30 June 2016

	Insurance	Strategic initiatives	Total
	£m	£m	£m
Revenue	68.5	4.3	72.8
Cost of sales	(18.8)	(3.3)	(22.1)
Gross profit	49.7	1.0	50.7

5. Adjusted operating profit

The following transactions occurred during the year which have been added back to operating profit in arriving at adjusted operating profit:

	6 months to 30 June 2017 £m	6 months to 30 June 2016 £m
Foundation Award share-based payment charge	1.7	-
	1.7	**-**

In November 2016, the Group issued a number of Foundation Awards in the form of free shares to the Executive Directors and Senior Management. These were awarded as a result of the Group's successful listing and will vest after 2 years subject to the achievement of certain stretching performance criteria.

The Awards have been treated as an adjusting item by the Group in arriving at adjusted operating profit, by virtue of their association with the listing, the quantum of shares and individual size of the Awards made in addition to the fact that they vest over a shorter 2 year period. Furthermore, the Foundation Awards are non-recurring (although accounting charges will follow until they vest) and the Directors do not, therefore, consider these Awards to be part of the ongoing trading performance of the business.

6. Taxation

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2017 is 19.25%. The estimated tax rate used for the six months ended 30 June 2016 was 20.0%.

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7. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	6 months to 30 June 2017	6 months to 30 June 2016
Profit from continuing operations attributable to owners of the parent (£m)	**11.9**	11.6
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
Earnings per share (pence per share)	**2.8**	2.8

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	6 months to 30 June 2017	6 months to 30 June 2016
Profit from continuing operations attributable to owners of the parent (£m)	**11.9**	11.6
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
Adjustment for share options (m)	**15.2**	-
Weighted average number of ordinary shares for dilutive earnings per share (m)	**433.5**	418.3
Dilutive earnings per share (pence per share)	**2.7**	2.8

c) Adjusted basic

	6 months to 30 June 2017	6 months to 30 June 2016
Profit from continuing operations attributable to owners of the parent (£m)	**11.9**	11.6
Adjustment for Foundation Awards charge, net of tax (£m)	**1.3**	**-**
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**13.2**	11.6
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
Adjusted earnings per share (pence per share)	**3.2**	2.8

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8. Financial instruments

The following table sets out the financial assets and financial liabilities of the Group at the period end. The carrying amounts of the Group's financial instruments are considered to be a reasonable approximation of their fair value and therefore no separate disclosure of fair values is given.

	6 months to 30 June 2017 £m	6 months to 30 June 2016 £m
Financial assets		
Investments in equity instruments	1.0	-
Trade and other receivables	17.9	16.1
Cash and cash equivalents	23.2	7.9
	42.1	24.0
Financial liabilities:		
Trade and other payables	(16.8)	(14.1)
Borrowings	(73.2)	-
	(90.0)	(14.1)

9. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

10. Investments in equity instruments

On 30 June 2017 the Group acquired a minority shareholding in Mortgage Gym Limited for consideration of £1.0m.

	6 months to 30 June 2017 £m	6 months to 30 June 2016 £m
Investment in equity instrument	1.0	-

The investment is classified as an available for sale financial asset, is held at fair value and is unquoted. Its fair value is classified as level 3 within the IFRS7 fair value hierarchy, as the inputs for its fair value are not based on observable market data. At period end, fair value has been determined based on the consideration paid, as the completion date is the same as the reporting date and this is deemed to represent fair value of the investment.

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11. Share based payments

The Group has a number of equity-settled, share-based compensation plans. Following admission of the Group to the London Stock Exchange, arrangements have been put in place for employee incentives in Gocompare.com Group plc shares. These include the Executive Foundation Awards and the 2017 Performance Share Plan ('PSP'), as well as the Free Share Awards, Partnership and Matching shares issued under the all-employee Share Incentive Plan ("SIP").

The share-based payment charge recognised in the Statement of Comprehensive Income is attributed to each of the schemes as shown:

	6 months to 30 June 2017 £m	6 months to 30 June 2016 £m
Foundation Awards	1.7	-
2017 PSP	0.3	-
Free Share Awards	0.0	-
Partnership Shares	0.0	-
Save As You Earn Shares	0.0	-
	2.0	-

The following table shows the number of share options awarded, exercised and outstanding at the period end. There were no share options outstanding at 30 June 2016 as the schemes have only been active since November 2016 following the Group's admission to the London Stock Exchange.

	Foundation Awards	2017 PSP Awards	Free Share Awards	Total Awards
	000s of shares			
At 30 June 2016	-	-	-	-
Awards granted during the period	13,600	-	343	13,943
Awards exercised during the period	-	-	-	-
Awards forfeited during the period	-	-	-	-
At 31 December 2016	13,600	-	343	13,943
Awards granted during the period	-	3,502	-	3,502
Awards exercised during the period	-	-	-	-
Awards forfeited during the period	(143)	(26)	(24)	(193)
At 30 June 2017	**13,457**	**3,476**	**319**	**17,252**

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11. Share based payments (continued)

The Group has awarded an equity settled Performance Share Plan (the '2017 PSP') to the Executive Directors and Senior Management. The 2017 PSP Awards were granted on 29 March 2017, save for one award which was granted on 5 April 2017. The awards are subject to an EPS growth performance condition, for which the fair value of the awards was estimated using a Black-Scholes valuation model, and a total shareholder return ('TSR') condition, which has been valued using a Monte-Carlo simulation.

The inputs into the model were:

	2017-2019 PSP Awards
Number of options granted	3,502,446
Valuation method - TSR	Monte-Carlo
Valuation method - EPS	Black-Scholes
Share price at grant - 29 March 2017	£0.92
Share price at grant - 5 April 2017	£0.93
Exercise price	£nil
Volatility % p.a.	34.0%
Dividend yield % p.a.	nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.54
Fair value per share – EPS	£0.92

Details of the other equity-settled, share-based compensation plans are set out in the Gocompare.com Group plc Annual Report 2016.

Scheme limits

The rules of the various Plans described above provide that, in any 10 year rolling period, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the combined Plans and under any other employee share plan adopted by the Company. In addition, the rules of the Performance Share Plan and the Deferred Bonus Plan provide that, in any 10 year rolling period, not more than 5 per cent. of the Company's issued ordinary share capital may be issued under these two schemes (and any other discretionary employee share plan adopted by the Company).

Gocompare.com Shares transferred out of treasury under the Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. Gocompare.com Shares issued or to be issued pursuant to awards granted before Admission or in relation to the Foundation Awards (described above) will not count towards these limits. In addition, awards which are relinquished or lapse will be disregarded for the purposes of these limits.

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12. Dividends

	6 months to 30 June 2017 £m	12 months to 31 December 2016 £m	6 months to 30 June 2016 £m
Dividends paid	**-**	85.8	12.5

In November 2016, a dividend of £73.3m was paid, equivalent to 17.6 pence per share.
In June 2016, a dividend of £12.5m was paid, equivalent to 62.5 pence per share.

The Directors have recommended an interim dividend for 2017 of £2.9m, equivalent to 0.7 pence per share.

Dividends per share are disclosed based on the number of shares in issue at the point they were declared and paid. Gocompare.com Group plc issued a number of shares during 2016 which has the effect of showing a relatively lower dividend per share for the November 2016 and 2017 interim dividends.

13. Contingent liabilities

The Group had no contingent liabilities at the period end (30 June 2016: £nil).

14. Related parties

Intercompany transactions between entities that are members of the Group at year end and have been eliminated on consolidation are not disclosed, as per the exemption available in IAS24.

Key management includes the executive and non-executive directors of Gocompare.com Group plc.

During the period there were no transactions, and at the period end there were no outstanding balances, relating to key management personnel and entities over which they have control, other than the share option arrangements as set out in Note 11. A number of share options have been granted to key management and other senior management, none of which have yet vested. No dividends were paid by the Company in the period.

During the period, the Group had the following related party transactions with related entities:

The Group paid fees of £40,000 (6 months to 30 June 2016: £nil) to WOne International Services Limited, a company in which one of the Directors of the Group has a beneficial interest. The arrangement was made under normal commercial terms with consideration settled in cash. The amount outstanding at the period end was £nil (30 June 2016: £nil).