

Moneysupermarket.com – interim management statement

Moneysupermarket.com Group PLC
13 November 2008

Moneysupermarket.com Group PLC (“Moneysupermarket.com” or the “Group”), the UK’s leading price comparison site, issues the following Interim Management Statement relating to the period from 1 July 2008 to the latest practicable date prior to the publication of this statement, being 12 November 2008. The financial and operational data set out below is in respect of the Group’s third quarter (1 July 2008 to 30 September 2008) unless otherwise stated.

The financial results for the Group for the third quarter, and the performance of the Group in the year to date, are in line with the Board’s expectations following the announcement of the interim results on 27 August 2008. Performance remains mixed, with the Money vertical in particular being impacted by the unprecedented conditions in the banking sector.

Insurance

Insurance is now the largest vertical in the Group (45% of Group revenue) and revenue grew in excess of 30% compared with Q3 2007. This was driven both by increasing visitor numbers which grew double digit over the same period last year and an increase in revenue per visitor from improved consumer conversion on provider sites.

The core motor insurance channel, the largest in Insurance, saw revenue growth of more than 30% compared with Q3 2007. Visitor numbers continued to rise compared with the same period last year, but the Group saw a decline in the rate of growth of visitor numbers in Q3 2008 compared to Q2, as competition remained intense.

Other Insurance channels also grew strongly including home insurance which grew revenues in excess of 60% compared with Q3 2007, from a relatively low base.

Margins in Q3 were adversely impacted, in the insurance vertical, by higher consumer acquisition costs due to increased levels of television advertising and a rise in Google acquisition costs. Margins have normalised in Q4 to date, due to an overall reduction in these costs.

Money

As the global banking crisis deepened, the extremely tough trading conditions the Group reported at the half year continued into Q3 against a very strong comparator quarter in 2007. Overall, revenues in Money declined by more than 15% year on year and were nearly 10% lower than Q2 2008, as the Group continued to feel the impact of the credit crisis, particularly on revenues generated from loans and mortgages. With the UK consumer now seeking to reduce debt and providers continuing to tighten lending criteria, the Group has also seen credit card revenue growth slow, with related Q3 revenues broadly flat on the same period last year. Visitors to the Money vertical were however up more than 10% against the same period last year.

Savings was the strongest performer in the Money vertical with revenues increasing substantially as consumers sought to allocate their balances across a number of accounts to take advantage of the protection afforded by the Financial Services Compensation Scheme.

In line with the guidance given in the interim results First Plus ceased trading with the Group at the end of August 2008. In September the Group was able to find an alternative provider offering an exclusive secured loan product. Early indications are that whilst some of the revenues lost by First Plus will be replaced it is unlikely that the majority will be replaced given the current market conditions.

Travel

Revenues in Travel continued to grow, albeit at a slower rate – with Q3 approximately 10% ahead of the same period last year largely driven by increasing visitor numbers. The core package holiday market continued to experience strong growth. However, the credit crisis is manifesting itself with a slowdown in “weekend break” type travel, with both flight and hotel bookings in decline.

The Group did not use television advertising in Q3 2008 to promote the travelsupermarket.com brand. It spent in excess of £2m in the same period last year. Consequently profitability has increased significantly over the period.

Home Services

Home Services revenues grew in excess of 100% compared to Q3 2007. Visitors increased by over 60% against the same period last year. Utilities, in particular, performed strongly as consumers looked to shop around in the face of rising gas and electricity prices over the summer. Broadband also saw good growth and initial results from the shopping channel, which launched in mid-September, have been encouraging.

Intermediary Business

Mortgage 2000, the offline business which specialises in supporting mortgage intermediaries continued to decline, reflecting the wider mortgage market. As revenues have fallen we have reduced costs in the business and this process will continue.

The Group is cash generative and has a strong balance sheet. At the end of Q3 the Group held cash of £71m broadly consistent with the H1 position as a result of timing differences in payments made to creditors which will unwind in Q4.

Costs in the Group are closely monitored and the overall cost base is expected to be reduced in the second half of the year relative to the first half. Moving into 2009 budgets will remain under review and the Group expects to maintain this downward pressure on costs.

EBITDA margins declined in Q3. This was largely due to the increased marketing expenditure in Insurance. Overall management is comfortable that trading for the full year should be in the range of its expectations.

Simon Nixon, chief executive of Moneysupermarket.com, commented: “The third quarter was, as anticipated, a tough one. On top of the unprecedented banking crisis, which impacted both consumer demand and the supply of credit, we saw increased competitive pressure, particularly in Insurance.

“As the market has slowed we have continued to invest in our product, with new functionality, improved tools and a richer experience for consumers. Over the period we launched our shopping channel which is already performing well, and we have just rolled out a completely refreshed credit cards channel.

“I am pleased that we have today announced the appointment of Peter Plumb in the new position of MD for our financial services business. Peter will also take responsibility for driving the Group’s international development.

“The strength of our diversified model is now evident. The business is strongly cash generative and our balance sheet remains strong, so we are well placed to withstand the current difficult environment.”

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