Moneysupermarket Group

Interim Results 2017

Presentation Transcript

Thursday, 20th July 2017

Introduction

Mark Lewis

Chief Executive Officer

Alright, very good morning everybody, nice to see a number of you again. For those of you who don't know me, I'm Mark Lewis. I took over as CEO in April. That's given me a couple of months to get to know the business and in a little while I look forward to sharing my first observations and thoughts going forward. When I met you all in March I think I said how excited I was about the potential of this business and here I am today, equally excited.

I'm looking forward to sharing those thoughts of taking the business going forward, but before we do we've got some first half results to cover. Matt's going to walk through the details, walk through all the numbers. I think there's some real highlights in those results but they are also a little mixed. So I will want to come back and give my take on what I think is driving our current performance after Matt has spoken. So over to you, Matt.

Interim Results 2017

Matthew Price

Chief Financial Officer

Thanks, Mark. Good morning everybody and thank you for taking the time to come and see us this morning, appreciate it. I'll talk you briefly through the financials before handing over to Mark.

Half-year themes

So I'll start off with the key themes for the half-year. We'll find the right slide there. So since the full-year we've continued to build the Group around its purpose of helping our customers make the most of their money, which is increasingly relevant in unsettled times. And in the first six months we saved our customers £1.1 billion which is 17% more than the same time last year. Showing – and this shows that our diversified products which allow us to deliver great value to our customers even in a period where energy switching is challenging for us. And as you know, we weren't able to offer energy collective switches in the way that we did last year so Group revenues increased by 5% in spite of the very strong insurance growth.

And the impact of Energy performance alongside the extra tech amortisation meant our adjusted operating profits grew by just 3%. And as we explained in our statement this morning, if we see the current energy switching conditions remain throughout the rest of the year we expect our adjusted operating profits will be at the lower end of the consensus range which means around £112.6 million rather than the average of £114.7 million. And as planned we're also now completing the roll-out of our technology that will give us a modern and robust tech stack and we continue to grow our interim dividend in line with earnings.

We continue to grow our diversified business

So moving on to the core financials. Revenues grew 5% to £165 million and converted to an adjusted operating profit growth of 3%. Earnings grew in line with operating profits and we carry on investing in our business. The Group continues to generate cash and once again grew – dividend grew 3% in line with profits.

Income statement

So taking a look at the P&L in a bit more detail, revenue growth of 5% in the first half; adjusted operating profit grew to £55 million which reflects the marked decline in Energy performance, and I'll talk a little bit more about that in a moment. Countered by the strong performance in Insurance which was up 18%. Gross margins were 73% and as we've – as we guided at the start of the year. Clearly the Energy performance impacts profitability meaning the additional tech amortisation of £1 million wasn't covered. We've got more information on the control of costs in the appendices to your packs as usual and there's – within that there's the additional tech amortisation and also a reduction in above-the-line marketing spend of around £3.5 million which actually reflects TravelSupermarket not running their January TV campaign this year.

Revenue

So taking a little look at revenues, across the whole diversified Group we have this 5% growth and within that Insurance, which is our most highly-developed market is doing well with 18% growth in H1. There's a slight easing in Insurance in Q2 to 13% but that's all about the strength of the comparative. Money traded flat which is in line with expectations. The core credit card and loans business has delivered good growth while the banking products faced the expected headwinds of overlapping exceptional performance in 2016.

And in Home Services, Energy performed notably poorly and we recognise there was an over-emphasis on collective energy switching. We're working to remedy this by bringing focus back onto our core energy switching site and making that better and better through the balance of the year. TravelSupermarket continues to improve its site and its proposition and to grow revenues from this with 10% growth so far.

Strategic KPIs

Our KPIs. The three KPI pillars that we used to illustrate our strategy will be familiar to many of you I hope. Being the best site, building customer relationships and loyalty and building a strong network of providers. In the crucial customer loyalty bar, account holders are up 14% to 23 million, and this is people who are choosing to share their data with us and set up accounts. Our net promoter score disappointingly is down a little in Moneysupermarket on the first half of last year. We had 2% down. And the all-important customer saving is up 17% to £1.1 billion demonstrating the relevance of what we do.

In best site, over on the left, which is the way our customers find and access products and providers, technology investment remains consistent with our guidance as we come to the end of our platform lift and shift. And the number of our unique monthly visitors remains flat at 24 million.

And over on the right-hand side our strong provider network is now over 886 and counting. And this shows providers consider us an effective way to match their products with the right customers. Bringing in new providers is one way we can improve what we do. Building relationships with some new motor insurance brands allowed us to offer better prices in the first half. And bringing on board several smaller energy providers to allow our customers to switch on them on our site benefitted both our – both those providers and our customers.

Our core markets are worth £1.7 billion, growing at 10%

Looking at our markets, so this chart is based on our own estimates and data and illustrates our core online switching markets: Insurance, Money and Home Services, showing their respective size and growth rates. As you can see our core markets are worth in total £1.7 billion today, growing at 10%. And you'll see this growth rate is shown as value rather than volume as previously to make a more relevant link to the numbers on the left-hand side of the page.

There's a clear opportunity in headroom in each of these markets as customers continue to move online to compare and save on their household bills and financial products. So let's have a look at each of the core markets in turn over the next three slides.

Insurance

First up, Insurance; and we've seen strong product performance here with growth of 18% in H1. This graph shows the numbers of policy switching, not the value of revenues and we're looking at motor, home and travel insurance which together account for over 70% of Insurance revenues. Over the last four years the online switching market grew its volume by 45 a year and we grew ahead of this at 8%. More recently the market for switching is seeing a phase of higher growth. Our well-invested trading levers in both paid search and organic search allowed us to compete strongly in an insurance switching market that currently has really strong tailwinds behind it. Meaning there are lots of opportunities here for customers to save – switch and save.

Money

Next, the online money market is extremely attractive and is involving fast as it grows. Over the last four years there's been an average 14% volume growth in the online market and we've grown a little bit faster than that. Credit cards and personal loans which are our core credit business together make up over 70% of the Money business and we've seen double-digit growth here. This is a market where credit scores, affordability, promotional products and importantly income relationships all serve to make it hard for people to know if they are getting the best product for themselves. So continual investment in innovation here is critical to helping more and more people save on Money products. We experiment with new ideas both on our main sites and in test environments like MoneySavingExpert and nascent Credit Club.

Energy

And finally, as I explained earlier, we've seen a significant drop-off in appetite amongst big providers for collective energy switches and a weak performance in Energy in the first half. This is an important market for us which offers great savings to customers. The online switching market of four million fuels has grown by a 25% CAGR over the last two years and because of our issues in H1 this year we've grown a little more slowly at 17% CAGR. As mentioned, we've got our foot firmly back on the gas on our core site to rectify this and there are great opportunities for savings by energy customers in the second half of the year. We helped 152,000 customers switch through collectives in H2 of last year and so we wouldn't expect the core energy site alone can replace that.

Gross margin in line with guidance

Onto margins. Onto our marketing mix and margins and despite the tail off in collective switches direct-to-site revenue held up in total. Gross margin was in line with our guidance at 73% and we're not losing money on the additional paid search which is an increasingly important part of our revenue mix. Search engine marketing now accounts for a quarter of revenue and this is due to a number of contributing factors including mobile where organic and paid search just work differently. And also collective switches which come direct to site through our Energy Club. The lower number of collectives this year reduced the proportion of direct-to-site revenue in H1 by around three percentage points compared to last year and our overall marketing margin is constant at 63%.

Positive cash position after distributing £59 million to shareholders

Taking a look at cash, the Group continues to deliver cash flow and remains in a good cash position after distributing £59 million to shareholders in the first half. The share buyback is on track with £20 million of shares bought so far and guidance on the cash and the capital items is in the appendices of the deck. And I am more than happy to take questions on those later.

Priorities have not changed

Our priorities on the use of cash, so no surprises here. Our main priorities are still organic growth to access the great headroom I talked about and the growth in each of our markets through investment in our technology and in our marketing. And then delivering to shareholders through the ordinary dividend. At the same time we're very pleased to be delivering the additional £40 million through the buyback and we continue to keep an eye open for great opportunities for – to use M&A as a lever for growth.

A mixed first half

So to sum up, it's been a mixed first half of the year with weak Energy trading alongside in line Money performance and very strong Insurance growth. We remain a diversified and resilient business focused on saving money for our customers. And once again the diversification across three large product groups means that when the dynamics of one market slows we have options to accelerate in another. So our sites remain very relevant to our customers who want to save money and it also allows us to keep growing financially. Our customers are learning to go online to switch and to save and they want to use a smartphone in their pockets to do this. Our new technology positions us to help them do this and so take advantage of this great market opportunity. And we also have a strong track record with returns to shareholders. So thank you, and I'll hand back to Mark now.

Trading Update

Mark Lewis

Chief Executive Officer

Key factors driving H1 trading

Brilliant, thank you Matt. Alright, let me do two things before we open it up for Q&A. As I say, I want to share my observations on the business and some of the themes that'll be important going forward. But before we do that let me give you my take on the current trading and the near-time – near-term priorities for the second half, okay?

As Matt has explained, the business has grown. It's continued to grow. We've grown revenue. We've grown profit. We've generated increased amounts of cash and we're returning increased dividends to shareholders. There are some real highlights in our results but there are a couple of areas that also need addressing.

First off it's clear that we have really strong momentum with our users. We've helped more people save more money than ever before. That's up 17% on the year and I'm very, very pleased that we're helping people save money on their device of choice. So the majority of the interactions now are happening through mobile phones and that's clearly where we need to be in the next coming years.

Our work to sharpen our pencil on the pricing and marketing on Insurance is paying off and is one of the big factors behind the 18% growth we've seen in that channel. We continue to invest where we have the opportunity in paid search and that's grown as part of our overall marketing mix, a dynamic compounded by how customers are increasingly choosing to interact with us through their mobile phones. Amortisation costs on the back of our recent technology investments have stepped forward in the P&L and you can see this now in the bottom line.

But make no mistake, the biggest single factor in our first half results is the change to our Energy business so let me walk you through it. First thing to say is that last year really was a bumper year for collective switches. In the first half alone we helped 137,000 customers move to market-leading tariffs through our collective switches with the very large providers including British Gas and Eon. And frankly the business has grown a little bit reliant on that. This year we simply did not have an environment where the large providers wanted to acquire new customers at that scale. We held a number of collectives in the half but not a blockbuster market-beating tariff from a large provider.

Outside of collectives in our core Energy business we saw an increase in the number of small providers in the energy market. And we also saw an increase in the difference in pricing between the very large providers' tariffs and the smaller provider tariffs. And it's fair to say that our presentation to the customer got a little bit exposed in a couple of gaps and we need to move that forward which we are now addressing.

Clear H2 trading priorities

Matt has given you the guidance for the second half which is underpinned by a very tight set of trading priorities. Not surprisingly Energy is the very top of my list. We're very focused on our core switching proposition and moving that forward to reflect the changing market and regulatory environment. We're already testing a number of different presentations to customers to help them find the right deal for them ever more easily. Of course we will be there for the larger providers as and when they move into bulk customer acquisition and with over 2.5 million customers registered with Cheap Energy Club, our MoneySavingExpert we are confident that we offer the largest opportunity in the market.

You'll expect us to keep pushing forward on Insurance and we intend to do so while also bearing in mind that we do start to lap tougher comps in the second half. In Money, as you know, the low interest rate environment creates the backdrop to our trading. We continue to see strong growth in the credit card and borrowing side of Money but we do not expect to see a change in the attractiveness of the bank accounts or borrowing – or savings products rather while interest remain – rates remain at their current level. Very pleased with the turnaround of Travel which grew 10% in the first half. We expect to see a continuation of growth going forward as the team have a number of ideas to move forward both the presentation to the customer and also for partners as well.

To help every household make the most of their money

Okay. Alright. That's the – that's the current trading position covered so let's change gears a little bit and let me share some observations on the broader themes I've seen in the business and some of the things that I think will be key themes for us moving forwards. I've had the chance now to look at the workings of the Group, to meet the teams, to hear from customers, meet some key providers, a number of investors and of course a number of you in the room have also been generous in sharing your own insights on the business. So thank you very much for doing so.

First thing to say is I've seen a very strong and clear commitment to doing the right thing by the customer and fulfilling our purpose. This genuinely is an organisation that is motivated by helping people save money. It's real in the business. You hear it at the coffee machine. It's in the senior decision-making. You hear it on the phone, when you sit in the call centre. And of course it's at the heart of our editorial practices within MoneySavingExpert. The customer testimonials are genuinely striking and this year we will help families save over £2 billion through switching their products. And of course that doesn't include the broader impact that our campaigning editorial business has. For example, where MSE helps people with PPI claims and our downloadable template has now been picked up and downloaded over 6.5 million times.

So this makes us a very relevant set of brands and services. And with household incomes likely to be squeezed going forward I would argue that our ability to help people save money makes us increasingly relevant going forwards. This is very much aligned with my own values and motivations for taking the role and I think we have significant opportunities to grow the business while fulfilling that purpose.

I've seen some real strengths in the business. I'm lucky to inherit a team with a strong delivery and trading culture across our locations. Be it here in London, up in Ewloe or our new technology development footprint in Central Manchester. As you know, we have strong positions in growing markets and we have strong brands and a market-leading diversification of our proposition. This is already an enviable position to be in but the fact that our brands are underpinned by customer trust in a market where, let's face it, trust can be in short supply I think is increasingly relevant for our opportunities going forwards.

There are of course a few things that need attention. Our markets are dynamic and they're attractive to competition so we'll need to operate at the top of our game. We have about 23 million customers sharing their profile information with us, a very enviable position and I'd like to see us strengthen the relationship we have with those customers beyond the transaction.

We're coming out of a multi-year technology investment programme. This has created the foundation for the next chapter but inevitably has created a slight slow-down in our pace of innovation. And while we're rightly proud of a number of recent launches I'd also observe that we haven't yet shown how we can significantly move the proposition forward on the back of those investments.

Developing our future plans

So looking ahead we've started developing our plans and intend to share details at the end of the year. I think it's an exciting time for us. We have a history of innovation in the business. We created many of the markets within which we now trade. And I want us to rediscover and amplify that DNA of innovation. I think the time is right given the opportunity we have to build on the best of our technology and data investments of recent years. From my side, whether it was at eBay or John Lewis I've built my career on taking brands and moving them forwards in the online world, enhancing their customer experience and propositions. And I think that's exactly what is needed here. I want to take our strong brands and make them even more relevant and meaningful for our customers. But at the same time continuing to seek out exciting adjacents – adjacent opportunities to our core trading markets.

So I look forward to sharing more details around the end of the year but for now let me stop there and we'll open up the floor to questions and answers. I think we've got a couple of roaming mics and if I could just ask that you start off by introducing yourselves before posing the question that will be really helpful? Thank you.

Q&A

Kamran Hossain (RBC): Morning, its Kamran Hossain from RBC. Two questions. The first one's just on the full-year 2017 guidance. What does this assume on collective switches in the second half of the year? Does it assume anything at all? So that's the first question. And the second question, in the longer-term do you expect collective switches to recover or was last year just, you know, the bumpy year that we're never going to see again? Just any – any thoughts on that, really helpful. Thank you.

Mark Lewis: Yes. So let me have a stab at that. So the – what we saw in the first half is that we did do collectives, we just didn't do a blockbuster collective from a very large provider. And the guidance for the second half assumes no change to that situation. Okay? So that hopefully is – is clear on that. The question with – the second half of your question is really one of when the large providers want to acquire customers at largescale. And we did not see that environment in the first half. As and when they do we're very clear that we offer the biggest opportunity in the market there through our Cheap Energy Club and over 2.5 million people registered to that.

Joe Barnet-Lamb (Credit Suisse): Hi there. Joe Barnet-Lamb from Credit Suisse. Just a follow-up first on Hossain's with regards the collective switching. I mean, do you think there is any growing view within the market that the Cheap Energy Club and collectives provide the majors with promiscuous customers who will then move again? Do you think that that could be – a view around that could be building and therefore as and when they do want to acquire customers perhaps they don't want Cheap Energy Club customers?

And then second question, with regards to performance in Matthew's section I noticed there was no slide on Travel. Should we assume that Travel is potentially non-core to the – to the operations going forward?

Mark Lewis: Okay.

Matthew Price: On the slide on Travel, I've been here three and a half years and never had a slide on Travel. So I don't think there's any new news on that – on that.

Matthew Price: I'll leave – I'll leave Mark to argue more – answer more strategically.

Mark Lewis: Yes, very good. Well we try and be very consistent on some of these slides. With regards to collective switches I think we – we – you know, we've found that they're very positive things both for providers and for our business alike. We've seen a change in the environment but we have run collective switches in first half. What we just haven't seen is that real market-beating tariff from a large provider which our customers instantly recognise. So I don't think I would want anyone to conclude anything beyond those facts at this stage.

Joe Barnet-Lamb: Do you think potentially though you'll have to do them less frequently so your major – your – you know, the die-hard Cheap Energy Club people who will switch whenever there is a good deal, they do that less frequently so that the major buying them has longer with them?

Mark Lewis: I think it's really a question for the providers and when they want to be, you know, scale customer acquisition mode and I think that's – that's probably the key driving point. With regards to Travel we reported that it's growing very nicely, I think in the first half at +10%. We have no shortage of ideas of how to move that business forward and keep it growing be it for customers, be it for providers. So very happy – very happy holder while never saying never.

Steve Liechti (Investec): Hi, it's Steve Liechti from Investec. Just on your – your KPIs, your unique monthly visitors are flat. I think that's been – correct me if I'm wrong, that's been a sort of relatively negative trend for the last few quarters. Just what's going on there? And then secondly why is the net – net promoter score negative? That's the first question, just on those KPIs. And second, just help me on Energy in terms of the way to think about the first – well, I guess the second quarter performance in that the Home Services is down 5%. That's with a mini-collective switch in it. So I'm presuming that against a market that's up double-digit you're down double-digit if you strip that out.

Mark Lewis: Matt, do you want to take the KPI side of that and then I'll – I'll come back on Energy?

Matthew Price: Yes, sure. In terms of the flat users I – I probably wouldn't – I don't recognise it as a long-term negative. I think we've been flat for a long time in terms of the multi uniques. And that really reflects what we are now as a business and as a Group. We've got 24 million uniques. We've also now got 23 million people who we have a direct relationship through customer accounts and we can talk to. Yes. So we're not about – we're no longer a – the platform that we were pre-IPO of just buying a whole load of clicks in the top from people we never met before and funnelling them through. So within the – within that flat monthly uniques I think we're absolutely fine because look at what you can do in terms of growing the business. And you can see that we've increased our – the 17% growth in terms of the value delivered to the customer at the same time within it. So it's all – I think it's almost a – a comfort factor that there's nothing major has happened in there and it's pretty flat. So I'm fine with that.

In terms of the NPS, I mean, that was on Moneysupermarket and it's a – it's a 2% drop. It's a whole host of little things and there's – there's no one major factor to – to point to in there, to be honest. It's probably – and a couple of points it's within – within normal. Clearly we'd prefer it to be growing.

Mark Lewis: With regards to Energy I think we've – we sort of highlighted the collective story and yes we did run a collective in the second quarter. Remember there's a seasonality to the energy market as well within that. But what you're really seeing there I think is the second half of the equation on energy which is our core switching business outside of collectives. And there we saw a slightly different picture in the market. We saw increased prominence of the smaller providers and we saw a bigger gap than we'd seen before in the pricing of tariffs between the larger providers and the smaller providers. And we found that our presentation to the customer needed to move forward in order to help the customers navigate that new market reality. So we're actually all over that now. We've got a number of trials of different presentations live to customers at the moment and I think that's behind our second half activities.

Matthew Price: Yes. Can – can I just build on that a bit from the arithmetic? So with – you pointed out the collective, the small collective we did in the second quarter. We actually did a bit of collective in the second quarter last year because actually the big one kind of was over the – was over the quarter end. So that doesn't particularly mean – I wouldn't recognise double-digit drop in core performance in the second quarter.

Steve Liechti: Can I have one cheeky more question? Just on – sort of on Insurance and sort of the PPC side as well. Is it fair for me to assume that where you've effectively cut your gross margin, gone into the PPC side, that's been focusing more on Insurance to – to take market share in a more competitive market? Is that right? And if it is right is there an argument you should be spearing that into other verticals as well? What's the thoughts there please?

Mark Lewis: Yes, so we – we invest across the verticals in – in paid search. So it's not exclusively – it's not exclusively Insurance. Yes. And we'll take the opportunity where it's there for us to do so. Okay, if we go behind?

Ian Whittaker (Liberum): Thanks, It's Ian Whittaker from Liberum. Two questions. First of all, just coming back to – to something you mentioned sort of earlier. I mean, you are an online business of 23 million customer accounts. Obviously in the news recently there's been a lot in terms of cyber security with businesses and so forth. And it's a sort of reputational damage that can quite quickly sort of harm a business. On a scale of one to ten how confident would you be in terms of your organisation's sort of ability to protect the customers' information and sort of guard yourself against that risk? And then the second thing just in terms of dividend, it looks as though the dividend cover in the first half has slightly edged up from 2.5x to 2.6x. So it's – the dividend increase is slightly below the earnings growth. Is there anything we should read into that or is it more just a rounding/timing issue?

Mark Lewis: Let me take the data security point and then Matt, do you want to pick up the – the dividend point? I don't think I'm going to give you a number from 1-10 actually, just to manage your expectation a little bit. This is clearly a very high focus for us across the organisation and we take our responsibilities to hold customer data securely very – very seriously. I feel very comfortable that we are making the right investments and I think once we look at our recent technology investments we sometimes overlook the benefits of those in just maintaining the stability and the security of the – of our trading platform. So hopefully that gives you enough in terms of that point.

Matthew Price: And – and with the dividend I think really – I think our overall dividend cover – we're probably better off looking at dividend cover on a full-year basis rather than just on the interim. I think our overall dividend cover is very comfortable. It's sensible and certainly the Board were happy with it. And it really is just a little bit around timings and roundings. I think we'd probably always rather be a little bit more conservative with the interim and then tickle it up on the full-year. But we will – we do want to grow in line with the adjusted EPS growth over time.

Mark Lewis: Let's go over here.

Alex Mees (J.P. Morgan): Thanks, good morning, it's Alex Whyte here from J.P. Morgan. Two questions, firstly on Energy. Sorry to come back to it but I just wonder if you can give us a sense of what sort of visibility you have on – on future collective switches? And in your experience or perhaps Matt's experience what – what is the trigger that causes the large providers to – to change their behaviours? Is it around the wholesale gas price or is it something else? And then secondly just on the competitive environment, maybe just a little colour on how you're seeing that at the moment and how that plays into future intentions for advertising expenditure?

Mark Lewis: Is the competitive environment question particularly around Energy or a…?

Alex Mees: In general.

Mark Lewis: In general. So Energy and competitive environment. Okay. Let me – let me try and answer the – answer those questions. So on Energy we're – we're trying to be very clear that we are in our second half anticipating in the guidance we've given no real change on the – on the market from what we've seen in the first half. So I want to make sure everyone leaves very clear on that point. There's a number of factors I'm sure that come into any one provider's decisions on that and really they will all have different approaches at different times. And so I can't really speak in general for them. But really what we have shown repeatedly that we can offer the providers through our collective switches is customer acquisition at scale. So it's really a question of when do the large providers want to take a very attractive market proposition on tariff into the market and acquire customers and scale. And that will be the defining factor.

Competitive landscape in – I'm going to answer it initially in Energy actually, if that's okay? I think – because I think it's – it talks to the sense of the overall position. You know, we – we are very focused on – on our markets as I mentioned before. I think we operate in strong positions in attractive markets so we – you know, we need to operate at the top of our game. But if you also look at the opportunity that we have just in terms of the headroom in our markets and I think Matt's slides have laid those out, we see that there is great opportunities in all the areas that we operate in. And if I bring that back to Energy the reality is we have about two thirds of households in the UK that are on standard variable rate tariffs and we know that we could help them save significant amounts of money. Our average saving on a switch from a standard variable rate is just shy of £300. It's very easy to do. You can do it on your phone and it takes a few minutes. So I think, you know, as much as we're keenly looking at the competitive environment we also look at how can we step into the headroom in our markets.

I think we've got one here.

Andrew Ross (Barclays): Thanks, it's Andrew Ross from Barclays. Just one and it's on mobile. It sounds like you seem to be shifting quite quickly to mobile over, you know, the last couple of years for sure. And your commentary suggests that you're more reliant on paid search on mobile than you are on desktop. So maybe you could just clarify how that works and perhaps talk a bit about the margin difference on mobile versus desktop. And I guess conversion is a feature there as well. And then to follow up on that, Mark, I mean, interested in your perceptions on where you are with the app and how you can get people to download and engage with that as you're thinking about the mobile strategy going forwards.

Mark Lewis: Yes. Yes, very good. The – let me talk – take a step back on mobile. I've seen this in a number of industries now, right, and we're at a stage where mobile is clearly the device of choice for the public. And that migration, as you say, is at pace. So the really encouraging thing that I see is that we are ahead of that. And the majority of our interactions with our users are now through mobile. And so that's a healthy position to be in. It does change the dynamic with the user. I think it's – it's sometimes easy to go well is it desktop or mobile and the reality is that customers now use a blend of devices. So that changes the way that they interact with us and our services. It changes the way that they interact with search engines as well. And that creates opportunities for us but it also creates a different set of economics. And I think what you're seeing is a business that's in the migration of that. But from a very strong position.

In terms of the app, the app is in sort of early stages for us. We're pleased with its progress and I think it's – it talks to some of the opportunities that comes from the move to mobile where you can present yourself in a slightly different way and use some of the increased features and functionality of an app versus mobile web. So you'll see more of that over time. But it is not a large factor in the numbers that we're sharing today.

If we go – we'll go here and then we'll go over there.

Gareth Davies (Numis): Hi, Gareth Davies from Numis. Just one clarification on a sort of number clarification.

Mark Lewis: Yes.

Gareth Davies: £11.5 million working capital outflow in the first half. Is that all seasonal? Is it going to reverse? It's sort of a notable step-up in sort of payables coming down. I just wondered if you could provide a bit of colour.

Matthew Price: Yes, it's very – it very much a seasonal position so we had about £10 million and a bit outflow at the half-year last year. And really what happens is you've got a couple of pieces where the payables relate to obviously the previous month. The December trading month's actually quite small for us. July is – June/July is a normal month so you've got to chunk in that. And we've got some changes in timing around VAT of course which is a cost to us in terms of the outflows there. So I – it normally goes, has an outflow. It normally comes back. I'm not – I'm not troubled by this. I think it's seasonal.

Mark Lewis: I think we had a question here. Have we got one on the phone?

Hubert Jeaneau (UBS): Thank you. Hubert Jeaneau from UBS. My first question is on the Money segment and banks have commented that they're – they're expecting a bit of a slowdown in terms of growth for credit cards. So I was wondering if you had any – seen anything on that point. And the second point is a bit more longer-term and if you had any thoughts on the impact of the EU regulation on – on banks and open data and how that could be an opportunity for you? Thanks.

Mark Lewis: Okay. Well look, we've – we've talked about strong results, double-digit growth on the – on the credit card and borrowing side. We haven't seen any change from the provider side of that. But Matt, do you want to give us a little bit more colour to the Money and credit side?

Matthew Price: Yes, absolutely. So I think – I think it's probably important when you look at what the Bank of England was saying, you know, that big growth was all around motor financing and personal contract plans. We don't really do that so that hasn't – that has neither been part of our growth story in the recent past and therefore nor is it a risk. We have a really good business around credit cards. We actually probably have a bit of a bias towards the likes of balance transfer rewards cards through MoneySavingExpert which of course are prime products and therefore they're more actually about refinancing existing debt than being reliant on building and building a credit piece. So we think we are – we believe that whilst clearly changes in consumer credit market will – will change our business we're actually in a slightly different position to the – to the average and a little bit more cushioned there. So we're pleased with that.

I'll leave you to – hand back over to you on the long-term, yes.

Mark Lewis: Well, no, I think I've said on the – on the Money environment. In relation to open data, open banking and so on, I think it offers interesting opportunities for us. I think as we look at them there are from our mind sort of a couple of very big questions about how they will be – manifest themselves. And the question is, how do you monetise that data and who does the consumer trust with that data? So without going into great detail at all I would say that our start position is that we've shown that we can monetise quite effectively I think and we have brands which our customers trust. So I would suggest that as – however those opportunities unfold that we approach them from an interesting position.

I think we have a question on the phone?

Speaker: Yes. There's been a couple of people asking if Mark can expand on the adjacencies that he refers to in his section of the presentation?

Mark Lewis: Sadly, I can't actually. I'll have to hold on a little bit. if we had anything specific we would be having a different conversation. So we're looking at those and I've said that we'll share more details of our – of our plans at the end of the year. So apologies, no more details at this stage.

Okay. Any last orders? No? In which case thank you very much, and thank you for your time this morning.

Matthew Price: Thank you.

[END OF TRANSCRIPT]