Moneysupermarket Group

Preliminary Results

Presentation & Q&A

Thursday, 18th February 2021

PRESENTATION

PETER DUFFY:

Hello and welcome to the Moneysupermarket Group Prelims for 2020. I'm Peter Duffy, CEO, having joined about 6 months ago now. I'm also going to be joined by Scilla Grimble our CFO, for this pre-recorded presentation. We're going to be holding a Q&A session at 9.30am today – that's Thursday 18th February – the details of which are going to be on our investor relations website, but also in today's RNS.

Now, I'm going to say a few words and I'll then hand over to Scilla for the financials and then I'll then come back and talk you through the priorities going forward.

But can I begin by saying that Moneysupermarket is a great business. We operate in attractive markets with a lot of potential and that means we can confidently and optimistically look forward and, what makes us different?

Well, I would start with *Our Purpose* of helping households save money. It's the reason why I joined the Group. I think it runs through the organisation like the letters in a stick of rock. Like many companies, we have a skilled and capable team, but the thing that fuels us is this desire to do the right thing by customers.

Now, a second difference, also appealing for me, is the range of brands and routes to markets that we have. So that's…

MoneySavingExpert: a publishing led, whole of market offer, which is based on independent editorial advice for anyone wanting to understand financial issues. It's the one of the most recommended financial brands in the UK.

MoneySuperMarket itself: a leading price comparison website, offering customers numerous ways to save, through an advertising led model.

Decision Tech: our B2B brand, providing comparison services through other people's brands

TravelSupermarket: with its particular strength in package holiday comparison market.

Now, they all are strong brands. They operate in defined markets and we have the opportunity to underpin them with common technology and data platforms, essentially building once for multiple brands and remember the breadth of what we offer people, so many ways to save money across our range of products, is a great opportunity to win share of wallet.

Now, coming into 2020, we forecast that our markets would grow by around mid-single digits. Now, of course, we then faced COVID challenges, particularly with Travel and Money, but we should still expect that kind of growth rate once we are through this pandemic recovery period.

And, in the meantime, I'm proud of how this business has adapted to the challenges of the COVID period. Productivity, but importantly colleague well-being have been maintained and we've continued to contribute to the community, through our partnership with the Prince's Trust, is just one example. Importantly, we have also achieved 'Beyond Carbon Neutral' status.

So, let me now hand over to Scilla who will take you through the 2020 results.

SCILLA GRIMBLE:

Thanks Peter and good morning everyone.

Slide 4: Financial Highlights

Looking first at the financial highlights then, clearly 2020 was a year dominated by COVID.

In the circumstances, our performance was reasonable. Revenue fell 11% or 4% if we exclude our travel channels of Travelsupermarket and travel insurance. They were heavily impacted by COVID restrictions, and from Q2 onwards ran on average at about 10% of prior year levels

EBITDA fell by 24%, more than revenue, reflecting gross margin pressures, which were slightly offset by lower opex and reported EPS fell 27%.

We remained committed to our tech investment – holding it flat Year on Year at £34m and as a result our reinvestment rate grew, given the decline in revenue.

Cashflow remained strong, with no deterioration in working capital and that cashflow strength, our strong balance sheet and our confidence in the business mean we're pleased to hold our full year dividend in line with prior year levels.

I do appreciate visibility is difficult currently, so I'm going to spend some time describing the dynamics we saw last year to help guide as much as possible on what we may see going forward.

Slide 5: Topline performance varied by vertical

So, let's start with the overview of revenue by vertical, before moving into the shape of revenue we saw through the year.

We were pleased with our Home Services performance with revenue flat Year on Year despite a very strong 2019.

In Insurance, revenue fell 8% but excluding Travel was flat Year on Year. This was a tale of strong market growth in Car, particularly in the second half, offsetting weaker Home and poor Life performance.

Money was the hardest hit of all of our verticals. As we've previously highlighted, it was supply challenges that caused this, whether that was a lack of promotional product in banking or tighter lending criteria in borrowing.

In other, Decision Tech continued to perform very well, with good double-digit growth, mainly driven by strong Home Comms performance, but that was offset by Travelsupermarket, which as I've said has struggled given the travel restrictions.

Slide 6: and by quarter, with COVID-19 impact lessening after first lockdown

Let's look at the shape of performance through the year now, give you a sense of the 2020 exit rate, but also what we've seen more recently in the latest lockdown.

So starting with Insurance, our largest vertical, and here 2020 started well with performance benefitting from a tailwind in Travel and Life as the prospect of the pandemic loomed.

In the Spring lockdown we had major disruption across all channels – so revenue in Q2 fell significantly - down 22% Year on Year.

As we exited Q2 and went into Q3, we enjoyed a particularly strong Car Insurance market, which we think included some pent-up demand. Car still grew in Q4, but to a lesser extent than Q3.

Home Insurance fell Year on Year in Q3, but recovered to low growth in the final quarter and Life remained in decline throughout the second half, reflecting trends seen in the broader market.

As we have moved into 2021, our insurance performance is reflecting lockdown measures again. We currently expect Q1 to be similar to Q2 last year in terms of Year on Year % decline. So, whilst recent declines in Car, Home and Life are less marked than in April last year, we'll shortly be lapping that strong Life and Travel Insurance performance I've already mentioned.

So, moving onto Money and again 2020 started well with both banking and borrowing returning to growth early in the year, but after that we saw a material decline driven by COVID.

The initial drop in consumer demand that we saw early in the Spring lockdown soon rebounded and indeed our visitors grew ahead of the market for the full year.

But, as I've said, it was supply issues that challenged performance. For us in borrowing it's both about the number of providers we have onsite and that strongly recovered as we went through the year, but it's also about the lending appetite of those providers. That's what impacts the number and attractiveness of results a customer sees.

Providers tightened their scorecards significantly in the Spring lockdown, which heavily impacted our conversion, and we saw only a modest recovery in conversion as we moved into Q4, as those criteria loosened slightly

As we've moved into 2021, those tight lending conditions have been compounded by a market-wide drop in demand similar to that we saw in the Spring . This is amplified in January, as it is traditionally a peak demand month for borrowing

Finally then to Home Services, and in the first half we were pleased with revenue growth of 11% - driven by strong tariffs and our ability to amplify them through MSE editorial.

Throughout the year COVID helped by focussing consumers on the need for resilient and fast broadband, so we saw good growth here in both Home Services and Decision Tech.

As we moved into the second half, the energy price cap fell by £84 and wholesale prices also began to rise sharply. That meant savings available to customers fell dramatically. In H1 they were over £400, but by Q4 that fell to under £200, impacting our conversion.

Savings levels continue to be very low as we've moved into 2021. Revenue to date is down significantly Year on Year, as we're also lapping a strong comp when savings levels were high.

Of course, we've recently had the announcement of a price cap increase, this time up £96. Performance may improve then as the quarter progresses. But do remember the saving we show customers only changes once energy providers publish their new, detailed rates for each region.

Slide 7: Lower Money conversion main drag on gross margin

Let's turn now to gross margin and you can see it fell just over 2%pts in the year. About two thirds of that fall was due to the poorer conversion in Money I've mentioned.

The main driver of the rest of the reduction was the lower SEO positions we saw in Insurance in H1 . The impact of that SEO in the second half was negligible given we were lapping already weaker positions in 2019. Peter is going to come on to describe the changes we are making to help improve SEO going forwards.

I thought it worth also describing some mix impacts which, although they broadly netted out in 2020, are important to understand going forward.

We've previously talked about the shift to mobile creating a headwind on margin and this did continue in 2020. But across the year, this was offset by a significant decline in tablet traffic. Which particularly in the second half, shifted to desktop, which is higher margins than tablet.

The other call-out I'd make in mix is within channels. Margin benefited from a mix out of Travel Insurance, which is a lower margin channel for us, but that was offset though by the strong relative growth of the Decision Tech B2B business, which as you all know has structurally lower margins than the rest of the Group.

Slide 8: Costs controlled; continued to invest for future growth

Moving onto costs, these fell 4% in the year. Whilst we took actions to control costs, for example redeploying people from channels that were COVID impacted into vacant roles elsewhere in the Group, we also continued to invest for future growth.

The main driver of the lower costs was staff costs, which were £6m lower Year on Year driven by lower incentive accruals.

Whilst marketing costs were broadly flat at £150m, the mix of these did change as I'll come on to.

Looking forward into 2021, I expect opex, and here I mean admin and distribution expenses, before depreciation and amortization, to be slightly higher than 2019. This reflects both the consolidation of CYTI and the ongoing shift to opex from capex.

Slide 9: Changing mix in marketing spend

Moving onto marketing costs in more detail then, you can see that changing mix in spend I mentioned in the chart.

In online spend, our approach of bidding up to break even on first transaction remained unchanged.

Clearly, we did adapt bidding to the changes, which we saw in traffic and conversion and so online spend fell 13%. TV and radio increased £5m, in line with the investment we had flagged. The increase in the other category is largely driven by the growth of Decision Tech, leading to higher affiliate costs.

The marketing margin reduction of 4%pts, then reflects the gross margin trend I've already covered, and that increased level of brand investment.

And you're going to hear from Peter on the opportunities we see for more efficient customer acquisition going forward.

Slide 10: Cash generation remains robust

Looking at cash now and I'm pleased that in the year our cash generation has remained strong, allowing us to pay over £60m of dividends, invest into the business and still hold net cash flat year on year.

Working capital was also flat. It's worth highlighting that in creditors, we deferred about £8m of VAT payments into 2021 under the Government's scheme, but this was offset by that lower incentive accrual I've already mentioned.

Cash capex was £11m, and we also paid £4.0m of deferred consideration from the acquisition of Decision Tech and £3m for the acquisition of our initial stake in CYTI.

We also extended our RCF, which now matures in September 2023. So, we have access to £90m of committed funds under that facility and also an accordion option over a further £100m.

Slide 11: Our Capital allocation framework remains unchanged

So, as we've seen we continue to enjoy strong cash generation and our framework for how we deploy that cash remains unchanged.

Funding organic growth remains our first priority, then comes our commitment to the ordinary dividend. After this, we will look to M&A to support and accelerate our strategy.

And finally, as ever, we remain committed to returning excess capital to shareholders.

Slide 12: Outlook

Turning finally then to outlook and as I've described, our markets continue to be impacted by COVID and we are lapping a good Q1 2020 performance

More broadly, the pace and shape of easing of lockdown measures and how quickly Money providers ease their lending criteria, will clearly determine our trading shape this year.

That level of uncertainty is reflected in a very broad range of consensus for 2021 EBITDA, from £129m to £96m. Whilst the macro uncertainties significantly impact visibility, reaching the upper end of that consensus range will require strong and rapid recovery in Money and travel related channels.

If the dynamics in Money are close to those we saw in Q4 and travel restrictions remain in place, we expect adjusted EBITDA to be close to the lower end of the consensus range.

Given the current trading I've described and the likely shape of trading recovery, I do expect revenue and profit performance to be firmly weighted to the second half.

Despite the current uncertainty, we remain confident in the Group's long-term growth prospects.

And I'll now hand you back to Peter to describe those in more detail

PETER DUFFY:

Thanks Scilla.

Now I want to unpack some of this 'confidence' that I spoke about at the start, so here are a few observations about where I see the opportunities.

Perhaps I can begin with the Re-invent strategy, which essentially said we should run the core business more effectively and then look at some sensible, additional ways to grow and I've certainly heard no significant challenges to that strategy.

In fact, the questions I have heard have been about execution and I share that view. We need to deliver against the promises already made.

So that means that this morning, won't be about a three-year investment programmes or kitchen sinking the profits. I just don't believe that's what's needed. But equally, please don't read that as a lack ambition or indeed, that we have a perfect business with a future-proofed tech platform because that certainly isn't the case.

But the Group does need to re-find its growth momentum, we do need to do M&A where it makes sense to do so and we need to be prepared to change with the customer and the market as technology opens up new ways for them to save. But, much of this is self-help, by which I mean using efficiencies we can find in the existing model, to fund the investments we need to make tomorrow.

So, you all know we operate in a 'marketing heavy' industry, partly because of how we have done it in the past, but partly because customers come to us relatively infrequently in what is a low engagement product area. So we have this expensive 'marketing loop' – lots of advertising, lots of PPC or paid search - to acquire a customer, who can then frequently go on to only buy a single product and then we seem to go through that whole cycle again at renewal.

So if I can compare that with other digital sectors, it does feel like price comparison doesn't have the same focus on customer lifetime management. We don't really look at concepts like vintage or cohort analysis and I think this is the thing that has really got to change We need to get customers to come back to us directly and then keep coming back, because we can offer them such a broad number of ways to save.

Slide 14: Strategy framework

So going forward, the strategy has three objectives:

Firstly, we've got to get better at attracting our customers in the most efficient way possible – whether that is through smarter PPC, strong SEO performance or sharp, differentiated advertising.

Secondly, we're going to need to retain our users better, making it easy for people to **re**-switch with us on renewal, and also growing our relationships with them by getting them to buy more and both of those should then directly support and ultimately improve our margins.

And then, third and finally, the business needs to continue to expand in sensible and profitable ways.

Now, what underpins and enables these objectives?

Well, this group has spent a lot on Technology over the years, and we do have a reasonable platform as a result of that. It's not perfect for 2021 – some of that investment dates back a number of years now. But what it is, is what's known as a micro-service or componentised technology architecture and it also means we're almost entirely cloud-based and it also means we're extensively, although not completely, use APIs, so all of that is good.

But, what there isn't, is a common infrastructure across all our brands; and our working practices really, they could be a lot better in a number of areas, and also, like many companies, we suffer some level of 'technical debt' (or tech obsolescence in other words), and we certainly aren't always as consistent as we could be. But my message here, is that it should be possible to remedy much of this with really limited impact, so I see the work to do in our Technology area, again as very much self-help, by which I'm saying it's do-able within existing spend budgets.

Now, Data needs more work. I've delivered enhanced products for customers, new revenue streams based on data and data science in other businesses. I did it at Just Eat, I did it at when I was at EasyJet aswell.

And if we are going to do this at Moneysupermarket, we've really got to improve our data capability.

So, we have already started doing this over the last few months. We've hired fresh talent. We're centring our approach on Google Cloud Platform. We are bringing together all of our data for real-time reporting, marketing, but importantly, product enhancement. In turn, this will be our platform for data science, for AI and for machine learning. And again, this is all achievable within our existing cost budgets and I'm hoping you're going to start to see some results towards the second half of the year, but I'm going to come back to that in a moment.

Slide 15: Increasing efficiency in all acquisition routes

But can I now go onto talking through these three objectives of what we need to do, starting with more attracting customers more efficiently.

Firstly, PPC, which is our biggest marketing cost. We are in the process of moving to a new PPC bidding platform. That's going to be one that allows us to optimise bidding decisions at a much more granular level and in real time but importantly, it's going to allow us to use our developing capability with data science, better. The difference here is going to be, not just that we are improving our bidding strategies, but we're going to do that through the real time application of our own data.

Now, next is SEO, where we have speeded up changes to our content management platform. Some channels are now already live with faster page speed, they've got leaner / more efficient pages, and a series of other technical advantages and this is going to help us to deploy new content faster onto the site. All of which should help our natural search rankings.

Now, above-the-line advertising is still going to be very important. But the brand has to be simply and sharply communicated to the customers. It has to hold its own in a market against some known and loved competitor campaigns. So, we're in the market now to check we have got the best creative to do that.

And, of course, efficiency also includes the customer experience when they come onto the site. How easy it is and how compelling are the offers, which is essential for any online business. I'm going to speak about that in a moment aswell.

Slide 16: Retention, cross-sell and engagement will be centre stage (I)

Now, can I move onto retain and grow.

We've got to make returning easy for customers, which in turn means stronger CRM or customer relationship management. So, just as an example today, if you switch your energy provider with MSM, we're not emailing you when your tariff is expiring. It's the same for pet insurance, and for a number of other products. We will fix this as soon as possible. Energy will be done this half and we're going to use our product capability to 'productise renewal'. What do I mean by that? I mean something similar to what the market has called 'auto-switching', which I will speak about just in a moment.

Slide 17: Retention, cross-sell and engagement will be centre stage (II)

But we have got to also cross-sell. We've got to get people to understand how much more they could save, if they used us more, not just their car insurance, but also their home insurance, their broadband, etc, etc.

And this is going to come through changes to the product and by building a recommendation engine that generates informed suggestions for a customer that they will then see consistently across all their interactions with us. The customer dashboard is the core of this. This is where we're going to be combining monitoring tools, relevant articles, prompts towards further switches. You can see here on the right, and it has to be consistent across web, mobile and app, email marketing. The same message regardless of how the customer touches us.

Now, up to now we haven't had the data platform or the approach to product to do this at scale. So it's an important area for us to focus and deliver.

Slide 18: Retention, cross-sell and engagement will be centre stage (III)

Now, the dashboard is a good way to talk to our customers by showing them relevant and personalised content. Credit Monitor is an example of what we can show on it, because it demonstrates what we can do if we find the right ways to engage. Credit Monitor now has almost a million users who deliver a higher profit contribution, by more than 50% in their first year. And why? Because they're enquiring more often, because they're enquiring across more channels and importantly, they are coming back to us directly.

Slide 19: Evolving to a leading data platform

Now underpinning all of this, as I mentioned earlier, is the need for excellence in data management and data science. And currently we have data in different places, on different technologies, and there is much we actually don't even capture. So, our ability to repurpose it for use across our products, analytics and data, has really been quite limited.

Now, the cost investment for this fix can again, I believe, be funded through existing efficiencies. We've started working with Google Cloud Platform and Braze already, to bring data together in one place, so we can then deploy leading edge CRM, data science, reporting. Everything you would expect from a modern digital business. Our first CRM campaigns will be delivered in a few weeks, and we will soon be able to feed that data through to our product platforms, such as the dashboard, and then in turn begin to start up the machine learning algorithms to begin to hone the proposition.

Slide 20: MSE energy propositions working well for consumers and providers

Now, I said I would speak about autoswitch and then I'm going to return to MSE's energy autoswitch, as an example.

In energy, we actually introduced two new journeys last year. Something called 'Pick Me A Tariff', and also 'autoswitch', which is essentially 'Pick Me A Tariff' configured to repeat the process annually. Broadly speaking we've seen a fairly even split between the traditional, "DIY" journey and then the two new journeys, so a third, a third, a third. So, I guess to me, it's no surprise we see that sort of mix, as different people want different levels of control and essentially it says we've got a good solution for everybody.

The 'picking' option within Pick Me A Tariff is genuinely helpful. We know customers struggle to choose a supplier, weighing up say green credentials, versus service, versus tariff length, versus price. Pick Me a Tariff makes this really simple, by taking these preferences and then returning personalised results based on individual preferences.

Energy providers like it too, because they can compete on more than just price and in turn that means they're staying on the panel whereas for auto-switching based purely on price, that isn't always the case.

So far over seventy thousand users have switched via Pick Me A Tariff, and we have a further sixty thousand switched up for the autoswitch every year proposition. Both are converting really well, as you can see in the charts.

But stepping back, the objective here is to secure free, recurring traffic. It's key to us first stabilising and then growing our margins. So, it's a good example of what I'm describing as 'productised renewal' and something we're going to be exploring in other categories, in other verticals, in other areas.

Slide 21: Strategy framework (again)

Now, moving on to 'Expanding our offer'. I want us to think broadly about how we're going to win in key markets, both organically and inorganically. So, that means we're very open to M&A where it makes sense, particularly if it's taking us to places adjacent to our business today, or where it's adding complementary technology or skills.

Now, recently 'expanding our offer' has meant B2B through Decision Tech and mortgages.

Slide 22: Decision Tech continues to perform well

Now, Decision Tech has been a great acquisition. We've taken B2B into Energy and we now have 23 partners, and you can see some of them on the right here. We've leveraged our existing group infrastructure and commercial arrangements, joining these to DT's account management skills. So, the pre-existing business has really grown successfully.

But I guess the one thing I'd like to shine a light on today, is the excellent engineering capabilities at Decision Tech. It's a real jewel in our crown, with skills and approaches that I'm keen to share more broadly across the Group. So, I've been very impressed by the innovation and the drive shown by the team at Decision Tech. I think it's really really great.

Slide 23: Rolling out mortgage solutions

Now, moving to mortgages, where the goal is to build a platform that allows customers to search out best deals, but then for the customer's application to seamlessly integrate into back-end systems of the lender.

Now, ultimately we're going to do this for all four user-cases you see on the slide, but our focus at the moment is very much on re-mortgages, as this is a large part of the market and relatively easier to digitise. Over 60% of our mortgage revenue comes from re-mortgages.

Now, the transformative element of this, is to build deeper, integrated connections into lenders. We now have 7 Product Transfers with lenders, we've added another five this year, which is when you re-mortgage with your existing lender. This option is simple for the customer, it's good for the lender, and it has good economics for us aswell.

But we have also launched a market-first decision-in-principle integration. We did that early last year with Nationwide and then we've added Santander in November. And again here, the economics are good, but to translate this into meaningful revenue we're going to have to add further lenders and we need to get more of our mix to come from these products.

Now, this is a slow process. It was always going to be, but Mortgage lenders do want this, but they're hampered by legacy systems. So, even if the prize is a few years away, it really is a prize that's worth us pursuing.

Slide 24: FCA General Insurance changes present both risk and opportunity

So that's the strategy. But, before we look at execution, let's take a quick look at the regulatory backdrop. Two in particular – one more medium term, one more immediate.

So, in December we had the government white paper on our carbon net zero future, which they're talking about implementation from 2024, but that contains some early thoughts on ways to drive more energy switching and the proposals look interesting, and there may be some opportunity for us, but given the time horizon, I'm going to park that for now.

More immediately, we have the FCA General Insurance pricing review. They published proposals in the autumn, responses have now been submitted and the final policy statement will come out in Q2 and there's going to be an implementation period of at least 4 months.

Now, I think two relevant points for us:

First, the removal of "price walking" in car and home insurance. Basically, a proposal to equalise pricing for new and existing customers. We support this intention, it aligns well with our purpose. There is some commercial risk for us here, but remember we are a well-diversified business. Car insurance in 2019 was a bit under half of our insurance revenue, and home insurance quite a bit less.

And remember there are lots of reasons to switch: insurers risk appetites change, customers personal circumstances change and the one place where they can check they are getting a good deal is on a price comparison website.

And my second point is the proposal to make it easier to opt out of auto-renewal. That's across all of General Insurance, not just home and car. Auto-renewal has been a real pain-point for consumers. it acts as a barrier to switching, so this proposal is a very very good thing and would likely lead to enhance switching levels overall.

So the impact on us will depend on the final regulation and the implementation date and how that nets out. But, there's risk and there's opportunity here.

Slide 25: Changes to org to drive accountability and execution

So, finally lets talk about execution.

My view on joining is that some parts of this organisation were too complicated. They were unclear in terms of process, ownership and direction. Not everywhere, but enough to put a brake on getting things done.

So we've made some changes.

First, we've appointed General Managers, who now align and prioritise all of our Commercial, Product and Tech priorities. We have one leading each of our verticals. The clarity here is going to make a big difference because previously, accountabilities sat with each function, leading to competing priorities and a lack of single mindedness. I do think this is very important.

Secondly, in insurance we have completed the acquisition of our partner CYTI, so we can own those journeys ourselves and integrate Pet, Life and Travel insurance with Home and Motor, rather than run them as separate businesses.

Perhaps, the biggest change is in Home Services, where we've integrated the B2C aspects of Decision Tech, that's broadband and mobile, with MoneySupermarket's Home Services. So, this is not just more efficient, but it's actually bringing DT's expertise right into the heart of the business. That product engineering capability that I mentioned earlier.

And finally, the Exec now has Data Science and Data Engineering around the table, which is essential for a business like ours.

Now, there is much more to do, but these changes alone are going to make a difference on how we deliver and how we build on our data advantages going forwards.

Slide 26: Strategy framework (again)

So now I'm going to wrap up.

This is a great business operating in fundamentally attractive markets, despite what we're seeing right now in Money and of course, travel.

There's a lot we can do and will do, to improve. The work has already started:

Challenging that expensive marketing loop through efficient acquisition – we're on that already.

Getting our customers to stay with us and buy more from us, 'Retain and grow', is a major prize in both revenue and margin. This is a huge area of focus as we begin to look to productise renewal and build our data capabilities.

And then of course, expanding our offer, which we will look to do, as and when the right opportunities arise.

We're making progress on all of these fronts already.

We've got the right plan, and as we set ourselves up to deliver better against that, it leaves me really excited and optimistic about the opportunities ahead. So, I'm going to be looking forward to sharing the journey with you, but also in the meantime I'm going to be taking your questions a little later this morning.

So with that I'm going to thank you and hopefully speak to you later

Q&A's

Operator: Welcome to the Moneysupermarket Group Announcement of 2020 Full-Year Results Conference Call. At this time, all participants are in a listen-only mode.

After the speaker presentation, there will be a question and answer session. To ask a question during the session, you will need to press star one on your telephone. Web participants may submit a question by typing it into the Question tab. I must advise you that this conference is being recorded today.

And now, I would like to hand the conference over to your first speaker today, Peter Duffy. Please go ahead.

Overview

Peter Duffy - CEO, Moneysupermarket Group

Opening remarks

Thanks very much, Lynn. And good morning, everybody, and thank you for joining us. I'm Peter Duffy, CEO of Moneysupermarket. And also on the call with me is Scilla Grimble, our CFO. And we're very much looking forward to taking your questions this morning.

Now, just in advance of that, I hope you had an opportunity to take a quick look at the presentation online. So I'd just like to draw your attention to perhaps three of the main messages which we are communicating this morning.

And that's, firstly, our 2020 performance was really driven by exceptional market conditions. And I don't need to say that, you know, it was an unprecedented year, and that some of our markets have clearly been heavily impacted by COVID-19. So as a result, revenue is down 11% overall. But if we take our travel-related channels out, that was 4% and the EBITDA was down 24% or £108 million.

Secondly, we've updated the strategy. So we have announced a – an update rather than a change. And as a reminder, we're going to be focussing on three strategic objectives, which are: one, efficient acquisition; two, how we retain and grow our customers; and three, how we sensibly expand our offer.

And then, finally, I hope you heard a big message coming through this morning on execution. We need to make sure that we are delivering against the promises that we are making. And that is very much front of mind to us. A big part of that is how we're going to improve both our product and our data capabilities to begin to do that so our customer begins to get a superior experience. But I doubt we'll get into much of that for questions that you have.

So I'll now hand over to Lynn, who, I think, will get the first question on the line. Lynn?

Q&A

Operator: Thank you. Once again, participants, as a reminder, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the hash key. Web participants may submit a question by typing it into the Question tab.

And your first question comes from the line of Joe Barnet-Lamb from Credit Suisse. Please ask your question. Your line is open now.

Joseph Barnet-Lamb (Credit Suisse): Excellent. Thank you very much for taking my questions. And welcome back to the fore, Peter. I have three questions, if I may. But don't worry, they're all crackers.

Firstly, this strategy is clearly going to entail some investment. Can you talk about how much investment is effectively being repurposed from other areas, i.e., net investment is zero, but what's gross investment and where is it coming from?

Secondly, when we think about the aims of your strategy, it's really targeted at CAC, LTV and TAM. You've mentioned the industry getting back to +5%. Is your goal to match that growth or exceed it? And on margins, do you believe that CAC and LTV-related gains can keep gross margins flat?

And then, thirdly and finally, you talk about energy split between Autoswitch, Pick Me A Tariff and DIY search. You mentioned you would explore this and other products and categories. Should we read this that you may launch Autoswitch products in other categories or that the mentality behind Pick Me A Tariff will be repeated elsewhere? Thank you.

Peter Duffy: Great. Thanks, I always love your cracker questions. So thank you very much for that.

So first one on investment, what's the gross and where's it being repurposed from? I think what I'd like to draw your attention to really is just the focus. So, you know, we've shared what our tech spend is. And that, for an organisation, which is, you know, UK – a UK-based digital business, is, you know, a perfectly reasonable spend. So the question is, how are we spending that money and what are we focussing on?

So I spoke a lot this morning about what we're doing in the digital world. So yeah, there are some relatively small reinvestments which are being made, which I am hoping will sort of net out within a sort of 12 to 18-month period because we will find savings within each of those areas elsewhere.

So I think that the heart of your question is, are we stopping doing something that you would kind of notice? And the answer to that is no. It is much more about how we focus our existing expenditure or our existing resources on sort of on some key bets, which we think are going to make a significant difference to the business.

In terms of the material aims of the strategy, are we going to be looking to match or exceed market growth? So let's start by getting to match, which will be a sensible place for us to kind of get to. Let's see where we go to from there.

So, you know, clearly, we're going to be comping in the short run against, you know, very low numbers for 2020. So you'll see, essentially, some sort of artificial amplification. So we're talking how that looks beyond that when we get into a more steady state. But, you know, I'd be happy to kind of, you know, return to that in the first instance, and then let's see where we go from there.

In terms of your question on energy – yeah, it's a really good question. So energy, as you know, is not regulated in the way insurance products are. So what we can do with one product category isn't always the case that we can do exactly the same with another. But I think the principles behind it are really similar.

So can a customer, at renewal, receive from us a pre-quote, essentially, of what their savings next year could begin to look like? And can we make that switch really easy for them? Can we make that as simple as possible, based on what we already know about them? And if we ask them anything, it's kind of clarification and what has changed rather than going through the process as if you were a first time customer, in terms of how that works today. And I think that will be a step forward from where we are.

So I think the principles that the sort of Autoswitch type products apply very generally, the regulation will sort of say how far down that line can we get for each product.

Joseph Barnet-Lamb: Excellent. Thank you.

Operator: Thank you. And your next question comes from the line of Andrew Ross from Barclays. Please ask your question. Your line is open now.

Andrew Ross (Barclays): Great. Thank you and good morning, everybody.

My first one is following up on Jo. So Peter, you mentioned there that you think you can get back to matching market growth in the medium term. But do you see that coming with margin expansion as well? And I guess, to extend that question, do you think sort of the work you're doing around marketing and customer retention can mean that gross margins for this business start to go up? Any way you can quantify that would be very helpful.

And then, my second question is on the FCA review into insurance. If you had to hazard a guess, you know, how much of an impact do you think it will have on switching volumes in home and motor?

And then, thinking beyond that, is there anything else that you don't see fully recovering whenever the post-COVID phase is? In your eyes, is there anything in this Group that is structurally impaired because of COVID? Thanks.

Peter Duffy: Okay. Brilliant. Thanks, Andrew. So first question was about matching market growth, does that come with margin expansion? So essentially, what I'm trying to say with breaking the expensive marketing loop is that we're going to have to try and stop re-recruiting our own customers, to use a very simple phrase.

So if you're already with Moneysupermarket, can we get you to come back and buy future products, either a renewal of an existing product or a new product that you don't currently have with us, without that expensive re-recruitment cost? So, you know, as a first objective, you know, margin stabilisation on that core part of the business is something that I would hope we can begin to achieve.

Now, in saying that, let's be clear that we're also expanding Decision Tech and B2B. And that operates at very different margins. And we have different products that are delivering different margins as well.

So that overall margin picture, you know, is sort of nuanced, in terms of how that works. But the principle is, you know, how can we begin to get that extensive marketing loop focussed very much on the acquisition of new customers and try as much as we can to re-recruit existing customers through our own methods.

And Andrew, you will be surprised that I'm not going to put a quantification on that at this point because I think we have to kind of get some of that up and running and show you what that begins to look like.

In terms of the FCA review, yeah. You know, what do I say on that? You know, look, the consultation phase has just finished in January. FCA is coming back in Quarter Two. And clearly, we don't actually know how those proposals are going to be netting out at the moment.

But I think there are, as I said, in the presentation, two significant components. So number one is we know something's going to happen on price walking. Now, you know, I'm not going to share internal data here. But there are multiple drivers for why people come to us with insurance. And price walking is one of them. But actually, changes in personal circumstances or just reviewing your situation on a regular basis are other reasons as well.

And so, you know, my view very much is that insurers are always going to be competing with each other. They're always going to price risk differently. And they're always going to be price advantages for certain cohorts of customers.

And fundamentally, the only place where you're ever going to be able to see that is on a price comparison website. So you know, that deal is done in that we are the sensible place for customers to come and find out where they're getting best value and to begin to switch.

And I think then the second thing, which perhaps hasn't quite had the same level of focus is this potential proposal on auto-renewal. So auto-renewal is a real pain point for customers in that, essentially, you just find you've been renewed on some policy because you sort of did nothing about it.

You know, it does make me sort of smile in, you know, car insurance, when I last looked, I think, you know, you had to have to have three things to drive a car. You had to have to have a license, an MOT and insurance. And on the license and the MOT, we trust it will sort out ourselves. But with insurance, we somehow think that that has to be auto-renewed on our behalf. And so, I think this is an area where regulation will be very helpful for the customer and I think that will begin to provide an opportunity.

Now, you know, the question at this point is how does that net out? And, you know, obviously, that's what you're going to want a view on? Honestly, I think it's a brave personal cause, at this point. There are opportunities.

You know, there are headwinds and there are tailwinds. And I think I would really want to just begin to understand what the proposals actually look like when they finally are published in Quarter Two before we kind of call that one way or the other. I think it's still just a little bit early doors, in terms of that. And I'm going to throw it to Scilla to see if Scilla has got a point of view on that, in a second.

And then, finally, anything which is not going to fully recover from the pandemic? I think the answer to that is no. You know, if I look at what the most, you know, significant headwind is, it really is all about the recovery of travel for both, you know, the travel insurance, but also the TSM parts of the business. And when does that come and at what rate does that come? When does that begin to get back at scale? But I think there is nothing which is fundamentally impaired, which is what your question was.

Scilla, do you want to just add anything to that?

Scilla Grimble: I mean, the only point I'd build on in FCA is, you know, exactly your point, Peter, that there are a number of different triggers, if you like, that drive somebody into switching markets. And Andrew, you know, we've discussed this before, whether or not that's a risk changing event or, just as Peter saying, a change in your own personal circumstances. And that, you know, represents, you know, quite a lot of our visitor base, you know, that falls within those categories.

And clearly, as we make, you know, some of our journey easier and we make, you know, the ability for us to prompt and nudge, in terms of renewing your insurance, we should be able to, you know, exactly as you're saying, drive long-term value in that, you know, as a sort of self-help initiative, if you like. It should begin to offset whatever comes out of the FCA GI review.

Andrew Ross: Great. Thank you.

Operator: Thank you. And your next question comes from the line of Ross Broadfoot from Investec. Please ask your question. Your line is open now.

Ross Broadfoot (Investec): Morning, everyone. Yeah, so to sort of strands of questions from me.

Firstly, regarding the strategy tweaks. So that sounds broadly similar themes that we've heard in the past, in terms of better customer journey, cross-sell, better SEO, etc. To what extent does new expertise need to be brought into the business to drive this? And how complex a task do you see the SEO is, for example, and the natural search? And if I may ask, have you been in a similar position or a similar point in the road before in previous roles? And if so, could you give an example or two?

And the second question, really. The 60K signups to the auto comparers, which in the 17K Pick Me A Tariff? How many of those are new customers for Moneysupermarket rather than coming from Cheap Energy Club? And what are the plans for marketing this service more broadly? And, I guess, any thoughts on whether an autosave-style product plays a role, as part of your proposition? Thanks.

Peter Duffy: Okay, great. I'll do the first one, Ross. I'll throw to Scilla for the numbers. And then, I'll come back and just talk about the role of autoswitching again, going forward.

So yeah, strategy tweaks. I think your question is around new expertise. So we've already bought in new expertise on the data side. I've bought in somebody who I've worked with previously at Just Eat. He built the global data platform there, which essentially powers the product in – yeah, in everywhere from Canada to all of Europe, to Australia. And he's ex-Hamilton and he's ex-Dun Hanby, and already is making a very, very big difference to our overall approach to data.

So, just as an example, he joined in November. We've signed up, you know, Google Cloud Platform as our major strategic platform in December. I actually saw our first real-time data coming live yesterday, flowing through the system. And we're hoping to get the marketing platform sort of working for, you know, first customer contacts slightly – at the end of Q1, I think probably. It' now just tripped into the first week of April – so, the start of Q2.

So I think, you know, in places, we will need expertise and we will bring expertise in where that begins to make sense. But I think also we've got great expertise on the inside of the organisation as well. So one of the things that I touched on in the presentation is looking at the team at Decision Tech, who I really do rate very, very highly, not just in terms of the B2B capability, but just as an engineering shop.

And we have brought them already very close to the heart of business because Mike Phillips, who was – who set that business up and who ran that business, is now running our Home Services vertical for us. And essentially, we're looking to sort of apply the Decision Tech model, essentially, to how that works. And I guess the question is, you know, how, more broadly, can we begin to use that sort of internal talent and in the right way?

So I think we've got some really great people on the inside of the organisation as well. And the question is can we just, you know, improve the clarity and the focus of what we're trying to achieve and get them aligned behind delivering that in a way that they can do their stuff. So it isn't just about new expertise. It is about just actually getting the right talent on the right tasks and making that happen.

How complex a task is all of this? So I think that the comment about sort of a microservice or a componentised architecture is sort of quite important, really. So when you hear about companies that are struggling with a legacy tech, quite often they have what are called monolithic systems – you know, just one big box.

And what a microservices or a componentised architecture does is broken that up into a series of components. That means when you want to change, fix or rotate something, you're just, you know, picking a smaller box rather than dealing with, you know, the big monolith.

And so, it's quite important that we have got to that point because when it comes to sort of future-proofing or improving, you know, that becomes a simpler task than it would have been if that wasn't the case. And that's why I can have some confidence around the numbers that I'm giving you in that, you know, they can just be managed in a much more sensible way.

In terms of have I been in a similar position before? Yeah, I think I have. I think if you look at what happened at EasyJet, we essentially were a business when I joined, that sold an awful lot of airline tickets. And we really began to look at how we could cross-sell into those customers – essentially, in that case, ancillary services. And for those people who are, you know, close to that sector, you'll understand what an important component that came – became to the overall story.

And I think when it comes to data and what we're talking about with data, this is very similar to what happened to Just Eat. So, you know, I'd observe that, when I arrived, essentially, people who lived next door to each other just got the same listings of restaurants. And the big thing that we did was to personalise that product. So you could see what you ordered last week, what was trending in your area, what was new, you know, if you were vegetarian.

And all that sort of good stuff, I think, is just about analysing customer data and saying how can you then create a product proposition on an app, on a website that makes it feel really relevant. And essentially, that's what we're talking about here, but just in a different category. And so, yeah, I do think that those things are relevant in this case.

Scilla, do you want to just talk about autoswitching – where we got to with – in 2020?

Scilla Grimble: Sure. So as you'll remember, Ross, we launched it, basically, really, in the autumn. So it was coinciding with when the energy savings levels were falling across the market. And the numbers that we're quoting to you were people who'd actually done a switch.

So within that, we've got 70,000 users who've done it under Pick Me A Tariff and 60,000 who'd done it under the Autoswitch or Pick Me A Tariff Of The Year service. So we're pleased with those numbers. And it is, I think, a mixture of people who were already, you know, existing – you know, money saving experts, users and also newer people to the site.

And the interesting thing to me, you know, you'll remember we've talked in the past about how people are at different stages, in terms of how comfortable they are with a guided journey or an Autoswitch products. And if we look at our switches over that sort of final third of the year, they're pretty evenly split, actually, between people who were doing the old DIY journey – that guided Pick Me A Tariff journey and then the Pick Me A Tariff every year.

And then, the final point I'd just point to is in the RNS, the nice thing that we've seen and – because quite clearly, we're not at the anniversary yet, in terms of people sort of auto-renewing. But even for those people who've gone through that Pick Me A Tariff and that Pick Me A Tariff every year journey, we're seeing nice increases in conversions versus the standard DIY journey.

Peter Duffy: Thanks, Scilla. And I think just to close that off, Ross, you know, your question there is sort of how many of these people that are new are going forward with switch, which we're not sort of talking about directly today.

But I think as a concept, it's one of the things that we're going to be very focussed on, in terms of when we recruit a customer, how do we then begin to develop that relationship over time rather than see it as a sort of single-product transaction. So that's definitely, yeah, sort of areas you're to be hearing more from us about.

Ross Broadfoot: Great.

Peter Duffy: Thank you.

Ross Broadfoot: Thank you very much. Great insight. Cheers.

Operator: Thank you. And your next question comes from the line of Natasha Brilliant from Citi. Please ask your question. Your line is open now.

Natasha Brilliant (Citi): Hi, morning. I've got a couple of questions on the strategy, if I may.

So, I mean, the sort of the big statement, I think, is that this is an evolution rather than a revolution. So I guess my first question, is there anything that you've been doing up until now that really isn't working that you're going to sort of stop? Anything that you've been talking about over the last couple of years that you're really going to put an end to or is it really just about tweaking things for improvements?

And then, second to that, you've talked about not re-recruiting your own customers. Of your current customer base, have you got any evidence or anything that you could talk about where the very best customers, they are coming directly and regularly and, therefore, it's about trying to replicate that across the wider customer base? Or is it really something new that you're trying to get across the whole base? So those are first-level questions.

And then, finally, just on M&A. Clearly, organic growth is first. But what's on your wish list, in terms of M&A?

Peter Duffy: Thanks, Natasha. So yeah, I think the word evolution rather than revolution to describe the strategy. But I think when it comes to implementation, when it comes to execution, it may be revolution rather than evolution because they may be flipped around, in terms of how we begin to do things. So I don't think that then is about tweaking. I think fundamentally, we'll look at how we are aligning resources.

You know, I'm sort of – I'm not embarrassed about the fact that the strategy I presented to you this morning is pretty simple, really. But I think that's what this business really, really needs to do. I think we have to begin to focus on, you know, how we acquire well, how we then cross-sell to those customers, how we then retain them. And that is all then about how our product development, how our strategy is, you know, can – sort of our product development and our marketing is kind of completely aligned behind that.

Not re-recruiting our own customers. Look, we've got a very broad church of customers. We've got 11.5 million active customers at the moment. And as you would have kind of guessed, some are more engaged than others. And what we do is we use CRM today in a relatively simplistic way to begin to try and drive up that usage, that cross-selling, in terms of where we are.

And if you look at how the product works today, it is like a Moneysupermarket, isn't it? We have a shelf with car insurance, we have a shelf with home insurance, a shelf of life insurance. And I think, going forward, you know, we want to sort of make that a lot more customer-centric. So it starts to say, you know, 'Peter, you have this and we think that you could have that.'

And I think as the first example of that, you know, what I shared today with Credit Monitor is just really, really helpful because it demonstrates that if we can get content that customers actually find engaging and want to come back to and have a look at, then, as a consequence of that, you know, we can begin to drive value.

So I think, yeah – so fundamentally, you know, at the heart of your question, we do have engaged customers. They do vary. But I think the strategy needs to be much more focussed on how do we make more groups of those customers look like the best of our customers. And that's absolutely what we're going to be doing.

In terms of M&A? You know, you understand there's very little I can sort of say, bar to say we're open. We're very interested. Adjacencies would make sense – logical adjacencies. And we've done well with logical adjacencies, I would observe, as a Group, up to now. But also, capabilities, I think, are quite helpful.

So when you look at organisations that just, you know, do things really smartly and you think that that begins to add to how we do things kind of overall. So, you know, you'd expect they wouldn't sort of have any specifics on that. But I think – I'm just saying that, you know, we will do a horizon of scanning all the time. And if there's something sensible to do, then we'll have a look at it.

Natasha Brilliant: That's very helpful. Thank you.

Operator: Thank you. And your next question comes from the line of Malcolm Morgan from Peel hunt. Please ask your question. Your line is open now.

Malcolm Morgan (Peel Hunt): Good morning, everybody. Thank you for taking my question. You've spoken a lot today about your intentions with regards the marketing skills and in terms of technology.

I wondered if you had any comments about the – your view of the Commercial teams and the position you think you are, in terms of commercial relationships with providers? So for example, in – with Decision Tech and B2B, are you happy with the terms that you've negotiated so far? As you're at Phase III of FCA review, how engaged are you at this stage with insurance providers, in terms of approaching that?

So it's just a question of the Commercial teams, what's your view of what you've inherited there, please?

Peter Duffy: Yeah. Great. Thanks, Malcolm. So I think our Commercial teams are strong. I think in Decision Tech, they're very strong. But I don't say there – I think we can probably do more for providers. I think we can provide them with sort of richer services. I think in – you know, in the past, when I was at Just Eat, we very much looked at the end customer and we looked at the restaurant owners as two customer basis and providing services into both of those communities and driving value for them and for us, out of what we did.

So I would hope there is more that we could practically do to begin to help our providers do better with us, do better in their business and, in turn, we would drive value as a result of that. So I think the teams are strong, but I think there's more we can do.

Malcolm Morgan: Okay. Thank you.

Operator: Thank you. And the next question comes from Adam Berlin from UBS. Please ask your question. Your line is open now.

Adam Berlin (UBS): Hi. Good morning. Just want to go back to the theme about monitoring and autoswitching. Just to understand it, in the release this morning, you talked about two million customers who are on some form of monitoring. Can you just break that out and sort of link back to the numbers you were giving around autoswitching and energy clubs just to understand how that two million breaks out?

And then, can you talk about of those two million, you know, how many of those are you able to generate switches from that are not kind of re-recruiting? So you're not incurring that re-recruiting costs for.

And then, give us a sense of is that half of your conversions? Is it 1%? You know, how big a penetration does that two million represent, in terms of your progress towards, you know, getting as many of our customers onto this auto conversion model as possible? Just trying to understand where we are and where we're going on that.

Peter Duffy: Yeah.

Adam Berlin: Then, I was going to ask you –

Peter Duffy: Oh, go ahead. Yeah.

Adam Berlin: There's one more question. Just one more, if I may? On the page 24 of the presentation where you talk about there are lots of different reasons people switch, can you give us any sense of how switches break down between those four boxes?

You know, I understand that there are lots of reasons. But if 99% is price walking, then it doesn't matter. But is there any data or any way we can get a sense of how each of those boxes make up the contribution today to help us figure out, you know, the headwinds versus tailwinds debate that you were discussing earlier on the call?

Peter Duffy: Yeah. Sure. Okay. So I'm – I think we have probably three chunks. And I'm going to pass the numbers over to Scilla. And let me go in reverse order.

And so, in terms of the last question, we're not going to – unfortunately, we can't share that data with you. But I can tell you the answer isn't 99%. So things like, you know, changes in customers circumstances is a very, very significant component of why they – why they'd join us. If you move house – you know, all sorts of different reasons like that. So we don't break that down.

And I think that probably is competitive data, actually. But I can let you know that the answer isn't 99%, which is why, you know, there's a tone of voice here that makes me say, yeah, you know, this could potentially be an issue. But can we manage it? You know, I would hope we could begin to, you know, see our way through it.

Let's just go back, in terms of – let's go back, in terms of what is monitoring? I think monitoring is quite what broad. Monitoring drives engagement. So monitoring is a thing that makes you hopefully come back to the site outside of the repurchase cycle. And so, this is why the credit monitor is sort of a really, really good example of this.

And as a consequence of that sort of greater frequency, then you end up, you know, Moneysupermarket and MoneySavingExpert is more front of mind. And as a consequence, you then come back to actually do repurchasing. And that's no different to many other digital businesses, you know? You know, in both of the most recent – because of that kind of worked in, yeah, a big focus has been how can you actually just get – you use this frequency up.

And the challenge in this sector is, obviously, that they're annualised renewals. And so the question is, 'How do we get the customer just to engage with us on a more frequent basis?' So that's fundamentally what we are trying to do with monitoring. And that's why, you know, your question is kind of so important.

Scilla, do you want to just pick up the specifics, in terms of how that breaks up? I don't think we share a lot more detail on that. But do you just want to say what we can?

Scilla Grimble: Sure. So just for clarity, Adam, the two million number is about the Moneysupermarket brand. So it doesn't include the numbers that I was talking about earlier, in relation to Pick Me A Tariff and the Autoswitch product on energy because that's clearly just on MSE at the moment.

And within that two million, we've disclosed today that about half of those are credit monitor users and the remaining half are more skewed towards the car monitor. But there are a few energy monitor users within that. It's not quite like-for-like. But clearly, a way, Adam, to sort of think about that, in terms of penetration, maybe is to look at the active users number that we publish. So we've been slightly COVID, you know, influenced this year. So therefore, the 11.5 there, typically, that would be at about the 13 million type level.

And then, if I may, just one build on your question, in relation to FCA and the NIC. So, you know, Pete – Peter is exactly right. And, you know, it's, by far, the majority, which is not related to price walking. Do bear in mind as well, we've talked about this before, that when prices then moves up, it is often, you know, particularly in a particular premium cycle, that people will come to the site. It sort of moves up for everybody.

So the conversion is much stronger for those people who've had some sort of personal event change or risk changing event than people who are coming to a site purely just due to sort of changes in price without any change in recycle.

Ian Gibson: So it's just to say that we have a couple more questions in the queue and I think we may close after that. So I'll let the operator introduce Giles.

Operator: Thank you. And your next question comes from the line of Giles Thorne from Jefferies. Please ask your question. Your line is now open.

Giles Thorne (Jefferies): Thank you very much. My first question is back on autoswitching.

Why not be more aggressive on marketing right now? I appreciate that there's a – you know, you presented an evolution and everything is doable within existing budgets, etc., etc. Equally, if the opportunity is massive, your proposition is strong and the capital is well spent, why not be more aggressive?

Second question is just back on M&A. You've been linked to the acquisition of Snoop and reported to have looked at it and then walked away. Are you happy to confirm that? And if you do confirm it, is this a flavour of the type of M&A that you want to do? And if it is, how are you going to resolve conflicts of interest with other B2B partners?

And then, finally, just picking up on the elephant in the room – I have no shame in asking it. With the Uswitch acquisition of confused.com or, you know, the parent company that's buying those platforms, it's a big change in market structure. What's your thoughts? Thank you.

Peter Duffy: Yeah. Great. So thanks very much, Gareth. In the sense of autoswitching, why not be more aggressive? So I think what I tried to say in the presentation today is when the customer is given a choice of how they want to begin, so either they – they basically do a third, a third, a third.

So if you look at kind of entirely handing over full responsibility to a third party to switch one energy provider to another and sort of let you know where you've been switched to, there is a group of people who want to begin to do that. But equally, there's a group of people that really want to, again, to make sure they're getting the best overall deal for them. And there's a group of people who want to do it in the traditional way. So I think there – this is something about how we actually balance that across all of the three.

I think I've just called you Gareth, Giles, which I think I'm –

Giles Thorne: You did.

Peter Duffy: – I don't quite realise that.

Giles Thorne: It's fine.

Peter Duffy: Sorry about that. Call me Steven. So, you know, I think we're going to be as aggressive as a customer wants us to be. And that's a sensible thing. I will say that we are also kind of looking at our advertising at the moment, just to make sure that we are clearly and succinctly describing our propositions.

Now, in terms of M&A linked to Snoop, well, I think you'd expect me to say I'm not going to comment kind of one way or the other. We're always going to be interested in propositions that customers seem to kind of like. But fundamentally, they've got to deliver incrementality that either one, we can't do ourselves; or two, they are really driving growth that, you know, potentially, we couldn't do ourselves organically.

It's got to make sense for us. And I'm not making comments on one or another rumour, which has been in the market there. But we just need to make sure that we're, you know, being really, really sensible about what we will consider versus, you know, what our capabilities, to begin to do ourselves.

In terms of the elephant in the room, as you described it. Yeah, I think it's really interesting, actually, because there's sort of been a change in ownership of our competitors. And we'll have to sort of see how that begins to change their focus. But it is more like a change in ownership rather than, I think, in increasing competitive intensity.

I've observed this is a very highly competed sector anyway. And of course, what you've got with one is a sort of link-up with a publishing arm where, you know, they're hoping to begin to exploit the opportunity to sell into an existing kind of customer base. With the other, you've got the creation of a more full services operation. But both, actually, are representing characteristics that you would see within our own Group – you know, with MoneySavingExpert, with the broad range of products that you have.

But fundamentally, we're not seeing an increase in the number of products launched, brands launched. I don't see that competitive intensity, at the moment, changing. It's already highly spent, as a sector. It's already highly competed, as a sector. I think, for them, the issue is like us, it's going to be all about execution.

Giles Thorne: That's great. Thank you.

Operator: Thank you. And your next – your last question comes from the line of Harry Read from Liberum. Please ask your question. Your line is open now.

Harry Read (Liberum): Hi, good morning. And thank you for taking the question.

My question is just on the cohort of customers that are signing over this autonomy to automated switches. Do you see this market as a land grab with low churn and relatively little movement between automated switches service providers? And if so, do you think that there's a certain threat with the future takeover of GoCo, now they can leverage this audience to market Autosave to? Thanks.

Peter Duffy: I've seen that – yeah, I read your report. And I think not, actually. I don't particularly agree that it's a land grab in the way that perhaps it exists in other digital sectors. So I think when it comes to customer relationship management of multiple financial products, it's all about the relationship of multiple products rather than just one in isolation. So, you know, I don't necessarily see that threat in that way.

And actually, if I look at the sector overall, I don't feel that anyone is particularly doing anything massively break-out in driving customers to actually have multiple products with them rather than the single product approach, which has sort of dominated for quite a long time.

One other thing I'd sort of say about our approach as well – and it kind of comes back to the question, which was asked earlier about providers in that, it's – you know, it's got to work for both providers and for customers. So – and the reason that becomes quite important is that if you're only competing on price, then – and you're switching customers out every single year, then providers will absolutely look at the economics associated with that model. And the size of the panel will then be a reflection of how attractive they find those economics. And then, the customer isn't necessarily getting, you know, the full range of saving opportunities that they potentially could have.

And I think if you look at what we've done with Piermont [?], I think this is why it's kind of so important. We've got multiple criteria by which customers can begin to select their best provider. If that's too complicated for you, you can ask Martin about what he thinks. And when I did that, I sort of looked at it and thought, 'Yes, I think that too.' And that all becomes, you know, much more helpful.

And that, then, means the providers can compete on service. They can compete on green. They can compete on, you know, price. Multiple variables, which I think, in time, will prove to actually deliver richer panels, in terms of choices for customers. And from that, actually, just a better outcome for customers in meeting demands and needs.

So I think our approach is quite different. And I don't see it quite to be, you know, the land grab. But perhaps it could be characterised as that.

Scilla, do you want to add anything to that?

Scilla Grimble: No. I think that covers everything. Thanks, Peter.

Harry Read: Brilliant. Thank you.

Peter Duffy: Ian, were you saying that was it or any more questions?

Ian Gibson: No more questions.

Peter Duffy: Great.

Ian Gibson: Nothing on the webcast. So I think we're good to conclude, yeah.

Peter Duffy: Well, okay. With that, thank you, everybody, for taking the time today. Thank you for sticking with us through our online presentation this morning, recorded from our home studies.

Thank you for making the time to join us in the Q&A today. And hopefully, we can continue to answer any questions you have over the coming days and weeks. But we really appreciate your time. And have a good remainder of the day. Thanks very much. Cheers. Bye-bye.

Operator: Ladies and gentlemen, that does conclude our conference for today. Thank you all for participating.