



## Chief Executive Officer's statement and business review

# We are stronger and more diversified than ever before

2017 has been another very exciting year for ZPG as we continued to help our consumers to make smarter property and household-related decisions and our partners to operate more effectively. The combination of our underlying organic growth and strategic acquisitions has made us stronger and more diversified than ever before, resulting in record revenues up 24% to £244.5 million and record Adjusted EBITDA up 25% to £96.4 million.

### Delivering on our strategy and mission

We have made significant progress towards our mission of being the platform of choice for consumers and partners engaged in property and household decisions. During the Period, we announced five acquisitions, three further strategic investments and the launch of two new national marketing campaigns.

Our audience continued to grow and remains highly engaged with a new record of 648 million visits to our websites, of which 72% were via mobile devices. We launched new national advertising campaigns for both our Zoopla and uSwitch brands. Zoopla's new campaign highlighted how we can help simplify the process of moving home, through the eyes of hermit crabs, the world's most prolific home movers. uSwitch's new marketing campaign unveiled an updated logo identity and new brand slogan – "Switching made simple". Both campaigns resulted in record levels of national brand awareness. As a result we generated a record of over 56 million leads for our more than 25,000 partners during the Period.

Alex Chesterman OBE,  
Founder & CEO




Our cross-sell strategy to both consumers and partners is working. We are engaging our consumer audience effectively and are driving thousands of incremental leads across our platforms. In March we launched our innovative MovePlanner tool on Zoopla which helps consumers manage everything move-related in one place and allows us to generate leads for conveyancing, removals, insurance, energy, broadband and more. This tool is now generating over 10,000 incremental leads per month for our Comparison partners. Zoopla is also now driving over 25% of the overall mortgage traffic to uSwitch.

We continued to attract a focused, transaction-ready audience to our uSwitch website with account sign-ups increasing by 60% to 1.9 million at the end of the Period. Consumers can now manage multiple products within their account and set reminders for contract end dates so that they never miss an opportunity to switch to a better deal. In addition, uSwitch's app won numerous awards during the Period including 'Most innovative use of mobile' and 'Best app' at the MOMA Awards and 'Best use of mobile' at the DADI Awards.

The cross-sell opportunity to our Property partners has been significantly enhanced through the acquisitions of TechnicWeb, Hometrack, ExpertAgent and Ravensworth. We are now able to offer best-in-class portal, software, websites, data and print services to our partners. Our MoveIT platform generated over £1 million in referrals fees for our partners and has become a net revenue generator for a number of agents who are able to earn an additional £1,000+ per transaction by offering additional relevant services to consumers including conveyancing, mortgages and energy switching. As at the end of the Period the average number of products per partner was up 27% to 1.4.

To reflect the evolution of the business, following the recent acquisitions ZPG will update its divisional key performance indicators ('KPIs') from FY2018 onwards. In Property, the Company will report revenue by Marketing, Software and Data and its total number of unique Property partners and average revenue per partner (ARPP) across the division.

In Comparison, the Company will report revenue by Energy, Communications and Finance and its total number of Comparison leads and average revenue per lead (ARPL) across the division. Full details of the like for like performance under the new methodology (including acquisitions in both periods) can be found on page 40.

 Read more about our strategic priorities on page 18

### Acquisitions and partnerships

We completed four acquisitions during the Period and one following the end of the Period, enhancing our product propositions and cross-sell opportunities to both our consumers and partners.

**November 2016: TechnicWeb** is one of the UK's leading estate agency website design and hosting businesses. This acquisition has now been integrated into our wider business and gives our partners the ability to instantly refresh their online presence with a choice of different fully mobile-optimised website designs.

**January 2017: Hometrack** is the UK's leading provider of residential property market insights and analytics. This acquisition has helped us to further differentiate our products for both consumers and partners and has also introduced a new set of partners to ZPG including 18 of the top 25 mortgage lenders in the UK.


**March 2017: ExpertAgent** is a leading property software provider that provides essential systems for the day-to-day management of estate agent businesses. By integrating with existing ZPG products we are able to ensure all of our partners benefit from a choice of platforms suitable to their requirements.

**September 2017: Ravensworth** is the leading provider of integrated print solutions to over 4,500 UK estate agent branches. This deal further enhances ZPG's comprehensive product offering for its Property partners which now includes portal, software, websites, on-demand print and data services.

**October 2017 (following the end of the Period): Money** is one of the UK's leading finance comparison websites, helping consumers to compare thousands of deals in more than 60 product categories including mortgages, loans, credit cards, bank accounts and insurance.

We also made further strategic investments in **Neos**; the UK's first home insurance provider that provides the latest connected home technology and **Zero Deposit**; an exciting new insurance product that replaces the need for tenants to place a security deposit at the beginning of a tenancy. Additionally we took an equity stake in **PropertyFinder Group**, a Dubai-based business which owns the leading property portals across the Middle East and North Africa.

These new acquisitions and strategic partnerships help to further differentiate our products and services.

 Read more about our approach to M&A and partnerships on page 12

### Property

Revenues in our Property division increased by 41% to £122.3 million for the Period, driven by strong demand for our additional upsell products, further migration of our software partners to cloud-based products and a continuation of returning portal partners. This figure includes a full 12 months of trading from Property Software Group, which was acquired on 28 April 2016, as well as the post-acquisition trading of TechnicWeb, Hometrack, ExpertAgent and Ravensworth which were acquired during the Period. On a like for like basis (including acquisitions in both periods) Property revenue increased by 9%.

We saw the total number of unique Property partners increase by 12% to 24,962 at the end of the Period. This figure has been restated to align portal and software partner count under the same methodology as previously announced at the half year<sup>1</sup>. The number of UK Agents advertising across our Property platform increased by 6% to 14,775 and our inventory grew by 5% to over 969k listings at the end of the Period.

### Property continued

ARPP increased by 5% to £358 due to strong demand for premium portal products, the continued migration of software partners to cloud-based products and the inclusion of acquisitions.

The combination of strong organic growth and the integration of acquisitions enables ZPG to provide the UK's most comprehensive product offering to its Property partners including best-in-class portals, software, websites, data and print services to help our partners market, manage and maximise their business opportunities. Traffic to our Property platform has continued to grow to over 48 million visits per month, up 6% year-on-year (YoY), delivering over 22 million leads to our Property partners over the Period, with appraisal leads up 33% YoY.

We have substantially enhanced the breadth of our Property Marketing proposition to include the provision of cloud-based websites via TechnicWeb (acquired 1 December 2016) and on-demand print services solutions via Ravensworth (acquired 1 September 2017).

Our Property Software business is performing well with the continued migration of partners from desktop to cloud-based products, growing from 39% at the end of September 2016 to 46% at the end of September 2017. On 28 February 2017, we acquired ExpertAgent, one of the UK's leading cloud-based software providers, further enhancing our stable of software products and enabling us to offer even more partners the ability to generate additional revenues through the integration of our MoveIT and PropertyFile products into the ExpertAgent platform.

The acquisition of Hometrack, the UK's leading provider of residential property market insights, on 31 January 2017, formed the cornerstone of our Property Data business. Since the acquisition, Hometrack has signed new deals with TSB and Bank of Ireland and extended its relationship with HSBC, and now serves 18 of the top 25 mortgage lenders in the UK. We have also made good progress on the integration of Hometrack's valuation data into the overall business with the coverage of Zoopla's house price estimates increasing to over 80% of UK households.



### Comparison

We experienced strong levels of switching across all Comparison verticals, helping our consumers to save over £400 million off their household bills during the Period. Revenues in our Comparison division increased 10% to £122.2 million and we generated 34.3 million leads for our Comparison partners during the Period, up 13% YoY. ARPL decreased by 3% to £3.57 reflecting a shift in product mix within the Communications vertical.

As a backdrop to this year, we saw exceptionally strong switching volumes in both the Energy and Communications verticals in 2016 from our market-leading collective switches, energy supplier price cuts and strong competition amongst communications suppliers.

**“I would like to welcome the teams from TechnicWeb, Hometrack, ExpertAgent, Ravensworth and Money to the ZPG family and thank the entire team for their continued commitment to our mission.”**

<sup>1</sup> The total number of unique Property partners has been restated to exclude 788 legacy software customers of Property Software Group who are not paying for an active support contract and to include Zoopla Advertising and Data partners.




The Energy vertical particularly benefited from returning switchers on fixed-term deals and supplier price rises, enabling us to reach a new milestone of over one million energy switches in a 12 month period.

Our Communications vertical performed in line with expectations. Mobile switching was boosted by increased competition amongst suppliers and ongoing optimisation of the consumer experience driving greater lead generation and broadband switching benefited from strong consumer demand whilst fully absorbing the changes to the advertising standards which came into effect at the beginning of the year. We continued to develop our Finance offering and significantly enhanced our proposition with the acquisition of Money after the end of the Period.

In September 2017, the CMA published its final report as part of its market study into Digital Comparison Tools (DCTs) which highlighted how comparison services are putting power into the hands of the consumer and driving increased competition, highlighting the ongoing regulatory support for the role of DCTs.

### Our talent

We grew our team by 20% over the Period from 735 to 882 staff members as a result of both organic growth and strategic acquisitions. We remain passionate about being a market-leading employer and providing a world-class environment and continue to place significant emphasis on employee engagement and wellbeing by investing in market-leading benefits. Our London headquarters was recently named "One of the coolest offices in Britain" by Glassdoor.

 Read more about how we put people at the heart of ZPG on page 42

### Looking ahead

We are very excited by both the underlying growth and unique cross-sell opportunities we have created in each division as we continue our mission of being the platform of choice for consumers and partners engaged in property and household decisions. We will continue to invest in the business for the long term and look forward to launching more innovative products and services in the year ahead.

I would like to welcome all those who have joined the ZPG family this year and thank the entire team for their continued commitment.

**Alex Chesterman OBE**  
Founder & CEO

# Q&A

## Q: How do you target and identify strategic opportunities?

**A:** We continue to be one of the fastest growing tech businesses in the UK organically. However, we have also supplemented that growth via targeted M&A and strategic partnerships. We look to identify businesses that fit clearly within our strategy and can help accelerate our growth and market position or improve our product proposition. We are very ambitious and there is a lot we want to do and M&A and strategic partnerships have played an important role in our growth story and strategy to date. See page 12 for more on our M&A.

## Q: Are you pleased with how the rollout of the Movelt tool is going?

**A:** Absolutely, but we're really only just getting started. Movelt has been designed to help provide new revenue streams to our partners and boost their bottom lines. It is a real win for consumers who now get access via their agent to recommended services and providers and for partners who can build their own supplier panels to offer far more to their customers, from conveyancing and removals to financial services products and utilities.

## Q: With almost 1,000 staff in multiple locations, how do you keep everyone up to date?

**A:** Making sure we have regular and effective internal communications is a critical part of ensuring employees are engaged and have the tools they need to do their job. We have a dedicated Employee Engagement Manager whose role is to lead on our engagement and internal communications strategy. We also hold regular divisional and full Company meetings and events to provide the latest updates on business performance, industry news and strategy.