

Chairman's statement

## Another transformative year for ZPG

The past year has been another transformative one for ZPG and, on behalf of the Board, I am pleased to present the Company's results for the year ended 30 September 2017.

Mike Evans,  
Chairman



### Dear Shareholders

We have expanded considerably over the past 12 months as a result of strong underlying growth and the announcement of five new acquisitions and two new strategic partnerships.

We saw strong performance in our Property division, driven by a continuation of returning portal partners, strong demand for our upsell products and further migration of our software partners to cloud-based products. Our Comparison division also traded well, reaching a new milestone of over 1 million energy switches in a 12 month period and saving consumers over £400 million off their household bills over that period.

### Financial performance

Total revenue increased by 24% to £244.5 million driven by a strong underlying performance across both divisions together with the inclusion of acquisitions during the Period.

Statutory profit for the year was up 2% to £37.4 million after the impact of increased exceptional costs, amortisation of intangible assets arising from acquisitions and share-based payments. Statutory basic EPS marginally decreased at 8.8 pence as a result of a 5% equity placing of ZPG's ordinary issued share capital in January to help fund strategic acquisitions.

The Board uses a combination of both statutory and adjusted performance measures when reviewing the performance of the business. The adjusted performance measures, including adjusted EBITDA and adjusted basic EPS, provide additional information in line with how financial performance is measured by Management and reported to the Board. Both of these measures are also used in determining the remuneration of the Executive Directors and Management and are used by the Company's external debt providers to assess performance against covenants and determine the interest charge. Adjusted EBITDA increased by 25% to £96.4 million (2016: £77.1 million), and adjusted EPS increased by 20% to 15.2 pence (2016: 12.7 pence).

During the year we increased our overall credit facilities by £125 million including updated leverage covenants in order to help fund our acquisitions. ZPG remains highly cash generative and as at 30 September 2017 the Company's net debt position was £191.5 million (2016: £146.3 million).

### Acquisitions

We continued our strong track record of successful M&A activity to help deliver our mission:

- In November 2016, we acquired TechnicWeb, one of the UK's leading estate agency website design and hosting businesses.
- In January 2017, we acquired Hometrack, the UK's leading provider of residential property market insights and analytics.
- In March 2017, we acquired ExpertAgent, one of the UK's leading cloud-based estate agent software solutions.
- In September 2017, we acquired Ravensworth, the UK's leading provider of on-demand print and creative marketing services to UK estate and letting agents.
- On 1 October 2017, following the end of the Period, we acquired Money, one of the UK's leading financial services comparison websites.

**“It has been an exceptionally busy and exciting year for us. Looking ahead, we will continue to focus on the execution of our key strategies and to drive shareholder value.”**

These acquisitions are all part of the Company's continuing mission to be the platform of choice for consumers and partners engaged in property and household decisions. They also further increase the number of partners that we work with and enhance the Company's comprehensive product offering for both our consumers and partners.

### Dividend

The Company's dividend policy is to pay between 35% and 45% of profit after tax in dividends to shareholders. In line with our dividend policy, the Board has proposed a final dividend of 3.8 pence per share to be paid in respect of the year ended 30 September 2017.

Subject to shareholder approval at the 2018 Annual General Meeting (AGM), this will be paid on 8 February 2018 to all shareholders on the share register as at 8 December 2017. An interim dividend of 1.9 pence per share (2016: 1.5 pence per share) was paid in June 2017. Therefore, the total dividend for the year ended 30 September 2017 will be 5.7 pence per share (2016: 5.2 pence per share), which represents a 40.4% pay-out ratio.

### Governance

There is an appropriate balance of skills, experience, independence and knowledge of ZPG within the Board. This means that the Board is able to discharge its duties and responsibilities effectively and can direct and lead the strategic direction of the Company. The Board is committed to compliance with the UK Corporate Governance Code and full details of the work of the Board and its Committees during the year are set out in the Corporate Governance Report.

### Board update

During the year, the Board reassessed Grenville Turner's independence and it was agreed that since Grenville stepped down as the Chairman of Countrywide Plc, a customer and previously a major shareholder in ZPG, in April 2016 and since Countrywide ceased to be a shareholder of the Company from September 2016 onwards, Grenville would be considered independent for the purposes of the UK Corporate Governance Code from the conclusion of the Board meeting in July 2017 onwards. Further details of the Board's determination of Grenville's independence are set out on page 52. Therefore, at least half of the Board now comprises Non-Executive Directors determined by the Board to be independent. Biographies of all members of the Board appear on pages 50 and 51.

In January 2017, Stephen Daintith stepped down as a Non-Executive Director nominated by DMGT pursuant to its relationship agreement with the Company, entered into at the time of the Company's initial public offering. James Welsh was nominated by DMGT to replace Stephen. James acts as an observer on the Audit Committee and the Remuneration Committee. On behalf of the Board, I would like to thank Stephen for his hard work and significant contributions to the Company and welcome James to the Board.

### Capital structure

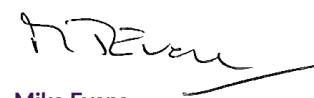
In February 2017, 20,897,684 new Ordinary shares in the Company were placed at a price of 365 pence per share to help fund M&A activity. The placing was heavily oversubscribed and has helped to increase the breadth of our institutional ownership. The Company currently holds 135,317 shares in treasury.

DMGZ Limited remains the largest single shareholder in the Company with a holding of 29.8%. Alex Chesterman, Founder & Chief Executive Officer, holds 0.97%. The number of shares held by institutional shareholders has increased from 64.3% to 68.8% over the past 12 months. The Company continues to build up a register of respected institutional shareholders.

### Annual General Meeting

The Company's next AGM will be held on 30 January 2018. The resolutions at the AGM will be conducted on a poll, as we believe that this method is the most inclusive, enabling the views of the widest number of shareholders to be taken into consideration. The AGM is a great opportunity to meet the Board and I would like to encourage our shareholders to attend. I will be at the AGM, along with the other members of the Board, and look forward to seeing some of you there.

It has been an exceptionally busy and exciting year for us. Looking ahead, we will continue to focus on the execution of our key strategies and to drive shareholder value. On behalf of the Board, I would like to thank everyone in the Company for their contribution and commitment over this past year.



**Mike Evans**  
Chairman