

Delivering on our key strategic objectives

In order to deliver on its mission the Group is focused on four key strategic objectives.



STRATEGIC PROGRESS:



CONTINUOUS INNOVATION OF THE CONSUMER EXPERIENCE

As the consumer champion at the heart of the home, we constantly improve our user journeys to empower consumers to make the smartest decisions when finding, moving and managing their home.

Our strategic progress in 2016

- Launched new innovative Running Costs tool
- Strategic partnerships and investments announced with the UK's most promising PropTech start-ups
- Expanded financial services comparison offering
- Enhanced local area information

Our performance in 2016

- Record traffic of over 50 million visits per month
- Saved consumers over £320 million off their energy bills alone



MOST EFFECTIVE SERVICE AND BEST PARTNER VALUE

We offer a one-stop shop for professionals. Our products and services help home related professionals market their inventory, manage their business and maximise their revenue opportunities.

Our strategic progress in 2016

- Acquisition of Property Software Group
- ZooplaPro integrated into Property Software Group's software platform
- New revenue opportunities for partners via MoveIT, including integration of uSwitch energy
- Further development of uSwitch's energy insights tool

Our performance in 2016

- Record appraisal leads and comparison leads
- Extensive market coverage of property professionals and home services providers



MAXIMISE PRODUCT/DATA OPPORTUNITIES AND GROUP SYNERGIES

Our multi-brand, multi-channel approach presents a unique opportunity to create integrated products and address consumer and partner needs throughout the entire property lifecycle.

Our strategic progress in 2016

- Consolidation of technology infrastructure
- Alignment of HR, finance and legal functions across the Group
- Knowledge sharing across both divisions
- Moved into a new office bringing both divisions together under one roof for the first time

Our performance in 2016

- Significant revenue & Adjusted EBITDA growth of 84% and 58% respectively
- Adjusted basic EPS growth of 51%



ATTRACTING WORLD-CLASS TALENT TO THE ZPG TEAM

We attract, retain and develop the best talent by leading innovation across the industry, offering market-leading benefits combined with ongoing learning and professional development.

Our strategic progress in 2016

- Aligned rewards and benefits across the Group
- Technology employee brand development
- Launched a flexible toolkit of resources to meet the needs of agile working
- Learning and Development programme formalised across the Group

Our performance in 2016

- Employee Net Promoter Score (NPS) chosen as key performance metric
- Increased take-up of Learning & Development

Adapting to the market

Property portals and comparison websites have transformed the way consumers and professionals interact.

Significant cross-sell opportunities



CONSUMERS

Consumers benefit from being able to access near whole of market data with real-time alerts to remain up to date and make better informed decisions.

Championing consumers throughout the entire property lifecycle

Every participant in the market is always in one of the three stages of the property lifecycle – either **finding**, **moving** or **managing** their home. Our vision to be the consumer champion at the heart of the home creates a unique opportunity to assist each and every one of the 28 million households in the UK throughout their property journey, by providing them with the most relevant data, insight and services available from our home related partners.



PARTNERS

Professionals benefit from being able to efficiently reach an engaged and transaction-ready audience to run their businesses more effectively and generate more revenues.

Enabling home related professionals to deliver the best service

In order to deliver the best experience for the consumer, home related professionals also need help when **marketing** their products and services, **managing** their business and **maximising** their revenue opportunities.



FIND



MOVE



MANAGE

Consumer need

Over 90% of all property searches start online with consumers becoming increasingly mobile savvy and data hungry.

Over 3 million property transactions take place in the UK each year and the moving event is often cited as one of the most stressful events in life with complicated housing chains.

The majority of the households in the UK are managing and maintaining their homes with multiple supplier relationships per household.

ZPG solution

u Running costs & home services comparison

u Move planner & Move centre

u ManageMyHome & Home savings clubs



MANAGE



MARKET



MAXIMISE

Partner challenge

Professionals' margins are under pressure from new market entrants such as hybrid agents and start-up home services suppliers which are offering increasingly flexible pricing models and attractive deals.

It is crucial that professionals' brands are front and centre when consumers are looking to evaluate their home services and enter the next stage of the property lifecycle using a property portal or comparison website.

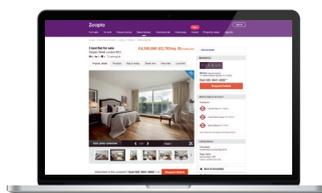
Research shows that consumers are eight times more likely to switch their energy and broadband provider during the move stage than any other stage.

ZPG solution

u Property Software Group brands

u Zoopla, PrimeLocation, AdReach

u uSwitch, MoveIt



Operating in markets with significant structural growth drivers

The property lifecycle is constantly evolving and the adoption of new technology is transforming the way consumers and professionals interact, driving structural growth across both the property and comparison end markets.

PROPERTY SERVICES



The majority of ZPG's **Property Services** revenues are generated from its Property partners: agents and new homes developers. The Property Services market drivers can be classified as follows:

- Property advertising spend: £450m+**
 There is significant headroom in the online property portal market, as property professionals currently direct just 55% of their marketing spend online despite over 90% of property searches starting online. In addition, the overall amount spent on marketing is expected to grow as the volume of UK residential transactions continues to recover towards pre-crisis levels – volumes are currently running around 30% below the long-term historic average.
- Property software spend: £100m+**
 The property software market is structurally growing as a result of the industry migration from desktop to cloud-based software (SaaS) products.
- Additional product spend: £100m+**
 In addition to core marketing and software products and services, we are able to offer additional products such as custom-built websites and paid search tools to our partners.

COMPARISON SERVICES



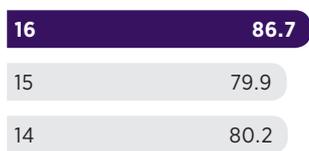
The majority of ZPG's **Comparison Services** revenues are generated from its Comparison partners: energy suppliers, communications providers and financial services companies. Consumer engagement and the penetration of comparison website switching varies across each of the three main verticals:

- Energy: £100m+**
 Despite a potential average saving of over £300 per annum per household, over half of UK households have still not taken advantage of the opportunity to switch and save. The Energy vertical benefits from a supportive regulatory environment and the adoption of fixed-term contracts is creating a formal prompt for repeat switching.
- Communications: £100m+**
 Communications includes broadband, TV, home phone and mobile and encourages increased switching.
- Financial Services: £650m+**
 Financial Services can be divided into two broad areas: banking (credit cards, loans, mortgages, current accounts and credit reports) and insurance (motor, home, life and health insurance). Switching rates vary by product but the category includes car insurance, the most mature switching vertical in the UK.

Revenue £m

£86.7m

+9%



50%+

PARTNER PRODUCT CROSS-SELL OPPORTUNITY

30%+

UPSIDE IN PROPERTY TRANSACTION VOLUMES

60%+

BLENDED ARPP GROWTH POTENTIAL

But we're playing for a much bigger prize

PROFESSIONAL AND DATA SERVICES

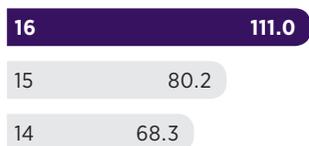


In addition to its two principal revenue-generating divisions, ZPG has a nascent position in Professional Services and Data Services which it seeks to build out as part of its vision to enhance consumer experience and increase partner value.

Revenue¹ £m

£111.0m

+38%



25pp+

UPSIDE TO ANNUAL ENERGY SWITCHING RATE

26pp+

UPSIDE TO ANNUAL COMMUNICATIONS SWITCHING RATE

50%+

UPSIDE IN PCW ADOPTION

Total market opportunity

By helping consumers through the online property lifecycle by finding, moving and managing their home, the Group has a total market opportunity of £3bn+.



¹ Figures for 2014 and 2015 are provided on a proforma basis in order to give a meaningful comparative.

PARTNER – PROPERTY SERVICES

PETER KEYLOCK, MANAGING DIRECTOR, JEFFRIES GROUP

Adding value to our Property partners

Sales and lettings agency, The Jeffries Group – which operates nine branches across Portsmouth and Hampshire – has been putting technology at the centre of its business for the last 20 years.

Managing Director, Peter Keylock describes ZPG-owned Property Software Group and MoveIT as ‘game-changers’ in the process.

“As an agent, Jupix – the property management software – has enabled us to offer our customers a unique service and literally change the way we do business. So, when we learned about ZPG acquiring Jupix’s parent company, Property Software Group we totally understood the rationale.

“The introduction of the MoveIT interface on Property Software Group also means we can offer our home movers a whole package – a comparison-based quoting facility for everything from solicitors to energy switching. This has made for some really happy customers, which has been evident in the glowing testimonials they leave us.

There are financial rewards too, says Peter. “MoveIT generates a decent income for us. This month, we’ve banked £9,000 in conveyancing referrals at a reasonable referral fee level. At the same time, Jupix allows us to make big savings and means we can provide genuine help and support to our customers – it’s a win-win.”



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£9,000+

ONE MONTH’S REVENUE FROM MOVEIT



23m

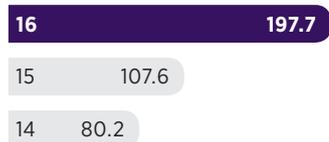
LEADS GENERATED FOR PROPERTY PARTNERS DURING THE YEAR



GROUP KPIs

Revenue¹ £m

£197.7m
+84%



Performance

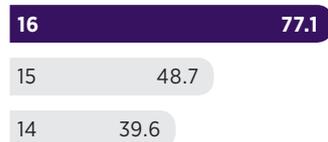
Revenue increased by 84% driven by strong performance across both divisions and the inclusion of 12 months of trading in the Comparison Services division and five months of trading from the Property Software Group.

Link to strategy



Adjusted EBITDA² £m

£77.1m
+58%



Performance

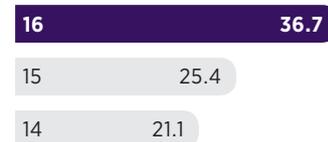
Adjusted EBITDA increased by 58% whilst Group margins reduced to 39% due to the mix effect from incorporating a full year's trading from the Comparison Services division and five months of trading from Property Software Group.

Link to strategy



Profit for the year £m

£36.7m
+44%



Performance

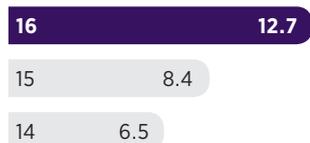
The Group turned revenue growth into profit growth with a 44% increase in statutory profit to £36.7 million.

Link to strategy



Adjusted basic EPS³ p

12.7p
+51%



Performance

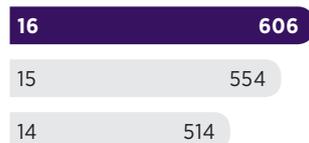
Adjusted basic EPS, which strips out the impact of exceptional items and amortisation of intangible assets arising on acquisitions, increased by 51% to 12.7 pence. Statutory basic EPS also grew by 44% to 8.9 pence.

Link to strategy



Group visits⁴ m

606m
+9%



Performance

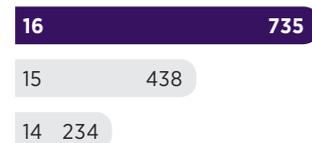
Strong traffic with over 600 million visits to the Group's websites and mobile apps, of which over 68% were via mobile devices.

Link to strategy



FTEs⁵

735
+59%



Performance

Number of full-time equivalent employees increased to 735 as a result of the Group's investment in talent and acquisitions.

Link to strategy



Link to strategy

-  Consumer experience
-  Partner value
-  Group synergies
-  ZPG team

PROPERTY SERVICES KPIs

Revenue⁶ £m

£86.7m

+9%



Performance

Revenues in our Property Services division were £86.7 million for the year and our audience remains highly engaged with over 45 million visits per month to our property platform.

[Link to strategy](#)



Adjusted EBITDA⁷ £m

£38.5m

-6%



Performance

Property Services Adjusted EBITDA decreased slightly to £38.5 million, reflecting the Group's additional strategic investment in product and marketing in H2 2016.

[Link to strategy](#)



COMPARISON SERVICES KPIs

Revenue¹⁰ £m

£111.0m

+301%



Performance

The Comparison Services division outperformed expectations this year with consumer adoption of comparison websites continuing to grow as the benefits of switching become increasingly clear.

[Link to strategy](#)



Adjusted EBITDA¹¹ £m

£38.6m

+395%



Performance

The Comparison Services division generated £38.6 million of Adjusted EBITDA, at an increased margin of 35%, as a result of the outperformance in the higher margin Energy vertical.

[Link to strategy](#)



[Link to strategy](#)

- Consumer experience
- Partner value
- Group synergies
- ZPG team

Number of Property partners⁸

17,472
+6%



Performance

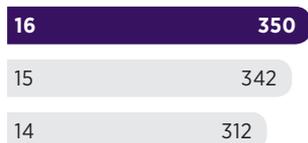
The total number of Property partners advertising with the Group increased by 6% over the past year to 17,472 at the end of the year, with UK Agency partners up 5% Year on year to 13,373.

Link to strategy



Average revenue per advertiser⁹ £

£350
+2%



Performance

ARPA increased across every vertical as the Group's Property partners continued to advertise their brands and market their inventory on our platform.

Link to strategy



Measure

- 1 Revenue comprises revenue generated from the Property Services division and the Comparison Services division.
- 2 Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items.
- 3 Adjusted basic EPS is calculated as Profit for the year excluding exceptional items and the amortisation of intangible assets arising on acquisitions, adjusted for tax and divided by the weighted average number of shares in issue for the year.
- 4 Visits comprise individual sessions on the Group's websites or mobile applications by users for the year as measured by Google Analytics.
- 5 FTEs is defined as the average number of full time equivalent employees across the Group.
- 6 Property Services revenue represents revenue generated from the Property Services division, which includes UK Agency revenue, New Homes revenue and Other revenue (Overseas, Commercial, advertising and data services) and five months trading from Property Software Group.
- 7 Property Services Adjusted EBITDA represents Adjusted EBITDA, as defined above, for the Group's Property Services division.
- 8 Property partners represent the total number of UK estate and lettings agency branches, new home developers, overseas and commercial agency branches paying subscription fees to advertise their listings on the Group's property portals at the end of the year.
- 9 ARPA (Average Revenue Per Advertiser) represents revenue from property portal advertising services from the Group's Property partners in a given month divided by the total number of Property partners during the month, measured as a monthly average over the year.
- 10 Comparison Services revenue represents revenue generated from the Group's Comparison Services division, which includes Energy revenue, Communications revenue and Other revenue (financial services switching, boiler cover, business energy and data insight).
- 11 Comparison Services Adjusted EBITDA represents Adjusted EBITDA, as defined above, for the Group's Comparison Services division.
- 12 The Group measures Comparison Services leads at the point when a consumer completes an application form hosted on the Group's website or at the point in time when the customer leaves the Group's website having clicked through to a third party website.
- 13 ARPL (Average Revenue Per Lead) is the revenue from energy switching, communications switching, financial services switching, boiler cover, business energy and data insight divided by the total number of Comparison Services leads during the month, measured as a monthly average over the year.

Number of leads¹² m

30.3m
+22%



Performance

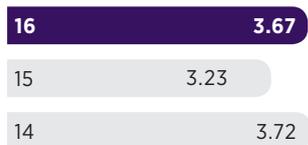
The number of Comparison Services leads generated during the year increased by 22% to 30.3 million, compared to the same period in the prior year.

Link to strategy



Average revenue per lead¹³ £

£3.67
+14%



Performance

The increase in ARPL to £3.67, compared to £3.23 for the same period in the prior year, was driven by the significant outperformance in the Energy vertical.

Link to strategy

