

ANGI Homeservices
Q1 2019 Earnings
Supplemental Financial Information and Operating Metrics

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ANGI Homeservices
Financial Results and Reconciliations

(*\$ in millions; rounding differences may occur*)

	2017	2018					2019				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Revenue											
North America	\$ 678.9	\$ 236.0	\$ 277.5	\$ 286.6	\$ 262.0	\$ 1,062.2	\$ 282.0				
Europe	57.5	19.3	17.3	16.5	16.9	70.1	21.4				
Total Revenue	<u>\$ 736.4</u>	<u>\$ 255.3</u>	<u>\$ 294.8</u>	<u>\$ 303.1</u>	<u>\$ 279.0</u>	<u>\$ 1,132.2</u>	<u>\$ 303.4</u>				
Operating (loss) income											
North America (a) (b) (c) (d)	\$ (128.5)	\$ (5.4)	\$ 26.1	\$ 36.1	\$ 21.2	\$ 78.1	\$ 0.7				
Europe	(19.4)	(5.4)	(2.8)	(2.6)	(3.4)	(14.2)	(4.4)				
Total operating (loss) income	<u>\$ (147.9)</u>	<u>\$ (10.8)</u>	<u>\$ 23.3</u>	<u>\$ 33.5</u>	<u>\$ 17.9</u>	<u>\$ 63.9</u>	<u>\$ (3.6)</u>				
Stock-based compensation expense											
North America (a) (b) (d)	\$ (147.6)	\$ (24.6)	\$ (21.8)	\$ (22.3)	\$ (27.4)	\$ (96.1)	\$ (19.1)				
Europe	(1.7)	(0.3)	(0.2)	(0.2)	(0.2)	(1.0)	(0.2)				
Total stock-based compensation expense	<u>\$ (149.2)</u>	<u>\$ (24.9)</u>	<u>\$ (22.1)</u>	<u>\$ (22.5)</u>	<u>\$ (27.6)</u>	<u>\$ (97.1)</u>	<u>\$ (19.3)</u>				
Depreciation											
North America	\$ (13.2)	\$ (5.6)	\$ (5.4)	\$ (5.6)	\$ (5.4)	\$ (21.9)	\$ (6.2)				
Europe	(1.3)	(0.6)	(0.5)	(0.5)	(0.7)	(2.4)	(0.8)				
Total depreciation	<u>\$ (14.5)</u>	<u>\$ (6.2)</u>	<u>\$ (5.9)</u>	<u>\$ (6.1)</u>	<u>\$ (6.1)</u>	<u>\$ (24.3)</u>	<u>\$ (7.0)</u>				
Amortization of intangibles											
North America	\$ (17.8)	\$ (14.8)	\$ (14.8)	\$ (14.7)	\$ (13.6)	\$ (57.9)	\$ (13.7)				
Europe	(5.4)	(1.5)	(1.0)	(0.9)	(0.9)	(4.3)	(0.9)				
Total amortization of intangibles	<u>\$ (23.3)</u>	<u>\$ (16.3)</u>	<u>\$ (15.8)</u>	<u>\$ (15.6)</u>	<u>\$ (14.5)</u>	<u>\$ (62.2)</u>	<u>\$ (14.5)</u>				
Adjusted EBITDA (e)											
North America (a) (b) (c) (d)	\$ 50.2	\$ 39.6	\$ 68.1	\$ 78.6	\$ 67.7	\$ 254.0	\$ 39.7				
Europe	(11.0)	(3.0)	(1.1)	(0.9)	(1.5)	(6.5)	(2.5)				
Total Adjusted EBITDA	<u>\$ 39.2</u>	<u>\$ 36.6</u>	<u>\$ 67.0</u>	<u>\$ 77.7</u>	<u>\$ 66.2</u>	<u>\$ 247.5</u>	<u>\$ 37.2</u>				

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Financial Results and Reconciliations

(\$ in millions; rounding differences may occur)

	2017	2018					2019				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders	\$ (103.1)	\$ (8.9)	\$ 22.9	\$ 26.6	\$ 36.7	\$ 77.3	\$ 10.0				
Add back:											
Net (loss) earnings attributable to noncontrolling interests	(1.4)	(0.2)	0.1	0.2	0.1	0.2	(0.1)				
Income tax (benefit) provision	(49.1)	(4.0)	(1.8)	5.1	(6.9)	(7.5)	(14.2)				
Other (income) expense, net	(2.0)	(0.4)	(1.1)	(1.6)	(14.9)	(17.9)	(2.3)				
Interest expense—related party	6.0	-	-	-	-	0.1	-				
Interest expense—third party	1.8	2.7	3.0	3.1	2.8	11.6	3.0				
Operating (loss) income	<u>(147.9)</u>	<u>(10.8)</u>	<u>23.3</u>	<u>33.5</u>	<u>17.9</u>	<u>63.9</u>	<u>(3.6)</u>				
Stock-based compensation expense	149.2	24.9	22.1	22.5	27.6	97.1	19.3				
Depreciation	14.5	6.2	5.9	6.1	6.1	24.3	7.0				
Amortization of intangibles	23.3	16.3	15.8	15.6	14.5	62.2	14.5				
Adjusted EBITDA	<u>\$ 39.2</u>	<u>\$ 36.6</u>	<u>\$ 67.0</u>	<u>\$ 77.7</u>	<u>\$ 66.2</u>	<u>\$ 247.5</u>	<u>\$ 37.2</u>				
GAAP diluted weighted average shares outstanding	430.6	478.3	508.8	520.8	519.4	513.6	523.1				
GAAP diluted (loss) earnings per share (f)	<u>\$ (0.24)</u>	<u>\$ (0.02)</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>	<u>\$ 0.02</u>				

- (a) FYE 2017 operating loss of \$147.9 million reflects: (i) \$122.0 million in stock-based compensation expense related primarily to: (A) a modification charge arising from the conversion of vested HomeAdvisor equity awards into ANGI Homeservices equity awards in connection with the completion of the combination of HomeAdvisor and Angie's List on September 29, 2017 (the "Combination") and (B) expense related to the acceleration of converted ANGI Homeservices equity awards held by Angie's List employees upon the termination of their employment in connection with the Combination and (ii) \$48.0 million in costs related to the Combination (including \$7.6 million of deferred revenue write-offs).
- (b) Q1 2018, Q2 2018, Q3 2018 and Q4 2018 operating (loss) income of \$(10.8) million, \$23.3 million, \$33.5 million and \$17.9 million, respectively, includes \$19.1 million, \$16.7 million, \$16.0 million and \$18.8 million, respectively, in stock-based compensation expense related primarily to: (i) a modification charge related to previously issued and unvested HomeAdvisor equity awards and the expense related to the conversion of previously issued and unvested Angie's List equity awards, both in connection with the Combination, and (ii) expense related to the acceleration of converted ANGI Homeservices equity awards held by Angie's List employees upon the termination of their employment in connection with the Combination, as well as \$5.3 million, \$2.6 million, \$1.0 million and \$0.1 million, respectively, in costs related to the Combination (including \$2.8 million, \$1.8 million, \$0.7 million and \$0.1 million, respectively, of deferred revenue write-offs).
- (c) Operating (loss) income and Adjusted EBITDA FYE 2017 will not agree to the IAC financial segment information on a standalone basis due to a \$1.3 million accrual that was recorded retrospectively in Q3 2016 as the standalone HomeAdvisor combined financial statements were prepared. This accrual was recorded in IAC's consolidated financial statements in Q2 2017.
- (d) Q3 2018 and Q4 2018 operating income of \$33.5 million and \$17.9 million, respectively, includes \$1.3 million and \$2.4 million, respectively, in transaction-related items (including \$0.4 million of deferred revenue write-offs in Q4 2018) in connection with the acquisition of Handy on October 19, 2018. Q4 2018 was further impacted by \$1.9 million in stock-based compensation expense.
- (e) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of amortization of intangible assets and impairments of goodwill and intangible assets, if applicable. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature. Adjusted EBITDA has certain limitations because it excludes the impact of these expenses.
- (f) Quarterly per share amounts may not add to the related annual per share amount due to differences in the average common shares outstanding during each period.

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(rounding differences may occur)

	2017	2018					2019				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
ANGI Homeservices											
<i>Revenue (\$ in millions)</i>											
As Reported											
Marketplace (a)	\$ 581.4	\$ 165.6	\$ 204.7	\$ 213.0	\$ 191.1	\$ 774.5	\$ 219.9				
Advertising & Other (b)	97.5	70.4	72.8	73.5	70.9	287.7	62.1				
Total North America	\$ 678.9	\$ 236.0	\$ 277.5	\$ 286.6	\$ 262.0	\$ 1,062.2	\$ 282.0				
Europe	57.5	19.3	17.3	16.5	16.9	70.1	21.4				
Total ANGI Homeservices revenue	\$ 736.4	\$ 255.3	\$ 294.8	\$ 303.1	\$ 279.0	\$ 1,132.2	\$ 303.4				
Pro Forma (c)											
Marketplace (a)	\$ 581.4	\$ 165.6	\$ 204.7	\$ 213.0	\$ 191.5	\$ 774.9	\$ 219.9				
Advertising & Other (b)	293.8	64.8	64.5	64.1	62.8	256.2	62.1				
Total North America	\$ 875.2	\$ 230.4	\$ 269.3	\$ 277.1	\$ 254.3	\$ 1,031.1	\$ 282.0				
Europe	57.5	19.3	17.3	16.5	16.9	70.1	21.4				
Total ANGI Homeservices revenue	\$ 932.7	\$ 249.7	\$ 286.6	\$ 293.7	\$ 271.3	\$ 1,101.1	\$ 303.4				
Other ANGI Homeservices Metrics											
Marketplace Service Requests (in thousands) (a) (d)	18,129	5,031	6,799	6,405	5,254	23,488	5,797				
Marketplace Paying Service Professionals (in thousands) (a) (e)	181	194	202	206	214	214	221				
Marketplace Revenue per Paying Service Professional (a)(f)	\$ 855	\$ 1,016	\$ 1,034	\$ 893			\$ 997				
Advertising Service Professionals (in thousands) (g)	45	41	39	37	36	36	36				

(a) Reflects the HomeAdvisor and Handy domestic marketplace, including consumer connection revenue for consumer matches, membership subscription revenue from service professionals and revenue from completed jobs sourced through the Handy platform. It excludes revenue from Angie's List, mHelpDesk, HomeStars, Fixd Repair and Felix.

(b) Includes Angie's List revenue (revenue from service professionals under contract for advertising and membership subscription fees from consumers) as well as revenue from mHelpDesk, HomeStars, Fixd Repair (acquired on January 25, 2019) and Felix (prior to its sale on December 31, 2018).

(c) Pro Forma Revenue reflect the inclusion of Angie's List revenue for all periods and excludes:

- Deferred revenue write-offs of \$7.8 million in FY 2017, \$2.8 million in Q1 2018, \$1.8 million in Q2 2018, \$0.7 million in Q3 2018 and \$0.1 million in Q4 2018 in connection with the Angie's List transaction.

- Deferred revenue write-offs of \$0.4 million in Q4 2018 in connection with the Handy acquisition.

- Felix revenue of \$26.9 million in FY 2017, \$8.5 million in Q1 2018, \$10.0 million in Q2 2018, \$10.2 million in Q3 2018 and \$8.2 million in Q4 2018. Felix was sold on December 31, 2018.

(d) Fully completed and submitted domestic customer service requests to HomeAdvisor and completed jobs sourced through the Handy platform.

(e) The number of HomeAdvisor and Handy domestic service professionals that had an active subscription and/or paid for consumer matches or completed a job sourced through the Handy platform in the last month of the period. An active HomeAdvisor subscription is a subscription for which HomeAdvisor was recognizing revenue on the last day of the relevant period.

(f) Marketplace quarterly revenue divided by Marketplace Paying Service Professionals.

(g) Reflects the total number of Angie's List service professionals under contract for advertising at the end of the period.