
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 6, 2019**

ANGI Homeservices Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38220
(Commission
File Number)

82-1204801
(IRS Employer
Identification No.)

3601 Walnut Street, Suite 700
Denver, CO
(Address of principal executive offices)

80205
(Zip Code)

Registrant's telephone number, including area code: **(303) 963-7200**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001	ANGI	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

On November 6, 2019, the Registrant announced that it had released its results for the quarter ended September 30, 2019. The full text of the related press release, which is posted on the “Investor Relations” section of the Registrant’s website at <http://ir.angihomeservices.com/quarterly-earnings> and appears in Exhibit 99.1 hereto, is incorporated herein by reference.

Exhibit 99.1 is being furnished under both Item 2.02 “Results of Operations and Financial Condition” and Item 7.01 “Regulation FD Disclosure.”

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release of ANGI Homeservices Inc., dated November 6, 2019.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ANGI HOMESERVICES INC.

By: /s/ Jamie Cohen
Name: Jamie Cohen
Title: Chief Financial Officer

Date: November 6, 2019

ANGI HOMESERVICES

ANGI REPORTS Q3 2019 – Q3 REVENUE OF \$357 MILLION

DENVER— November 6, 2019—ANGI Homeservices (NASDAQ: ANGI) released its third quarter results today. A letter to IAC shareholders from IAC CEO Joey Levin, which includes a discussion of ANGI Homeservices, was posted on the Investor Relations section of IAC’s website at www.iac.com/Investors.

ANGI HOMESERVICES SUMMARY RESULTS

(\$ in millions except per share amounts)

	Q3 2019	Q3 2018	Growth
Revenue	\$ 357.4	\$ 303.1	18%
Pro Forma Revenue	357.4	293.7	22%
Operating income	24.7	33.5	-26%
Net earnings	18.0	26.6	-32%
GAAP Diluted EPS	0.04	0.05	-31%
Adjusted EBITDA	58.9	77.7	-24%

See reconciliations of GAAP to non-GAAP measures beginning on page 9.

Q3 2019 HIGHLIGHTS

- Revenue increased 18% and Pro Forma Revenue increased 22% driven by:
 - 27% Marketplace growth
 - 10% growth in Europe (15% growth in local currency)
 - Pro Forma Revenue in Q3 2018 excludes deferred revenue write-offs in connection with the Angie’s List transaction and revenue from Felix, which was sold on December 31, 2018.
 - Marketplace service requests increased 19% year-over-year to 7.6 million and totaled 26.6 million for the trailing twelve months.
 - Marketplace and Advertising paying service professionals totaled 263,000 at the end of Q3 2019.
 - Marketplace paying service professionals increased 10% to 226,000
 - Marketplace revenue per paying service professional increased 16% year-over-year to a record \$1,199
 - Advertising paying service professionals increased sequentially to 37,000
 - Between August 3, 2019 and November 1, 2019, ANGI Homeservices repurchased 5.2 million Class A common shares at an average price of \$7.94. ANGI Homeservices has 9.8 million shares remaining in its stock repurchase authorization.
 - For the nine months ended September 30, 2019, net cash provided by operations increased \$28.4 million to \$182.1 million and Free Cash Flow increased \$6.5 million to \$127.3 million.
 - For the full year 2019, ANGI Homeservices expects \$30-\$35 million of operating income and \$200-\$205 million of Adjusted EBITDA.
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Revenue

(\$ in millions; rounding differences may occur)	As Reported			Pro Forma (a)		
	Q3 2019	Q3 2018	Growth	Q3 2019	Q3 2018	Growth
Marketplace ^(b)	\$ 270.5	\$ 213.0	27%	\$ 270.5	\$ 213.0	27%
Advertising & Other ^(c)	68.6	73.5	-7%	68.6	64.1	7%
Total North America	\$ 339.1	\$ 286.6	18%	\$ 339.1	\$ 277.1	22%
Europe	18.2	16.5	10%	18.2	16.5	10%
Total ANGI Homeservices revenue	\$ 357.4	\$ 303.1	18%	\$ 357.4	\$ 293.7	22%

(a) Pro Forma Revenue excludes deferred revenue write-offs of \$0.7 million in Q3 2018 in connection with the Angie's List transaction and revenue of \$10.2 million from Felix, which was sold on December 31, 2018.

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

(c) 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.

- Revenue increased 18% to \$357.4 million driven by:
 - 27% Marketplace growth due to:
 - a 19% increase in service requests to 7.6 million
 - a 10% increase in paying service professionals to 226,000
 - a 16% increase in revenue per paying service professional to a record \$1,199
 - 10% growth in Europe, impacted by \$0.8 million unfavorable foreign exchange effects (15% growth in local currency)
 - The acquisitions of Handy (in October 2018; included in Marketplace) and Fixd Repair (January 2019)
- Pro Forma Revenue increased 22% (excluding Q3 2018 deferred revenue write-offs of \$0.7 million in connection with the Angie's List transaction and revenue of \$10.2 million from Felix, which was sold on December 31, 2018).

Operating income (loss) and Adjusted EBITDA

(\$ in millions; rounding differences may occur)	Q3 2019	Q3 2018	Growth
Operating income (loss)			
North America	\$ 27.2	\$ 36.1	-25%
Europe	(2.5)	(2.6)	5%
Total	\$ 24.7	\$ 33.5	-26%
Adjusted EBITDA			
North America	\$ 60.5	\$ 78.6	-23%
Europe	(1.6)	(0.9)	-74%
Total	\$ 58.9	\$ 77.7	-24%

- Operating income decreased \$8.8 million to \$24.7 million primarily driven by:
 - 24% lower Adjusted EBITDA due primarily to higher selling and marketing expense as a percentage of revenue and investments at Handy, Fixd Repair and the pre-priced product expansion at HomeAdvisor, partially offset by \$1.0 million Angie's List transaction-related items (\$0.7 million in deferred revenue write-offs and \$0.3 million of severance, retention, transaction and integration-related costs) and \$1.3 million Handy transaction costs in the prior year period
 - \$5.1 million higher depreciation expense due primarily to internally developed capitalized software and leasehold improvements over the past year

The above drivers were partially offset by:

- \$13.7 million lower stock-based compensation expense due primarily to \$8.6 million lower expense related to the Angie's List transaction and the reversal of \$7.6 million in cumulative expense related to certain performance-based awards that are no longer expected to vest, partially offset by \$2.9 million related to new awards issued in connection with recent acquisitions
- \$1.4 million lower amortization of intangibles driven by lower expense related to the Angie's List transaction, partially offset by the acquisition of Handy

Income Taxes

The Company recorded an income tax provision of \$4.9 million in Q3 2019 for an effective tax rate of 21%. The effective tax rate approximates the statutory rate due primarily to unbenefited foreign losses and state taxes, offset by research credits and excess tax benefits generated by the exercise and vesting of stock-based awards. The Company recorded an income tax provision of \$5.1 million in Q3 2018 for an effective tax rate of 16%, due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards.

Operating Metrics

	<u>Q3 2019</u>	<u>Q3 2018</u>	<u>Growth</u>
Marketplace Service Requests (in thousands) ^{(b)(d)}	7,593	6,405	19%
Marketplace Paying Service Professionals (in thousands) ^{(b)(e)}	226	206	10%
Marketplace Revenue per Paying Service Professional ^{(b)(f)}	\$ 1,199	\$ 1,034	16%
Advertising Service Professionals (in thousands) ^(g)	37	37	-1%

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

(e) The number of HomeAdvisor and Handy domestic service professionals that paid for consumer matches or completed a job sourced through the HomeAdvisor and Handy platforms in the last month of the period and/or had an active HomeAdvisor membership subscription 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.

Please refer to the Q3 2019 IAC shareholder letter posted on the Investor Relations section of IAC's website for further detail.

Free Cash Flow

For the nine months ended September 30, 2019, Free Cash Flow increased \$6.5 million to \$127.3 million due primarily to favorable working capital, partially offset by higher capital expenditures.

(\$ in millions; rounding differences may occur)	Nine Months Ended September 30,	
	2019	2018
Net cash provided by operating activities	\$ 182.1	\$ 153.7
Capital expenditures	(54.8)	(32.9)
Free Cash Flow	\$ 127.3	\$ 120.8

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2019:

- ANGI Homeservices had 503.5 million Class A and Class B common shares outstanding.
- IAC's economic interest in ANGI Homeservices was 83.7% and IAC's voting interest in ANGI Homeservices was 98.1%.
- ANGI Homeservices held \$402.9 million in cash and cash equivalents and had \$250.9 million of debt, including a current portion of \$13.8 million.
- Between August 3, 2019 and November 1, 2019, ANGI Homeservices repurchased 5.2 million Class A common shares at an average price of \$7.94. ANGI Homeservices has 9.8 million shares remaining in its stock repurchase authorization. ANGI Homeservices may purchase shares over an indefinite period on the open market and in privately negotiated transactions, depending on those factors management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.
- ANGI Homeservices has a \$250 million revolving credit facility, which was undrawn as of September 30, 2019 and currently remains undrawn.

CONFERENCE CALL

ANGI Homeservices will audiocast a conference call to answer questions regarding its third quarter results on Thursday, November 7, 2019, at 8:30 a.m. Eastern Time. This call will include the disclosure of certain information, including forward-looking information, which may be material to an investor's understanding of ANGI Homeservices' business. The live audiocast will be open to the public at ir.angihomeservices.com or www.iac.com/Investors.

DILUTIVE SECURITIES

ANGI Homeservices has various dilutive securities. The table below details these securities as well as potential dilution at various stock prices (shares in millions; rounding differences may occur).

Share Price	Shares	Avg. Exercise Price	As of 11/1/19	Dilution at:				
				\$ 7.03	\$ 8.00	\$ 9.00	\$ 10.00	\$ 11.00
Absolute Shares as of 11/1/19	502.8		502.8	502.8	502.8	502.8	502.8	502.8
SARs	24.5	\$ 3.46	5.1	5.7	6.1	6.5	6.8	
Options	1.5	\$ 12.06	0.0	0.0	0.0	0.0	0.0	0.0
RSUs and subsidiary denominated equity awards	6.5		1.7	1.7	1.7	1.7	1.7	1.7
IAC denominated equity awards	6.0		1.3	1.1	1.0	0.9	0.8	
Total Dilution			8.0	8.5	8.8	9.1	9.3	
% Dilution			1.6%	1.7%	1.7%	1.8%	1.8%	1.8%
Total Diluted Shares Outstanding			510.8	511.3	511.6	511.9	512.1	

The dilutive securities presentation is calculated using the methods and assumptions described below, which are different from those used for GAAP dilution, which is calculated based on the treasury stock method.

Stock settled stock appreciation rights (“SARS”)– These awards are settled on a net basis, with the Company paying in cash any required withholding taxes on behalf of the employees upon net settlement of the SARs; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon exercise assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the exercise of these awards is assumed to be used to repurchase ANGI Homeservices shares. Withholding taxes paid by the Company on behalf of the employees upon net settlement would be \$43.7 million, assuming a stock price of \$7.03 and a 50% withholding rate.

Options – The Company settles stock options on a net basis; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon exercise assuming no proceeds are received by the Company and any required withholding taxes are paid in cash by the Company on behalf of the employees assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the exercise of these awards is assumed to be used to repurchase ANGI Homeservices shares. Withholding taxes paid by the Company on behalf of the employees upon net settlement would be less than \$0.1 million, assuming a stock price of \$7.03 and a 50% withholding rate.

RSUs and subsidiary denominated equity awards – These awards are settled on a net basis, with the Company paying in cash any required withholding taxes on behalf of the employees upon net settlement of the awards; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon vesting or exercise assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the vesting or exercise of these awards is assumed to be used to repurchase ANGI Homeservices shares. Withholding taxes paid by the Company on behalf of the employees upon vesting or exercise would have been \$21.7 million, assuming a stock price of \$7.03 and a 50% withholding rate. The table above assumes no change in the fair value estimate of the subsidiary denominated equity awards from the values used at September 30, 2019.

IAC denominated equity awards – IAC denominated equity awards represent options and performance-based restricted stock units denominated in the shares of IAC that have been issued to employees of ANGI Homeservices. Upon the exercise or vesting of IAC equity awards, IAC will settle the awards with shares of IAC, and ANGI Homeservices will issue additional shares of ANGI Homeservices to IAC as reimbursement. The estimated income tax benefit from the tax deduction received upon the exercise or vesting of IAC denominated equity awards is assumed to be used to repurchase ANGI Homeservices shares.

GAAP FINANCIAL STATEMENTS

ANGI HOMESERVICES CONSOLIDATED STATEMENT OF OPERATIONS
 (\$ in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	\$ 357,358	\$ 303,116	\$ 1,004,697	\$ 853,249
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	13,312	14,015	34,045	42,313
Selling and marketing expense	195,542	136,412	567,011	416,187
General and administrative expense	82,344	82,154	254,786	238,112
Product development expense	16,021	15,309	46,907	44,751
Depreciation	11,244	6,100	27,039	18,170
Amortization of intangibles	14,169	15,611	42,421	47,695
Total operating costs and expenses	<u>332,632</u>	<u>269,601</u>	<u>972,209</u>	<u>807,228</u>
Operating income	24,726	33,515	32,488	46,021
Interest expense—third party	(3,007)	(3,132)	(8,964)	(8,797)
Interest expense—related party	-	(23)	(16)	(102)
Other income, net	1,505	1,566	4,839	2,975
Earnings before income taxes	23,224	31,926	28,347	40,097
Income tax (provision) benefit	(4,900)	(5,140)	7,062	598
Net earnings	18,324	26,786	35,409	40,695
Net earnings attributable to noncontrolling interests	(325)	(169)	(473)	(64)
Net earnings attributable to ANGI Homeservices Inc. shareholders	<u>\$ 17,999</u>	<u>\$ 26,617</u>	<u>\$ 34,936</u>	<u>\$ 40,631</u>
Earnings per share attributable to ANGI Homeservices Inc. shareholders:				
Basic earnings per share	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.08
Diluted earnings per share	\$ 0.04	\$ 0.05	\$ 0.07	\$ 0.08
Stock-based compensation expense by function:				
Cost of revenue	\$ -	\$ -	\$ -	\$ -
Selling and marketing expense	796	868	2,801	2,526
General and administrative expense	6,375	19,326	37,124	60,331
Product development expense	1,613	2,280	5,661	6,576
Total stock-based compensation expense	<u>\$ 8,784</u>	<u>\$ 22,474</u>	<u>\$ 45,586</u>	<u>\$ 69,433</u>

ANGI HOMESERVICES CONSOLIDATED BALANCE SHEET
(\$ in thousands)

	September 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 402,914	\$ 336,984
Marketable securities	-	24,947
Accounts receivable, net of allowance and reserves	44,045	27,263
Other current assets	62,524	84,933
Total current assets	509,483	474,127
Right-of-use assets	101,270	-
Property and equipment, net of accumulated depreciation and amortization	101,972	70,859
Goodwill	882,144	894,709
Intangible assets, net of accumulated amortization	264,310	304,295
Deferred income taxes	75,881	40,837
Other non-current assets	8,940	23,200
TOTAL ASSETS	\$ 1,944,000	\$ 1,808,027
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	\$ 13,750	\$ 13,750
Accounts payable	25,485	20,083
Deferred revenue	64,832	61,417
Accrued expenses and other current liabilities	127,165	105,987
Total current liabilities	231,232	201,237
Long-term debt, net	235,246	244,971
Long-term debt—related party	-	1,015
Deferred income taxes	3,312	3,808
Other long-term liabilities	119,760	16,846
Redeemable noncontrolling interests	21,999	18,163
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Class A common stock	86	81
Class B convertible common stock	422	421
Class C common stock	-	-
Additional paid-in capital	1,344,956	1,333,097
Retained earnings (accumulated deficit)	16,139	(18,797)
Accumulated other comprehensive loss	(4,163)	(1,861)
Treasury stock	(34,157)	-
Total ANGI Homeservices Inc. shareholders' equity	1,323,283	1,312,941
Noncontrolling interests	9,168	9,046
Total shareholders' equity	1,332,451	1,321,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,944,000	\$ 1,808,027

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*. The adoption resulted in the recognition of right-of-use assets and related lease liabilities. At September 30, 2019, the Company has \$101.3 million of right-of-use assets and \$130.9 million of lease liabilities (\$12.3 million included in Accrued expenses and other current liabilities and \$118.7 million in Other long-term liabilities). There was no impact on the Company's consolidated statement of operations and cash flows.

ANGI HOMESERVICES CONSOLIDATED STATEMENT OF CASH FLOWS
(\$ in thousands)

	Nine Months Ended September 30,	
	2019	2018
Cash flows from operating activities:		
Net earnings	\$ 35,409	\$ 40,695
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Stock-based compensation expense	45,586	69,433
Amortization of intangibles	42,421	47,695
Bad debt expense	49,294	34,844
Depreciation	27,039	18,170
Deferred income taxes	(8,294)	(2,041)
Other adjustments, net	6,371	(107)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(66,596)	(52,021)
Other assets	15,701	(19,040)
Accounts payable and other liabilities	30,609	11,303
Income taxes payable and receivable	1,628	1,402
Deferred revenue	2,916	3,378
Net cash provided by operating activities	<u>182,084</u>	<u>153,711</u>
Cash flows from investing activities:		
Acquisition, net of cash acquired	(20,341)	-
Capital expenditures	(54,801)	(32,886)
Proceeds from maturities of marketable debt securities	25,000	-
Purchases of marketable debt securities	-	(34,816)
Net proceeds from the sale of a business	23,615	-
Proceeds from sale of fixed assets	-	10,412
Other, net	(103)	-
Net cash used in investing activities	<u>(26,630)</u>	<u>(57,290)</u>
Cash flows from financing activities:		
Principal payments on term loan	(10,313)	(10,313)
Principal payments on related party debt	(1,008)	(1,904)
Purchase of treasury stock	(33,979)	-
Proceeds from the exercise of stock options	573	2,876
Withholding taxes paid on behalf of employees on net settled stock-based awards	(30,039)	(27,206)
Distribution to IAC pursuant to the tax sharing agreement	(11,355)	-
Purchase of noncontrolling interests	(71)	(1,289)
Other, net	(3,732)	39
Net cash used in financing activities	<u>(89,924)</u>	<u>(37,797)</u>
Total cash provided	65,530	58,624
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	387	(223)
Net increase in cash, cash equivalents, and restricted cash	65,917	58,401
Cash, cash equivalents, and restricted cash at beginning of period	338,821	221,521
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 404,738</u>	<u>\$ 279,922</u>

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES
(\$ in millions; rounding differences may occur)

REVENUE TO PRO FORMA REVENUE RECONCILIATION

	Three Months Ended September 30,		
	2019	2018	% Growth
Revenue	\$ 357.4	\$ 303.1	18%
Add back: Angie's List deferred revenue write-offs	-	0.7	
Less: Felix revenue (sold on December 31, 2018)	-	(10.2)	
Pro Forma Revenue	357.4	293.7	22%

EUROPE RECONCILIATION OF GAAP REVENUE TO NON-GAAP REVENUE, EXCLUDING FOREIGN EXCHANGE EFFECTS

	Three Months Ended September 30,		
	2018, As Reported	2019, As Reported	
Europe Revenue	\$ 16.5	\$ 18.2	\$ 19.1
		Foreign exchange effects	2019 excluding foreign exchange effects
Europe Revenue	\$ 18.2	\$ 0.8	\$ 19.1
Increase in dollars	\$ 1.7		\$ 2.5
Percentage increase	10%		15%

2019 OPERATING INCOME TO ADJUSTED EBITDA OUTLOOK RECONCILIATION

	FY 2019 Outlook
Operating income	\$30-\$35
Amortization of intangibles	60
Depreciation	40
Stock-based compensation expense (a)	70
Adjusted EBITDA	\$200-\$205

(a) Includes ~\$35 million of charges in connection with the Angie's List transaction.

RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA

For the three months ended September 30, 2019

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
North America	\$ 27.2	\$ 8.6	\$ 10.7	\$ 14.0	\$ 60.5
Europe	(2.5)	0.1	0.6	0.2	(1.6)
Total	\$ 24.7	\$ 8.8	\$ 11.2	\$ 14.2	\$ 58.9

For the three months ended September 30, 2018

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
North America	\$ 36.1	\$ 22.3	\$ 5.6	\$ 14.7	\$ 78.6
Europe	(2.6)	0.2	0.5	0.9	(0.9)
Total	\$ 33.5	\$ 22.5	\$ 6.1	\$ 15.6	\$ 77.7

For the nine months ended September 30, 2019

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
North America	\$ 40.4	\$ 45.1	\$ 25.1	\$ 41.2	\$ 151.8
Europe	(7.9)	0.5	1.9	1.3	(4.3)
Total	\$ 32.5	\$ 45.6	\$ 27.0	\$ 42.4	\$ 147.5

For the nine months ended September 30, 2018

	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Adjusted EBITDA
North America	\$ 56.9	\$ 68.7	\$ 16.5	\$ 44.3	\$ 186.3
Europe	(10.8)	0.8	1.7	3.4	(5.0)
Total	\$ 46.0	\$ 69.4	\$ 18.2	\$ 47.7	\$ 181.3

ANGI HOMESERVICES PRINCIPLES OF FINANCIAL REPORTING

ANGI Homeservices reports Pro Forma Revenue, Europe Revenue excluding Foreign Exchange Effects, Adjusted EBITDA and Free Cash Flow, all of which are supplemental measures to GAAP. Pro Forma Revenue, Adjusted EBITDA and Free Cash Flow are among the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. Europe Revenue Excluding Foreign Exchange Effects provides a comparable framework for assessing how our European businesses performed without the effect of exchange rate differences when compared to prior periods. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, however, should not be considered a substitute for or superior to GAAP results. ANGI Homeservices endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which are included in this release. Interim results are not necessarily indicative of the results that may be expected for a full year.

Definitions of Non-GAAP Measures

Pro Forma Revenue is defined as revenue excluding (i) in any prior period, revenue from any businesses sold or disposed of, and for which no revenue is reflected in the current period and (ii) any write-offs of deferred revenue as a result of purchase accounting adjustments. The percentage change in revenue on a Pro Forma Revenue basis is calculated by subtracting Pro Forma Revenue for the applicable period in the year ended December 31, 2018 from the Pro Forma Revenue as reported or forecasted revenue in the applicable period in the year ending December 31, 2019 and dividing the resulting difference by the Pro Forma Revenue in the applicable period in the year ended December 31, 2018. We believe the presentation of Pro Forma Revenue and the percentage change in revenue on a pro forma basis, in addition to revenue on a GAAP basis, helps improve the ability to understand ANGI Homeservices' revenue performance because it presents revenue on a comparable basis by excluding the revenue from any businesses sold or disposed of, and for which no revenue is reflected in the current period and any write-offs of deferred revenue as a result of purchase accounting adjustments.

Europe Revenue Excluding Foreign Exchange Effects is calculated by translating current period revenues using prior period exchange rates. The percentage change in Europe Revenue Excluding Foreign Exchange Effects is calculated by determining the change in current period revenues over prior period revenues where current period revenues are translated using prior period exchange rates. We believe the impact of foreign exchange rates on Europe's revenue may be an important factor in understanding period over period comparisons if movement in rates is significant. Since our results are reported in U.S. dollars, European revenues are favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S. dollar strengthens relative to other foreign currencies. We believe the presentation of Europe Revenue Excluding Foreign Exchange Effects in addition to reported revenue helps improve the ability to understand the performance of Europe because it excludes the impact of foreign currency volatility that is not indicative of Europe's core operating results.

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 certain expenses.

Free Cash Flow is defined as net cash provided by operating activities, less capital expenditures. We believe Free Cash Flow is useful to investors because it represents the cash that our operating businesses generate, before taking into account non-operational cash movements. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. For example, it does not take into account mandatory debt service requirements. Therefore, we think it is important to evaluate Free Cash Flow along with our consolidated statement of cash flows.

*ANGI HOMESERVICES PRINCIPLES OF FINANCIAL REPORTING (continued)***Non-Cash Expenses That Are Excluded From Adjusted EBITDA**

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions (including the combination of HomeAdvisor and Angie's List), of SARs, RSUs, stock options and performance-based RSUs. These expenses are not paid in cash and we view the economic cost of stock-based awards to be the dilution to our share base; we also include the related shares in our fully diluted shares outstanding for GAAP earnings per share using the treasury stock method. Performance-based RSUs are included only to the extent the applicable performance condition(s) have been met (assuming the end of the reporting period is the end of the contingency period). To the extent stock-based awards are settled on a net basis, the Company remits the required tax-withholding amounts from its current funds.

Please see page 5 for a summary of our dilutive securities as of November 1, 2019 and a description of the calculation methodology.

Depreciation is a non-cash expense relating to our property and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives, or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions (including the combination of HomeAdvisor and Angie's List). At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as service professional relationships, technology, memberships, customer lists and user base and trade names, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

OTHER INFORMATION**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

This press release and our conference call, which will be held at 8:30 a.m. Eastern Time on Thursday, November 7, 2019, may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipates," "estimates," "expects," "plans" and "believes," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: the Company's future financial performance, business prospects and strategy, anticipated trends and prospects in the home services industry and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: our ability to compete, the failure or delay of the home services market to migrate online, adverse economic events or trends (particularly those that adversely impact consumer confidence and spending behavior), our ability to establish and maintain relationships with quality service professionals, our ability to build, maintain and/or enhance our various brands, our ability to market our various products and services in a successful and cost-effective manner, our continued ability to communicate with consumers and service professionals via e-mail (or other sufficient means), our ability develop and monetize version of our products and services for mobile devices, the integrity, efficiency and scalability of our technology systems and infrastructures (and those of third parties), any challenge to the contractor classification or employment status of Handy service professionals, our ability to protect our systems, technology and infrastructure from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, operational and financial risks relating to acquisitions, our ability to operate (and expand into) international markets successfully, our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties, changes in key personnel, increased costs and strain on our management as a result of operating as a new public company, various risks related to our relationship with IAC and our outstanding indebtedness. Certain of these and other risks and uncertainties are discussed in ANGI Homeservices' filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect ANGI Homeservices' business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of ANGI Homeservices' management as of the date of this press release. ANGI Homeservices does not undertake to update these forward-looking statements.

About ANGI Homeservices Inc.

ANGI Homeservices Inc. (NASDAQ: ANGI) turns home improvement jobs imagined into jobs well-done. People throughout North America and Europe rely on us to book quality home service pros across 500 different categories, from repairing and remodeling to cleaning and landscaping. Over 250,000 service professionals find work through ANGI Homeservices, and consumers turn to at least one of our brands to find a pro for more than 20 million projects each year. We've established category-transforming products through brands such as HomeAdvisor®, Angie's List®, Handy and Fixd Repair – as well as international brands such as HomeStars, MyHammer, MyBuilder, Instapro, Travaux and Werkspot. Our marketplaces have enabled more than 150 million consumer-to-pro connections, meaningfully redefining how easily and effectively home pros are discovered and hired. The Company is headquartered in Denver, Colorado. Learn more at www.angihomeservices.com.

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