

ANGI Homeservices
Q3 2018 Earnings
Supplemental Financial Information and Operating Metrics

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ANGI Homeservices
Financial Results and Reconciliations

(\$ in millions; rounding differences may exist)

	2016	2017					2018				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
Revenue											
North America	\$ 461.8	\$ 138.1	\$ 165.5	\$ 167.1	\$ 208.2	\$ 678.9	\$ 236.0	\$ 277.5	\$ 286.6		
Europe	37.0	12.7	15.2	14.6	15.0	57.5	19.3	17.3	16.5		
Total Revenue	498.9	150.7	180.7	181.7	223.2	736.4	255.3	294.8	303.1		
Operating costs and expenses											
Cost of revenue (exclusive of depreciation shown separately below)	25.9	6.8	7.6	8.0	11.7	34.1	13.6	14.7	14.0		
Selling and marketing expense	306.7	95.9	110.9	130.9	126.4	464.0	137.9	141.8	136.4		
General and administrative expense	110.1	36.7	52.2	129.1	82.5	300.4	76.3	79.7	82.2		
Product development expense	20.6	5.6	6.9	20.0	15.4	47.9	15.8	13.7	15.3		
Depreciation	8.4	3.0	3.2	3.5	4.8	14.5	6.2	5.9	6.1		
Amortization of intangibles	3.2	1.4	2.7	2.8	16.4	23.3	16.3	15.8	15.6		
Total operating costs and expenses	474.8	149.4	183.5	294.2	257.1	884.3	266.1	271.6	269.6		
Operating income (loss) (a) (b) (c)	24.1	1.4	(2.8)	(112.5)	(33.9)	(147.9)	(10.8)	23.3	33.5		
Interest expense—third party	-	-	-	-	(1.8)	(1.8)	(2.7)	(3.0)	(3.1)		
Interest expense—related party	(0.9)	(1.6)	(2.1)	(1.9)	(0.4)	(6.0)	-	-	-		
Other (expense) income, net	(0.7)	0.2	0.5	1.4	(0.1)	2.0	0.4	1.1	1.6		
Earnings (loss) before income taxes	22.5	-	(4.4)	(113.0)	(36.2)	(153.6)	(13.1)	21.3	31.9		
Income tax (provision) benefit	(11.8)	25.9	4.4	40.8	(22.0)	49.1	4.0	1.8	(5.1)		
Net earnings (loss)	10.6	25.9	-	(72.2)	(58.2)	(104.5)	(9.1)	23.0	26.8		
Net loss (earnings) attributable to noncontrolling interests	2.5	0.7	0.3	0.4	-	1.4	0.2	(0.1)	(0.2)		
Net earnings (loss) attributable to ANGI Homeservices Inc. shareholders	<u>\$ 13.1</u>	<u>\$ 26.6</u>	<u>\$ 0.3</u>	<u>\$ (71.8)</u>	<u>\$ (58.2)</u>	<u>\$ (103.1)</u>	<u>\$ (8.9)</u>	<u>\$ 22.9</u>	<u>\$ 26.6</u>		
GAAP diluted weighted average shares outstanding	414.8	414.8	414.8	415.4	477.0	430.6	478.3	508.8	520.8		
GAAP diluted earnings per share	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>\$ 0.00</u>	<u>\$ 0.17</u>	<u>\$ 0.12</u>	<u>\$ 0.24</u>	<u>\$ 0.02</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>		
Stock-based compensation expense by function:											
Cost of revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Selling and marketing expense	0.9	0.5	0.2	19.7	5.4	25.8	0.7	1.0	0.9		
General and administrative expense	6.8	3.6	11.3	71.7	21.0	107.7	21.7	19.3	19.3		
Product development expense	1.2	0.3	0.3	12.5	2.6	15.8	2.6	1.7	2.3		
Total stock-based compensation expense	<u>\$ 8.9</u>	<u>\$ 4.5</u>	<u>\$ 11.8</u>	<u>\$ 104.0</u>	<u>\$ 29.0</u>	<u>\$ 149.2</u>	<u>\$ 24.9</u>	<u>\$ 22.1</u>	<u>\$ 22.5</u>		

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ANGI Homeservices
Financial Results and Reconciliations

(\$ in millions; rounding differences may exist)

	2016	2017					2018				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
ANGI Homeservices Reconciliation of Segment GAAP Measure to Non-GAAP Measure											
Operating income (loss)											
North America (a) (b) (c)	\$ 32.5	\$ 6.4	\$ 1.8	\$ (107.7)	\$ (29.0)	\$ (128.5)	\$ (5.4)	\$ 26.1	\$ 36.1		
Europe	(8.4)	(5.0)	(4.6)	(4.8)	(4.9)	(19.4)	(5.4)	(2.8)	(2.6)		
Total operating income (loss)	<u>\$ 24.1</u>	<u>\$ 1.4</u>	<u>\$ (2.8)</u>	<u>\$ (112.5)</u>	<u>\$ (33.9)</u>	<u>\$ (147.9)</u>	<u>\$ (10.8)</u>	<u>\$ 23.3</u>	<u>\$ 33.5</u>		
Stock-based compensation expense											
North America (a) (b)	\$ (7.1)	\$ (4.0)	\$ (11.4)	\$ (103.6)	\$ (28.6)	\$ (147.6)	\$ (24.6)	\$ (21.8)	\$ (22.3)		
Europe	(1.8)	(0.5)	(0.4)	(0.4)	(0.3)	(1.7)	(0.3)	(0.2)	(0.2)		
Total stock-based compensation expense	<u>\$ (8.9)</u>	<u>\$ (4.5)</u>	<u>\$ (11.8)</u>	<u>\$ (104.0)</u>	<u>\$ (29.0)</u>	<u>\$ (149.2)</u>	<u>\$ (24.9)</u>	<u>\$ (22.1)</u>	<u>\$ (22.5)</u>		
Depreciation											
North America	\$ (8.0)	\$ (2.9)	\$ (2.9)	\$ (3.1)	\$ (4.4)	\$ (13.2)	\$ (5.6)	\$ (5.4)	\$ (5.6)		
Europe	(0.4)	(0.1)	(0.3)	(0.4)	(0.5)	(1.3)	(0.6)	(0.5)	(0.5)		
Total depreciation	<u>\$ (8.4)</u>	<u>\$ (3.0)</u>	<u>\$ (3.2)</u>	<u>\$ (3.5)</u>	<u>\$ (4.8)</u>	<u>\$ (14.5)</u>	<u>\$ (6.2)</u>	<u>\$ (5.9)</u>	<u>\$ (6.1)</u>		
Amortization of intangibles											
North America	\$ (2.5)	\$ (0.9)	\$ (1.0)	\$ (1.1)	\$ (14.8)	\$ (17.8)	\$ (14.8)	\$ (14.8)	\$ (14.7)		
Europe	(0.7)	(0.5)	(1.7)	(1.7)	(1.5)	(5.4)	(1.5)	(1.0)	(0.9)		
Total amortization of intangibles	<u>\$ (3.2)</u>	<u>\$ (1.4)</u>	<u>\$ (2.7)</u>	<u>\$ (2.8)</u>	<u>\$ (16.4)</u>	<u>\$ (23.3)</u>	<u>\$ (16.3)</u>	<u>\$ (15.8)</u>	<u>\$ (15.6)</u>		
Adjusted EBITDA											
North America (a) (b) (c)	\$ 50.1	\$ 14.2	\$ 17.1	\$ 0.1	\$ 18.8	\$ 50.2	\$ 39.6	\$ 68.1	\$ 78.6		
Europe	(5.5)	(4.0)	(2.1)	(2.3)	(2.6)	(11.0)	(3.0)	(1.1)	(0.9)		
Total Adjusted EBITDA	<u>\$ 44.5</u>	<u>\$ 10.2</u>	<u>\$ 15.0</u>	<u>\$ (2.3)</u>	<u>\$ 16.2</u>	<u>\$ 39.2</u>	<u>\$ 36.6</u>	<u>\$ 67.0</u>	<u>\$ 77.7</u>		

(a) Q3 2017 operating loss of \$112.5 million at ANGI Homeservices reflects: (i) \$96.9 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) \$26.0 million in costs related to the Combination.

(b) Q4 2017, Q1 2018, Q2 2018 and Q3 2018 operating (loss) income of \$(33.9) million, \$(10.8) million, \$23.3 million and \$33.5 million, respectively, at ANGI Homeservices includes \$25.1 million, \$19.1 million, \$16.7 million and \$16.0 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 \$22.0 million, \$5.3 million, \$2.6 million and \$1.0 million, respectively, in costs related to the Combination (including \$7.6 million, \$2.8 million, \$1.8 million and \$0.7 million, respectively, of deferred revenue write-offs).

(c) Operating income (loss) and Adjusted EBITDA for FYE 2016, Q2 2017 and 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.

ANGI Homeservices

(rounding differences may exist)

	2016	2017					2018				
	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31	Q1	Q2	Q3	Q4	FYE 12/31
ANGI Homeservices											
<i>Revenue (\$ in millions)</i>											
Actual											
Marketplace (a)	\$ 428.9	\$ 129.6	\$ 155.8	\$ 156.6	\$ 139.4	\$ 581.4	\$ 165.6	\$ 204.7	\$ 213.0		
Advertising & Other (b)	33.0	8.4	9.7	10.5	68.8	97.5	70.4	72.8	73.5		
Total North America	\$ 461.8	\$ 138.1	\$ 165.5	\$ 167.1	\$ 208.2	\$ 678.9	\$ 236.0	\$ 277.5	\$ 286.6		
Europe	37.0	12.7	15.2	14.6	15.0	57.5	19.3	17.3	16.5		
Total ANGI Homeservices revenue	\$ 498.9	\$ 150.7	\$ 180.7	\$ 181.7	\$ 223.2	\$ 736.4	\$ 255.3	\$ 294.8	\$ 303.1		
Pro forma (c)											
Marketplace (a)	\$ 428.9	\$ 129.6	\$ 155.8	\$ 156.6	\$ 139.4	\$ 581.4	\$ 165.6	\$ 204.7	\$ 213.0		
Advertising & Other (b)	356.3	81.6	82.5	80.2	76.5	320.7	73.3	74.5	74.3		
Total North America	\$ 785.2	\$ 211.2	\$ 238.2	\$ 236.8	\$ 215.9	\$ 902.1	\$ 238.9	\$ 279.3	\$ 287.3		
Europe	37.0	12.7	15.2	14.6	15.0	57.5	19.3	17.3	16.5		
Total ANGI Homeservices revenue	\$ 822.2	\$ 223.9	\$ 253.5	\$ 251.4	\$ 230.9	\$ 959.6	\$ 258.2	\$ 296.6	\$ 303.8		
ANGI Homeservices Operating Metrics											
Marketplace Service Requests (in thousands) (a) (d)	13,208	3,656	5,223	5,023	4,227	18,129	5,031	6,799	6,405		
Marketplace Paying Service Professionals (in thousands) (a) (e)	143	156	164	172	181	181	194	202	206		
Marketplace Revenue per Paying Service Professional (a)(f)	\$ 830	\$ 949	\$ 908	\$ 771			\$ 855	\$ 1,016	\$ 1,034		
Advertising Service Professionals (in thousands) (g)	49	49	49	47	45	45	41	39	37		

(a) Reflects the HomeAdvisor domestic marketplace service, including consumer connection revenue for consumer matches and membership subscription revenue from service professionals. It excludes revenue from Angie's List, mHelpDesk, HomeStars 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 and Felix.

(c) Pro Forma results reflect the inclusion of Angie's List revenue for all periods and exclude deferred revenue write-offs of \$0.1 million in Q3 2017, \$7.6 million in Q4 2017, \$2.8 million in Q1 2018, \$1.8 million in Q2 2018 and \$0.7 million in Q3 2018 in connection with the Angie's List transaction.

(d) Fully completed and submitted domestic customer service requests to HomeAdvisor.

(e) The number of HomeAdvisor domestic service professionals that had an active subscription and/or paid for consumer matches in the last month of the period. An active 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.