



An introduction

Making home repairs and improvements easy. Easy for homeowners and easy for trades.

1-800-999-9999

HomeServe
FRANCOISVILLE

HomeServe has a clear sense of purpose, which drives everything we do

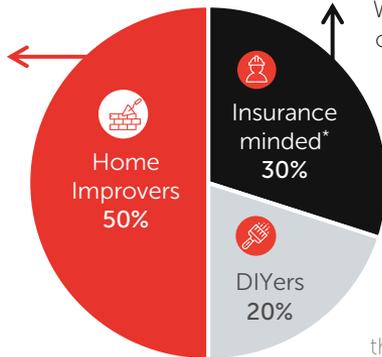
Our purpose is to make home repairs and improvements easy. Easy for homeowners, and easy for trades.



Our primary target market is homeowners.

Home repairs & improvements market

Will deal with problems and improvements in the home as and when they arise, often seeking solutions online.

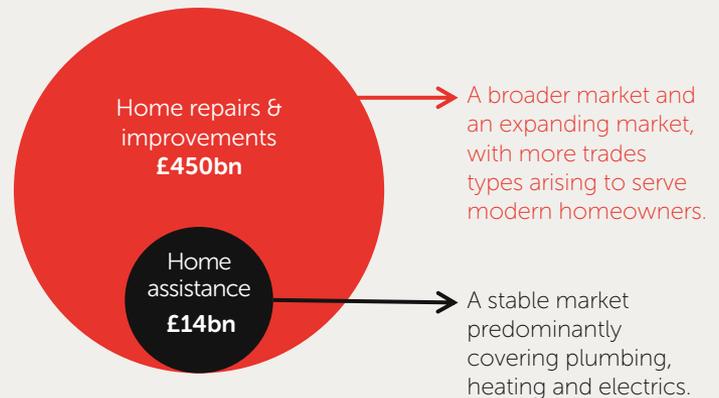


Home assistance market

Want to avoid the disruption of dealing with a problem in their home. Like to budget carefully and avoid unexpected bills.

Have the knowledge and skills to do home repairs themselves, but sometimes need a specialist.

OUR MARKET BY VALUE**



*This reflects HomeServe's historic experience in each of its mature geographic markets. **Market value of HomeServe's existing territories only – UK, North America, France and Spain.

We reach homeowners through two complementary global business lines, enabling strong competitive positioning

Developing the capabilities and services to be able to do every job, in every home

Membership HVAC

- Membership, the business which HomeServe has operated since our beginnings in 1993, appeals to insurance-minded homeowners and currently delivers all of the Group's profits with established businesses in the UK, North America, France and Spain.
- We are building our Heating, Ventilation & Air-conditioning (HVAC) capabilities in the Membership territories, to be able to replace equipment for customers as well as repair and service it.

Growth drivers



New partnerships



Effective marketing



Product design

Competitive environment



Home Experts

- Home Experts is a more recent offering, enabling HomeServe to cater for homeowners who go online to find a local trade to help with their home repairs and improvements.
- We are developing three online platforms – Checkatrade (UK), eLocal (North America) and Habitissimo (Spain & LATAM).

Strategic initiatives



Refining the winning model, "Directory Extra", with learnings from each platform.

Competitive environment

The group comprises of three divisions, at different stages of development and each with routes to growth



Membership & HVAC – North America

Proven track record in an under-penetrated market; strongest near-term growth potential

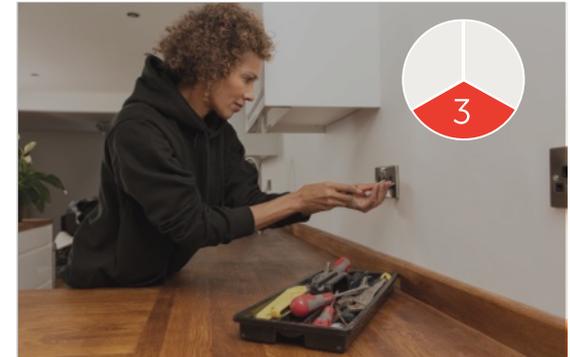
- 3 year adjusted operating profit CAGR of 29% (FY18-21)
- Market leader today
- Long-term addressable market of 45m households vs. current 12-14m.



Membership & HVAC – EMEA

Established, cash generative businesses in the UK, France and Spain with routes to future growth; early stage operations in Japan

- UK turnaround underway
- Stable French business with high margins and retention.



Home Experts

Our most exciting medium to long-term growth opportunity

- Market leading assets in the UK, Spain and Italy
- Exposure to a vast market segment



The Membership business model has five distinct sources of value



1 Partnerships



2 Marketing



3 Customer Service



4 Local networks



5 Financial resources

Predictable
Sustainable
Cash generative





HVAC delivers four main benefits

1

Policies added through acquired HVAC brands

84,000*

2

Reduced job costs

\$1m*

3

Higher installation volume

43%*

Installation revenue growth (to \$76m)

4

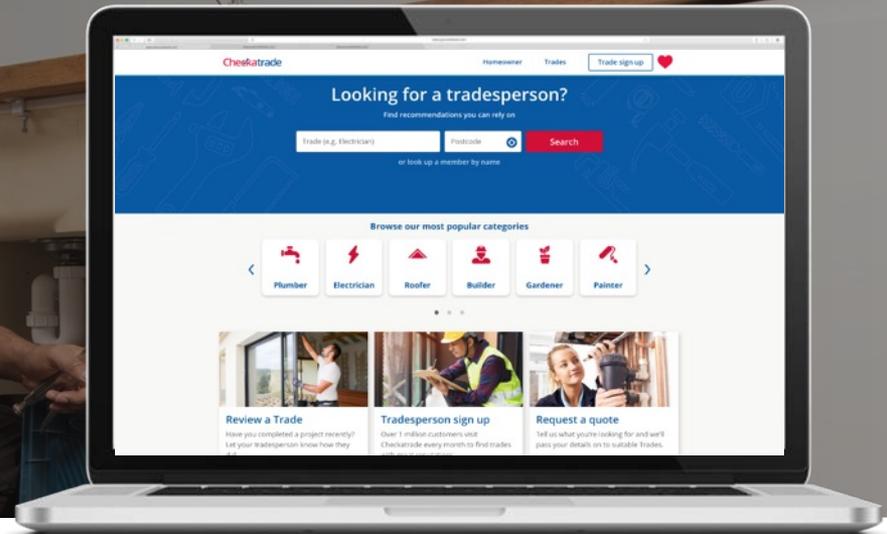
A key component of our energy efficiency strategy



*KPIs reflect FY21 performance in North America.



Home Experts opens up the much larger and faster growing home improvements market



We match homeowners with trades more efficiently than word of mouth

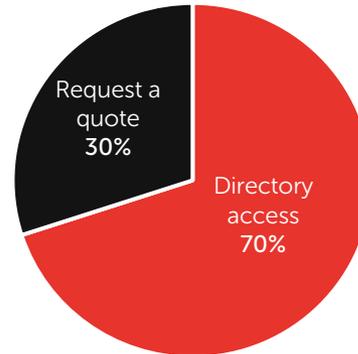
44,000*

Paying trades at Checkatrade

Timing has never been better...

... demand for skilled trades has never been higher

The right proposition in Directory Extra



Home Experts to reach profitability in FY22

Checkatrade

habitissimo



*KPIs reflect FY21 performance.

We have set stretching medium to long-term targets for both business lines



Membership & HVAC – North America Milestone 2 targets



CUSTOMERS	INCOME PER CUSTOMER	MARGIN	HVAC PROFIT	ADJUSTED OPERATING PROFIT
6m-7m	\$120-\$125	24%-26%	\$30m-\$45m	\$230m
FY21: 4.7m +7% v.s prior year	FY21: \$108 +6% v.s prior year	FY21: 21% +1ppt v.s prior year	FY21: \$10m	FY21: \$138m +27% v.s prior year

Home Experts **Checkatrade** Milestone 1 targets



PAYING TRADES	AVERAGE REVENUE PER TRADE	MARGIN	ADJUSTED OPERATING PROFIT (LOSS)
150,000-200,000	£1,200-£1,300	25% - 35%	£45m - £90m
FY21: 44,000 +11% v.s prior year	FY21: £939 -8% v.s prior year	FY21: -	FY21: (£16m)



In North America,
the \$230m adjusted
operating target is
within our planning
horizon



PENETRATION

7%

5% Households signed
in FY17 onwards
10% Households signed
in FY16 or earlier

Organic customer acquisition with existing affinity partners continues to drive growth

- 7% customer growth and 10% policy growth in FY21 against pandemic backdrop
- 10% penetration rate with 5+ year partners.

New partner pipeline as strong as ever

- Exited FY21 with active partner discussions covering 58m households
- Targeting 6m gross new households in FY22
- Potential for EV charging proposition to further unlock energy utility opportunities.

CUSTOMERS

4.7m

2.2m Households signed
in FY17 onwards
2.5m Households signed
in FY16 or earlier

HOUSEHOLDS

66.0m

41.0m Households
signed in FY17 onwards
25.0m Households
signed in FY16 or earlier

EMEA Membership & HVAC businesses each have avenues to grow



UK – focus on stabilising customer numbers at 1.5m, then returning to growth

- Renewed focus on energy partners and digital channel to increase acquisition, with retention stable at current levels.

France – broadening partner relationships will continue to drive growth

- Two consecutive years of 5% customer growth.

Spain – will return to profit growth in FY22

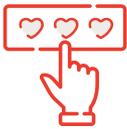
- Continued growth in claims handling and innovation in Membership offering.

Japan – promising early signs

- Access to 7m households and nearly 20,000 customers signed.



Operating responsibly is vital to the long-term sustainability of our business



Delivering for our customers

- Achieved our target at 5.5% customer dissatisfaction.



Building the workforce of the future and treating our people responsibly

- Global employee engagement of 78%, ahead of pre-COVID levels
- One hire away from Hampton Alexander target of one third female Board representation.



Using our skills to support communities we touch

- Aspire to be seen as an employer of choice
- Sponsorship of community projects in lieu of commission with US municipal partners
- HomeServe Foundation launch.



Participating in the transition to a lower carbon future

- Carbon reduction pathway of 1.5 degrees by 2030, a 42% reduction on our 2020 baseline
- Opportunities to help homeowners participate in the green revolution.

Summary

To make home repairs and improvements easy by matching customers to trades to generate repeat and recurring income.



1

Very good performance in FY21

2

Exciting plans in place across our three business divisions

3

Expect to deliver an acceleration in performance in FY22



Every job. Every home.



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FY22 guidance

- Expect to deliver an acceleration in performance in FY22, incorporating:
 - c.£9m reduction in amortisation (non-acquired intangibles) relating to full impairment of eServe system
 - c.£10m FX headwind should current rates prevail
- Continued growth in markets with higher tax rates expected to drive slightly higher effective tax rate
- Working capital absorption expected to be in line with recent historic levels
- Core technology capex expected to be broadly in line with FY21
- Cash generative model continues to drive growth in free cash flow
- Continue to target net debt: EBITDA in 1-2x range, however comfortable to be outside this for a time for the right opportunities.

FY21 Group financial summary

£million	FY21	FY20	Δ%	Δ% CC ¹
Total revenue	1,304.7	1,132.3	15%	16%
Adjusted operating profit ²	214.3	201.7	6%	8%
Net interest ³	(23.0)	(20.7)		
Adjusted profit before tax ²	191.3	181.0	6%	
Net debt	513.7	509.0	1%	
Adjusted EBITDA ²	292.8	275.3	6%	
Net debt : Last 12 months adjusted EBITDA ²	1.8x	1.8x		
Adjusted earnings per share ²	42.7p	41.3p	3%	
Ordinary dividend per share	26.0p	23.6p	10%	

- At current exchange rates, further FX headwind to operating profit of c.£10m in FY22
- Statutory PBT of £47.2m (FY20: £137.9m) reflects an exceptional charge of £92.4m – c.£88m in HomeServe UK, mainly from impairment of software assets; c.£4m from restricting of international business development and re-alignment of corporate functions
- UK amortisation charge will be c.£9m lower than this year, given eServe write off.

¹ Constant currency \$1.31 : £1, €1.13 : £1.

² Adjusted items are calculated excluding exceptional items, the amortisation of acquisition intangibles and the associated tax impacts.

³ £1.6m of net interest costs relate to certain transaction related costs that are excluded from adjusted profitability metrics.

FY21 Divisional financial performance

Emillion	Revenue				Adjusted operating profit/ (loss)			
	FY21	FY20	Δ%	Δ% CC ¹	FY21	FY20	Δ%	Δ% CC ¹
North America	506.4	429.5	18%	22%	105.0	85.4	23%	27%
UK	338.9	372.9	(9%)	(9%)	72.5	81.0	(10%)	(10%)
France	132.6	111.8	19%	16%	35.6	33.8	5%	2%
Spain	195.7	154.1	27%	24%	17.7	20.1	(12%)	(14%)
New Markets	–	–	–	–	(6.3)	(4.7)	34%	34%
Home Experts	139.8	71.8	95%	97%	(10.2)	(13.9)	(28%)	(28%)
Inter-segment	(8.7)	(7.8)	12%	12%	–	–	–	–
Group	1,304.7	1,132.3	15%	16%	214.3	201.7	6%	7%

¹ Constant currency \$1.27 : £1, €1.15 : £1

FY21 Cash flow performance

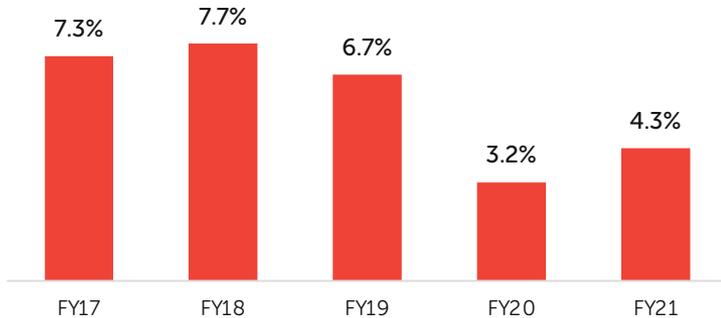
£m



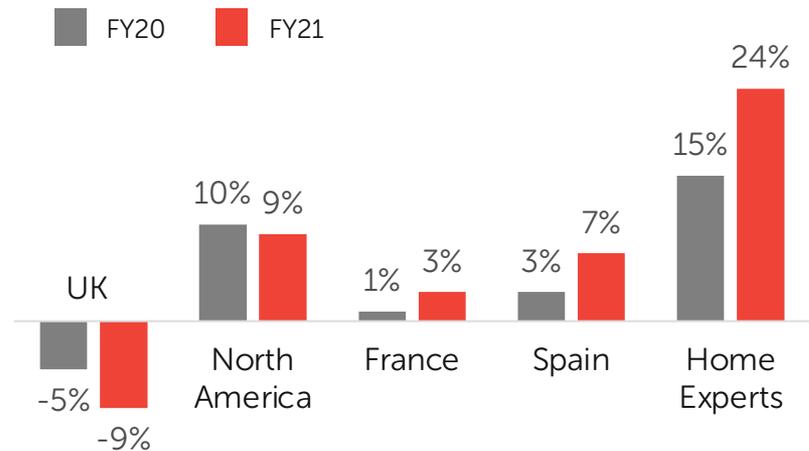
- All three divisions are capital light, with short working capital cycles
- Lower capex driven by lower partner payments and large tech programmes nearing conclusion
- Year end leverage within target range; over £570m headroom.

Organic growth

Group organic revenue growth
FY17-FY21



Organic revenue growth by business



- Organic growth increasing, with further progress in 2H
- Acceleration for North America as year progressed (1H: 8%, 2H: 9%)
- Total Home Experts growth of 24% driven by eLocal. eLocal re-based FY20 revenue of c.£64m implies c.43% organic growth
- Further improvement in group organic rate anticipated for FY22.

FY21 Membership KPIs

North America

		FY21	FY20	Change
Affinity partner households	m	66	64	3%
Customers	m	4.7	4.4	7%
Income per customer	\$	108	102	6%
Policies	m	8.2	7.5	10%
Policies per customer		1.7	1.7	3%
Retention rate	%	85	83	2ppts

France

		FY21	FY20	Change
Affinity partner households	m	19	18	4%
Customers	m	1.2	1.1	5%
Income per customer	€	1.9	1.8	1%
Policies	m	2.4	2.4	3%
Policies per customer		2.1	2.1	(2%)
Retention rate	%	88	89	(1ppt)

UK

		FY21	FY20	Change
Affinity partner households	m	26	26	–
Customers	m	1.6	1.8	(10%)
Income per customer	£	144	140	3%
Policies	m	4.4	4.9	(11%)
Policies per customer		2.7	2.8	(2%)
Retention rate	%	78	78	–

Spain

		FY21	FY20	Change
Affinity partner households	m	–	–	–
Customers	m	0.9	1.0	(9%)
Income per customer	€	60	61	(2%)
Policies	m	1.1	1.1	(4%)
Policies per customer		1.2	1.1	5%
Retention rate	%	83	83	–

FY21 Home Experts KPIs

Checkatrade

		FY21	FY20	Change
Paying trades	K	44	39	11%
Average revenue per trade	£	9.9	1,023	(8%)
Contacts	m	8.1	n/a	n/a
Website hits	m	29.0	23.6	23%

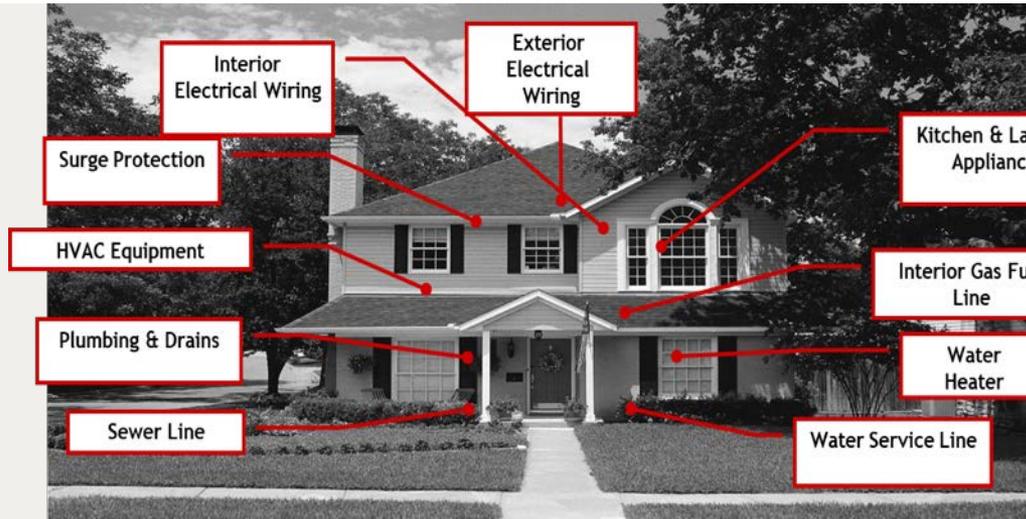
eLocal

		FY21	FY20	Change
Monetised calls	m	3.6	2.7	32%

Habitissimo

		FY21	FY20	Change
Trades	K	20	24	(18%)
Website hits	m	89.0	87.3	2%

Membership & HVAC customer value proposition



- Policies that cover all the major home systems
- Most with no deductibles
- Solves the problem of something going wrong in the home with one call or click
- Whole home cover or à la carte
- Extremely stringently screened technicians
- Highest customer satisfaction in the industry
- Partner with utilities and municipalities to offer policies.

Explainer: Organic growth calculation

£m	FY20 reported revenue	Add: FY20 M&A pre-acquisition	Add: FY21 M&A	FY20 re-based revenue	FY21 reported revenue	Deduct/(add): FX impact	FY21 re-based revenue	Organic growth (£m)	Organic growth %
North America	429.5	17.3	32.2	479.0	506.4	(17.2)	523.6	44.6	9.3%
UK	372.9	-	0.4	373.3	338.9	-	338.9	(34.4)	(9.2%)
France	111.8	4.5	8.7	125.0	132.6	3.3	129.3	4.3	3.4%
Spain	154.1	2.6	21.9	178.6	195.7	4.2	191.5	12.9	7.2%
Home Experts	71.8	42.5	0.3	114.6	139.9	(2.8)	142.7	28.0	24.5%
Inter-segment	(7.8)	-	-	(7.8)	(8.7)	-	(8.7)	(0.9)	n/a
Group	1,132.3	66.9	63.5	1,262.7	1,304.7	(12.5)	1,317.2	54.5	4.3%
				↑ A			↑ B	↑ B-A	↑ (B-A)/A

Explainer: Our UK home assistance financial business model (FY21)

£m

'Gross revenue' is the sum of total premiums paid by customers...
 ...we deduct associated **underwriting** expenses and **sales taxes** to reach reported Membership revenue or "net policy income"

Policies are underwritten by independent third party underwriters which gives short term protection from a spike in claims costs or frequencies. The cost of sending an engineer in the UK is recorded in operating costs, "**repair network costs**" and immediately recovered from the underwriter as "**repair services income**"...

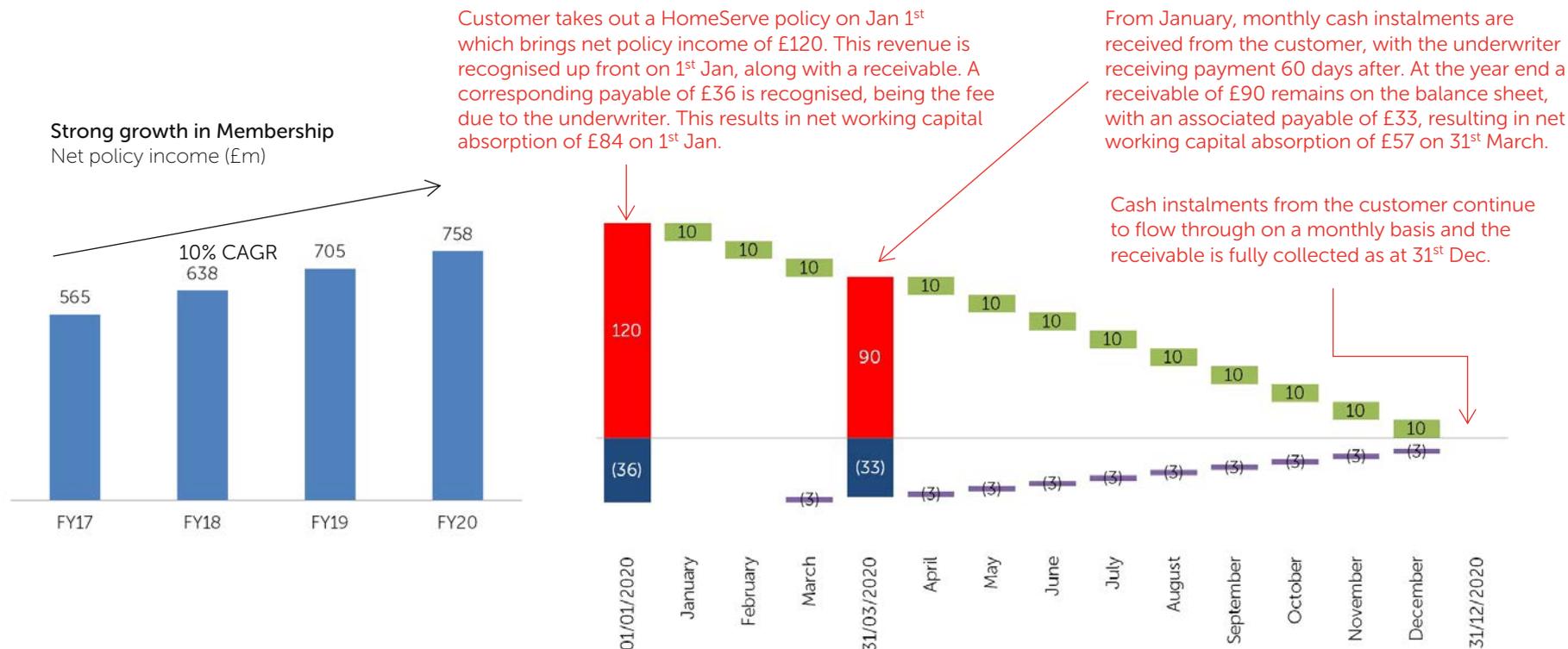
...The UK P&L therefore has an element of zero margin revenue. In other businesses (North America, France, Spain) underwriting recovery is transacted through the balance sheet and is not margin dilutive.

The underwritten cost is that of "engineer, van and materials". Other costs to handle the claim, deploy an engineer and back office functions to support these processes are all recorded in operating costs, as are the costs of **marketing** and the **commissions** paid to utility partners for successful sales activity.



* Operating cost types are for illustrative purposes only and are not to scale.

Explainer: Working capital



- As required by IFRS 15, revenue on Membership home assistance policy sales is recognised up front.
- The seasonality of policy sales remains weighted to the second half, and particularly the final quarter. The continued growth in the Membership business is therefore a big driver of the absorption of working capital on an annualised basis.
- Notwithstanding this, cash from the policy sales fully flows through within the subsequent 12 months – a feature of our highly cash generative model.

Contacts



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A man and a woman are standing in a modern kitchen, smiling and talking. They are both holding red mugs. The woman is wearing a white long-sleeved shirt and light blue jeans. The man is wearing a grey sweater and blue jeans. The kitchen has white cabinets, a white countertop, and a white backsplash. There is a red pot on the stove and a white bowl of red tomatoes on the counter.

Forward looking statements

This document contains certain forward looking statements, which have been made in good faith, with respect to the financial condition, results of operations, and businesses of HomeServe plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions, the current regulatory environment and the current interpretations of IFRS applicable to past, current and future periods. Nothing in this announcement should be construed as a profit forecast.