



THE **#1** HOME SERVICES MARKETPLACE

December 8, 2016

**Non-GAAP Financial Measures.** This presentation contains references to certain non-GAAP measures. These measures should be considered in conjunction with, but not as a substitute for, financial information presented in accordance with GAAP. The location of reconciliations to GAAP measures of non-GAAP measures are referenced on the page on which such non-GAAP measure appears, or are included in the Appendix to this presentation.

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# The Leading Marketplace for Home Services

**8M+**

HOMEOWNERS LTM

**142K+**

SERVICE PROVIDERS  
("SPs")

**NATIONWIDE  
MARKETPLACE**

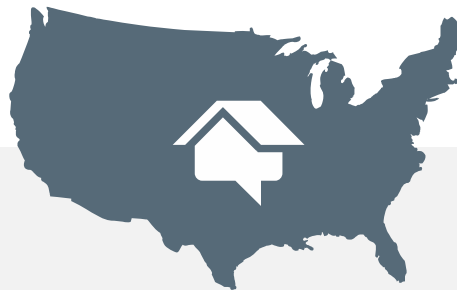
400+ MSAs COVERED

**\$12B+**

SP PROJECT VALUE  
LTM

**12M+**

SERVICE REQUESTS ("SRs")  
LTM



# Number One HOME SERVICES MARKETPLACE and Pulling Away

**#1** in REVENUE

**#1** in SERVICE PRO NETWORK

**#1** in SERVICE PRO NETWORK GROWTH

**#1** In SALES FORCE SIZE

**#1** in SERVICE REQUESTS

**#1** in ON-DEMAND CONNECTIONS  
(Only national platform)





# Straight Forward Business Model Driven by Customer Success

Service professional connection fees tied to project value and geographic locale



**HOMEOWNER  
SUBMITS SERVICE  
REQUEST**

~\$3K Avg Project Value



**SERVICE PRO  
COMPLETES  
PROJECT**

~\$30 Avg Connect Fee



**~3-4% Effective HomeAdvisor Take Rate**



## HOMEOWNER BENEFITS

# THE BEST WAY TO GET HOME PROJECTS DONE

Unparalleled in convenience, safety and ease for doing home projects.



### ➤ LARGEST PRO NETWORK

142K+ paying & engaged service pros

### ➤ SAFETY AND SECURITY

Criminal & financial background checks on pros

### ➤ ADVANCED MATCHING

Connect with pros available to take on new work in your zip code

### ➤ ON-DEMAND SERVICE (IB/IC)

Only national scale solution providing on-demand services

### ➤ BEST RESEARCH TOOLS

Most comprehensive reviews and project cost guide



# THE BEST WAY TO CONNECT WITH NEW CUSTOMERS

Largest & most effective marketing platform for  
home service providers



## SERVICE PRO BENEFITS

### ➤ LARGEST CONSUMER AUDIENCE

Leading online destination for homeowners seeking service pros

### ➤ TRACKABLE ROI

Measure win rate and specific return of marketing spend

### ➤ TOTAL CONTROL

Turn on and off homeowner project requests as needed

### ➤ ON-DEMAND

Synchronized calendar & instant phone connections

### ➤ TAILORED FOR HOME SERVICE PROS

Customer management tools go beyond generic keyword bidding & directory listings





# Similar Characteristics Compared with Other Leading Marketplaces

Significant upside on take rate and brand awareness



Vertical	Home Services	Crafts & Handmade	Restaurant Reservations	Food Delivery	Vacation Rentals	Real Estate	Travel	eCommerce
TAM	\$400B	\$34B	\$3T	\$54B	\$100B	\$77B	\$1.4T	\$1.7T
GMV (Transaction Value)	\$12B	\$2.7B	\$12B	\$2.4B	\$4.7B	\$3.2B	\$61B	\$82B
Market Share	3.0%	8.1%	0.4%	4.4%	4.7%	4.2%	4.4%	4.9%
Take Rate	<b>3-4%</b>	12%	2-3%	15%	10%	15%	11%	8%
Adjusted EBITDA (LTM)	\$42M	\$56M	\$81M	\$118M	\$118M	\$148M	\$1.3B	\$3.5B

(1) Domestic for all metrics excl. EBITDA

(2) Company reports; TAM: Fung Global Retail & Technology report: Crafts, Fine Arts & Jewelry & beads spend; Techcrunch: Unpacking Etsy's S1

(3) TAM: Global restaurant industry; equity analyst research reports mid-2013; EBITDA LTM as of Q2 2014

(4) Company reports; TAM: Euromonitor & MS 2013: Independent & Chain Delivery & Takeaway Market (Excl. Amazon Inventory Sales)

(5) TAM: Skift (Global) (All metrics 2014 pre-Expedia acquisition); Techcrunch: Unpacking Etsy's S1

(6) TAM represents total real estate agent commissions; Equity Research Reports (BofA Merrill Lynch; Needham); EBITDA Capital IQ \$5.5M + \$142.5M legal settlement Q2 '16 per company reports

(7) Company reports; eMarketer: 2015 Digital Travel Sales Worldwide; Phocuswright: 2015 Global Online Travel Spending

(8) Company reports; eMarketer: Total Retail Sales Worldwide (Includes StubHub)



An aerial photograph of a residential neighborhood, likely in a suburban or urban area. The houses are mostly two-story structures with red-tiled roofs, interspersed with lush green trees. In the background, a large, multi-story building with a red roof is visible, possibly a school or a community center. The sky is hazy, suggesting a bright day or a light mist. The text "MARKET SIZE & OPPORTUNITY" is centered over the image in a bold, black, sans-serif font.

**MARKET SIZE &  
OPPORTUNITY**

# A Very Large Market Size in Terms of Total Spend on Projects

**\$400B** <sup>1, 2</sup>

HOME SERVICES MARKET



**WE HAVE ~3%**  
of Projects



**2-3MM** <sup>3, 4</sup>

SERVICE PROVIDERS



**WE HAVE ~5%**  
of all SPs



(1) NYTimes  
(2) \$12B GMV / \$400B Market  
(3) Our network of 142K service providers / 2-3M service providers  
(4) Census Bureau Business & Industry: Industry Snapshot: Construction NAICS 23 (2012)





# Two Major Market Opportunities: Online Migration & Millennials Buying Homes

~90%

of homeowners use  
**WORD OF MOUTH  
& OFFLINE**  
when hiring a home pro

~2X

homeowners ages  
**18-34** willingness to  
**HIRE A PRO ONLINE**  
vs. homeowners aged 50+

(1) 11% of homeowners surveyed found their pro online (HomeAdvisor quarterly survey of homeowners)

(2) Farnsworth Online Home Study





**FORMULA FOR  
GROWTH**

# 3 Key Drivers of Growth in the Business

Strong Product Innovation supported by investment in Brand Marketing and Sales



## PRODUCT INNOVATION

OPERATING LEVERAGE through increased repeat use & retention



## SALES FORCE

Grow the HIGHEST QUALITY SP network



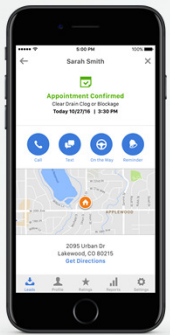
## BRAND MARKETING

Drive PROFITABLE, BRAND-FOCUSED marketing

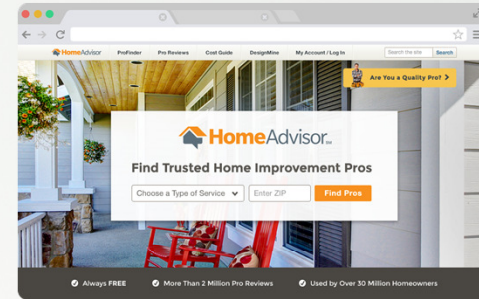




# HomeAdvisor is Emerging as the Go-To Provider for Home Services Anywhere, Anytime



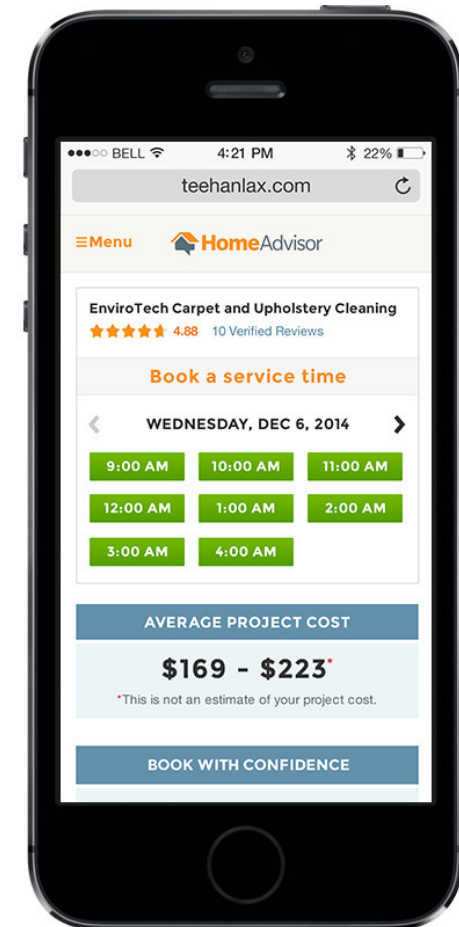
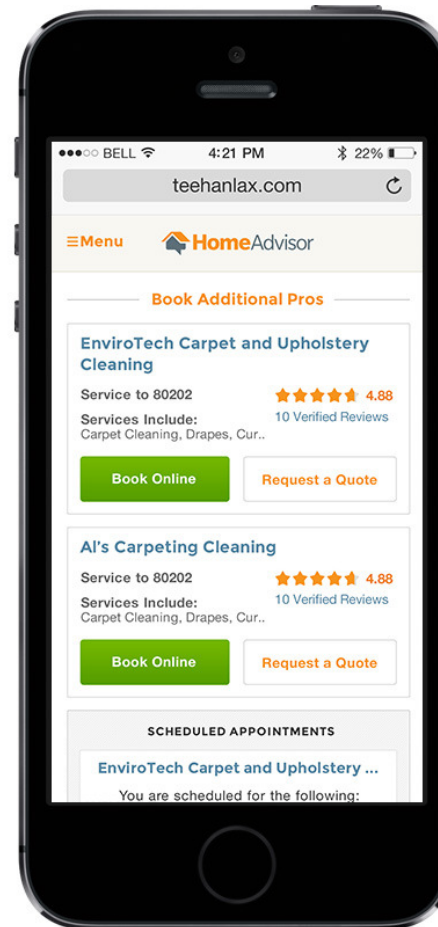
"I found you a pre-screened handyman"



# INSTANT BOOKING, The Only Nationwide On-Demand Platform

Book an appointment directly


- Schedule service or in-person estimate
- See average project costs in advance
- Nearly 1M appointments in 2016




# Proprietary Matching Algorithm Superior to Static Directories

Delivers screened pros who are available to do work now







**LNL PAINT & FINISHING CO.**  
SERVING DENVER | (303) 555-4567

**RATINGS & REVIEWS**  
 OVERALL RATING **4.5**


**BOOK NOW**




**STANTON PAINTING, INC.**  
SERVING DENVER | (303) 555-1233

**RATINGS & REVIEWS**  
 OVERALL RATING **4.9**

**BOOK NOW**



**ALL COVERED PAINT SERVICES**  
SERVING DENVER | (303) 555-9876

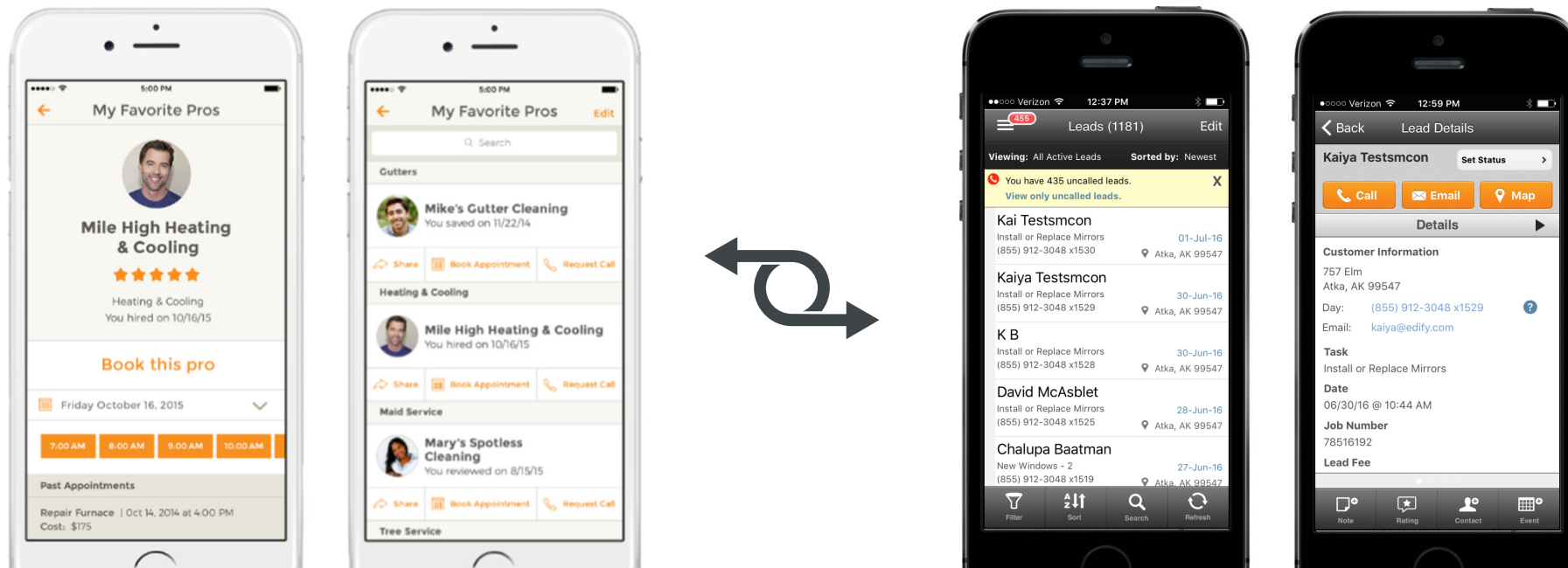
**RATINGS & REVIEWS**  
 OVERALL RATING **4.1**

**BOOK NOW**



# Product Innovation Driving Homeowner and Service Pro Success

Higher connection and success rates driving significant economic growth



## My HomeAdvisor

Homeowner Portal to manage and optimize projects

## Service Pro Tools

Manage and optimize homeowner requests





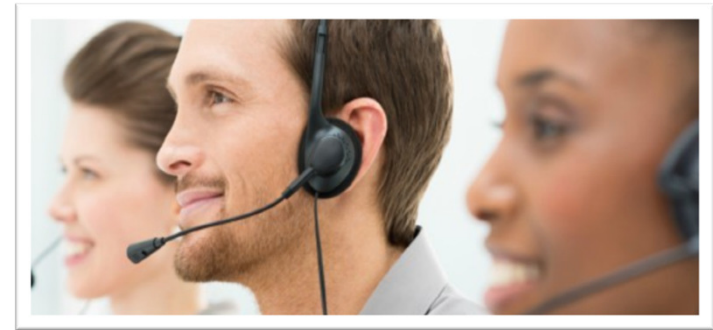
# Marketing and Sales Investment Drives Marketplace Growth

Investment in growing both sides of marketplace



## MARKETING

Grow branded Service Requests



## SALES FORCE

Grow quality Service Provider Network

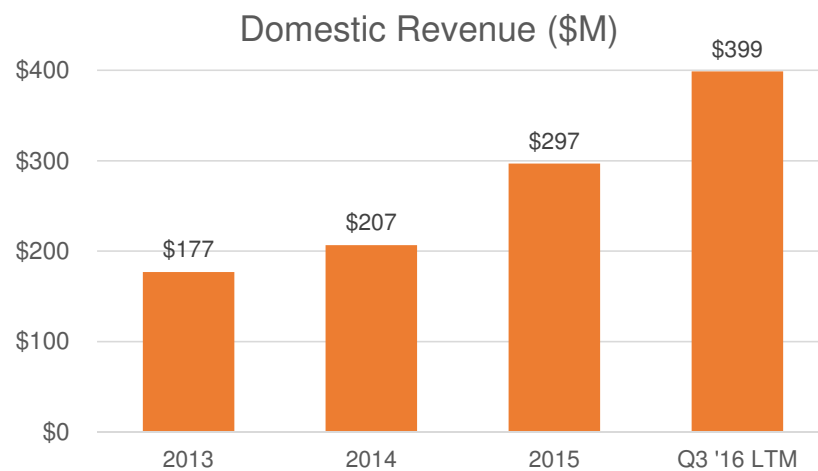
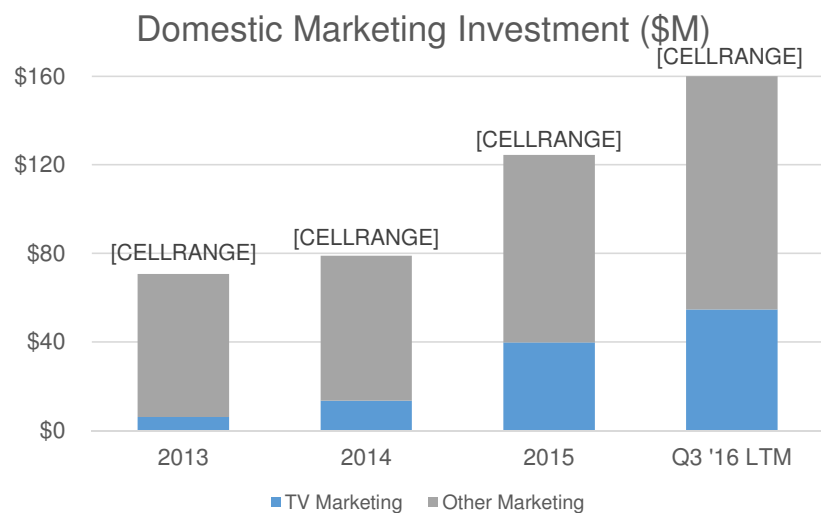
**\$160M+ Spend Q3 2016 LTM**

**~1000 Sales Reps**



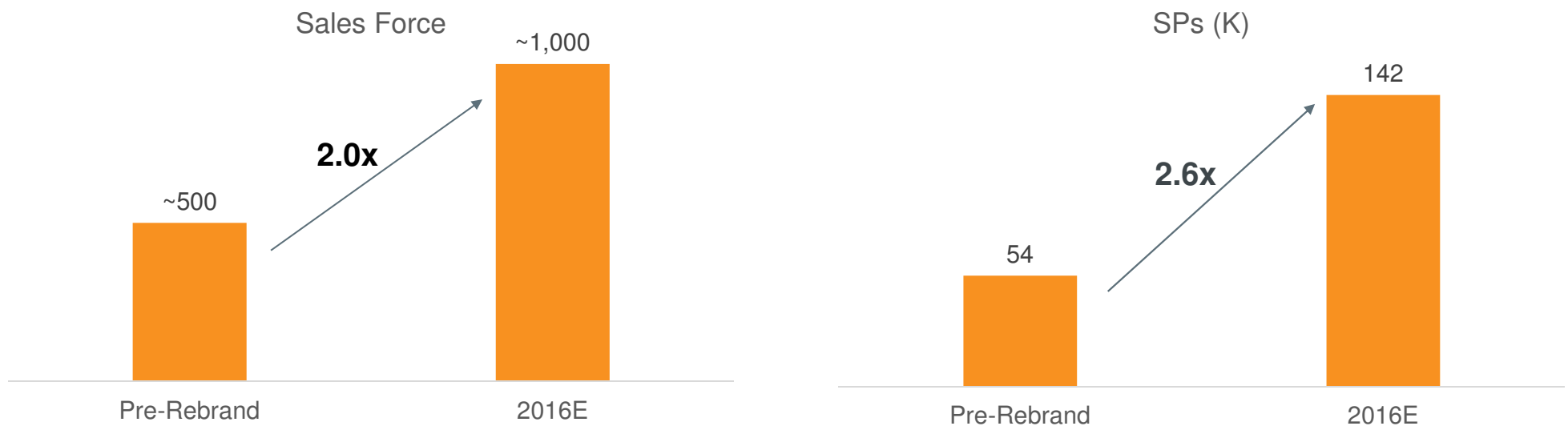
# Accelerating Growth Through Profitable Marketing Investment

Profitable marketing growth in line with revenue growth



## Investment in Sales Driving Network Growth

Growth in paying SPs outpacing growth in sales force due to strong productivity & higher quality SPs



**2X increase in Sales Force**



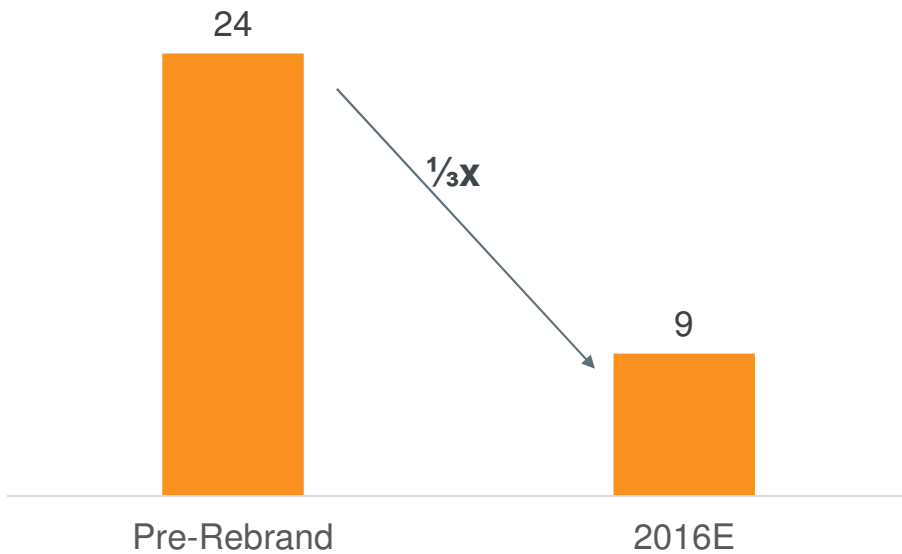
**2.6X increase in paying SPs**



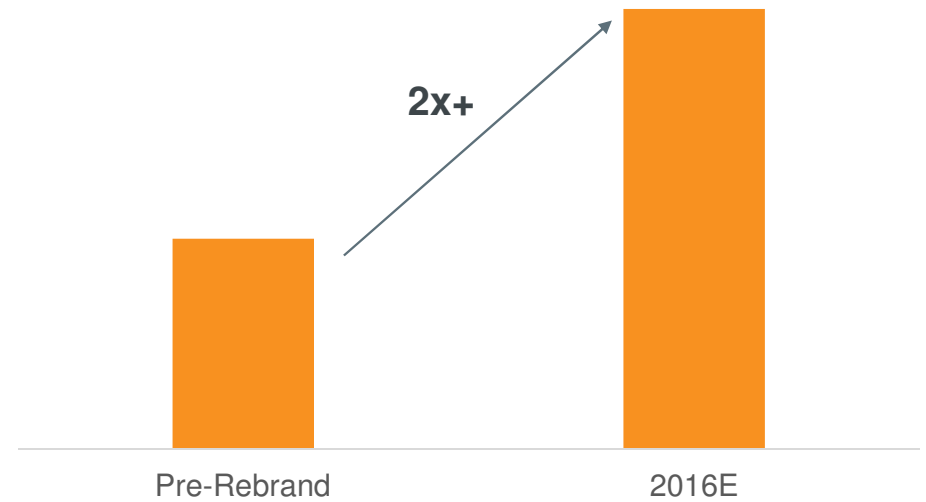
# Sales Reps More Efficient

Sales reps take 1/3 of the time to positive contribution

New Sales Rep Months to Positive Contribution



3-Year Revenue Per New Sales Rep



Sales reps take a 1/3 the time to positive contribution



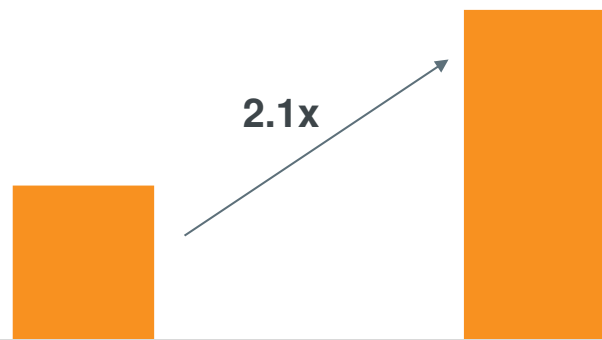
And drive 2X the revenue



# SPs are Making More Money and Staying Longer

Service Provider ROI is better than ever

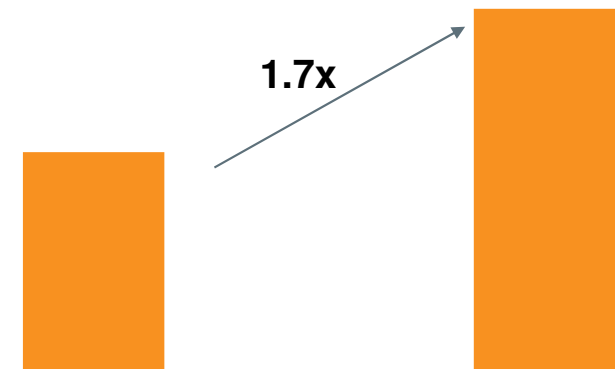
Value of Projects Won Over 3 Years by Average SP



Pre-Rebrand

2016E

SP Retention



Q4 '13

2016E

2.1X increase in Value of Projects Won



1.7X increase in Retention

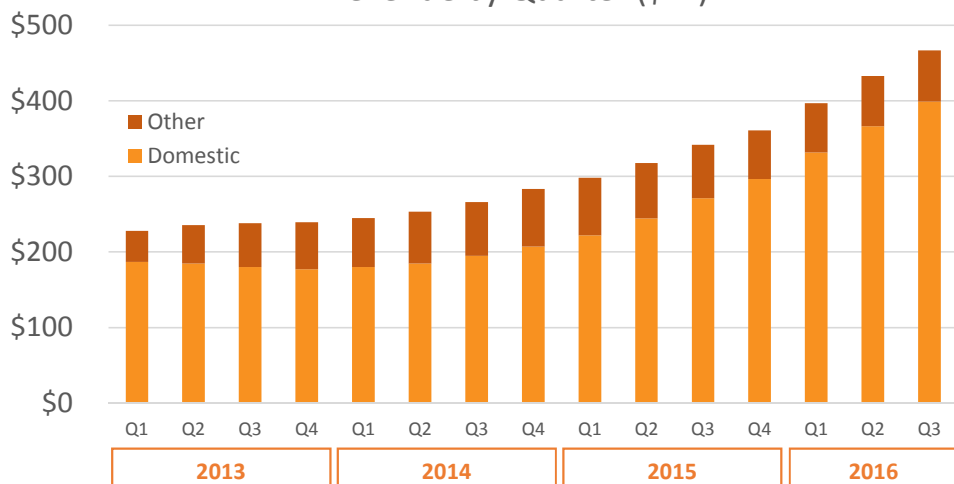


The image shows several overlapping sheets of paper with various financial charts and graphs, including bar charts and line graphs, in shades of blue, green, and red. The text "FINANCIAL IMPACT" is centered over the documents in a bold, black, sans-serif font.

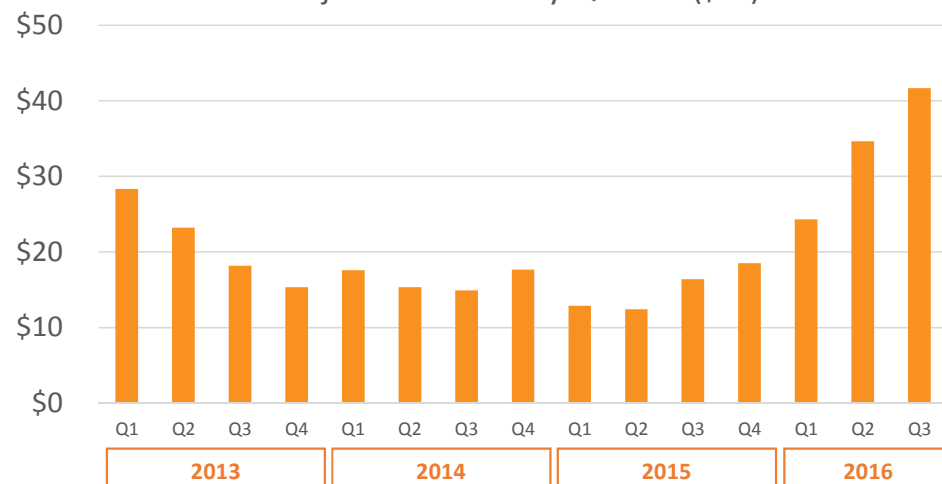
# FINANCIAL IMPACT

# HomeAdvisor Revenue & Adjusted EBITDA Trends

LTM Revenue by Quarter (\$M)



LTM Adjusted EBITDA by Quarter (\$M)



**30% 3 Year Revenue CAGR**

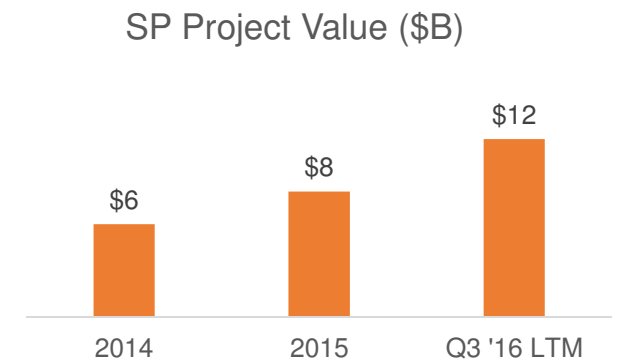
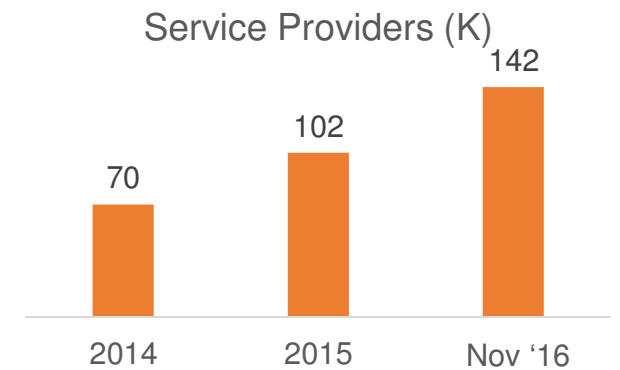
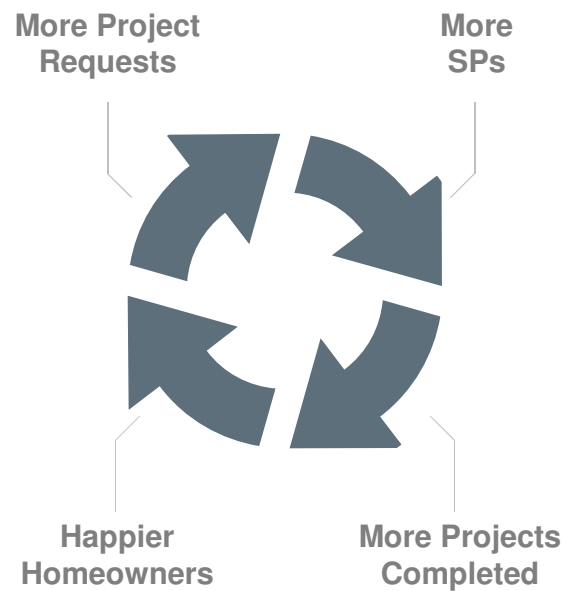
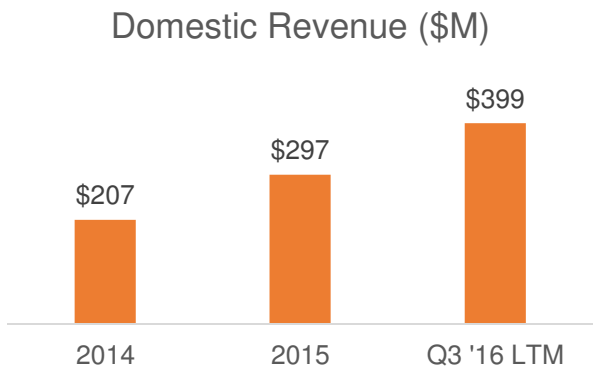
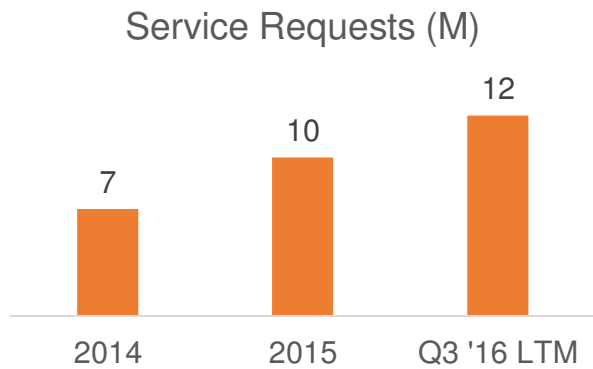


**Adj EBITDA run-rate 3x over last 6 qtrs**

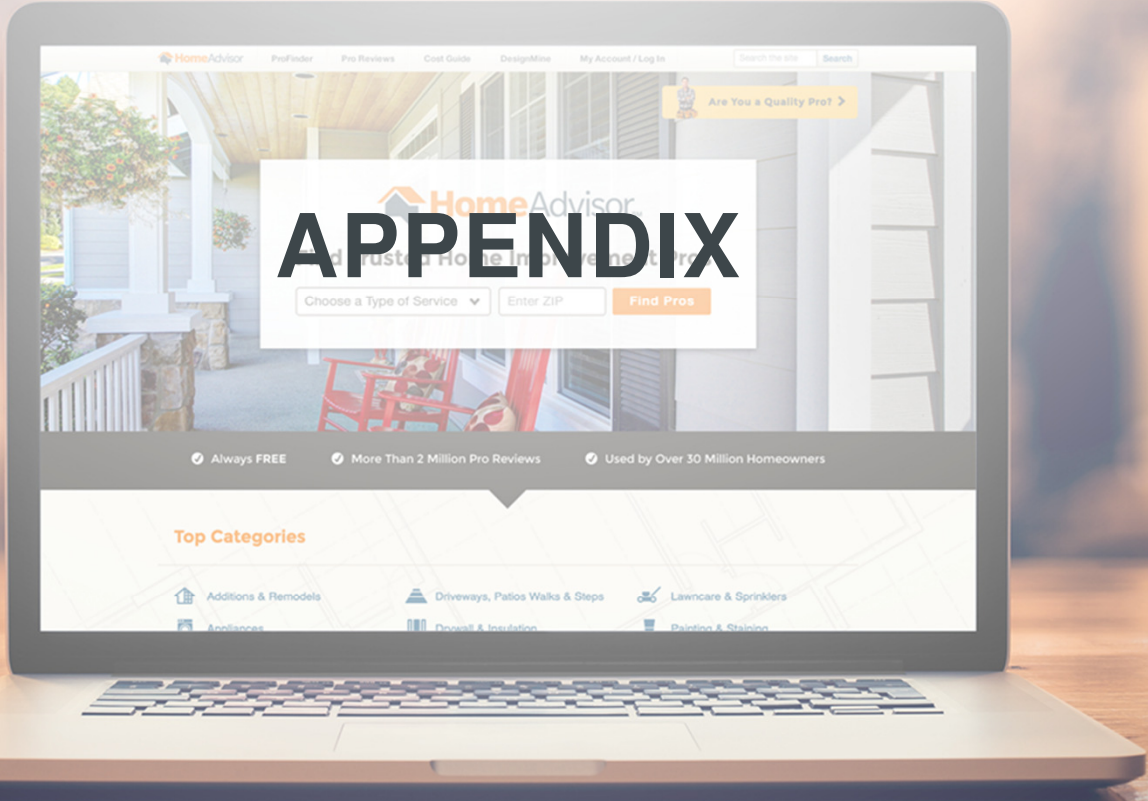


# Growing Both Sides of the Marketplace Creates Network Effects

Virtuous cycle accelerates growth







Are You a Quality Pro? >

HomeAdvisor  
Add Just a Home Improvement to Pro  
Choose a Type of Service Enter ZIP Find Pros

- Always FREE
- More Than 2 Million Pro Reviews
- Used by Over 30 Million Homeowners

Top Categories

- Additions & Remodels
- Driveways, Patios Walks & Steps
- Lawncare & Sprinklers
- Appliances
- Roofing & Insulation
- Painting & Staining

## HomeAdvisor LTM Adjusted EBITDA Reconciliation

LTM (in thousands)	2013				2014				2015				2016		
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
Operating income	18,377	10,759	3,400	284	2,302	(205)	(1,656)	1,060	(3,018)	(2,614)	3,522	6,452	12,363	22,685	29,395
add back:															
Stock-based compensation	-	-	-	-	-	-	138	558	978	1,398	1,670	1,649	1,636	1,624	1,622
Depreciation	4,764	4,911	5,071	5,174	5,283	5,550	5,794	6,521	6,670	6,715	6,753	6,593	6,916	7,250	7,649
Amortization of Intangibles	5,202	7,585	9,733	9,916	10,038	10,020	10,654	9,562	8,287	6,922	4,496	3,835	3,416	3,087	3,042
Adjusted EBITDA	28,343	23,256	18,204	15,373	17,623	15,365	14,930	17,701	12,917	12,421	16,441	18,529	24,331	34,647	41,708

