

**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): **February 5, 2020**

**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 February 5, 2020, the Registrant announced that it had released its results for the quarter ended December 31, 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
<a href="#">99.1</a>	<a href="#">Press Release of ANGI Homeservices Inc., dated February 5, 2020.</a>
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: February 5, 2020

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## ANGI REPORTS Q4 2019 – FULL YEAR REVENUE OF \$1.3 BILLION

DENVER— February 5, 2020—ANGI Homeservices (NASDAQ: ANGI) released its fourth 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](http://www.iac.com/Investors).

## ANGI HOMESERVICES SUMMARY RESULTS

(\$ in millions except per share amounts)

	Q4 2019	Q4 2018	Growth	FY 2019	FY 2018	Growth
Revenue	\$ 321.5	\$ 279.0	15%	\$ 1,326.2	\$ 1,132.2	17%
Pro Forma Revenue	321.5	271.3	19%	1,326.2	1,101.1	20%
Operating income	6.2	17.9	-66%	38.6	63.9	-40%
Net (loss) earnings	(0.1)	36.7	NM	34.8	77.3	-55%
GAAP Diluted EPS	(0.00)	0.07	NM	0.07	0.15	-55%
Adjusted EBITDA	54.8	66.2	-17%	202.3	247.5	-18%

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

## Q4 2019 HIGHLIGHTS

- Revenue increased 15% and Pro Forma Revenue increased 19% driven by:
  - o 23% Marketplace growth
  - o Advertising & Other improvement due primarily to growth at Angie’s List
  - o 1% growth in Europe (4% growth in local currency)
  - o Pro Forma Revenue in Q4 2018 excludes deferred revenue write-offs in connection with the Angie’s List transaction and Handy acquisition, and revenue from Felix, which was sold on December 31, 2018.
- Marketplace service requests increased 15% year-over-year to 6.1 million and totaled 27.4 million for the full year 2019.
- Marketplace and Advertising paying service professionals totaled 257,000 at the end of Q4 2019.
  - o Marketplace paying service professionals increased 3% to 220,000 and Marketplace transacting service professionals increased 9% to 186,000 (see more detail on page 3)
  - o Marketplace revenue per paying service professional increased 20% year-over-year
  - o Advertising paying service professionals increased 3% to 37,000
- Between November 2, 2019 and February 4, 2020, ANGI Homeservices repurchased 2.3 million Class A common shares at an average price of \$7.89. ANGI Homeservices has 7.4 million shares remaining in its stock repurchase authorization.
- Full year 2019 net cash provided by operations was \$214.2 million and Free Cash Flow was \$145.4 million.
- For the full year 2020, ANGI Homeservices expects \$30-\$80 million of operating income and \$200-\$250 million of Adjusted EBITDA. See more detail on page 4.

**Revenue**

	As Reported			Pro Forma (a)		
	Q4 2019	Q4 2018	Growth	Q4 2019	Q4 2018	Growth
(\$ in millions; rounding differences may occur)						
Marketplace <sup>(b)</sup>	\$ 235.2	\$ 191.1	23%	\$ 235.2	\$ 191.5	23%
Advertising & Other <sup>(c)</sup>	69.1	70.9	-3%	69.1	62.8	10%
Total North America	\$ 304.4	\$ 262.0	16%	\$ 304.4	\$ 254.3	20%
Europe	17.2	16.9	1%	17.2	16.9	1%
Total ANGI Homeservices revenue	\$ 321.5	\$ 279.0	15%	\$ 321.5	\$ 271.3	19%

(a) Pro Forma Revenue excludes deferred revenue write-offs of \$0.5 million in Q4 2018 in connection with the Angie's List transaction and Handy acquisition and revenue of \$8.2 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.

**Operating income (loss) and Adjusted EBITDA**

	Q4 2019	Q4 2018	Growth
(\$ in millions; rounding differences may occur)			
Operating income (loss)			
North America	\$ 8.6	\$ 21.2	-60%
Europe	(2.4)	(3.4)	28%
Total	\$ 6.2	\$ 17.9	-66%
Adjusted EBITDA			
North America	\$ 56.4	\$ 67.7	-17%
Europe	(1.6)	(1.5)	-11%
Total	\$ 54.8	\$ 66.2	-17%

· Operating income decreased \$11.7 million to \$6.2 million primarily driven by:

- o 17% lower Adjusted EBITDA due primarily to higher selling and marketing expense as a percentage of revenue and investments at Fixd Repair, Angie's List and the fixed price product expansion at HomeAdvisor
- o \$6.7 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:

- o \$5.0 million lower stock-based compensation expense due primarily to \$11.4 million lower expense related to the Angie's List transaction, partially offset by a \$6.7 million increase related to new awards issued in connection with acquisitions
- o \$1.5 million lower amortization of intangibles

### Income Taxes

The Company recorded an income tax provision of \$5.4 million in Q4 2019 for an effective tax rate of 102%. The effective tax rate is higher than the statutory rate of 21% due primarily to lower realized tax benefits related to the vesting and exercise of stock-based awards and unbenefited foreign losses. The Company recorded an income tax benefit of \$6.9 million in Q4 2018, despite pre-tax income, due primarily to the excess tax benefits generated by the exercise and vesting of stock-based awards.

### Operating Metrics

The below metrics now include Marketplace transactions and Marketplace transacting service professionals to better clarify performance as the business evolves. See below for the definitions of these metrics.

	Q4 2019	Q4 2018	Growth
Marketplace Service Requests (in thousands) <sup>(d)</sup>	6,061	5,254	15%
Marketplace Paying Service Professionals (in thousands) <sup>(e)</sup>	220	214	3%
Marketplace Revenue per Paying Service Professional <sup>(f)</sup>	\$ 1,067	\$ 893	20%
Advertising Service Professionals (in thousands) <sup>(g)</sup>	37	36	3%
Marketplace Transactions (in thousands) <sup>(h)</sup>	3,705	3,260	14%
Marketplace Transacting Service Professionals (in thousands) <sup>(i)</sup>	186	172	9%

*(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) The number of Angie's List service professionals under contract for advertising at the end of the period.*

*(h) Fully completed and submitted domestic customer service requests to HomeAdvisor that were matched and paid for by a service professional and completed jobs sourced through the HomeAdvisor and Handy platforms in the period.*

*(i) 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 quarter.*

Please refer to the Q4 2019 IAC shareholder letter posted on the Investor Relations section of IAC's website for further detail.

### Free Cash Flow

For the twelve months ended December 31, 2019, Free Cash Flow decreased \$31.4 million to \$145.4 million due primarily to higher capital expenditures.

(\$ in millions; rounding differences may occur)	Twelve Months Ended December 31,	
	2019	2018
Net cash provided by operating activities	\$ 214.2	\$ 223.7
Capital expenditures	(68.8)	(47.0)
Free Cash Flow	\$ 145.4	\$ 176.7

**2020 Outlook**

	<b>FY 2020 Outlook</b>
<b>Operating income</b>	<b>\$30-\$80</b>
Amortization of intangibles	45
Depreciation	50
Stock-based compensation expense (a)	75
<b>Adjusted EBITDA</b>	<b>\$200-\$250</b>

(a) Includes ~\$20 million of charges in connection with the Angie's List transaction.

Effective January 1, 2020, the Company will be required to record revenue for fixed price services (including Handy) on a gross basis vs. net previously, which will be low-single digits accretive to our growth rate in 2020.

**LIQUIDITY AND CAPITAL RESOURCES**

As of December 31, 2019:

- ANGI Homeservices had 501.3 million Class A and Class B common shares outstanding.
- IAC's economic interest in ANGI Homeservices was 84.1% and IAC's voting interest in ANGI Homeservices was 98.1%.
- ANGI Homeservices held \$390.6 million in cash and cash equivalents and had \$247.5 million of debt, including a current portion of \$13.8 million.
- Between November 2, 2019 and February 4, 2020, ANGI Homeservices repurchased 2.3 million Class A common shares at an average price of \$7.89. Between August 3, 2019 and February 4, 2020, ANGI Homeservices repurchased 7.6 million Class A common shares at an average price of \$7.92. ANGI Homeservices has 7.4 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 had no borrowings as of December 31, 2019 and currently has no borrowings.

**CONFERENCE CALL**

ANGI Homeservices will audiocast a conference call to answer questions regarding its fourth quarter results on Thursday, February 6, 2020, 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](http://ir.angihomeservices.com) or [www.iac.com/Investors](http://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				
			1/31/20	9.00	10.00	11.00	12.00
			\$ 8.03	\$ 9.00	\$ 10.00	\$ 11.00	\$ 12.00
Absolute Shares as of 1/31/20	501.1		501.1	501.1	501.1	501.1	501.1
SARs	22.5	\$ 3.39	5.3	5.7	6.0	6.3	6.5
Options	1.4	\$ 11.87	0.0	0.0	0.0	0.0	0.0
RSUs and subsidiary denominated equity awards	8.1		2.1	2.1	2.1	2.1	2.1
IAC denominated equity awards	2.0		1.2	1.1	1.0	0.9	0.8
Total Dilution			8.6	8.9	9.1	9.3	9.5
% Dilution			1.7%	1.7%	1.8%	1.8%	1.9%
Total Diluted Shares Outstanding			509.8	510.0	510.3	510.4	510.6

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 \$52.3 million, assuming a stock price of \$8.03 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 \$8.03 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 \$41.2 million, assuming a stock price of \$8.03 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 December 31, 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 December		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Revenue	\$ 321,508	\$ 278,992	\$ 1,326,205	\$ 1,132,241
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	12,448	13,426	46,493	55,739
Selling and marketing expense	166,212	125,282	733,223	541,469
General and administrative expense	93,461	85,350	348,247	323,462
Product development expense	17,293	16,392	64,200	61,143
Depreciation	12,876	6,140	39,915	24,310
Amortization of intangibles	13,061	14,517	55,482	62,212
Total operating costs and expenses	315,351	261,107	1,287,560	1,068,335
Operating income	6,157	17,885	38,645	63,906
Interest expense—third party	(2,529)	(2,826)	(11,493)	(11,623)
Interest expense—related party	-	(16)	(16)	(118)
Other income, net	1,671	14,884	6,510	17,859
Earnings before income taxes	5,299	29,927	33,646	70,024
Income tax (provision) benefit	(5,394)	6,885	1,668	7,483
<b>Net (loss) earnings</b>	(95)	36,812	35,314	77,507
Net earnings attributable to noncontrolling interests	(12)	(125)	(485)	(189)
<b>Net (loss) earnings attributable to ANGI Homeservices Inc. shareholders</b>	<u>\$ (107)</u>	<u>\$ 36,687</u>	<u>\$ 34,829</u>	<u>\$ 77,318</u>
<b>(Loss) earnings per share attributable to ANGI Homeservices Inc. shareholders:</b>				
Basic (loss) earnings per share	\$ (0.00)	\$ 0.07	\$ 0.07	\$ 0.16
Diluted (loss) earnings per share	\$ (0.00)	\$ 0.07	\$ 0.07	\$ 0.15
<b>Stock-based compensation expense by function:</b>				
Cost of revenue	\$ -	\$ -	\$ -	\$ -
Selling and marketing expense	916	842	3,717	3,368
General and administrative expense	19,351	23,697	56,475	84,028
Product development expense	2,402	3,106	8,063	9,682
Total stock-based compensation expense	<u>\$ 22,669</u>	<u>\$ 27,645</u>	<u>\$ 68,255</u>	<u>\$ 97,078</u>

**ANGI HOMESERVICES CONSOLIDATED BALANCE SHEET**  
**(\$ in thousands)**

	December 31, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 390,565	\$ 336,984
Marketable securities	-	24,947
Accounts receivable, net of allowance and reserves	41,669	27,263
Other current assets	67,759	84,933
Total current assets	499,993	474,127
Right-of-use assets, net	101,243	-
Capitalized software, leasehold improvements and equipment, net	103,361	70,859
Goodwill	883,960	894,709
Intangible assets, net	251,725	304,295
Deferred income taxes	72,581	40,837
Other non-current assets	8,748	23,200
<b>TOTAL ASSETS</b>	<b>\$ 1,921,611</b>	<b>\$ 1,808,027</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Current portion of long-term debt	\$ 13,750	\$ 13,750
Accounts payable	25,987	20,083
Deferred revenue	58,220	61,417
Accrued expenses and other current liabilities	116,997	105,987
Total current liabilities	214,954	201,237
Long-term debt, net	231,946	244,971
Long-term debt—related party	-	1,015
Deferred income taxes	3,441	3,808
Other long-term liabilities	121,055	16,846
Redeemable noncontrolling interests	26,663	18,163
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
Class A common stock	87	81
Class B convertible common stock	422	421
Class C common stock	-	-
Additional paid-in capital	1,357,075	1,333,097
Retained earnings (accumulated deficit)	16,032	(18,797)
Accumulated other comprehensive loss	(1,379)	(1,861)
Treasury stock	(57,949)	-
Total ANGI Homeservices Inc. shareholders' equity	1,314,288	1,312,941
Noncontrolling interests	9,264	9,046
Total shareholders' equity	1,323,552	1,321,987
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,921,611</b>	<b>\$ 1,808,027</b>

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 December 31, 2019, the Company has \$101.2 million of right-of-use assets and \$132.6 million of lease liabilities (\$13.2 million included in Accrued expenses and other current liabilities and \$119.4 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)**

	<b>Twelve Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
<b>Net earnings</b>	\$ 35,314	\$ 77,507
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Stock-based compensation expense	68,255	97,078
Amortization of intangibles	55,482	62,212
Bad debt expense	64,278	47,242
Depreciation	39,915	24,310
Deferred income taxes	(3,250)	(8,368)
Gain from the sale of a business	218	(13,237)
Other adjustments, net	7,987	(519)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(78,954)	(47,686)
Other assets	13,382	(12,959)
Accounts payable and other liabilities	13,627	(576)
Income taxes payable and receivable	1,650	725
Deferred revenue	(3,743)	(2,029)
<b>Net cash provided by operating activities</b>	<b>214,161</b>	<b>223,700</b>
<b>Cash flows from investing activities:</b>		
Acquisitions, net of cash acquired	(20,341)	3,669
Capital expenditures	(68,804)	(46,976)
Proceeds from maturities of marketable debt securities	25,000	35,000
Purchases of marketable debt securities	-	(59,671)
Net proceeds from the sale of a business	23,615	-
Proceeds from sale of fixed assets	-	10,412
Other, net	(103)	(25)
<b>Net cash used in investing activities</b>	<b>(40,633)</b>	<b>(57,591)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on term loan	(13,750)	(13,750)
Debt issuance costs	-	(2,168)
Principal payments on related party debt	(1,008)	(1,904)
Purchase of treasury stock	(56,905)	-
Proceeds from the exercise of stock options	573	4,693
Withholding taxes paid on behalf of employees on net settled stock-based awards	(35,284)	(29,844)
Distribution to IAC pursuant to the tax sharing agreement	(11,355)	-
Purchase of noncontrolling interests	(71)	(6,061)
Other, net	(3,732)	13
<b>Net cash used in financing activities</b>	<b>(121,532)</b>	<b>(49,021)</b>
<b>Total cash provided</b>	<b>51,996</b>	<b>117,088</b>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	661	212
<b>Net increase in cash and cash equivalents and restricted cash</b>	<b>52,657</b>	<b>117,300</b>
Cash and cash equivalents and restricted cash at beginning of period	338,821	221,521
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 391,478</b>	<b>\$ 338,821</b>

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

**REVENUE TO PRO FORMA REVENUE RECONCILIATION**

	Three Months Ended December 31,		
	2019	2018	% Growth
<b>Revenue</b>	\$ 321.5	\$ 279.0	15%
Add back: Handy and Angie's List deferred revenue write-offs	-	0.5	
Less: Felix revenue (sold on December 31, 2018)	-	(8.2)	
<b>Pro Forma Revenue</b>	<b>321.5</b>	<b>271.3</b>	<b>19%</b>

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

	Three Months Ended December 31,		
	2018, As Reported		2018, As Reported
Europe Revenue	\$ 16.9		\$ 16.9
		<b>2019, As Reported</b>	<b>2019 excluding foreign exchange effects</b>
Europe Revenue	\$ 17.2	\$ 0.5	\$ 17.6
Increase in dollars	\$ 0.2		\$ 0.7
Percentage increase		1%	4%

**RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA**

	<b>For the three months ended December 31, 2019</b>				
	<b>Operating income (loss)</b>	<b>Stock-based compensation expense</b>	<b>Depreciation</b>	<b>Amortization of intangibles</b>	<b>Adjusted EBITDA</b>
North America	\$ 8.6	\$ 22.5	\$ 12.4	\$ 12.9	\$ 56.4
Europe	(2.4)	0.1	0.5	0.1	(1.6)
<b>Total</b>	<b>\$ 6.2</b>	<b>\$ 22.7</b>	<b>\$ 12.9</b>	<b>\$ 13.1</b>	<b>\$ 54.8</b>
	<b>For the three months ended December 31, 2018</b>				
	<b>Operating income (loss)</b>	<b>Stock-based compensation expense</b>	<b>Depreciation</b>	<b>Amortization of intangibles</b>	<b>Adjusted EBITDA</b>
North America	\$ 21.2	\$ 27.4	\$ 5.4	\$ 13.6	\$ 67.7
Europe	(3.4)	0.2	0.7	0.9	(1.5)
<b>Total</b>	<b>\$ 17.9</b>	<b>\$ 27.6</b>	<b>\$ 6.1</b>	<b>\$ 14.5</b>	<b>\$ 66.2</b>
	<b>For the twelve months ended December 31, 2019</b>				
	<b>Operating income (loss)</b>	<b>Stock-based compensation expense</b>	<b>Depreciation</b>	<b>Amortization of intangibles</b>	<b>Adjusted EBITDA</b>
North America	\$ 49.0	\$ 67.6	\$ 37.5	\$ 54.1	\$ 208.2
Europe	(10.3)	0.6	2.4	1.4	(5.9)
<b>Total</b>	<b>\$ 38.6</b>	<b>\$ 68.3</b>	<b>\$ 39.9</b>	<b>\$ 55.5</b>	<b>\$ 202.3</b>
	<b>For the twelve months ended December 31, 2018</b>				
	<b>Operating income (loss)</b>	<b>Stock-based compensation expense</b>	<b>Depreciation</b>	<b>Amortization of intangibles</b>	<b>Adjusted EBITDA</b>
North America	\$ 78.1	\$ 96.1	\$ 21.9	\$ 57.9	\$ 254.0
Europe	(14.2)	1.0	2.4	4.3	(6.5)
<b>Total</b>	<b>\$ 63.9</b>	<b>\$ 97.1</b>	<b>\$ 24.3</b>	<b>\$ 62.2</b>	<b>\$ 247.5</b>

## 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.

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**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 January 31, 2020 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.

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**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, February 6, 2020, 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](http://www.angihomeservices.com).

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