

# FY21 Preliminary Results



June 2021

# Profit & loss

	FY21	FY20	Variance
Revenue	<b>861.2</b>	<b>875.8</b>	(2)%
Gross Profit <i>Gross margin</i>	<b>173.1</b> 20.1%	<b>167.7</b> 19.1%	3%
Distribution expenses <i>% of revenue</i>	<b>(27.8)</b> 3.2%	<b>(27.7)</b> 3.2%	1%
Administrative expenses <i>% of revenue</i>	<b>(88.0)</b> 10.2%	<b>(78.7)</b> 9.0%	12%
Net interest & other income	<b>(1.1)</b>	<b>(0.7)</b>	
<b>Profit before tax</b> (pre amortisation & share incentive costs)	<b>56.1</b>	<b>60.8</b>	(8)%
EPS (pre amortisation & share incentive costs)	<b>57.4p</b>	<b>61.8p</b>	(7)%

Administrative expenses are shown including the charge for bad debts of £(11.2)m in FY 21 and £(10.4)m in FY 20.  
 Distribution and Administrative expenses, PBT and EPS are adjusted to exclude share incentive scheme charges (£1.4m in FY 21, £1.3m in FY 20).  
 PBT and EPS exclude the PBT and EPS exclude amortisation of the energy supply contract intangible asset (£11.2m in both FY 21 and FY 20).

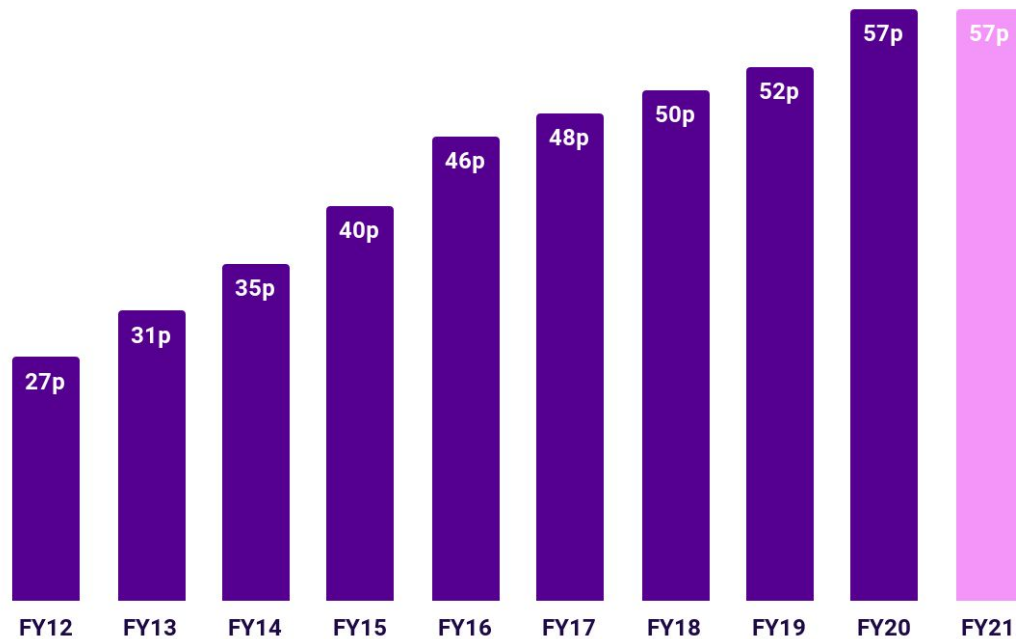
## Balance sheet (£m)

	31 Mar 21	31 Mar 20	YoY Variance
Fixed Assets	43.4	46.2	(2.8)
Non-current assets	194.5	198.2	(3.7)
Net current assets	45.8	36.9	8.9
(Net Debt)	(71.4)	(59.4)	(12.0)
<b>Total</b>	<b>212.4</b>	<b>222.0</b>	<b>(9.6)</b>
Share capital	4.0	4.0	-
Share premium	145.1	143.9	1.2
Other reserves	(7.0)	(7.0)	-
Retained earnings	70.3	81.1	(10.8)
<b>Total</b>	<b>212.4</b>	<b>222.0</b>	<b>(9.6)</b>

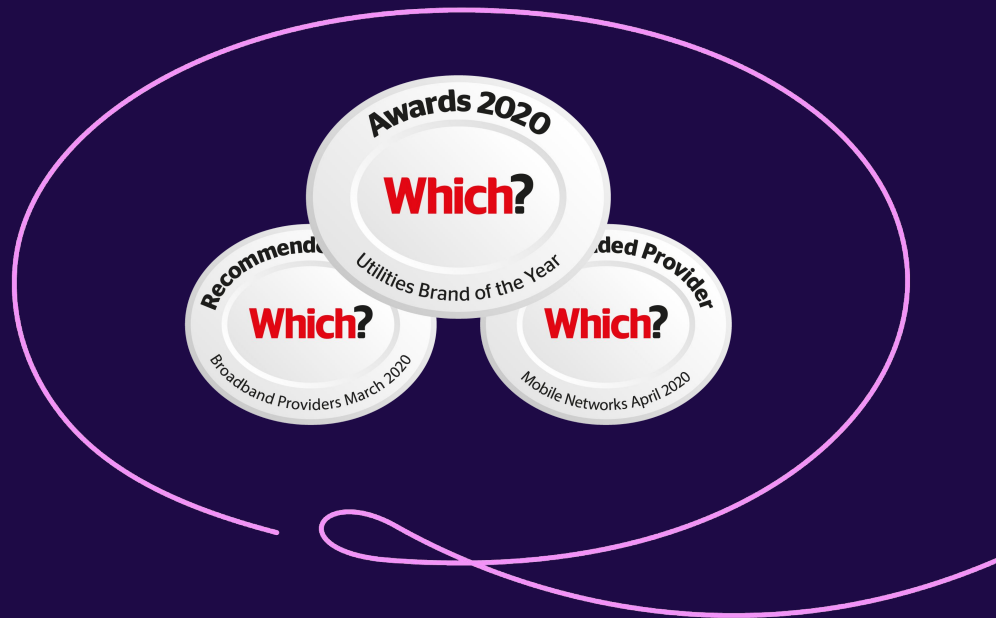
## Cashflow (£m)

	FY21	FY20
Operating profit	<b>45.8</b>	50.2
Depreciation & Amortisation	<b>19.6</b>	18.0
Working capital movement	<b>(12.5)</b>	(13.3)
Taxation	<b>(10.9)</b>	(17.1)
Capex	<b>(10.0)</b>	(10.3)
Dividends	<b>(44.7)</b>	(42.2)
Interest & fees	<b>(2.2)</b>	(3.3)
Debt drawdown / (repayment)	<b>(6.3)</b>	34.0
Other	<b>2.6</b>	3.5
<b>Increase / (decrease) in cash</b>	<b>(18.6)</b>	19.4

## Full Year dividend



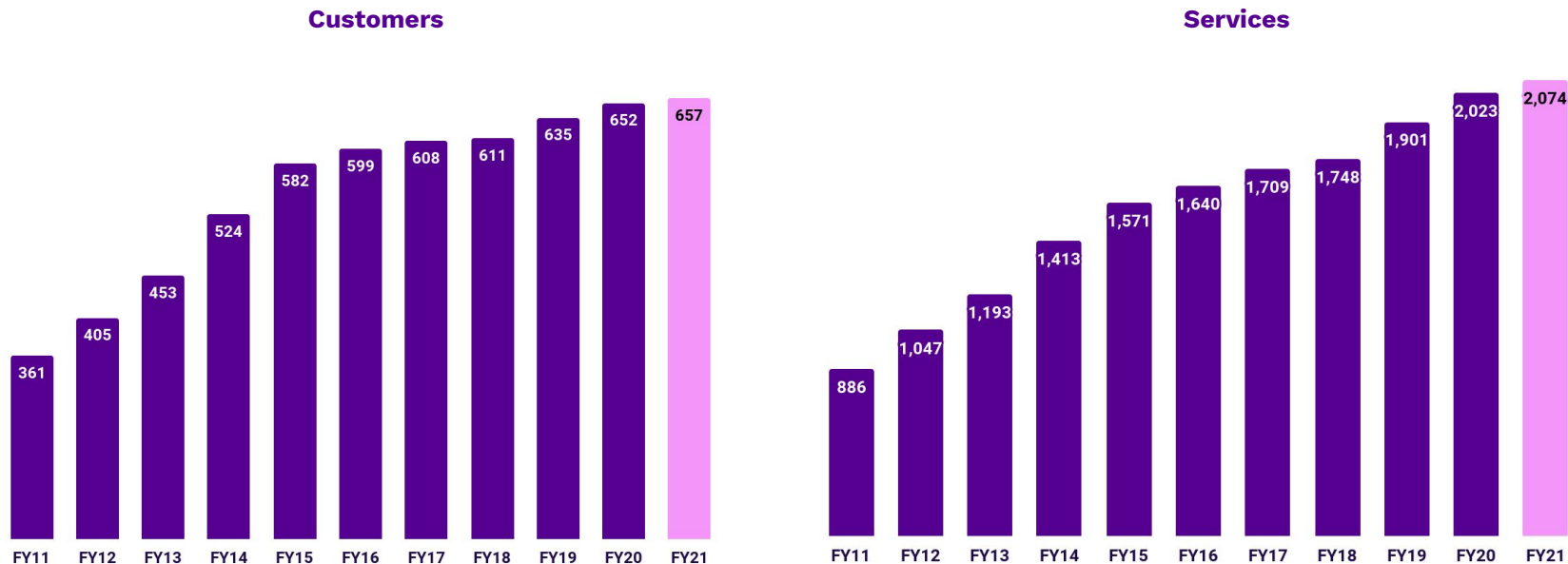
# Operations review



Utility  
Warehouse

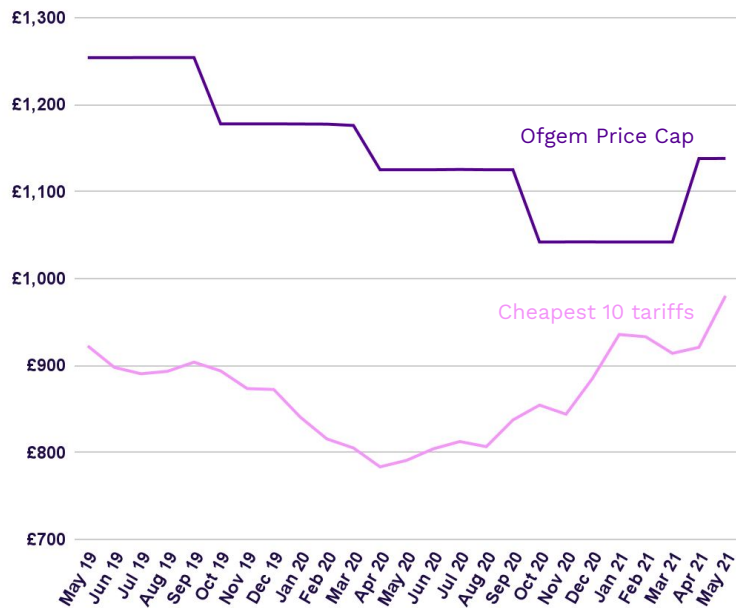
TelecomPlus

## Continued organic growth despite covid challenges

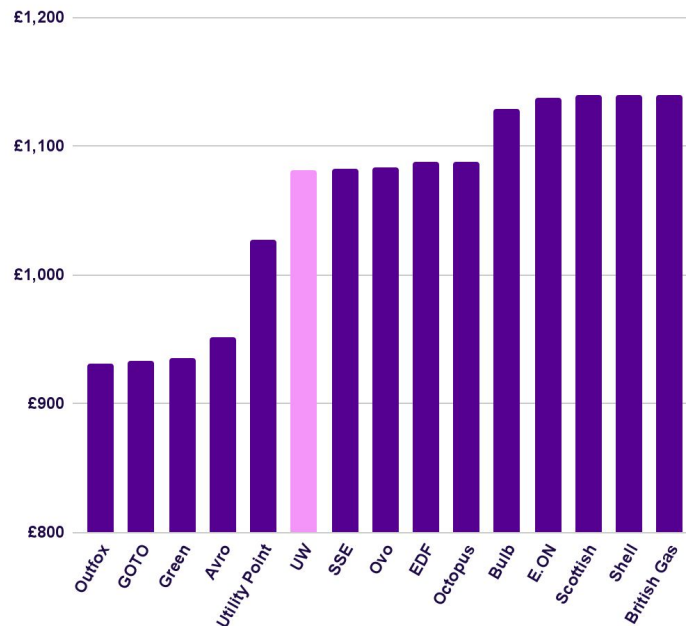


# Energy retail market dynamics

**Significant inflation**



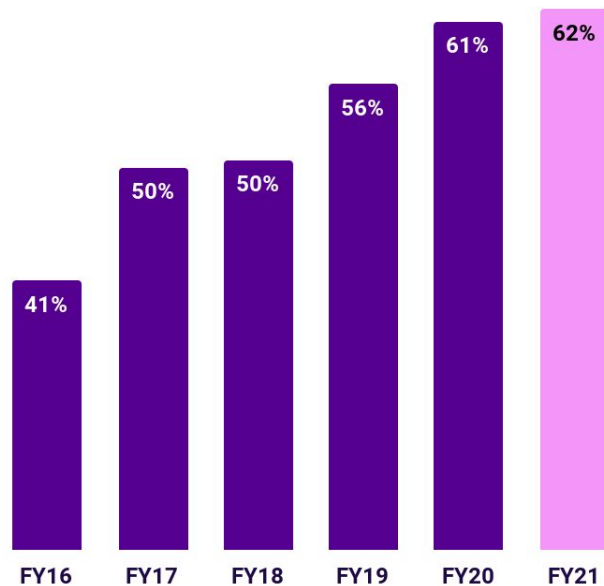
**Current market pricing**



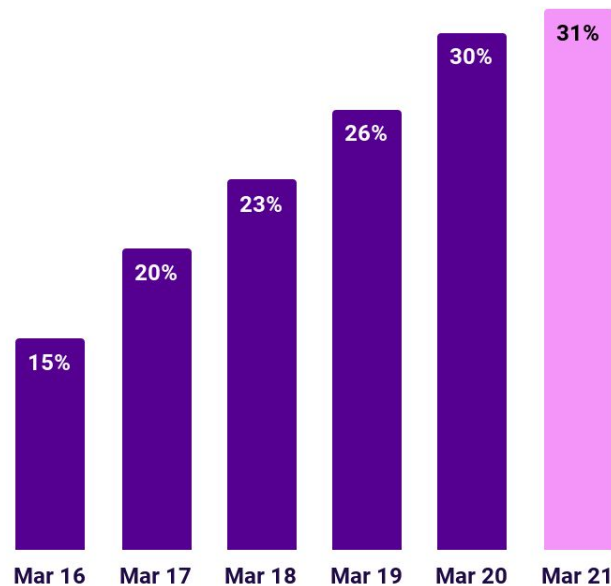


## Continued high quality customer acquisition

% new customers switching all three core services to us



% of customer base taking all three core services from us



# Telecoms & Insurance

## Improving our offerings across all services

### Mobile

- 5 year MVNO extension signed with EE
  - significantly improved commercial terms
  - material incremental profit opportunity
- New tariffs launched

### Broadband

- FttP - Full Fibre launched
- Amazon Eero Wifi mesh systems launched

### Insurance

- FCA Insurance Broker Authorisation received in October
- Boiler & Home Cover now available to customers at initial sign up
- Significant FCA intervention re 'price walking' from Jan 22



# Outlook & strategic update

# Outlook

## Short term - stable; longer term - growth opportunity opening up

### Energy market inflation

- 15m households received ~£100 price increase in April 21 Price Cap review
  - Further £100+ increase expected in Oct 21 review
- Challenging customer acquisition environment for suppliers

### Post-covid economic reality check

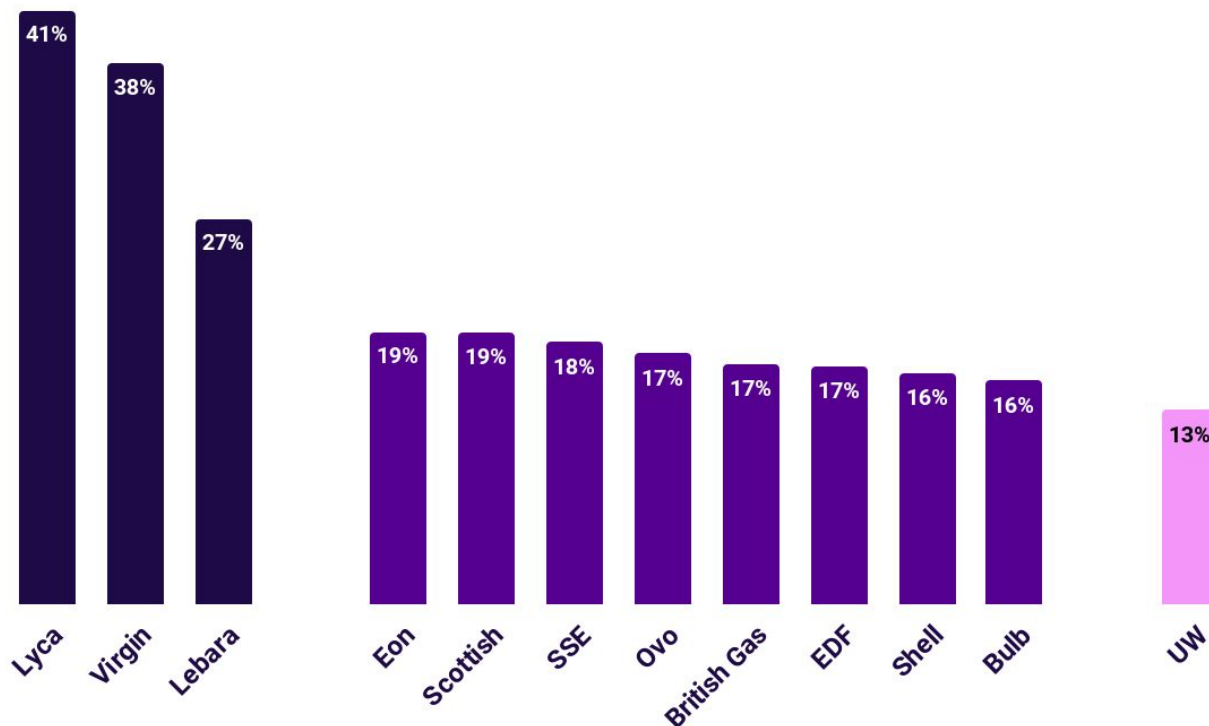
- Expected increased economic pressure on domestic budgets
  - We offer the opportunity to save money on household bills
  - We offer the opportunity to make money as a Partner
- Demand for UW expected to increase significantly in post-pandemic world

### FY22 guidance

- Partner activity gradually recovering to pre-covid levels as lockdown eases
- Customer / service growth      low single digit %, similar to last year
- PBT    around £60m
- Dividend                                  maintained at 57p

## Our sustainable, multi-service cost advantage

One set of overheads, multiple revenue streams

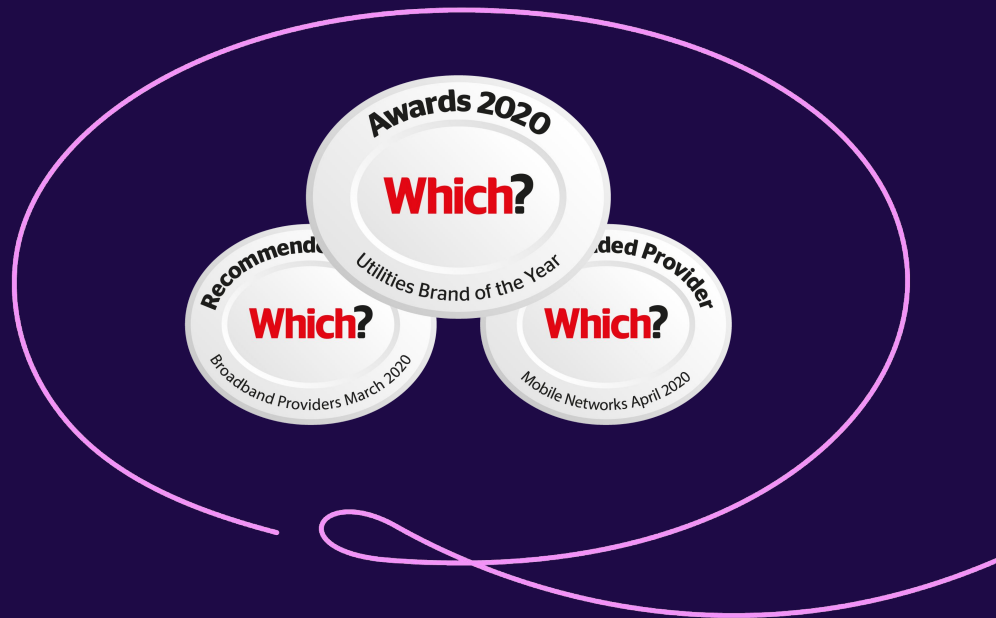


# Our plan to double the size and profitability of UW

## By driving organic growth

<b>Attract more new customers</b>	<b>1. Scale &amp; enable Team Purple</b>	<ul style="list-style-type: none"><li>• Meet rising demand for the post-pandemic flexible income economy</li><li>• Make it simpler and easier to succeed as a Partner</li><li>• Simplify the UW proposition that our Partners recommend</li><li>• Open up significant additional multi-service markets</li></ul>
	<b>2. Supplement Team Purple</b>	<ul style="list-style-type: none"><li>• Increase ARPU through systematic upsell campaigns</li></ul>
<b>Keep the customers we have</b>	<b>1. Drive multi-service penetration</b>	<ul style="list-style-type: none"><li>• Rationalise retail bundling proposition to drive multi-service uptake</li></ul>
	<b>2. Improve customer experience</b>	<ul style="list-style-type: none"><li>• Frictionless digital self-service supported by a knowledgeable distributed workforce</li></ul>
<b>3 big growth opportunities</b>	<b>1. Insurance</b>	<ul style="list-style-type: none"><li>• Scale up aggressively to improve our overall customer proposition</li></ul>
	<b>2. Boilers</b>	<ul style="list-style-type: none"><li>• Leverage the UW customer base</li></ul>
	<b>3. Home Services Team</b>	<ul style="list-style-type: none"><li>• Profitable multi-disciplinary field force and third party opportunities</li></ul>

# About us



# All your home services in one

650,000 households taking over 2m services



Energy



Broadband



Mobile



Insurance



# UW at a glance

As at year end 31/3/2021

## Customers

- Households supplied 657,000
- Services supplied 2.1m
- Multi-service penetration
  - % of customers taking Broadband, Mobile & Energy
  - new customers >50%
  - existing base >30%
- Market-leading retention
  - low levels of churn 13%

## Partners

- 45,000+
- ~1,000 joining each month

## Financial highlights

- Revenue £861m
- EBITDA £65m
- Dividend yield 4.6%

## Revenue

- Split 80/20, energy/telco

## Gross margin

- Split 50/50, energy/telco

## UK Markets

- <2% market share in both energy and telecoms
- Addressable market: £50bn+ revenues
- Significant opportunity to expand insurance book

# The UK's only multi-service provider



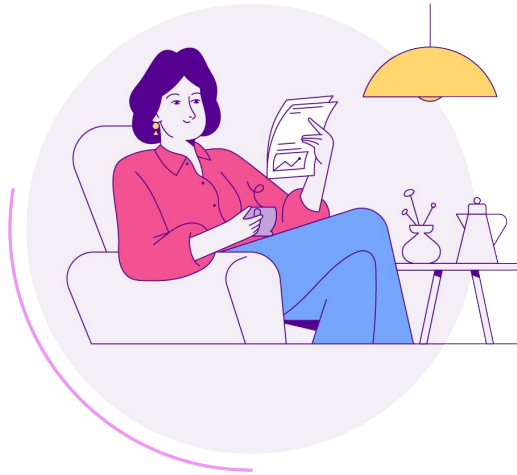
# Why customers choose us

To forget about their utilities



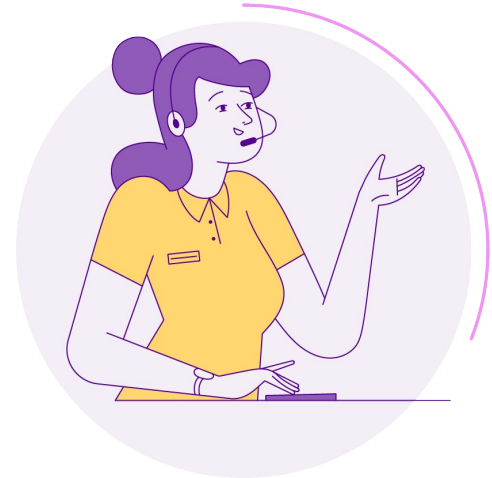
## Savings

The more services you take,  
the more you save



## Simplicity

Helping you keep track of your household  
spend with one monthly bill



## Service

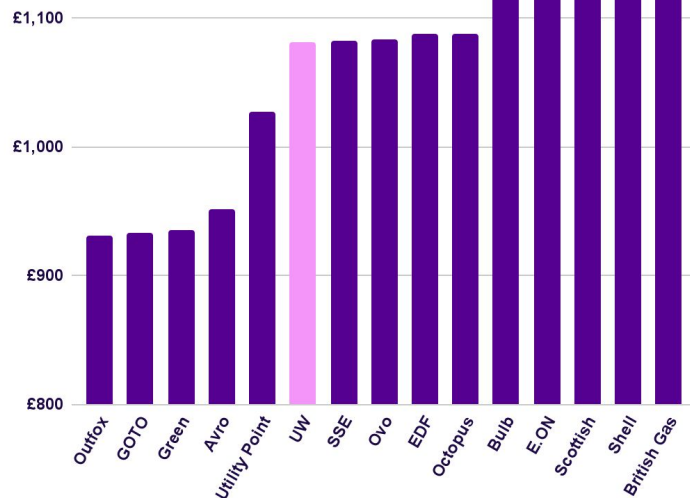
Award winning customer service  
from our UK-based team

# Savings

## Long-term, fair pricing



### Energy



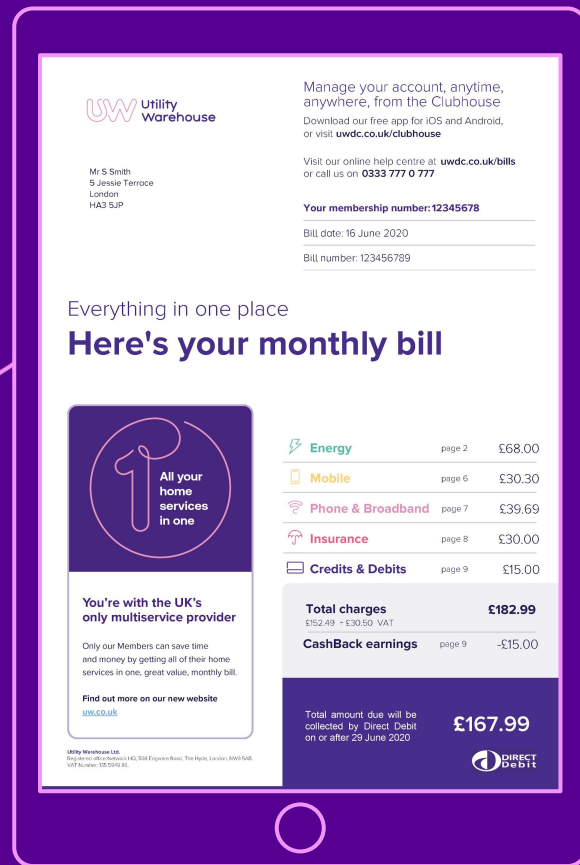
### Broadband

	Tariff	Fixed monthly cost	Expected annual cost
UW	Double Gold Ultra	£29.69	£666
TalkTalk	Faster Fibre	£29.95	£673
sky	Superfast	£33.00	£783
Virgin media	M100	£44.00	£744
BT	Superfast Essential	£40.11	£856

About us

# Simplicity

One supplier. One bill.

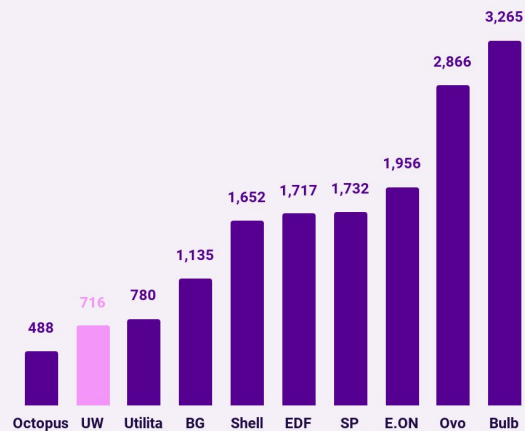


## Service

### Award-winning customer support

### Consistent third party endorsements

#### Low referrals to Energy Ombudsman



**Which? Recommended Provider  
for over 10 years running**

About us

## How customers hear about us



A unique route to market



Unique route to market

## Team Purple: our 45,000+ Partners

### A highly targeted customer acquisition model

#### Self-employed, part-time brand advocates

- Role is simply to refer UW to potential customers
- Provides informal access to less-engaged consumers

#### Highly cost efficient and scalable customer acquisition model

- Success-only fees paid
- No 'above the line' advertising spend

#### Above average customer demographic

- Higher spend
- Stronger credit
- Owner-occupiers

#### High multi-service penetration

- Targeted acquisition of most desirable customers
- 2/3 of new customers switch all their services to us





## Above average customer demographic...

### ...reflecting our Partner demographic

#### Partners know all of our customers

- Proactive customer selection by our Partners

#### Stark contrast to competitors

- Reactive Price Comparison Website acquisition models

#### Benefits of higher-end demographic

- Creditworthy customers
- Above average energy consumption
- Attracted to our 'fair value' offer - 'convenience' trumps 'cheapest'
- Receptive to upselling of additional services
- Strong loyalty

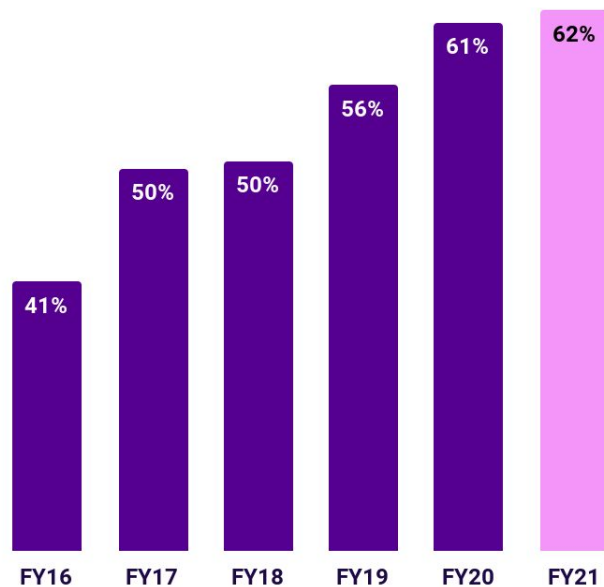
#### Household income vs UK average



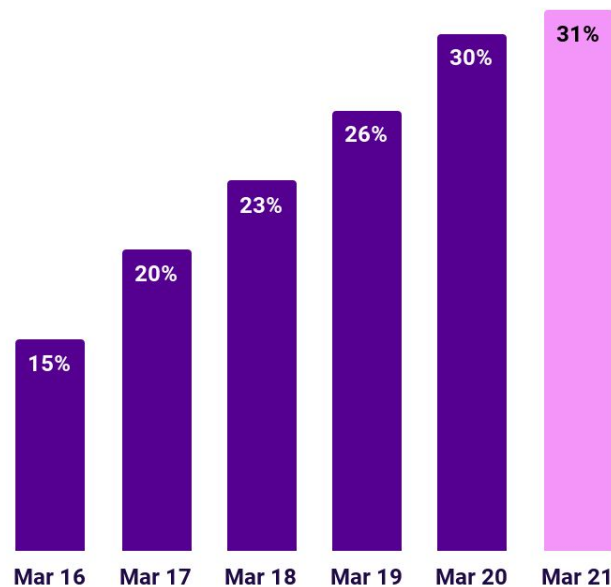
## High multi-service penetration...

...reflecting aligned interests with our Partners

% new customers switching all three core services to us



% of customer base taking all three core services from us



## High multi-service penetration...

...as the key to maximising customer lifetime value

### Multi-service penetration drives increased customer lifetimes

- Typical customer lifetimes
  - Taking all 3 core services >15 years
  - Taking just Energy services <5 years

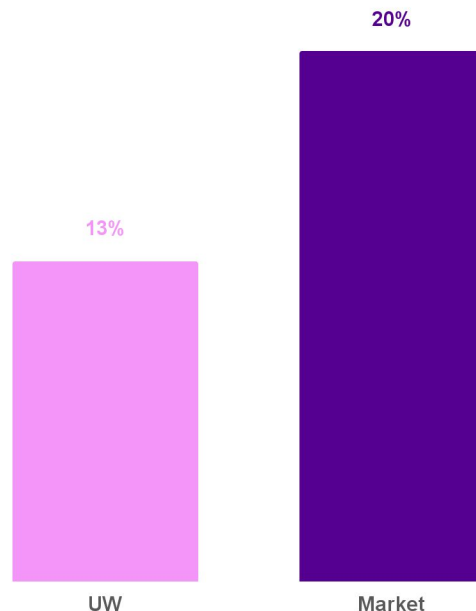
### Encouraging multi-service take up

- Incentivise Partners to refer higher quality customers
- Incentivise customers to switch all their services to us
  - Offer best value to most valuable customers
  - Multi-service savings
- Add further points of differentiation
  - Home insurance
  - Boiler installation and insurance
  - Cashback card

### Clear alignment of interests resulting from multi-service focus

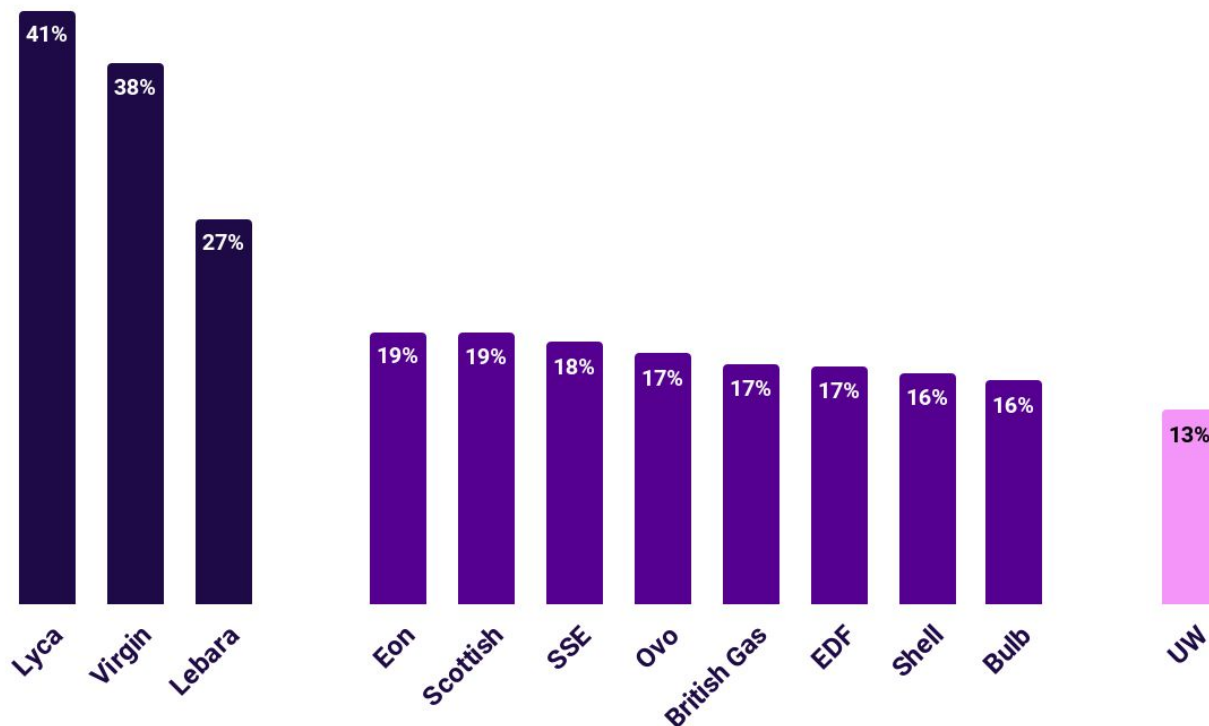
- Customers ongoing, long-term value
- Partners ongoing, long-term incomes
- Shareholders sustainable earnings & dividends

### Energy market churn



## Our sustainable, multi-service cost advantage

One set of overheads, multiple revenue streams



## Key competitive advantages

The UK's only genuine multi-utility provider



### Route to market

Our Partners: low cost, high quality,  
targeted customer acquisition



### Virtual 'retail' model

Technology enabled, fully integrated,  
low cost multi-utility proposition



### Supply agreements

Long term, sustainable relationships  
Complementary route to market

# Supply agreements

## Complementary route to market attractive to suppliers

### Benefits to our suppliers

- Our incremental revenues maximise their infrastructure ROI
- No marketing or customer service costs
- Access to a 'disengaged' segment that they can't reach
- Leveraging our lower operating cost model to gain market share

### Upside of our growth outweighs cannibalisation risks, eg

- <1 in 6 UW new customers comes from Talk Talk...
- ... >5 in 6 UW new customers come from their competitors



Energy



Broadband



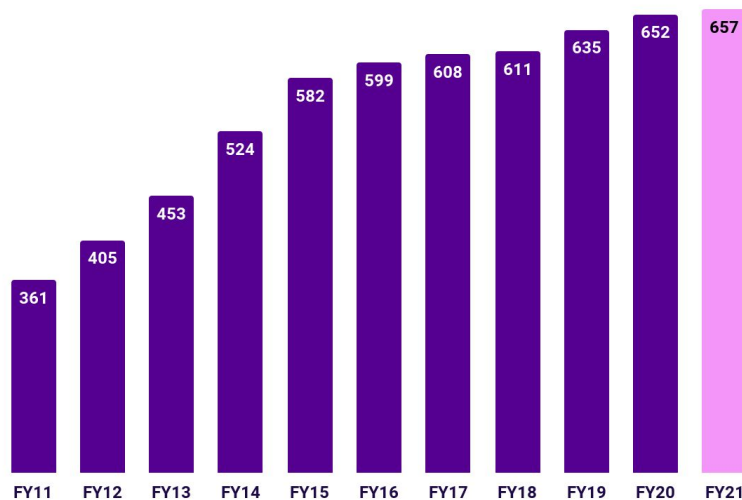
Mobile



## Sustained long-term organic growth

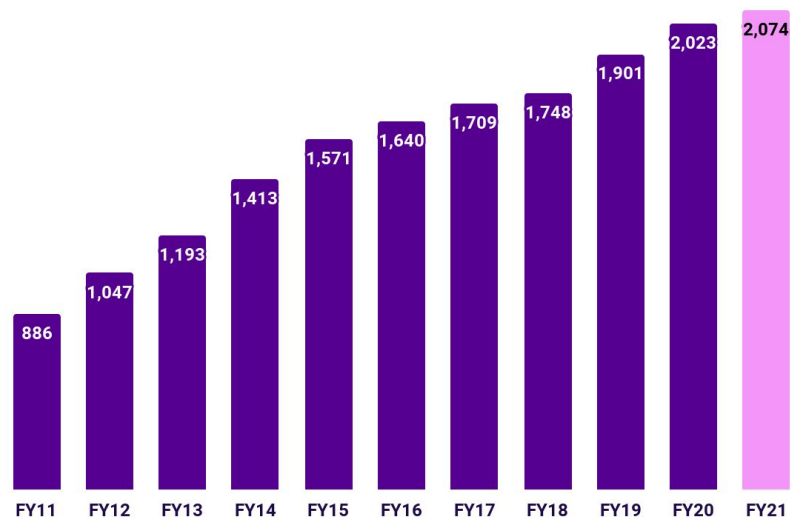
### Customers

7% CAGR

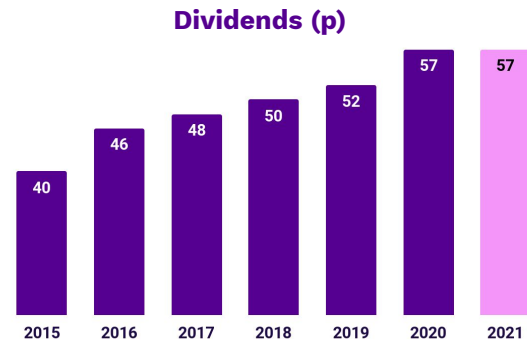
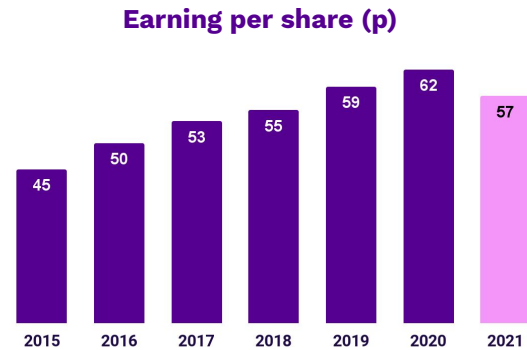
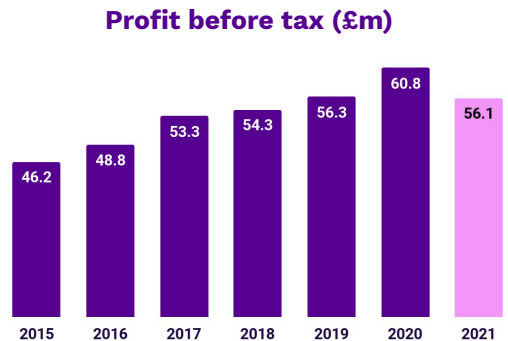
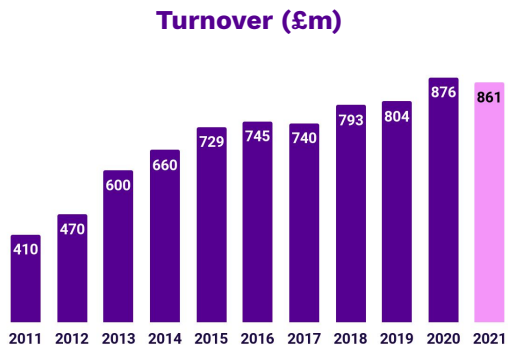


### Services

10% CAGR



# Historic financial performance





# Investment case

# Our core investment case

## High-quality earnings, organic growth and progressive dividends

### UK's only multi-utility supplier

- A genuine USP
- <2% share of a £50bn+ market
- Huge growth opportunity

### Strong customer proposition

- Savings, Simplicity, Service

### Differentiated route to market

- Partner network delivering a high-quality customer base
- Significant barriers to entry

### Straightforward 'virtual retail' business model

- No infrastructure investment required
- No capacity or technology risks

### Sustainable cost advantage

- Lower cost to serve multi-service customers
- Fundamental competitive advantage

### Proven financial track record







- Strong organic growth
- Predictable earnings from supplying essential services
- Highly cash generative
- Progressive dividend policy

### Management interests aligned with shareholders

- Significant Board ownership >20%

# Benefits of a multi-service proposition

Multi-service customers on our lowest energy tariffs are most valuable

Value	Gold	Double Gold
 <p>Energy</p> <p>£ £ £</p>	 <p>Energy</p> <p>£ £</p>	 <p>Energy</p> <p>£</p>
	 <p>Broadband</p> <p>£ £ £</p>	 <p>Broadband</p> <p>£ £</p>
		 <p>Mobile</p> <p>£ £ £</p>
<p>Indicative contribution</p> <p>£ £ £</p>	<p>£ £ £ £ £</p>	<p>£ £ £ £ £ £</p>
<p>Typical lifetime</p> <p>~5 years</p>	<p>~9 years</p>	<p>~15 years</p>

## Get in touch

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