

FY23 Preliminary Results



June 2023

FY23 Preliminary Results



- **Part one: KPIs & record growth drivers**
Stuart Burnett - Co-CEO
- **Part two: financial performance**
Nick Schoenfeld - CFO
- **Part three: outlook & future growth**
Andrew Lindsay - Co-CEO
- **Q&A**

FY23 Preliminary Results

Three key takeaways

1

Proven structural multiservice cost advantage

Underpins our ability to profitably outcompete the market on an enduring basis



2

Double-digit % customer growth with commensurate PBT increase

On track to achieve our medium term target of welcoming an additional 1m customers to UW



3

Capital light business model remains highly cash generative

Updated capital allocation policy to supplement growing dividends with share buybacks

KPIs & Growth Highlights

Stuart Burnett, Co-CEO



FY23 highlights

A record year on all fronts

Customers

+22%

Strong double-digit organic customer growth, with service numbers increasing by 24%

Gross Profit

+63%

Where the P&L effectively begins given impact of high energy prices on revenues

Adj PBT

+55%

Combination of customer growth plus increasing EBITDA / customer

Dividend

+40%

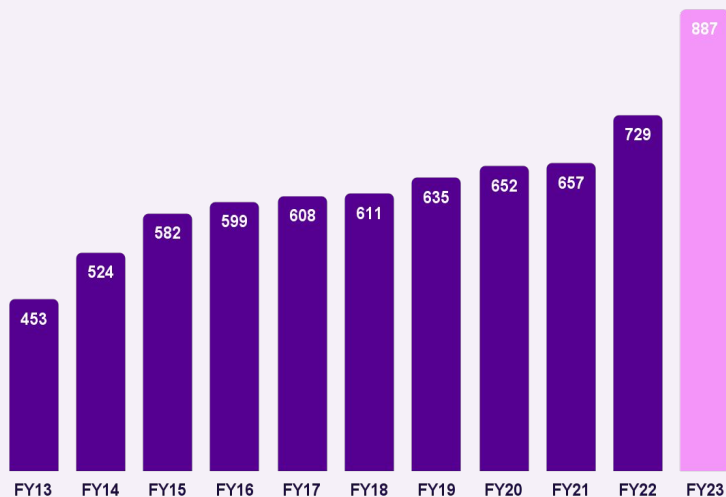
Capital light and cash generative business model, leading to growing shareholder returns



FY23 - a favourable environment for growth

Some temporary dynamics at play

FY23 Customer Growth



Exceptionally high retail energy prices

- Relentless media coverage of energy crisis
- Heightened demand for saving and earning
- Facilitated Partner conversations & direct interest
- Increased contribution per customer



Limited competition from energy suppliers

- Focussed on survival & shoring up balance sheets
- Responding to government intervention and enhanced regulatory oversight



Temporary challenges successfully navigated

- Reduction in customer energy consumption
- Increased customer contact
- Market Stabilisation Charge a headwind in Q4, leading to slightly slower growth in H2

FY23 - a launchpad for further double-digit growth

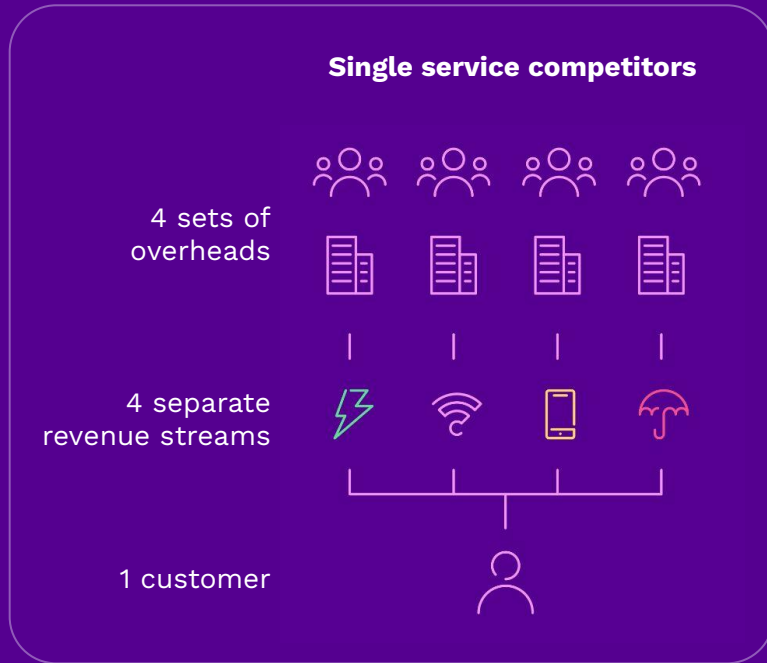
Medium term growth trajectory underpinned by sustainable reset of energy market

- Ofgem has taken regulatory action to ensure long term market stability
 - Financial resilience / stress tests
 - Quarterly Price Cap
 - Market Stabilisation Charge (MSC)
 - New regulatory capital requirements (hence increased EBIT)
- No more irrational pricing or unsustainable business models
- Remaining 21 suppliers focussed on rebuilding balance sheets rather than investing in acquisition
- **UW is uniquely positioned to outcompete due to multiservice business model and structural cost advantage**

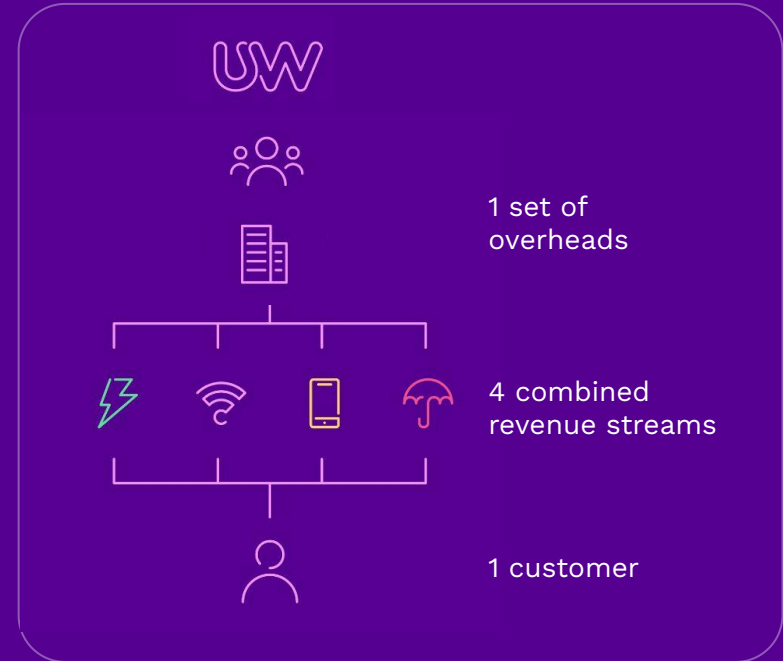


FY23 - a launchpad for further double-digit growth

Long term growth trajectory underpinned by multiservice cost advantage



vs



Market-leading savings across all services

Structural cost advantage enabling UW to share efficiencies with customers



**Cashback
Card**

£8m of savings on household shopping for UK households



Energy

Lowest prices
in the market -
up to £50 below the
Price Cap



Broadband

Best value
for 3 service
customers -
£21.60 a month



Mobile

Cheapest
unlimited data tariff
on EE network -
£20 a month



Insurance

Market-leading
Boiler & Home Cover
policy -
£18 a month

Investing for further significant growth

Managing the growth



Significant CS adviser recruitment

Added ~800 FTE mostly in Customer Service team

Supported by flexible outsourced resource



CS Centres of Excellence & hub strategy

Two UK hubs opened to give customers specialist support

Trial underway in South Africa



Investment in building a high quality team

CCO from OVO & CPO from Monzo

10.1% pay rise for all employees

Increase in eNPS to +39



Systems development & innovation

Updating and improving systems including tactical use of AI

Ensuring full scalability for adding additional 1 million customers

Investing for further significant growth

Maximising the growth



Scaling Insurance as 4th core service

>100,000 policies, an increase of 100% during FY23

Set up captive Gibraltar insurer

+£10bn marketplace



Leveraging unique Cashback card

£0.5bn of spend & £8m of cashback

Preparing for launch of Apple and Google-pay

Savings of 3-5% on weekly shop at Argos, Sainsbury's, Boots, M&S



Enhancing the UW proposition

CityFibre broadband trial underway ahead of Autumn launch

Pipeline of new releases to come, including EV tariff and 5G mobile



Building referral capability to extend reach

Lighter touch recommendation i.e. link-sharing

£50 win/win payment for referrer

Financial Performance

Nick Schoenfeld, CFO



Profit & loss (£m)

	FY23	FY22	Variance
Revenue	2,475	967	156%
Gross Profit <i>Gross margin</i>	306 12.4%	188 19.5%	63%
Distribution expenses <i>% of revenue</i>	(50) 2.0%	(30) 3.1%	67%
Administrative expenses <i>% of revenue</i>	(129) 5.2%	(84) 8.7%	53%
Bad Debt <i>% of revenue</i>	(29) 1.2%	(12) 1.2%	148%
Net interest & other income	(3)	(1)	
Profit before tax (pre amortisation & share incentive costs)	96	62	55%
EPS (pre amortisation & share incentive costs)	99p	63p	57%

Distribution and Administrative expenses, PBT and EPS are adjusted to exclude share incentive scheme charges (£2.8m in FY23, £1.0m in FY22).

Administrative expenses, PBT and EPS exclude the amortisation of the energy supply contract intangible asset (£11.2m in both FY23 and FY22).

In FY22 PBT and EPS also exclude: (i) the loss on the disposal of UWHS (£1.1m), (ii) the write-off of goodwill associated with the conditional disposal of Glow Green (£1.5m); and (iii) the profit on disposal of a freehold property (£0.6m).

Balance sheet (£m)

	31 Mar 23	31 Mar 22	YoY Variance
Fixed Assets	34.1	34.5	(0.5)
Non-current assets	193.8	189.0	4.8
Net current assets	20.2	52.4	(32.2)
(Net debt)	(17.4)	(70.3)	53.0
Total	230.7	205.6	25.1
Share capital	4.0	4.0	-
Share premium	150.7	147.1	3.5
Other reserves	(6.5)	(7.5)	0.9
Retained earnings	82.6	61.9	20.7
Total	230.7	205.6	25.1

FY23 Net current assets and Net debt have been adjusted to exclude £120.8m of funds received in advance associated with the government energy support schemes, and which will diminish during the current year as the schemes cease to apply

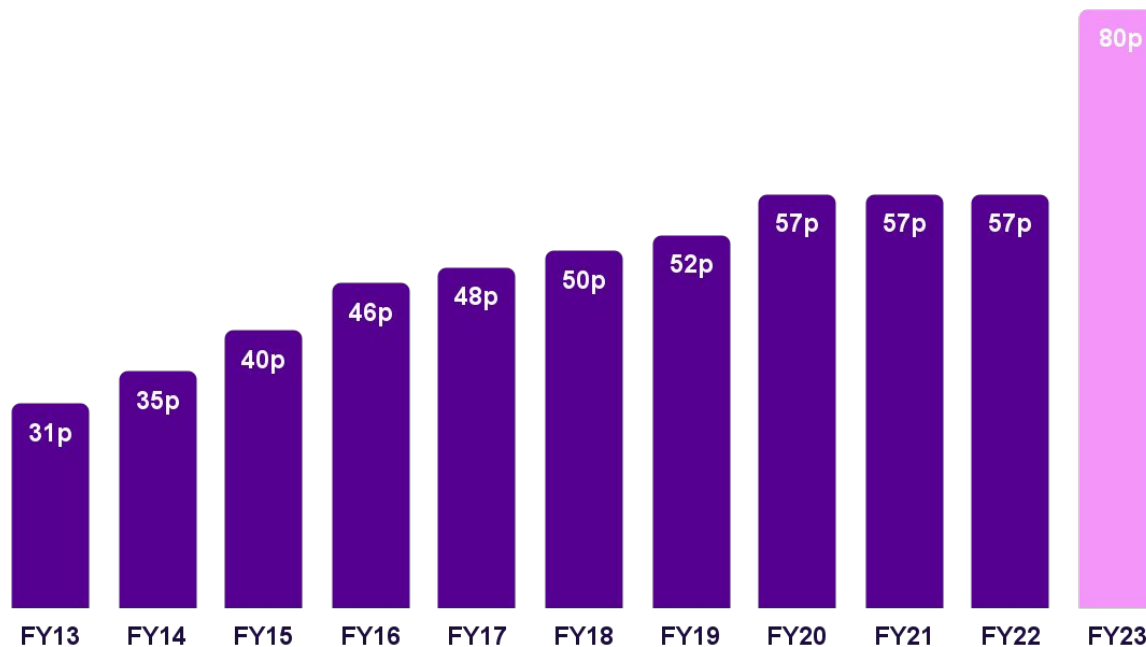
Cashflow (£m)

	FY23	FY22
EBITDA	110.1	73.7
Working capital movement	25.4	(10.4)
Taxation	(20.6)	(11.5)
Capex	(11.0)	(9.9)
Interest & fees	(4.1)	(3.3)
Dividends	(50.6)	(44.8)
Other ¹⁾	3.8	7.3
(Increase) / decrease in net debt	53.0	1.1

¹⁾ Includes in FY22 the removal of the lease liabilities for the vans associated with the sale of UWHS and the disposal of a freehold property
FY23 working capital movement has been adjusted to exclude £120.8m of funds received in advance associated with the government energy support schemes, and which will diminish during the current year as the schemes cease to apply

Significant increase in dividend

Reflecting the ongoing cash generative nature of the business



Outlook

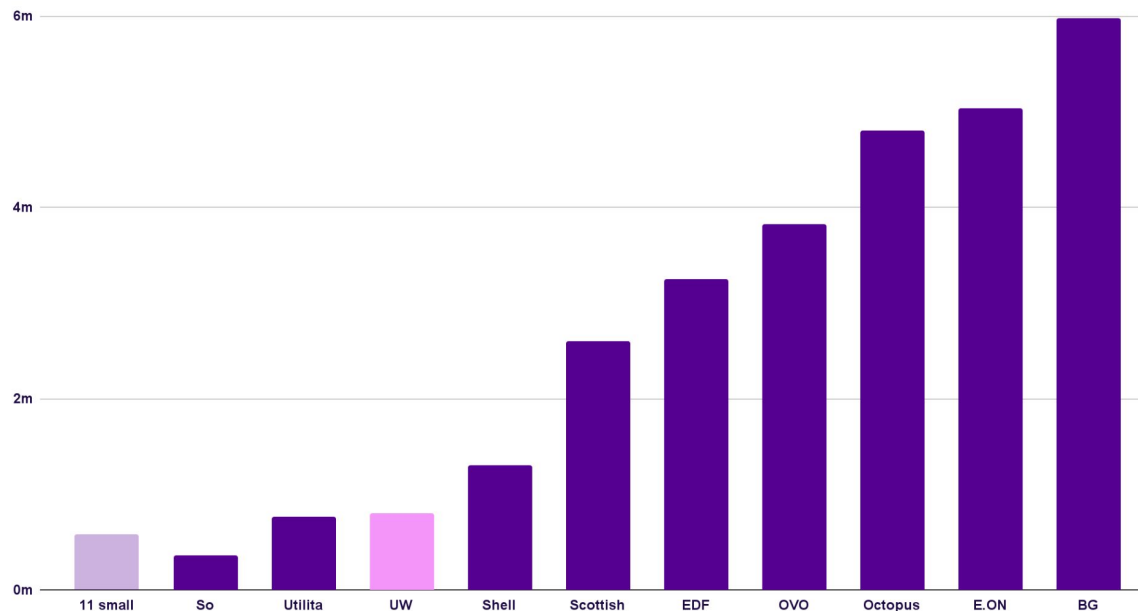
Andrew Lindsay, Co-CEO



Our organic growth opportunity has barely been tapped...

97 out of every 100 UK households is with another supplier

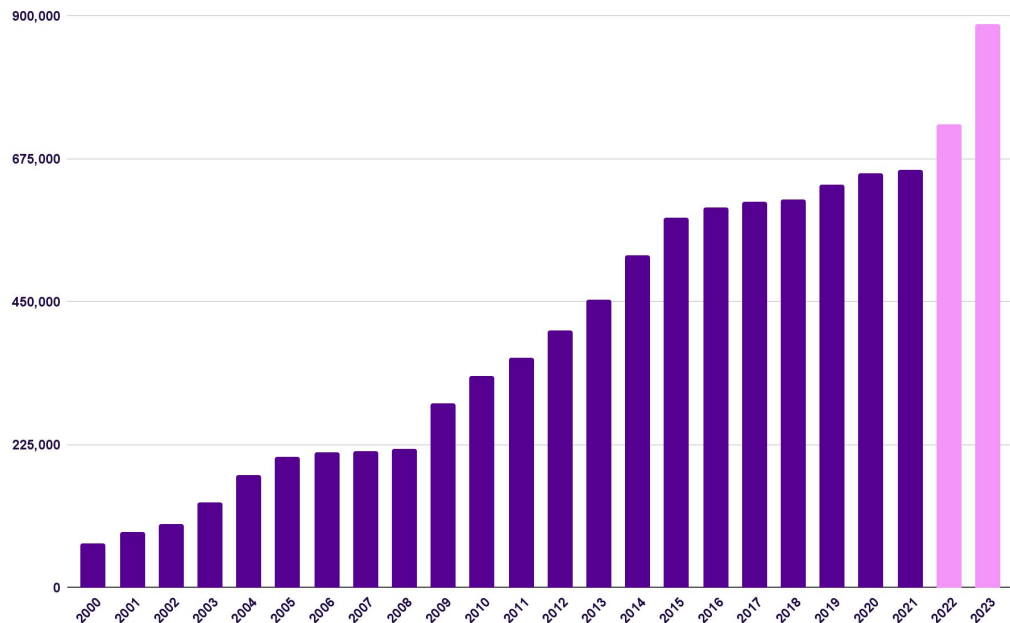
UK energy retail market supplier share



We've been growing our market share for 25+ years

18 months into the next phase of double-digit organic customer acquisition

Annual customer growth



Looking ahead - customer outlook

Ongoing double-digit % customer growth

Medium term target	
Short - medium term	<ul style="list-style-type: none">• Evolving external dynamics<ul style="list-style-type: none">+ ongoing inflation / rising cost of living+ continued high demand for savings+ rising demand for additional income as a UW Partner- lower switching as energy prices fall and become less topical- return of some marginal competition
Longer term	<ul style="list-style-type: none">• Ongoing structural cost advantage<ul style="list-style-type: none">◦ allows us to offer sustainable market-leading savings• 97 out of every 100 UK households is with another supplier

**Welcoming
an additional 1m
customers to UW**

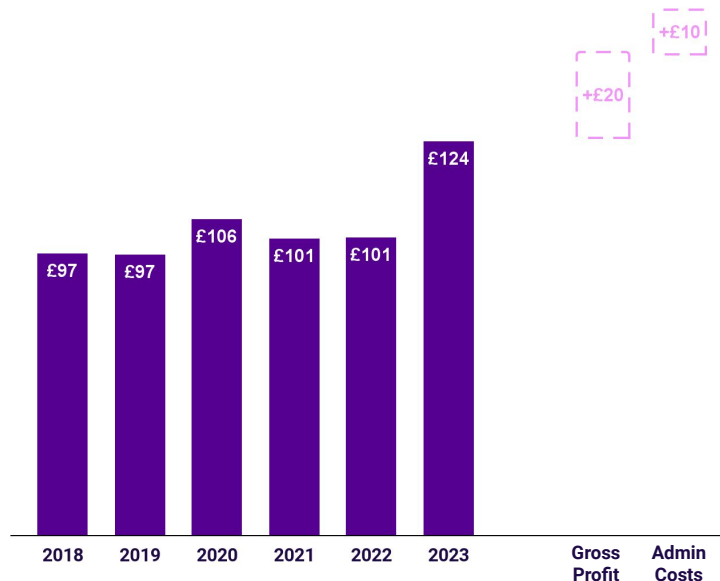
Looking ahead - profit outlook

Double-digit customer growth converting into profit growth

EBITDA / customer

- Historically <£100
- FY23 £124
- **FY24 mid - high £120s**
= Adj PBT to grow broadly in line with customer growth
- Longer term
 - Potential to further increase EBITDA / customer through £150
 - Gross profit
 - + greater scale => greater buying power
 - + additional higher margin services & penetration
 - + optimising pricing for returns
 - Admin costs
 - continued investment in automation and systems
 - operational efficiency from scale & cost control

Longer term EBITDA / customer evolution



Looking ahead - capital allocation

Double-digit profit growth converting into growing distributable cash

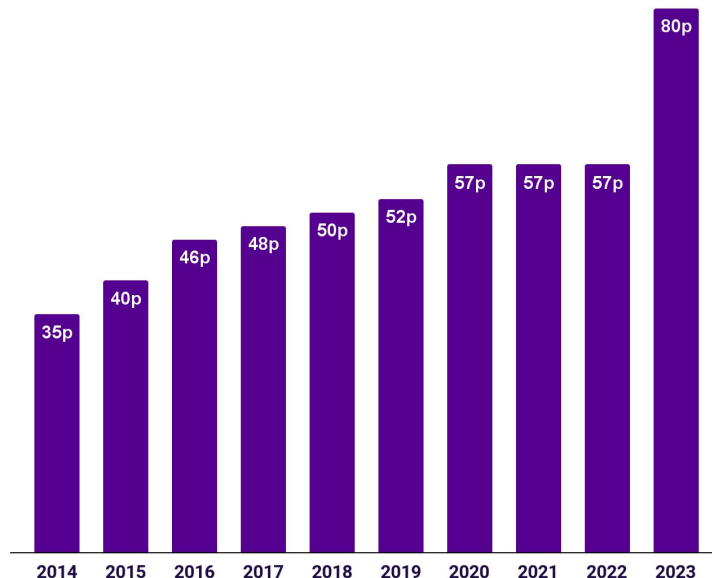
Capital light business model

- Limited working capital consumption as we grow
- Capital expenditure largely restricted to ongoing technology investment
 - High levels of cash conversion

Capital allocation

- Historically progressive dividend policy
 - Target payout ratio of ~85%
- **Updated policy**
 - Modestly increasing dividends
 - Supplemented by share buy backs

Dividend track record



A hugely exciting time for the business

Three key takeaways

1

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Underpins our ability to profitably outcompete the market on an enduring basis



2

Double-digit % customer growth with commensurate PBT increase

On track to achieve our medium term target of welcoming an additional 1m customers to UW



3

Capital light business model remains highly cash generative

Updated capital allocation policy to supplement growing dividends with share buybacks

Supporting materials



All your home services in one

>900,000 households taking 2.8m services



Energy



Broadband



Mobile



Insurance

UW at a glance - significant cash generative growth ahead

As at year end 31/3/2023

Growth

- 22% customer growth in FY23
- 24% growth in service numbers in FY23
- Rising cost of living is a near term stimulus for growth

Sustainable cost advantage

- Disruptive multiservice business model thriving in retail energy market that is now regulated for stability
- Inherent cost advantage of having a single set of overheads but multiple revenue streams per customer

Customers

- Households supplied 887,000
- Services supplied 2.8m

FY23 financial highlights

- Revenue £2,475m
- EBITDA £110m
- Adj PBT £96m
- Dividend yield 5.3%

Strong Balance Sheet

- Adjusted Net Debt: £17m
- Target net debt: EBITDA range: 1-1.5x

UK Markets

- ~3% market share in both energy and telecoms
- Addressable market: ~30m UK households
- Significant opportunity to grow insurance business

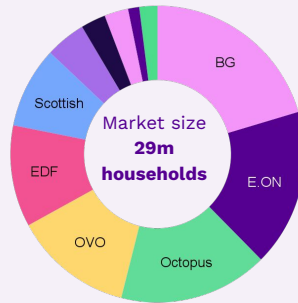
The UK's only multi-service provider



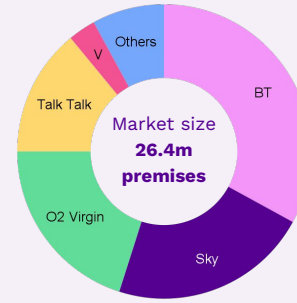
Vast organic growth opportunity

3% market share

Energy

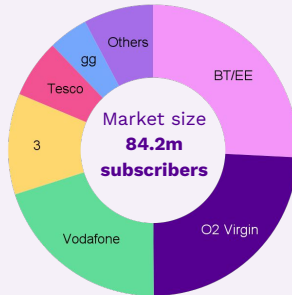


Broadband



UW

Mobile



Boiler / Home Assistance Cover



Why customers choose us



We make your essential home services simpler, easier and better value



Savings

The more services you take,
the more you save



Simplicity

Keep track of your household spend
with one monthly bill



Service

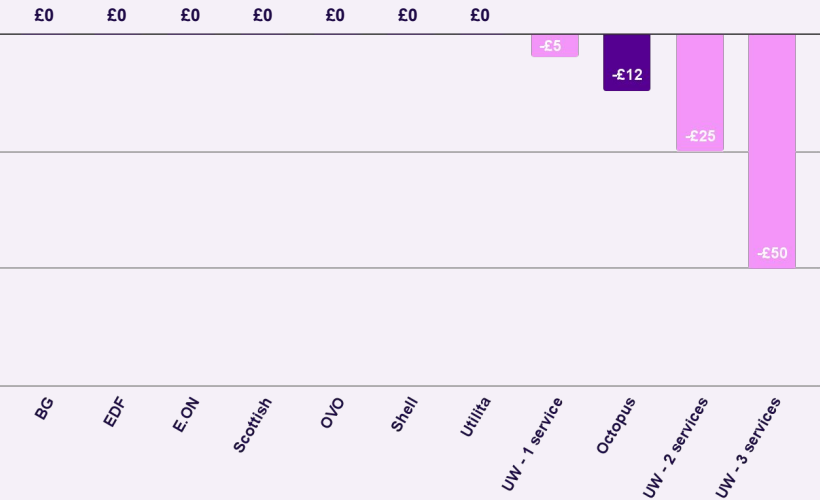
Award winning UK-based
customer service

Savings

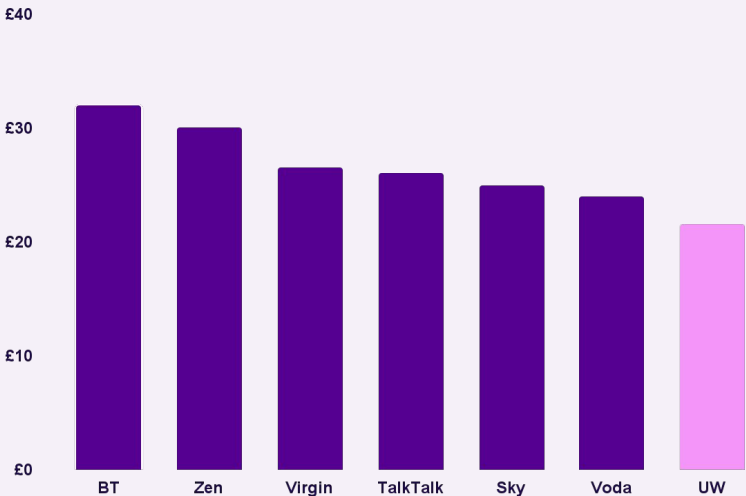
Long-term, fair pricing



Annual discount to £2,500 Price Cap

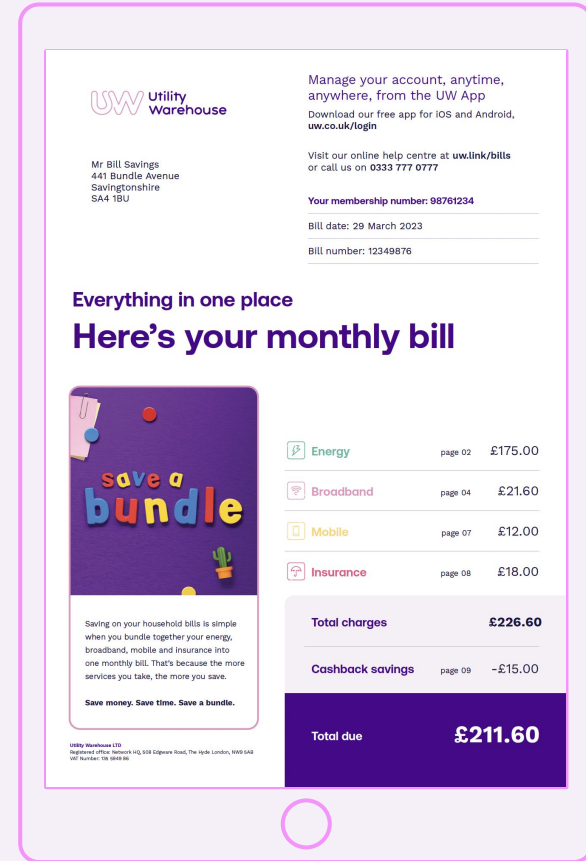


Monthly fixed cost for 40MB Broadband



Simplicity

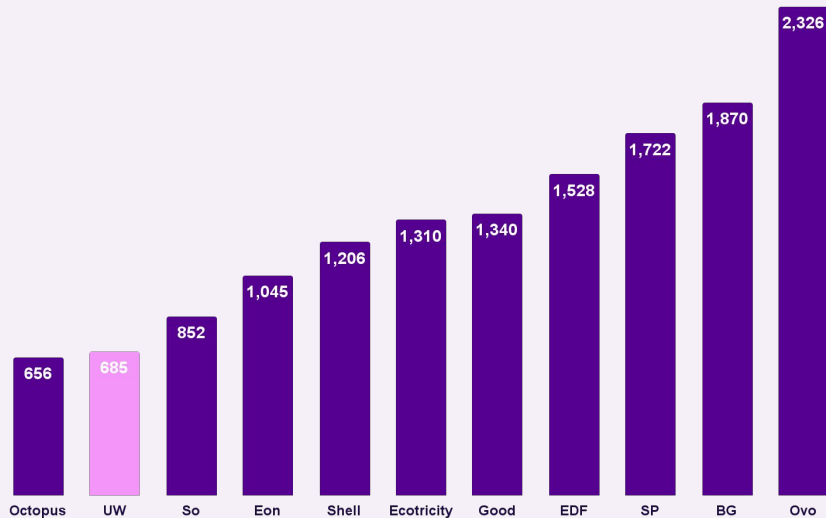
One supplier. One bill.



Service

Award-winning customer support

Low referrals to Energy Ombudsman



Consistent third party endorsements

**Uswitch
Energy
Awards
2022**



**Uswitch Best Customer Service,
Most Likely to Recommend
and Best Rewards**

Unique route to market



Word of mouth referrals

Trusted, personal recommendations of our business

Our community of 60,000+ Partners

- Self-employed, part-time brand advocates
- Role is simply to refer UW to potential customers
- Provides informal access to less-engaged consumers

Targeted acquisition of most desirable customers

- High multi-service penetration
- Owner-occupiers
- Stronger credit
- Above average customer demographic

Highly cost efficient and scalable customer acquisition model

- Success-only fees paid

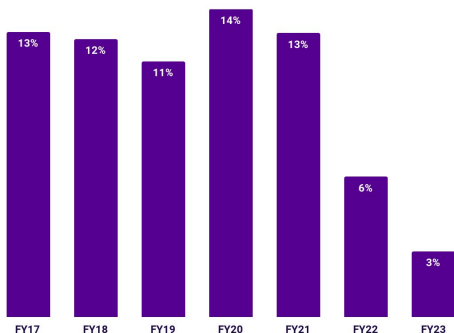


Our word of mouth route to market...

...is the key to maximising customer lifetime value

High multi-service penetration increases customer lifetime

UW customer churn - single digit % per annum

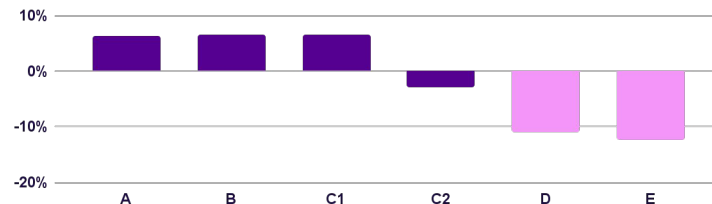


Clear alignment of interests resulting from multi-service focus

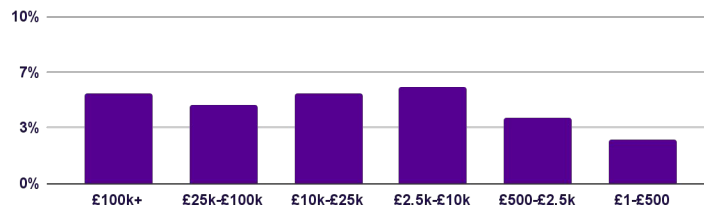
Customers	Ongoing, long-term value
Partners	Ongoing, long-term incomes
Shareholders	Sustainable earnings & dividends

Higher-end customer demographic reduces bad debt exposure

UW customer demographic above UK average



UW customer Savings Value above UK average

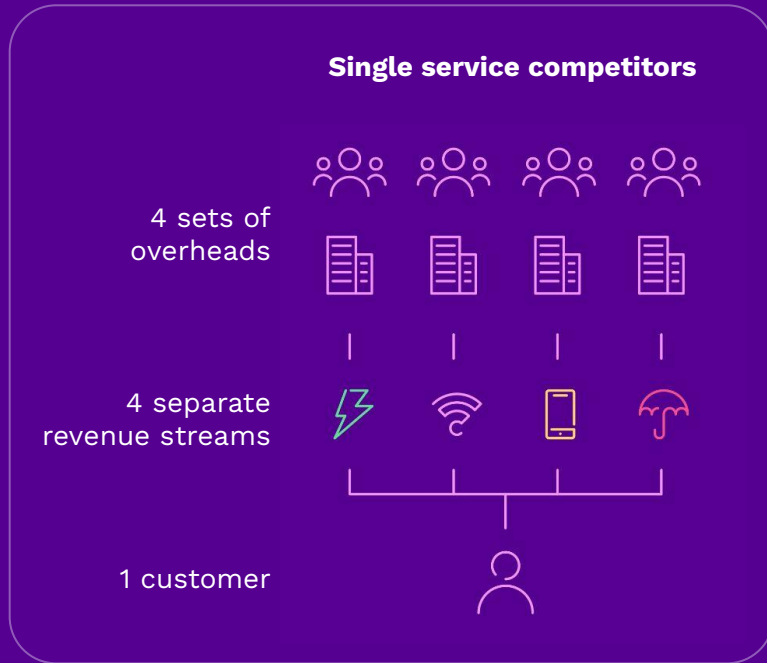


Our fundamental cost advantage



Our fundamental cost advantage

One set of overheads, multiple revenue streams



VS



Key competitive advantages

The UK's only genuine multi-utility provider



Multiservice customer proposition

Technology enabled, fully integrated
multiservice proposition



Word of mouth route to market

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



Long term supply agreements

Sustainable relationships
Complementary route to market

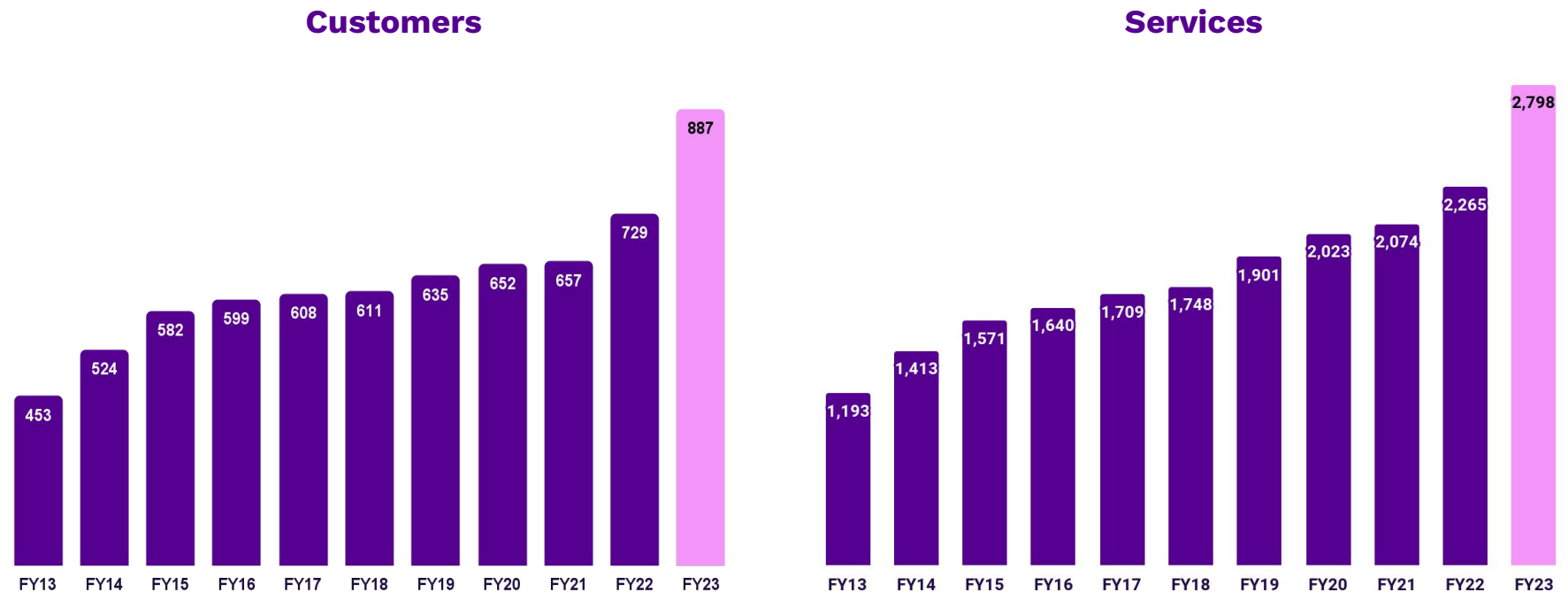
Complementary route to market attractive to suppliers

- 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

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



Sustained long-term organic growth



Figures in thousands, excluding TML.

Investment case



Our core investment case

High-quality earnings, rapid organic growth and increasing dividends

UK's only multi-service supplier

- Unique customer proposition
 - Energy, Broadband, Mobile, Insurance
- Savings, Simplicity, Service
- >900,000 customers

Differentiated route to market

- Word of mouth - delivering a high-quality customer base
 - Multi-service, loyal customers
 - Creditworthy customers
- Partner community a significant barrier to entry

Structural cost advantage

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

Huge growth opportunity

- Sustainable double-digit customer growth rate
- 3% share of 4 significant markets

Straightforward 'virtual retail' business model

- No infrastructure investment required
- No capacity or technology risks

Proven financial track record

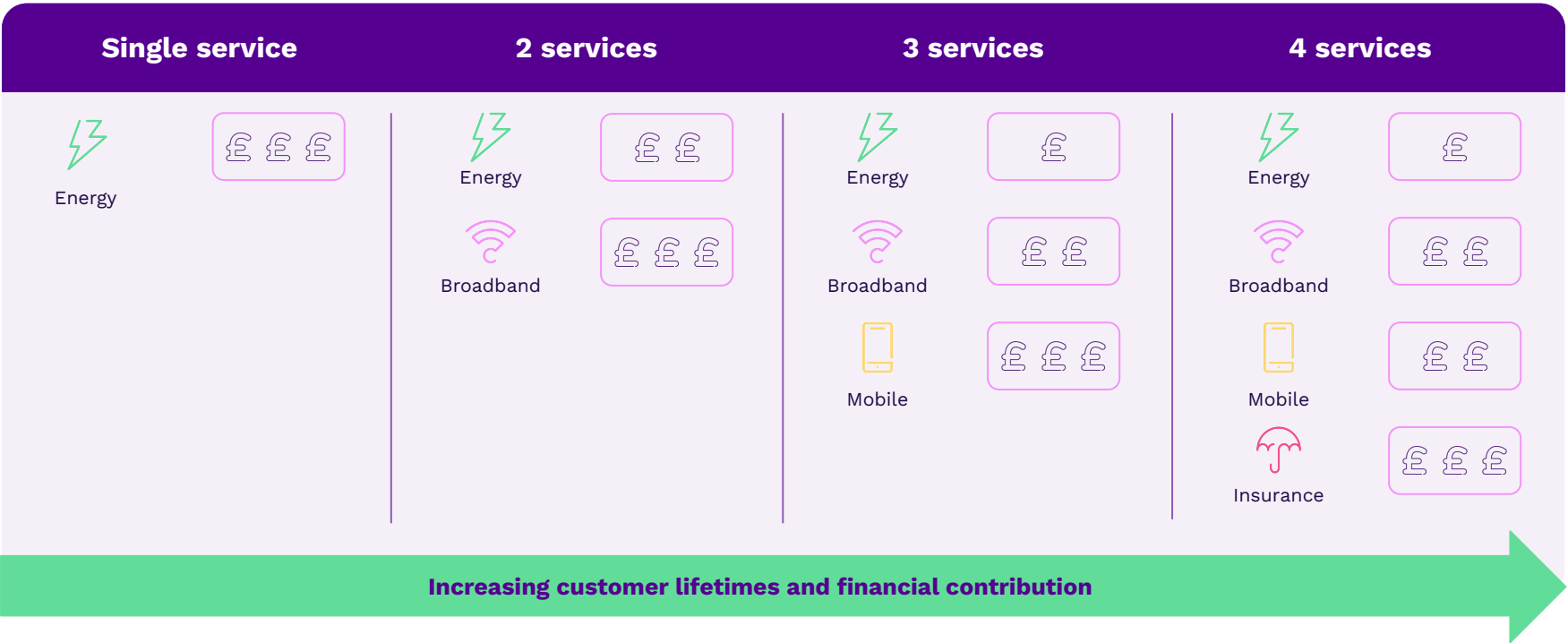
- Predictable earnings from supplying essential services
- Highly cash generative
- Increasing dividends

Management interests aligned with shareholders

- Significant Board ownership

Benefits of a multi-service proposition

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



Typical lifetimes are indicative averages and based on a range of assumptions.

Get in touch

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