

FY25 Interim Results



November 2024

FY25 Interim Results



- **Part one: H1 FY25 highlights**
Stuart Burnett - CEO
- **Part two: financial performance**
Nick Schoenfeld - CFO
- **Part three: outlook & future growth**
Stuart Burnett - CEO
- **Q&A**

FY25 Interim Results

Three key takeaways



Compounding double-digit % growth in customers

Driven by unique multiservice proposition, structural cost advantage and Partner referral model

On track for medium term target of 2m customers (10-15% annual net customer growth)



12-14% customer growth and £124-128m Adj PBT in FY25

FY guidance on customer growth and profits reiterated

Opportunity to increase EBITDA/cust from mid-£120s towards £150 over medium term



Investing in our market-leading multiservice proposition

Launched EV charging tariff, ultra fast Broadband “900”, and Apple pay on the Cashback card.

All Insurance products cleared to restart sales; re-integrating into proposition

H1 FY25 Performance Highlights

Stuart Burnett, CEO



H1 FY25 highlights

A strong first half performance

Customers

+13%

Strong double-digit annualised organic customer growth, with service numbers increasing by 139k

Gross Profit

+1.7%

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

Adj PBT

+5.5%

Lower than customer growth due to normalisation of energy prices relative to Q1 in the prior year

Interim
Dividend

+2.8%

Target FY return of 80-90% of adj. Net Profit with revised capital allocation policy prioritising dividends

Sept 25 1,078,318

Mar 24 1,011,489

H1 25 £167.8m

H1 24 £165.0m

H1 25 £46.1m

H1 24 £43.7m

H1 25 37p

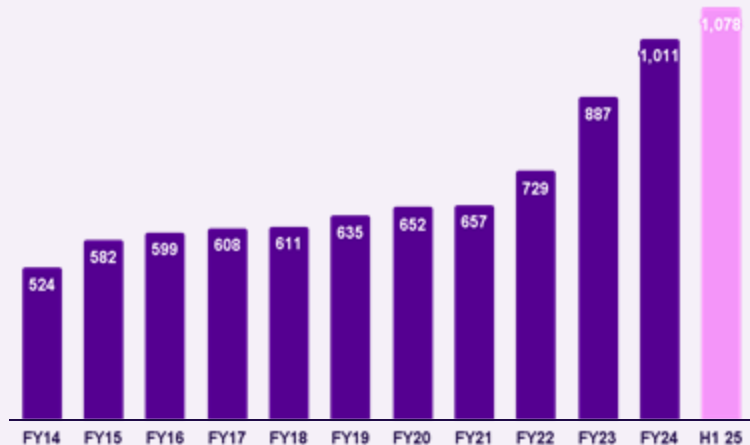
H1 24 36p

H1 FY25 - 13% growth in a competitive market with stable energy prices

Delivering double-digit growth in all market conditions

Customer Base Growth

FY25 first half only



Competitive but rational energy market

- All major suppliers seeking to acquire new customers again
- Rational pricing strategies reflect low regulatory EBIT margin, with Ban on Acquisition Tariffs extended to at least March 2026



Continued customer growth in stable retail energy price environment

- More stable energy price expected for FY25
 - H1 FY25 average price £1,640 (vs H1 FY24: £2,655)
 - FY25 forecast to be around £1,700 (vs FY24: £2,140)



Multiservice cost advantage underpinning competitive position

- Market-leading energy tariffs for multiservice customers
- UW net organic customer growth of over 13%
- Service growth reflects pause on new insurance sales, growth in mobile only, 2-service fixed energy take-up and energy churn
- Ofgem currently reviewing standing charges, operating and bad debt allowances within the Price Cap

Our Unique Business Model



Our Unique Business Model



Driving growth through our multiservice proposition

Enhancements to our Customer Proposition

Energy

Market leading EV charging tariffs

- Works for all electric and plug in hybrid cars
- 5 hours of charging between midnight and 5am
- Rates as low as 7p per kWh for 3 service customers
- 1,000 customers so far



Broadband

Ultra high speed full fibre service launched

- 900Mbps service launched almost doubling top speed offered
- 6mth free “Try before you buy” offer in CityFibre areas
- One Touch Switching for broadband provides speed and simplicity



Mobile

New multi-SIM offering

- Strong mobile growth
- New offering for 2nd to 4th unlimited SIMs for £8/mth
- 5G on the EE network
- Second SIM counts as an additional service unlocking further multiservice discounts



Cashback card

Cashback now on Apple Pay

- Joined Apple Pay in September
- Over 40k users already with take-up increasing rapidly
- Works with iPhone, Apple Watch, iPad and Mac

Over £1m of cashback paid out in October alone

Insurance - all set for scale up opportunity ahead

All products cleared to restart sales - significant growth opportunity

FY24

Strong growth in policy book in FY24

- 38% growth to 139k policies
- Strong renewal retention

UWI set up

- Delivering continuity of supply
- Successful first year of trading

Product review begins with FCA

- Voluntary pause on sales of Bill/Income Protector and Boiler & Home cover
- No pause for Home Insurance

H1 FY25

Modest fall in policy count whilst some products not available to new customers

Positive dialogue with the FCA resulting in all products being cleared to restart sales

Insurance being reintegrated into the customer journey and sign-up process

Bill Protector remediation complete in line with non-material provision taken in FY24 accounts

Medium term

Significant runway to scale: just 11% of customers taking an insurance service leaves significant runway to scale the business through increased penetration

Opportunity to launch additional products in the medium term: large potential TAM in adjacent verticals such as motor, breakdown, pet, travel and other insurance products

Further leveraging our data: widening our use of our in-house data to further support insurance growth and performance

Our Unique Business Model



Supporting UW's unique business model with AI

Our Use Cases of AI

FY25

Improve operational efficiency with AI

- Automating email verification for quicker customer service
- Deploying AI-powered knowledge assistants on WhatsApp to reduce call volume
- “Co-pilot” surfacing relevant help articles to agents during customer calls for faster query resolution



Short Term

Drive Revenue Growth through Cross-Sell Modelling

- Increasing multiservice penetration with accurately targeted upsell campaigns

Enhance customer retention and satisfaction

- New churn model will proactively identify customers at risk of churning using predictive analytics



Medium Term

Support UW's WoM growth model

- Create AI trainer & knowledge assistants to upskill partners and support them in appointments
- Leverage gamification techniques to drive partner activation & engagement

Our Unique Business Model



Team Purple - our unique route to market

70,000+ multi-income earners in communities throughout the UK

What they do: Refer UW to potential customers they know or meet

- Guide prospects to the UW sign up journey
- Overcome the inherent inertia in switching multiple services simultaneously
- Unlock our structural cost advantage
- Cost-effectively reach our target homeowner demographic

Why they do it: To earn an additional income

- Immediate up-front element to meet current costs
- Recurring revenue share element to supplement pensions
- Flexible opportunity to fit around their lifestyle
- No need for prior experience

How they do it: Organically via their existing networks

- “Micro-influencers” recommending UW both digitally (Facebook / Instagram) and offline (physically embedded in local communities across the country)
- Trialling small business corporate referrals, introduced by Partners, eg estate agents, accountants, plumbers



Team Purple - only just getting started

Structural ongoing tailwinds to this unique model

High interest rates & cost of living

- Cost of living continues to create challenges for consumers
- 20k mortgage holders coming off fixed rate offers every week

-> UW immediate income of up to £300 per customer can help solve

Work transition

- Increasing value placed on the non-financial incentives, recognition and community we offer
- 20 million “multi-income individuals” (Miis) in the UK

Pension crisis

- Av UK pension pot is £30k with no obvious solutions

-> UW recurring monthly income can help solve

Team Purple key stats

	Current	Medium term opportunity
Total Partners	~70k+	>100k
Number active each year	~20k	30k - 40k
Number active each month	4k - 4.5k	8k - 10k

Our Unique Business Model



Financial Performance

Nick Schoenfeld, CFO



Profit & loss (£m)

	H1 FY25	H1 FY24	Variance
Revenue	698	884	(21%)
Gross profit <i>Gross margin</i>	168 24.1%	165 18.7%	2%
Distribution expenses <i>% of revenue</i>	(24) 3.5%	(25) 2.9%	(4%)
Administrative expenses <i>% of revenue</i>	(78) 11.2%	(76) 8.6%	2%
Bad debt <i>% of revenue</i>	(15) 2.2%	(19) 2.1%	(19%)
Net interest & other income	(4)	(1)	
Profit before tax <i>(pre amortisation & share incentive costs)</i>	46	44	6%
EPS <i>(pre amortisation & share incentive costs)</i>	44p	39p	12%

Profit growth from double digit customer growth offset by lower energy prices

- Customer growth offset by lower energy prices, now that these have normalised

- Admin expenses growth lower than customer growth following efficiency initiatives
- FY26 impact from October budget changes (employer's NIC & NLW) of c.£3m expected to be mitigated

- Bad debt charge as % of sales consistent year on year

- **Adjusted PBT up 5.5% from customer growth offset by lower energy prices**

- Adjusted EPS up 12%, given higher tax charge in the prior year

Balance sheet (£m)

	30 Sep 24	31 Mar 24	30 Sep 23	Variance vs 31 Mar 24
Fixed assets	33	35	33	(2)
Non-current assets	200	195	196	4
Net current assets	110	125	74	(15)
(Net debt)	(115)	(123)	(83)	8
Total	228	233	221	(5)
Share premium	159	152	151	7
Share capital & other	(13)	(13)	(3)	-
Retained earnings	82	94	72	(12)
Total	228	233	221	(5)

See notes on the cash flow slide

- Temporary favourable timing differences in H1 vs prior year
- £175m RCF facilities to 2027 plus £75m private placement to 2030
- **Net debt: £115m (0.8x EBITDA 12-month rolling)**

Cashflow (£m)

	H1 FY25	H1 FY24
EBITDA	56.9	50.4
Working capital movement	11.9	(59.2)
Taxation	(15.6)	(13.1)
Capex	(6.2)	(6.3)
Interest & fees	(5.2)	(1.8)
Dividends	(37.1)	(36.4)
Other	3.2	0.9
(Increase) / decrease in net debt	7.9	(65.5)

Net debt improved by £8m following temporary favourable cash timing differences

- Temporary favourable cash timing differences in H1 as energy prices normalised
- Typical annual working capital consumption £25-£30m

- Net debt/EBITDA (12-month rolling) at 0.8x

The movements in working capital and net debt for the prior year H1 FY24 have been adjusted to exclude the early receipt of funds from Government relating to £120.8m from the Energy Price Guarantee Scheme as at 31 March 2023 which reversed by 30 Sept 2023. Other includes £3.2m from new share issuances in relation to the exercise of employee share incentives.

Looking ahead - capital allocation

Double-digit profit growth converting into growing distributable cash

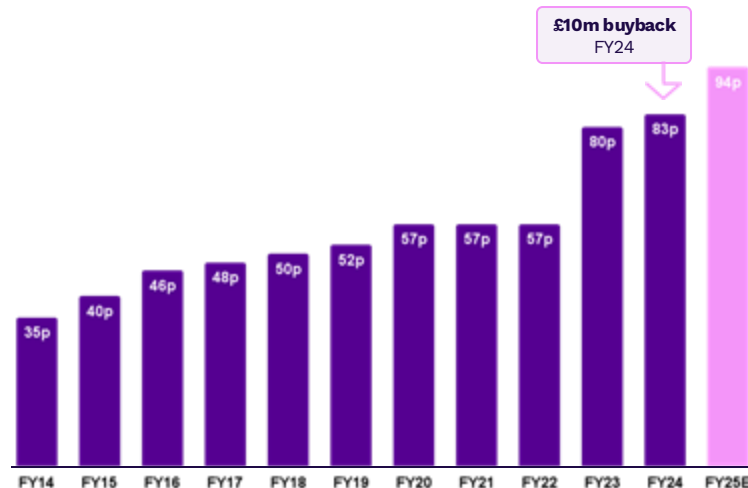
Capital light business model

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

Revised capital allocation policy

- Targeting total distribution of 80-90% of Adjusted PAT (unchanged)
- Returned via dividend
- Strong yield combined with growth benefits shareholders as interest rates trend lower
- Expected increase of at least 13% to 94p for the full year dividend

Dividend track record



Outlook

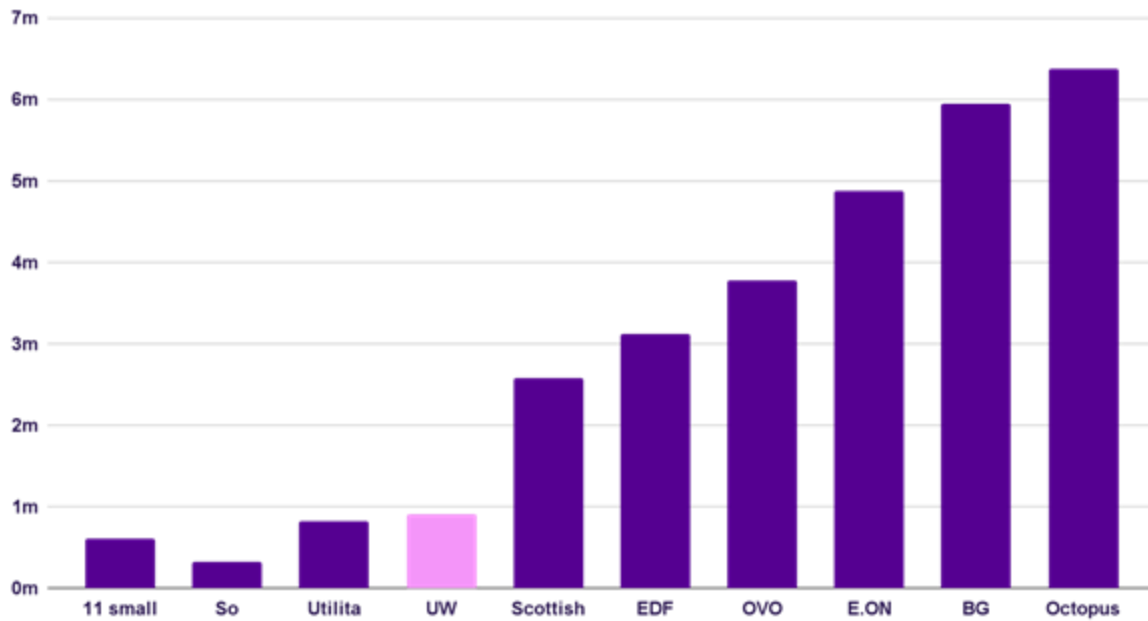
Stuart Burnett, CEO



Medium term goal - Scaling from 1m to 2m customers

97 out of every 100 UK households is with another supplier...

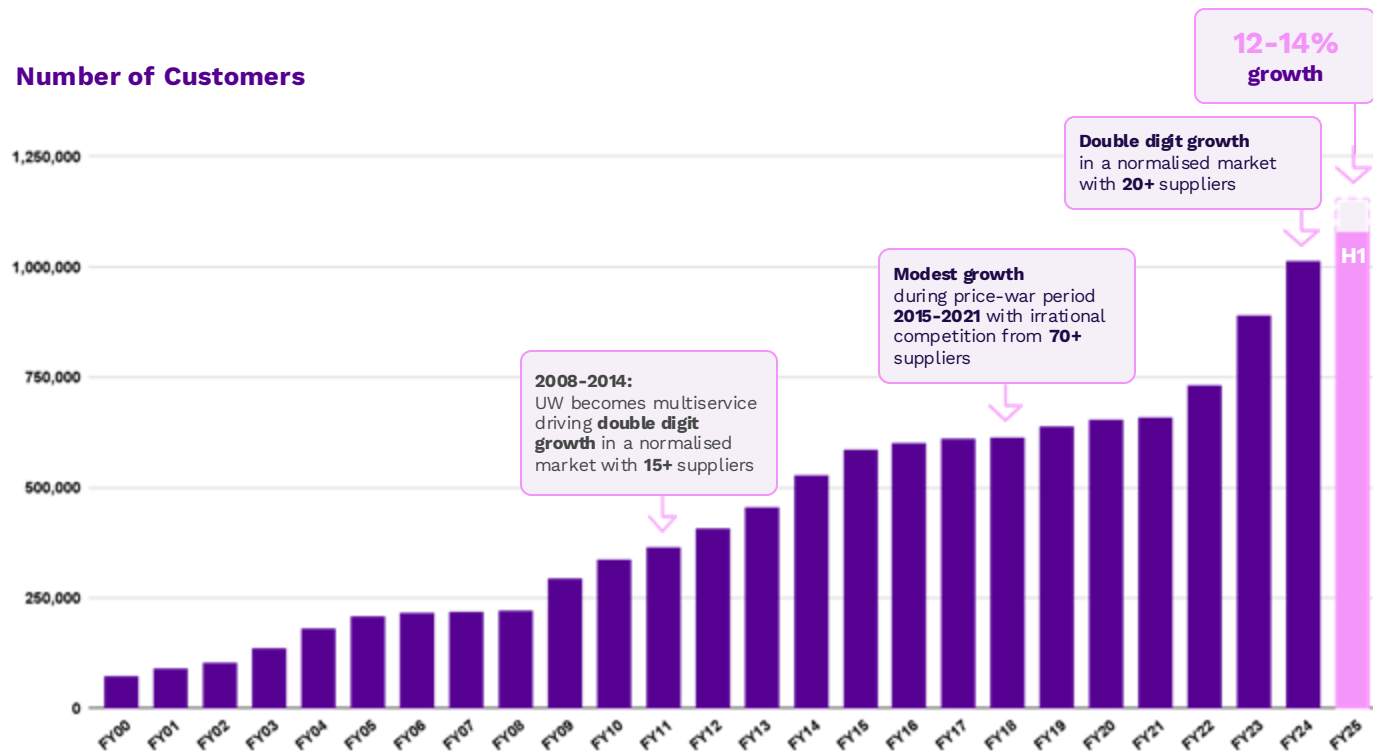
7th largest residential supplier of electricity in the UK



Looking ahead - customer growth

Proven record of delivering double-digit growth in all market conditions

Number of Customers



✓
**A normalised
energy market**

✓
**Market-leading
customer
proposition**

✓
**Tailwinds for our
Partner model**

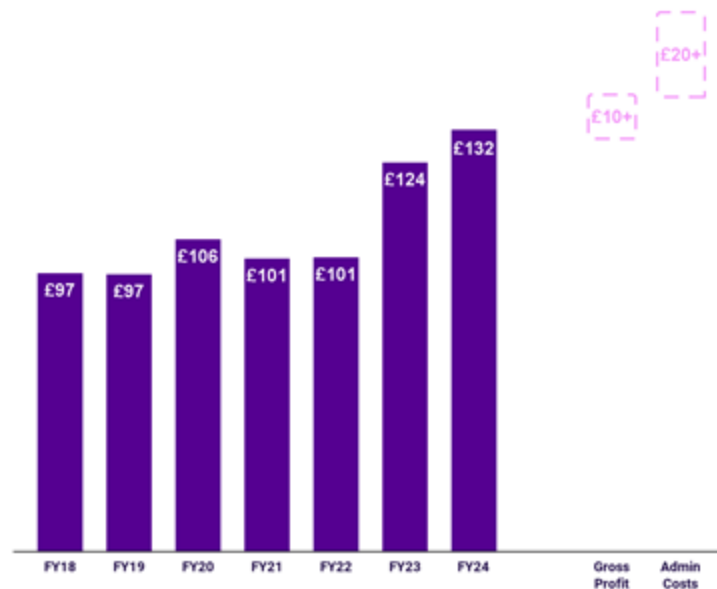
Looking ahead - profit outlook

Double-digit customer growth converting into profit growth

EBITDA / customer

- Historically ~£100
- FY24 £132 - including impact of high energy prices in Q1
- **Medium term. mid £120s, in line with FY23 and FY24**
= Adj PBT growing broadly in line w. customer growth
- Longer term
 - Potential to further increase EBITDA / customer towards £150
 - Gross profit
 - + greater scale => greater buying power
 - + additional higher margin services & penetration
 - + optimising pricing for returns
 - lower energy prices
 - Admin costs
 - continued investment in automation and systems
 - operational efficiency from scale & cost control

Medium-term EBITDA / customer evolution



Outlook - A hugely exciting time for the business

What we expect...

FY25

Strong organic customer growth

- Growth rate continuing
- 12-14% growth

Adj PBT

- Broadly in line with customer growth (underlying)
- Target range: £124-£128m

Shareholder returns

- Payout of 80-90% of adj. Net Profit.
- Capital allocation refocused on dividends

Medium term

Increasing our market share in each of our 4 services

New opportunities delivering incremental customer growth from FY26 (SME, EV)

Scaling the business to -> 2m customers, with 10-15% annualised growth

Shareholder returns outstripping customer growth

Long term

Building market share across core services: at 2m customers our energy market share will still be just c.6%, leaving further strong upside potential

Sustainable Partner growth: the pensions crisis provides long term structural impetus for our income opportunity

A platform for new services: we will look to add complementary services, taking advantage of our structural cost advantage and distribution scale



Questions & Answers



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1

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2

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