

FY22 Preliminary Results



June 2022

FY22 Results

A return to growth

Customer growth

- 10% growth, largely achieved in H2 - ie 20% annualised
 - All organic - no participation in SOLR processes
- H2 net growth greater than previous 5 years combined

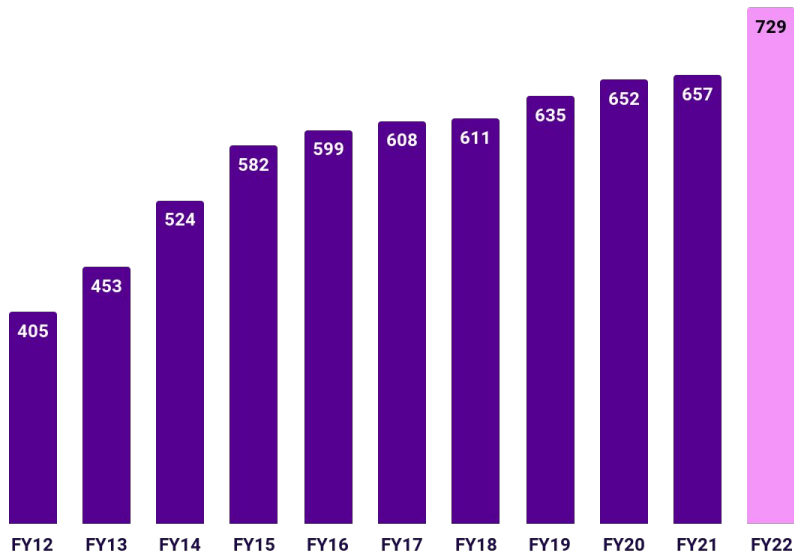
Financial results

- PBT: £61.9m - ahead of consensus
- Dividend: 57p - maintained

The UW disruptive business model is back in play

- Fundamental reset of energy retail markets
 - UW the best value, sustainable supplier in the UK
- Inflation and rising cost of living driving demand for what we offer
 - Savings on essential household bills
 - Additional income opportunity

10% Customer growth... in H2 alone



Nick Schoenfeld

CFO



Profit & loss (£m)

	FY22	FY21	Variance
Revenue	967.4	861.2	12%
Gross Profit <i>Gross margin</i>	188.5 19.5%	173.1 20.1%	9%
Distribution expenses <i>% of revenue</i>	(29.7) 3.1%	(27.8) 3.2%	7%
Administrative expenses <i>% of revenue</i>	(96.0) 9.9%	(88.0) 10.2%	9%
Net interest & other income	(0.9)	(1.1)	
Profit before tax (pre amortisation & share incentive costs)	61.9	56.1	10%
EPS (pre amortisation & share incentive costs)	63.2p	57.4p	10%

Administrative expenses are shown including the charge for bad debts of £(11.6)m in FY22 and £(11.2)m in FY21.

Distribution and Administrative expenses, PBT and EPS are adjusted to exclude share incentive scheme charges (£1.0m in FY22, £1.4m in FY21).

Administrative expenses, PBT and EPS exclude the amortisation of the energy supply contract intangible asset (£11.2m in both FY22 and FY21).

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)

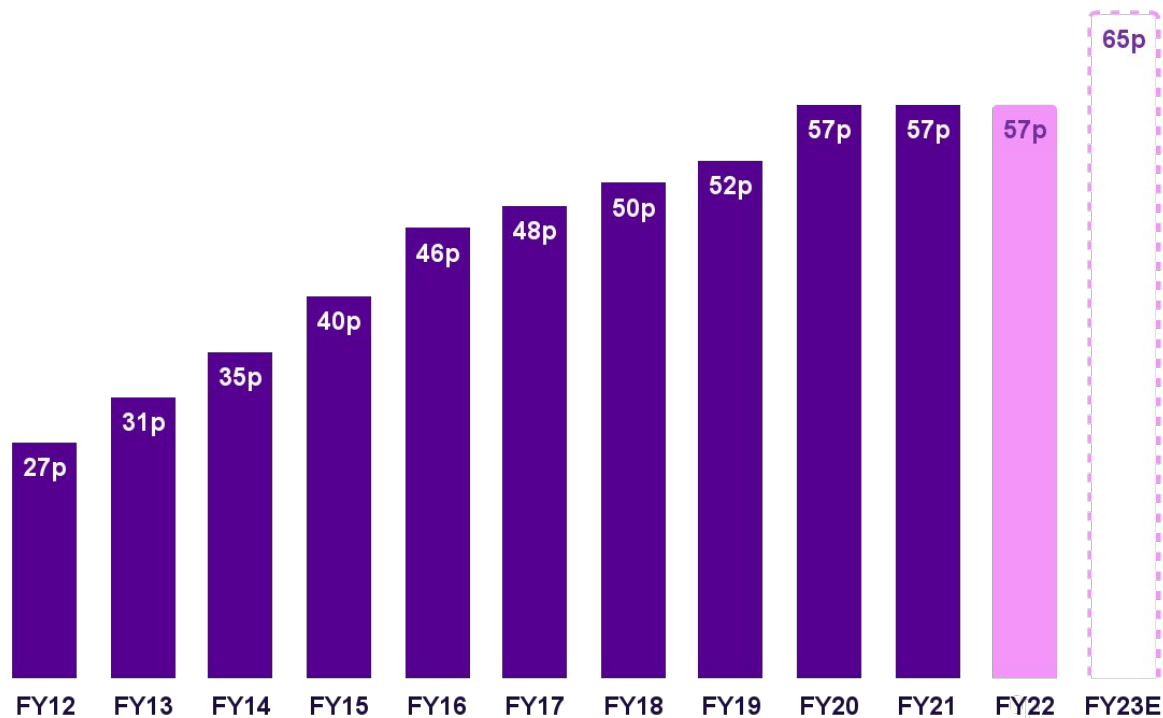
	31 Mar 22	31 Mar 21	YoY Variance
Fixed Assets	34.5	43.4	(8.9)
Non-current assets	189.0	194.5	(5.5)
Net current assets	52.4	45.8	6.6
(Net Debt)	(70.3)	(71.4)	1.1
Total	205.6	212.4	(6.8)
Share capital	4.0	4.0	-
Share premium	147.1	145.1	2.0
Other reserves	(7.5)	(7.0)	(0.5)
Retained earnings	61.9	70.3	(8.4)
Total	205.6	212.4	(6.8)

Cashflow (£m)

	FY22	FY21
EBITDA	73.7	66.4
Working capital movement	(10.4)	(12.5)
Taxation	(11.5)	(10.9)
Capex	(9.9)	(10.0)
Interest & fees	(3.3)	(2.2)
Dividends	(44.8)	(44.7)
Other ¹⁾	7.3	1.8
(Increase) / decrease in net debt	1.1	(12.0)

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

Continued upward trend in dividends



Stuart Burnett

Co-CEO



A return to long-term, sustainable double-digit growth



The energy market reset

The return of a rational, sustainable marketplace



The cost of living squeeze

Growing demand for UW from customers and partners



Our business fundamentals

Structural cost advantage from multi-service model

The recent energy crisis

Only a handful of energy retail suppliers remain



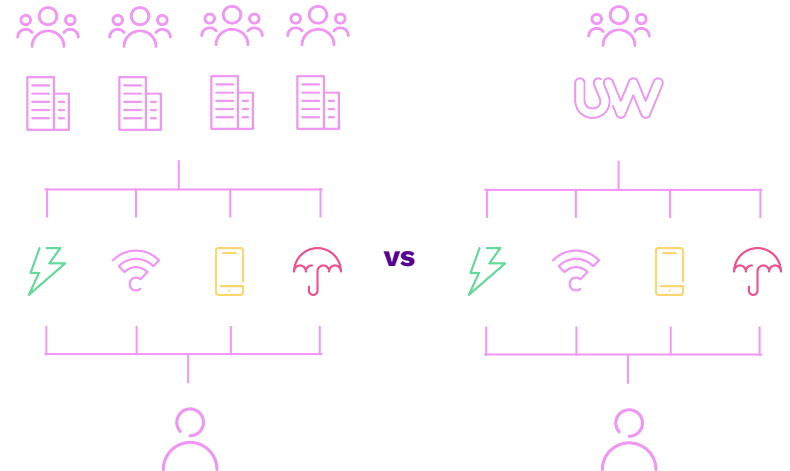
Energy market reset...

The return of a rational, sustainable marketplace

Market has now returned to pre-price war sustainability

- 7 year price war has ended and only c. 15 retail suppliers remain
- No more irrational pricing or unsustainable business models; remaining suppliers focussed on rebuilding balance sheets rather than investing in acquisition
- Ofgem has taken regulatory action to ensure long term market stability
 - Financial resilience / stress tests
 - Quarterly Price Cap
 - Protection of credit balances
- UW is uniquely positioned to outcompete due to multi-service business model and structural cost advantage

UW's structural cost advantage



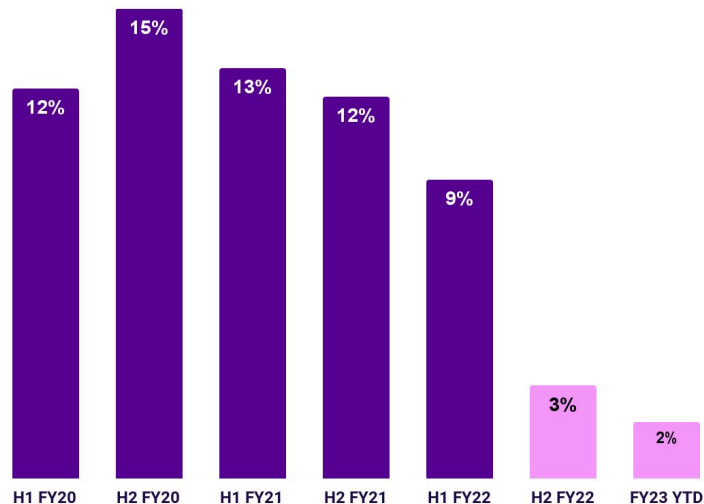
Cost of living squeeze

Growing demand for UW

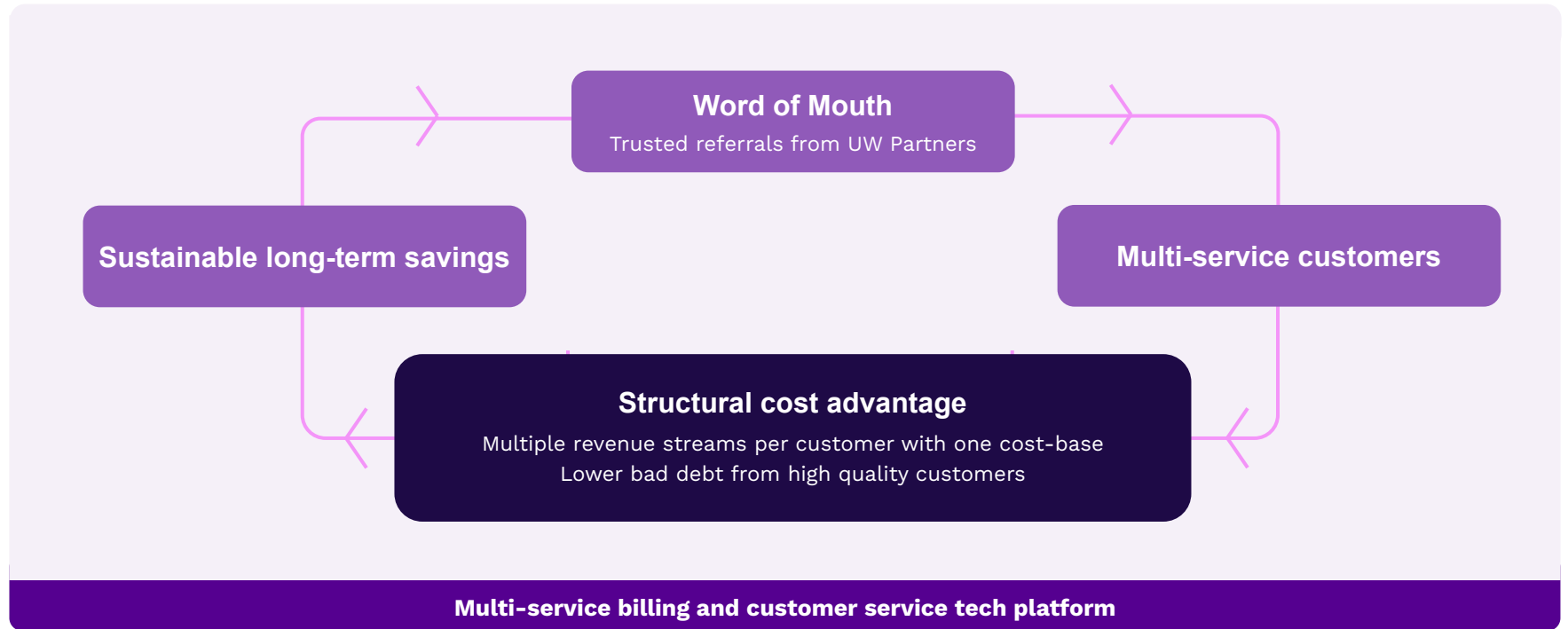
More people looking to save and earn through UW

- Price cap expected to hit £2,800 in October, with energy prices expected to stay “higher for longer”
- UW offering UK’s best value energy, as well as highly competitive broadband, mobile and insurance products
- Simpler bundle proposition making multi-service more scalable
- Churn now at historic lows (around 3% pa) and set to stay low
- More people turning to UW due to squeezed household budgets
 - Focus on simplifying opportunity so anyone can do it
 - Accelerate word of mouth recommendation and referrals

Customer churn set to remain well below historic levels



Structurally self-reinforcing business model



Scaling the business for 1m+ additional customers over the next 4-5 years

Managing the growth



Investing in our teams

Across all areas of the business, but with focus on Customer Service and Tech



Streamlined operations

Sold GlowGreen and UWHS
Ended “free LED” install scheme

Maximising the growth



Investing in brand awareness

Targeted PR and media activity to support word of mouth model



Enhancing proposition

Simpler bundling, accessible to more people
Re-launch customer referrals



Leveraging unique Cashback card

£375m of spend & £6m of cashback
More people looking to save on their weekly shop



Growing Insurance as 4th core service

>50,000 Home & Boiler policies
+£10bn addressable market

Andrew Lindsay

Co-CEO



Utility
Warehouse

TelecomPlus

Outlook - FY23

Very positive environment for continued growth

Energy market dynamics

- Further ~£800 price increase in Oct price cap review
 - Energy prices will remain highly topical for the foreseeable future
- Regulatory intervention to ensure supplier sustainability
 - Low market appetite to compete for customers

Rising cost of living driving demand

- We offer households savings on their homes services
 - UK's best value energy supplier
- We offer individuals an additional income as a UW Partner
 - Recommending the UK's best value energy supplier
- 98 out of every 100 UK households is with another supplier

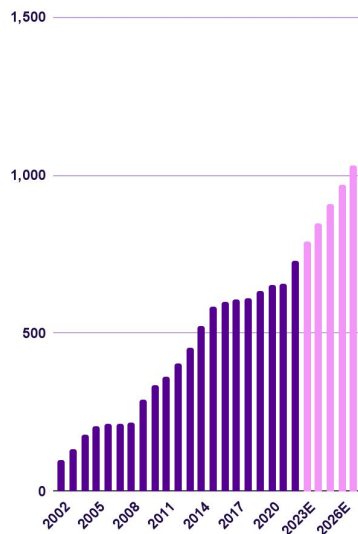
FY23 Guidance

Customer growth	Continuation of current trends ~ 20% organic growth
PBT	~ £75m
Dividend	At least 65p

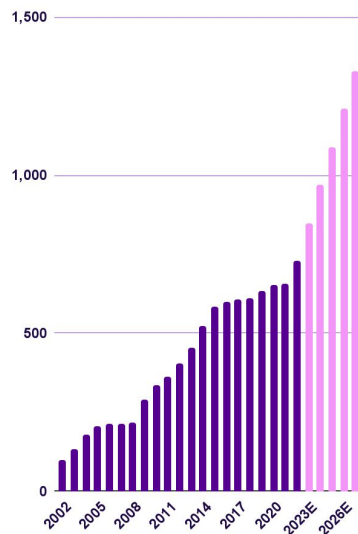
Outlook - illustrative 5 year customer growth scenarios

Targeting 1m+ additional customers over the next 4-5 years

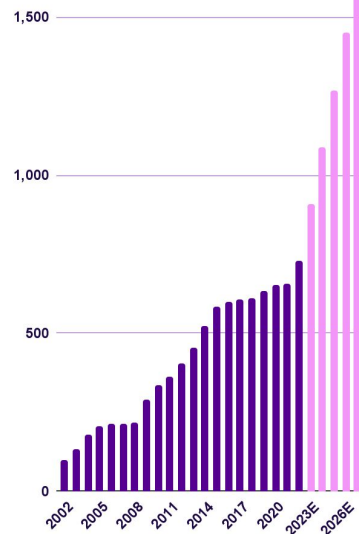
+60k pa



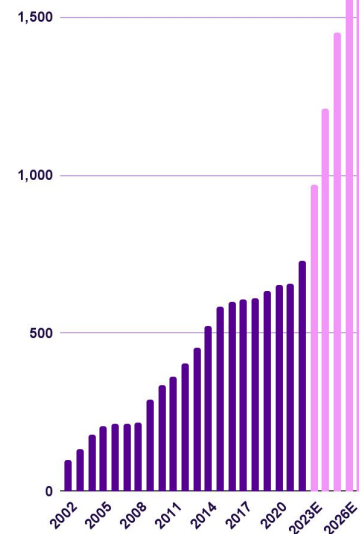
+120k pa



+180k pa



+240k pa



Supporting materials



All your home services in one

750,000 households taking over 2m services



Energy



Broadband



Mobile



Insurance

UW at a glance - significant cash generative growth ahead

As at year end 31/3/2022

Growth

- 10% customer growth in H2 FY22
- 20% customer growth expected for FY23
- Rising cost of living is a near term stimulus for growth

Sustainable cost advantage

- Reset of retail energy markets has enabled our disruptive multiservice business model to thrive again
- Inherent cost advantage of having a single set of overheads but multiple revenue streams per customer

Customers

- Households supplied 728,000
- Services supplied 2.25m

FY22 financial highlights

- | | |
|------------------|-------|
| • Revenue | £967m |
| • EBITDA | £74m |
| • Adj PBT | £62m |
| • Dividend yield | 3.3% |

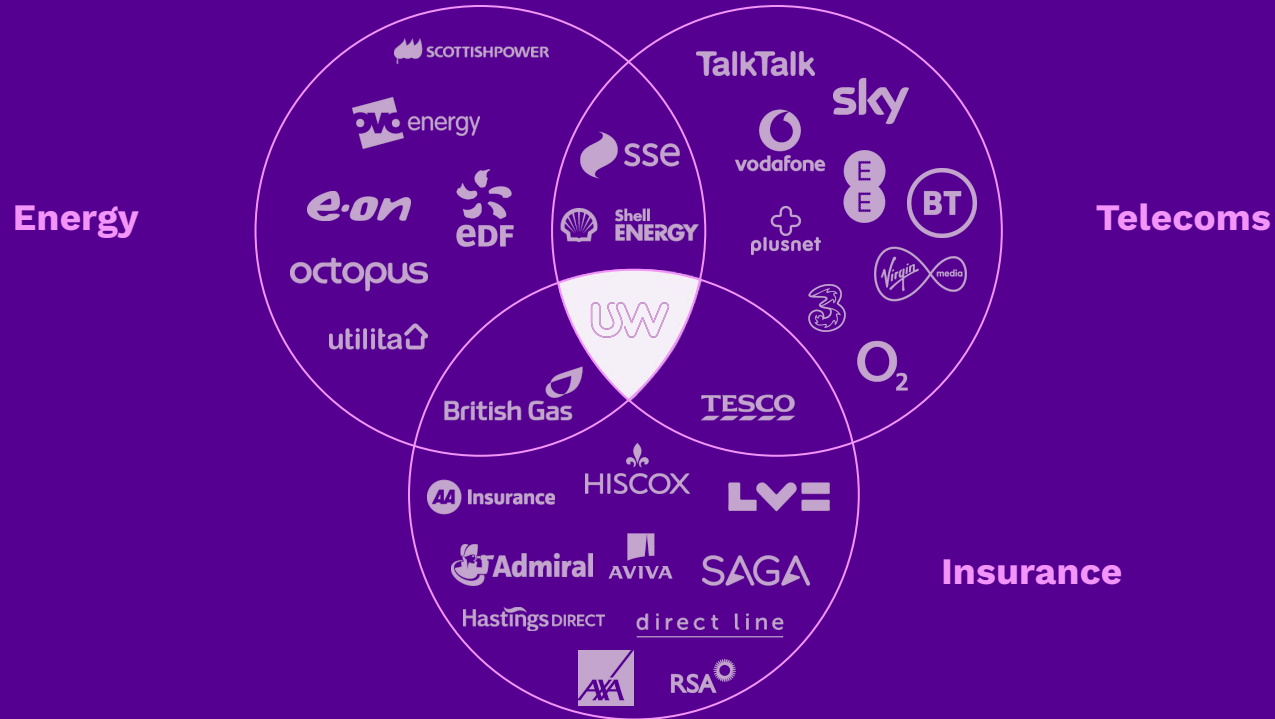
Historic P&L dynamics

- Revenue split 80/20, energy/telco
- Gross profit split 50/50, energy/telco

UK Markets

- ~2.5% market share in both energy and telecoms
- Addressable market: £50bn+ revenues
- Significant opportunity to grow insurance business

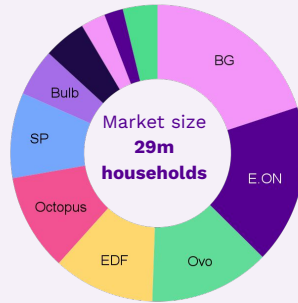
The UK's only multi-service provider



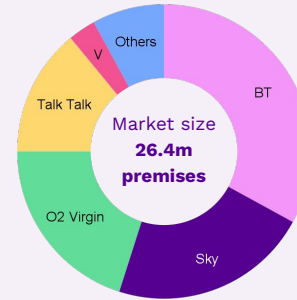
Vast organic growth opportunity

2.5 % market share

Energy



Broadband

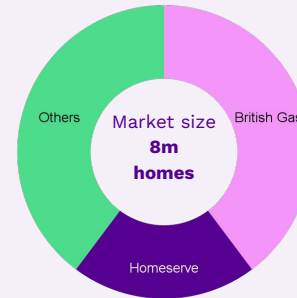


UW

Mobile



Boiler / Home Assistance Cover



Why customers choose us

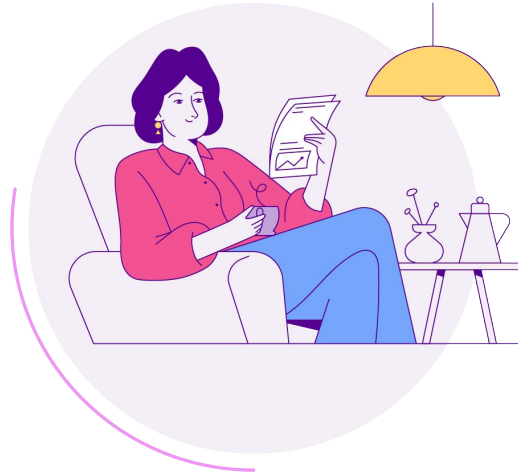


We make your essential home services simpler, easier and better value



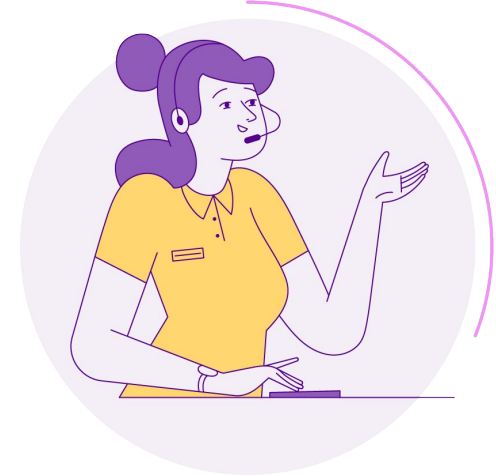
Savings

The more services you take,
the more you save



Simplicity

Keep track of your household spend with
one monthly bill

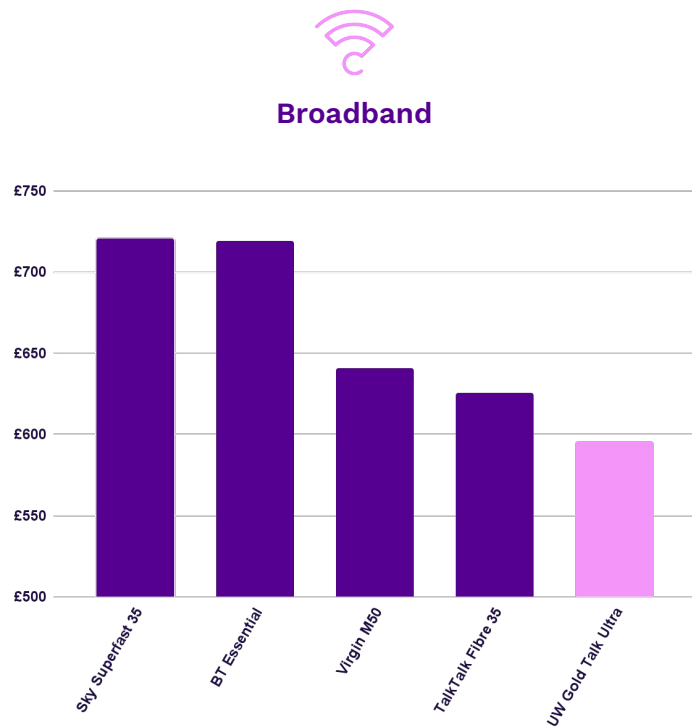
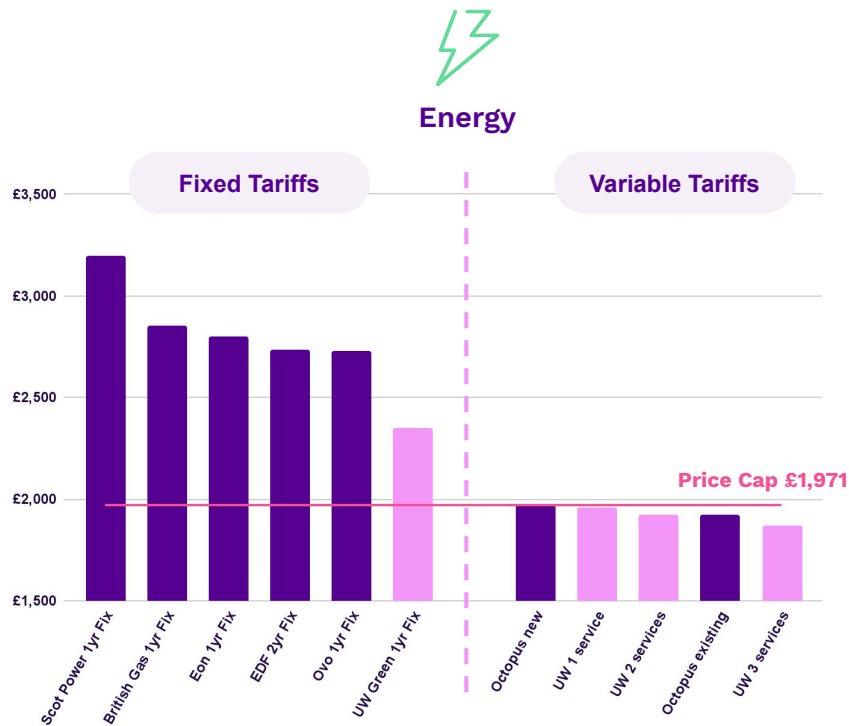


Service

Award winning UK-based
customer service

Savings

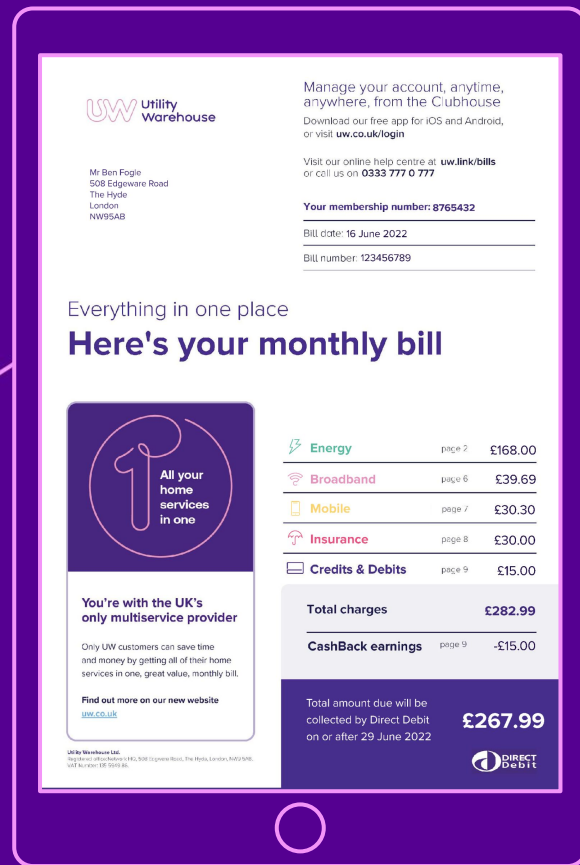
Long-term, fair pricing



Pricing as at 13.06.22. Energy: dual fuel supply at the Ofgem standard domestic consumption profile. Broadband comparison of fixed annual cost of our 40/10 Fibre against comparable tariffs from alternative providers, calculated as an average per year across 3 years, including introductory offers, activation charges, rental, and one calling feature.

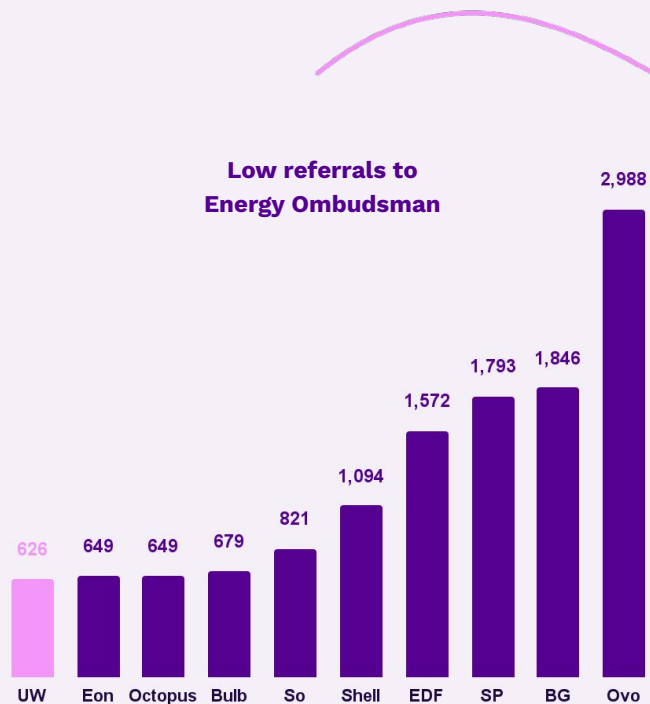
Simplicity

One supplier. One bill.



Service

Award-winning customer support



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 45,000+ 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
- No 'above the line' advertising spend

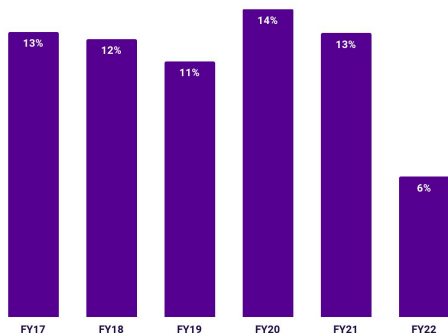


Our word of mouth route to market...

...is the key to maximising customer lifetime value

High multi-service penetration increases customer lifetime

UW customer churn - single digit % per annum

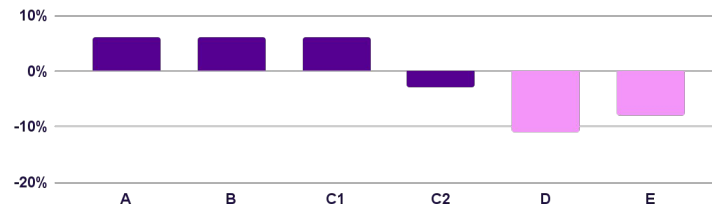


Clear alignment of interests resulting from multi-service focus

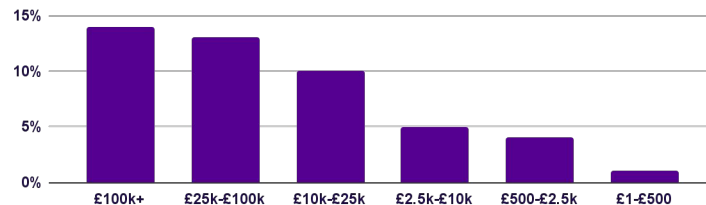
Customers	Ongoing, long-term value
Partners	Ongoing, long-term incomes
Shareholders	Sustainable earnings & dividends

Higher-end customer demographic reduces bad debt exposure

UW customer demographic above UK average



UW customer Savings Value above UK average

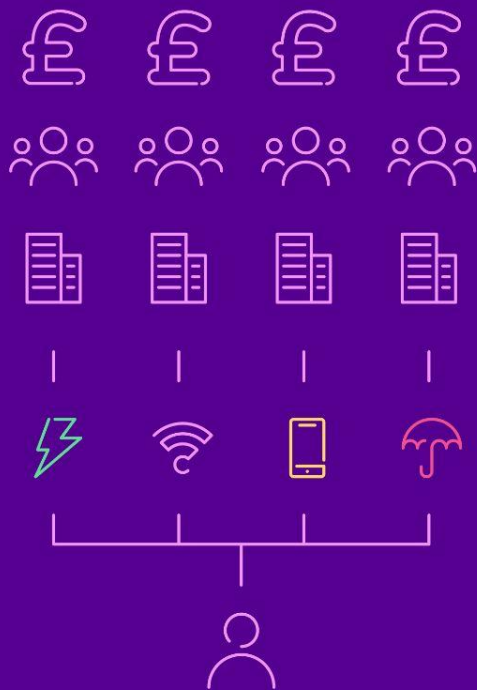


Our fundamental cost advantage

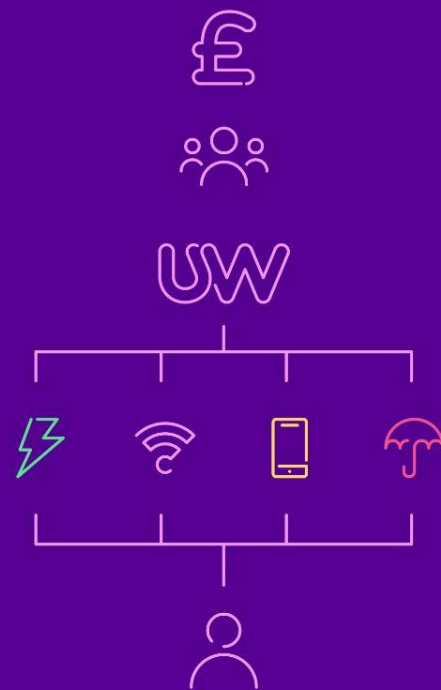


Our fundamental cost advantage

One set of overheads, multiple revenue streams

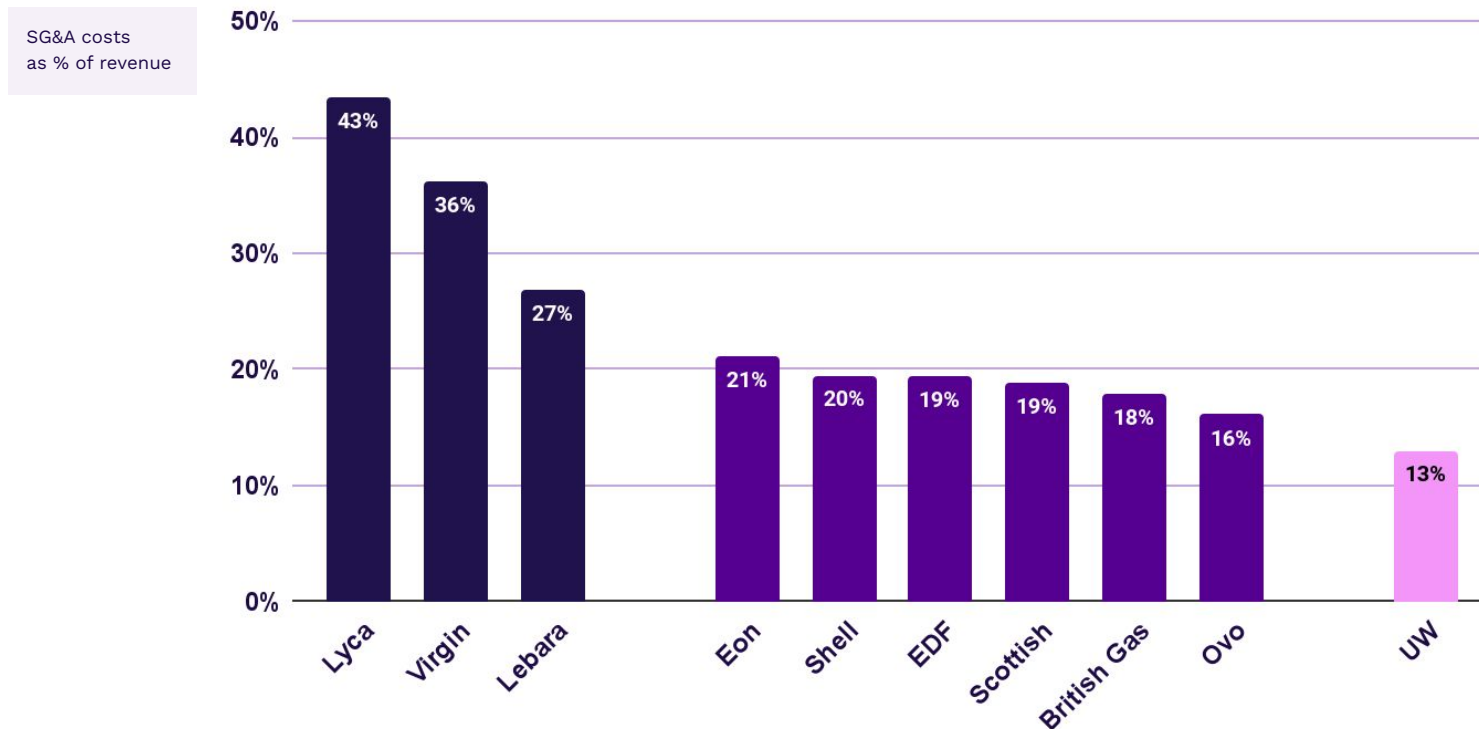


VS



Our sustainable, multi-service cost advantage

One set of overheads, multiple revenue streams



Indirect costs defined as SG&A, as per Big 6 Consolidated Segmental Statements for retail supply businesses alone (prepared annually for Ofgem).

Other energy supplier / virtual telecoms supplier data from latest published report & accounts. TEP amortisation of intangible excluded.

Key competitive advantages

The UK's only genuine multi-utility provider



Multi-service customer proposition

Technology enabled, fully integrated
multi-service 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

Supply agreements

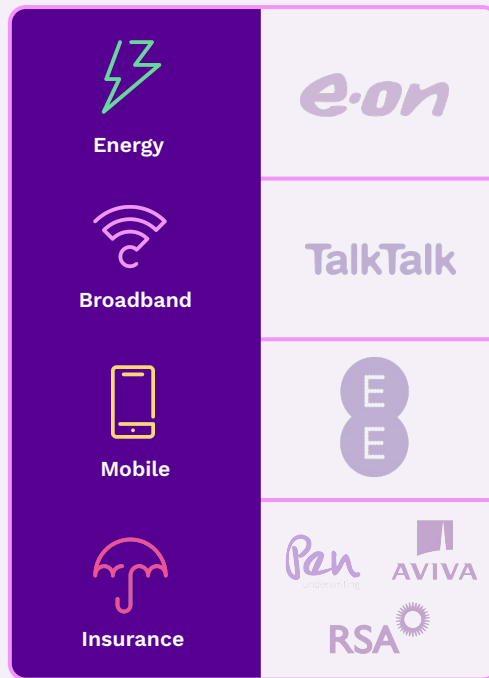
Complementary route to market attractive to suppliers

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

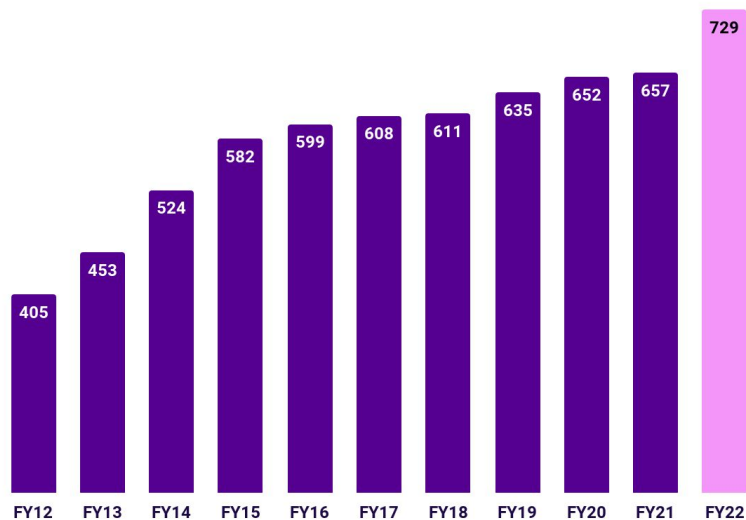
- <1 in 6 UW new customers comes from Talk Talk...
- ... >5 in 6 UW new customers come from their competitors



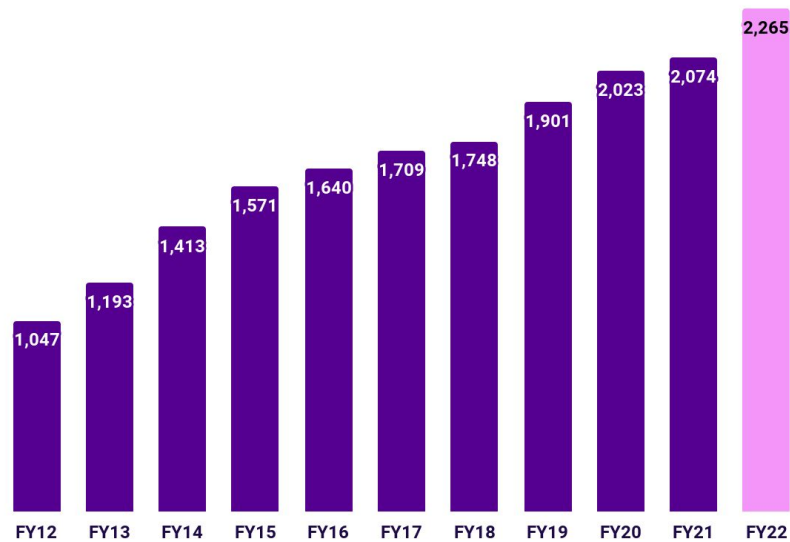
Sustained long-term organic growth

Material uptick in FY22

Customers

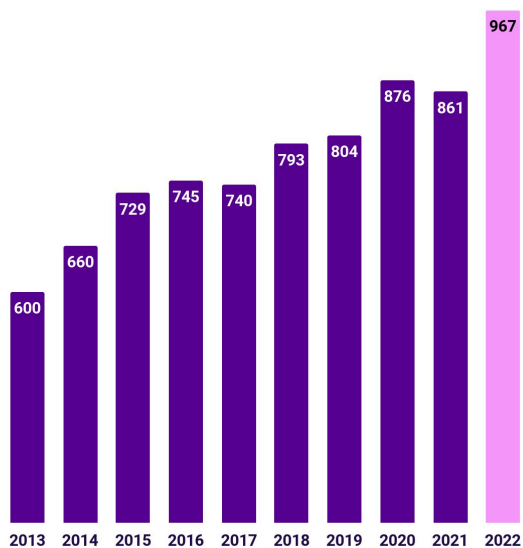


Services

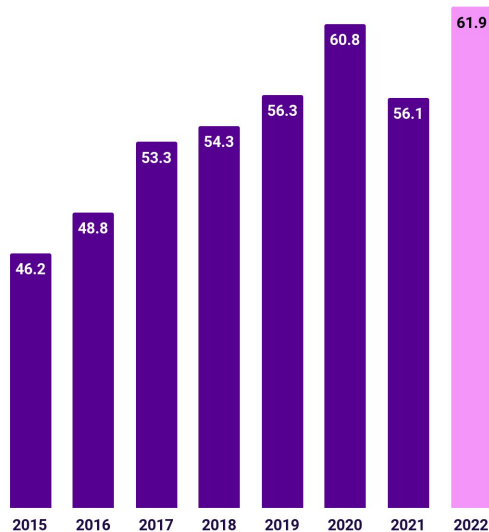


Historical financial performance

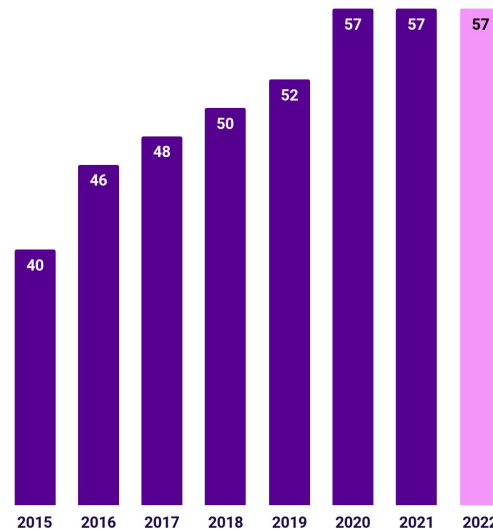
Turnover (£m)



Profit before tax (£m)



Dividends (p)



Investment case



Our core investment case

High-quality earnings, rapid organic growth and progressive dividends

UK's only multi-service supplier

- Unique customer proposition
 - Energy, Broadband, Mobile, Insurance
- Savings, Simplicity, Service
- 750,000 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

Sustainable cost advantage

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

Huge growth opportunity

- Current customer growth rate of 20% pa
- 2.5% share of a £50bn+ market

Straightforward 'virtual retail' business model

- No infrastructure investment required
- No capacity or technology risks

Proven financial track record

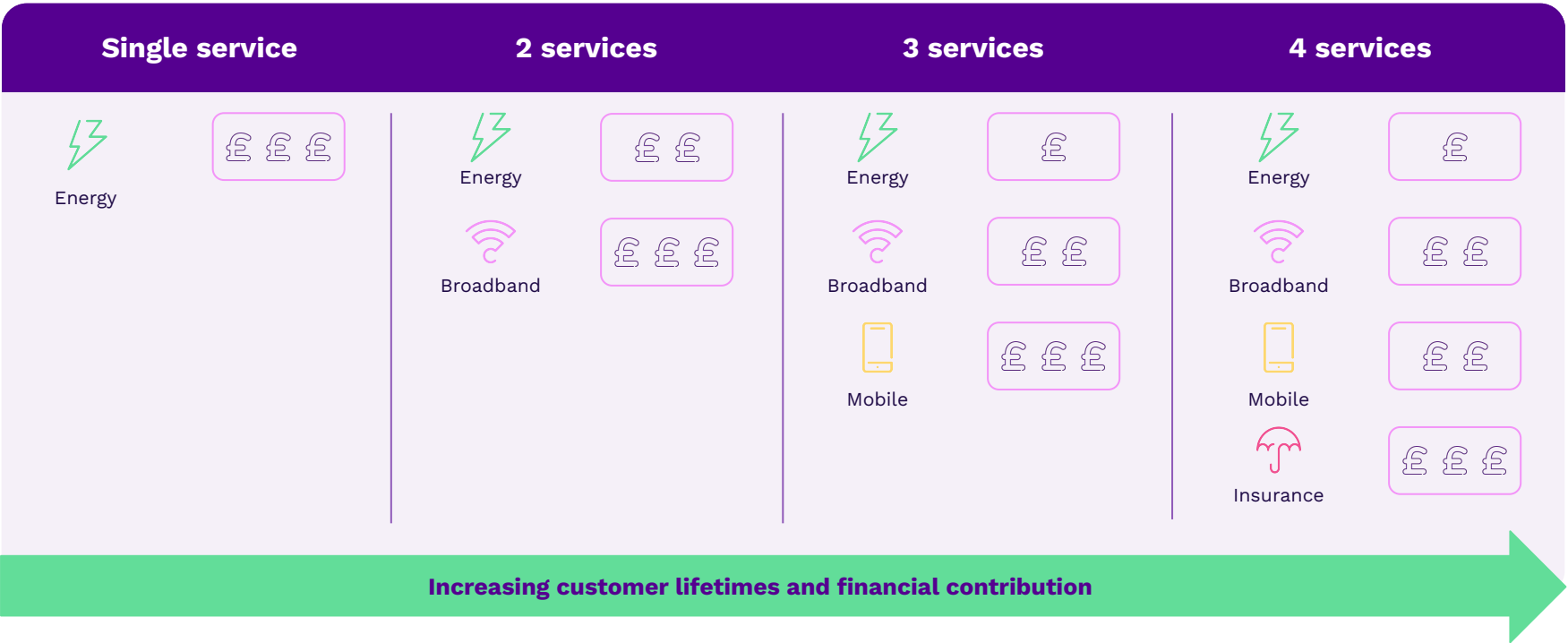
- Predictable earnings from supplying essential services
- Highly cash generative
- Progressive dividend policy

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



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

Get in touch

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