



FISCAL 2019

EARNINGS CALL

JUNE 11, 2019

Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "commits," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could," "may," or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, client trajectory, income, effective tax rate, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volumes, or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to a variety of economic, competitive, operational, and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the most recently completed fiscal year in the section entitled "Risk Factors" and additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. In addition, factors that may cause the company's actual estimated effective tax rate to differ from estimates include the company's actual results from operations compared to current estimates, future discrete items, changes in interpretations and assumptions the company has made, and future actions of the company. You may get our Securities and Exchange Commission filings for free at our website at <http://investors.hrblock.com>. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation, including earnings from continuing operations before interest, taxes, depreciation, and amortization ("EBITDA"), and EBITDA Margin from continuing operations, calculated as EBITDA from continuing operations divided by revenues from continuing operations ("EBITDA Margin"). Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our press release filed on June 11, 2019 and our previously filed press releases, both of which are posted on our investor relations website at <http://investors.hrblock.com>.

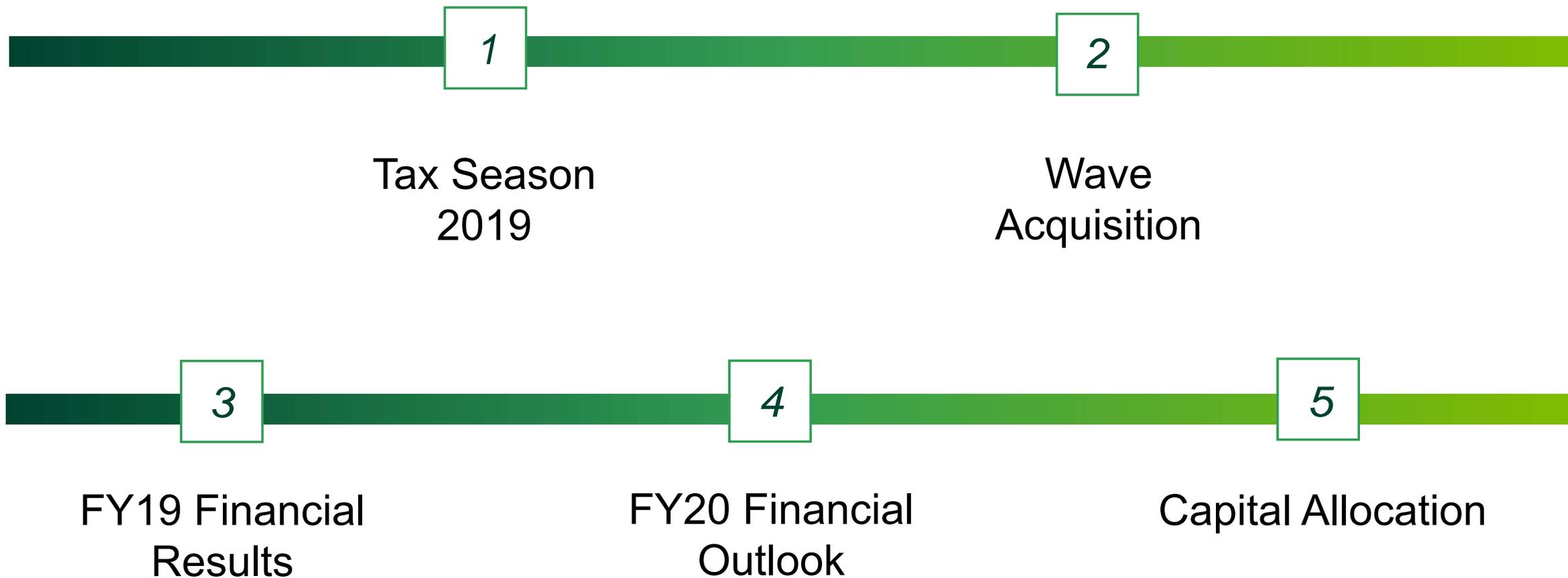
Market and Industry Data

The data included in this presentation regarding the tax preparation services industry, including trends in the market and the company's position and the position of its competitors within this industry, are based on the company's estimates, which have been derived from management's knowledge and experience in the industry, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the industry. The company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and it cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

JEFF JONES

PRESIDENT & CEO

Today's Call



Tax Season 2019

Industry Results

Tax Season 2019

H&R Block Results

Key objectives of our enterprise strategy

Assisted

- **Improving the value** we deliver, including an investment in price
- Developing and delivering on a **clear brand promise** to differentiate H&R Block to consumers
- Improving the **quality and consistency** of our service delivery in the tax office

Virtual

- **Innovating** in this emerging space, **leading the industry** as consumer expectations evolve
- Combining **digital technology** with the **unmatched scale and expertise of our network** to deliver value-added solutions

Do-It-Yourself (DIY)

- Investing to **improve the product and user experience**
- Pricing at a level that is competitive and **provides compelling value** to our clients
- Continuing to communicate this value, **growing awareness** and compelling consumers to switch to H&R Block

Strong execution and significant improvements across the business

Assisted

- **9-point increases** in both client satisfaction scores for price/value and Net Promoter Score (NPS)
- **One-third** of tax pros have increased certification levels
- Volume **in-line with industry**, excluding impact of Free EZ

DIY

- Online client growth of 9% **outpacing industry for third consecutive year**
- **9-point increase** in NPS
- Named PCMag's **Editor's Choice** for Best Tax Software for 2019

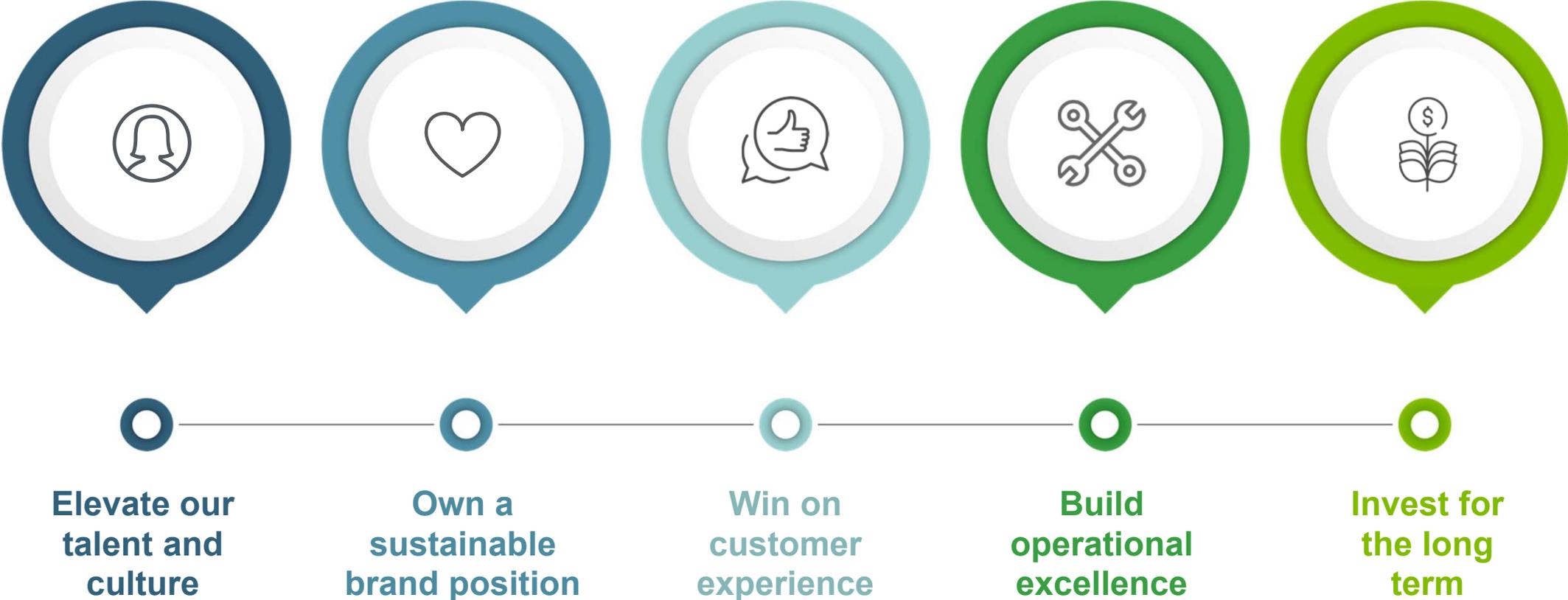
Virtual

- Combined growth of **75%**
- **One-third** of Ask a Tax Pro clients are new to H&R Block
- Tax Pro Review **growth in new clients**
- Tax Pro Go driving **new, younger clients** to our brand



Strategy Update

Strategic framework that will guide us over long term





Wave Acquisition

Wave Financial: A rapidly-growing financial solutions platform for the small business market



Acquisition will accelerate H&R Block's small business strategy, providing new growth opportunities

Wave will accelerate our strategy in the large and expanding small business market



Large and Expanding Small Business Market¹

- 31 million small businesses in North America
- Over 100,000 new small businesses created each month
- Freelancers: ~57 million today growing to ~87 million by 2027



Simple Platform Empowers Small Business Owners

- Many small business owners struggle with cash flow, bookkeeping, payroll and tax prep
- Financial mismanagement and outdated methods lead to failure
- Wave's platform helps small businesses manage complex financial needs



Opportunity for Synergies

- Unlock revenue synergies from existing small business clients
- Attract new clients to the tax business through existing small business network
- Minimal overlap between services and technology

¹ Source: U.S. Census, Industry Canada, and Small Business Administration.

Wave's robust platform serves the needs of small business owners



Low customer acquisition costs combined with recurring revenue stream yields favorable customer lifetime value

Wave is growing organically and rapidly



400,000+

Active Customers



\$40-45M

Projected Revenue Contribution to HRB in FY20



>80%

Signups through Unpaid Channels



25

Consecutive Quarters of Revenue Growth

Opportunity to increase brand awareness and platform offerings to accelerate growth

Transaction Summary

Company Information

- Wave Financial (waveapps.com)
 - ~250 full-time associates
 - Headquartered in Toronto, Ontario
-

Governance & Leadership

- Wave will operate independently within H&R Block
 - Kirk Simpson to remain as CEO of Wave and report to H&R Block CEO Jeff Jones
-

Structure & Valuation

- Purchase price of \$405 million, funded with available cash
 - Additional financial performance incentives
-

Timing & Approvals

- Transaction is expected to close within the next few months
- Subject to customary closing conditions including regulatory approvals

JEFF JONES

PRESIDENT & CEO

TONY BOWEN

CHIEF FINANCIAL OFFICER



FY19
Financial
Results

We achieved the high end of our FY19 outlook ranges for revenue and margin

	REVENUES	EBITDA MARGIN ¹
FY19 Result	\$3,095M	25.8%
<i>Outlook</i>	<i>\$3,050M - \$3,100M</i>	<i>24% - 26%</i>

¹ EBITDA Margin is a non-GAAP financial measure. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.

Solid financial performance for fiscal 2019 while making investments for the long term

Metric	What We Said	What We Did
Revenues	\$3,050M - \$3,100M	✓ \$3,095M
EBITDA Margin ¹	24% - 26%	✓ 25.8%
Effective Tax Rate	23% - 25%	✓ 18.3%
Depreciation & Amortization	\$165M - \$175M	✓ \$167M
Capital Expenditures	\$95M - \$105M	✓ \$95M
Interest Expense	\$80M - \$85M	\$87M

¹ EBITDA Margin is a non-GAAP financial measure. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.



FY19
Financial
Results



FY20
Financial
Outlook

FY20 Financial Outlook

REVENUE GROWTH

1.5% - 3.5%

- Modest growth in the tax business following a reset year
- Includes revenue contribution from Wave

EBITDA MARGIN¹

24% - 26%

- EBITDA dollar growth as cost reductions offset impact from Wave
- Revenue growth outpaces EBITDA growth, impacting margin

EFFECTIVE TAX RATE

23% - 25%

- Rate may fluctuate due to unanticipated discrete items

Outlook includes the following impacts from the Wave acquisition:

- Revenue contribution: \$40 - \$45 million
- Operating loss and related transaction costs: \$25 - \$30 million
- Purchase price amortization: \$40 - \$50 million

¹ EBITDA Margin is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY20 are not available. Because of the variability of these and other items as well as the impact of future events on these items, management is unable to reconcile without unreasonable effort the expected range of EBITDA Margin for the fiscal year to a comparable GAAP range. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.



Capital Allocation

Capital allocation balances returns to shareholders with investments for long-term growth

1. Ensure adequate liquidity and maintain strong balance sheet

- Ended FY19 in a strong cash position after another year of solid cash flow generation
- Short-term liquidity needs funded with cash on hand and \$2.0B line of credit which matures in September 2023

2. Invest in business

- Disciplined investments in the business to deliver value for our clients and drive sustainable growth
- FY19 investments in pricing, technology, and operational excellence
- Expanding services and capabilities with Wave acquisition

3. Distribute excess cash to shareholders

- Announced dividend increase for 4th consecutive year; total increase of 30% over this time
- Extended share repurchase authorization through June 2022
- Repurchased 7.9 million shares for \$185 million in FY19; ~10% of shares repurchased since FY17

TONY BOWEN

CHIEF FINANCIAL OFFICER

JEFF JONES

PRESIDENT & CEO

Q&A

APPENDIX

FY19 Summary – Continuing Operations

(in millions, except EPS)	FY19		FY18	
Revenue	\$	3,095	\$	3,160
Pretax Income	\$	545	\$	669
Net Income	\$	445	\$	627
Weighted-Avg. Shares - Diluted		206.7		210.2
EPS¹	\$	2.15	\$	2.98
EBITDA²	\$	799	\$	941

Note: All amounts are unaudited.

¹ All per share amounts are based on fully diluted shares at the end of the corresponding period.

² EBITDA Margin is a non-GAAP financial measure. Please see the Safe Harbor Statement at the beginning of this presentation for information on non-GAAP financial measures.



FISCAL 2019

EARNINGS CALL

JUNE 11, 2019