



THIRD QUARTER FISCAL 2019
EARNINGS CALL

MARCH 7, 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 fiscal year ended April 30, 2018 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 March 7, 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

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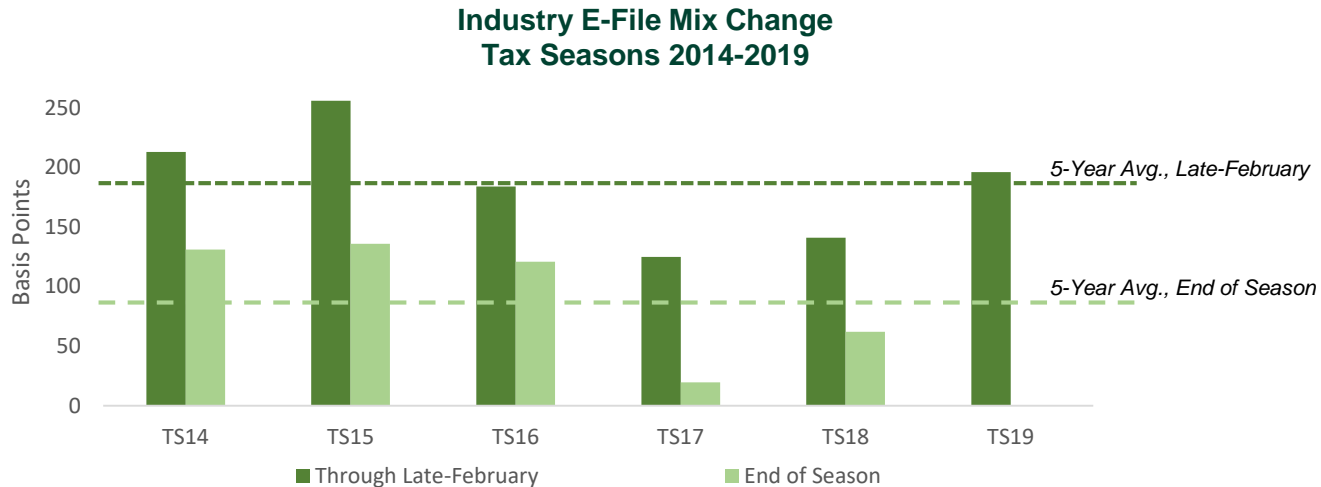


Tax Season 2019

Industry Update

Tax Season 2019 industry mix change consistent with historical average

- Current industry mix change from Assisted to DIY is close to the average of the past five years
- Over the last several years, the mix change to DIY has occurred in the early part of the season, but moderates by the end
- When including paper filings, end of season mix change has averaged ~70 basis points



Tax Season 2019

H&R Block Update

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

Assisted: Significant improvements across every aspect of the business

Key Changes

Pricing

Improved our value proposition through upfront, transparent pricing and targeted price decreases

Client Experience

Enhanced new client experience, tax pro training, and systems, showcasing our expertise

Operational Execution

Improved quality and consistency of service delivery in our offices

Results

- 7-point increase in client satisfaction scores for price/value
- One-third of tax pros have increased certification levels
- Increased client conversion
- Attach rate improvement in Tax Plus products
- 8-point increase in Net Promoter Score (NPS)

DIY: Strong performance due to numerous product enhancements

Key Changes

Results

Mobile

Improved experience, giving more visibility of where clients are in the process

Personalization

Streamlined the process for returning clients by reducing the number of questions they need to answer

Help Center

Redesigned to give clients easier access to help; leveraged machine learning in our new virtual assistant

Price Transparency

Launched DIY price preview so clients know in real time when their price changes and why

- 2-point increase in product conversion
- Increased mobile adoption
- Named PCMag's Editor's Choice for Best Tax Software for 2019
- 8-point increase in NPS
- Client growth outpacing industry

Virtual: Leading the industry by creating a 3rd platform; offering consumers more ways to get taxes done

Results



The easiest way to have someone do your taxes for you; simply upload your documents using your smart phone and a tax pro does the rest

- Attracting new, younger filers to H&R Block



For DIY filers who want assurance, an H&R Block tax pro reviews your return and source documents, and then signs and e-files on your behalf

- Significant client growth, outpacing overall DIY growth



For DIY filers who want unlimited, immediate access to a tax pro to provide help along the way; the best “live” value in the market

- One-third of clients are new to H&R Block

Tax Season 2019

H&R Block Update



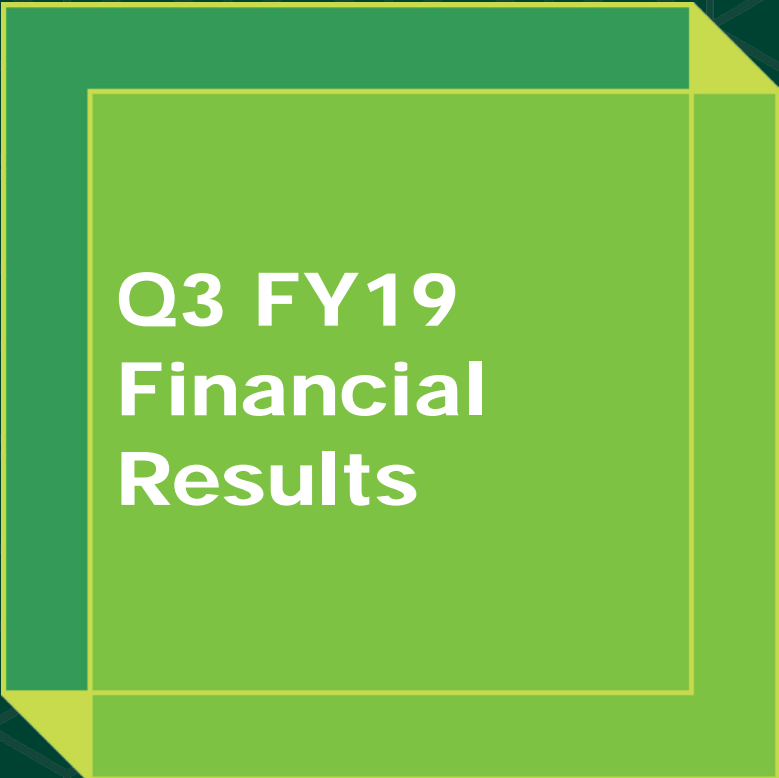
JEFF JONES

PRESIDENT & CEO



TONY BOWEN

CHIEF FINANCIAL OFFICER



Q3 FY19
Financial
Results

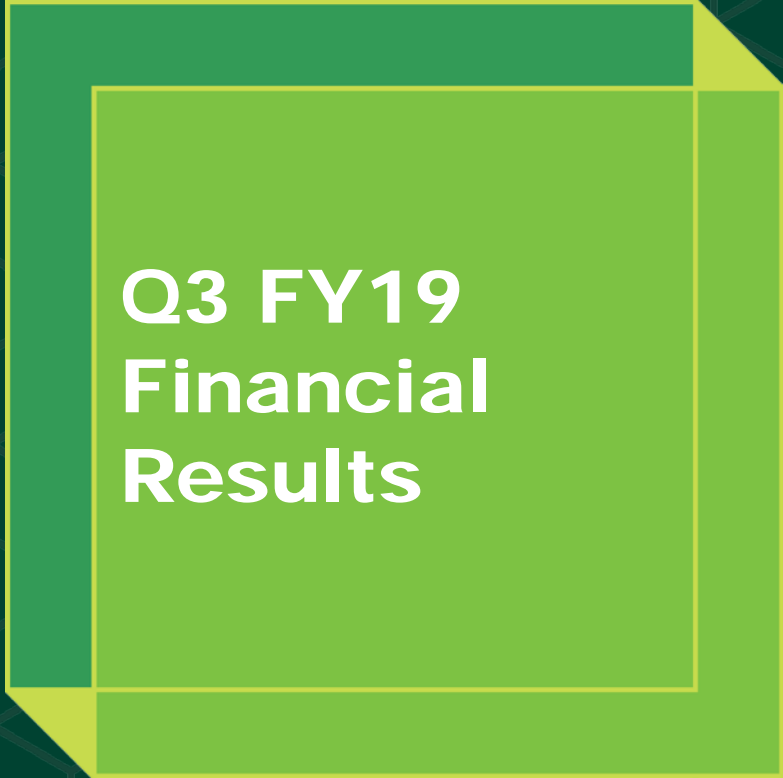
Q3 FY19 Summary – Continuing Operations

(in millions, except EPS)	Q3 FY19	Q3 FY18
Revenue	\$ 468	\$ 488
Pretax Loss	\$ (159)	\$ (121)
Net Loss	\$ (120)	\$ (243)
Weighted-Avg. Shares - Diluted	205.5	209.1
EPS¹	\$ (0.58)	\$ (1.16)
EBITDA²	\$ (92)	\$ (48)


Note: All amounts are unaudited. The company normally reports a fiscal third quarter loss due to the seasonality of its tax business.

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

² The company reports non-GAAP financial measures of performance, including earnings before interest, tax, depreciation, and amortization (EBITDA) from continuing operations, and EBITDA Margin from continuing operations, which it considers to be useful metrics for management and investors to evaluate and compare the ongoing operating performance of the company. See "About Non-GAAP Financial Information" in our March 7, 2019 earnings release, posted to our investor relations website at <http://investors.hrblock.com>, for more information regarding financial measures not prepared in accordance with GAAP and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.



Q3 FY19
Financial
Results



FY19
Financial
Outlook

Tax Season 2019: First half vs. second half expectations

	1 st Half	2 nd Half	Full Year
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Overall

- Client decline due to slow industry start and our elimination of Free EZ promotion

- Client growth compared to prior year

Volume:



Assisted

- Client decline due to Free EZ elimination
- Improvement in net average charge resulting from Free EZ elimination

- Client growth compared to prior year
- Decline in net average charge resulting from targeted price decreases

Volume:



Net Average Charge:



DIY

- Client growth driven by product improvements and increased conversion
- Net average charge slightly lower

- Continued client growth
- Net average charge higher due to improved mix

Volume:



Net Average Charge:



Reiterating financial outlook for FY19

REVENUES	EBITDA MARGIN ¹	EFFECTIVE TAX RATE
\$3,050M - \$3,100M	24% - 26%	23% - 25% <i>Pending discrete items could occur in Q4²</i>

¹ EBITDA Margin from continuing operations is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY19 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. See "About Non-GAAP Financial Information" in our March 7, 2019 earnings release, posted to our investor relations website at <http://investors.hrblock.com>, for more information regarding financial measures not prepared in accordance with GAAP.

² For Fiscal 2019, there are pending discrete items that could occur during the fourth quarter that would lower the effective tax rate 4-5 points.

Detailed FY19 financial outlook

Revenues	\$3,050M - \$3,100M
EBITDA Margin¹	24% - 26%
Effective Tax Rate²	23% - 25%
Depreciation & Amortization	\$165M - \$175M
Capital Expenditures	\$95M - \$105M
Interest Expense	\$85M - \$90M

¹ EBITDA Margin from continuing operations is a non-GAAP financial measure. Specific quantifications of the amounts that would be required to reconcile the company's EBITDA Margin outlook for FY19 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. See "About Non-GAAP Financial Information" in our March 7, 2019 earnings release, posted to our investor relations website at <http://investors.hrblock.com>, for more information regarding financial measures not prepared in accordance with GAAP.

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Q&A



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