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4Q 2017 FINANCIAL RESULTS
February 8, 2018

Welcome to Web.com's Quarterly Earnings Call

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Some of the measures in this presentation, including adjusted EBITDA, are non-GAAP financial measures within the meaning of the SEC Regulation G. Web.com believes presenting non-GAAP financial measures is useful to investors, because they describe the operating performance of the company, in ways that management views, or uses to assess, the performance of the company. Company management uses these non-GAAP measures as important indicators of the company's past performance and in planning and forecasting performance in future periods. The non-GAAP financial information Web.com presents may not be comparable to similarly-titled financial measures used by other companies, and investors should not consider non-GAAP financial measures in isolation from, or in substitution for, financial information presented in compliance with GAAP. You are encouraged to review the reconciliation of non-GAAP financial measures to GAAP financial measures included in this presentation and in Web.com's press release on November 7, 2017, and filings it makes with the Securities and Exchange Commission, which are available at www.sec.gov as well as in this presentation.

Agenda

Corporate Overview

- 2017 Objectives Update
- 2017 Business Highlights
- Quarterly Financial Summary
- Quarterly Operating Highlights
- 2018 Objectives

Financial Review

- 4Q 2017 Financial Performance
- 1Q & Full Year 2018 Financial Guidance

Q&A

2017 Objectives Update

- **Stabilize and Optimize**
- **Integrate**
- **Invest & Grow**
- **International Expansion**

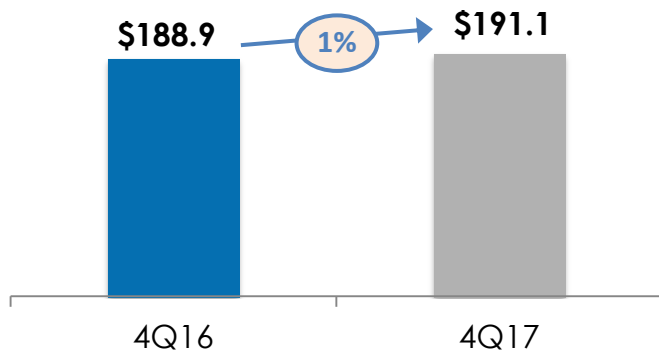
2017 Business Highlights

- **Marketing and branding investments**
- **Acquired DonWeb and Acquisio**
- **Repurchased \$76 million (\$166 million since authorization¹) of stock as part of \$200 million buyback authorization**
- **Reduced debt by \$32 million**
- **Refinanced revolver and term loan for greater flexibility**

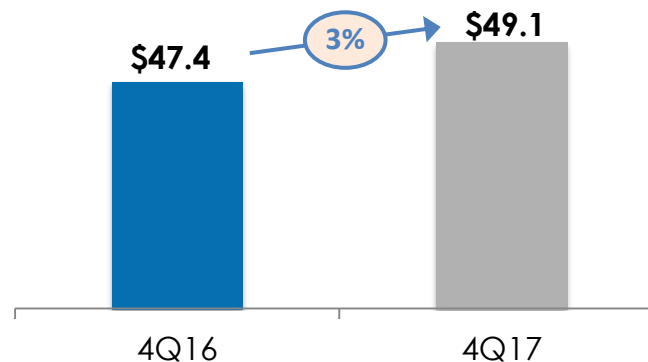
1. As of December 31, 2017

4Q 2017 Financial Highlights

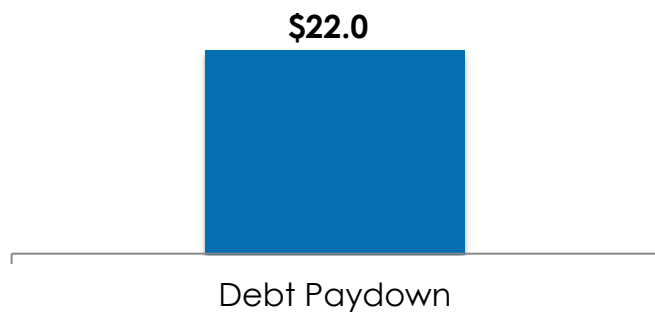
Non-GAAP Revenue (\$mm)



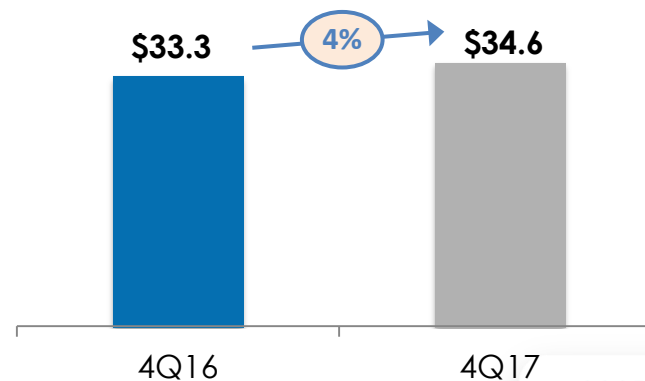
Adjusted EBITDA (\$mm)



Capital Deployment (\$mm)



Free Cash Flow (\$mm)



4Q 2017 Operating Highlights

49,000
Reduction In
Subscribers

3,411,000
Total
Subscribers

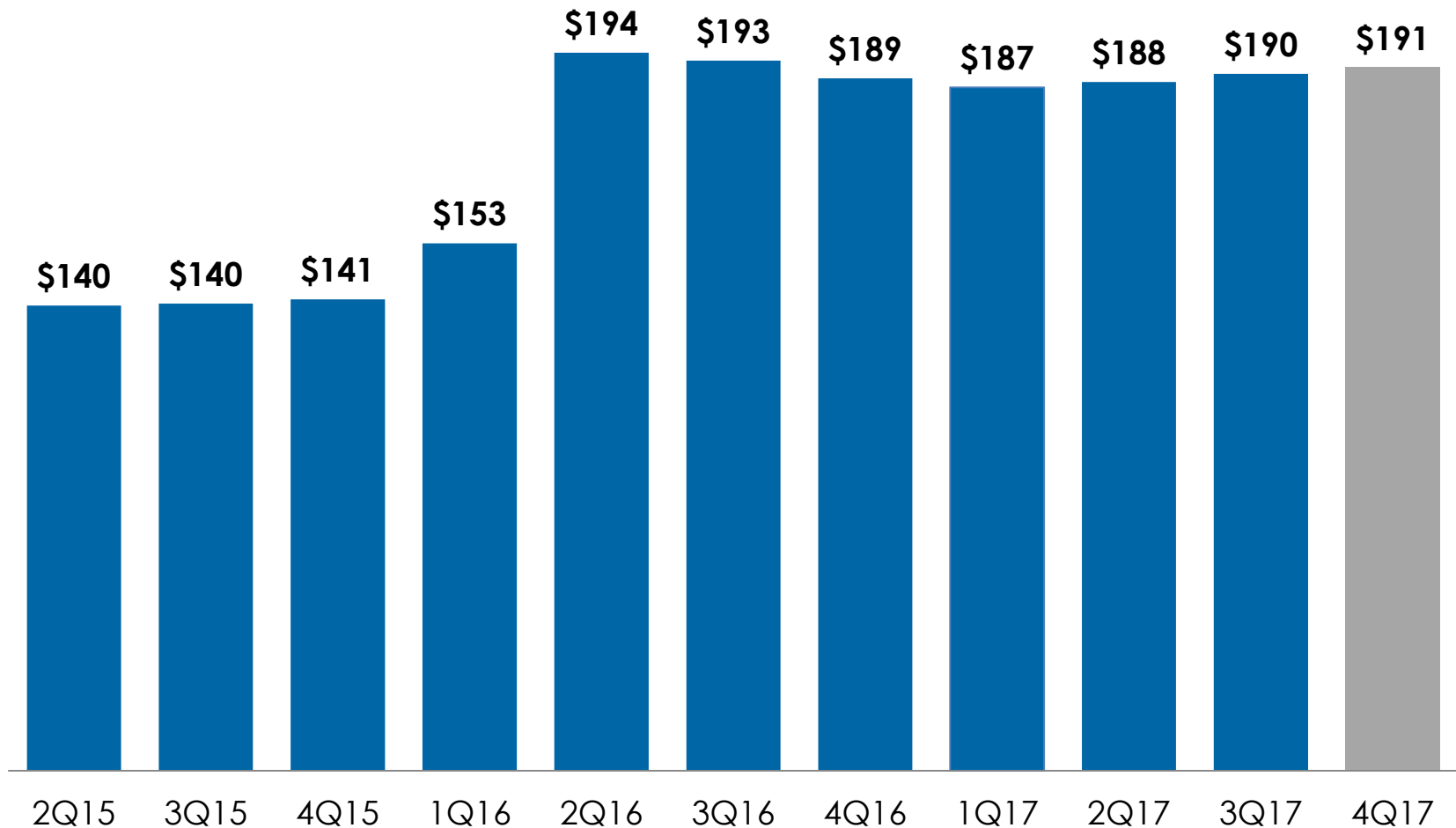
84.5% LTM
Retention

Notes: LTM Retention is a trailing twelve month retention metric calculated as subscribers at the end of the period less acquired subscribers divided by the sum of subscribers at the beginning of the period and the new subscribers added during the last twelve months. 4Q2017 subscribers includes the impact of approximately 1,000 customers acquired as part of the Acquisio acquisition.

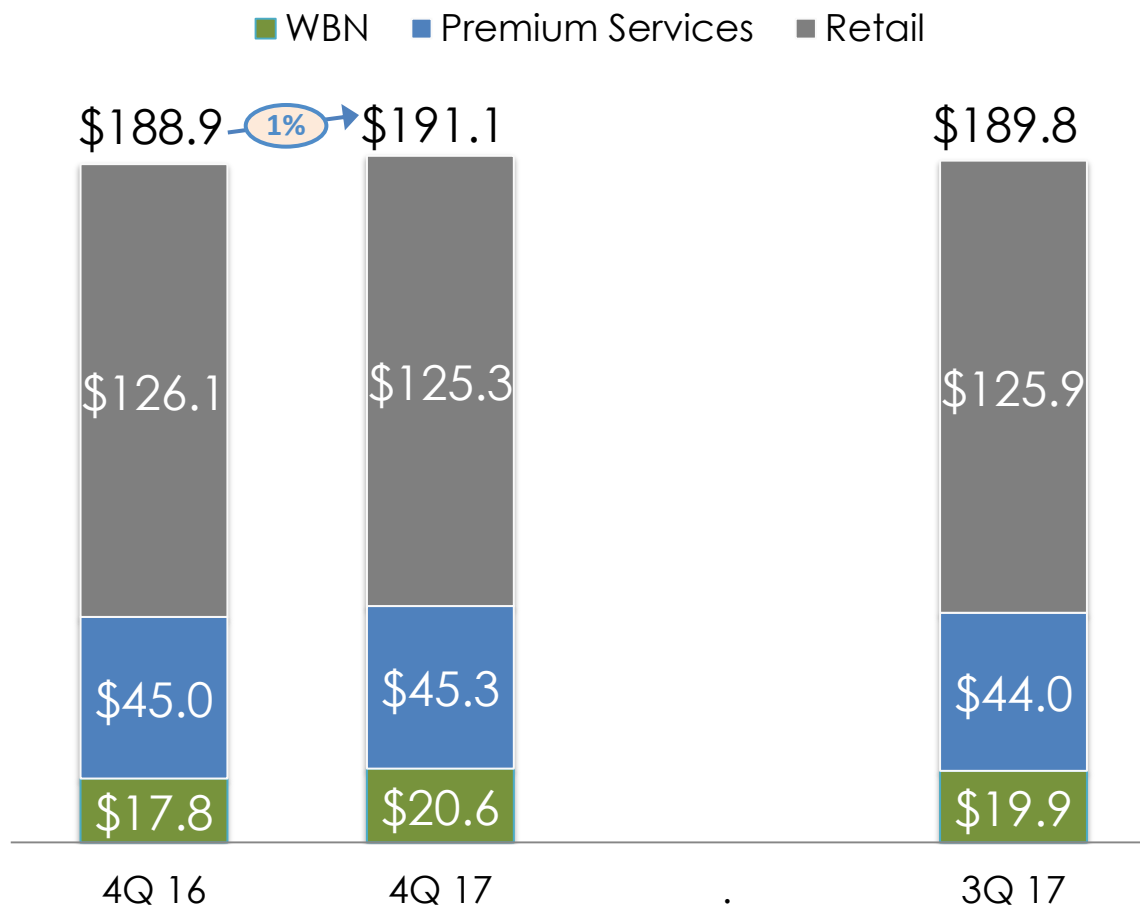
2018 Objectives

- **Stabilize and Optimize**
- **Invest & Grow**
- **Retention**
- **Continuing Synergies**

Non-GAAP Revenue (\$mm)



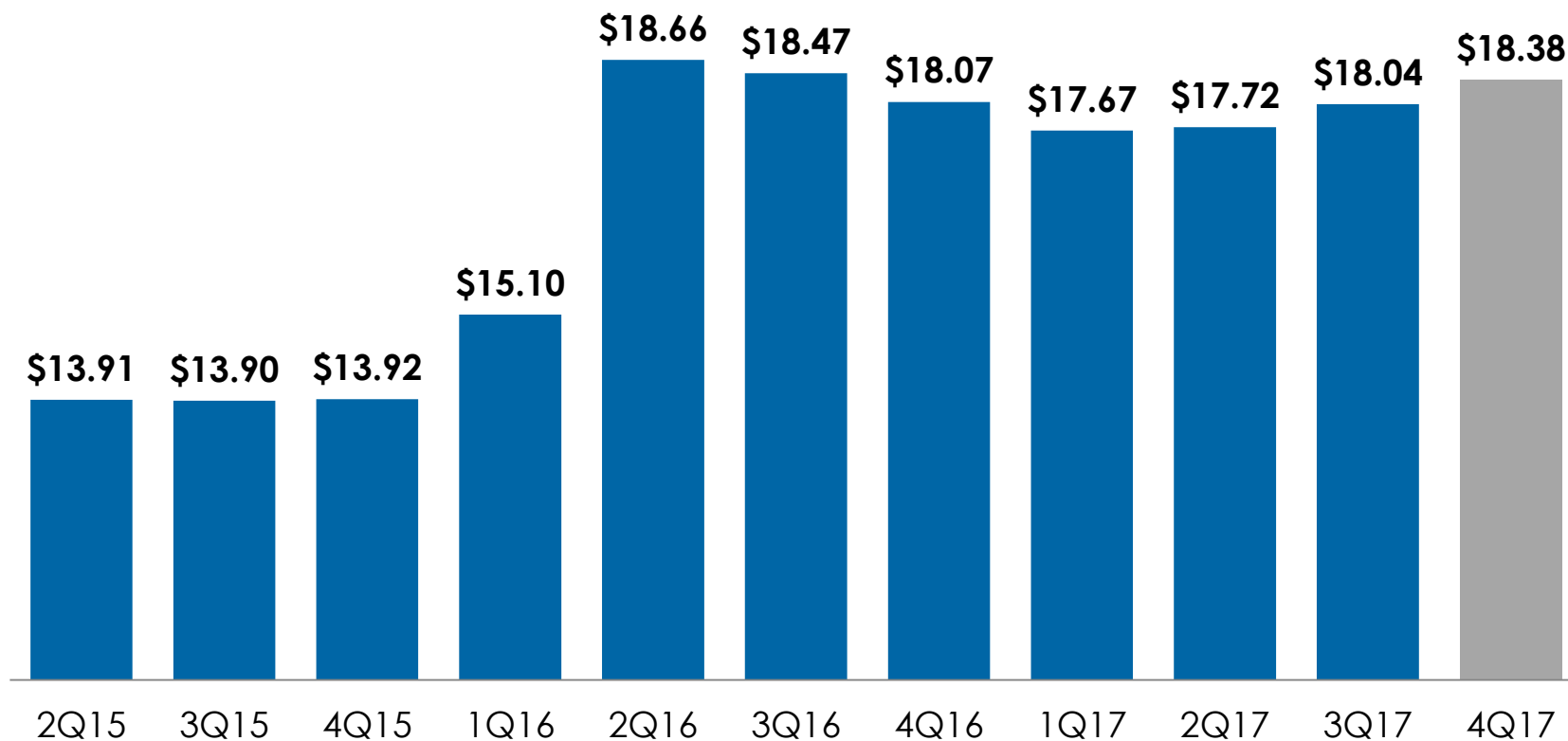
Non-GAAP Revenue Detail (\$mm)



Note: Numbers may not add due to rounding.

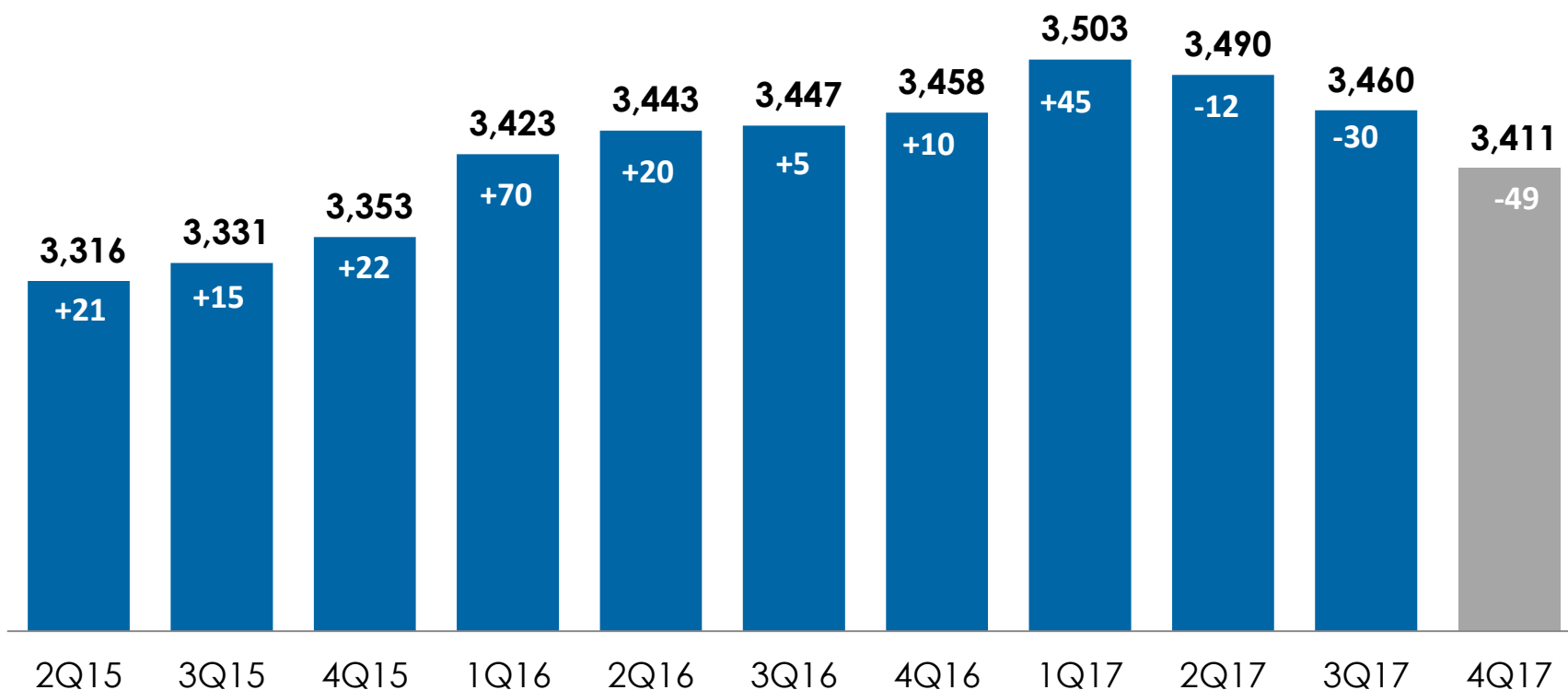
ARPU

.....



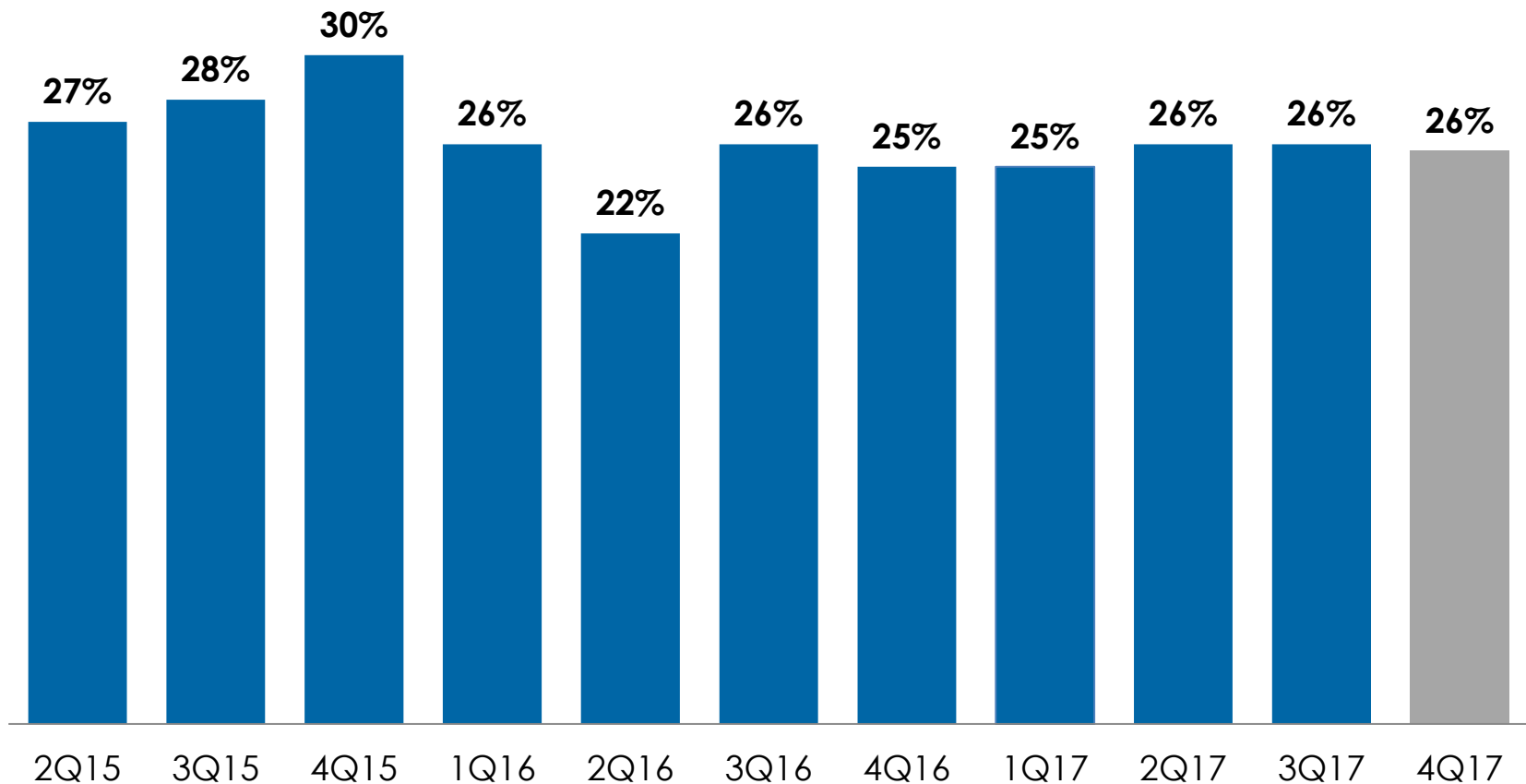
Note: ARPU is calculated as Non-GAAP subscription revenue divided by the average number of subscribers for the period divided into a monthly average. 1Q16 ARPU includes 23 days of Yodle activity in the quarter. Yodle acquisition closed on March 9, 2016. 1Q17 ARPU includes 59 days of DonWeb.com activity in the quarter. DonWeb.com acquisition closed on January 31, 2017. 4Q17 ARPU includes 61 days of Acquisio activity in the quarter, Acquisio acquisition closed on November 1, 2017.

Net Subscriber Growth



Note: 1Q16 net subscriber adds includes approximately 53,000 customers acquired as part of the Yodle acquisition. 1Q17 net subscriber adds includes approximately 74,000 customers acquired as part of the DonWeb.com acquisition. 3Q17 net subscriber reduction includes a decrease of approximately 6,000 subscribers that is an adjustment to true up final subscriber counts related to the DonWeb.com acquisition from 1Q17. 4Q17 net subscribers includes approximately 1,000 customers acquired as part of the Acquisio acquisition. Numbers may not add due to rounding.

Adjusted EBITDA Margin

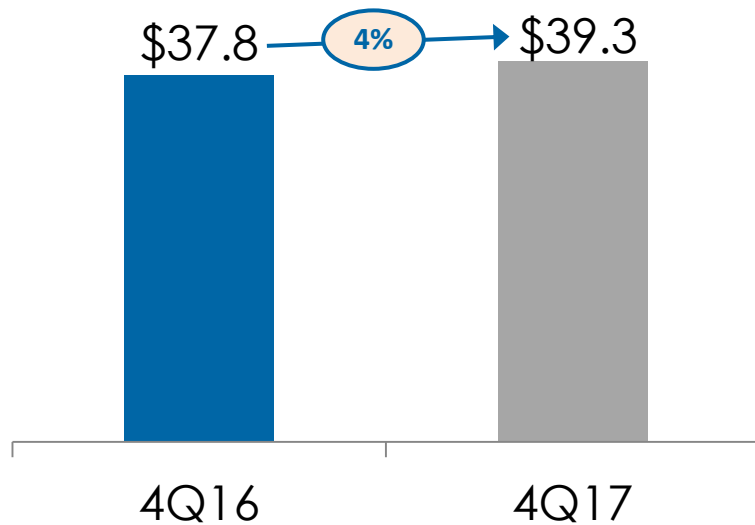


4Q 2017 GAAP Results

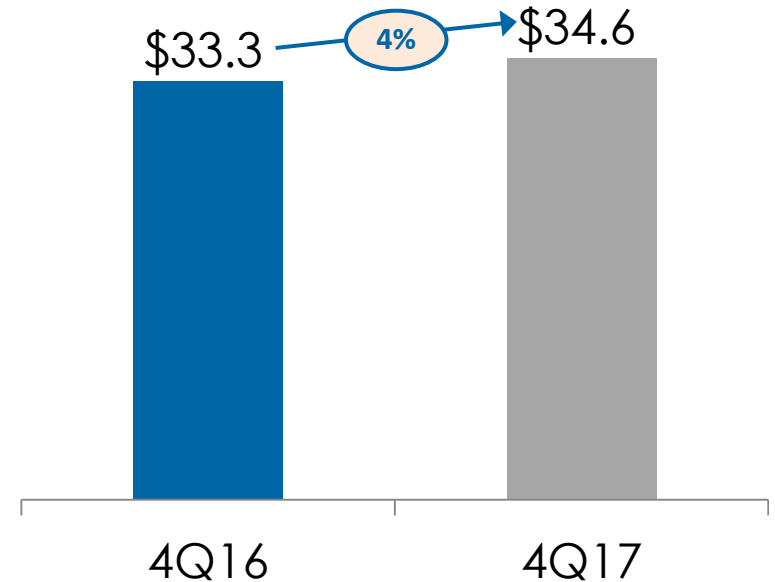
| (\$ mm) | |
|---|---------|
| Revenue | \$188.8 |
| Cost of revenue (excluding depreciation & amortization) | \$60.7 |
| Income from operations | \$21.5 |
| Net Income | \$30.8 |
| Diluted net income per share | \$0.62 |

Cash Flow Generation

Cash from Operations (\$mm)



Free Cash Flow (\$mm)



Summary Balance Sheet

| | 12/31/16 | 3/31/17 | 6/30/17 | 9/30/17 | 12/31/17 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash | \$20.4 | \$24.5 | \$33.4 | \$7.7 | \$12.0 |
| Accounts Receivable, net | \$20.6 | \$18.3 | \$20.3 | \$24.5 | \$25.4 |
| Deferred Expenses | \$109.3 | \$111.6 | \$111.6 | \$111.0 | \$109.6 |
| Debt (current & long-term) | | | | | |
| Term Loan | \$382.7 | \$380.3 | \$404.7 | \$389.7 | \$389.7 |
| Revolver | \$49.3 | \$56.3 | \$0.0 | \$32.0 | \$10.0 |
| Convertible Debt | \$258.8 | \$258.8 | \$258.8 | \$258.8 | \$258.8 |
| Total Debt (Gross) | \$690.8 | \$695.3 | \$663.5 | \$680.5 | \$658.5 |
| Less: Debt Discount (OID) | (\$26.6) | (\$23.3) | (\$18.5) | (\$14.8) | (\$11.5) |
| Total Debt (Net) | \$664.1 | \$672.0 | \$645.0 | \$665.6 | \$647.0 |
| Deferred Revenue | \$426.1 | \$436.6 | \$434.3 | \$428.1 | \$419.5 |
| Stockholders' Equity | \$235.5 | \$275.1 | \$293.0 | \$236.7 | \$274.6 |



APPENDIX

Reconciliation of GAAP to Non-GAAP Results

(in thousands except ARPU, unaudited)

| Reconciliation of GAAP revenue to non-GAAP revenue and non-GAAP subscription revenue used in ARPU | Q2/15 | Q3/15 | Q4/15 | Q1/16 | Q2/16 | Q3/16 | Q4/16 | Q1/17 | Q2/17 | Q3/17 | Q4/17 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GAAP revenue | \$ 135,719 | \$ 136,821 | \$ 138,320 | \$ 144,798 | \$ 187,818 | \$ 190,686 | \$ 187,203 | \$ 185,118 | \$ 186,731 | \$ 188,567 | \$ 188,845 |
| Fair value adjustment to deferred revenue | 4,252 | 3,547 | 3,017 | 8,558 | 6,038 | 2,108 | 1,658 | 1,710 | 1,328 | 1,202 | 2,289 |
| Non-GAAP revenue | <u>\$ 139,971</u> | <u>\$ 140,368</u> | <u>\$ 141,337</u> | <u>\$ 153,356</u> | <u>\$ 193,856</u> | <u>\$ 192,794</u> | <u>\$ 188,861</u> | <u>\$ 186,828</u> | <u>\$ 188,059</u> | <u>\$ 189,769</u> | <u>\$ 191,134</u> |
| Professional services and other revenue | \$ (2,034) | \$ (1,801) | \$ (1,780) | \$ (1,606) | \$ (1,697) | \$ (1,915) | \$ (1,724) | \$ (1,771) | \$ (2,220) | \$ (1,809) | \$ (1,806) |
| Non-GAAP subscription revenue used in ARPU | <u>\$ 137,937</u> | <u>\$ 138,567</u> | <u>\$ 139,557</u> | <u>\$ 151,750</u> | <u>\$ 192,159</u> | <u>\$ 190,879</u> | <u>\$ 187,137</u> | <u>\$ 185,057</u> | <u>\$ 185,839</u> | <u>\$ 187,960</u> | <u>\$ 189,328</u> |
| Average Subscribers during period | 3,305 | 3,324 | 3,342 | 3,350 | 3,433 | 3,445 | 3,452 | 3,490 | 3,497 | 3,472 | 3,434 |
| ARPU | <u>\$ 13.91</u> | <u>\$ 13.90</u> | <u>\$ 13.92</u> | <u>\$ 15.10</u> | <u>\$ 18.66</u> | <u>\$ 18.47</u> | <u>\$ 18.07</u> | <u>\$ 17.67</u> | <u>\$ 17.72</u> | <u>\$ 18.04</u> | <u>\$ 18.38</u> |

Reconciliation of GAAP to Non-GAAP Results

(in thousands except percentages, unaudited)

| Reconciliation of GAAP net (loss) income to adjusted EBITDA | Q2/15 | Q3/15 | Q4/15 | Q1/16 | Q2/16 | Q3/16 | Q4/16 | Q1/17 | Q2/17 | Q3/17 | Q4/17 |
|---|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| GAAP net income (loss) | \$ 4,550 | \$ 6,094 | \$ 76,977 | \$ 337 | \$ (1,606) | \$ 3,346 | \$ 1,914 | \$ 6,518 | \$ 8,046 | \$ 8,301 | \$ 30,765 |
| Depreciation and amortization | 13,849 | 13,846 | 14,906 | 15,913 | 22,273 | 21,165 | 18,697 | 18,433 | 17,401 | 17,601 | 18,109 |
| Loss on sale of assets | - | - | - | - | - | - | 7 | - | - | 2 | 42 |
| Asset impairment | - | - | - | - | - | 1,979 | 7,111 | 143 | - | - | 148 |
| Stock based compensation | 5,137 | 5,067 | 4,813 | 4,808 | 5,392 | 5,008 | 5,506 | 5,557 | 6,102 | 5,698 | 5,844 |
| Restructuring expense | 22 | - | 224 | 136 | 778 | 1,133 | 1,570 | 322 | - | 424 | 524 |
| Corporate development | - | - | 2 | 3,340 | 529 | 57 | 706 | 417 | 340 | 249 | 626 |
| Fair value adjustment to deferred revenue | 4,252 | 3,547 | 3,017 | 8,558 | 6,038 | 2,108 | 1,658 | 1,710 | 1,328 | 1,202 | 2,289 |
| Fair value adjustment to deferred expense | 167 | 147 | 128 | 58 | 94 | 80 | 68 | 57 | 46 | 37 | 30 |
| Interest expense, net | 5,182 | 4,966 | 4,616 | 5,598 | 8,662 | 8,270 | 7,932 | 7,891 | 8,146 | 8,567 | 8,459 |
| Income tax expense (benefit) | 5,203 | 5,673 | (62,697) | 977 | 522 | 6,477 | 2,276 | 6,134 | 6,806 | 6,735 | (17,751) |
| Adjusted EBITDA | \$ 38,362 | \$ 39,340 | \$ 41,986 | \$ 39,725 | \$ 42,682 | \$ 49,623 | \$ 47,445 | \$ 47,182 | \$ 48,215 | \$ 48,816 | \$ 49,085 |

| Reconciliation of GAAP net (loss) income margin to adjusted EBITDA margin | Q2/15 | Q3/15 | Q4/15 | Q1/16 | Q2/16 | Q3/16 | Q4/16 | Q1/17 | Q2/17 | Q3/17 | Q4/17 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| GAAP net income (loss) margin | 3% | 4% | 56% | 0% | -1% | 2% | 1% | 4% | 4% | 4% | 16% |
| Depreciation and amortization | 9 | 9 | 11 | 10 | 12 | 10 | 10 | 9 | 8 | 9 | 10 |
| Loss on sale of assets | - | - | - | - | - | - | - | - | - | - | - |
| Asset impairment | - | - | - | - | - | 1 | 4 | - | - | - | - |
| Stock based compensation | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Restructuring expense | - | - | - | - | - | 1 | 1 | - | - | - | - |
| Corporate development | - | - | - | 2 | - | - | - | - | 1 | - | - |
| Fair value adjustment to deferred revenue | 3 | 3 | 2 | 6 | 3 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fair value adjustment to deferred expense | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense, net | 4 | 4 | 3 | 4 | 5 | 5 | 4 | 5 | 5 | 5 | 5 |
| Income tax expense (benefit) | 4 | 4 | (45) | 1 | - | 3 | 1 | 3 | 4 | 4 | (9) |
| Adjusted EBITDA margin | 27% | 28% | 30% | 26% | 22% | 26% | 25% | 25% | 26% | 26% | 26% |

Reconciliation of GAAP to Non-GAAP Results

(in thousands except percentages, unaudited)

| Reconciliation of GAAP operating income to non-GAAP operating income | Three months ended December 31, | |
|--|---------------------------------|------------------|
| | 2017 | 2016 |
| GAAP operating income | \$ 21,473 | \$ 12,121 |
| Amortization of intangibles | 12,047 | 13,197 |
| Loss on sale of assets | 42 | 7 |
| Asset impairment | 148 | 7,111 |
| Stock based compensation | 5,844 | 5,506 |
| Restructuring expense | 524 | 1,570 |
| Corporate development | 626 | 706 |
| Fair value adjustment to deferred revenue | 2,289 | 1,658 |
| Fair value adjustment to deferred expense | 30 | 68 |
| Non-GAAP operating income | <u>\$ 43,023</u> | <u>\$ 41,944</u> |

| Reconciliation of GAAP operating margin to non-GAAP operating margin | Three months ended December 31, | |
|--|---------------------------------|-------------|
| | 2017 | 2016 |
| GAAP operating margin | 11 % | 6 % |
| Amortization of intangibles | 6 % | 7 % |
| Loss on sale of assets | - | - |
| Asset impairment | - | 4 % |
| Stock based compensation | 3 % | 3 % |
| Restructuring expense | 1 % | 1 % |
| Corporate development | 1 % | - |
| Fair value adjustment to deferred revenue | 1 % | 1 % |
| Fair value adjustment to deferred expense | - | - |
| Non-GAAP operating margin | <u>23 %</u> | <u>22 %</u> |

Reconciliation of GAAP to Non-GAAP Results

(in thousands, unaudited)

| Reconciliation of net cash provided by operating activities to free cash flow | Three months ended December 31, | |
|---|---------------------------------|--------------------|
| | 2017 | 2016 |
| Net cash provided by operating activities | \$ 39,305 | \$ 37,792 |
| Capital expenditures | (4,682) | (4,466) |
| Free cash flow | <u>\$ 34,623</u> | <u>\$ 33,326</u> |
| Net cash used in investing activities | <u>\$ (13,370)</u> | <u>\$ (4,470)</u> |
| Net cash (used in) provided by financing activities | <u>\$ (21,807)</u> | <u>\$ (34,967)</u> |

Reconciliation of GAAP to Non-GAAP Guidance

(in millions, unaudited)

| Reconciliation of GAAP revenue to non-GAAP revenue | Guidance As of 2/8/18 | |
|--|-------------------------------|-------------------------------|
| | Q1/18 | FY/18 |
| GAAP revenue | \$183,000 to \$186,000 | \$751,500 to \$766,500 |
| Fair value adjustment to deferred revenue | ~ \$1,000 | ~ \$3,500 |
| Non-GAAP revenue | <u>\$184,000 to \$187,000</u> | <u>\$755,000 to \$770,000</u> |

| Reconciliation of net cash provided by operating activities to free cash flow | Guidance As of 2/8/18 |
|---|-----------------------|
| | FY/18 |
| Net cash provided by operating activities | ~ \$149,000 |
| Capital expenditures | ~ (\$19,000) |
| Free cash flow | <u>~ \$130,000</u> |