



# HELPING SMALL BUSINESSES

---

## 4Q & FY 2012 Update



2012

# Use of Non-GAAP Financial Measures

Some of the measures in this presentation are non-GAAP financial measures within the meaning of the SEC Regulation G. Web.com believes presenting non-GAAP measures is useful to investors, because it describes the operating performance of the company, excluding some recurring charges that are included in the most directly comparable measures calculated and presented in accordance with GAAP. Web.com's 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 elsewhere in this presentation and the additional disclosures in the Company's press release dated February 7, 2013 containing Web.com Group, Inc.'s results of operations for the fiscal quarter and full year ended December 31, 2012 and available at <http://ir.web.com>.



# 4Q 2012 Highlights

- Non-GAAP Revenue = \$126.2MM (+7.4%, pro forma, Y-O-Y)
  - above company guidance of \$124 - \$125.5MM
- Non-GAAP Net Income = \$22.7MM or \$0.45 per diluted share
  - above company guidance of \$20.9 - \$21.4MM or \$0.41 - \$0.42 per diluted share
- Adjusted EBITDA = \$37.4MM
  - Adjusted EBITDA margin = 30%
- Cash from operations = \$26.6MM
- Unlevered free cash flow = \$36.1 million

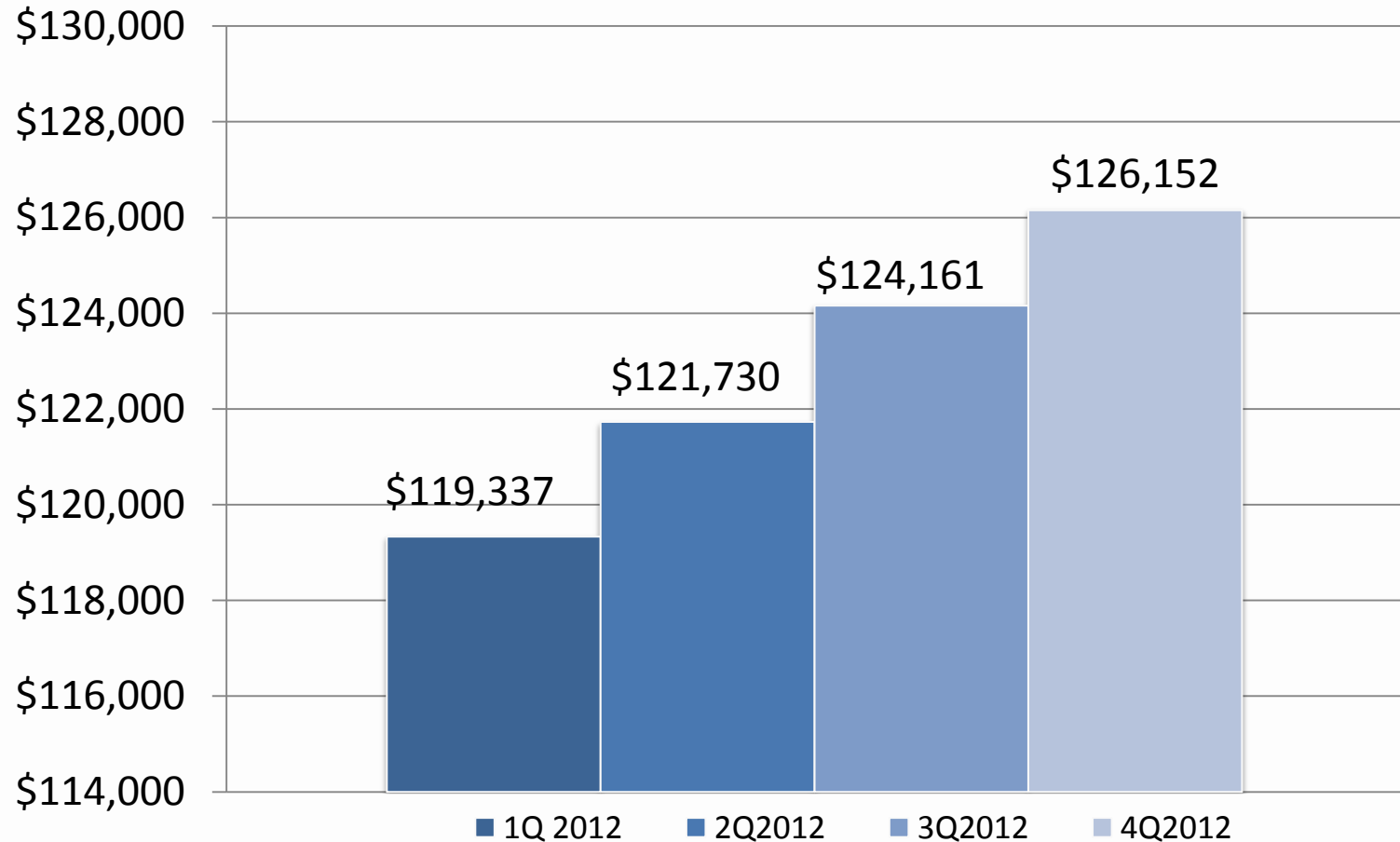
# 4Q 2012 Highlights

---

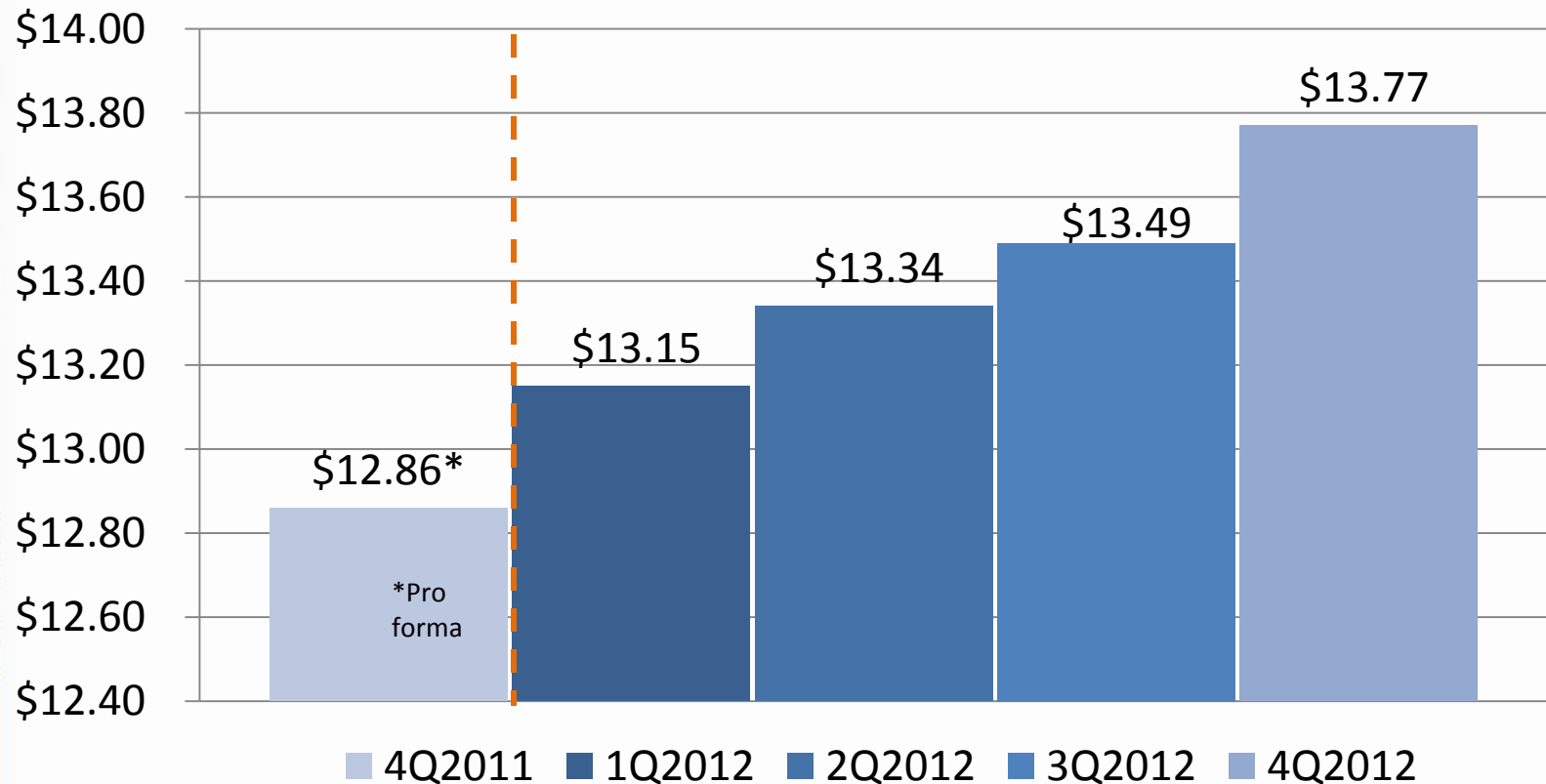
- Total subscribers: 3,009,000
- Net new subscribers = ~18,000
- Average Revenue per User (ARPU) = \$13.77, up \$0.28 from 3Q 2012 ARPU of \$13.49
- Customer retention = 99% per month, continued at record high levels

# 2012 Non-GAAP Revenue Growth

In thousands

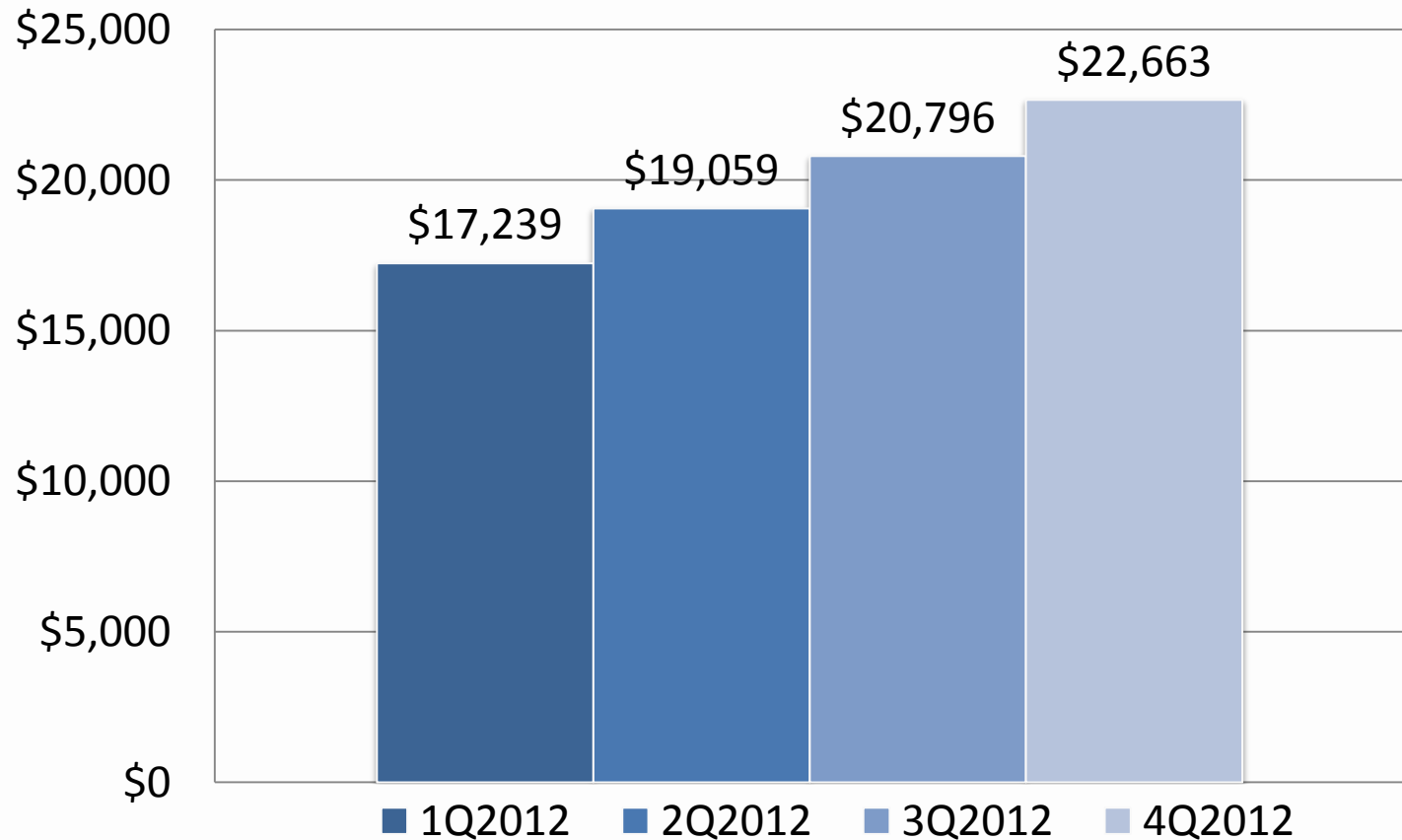


# 2012 ARPU Growth

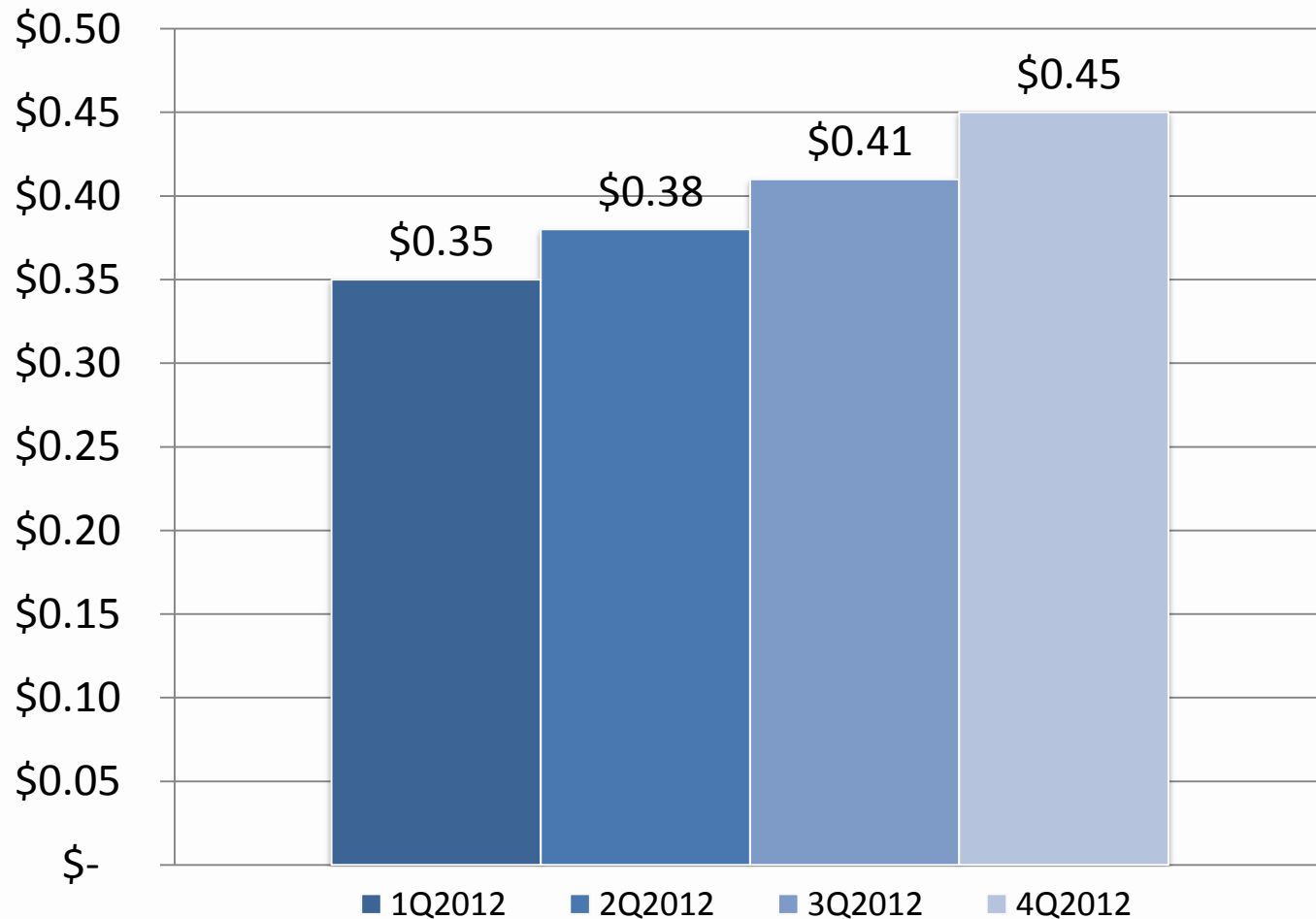


# 2012 Non-GAAP Net Income

In thousands



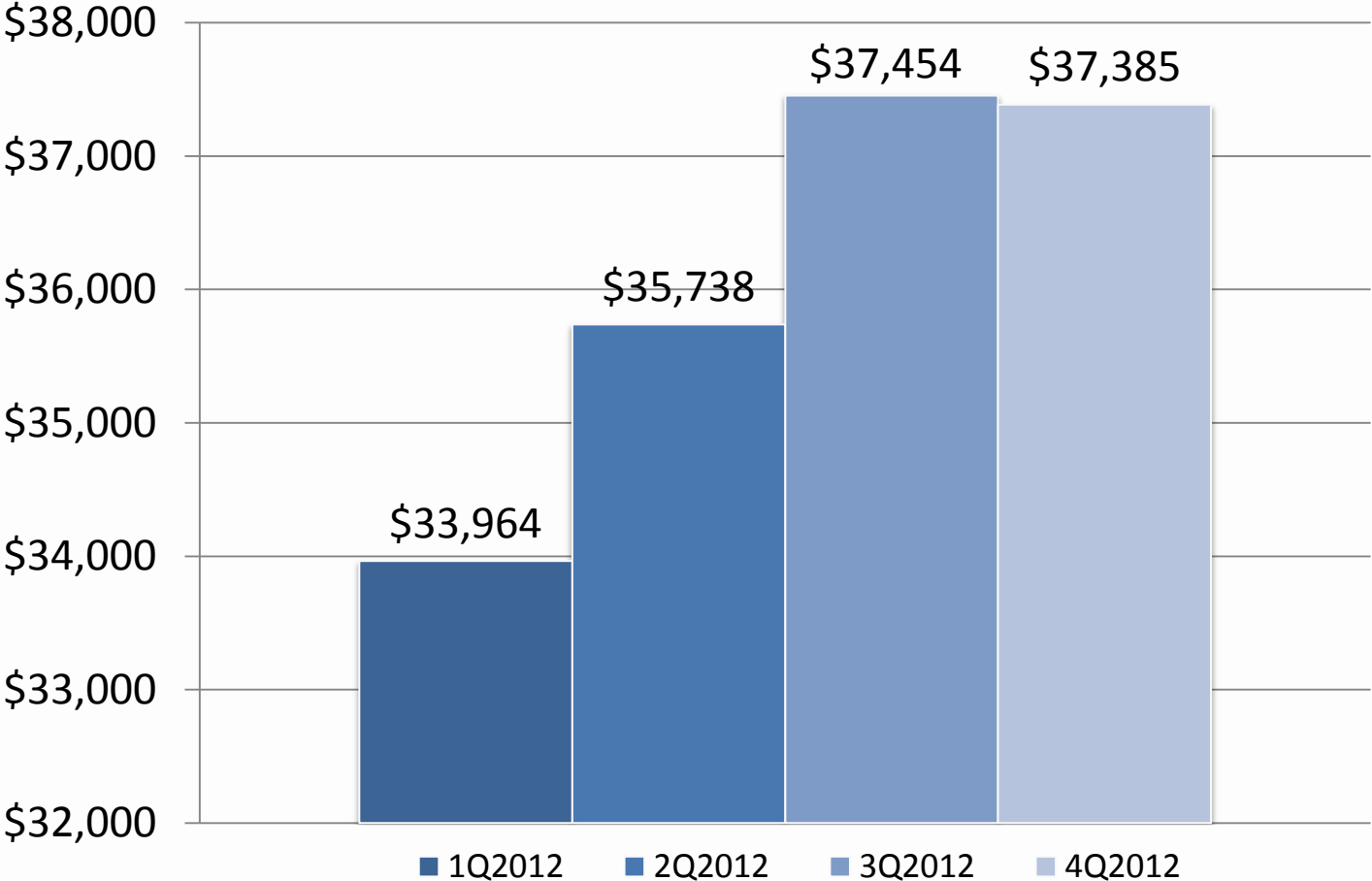
# 2012 Non-GAAP Net Income Per Fully Diluted Share



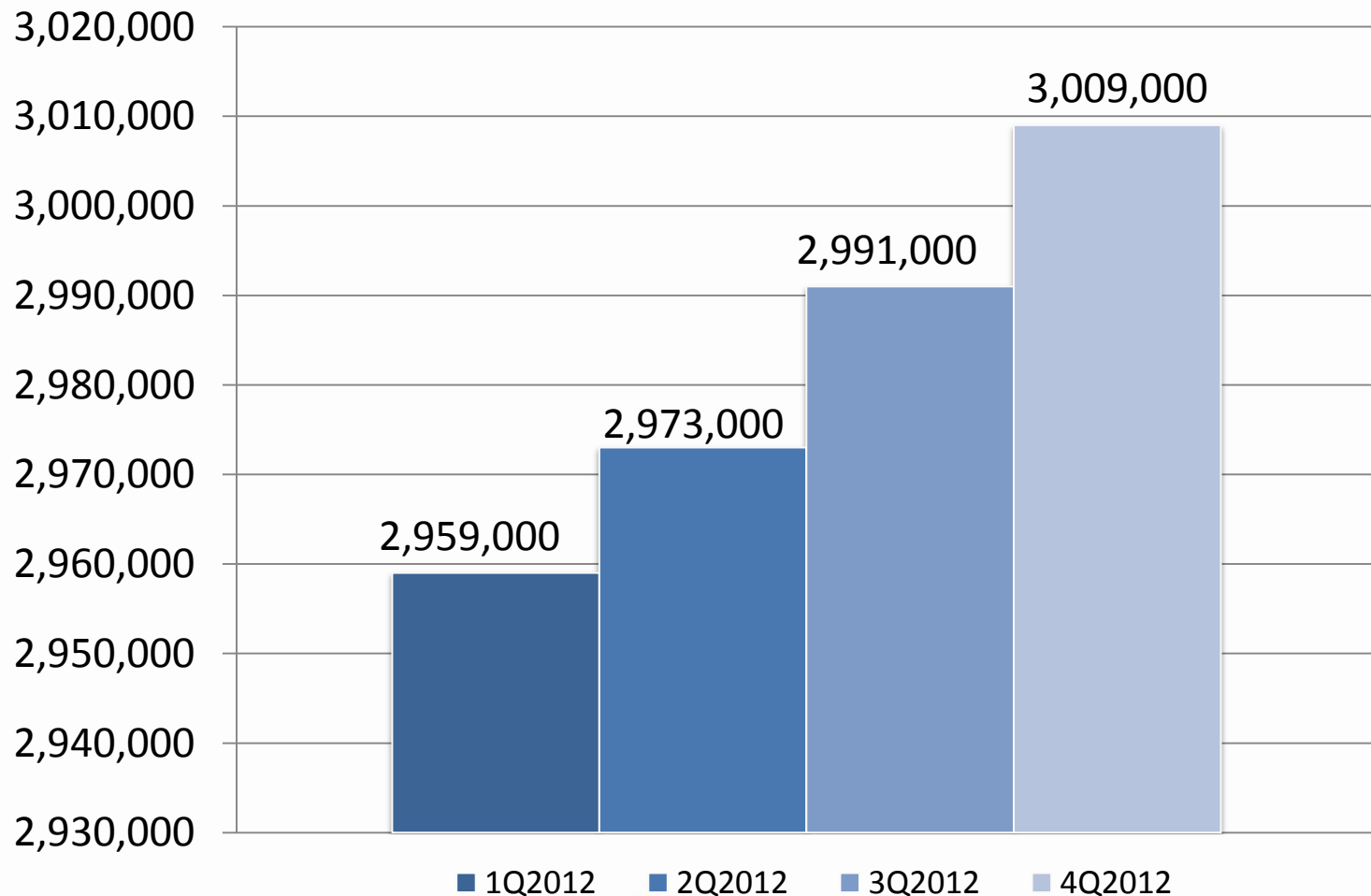


# 2012 Adjusted EBITDA

In thousands



# 2012 Subscriber Growth



# Reconciliation of GAAP to Non-GAAP results

**Web.com Group, Inc.**  
**Reconciliation of GAAP to Non-GAAP Results**  
(in thousands except per share data)  
(unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
<b>Reconciliation of GAAP revenue to non-GAAP revenue</b>				
GAAP revenue	\$ 111,433	\$ 73,580	\$ 407,646	\$ 199,205
Fair value adjustment to deferred revenue	14,719	22,911	83,732	35,238
Non-GAAP revenue	<u>\$ 126,152</u>	<u>\$ 96,491</u>	<u>\$ 491,378</u>	<u>\$ 234,443</u>
<b>Reconciliation of GAAP net (loss) income to non-GAAP net income</b>				
GAAP net (loss) income	\$ (51,878)	\$ 544	\$ (122,217)	\$ (12,309)
Amortization of intangibles	17,397	13,703	70,350	25,389
Loss on sale of assets	1	-	403	10
Stock based compensation	3,077	1,948	11,927	6,933
Income tax benefit	(4,707)	(50,616)	(16,738)	(49,958)
Restructuring (credits) charges	(55)	9,206	2,469	9,536
Corporate development	-	7,789	660	13,083
Amortization of deferred financing fees	1,648	5,918	11,017	6,856
Cash income tax (expense) benefit	(11)	259	(1,044)	(214)
Fair value adjustment to deferred revenue	14,719	22,911	83,732	35,238
Fair value adjustment to deferred expense	495	538	2,376	739
Loss on debt extinguishment	41,977	-	41,977	-
Gain on sale of equity method investment	-	-	(5,156)	-
Non-GAAP net income	<u>\$ 22,663</u>	<u>\$ 12,200</u>	<u>\$ 79,756</u>	<u>\$ 35,303</u>

# Reconciliation of GAAP to Non-GAAP results

Reconciliation of GAAP diluted net (loss) income per share to non-GAAP diluted net income per share	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
Fully diluted shares:				
Common stock	47,068	40,667	46,892	30,675
Diluted stock options	1,968	1,630	2,186	2,058
Diluted restricted stock	964	982	1,117	1,006
Total	<u>50,000</u>	<u>43,279</u>	<u>50,195</u>	<u>33,739</u>
Diluted GAAP net (loss) income per share	\$ (1.10)	\$ 0.01	\$ (2.61)	\$ (0.40)
Diluted equity	0.06	-	0.17	0.04
Amortization of intangibles	0.34	0.32	1.40	0.76
Loss on sale of assets	-	-	0.01	-
Stock based compensation	0.06	0.05	0.24	0.21
Income tax benefit	(0.09)	(1.17)	(0.33)	(1.48)
Restructuring charges	-	0.21	0.05	0.28
Corporate development	-	0.18	0.01	0.39
Amortization of deferred financing fees	0.03	0.13	0.22	0.20
Cash income tax expense (benefit)	-	0.01	(0.02)	(0.01)
Fair value adjustment to deferred revenue	0.29	0.53	1.67	1.04
Fair value adjustment to deferred expense	0.01	0.01	0.05	0.02
Loss on debt extinguishment	0.85	-	0.84	-
Gain on sale of equity method investment	-	-	(0.11)	-
Diluted Non-GAAP net income per share	<u>\$ 0.45</u>	<u>\$ 0.28</u>	<u>\$ 1.59</u>	<u>\$ 1.05</u>

# Reconciliation of GAAP to Non-GAAP results

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
<b>Reconciliation of GAAP operating loss to adjusted EBITDA</b>				
GAAP operating loss	\$ (605)	\$ (32,845)	\$ (36,010)	\$ (40,767)
Depreciation and amortization	19,753	15,243	78,981	29,456
Loss on sale of assets	1	-	403	10
Stock based compensation	3,077	1,948	11,927	6,933
Restructuring (credits) charges	(55)	9,206	2,469	9,536
Corporate development	-	7,789	660	13,083
Fair value adjustment to deferred revenue	14,719	22,911	83,732	35,238
Fair value adjustment to deferred expense	495	538	2,376	739
Adjusted EBITDA	<u>\$ 37,385</u>	<u>\$ 24,790</u>	<u>\$ 144,538</u>	<u>\$ 54,228</u>

# Reconciliation of GAAP to Non-GAAP Results

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
<b>Reconciliation of GAAP operating margin to adjusted EBITDA margin</b>				
GAAP operating margin	-1%	-45%	-9%	-20%
Depreciation and amortization	16%	17%	15%	13%
Stock based compensation	2%	2%	2%	3%
Restructuring charges	0%	11%	1%	4%
Corporate development	0%	8%	0%	6%
Fair value adjustment to deferred revenue	13%	32%	20%	17%
Fair value adjustment to deferred expense	0%	1%	0%	0%
Adjusted EBITDA margin	<u>30%</u>	<u>26%</u>	<u>29%</u>	<u>23%</u>
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	2012	2011
<b>Stock based compensation</b>				
Subscription (cost of revenue)	\$ 346	\$ 228	\$ 1,312	\$ 856
Sales and marketing	805	356	2,872	1,240
Research and development	476	302	1,963	969
General and administration	<u>1,450</u>	<u>1,062</u>	<u>5,780</u>	<u>3,868</u>
Total	<u>\$ 3,077</u>	<u>\$ 1,948</u>	<u>\$ 11,927</u>	<u>\$ 6,933</u>

# Reconciliation of GAAP to Non-GAAP Results

Reconciliation of Operating Income to Unlevered Free Cash Flow	Three months ended December 31,		Twelve months ended December 31,	
	2012	2011	2012	2011
Operating loss	\$ (605)	\$ (32,845)	\$ (36,010)	\$ (40,767)
Amortization and depreciation	19,753	13,703	78,981	29,456
Stock-based compensation	3,077	1,948	11,927	6,933
Restructuring charges	(55)	9,206	2,469	9,536
Corporate development	-	7,789	660	13,083
Loss on sale of assets	1	-	403	10
Change in deferred revenue	16,718	20,225	91,993	28,768
Change in deferred expense	492	1,208	3,004	2,025
Cash income taxes	(11)	259	(1,044)	(214)
Capital expenditures	(3,308)	(671)	(22,298)	(4,270)
<b>Unlevered Free Cash Flow</b>	<b>\$ 36,062</b>	<b>\$ 20,822</b>	<b>\$ 130,085</b>	<b>\$ 44,560</b>