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1Q 2014 Financial Results

May 1, 2014

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Some of the measures in this presentation, including 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, excluding some recurring charges that are included in the most directly comparable measures calculated and presented in accordance with GAAP. 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 Web.com’s filings with the Securities and Exchange Commission, which are available at www.sec.gov as well as in this presentation.

Agenda

- **Corporate Overview**

- Business Highlights
- Macro Environment
- Quarterly Financial Summary
- Operating Highlights

- **Financial Review**

- 1Q 2014 Financial Performance
- 2Q & Full-Year 2014 Financial Guidance

- **Q&A**



David Brown



Kevin Carney

1Q 2014 Business Highlights

Achieved double digit revenue growth of 10%

Reported strong subscriber growth with net additions of 50,600

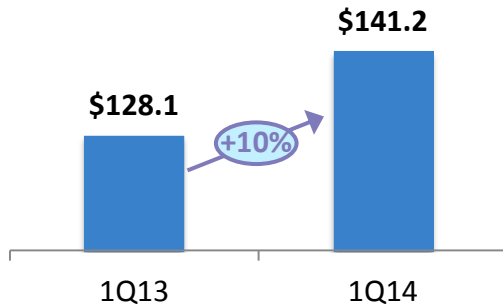
Expanded ARPU and maintained best-in-class retention rate

Exceeded net income and EPS guidance

Continued debt reduction

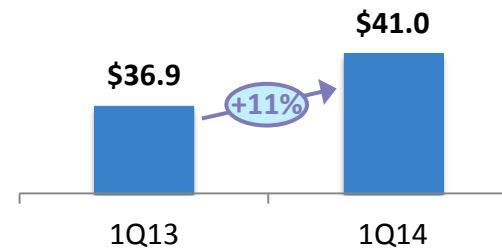
1Q 2014 Financial Highlights

Non-GAAP Revenue (\$mm)



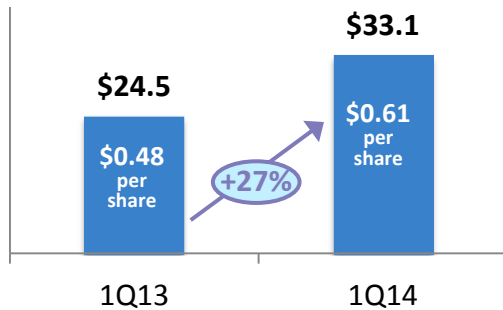
Achieved double digit revenue target

Adjusted EBITDA (\$mm)



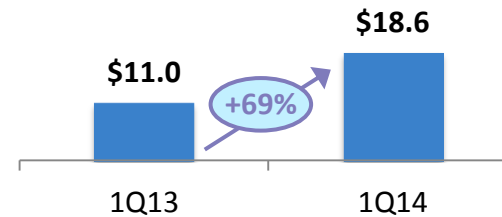
Maintained 29% adjusted EBITDA margin

Non-GAAP Net Income (\$mm)



Exceeded guidance of \$31.5–\$32.5 mm or \$0.58–\$0.60 per share

Cash from Operations (\$mm)



1Q cash flow in line with seasonal impact

Note: Excluding a \$7.2 million one-time prepayment penalty for debt refinancing, 1Q13 cash from operations was \$18.2 million.

1Q 2014 Operating Highlights



Opportunistic Enhancement in Domain Industry



- Industry leader in the domain resale marketplace
- Key relationships with most large, global registrars
- Additional domain services for Web.com customers
- Strong team with experience in domain lifecycle management and auction space
- Patented technology platform enabling profit enhancement
- Attractive financial terms

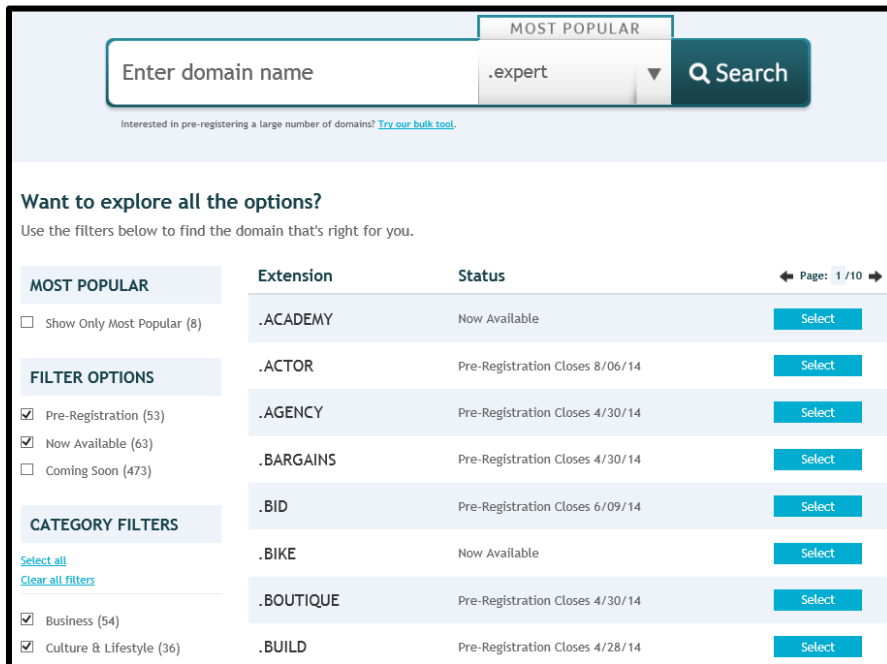
New Top Level Domain Expansion



GET THE DOMAIN YOU ALWAYS WANTED!

Register Now .GURU .TIPS .CLUB .EXPERT & HUNDREDS MORE!

BEST PRICE GUARANTEE



Enter domain name .expert Search

Interested in pre-registering a large number of domains? [Try our bulk tool.](#)

Want to explore all the options?
Use the filters below to find the domain that's right for you.

MOST POPULAR

Show Only Most Popular (8)

FILTER OPTIONS

Pre-Registration (53)
 Now Available (63)
 Coming Soon (473)

CATEGORY FILTERS

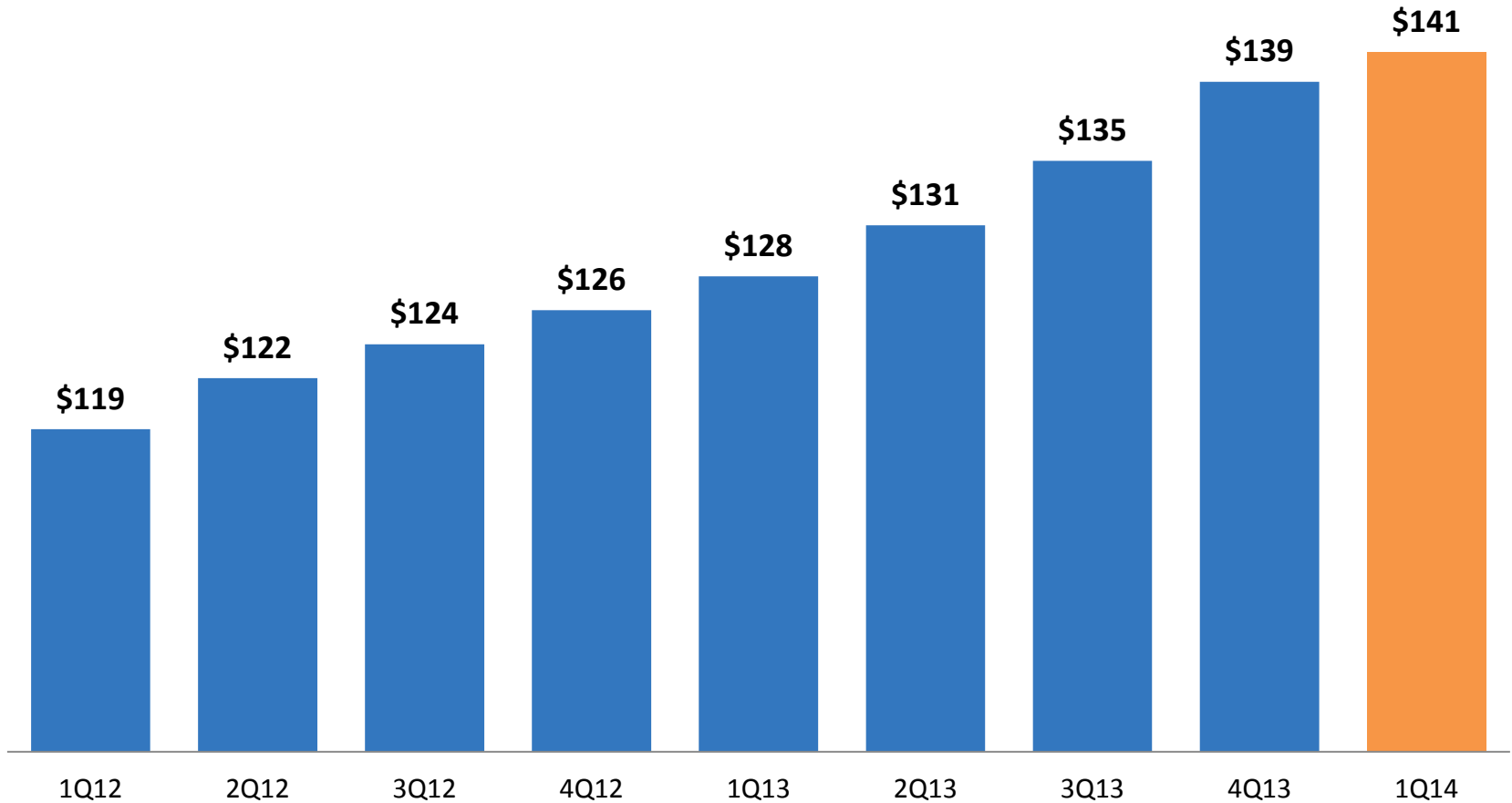
[Select all](#)
[Clear all filters](#)

Business (54)
 Culture & Lifestyle (36)

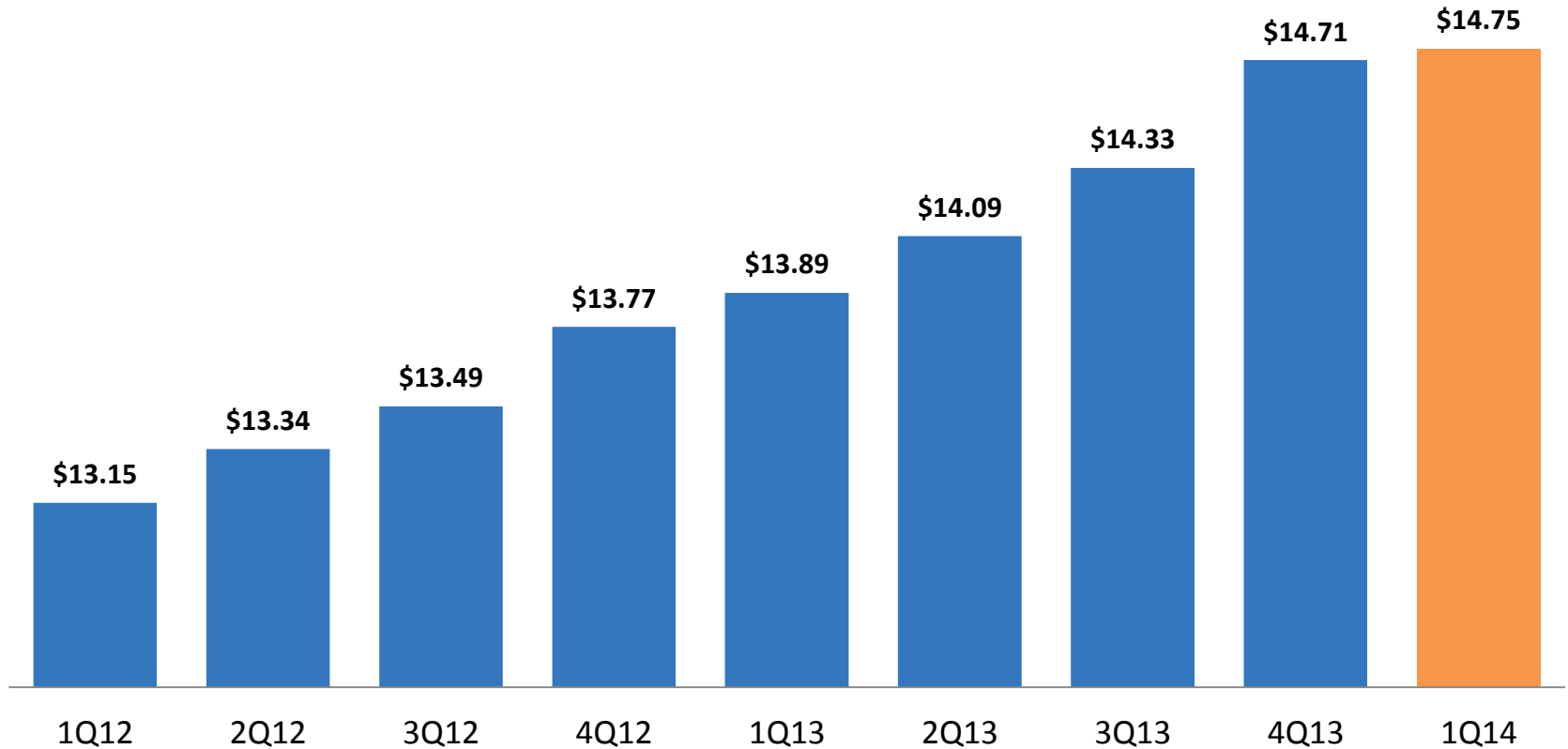
Extension	Status	
.ACADEMY	Now Available	Select
.ACTOR	Pre-Registration Closes 8/06/14	Select
.AGENCY	Pre-Registration Closes 4/30/14	Select
.BARGAINS	Pre-Registration Closes 4/30/14	Select
.BID	Pre-Registration Closes 6/09/14	Select
.BIKE	Now Available	Select
.BOUTIQUE	Pre-Registration Closes 4/30/14	Select
.BUILD	Pre-Registration Closes 4/28/14	Select

- Launched >120 new TLDs YTD across our domain sites
- Target ending year at ~375 new TLDs
- Top 5 best-selling names .Guru, .Expert, .Company, .Tips, .Email
- Ramping marketing programs as number of names increases

Non-GAAP Revenue Growth

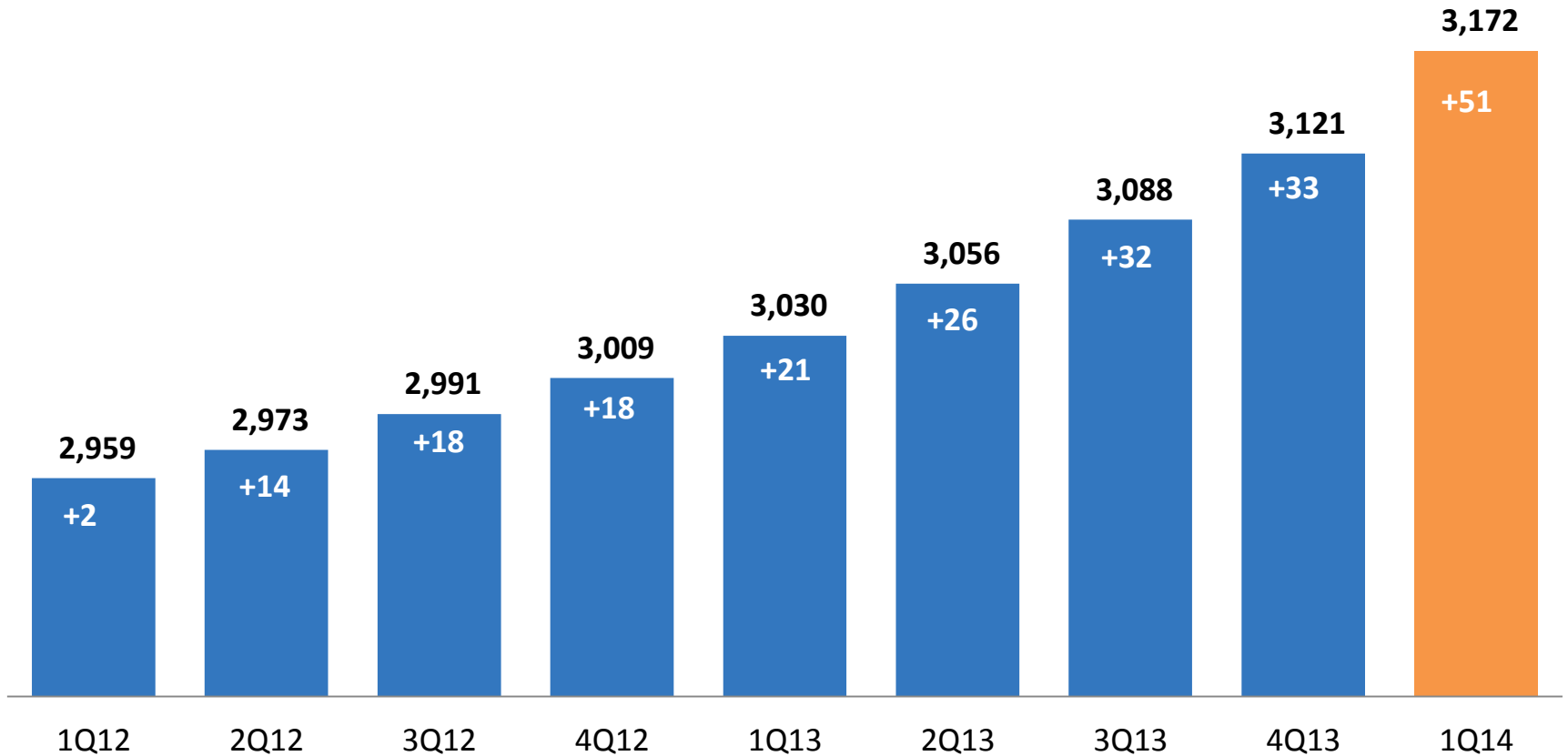


ARPU Growth

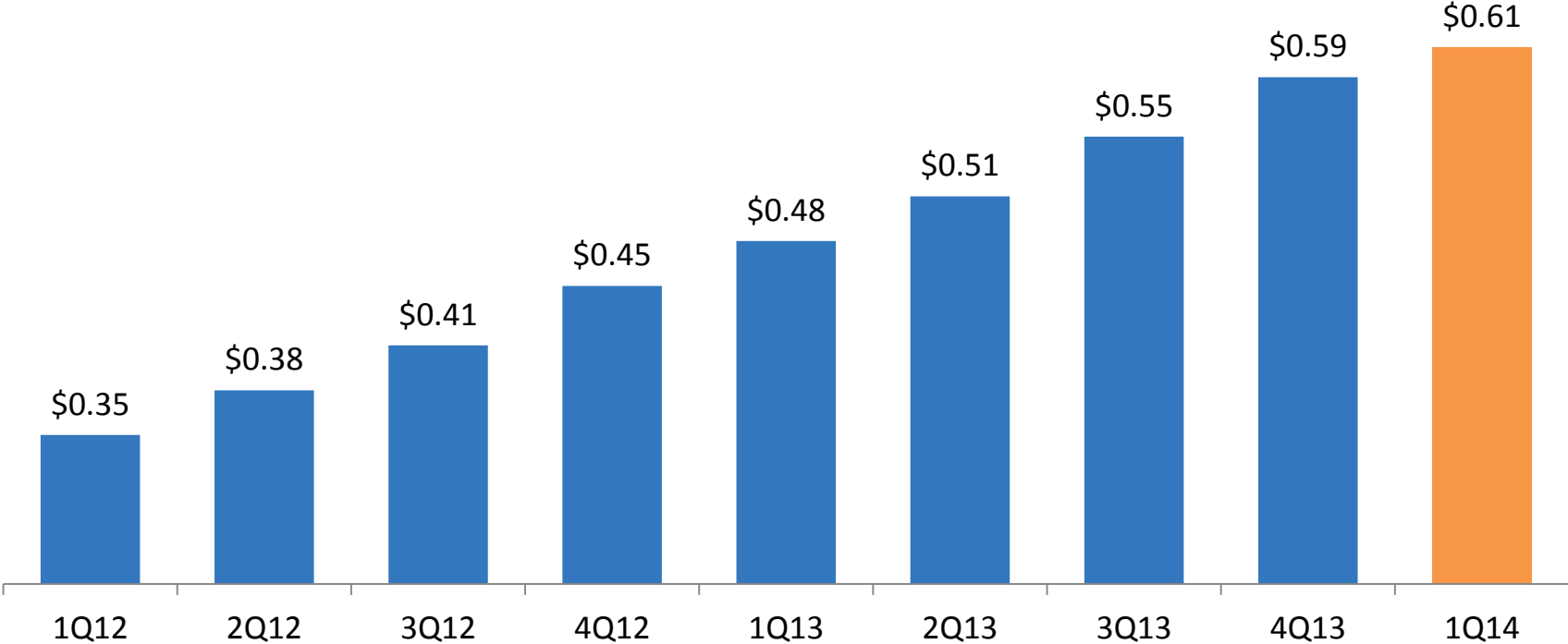


Note: ARPU is calculated as Non-GAAP subscription revenue divided by the average number of subscribers for the period divided into a monthly average.

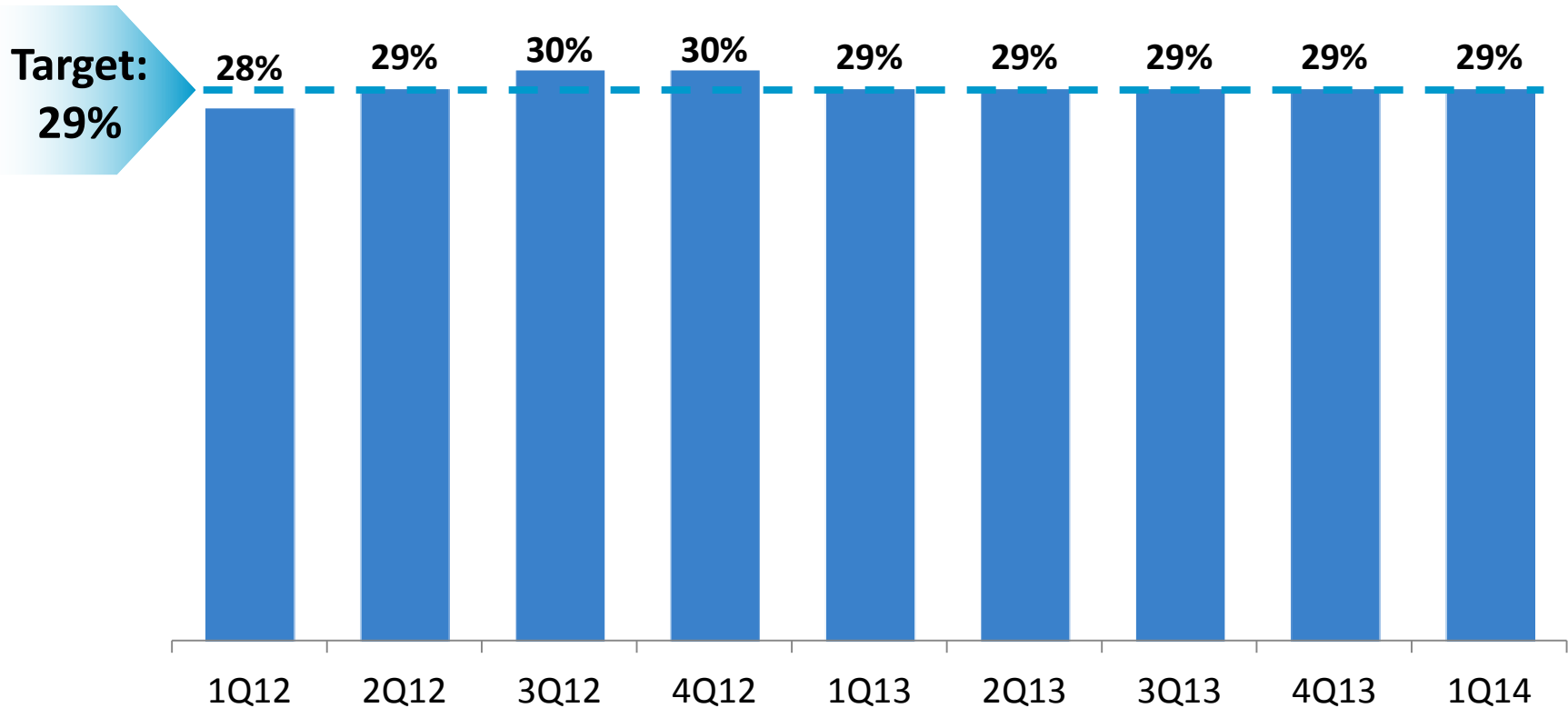
Net Subscriber Growth



Non-GAAP EPS



Adjusted EBITDA Margin



1Q 2014 GAAP Results

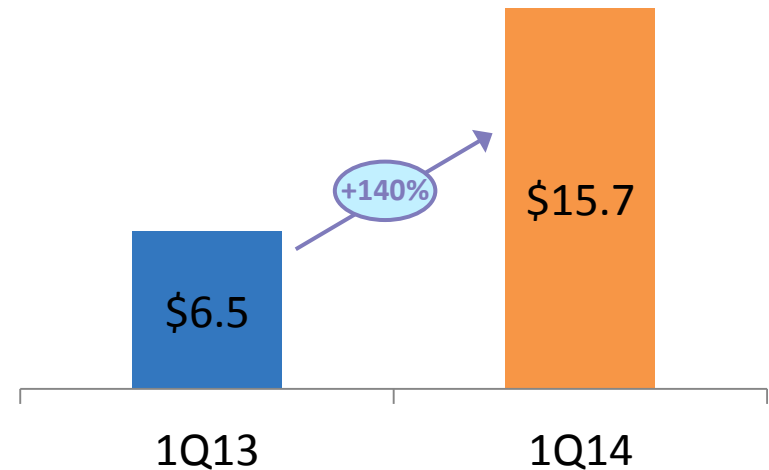
(in millions, except per share)	Three Months ended March 31, 2014
Revenue	\$133.8
Income from Operations	\$9.5
Net Income	\$0.5
Diluted Net Income Per Share	\$0.01

Cash Flow Generation

Cash from Operations (\$mm)



Free Cash Flow (\$mm)



Note: Excluding a \$7.2 million one-time prepayment penalty for debt refinancing, 1Q13 cash from operations was \$18.2 million and free cash flow was \$13.7 million.

Summary Balance Sheet

(\$mm)

	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14
Cash	\$13.6	\$16.8	\$10.4	\$13.8	\$15.2
Accounts Receivable, net	\$16.8	\$18.2	\$18.4	\$17.1	\$20.6
Deferred Expenses	\$121.9	\$120.6	\$120.6	\$119.3	\$120.3
Debt (current & long-term)					
1 st Lien	\$654.4	\$626.9	\$388.9	\$355.9	\$340.8
Revolver	\$47.0	\$43.0	–	–	\$9.0
Convertible Debt	–	–	\$258.8	\$258.8	\$258.8
Total Debt (Gross)	\$701.4	\$669.9	\$647.6	\$614.6	\$608.6
Less: Debt Discount (OID)	(\$1.6)	(\$1.5)	(\$54.0)	(\$51.5)	(\$49.0)
Total Debt (Net)	\$699.7	\$668.3	\$593.6	\$563.1	\$559.6
Deferred Revenue	\$384.8	\$390.3	\$393.9	\$395.4	\$407.7
Stockholders' Equity	\$116.9	\$115.8	\$165.4	\$170.0	\$174.2

Financial Summary



- Target low-teens revenue growth during mass adoption
- Maintain EBITDA margins while accelerating topline growth
- Target mid-teens to 20% earnings growth
- Deploy free cash flow to de-lever



1Q 2014 Financial Results

May 1, 2014

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Appendix

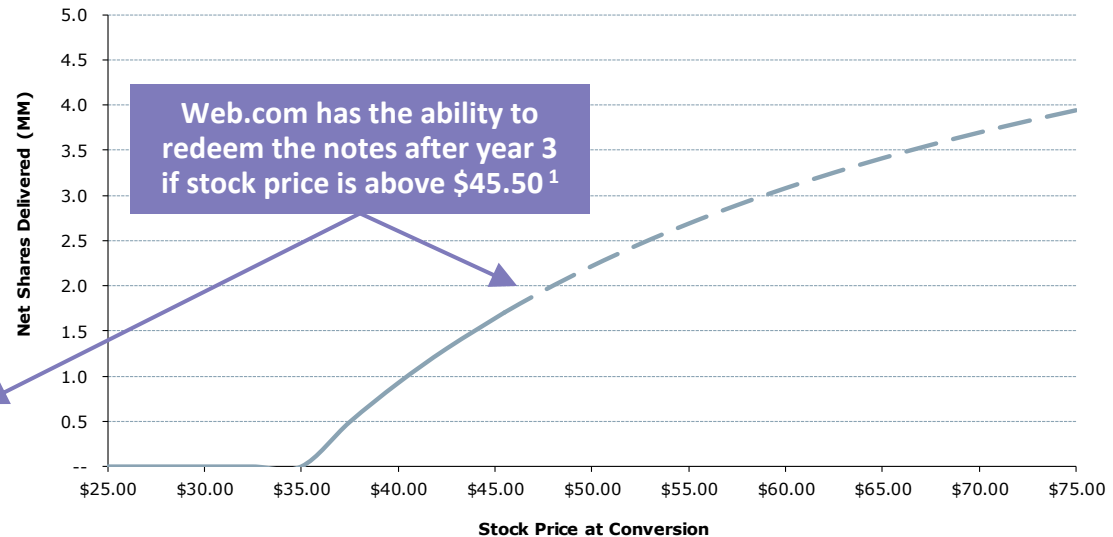
Convertible Debt Net Share Settlement Information

Sample Net Share Settlement Calculation

1.00% Senior Convertible Notes due 2018	
Notes Issued	258,750
Par Amount per Note	\$1,000
Stock Price at Issue	\$28.16
Conversion Rate per Note	28.5714
Conversion Price	\$35.00
Optional Redemption Threshold (%)	130.0%
Optional Redeption Threshold (\$)	\$45.50
Total Underlying Shares	7,392,850

Net Share Settlement (Assuming Par Settled in Cash)	
Stock at Conversion	Net Shares (MM)
\$25.00	--
\$27.50	--
\$30.00	--
\$32.50	--
\$35.00	--
\$37.50	0.49
\$40.00	0.92
\$42.50	1.30
\$45.50	1.71
\$47.50	1.95
\$50.00	2.22
\$52.50	2.46
\$55.00	2.69
\$57.50	2.89
\$60.00	3.08
\$62.50	3.25
\$65.00	3.41
\$67.50	3.56
\$70.00	3.70
\$72.50	3.82
\$75.00	3.94

- \$45.50 stock price at conversion (not in connection with an optional redemption)
- Conversion value = (28.5714 conversion rate) x (\$45.50 stock price) x (258,750 notes issued) = \$336.4 mm
- Conversion value in excess of par = \$336.4 mm - \$258.8 mm par amount = \$77.6 mm
- Shares delivered = \$77.6 mm / \$45.50 = 1.71 mm shares



¹ Must be above optional redemption threshold for 20 of 30 trading days in order for the Company to have the ability to redeem the security. Holders receive additional shares pursuant to make-whole table in convertible indenture for conversions upon a notice of redemption. Calculations do not include any such additional shares.

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP revenue to non-GAAP revenue	Three months ended March 31,	
	2014	2013
GAAP revenue	\$ 133,843	\$ 115,546
Fair value adjustment to deferred revenue	7,391	12,547
Non-GAAP revenue	\$ 141,234	\$ 128,093

Reconciliation of GAAP gross profit to non-GAAP gross profit	Three months ended March 31,	
	2014	2014
Gross profit	\$ 87,257	\$ 72,906
Fair value adjustment to deferred revenue	7,391	12,547
Fair value adjustment to deferred expense	301	454
Stock based compensation	488	528
Non-GAAP gross profit	\$ 95,437	\$ 86,435

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP operating income (loss) to non-GAAP operating income		Three months ended March 31,	
	2014	2013	
GAAP operating income (loss)	\$ 9,545	\$ (2,490)	
Amortization of intangibles	16,184	17,286	
Loss on sale of assets	—	(6)	
Stock based compensation	4,504	6,365	
Corporate development	40	—	
Fair value adjustment to deferred revenue	7,391	12,547	
Fair value adjustment to deferred expense	301	454	
Non-GAAP operating income	\$ 37,965	\$ 34,156	
Reconciliation of GAAP operating margin to non-GAAP operating margin			
GAAP operating margin	7 %	(2) %	
Amortization of intangibles	11	13	
Loss on sale of assets	—	—	
Stock based compensation	3	5	
Corporate development	—	—	
Fair value adjustment to deferred revenue	6	10	
Fair value adjustment to deferred expense	—	1	
Non-GAAP operating margin	27 %	27 %	

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP net income (loss) to non-GAAP net income	Three months ended March 31,	
	2014	2013
GAAP net income (loss)	\$ 490	\$ (46,503)
Amortization of intangibles	16,184	17,286
Loss on sale of assets	—	(6)
Stock based compensation	4,504	6,365
Income tax expense	1,563	14,536
Corporate development	40	—
Amortization of debt discounts and fees	2,718	583
Cash income tax expense	(132)	(286)
Fair value adjustment to deferred revenue	7,391	12,547
Fair value adjustment to deferred expense	301	454
Loss on debt extinguishment	—	19,526
Non-GAAP net income	\$ 33,059	\$ 24,502

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP diluted net income (loss) per share to non-GAAP diluted net income per share	Three months ended March 31,	
	2014	2013
Diluted shares:		
Basic weighted average common shares	50,334	48,085
Diluted stock options	3,546	2,134
Diluted restricted stock	703	681
Total diluted weighted average common shares	54,583	50,900
Diluted GAAP net income (loss) per share	\$ 0.01	\$ (0.97)
Diluted equity	—	0.06
Amortization of intangibles	0.29	0.33
Loss on sale of assets	—	—
Stock based compensation	0.08	0.13
Income tax expense	0.03	0.29
Corporate development	—	—
Amortization of debt discounts and fees	0.05	0.01
Cash income tax expense	—	(0.01)
Fair value adjustment to deferred revenue	0.14	0.25
Fair value adjustment to deferred expense	0.01	0.01
Loss on debt extinguishment	—	0.38
Diluted Non-GAAP net income per share	\$ 0.61	\$ 0.48

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP operating income (loss) to adjusted EBITDA	Three months ended March 31,	
	2014	2013
GAAP operating income (loss)	\$ 9,545	\$ (2,490)
Depreciation and amortization	19,239	20,040
Loss on sale of assets	—	(6)
Stock based compensation	4,504	6,365
Corporate development	40	—
Fair value adjustment to deferred revenue	7,391	12,547
Fair value adjustment to deferred expense	301	454
Adjusted EBITDA	\$ 41,020	\$ 36,910
Reconciliation of GAAP operating margin to adjusted EBITDA margin		
GAAP operating margin	7 %	(2) %
Depreciation and amortization	13	16
Loss on sale of assets	—	—
Stock based compensation	3	5
Corporate development	—	—
Fair value adjustment to deferred revenue	6	10
Fair value adjustment to deferred expense	—	—
Adjusted EBITDA margin	29 %	29 %

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of Operating Cash Flow to Free Cash Flow	Three months ended March 31,	
	2014	2013
Operating cash flow	\$ 18,606	\$ 11,033
Less: Capital expenditures	(2,921)	(4,496)
Free cash flow	\$ 15,685	\$ 6,537

	Three months ended March 31,	
	2014	2013
Revenue		
Subscription	\$ 131,784	\$ 113,280
Professional services and other	2,059	2,266
Total	\$ 133,843	\$ 115,546
Stock based compensation		
Cost of revenue	\$ 488	\$ 528
Sales and marketing	1,148	1,498
Research and development	737	833
General and administrative	2,131	3,506
Total	\$ 4,504	\$ 6,365