



web.com®

1Q 2018 FINANCIAL RESULTS
May 3, 2018

Welcome to Web.com's Quarterly Earnings Call

Please note there are two options for listening to this call:

1. To listen via your computer and view the slides, you can use the default Flash or Windows Media Audio player.
2. To listen via telephone and view synchronized slides, click on the gear icon at the bottom of the screen and select "Live Phone" to view the slides only and then call into the teleconference at 800-289-0438

Forward-Looking Statements

This presentation includes "forward-looking statements" including, without limitation, statements regarding Web.com's plans, objectives, expectations, confidence in its strategy, pro-forma debt, benefits of the refinancing and intentions, that are subject to risks, uncertainties and other factors that could cause actual results or outcomes to differ materially from those contemplated by the forward-looking statements. These statements are sometimes identified by words such as "expect," "believe," "opportunities," "guidance," or words of similar meaning. As a result of the ultimate outcome of such risks and uncertainties, Web.com's actual results could differ materially from those anticipated in these forward-looking statements. These statements are based on Web.com's current beliefs or expectations, and there are a number of important factors that could cause the actual results or outcomes to differ materially from those indicated by these forward-looking statements. Other risk factors are set forth under the caption, "Risk Factors," in Web.com's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission, which are available on a website maintained by the Securities and Exchange Commission at www.sec.gov. Web.com expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein as a result of new information, future events or otherwise.

Non-GAAP Measures

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 May 3, 2018, 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

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

Financial Review

- **1Q 2018 Financial Performance**
- **2Q & Full Year 2018 Financial Guidance**

Q&A

Business Highlights

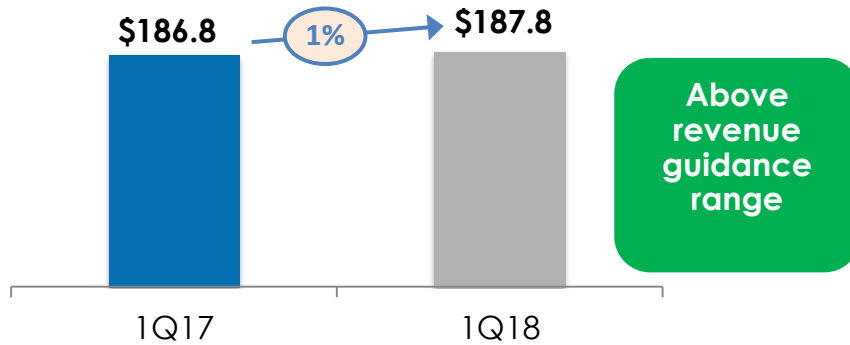
- **Launched Patient FastTrack feature in dental vertical**
- **Rebranded Web Brand Networks as Web.com for Enterprise**
- **Refinanced revolver and term loan**

2018 Objectives

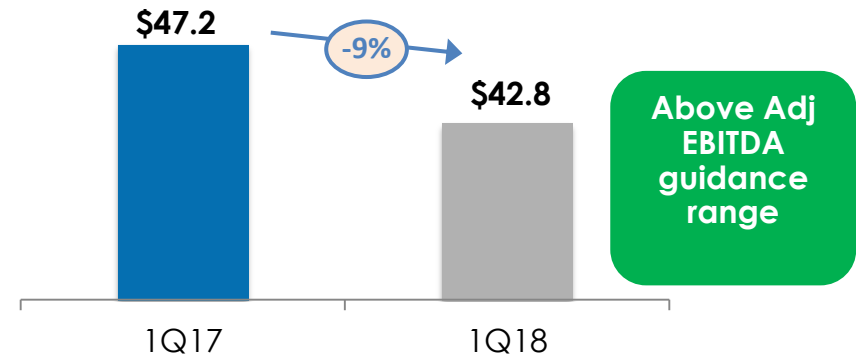
- **Stabilize and Optimize**
- **Invest & Grow**
- **Retention**
- **Continuing Synergies**

1Q 2018 Financial Highlights

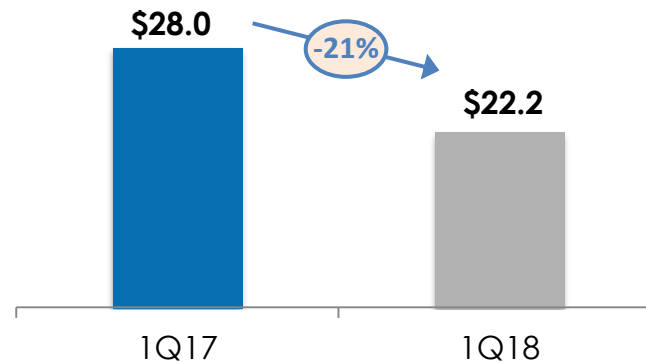
Non-GAAP Revenue (\$mm)



Adjusted EBITDA (\$mm)



Free Cash Flow (\$mm)



1Q 2018 Operating Highlights

62,000
Reduction In
Subscribers

3,349,000
Total
Subscribers

85.5% 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.

Changing Subscriber Dynamics

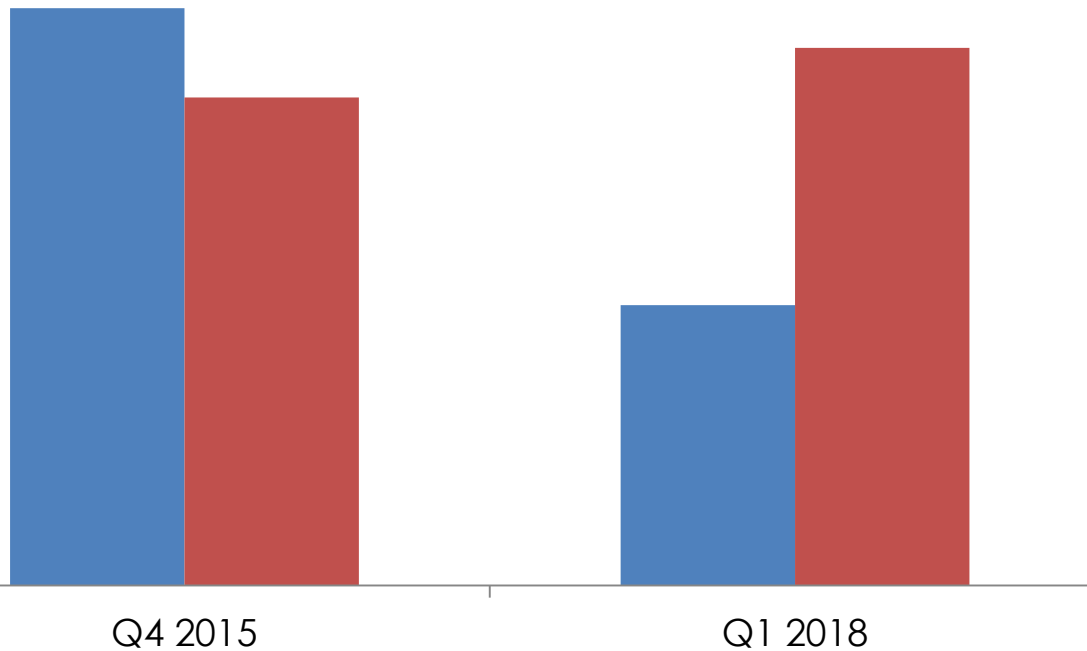
\$13.92 ARPU
3,353,000
Subs

\$18.34 ARPU
3,349,000
Subs

1 Lead Stream
Subscriber
(~ \$1,000 ARPU)

=

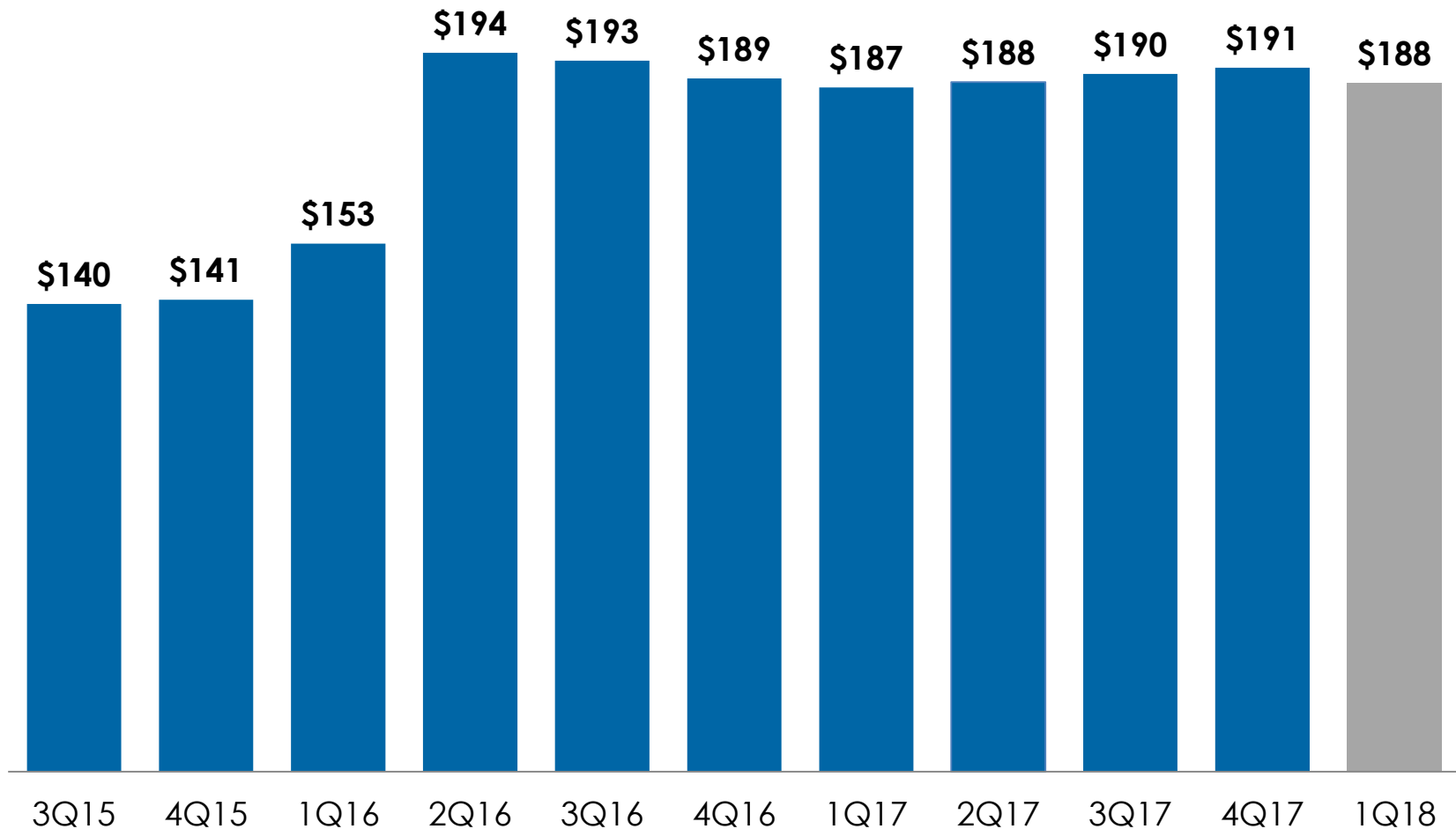
500 Domain
Subscribers
(~ \$2 ARPU)



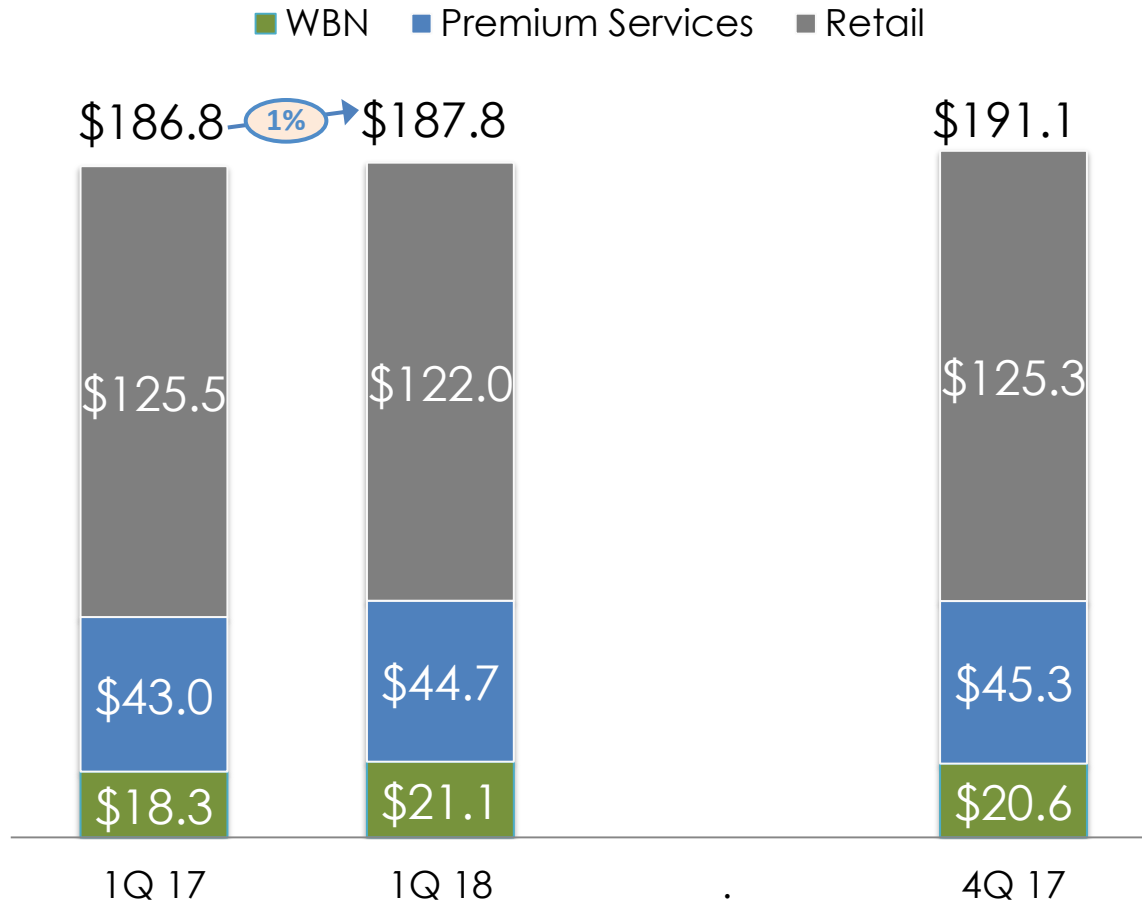
■ Adds ■ Churn

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

Non-GAAP Revenue (\$mm)



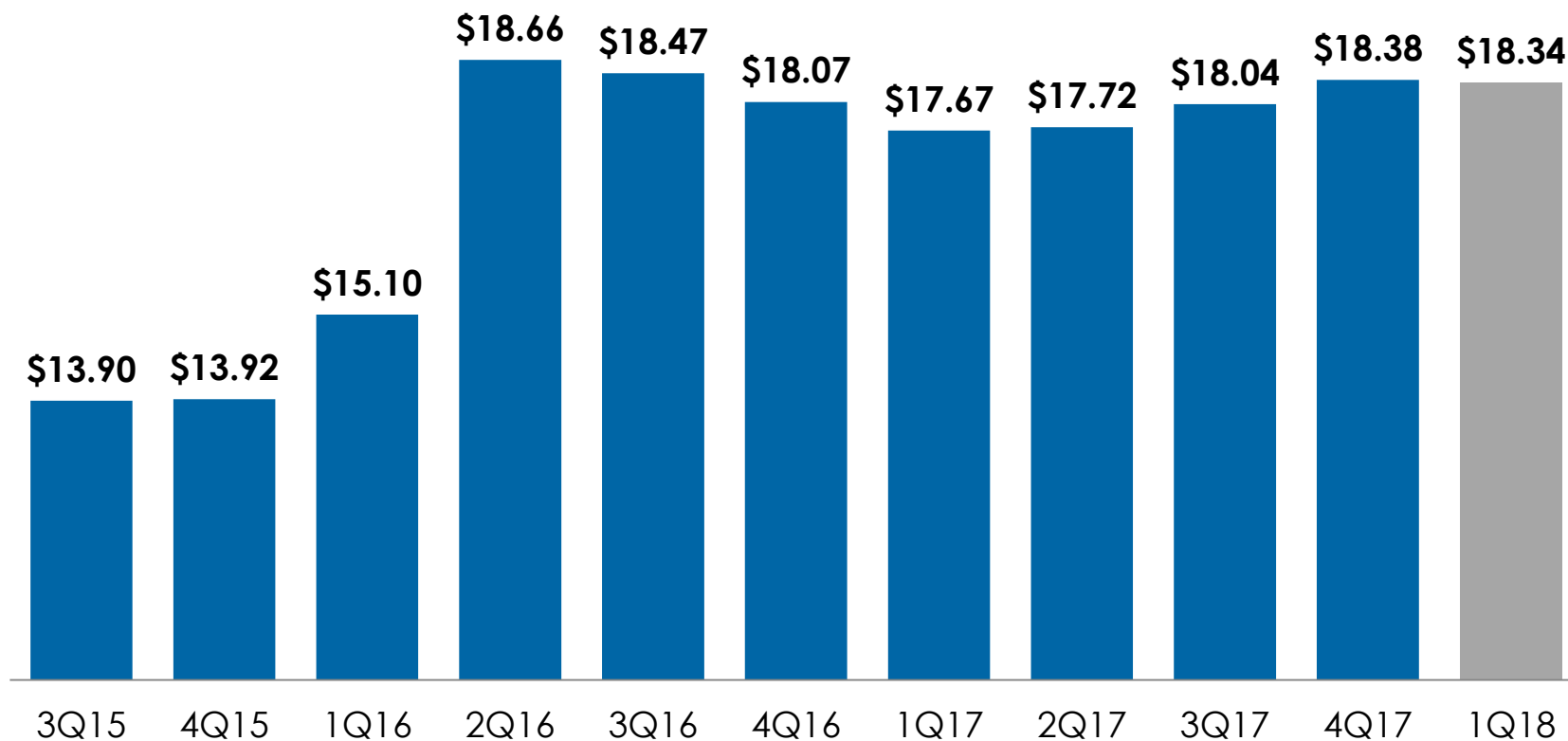
Non-GAAP Revenue Detail (\$mm)



Note: Numbers may not add due to rounding.

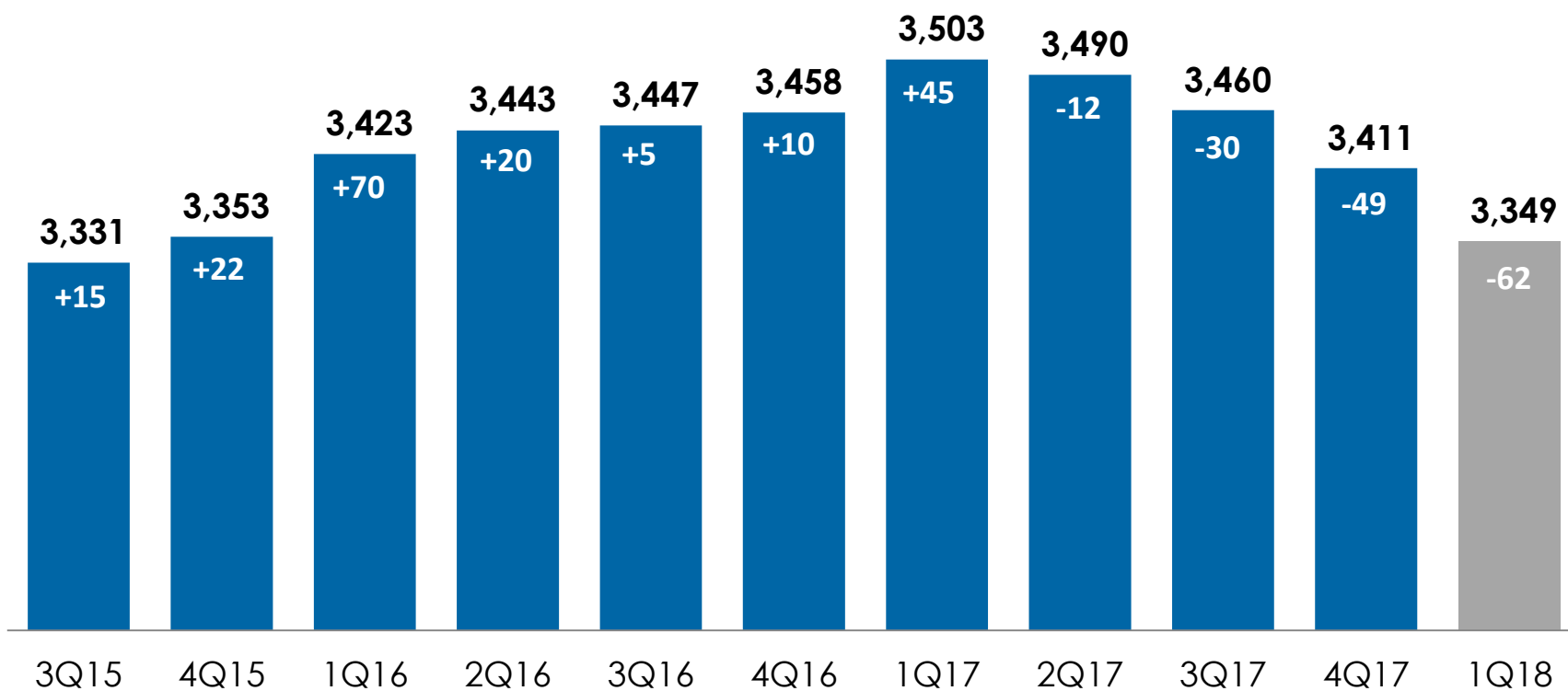
ARPU

.....



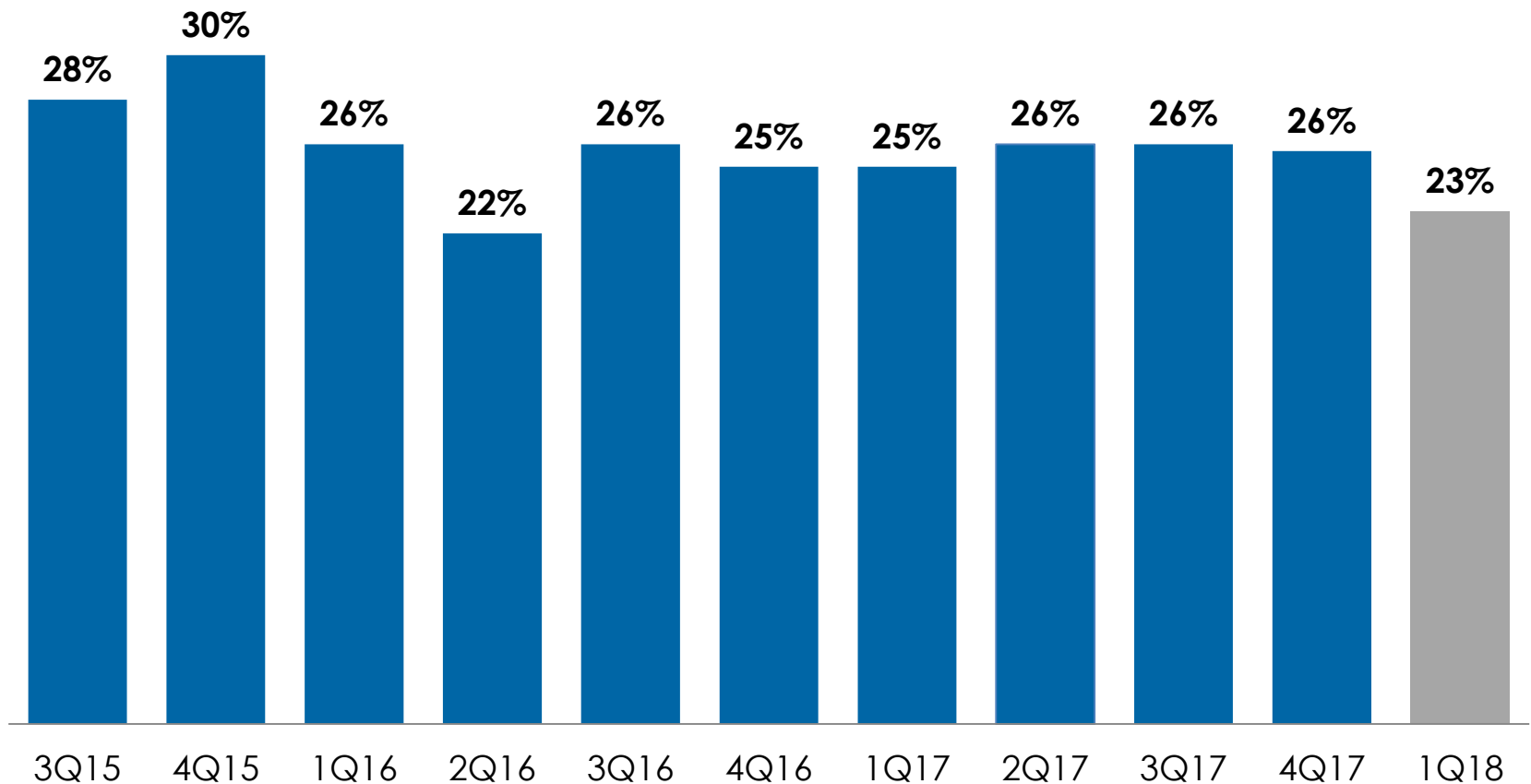
Note: ARPU is calculated as Non-GAAP subscription revenue divided by the average number of subscribers for the period divided into a monthly average. 1Q16 ARPU includes 23 days of Yodle activity in the quarter. Yodle acquisition closed on March 9, 2016. 1Q17 ARPU includes 59 days of DonWeb.com activity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

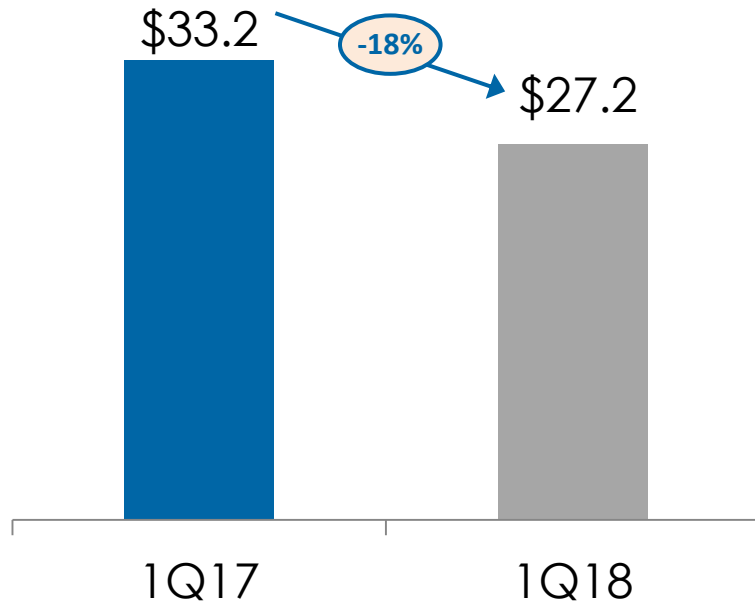


1Q 2018 GAAP Results

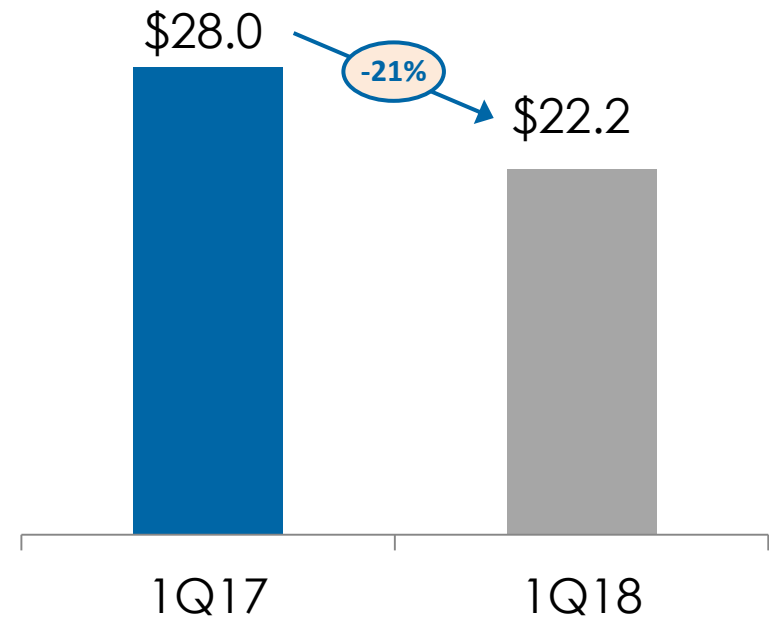
(\$ mm)	
Revenue	\$186.7
Cost of revenue (excluding depreciation & amortization)	\$62.7
Income from operations	\$15.5
Net Income	\$4.6
Diluted net income per share	\$0.09

Cash Flow Generation

Cash from Operations (\$mm)



Free Cash Flow (\$mm)



Summary Balance Sheet

	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18
Cash	\$24.5	\$33.4	\$7.7	\$12.0	\$9.7
Accounts Receivable, Net	\$18.3	\$20.3	\$24.5	\$25.4	\$27.2
Deferred Expenses	\$111.6	\$111.6	\$111.0	\$109.6	\$114.7
Debt (Current & Long-Term)					
Term Loan	\$380.3	\$404.7	\$389.7	\$389.7	\$389.7
Revolver	\$56.3	\$0.0	\$32.0	\$10.0	\$10.0
Convertible Debt	\$258.8	\$258.8	\$258.8	\$258.8	\$258.8
Total Debt, Gross	\$695.3	\$663.5	\$680.5	\$658.5	\$658.5
Less: Debt Discount (OID)	(\$23.3)	(\$18.5)	(\$14.8)	(\$11.5)	(\$8.1)
Total Debt, Net of OID	\$672.0	\$645.0	\$665.6	\$647.0	\$650.3
Deferred Revenue	\$436.6	\$434.3	\$428.1	\$419.5	\$428.3
Stockholders' Equity	\$275.1	\$293.0	\$236.7	\$274.6	\$285.8

Note: Numbers may not add due to rounding.

Refinancing Slide

(\$ Millions)	3/31/2018	Pro-Forma	Pro Forma
		At Close	Post Convert
	3/31/2018	3/31/2018	Paydown 3/31/2018
Cash	\$9.7	\$10.0	\$10.0
Term Loan	389.7	400.0	400.0
Revolver	10.0	-	258.8
Convert	258.8	258.8	-
Total Debt	658.5	658.8	658.8
Revolver Size	260.0	400.0	400.0
Cost of Debt *			
Term Loan & Revolver	L + 225	L + 175	L + 225
Convert	1%	1%	N/A

* Based on covenant leverage as of 3/31/18
Assumes no refinancing related fees or expenses

- Adds liquidity with expanded revolver
- Extends term to Q2 2023
- Improved terms and pricing



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 (in thousands, except ARPU)	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
GAAP revenue	\$ 136,821	\$ 138,320	\$ 144,798	\$ 187,818	\$ 190,686	\$ 187,203	\$ 185,118	\$ 186,731	\$ 188,567	\$ 188,845	\$ 186,741
Fair value adjustment to deferred revenue	3,547	3,017	8,558	6,038	2,108	1,658	1,710	1,328	1,202	2,289	1,095
Non-GAAP revenue	<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>	<u>\$ 187,836</u>
Professional services and other revenue	\$ (1,801)	\$ (1,780)	\$ (1,606)	\$ (1,697)	\$ (1,915)	\$ (1,724)	\$ (1,771)	\$ (2,220)	\$ (1,809)	\$ (1,806)	\$ (1,845)
Non-GAAP subscription revenue used in ARPU	<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>	<u>\$ 185,991</u>
Average Subscribers during period	3,324	3,342	3,350	3,433	3,445	3,452	3,490	3,497	3,472	3,434	3,380
ARPU	<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>	<u>\$ 18.34</u>

Reconciliation of GAAP to Non-GAAP Results

(in thousands except percentages, unaudited)

Reconciliation of GAAP net (loss) income to adjusted EBITDA	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
GAAP net income (loss)	\$ 6,094	\$ 76,977	\$ 337	\$ (1,606)	\$ 3,346	\$ 1,914	\$ 6,518	\$ 8,046	\$ 8,301	\$ 30,765	\$ 4,576
Depreciation and amortization	13,846	14,906	15,913	22,273	21,165	18,697	18,433	17,401	17,601	18,109	17,514
Loss on sale of assets	-	-	-	-	-	7	-	-	2	42	12
Asset impairment	-	-	-	-	1,979	7,111	143	-	-	148	93
Stock based compensation	5,067	4,813	4,808	5,392	5,008	5,506	5,557	6,102	5,698	5,844	5,774
Restructuring expense	-	224	136	778	1,133	1,570	322	-	424	524	2,703
Corporate development	-	2	3,340	529	57	706	417	340	249	626	67
Fair value adjustment to deferred revenue	3,547	3,017	8,558	6,038	2,108	1,658	1,710	1,328	1,202	2,289	1,095
Fair value adjustment to deferred expense	147	128	58	94	80	68	57	46	37	30	26
Interest expense, net	4,966	4,616	5,598	8,662	8,270	7,932	7,891	8,146	8,567	8,459	8,760
Income tax expense (benefit)	5,673	(62,697)	977	522	6,477	2,276	6,134	6,806	6,735	(17,751)	2,196
Adjusted EBITDA	\$ 39,340	\$ 41,986	\$ 39,725	\$ 42,682	\$ 49,623	\$ 47,445	\$ 47,182	\$ 48,215	\$ 48,816	\$ 49,085	\$ 42,816

Reconciliation of GAAP net (loss) income margin to adjusted EBITDA margin	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
GAAP net income (loss) margin	4%	56%	0%	-1%	2%	1%	4%	4%	4%	16%	2%
Depreciation and amortization	9	11	10	12	10	10	9	8	9	10	9
Loss on sale of assets	-	-	-	-	-	-	-	-	-	-	-
Asset impairment	-	-	-	-	1	4	-	-	-	-	-
Stock based compensation	4	3	3	3	3	3	3	3	3	3	3
Restructuring expense	-	-	-	-	1	1	-	-	-	-	1
Corporate development	-	-	2	-	-	-	-	1	-	-	-
Fair value adjustment to deferred revenue	3	2	6	3	1	1	1	1	1	1	1
Fair value adjustment to deferred expense	-	-	-	-	-	-	-	-	-	-	-
Interest expense, net	4	3	4	5	5	4	5	5	5	5	6
Income tax expense (benefit)	4	(45)	1	-	3	1	3	4	4	(9)	1
Adjusted EBITDA margin	28%	30%	26%	22%	26%	25%	25%	26%	26%	26%	23%

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 March 31,	
	2018	2017
GAAP operating income	\$ 15,532	\$ 20,543
Amortization of intangibles	12,245	12,880
Loss on sale of assets	12	—
Asset impairment	93	143
Stock based compensation	5,774	5,557
Restructuring expense	2,703	322
Corporate development	67	417
Fair value adjustment to deferred revenue	1,095	1,710
Fair value adjustment to deferred expense	26	57
Non-GAAP operating income	<u>\$ 37,547</u>	<u>\$ 41,629</u>

Reconciliation of GAAP operating margin to non-GAAP operating margin	Three months ended March 31,	
	2018	2017
GAAP operating margin	8 %	11 %
Amortization of intangibles	7 %	7 %
Loss on sale of assets	-	-
Asset impairment	-	-
Stock based compensation	3 %	3 %
Restructuring expense	1 %	-
Corporate development	-	-
Fair value adjustment to deferred revenue	1 %	1 %
Fair value adjustment to deferred expense	-	-
Non-GAAP operating margin	<u>20 %</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 March 31,	
	2018	2017
Net cash provided by operating activities	\$ 27,165	\$ 33,188
Capital expenditures	(5,015)	(5,179)
Free cash flow	<u>\$ 22,150</u>	<u>\$ 28,009</u>
Net cash used in investing activities	<u>\$ (5,033)</u>	<u>\$ (13,766)</u>
Net cash used in financing activities	<u>\$ (24,404)</u>	<u>\$ (15,399)</u>

Reconciliation of GAAP to Non-GAAP Guidance

(in millions, unaudited)

Reconciliation of GAAP revenue to non-GAAP revenue	Guidance As of 5/3/18	
	Q2/18	FY/18
GAAP revenue	\$181,000 to \$184,000	\$739,400 to \$751,400
Fair value adjustment to deferred revenue	~ \$1,000	~ \$3,600
Non-GAAP revenue	<u>\$182,000 to \$185,000</u>	<u>\$743,000 to \$755,000</u>

Reconciliation of net cash provided by operating activities to free cash flow	Guidance As of 5/3/18
	FY/18
Net cash provided by operating activities	~ \$138,000
Capital expenditures	<u>~ (\$18,000)</u>
Free cash flow	<u>~ \$120,000</u>