GoDaddy

GoDaddy Inc. Q2 2026 Financial Results Prepared Remarks

Aman Bhutani, GoDaddy Chief Executive Officer

Good afternoon and thank you for joining us.

Airo and Our AI Transformation

At GoDaddy, our purpose is to make opportunity more inclusive for all. Our strategy is to serve our customers' needs across the entrepreneur's wheel. And AI is fundamentally changing how our customers create and grow their businesses and how we execute on our strategy. We have built and positioned Airo as an agentic operating system for small businesses. Airo is the centerpiece of GoDaddy's largest initiative, our AI Transformation. The AI Transformation will enable us to continue to build on our significant track record of delivering value for both our customers and shareholders.

When we introduced Airo almost three years ago, it was an AI-powered experience that helped our customers discover, engage with and adopt more of our products. Last quarter, Airo AI Builder took a significant step beyond that as a distinct agentic experience. Today, we have unified Airo and Airo AI Builder into a single platform, as an agentic operating system for small businesses, simply called Airo. Airo can build out the comprehensive experience of whatever a small business needs to operate, from storefronts and booking systems to client portals, and it helps our customers run their businesses day-to-day. Everything our customers relied on before lives inside this singular immersive AI experience. Airo for small businesses is our biggest focus and source of excitement, and customers are loving it! I work directly with Airo customers every week, and their response tells me we are building exactly what they need to succeed.

Customers are choosing Airo at a rate that is exceeding our expectations. Annualized bookings run rate has increased 5x to $50 million, versus the $10 million we shared just one quarter ago, and engagement continues to build among our high-intent customers.

The momentum behind Airo is undeniable, and just as important, the quality has improved as we have scaled. Nearly all of this growth has been organic, demonstrating strong customer interest even before we have meaningfully leaned into marketing. Customer satisfaction also remains high, giving us confidence heading into the second half of the year. We are actively testing Airo in the domains purchase path, which is a high bar since it is our largest funnel and one that has been optimized for conversion and attach with our existing products for years. With a number of enhancements already underway, we expect to scale marketing and deliver continued strong traction for Airo.

The world is evolving quickly, and we are meeting the moment. Small businesses are engaging with technology in entirely new ways, and we are transforming our experience to meet them where they are going. That requires making deliberate choices about where we invest our time, talent and capital, recognizing that investments carry different return profiles. Our priority is to build the best end-to-end AI operating system for our customers. As part of that shift, we are de-emphasizing a few products as standalone offerings and bringing their capabilities into Airo, simplifying the experience and enabling customers to build and manage increasingly sophisticated web experiences themselves. More broadly, as AI reshapes how small businesses create and manage their online presence, we expect the need for traditional products, like do-it-for-you services and template-based website builders to narrow and evolve over time.

As the transformation unfolds, GoDaddy is well positioned with an earned right to win, grounded in a value creation strategy that remains consistent. Building a business online takes more than a layer of AI. It takes secure hosting, payments, customer engagement tools and dozens of other jobs most small businesses lack the time or expertise to stitch together themselves. We have built one of the most trusted brands in small businesses over nearly three decades, backed by more than 20 million customers, a strong distribution advantage, a broad set of solutions, deep technology expertise and a Care organization that knows our customers and the needs of small businesses better than anyone. Our AI transformation is how we are putting those strengths to work. Our vision for Airo is to deliver all of that as one integrated immersive experience, and that completeness is what differentiates GoDaddy. We remain focused on generating profitable growth by attracting high-intent customers who adopt more of our technology, and in turn, drive higher lifetime value. The mechanisms may evolve through AI or pricing or merchandising, or other means but the model remains remarkably durable.

In addition to Airo, there are three other connected workstreams in the AI Transformation at GoDaddy and I am excited to briefly touch on these today.

AI-Native Operations

First, we are re-inventing our own operations to be AI-native to improve customer outcomes and increase the speed of innovation. In Care, Airo continues to improve resolution rates across both chat and voice, with the 24-hour repeat contact rate for customers served by our voicebot dropping by over 16 percentage points in Q2. This allows our Care teams to focus their expertise on more complex needs and on guiding customers as they build their businesses. We are also using Airo to power processes internally at GoDaddy giving us the opportunity to test new capabilities and rapidly improve the product through everyday use.

That same rigor extends to how we fund this work. Scaling Airo at this pace comes with investment and managing it carefully matters as does the innovation itself. We anticipated the rise in AI compute costs and took actions early to offset them, giving us room within our financial framework to support both greater AI usage and increased marketing behind Airo. We continuously test across multiple models to make sure we are creating the expected customer experience while using the most effective and efficient option for each job. That discipline gives us confidence in our ability to manage compute and token costs as Airo scales over the long-term.

APIs and the AI Ecosystem

The second, and newest, workstream in the AI Transformation is doubling down on GoDaddy APIs being better designed for consumption by agents including LLMs. This quarter, we launched the GoDaddy Developer Platform, a new generation of domain APIs that allow developers and AI systems to search, purchase, configure and manage domains directly within the tools where they are already working. LLMs are increasingly becoming a large surface for creating software and businesses, and this enables our platform to be equally accessible to both people and AI.

This is our first step. Today, these APIs focus on the domain lifecycle, but over time we see the opportunity to expand this approach across more of our platform, making it easier for AI systems to securely interact with a broader set of GoDaddy capabilities including Hosting and Commerce.

The Agentic Web: Identity and Discovery

On ANS, our third workstream intended to help shape the infrastructure of the agentic web, we achieved strong new alliances this quarter. Identity and discovery are essential layers of the open agentic web, and domains are the natural foundation for both as the web moves toward an agentic future.

To that end, GoDaddy enhanced the Agent Name Service standard, launched it in production, and this quarter, announced our intent to contribute it to the Linux Foundation. On discovery, we co-developed the Agentic Resource Discovery specification, or ARD, alongside many of the world's leading technology and AI companies. ARD helps solve agent discovery, making it possible to locate tools, skills, agents and other resources instantly.

Together, ANS and ARD point to the same conclusion: domains are and will remain a trusted foundation for identity and discovery in an AI-driven internet, and that trust enhances and extends the value and demand for domains well in the future.

Closing Remarks

Our Q2 financial performance and the work we have shared today showcases a company executing on both the business we have today and the business we are building for the future. We stay focused on the fundamentals and what we can control. Our core initiatives, pricing and bundling, seamless experience and Commerce continue to perform well, strengthening our high intent customer base and reinforcing the durability of our model. At the same time, the momentum in Airo is giving us greater confidence in the role GoDaddy will play as AI reshapes how small businesses are created and grown.

We will host an Investor Night in December, which will give us the opportunity to connect the AI transformation work underway across the company with the value it can create for our customers and our shareholders. There is much more ahead, and we look forward to sharing it with you. With that, here's Mark.

Mark McCaffrey, GoDaddy Chief Financial Officer

Thanks, and good afternoon, everyone. We are advancing our AI transformation while maintaining the financial rigor that has long defined GoDaddy. Our second quarter results build on our track record of focused execution. We delivered revenue above the midpoint of our guide and expanded our Normalized EBITDA margin by over 200 basis points. We generated strong free cash flow of $443 million, with trailing twelve-month free cash flow of $1.73 billion. We continued our responsible and prudent capital allocation program, repurchasing $852 million as of July 29, reducing our fully diluted shares outstanding by another 7 percent this year to 127 million shares.

Q2 2026 Results

Total revenue for the quarter grew 7 percent to $1.3 billion and ARR grew 6 percent to $4.4 billion. International revenue grew 8 percent to $427 million.

Our Applications and Commerce segment grew revenue at 11 percent to $515 million. Growth continued to be supported by customer adoption of our solutions. Segment EBITDA margin expanded roughly 250 basis points to 46.8 percent.

Core Platform grew 4 percent to $783 million, on strength in primary domain registrations and renewals led by both .COM and higher-priced non-.COM TLDs, alongside a strong Aftermarket quarter driven by higher volume. Segment EBITDA margin expanded to 33.4 percent.

Total bookings grew 6 percent to $1.4 billion. Core Platform bookings grew 5 percent, representing an acceleration from Q1, as we move past the peak of our promotional offer. Applications & Commerce bookings grew 7 percent.

These are solid results against a dynamic environment, with AI driving rapid changes to customer expectations and engagement patterns. While our A&C bookings from traditional products is moderating during this period of transition, we are moving quickly to anticipate and meet these changing expectations. Moving forward, we expect Airo's scope to broaden, taking on capabilities that today live in separately priced products such as traditional do-it-for-you services and template-based website builders. We view this as a deliberate trade-off as Airo, monetized through a mix of subscription and token usage, continues to scale. We are encouraged by what we're already seeing, higher engagement and stronger free-to-paid conversion rates on Airo. Over time, we expect this combined offering to be even more valuable than the separately priced products that our customers engage with today. Through this transformation, as always, we will remain disciplined in how we invest in growth, ensuring that we earn attractive returns as we drive growth. This approach positions us to continue generating strong free cash flow and shareholder value well into the future.

Customer and Financial Metrics

Underpinning our transformation is the durability of our model where high-intent customers who adopt more of our solutions retain at higher rates and ultimately generate greater lifetime value. Our distribution network has long been a key advantage in engaging our customers. Once customers are within the GoDaddy ecosystem, we can surface the best next product at the right moment, shortening the time it takes customers to engage, publish and derive incremental value with more of the platform. These underlying fundamentals are continuing to strengthen alongside our transformation.

More than 50 percent of our customers have at least two paid products with us, and that percentage continues to grow with the adoption of Airo. What's even more encouraging is that over 70 percent of our customers who have used Airo this year have two or more products, which is higher than our non-Airo cohorts. Retention continues to improve above an already enviable 85 percent. ARPU increased 9 percent to $250 and the number of customers spending more than $500 annually continues to become a larger part of our customer base.

FCF and Capital Efficiency

This is what a durable, self-funding model looks like, expanding margins and strong cash conversion, funding our AI transformation while still returning capital to shareholders. Normalized EBITDA grew 14 percent to $434 million, with margin expanding more than 200 basis points to 33.4 percent. Free cash flow grew 13 percent to $443 million, with Normalized EBITDA continuing to convert to free cash flow at better than one-to-one.

Balance Sheet and Capital Allocation

Our strong free cash flow, low leverage and high liquidity provide us the flexibility to keep investing in our AI transformation while aggressively returning capital to shareholders. We ended the quarter with $1.2 billion in cash and total liquidity of $2.2 billion. Net debt was $2.7 billion, representing net leverage of 1.4 times on a trailing twelve-month basis, and well within our target range.

During the second quarter, we repurchased 6.6 million shares for $554 million. Year-to-date through July 29, we have repurchased almost 10 million shares for $852 million, reducing fully diluted shares outstanding by 7 percent since the beginning of the year.

Outlook

Turning to our outlook, we are narrowing our full year 2026 revenue guidance to a range of $5.215 to $5.255 billion, representing 6 percent growth at the midpoint. As a reminder, the full year guide absorbs just over 200 basis points of cumulative impact from the .CO registry contract expiration and our consistent exclusion of high-value Aftermarket transactions.

For Q3, we are targeting total revenue within a range of $1.315 to $1.335 billion, representing 5 percent growth at the midpoint. The third quarter represents our toughest compare on strong Aftermarket performance last year. For both the third quarter and the full year, we expect A&C revenue growth in the low double digits and Core Platform growth in the low single digits.

Absent any FX impact, we expect bookings and revenue growth rates to be at or above parity for the remainder of the year.

We are projecting a normalized EBITDA margin of approximately 33 percent for Q3 and reaffirm our full year margin target of over 33 percent, reflecting continued operating leverage and AI-driven productivity alongside rising investment in AI products, platform, marketing and compute. Q2 normalized EBITDA benefited from timing shifts of certain costs, some of which we expect to be incurred in the second half of the year.

We reaffirm our full year free cash flow target of approximately $1.8 billion with normalized EBITDA conversion greater than one to one.

On capital allocation, we operate within a disciplined, returns-based framework and have deployed greater than 95 percent of our free cash flow over the last 4 years toward share repurchases. Our continued commitment to returning capital reflects our confidence in the strength of our cash flow and the long-term value we are creating. We remain focused on allocating capital to its highest value uses, with a priority on driving long-term shareholder returns.

Taken together, the combination of our free cash flow with our approach to capital allocation, puts us on track to deliver on our North Star of a three-year CAGR of over 25 percent, well ahead of the 20 percent target we set at our last Investor Day.

Investor Event & Closing Remarks

Finally, I would like to formally invite you to our Investor Night on December 1, 2026, at our Tempe, Arizona headquarters. We will expand the programming of our typical Investor Dinner and use that evening to provide a more comprehensive view of our strategy, how the workstreams you heard about today come together and what they mean for our customers, our business and our shareholders.

As the world is evolving, we are launching the experiences to match the moment. As we transform, the principles behind our strategy and model, our focus on profitable growth, compounding free cash flow and disciplined capital allocation, are staying firmly in place.

Forward Looking Statements

These remarks reference both GAAP and non-GAAP financial measures and other operating and business metrics. A discussion of why we use non-GAAP financial measures and reconciliations of our non-GAAP financial measures to their GAAP equivalents may be found in the presentation posted to our Investor Relations site at investors.godaddy.net or in our earnings release on our Form 8-K furnished with the SEC. Growth rates represent year-over-year comparisons, unless otherwise noted.

These remarks include forward-looking statements, such as those related to future financial results and our strategies or objectives with respect to future operations. These forward-looking statements are subject to risks and uncertainties that are discussed in detail in our periodic SEC filings. Actual results may differ materially from those contained in forward-looking statements. Any forward-looking statements that we make in these remarks are based on assumptions as of July 30, 2026, and except to the extent required by law, we undertake no obligation to update these statements because of new information or future events