

# news release

## GODADDY REPORTS STRONG THIRD QUARTER 2015 RESULTS

*Revenue up 15.2% on Growing Customers and ARPU*

*Strong Cash Flow, with Adjusted EBITDA Rising 22.5%*

SCOTTSDALE, Ariz., November 4, 2015 /PRNewswire/ - GoDaddy Inc. (NYSE: GDDY), the world's largest technology provider dedicated to small businesses, today reported financial results for the third quarter ended September 30, 2015.

"Our third quarter results demonstrate that consistent execution against our strategy yields positive results for our shareholders. We're growing revenue across all of our business lines by delivering products and services that meet the needs of our customers globally. With 15% revenue growth and adjusted EBITDA up over 22% in the quarter, our combination of products, technology and care will continue to differentiate us and produce strong financial results."

### Third Quarter Financial Highlights

- Revenue of \$411.1 million, up 15.2% year over year.
- Total Bookings of \$475.6 million, up 14.1% year over year.
- Adjusted EBITDA of \$87.7 million, up 22.5% year over year.
- Unlevered free cash flow of \$79.7 million, an increase of 40.6% year over year.
- Customers were 13.6 million at quarter end, up 8.8% year over year.
- Annual ARPU of \$119, up 6.8% year over year.

<i>in millions, except ARPU</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
<b>GAAP Results</b>						
Revenue	\$ 411.1	\$ 356.9	15.2%	\$ 1,181.9	\$ 1,015.6	16.4%
Net loss <sup>(1)</sup>	\$ (5.2)	\$ (27.6)	NM	\$ (119.9)	\$ (116.5)	NM
Net cash provided by operating activities				\$ 198.1	\$ 154.9	27.9%
<b>Non-GAAP Results</b>						
Total Bookings	\$ 475.6	\$ 416.8	14.1%	\$ 1,450.2	\$ 1,265.6	14.6%
Adjusted EBITDA	\$ 87.7	\$ 71.6	22.5%	\$ 263.9	\$ 215.1	22.7%
Unlevered Free Cash Flow	\$ 79.7	\$ 56.7	40.6%	\$ 241.8	\$ 170.1	42.2%
Customers (at quarter end)	13.6	12.5	8.8%	13.6	12.5	8.8%
ARPU (Average revenue per user)	\$ 119	\$ 112	6.8%	\$ 119	\$ 112	6.8%

(1) Net loss for the nine months ended September 30, 2015 includes \$51.1 million of costs consisting of \$29.7 million in termination payments made in connection with the completion of the IPO and the \$21.4 million loss on debt extinguishment associated with the prepayment of the \$300 million senior note.

## Third Quarter Operating Highlights

- Domains revenue of \$215.0 million, up 10.5% year over year.
- Hosting and Presence revenue of \$150.8 million, up 14.7% year over year.
- Business Applications revenue of \$45.3 million, up 47.1% year over year.
- International revenue of \$105.3 million, up 17.4% year over year.
- GoDaddy topped 4 million international customers during the quarter, more than doubling its total international customer base over the last 4 years.
- GoDaddy now has more than 61 million domains under management, representing over 20% of the global total.
- GoDaddy Pro continues to grow, with over 50,000 web professionals now signed up, half of which are in international markets.
- GoDaddy expanded its Online Store with more than a dozen new features, including the integration of GoDaddy Email Marketing; Shippo, a customized shipping solution; and McAfee SECURE Certification.
- GoDaddy extended its Search Engine Visibility (SEV) service, which allows a website using GoDaddy's Domain Name System (DNS) to rank better in search results without requiring manual code updates. SEV was previously offered with GoDaddy's Website Builder and Managed WordPress products, and is now available for use with any website, regardless of how it was built or how it is hosted.

## Balance Sheet

At September 30, 2015, total cash and cash equivalents and short-term investments were \$333.1 million, total long-term debt outstanding, including current portion, was \$1,048.0 million, gross debt was \$1,086.3 million and net debt was \$753.2 million.

## Business Outlook

For the fourth quarter ending December 31, 2015, the Company expects revenues in the range of \$421 - \$424 million and adjusted EBITDA in the range of \$70 - \$73 million.

For the full year ending December 31, 2015, the Company expects revenues in the range of \$1,603 - \$1,606 million and adjusted EBITDA in the range of \$334 - \$337 million.

## Quarterly Conference Call and Webcast

GoDaddy will host a conference call and webcast to discuss third quarter 2015 results at 5:00 p.m. Eastern Time on November 4, 2015. To hear the call, dial (877) 201-0168 in the United States or (647) 788-4901 from international locations, with passcode 51288356. A live webcast of the call, together with a slide presentation that includes supplemental financial information and reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, will be available through the Company's Investor Relations website at <https://investors.godaddy.net>. Following the call, a recorded replay of the webcast will be available on the website.

GoDaddy Inc. uses its Investor Relations website at <https://investors.godaddy.net> as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor the Company's Investor Relations website, in addition to following press releases, Securities and Exchange Commission (SEC) filings, public conference calls and webcasts.

## **Forward-Looking Statements**

This press release contains forward-looking statements which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on estimates and information available to us at the time of this press release and are not guarantees of future performance. Statements in this release involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements, including, but not limited to: any projections of product or service availability, technology developments, customer growth, addressable market size or other future events; any statements about historical results that may suggest future trends for our business; any statements regarding our plans, strategies or objectives with respect to future operations; any statements regarding future economic conditions; and any statements of assumptions underlying any of the foregoing.

Actual results could differ materially from our current expectations as a result of many factors, including, but not limited to: the unpredictable nature of our rapidly evolving market; fluctuations in our financial and operating results; our rate of growth; interruptions or delays in our service or our web hosting; breaches of our security measures; the impact of any previous or future acquisitions; our ability to continue to release, and gain customer acceptance of, our existing and future products and services; our ability to manage our growth; our ability to hire, retain and motivate employees; the effects of competition; technological, regulatory and legal developments; intellectual property litigation; and developments in the economy, financial markets and credit markets.

Additional risks and uncertainties that could affect GoDaddy's financial results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's prospectus dated March 31, 2015, filed with the SEC on April 1, 2015, which is available on the Company's website at <https://investors.godaddy.net> and on the SEC's website at [www.sec.gov](http://www.sec.gov). Additional information will also be set forth in other filings that the Company makes with the SEC from time to time. All forward-looking statements in this press release are based on information available to the Company as of the date hereof, and GoDaddy does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

## **Non-GAAP Financial Measures**

In addition to financial measures prepared in accordance with generally accepted accounting principles in the United States (GAAP), this press release includes financial measures defined as "non-GAAP financial measures" by the SEC including Total Bookings, Adjusted EBITDA, Unlevered Free Cash Flow, Average Revenue Per User (ARPU) and Net Debt. These measures may be different from non-GAAP financial measures used by other companies in our industry, as those other companies may calculate their non-GAAP financial measures differently, particularly related to adjustments for acquisition accounting and non-recurring expenses.

We believe that these non-GAAP financial measures are useful as a supplement in evaluating our ongoing operational performance and enhancing an overall understanding of our past financial performance. The non-GAAP financial measures included in this release should not be considered in isolation from, or as a substitute for, financial information prepared in accordance

with GAAP. A reconciliation between each non-GAAP financial measure and its nearest GAAP equivalent is included in this release following the financial statements. We use both GAAP and non-GAAP measures to evaluate and manage our operations.

*Total bookings.* Total bookings represents gross cash receipts from the sale of products to customers in a given period before giving effect to certain adjustments, primarily net refunds granted in the period. Total bookings provides valuable insight into the sales of our products and the performance of our business since we typically collect payment at the time of sale and recognize revenue ratably over the term of our customer contracts. We report total bookings without giving effect to refunds granted in the period because refunds often occur in periods different from the period of sale for reasons unrelated to the marketing efforts leading to the initial sale. Accordingly, by excluding net refunds, we believe total bookings reflects the effectiveness of our sales efforts in a given period.

*Adjusted EBITDA.* Adjusted EBITDA is a measure of our performance aligning our bookings and operating expenditures, and is the primary metric management uses to evaluate the profitability of our business. We calculate adjusted EBITDA as net loss excluding depreciation and amortization, interest expense (net), provision (benefit) for income taxes and adjustments to the TRA liability, equity-based compensation expense, change in deferred revenue, change in prepaid and accrued registry costs, acquisition and sponsor-related costs and a non-recurring reserve for sales taxes. As a result of our business model, we typically collect payment at the time of sale and generally recognize revenue ratably over the term of our customer contracts. At the time of a domain sale, we also incur the obligation for the domain name registry fees associated with the customer contract. As a result, sales to customers increase our deferred revenue and prepaid and accrued registry costs. We therefore adjust net loss for changes in deferred revenue and changes in the associated prepaid and accrued registry costs to facilitate a better comparison of our performance from period to period.

*Unlevered Free Cash Flow.* Unlevered free cash flow is a measure of our performance used by management to evaluate our business prior to the impact of our capital structure and after purchases of property and equipment, such as data center and infrastructure investments, that can be used by us for strategic opportunities and strengthening our balance sheet. However, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.

*ARPU.* We calculate ARPU as total revenue during the preceding 12-month period divided by the average of the number of total customers at the beginning and end of the period. ARPU provides insight into our ability to sell additional products to customers, though the impact to date has been muted due to our continued growth in total customers. The impact of purchase accounting adjustments makes comparisons of ARPU among historical periods less meaningful; however, in future periods, as the effects of purchase accounting decrease, ARPU will become a more meaningful metric.

*Net Debt.* We define net debt as gross debt less cash and cash equivalents and short-term investments. Gross debt consists of the current portion of long-term debt plus long-term debt and unamortized original issue discounts on long-term debt. We believe the presentation of net debt provides useful information to investors because our management reviews net debt as part of its management of our overall liquidity, financial flexibility, capital structure and leverage. Furthermore, certain analysts and debt rating agencies monitor our net debt as part of their assessments of our business.

## **About GoDaddy**

GoDaddy's mission is to radically shift the global economy toward small businesses by empowering people to easily start, confidently grow and successfully run their own ventures. With more than 13 million customers worldwide and more than 61 million domain names under management, GoDaddy gives small business owners the tools to name their idea, build a beautiful online presence, attract customers and manage their business. To learn more about the Company, visit [www.GoDaddy.com](http://www.GoDaddy.com).

**GoDaddy Inc.**  
**Condensed Consolidated Statements of Operations (unaudited)**  
(In millions, except share amounts which are reflected in thousands and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:				
Domains	\$ 215.0	\$ 194.6	\$ 622.7	\$ 564.1
Hosting and presence	150.8	131.5	436.5	369.9
Business applications	45.3	30.8	122.7	81.6
<b>Total revenue</b>	<b>411.1</b>	<b>356.9</b>	<b>1,181.9</b>	<b>1,015.6</b>
Costs and operating expenses <sup>(1)</sup> :				
Cost of revenue (excluding depreciation and amortization)	144.0	131.7	420.9	384.6
Technology and development	67.5	62.4	202.8	187.4
Marketing and advertising	49.3	40.2	150.8	121.7
Customer care	54.8	48.9	167.2	140.6
General and administrative <sup>(2)</sup>	44.6	41.8	167.6	127.5
Depreciation and amortization	40.6	38.5	116.4	113.0
<b>Total costs and operating expenses</b>	<b>400.8</b>	<b>363.5</b>	<b>1,225.7</b>	<b>1,074.8</b>
Operating income (loss)	10.3	(6.6)	(43.8)	(59.2)
Interest expense	(14.6)	(23.1)	(54.7)	(61.3)
Loss on debt extinguishment	—	—	(21.4)	—
Other income (expense), net	—	1.1	0.7	1.0
Loss before income taxes	(4.3)	(28.6)	(119.2)	(119.5)
Benefit (provision) for income taxes	(0.9)	1.0	(0.7)	3.0
Net loss	(5.2)	(27.6)	(119.9)	(116.5)
Less: net loss attributable to non-controlling interests	(2.7)	—	(44.2)	—
Net loss attributable to GoDaddy Inc.	<u>\$ (2.5)</u>	<u>\$ (27.6)</u>	<u>\$ (75.7)</u>	<u>\$ (116.5)</u>
Net loss per share of Class A common stock—basic and diluted <sup>(3)</sup>	<u>\$ (0.04)</u>	<u>\$ (0.21)</u>	<u>\$ (0.82)</u>	<u>\$ (0.91)</u>
Weighted-average shares of Class A common stock outstanding—basic and diluted <sup>(3)</sup>	<u>64,999</u>	<u>38,826</u>	<u>56,153</u>	<u>38,826</u>

(1) Costs and operating expenses include equity-based compensation expense as follows:

Technology and development	\$ 4.4	\$ 2.7	\$ 12.5	\$ 7.2
Marketing and advertising	1.5	3.4	4.5	5.1
Customer care	0.9	0.2	2.1	0.5
General and administrative	3.2	3.1	9.4	9.4

(2) General and administrative for the nine months ended September 30, 2015 includes \$29.7 million of additional expenses related to certain termination payments made in connection with the completion of the initial public offering (IPO).

(3) Amounts for periods prior to our IPO have been retrospectively adjusted to give effect to the reorganization transactions that occurred prior to the completion of our IPO. The prior period amounts do not consider the 26,000 shares of Class A common stock sold in our initial public offering. For purposes of calculating loss per share for periods prior to the IPO, including the nine months ended September 30, 2015 for which a portion of the period preceded the IPO, we treated the reorganization transactions as a merger of entities under common control. Therefore, we have retrospectively reflected loss per share as though these transactions had occurred as of the earliest period presented. For purposes of calculating net loss per share of Class A common stock for all periods prior to the IPO, we allocated our historical net loss between the Class A stockholders and the non-controlling interest based on their respective share ownership. For these allocations, the weighted average shares of Class A common stock outstanding was based upon the number of LLC units exchanged in the reorganization transactions, while the weighted average shares of Class B common stock outstanding for the non-controlling interest was based upon the LLC units held by the continuing owners. As of September 30, 2015, we have a total of 155,661 shares of common stock outstanding, consisting of 65,263 shares of Class A common stock and 90,398 shares of Class B common stock as shown in a separate table at the end of this release.

**GoDaddy Inc.**  
**Condensed Consolidated Balance Sheets (unaudited)**  
(In millions, except share amounts which are reflected in thousands and per share amounts)

	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 327.7	\$ 139.0
Short-term investments	5.4	3.0
Accounts and other receivables	6.2	3.5
Registry deposits	21.2	17.8
Prepaid domain name registry fees	295.2	272.8
Prepaid expenses and other current assets	28.0	24.8
Total current assets	683.7	460.9
Property and equipment, net	221.5	220.9
Prepaid domain name registry fees, net of current portion	162.9	152.8
Goodwill	1,662.3	1,661.2
Intangible assets, net	728.2	749.7
Other assets	11.5	19.3
Total assets	<u>\$ 3,470.1</u>	<u>\$ 3,264.8</u>
<b>Liabilities and stockholders'/members' equity</b>		
Current liabilities:		
Accounts payable	\$ 28.9	\$ 31.9
Accrued expenses	142.8	114.5
Current portion of payable to related parties pursuant to tax receivable agreements	3.0	—
Current portion of deferred revenue	934.0	821.4
Current portion of long-term debt	4.8	5.0
Total current liabilities	1,113.5	972.8
Deferred revenue, net of current portion	478.5	429.2
Long-term debt, net of current portion	1,043.2	1,413.9
Payable to related parties pursuant to tax receivable agreements, net of current portion	167.9	—
Other long-term liabilities	35.8	38.5
Commitments and contingencies		
Stockholders'/members' equity:		
Members' interest	—	410.4
Preferred stock, \$0.001 par value - 50,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.001 par value - 1,000,000 shares authorized; 65,263 shares issued and outstanding as of September 30, 2015	0.1	—
Class B common stock, \$0.001 par value - 500,000 shares authorized; 90,398 shares issued and outstanding as of September 30, 2015	0.1	—
Additional paid-in capital	395.0	—
Accumulated other comprehensive income	0.9	—
Accumulated deficit	(32.3)	—
Total stockholders' equity attributable to GoDaddy Inc./members' equity	363.8	410.4
Non-controlling interests	267.4	—
Total stockholders'/members' equity	631.2	410.4
Total liabilities and stockholders'/members' equity	<u>\$ 3,470.1</u>	<u>\$ 3,264.8</u>

**GoDaddy Inc.**  
**Consolidated Statements of Cash Flows (unaudited)**  
(In millions)

	<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Net loss	\$ (119.9)	\$ (116.5)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	116.4	113.0
Equity-based compensation	28.5	22.2
Loss on debt extinguishment	21.4	—
Other	7.5	8.2
Changes in operating assets and liabilities, net of amounts acquired:		
Registry deposits	(3.4)	(1.7)
Prepaid domain name registry fees	(32.5)	(24.8)
Deferred revenue	161.9	157.3
Other operating assets and liabilities	18.2	(2.8)
Net cash provided by operating activities	<u>198.1</u>	<u>154.9</u>
<b>Investing activities</b>		
Purchases of short-term investments	(7.3)	(6.0)
Maturities of short-term investments	4.9	6.2
Business acquisitions, net of cash acquired	(30.7)	(40.7)
Purchase of intangible assets	(22.5)	—
Purchases of property and equipment, excluding improvements	(31.3)	(35.1)
Purchases of leasehold and building improvements	(3.0)	(6.3)
Other	1.1	1.1
Net cash used in investing activities	<u>(88.8)</u>	<u>(80.8)</u>
<b>Financing activities</b>		
Proceeds from issuance of Class A common stock sold in initial public offering, net of offering costs	482.4	(1.4)
Distributions paid to unit and option holders	—	(349.0)
Proceeds from option exercises and other	1.2	2.6
Proceeds from term loan	—	263.8
Proceeds from revolving credit loan	—	75.0
Repayment of senior note	(300.0)	—
Repayment of revolving credit loan	(75.0)	—
Repayment of term loan	(8.2)	(4.9)
Payment of financing-related costs	(13.5)	(8.4)
Repayment of other financing obligations	(7.4)	(2.2)
Net cash provided by (used in) financing activities	<u>79.5</u>	<u>(24.5)</u>
Effect of exchange rate changes on cash and cash equivalents	(0.1)	—
Net increase in cash and cash equivalents	188.7	49.6
Cash and cash equivalents, beginning of period	139.0	95.4
Cash and cash equivalents, end of period	<u>\$ 327.7</u>	<u>\$ 145.0</u>

## Reconciliation of Non-GAAP Financial Measures

The following tables reconcile the most directly comparable GAAP financial measure to each of these non-GAAP financial measures.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(in millions)				
<b>Total Bookings:</b>				
Total revenue	\$ 411.1	\$ 356.9	\$ 1,181.9	\$ 1,015.6
Change in deferred revenue	29.8	27.9	161.9	157.3
Net refunds	34.3	28.7	104.8	87.1
Other	0.4	3.3	1.6	5.6
<b>Total bookings</b>	<b>\$ 475.6</b>	<b>\$ 416.8</b>	<b>\$ 1,450.2</b>	<b>\$ 1,265.6</b>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(in millions)				
<b>Adjusted EBITDA:</b>				
Net loss <sup>(1)</sup>	\$ (5.2)	\$ (27.6)	\$ (119.9)	\$ (116.5)
Interest expense, net of interest income	14.3	23.0	54.2	61.1
(Benefit) provision for income taxes and adjustments to the TRA liability	1.4	(1.0)	1.2	(3.0)
Depreciation and amortization	40.6	38.5	116.4	113.0
Equity-based compensation expense	10.0	9.4	28.5	22.2
Change in deferred revenue	29.8	27.9	161.9	157.3
Change in prepaid and accrued registry costs	(4.0)	—	(32.8)	(22.3)
Acquisition and sponsor-related costs <sup>(1)</sup>	0.8	1.4	54.4	3.9
Sales tax accrual	—	—	—	(0.6)
<b>Adjusted EBITDA</b>	<b>\$ 87.7</b>	<b>\$ 71.6</b>	<b>\$ 263.9</b>	<b>\$ 215.1</b>

(1) Net loss for the nine months ended September 30, 2015 includes \$51.1 million of costs, consisting of \$29.7 million in sponsor-related termination payments made in connection with the completion of the IPO and the \$21.4 million loss on debt extinguishment associated with the prepayment of the \$300 million senior note.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
(in millions)				
<b>Unlevered Free Cash Flow:</b>				
Net cash provided by operating activities	\$ 78.7	\$ 50.3	\$ 198.1	\$ 154.9
Cash paid for interest	11.9	28.4	47.3	54.4
Cash paid for acquisition and sponsor-related costs	0.4	0.8	30.7	2.2
Capital expenditures	(11.3)	(22.8)	(34.3)	(41.4)
<b>Unlevered free cash flow</b>	<b>\$ 79.7</b>	<b>\$ 56.7</b>	<b>\$ 241.8</b>	<b>\$ 170.1</b>

September 30,  
2015

(in millions)

<b>Net Debt:</b>	
Current portion of long-term debt	\$ 4.8
Long-term debt	1,043.2
Unamortized original issue discount on long-term debt	38.3
Gross debt	1,086.3
Less: Cash and cash equivalents	(327.7)
Less: Short-term investments	(5.4)
<b>Net debt</b>	<b>\$ 753.2</b>

The following table sets forth expenses included in net loss related to the termination payments made in connection with the completion of the IPO and the loss on debt extinguishment related to the prepayment of debt following the IPO:

Nine Months Ended  
September 30,

2015 2014

(in millions)

**Expenses incurred in connection with the IPO:**

Transaction and monitoring fee agreement termination fee	\$ 26.7	\$ —
Executive chairman services agreement termination fee	3.0	—
Prepayment premium on debt	13.5	—
Write-off of unamortized original issue discount on debt	7.1	—
Write off of unamortized deferred financing costs on debt	0.8	—
	<u>\$ 51.1</u>	<u>\$ —</u>

Shares of Class B common stock do not share in our earnings and are not participating securities. Total shares of common stock outstanding are as follows:

September 30, 2015 December 31, 2014<sup>(1)</sup>

(in thousands)

**Shares Outstanding:**

Class A common stock	65,263	38,826
Class B common stock	90,398	90,177
	<u>155,661</u>	<u>129,003</u>

(1) Shares for December 31, 2014 have been retrospectively adjusted to give effect to the reorganization transactions that occurred prior to the completion of our IPO.

**CONTACTS:**

**Investors**

Marta Nichols

669.600.5812

[investors@godaddy.com](mailto:investors@godaddy.com)

**Media**

Karen Tillman

480.366.3183

[pr@godaddy.com](mailto:pr@godaddy.com)