

# GoDaddy Overview

August 2017



# Forward-Looking Statements

This presentation 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 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: launches of new or expansion of existing products or services, any projections of product or service availability, technology developments, customer growth, 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, including international expansion plans; any statements regarding integration of recent or planned acquisitions, any statements regarding our future financial results; statements concerning GoDaddy's ability to integrate its acquisition of HEG, and the projected impact of the acquisition on GoDaddy's business and results of operations; 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 in the other filings we make with the SEC from time to time, including under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the GoDaddy's Annual Report on Form 10-K for the year ended December 31, 2016, which is available on GoDaddy's website at <https://investors.godaddy.net> and on the SEC's website at [www.sec.gov](http://www.sec.gov). Risks related to HEG include retention of customers, and GoDaddy's ability to integrate. Additional information will also be set forth in other filings that GoDaddy makes with the SEC from time to time. All forward-looking statements in this press release are based on information available to GoDaddy as of the date hereof. 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 presentation includes certain non-GAAP financial measures and other operating metrics. We believe that these non-GAAP financial measures and other operating metrics 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 presentation 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 on slides 29-32 of this presentation.





**Our vision** is to radically shift the global economy toward life-fulfilling independent ventures.

**Our mission** is to help our customers kick ass by giving them the tools, insights and the people to transform their ideas and personal initiative into success, however they measure it.



**Andrea & Brad Danielson**  
Brewhemia  
Cedar Rapids, IA USA





**Jessica Herold**  
Moods Salon + Spa  
Cedar Rapids, IA USA



## Highlights

**Trusted partner and champion of our customers.**

**Large, high growth business with attractive unit economics.**

**Massive, underserved global market.**

**Industry-leading products built on a single cloud platform & distinctive customer care.**

**Compelling customer value proposition.**

**Proven growth strategy with team purpose built to execute.**





# Values

## Be extraordinary.

Extraordinary achievement is how we make a difference. Working at GoDaddy is a life-changing experience that offers people an environment to learn, grow, and do the best work of their career. We are creating exceptionally uncommon outcomes for our business tomorrow by being extraordinary today.

## Own outcomes.

Every line of code, every pixel, every interaction with a teammate, customer or partner is a chance to change the world. Our actions and results speak for themselves. We work toward the best possible outcome because we are passionate about our customers. We bring humanity to technology that helps our customers achieve their dreams.

## Join forces.

As a team, we move the company toward its vision. When I can help others, I do. Great teams multiply individual talents. Great teammates make others better without taking credit. We win together and lose together. Together, we celebrate our successes and learn from our failures.

## Work fearlessly.

We innovate and take risks to achieve uncommon outcomes. We are curious and not afraid of experimentation or failure. We take risks and try new ways of doing things. There are valuable discoveries and lessons to be learned everywhere. We ask questions, we seek to understand, we give feedback and challenge the status quo. We measure our results and continually grow and improve.

## Live passionately.

A healthy life fueled by fun and passion for a better world shows in our work. To truly take care of our customers, we begin by taking care of each other and ourselves. Finding meaning and personal fulfillment enables us to be at the top of our game. Our health and time away from the office are as important to us as being extraordinary at work.



**Dennis Mitchell**  
Denny Moe's Superstar Barbershop  
Harlem, NY USA





**Hans Imran**  
White Label Charters  
Singapore



## What's Unique About Our Business Model

**High volume, low-cost customer onramp (domains) that flows customer into higher value SaaS products.**

**New potential onramps such as GoCentral (website building) and SmartLine (telephony) to easily create and maintain an online presence.**

**Top-tier analytic marketing engine fueled by organic referrals and global brand.**

**World-class customer care that is distinctive on both experience AND sales.**

**Life cycle model that grows with our customers over time – increasing engagement drives business results.**

# What We Do

## Domains

Get a great name.



10% increase over 2015.

## Hosting & Presence

Bring your name to life.



15% increase over 2015.

## Business Applications

Grow your business.



38% increase over 2015.

**All built on a global, high-performance infrastructure  
and wrapped in world-class customer care.**





## Unique Advantages

### Customer Scale

**~17 Million**

Paying customers

### Brand Awareness

**~ 80%**

Aided – US Region

### #1 In Key “Onramp”

**72+ Million**

Domains under mgmt,  
22% of global total

### Cloud Platform Scale

**18 Billion**

DNS queries per day  
on average in 2016

### Employees

**7,000+**

Globally

### Global Footprint

**50+ Markets**

100+ countries

#### Sources:

Brand Awareness: Brand Outlook December 2016.

Domains under management market share: Verisign Domain Name Industry Brief dated March 31, 2017.

Unless otherwise noted, all numbers are as of June 30, 2017 and include HEG.



**Daniel Sklar**

Fine & Raw  
Williamsburg, NY USA





## **Our Secret Recipe**

# **5,000+**

## **Customer Care Pros around the world.**

**Focused on customer intimacy.**

**Localized customer experience.**

**1.4M interactions per month**

**24% of 2016 bookings**

**NPS-based goals.**

Unless otherwise noted, all numbers are as of December 31, 2016; Customer Care Pros are as of June 30, 2017 and include HEG.

# A Massive & Underserved Market

We serve millions of customers who are determined to transform their ideas into something truly meaningful.

## U.S. SMB Market Dynamics

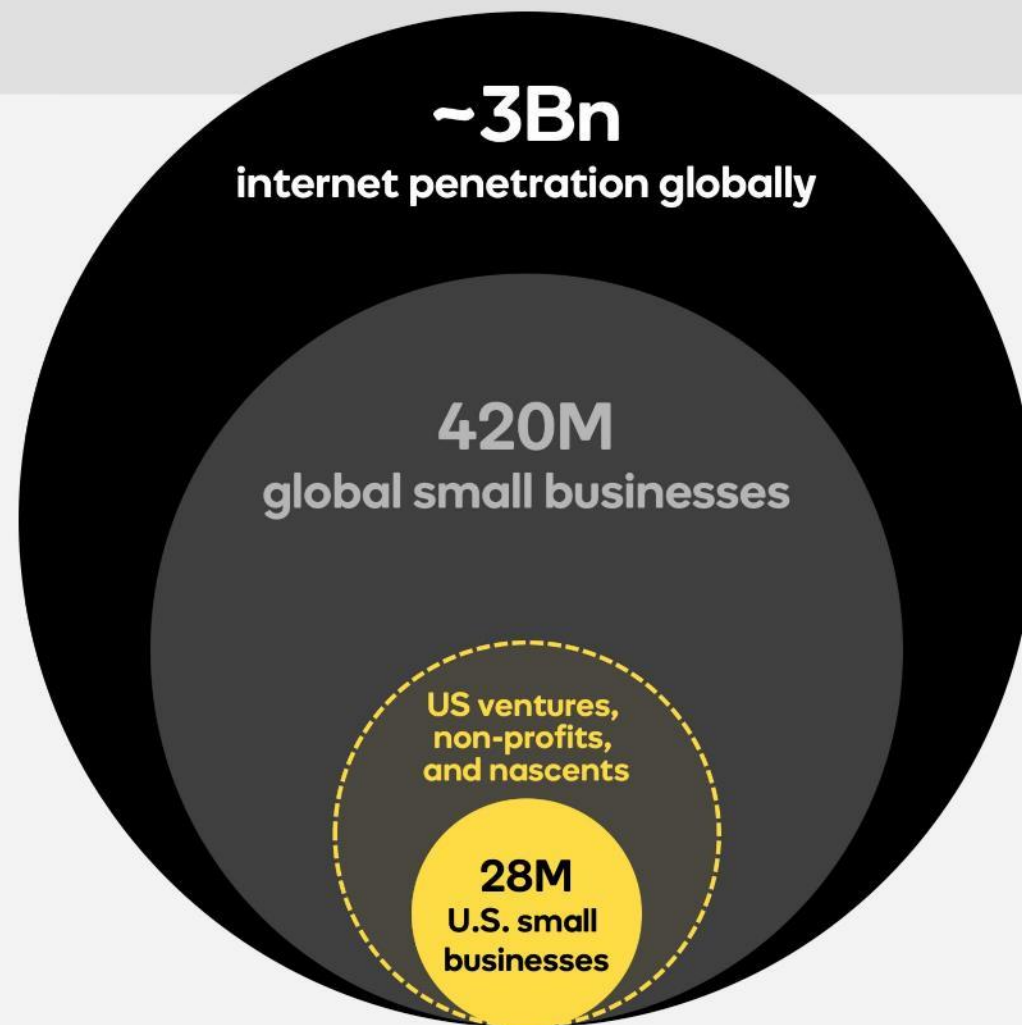
75%+ are non-employer firms

80% > 3 years old

85% < 5 employees

80%+ are service-based

Sources: US Census Bureau, US SBA. 2012. GD-commissioned study from Beall Research. January 2013.



US Census Bureau, US SBA, International Labor Organization Statistics Database. International Finance Corp / McKinsey and company. GD proprietary research.



# Solving the Problem of Digital Identities

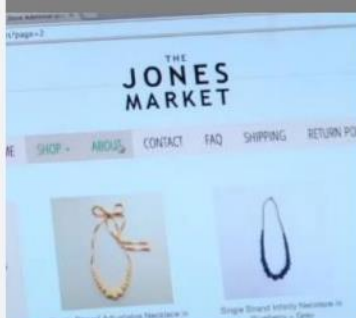
By helping SMBs be as professional as they want to be.

## Naming & Branding



- Domain Names
- Logo Design
- Brand Registration

## Presence & Commerce



- Website
- Hosting
- Apps
- Social Media Presence
- Content Apps (Scheduling, etc.)

## Productivity & Communications



- Office 365 Productivity
- Email
- Bookkeeping
- Payments
- Telephony
- Chat

## Help SMBs Get Customers



- SEO
- Paid Media
- Reputation Management
- Cards
- Collateral

## Help SMBs Retain Customers



- Email Marketing
- CRM
- Loyalty
- Coupon / Deals

## Do-It-Yourself:

- Integrated 'Point' Applications into single Suite
- Verticalized go-to-market
- Lifecycle experience that grows over time
- Product + Platform + People

## Do-it-for-me:

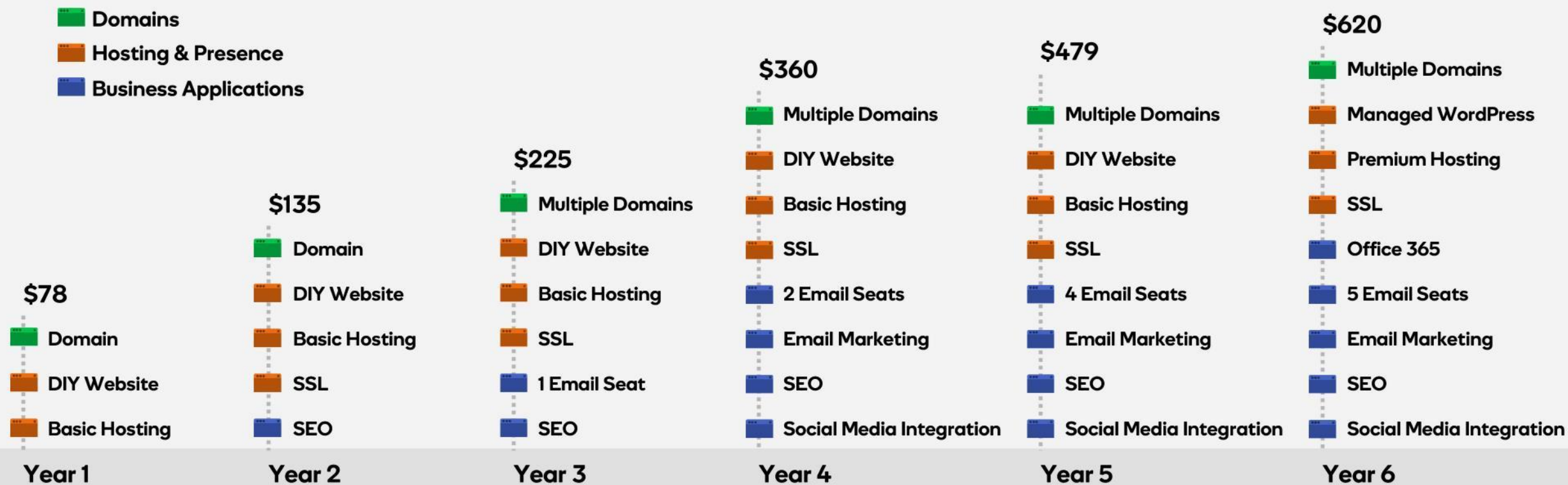
- Same product and platform
- Workflow tools
- Advanced Support
- Economics to Pro

Products listed represent both current and potential future offerings.



# Value Prop Grows With Customer Needs

(Illustrative example of spend over time for top customers)







## Attractive Unit Economics

Average Annual Bookings per Customer \$151

Gross Profit Contribution 62%

Gross Profit \$94

Annual Churn < 15%

Estimated Lifetime Annual Gross Profit \$659

Average Cost per Acquisition \$67

Lifetime Value / Cost of Acquisition ~10x

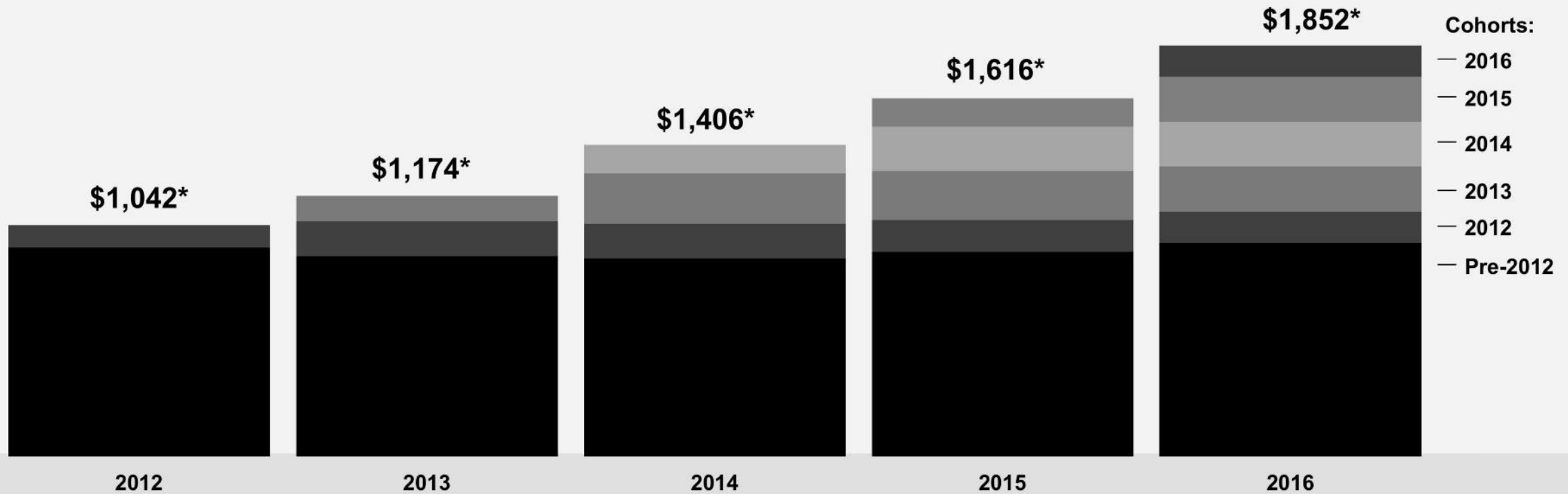
Unless otherwise noted, all numbers are as of December 31, 2016.



Valeria Gonzalez & Tinisha Powell  
ValTin Publishing  
Toronto, Canada

# Consistent and Stable Cohort Spending

90%+ Revenue from Customers in the Base from Prior Cohorts



\*Revenue excluding purchase accounting adjustment. GAAP Revenue in 2012, 2013, 2014, 2015, and 2016 was \$911 million, \$1,131 million, \$1,387 million, \$1,607 million, and \$1,848 million respectively, including purchase accounting adjustment. Unless otherwise noted, all numbers are as of December 31, 2016.



# Customer & ARPU Growth Strategy

## Grow Customers

Expand to new markets.

Continued international expansion.

Win the web pro.

## Drive ARPU

Enhance our value proposition with an expanding suite of elegantly simple products.



Find and manage  
the perfect  
online name.



Power digital  
identities.



Make connecting  
to customers and  
managing business easy.

API powered platform delivering an end-to-end experience.  
World-class customer care.

# HEG Extends GoDaddy's Global Leadership

**~ 17M** customers

**72M+** domains

**7K+** employees

**Expect \$20M in annualized synergies in 2018.**

**SSL and Domain aftermarket fully integrated.**

**Executing on multiple cost opportunities.**

**Implementing GoDaddy domain search capabilities throughout HEG's brands.**

**Integrated European Customer Care operation with A+ support and consultative sales underway.**



# Domains Outgrowing Industry

Revenue  
\$ Millions



## Better

and differentiated search across the desktop and mobile devices.

## Continued

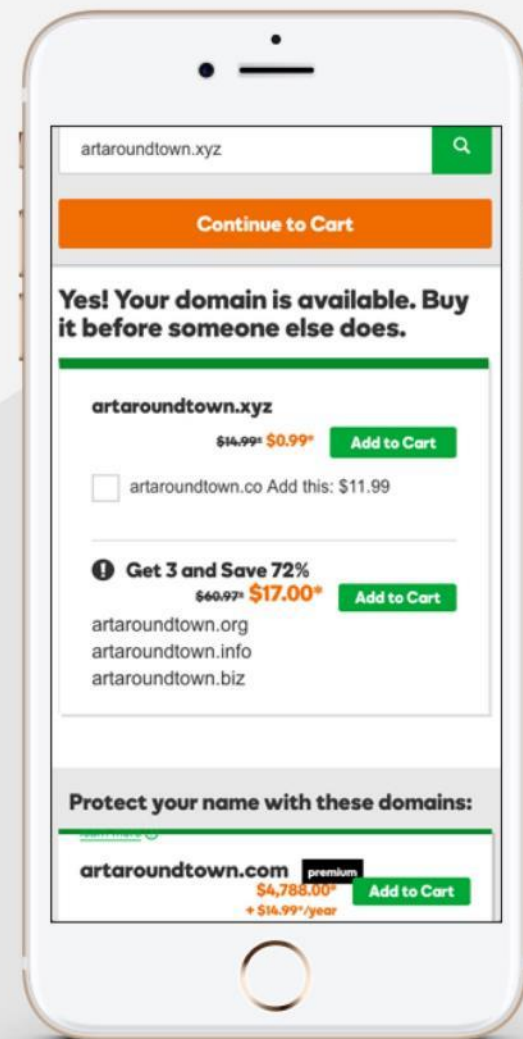
strong renewals.

## Broader

domain secondary market bringing liquidity to a growing aftermarket.

## More

inventory with nearly 470 TLDs.



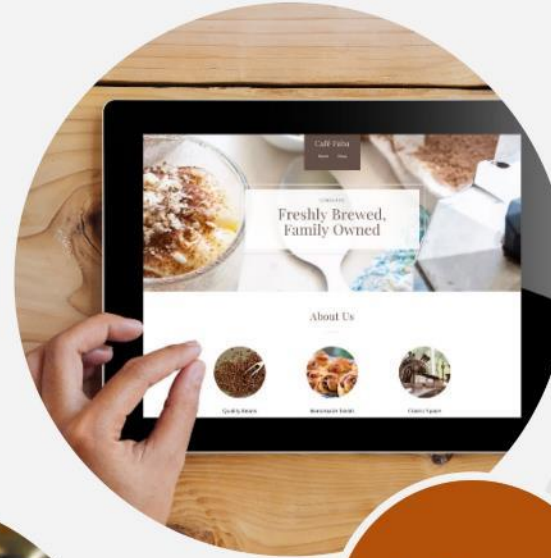
# Faster Growth in Hosting & Presence

Revenue  
\$ Millions

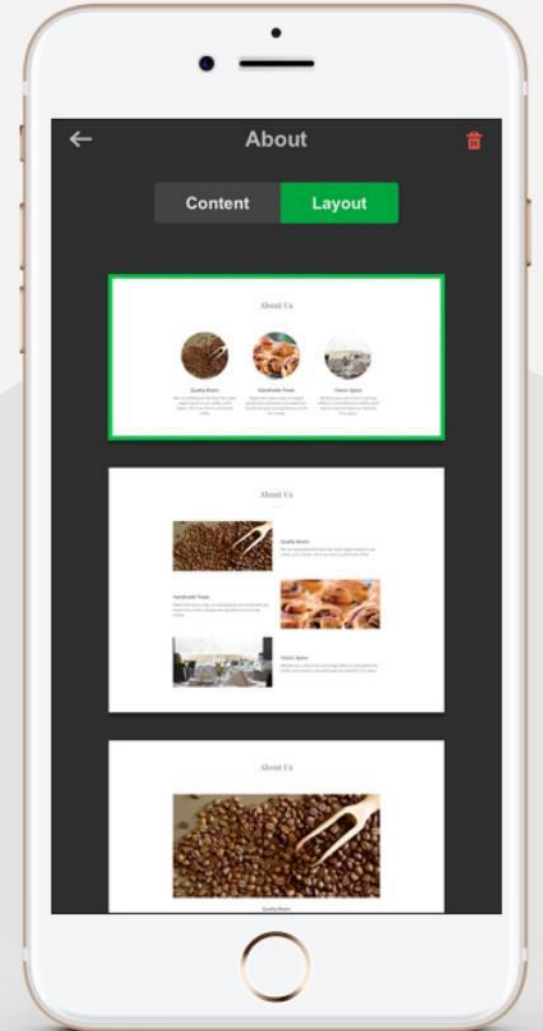


Build, customize, or update your fully mobile-responsive site on-the-go entirely from a phone or tablet.

Integrated  
Marketing &  
eCommerce



**GoCentral**  
Easy and elegant  
site-building.





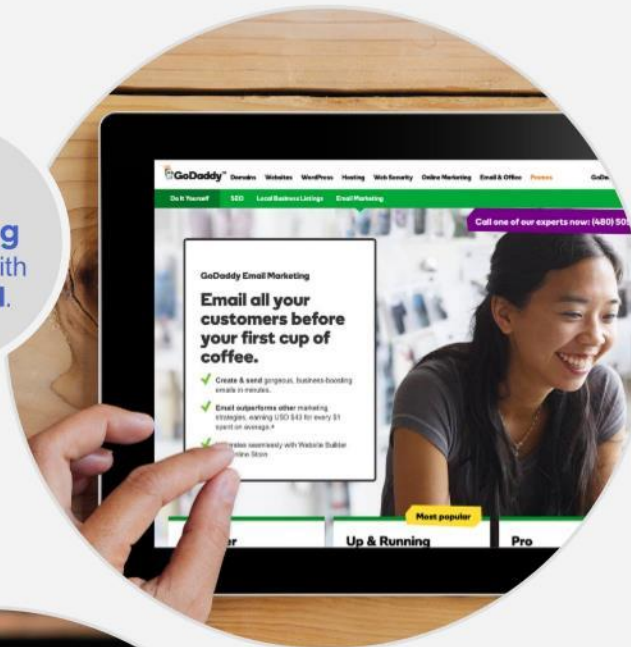
# Strong Growth in Business Apps

Revenue  
\$ Millions



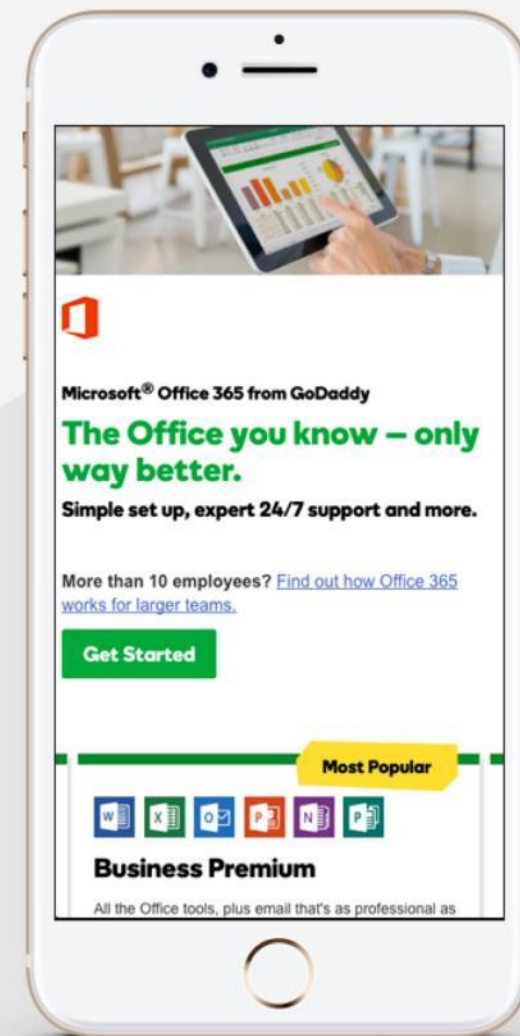
Unless otherwise noted, all numbers are as of June 30, 2017.

Email  
Marketing  
Integrated with  
GoCentral.



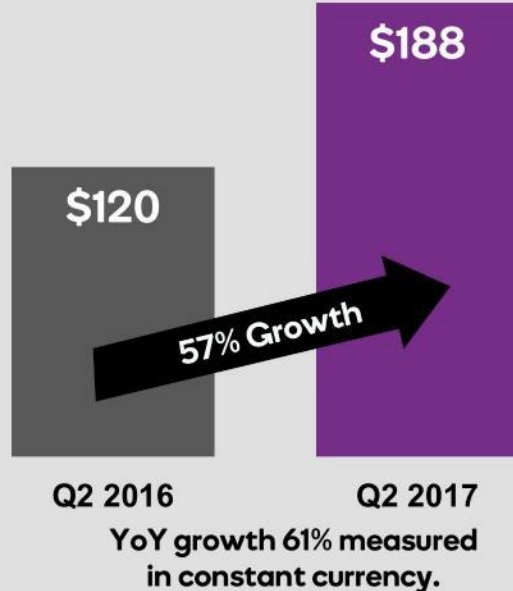
Workspace  
Renewals  
remain strong.

Microsoft  
Office 365  
Continued strong  
adoption bundled  
with domains.



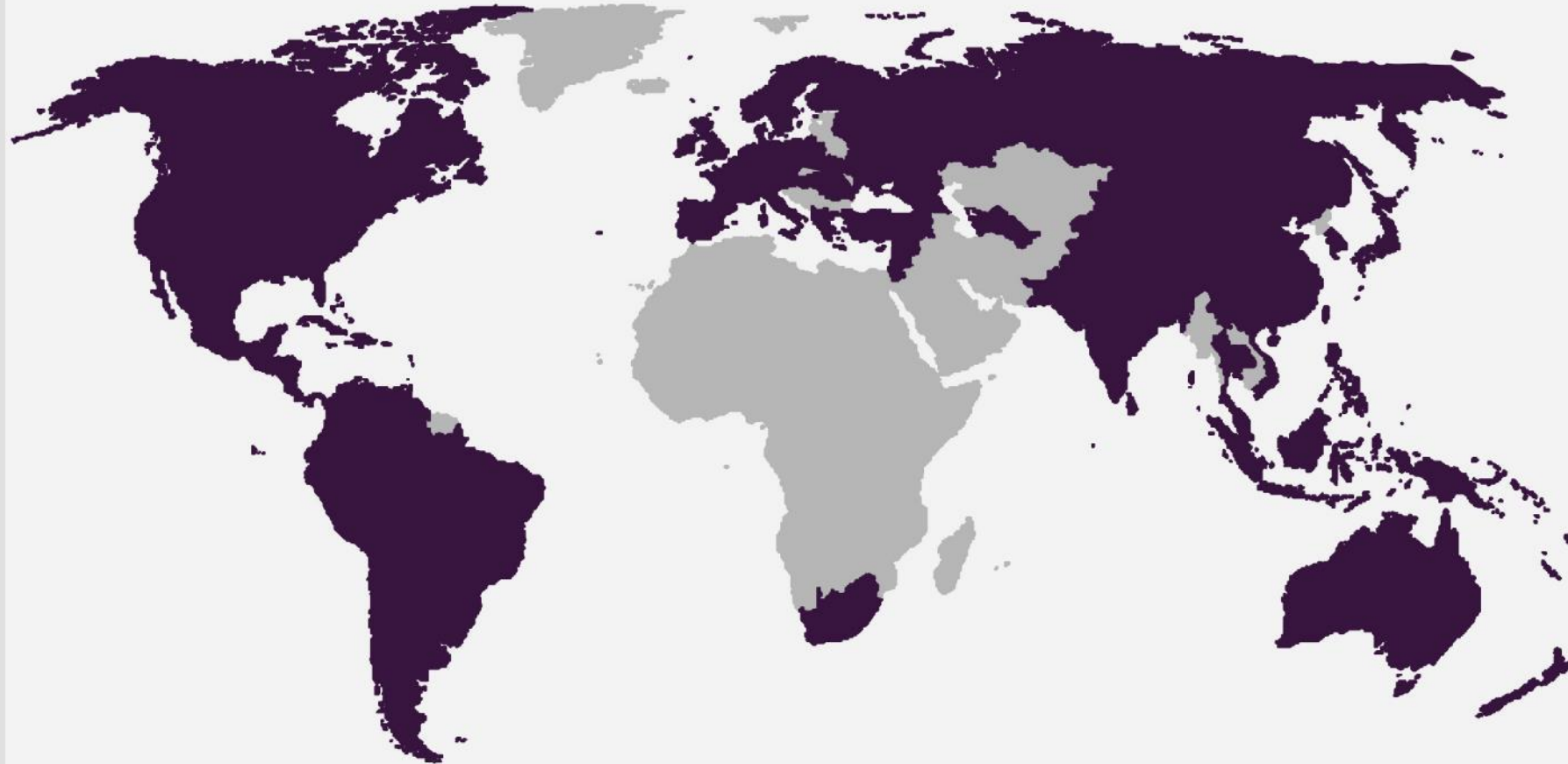
## Bold Expansion Globally

International Revenue  
\$ Millions



Unless otherwise noted, all numbers are as of June 30, 2017.

## 50+ Markets and 100+ Countries





## Site Publish Momentum

- Hundreds of thousands of GoCentral sites published
- 50% published within one hour of sign-up.
- 50% of GoCentral sign-ups come from international markets

## Strong Conversion

- Single-digit percentage of free-trial sign-ups converted to paid

## Rapid Product Iteration

- Continued purchase path improvements
- Social and SEM integration
- More themes, layouts, photos, fonts
- Language translation
- Site analytics

## What our customers are saying...

Lucianna  
Johnston  
Creator



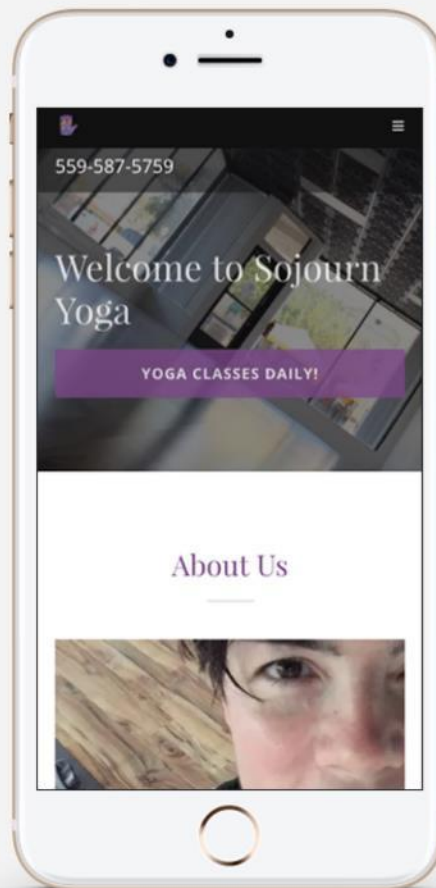
*"This website builder is intuitive, beautiful and professional.*

*I am so thrilled!*

*By the way...optimized for mobile!!!!*

*Huge improvement. I am very pleased with both my website builder and email marketing products.*

*Thank you GoDaddy!!"*



Allen  
Brooks  
Founder

*"After our webmaster disappeared we needed a way to build the site ourselves. I've tried different software to make sites before but was not excited about doing the job.*

*Then I called GoDaddy! The tech told me about GoCentral and I decided to take a chance. Well, I can say this, The best and easiest software I have ever used.*

*Our site was back up in a few short hours and we liked the new one a lot better than our old one! Could not be happier! Very easy to edit as well!*

*6 out of 5 stars awarded!"*



# SmartLine

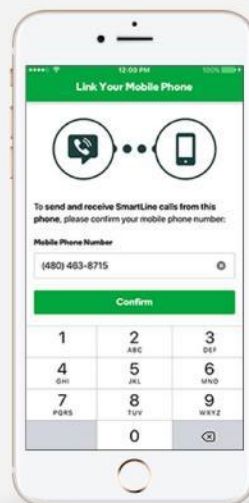
## Second Phone Number App

- Allows small businesses to add a second and completely separate phone line to an existing smartphone
- Consistently iterating on the product flow and design specs
- Super intuitive and familiar
- Easy to sign up and use
- Compelling pricing

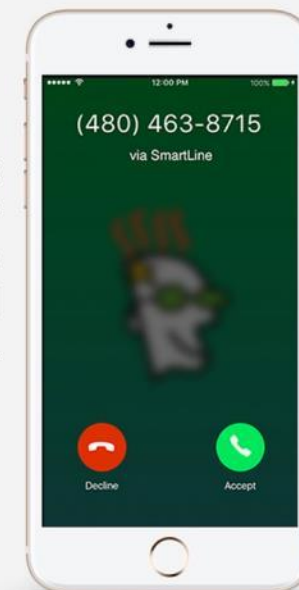
## Features available soon:

- SMS and MMS texting
- 800 numbers
- Customized vanity numbers

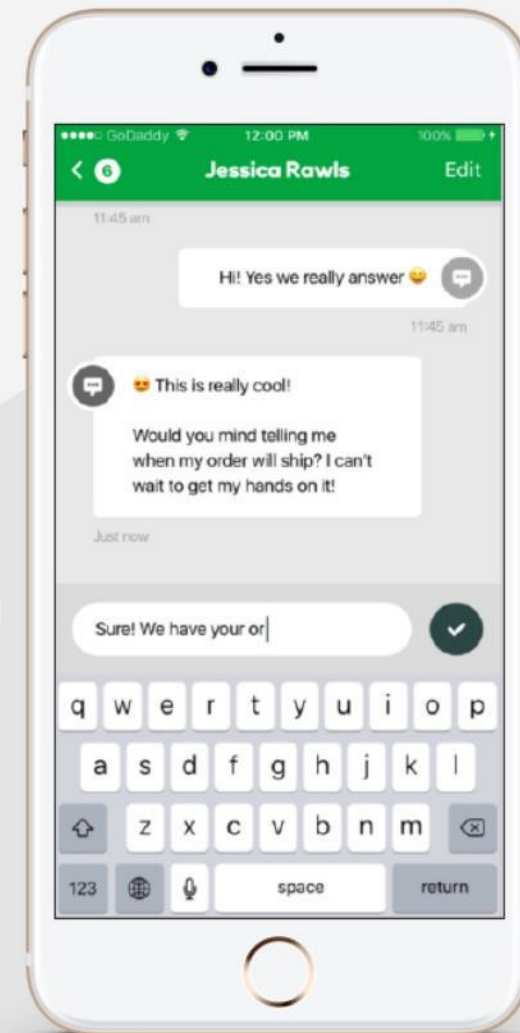
**Make and receive calls using your business number to keep your personal number private.**



**No new equipment to buy; install the app on your current smartphone.**



**Texting**  
Send and receive text messages from customers using your SmartLine business number.

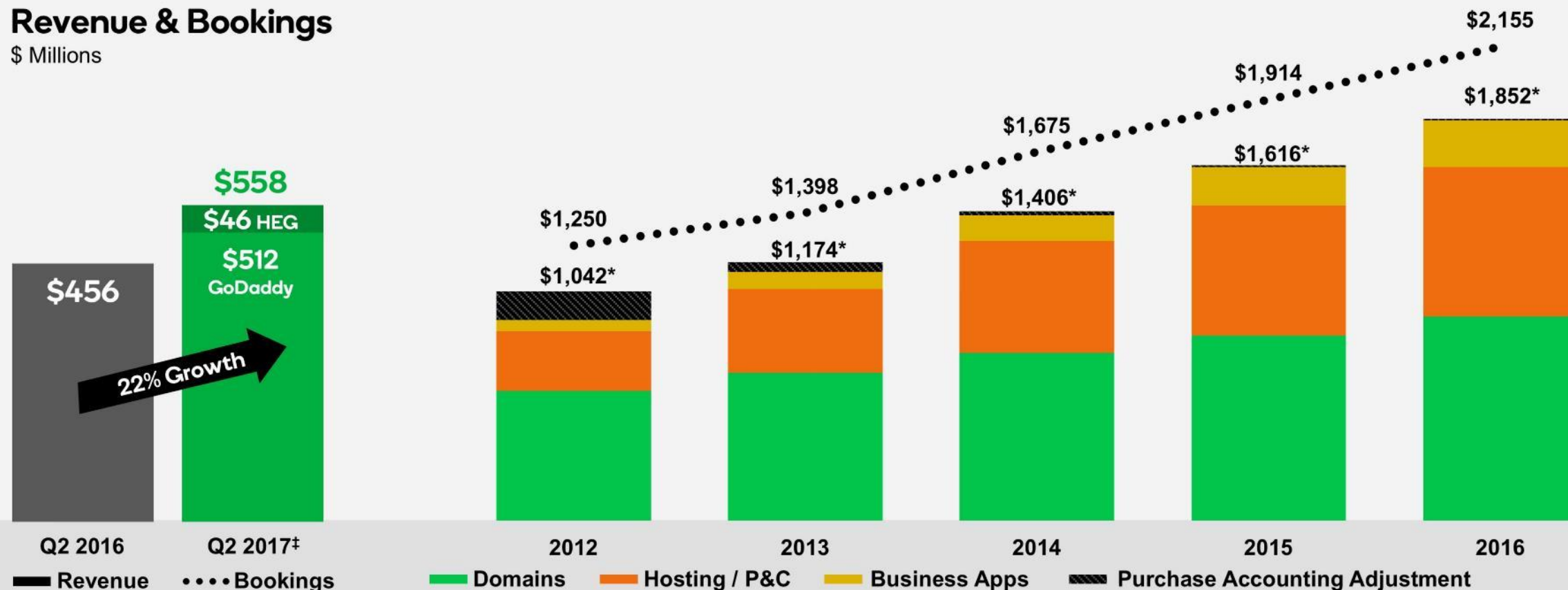




# Revenue Growth at Scale Continuing

## Revenue & Bookings

\$ Millions



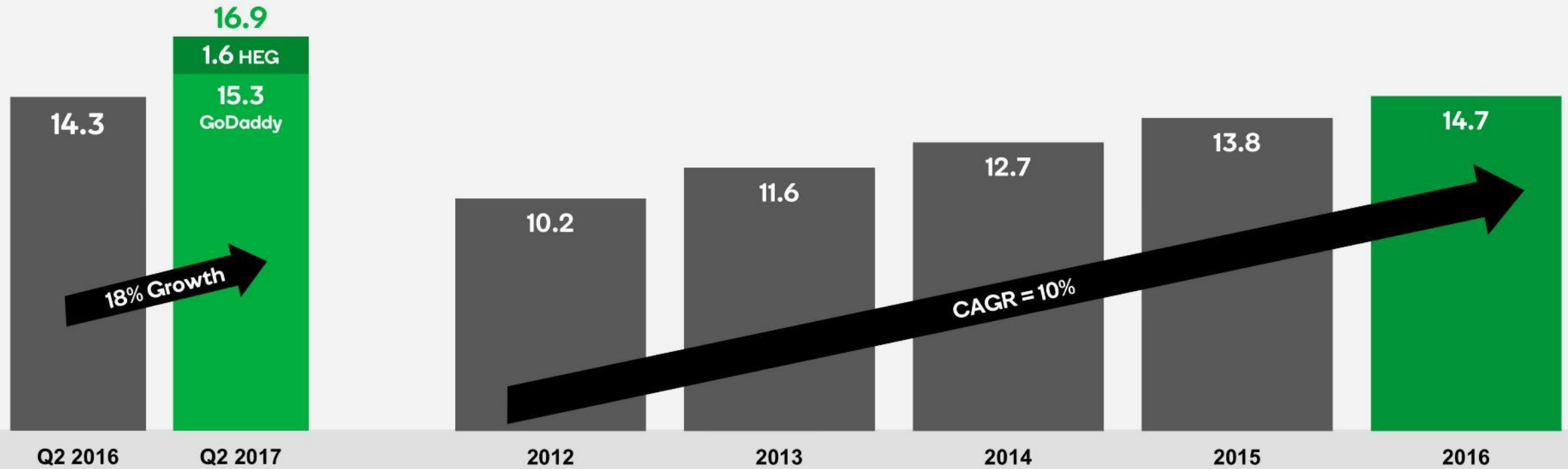
<sup>†</sup>Q217 YOY organic revenue growth was ~12% and includes an approximately \$11M purchase accounting adjustment.

\*Revenue excluding purchase accounting adjustment. GAAP Revenue was \$911 million in 2012, \$1,131 million in 2013, \$1,387 million in 2014, \$1,607 million in 2015, and \$1,848 million in 2016, including purchase accounting adjustment. Unless otherwise noted, all numbers are as of June 30, 2017.

# Continued Strong Growth in Customers

## Customers

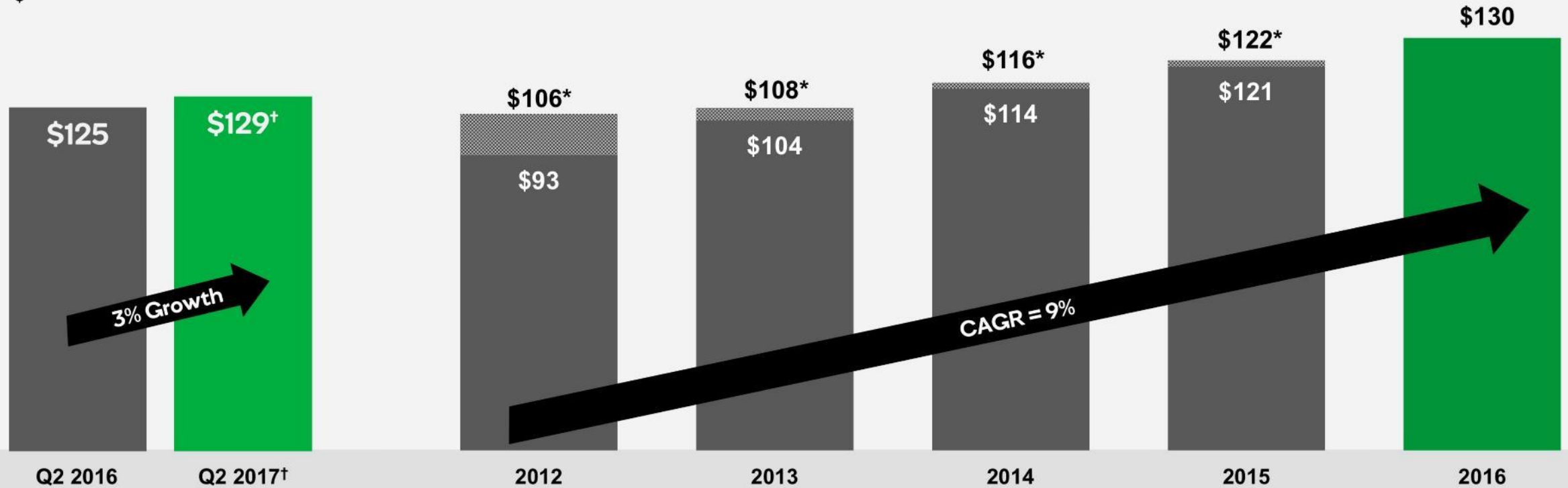
Millions





# Consistent Growth in ARPU

ARPU  
\$



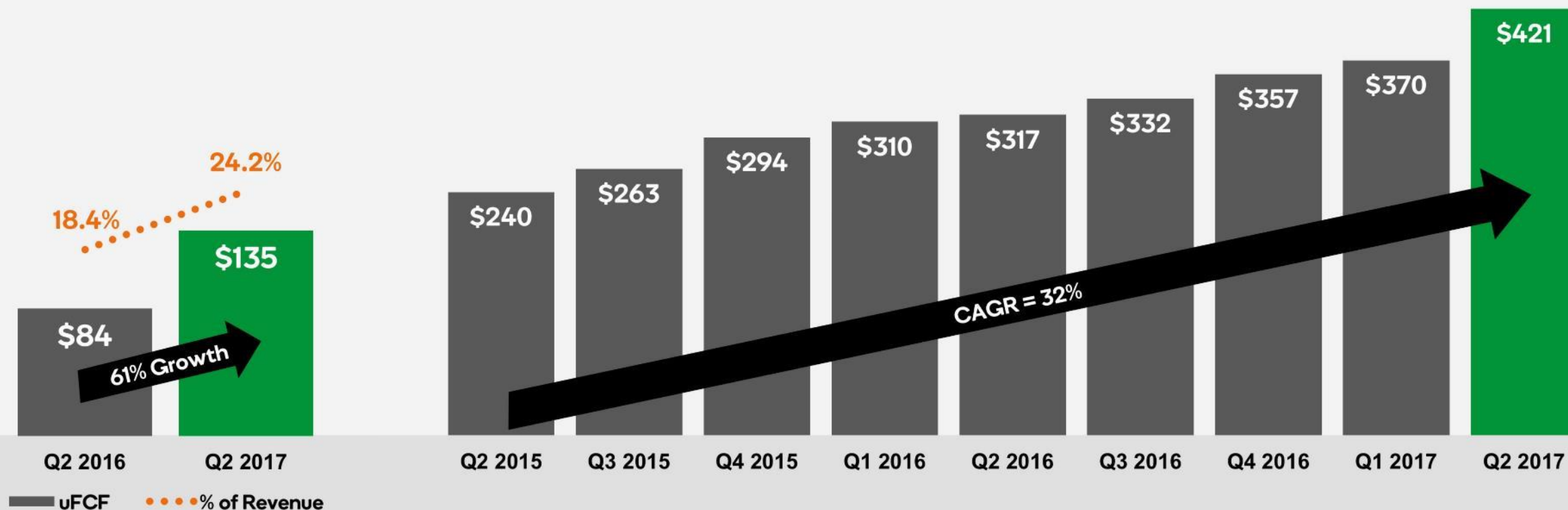
†GoDaddy organic Q217 ARPU (excluding HEG) is \$132, up ~6%. Consolidated ARPU includes four quarters of GoDaddy revenue and one quarter of HEG revenue.

\*ARPU in 2012-2015 shown both including and \*excluding the purchase accounting adjustment.

# Exceptional Unlevered Free Cash Flow (uFCF)

**uFCF**  
\$ Millions

**Trailing Twelve Month uFCF**  
\$ Millions





# Q3 & Full Year 2017 Outlook

	Q3 2017	Full Year 2017
Revenue	\$577M-\$582M ~23% growth	\$2,215M-\$2,225M* ~20% growth
Unlevered Free Cash Flow		\$475-\$485M ~35% growth

\*Includes \$150M in expected revenue from HEG.

# Non-GAAP Reconciliation: Bookings & uFCF

Reconciliation of Bookings (\$M)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2017	2016	2017
Total revenue	\$456.2	\$557.8	\$889.9	\$1,047.5
Change in deferred revenue	47.7	66.1	131.0	159.8
Net refunds	35.0	41.8	73.4	81.7
Other	(0.3)	1.8	2.1	3.3
<b>Total Bookings</b>	<b>\$538.6</b>	<b>\$667.5</b>	<b>\$1,096.4</b>	<b>\$1,292.3</b>

Reconciliation of Unlevered Free Cash Flow (\$M)	Three Months Ended June 30		Six Months Ended June 30	
	2016	2017	2016	2017
Net cash provided by operating activities	\$92.4	\$113.3	\$197.7	\$239.9
Impact of discontinued operations	—	(3.0)	—	(3.0)
Cash paid for interest	11.7	25.9	23.3	34.7
Cash paid for acquisition and sponsor-related costs	0.1	18.5	0.4	24.0
Capital expenditures	(14.6)	(16.7)	(26.6)	(36.5)
Cash paid for tax-related distributions	(5.7)	(3.0)	(10.3)	(10.0)
<b>Unlevered Free Cash Flow</b>	<b>\$83.9</b>	<b>\$135.0</b>	<b>\$184.5</b>	<b>\$249.1</b>



# Non-GAAP Reconciliation: Trailing Twelve Months & uFCF

Reconciliation of uFCF (\$M)	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17
Net cash provided by operating activities	\$195.4	\$223.8	\$259.2	\$292.4	\$337.5	\$358.5	\$386.5	\$407.8	\$428.7
Impact of discontinued operations	—	—	—	—	—	—	—	—	(3.0)
Cash paid for interest	84.8	68.3	59.1	50.1	47.0	46.8	46.5	43.7	58.0
Cash paid for acquisition and sponsor-related costs	32.1	31.7	31.9	31.6	2.0	2.0	3.5	8.7	27.1
Capital expenditures	(72.3)	(60.8)	(55.8)	(59.6)	(59.4)	(64.3)	(61.5)	(69.3)	(71.5)
Cash paid for tax-related distributions	—	—	(0.3)	(4.9)	(10.6)	(10.6)	(18.3)	(20.7)	(18.0)
<b>Unlevered Free Cash Flow</b>	<b>\$240.0</b>	<b>\$263.0</b>	<b>\$294.1</b>	<b>\$309.6</b>	<b>\$316.5</b>	<b>\$332.4</b>	<b>\$356.7</b>	<b>\$370.2</b>	<b>\$421.3</b>

# Non-GAAP Reconciliation: **Net Debt**

Reconciliation of Net Debt (in millions)	June 30, 2017	
	Actual	Proforma*
Current portion of long-term debt	\$580.8	\$10.3
Long-term debt	2,419.1	2,419.1
Unamortized original issue discount on long-term debt	35.3	34.2
Unamortized debt issuance costs	30.1	24.8
Total debt	\$3,065.3	\$2,488.4
Less: Cash and cash equivalents	(578.8)	(407.6)
Less: Short-term investments	(12.4)	(12.4)
<b>Net Debt</b>	<b>\$2,474.1</b>	<b>\$2,068.4</b>

\*Assumes the impact of the PlusServer sale and bridge loan pay-down occurred on June 30, 2017.



## Non- GAAP Reconciliation: **Impact of Purchase Accounting on Revenue**

<b>Impact of Purchase Accounting on Revenue (\$M)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Revenue	\$910.9	\$1,130.8	\$1,387.3	\$1,607.3	\$1,847.9
Impact of Purchase Accounting on Revenue	130.7	43.3	18.7	8.5	4.5
<b>Total Revenue (Excluding the Impact of Purchase Accounting)</b>	<b>\$1,041.6</b>	<b>\$1,174.1</b>	<b>\$1,406.0</b>	<b>\$1,615.8</b>	<b>\$1,852.4</b>

# Senior Leadership Team with Deep Expertise



**Blake Irving**  
Chief Executive Officer



**Scott Wagner**  
President  
& Chief Operating Officer



**Barb Rechterman**  
EVP, Chief Mktg Officer



**Ray Winborne**  
Chief Financial Officer



**Steven Aldrich**  
Chief Product Officer



**Auguste Goldman**  
SVP, Customer Care



**Nima Kelly**  
EVP, General Counsel



**James Carroll**  
EVP, Global Platform Dev



**Andrew Low Ah Kee**  
EVP, International



**Arne Josefsberg**  
EVP, Chief Tech Officer  
& Chief Information Officer



**Mike McLaughlin**  
EVP, Domains



**Raghu Murthi**  
SVP, Hosting



**Lauren Antonoff**  
SVP, Presence & Commerce



**Karen Tillman**  
SVP, Chief Comms Officer



**David Popowitz**  
SVP, Corporate Dev





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**2017**

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