



2020 Q2 Earnings Results

August 2020

In addition to offering virtual free yoga classes, Yoganic Flow founder Kerrie Trahan is teaching her students how yoga can help reduce stress during times of anxiety.

Kerrie Trahan
[YOGANICFLOW.COM](https://yoganicflow.com)

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 presentation and are not guarantees of future performance. Statements in this presentation 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 and innovation, 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 and marketing strategy; any statements regarding integration of recent or planned acquisitions, including desired synergies and vertical integration from recent acquisitions, any statements regarding our future financial results; potential tax and cash flow implications of the settlement and related leverage considerations of our TRAs, the expected impact of a recent restructuring, as well as the impact of the COVID-19 pandemic on our business, customers, employees and third-party partners; 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; developments in the economy, financial markets and credit markets, including as a result of COVID-19; and execution of share repurchases.

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 those described in "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 as well as those described in "Management's discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended December 31, 2019, which are available on GoDaddy's website at <https://investors.godaddy.net> and on the SEC's website at www.sec.gov. 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 presentation 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 21-24 of this presentation.

GoDaddy's competitive advantages

GoDaddy brand



Sage guidance

GoDaddy guides
Darlene T.
GoDaddy Guide



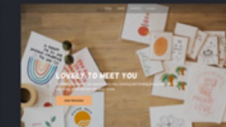
Seamlessly intuitive experiences

Try a new look

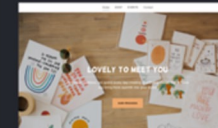
See your website content on any theme, any time.



LUXE



DUSK



DAWN



CLARITY

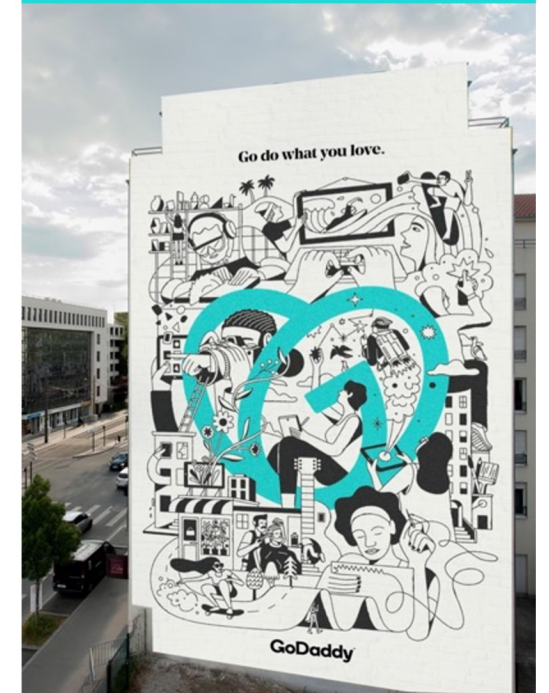


ELEMENT



SIDELINE

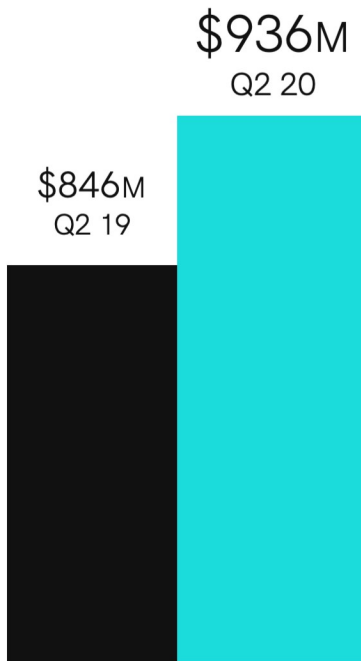
Exponential power of our community



Q2 2020 results

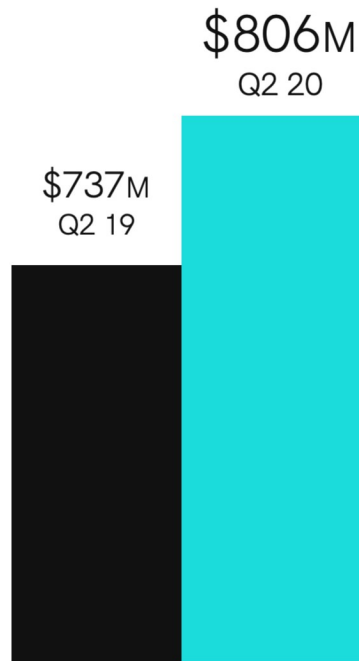
Bookings

11% Y/Y increase
12% Constant Currency



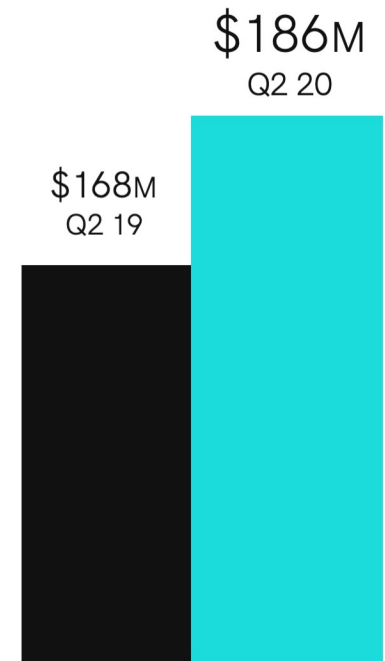
Revenue

9% Y/Y increase
10% Constant Currency



uFCF

11% Y/Y increase





Business updates

Capturing unprecedented industry demand

- GoDaddy now has more than 20 million paying customers
- Gained over 400K net new customers in Q2
- Increased investment in marketing with strong returns


Creating value through innovation

- Continued improvements to Websites + Marketing, with a focus on commerce
- Introduced freemium offerings for Websites + Marketing and Sellbrite
- Go Theme in WordPress in the top 8 of nearly 8,000 available themes in the WordPress ecosystem

Decisive action to optimize the business for profitable growth

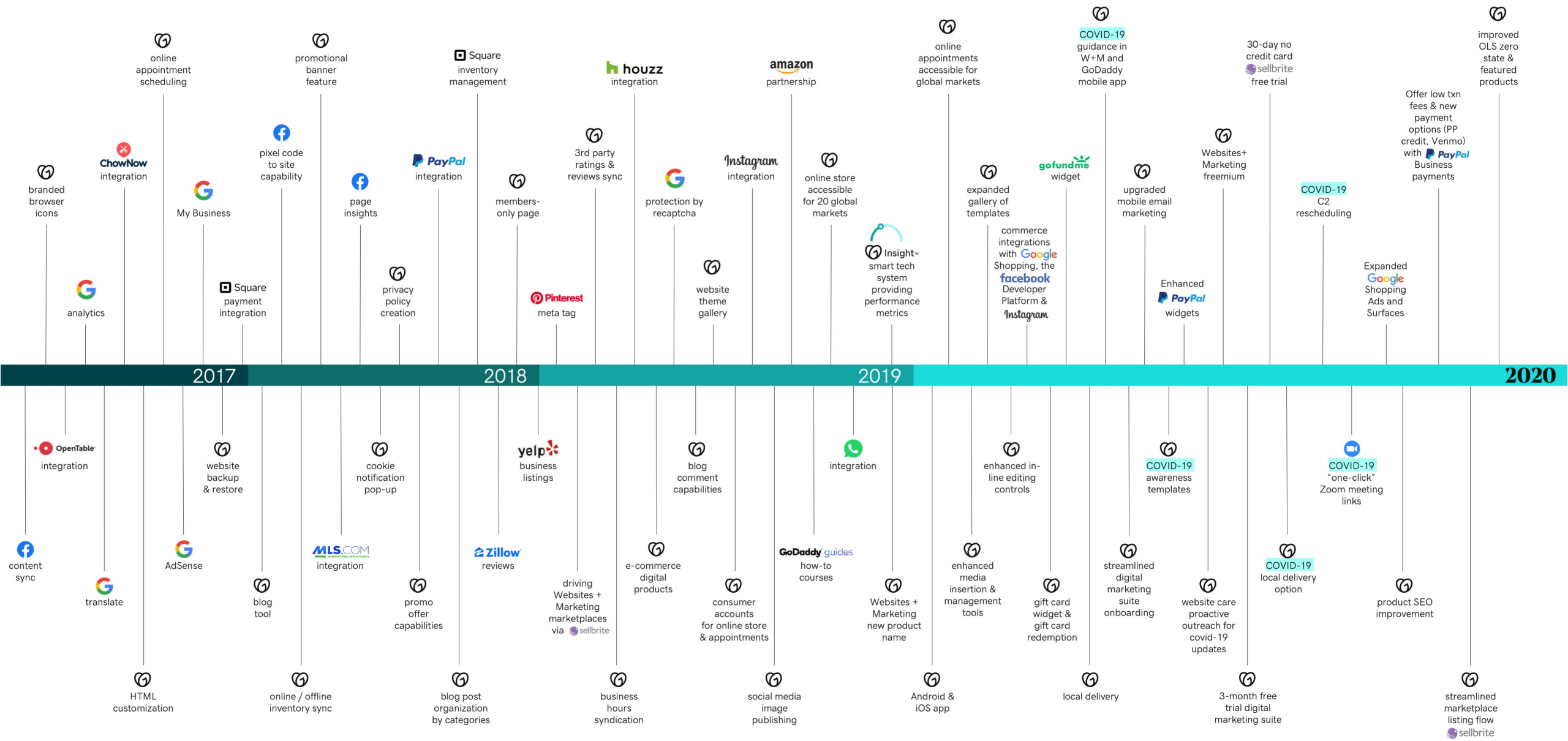
- Restructured our U.S. outbound sales teams to invest for growth and maintain margins
- Settled TRAs for one-time payment of \$850 million, eliminating \$1.8 billion in tax-related payments over the next 10+ years, removing unnecessary complexity at great returns
- Closed the acquisition of Neustar's registry business

GoDaddy immediately addressable TAM: \$180B

	Dream 	Create 	Grow 	Manage 
GoDaddy offering	Domains	Online Presence Branded Email	Marketing Commerce Consumer Engagement	N/A
Typical customer spend in category per year	\$15	\$100-\$250	\$600-\$1,000	\$1,000+
Available TAM	\$5B	+ \$45B	+ \$130B	+ \$170B
Cumulative TAM	= \$5B	= \$50B	= \$180B	= \$350B+

TAM figures are GoDaddy estimates for 2020 based on internal metrics and data from the GPF Global Partnership for Financial Inclusion.

Product Progress — Websites + Marketing



eCommerce value prop

01 **Reach more customers**
Easily list inventory, in bulk, on multiple sales channels

02 **Avoid overselling**
Adjust and sync inventory across all channels

03 **Streamline fulfillment**
Print postage and ship all orders from a single interface



Seamlessly intuitive experiences — Websites + Marketing

Launched freemium offer of Websites + Marketing in early 2020

- \$25/month offer for online store, branded email for one year, SEO, social media integrations with unlimited postings, email marketing, digital ad credits, best-in-class integrations powered by Sellbrite, and 24/7 customer guidance

eCommerce solutions

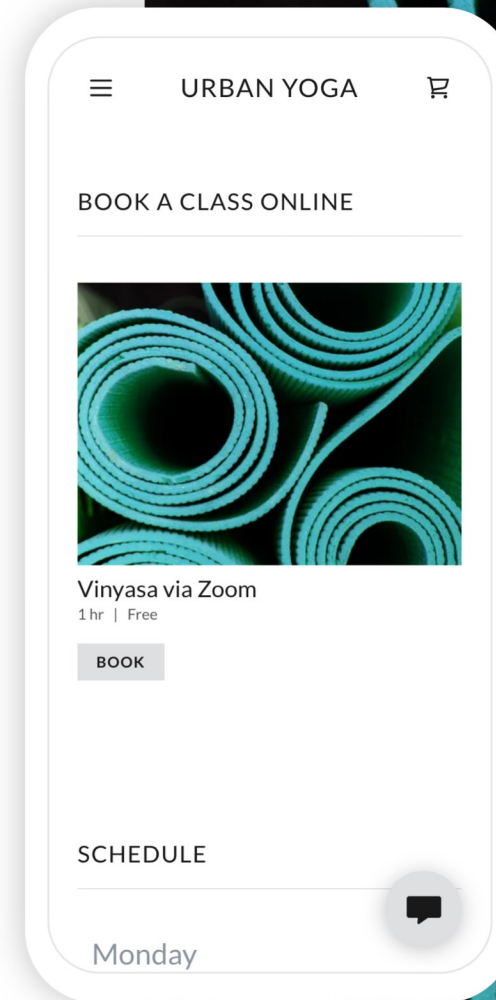
- Added to freemium lineup in Q2 with a more accessible pricing tier to drive greater adoption
- 60% increase in net adds quarter over quarter in commerce tier of W+M; nearly 90% increase year over year

Expanded Google Shopping integration to include Shopping Ads and Surfaces

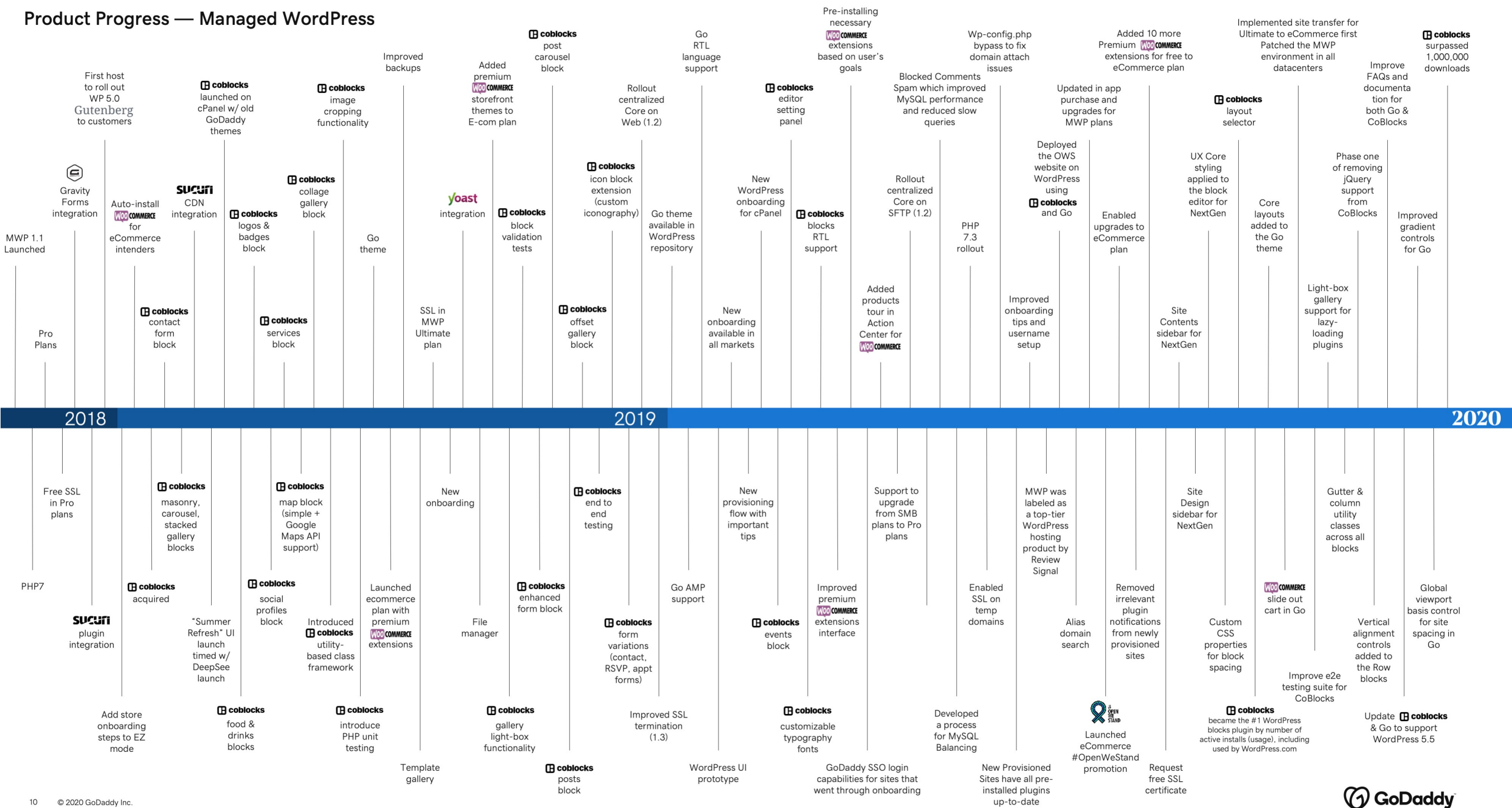
Low transaction fees and new payment options (PP credit, Venmo) with 'PayPal Business' payments

Over

- In June, our customers created and exported more than 14 million pieces of content — up 100% year over year
- 1.7 million monthly active users (MAUs)



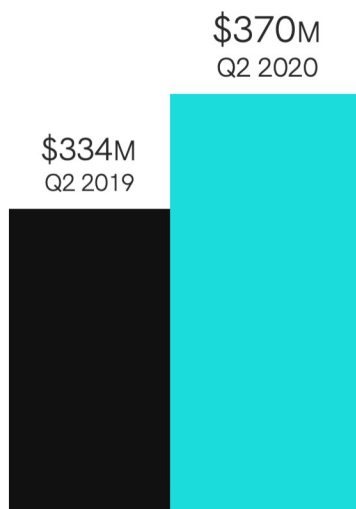
Product Progress — Managed WordPress





Domains

11% Y/Y increase

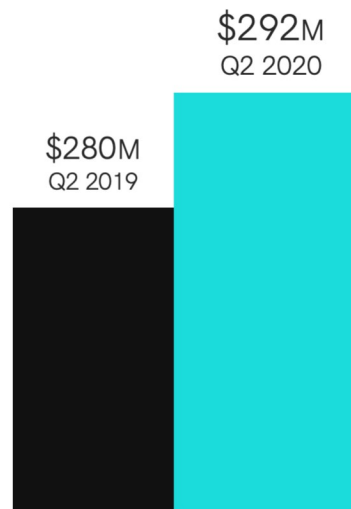


- Continued strong renewals and registrations
- Better and differentiated search across desktop and mobile devices
- Broadest and deepest domain aftermarket marketplace



Hosting & Presence

4% Y/Y increase

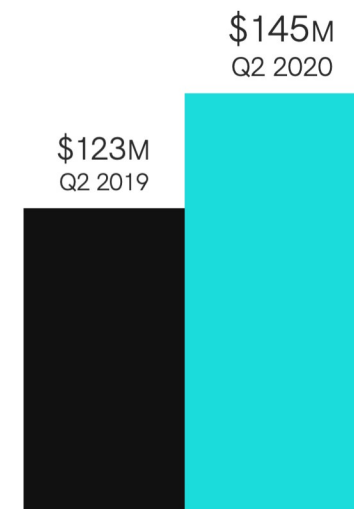


- Expanding presence suite to help entrepreneurs be everywhere they need to be to meet their customers
- Increasing functionality and feature set of commerce offering
- Broad integrations and partnerships
- Build and customize your site on any device



Business Applications

18% Y/Y increase



- Open-Xchange in emerging markets
- Microsoft O365 continued strong adoption
- Strong Workspace renewals

Global footprint

Bold expansion globally

International Revenue — 7% Y/Y growth | 10% Constant Currency



100+ Countries

\$1B+ Run Rate

50+ Markets



Chris & Mark Manalili
Alaska Seafood Philippines

Key investment highlights

- Clear global leader in serving massive market of everyday entrepreneurs
- Innovative customer-led offering driving share gains across the customer journey
- Capability to invest capital aggressively
- Distinctive financial profile with profitable growth at scale
- Experienced management with a track record of success

Reconciliations to non-GAAP metrics can be found in the appendix.

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On GoDaddy

\$4B Revenue

\$1.1B uFCF

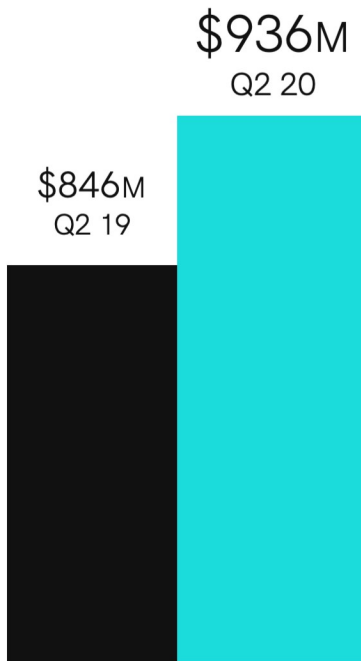
Organic target for 2022

Potential for upside from future M&A

Q2 2020 results

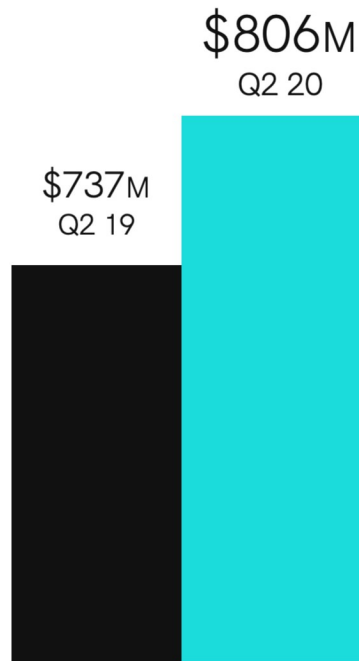
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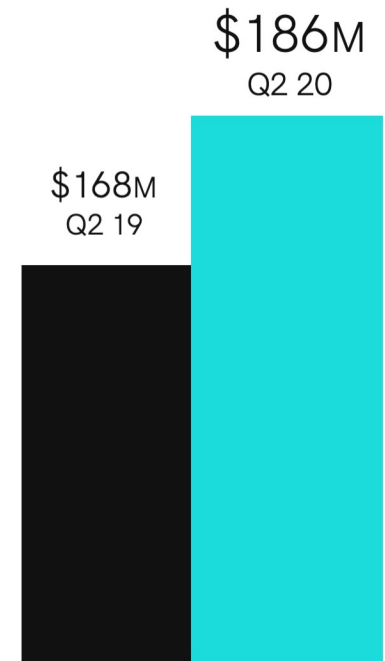
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uFCF

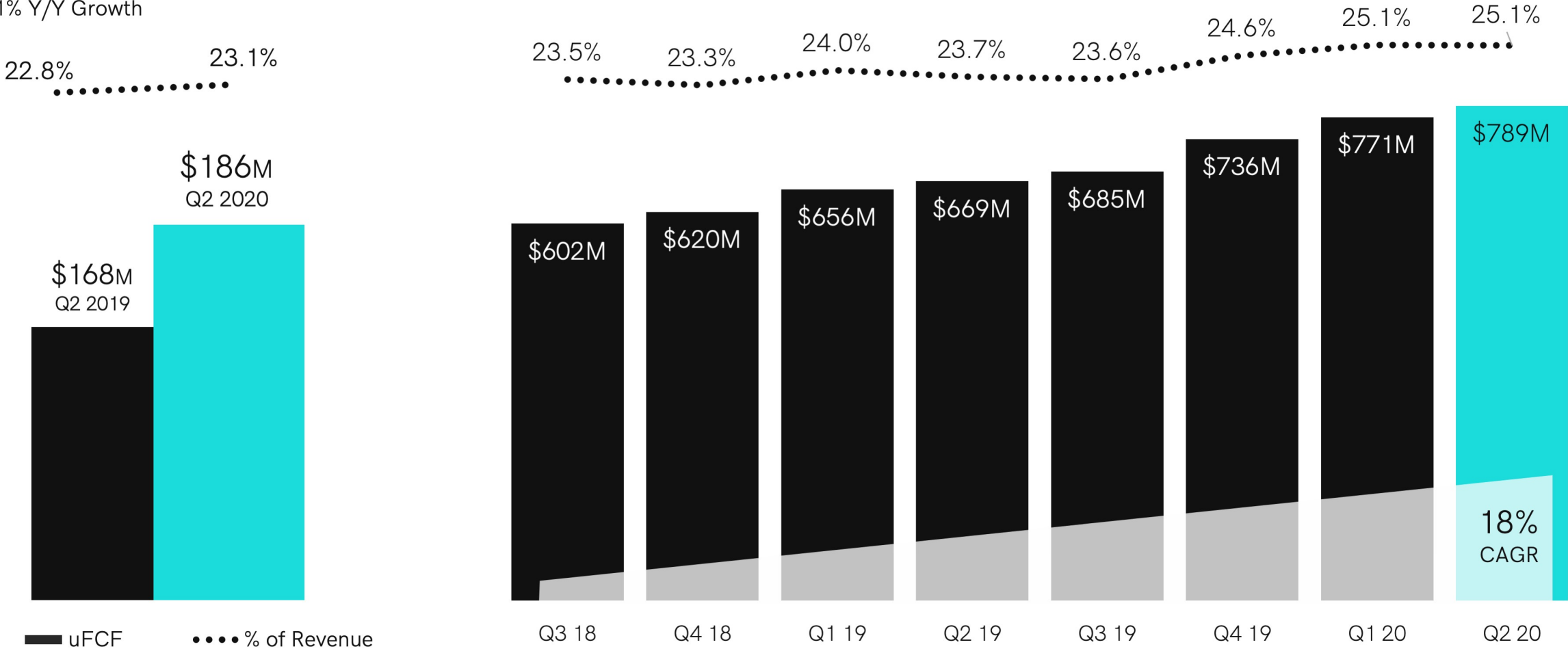
11% Y/Y increase



Exceptional unlevered free cash flow (uFCF)

uFCF (\$M)
11% Y/Y Growth

Trailing Twelve Month uFCF



A reconciliation table between uFCF and its nearest GAAP equivalent for the period presented can be found at the end of this presentation.

Balance sheet & liquidity

Strong liquidity position

Cash generative / 25% uFCF margins

\$773M in cash on balance sheet

~3X leverage¹

- No significant debt maturities until 2024

TRA

Settled TRA for one-time payment of \$850M; payment to be made in Q3

Eliminates approximately \$1.0B in tax-related payments through 2028, and more thereafter

Future growth targets

Nearly \$3B in cumulative uFCF through 2022

Targeted leverage of 2X-4X

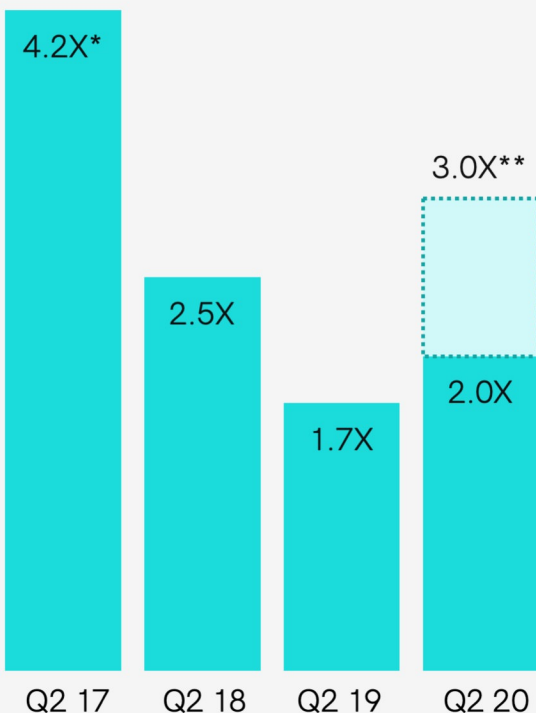
Incremental debt capacity of nearly \$1B, with total deployable capital of more than \$4B through 2022, assuming 4X leverage.

¹ Pro Forma for settlement of TRA, excluding which leverage would be ~2X.

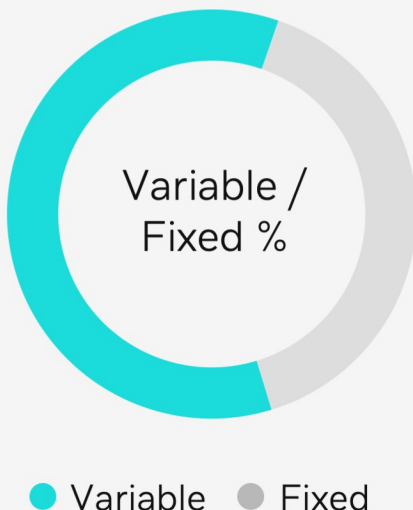
² Assumes that the revolver will be drawn for initial funding of TRA settlement.

*Pro Forma for HEG. **Pro Forma for TRA. ***Assumes 4X leverage, post TRA settlement.

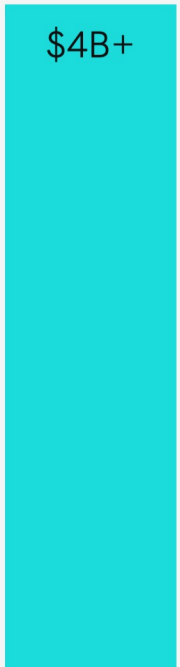
Leverage Ratio
(LTM)



\$1.8B Term Loan
Maturity - 2024
\$600M Unsecured
Debt - 2027
\$600M Revolving
Credit Facility² - 2024



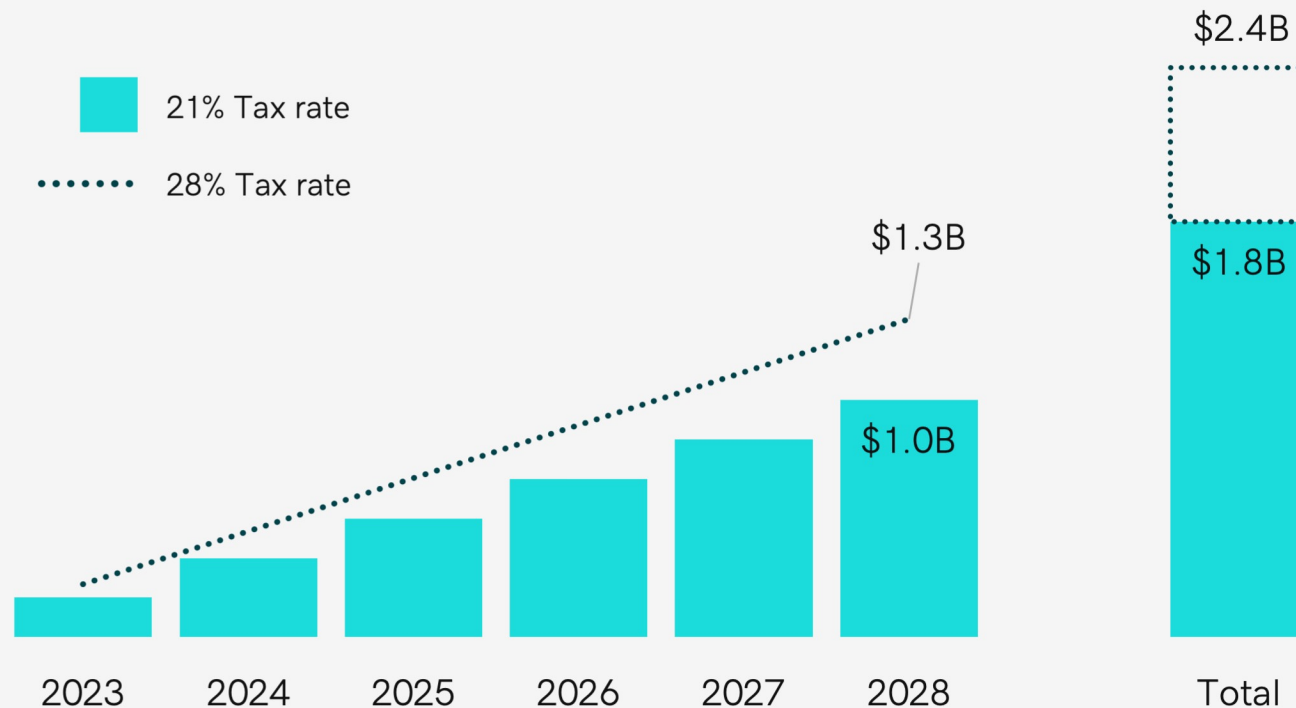
Deployable capital
through 2022***



TRA Settlement is prudent both financially and strategically

- Settlement eliminates \$1B in cash tax-related payments through 2028, and more than \$700M thereafter
- If tax rates increase to 28%, eliminated cash tax-related payments would be \$1.34B through 2028
- At \$850M, the implied rate of return is 9%, approximately 6pp higher than financing cost
- At a 28% tax rate, the implied rate of return would be 13%
- Simplifies valuation and long-term financial model for investors
- Removes tax-related uncertainty from long-term cash flows

Cumulative cash tax-related savings

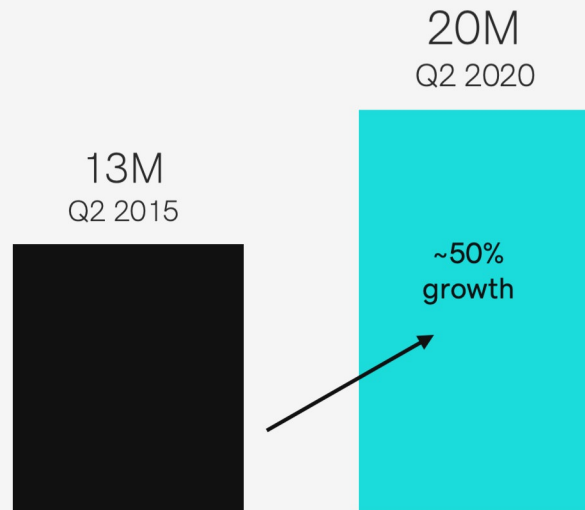


For illustrative purposes only; tax-related savings begin in 2023 but may not be linear through 2028.

Our progress as a public company

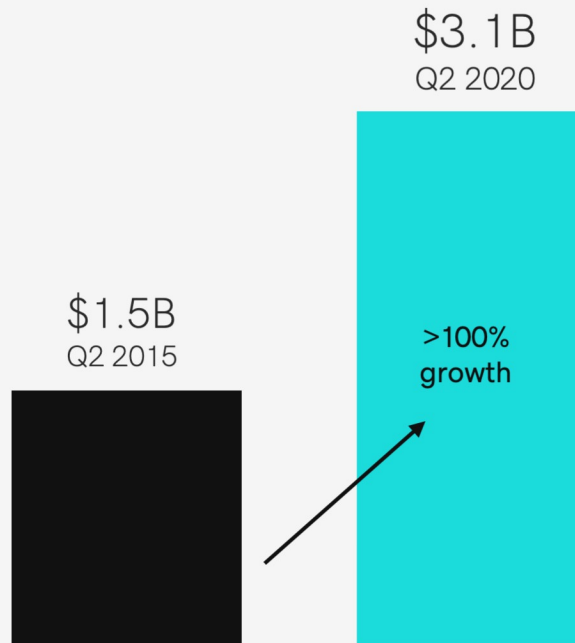
~50% growth in paying customers since our IPO

We have seen remarkable growth in customers.



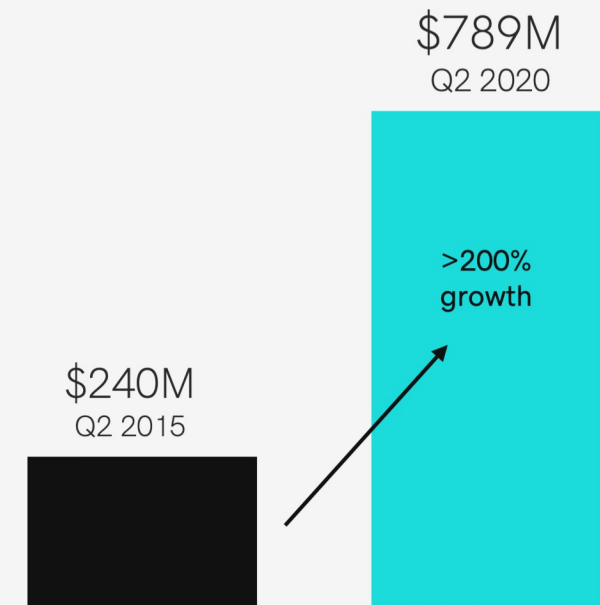
Over 100% growth in TTM revenue

Creating customer value over time has driven even faster revenue growth.



Over 200% growth in TTM uFCF

Prudent stewardship of capital and the P&L has driven even faster uFCF growth.



Q3 2020 Outlook

Total Revenue	~\$835M; ~10% growth
Domains	double-digit growth
Hosting & Presence	mid-single-digit growth
Business Applications	high-teens growth

2020 Outlook

Total Revenue ~10% growth

Unlevered Free Cash Flow \$815M - \$825M

We expect total bookings growth to outpace revenue growth by roughly 1pp.
2020 includes an anomalous 27th pay period, without which uFCF guidance would be approximately \$18M higher.

Non-GAAP Reconciliation: Bookings & uFCF

Reconciliation of Bookings (\$M)	Three Months Ended June 30		Six Months Ended June 30	
	2019	2020	2019	2020
Total revenue	\$737.2	\$806.4	\$1,447.2	\$1,598.4
Change in deferred revenue	52.0	59.4	157.3	155.7
Net refunds	56.9	69.7	112.1	133.0
Other	—	0.8	—	0.3
Total Bookings	\$846.1	\$936.3	\$1,716.6	\$1,887.4

Reconciliation of Unlevered Free Cash Flow (\$M)	Three Months Ended June 30		Six Months Ended June 30	
	2019	2020	2019	2020
Net cash provided by operating activities	\$161.3	\$168.1	\$361.0	\$401.4
Cash paid for interest	18.4	25.0	39.8	36.2
Cash paid for acquisition-related costs	4.6	9.6	11.7	13.0
Capital expenditures	(16.5)	(17.2)	(45.9)	(30.7)
Cash paid for restructuring charges	—	0.4	—	0.4
Unlevered Free Cash Flow	\$167.8	\$185.9	\$366.6	\$420.4

Non-GAAP Reconciliation: Normalized EBITDA

Reconciliation of Normalized EBITDA (\$M)	Three Months Ended June 30		Six Months Ended June 30	
	2019	2020	2019	2020
Net income (loss)	(\$12.7)	(\$673.2)	\$0.5	(\$630.0)
Interest, net	16.6	18.8	35.2	36.7
Benefit/Provision for income taxes & TRA adjustments	(0.8)	675.7	(13.4)	674.3
Depreciation and amortization	53.8	48.4	111.0	100.6
Equity-based compensation expense	41.6	48.6	88.5	94.0
Acquisition-related costs	2.6	4.6	5.2	14.5
Restructuring charges	—	39.4	—	39.4
Accrual for legal settlement expenses	18.1	—	18.1	(2.9)
Debt refinance expenses	14.5	—	14.5	—
Normalized EBITDA	\$133.7	\$162.3	\$259.6	\$326.6

Non-GAAP Reconciliation: Net Debt

Reconciliation of Net Debt (\$M)

June 30, 2020

Current portion of long-term debt	\$18.1
Long-term debt	2,368
Unamortized original issue discount on long-term debt	12.0
Unamortized debt issuance costs	21.7
Total debt	\$2,419.8
Less: Cash and cash equivalents	(772.7)
Net Debt	\$1,647.1

Non-GAAP Reconciliation: Trailing Twelve Months uFCF

Reconciliation of uFCF (\$M)	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Net cash provided by operating activities	\$535.6	\$559.8	\$611.1	\$643.5	\$689.7	\$723.4	\$757.0	\$763.8
Impact of discontinued operations	23.8	23.8	23.8	2.4	—	—	—	—
Cash paid for interest	83.3	84.1	85.0	83.4	75.7	80.3	70.1	76.6
Cash paid for restructuring charges	—	—	—	—	—	—	—	0.4
Cash paid for acquisition-related costs	25.7	32.2	29.7	30.1	27.3	19.5	15.9	21.1
Capital expenditures	(72.5)	(87.7)	(101.0)	(97.7)	(109.3)	(87.6)	(71.7)	(72.4)
Cash paid for indirect taxes	6.0	7.3	7.3	7.3	1.3	—	—	—
Unlevered Free Cash Flow	\$601.9	\$619.5	\$655.9	\$669.0	\$684.7	\$735.6	\$771.3	\$789.5

Non-GAAP Financial Measures & Other Operating Metrics

In addition to our results determined in accordance with 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 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 cash receipts from the sale of products to customers in a given period adjusted for products where we recognize revenue on a net basis and without 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.

Unlevered Free Cash Flow. Unlevered free cash flow is a measure of our liquidity used by management to evaluate our business prior to the impact of our capital structure and 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.

Normalized EBITDA. Normalized EBITDA is a supplemental measure of our operating performance used by management to evaluate our business. We believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide the most accurate measure of core operating results and permits period-over-period comparisons of our operations. We calculate Normalized EBITDA as net income excluding depreciation and amortization, interest expense (net), provision or benefit for income taxes and TRA adjustments, equity-based compensation expense, acquisition-related costs and certain other certain items.

Net Debt. We define net debt as total debt less cash and cash equivalents and short-term investments. Total debt consists of the current portion of long-term debt plus long-term debt, unamortized original issue discount and unamortized debt issuance costs. 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.



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