Constant Contact - Financial Results and Operating Metrics
4/26/2012

($000s, except per share data and operating metrics)	2008				2009				2010				2011				2012	FY	FY	FY	FY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2008	2009	2010	2011
Revenue	$18,167	$20,771	$22,859	$25,471	$28,118	$30,955	$33,533	$36,455	$39,481	$42,455	$44,828	$47,467	$50,015	$52,527	$54,346	$57,532	$ 59,938	$ 87,268	$ 129,061	$ 174,231	$ 214,420
Cost of revenue	4,783	5,649	6,554	7,265	8,129	8,897	9,927	10,739	11,716	12,686	12,694	13,729	14,683	15,233	15,679	15,896	17,599	$ 24,251	$ 37,692	$ 50,825	$ 61,491
Gross profit	**13,384**	**15,122**	**16,305**	**18,206**	**19,989**	**22,058**	**23,606**	**25,716**	**27,765**	**29,769**	**32,134**	**33,738**	**35,332**	**37,294**	**38,667**	**41,636**	**42,339**	**63,017**	**91,369**	**123,406**	**152,929**
Operating expenses:																					
Research and development	3,329	3,701	3,935	4,158	4,146	4,525	4,663	5,033	5,621	5,943	5,890	6,531	7,438	7,549	7,338	7,153	9,471	15,123	18,367	23,985	29,478
Sales and marketing	8,668	10,220	10,819	13,144	13,831	14,281	14,169	18,742	18,704	20,217	18,773	21,187	24,234	22,515	19,455	23,007	25,718	42,851	61,023	78,881	89,211
General and adminstrative	2,025	2,299	2,564	2,620	3,145	3,373	3,432	3,799	4,299	4,604	4,551	4,574	5,778	5,918	6,191	6,356	7,564	9,508	13,749	18,028	24,243
Total operating expenses	**14,022**	**16,220**	**17,318**	**19,922**	**21,122**	**22,179**	**22,264**	**27,574**	**28,624**	**30,764**	**29,214**	**32,292**	**37,450**	**35,982**	**32,984**	**36,516**	**42,753**	**67,482**	**93,139**	**120,894**	**142,932**
Income (loss) from operations	**(638)**	**(1,098)**	**(1,013)**	**(1,716)**	**(1,133)**	**(121)**	**1,342**	**(1,858)**	**(859)**	**(995)**	**2,920**	**1,446**	**(2,118)**	**1,312**	**5,683**	**5,120**	**(414)**	**(4,465)**	**(1,770)**	**2,512**	**9,997**
Interest and other income (expense), net	976	709	614	110	126	160	128	96	83	85	81	92	89	95	80	(2)	71	$ 2,409	$ 510	$ 341	$ 262
Income (loss) before taxes	338	(389)	(399)	(1,606)	(1,007)	39	1,470	(1,762)	(776)	(910)	3,001	1,538	(2,029)	1,407	5,763	5,118	(343)	(2,056)	(1,260)	2,853	10,259
Income tax expense (benefit)	-	-	-	-	-	-	-	-	-	-	59	(120)	(186)	133	410	(13,777)	(561)	-	-	(61)	(13,420)
Net income (loss)	**$ 338**	**$ (389)**	**$ (399)**	**$ (1,606)**	**$ (1,007)**	**$ 39**	**$ 1,470**	**$ (1,762)**	**$ (776)**	**$ (910)**	**$ 2,942**	**$ 1,658**	**$ (1,843)**	**$ 1,274**	**$ 5,353**	**$ 18,895**	**$ 218**	**$ (2,056)**	**$ (1,260)**	**$ 2,914**	**$ 23,679**
GAAP income (loss) per share diluted	**$ 0.01**	**$ (0.01)**	**$ (0.01)**	**$ (0.06)**	**$ (0.04)**	**$ 0.00**	**$ 0.05**	**$ (0.06)**	**$ (0.03)**	**$ (0.03)**	**$ 0.10**	**$ 0.05**	**$ (0.06)**	**$ 0.04**	**$ 0.18**	**$ 0.62**	**$ 0.01**	**$ (0.07)**	**$ (0.04)**	**$ 0.10**	**$ 0.76**
Diluted weighted average shares outstanding for GAAP	29,067	27,856	28,036	28,074	28,143	29,421	29,569	28,355	28,455	28,652	29,937	30,316	29,310	30,770	30,399	30,646	31,118	27,879	28,253	29,945	31,118
Depreciation and amortization	882	1,348	1,629	1,699	1,763	1,998	2,284	2,527	2,624	2,840	3,131	3,302	3,540	3,492	3,535	3,842	4,285	5,558	8,572	11,897	14,409
Stock-based compensation expense	560	644	757	895	1,073	1,239	1,301	1,471	1,735	1,981	2,094	2,742	2,609	3,242	2,792	3,065	3,299	2,856	5,084	8,552	11,708
Net income (loss)	**338**	**(389)**	**(399)**	**(1,606)**	**(1,007)**	**39**	**1,470**	**(1,762)**	**(776)**	**(910)**	**2,942**	**1,658**	**(1,843)**	**1,274**	**5,353**	**18,895**	**218**	**(2,056)**	**(1,260)**	**2,914**	**23,679**
Less interest and other income (expense), net	976	709	614	110	126	160	128	96	83	85	81	92	89	95	80	(2)	71	2,409	510	341	262
Plus depreciation and amortization	882	1,348	1,629	1,699	1,763	1,998	2,284	2,527	2,624	2,840	3,131	3,302	3,540	3,492	3,535	3,842	4,285	5,558	8,572	11,897	14,409
Plus stock-based compensation expense	560	644	757	895	1,073	1,239	1,301	1,471	1,735	1,981	2,094	2,742	2,609	3,242	2,792	3,065	3,299	2,856	5,084	8,552	11,708
Plus income tax expense /(minus income tax benefit)	-	-	-	-	-	-	-	-	-	-	59	(120)	(186)	133	410	(13,777)	(561)	-	-	(61)	(13,420)
Non-GAAP Adjusted EBITDA**	804	894	1,373	878	1,703	3,116	4,927	2,140	3,500	3,826	8,145	7,490	4,031	8,046	12,010	12,027	7,170	3,949	11,886	22,961	36,114
Divide by revenue	18,167	20,771	22,859	25,471	28,118	30,955	33,533	36,455	39,481	42,455	44,828	47,467	50,015	52,527	54,346	57,532	59,938	87,268	129,061	174,231	214,420
Non-GAAP Adjusted EBITDA margin**	4.4%	4.3%	6.0%	3.4%	6.1%	10.1%	14.7%	5.9%	8.9%	9.0%	18.2%	15.8%	8.1%	15.3%	22.1%	20.9%	12.0%	4.5%	9.2%	13.2%	16.8%
Net income (loss)	**$ 338**	**$ (389)**	**$ (399)**	**$ (1,606)**	**$ (1,007)**	**$ 39**	**$ 1,470**	**$ (1,762)**	**$ (776)**	**$ (910)**	**$ 2,942**	**$ 1,658**	**$ (1,843)**	**$ 1,274**	**$ 5,353**	**$ 18,895**	**$ 218**	**$ (2,056)**	**$ (1,260)**	**$ 2,914**	**$ 23,679**
Plus stock based compensation expense	560	644	757	895	1,073	1,239	1,301	1,471	1,735	1,981	2,094	2,742	2,609	3,242	2,792	3,065	3,299	2,856	5,084	8,552	11,708
Less non-cash portion of income tax benefit												180	(79)	(79)	(63)	13,818	669			180	13,597
Non-GAAP net income (loss)**	898	255	358	(711)	66	1,278	2,771	(291)	959	1,071	5,036	4,220	845	4,595	8,208	8,142	2,848	800	3,824	11,286	21,790
Non-GAAP net income (loss) per share diluted**	$ 0.03	$ 0.01	$ 0.01	$ (0.03)	$ 0.00	$ 0.04	$ 0.09	$ (0.01)	$ 0.03	$ 0.04	$ 0.17	$ 0.14	$ 0.03	$ 0.15	$ 0.27	$ 0.27	$ 0.09	$ 0.03	$ 0.13	$ 0.38	$ 0.70
Diluted weighted average shares outstanding for non-GAAP calculation	29,067	29,254	29,372	28,074	29,348	29,421	29,569	28,355	29,585	30,034	29,937	30,316	30,874	30,770	30,399	30,646	31,118	29,251	29,452	29,945	31,118
As a percentage of revenue:																					
Cost of revenue	26.3%	27.2%	28.7%	28.5%	28.9%	28.7%	29.6%	29.5%	29.7%	29.9%	28.3%	28.9%	29.4%	29.0%	28.9%	27.6%	29.4%	27.8%	29.2%	29.2%	28.7%
Gross profit	73.7%	72.8%	71.3%	71.5%	71.1%	71.3%	70.4%	70.5%	70.3%	70.1%	71.7%	71.1%	70.6%	71.0%	71.1%	72.4%	70.6%	72.2%	70.8%	70.8%	71.3%
Operating expenses:																					
Research and development	18.3%	17.8%	17.2%	16.3%	14.7%	14.6%	13.9%	13.8%	14.2%	14.0%	13.1%	13.8%	14.9%	14.4%	13.5%	12.4%	15.8%	17.3%	14.2%	13.8%	13.7%
Sales and marketing	47.7%	49.2%	47.3%	51.6%	49.2%	46.1%	42.3%	51.4%	47.4%	47.6%	41.9%	44.6%	48.5%	42.9%	35.8%	40.0%	42.9%	49.1%	47.3%	45.3%	41.6%
General and adminstrative	11.1%	11.1%	11.2%	10.3%	11.2%	10.9%	10.2%	10.4%	10.9%	10.8%	10.2%	9.6%	11.6%	11.3%	11.4%	11.0%	12.6%	10.9%	10.7%	10.3%	11.3%
Total operating expenses	77.2%	78.1%	75.8%	78.2%	75.1%	71.6%	66.4%	75.6%	72.5%	72.5%	65.2%	68.0%	74.9%	68.5%	60.7%	63.5%	71.3%	77.3%	72.2%	69.4%	66.7%
Net cash provided from operating activities	$ 3,886	$ 5,199	$ 1,698	$ 3,096	$ 6,335	$ 3,261	$ 6,645	$ 5,704	$ 6,452	$ 4,781	$ 9,217	$ 4,598	$ 8,222	$ 8,424	$ 11,600	$ 13,408	$ 10,880	$ 13,879	$ 21,945	$ 25,048	$ 41,654
Less acquisition of property and equipment	$ 3,197	$ 4,936	$ 2,895	$ 2,093	$ 5,706	$ 4,291	$ 3,213	$ 3,376	$ 4,288	$ 4,062	$ 3,567	$ 5,241	$ 4,288	$ 4,541	$ 4,092	$ 5,185	$ 5,473	$ 13,121	$ 16,586	$ 17,158	$ 18,106
Non-GAAP free cash flow**	$ 689	$ 263	$ (1,197)	$ 1,003	$ 629	$ (1,030)	$ 3,432	$ 2,328	$ 2,164	$ 719	$ 5,650	$ (643)	$ 3,934	$ 3,883	$ 7,508	$ 8,223	$ 5,407	$ 758	$ 5,359	$ 7,890	$ 23,548
Acquisition of property and equipment as percentage of revenue	17.6%	23.8%	12.7%	8.2%	20.3%	13.9%	9.6%	9.3%	10.9%	9.6%	8.0%	11.0%	8.6%	8.6%	7.5%	9.0%	9.1%	15.0%	12.9%	9.8%	8.4%
Operating metrics:																					
Gross unique paying customer additions[1]	35,000	35,000	35,000	40,000	45,000	45,000	40,000	45,000	50,000	45,000	40,000	45,000	50,000	45,000	40,000	45,000	45,000	140,000	175,000	185,000	180,000
Ending unique paying customer count[2]	185,000	210,000	230,000	255,000	280,000	305,000	325,000	350,000	375,000	395,000	415,000	435,000	455,000	470,000	485,000	500,000	510,000	255,000	350,000	435,000	500,000
Net unique paying customer additions (as calculated)[3]	20,000	25,000	20,000	25,000	25,000	25,000	20,000	25,000	25,000	20,000	20,000	20,000	20,000	15,000	15,000	15,000	10,000	90,000	95,000	85,000	65,000
Average unique paying customer count per quarter (as calculated)[4]	175,000	197,500	220,000	242,500	267,500	292,500	315,000	337,500	362,500	385,000	405,000	425,000	445,000	462,500	477,500	492,500	505,000	210,000	302,500	392,500	467,500
Average monthly revenue per unique customer (ARPU)[5]	$34.60	$35.06	$34.63	$35.01	$35.04	$35.28	$35.48	$36.00	$36.30	$36.76	$36.90	$37.23	$37.46	$37.86	$37.94	$38.94	$39.56	$34.63	$35.55	$36.99	$38.22
Cross-selling of products / unique customers[6]	1.47	1.48	1.50	1.53	1.57	1.58	1.61	1.62	1.65	1.68	1.69	1.70	NP	1.73	NP	1.77	NP	1.53	1.62	1.70	1.77

(1) Number of unique customers purchasing Email Marketing, Event Marketing, Social Campaigns, SaveLocal or Online Survey, rounded to nearest 5,000. A customer purchasing multiple products counts as one customer.
(2) Ending balance of unique paying customers rounded to the nearest 5,000. A customer purchasing multiple products counts as one customer.
(3) Prior quarter ending unique paying customer count minus current quarter ending balance of unique paying customer count.
(4) As calculated by taking prior quarter ending unique paying customer count plus current quarter unique paying customer count, divded by two.
(5) As calculated by taking total revenue per period divided by average unique paying customer count per quarter as calculated, divided by number of months in that period.
(6) Total product and add-on units purchased by customers / ending balance of unique paying customers rounded to the nearest 5,000. Product and add-on units include: Email Marketing, Event Marketing, Social Campaigns, SaveLocal, Online Survey, MyLibrary and Archive. Provided semi-annually

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** In addition to the results prepared in accordance with generally accepted accounting principles (GAAP), the company reports certain non-GAAP financial measures and other defined financial metrics. Management of the Company does not consider non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded from these non-GAAP financial measures. In order to compensate for these limitations, management of the Company presents its non-GAAP financial measures in connection with its GAAP results and urges investors not to rely on any single financial measure to evaluate the Company's business. Notwithstanding the foregoing, these measures may not be comparable to similarly titled measures used by other companies. ***Adjusted EBITDA (loss) is a non-GAAP financial measure that is calculated by taking GAAP net income (loss), adding depreciation and amortization, stock-based compensation and adjusting for income taxes, and then subtracting interest and other income, net. Adjusted EBITDA margin is a non-GAAP financial measure that is calculated by dividing adjusted EBITDA (loss) by revenue. Non-GAAP net income (loss) is a non-GAAP financial measure that is calculated by adding back stock-based compensation expense to net income (loss) and then adjusting for the non-cash portion of income taxes. Non-GAAP net income (loss) per share is a non-GAAP financial measure that is calculated by dividing non-GAAP net income (loss) by the weighted average shares outstanding. Estimated cash tax rate is calculated by dividing estimated taxes to be paid by estimated full year income before taxes. Free cash flow is calculated by subtracting acquisition of property and equipment from net cash provided by operating activities.***