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3Q 2014 Financial Results

November 5, 2014

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Some of the measures in this presentation, including EBITDA, are non-GAAP financial measures within the meaning of the SEC Regulation G. Web.com believes presenting non-GAAP financial measures is useful to investors, because they describe the operating performance of the company, excluding some recurring charges that are included in the most directly comparable measures calculated and presented in accordance with GAAP. Company management uses these non-GAAP measures as important indicators of the Company's past performance and in planning and forecasting performance in future periods. The non-GAAP financial information Web.com presents may not be comparable to similarly-titled financial measures used by other companies, and investors should not consider non-GAAP financial measures in isolation from, or in substitution for, financial information presented in compliance with GAAP. You are encouraged to review the reconciliation of non-GAAP financial measures to GAAP financial measures included in Web.com’s filings with the Securities and Exchange Commission, which are available at www.sec.gov as well as in this presentation.

Agenda

- **Corporate Overview**

- Business Highlights
- Macro Environment
- Quarterly Financial Summary
- Operating Highlights

- **Financial Review**

- 3Q 2014 Financial Performance
- 4Q & Full-Year 2014 Financial Guidance

- **Q&A**



David Brown



Kevin Carney

3Q 2014 Business Highlights

Achieved subscriber growth with net additions of 34,000

Added 11,000 subscribers through Scoot acquisition

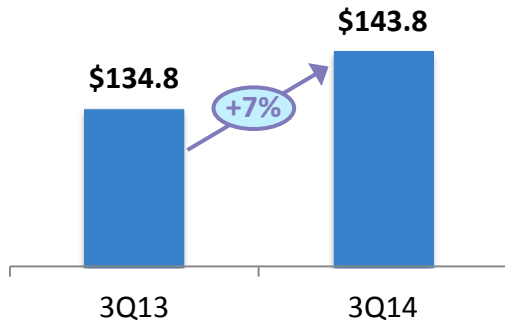
Generated operating cash flow of \$25.1 million

Completed refinancing of credit facilities

Continued debt reduction

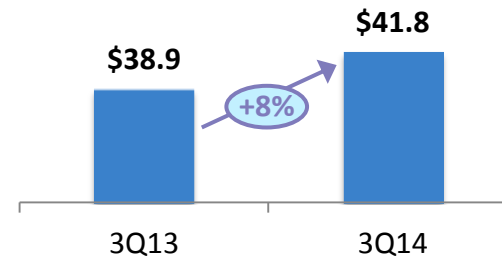
3Q 2014 Financial Highlights

Non-GAAP Revenue (\$mm)



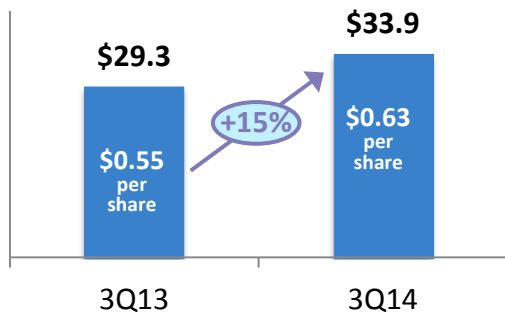
Met revenue guidance range

Adjusted EBITDA (\$mm)



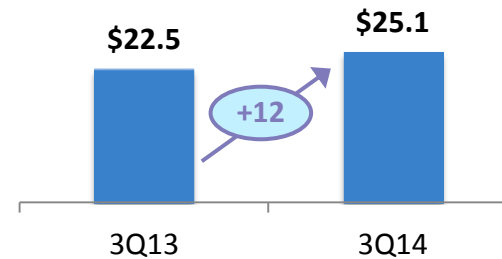
Maintained 29% adjusted EBITDA margin

Non-GAAP Net Income (\$mm)



Exceeded net income and EPS guidance range

Cash from Operations (\$mm)



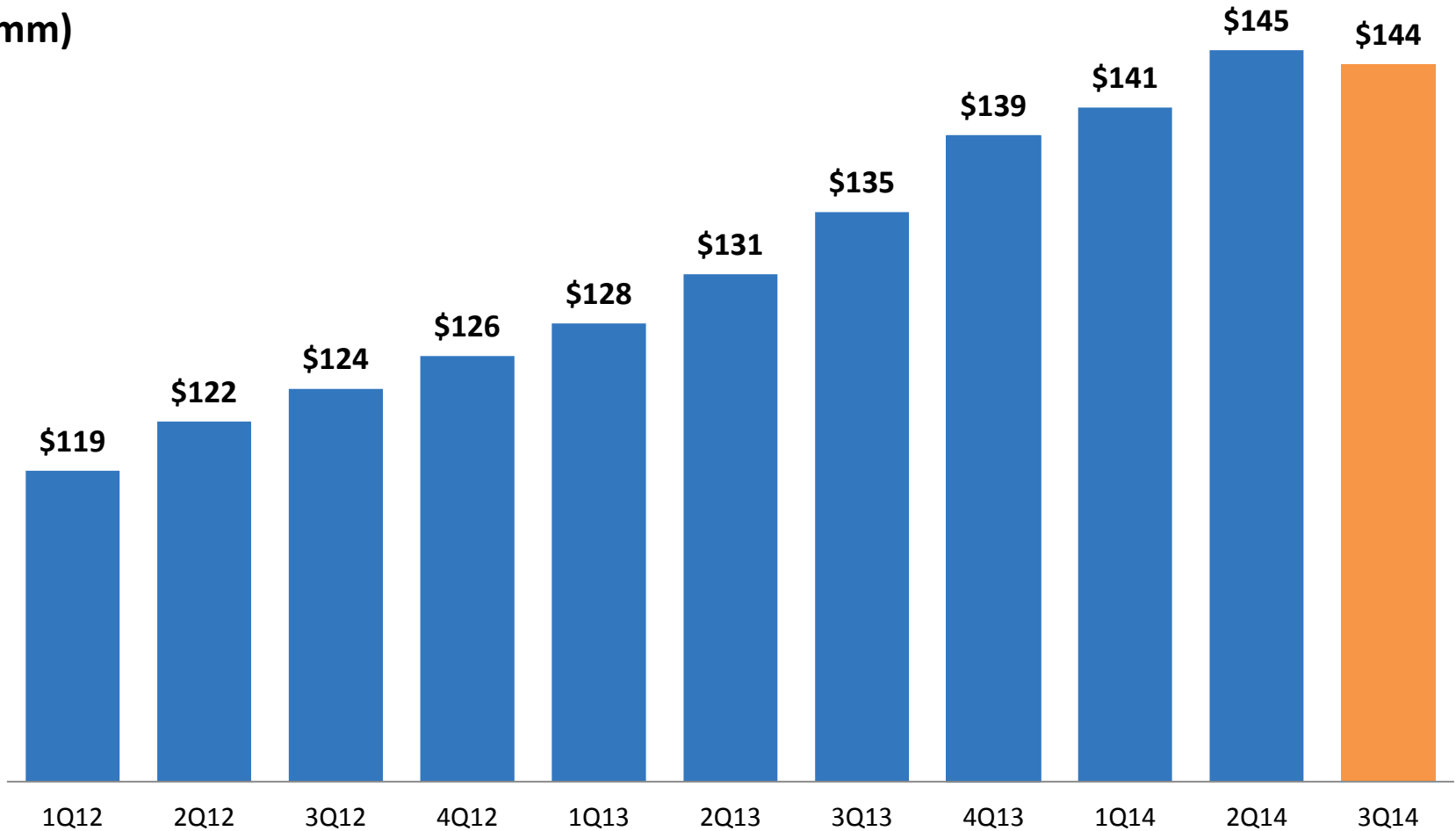
3Q cash flow used for acquisition & to repay debt

3Q 2014 Operating Highlights

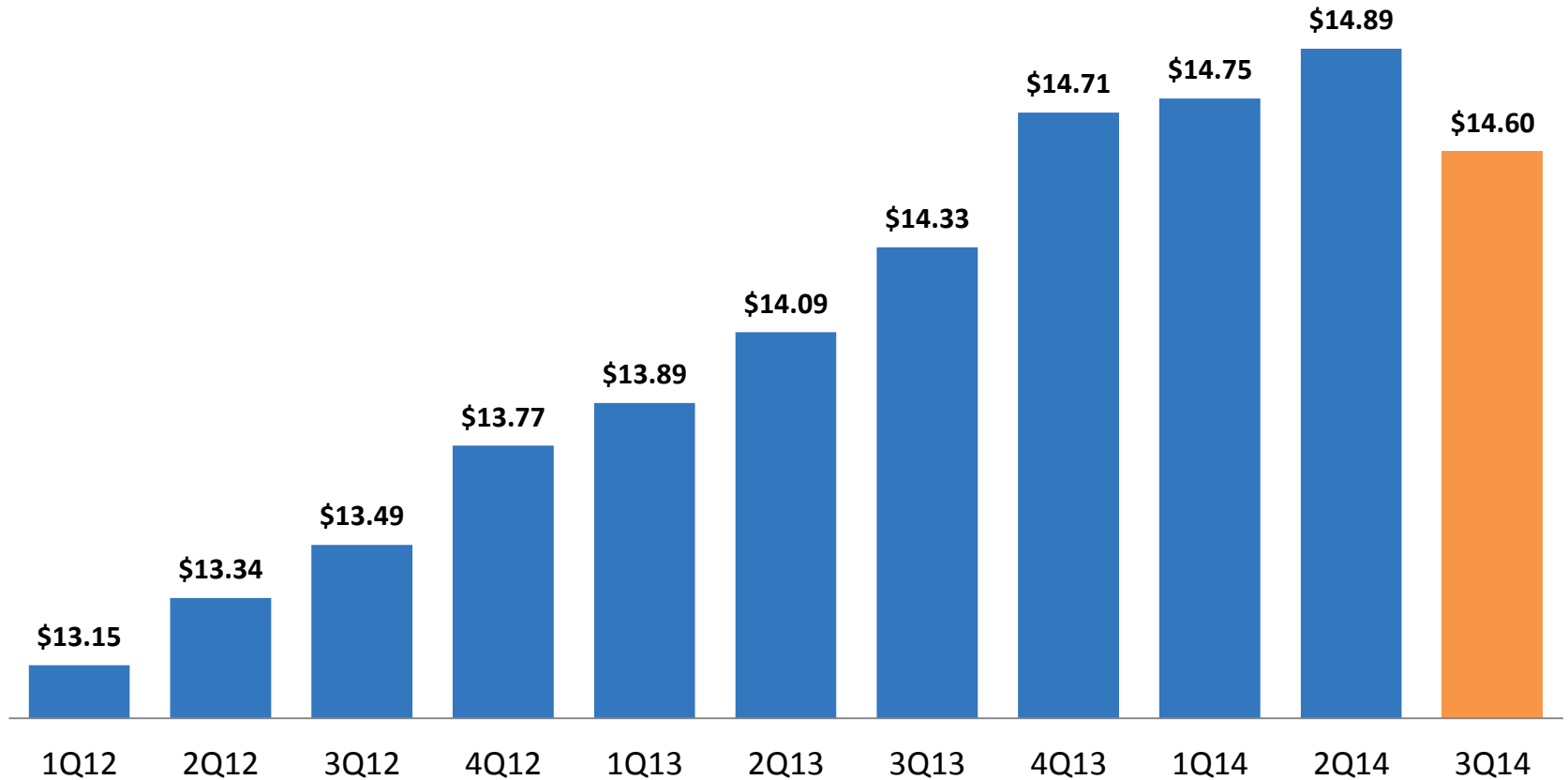


Non-GAAP Revenue

(\$mm)



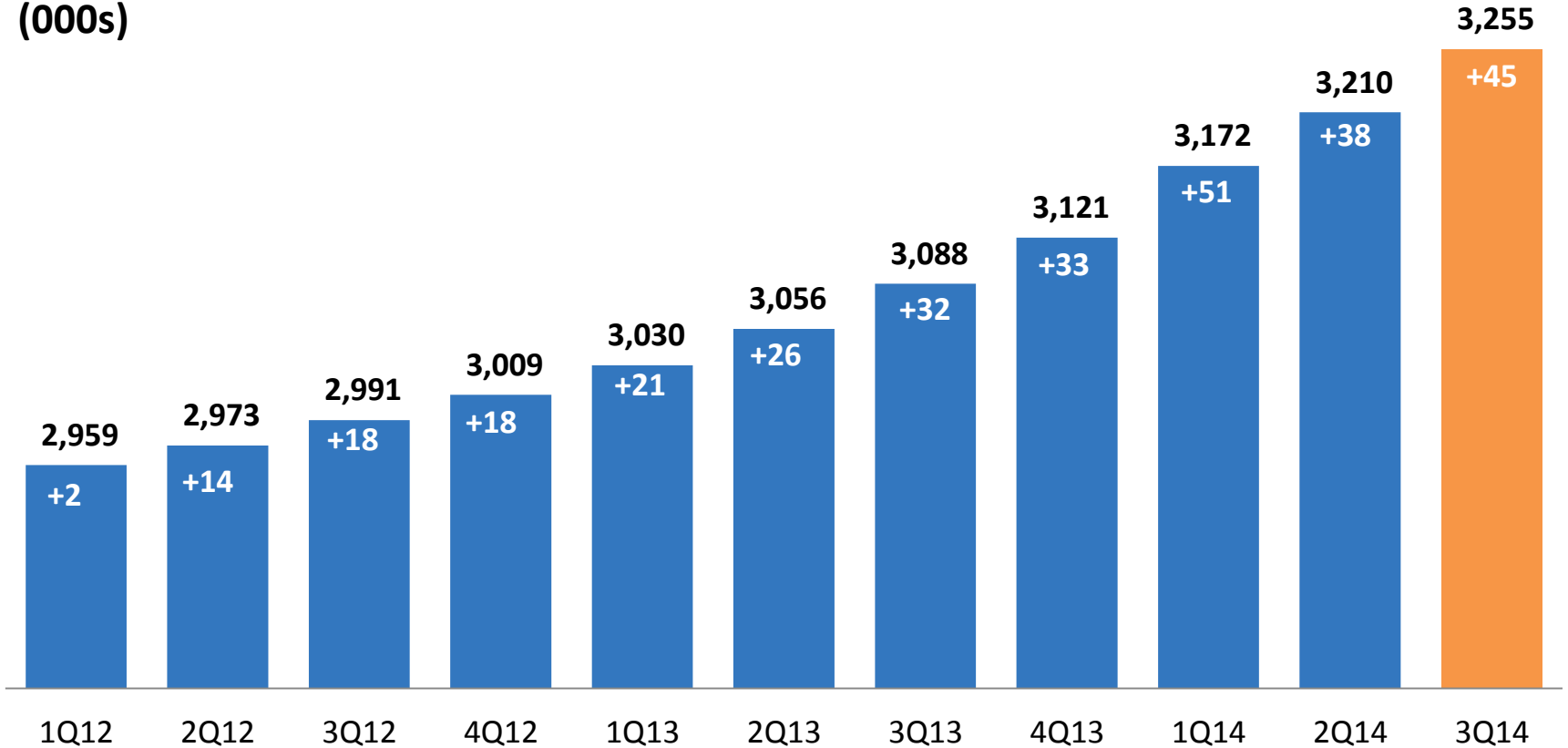
ARPU



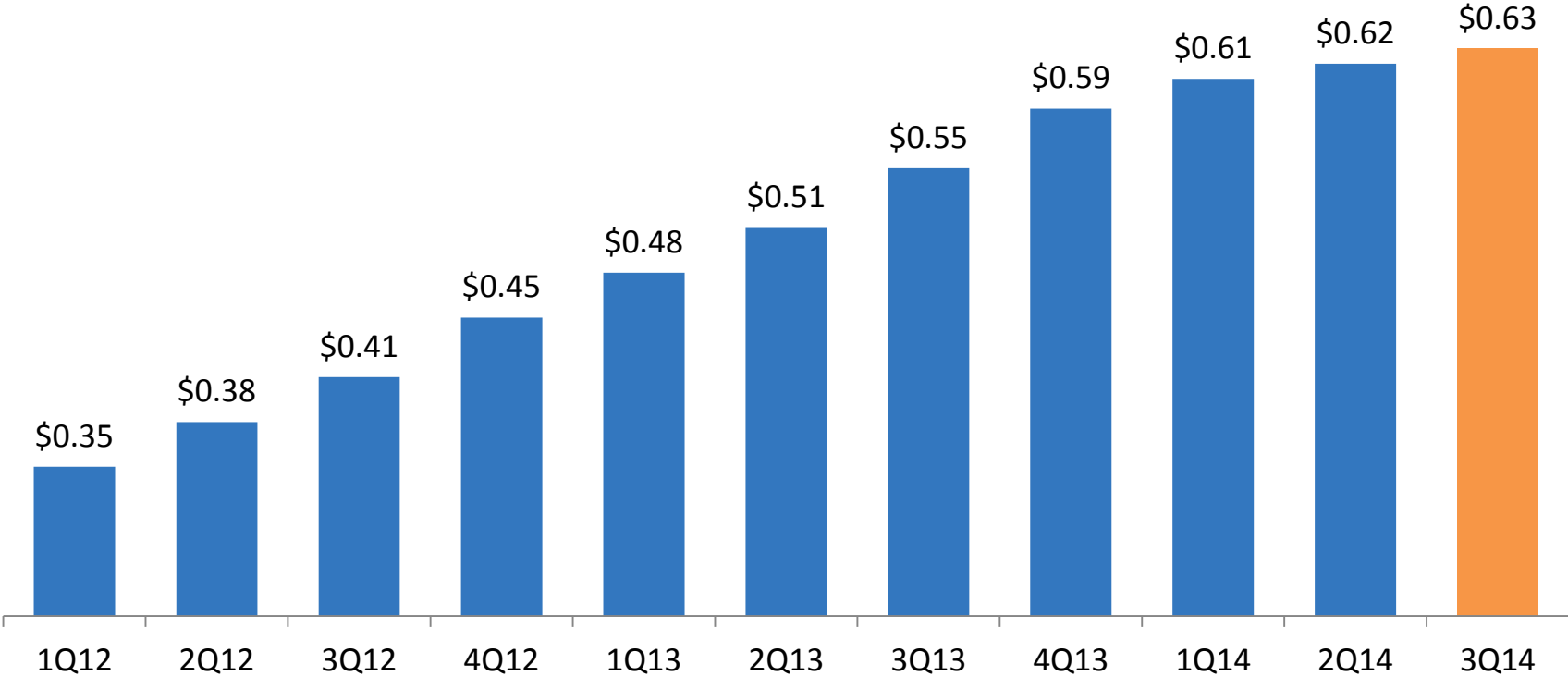
Note: ARPU is calculated as Non-GAAP subscription revenue divided by the average number of subscribers for the period divided into a monthly average.

Net Subscriber Growth

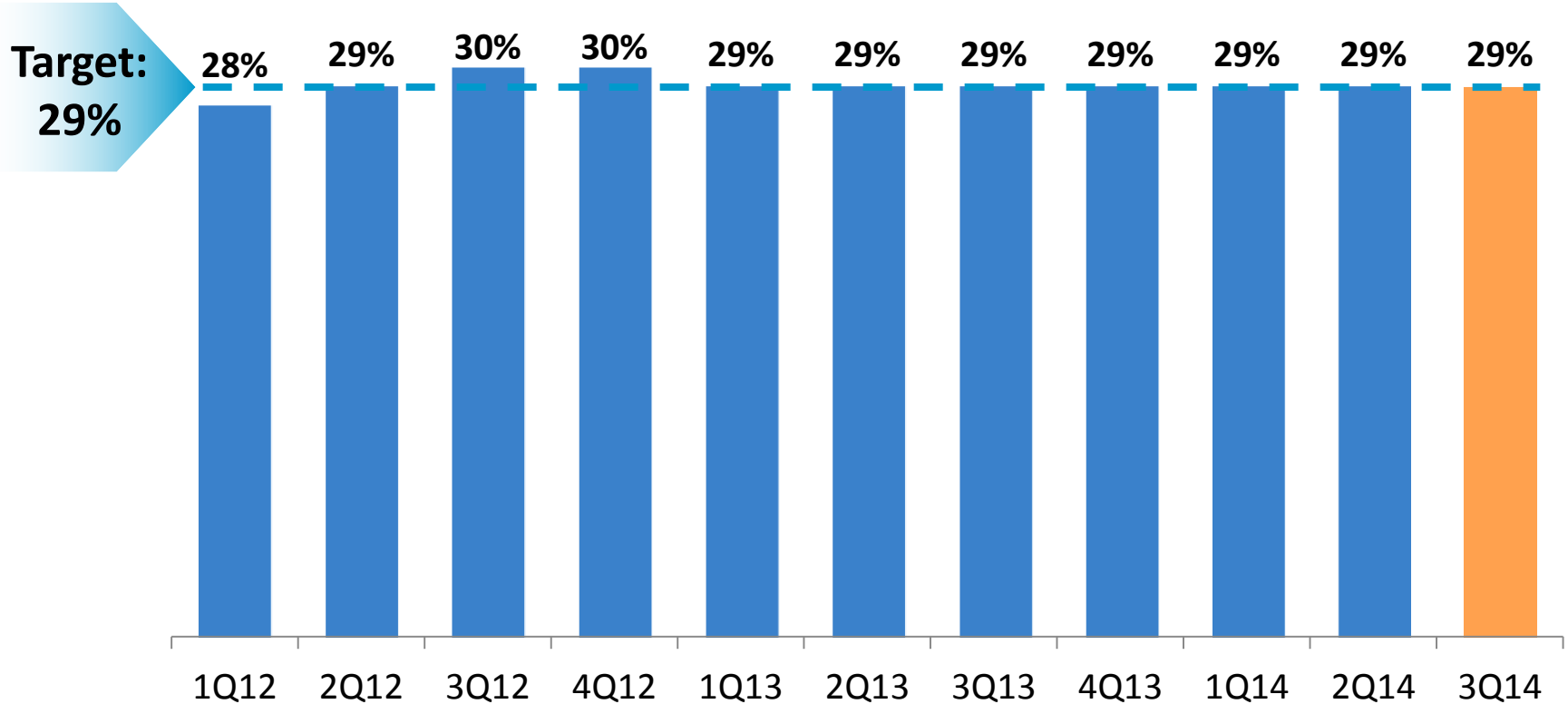
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Non-GAAP EPS



Adjusted EBITDA Margin

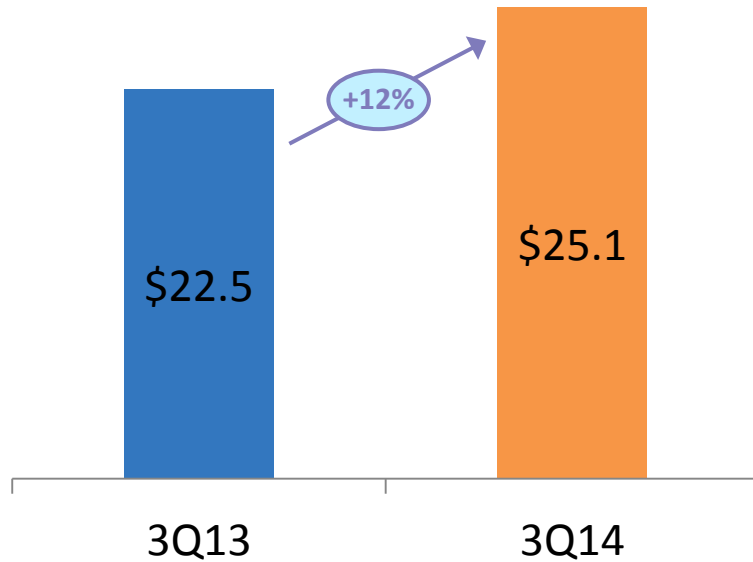


3Q 2014 GAAP Results

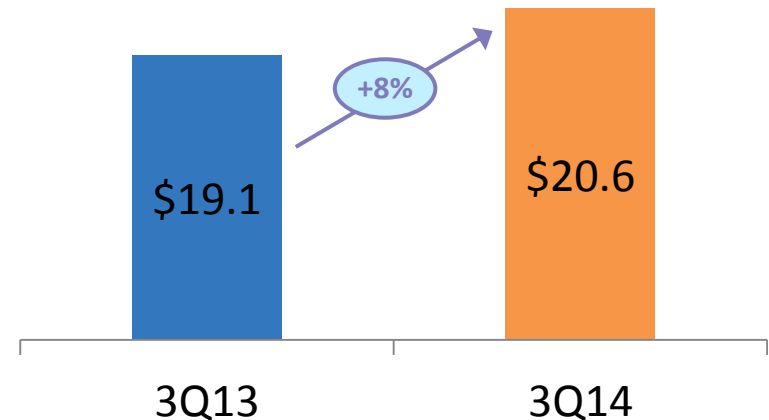
(in millions, except per share)	Three Months ended September 30, 2014
Revenue	\$137.4
Income from Operations	\$9.3
Net Loss	\$3.4
Diluted Net Loss Per Share	\$0.07

Cash Flow Generation

Cash from Operations (\$mm)



Free Cash Flow (\$mm)



Summary Balance Sheet

(\$mm)

	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
Cash	\$10.4	\$13.8	\$15.2	\$14.6	\$15.9
Accounts Receivable, net	\$18.4	\$17.1	\$20.6	\$19.6	\$20.6
Deferred Expenses	\$120.6	\$119.3	\$120.3	\$122.6	\$121.2
Debt (current & long-term)					
Term Loan	\$388.8	\$355.9	\$340.8	\$305.8	\$200.0
Revolver	–	–	\$9.0	\$9.0	\$109.0
Convertible Debt	\$258.8	\$258.8	\$258.8	\$258.8	\$258.8
Total Debt (Gross)	\$647.6	\$614.6	\$608.6	\$573.6	\$567.8
Less: Debt Discount (OID)	(\$54.0)	(\$51.5)	(\$49.0)	(\$46.4)	(\$47.0)
Total Debt (Net)	\$593.6	\$563.1	\$559.6	\$527.2	\$520.8
Deferred Revenue	\$393.9	\$395.4	\$407.7	\$406.8	\$405.4
Stockholders' Equity	\$165.4	\$170.0	\$174.2	\$180.9	\$189.6



3Q 2014 Financial Results

November 5, 2014

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Appendix

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Reconciliation of GAAP revenue to non-GAAP revenue				
GAAP revenue	\$ 137,407	\$ 125,197	\$ 409,426	\$ 361,191
Fair value adjustment to deferred revenue	6,425	9,590	20,308	33,079
Non-GAAP revenue	\$ 143,832	\$ 134,787	\$ 429,734	\$ 394,270

Reconciliation of GAAP gross profit to non-GAAP gross profit	Three months ended September 30,	
	2014	2013
Gross profit	\$ 89,482	\$ 82,505
Fair value adjustment to deferred revenue	6,425	9,590
Fair value adjustment to deferred expense	242	367
Stock based compensation	523	435
Non-GAAP gross profit	\$ 96,672	\$ 92,897

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP operating income to non-GAAP operating income	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
GAAP operating income	\$ 9,261	\$ 4,457	\$ 29,158	\$ 3,879
Amortization of intangibles	16,653	17,209	49,157	51,715
Loss on sale of assets	—	55	—	135
Stock based compensation	5,085	4,056	14,527	14,325
Restructuring benefit	—	—	—	(32)
Corporate development	459	—	499	—
Fair value adjustment to deferred revenue	6,425	9,590	20,308	33,079
Fair value adjustment to deferred expense	242	367	812	1,228
Non-GAAP operating income	\$ 38,125	\$ 35,734	\$ 114,461	\$ 104,329
Reconciliation of GAAP operating margin to non-GAAP operating margin				
GAAP operating margin	7 %	4 %	7 %	1 %
Amortization of intangibles	11	12	12	12
Loss on sale of assets	—	—	—	—
Stock based compensation	4	3	3	4
Restructuring benefit	—	—	—	—
Corporate development	—	—	—	—
Fair value adjustment to deferred revenue	5	8	5	9
Fair value adjustment to deferred expense	—	—	—	—
Non-GAAP operating margin	27 %	27 %	27 %	26 %

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of GAAP net loss to non-GAAP net income	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
GAAP net loss	\$ (3,419)	\$ (5,988)	\$ (3,722)	\$ (62,235)
Amortization of intangibles	16,653	17,209	49,157	51,715
Loss on sale of assets	—	55	—	135
Stock based compensation	5,085	4,056	14,527	14,325
Income tax expense	4,250	1,170	9,658	19,480
Restructuring benefit	—	—	—	(32)
Corporate development	459	—	499	—
Amortization of debt discounts and fees	2,678	1,623	8,186	2,646
Cash income tax (benefit) expense	(345)	122	(744)	(357)
Fair value adjustment to deferred revenue	6,425	9,590	20,308	33,079
Fair value adjustment to deferred expense	242	367	812	1,228
Loss on debt extinguishment	1,838	1,138	1,838	20,663
Gain on sale of equity method investment	—	—	—	(385)
Non-GAAP net income	\$ 33,866	\$ 29,342	\$ 100,519	\$ 80,262

Reconciliation of GAAP to Non-GAAP Results

Reconciliation of GAAP diluted net loss per share to non-GAAP diluted net income per share	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Diluted shares:				
Basic weighted average common shares	51,234	49,243	50,794	48,670
Diluted stock options	2,166	3,502	3,049	2,843
Diluted restricted stock	381	810	583	763
Total diluted weighted average common shares	53,781	53,555	54,426	52,276
Diluted GAAP net loss per share	\$ (0.07)	\$ (0.12)	\$ (0.07)	\$ (1.28)
Diluted equity	0.01	0.01	—	0.09
Amortization of intangibles	0.31	0.32	0.91	1.01
Loss on sale of assets	—	—	—	—
Stock based compensation	0.10	0.08	0.27	0.27
Income tax expense	0.08	0.02	0.18	0.37
Restructuring benefit	—	—	—	—
Corporate development	0.01	—	0.01	—
Amortization of debt discounts and fees	0.05	0.03	0.15	0.05
Cash income tax (benefit) expense	(0.01)	—	(0.01)	(0.01)
Fair value adjustment to deferred revenue	0.12	0.18	0.37	0.63
Fair value adjustment to deferred expense	—	0.01	0.01	0.02
Loss on debt extinguishment	0.03	0.02	0.03	0.40
Gain on sale of equity method investment	—	—	—	(0.01)
Diluted Non-GAAP net income per share	\$ 0.63	\$ 0.55	\$ 1.85	\$ 1.54

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

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Corporate development	—	—	—	—
Fair value adjustment to deferred revenue	5	8	5	9
Fair value adjustment to deferred expense	—	—	—	—
Non-GAAP operating margin	27 %	27 %	27 %	26 %

Reconciliation of GAAP to Non-GAAP Results

(in thousands, except for per share data) (unaudited)

Reconciliation of Operating Cash Flow to Free Cash Flow	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Operating cash flow	\$ 25,107	\$ 22,456	\$ 80,856	\$ 66,897
Less: Capital expenditures	(4,557)	(3,366)	(12,784)	(11,586)
Free cash flow	\$ 20,550	\$ 19,090	\$ 68,072	\$ 55,311

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenue				
Subscription	\$ 135,125	\$ 122,507	\$ 402,954	\$ 353,474
Professional services and other	2,282	2,690	6,472	7,717
Total	\$ 137,407	\$ 125,197	\$ 409,426	\$ 361,191
Stock based compensation				
Cost of revenue	\$ 523	\$ 435	\$ 1,545	\$ 1,400
Sales and marketing	1,246	961	3,648	3,414
Technology and development	815	664	2,360	2,140
General and administrative	2,501	1,996	6,974	7,371
Total	\$ 5,085	\$ 4,056	\$ 14,527	\$ 14,325