

Analysts

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Basic Information

Last Closed Price	US\$70.74
12M Target Price	US\$53.83
+/- Potential	-23.9%
Bloomberg Ticker	GDDY US
GICS Sector	Technology
GICS Sub-Industry	Software - Infrastructure

1Y Price v Relative Index



Company Description

GoDaddy Inc. designs and develops cloud-based technology products in the United States and internationally. The company provides domain name registration, website hosting and business application products. It mainly serves small to medium businesses.

Key Financials

Market Cap	US\$11.88b
Basic Shares O/S	166.82m
Free Float	99.2%
52-Wk High-Low	US\$40.25 - 89.00
Fiscal Year End	31-Dec-2020

(US\$m)	FY18A	FY19A	FY20E	FY21E
Revenue	2,660	2,988	3,245	3,471
Gr Rate (%)	19.2	12.3	8.6	7.0
Operating	149.6	202.6	237.6	276.0
Margin (%)	5.6	6.8	7.3	8.0
NPI	77.1	137.0	175.7	232.2
Margin (%)	2.9	4.6	5.4	6.7
D/E	3.2	3.2	2.3	1.7

Key Executives

Amanpal Singh	Chief Executive Officer
Bhutani	
Raymond E.	Chief Financial Officer
Winborne Jr.	

We are initiating coverage of **GoDaddy Inc.**, (“GoDaddy” or “Company”) with a **SELL** rating and a **US\$53.83** 12M price target.

2Q20 Earnings Highlights

- Total revenue of US\$806.4m, up 9.4% YoY, the lowest since 2015.
- Total bookings of US\$936.3m, up 10.7% YoY, the lowest since 2015.
- Total cost and operating expenses of US\$783.5m, a 9.08% YoY increase.
- Net loss of US\$673.2m, largely due to tax receivable agreement (TRA) which contributed US\$674.7m of TRA liability adjustments.
- Announced settlement of TRA obligations for a one-time aggregate US\$850m payment. At current tax rates, the settlement is expected to eliminate an estimated US\$1b in tax-related payments through 2028 under the current tax regime.

Investment Thesis

- **Weakness in adapting** to changing industry trend of preference for domain providers with value-added analytics services.
- **Significantly weaker R&D and capabilities** compared to global competitors hindering ability to innovate and compete in the increasingly competitive cloud-based technology space.
- **Higher-than-market price offerings** in highly commoditised market with no premium value proposition over peers.

Catalysts

- Earnings misses due to loss of market share could act as a signal to investors that GoDaddy lacks significant value-added offerings compared to its peers.
- Failed acquisitions could harm its top-line growth given inorganic growth has contributed a significant portion of its past growth.
- Pricing wars with other global giants (e.g. Google, Amazon) who have much bigger financial capacity can severely affect the revenues and margins of small companies like GoDaddy.

Valuations

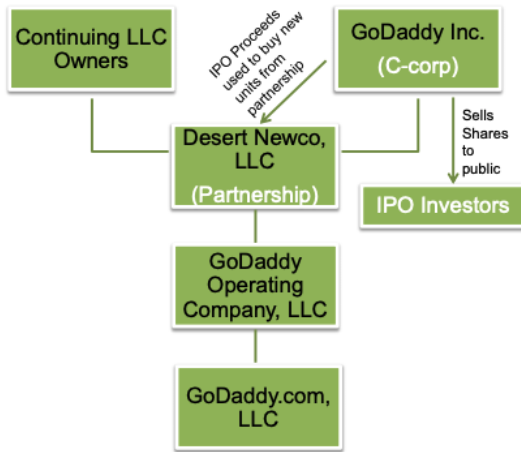
Our 12M price target at the date of coverage is **US\$53.83**.

The target price was established using the primary method of a Discounted Cash Flow analysis. Comparable companies analysis was utilised as a form of sanity check to our valuations.

Investment Risks

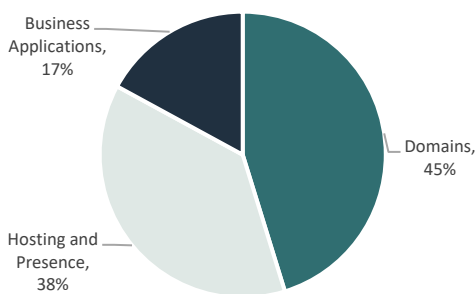
- **Discovery of COVID-19 cures or vaccine** are expected to improve the economy and overall market sentiment.
- **Tech rally and inherent risk of shorting.**
- **Accelerated shift to online commerce** due to COVID-19 would mean a higher demand for GoDaddy's products.
- **Successful integration of Facebook and Instagram in Website + Marketing segment** could be a driver in GoDaddy's customer acquisition in the hosting and presence segment.
- **Successful Research and Development efforts** could improve GoDaddy's product offerings and give them unique offerings which will be a driver in customer acquisition and retention.

Figure 1: GoDaddy organisational structure



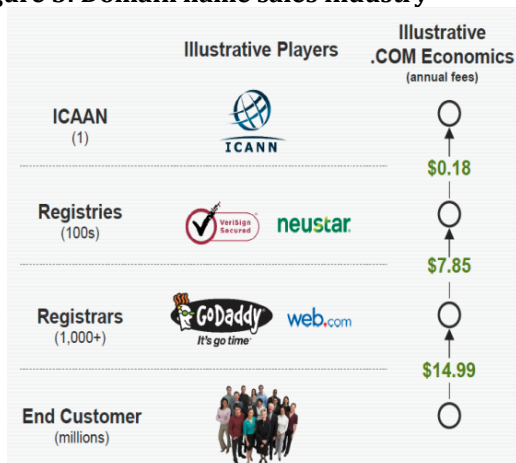
Source: GoDaddy SEC Filing

Figure 2: GoDaddy revenue breakdown by segment



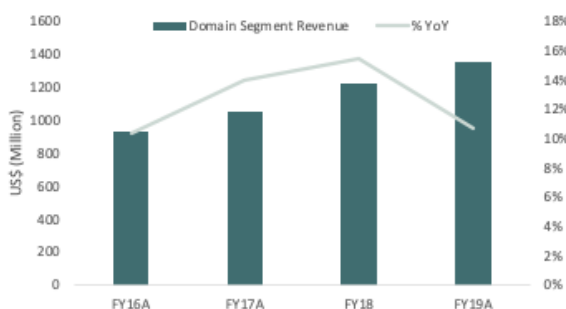
Source: GoDaddy Annual Report

Figure 3: Domain name sales industry



Source: GoDaddy company documents

Figure 4: Domain revenue growth lowest in last 3 FYs



Source: GoDaddy Annual Report

Company Overview

GoDaddy Inc. provided cloud-based solutions, delivering products, services and outcome-driven, personalised guidance to small businesses, individuals, organisations, developers, designers and domain investors. GoDaddy mainly runs on a subscription-based business model where terms are usually one year, but can also range from monthly to 10 years. GoDaddy primarily caters to small businesses, web design professionals and individuals. Once onboarded, GoDaddy then cross-sells its other solutions that enables small businesses to advance their online presence. The company's GoDaddy Guides, its customer care team, consists of approximately 7,300 specialists worldwide who are available 24/7/365 and provide care to customers. GoDaddy has an "Up-C" organisational structure, which allows pre-IPO investors to continue realising the tax benefits associated with ownership in a partnership or limited liability company even after IPO. GoDaddy is also required to provide tax benefits and associated cash flow to its pre-IPO investors in terms of tax receivable agreements.

Revenue

GoDaddy has 3 reportable revenue segments: Domains (45.2%), Hosting and Presence (37.7%) and Business applications (17.1%).

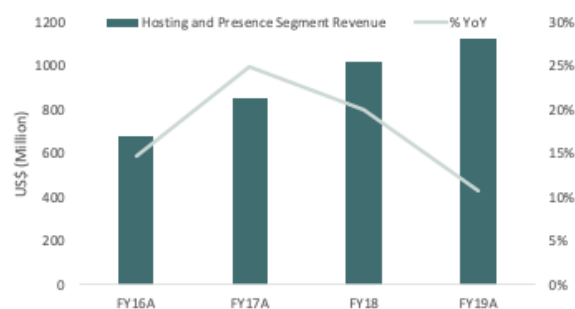
Domains

GoDaddy's domain segment was its largest revenue segment at 45.2% of total revenues in FY19. GoDaddy engages in domain name registration, with approximately 79 million domains under management as of December 31, 2019. Approximately 90% of the company's customers had purchased a domain from the company and its domain name registration acts as an on-ramp for the company to cross-sell many of its other products. Using the company's website or mobile application, the company offers customers the ability to search for and register available domain names with the relevant registry. The company's primary registration inventory includes generic top-level domains (TLDs) such as .com, .net, .org etc. and country code TLDs, such as .de, .ca, .in, and .jp. GoDaddy also operates as a domain aftermarket, which processes secondary domain name sales, enabling the purchase and sale of already registered domain names through an online auction. Lastly, the company provides domain name add-ons which include security features. Though this is GoDaddy's main source of revenue, its growth has been underperforming the industry and has been slowing down in the past few years. GoDaddy's pricing is also higher than most of its competitors.

Hosting and Presence

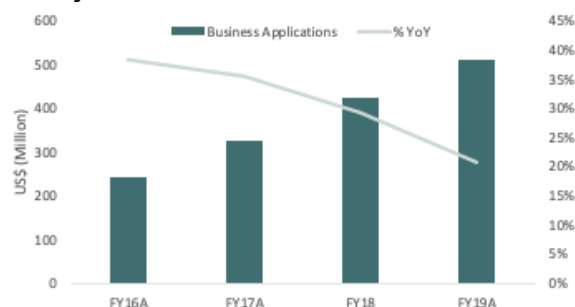
GoDaddy's hosting and presence segment generated 37.7% of total revenues in FY19. GoDaddy's hosting segment includes 3 primary products: Shared, private and managed hosting. Its hosting services enables customer to create a website or online store for both desktop and mobile platforms. The company also offers marketing services to help customers enhance their online presence through search engine results, social media and vertical marketplaces such as Yelp. Lastly, GoDaddy also offers security products to help secure customers' online presence, including PKI and SSL Certificates as well as web application firewalls. However, this segment has seen the entry of

Figure 5: Hosting and Presence growth slowdown



Source: GoDaddy Annual Report

Figure 6: Business Applications growth tapers in recent years



Source: GoDaddy Annual Report

many big players which will continue to contribute to GoDaddy's headwinds moving forward.

Business Applications

Business Applications is GoDaddy's smallest revenue segment, at 17.1% of total revenues in FY19. GoDaddy provides customers with productivity tools, such as domain-specific email, second-line telephony, online storage and payment solutions to help customers smoothen and simplify their business processes. The company's business application products include Microsoft Office 365, where they offer fully supported Microsoft Office 365 accounts that are easy to set up and use with the customer's domains. They also offer several Microsoft Office 365 add-on features. GoDaddy also offers email marketing services, helping customers market their business through permission-based email. Lastly, the company also offers telephony services, which includes Internet-based telephone services that could be accessed with either Internet protocol (IP) phones, traditional local or cellular telephone services.

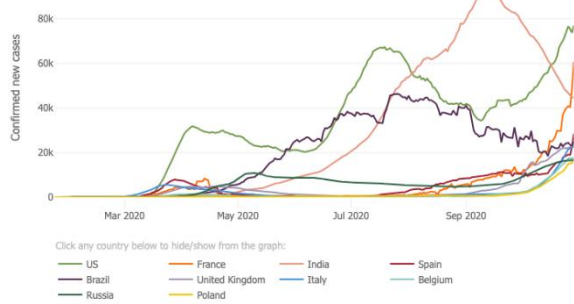
Customers

Approximately 45% of the company's customers are located in international markets (Canada, India, United Kingdom and Australia), while 55% are located in the United States. GoDaddy's customer population is divided into 3 groups: independents, partners, and domain registrars and investors. Independents are the majority of GoDaddy's customers. Independent include mainly small and micro-businesses which need help expanding their online presence. Partners, which is the company's second largest customer population, are Website designers and developers who assist in building websites in the hosting and presence segment. GoDaddy's partners are mostly freelancers or small website design agencies. Lastly, domain registrars and investors are involved in GoDaddy's aftermarket domain name sales platform, buying or selling domain names in the secondary market.

FY20 Earnings Review

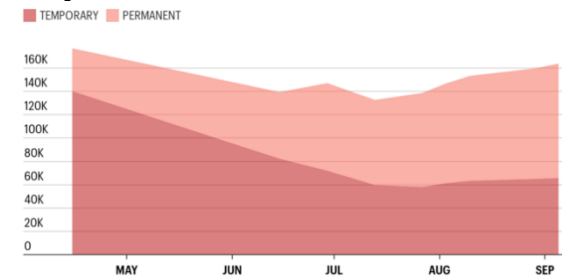
- Total revenue grew 12.3% YoY to US\$2,988.1m, the lowest YoY growth rate in the past 3 FYs.
- Domains segment generated US\$1,351.6m in revenue, contributing 45.2% of total revenue, with growth of 10.8% YoY.
- Hosting and Presence segment generated US\$1,126.5m in revenue, contributing 37.7% of total revenue, with growth of 10.7% YoY.
- Business Applications segment generated US\$510.0m in revenue, contributing 17.1% of total revenue, with growth of 20.8% YoY.
- Gross profit grew 11.0% YoY to US\$1,766.2m
- Operating profit grew 35% YoY to US\$202.6m.
- EBITDA grew 7.5% YoY to US\$412.3m; EBITDA margin fell from 14.4% in FY18 to 13.8% in FY19.
- Net profit increased to US\$137.0m, from US\$77.1m in FY18.
- Gross profit margin was 65.6%, down from 66.4% in FY18; EBITDA margin was 13.8%, down from 14.4% in FY18; Operating margin was 6.8%, up from 5.6% in FY18; Profit margin was 4.6%, up from 2.9% in FY18.

Figure 7: US reaching new peaks in daily cases



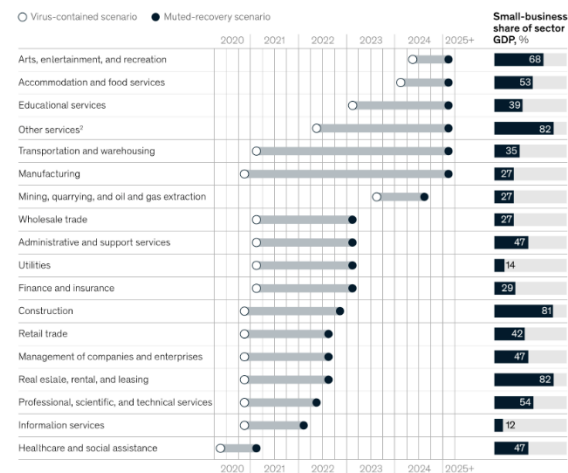
Source: John Hopkins University

Figure 8: Temporary business closures turning into permanent closures



Source: Fortune

Figure 9: Estimated time to recover to pre-COVID-19 sector GDP



Source: Mckinsey & Co

Industry Outlook

COVID-19 has devastated the world economy

COVID-19 has decimated the world economy. The United States is still seeing new daily highs in cases, with 90,728 new cases on 29th October. As the country was forced to go into lockdown and many businesses are forced to temporarily close, the US economy took a big hit. Unemployment spiked to its highest rate in the post-WWII era, hitting 14.7% earlier in the year. Though unemployment rates have recovered since then, it is still far from pre-COVID-19 numbers of 3.5%. It is still a long road to recovery from the impacts of COVID-19. Even in economies that have reopened, the economy still feeling the impacts of a subdued demand level and inability to operate at full capacity with safety measures in place. The baseline forecast envisions a 5.2% contraction in global GDP in 2020.

SMEs are struggling to survive amidst the COVID-19 Pandemic

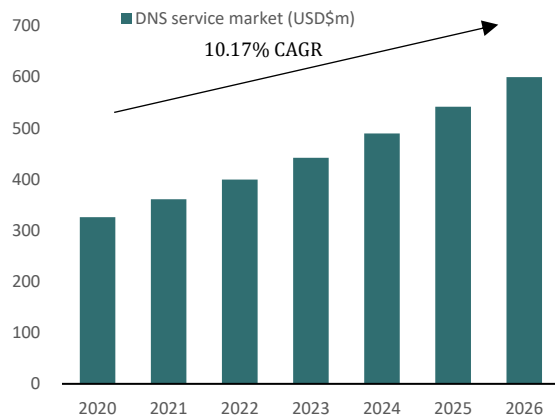
Small and medium sized businesses felt the full brunt of COVID-19. SMEs are the backbone of the U.S. economy, with 28 million American SMEs accounting for nearly two-thirds of net new private-sector jobs in recent decades. In the U.S, COVID-19 has rendered 31% of small businesses non-operational. These businesses are financially fragile, have lower revenues, and have less cash liquidity than established firms. They are unable to survive through a sustained period of losses. Thus, they are more vulnerable to adverse shocks especially if they're operating in industries that were severely impacted.

43% of small businesses had temporarily closed due to COVID-19, and these businesses have reduced their active employment by 39% since January. Many of these small businesses are highly fragile in terms of finances. The median firm with monthly expenses over US\$10,000 only has enough cash to last roughly one month before having to permanently shut down. As of September 28, 2020, nearly 100,000 establishments that temporarily shut down due to the pandemic are now permanently out of business, and this number is looking to continue increasing given the pandemic situation in the United States.

Despite a gradual resumption of business activities and reopening of the economy, many businesses are still uncertain about their future. Many small businesses are unable to operate profitably with safety measures in place, such as many restaurants unable to achieve high enough capacity to breakeven. As a recession grips hold of the world economy, there will likely be weaker consumer sentiment and a reduction in spending. 28% of small business owners say cash flow will be their biggest challenge in the near future, followed by depressed consumer demand. Furthermore, for the businesses that manage to survive through the pandemic, it could still be a long road to recovery. According to Mckinsey, it could take more than five years for the most affected sectors to get back to its pre-COVID-19 levels.

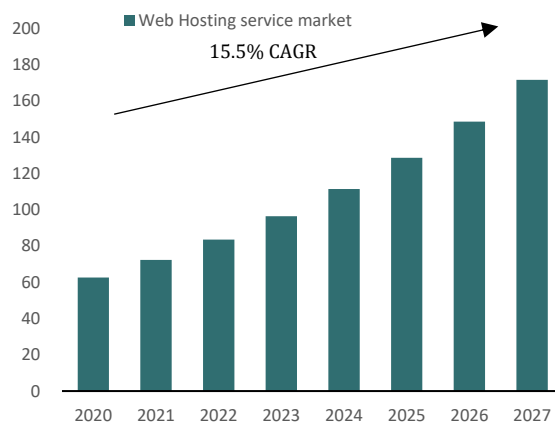
Consequently, this could adversely affect demand for additional internet services as small businesses cut back on their expenditure. Thus, small businesses may reduce or postpone spending or choose not to purchase or renew subscriptions to the products that the businesses consider discretionary.

Figure 10: Projected DNS Service market growth



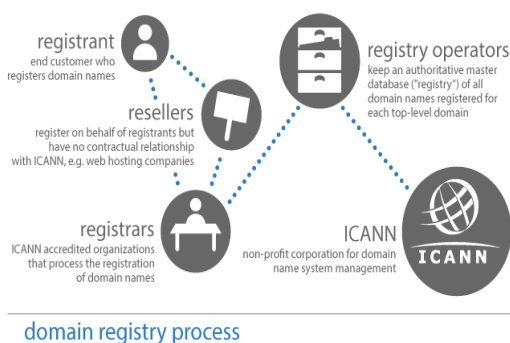
Source: MarketWatch

Figure 11: Projected Web Hosting Service market growth



Source: Grand View Research

Figure 12: ICANN Domain Registry process



Source: whois.icann

Accelerated digital transformation

With the COVID-19 pandemic resulting in lockdowns and temporary closure of physical stores, businesses are forced to transition onto online platforms to keep afloat. Restaurants begun providing delivery services through online platforms such as GrubHub and UberEats. Most businesses with shuttered physical stores have also turned to e-commerce platforms to continue operating. According to the US Department of Commerce, consumers spent nearly US\$212b on e-commerce between April and June 2020, a 32% increase y-o-y. 36% of consumers now shop online weekly, up from 28% pre-pandemic. 51% of U.S. small business owners have increased the interactions they have with their clients over the internet. COVID-19 has accelerated the move to digital among small businesses and digitisation is now a necessity to stay afloat or risk being overtaken by the competition.

COVID-19 has also increased the adoption of technologies to help reduce face-to-face interactions and safeguard customer and employee well-being. Many companies are forced to implement infrastructure to efficiently work from home. According to a survey by Workhuman, only a third of people in the United States have worked from home before the pandemic. This forced many SMEs to adopt the technology infrastructure required to work from home. This would increase the demand for security services for business applications to allow employees to access sensitive materials from remote locations.

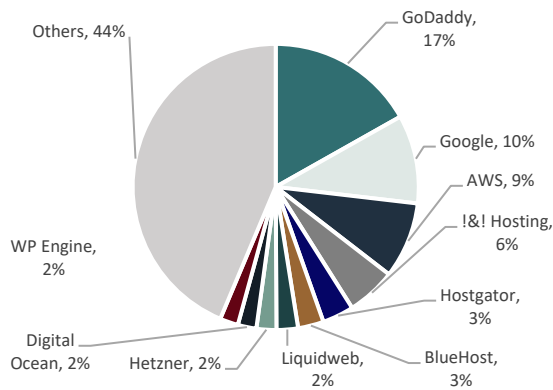
Previously, companies were focused on adopting technology to improve productivity, reduce labour reliance, and enhance customer service. Now, technology is enabling businesses to operate safely while accessing new sources of revenue and finding new ways of serving their customers. This will then raise the demand for internet-related services and more businesses will subscribe to value-added services that will drive growth in the DNS and web hosting space. The global DNS service market is projected to register a CAGR of 10.7% from 2020 to 2026, while the global web hosting services market is projected to expand at a 15.5% CAGR from 2020 to 2027.

Increasingly competitive market

In recent years, the DNS and Web hosting market has been highly competitive and continues to be so with innovations from various parties. The overall market is seeing traditional DNS and web hosting platforms provide additional packages and services such as CRM and analytics to further add value for consumers. Overall, GoDaddy will be experiencing increased competition due to these trends.

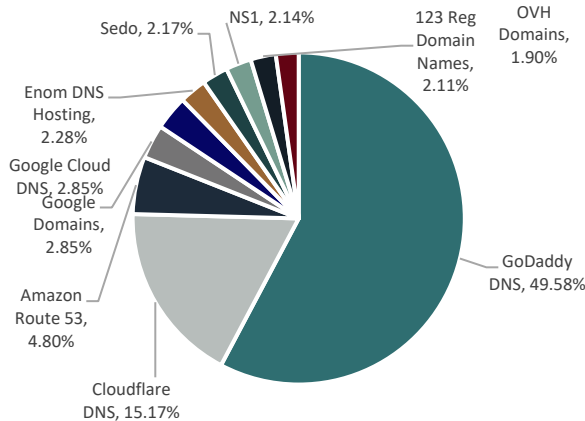
The DNS market is extremely competitive and highly fragmented, with a total of 2,520 accredited registrars according to the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN is a global, multi-stakeholder, non-profit regulatory body that coordinates the global domain name system for public benefit. ICANN then grants registries such as Verisign and Neustar authority to maintain master databases of names for TLDs. Registrars such as GoDaddy act as retailers of domains and facilitate sale to end-users. While the market is growing, the number of competitors is accelerating at an equal, if not faster rate. If one meets the requirements needed by ICANN, a company can just immediately set up a DNS for businesses. As more competitors flood the market, the

Figure 13: Web Hosting industry market share



Source: Datanyze

Figure 14: DNS industry market share



Source: Datanyze

DNS market is increasingly commoditized where competitors will attempt to price each other out of the market. There will be higher pricing pressure from registries in the future. Verisign and ICANN have reached an agreement that allows Verisign to increase the prices of .com domains by 7% per year in the last four years of each 6-year extension. This increase in cost price could harm the margins of registrars if they are unable to successfully increase prices.

In the Web hosting space, direct major competitors include big names such as Google and AWS. GoDaddy is still the largest player at 16.83% market share, but Google Cloud and Amazon Web Services are close behind at 10.02% and 8.61%. Google and Amazon have seen exponential growth in recent years, grasping significant market share in a short period of time. In the past year, GoDaddy's number of websites dropped by 2,880 but that of AWS and Google increased by 2,565 and 3,120 respectively. These competitors are providing new value-added services on top of traditional web hosting at attractive prices. Google offers a comprehensive team feature that allows for smooth workflow delegation of work to team members by using granular team controls. Moreover, their ecosystem also means that one can have access to all of Google's services such as Google cloud, further enhancing the Google experience. AWS's web hosting services are also scalable and can be customized to fit the needs of any small business. With its state-of-the-art infrastructure, AWS has seen its popularity rise dramatically in recent years. The above-mentioned platforms are growing fast, creating serious competition against GoDaddy.

Moreover, in the Business applications space, social platforms, and third-party e-commerce sites such as Facebook and Etsy also present competition as they provide sales and marketing capabilities outside of creating a traditional website. As juggernauts like Facebook reshape the online advertising landscape, their marketing abilities will only compound and truly take over the online marketing space.

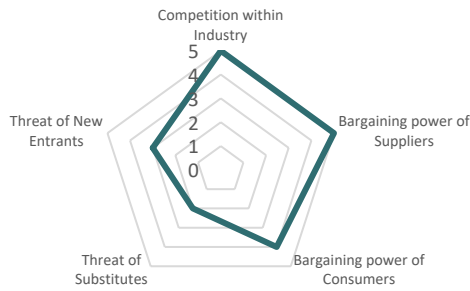
Porter's Five Forces

Putting the above points into a Porter's Five Forces diagram, we conclude the following: competition within the industry is high due to the lack of differentiating factors among competitors' products; threat of new entrants is moderate due to high economies of scale; threat of substitutes is low since it is unlikely that new technologies replacing current software infrastructure services will be developed in the near future; bargaining power of customers is high since competitors' products are similar and cost of switching is low; bargaining power of suppliers is high as many of its product offerings are controlled by dominant suppliers.

Competition within industry - High

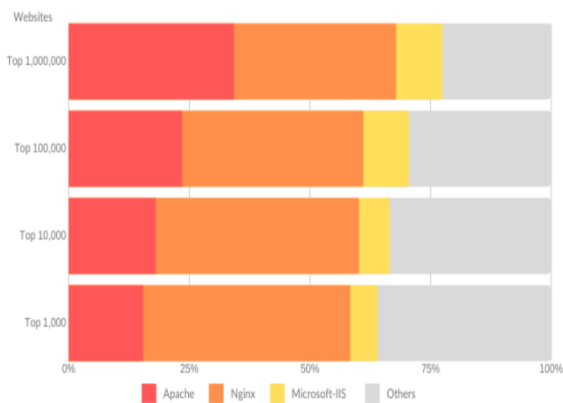
Competition within the software infrastructure industry has intensified in the past few years and is now relatively high. GoDaddy's competitors can be split into pureplay domain name sellers/website hosting services, or companies that provide the whole suite of services like GoDaddy does. The industry is highly fragmented, especially the domain segment, where GoDaddy's product and services are almost identical to other competitors. GoDaddy's competitors include several public companies such as Web.com, Rightside Group, Tucows, Endurance International Group and large

Figure 15: Porter's 5 Forces



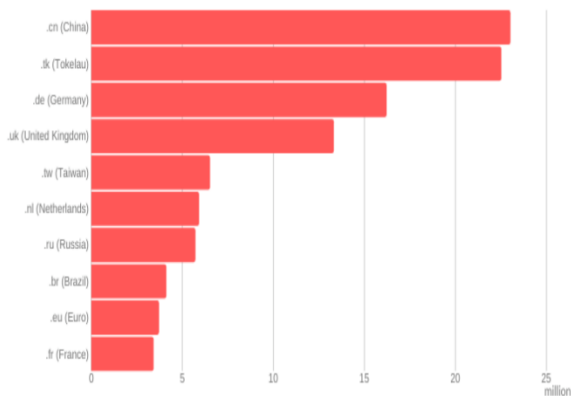
Source: NUS Investment Society Estimates

Figure 16: Performance and security optimization



Source: hostscore

Figure 17: Top 10 Largest Country level domains



Source: hostscore

companies such as Amazon, Google, and Microsoft. Millions of advertisers, of which many of them are small and medium businesses, already advertise on platforms such as Amazon and Google, making these companies big threats for GoDaddy.

Threat of new entrants - Moderate

The economies of scale in the software infrastructure industry is fairly difficult to achieve. Capital requirements within the industry is high, a lot of cost is required to purchase, setup, and house the physical servers, thus making it difficult for new entrants to set up businesses as high expenditures need to be incurred. Research and Development costs are also high since companies are constantly trying to develop proprietary technology to edge out competitors. These factors all contribute to making it easier for those producing large capacities to have a cost advantage. That said, big technology companies that already have a huge online presence and network as well as healthy cash balances could easily make an entrance into the industry, just as Amazon, Alibaba and Google have in the recent years. Moreover, the relative ease of meeting the requirements needed by ICANN and the increasingly commoditized DNS market results in a competitive market. Hence, this renders the threat of new entrants a moderate force.

Threat of substitutes - Low

With COVID-19 accelerating digitalisation trends, it is unlikely that there would be a shift away from online platforms. Given that web and cloud hosting are relatively new technologies, it is unlikely that new alternatives will be invented through technological advancements in the near future.

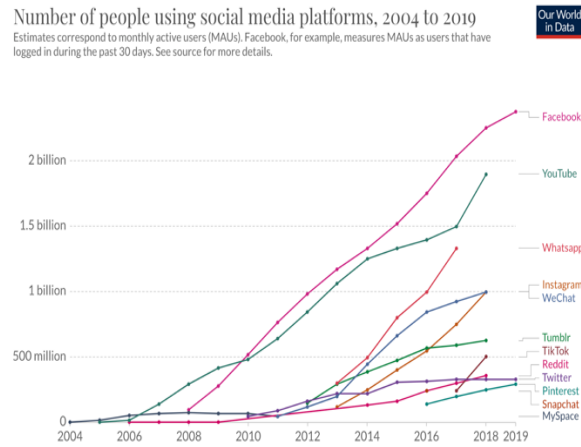
Bargaining power of customers - High

GoDaddy and its competitors offer relatively similar products, with little differentiating factors other than its prices. It is also easy for customers to switch to cheaper options. Thus the bargaining power of customers is high.

Bargaining power of suppliers - High

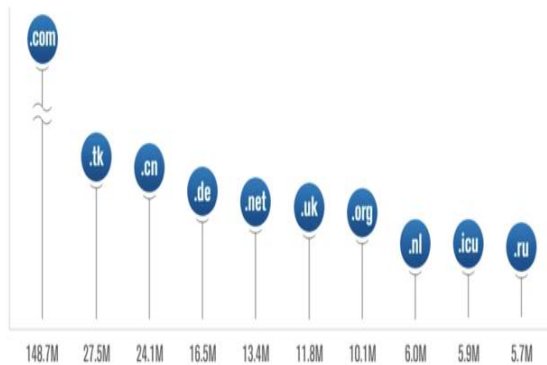
In the domain name registration segment, suppliers have high bargaining power. Suppliers are mainly domain name registries such as Verisign and Neustar, which GoDaddy had to pay in order to provide its domain name registration services. Verisign operates the authoritative directory for TLDs such as .com, .net, .edu etc. These domain names are staples of the internet, and registrars like GoDaddy have no choice but to take whatever price Verisign offers. Verisign and ICANN have reached an agreement which allows Verisign to increase the prices of .com domains by 7% per year in the last four years of each 6-year extension. In the hosting and presence segment, the product that these suppliers provide are standardised and less differentiated. For the company's website design services, there is a huge pool of freelancers and small website design agencies that can produce quality work. This makes it easier for buyers like GoDaddy to switch suppliers. In GoDaddy's business application segment, suppliers also have high bargaining power. This segment's main product is Microsoft Office 365, which will be a staple in businesses in many years to come. It is unlikely that GoDaddy or any of its competitors will switch away from Microsoft Office 365.

Figure 18: Number of people using social media platforms from 2004 to 2019



Source: Our World in Data

Figure 19: Top 10 Largest TLDs by number of reported domain names



Source: Verisign, Q2 2020

Investment Thesis

1. Weakness in adapting to changing industry trends

The global domain industry is currently undergoing a structural shift whereby customers favour domain providers that offer value-added services such as data analytics and technology-enhanced “smart” advertising that allows the users of domains to understand their customers better through detailed data feedback and receive actionable advice from which they are able to enhance and adapt their go-to-market strategies. This trend has caused traditional, pure-play domain providers to fall out of favour as they are unable to provide value-adding services beyond the fundamentals. With that in mind, we feel that GoDaddy is poorly positioned to benefit from this trend as compared to its peers.

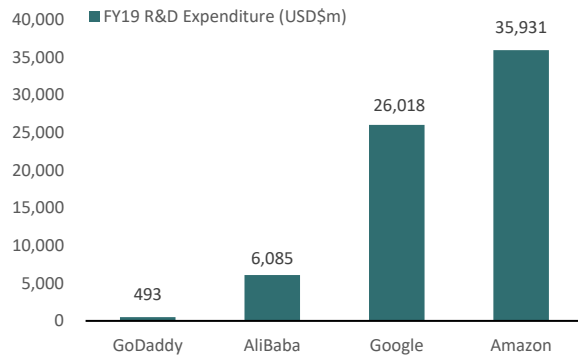
At only 17.1% of their current revenue, GoDaddy’s business applications and value-added services segment is weaker than its peers. With simpler offerings such as email marketing and telephony services, Not only do GoDaddy’s business application offerings lag behind diversified industry trends such as the rising popularity of social media marketing, they also fall short significantly in terms of sophistication and technological advancement.

This is worrying as the DNS industry is getting increasingly commoditized. According to Verisign’s Domain Name Industry Brief reports, the growth in domain name registrations is slowing significantly. Top level domain name registrations grew 4.3% y-o-y in 2020, down from 10% y-o-y in 2011. This highlights the importance of business applications as the key cog in driving future growth as companies seek to differentiate themselves from one another. Without strong business application offerings, GoDaddy faces an uphill climb in ensuring long-run growth.

One of the past key drivers for GoDaddy’s growth was in their ability to package extra services, such as email services and e-commerce solutions, with domain registration. However, they have lagged behind in recent years as competitors are outdoing GoDaddy in the Business Application space. The competitors include technology giants such as Microsoft and Google. Social platforms and third-party e-commerce sites such as Facebook also present stiff competition as they provide marketing capabilities outside of creating a traditional website. For example, while GoDaddy offers the basic email features, G Suite (Google) offers the popular Google applications, Real-time online collaboration and even videoconferencing on top of the widely acclaimed G Suite office. While GoDaddy also has a collaboration with Microsoft Office 365, this feature is 2.5 times more expensive than what Google offers and G Suite is arguably more comprehensive for the modern-day business.

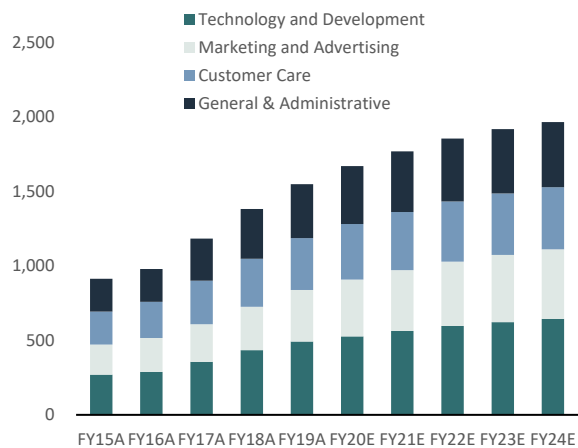
In all, the business applications space is crucial for DNS-based companies like GoDaddy to differentiate itself from the pack. Without a strong business application and value-added services segment, GoDaddy risks losing market share to bigger and more established competitors.

Figure 20: R&D Cost comparison with peers



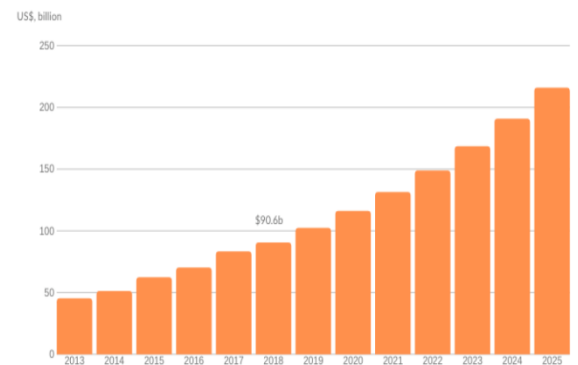
Source: Company Annual Reports

Figure 21: Operating costs by segment



Source: NUS Investment Society Estimates

Figure 22: Web Hosting Trends



Source: hostscore

2. Significantly weaker R&D and capabilities compared to global competitors

In 2019, GoDaddy spent US\$492.6m on Technology and Development which is 16.5% of their total revenue. However, Amazon and Google's research and development (R&D) expenses collectively amounted to US\$61.9b. This astronomical difference shows that GoDaddy is up against competition who are aggressively investing more into their business. In a technological field where innovation is key, GoDaddy's failure to adequately develop new and better offerings may cost them future earnings as consumers flock to competitors with better features.

With advanced value-added services, GoDaddy's competitors would already have a first mover advantage in roping more users into their platform. Technology such as Data Analytics has already been a mainstay for Amazon and Google's DNS and Web hosting segments but has been non-existent in GoDaddy's current strategy. This allows competitors like Amazon and Google to incorporate these value-added services into their packages and cross sell to its users. As users are sticky to the domain provider that they are already using, significant inertia might arise, and users are reluctant to switch providers unless there is an obvious advantage for switching.

Moreover, GoDaddy also severely lacks the talent pool needed to go toe-to-toe with the top technology companies. As users demand greater performance and more accurate Data Analytics and Sentiment Analysis services, the need for the very best talent is ever more pressing. Without the brand name and innovation of Google and Amazon to attract the very best Software engineers and Data Scientists, it'll be an uphill climb for GoDaddy to compete with the top technology companies.

Furthermore, future R&D spending might also be hampered by GoDaddy's high operating costs. Year-over-year, operating expenses grew by 12.0% where marketing and advertising and Customer Care grew by 18.6% and 7.9% respectively. For reference, GoDaddy's 2018 to 2019 revenue growth was 12.3%. Such high expenditures are unlikely to be reduced in the future as GoDaddy would need both marketing and customer care to compeering on equal footing with its strong competitors. This then limits the number of resources that can be allocated to R&D and potentially inhibits GoDaddy's future competitiveness in the industry. Thus, this cost structure could prove a challenge to sustaining customer growth and achieve greater profitability in the long run.

In conclusion, poorer offerings and a significantly weaker R&D will cause GoDaddy to lose market share to its competitors. Without a clear technological competitive advantage and an increasingly competitive innovation landscape, GoDaddy will struggle against its competitors. Moreover, at US\$72.24/share with a historical P/E ratio (LTM) of 62.63x that is well above the technology sector average of 31.04x, investors are extremely bullish about GoDaddy's ability to improve its margins and profitability for the years to come. However, with such a competitive environment and weakening offerings, GoDaddy might struggle to match up to these lofty expectations and once investors realise this, it could spark a sell-off and exert a downward pressure on GoDaddy's share price.

Figure 23: GoDaddy vs. Google Domains Price Comparison

	GoDaddy (1st Year)	GoDaddy (2nd+ Year)	Google Domains
Domain (.com)	\$2.99	\$17.99	\$12.00
Domain (.org)	\$11.99	\$20.99	\$12.00
Domain (.net)	\$13.99	\$19.99	\$12.00
Domain (.us)	\$1.00	\$19.99	\$12.00
Domain Privacy Protection	\$9.99	\$9.99	Free

Source: Hosting Review

Figure 24: GoDaddy commerce plans and pricing

	Basic For personal use \$10.00 /mo <small>(Does not include security)</small>	Standard For new businesses \$15.00 /mo <small>(Does not include security)</small>	Premium For growing businesses \$20.00 /mo <small>(Does not include security)</small>	Ecommerce For selling online \$25.00 /mo <small>(Does not include security)</small>
FEATURES				
Website security (SSL)	✓	✓	✓	✓
Custom domain connection	✓	✓	✓	✓
On-the-go editing	✓	✓	✓	✓
24/7 support	✓	✓	✓	✓
Business email address free for one year	✓	✓	✓	✓
Guidance and analytics	✓	✓	✓	✓
Search Engine Optimization (SEO)	—	✓	✓	✓
SOCIAL MEDIA & EMAIL MARKETING				
Social media platforms	1	3	Unlimited	Unlimited
Social posts & responses/mo	5	20	Unlimited	Unlimited
Email marketing sends/mo	100	500	25,000	25,000
Branded content creator	✓	✓	✓	✓
ONLINE APPOINTMENTS				
One-time appointments	✓	✓	✓	✓
Recurring appointments	—	—	✓	✓
One-time group events	—	—	✓	✓
Payments for appointments	—	—	✓	✓
Email and text appointment reminders	—	—	✓	✓
E-COMMERCE				
Product listings	—	—	—	✓
Flexible payments	—	—	—	✓
Social and marketplace selling	—	—	—	✓
Flexible shipping options	—	—	—	✓
Discount and promotional features	—	—	—	✓

Source: GoDaddy company website

3. Higher-than-market price offerings in highly commoditised market

Lastly, even though GoDaddy does not offer much unique services, its price point is higher than most of its competitors. In segments such as domain name sales, where the product is highly commoditised; we expect consumers to be relatively price sensitive and will go for cheaper options since the products they get from the different companies are essentially the same.

GoDaddy's strategy is to offer cheap initial prices with little extra services like security, then high renewal fees as well as high costs of purchasing extra services. After adding essential services such as security features, GoDaddy's pricing is relatively high. Some of GoDaddy's competitors offer their services at products at low or no cost. For example, Cloudflare offers domains at wholesale cost, and Let's Encrypt offers security certificates at low or no cost. GoDaddy's Pricing for a ".com" domain is US\$11.99 for registration and US\$14.99 for renewal, while Namecheap charges US\$10.69 for registration and US\$10.69 for renewal. Google Domains charges US\$12.00 and even offers free domain privacy protection, which GoDaddy offers for US\$9.99. A comparison with other competitors such as Bluehost, domain.com, name.com all shows that GoDaddy offers much higher prices. In this highly commoditized segment, we believe that customers will tend to be price-sensitive and will opt to choose the lower prices.

The difference in pricing is also seen in other segments of GoDaddy's products. Taking a look at the email services offered by GoDaddy and Google, we can see that GoDaddy charges higher prices for services of lesser quality. At US\$14.99 USD / user per month, one can choose to use Office 365 email by GoDaddy that provides the entire Microsoft Office package with 50GB of cloud storage. However, one can choose to pay only US\$12 USD/ user per month for Google (G Suite) and benefits such as 1TB of cloud storage and the G Suite programs. Moreover, G suite also offers low-code app development, advanced email searching and archiving that GoDaddy's Office 365 does not offer. Here, we can clearly see that competitors have better offerings than GoDaddy, but GoDaddy users are paying a premium compared to other companies.

The effect of GoDaddy's high prices are already seen in the past few years of GoDaddy's performance. GoDaddy's number of domains per customer has decreased steadily from 4.5 in FY16 to 4.1 in FY19. GoDaddy's domain segment has historically contributed the highest portion of the company's total revenue, generating approximately 45%, 46%, and 47% of its total revenue in FY19, FY18, and FY17 respectively. However, GoDaddy's market share has been stagnating. From FY14 – FY16, GoDaddy's market share in domain registration fell from 21% to 19%. It jumped back to 22% in FY17, but largely due to GoDaddy's acquisition of Host Europe Group, which added 1.6 million customers. Since then their market share has stagnated at 22% as of September 30, 2019.

According to the Verisign Domain Name Industry Brief, the overall domain name registered has been growing at 4.5% the past few years, but GoDaddy has been underperforming the market, with their number of domains under management growing at 3.5% and 2.6% y-o-y in FY18 and FY19 respectively. We feel that this stagnation in

Figure 25: GoDaddy vs. NameCheap Price Comparison

TLD	GoDaddy new	GoDaddy renewal	Namecheap new	Namecheap renewal
.com	\$2.99	\$17.99	\$10.69	\$10.69
.net	\$11.99	\$16.99	\$12.88	\$12.88
.biz	\$7.99	\$19.99	\$12.88	\$12.88
.org	\$7.99	\$19.99	\$12.48	\$12.48
.info	\$2.99	\$16.99	\$0.88	\$10.47
.mobi	\$4.99	\$17.99	\$10.88	\$10.88
.co	\$11.99	\$29.99	\$6.88	\$22.99
.ru	\$14.99	\$14.99		
.de	\$7.99	\$7.99	\$9.85	
.jp	\$34.99	\$34.99		
.uk	\$6.99	\$10.99	\$7.58	\$7.58
.it	\$12.99	\$12.99		
.pl	\$9.99	\$29.99		
.xyz	\$0.99	\$14.99		
.top			\$0.88	\$10.88
.win	\$27.99	\$39.99	\$0.88	\$0.88
.club	\$9.99	\$14.99	\$0.88	\$10.88
.site	\$2.99	\$39.99	\$2.88	\$14.88
.vip	\$19.99	?	\$12.88	?
.design	\$29.99	\$69.99	\$6.88	\$42.88

Source: WinningWP

domain segment growth is largely attributed to GoDaddy's higher prices compared to its peers. Given that GoDaddy's domain name registration segment acts as an on-ramp to acquire customers and subsequently cross-sell its other products, a decline in its domain segment due to high prices will have impacts to GoDaddy's other business segments.

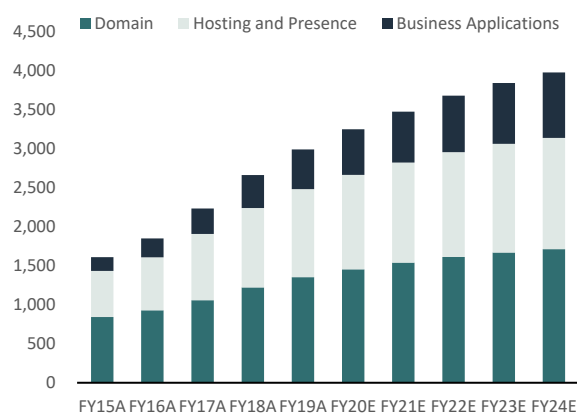
Furthermore, small businesses have been affected badly by lockdowns and social distancing measures due to the COVID-19 pandemic, and it is highly likely that those that survive through COVID-19 to tighten their spending and thus be even more price sensitive when it comes to their businesses' costs. Moreover, COVID-19 would hasten the speed of customer flight given that price sensitive customers are generally less sticky. This is especially true for the majority of GoDaddy's customers who are smaller customers as they are generally less sticky. As such, we expect small businesses to be even more price sensitive in the coming year and thus might be reluctant to spend on GoDaddy's highly priced services.

We expect customers to recognise that GoDaddy's services are not worth its high prices and this would ultimately result in GoDaddy losing market share when placed against technology giants like Google and Amazon. As such, we foresee that GoDaddy's domain under management growth to continue to underperform the already slowing market growth, at about ~1.5% - 2%, and ARPU growth to slow down and start to plateau in the coming years.

Catalysts

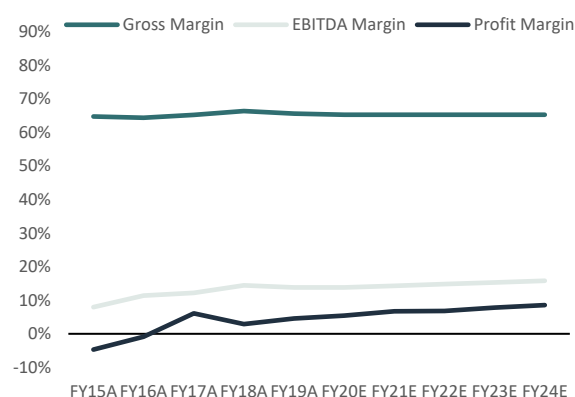
- **Earnings miss:** We foresee that an earnings miss, which would likely be caused by the loss of market share in the future, would be one of the primary signals to the investors of its lack of competitive edge and meaningful value-added offerings that its peers are able to provide.
- **Failure to realize projected acquisition payoff:** In the recent years, the Company has seen double-digit growth in the top-line due to its aggressive acquisition strategy. The majority of their growth in revenues is attributable to inorganic growth. In a technology-intensive market whereby many M&A activities are driven by acquisitions of technologies and intellectual properties, many companies often make the mistake of over-paying for proprietary assets, resulting in high goodwill and its subsequent impairment.
- **Pricing war:** Unlike GoDaddy, its competitors are global giants (e.g. Google, Amazon) that have much bigger financial capacity (and therefore price-setting abilities) and are able to take on periods of extended losses in a pricing war that can severely affect the revenues and margins of smaller counterparts like GoDaddy. Given that the cost per domain is expected to increase in the future, GoDaddy faces a difficult choice of increasing its price or see suffering margins.

Figure 26: Revenue by Business Segments, domain revenue still majority



Source: NUS Investment Society Estimates

Figure 27: Margins remain largely stagnant



Source: NUS Investment Society Estimates

Figure 28: Projected de-levering



Source: NUS Investment Society Estimates

Financial Analysis

US\$m	FY20E	FY21E	FY22E	FY23E	FY24E
Revenue	3,245.1	3,470.7	3,675.5	3,838.2	3,972.5
Revenue growth %	8.6%	7.0%	5.9%	4.4%	3.5%
EBITDA	448.0	496.5	544.2	587.5	627.9
EBITDA margin %	13.8%	14.3%	14.8%	15.3%	15.8%
Net Income	175.7	232.2	250.7	299.5	339.8
Net Profit margin %	4.6%	5.4%	6.7%	6.8%	7.8%
EPS	1.05	1.39	1.50	1.80	2.04
D/E	2.29x	1.70x	1.27x	0.94x	0.69x

Overview

The chart above reveals GoDaddy's financial condition prospects for the next five years, highlighting our assumptions of slowing growth despite moderate margin uplift in the coming years. We believe that the above assumption for EBITDA margins uplift of +50bps is extremely generous given that expect competitive pricing to cut into GoDaddy's margins.

On first sight, the growth rates and the margin profiles do indeed portray an optimistic view of GoDaddy's financial performance in the coming years, and it is no surprise that the market consensus of the market towards GoDaddy is currently very positive. Our DCF, therefore, served as a stress-test in which we made better-than-expected assumptions from a margins perspective. Yet, despite the generous assumptions, our DCF still yielded a below-market price valuation of c.US\$54, which reinforce the robustness of our intrinsic valuation.

Financial Analysis 1 – Top-line growth

The slowing revenue growth reflects our view that the lack of competitive advantages as well as the overpriced offerings will result in GoDaddy losing its market share to its peers. Going forward, its growth is mainly driven through inorganic growth via acquisitions, as has been the case in the past few years.

Financial Analysis 2 – EBITDA margins

As previously mentioned, we assumed a generous EBITDA margin uplift of +50bps p.a. in order to reflect the benefits of synergies and operating leverage of the company as its revenue increased, in line with historical EBITDA margins. However, our team takes the view that EBITDA margins will remain mostly flat or see modest increase of not more than +25bps p.a. per year as GoDaddy faces severe pricing pressures from global giants that are able to offer better services at more affordable prices.

Financial Analysis 3 – Leverage profiles

We expect GoDaddy to de-lever modestly over the projected years as its EBITDA margins increase, and that GoDaddy is unlikely to face insolvency issues regarding the term loan issued to finance their c.US\$1.8bn acquisition in FY17-18.

Figure 29: WACC Build-up

WACC	
Market value of debt	2,693.0
Cost of debt	1.81%
Tax rate	0.0%
Market value of equity	12,163.1
Cost of equity	4.64%
Weighted-average cost of capital	4.12%

Source: NUS Investment Society Estimates

Figure 30: Gordon growth and Exit multiple method for Terminal value calculations

Terminal value	
Gordon growth method	
Perpetual growth rate	2.00%
FY+5 FCFF	278.5
WACC	4.12%
Terminal value, Gordon growth method	13,374.5
Exit multiple method	
FY+5 EBITDA	627.9
NASDAQ:GDDY NTM EV/EBITDA x	15.3x
Terminal value, Exit multiple method	9,611.4
Terminal value, blended	11,492.9

Source: NUS Investment Society Estimates

Figure 31: Implied share price calculation

Model Output	
Enterprise value	10,619.0
(-) Debt	(2,693.0)
(-) Minority interests	(10.1)
(+) Cash	1,062.8
Implied equity value	8,978.7
No. of shares outstanding	166.8
Per share value	53.83
Current share price	70.74
+/- potential	23.9% sell

Source: NUS Investment Society Estimates

Figure 32: Sensitivity Analysis

		WACC				
		3.12%	3.62%	4.12%	4.62%	5.12%
Exit Multiple	11.3x	81.0	59.3	47.7	40.3	35.1
	13.3x	84.2	62.5	50.8	43.3	38.1
	15.3x	87.4	65.6	53.8	46.3	41.0
	17.3x	90.6	68.8	56.9	49.3	43.9
	19.3x	93.9	71.9	60.0	52.3	46.9

Source: NUS Investment Society Estimates

Valuation

Valuation Price Target: US\$53.83; derived from Discounted Cash Flow model.

DCF model

Our team utilised Discounted Cash Flow model analysis to estimate the intrinsic value of GoDaddy's share price. The model was forecasted over 5 years up to 2024E.

Revenue projections

Our revenue model reflected that of the 3 revenue-generating segments of the Company – (a) Domains, (b) Hosting and Presence, and (c) Business Applications. For each of these 3 segments, we used the bottom-up approach by taking the no. of customers/domains multiplied by the revenue per customer/domain.

The basis from which we projected the future growth of the volume and revenue per unit were based on our competitive analysis and industry understanding as represented in the previous parts of the report. See Appendix for the details regarding the projections.

DCF is most sensitive to the following factors, derivation of which are explained below.

WACC

Cost of debt was calculated using the risk-free rate of 0.83%, which is in line with current yields on the 10-year Treasury, plus the credit default spread of GoDaddy, which was estimated using GoDaddy's implied credit rating from its FY20 interest coverage ratio and Damodaran ratings, ICR and default spread table. We derived a pre-tax cost of debt of 1.81%.

CAPM was used to estimate Cost of Equity. Risk free rate of 0.83% was used. We unlevered the industry Beta and re-levered it with GoDaddy's capital structure, and blended it with GoDaddy's 5Y regression Beta at equal weightage to derive a beta of 0.73. Equity market risk premium of 5.23% was used. Cost of equity was calculated to be 4.64%. Market value of debt and equity was used to derive weightage of debt and equity.

Tax rate of 0% was used as tax related expenditures are accounted for by the recent US\$850m TRA settlement, and going forward, intangible and cash acquisitions took into account future TRA expenditures. With the aforementioned figures, we arrive at a WACC of 4.12% for GoDaddy.

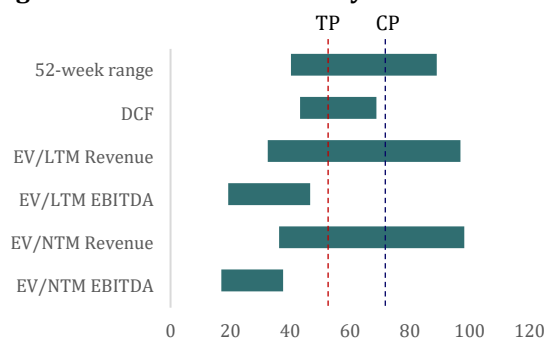
Terminal growth

We used both the Gordon Growth and Exit multiple method to arrive at the terminal value. For the Gordon Growth Method, we used a long-term growth rate of 2.0%, in line with that of the U.S. mature market GDP growth rate. We used an exit multiple of 15.3x, in line with the current trading NTM EV/EBITDA multiple of the Company. We assumed equal weight for both methods to arrive at a terminal value of US\$13.4b.

Relative valuation

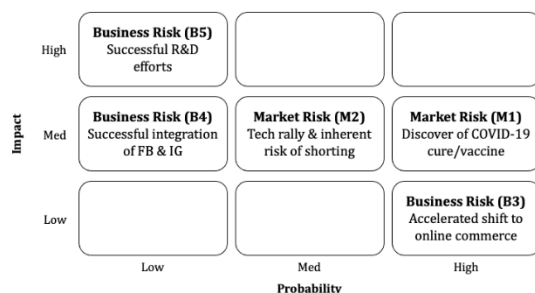
To supplement our overall valuation efforts, we utilised relative valuation as a form of sanity check to our primary valuation method. The following multiples were adopted: EV/LTM Revenue, EV/LTM

Figure 33: Football Field analysis



Source: NUS Investment Society Estimates

Figure 34: Investment risk matrix



Source: NUS Investment Society Estimates

EBITDA, EV/NTM Revenue and EV/NTM EBITDA. The following companies were selected as comparable companies: VeriSign Inc., Akamai Technologies Inc., Rackspace Technology Inc., Cogent Communications Holdings Inc., Vonage Holdings, Endurance International Inc. and GTT Communications Inc.

The comparables were mainly screened through the following criteria: (a) industry, (b) size, (c) margins, (d) growth profile, and (e) geographical operations.

Investment Risks

Market Risk (M1)

Discovery of COVID-19 cure and vaccine: The discovery of a cure or vaccines would aid in the recovery of businesses that were affected by lockdown and social distancing measures, and would be a cause for optimism and improvement in investor sentiments. However, we expect there to still be significant time before vaccines are approved and widely distributed to the mass population.

Market risk (M2)

Tech rally and the inherent risk of shorting: The extended rally of tech stocks which have been the best-performing sector to lead the post-Covid recovery might lead to short-term losses due to market pressures. Shorting might be especially dangerous under this trend (as theoretically, there is no limit to the amount you can lose on a short position), and we strongly encourage the use of stop-loss to prevent extended losses.

Business Risk (B3)

Accelerated shift to online commerce: With COVID-19 pandemic resulting in the sudden implementation of lockdown and social distancing measures, this might have forced small and medium businesses to consider shifting their business online or increasing their online presence. They may prove to be beneficial to GoDaddy should they be able to attract these businesses and provide quality service.

Business Risk (B4)

Successful integration of Facebook and Instagram in Website + Marketing segment: Facebook and Instagram are massive platforms with immense reach, which presents as a lucrative platform for small and medium businesses to advertise. A successful integration with GoDaddy's Website + Marketing segment could significantly improve GoDaddy's commerce capabilities and be a driver in attracting customers.

Business Risk (B5)

Successful Research and Development efforts: If GoDaddy is successful in its R&D efforts and is able to develop new proprietary technology and offerings to improve on its services, it would provide the company with a greater competitive advantages. This could be crucial for customer acquisition and retention in its domain segment, which is highly commoditised.

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Appendix

Pro Forma Financial Statements

GoDaddy Inc. (NYSE:GDDY) Key financials (US\$mm unless otherwise stated); FYE Dec										
	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Income Statement										
Revenue	1,607.3	1,847.9	2,231.9	2,660.1	2,988.1	3,245.1	3,470.7	3,675.5	3,838.2	3,972.5
<i>y-o-y growth (%)</i>	<i>n.a.</i>	<i>15.0%</i>	<i>20.8%</i>	<i>19.2%</i>	<i>12.3%</i>	<i>8.6%</i>	<i>7.0%</i>	<i>5.9%</i>	<i>4.4%</i>	<i>3.5%</i>
Domains	840.8	927.8	1,057.2	1,220.3	1,351.6	1,451.6	1,538.0	1,610.6	1,668.3	1,710.2
<i>y-o-y growth (%)</i>	<i>n.a.</i>	<i>10.3%</i>	<i>13.9%</i>	<i>15.4%</i>	<i>10.8%</i>	<i>7.4%</i>	<i>5.9%</i>	<i>4.7%</i>	<i>3.6%</i>	<i>2.5%</i>
Hosting and Presence	592.0	678.7	847.9	1,017.6	1,126.5	1,209.9	1,281.8	1,342.4	1,390.4	1,425.4
<i>y-o-y growth (%)</i>	<i>n.a.</i>	<i>14.6%</i>	<i>24.9%</i>	<i>20.0%</i>	<i>10.7%</i>	<i>7.4%</i>	<i>5.9%</i>	<i>4.7%</i>	<i>3.6%</i>	<i>2.5%</i>
Business Applications	174.5	241.4	326.8	422.2	510.0	583.7	650.9	722.5	779.4	836.8
<i>y-o-y growth (%)</i>	<i>n.a.</i>	<i>38.3%</i>	<i>35.4%</i>	<i>29.2%</i>	<i>20.8%</i>	<i>14.4%</i>	<i>11.5%</i>	<i>11.0%</i>	<i>7.9%</i>	<i>7.4%</i>
Less: Cost of sales (ex. D&A)	(565.9)	(657.8)	(775.5)	(893.9)	(1,026.8)	(1,126.2)	(1,204.5)	(1,275.5)	(1,332.0)	(1,378.6)
Gross Profit	1,041.4	1,190.1	1,456.4	1,766.2	1,961.3	2,118.9	2,266.3	2,400.0	2,506.2	2,593.9
<i>Gross profit margin (%)</i>	<i>64.8%</i>	<i>64.4%</i>	<i>65.3%</i>	<i>66.4%</i>	<i>65.6%</i>	<i>65.3%</i>	<i>65.3%</i>	<i>65.3%</i>	<i>65.3%</i>	<i>65.3%</i>
Less: Operating expenses (ex. D&A)	(913.6)	(979.9)	(1,183.7)	(1,382.5)	(1,549.0)	(1,670.9)	(1,769.7)	(1,855.8)	(1,918.7)	(1,966.0)
Technology and Development	(270.2)	(287.8)	(355.8)	(434.0)	(492.6)	(526.5)	(563.1)	(598.4)	(622.8)	(644.6)
Marketing and Advertising	(202.2)	(228.8)	(253.2)	(291.4)	(345.6)	(381.8)	(408.3)	(432.4)	(451.6)	(467.4)
Customer Care	(221.5)	(242.1)	(292.3)	(323.1)	(348.7)	(373.2)	(390.5)	(404.3)	(412.6)	(417.1)
General and Administrative	(219.7)	(221.2)	(282.4)	(334.0)	(362.1)	(389.4)	(407.8)	(422.7)	(431.8)	(437.0)
EBITDA	127.8	210.2	272.7	383.7	412.3	448.0	496.5	544.2	587.5	627.9
<i>EBITDA margin (%)</i>	<i>8.0%</i>	<i>11.4%</i>	<i>12.2%</i>	<i>14.4%</i>	<i>13.8%</i>	<i>13.8%</i>	<i>14.3%</i>	<i>14.8%</i>	<i>15.3%</i>	<i>15.8%</i>
Less: Depreciation and Amortisation	(158.8)	(160.1)	(205.8)	(234.1)	(209.7)	(210.4)	(220.5)	(254.6)	(254.4)	(259.8)
EBIT	(31.0)	50.1	66.9	149.6	202.6	237.6	276.0	289.5	333.1	368.1
Less: Interest Expenses	(69.2)	(57.2)	(83.0)	(98.4)	(92.1)	(70.1)	(52.6)	(48.1)	(43.4)	(38.3)
Less: Other Items	(20.2)	(14.8)	141.8	30.8	27.9	8.2	8.8	9.3	9.7	10.1
Loss on Debt Extinguishment	(21.4)	-	(7.3)	-	(14.8)	-	-	-	-	-
Tax Receivable Agreements Liability Adjustment	-	(12.5)	123.2	14.9	8.7	-	-	-	-	-
Other Income/(Expenses), net.	1.0	(1.9)	7.0	6.9	22.0	8.2	8.8	9.3	9.7	10.1
Benefit for Income Taxes	0.2	(0.4)	18.9	9.0	12.0	-	-	-	-	-
EBT	(120.4)	(21.9)	125.7	82.0	138.4	175.7	232.2	250.7	299.5	339.8
Less: Tax Expenses	-	-	-	-	-	-	-	-	-	-
Net Income	(120.4)	(21.9)	125.7	82.0	138.4	175.7	232.2	250.7	299.5	339.8
Earnings of Discontinued Operations	-	-	14.1	-	-	-	-	-	-	-
Net Income from Continued Operations	(120.4)	(21.9)	139.8	82.0	138.4	175.7	232.2	250.7	299.5	339.8
Minority Interest in Earnings	44.8	5.4	(3.4)	(4.9)	(1.4)	-	-	-	-	-
Net Income	(75.6)	(16.5)	136.4	77.1	137.0	175.7	232.2	250.7	299.5	339.8
<i>Net Income margin (%)</i>	<i>-4.7%</i>	<i>-0.9%</i>	<i>6.1%</i>	<i>2.9%</i>	<i>4.6%</i>	<i>5.4%</i>	<i>6.7%</i>	<i>6.8%</i>	<i>7.8%</i>	<i>8.6%</i>
Balance Sheet										
Cash and Equivalents	348.0	566.1	582.7	932.4	1,062.8	967.1	1,034.4	1,095.4	1,143.9	1,183.9
Short-term Investments	4.5	6.6	12.3	18.9	23.6	23.6	23.6	23.6	23.6	23.6
Accounts Receivable	4.8	8.0	18.4	26.4	30.2	23.1	24.7	26.2	27.3	28.3
Prepaid Expenses	25.3	23.8	59.9	58.1	48.9	60.8	65.0	68.9	71.9	74.4
Other Current Assets	311.3	328.3	386.2	391.5	409.8	409.8	409.8	409.8	409.8	409.8
Total Current Assets	693.9	932.8	1,059.5	1,427.3	1,575.3	1,484.4	1,557.5	1,623.8	1,676.5	1,720.0
Property, Plant & Equipment, net.	225.0	231.0	297.9	299.0	258.6	281.7	293.0	290.1	293.1	301.7
Gross Property, Plant & Equipment	461.0	509.0	646.0	739.9	770.3	879.1	995.4	1,118.5	1,247.2	1,380.3
Less: Accumulated Depreciation	(236.0)	(278.0)	(348.1)	(440.9)	(511.7)	(597.3)	(702.4)	(828.4)	(954.0)	(1,078.6)
Operating Lease	-	-	-	-	196.6	196.6	196.6	196.6	196.6	196.6
Goodwill	1,663.4	1,718.4	2,859.9	2,948.0	2,976.5	2,976.5	2,976.5	2,976.5	2,976.5	2,976.5
Other Intangibles	735.3	716.5	1,326.0	1,211.5	1,097.7	1,141.8	1,207.0	1,269.7	1,340.6	1,412.1
Deferred Tax Assets, Long-term	5.4	-	-	-	-	-	-	-	-	-
Deferred Charges, Long-term	163.7	172.1	180.8	183.6	179.3	179.3	179.3	179.3	179.3	179.3
Other Long-term Assets	12.1	16.1	14.2	14.0	17.2	17.2	17.2	17.2	17.2	17.2
Total Non-current Assets	2,804.9	2,854.1	4,678.8	4,656.1	4,725.9	4,793.1	4,869.5	4,929.4	5,003.4	5,083.4
Total Assets	3,498.8	3,786.9	5,738.3	6,083.4	6,301.2	6,277.5	6,427.0	6,553.2	6,679.9	6,803.4
Accounts Payable	39.4	61.7	59.6	61.6	72.3	85.5	91.4	96.8	101.1	104.7
Accrued Expenses	108.6	106.9	147.5	181.0	193.6	203.3	215.4	225.8	233.5	239.3
Current Portion of LT Debt	4.2	4.0	218.7	137.1	108.9	108.9	108.9	108.9	108.9	108.9
Current Portion of Leases	12.0	6.9	-	-	39.5	39.5	39.5	39.5	39.5	39.5
Current Portion of Income Taxes Payable	4.3	15.8	54.7	38.4	30.8	30.8	30.8	30.8	30.8	30.8
Unearned Revenue, Current	937.7	1,043.5	1,264.8	1,393.7	1,544.4	1,622.6	1,683.3	1,727.5	1,746.4	1,747.9
Other Current Liabilities	7.4	23.4	65.4	74.4	11.6	11.6	11.6	11.6	11.6	11.6
Total Current Liabilities	1,113.6	1,262.2	1,810.7	1,886.2	2,001.1	2,102.2	2,180.9	2,241.0	2,271.8	2,282.6
Long-term Debt	1,039.8	1,035.7	2,410.8	2,394.2	2,376.8	2,081.7	1,909.9	1,723.1	1,528.6	1,318.4
Long-term Leases	-	-	-	-	192.9	192.9	192.9	192.9	192.9	192.9
Unearned Revenue, Non-current	478.5	532.7	596.8	623.8	654.4	649.0	659.4	661.6	652.5	635.6
Deferred Tax Liability, Non-current	-	-	145.5	117.2	100.9	100.9	100.9	100.9	100.9	100.9
Other Non-current Liabilities	185.9	242.1	228.0	237.5	193.0	193.0	193.0	193.0	193.0	193.0
Total Non-current Liabilities	1,704.2	1,810.5	3,381.1	3,372.7	3,518.0	3,217.5	3,056.1	2,871.5	2,667.9	2,440.8
Total Liabilities	2,817.8	3,072.7	5,191.8	5,258.9	5,519.1	5,319.8	5,237.0	5,112.4	4,939.7	4,723.4
Common Stock	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Additional Paid-in Capital	454.6	608.3	484.4	699.8	1,003.5	1,003.5	1,003.5	1,003.5	1,003.5	1,003.5
Retained Earnings	(32.2)	(48.7)	87.7	164.8	(153.5)	22.2	254.4	505.1	804.6	1,144.4
Treasury Stock	-	-	-	-	-	-	-	-	-	-
Comprehensive Income and Other	3.2	2.7	(85.7)	(72.1)	(78.2)	(78.2)	(78.2)	(78.2)	(78.2)	(78.2)
Minority Interest	255.2	151.7	60.0	31.8	10.1	10.1	10.1	10.1	10.1	10.1
Total Shareholders' Equity	681.0	714.2	546.5	824.5	782.1	957.8	1,190.0	1,440.7	1,740.2	2,080.0
Total Liabilities and Shareholders' Equity	3,498.8	3,786.9	5,738.3	6,083.4	6,301.2	6,277.5	6,427.0	6,553.2	6,679.9	6,803.4
Check	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Statement of Cash Flows										
Net Income	(75.6)	(16.5)	136.4	77.1	137.0	175.7	232.2	250.7	299.5	339.8
Depreciation and Amortisation	158.8	160.1	205.8	234.1	209.7	210.4	220.5	254.6	254.4	259.8
Stock-Based Compensation	40.4	56.8	76.4	125.5	147.0	-	-	-	-	-
Net Cash From Discontinued Ops.	-	-	(33.2)	-	-	-	-	-	-	-
Other Operating Activities	(14.7)	23.8	(133.7)	(21.4)	40.2	-	-	-	-	-
Change in Acc. Payable	13.5	19.6	(8.4)	(3.4)	13.6	13.2	5.9	5.4	4.3	3.5
Change in Unearned Rev.	165.6	160.8	220.0	158.0	179.5	72.8	71.1	46.3	9.8	(15.4)
Change in Other Net Operating Assets	(28.8)	(18.1)	12.3	(10.1)	(3.6)	5.0	6.2	5.2	3.5	2.3
Cash Flow from Operations	259.2	386.5	475.6	559.8	723.4	477.0	536.0	562.3	571.4	590.1
Capital Expenditure	(55.8)	(61.5)	(83.2)	(87.7)	(87.6)	(108.8)	(116.3)	(123.2)	(128.6)	(133.1)
Cash Acquisitions	(64.7)	(118.5)	(1,876.9)	(147.2)	(40.3)	(140.5)	(150.3)	(159.2)	(166.2)	(172.0)
Divestitures	-	-	-	-	-	-	-	-	-	-
Sale (Purchase) of Intangible assets	(23.5)	(1.3)	(52.0)	(9.3)	(4.7)	(28.4)	(30.3)	(32.1)	(33.5)	(34.7)
Invest. in Marketable & Equity Securt.	(1.5)	(2.1)	(5.7)	(6.3)	(4.2)	-	-	-	-	-
Net (Inc.) Dec. in Loans Originated/Sold	-	-	-	-	-	-	-	-	-	-
Other Investing Activities	1.1	-	447.7	(4.3)	1.5	-	-	-	-	-
Cash Flow from Investing Activities	(144.4)	(183.4)	(1,570.1)	(254.8)	(135.3)	(277.6)	(296.9)	(314.4)	(328.4)	(339.8)
Short Term Debt Issued	-	-	-	-	-	-	-	-	-	-
Long-Term Debt Issued	-	-	1,953.1	-	600.0	-	-	-	-	-
Short Term Debt Repaid	-	-	(596.6)	-	-	-	-	-	-	-
Long-Term Debt Repaid	(397.9)	(26.1)	(24.5)	(31.7)	(629.5)	(295.1)	(171.8)	(186.8)	(194.5)	(210.2)
Issuance of Common Stock	506.6	60.0	101.4	89.1	99.2	-	-	-	-	-
Repurchase of Common Stock	-	-	(275.0)	-	(458.6)	-	-	-	-	-
Dividend Payouts	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	(14.3)	(18.8)	(50.9)	(10.4)	(68.0)	-	-	-	-	-
Cash Flow from Financing Activities	94.4	15.1	1,107.5	47.0	(456.9)	(295.1)	(171.8)	(186.8)	(194.5)	(210.2)
Foreign Exchange Rate Adjustments	(0.2)	(0.1)	3.6	(2.3)	(0.8)	-	-	-	-	-
Net Change in Cash	209.0	218.1	16.6	349.7	130.4	(95.7)	67.2	61.0	48.5	40.0
Opening Cash Balance	n.a.	348.0	566.1	582.7	932.4	1,062.8	967.1	1,034.4	1,095.4	1,143.9
Closing Cash Balance	348.0	566.1	582.7	932.4	1,062.8	967.1	1,034.4	1,095.4	1,143.9	1,183.9

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Revenue										
Domains	840.8	927.8	1,057.2	1,220.3	1,351.6	1,451.6	1,538.0	1,610.6	1,668.3	1,710.2
y-o-y growth	n.a.	10.3%	13.9%	15.4%	10.8%	7.4%	5.9%	4.7%	3.6%	2.5%
Domains under Management as of FYE	61.6	63.5	75.0	77.6	79.6	81.2	82.6	83.9	85.2	86.5
y-o-y growth	n.a.	3.1%	18.1%	3.5%	2.6%	2.0%	1.8%	1.6%	1.5%	1.5%
Average-of-year Domains	59.1	62.6	69.3	76.3	78.6	80.4	81.9	83.3	84.6	85.8
y-o-y growth	n.a.	5.8%	10.7%	10.2%	3.0%	2.3%	1.9%	1.7%	1.5%	1.5%
Average Revenue per Domain	14.2	14.8	15.3	16.0	17.2	18.1	18.8	19.3	19.7	19.9
y-o-y growth	n.a.	4.3%	2.9%	4.8%	7.5%	5.0%	4.0%	3.0%	2.0%	1.0%
Hosting and Presence	592.0	678.7	847.9	1,017.6	1,126.5	1,209.9	1,281.8	1,342.4	1,390.4	1,425.4
y-o-y growth	n.a.	14.6%	24.9%	20.0%	10.7%	7.4%	5.9%	4.7%	3.6%	2.5%
Average Revenue per Domain	10.0	10.9	12.2	13.3	14.3	15.0	15.7	16.1	16.4	16.6
y-o-y growth	n.a.	8.4%	12.8%	8.9%	7.5%	5.0%	4.0%	3.0%	2.0%	1.0%
Business Applications	174.5	241.4	326.8	422.2	510.0	583.7	650.9	722.5	779.4	836.8
y-o-y growth	n.a.	38.3%	35.4%	29.2%	20.8%	14.4%	11.5%	11.0%	7.9%	7.4%
No. of Customers as of FYE	13.8	14.7	17.3	18.5	19.3	20.0	20.7	21.4	21.9	22.3
y-o-y growth	n.a.	7.0%	17.6%	6.8%	4.1%	4.0%	3.5%	3.0%	2.5%	2.0%
Average-of-year Customers	n.a.	14.3	16.0	17.9	18.9	19.7	20.4	21.1	21.6	22.1
y-o-y growth	n.a.	n.a.	12.5%	11.8%	5.4%	4.0%	3.7%	3.2%	2.7%	2.2%
Average Revenue per Customer	n.a.	16.9	20.4	23.5	27.0	29.7	31.9	34.3	36.0	37.8
y-o-y growth	n.a.	n.a.	20.3%	15.6%	14.6%	10.0%	7.5%	7.5%	5.0%	5.0%
Total Revenue	1,607.3	1,847.9	2,231.9	2,660.1	2,988.1	3,245.1	3,470.7	3,675.5	3,838.2	3,972.5
y-o-y growth	n.a.	15.0%	20.8%	19.2%	12.3%	8.6%	7.0%	5.9%	4.4%	3.5%
Domains per Customer	4.5	4.3	4.3	4.2	4.1	4.1	4.0	3.9	3.9	3.9
y-o-y growth	n.a.	-3.7%	0.4%	-3.1%	-1.4%	-1.9%	-1.7%	-1.4%	-1.0%	-0.5%
Operating expenses										
Cost of Revenue (ex. D&A)	(565.9)	(657.8)	(775.5)	(893.9)	(1,026.8)	(1,126.2)	(1,204.5)	(1,275.5)	(1,332.0)	(1,378.6)
% of Revenue	35.2%	35.6%	34.7%	33.6%	34.4%	34.7%	34.7%	34.7%	34.7%	34.7%
Technology and Development	(270.2)	(287.8)	(355.8)	(434.0)	(492.6)	(526.5)	(563.1)	(596.4)	(622.8)	(644.6)
% of Revenue	16.8%	15.6%	15.9%	16.3%	16.5%	16.2%	16.2%	16.2%	16.2%	16.2%
Marketing and Advertising	(202.2)	(228.8)	(253.2)	(291.4)	(345.6)	(381.8)	(408.3)	(432.4)	(451.6)	(467.4)
% of Revenue	12.6%	12.4%	11.3%	11.0%	11.6%	11.8%	11.8%	11.8%	11.8%	11.8%
Customer Care	(221.5)	(242.1)	(292.3)	(323.1)	(348.7)	(373.2)	(390.5)	(404.3)	(412.6)	(417.1)
% of Revenue	13.8%	13.1%	13.1%	12.1%	11.7%	11.5%	11.3%	11.0%	10.8%	10.5%
General and Administrative	(219.7)	(221.2)	(282.4)	(334.0)	(362.1)	(389.4)	(407.8)	(422.7)	(431.8)	(437.0)
% of Revenue	13.7%	12.0%	12.7%	12.6%	12.1%	12.0%	11.8%	11.5%	11.3%	11.0%
Depreciation and Amortisation	(158.8)	(160.1)	(205.8)	(234.1)	(209.7)	(210.4)	(220.5)	(254.6)	(254.4)	(259.8)
Depreciation expense						(85.6)	(105.0)	(126.1)	(125.6)	(124.6)
Amortisation expense						(124.8)	(115.4)	(128.6)	(128.8)	(135.2)
% of Revenue	9.9%	8.7%	9.2%	8.8%	7.0%	6.5%	6.4%	6.9%	6.6%	6.5%
Other expenses										
Interest Expense	(69.2)	(57.2)	(83.0)	(98.4)	(92.1)					
Loss on Debt Extinguishment	(21.4)	-	(7.3)	-	(14.8)	-	-	-	-	-
% of Revenue	1.3%	0.0%	0.3%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Receivable Agreements Liability Adjustment	-	(12.5)	123.2	14.9	8.7	-	-	-	-	-
Other Income/(Expenses), net.	1.0	(1.9)	7.0	6.9	22.0	8.2	8.8	9.3	9.7	10.1
% of Revenue	0.1%	-0.1%	0.3%	0.3%	0.7%	0.3%	0.3%	0.3%	0.3%	0.3%
Benefit/(Provision) for Income Taxes	0.2	(0.4)	18.9	9.0	12.0	-	-	-	-	-
Tax expense	-	-	-	-	-	-	-	-	-	-
% of EBT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash flow items										
Other financing activities	(14.3)	(18.8)	(50.9)	(10.4)	(68.0)	-	-	-	-	-
% of revenue	0.9%	1.0%	2.3%	0.4%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Property, plants and equipment										
Capital Expenditures	(55.8)	(61.5)	(83.2)	(87.7)	(87.6)	(108.8)	(116.3)	(123.2)	(128.6)	(133.1)
% of revenue	3.5%	3.3%	3.7%	3.3%	2.9%	3.4%	3.4%	3.4%	3.4%	3.4%
Capital expenditures										
	Useful life ▼	% of PP&E								
Computer equipment	3.0y	56.4%		417.6	434.8					
Software	3.0y	6.4%		40.5	55.9					
Land	0.0y	1.2%		9.0	9.0					
Buildings, including improvements	20.0y	21.2%		175.0	145.5					
Leasehold improvements	10.0y	11.3%		70.8	99.4					
Other	10.0y	3.5%		27.0	25.7					
Total, gross				739.9	770.3					
Weighted-average useful life	7.6y									
Future capex split										
Computer equipment						(61.4)	(65.6)	(69.5)	(72.6)	(75.1)
Software						(6.9)	(7.4)	(7.9)	(8.2)	(8.5)
Land						(1.3)	(1.4)	(1.5)	(1.5)	(1.6)
Buildings, including improvements						(23.1)	(24.7)	(26.1)	(27.3)	(28.3)
Leasehold improvements						(12.3)	(13.1)	(13.9)	(14.5)	(15.0)
Other						(3.8)	(4.1)	(4.3)	(4.5)	(4.6)
Total						(108.8)	(116.3)	(123.2)	(128.6)	(133.1)
Depreciation schedule										
Computer equipment			FY20 capex		(61.4)	(20.5)	(20.5)	(20.5)		
			FY21 capex		(65.6)		(21.9)	(21.9)	(21.9)	
			FY22 capex		(69.5)			(23.2)	(23.2)	(23.2)
			FY23 capex		(72.6)				(24.2)	(24.2)
			FY24 capex		(75.1)					(25.0)
			Additional depreciation			(20.5)	(42.3)	(65.5)	(69.3)	(72.4)
Software			FY20 capex		(6.9)	(2.3)	(2.3)	(2.3)		
			FY21 capex		(7.4)		(2.5)	(2.5)	(2.5)	
			FY22 capex		(7.9)			(2.6)	(2.6)	(2.6)
			FY23 capex		(8.2)				(2.7)	(2.7)
			FY24 capex		(8.5)					(2.8)
			Additional depreciation			(2.3)	(4.8)	(7.4)	(7.8)	(8.2)
Land			FY20 capex		(1.3)	-	-	-	-	-
			FY21 capex		(1.4)		-	-	-	-
			FY22 capex		(1.5)			-	-	-
			FY23 capex		(1.5)				-	-
			FY24 capex		(1.6)					-
			Additional depreciation			-	-	-	-	-
Buildings, including improvements			FY20 capex		(23.1)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
			FY21 capex		(24.7)		(1.2)	(1.2)	(1.2)	(1.2)
			FY22 capex		(26.1)			(1.3)	(1.3)	(1.3)
			FY23 capex		(27.3)				(1.4)	(1.4)
			FY24 capex		(28.3)					(1.4)
			Additional depreciation			(1.2)	(2.4)	(3.7)	(5.1)	(6.5)
Leasehold improvements			FY20 capex		(12.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
			FY21 capex		(13.1)		(1.3)	(1.3)	(1.3)	(1.3)
			FY22 capex		(13.9)			(1.4)	(1.4)	(1.4)
			FY23 capex		(14.5)				(1.4)	(1.4)
			FY24 capex		(15.0)					(1.5)
			Additional depreciation			(1.2)	(2.5)	(3.9)	(5.4)	(6.9)
Other			FY20 capex		(3.8)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
			FY21 capex		(4.1)		(0.4)	(0.4)	(0.4)	(0.4)
			FY22 capex		(4.3)			(0.4)	(0.4)	(0.4)
			FY23 capex		(4.5)				(0.4)	(0.4)
			FY24 capex		(4.6)					(0.5)
			Additional depreciation			(0.4)	(0.8)	(1.2)	(1.7)	(2.1)
Depreciation on new PP&E						(25.5)	(52.8)	(81.8)	(89.2)	(96.1)
Depreciation on existing PP&E			(88.8)	(97.4)	(86.5)	(60.1)	(52.2)	(44.3)	(36.4)	(28.5)
Total depreciation on PP&E			(88.8)	(97.4)	(86.5)	(85.6)	(105.0)	(126.1)	(125.6)	(124.6)
Opening PP&E, gross						770.3	879.1	995.4	1,118.5	1,247.2
(+) Capital expenditures						108.8	116.3	123.2	128.6	133.1
Closing PP&E, gross						879.1	995.4	1,118.5	1,247.2	1,380.3
Opening accumulated depreciation						(511.7)	(597.3)	(702.4)	(828.4)	(954.0)
(+) Depreciation on PP&E						(85.6)	(105.0)	(126.1)	(125.6)	(124.6)
Closing accumulated depreciation						(597.3)	(702.4)	(828.4)	(954.0)	(1,078.6)
PP&E, net						281.7	293.0	290.1	293.1	301.7

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Intangible assets										
Acquisition of intangible assets	(23.5)	(1.3)	(52.0)	(9.3)	(4.7)	(28.4)	(30.3)	(32.1)	(33.5)	(34.7)
% of revenue	1.5%	0.1%	2.3%	0.3%	0.2%	0.9%	0.9%	0.9%	0.9%	0.9%
Cash acquisitions	(64.7)	(118.5)	(1,876.9)	(147.2)	(40.3)	(140.5)	(150.3)	(159.2)	(166.2)	(172.0)
% of revenue	4.0%	6.4%	84.1%	5.5%	1.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Total acquisitions of intangibles	(88.2)	(119.8)	(1,928.9)	(156.5)	(45.0)	(168.9)	(180.6)	(191.3)	(199.7)	(206.7)
% of revenue	5.5%	6.5%	86.4%	5.9%	1.5%	5.2%	5.2%	5.2%	5.2%	5.2%
Acquisitions										
	Useful life	% of IA								
Trade names and branding	0.0y	26.1%		445.0	445.0					
Domain portfolio	0.0y	8.8%		152.4	148.1					
Customer-related	9.0y	49.5%		850.5	838.4					
Developed technology	6.0y	10.5%		206.9	151.5					
Trade names and other	10.0y	5.1%		92.9	81.4					
Total, gross				1,747.7	1,664.4					
Weighted-average useful life	5.6y									
Future IA acquisition split										
Trade names and branding						(44.0)	(47.1)	(49.9)	(52.1)	(53.9)
Domain portfolio						(14.9)	(15.9)	(16.8)	(17.6)	(18.2)
Customer-related						(83.6)	(89.4)	(94.7)	(98.9)	(102.3)
Developed technology						(17.7)	(19.0)	(20.1)	(21.0)	(21.7)
Trade names and other						(8.6)	(9.2)	(9.8)	(10.2)	(10.6)
Total						(168.9)	(180.6)	(191.3)	(199.7)	(206.7)
Amortisation schedule										
Trade names and branding			FY20 capex		(44.0)	-	-	-	-	-
			FY21 capex		(47.1)		-	-	-	-
			FY22 capex		(49.9)		-	-	-	-
			FY23 capex		(52.1)			-	-	-
			FY24 capex		(53.9)				-	-
			Additional amortisation			-	-	-	-	-
Domain portfolio			FY20 capex		(14.9)	-	-	-	-	-
			FY21 capex		(15.9)		-	-	-	-
			FY22 capex		(16.8)			-	-	-
			FY23 capex		(17.6)			-	-	-
			FY24 capex		(18.2)				-	-
			Additional amortisation			-	-	-	-	-
Customer-related			FY20 capex		(83.6)	(9.3)	(9.3)	(9.3)	(9.3)	(9.3)
			FY21 capex		(89.4)		(9.9)	(9.9)	(9.9)	(9.9)
			FY22 capex		(94.7)			(10.5)	(10.5)	(10.5)
			FY23 capex		(98.9)				(11.0)	(11.0)
			FY24 capex		(102.3)					(11.4)
			Additional amortisation			(9.3)	(19.2)	(29.7)	(40.7)	(52.1)
Developed technology			FY20 capex		(17.7)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
			FY21 capex		(19.0)		(3.2)	(3.2)	(3.2)	(3.2)
			FY22 capex		(20.1)			(3.3)	(3.3)	(3.3)
			FY23 capex		(21.0)				(3.5)	(3.5)
			FY24 capex		(21.7)					(3.6)
			Additional amortisation			(3.0)	(6.1)	(9.5)	(13.0)	(16.6)
Trade names and other			FY20 capex		(8.6)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
			FY21 capex		(9.2)		(0.9)	(0.9)	(0.9)	(0.9)
			FY22 capex		(9.8)			(1.0)	(1.0)	(1.0)
			FY23 capex		(10.2)				(1.0)	(1.0)
			FY24 capex		(10.6)					(1.1)
			Additional amortisation			(0.9)	(1.8)	(2.8)	(3.8)	(4.8)
Amorisation on new IA						(13.1)	(27.1)	(42.0)	(57.5)	(73.5)
Amorisation on existing IA						(111.7)	(88.3)	(86.6)	(71.3)	(61.7)
Total amortisation on IA						(124.8)	(115.4)	(128.6)	(128.8)	(135.2)
Opening IA, gross						1,664.4	1,833.3	2,013.9	2,205.2	2,404.9
(+) Acquisitions						168.9	180.6	191.3	199.7	206.7
Closing IA, gross						1,833.3	2,013.9	2,205.2	2,404.9	2,611.6
Opening accumulated amortisation						(566.7)	(691.5)	(806.9)	(935.5)	(1,064.3)
(+) Amortisation on IA						(124.8)	(115.4)	(128.6)	(128.8)	(135.2)
Closing accumulated amortisation						(691.5)	(806.9)	(935.5)	(1,064.3)	(1,199.5)
Intangible assets, net						1,141.8	1,207.0	1,269.7	1,340.6	1,412.1

GoDaddy Inc. (NYSE:GDDY)
Working capital (US\$mm unless otherwise stated); FYE Dec

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Working capital										
Accounts Receivable	4.8	8.0	18.4	26.4	30.2	23.1	24.7	26.2	27.3	28.3
% of sales	0.3%	0.4%	0.8%	1.0%	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%
Prepaid Expenses	25.3	23.8	59.9	58.1	48.9	60.8	65.0	68.9	71.9	74.4
% of sales	1.6%	1.3%	2.7%	2.2%	1.6%	1.9%	1.9%	1.9%	1.9%	1.9%
Accounts Payable	39.4	61.7	59.6	61.6	72.3	85.5	91.4	96.8	101.1	104.7
% of COGS	7.0%	9.4%	7.7%	6.9%	7.0%	7.6%	7.6%	7.6%	7.6%	7.6%
Accrued Expenses	108.6	106.9	147.5	181.0	193.6	203.3	215.4	225.8	233.5	239.3
% of operating expenses	11.9%	10.9%	12.5%	13.1%	12.5%	12.2%	12.2%	12.2%	12.2%	12.2%
Unearned revenue, current	937.7	1,043.5	1,264.8	1,393.7	1,544.4	1,622.6	1,683.3	1,727.5	1,746.4	1,747.9
% of sales	58.3%	56.5%	56.7%	52.4%	51.7%	50.0%	48.5%	47.0%	45.5%	44.0%
Unearned revenue, non-current	478.5	532.7	596.8	623.8	654.4	649.0	659.4	661.6	652.5	635.6
% of sales	29.8%	28.8%	26.7%	23.5%	21.9%	20.0%	19.0%	18.0%	17.0%	16.0%

GoDaddy Inc. (NYSE:GDDY)
Debt schedule (US\$mm unless otherwise stated); FYE Dec

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Long-term debt	1,044.0	1,039.7	2,629.5	2,531.3	2,485.7	2,190.6	2,018.8	1,832.0	1,637.5	1,427.3
Current portion	4.2	4.0	218.7	137.1	108.9	108.9	108.9	108.9	108.9	108.9
Non-current portion	1,039.8	1,035.7	2,410.8	2,394.2	2,376.8	2,081.7	1,909.9	1,723.1	1,528.6	1,318.4
Minimum cash balance	348.0	566.1	582.7	932.4	1,062.8	967.1	1,034.4	1,095.4	1,143.9	1,183.9
% of revenue	21.7%	30.6%	26.1%	35.1%	35.6%	29.8%	29.8%	29.8%	29.8%	29.8%
Cash flow from operations	259.2	386.5	475.6	559.8	723.4	477.0	536.0	562.3	571.4	590.1
Cash flow from investing activities	(144.4)	(183.4)	(1,570.1)	(254.8)	(135.3)	(277.6)	(296.9)	(314.4)	(328.4)	(339.8)
Cash flow from financing activities (ex. debt)	492.3	41.2	(224.5)	78.7	(427.4)	-	-	-	-	-
Pre-financing cash flow	607.1	244.3	(1,319.0)	383.7	160.7	199.4	239.1	247.8	243.0	250.2
Opening cash balance						1,062.8	967.1	1,034.4	1,095.4	1,143.9
Ending cash balance (pre-financing)						1,262.2	1,206.2	1,282.2	1,338.4	1,394.1
Additional debt issued/(repaid)						(295.1)	(171.8)	(186.8)	(194.5)	(210.2)
Interest expense	(69.2)	(57.2)	(83.0)	(98.4)	(92.1)	(70.1)	(52.6)	(48.1)	(43.4)	(38.3)
Opening debt balance	1,414.8	1,044.0	1,039.7	2,629.5	2,531.3	2,485.7	2,190.6	2,018.8	1,832.0	1,637.5
Closing debt balance	1,044.0	1,039.7	2,629.5	2,531.3	2,485.7	2,190.6	2,018.8	1,832.0	1,637.5	1,427.3
Average balance	1,229.4	1,041.9	1,834.6	2,580.4	2,508.5	2,338.2	2,104.7	1,925.4	1,734.7	1,532.4
Effective interest rate	5.6%	5.5%	4.5%	3.8%	3.7%	3.0%	2.5%	2.5%	2.5%	2.5%

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Free cash flow to firm calculation										
EBIT						237.6	276.0	289.5	333.1	368.1
Applicable Tax Rate						0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation and Amortisation						210.4	220.5	254.6	254.4	259.8
Operating Cash Flows						448.0	496.5	544.2	587.5	627.9
PP&E						(108.8)	(116.3)	(123.2)	(128.6)	(133.1)
Intangible Assets						(28.4)	(30.3)	(32.1)	(33.5)	(34.7)
Acquisitions						(140.5)	(150.3)	(159.2)	(166.2)	(172.0)
Capital Expenditures						(277.6)	(296.9)	(314.4)	(328.4)	(339.8)
Accounts Receivable					30.2	23.1	24.7	26.2	27.3	28.3
Prepaid Expenses					48.9	60.8	65.0	68.9	71.9	74.4
Accounts Payable					(72.3)	(85.5)	(91.4)	(96.8)	(101.1)	(104.7)
Accrued Expenses					(193.6)	(203.3)	(215.4)	(225.8)	(233.5)	(239.3)
Unearned Revenue					(2,198.8)	(2,271.6)	(2,342.7)	(2,389.1)	(2,398.9)	(2,383.5)
Net Working Capital					(2,385.6)	(2,476.5)	(2,559.8)	(2,616.7)	(2,634.3)	(2,624.7)
Changes in Net Working Capital						90.9	83.3	56.9	17.5	(9.6)
Free Cash Flow to Firm						261.3	282.9	286.6	276.6	278.5

WACC

Cost of debt

Risk-free rate	0.83%	*10-year treasury
Default spread	0.98%	*Damodaran
FY20E Interest expense	(70.1)	
FY20E EBITDA	448.0	
FY20E Interest coverage ratio	6.4x	
Implied credit rating	A1/A+	

Damodaran ratings, ICR and default spread table	ICR	Rating	Spread
	8.5x	Aaa/AAA	0.6%
	6.5x	Aa2/AA	0.8%
	5.5x	A1/A+	1.0%
	4.3x	A2/A	1.1%
	3.0x	A3/A-	1.2%
	2.5x	Baa2/BBB	1.6%
	2.3x	Ba1/BB+	2.0%
	2.0x	Ba2/BB	2.4%
	1.8x	B1/B+	3.5%
	1.5x	B2/B	4.2%
	1.3x	B3/B-	5.2%
	0.8x	Caa/CCC	8.2%
	0.7x	Ca2/CC	8.6%
	0.2x	C2/C	11.3%
	0.0x	D2/D	15.1%

Implied cost of debt 1.81%

Cost of equity

Company name	Regression	FV of Debt	FV of Equity	D/E	Tax rate	Unlevered
VeriSign, Inc.	0.87	644.1	22,659.9	2.8%	21.0%	0.85
Akamai Technologies, Inc.	0.31	293.6	17,256.5	1.7%	21.0%	0.31
Rackspace Technology, Inc.	n.a.	4,521.2	3,212.0	140.8%	21.0%	n.a
Cogent Communications Holdings, Inc.	0.11	729.9	2,611.1	28.0%	21.0%	0.09
Vonage Holdings Corp.	0.52	518.0	2,487.4	20.8%	21.0%	0.45
Endurance International, Inc.	2.17	1,603.5	886.6	180.9%	21.0%	0.89
GTT Communications, Inc.	n.a.	3,607.4	273.5	1319.0%	21.0%	n.a

Median 0.45

Risk-free rate	0.83%	*10-year treasury
U.S. equity risk premium	5.23%	*Damodaran
NASDAQ:GDDY Beta	0.73	*Levered Beta, Regression (blended)
Industry Unlevered Beta	0.45	
NASDAQ:GDDY D/E	22.1%	
NASDAQ:GDDY tax rate	0.0%	
NASDAQ:GDDY 5Y regression	0.91	

Implied cost of equity 4.64%

WACC

Market value of debt	2,693.0
Cost of debt	1.81%
Tax rate	0.0%
Market value of equity	12,163.1
Cost of equity	4.64%
Weighted-average cost of capital	4.12%

Terminal value

Gordon growth method	
Perpetual growth rate	2.00% *U.S. mature market GDP growth
FY+5 FCFF	278.5
WACC	4.12%
Terminal value, Gordon growth method	13,374.5

Exit multiple method	
FY+5 EBITDA	627.9
NASDAQ:GDDY NTM EV/EBITDA x	15.3x
Terminal value, Exit multiple method	9,611.4

Terminal value, blended 11,492.9

GoDaddy Inc. (NYSE:GDDY)
Discounted cash flow (US\$m unless otherwise stated); FYE Dec

	FY15A	FY16A	Historical FY17A	FY18	FY19A	FY20E	FY21E	Forecasted FY22E	FY23E	FY24E
Discounted cash flow										
Free cash flow to firm						261.3	282.9	286.6	276.6	278.5
Terminal value										11,492.9
Total cash flows						261.3	282.9	286.6	276.6	11,771.4
Discount factor						1.04	1.08	1.13	1.18	1.22
Discounted cash flows						251.0	260.9	253.9	235.3	9,617.9
Enterprise value	10,619.0									
(-) Debt	(2,693.0)									
(-) Minority interests	(10.1)									
(+) Cash	1,062.8									
Implied equity value	8,978.7									
No. of shares outstanding	166.8									
Per share value		53.83								
Current share price		70.74								
+/- potential		23.9% sell								

Sensitivity analysis

		WACC				
Exit Multiple		3.12%	3.62%	4.12%	4.62%	5.12%
	11.3x	81.0	59.3	47.7	40.3	35.1
	13.3x	84.2	62.5	50.8	43.3	38.1
	15.3x	87.4	65.6	53.8	46.3	41.0
	17.3x	90.6	68.8	56.9	49.3	43.9
	19.3x	93.9	71.9	60.0	52.3	46.9

GoDaddy Inc. (NYSE:GDDY)
Comparable companies (US\$m unless otherwise stated); FYE Dec

Trading comparables (c.a.a. 27 October 2020)

Company information		Valuation		P/E		EV/EBITDA		EV/Revenue	
Company name	Ticker	Market cap	EV	LTM	NTM	LTM	NTM	LTM	NTM
VeriSign, Inc.	NASDAQ:VRSN	22,659.9	23,304.0	28.7x	34.8x	27.0x	25.2x	18.6x	17.9x
Akamai Technologies, Inc.	NASDAQ:AKAM	17,256.5	17,550.1	32.1x	20.4x	18.8x	12.5x	5.8x	5.4x
Rackspace Technology, Inc.	NASDAQ:RXT	3,212.0	7,733.2	n.m.	17.0x	13.2x	9.9x	3.0x	2.8x
Cogent Communications Holdings, Inc.	NASDAQ:CCOI	2,611.1	3,341.0	68.7x	56.4x	18.0x	14.8x	6.1x	5.7x
Vonage Holdings Corp.	NASDAQ:VG	2,487.4	3,005.4	n.m.	92.1x	29.6x	20.5x	2.4x	2.4x
Endurance International, Inc.	NASDAQ:EIGI	886.6	2,490.1	45.0x	n.m.	8.9x	8.4x	2.3x	2.2x
GTT Communications, Inc.	NYSE:GTT	273.5	3,880.9	n.m.	n.m.	10.3x	10.0x	2.3x	2.3x
GoDaddy Inc.	NYSE:GDDY	12,163.1	14,090.2	n.m.	17.5x	28.7x	15.3x	4.5x	4.1x
Median	-	-	-	28.7x	20.4x	18.0x	12.5x	3.0x	2.8x
Mean	-	-	-	15.3x	18.7x	15.6x	11.3x	2.7x	2.6x
25th percentile	-	-	-	n.m.	7.2x	11.8x	10.0x	2.4x	2.4x
75th percentile	-	-	-	n.m.	2.3x	22.9x	17.7x	6.0x	5.6x

Football field chart inputs

Valuation methodology	25th%	75th%
DCF	43.3	68.8
EV/NTM EBITDA	17.0	37.6
EV/NTM Revenue	36.3	98.2
EV/LTM EBITDA	19.3	46.7
EV/LTM Revenue	32.5	96.9
52-week range	40.3	89.0

Charting

EV/NTM EBITDA	17.0	20.7
EV/NTM Revenue	36.3	61.9
EV/LTM EBITDA	19.3	27.4
EV/LTM Revenue	32.5	64.4
DCF	43.3	25.5
52-week range	40.3	48.8

