



**(NADSAQ: IACI)**

Jordan Tipton  
Andrew Yen  
Kevin Zhang

# Agenda



# Company Overview

## InterActive Corporation

### Search & Applications

- Ask.com
- Investopedia
- About.com
- Dictionary.com
- Citysearch.com

50% of Revenue  
(29% Search, 21% Apps)  
60% of EBITDA

### Match Group

- Match.com
- OKCupid
- Tinder
- Chemistry.com
- Twoo
- Meetic
- Zhenai
- Friends Scout
- Others

30% of Revenue  
56% of EBITDA

### eCommerce

- HomeAdvisor
- Felix
- ShoeBuy
- Tutor.com

15% of Revenue  
3% of EBITDA

### Media

- Vimeo
- Electus
- DailyBurn
- Daily Beast
- CollegeHumor
- Others

5% of Revenue  
-7% of EBITDA

# Why Invest in IACI?

## The Street's View

- Match Group's growth slowed to 9.5% in Q2, and many fear growth will continue to fall
- IAC is compared to business like AOL and Yahoo, which trade at ~6.4x and 5.5x EV/EBITDA
- View company as a Search and Applications business first and foremost
  - Google negotiated more restrictive download policies and implemented new advertising policies, adversely affecting this segment
  - Management expects applications revenue to fall 20% before resuming growth in 2015

## Our View

Strong long-term prospects for Match Group over time due to subscriber growth and operating leverage



58% of IAC's value is locked in the Match Group

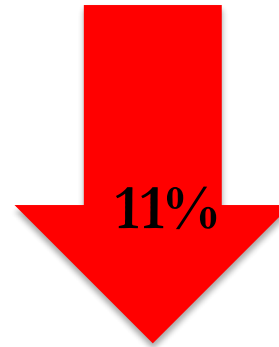
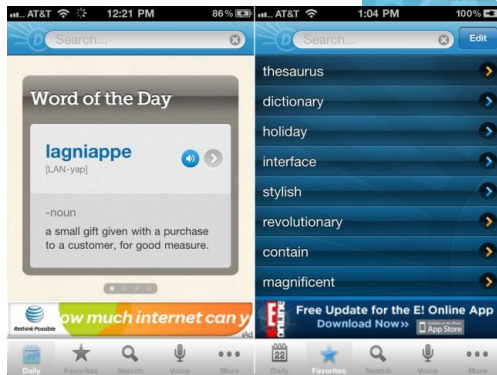


Significant value in Search business despite headwinds in Applications

# Applications

# Applications

## Toolbars and Apps



11%

**Revenue down  
11% in 1H 2014**

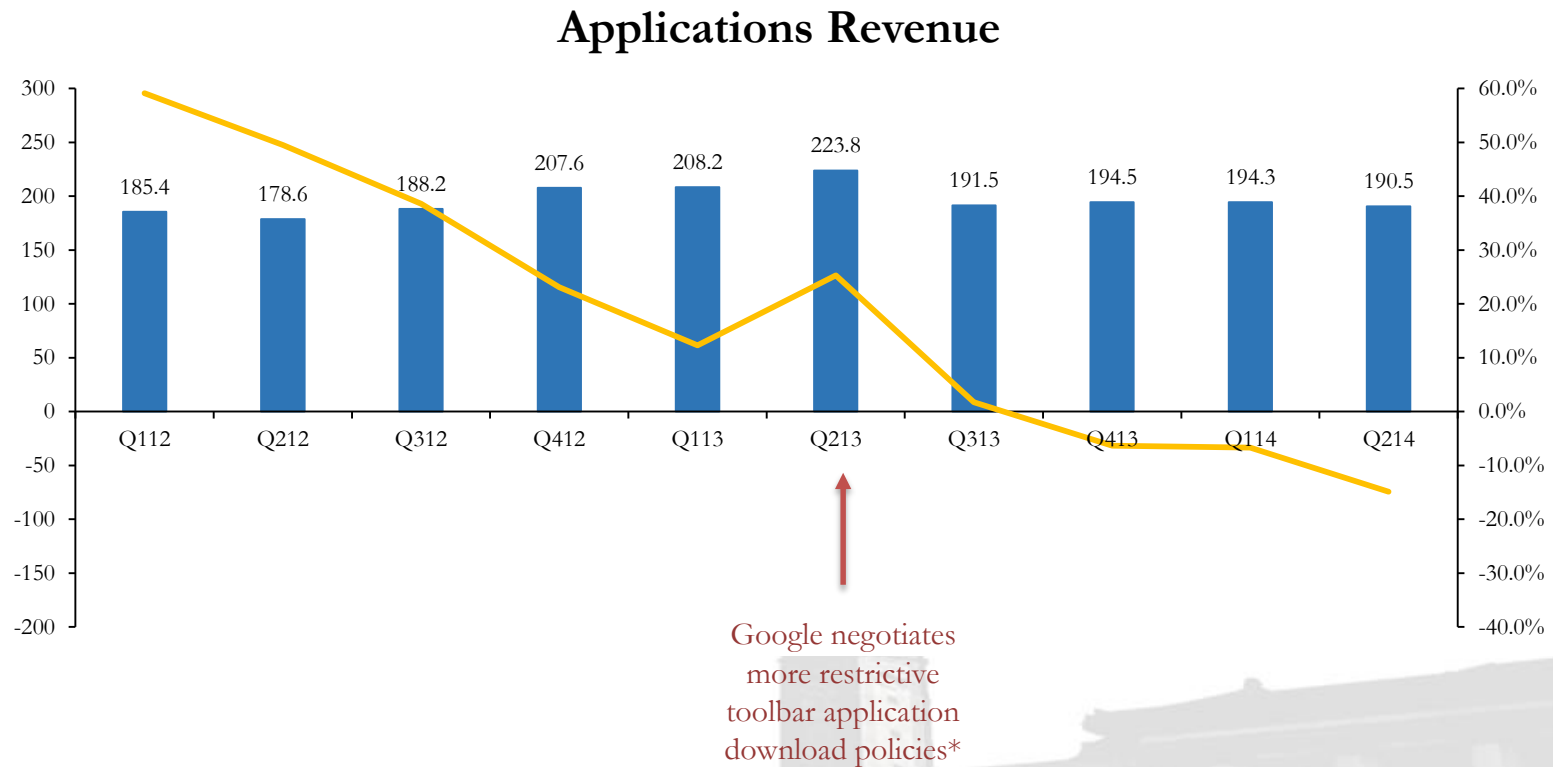


15%

**Queries down  
15% in 1H 2014**

# Applications

## Applications Revenue Growth



\* Terms of the deal were undisclosed.

# Applications

## What Can we Expect?

The recent transition required by a new version of Chrome is having an adverse effect on the segment



Distribution partners are struggling, posting sequential declines and losing distribution to competitors, hurting revenues in the B2B segment



IACI's other segments **dramatically mitigate** the projected share price decline



# Search

# Search

## Strong Growing Online Properties

 INVESTOPEDIA

 Dictionary.com

 About.com

 Ask

 Citysearch

10%

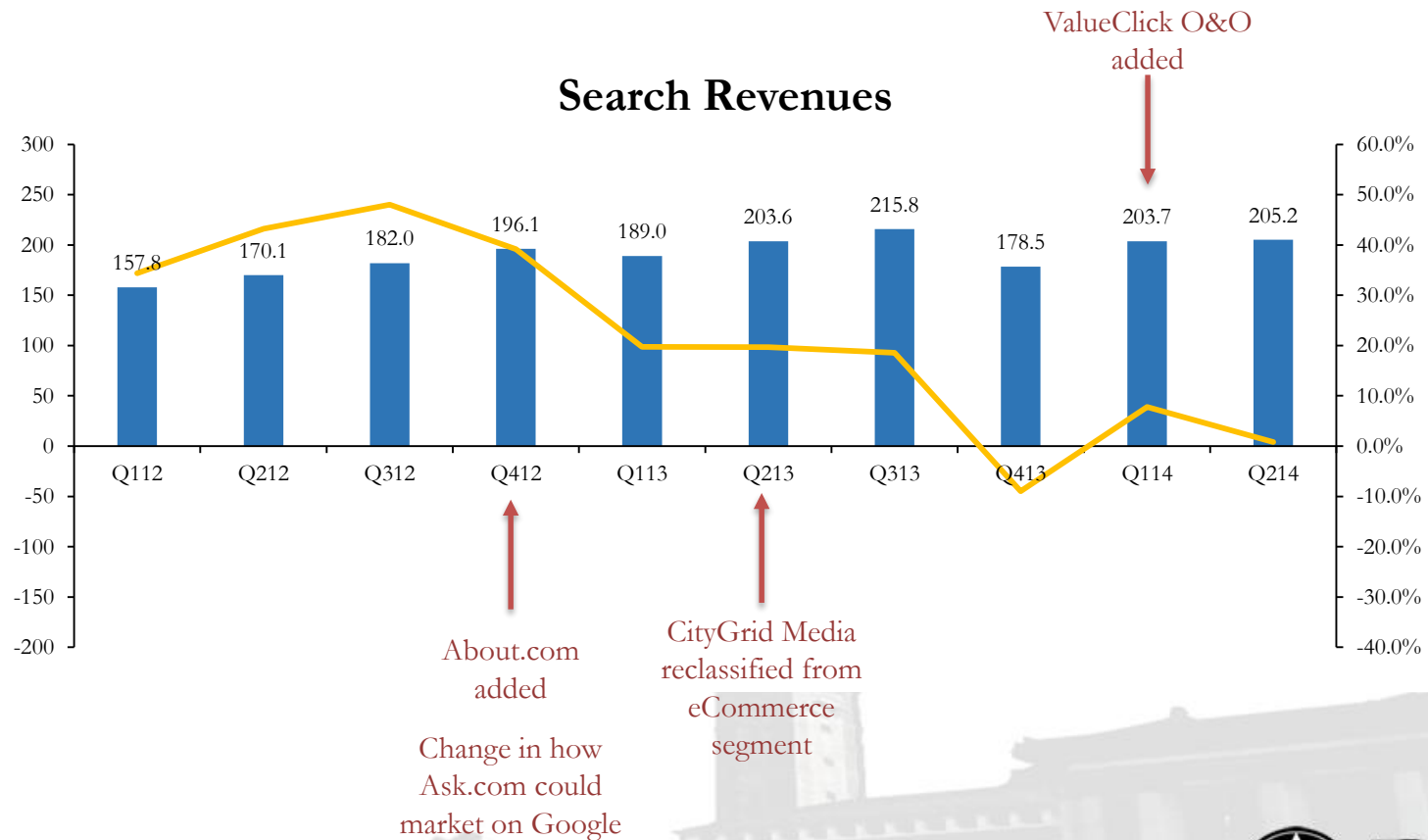
Page views up  
10% in 1H 2014

4%

Revenue up 4%  
in 1H 2014

# Search

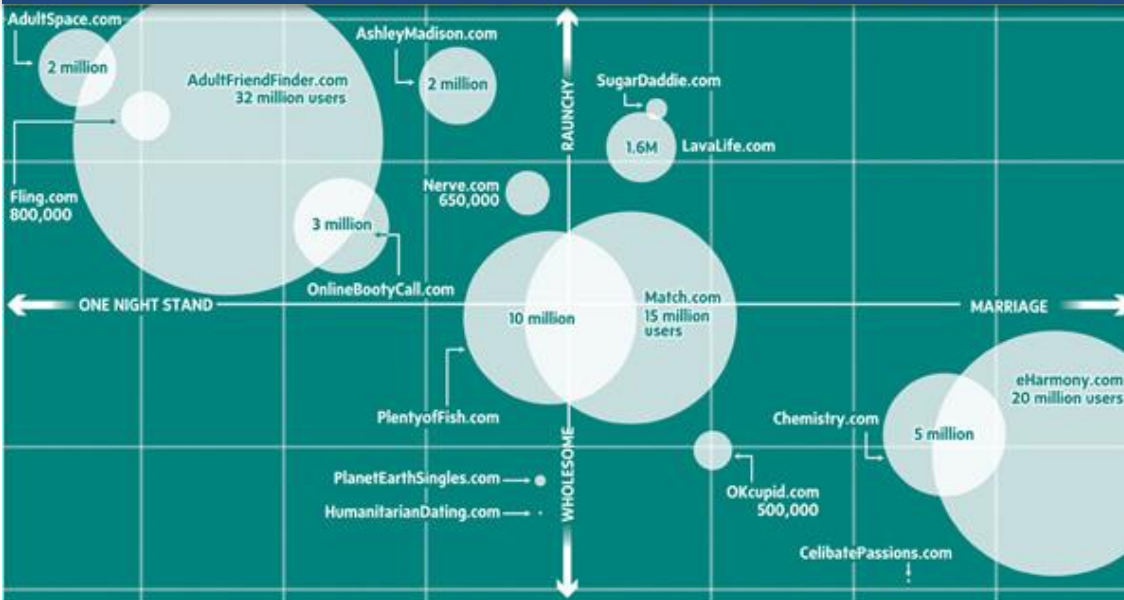
## Search Revenue Growth



# Online Dating Industry

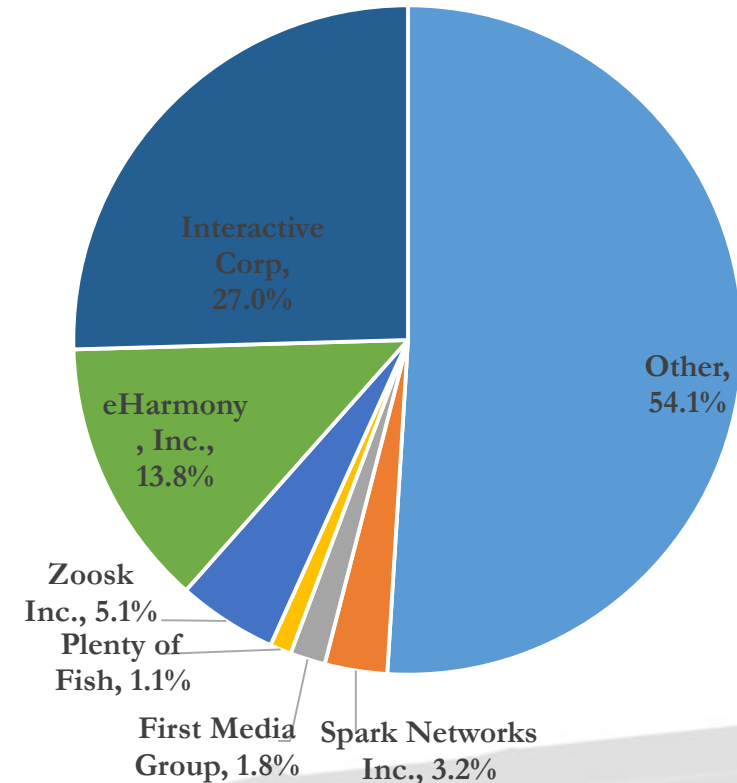
# Online Dating Market Breakdown

## Online Dating Site Differentiation



Source: Zosia Bielski and Tonia Cowan, 2010

## Online Dating Market Share



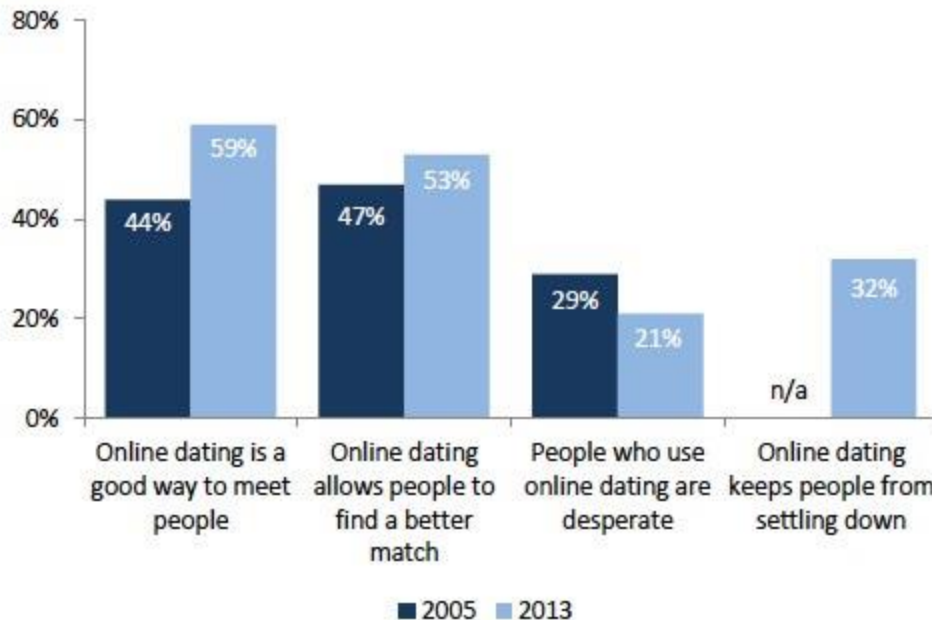
Source: IBISWorld

Online dating sites differentiate themselves on a spectrum of wholesome vs. raunchy and marriage vs. one night stand

# Changing Public Perception

## Opinions of online dating, 2005-2013

% of internet users who agree with each of the following statements

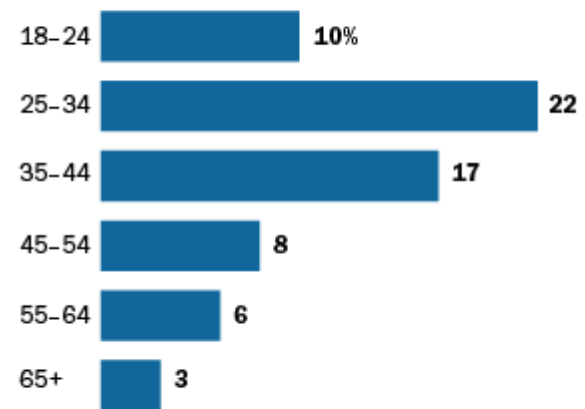


Source: Pew Research Center's Internet & American Life Project Spring Tracking Survey, April 17 – May 19, 2013. N=2,252 adults ages 18+. Interviews were conducted in English and Spanish and on landline and cell phones. 2005 survey was conducted September 14-December 8, 2005, n=3,215 adults ages 18+.

Majority of people now think online dating is a good way to meet people

## Online Daters, by Age Group

% of American adults in each age group who have used online dating sites or apps



Source: Pew Internet Spring Tracking Survey, April-May 2013.

PEW RESEARCH CENTER

1 in 5 25-34 year olds have used online dating

# Growing Online Dating Industry

## Online Dating Industry

Generalized

Specialized

Hookup

Relationship

ChristianMingle.com

BlackPeopleMeet.com



okcupid

eHarmony®

tinder™

AdultFriendFinder®

match.com

Match Group spans the online dating spectrum and dominates the generalized category

## Network Effect

- Daters choose platforms that already have a large membership, creating a barrier to entry
- Generalized dating sites allow users to sort by specific interests/beliefs, reducing the incentive to use specialized dating sites

# The Match Group

[Invest.berkeley.edu](https://invest.berkeley.edu)





# Match Group

OurTime.com

TWOO™

  
SpeedDate



okcupid

珍爱网  
zhenai.com

SeniorPeopleMeet.com

DateHookup.com  
— 100% Free Personals

chemistry.com

 peoplemedia

tinder™

me9tic.fr  
vous allez aimer

BlackPeopleMeet.com

singlesnet.com  
Online Dating Made Easy

match.com

Invest.berkeley.edu

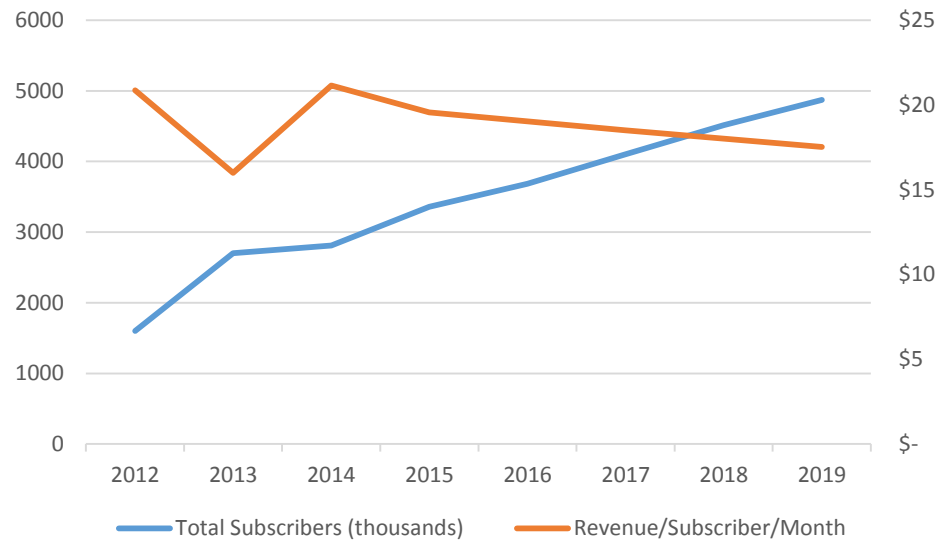
 BIG  
BERKELEY INVESTMENT GROUP

# Match Group

## Growth Drivers

- Project monetization of Tinder yielding \$75mm in EBITDA by 2018 (analysts project \$75mm in 2015)
- Monthly Active Users has grown at a rate of 60%, potentially leading to uptick in future subscriber growth
- Dating websites offer a tremendous amount of operating leverage
- Overall Match Making Industry is expected to grow 5%<sup>1</sup>

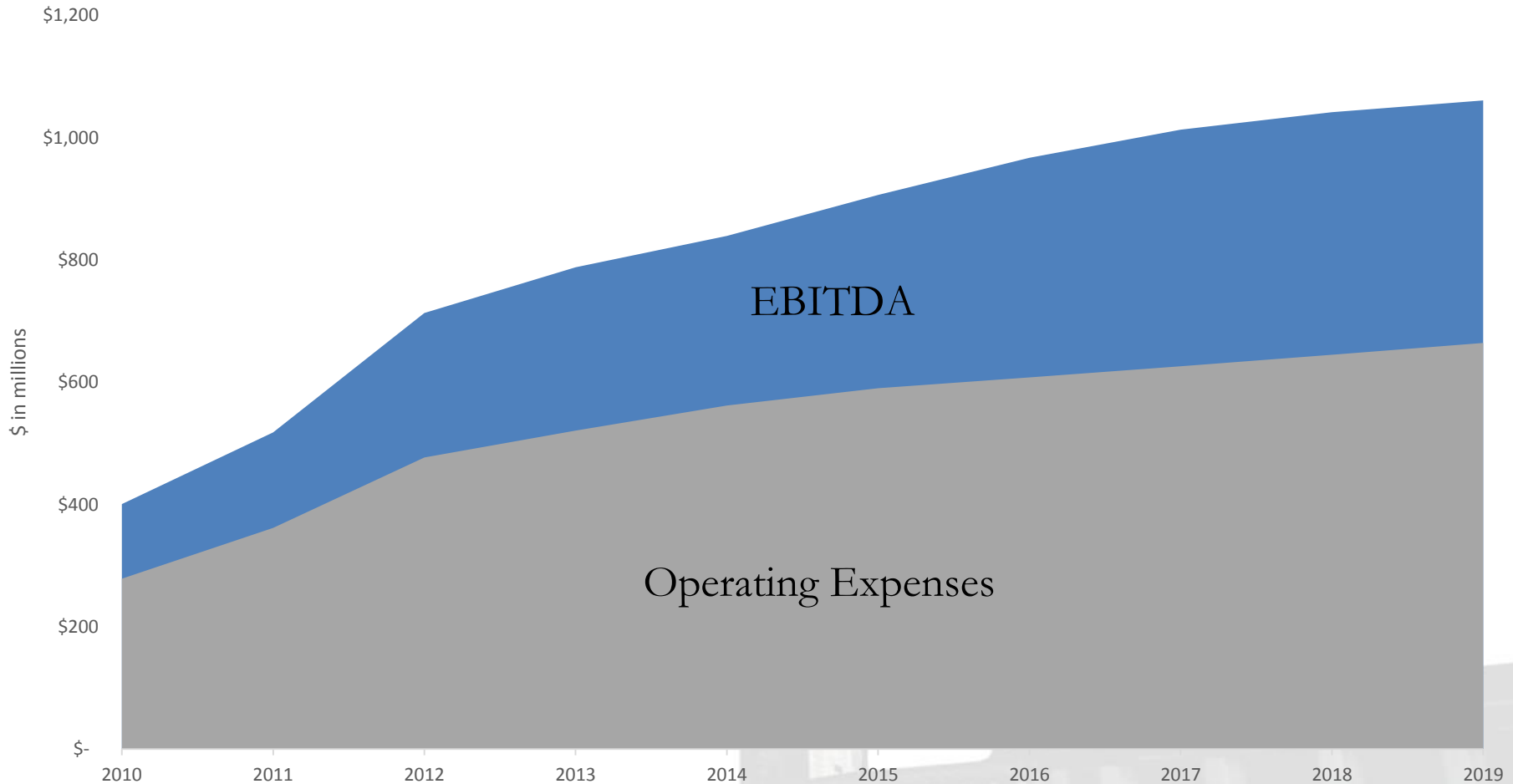
## Match Subscribers and Rev/Subscriber



*“To use a bad analogy, it's like a gateway. You use Tinder and suddenly you've done it. It works, you say, Oh, this is great. And then suddenly, you're willing to do all these things. And that's happening globally. And so I think that the category is going to get very large.”* – Gregory Blatt, Chairman of Match Group

(1) Source: IBISWorld

# Match Group: Operating Leverage



# eCommerce and Media

[Invest.berkeley.edu](http://Invest.berkeley.edu)



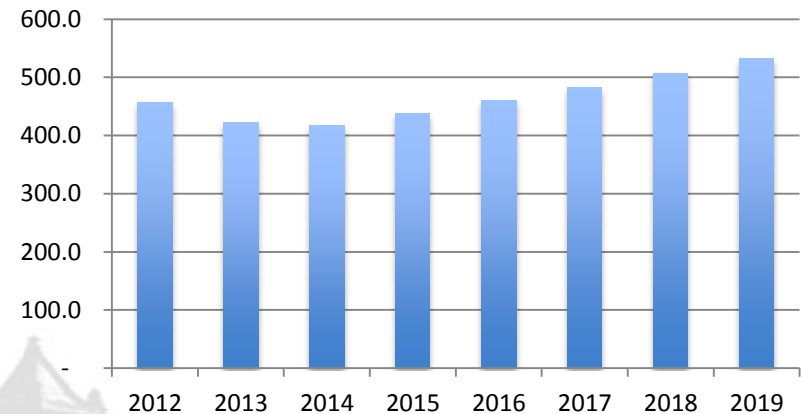
# eCommerce



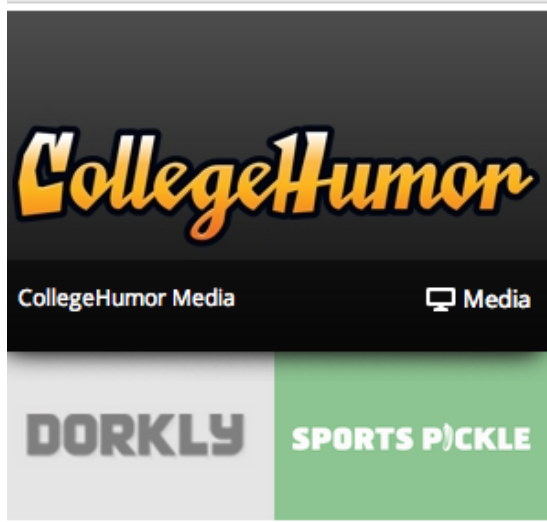
## Segment Description

- Segment down 16% last year
  - Hit by CityGrid (excluding this portion, segment would have been positive)
- HomeAdvisor increased revenue and service requests by 20%
- Management expects Tutor.com to take advantage of cost and revenue synergies

## Projected Growth



# Media



# Vimeo



- Represents 25% of IACI's media segment
- 500,000 subscribers, 100 million users
- ~\$100 rev/subscriber
- Subscriber base growing at 40%/yr
- 6x revenue



- 1b users
- ~\$3.5 rev/user
- User base flat at ~5%/yr
- Valued at 6.7x revenue

# IAC's Upcoming Acquisitions

Expected to add ~\$80m in annual revenue



- German dating site
- Makes IACI market leader in the online dating market for Germany (hopes to break profit jam)

- Test preparation and college admissions services company
- Offers test preparation services, tutoring, admissions resources, online courses, and books



# Spin-off Optionality

## History of spin-offs

- Barry Diller, Chairman and Senior Executive, has a long history of creating shareholder value through spin-offs.
- His previous spin-offs include Expedia (EXPE) and TripAdvisor (TRIP)

## Potential Match Group Spinoff

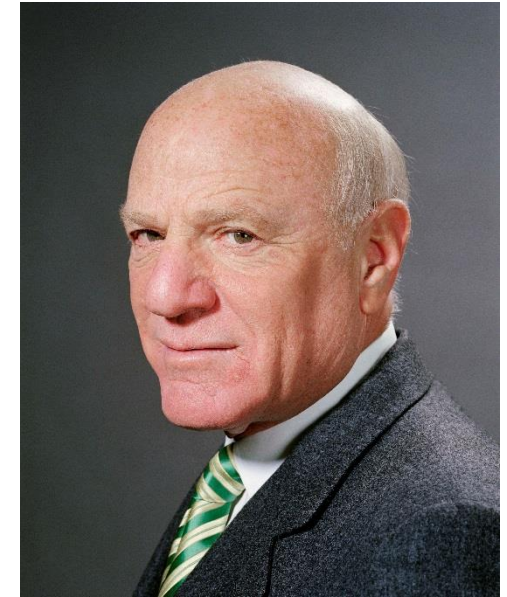
- Investors have been asking about the possibility of a Match Group spin-off in earnings calls for years
- In late 2013 Barry Diller installed a separate management team for Match Group, possibly setting it up for a spin-off
- IAC no longer has a CEO: Search & Applications, Match Group and Media segments each of a CEO reporting to Diller

## Value for Shareholders

There is a reason why investors have been asking about the possibility of a Match Group Spin-off for years in earnings calls: On average, shareholders gain 15.63% value after spin-offs<sup>1</sup>

(1) Source: M.D. Hamid Uddin, University of Sharjah

[Invest.berkeley.edu](http://Invest.berkeley.edu)



*"I am the Spin Master"*

**Barry Diller**

Chairman and Senior  
Executive,  
InterActiveCorp



# Valuation

# Sum of the Parts Valuation

Segments	EV/EBITDA	% of Valuation	} Fair Value \$89
Search & Applications	6.0x	21%	
The Match Group (ex-Tinder)	12.0x	56%	
Tinder	20.0x	9%	
Corporate	6.0x	-5%	
EV/Revenue			
eCommerce	1.5x	15%	
Media	2.6x	4%	

# Cases

	Downside	Base	Upside
Applications	-100% revenue growth	-45% revenue growth	-20% revenue growth before going to 2%
Search	4% revenue growth	4% revenue growth	4% revenue growth
The Match Group	-1% revenue growth	8% revenue growth	12% revenue growth
Tinder	\$50m revenue & \$20m EBITDA	\$70m revenue & \$34m EBITDA	\$88m revenue & \$53m EBITDA
eCommerce	5% revenue growth	5% revenue growth	5% revenue growth
Media	10% revenue growth	10% revenue growth	10% revenue growth

**Current Price**  
\$66.72

**Downside Case**  
\$48 (-29%)

**Base Case**  
\$89 (+34%)

**Upside Case**  
\$124 (+86%)

**Probabilities**

20%

50%

30%

**Price Target**

**\$91.40 (+37%)**

All numbers and growth rates are estimated 2015 projections

# Appendix

# Model Summary: Upside Case

Revenue Build																
	2012A	2013A	2014E				2014E	2015E				2015E	2016E	2017E	2018E	2019E
(\$ in millions)			Q1A	Q2A	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E					
Search (Websites)	706.0	786.9	203.7	205.2	215.5	217.9	842.3	211.2	212.8	223.4	226.0	873.3	881.1	1,008.1	1,060.9	1,132.8
% Growth		11.5%	7.8%	0.8%	-0.2%	22.1%	7.0%	3.7%	3.7%	3.7%	3.7%	3.7%	0.9%	14.4%	5.2%	6.8%
Applications	759.8	818.0	194.3	190.5	156.3	158.7	699.8	154.6	151.6	159.4	161.9	627.4	640.0	652.8	665.8	679.1
% Growth		7.7%	-6.7%	-14.9%	-18.4%	-18.4%	-14.5%	-20.4%	-20.4%	2.0%	2.0%	-10.3%	2.0%	2.0%	2.0%	2.0%
Search & Applications (Total)	1,465.8	1,604.9	398.0	395.7	371.7	376.7	1,542.1	365.8	364.3	382.8	387.9	1,500.7	1521.1	1660.8	1726.7	1811.9
% Growth		9.5%	0.2%	-7.4%	-8.7%	1.0%	-3.9%	-8.1%	-7.9%	3.0%	3.0%	-2.7%	1.4%	9.2%	4.0%	4.9%
The Match Group (ex-Tinder)	713.4	788.2	205.0	207.6	216.7	224.3	853.6	228.7	231.6	241.7	250.2	952.2	1,043.7	1,127.1	1,195.4	1,256.3
% Growth		10%	8.6%	6.8%	7.7%	10.0%	8.3%	11.6%	11.6%	11.6%	11.6%	11.6%	9.6%	8.0%	6.1%	5.1%
Total Subscribers	2,812	3,357	3,468	3,500	3,675	3,804	3,804	3,988	4,025	4,227	4,375	4,375	4,944	5,503	6,017	6,518
% Growth		19.4%	10.4%	9.5%	11.1%	13.3%	13.3%	15.0%	15.0%	15.0%	15.0%	15.0%	13.0%	11.3%	9.3%	8.3%
Revenue/Subscriber	0.254	0.235	0.059	0.059	0.059	0.059	0.224	0.057	0.058	0.057	0.057	0.218	0.211	0.205	0.199	0.193
% Growth		-7.5%	-1.7%	-2.5%	-3.0%	-2.9%	-4.4%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
Tinder			-	-	5	10	15	15	20	25	28	88	130	150	165	175
% of Revenue			0.0%	0.0%	0.7%	1.3%	0.5%	2.0%	2.6%	3.1%	3.4%	2.8%	3.9%	4.1%	4.3%	4.3%
eCommerce	457.1	421.9	94.8	109.9	105.7	108.9	419.3	99.5	115.4	111.0	114.3	440.3	462.3	485.4	509.7	535.2
% of Revenue	16.3%	14.0%	12.9%	14.7%	14.3%	14.3%	14.0%	13.3%	15.0%	13.8%	13.8%	14.0%	13.8%	13.4%	13.3%	13.3%
Media	164.1	191.4	36.4	36.7	40.2	42.5	155.8	40.0	40.4	44.3	46.7	171.4	188.5	207.4	228.1	250.9
% of Revenue	5.9%	6.4%	5.0%	4.9%	5.4%	5.6%	5.2%	5.3%	5.2%	5.5%	5.6%	5.4%	5.6%	5.7%	6.0%	6.2%
Corporate	(0.4)	(0.9)	(0.2)	(0.3)	(0.3)	(0.3)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Total Revenue	2,800.0	3,005.5	734.0	749.6	739.1	762.0	2,984.7	748.7	771.4	804.4	826.8	3,151.4	3,344.4	3,629.6	3,823.7	4,028.1
EBITDA																
Search & Applications (Total)	328.3	385.8	82.1	91.3	78.1	79.1	330.6	76.8	76.5	80.4	81.4	315.2	319.4	348.8	362.6	380.5
% Margin	22.4%	24.0%	20.6%	23.1%	21.0%	21.0%	21.4%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
The Match Group (ex-Tinder) EBITDA	236.7	266.9	47.4	69.4	87.2	110.0	314.0	76.6	105.1	124.2	146.4	452.3	550.6	616.6	660.3	689.2
% Margin	33.2%	33.9%	23.1%	33.4%	40.3%	49.0%	36.8%	33.5%	45.4%	51.4%	58.5%	47.5%	52.8%	54.7%	55.2%	54.9%
The Match Group (ex-Tinder) Operating Expenses	477	521	158	138	134	124	555	167	146	143	132	588	623	661	700	742
% Growth		9%	11.9%	9.1%	2.0%	2.0%	17.6%	6.0%	6.0%	6.0%	6.0%	44.0%	6.0%	6.0%	6.0%	6.0%
Tinder					2	5	7	9	12	15	17	53	78	90	99	105
% Margin					45.0%	50.0%		60.0%	60.0%	60.0%	60.0%		60.0%	60.0%	60.0%	60.0%
The Match Group (Total)																
	236.7	266.9	47.4	69.4	89.5	115.0	321.3	85.6	117.1	139.2	163.2	505.1	628.6	706.6	759.3	794.2
% Margin	33.2%	33.9%	23.1%	33.4%	40.4%	49.1%	37.0%	35.1%	46.5%	52.2%	58.7%	48.6%	53.6%	55.3%	55.8%	55.5%
eCommerce	31.2	22.9	2.8	4.5	4.2	4.4	15.9	4.0	4.6	4.4	4.6	17.6	18.5	19.4	20.4	21.4
% Margin	6.8%	5.4%	3.0%	4.1%	4.0%	4.0%	3.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Media	(38.6)	(17.0)	(7.9)	(8.9)	(8.9)	(9.3)	(35.0)	(8.0)	(8.1)	(8.9)	(9.3)	(34.3)	(37.7)	(41.5)	(45.6)	(50.2)
% Margin	-23.5%	-8.9%	-21.7%	-24.3%	-22.0%	-22.0%	-22.5%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
Corporate	(60.1)	(60.4)	(16.3)	(14.8)	(16.1)	(18.4)	(65.6)	(14.9)	(17.8)	(20.0)	(22.3)	(75.1)	(85.1)	(94.3)	(99.8)	(104.1)
Total EBITDA	497.5	598.2	108.1	141.5	146.9	170.7	567.1	143.5	172.3	195.1	217.6	728.5	843.7	939.0	996.9	1,041.8
% Margin	17.8%	19.9%	14.7%	18.9%	19.9%	22.4%	19.0%	19.2%	22.3%	24.3%	26.3%	23.1%	25.2%	25.9%	26.1%	25.9%
% Growth		20%	-14.7%	-10.4%	-10.2%	13.8%	-5.2%	32.7%	21.8%	32.9%	27.5%	28.5%	15.8%	11.3%	6.2%	4.5%

# Model Summary: Base Case

Revenue Build																
	2012A	2013A	2014E				2014E	2015E				2015E	2016E	2017E	2018E	2019E
(\$ in millions)			Q1A	Q2A	Q3E	Q4E		Q1E	Q2E	Q3E	Q4E					
Search (Websites)	706.0	786.9	203.7	205.2	209.2	211.1	829.2	211.2	212.8	216.9	218.9	859.8	871.5	997.1	1,049.3	1,100.3
% Growth		11.5%	7.8%	0.8%	-3.0%	18.3%	5.4%	3.7%	3.7%	3.7%	3.7%	3.7%	1.4%	14.4%	5.2%	4.9%
Applications	759.8	818.0	194.3	190.5	105.3	107.0	597.1	106.9	104.8	94.8	96.3	402.7	362.4	326.2	293.6	264.2
% Growth		7.7%	-6.7%	-14.9%	-45.0%	-45.0%	-27.0%	-45.0%	-45.0%	-10.0%	-10.0%	-32.6%	-10.0%	-10.0%	-10.0%	-10.0%
Search & Applications (Total)	1,465.8	1,604.9	398.0	395.7	314.6	318.1	1,426.3	318.1	317.5	311.7	315.1	1,262.5	1,234.0	1,323.3	1,342.9	1,364.5
% Growth		9.5%	0.2%	-7.4%	-22.8%	-14.7%	-11.1%	-20.1%	-19.8%	-0.9%	-0.9%	-11.5%	-2.3%	7.2%	1.5%	1.6%
The Match Group (ex-Tinder)	713.4	788.2	205.0	207.6	209.8	217.1	839.5	221.3	224.2	226.6	234.4	906.6	967.3	1,013.3	1,041.9	1,061.2
% Growth		10%	8.6%	6.8%	4.3%	6.5%	6.5%	8.0%	8.0%	8.0%	8.0%	8.0%	6.7%	4.8%	2.8%	1.9%
Total Subscribers	2,812	3,357	3,468	3,500	3,559	3,683	3,683	3,863	3,899	3,964	4,102	4,102	4,512	4,873	5,165	5,423
% Growth		19.4%	10.4%	9.5%	7.6%	9.7%	9.7%	11.4%	11.4%	11.4%	11.4%	11.4%	10.0%	8.0%	6.0%	5.0%
Revenue/Subscriber	0.254	0.235	0.059	0.059	0.059	0.059	0.228	0.057	0.058	0.057	0.057	0.221	0.214	0.208	0.202	0.196
% Growth		-7.5%	-1.7%	-2.5%	-3.0%	-3.0%	-2.9%	-3.1%	-3.1%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
Tinder			-	-	-	5	5	10	15	20	25	70	120	140	150	160
% of Revenue			0.0%	0.0%	0.0%	0.7%	0.2%	1.5%	2.1%	2.8%	3.4%	2.5%	4.0%	4.4%	4.6%	4.8%
eCommerce	457.1	421.9	94.8	109.9	103.8	108.9	417.4	99.5	115.4	109.0	114.3	438.3	460.2	483.2	507.4	532.8
% of Revenue	16.3%	14.0%	12.9%	14.7%	15.6%	15.8%	14.7%	14.5%	16.2%	15.4%	15.5%	15.4%	15.5%	15.3%	15.5%	15.8%
Media	164.1	191.4	36.4	36.7	38.2	42.5	153.8	40.0	40.4	42.1	46.7	169.2	186.1	204.7	225.2	247.7
% of Revenue	5.9%	6.4%	5.0%	4.9%	5.7%	6.1%	5.4%	5.8%	5.7%	5.9%	6.4%	5.9%	6.3%	6.5%	6.9%	7.4%
Corporate	(0.4)	(0.9)	(0.2)	(0.3)	(0.3)	(0.3)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Total Revenue	2,800.0	3,005.5	734.0	749.6	666.1	691.2	2,841.0	688.7	712.2	709.2	735.3	2,845.3	2,966.4	3,163.3	3,266.1	3,364.9
EBITDA																
Search & Applications (Total)	328.3	385.8	82.1	91.3	66.1	66.8	306.3	66.8	66.7	65.5	66.2	265.1	259.1	277.9	282.0	286.5
% Margin	22.4%	24.0%	20.6%	23.1%	21.0%	21.0%	21.5%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
The Match Group (ex-Tinder) EBITDA	236.7	266.9	47.4	69.4	71.4	94.1	282.3	56.4	85.8	93.0	117.3	352.5	394.6	384.5	338.5	273.9
% Margin	33.2%	33.9%	23.1%	33.4%	34.0%	43.3%	33.6%	25.5%	38.3%	41.0%	50.0%	38.9%	40.8%	37.9%	32.5%	25.8%
The Match Group (ex-Tinder) Operating Expenses	477	521	158	138	138	128	562	175	153	154	142	624	693	769	853	947
% Growth		9%	11.9%	9.1%	5.0%	5.0%	5.8%	11.0%	11.0%	11.0%	11.0%	24.9%	11.0%	11.0%	11.0%	11.0%
Tinder			-	-	-	2	2	5	7	10	13	34	60	70	75	80
% Margin					40.0%	42.5%		45.0%	47.5%	50.0%	50.0%		50.0%	50.0%	50.0%	50.0%
The Match Group (Total)	236.7	266.9	47.4	69.4	71.4	96.2	284.4	60.9	92.9	103.0	129.8	386.7	454.6	454.5	413.5	353.9
% Margin	33.2%	33.9%	23.1%	33.4%	34.0%	43.3%	33.7%	26.3%	38.8%	41.8%	50.0%	39.6%	41.8%	39.4%	34.7%	29.0%
eCommerce	31.2	22.9	2.8	4.5	4.2	4.4	15.8	4.0	4.6	4.4	4.6	17.5	18.4	19.3	20.3	21.3
% Margin	6.8%	5.4%	3.0%	4.1%	4.0%	4.0%	3.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Media	(38.6)	(17.0)	(7.9)	(8.9)	(8.4)	(9.3)	(34.6)	(8.0)	(8.1)	(8.4)	(9.3)	(33.8)	(37.2)	(40.9)	(45.0)	(49.5)
% Margin	-23.5%	-8.9%	-21.7%	-24.3%	-22.0%	-22.0%	-22.5%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
Corporate	(60.1)	(60.4)	(16.3)	(14.8)	(13.3)	(15.6)	(60.0)	(11.9)	(14.9)	(15.4)	(17.9)	(60.1)	(63.5)	(64.1)	(59.6)	(53.2)
Total EBITDA	497.5	598.2	108.1	141.5	119.9	142.4	511.9	111.8	141.2	149.0	173.3	575.3	631.5	646.7	611.2	559.0
% Margin	17.8%	19.9%	14.7%	18.9%	18.0%	20.6%	18.0%	16.2%	19.8%	21.0%	23.6%	20.2%	21.3%	20.4%	18.7%	16.6%
% Growth		20%	-14.7%	-10.4%	-26.7%	-5.0%	-14.4%	3.4%	-0.2%	24.3%	21.7%	12.4%	9.8%	2.4%	-5.5%	-8.5%



# Model Summary: Downside Case

Revenue Build																
	2012A	2013A	2014E					2015E					2016E	2017E	2018E	2019E
(\$ in millions)			Q1A	Q2A	Q3E	Q4E	2014E	Q1E	Q2E	Q3E	Q4E	2015E				
Search (Websites)	706.0	786.9	203.7	205.2	205.1	198.7	812.7	211.2	212.8	212.6	206.0	842.6	859.9	983.8	1,035.3	1,055.7
% Growth		11.5%	7.8%	0.8%	-5.0%	11.3%	3.3%	3.7%	3.7%	3.7%	3.7%	3.7%	2.1%	14.4%	5.2%	2.0%
Applications	759.8	818.0	194.3	190.5	93.8	95.3	573.9	-	-	-	-	-	N/A	N/A	N/A	N/A
% Growth		7.7%	-6.7%	-14.9%	-51.0%	-51.0%	-29.8%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	N/A	N/A	N/A	N/A
Search & Applications (Total)	1,465.8	1,604.9	398.0	395.7	298.9	294.0	1,386.6	211.2	212.8	212.6	206.0	842.6	N/A	N/A	N/A	N/A
% Growth		9.5%	0.2%	-7.4%	-26.6%	-21.2%	-13.6%	-46.9%	-46.2%	-28.9%	-29.9%	-39.2%	N/A	N/A	N/A	N/A
The Match Group (ex-Tinder)	713.4	788.2	205.0	207.6	194.8	201.6	809.0	203.7	206.3	193.6	200.3	803.8	798.7	778.9	745.2	706.2
% Growth		10%	8.6%	6.8%	-3.1%	-1.1%	2.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-2.5%	-4.3%	-5.2%
Total Subscribers	2,812	3,357	3,468	3,500	3,485	3,606	3,606	3,745	3,780	3,763	3,895	3,895	4,206	4,459	4,637	4,776
% Growth		19.4%	10.4%	9.5%	5.3%	7.4%	7.4%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	6.0%	4.0%	3.0%
Revenue/Subscriber	0.254	0.235	0.059	0.059	0.056	0.056	0.224	0.054	0.055	0.051	0.051	0.206	0.190	0.175	0.161	0.148
% Growth		-7.5%	-1.7%	-2.5%	-8.0%	-8.0%	-4.4%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%
Tinder			-	-	-	-	-	5	10	15	20	50	100	120	140	150
% of Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	1.7%	2.6%	3.4%	2.2%	N/A	N/A	N/A	N/A
eCommerce	457.1	421.9	94.8	109.9	103.8	108.9	417.4	99.5	115.4	109.0	114.3	438.3	460.2	483.2	507.4	532.8
% of Revenue	16.3%	14.0%	12.9%	14.7%	16.3%	16.8%	15.1%	17.8%	19.7%	19.1%	19.5%	19.0%	N/A	N/A	N/A	N/A
Media	164.1	191.4	36.4	36.7	38.2	42.5	153.8	40.0	40.4	42.1	46.7	169.2	186.1	204.7	225.2	247.7
% of Revenue	5.9%	6.4%	5.0%	4.9%	6.0%	6.6%	5.6%	7.2%	6.9%	7.4%	8.0%	7.3%	N/A	N/A	N/A	N/A
Corporate	(0.4)	(0.9)	(0.2)	(0.3)	(0.3)	(0.3)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Total Revenue	2,800.0	3,005.5	734.0	749.6	635.5	646.6	2,765.7	559.2	584.5	572.0	587.0	2,302.7	N/A	N/A	N/A	N/A
EBITDA																
Search & Applications (Total)	328.3	385.8	82.1	91.3	62.8	61.7	297.9	44.4	44.7	44.7	43.3	176.9	N/A	N/A	N/A	N/A
% Margin	22.4%	24.0%	20.6%	23.1%	21.0%	21.0%	21.5%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
The Match Group (ex-Tinder) EBITDA	236.7	266.9	47.4	69.4	49.8	67.5	234.1	27.4	57.3	41.8	66.1	192.7	138.4	24.6	(120.2)	(300.1)
% Margin	33.2%	33.9%	23.1%	33.4%	25.6%	33.5%	28.9%	13.5%	27.8%	21.6%	33.0%	24.0%	17.3%	3.2%	-16.1%	-42.5%
The Match Group (ex-Tinder) Operating Expenses	477	521	158	138	145	134	575	181	159	167	154	661	760	874	1,005	1,156
% Growth		9%	11.9%	9.1%	10.0%	10.0%	-12.3%	15.0%	15.0%	15.0%	15.0%	-17.7%	15.0%	15.0%	15.0%	15.0%
Tinder					-	-	-	2	4	6	8	20	40	48	56	60
% Margin					35.0%	35.0%		40.0%	40.0%	40.0%	40.0%		40.0%	40.0%	40.0%	40.0%
The Match Group (Total)	236.7	266.9	47.4	69.4	49.8	67.5	234.1	29.4	61.3	47.8	74.1	212.7	178.4	72.6	(64.2)	(240.1)
% Margin	33.2%	33.9%	23.1%	33.4%	25.6%	33.5%	28.9%	14.1%	28.4%	22.9%	33.6%	24.9%	19.9%	8.1%	-7.3%	-28.0%
eCommerce	31.2	22.9	2.8	4.5	4.2	4.4	15.8	4.0	4.6	4.4	4.6	17.5	18.4	19.3	20.3	21.3
% Margin	6.8%	5.4%	3.0%	4.1%	4.0%	4.0%	3.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Media	(38.6)	(17.0)	(7.9)	(8.9)	(8.4)	(9.3)	(34.6)	(8.0)	(8.1)	(8.4)	(9.3)	(33.8)	(37.2)	(40.9)	(45.0)	(49.5)
% Margin	-23.5%	-8.9%	-21.7%	-24.3%	-22.0%	-22.0%	-22.5%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%
Corporate	(60.1)	(60.4)	(16.3)	(14.8)	(10.8)	(12.4)	(54.4)	(6.8)	(9.9)	(8.2)	(10.5)	(35.3)	N/A	N/A	N/A	N/A
Total EBITDA	497.5	598.2	108.1	141.5	97.5	111.8	458.9	63.0	92.7	80.2	102.1	338.0	N/A	N/A	N/A	N/A
% Margin	17.8%	19.9%	14.7%	18.9%	15.3%	17.3%	16.6%	11.3%	15.9%	14.0%	17.4%	14.7%	N/A	N/A	N/A	N/A
% Growth		20%	-14.7%	-10.4%	-40.4%	-25.4%	-23.3%	-41.7%	-34.5%	-17.8%	-8.7%	-26.3%	N/A	N/A	N/A	N/A



# Valuation Summary: Upside Case

## Enterprise Value

Equity	5,551
Debt	1,080
Less: Cash	987
Enterprise Value	5,644
Stock Price (as of 9/23/14)	\$66.72
EV/ 2015E EBITDA	11.0

## SOTP Valuation

<u>Segment</u>	<u>EV/EBITDA, 2015</u>	<u>Enterprise Value</u>	<u>%of Valuation</u>
Search & Applications (Total)	7.0x	2,206	21.2%
The Match Group (ex-Tinder)	13.0x	5,880	56.6%
Tinder	22.0x	1,162	11.2%
Corporate	8.0x	(601)	-5.8%
<u>EV/Revenue, 2015</u>			
eCommerce	2.5x	1,321	12.7%
Media	3.0x	428	4.1%
		10,396	

Equity Value	10,304
Proj. Stock Price	123.84
Return	86%

## Multiple Assumptions

	<u>EV/EBITDA, 2015</u>
Search & Applications (Total)	7.0x
The Match Group (ex-Tinder)	13.0x
Tinder	22.0x
Corporate	8.0x
	<u>EV/Rev., 2015</u>
eCommerce	2.5x
Media	3.0x

# Valuation Summary: Base Case

## Enterprise Value

Equity	5,551
Debt	1,080
Less: Cash	987
Enterprise Value	5,644
Stock Price (as of 9/23/14)	\$66.72
EV/ 2015E EBITDA	12.2

## SOTP Valuation

<u>Segment</u>	<u>EV/EBITDA, 2015</u>	<u>Enterprise Value</u>	<u>% of Valuation</u>
Search & Applications (Total)	6.0x	1,591	21.1%
The Match Group (ex-Tinder)	12.0x	4,230	56.1%
Tinder	20.0x	683	9.1%
Corporate	6.0x	(361)	-4.8%
	<u>EV/Revenue, 2015</u>		
eCommerce	1.5x	1,140	15.1%
Media	2.6x	254	3.4%
		7,536	

Equity Value	7,443
Proj. Stock Price	89.46
Return	34%

## Multiple Assumptions

	<u>EV/EBITDA, 2015</u>
Search & Applications (Total)	6.0x
The Match Group (ex-Tinder)	12.0x
Tinder	20.0x
Corporate	6.0x
	<u>EV/Rev., 2015</u>
eCommerce	1.5x
Media	2.6x

# Valuation Summary: Downside Case

## Enterprise Value

Equity	5,551
Debt	1,080
Less: Cash	987
Enterprise Value	5,644
Stock Price (as of 9/23/14)	\$66.72
EV/ 2015E EBITDA	15.1

## SOTP Valuation

<u>Segment</u>	<u>EV/EBITDA, 2015</u>	<u>Enterprise Value</u>	<u>%of Valuation</u>
Search & Applications (Total)	5.5x	973	24.0%
The Match Group (ex-Tinder)	11.0x	2,120	52.3%
Tinder	18.0x	360	8.9%
Corporate	4.0x	(141)	-3.5%
<u>EV/Revenue, 2015</u>			
eCommerce	0.5x	657	16.2%
Media	1.5x	85	2.1%
		4,054	

Equity Value	3,961
Proj. Stock Price	47.61
Return	-29%

## Multiple Assumptions

	<u>EV/EBITDA, 2015</u>
Search & Applications (Total)	5.5x
The Match Group (ex-Tinder)	11.0x
Tinder	18.0x
Corporate	4.0x
<u>EV/Rev., 2015</u>	
eCommerce	0.5x
Media	1.5x