



## COMPANY UPDATE | COMMENT

AUGUST 11, 2011

## Active Network, Inc. (NYSE: ACTV) Ironmen Hit A Personal Best In 2Q

### Outperform Above Average Risk

|                  |       |                        |       |
|------------------|-------|------------------------|-------|
| Price:           | 13.31 | Price Target:          | 22.00 |
| Shares O/S (MM): | 57.4  | Implied All-In Return: | 65%   |
| Dividend:        | 0.00  | Market Cap (MM):       | 764   |
|                  |       | Yield:                 | 0.0%  |

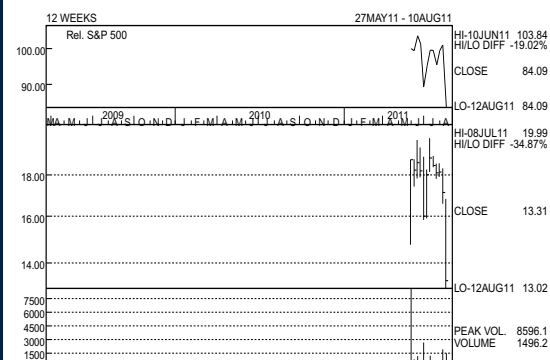
### Reported 2Q11 Earnings

**Net:** Active Network reported revenue and EBITDA 5% and 19% above expectations for 2Q. The upside was driven by higher than expected marketing services and licensing software revenue growth and steady registration revenue growth. EBITDA Margins came in better than expected on flow-through from higher-margin marketing revenue and lower than expected R+D expense. The upside gives us increased confidence in the resiliency of the business model and management's ability to execute in any environment, given the bad weather in June in their Outdoor business and the ongoing issues in display advertising broadly. Our bullish thesis is based on ACTV's 1) highest revenue visibility in our space, further reinforced by the performance in 2Q, 2) expanding EBITDA margins from the Activeworks platform upgrade and the mix shift from offline to online registrations over time, and 3) minimal competition in its core segments. We have increased our 2012 revenue and EBITDA by 1% and 3% respectively. Our price target remains \$22, and our rating remains Outperform.

**Positives:** Revenue of \$99m and EBITDA of \$20.4m were 5% and 19% ahead of our estimates, respectively. Gross margin of 59.4% improved 110bps y/y, and EBITDA margin of 20.6% was 250bps better than expected, largely from increased mix of higher-margin Marketing Services revenue and lower than expected R+D expense. The company introduced new initiatives, such as its Schwaggle lead gen business for fitness deals, and its affiliate program through which partners can earn revenue by driving additional registrations to ACTV.

**Negatives:** There are few negatives to highlight in 2Q for ACTV, it was a clean quarter all around. Poor weather in June impacted revenues by approximately \$0.5m in the Outdoor registration business, proving to be one of the only factors which can decrease revenue visibility.

**Estimate Changes and Valuation:** We have increased 2012 revenue and EBITDA estimates by 1% and 3%, respectively. Our \$22 price target is based on an average of 15x EV/EBITDA, 3% FCF yield, and 3.5x EV/Revenue on our 2012 estimates.



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| FY Dec          | 2010A   | 2011E  | 2012E   |         |
|-----------------|---------|--------|---------|---------|
| Revenue (MM)    | 279.6   | 327.4  | 375.5   |         |
| Prev.           |         | 322.0  | 370.9   |         |
| Adj EBITDA (MM) | 25.1    | 36.1   | 52.6    |         |
| Prev.           |         | 33.1   | 51.0    |         |
| Adj EPS - FD    |         | 0.01   | 0.30    |         |
| Prev.           |         | (0.35) | 0.08    |         |
| P/AEPS          | NM      | NM     | 44.4x   |         |
| Revenue (MM)    | Q1      | Q2     | Q3      | Q4      |
| 2010            | 63.2A   | 81.7A  | 73.1A   | 61.6A   |
| 2011            | 72.7A   | 99.0A  | 86.4E   | 69.3E   |
| Prev.           |         | 94.6E  | 85.5E   |         |
| 2012            | 82.3E   | 113.7E | 99.8E   | 79.6E   |
| Prev.           |         | 108.7E | 100.3E  |         |
| Adj EBITDA (MM) |         |        |         |         |
| 2010            | 1.1A    | 11.8A  | 9.3A    | 2.9A    |
| 2011            | 2.6A    | 20.4A  | 11.5E   | 1.6E    |
| Prev.           |         | 17.2E  |         | 1.8E    |
| 2012            | 4.5E    | 29.5E  | 16.8E   | 1.9E    |
| Prev.           | 5.0E    | 25.9E  | 17.4E   | 2.7E    |
| Adj EPS - FD    |         |        |         |         |
| 2011            | (0.12)A | 0.18A  | 0.06E   | (0.12)E |
| Prev.           | (0.24)A | 0.09E  | (0.01)E | (0.20)E |
| 2012            | (0.06)E | 0.34E  | 0.13E   | (0.11)E |
| Prev.           | (0.10)E | 0.23E  | 0.09E   | (0.14)E |

All values in USD unless otherwise noted.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Conflicts Disclosures, see Page 6.

## Exhibit 1: 2Q11 Results vs. RBCCM Estimates

(\$ in Millions, except per share amounts)

|                                     | <u>2Q11A</u>  | <u>2Q11E</u>  | <u>Variance</u> | <u>1Q11A</u>    | <u>% Q/Q</u>  | <u>2Q10A</u>  | <u>% Y/Y</u>   |
|-------------------------------------|---------------|---------------|-----------------|-----------------|---------------|---------------|----------------|
| <b>Registrations (mm):</b>          |               |               |                 |                 |               |               |                |
| Total Registrations                 | 22.9          | 23.0          | -0.5%           | 13.9            | 65%           | 21.5          | 6.8%           |
| Avg. Revenue per Registration       | \$3.04        | \$3.05        | -0.3%           | \$3.69          | -18%          | \$2.82        | 7.8%           |
| <b>Revenues</b>                     |               |               |                 |                 |               |               |                |
| Registration revenue                | 69.7          | 70.3          | -0.7%           | 51.4            | 35.7%         | 60.6          | 15.2%          |
| Software revenue                    | 15.8          | 13.3          | 19.2%           | 11.7            | 35.1%         | 10.6          | 49.0%          |
| Technology revenue                  | 85.6          | 83.5          | 2.4%            | 63.1            | 35.6%         | 71.2          | 20.2%          |
| Marketing revenue                   | 13.5          | 11.1          | 21.6%           | 9.6             | 40.1%         | 10.5          | 28.2%          |
| <b>Net revenue</b>                  | <b>99.0</b>   | <b>94.6</b>   | <b>4.7%</b>     | <b>72.7</b>     | <b>36.2%</b>  | <b>81.7</b>   | <b>21.2%</b>   |
| Cost of Revenues                    | 40.1          | 37.6          | 6.7%            | 34.1            | 17.6%         | 34.0          | 18.0%          |
| Gross Profit                        | 58.9          | 57.0          | 3.3%            | 38.6            | 52.6%         | 47.6          | 23.6%          |
| <b>Operating Expenses:</b>          |               |               |                 |                 |               |               |                |
| Sales and marketing expenses        | 18.3          | 17.9          | 2.3%            | 16.8            | 9.5%          | 15.0          | 22.4%          |
| Research and development expenses   | 16.2          | 18.0          | -10.0%          | 16.1            | 0.7%          | 16.2          | 0.0%           |
| General and administrative expenses | 11.1          | 10.9          | 1.5%            | 10.2            | 8.8%          | 10.4          | 6.1%           |
| Amortization of intangibles         | 3.7           | 3.8           | -1.4%           | 3.7             | 0.4%          | 4.1           | -8.7%          |
| Stock-based compensation            | 2.1           | 0.8           | 166.8%          | 0.7             | 178.0%        | 1.4           | 47.3%          |
| Total Operating Expenses            | 51.4          | 51.3          | 0.0%            | 47.4            | 8.3%          | 47.1          | 9.1%           |
| Operating Income                    | 7.5           | 5.6           | 33.4%           | (8.8)           | -184.8%       | 0.6           | 1227.6%        |
| Depreciation & Amortization         | 10.8          | 5.8           | 86.5%           | 10.7            | 1.6%          | 9.9           | 9.8%           |
| Stock Based Compensation            | 2.1           | 0.8           | 166.8%          | 0.7             | 178.0%        | 1.4           | 47.3%          |
| <b>Adjusted EBITDA</b>              | <b>20.4</b>   | <b>17.2</b>   | <b>18.9%</b>    | <b>2.6</b>      | <b>694.0%</b> | <b>11.8</b>   | <b>72.3%</b>   |
| Margin                              | 20.6%         | 18.1%         |                 | 3.5%            |               | 14.5%         |                |
| Interest income                     | 0.0           | 0.1           | -56.7%          | 0.0             | 3.3%          | 0.0           | -31.0%         |
| Interest expense                    | (1.4)         | (1.1)         | 32.0%           | (1.3)           | 9.5%          | (1.5)         | -3.0%          |
| Other (expense) income, net         | 0.2           | 0.0           | 0.0%            | (0.1)           | 478.4%        | (0.2)         | -179.1%        |
| Pretax Income                       | 6.3           | 4.6           | 36.6%           | (10.2)          | 162.2%        | (1.1)         | -681.1%        |
| Income Tax Expense (benefit)        | 0.8           | 0.7           | 12.6%           | 0.8             | 0.5%          | 0.9           | -7.6%          |
| <b>Reported Net Income</b>          | <b>5.5</b>    | <b>3.9</b>    | <b>40.9%</b>    | <b>(10.9)</b>   | <b>150.5%</b> | <b>(1.9)</b>  | <b>-385.0%</b> |
| <b>Adjusted EPS</b>                 | <b>\$0.18</b> | <b>\$0.09</b> | <b>92.5%</b>    | <b>(\$0.12)</b> | <b>169.9%</b> | <b>\$0.00</b> |                |

Source: RBCCM Estimates, Company reports

## Exhibit 2: Summary of Estimate Changes

(\$ in millions, except per share amounts)

|                            | <b>3Q11E</b>   |              |              | <b>2011E</b>   |               |              | <b>2012E</b>   |              |              |
|----------------------------|----------------|--------------|--------------|----------------|---------------|--------------|----------------|--------------|--------------|
|                            | <u>Current</u> | <u>Prior</u> | <u>Delta</u> | <u>Current</u> | <u>Prior</u>  | <u>Delta</u> | <u>Current</u> | <u>Prior</u> | <u>Delta</u> |
| Technology revenue         | 75.3           | 74.4         | 1.2%         | 281.2          | 278.3         | 1.1%         | 321.4          | 319.7        | 0.5%         |
| Marketing revenue          | 11.1           | 11.1         | 0.5%         | 46.2           | 43.7          | 5.6%         | 54.0           | 51.2         | 5.6%         |
| <b>Net revenue</b>         | <b>86.4</b>    | <b>85.5</b>  | <b>1.1%</b>  | <b>327.4</b>   | <b>322.0</b>  | <b>1.7%</b>  | <b>375.5</b>   | <b>370.9</b> | <b>1.2%</b>  |
| Total Operating Expenses   | 51.1           | 51.5         | 0.7%         | 199.7          | 199.6         | -0.1%        | 213.0          | 211.9        | -0.5%        |
| Operating Income (Loss)    | (1.2)          | (0.5)        | 151.7%       | (14.2)         | (14.2)        | -0.1%        | 6.3            | 8.0          | -21.9%       |
| <b>Adjusted EBITDA</b>     | <b>11.5</b>    | <b>11.5</b>  | <b>0.4%</b>  | <b>36.1</b>    | <b>33.1</b>   | <b>9.1%</b>  | <b>52.6</b>    | <b>51.0</b>  | <b>3.1%</b>  |
| Margin                     | 13.3%          | 13.4%        |              | 11.0%          | 10.3%         |              | 14.0%          | 13.8%        |              |
| <b>Reported Net Income</b> | <b>(2.1)</b>   | <b>(1.1)</b> | <b>96.4%</b> | <b>(19.8)</b>  | <b>(19.2)</b> | <b>3.4%</b>  | <b>69.6</b>    | <b>71.3</b>  | <b>-2.4%</b> |
| Adj EPS                    | \$0.06         | (\$0.01)     | -679.7%      | \$0.01         | (\$0.35)      | -103.1%      | \$0.30         | \$0.08       | 277.7%       |

Source: RBCCM Estimates, Company reports

## Valuation

We use a blended approach on our 2012 estimates. Using an average of 15x EV/EBITDA, 3% FCF yield, and 3.5x EV/Revenue, we arrive at our \$22 target.

### Exhibit 3: Valuation Worksheet

(\$ in millions, except per share amounts)

|                                 |         |
|---------------------------------|---------|
| Current Price                   | \$13.31 |
| Diluted Shares Outstanding      | 57.4    |
| Current Market Cap              | 764     |
| Less: Cash and Cash Equivalents | 157.5   |
| Less : Other Assets             | 0.0     |
| Plus: Debt                      | 0.0     |
| Adjusted Enterprise Value       | 606.9   |

|                                       |                     |
|---------------------------------------|---------------------|
| <b><u>EV to EBITDA</u></b>            | <b><u>2012E</u></b> |
| Adjusted EBITDA                       | 52.6                |
| Current EV/EBITDA Multiple            | 11.5x               |
| <b>Target Multiple</b>                | <b>15.0x</b>        |
| Enterprise Value                      | 789.6               |
| Plus: YE Cash                         | 226.4               |
| Plus: Other Assets                    | 0.0                 |
| Less: YE Debt                         | 0.0                 |
| Less: Minority Interest               | 0.0                 |
| Equity Market Capitalization          | 1016.1              |
| FY End Projected Sharecount           | 53.9                |
| Implied Stock Price on Forward EBITDA | <b>\$19</b>         |

|                                    |                     |
|------------------------------------|---------------------|
| <b><u>FCF Yield</u></b>            | <b><u>2012E</u></b> |
| FCF per Share                      | \$0.54              |
| Current FCF Yield                  | 4.0%                |
| <b>Target Yield</b>                | <b>3.0%</b>         |
| Implied Stock Price on Forward FCF | <b>\$18</b>         |

|                                       |                     |
|---------------------------------------|---------------------|
| <b><u>EV to Revenue</u></b>           | <b><u>2012E</u></b> |
| Revenue                               | 375.5               |
| Current EV / Revenue Multiple         | 1.6x                |
| <b>Target Multiple</b>                | <b>3.5x</b>         |
| Enterprise Value                      | 1314.2              |
| Plus: YE Cash                         | 226.4               |
| Plus: Other Assets                    | 0.0                 |
| Less: YE Debt                         | 0.0                 |
| Less: Minority Interest               | 0.0                 |
| Equity Market Capitalization          | 1540.6              |
| FY End Projected Sharecount           | 53.9                |
| Implied Stock Price on Forward EBITDA | <b>\$29</b>         |

**Average** **\$22**

Source: RBCCM Estimates, Company reports

## Valuation

We value ACTV using a blended approach on our 2012 estimates using 15x EV/EBITDA, a 3% FCF yield and 3.5x revenue. We take an average of these three metrics to arrive at our \$22 price target. These multiples are in range of the rest of our coverage universe, and we believe they are justified given the high revenue visibility and rapid EBITDA growth.

## Price Target Impediment

- 1) Margin expansion does not play out as expected.
- 2) Large contracts material to financial statements are lost during periodic re-bidding process.
- 3) Complications from M&A integration.

## Company Description

Active Network provides event registration software and services to community, sport, business and outdoor organizations. In addition to registration processing, Active Network's technology platform provides organizations with various marketing, operating and analytics tools which help their clients' event management end-to-end by increasing event participation and reducing overall event costs.

**Active Network – Quarterly Earnings Analysis**  
(\$ in millions, except per share amounts)

|  | 2010A        |              |              |              |              | 2011E           |               |               |                 |               | 2012E           |               |               |                 |               |
|--|--------------|--------------|--------------|--------------|--------------|-----------------|---------------|---------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|---------------|
| FY Dec                                       | Mar A<br>1QA | Jun A<br>2QA | Sep A<br>3QA | Dec A<br>4QA | 2010A        | Mar A<br>1QA    | Jun A<br>2QA  | Sep E<br>3QE  | Dec E<br>4QE    | 2011E         | Mar E<br>1QE    | Jun E<br>2QE  | Sep E<br>3QE  | Dec E<br>4QE    | 2012E         |
| Technology revenue                           | 54.9         | 71.2         | 62.4         | 49.2         | 237.7        | 63.1            | 85.6          | 75.3          | 57.3            | 281.2         | 71.1            | 98.0          | 86.8          | 65.6            | 321.4         |
| Marketing revenue                            | 8.3          | 10.5         | 10.7         | 12.4         | 41.9         | 9.6             | 13.5          | 11.1          | 12.0            | 46.2          | 11.2            | 15.7          | 13.0          | 14.0            | 54.0          |
| <b>Net revenue</b>                           | <b>63.2</b>  | <b>81.7</b>  | <b>73.1</b>  | <b>61.6</b>  | <b>279.6</b> | <b>72.7</b>     | <b>99.0</b>   | <b>86.4</b>   | <b>69.3</b>     | <b>327.4</b>  | <b>82.3</b>     | <b>113.7</b>  | <b>99.8</b>   | <b>79.6</b>     | <b>375.5</b>  |
| Cost of Revenues                             |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Technology                                   | 27.0         | 32.3         | 29.3         | 26.4         | 115.0        | 33.0            | 38.7          | 35.1          | 29.6            | 136.4         | 35.8            | 42.5          | 38.9          | 32.7            | 149.9         |
| Marketing                                    | 1.0          | 1.7          | 1.8          | 1.6          | 6.2          | 1.2             | 1.5           | 1.4           | 1.4             | 5.5           | 1.3             | 1.7           | 1.7           | 1.6             | 6.3           |
| Total Cost of Revenues                       | 28.0         | 34.0         | 31.1         | 28.1         | 121.2        | 34.1            | 40.1          | 36.6          | 31.0            | 141.9         | 37.1            | 44.2          | 40.5          | 34.3            | 156.2         |
| <b>Gross Profit</b>                          | <b>35.2</b>  | <b>47.6</b>  | <b>42.0</b>  | <b>33.5</b>  | <b>158.4</b> | <b>38.6</b>     | <b>58.9</b>   | <b>49.9</b>   | <b>38.2</b>     | <b>185.5</b>  | <b>45.1</b>     | <b>69.6</b>   | <b>59.3</b>   | <b>45.3</b>     | <b>219.3</b>  |
| Operating Expenses:                          |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Sales & Marketing                            | 14.5         | 15.0         | 14.9         | 14.1         | 58.5         | 16.8            | 18.3          | 18.0          | 16.6            | 69.7          | 18.5            | 20.5          | 20.3          | 18.7            | 78.0          |
| Research & Development                       | 14.9         | 16.2         | 15.0         | 14.8         | 60.9         | 16.1            | 16.2          | 16.7          | 16.7            | 65.7          | 17.3            | 17.4          | 18.3          | 18.4            | 71.6          |
| General & Administrative                     | 9.8          | 10.4         | 8.9          | 8.8          | 38.0         | 10.2            | 11.1          | 11.0          | 11.1            | 43.4          | 11.6            | 12.8          | 12.8          | 12.9            | 50.1          |
| Amortization of Intangibles                  | 4.0          | 4.1          | 4.0          | 4.0          | 16.1         | 3.7             | 3.7           | 3.8           | 3.7             | 14.9          | 1.9             | 1.1           | 1.6           | 2.1             | 6.6           |
| Stock Based Compensation                     | 1.8          | 1.4          | 1.3          | 0.8          | 5.3          | 0.7             | 2.1           | 1.6           | 1.6             | 6.0           | 0.8             | 2.3           | 1.8           | 1.8             | 6.7           |
| Total Operating Expenses                     | 45.1         | 47.1         | 44.2         | 42.5         | 178.9        | 47.4            | 51.4          | 51.1          | 49.8            | 199.7         | 50.2            | 54.2          | 54.8          | 53.9            | 213.0         |
| Operating Income                             | (9.9)        | 0.6          | (2.2)        | (8.9)        | (20.5)       | (8.8)           | 7.5           | (1.2)         | (11.6)          | (14.2)        | (5.0)           | 15.4          | 4.5           | (8.6)           | 6.3           |
| Depreciation & Amortization                  | 9.2          | 9.9          | 10.2         | 11.0         | 40.3         | 10.7            | 10.8          | 11.2          | 11.6            | 44.2          | 8.7             | 11.8          | 10.5          | 8.7             | 39.6          |
| Stock Based Compensation                     | 1.8          | 1.4          | 1.3          | 0.8          | 5.3          | 0.7             | 2.1           | 1.6           | 1.6             | 6.0           | 0.8             | 2.3           | 1.8           | 1.8             | 6.7           |
| <b>Adjusted EBITDA</b>                       | <b>1.1</b>   | <b>11.8</b>  | <b>9.3</b>   | <b>2.9</b>   | <b>25.1</b>  | <b>2.6</b>      | <b>20.4</b>   | <b>11.5</b>   | <b>1.6</b>      | <b>36.1</b>   | <b>4.5</b>      | <b>29.5</b>   | <b>16.8</b>   | <b>1.9</b>      | <b>52.6</b>   |
| Interest income                              | 0.0          | 0.0          | 0.0          | 0.0          | 0.2          | 0.0             | 0.0           | 0.1           | 0.1             | 0.3           | 0.2             | 0.2           | 0.2           | 0.2             | 0.8           |
| Interest expense                             | (1.3)        | (1.5)        | (1.3)        | (1.3)        | (5.4)        | (1.3)           | (1.4)         | (0.2)         | 0.0             | (2.9)         | 0.0             | 0.0           | 0.0           | 0.0             | 0.0           |
| Other (expense) income, net                  | (0.4)        | (0.2)        | 0.8          | 0.3          | 0.5          | (0.1)           | 0.2           | 0.0           | 0.0             | 0.1           | 0.0             | 0.0           | 0.0           | 0.0             | 0.0           |
| Pretax Income                                | (11.6)       | (1.1)        | (2.8)        | (9.9)        | (25.3)       | (10.2)          | 6.3           | (1.3)         | (11.5)          | (16.7)        | (4.8)           | 15.6          | 4.7           | (8.4)           | 7.1           |
| Income Tax Expense (benefit)                 | 0.9          | 0.9          | 1.1          | (0.8)        | 1.9          | 0.8             | 0.8           | 0.8           | 0.8             | 3.2           | 1.7             | 1.7           | (67.6)        | 1.7             | (62.5)        |
| Reported Net Income                          | (12.4)       | (1.9)        | (3.8)        | (9.1)        | (27.3)       | (10.9)          | 5.5           | (2.1)         | (12.3)          | (19.8)        | (6.5)           | 13.9          | 72.3          | (10.1)          | 69.6          |
| Diluted Earnings per Share                   |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Pro forma Earnings per Share                 |              |              |              |              |              | (\$0.15)        | \$0.21        | \$0.07        | (\$0.12)        | (\$0.34)      | (\$0.06)        | \$0.34        | \$0.13        | (\$0.11)        | \$1.29        |
| <b>Adjusted Earnings per Share</b>           |              |              |              |              |              | <b>(\$0.12)</b> | <b>\$0.18</b> | <b>\$0.06</b> | <b>(\$0.12)</b> | <b>\$0.01</b> | <b>(\$0.06)</b> | <b>\$0.34</b> | <b>\$0.13</b> | <b>(\$0.11)</b> | <b>\$0.30</b> |
| Pro forma Shares Outstanding                 |              |              |              |              |              | 57.4            | 57.4          | 63.6          | 53.5            | 58.0          | 53.6            | 53.7          | 53.8          | 53.9            | 53.8          |
| Margin Analysis                              |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Gross Profit Margin                          | 55.7%        | 58.3%        | 57.5%        | 54.4%        | 56.6%        | 53.1%           | 59.4%         | 57.7%         | 55.2%           | 56.7%         | 54.9%           | 61.2%         | 59.4%         | 56.9%           | 58.4%         |
| Sales & Marketing as % of Net Revenue        | 23.0%        | 18.3%        | 20.4%        | 22.9%        | 20.9%        | 23.0%           | 18.5%         | 20.8%         | 24.0%           | 21.3%         | 22.5%           | 18.0%         | 20.3%         | 23.5%           | 20.8%         |
| Research & Development as % of Net Revenue   | 23.6%        | 19.8%        | 20.6%        | 23.9%        | 21.8%        | 22.1%           | 16.3%         | 19.4%         | 24.1%           | 20.1%         | 21.1%           | 15.3%         | 18.4%         | 23.1%           | 19.1%         |
| General & Administrative as % of Net Revenue | 15.5%        | 12.8%        | 12.2%        | 14.3%        | 13.6%        | 14.0%           | 11.2%         | 12.8%         | 16.1%           | 13.3%         | 14.1%           | 11.3%         | 12.9%         | 16.2%           | 13.3%         |
| Amortization as % of Net Revenue             | 6.4%         | 5.0%         | 5.5%         | 6.5%         | 5.8%         | 5.1%            | 3.8%          | 4.4%          | 5.4%            | 4.6%          | 2.3%            | 0.9%          | 1.6%          | 2.6%            | 1.8%          |
| Total Operating Expenses as % of Net Revenue | 71.3%        | 57.6%        | 60.5%        | 69.0%        | 64.0%        | 65.2%           | 51.9%         | 59.1%         | 72.0%           | 61.0%         | 61.0%           | 47.6%         | 54.9%         | 67.7%           | 56.7%         |
| Operating Margin                             | -15.6%       | 0.7%         | -3.1%        | -14.5%       | -7.3%        | -12.2%          | 7.6%          | -1.4%         | -16.8%          | -4.3%         | -6.1%           | 13.5%         | 4.5%          | -10.8%          | 1.7%          |
| Adjusted EBITDA Margin                       | 1.7%         | 14.5%        | 12.8%        | 4.6%         | 9.0%         | 3.5%            | 20.6%         | 13.3%         | 2.2%            | 11.0%         | 5.5%            | 25.9%         | 16.8%         | 2.4%            | 14.0%         |
| Incremental EBITDA Margin                    | 37.4%        | 7.4%         | 8.0%         | 47.4%        | 25.5%        | 15.7%           | 49.4%         | 16.5%         | -17.1%          | 22.9%         | 20.0%           | 61.8%         | 39.1%         | 3.0%            | 34.5%         |
| Effective Tax Rate                           | -7.4%        | -78.5%       | -38.4%       | 8.5%         | -7.6%        | -7.8%           | 12.5%         | -60.4%        | -7.0%           | -19.1%        | -35.1%          | 10.9%         | -1438.6%      | -20.3%          | -882.2%       |
| Reported Net Income                          | -19.6%       | -2.4%        | -5.2%        | -14.8%       | -9.8%        | -15.0%          | 5.6%          | -2.5%         | -17.8%          | -6.1%         | -7.9%           | 12.2%         | 72.4%         | -12.6%          | 18.5%         |
| Year Over Year Growth                        |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Technology                                   | 23.6%        | 10.9%        | 7.3%         | 12.6%        | 12.9%        | 14.9%           | 20.2%         | 20.7%         | 16.4%           | 18.3%         | 12.6%           | 14.5%         | 15.3%         | 14.5%           | 14.3%         |
| Marketing                                    | 29.5%        | 36.3%        | 40.2%        | 16.5%        | 29.4%        | 15.9%           | 28.2%         | 4.0%          | -3.5%           | 10.2%         | 17.0%           | 17.0%         | 17.0%         | 17.0%           | 17.0%         |
| Net Revenue                                  | 24.3%        | 13.6%        | 11.1%        | 13.3%        | 15.1%        | 15.0%           | 21.2%         | 18.3%         | 12.4%           | 17.1%         | 13.2%           | 14.9%         | 15.5%         | 15.0%           | 14.7%         |
| Cost of Revenues                             | 15.8%        | 12.7%        | 11.7%        | 13.2%        | 13.2%        | 21.8%           | 18.0%         | 17.6%         | 10.5%           | 17.0%         | 8.8%            | 10.0%         | 10.9%         | 10.6%           | 10.1%         |
| Gross Profit                                 | 32.1%        | 14.2%        | 10.7%        | 13.5%        | 16.6%        | 9.6%            | 23.6%         | 18.8%         | 13.9%           | 17.2%         | 17.0%           | 18.2%         | 18.9%         | 18.5%           | 18.2%         |
| Operating Income                             | -23.2%       | -153.0%      | -56.8%       | -28.0%       | -35.0%       | -10.5%          | 1227.6%       | -45.0%        | 29.8%           | -30.9%        | -43.2%          | 105.3%        | -464.7%       | -25.8%          | -144.3%       |
| Adjusted EBITDA                              | -130.6%      | 6.5%         | 6.7%         | -600.7%      | 59.5%        | 137.1%          | 72.3%         | 23.6%         | -45.6%          | 43.6%         | 74.6%           | 44.6%         | 45.5%         | 20.2%           | 46.0%         |
| Reported Net Income                          | -12.5%       | -28.3%       | -44.4%       | -35.4%       | -28.0%       | -11.8%          | -385.0%       | -44.6%        | 35.4%           | -27.2%        | -40.2%          | 151.1%        | -3502.8%      | -18.3%          | -450.6%       |
| Pro Forma Diluted Earnings per Share         | NA           | NA           | NA           | NA           | NA           | NA              | NA            | NA            | NA              | NA            | -60.3%          | 58.9%         | 78.1%         | -4.9%           | -478.1%       |
| Adjusted Earnings per Share                  | NA           | NA           | NA           | NA           | NA           | NA              | NA            | NA            | NA              | NA            | -52.4%          | 90.8%         | 113.9%        | -4.9%           | 2655.1%       |
| Other Metrics                                |              |              |              |              |              |                 |               |               |                 |               |                 |               |               |                 |               |
| Peer Defined Free Cash Flow                  | 29.7         | (3.3)        | (4.9)        | (9.9)        | 11.7         | 31.6            | 19.1          | (15.4)        | (17.9)          | 17.5          | 1.6             | 30.3          | 8.5           | (22.2)          | 18.3          |
| Free Cash Flow per Share                     | \$0.69       | (\$0.07)     | (\$0.11)     | (\$0.21)     | \$0.30       | \$0.55          | \$0.33        | (\$0.24)      | (\$0.33)        | \$0.31        | \$0.03          | \$0.56        | \$0.16        | (\$0.41)        | \$0.34        |
| Company Defined Free Cash Flow               | 33.8         | 0.0          | (2.5)        | (9.5)        | 21.8         | 34.8            | 22.3          | (14.5)        | (15.7)          | 26.9          | 3.4             | 33.7          | 11.2          | (19.5)          | 28.8          |
| Free Cash Flow per Share                     | \$0.79       | \$0.00       | (\$0.05)     | (\$0.21)     | \$0.53       | \$0.61          | \$0.39        | (\$0.23)      | (\$0.29)        | \$0.47        | \$0.06          | \$0.63        | \$0.21        | (\$0.36)        | \$0.54        |

Source: Company reports and RBC Capital Markets

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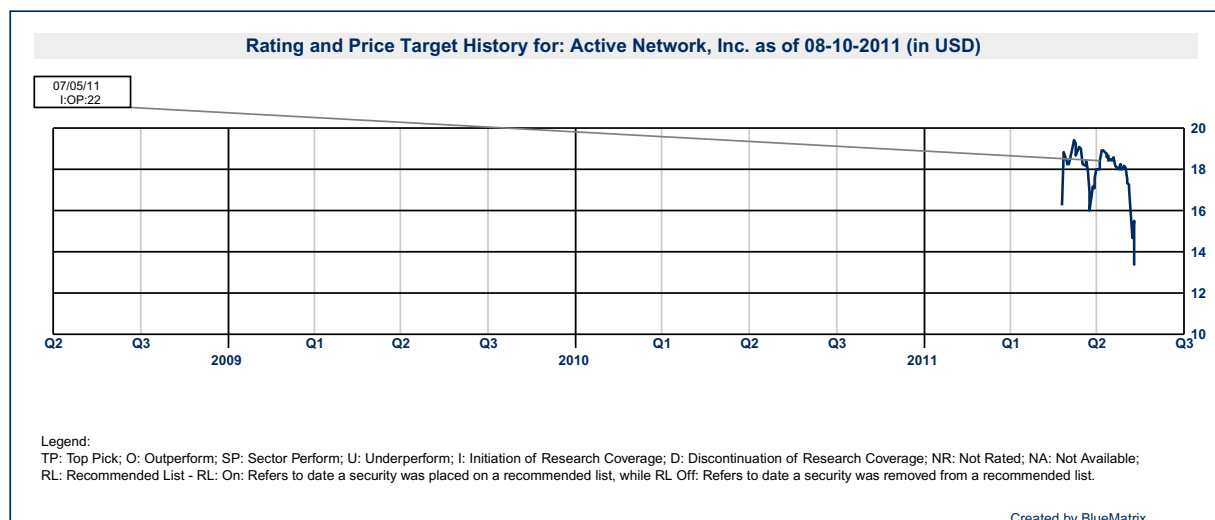
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