
Neustar Reports Results for Second Quarter 2014

Jul 23, 2014

STERLING, VA, July 23, 2014 — Neustar, Inc. (NYSE: NSR), a trusted, neutral provider of real-time information services and analytics, today announced results for the quarter ended June 30, 2014, and reaffirmed its guidance for 2014.

Results for Second Quarter 2014 Compared to Second Quarter 2013

- Revenue increased 8% to \$237.5 million
- Revenue from Marketing Services increased 19% to \$35.0 million
- Revenue from Security Services increased 28% to \$34.4 million
- Net income decreased 15% to \$36.8 million
- Net income per share decreased 6% to \$0.61

Non-GAAP Results for Second Quarter 2014 Compared to Second Quarter 2013

- Adjusted net income increased 1% to \$57.6 million, representing a 24% margin
- Adjusted net income per share increased 12% to \$0.95

“In the second quarter, we continued to build on and strengthen our position in attractive, high-growth markets in the Information Services and Analytics space,” said Lisa Hook, Neustar’s President and Chief Executive Officer. “This quarter’s results reflect the ongoing benefits of a thoughtful strategy, disciplined investments and focused execution. We are confident that we will sustain our momentum and drive value for our shareholders going forward.”

Paul Lalljie, Neustar’s Chief Financial Officer, added, “Our Information Services business continues to deliver strong results. In particular, our Marketing and Security Services, when combined, delivered year-over-year revenue growth of 23% and are approaching one-third of total revenue. Led by this strong momentum, we are confident in our outlook for the year. While we are reaffirming our full-year revenue and adjusted net income guidance, we will be targeting the top end of the revenue range.”

Discussion of Second Quarter Results

Revenue totaled \$237.5 million, an 8% increase from \$220.4 million in 2013. Marketing Services revenue of \$35.0 million grew 19% driven by higher demand for the company’s workflow solutions. Security Services revenue of \$34.4 million increased 28% driven by revenue from the acquisition of .CO Internet S.A.S. and increased demand

for DDoS protection services. NPAC Services revenue of \$118.7 million grew 6% driven by an increase in the fixed fee established under the contracts to provide local number portability services. Data Services revenue of \$49.4 million declined 6% due to lower revenue from caller identification services and common short codes.

Operating expense totaled \$172.7 million, a 19% increase from \$145.6 million in the second quarter of 2013. This \$27.1 million increase was primarily driven by the addition of \$11.9 million in operating expense from the company's recent acquisitions, as it continues to diversify and strengthen its information services and analytics portfolio. Of the remaining \$15.2 million increase, personnel and personnel-related expense increased \$3.5 million driven by additional stock-based compensation. In addition, costs related to information technology and systems increased \$3.4 million, and professional and marketing expenses associated with the NPAC vendor selection process increased \$3.3 million.

As of June 30, 2014, cash and cash equivalents totaled \$245.9 million, compared to \$223.3 million as of December 31, 2013. At June 30, 2014, the company's outstanding debt under its term facilities and 4.5% senior notes was \$787.3 million. During the second quarter, the company closed on the acquisition of .CO Internet S.A.S. for total cash consideration of \$106.8 million, after taking into account cash acquired of \$6.9 million. In addition, the company purchased approximately 3.7 million shares at an average price of \$26.48 per share, for approximately \$99.1 million.

Business Outlook for 2014

The company reaffirmed its revenue and adjusted net income guidance provided on January 29, 2014:

- Revenue to range from \$945 million to \$970 million, or growth of 5% to 8%
- Adjusted net income to range from \$233 million to \$243 million, or flat to 4% growth, and on a per share basis \$3.88 to \$4.05, or growth of 10% to 15%

Conference Call

As announced on July 9, 2014, Neustar will conduct an investor conference call to discuss the company's results today at 4:30 p.m. (Eastern Time). Prior to the call, investors may access the conference call over the Internet via the Investor Relations tab of the company's website (www.neustar.biz). Those listening via the Internet should go to the website 15 minutes early to register, download and install any necessary audio software.

The conference call is also accessible via telephone by dialing 888-811-5455 (international callers dial 913-312-0649) and entering PIN 9179366. For those who cannot listen to the live broadcast, a replay will be available through 11:59 p.m. (Eastern Time) Wednesday, July 30, 2014 by dialing 877-870-5176 (international

callers dial 858-384-5517) and entering replay PIN 9179366, or by going to the Investor Relations tab of the company's website (www.neustar.biz).

Neustar will take questions from securities analysts and institutional portfolio managers; the complete call is open to all other interested parties on a listen-only basis.

This press release, the financial tables and other supplemental information are available on the company's website under the Investor Relations tab. This supplemental information includes reconciliations of certain non-GAAP measures to their most directly comparable GAAP measures; these non-GAAP measures may be used periodically by management when discussing the company's financial results with investors and analysts.

About Neustar, Inc.

Neustar, Inc. (NYSE: NSR) is the first real-time provider of cloud-based information services and data analytics, enabling marketing and IT security professionals to promote and protect their businesses. With a commitment to privacy and neutrality, Neustar operates complex data registries and uses its expertise to deliver actionable, data-driven insights that help clients make high-value business decisions in real time, one customer interaction at a time. More information is available at www.neustar.biz.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release includes information that constitutes forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements about the company's expectations and, beliefs about its future business results, such as its guidance regarding future results of operations. The company has attempted, whenever possible, to identify these forward-looking statements using words such as “may,” “will,” “should,” “projects,” “estimates,” “expects,” “plans,” “intends,” “anticipates,” “believes” and variations of these words and similar expressions. Similarly, statements herein that describe the company's business strategy, prospects, opportunities, outlooks, objectives, plans, intentions or goals are also forward-looking statements. The company cannot assure you that its expectations will be achieved or that any deviations will not be material. Forward-looking statements are subject to many assumptions, risks and uncertainties that may cause future results to differ materially from those anticipated.

These potential risks and uncertainties include, among others, general economic conditions in the regions and industries in which the company operates; the uncertainty of future revenue, expenses and profitability and potential fluctuations in quarterly operating results due to such factors as disruptions to the company's operations

resulting from network disruptions, security breaches or other events, an inability to obtain high quality data on favorable terms or otherwise, modifications to or terminations of its material contracts, the financial covenants in the company's secured credit facility and their impact on the company's financial and business operations; the company's indebtedness and the impact that it may have on the company's financial and operating activities; the company's ability to incur additional debt; the variable interest rates applicable under the company's indebtedness and the effects of changes in those rates; the effectiveness of the company's restructuring initiatives in improving efficiencies; the company's ability to successfully identify and complete acquisitions and integrate and support the operations of businesses the company acquires; increasing competition; market acceptance of the company's existing services; the company's ability to successfully develop and market new services and the uncertainty of whether new services will achieve market acceptance or result in any revenue; the company's ability to raise additional capital on favorable terms or at all; business, regulatory and statutory changes related to the communications and Internet industries; and the impacts on the company of any litigation, arbitration, investigation or other similar proceeding. More information about risk factors, uncertainties and other potential factors that could affect the company's business and financial results is included in its filings with the Securities and Exchange Commission, including, without limitation, the company's most recent Annual Report on Form 10-K and subsequent periodic and current reports. All forward-looking statements are based on information available to the company on the date of this press release, and the company undertakes no obligation to update any of the forward-looking statements after the date of this press release.

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