

Neustar Reports Results for Third Quarter 2015

Oct 29, 2015

STERLING, VA — Neustar, Inc. (NYSE: NSR), a trusted, neutral provider of real-time information services, today announced results for the quarter ended September 30, 2015, and increased its guidance for full-year 2015.

Results for Third Quarter 2015 Compared to Third Quarter 2014

- Revenue increased 7% to \$261.7 million
- Marketing Services revenue increased 10% to \$41.1 million
- Security Services revenue increased 20% to \$43.2 million, including \$2.8 million in revenue from the Bombora acquisition completed in July 2015
- Net income increased 4% to \$50.3 million. Net income for the third quarter of 2015 included a \$3.2 million benefit from discrete income tax items compared to \$9.8 million for the third quarter of 2014
- Net income per share increased 8% to \$0.91

Non-GAAP Results for Third Quarter 2015 Compared to Third Quarter 2014

- Adjusted net income decreased 9% to \$70.9 million. Adjusted net income for the third quarter of 2015 included a \$3.2 million benefit from discrete income tax items compared to \$9.8 million for the third quarter of 2014
- Adjusted net income per share decreased 6% to \$1.29

“Our results demonstrated momentum in Information Services. During the quarter, we built on our foundation as an authentication expert,” said Lisa Hook, Neustar’s President and Chief Executive Officer. “We agreed to acquire the caller authentication assets from TNS which will provide us with authoritative mobile datasets, enhancing our identity framework. The Bombora acquisition provides additional opportunities to manage the digital presence for major brands. Looking ahead, we are excited to deliver enhanced solutions for our clients in the digital marketplace.”

Paul Lalljie, Neustar’s Chief Financial Officer, added, “In the third quarter, we once again delivered double-digit revenue growth in both Marketing and Security Services, and we made investments to further our strategy in Information Services. We are pleased with our 10% year-over-year growth in Marketing Services in light of a very strong third quarter in 2014. Our visibility into the fourth quarter of 2015 provides us with the confidence to increase our full-year guidance. This guidance excludes the impact of the announced acquisition of the caller authentication assets from TNS, which is expected to close in the fourth quarter.”

Discussion of Third Quarter Results

Revenue totaled \$261.7 million, a 7% increase from \$243.9 million in 2014. Marketing Services revenue grew 10% to \$41.1 million driven by increased demand for the company's services that help its clients make informed and high-impact decisions to promote their products and services. Security Services revenue grew 20% to \$43.2 million driven by the addition of new top-level domains and increased demand for the company's DNS Services. Data Services revenue decreased 1% to \$51.2 million reflecting a decrease in carrier provisioning services that was partially offset by an increase in caller identification services. NPAC Services revenue grew 6% to \$126.2 million driven by an increase in NPAC fixed-fee revenue.

Operating expense totaled \$180.9 million, a 2% increase from \$177.1 million in the third quarter of 2014. This \$3.9 million increase was driven by \$6.4 million in acquisition-related expense, including \$2.7 million of incremental operating costs as a result of the Bombora acquisition, \$2.7 million in costs associated with signed or closed acquisitions, and \$1.0 million in depreciation and amortization resulting from acquisitions. This \$6.4 million increase was offset by a reduction of \$9.6 million in stock-based compensation, and an increase of \$4.3 million in ongoing personnel and personnel-related expense. In addition, we saw an increase of \$2.5 million for costs related to information technology and systems.

As of September 30, 2015, the company's cash and cash equivalents totaled \$358.4 million, an increase of \$31.8 million from \$326.6 million as of December 31, 2014. As of September 30, 2015, the company's outstanding debt under its term facilities and senior notes was \$777.3 million. During the quarter, the company purchased approximately 1.6 million shares at an average price of \$28.15 per share, for approximately \$44.5 million.

Business Outlook for 2015

The company increased its full-year 2015 guidance provided on July 30, 2015:

- Revenue to range from \$1.04 billion to \$1.05 billion or growth of 8% to 9%
- Adjusted net income to range from \$252 million to \$258 million or flat to a decline of 2%. In 2014, the company recorded a net benefit of \$12.2 million in discrete tax items
- Adjusted net income per share to range from \$4.52 to \$4.62 or an increase of 4% to 7%

Conference Call

As announced on October 15, 2015, Neustar will conduct an investor conference call to discuss the company's results today at 5:00 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 800-765-0709 (international callers dial 913-312-0860) and entering PIN 447718. For those who cannot listen to the live broadcast, a replay will be available through 11:59 p.m. (Eastern Time) November 5, 2015 by dialing 877-870-5176 (international callers dial 858-384-5517) and entering PIN 447718, 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 investors; 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. The 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, 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 results, such as its guidance regarding future results of operations. The company has attempted, whenever possible, to identify these forward-looking statements by 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, the uncertainty of future revenue, expenses and profitability and potential fluctuations in quarterly results due to such factors as modifications to, terminations of, or failures to renew (or announcements related to any of the foregoing) the company's material contracts, including its contracts to serve as the Local Number Portability Administrator, disruptions to the company's operations resulting from network disruptions, security breaches or other events, or an inability to obtain high quality data on favorable terms or otherwise; general economic conditions in the regions and industries in which the company operates; 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; identify and complete acquisitions and integrate and support the operations of the 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, Internet and Information Services industries; and the impact 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.