
Neustar Reports Results for Fourth Quarter and Full-Year 2013

Jan 29, 2014

Reports Revenue of \$902 million and Adjusted Net Income per Share of \$3.53

STERLING, VA, January 29, 2014 — Neustar, Inc. (NYSE: NSR), a trusted, neutral provider of real-time information services and analytics, today announced results for the quarter and year ended December 31, 2013 and provided guidance for 2014.

Results for 2013 Compared to 2012

- Revenue increased 8% to \$902.0 million
- Non-NPAC revenue increased 10% to \$464.6 million
- Net income increased 4% to \$162.8 million, or \$2.46 per share, an increase of 7%
- Adjusted net income increased 13% to \$233.5 million, or \$3.53 per share, an increase of 16%

Results for Fourth Quarter 2013 Compared to Fourth Quarter 2012

- Revenue increased 11% to \$237.6 million
- Non-NPAC revenue increased 15% to \$128.3 million
- Net income increased 1% to \$38.1 million, or \$0.59 per share, an increase of 5%
- Adjusted net income increased 19% to \$60.2 million, or \$0.94 per share, an increase of 25%

“We made significant progress on our 2013 priorities. We delivered strong financial results, made investments to further our strategic objectives and aligned our organization to be client focused,” said Lisa Hook, Neustar's President and Chief Executive Officer. “We will continue to build on this progress, and remain confident in our prospects for growth and profitability in 2014 as we execute our strategy.”

Paul Lalljie, Neustar's Chief Financial Officer added, “Our full-year and fourth quarter results continue to demonstrate our strong business fundamentals. We generated double-digit revenue and adjusted net income growth in the fourth quarter, and we continued to generate strong free cash flow. In addition, we reduced our annual interest expense by \$10 million through refinancing our outstanding debt and we bought back \$285 million of our stock. In 2014, we will continue to focus on revenue growth, profits, and share repurchases.”

Business Outlook for 2014

Neustar's Business Outlook excludes the impact of contemplated share repurchases.

- 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 growth of 4%
 - Adjusted net income per share is expected to range from \$3.64 to \$3.80, representing growth of 3% to 8%
- Discussion of Full-Year 2013 Results

Revenue for the year totaled \$902.0 million, an 8% increase from \$831.4 million in 2012. This increase was due to stronger demand for our Marketing Services and Data Services and an increase in NPAC fixed-fee revenue in Data Registries.

Operating expense for 2013 totaled \$612.7 million, a 10% increase from \$554.7 million in 2012. This increase was driven by investments to support business growth. In particular, personnel and personnel-related expense increased \$24.5 million driven by stock-based compensation expense and increased headcount. In addition, professional fees increased to pursue new business opportunities and advertising and marketing costs increased to promote awareness of the company's services.

Discussion of Fourth Quarter Results

Revenue for the fourth quarter totaled \$237.6 million, an 11% increase from \$214.2 million in 2012. This increase was due to stronger demand for our Marketing Services and Data Services and an increase in NPAC fixed-fee revenue in Data Registries.

Operating expense for the fourth quarter totaled \$174.3 million, a 20% increase from \$144.9 million in 2012. The increase was primarily driven by the addition of \$12.0 million in operating expenses associated with inorganic opportunities in 2013. Excluding these expenses, operating expense for the fourth quarter would have increased 12%. In particular, personnel and personnel-related expense increased as a result of higher headcount to support the expansion of the company's operations and an increase in stock-based compensation. In addition, professional fees increased to pursue new business opportunities.

Liquidity and Capital Resources

As of December 31, 2013, cash, cash equivalents and investments totaled \$223.3 million, a decrease of \$120.6 million from \$343.9 million as of December 31, 2012. This decrease primarily reflects share repurchases of \$285.3 million and \$105.4 million for acquired platforms, offset by the generation of \$287.9 million from operations. As of December 31, 2013, the company's outstanding debt under its term facility and 4.5% senior notes was \$616.3 million.

Conference Call

As announced on January 23, 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 888-811-5408 (international callers dial 913-312-0374) and entering PIN 6903877. For those who cannot listen to the live broadcast, a replay will be available through 11:59 p.m. (Eastern Time) Wednesday, February 5, 2014 by dialing 877-870-5176 (international callers dial 858-384-5517) and entering replay PIN 6903877, 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 includes reconciliations of certain non-GAAP measures to their most directly comparable GAAP measures that 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 a trusted, neutral provider of real-time information and analytics to the communications services, financial services, retail, and media and advertising sectors. Neustar applies its advanced, secure technologies to help its clients promote and protect their businesses. 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, beliefs and business results in the future, 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 ability to complete its realignment efforts with minimal disruptions; 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 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; and business, regulatory and statutory changes related to the communications and Internet industries. 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 Quarterly Report on Form 10-Q 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.

[Read Full Release](#)