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# Neustar Reports Results for First Quarter 2014

Apr 16, 2014

STERLING, VA, April 16, 2014 — Neustar, Inc. (NYSE: NSR), a trusted, neutral provider of real-time information services and analytics, today announced results for the quarter ended March 31, 2014, and affirmed its revenue and adjusted net income guidance for 2014.

## Results for First Quarter 2014 Compared to First Quarter 2013

- Revenue increased 6% to \$229.9 million
- Revenue from Marketing Services increased 21% to \$32.9 million
- Revenue from Security Services increased 11% to \$30.1 million
- Net income decreased 6% to \$31.7 million
- Net income per share was flat at \$0.50

## Non-GAAP Results for First Quarter 2014 Compared to First Quarter 2013

- Adjusted net income decreased 3% to \$52.4 million
- Adjusted net income per share increased 5% to \$0.84

“Our first quarter results demonstrate that we are delivering on our strategic initiative to become a leader in information services and analytics,” said Lisa Hook, Neustar's President and Chief Executive Officer. “Our targeted investments are paying off and we are seeing strong and growing market demand for our IS&A offerings. We are competing vigorously in the LNPA vendor selection process, and will continue to advocate strongly that we are the logical choice to remain as administrator, which we believe is beneficial to the industry and consumers alike.”

Paul Lalljie, Neustar's Chief Financial Officer, added, “During the first quarter, we delivered 16% revenue growth in our Marketing and Security Services. We closed on the acquisition of .CO earlier this week, bolstering our position as a key player in the expanding gTLD market. We remain confident in our full-year forecast driven by our first quarter results and leading indicators, and as a result we are affirming our guidance for the year.”

## Discussion of First Quarter Results

Revenue totaled \$229.9 million, a 6% increase from \$216.4 million in 2013. Marketing Services revenue of \$32.9 million grew 21% driven by higher demand for our workflow solutions. Security Services revenue of \$30.1 million grew 11% driven by increased demand for our DDoS protection services. NPAC Services revenue of \$118.8

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million grew 6% driven by an increase in the fixed fee established under our contracts to provide local number portability services. Data Services revenue of \$48.1 million declined 5% due to lower revenue in caller identification services.

Operating expense totaled \$174.6 million, a 20% increase from \$145.6 million in the first quarter of 2013. This \$29.0 million increase was primarily driven by \$6.2 million in advertising and professional fees associated with the NPAC vendor selection process and \$5.0 million in costs for restructuring initiatives designed to improve efficiencies. In addition, personnel and personnel-related costs increased \$6.8 million and depreciation and amortization expense increased \$3.0 million.

As of March 31, 2014, cash and cash equivalents totaled \$386.5 million, compared to \$223.3 million as of December 31, 2013. During the quarter, the company borrowed \$175 million under its revolving credit facility. At the end of the quarter, the company's outstanding debt under its term facilities and 4.5% senior notes was \$789.3 million. During the first quarter, the company purchased approximately 1.2 million shares at an average price of \$34.85 per share, for approximately \$41.9 million.

## **Business Outlook for 2014**

The company affirmed its guidance for revenue and adjusted net income 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 growth of 4%
- Adjusted earnings per share to range from \$3.64 to \$3.80, or growth of 3% to 8%

## **Conference Call**

As announced on April 10, 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](http://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 800-580-5706 (international callers dial 913-312-0687) and entering PIN 6589335. For those who cannot listen to the live broadcast, a replay will be available through 11:59 p.m. (Eastern Time) Wednesday, April 23, 2014 by dialing 877-870-5176 (international callers dial 858-384-5517) and entering replay PIN 6589335, or by going to the Investor Relations tab of the company's website ([www.neustar.biz](http://www.neustar.biz)).

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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 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 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](http://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 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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