



VERISIGN[®]

Q1 2020 Earnings Conference Call

April 23, 2020

• com

• tv

cc

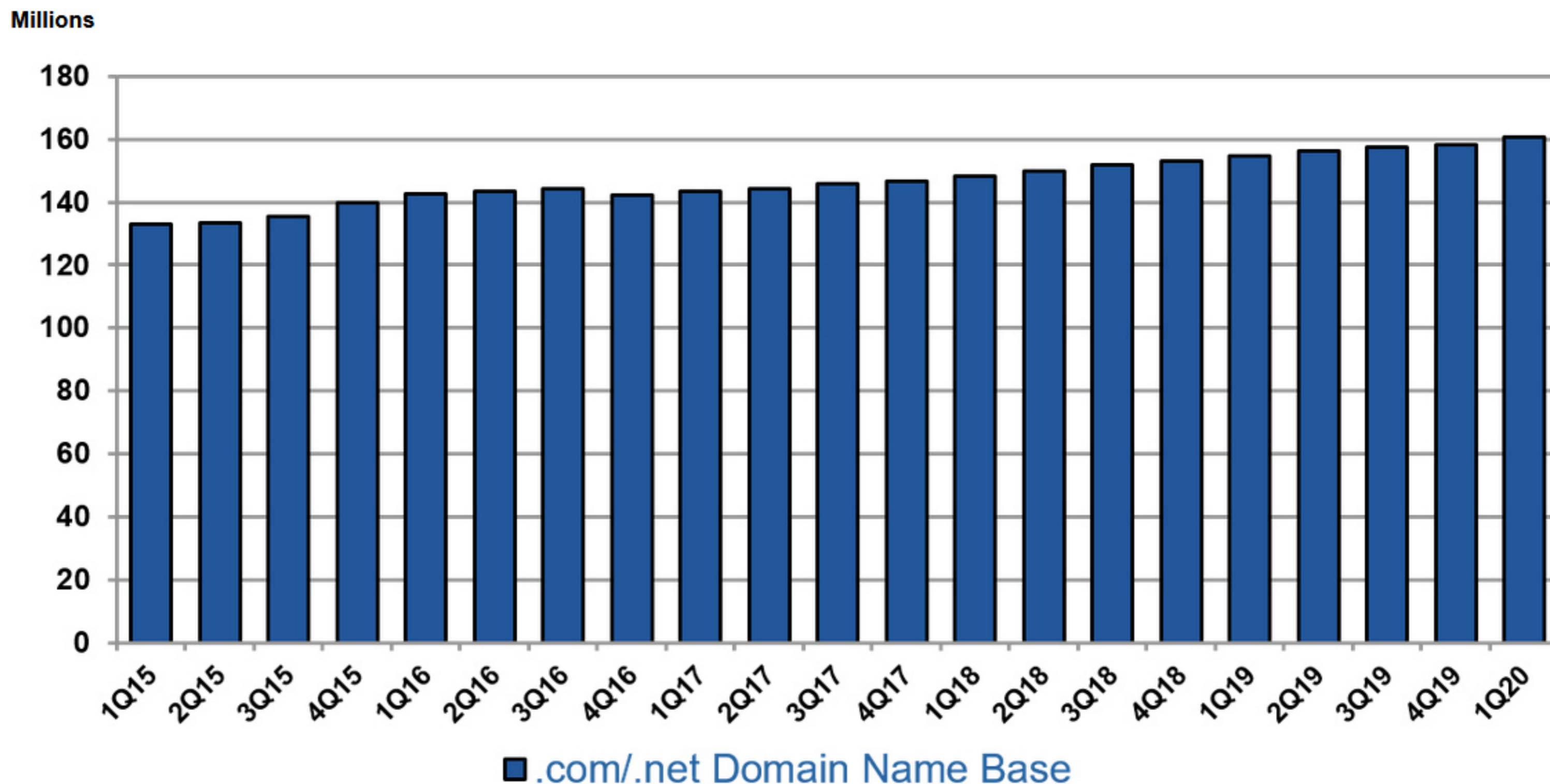
name

• net

Business Highlights

Domain Name Base⁽¹⁾ at 160.7 Million Names, up 3.8% Y/Y

147.3 Million .com Names and 13.4 Million .net Names



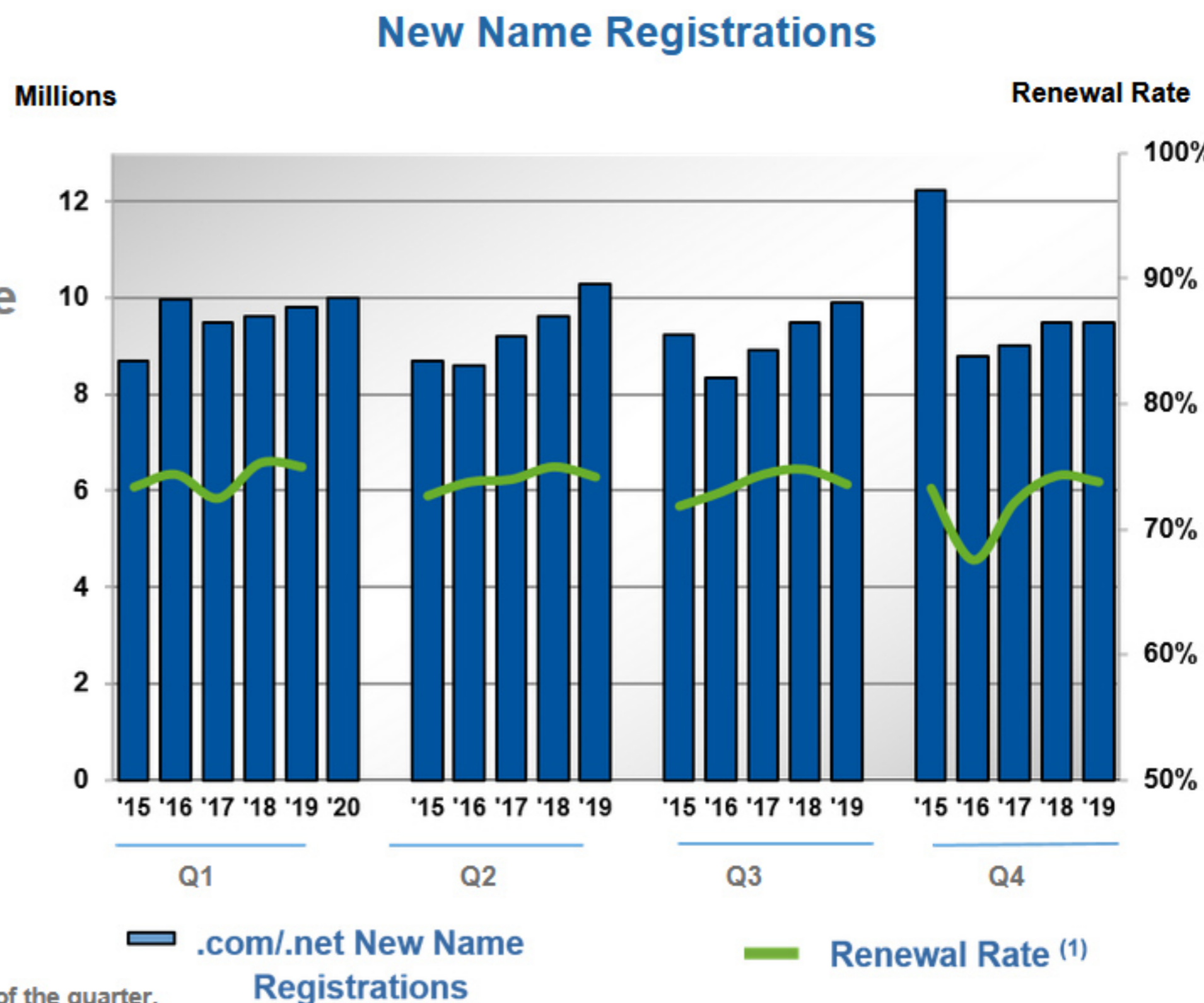
1) The domain name base as presented here is the active zone plus the number of domain names that are registered but not configured for use in the respective Top-Level Domain zone file plus the number of domain names that are in a client or server hold status.

Business Highlights

10.0 Million New Name Registrations in Q1 2020

Compared with 9.8 Million in Q1 2019

- Q4 2019 renewal rate 73.8%
 - Q1 2020 renewal rate expected to be approximately 75.4%⁽¹⁾⁽²⁾ compared with 75.0% in Q1 2019
- Ending Q1 2020 Domain Name Base increased by 1.83M registrations from prior quarter end
- 35.1M registrations expiring in Q2 2020 vs. 33.3M in Q2 2019
- Domain Name Base expected to increase by between 2.0% to 3.75% from end 2019 to end 2020⁽²⁾⁽³⁾



1) Renewal rates are not fully measurable until 45 days after the end of the quarter.

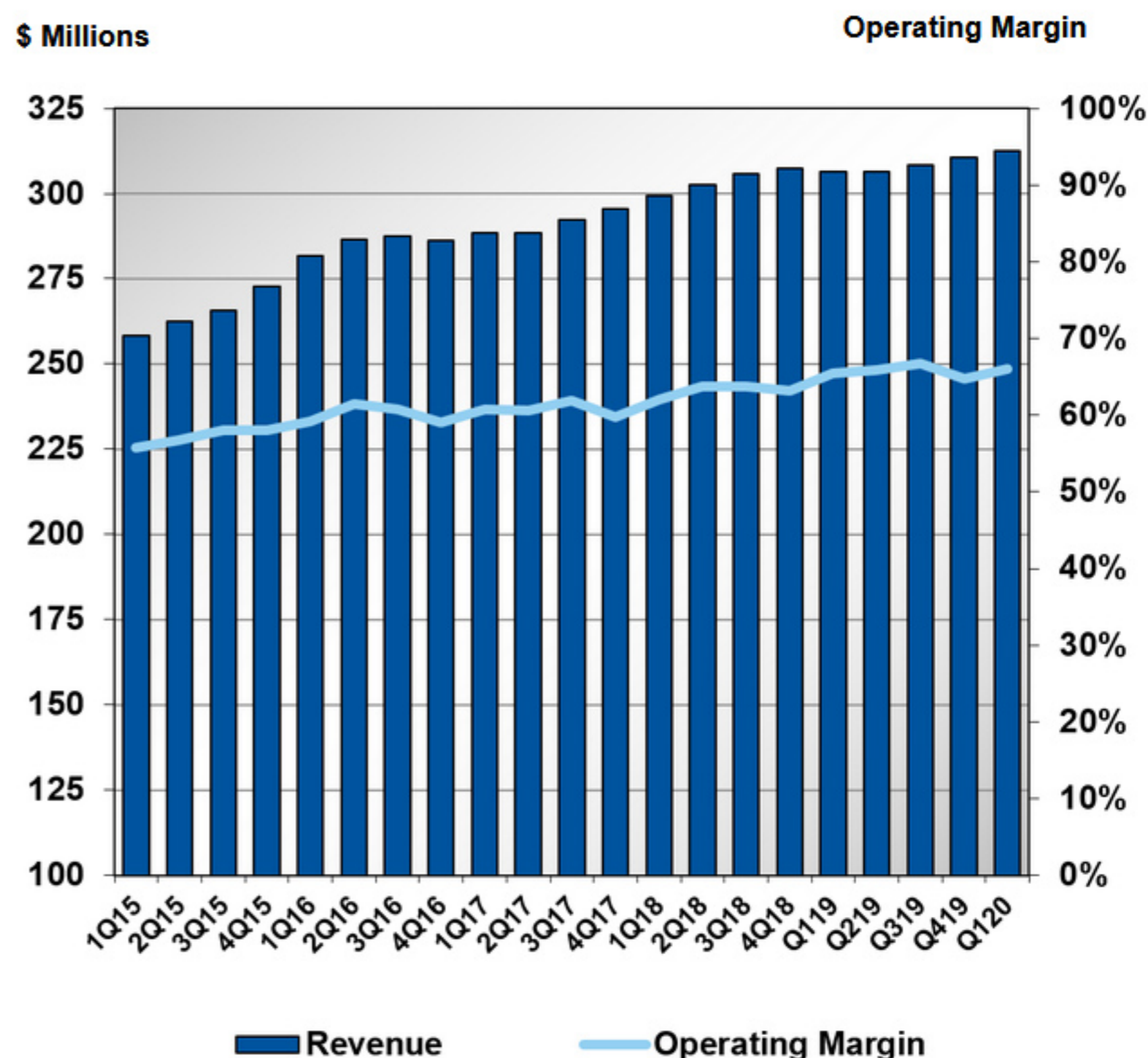
2) This guidance is based on historical seasonality and current market trends.

3) Financial forecasts and guidance are forward looking statements and actual results may vary for a number of reasons including those mentioned in our most recent 10-K, 10-Q and 8-K filings with the SEC.

Q1 2020 Financial Performance

Revenue & Profitability

- Revenue of \$313M, up 2.0% y/y
- Operating margin of 66.0%
- Diluted EPS of \$2.86⁽¹⁾
- Operating Cash Flow of \$180M
- Free Cash Flow of \$169M⁽²⁾
- 874 Full-Time Employees at March 31, 2020⁽³⁾



- 1) Net income for the first quarter of 2020 included the recognition of \$168 million of previously unrecognized income tax benefits. This resulted from remeasurement of Verisign's accrual for uncertain tax positions based on IRS written confirmation indicating no examination adjustment would be proposed related to its audit of the worthless stock deduction taken in 2013. Notwithstanding this written confirmation, Verisign's U.S. federal income tax returns remain under examination by the IRS for 2010 through 2014. This income tax benefit also increased diluted EPS by \$1.44.
- 2) Free cash flow is a non-GAAP financial measure defined as cash flow from operating activities, less capital expenditures. See reconciliation of operating cash flow to free cash flow in slide appendix for more detail.
- 3) Net of interns.

Full Year 2020 Financial Guidance⁽¹⁾⁽²⁾

- **Revenue**
 - \$1.250 billion to \$1.265 billion; unchanged
- **Domain Name Base Growth**
 - 2.0% to 3.75%; changed from 2.0% to 4.0%
- **Operating Margin**
 - 64.5% to 65.5%; unchanged
- **Interest Expense and Non-Operating Income, net**
 - \$80 million to \$85 million expense; increased from \$68 million to \$75 million
- **Capital Expenditures**
 - \$45 million to \$55 million expense; unchanged
- **Effective Tax Rate**
 - Net benefit of between 2% and 5% for full year 2020; tax expense, as a percent of pre-tax income, for Q2 through Q4 of 2020 between 19% to 22%

1) Our guidance is based on expectations about the outlook of our business in addition to our financial projections for interest income and expense.

2) Financial forecasts and guidance are forward looking statements and actual results may vary for a number of reasons including those mentioned in our most recent 10-K, 10-Q and 8-K filings with the SEC.