

## ANCESTRY.COM LLC REPORTS FOURTH QUARTER AND FULL YEAR 2012 FINANCIAL RESULTS

- Ancestry.com Subscriber Growth of 18% Year-Over-Year –
- Q4 Total Revenue \$131.1 million, Up 26% Year-Over-Year –

**PROVO, Utah, March 28, 2013** – Ancestry.com LLC reported financial results for the fourth quarter and full year<sup>1</sup> ended December 31, 2012.

"We are pleased with our fourth quarter performance, as well as a successful and eventful 2012. Including Archives.com, which we acquired in 2012, we finished the year with 2.5 million subscribers across all of our family history websites," said Tim Sullivan, Chief Executive Officer of Ancestry.com. "We added significant valuable new content, continued to drive awareness of our brand through smart and efficient marketing, enhanced our user experience through key investments in product and technology, strengthened our mobile offerings, and launched our exciting new AncestryDNA service. As we move forward under our new ownership structure, we expect to continue to invest in new content, new product experiences, and new markets with a continued focus on making family history easier and more accessible for more people around the world."

Howard Hochhauser, Chief Financial and Chief Operating Officer, added, "In addition to our strong Q4 performance, we anticipate that our first quarter of 2013 will show a cash balance of approximately \$70 million at March 31. This cash position combined with our anticipated first quarter adjusted EBITDA growth is expected to result in Ancestry.com reporting a debt-to-adjusted EBITDA ratio of approximately 4.8x, which would be nearly a full turn of improvement since our financing."

### Fourth Quarter and Full Year 2012 Financial Highlights

- Total revenue for the fourth quarter of 2012 was \$131.1 million, an increase of 25.8% over \$104.2 million in the fourth quarter of 2011, driven by growth in our core Ancestry.com branded websites revenues. For the full year 2012, total revenue was \$487.1 million, an increase of 21.9% over the full year 2011, which was also driven by Ancestry.com website revenue growth.
- Non-GAAP revenue<sup>2</sup> for the fourth quarter and full year of 2012 was \$131.7 million and \$487.6 million, respectively.
- Adjusted EBITDA<sup>3</sup> for the fourth quarter of 2012 was \$50.1 million, compared to \$40.7 million in the fourth quarter of 2011. Adjusted EBITDA margin for the fourth quarter of 2012 was 38.2%, compared to 39.0% in the fourth quarter of 2011. For the full year 2012, adjusted EBITDA was \$178.8 million, compared to \$144.8 million for the full year 2011. Adjusted EBITDA margin for the full year 2012 was 36.7%, compared to 36.2% for the full year 2011.
- Net income (loss) for the fourth quarter 2012 was a loss of \$(60.3) million for the fourth quarter of 2012 compared to net income of \$18.3 million in the fourth quarter of 2011. For the full year 2012, net loss was \$(1.9) million compared to net income of \$62.9 million for the full year 2011.
- Free cash flow<sup>4</sup> totaled \$106.0 million for the full year 2012 compared to \$106.4 million for the full year 2011.
- Cash and cash equivalents totaled \$35.7 million as of December 31, 2012.
- Obligations under long-term debt totaled \$970.0 million as of December 31, 2012.

<sup>1</sup> Fourth quarter and full year 2012 results reflect the combined periods preceding and succeeding the acquisition of Ancestry.com Inc. by a company controlled by Permira funds and co-investors. The transaction was consummated on December 28, 2012.

<sup>2</sup> Non-GAAP revenues are defined as the revenues that would have been recognized, except for the write-down of deferred revenue to fair value as a result of the application of purchase accounting for the transaction. Non-GAAP revenues is calculated as total revenues plus the effects of non-cash adjustments to revenue from purchase accounting.

<sup>3</sup> Adjusted EBITDA is defined as net income (loss) plus non-cash purchase accounting adjustments to revenue, interest and other (income) expense, net; income tax expense (benefit); non-cash charges including depreciation, amortization, impairment of intangible assets and stock-based compensation expense; and expenses associated with the transaction.

<sup>4</sup> Free cash flow subtracts from adjusted EBITDA capitalization of content databases, purchases of capital and equipment and cash paid for income taxes and interest.

## Recent Business Highlights

- Subscribers of Ancestry.com websites totaled approximately 2,016,000 as of December 31, 2012, an 18.4% increase over the end of the fourth quarter of 2011 and a 0.2% decrease from the end of the third quarter of 2012.
- Ancestry.com was successfully acquired by a company controlled by the Permira funds and co-investors on December 28, 2012 for approximately \$1.5 billion.
- The Company ended the year with approximately 11.4 billion records, having added more than 1.6 billion new institutional records in 2012. New collections added in Q4 included:
  - Canada Voters Lists – more than 88 million records
  - US Naturalizations from RI, OK, GA, FL, AK - more than 800,000 records
  - UK Electoral Rolls - more than 32 million records from London and Birmingham
  - Veteran's Affairs Burial Ledgers – 550,000 records
  - UK Revised New Series OS maps – detailed historical mapping for England, Wales, Scotland and Ireland
  - 1940 Census Expanded Fielded Index – Added 13 new fields to each record, plus supplemental sampled questions. Now the most comprehensive 1940 census index available online.
- The Ancestry Android app was named by Google as one of the top 12 apps of 2012. Ancestry mobile app was a winner of the 2013 Appy Awards, which honors the best apps in a diverse range of categories.
- In less than one year of launch, AncestryDNA now has a database of more than 120,000 DNA samples, delivering more than 2 million fourth cousin DNA matches. DNA matches are also now hinted to Ancestry.com members as part of the Shaky Leaf hinting feature on the site.
- The Company launched Newspapers.com, a powerful and affordable new website designed to offer a historically rich collection of more than 1,000 U.S. newspapers dating from the late 1700s into the early 2000s.

## Conference Call & Webcast

Ancestry.com will host a conference call today at 3:00 p.m. MT (5:00 p.m. ET). Participants can access the conference call by dialing (719) 325-2463 approximately ten minutes prior to the start time.

## Financial Statements

For access to Ancestry.com's 2012 annual report please call or email Investor Relations at (801) 705-7942 or [ir@ancestry.com](mailto:ir@ancestry.com).

## Use of Non-GAAP Measures

The Company believes that non-GAAP revenues, adjusted EBITDA and free cash flow are useful measures of operating performance because they exclude items that the Company does not consider indicative of its core performance. Non-GAAP revenue is calculated by adding the effects of non-cash adjustments to revenue from purchase accounting for the transaction. In the case of adjusted EBITDA, net income (loss) is adjusted for such expenses as non-cash purchase accounting adjustments to revenue, interest and other (income) expense, net; income tax expense (benefit); non-cash charges including depreciation, amortization, impairment of intangible assets and stock-based compensation expense; and expenses associated with the transaction. Free cash flow subtracts from adjusted EBITDA the capitalization of content databases, purchases of property and equipment and cash paid for income taxes and interest. However, these non-GAAP measures should be considered in addition to, not as a substitute for or superior to, revenue, net income and net cash provided by operating activities, or other financial measures prepared in accordance with GAAP. A reconciliation to the GAAP equivalents of these non-GAAP measures is contained in tabular form on the attached unaudited summary financial statements.

The Company uses non-GAAP revenues, adjusted EBITDA and free cash flow as measures of operating performance; for planning purposes, including the preparation of the annual operating budget; to allocate resources to enhance the financial performance of its business; to evaluate the effectiveness of its business strategies; to provide consistency and comparability with past financial performance; to facilitate a comparison of its results with those of other companies; and in communications with its operating committee concerning its financial performance. The Company also uses non-GAAP revenues and adjusted EBITDA as factors when determining the incentive compensation pool.

## About Ancestry.com

Ancestry.com Inc. is the world's largest online family history resource with approximately 2.5 million paying subscribers across all its websites. More than 11 billion records have been added to the Ancestry.com sites and users have created more than 45 million family trees containing more than 4 billion profiles. In addition to its flagship site [www.ancestry.com](http://www.ancestry.com), the company operates several Ancestry international websites along with a suite of online family history brands including Archives.com, Fold3.com and Newspapers.com, all designed to empower people to discover, preserve and share their family history.

## Forward-Looking Statements

This press release contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, or achievements to be materially different from those anticipated in these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "appears," "may," "designed," "expect," "intend," "focus," "seek," "anticipate," "believe," "estimate," "predict," "potential," "should," "continue" or "work" or the negative of these terms or other comparable terminology. These statements include statements describing the Company's subscriber base, its reach, its activities to enhance subscribers' experience and deliver product innovations and enhancements, improved features and tools, its activities to develop and promote its products (including DNA services), its business outlook, its leadership position and its opportunities and prospects for growth, including growth in revenues, adjusted EBITDA and number of subscribers. These forward-looking statements are based on information available to the Company as of the date of this press release. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond the Company's control. In particular, such risks and uncertainties include the Company's continued ability to attract and retain subscribers; its continued ability to acquire content and make it available online; its ability to add tools and features and provide value to satisfy customer demand; difficulties encountered in integrating acquired businesses and retaining customers; the timing and amount of investments in the Company's DNA service; market conditions; the Company's substantial debt obligations as a result of the acquisition of the Company by a company controlled by the Permira funds and co-investors; the availability of cash and credit; the adverse impact of competitive product announcements; failure to achieve anticipated revenues and operating performance; changes in overall economic conditions; the loss of key employees; competitors' actions; pricing and gross margin pressures; inability to control costs and expenses; and significant litigation.

These forward-looking statements should not be relied upon as representing our views as of any subsequent date and we assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

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**ANCESTRY.COM LLC**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except par value data)

	<u>Successor</u> <u>December 31,</u> <u>2012</u>	<u>Predecessor</u> <u>December 31,</u> <u>2011</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 35,651	\$ 48,998
Restricted cash	83,863	1,702
Accounts receivable, net of allowances of \$661 and \$527 at December 31, 2012 and 2011, respectively	11,089	7,599
Income tax receivable	41,799	1,763
Deferred income taxes	—	4,823
Prepaid expenses and other current assets	9,816	7,945
Total current assets	182,218	72,830
Property and equipment, net	27,813	21,701
Content databases, net	270,984	76,646
Intangible assets, net	600,628	17,594
Goodwill	945,619	302,422
Other assets	50,192	2,656
Total assets	<u>\$ 2,077,454</u>	<u>\$ 493,849</u>

**LIABILITIES AND MEMBER'S INTERESTS/STOCKHOLDERS' EQUITY**

Current liabilities:		
Accounts payable	\$ 11,432	\$ 9,817
Accrued expenses	62,120	33,428
Acquisition-related liabilities	83,863	1,297
Deferred revenues	116,953	108,654
Current deferred income taxes	2,021	—
Current portion of long-term debt	6,432	10,000
Total current liabilities	282,821	163,196
Long-term debt, net	936,797	—
Deferred income taxes	235,167	14,925
Other long-term liabilities	13,323	5,219
Total liabilities	1,468,108	183,340
Commitments and contingencies		
Member's interests/Stockholders' equity:		
Member's interests	682,021	
Preferred stock, \$0.001 par value; 5,000 shares authorized; no shares issued and outstanding		—
Common stock, \$0.001 par value; 175,000 shares authorized; 47,898 shares issued and 42,793 shares outstanding at December 31, 2011		48
Additional paid-in capital		374,948
Treasury stock, at cost; 5,105 shares at December 31, 2011		(162,168)
Accumulated other comprehensive income	—	564
Retained earnings (deficit)	(72,675)	97,117
Total member's interests/stockholders' equity	609,346	310,509
Total liabilities and member's interests/stockholders' equity	<u>\$ 2,077,454</u>	<u>\$ 493,849</u>

See accompanying notes to consolidated financial statements

**ANCESTRY.COM LLC**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands)

	<u>Successor</u>	<u>Predecessor</u>		
	<u>Period from</u> <u>Dec. 29, 2012</u>  <u>to Dec. 31, 2012</u>	<u>Period from</u> <u>Jan. 1, 2012</u> <u>to Dec. 28,</u> <u>2012</u>	<u>Year Ended December 31,</u>  <u>2011</u>	<u>2010</u>
Revenues:				
Subscription revenues	\$ 3,194	\$ 451,744	\$ 377,364	\$ 281,670
Product and other revenues	264	31,883	22,297	19,261
Total revenues	<u>3,458</u>	<u>483,627</u>	<u>399,661</u>	<u>300,931</u>
Costs of revenues:				
Cost of subscription revenues	664	66,741	58,292	46,409
Cost of product and other revenues	159	19,162	8,216	5,698
Total cost of revenues	<u>823</u>	<u>85,903</u>	<u>66,508</u>	<u>52,107</u>
Gross profit	<u>2,635</u>	<u>397,724</u>	<u>333,153</u>	<u>248,824</u>
Operating expenses:				
Technology and development	642	77,512	58,245	42,296
Marketing and advertising	1,145	138,073	122,997	94,573
General and administrative	381	45,995	39,734	35,390
Amortization of acquired intangible assets	1,472	16,551	16,711	15,959
Transaction-related expenses	102,264	7,104	—	—
Total operating expenses	<u>105,904</u>	<u>285,235</u>	<u>237,687</u>	<u>188,218</u>
Income (loss) from operations	<u>(103,269)</u>	<u>112,489</u>	<u>95,466</u>	<u>60,606</u>
Interest and other expense, net	<u>(730)</u>	<u>(323)</u>	<u>(1,226)</u>	<u>(4,258)</u>
Income (loss) before income taxes	<u>(103,999)</u>	<u>112,166</u>	<u>94,240</u>	<u>56,348</u>
Income tax (expense) benefit	31,324	(41,377)	(31,345)	(19,503)
Net income (loss)	<u>\$ (72,675)</u>	<u>\$ 70,789</u>	<u>\$ 62,895</u>	<u>\$ 36,845</u>

See accompanying notes to consolidated financial statements

	Successor	Predecessor	Combined	Predecessor			
	Period from	Period from	Period from	Year Ended December 31,			
	Dec. 29, 2012 to Dec. 31, 2012	Jan. 1, 2012 to Dec. 28, 2012	Jan. 1, 2012 to Dec. 31, 2012	2011	2010	2009	2008
				(In thousands)			
<b>Reconciliation of Non-GAAP revenues to total revenues</b>							
Total revenues	\$ 3,458	\$ 483,627	\$ 487,085	\$ 399,661	\$ 300,931	\$ 224,902	\$ 197,591
Non-cash revenue adjustment <sup>(1)</sup>	550	—	550	—	—	—	—
Non-GAAP revenues	<u>\$ 4,008</u>	<u>\$ 483,627</u>	<u>\$ 487,635</u>	<u>\$ 399,661</u>	<u>\$ 300,931</u>	<u>\$ 224,902</u>	<u>\$ 197,591</u>

(1) Represents non-cash adjustments to revenue or the revenues that would have been recognized, except for the write-down of deferred revenue to fair value as a result of the application of purchase accounting for the Transaction.

	Successor	Predecessor	Combined	Predecessor			
	Period from	Period from	Period from	Year Ended December 31,			
	Dec. 29, 2012 to Dec. 31, 2012	Jan. 1, 2012 to Dec. 28, 2012	Jan. 1, 2012 to Dec. 31, 2012	2011	2010	2009	2008
				(In thousands)			
<b>Reconciliation of adjusted EBITDA and free cash flow to net income (loss):</b>							
Net income (loss)	\$ (72,675)	\$ 70,789	\$ (1,886)	\$ 62,895	\$ 36,845	\$ 21,295	\$ 2,384
Non-cash revenue adjustment <sup>(1)</sup>	550	—	550	—	—	—	—
Interest and other expense, net	730	323	1,053	1,226	4,258	5,326	11,491
Income tax expense (benefit)	(31,324)	41,377	10,053	31,345	19,503	5,340	1,845
Depreciation	—	14,699	14,699	13,450	11,773	10,936	10,732
Amortization	1,688	27,879	29,567	25,916	23,526	23,214	30,046
Stock-based compensation expense	—	15,421	15,421	9,975	5,069	5,474	4,672
Impairment of intangible assets and acquired in-process research and development	—	—	—	—	—	—	1,475
Transaction-related expenses <sup>(2)</sup>	102,264	7,104	109,368	—	—	—	—
Adjusted EBITDA	<u>\$ 1,233</u>	<u>\$ 177,592</u>	<u>\$ 178,825</u>	<u>\$ 144,807</u>	<u>\$ 100,974</u>	<u>\$ 71,585</u>	<u>\$ 62,645</u>
Capitalization of content databases	—	(23,538)	(23,538)	(20,408)	(13,874)	(9,398)	(8,965)
Purchases of property and equipment	—	(20,776)	(20,776)	(13,895)	(12,968)	(13,362)	(11,621)
Cash paid for interest	—	(1,368)	(1,368)	(466)	(2,645)	(7,740)	(10,068)
Cash paid for income taxes	—	(27,156)	(27,156)	(3,683)	(11,128)	(11,472)	(279)
Free cash flow	<u>\$ 1,233</u>	<u>\$ 104,754</u>	<u>\$ 105,987</u>	<u>\$ 106,355</u>	<u>\$ 60,359</u>	<u>\$ 29,613</u>	<u>\$ 31,712</u>

(1) Represents non-cash adjustments to revenue or the revenues that would have been recognized, except for the write-down of deferred revenue to fair value as a result of the application of purchase accounting for the Transaction.

(2) Transaction-related expenses for the period from December 29, 2012 to December 31, 2012 include \$53.1 million of stock-based compensation expense due to the acceleration of vesting for outstanding Predecessor stock-based awards upon closing of the Transaction. See Note 10 in the Consolidated Financial Statements for further detail.