
From: Brian Smith
Sent: Wednesday, May 23, 2012 3:24 PM
To: Alan Godfrey
Cc: Mike Svatek
Subject: RE: can you send us a copy of the analyst/investor talk track?

Here are the call script and PPT presentation.

From: Alan Godfrey
Sent: Wednesday, May 23, 2012 10:22 AM
To: Brian Smith
Cc: Mike Svatek
Subject: can you send us a copy of the analyst/investor talk track?

Going through it now in the board meeting.

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA TRIAL EXHIBIT <u> GX0332 </u> 13-CV-0133-WHO Date Entered _____ By _____ (Deputy Clerk)
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Acquisition of Peloton

May 2012



b: Strategic Rationale

Massive leadership in consumer reach

Enhanced value of network economics

Revenue synergies of combined entity with underperforming asset

Foregone customer acquisition cost for 376 new enterprise clients

b: **Financial Metrics Summary**

REVENUE (\$ in millions)	Bazaarvoice	Peloton	Pro Forma Combined	% Increase
Total	\$153.1	\$11.0	\$164.1	11%
SaaS	104.0	11.4	115.0	11%
Global Retail, Enterprise	53.0	0.6	\$53.6	17%
NA Retail, Enterprise	41.8	0.6	\$42.2	20%

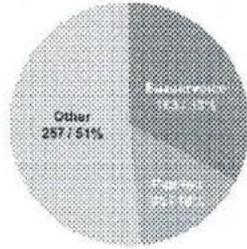
SELECTED METRICS	Bazaarvoice	Peloton
Revenue per Enterprise Client	\$165k	\$54k
LTM Gross Margin	88.5%	82.0%
Employees	540	80
Revenue per Employee	\$110k	\$151k
LTM Adjusted EBITDA	(\$12.3M)	(\$3.4M)
LTM Adjusted EBITDA Margin	(12.1%)	(53.7%)

See Bazaarvoice Corporation 2019 Investor Deck, 2019

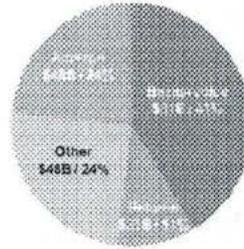
b: Massive Leadership in Consumer Reach

- A combined entity would command 49% of the Internet Retailer 500 with 243 of the 500 members as clients. The other remaining IR 500 generally have an internal solution or no solution at all.
- A combined entity would influence 52% of the U.S. online retail sales, over twice the amount of sales at Amazon.com.

2012 Revenue From the 200 Largest by Client

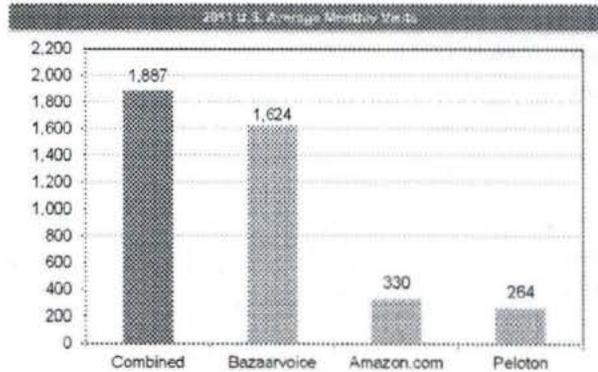


2011 United States Online Retail Sales Distribution by Client



b: Enhanced Network Economics

- The greater the number of Bazaarvoice clients, the greater the instances of word of mouth content and the more valuable our platform becomes to existing and prospective clients.
- A combined entity would not only increase the existing enterprise client base from 790 to 1,133, but it would also generate 1.9 billion average monthly visits across the North American retail network alone.
- To calculate the illustrative value of the network of the combined entity, application of Metcalfe's Law ($n(n-1)/2$ where n equals the number of network nodes, in this case, clients) yields a 68% greater total possible number of connections of the combined network of 1,133 clients relative to the simple sum of each separate company's network's total connections.



b. Synergistic Revenue Opportunity

- We believe that the stand-alone Peloton portfolio is undervalued, best evidenced by the contrast in ACB per client within North American retail and, particularly, within the IR 500, which represents, arguably, a direct comparison of a subset of each company's large retail client base. Peloton average ACB / IR 500 client is 60% below BV at \$225k.
- Provides us with the opportunity to increase revenue from their existing clients via migration to the Bazaarvoice platform a higher price points in return for greater features and functionality that those of Peloton, as well as to leverage a much larger client installed base into which to sell future new product offerings

CLIENTS	Bazaarvoice	Peloton	Pro Forma Combined	% Increase
Total Enterprise Clients	790	376	1,166	43%
Global Retail Clients	463	376	839	73%
North American Retail Clients	387	376	763	115%
IR 500 Clients	183	88	271	49%

ACB PER CLIENT	Bazaarvoice	Peloton	Pro Forma Combined	BV / Peloton
Global Retail	\$151k	\$55k	\$104k	2.0x
North American Retail	\$157k	\$55k	\$95k	2.8x
IR 500	\$225k	\$55k	\$107k	4.3x

b:

Foregone Customer Acquisition Costs

- *How long would it take to acquire Peloton's entire portfolio?*
- Opportunity to use balance and public stock currency to immediately acquire 376 new enterprise clients, which would otherwise have required substantial time and material CACs in the form of S&M expenses
- During fiscal 2012, Bazaarvoice spent ~\$85k on average in S&M expenses to acquire each new retail client. For illustrative purposes, if one were to assume that this CAC was representative of the cost per client to acquire Peloton's portfolio, the aggregate cost would equate to \$32 million.
- Most likely, there would also exist a cost premium to achieve competitive steals, which if, on average, was 25% to 50%, equates to an aggregate cost of \$40 to \$50 million.

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b: Preliminary Financial Impact

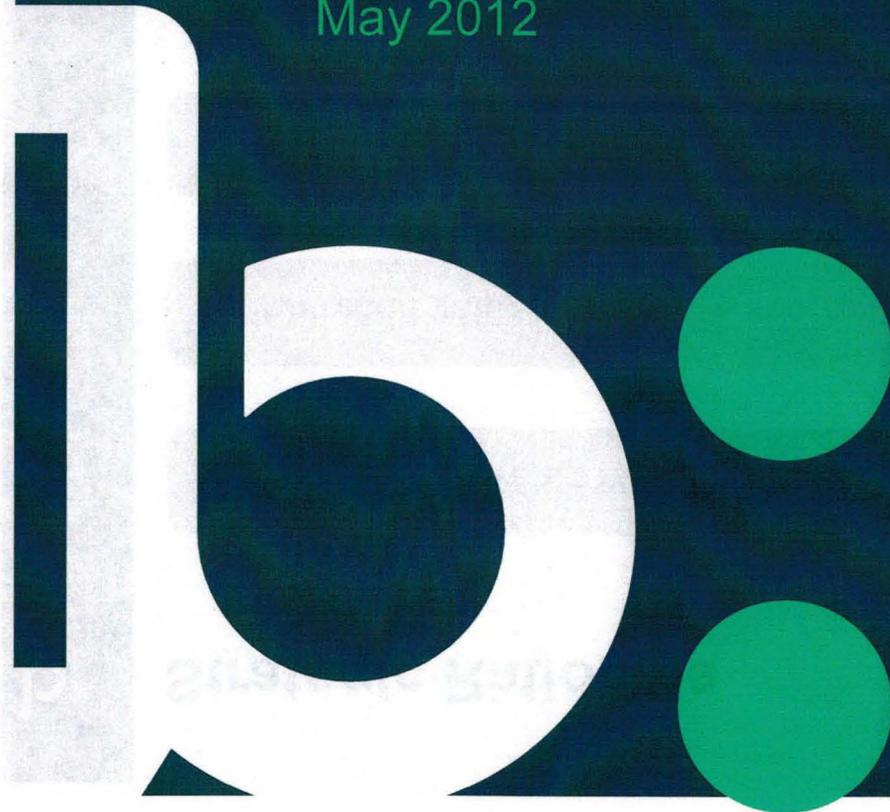
- We anticipate the acquisition to be approximately break-even on an adjusted EBITDA loss basis relative to our current plan for fiscal 2013 as a result of G&A cost savings and cannibalized projected hiring, particularly related to R&D, and forecasted costs associated with opening a San Francisco office.

Preliminary Fiscal 2013 Revenue, Expense and Adjusted EBITDA

<u>Revenue</u>	
Bazaarvoice	\$152.0
Peloton	17.0
Total	169.0
<u>Adjusted EBITDA</u>	
Bazaarvoice	(18.0)
Peloton	(3.0)
Total	(21.0)
(+) 20 Fewer BV Planned Hires	3.5
(+) G&A and Marketing Savings	1.5
(-) Deferred Revenue Adjustment	(1.6)
(-) Transaction Costs	(1.0)
Adjusted EBITDA Post Transaction Impact	(\$18.6)

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Strategic Rationale

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Financial Metrics Summary

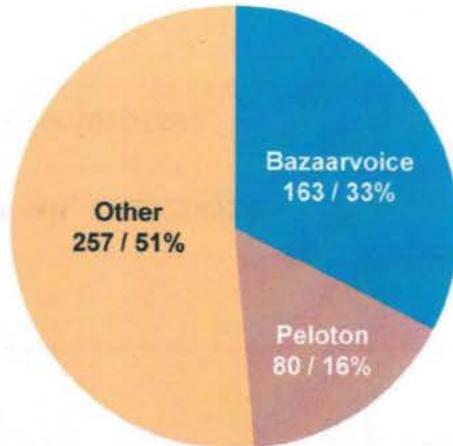
REVENUE (\$ in millions)	Bazaarvoice	Peloton	Pro Forma Combined	% Increase
Total	\$106.1	\$11.9	\$118.1	11%
SaaS	104.6	11.4	116.0	11%
Global Retail, Enterprise	58.0	9.6	67.6	17%
NA Retail, Enterprise	41.6	9.6	51.2	23%

SELECTED METRICS	Bazaarvoice	Peloton
Revenue per Enterprise Client	\$165k	\$34k
LTM Gross Margin	68.5%	62.0%
Employees	640	85
Revenue per Employee	\$196k	\$151k
LTM Adjusted EBITDA	(\$12.8M)	(\$6.4M)
LTM Adjusted EBITDA Margin	(12.1%)	(53.7%)

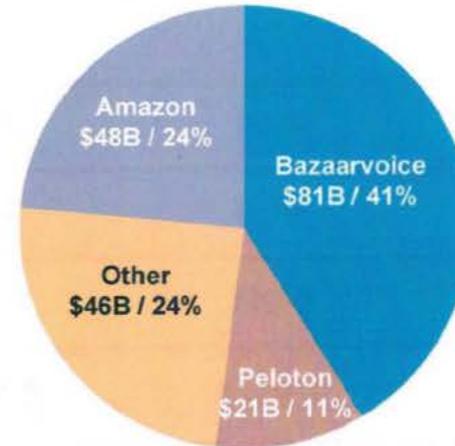
Massive Leadership in Consumer Reach

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2012 Internet Retailer 500 Penetration by Client

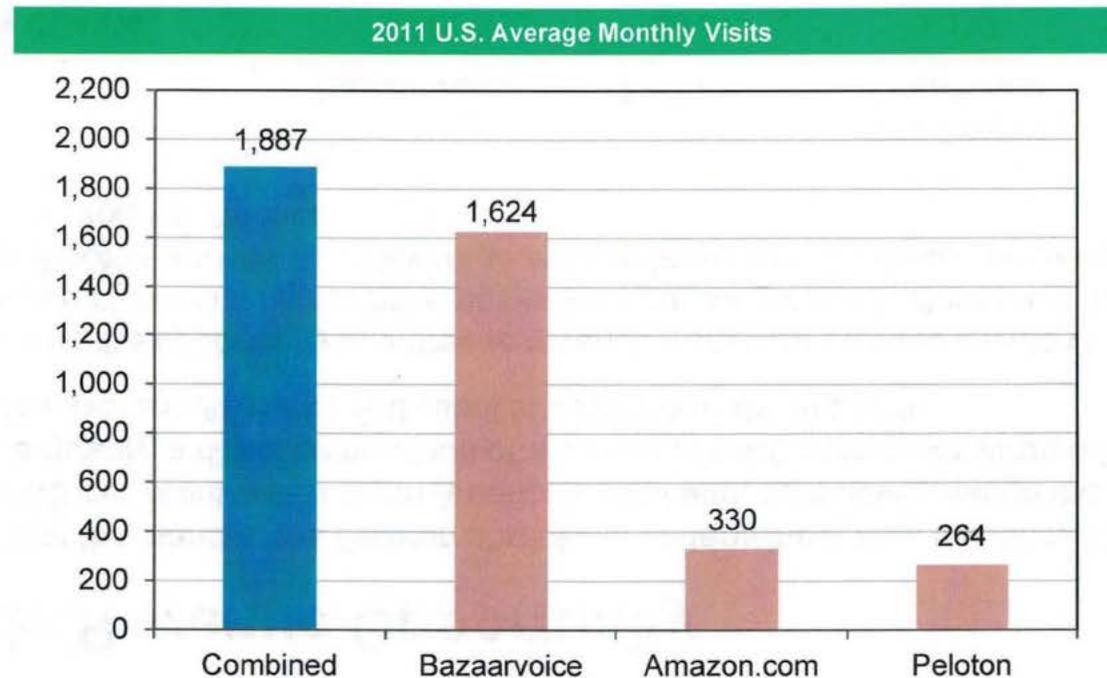


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Enhanced Network Economics

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Synergistic Revenue Opportunity

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CLIENTS	Bazaarvoice	Peloton	Pro Forma Combined	% Increase
Total Enterprise Clients	790	376	1,113	43%
Global Retail Clients	468	376	811	73%
North American Retail Clients	297	376	640	116%
IR 500 Clients	163	86	243	49%

ACB PER CLIENT	Bazaarvoice	Peloton	Pro Forma Combined	BV / Peloton
Global Retail	\$151k	\$36k	\$104k	3.2x
North American Retail	\$167k	\$36k	\$99k	3.6x
IR 500	\$228k	\$39k	\$167k	4.8x

b:

Foregone Customer Acquisition Costs

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Preliminary Financial Impact

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