



2012 ANNUAL DOMAIN MARKET STUDY

WITH Q4 2012 REVIEW

Sedo's Annual Domain Market Study for 2012 shows another stable twelve months for the industry. Over the course of 2012, a total of 36,181 domain transactions took place on Sedo's marketplace. The mean average price across all domain sales was \$1,885, while the median price was \$600. The strongest quarters in terms of sales volume and value were Q1 and Q2. Buy Now sales accounted for the largest percentage of sales over the course of the year, maintaining their position as the favored sales channel at Sedo.

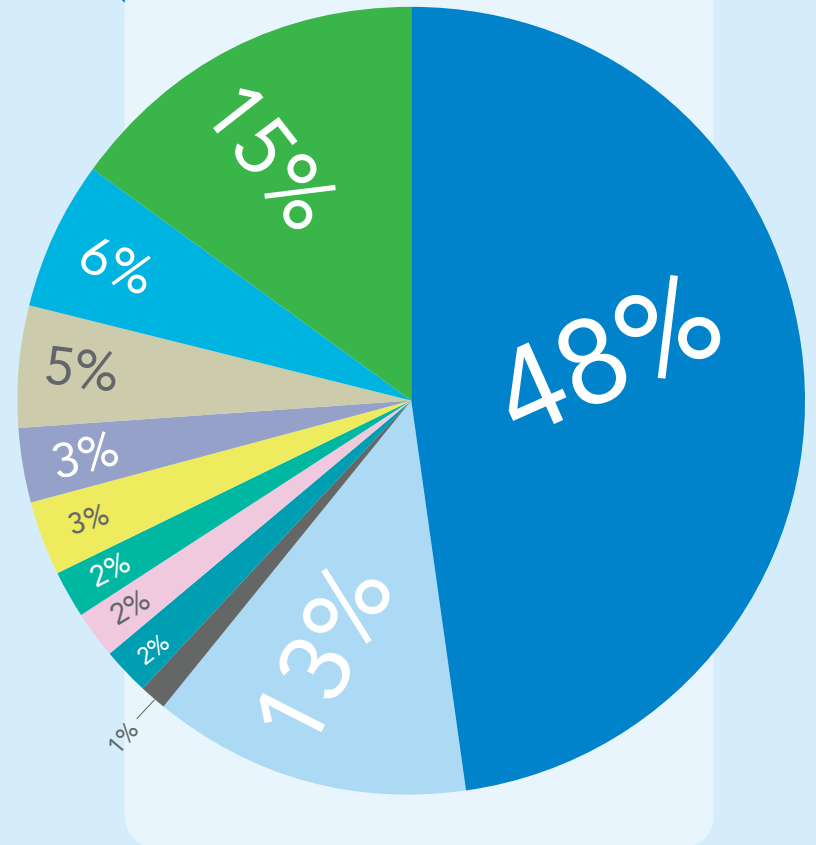
HIGHLIGHTS INCLUDE:

- ▶▶ An 11% increase in Buy Now sales in 2012 as compared to 2011
- ▶▶ A number of high value ccTLD sales making their way into the top 10 sales of the year
- ▶▶ Increases for some ccTLD mean prices during 2012

1. TOP TLDs SOLD IN 2012

With 48% of all sales, .com remained the top TLD sold at Sedo during 2012, followed by .de, which accounted for 15%. Compared with 2011, .com sales were up by 4% while .de sales decreased by 3%. While the .me extension made its way into the top ten most frequently traded TLDs, .co dropped out of the list. In total, nearly 160 different TLDs were traded at Sedo during 2012.

TOP TLDs SOLD IN 2012



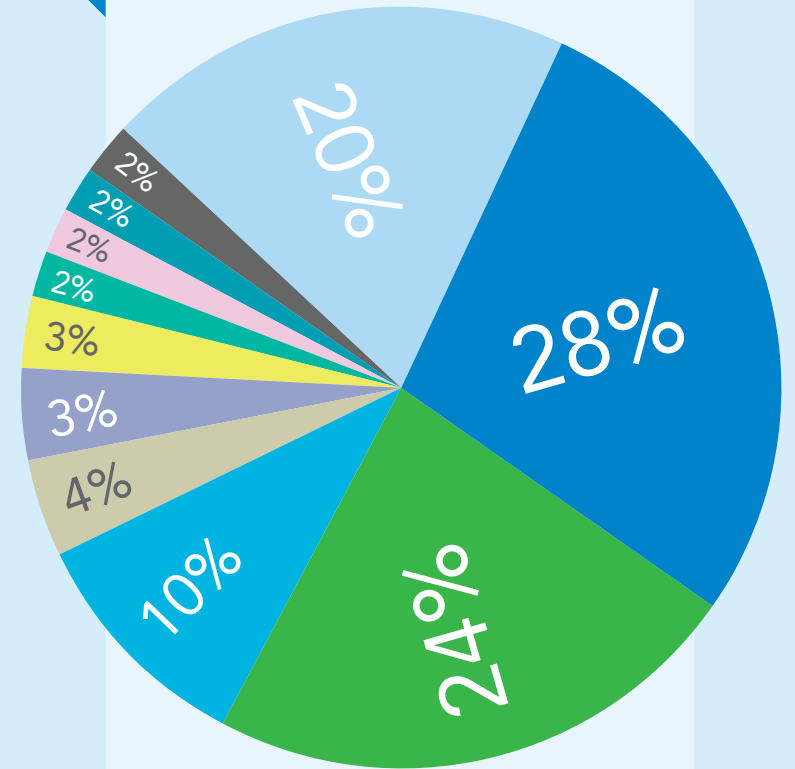
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- .COM
- .DE
- .NET
- .CO.UK
- .ORG
- .EU
- .INFO
- .ME
- .ES
- .NL
- OTHER

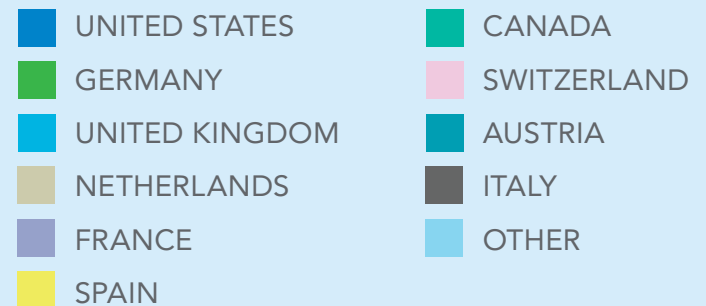
2. DOMAIN BUYERS AND INTERNATIONALITY

Sedo is the only truly global marketplace for domain names, successfully connecting buyers and sellers via both our website and our industry-leading brokerage team. Working across languages and across continents, our brokers closed over 2000 sales during 2012, accounting for a total value of over \$19 million—almost 25% of total sales volume during 2012. Sedo reached buyers in over 160 countries during 2012, thanks in part to our partnerships with leading registrars like Go Daddy, who help distribute our inventory to buyers globally. More than half of all buyers throughout 2012 originated in Sedo’s two largest markets, the US (28%) and Germany (24%).

DOMAIN BUYERS BY COUNTRY



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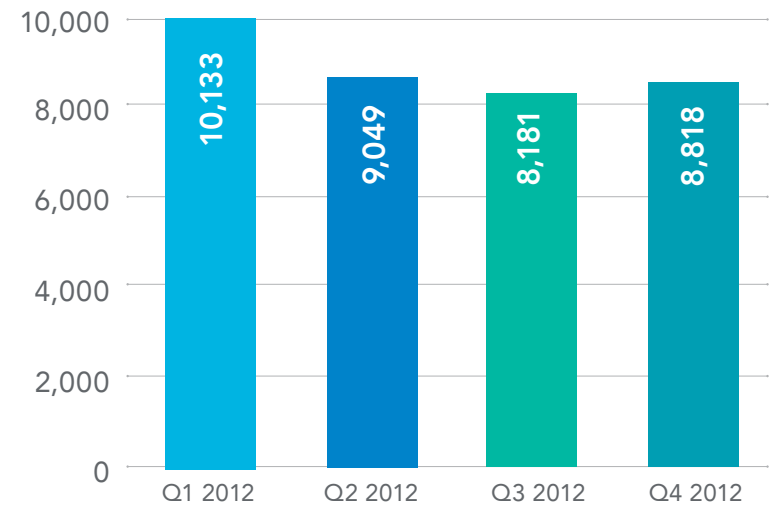


3. SALES VOLUME

The graphs to the right show the number of domains sold annually from 2009 through 2012, as well from quarter to quarter during 2012. The first and second quarters of 2012 were the strongest, and sales of domains listed with Buy Now prices performed particularly well (an increase from 30% in 2011 to 41% in 2012).

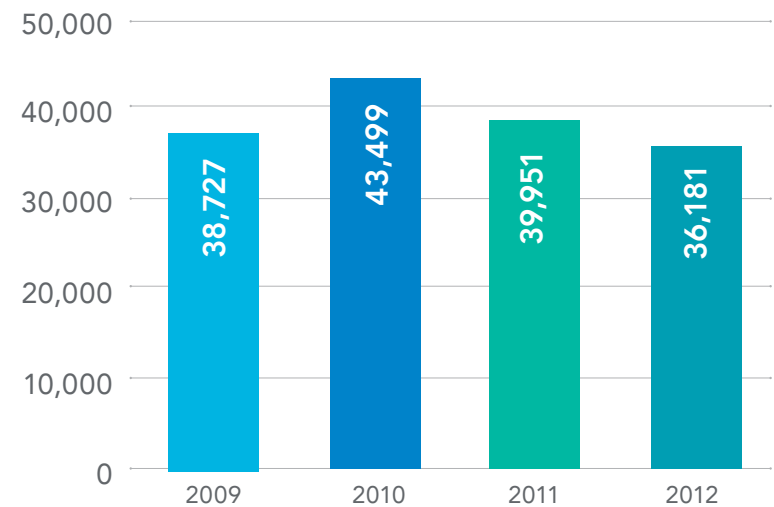
By comparison to previous years, 2012 accounted for fewer domain name transactions. This was noted not only on Sedo's domain name marketplace, but also by independent publications like DNJournal (www.dnjournal.com). One important factor in the reduction in numbers of sales was that fewer names were sold via auctions. In previous years, a large number of auction events took place—from new TLD introductions to two character and numeric .de auctions to registry auctions like .co. and .me—which increased the sales volume during those years. We expect that the auction sales channel will show strong increases in sales volume over 2013, with the introduction of many new gTLDs.

SALES VOLUME PER QUARTER IN 2012



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SALES VOLUME PER YEAR 2009 - 2012



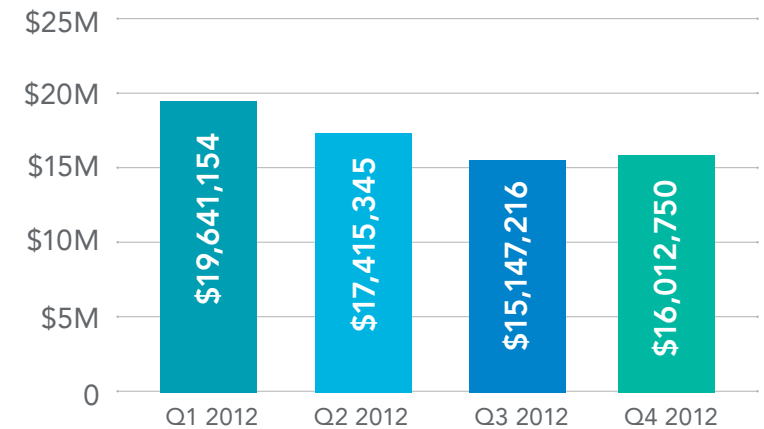
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4. SALES VALUE

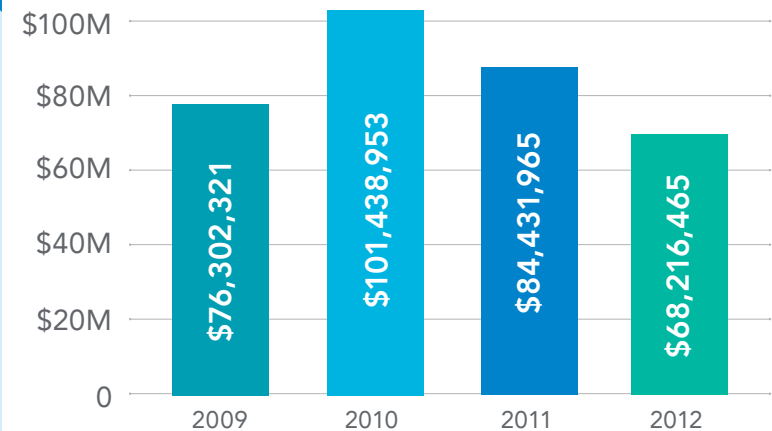
The graphs to the right show the development of sales value from quarter to quarter during 2012, as well as the development of sales value annually from 2009 through 2012. The sales value per quarter shows that Q1 2012 was the strongest quarter last year.

Although fewer domain name sales took place in general during 2012, the sales value figures are a good indicator that the market remained on a relatively stable footing. Given the economic crisis in parts of the E.U., it is understandable that there was less investment in domain names. This is evidenced when considering a ccTLD like Spain's .es, for example, which had a median value in 2012 that was nearly half as high as its median value in 2011 (see chapter 8b). In addition, 2012 did not produce any record high sales in the seven-figure range. Another possibility is that domain buyers may have held back from purchasing as many names in 2012, in order to wait to invest in the new gTLD domain names which are being released in 2013.

SALES VALUE PER QUARTER IN 2012



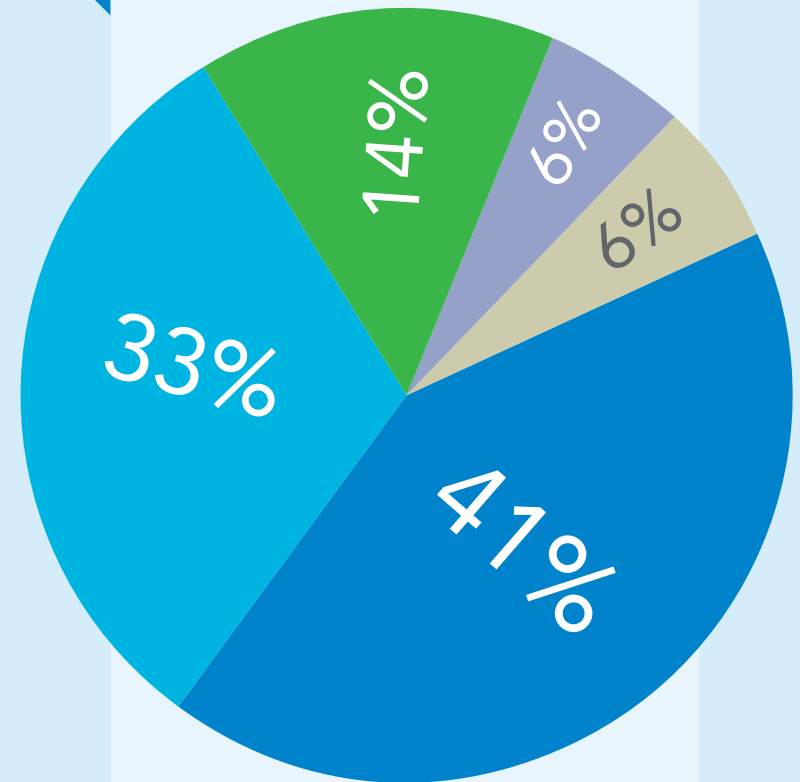
SALES VALUE PER YEAR, 2009 - 2012



5. MOST POPULAR SALES CHANNELS

Continuing a trend that started in 2011, Buy Now was the most popular sales channel in 2012. Buy Now domain sales increased by 11% from 2011 to 2012, totalling 41% of all sales last year. Offer-Counteroffer sales came in second, accounting for 33% of all sales. These figures make it clear that buyers in 2012 preferred to purchase names listed as Buy Now. In 2012, we also added the new sales option of Buy Now or Best Offer. This combines our two most popular sales options and gives both buyers and sellers more flexibility.

Q3 2012 SALES BY CHANNEL



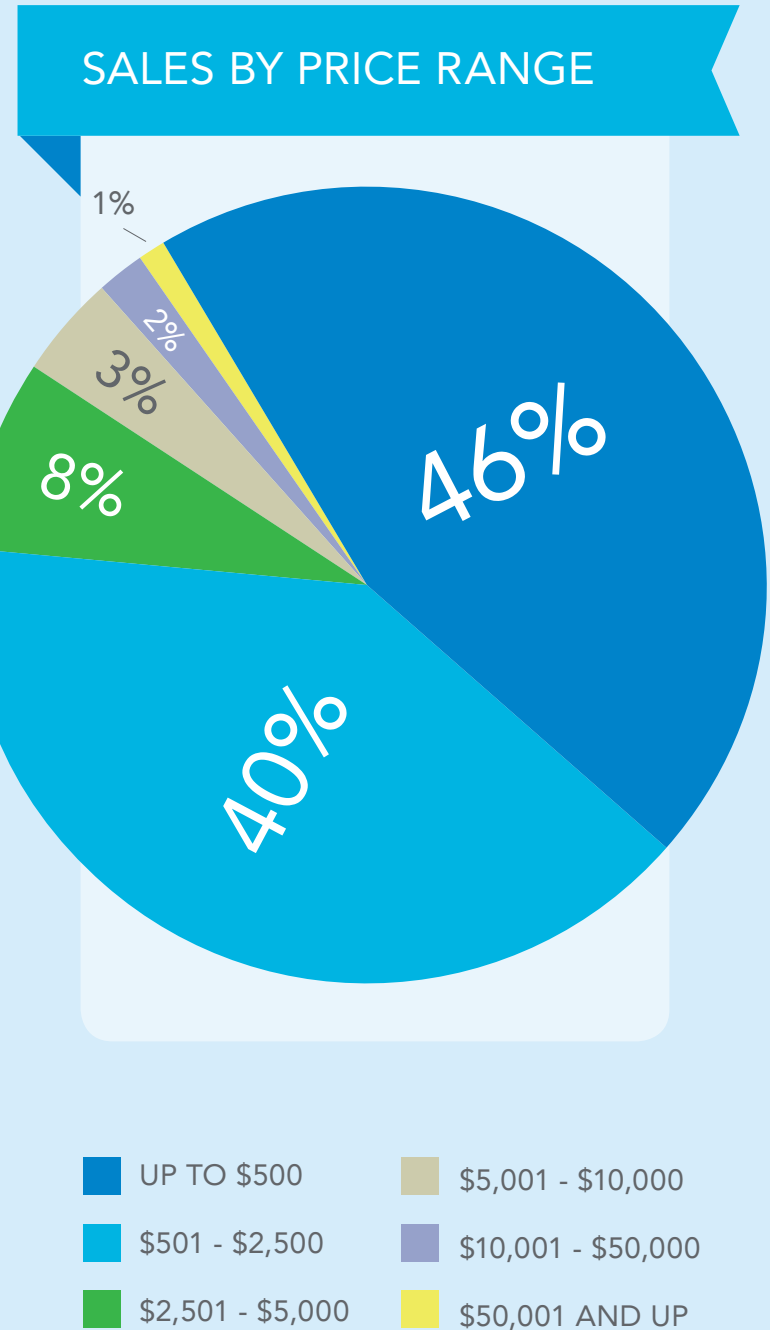
6. DOMAIN SALES BY PRICE RANGE

This chart shows the preferred price categories for buyers purchasing names at Sedo.

A total of 46% of all domains sales were for prices of \$500 or less during the course of 2012. Domains in this category consist mostly of names with two keywords which do not always match the TLD, for example bioekonomie.com (€190) and bookscan.de (€350). A majority of names in this price range sell at Buy Now prices, since Buy Now sales are simpler and faster for end user buyers.

Domains that sold for between \$500 and \$2,500 accounted in 2012 for 40% of all sales. These often consist of short terms with a ccTLD extension, for example radios.fm (€2,025). Accounting for 8% of all 2012 sales were domain names sold between the prices of \$2,500 and \$5,000.

Domains sold between \$5,000 and \$50,000 are often those with strong keywords and TLDs that fit with those keywords, for example lawyer.us (\$7,500), pizza24.com (\$13,000) or festivals.de (€12,500). Sales at a price higher than \$50,000 accounted for only 1% of total 2012 sales, and are often intended for international use or highly brandable sites, for example designers.com (\$118,000). Sales over \$50,000 accounted for only 1% of total 2012 sales, and are often intended for international use or highly brandable sites, for example our top sales webhosting.co.uk (\$500,000) or designers.com (\$118,000).



7. COMPARISON OF MEAN SALES PRICES

A) MEAN SALES PRICES BY gTLD

The mean average sales price of .com domains decreased during 2012 to \$2,148, however .net and .org—the traditional alternatives to .com—both saw increases. At \$1,880, the mean average for the .net extension increased most by comparison to 2011, showing that there is still demand for solid alternatives to .com. The .info and .biz extensions decreased over the previous year.

B) MEAN SALES PRICES BY ccTLD

Three ccTLDs saw significant increases in mean average prices. The .co.uk extension increased from a mean price of \$1,273 to \$1,919 in 2012, while .at increased even more, from \$1,177 to \$1,993. The third was the .eu extension, which has seen two consecutive years of growth. Typically, Sedo's marketplace sees a large number of .de sales over the course of a year, but the mean price for .de decreased in 2012 as compared to 2011. The increase in mean price for .at can be traced to high-value sales like pizza.at (€75,000), while the top public sale of the year, webhosting.co.uk, certainly played a role in the increase for .co.uk.

MEAN SALES PRICE BY gTLD

gTLD	2010	2011	2012
.COM	\$3,185	\$2,775	\$2,148
.NET	\$1,599	\$1,602	\$1,880
.ORG	\$2,217	\$1,289	\$1,315
.BIZ	\$879	\$1,285	\$879
.INFO	\$795	\$990	\$896

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MEAN SALES PRICE BY ccTLD

ccTLD	2010	2011	2012
.CO.UK	\$2,008	\$1,273	\$1,919
.AT	\$1,000	\$1,177	\$1,993
.FR	\$6,768	\$2,386	\$1,833
.ES	\$1,425	\$2,366	\$1,884
.DE	\$1,514	\$1,530	\$1,293
.EU	\$706	\$1,169	\$1,212

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8. COMPARISON OF MEDIAN SALES PRICES

A) MEDIAN PRICES BY gTLD

Though median sales prices in 2012 were a little lower as compared with the previous year, the market remained relatively stable. The .com extension retained the highest median sales price at \$642. The .info TLD saw the greatest decrease.

B) MEDIAN PRICES BY ccTLD

During 2012, the surprise hit among ccTLD median prices was .eu, which has seen a price increase from \$375 in 2011 to \$850. The top median price among ccTLDs was .fr, at \$986. Other ccTLDs saw minor decreases, though .es domains exhibited a large decrease from \$832 in 2011 to \$400 in 2012. This is likely due to the current economic status in Spain.

MEDIAN SALES PRICE BY gTLD

gTLD	2010	2011	2012
.COM	\$550	\$650	\$642
.NET	\$590	\$555	\$510
.ORG	\$591	\$510	\$500
.BIZ	\$407	\$424	\$392
.INFO	\$416	\$480	\$395

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MEDIAN SALES PRICE BY ccTLD

ccTLD	2010	2011	2012
.DE	\$439	\$412	\$387
.AT	\$513	\$645	\$640
.FR	\$806	\$1,075	\$986
.ES	\$652	\$832	\$400
.CO.UK	\$580	\$624	\$553
.EU	\$203	\$375	\$850

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9. TOP 10 PUBLIC SALES

To the right is a list that shows the top 10 public sales over Sedo's Domain Marketplace in 2012. Over 80% of Sedo's sales revenue is private, and is not included in this list.

Traditionally, the .com extension has dominated the top 10 sales lists, but in 2012, a few high value ccTLD sales made their way into the top 10: hoteles.es, buy.me und online-casino.de.

TOP 10 PUBLIC SALES OF 2012

DOMAIN	SOLD FOR
webhosting.co.uk	\$500,000
hoteles.es	€275,000
bra.com	\$165,000
kboing.com	\$150,000
metal.com	\$140,000
buy.me	€115,000
online-casino.de*	€115,000
channel.com	\$125,000
designers.com	\$118,000
fahrrad.com	€90,000

**These domains were sold via Sedo's domain brokerage service.*

10. CONCLUSION

As more and more sellers realize that end users want to be able to purchase domains quickly and simply, the number of Buy Now domain listings and sales is steadily increasing. In spite of a number of five figure Buy Now sales in 2012, there are still many names in Sedo's inventory that are not priced, making them less accessible for end users.

While we know that potential buyers may not be willing to purchase a domain immediately at a five figure Buy Now price, they are nonetheless more likely to make an offer if they see a price suggestion. To make pricing and valuation easier, we launched the Big Data Pricer last year allowing sellers to get accurate, fair market price suggestions for their domain names. The pricing tool allows sellers to more easily price their domains, while buyers can avoid a longer negotiation process.

In Q3 2012, we also expanded our partnership with leading registrar Go Daddy so that all our inventory is distributed at Go Daddy's site. We also added a feature to the Add Domains process allowing sellers to set minimum offers on their Make Offer listings as they add new names to their accounts.

The further we expand the reach of our premium domain inventory via partnerships with registrars and through providing accurate valuation and pricing tools, the more end users will come to Sedo and our partners for premium, high quality names. We look forward to continuing along this path over the course of 2013.