

# ONSALE, Inc.

## OVERVIEW

Going, going, going ... strong. Menlo Park, California-based ONSALE conducts live, interactive auctions on the World Wide Web. Its around-the-clock auctions feature everything from closeout and refurbished computer-related products (80% of sales) and consumer electronics to sports equipment and vacation packages. The company, which gets its merchandise direct from manufacturers, continuously posts product descriptions and offers thousands of items per auction. Its customers receive new product alerts and are apprised of competing bids by e-mail. Repeat customers account for 75% of sales. Major shareholders include VP and chief technology officer Alan Fisher, 32%; CEO Jerry Kaplan, 28%; and Razi Mohiuddin, 12%.

Fisher (co-founder, chairman, and president of software developer Software Partners), Kaplan (former chairman of pen-based computer developer GO Corp., who wrote a tell-all book about the company), and Mohiuddin (an executive at Software Partners) founded ONSALE in 1994. The company conducted its first auction in May 1995; its first products came from local retailers and included watches, sports memorabilia, and other low-priced offerings. Executives discovered that computer-related goods sold the best across the Internet, and began working that market.

By the end of 1996, ONSALE had more than 100,000 registered bidders. The company had sold more than 200,000 items and its auctions were exceeding \$1 million in sales each week. In November 1996 ONSALE auctioned off an IBM mainframe computer over the Web; the winning

bid was \$12,250. In 1997, in an effort to build its presence on other shopping and consumer Web sites, the company reached an agreement to put its listings on America Online. ONSALE went public that year.

The company continues to broaden its product variety through alliances. In 1998 ONSALE signed pacts with Resorts Condominiums International, a subsidiary of Cendant, to auction time-share condominiums, and VerticalNet to create specific market trading communities. That year the company had more than 650,000 registered bidders.

## HISTORICAL FINANCIALS & EMPLOYEES

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Sales (\$ mil.)	—	—	—	—	—	—	—	—	14	89
Net income (\$ mil.)	—	—	—	—	—	—	—	(0)	—	(3)
Income as % of sales	—	—	—	—	—	—	—	—	2.8%	—
Earnings per share (\$)	—	—	—	—	—	—	—	—	0.03	(0.16)
Stock price - FY high (\$)	—	—	—	—	—	—	—	—	—	35.25
Stock price - FY Low (\$)	—	—	—	—	—	—	—	—	—	4.63
Stock price - FY close (\$)	—	—	—	—	—	—	—	—	—	18.00
P/E - high	—	—	—	—	—	—	—	—	—	—
P/E - low	—	—	—	—	—	—	—	—	—	—
Dividends per share (\$)	—	—	—	—	—	—	—	—	0.00	0.00
Book value per share (\$)	—	—	—	—	—	—	—	—	0.14	3.34
Employees	—	—	—	—	—	—	—	14	54	129

## HEADQUARTERS

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**Fax:** 650-473-6990

**Web site:** <http://www.onsale.com>

## KEY NUMBERS

**Nasdaq:** ONSL

**Fiscal Year-End:** December

**1997 Sales (\$ mil.):** \$89.0

**1-Yr. Sales Growth:** 522.4%

**1997 Net Inc. (\$ mil.):** (\$2.5)

**1-Yr. Net Inc. Growth:** —

**1997 Employees:** 129

**1-Yr. Employee Growth:** 138.9%

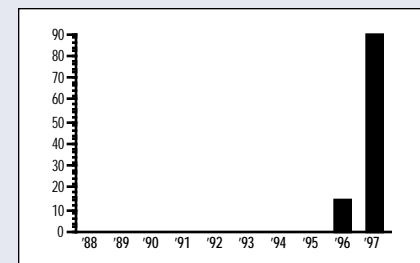
**1997 FYE Market Value**

**(\$ mil.):** \$335.6

**1-Yr. Market Value Change:** —

## SALES HISTORY

(\$ mil.)



## ABOUT HOOVER'S

Hoover's, Inc., a leading publisher of company information, covers more than 13,000 public and private enterprises worldwide.

**ANNUAL FINANCIALS**

<b>Income Statement</b> (\$mil. except per share amounts)	<b>Dec 97</b>	<b>Dec 96</b>	
Revenue	89.0	14.3	—
Costs of Goods Sold	77.7	11.5	—
Gross Profit	11.3	2.8	—
Gross Profit Margin	12.7%	19.6%	—
SG&A Expense	14.6	2.4	—
Operating Income	(3.3)	0.4	—
Operating Margin	(3.7%)	2.8%	—
Total Net Income	(2.5)	0.4	—
Net Profit Margin	(2.8%)	2.8%	—
Fully Diluted EPS (\$)	(0.16)	0.03	—
<b>Balance Sheet</b>	<b>Dec 97</b>	<b>Dec 96</b>	
Cash	56.6	2.6	—
Net Receivables	2.4	0.4	—
Inventories	5.6	1.5	—
Total Current Assets	65.5	5.1	—
Total Assets	67.1	5.7	—
Short-Term Debt	0.0	0.0	—
Total Current Liabilities	4.9	3.4	—
Long-Term Debt	0.0	0.0	—
Total Liabilities	4.9	3.4	—
Common Stock Equity	62.3	2.3	—
Shares Outstanding (mil.)	186.4	163.8	—
<b>Year-End Ratios</b>	<b>Dec 97</b>	<b>Dec 96</b>	
Debt Ratio	0.0	0.0	0.0
Equity as % of Assets	92.8%	40.4%	—
Return on Assets	—	—	—
Return on Equity	—	17.4%	—
Current Ratio	13.37	1.50	—
Dividend Yield	—	—	—
Dividend Payout	—	0.0	—

**QUARTERLY FINANCIALS**

<b>Income Statement</b> (\$mil. except per share amounts)	<b>Third Quarter Sep 98</b>	<b>Second Quarter Jun 98</b>	<b>First Quarter Mar 98</b>	<b>Fourth Quarter Dec 97</b>	<b>Third Quarter Sep 97</b>
Revenue	57.8	50.8	40.2	33.0	25.1
Cost of Goods Sold	51.7	46.1	36.7	29.3	21.7
Gross Profit	6.1	4.7	3.5	3.7	3.4
Gross Profit Margin	10.6%	9.3%	8.7%	11.2%	13.5%
SG&A Expense	9.9	9.5	8.4	6.0	4.1
Operating Income	(3.8)	(4.8)	(4.9)	(2.3)	(0.7)
Operating Margin	(6.6%)	(9.4%)	(12.2%)	(7.0%)	(2.8%)
Total Net Income	(3.3)	(4.0)	(4.2)	(1.7)	(0.6)
Net Profit Margin	(5.7%)	(7.9%)	(10.4%)	(5.2%)	(2.4%)
Fully Diluted EPS (\$)	(0.17)	(0.21)	(0.22)	(0.12)	(0.03)
<b>Balance Sheet</b>	<b>Sep 98</b>	<b>Jun 98</b>	<b>Mar 98</b>	<b>Dec 97</b>	<b>Sep 97</b>
Cash	30.1	34.8	52.0	56.6	11.1
Net Receivables	4.2	2.7	2.3	2.4	2.2
Inventories	13.2	7.2	7.9	5.6	7.2
Total Current Assets	64.9	63.3	62.7	65.5	20.8
Total Assets	70.2	66.9	65.6	67.1	22.1
Short-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	15.8	12.1	7.1	4.9	3.7
Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Liabilities	17.7	12.1	7.1	4.9	3.7
Common Stock Equity	52.4	54.8	58.5	62.3	18.5
Shares Outstanding (mil.)	191.7	188.7	187.5	186.4	168.0

Financial data provided by Media General Financial Services, Inc.

**OFFICERS**

**Chairman, President, and CEO:** S. Jerrold Kaplan, age 46, \$100,000 pay  
**COO:** Jeffery F. Sheahan  
**SVP and CFO:** John Labbett, age 48  
**SVP Merchandise Acquisition:** Merle W. McIntosh, \$165,192 pay  
**VP Merchandise Management:** Martha D. Greer, \$165,960 pay  
**VP Development and Operations and Chief Technical Officer:** Alan S. Fisher, age 37, \$100,000 pay  
**VP and Controller:** Leslie S. Benson  
**VP Travel Products:** John Dean  
**VP Corporate Communications:** Brian Fawkes  
**VP Advertising Sales:** Debbie Pinkston  
**VP Operations:** Dennis J. Shepard  
**Director Human Resources:** Chris Cargill  
**Auditors:** PricewaterhouseCoopers LLP

**CONTACT HOOVER'S**

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## PRODUCTS/OPERATIONS

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### 1997 Sales

	\$ mil.	% of total
Merchandise	86.0	97
Commissions	3.0	3
<b>Total</b>	<b>89.0</b>	<b>100</b>

### Merchandise

Computer peripherals  
Consumer electronics  
Housewares  
Network equipment  
PCs  
Printers, monitors, and scanners  
Sports and fitness equipment  
Vacation packages

## KEY COMPETITORS

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America Online  
CDW Computer Centers  
Creative Computers  
eBay  
Egghead.com  
Excite  
Insight Enterprises  
Micro Warehouse  
PC Connection  
Times Mirror  
uBid  
USA Networks