



Zillow Group, Inc.

Fourth Quarter and Full Year 2016 Earnings Highlights
February 7, 2017



Fourth Quarter 2016 Financial Highlights

- Total Revenue increased 34% yoy to a record \$227.6M and exceeded the high end of the guidance range.
- Premier Agent Revenue increased 32% yoy to \$164.3M.
 - Premier Agent Advertisers who spend more than \$5,000 per month:
 - Increased 95% yoy on a total dollar basis.
 - Increased 100% yoy in the number of agent advertisers.
 - Total sales to Premier Agent Advertisers who have been customers for more than one year increased 58% yoy.
 - Sales to existing Premier Agent Advertisers accounted for 63% of total bookings.
- Other Real Estate Revenue¹ increased 145% to \$29.8M.
- Mortgages Revenue increased 41% to \$16.5M.
- Display Revenue decreased 20%, as expected, to \$17M.
- GAAP net loss was \$23.5M, or 10% of Revenue, compared to GAAP net loss of \$25.7M, or 15% of Revenue, in 4Q15.
- Adjusted EBITDA was \$54.7M, or 24% of Revenue, an increase from \$20.4M, or 12% of Revenue, in 4Q15.

¹ Other Real Estate Revenue includes agent services, dotloop, StreetEasy, Naked Apartments, rentals and other offerings to endemic advertisers that are not traditional display advertising, including New Construction, where builders can display real-time lot availability on search results and maps.

Operating and Business Highlights

- More than 140M average monthly unique users visited Zillow Group consumer brands Zillow, Trulia, StreetEasy, HotPads and Naked Apartments during 4Q16, an increase of 13% yoy. Traffic to Zillow Group brands' mobile apps and websites reached an annual seasonal peak of more than 171M unique users in May 2016.
- Leads to Zillow Group Premier Agent Advertisers for 4Q16 grew nearly 33% yoy to 3.9M. For FY16, leads to Zillow Group Premier Agent Advertisers grew 44% yoy to 16.9M.
- During 4Q16, Zillow Group completed the roll out of its dynamic auction-based self-serve account interface to Premier Agents nationally. The new account management tools enable Premier Agent Advertisers to independently control their budgets and ad impressions through an auction-based system.
- The Mortgages marketplace continues to experience significant growth in home purchase loan shopper usage, leads and revenue. With more than 300,000 lender reviews, Zillow Group is now the category leader in consumer-generated reviews of lenders.
- An average of 30M rental shoppers visit Zillow Group's apps and websites each month.
- In New York City, revenue for StreetEasy and Naked Apartments grew 80% yoy in 2016. Since the 2013 acquisition of StreetEasy, revenue has quadrupled.
- Launched New Construction marketplace, which allows homebuilders to participate in the Zillow Group Promoted Communities program.

Full Year 2016 Financial Highlights



- Total Revenue increased 31% yoy to a record of \$846.6M.
- Breaking down Zillow Group's full year revenue growth by marketplace:

- Premier Agent Revenue increased 35% yoy to \$604.3M.
- Other Real Estate Revenue grew 192% yoy to \$102.6M.
- Mortgages Revenue grew 61% yoy to \$71.1M.
- Display Revenue decreased 23%, as expected, to \$68.5M.
- GAAP net loss was \$220.4M, or 26% of Revenue, including the impact of a \$130M litigation settlement.
- Excluding the impact of the \$130M litigation settlement, FY16 Adjusted EBITDA would have been \$144.8M, or 17% of Revenue. Including the settlement, FY16 Adjusted EBITDA was \$14.8M, or 2% of Revenue.

Business Outlook

- **Zillow Group’s strategic priorities for 2017 position the company for continued growth into the massive potential ahead.**
 - Grow audience size and consumer engagement.
 - Grow Premier Agent advertising business.
 - Continue to grow emerging marketplaces.
 - Maintain extraordinary company culture that attracts, retains and motivates incredible people to do their best work.
- **Zillow Group expects to exceed the \$1B annual Revenue mark in 2017.**
 - FY17 Revenue is expected to be in the range of \$1.03B to \$1.05B, which represents an increase of 23% at the midpoint.
 - FY17 Adjusted EBITDA is expected to be in the range of \$190M to \$210M, which represents 19% of Revenue at the midpoint.
- **The following table presents Zillow Group’s business outlook for the periods presented (in millions):**

| Zillow Group Outlook as of February 7, 2017 | Three Months Ending March 31, 2017 | Year Ending December 31, 2017 |
|--|---|--|
| (in millions) | | |
| Revenue | \$232 to \$237 | \$1,030 to \$1,050 |
| Premier Agent revenue | \$170 to \$172 | \$745 to \$755 |
| Other real estate revenue | \$31 to \$32 | \$145 to \$150 |
| Mortgages revenue | \$17 to \$18 | \$77 to \$80 |
| Display revenue | \$14 to \$15 | \$63 to \$65 |
| Operating expenses | \$247 to \$252 | *** |
| Net loss | \$(14.1) to \$(19.1) | \$(20.2) to \$(40.2) |
| Adjusted EBITDA | \$36 to \$41 | \$190 to \$210 |
| Depreciation and amortization | \$26 to \$28 | \$115 to \$120 |
| Share-based compensation expense | \$26 to \$28 | \$106 to \$111 |
| Capital expenditures | *** | \$48 to \$50 |
| Weighted average shares outstanding — basic | 182.0 to 184.0 | 183.5 to 185.5 |
| Weighted average shares outstanding — diluted | 190.5 to 192.5 | 192.0 to 194.0 |

*** Outlook not provided

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties, including, without limitation, statements regarding our business outlook and future operational plans. Statements containing words such as “may,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “project,” “will,” “projections,” “continue,” “business outlook,” “forecast,” “estimate,” “outlook,” or similar expressions constitute forward-looking statements. Actual results may differ materially. For information about potential factors that may affect Zillow Group’s business and financial results, please review the “Risk Factors” described in Zillow Group, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, or SEC, and in Zillow Group’s other filings with the SEC. Except as may be required by law, Zillow Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Use of Non-GAAP Financial Measures

This communication includes discussion of Adjusted EBITDA, which is a non-GAAP financial measure not prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). This non-GAAP financial measure is not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We urge you to review our earnings press release as it contains important information about our financial results, including reconciliation tables and related information about this non-GAAP financial measure. The earning press release is available on the Investor Relations section of the Zillow Group website at <http://investors.zillowgroup.com/releases.cfm>. It is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on February 7, 2017, which is available on the Investor Relations section of the Zillow Group website at <http://investors.zillowgroup.com/sec.cfm> and the SEC’s website at www.sec.gov.