

Zillow Group Q3 2015 Earnings Highlights

Key Takeaways

- **Trulia integration is done, completed 4 months ahead of schedule.**
 - Integration flux will be isolated to FY2015.
 - With the foundation in place, we are focused on realizing the benefits of running the business at the combined scale.
 - Launched our unified Premier Agent advertising platform in August 2015.
 - Agent advertiser response was positive. Most advertisers kept their spending levels the same, and the cancellation rate was below our normal level. New sales to existing advertisers made up 69% of total bookings in Q3, the highest it's ever been.
- **Prioritizing revenue growth over margin expansion.**
 - Zillow Group is targeting faster revenue growth in 2016 than in 2015, on a pro forma basis, excluding Market Leader.
 - We are prioritizing revenue growth over EBITDA margin expansion.
- **Nearly 150 million unique users visited Zillow Group** consumer brands across mobile and Web during the month of July. Mobile continues to be a bright spot. Zillow Group brands now represent over 70% market share of all mobile exclusive visitors to the category during the third quarter, according to comScore.
- **Working with and helping to grow higher ARPA agent advertisers is paying off.** Growth of the advertiser cohort that spends more than \$5,000 per month was 57% on a total dollar basis and 45% in advertiser count year-over-year, and churn in this cohort continues to be minimal.
- **ARPA was \$402, up 20% year-over-year, on a pro forma basis.** Zillow Group's agent advertisers totaled 96,965 as of September 30, 2015.
 - The associated revenue – our real estate revenue – rose 27% on a pro forma basis in the quarter to \$129 million, and the annualized run rate for our agent advertising business reached \$468 million at the end of the quarter compared to \$397 million on a pro forma basis at this time last year.
 - This desirable result is primarily driven by our highest spending advertisers buying more impressions to expand their presence on our platform – and is the result of our intense focus on increasing advertiser spend by our high performing agents.

Outlook

- **Raises FY2015 EBITDA outlook** and keeps FY2015 revenue in-line, on a pro forma basis, excluding Market Leader
- **Preliminary FY2016 outlook**, accelerating revenue growth over 2015 levels
- **Continues to invest in growth in 2016**, prioritizing growth over EBITDA margin expansion

<u>Period</u>	<u>Revenue Outlook</u>	<u>EBITDA Outlook</u>
Q4 2015	\$165 to \$170 million	\$20 to \$25 million
FY 2015 (pro forma)	\$675 to \$680 million prior outlook \$690 million \$680 million excluding Market Leader in Q4	\$95 to \$100 million prior outlook \$85 to \$90 million
FY 2016	<i>We are targeting 2016 revenue growth higher than 2015 growth rate.</i> <i>expected pro forma 2015 revenue growth 18% yoy w/ ML and 24% yoy w/o ML</i>	<i>We are prioritizing growth over EBITDA margin expansion.</i>

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,” “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 Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 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.