



Zillow Group, Inc.

Third Quarter 2016 Earnings Highlights
November 1, 2016

“With all of our marketplaces performing strongly, we expect to end 2016 in a strong position to continue executing on our strategic priorities.” – Spencer Rascoff, Zillow Group CEO

Financial Highlights

- **Q3 2016 total Revenue increased 35% yoy to a record \$224.6M from \$165.8M in Q3 2015, excluding revenue from Market Leader, which was divested in Q3 2015.**
- **Premier Agent business continued to accelerate revenue growth by supporting the nation’s best real estate agents – those who convert leads at high rates.**
 - Up 33% yoy to \$158.3M, also a record and came in at the high end of guidance.
 - Total sales to Premier Agent Advertisers who have been customers for more than one year increased 59% yoy.
 - Sales to existing Premier Agent Advertisers accounted for 71% of total bookings.
 - Premier Agent Advertisers who spend more than \$5,000 per month:
 - Increased 80% yoy on a total dollar basis.
 - Increased 79% yoy in the number of agent advertisers.
- **Delivered record GAAP net income of \$6.8M. Adjusted EBITDA of \$59.5M exceeded high-end of guidance.**

Business Highlights

- **Zillow Group’s market share in September 2016 was nearly two-thirds of the online real estate category.¹**
- **Zillow Group’s mobile-only market share is even larger, capturing nearly three quarters of the category.¹**

¹ comScore Media Metrix Multi-Platform, September 2016, U.S.



- More than 164M average monthly unique users visited Zillow Group consumer brands Zillow, Trulia, StreetEasy, HotPads and Naked Apartments during Q3 2016, an increase of 16% yoy.
- Leads to Zillow Group Premier Agent Advertisers for Q3 2016 grew nearly 40% yoy to 4.6M.



- Zillow Group launched innovative new products and services for Premier Agents that are expected drive even more leads to advertisers.
 - Zillow Seller Boost program allows advertisers to purchase leads from home sellers.
 - Self-serve account interface allows experienced advertisers to independently control their budgets and impression buys.
 - Premier Broker combines some of Zillow Group's most popular advertising products with new lead management capabilities.

“ Our Premier Agent program provides our advertisers with a tremendous opportunity to grow their business in the form of high-quality leads connected with software. ”

Spencer Rascoff, Zillow Group CEO

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- **Each emerging marketplace is growing even faster than the Premier Agent marketplace.**
 - Mortgages Revenue grew 57% yoy
 - Rentals Revenue growth exceeded 100% yoy
- **Three of the top four brands in the rental category are Zillow Group brands.²**

Zillow Group brands are three of the top four brands in the rental category

  

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*Source: Zillow's custom-defined Rental Sites category ranking based on US Media Metrix comScore data, Total Visits, September 2016.

Business Outlook

- **Raising full year 2016 revenue and Adjusted EBITDA guidance.**
 - 2016 full year revenue now expected to be in the range of \$837 to \$842M (up from \$830 to \$840M).
 - 2016 full year Adjusted EBITDA now expected to be in the range of \$136 to \$141M (up from \$125 to \$135M; excluding the impact of a \$130M litigation settlement).
- **Addressing significant media market opportunity in residential real estate, rentals, mortgages and in New York City by focusing on four strategic priorities:**

² Zillow's custom-defined Rental Sites category ranking based on US Media Metrix comScore data, Unique Visitors, September 2016; Zillow Rental Network is the unduplicated reach of Zillow.com Rentals, Trulia.com rentals, HotPads.com, and MyNewPlace.com, Media Metrix Audience Duplication report, September 2016.

- Grow audience.
 - Grow agent advertising business.
 - Continue to grow emerging marketplaces.
 - Continue to maintain extraordinary company culture that attracts, retains and motivates extraordinary people to do their best work.
- **The following table presents Zillow Group’s business outlook for the periods presented (in millions):**

<u>Zillow Group Outlook as of November 1, 2016</u> (in millions)	<u>Three Months Ending</u> <u>December 31, 2016</u>	<u>Year Ending</u> <u>December 31, 2016</u>
Revenue	\$218 to \$223	\$837 to \$842
Premier Agent revenue	\$161 to \$163	\$601 to \$603
Display revenue	\$14 to \$15	\$66 to \$67
Operating expenses	\$225 to \$230	***
Adjusted EBITDA (1)	\$46 to \$51	\$136 to \$141
Depreciation and amortization	\$27 to \$29	\$102 to \$104
Share-based compensation expense	\$25 to \$27	\$106 to \$108
Capital expenditures	***	\$46 to \$48
Weighted average shares outstanding — basic	180.5 to 182.5	179.5 to 181.5
Weighted average shares outstanding — diluted	189.5 to 191.5	188.5 to 190.5

*** Outlook not provided

- (1) Forecasted Adjusted EBITDA for the year ending December 31, 2016 in the table above excludes the impact of a \$130M litigation settlement. Including the impact of the \$130M litigation settlement, forecasted Adjusted EBITDA for the year ending December 31, 2016 is \$8.5M at the midpoint of the guidance range. A reconciliation of forecasted Adjusted EBITDA (including the impact of the \$130M litigation settlement) to forecasted net loss is provided in Zillow Group’s earnings press release available [here](#).

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,” “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, 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.

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 November 1, 2016, 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.