

Zillow Group Q4 and FY 2015 Earnings Highlights

February 11, 2016

Key Takeaways

- **2015 was about integrating, 2016 is about innovating.** We are excited to turn the page to 2016, focusing on four strategic priorities.
 - Grow our audience.
 - Grow our agent advertising business.
 - Continue to grow our emerging marketplaces.
 - Continue to maintain our extraordinary company culture which attracts, retains and motivates extraordinary people to do their best work.
- **Re-accelerating revenue growth and decelerating operating expense growth.**
- **Providing outlook for Premier Agent Advertising revenue, expect to transition away from ARPA and Agent Count starting in 2017.** Providing outlook for Premier Agent Advertising revenue for full year 2016 and quarterly.
 - **Agent Advertiser count at the end of 4Q15 was 92,366** down from 3Q15, which was 96,967.
 - **4Q15 ARPA was \$438 up 29% year-over-year**, +9% quarter-over-quarter from 3Q15 ARPA of \$402.
- **Providing share of transactions sides against commissions generated.**
 - In 2015, we believe Zillow Group helped agent advertisers close approximately 3.9% of the residential real estate transactions sides in the U.S., which drove roughly \$3.2 billion in commissions for our Premier Agent advertisers. This compares to an estimated 3.1% of transaction sides and \$2.3 billion commissions in 2014.
- **Continuing to grow high performing agent advertisers and teams, encouraging low performing agents to leave the platform.**
 - Growth of the advertiser cohort that spends more than \$5,000 per month grew 62% on a total dollar basis and 48% in advertiser count, quarter-over-quarter this is an improvement of 5% on a total dollar basis and 3% in advertiser count.
- **Zillow Group is the largest real estate media company in the world through the combination of Zillow and Trulia.**
 - Foundation for long term growth and category leadership established, based upon:
 - Largest audience and market share on mobile and Web
 - Multi-brand portfolio of leading consumer websites and mobile apps
 - Integrated advertising platform for our real estate, mortgage and rentals offerings
 - Specialized services for pros and the industry partners
 - Strong industry partnerships with nearly every major real estate franchisor, brokerage, apartment management company, mortgage lender, and MLS
 - Extraordinary employees

Outlook

All year-over-year comparisons are pro forma unless otherwise noted or the context otherwise requires.

- **FY2016 outlook**

- Total revenue \$805 to \$815 million, 26% growth at the midpoint, excluding Market Leader
 - Premier Agent revenue \$590 to \$595 million, 27% growth at the midpoint
 - We expect to phase out reporting agent advertiser count and ARPA starting in 2017
- EBITDA \$115 to \$125 million, 15% margin at the midpoint
 - *Includes an estimated \$36 million of expenses related to Zillow Group's defense against the News Corp lawsuit*
- Display revenue \$54 to \$56 million
- Depreciation and amortization \$95 to \$100 million
- Capital expenditures \$41 to \$43 million
- Basic weighted-average shares outstanding 180 to 182 million
- Diluted weighted-average shares outstanding 196 to 198 million

- **Q1 2016 outlook**

- Total revenue \$174 to \$179 million, over 18% growth at the midpoint, excluding Market Leader
 - Premier Agent revenue \$130 to \$132 million, 22% growth at the midpoint
- EBITDA \$1 to \$6 million, 2% margin at the midpoint
 - *Includes an estimated \$12 million of expenses related to Zillow Group's defense against the News Corp lawsuit.*
- Operating Expenses \$218 to \$223 million, up 13% qoq
 - *Investments in head count, data acquisition, and brand advertising, as well as legal expenses, are projected to weigh heavier in the first half of the year, leading to EBITDA, as a percentage of revenue, to be in the mid to high single digits for the first half of the year.*
- Display revenue \$13 to \$14 million
- Basic weighted-average shares outstanding 178 to 180 million
- Diluted weighted-average shares outstanding 194 to 196 million

	Q1 2016	FY 2016
Total Revenue	\$174 to \$179 million, +18% yoy excluding Market Leader	\$805 to \$815 million, +26% yoy excluding Market Leader
Premier Agent Advertiser Revenue	\$130 to \$132 million, +22% yoy	\$590 to \$595 million, +27% yoy
Display Revenue	\$13 to \$14 million	\$54 to \$56 million
Total Operating Expenses	\$218 to \$223 million, +13% qoq	-----
Adjusted EBITDA	\$1 to \$6 million, 2% of margin	\$115 to \$125 million, 15% of margin
Deprec. & Amort.	-----	\$95 to \$100 million
Capital Expenditures	-----	\$41 to \$43 million
Basic Weighted -Average Shrs Outstanding	178 to 180 million	180 to 182 million
Diluted Weighted -Average Shrs Outstanding	194 to 196 million	196 to 198 million

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.