



Zillow Group, Inc.

First Quarter 2016 Earnings Highlights

May 3, 2016

“We are off to an incredible start in 2016. We expected to accelerate revenue growth during the year, and we are already seeing this with only one quarter on the books. Growth across our brands continues to be strong, with Zillow Group as a whole seeing a record number of unique users in March. This will be an exciting year for Zillow Group.” – Zillow Group, Inc. CEO Spencer Rascoff.

Financial Highlights

- **Q1 2016 total revenue increased 25% yoy to \$186 million on a pro forma basis excluding revenue from Market Leader, which was divested in Q3 2015.**
 - Exceeded high-end of guidance range by \$7 million.
 - Particular strength from Premier Agent® and Mortgage marketplaces.
- **Premier Agent business achieved record revenue and exceeded the high end of guidance.**
 - Up 25% yoy on a pro forma basis to \$134.5 million.
 - Average Revenue Per Advertiser (ARPA) was \$487, up 40% yoy on a pro forma basis.
 - Total sales to Premier Agent Advertisers who’ve been customers for more than one year increased 56% yoy.
 - Sales to existing Premier Agent Advertisers accounted for 71% of total bookings.
 - Premier Agent Advertisers who spend >\$5K/month:
 - Increased 83% yoy on a total dollar basis.
 - Increased 74% yoy in the number of agent advertisers.
- **Adjusted EBITDA of \$1.9 million was within guidance range.**
- **Expenses related to the News Corp. and NATIONAL ASSOCIATION OF REALTORS® litigation of \$15.7 million negatively affected Adjusted EBITDA.**
 - Continue to believe the claims in this case are without merit.
 - Continue to believe News Corp. and NATIONAL ASSOCIATION OF REALTORS® calculations of damages are baseless.
 - Will continue to vigorously defend this litigation.

Business Highlights

- **All-time high of more than 166 million unique users in March to Zillow Group consumer brands – Zillow®, Trulia®, StreetEasy®, and HotPads® – an increase of 22% year-over-year.**
 - Leads to Premier Agents on Zillow and Trulia are up 59% yoy – exceeded 4M leads for the first time ever.

- Achieved record-high market share in March, capturing 63% of the mobile and Web real estate audience¹.
- According to Google Trends, more Americans now search “Zillow” than “real estate.”
- **Continuing to innovate by launching new products and features that enhance consumers’ and agents’ experiences across all Zillow Group mobile and web platforms.**
 - Team profiles on Premier Agent platform allow agents on teams to associate themselves with that team, and help them more effectively manage and convert their flow of online leads to commissions.
 - New suite of lead management tools enables team leaders to route online leads automatically to their team and track results.
 - New self-serve shopping cart for Premier Agents allows for more flexibility in purchasing advertising.

Business Outlook

- **Addressing significant media market opportunity in residential real estate, rentals, mortgages and in New York by focusing on four strategic priorities:**
 - Grow audience.
 - Grow agent advertising business.
 - Continue to grow emerging marketplaces.
 - Continue to maintain extraordinary company culture which attracts, retains and motivates extraordinary people to do their best work.
- **Raising 2016 full year revenue guidance. EBITDA guidance unchanged.**
 - 2016 full year revenue now expected to be in the range of \$825 to \$835 million (up from \$805 to \$815 million).
 - Full year EBITDA outlook remains unchanged in the range of \$115 to \$125 million.
 - Legal expenses related to the News Corp. and NATIONAL ASSOCIATION OF REALTORS® litigation for the full year are anticipated to be in the range of \$50 to \$55 million.

¹ comScore data, April 2016

<u>Zillow Group Outlook as of May 3, 2016</u>	<u>Three Months Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>December 31, 2016</u>
(in millions)		
Revenue	\$203 to \$208	\$825 to \$835
Premier Agent revenue	\$146 to \$148	\$595 to \$600
Display revenue	\$16 to \$17	\$58 to \$60
Operating expenses	\$237 to \$242	***
Adjusted EBITDA	\$15 to \$20	\$115 to \$125
Depreciation and amortization	\$24 to \$26	\$95 to \$100
Share-based compensation expense	\$26 to \$28	\$105 to \$110
Capital expenditures	***	\$41 to \$43
Weighted average shares outstanding — basic	178.5 to 180.5	180.0 to 182.0
Weighted average shares outstanding — diluted	193.5 to 195.5	194.5 to 196.5

*** 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,” “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 certain pro forma financial results and Adjusted EBITDA, both of which are non-GAAP financial measures, or financial measures not prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are 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 these non-GAAP financial measures. 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 May 3, 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.