



Zillow Group, Inc.
First Quarter 2017 Financial Results Highlights
May 4, 2017

Zillow GROUP
“We are thrilled with our first quarter results, which demonstrate that as consumers become more engaged, real estate agents and brokerages become more successful on our platform.”
Spencer Rascoff
CEO, Zillow Group
#ZEarnings

Zillow GROUP Q1 2017 Highlights

- Total Revenue Increased 32% Year-Over-Year to \$246 Million
- Record 179 Million Unique Users in March 2017
- 166 Million Average Monthly Unique Users
- Quarterly Visits Increased 18% Year-Over-Year to 1.5 Billion

#ZEarnings

First Quarter 2017 Financial Highlights

- Total Revenue increased 32% yoy to a record \$245.8M and exceeded the high end of the guidance range.
- Premier Agent Revenue increased 30% yoy to \$175.3M.
 - The number of Premier Agent accounts spending more than \$5,000 per month grew by 98% yoy and increased 86% on a total dollar basis.
 - Total sales to Premier Agent advertisers who have been customers for more than one year increased 54% yoy.
 - Sales to existing Premier Agent advertisers accounted for 63% of total bookings.
- Other Real Estate Revenue¹ increased 93% to \$34.8M.
- Mortgages Revenue increased 23% to \$20.3M.
- Display Revenue decreased 9%, as expected, to \$15.4M.
- GAAP net loss was \$4.6M, or 2% of Revenue, compared to GAAP net loss of \$47.6M, or 26% of Revenue, in 1Q16.
- Adjusted EBITDA² was \$54.8M, or 22% of Revenue, an increase from \$1.9M, or 1% of Revenue, in 1Q16.

Operating and Business Highlights

- More than 166M average monthly unique users visited Zillow Group brands' mobile apps and websites during 1Q17, an increase of 7% yoy, and an all-time high of nearly 180M unique users visited in March 2017.

¹ Other Real Estate Revenue primarily includes Zillow Group Rentals, agent services, dotloop, Naked Apartments, and other offerings to endemic advertisers that are not traditional display advertising, including New Construction, which includes advertising services for homebuilders.

² A reconciliation of Adjusted EBITDA to net loss is provided in the press release in the “[Quarterly Results](#)” section of Zillow Group’s Investor Relations website.

- Visits to Zillow Group brands' mobile apps and websites, Zillow, Trulia and, beginning in March 2017, StreetEasy, increased 18% yoy to more than 1.5B in 1Q17. Premier Agent Revenue per visit increased 10% yoy.
- Contacts sent to Premier Agents grew 30% yoy in 1Q17.
- Zillow Group Rentals Revenue grew by more than 100% yoy.
- Zillow Group launched a new brand, RealEstate.com, designed for millennial home shoppers.

Business Outlook

- **Zillow Group raised its outlook for the full year.**
 - FY17 Revenue is expected to be in the range of \$1.050B to \$1.065B, which represents an increase of 25% at the midpoint.
 - FY17 Adjusted EBITDA is expected to be in the range of \$215M to \$230M, which represents 21% of Revenue at the midpoint.
- **The following table presents Zillow Group's business outlook for the periods presented:**

<u>Zillow Group Outlook as of May 4, 2017</u>	<u>Three Months Ending</u>	<u>Year Ending</u>
(in millions)	June 30, 2017	December 31, 2017
Revenue	\$257 to \$262	\$1,050 to \$1,065
Premier Agent revenue	\$185 to \$187	\$757 to \$765
Other real estate revenue	\$36 to \$37	\$147 to \$151
Mortgages revenue	\$20 to \$21	\$80 to \$82
Display revenue	\$16 to \$17	\$66 to \$67
Operating expenses	\$284 to \$289	***
Net loss	\$(34.8) to \$(29.8)	\$(32) to \$(17)
Adjusted EBITDA (1)	\$27 to \$32	\$215 to \$230
Depreciation and amortization	\$27 to \$29	\$113 to \$118
Share-based compensation expense	\$27 to \$29	\$106 to \$111
Capital expenditures	***	\$48 to \$50
Weighted average shares outstanding — basic	183.5 to 185.5	184.0 to 186.0
Weighted average shares outstanding — diluted	191.5 to 193.5	192.0 to 194.0

*** Outlook not provided

- (1) A reconciliation of forecasted Adjusted EBITDA to forecasted net loss is provided in the press release in the "[Quarterly Results](#)" section of Zillow Group's Investor Relations website.

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," "guidance," 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 May 4, 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.