

WIX.com

# Earnings Results

Third Quarter 2017



# Safe Harbor

## Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, Wix uses the following non-GAAP financial measures: collections, non-GAAP gross margin, non-GAAP operating income (loss), free cash flow, non-GAAP net income (loss), non-GAAP net income (loss) per share, non-GAAP R&D expense, non-GAAP S&M expense, and non-GAAP G&A expense (collectively the "Non-GAAP financial measures"). Collections represents the total cash collected by us from our customers in a given period and is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related costs and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related costs. Non-GAAP R&D expense represents R&D expense calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related costs and amortization. Non-GAAP S&M expense represents S&M expense calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related costs and amortization. Non-GAAP G&A expense represents G&A expense calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, withdrawn secondary offering expenses and acquisition-related costs. Non-GAAP net loss represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related costs. Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP income (loss) per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures.

The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

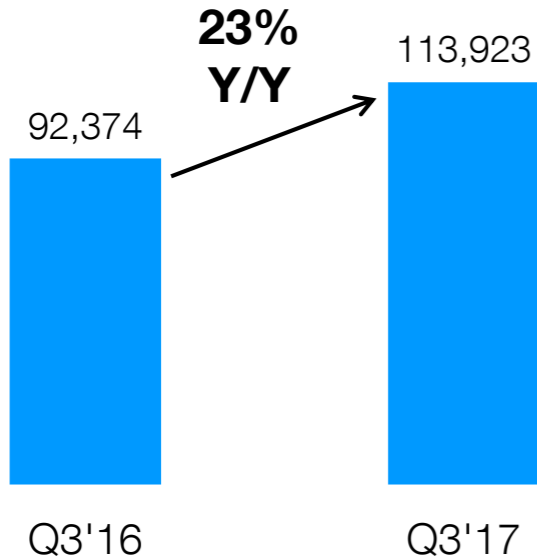
For more information on the non-GAAP financial measures, please see the "Reconciliation of GAAP to Non-GAAP Financial Measures" table in this presentation. This accompanying table has more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. The Company has not reconciled its guidance as to free cash flow to cash flow from operations because it does not provide guidance for cash flow from operations. As items that impact cash flow from operations are out of the Company's control and/or cannot be reasonably predicted, the Company is unable to provide such guidance. Accordingly, a reconciliation to cash flow from operations is not available without unreasonable effort.

## Forward-Looking Statements

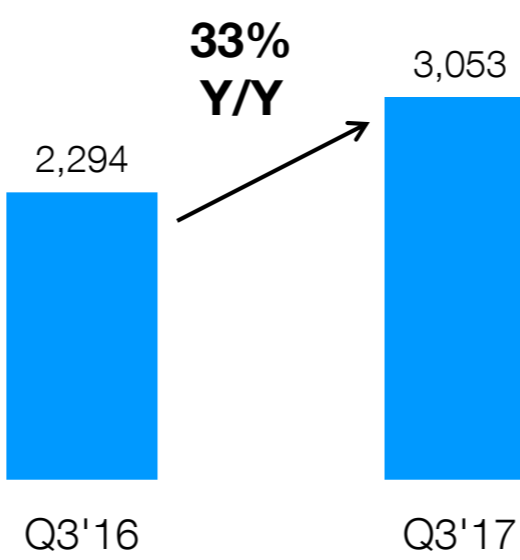
This presentation contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including the availability, merchantability or functionality of certain new products or features and their anticipated product demand and customer satisfaction, and may be identified by words like "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "outlook," "future," "will," "seek" and similar terms or phrases. The forward-looking statements contained in this presentation are based on management's current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict, including the timing of product releases, and many of which are outside of our control. Important factors that could cause our actual results to differ materially from those indicated in the forward-looking statements include, among others, our ability to grow our user base and premium subscriptions; our ability to maintain and enhance our brand and reputation; our ability to manage the growth of our infrastructure effectively; our ability to effectively execute our initiatives to scale and improve our user support function; customer acceptance of new products and other challenges inherent in new product development, changes to technologies used in our solutions or in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2016 annual report on Form 20-F filed with the Securities and Exchange Commission on March 28, 2017. Any forward-looking statement made by us in this presentation speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

# Key Metrics: Q3'17

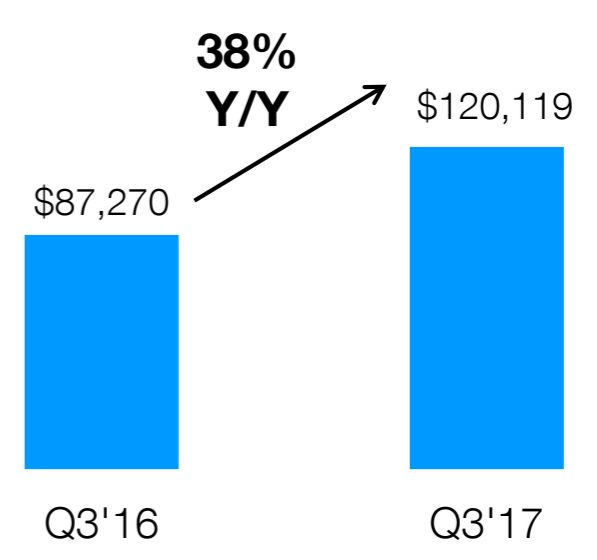
**Registered Users**  
(000s)



**Premium Subscriptions**  
(000s)



**Collections**  
(\$000s)



→  
**Improvement  
in Conversion**

→  
**Improvement  
in ACPS**

# Q3'17 Financial Highlights

- Revenue of \$111.0 million **exceeded prior guidance** of \$109-110 million; 47% Y/Y growth
- Collections of \$120.1 million **exceeded prior guidance** of \$117-118 million; 38% Y/Y growth
- Gross margin on a GAAP basis was 83%, compared to 85% in the third quarter of last year
  - Non-GAAP gross margin of 84%, compared to 86% in Q3'16<sup>1</sup>
- Free cash flow was \$18.9 million compared to \$9.4 million in Q3'16<sup>2</sup>; 101% Y/Y growth
- **Net premium subscription additions were 188,000** – total subscriptions were up 33% Y/Y to 3.1 million
- **Added 5.2 million new registered users** - total registered users were 114 million, representing 23% Y/Y growth

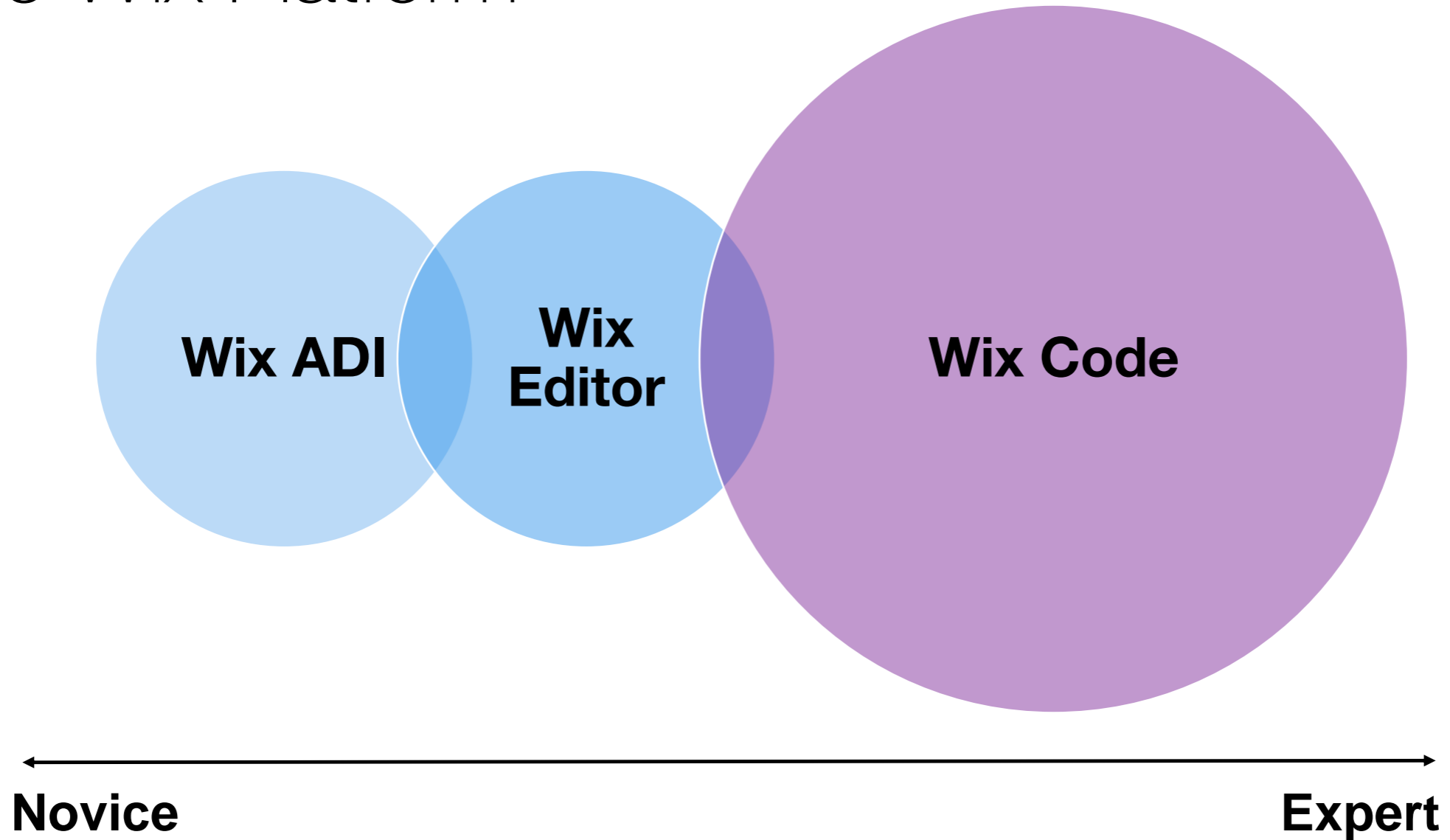
<sup>1</sup>Non-GAAP gross margin represents GAAP gross profit adjusted for the impact of share-based compensation expense, acquisition-related costs, and amortization divided by revenue

<sup>2</sup>Net cash provided by operating activities for the third quarter of 2017 was \$22.1 million, while capital expenditures totaled \$3.1 million, leading to free cash flow of \$18.9 million

# Q3'17 Business Highlights

- **Addition of Wix ADI has driven significant increases in conversion:** A year since the release of Wix ADI, results show that adding ADI to our platform has had a material impact on our conversion of registered users to paid subscriptions. To date, millions of websites have been created using ADI leading to significant incremental contribution of future collections to our user cohorts.
- **Launched partnership with Clube de Regatas do Flamengo:** Wix launched a partnership with top-tier Brazilian soccer team Clube de Regatas do Flamengo. As part of the agreement, Wix will serve as the official website design and hosting partner of Clube de Regatas do Flamengo. The partnership will also feature promotional activities with some of Flamengo's first team players.
- **Announced integration with Photos in Apple's macOS High Sierra:** Wix announced its integration with Photos as part of the macOS High Sierra release. The integration enables Mac users to create stunning Wix online photo albums with just a few clicks, directly within Apple's Photos app.
- **Wix Mobile Growth:** Wix users have created 30 million mobile sites to date, making Wix one of the largest mobile site development platforms globally.
- **Global E-commerce Platform:** E-commerce subscriptions reached over 417,000 during the quarter. Growth of e-commerce and other vertical application subscriptions continues to exceed overall subscriptions growth and accelerated during the quarter, highlighting Wix's broad reach with small businesses.
- **Desktop and Mobile Business Management and Growth Solutions:** Continued engagement with the Wix ecosystem is illustrated by over 669 million user contacts saved onto the Wix platform by our users. Leveraging Wix's CRM system on the desktop and the Wix App on mobile devices, business owners can track their customer activity data, manage relationships, communicate using Wix Engage, get paid via Wix Invoices and launch marketing campaigns and newsletters via Wix ShoutOut, our email marketing solution, from a single location, anywhere.

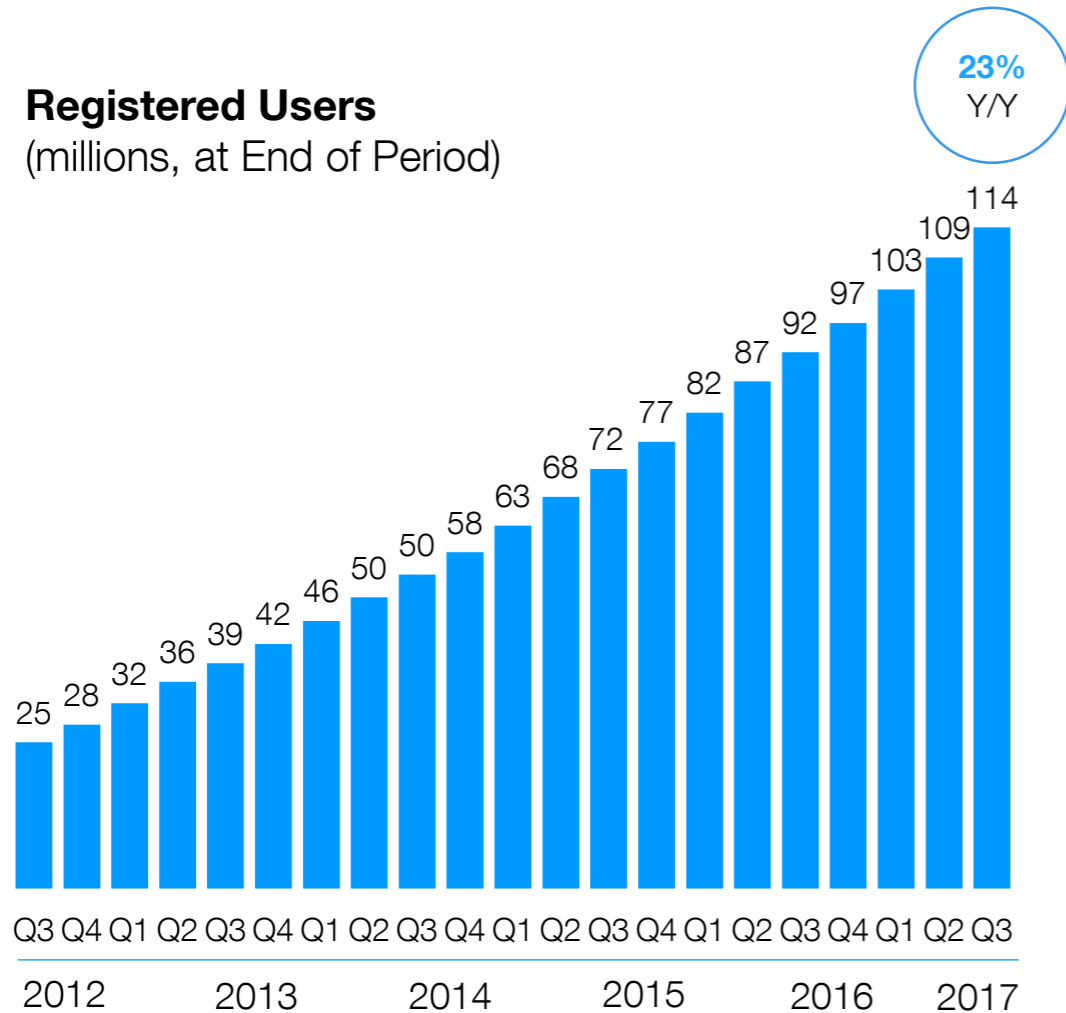
# The Wix Platform



# Users and Subscriptions

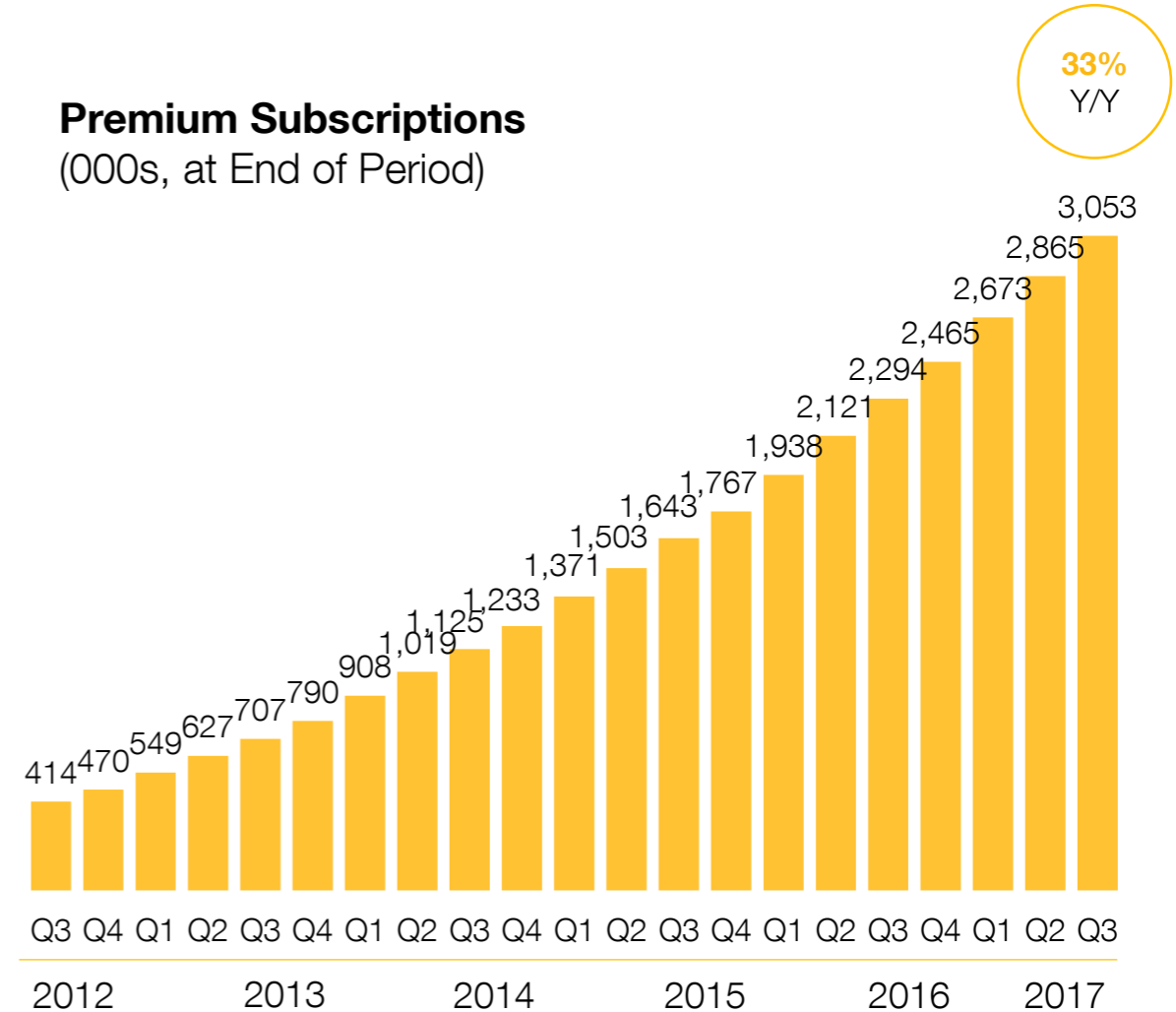
## Registered Users

(millions, at End of Period)



## Premium Subscriptions

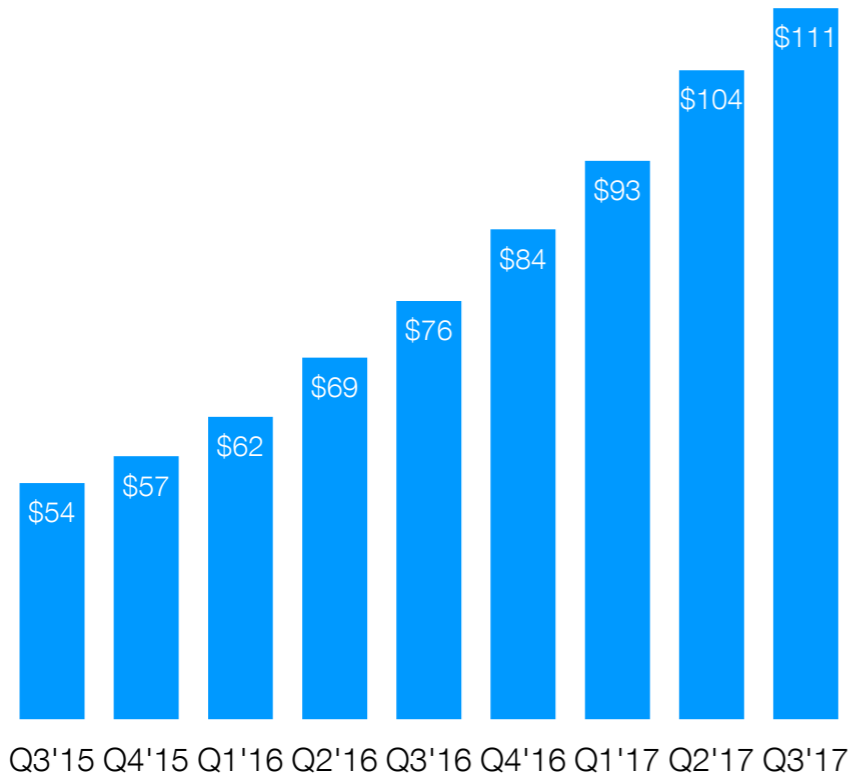
(000s, at End of Period)



# Revenue and Collections

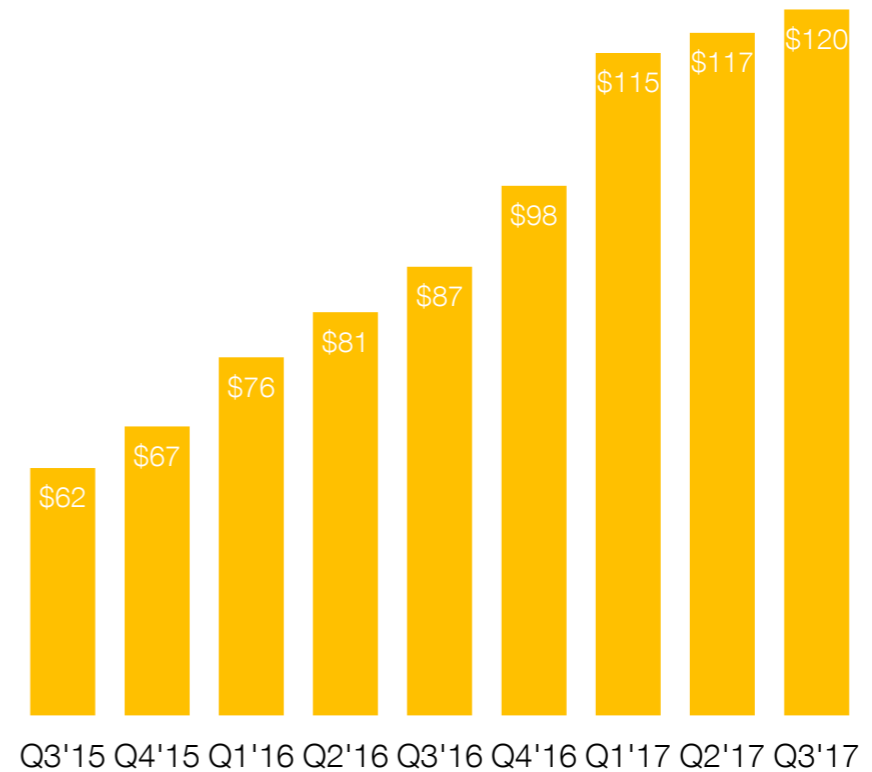
**Revenue**  
(\$ millions)

47%  
Y/Y



**Collections**  
(\$ millions)

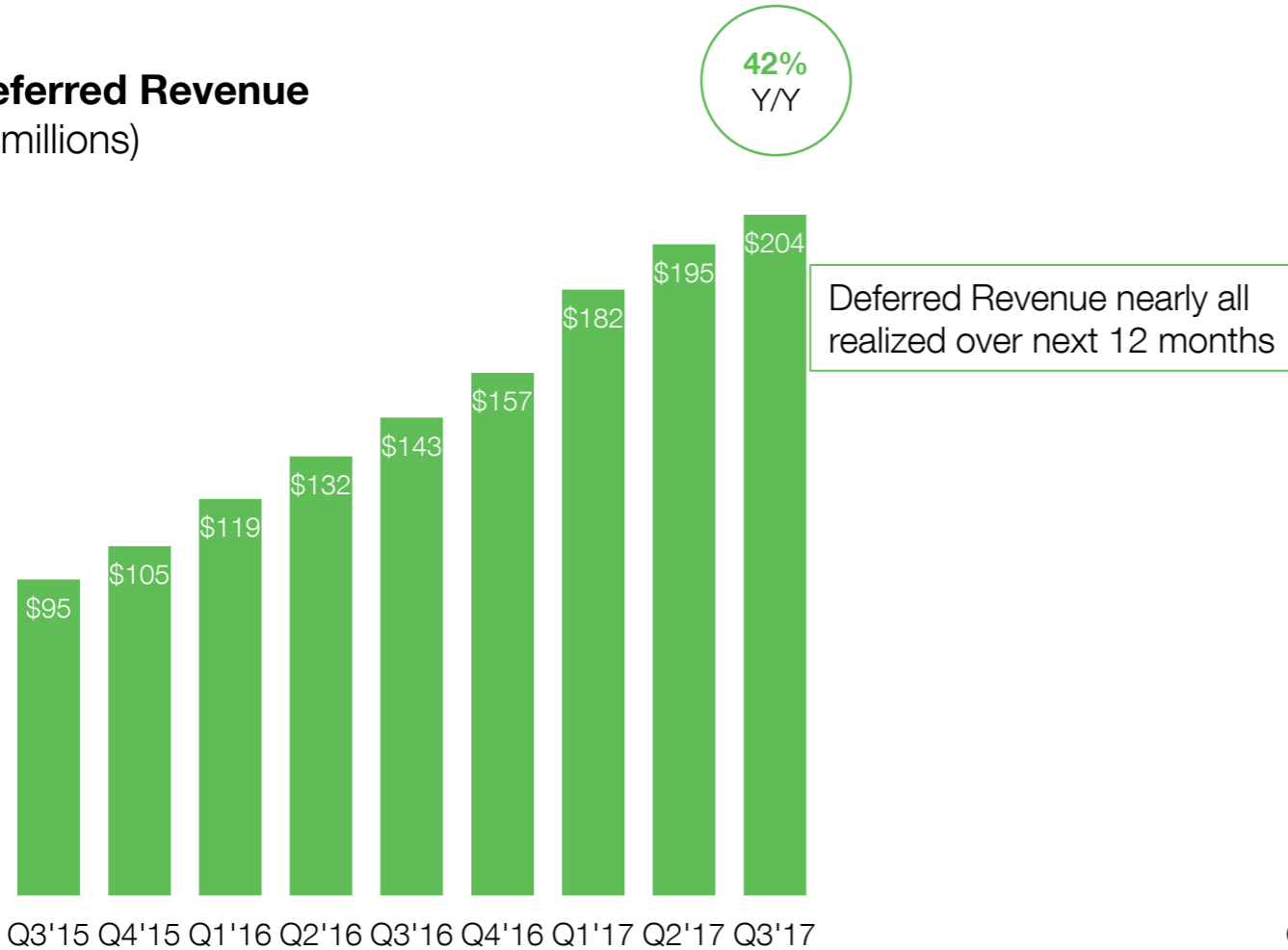
38%  
Y/Y





# Deferred Revenue Growth

**Deferred Revenue**  
(\$ millions)

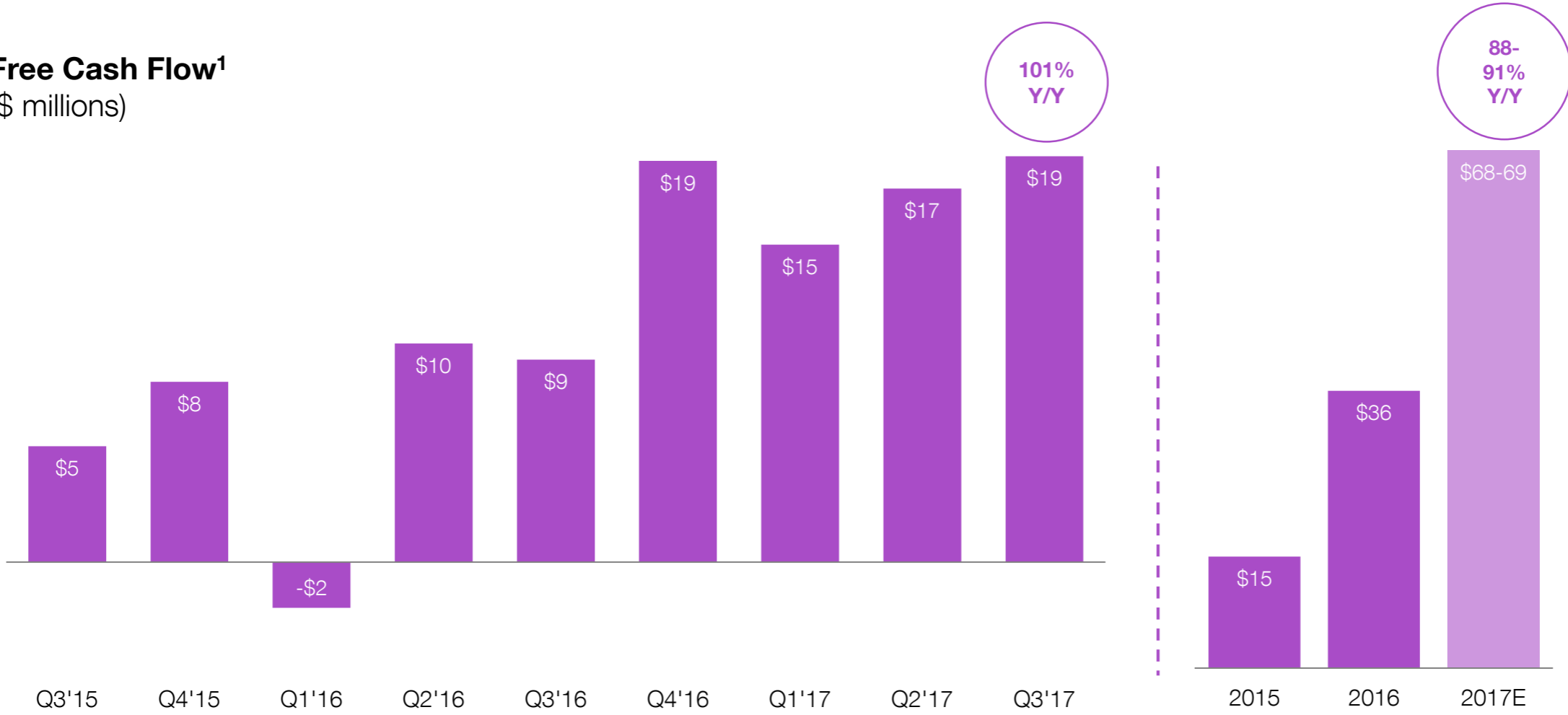


**Revenue**  
(\$ millions)



# Accelerating Free Cash Flow Generation

**Free Cash Flow<sup>1</sup>**  
(\$ millions)

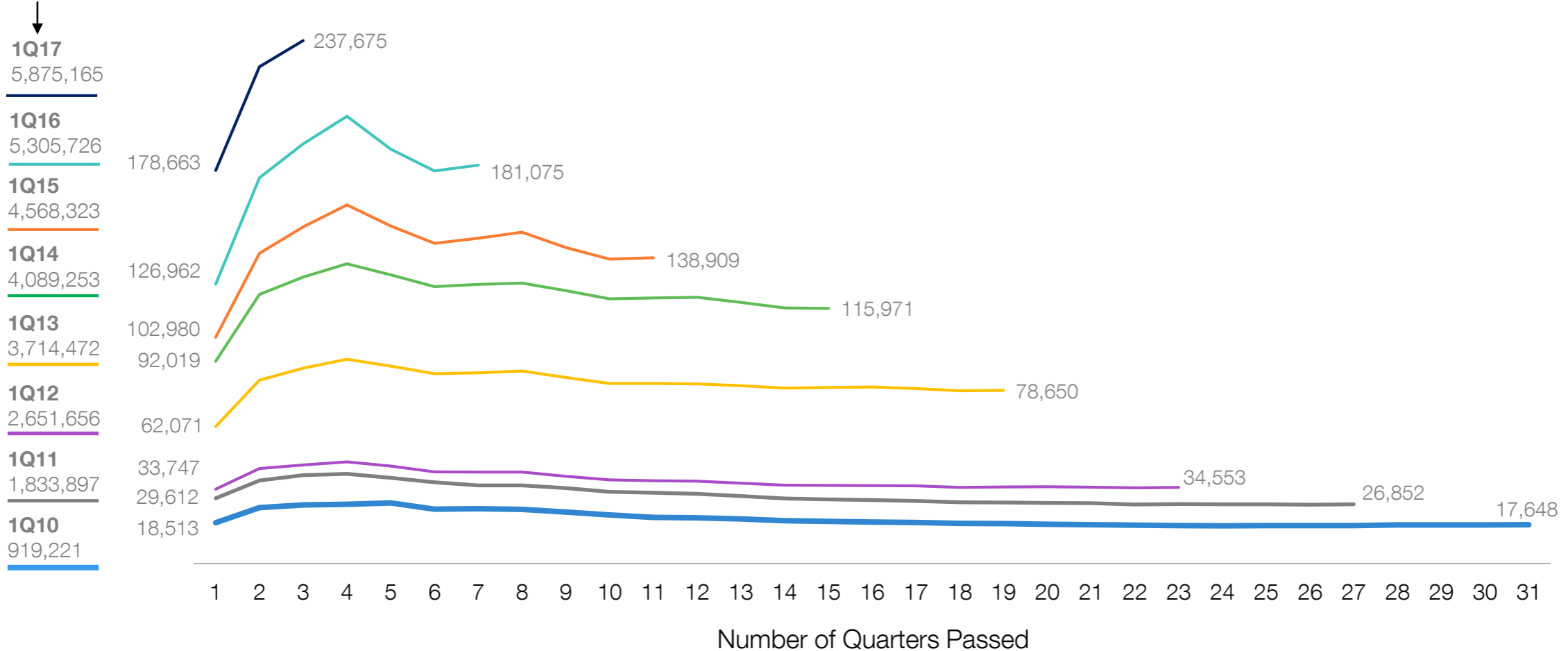


<sup>1</sup>Net cash provided by operating activities for the third quarter of 2017 was \$22.1 million, while capital expenditures totaled \$3.1 million, leading to free cash flow of \$18.9 million

# Growing With Consistent Behavior

## Active Premium Subscriptions from Q1 User Cohorts

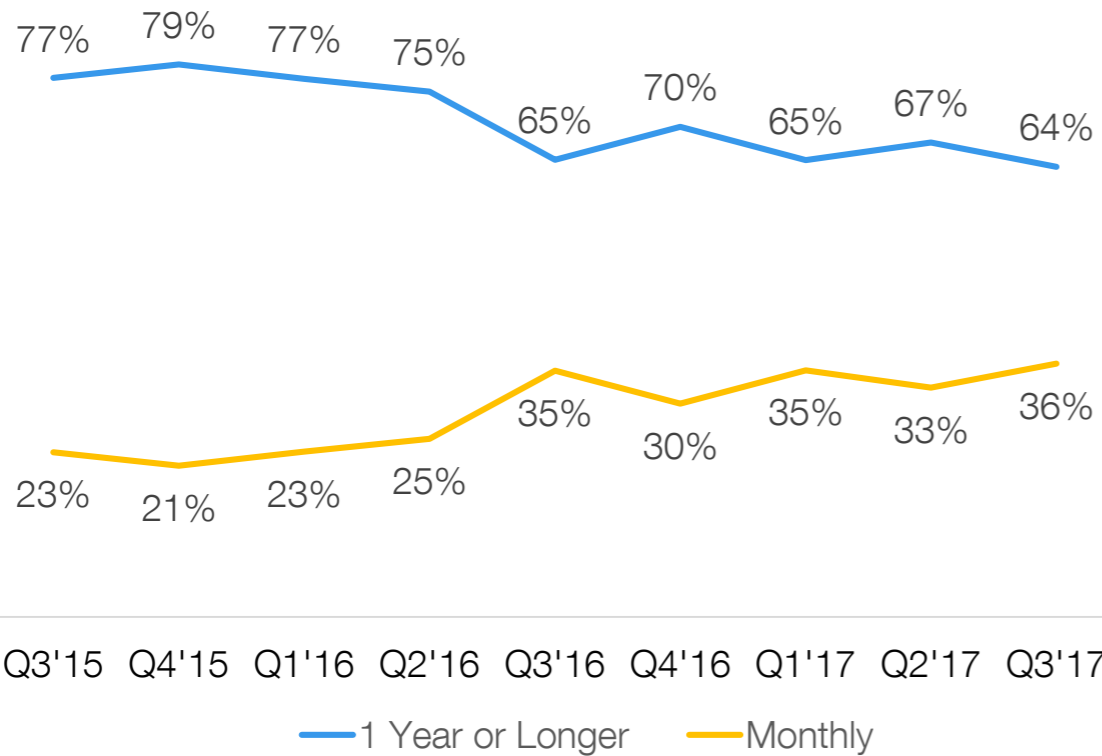
New Registered Users



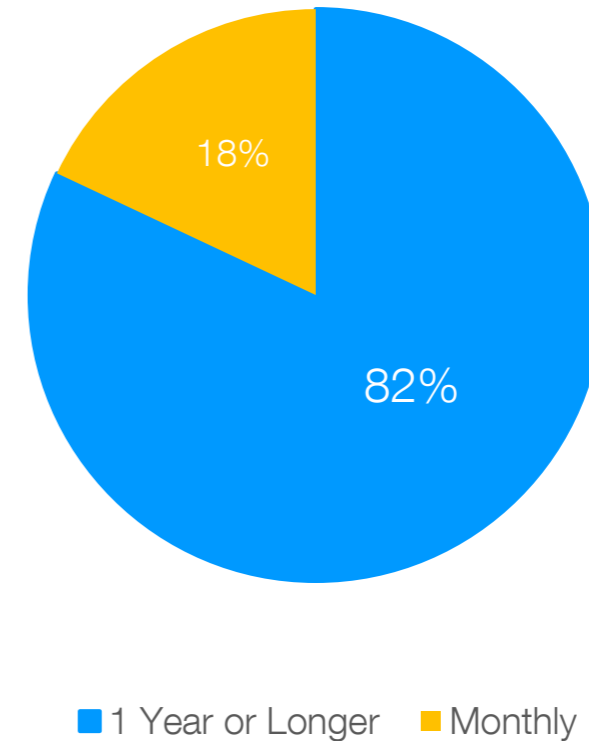
Note: Data as of September 30, 2017

# Long-Term Subscriptions

**% of Gross New Subscriptions**



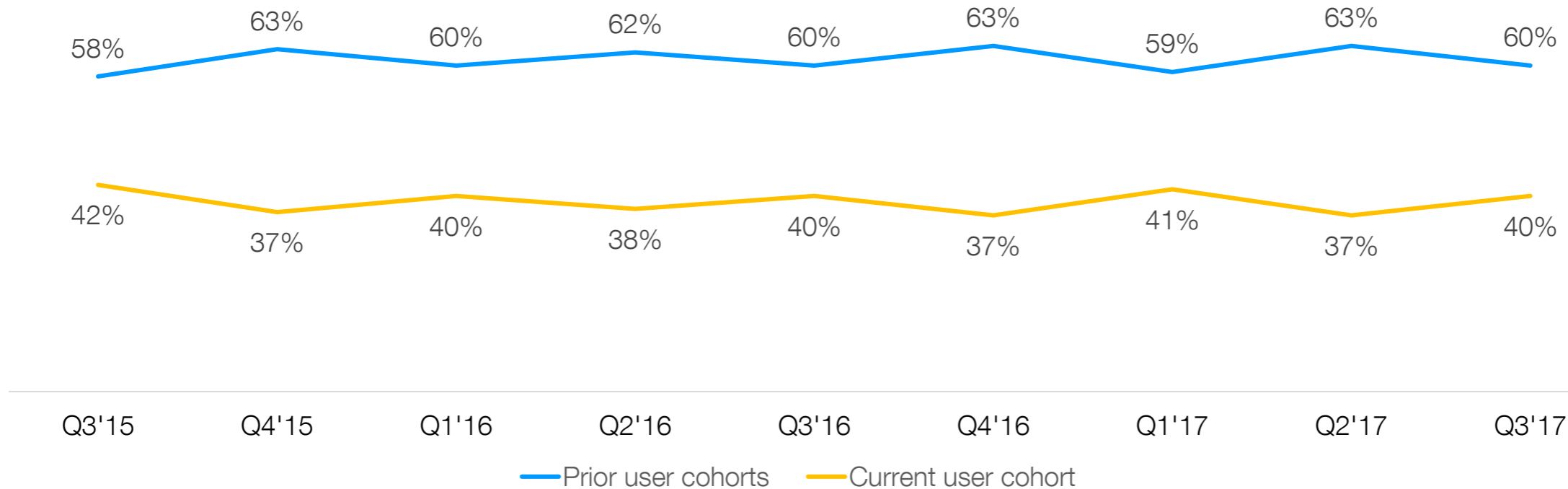
**% of Total Subscriptions**



Note: Data as of September 30, 2017

# Ongoing Cohort Conversions

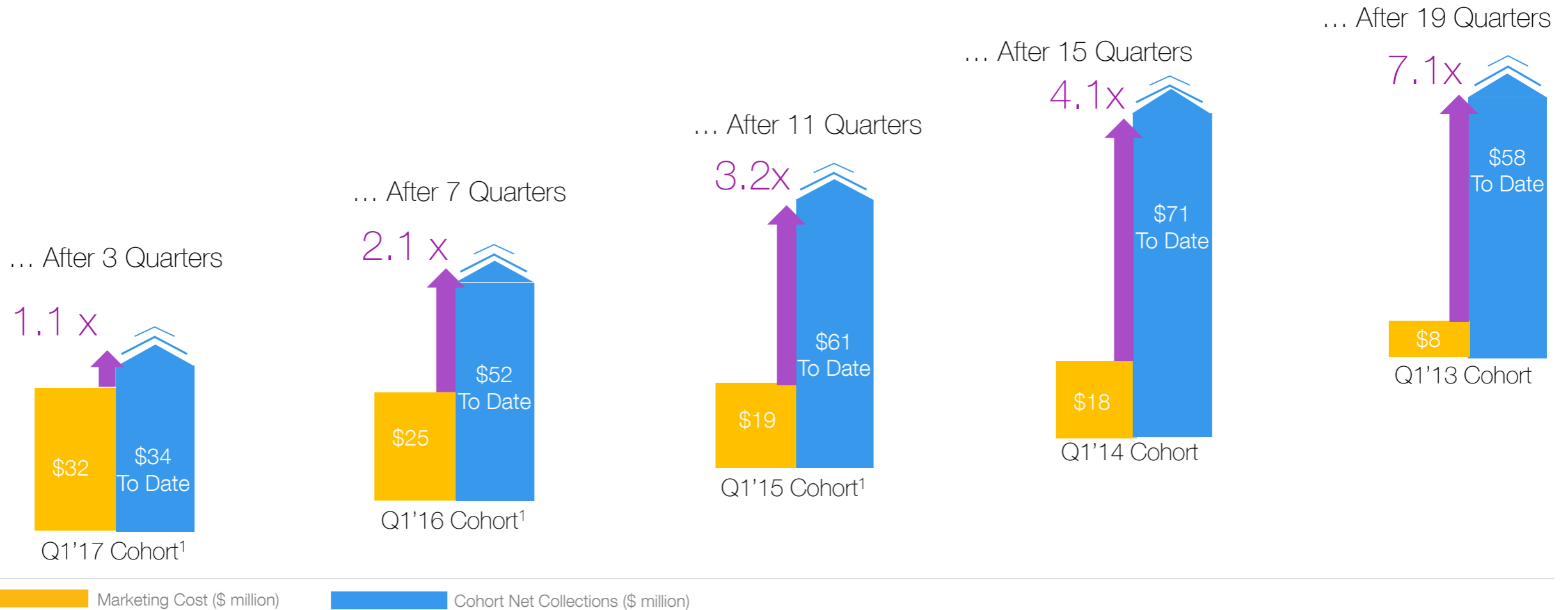
**% of Gross New Subscriptions by Prior and Current User Cohorts**



Note: Data as of September 30, 2017

# Marketing Efficiency

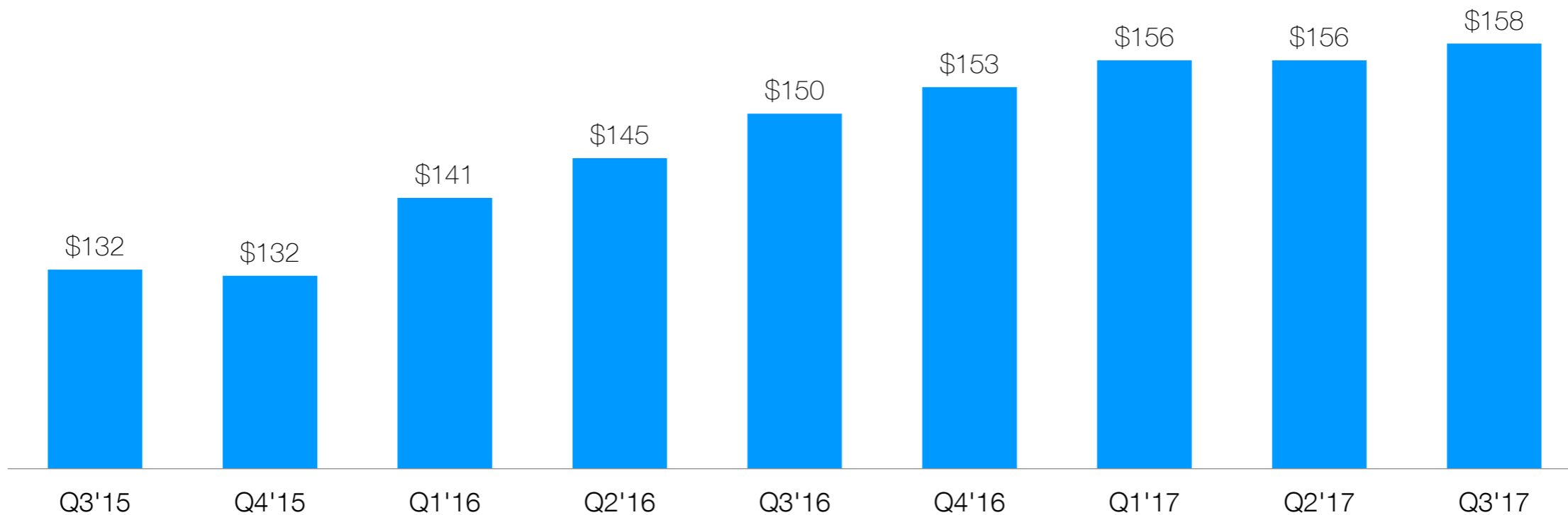
One Time Marketing, Ongoing Monthly Collections



Note: Data as of September 30, 2017

<sup>1</sup>Excludes ~\$6 million in Q1'15, ~\$7 million in Q1'16, and ~\$9 million in Q1'17 of brand marketing expenses

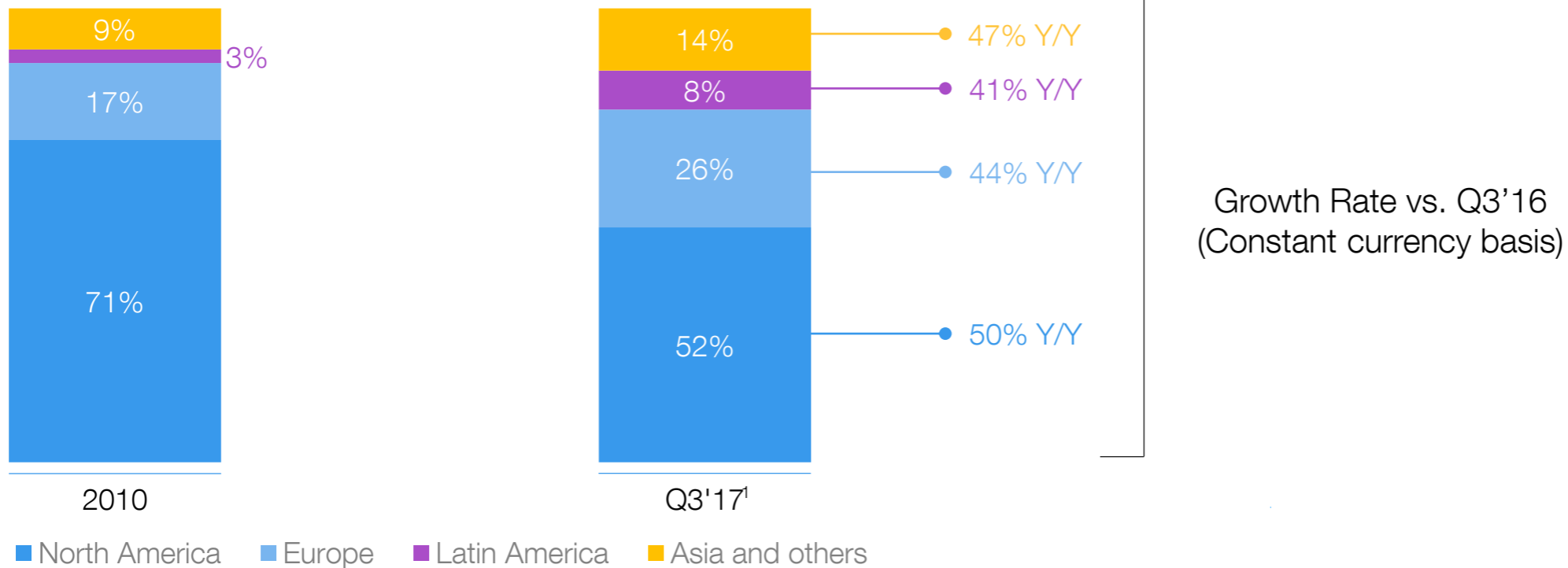
# Average Collections per New Annual Subscription



Note: Based on full-priced (excluding sales), new annual subscriptions purchased in the US for each quarter.

# Increasing Geographic Penetration

**FX-Neutral Revenue by Geography**  
(% of Total)



<sup>1</sup>Revenue by Geography and Y/Y change based on constant FX rates from Q3'16



# Non-GAAP Financial Results

in 000s	2016 Q3	2017 Q3	2014	Full Year 2015	2016
Revenues	\$ 75,611	\$ 111,031	\$ 141,841	\$ 203,518	\$ 290,103
Collections	87,270	120,119	171,255	241,687	342,069
Non-GAAP Gross Profit	65,053	93,744	116,738	169,901	246,614
<i>Gross Margin %</i>	<i>86%</i>	<i>84%</i>	<i>82%</i>	<i>83%</i>	<i>85%</i>
Non-GAAP R&D expenses	22,167	32,037	51,121	67,977	87,570
<i>% of revenues</i>	<i>29%</i>	<i>29%</i>	<i>36%</i>	<i>33%</i>	<i>30%</i>
<i>% of collections</i>	<i>25%</i>	<i>27%</i>	<i>30%</i>	<i>28%</i>	<i>26%</i>
Non-GAAP S&M expenses	38,723	49,303	95,173	116,732	151,759
<i>% of revenues</i>	<i>51%</i>	<i>44%</i>	<i>67%</i>	<i>57%</i>	<i>52%</i>
<i>% of collections</i>	<i>44%</i>	<i>41%</i>	<i>56%</i>	<i>48%</i>	<i>44%</i>
Non-GAAP G&A Expenses	5,330	8,986	11,567	14,458	19,814
<i>% of revenues</i>	<i>7%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>	<i>7%</i>
<i>% of collections</i>	<i>6%</i>	<i>7%</i>	<i>7%</i>	<i>6%</i>	<i>6%</i>
Non-GAAP Operating Income (Loss)	(1,166)	3,418	(41,123)	(29,266)	(12,530)
<i>% of revenues</i>	<i>(2%)</i>	<i>3%</i>	<i>(29%)</i>	<i>(14%)</i>	<i>(4%)</i>
<i>% of collections</i>	<i>(1%)</i>	<i>3%</i>	<i>(24%)</i>	<i>(12%)</i>	<i>(4%)</i>
Non-GAAP Net Income (Loss)	(1,569)	353	(40,246)	(31,354)	(14,817)

Non-GAAP items exclude the impact of share-based compensation expense, amortization of intangibles, withdrawn secondary expenses and acquisition-related expenses

APPENDIX

# Reconciliation of GAAP to Non-GAAP Measures

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	\$44,524	\$48,581	\$53,582	\$56,831	\$61,586	\$68,730	\$75,611	\$84,176	\$92,538	\$103,522	\$111,031
Change in deferred revenue	\$11,345	\$8,787	\$7,998	\$10,039	\$14,108	\$12,723	\$11,659	\$13,476	\$22,008	\$13,599	\$9,088
Collections	\$55,869	\$57,368	\$61,580	\$66,870	\$75,694	\$81,453	\$87,270	\$97,652	\$114,546	\$117,121	\$120,119

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GAAP Operating Loss	(\$17,328)	(\$10,774)	(\$10,370)	(\$10,163)	(\$19,768)	(\$10,490)	(\$9,032)	(\$4,742)	(\$20,471)	(\$10,563)	(\$11,454)
Share Based Compensation	\$4,048	\$3,787	\$5,322	\$5,577	\$6,137	\$6,927	\$7,163	\$7,821	\$8,982	\$11,979	\$13,035
Amortization	\$155	\$156	\$155	\$170	\$187	\$186	\$188	\$187	\$186	\$1,240	\$948
Acquisition-related Expenses & Withdrawn Secondary Expense	\$0	\$0	\$0	\$0	\$1,183	\$397	\$514	\$614	\$3,765	\$860	\$889
Non-GAAP Operating Loss	(\$13,125)	(\$6,832)	(\$4,893)	(\$4,416)	(\$12,261)	(\$2,980)	(\$1,166)	\$3,879	(\$7,538)	\$3,516	\$3,418

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GAAP Gross Profit	\$36,713	\$40,191	\$44,420	\$47,224	\$51,079	\$57,712	\$64,587	\$71,438	\$77,675	\$85,497	\$92,204
Share Based Compensation	\$295	\$250	\$428	\$380	\$428	\$475	\$466	\$429	\$506	\$695	\$783
Acquisition-related expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,040	\$757
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28	\$0	\$0
Non-GAAP Gross Profit	\$37,008	\$40,441	\$44,848	\$47,605	\$51,507	\$58,187	\$65,053	\$71,867	\$78,209	\$87,232	\$93,744

# Reconciliation of GAAP to Non-GAAP Measures

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Research and development (GAAP)	\$17,448	\$18,233	\$20,065	\$21,901	\$24,472	\$25,483	\$26,536	\$28,877	\$32,669	\$36,749	\$40,252
Options compensation	\$1,959	\$1,831	\$2,592	\$2,852	\$3,111	\$3,558	\$3,718	\$4,156	\$4,726	\$6,586	\$7,190
Acquisition-related expenses	\$0	\$0	\$0	\$0	\$1,183	\$397	\$514	\$614	\$1,713	\$860	\$889
Amortization	\$105	\$106	\$105	\$120	\$137	\$136	\$138	\$137	\$136	\$138	\$136
Non-GAAP research and development	\$15,383	\$16,297	\$17,368	\$18,929	\$20,041	\$21,392	\$22,167	\$23,970	\$26,094	\$29,165	\$32,037
Selling and marketing (GAAP)	\$32,006	\$28,237	\$29,437	\$30,330	\$40,454	\$36,026	\$40,010	\$40,022	\$54,329	\$48,016	\$51,184
Options compensation	\$599	\$697	\$861	\$920	\$981	\$1,122	\$1,237	\$1,213	\$1,419	\$1,778	\$1,826
Acquisition-related expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$611	\$0	\$0
Amortization	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$62	\$55
Non-GAAP selling and marketing	\$31,357	\$27,490	\$28,526	\$29,359	\$39,423	\$34,854	\$38,723	\$38,759	\$52,249	\$46,176	\$49,303
General and administrative (GAAP)	\$4,587	\$4,495	\$5,288	\$5,156	\$5,921	\$6,693	\$7,073	\$7,281	\$11,148	\$11,295	\$12,222
Options compensation	\$1,195	\$1,009	\$1,441	\$1,424	\$1,617	\$1,772	\$1,743	\$2,022	\$2,331	\$2,920	\$3,236
Acquisition-related expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,413	\$0	\$0
Non-GAAP general and administrative	\$3,392	\$3,486	\$3,847	\$3,733	\$4,304	\$4,921	\$5,330	\$5,259	\$7,404	\$8,375	\$8,986

# Reconciliation of GAAP to Non-GAAP Measures

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GAAP Net Loss	(\$16,026)	(\$12,279)	(\$11,724)	(\$11,305)	(\$19,912)	(\$11,420)	(\$9,643)	(\$6,182)	(\$20,885)	(\$14,264)	(\$14,519)
Share Based Compensation	\$4,048	\$3,787	\$5,322	\$5,577	\$6,137	\$6,927	\$7,163	\$7,821	\$8,982	\$11,979	\$13,035
Amortization	\$155	\$156	\$155	\$170	\$187	\$186	\$188	\$187	\$186	\$1,240	\$948
Acquisition-related Expenses & Withdrawn Secondary Expense	\$0	\$0	\$0	\$0	\$1,183	\$397	\$514	\$614	\$3,765	\$860	\$889
Tax benefit related to exercise of options	\$112	\$178	\$159	\$162	\$175	\$197	\$208	\$258	\$0	\$0	\$0
Non-GAAP Net Loss	(\$11,711)	(\$8,159)	(\$6,088)	(\$5,396)	(\$12,230)	(\$3,713)	(\$1,571)	\$2,697	(\$7,952)	(\$185)	\$353

in 000s	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net cash provided by operating activities	(\$581)	\$5,248	\$6,687	\$9,522	(\$925)	\$11,314	\$10,470	\$19,714	\$16,397	\$19,651	\$22,063
Capital expenditures, net	(\$2,081)	(\$1,851)	(\$1,285)	(\$1,125)	(\$1,209)	(\$1,129)	(\$1,046)	(\$1,031)	(\$1,616)	(\$2,239)	(\$3,128)
Free Cash Flow	(\$2,662)	\$3,397	\$5,402	\$8,397	(\$2,134)	\$10,185	\$9,424	\$18,683	\$14,781	\$17,412	\$18,935