



Third Quarter 2016

WIX.com

Shareholder Update

Wix maintained very strong momentum in our business from the first half of the year and delivered another exceptional quarter. We exceeded the top-end of our outlook across all key financial metrics and set new records for revenue, collections and adjusted EBITDA. This quarter was highlighted by continued growth in excess of 40%, an all-time high in conversion and collections per new subscription, increased adoption of our vertical applications, and continued acceleration in our US business.

In addition to our outstanding financial performance, we took greater market share in the US through targeted branding campaigns and direct acquisition, and we further extended our technology leadership with global launches of Wix Artificial Design Intelligence (Wix ADI) and the mobile Wix App.

We are materially raising our full year financial outlook as we have greatly exceeded our initial growth expectations from the start of 2016, and we are even more optimistic on our ability to drive improvements in conversion and collections per new subscription than we were at the end of last quarter.

Third Quarter Highlights

Continued strong execution drove record performance, and our focus on product and technology, as well as our effective marketing and branding, drove further improvement in our key performance metrics:

- Registered Users increased 5.0 million during the quarter, bringing our total user base to 92.4 million.
- Premium Subscriptions increased 40% year over year to 2.3 million. We added 174,000 net premium subscriptions during the quarter – our second highest quarter ever.
- Conversion of new registered users to paid subscriptions improved in Q3 compared to Q2 and reached an all-time high.

Third Quarter Financial Highlights

Collections

\$87.3 Million (+42% y/y)

GAAP Revenue

\$75.6 Million (+41% y/y)

Free Cash Flow

\$9.4 Million (+74% y/y)

Registered Users

92 Million (+28% y/y)

Premium Subscriptions

2.3 Million (+40% y/y)

- Collections per new subscription increased for the third consecutive quarter and was 14% higher than at the end of last year due to a greater mix of subscriptions with a vertical application attached and increasing App Market purchases.

Exceeded high end of guidance ranges with strong top-line growth and record Adjusted EBITDA. Collections continued to grow in excess of 40% year over year while exceeding the top end of our outlook and setting a new record. Adjusted EBITDA was positive for the sixth consecutive quarter, to a record \$11.4 million, and we continued to generate positive free cash flow. Our unique combination of scale, high-growth and positive cash flow is a direct result of continued product innovation and marketing execution.

Strong initial results from Wix ADI. We made Wix ADI available in English to all users globally in late August. Since the release, we have seen an improvement in our overall conversion rate, as well as a dramatic reduction in the time it takes our users to build a website on Wix. In addition, we have seen a meaningful increase in adoption of our vertical applications. We continue to make enhancements to the product and are even more excited by the potential of Wix ADI than we were when we first unveiled it publicly.

US business accelerated and we continue to take greater market share.

Collections growth in the US accelerated to 48% year over year as we took additional market share from our competitors. Our largest market is stronger than ever as our brand and superior technology platform continues to resonate strongly with small businesses.

Strong beat drove a significant increase in annual financial outlook. We are on a significantly higher trajectory than we expected at the beginning of the year when we introduced our full year guidance and are increasing our full year outlook by a significant margin. Our consistent outperformance is proof that

Third Quarter Financial Performance

	Actual Results	Prior Guidance
GAAP Revenue	\$75.6 million	\$72-73 million
Collections	\$87.3 million	\$83-84 million
Adj. EBITDA	\$11.4 million	\$9-10 million

our focus on product innovation and efficient marketing execution leads to strong financial results.

Financial Performance

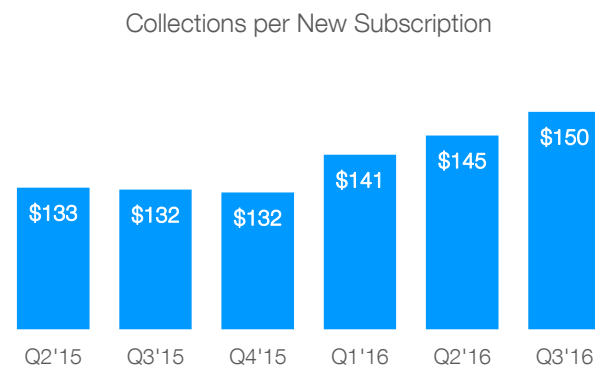
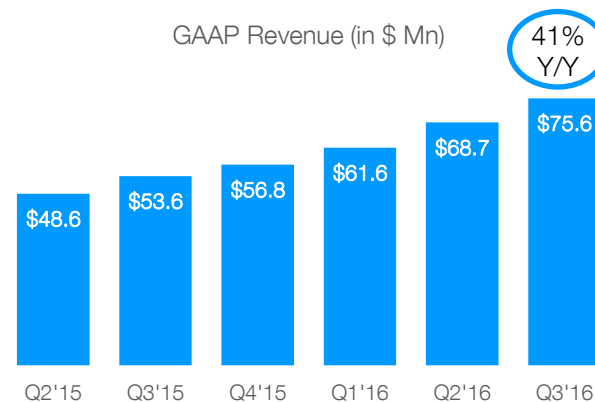
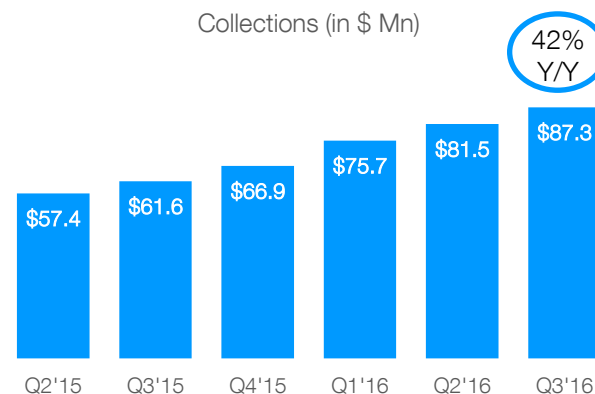
Collections were up 42% year over year to \$87.3 million in Q3, above the high end of our guidance range of \$83-84 million and above our prior record for collections in a quarter of \$81.5 million set in Q2. Collections on a year over year constant currency basis were \$88.0 million, an increase of 43% over last year.

GAAP revenue was up 41% year over year to \$75.6 million and also exceeded the high end of our prior guidance. GAAP revenue on a year over year constant currency basis was \$76.2 million, a year over year increase of 42%.

Our top-line growth remains very strong and we continue to grow at a faster rate than at the start of the year. In fact, we remain on pace to grow our top-line year over year at virtually the same rate in 2016 as we did in 2015. Our better-than-expected top line performance this quarter was a result of continued improvements in conversion of registered users to premium subscriptions and higher collections per new premium subscription.

Collections per new subscription increased for the third consecutive quarter and was \$18 higher (14%) than at the start of the year. We continue to see a greater mix of new subscriptions with a vertical application attached, in particular Wix Bookings and Wix Stores. We also continue to see more activity in our App Market with app purchases in the quarter up 63% year over year. These trends are a testament to the tremendous value small businesses find in the new products and services we introduced this year and our ability to offer business increasing functionality.

Our business was exceptionally strong in the US, our largest and most competitive market. **US Collections growth accelerated to 48% year over year**



Source: Data based on New Annual Subscriptions; US Only

due to strong adoption of our vertical applications and continued improvement in conversion. Our growth in the US is even more impressive given our scale with over 50% of our revenue coming from the US.

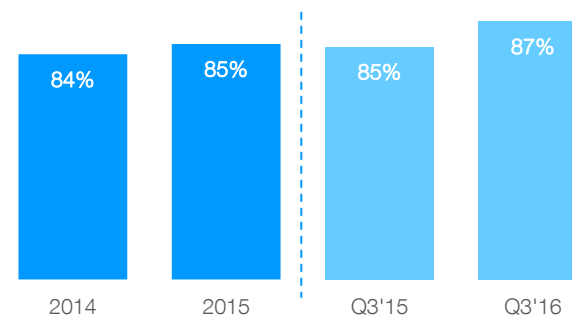
Our gross margin on a non-GAAP basis was 86% of revenue in Q3 compared to 84% last year and was 87% of collections, compared to 85% in Q3 last year. Our performance this quarter was consistent with the long-term target we shared at our analyst day in Q2'16.

R&D expense in the quarter on a non-GAAP basis was \$22.2 million compared to \$17.4 million in Q3 last year. The increase was primarily due to headcount increases to support our new product initiatives, including Wix ADI and a second major product. We still plan to soft-launch this product in 2016 and fully launch it publicly by spring of 2017. R&D expense was 25% of collections compared to 28% of collections in Q3 last year and 26% in Q2 2016. Our top line continues to grow faster than our R&D expense and **we continue to generate incremental leverage on our technology investments on a year over year basis.** We still expect R&D at 26% of collections in 2016 and are tracking very well against our target of 18-20%.

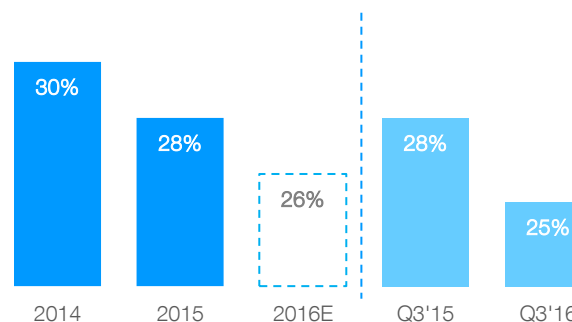
S&M expense during the quarter was \$38.7 million on a non-GAAP basis, up from \$28.5 million last year as we continued to invest marketing globally to grow our user base and increase our overall brand awareness while remaining within our Time to Return on Investment (TROI) target range. Our strong top-line performance enabled us to invest more in marketing to grow our users during the quarter. We also incurred production and media costs for the global marketing launch of Wix ADI, and we supported the launch of new products including the Wix App and the Wix Pro Gallery.

We continue to realize significant marketing leverage as S&M expense was 44% of collections compared to 46% of collections in the same quarter last year. We expect S&M in the range of 43-45% of collections for the full year

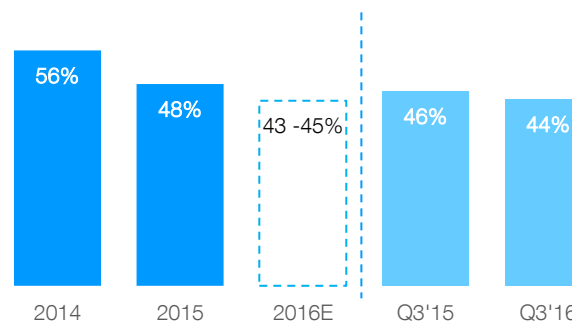
Non-GAAP Gross Profit as a % Collections



Non-GAAP R&D as a % Collections



Non-GAAP S&M as a % Collections



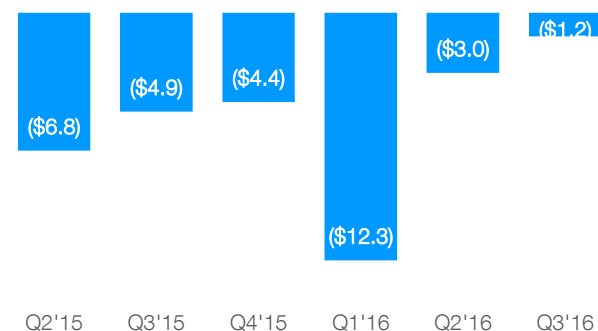
2016 compared to 48% in 2015 and we continue to progress towards our long-term target of 30%.

We are constantly optimizing our channel and geographic mix to drive faster return on our marketing dollars. In Q3, we maintained our marketing efficiency while still growing our investment 36% year over year, a significant achievement. **Our ability to increase our global marketing efforts while remaining within our TROI target range is a testament to the increasing efficiency of our direct response advertising, increased brand awareness and the continued improvement in our product.**

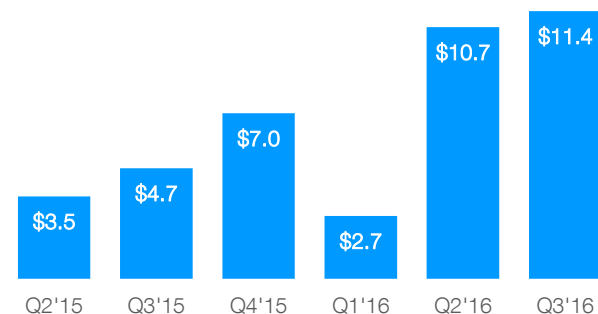
GAAP operating loss was \$9.0 million compared to \$10.4 million in the third quarter a year ago. On a non-GAAP basis, operating losses were \$1.2 million compared to \$4.9 million in the third quarter last year. As we discussed last quarter, beginning in 2017 we plan to report actual results and guide future performance for non-GAAP operating income. Please refer to the supplemental data sheet on our investor relations website for a breakout of our historical performance on a non-GAAP operating income basis. We believe non-GAAP operating income provides greater transparency of our business and increases the comparability of our results with peers.

Adjusted EBITDA was \$11.4 million, up from \$4.7 million in the same quarter a year ago and above our prior record of \$10.7 million set in Q2 2016. **Q3 marks the sixth consecutive quarter of positive Adjusted EBITDA.** As a percent of collections, our Adjusted EBITDA margin was 15% in Q3 compared to 9% last quarter. Our performance this quarter once again exceeded the high end of our guidance range of \$9-10 million, as it has in each quarter since we became a public company. As a reminder, we will no longer report Adjusted EBITDA as a non-GAAP metric beginning with our Q1 2017 earnings release.

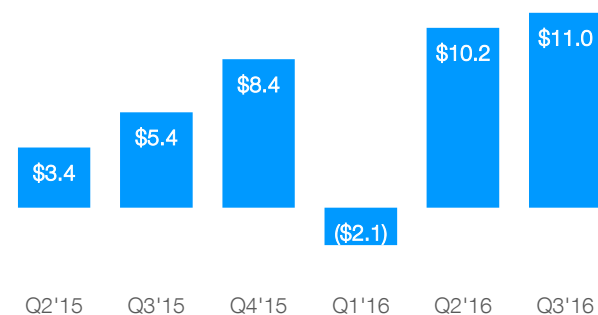
Non-GAAP Operating Loss (in \$ Mn)



Adjusted EBITDA (in \$ Mn)



Free Cash Flow (in \$ Mn)



Free cash flow during the quarter grew to \$9.4 million from \$5.4 million in Q3 2015, an increase of 74% over last year. Our cash balance at the end of Q3 was \$145 million, and we ended the quarter with 1,312 employees

Registered Users and Premium Subscriptions

Our user cohorts contain an incredible amount of financial value without any further investment in marketing. We expect our existing user cohorts to generate over \$1.6 billion in value over the next six years.

Our user cohorts also exhibit negative churn. Our freemium business model combined with an outstanding product experience and high value we provide our subscribers creates cohorts that exhibit negative churn.

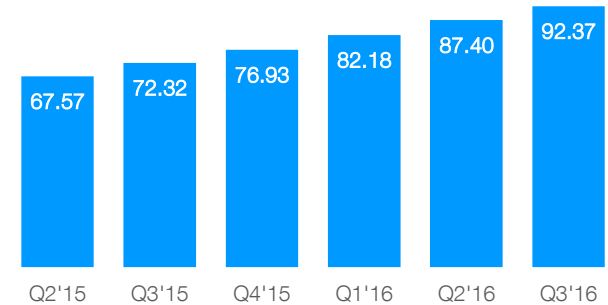
In Q3, we added five million new registered users, bringing our total registered user base to 92 million. **This is the third consecutive quarter we have grown our user base by 5 million**, and over the last four quarters, we have added over 20 million registered users. Our ability to consistently grow our user base at such a healthy pace is the direct result of the execution of our direct marketing strategy and the rapidly growing awareness of our brand.

We added 174,000 net premium subscriptions in Q3, compared to 140,000 in Q3 last year, and we ended the quarter with 2.3 million subscriptions. Q3 was our second strongest net additions quarter to date as we **converted new and existing registered users into premium subscriptions at a higher rate than ever before**.

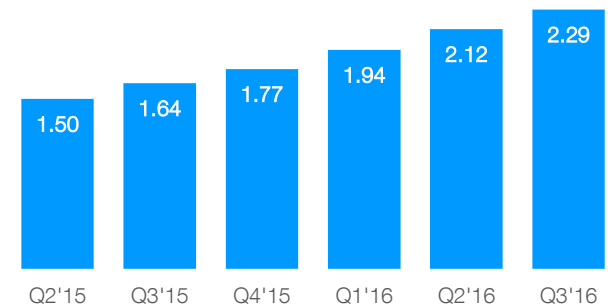
In Q3, 60% of our new subscriptions came from users who joined in prior quarters. These new subscriptions consist of users that had already registered with Wix, were using our product, and required no significant additional marketing dollars to convert.

In Q3, 65% of new subscriptions purchased were for periods of one year or more, with the remaining 35% being monthly subscriptions. As of the end of

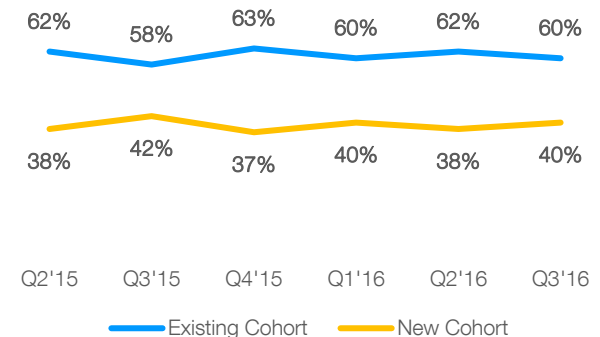
Registered Users (in Mn)



Premium Subscriptions (in Mn)



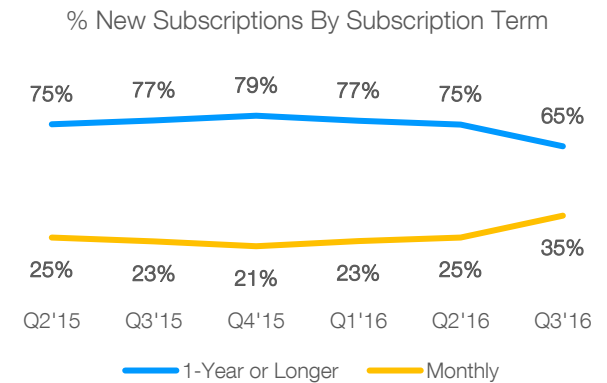
% New Subscriptions By Cohort



Q3, 83% of our total subscriptions are annual or longer. The change in mix of new subscriptions by subscription term was driven by a change in promotional activity in Q3, as well as ongoing optimization of our acquisition funnel that we first implemented in Q2 and that enabled us to successfully capture more monthly subscriptions over the past two quarters. Our success of capturing more monthly subscriptions was incremental to the strong growth we continue to see in purchases of annual and longer duration subscriptions.

We are encouraged by the incremental monthly subscriptions added to our platform as users that subscribe to monthly packages are able to experience our full product for a very affordable price, many times leading to a longer term subscription in the future.

We ended Q3 with over 305,000 e-commerce subscriptions compared to 225,000 in the same quarter last year. Subscriptions with a vertical application attached continue to grow well ahead of our overall subscriptions as our product continues to attract more merchants and small businesses to our platform.

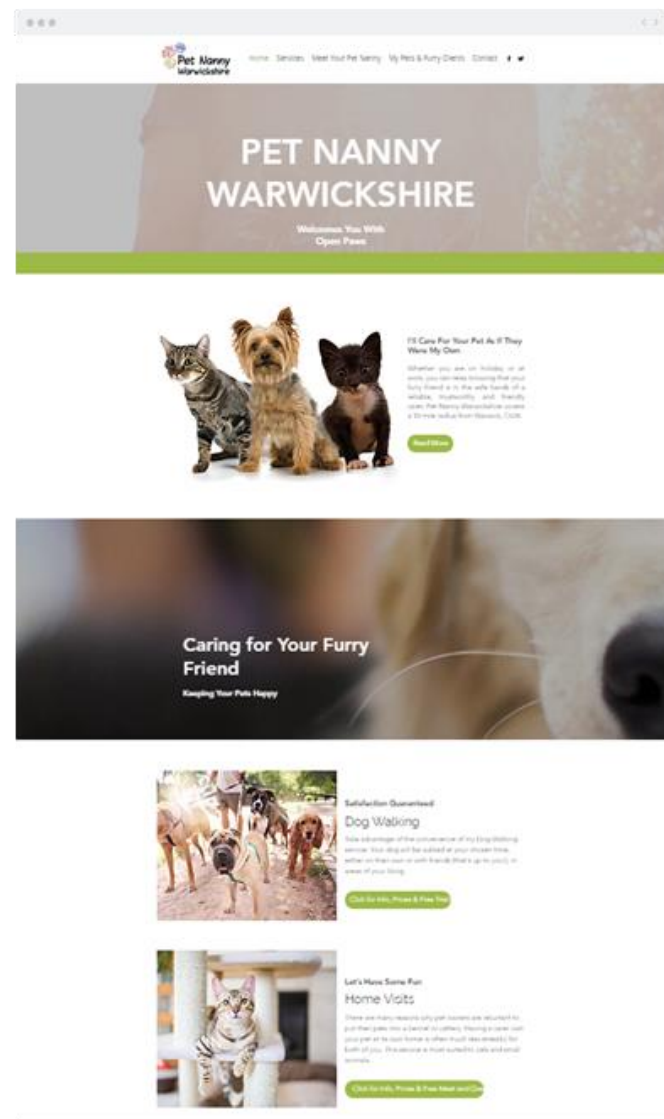


Product Updates

Developing new products that enable business owners to easily create, manage and grow their businesses online is our highest priority. Technology innovation is our core competency, and we continue to demonstrate technology leadership in our industry. We have countless product improvements planned for the months ahead, and we remain confident that our brand and our industry leading OS will continue to resonate with small businesses. Below are the key product enhancements made during Q3.

Wix Artificial Design Intelligence. Wix ADI was made globally available in English in late August. The initial engagement has been better than expected, and we are amazed by the number of new websites created each day by our users. We are enabling users to create a site with Wix who may not previously have had the resources to do so. Since the global release in late August, we have seen several very encouraging trends emerge. Specifically, the average time it takes a user to build a website on Wix has reduced, our overall conversion has continued to improve, and we have seen an increase in the adoption of vertical applications.

- Enhancing our funnel: Our overall conversion of registered users to paid subscriptions is at an all-time high. The combination of Wix ADI and our traditional Editor has dramatically enhanced our funnel, and we are seeing many users benefiting from both. In fact, we are seeing very strong conversion of users that start with Wix ADI and move to the Editor. We plan to roll out additional functionality to Wix ADI in the coming months that will continue to drive conversion.
- Building better, faster: The percent of users that have created a website within the first day is trending up meaningfully compared to last year. Quite simply, it is easier than ever for businesses to get online with Wix, and our users are building stunning websites in less time than ever before. The satisfaction of creating a website is an important milestone



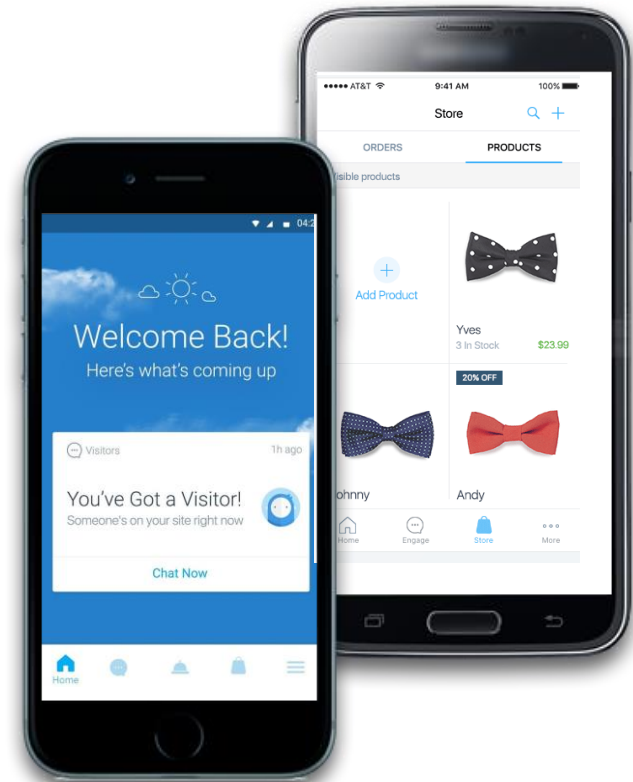
for our registered users and a critical step towards eventually converting to a paid subscription.

- Proliferation of vertical applications: We continue to see growing adoption of applications by users and purchases of packages with a vertical applications attached. In Q3, we saw an increase of nearly 20% in subscriptions that activated one of our vertical applications as Wix ADI curates apps to enable business owners to more-effectively manage their day-to-day activities and grow their business online.

Wix ADI is the culmination of years of development by our team of engineers, as well as nearly a decade of design experience by our studio. With the successful launch of Wix ADI, we again proved that we are leading our industry with a combination of technology, design, and innovation.

Wix Pro Gallery. We launched Wix Pro Gallery, enabling photographers and designers to create stunning online portfolios of their images, video, and text. Wix Pro Gallery provides the most professional gallery tools available on the web, giving users complete control over the quality and distribution of their online images. To mark the launch, we teamed up with Condé Nast to give three Wix photographers the opportunity to shoot the cover of the magazines *BRIDES* and *Condé Nast Traveler*, and to assist on a *Vanity Fair* cover shoot.

Wix App. We launched the Wix App for iOS and Android. The Wix App is the mobile interface for the WixOS that enables Wix users to manage and grow their businesses on the go. The app streamlines many day-to-day activities and keeps business owners up-to-date through real-time notifications on a mobile device. The app also introduces new ways for business owners to stay engaged with site visitors, via Live Chat, and with existing customers, via Wix Engage. The Wix App reflects users' demand for robust mobile functionality and positions Wix as the premier provider of OS solutions for small businesses around the world.



Business Outlook

We are again raising our full year outlook for all key metrics by a significant amount as our financial performance in Q3 greatly exceeded our own expectations. As a reminder, our forward looking statements are based on current expectations and assumptions.

Looking ahead to next year, the consistent execution of our mission to deliver the most comprehensive operating system for small businesses, along with our effective marketing strategy and disciplined financial management positions us very well for another year of exceptional top-line growth, strong margin expansion, and positive cash flow. We will continue to develop and release new products that resonate with our users and grow our brand globally. We will provide more details on our financial outlook for 2017 on our next earnings call in February.

For 2016, we now expect the following:

- Collections in the range of \$337 to \$338 million, representing annual growth of 39% - 40%, compared to 41% growth in 2015. Our revised outlook is an increase from our prior full year range of \$327 to \$330 million. Our collections guidance is approximately \$3.5 million higher, or \$340.5 to \$341.5 million on a constant-currency basis. This is slightly higher than we projected in Q2 2016 due to continued depreciation in the GBP against the US dollar.
- Revenue in the range of \$287 to \$288 million, an increase from our prior range of \$278 to \$280 million.
- Adjusted EBITDA in a range of \$38.5 to \$39.5 million, an increase from our prior outlook of \$34 to \$36 million.

Updated 2016 Financial Outlook

(in \$ mn)	Prior Guidance	Updated Guidance	Y/Y growth
Revenue	\$278 - \$280	\$287 - \$288	41% - 42%
Collections	\$327 - \$330	\$337 - \$338	39% - 40%
Adjusted EBITDA	\$34 - \$36	\$38.5 - \$39.5	162% - 168%

- non-GAAP Operating Income ~\$1 million in Q4'16
- Positive non-GAAP Operating Income in 2017

- We are also updating our guidance for stock based compensation expense, which we now expect to be approximately \$28.5 million for the full year.

For the fourth quarter of 2016, we expect the following:

- Collections of \$93 to \$94 million, representing 39% to 41% year over year growth. We do not expect year over year changes in FX rates to have a material impact on Q4 collections.
- Revenue in the range of \$81 to \$82 million, representing 43% to 44% annual growth.
- Adjusted EBITDA of \$14 to \$15 million. This will be the last quarter that we provide guidance for Adjusted EBITDA.
- For the fourth quarter, we also expect to be profitable by approximately \$1 million on a non-GAAP operating income basis.

We are very excited about our momentum as we begin to look ahead to 2017. Our investment in product development led to several product launches throughout the year, driving continued improvements in conversion and collections per new subscription. These improvements have allowed us to continue to grow our investment in marketing and brand development while remaining within our targeted return levels.

With subscriptions and collections expected to continue growing at very healthy levels, we anticipate that we will generate positive non-GAAP operating income for the full year 2017. We will provide a more detailed look into 2017, including formal guidance, on our Q4 earnings call in February.

Conference Call and Webcast Information

Wix.com will host a conference call at 8:30 a.m. ET on Thursday, November 10, 2016 to answer questions about the financial and operational performance of the business during the third quarter 2016. The conference call will include a brief statement by management and will focus on answering questions about our results during the quarter. To enhance the Q&A portion of this call, the company has posted a shareholder update, supplemental data sheet and supporting slides to its Investor Relations website at <https://investors.wix.com/results.cfm>. These materials provide shareholders and analysts with additional detail for analyzing results in advance of the quarterly conference call.

To participate on the live call, analysts and investors should dial 866-393-4306 (US/Canada), 734-385-2616 (International) or 1-809-315-362 (Israel) at least ten minutes prior to the start time of the call. A telephonic replay of the call will be available through November 15, 2016 at 11:59 p.m. ET by dialing 855-859-2056 (US/Canada) or 404-537-3406 (International) and providing Conference ID: 92202490.

Wix will also offer a live and archived webcast of the conference call, accessible from the “Investor Relations” section of the Company’s website at <https://investors.wix.com/>.

Forward-Looking Statements

This press release 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 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 press release are based on management’s current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict 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; 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 2015 annual report on Form 20-F filed with the Securities and Exchange Commission on April 13, 2016. Any forward-looking statement made by us in this press release 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.

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, collections and revenue on a constant currency basis, adjusted EBITDA, non-GAAP operating loss, free cash flow, non-GAAP net loss and non-GAAP net loss per share (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. We adjust collections and revenue to measure them on a constant currency basis by assuming the same exchange rates as the prior period applied to the reported figures in the current period. Non-GAAP operating 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 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 loss per share represents non-GAAP net loss divided by the weighted average number of shares used in computing GAAP loss per share. Adjusted EBITDA is defined as cash flow from operations before changes in working capital, prepaid domain registration costs, interest, bank charges and other financial expenses (income), net unrealized losses (gains) on hedging transactions, other income (expenses), taxes on income, and other unusual or non-recurring expenses. Free cash flow is defined as 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 it provides 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 our press release and in our earnings slides. These tables have 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 adjusted EBITDA 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.