



**First Quarter 2017**

**WIX.com**

**Earnings Results**

# Safe Harbor

## 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, 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; 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 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

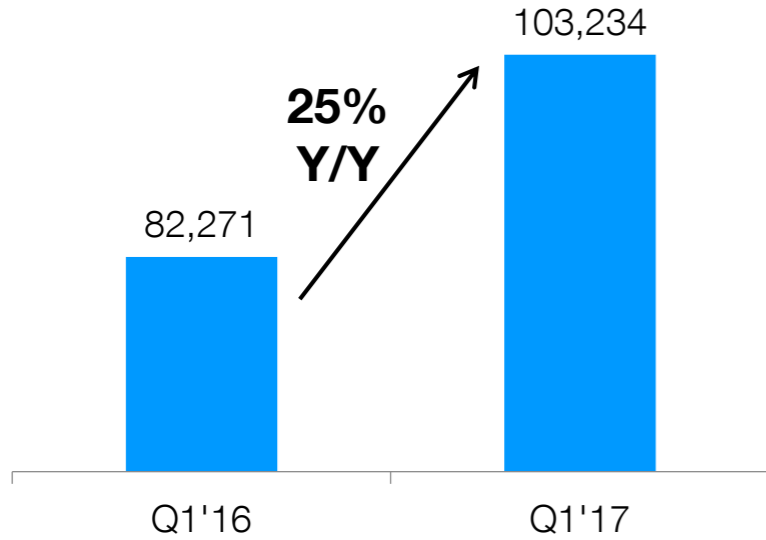
To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, Wix uses the following non-GAAP financial measures: collections, collections and revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating loss, free cash flow, non-GAAP 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. Only in this presentation, we adjust both collection and revenue by geography to measure them on a constant currency basis by assuming the same exchange rates as the prior periods applied to the reported figures in the current period. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense and acquisition-related costs divided by revenue. 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. 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.

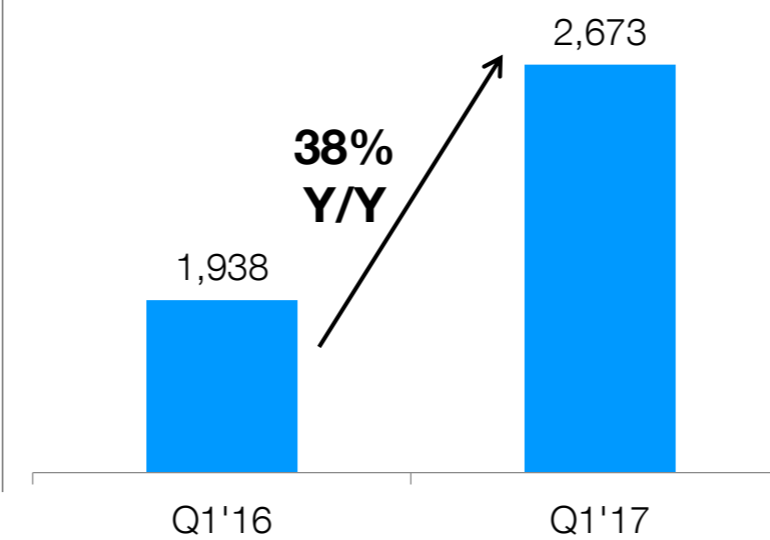
For more information on the non-GAAP financial measures, please see the “Reconciliation of GAAP to Non-GAAP Financial Measures” table in our press release. This accompanying table has more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the 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.

# Key Metrics: Q1'17

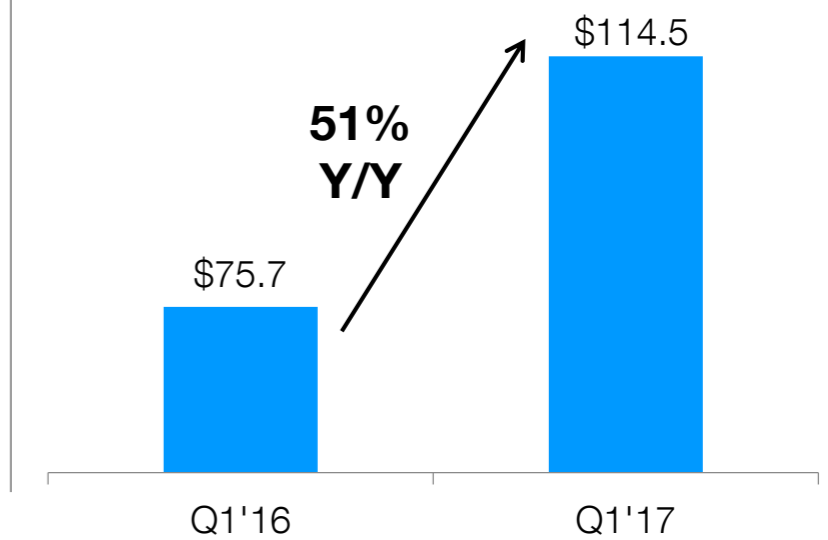
**Registered Users**  
(000s)



**Premium Subscriptions**  
(000s)



**Collections**  
(\$ million)



→  
**Improvement  
in Conversion**

→  
**Improvement  
in ACPS**

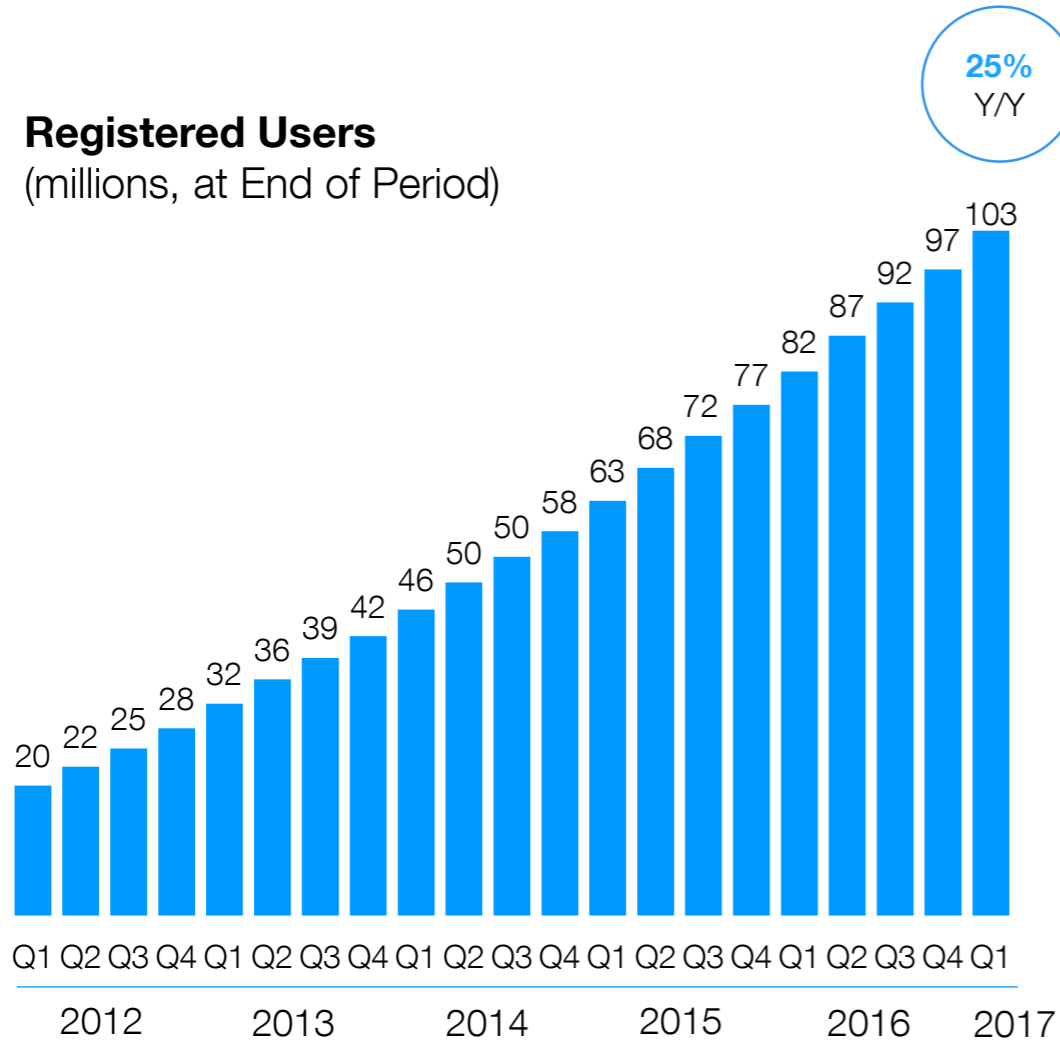
# Q1'17 Highlights

- GAAP revenue of \$92.5 million, 50% Y/Y growth, **exceeding prior guidance** of \$89-90 million
- Collections of \$114.5 million **exceeded prior guidance** of \$107-109 million; 51% Y/Y growth is an acceleration from last quarter
- **Net premium subscription additions were 208,000**; Total subscriptions are up 38% Y/Y to 2.7 million
- Non-GAAP gross margin up Y/Y to 86.6% of Collections compared to 85.7% in Q1'16
- Free Cash Flow was \$14.8 million compared to \$(2.1) million in Q1'16 – Free Cash Flow was \$17.5 million without DeviantArt
- **Agreed to acquire DeviantArt:** DeviantArt is the world's largest online community dedicated to artists, art enthusiasts and designers. Wix intends to provide technology and marketing expertise to the DeviantArt universe to enable its users to further their reach and increase engagement, both online and on mobile.
- **Launched Multi-Country Campaign with Manchester City All-Stars in Latin America:** Wix and Manchester City teamed up for an campaign, featuring the Club's star players, to reward a Wix user in Latin America.
- **Announcing Timeline for New Platform-Wide Product:** Wix intends to launch a closed beta of a new major product in June and publicly reveal the product in the following months.
- **Global E-commerce platform:** E-commerce subscriptions reached 357,000 during the quarter
- **Continued mobile growth:** Over 24 million mobile sites created on the Wix platform to date
- **Increasing App engagement:** App purchases were up 41% Y/Y in Q1'17; To date, users have installed over 66 million apps

# Users and Subscriptions

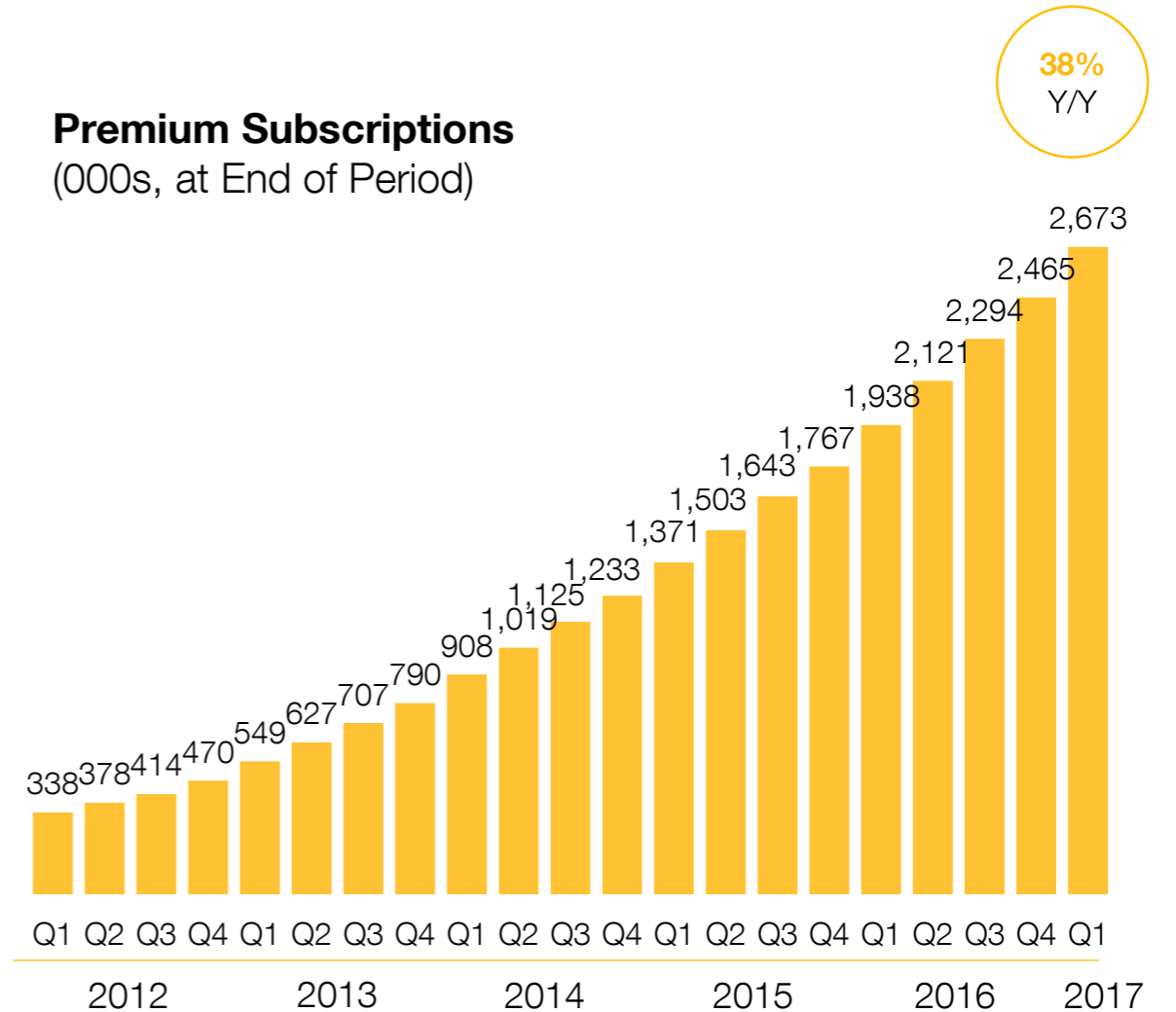
## Registered Users

(millions, at End of Period)



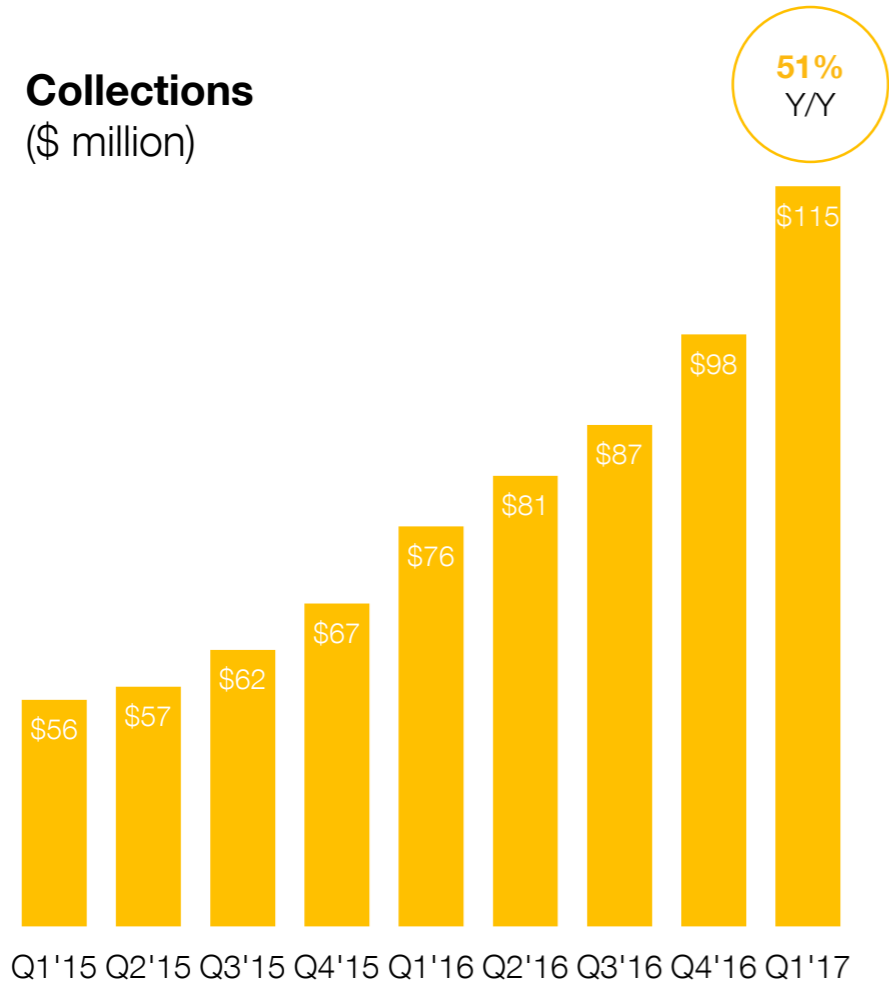
## Premium Subscriptions

(000s, at End of Period)

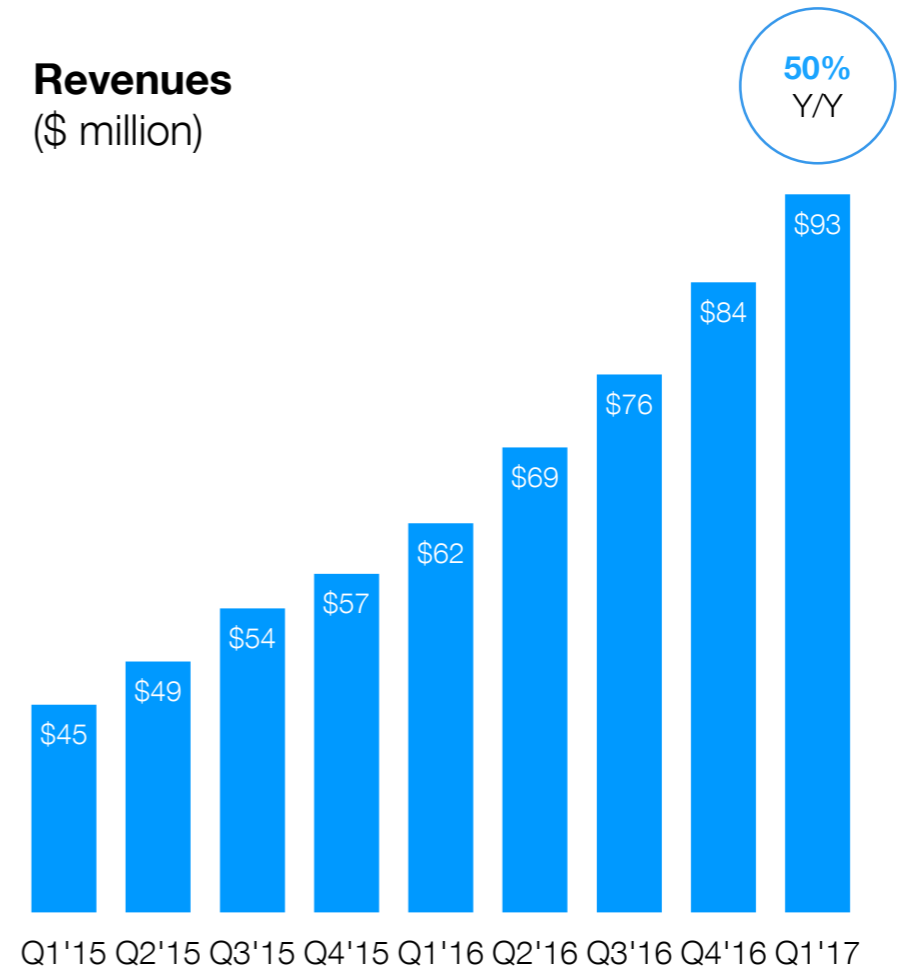


# Collections and Revenue

**Collections**  
(\$ million)

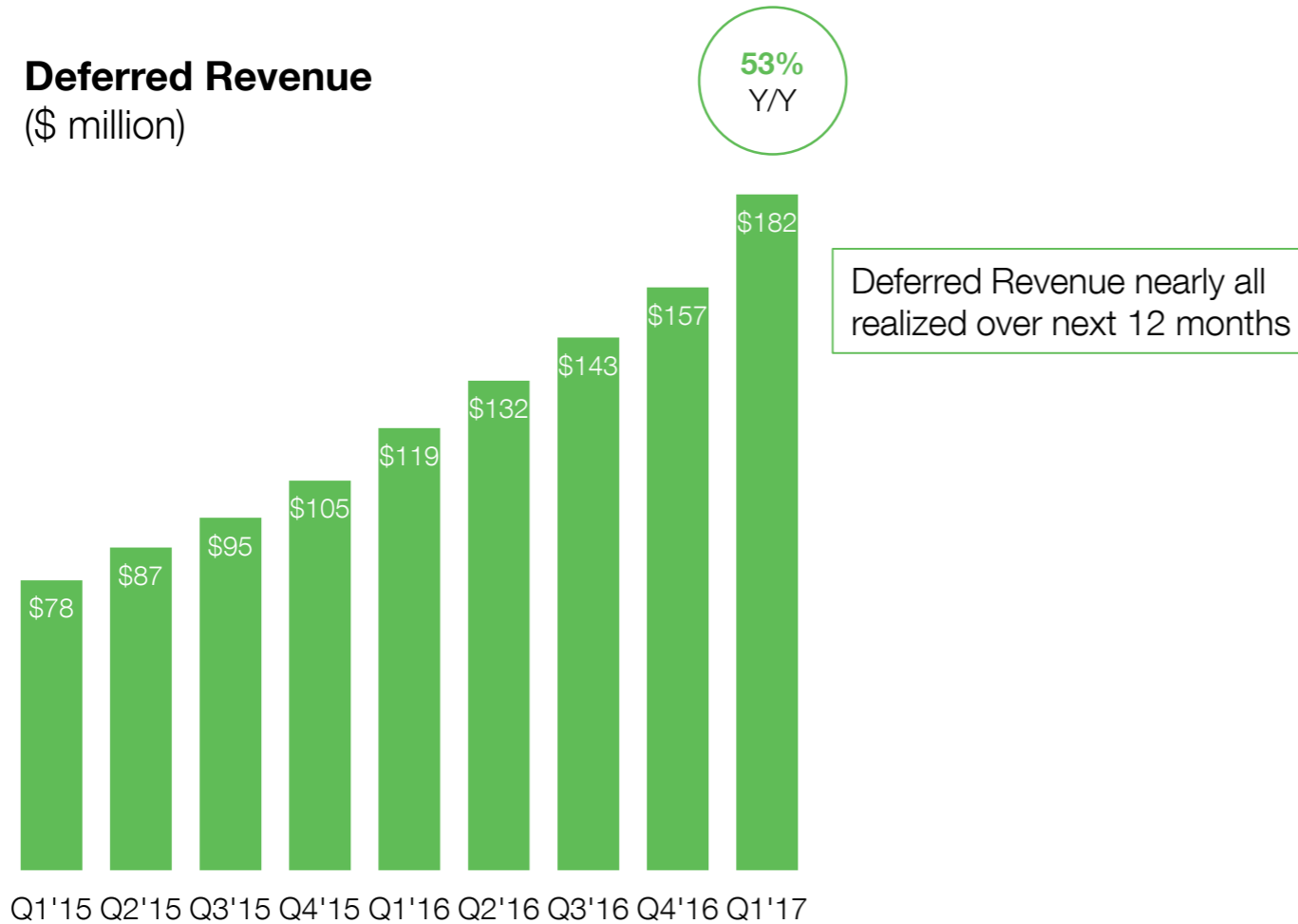


**Revenues**  
(\$ million)

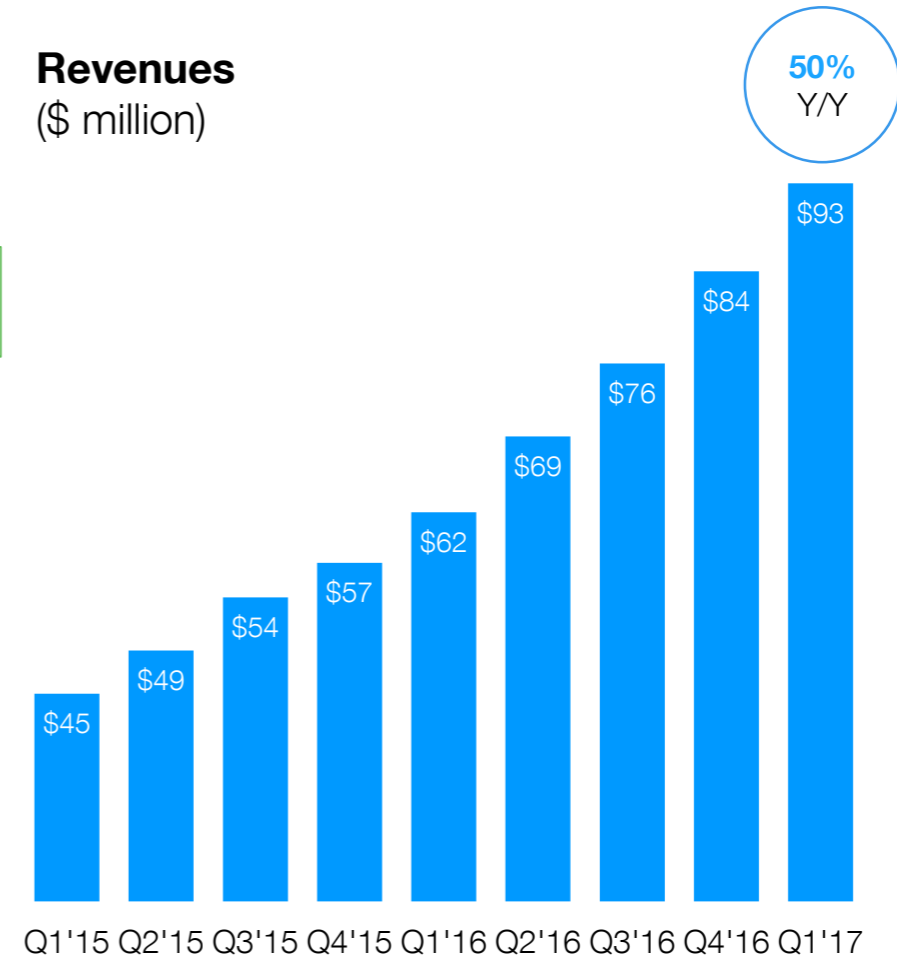


# Deferred Revenue Growth

**Deferred Revenue**  
(\$ million)

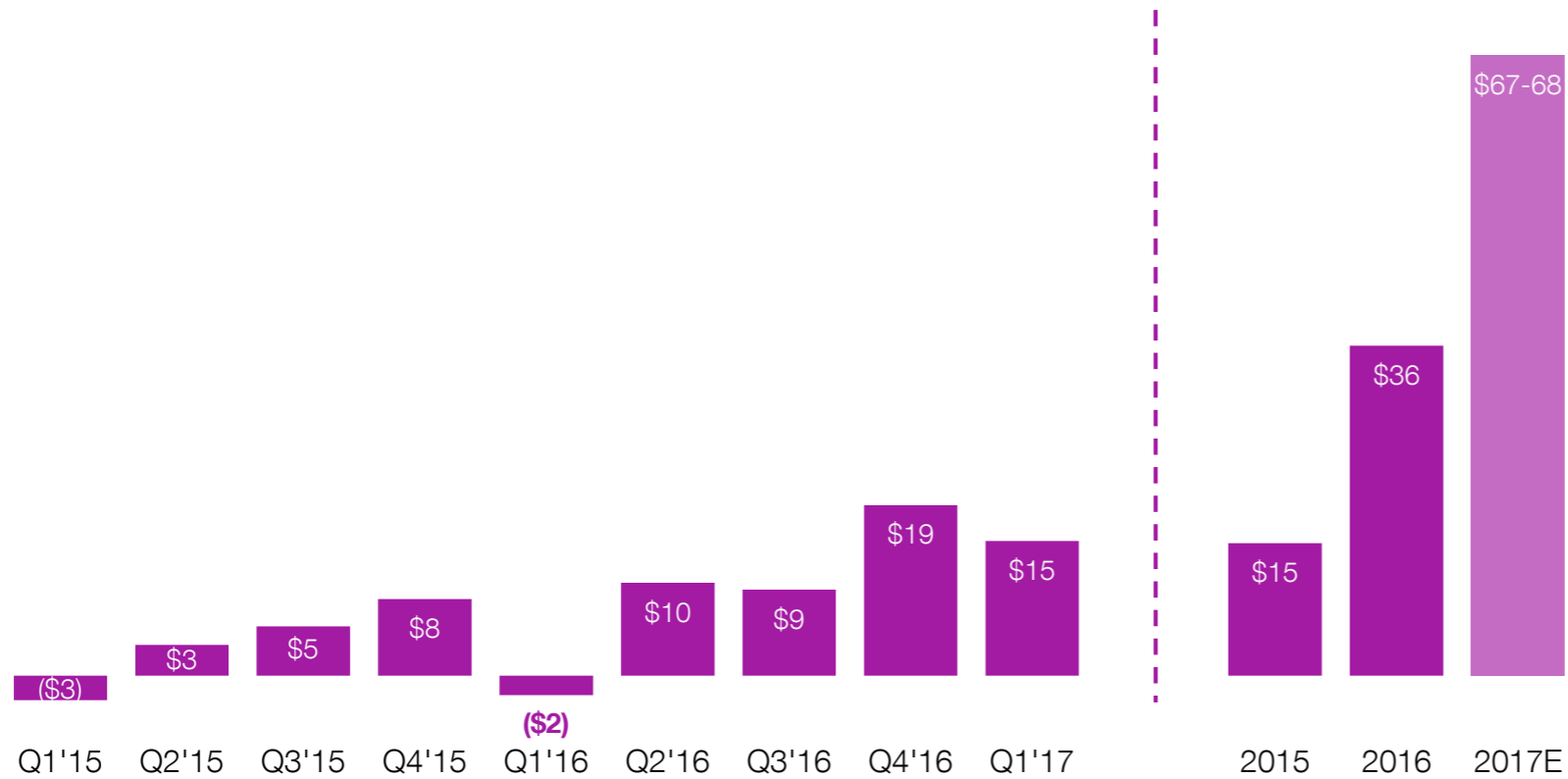


**Revenues**  
(\$ million)



# Accelerating Free Cash Flow Generation

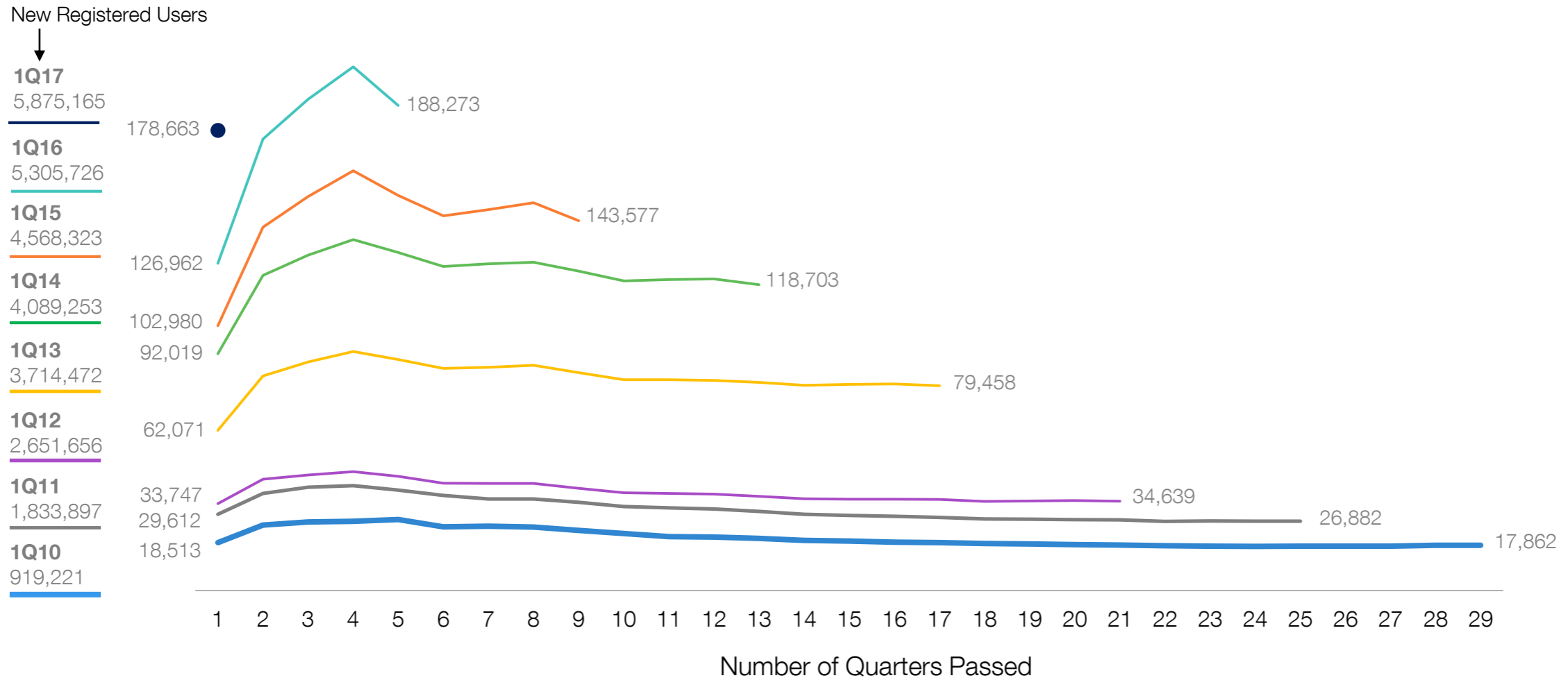
**Free Cash Flow**  
(\$ million)





# Consistent Behavior

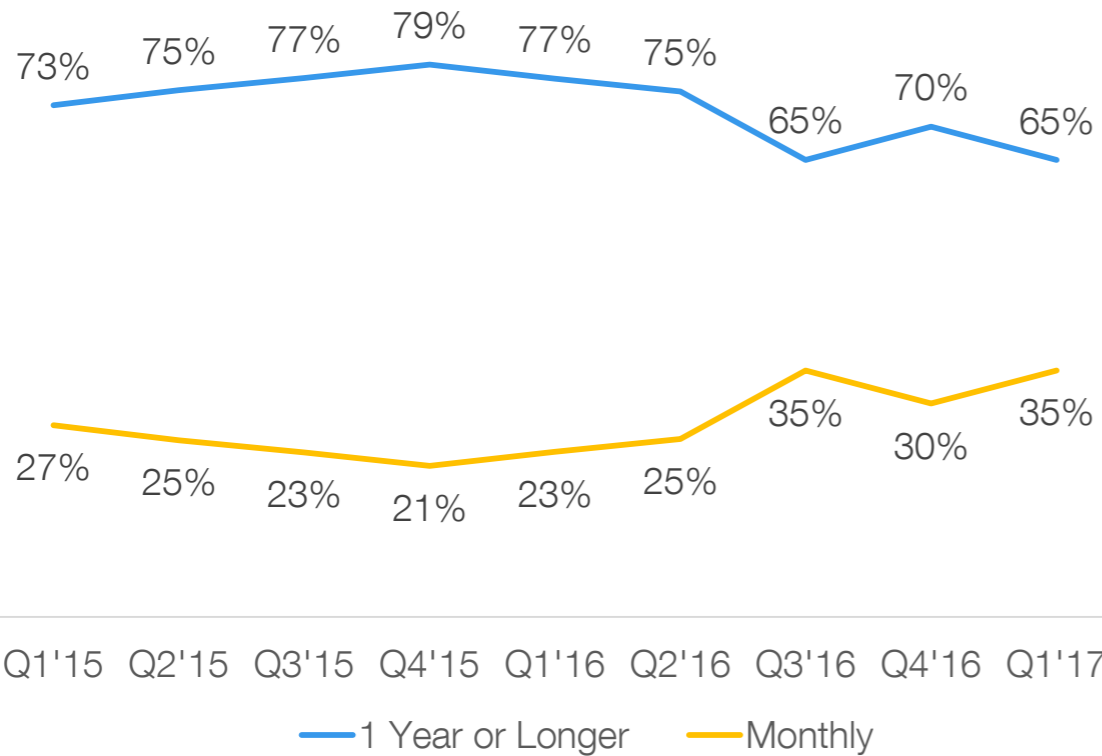
## Active Premium Subscriptions from Q1 User Cohorts



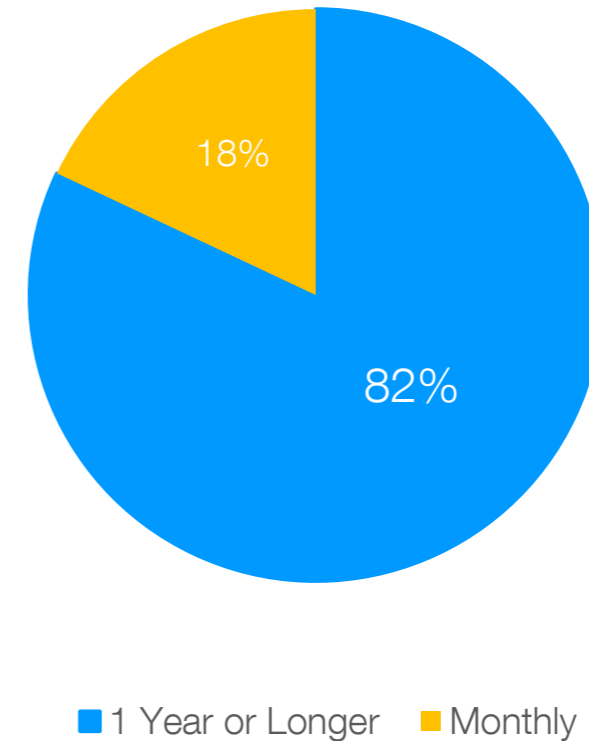
Note: Data as of March 31, 2017

# Long Term Subscriptions

**% of Gross New Subscriptions**



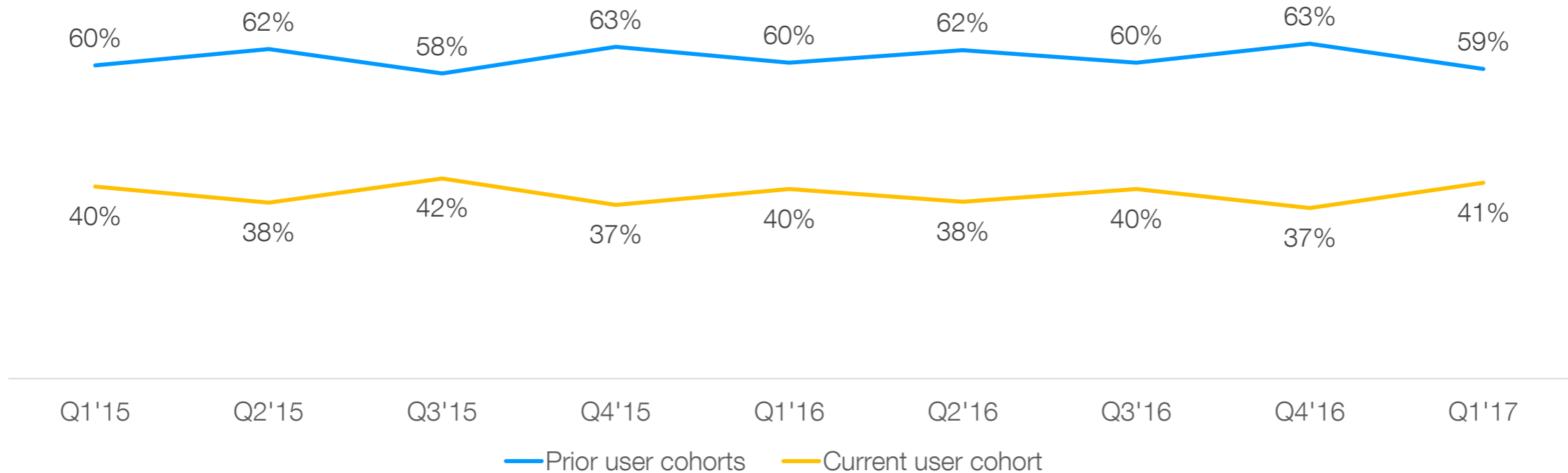
**% of Total Subscriptions**



Note: Data as of March 31, 2017

# Ongoing Cohort Conversions

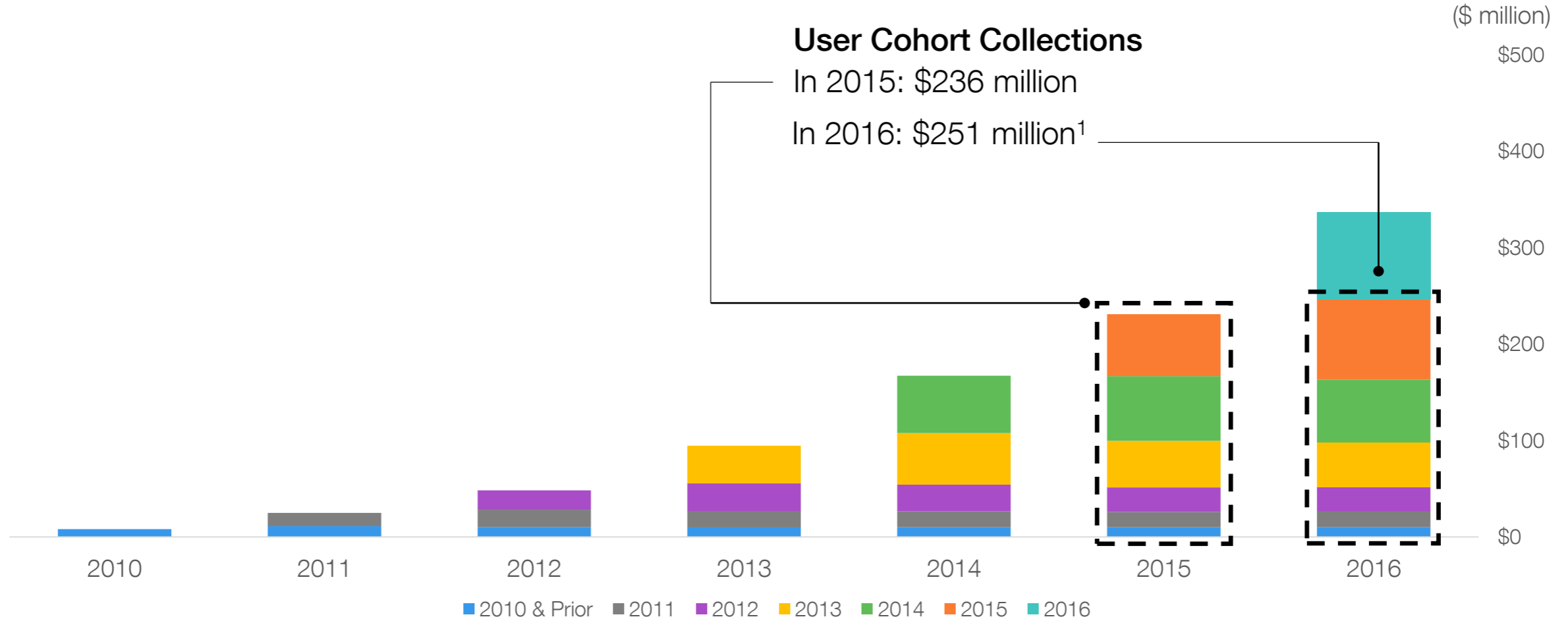
**% of Gross New Subscriptions by Prior and Current User Cohorts**



Note: Data as of March 31, 2017

# Growing Base of Cohort Collections

Annual collections by user cohort



<sup>1</sup>2016 collections are constant currency assuming FX rates remained the same as in 2015

# Marketing Efficiency

One Time Marketing, Ongoing Monthly Collections

... After 1 Quarter

0.6x



Q1'17 Cohort<sup>1</sup>

... After 5 Quarters

1.7x



Q1'16 Cohort<sup>1</sup>

... After 9 Quarters

2.8x



Q1'15 Cohort<sup>1</sup>

... After 13 Quarters

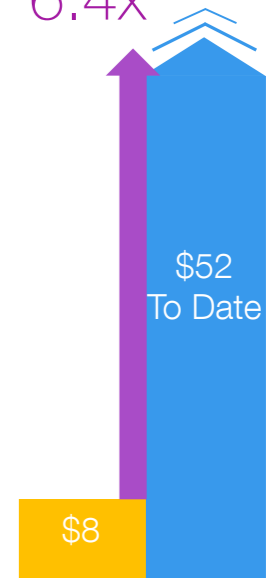
3.6x



Q1'14 Cohort

... After 17 Quarters

6.4x



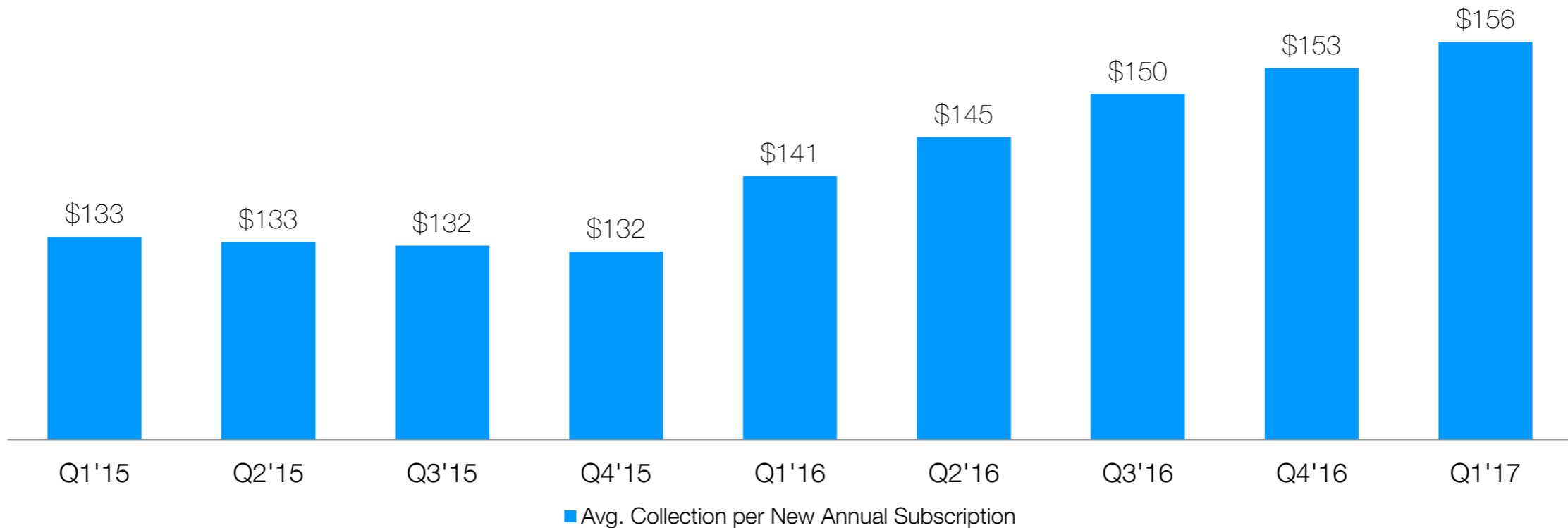
Q1'13 Cohort

Marketing Cost (\$ million) Cohort Net Collections (\$ million)

Note: Data as of March 31, 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

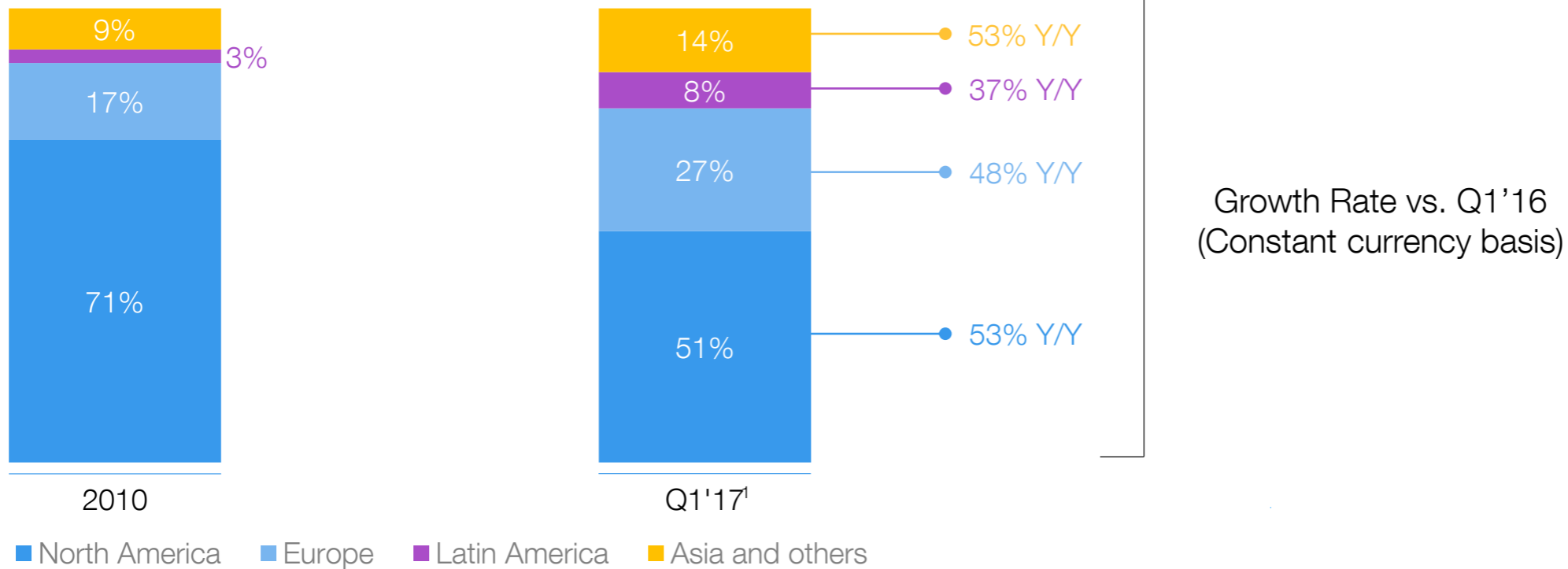
# Increasing Collections per New Subscription



Note: Based on New Annual Subscriptions in the US

# 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 Q1'16

# Non GAAP Financial Results

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
Collections	\$75,694	\$114,546	\$52,479	\$98,673	\$171,255	\$241,687	\$342,069
Revenues	\$61,586	\$92,538	\$43,676	\$80,473	\$141,841	\$203,518	\$290,103
Non-GAAP Gross Profit	\$51,507	\$78,209	\$34,548	\$65,706	\$116,738	\$169,901	\$246,614
<i>Gross Margin %</i>	<i>84%</i>	<i>85%</i>	<i>79%</i>	<i>82%</i>	<i>82%</i>	<i>83%</i>	<i>85%</i>
Non-GAAP R&D expenses	\$20,041	\$26,094	\$16,229	\$26,511	\$51,121	\$67,977	\$87,570
<i>% of revenues</i>	<i>33%</i>	<i>28%</i>	<i>37%</i>	<i>33%</i>	<i>36%</i>	<i>33%</i>	<i>30%</i>
Non-GAAP S&M expenses	\$39,423	\$52,249	\$28,956	\$52,591	\$95,173	\$116,732	\$151,759
<i>% of revenues</i>	<i>64%</i>	<i>56%</i>	<i>66%</i>	<i>65%</i>	<i>67%</i>	<i>57%</i>	<i>52%</i>
<i>% of collections</i>	<i>64%</i>	<i>56%</i>	<i>66%</i>	<i>65%</i>	<i>67%</i>	<i>57%</i>	<i>52%</i>
Non-GAAP G&A Expenses	\$4,304	\$7,404	\$3,304	\$6,077	\$11,567	\$14,458	\$19,814
<i>% of revenues</i>	<i>7%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>	<i>7%</i>
Non-GAAP Operating Loss	(\$12,261)	(\$7,538)	(\$13,941)	(\$19,473)	(\$41,123)	(\$29,266)	(\$12,530)
<i>% of revenues</i>	<i>(20%)</i>	<i>(8%)</i>	<i>(32%)</i>	<i>(24%)</i>	<i>(29%)</i>	<i>(14%)</i>	<i>(4%)</i>
Non-GAAP Net Loss	(\$12,230)	(\$7,952)	(\$13,718)	(\$20,953)	(\$40,246)	(\$31,354)	(\$14,556)

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



APPENDIX

# Reconciliation of GAAP to Non-GAAP

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
Revenue	\$61,586	\$92,538	\$43,676	\$80,473	\$141,841	\$203,518	\$290,103
Change in deferred revenue	\$14,108	\$22,008	\$8,803	\$18,200	\$29,414	\$38,169	\$51,966
Collections	\$75,694	\$114,546	\$52,479	\$98,673	\$171,255	\$241,687	\$342,069

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
Net cash provided by operating activities	(\$925)	\$16,397	(\$3,608)	\$4,243	(\$803)	\$20,876	\$40,573
Capital expenditures, net	(\$1,209)	(\$1,616)	(\$947)	(\$3,070)	(\$5,619)	(\$6,342)	(\$4,415)
Free Cash Flow	(\$2,134)	\$14,781	(\$4,555)	\$1,173	(\$6,422)	\$14,534	\$36,158

# Reconciliation of GAAP to Non-GAAP

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
GAAP Operating Loss	(\$19,768)	(\$20,471)	(\$14,961)	(\$26,527)	(\$55,643)	(\$48,635)	(\$44,032)
Share Based Compensation	\$6,137	\$8,982	\$1,020	\$7,054	\$13,937	\$18,733	\$28,048
Amortization	\$187	\$186	\$0	\$0	\$153	\$636	\$747
Acquisition Related Expenses & Withdrawn Secondary Expense	\$1,183	\$3,765	\$0	\$0	\$430	\$0	\$2,707
Non-GAAP Operating Loss	(\$12,261)	(\$7,538)	(\$13,941)	(\$19,473)	(\$41,123)	(\$29,266)	(\$12,530)

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
GAAP Gross Profit	\$51,079	\$77,675	\$34,443	\$65,216	\$115,733	\$168,548	\$244,816
Share Based Compensation & Other <sup>1</sup>	\$428	\$534	\$105	\$490	\$1,005	\$1,353	\$1,798
Non-GAAP Gross Profit	\$51,507	\$78,209	\$34,548	\$65,706	\$116,738	\$169,901	\$246,614

in 000s	2016 Q1	2017 Q1	2012	2013	Full Year 2014	2015	2016
GAAP Net Loss	(\$19,912)	(\$20,885)	(\$14,972)	(\$28,720)	(\$56,565)	(\$51,334)	(\$46,896)
Share Based Compensation & Other Non-GAAP Adjustments <sup>1</sup>	\$7,682	\$12,933	\$1,254	\$7,767	\$16,319	\$19,980	\$32,340
Non-GAAP Net Loss	(\$12,230)	(\$7,952)	(\$13,718)	(\$20,953)	(\$40,246)	(\$31,354)	(\$14,556)

<sup>1</sup>Other includes acquisition-related expenses

<sup>2</sup>Other includes amortization of intangibles, withdrawn secondary expenses, and acquisition-related expenses