

Q3 2015

**wix**.com

Earnings Results

# Safe Harbor

## 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 and may be identified by words like “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “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 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 annual report on Form 20-F filed with the Securities and Exchange Commission on March 31, 2015. 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.

## 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, Collection and Revenue on a constant currency basis, adjusted EBITDA, 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 basis by assuming the same exchange rates as the prior period applied to the reported figures in the current period. Adjusted EBITDA is defined as net profit or loss before interest, bank charges and other financial expenses (income), net unrealized losses (gains) on hedging transactions, other expenses, taxes on income, depreciation amortization, and other unusual or non-recurring expenses, share-based compensation expense and including the effect of the changes in deferred revenue and prepaid domain registration costs. Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures. Non-GAAP net loss represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense and other non-GAAP adjustments. 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.

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 and net cash flow of the company, enhances the overall understanding of past financial performance and future prospects, and allows 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 adjusted EBITDA guidance to net profit because it does not provide guidance for net profit. As items that impact net profit 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 net profit is not available without unreasonable effort.

Certain data in this presentation was obtained from various external sources, and the company has not verified such data with independent sources. Accordingly, the company makes no representation as to the accuracy or completeness of that data or to update such data after the date hereof. Such data involves risks and uncertainties and is subject to change based on various factors.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of the company.

# Key Metrics: Q3 2015



**\$65.7 Million**

Collections –  
Constant Currency<sup>1</sup>



**\$53.6 Million**

GAAP  
Revenue



**72.3 Million**

Registered  
Users



**1.6 Million**

Premium  
Subscriptions

<sup>1</sup>Based on constant FX rates from Q3 2014; \$61.6 million reported collections

# Q3 2015 Highlights

## Financial Highlights

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- Collections \$65.7 million or 47% Y/Y growth on a Y/Y constant currency basis, **exceeding prior guidance** of \$64-\$65 million; reported collections of \$61.6 million or 38% Y/Y growth
- GAAP revenue of \$53.6 million, 43% Y/Y growth, **exceeding prior guidance** of \$52-\$53 million
- **Strong premium subscription growth** – 140,000 net adds, 46% Y/Y growth, the largest quarterly net increase ever
- Adjusted EBITDA of \$4.7 million, **exceeding prior guidance** of \$3-4 million – continued growth in profitability and cash flow

## Business Highlights

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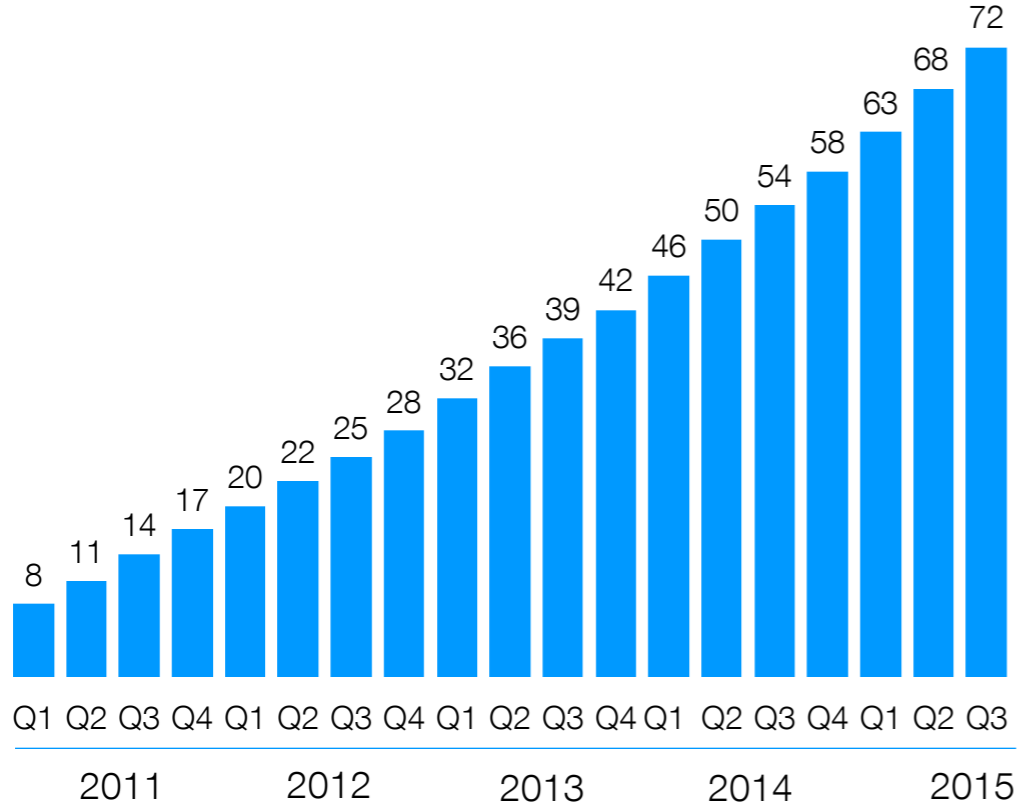
- **Launched the new Wix Editor:** represents the first full redesign of the company's web editing software since launching the industry's first DIY HTML5 Editor in 2012 – reiterates Wix's technology leadership and software development innovation
- **Announced the launch of Wix Music 2.0:** The updated Wix Music offering eliminates the need for musicians to piece together multiple products to build an online presence
- **Continued mobile growth:** Over 11 million mobile sites created on the Wix platform to date
- **Significant platform engagement:** To date, users have saved over 200 million contacts onto the Wix platform

# Users and Subscriptions

## Registered Users

(Millions, at End of Period)

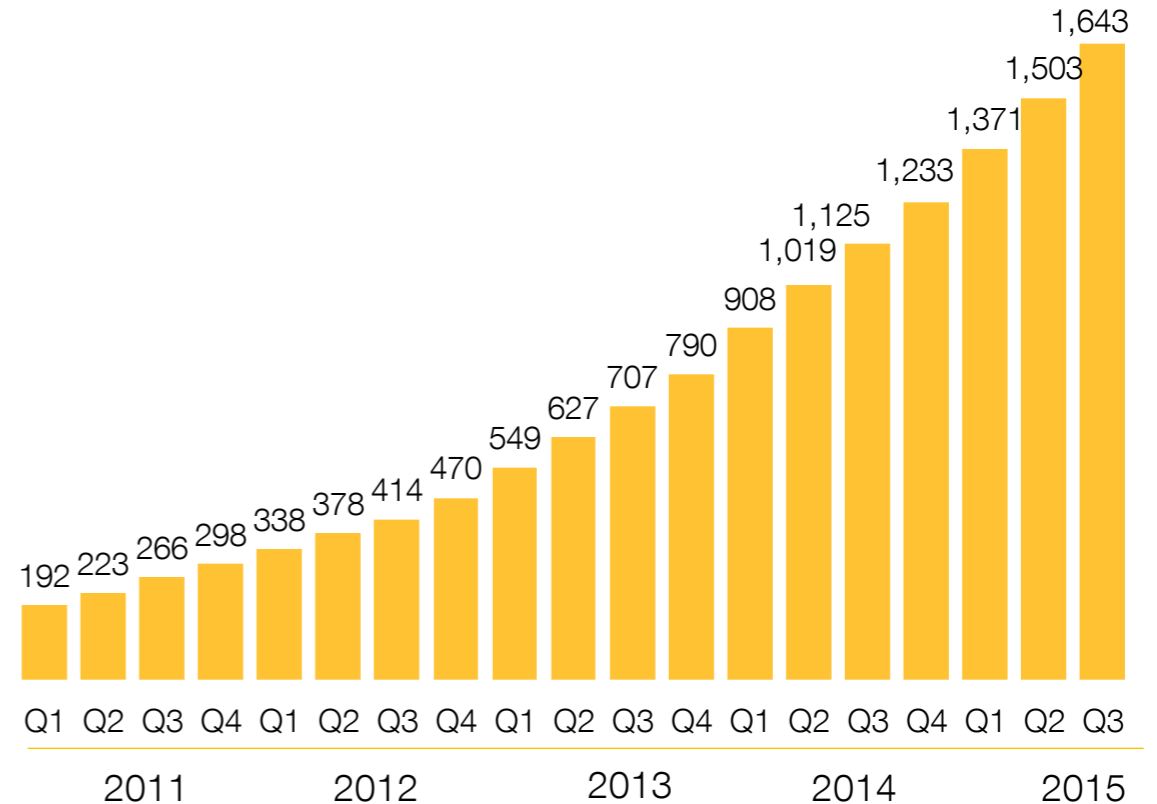
34%  
Y/Y



## Premium Subscriptions

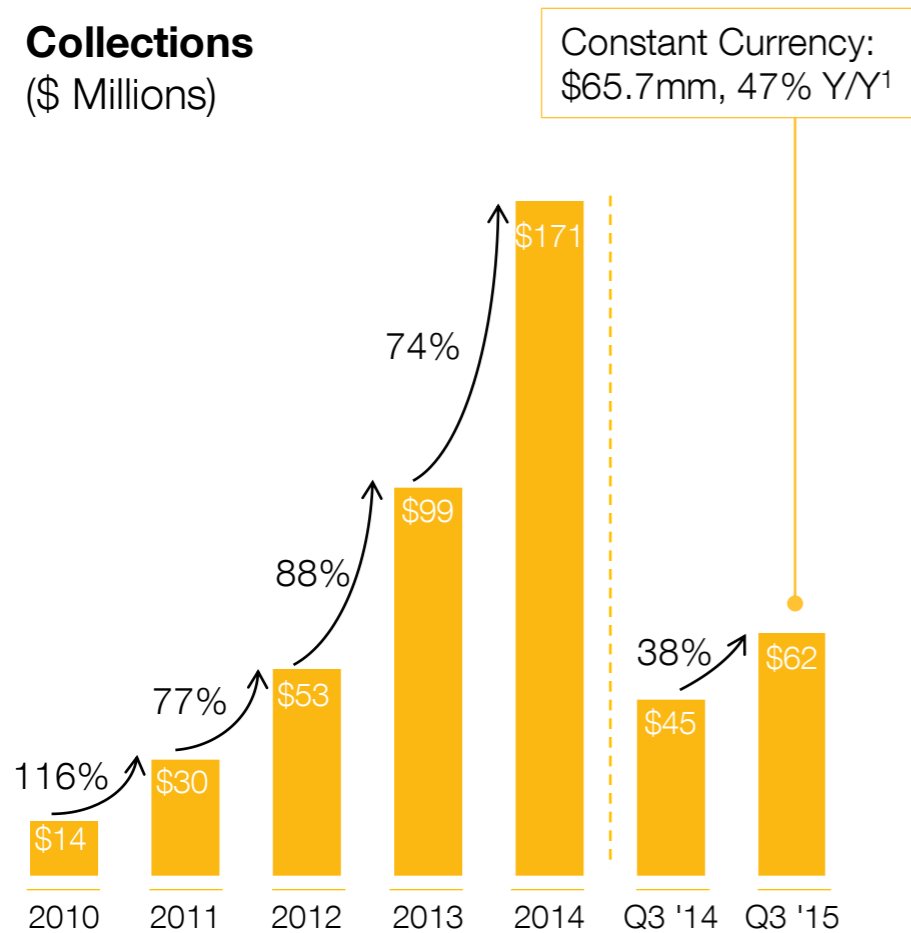
(Thousands, at End of Period)

46%  
Y/Y

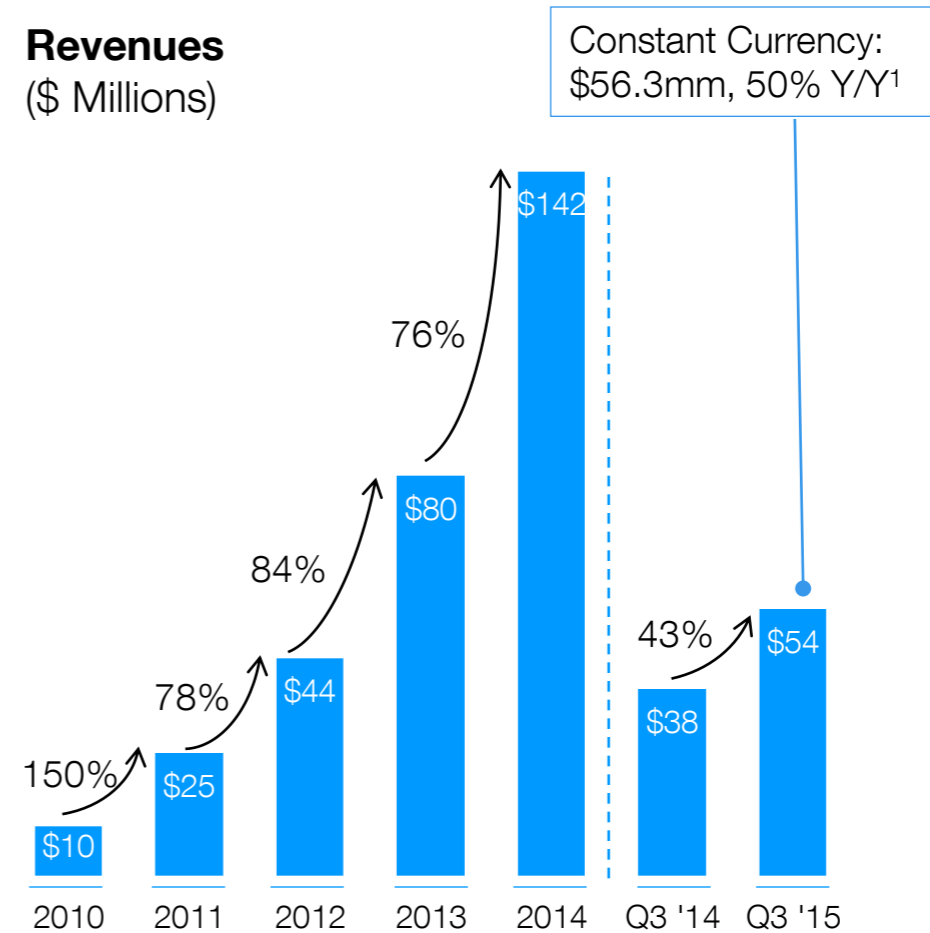


# Collections and Revenues

## Collections (\$ Millions)



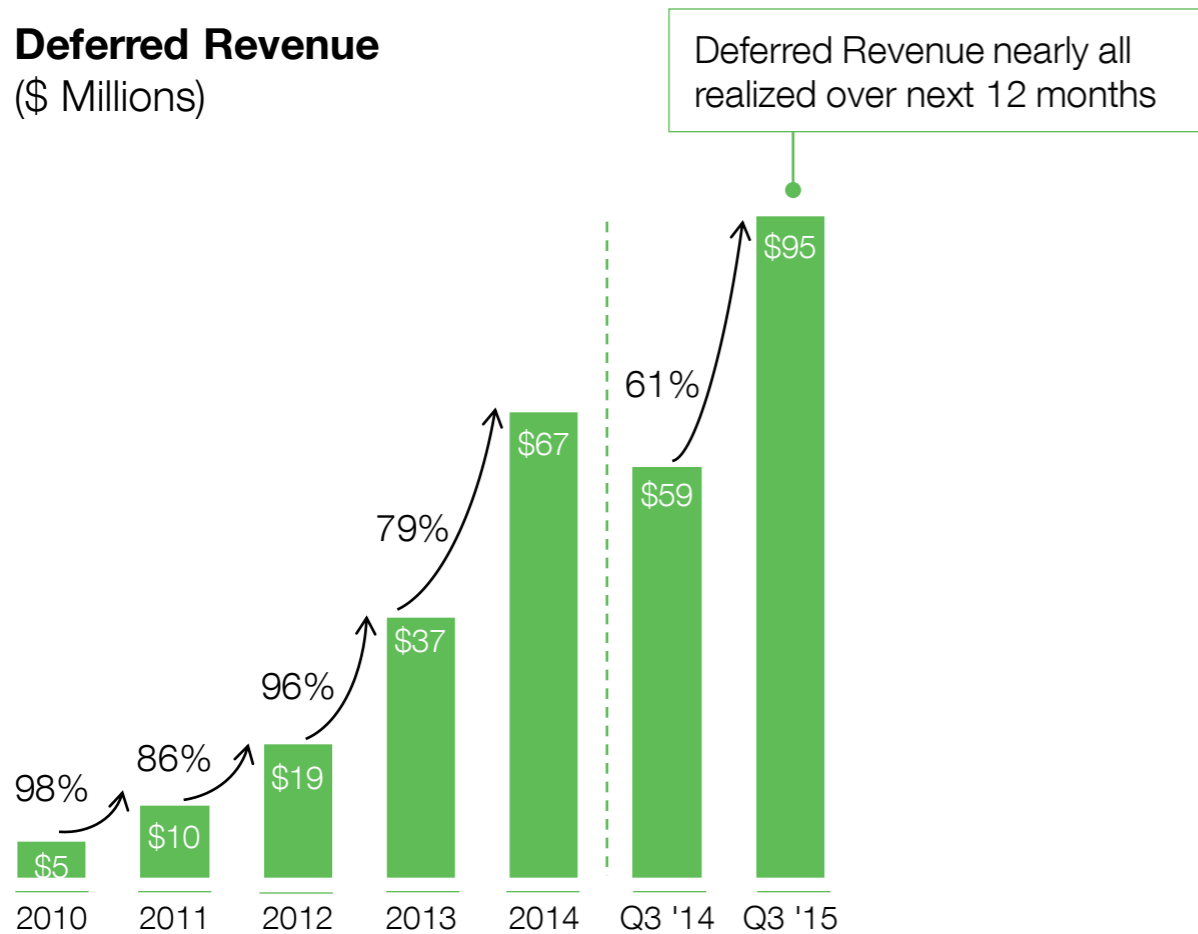
## Revenues (\$ Millions)



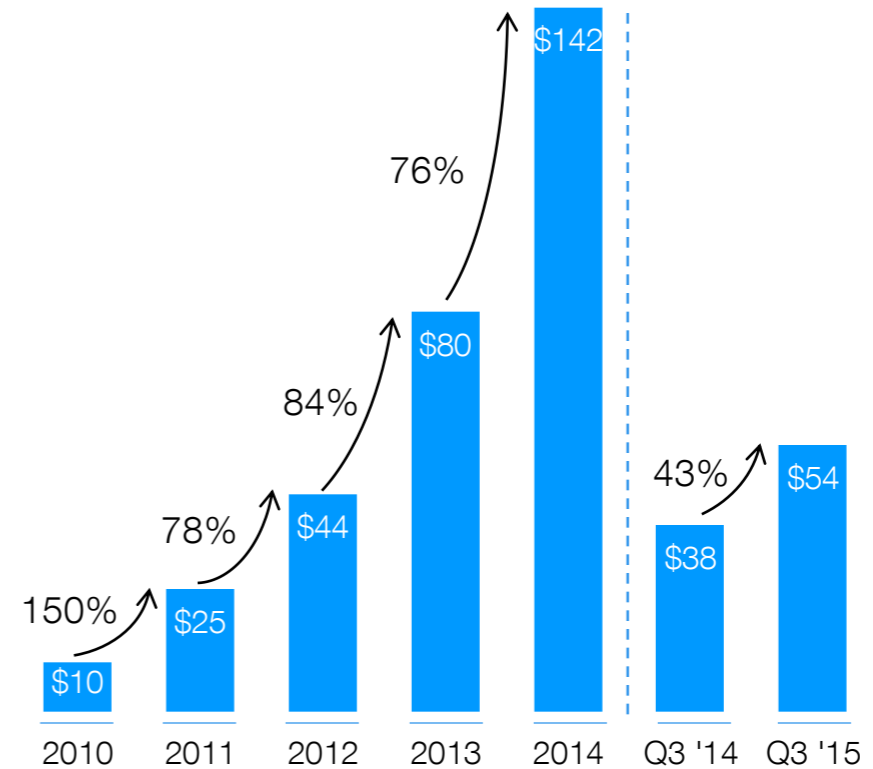
<sup>1</sup>Based on constant FX rates from Q3 2014

# Deferred Revenue Growth

**Deferred Revenue**  
(\$ Millions)



**Revenues**  
(\$ Millions)



# Consistent Behavior

Active Premium Subscriptions from Q1 User Cohorts

New Registered Users



**Q1'15**

4,568,323

**Q1'14**

4,089,253

**Q1'13**

3,714,472

**Q1'12**

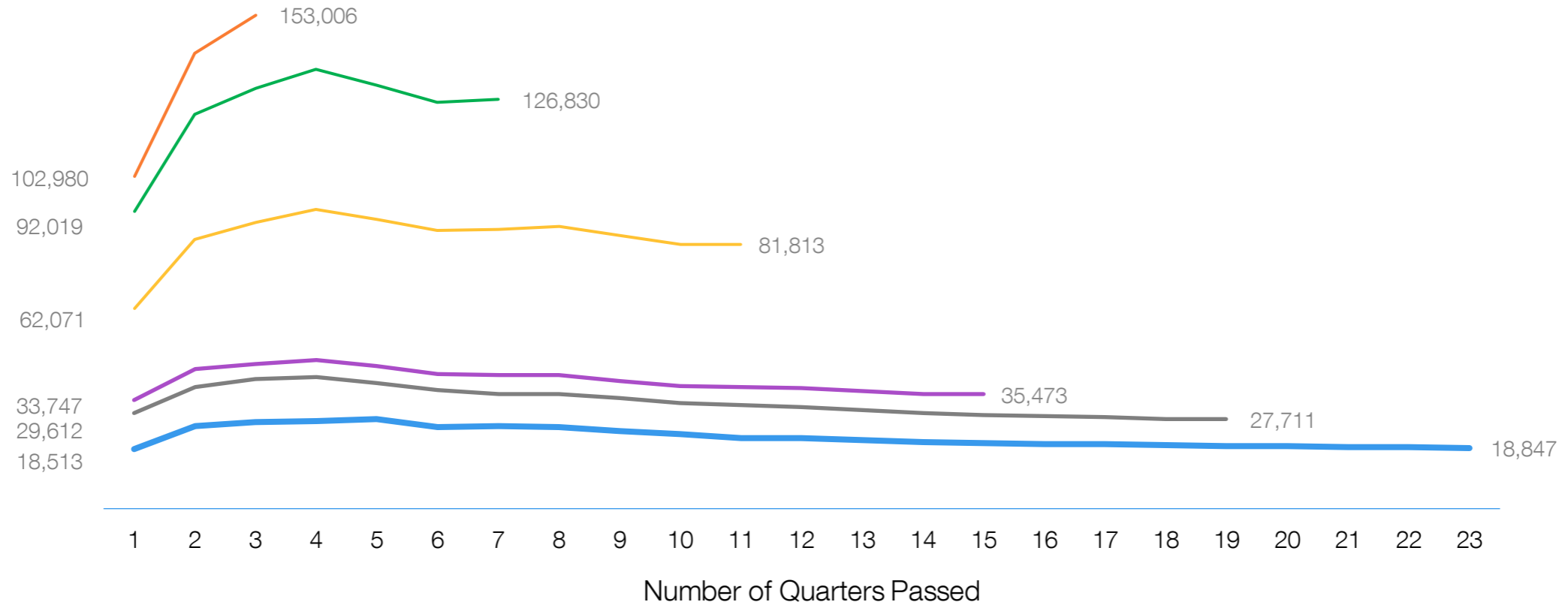
2,651,656

**Q1'11**

1,833,897

**Q1'10**

919,221

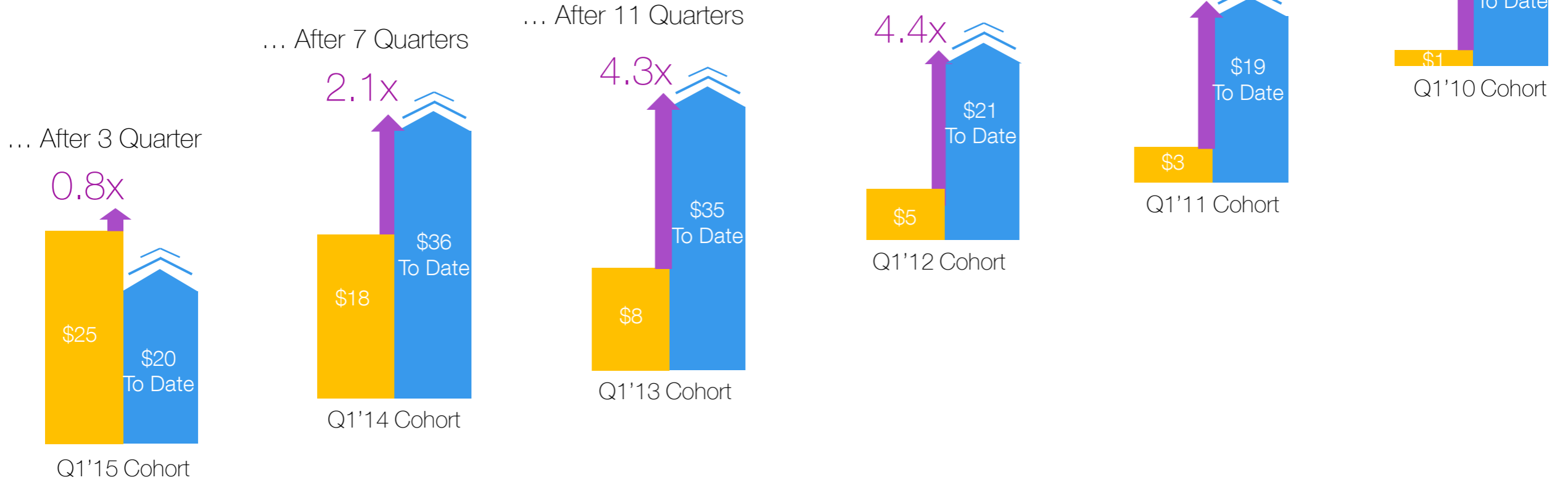


Note: Data as of September 30, 2015



# Marketing Efficiency

One Time Marketing, Ongoing Monthly Collections

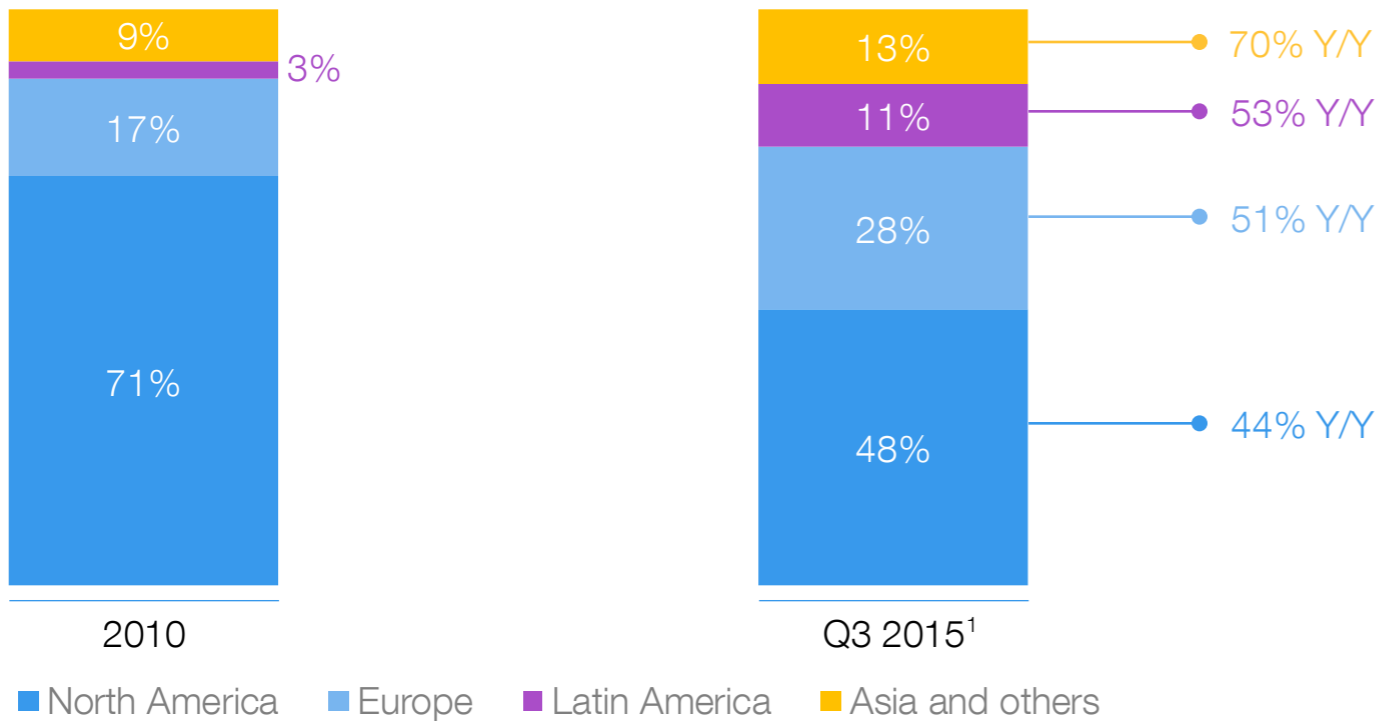


Marketing Cost (\$mm) Cohort Net Collections (\$mm)

Note: Data as of September 30, 2015

# Increasing Geographic Penetration

## Revenue by Geography (% of total revenue)



Growth Rate vs. Q3 2014  
(Constant currency basis)

<sup>1</sup>Based on constant FX rates from Q3 2014

# Growth Obscured by Currency - Brazil

2015 Collections – Brazilian Real

Brazilian Real increase: 2x

BRL in USD increase: 1.3x

Jan-15 Feb-15 Mar-15 Apr-15 May-15 Jun-15 Jul-15 Aug-15 Sep-15

— Brazilian Real (BRL) — BRL in USD

# Overview of FX Impact

(in thousands)	Q3 '14	Q3 '15	Y/Y%
Collections	\$44,586	\$61,580	
F/X impact on Q3/15 using Q3/14 rates	-	4,163	
Collections excluding FX impact	\$44,586	\$65,743	47%

(in thousands)	Q2 '15	Q3 '15	Q/Q%
Collections	\$57,368	\$61,580	
F/X impact on Q3/15 using Q2/15 rates	-	635	
Collections excluding FX impact	\$57,368	\$62,215	8%

# Non GAAP Financial Results

(in thousands)	2012	2013	2014	Q3 '14	Q3 '15	Y/Y%
Collections	\$52,479	\$98,673	\$171,255	\$44,586	\$61,580	38%
Revenues	\$43,676	\$80,473	\$141,841	\$37,504	\$53,582	43%
<i>Gross Margin %</i>	<i>79%</i>	<i>82%</i>	<i>82%</i>	<i>82%</i>	<i>84%</i>	
R&D expenses	\$16,229	\$26,511	\$51,120	\$13,824	\$17,368	26%
<i>% of revenues</i>	<i>37%</i>	<i>33%</i>	<i>36%</i>	<i>37%</i>	<i>32%</i>	
S&M expenses	\$28,956	\$52,591	\$95,173	\$24,097	\$28,526	18%
<i>% of revenues</i>	<i>66%</i>	<i>65%</i>	<i>67%</i>	<i>64%</i>	<i>53%</i>	
<i>% of collections</i>	<i>55%</i>	<i>53%</i>	<i>56%</i>	<i>54%</i>	<i>46%</i>	
G&A expenses	\$3,304	\$6,077	\$11,569	\$3,032	\$3,847	27%
<i>% of revenues</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>	
Adjusted EBITDA	(\$5,354)	(\$1,897)	(\$11,260)	(\$2,789)	\$4,689	N/M
<i>% of revenues</i>	<i>12%</i>	<i>2%</i>	<i>8%</i>	<i>7%</i>	<i>9%</i>	
Net Loss	(\$13,718)	(\$20,953)	(\$40,247)	(\$8,976)	(\$6,088)	N/M
<i>% of revenues</i>	<i>31%</i>	<i>26%</i>	<i>28%</i>	<i>24%</i>	<i>11%</i>	

# Non GAAP Financial Summary

(in thousands)	2012	2013	2014	Q3 '14	Q3 '15
Revenues	\$43,676	\$80,473	\$141,841	\$37,504	\$53,582
Gross Profit	\$34,548	\$65,706	\$116,738	\$30,868	\$44,848
Gross Margin	79%	82%	82%	82%	84%
Net Loss	(\$13,718)	(\$20,953)	(\$40,247)	(\$8,976)	(\$6,088)
Adjusted EBITDA	(\$5,354)	(\$1,897)	(\$11,260)	(\$2,789)	\$4,689

# APPENDIX

# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	Q3 '14	Q3 '15
Revenues	\$43,676	\$80,473	\$141,841	\$37,504	\$53,582
Change in Deferred Revenues	8,803	18,200	29,414	7,082	7,998
Collections	\$52,479	\$98,673	\$171,255	\$44,586	\$61,580



# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	Q3 '14	Q3 '15
GAAP Net Loss	(\$14,972)	(\$28,720)	(\$56,566)	(\$12,772)	(\$11,724)
<u>Adjustments:</u>					
Interest, bank charges & other financial expenses (income), net	(487)	(18)	262	218	1,385
Unrealized losses (gains) on hedging transactions	-	469	(2,124)	(1,621)	89
Other expenses (income)	2	18	14	1	4
Taxes on income	496	1,572	3,052	456	694
Depreciation	871	1,229	2,662	724	1,472
Amortization	-	-	153	14	155
Withdrawn secondary offering expenses	-	-	365	-	-
Acquisition related expenses	-	-	65	-	-
Stock-based compensation	1,020	7,054	13,937	3,679	5,322
Change in deferred revenue	8,803	18,200	29,414	7,082	7,998
Change in prepaid domain registration costs	(1,087)	(1,701)	(2,494)	(570)	(706)
Adjusted EBITDA	(\$5,354)	(\$1,897)	(\$11,260)	(\$2,789)	\$4,689

# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	Q3 '14	Q3 '15
GAAP Gross Profit	\$34,443	\$65,216	\$115,733	\$30,594	\$44,420
Stock-based Compensation	105	490	1,005	274	428
Non-GAAP Gross Profit	\$34,548	\$65,706	\$116,738	\$30,868	\$44,848
GAAP Net Loss	(\$14,972)	(\$28,720)	(\$56,566)	(\$12,772)	(\$11,724)
Stock-based Compensation and other Non GAAP Adjustments	1,254	7,767	16,319	3,796	5,636
Non-GAAP Net Loss	(\$13,718)	(\$20,953)	(\$40,247)	(\$8,976)	(\$6,088)