



Q4 2015 and Full Year

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,” “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 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: Q4 2015



**\$70.7 Million**

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



**\$56.8 Million**

GAAP  
Revenue



**77 Million**

Registered  
Users



**1.8 Million**

Premium  
Subscriptions

<sup>1</sup>Based on constant FX rates from Q4 2014; \$66.9 million reported collections

# Q4 2015 Highlights

- Collections of \$70.7mm, 43% Y/Y growth on a Y/Y constant currency basis, **exceeding prior guidance** of \$69-70mm; reported collections of \$66.9mm, 36% Y/Y growth
- GAAP revenue of \$56.8mm, 37% Y/Y growth, **exceeding prior guidance** of \$55-56mn

## **Net premium subscription growth of 125,000**

- Non-GAAP Gross margin remains strong at 84%, up from 81% at time of IPO (Q3 2013)
- Adjusted EBITDA of \$7mm, **exceeding prior guidance** of \$5-6mm, 50% Q/Q growth
- Free cash flow of \$8.4mm
- **Launched Wix Bookings:** end-to-end online appointment booking solution that is seamlessly integrated into a website, helping owners grow their business online
- **Successful Super Bowl 50 campaign in partnership with DreamWorks Animation:** comprehensive campaign across multiple channels generated over 150 million engagements before the spot aired during the game
- **Continued mobile growth:** Over 13.5 million mobile sites created on the Wix platform to date
- **Significant platform engagement:** To date, users have saved over 250 million contacts onto the Wix platform

# Full Year 2015 Highlights

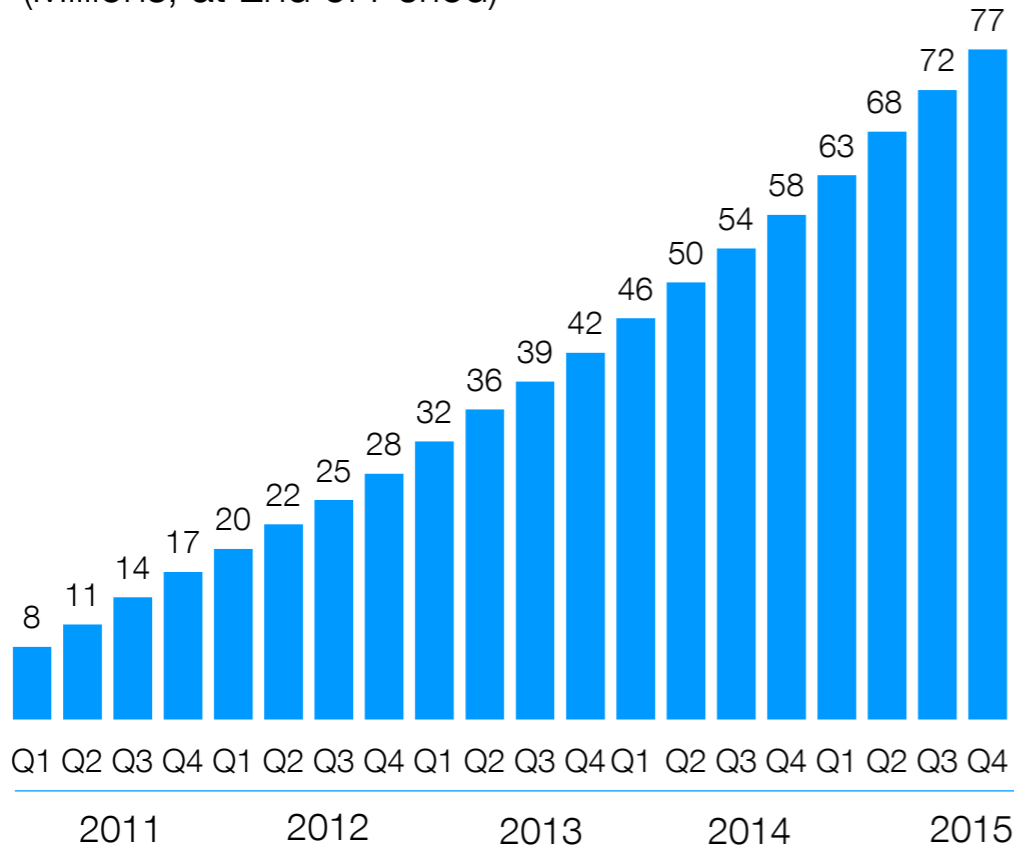
- **Collections of \$257.8mm, 51% Y/Y growth** on a Y/Y constant currency basis, **exceeding prior guidance** of \$256-257mm
  - Reported collections of \$241.7mm, 41% Y/Y growth
- **Revenue of \$212.3mm, 50% Y/Y growth** on a Y/Y constant currency basis,
  - GAAP revenue of \$203.5mm, 43% Y/Y growth, **exceeding prior guidance** of \$202-203 million
- Net premium subscription growth of 535,000 and 19 million new registered user additions – **largest annual increases in company's history**
- Adjusted EBITDA of \$14.7mm, **exceeding prior guidance** of \$12-13mm
  - Well above beginning of year guidance of \$2-5mm, demonstrating increasing leverage in model
- Free cash flow of \$14.5mm
- Non-GAAP Gross margin improved to 83%
- Marketing expense of 48% of collections, at low end of guidance and improvement from 56% of collections a year ago – demonstrates **increasing efficiency in marketing spend and incremental margin growth**

# Users and Subscriptions

## Registered Users

(Millions, at End of Period)

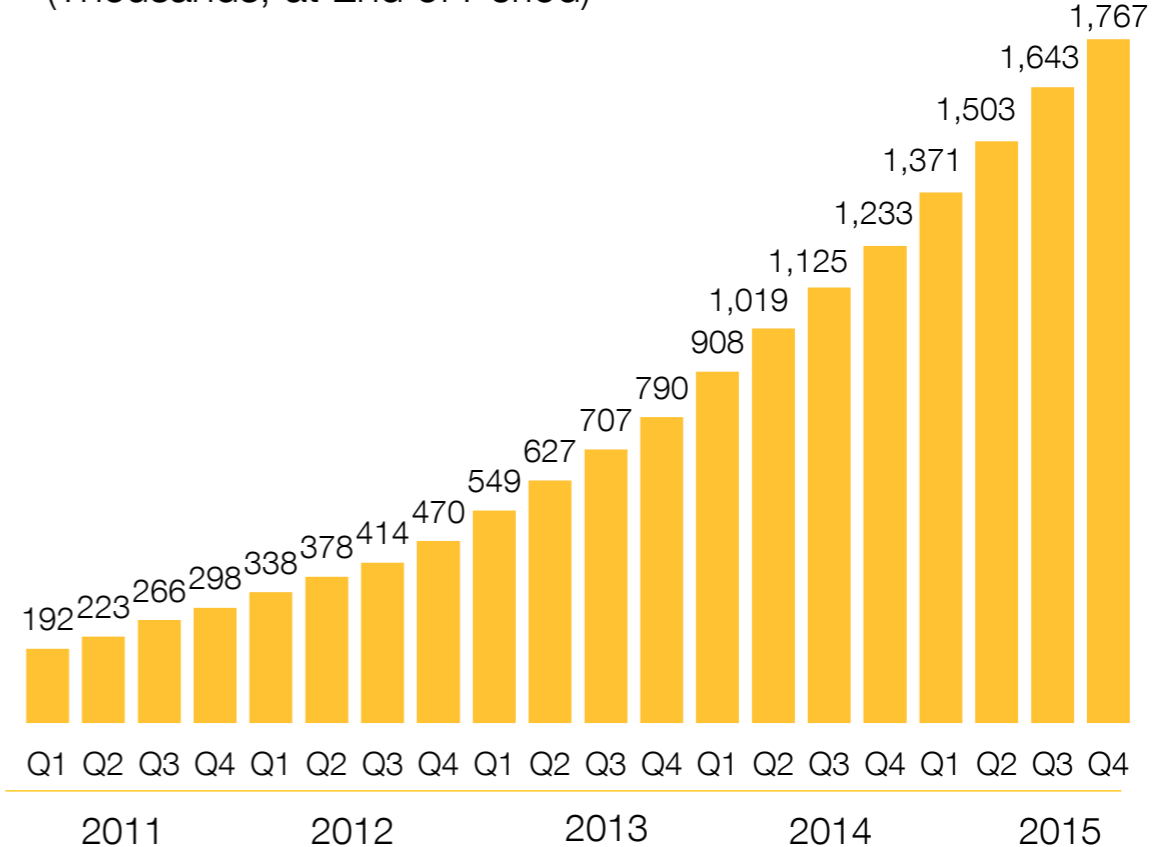
33%  
Y/Y



## Premium Subscriptions

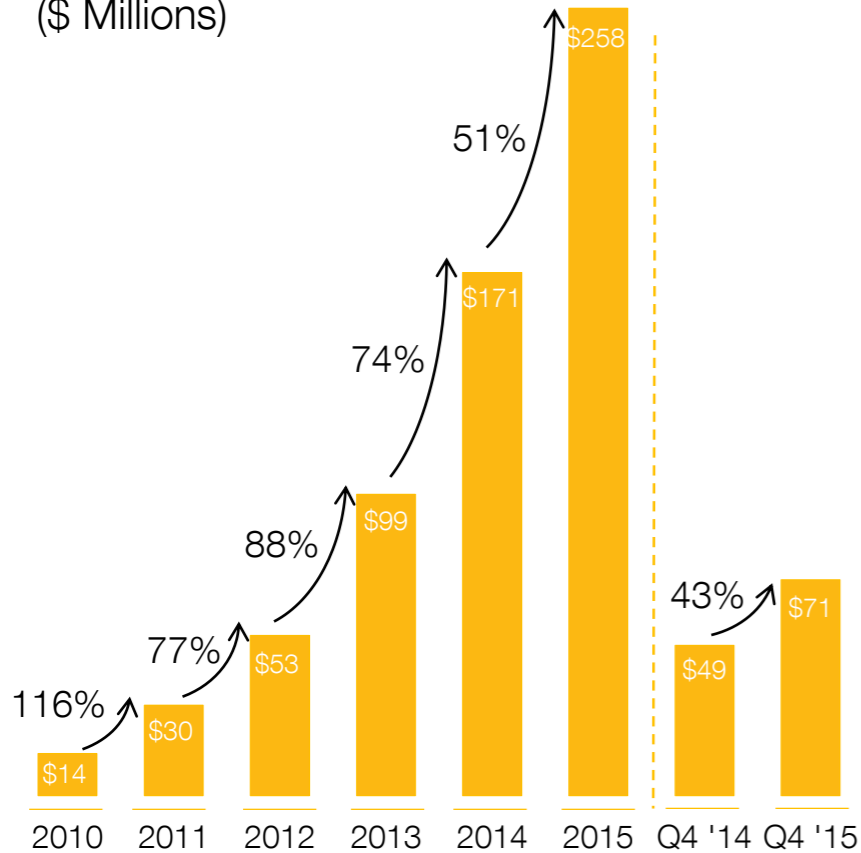
(Thousands, at End of Period)

43%  
Y/Y

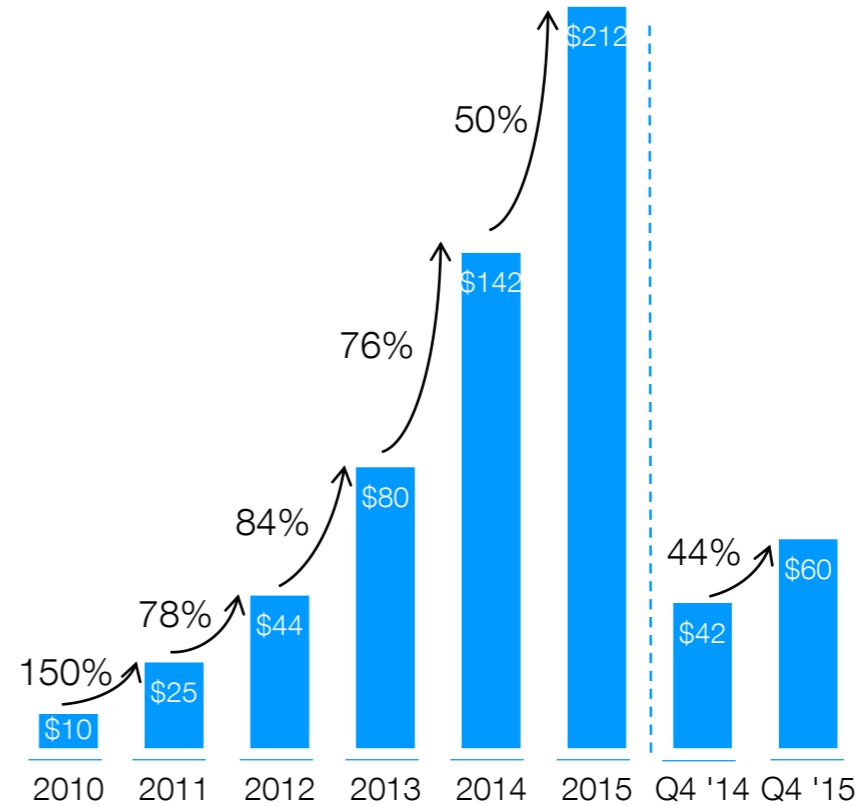


# Constant Currency - Collections and Revenues

**Collections**  
(\$ Millions)



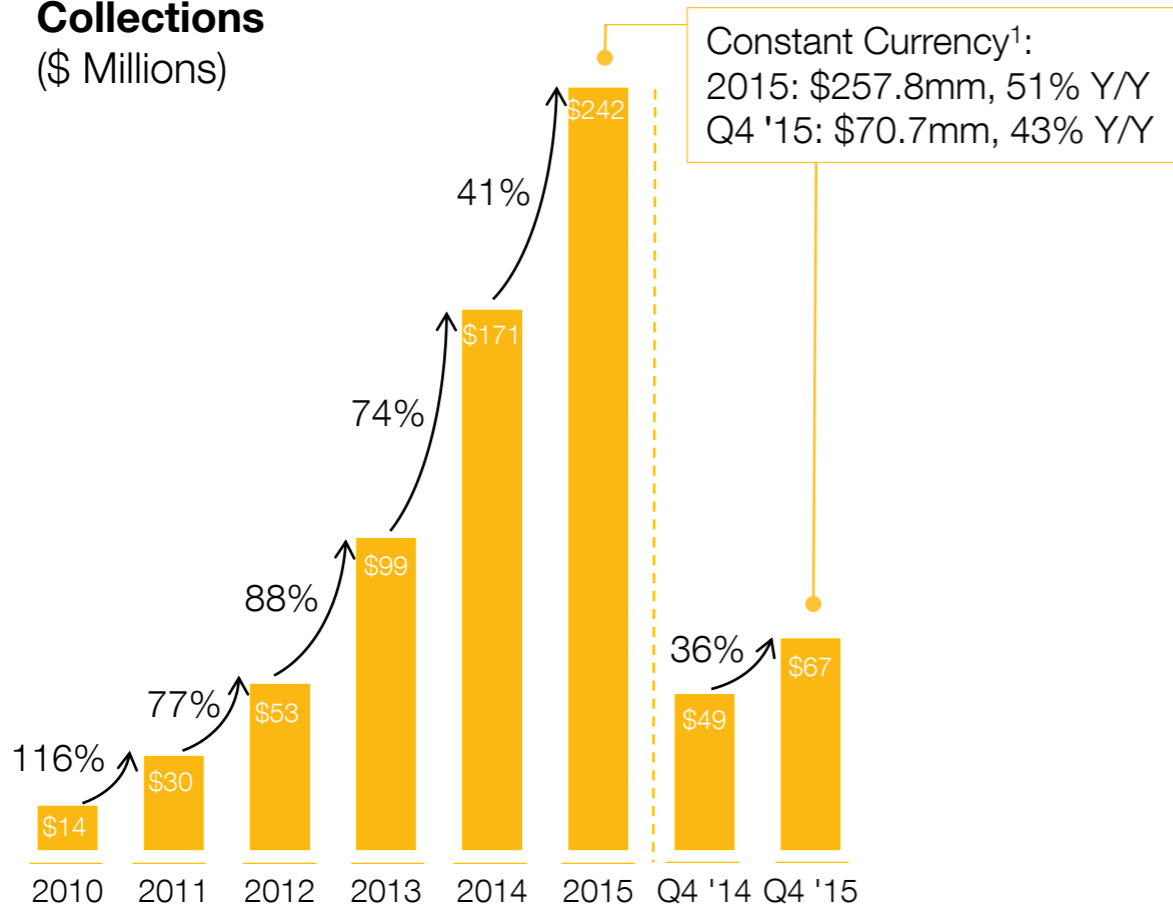
**Revenues**  
(\$ Millions)



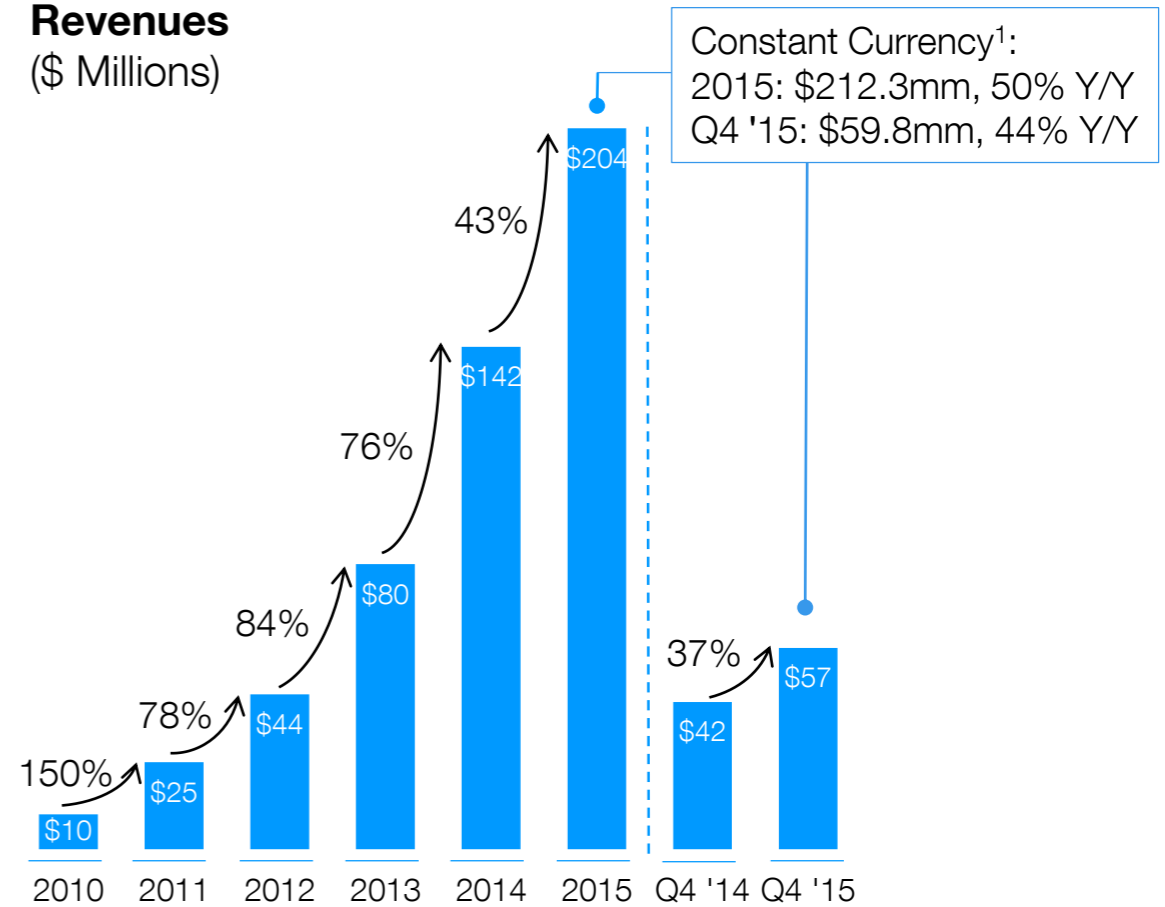
Based on constant FX rates from Q4 2014 and full year 2014

# Reported - Collections and Revenues

## Collections (\$ Millions)



## Revenues (\$ Millions)

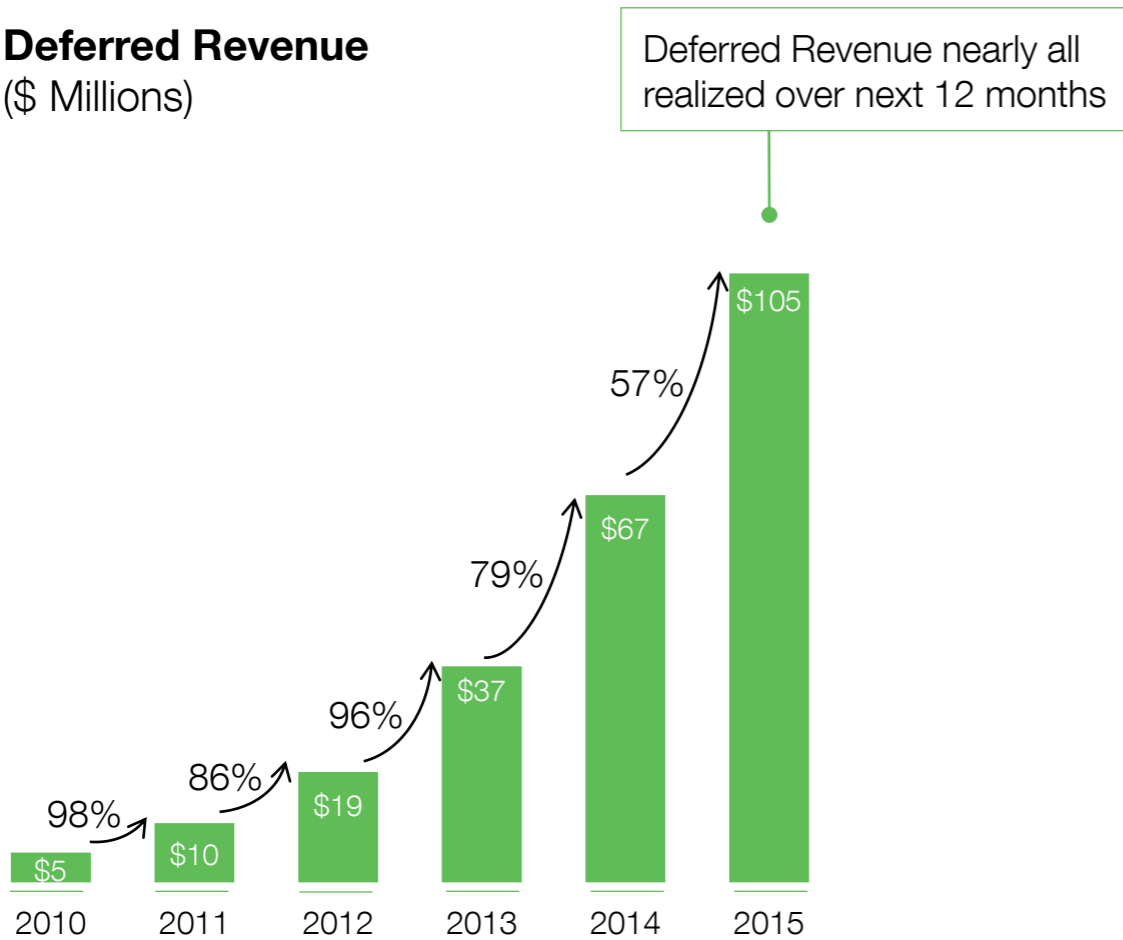


<sup>1</sup>Based on constant FX rates from Q4 2014 and full year 2014

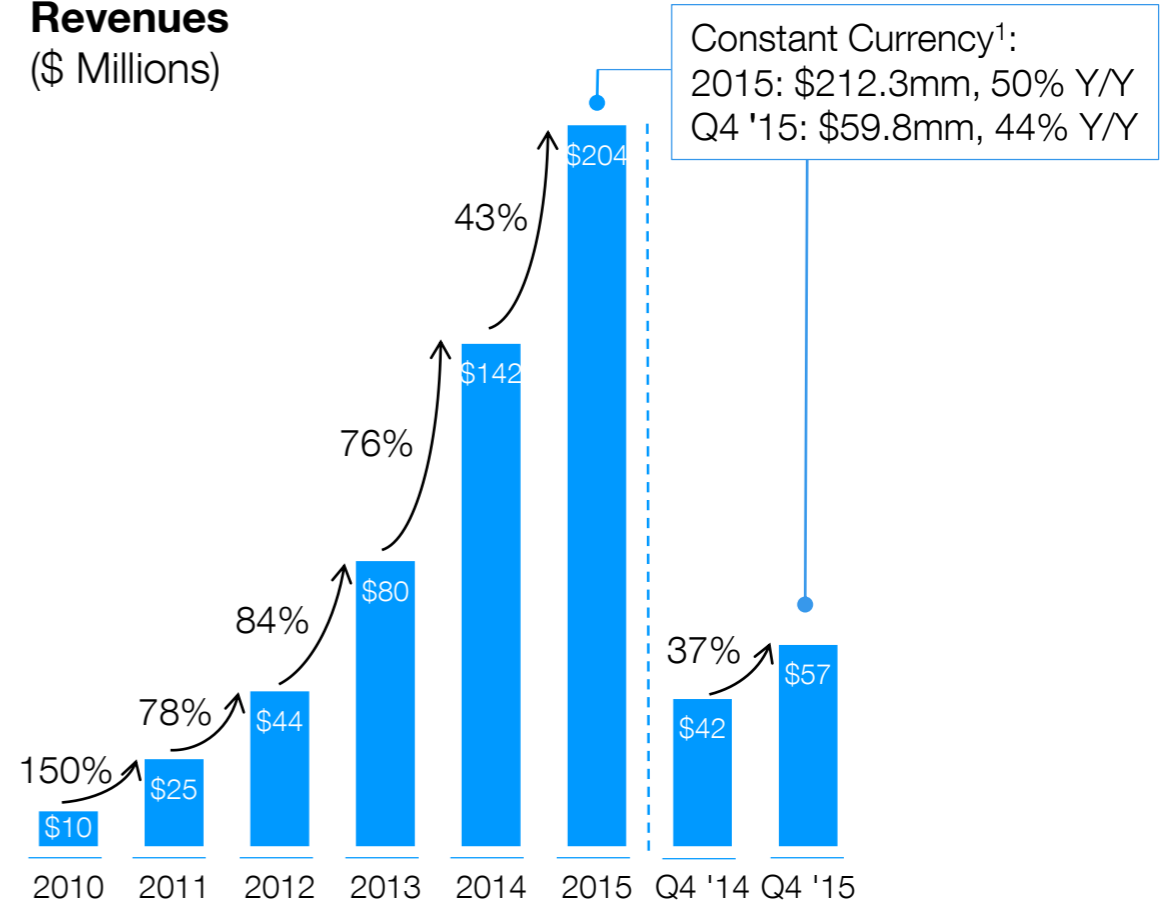


# Deferred Revenue Growth

**Deferred Revenue**  
(\$ Millions)



**Revenues**  
(\$ Millions)



<sup>1</sup>Based on constant FX rates from Q4 2014 and full year 2014

# Consistent Behavior

Active Premium Subscriptions from Q1 User Cohorts

New Registered Users



**Q1'15**  
4,568,323

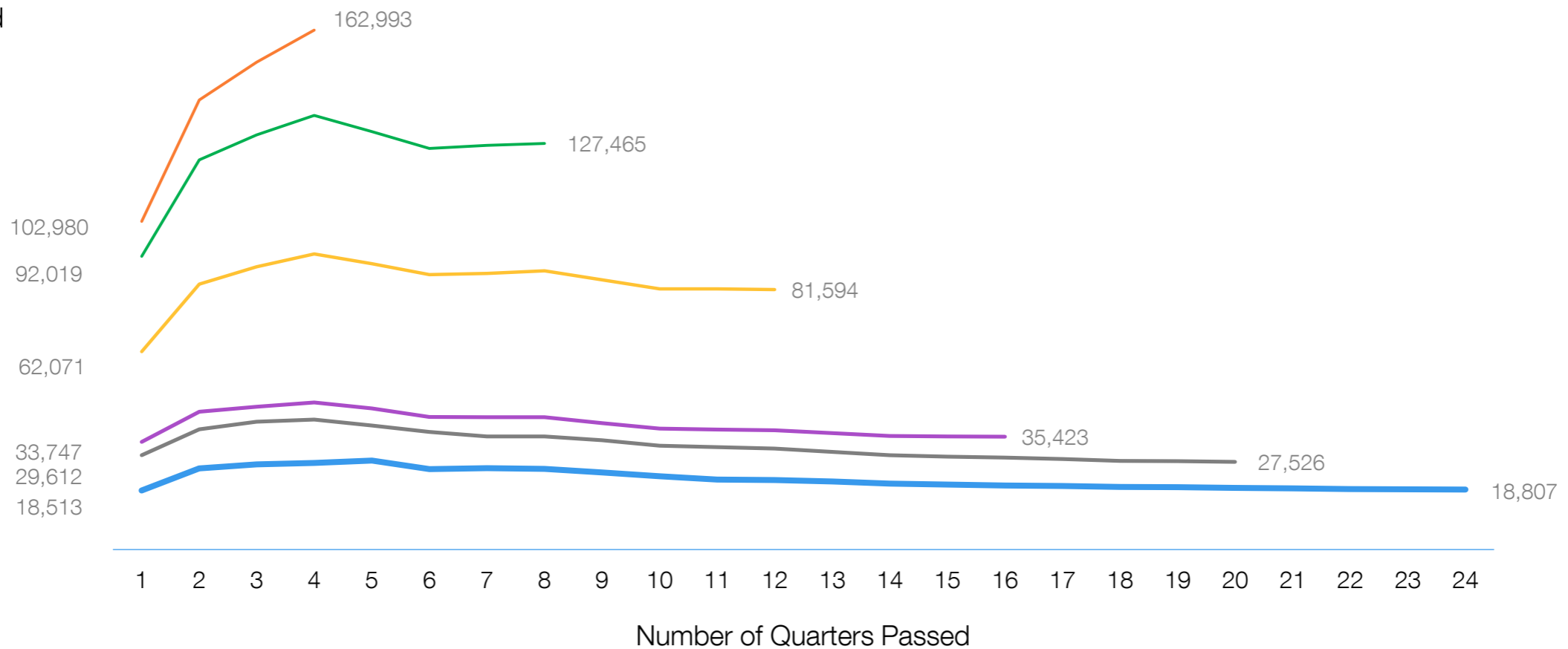
**Q1'14**  
4,089,253

**Q1'13**  
3,714,472

**Q1'12**  
2,651,656

**Q1'11**  
1,833,897

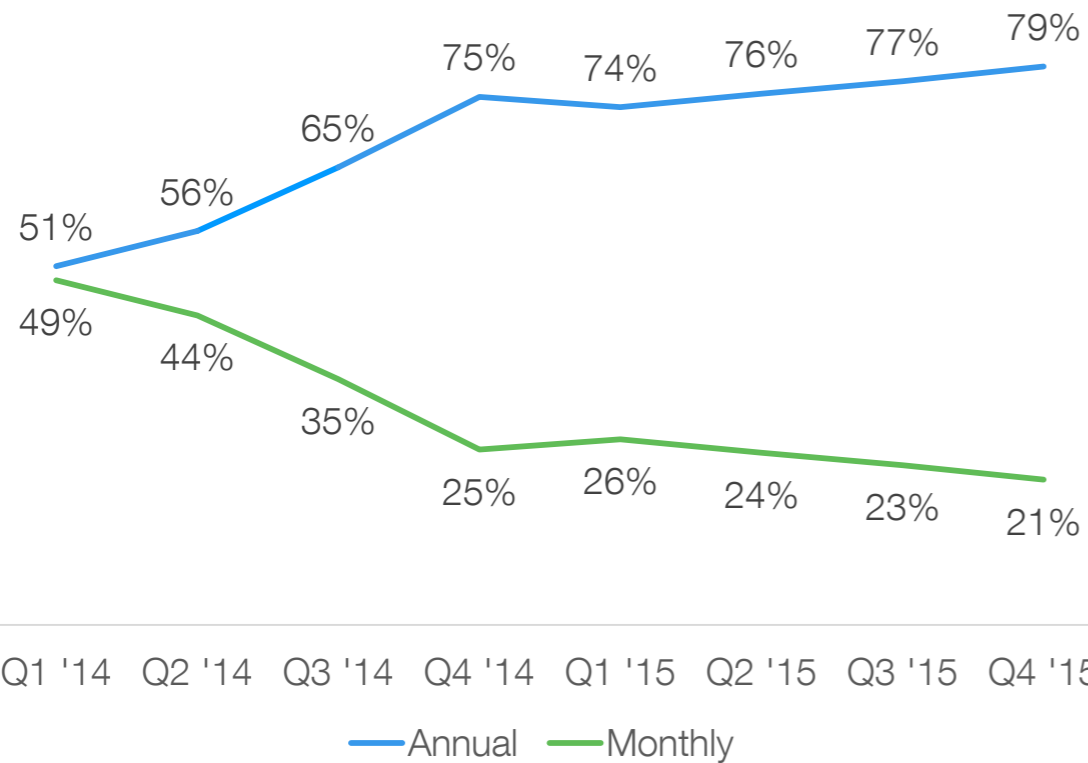
**Q1'10**  
919,221



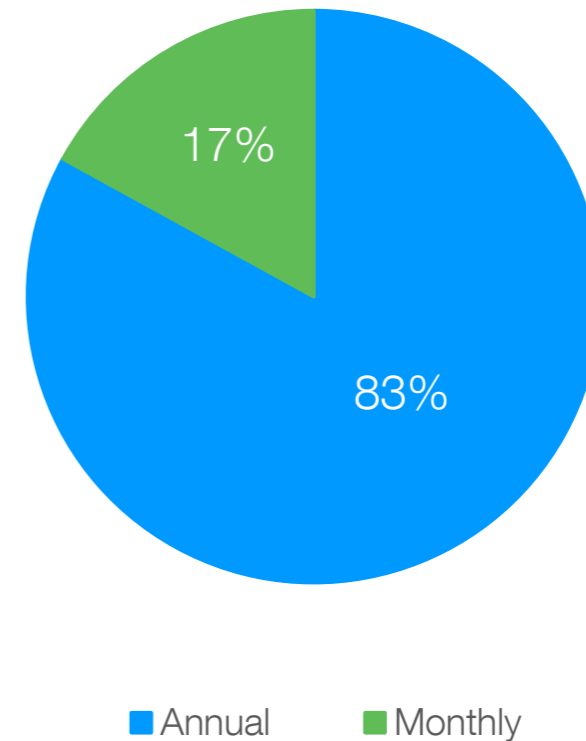
Note: Data as of December 31, 2015

# Shift to Annual Subscriptions

**% of New Subscriptions**



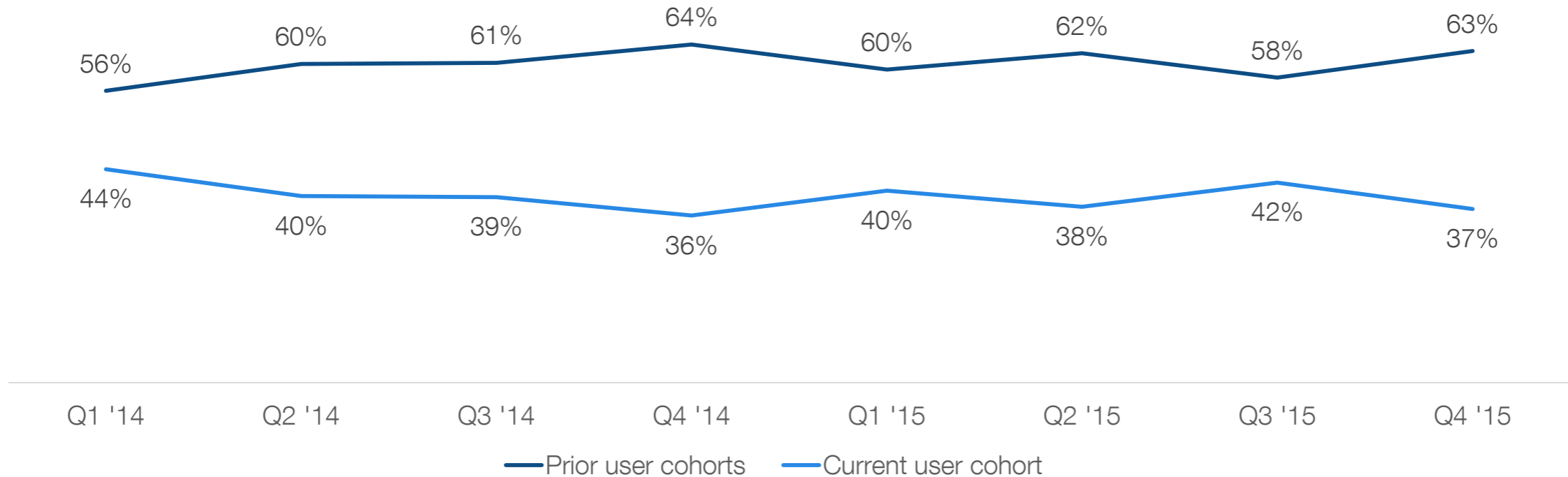
**% of Total Subscriptions**



Note: Data as of December 31, 2015

# Ongoing Cohort Conversions

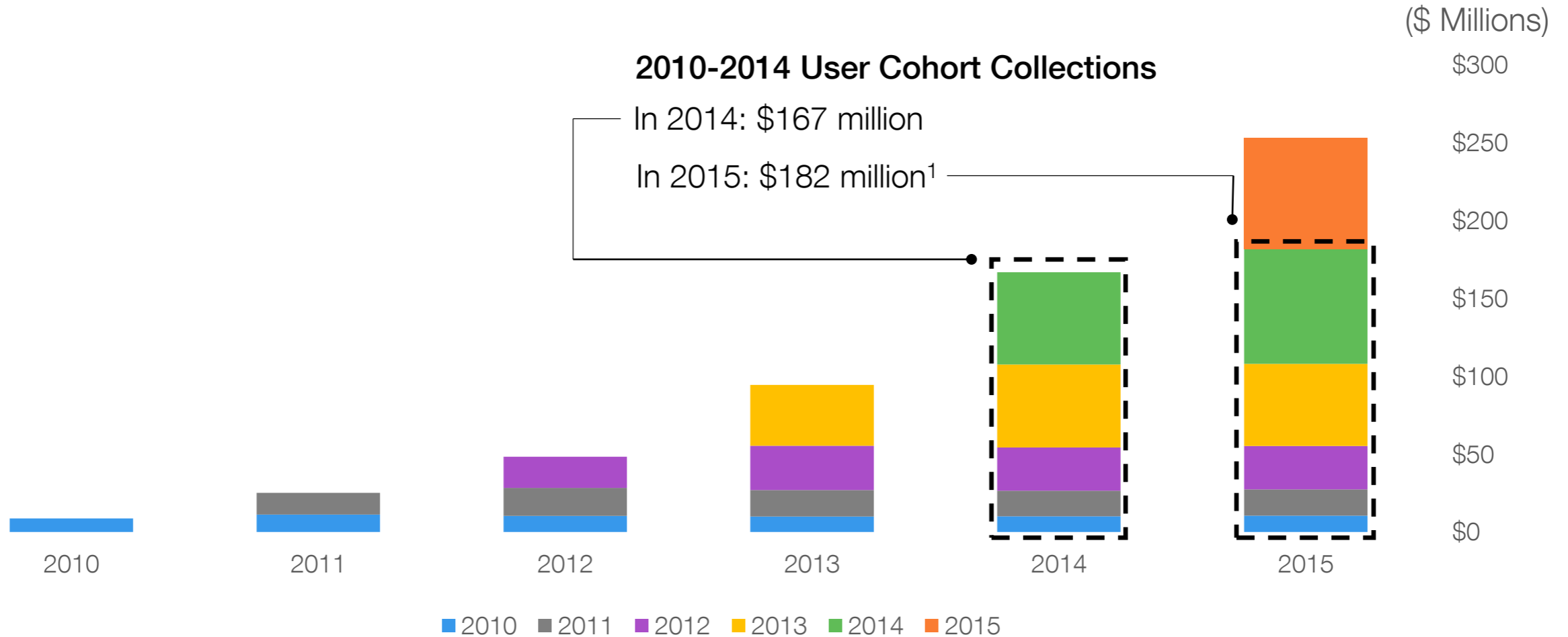
**% of New Subscriptions by Prior and Current User Cohorts**



Note: Data as of December 31, 2015

# Growing Base of Cohort Collections

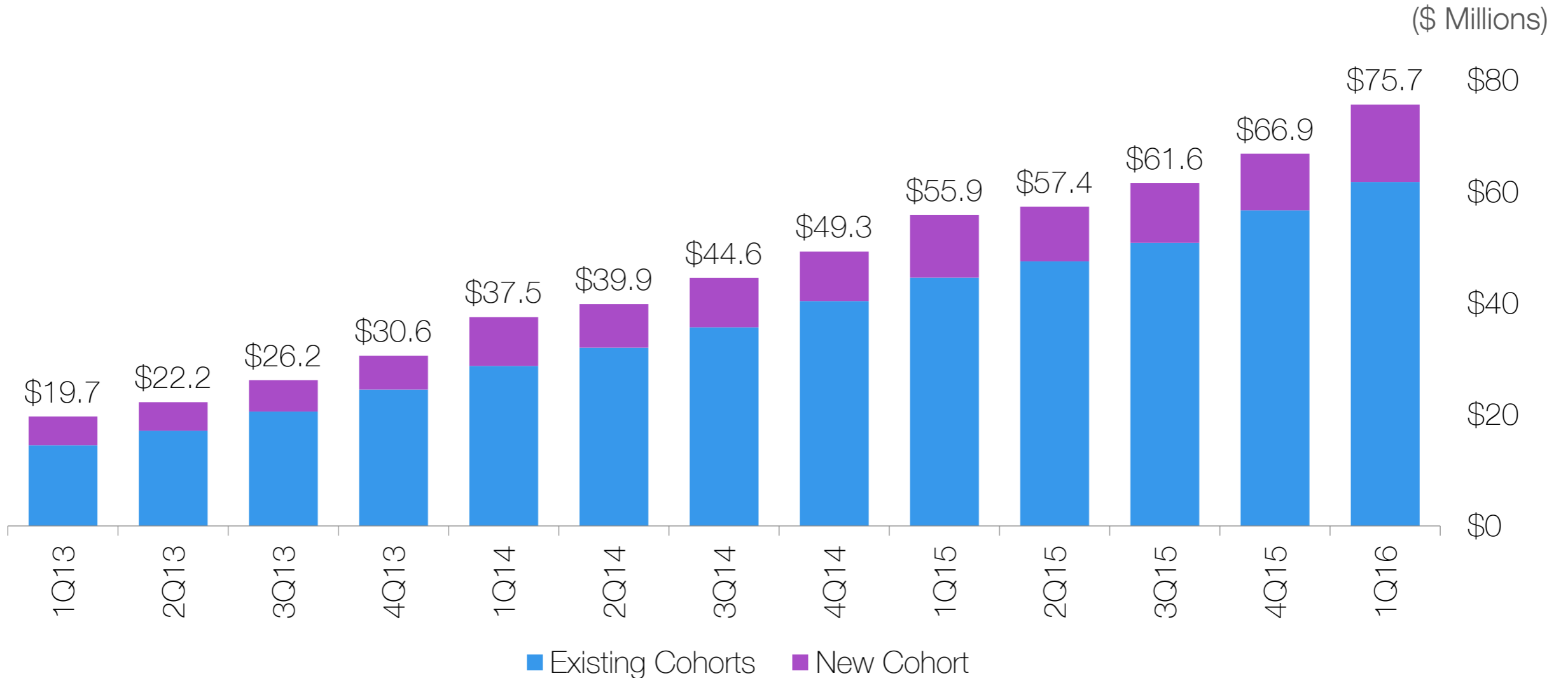
Annual collections by user cohort



<sup>1</sup>2015 collections are constant currency assuming FX rates remained the same as in 2014

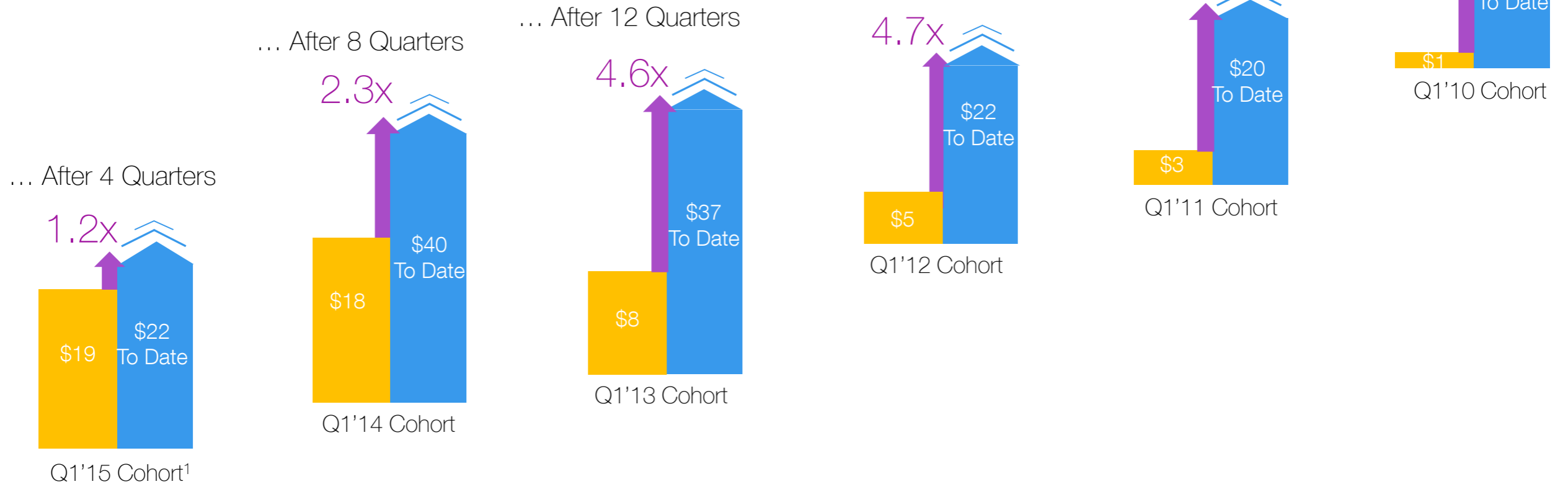
# Growing Base of Cohort Collections

Quarterly collections by user cohort



# Marketing Efficiency

One Time Marketing, Ongoing Monthly Collections

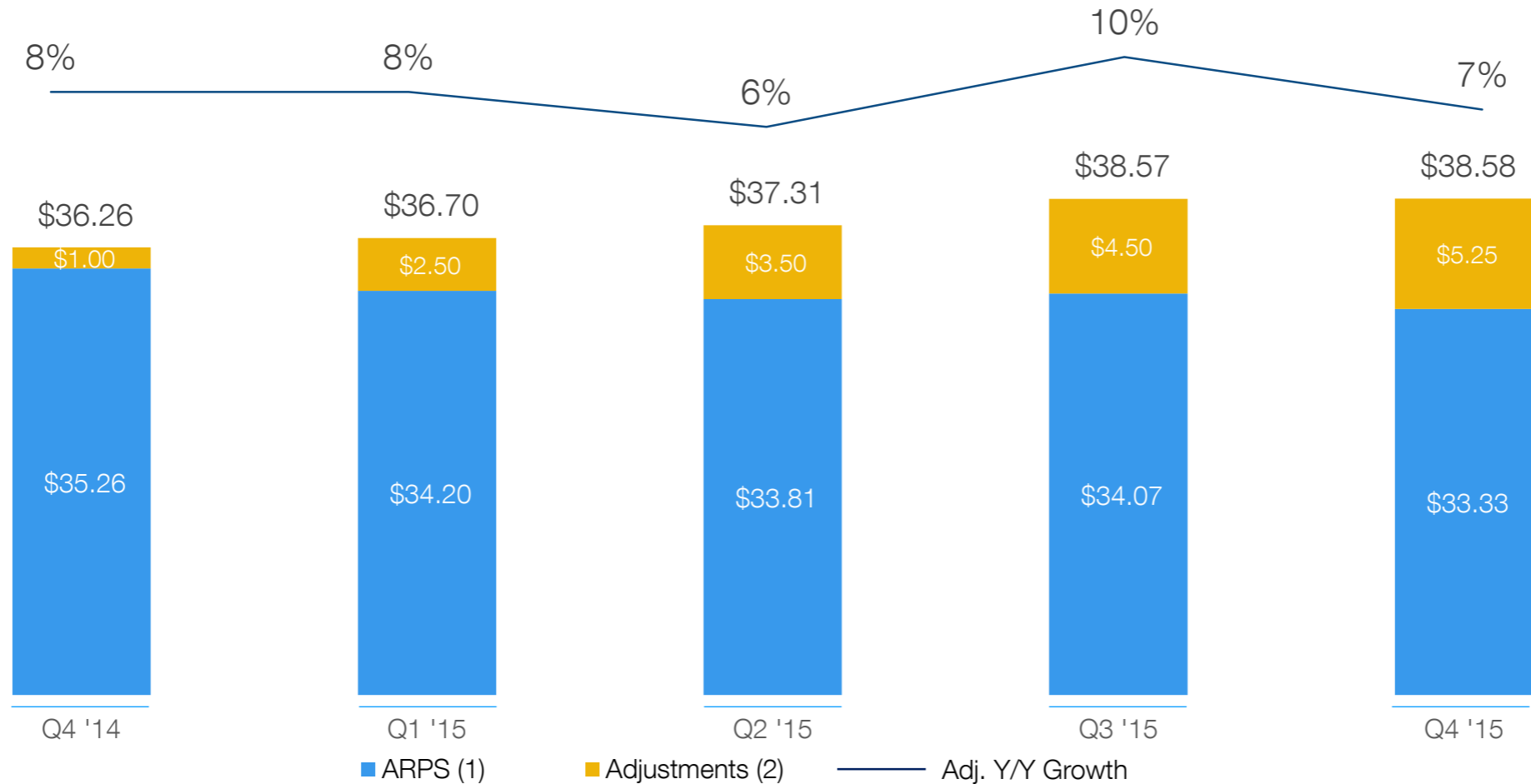


Marketing Cost (\$mm) Cohort Net Collections (\$mm)

Note: Data as of December 31, 2015

<sup>1</sup>Excludes ~\$6 million in brand marketing expenses

# Increasing Revenue per Subscription



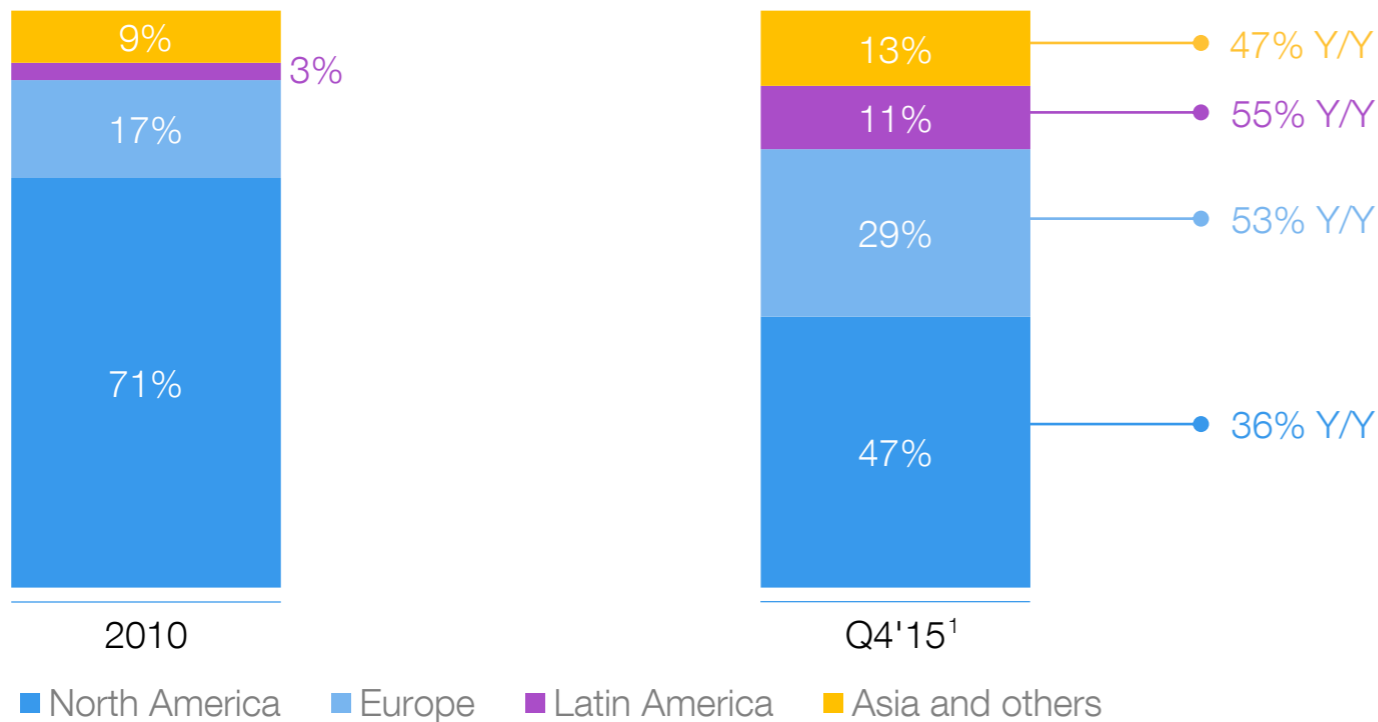
(1) ARPS = current period GAAP revenue / average of ending premium subscriptions in current quarter and ending premium subscriptions in prior quarter

(2) Adjustments for year-over-year constant currency and estimated adjustments for annual mix shift, assuming 56% (equal to Q2 2014) of new subscriptions in quarter are annual in each period beginning Q3 2014



# Increasing Geographic Penetration

**Revenue by Geography**  
(% of Total)



Growth Rate vs. Q4'14  
(Constant currency basis)

<sup>1</sup>Revenue by Geography and % Y/Y Change based on constant FX rates from Q4'14

# Overview of FX Impact

(in thousands)	Q4 '14	Q4 '15	Y/Y%
Collections	\$49,279	\$66,870	
F/X impact on Q4/15 using Q4/14 rates	-	3,837	
Collections excluding FX impact	\$49,279	\$70,707	43%

(in thousands)	Q3 '15	Q4 '15	Q/Q%
Collections	\$61,580	\$66,870	
F/X impact on Q4/15 using Q3/15 rates	-	919	
Collections excluding FX impact	\$61,580	\$67,789	10%

# Non GAAP Financial Results

(in thousands)	2012	2013	2014	2015	Q4 '14	Q4 '15	Y/Y%
Collections	\$52,479	\$98,673	\$171,255	\$241,687	\$49,279	\$66,870	36%
Revenues	\$43,676	\$80,473	\$141,841	\$203,518	\$41,559	\$56,831	37%
<i>Gross Margin %</i>	<i>79%</i>	<i>82%</i>	<i>82%</i>	<i>83%</i>	<i>82%</i>	<i>84%</i>	
R&D expenses	\$16,229	\$26,511	\$51,120	\$67,977	\$14,428	\$18,928	31%
<i>% of revenues</i>	<i>37%</i>	<i>33%</i>	<i>36%</i>	<i>33%</i>	<i>35%</i>	<i>33%</i>	
S&M expenses	\$28,956	\$52,591	\$95,173	\$116,733	\$26,341	\$29,360	11%
<i>% of revenues</i>	<i>66%</i>	<i>65%</i>	<i>67%</i>	<i>57%</i>	<i>63%</i>	<i>52%</i>	
<i>% of collections</i>	<i>55%</i>	<i>53%</i>	<i>56%</i>	<i>48%</i>	<i>53%</i>	<i>44%</i>	
G&A expenses	\$3,304	\$6,077	\$11,569	\$14,458	\$3,329	\$3,733	12%
<i>% of revenues</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>	<i>8%</i>	<i>7%</i>	
Adjusted EBITDA	(\$5,354)	(\$1,897)	(\$11,260)	\$14,721	(\$1,309)	\$7,025	N/M
<i>% of revenues</i>	<i>(12%)</i>	<i>(2%)</i>	<i>(8%)</i>	<i>7%</i>	<i>3%</i>	<i>12%</i>	
Net Loss	(\$13,718)	(\$20,953)	(\$40,247)	(\$31,354)	(\$9,604)	(\$5,397)	N/M

# APPENDIX

# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	2015	Q4 '14	Q4 '15
Revenues	\$43,676	\$80,473	\$141,841	\$203,518	\$41,559	\$56,831
Change in Deferred Revenues	8,803	18,200	29,414	38,169	7,720	10,039
Collections	\$52,479	\$98,673	\$171,255	\$241,687	\$49,279	\$66,870

# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	2015	Q4 '14	Q4 '15
GAAP Net Loss	(\$14,972)	(\$28,720)	(\$56,566)	(\$51,334)	(\$15,076)	(\$11,305)
<u>Adjustments:</u>						
Interest, bank charges & other financial expenses (income), net	(487)	(18)	262	2,172	245	740
Unrealized losses (gains) on hedging transactions	-	469	(2,124)	1,243	(227)	140
Other expenses	2	18	14	11	9	6
Taxes on income	496	1,572	3,052	2,765	1,751	772
Depreciation	871	1,229	2,662	4,999	879	1,399
Amortization	-	-	153	636	119	170
Withdrawn secondary offering expenses	-	-	365	-	-	-
Acquisition related expenses	-	-	65	-	-	-
Stock-based compensation	1,020	7,054	13,937	18,733	3,883	5,576
Change in deferred revenue	8,803	18,200	29,414	38,169	7,720	10,039
Change in prepaid domain registration costs	(1,087)	(1,701)	(2,494)	(2,673)	(612)	(512)
Adjusted EBITDA	(\$5,354)	(\$1,897)	(\$11,260)	\$14,721	(\$1,309)	\$7,025

# Reconciliation of GAAP to Non-GAAP

(in thousands)	2012	2013	2014	2015	Q4 '14	Q4 '15
GAAP Gross Profit	\$34,443	\$65,216	\$115,733	\$168,548	\$33,999	\$47,224
Stock-based Compensation	105	490	1,005	1,353	247	380
Non-GAAP Gross Profit	\$34,548	\$65,706	\$116,738	\$169,901	\$34,246	\$47,604
GAAP Net Loss	(\$14,972)	(\$28,720)	(\$56,566)	(\$51,334)	(\$15,076)	(\$11,305)
Stock-based Compensation and other Non GAAP Adjustments	1,254	7,767	16,319	19,980	5,472	5,908
Non-GAAP Net Loss	(\$13,718)	(\$20,953)	(\$40,247)	(\$31,354)	(\$9,604)	(\$5,397)