

Wix.com

EARNINGS SLIDES

First Quarter 2019

May 16th • May 16th •
2019 • May 16th •

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), non-GAAP net income (loss), non-GAAP net income (loss) per share, non-GAAP research and development, non-GAAP selling and marketing, non-GAAP general and administrative and free cash flow (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 expenses and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related expenses. Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, acquisition-related expenses, and non-operating foreign exchange expenses (income). 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 loss per share. Non-GAAP research and development represents research and development expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP selling and marketing represents selling and marketing expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP general and administrative represents general and administrative expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense and acquisition-related expenses. 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 "Reconciliation of GAAP to Non-GAAP Financial Measures" below. The accompanying 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 free cash flow guidance to net cash provided by operating activities because net cash provided by operating activities is not accessible on a forward-looking basis. Items that impact net cash provided by operating activities are out of the Company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation to net cash provided by operating activities is not available without unreasonable effort.

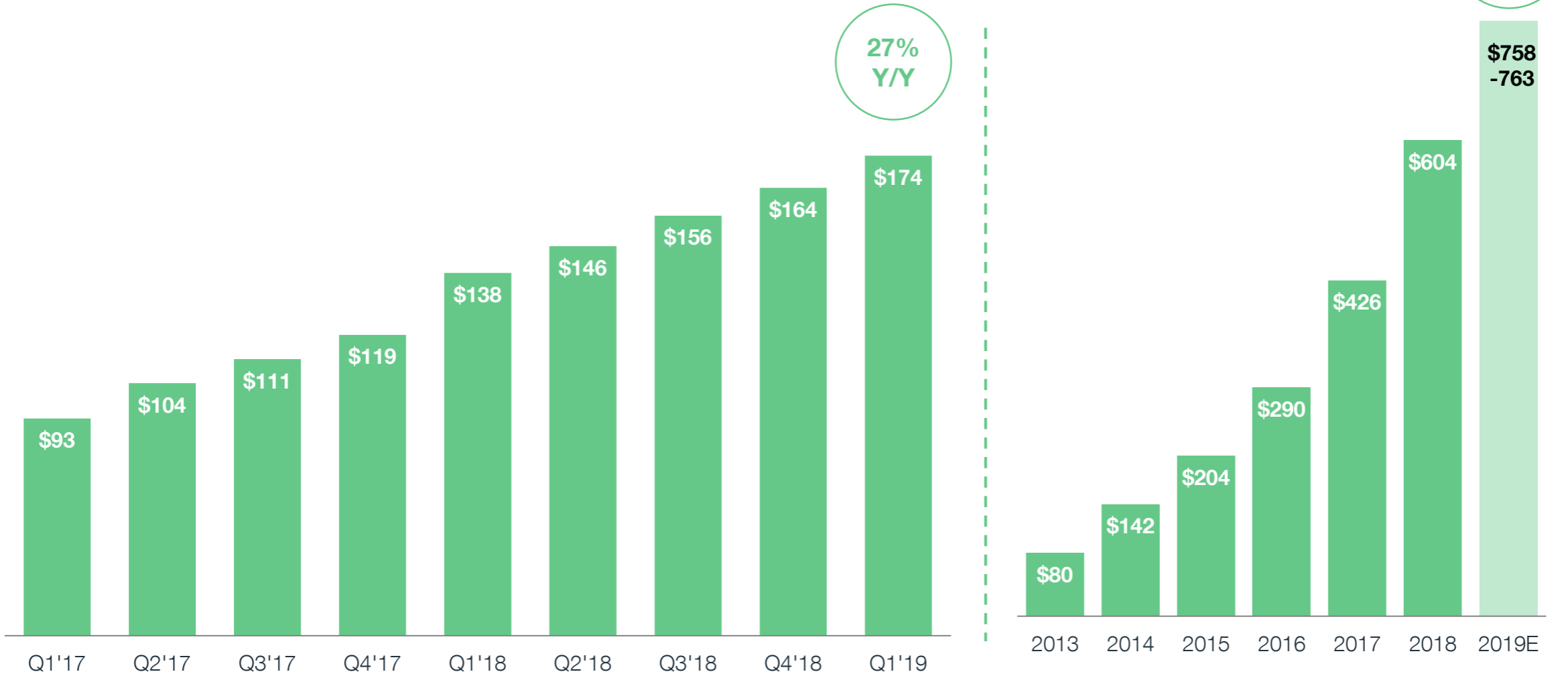
Forward-Looking Statements

This document 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, but not limited to revenue, collections and free cash flow, 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 document, including the full year guidance, 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 create new and higher monetization opportunities from our premium subscriptions; our ability to enter into new markets and attract new customer segments; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; our share repurchases made pursuant to our share repurchase plan; 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; the success of our sales efforts; customer acceptance and satisfaction of new products and other challenges inherent in new product development; changes to technologies used in our solutions; or changes in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2018 annual report on Form 20-F filed with the Securities and Exchange Commission on April 9, 2019. 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.

Q1 2019 Results

Strong revenue growth

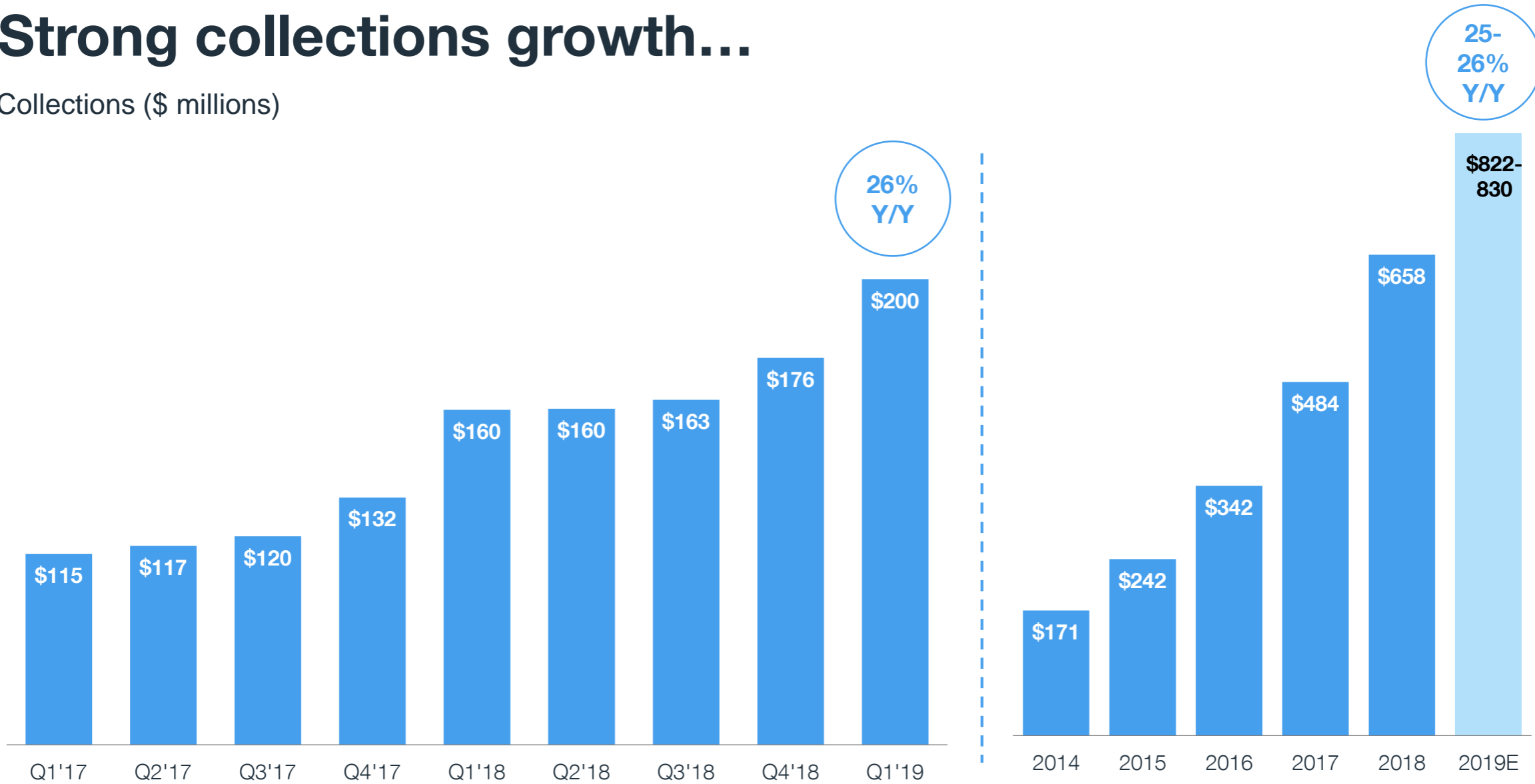
Revenue (\$ millions)



Note: 2019 guidance as provided on May 16, 2019

Strong collections growth...

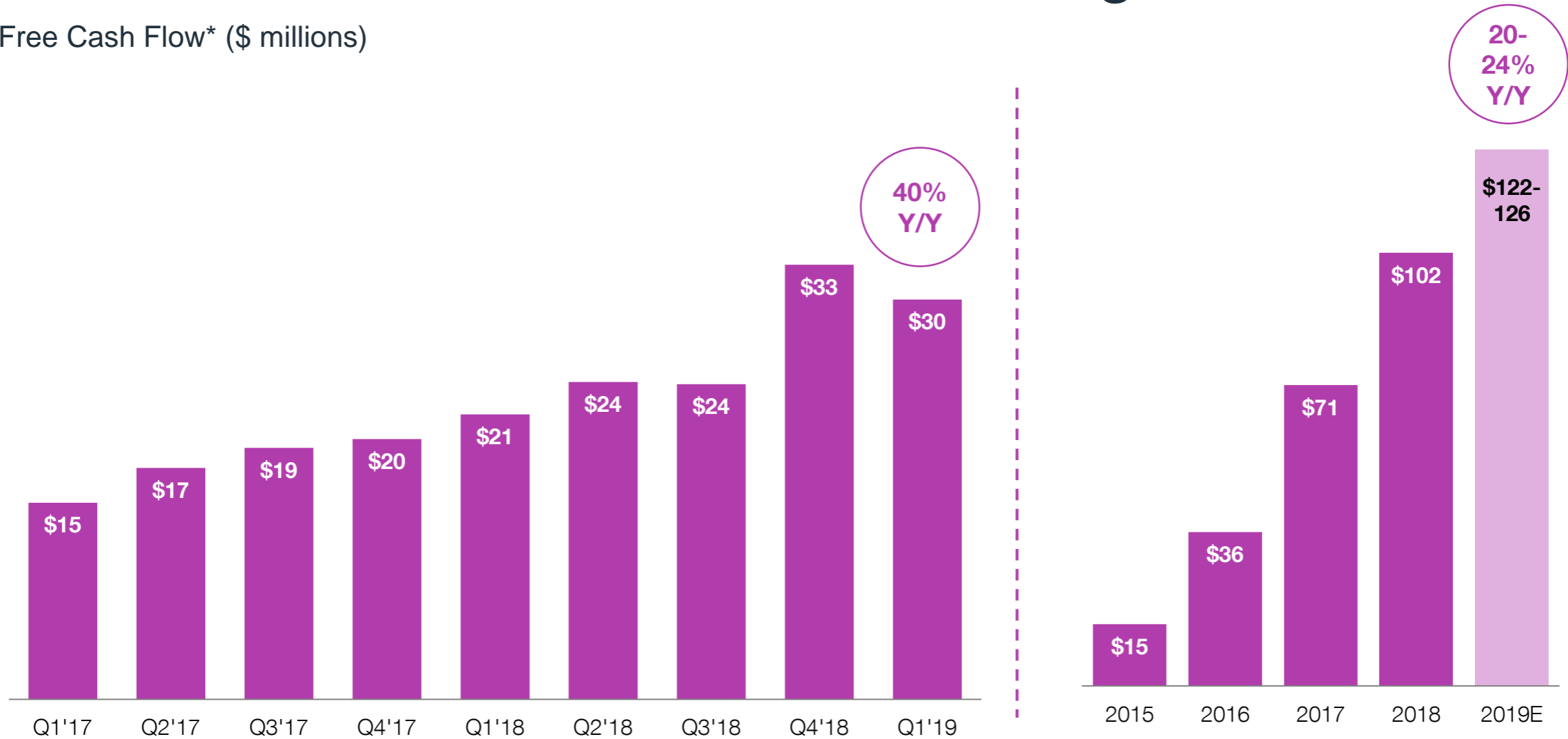
Collections (\$ millions)



Note: 2019 guidance as provided on May 16, 2019

...combined with robust free cash flow generation

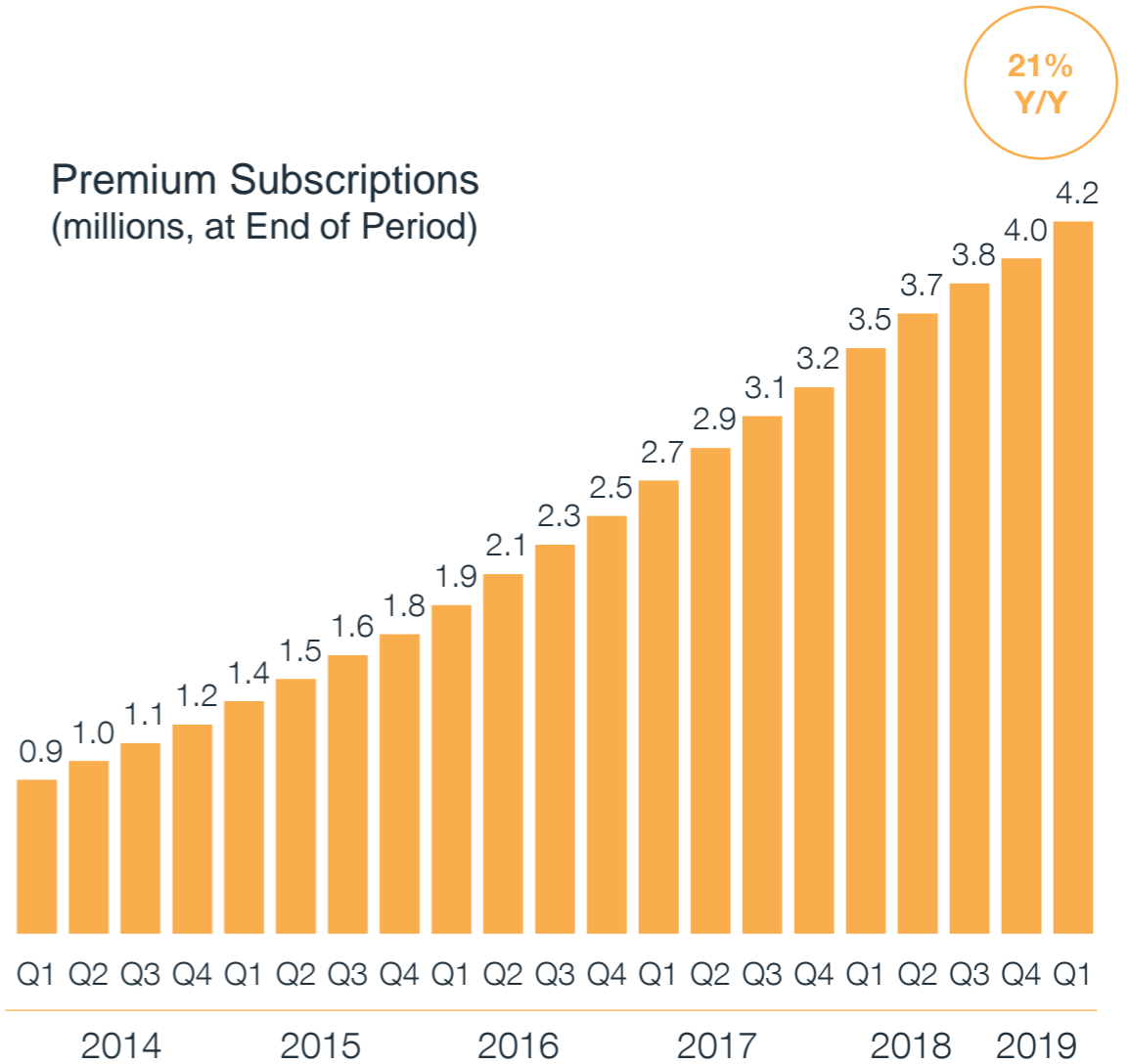
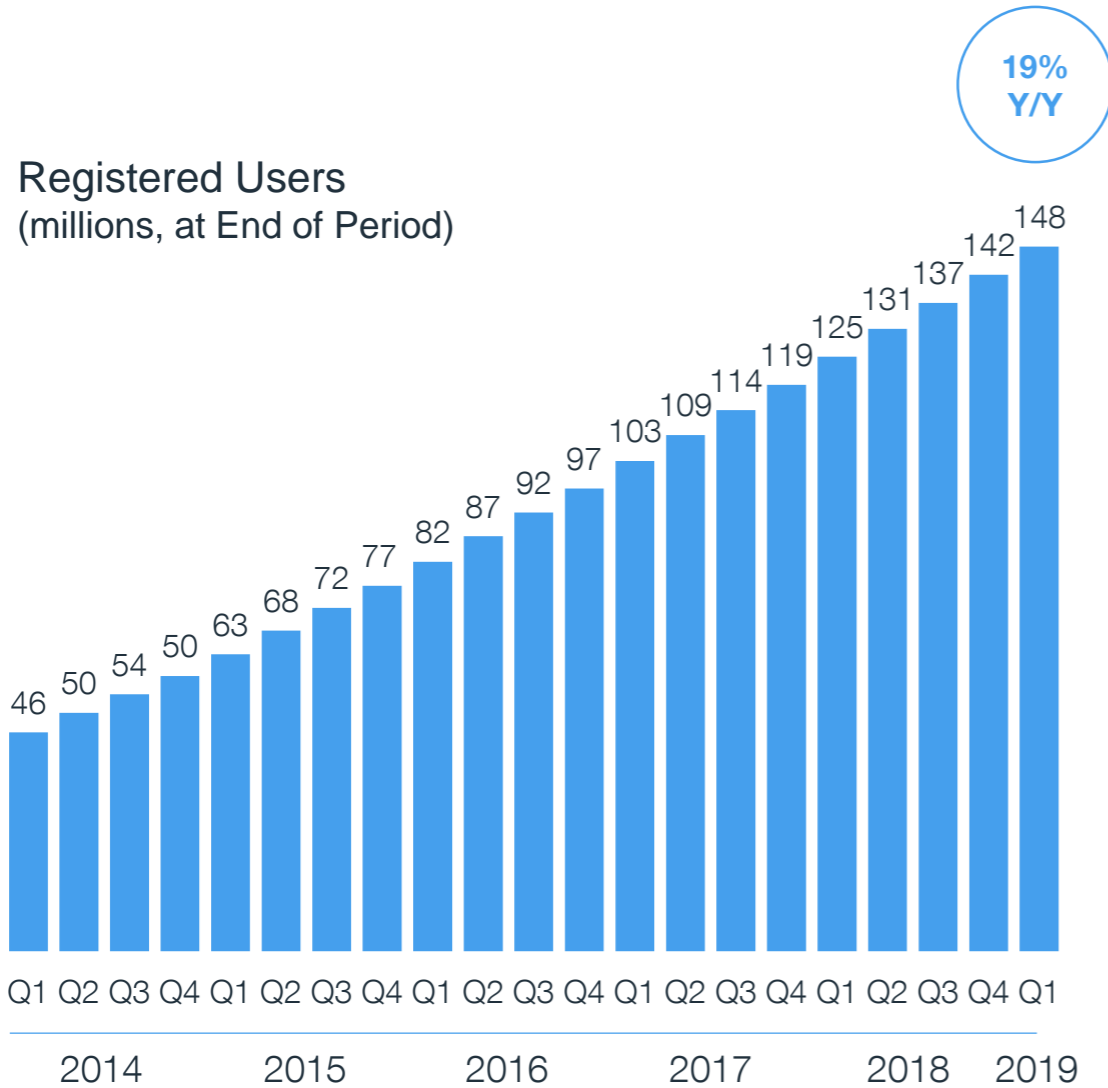
Free Cash Flow* (\$ millions)



Note: 2019 guidance as provided on May 16, 2019

Net cash provided by operating activities for Q1 2019 was \$35.1 million, while capital expenditures totaled \$5.0 million, leading to free cash flow of \$30.0 million

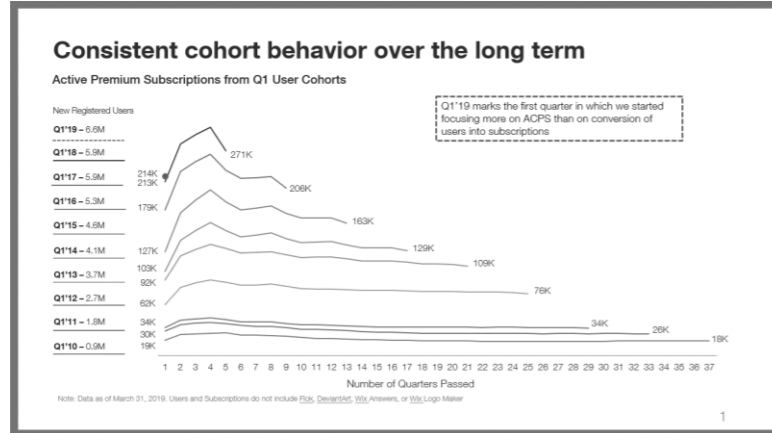
User and subscription bases continue to grow



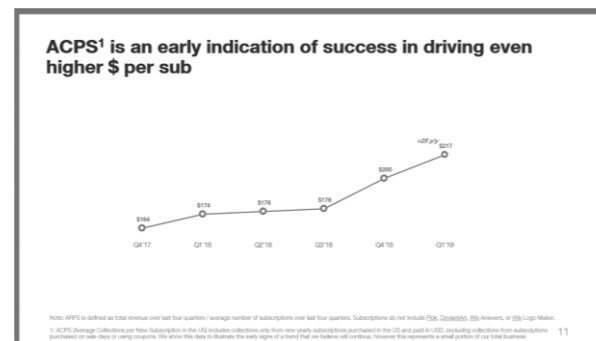
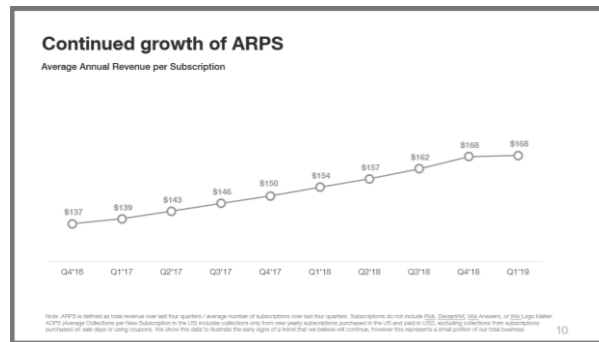
Note: Users and Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker. Beginning in Q1 2019, in reporting Registered Users we will exclude users that initially registered through non-website products and have not yet begun the process of building a website. In Q2-Q4 2018, we included these users in our Registered Users calculation, as the number was immaterial in each of those quarters. Once a user that initially registered through a non-website begins the process of building a website on Wix, that user will be counted as a Registered User as of that period

Our growth is driven by user growth, conversion and monetization per subscription

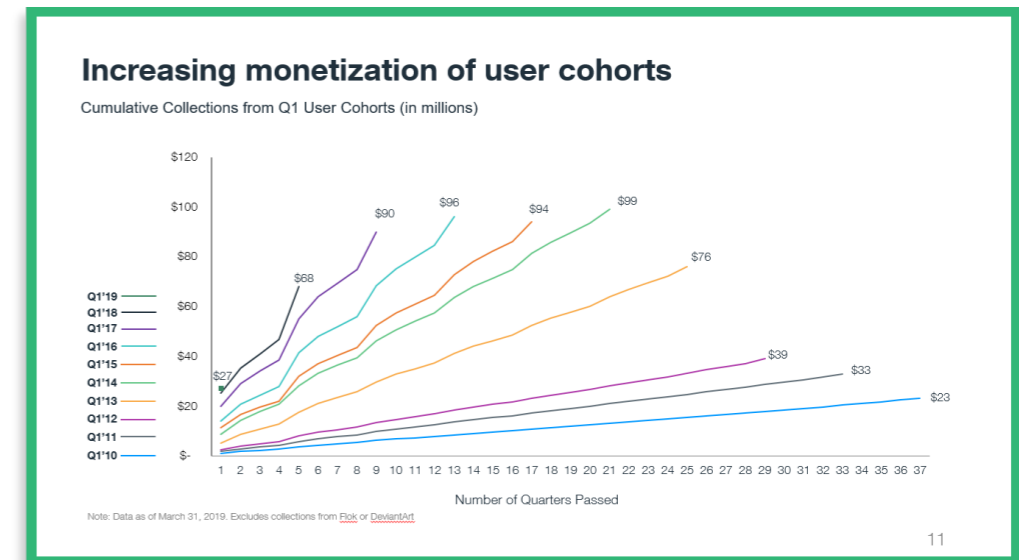
User Growth & Conversion



Monetization



Cumulative Cohort Collections



Note: This slide illustrates conceptually how Cumulative Cohort Collections is generated, which is through a combination of user growth, conversion of users to subscriptions and the monetization of subscriptions. Note: ARPS is defined as total revenue over last four quarters / average number of subscriptions over last four quarters. Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker. ARPS Change Collections and New Subscriptions in the US include collections only from new yearly subscriptions purchased in the US and paid in USD, excluding collections from subscriptions purchased on sale days or using coupons. We show this data to illustrate the early signs of a trend that we believe will continue, however this represents a small portion of our total business

Consistent cohort behavior over the long term

Active Premium Subscriptions from Q1 User Cohorts

New Registered Users

Q1'19 – 6.6M

Q1'18 – 5.9M

Q1'17 – 5.9M

Q1'16 – 5.3M

Q1'15 – 4.6M

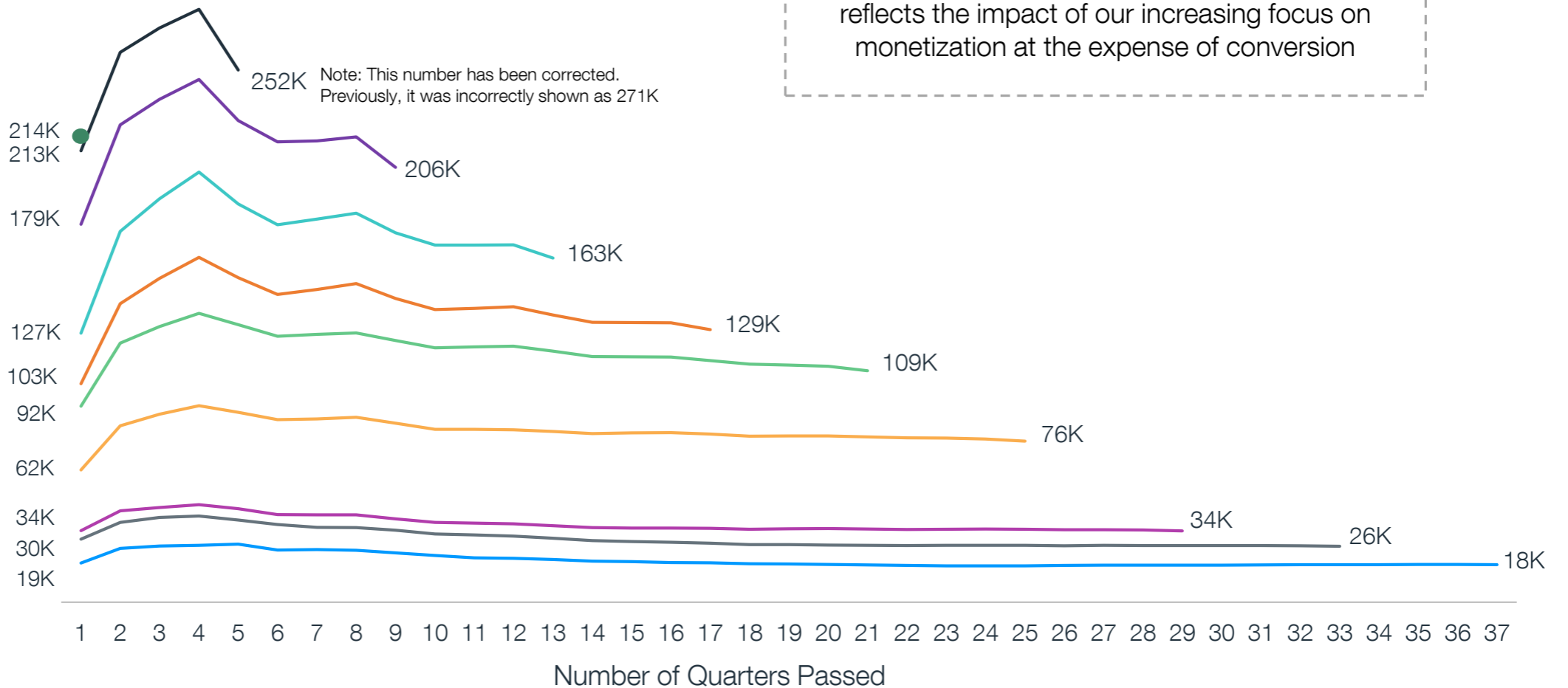
Q1'14 – 4.1M

Q1'13 – 3.7M

Q1'12 – 2.7M

Q1'11 – 1.8M

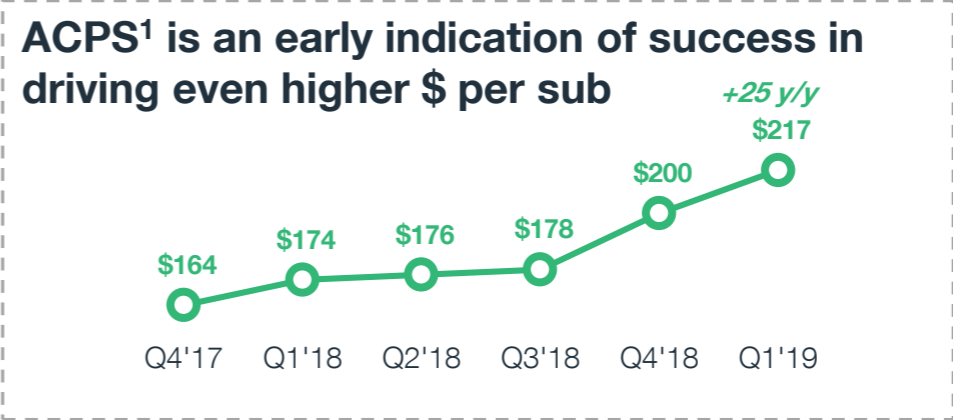
Q1'10 – 0.9M



Note: Data as of March 31, 2019. Users and Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker

Continued growth of ARPS

Average Annual Revenue per Subscription

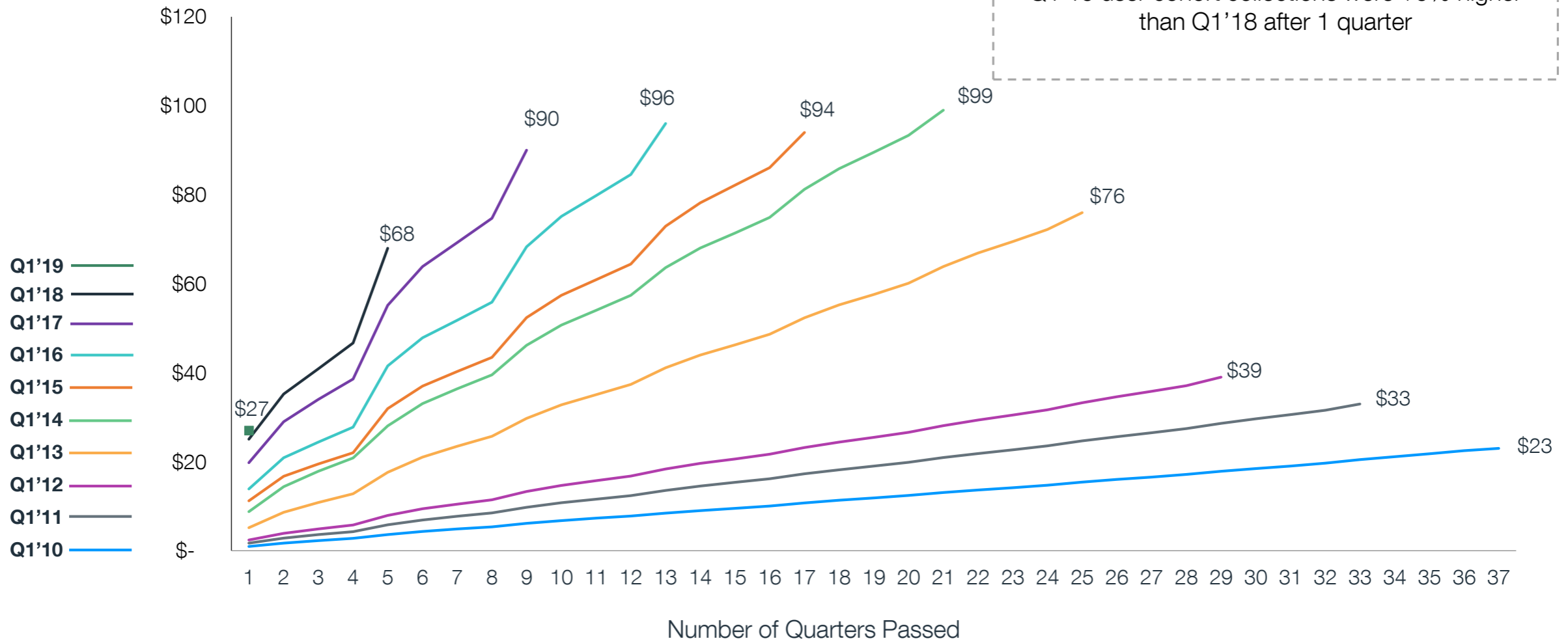


Note: ARPS is defined as total revenue over last four quarters / average number of subscriptions over last four quarters. Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker.

¹ACPS (Average Collections per New Subscription in the US) includes collections only from new yearly subscriptions purchased in the US and paid in USD, excluding collections from subscriptions purchased on sale days or using coupons. We show this data to illustrate the early signs of a trend that we believe will continue, however this represents a small portion of our total business

Increasing monetization of user cohorts

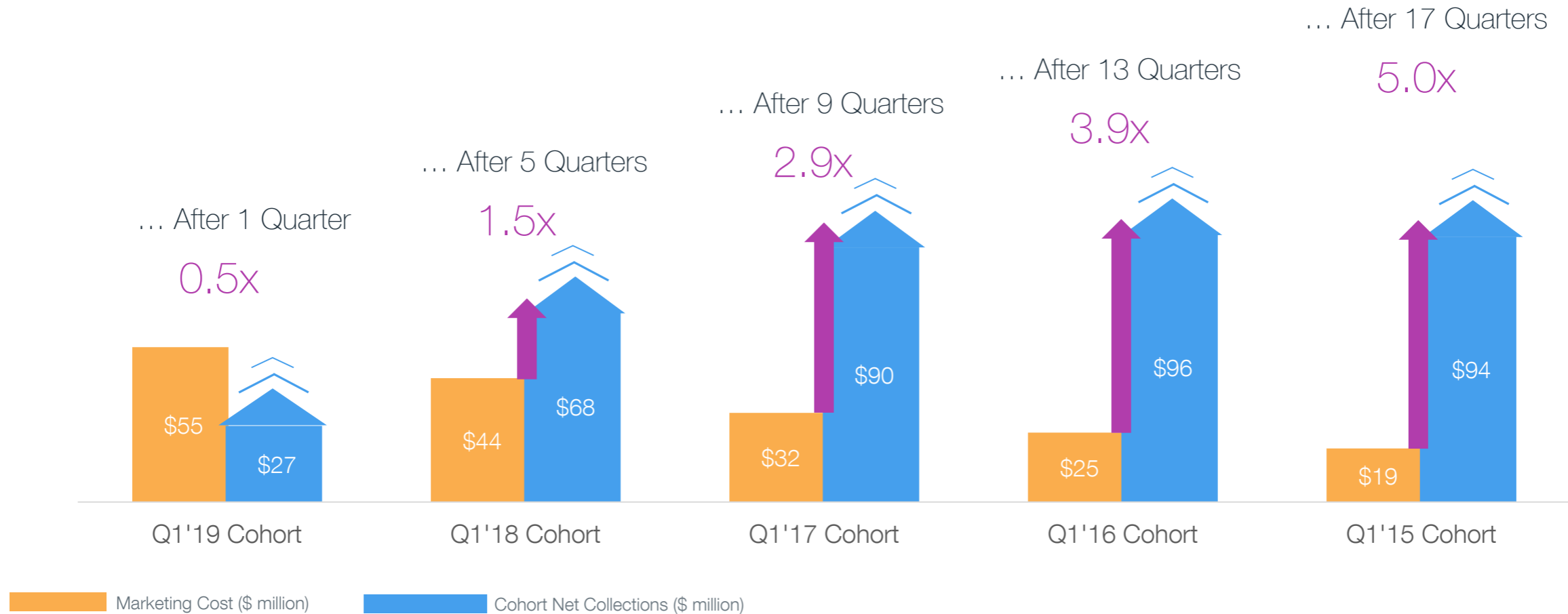
Cumulative Collections from Q1 User Cohorts (in millions)



Note: Data as of March 31, 2019. Excludes collections from Flok or DeviantArt

Efficient marketing based on 7-9 month TROI

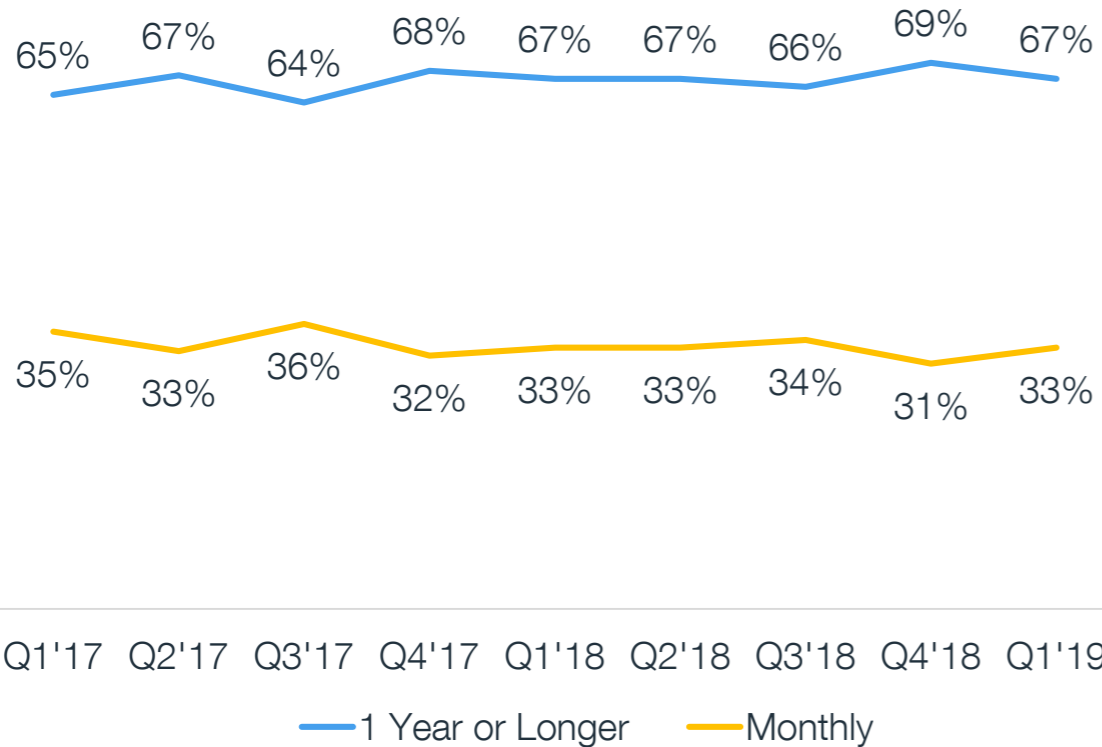
One Time Marketing, Ongoing Collections



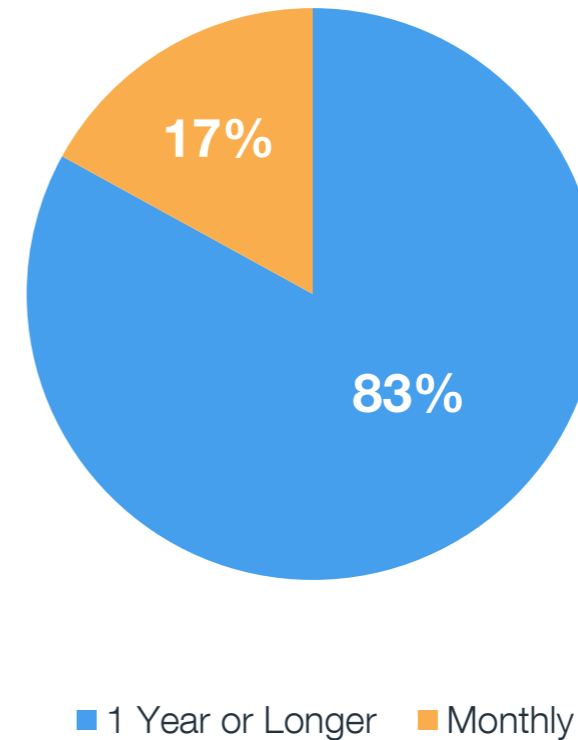
Note: Data as of March 31, 2019; TROI is Time to Return On (Marketing) Investment. We define this metric as the time it takes to collect dollars from new premium subscriptions acquired in a cohort to equal dollars spent on direct marketing costs in the same cohort. We aim for 100% TROI in 7-9 months. Numbers are rounded to the nearest million. Marketing cost includes only direct marketing and related costs associated with the acquisition of users. Cohort Net Collections do not include Flok, DeviantArt, Wix Answers and Wix LogoMaker

Healthy mix of annual and monthly subscriptions

% of Gross New Subscriptions



% of Total Subscriptions

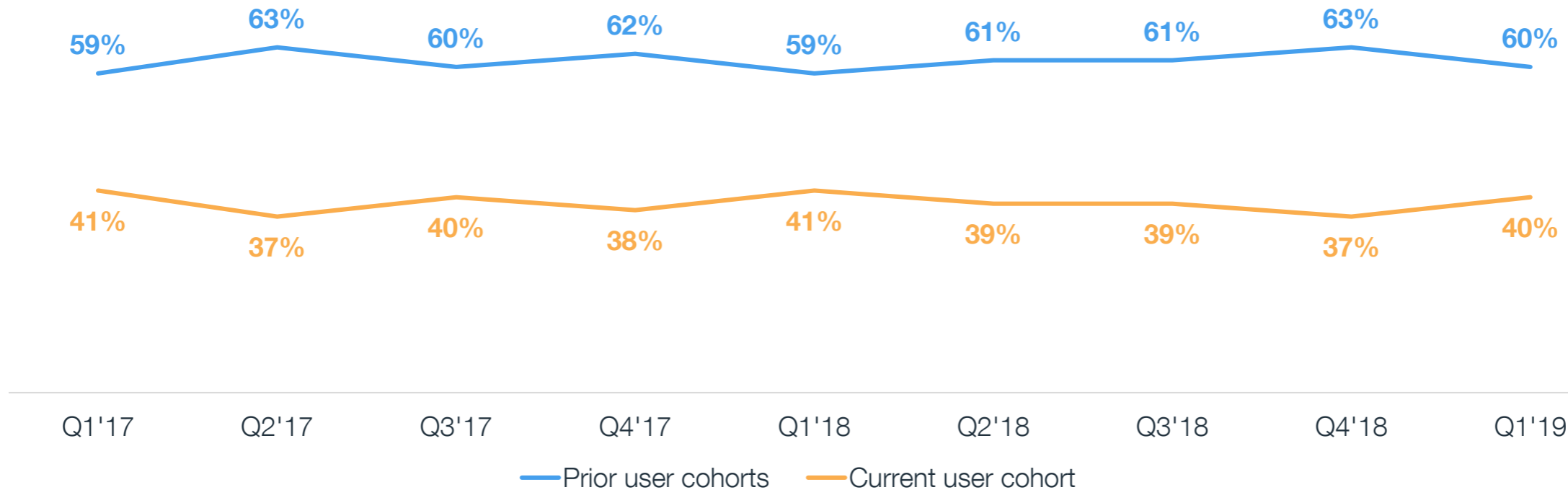


Note: Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker

Note: Data as of March 31, 2019

Prior cohorts continue to convert

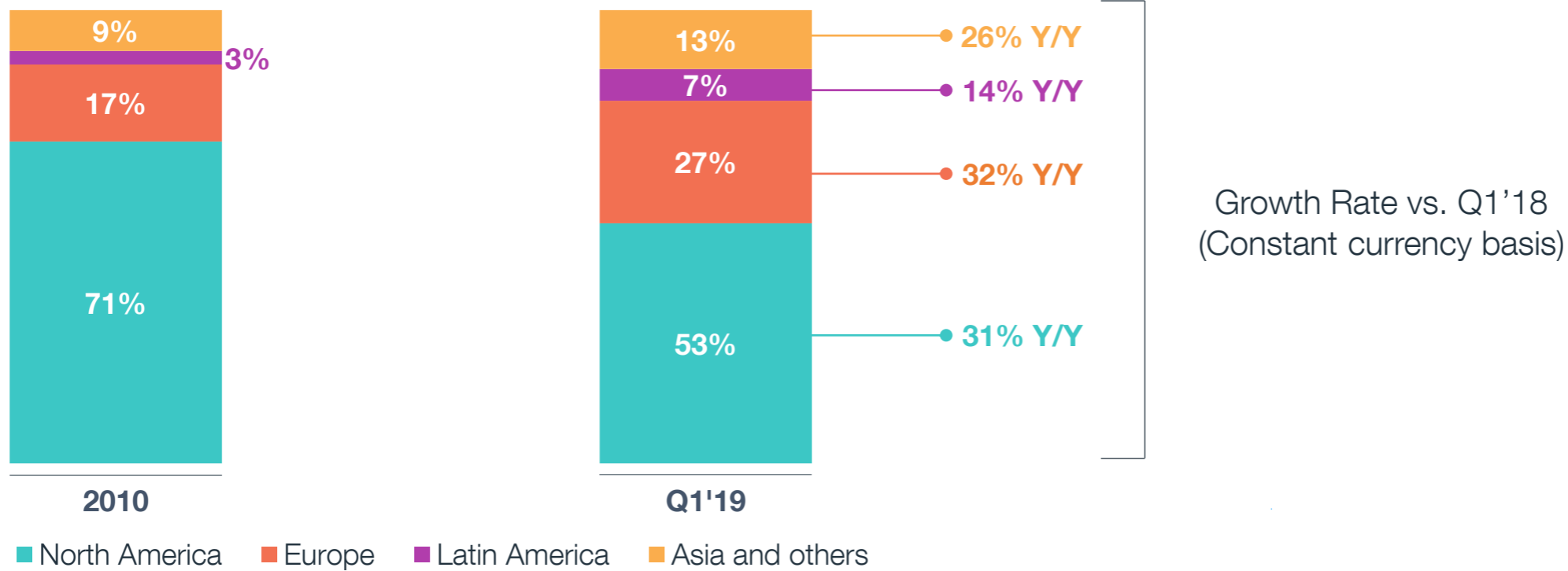
% of Gross New Subscriptions by Prior and Current User Cohorts



Note: Subscriptions do not include Flok, DeviantArt, Wix Answers, or Wix Logo Maker

Increasing geographic penetration

FX-Neutral Revenue by Geography (% of total)



Note: Q1'19 Revenue by Geography and Y/Y change based on constant FX rates from Q1'18

APPENDIX

Non-GAAP Financial Results

In 000s	2017 Q1	2018 Q1	2019 Q1	2017 FY	2018 FY
Revenues	\$92,538	\$137,775	\$174,290	\$425,636	\$603,704
Collections	\$114,546	\$159,655	\$200,379	\$483,989	\$658,385
Non-GAAP Gross Profit	\$78,209	\$109,952	\$136,028	\$359,708	\$481,743
<i>Gross Margin %</i>	<i>85%</i>	<i>80%</i>	<i>78%</i>	<i>85%</i>	<i>80%</i>
Non-GAAP R&D expenses	\$26,094	\$36,785	\$45,790	\$121,293	\$156,384
<i>% of revenues</i>	<i>28%</i>	<i>27%</i>	<i>26%</i>	<i>28%</i>	<i>26%</i>
<i>% of collections</i>	<i>23%</i>	<i>23%</i>	<i>23%</i>	<i>25%</i>	<i>24%</i>
Non-GAAP S&M expenses	\$52,249	\$64,423	\$80,517	\$195,041	\$237,639
<i>% of revenues</i>	<i>56%</i>	<i>47%</i>	<i>46%</i>	<i>46%</i>	<i>39%</i>
<i>% of collections</i>	<i>46%</i>	<i>40%</i>	<i>40%</i>	<i>40%</i>	<i>36%</i>
Non-GAAP G&A Expenses	\$7,404	\$9,506	\$11,874	\$34,275	\$40,476
<i>% of revenues</i>	<i>8%</i>	<i>7%</i>	<i>7%</i>	<i>8%</i>	<i>7%</i>
<i>% of collections</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>7%</i>	<i>6%</i>
Non-GAAP Operating Income (Loss)	(\$7,538)	(\$762)	(\$2,153)	\$9,099	\$47,244
<i>% of revenues</i>	<i>(8%)</i>	<i>(1%)</i>	<i>(1%)</i>	<i>2%</i>	<i>8%</i>
<i>% of collections</i>	<i>(7%)</i>	<i>(0%)</i>	<i>(1%)</i>	<i>2%</i>	<i>7%</i>
Non-GAAP Net Income (Loss)	(\$7,952)	(\$2,687)	\$1,468	(\$549)	\$54,778

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, and acquisition-related expense. Beginning in Q1'19 we began excluding non-operating foreign exchange expenses and income from our non-GAAP calculations of net income and EPS; this table reflects this change starting in Q1'18 for comparability purposes

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	Full Year				
	2014	2015	2016	2017	2018
Revenue	\$141,841	\$203,518	\$290,103	\$425,636	\$603,704
Change in deferred revenue	\$29,414	\$38,169	\$51,966	\$58,353	\$54,681
Collections	\$171,255	\$241,687	\$342,069	\$483,989	\$658,385

in 000s	Full Year				
	2014	2015	2016	2017	2018
Net cash provided by operating activities	(\$803)	\$20,876	\$40,573	\$83,052	\$115,709
Capital expenditures, net	(\$5,619)	(\$6,342)	(\$4,415)	(\$12,369)	(\$14,076)
Free Cash Flow	(\$6,422)	\$14,534	\$36,158	\$70,683	\$101,633

in millions	Q2'19		FY'19	
	Low	High	Low	High
Projected Revenues	\$182	\$184	\$758	\$763
Projected change in deferred revenues	\$15	\$15	\$64	\$67
Projected collections	\$197	\$199	\$822	\$830

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19
Cumulative Cohort Revenue	\$22	\$31	\$37	\$72	\$92	\$85	\$84	\$75	\$48	\$8
Cumulative Cohort change in deferred revenue	\$1	\$1	\$2	\$4	\$7	\$9	\$12	\$15	\$20	\$20
Cumulative Cohort Collections	\$23	\$33	\$39	\$76	\$99	\$94	\$96	\$90	\$68	\$27

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, and acquisition-related expense. Numbers may not add due to rounding.

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	\$92,538	\$103,522	\$111,031	\$118,545	\$137,775	\$146,132	\$155,600	\$164,197	\$174,290
Change in deferred revenue	\$22,008	\$13,599	\$9,088	\$13,658	\$21,880	\$13,763	\$7,177	\$11,861	\$26,089
Collections	\$114,546	\$117,121	\$120,119	\$132,203	\$159,655	\$159,895	\$162,777	\$176,058	\$200,379

in 000s	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GAAP Gross Profit	\$77,675	\$85,497	\$92,204	\$100,869	\$108,731	\$115,695	\$122,623	\$129,708	\$134,575
Share Based Compensation	\$506	\$695	\$783	\$946	\$1,079	\$1,087	\$1,102	\$1,150	\$1,311
Amortization	\$0	\$1,040	\$757	(\$1,292)	\$142	\$142	\$142	\$142	\$142
Acquisition Related Expenses	\$28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-GAAP Gross Profit	\$78,209	\$87,232	\$93,744	\$100,523	\$109,952	\$116,924	\$123,867	\$131,000	\$136,028
<i>Non-GAAP Gross Margin %</i>	<i>85%</i>	<i>84%</i>	<i>84%</i>	<i>85%</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>	<i>78%</i>

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, and acquisition-related expense

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2017				2018				2019 Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Research and development (GAAP)	\$32,669	\$36,749	\$40,252	\$43,965	\$46,502	\$48,492	\$49,360	\$54,558	\$58,183
Share Based Compensation	\$4,726	\$6,586	\$7,190	\$7,725	\$8,485	\$9,470	\$10,372	\$11,090	\$12,256
Amortization	\$136	\$138	\$136	\$136	\$137	\$136	\$137	\$136	\$137
Acquisition related expenses	\$1,713	\$860	\$889	\$2,107	\$1,095	\$1,084	\$261	\$125	\$0
Non-GAAP research and development	\$26,094	\$29,165	\$32,037	\$33,997	\$36,785	\$37,802	\$38,590	\$43,207	\$45,790
<i>% of collections</i>	<i>23%</i>	<i>25%</i>	<i>27%</i>	<i>26%</i>	<i>23%</i>	<i>24%</i>	<i>24%</i>	<i>25%</i>	<i>23%</i>
Selling and marketing (GAAP)	\$54,329	\$48,016	\$51,184	\$50,906	\$67,011	\$58,855	\$62,247	\$61,065	\$85,718
Share Based Compensation	\$1,419	\$1,778	\$1,826	\$1,562	\$2,042	\$2,352	\$2,597	\$2,779	\$4,748
Amortization	\$50	\$62	\$55	\$1,535	\$309	\$453	\$454	\$454	\$453
Acquisition related expenses	\$611	\$0	\$0	\$496	\$237	(\$138)	\$0	\$0	\$0
Non-GAAP selling and marketing	\$52,249	\$46,176	\$49,303	\$47,313	\$64,423	\$56,188	\$59,196	\$57,832	\$80,517
<i>% of collections</i>	<i>46%</i>	<i>39%</i>	<i>41%</i>	<i>36%</i>	<i>40%</i>	<i>35%</i>	<i>36%</i>	<i>33%</i>	<i>40%</i>
General and administrative (GAAP)	\$11,148	\$11,295	\$12,222	\$13,521	\$13,670	\$14,855	\$14,514	\$16,258	\$18,466
Share Based Compensation	\$2,331	\$2,920	\$3,236	\$3,471	\$4,068	\$4,860	\$4,689	\$5,108	\$6,592
Acquisition related expenses	\$1,413	\$0	\$0	\$540	\$96	\$0	\$0	\$0	\$0
Non-GAAP general and administrative	\$7,404	\$8,375	\$8,986	\$9,510	\$9,506	\$9,995	\$9,825	\$11,150	\$11,874
<i>% of collections</i>	<i>6%</i>	<i>7%</i>	<i>7%</i>	<i>7%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>	<i>6%</i>

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, and acquisition-related expense

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2017				2018				2019 Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
GAAP Operating Loss	(\$20,471)	(\$10,563)	(\$11,454)	(\$7,523)	(\$18,452)	(\$6,507)	(\$3,498)	(\$2,173)	(\$27,792)
Share Based Compensation	\$8,982	\$11,979	\$13,035	\$13,704	\$15,674	\$17,769	\$18,760	\$20,127	\$24,907
Amortization	\$186	\$1,240	\$948	\$379	\$588	\$731	\$733	\$732	\$732
Acquisition Related Expenses	\$3,765	\$860	\$889	\$3,143	\$1,428	\$946	\$261	\$125	\$0
Non-GAAP Operating Income (Loss)	(\$7,538)	\$3,516	\$3,418	\$9,703	(\$762)	\$12,939	\$16,256	\$18,811	(\$2,153)

in 000s	2017				2018				2019 Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
GAAP Net Loss	(\$20,885)	(\$14,264)	(\$14,519)	(\$6,605)	(\$19,811)	(\$5,640)	(\$5,916)	(\$5,753)	(\$30,740)
Share Based Compensation & Other Non-GAAP Adjustments	\$12,933	\$14,079	\$14,872	\$13,840	\$17,124	\$20,948	\$26,206	\$27,620	\$32,208
Non-GAAP Net Income (Loss)	(\$7,952)	(\$185)	\$353	\$7,235	(\$2,687)	\$15,308	\$20,290	\$21,867	\$1,468

in 000s	2017				2018				2019 Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net cash provided by operating activities	\$16,397	\$19,651	\$22,063	\$24,941	\$24,779	\$27,268	\$27,607	\$36,055	\$35,074
Capital expenditures, net	(\$1,616)	(\$2,239)	(\$3,128)	(\$5,386)	(\$3,358)	(\$3,411)	(\$3,916)	(\$3,391)	(\$5,028)
Free Cash Flow	\$14,781	\$17,412	\$18,935	\$19,555	\$21,421	\$23,857	\$23,691	\$32,664	\$30,046

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs, and acquisition-related expense. Beginning in Q1'19 we began excluding non-operating foreign exchange expenses and income from our non-GAAP calculations of net income and EPS; this table reflects this change retroactively