



Shareholder Letter
Q1.2019

Dear Fellow Shareholders:

We are pleased to report a strong Q1 that demonstrates stabilization in our Premier Agent® marketplace and traction in our model expansion to streamline real estate transactions. We met or exceeded our Q1 business outlook in all reporting segments, with significant outperformance in our Homes segment. Our solid execution represents broad-based strength in Zillow Group's fundamentals as we expand from an information marketplace to a transaction marketplace to help today's on-demand consumers buy, sell, rent and finance homes faster and easier than ever before.

Our CEO change in February coincided with Allen's first full quarter as CFO. We've used this transitional time as an opportunity to galvanize our leadership and teams to accelerate Real Estate 2.0, focused on removing friction and "unsticking" ready-to-move dreamers to find a home they love and can afford. During Q1, we focused on aligning our teams on three key imperatives for the year, which consist of: 1) accelerating Zillow Offers; 2) building a Zillow Home Loans "payments" platform for mortgage financing that supports Zillow Offers™ consumers and other borrowers; and 3) evolving our Premier Agent and Rentals marketplaces into success-based service offerings.

It's exciting to see revolutionary mindsets flourishing in our offices as we further align our businesses and organizations toward delivering consumers a true end-to-end real estate transaction experience. We are more excited than ever about our expansion and the new \$1.1 trillion market opportunity that this represents¹.

Recent highlights:

- Total Q1 consolidated revenue grew 51% year over year, driven primarily by outperformance in the Homes segment.
- Momentum is building with strong demand for Zillow Offers. We received more than 35,000 seller requests during Q1. Zillow Offers is currently operating in 9 markets -- receiving approximately one seller request every 2 minutes, equating to more than \$200 million in transaction volume per day².
- The Premier Agent marketplace is stabilizing and churn is returning to historical norms.
- We introduced Zillow Home Loans, which is a critical step toward integrating a digital payments platform for mortgage financing to Zillow Offers consumers and other borrowers.
- Traffic and engagement are strong with more than 181 million average monthly unique users and a record 2 billion visits on Zillow Group's mobile apps and websites during Q1.

Key Highlights

CONSOLIDATED REVENUE:

\$454.1 Million

CONSOLIDATED GAAP NET LOSS:

(\$67.5) Million

CONSOLIDATED ADJUSTED EBITDA:

\$23.9 Million

AVERAGE MONTHLY UNIQUE USERS:

181 Million

VISITS:

2 Billion

¹ Zillow Group internal estimate: \$900 billion home transaction value (US Census Bureau and National Association of REALTORS 2018) + \$87 billion agent commissions (total new and existing homes sold, National Association of REALTORS 2018 x average agent commission, REAL Trends) + \$45 billion property management spending (IBISWorld Reports, December 2018) + \$44 billion mortgage origination fees (Mortgage Bankers Association 2018) + \$32 billion title insurance and conveyance services (IBISWorld Reports, December 2018).

² Zillow Group internal estimate: \$200 million in transaction volume per day assumes average home value of \$300,000 per home for approximately 685 offer requests per day.

First Quarter 2019 Results

We reported consolidated Q1 2019 total revenue of \$454.1 million, which was up 51% year over year, exceeding the high end of our outlook. The outperformance was primarily driven by our Homes segment due to strong consumer demand and solid growth from our other segments. On a consolidated basis, GAAP net loss for Q1 was \$67.5 million, or 15% of revenue, and Adjusted EBITDA was \$23.9 million, or 5% of revenue³. We exceeded the high end of our Adjusted EBITDA guidance range primarily as a result of a change in the timing of recognition of certain headcount-related costs, delayed advertising and marketing costs, a decrease in our estimated legal liabilities due primarily to a favorable court ruling, and savings in acquisition integration costs compared to what we had initially planned.

Zillow Group has a solid balance sheet and strong cash position to fund the next stage of growth for our company. We ended Q1 with more than \$1.5 billion in cash and investments and \$1.1 billion available for borrowings on our revolving credit facilities and warehouse lines of credit, subject to the satisfaction of certain conditions and approval by the directing lenders.

BROAD CONSUMER APPEAL & ENGAGEMENT

Investing in our brand, audience growth and engagement is fundamental to our business. And, our ability to attract and continuously engage the largest audience of real estate consumers remains one of our competitive advantages. Traffic to Zillow Group's mobile apps and websites reached more than 181 million average monthly unique users in Q1, an increase of 3% year over year, while visits reached an all-time high of more than 2 billion, up 14% year over year. During Q1, we relaunched the Zillow® brand to visibly reflect the next chapter for us, which included a new shopping experience on our mobile apps and website, [new television advertising](#) to increase awareness of our product expansion and drive buyer and seller engagement, and a modernized look and feel through a new logo.



Zillow launched its new television advertising in March 2019.

³ Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. Please see the below section "Use of Non-GAAP Financial Measures" for more information about our presentation of Adjusted EBITDA.

HOMES SEGMENT RESULTS

We continue to see incredible demand for Zillow Offers, driving better-than-expected results on the top line. Homes segment revenue of \$128.5 million exceeded the high end of our guidance range by more than \$13 million, primarily driven by consumer demand exceeding expectations. Homes segment loss before income taxes for the quarter was approximately \$45.2 million, or 35% of segment revenue, and Homes segment Adjusted EBITDA was in line with our expectations at a loss of \$34.5 million, or 27% of segment revenue⁴.

During Q1, we received more than 35,000 Zillow Offers seller requests in the 8 markets where we were active, three of which launched during the quarter. Currently, Zillow Offers is “live” in 9 markets and we receive one request approximately every 2 minutes, or more than \$200 million in transaction value per day. Due to the positive consumer response and strong demand, we are accelerating Zillow Offers’ expansion. We have just announced another 6 markets and now plan to be operating in 20 markets by the end of Q1 2020.

Homes Highlights

SEGMENT REVENUE:

\$128.5 Million

SEGMENT LOSS BEFORE
INCOME TAXES:

(\$45.2) Million

SEGMENT ADJUSTED EBITDA:

(\$34.5) Million

HOMES BOUGHT:

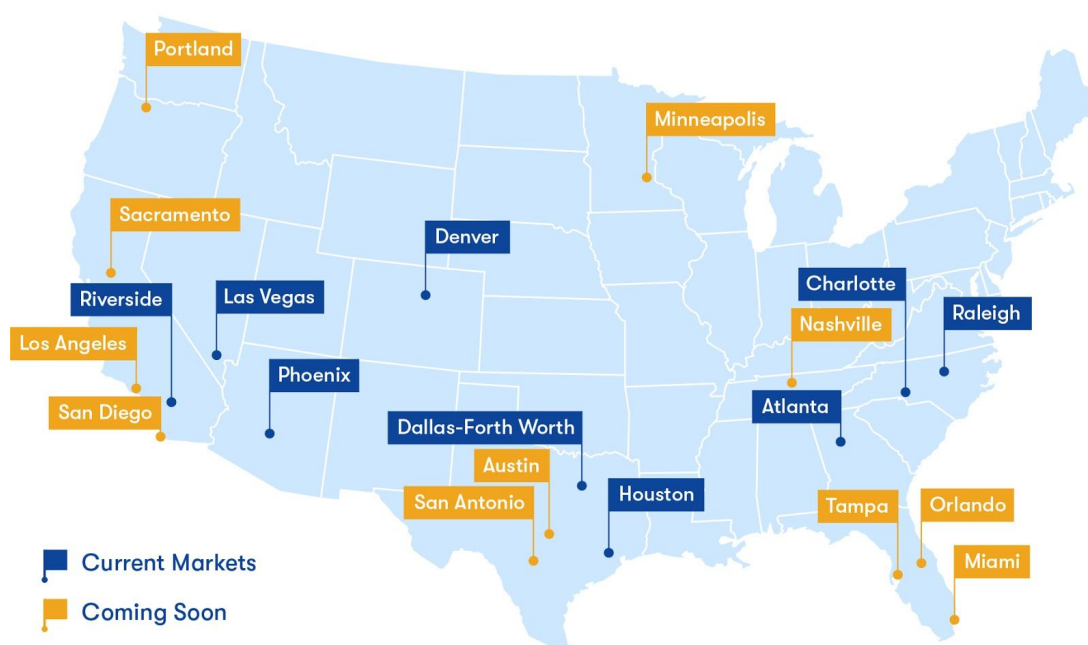
898

HOMES SOLD:

414



Current Markets + Coming Soon



During Q1, Zillow sold 414 homes and purchased 898 homes. The number of homes sold was nearly 3 times what we sold in Q4, while homes purchased rose 80% sequentially. To support this growth, we are building a world-class operating platform for national scale. We ended Q1 with 993 homes in inventory, or approximately \$325 million in value, and with \$246 million drawn on our revolving credit facilities. As a reminder, we are in a favorable cash position and

⁴ Homes segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled “Use of Non-GAAP Financial Measures” for information regarding Homes segment Adjusted EBITDA.

any debt we take on for Zillow Offers is non-recourse, backed by the home assets themselves.

Overall, execution in Zillow Offers is proceeding better than we planned. As we rapidly roll out new markets and prioritize speed of scaling, we will experience fluctuations in our unit economics. In these early days, we currently target a range of plus or minus 200 basis points for return before interest expense per unit***. Longer term at scale, we are targeting a range of 400 to 500 basis points for return before interest expense per unit. To help illustrate this, we are providing the unit economics disclosure and an illustrative example below that highlights the costs of acquiring a home and the levers that we believe we can utilize to drive profitability over time. In the exhibit, our home acquisition cost, which is recorded in inventory on our balance sheet, is the sale price recorded in the MLS net of Zillow's service fee - approximately an average of 7% in Q1 - plus an estimated renovation allowance and some closing costs.

First Quarter 2019 Homes Unit Economics Exhibit

	Total (in '000s, other than homes sold)	Per Home
Homes sold	414	
Homes revenue	\$128,472	\$310,319
Operating costs:		
Home acquisition costs *	\$116,709	\$281,906
Renovation costs *	\$4,681	\$11,307
Holding costs *, **	\$1,238	\$2,990
Selling costs	\$5,542	\$13,386
Total operating costs	\$128,170	\$309,589
Return on homes sold before interest expense	\$302	\$730
Interest expense *, **	\$1,655	\$3,998
Return on Homes Sold After Interest Expense***	(\$1,353)	(\$3,268)

*Amount excludes expenses incurred during the period that are not related to homes sold during the period.

**Holding costs and interest expense include \$0.6 million and \$0.6 million of costs, respectively, incurred in prior quarters associated with homes sold in the first quarter of 2019.

***Return on Homes Sold After Interest Expense and return on homes sold before interest expense are non-GAAP financial measures; they are not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. The most directly comparable GAAP financial measure is loss before income taxes for the Homes segment and, on a per home basis, per home loss before income taxes. For the three months ended March 31, 2019, Homes segment loss before income taxes was \$45.2 million, and per home loss before income taxes was \$109,191. Please see the below section "Use of Non-GAAP Financial Measures" for more information about our presentation of Return on Homes Sold After Interest Expense and Return on homes sold before interest expense.



Illustrative Homes Unit and Segment Economics

% of Homes Revenue	Current State	At Scale
Homes Unit Economics		
Homes revenue	100%	100%
Less: Operating costs*	98 - 102%	95 - 96%
Return on homes sold before interest expense	(2) - 2%	4 - 5% 
Homes Segment Adjusted EBITDA		
Return on homes sold before interest expense		4 - 5%
Less: Homes corporate overhead		1 - 2%
Homes Adjusted EBITDA before adjacent opportunities 		2 - 3%

Margin expansion opportunities:

- Gaining scale efficiencies in buying, selling, and holding costs
- Improve timetables
- Achieve higher return on renovations

Adjacent opportunities:

- Title & escrow
- Moving services
- Home warranty
- Insurance
- Home renovation services
- Mortgage**
- Home seller leads***

*Operating costs include home acquisition costs, renovation costs, holding costs and selling costs.

**Recognized in Mortgages segment.

***Recognized in IMT segment.

MORTGAGES SEGMENT RESULTS

Mortgages is now a separate reportable segment and includes financial results for advertising sold to mortgage lenders and other mortgage professionals, mortgage originations through our affiliated lender, Zillow Home Loans, and Mortech® mortgage software solutions.

Mortgages segment revenue of \$27.4 million grew 44% year over year and exceeded the high end of our outlook range, driven by better-than-expected consumer demand and incremental revenue from the new mortgage originations service. Mortgages segment GAAP loss before income taxes for the quarter was \$9.6 million, or 35% of segment revenue, and Mortgages segment Adjusted EBITDA was better than expected at a loss of \$2.6 million, or 10% of segment revenue⁵. This was primarily due to operating expense allocation savings and expense timing shifts into future periods. Despite the strong Q1 performance in Mortgages, we are not adjusting our full-year segment revenue outlook to reflect the transition of our early-stage loan origination business.

Mortgages Highlights

SEGMENT REVENUE:

\$27.4 Million

SEGMENT LOSS BEFORE
INCOME TAXES:

(\$9.6) Million

SEGMENT ADJUSTED EBITDA:

(\$2.6) Million

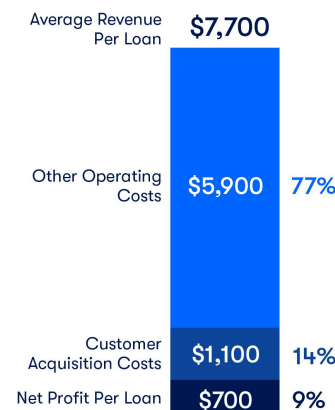


⁵ Mortgages segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled "Use of Non-GAAP Financial Measure" for information regarding Mortgages segment Adjusted EBITDA.

In Q1, we made progress integrating our acquisition of Mortgage Lenders of America (MLOA). In April, we rebranded MLOA and launched Zillow Home Loans. The introduction of Zillow Home Loans is a critical step in accelerating Zillow Offers with an integrated payments platform for mortgage financing, and a key ingredient for Zillow to deliver consumers a true end-to-end digital real estate transaction experience. During the quarter, we have been focused on integrating the new business and transitioning to a new technology platform. Next, we will be focused on integrating Zillow Home Loans into the Zillow Offers consumer experience to help buyers -- and simultaneous seller-buyers -- access financing and get into their new homes faster.

For reference, in the right hand margin, we are providing an industry benchmark of purchase loan origination unit level economics by direct-to-consumer lenders. Over time, we believe we can achieve higher levels of profitability from efficiencies that we can gain from applying our technology and lower customer acquisition costs. These are still very early days in our loan origination evolution, and we are laying the foundation for long-term growth.

Industry Average Purchase Loan Unit Economics



Source: Stratmor 2018 benchmarking data for Consumer Direct lenders (2013-2017)

INTERNET, MEDIA & TECHNOLOGY SEGMENT RESULTS

Internet, Media & Technology (IMT) segment revenue of \$298.3 million grew 6% compared to the same period last year and was within our Q1 guidance range. IMT segment GAAP loss before income taxes was approximately \$11.5 million, or 4% of segment revenue, and IMT segment Adjusted EBITDA of \$61.0 million, or 20% of segment revenue⁶, exceeded our expectations. The positive difference in Adjusted EBITDA compared with our outlook consisted of a change in the timing of recognition of certain headcount-related costs, delayed advertising and marketing costs, a decrease in our estimated legal liabilities due primarily to a favorable court ruling, and savings in acquisition integration costs compared to what we had initially planned.

Premier Agent

Premier Agent revenue grew 2% year over year to \$217.7 million, which was in line with our outlook.

Our Premier Agent lead validation and distribution process gained traction during Q1. Advertiser cancellations, or churn, is returning to normal levels. Consumer data that we monitor indicates that transactions and conversion have increased versus earlier iterations of the Premier Agent product. Bookings were strong during Q1 and agent feedback about the changes has been positive.

IMT Highlights

SEGMENT REVENUE:

\$298.3 Million

SEGMENT LOSS BEFORE
INCOME TAXES:

(\$11.5) Million

SEGMENT ADJUSTED EBITDA:

\$61.0 Million



⁶ IMT segment Adjusted EBITDA is a non-GAAP financial measure; it is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. See below section titled "Use of Non-GAAP Financial Measures" for information regarding IMT segment Adjusted EBITDA.

During Q1, we launched “Best of Zillow,” a branding program that promotes Premier Agents who deliver extraordinary service to their customers. Best of Zillow is built upon a foundation of more than a year’s worth of data collected through thousands of Customer Experience Surveys. Both agents and consumers have responded positively to this program, which celebrates the excellent performance of the best Premier Agents, while deepening our partnership with them. Over time, we will be partnering with more of the top performing agents in the industry, which will allow us to ensure consumers can always expect a seamless, delightful home-related transaction experience with Zillow and our agent partners.



Best of Zillow agents receive an exclusive profile badge, increased exposure and access to the marketing toolkit.

We continue to evaluate our Flex pricing program for Premier Agents by expanding into a small number of new test markets. As a reminder, Flex pricing requires no up front costs as agents only pay a success fee when they close a transaction with a Zillow consumer lead. We expect agents with greater conversion rates and high consumer satisfaction scores will ultimately receive more leads from Zillow in this model. Based on positive results from our initial test markets in Florida, we will soon be converting some ZIP codes in Colorado and Connecticut to Flex pricing. We continue to be attentive to agent and broker feedback and methodical about how we evaluate and expand this success-fee based offering. Our outlook reflects a small impact to Premier Agent revenue during Q2 and the full year 2019 from deferring revenue during this transition. We remain optimistic about the opportunity of Flex as it better aligns financial and service incentives with our Premier Agent partners to create and deliver a fantastic experience for our shared consumers who are buying or selling a home.

Rentals

Rentals revenue grew 30% year over year to \$37.8 million. The year-over-year increase in Rentals revenue was primarily attributable to an increase in the number of average monthly monetized rental listings on our mobile apps and websites, which increased 11% year over year to 39,129 for Q1 2019.

Our efforts to create an end-to-end Rentals transaction offering continue to accelerate. Consumer adoption of our applications and self-guided tour services shows consistent uptake. As part of our efforts to move our industry partnerships to success-based relationships, we recently began iterating on our pay-per-lease offering for multi-family property managers, which has been well-received. Feedback on our evolving product suite for single-family rental landlords continues to be positive.

Other Revenue

Other revenue, which includes revenue generated by New Construction, dotloop and Display, as well as revenue from the sale of various other marketing and business products and services to real estate professionals, grew 12% year over year to \$42.7 million. The increase in Other revenue was primarily driven by a 32% year-over-year increase in revenue from our New Construction marketplace.

First Quarter 2019 Financial Details

Total operating expenses increased 66% year over year to \$516.8 million. The increase in operating expenses was primarily due to activity associated with the purchase and sale of homes in our Zillow Offers business, which we launched in Q2 of 2018.

Consolidated cost of revenue increased to \$151.3 million, or 33% of revenue, the majority of which is attributable to our Homes segment, and which represents 95% of Homes segment revenue. IMT segment cost of revenue increased 7% year over year to \$24.3 million, or 8% of segment revenue. Mortgages segment cost of revenue increased \$3.5 million to \$4.7 million, or 17% of segment revenue, primarily as a result of costs incurred for our affiliated mortgage origination business, which began with our acquisition of MLOA.

Consolidated sales and marketing (S&M) expenses increased 18% year over year to \$161.6 million, or 36% of revenue. IMT segment S&M expenses decreased 2% year over year to \$126.7 million, or 42% of segment revenue. Homes segment S&M expenses were \$20.9 million, or 16% of segment revenue. Mortgages segment S&M expenses increased 70% year over year to \$14.1 million, or 51% of segment revenue.

Consolidated technology and development (T&D) expenses increased 15% year over year to \$107.8 million, or 24% of revenue. IMT segment T&D expenses increased 2% year over year to \$88.0 million, or 29% of segment revenue. Homes segment T&D expenses were \$12.3 million, or 10% of segment revenue. Mortgages segment T&D expenses increased 30% year over year to \$7.5 million, or 27% of segment revenue.

Consolidated general and administrative (G&A) expenses increased 71% year over year to \$95.8 million, or 21% of revenue, driven primarily by a non-cash charge for \$26.4 million of share-based compensation expense recognized in Q1 2019 in connection with the modification of certain outstanding equity awards related to the departure of our former CEO⁷. IMT segment G&A expenses increased 41% year over year to \$70.9 million, or 24% of segment revenue. Homes segment G&A expenses were \$14.4 million, or 11% of segment revenue. Mortgages segment G&A expenses increased 157% year over year to \$10.6 million, or 39% of segment revenue.

Zillow Group ended Q1 2019 with 4,514 full-time employees across all offices.

⁷ For additional information regarding the equity modification, see Note 15 to our condensed consolidated financial statements in our Form 10-Q for the quarterly period ended March 31, 2019.

OUTLOOK

Our Q2 2019 consolidated revenue guidance range of \$568 to \$594 million implies approximately 78% year-over-year growth at the mid point, driven primarily by the anticipated strong performance of our Homes segment.

In Q2, we expect Homes segment revenue to be \$230 to \$245 million, reflecting anticipated sequential quarter-over-quarter growth of 85% at the mid point. For Q2, we expect Homes segment Adjusted EBITDA to be a loss of \$49 to \$55 million as we continue to invest in scaling the business*. We are not providing full year Homes segment revenue and Adjusted EBITDA outlook since we are in the early stages of Zillow Offers and quickly scaling the business, which makes longer-term forecasts challenging.

We are raising the low end of our IMT and Premier Agent full year 2019 revenue guidance ranges to reflect our confidence in the anticipated continued stabilization of the Premier Agent marketplace. We raised our full year IMT segment Adjusted EBITDA guidance range to \$280 to \$300 million from \$241 to \$266 million to reflect updates to our projections due to expected changes in the timing of recognition of certain headcount-related expenses and a reduction in our estimated legal liabilities*.

We are maintaining our full-year 2019 Mortgages segment revenue and Adjusted EBITDA outlook as we are in the early stages of transitioning our mortgage loan origination business.

The following table presents our outlook for the periods presented (in millions, unaudited):

Zillow Group Outlook as of May 9, 2019

(in millions)	Three Months Ending June 30, 2019	Year Ending December 31, 2019
Revenue:		
IMT segment:		
Premier Agent	\$228.0 to \$233.0	\$910.0 to \$930.0
Total IMT segment revenue	\$314.0 to \$322.0	\$1,253 to \$1,281.0
Homes segment	\$230.0 to \$245.0	***
Mortgages segment	\$24.0 to \$27.0	\$100.0 to \$115.0
Total revenue	\$568.0 to \$594.0	***
Adjusted EBITDA*:		
IMT segment	\$60.0 to \$66.0	\$280.0 to \$300.0
Homes segment	(\$55.0) to (\$49.0)	***
Mortgages segment	(\$10.0) to (\$6.0)	(\$32.0) to (\$22.0)
Total Adjusted EBITDA	(\$5.0) to \$11.0	***
Weighted average shares outstanding — basic	205.0 to 207.0	205.5 to 207.5
Weighted average shares outstanding — diluted	208.5 to 210.5	209.0 to 211.0

***Outlook not provided

**Zillow Group has not provided a quantitative reconciliation of forecasted GAAP net loss to forecasted total Adjusted EBITDA or of forecasted GAAP loss before income taxes to forecasted segment Adjusted EBITDA within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to: income taxes which are directly impacted by unpredictable fluctuations in the market price of the company's capital stock; depreciation and amortization expense from new acquisitions; impairments of assets; and acquisition-related costs. These items, which could materially affect the computation of forward-looking GAAP net loss and loss before income taxes, are inherently uncertain and depend on various factors, many of which are outside of Zillow Group's control. For more information regarding the non-GAAP financial measure discussed in this communication, please see "Use of Non-GAAP Financial Measures" below.*

The following considerations have been factored into our outlook:

Housing market

In March 2019, home value appreciation slowed to below a 7% annual pace for the first time in more than two years⁸. While the number of homes for sale is increasing, the market is weighed down by a persistent shortage of lower-priced homes to buy. Homes listed for sale months and weeks ago are staying on the market longer, giving buyers the sense of more choice.

Home buying activity is anticipated to be strong in the coming months as 30-year fixed mortgage rates are nearing 4.0%⁹, down from a 7-year peak of 4.94% in November 2018¹⁰. Low rates combined with growing wages and increasing for-sale inventory empower would-be buyers to enter the market. Mortgage applications have also surged recently, another signal of growing buyer activity and improving sales volume going forward. These developments could positively impact agent sentiment and be a tailwind to our businesses.

Corporate

We continue to identify opportunities for enhanced resource allocations in our core operations, areas of investment, and discretionary spending categories. Our outlook reflects our current thinking on efficiencies we are expecting.

Homes Segment

We expect to launch three markets during Q2. To further accelerate Zillow Offers, we will begin investing in creating title and closing/escrow services starting in Q2 2019. Similar to mortgage originations, the focus of these adjacent services will be to remove friction and streamline the entire transaction process while adding incremental revenue and margin expansion over time.

Mortgages Segment

We are rolling out a completely new technology suite that could impact our service capacity as our team becomes proficient with the new tools. We will also be shifting the mix of originations from government backed, which was the focus of MLOA, to more conventional loans which aligns with Zillow Offers.

IMT Segment

The anticipated impact from the expanded test of Flex pricing has been factored into our Q2 and full year outlook.

⁸ Zillow Economic Research, March 2019

⁹ Zillow Mortgage Rate Ticker, May 1, 2019

¹⁰ Freddie Mac Primary Mortgage Market Survey

LONG-TERM TARGETS

As we shared last quarter, we believe if Zillow Group is successful in executing its growth strategy, in three to five years, we will achieve the following¹¹:

Homes Segment

- Purchasing 5,000 homes per month through Zillow Offers, generating annualized revenue of approximately \$20 billion, up from 686 homes purchased in 2018, which generated \$52 million in revenue.

Mortgage Segment

- Zillow Home Loans achieves a 33% attach rate to Zillow Offers, up from zero in 2018.
- Zillow Home Loans originates more than 3,000 loans per month, up from nearly 4,000 MLOA loan originations in 2018.

Internet, Media & Technology Segment

- Achieve more than \$2 billion in annual revenue, almost doubling from 2018 results.
- Generate approximately \$600 million in annual Adjusted EBITDA¹², or 30% of segment revenue.

SUMMARY

We are pleased with our strong Q1 results and even more excited about what's ahead as we align and further integrate our businesses to expedite more seamless transactions. Just as innovative online technology has improved our offline lives in ride hailing, travel, shopping, car buying, and more, we are leading a similar charge to remove friction and align incentives with our industry partners to rewire real estate transactions.

The Zillow Group portfolio is more than just the sum of our businesses and segments outlined above. We are aligning our entire portfolio and operations to best serve today's consumers at every major point of a real estate transaction through easy, seamless transitions across our different business segments. We are leveraging the power of our brand portfolio, audience size, technology, data, partnerships and culture of innovation to redefine a category. While we have much to do, we are well on our way. Thank you for joining us on this journey.

Sincerely,

Rich Barton, Co-founder & CEO
Allen Parker, CFO

¹¹ Please see "Forward-Looking Statements" below for additional information about these long-term targets.

¹² Zillow Group has not provided a quantitative reconciliation of forecasted segment Adjusted EBITDA to forecasted segment loss before income taxes within this communication because the company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence, as described further herein.

Zillow Group's first quarter 2019 supplemental financial results tables are available on the Investor Relations section of the Zillow Group website at <https://investors.zillowgroup.com/financials/quarterly-results/default.aspx>. They are also included as Exhibit 99.2 to its Current Report on Form 8-K as furnished to the SEC on May 9, 2019, which is available on the Investor Relations section of the Zillow Group website at <https://investors.zillowgroup.com/financials/sec-filings/default.aspx> and the SEC's website at www.sec.gov.

Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which involve risks and uncertainties, including, without limitation, statements regarding our long-term business and financial targets for the next three to five years and other future years; the performance of Premier Agent advertising, including churn rates and revenue, in 2019 and beyond; the current and future health and stability of the residential housing market, as well as statements regarding our business outlook for 2019, strategic priorities, and operational plans for 2019 and 2020. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "estimate," "outlook," "guidance," and similar expressions constitute forward-looking statements. Forward-looking statements are made based on assumptions as of May 9, 2019, and although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee these results. Differences in Zillow Group's actual results from those described in these forward-looking statements may result from actions taken by Zillow Group, as well as from risks and uncertainties beyond Zillow Group's control. Factors that may contribute to such differences include, but are not limited to, Zillow Group's ability to execute on strategy; Zillow Group's ability to maintain and effectively manage an adequate rate of growth; Zillow Group's ability to innovate and provide products and services that are attractive to its users and advertisers; Zillow Group's investment of resources to pursue strategies that may not prove effective; Zillow Group's ability to compete successfully against existing or future competitors; the impact of the real estate industry on Zillow Group's business; the impact of pending legal proceedings described in Zillow Group's filings with the Securities and Exchange Commission, or SEC; Zillow Group's ability to successfully integrate and realize the benefits of its past or future strategic acquisitions or investments; Zillow Group's ability to maintain or establish relationships with listings and data providers; the reliable performance of Zillow Group's network infrastructure and content delivery processes; and Zillow Group's ability to protect its intellectual property. The foregoing list of risks and uncertainties is illustrative but not exhaustive. For more information about potential factors that could affect Zillow Group's business and financial results, please review the "Risk Factors" described in Zillow Group's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC and in Zillow Group's other filings with the SEC. Except as may be required by law, Zillow Group does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

Use of Non-GAAP Financial Measures

This communication includes references to Adjusted EBITDA (on both a consolidated basis and for each segment, and including forecasted Adjusted EBITDA), and Return on Homes Sold After Interest Expense, which are non-GAAP financial measures not prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

Zillow Group urges readers to review its earnings press release and supplemental financial tables as they contain important information about the company's financial results, including reconciliation tables and related information about these non-GAAP financial measures. The earnings press release and supplemental financial tables are available on the Investor Relations section of the Zillow Group website at <https://investors.zillowgroup.com/financials/quarterly-results/default.aspx>. They are also included as Exhibit 99.1 and 99.2, respectively, to the company's Current Report on Form 8-K as furnished to the SEC on May 9, 2019, which is available on the Investor Relations section of the Zillow Group website at <https://investors.zillowgroup.com> and the SEC's website at www.sec.gov.

ZILLOW[®]GROUP



 **Zillow** Offers

 **Zillow** HomeLoans

 **Zillow** PREMIER AGENT

 **trulia**[®]

 **StreetEasy**[®]

 **hotpads.**

 **RealEstate.com**

n*kedapartments

out east

 **BRIDGE** INTERACTIVE[™]

dot  loop.

 **MORTECH**[®]

ZILLOW[®]GROUP