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Investor Presentation

August 2016

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.

Forward-looking statements are based on current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate, although we believe that we have been reasonable in our expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that known or unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements speak only as of the date of this presentation and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

Factors that could cause or contribute to differences in our future results include, but are not limited to: economic factors, such as interest rates and currency exchange fluctuations; our ability to acquire new customers; our ability to sustain and/or manage our growth; our ability to increase our net revenue per active customer; and our ability to build and maintain strong brands. A further list and description of these risks, uncertainties and other factors can be found under Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and the Company's subsequent filings with the Securities and Exchange Commission. We qualify all of our forward-looking statements by these cautionary statements.

OUR MISSION



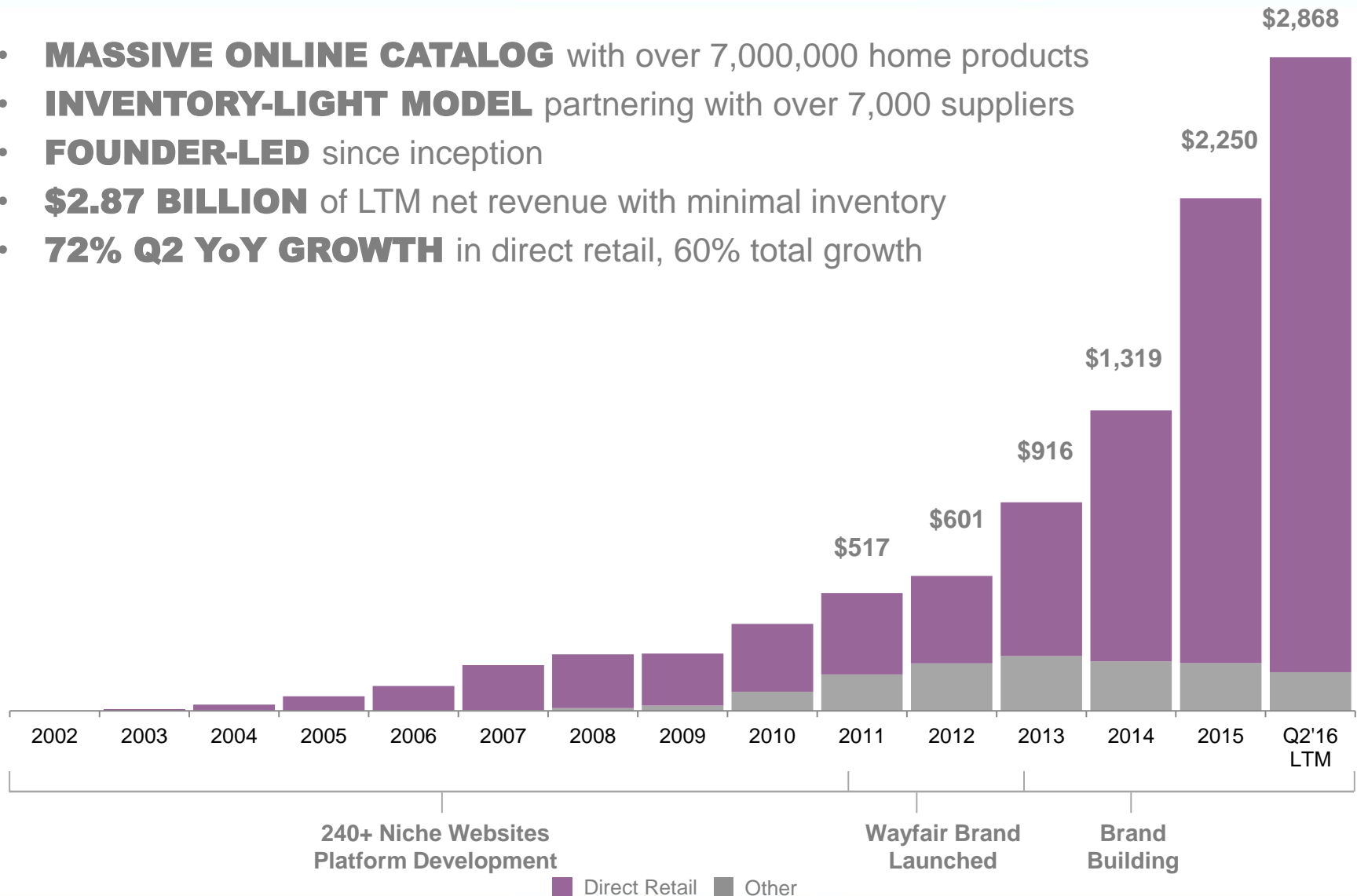
**To transform the way people
shop for their homes**



A CLEAR ONLINE LEADER IN HOME GOODS



- **MASSIVE ONLINE CATALOG** with over 7,000,000 home products
- **INVENTORY-LIGHT MODEL** partnering with over 7,000 suppliers
- **FOUNDER-LED** since inception
- **\$2.87 BILLION** of LTM net revenue with minimal inventory
- **72% Q2 YoY GROWTH** in direct retail, 60% total growth



FIVE DISTINCT HOME BRANDS



Typical customer: **35 to 65 year old woman** with an annual household income of **\$50,000 to \$250,000**
comScore **median HHI of \$82,000**

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Est. 2011



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Est. 2011



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Est. 2006



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Acq. 2013



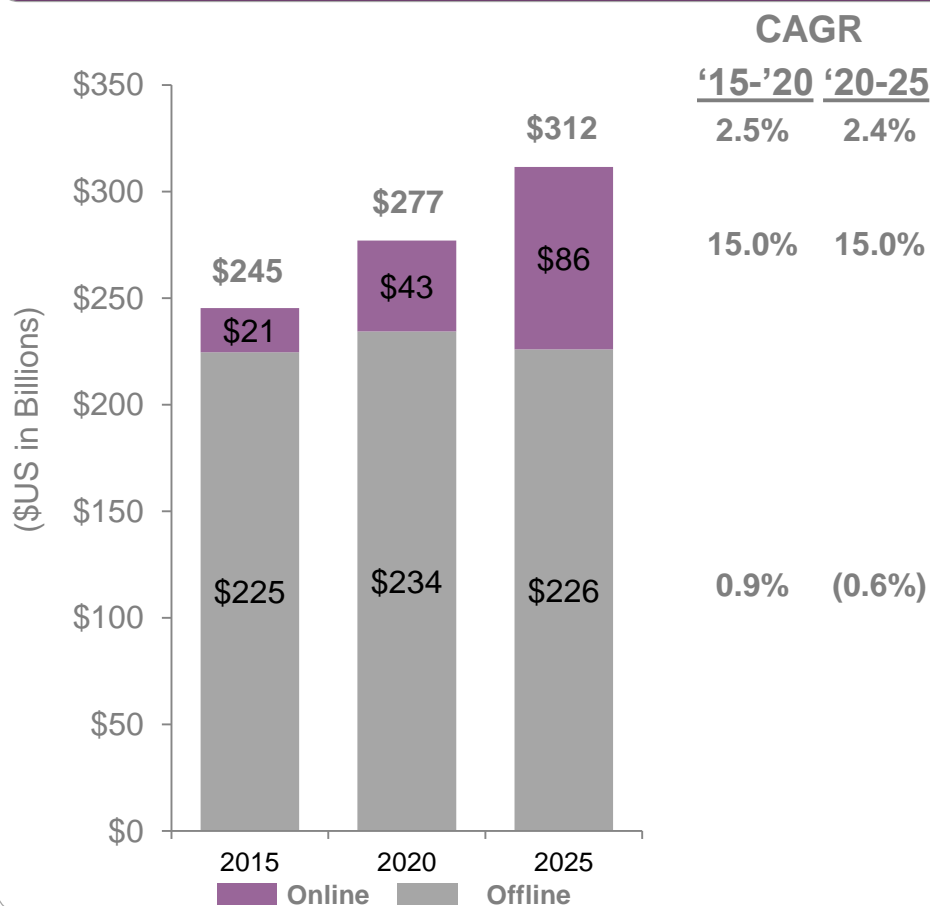
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Est. 2014



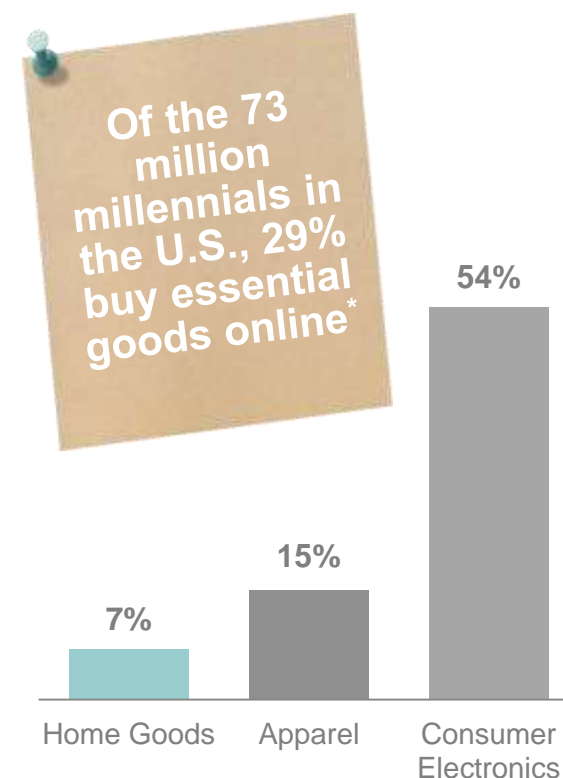
LARGE, HIGHLY FRAGMENTED MARKET MOVING ONLINE

Home Market Growth by Channel



Significant Upside in Online Penetration

2013 Online Penetration of Selected Verticals



Source: Euromonitor for market size, comScore for online penetration; Wayfair management estimates for projections of online penetration 2015-2025; eMarketer for millennial statistics

*Millennials defined as individuals currently between the ages of 19 and 33. Based on 2013 data

HOME SHOPPERS DESIRE UNIQUENESS

Home Category Example: Lighting



INDUSTRY SIZE:

\$7B

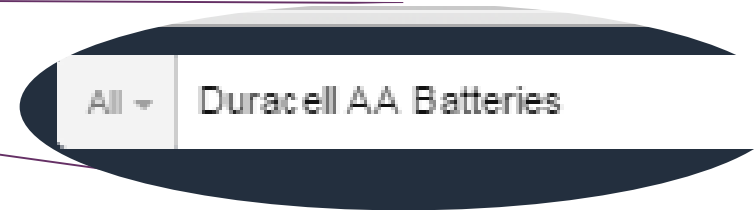
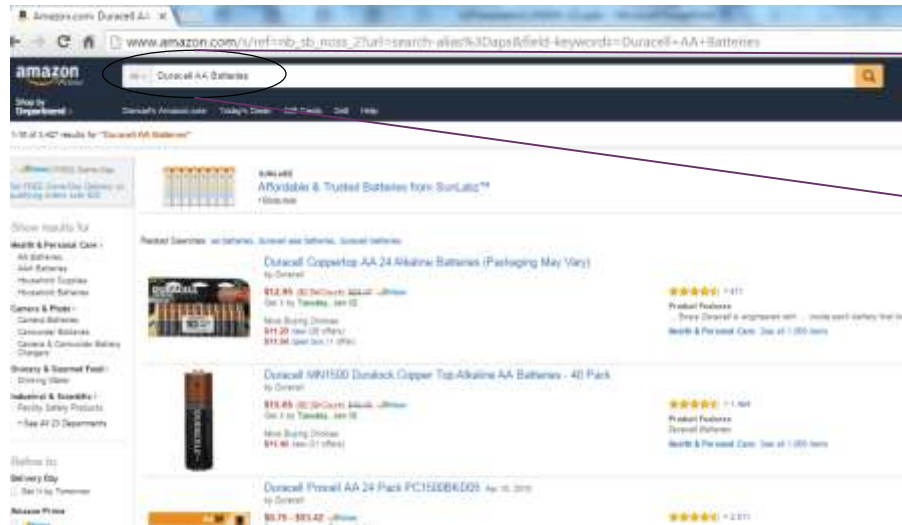
CPG Category Example: Paper Towels



INDUSTRY SIZE:

\$7B

Most ecommerce shopping is done via branded search



This is not possible in home where brands are not known...

Leading Furniture and Home Décor Brands



... And consumers can't describe what they are looking for

Inspiring Imagery



Detailed Product Shots



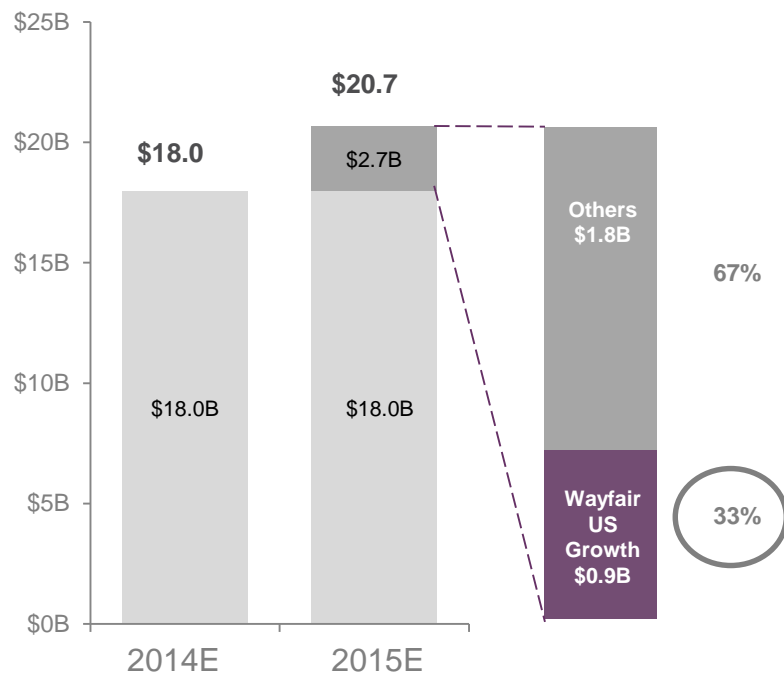
WAYFAIR IS WELL POSITIONED RELATIVE TO OTHER RETAILERS...



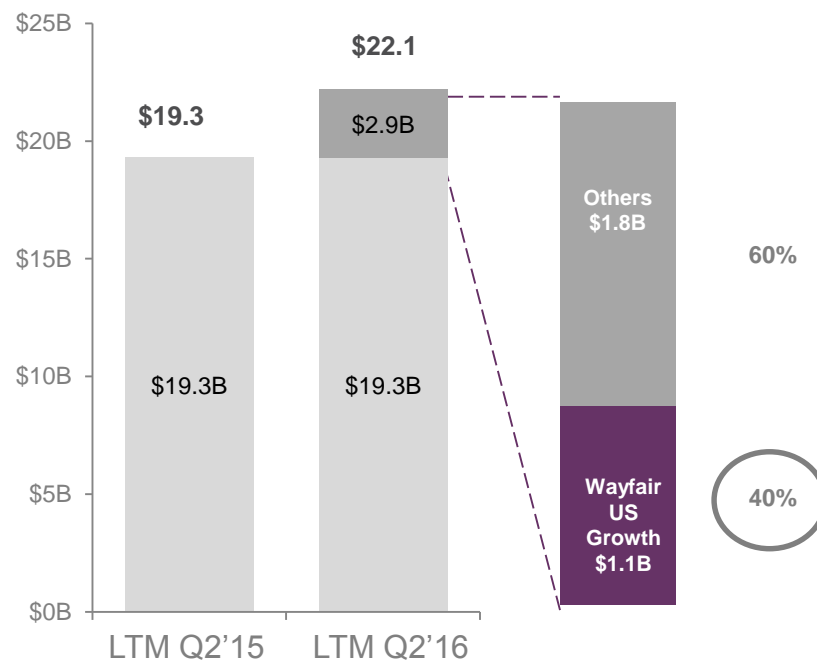
...AND THEREFORE TAKING AN INCREASING SHARE OF ONLINE DOLLAR GROWTH IN THE US

Estimated 2015 / LTM Q2'16 US Online Sales in our Categories

2015 Incremental US Sales at 15% Growth Rate



LTM Q2'16 Incremental US Sales at 15% Growth Rate



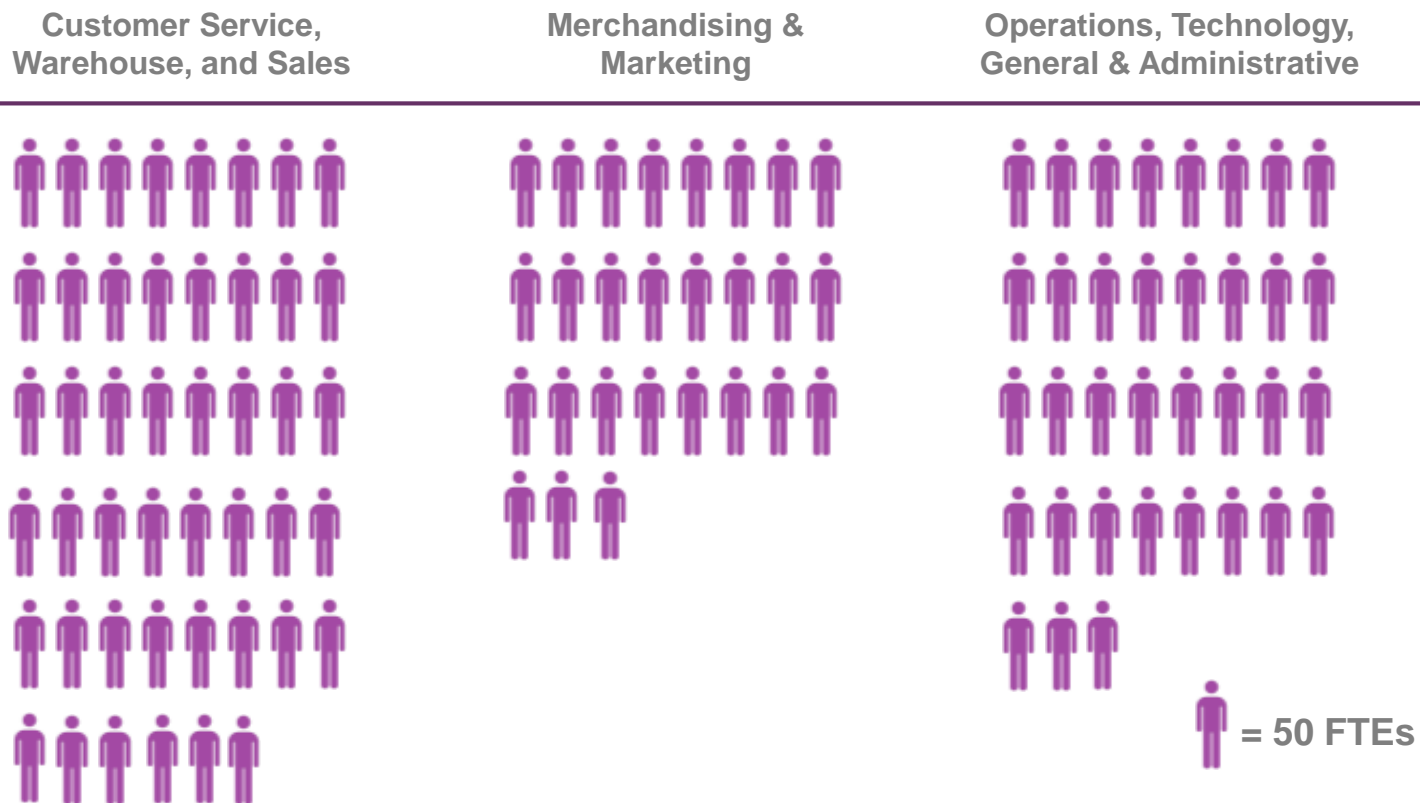
Source: comScore 2015 e-commerce market growth; Wayfair management estimates for implied home furnishings 2014, 2015, LTM Q2'15 and LTM Q2'16 Growth

SCALE ENABLES ONGOING INVESTMENT IN KEY AREAS: HEADCOUNT



- Total headcount of 5,398; over 790 net new FTEs in Q2 2016
- These employees augment existing business areas (e.g., customer service) but also help us build new revenue streams (e.g., international, new product and service offerings)

Total Headcount by Functional Group



Note: Totals may not match regulatory filings due to rounding.

(1) The expense related to a portion of the headcount in Technology are included in capitalized technology labor and therefore this growth in headcount will not correlate directly with future growth in labor expense.

SCALE ENABLES ONGOING INVESTMENT IN KEY AREAS: PRIVATE LABEL

- Partnering with suppliers to develop proprietary brands with exclusive products and no inventory
- Products are photographed and merchandized by Wayfair to create a curated brand experience across multiple aesthetics and price points

zipcode
design

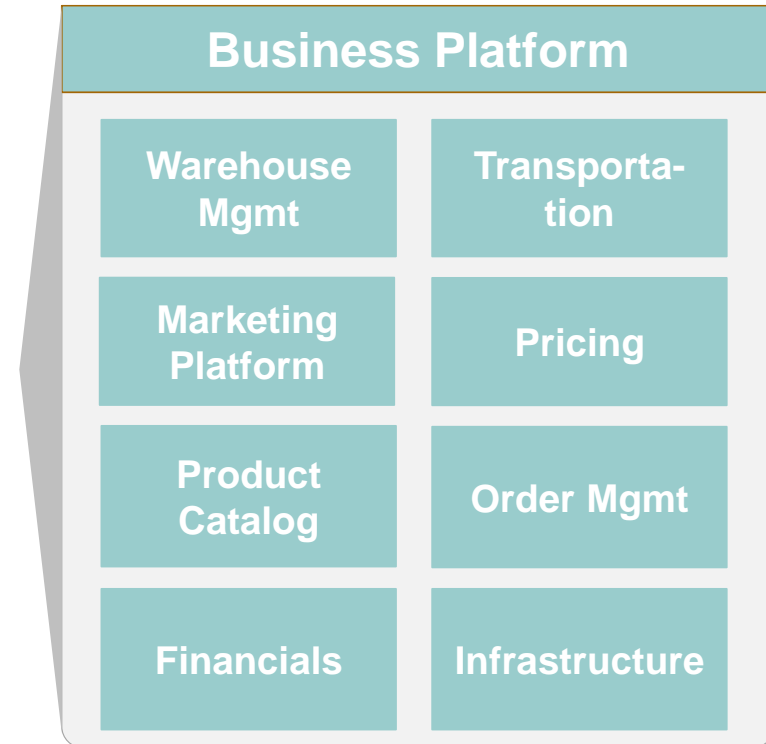
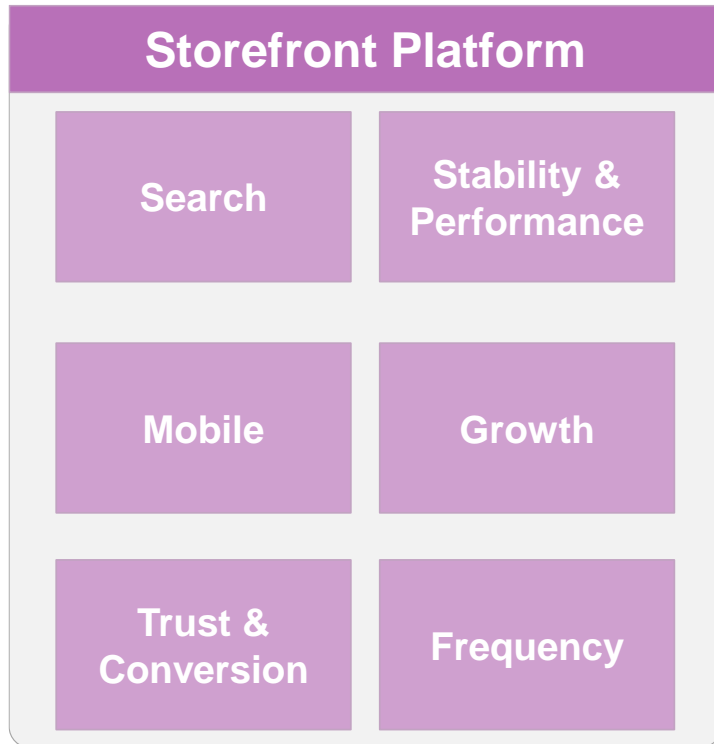


mercury ROW



SCALE ENABLES ONGOING INVESTMENT IN KEY AREAS: ENGINEERING

Over 700 Engineers Today



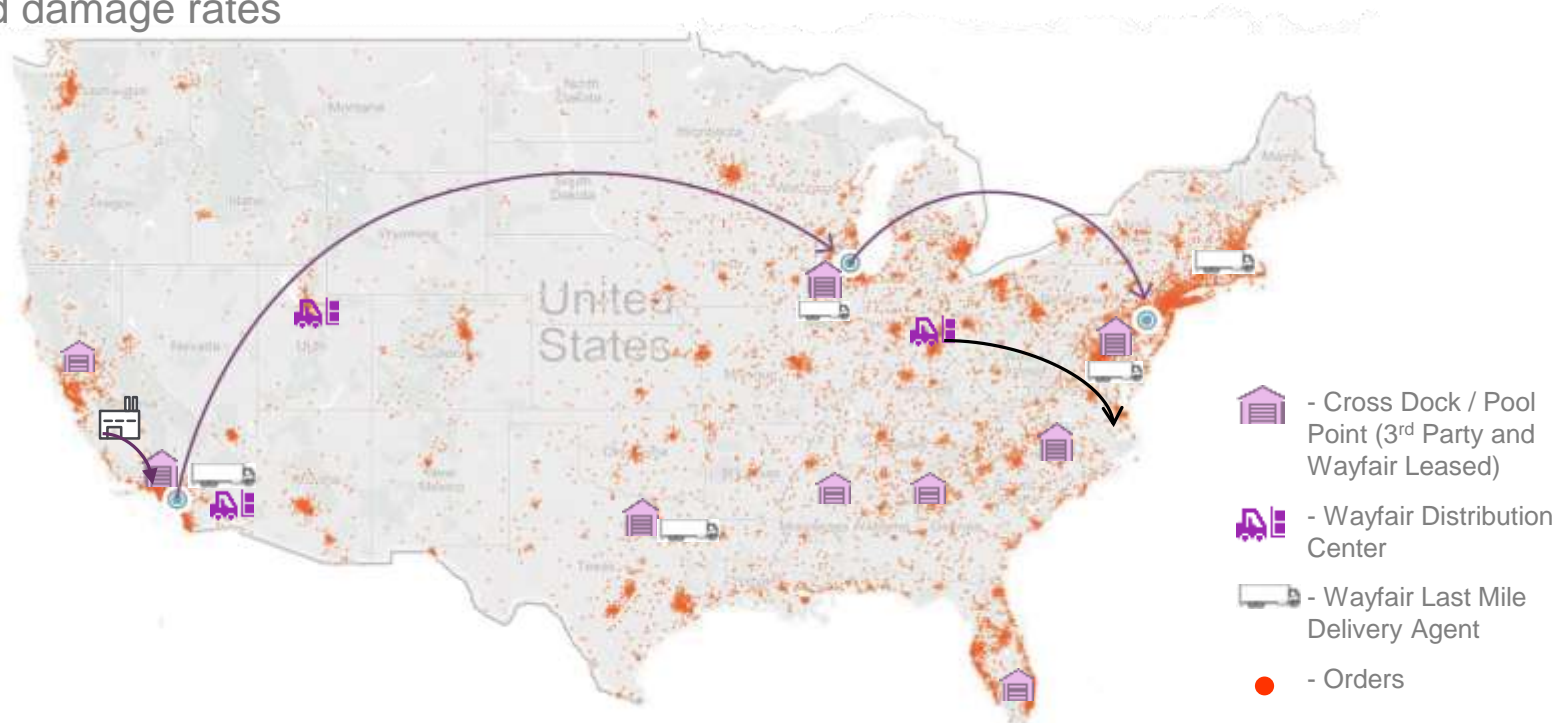
Key Engineering Priorities:

- Personalization
- Product discovery
- Desktop/Mobile feature parity
- Product globalization

- Logistics support
- Resiliency
- Tools for Trade and Premier customers

SCALE ENABLES ONGOING INVESTMENT IN KEY AREAS: LOGISTICS

- Proprietary delivery network allows us to deliver products from thousands of suppliers quickly, safely and efficiently
- End to end process management and Wayfair warehouse facilities have reduced delivery times and damage rates

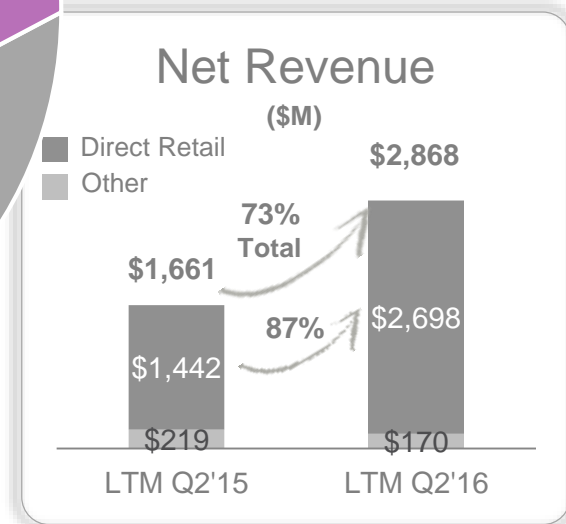
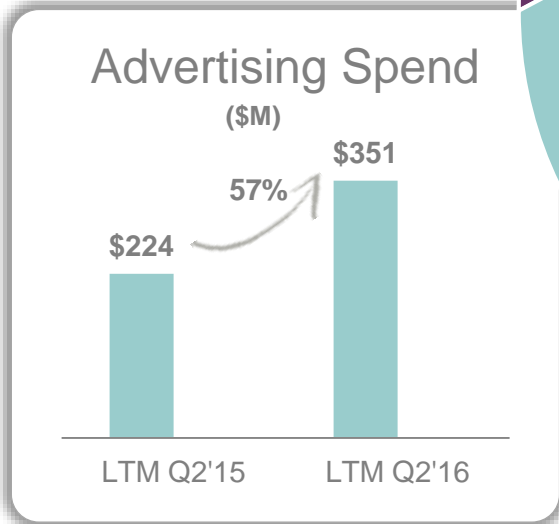
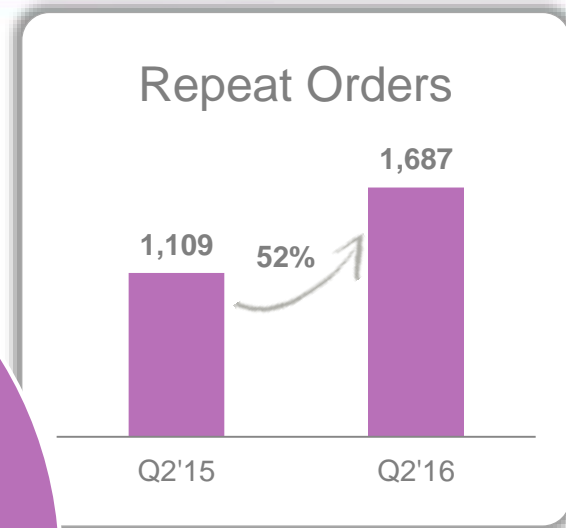
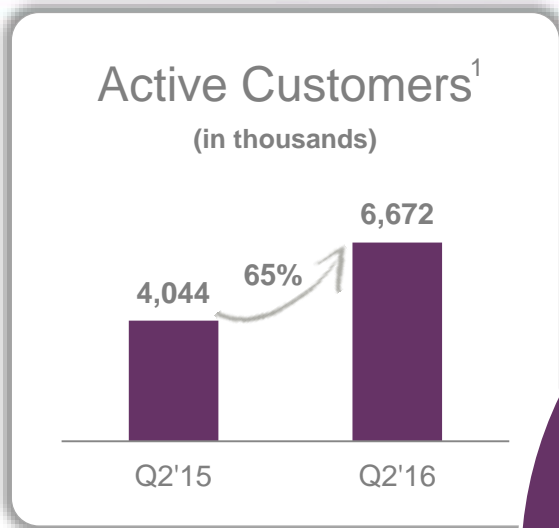


Large Item Drop Ship Example (eg bedroom set, large sofa sectional, etc)

Small Item CastleGate Example (eg table lamp, queen size upholstered headboard, etc.)



SCALE DRIVES POWERFUL NETWORKS EFFECTS



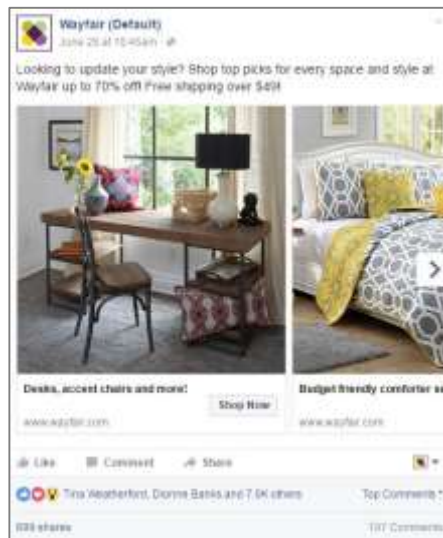
¹ Defined as customers who have purchased at least once on our brands' sites during the preceding 12 month period.

INVESTING IN ADVERTISING ACROSS MULTIPLE CHANNELS

- Three broad advertising channels - Online, TV and Direct Mail
- Online is the largest channel followed by TV and Direct Mail
- Strict adherence to channel derived ROIs

Online

- Display
- Social
- Transactional



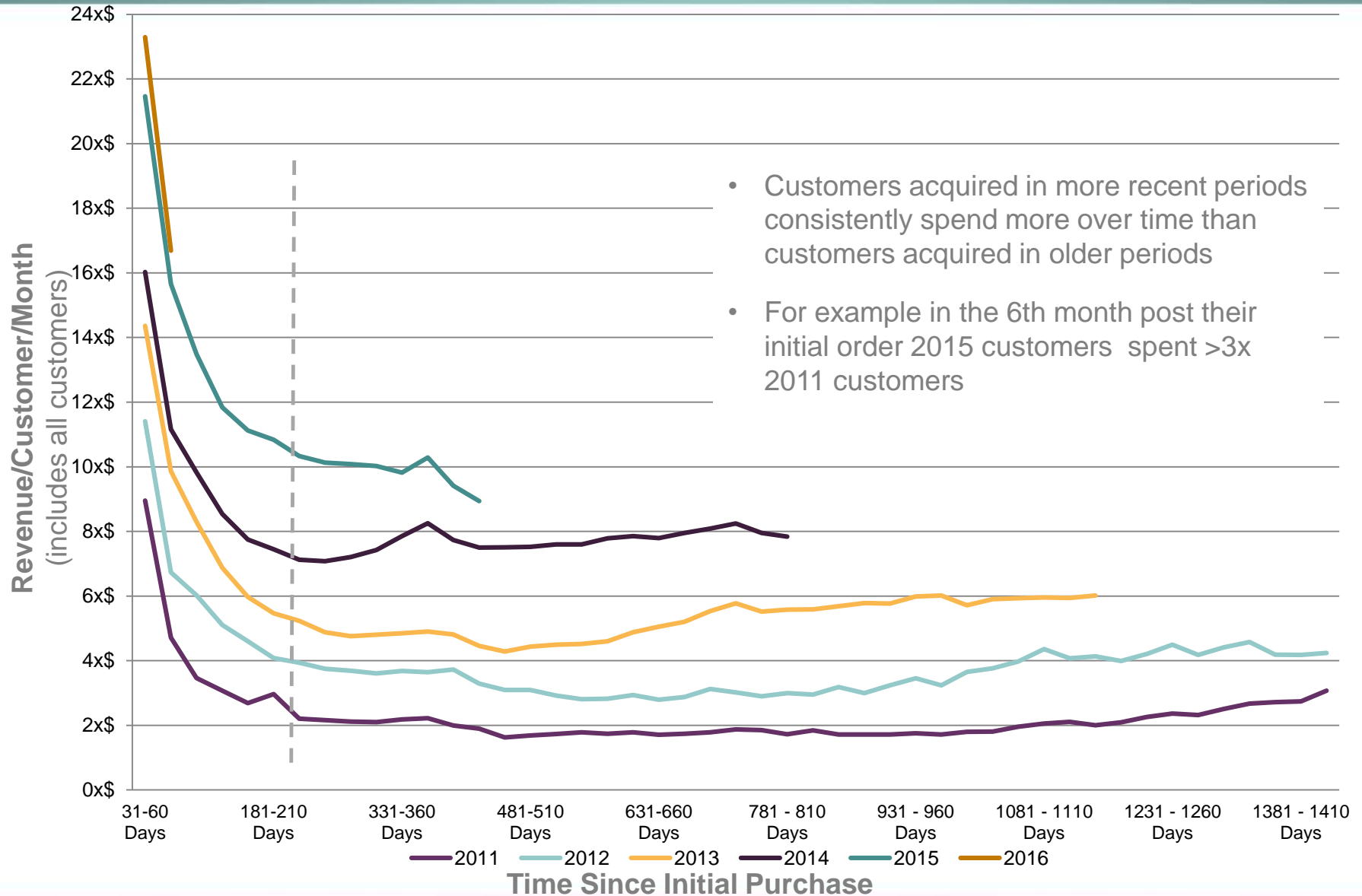
TV



Direct Mail



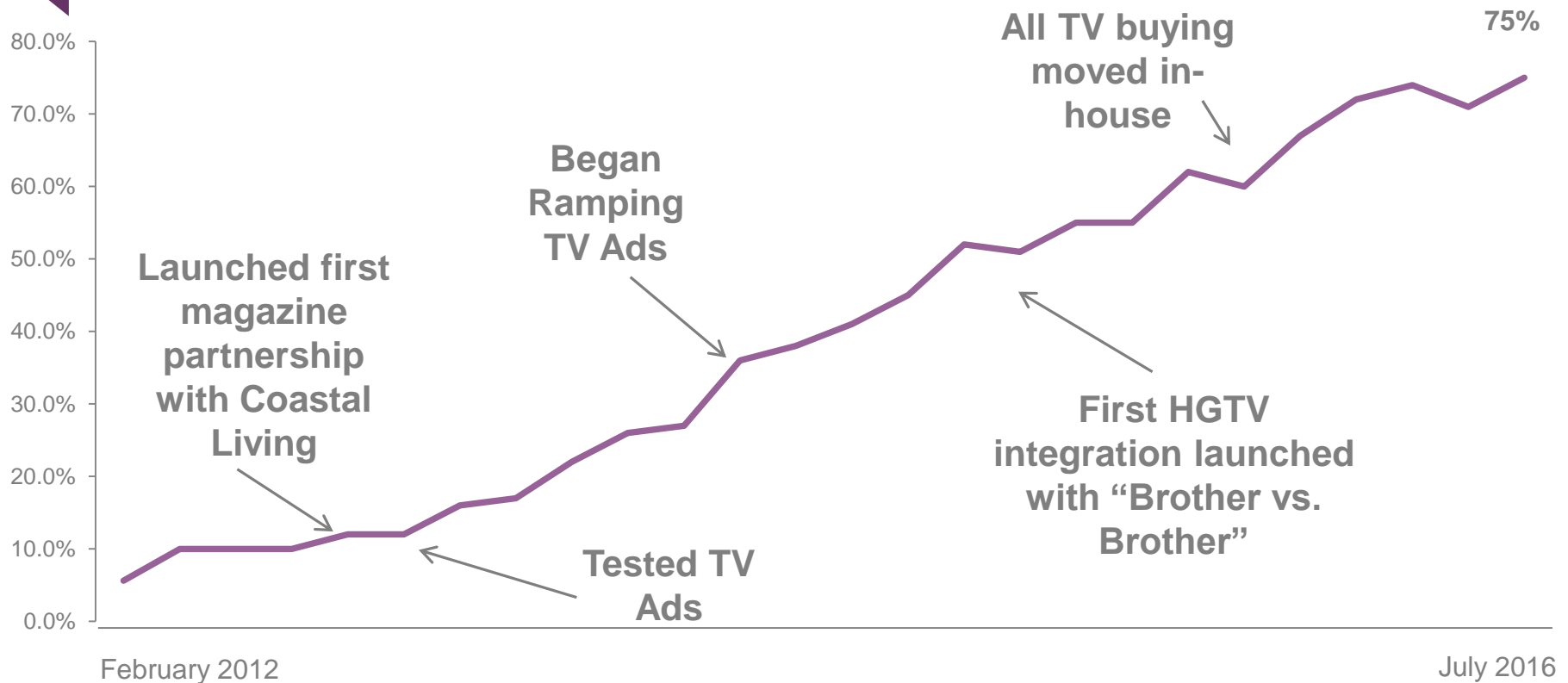
INVESTMENT IN ADVERTISING SPEND RESULTS IN HIGHER REVENUE/CUSTOMER...



...AND GROWING AWARENESS

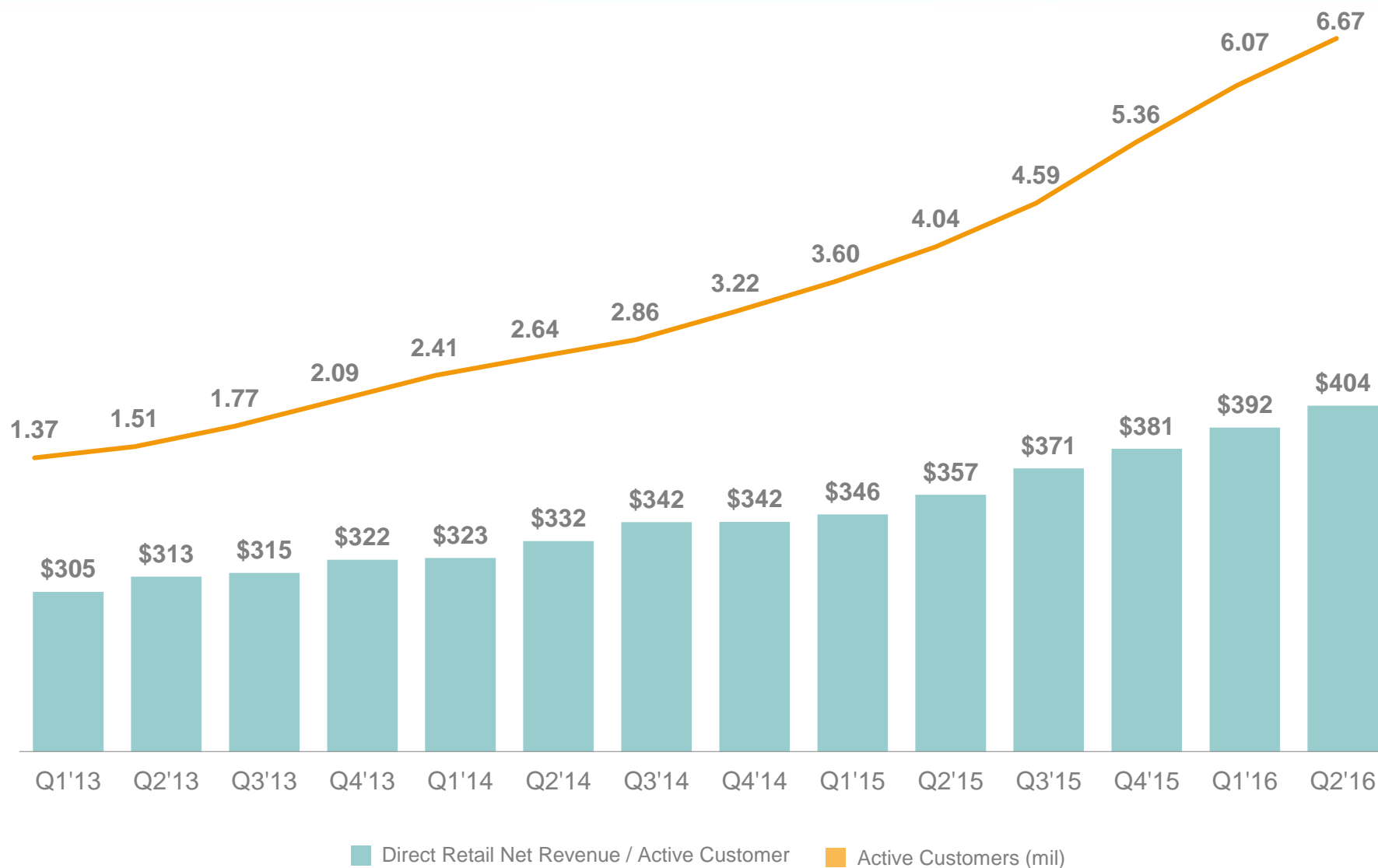


Brand awareness has grown to 75% since Wayfair launch in 2011¹

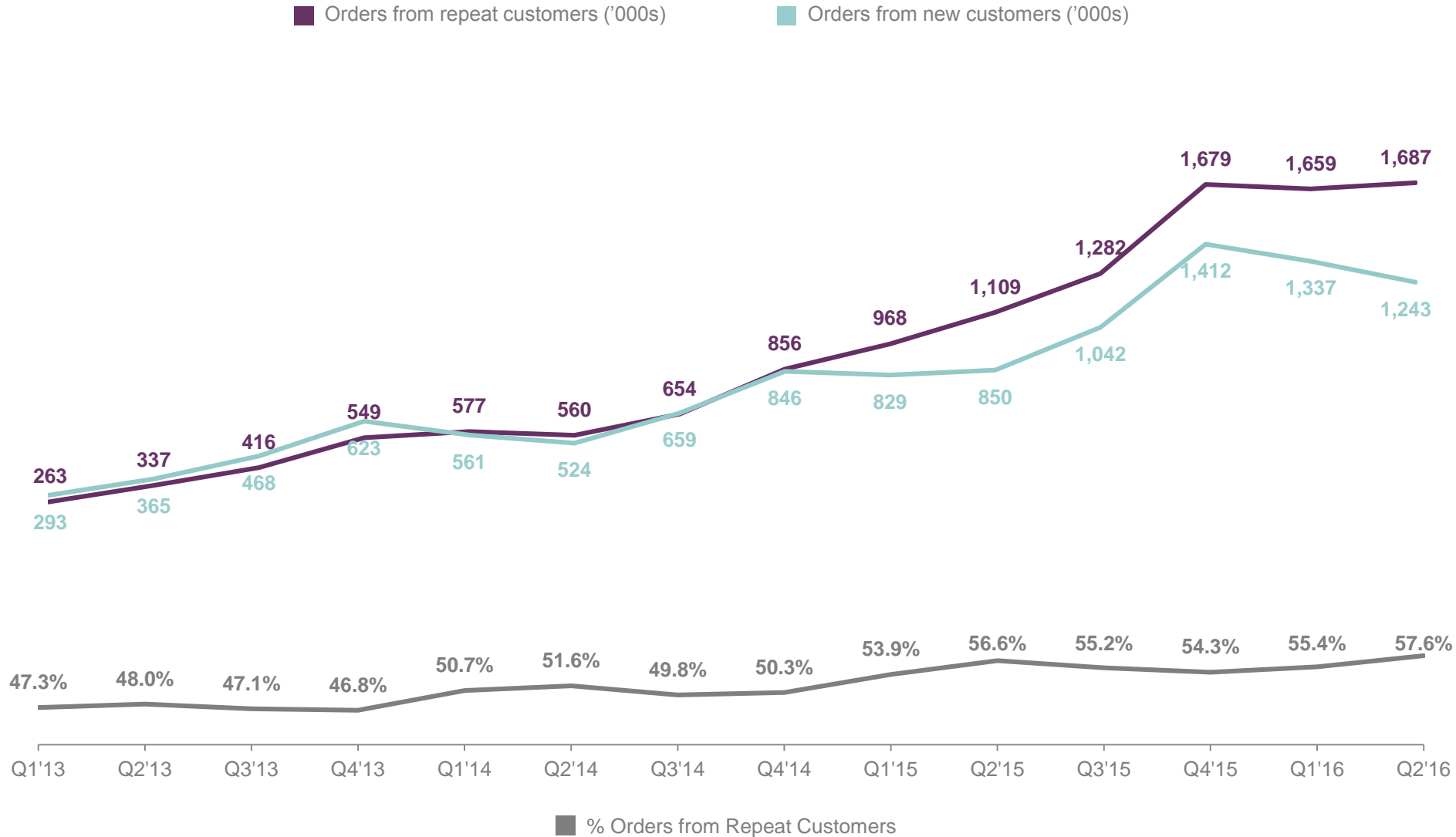


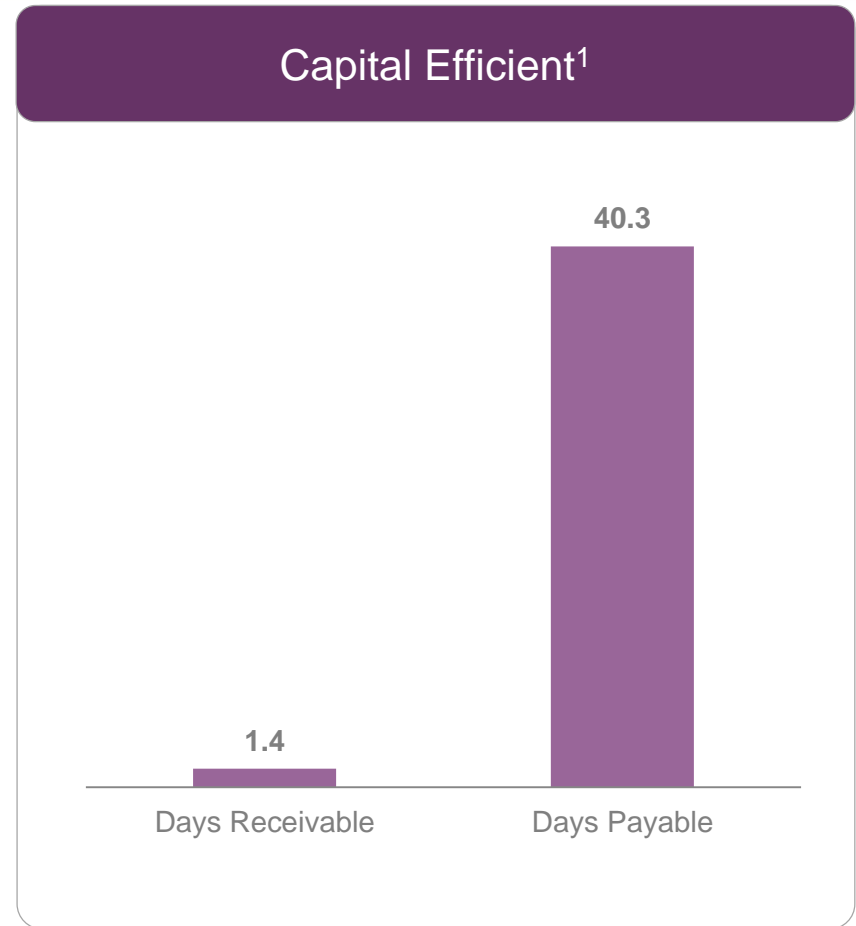
Source: Hanover Research
¹ Aided Brand Awareness as of July 2016

CUSTOMER ECONOMICS CONTINUE TO IMPROVE- STRONG CUSTOMER ACQUISITION



CUSTOMER ECONOMICS CONTINUE TO IMPROVE- GROWING REPEAT ORDERS





FCF Performance Consistently Better than Adjusted EBITDA

¹ Average of last four quarters.

LONG TERM TARGET MODEL



	2014	2015	Q2 2015	Q2 2016	Long-Term Target
Net Revenue	100%	100%	100%	100%	100%
Gross Margin	23.6%	24.0%	24.6%	24.0%	25 - 27%
Customer Service + Merchant Fees	4.1%	3.6%	3.7%	3.8%	4%
Advertising	14.5%	12.4%	12.5%	12.0%	6 - 8%
Merchandising, Marketing, and Sales	3.9%	4.0%	4.2%	4.8%	2 - 3%
Operations, Technology, General & Administrative	5.9%	4.9%	5.2%	6.5%	3 - 4%
Total Operating Expenses	28.4%	24.8%	25.6%	27.1%	15 - 19%
Adjusted EBITDA	(4.7%)	(0.7%)	(1.0%)	(3.2%)	8 - 10%

Primarily headcount



CONTINUE BUILDING LEADING RETAIL HOME BRANDS

- Grow active customer base
- Increase repeat behavior
- Invest in product/technology to further improve the customer experience
- Enhance logistics infrastructure for faster and higher quality customer delivery experience
- Invest in and grow international business

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RECONCILIATION OF ADJUSTED EBITDA

(\$ in millions)



	2014	2015	Q2 2015	Q2 2016
Net Loss	(\$148.1)	(\$77.4)	(\$19.3)	(\$48.3)
Depreciation and Amortization	\$22.0	\$32.4	\$7.4	\$12.6
Equity-Based Compensation ¹	\$63.2	\$33.0	\$7.1	\$11.3
Interest (Income), net	(\$0.4)	(\$1.3)	(\$0.3)	(\$0.5)
Other (Income) Expense, net	\$0.5	(\$2.7)	\$0.1	(\$0.2)
Taxes	\$0.2	\$0.1	\$0.1	\$0.3
Adjusted EBITDA	(\$62.5)	(\$15.9)	(\$5.0)	(\$24.9)

1. Includes related taxes

RECONCILIATION OF FREE CASH FLOW

(\$ in millions)



	2014	2015	Q2 2015	Q2 2016
Net Cash Provided by Operating Activities	\$4.1	\$135.1	\$28.5	\$24.9
Purchase of Property and Equipment	(\$31.9)	(\$44.6)	(\$13.2)	(\$37.5)
Site and Software Development Costs	(\$14.1)	(\$17.5)	(\$4.3)	(\$6.8)
Free Cash Flow	(\$41.9)	\$72.9	\$11.0	(\$19.4)

Illustrative Customer Acquisition Cost



(All units in 000s, except per customer figures)

	<u>2015</u>
Total Advertising Spend	\$278,224
Assumed Partner Ad Spend (1)	<u>\$23,439</u>
Direct Retail Ad Spend	\$254,785
Active Customers	5,360
Total Orders	9,170
% of Orders from Repeat Customers	54.9%
Implied New Customers (2)	4,133
Customer Acquisition Cost (3)	\$62
Annual Direct Retail Revenue per Customer	\$381
Annual Contribution per Customer (4)	\$76
Contribution Margin	20.0%

Notes:

1. Assumes partner advertising spend is 11.18% of Other revenue as seen in the first six months of 2014 (as disclosed in our S-1).
2. Calculated as $(1 - \% \text{ of Orders from Repeat Customers}) * \text{Total Orders}$.
3. Calculated as Direct Retail Ad Spend divided by Implied New Customers.
4. Represents 2015 gross margin of 24.0% less an assumed 4.0% for customer service and merchant fees.