wayfair.com

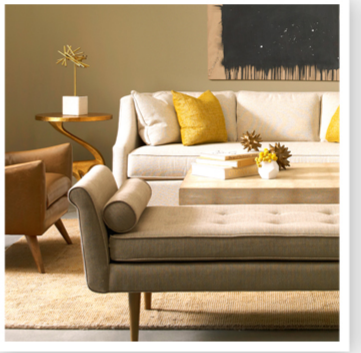
Joss & Main

ALL MODERN

Dwell Studio

BIRCH LANE




wayfair

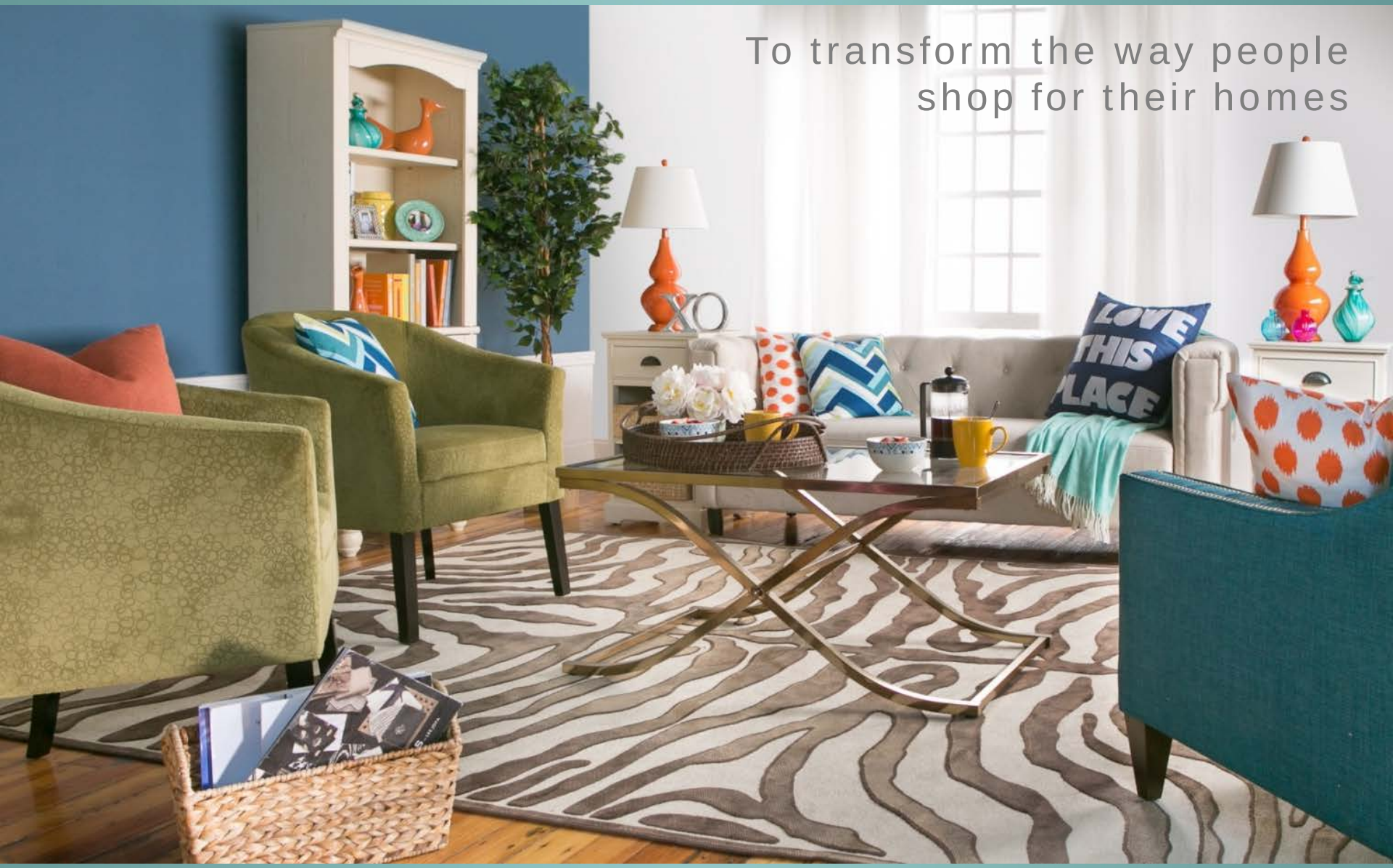
Investor Presentation

January, 2015

SAFE HARBOR

This presentation includes forward-looking statements. Wayfair Inc. ("Wayfair" or the "Company") has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the date of this presentation and management's good faith belief as of such date with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to: 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, our ability to build and maintain strong brands and other factors discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in periodic filings with the Securities and Exchange Commission (the "SEC"). In addition, in this presentation, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "potential" and similar expressions, as they relate to the Company, business and management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the future events and circumstances discussed in this presentation may not occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. Forward-looking statements speak only as of the date of this presentation. You should not put undue reliance on any forward-looking statement. The Company assumes no obligation to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting future performance or results, except to the extent required by applicable laws. If the Company updates one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements.

OUR MISSION


To transform the way people
shop for their homes
XO
LOVE
THIS
PLACE

A CLEAR ONLINE LEADER IN HOME GOODS

MASSIVE ONLINE CATALOG with over 7,000,000 home products

SUPPLIER DIRECT FULFILLMENT NETWORK connecting over 7,000 suppliers

$916 MILLION of net revenue in 2013 with minimal inventory

$1,206 MILLION of LTM net revenue as of September 30th, 2014

75% LTM GROWTH in direct retail, 50% total growth

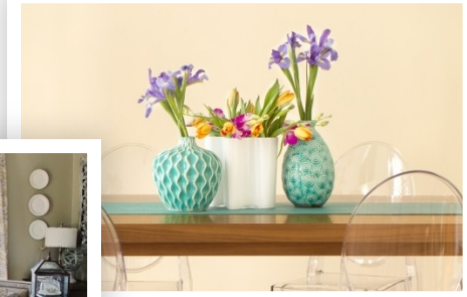
wayfair.com

ALL MODERN

BIRCH LANE









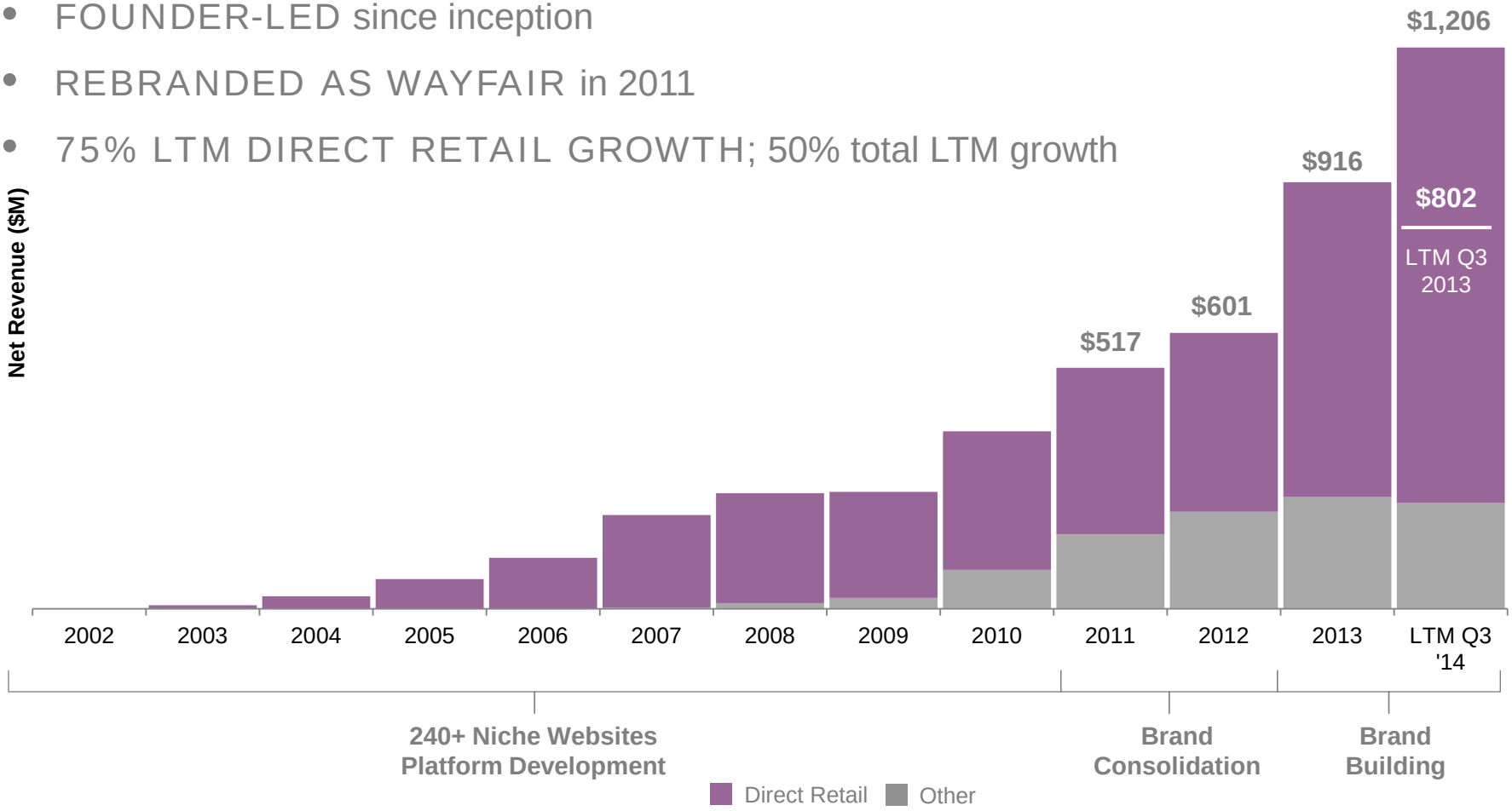


Joss & Main

Dwell Studio

LARGE SCALE WITH SIGNIFICANT GROWTH

- Founded as CSN STORES in 2002
- BOOTSTRAPPED for the first 9 years
- FOUNDER-LED since inception
- REBRANDED AS WAYFAIR in 2011
- 75% LTM DIRECT RETAIL GROWTH; 50% total LTM growth



FIVE DISTINCT HOME BRANDS

wayfair

Typical customer: 35 to 65 year old woman with an annual household income of $60,000 to $175,000

wayfair.com	Joss & Main	ALL MODERN	Dwell Studio	BIRCH LANE
Est. 2011	Est. 2011	Est. 2006	Acq. 2013	Est. 2014

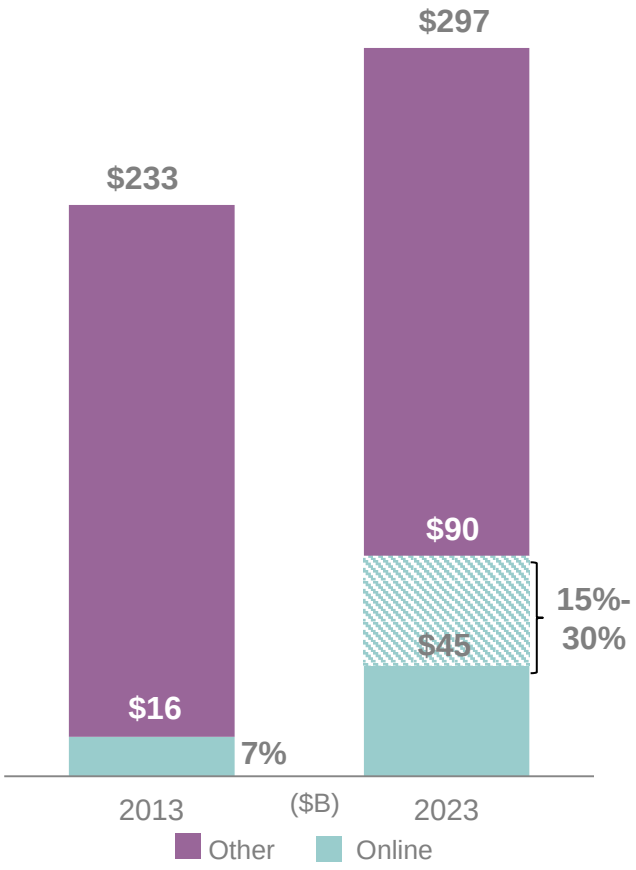






LARGE, HIGHLY FRAGMENTED MARKET MOVING ONLINE

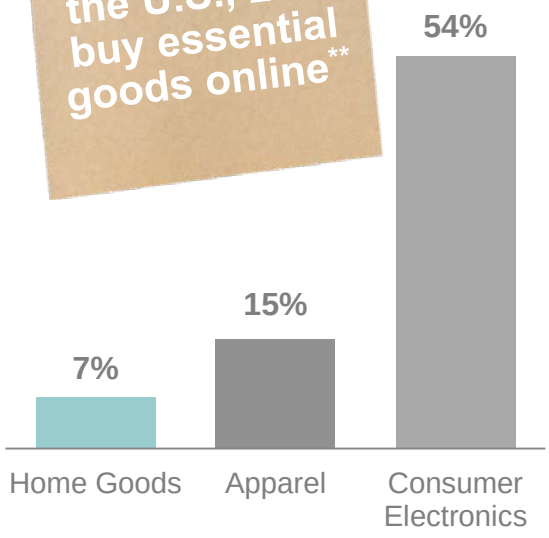
Growth Potential of U.S. Home Goods Market



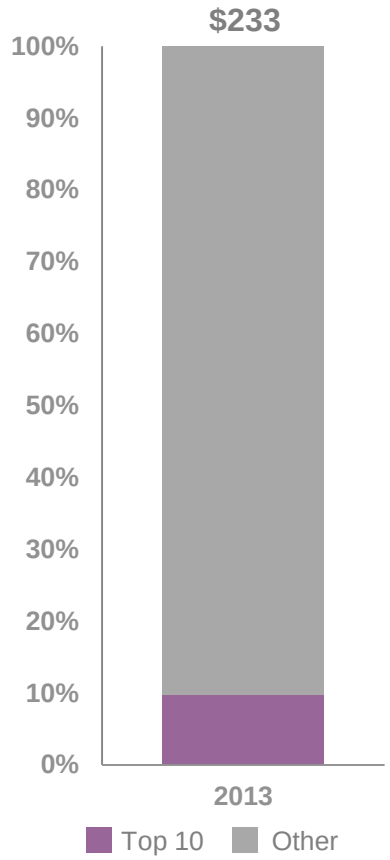
Significant Upside in Online Penetration

2013 Online Penetration of Selected Verticals

Of the 73 million millennials in the U.S., 29% buy essential goods online**



Total Furniture Sales by Retailer



Source: Euromonitor for market size, comScore for online statistics, eMarketer for millennial statistics, Furniture Today

** Top 10 Retailers: Williams Sonoma, Ikea, Ashley's, Berkshire Hathaway Companies, Rooms to Go, Pier 1, Restoration Hardware, Mattress Firm, Raymour & Flanigan, La-Z-Boy

**Millennials defined as individuals currently between the ages of 18 and 32

WELL POSITIONED RELATIVE TO OTHER RETAILERS

wayfair



HOME SHOPPERS DESIRE UNIQUENESS

wayfair

We do not all sleep in the same style bed...



...but a lot of us own the same TV and view it as reassuring



#1 in 42” LCD TVs

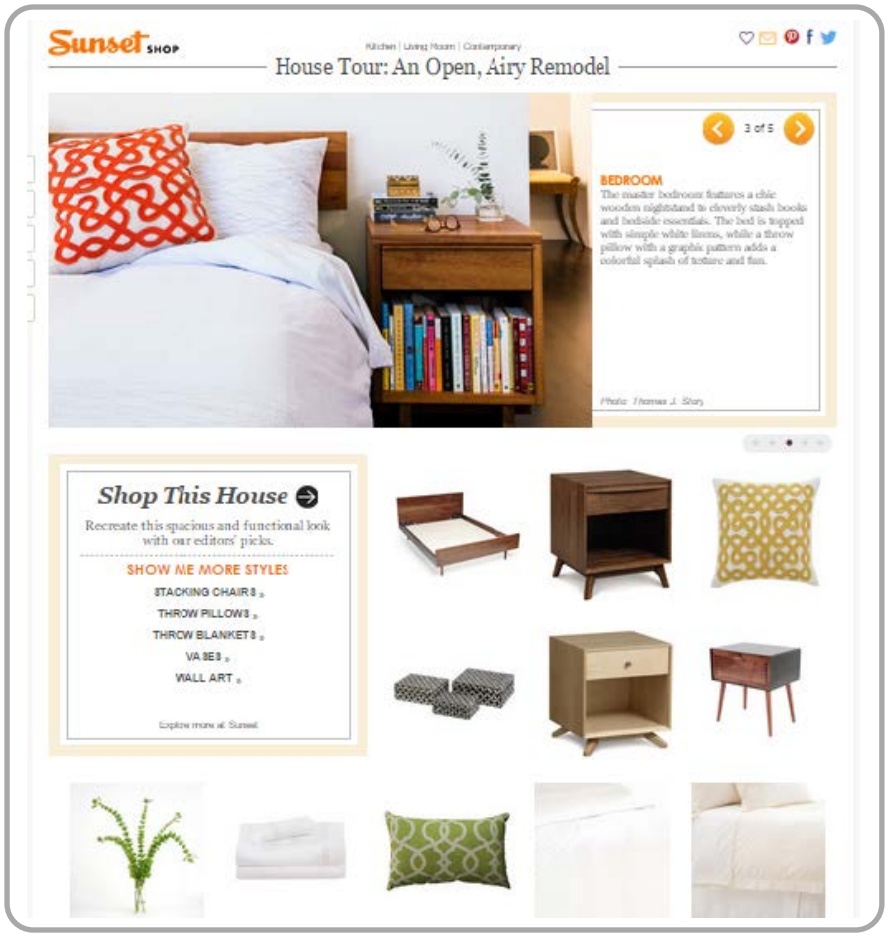
#2 in 42” LCD TVs

#3 in 42” LCD TVs

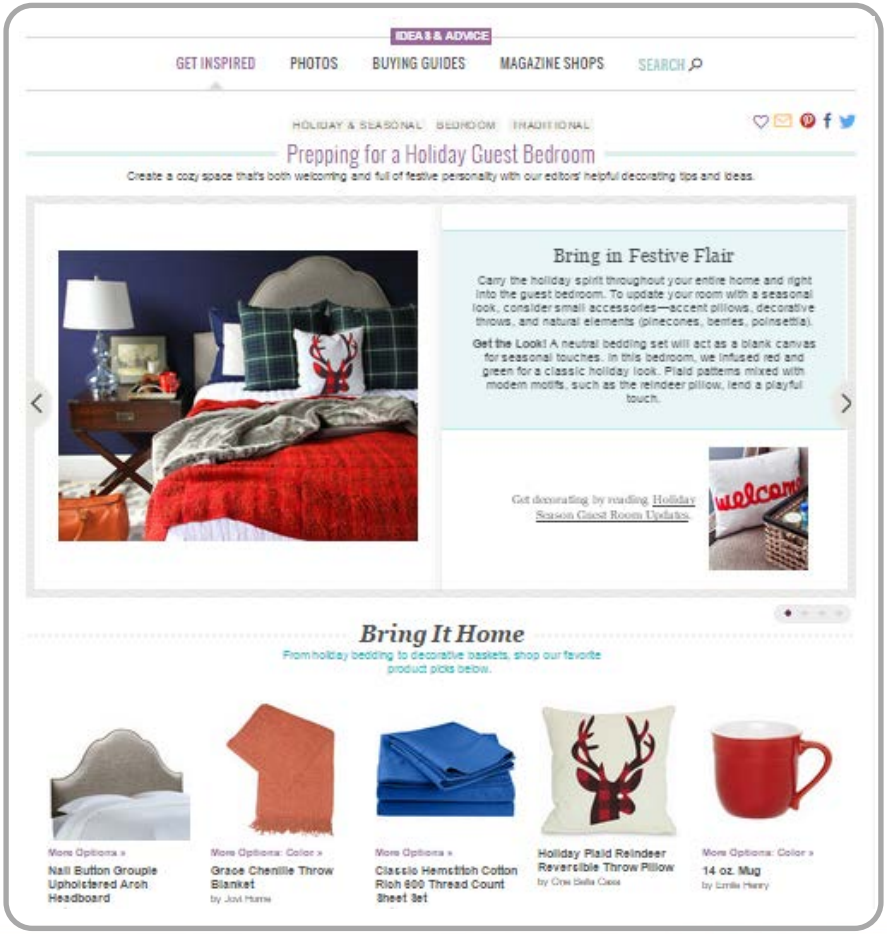
#4 in 42” LCD TVs

HOME IS SHOPPED VISUALLY

wayfair



Inspiration

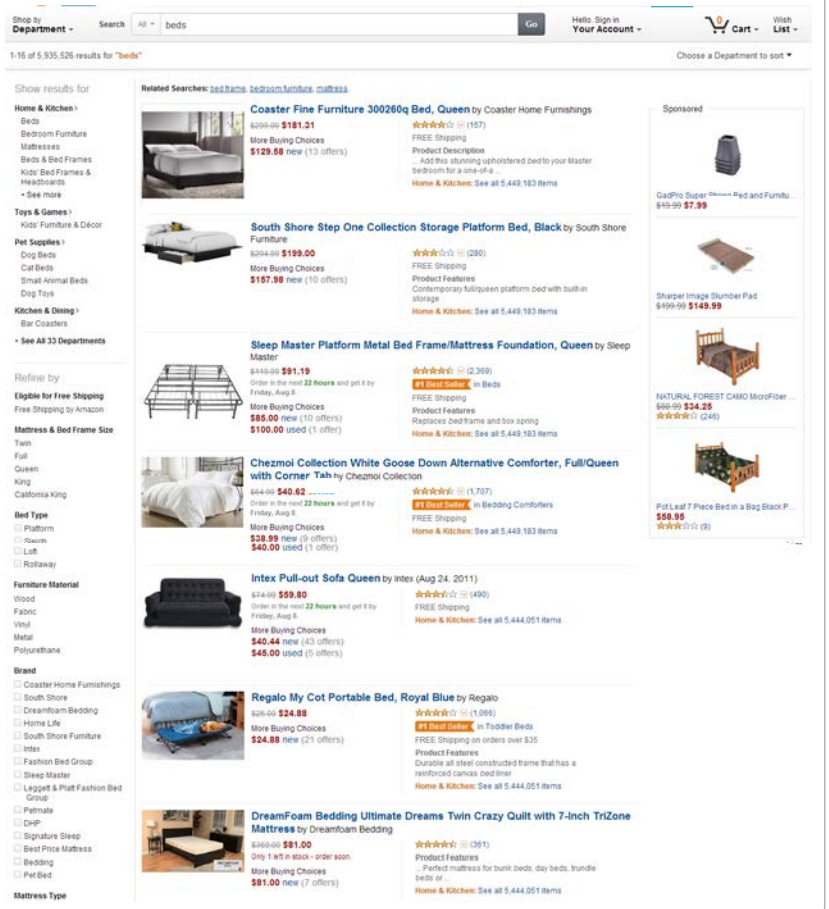


Discovery & Education

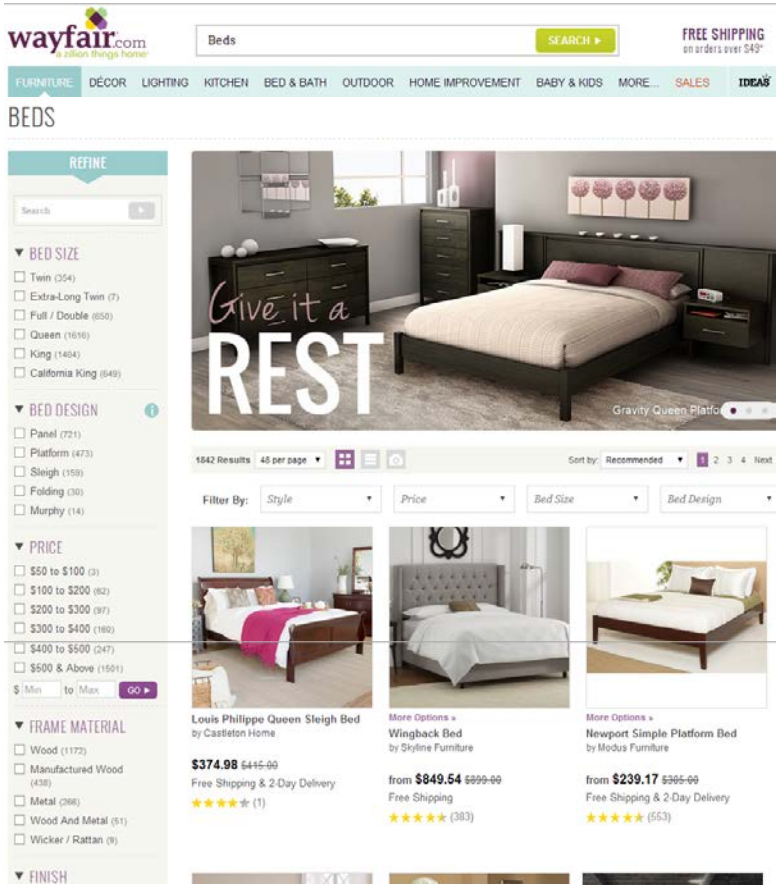
HOME IS SHOPPED VISUALLY

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Search Based Site



wayfair.com



DIFFICULT TO INVENTORY

Home Category Example: Lighting



INDUSTRY SIZE: **$7B**

CPG Category Example: Paper Towels



INDUSTRY SIZE: **$7B**

Source: Freedonia, Fisher International, Euromonitor

REQUIRES CUSTOM-BUILT TECHNOLOGY AND OPERATIONAL PLATFORM

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Technology Platform

- Proprietary and purpose built
- Real-time data, dynamic changes
- Personalization
- Mobile optimized
- Running at massive scale
- 300+ engineers / data scientists

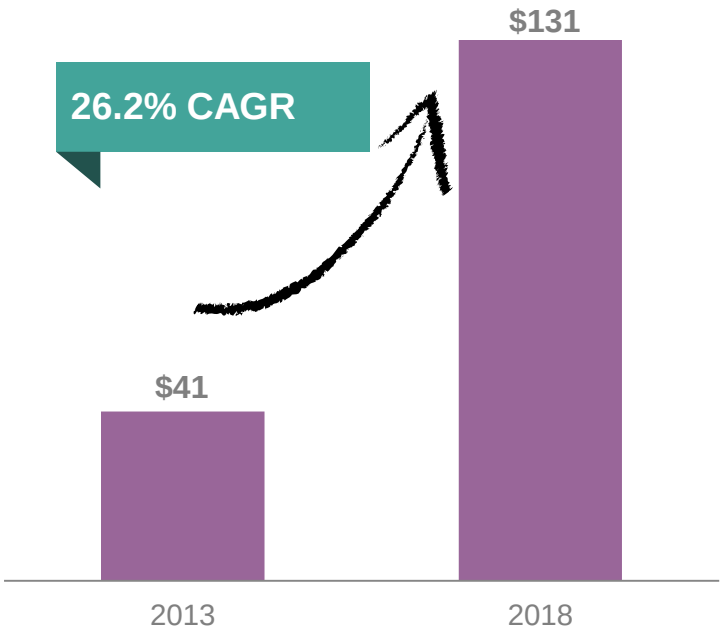


Operational Platform

- Over 14 million orders since inception
- Q3 2014 North America average time to ship of 2.1 days
- Extensive supplier integration and direct fulfillment network
- Proprietary transportation network
- Minimal inventory and capex
- 500+ customer service reps

PLATFORM SHIFT TO MOBILE AMPLIFIES OPPORTUNITY

US eCommerce Mobile Sales ($B)[1]

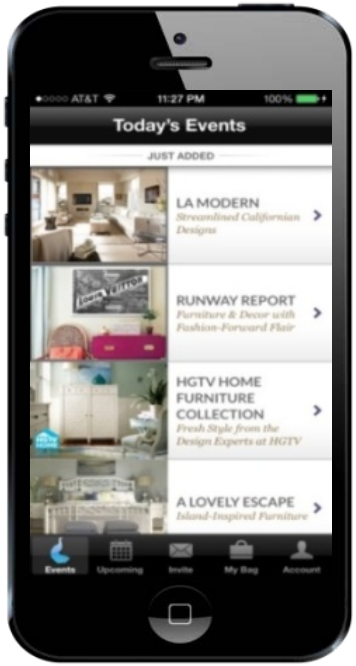


27.9%
Direct Retail orders via mobile in H1 2014[2]

43.5%
Joss & Main orders via mobile in H1 2014, up from <37% a year ago

SIGNIFICANT OPPORTUNITY GOING FORWARD





Source: eMarketer

[1] Includes impact of smartphones and tablets.

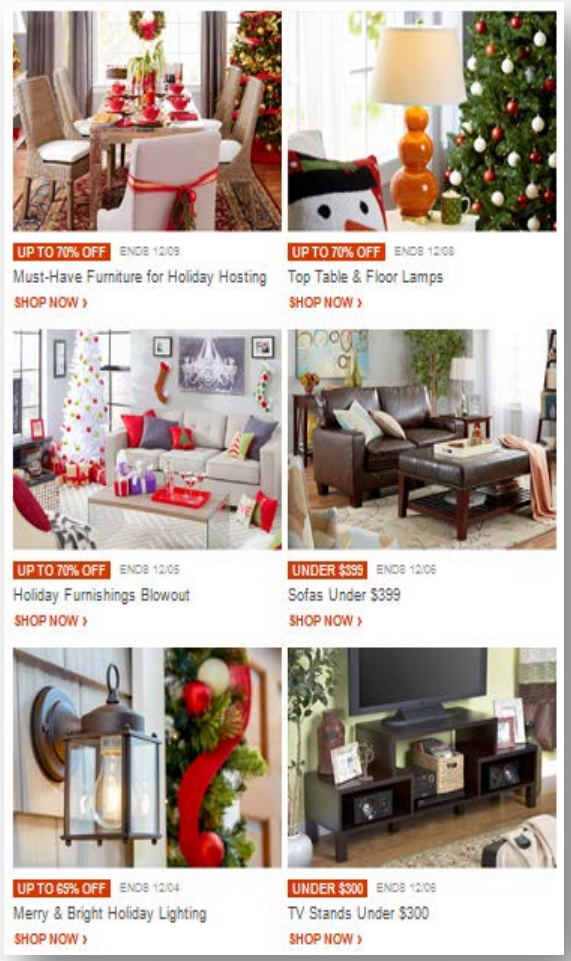
[2] Direct Retail orders generated primarily through the sites of our five brands.

INCREASING PERSONALIZATION DRIVES GROWTH AND REPEAT BEHAVIOR

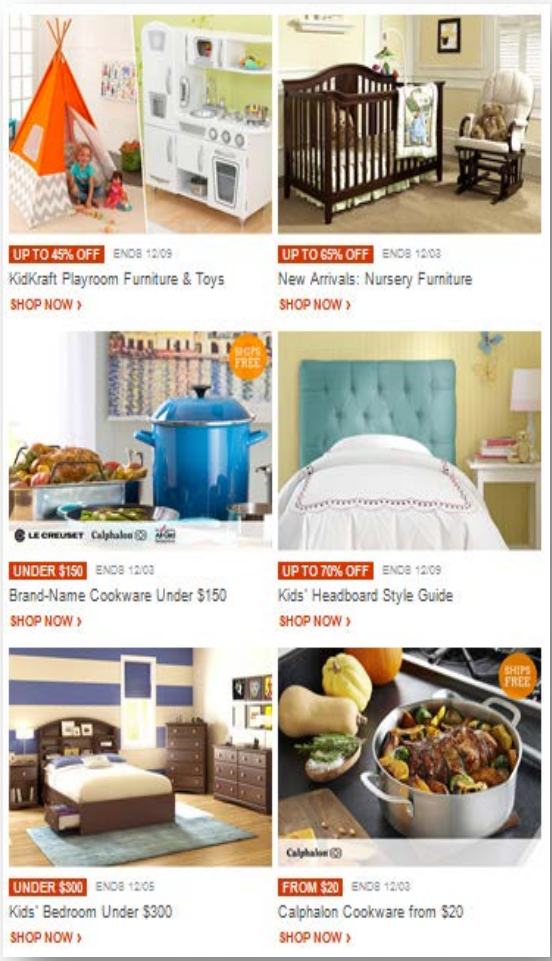
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Emails from 12/2; Ability to send 1M+ variations

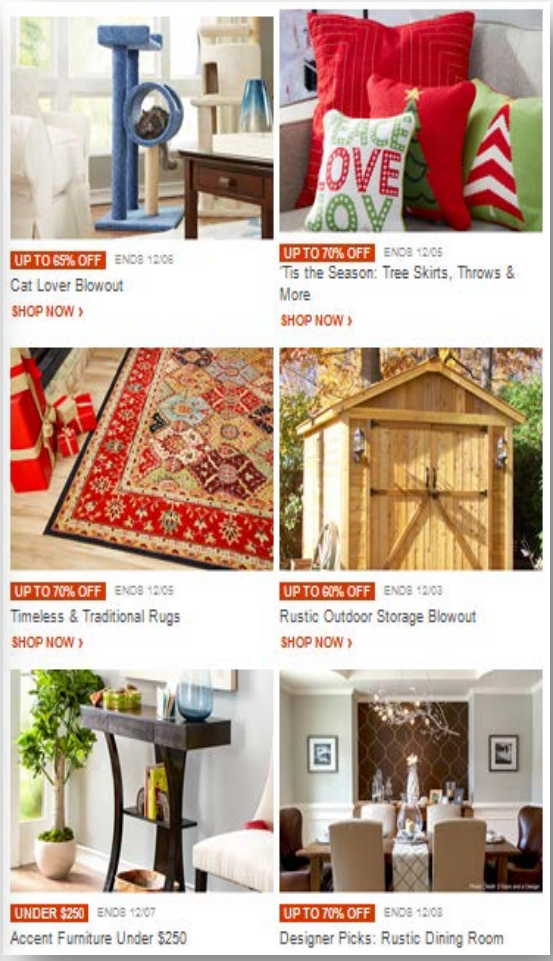
"Prep for in-laws and overnight guests with holiday furniture for every room"



"Tikes' top picks: Playroom furniture and toys by KidKraft"

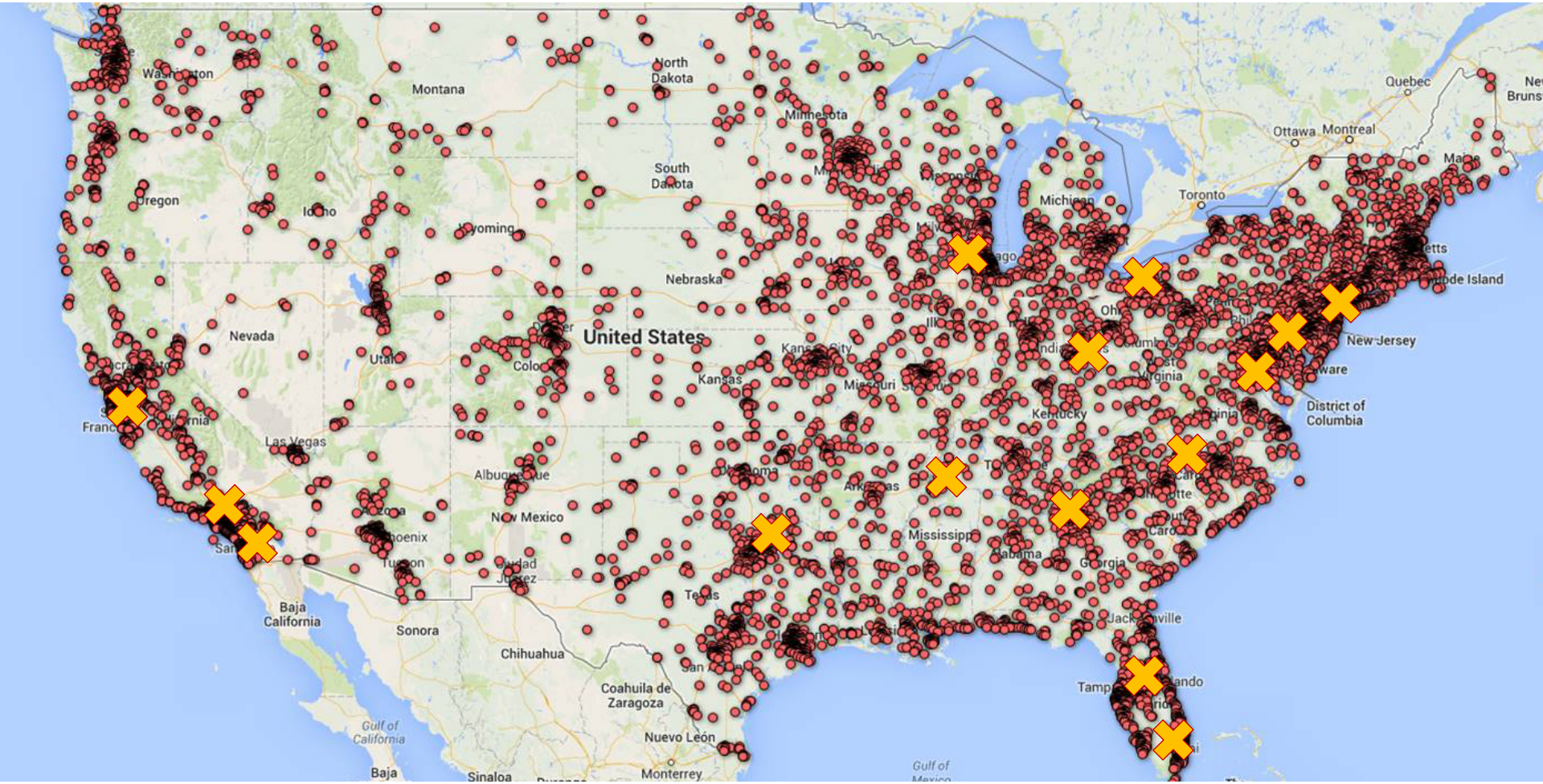


"Purrr-fectly affordable finds for cats (and feline fans)"



TECHNOLOGY AND OPERATIONS ARE RUN AT SCALE: 1 DAY OF ORDERS

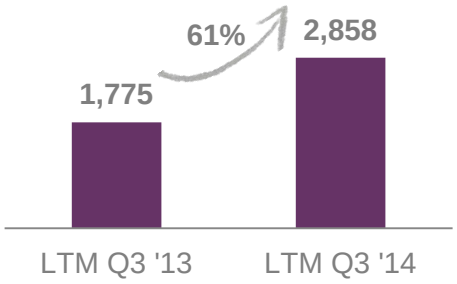
wayfair



SCALE DRIVES POWERFUL NETWORKS EFFECTS

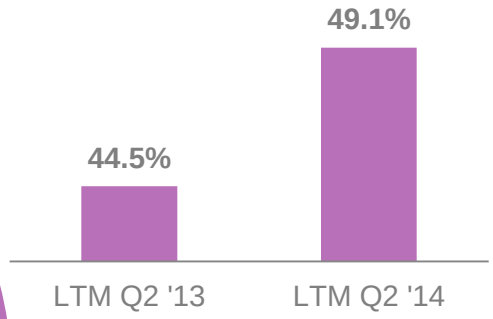
Active Customers[1]

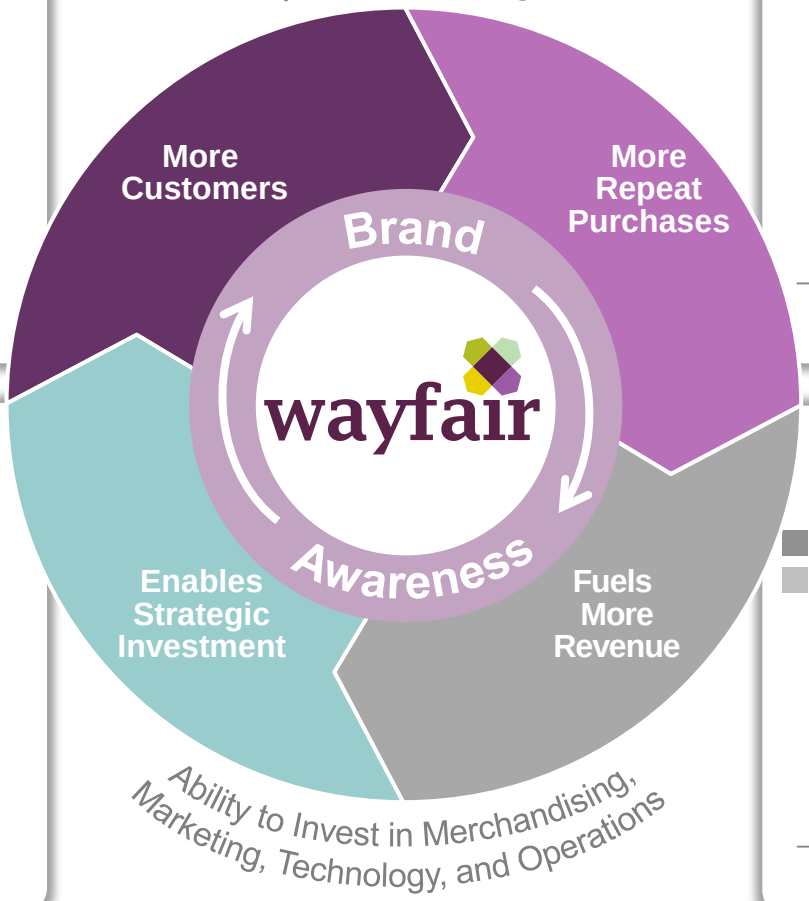
(in thousands)



Repeat Orders[2]

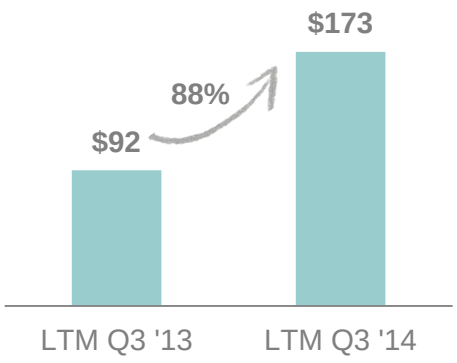
(as % of total orders)





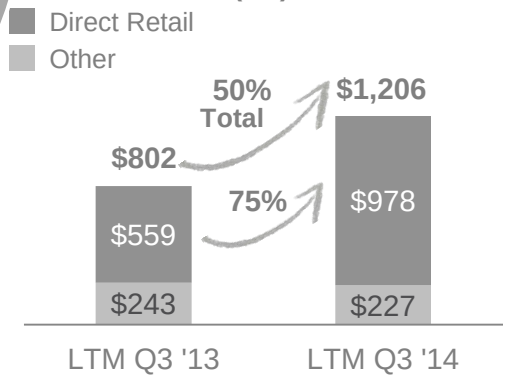
Advertising Spend

($M)



Net Revenue

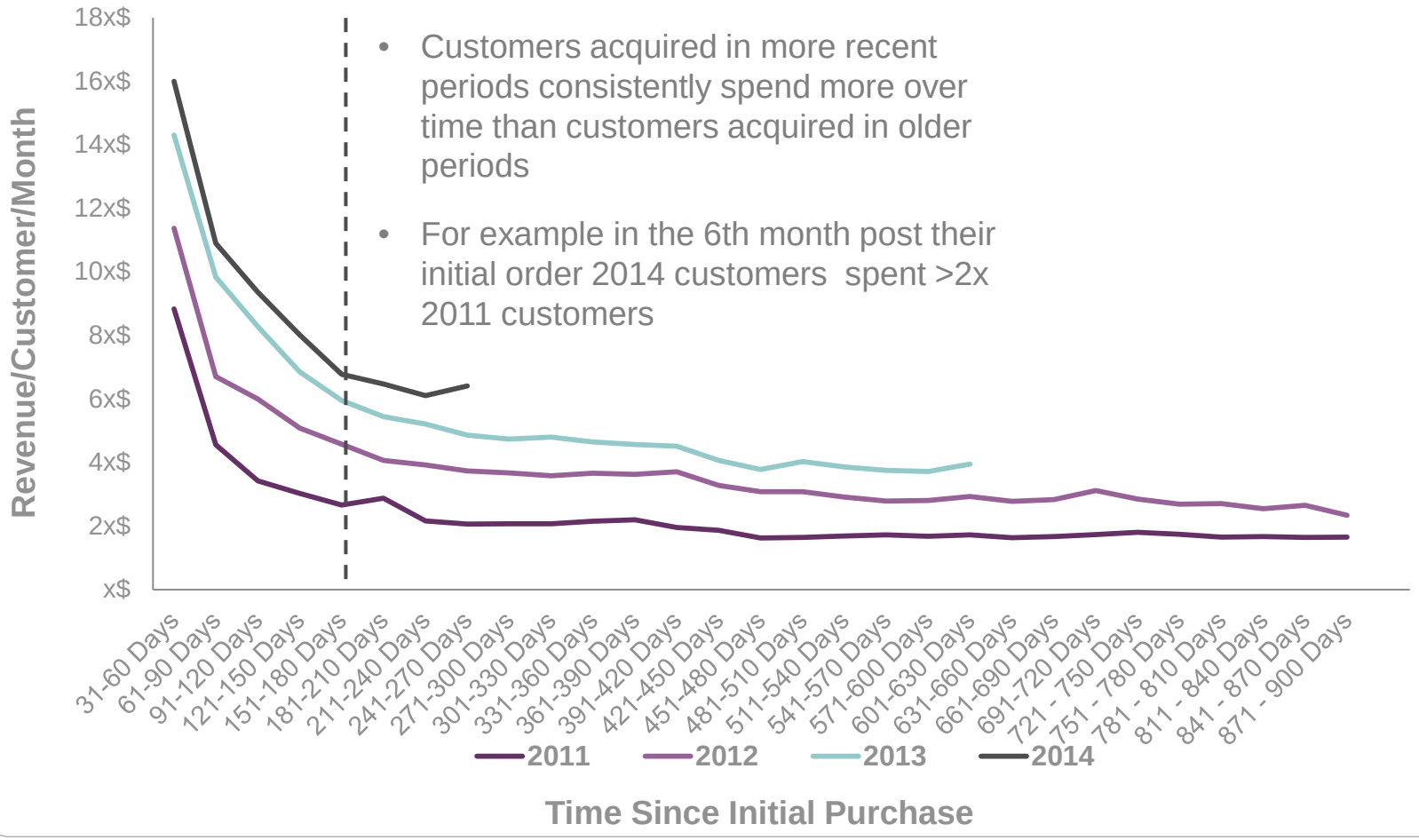
($M)



[1] Defined as customers who have purchased at least once on our brands' sites during the preceding 12 month period.
[2] Defined as total orders delivered from repeat customers.

INVESTMENT IN ADVERTISTING SPEND RESULTS IN HIGHER REVENUE/CUSTOMER…

Wayfair.com Gross Revenue Per Customer Over Time



…AND GROWING AWARENESS

Google Trends – Interest in “Wayfair” over time

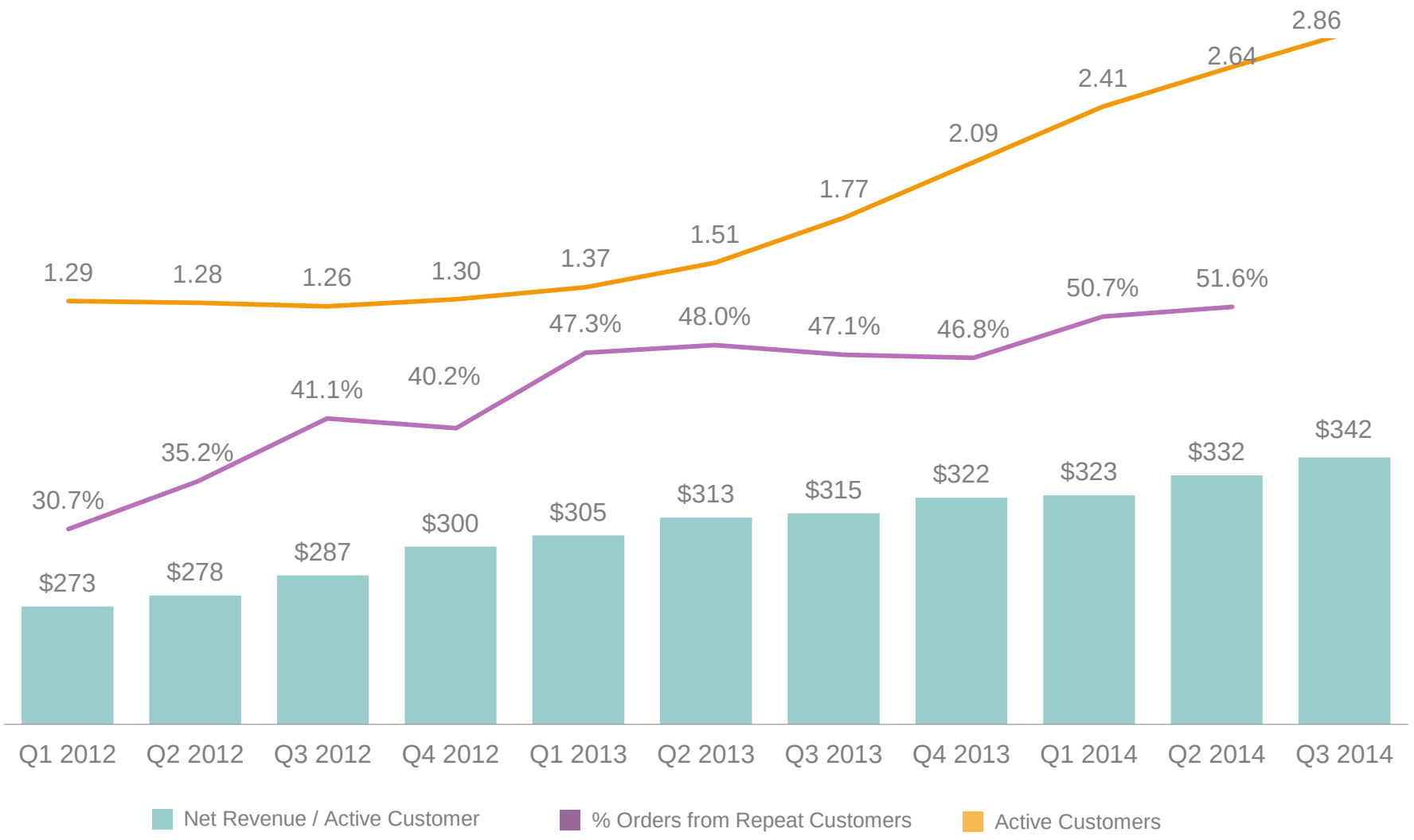
Grew to 52% brand awareness since Wayfair launch in 2011[1]



Source: Hanover Research

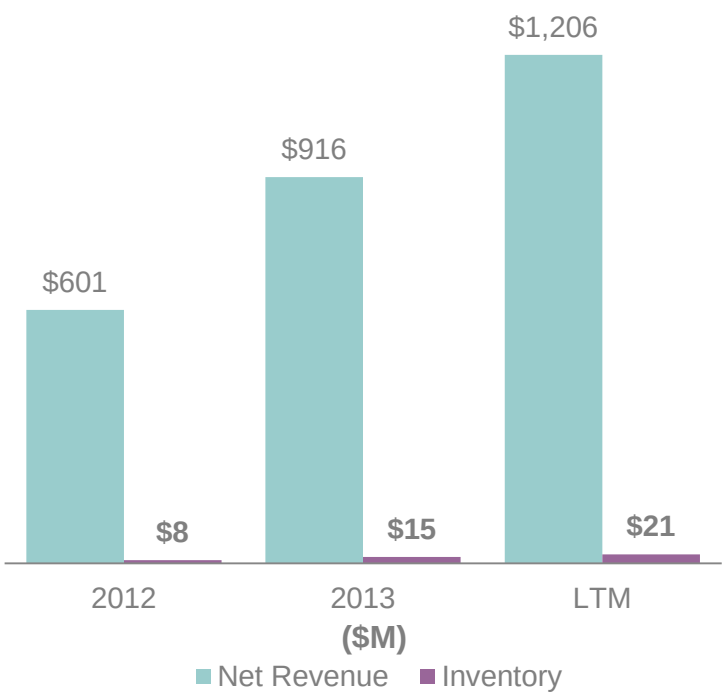
[1] Aided Brand Awareness as of August 2014.

CUSTOMER ECONOMICS CONTINUE TO IMPROVE

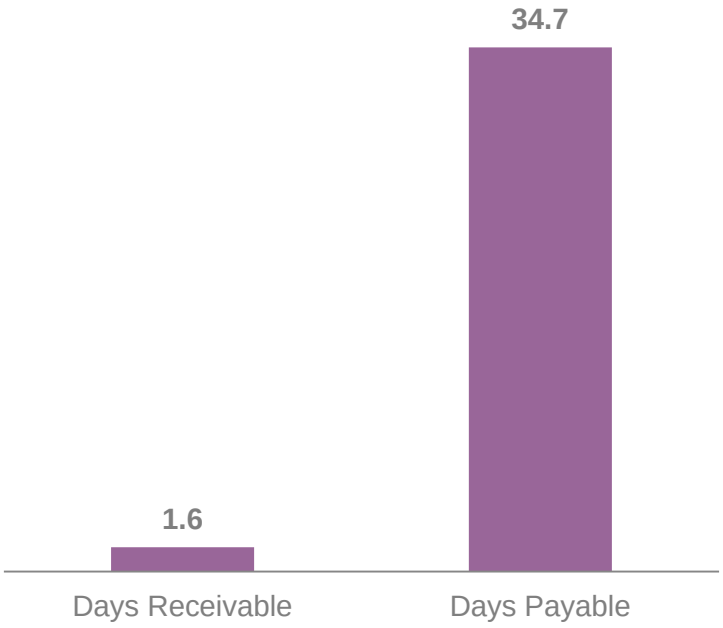


CAPITAL EFFICIENT WITH MINIMAL INVENTORY

Minimal Inventory



Capital Efficient



FCF Performance Consistently Better than Adjusted EBITDA

LONG TERM TARGET MODEL

	2012	2013	Q3 2014	Long-Term Target
Net Revenue	100%	100%	100%	100%
Gross Margin	**24.2%**	**24.5%**	**23.3%**	**25 - 27%**
Merchant Fees + Customer Service	4.3%	3.9%	4.2%	4.2%
Advertising	10.5%	11.8%	14.8%	6 - 8%
Primarily headcount Other Sales and Marketing	4.0%	3.7%	4.0%	2 - 3%
General & Administrative	7.3%	5.4%	5.9%	3 - 4%
Total Operating Expenses	**26.1%**	**24.8%**	**28.8%**	**15 - 19%**
Adjusted EBITDA	**(2.0)%**	**(0.3)%**	**(5.5)%**	**8 - 10%**

Note: Other Sales and Marketing and General & Administrative have been adjusted to exclude equity based compensation expenses and depreciation and amortization expense. See GAAP to Non-GAAP Reconciliation" Appendix.

WELL DEFINED GROWTH STRATEGY



CONTINUE BUILDING **LEADING RETAIL HOME BRANDS**

- Acquire More Customers
- Invest in Consumer Experience
- Increase Repeat Purchasing
- Add New Suppliers
- Invest in Technology and Operations

ADDITIONAL **GROWTH STRATEGIES**

- Expand Internationally
- Pursue Strategic Acquisitions
- Opportunistically Launch New Brands

wayfair.com

Joss & Main

ALL MODERN

Dwell Studio

BIRCH LANE











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RECONCILIATION OF ADJUSTED EBITDA
($ in millions)

	2012	2013	YTD Q3'13	YTD Q3'14
Net Loss	($21.055)	($15.526)	($11.369)	($75.544)
Depreciation and Amortization	$9.335	$13.091	$9.352	$14.438
Equity-Based Compensation	-	-	-	$5.528
Interest Income, net	($0.234)	($0.245)	($0.185)	($0.222)
Other (Expense) Income, net	($0.155)	($0.294)	($0.075)	$0.400
Taxes	$0.050	$0.046	($0.004)	$0.066
Adjusted EBITDA	**($12.059)**	**($2.928)**	**($2.281)**	**($55.334)**

RECONCILIATION OF FREE CASH FLOW
($ in millions)

	2012	2013	YTD Q3'13	YTD Q3'14
Net Cash Provided by Operating Activities, Net of Acquisition	$3.945	$34.413	($6.425)	($50.837)
Purchase of Property, Equipment and Leasehold Improvements	($8.031)	($6.739)	($4.421)	($31.168)
Site and Software Development Costs	($6.949)	($9.040)	($6.412)	($10.643)
Free Cash Flow	**($11.035)**	**$18.634**	**($17.258)**	**($92.648)**