wayfair.com

Joss & Main

ALL MODERN

Dwell Studio

BIRCH LANE







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Investor Presentation

May 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

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A CLEAR ONLINE LEADER IN HOME GOODS

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

SUPPLIER DIRECT FULFILLMENT NETWORK connecting over 7,000 suppliers

$1,465 MILLION of LTM net revenue with minimal inventory

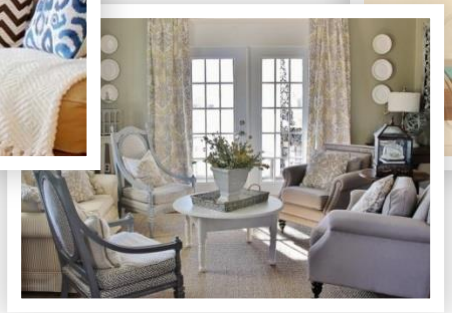
63% Q1 YoY GROWTH in direct retail, 52% total growth

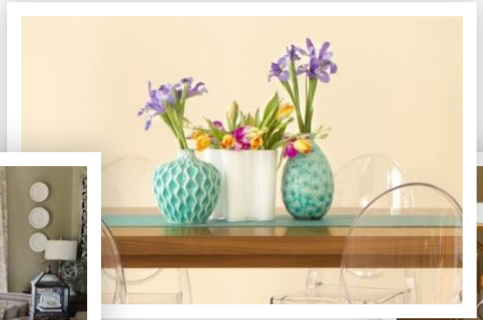
wayfair.com

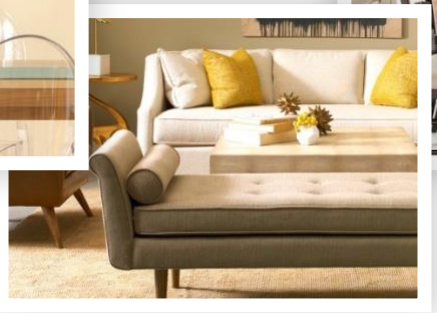
ALL MODERN

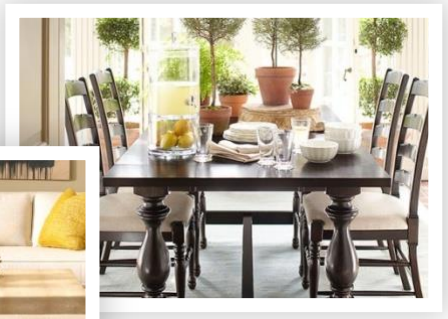
BIRCH LANE









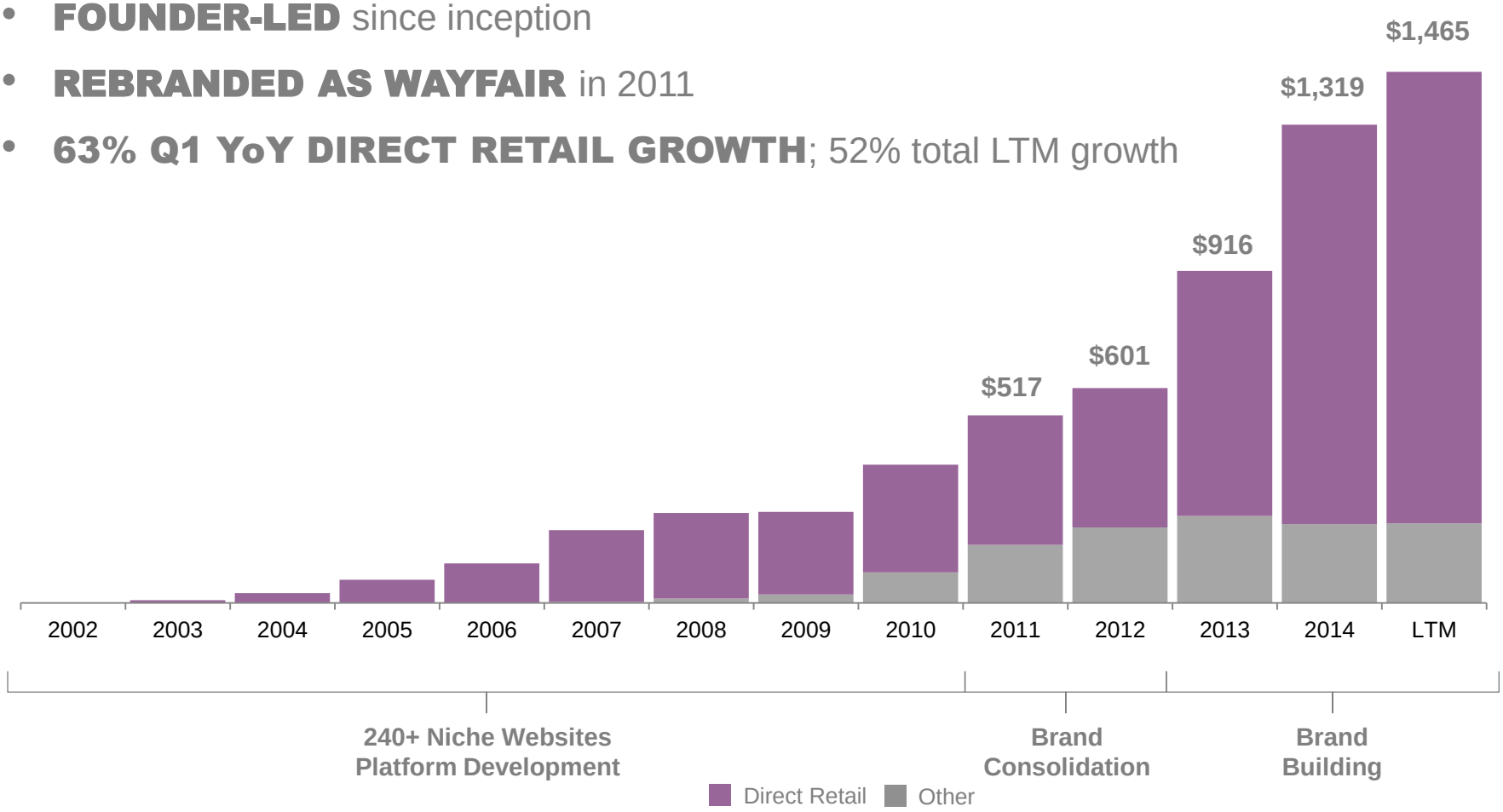


Joss & Main

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
- **63% Q1 YoY DIRECT RETAIL GROWTH**; 52% total LTM growth

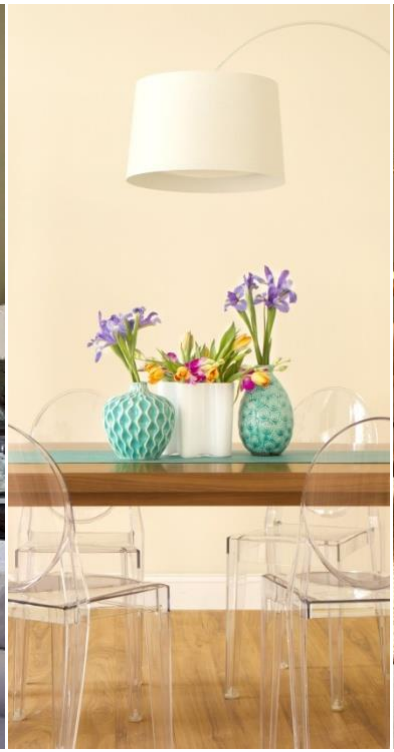


FIVE DISTINCT HOME BRANDS

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



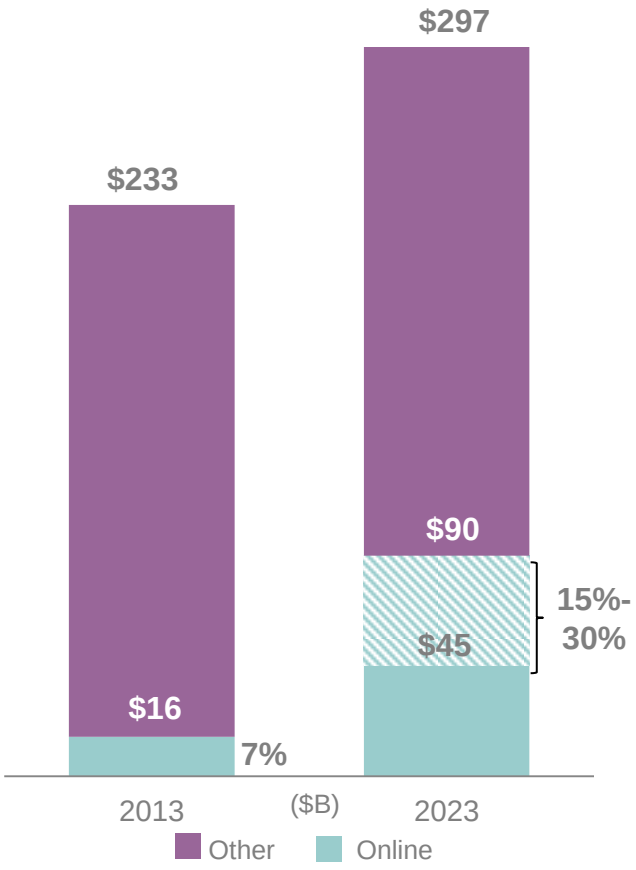




LARGE, HIGHLY FRAGMENTED MARKET MOVING ONLINE

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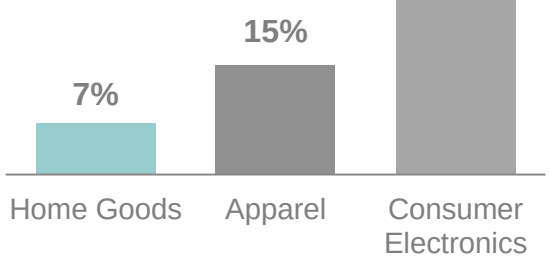
Growth Potential of U.S. Home Goods Market



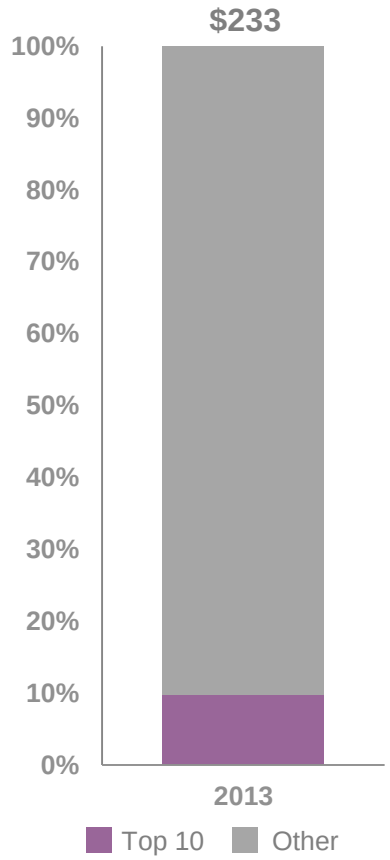
Significant Upside in Online Penetration

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



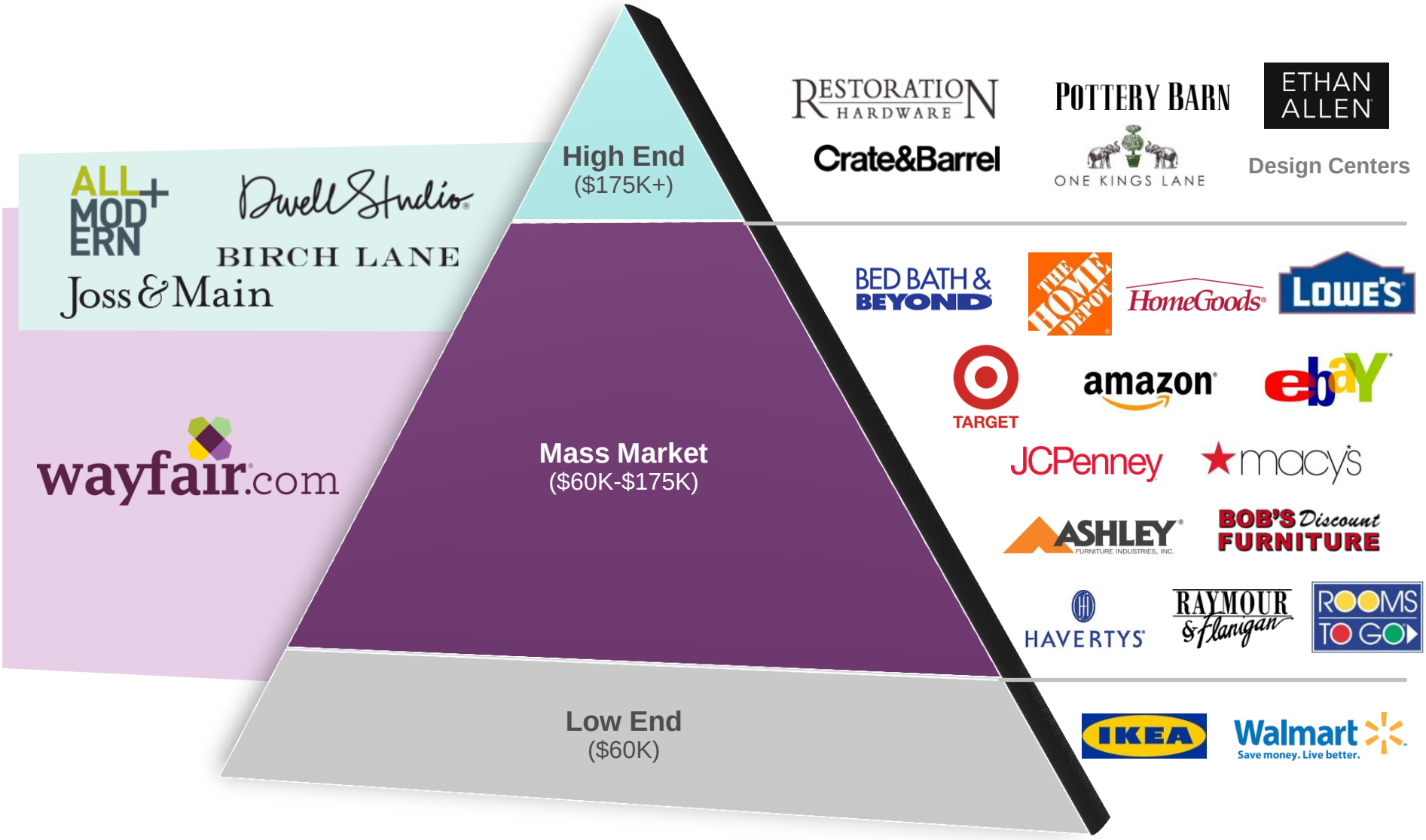
Source: Euromonitor for market size, comScore for online statistics, eMarketer for millennial statistics, Furniture Today

** 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. Based on 2013 data

WELL POSITIONED RELATIVE TO OTHER RETAILERS

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HOME SHOPPERS DESIRE UNIQUENESS

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

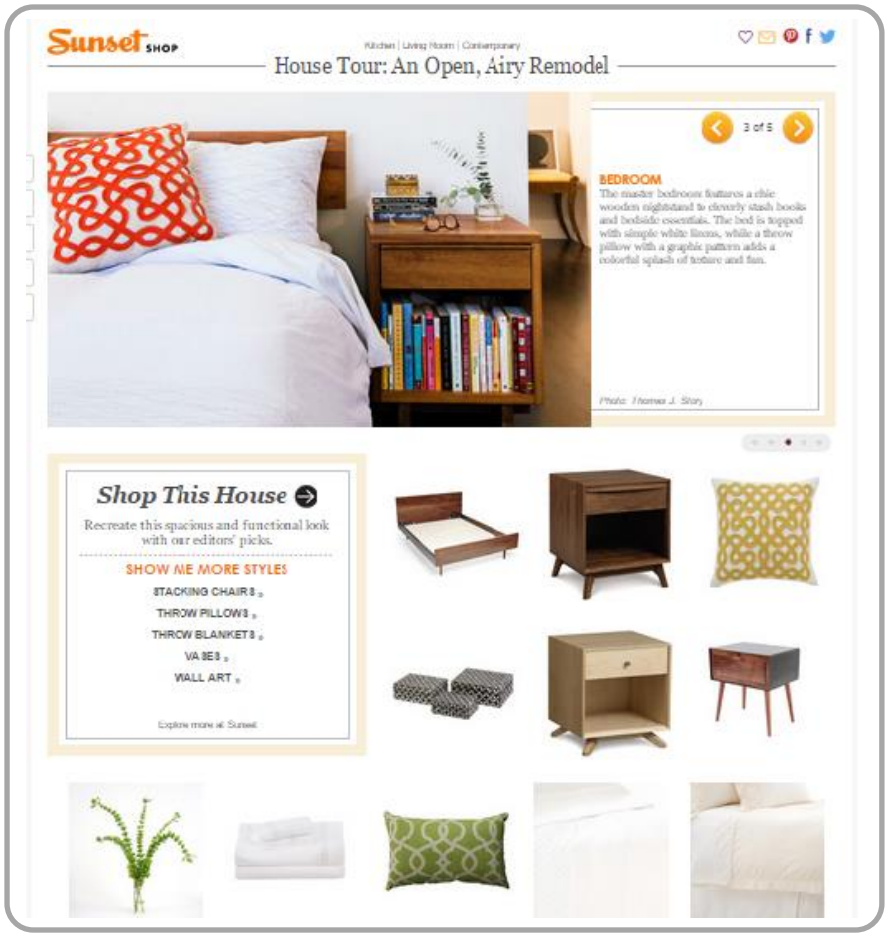
#2 in 42" LCD TVs

#3 in 42" LCD TVs

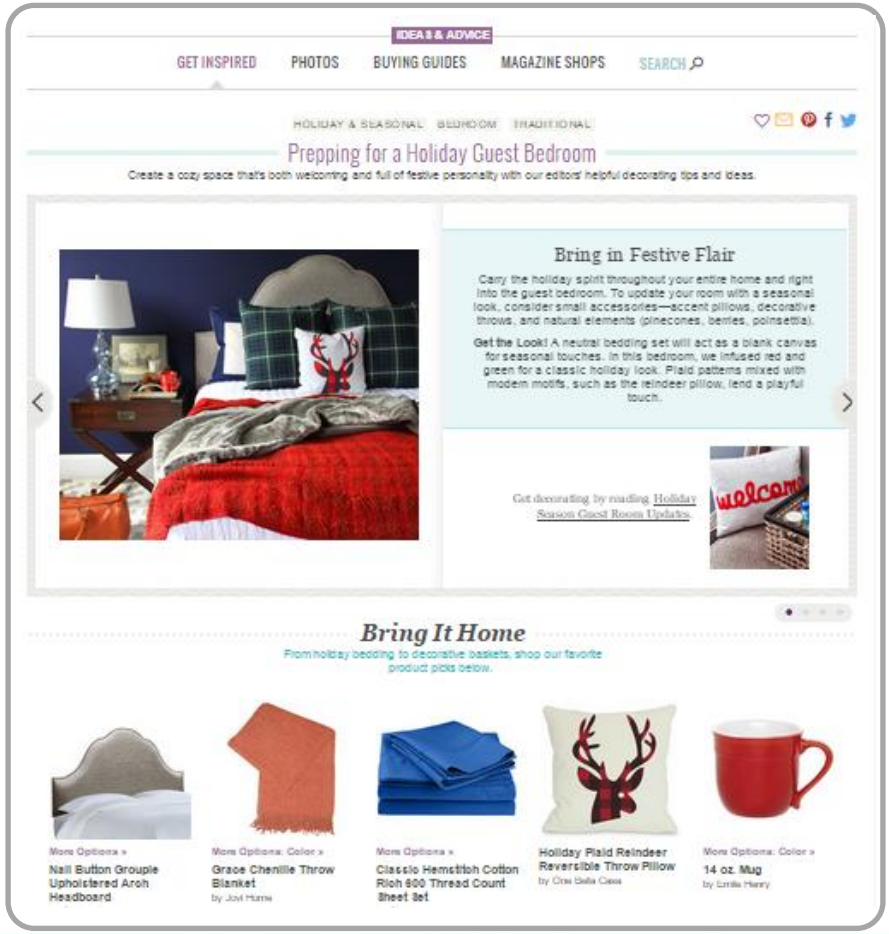
#4 in 42" LCD TVs

HOME IS SHOPPED VISUALLY

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Inspiration

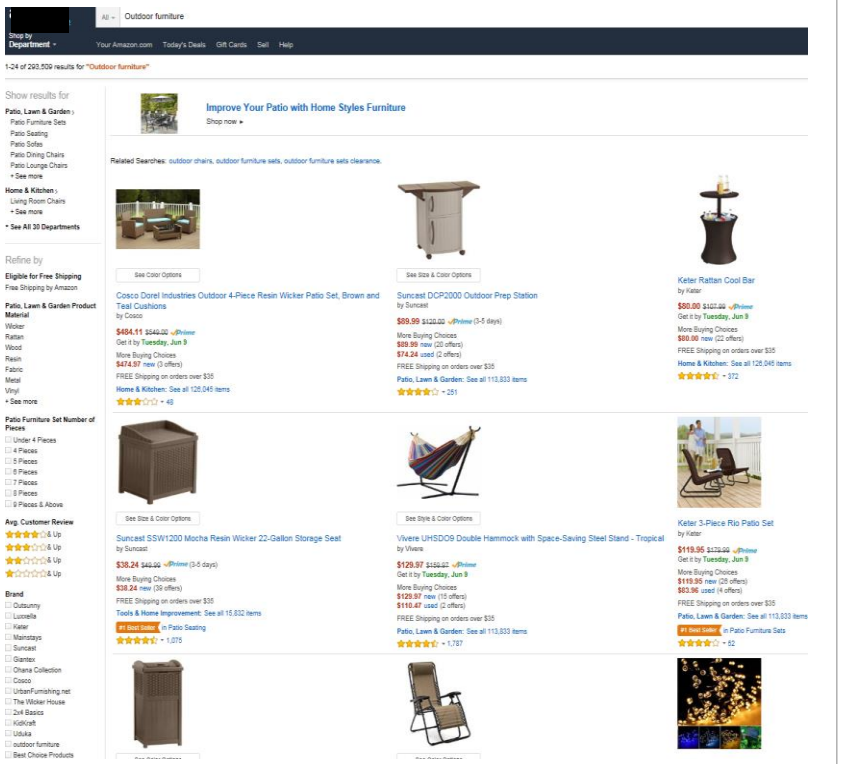


Discovery & Education

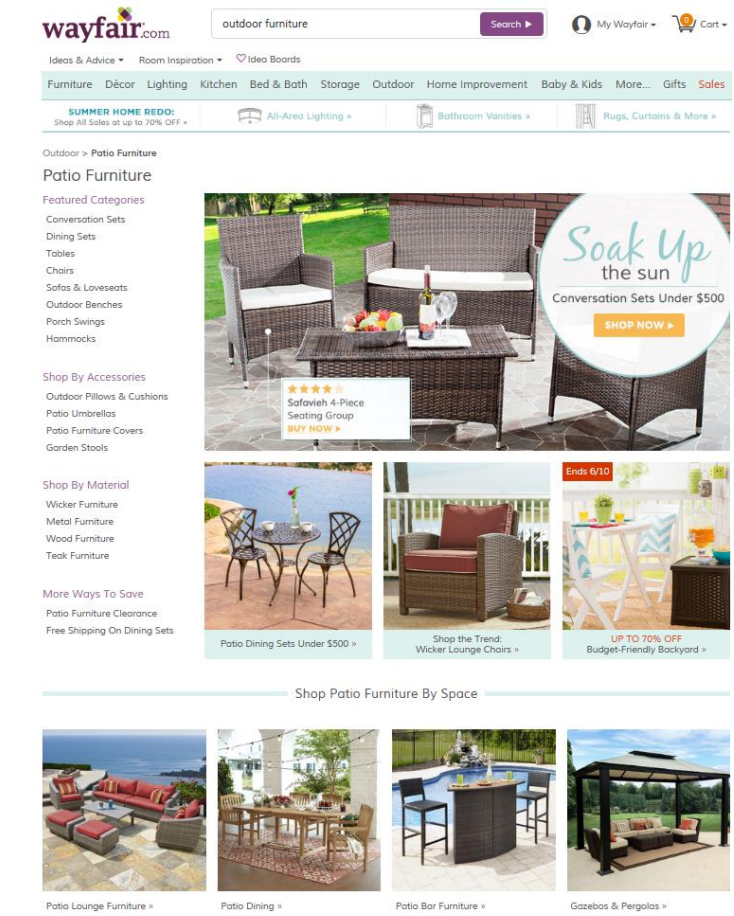
HOME IS SHOPPED VISUALLY

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Search Based Site



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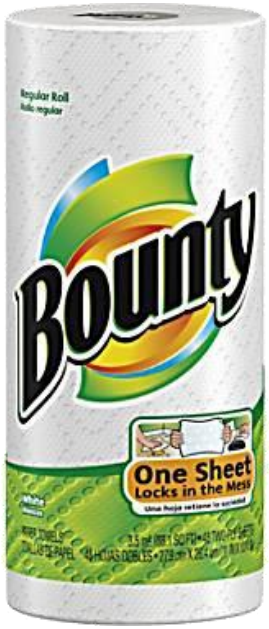
DIFFICULT TO INVENTORY

Home Category Example: Lighting



INDUSTRY SIZE: **$7B**

CPG Category Example: Paper Towels



INDUSTRY SIZE: **$7B**

Source: 2013 data from 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

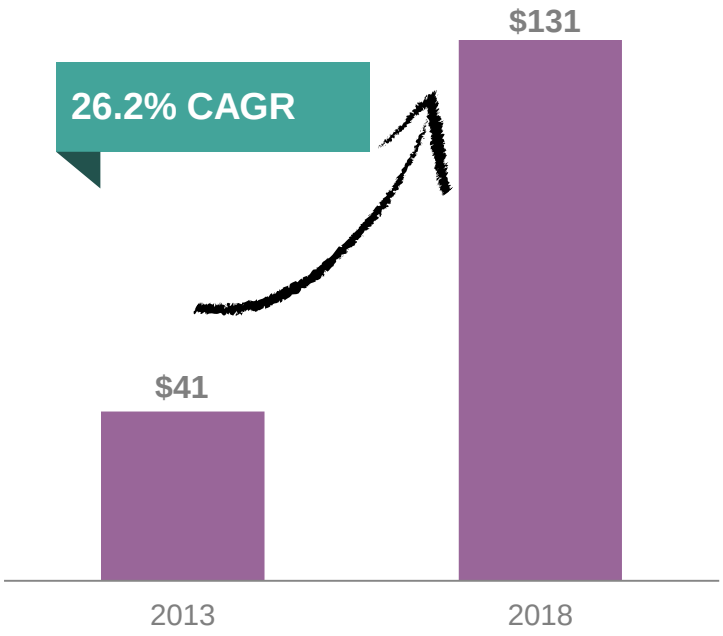


Operational Platform

- Over 17 million orders since inception
- 2014 North America average time to ship of 2.2 days
- Extensive supplier integration and direct fulfillment network
- Proprietary transportation network
- Minimal inventory and capex
- 700+ customer service reps

PLATFORM SHIFT TO MOBILE AMPLIFIES OPPORTUNITY

US eCommerce Mobile Sales ($B)[1]

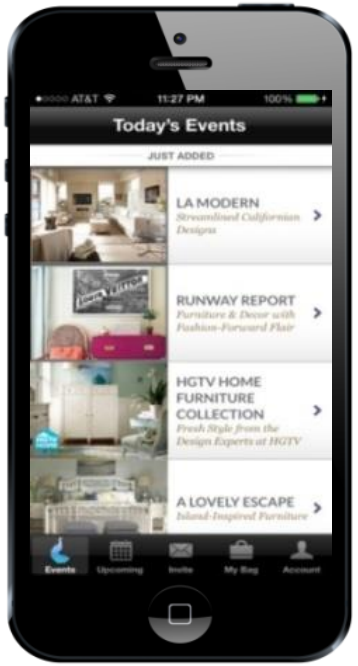


34%

Direct Retail orders
via mobile in Q1 2015[2]

SIGNIFICANT OPPORTUNITY GOING FORWARD





Source: eMarketer as of 2014.

[1] Includes impact of smartphones and tablets.

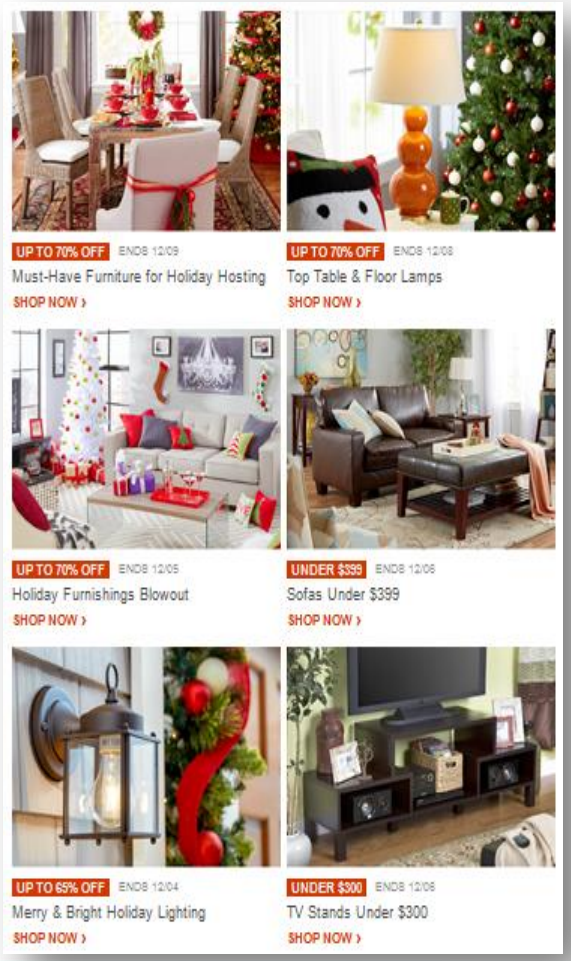
[2] Direct Retail orders generated primarily through the sites of our five brands.

INCREASING PERSONALIZATION DRIVES GROWTH AND REPEAT BEHAVIOR

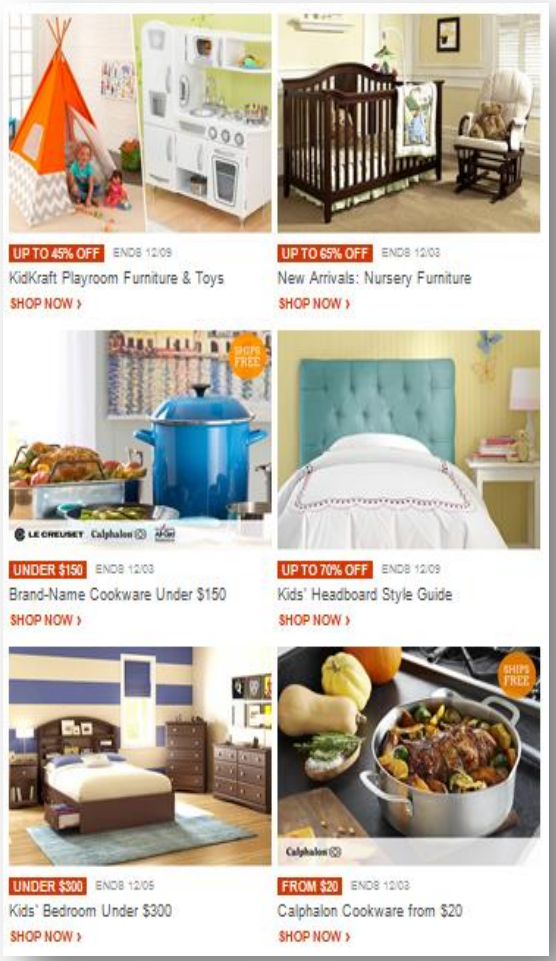
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Emails from 12/2; Ability to send 1M+ variations

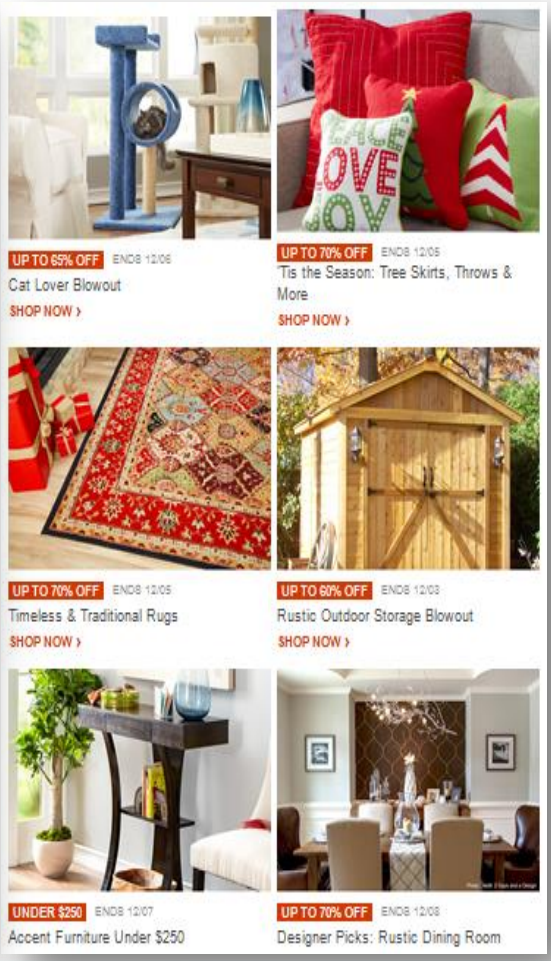
"Prep for in-laws and overnight guests with holiday furniture for every room"



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

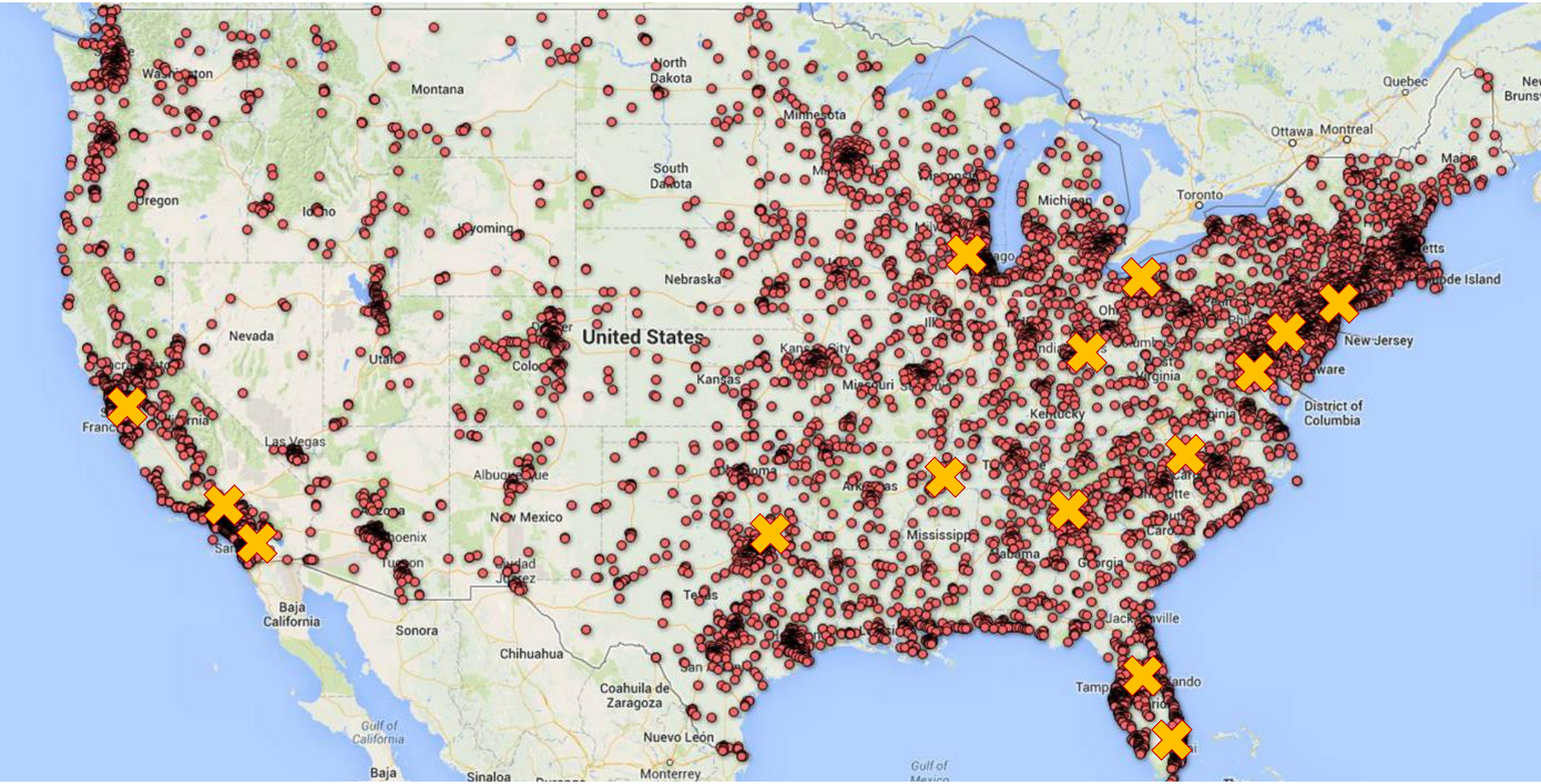


"Purrr-fectly affordable finds for cats (and feline fans)"



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

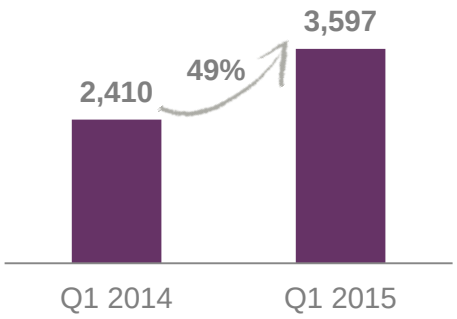
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SCALE DRIVES POWERFUL NETWORKS EFFECTS

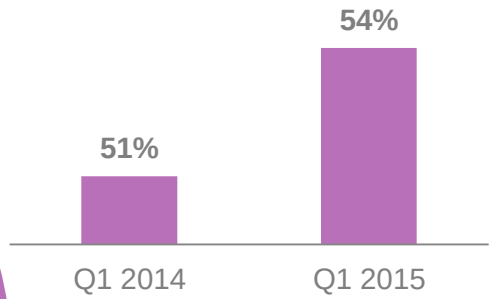
Active Customers[1]

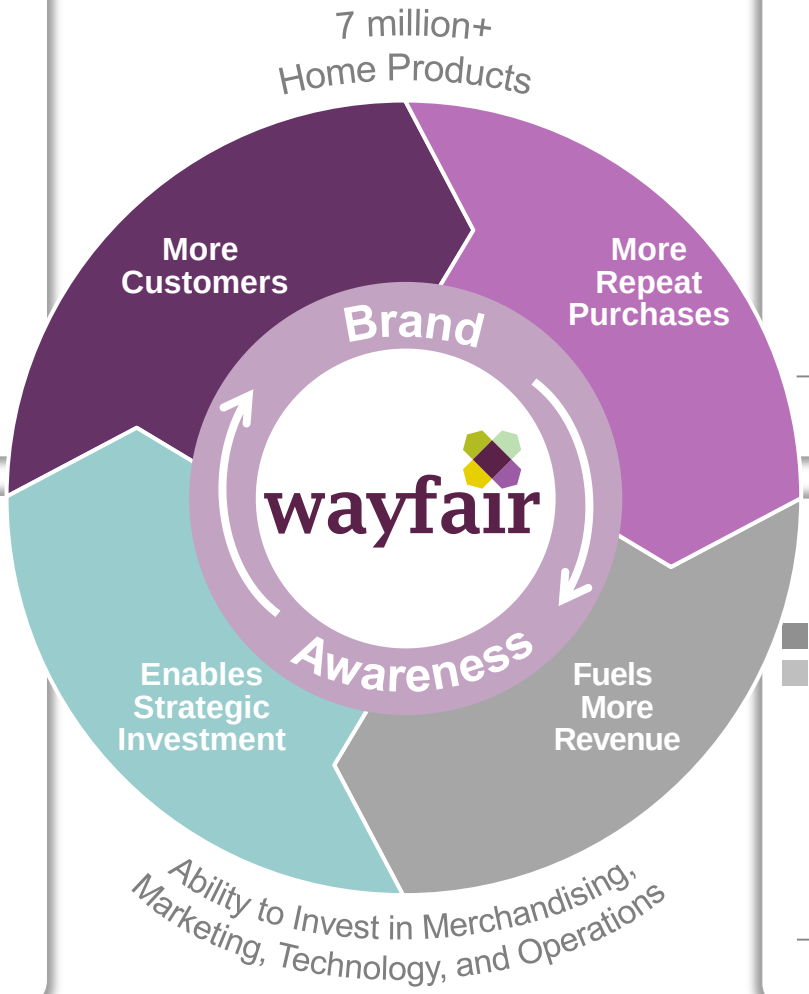
(in thousands)



Repeat Orders[2]

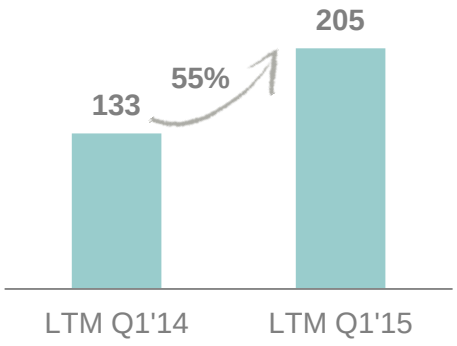
(as % of total orders)





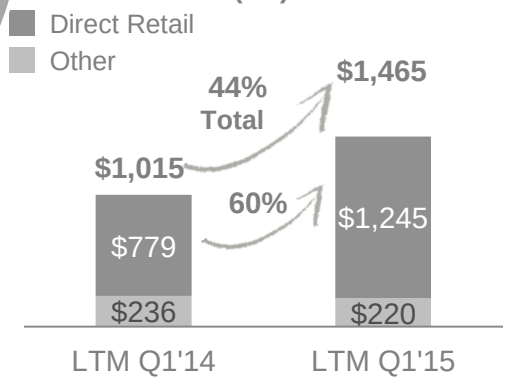
Advertising Spend

($M)



Net Revenue

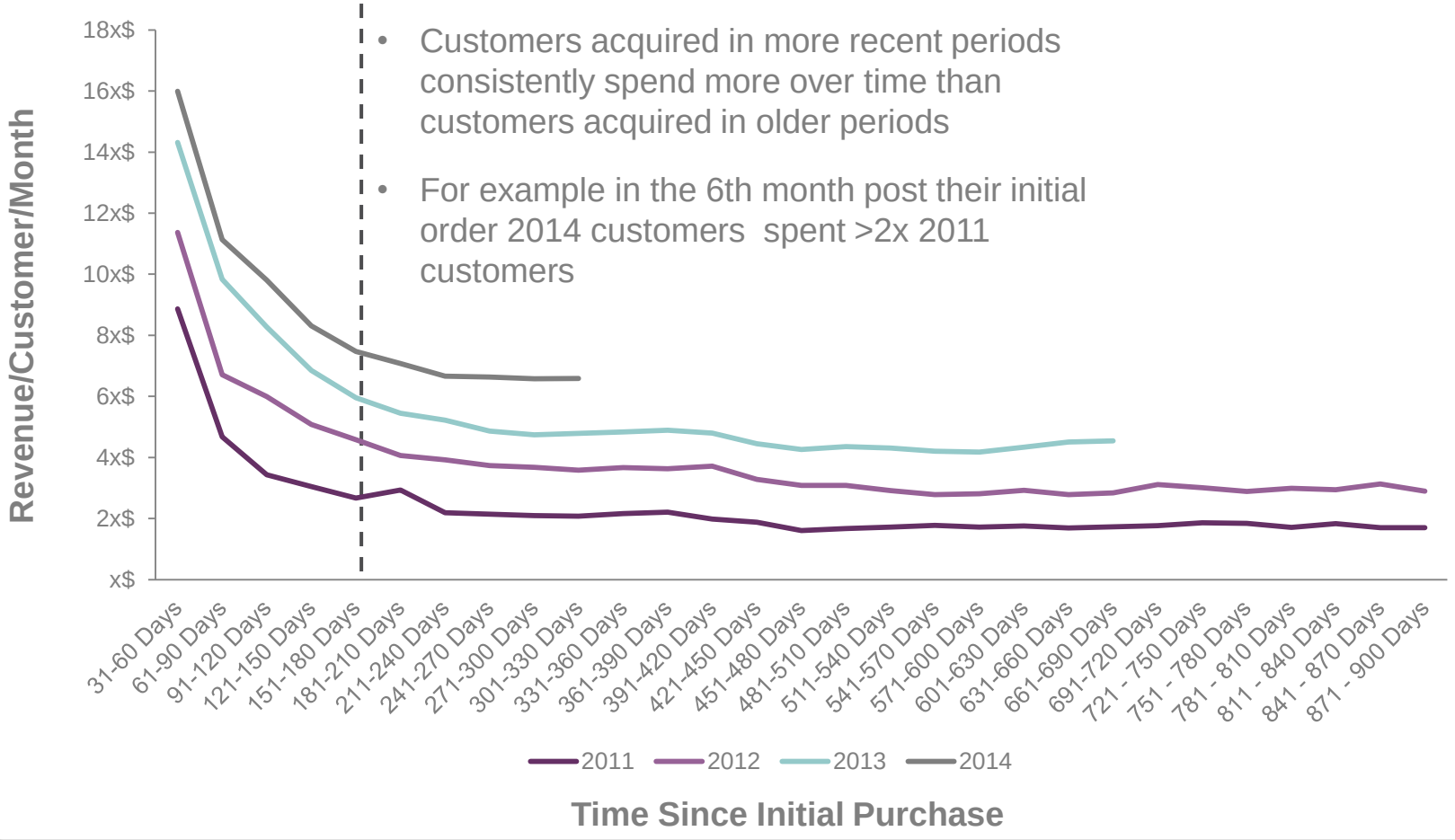
($M)



[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

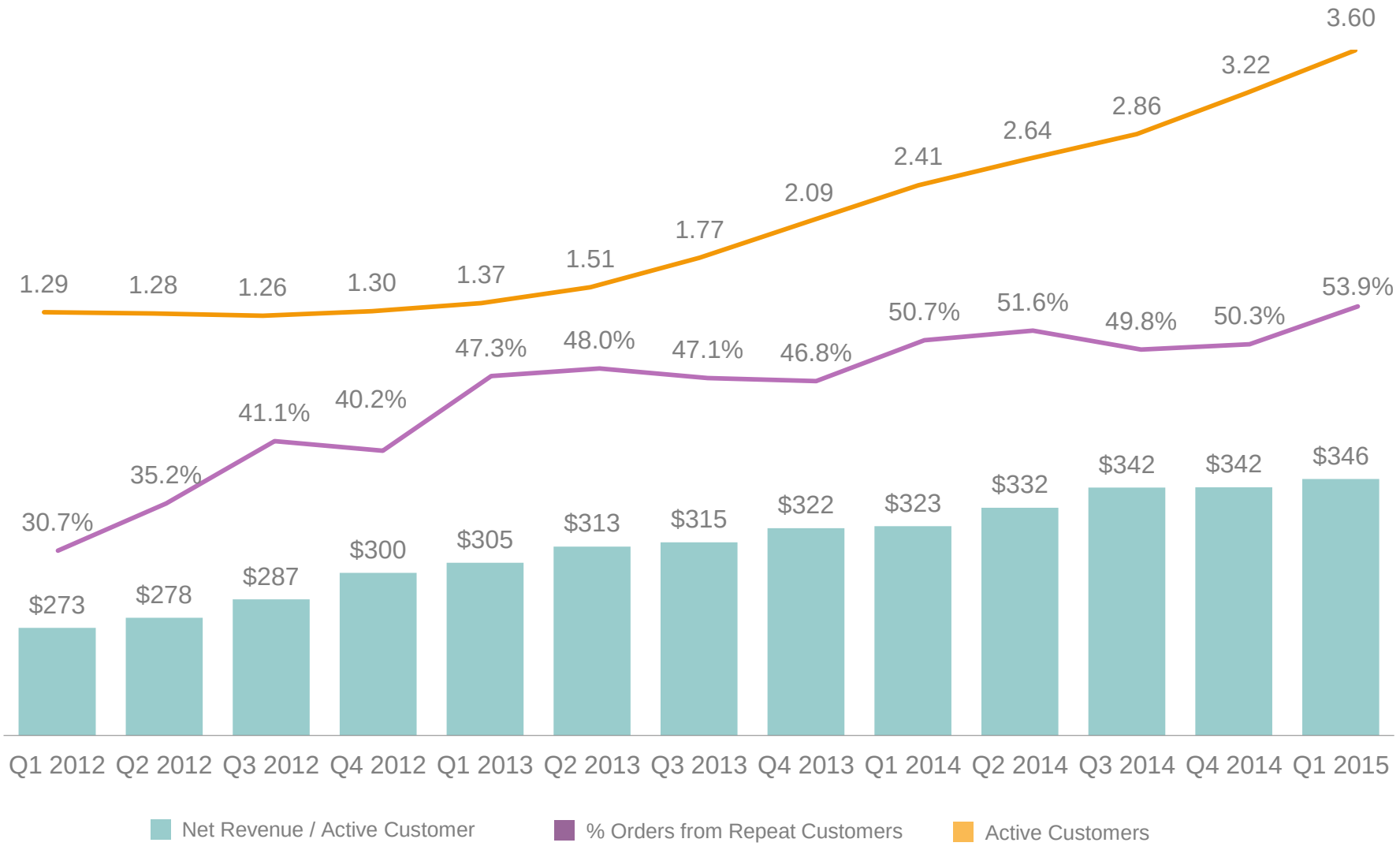
Grew to 62% brand awareness since Wayfair launch in 2011[1]



Source: Hanover Research

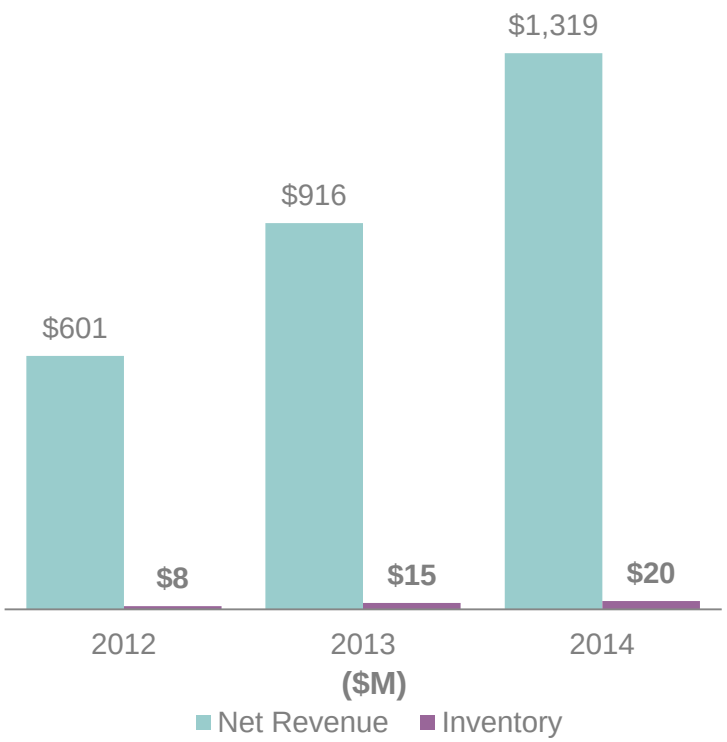
[1] Aided Brand Awareness as of April 2014.

CUSTOMER ECONOMICS CONTINUE TO IMPROVE

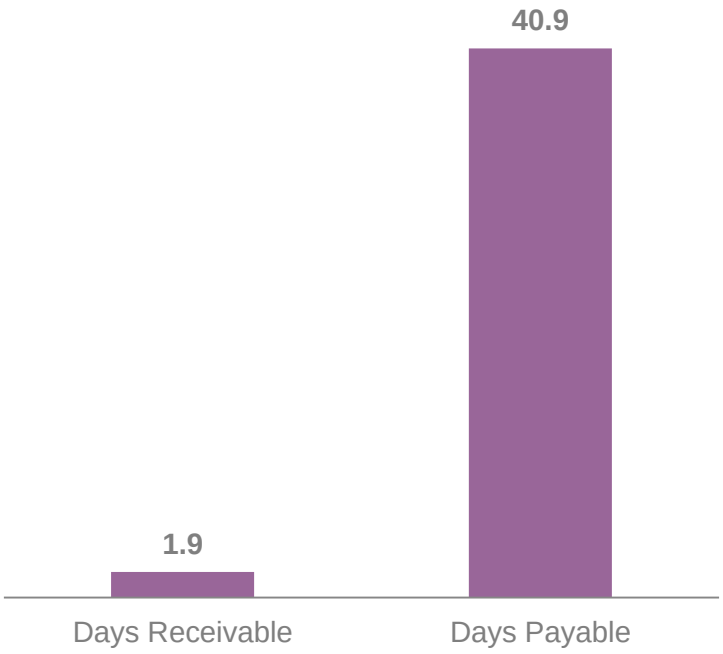


CAPITAL EFFICIENT WITH MINIMAL INVENTORY

Minimal Inventory



Capital Efficient[1]



FCF Performance Consistently Better than Adjusted EBITDA

[1] Average of last four quarters.

LONG TERM TARGET MODEL

	2013	2014	Q1 2015	Long-Term Target
Net Revenue	100%	100%	100%	100%
Gross Margin	**24.5%**	**23.6%**	**24.2%**	**25 - 27%**
Customer Service + Merchant Fees	3.9%	4.1%	3.7%	4%
Advertising	11.8%	14.5%	13.7%	6 - 8%
Primarily headcount Merchandising, Marketing, and Sales	3.7%	3.9%	4.6%	2 - 3%
Primarily headcount Operations, Technology, General & Administrative	5.4%	5.9%	5.2%	3 - 4%
Total Operating Expenses	**24.8%**	**28.4%**	**27.2%**	**15 - 19%**
Adjusted EBITDA	**(0.3)%**	**(4.7)%**	**(2.9)%**	**8 - 10%**

Note: Merchandising, Marketing, and Operations, Technology, 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

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RECONCILIATION OF ADJUSTED EBITDA
($ in millions)

	2013	2014	Q1 2015
Net Loss	($15.526)	($148.098)	($27.136)
Depreciation and Amortization	$13.091	$22.003	$6.744
Equity-Based Compensation	-	$63.244	$8.162
Interest Income, net	($0.245)	($0.350)	($0.264)
Other (Expense) Income, net	($0.294)	$0.489	$0.108
Taxes	$0.046	$0.175	$0.046
Adjusted EBITDA	**($2.928)**	**($62.537)**	**($12.340)**

RECONCILIATION OF FREE CASH FLOW
($ in millions)

	2013	2014	Q1 2015
Net Cash Provided by Operating Activities, Net of Acquisition	$34.413	$11.692	($35.202)
Purchase of Property, Equipment and Leasehold Improvements	($6.739)	($39.422)	($12.051)
Site and Software Development Costs	($9.040)	($14.130)	($4.115)
Free Cash Flow	**$18.634**	**($41.860)**	**($51.368)**

Illustrative Customer Acquisition Cost

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

	2014
Total Advertising Spend	$191,284
Assumed Partner Ad Spend (1)	$24,300
Direct Retail Ad Spend	$166,984
Active Customers	3,217
Total Orders	5,237
% of Orders from Repeat Customers	*50.5%*
Implied "Gross" New Customers (2)	2,590
Customer Acquisition Cost (3)	$64
Annual Direct Retail Revenue per Customer	$342
Annual Contribution per Customer (4)	$67
Contribution Margin	*19.5%*

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-Repeat Rate)*Total Orders.
3. Calculated as Direct Retail Ad Spend divided by Implied “Gross” New Customers.
4. Represents 2014 gross margin of 23.6% less an assumed 4.1% for customer service and processing fees.