

matchgroup

Q4 2019

Investor Presentation – February 4, 2020

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This presentation contains forward-looking statements. The use of words such as “anticipates,” “estimates,” “expects,” “plans” and “believes,” among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements relating to: Match Group’s future financial performance, Match Group’s business prospects and strategy, anticipated trends, the expected timing of the separation of Match Group from IAC/InterActiveCorp, and other similar matters. These forward-looking statements are based on management’s current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: competition, our ability to maintain user rates on our higher monetizing dating products, our ability to attract users to our dating products through cost-effective marketing and related efforts, foreign currency exchange rate fluctuations, our ability to distribute our dating products through third parties and offset related fees, the integrity and scalability of our systems and infrastructure (and those of third parties) and our ability to adapt ours to changes in a timely and cost-effective manner, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, risks relating to certain of our international operations and acquisitions, certain risks relating to our relationship with IAC, and the risks inherent in separating Match Group from IAC, including uncertainties related to, among other things, the costs and expected benefits of the proposed transaction, the calculation of, and factors that may impact the calculation of, the exchange ratio at which shares of IAC capital stock will be converted into the right to receive new shares of the post-separation Match Group in connection with the transaction, the expected timing of the transaction or whether it will be completed, whether the conditions to the transaction can be satisfied, the occurrence of any event, change or other circumstance that could give rise to the termination of the transaction agreement (including the failure to receive any required approvals from the stockholders of IAC and Match Group or any required regulatory approvals), any litigation arising out of or relating to the proposed transaction, the ability of the parties to successfully consummate the financing transactions contemplated to be completed in connection with the proposed transaction, the expected tax treatment of the transaction, and the impact of the transaction on the businesses of IAC and Match Group. Certain of these and other risks and uncertainties are discussed in Match Group’s filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect Match Group’s business, financial condition and results of operations may arise from time to time. In light of these risks and uncertainties, these forward-looking statements may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of Match Group management as of the date of this press release. Match Group does not undertake to update these forward-looking statements.

This presentation includes certain non-GAAP financial measures in addition to financial measures presented in accordance with U.S. GAAP. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. See the Appendix for a reconciliation of the non-GAAP financial measures to their most comparable GAAP measure.

This presentation contains statistical data that we obtained from third party publications, surveys and reports. Although we have not independently verified the accuracy or completeness of the data contained in these industry publications, surveys and reports, we believe the publications, surveys and reports are generally reliable, although such information is inherently subject to uncertainties and imprecise.

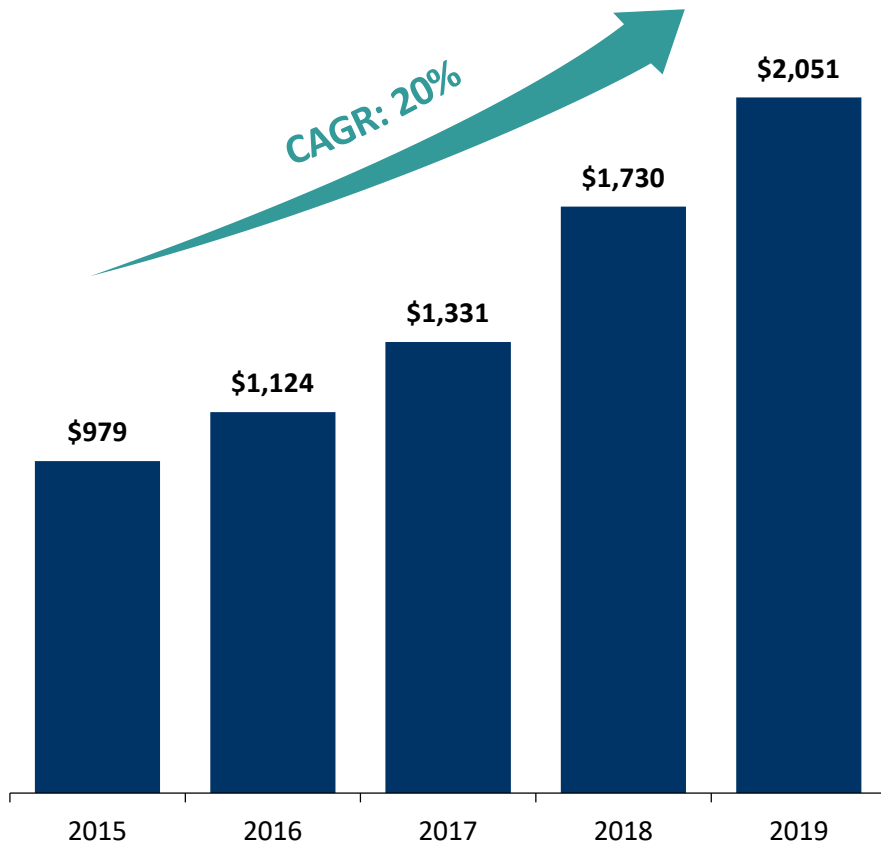
“Average Subscribers” is the number of Subscribers at the end of each day in the relevant measurement period divided by the number of calendar days in that period. Subscribers as of any given time represent the number of users who purchased a subscription to one of our products at that time. Users who purchase only à la carte features are not included in Subscribers. Unless otherwise noted, Subscribers refers to Average Subscribers in this presentation. “ARPU” or Average Revenue per Subscriber, is Direct Revenue from Subscribers in the relevant measurement period (whether in the form of Subscription or à la carte) divided by the Average Subscribers in such period and further divided by the number of calendar days in such period. Direct Revenue from users who are not Subscribers and have purchased only à la carte features is not included in ARPU. Direct Revenue is revenue that is received directly from end users of our products and includes both subscription and à la carte revenue. “North America” or “NA” as used in this presentation refers to the United States and Canada.

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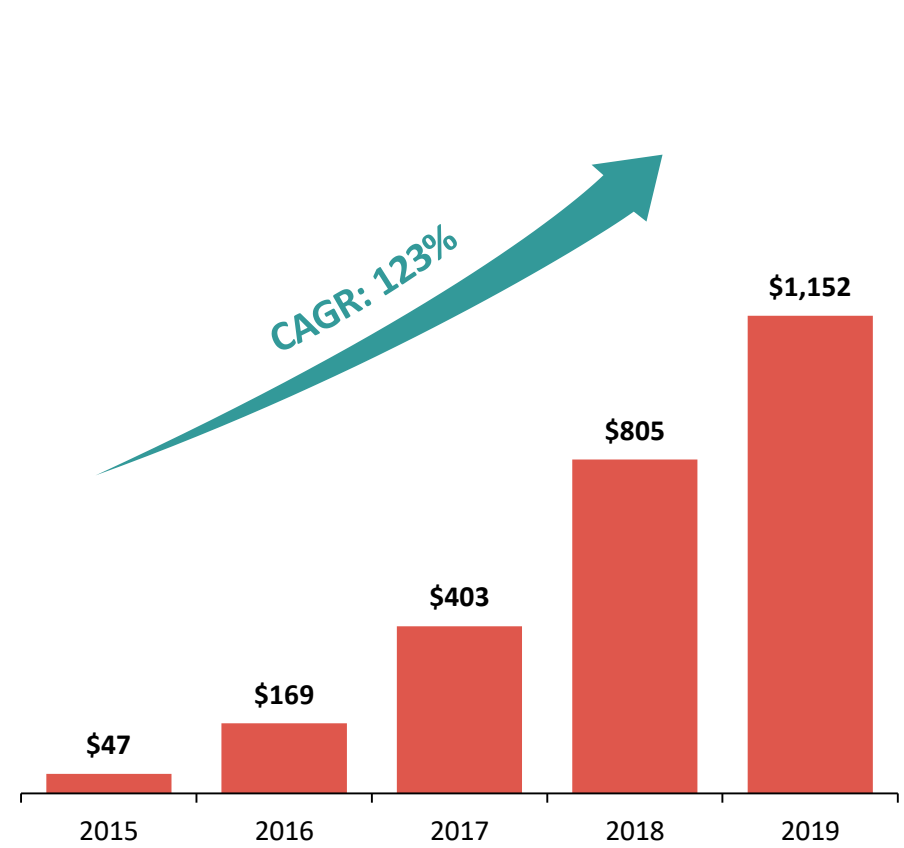
Business Update

Outstanding Revenue Growth Since IPO

Match Group Total Revenue (\$M)



Tinder Direct Revenue (\$M)



Tinder: Key 2020 Product Initiatives

Trust & Safety

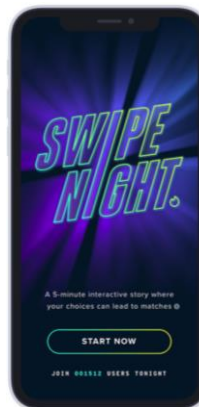
- Noonlight safety integration with on-demand emergency alarm
- Photo verification
- Harassment detection
- Protected phone numbers
- Comprehensive Safety Center



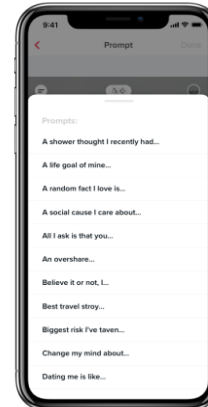
Product Innovation

- Innovative experiences to drive engagement (e.g. Swipe Night)
- New ways for users to express themselves and drive more attention
- Filtering by users to improve matching success
- Continued international localization and focus on Gen-Z

Swipe Night (Q4'19)



Text & Photo Prompts (Q1'20)



Growth

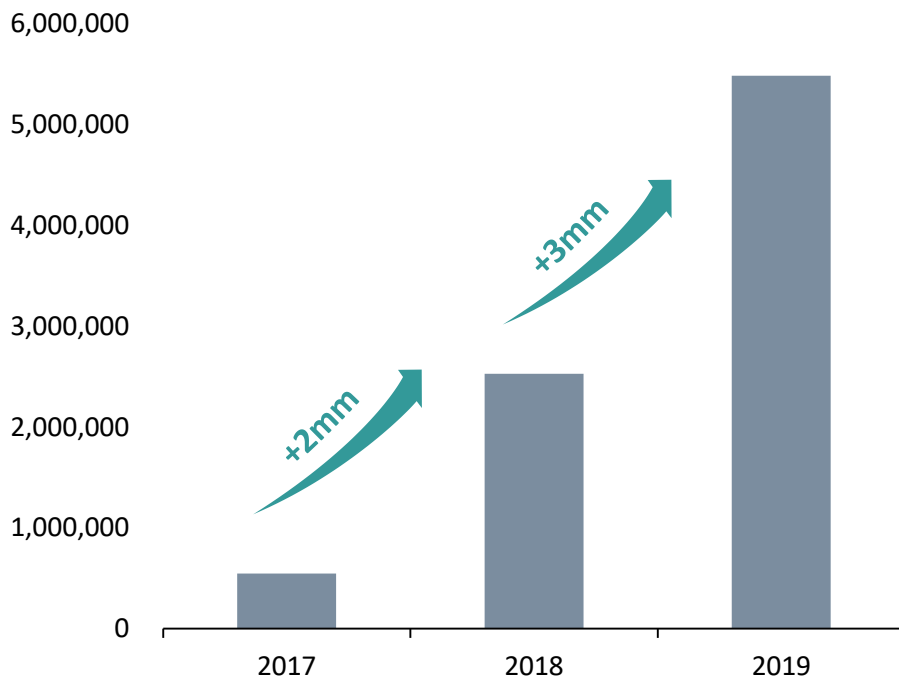
- User growth and engagement
- Ongoing revenue optimizations
- New revenue features, primarily a la carte, concentrated in H2'20
 - Heavy focus on power users
 - New monetization models in Asia



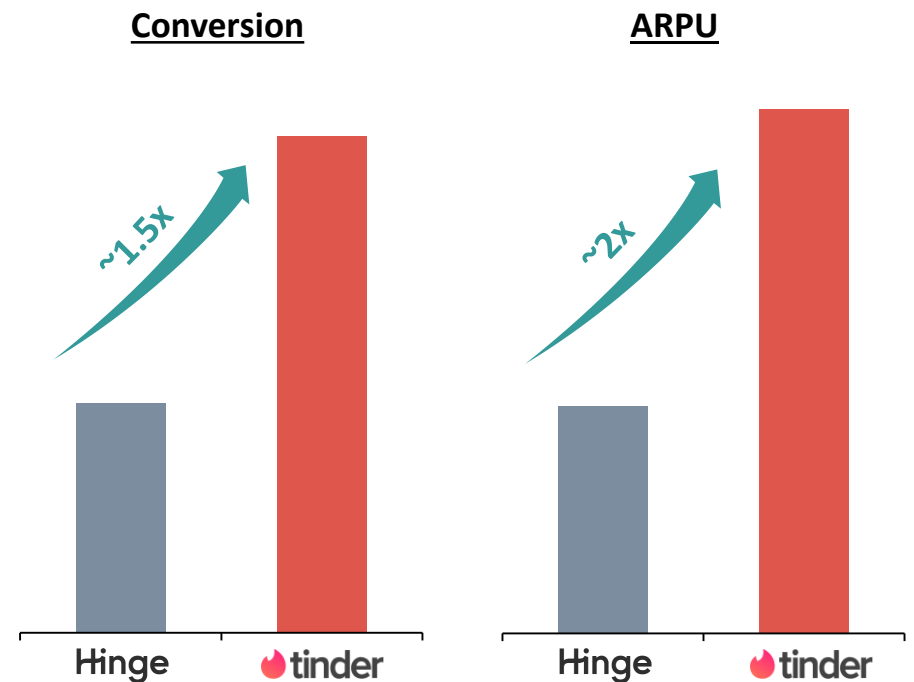
Hinge: Massive Growth in New Users, Monetization Ramping

- 2019 focus on product and user experience drove >2x YoY growth in downloads
- In 2020, deeper focus on monetization strategy
 - Meaningful opportunity to increase both conversion and ARPU

Global Downloads Accelerating¹



Conversion and ARPU Upside Potential²

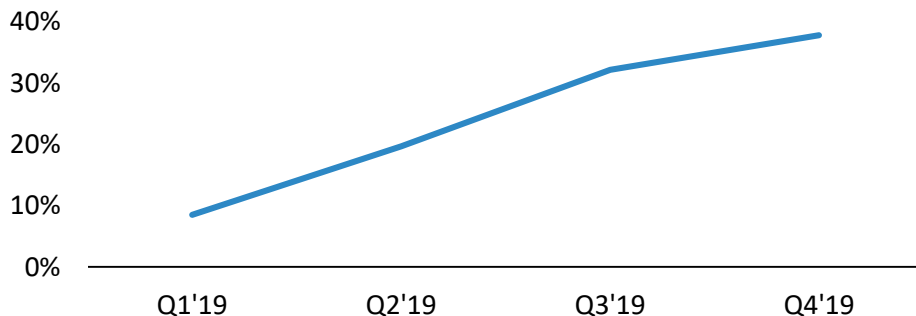


OkCupid: Leveraging Proven Playbook for Global Growth

North America

- Strong gains in conversion driven by consistent execution on product and marketing
- 8 consecutive quarters of YoY growth in direct revenue, averaging nearly 10% per quarter

YoY Change in In-Month Conversion



New campaign launched Q4'19

QUESTION #49
COULD YOU DATE SOMEONE WHO COULDN'T BE BOTHERED TO VOTE?



International

India

- Template for international expansion
- Localized product and go-to-market strategy now driving both top of funnel and conversion

Other Markets

- Leveraging India playbook in Turkey and Israel with similar signs of success
- Starting marketing investment in UK, Australia, Indonesia and Malaysia



Israel



Turkey

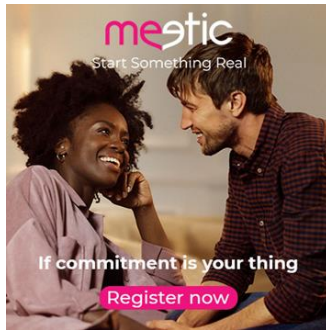
Strength in Key International Geographies & Products

Europe

Meetic

- Product and brand revamp led to renewed Subscriber growth, primarily driven by improved conversion
 - New Subscribers at a 6 year high

New Campaign 'Start Something Real'



OurTime

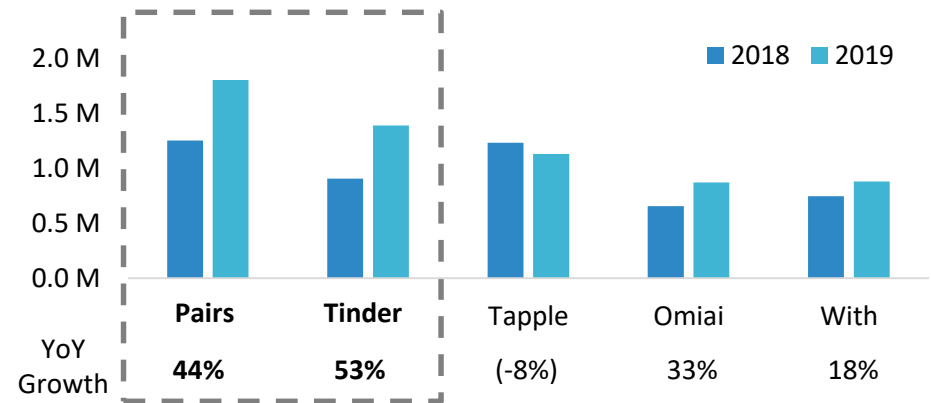
- Targets fast-growing market of singles aged 50+
- Strong sequential revenue growth since 2017 launch
 - Now in 6 EU countries
 - Expect continued double digit revenue growth



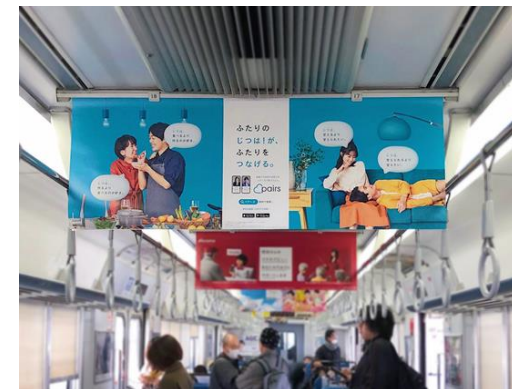
Japan

Annual App Downloads for Top 5 Brands¹

Pairs & Tinder continue to grow market share

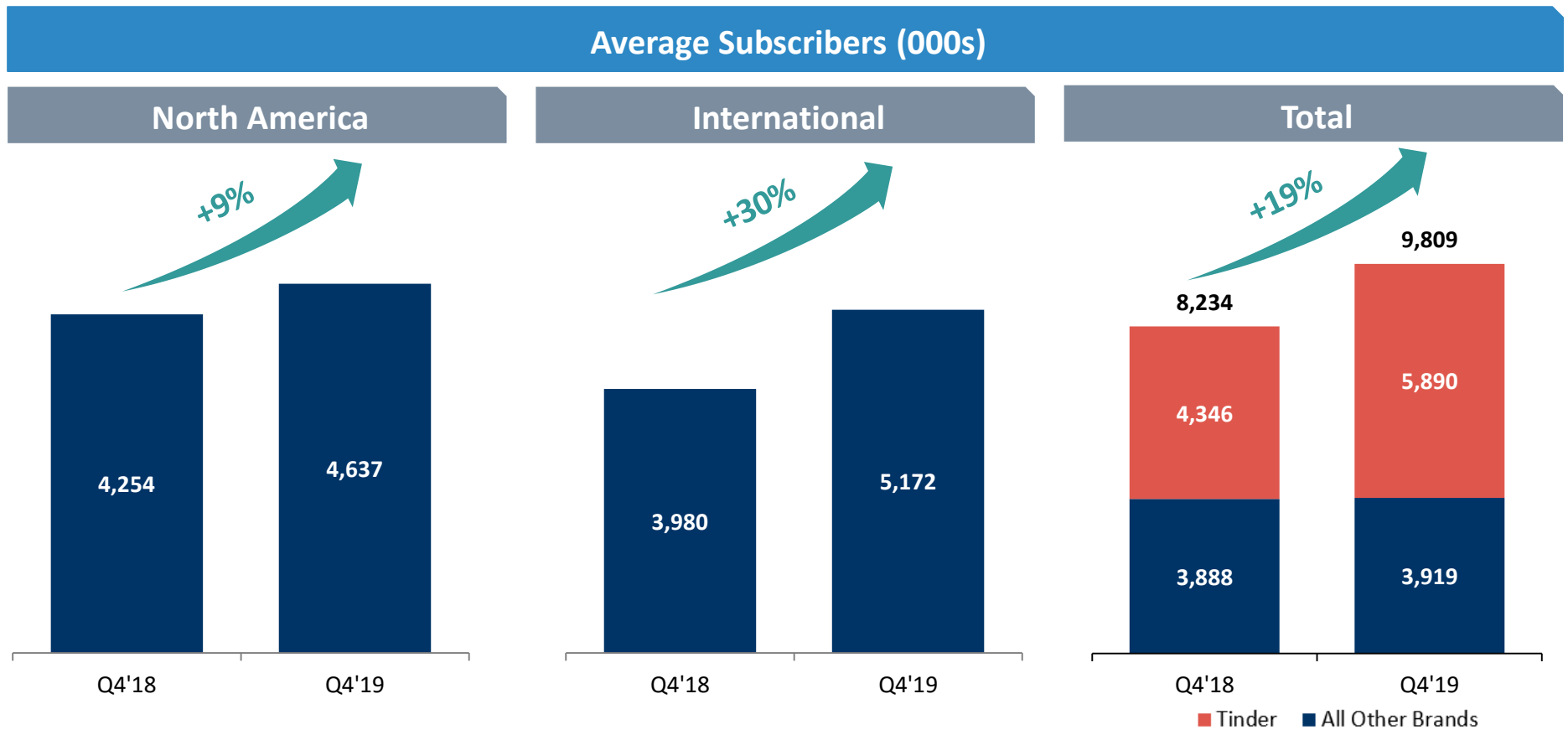


New Out of Home Brand Campaign



Financial Results and Outlook

Q4 2019 Average Subscribers and ARPU

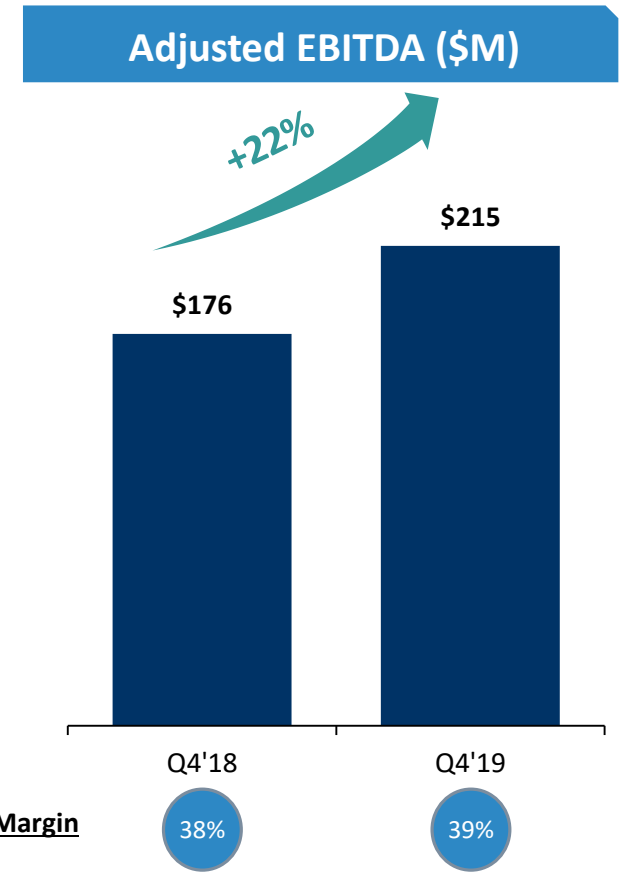
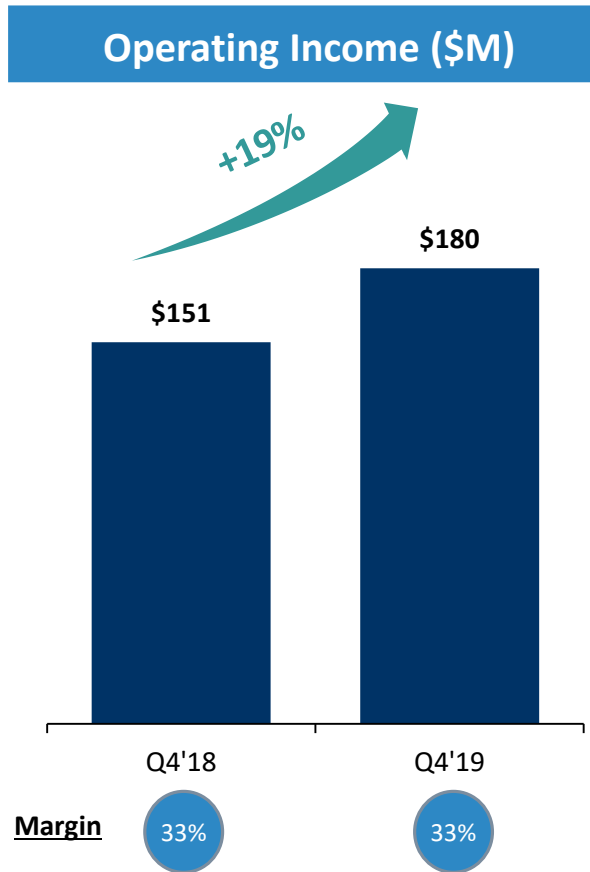
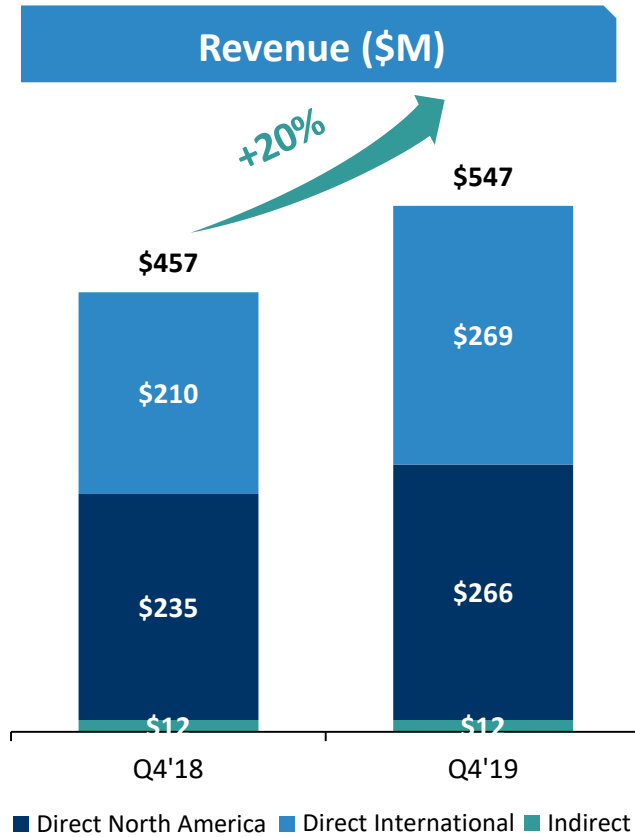


	As Reported		
ARPU	Q4 2018	Q4 2019	YoY Change
North America	\$0.59	\$0.62	4%
International	\$0.56	\$0.56	(-1%)
Total	\$0.58	\$0.59	1%

	F/X Neutral		
ARPU	Q4 2018	Q4 2019	YoY Change
North America	\$0.59	\$0.62	4%
International	\$0.56	\$0.57	1%
Total	\$0.58	\$0.59	2%

All Other Brands 2019 YoY Average Subscriber Growth			
Q1	Q2	Q3	Q4
(-2%)	(-3%)	(-1%)	+1%

Q4 2019 Results



Revenue	Q4'19 YoY Change
Direct North America	13%
Direct International	28%
Total Direct Revenue	20%
Tinder Direct Revenue	39%

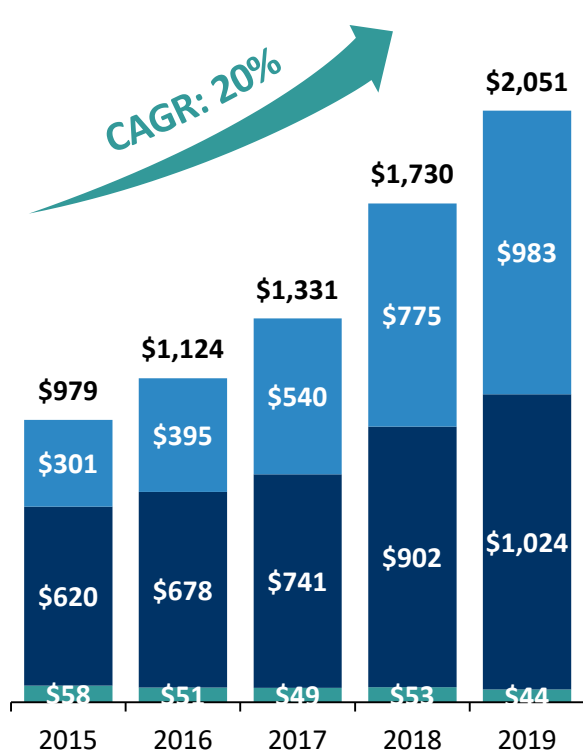
Operating Expenses	Q4'18 % of Revenue	Q4'19 % of Revenue
Cost of Revenue	24%	26%
Selling & Marketing	23%	18%
G&A and Product	18%	20%
D&A	2%	3%
Total	67%	67%

Leading Growth and Profitability Profile

Revenue (\$M)

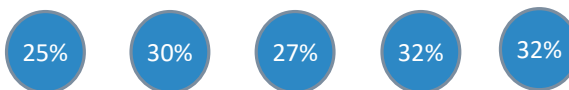
Operating Income (\$M)

Adjusted EBITDA (\$M)



■ Direct North America ■ Direct International ■ Indirect

Margin



Margin

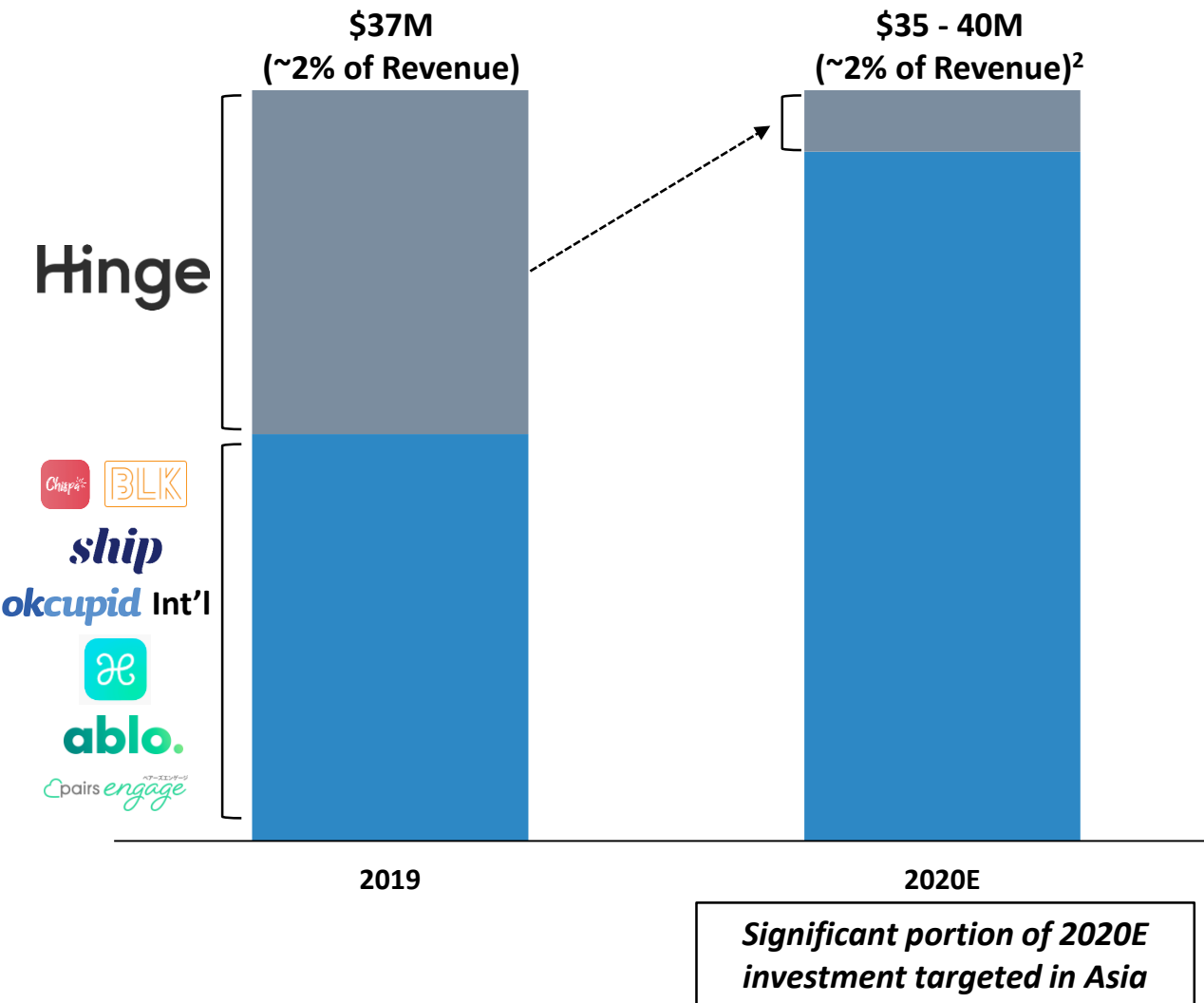


Direct International revenue now 49% of Total Direct revenue, up from 33% in 2015

Note: All results are for continuing operations. 2015 and 2016 results are pro forma for POF acquisition.

Continuing to Invest in New Bets to Fuel Long-Term Growth

Investments in Emerging Brands¹



Hinge

- Trending to profitability as the year progresses



- Investing into continued traction of niche apps



- Untapped opportunity in Muslim demo in Asia and MENA



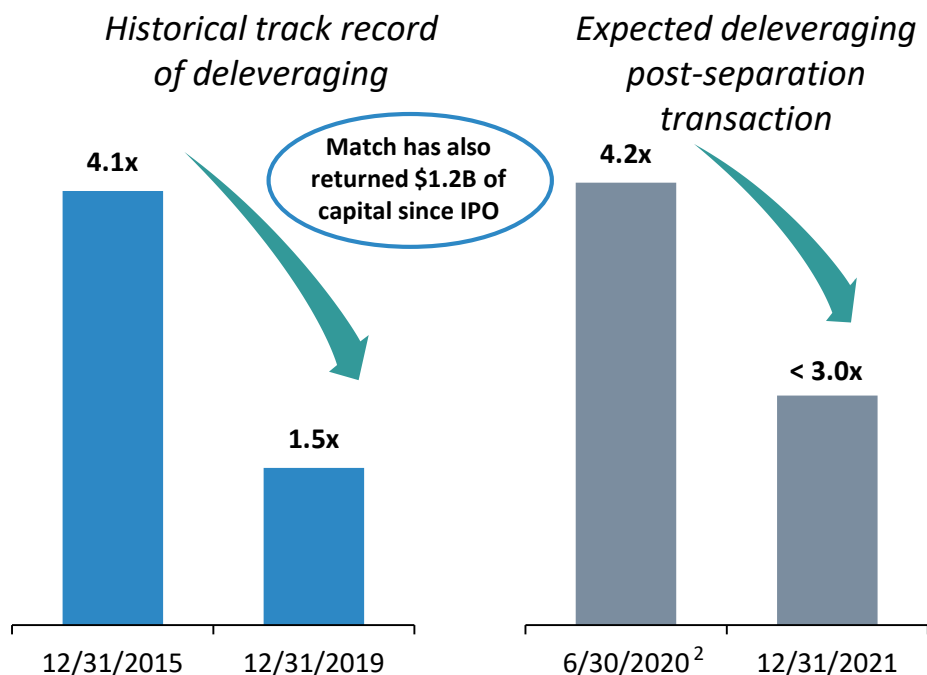
- Award-winning video chat app, investing into momentum



- Tapping into \$500 million matrimony market in Japan

Strong FCF Expected to Enable Rapid Deleveraging Post-Separation

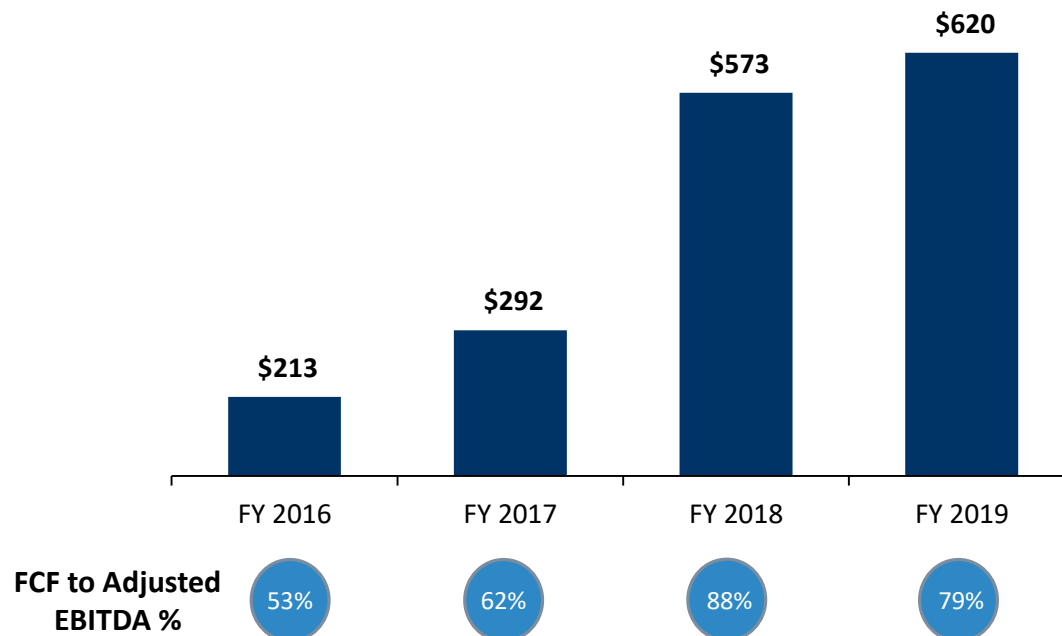
Net Leverage



- Cash balance at 12/31/19 of \$466 million¹

Combination of EBITDA growth and debt paydown expected to drive deleveraging post-separation

Free Cash Flow (\$M)



	2016	2017	2018	2019
Net Cash From Op Activities	\$260	\$321	\$603	\$658
Less: CapEx	\$46	\$29	\$31	\$39
Free Cash Flow	\$213	\$292	\$573	\$620

Spent ~\$420 million of cash on buybacks and paying employee withholding taxes in 2019

Financial Outlook

Key Drivers for FY 2020

- Reaffirm Revenue and Adjusted EBITDA growth of mid to high-teens
 - Tinder expected to add comparable level of incremental revenue as in 2019
 - Tinder targeting 1M+ Subscriber additions; revenue initiatives more concentrated in H2
 - Non-Tinder business expected to show increasing revenue momentum as 2020 progresses
 - YoY marketing spend increases at a number of our growing brands, particularly in Asia
 - Increase in YoY legal and separation-related costs, primarily in the first half of the year

Other

- Capital Expenditures of ~\$60 million
- Depreciation & Amortization of ~\$35 million
- Stock-based compensation expense of ~\$75 million
- Expect low 20s% GAAP effective tax rate¹; not expecting to be a material U.S. cash tax payer until 2022
- FCF / Adjusted EBITDA conversion of 70%+

	Total Revenue	Adjusted EBITDA
Q1 2020 Outlook	\$545 to \$555 million	\$170 to \$175 million

Appendix

GAAP to Non-GAAP Reconciliations

(\$Ms)	Three Months Ended December 31,	
	2019	2018
Net Earnings attributable to Match Group, Inc. shareholders	\$132.2	\$115.5
Add back:		
Net loss attributable to noncontrolling interests	(0.2)	(1.6)
Income tax provision	19.2	21.1
Other expense (income), net	5.9	(3.1)
Interest expense	23.1	19.0
Operating Income	180.2	151.0
Stock-based compensation expense	18.9	16.2
Depreciation	8.3	7.9
Amortization of intangibles	7.3	0.4
Acquisition-related contingent consideration fair value adjustments	-	0.1
Adjusted EBITDA	\$214.7	\$175.6
Direct Revenue	535.0	445.2
Indirect Revenue	12.2	12.2
Revenue	547.2	457.3
Operating income margin	33%	33%
Adjusted EBITDA margin	39%	38%

GAAP to Non-GAAP Reconciliations

	As Reported					Pro Forma ^(a)	
	Years Ended December 31,					Years Ended December 31,	
	2015	2016	2017	2018	2019	2015	2016
Net earnings attributable to Match Group, Inc. shareholders	\$120.4	\$171.5	\$350.1	\$477.9	\$534.7	\$139.7	\$188.5
Add back:							
Net earnings (loss) attributable to noncontrolling interests	\$0.1	\$0.6	\$0.2	(\$5.3)	(\$0.3)	\$0.1	\$0.6
Loss from discontinued operations, net of tax	\$12.7	\$6.3	\$5.7	\$0.4	\$0.0	\$12.7	\$6.3
Income tax provision (benefit)	\$65.5	\$62.9	(\$103.9)	\$14.7	\$20.4	\$74.1	\$62.9
Other (income) expense, net	(\$11.6)	(\$7.9)	\$30.8	(\$7.8)	\$2.0	(\$11.0)	(\$7.9)
Interest expense	\$25.9	\$82.2	\$77.6	\$73.4	\$91.7	\$25.9	\$82.2
Operating Income	\$213.0	\$315.5	\$360.5	\$553.3	\$648.5	\$241.5	\$332.6
Stock-based compensation expense	\$49.4	\$52.4	\$69.1	\$66.0	\$89.7	\$49.4	\$52.4
Depreciation	\$19.8	\$27.7	\$32.6	\$33.0	\$32.5	\$22.1	\$27.7
Amortization of intangibles	\$13.4	\$16.9	\$1.5	\$1.3	\$8.7	\$26.1	\$5.4
Acquisition-related contingent consideration fair value adjustments	(\$11.1)	(\$9.2)	\$5.3	\$0.3	\$0.0	(\$11.1)	(\$9.2)
Adjusted EBITDA	\$284.6	\$403.4	\$468.9	\$653.9	\$779.4	\$328.0	\$408.9
Direct Revenue	\$866.6	\$1,067.4	\$1,281.2	\$1,677.2	\$2,007.2	\$921.5	\$1,072.9
Indirect Revenue	\$43.1	\$50.7	\$49.4	\$52.7	\$44.1	\$57.7	\$50.7
Revenue	\$909.7	\$1,118.1	\$1,330.7	\$1,729.9	\$2,051.3	\$979.2	\$1,123.6
Operating income margin	23%	28%	27%	32%	32%	25%	30%
Adjusted EBITDA margin	31%	36%	35%	38%	38%	33%	36%

Note: Rounding differences may occur

(a) Pro forma results include adjustments for the acquisition of PlentyOfFish for the years ended December 31, 2015 and 2016.

F/X Reconciliation

(\$Ms, except ARPU)

	Three Months Ended December 31, 2019				Twelve Months Ended December 31, 2019			
	2019	Change	% Change	2018	2019	Change	% Change	2018
Revenue, as reported	\$ 547.2	\$ 89.8	20%	\$ 457.3	\$ 2,051.3	\$ 321.4	19%	\$ 1,729.9
Foreign exchange effects	5.3				47.5			
Revenue, excluding foreign exchange effects	<u>\$ 552.5</u>	\$ 95.2	21%	<u>\$ 457.3</u>	<u>\$ 2,098.7</u>	\$ 368.9	21%	<u>\$ 1,729.9</u>
Direct Revenue, as reported	\$ 535.0	\$ 89.8	20%	\$ 445.2	\$ 2,007.2	\$ 330.0	20%	\$ 1,677.2
Foreign exchange effects	5.2				46.6			
Direct Revenue, excluding foreign exchange effects	<u>\$ 540.1</u>	\$ 95.0	21%	<u>\$ 445.2</u>	<u>\$ 2,053.7</u>	\$ 376.6	22%	<u>\$ 1,677.2</u>
International Direct Revenue, as reported	\$ 268.9	\$ 59.1	28%	\$ 209.8	\$ 983.0	\$ 208.3	27%	\$ 774.7
Foreign exchange effects	5.1				45.1			
International Direct Revenue, excluding foreign exchange effects	<u>\$ 274.1</u>	\$ 64.2	31%	<u>\$ 209.8</u>	<u>\$ 1,028.1</u>	\$ 253.4	33%	<u>\$ 774.7</u>
<i>(Change calculated using non-rounded numbers)</i>								
ARPU, as reported	\$ 0.59		1%	\$ 0.58	\$ 0.58		2%	\$ 0.57
Foreign exchange effects	-				0.02			
ARPU, excluding foreign exchange effects	<u>\$ 0.59</u>		2%	<u>\$ 0.58</u>	<u>\$ 0.60</u>		4%	<u>\$ 0.57</u>
North America ARPU, as reported	\$ 0.62		4%	\$ 0.59	\$ 0.61		4%	\$ 0.59
Foreign exchange effects	0.00				0.00			
North America ARPU, excluding foreign exchange effects	<u>\$ 0.62</u>		4%	<u>\$ 0.59</u>	<u>\$ 0.61</u>		4%	<u>\$ 0.59</u>
International ARPU, as reported	\$ 0.56		-1%	\$ 0.56	\$ 0.56		0%	\$ 0.56
Foreign exchange effects	0.01				0.03			
International ARPU, excluding foreign exchange effects	<u>\$ 0.57</u>		1%	<u>\$ 0.56</u>	<u>\$ 0.59</u>		5%	<u>\$ 0.56</u>

GAAP to Non-GAAP Reconciliations

<i>(\$Ms)</i>	Q1'2020
Operating Income	\$143 to \$148
Stock-based compensation expense	18
Depreciation & Amortization of intangibles	9
Adjusted EBITDA	\$170 to \$175

Q4 2019 & Q4 2018 Operating Expenses

<i>(\$Ms)</i>	Q4 2019	% of Revenue	Q4 2018	% of Revenue	Change
Cost of Revenue	\$142.1	26%	\$111.2	24%	28%
Selling and marketing expense	\$100.3	18%	\$103.1	23%	(3%)
General and administrative expense	\$70.6	13%	\$50.2	11%	41%
Product development expense	\$38.4	7%	\$33.5	7%	15%
Depreciation	\$8.3	2%	\$7.9	2%	5%
Amortization of intangibles	\$7.3	1%	\$0.4	0%	nm
Total Operating Costs and Expenses	\$367.0	67%	\$306.3	67%	20%
Revenue	\$547.2	100%	\$457.3	100%	20%

Trended Key Metrics

	2016	2017	2018					2019				
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Average Subscribers (000s)												
North America	3,268	3,569	3,976	4,131	4,278	4,254	4,161	4,361	4,518	4,695	4,637	4,554
International	2,140	2,839	3,457	3,592	3,812	3,980	3,712	4,252	4,562	4,917	5,172	4,729
Total	5,408	6,408	7,433	7,723	8,090	8,234	7,873	8,613	9,080	9,612	9,809	9,283
ARPU⁽¹⁾ (pro forma)												
North America	\$0.56	\$0.56	\$0.58	\$0.58	\$0.59	\$0.59	\$0.59	\$0.60	\$0.60	\$0.62	\$0.62	\$0.61
International	\$0.50	\$0.51	\$0.57	\$0.56	\$0.55	\$0.56	\$0.56	\$0.56	\$0.56	\$0.57	\$0.56	\$0.56
Total	\$0.54	\$0.54	\$0.58	\$0.57	\$0.57	\$0.58	\$0.57	\$0.58	\$0.58	\$0.59	\$0.59	\$0.58
Revenue⁽¹⁾ (pro forma \$Ms)												
North America Direct	\$678.3	\$741.3	\$211.4	\$222.2	\$233.6	\$235.3	\$902.5	\$237.8	\$251.5	\$268.9	\$266.0	\$1,024.2
International Direct	\$394.6	\$539.9	\$181.4	\$185.6	\$197.9	\$209.8	\$774.7	\$216.2	\$235.8	\$262.1	\$268.9	\$983.0
Total Direct	\$1,072.9	\$1,281.2	\$392.7	\$407.7	\$431.5	\$445.2	\$1,677.2	\$454.0	\$487.3	\$530.9	\$535.0	\$2,007.2
Indirect Revenue	\$50.7	\$49.4	\$14.6	\$13.5	\$12.4	\$12.2	\$52.7	\$10.7	\$10.7	\$10.5	\$12.2	\$44.1
Total Revenue	\$1,123.6	\$1,330.7	\$407.4	\$421.2	\$443.9	\$457.3	\$1,729.9	\$464.6	\$498.0	\$541.5	\$547.2	\$2,051.3
Revenue (as reported, \$Ms)												
North America Direct	\$673.9	\$741.3	\$211.4	\$222.2	\$233.6	\$235.3	\$902.5	\$237.8	\$251.5	\$268.9	\$266.0	\$1,024.2
International Direct	\$393.4	\$539.9	\$181.4	\$185.6	\$197.9	\$209.8	\$774.7	\$216.2	\$235.8	\$262.1	\$268.9	\$983.0
Total Direct	\$1,067.4	\$1,281.3	\$392.7	\$407.7	\$431.5	\$445.2	\$1,677.2	\$454.0	\$487.3	\$530.9	\$535.0	\$2,007.2
Indirect Revenue	\$50.7	\$49.4	\$14.6	\$13.5	\$12.4	\$12.2	\$52.7	\$10.7	\$10.7	\$10.5	\$12.2	\$44.1
Total Revenue	\$1,118.1	\$1,330.7	\$407.4	\$421.2	\$443.9	\$457.3	\$1,729.9	\$464.6	\$498.0	\$541.5	\$547.2	\$2,051.3

Note: Rounding differences may occur

1) Pro forma results include adjustments for the acquisition of PlentyOfFish for the year ended December 31, 2016.