

Shutterfly

tinyprints.

Lifetouch

# SHUTTERFLY

2018

*“Helping people share life’s joy”*



# Safe Harbor Disclaimer

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This presentation contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. These forward-looking statements include statements regarding our focus on achieving cost and revenue synergy between Shutterfly and Lifetouch; our target of combined Company Adjusted EBITDA by 2020; our expectations that the Lifetouch acquisition will significantly increase the Company's overall profitability; the expected value of the depreciable property and equipment; and the timing for aligning Shutterfly's and Lifetouch's accounting policies. You can identify these statements by the use of terminology such as "guidance", "believe", "expect", "will", "should," "could", "estimate", "anticipate" or similar forward-looking terms. You should not rely on these forward-looking statements as they involve risks and uncertainties that may cause actual results to vary materially from the forward-looking statements. Factors that might contribute to such differences include, among others, decreased consumer discretionary spending as a result of general economic conditions; our ability to expand our customer base and increase sales to existing customers; our ability to meet production requirements; our ability to retain and hire necessary employees, including seasonal personnel, and appropriately staff our operations; the impact of seasonality on our business; our ability to develop innovative, new products and services on a timely and cost-effective basis; failure to realize the anticipated benefits of our 2017 restructuring activities or of the Lifetouch acquisition; consumer acceptance of our products and services; our ability to develop additional adjacent lines of business; unforeseen changes in expense levels; competition and the pricing strategies of our competitors, which could lead to pricing pressure; the retention of Lifetouch employees and our ability to successfully integrate the Lifetouch businesses; risks inherent in the achievement of anticipated synergies and the timing thereof; and general economic conditions and changes in laws and regulations. For more information regarding the risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements, as well as risks relating to our business in general, we refer you to the "Risk Factors" section of our SEC filings, including our most recent Form 10-K and 10-Q, which are available on the Securities and Exchange Commission's Website at [www.sec.gov](http://www.sec.gov). These forward-looking statements are based on current expectations and the company assumes no obligation to update this information.

This presentation includes non-GAAP financial measures, including Adjusted EBITDA, non-GAAP profits/margins, non-GAAP net loss, and non-GAAP net loss per share. We define Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization, stock-based compensation, restructuring, and acquisition-related costs. The method we use to produce non-GAAP financial measures is not computed according to GAAP and may differ from the methods used by other companies. To supplement our consolidated financial statements presented on a GAAP basis, we believe that these non-GAAP measures provide useful information about our core operating results and thus are appropriate to enhance the overall understanding of our past financial performance and our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of our underlying operational results and trends and performance. Management uses these non-GAAP measures to evaluate our financial results, develop budgets, manage expenditures, and determine employee compensation. The presentation of additional information is not meant to be considered in isolation or as a substitute for, or superior to, gross profit, net income (loss) or net income (loss) per share determined in accordance with GAAP. Management strongly encourages review of our financial statements and publicly-filed reports in their entirety and to not rely on any single financial measure.

## Shutterfly

The leading digital retailer and manufacturer of high-quality personalized products and services.

tinyprints

The leading online cards and stationary boutique, offering stylish announcement, invitations and personal stationery for every occasion



The premier online marketplace for photographic and video equipment rentals



SHUTTERFLY <sup>INC</sup>

## Lifetouch

Built on the tradition of "Picture Day," Lifetouch captures smiling faces, preschool through high school graduation. Product lines include sports, events, seniors and yearbooks. Lifetouch also has a specialty business which includes retail and church photography



## Shutterfly

BUSINESS SOLUTIONS

Variable print-on-demand solutions for large enterprises

### Targeted Direct Mail



### Plan Books

ENROLLMENT starts here.



### Personalized Communications

**Family Coverage Package**

Product	Amount	Service	Price
Medical	\$100,000	Standard	\$12.00
Dental	\$100,000	Standard	\$8.00
Life	\$100,000	Standard	\$15.00
Disability	\$100,000	Standard	\$10.00
Accident & Sickness	\$100,000	Standard	\$5.00
Travel	\$100,000	Standard	\$3.00
Auto	\$100,000	Standard	\$2.00
Home	\$100,000	Standard	\$1.00
Umbrella	\$100,000	Standard	\$1.00
Total			\$67.00

Sign up today online at Shutterfly.com or call 800-345-2821

# Bringing Together Undisputed Leaders in Adjacent Verticals

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SHUTTERFLY 

Helping people share life's joy

- › Leader in personalized photo-based products
- › \$1.2 billion LTM Revenue
- › 10 million active customers
- › 26 million orders per year
- › Vertically integrated manufacturing, specializing in four-color digital
- › Peak demand in November/December
- › 40+ billion photos hosted on platform

Lifetouch.

Providing lifelong memories for all

- › Leader in school photography
- › \$954 million LTM Revenue
- › 10+ million households
- › 50+ thousand schools served; 25+ million children photographed
- › Vertically integrated manufacturing, specializing in traditional prints
- › Peak demand in September/October
- › 1+ million new kindergarten households per year

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Combined Company Scale LTM of \$2.1B+ Revenue

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