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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **April 25, 2019**

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**Shutterstock, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35669**  
(Commission  
File Number)

**80-0812659**  
(IRS Employer  
Identification No.)

**350 Fifth Avenue, 21st Floor  
New York, New York 10118**  
(Address of principal executive offices)

**10118**  
(Zip Code)

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**(646) 710-3417**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On April 25, 2019, Shutterstock, Inc. (the "Company") issued a press release announcing its financial results for the fiscal period ended March 31, 2019. A copy of the press release is furnished as Exhibit 99.1 to this current report and is incorporated herein by reference. In addition, a copy of the presentation slides which will be referenced on the Company's earnings call at 8:30 a.m. Eastern Time on Thursday, April 25, 2019 is furnished as Exhibit 99.2 to this current report and incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 7.01 Regulation FD Disclosure.**

The information provided above in "Item 2.02 Results of Operations and Financial Condition" is incorporated by reference in this Item 7.01.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

- |      |  |
|------|--|
| 99.1 | Press release dated April 25, 2019   |
| 99.2 | Presentation slides referenced on the earnings call held by Shutterstock, Inc. on April 25, 2019 |

EXHIBIT INDEX

Exhibit No. Exhibit Description

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- 99.1 [Press release dated April 25, 2019](#)
- 99.2 [Presentation slides referenced on the earnings call held by Shutterstock, Inc. on April 25, 2019](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SHUTTERSTOCK, INC.**

Dated: April 25, 2019

By: /s/ Steven Berns  
Steven Berns  
Co-Chief Operating Officer and Chief Financial Officer



## Shutterstock Reports First Quarter 2019 Financial Results

**New York, NY - April 25, 2019** - Shutterstock, Inc. (NYSE: SSTK) (the "Company"), a leading global technology company offering a creative platform for high-quality content, tools and services, today announced financial results for the first quarter ended March 31, 2019.

Commenting on the Company's performance, founder and CEO Jon Oringer said, "We had a solid start to 2019 with continued profitable revenue growth as well as progress on key strategic initiatives. Our customers are responding positively to the many ways we are enhancing their experience by providing them with the content and tools they need. In the first quarter, we continued ongoing localization efforts, making our contributor site available in 21 languages, and launching in-app contributor registration making it easier than ever to sign up as a Shutterstock contributor. We also improved the performance of our site and continued to make improvements to the customer experience on our platform.

"We also launched our first brand campaign in six years, 'It's not stock, it's Shutterstock,' which is designed to showcase the unparalleled quality and depth of our creative content library and results show that it is resonating with the creative community."

### First Quarter 2019 highlights compared to First Quarter 2018:

#### Key Operating Metrics

- Paid downloads increased 8.0% to 47.2 million.
- Revenue per download increased 0.6% to \$3.42.
- Image collection expanded 39.3% to over 260 million images.
- Video collection expanded 43.7% to over 14 million clips.

#### Financial Highlights

- Revenue increased 6.7% to \$163.3 million. Excluding revenue from Webdam (which was sold in the first quarter of 2018), on a constant currency basis, revenue increased 11.1%.
- Income from operations increased 80.4% to \$8.1 million.
- Net income decreased 76.9% to \$7.5 million, as a result of the \$27.9 million after-tax gain on the sale of Webdam in the first quarter of 2018.
- Adjusted EBITDA increased 15.7% to \$25.5 million.
- Diluted EPS decreased 77.2% to \$0.21 per share, as a result of the gain on the sale of Webdam in the first quarter of 2018.

### FIRST QUARTER RESULTS

#### Revenue

Revenue was \$163.3 million for the first quarter of 2019, an increase of \$10.3 million, or 6.7%, as compared to the first quarter of 2018, driven by positive year-over-year growth in our e-commerce and enterprise channels. Excluding the impact from Webdam, which was sold in the first quarter of 2018 (the "Sale of Webdam"), revenue growth was 8.7% in the first quarter of 2019, as compared to the first quarter of 2018. Revenue growth on a constant currency basis was approximately 9.1% and revenue growth excluding the impact from Webdam, on a constant currency basis was approximately 11.1%, in the first quarter of 2019, as compared to the first quarter of 2018. The number of paid downloads increased by 8.0% and changes in our product mix drove a 0.6% increase in revenue per download.

Revenue generated through our e-commerce platform increased approximately 9.3% as compared to the first quarter of 2018, to \$98.1 million, representing 60.1% of total revenue in the first quarter of 2019. Revenue from enterprise customers increased approximately 7.7% as compared to 2018, to \$65.2 million, representing 39.9% of total revenue in the first quarter of 2019.

#### **Income from Operations**

Income from operations of \$8.1 million increased by \$3.6 million, or 80.4%, as compared to the first quarter of 2018, primarily as a result of revenue growth continuing to outpace operating expense growth. Operating expenses increased \$6.7 million, or 4.5%, primarily as a result of increased expenditures for royalties associated with our increased revenues and sales and marketing costs associated with increased performance marketing. These increases were partially offset by declines in product development and general and administrative expenses.

#### **Net Income**

Net income of \$7.5 million, or \$0.21 per diluted share, decreased \$25.1 million for the first quarter of 2019 as compared with \$32.6 million, or \$0.92 per diluted share, for the first quarter of 2018, primarily driven by the recognition of a gain on the Sale of Webdam, net of tax, of \$27.9 million in the first quarter of 2018.

#### **Adjusted EBITDA**

Adjusted EBITDA of \$25.5 million for the first quarter of 2019 increased \$3.5 million, or 15.7%, as compared to the first quarter of 2018, driven primarily by growth in revenues and continued cost management measures. We define adjusted EBITDA as net income adjusted for foreign currency transaction gains and losses, expenses related to long-term incentives and contingent consideration related to acquisitions, interest income and expense, income taxes, depreciation, amortization, disposals of property and equipment, non-cash equity-based compensation and the gain on Sale of Webdam.

#### **Adjusted Net Income**

Adjusted net income was \$12.4 million, or \$0.35 per diluted share, for the first quarter of 2019 as compared to \$10.6 million, or \$0.30 per diluted share, in the first quarter of 2018, an increase of \$1.8 million, or 16.7%. We define adjusted net income as net income excluding the impact of non-cash equity-based compensation, the amortization of acquisition-related intangible assets, expenses related to long-term incentives and contingent consideration related to acquisitions, the gain on the Sale of Webdam and the estimated tax impact of such adjustments.

#### **LIQUIDITY**

Our cash and cash equivalents increased by \$9.3 million to \$240.1 million at March 31, 2019, as compared with \$230.9 million at December 31, 2018. This increase was driven by \$19.7 million of net cash provided by our operating activities and \$2.5 million received from the release of escrowed funds related to the Sale of Webdam, partially offset by \$7.3 million of capital expenditures and \$4.1 million of cash used in settlement of employee taxes related to the vesting of restricted stock units.

We paid net cash taxes of \$0.3 million during the three months ended March 31, 2019, compared to a net refund of \$1.8 million received during the first three months of 2018.

Free cash flow was \$11.9 million for 2019, an increase of \$6.4 million from 2018. This change was primarily driven by lower capital expenditures, which was partially offset by a decrease in cash provided by operations. Free cash flow is defined as cash provided by operating activities adjusted for capital expenditures and content acquisition.

## STOCK REPURCHASE PROGRAM

During the first quarter of 2019, we did not repurchase shares of our stock pursuant to our existing stock repurchase program. From the inception of this program through March 31, 2019, we have repurchased 2.6 million shares of our stock for a total of \$100 million under the stock repurchase program at an average per-share price of \$39.09. As of March 31, 2019, there remains \$100 million authorized for purchases under our stock repurchase program.

The stock repurchase program, which commenced in November 2015, authorizes the Company to purchase shares of our stock from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements. The timing and amount of any future share repurchases will be determined by our management based on its evaluation of market conditions and other factors. The repurchase program may be modified, suspended or discontinued at any time.

## OPERATING METRICS

	Three Months Ended March 31,	
	2019	2018
	(in millions, except revenue per download)	
Number of paid downloads	47.2	43.7
Revenue per download <sup>(1)</sup>	\$3.42	\$3.40
Content in our collection (end of period) <sup>(2)</sup> :		
Images	260.5	186.9
Video clips	14.3	9.9

(1) Revenue per download is defined as the amount of revenue recognized in a given period divided by the number of paid downloads in that period excluding revenue from custom content and the impact of revenue that is not derived from or associated with content licenses.

(2) Represents images (photographs, vectors and illustrations) and video clips available on shutterstock.com at the end of the period. We exclude certain content available to customers, including custom content and content that may be licensed for editorial use only.

## FINANCIAL OUTLOOK

The Company's current expectations for the full year 2019, are as follows:

- Revenue of between \$685 and \$695 million, representing growth of 10% to 12%.
- Adjusted EBITDA of between \$118 million and \$123 million, representing growth of 12% to 17%.
- Income from operations of between \$37 million and \$47 million.
- Non-cash equity-based compensation expense of approximately \$25 million.
- Capital expenditures, including capitalized labor, of approximately \$37 million.
- Effective tax rate in low to mid 20's%.

## NON-GAAP FINANCIAL MEASURES

In addition to reporting results in accordance with United States generally accepted accounting principles (GAAP), Shutterstock also refers to adjusted EBITDA, adjusted net income, revenue growth (including by distribution channel) on a constant currency basis, revenue excluding the impact of Webdam, revenue growth excluding the impact of Webdam, on a constant currency basis and free cash flow.

Shutterstock defines adjusted EBITDA as net income adjusted for foreign currency transaction gains and losses, expenses related to long-term incentives and contingent consideration related to acquisitions, interest income and expense, income taxes, depreciation, amortization, disposals of property and equipment, non-cash equity-based compensation and the gain on the Sale of Webdam; adjusted net income as net income excluding the impact of non-cash equity-based compensation, the amortization of acquisition-related intangible assets, expenses related to long-term incentives and contingent consideration related to acquisitions, the gain on Sale of Webdam and the estimated tax impact of such adjustments; revenue growth (including by distribution channel) on a constant currency basis as the increase in current period revenues (including revenues by distribution channel) over prior period revenues, utilizing fixed exchange rates for translating foreign currency revenues for all periods in the comparison; revenue excluding the impact of Webdam as total Company revenue for each period presented less the amount of revenue generated by the Webdam business during that period; revenue growth excluding the impact of Webdam, on a constant currency basis as total Company revenue for each period presented, less the amount of revenue generated by the Webdam business during that period utilizing fixed exchange rates for translating foreign currency revenues for both periods; and free cash flow as cash provided by operating activities, adjusted for capital expenditures and content acquisition. These figures have not been calculated in accordance with GAAP and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. We caution investors that non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies.

Management believes that adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam, revenue growth (including by distribution channel) on a constant currency basis, revenue excluding the impact of Webdam, on a constant currency basis and free cash flow are useful to investors to provide them with disclosures of Shutterstock's operating results on the same basis as that used by management. Additionally, management believes that adjusted EBITDA and adjusted net income provide useful information to investors about the performance of the Company's overall business because such measures eliminate the effects of unusual or other infrequent charges that are not directly attributable to Shutterstock's underlying operating performance; with respect to revenue growth (including by distribution channel) on a constant currency basis, this provides useful information to investors by eliminating the effect of foreign currency fluctuations that are not directly attributable to Shutterstock's business; and with respect to revenue excluding the impact of Webdam, revenue growth excluding the impact of Webdam (expressed as a percentage) and revenue growth excluding the impact of Webdam, on a constant currency basis (expressed as a percentage), these provide useful information to investors by eliminating the impact of a historical revenue source that is not part of our current business and, as applicable, also provides useful information to investors by eliminating the effect of foreign currency fluctuations that are not directly attributable to Shutterstock's ongoing business. Additionally, management believes that providing these non-GAAP financial measures enhances the comparability for investors in assessing Shutterstock's financial reporting. Management believes that free cash flow is useful for investors because it provides them with an important perspective on the cash available for strategic measures, after making necessary capital investments in property and equipment to support the Company's ongoing business operations and provides them with the same measures that management uses as the basis for making resource allocation decisions.

Shutterstock's management also uses the non-GAAP financial measures adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam, revenue growth (including by distribution channel) on a constant currency basis, revenue growth excluding the impact of Webdam, on a constant currency basis and free cash flow, in conjunction with GAAP financial measures, as an integral part of managing the business and to: (i) monitor and evaluate the performance of Shutterstock's business operations, financial performance and overall liquidity; (ii) facilitate management's internal comparisons of the historical operating performance of its business operations; (iii) facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of Shutterstock's management team and, together with other operational objectives, as a measure in evaluating employee compensation and bonuses; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.



A reconciliation of the differences between adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam and free cash flow, and the most comparable financial measure calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Consolidated Balance Sheets. We do not provide a reconciliation of adjusted EBITDA guidance to net income guidance, as the impact of net non-operating foreign currency exchange gains or losses which are excluded from adjusted EBITDA is inherently uncertain and difficult to estimate and is unavailable without unreasonable efforts. In addition, we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

#### **EARNINGS TELECONFERENCE INFORMATION**

The Company will discuss its first quarter and full year financial results during a teleconference today, April 25, 2019, at 8:30 AM ET. The conference call can be accessed in the U.S. at (844) 634-1442 or outside the U.S. at (615) 247-0239 with the conference ID# 6490837. A live audio webcast of the call will also be available simultaneously at <http://investor.shutterstock.com>.

Following completion of the call, a recorded replay of the webcast will be available in the investor relations section of Shutterstock's website. A telephone replay of the call will also be available until May 2, 2019 in the U.S. at (855) 859-2056 or outside the U.S. at (404) 537-3406 with the conference ID# 6490837.

Additional investor information can be accessed at <http://investor.shutterstock.com>.

#### **ABOUT SHUTTERSTOCK**

Shutterstock, Inc. (NYSE: SSTK), directly and through its group subsidiaries, is a leading global provider of high-quality licensed photographs, vectors, illustrations, videos and music to businesses, marketing agencies and media organizations around the world. Working with its growing community of over 750,000 contributors, Shutterstock adds hundreds of thousands of images each week, and currently has more than 260 million images and more than 14 million video clips available.

Headquartered in New York City, Shutterstock has offices around the world and customers in more than 150 countries. The company also owns Bigstock, a value-oriented stock media offering; Shutterstock Custom, a custom content creation platform; Offset, a high-end image collection; PremiumBeat, a curated royalty-free music library; and Rex Features, a premier source of editorial images for the world's media.

For more information, please visit [www.shutterstock.com](http://www.shutterstock.com) and follow Shutterstock on Twitter and on Facebook.

## FORWARD-LOOKING STATEMENTS

Statements in this press release regarding management's future expectations, predictions, beliefs, goals, intentions, plans, prospects or strategies, including statements regarding Shutterstock's future financial and operating performance on both a GAAP and non-GAAP basis and statements regarding Shutterstock's future growth, profitability and cash flow such as Shutterstock's expectations regarding financial outlook, future growth and profitability may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors including risks related to any changes to or the effects on liabilities, financial condition, future capital expenditures, revenue, expenses, net income or loss, synergies and future prospects; our inability to continue to attract and retain customers and contributors to our online marketplace for creative content; competitive factors; our inability to innovate technologically or develop, market and offer new products and services; costs related to litigation or infringement claims, indemnification claims and the inability to prevent misuse of our digital content; our inability to increase market awareness of Shutterstock and our products and services; our inability to effectively manage our growth; our inability to grow at historic growth rates or at all; technological interruptions that impair access to our websites; assertions by third parties of infringement of intellectual property rights by Shutterstock, our inability to effectively manage risks associated with operating internationally; our exposure to foreign exchange rate risk; our inability to address risks associated with sales to large corporate customers; government regulation of the internet; increasing regulation related to the handling of personal data; actions by governments to restrict access to our products and services; our inability to effectively expand our operations into new products, services and technologies; our inability to protect the confidential information of customers; increased tax liabilities associated with our worldwide operations, including our exposure to withholding, sales and transaction tax liabilities; the effect of the TCJA; general economic and political conditions worldwide; our inability to successfully integrate acquisitions and the associated technology and achieve operational efficiencies; and other factors and risks discussed under the heading "Risk Factors" in our most recent Annual Report on Form 10-K, as well as in other documents that may be filed by Shutterstock from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, Shutterstock's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. The forward-looking statements contained in this press release are made only as of this date and Shutterstock assumes no obligation to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

### Media Contact:

**Niamh Hughes**  
917-563-4991  
press@shutterstock.com

### Investor Contact:

**Steven Ciardiello**  
646-257-4825  
ir@shutterstock.com

**Shutterstock, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except for per share data)  
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenue	\$ 163,332	\$ 153,019
Operating expenses:		
Cost of revenue	69,218	64,490
Sales and marketing	44,446	40,368
Product development	14,986	16,448
General and administrative	26,583	27,224
Total operating expenses	155,233	148,530
Income from operations	8,099	4,489
Gain on Sale of Webdam	—	38,613
Other income, net	896	802
Income before income taxes	8,995	43,904
Provision for income taxes	1,473	11,323
Net income	\$ 7,522	\$ 32,581
Earnings per share		
Basic	\$ 0.21	\$ 0.94
Diluted	\$ 0.21	\$ 0.92
Weighted average common shares outstanding:		
Basic	35,114	34,784
Diluted	35,491	35,318

**Shutterstock, Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except par value amount)  
(Unaudited)

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 240,141	\$ 230,852
Accounts receivable, net	45,449	41,028
Prepaid expenses and other current assets	35,378	34,841
Total current assets	320,968	306,721
Property and equipment, net	72,553	76,188
Right-of-use assets	46,313	—
Intangibles assets, net	29,048	29,540
Goodwill	88,889	88,576
Deferred tax assets, net	11,636	12,375
Other assets	18,090	18,088
Total assets	\$ 587,497	\$ 531,488
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 4,941	\$ 7,212
Accrued expenses	53,887	51,385
Contributor royalties payable	25,156	22,971
Deferred revenue	137,368	139,604
Other liabilities	10,858	2,131
Total current liabilities	232,210	223,303
Deferred tax liability, net	—	77
Lease liabilities	48,591	—
Other non-current liabilities	11,712	21,441
Total liabilities	292,513	244,821
Commitment and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value; 200,000 shares authorized; 37,759 and 37,618 shares issued and 35,201 and 35,060 shares outstanding as of March 31, 2019 and December 31, 2018, respectively	378	376
Treasury stock, at cost; 2,558 shares as of March 31, 2019 and December 31, 2018	(100,027)	(100,027)
Additional paid-in capital	292,458	291,710
Accumulated other comprehensive loss	(6,426)	(6,471)
Retained earnings	108,601	101,079
Total stockholders' equity	294,984	286,667
Total liabilities and stockholders' equity	\$ 587,497	\$ 531,488

**Shutterstock, Inc.**  
**Reconciliation of Non-GAAP Financial Information to GAAP**  
(In thousands, except per share information)  
(Unaudited)

Adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam, revenue growth (including by distribution channel) on a constant currency basis, revenue growth excluding the impact of Webdam, on a constant currency basis and free cash flow are not financial measures prepared in accordance with United States generally accepted accounting principles (GAAP). Such non-GAAP financial measures should not be construed as alternatives to any other measures of performance determined in accordance with GAAP. We caution investors that non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies.

	Three Months Ended March 31,			
	2019		2018	
Net income	\$	7,522	\$	32,581
Add/(less):				
Depreciation and amortization		11,916		10,943
Non-cash equity-based compensation		4,624		5,606
Other adjustments, net <sup>(1)</sup>		8		233
Provision for income taxes		1,473		11,323
Gain on Sale of Webdam	\$	—	\$	(38,613)
Adjusted EBITDA	\$	25,543	\$	22,073

	Three Months Ended March 31,			
	2019		2018	
Net income	\$	7,522	\$	32,581
Add/(less):				
Non-cash equity-based compensation		4,624		5,606
Tax effect of non-cash equity-based compensation <sup>(2)</sup>		(1,087)		(1,276)
Acquisition-related amortization expense		890		1,086
Tax effect of acquisition-related amortization expense <sup>(2)</sup>		(209)		(247)
Acquisition-related long-term incentives and contingent consideration		904		1,035
Tax effect of acquisition-related long-term incentives and contingent consideration <sup>(2)</sup>		(240)		(274)
Gain on Sale of Webdam		—		(38,613)
Tax effect of gain on Sale of Webdam <sup>(2)</sup>		—		10,733
Adjusted net income	\$	12,404	\$	10,631
Adjusted net income per diluted common share	\$	0.35	\$	0.30
Weighted average diluted shares		35,491		35,318

	Three Months Ended March 31,			
	2019		2018	
Total Revenues	\$	163,332	\$	153,019
Less: Revenue from the Webdam business <sup>(3)</sup>		—		(2,711)
Revenue excluding the impact of Webdam	\$	163,332	\$	150,308
Revenue growth		6.7%		17.5%
Revenue growth on a constant currency basis		9.1%		12.8%
Revenue growth excluding the impact of Webdam, on a constant currency basis		11.1%		13.7%
E-commerce revenues	\$	98,113	\$	89,735
Revenue growth: e-commerce		9.3%		11.3%
Revenue growth: e-commerce on a constant currency basis		11.6%		7.2%
Enterprise revenues	\$	65,219	\$	60,573
Revenue growth: enterprise		7.7%		31.2%
Revenue growth: enterprise on a constant currency basis		10.4%		26.0%

	Three Months Ended March 31,	
	2019	2018
Net cash provided by operating activities	\$ 19,709	\$ 21,094
Capital expenditures	(7,253)	(14,975)
Content acquisition	(545)	(635)
Free cash flow	\$ 11,911	\$ 5,484

- (1) Included in Other adjustments, net is foreign currency transaction gains and losses, expenses related to long-term incentives and contingent consideration related to acquisitions, and interest income and expense.  
(2) Tax effect reflects the estimated impact of the adjustment on the provision for income taxes.  
(3) On February 26, 2018, the Company completed the Sale of Webdam. 2018 amounts include revenue earned during the period from January 1, 2018 through February 26, 2018.

**Shutterstock, Inc.**  
**Supplemental Financial Data**  
(Unaudited)

**Historical Operating Metrics**

	Three Months Ended								
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
Number of paid downloads	47.2	46.8	43.9	45.2	43.7	43.9	41.9	42.7	43.5
Revenue per download <sup>(1)</sup>	\$ 3.42	\$ 3.40	\$ 3.40	\$ 3.41	\$ 3.40	\$ 3.33	\$ 3.23	\$ 3.05	\$ 2.91
Content in collection (end of period): <sup>(2)</sup>	(in millions, except revenue per download)								
Images	260.5	241.7	221.3	204.2	186.9	170.1	155.8	144.7	132.0
Video clips	14.3	13.1	12.0	10.9	9.9	9.1	8.3	7.6	6.9

**Historical Revenue by Sales Channel<sup>(3)</sup>**

	Three Months Ended								
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
E-Commerce	\$ 98.1	\$ 95.6	\$ 88.7	\$ 91.7	\$ 89.7	\$ 87.8	\$ 81.8	\$ 82.2	\$ 80.6
Enterprise	65.2	66.5	62.9	64.9	60.6	59.3	55.1	48.1	46.2
Other <sup>(4)</sup>	—	—	—	—	2.7	4.7	4.2	3.7	3.5
<b>Total Revenue</b>	<b>\$ 163.3</b>	<b>\$ 162.1</b>	<b>\$ 151.6</b>	<b>\$ 156.6</b>	<b>\$ 153.0</b>	<b>\$ 151.8</b>	<b>\$ 141.1</b>	<b>\$ 134.0</b>	<b>\$ 130.2</b>

(1) Revenue per download is defined as the amount of revenue recognized in a given period divided by the number of paid downloads in that period excluding revenue from custom content and the impact of revenue that is not derived from or associated with content licenses.

(2) Images (photographs, vectors and illustrations) and video clips available on shutterstock.com at the end of the period. We exclude certain content available to customers, including custom content and content that may be licensed for editorial use only.

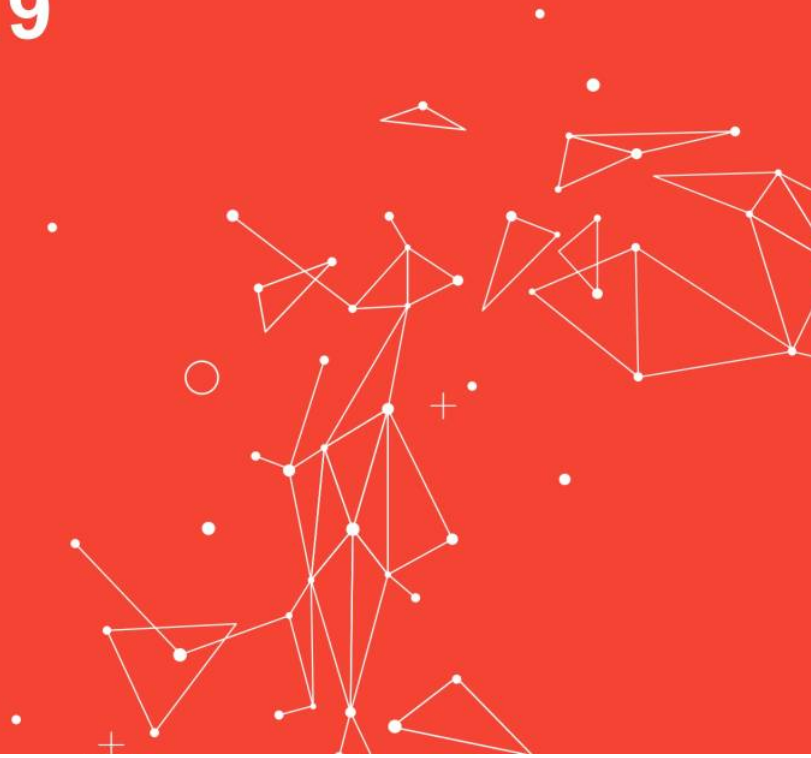
(3) Certain amounts in the table may not foot due to rounding.

(4) On February 26, 2018, the Company completed the Sale of Webdam. 2018 amounts include revenue earned during the period from January 1, 2018 through February 26, 2018.

shutterstock

# First Quarter 2019

April 25, 2019





# Forward-Looking Statements

This presentation contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning Shutterstock, Inc.’s (the “Company’s”) current expectations and guidance for the full year 2019.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “guidance,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date made, and readers are cautioned not to place undue reliance on such statements. You should read our public filings with the Securities and Exchange Commission, including the Risk Factors set forth therein, for additional information regarding factors that may cause actual results to materially differ. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

# Non-GAAP Financial Measures

In addition to reporting results in accordance with United States generally accepted accounting principles (GAAP), we also refer to adjusted EBITDA, adjusted net income, revenue growth (including by distribution channel) on a constant currency basis, revenue excluding the impact of Webdam, revenue growth excluding the impact of Webdam on a constant currency basis, adjusted EBITDA margin and cash flow. We define adjusted EBITDA as net income adjusted for foreign currency transaction gains and losses, expenses related to long-term incentives and contingent consideration related to acquisitions, interest income and expense, income taxes, depreciation, amortization, disposals of property and equipment, non-cash equity-based compensation and the gain on the Sale of Webdam<sup>1</sup>; adjusted net income as net income excluding the impact of non-cash equity-based compensation, the amortization of acquisition-related intangible assets, expenses related to long-term incentives and contingent consideration related to acquisitions, the gain on Sale of Webdam and the estimated tax impact of such adjustments; revenue growth (including by distribution channel) on a constant currency basis as the increase in current period revenues over prior period revenues, utilizing fixed exchange rates for translating foreign currency revenues for all periods in the comparison; revenue excluding the impact of Webdam as total Company revenue for each period presented, less the amount of revenue generated by the Webdam business during that period; revenue growth excluding the impact of Webdam on a constant currency basis as total Company revenue for each period presented, less the amount of revenue generated by the Webdam business during that period utilizing fixed exchange rates for translating foreign currency revenues for all periods; adjusted EBITDA margin as the ratio of adjusted EBITDA to revenue; and free cash flow as cash provided by operating activities, adjusted for capital expenditures and content acquisition. These figures have not been calculated in accordance with GAAP and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. We caution investors that non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled measures presented by other companies.

We believe that adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam, revenue growth (including by distribution channel) on a constant currency basis, revenue excluding the impact of Webdam on a constant currency basis, adjusted EBITDA margin and free cash flow are useful to investors to provide them with disclosures of our operating results on the same basis as that used in our financial statements. Additionally, we believe that adjusted EBITDA and adjusted net income provide useful information to investors about the performance of the Company's overall business because such measures eliminate the effects of unusual or other infrequent charges that are not directly attributable to our underlying operating performance; with respect to revenue growth (including by distribution channel) on a constant currency basis, this provides useful information to investors by eliminating the effect of foreign currency fluctuations that are not directly attributable to Shutterstock's business; and with respect to free cash flow, this provides useful information to investors by eliminating the impact of a historic revenue source that is not part of our current business. Additionally, we believe that providing these non-GAAP financial measures enhances the comparability for investors in assessing our financial performance. We believe that free cash flow is useful for investors because it provides them with an important perspective on the cash available for strategic measures, after making necessary capital investments in property and equipment to support the Company's ongoing business operations and provides them with the same measures that we use as the basis for making resource allocation decisions.

We also use the non-GAAP financial measures adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam, revenue growth (including by distribution channel) on a constant currency basis, revenue growth excluding the impact of Webdam on a constant currency basis, adjusted EBITDA margin and free cash flow, in conjunction with GAAP financial measures, as an integral part of our financial management. We use these non-GAAP financial measures to: (i) monitor and evaluate the performance of Shutterstock's business operations, financial performance and overall liquidity; (ii) facilitate management's internal comparisons of the historical operating performance of its business operations; (iii) facilitate management's external comparisons of the results of its overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of Shutterstock's management team and, together with other operational objectives, as a measure in evaluating employee compensation and bonuses; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Please refer to the reconciliation of the differences between adjusted EBITDA, adjusted net income, revenue excluding the impact of Webdam and free cash flow, and the most comparable financial measures calculated and presented in accordance with GAAP, is presented under the heading "Reconciliation of Non-GAAP Financial Information to GAAP" immediately following the Consolidated Balance Sheets in our quarterly earnings release, which is available in the Investor Relations section of our website. We do not provide a reconciliation of adjusted EBITDA guidance to net income guidance, as the impact of net operating foreign currency exchange gains or losses which are excluded from adjusted EBITDA is inherently uncertain and difficult to estimate and is unavailable without unreasonable efforts. In addition, we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

<sup>1</sup> - On February 26, 2018, the Company completed the sale of Webdam ("Sale of Webdam").

# First Quarter 2019 Financial Highlights

## Compared to First Quarter 2018:

- Revenue increased 6.7% to \$163.3 million.
  - Revenue growth on a constant currency basis was approximately 9.1%.
  - Revenue growth excluding the impact from Webdam, on a constant currency basis was approximately 11.1% for 2019 compared to 2018.
- Income from operations increased 80.4% to \$8.1 million.
- Net income decreased 76.9% to \$7.5 million, as a result of the \$27.9 million after-tax gain on Sale of Webdam recognized in the first quarter of 2018.
- Adjusted net income increased 16.7% to \$12.4 million.
- Adjusted EBITDA increased 15.7% to \$25.5 million.
- Cash provided by operating activities of \$19.7 million.
- Free cash flow was \$11.9 million in 2019 compared to \$5.5 million in 2018.

# First Quarter 2019 Operating Highlights

## Compared to First Quarter 2018:

- Paid downloads of 47.2 million, up 8.0%.
- Image library expanded to approximately 260.5 million images, up 39%.
- Video library expanded to approximately 14.3 million video clips, up 44%.
- More than 750,000 contributors made their images, video clips and music tracks available on Shutterstock's platform.
- More than 1.9 million customers contributed to revenue over the past 12 months, an increase of 2.6% from the 12 months ended March 31, 2018.

# Historical Revenue Detail by Sales Channel

(\$ in millions)

	2019		2018				2017			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
E-commerce	\$ 98.1	\$ 95.6	\$ 88.7	\$ 91.7	\$ 89.7	\$ 87.8	\$ 81.8	\$ 82.2	\$ 80.6	
Enterprise	65.2	66.5	62.9	64.9	60.6	59.3	55.1	48.1	46.2	
Other <sup>(1)</sup>	—	—	—	—	2.7	4.7	4.2	3.7	3.5	
<b>Total Revenue</b>	<b>\$ 163.3</b>	<b>\$ 162.1</b>	<b>\$ 151.6</b>	<b>\$ 156.6</b>	<b>\$ 153.0</b>	<b>\$ 151.8</b>	<b>\$ 141.1</b>	<b>\$ 134.0</b>	<b>\$ 130.2</b>	
Less: Webdam Revenue	—	—	—	—	(2.7)	(4.7)	(4.2)	(3.7)	(3.5)	
<b>Revenue excluding impact of Webdam</b>	<b>\$ 163.3</b>	<b>\$ 162.1</b>	<b>\$ 151.6</b>	<b>\$ 156.6</b>	<b>\$ 150.3</b>	<b>\$ 147.1</b>	<b>\$ 136.9</b>	<b>\$ 130.3</b>	<b>\$ 126.7</b>	

(1) On February 26, 2018, the Company completed the Sale of Webdam. 2018 and 2017 amounts represent Webdam revenue prior to the sale.

Note: Totals may not sum exactly due to rounding.

# Consolidated Quarterly Financial Results

(\$ in millions)

	Three Months Ended March 31,		
	2019	2018	% Change Fav / (Unfav)
Total Revenues	\$ 163.3	\$ 153.0	6.7 %
Operating Expenses	(155.2)	(148.5)	(4.5)%
Gain on Sale of Webdam	—	38.6	NM
Other Income, net	0.9	0.8	12.5 %
Provision for Income Taxes	(1.5)	(11.3)	86.7 %
Net Income	\$ 7.5	\$ 32.6	(76.9)%
Plus: Depreciation & Amortization	11.9	10.9	(9.2)%
Plus: Equity-Based Compensation	4.6	5.6	17.9 %
Plus: Other Adjustments <sup>(1)</sup>	—	0.2	NM
Plus: Provision for Income Taxes	1.5	11.3	86.7 %
Less: Gain on Sale of Webdam	—	(38.6)	NM
Adjusted EBITDA	\$ 25.5	\$ 22.1	15.4 %
Adjusted EBITDA Margin	15.6%	14.4%	

(1) Other adjustments include foreign currency translation gains and losses, interest income and expenses related to long-term incentives and contingent consideration related to acquisitions.

Note: Totals may not sum exactly due to rounding.

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# Free Cash Flow

(\$ in millions)

	Three Months Ended March 31,	
	2019	2018
Net Cash From Operations	\$ 19.7	\$ 21.
Less: Capital Expenditures	(7.3)	(15.
Less: Content Acquisitions	(0.5)	(0.
Free Cash Flow	<u>\$ 11.9</u>	<u>\$ 5.</u>

Note: Totals may not sum exactly due to rounding.

# Adjusted Net Income

(in millions, except per share data)

	Three Months Ended March 31,	
	2019	2018
Net Income	\$ 7.5	\$ 32.6
Add / (Less):		
Non-Cash Equity-Based Comp	4.6	5.6
Acquisition-Related Amortization	0.9	1.1
Acquisition-Related Long-Term Incentives and Contingent Consideration	0.9	1.0
Gain on Sale of Webdam	—	(38.6)
Tax Expense / (Benefit) of Adjustments	(1.5)	8.9
Adjusted Net Income	<u>\$ 12.4</u>	<u>\$ 10.6</u>
Diluted Shares Outstanding	35.5	35.3
Adjusted Net Income per Diluted Share	\$ 0.35	\$ 0.30

Note: Totals may not sum exactly due to rounding.



# 2019 Guidance

The Company's current expectations for the full year 2019, are as follows:

	<u>2019 Guidance</u>
Revenue <i>YOY Growth vs. 2018</i>	\$685 - \$695 million <i>10% - 12%</i>
Adjusted EBITDA <i>YOY Growth vs. 2018</i>	\$118 - \$123 million <i>12% - 17%</i>
Income from Operations	\$37 - \$47 million
Non-Cash Equity Based Comp.	\$25 million
Capital Expenditures	\$37 million
Effective Tax Rate	Low to mid 20's%



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