leaf GROUP

Company Overview

January 2017

Disclaimers

This document and any related oral presentation does not constitute an offer or invitation to subscribe for, purchase or otherwise acquire any debt or equity securities of Leaf Group Ltd. (“Leaf Group” or the “Company”) and nothing contained herein or in the related oral presentation shall form the basis of any contract or commitment.

The distribution of this document and any related oral presentation in certain jurisdictions may be restricted by law and persons into whose possession this document or any related oral presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.

The information contained herein does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. You are solely responsible for seeking independent professional advice in relation to the information and any action taken on the basis of the information.

This presentation contains certain forward-looking statements. All statements other than statements of historical facts contained in this presentation, including statements regarding the Company’s future results of operations and financial position, business strategy, plans and objectives for future operations, are forward-looking statements. You should not rely upon forward-looking statements as guarantees of future performance. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those contained in any forward-looking statements, including those described under the heading “Risk Factors” in the Company’s periodic reports filed from time to time with the Securities and Exchange Commission (the “SEC”), which are incorporated herein by reference. Moreover, the Company operates in a very competitive and rapidly changing environment and new risks emerge from time to time. In light of these risks, uncertainties and assumptions, the forward-looking statements included in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Except as required by law, the Company undertakes no obligation to update any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in the Company’s expectations.

The Company is publicly traded on the New York Stock Exchange under the ticker symbol “LFGR” and is a registrant under the rules and regulations promulgated by the SEC. Before evaluating whether you should consider an investment in the Company’s securities, you should read all of the disclosures set forth in the Company’s annual, quarterly and periodic reports filed with the SEC, including the disclosures under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The Company’s SEC filings can be found at www.sec.gov and ir.leafgroup.com.

Our Mission

We build platforms for communities of creators to reach passionate audiences in large and growing lifestyle categories

Our Portfolio

leaf GROUP

Marketplaces

SAATCHI ART

society6

THE OTHER ART FAIR
PRESENTED BY SAATCHI ART

Content & Media

eHow

LIVESTRONG.COM

leaf BRAND LAB

Content Channels

Marketplace Model

59% of total revenue (Q3'16)

$21M GTV in Q3, +38% Y/Y

Ad Supported Model

41% of total revenue (Q3'16)

50M Average Visitors per Month(1)

(1) Average monthly unique visitors in the U.S. reached by Leaf Group properties in Q3'16 across desktop and mobile (Source: July-September 2016 U.S. comScore)

Investment Thesis

- Strong and experienced management team with significant breadth and depth operating media and marketplace businesses.
- Diversified portfolio of digital media and marketplace assets.
- Marketplace business now represents almost 60% of total revenue. Revenue growing ~32% Y/Y and 24% Q/Q, Gross Transaction Value growing 38% Y/Y.
- Transforming Content & Media business with strong well-known brands. Significantly improved products and content. Growing social reach with 6 million combined followers on Facebook and Pinterest(1).
- Reduced operating costs by ~$20 million per year on a run rate basis. Corporate overhead provides significant operating leverage going forward.
- More focused portfolio with sale of Cracked in Q2'16 and divestitures of other non-core properties.
- Sum of the Parts analysis points to significant value dislocation.
- Clean balance sheet with ~$51 million cash and no debt (Q3'16).
- Cash of $2.60 per share and stock is trading at $6.55.(2)

(1) Source:, Facebook and Pinterest
(2) As of 12/30/16

Executive Leadership

Sean Moriarty
Chief Executive Officer
Prior:
- CEO at Saatchi Art
- President, CEO, EVP, Tech and COO of Ticketmaster
- EVP, Technology at Citysearch

Rachel Glaser
Chief Financial Officer
Prior:
- CFO at Move, Inc
- Senior VP, Finance at Yahoo!
- VP, Walt Disney Company

Brian Pike
Chief Operating Officer & Chief Technology Officer
Prior:
- CTO at Rubicon Project
- CTO at Ticketmaster

Dion Camp Sanders
EVP, Marketplaces
Prior:
- Vice President, Emerging Businesses within the Labs Group at Disney
- Founder and CEO of Pacific Edison

Daniel Weinrot
EVP, Legal & General Counsel
Prior:
- VP & Deputy General Counsel at Las Vegas Sands Corp.
- Corporate associate at Latham & Watkins LLP

Tawn Albright
EVP, Corporate Development
Prior:
- CEO and founding partner at Rockhouse Partners
- Executive VP for Etix

Jill Angel
EVP, People
Prior:
- VP Operations at Saatchi Art
- Team leader at Cocodot, Swirl by DailyCandy, and GSI Commerce

Key Statistics

Total Unique Monthly Visitors

Approximately 50M[1]

Creators Across Platforms

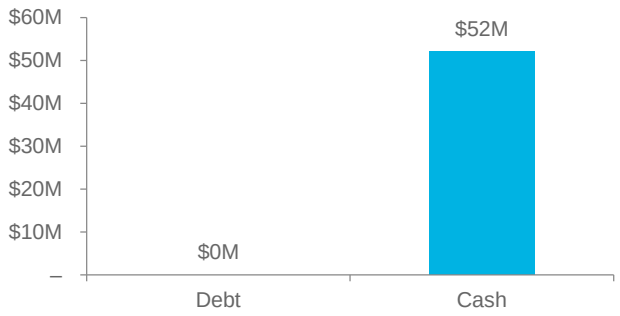
Approximately 240,000[2]

Paid to Creators in 2015

Approximately $19M[3]

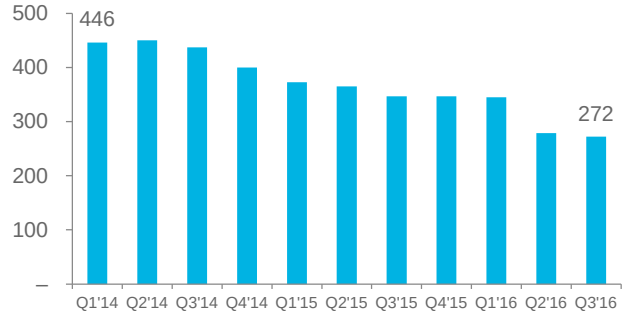
Diversified Revenue Mix

$108M LTM[4]



Clean Balance Sheet

As of 09/30/16



Employees

Streamlining Operations

(1) Average monthly unique visitors in the U.S. reached by Leaf Group properties in Q3'16 across desktop and mobile (Source: July - September 2016 U.S. comScore)
(2) Total creators across platforms: number of active creators for Society6, Saatchi Art and studio contributors in 2015; based on internal data
(3) Total paid to creators: full year 2015 for Society6, Saatchi Art and our studio contributors; based on internal data
(4) Revenue is shown on a pro forma basis net of Cracked and certain other non-strategic properties that were disposed of in 2015 and 2016

Transformation of Leaf Group

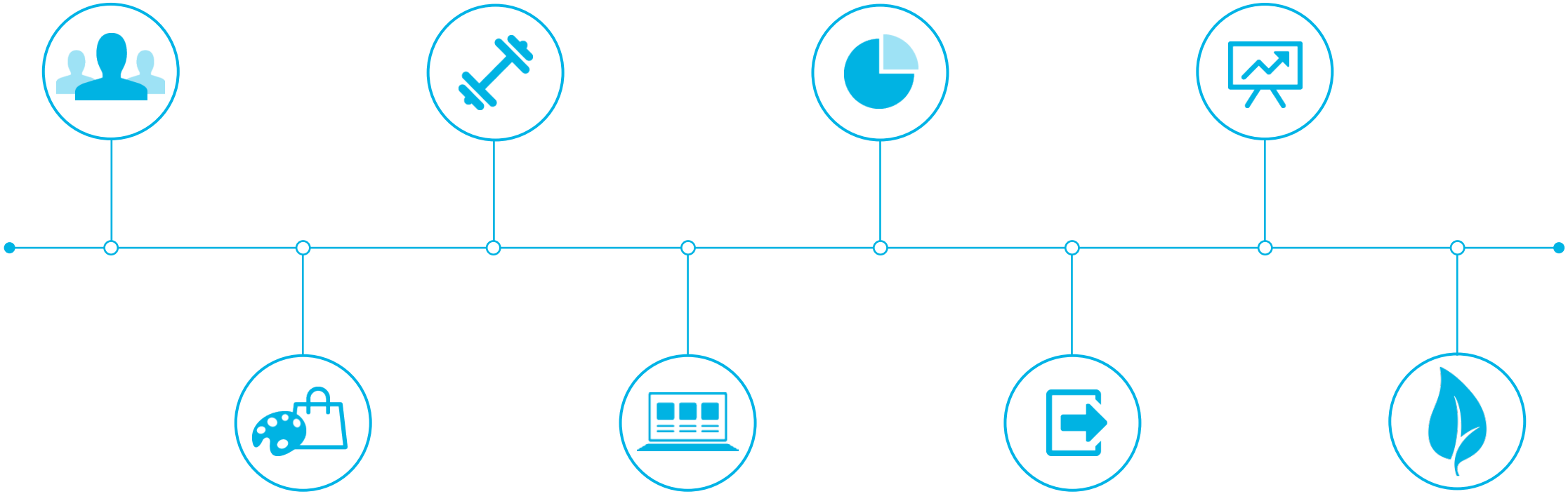
2014 – 2016

Rebuilt the Executive and Senior Leadership Team

Restored Livestrong.com to healthy & growing lifestyle brand

Rationalized the portfolio and focused the company on fewer bigger opportunities

Strengthened the balance sheet, adding $35 million in cash in Q2’16 and maintaining zero debt



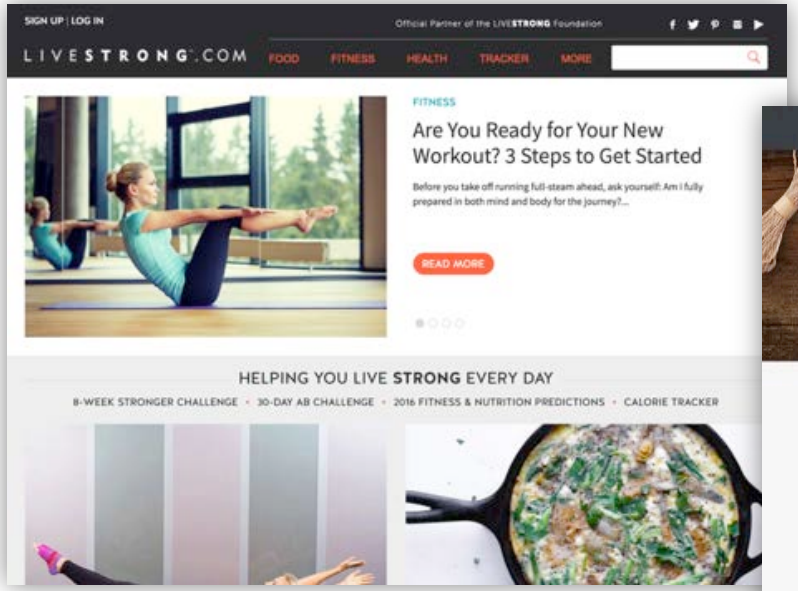
Invested in an Art and Design Marketplaces, now 59% of total company revenue

Significantly improved content quality, product and user experience on eHow

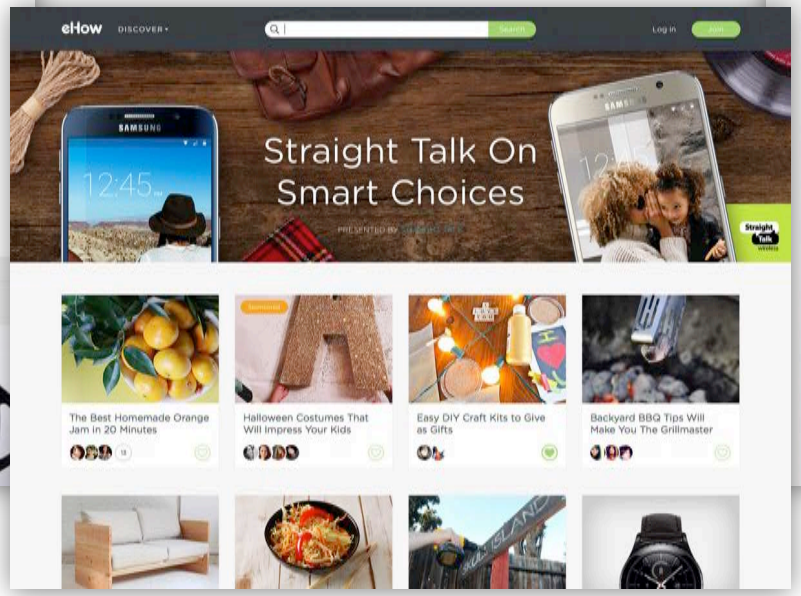
Reduced headcount and operating expense while investing in core businesses for growth

New brand name: Leaf Group Ltd Now trading as LFGR on NYSE. Q3 Pro Forma Revenue +12%

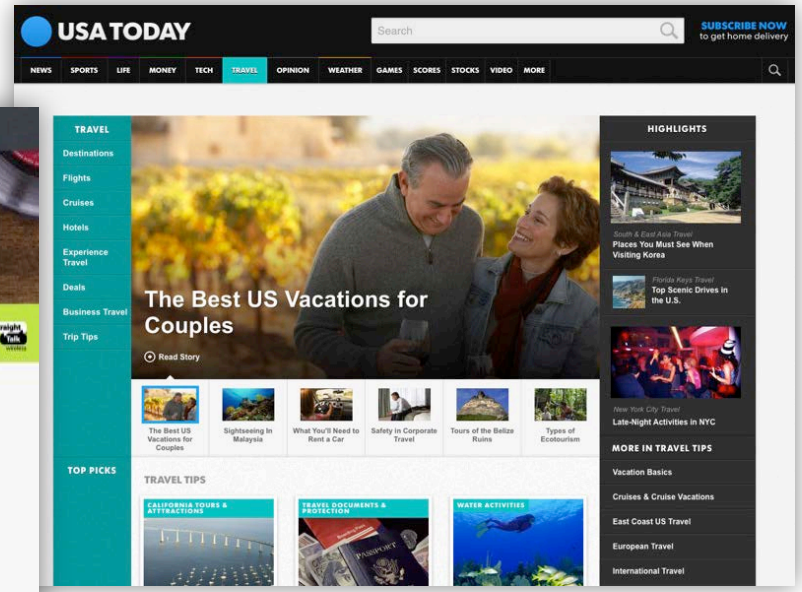
Content & Media



Livestrong.com



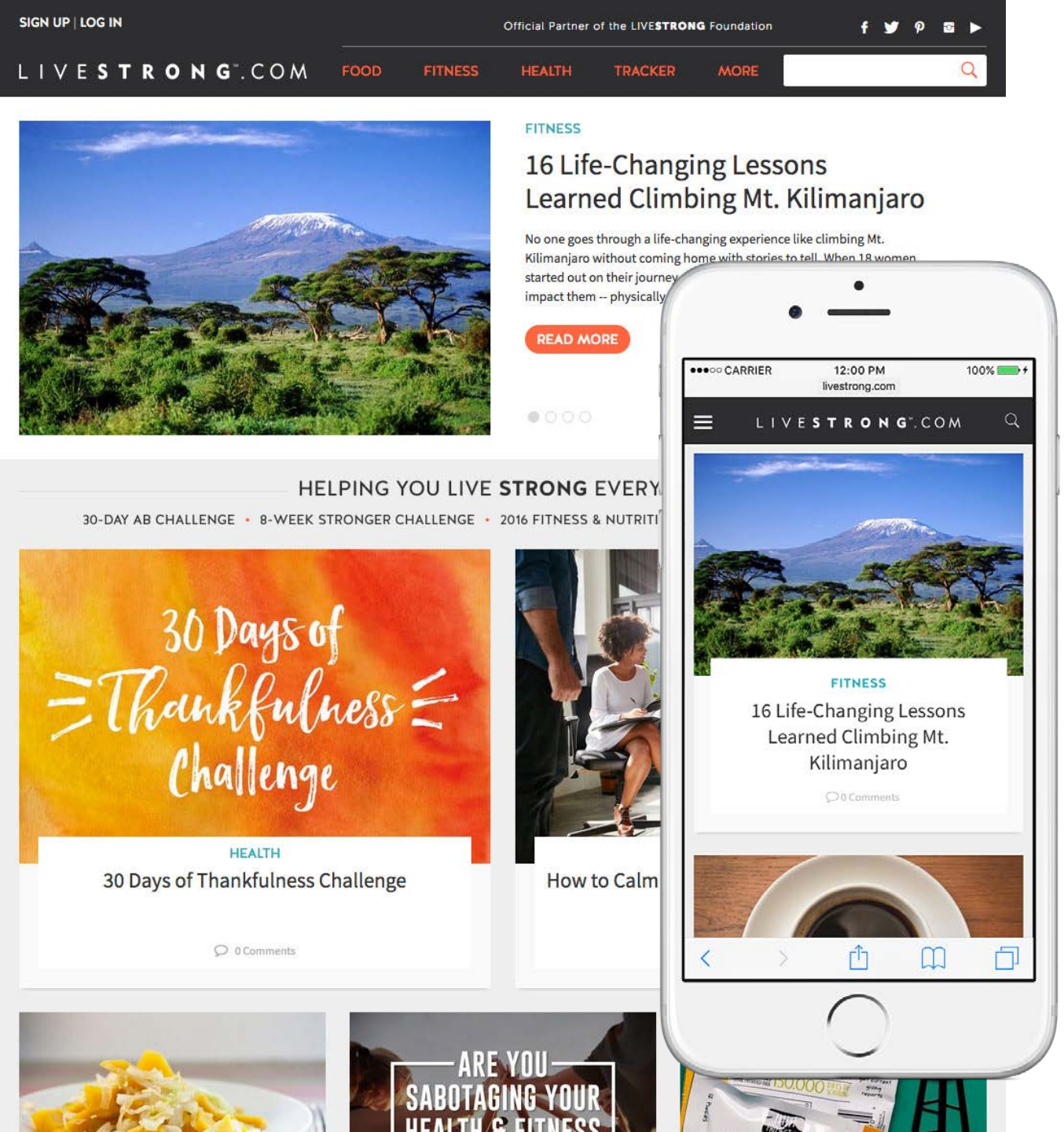
eHow Sites



Leaf Brand Lab

- 50m monthly unique visitors(1)
- $47m in LTM revenue(2)
- eHow: Top 6 site in comScore Home Category(3)
- Livestrong.com: #4 site in comScore Health Category(3)
- Monetization and Yield Management Team
- Creator Marketplace
- Content Management Platform
- Over 30 Content Channels with Brands and Publishers

(1) Average monthly unique visitors in the U.S. reached by Leaf Group Content & Media properties in Q3'16 across desktop and mobile (Source: July-September 2016 U.S. comScore).
(2) LTM as of 9/30/16. Content & Media revenue is shown on a pro forma basis net of Cracked and certain other non-strategic properties that were disposed in 2015 and 2016.
(3) Source: comScore September 2016 for ad-supported sites. eHow includes the eHow Vertical Sites.



LIVESTRONG.COM

Key Metrics

- 26m monthly unique visitors(1)
- Significant mobile audience growth +49% Y/Y(2)
- Revenue up 31% Y/Y and up 15% Q/Q(2)
- 6m total app downloads with over 300k monthly active users(3)
- 4.8m monthly video views in Q3’16(4)

Product

- Redesigned home page; new and improved legacy content more easily shareable
- New native mobile ad unit
- Header bidding live on desktop platform

Transformation Facts

- 300k articles removed since Q4’14
- Reduced ad density: 3 ads removed from every page (2014)

(1) Average monthly unique visitors in the US across desktop and mobile (Source: July-September 2016 US comScore).
(2) Source: Internal Data as of Q3’16.
(3) Source: Internal Data. App downloads represent the total number of downloads across all Livestrong.com apps over the life of the apps. Monthly active users across all Livestrong.com Apps in September 2016.
(4) Average monthly video views on Facebook and YouTube, or on Livestrong.com or third party sites via YouTube or any other embedded video player, for July-September 2016.

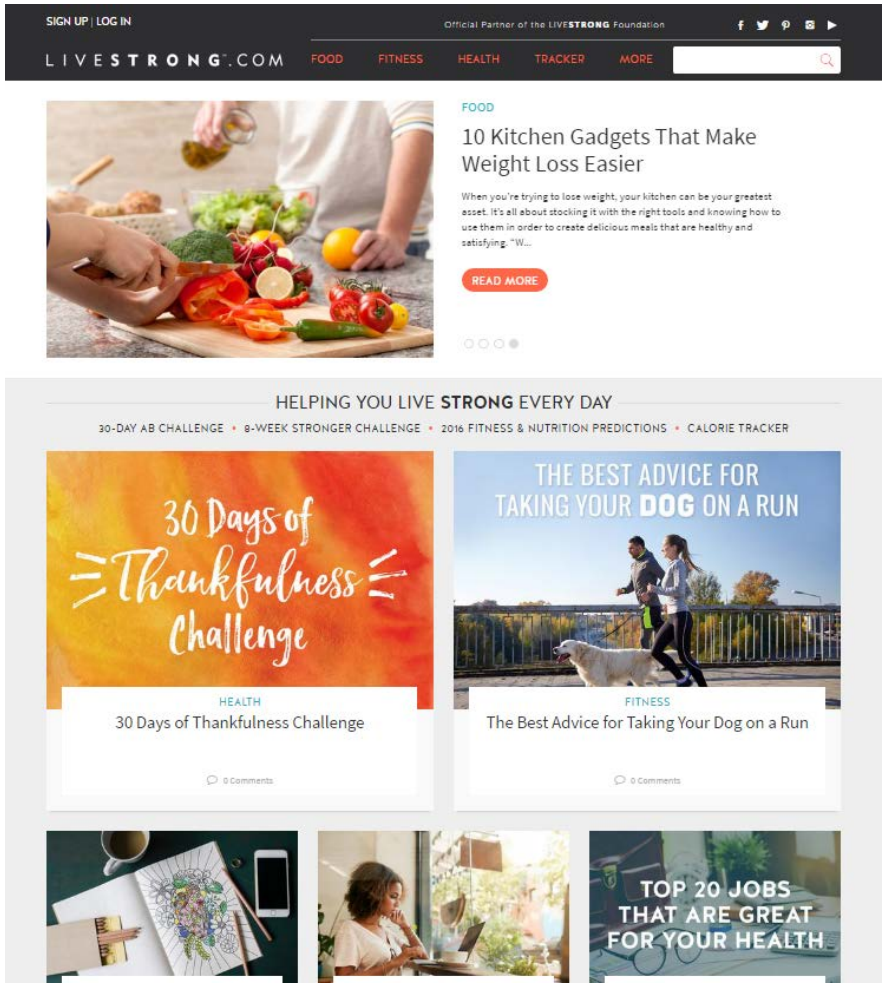
LIVESTRONG.COM Site Redesign

NOVEMBER 2015

Out With the Old!
Lose Weight and Keep It Off

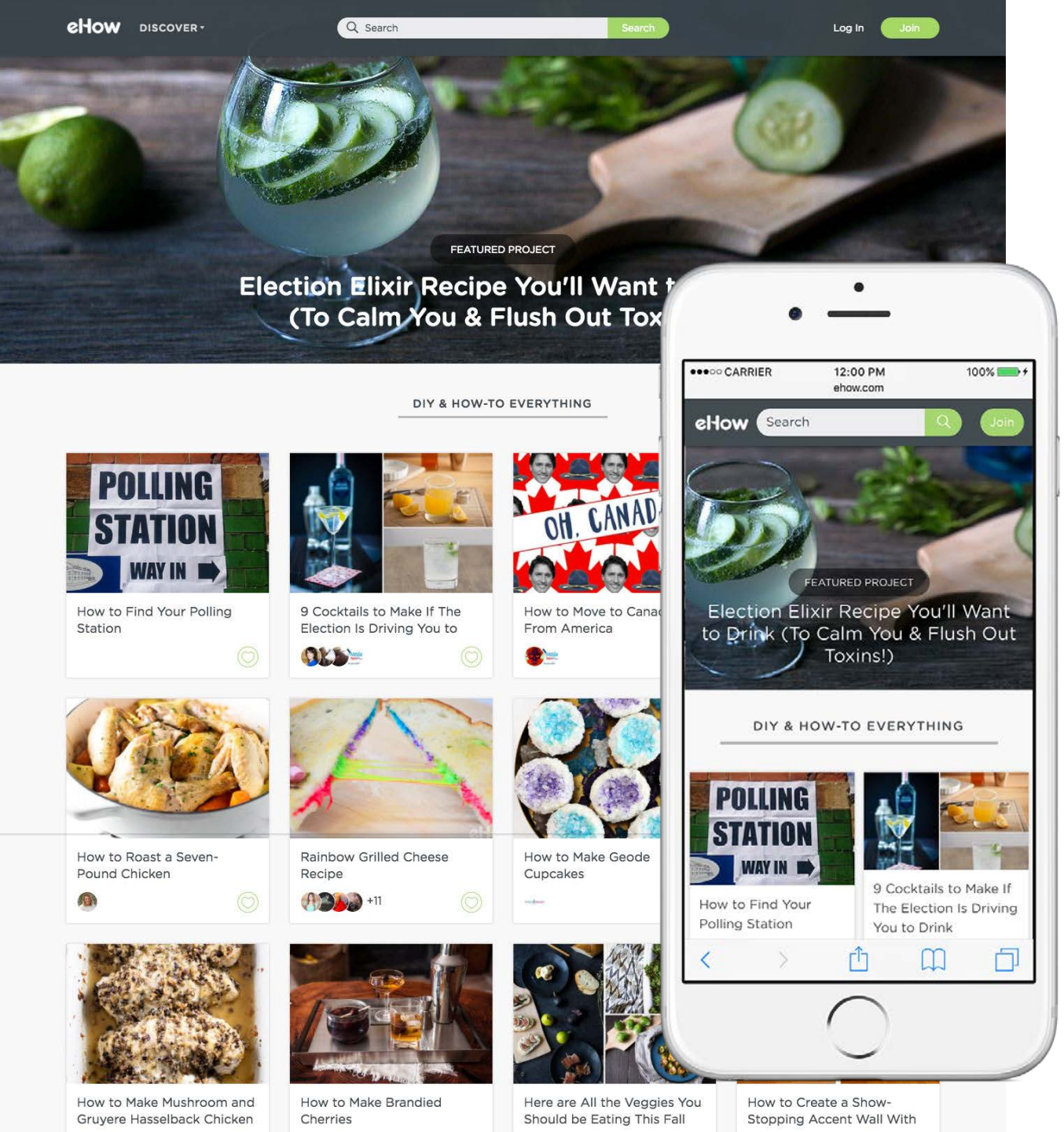
November 2016

Continuing to improve on Site
Nav with trending articles



eHow Transitions to Category Specific Brands

(1) Source: Internal Data, September 2016
(2) Source: comScore September 2016
(3) Across ad networks, Source: comScore September 2016
(4) Source: Facebook



eHow Sites

Key Metrics

- 16m monthly unique visitors in Q3'16(1)
- 52m monthly video views in Q3'16 (2)

Multi-Year Transformation Commenced in 2H'14

- Removal of 2.4m low quality/duplicative titles between Q3'14 and Q2'15
- Removal of 3 ads per page in Q1'15; one additional ad unit removed Q2'15
- New site team leadership (GM, product, content)

Vertical Site Strategy

- Creation of new category verticals
- Best performing eHow content + fresh new content
- Growing social audience and distribution channels (Pinterest, Facebook)

(1) Average monthly unique visitors in the US across desktop and mobile (Source: July-September 2016 US comScore). Includes the eHow vertical sites.
(2) Average monthly video views on Facebook and YouTube, or on Leaf Group or third party sites via YouTube or any other embedded video player, for July-September 2016. Includes the eHow vertical sites and other YouTube channels affiliated with eHow.

Leaf Brand Lab:
Branded Content Production

Sponsored Content for Brands

- Rich original content for some of the world's most recognizable brands published on our owned and operated websites

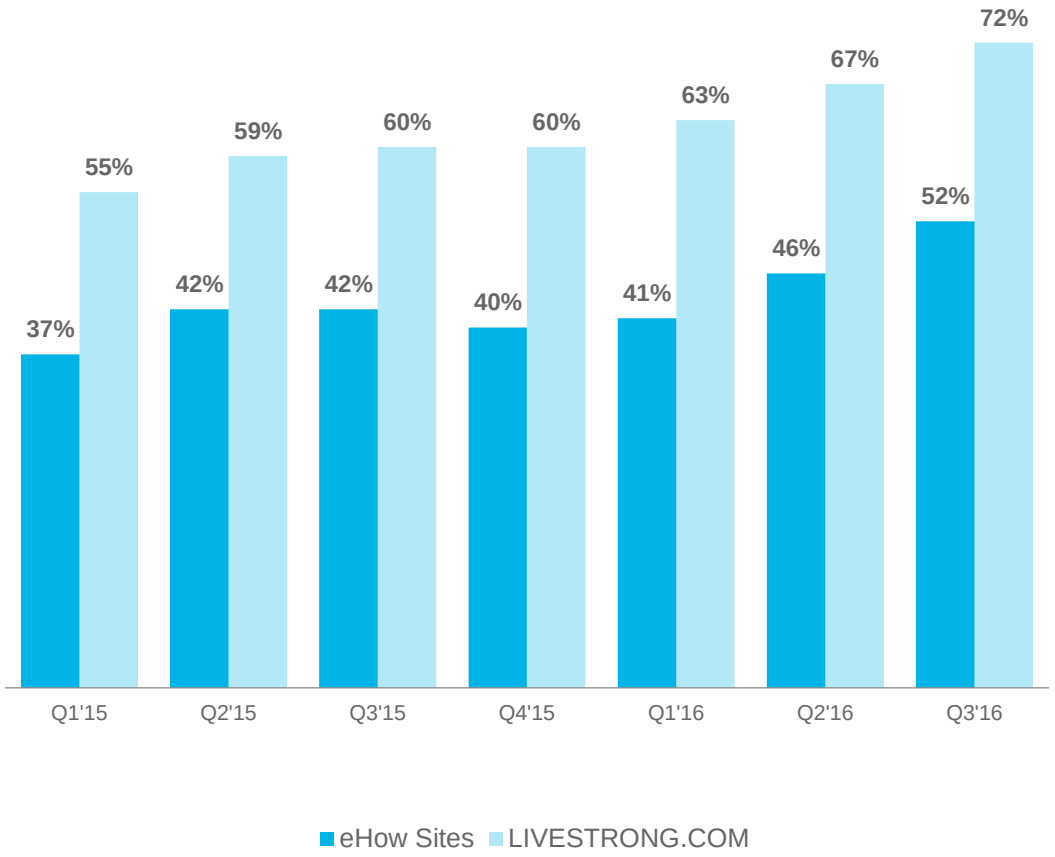
Content Channels

- 31 live hosted channels with top brands and publishers managed by Leaf Group
- ~500,000 articles
- Ad-Supported Business Model

Content & Media

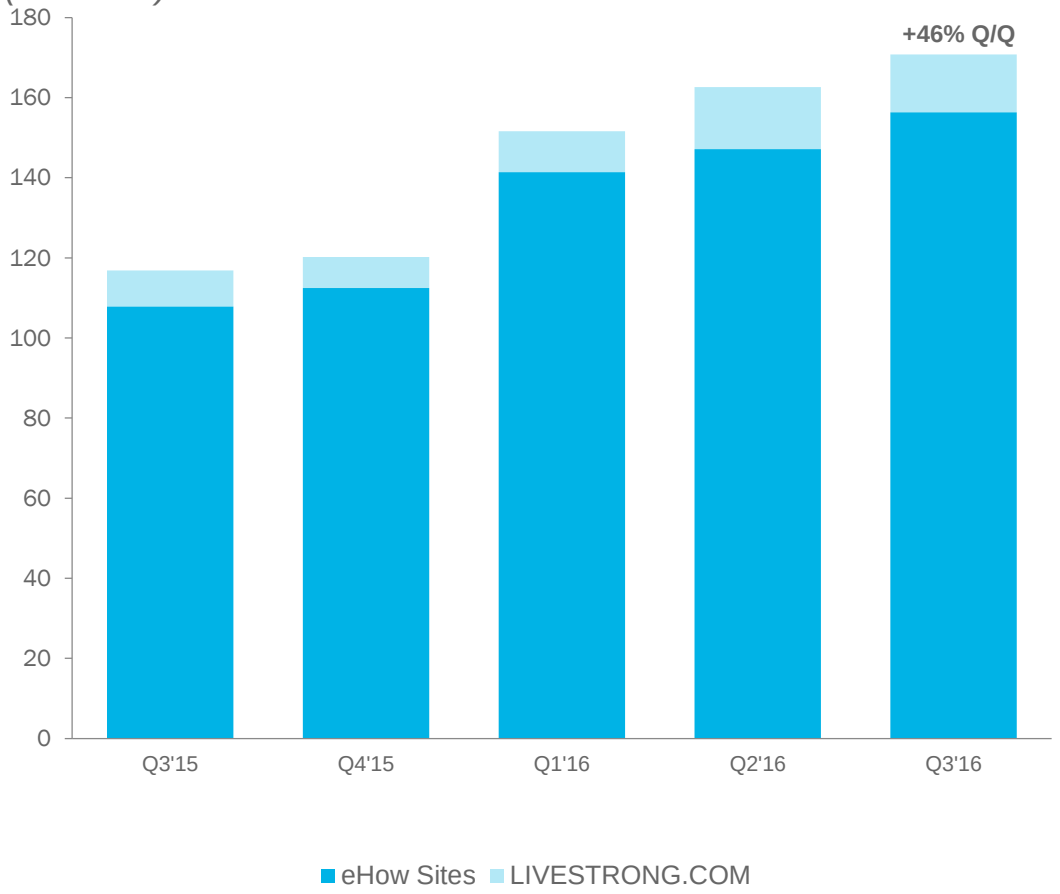
Mobile Evolution

Mobile visits as a percentage of total visits



Video Views(1)

(in millions)

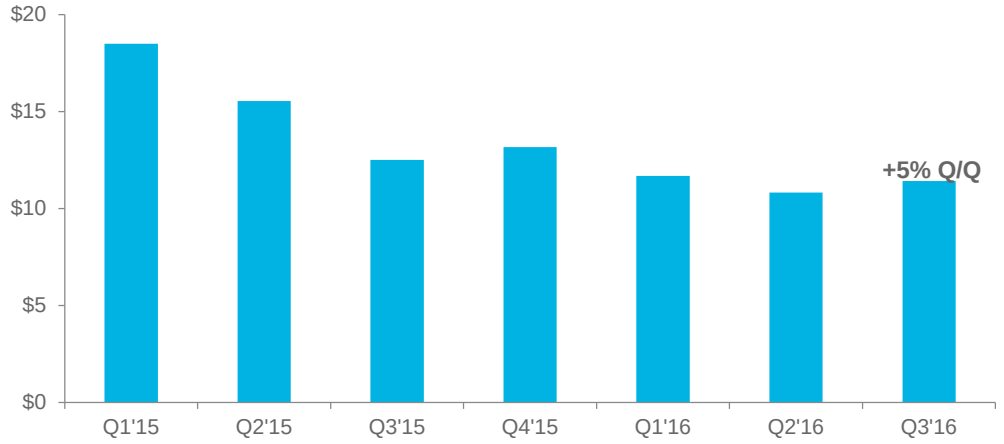


Source: Leaf Group internal data

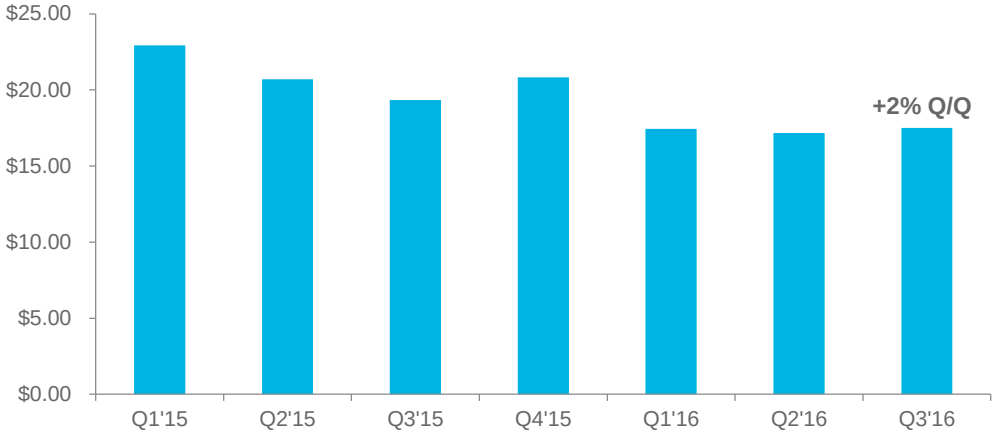
(1) Video Views is defined as the total number of views on Facebook and YouTube, or on Leaf Group or third party sites via YouTube or any other embedded video player, during the applicable period. Included are (i) views of videos published by eHow, category specific sites and international sites in eHow Sites; and (ii) videos viewed on multiple YouTube channels affiliated with certain of our properties.

Content & Media Key Metrics

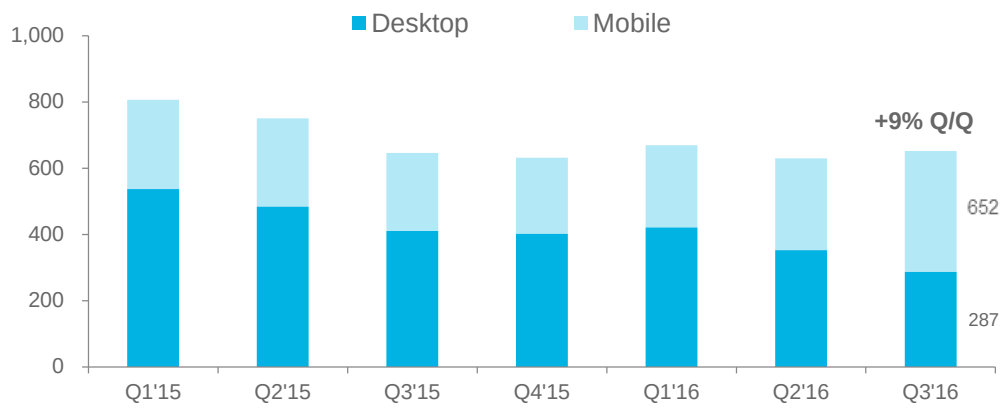
Revenue ($m)(1)



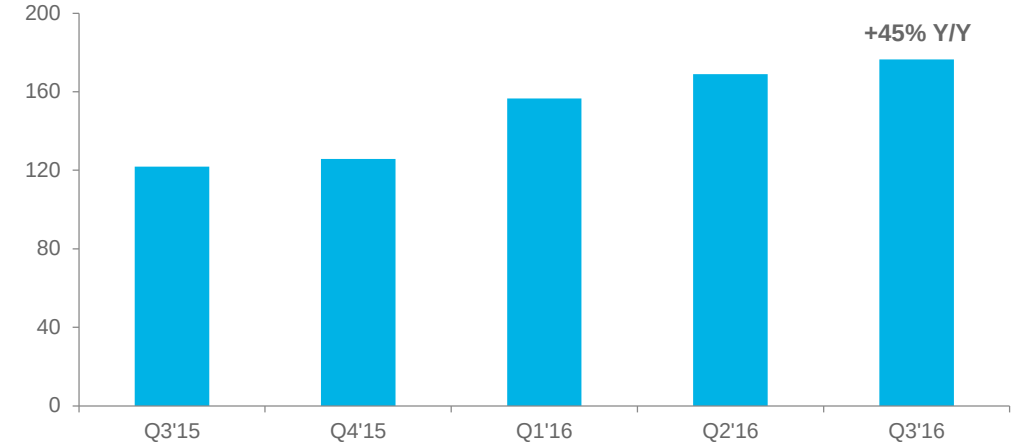
Revenue Per Visit(2)



Visits (m)(3)



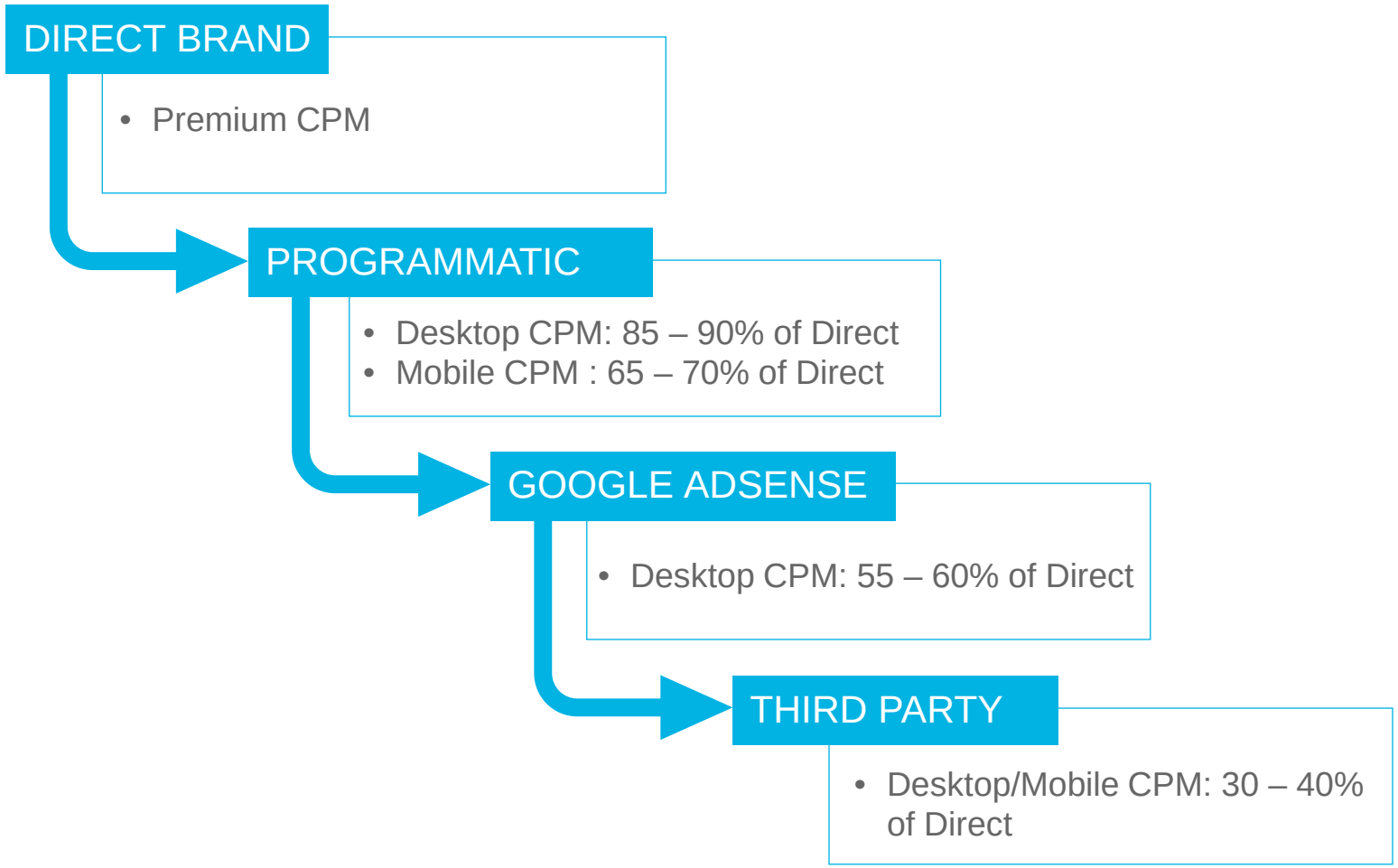
Video Views (m)(4)



(1) Revenue is shown on a pro forma basis net of Cracked and other non-strategic properties that were disposed of in 2015 and 2016.
(2) Based on internal data. Revenue Per Visit is defined as Content & Media revenue per one thousand visits. Revenue per visit is shown on a pro forma basis net of Cracked and certain other non-strategic properties that were disposed of in 2015 and 2016.
(3) Based on internal data. Visits are defined as the total number of times users access the company's content across (a) one of its owned and operated online properties and/or (b) one of its customers' online properties, to the extent that the visited customer web pages are hosted by the company's content services. In each case, breaks of access of at least 30 minutes constitute a unique visit. Visits are shown on a pro forma basis net of Cracked and certain other non-strategic properties that were disposed of in 2015 and 2016.
(4) Video Views is defined as the total number of views of all of our Content & Media videos on Facebook and YouTube, or on Leaf Group or third party sites via YouTube or any other embedded video player, during the applicable period. We include in this metric (i) views of videos published by any of our Content & Media properties, including Livestrong.com, eHow, category specific sites and international sites; and (ii) videos viewed on multiple YouTube channels affiliated with certain of our properties.

Best-in-Class Programmatic Advertising with Growing Brand Sales

Monetization Ad Stack(1)



Select Advertising Partners

Google

rubicon PROJECT

INDEX EXCHANGE

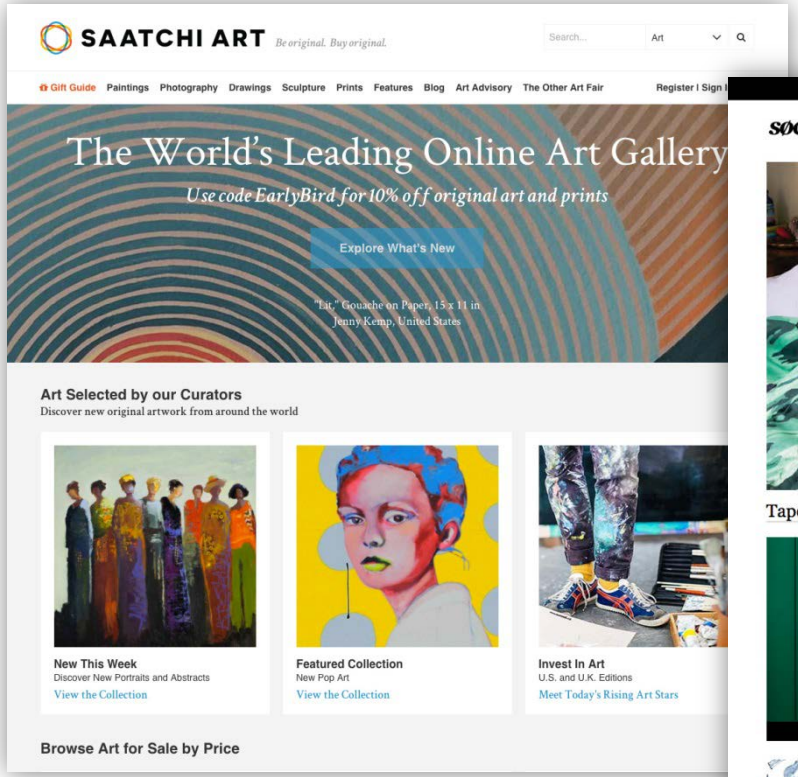
krux

amazon.com

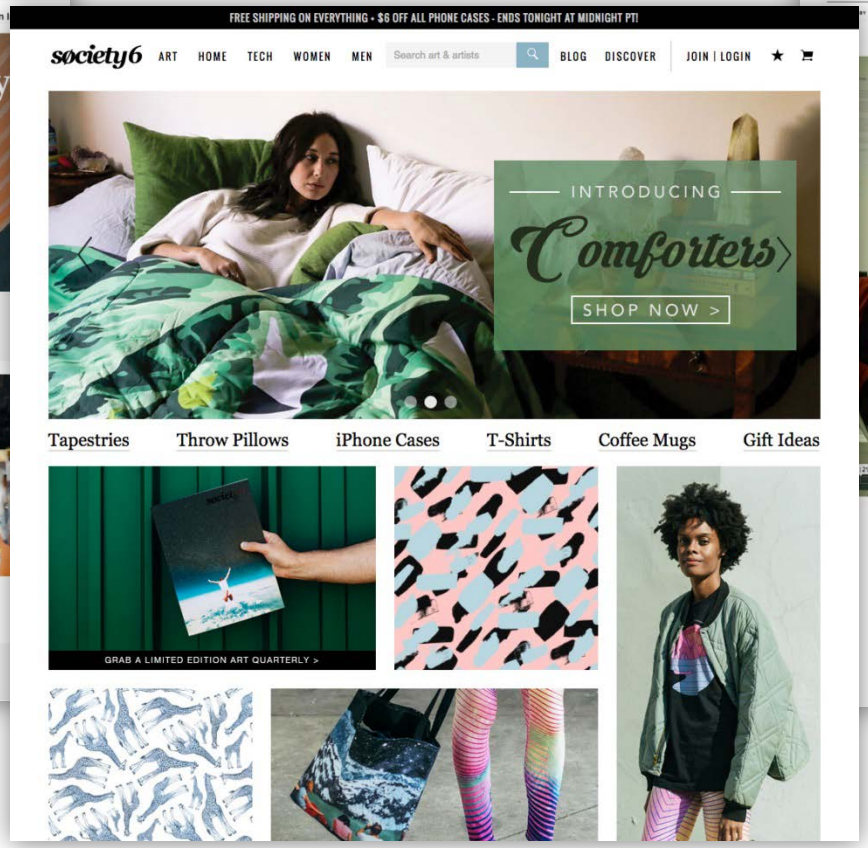
Aol.

(1) Source: Internal Data as of Q3'16. CPMs are based on relative scale with Direct Brand CPMs equal to 100.

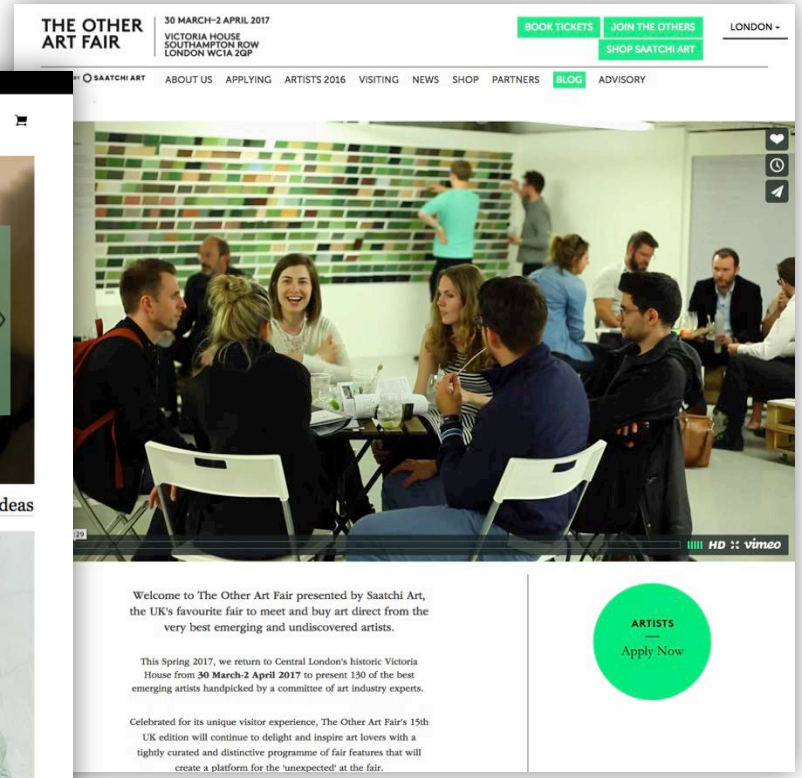
Marketplaces



Saatchi Art



Society 6



The Other Art Fair

Society6

Marketplace platform empowering artists to make their designs available for sale on a variety of products.

Business Model

- Original designs from a global community of over 225k artists
- Over 3.4m original designs
- Print-on-demand for 32 products
- Third-party vendors produce, pack and ship directly to customers
- Artist earns a royalty on every product sold

Key Metrics

- 182k new customers / 251k total customers (up 40% Y/Y) in Q3’16
- Visits up 15% Y/Y; transactions up 39% Y/Y in Q3’16
- Over 1.0m social followers(1)
- Over $16m in total gross transaction value in Q3’16, up 36% Y/Y

Source: Figures based on internal data as of September 2016.
(1) Source: Facebook, Instagram, and Pinterest

Saatchi Art

A leading online art gallery, redefining the experience of buying and selling art by making it easy, convenient and welcoming for both collectors and artists.

Business Model

- Original art from a global community of over 88k artists
- Commission based model; artist earns 70%
- Best in class logistics management (packaging, shipping, customs, delivery)
- Over $1.8b in total retail value of art available on the site based on list price of artworks as of September 2016
- Over 1M artworks for sale
- Have shipped to ~80 countries
- Unique Art Advisory program led by Chief Curator, Rebecca Wilson

Key Metrics

- $4.3m in gross transaction value in Q3’16, up 46% Y/Y
- Average order value ~$1,300 in Q3’16
- 30% Y/Y revenue growth in Q3’16

Source: Figures based on internal data as of September 2016.

The Other Art Fair

Art fairs are one of the fastest growing categories of live events and The Other Art Fair is the leading fair for discovering emerging artists.

The Other Art Fair complements our online art marketplace, Saatchi Art, the leading online art gallery.

Background

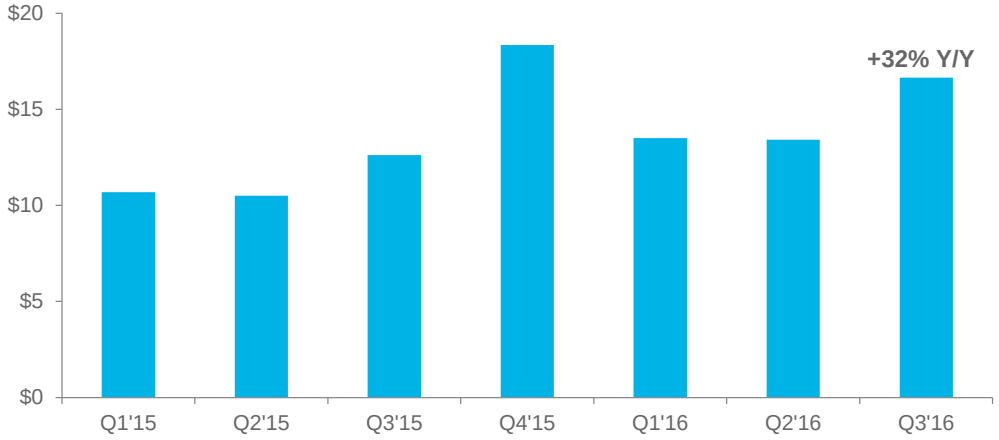
- Acquired in Q2’16
- Launched in London in 2011 with shows in 2016 in London, Bristol and Sydney
- London show hosted over 15,000 attendees, over 300% growth since launch.
- Features hundreds of emerging artists
- Planned international expansion

Upcoming Fairs

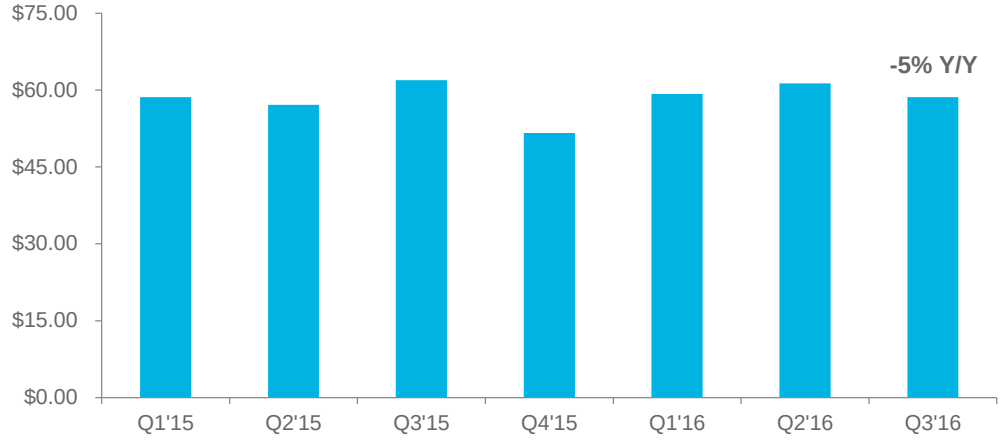
- London (March 2017)
- Melbourne (May 2017)
- New York (June 2017)
- Bristol (Summer 2017)
- Sydney (Fall 2017)

Marketplace Key Metrics

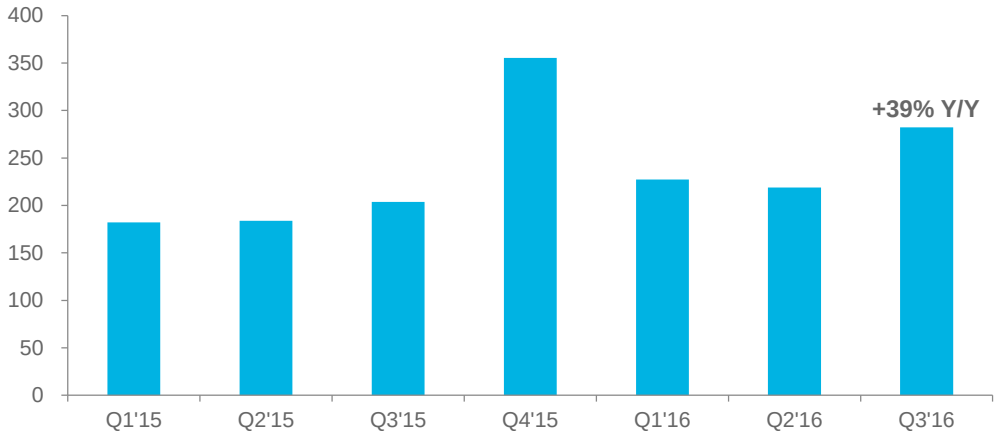
Revenue ($m)



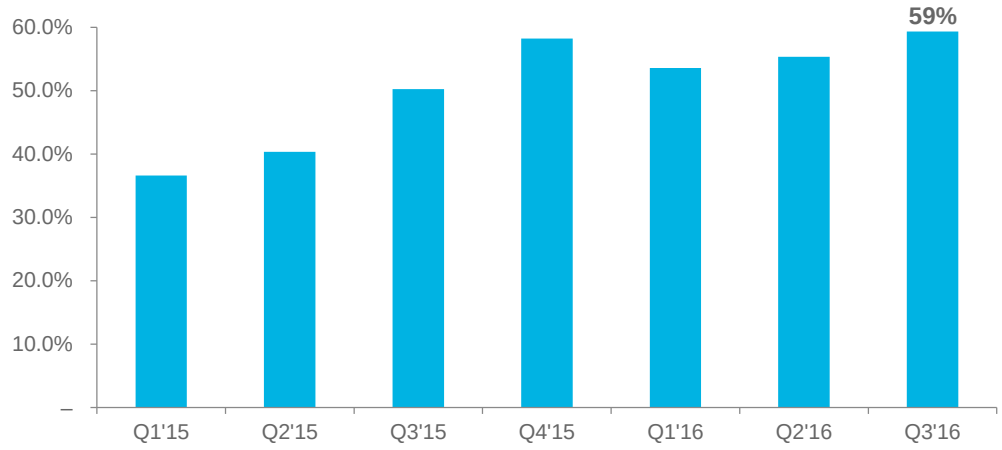
Revenue Per Transaction(1)



Total Transactions(2)



Marketplaces Revenue as a Percent of Total Revenue(3)



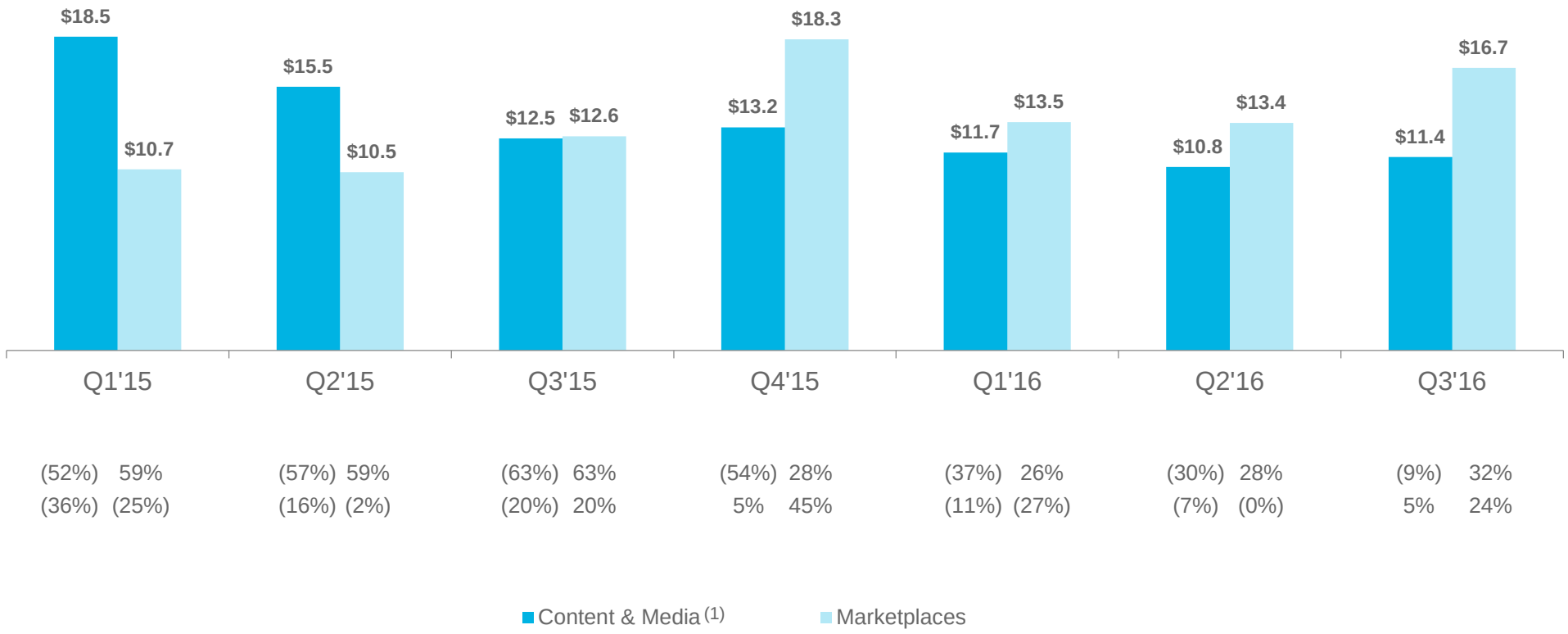
(1) Average Revenue per Transaction is calculated by dividing Marketplaces revenue for a period (not including revenue generated by The Other Art Fair) by the Number of Transactions in that period.
(2) Number of Transactions is defined as the total number of successfully completed Marketplaces transactions by Society6 and Saatchi Art during the applicable period.
(3) Total Revenue is on a pro forma basis net of Cracked and other non-strategic properties that were disposed of in 2015 and 2016.

FY 2001
Adjustments to Current Value
Current Value Comprehensive Basis
$ (51)
Portfolio Diversification
Asset Allocation

Financials

Quarterly Revenue Composition (Pro Forma)

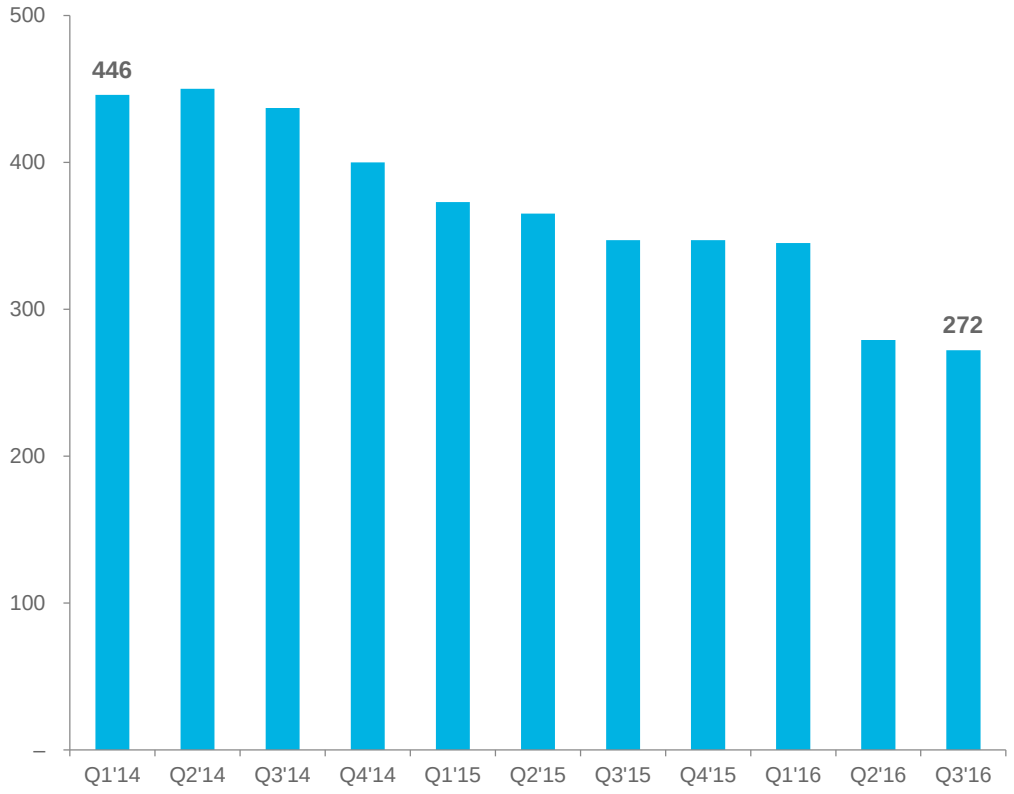
(in millions)



(1) Revenue is shown on a pro forma basis net of Cracked and certain other non-strategic properties were disposed of in 2015 and 2016.

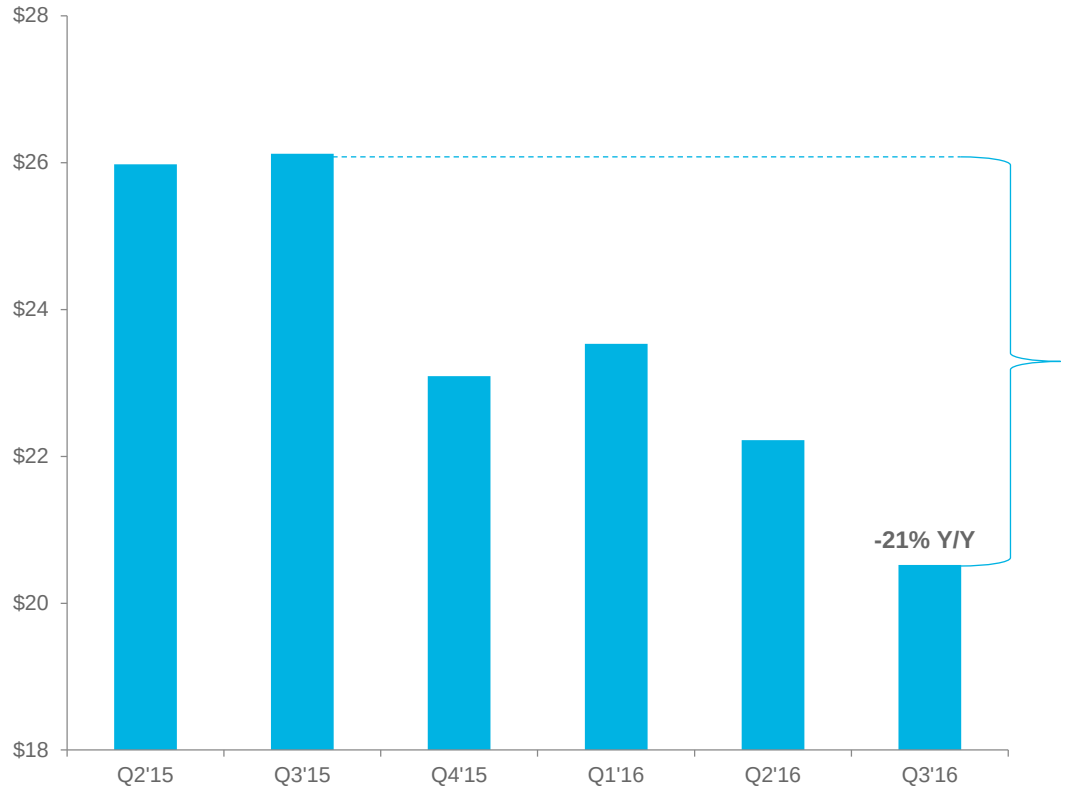
Cost Breakdown

Headcount(1)



Total Non-GAAP Expenses Excl. Product Costs

(in millions)



$5m+ savings

(1) Headcount provided as of the end of the relevant period. Headcount for Q1'14 and Q2'14 does not include headcount related to our former domain name services business that was spun-off in August 2014.

Balance Sheet Summary

(in millions)

As of September 30, 2016

Assets		Liabilities	
Cash & Cash Equivalents	$ 51.7	Accounts Payable, Accrued Expenses, and Other Current Liabilities	$ 13.9
Other Current Assets	15.4	Deferred Revenue	3.0
Property and Equipment, Net	11.9	Non-current Liabilities	1.9
Other Long Term Assets(1)	25.2	Stockholders' Equity	85.4
Total Assets	$ 104.2	Total Liabilities and Stockholders' Equity	$ 104.2

(1) Includes intangible assets, net, goodwill and other assets.

Selected Valuation Comparables for Leaf Group Businesses

Marketplace Comps

SAATCHI ART society6

~59% of Revenue

REDBUBBLE

ASX: RBL

- 1.4x 2016 Sales(1)

Etsy

NASDAQ: ETSY

- 3 - 4x 2016 Sales(1)

Implied Valuation: $87 - $240m(2)

Content & Media Comps

eHow LIVESTRONG.COM **Content Channels**

~41% of Revenue

REFINERY29

- Time Warner invests $50M at a $300M valuation (est.) (7/16)
- ~3x 2016 Sales (est.)

BUZZ FEED

- NBCU invests $200M at a $1.5B valuation (est.) (10/16)
- ~6x 2016 Sales (est.)

CRACKED

- E.W. Scripps pays $39.1M to acquire Cracked (4/16)
- 3.5x 2015 Sales

Implied Valuation: $140 - $285m(2)

(1) As of 11/16.
(2) Implied valuation is calculated by multiplying (i) the low and high end ranges of comparable sales multiples shown by (ii) the trailing twelve month revenue for Marketplaces or Content & Media, as applicable, through Q3 2016.

leaf
GROUP