IAC REPORTS Q3 2019 – Q3 REVENUE INCREASES TO $1.25 BILLION

NEW YORK— November 6, 2019—IAC (NASDAQ: IAC) released its third quarter results today and separately posted a letter to shareholders from IAC CEO Joey Levin on the Investor Relations section of its website at www.iac.com/Investors.

IAC SUMMARY RESULTS

($ in millions except per share amounts)

	Q3 2019	Q3 2018	Growth
Revenue	$ 1,246.9	$ 1,104.6	13%
Operating income	185.9	172.8	8%
Net earnings	128.5	145.8	-12%
GAAP Diluted EPS	1.35	1.49	-9%
Adjusted EBITDA	266.0	267.3	0%

See reconciliations of GAAP to non-GAAP measures beginning on page 14.

Q3 2019 HIGHLIGHTS

- IAC announced on October 11, 2019 that it made a preliminary proposal to the special committee of disinterested directors formed by the Match Group Board of Directors for a transaction that would result in the full separation of Match Group from IAC.
- **Match Group** revenue increased 22% to $541.5 million and Average Subscribers increased 19% to 9.6 million. Tinder Average Subscribers increased 437,000 sequentially and 1.6 million year-over-year to 5.7 million.
- **ANGI Homeservices** revenue increased 18% to $357.4 million and Pro Forma Revenue increased 22%.
    - Marketplace service requests increased 19% and Marketplace and Advertising paying service professionals totaled 263,000 at the end of Q3 2019.
    - Pro Forma Revenue in Q3 2018 excludes deferred revenue write-offs in connection with the Angie's List transaction and revenue from Felix, which was sold on December 31, 2018.
- **Vimeo** revenue increased 29% to $52.1 million due primarily to 30% subscriber growth to over 1.2 million (including Magisto which was acquired on May 28, 2019).
- **Dotdash** revenue increased 34% to $40.3 million. Operating income increased to $3.7 million and Adjusted EBITDA increased to $7.0 million.
- **Mosaic Group** revenue increased 45% to $51.2 million, comprising 41% of total Applications revenue in the quarter (up from 23% in Q3 2018), and ended Q3 2019 with 3.9 million subscribers. Total Applications operating income was $39.1 million and Adjusted EBITDA was $25.4 million.
- For the nine months ended September 30, 2019, net cash provided by operations was $688.8 million and Free Cash Flow was $585.1 million.

DISCUSSION OF FINANCIAL AND OPERATING RESULTS

($ in millions, rounding differences may occur)	Q3 2019	Q3 2018	Growth
Revenue			
Match Group	$ 541.5	$ 443.9	22%
ANGI Homeservices	357.4	303.1	18%
Vimeo	52.1	40.3	29%
Dotdash	40.3	30.1	34%
Applications	126.1	154.0	-18%
Emerging & Other	129.6	133.3	-3%
Inter-segment eliminations	(0.1)	(0.1)	58%
	$ 1,246.9	$ 1,104.6	13%
Operating Income (Loss)			
Match Group	$ 176.6	$ 139.9	26%
ANGI Homeservices	24.7	33.5	-26%
Vimeo	(11.2)	(6.2)	-81%
Dotdash	3.7	2.4	53%
Applications	39.1	33.0	18%
Emerging & Other	(1.8)	10.9	NM
Corporate	(45.3)	(40.8)	-11%
	$ 185.9	$ 172.8	8%
Adjusted EBITDA			
Match Group	$ 206.1	$ 165.0	25%
ANGI Homeservices	58.9	77.7	-24%
Vimeo	(8.0)	(4.2)	-89%
Dotdash	7.0	3.1	129%
Applications	25.4	35.0	-27%
Emerging & Other	(1.5)	12.2	NM
Corporate	(21.9)	(21.5)	-2%
	$ 266.0	$ 267.3	0%

Match Group

- Revenue growth was due primarily to increased subscribers and ARPU at Tinder, partially offset by unfavorable foreign exchange effects.

- Operating income and Adjusted EBITDA grew faster than revenue due to lower selling and marketing expense as a percentage of revenue, partially offset by higher cost of revenue, due primarily to in-app purchase fees as revenue is increasingly sourced through mobile app stores, and higher legal costs.

Please refer to the Match Group Q3 2019 earnings release and the related investor presentation referenced therein for further detail.

ANGI Homeservices

- Revenue increased 18% to $357.4 million driven by:
    - 27% Marketplace growth due to:
        - a 19% increase in service requests to 7.6 million
        - a 10% increase in paying service professionals to 226,000
        - a 16% increase in revenue per paying service professional to a record $1,199
    - 10% growth in Europe, impacted by $0.8 million unfavorable foreign exchange effects (15% growth in local currency)
    - The acquisitions of Handy (in October 2018; included in Marketplace) and Fixd Repair (January 2019)

- Pro Forma Revenue increased 22% (excluding Q3 2018 deferred revenue write-offs of $0.7 million in connection with the Angie's List transaction and revenue of $10.2 million from Felix, which was sold on December 31, 2018).

- Operating income decreased $8.8 million to $24.7 million due to 24% lower Adjusted EBITDA and $5.1 million higher depreciation expense, partially offset by $13.7 million lower stock-based compensation expense and $1.4 million lower amortization of intangibles.

    - Adjusted EBITDA decreased due primarily to higher selling and marketing expense as a percentage of revenue and investments at Handy, Fixd Repair and the pre-priced product expansion on HomeAdvisor, partially offset by $2.3 million of transaction-related items in connection with the Angie's List transaction and Handy acquisition in the prior year period.

Please refer to the ANGI Homeservices Q3 2019 earnings release and the IAC Q3 2019 shareholder letter for further detail.

Vimeo

- Revenue increased 29% to $52.1 million driven by 40% higher Platform Revenue, partially offset by the sale of the hardware business in Q1 2019.

    - Platform Revenue growth was due to:
        - a 30% increase in ending subscribers to over 1.2 million (including the addition of subscribers from Magisto, which was acquired on May 28, 2019). Ending subscribers increased 8% year-over-year excluding Magisto
        - a 7% increase in average revenue per subscriber

- Operating loss increased $5.0 million to $11.2 million due to Adjusted EBITDA losses increasing $3.8 million to $8.0 million primarily due to higher marketing and payroll costs (due in part to the Magisto acquisition) and $1.5 million higher amortization of intangibles.

Dotdash

- Revenue increased 34% to $40.3 million due to 44% higher traffic resulting in strong advertising revenue growth, as well as growth in affiliate commerce commissions.

- Operating income increased $1.3 million to $3.7 million due to Adjusted EBITDA increasing $4.0 million to $7.0 million, partially offset by $2.7 million higher amortization of intangibles.

Applications

- Revenue decreased 18% to $126.1 million due to a 37% decrease at Desktop, partially offset by a 45% increase at Mosaic Group.
    - Mosaic Group revenue growth was due to:
        - 14% growth related to the ongoing transition to subscription products and new products
        - The acquisition of TelTech in Q4 2018
    - The decrease in Desktop revenue was driven by lower Consumer queries and continued Partnerships declines.

- Operating income increased 18% to $39.1 million due to a $16.1 million decrease in the expected amount of contingent consideration to be paid in connection with a previous acquisition, partially offset by Adjusted EBITDA declining to $25.4 million.

Emerging & Other

- Revenue decreased 3% to $129.6 million due primarily to the sales of Electus, Dictionary.com and CityGrid in Q4 2018 and lower IAC Films and College Humor Media revenue, partially offset by higher revenue from Ask Media Group and Bluecrew.

- Operating loss was $1.8 million in Q3 2019 compared to a profit of $10.9 million in Q3 2018 and Adjusted EBITDA loss was $1.5 million in Q3 2019 compared to a profit of $12.2 million in Q3 2018. The profit declines were due primarily to investment in College Humor Media and Bluecrew, lower margins at Ask Media Group and the above-mentioned sales of businesses in Q4 2018.

Corporate

Operating loss increased $4.5 million driven primarily by a $4.0 million increase in stock-based compensation expense, as a result of the issuance of new equity awards, and higher Adjusted EBITDA losses including $1.0 million in costs related to the proposed separation of Match Group from IAC.

Income Taxes

The Company recorded income tax benefits of $14.8 million in Q3 2019 and $18.2 million in Q3 2018, despite pre-tax income, due primarily to excess tax benefits generated by the exercise and vesting of stock-based awards and research credits in both periods.

While the Company does not expect to be a full US federal cash income tax payer until 2022, which is in line with previous estimates, the ultimate timing is dependent upon a number of factors, including the Company's performance, other components of pre-tax income (including realized gains and losses), the amount and timing of tax deductions related to stock-based awards and the impacts, if any, of the proposed separation of Match Group from IAC.

Free Cash Flow

For the nine months ended September 30, 2019, Free Cash Flow decreased $26.5 million to $585.1 million due primarily to higher capital expenditures, partially offset by favorable working capital.

	Nine Months Ended September 30,	
($ in millions, rounding differences may occur)	**2019**	**2018**
Net cash provided by operating activities	$ 688.8	$ 671.7
Capital expenditures	(103.6)	(60.1)
Free Cash Flow	$ 585.1	$ 611.6

CONFERENCE CALL

IAC executives will participate in the ANGI Homeservices quarterly conference call to answer questions regarding IAC on Thursday, November 7, 2019, at 8:30 a.m. Eastern Time. This call will include the disclosure of certain information, including forward-looking information, which may be material to an investor's understanding of IAC's business. The live audiocast will be open to the public at www.iac.com/Investors or ir.angihomeservices.com.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2019:

- IAC had 84.6 million common and Class B common shares outstanding.
- On a consolidated basis, the Company had \$3.1 billion in cash and cash equivalents and marketable securities, of which IAC held \$2.3 billion, Match Group held \$366.4 million and ANGI Homeservices held \$402.9 million.
- On a consolidated basis, the Company had \$3.5 billion in long-term debt, of which IAC had \$1.7 billion, Match Group had \$1.6 billion and ANGI Homeservices had \$250.9 million.
- IAC has a \$250 million revolving credit facility, Match Group has a \$500 million revolving credit facility and ANGI Homeservices has a \$250 million revolving credit facility. The IAC, Match Group and ANGI Homeservices credit facilities were undrawn as of September 30, 2019 and currently remain undrawn.

IAC has 8.0 million shares remaining in its stock repurchase authorization.

Between August 3, 2019 and November 1, 2019, Match Group repurchased 1.5 million common shares at an average price of \$76.08. Match Group has 9.9 million shares remaining in its stock repurchase authorization.

Between August 3, 2019 and November 1, 2019, ANGI Homeservices repurchased 5.2 million Class A common shares at an average price of \$7.94. ANGI Homeservices has 9.8 million shares remaining in its stock repurchase authorization.

IAC, Match Group and ANGI Homeservices may purchase shares over an indefinite period on the open market and in privately negotiated transactions, depending on those factors management deems relevant at any particular time, including, without limitation, market conditions, share price and future outlook.

As of September 30, 2019, IAC's economic interest in Match Group was 80.8% and IAC's voting interest was 97.5%. IAC held 226.3 million shares of Match Group.

As of September 30, 2019, IAC's economic interest in ANGI Homeservices was 83.7% and IAC's voting interest was 98.1%. IAC held 421.6 million shares of ANGI Homeservices.

OPERATING METRICS

(rounding differences may occur)

	Q3 2019	Q3 2018	Growth
Match Group			
Revenue ($ in millions)			
Direct Revenue [(a)]			
North America [(b)]	$ 268.9	$ 233.6	15%
International [(c)]	262.1	197.9	32%
Total Direct Revenue [(a)]	$ 530.9	$ 431.5	23%
Indirect Revenue	10.5	12.4	-15%
Total Revenue	$ 541.5	$ 443.9	22%
Average Subscribers (in thousands) [(d)]			
North America [(b)]	4,695	4,278	10%
International [(c)]	4,917	3,812	29%
Total Average Subscribers	9,612	8,090	19%
ARPU[(e)]			
North America [(b)]	$ 0.62	$ 0.59	5%
International [(c)]	$ 0.57	$ 0.55	3%
Total ARPU	$ 0.59	$ 0.57	4%
ANGI Homeservices			
Revenue ($ in millions)			
As Reported			
Marketplace [(f)]	$ 270.5	$ 213.0	27%
Advertising & Other [(g)]	68.6	73.5	-7%
Total North America	$ 339.1	$ 286.6	18%
Europe	18.2	16.5	10%
Total ANGI Homeservices revenue	$ 357.4	$ 303.1	18%
Pro Forma [(h)]			
Marketplace [(f)]	$ 270.5	$ 213.0	27%
Advertising & Other [(g)]	68.6	64.1	7%
Total North America	$ 339.1	$ 277.1	22%
Europe	18.2	16.5	10%
Total ANGI Homeservices revenue	$ 357.4	$ 293.7	22%
Other ANGI Homeservices metrics			
Marketplace Service Requests (in thousands) [(f)(i)]	7,593	6,405	19%
Marketplace Paying Service Professionals (in thousands) [(f)(j)]	226	206	10%
Marketplace Revenue per Paying Service Professional [(f)(k)]	$ 1,199	$ 1,034	16%
Advertising Service Professionals (in thousands) [(l)]	37	37	-1%

See notes on following page

OPERATING METRICS (continued)

	Q3 2019	Q3 2018	Growth
Vimeo			
Revenue ($ in millions)			
Platform [m]	$ 52.1	$ 37.2	40%
Hardware [n]	-	3.1	NM
Total Revenue	$ 52.1	$ 40.3	29%
Vimeo Ending Subscribers (in thousands) [o]	1,214	932	30%
Applications			
Revenue ($ in millions)			
Desktop [p]	$ 74.9	$ 118.5	-37%
Mosaic Group [q]	51.2	35.4	45%
Total Revenue	$ 126.1	$ 154.0	-18%

(a) Direct Revenue includes both subscription and à la carte revenue that is received directly from an end user of our products.
(b) North America consists of our businesses for users located in the United States and Canada.
(c) International consists of our businesses for users located outside of the United States and Canada.
(d) Average Subscribers is calculated by summing the number of Subscribers at the end of each day in the relevant measurement period and dividing it by the number of calendar days in that period. A Subscriber is a user who purchases a subscription to one of our products. Users who purchase only à la carte features do not qualify as Subscribers.
(e) 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 revenue from Subscribers) divided by the Average Subscribers in such period 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.
(f) Reflects the HomeAdvisor and Handy domestic marketplace, including consumer connection revenue for consumer matches, revenue from completed jobs sourced through the HomeAdvisor and Handy platforms and membership subscription revenue from service professionals. It excludes revenue from Angie's List, mHelpDesk, HomeStars, Fixd Repair and Felix.
(g) Includes Angie's List revenue (revenue from service professionals under contract for advertising and membership subscription fees from consumers) as well as revenue from mHelpDesk, HomeStars, Fixd Repair (acquired on January 25, 2019) and Felix prior to its sale on December 31, 2018.
(h) Pro Forma Revenue in Q3 2018 excludes deferred revenue write-offs of $0.7 million in connection with the Angie's List transaction and revenue of $10.2 million from Felix, which was sold on December 31, 2018.
(i) Fully completed and submitted domestic customer service requests to HomeAdvisor and completed jobs sourced through the HomeAdvisor and Handy platforms.
(j) The number of HomeAdvisor and Handy domestic service professionals that paid for consumer matches or completed a job sourced through the HomeAdvisor and Handy platforms in the last month of the period and/or had an active HomeAdvisor membership subscription on the last day of the relevant period.
(k) Marketplace quarterly revenue divided by Marketplace Paying Service Professionals.
(l) Reflects the total number of Angie's List service professionals under contract for advertising at the end of the period.
(m) Platform Revenue primarily includes subscription SaaS and other related revenue from Vimeo subscribers.
(n) Hardware Revenue included sales of our live streaming accessories. Vimeo sold its hardware business in Q1 2019.
(o) The number of subscribers to Vimeo's SaaS video tools at the end of the period (including Magisto which was acquired on May 28, 2019).
(p) Desktop consists of revenue generated by applications distributed through both direct-to-consumer marketing and business-to-business partnerships.
(q) Mosaic Group includes Apalon, iTranslate, TelTech and Daily Burn (with effect from Q2 2018) and is comprised primarily of revenue generated by mobile applications distributed through iOS and Android.

DILUTIVE SECURITIES

IAC has various dilutive securities. The table below details these securities as well as potential dilution at various stock prices (shares in millions; rounding differences may occur).

	Shares	Avg. Exercise Price	As of 11/1/19	Dilution at:			
Share Price			**$229.56**	**$240.00**	**$260.00**	**$280.00**	**$300.00**
Absolute Shares as of 11/1/19	84.6		**84.6**	**84.6**	**84.6**	**84.6**	**84.6**
RSUs and non-publicy traded subsidiary denominated equity awards	0.7		0.2	0.2	0.2	0.2	0.2
Options	4.9	$ 64.59	1.1	1.1	1.1	1.2	1.2
Warrants expiring on January 1, 2023	3.4	$ 229.70	0.0	0.1	0.4	0.6	0.8
Warrants expiring on September 15, 2026 and April 15, 2030	3.9	$ 457.02	0.0	0.0	0.0	0.0	0.0
Total Dilution			**1.3**	**1.4**	**1.7**	**2.0**	**2.2**
% Dilution			1.5%	1.7%	2.0%	2.3%	2.5%
Total Diluted Shares Outstanding			**85.9**	**86.0**	**86.3**	**86.5**	**86.8**

The dilutive securities presentation is calculated using the methods and assumptions described below, which are different from those used for GAAP dilution, which is calculated based on the treasury stock method.

RSUs and non-publicly traded subsidiary denominated equity awards – These awards are settled on a net basis, with the Company paying in cash any required withholding taxes on behalf of the employees upon net settlement of the awards; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon vesting or exercise assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the vesting or exercise of these awards is assumed to be used to repurchase IAC shares. Withholding taxes paid by the Company on behalf of the employees upon net settlement would be $28.5 million, assuming a stock price of $229.56 and a 50% withholding rate. The table above assumes no change in the fair value estimate of the non-publicly traded subsidiary denominated equity awards from the values used at September 30, 2019.

Options – The Company settles stock options on a net basis; therefore, the dilutive effect is presented as the net number of shares expected to be issued upon exercise assuming no proceeds are received by the Company and any required withholding taxes are paid in cash by the Company on behalf of the employees assuming a withholding tax rate of 50%. In addition, the estimated income tax benefit from the tax deduction received upon the exercise of these awards is assumed to be used to repurchase IAC shares. Withholding taxes paid by the Company on behalf of the employees upon net settlement would be $404.2 million ($321.6 million for vested options and $82.5 million for unvested options), assuming a stock price of $229.56 and a 50% withholding rate.

Exchangeable Senior Notes – The Company has three series of Exchangeable Senior Notes outstanding. In the event of an exchange, each series of Exchangeable Senior Notes can be settled in cash, shares or a combination of cash and shares. At the time of each Exchangeable Senior Notes issuance, the Company purchased call options with a strike price equal to the exchange price of each series of Exchangeable Senior Notes (“Note Hedge”), which can be used to offset the dilution of each series of the Exchangeable Senior Notes. No dilution is reflected in the table above for the $517.5 million 0.875% Exchangeable Senior Notes due October 1, 2022, which is the only series of Exchangeable Senior Notes that is currently exchangeable, because it is the Company’s intention to settle the Exchangeable Senior Notes with cash equal to the face amount of the notes; any shares issued would be offset by shares received upon exercise of the Note Hedge.

Warrants – At the time of the issuance of each series of Exchangeable Senior Notes, the Company also sold warrants for the number of shares with the strike prices reflected in the table above. The cash generated from the exercise of the warrants is assumed to be used to repurchase IAC shares and the net dilution is reflected in the table above.

ANGI Homeservices and Match Group Equity Awards and the Treatment of the Related Dilutive Effect

Certain ANGI Homeservices and Match Group equity awards can be settled either in IAC common shares or the common shares of these subsidiaries, at IAC’s election. For purposes of the dilution calculation above, these awards are assumed to be settled in shares of ANGI Homeservices and Match Group common stock; therefore, no dilution from these awards is included.

GAAP FINANCIAL STATEMENTS

IAC CONSOLIDATED STATEMENT OF OPERATIONS
($ in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	$ 1,246,874	$ 1,104,592	$ 3,539,375	$ 3,158,789
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	296,385	237,238	832,845	657,424
Selling and marketing expense	423,881	386,802	1,256,843	1,159,294
General and administrative expense	207,880	190,903	647,010	563,450
Product development expense	86,600	77,740	253,914	230,122
Depreciation	23,090	18,925	63,152	56,987
Amortization of intangibles	23,186	20,152	65,576	60,293
Total operating costs and expenses	1,061,022	931,760	3,119,340	2,727,570
Operating income	185,852	172,832	420,035	431,219
Interest expense	(42,132)	(27,610)	(110,481)	(81,471)
Other income, net	1,229	8,113	47,852	174,635
Earnings before income taxes	144,949	153,335	357,406	524,383
Income tax benefit	14,823	18,242	62,142	15,887
Net earnings	159,772	171,577	419,548	540,270
Net earnings attributable to noncontrolling interests	(31,228)	(25,803)	(88,842)	(105,061)
Net earnings attributable to IAC shareholders	$ 128,544	$ 145,774	$ 330,706	$ 435,209
Earnings per share attributable to IAC shareholders:				
Basic earnings per share	$ 1.52	$ 1.75	$ 3.93	$ 5.22
Diluted earnings per share	$ 1.35	$ 1.49	$ 3.45	$ 4.55
Stock-based compensation expense by function:				
Cost of revenue	$ 935	$ 512	$ 2,919	$ 1,937
Selling and marketing expense	2,338	1,837	7,815	5,679
General and administrative expense	36,883	44,242	131,842	134,743
Product development expense	9,897	8,772	37,346	29,647
Total stock-based compensation expense	$ 50,053	$ 55,363	$ 179,922	$ 172,006

IAC CONSOLIDATED BALANCE SHEET
($ in thousands)

	September 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	$ 2,946,180	$ 2,131,632
Marketable securities	157,174	123,665
Accounts receivable, net of allowance and reserves	355,924	279,189
Other current assets	225,016	228,253
Total current assets	3,684,294	2,762,739
Right-of-use assets	177,797	-
Property and equipment, net of accumulated depreciation and amortization	361,664	318,800
Goodwill	2,852,986	2,726,859
Intangible assets, net of accumulated amortization	603,702	631,422
Long-term investments	333,980	235,055
Deferred income taxes	170,299	64,786
Other non-current assets	120,069	134,924
TOTAL ASSETS	$ 8,304,791	$ 6,874,585
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	$ 13,750	$ 13,750
Accounts payable, trade	100,858	74,907
Deferred revenue	414,325	360,015
Accrued expenses and other current liabilities	507,348	434,886
Total current liabilities	1,036,281	883,558
Long-term debt, net	3,111,882	2,245,548
Income taxes payable	36,297	37,584
Deferred income taxes	21,657	23,600
Other long-term liabilities	215,611	66,807
Redeemable noncontrolling interests	77,302	65,687
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock	263	262
Class B convertible common stock	16	16
Additional paid-in capital	11,761,711	12,022,387
Retained earnings	1,589,500	1,258,794
Accumulated other comprehensive loss	(144,604)	(128,722)
Treasury stock	(10,309,612)	(10,309,612)
Total IAC shareholders' equity	2,897,274	2,843,125
Noncontrolling interests	908,487	708,676
Total shareholders' equity	3,805,761	3,551,801
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 8,304,791	$ 6,874,585

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*. The adoption resulted in the recognition of right-of-use assets and related lease liabilities. At September 30, 2019, the Company has $177.8 million of right-of-use assets and $232.0 million of lease liabilities ($33.0 million included in Accrued expenses and other current liabilities and $199.0 million in Other long-term liabilities). There was no impact on the Company’s consolidated statement of operations and cash flows.

IAC CONSOLIDATED STATEMENT OF CASH FLOWS
($ in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities:		
Net earnings	$ 419,548	$ 540,270
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Stock-based compensation expense	179,922	172,006
Amortization of intangibles	65,576	60,293
Depreciation	63,152	56,987
Bad debt expense	50,507	35,521
Deferred income taxes	(85,040)	(36,866)
Unrealized gains on equity securities, net	(24,181)	(126,444)
Losses (gains) from the sale of investments and businesses, net	6,028	(27,240)
Other adjustments, net	29,381	12,677
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable	(133,492)	(78,665)
Other assets	11,324	(48,935)
Accounts payable and other liabilities	53,957	57,891
Income taxes payable and receivable	(2,951)	1,971
Deferred revenue	55,035	52,234
Net cash provided by operating activities	688,766	671,700
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(200,338)	(17,635)
Capital expenditures	(103,645)	(60,113)
Proceeds from maturities of marketable debt securities	163,500	125,000
Purchases of marketable debt securities	(39,740)	(326,906)
Net proceeds from the sale of businesses and investments	24,757	28,630
Purchases of investments	(250,095)	(32,180)
Other, net	(1,733)	9,646
Net cash used in investing activities	(407,294)	(273,558)
Cash flows from financing activities:		
Proceeds from issuance of IAC debt	1,150,000	-
Repurchases of IAC debt	(35,035)	(363)
Purchase of exchangeable note hedges	(303,428)	-
Proceeds from issuance of warrants	166,520	-
Borrowings under Match Group Credit Facility	40,000	-
Proceeds from Match Group 2019 Senior Notes offering	350,000	-
Principal payments on Match Group Credit Facility	(300,000)	-
Principal payments on ANGI Homeservices Term Loan	(10,313)	(10,313)
Debt issuance costs	(27,815)	(532)
Purchase of IAC treasury stock	-	(82,891)
Purchase of Match Group and ANGI Homeservices treasury stock	(209,715)	(86,239)
Proceeds from the exercise of IAC stock options	10,225	38,903
Proceeds from the exercise of ANGI Homeservices stock options	573	2,876
Withholding taxes paid on behalf of IAC employees on net settled stock-based awards	(88,269)	(3,011)
Withholding taxes paid on behalf of Match Group and ANGI Homeservices employees on net settled stock-based awards	(197,222)	(208,962)
Purchase of noncontrolling interests	(6,192)	(4,798)
Other, net	(3,799)	(4,526)
Net cash provided by (used in) financing activities	535,530	(359,856)
Total cash provided	817,002	38,286
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,534)	(207)
Net increase in cash, cash equivalents, and restricted cash	814,468	38,079
Cash, cash equivalents, and restricted cash at beginning of period	2,133,685	1,633,682
Cash, cash equivalents, and restricted cash at end of period	$ 2,948,153	$ 1,671,761

RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES
($ in millions; rounding differences may occur)

ANGI HOMESERVICES REVENUE TO PRO FORMA REVENUE RECONCILIATION

	Three Months Ended September 30,		
	2019	2018	% Growth
Revenue	**$ 357.4**	**$ 303.1**	**18%**
Add back: Angie's List deferred revenue write-offs	-	0.7	
Less: Felix revenue (sold on December 31, 2018)	-	(10.2)	
Pro Forma Revenue	**357.4**	**293.7**	**22%**

ANGI HOMESERVICES EUROPE RECONCILATION OF GAAP REVENUE TO NON-GAAP REVENUE, EXCLUDING FOREIGN EXCHANGE EFFECTS

	Three Months Ended September 30,		
	2018, As Reported		2018, As Reported
Europe Revenue	$ 16.5		$ 16.5
	2019, As Reported	Foreign exchange effects	2019 excluding foreign exchange effects
Europe Revenue	$ 18.2	$ 0.8	$ 19.1
Increase in dollars	$ 1.7		$ 2.5
Percentage increase	10%		15%

IAC RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA

	For the three months ended September 30, 2019					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Adjusted EBITDA
Match Group	$ 176.6	$ 20.8	$ 8.1	$ 0.6	$ -	$ 206.1
ANGI Homeservices	24.7	8.8	11.2	14.2	-	58.9
Vimeo	(11.2)	-	-	3.1	-	(8.0)
Dotdash	3.7	-	0.2	3.1	-	7.0
Applications	39.1	-	0.3	2.1	(16.1)	25.4
Emerging & Other	(1.8)	-	0.3	-	-	(1.5)
Corporate	(45.3)	20.5	2.9	-	-	(21.9)
Total	$ 185.9	$ 50.1	$ 23.1	$ 23.2	$ (16.1)	$ 266.0

	For the three months ended September 30, 2018					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Adjusted EBITDA
Match Group	$ 139.9	$ 16.1	$ 8.5	$ 0.4	$ 0.1	$ 165.0
ANGI Homeservices	33.5	22.5	6.1	15.6	-	77.7
Vimeo	(6.2)	-	0.3	1.6	-	(4.2)
Dotdash	2.4	-	0.2	0.4	-	3.1
Applications	33.0	-	0.6	1.3	-	35.0
Emerging & Other	10.9	0.3	0.3	0.7	-	12.2
Corporate	(40.8)	16.4	2.9	-	-	(21.5)
Total	$ 172.8	$ 55.4	$ 18.9	$ 20.2	$ 0.1	$ 267.3

IAC RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED EBITDA (continued)

	For the nine months ended September 30, 2019					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Adjusted EBITDA
Match Group	$ 468.3	$ 70.8	$ 24.1	$ 1.5	$ -	$ 564.7
ANGI Homeservices	32.5	45.6	27.0	42.4	-	147.5
Vimeo	(40.6)	-	0.4	6.5	-	(33.7)
Dotdash	13.8	-	0.7	8.1	-	22.6
Applications	85.4	-	1.1	6.9	(13.0)	80.4
Emerging & Other	(6.1)	-	0.8	0.2	-	(5.1)
Corporate	(133.3)	63.5	9.0	-	-	(60.8)
Total	$ 420.0	$ 179.9	$ 63.2	$ 65.6	$ (13.0)	$ 715.7

	For the nine months ended September 30, 2018					
	Operating income (loss)	Stock-based compensation expense	Depreciation	Amortization of intangibles	Acquisition-related contingent consideration fair value adjustments	Adjusted EBITDA
Match Group	$ 402.3	$ 49.8	$ 25.1	$ 0.9	$ 0.3	$ 478.3
ANGI Homeservices	46.0	69.4	18.2	47.7	-	181.3
Vimeo	(25.5)	-	0.9	4.9	-	(19.6)
Dotdash	6.9	-	0.7	1.2	-	8.9
Applications	91.6	-	2.1	3.4	-	97.1
Emerging & Other	23.5	1.7	1.4	2.1	-	28.7
Corporate	(113.6)	51.0	8.5	-	-	(54.0)
Total	$ 431.2	$ 172.0	$ 57.0	$ 60.3	$ 0.3	$ 720.8

IAC PRINCIPLES OF FINANCIAL REPORTING

IAC reports ANGI Homeservices Pro Forma Revenue, ANGI Homeservices Europe Revenue Excluding Foreign Exchange Effects, Adjusted EBITDA and Free Cash Flow, all of which are supplemental measures to U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA and Free Cash Flow are among the primary metrics by which we evaluate the performance of our businesses, on which our internal budgets are based and by which management is compensated. ANGI Homeservices Europe Revenue Excluding Foreign Exchange Effects provides a comparable framework for assessing how ANGI Homeservices European businesses performed without the effect of exchange rate differences when compared to prior years. We believe that investors should have access to, and we are obligated to provide, the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, however, should not be considered a substitute for or superior to GAAP results. IAC endeavors to compensate for the limitations of the non-GAAP measures presented by providing the comparable GAAP measures with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measures. We encourage investors to examine the reconciling adjustments between the GAAP and non-GAAP measures, which are included in this release. Interim results are not necessarily indicative of the results that may be expected for a full year.

Definitions of Non-GAAP Measures

ANGI Homeservices Pro Forma Revenue is defined as revenue excluding (i) in any prior period, revenue from any businesses sold or disposed of, and for which no revenue is reflected in the current period and (ii) any write-offs of deferred revenue as a result of purchase accounting adjustments. The percentage change in ANGI Homeservices Pro Forma Revenue is calculated by subtracting ANGI Homeservices Pro Forma Revenue for the applicable period in the year ended December 31, 2018 from the Pro Forma Revenue as reported or forecasted revenue in the applicable period in the year ending December 31, 2019 and dividing the resulting difference by the ANGI Homeservices Pro Forma Revenue in the applicable period in the year ended December 31, 2018. We believe the presentation of ANGI Homeservices Pro Forma Revenue and the percentage change in revenue on a pro forma basis, in addition to revenue on a GAAP basis, helps improve the ability to understand ANGI Homeservices' revenue performance because it presents revenue on a comparable basis by excluding the revenue from any businesses sold or disposed of, and for which no revenue is reflected in the current period and any write-offs of deferred revenue as a result of purchase accounting adjustments.

ANGI Homeservices Europe Revenue Excluding Foreign Exchange Effects is calculated by translating current period revenues using prior period exchange rates. The percentage change in ANGI Homeservices Europe Revenue Excluding Foreign Exchange Effects is calculated by determining the change in ANGI Homeservices Europe current period revenues over prior period revenues where current period revenues are translated using prior period exchange rates. We believe the impact of foreign exchange rates on ANGI Homeservices Europe Revenue may be an important factor in understanding period over period comparisons if movement in rates is significant. Since our results are reported in U.S. dollars, international revenues are favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S dollar strengthens relative to other foreign currencies. We believe the presentation of ANGI Homeservices Europe Revenue Excluding Foreign Exchange Effects in addition to reported revenue helps improve the ability to understand ANGI Homeservices Europe's performance because it excludes the impact of foreign currency volatility that is not indicative of ANGI Homeservices Europe's core operating results.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) is defined as operating income excluding: (1) stock-based compensation expense; (2) depreciation; and (3) acquisition-related items consisting of (i) amortization of intangible assets and impairments of goodwill and intangible assets, if applicable, and (ii) gains and losses recognized on changes in the fair value of contingent consideration arrangements. We believe this measure is useful for analysts and investors as this measure allows a more meaningful comparison between our performance and that of our competitors. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature. Adjusted EBITDA has certain limitations because it excludes the impact of certain expenses.

Free Cash Flow is defined as net cash provided by operating activities, less capital expenditures. We believe Free Cash Flow is useful to investors because it represents the cash that our operating businesses generate, before taking into account non-operational cash movements. Free Cash Flow has certain limitations in that it does not represent the total increase or decrease in the cash balance for the period, nor does it represent the residual cash flow for discretionary expenditures. For example, it does not take into account stock repurchases. Therefore, we think it is important to evaluate Free Cash Flow along with our consolidated statement of cash flows.

IAC PRINCIPLES OF FINANCIAL REPORTING (continued)

Non-Cash Expenses That Are Excluded From Adjusted EBITDA

Stock-based compensation expense consists principally of expense associated with the grants, including unvested grants assumed in acquisitions (including the combination of HomeAdvisor and Angie's List) of stock options, RSUs, performance-based RSUs and market-based awards. These expenses are not paid in cash and we view the economic cost of stock-based awards to be the dilution to our share base; we also include the related shares in our fully diluted shares outstanding for GAAP earnings per share using the treasury stock method. Performance-based RSUs and market-based awards are included only to the extent the applicable performance or market condition(s) have been met (assuming the end of the reporting period is the end of the contingency period). To the extent that stock-based awards are settled on a net basis, the Company remits the required tax-withholding amounts from its current funds.

Please see page 10 for a summary of our dilutive securities, including stock-based awards as of November 1, 2019 and a description of the calculation methodology.

Depreciation is a non-cash expense relating to our property and equipment and is computed using the straight-line method to allocate the cost of depreciable assets to operations over their estimated useful lives, or, in the case of leasehold improvements, the lease term, if shorter.

Amortization of intangible assets and impairments of goodwill and intangible assets are non-cash expenses related primarily to acquisitions (including the combination of HomeAdvisor and Angie's List). At the time of an acquisition, the identifiable definite-lived intangible assets of the acquired company, such as technology, service professional relationships, customer lists and user base, memberships, trade names and content, are valued and amortized over their estimated lives. Value is also assigned to acquired indefinite-lived intangible assets, which comprise trade names and trademarks, and goodwill that are not subject to amortization. An impairment is recorded when the carrying value of an intangible asset or goodwill exceeds its fair value. We believe that intangible assets represent costs incurred by the acquired company to build value prior to acquisition and the related amortization and impairment charges of intangible assets or goodwill, if applicable, are not ongoing costs of doing business.

Gains and losses recognized on changes in the fair value of contingent consideration arrangements are accounting adjustments to report contingent consideration liabilities at fair value. These adjustments can be highly variable and are excluded from our assessment of performance because they are considered non-operational in nature and, therefore, are not indicative of current or future performance or the ongoing cost of doing business.

OTHER INFORMATION

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This press release and the ANGI Homeservices conference call, which will be held at 8:30 a.m. Eastern Time on Thursday, November 7, 2019 (with IAC executives participating to answer questions regarding IAC), may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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: IAC's future financial performance, business prospects and strategy, including the possibility of separating Match Group from IAC, IAC's intentions with respect to its investment in ANGI Homeservices, anticipated trends and prospects in the industries in which IAC's businesses operate and other similar matters. Actual results could differ materially from those contained in these forward-looking statements for a variety of reasons, including, among others: the risks inherent in separating Match Group from IAC (including uncertainties related to, among other things, whether any agreement will be reached to proceed with a transaction, whether IAC will determine to proceed with any such transaction if an agreement can be reached, the final terms and conditions of any such transaction if such an agreement is reached, the costs and expected benefits of the proposed transaction, the expected timing of the transaction, whether any conditions to the transaction can be satisfied, the expected tax treatment of the transaction, and the impact of the transaction on the businesses of IAC and Match Group), any change in our intention with respect to our investment in ANGI Homeservices, our continued ability to successfully market, distribute and monetize our products and services through search engines, social media platforms and digital app stores, the failure or delay of the markets and industries in which our businesses operate to migrate online, our ability to build, maintain and/or enhance our various brands, our ability to develop and monetize versions of our products and services for mobile and other digital devices, adverse economic events or trends, either generally and/or in any of the markets in which our businesses operate, our continued ability to communicate with users and consumers via e-mail (or other sufficient means), our ability to successfully offset increasing digital app store fees, our ability to establish and maintain relationships with quality service professionals, changes in our relationship with (or policies implemented by) Google, foreign exchange currency rate fluctuations, our ability to protect our systems from cyberattacks and to protect personal and confidential user information, the occurrence of data security breaches, fraud and/or additional regulation involving or impacting credit card payments, the integrity, quality, scalability and redundancy of our systems, technology and infrastructure (and those of third parties with whom we do business), changes in key personnel, our ability to service our outstanding indebtedness and interest rate risk, dilution with respect to our investments in Match Group and ANGI Homeservices, operational and financial risks relating to acquisitions and our continued ability to identify suitable acquisition candidates, our ability to expand successfully into international markets, regulatory changes, our ability to adequately protect our intellectual property rights and not infringe the intellectual property rights of third parties and the determination of whether to proceed with the distribution transactions referenced above and risks related thereto. Certain of these and other risks and uncertainties are discussed in IAC's filings with the Securities and Exchange Commission. Other unknown or unpredictable factors that could also adversely affect IAC'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 IAC's management as of the date of this press release. IAC does not undertake to update these forward-looking statements.

About IAC

IAC (NASDAQ: IAC) builds companies. We are guided by curiosity, a questioning of the status quo, and a desire to invent or acquire new products and brands. From the single seed that started as IAC over two decades ago have emerged 10 public companies and generations of exceptional leaders. We will always evolve, but our basic principles of financially-disciplined opportunism will never change. IAC today operates Vimeo and Dotdash, among many others, and also has majority ownership of both Match Group, which includes Tinder, Match, PlentyOfFish, OkCupid and Hinge, and ANGI Homeservices, which includes HomeAdvisor, Angie's List and Handy. The Company is headquartered in New York City and has business operations and satellite offices worldwide.

Contact Us

IAC/ANGI Homeservices Investor Relations
Mark Schneider
(212) 314-7400

IAC Corporate Communications
Valerie Combs
(212) 314-7361

IAC
555 West 18th Street, New York, NY 10011 (212) 314-7300 http://iac.com

* * *