



TripAdvisor Investor Presentation

February 2019



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Non-GAAP Measures. This presentation also includes discussion of both GAAP and non-GAAP financial measures. Important information regarding TripAdvisor's definitions and use of these measures, as well as reconciliations of the non-GAAP financial measure to the most directly comparable GAAP financial measure are included in the earnings release reporting our fourth quarter 2018 financial results and supplemental financial information, which are available on the Investor Relations section of our website: www.tripadvisor.com, and in the "Non-GAAP Reconciliations" section of this document. These non-GAAP measures are intended to supplement, and are not a substitute for comparable GAAP measures. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

Industry / Market Data. Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.



TripAdvisor helps travelers
unleash the full potential
of every trip



TripAdvisor is central player in massive travel market that is shifting online

- ✓ \$1.7 trillion⁽¹⁾ global travel market opportunity and growing
- ✓ Travel bookings shifting online; ad dollars are following
- ✓ Large digital tours & activities market opportunity; current online penetration only ~20%
- ✓ TripAdvisor's content and community drives brand loyalty and significant influence on travel commerce
- ✓ Building a more engaging, end-to-end user experience
- ✓ Positioned well for long-term profitable growth

(1) Based on Phocuswright Research estimates for 2019; includes alternative accommodations and tours & activities

The world's largest and most influential travel platform

Massive Global Demand for Differentiated Travel Content (1)



490M

avg. monthly unique visitors (2)



60%+

% of users on mobile



730M

reviews and opinions



160M

candid traveler photos



49

markets

TripAdvisor's Global Travel Platform

TripAdvisor content drives audience

Audience drives leads to travel partners



TripAdvisor community drives content

Significant Supply Footprint Across a Spectrum of Travel Products (1)



2.2M

Accommodations (3)



1.0M

Travel activities and experiences listings



4.9M

Restaurant listings



500+

Airlines



70K+

Cruises

(1) TripAdvisor internal log files

(2) TripAdvisor internal log files during seasonal peak in Q3 2018

(3) Includes approximately 1.3M hotels, inns, B&Bs, and specialty lodging, as well as 875K rental listings

Delivering consumers a more comprehensive, end-to-end experience throughout the travel journey



**RESEARCH
& PLAN**



**PRICE
COMPARE**

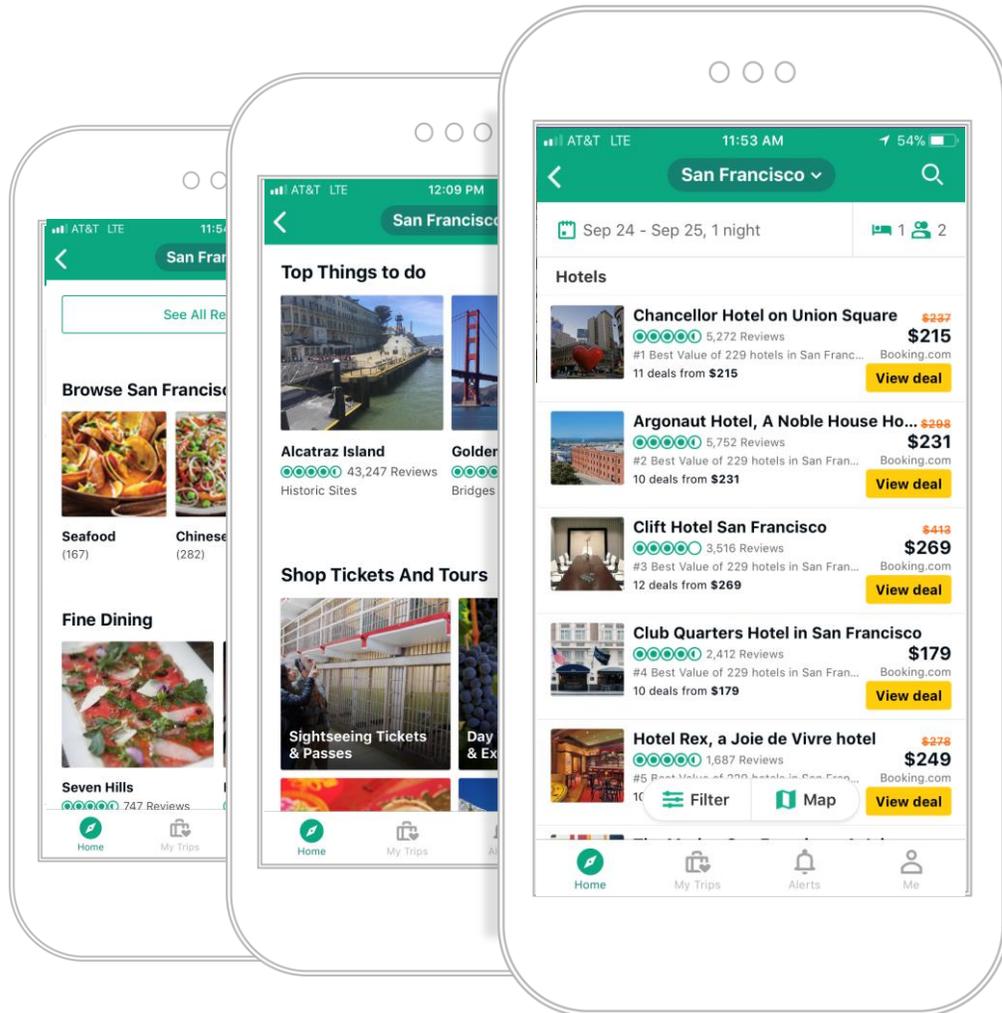


BOOK



ON THE TRIP

Mobile engagement creates significant growth opportunities

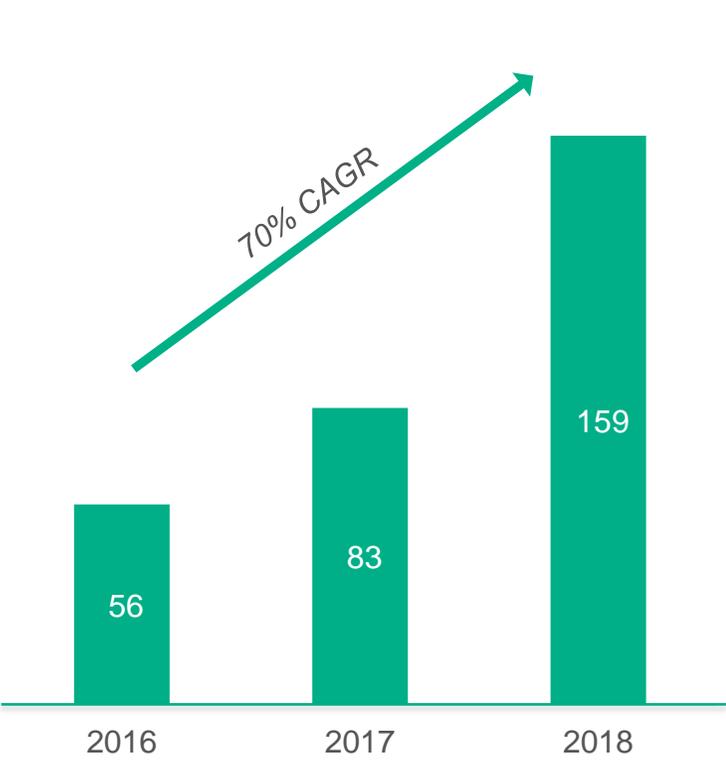


- ▶ Mobile represents more than 60% of avg. monthly unique visitors ⁽¹⁾ and over 50% of avg. monthly unique hotel shoppers ⁽¹⁾
- ▶ TripAdvisor is the perfect travel companion helping travelers find and book places to eat and things to do
- ▶ Large and growing monetization opportunity on this strategic platform

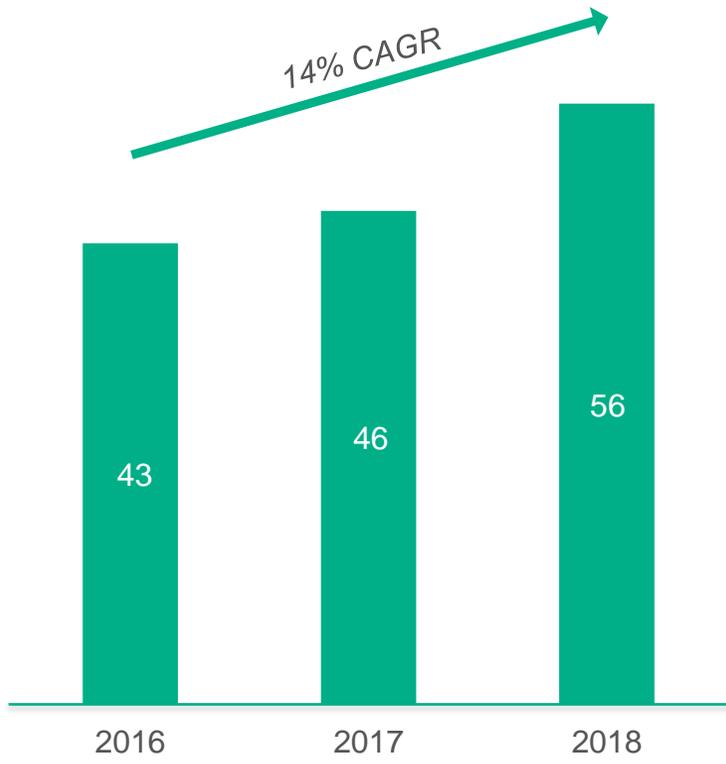
(1) TripAdvisor internal log files

Supply and demand growth in Experiences and Restaurants driving higher user engagement and diversified revenue streams

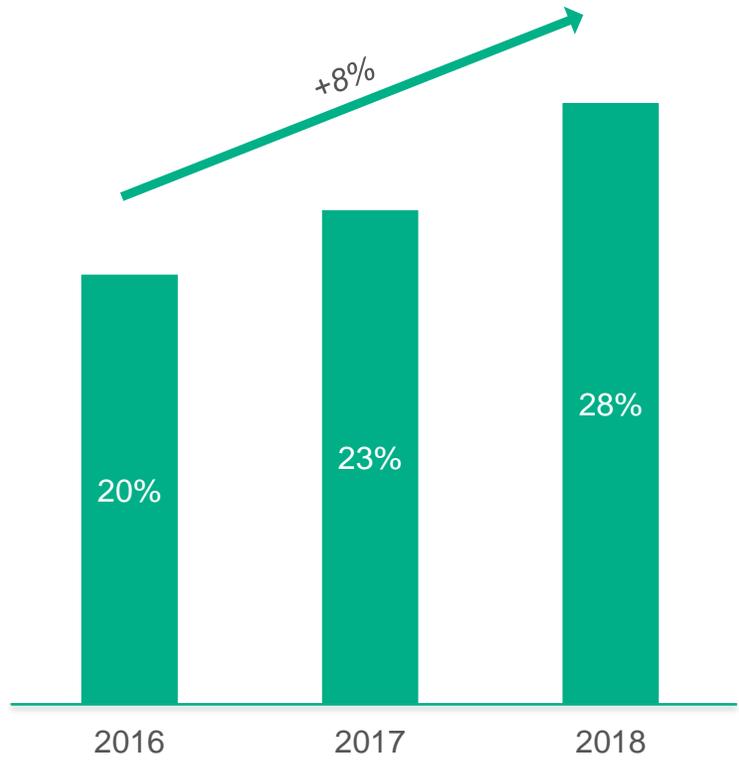
Experiences Bookable Products⁽¹⁾
(in thousands, except CAGR)



LaFourchette Bookable Products⁽¹⁾
(in thousands, except CAGR)

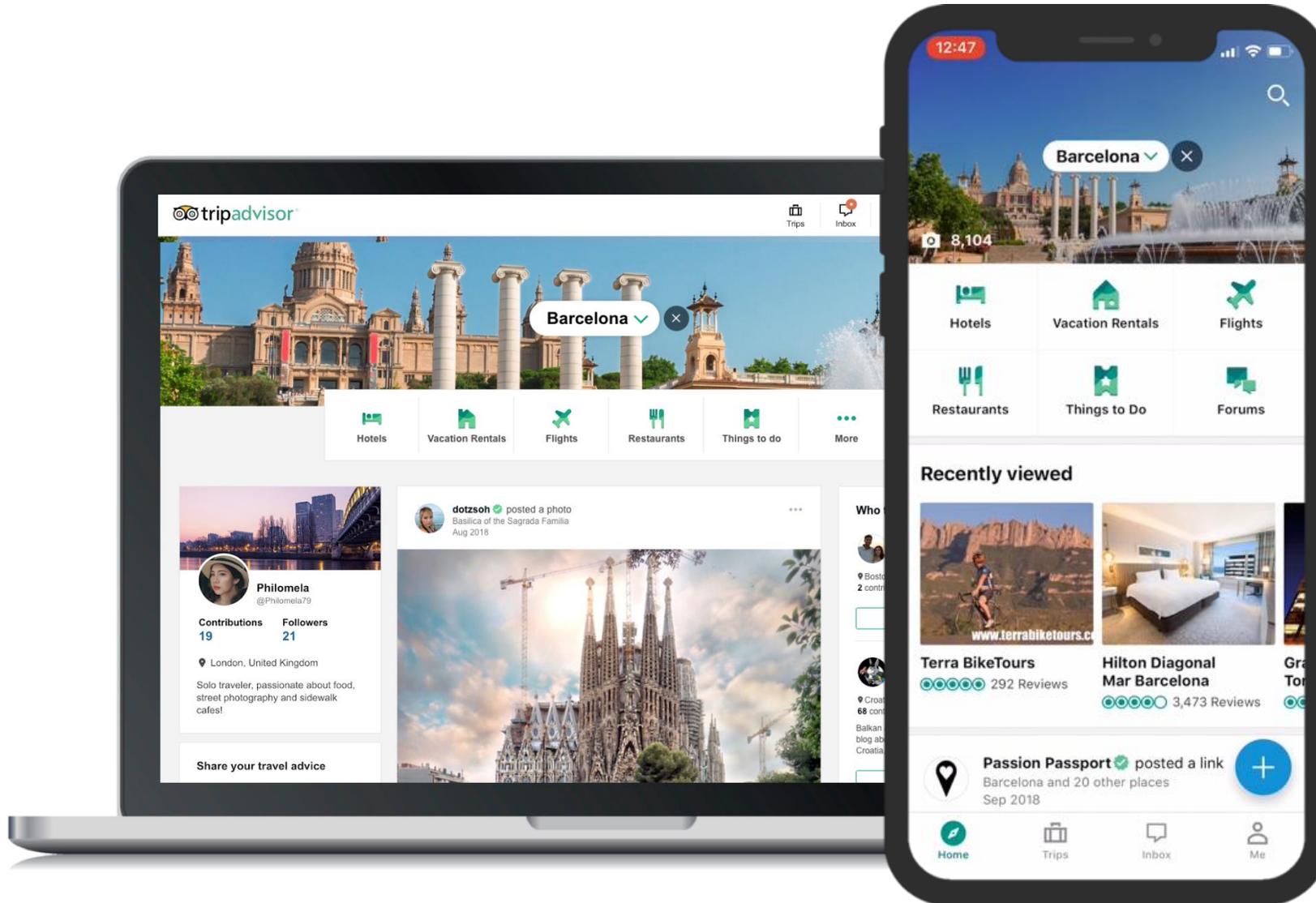


Non-Hotel % of Total Revenue
(% of consolidated revenue)



(1) TripAdvisor internal log files

New travel feed reinforces TripAdvisor as the de facto travel network



1

Opens publishing platform to brands and influencers

2

Creates new ways to discover and share recommendations in *relevant* time

3

Deepens consumer engagement

Strategic growth priorities

Deliver the absolute best user experience in travel

- ▶ Delight consumers with an end-to-end, holistic experience throughout every stage of the travel journey



Generate attractive advertising opportunities across our platform

- ▶ Deliver high-value media and transaction advertising opportunities and activate a bigger and broader advertiser base



Operate with a long-term investment horizon

- ▶ Leverage unique assets as we invest in profitable growth opportunities



2018 Financial highlights

Revenue scale

\$1.6B⁽¹⁾

2018 Total Revenue



Revenue growth CAGR

14%

Full Year 2008-2018 Revenue

Strong profitability

\$422M⁽²⁾

2018 Adj. EBITDA

*Making focused
investments to drive long-
term profitable growth*

Strong profitability

\$113M

2018 GAAP Net Income

Cash flow generative

\$405M

2018 Operating Cash Flow

(1) Full year 2018 Revenue was \$1,615M on a consolidated basis

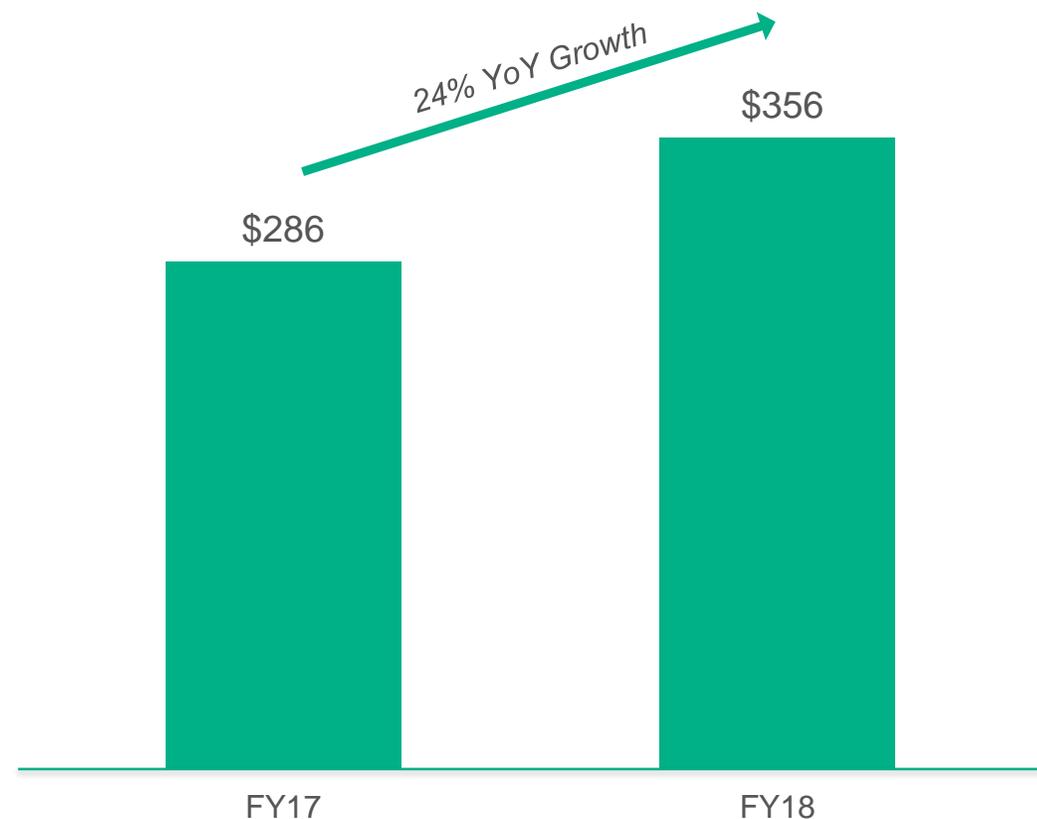
(2) Represents full year 2018 adjusted EBITDA. Adjusted EBITDA is our segment profit measure and is defined as net income plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, (7) legal reserves and settlements, and (8) other non-recurring expenses and income

Optimized Hotel segment marketing portfolio driving profitability

Consolidated direct sales & marketing detail:

	FY'17	FY'18	% YoY Growth
Direct S&M	\$639M	\$553M	-13%
Direct S&M (excl. Hotel Television Advertising)	\$565M	\$439M	-22%
Hotel Television Advertising	\$74M	\$114M	54%
Indirect S&M	\$210M	\$225M	7%
Total S&M	\$849M	\$778M	-8%

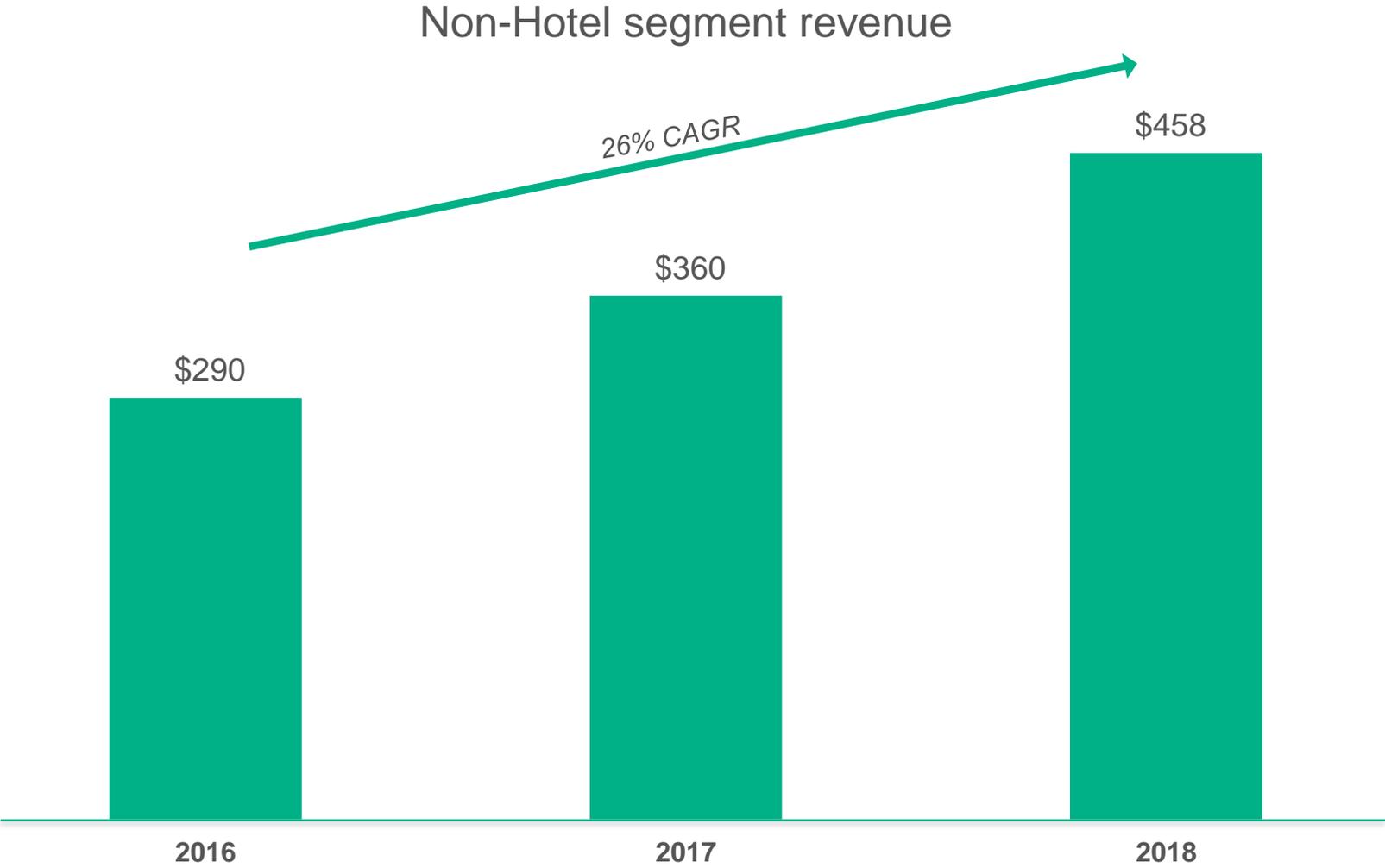
Hotel segment Adjusted EBITDA ⁽¹⁾
(\$ millions)



(1) Adjusted EBITDA is our segment profit measure and is defined as net income plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, (7) legal reserves and settlements, and (8) other non-recurring expenses and income

Continued strong Non-Hotel segment revenue growth

(in \$millions, except percentages)



LONG-TERM FOCUS

Investment Highlights:

- ✓ Attractive \$1.7 trillion global travel market opportunity; travel purchases shifting online
- ✓ Rich travel content differentiates brand and attracts nearly half-a-billion monthly unique visitors ⁽¹⁾
- ✓ Comprehensive, end-to-end consumer offering throughout the travel journey
- ✓ Valuable global platform of travelers and partners with untapped monetization potential
- ✓ Strongly profitable, while investing to maximize long-term profitable growth
- ✓ Attractive operating cash flow generation

(1) TripAdvisor internal log files during seasonal peak in Q3 2018

Segment financial information

(in \$millions, except percentages)

	2016	2017	2018
Revenue:			
Hotel Segment Revenue	1,190	1,196	1,157
Growth % (y/y)	(6)%	1%	(3)%
Non-Hotel Segment Revenue	290	360	458
Growth % (y/y)	27%	24%	27%
Consolidated Revenue	\$1,480	\$1,556	\$1,615
Growth % (y/y)	(1)%	5%	4%
Adjusted EBITDA: ⁽¹⁾			
Hotel Segment Adjusted EBITDA	380	286	356
Growth % (y/y)	(19)%	(25)%	24%
Non-Hotel Segment Adjusted EBITDA	(28)	45	66
Growth % (y/y)	(367)%	n.m.	47%
Total Adjusted EBITDA	\$352	\$331	\$422
Growth % (y/y)	(24)%	(6)%	27%
Adjusted EBITDA Margin by Segment: ⁽²⁾			
Hotel	32%	24%	31%
Non-Hotel	(10)%	13%	14%
Total	24%	21%	26%
GAAP Net Income (Loss) ⁽³⁾			
GAAP Net Income (Loss)	120	(19)	113
Growth % (y/y)	(39)%	n.m.	n.m.
GAAP Net Income (Loss) margin			
GAAP Net Income (Loss) margin	8%	(1)%	7%

n.m. = not meaningful

(1) Adjusted EBITDA is our segment profit measure and is defined as net income plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, (7) legal reserves and settlements, and (8) other non-recurring expenses and income

(2) TripAdvisor defines "Adjusted EBITDA margin by segment" as segment adjusted EBITDA divided by segment revenue

(3) This amount reflects our consolidated GAAP net income (loss) for the periods presented. TripAdvisor does not calculate or report net income (loss) by segment

Annual financial summary

(in millions, except Earnings (Loss) per Share, "EPS")

	2016	2017	2018
GAAP Net income (loss)	\$120	(\$19)	\$113
Non-GAAP net income ⁽¹⁾	\$206	\$144	\$240
GAAP Diluted EPS (loss)	\$0.82	(\$0.14)	\$0.81
Non-GAAP Diluted EPS ⁽²⁾	\$1.40	\$1.02	\$1.71
Cash flow provided by operations	\$321	\$238	\$405
Free Cash Flow ⁽³⁾	\$249	\$174	\$344
Cash, cash equivalents & marketable securities ⁽⁴⁾	\$746	\$735	\$670

(1) TripAdvisor defines "non-GAAP net income" as GAAP net income excluding, net of their related tax effects (which excludes the impact of significant one-time changes resulting from tax legislation such as the 2017 Tax Act): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible assets, and other long-lived asset impairments; (4) legal reserves and settlements, and (5) certain gains, losses, and other non-recurring income or expenses that we do not believe are indicative of our ongoing operating results

(2) TripAdvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by GAAP diluted shares

(3) TripAdvisor defines "free cash flow", a non-GAAP measure, as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs

(4) Includes long-term available-for-sale marketable debt securities

Non-GAAP reconciliations

(in \$millions, except per share amounts and percentages)

	2016	2017	2018
Reconciliation from GAAP Net Income to Adjusted EBITDA (Non-GAAP):			
GAAP Net Income (Loss) ⁽¹⁾	\$120	(\$19)	\$113
Add: Provision (benefit) for income taxes ⁽¹⁾	31	129	60
Add: Other expense (income), net	15	14	10
Add: Legal reserves and settlements	-	-	5
Add: Stock-based compensation	85	96	118
Add: Amortization of intangible assets	32	32	34
Add: Depreciation ⁽²⁾	69	79	82
Adjusted EBITDA (Non-GAAP) ⁽³⁾	\$352	\$331	\$422
Reconciliation from GAAP Net Income (Loss) to Non-GAAP Net Income:			
GAAP Net Income (Loss) ⁽¹⁾	\$120	(\$19)	\$113
Add: Stock-based compensation	85	96	118
Add: Legal reserves and settlements	-	-	5
Add: Amortization of intangible assets	32	32	34
Add: (Gain)/Loss on investment	-	2	(1)
Subtract: Income tax effect of Non-GAAP adjustments ⁽⁴⁾	31	40	29
Add: Income tax impact related to 2017 Tax Cuts and Jobs Act ⁽¹⁾	-	73	-
Non-GAAP Net Income ⁽⁵⁾	\$206	\$144	\$240
Reconciliation from GAAP Earnings per Share (EPS) to Non-GAAP EPS:			
GAAP Diluted Shares Outstanding ⁽⁶⁾	147	141	140
GAAP Diluted Earnings (Loss) per Share	\$0.82	(\$0.14)	\$0.81
Non-GAAP Diluted EPS ⁽⁷⁾	\$1.40	\$1.02	\$1.71
Reconciliation of GAAP Cash Flow from Operating Activities to Non-GAAP Free Cash Flow:			
Cash flow provided by (used in) operations	\$321	\$238	\$405
Subtract: Capital expenditures	72	64	61
Free Cash Flow (Non-GAAP) ⁽⁸⁾	\$249	\$174	\$344

Non-GAAP reconciliations – End notes

The Company believes that non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating and analyzing our business.

(1) Includes an estimated 2017 Tax Cuts and Job Act transition tax expense of \$2 million, \$5 million and \$67 million for the three months ended September 30, 2018, March 31, 2018, and December 31, 2017, respectively; a transition tax benefit of \$5 million for the three months ended June 30, 2018; as well as a tax benefit of \$2 million and a tax expense of \$6 million related to the remeasurement of deferred taxes for the three months ended December 31, 2018 and December 31, 2017, respectively.

(2) *Depreciation*. Includes internal use software and website development amortization.

(3) *Adjusted EBITDA*. A non-GAAP measure which is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived assets and intangible asset impairments; (7) legal reserves and settlements; and (8) non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. During the fourth quarter of 2018, the Company revised its Adjusted EBITDA definition to exclude legal reserves and settlements, as the Company believes these costs are not directly tied to the core operations of our businesses. The Company believes this change better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our Adjusted EBITDA definition did not have a material impact to our segment or non-GAAP financial results for any period prior to the year ended December 31, 2018, therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on GAAP results in any period.

(4) *Income Tax Effect of Non-GAAP Adjustments*. The non-GAAP adjustments described are reported on a pre-tax basis. The income tax effect on non-GAAP adjustments was calculated based on the individual impact that these items had on our GAAP consolidated income tax expense for the periods presented.

(5) *Non-GAAP Net Income*. Defined as GAAP net income (loss) excluding, net of their related tax effects (which excludes the impact of significant one time changes resulting from tax legislation such as the 2017 Tax Act): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible asset, and other long-lived asset impairments; (4) legal reserves and settlements; and (5) certain gains, losses, and other non-recurring income or expenses that we do not believe are indicative of our ongoing operating results. We believe non-GAAP net income is an operating performance measure which provides investors and analysts with useful supplemental information about the financial performance of our business, as it incorporates our unaudited condensed consolidated statement of operations, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance. During the fourth quarter of 2018, the Company revised its non-GAAP net income definition to exclude legal reserves and settlements, as the Company believes these costs are not directly tied to the core operations of our businesses. The Company believes this change better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our non-GAAP net income definition did not have a material impact to our segment or non-GAAP financial results for any period prior to the year ended December 31, 2018, therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on GAAP results in any period.

(6) *GAAP Diluted Shares Outstanding*. Includes potential dilutive effect of common equivalent shares as if the Company had generated net income for the year ended December 31, 2017, when calculating Non-GAAP diluted EPS given the Company had non-GAAP net income; but a GAAP net loss in this period.

(7) *Non-GAAP Diluted EPS*. Defined as non-GAAP net income divided by GAAP diluted shares. We believe non-GAAP EPS is useful to investors because it represents, on a per share basis, our unaudited condensed consolidated statement of operations, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, interest income, income taxes and foreign exchange gains or losses, but excluding the effects of certain expenses not directly tied to the core operations of our businesses.

(8) *Free Cash Flow*. A non-GAAP measure which is defined as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs. We believe this financial measure can provide useful supplemental information to help investors better understand underlying trends in our business, as it represents the operating cash flow that our operating businesses generate, less capital expenditures but before taking into account other cash movements that are not directly tied to the core operations of our businesses, such as financing activities, foreign exchange or certain investing activities. 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. Therefore, it is important to evaluate Free Cash Flow along with the unaudited condensed consolidated statements of cash flows.



know better ● book better ● go better