

## **NOTIFICATION RELEASE**

May 6, 2019

### **Preparing for segment reporting changes**

As referenced in our fourth quarter 2018 prepared remarks, we have been evaluating potential changes to our segment information used by our Chief Operating Decision Maker (CODM) for performance assessment, strategic decision-making and capital allocation. We wanted to share some information in advance of our first quarter 2019 earnings report in order to help you understand the financial results that we will report on May 7, 2019.

Beginning with the first quarter of 2019, we will disclose our financial information in a new segment structure. We believe this new segment structure will help investors better assess performance and enable them to value key parts of our business more granularly.

#### *New Reporting:*

First, we will disclose our Hotels, Media & Platform segment, which will include:

- our legacy ‘Click-based and transaction revenue’ (excluding Flights revenue, which moves to Other);
- all of our legacy ‘Display-based advertising and subscription revenue’, which, consistent with legacy ‘Hotel’ segment disclosure, includes display revenue across all TripAdvisor pages (hotel and other verticals), while subscription revenue is comprised of TripAdvisor hotel-related subscription and media advertising offerings;
- all directly-attributable Cost of Revenue, Sales and Marketing (S&M), Technology and Content (T&C) and General & Administrative (G&A) expenses;
- all corporate G&A (e.g., corporate accounting, CEO, etc.);
- all TripAdvisor-related platform expenses, including our Core Experience team and our corporate technical infrastructure (consistent with legacy ‘Hotel’ segment disclosure); and
- all TripAdvisor-related brand advertising expenses (primarily television advertising expenses historically; and consistent with legacy ‘Hotel’ segment disclosure).

Our ongoing strategic focus in our Hotels, Media & Platform segment is to grow profit while driving increased customer and client engagement with – and high-margin media advertising revenue from – the TripAdvisor platform.

Second, we will disclose our Experiences & Dining segment, which will include:

- all revenue from our Experiences and Restaurants businesses; and
- all directly-attributable Cost of Revenue, S&M (including performance marketing), T&C and G&A expenses.

Our ongoing investment focus in our Experiences and Restaurants businesses and, therefore, our new Experiences & Dining segment, is to drive revenue growth and to reinforce our leadership position in these fast-growing categories.

Third, we will disclose Other, which will include:

- our legacy ‘Other hotel revenue’ (from our legacy ‘Hotel’ segment), as well as Flights (from our legacy ‘Click-based and transaction revenue’ within our legacy ‘Hotel’ segment) and Rentals (from our legacy ‘Non-Hotel’ segment); and
- all directly-attributable Cost of Revenue, S&M (including performance marketing), T&C and G&A expenses.

We believe these Other businesses complement our overall strategic objective to deliver more value to consumers and travel partners and, given their relatively small scale, we expect our forward commentary on this grouping will be limited.

#### *Consolidated reporting:*

This new segment structure does not change our consolidated reporting or our focus on Net Income and Adjusted EBITDA as our reported profit measures. Although, as you can see below, we are making some important changes to our Hotels, Media & Platform segment revenue breakout. We will report:

- TripAdvisor-branded hotels revenue – primarily consisting of hotel metasearch auction and transaction revenue from our legacy ‘Click-based and transaction revenue’ and adds hotel-related subscription and media ad revenue from our legacy ‘Display-based advertising and subscription revenue’; and
- TripAdvisor-branded display and platform revenue – consisting of legacy ‘Display-based advertising revenue’.

*Financial disclosures:*

We will continue to report the following for each group:

- Revenues; and
- Adjusted EBITDA (no change to previous definition).

To ensure that you have a basis for comparison, as part of our first quarter 2019 earnings report, we will provide 2018 and 2017 financials by quarter for the new segment structure as part of the Supplemental Financial Information file that we will post to the Events & Presentations section of our Investor Relations website.

*Visual presentation:*

We will provide our segment results in our upcoming earnings report generally as follows:

<b>(In millions)</b>	<b>Three Months Ended March 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
<b>Total Revenue</b>			
Hotels, Media & Platform			
Experiences & Dining			
Other			
<b>Total Adjusted EBITDA</b>			
Hotels, Media & Platform			
Experiences & Dining			
Other			

In addition, we will provide our revenue by source in our upcoming earnings report generally as follows:

<b>(In millions)</b>	<b>Three Months Ended March 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
<b>Revenue by Source:</b>			
Hotels, Media & Platform			
TripAdvisor-branded hotels			
TripAdvisor-branded display and platform			
Experiences & Dining			
Other			
<b>Total Revenue</b>			

We hope this information helps everyone prepare for our new segment disclosures in our first quarter 2019 earnings report on May 7, 2019.

**Contact**

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