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Dear Shareholders,

We love travel and we are dedicated to delivering products that help travelers around the world unleash the full potential of every trip. As previewed in last year's letter, in 2017 we more closely aligned our key product, supply and marketing initiatives to better position our business for long-term growth.

Overall, consolidated 2017 financial results improved compared to our 2016 results. However, finding profitable growth remained challenging in our Hotel segment. Headwinds created by competition, rapid user growth on lower-monetizing mobile devices, as well as bidding volatility in our core click-based auction continued to pressure Hotel segment financials, resulting in modest revenue growth of 1% and a significant decline in Hotel segment adjusted EBITDA. This dampened not only our overall P&L, but also our public equity market valuation.

Volatility in our quarterly Hotel results overshadowed a number of important steps we have taken to improve the long-term growth trajectory of this business. Starting with our product work, in 2017 we launched a streamlined hotel shopping experience, we made it easier for users to find and compare the best hotel prices across all booking options and we also prioritized mobile in our product development cycle, delivering a cleaner, faster and better- monetizing experience on that device.

We also made important changes to our portfolio of online and offline marketing investments. First, we sharpened our online traffic acquisition campaigns, leveraging improved tracking capabilities to identify and remove investments on unprofitable traffic. Second, after completing our major hotel product work, we began strategically re-allocating some of our online savings to offline channels, including a return to television brand advertising, which we believe can help us build a more durable and fruitful relationship with users, as we amplify TripAdvisor as a great place to find and book the right hotel at the right price.

These product and marketing initiatives gained traction throughout the year. We believe these initiatives will continue to coalesce, generating more revenue and profit as users visit TripAdvisor not only to get the best travel content on the web, but also to find the best hotel room prices when they are ready to book. In 2018, our focus in our Hotel business remains on three key areas: improving the product experience, growing brand advertising campaign and further optimizing our marketing investment mix. We believe we are on the right path to create long-term profitable growth.

Switching gears, TripAdvisor is great not only for having the best reviews and price-shopping tools to find, to shop for, and to book an accommodation, but it also plays a significant role in helping users find, book, experience, and share things to do and places to eat on a trip. We continue to match global travel demand with bookable supply in our Experiences (formerly known as Attractions) and Restaurants businesses. This powered Non-Hotel segment revenue growth of 24% in 2017 and Non-Hotel revenue accounted for 23% of consolidated revenue. Additionally, following three years of significant product and supply investments, this segment generated \$45 million of adjusted EBITDA in 2017, up from negative \$28 million in 2016, demonstrating strong embedded operating leverage and its potential for substantial long-term earnings power. In 2018 and over the coming years, our strategic objectives are to continue to improve the user experience, to grow supply, to enhance our transaction capabilities and to grow media advertising opportunities on our platform. Given the large addressable markets and ample growth opportunities in front of us, our focus will remain squarely on driving strong revenue growth and market share gains.



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TripAdvisor's influence creates opportunity

With rich travel content of 600 million reviews and opinions, a massive travel community of 455 million monthly unique users during our seasonal peak, and a diverse offering across a spectrum of travel products, TripAdvisor continues to have significant influence across the \$1.6 trillion travel landscape. These attributes uniquely position our business for attractive, and largely untapped, growth opportunities. As part of our recently announced organizational changes that will enable us to execute faster and capitalize on the opportunities ahead, we will be adding two talented leaders to spearhead our Hotel business towards long-term profitable growth and to lead our new Core Experience team. Core Experience will be the “connective tissue” between our travel products and will ensure we are succeeding at delivering to travelers an engaging, seamless and holistic TripAdvisor user experience. We believe we will be able to unlock new advertising opportunities that further improve the overall user experience throughout every stage of the travel journey while enabling more partners to engage on the TripAdvisor platform.

In sum, we believe our progress and our successes in 2017 outweighed the challenges we encountered. We have a lot of work ahead, to be sure, but we have taken – and are continuing to take – a number of important steps to position the business for long-term profitable growth. Every day, I am fortunate to be surrounded by passionate colleagues who never stop learning and who know that our best results are achieved together. I want to thank all TripAdvisor Media Group employees around the globe for their continued hard work. I also want to thank our users, our partners and our shareholders for their continued support.

Happy travels,

A handwritten signature in black ink that reads "Stephen Kaufer". The signature is fluid and cursive, with the first name "Stephen" and last name "Kaufer" clearly legible.

Stephen Kaufer
Co-founder, President and Chief Executive Officer
TripAdvisor, Inc.