

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): November 6, 2017

TRIPADVISOR, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35362
(Commission
File Number)

80-0743202
(I.R.S. Employer
Identification No.)

400 1st Avenue
Needham, MA 02494
(Address of principal executive offices)

02494
(Zip code)

(781) 800-5000

Registrant's telephone number, including area code

Not Applicable

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 6, 2017, TripAdvisor, Inc. issued a press release announcing its preliminary financial results for the three and nine months ended September 30, 2017. TripAdvisor, Inc. also posted prepared remarks from Stephen Kaufer, President and Chief Executive Officer, and Ernst Teunissen, Chief Financial Officer, on the "Investor Relations" section of its website at <http://ir.tripadvisor.com/events/cfm>. The full text of this press release and the prepared remarks are furnished as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K.

Pursuant to General Instruction B.2. to Form 8-K, the information set forth in this Item 2.02 and Exhibit 99.1 and 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of TripAdvisor, Inc. dated November 6, 2017.
99.2	Prepared remarks by TripAdvisor, Inc.'s management, dated November 6, 2017.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TRIPADVISOR, INC.

By: _____ /s/ ERNST TEUNISSEN
Ernst Teunissen
Chief Financial Officer

Dated: November 6, 2017

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of TripAdvisor, Inc. dated November 6, 2017.
99.2	Prepared remarks by TripAdvisor, Inc.'s management, dated November 6, 2017.

TripAdvisor Reports Third Quarter 2017 Financial Results

NEDHAM, MA, November 6, 2017 — TripAdvisor, Inc. (NASDAQ: TRIP) today announced financial results for the third quarter ended September 30, 2017.

“We are making progress on our 2017 initiatives,” said Chief Executive Officer Steve Kaufer. “In Hotels, we are pursuing profitable long-term revenue growth through an improved shopper experience and a marketing shift to brand-building channels. In Non-Hotels, we are investing to increase our lead, particularly in Attractions, as we broaden our marketplace and further deepen traveler engagement in more moments on their trip.”

Third Quarter 2017 Summary

(In millions, except percentages and per share amounts)	Three months ended September 30,		% Change
	2017	2016	
Total Revenue	\$ 439	\$ 421	4%
Hotel	\$ 312	\$ 320	(3)%
Non-Hotel	\$ 127	\$ 101	26%
GAAP Net Income	\$ 25	\$ 55	(55)%
Total Adjusted EBITDA (1)	\$ 95	\$ 114	(17)%
Hotel	\$ 51	\$ 99	(48)%
Non-Hotel	\$ 44	\$ 15	193%
Non-GAAP Net Income (1)	\$ 50	\$ 78	(36)%
Diluted Earnings per Share:			
GAAP	\$ 0.18	\$ 0.37	(51)%
Non-GAAP (1)	\$ 0.36	\$ 0.53	(32)%
Cash flow used in operating activities	\$ (135)	\$ (88)	(53)%
Free cash flow (1)	\$ (150)	\$ (109)	(38)%

(1) “Adjusted EBITDA”, “Non-GAAP Net Income,” “Non-GAAP Diluted Earnings per Share,” and “Free cash flow” are non-GAAP measures as defined by the U.S. Securities and Exchange Commission (the “SEC”). Please refer to “Non-GAAP Financial Measures” below for definitions and explanations of these non-GAAP financial measures, as well as tabular reconciliations to the most directly comparable GAAP financial measure.

Chief Financial Officer Ernst Teunissen added, “Re-igniting near-term Hotel growth has been more difficult than expected, though continued momentum in Non-Hotels, and most notably, our Attractions business, as well as prudent expense management, have mitigated adjusted EBITDA impacts this year, despite a significant investment in television advertising. We will continue to strike an appropriate balance between near-term growth and profitability as we continue to work towards long-term profitable growth.”

Third Quarter 2017 Financial and Operational Highlights

- Total Revenue was \$439 million, an increase of \$18 million, or 4% year-over-year.
- Non-Hotel Revenue grew 26% year-over-year, led by growth in Attractions and Restaurants, and Non-Hotel Adjusted EBITDA was \$44 million for a 35% Adjusted EBITDA margin.
- Average monthly unique hotel shoppers reached 163 million, up 7% year-over-year.
- Average monthly unique visitors on TripAdvisor-branded websites and applications reached 455 million*, up 17% year-over-year.
- User reviews and opinions grew 32% year-over-year and reached 570 million at September 30, 2017, covering approximately 1.2 million hotels and accommodations, 780,000 vacation rentals, 4.4 million restaurants and 875,000 activities and attractions.

Third Quarter 2017 Revenue by Source and Geography

(In millions, except percentages)	Three months ended September 30,		% Change
	2017	2016	
Revenue by Source:			
TripAdvisor-branded click-based and transaction (1)	\$ 195	\$ 206	(5)%
TripAdvisor-branded display-based advertising and subscription (2)	76	73	4%
Other hotel revenue (3)	41	41	0%
Non-Hotel (4)	127	101	26%
Total Revenue	\$ 439	\$ 421	4%
Revenue by Geography (% of total revenue): (5)			
US	56%	54%	
Europe	28%	29%	
ROW	16%	17%	

- (1) Consists of click-based advertising revenue, from TripAdvisor-branded websites, as well as transaction-based revenue from instant booking.
(2) Includes revenue from display-based advertising and subscription-based hotel advertising revenue on TripAdvisor-branded sites, as well as content licensing with third party sites.
(3) Includes revenue from non-TripAdvisor branded websites, including click-based advertising revenue, display-based advertising revenue and room reservations sold through these websites.
(4) Consists of our Attractions, Restaurants, and Vacation Rentals businesses.
(5) In the first quarter of 2017, we changed our geographic revenue presentation and reclassified the following geographic regions into rest of world, or ROW: (1) Canada (previously included in North America); (2) Middle East and Africa (previously included in Europe, Middle East and Africa, or EMEA); (3) Asia-Pacific (APAC); and (4) Latin America (LATAM). Prior period amounts were reclassified to conform to the current presentation. This change had no effect on our consolidated financial statements in any reporting period.

Conference Call

TripAdvisor posted prepared remarks and supplemental financial information on the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com>. TripAdvisor will host a conference call tomorrow, November 7, 2017, at 8:30 a.m., Eastern Time, to discuss TripAdvisor's third quarter 2017 operating results, as well as other forward-looking information about TripAdvisor's business. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com/events.cfm> for a live webcast of the conference call. Please access the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the conference call will be available on TripAdvisor's website noted above or by phone (dial (855) 859-2056 and enter the passcode 89021070) until November 14, 2017 and the webcast will be accessible at <http://ir.tripadvisor.com/events.cfm> for at least twelve months following the conference call.

About TripAdvisor

TripAdvisor, the world's largest travel site**, enables travelers to unleash the full potential of every trip. With over 570 million reviews and opinions covering the world's largest selection of travel listings worldwide -- covering 7.3 million accommodations, airlines, attractions, and restaurants -- TripAdvisor provides travelers with the wisdom of the crowds to help them decide where to stay, how to fly, what to do and where to eat. TripAdvisor also compares prices from more than 200 hotel booking sites so travelers can find the lowest price on the hotel that's right for them. TripAdvisor-branded sites are available in 49 markets, and are home to the world's largest travel community of 455 million average monthly unique visitors*, all looking to get the most out of every trip. TripAdvisor: Know better. Book better. Go better.

TripAdvisor, Inc. (NASDAQ: TRIP), through its subsidiaries, manages and operates websites under 20 other travel media brands: www.airfarewatchdog.com, www.bookingbuddy.com, www.citymaps.com, www.cruisecritic.com, www.familyvacationcritic.com, www.flipkey.com, www.thefork.com (including www.lafourchette.com, www.eltenedor.com, www.iens.nl and www.vacationhomerentals.com and www.viator.com.

*Source: TripAdvisor log files, average monthly unique visitors, Q3 2017

**Source: comScore Media Metrix for TripAdvisor Sites, worldwide, July 2017

TripAdvisor, Inc.
SELECTED FINANCIAL INFORMATION
Condensed Consolidated Statements of Operations
(in millions, except per share amounts)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue	\$ 439	\$ 424	\$ 421	\$ 1,235	\$ 1,164
Costs and expenses:					
Cost of revenue	20	20	19	56	55
Selling and marketing (1)	247	229	210	683	584
Technology and content (1)	61	64	62	184	185
General and administrative (1)	42	38	38	115	110
Depreciation	19	19	18	57	51
Amortization of intangible assets	8	8	8	25	23
Total costs and expenses	397	378	355	1,120	1,008
Operating income	42	46	66	115	156
Total other income (expense), net	(4)	(2)	(3)	(8)	(10)
Income before income taxes	38	44	63	107	146
Provision for income taxes	(13)	(17)	(8)	(42)	(27)
Net income	\$ 25	\$ 27	\$ 55	\$ 65	\$ 119
Earnings per share attributable to common stockholders:					
Basic	\$ 0.18	\$ 0.19	\$ 0.38	\$ 0.46	\$ 0.82
Diluted	\$ 0.18	\$ 0.19	\$ 0.37	\$ 0.46	\$ 0.81
Weighted average common shares outstanding:					
Basic	139	140	146	141	146
Diluted	139	141	147	142	147

(1) Includes stock-based compensation expense as follows:

Selling and marketing	\$ 5	\$ 6	\$ 5	\$ 16	\$ 15
Technology and content	\$ 12	\$ 13	\$ 11	\$ 31	\$ 30
General and administrative	\$ 9	\$ 9	\$ 6	\$ 25	\$ 19

TripAdvisor, Inc.
Condensed Consolidated Balance Sheets
(in millions, except number of shares and per share amounts)
(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 750	\$ 612
Short-term marketable securities	13	118
Accounts receivable, net of allowance for doubtful accounts of \$15 and \$9, respectively	254	189
Prepaid expenses and other current assets	25	31
Total current assets	1,042	950
Long-term marketable securities	6	16
Property and equipment, net of accumulated depreciation of \$166 and \$111, respectively	266	260
Intangible assets, net of accumulated amortization of \$107 and \$80, respectively	150	167
Goodwill	756	736
Deferred income taxes, net	58	42
Other long-term assets	70	67
TOTAL ASSETS	\$ 2,348	\$ 2,238
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15	\$ 14
Deferred merchant payables	203	128
Deferred revenue	65	64
Current portion of debt	7	80
Taxes payable	4	10
Accrued expenses and other current liabilities	128	127
Total current liabilities	422	423
Long-term debt	265	91
Deferred income taxes, net	16	12
Other long-term liabilities	228	210
Total Liabilities	931	736
Stockholders' equity:		
Preferred stock, \$0.001 par value	-	-
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock, \$0.001 par value	-	-
Authorized shares: 1,600,000,000		
Shares issued: 135,510,995 and 134,706,467, respectively		
Shares outstanding: 126,036,505 and 131,310,980, respectively		
Class B common stock, \$0.001 par value	-	-
Authorized shares: 400,000,000		
Shares issued and outstanding: 12,799,999 and 12,799,999, respectively		
Additional paid-in capital	901	831
Retained earnings	1,010	945
Accumulated other comprehensive income (loss)	(47)	(77)
Treasury stock-common stock, at cost, 9,474,490 and 3,395,487 shares, respectively	(447)	(197)
Total Stockholders' Equity	1,417	1,502
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,348	\$ 2,238

TripAdvisor, Inc.
Condensed Consolidated Statements of Cash Flows
(in millions)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Operating activities:					
Net income	\$ 25	\$ 27	\$ 55	\$ 65	\$ 119
Adjustments to reconcile net income to net cash (used in) provided by operating activities:					
Depreciation of property and equipment, including amortization of internal-use software and website development	19	19	18	57	51
Amortization of intangible assets	8	8	8	25	23
Stock-based compensation expense	26	28	22	72	64
Deferred tax (benefit) expense	(10)	(9)	(9)	(12)	(14)
Other, net	6	1	4	6	4
Changes in operating assets and liabilities, net of effects from acquisitions	(209)	147	(186)	7	29
Net cash (used in) provided by operating activities	(135)	221	(88)	220	276
Investing activities:					
Capital expenditures, including internal-use software and website development	(15)	(17)	(21)	(50)	(57)
Acquisitions, net of cash acquired	-	-	(24)	-	(23)
Purchases of marketable securities	(9)	(7)	(47)	(16)	(145)
Sales of marketable securities	2	1	22	105	62
Maturities of marketable securities	8	3	5	25	22
Other investing activities, net	-	-	1	-	1
Net cash (used in) provided by investing activities	(14)	(20)	(64)	64	(140)
Financing activities:					
Repurchase of common stock	-	(100)	(9)	(250)	(21)
Proceeds from Chinese credit facilities	-	-	2	-	2
Proceeds from 2015 credit facility, net of financing costs	40	103	10	413	10
Payments to 2015 credit facility	(35)	(55)	(81)	(241)	(190)
Proceeds from 2016 credit facility, net of financing costs	-	-	73	-	73
Payments to 2016 credit facility	-	-	-	(73)	-
Proceeds from exercise of stock options	1	-	3	3	6
Payment of withholding taxes on net share settlements of equity awards	(1)	(1)	(1)	(15)	(13)
Net cash provided by (used in) financing activities	5	(53)	(3)	(163)	(133)
Effect of exchange rate changes on cash and cash equivalents	7	8	-	17	(6)
Net (decrease) increase in cash and cash equivalents	(137)	156	(155)	138	(3)
Cash and cash equivalents at beginning of period	887	731	766	612	614
Cash and cash equivalents at end of period	\$ 750	\$ 887	\$ 611	\$ 750	\$ 611

TripAdvisor, Inc.
Segment Information
(in millions, except percentages)
(Unaudited)

	Three Months Ended			Q / Q Growth	Y / Y Growth
	September 30, 2017	June 30, 2017	September 30, 2016		
Revenue:					
Hotel	\$ 312	\$ 326	\$ 320	(4)%	(3)%
Non-Hotel	127	98	101	30%	26%
Consolidated revenue	<u>\$ 439</u>	<u>\$ 424</u>	<u>\$ 421</u>	4%	4%
Adjusted EBITDA (1):					
Hotel	\$ 51	\$ 84	\$ 99	(39)%	(48)%
Non-Hotel	44	17	15	159%	193%
Total Adjusted EBITDA	<u>\$ 95</u>	<u>\$ 101</u>	<u>\$ 114</u>	(6)%	(17)%
Adjusted EBITDA Margin (1):					
Hotel	16%	26%	31%		
Non-Hotel	35%	17%	15%		
Total Adjusted EBITDA Margin	22%	24%	27%		
Net Income (2)	\$ 25	\$ 27	\$ 55		
Net Income Margin	6%	6%	13%		

	Nine Months Ended		YTD/YTD Growth
	September 30, 2017	September 30, 2016	
Revenue:			
Hotel	\$ 952	\$ 939	1%
Non-Hotel	283	225	26%
Consolidated revenue	<u>\$ 1,235</u>	<u>\$ 1,164</u>	6%
Adjusted EBITDA (1):			
Hotel	\$ 223	\$ 309	(28)%
Non-Hotel	46	(15)	407%
Total Adjusted EBITDA	<u>\$ 269</u>	<u>\$ 294</u>	(9)%
Adjusted EBITDA Margin (1):			
Hotel	23%	33%	
Non-Hotel	16%	(7)%	
Total Adjusted EBITDA Margin	22%	25%	
Net Income (2)	\$ 65	\$ 119	
Net Income Margin	5%	10%	

- (1) Please refer to "Non-GAAP Financial Measures" below for definitions of these non-GAAP financial measures, as well as reconciliations to the most directly comparable GAAP measure.
(2) This amount reflects our consolidated GAAP net income for the periods presented. TripAdvisor does not calculate or report net income by segment.

Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP in our press release and related conference call or webcast, we also report certain non-GAAP financial measures. A “non-GAAP financial measure” refers to a numerical measure of a company’s historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company’s financial statements. We use the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP net income, non-GAAP net income per diluted share, free cash flow, non-GAAP revenue before effects of foreign exchange, and Adjusted EBITDA before effects of foreign exchange.

The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP and should not be considered measures of TripAdvisor’s liquidity. Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of certain items, as defined in our non-GAAP definitions below, which are recurring and will be reflected in our financial results for the foreseeable future. In addition, these measures may be different from non-GAAP financial measures used by other companies, even where similarly titled, limiting their usefulness for comparison purposes and therefore should not be used to compare TripAdvisor’s performance to that of other companies. We endeavor to compensate for the limitation of the non-GAAP financial measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP financial measures.

We believe these non-GAAP financial measures provide investors and analysts with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key measures used by management to operate and analyze our business over different periods of time.

We define our non-GAAP financial measures as below:

TripAdvisor defines “Adjusted EBITDA” 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; and (7) other 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.

TripAdvisor defines “Adjusted EBITDA margin” as Adjusted EBITDA divided by revenue.

Adjusted EBITDA and Adjusted EBITDA margin are key measures used by our management and board of directors to understand and evaluate the operating performance of our business, as a whole and our individual business segments, and on which internal budgets and forecasts are based and approved. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors and allows for another useful comparison of our performance with our historical results from prior periods.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income and our other GAAP results.

Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not consider the potentially dilutive impact of stock-based compensation or other stock-settled obligations;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- Other companies, including companies in our own industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

TripAdvisor defines “non-GAAP net income” as GAAP net income excluding, net of their related tax effects: (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; and (4) 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.

TripAdvisor defines “non-GAAP net income per diluted share”, or non-GAAP diluted EPS, as non-GAAP net income divided by GAAP diluted shares. We believe non-GAAP diluted 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. During the second quarter of 2016, TripAdvisor began calculating non-GAAP net income per diluted share using GAAP diluted shares determined under the treasury stock method. This change did not have a material effect on our previously reported non-GAAP EPS calculations in prior periods.

Non-GAAP net income and non-GAAP diluted EPS have some of the same limitations as Adjusted EBITDA. In addition, non-GAAP net income does not include all items that affect our net income and GAAP diluted EPS for the period. Therefore, we think it is important to evaluate these measures along with our unaudited condensed consolidated statements of operations.

TripAdvisor defines “free cash flow” 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.

TripAdvisor calculates our foreign exchange effect of revenue, or “non-GAAP revenue before effects of foreign exchange” on a constant currency basis by excluding the effects of foreign currency exchange on revenue by translating actual revenue for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our core operating results.

TripAdvisor calculates our foreign exchange effect of Adjusted EBITDA, or “Adjusted EBITDA before effects of foreign exchange,” on a constant currency basis, by excluding the effects of foreign currency exchange by translating all amounts included in Adjusted EBITDA for the current year three months ended using the prior period foreign currency exchange rates. We believe this is a useful measure that facilitates management's internal comparison to our historical performance because it excludes the effects of foreign currency volatility that is not indicative of our core operating results.

Pursuant to the requirements of Regulation G, we present reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure below.

TripAdvisor, Inc.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in millions, except per share amounts and percentages)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Reconciliation of GAAP Net Income to Adjusted EBITDA (Non-GAAP):					
GAAP Net Income	\$ 25	\$ 27	\$ 55	\$ 65	\$ 119
Add: Provision for income taxes	13	17	8	42	27
Add: Other expense (income), net	4	2	3	8	10
Add: Depreciation and amortization of intangible assets	27	27	26	82	74
Add: Stock-based compensation	26	28	22	72	64
Adjusted EBITDA (Non-GAAP)	\$ 95	\$ 101	\$ 114	\$ 269	\$ 294
Revenue (GAAP)	\$ 439	\$ 424	\$ 421	\$ 1,235	\$ 1,164
Net Income margin (GAAP)	6%	6%	13%	5%	10%
Adjusted EBITDA margin (Non-GAAP) (1)	22%	24%	27%	22%	25%
Reconciliation from GAAP Net Income and GAAP Net Income per diluted share to Non-GAAP net income and Non-GAAP net income per diluted share:					
GAAP Net Income	\$ 25		\$ 55	\$ 65	\$ 119
Add: Stock-based compensation expense	26		22	72	64
Add: Amortization of intangible assets	8		8	25	23
Add: Loss on cost method investment	2		-	2	-
Subtract: Income tax effect of Non-GAAP adjustments (2)	11		7	26	22
Non-GAAP net income	\$ 50		\$ 78	\$ 138	\$ 184
GAAP diluted shares	139		147	142	147
GAAP Net Income per diluted share	\$ 0.18		\$ 0.37	\$ 0.46	\$ 0.81
Non-GAAP net income per diluted share (3)	0.36		0.53	0.97	1.25
Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):					
Net cash (used in) provided by operating activities (GAAP)	\$ (135)		\$ (88)	\$ 220	\$ 276
Subtract: Capital expenditures	15		21	50	57
Free cash flow (Non-GAAP)	\$ (150)		\$ (109)	\$ 170	\$ 219

(1) TripAdvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue.

(2) The non-GAAP adjustments described above 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.

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

Safe Harbor Statement

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to TripAdvisor's future financial performance on both a GAAP and non-GAAP basis, and TripAdvisor's prospects as a comprehensive destination for hotels, attractions, and restaurants, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Investors are cautioned that statements in this press release, which are not strictly historical statements, including, without limitation, statements by our executive officers with respect to growth objectives, strategic investments, and statements regarding management's plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors detailed in TripAdvisor's filings with the SEC. As a result of such risks, uncertainties and factors, TripAdvisor's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. TripAdvisor is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contacts

Investors

(781) 800.7848

ir@tripadvisor.com

Media

(781) 800.5061

uspr@tripadvisor.com

**TripAdvisor, Inc. Q3 2017 Prepared Remarks**

(All comparisons are against the same period of the prior year, unless otherwise noted; some calculations may not foot due to rounding)

During the third quarter we continued to make progress on our long-term growth initiatives, although re-igniting near-term Hotel segment growth has been more difficult than expected. Partners increasing marketing efficiency on our channel, which we outlined on our August call, as well as our decision to continue to manage to greater efficiency on performance-based marketing channels, caused Q3 TripAdvisor click-based and transaction revenue and revenue per hotel shopper to decline by 5% and 11%, respectively. These softer than expected click-based and transaction results led to negative 3% Hotel segment revenue growth in the period.

Despite the recent headwinds, we are pleased with our progress aligning our product experience with our consumer marketing campaigns, and we are confident this will enable us build more fruitful, long-lasting relationships with the more than 163 million average monthly hotel shoppers on our site during the quarter.

In our Non-Hotel segment, positive momentum continues to build, particularly in our Attractions and Restaurants businesses. Non-Hotel revenue grew 26% in Q3, and we are investing to broaden our marketplace, grow bookable supply, improve the product experience and further deepen traveler engagement with our platform throughout more moments of every trip.

We are striking an appropriate balance between near-term growth and profitability. Our television advertising investment was the primary driver of Q3 Hotel expense growth year-over-year, and prudent expense management across the business, as well as Non-Hotel strength, has enabled us to maintain our 2017 adjusted EBITDA expectations.

Our core TripAdvisor assets position us to capitalize on the \$1.3 trillion global travel market opportunity. We have the world's largest travel community, which grew 17% year-over-year to 455 million monthly unique visitors – more than half of which are on mobile devices – and our valuable travel content grew 32% to 570 million reviews and opinions during Q3. TripAdvisor's influence on travel continues to grow and as we continue to help travelers find the best prices before they book their travel experiences, we believe we can drive long-term revenue growth, marketing efficiency and profit growth.

Q3 Hotel Segment Update

Our long-term Hotel growth strategy is to establish TripAdvisor as the best site not only for reviews, but also for finding the best price when booking a hotel. 2017 initiatives have been focused in two areas. First, on the product side we have improved our hotel shopping experience. Second, on the marketing front we are executing and optimizing our multi-year television



advertising campaign aimed at raising awareness of TripAdvisor as a great place to price compare.

First, in regard to product, we continue to improve our new hotel shopping experience.

Since our product re-launch in May, user surveys have shown that TripAdvisor's new brand look and feel as well as the new hotel shopping experience continues to resonate. We also continue to get better at merchandising the best hotel deals to the right consumer at the right time, and we continue making it easier for users to search, filter, and find the best hotel deals.

The product re-design has accelerated our ability to test-and-learn. This is especially evident on mobile, where the pace has more than doubled and has yielded strong monetization gains. Mobile revenue per hotel shopper again grew by double-digit percentages in Q3, our third straight quarter of strong revenue per hotel shopper improvement on that device. On the volume side, mobile hotel shoppers grew 29% in Q3 and is nearing 45% of total hotel shoppers. TripAdvisor-branded click-based and transaction revenue on mobile grew by more than 45% year-over-year in Q3. Improving mobile monetization, is a key priority for us and we are pleased with our progress.

Our second area of focus has been to grow and optimize our television advertising presence.

In Q3, we invested \$42 million in television advertising, making a significant push in the U.S., Canada, France, Spain, the U.K. and Australia during Q3. This brought the total amount invested in Q2 and Q3 to \$58 million against our \$70-to-\$80 million brand advertising budget for 2017. Just four months into our multi-year campaign, it is obviously still early days. However, we are developing the muscles required to make this marketing channel a success. As intended, unaided awareness of TripAdvisor as a price comparison site and as a booking site has grown. When hotel shoppers visited our site in Q3, we continued to see better performance in markets where we were on television compared to our non-television markets in terms of branded metrics such as visitors, hotel shoppers, clickers and bookers. Further, recent Google Trends data suggests that in television markets we have been able to counter-balance some of the branded search share losses that we have been experiencing over the past few years.

Our television advertising investment steps down seasonally in Q4, and we continue to work on a number of optimizations that will further enhance the campaign's effectiveness next year. We expect to grow our television campaign's size and expand its reach and, as opposed to its late start in June 2017, we expect our campaign to be live during each quarter in 2018.

Our data shows that the quality of our leads has been increasing, another positive indicator from our product and marketing work. Yet while the fundamental economic value of our traffic has improved, overall revenue per hotel shopper growth was negative 11% in Q3, decelerating from negative 2% in Q2, indicating that partners have increased their profitability targets on our channel. We do not control what our partners are willing to pay for leads, however, our ongoing initiatives are aimed at driving higher click-to-book conversion for partners, positioning us for greater revenue per hotel shopper over time.

To fund these strategic growth initiatives with attractive, long-term payback we have prudently managed expenses in order to mitigate bottom line impacts.

In Q3, outside of our \$42 million television advertising investment, which was not part of our 2016 investment mix, we kept Hotel segment expense growth essentially flat. We will continue to invest in performance-based marketing channels, but will continue re-allocating some of our more marginal spend in the online marketing budget towards brand advertising. This we believe will enable us to effectively deliver our consumer message around best prices as well as to build a more durable, long-lasting direct consumer relationship that supports healthier long-term business economics. Our television advertising campaign is off to a good start thus far and we expect it will become a bigger component of our direct marketing budget next year.

Lower revenue per hotel shopper in Q3 had an outsized impact on our ability to invest in performance-based marketing channels. This, combined with removing some of our less-efficient performance-based marketing spend and longer-term payback from television advertising, caused average monthly unique hotel shopper growth to decelerate throughout Q3 and to be flat in October. This trend may challenge hotel shopper growth in Q4 and through the first half of next year.

On the profit side, television advertising accounted for a significant part of the \$48 million year-over-year decline in Q3 Hotel segment adjusted EBITDA. We have been able to make ROAS improvements in this channel and expect to continue to do so as we further optimize the campaign.

In sum, we are making progress against our 2017 initiatives. Product and marketing have shown early positive signs, and we are optimizing our marketing mix for maximum long-term benefit. The near-term will remain volatile, but we are confident that we are on the right path. In the meantime, we are managing our investment levels to mitigate near-term bottom line impacts as we pursue our long-term goals.

Q3 Non-Hotel Segment Update

In our Non-Hotel segment, Q3 was another strong quarter in a year where our ongoing investments in user experience, bookable supply and marketing efficiency are driving strong bookings and revenue growth.

Attractions continues to be a key driver of Non-Hotel segment revenue and profit growth, as we continue to drive both partner supply and traveler demand growth in our marketplace. Bookable products growth accelerated to more than 30% year-over-year to nearly 71,000 and we are matching that with strong demand growth. This is netting out in continued strong bookings growth, particularly on mobile, as we match more users with more great travel experiences in more moments throughout a trip. Bookings continue to grow nicely on Viator's site, and TripAdvisor-sourced bookings have doubled in the past year. Driving revenue synergies from matching TripAdvisor's global demand with more bookable travel experiences remains our biggest current and future growth driver of the business. We believe we have a long growth runway ahead.

We are equally pleased with progress in our Restaurants business, another area where the TripAdvisor brand and global demand is a unique competitive advantage. Restaurants continued on its strong revenue growth trajectory in Q3, and turned adjusted EBITDA positive in the quarter amidst continued investment in sales, marketing and product experience. On the transaction side of this business, bookable listings grew by more than 20% year-over-year to nearly 46,000 restaurants. Repeat booking rates remained healthy and seated diners grew by over 40% year-over-year. Also, we have seen accelerating interest in our TripAdvisor Premium media product and we are growing this high-margin revenue product quickly since our launch late last year. Our sales pipeline is expanding nicely as restaurateurs are keenly interested in increasing their visibility on TripAdvisor's approximately one billion restaurant page views per month.

Turning to Vacation Rentals, our Free-to-List product has continued to be a better experience for users. Users can now book more than 80% of our property listings online and we also launched our instant booking feature to make booking an alternative accommodation as frictionless as booking a hotel. All of our supply and product work has contributed to a sustained year-over-year interest-to-booking conversion increase. This remains a complementary, profitable business for us and it nicely rounds out consumers' accommodation options on TripAdvisor.

Q3 Non-Hotel segment revenue grew 26%, powered by traction in our Attractions and Restaurants businesses. Continued strong revenue growth in these businesses, increased marketing and operational efficiency in Attractions as well as typical summer seasonality in our Attractions and Vacation Rentals businesses drove significant profit improvement in the quarter, delivering \$44 million of adjusted EBITDA and 35% adjusted EBITDA margin. We are pleased we continue to drive strong topline growth while also demonstrating this segment's attractive longer-term margin potential.

Over the past three years, we have been building three very valuable businesses within the Non-Hotel segment. The flywheel is gaining momentum and, given our large opportunity ahead, we will continue to invest to maximize near-term growth and long-term profitability.

Financial Outlook

As a reminder, the ongoing changes in traffic mix towards lower-monetizing mobile devices and paid marketing channels, competitive dynamics, bidding volatility in our click-based auction and macro-economic events – among a number of other factors outside of our control – can limit our visibility into near-term financial performance. We endeavor to be as accurate as possible with our forward-looking commentary, though the aforementioned factors can cause actual results to vary materially.

Recent partner bidding trends and our re-allocation of dollars away from online channels with short-term payback will cause click-based and transaction revenue growth to slow further in Q4. As a result, we expect approximately flat click-based and transaction revenue growth and low-single digit consolidated revenue growth for 2017. However, investment discipline across our business enables us to maintain our 2017 adjusted EBITDA outlook of flat to down compared to



2016, and we expect that the year-over-year adjusted EBITDA performance in Q4 will improve relative to Q3.

We are early in our 2018 planning cycle, but would like to share some preliminary thoughts as we head into next year. We expect that recent trends in our click-based and transaction revenue and associated performance-based marketing spend will continue into 2018. While this will challenge near-term Hotel revenue growth, we will continue to actively manage paid marketing efficiency and other operating expenses. In Non-Hotel, we expect continued growth in 2018. Across both segments, we will continue to strike an appropriate balance between growth and profitability as we aim for long-term shareholder value creation.

* * *

TripAdvisor's third quarter 2017 earnings press release is available on the Investor Relations section of the TripAdvisor website at <http://ir.tripadvisor.com/>. The earnings release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the U.S. Securities Exchange Commission, or SEC, on November 6, 2017, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC's website at www.sec.gov.

Forward-Looking Statements:

These prepared remarks contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The following words, when used, are intended to identify forward-looking statements: "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "result" "should," "will," and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in these prepared remarks, or which management may make orally or in writing from time to time, are based on management's beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part II. Item 1A. "Risk Factors" of our Quarterly Report on Form 10-Q. Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.

Use of Non-GAAP Financial Measures:

These prepared remarks may include references to non-GAAP measures, such as adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. The earning press release in addition to other supplemental financial information is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. The earnings press release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on November 6, 2017, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC’s website at www.sec.gov.

