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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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

**DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): May 4, 2016**

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**TRIPADVISOR, INC.**

(Exact name of registrant as specified in its charter)

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**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)

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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))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 4, 2016, TripAdvisor, Inc. issued a press release announcing its preliminary financial results for the quarter ended March 31, 2016. 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.

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release of TripAdvisor, Inc. dated May 4, 2016.
99.2	Prepared remarks by TripAdvisor, Inc.’s management, dated May 4, 2016.

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**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: May 4, 2016

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## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release of TripAdvisor, Inc. dated May 4, 2016.
99.2	Prepared remarks by TripAdvisor, Inc.'s management, dated May 4, 2016.

## TripAdvisor Reports First Quarter 2016 Financial Results

NEEDHAM, MA, May 4, 2016 — TripAdvisor, Inc. (NASDAQ: TRIP) today announced financial results for the first quarter ended March 31, 2016.

“With the global launch of instant booking now substantively complete, users around the globe can now seamlessly book hotels on TripAdvisor,” said Steve Kaufer, President and Chief Executive Officer of TripAdvisor. “Enabling users to book on TripAdvisor is an imperative step as we continue navigating the path towards creating the best user experience in travel.”

### First Quarter 2016 Summary

In millions, except percentages and per share amounts	Three months ended March 31,		% Change
	2016	2015	
<b>Revenue</b>	\$ 352	\$ 363	(3)%
<b>Adjusted EBITDA (1)</b>	\$ 85	\$ 127	(33)%
<b>Net Income:</b>			
GAAP	\$ 27	\$ 63	(57)%
Non-GAAP (1)	\$ 47	\$ 80	(41)%
<b>Diluted Earnings per Share:</b>			
GAAP	\$ 0.18	\$ 0.43	(58)%
Non-GAAP (1)	\$ 0.32	\$ 0.54	(41)%
<b>Cash flow from operating activities</b>	\$ 120	\$ 99	21%
<b>Free cash flow (1)</b>	\$ 103	\$ 68	51%

(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 financial measure.

Chief Financial Officer Ernst Teunissen added, “We were pleased that our first quarter Revenue and Adjusted EBITDA performance was in line with our internal expectations. While instant booking remains dilutive to our Hotel segment revenue growth and profit margins in the near-term, we are pleased by early results and believe we are well-positioned for long-term growth.”

### First Quarter 2016 Highlights

- Revenue decreased to \$352 million, down 3% year-over-year (a decrease of approximately 1% on a constant currency basis).
- Adjusted EBITDA was \$85 million, or 24% of revenue.
- GAAP net income was \$27 million, or \$0.18 per diluted share.
- Non-GAAP net income was \$47 million, or \$0.32 per diluted share.
- Cash flow from operations was \$120 million, or 34% of revenue.
- Free cash flow was \$103 million, or 29% of revenue.
- Average monthly unique visitors reached 340 million\*.
- User reviews and opinions reached 350 million at March 31, 2016, covering 1,020,000 hotels and accommodations, 775,000 vacation rentals, 4.0 million restaurants and 655,000 attractions and experiences.
- Global launch of instant booking enables users around the world to seamlessly book more than 500,000 hotels on TripAdvisor sites.
- Mobile reached 54% of total unique users and app downloads reached 315 million as of March 31, 2016.

## First Quarter 2016 Financial Highlights

Revenue for the first quarter of 2016 was \$352 million, a decrease of \$11 million, or 3%. Excluding the impact of year-over-year changes in foreign exchange rates, revenue would have decreased by approximately 1%.

In millions, except percentages	Three months ended March 31,		% Change
	2016	2015	
<b>Revenue by Segment:</b>			
Hotel	\$ 303	\$ 320	(5)%
Non-Hotel (1)	49	43	14%
Total Revenue	\$ 352	\$ 363	(3)%
<b>Revenue by Source (2):</b>			
TripAdvisor-branded click-based and transaction (3)	\$ 189	\$ 218	(13)%
TripAdvisor-branded display-based advertising and subscription (4)	68	61	11%
Other hotel revenue (5)	46	41	12%
Non-Hotel (1)	49	43	14%
Total Revenue	\$ 352	\$ 363	(3)%
<b>Revenue by Geography (% of total revenue):</b>			
North America	54%	50%	
EMEA	31%	33%	
APAC	11%	12%	
LATAM	4%	5%	

- (1) We renamed our "Other" reportable segment "Non-Hotel." This change had no impact on our consolidated financial statements or segment reporting or on the composition of our operating or reportable segments.
- (2) We are providing additional disclosure on our revenue sources within our Hotel segment for reasons described in the prepared remarks that can be found at <http://ir.tripadvisor.com> and are attached as Exhibit 99.2 to our Form 8-K. For this reporting period only, our historical click-based, display-based, and subscription, transaction and other revenue disclosures, can be found in the "1Q16 Supplemental Financial Information" located at <http://ir.tripadvisor.com>. This change had no impact on our consolidated financial statements or segment reporting or on the composition of our operating or reportable segments.
- (3) This includes our largest source of hotel revenue, which is click-based advertising revenue from our TripAdvisor-branded websites, as well as revenue from our transaction-based instant booking feature.
- (4) This consists of revenue from display-based advertising and subscription-based hotel advertising revenue on TripAdvisor-branded sites, as well as content licensing with third party sites.
- (5) This consists of revenue from non-TripAdvisor branded websites, including click-based advertising revenue, display-based advertising revenue and room reservations sold through these websites.

GAAP costs and expenses for the first quarter of 2016 were \$310 million, an increase of 14% from the first quarter of 2015.

Adjusted EBITDA for the first quarter of 2016 was \$85 million, and Adjusted EBITDA margin was 24%. Hotel segment Adjusted EBITDA was \$106 million with a 35% Adjusted EBITDA margin and Non-Hotel segment Adjusted EBITDA was negative \$21 million, with a negative 43% Adjusted EBITDA margin.

Adjusted EBITDA (1):	Three Months Ended		Y / Y Growth
	March 31, 2016	March 31, 2015	
Hotel	\$ 106	\$ 132	(20)%
Non-Hotel (2)	(21)	(5)	(320)%
Total Adjusted EBITDA	\$ 85	\$ 127	(33)%
<b>Adjusted EBITDA Margin (1):</b>			
Hotel	35%	41%	
Non-Hotel (2)	(43)%	(12)%	
Total	24%	35%	

- (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) We have renamed of our "Other" reportable segment to "Non-Hotel." This change had no impact to our consolidated financial statements or our segment reporting.

GAAP net income for the first quarter of 2016 was \$27 million, or \$0.18 per diluted share.

**Non-GAAP net income** for the first quarter of 2016 was \$47 million, or \$0.32 per diluted share.

**Cash flow from operating activities** for the first quarter of 2016 was \$120 million, an increase of \$21 million year-over-year, or 21%. This was primarily due to the increase in working capital movements, partially offset by a decrease in net income.

**Free Cash flow** for the first quarter of 2016 was \$103 million, an increase of \$35 million year-over-year, or 51%.

**Cash and cash equivalents, short and long term marketable securities** were \$709 million as of March 31, 2016, up \$11 million since December 31, 2015.

**Employees** - TripAdvisor had 3,108 employees as of March 31, 2016, compared to 3,008 at December 31, 2015 and 2,900 employees at March 31, 2015.

#### **Conference Call**

TripAdvisor posted prepared remarks, supplemental financial information and an investor presentation on the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com>. TripAdvisor will host a conference call tomorrow, May 5, 2016, at 8:30 a.m., Eastern Time, to discuss TripAdvisor's first quarter 2016 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 91064719) until May 12, 2016 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® is the world's largest travel site\*\*, enabling travelers to plan and book the perfect trip. TripAdvisor offers trusted advice from real travelers and a wide variety of travel choices and planning features with seamless links to booking tools that check hundreds of websites to find the best hotel prices. TripAdvisor branded sites make up the largest travel community in the world, reaching 340 million average monthly unique visitors, and reached 350 million reviews and opinions covering 6.5 million accommodations, restaurants and attractions. The site operates in 48 markets worldwide.

TripAdvisor® (NASDAQ:TRIP), through its subsidiaries, manages and operates websites under 24 other travel media brands: [www.airfarewatchdog.com](http://www.airfarewatchdog.com), [www.bookingbuddy.com](http://www.bookingbuddy.com), [www.cruisecritic.com](http://www.cruisecritic.com), [www.everytrail.com](http://www.everytrail.com), [www.familyvacationcritic.com](http://www.familyvacationcritic.com), [www.flipkey.com](http://www.flipkey.com), [www.thefork.com](http://www.thefork.com) (including [www.lafourchette.com](http://www.lafourchette.com), [www.eltenedor.com](http://www.eltenedor.com), [www.iens.nl](http://www.iens.nl), [www.besttables.com](http://www.besttables.com) and [www.dimmi.com.au](http://www.dimmi.com.au)), [www.gateguru.com](http://www.gateguru.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.holidaywatchdog.com](http://www.holidaywatchdog.com), [www.housetrip.com](http://www.housetrip.com), [www.independenttraveler.com](http://www.independenttraveler.com), [www.jetsetter.com](http://www.jetsetter.com), [www.niumba.com](http://www.niumba.com), [www.onetime.com](http://www.onetime.com), [www.oyster.com](http://www.oyster.com), [www.seatguru.com](http://www.seatguru.com), [www.smartertravel.com](http://www.smartertravel.com), [www.tingo.com](http://www.tingo.com), [www.travelpod.com](http://www.travelpod.com), [www.tripbod.com](http://www.tripbod.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com), [www.viator.com](http://www.viator.com), and [www.virtualtourist.com](http://www.virtualtourist.com).

\*Source: TripAdvisor log files, average monthly unique visitors, Q1 2016

\*\*Source: comScore Media Metrix for TripAdvisor Sites, worldwide, February 2016

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

	<b>Three Months Ended</b>		
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
Revenue	\$ 352	\$ 309	\$ 363
<b>Costs and expenses:</b>			
Cost of revenue	16	12	13
Selling and marketing (1)	172	145	157
Technology and content (1)	61	55	49
General and administrative (1)	37	96	33
Depreciation	16	16	14
Amortization of intangible assets	8	10	7
Total costs and expenses	<u>310</u>	<u>334</u>	<u>273</u>
Operating income	42	(25)	90
Total other expense, net	(4)	(1)	(4)
Income before income taxes	38	(26)	86
(Provision) benefit for income taxes	(11)	29	(23)
Net income	<u>\$ 27</u>	<u>\$ 3</u>	<u>\$ 63</u>
<b>Earnings per share attributable to common stockholders:</b>			
Basic	\$ 0.19	\$ 0.02	\$ 0.44
Diluted	<u>\$ 0.18</u>	<u>\$ 0.02</u>	<u>\$ 0.43</u>
<b>Weighted average common shares outstanding:</b>			
Basic	145	144	143
Diluted	147	146	146
<b>(1) Includes stock-based compensation expense as follows:</b>			
Selling and marketing	\$ 4	\$ 4	\$ 4
Technology and content	\$ 9	\$ 8	\$ 6
General and administrative	\$ 6	\$ 7	\$ 6



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

	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 653	\$ 614
Short-term marketable securities	39	47
Accounts receivable, net of allowance for doubtful accounts of \$6 and \$6, respectively	244	180
Prepaid expenses and other current assets	28	24
Total current assets	964	865
Long-term marketable securities	17	37
Property and equipment, net of accumulated depreciation of \$104 and \$88, respectively	252	247
Intangible assets, net of accumulated amortization of \$61 and \$52, respectively	172	176
Goodwill	737	732
Other long-term assets	72	71
<b>TOTAL ASSETS</b>	<b>\$ 2,214</b>	<b>\$ 2,128</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 15	\$ 10
Deferred merchant payables	179	105
Deferred revenue	93	64
Current portion of debt	1	1
Taxes payable	10	9
Accrued expenses and other current liabilities	134	123
Total current liabilities	432	312
Deferred income taxes, net	16	15
Other long-term liabilities	192	189
Long-term debt	110	200
Total Liabilities	750	716
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: 134,295,396 and 133,836,242, respectively		
Shares outstanding: 132,878,188 and 132,443,111, 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	758	741
Retained earnings	853	826
Accumulated other comprehensive loss	(54)	(63)
Treasury stock-common stock, at cost, 1,417,208 and 1,393,131 shares, respectively	(93)	(92)
Total Stockholders' Equity	1,464	1,412
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,214</b>	<b>\$ 2,128</b>

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Operating activities:</b>			
Net income	\$ 27	\$ 3	\$ 63
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment, including amortization of internal-use software and website development	16	16	14
Amortization of intangible assets	8	10	7
Stock-based compensation expense	19	19	16
Non-cash contribution to charitable foundation	-	67	-
Gain on sale of business	-	(3)	-
Deferred tax expense (benefit)	2	(41)	3
Excess tax benefits from stock-based compensation	(4)	(4)	(7)
Other, net	-	2	2
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:	52	5	1
<b>Net cash provided by operating activities</b>	<u>120</u>	<u>74</u>	<u>99</u>
<b>Investing activities:</b>			
Capital expenditures, including internal-use software and website development	(17)	(16)	(31)
Acquisitions, net of cash acquired	-	-	(5)
Proceeds from sale of business, net of cash sold	-	3	-
Purchases of marketable securities	(16)	(55)	(32)
Sales of marketable securities	33	115	25
Maturities of marketable securities	11	19	9
<b>Net cash provided by (used in) investing activities</b>	<u>11</u>	<u>66</u>	<u>(34)</u>
<b>Financing activities:</b>			
Repurchase of common stock	(1)	-	-
Proceeds from Chinese credit facilities	-	-	2
Principal payments on term loan	-	-	(10)
Payments to revolving credit facility	(90)	(90)	-
Proceeds from exercise of stock options	2	3	8
Payment of minimum withholding taxes on net share settlements of equity awards	(9)	(7)	(13)
Excess tax benefits from stock-based compensation	4	4	7
Other financing activities, net	-	-	3
<b>Net cash used in financing activities</b>	<u>(94)</u>	<u>(90)</u>	<u>(3)</u>
Effect of exchange rate changes on cash and cash equivalents	2	(3)	(12)
<b>Net increase in cash and cash equivalents</b>	39	47	50
Cash and cash equivalents at beginning of period	614	567	455
Cash and cash equivalents at end of period	<u>\$ 653</u>	<u>\$ 614</u>	<u>\$ 505</u>

**TripAdvisor, Inc.**  
**Segment Information**  
(in millions)  
(Unaudited)

	Three Months Ended			Q / Q Growth	Y / Y Growth
	March 31, 2016	December 31, 2015	March 31, 2015		
<b>REVENUE:</b>					
Hotel	\$ 303	\$ 260	\$ 320	17%	(5)%
Non-Hotel (1)	49	49	43	0%	14%
Total revenue	<u>\$ 352</u>	<u>\$ 309</u>	<u>\$ 363</u>	14%	(3)%
<b>Adjusted EBITDA (2):</b>					
Hotel	\$ 106	\$ 95	\$ 132	12%	(20)%
Non-Hotel (1)	(21)	(8)	(5)	(163)%	(320)%
Total Adjusted EBITDA	<u>\$ 85</u>	<u>\$ 87</u>	<u>\$ 127</u>	(2)%	(33)%
<b>Adjusted EBITDA Margin (2):</b>					
Hotel	35%	37%	41%		
Non-Hotel (1)	(43)%	(16)%	(12)%		

- (1) We have renamed our "Other" reportable segment "Non-Hotel." This change had no impact on our consolidated financial statements or segment reporting or on the composition of our operating or reportable segments.
- (2) 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.

### Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in 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: non-GAAP selling and marketing expense, non-GAAP technology and content expense, non-GAAP general and administrative expense, non-GAAP net income, non-GAAP diluted shares, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin, free cash flow, non-GAAP revenue before effects of foreign exchange, non-GAAP hotel segment 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 metrics used by management in operating our business.

We define our non-GAAP financial measures as below:

TripAdvisor defines "non-GAAP Selling and Marketing", "non-GAAP Technology and Content" and "non-GAAP General and Administrative" expenses as GAAP Selling and Marketing, GAAP Technology and Content and GAAP General and Administrative

expenses, respectively, before stock-based compensation expense and other stock-settled obligations, and other non-recurring expenses.

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) certain gains, losses, and other expenses that we do not believe are indicative of our ongoing operating results; (4) goodwill, long-lived assets and intangible asset impairments and (5) other non-recurring expenses. Non-GAAP net income generally captures all items on the statements of operations that occur in normal course of operations that have been, or ultimately will be, settled in cash, except for depreciation, which management believes is an ongoing cost of doing business.

TripAdvisor defines “non-GAAP net income per diluted share” as non-GAAP net income divided by non-GAAP diluted shares. Non-GAAP diluted shares includes potential dilution from options calculated using the treasury stock method under GAAP plus weighted average shares for all outstanding RSUs.

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. Adjusted EBITDA is the primary metric by which management evaluates the performance of its business and on which internal budgets and forecasts are based. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis. We believe that by excluding certain non-cash expenses, such as stock-based compensation, stock-settled obligations, asset impairments, amortization and other expense, Adjusted EBITDA corresponds more closely to the cash that operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

TripAdvisor defines “Adjusted EBITDA margin” as Adjusted EBITDA as a percentage of revenue.

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.

TripAdvisor calculates our foreign exchange effect of revenue or, “non-GAAP revenue before effects of foreign exchange” and “non-GAAP hotel segment before effects of foreign exchange” on a constant currency basis by excluding the effects of foreign exchange on revenue by translating actual revenue for the current year three months ended using the prior year’s monthly average exchange rates for our settlement currencies other than the U.S. dollar. We believe this is a useful metric that facilitates comparison to our historical performance.

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 exchange by translating all amounts included in Adjusted EBITDA for the current year three months ended using the prior year’s monthly average exchange rates for our settlement currencies other than the U.S. dollar. We believe this is a useful metric that facilitates comparison to our historical performance.

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 share amounts which are reflected in thousands and per share amounts)  
**(Unaudited)**

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Non-GAAP operating expenses:</b>			
GAAP Selling and marketing	\$ 172	\$ 145	\$ 157
Subtract: Stock-based compensation expense	4	4	4
Non-GAAP Selling and marketing	<u>\$ 168</u>	<u>\$ 141</u>	<u>\$ 153</u>
GAAP Technology and content	\$ 61	\$ 55	\$ 49
Subtract: Stock-based compensation expense	9	8	6
Non-GAAP Technology and content	<u>\$ 52</u>	<u>\$ 47</u>	<u>\$ 43</u>
GAAP General and administrative (2)	\$ 37	\$ 96	\$ 33
Subtract: Stock-based compensation expense and other non-recurring expenses	6	7	6
Subtract: Non-cash charitable contribution (1)	-	67	-
Non-GAAP General and administrative	<u>\$ 31</u>	<u>\$ 22</u>	<u>\$ 27</u>
<b>Non-GAAP net income and net income per share:</b>			
GAAP net income (2)	\$ 27	\$ 3	\$ 63
Add: Stock based compensation expense	19	19	16
Add: Amortization of intangible assets	8	10	7
Add: Non-cash charitable contribution (1)	-	67	-
Subtract: Gain on sale of business	-	3	-
Subtract: Income tax effect of Non-GAAP adjustments (3)	7	30	6
Non-GAAP net income	<u>\$ 47</u>	<u>\$ 66</u>	<u>\$ 80</u>
GAAP diluted shares	146,903	146,211	145,872
Add: Additional restricted stock units	1,909	1,257	1,196
Non-GAAP diluted shares	<u>148,812</u>	<u>147,468</u>	<u>147,068</u>
GAAP net income per diluted share	\$ 0.18	\$ 0.02	\$ 0.43
Non-GAAP net income per diluted share	0.32	0.45	0.54
<b>Adjusted EBITDA:</b>			
GAAP net income (2)	\$ 27	\$ 3	\$ 63
Add: Provision (benefit) for income taxes	11	(29)	23
Add: Other expense, net	4	1	4
Add: Depreciation and amortization of intangible assets	24	26	21
Add: Stock-based compensation	19	19	16
Add: Non-cash charitable contribution (1)	-	67	-
Adjusted EBITDA	<u>\$ 85</u>	<u>\$ 87</u>	<u>\$ 127</u>
Divide by:			
Revenue	\$ 352	\$ 309	\$ 363
Adjusted EBITDA margin	<u>24%</u>	<u>28%</u>	<u>35%</u>
<b>Free Cash Flow:</b>			
Net cash provided by operating activities	\$ 120	\$ 74	\$ 99
Subtract: Capital expenditures	17	16	31
Free cash flow	<u>\$ 103</u>	<u>\$ 58</u>	<u>\$ 68</u>

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>Revenue Before Effects of Foreign Exchange:</b>			
Total Revenue	\$ 352		\$ 363
Effects of foreign exchange	6		
Non-GAAP revenue before effects of foreign exchange	<u>\$ 358</u>		
<i>Year/Year Growth (4)</i>			(1)%
<b>Hotel Segment Revenue Before Effects of Foreign Exchange:</b>			
Total hotel segment revenue	\$ 303		\$ 320
Effects of foreign exchange	5		
Non-GAAP hotel segment revenue before effects of foreign exchange	<u>\$ 308</u>		
<i>Year/Year Growth (4)</i>			(4)%
<b>Adjusted EBITDA Before Effects of Foreign Exchange:</b>			
Adjusted EBITDA	\$ 85		\$ 127
Effects of foreign exchange	3		
Adjusted EBITDA before effects of foreign exchange	<u>\$ 88</u>		
<i>Year/Year Growth (4)</i>			(31)%

- (1) Represents a non-cash charitable contribution to The TripAdvisor Charitable Foundation (the "Foundation") that was settled in company stock and therefore added back for non-GAAP purposes, of which \$2 million was accrued during the three months ended March 31, 2015 under GAAP with the intention of settling in cash and then reclassified as non-GAAP expense during the fourth quarter of 2015 to reflect the non-cash nature of the final settlement.
- (2) Includes charitable contributions to the Foundation of \$2 million which was not excluded for non-GAAP purposes for the three months ended March 31, 2015.
- (3) The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments represents the difference between GAAP and Non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes discrete tax items.
- (4) Represents constant currency growth, as a percentage, which is calculated by determining the increase in current period revenues and Adjusted EBITDA over prior period revenues and Adjusted EBITDA, where current period figures are translated using prior period exchange rates.

### 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 the Company'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," "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 chief executive officer 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 Securities and Exchange Commission. 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.

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**TRIPADVISOR, INC.**  
**MANAGEMENT'S PREPARED REMARKS – Q1 2016**  
**May 4, 2016**

*(All comparisons are against the same period of the prior year, unless otherwise noted)*

**Q1 2016 Prepared Remarks – Steve Kaufer, Chief Executive Officer**

The first quarter of 2016 was pivotal for TripAdvisor, as we continue to rapidly build the best end-to-end user experience in travel.

With our instant booking launch mostly complete, we have taken the next step along our four-phase roadmap. Phase one was getting hotelier and OTA partner adoption. Phase two was executing the global rollout. With the global launch now mostly complete, we are in Phase three, which involves helping more users book on TripAdvisor, and optimizing that booking experience on all devices. Phase four is about establishing our brand as a preferred booking site – getting users back to our site to book time and time again. In doing so, we believe this seamless user experience will drive more value for partners and will increase monetization on our platform.

This quarter we successfully launched instant booking in Europe, Asia-Pacific and Latin America, leaving only a few countries to go. Many hotel shoppers around the globe will see instant booking for the very first time this year, and they will be able to find and book more than 500,000 hotels worldwide, powered either by the hotels themselves, or through online travel agent partners, all within the TripAdvisor experience. Early results have been positive. Aided and unaided awareness around the ability to book on TripAdvisor is growing, and user surveys show steady upticks in satisfaction with the product.

Delivering products that users love is paramount to us. We are committed to offering users the best room price options and the highest-quality room content to help them find what they need in order to book. When instant booking is not the most compelling price option, we make sure that users can find the best price in metasearch. This is best for users, gives our partners higher converting leads – and more bookings – and drives better economics for TripAdvisor.

Instant booking remains dilutive to our financials and drove significant deceleration in our first quarter Hotel segment results. We understand that the deceleration in our first quarter results and first half growth rates may be unsettling to some, but these results were in line with our 2016 plan.

We are hard at work reducing the near-term financial dilution, but we are willing to accept these short-term headwinds to position ourselves for longer-term gain. We expect improvement in the back-half of 2016 and into 2017.

All the while, two of our key assets – user content and community – continue to grow. In fact, at more than 230 contributions per minute, content growth accelerated yet again, as it has every quarter since we have been public. We now offer 350 million reviews and opinions covering 6.5 million businesses around the globe. This growth speaks volumes to the sustained high user engagement on our platform.

As for the growing user community, average monthly unique visitors on TripAdvisor sites grew 21% to 340 million in Q1. Average monthly hotel shoppers grew a healthy 13% to 143 million. Mobile – including tablet and phone – accounts for more than 50% of our visits, and TripAdvisor app downloads on these devices reached more than 315 million. This continued strong mobile engagement is a competitive advantage and is a great validation of our brand and our best-in-class consumer value proposition across our products.

This is particularly the case in our attractions and restaurants products, which enable us to delight more users during more moments, whether they are in-destination or close to home. Including Vacation Rentals, these businesses make up our Non-Hotel segment, and are off to a good start this year.

As I mentioned last quarter, our goal is to make Attractions our next billion-dollar business, and we are moving quickly to further cement our leadership position in this category. We are doing so through two main areas of focus: creating a world-class user experience, especially on mobile devices, and adding more products for users to book. In the first quarter, we launched attractions instant booking on native apps on iOS and Android, enabling users to purchase tickets and tours seamlessly without leaving the app. This creates a much better user experience and we are excited to bring the feature to all devices soon.

We are also rapidly adding more attractions for users to book. In our Viator Marketplace, we grew bookable products by nearly 30% in the first quarter. More choice is great for travelers, and drives more bookings on our platform. With rich user content on 655,000 attractions listings on our site, we have a tremendous greenfield opportunity in front of us.

Restaurant listings is another large source of user demand. We love how restaurant reviews and the growing number of bookable listings on TheFork engage more users more frequently on our platform.

Rounding out the Non-Hotel segment, in Vacation Rentals, we acquired London-based HouseTrip in April, one of Europe's leading alternative accommodations sites. Seventy percent of our vacation rental properties are bookable online, and HouseTrip further enhances this offering, bringing more high-quality, high-demand urban inventory to our platform.

This is the fifth acquisition in our Vacation Rentals business, following FlipKey, Holiday Lettings, Niumba and Vacation Home Rentals. We are excited by what we have built – a global leader in the vacation rental space with six brands. Once HouseTrip is integrated, TripAdvisor will offer users approximately 800,000 properties, nicely complementing the one million hotel listings on our site.

As I conclude, we still have a lot of work ahead of us but we are making great strides towards our goal of building the best user experience in travel.

#### **Q1 2016 Prepared Remarks – Ernst Teunissen, Chief Financial Officer**

Our first quarter 2016 results were in line with our internal projections, and we view our progress as a solid start to an important year. First quarter consolidated total revenue declined 3% and declined 1% in constant currency. Adjusted EBITDA declined by 33% and declined 31% in constant currency.

Given business model shifts towards transaction-based revenue in both the Hotel and Non-Hotel segments, we now have a higher percentage of revenue recognized at stay, or when a ticket or a reservation is used, compared to the comparable period last year. We estimate this negatively impacted total Q1 revenue and adjusted EBITDA growth by approximately 4% and 16%, respectively. Additionally, currency was a 2% headwind this quarter.

Now, I will discuss our segment performance. As previewed in February, Hotel segment revenue declined by 5%, and the Hotel segment adjusted EBITDA margin was 35%. Our newly disclosed TripAdvisor-branded click-based and transaction revenue, which includes metasearch and instant booking revenue on TripAdvisor sites only, declined 13%. Total click-based revenue declined 9%.

This deceleration was driven by a number of factors, but was primarily due to our global instant booking launch, which includes both lower monetization as well as a higher percentage of revenue recognized at stay, as opposed to at the time of a click. Additionally, headwinds this quarter included the continued user shift to phone, negative currency impacts and the lack of Kuxun in our numbers. We expect first half 2016 growth to remain challenged given our instant booking rollout, though a number of the aforementioned headwinds begin to ease in the second half.

We have pointed investors to total Revenue per Hotel Shopper growth as the metric we rely on to measure the success of our business. We are also providing TripAdvisor-branded revenues in our Supplemental Financial Information file, which is located on our Investor Relations site. Alongside the TripAdvisor Hotel Shopper count, which we started providing last quarter, this additional disclosure gives investors better transparency into our core operating metric.



For the reasons listed above, Revenue per Hotel Shopper saw a meaningful deceleration in the first quarter, declining 24% year-over-year, versus a 12% decline last quarter. Revenue per Hotel Shopper performance was substantially driven by instant booking dilution and the negative impact of recognizing more revenue at the time of stay. With the global rollout now mostly complete, Q1 had a more significant headwind than the estimated \$9 million headwind in Q4 2015. The significant revenue per shopper impact was as we planned at the beginning of the year.

Not surprisingly, the biggest driver of the sequential deceleration was the global instant booking launch. However, our near-term financial results are masking our near-term progress. Notably, in the US – where we have been fully rolled out since last August – the revenue per shopper monetization headwind is substantially smaller than the average. While a revenue headwind persists, we are driving more awareness, higher engagement, improving conversion, and more repeat bookings. These trends give us confidence that our other markets will exhibit similar improvements over time.

Looking at mobile, phone hotel shoppers grew at about 30% during Q1, well ahead of combined desktop and tablet shoppers, which grew in the mid-single digits. The ongoing consumer shift to mobile devices is great from an engagement standpoint, but low phone monetization relative to desktop remains a headwind. However, we are making progress there as well. In the US, where we have been live with instant booking since mid-2014, Revenue per Hotel Shopper on phone increased more than 20% in the first quarter of 2016 when we look at internal booking metrics, rather than recognized revenue. And, despite the overall dilutive effect of our instant booking launch, international markets showed revenue per shopper growth on phone as well.

A quick note on the other revenue sources of our Hotel segment. TripAdvisor-branded display-based and subscription revenue grew 11%, with display and subscription growing at similar rates. Other hotel revenue grew 12%.

Moving on to our Non-Hotel segment, first quarter revenue increased by 14% and Adjusted EBITDA margins were negative 43%, both in line with our expectations this quarter. The seasonality of our Non-Hotel segment is changing due to an increasing mix shift towards transaction-based revenue. As a result, more revenue is recognized on stay, and this means a shift of revenue out of Q1 and into later quarters, predominantly the Q3 summer season. We continue to expect that Non-Hotel segment revenue growth for 2016 as a whole will be significantly higher than our Q1 growth.

Moving onto consolidated expenses, taxes and cash flow, consolidated expenses grew ahead of revenue for Q1, primarily driven by near-term revenue dilution from the global instant booking launch in our Hotel segment and the increased seasonality of our Non-Hotel business, as well as by the organic investments we are making in the future growth of those businesses.

As for income taxes, our Q1 GAAP effective tax rate was 29%. We continue to expect our 2016 GAAP effective rate to be in the mid-twenties, dependent on international revenue and expense mix, among other factors.

As for cash flow, we generated \$120 million of cash from operating activities during the first quarter – an increase of 21% when compared to the same period in 2015. This was primarily due to a net increase in working capital movements. CapEx for the quarter was \$17 million, or 5% of revenue, a decrease of \$14 million from the first quarter of 2015, primarily due to the completion of our corporate headquarters building in 2015. As a result, first quarter free cash flow was \$103 million or 29% of revenue, an increase of 51% compared to \$68 million in first quarter of 2015.

Our liquidity remains strong. Cash, cash equivalents and short-term and long-term marketable securities balance was \$709 million at March 31<sup>st</sup>. We ended the quarter with an undrawn balance of about \$888 million from our \$1 billion credit facility and during the quarter we repaid \$90 million of our outstanding borrowings on our revolving credit facility. We also have \$103 million remaining to repurchase shares of our common stock under our share repurchase plan.

In summary, first quarter 2016 results were in line with our expectations and our February comments and our 2016 outlook remains as indicated on our February call. Most importantly, we remain focused on positioning the business for the long-term, as we believe it is the best way to create value for our users, our clients, and our shareholders. We are pleased with our start to 2016 and look forward to discussing these results on our conference call.

As you see in our earnings release and Supplemental Financial Information, we have introduced an additional revenue disclosure that provides more insight into our TripAdvisor Hotel revenue sources. To accomplish this, we are disclosing the following three revenue sources within our Hotel segment:

- 1) "TripAdvisor-branded click-based and transaction revenue," which includes revenue from metasearch and instant booking on TripAdvisor-branded sites;
- 2) "TripAdvisor-branded display-based & subscription revenue," which includes display-based revenue and subscription revenue on TripAdvisor-branded sites; and
- 3) "Other Hotel revenue," which includes hotel revenue from all non-TripAdvisor branded sites.

The purpose of this additional disclosure is to provide further understanding of our revenue sources within our Hotel segment, and to give investors increased transparency into our core TripAdvisor click-based and transaction initiatives. Additionally, the "TripAdvisor-branded click-based and transaction revenue" is used to calculate our key Revenue per Hotel Shopper metric.

Also, you will note that we have renamed our "Other segment," "Non-Hotel."

The changes outlined above had no impact on our consolidated financial statements or our segment reporting, or the composition of our operating or reportable segments.

For this reporting period only, we have provided our historical click-based, display-based and subscription, transaction and other product disclosure, which can be found in our Supplemental Financial Information located at <http://ir.tripadvisor.com/events.cfm>. Moving forward, we will only provide our updated disclosures.

Quarterly data for the current quarter, prior year comparable period, and annual information for two full years have been provided for both our historical product breakout and our new revenue source disclosures for our Hotel segment. To ensure that you have a basis for comparison, in addition to the current period, we have also provided historical segment information for all quarters of 2014 and 2015 in the Supplemental Financial Information, located at <http://ir.tripadvisor.com/events.cfm>.

For the first time, we have published our financial results and these prepared remarks and made available our Supplemental Financial Information the night before our earnings call, which will be held tomorrow, May 5, 2016 at 8:30 a.m. ET and can be accessed at <http://ir.tripadvisor.com/events.cfm>. We believe this will help investors better understand our financial results and hope that you find the additional time with the material to be helpful.

The results described in these prepared remarks and our earnings release are preliminary until the Company files its Form 10-Q with the U.S. Securities and Exchange Commission ("SEC"). A copy of the earnings press release and these prepared remarks have been furnished to the SEC in a Form 8-K. Supplemental Financial Information and an investor presentation will also be posted on the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com/events.cfm>. These prepared remarks should be read in conjunction with the earnings release, Supplemental Financial Information, investor presentation and Form 10-Q.

In the earnings press release, you will find reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures discussed on this call. Also, on our Investor Relations website you will find Supplemental Financial Information, which includes certain non-GAAP financial measures discussed on this call as well as other performance metrics.

## Safe Harbor Statement

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