

---

---

**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): February 12, 2020**

---

**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**  
(IRS Employer  
Identification No.)

**400 1st Avenue**  
**Needham, MA 02494**  
(Address of Principal Executive Offices) (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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	TRIP	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company 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 February 12, 2020, Tripadvisor, Inc. issued a press release announcing its preliminary financial results for the quarter and year ended December 31, 2019. Tripadvisor, Inc. also posted a letter to shareholders 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-and-presentations>. The full text of this press release and letter 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 Items 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 they 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	<a href="#">Press Release of Tripadvisor, Inc. dated February 12, 2020.</a>
99.2	<a href="#">Q4 and Full Year 2019 Shareholders Letter dated February 12, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

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.**

Date: February 12, 2020

By: \_\_\_\_\_ /s/ ERNST TEUNISSEN  
**Ernst Teunissen**  
**Chief Financial Officer**

## Tripadvisor Reports Fourth Quarter and Full Year 2019 Financial Results

NEEDHAM, MA, February 12, 2020 — Tripadvisor, Inc. (NASDAQ: TRIP) today announced financial results for the fourth quarter and full year ended December 31, 2019.

“As previewed last quarter, we have taken action in a number of important areas.” said Chief Executive Officer Steve Kaufer. “We grew revenue outside our hotel auction; we have adjusted our cost structure to preserve strong profitability; and we returned more capital to shareholders. We repositioned our flagship Tripadvisor brand, and we reorganized internally to align with customer-focused initiatives to deepen customer engagement on our platform, which we believe will lead to increased monetization over time.”

### *Fourth Quarter and Full Year 2019 Summary*

(In millions, except percentages and per share amounts)	Three Months Ended December 31,			Year Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Total Revenue	\$ 335	\$ 346	(3)%	\$ 1,560	\$ 1,615	(3)%
Hotels, Media & Platform	\$ 194	\$ 206	(6)%	\$ 939	\$ 1,001	(6)%
Experiences & Dining	\$ 109	\$ 94	16%	\$ 456	\$ 372	23%
Other	\$ 32	\$ 46	(30)%	\$ 165	\$ 242	(32)%
GAAP Net Income	\$ 15	\$ 7	114%	\$ 126	\$ 113	12%
Total Adjusted EBITDA (1)	\$ 92	\$ 87	6%	\$ 438	\$ 422	4%
Hotels, Media & Platform	\$ 73	\$ 70	4%	\$ 378	\$ 329	15%
Experiences & Dining	\$ 7	\$ 9	(22)%	\$ 5	\$ 48	(90)%
Other	\$ 12	\$ 8	50%	\$ 55	\$ 45	22%
Non-GAAP Net Income (1)	\$ 53	\$ 38	39%	\$ 250	\$ 240	4%
Diluted Earnings per Share:						
GAAP	\$ 0.11	\$ 0.05	120%	\$ 0.89	\$ 0.81	10%
Non-GAAP (1)	\$ 0.38	\$ 0.27	41%	\$ 1.77	\$ 1.71	4%
Cash flow from operating activities	\$ 59	\$ 31	90%	\$ 424	\$ 405	5%
Free cash flow (1)	\$ 37	\$ 15	147%	\$ 341	\$ 344	(1)%

(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 measures.

Chief Financial Officer Ernst Teunissen added, “2019 finished generally in line with our expectations outlined in November. We believe our revenue growth outside of our hotel auction, as well as cost-saving measures, can preserve strong profitability moving forward. In Q4, we returned \$548 million of capital to shareholders through a special dividend and share buyback. In addition to our previously announced strategic partnership with Trip.com Group Limited, in Q4 we also closed two acquisitions that further bolster our fast-growing Restaurants offering.”

### *Fourth Quarter and Full Year 2019 Operational and Financial Highlights*

- **Q4 Total Revenue** was \$335 million, a 3% decrease year-over-year. **Full year Total Revenue** was \$1.560 billion, a 3% decrease year-over-year. We estimate that changes in foreign currency had a 1% negative impact on Total Revenue growth in Q4 and a 2% negative impact on Total Revenue growth in the full year of 2019.
- **Q4 GAAP Net Income** grew 114% to \$15 million and **full year GAAP Net Income** grew 12% to \$126 million.

- **Q4 Non-GAAP Net Income** grew 39% to \$53 million and **full year Non-GAAP Net Income** grew 4% to \$250 million.
- **Q4 Total Adjusted EBITDA** was \$92 million, a 6% increase year-over-year, and **Q4 Total Adjusted EBITDA margin** was 27%, a two percentage point increase year-over-year. We estimate that excluding year-over-year changes in foreign currency Total Adjusted EBITDA grew approximately 7% year-over-year. **Full year Total Adjusted EBITDA** was \$438 million, a 4% increase year-over-year, and **Full year Total Adjusted EBITDA margin** was 28%, a two percentage point increase year-over-year. We estimate that excluding year-over-year changes in foreign currency Total Adjusted EBITDA grew approximately 7% year-over-year.
- **Q4 Hotels, Media & Platform segment revenue** was \$194 million, a 6% decrease year-over-year. **Q4 Hotels, Media & Platform segment Adjusted EBITDA** was \$73 million, a 4% increase year-over-year, and **Q4 Hotels, Media & Platform segment Adjusted EBITDA margin** was 38%, a four percentage point increase year-over-year. We estimate that excluding changes in foreign currency Total Hotels, Media & Platform Segment Adjusted EBITDA grew approximately 6% year-over-year.
- **Full year Hotels, Media & Platform segment revenue** was \$939 million, a 6% decrease year-over-year. **Full year Hotels, Media & Platform segment Adjusted EBITDA** was \$378 million, a 15% increase year-over-year, and **Full year Hotels, Media & Platform segment Adjusted EBITDA margin** was 40%, a seven percentage point increase year-over-year. We estimate that excluding changes in foreign currency Total Hotels, Media & Platform Segment Adjusted EBITDA grew approximately 19% year-over-year.
- **Q4 Experiences & Dining segment revenue** grew 16% to \$109 million, while **Q4 Experiences & Dining segment Adjusted EBITDA** decreased 22% year-over-year reflecting ongoing long-term growth investments. We estimate that excluding year-over-year changes in foreign currency Total Experiences & Dining Segment Revenue grew approximately 18%.
- **Full year Experiences & Dining segment revenue** grew 23% to \$456 million, while **Full year Experiences & Dining segment Adjusted EBITDA** reflected ongoing long-term growth investments. We estimate that excluding year-over-year changes in foreign currency Total Experiences & Dining Segment Revenue grew approximately 27%.
- **Q4 Other revenue** decreased 30% to \$32 million and **Full year Other revenue** decreased 32% to \$165 million, primarily driven by the elimination of some marginal and unprofitable revenue within some non-Tripadvisor branded offerings near the end of last year as well as strategic resource re-allocation of investment across other areas of our business, which reduced revenue and increased profitability; in addition to continued competition in our Rentals offering.
- **Cash and cash equivalents** was \$319 million and there was no outstanding debt as of December 31, 2019.
- **Cash flow from operating activities** for the year ended December 31, 2019, was \$424 million, an increase of \$19 million, or 5% year-over-year. **Free cash flow** for the year ended December 31, 2019, was \$341 million, a decrease of \$3 million, or 1% year-over-year, as capital investment increased year-over-year.

#### Fourth Quarter and Full Year 2019 Revenue by Source

(In millions, except percentages)	Three Months Ended December 31,			Year Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
<b>Revenue by Source:</b>						
Hotels, Media & Platform						
Tripadvisor-branded hotels	\$ 155	\$ 170	(9)%	\$ 779	\$ 848	(8)%
Tripadvisor-branded display and platform	39	36	8%	160	153	5%
Experiences & Dining	109	94	16%	456	372	23%
Other (1)	32	46	(30)%	165	242	(32)%
<b>Total Revenue</b>	<b>\$ 335</b>	<b>\$ 346</b>	<b>(3)%</b>	<b>\$ 1,560</b>	<b>\$ 1,615</b>	<b>(3)%</b>

(1) Other consists of our Rentals, Flights/Cruises/Car, SmarterTravel and Tripadvisor China business units.

#### Special Cash Dividend

On November 1, 2019, Tripadvisor's Board of Directors declared a special cash dividend of \$3.50 per share, or approximately \$488 million in the aggregate. The dividend was paid on December 4, 2019 from available cash to stockholders of record on November 20, 2019.

#### Share Repurchase Program

On January 31, 2018, our Board of Directors authorized a repurchase of up to \$250 million of our shares of common stock under a share repurchase program. During the year ended December 31, 2018, we repurchased 2,582,198 shares of the Company's outstanding common stock at an aggregate cost of \$100 million. As a result, as of December 31, 2018, we had \$150 million remaining available to repurchase shares of our common stock under this share repurchase program.

On November 1, 2019, Tripadvisor's Board of Directors authorized the repurchase of an additional \$100 million in shares of our outstanding common stock under our existing share repurchase program. During the fourth quarter ended December 31, 2019, we repurchased 2,059,846 shares of our common stock at an average share price of \$29.32 per share, exclusive of fees and commissions, or \$60 million in the aggregate. As of December 31, 2019, we had \$190 million remaining available to repurchase shares of our common stock under this share repurchase program. This share repurchase program has no expiration date but may be suspended or terminated by the Board of Directors at any time.

### 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, February 13, 2020, at 8:30 a.m., Eastern Time, to discuss Tripadvisor's fourth quarter and full year 2019 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> 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 9599800) until February 20, 2020 and the webcast will be accessible at <http://ir.tripadvisor.com/events-and-presentations> for at least twelve months following the conference call.

### About Tripadvisor

Tripadvisor, the world's largest travel platform\*, helps 463 million travelers each month\*\* make every trip their best trip. Travelers across the globe use the Tripadvisor site and app to browse 859 million reviews and opinions of 8.6 million accommodations, restaurants, experiences, airlines and cruises. Whether planning or on a trip, travelers turn to Tripadvisor to compare low prices on hotels, flights and cruises, book popular tours and attractions, as well as reserve tables at great restaurants. Tripadvisor, the ultimate travel companion, is available in 49 markets and 28 languages.

The subsidiaries and affiliates of Tripadvisor, Inc. (NASDAQ:TRIP), own and operate a portfolio of travel media brands and businesses, operating under various websites and apps, including the following websites: [www.airfarewatchdog.com](http://www.airfarewatchdog.com), [www.bokun.io](http://www.bokun.io), [www.bookingbuddy.com](http://www.bookingbuddy.com), [www.cruise critic.com](http://www.cruise critic.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.restorando.com](http://www.restorando.com), and [www.bookatable.co.uk](http://www.bookatable.co.uk)), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.holidaywatchdog.com](http://www.holidaywatchdog.com), [www.housetrip.com](http://www.housetrip.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.singleplatform.com](http://www.singleplatform.com), [www.smartertravel.com](http://www.smartertravel.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com), and [www.viator.com](http://www.viator.com).

\* Source: Jumpshot for Tripadvisor Sites, worldwide, November 2019

\*\* Source: Tripadvisor internal log files, average monthly unique visitors, Q3 2019

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

	Three months ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenue	\$ 335	\$ 346	\$ 1,560	\$ 1,615
Costs and expenses:				
Cost of revenue (1)	21	19	94	86
Selling and marketing (1)	139	157	672	778
Technology and content (1)	70	68	294	275
General and administrative (1)	49	48	187	177
Depreciation	23	21	93	82
Amortization of intangible assets	10	10	33	34
Total costs and expenses	312	323	1,373	1,432
Operating income	23	23	187	183
Other income (expense):				
Interest expense	(2)	(3)	(7)	(12)
Interest income	3	3	17	7
Other income (expense), net	(4)	(1)	(3)	(5)
Total other income (expense), net	(3)	(1)	7	(10)
Income before income taxes	20	22	194	173
Provision for income taxes	(5)	(15)	(68)	(60)
Net income	\$ 15	\$ 7	\$ 126	\$ 113
Earnings per share attributable to common stockholders:				
Basic	\$ 0.11	\$ 0.05	\$ 0.91	\$ 0.82
Diluted	\$ 0.11	\$ 0.05	\$ 0.89	\$ 0.81
Weighted average common shares outstanding:				
Basic	139	138	139	138
Diluted	140	141	141	140
(1) Includes stock-based compensation expense as follows:				
Cost of revenue	\$ -	\$ -	\$ 1	\$ 1
Selling and marketing	\$ 7	\$ 5	\$ 23	\$ 21
Technology and content	\$ 16	\$ 13	\$ 55	\$ 51
General and administrative	\$ 12	\$ 10	\$ 45	\$ 45

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

	December 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 319	\$ 655
Short-term marketable securities	—	15
Accounts receivable and contract assets, net of allowance for doubtful accounts of \$25 and \$21, respectively	183	212
Prepaid expenses and other current assets	31	33
<b>Total current assets</b>	<b>533</b>	<b>915</b>
Property and equipment, net of accumulated depreciation of \$319 and \$240, respectively	270	253
Operating lease right-of-use assets	74	—
Intangible assets, net of accumulated amortization of \$173 and \$140, respectively	110	118
Goodwill	840	756
Deferred income taxes, net	7	27
Non-marketable investments	55	12
Other long-term assets	95	86
<b>TOTAL ASSETS</b>	<b>\$ 1,984</b>	<b>\$ 2,167</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 11	\$ 15
Deferred merchant payables	159	164
Deferred revenue	62	63
Accrued expenses and other current liabilities	203	151
<b>Total current liabilities</b>	<b>435</b>	<b>393</b>
Deferred income taxes, net	8	21
Other long-term liabilities	380	282
<b>Total Liabilities</b>	<b>823</b>	<b>696</b>
Stockholders' equity:		
Preferred stock, \$0.001 par value	—	—
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0, respectively		
Common stock, \$0.001 par value	—	—
Authorized shares: 1,600,000,000		
Shares issued: 138,698,307 and 137,158,010, respectively		
Shares outstanding: 124,581,773 and 125,101,322, 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	1,150	1,037
Retained earnings	681	1,043
Accumulated other comprehensive loss	(63)	(62)
Treasury stock-common stock, at cost, 14,116,534 and 12,056,688 shares, respectively	(607)	(547)
<b>Total Stockholders' Equity</b>	<b>1,161</b>	<b>1,471</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,984</b>	<b>\$ 2,167</b>



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

	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Operating activities:</b>				
Net income	\$ 15	\$ 7	\$ 126	\$ 113
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation of property and equipment, including amortization of internal-use software and website development	23	21	93	82
Amortization of intangible assets	10	10	33	34
Stock-based compensation expense	35	28	124	118
Deferred tax expense (benefit) and other, net	(7)	10	14	12
Changes in operating assets and liabilities, net of effects from acquisitions and other investments	(17)	(45)	34	46
<b>Net cash provided by operating activities</b>	<b>59</b>	<b>31</b>	<b>424</b>	<b>405</b>
<b>Investing activities:</b>				
Capital expenditures, including internal-use software and website development	(22)	(16)	(83)	(61)
Acquisitions and other investments, net of cash acquired	(108)	—	(110)	(24)
Purchases of marketable securities	(15)	(15)	(133)	(16)
Sales of marketable securities	80	—	80	59
Maturities of marketable securities	30	—	70	5
Other investing activities, net	—	—	—	(12)
<b>Net cash used in investing activities</b>	<b>(35)</b>	<b>(31)</b>	<b>(176)</b>	<b>(49)</b>
<b>Financing activities:</b>				
Repurchase of common stock	(60)	—	(60)	(100)
Payment of common stock cash dividends to stockholders	(488)	—	(488)	—
Proceeds from 2015 credit facility	—	—	—	5
Payments to 2015 credit facility	—	—	—	(235)
Proceeds from Chinese credit facilities	—	—	—	2
Payments to Chinese credit facilities	—	—	—	(10)
Payments of finance lease obligation	(1)	—	(5)	—
Proceeds from exercise of stock options	—	3	2	6
Payment of withholding taxes on net share settlements of equity awards	(1)	(7)	(29)	(26)
<b>Net cash used in financing activities</b>	<b>(550)</b>	<b>(4)</b>	<b>(580)</b>	<b>(358)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7	(4)	(4)	(16)
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(519)</b>	<b>(8)</b>	<b>(336)</b>	<b>(18)</b>
Cash, cash equivalents and restricted cash at beginning of period	838	663	655	673
Cash, cash equivalents and restricted cash at end of period	<u>\$ 319</u>	<u>\$ 655</u>	<u>\$ 319</u>	<u>\$ 655</u>
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid during the period for income taxes, net of refunds			\$ 47	\$ 53
Cash paid during the period for interest			\$ 6	\$ 8

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

	<b>Three Months Ended</b>		<b>% Change 2019 vs. 2018</b>
	<b>December 31, 2019</b>	<b>December 31, 2018</b>	
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 194	\$ 206	(6)%
Experiences & Dining	109	94	16%
Other (1)	32	46	(30)%
Total revenue	<u>\$ 335</u>	<u>\$ 346</u>	(3)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 73	\$ 70	4%
Experiences & Dining	7	9	(22)%
Other (1)	12	8	50%
Total Adjusted EBITDA (2)	<u>\$ 92</u>	<u>\$ 87</u>	6%
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	38%	34%	
Experiences & Dining	6%	10%	
Other (1)	38%	17%	
Total Adjusted EBITDA Margin (2)	27%	25%	
<b>Net Income (3)</b>			
Net Income (3)	\$ 15	\$ 7	
Net Income Margin	4%	2%	
	<b>Year ended December 31,</b>		<b>% Change 2019 vs. 2018</b>
	<b>2019</b>	<b>2018</b>	
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 939	\$ 1,001	(6)%
Experiences & Dining	456	372	23%
Other (1)	165	242	(32)%
Total revenue	<u>\$ 1,560</u>	<u>\$ 1,615</u>	(3)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 378	\$ 329	15%
Experiences & Dining	5	48	(90)%
Other (1)	55	45	22%
Total Adjusted EBITDA (2)	<u>\$ 438</u>	<u>\$ 422</u>	4%
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	40%	33%	
Experiences & Dining	1%	13%	
Other (1)	33%	19%	
Total Adjusted EBITDA Margin (2)	28%	26%	
<b>Net Income (3)</b>			
Net Income (3)	\$ 126	\$ 113	
Net Income Margin	8%	7%	

n.m. = not meaningful

- (1) Other consists of the combination of our Rentals, Flights/Cruises/Car, SmarterTravel and Tripadvisor China business units.  
(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.  
(3) 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, 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 may 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, as well as other measures.

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; (7) legal reserves and settlements; (8) restructuring and other related reorganization costs; and (9) non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful. During the fourth quarter of 2019, the Company revised its Adjusted EBITDA definition to exclude restructuring and other related reorganization costs, as the Company believes these costs are not directly tied to the ongoing core operations of our business. The Company believes that excluding these amounts better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our Adjusted EBITDA definition did not have a material impact on our segment or non-GAAP financial results for any period prior to the three months and year ended December 31, 2019, and therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period.

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

Adjusted EBITDA and Adjusted EBITDA margin are key operating performance measures used by our management and board of directors to understand and evaluate the financial 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 and better enables management and investors to compare financial results between periods as these costs may vary independent of core business performance. 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, if any;
- 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 certain income and expenses not directly tied to the ongoing core operations of our business, such as legal reserves and settlements and restructuring and other related reorganization costs;
- 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 (loss) excluding, net of their related tax effects (which excludes the impact of significant one-time changes resulting from tax legislation such as the U.S. Tax Cuts and Jobs Act of 2017 (the “2017 Tax Act”): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible asset, and other long-lived asset impairments; (4) legal reserves and settlements; (5) restructuring and other related reorganization costs; and (6) 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 ongoing core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance. During the fourth quarter of 2019, the Company revised its non-GAAP net income definition to exclude restructuring and other related reorganization costs, as the Company believes these costs are not directly tied to the ongoing core operations of our businesses. The Company believes this change better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our non-GAAP net income definition did not have a material impact on our segment or non-GAAP financial results for any period prior to the three months and year ended December 31, 2019, and therefore no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period.

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 ongoing core operations of our businesses. Tripadvisor calculates non-GAAP diluted EPS using GAAP diluted shares determined under the treasury stock method.

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 ongoing 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 estimated 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 ongoing 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 estimated 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 ongoing 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		Year Ended		
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2017
<b>Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Non-GAAP):</b>					
<b>GAAP Net Income (Loss)</b>	\$ 15	\$ 7	\$ 126	\$ 113	\$ (19)
Add: Provision for income taxes	5	15	68	60	129
Add: Other expense (income), net	3	1	(7)	10	14
Add: Depreciation and amortization of intangible assets	33	31	126	116	111
Add: Restructuring and other related reorganization costs (1)	1	-	1	-	-
Add: Legal reserves and settlements (1)	-	5	-	5	-
Add: Stock-based compensation expense	35	28	124	118	96
<b>Adjusted EBITDA (Non-GAAP) (1)</b>	<u>\$ 92</u>	<u>\$ 87</u>	<u>\$ 438</u>	<u>\$ 422</u>	<u>\$ 331</u>
<b>Revenue (GAAP)</b>	\$ 335	\$ 346	\$ 1,560	\$ 1,615	
<b>Net Income margin (GAAP)</b>	4%	2%	8%	7%	
<b>Adjusted EBITDA margin (Non-GAAP) (2)</b>	27%	25%	28%	26%	
<b>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:</b>					
<b>GAAP Net Income</b>	\$ 15	\$ 7	\$ 126	\$ 113	
Add: Stock-based compensation expense	35	28	124	118	
Add: Legal reserves and settlements (1)	-	5	-	5	
Add: Restructuring and other related reorganization costs (1)	1	-	1	-	
Add: Amortization of intangible assets	10	10	33	34	
Add: (Gain)/Loss on investment	1	-	1	(1)	
Subtract: Income tax effect of Non-GAAP adjustments (3)	9	10	35	29	
Add: Income tax impact related to 2017 Tax Act (4)	-	(2)	-	-	
<b>Non-GAAP net income (1)</b>	<u>\$ 53</u>	<u>\$ 38</u>	<u>\$ 250</u>	<u>\$ 240</u>	
<b>GAAP diluted shares</b>	140	141	141	140	
<b>GAAP Net Income per diluted share</b>	\$ 0.11	\$ 0.05	\$ 0.89	\$ 0.81	
<b>Non-GAAP net income per diluted share (5)</b>	\$ 0.38	\$ 0.27	\$ 1.77	\$ 1.71	
<b>Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):</b>					
<b>Net cash provided by operating activities (GAAP)</b>	\$ 59	\$ 31	\$ 424	\$ 405	
Subtract: Capital expenditures	22	16	83	61	
<b>Free cash flow (Non-GAAP)</b>	<u>\$ 37</u>	<u>\$ 15</u>	<u>\$ 341</u>	<u>\$ 344</u>	

	Three Months Ended		Year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Revenue Before Effects of Foreign Exchange:</b>				
<b>Total Revenue (GAAP)</b>	\$ 335	\$ 346	\$ 1,560	\$ 1,615
Estimated effects of foreign exchange	4		35	
Non-GAAP Total revenue before effects of foreign exchange	<u>\$ 339</u>		<u>\$ 1,595</u>	
<i>Year/Year Growth (6)</i>	(2)%		(1)%	
<b>Adjusted EBITDA Before Effects of Foreign Exchange:</b>				
Total Adjusted EBITDA (Non-GAAP)	\$ 92	\$ 87	\$ 438	\$ 422
Estimated effects of foreign exchange	1		15	
Total Adjusted EBITDA before effects of foreign exchange (Non-GAAP)	<u>\$ 93</u>		<u>\$ 453</u>	
<i>Year/Year Growth (6)</i>	7%		7%	
<b>Hotels, Media &amp; Platform Segment Revenue Before Effects of Foreign Exchange:</b>				
<b>Total Hotels, Media &amp; Platform Segment Revenue (GAAP)</b>	\$ 194	\$ 206	\$ 939	\$ 1,001
Estimated effects of foreign exchange	1		18	
Non-GAAP Total Hotels, Media & Platform segment revenue before effects of foreign exchange	<u>\$ 195</u>		<u>\$ 957</u>	
<i>Year/Year Growth (6)</i>	(5)%		(4)%	
<b>Hotels, Media &amp; Platform Segment Adjusted EBITDA Before Effects of Foreign Exchange:</b>				
<b>Total Hotels, Media &amp; Platform Segment Adjusted EBITDA (GAAP)</b>	\$ 73	\$ 70	\$ 378	\$ 329
Estimated effects of foreign exchange	1		12	
Non-GAAP Total Hotels, Media & Platform Segment Adjusted EBITDA before effects of foreign exchange	<u>\$ 74</u>		<u>\$ 390</u>	
<i>Year/Year Growth (6)</i>	6%		19%	
<b>Experiences &amp; Dining Segment Revenue Before Effects of Foreign Exchange:</b>				
<b>Total Experiences &amp; Dining Segment Revenue (GAAP)</b>	\$ 109	\$ 94	\$ 456	\$ 372
Estimated effects of foreign exchange	2		15	
Non-GAAP Total Experiences & Dining segment revenue before effects of foreign exchange	<u>\$ 111</u>		<u>\$ 471</u>	
<i>Year/Year Growth (6)</i>	18%		27%	

- (1) During the fourth quarter of 2019, the Company revised its Adjusted EBITDA and Non-GAAP net income definitions to exclude restructuring and other related reorganization costs. Refer to our Adjusted EBITDA and Non-GAAP net income definitions above under the section "Non-GAAP Financial Measures" for more discussion. This revision to these definitions did not have a material impact to our segment information or any of our non-GAAP measures for any period prior to this revision. Therefore, no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period.
- (2) Tripadvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue.
- (3) 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.
- (4) Represents an incremental income tax benefit of \$2 million during the fourth quarter December 31, 2018, with no net impact for the year ended December 31, 2018 from the 2017 Tax Act.
- (5) Tripadvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by GAAP diluted shares.
- (6) Represents constant currency growth, as a percentage, which is calculated by determining the change in current period revenues and Adjusted EBITDA figures over prior period revenues and Adjusted EBITDA figures, where current period figures are translated using prior period foreign currency 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 Tripadvisor's prospects as a comprehensive destination for hotels, experiences, 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](mailto:ir@tripadvisor.com)

Media  
(781) 800.5061  
[uspr@tripadvisor.com](mailto:uspr@tripadvisor.com)





## Dear Fellow Shareholders:

Challenging 2019 hotel auction trends persisted in Q4, though our financial results were in line with our lowered expectations.

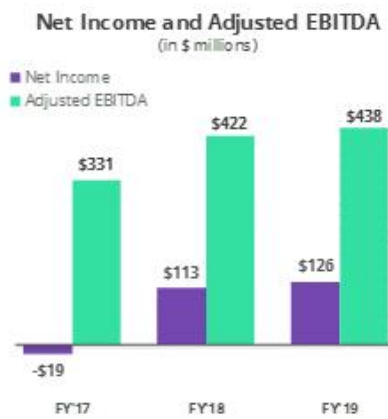
As we outlined in November, we took action in our three important focus areas. Specifically, we:

- 1) Continued to focus on driving revenue growth outside of the hotel auction;
- 2) Adjusted our cost structure to support continued strong adjusted EBITDA and free cash flow; and
- 3) Returned a total of \$548 million of capital to shareholders through a special dividend and share buyback.

In addition to our previously announced strategic partnership with Trip.com Group Limited, we also closed two acquisitions that further bolster our fast-growing Restaurants offering in Q4. We also recently reorganized to execute efficiently and effectively on our customer-focused objectives, drive differentiation, deepen customer relationships and convert our platform's influence into monetization.

Consolidated revenue declines narrowed sequentially in Q4 to 3% year-over-year, driven primarily by lapping impacts from performance marketing optimizations in the Hotels, Media & Platform segment (HM&P). GAAP net income increased by \$8 million year-over-year, while adjusted EBITDA reaccelerated to 6% growth. Excluding changes in foreign currency, we estimate consolidated revenue declined 2% and adjusted EBITDA grew 7%, respectively, year-over-year.

We also preserved strong profitability. Full-year 2019 GAAP net income grew 12% to \$126 million, adjusted EBITDA grew 4% to \$438 million. Cash flow from operating activities grew 5% to \$424 million and we delivered \$341 million of free cash flow.



Our results demonstrate our ongoing disciplined approach to growth, investment, profitability and capital allocation.

**Related to our first focus area, we delivered strong revenue growth outside the hotel auction in 2019.** We achieved year-over-year revenue growth from a number of our priority offerings: Experiences, Restaurants, display advertising and hotel B2B solutions. Collectively, these offerings grew by double-digits in 2019.

More specifically, Experiences & Dining segment (E&D) revenue scale approached that of the hotel auction in the second half of 2019, and we expect that E&D will pull ahead of auction revenue in 2020. This underlines the increasing importance of our non-auction revenue to overall revenue growth, a key strategic priority for us.

On average, Tripadvisor had over 400 million unique visitors each month throughout 2019, demonstrating not only Tripadvisor’s scale but also our ongoing influence as the world’s largest travel website. We have been laying important groundwork to drive growth: repositioning the Tripadvisor brand; executing on product, membership and engagement initiatives; and completely redesigning our Tripadvisor mobile app. (See updates on these initiatives in the “HOTELS, MEDIA & PLATFORM SEGMENT RESULTS” section below).

**Related to our second focus area, we have adjusted our cost structure to preserve strong profitability.** We recently instituted measures to preserve adjusted EBITDA and cash flow in 2020, including:

- Reducing E&D headcount expenses to grow revenue more efficiently following considerable platform investments from 2014 through 2019;
- Making targeted headcount-related cost reductions company-wide; and
- Optimizing and reducing brand advertising investments in 2020 versus 2019 as we leverage newer, more impactful (and efficient) mediums compared to our historically television-focused campaigns.

These follow measures taken over the past three years that successfully reinvigorated HM&P profitability. We also believe we can achieve attractive E&D growth at increased profit margin by focusing on better merchandising our best-in-class inventory. We have reduced our expense run

rate company-wide by approximately \$80 million and we expect to reinvest roughly half of these savings into strategic growth areas. Most importantly, we expect these measures will enable us to offset expected hotel auction revenue declines and preserve strong adjusted EBITDA and free cash flow generation in 2020.

**Our third focus area is to capitalize on strong ongoing profitability and execute a comprehensive capital allocation strategy.** During Q4, we used our strong balance sheet to:

- 1) Allocate \$110 million to two acquisitions that bolster our Restaurants offering (see acquisition details in the “EXPERIENCES & DINING SEGMENT RESULTS” section below);
- 2) Pay a special cash dividend of \$3.50 per share, returning \$488 million to shareholders; and
- 3) Repurchase approximately 2.1 million shares for \$60 million.

We ended 2019 with \$319 million of cash and cash equivalents, and no outstanding debt. We remain very cash generative, with 2019 cash flow from operating activities of \$424 million and \$341 million of free cash flow. Our initiatives around revenue growth outside the hotel auction and cost savings measures will help ensure we remain very cash-generative in 2020. With an additional \$1.2 billion of capacity from our undrawn revolving credit facility, we have ample liquidity to simultaneously invest in growth areas, fund M&A and return capital to shareholders.

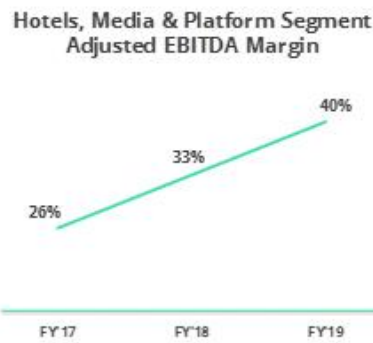
## HOTELS, MEDIA & PLATFORM SEGMENT RESULTS

---

HM&P revenue was \$939 million in 2019, making up 60% of consolidated revenue.

HM&P revenue declines narrowed sequentially in Q4 to 6% year-over-year. We lapped the bulk of marketing optimization impacts in Tripadvisor-branded hotels revenue; however, hotel auction headwinds persist.

Full-year 2019 HM&P revenue declined 6%. HM&P adjusted EBITDA was \$73 million, up 4% year-over-year in Q4 and was \$378 million, up 15% year-over-year for the full-year 2019. Q4 HM&P adjusted EBITDA margin was 38%, a four-percentage point increase year-over-year. We increased full-year HM&P margins significantly to 40% (7% better than 2018 and 14% better than 2017) through our progressive marketing optimizations and overall prudent cost management.



**Hotel auction headwinds have not yet abated.** We noted stronger-than-expected SEO channel headwinds in our Q2 and Q3 earnings commentary, as Google continues to siphon off high quality traffic that would otherwise have visited Tripadvisor. Hotel auction revenue declined by double digits year-over-year in Q3 and Q4, which was softer than trends observed in early 2019 and second half 2018. As a result, Tripadvisor-branded hotels revenue decreased 9% in Q4, despite double-digit hotel B2B revenue growth.

Hotel auction softness has continued into 2020. Thus far in Q1, Tripadvisor-branded hotels revenue year-over-year performance has decelerated compared to Q4, which we believe is partly due to a continuation of these second half 2019 trends, but also could be due to a softer travel spending environment.

Hotel auction performance remains only partly within our control, and we will continue to work to stabilize results. At the same time, we will continue to aggressively build our non-auction revenue streams, delivering customers more value in areas where we can bring Tripadvisor's unique assets to bear.

With 463 million average monthly unique visitors in the 2019 peak summer travel season, Tripadvisor has the world's largest travel audience as well as significant influence over travel decisions. The balance of our HM&P commentary updates our progress on membership, personalization, and app initiatives **to increase traffic quality and deepen customer engagement on our platform, which can lead to increased monetization over time.** Beyond their standalone growth potential, these engagement efforts also could benefit our hotel auction results.

**Deepening consumer engagement:** Member growth accelerated for the sixth straight quarter in Q4 and we added over 50 million new Tripadvisor members in full-year 2019. This significantly increased the number of active members on our site. Members visit directly more, cross-shop more, come back more frequently and generate more revenue than the average Tripadvisor user. There remains not only an enormous opportunity to continue to grow our member base, but also to deepen member engagement by making membership more valuable, building communities and leveraging our valuable content to further personalize trip-planning features.

**Deepening advertising partner engagement:** We have outlined our business-to-business growth objectives in two distinct areas: 1) Modernizing and scaling our display advertising offering; and 2) Growing hotel B2B products and services.

- **Display advertising:** Throughout the second half of 2019, we started building the foundation to better leverage Tripadvisor's global audience, content, data, travel influence and brand-safe platform, and capture a bigger piece of the large and growing digital media advertising market. In Q4, we continued to grow monetizable inventory, particularly on mobile, as well as expand programmatic, helping partners more effectively advertise on Tripadvisor. Moreover, we launched Tripadvisor Media Manager, our first self-serve advertising platform, and Tripadvisor Connect, an off-platform media solution enabling advertisers to reach custom audiences beyond Tripadvisor's website and app.

These launches demonstrate our commitment to help more advertisers reach more relevant, high-intent audiences both on and off the Tripadvisor platform. We added more

than 200 new clients in Q4 with success spanning both endemic and non-endemic clients, such as airlines, finance and beauty. We saw some early benefits in our Q4 revenue performance, and expect greater contributions moving forward.

In 2020, we will continue to expand our advertising solutions suite and deepen relationships with both existing travel and tourism partners, as well as new non-travel-endemic partners. We like our continued progress and aim to accelerate 2020 media revenue growth compared to 2019.

- **Hotel B2B:** Our Tripadvisor-branded hotels revenue line also includes Hotel B2B solutions, a growing suite of media offerings as well as subscription products and services sold directly to hotels. Q4 marked the fourth straight quarter of double-digit revenue growth in this area, driven by partner adoption of hotel sponsored placements media advertising, which doubled in 2019.

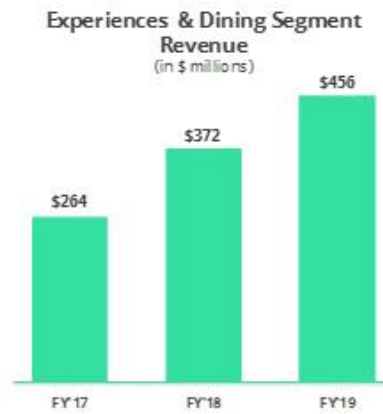
In 2020 and over the years to come, we will equip our global salesforce with additional B2B products that leverage Tripadvisor data and insights within areas. We are actively exploring commercial opportunities in areas such as business intelligence, reputation management, revenue optimization, marketing and business operations.

We enter 2020 with momentum along our customer-focused execution strategy. We remain committed to earning customers' affinity within every interaction. We believe this will enable us to convert Tripadvisor's influence into engagement, monetization and profitable growth.

## EXPERIENCES & DINING SEGMENT RESULTS

---

E&D revenue was \$456 million, or 29% of consolidated revenue in full-year 2019.



E&D revenue grew 16% in Q4 and 23% in full-year 2019 driven by both our Experiences and Restaurants businesses. In Experiences, revenue grew double digits led by strong bookings growth on our Tripadvisor channel. In Restaurants, transaction revenue (via TheFork) and media revenue (via Tripadvisor Restaurants Solutions) delivered continued strong growth as well.

Q4 E&D adjusted EBITDA reflects revenue seasonality against a relatively fixed cost structure, and full-year 2019 E&D adjusted EBITDA reflects accelerated product, supply and marketing investments (namely in non-English, mobile and our Tripadvisor channel) aimed at driving scale and long-term growth.

In Q4, we allocated \$110 million of capital towards M&A in the E&D segment. These acquisitions closed in December and were not significant to our Q4 consolidated results; however, looking ahead, we expect these businesses to contribute meaningful E&D revenue and flat to slightly positive EBITDA in 2020.

More broadly, Experiences and Restaurants are off to a good start quarter-to-date, and we expect strong results this year. Importantly, we expect to achieve attractive growth at increased profit margins, following considerable platform investments in recent years.

### **Experiences**

Since acquiring Viator over five years ago, we have invested heavily and successfully grown a two-sided marketplace that helps connect consumers with an industry-leading selection of things to do. Investments in new product categories with attractive price points (e.g., events, tickets and unique experiences), non-English markets, mobile, and performance marketing, all have yielded numerous benefits. For instance, in 2019, we nearly tripled the number of partners we work with, and bookable products reached 345,000, up 116% year-over-year.

Our go-forward focus centers on improving how we merchandise our best-in-class inventory to improve conversion, turning more of the “lookers” on Tripadvisor into bookers. We also made continued progress in Q4 helping consumers find and book the experiences they want, in the language they speak, with the payment methods they use. We accelerated conversion gains on the Tripadvisor channel, which remains a fast growing channel in 2019 and, in the second half of 2019, became our largest channel in terms of number of bookings. Overall, the number of bookings grew approximately 30% in Q4. We saw strong Q4 experiences bookings growth on the Tripadvisor app, as well as further acceleration in January.

We remain at the forefront of a compelling travel category and we are focused on capturing more of our growth potential. The global travel activities market is estimated to be \$183 billion in 2020 (per Phocuswright estimates) and roughly 80% of bookings still happen offline. Tripadvisor, with the important bookable supply and consumer demand components in place, remains at the forefront. In addition, Viator remains a leading OTA brand and we have taken decisive steps in 2020 to unlock more of its growth potential.

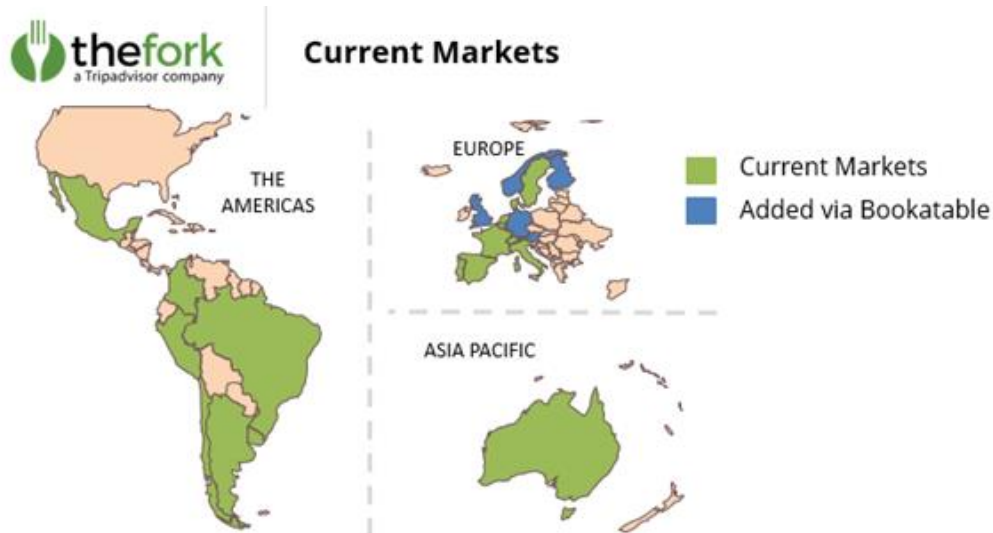
### **Restaurants**

Restaurants remains a fast growing business for us, and we are executing strategically in two ways. First, we help consumers beyond just when planning or taking a trip, driving increased frequency with our platform. Second, it uniquely positions us to serve B2B products and services to a global client base, helping them harness the internet and leverage the Tripadvisor platform to manage, and grow, their businesses.

As referenced above, we completed two acquisitions in Q4 that enhance our Restaurants offerings. First, we acquired UK-based [Bookatable](#). This further bolsters [TheFork](#)'s leadership position in Europe, enabling us to consolidate in some existing markets as well as expand into

five new countries: the United Kingdom, Germany, Austria, Finland and Norway. Once fully integrated, Bookatable should add approximately 14,000 more restaurants to TheFork's platform.

This acquisition will further reinforce our position as the world's largest online restaurant booking platform, which has 84,000 total bookable restaurants spanning 4,500 cities across 22 countries.



On the consumer side, TheFork's seated diners grew by mid-30% in Q4, with more than 70% of bookings coming via TheFork mobile app.

On the TripAdvisor Restaurants Solutions side, we are expanding the B2B products and services we offer with one sole objective: to make the job of a restaurateur easier. An example from Q4 was our acquisition of SinglePlatform, a leading, NYC-based menu and listings management platform. Consumers check menus 93% of the time when making dining choices, and SinglePlatform's software enables restaurants to easily update and publish their menus online on sites like TripAdvisor, Yelp, Google, Facebook and OpenTable, among many others. This acquisition roughly doubles the number of B2B partners we work with and, through growth in our Premium and Sponsored Placements media offerings over the past couple of years, our client network now spans more than 150 countries.

We are very pleased with our progress building, launching and growing B2B offerings. We look forward to delivering these solutions to a greater number of the 5.2 million restaurants on the TripAdvisor platform, particularly outside of North America.

## OTHER RESULTS

Other revenue was \$165 million, or 11% of consolidated revenue, in full-year 2019.

Other revenue decreased 30% to \$32 million in Q4 and adjusted EBITDA margin was 38%. Full-year 2019 Other revenue decreased by 32% to \$165 million and adjusted EBITDA grew 22% to \$55 million. These results were primarily driven by year-over-year impacts from eliminating some marginal and unprofitable revenue within some non-Tripadvisor branded offerings in late 2018, which reduced revenue and slightly increased profitability, as well as continued competition faced by our Rentals offering.

---



## ADDITIONAL FINANCIAL DETAILS

During Q4 and full-year 2019, we estimate that **changes in global currencies** had the following impacts on our financial results:

	Q4 Revenue	Q4 Adjusted EBITDA	FY 2019 Revenue	FY 2019 Adjusted EBITDA
HM&P Segment	-1%	-2%	-2%	-4%
E&D Segment	-2%	n.m.	-4%	n.m.
<b>Consolidated</b>	<b>-1%</b>	<b>-1%</b>	<b>-2%</b>	<b>-3%</b>

n.m. = not meaningful

During 2019, several countries introduced unilateral **digital service tax (DST)** initiatives, which impose new types of non-income taxes, including taxes based on a percentage of revenue. In July 2019, France signed into law a 3% DST to be applied retroactively as of January 1, 2019. Therefore, we recorded \$3 million digital service tax to general and administrative expense for 2019. We continue to assess the financial impact of this new law and monitor other countries in which we do business, such as Italy, Spain and the United Kingdom, who have enacted or proposed similar taxes which are likely to be applicable at some point during 2020. We currently estimate the total impact will be slightly lower than 1% of 2020 consolidated revenue.

Our **GAAP effective income tax rate** increased from 34.7% in 2018 to 35.1% in 2019. Our 2019 rate is higher than the federal U.S. statutory rate primarily due to an income tax expense related to changes in our intercompany cost-sharing arrangements for stock-based compensation, partially offset by a release of valuation allowances on certain foreign deferred tax assets. We expect our 2020 GAAP effective income tax rate to be similar to 2019, due to stock-based compensation tax accounting at a lower share price. We believe our non-GAAP tax rate, which is not subject to share price volatility, will be less impacted than our GAAP tax rate.

Finally, during the fourth quarter of 2019, we revised our Adjusted EBITDA definition to exclude restructuring and other related reorganization costs. We believe that excluding these amounts better enables management and investors to compare financial results between periods as these costs may vary independent of business performance. This revision to our definition did not have a material impact to Adjusted EBITDA for any period prior to the year ended December 31, 2019; therefore, no reclassifications have been made to conform the prior periods to the current period presentation. This revision had no effect on consolidated GAAP results in any period. These costs were not significant in Q4 2019. We estimate we will incur approximately \$6 to \$8 million of restructuring and other related reorganization charges in Q1 2020.

## OUTLOOK

*As a reminder, we endeavor to be as accurate as possible with our forward-looking commentary; however, a number of factors outside of our control can limit our visibility into future financial performance and can cause our results to vary materially from our current expectations.*

Tripadvisor turns 20 years old in 2020. Over two decades, we have built an iconic brand, attracted a massive global audience and generated significant influence in the \$1.7 trillion dollar travel industry. We are focused on building direct, durable relationships, and more effectively converting Tripadvisor's travel influence into increased repeat, intentional, engaged usage and monetization.

To accomplish this, we have started exciting product transformation work, including modernizing Tripadvisor's look and feel and delivering a cohesive consumer experience. In January, we rebranded the visual identity of the company marking our 20th anniversary. We have additional brand and product work rolling out in Q2 2020. In Q3 2020, we are excited about our planned launch of a new, completely reimagined Tripadvisor mobile app. This will be a critical user experience upgrade, giving our most engaged audience a fast, powerful, on-the-go travel companion to help them discover, plan and book.

We also recently reorganized to align teams along our "One Tripadvisor" vision. These changes bring together - and streamline - the Tripadvisor user and shopping experience, leveraging our differentiated, people-powered planning position to ensure the user experience is as personalized and as engaging as possible.

Financially, in 2020 and the years beyond, we expect to improve Tripadvisor's revenue profile towards a significant majority of revenue from E&D, hotel B2B and display advertising growth areas. Capturing the growth opportunity in E&D is key. We believe our recent organizational changes will generate continued strong growth in Tripadvisor Experiences, as well as further unlock Viator's potential. We also remain very pleased with Restaurants' strong growth trajectory. We expect E&D revenue alone will exceed the hotel auction in 2020 and, over the coming years, the relative sizes of these revenue lines will reduce hotel auction's influence on our results. We also believe our changes to align our "One Tripadvisor" efforts will convert Tripadvisor's influence into high margin revenue growth.

With that as context, we provide our 2020 targets:

- On a consolidated basis, we target:
  - Adjusted EBITDA at least flat to 2019, with year-over-year performance second half-weighted.
- In HM&P, we expect:
  - HM&P revenue growth to decelerate in Q1 2020 vs Q4 2019.
  - Full-year HM&P revenue performance to improve in the second half compared to the first half due to easing year-over-year growth comparisons.
- In E&D, we target:
  - Accelerated E&D revenue growth.
  - Improved E&D adjusted EBITDA in 2020 versus 2019, with benefits second half-weighted.
  - E&D to increase as a percentage of both consolidated revenue and consolidated adjusted EBITDA, with annual E&D revenue greater than hotel auction revenue for the first time.

- In Other, we target:
  - Other revenue declines to narrow in 2020 as we have now lapped the elimination of some marginal and unprofitable revenue as well as resource reallocation efforts that negatively impacted topline results throughout 2019.
  - Other to decrease as a percentage of consolidated revenue.

## Conclusion

In summary, we are enhancing our position in an attractive, and competitive, travel market. We have strong, unique assets and our progress makes us optimistic about our future. In 2020, we intend to diversify revenue growth, contain costs and deploy our significant free cash flow in attractive ways. As we did in Q4, we will appropriately balance selective acquisition opportunities and returning capital to shareholders. Despite the recent hotel auction headwinds, we are optimistic about our future revenue growth prospects, as we believe potential hotel auction headwinds will be more than offset by our growing revenue lines in the years to come. These objectives, along with our trusted, global brand, rich travel content, large monthly audience and significant influence, are the solid foundation upon which we can improve results and drive long-term shareholder value.

Sincerely,

Steve Kaufer, Co-founder & CEO  
Ernst Teunissen, CFO

## Conference Call and Webcast

Tripadvisor, Inc. management will host a conference call to discuss results as well as other forward-looking information about Tripadvisor's business tomorrow morning at 8:30 a.m. Eastern Time. 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> for a live webcast of the conference call.

\* \* \*

Tripadvisor, Inc.'s fourth quarter and full-year 2019 earnings press release and supplemental financials are available on the Investor Relations section of the Tripadvisor, Inc.'s website at [ir.tripadvisor.com](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 February 12, 2020, which is available on the Investor Relations section of our website at [ir.tripadvisor.com](http://ir.tripadvisor.com) and the SEC's website at [www.sec.gov](http://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, and Section 21E of the Securities Exchange Act of 1934, as amended. The following words, when used, are intended to identify forward-looking statements: "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "target," "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 I. Item 1A. "Risk Factors" of our Annual Report on Form 10-K. 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 consolidated 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. We have not reconciled consolidated adjusted EBITDA guidance to projected consolidated GAAP net income (loss) because we do not provide guidance on GAAP net income (loss) or the reconciling items between adjusted EBITDA and GAAP net income (loss), as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

The earnings 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 February 12, 2020, 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](http://www.sec.gov).

#### **Key Business Metrics**

We review a number of metrics, including unique visitors, hotel shoppers, and other metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and

user engagement across our large user base around the world. For example, a single user may have multiple member accounts or browse the internet on multiple browsers or devices, some users may restrict our ability to accurately identify them across visits, and we are not always able to capture user information on all of our platforms. As such, the calculations of our active users may not accurately reflect the actual number of people or organizations using our platform. Our metrics are also affected by applications that automatically contact our servers for regular updates with no discernible user action involved, and this activity can cause our system to count the users associated with such applications as active users on the day or days such contact occurs. As such, the calculation of some of the metrics presented may be affected as a result of this activity. We regularly review our process and may adjust how we calculate our internal metrics to improve their accuracy.