

# Investor Presentation (NASDAQ: TRIP)

Q1 2013



# Safe Harbor Statement

**Forward-Looking Statements.** Our presentation today, including the slides contained herein, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts or guarantees of future performance and are based on management's assumptions and expectations, which are inherently subject to difficult to predict uncertainties, risks and changes in circumstances. The use of words such as "intends," "expects," "may," "believes," "should," "seeks," "intends," "plans," "potential," "will," "projects," "estimates," "anticipates" or similar expressions generally identify forward-looking statements. However, these words are not the exclusive means of identifying such statements, and any statements that refer to expectations, beliefs, plans, predictions, projections, forecasts, objectives, assumptions, models, illustrations, profiles or other characterizations of future events or circumstances are forward-looking statements, including without limitation statements relating to future revenues, expenses, margins, performance, profitability, cash flows, net income/(loss), earnings per share, growth rates and other measures of results of operations (such as, among others, EBITDA or adjusted EBITDA) and future growth prospects for TripAdvisor's business. Actual results and the timing and outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including, among others, those discussed in the "Risk Factors" section of the registration statement on Form S-4 (File No. 333-175828-1), which included a proxy statement for Expedia, Inc. ("Expedia") and prospectus for Expedia and TripAdvisor (the "Prospectus/Proxy Statement"). Except as required by law, we undertake no obligation to update any forward-looking or other statements in this presentation, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on forward-looking statements.

**Non-GAAP Measures.** This presentation also includes discussion of both GAAP and non-GAAP financial measures. Important information regarding TripAdvisor's definition and use of these measures, as well as reconciliations of the non-GAAP financial measure to the most directly comparable GAAP financial measure are included in the press release reporting our fourth quarter 2012 financial results, which is available on the Investor Relations section of our website: [www.tripadvisor.com](http://www.tripadvisor.com). These non-GAAP measures are intended to supplement, not substitute for, GAAP comparable measures. Investors are urged to consider carefully the comparable GAAP measures and reconciliations.

**Industry / Market Data.** Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.

# Our Mission



Home



Stay



Eat



See



Fly



Discuss



Save



More



Current Location



**Help travelers around  
the world plan and have  
the perfect trip**

# Business Overview

# We are the World's Largest Travel Website

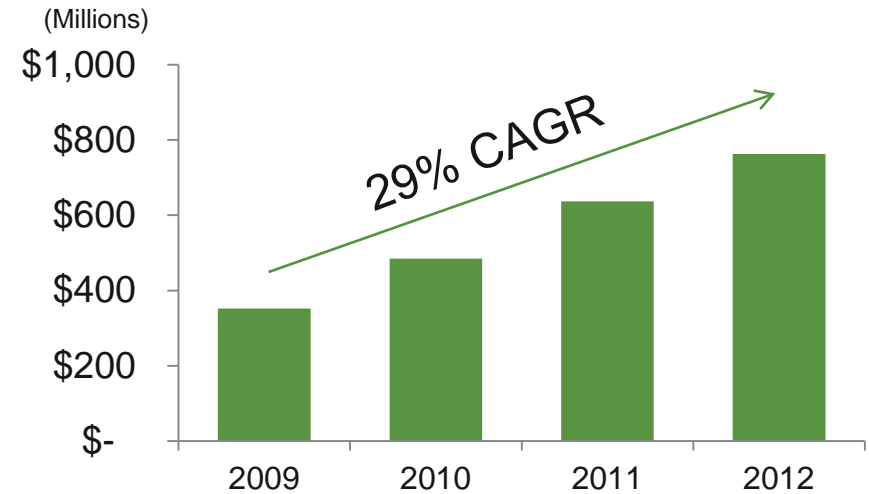
## Key Facts

- Headquartered in Newton, MA
- **30** countries; **21** languages
- **700K+** hotels & accommodation pages
- **1.1M+** restaurant & **260K** attraction pages
- Valuable lead source to OTAs & hoteliers

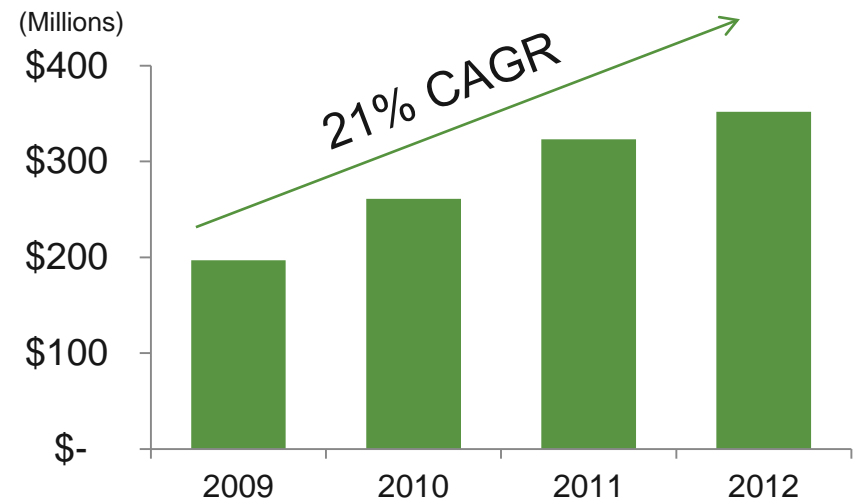
## Site & Content Stats

- **200M+** unique monthly visitors\*
- **48M+** registered emailable members
- **100M+** user-generated reviews & opinions
- **60+** traveler contributions per minute

## Revenues



## Adjusted EBITDA



\*Google Analytics, worldwide data, March 2013

# We Address All Phases of the Travel Cycle



# Valuable Platform for Travelers and Advertisers

## Consumer Value

## Business Value

Facebook friend experiences at the property

Popularity ranking; ratings summary; latest review

Candid traveler photos

Review summary & rating histogram; room tips

Search filtering

Reviewer profile: photo, badges & helpful votes

Detailed reviews

The screenshot shows the TripAdvisor page for the Palace Hotel in San Francisco. Key elements include:
 

- Header:** TripAdvisor logo, search bar, and navigation menu.
- Hotel Info:** Palace Hotel, San Francisco, CA. Includes a 'Special Offer: Book Early and Save'.
- Booking Section:** A table comparing prices from Booking.com (\$284), Travelocity (\$262), and BookIt (\$293).
- Review Summary:** A histogram showing traveler ratings from 'Excellent' to 'Terrible'. It also includes a 'Rating summary' table for categories like Location, Sleep Quality, Rooms, Service, Value, and Cleanliness.
- Reviews:** A list of reviews, including one from Adam Medros titled 'Beautiful hotel, but overrated'.
- Related Hotels:** A list of other hotels in the area with their ratings and prices.
- Map:** A map showing the hotel's location in San Francisco.

Business Listing

Cost-per-click lead generation

Personalization

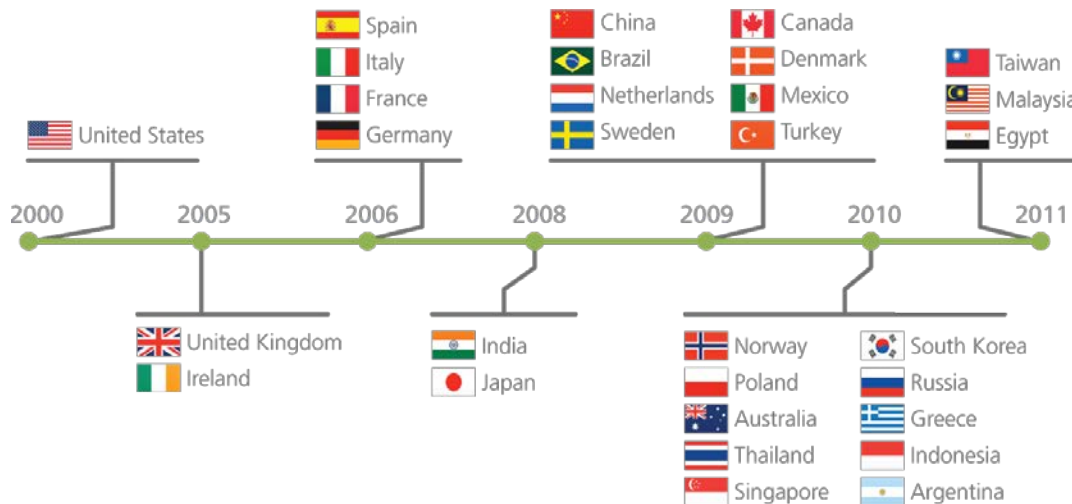
Display ad / sponsorship

# Global Scale and Robust Travel Platform

Significant Global Reach: 75% of Traffic from International IP



30 countries in 21 languages



Travel-Specific Brand Portfolio

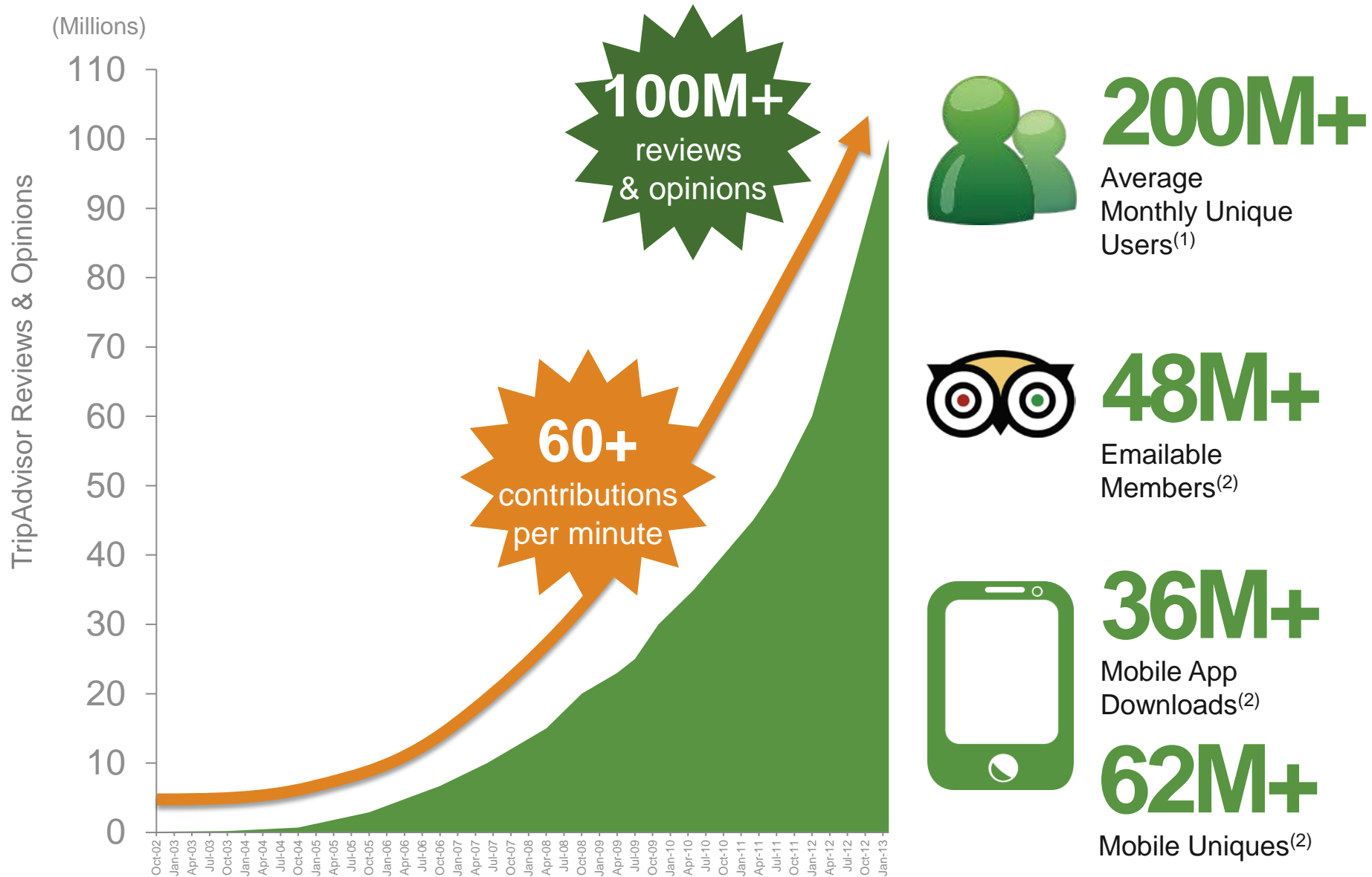


Key Objective: Grow Traffic Funnel

- Brand marketing (Syndication, CRM, offline)
- Direct navigation
- Organic search (SEO)
- Paid search (SEM)
- Partners / Referrals



# Community, Content and Mobile Growing Quickly



(1) Google Analytics, worldwide data, March 2013

(2) TripAdvisor log files, March 31, 2012. App downloads of TripAdvisor, City Guides and SeatGuru measured on a cumulative basis. Mobile uniques includes tablet and phone and is measured on an average monthly basis

# Mobile: Powerful, Fast-growing, Platform Extension

20

Languages

36M

App  
Downloads

82

City Guide  
Cities

62M\*

Monthly  
Uniques



\* Average monthly unique users on mobile devices for Q1 2013, according to TripAdvisor log files

# Social: Driving Increased Awareness, Members & Engagement



+



Corie Mieth and 3 other people are friends with reviewers of Fairmont Battery Wharf

## Fairmont Battery Wharf ★★★★★

\$234 and up \*

Special Offer Triple Upgrade Offer



Ranked #14 of 75 hotels in Boston

419 reviews

"Great Hotel in Great Waterfront Locati..." 02/01/2013

"American Trip" 01/30/2013

Professional photos | Traveler photos (222) | Map

Price Your Stay



thehankster  
Hollywood, Florida

Senior Contributor

30 reviews

16 hotel reviews

Reviews in 21 cities

51 helpful votes

- Launched Cities I've Visited in **2007**;
- Instant Personalization partner since **2010**;
- Launched Friend-of-a-friend in **2012**
- Building TripAdvisor Brand:
  - Reached #1 Facebook app ranking in Dec 2012
  - 35% of new reviews are from Facebook-connected users
  - 1+ Bln Open Graph actions
  - 2+ Bln travel "pins" collected



Zoe Wakefield, Corie Mieth, Sara Baldwin and 3 other people are friends with this reviewer

Friend of a friend's review

## "Exquisite service"

Reviewed May 7, 2011

I travel to Boston frequently and have stayed at a number of downtown hotels, and every stay has been a pretty good experience. Decided to try the Lenox on my last trip, though, and I was absolutely blown away by the service. Everyone on the staff, from the doormen to the front desk to the concierge to the staff at...

More ▾

# Other Key Areas of Investment

## Business Listings

Home > Europe > United Kingdom (UK) > England > London >

### Hotel 41 ★★★★★ Like 120

41 Buckingham Palace Road, London SW1W 0PS, England

[Hotel website](#) [E-mail hotel](#) 44(0)2073000041

**Special offer COMPLIMENTARY TEA FOR TWO**



Ranked #1 of   
○○○○○

- Huge opportunity within the 700K+ hotels & accommodations in our database
- Easy, cost-effective means for hoteliers to market to target global travel audience
- Worldwide traffic growth drives enhanced product value
- Enhanced exposure through special offers, announcements and mobile upgrade
- Untapped opportunity with 1.3M+ restaurants & attractions on TripAdvisor

## Vacation Rentals



- \$85B vacation rental market in 2010 and growing<sup>(1)</sup>; Highly fragmented and inefficient market
- 300K+ property listings and growing
- Leverage fast-growing global travel audience; Contextual cross-sell enhances user experience; Online payment capability
- Complement & extend TripAdvisor's leading online travel platform



holidaylettings.co.uk  
UK's No.1 for holiday homes worldwide



## International / China



- World's 2<sup>nd</sup> largest economy after the US
- Online travel market growing 30% per year
- Expect >650M internet users by 2015 – still less than 50% penetration<sup>(2)</sup>
- Fast mobile adoption & attractive social component; no winners yet
- Widely varied travel pricing



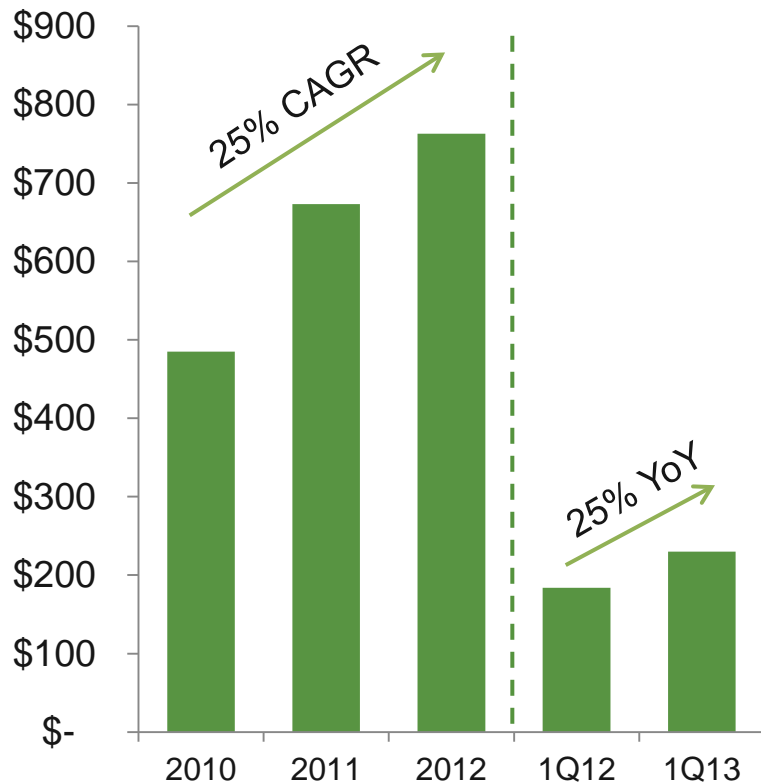
(1) Radius Global Market Research, Market Sizing Study, Nov 2011

(2) Boston Consulting Group, The Internet's New Billion: Digital Consumers in Brazil, Russia, India, China and Indonesia, Sept 2010

# Financial Overview

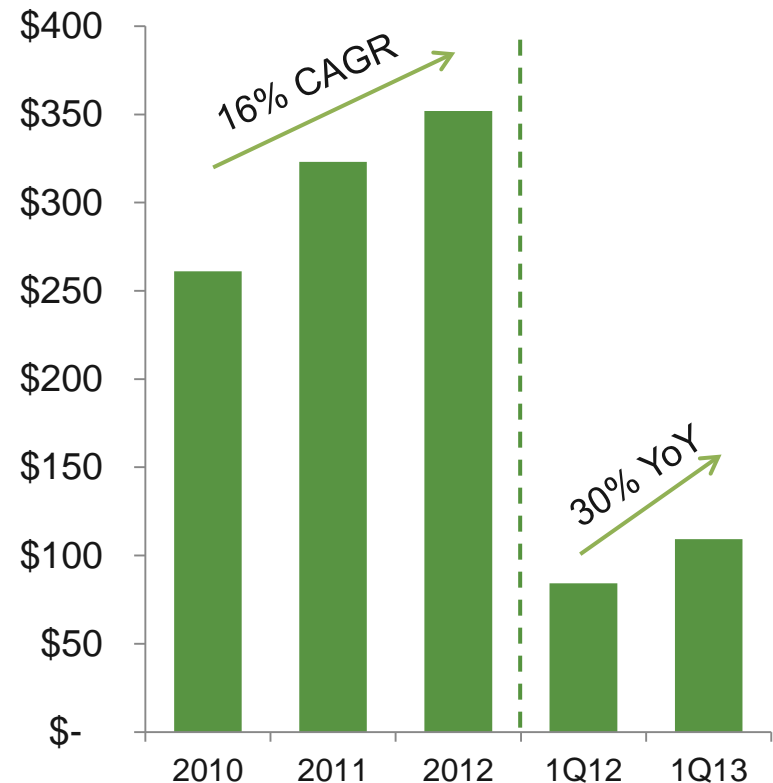
# Financial Overview: Track Record of Profitable Growth

## Revenue<sup>(1)</sup> (\$M)



YoY growth	2010	2011	2012	1Q12	1Q13
	38%	31%	20%	23%	25%

## Adjusted EBITDA<sup>(2)</sup> (\$M)



Adj. EBITDA Margin	2010	2011	2012	1Q12	1Q13
	54%	51%	46%	55%	48%

(1) Reflects TripAdvisor Holdings, LLC Combined Statement of Operations as disclosed in Annex E of Amendment No. 4 to Expedia, Inc. Form S-4 filed November 1, 2011 with the SEC. Revenue includes intercompany revenues from Expedia, Inc.

(2) Adjusted EBITDA is defined as Operating Income attributed to TripAdvisor Holdings, LLC plus: (1) depreciation of property and equipment, including internal use software and website development; (2) amortization of intangible assets; (3) stock-based compensation; and (4) non-recurring expenses related to the spin-off

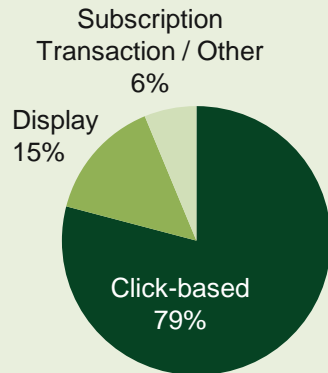
# Steady Revenue Diversification

2010

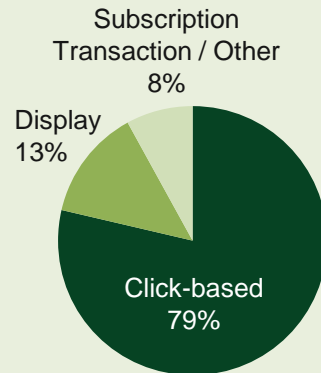
2011

2012

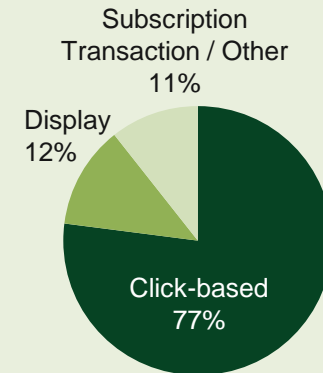
## Revenue by product



\$485M

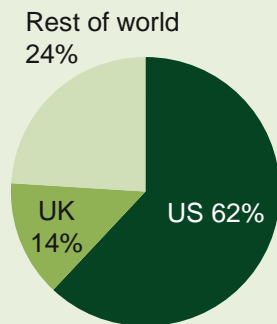


\$637M

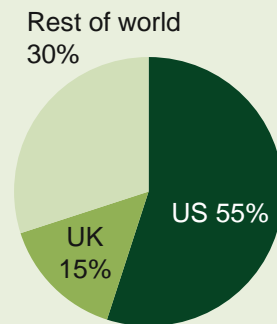


\$763M

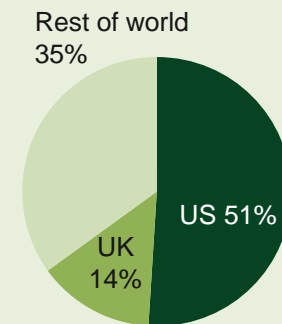
## Revenue by geography



\$485M



\$637M



\$763M

# Why Invest in TripAdvisor?

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## Largest travel website in the world

200M monthly unique users<sup>(1)</sup>

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## Huge and growing market opportunity

Global travel industry gross bookings to exceed \$1.1T in 2013<sup>(2)</sup>; \$43B+<sup>(3)</sup> spent on travel advertising each year; ad spend migrating online

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## Definitive resource for travelers and critical partner for merchants

Eclipsed over 100M reviews and opinions on more than 700,000 accommodations & 1.3M+ restaurants & attractions

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## Scale begets powerful network effects

Global scale generates a richer experience for travelers and advertisers

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## Compelling and differentiated business model

Rich user-generated content creates valuable monetization opportunities and efficient cost structure

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## Profitable and growing

Strong revenue growth; Solid EBITDA & FCF generation

(1) Google Analytics, worldwide data, March 2013

(2) PhoCusWright Online Travel Overviews

(3) IDC, Worldwide New Media Market Model, August 2011



# Thank You



# Non-GAAP Reconciliations

(in thousands)	2011								2012							
	FY 2008	FY 2009	FY 2010	Q1	Q2	Q3	Q4	FY 2011	Q1	Q2	Q3	Q4	FY 2012	2013 Q1		
<b>Adjusted EBITDA and OIBA Reconciliation</b>																
Adjusted EBITDA (1)	\$ 146,626	\$ 197,219	\$ 260,963	\$ 82,007	\$ 92,487	\$ 93,339	\$ 55,085	\$ 322,918	\$ 84,189	\$ 96,921	\$ 107,059	\$ 64,305	\$ 352,474	\$ 109,347		
Depreciation (2)	5,022	9,330	12,871	4,102	4,514	4,630	5,116	18,362	4,281	4,715	5,037	5,933	19,966	6,324		
OIBA (3)	\$ 141,604	\$ 187,889	\$ 248,092	\$ 77,905	\$ 87,973	\$ 88,709	\$ 49,969	\$ 304,556	\$ 79,908	\$ 92,206	\$ 102,022	\$ 58,372	\$ 332,508	\$ 103,023		
Amortization of intangible assets	11,161	13,806	14,609	2,117	1,132	2,394	1,880	7,523	1,839	1,760	1,310	1,201	\$ 6,110	1,109		
Stock-based compensation	5,560	5,905	7,183	2,474	1,968	2,036	10,866	17,344	4,692	6,768	8,463	10,179	\$ 30,102	13,611		
Spin-off costs	-	-	-	-	1,054	2,211	3,667	6,932	-	-	-	-	-	-		
GAAP Operating Income	\$ 124,883	\$ 168,178	\$ 226,300	\$ 73,314	\$ 83,819	\$ 82,068	\$ 33,556	\$ 272,757	\$ 73,377	\$ 83,678	\$ 92,249	\$ 46,992	\$ 296,296	\$ 88,303		
Other interest income (expense), net	(4,035)	(978)	(241)	98	217	212	(136)	391	(2,932)	(2,405)	(2,806)	(2,728)	(10,871)	(2,406)		
Other, net	(1,738)	(660)	(1,644)	965	457	(2,802)	126	(1,254)	696	(4,539)	1,367	(974)	(3,450)	(1,461)		
Income before income taxes	119,110	166,540	224,415	74,377	84,493	79,478	33,546	271,894	71,141	76,734	90,810	43,290	281,975	84,436		
Provision for income taxes	46,788	64,325	85,461	27,006	30,383	25,185	11,529	94,103	22,970	23,569	31,275	9,573	87,387	22,137		
GAAP Net income	72,322	102,215	138,954	47,371	54,110	54,293	22,017	177,791	48,171	53,165	59,535	33,717	194,588	62,299		
GAAP Net (income) loss attributable to noncontrolling interest	49	212	(178)	(93)	(46)	21	4	(114)	(60)	(146)	(175)	(138)	(519)	-		
GAAP Net income attributable to TripAdvisor, Inc.	\$ 72,371	\$ 102,427	\$ 138,776	\$ 47,278	\$ 54,064	\$ 54,314	\$ 22,021	\$ 177,677	\$ 48,111	\$ 53,019	\$ 59,360	\$ 33,579	\$ 194,069	\$ 62,299		
<b>Non-GAAP Net income Reconciliation</b>																
Non-GAAP Net income	\$ 82,524	\$ 114,525	\$ 152,269	\$ 50,202	\$ 56,724	\$ 58,851	\$ 32,793	\$ 200,862	\$ 52,533	\$ 58,928	\$ 65,767	\$ 41,311	\$ 218,674	\$ 73,074		
Stock-based compensation	5,560	5,905	7,183	2,474	1,968	2,036	10,866	17,344	4,692	6,768	8,463	10,179	30,102	13,611		
Amortization of intangible assets	\$ 11,161	\$ 13,806	\$ 14,609	\$ 2,117	\$ 1,132	\$ 2,394	\$ 1,880	\$ 7,523	\$ 1,839	\$ 1,760	\$ 1,310	\$ 1,201	\$ 6,110	\$ 1,109		
Spin-off costs	-	-	-	-	1,054	2,211	3,667	6,932	-	-	-	-	-	-		
Income tax effect of non-GAAP adjustments (4)	6,568	7,613	8,299	1,667	1,494	2,104	5,641	8,614	2,109	2,619	3,366	3,648	11,607	3,945		
GAAP Net income attributable to TripAdvisor, Inc.	\$ 72,371	\$ 102,427	\$ 138,776	\$ 47,278	\$ 54,064	\$ 54,314	\$ 22,021	\$ 177,677	\$ 48,111	\$ 53,019	\$ 59,360	\$ 33,579	\$ 194,069	\$ 62,299		
<b>Non-GAAP Share Count Reconciliation</b>																
Non-GAAP Diluted Shares Outstanding (MM)	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	136,804,727	135,550,831	136,804,727	142,335,533	144,217,771	144,147,787	141,878,430	145,067,403		
Additional restricted stock units	-	-	-	-	-	-	647,052	685,662	647,052	598,639	560,786	333,936	537,079	412,163		
GAAP Diluted Shares Outstanding (MM)	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	136,157,675	134,865,169	136,157,675	141,736,894	143,656,985	143,813,851	141,341,351	144,655,240		
<b>Non-GAAP Earnings Per Share</b>																
Diluted Non-GAAP EPS	\$ 0.62	\$ 0.86	\$ 1.14	\$ 0.38	\$ 0.43	\$ 0.44	\$ 0.24	\$ 1.48	\$ 0.38	\$ 0.41	\$ 0.46	\$ 0.29	\$ 1.54	\$ 0.50		
<b>Revenue growth ex-Foreign Exchange Reconciliation</b>																
Non-GAAP Revenue growth	-	-	-	-	-	-	-	-	-	19%	22%	24%	-	24%		
Foreign exchange impact	-	-	-	-	-	-	-	-	-	-3%	-4%	-1%	-	1%		
GAAP Revenue growth	-	-	-	-	-	-	-	-	-	16%	18%	23%	-	25%		

(1) Adjusted EBITDA is defined as net income (loss) plus: (i) provision for income taxes; (ii) other (income) expense, net; (iii) depreciation of property and equipment, including internal use software and website development; (iv) amortization of intangible assets; (v) stock-based compensation; and (vi) non-recurring expenses.

(2) Includes internal use software and website development.

(3) Our primary operating metric prior to the Spin-Off for evaluating operating performance was Operating Income Before Amortization ("OIBA"), as reported on our Form S-4 filed on November 1, 2011. OIBA is defined as Operating income plus: (i) amortization of intangible assets and any related impairment; (ii) stock-based compensation expense; and (iii) non-recurring expenses incurred to effect the Spin-Off during the year ended December 31, 2011. This operating metric is no longer being used by our management to measure operating performance and is only being shown above to illustrate the financial impact given that we have converted to a new operating metric post Spin-Off.

(4) Represents the reduction in the income tax benefit recorded for the three months ended March 31, 2013 based on our effective rate for the three months ended March 31, 2013. The non-GAAP adjustments would have no impact on the provision for income taxes recorded for the three months ended March 31, 2013.