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

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**FORM 8-K**

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

**DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): November 7, 2018**

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

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-35362**  
(Commission  
File Number)

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

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

**02494**  
(Zip code)

**(781) 800-5000**  
**Registrant's telephone number, including area code**

**Not Applicable**  
(Former name or former address if changed since last report)

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

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

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

Emerging growth company

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

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

On November 7, 2018, TripAdvisor, Inc. issued a press release announcing its preliminary financial results for the three and nine months ended September 30, 2018. TripAdvisor, Inc. also posted prepared remarks from Stephen Kaufer, President and Chief Executive Officer, and Ernst Teunissen, Chief Financial Officer, on the “Investor Relations” section of its website at <http://ir.tripadvisor.com/events/cfm>. The full text of this press release and the prepared remarks are furnished as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K.

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

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release of TripAdvisor, Inc. dated November 7, 2018.</a>
99.2	<a href="#">Prepared remarks by TripAdvisor, Inc.’s management, dated November 7, 2018.</a>

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**SIGNATURE**

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

**TRIPADVISOR, INC.**

By: \_\_\_\_\_ /s/ ERNST TEUNISSEN

**Ernst Teunissen**  
**Chief Financial Officer**

Dated: November 7, 2018

## TripAdvisor Reports Third Quarter 2018 Financial Results

**NEEDHAM, MA**, November 7, 2018 — TripAdvisor, Inc. (NASDAQ: TRIP) today announced financial results for the third quarter ended September 30, 2018.

“We delivered a strong third quarter, delivering increased operating efficiency while investing for long-term profitable growth,” said Chief Executive Officer Steve Kaufer. “Product enhancements, platform expansion and progressive marketing optimizations continue to hit the mark and contributed to improved financial results.”

### Third Quarter 2018 Summary

(In millions, except percentages and per share amounts)	<u>Three months ended September 30,</u>		% Change
	2018	2017	
Total Revenue	\$ 458	\$ 439	4%
Hotel	\$ 305	\$ 312	(2)%
Non-Hotel	\$ 153	\$ 127	20%
GAAP Net Income	\$ 69	\$ 25	176%
Total Adjusted EBITDA (1)	\$ 146	\$ 95	54%
Hotel	\$ 99	\$ 51	94%
Non-Hotel	\$ 47	\$ 44	7%
Non-GAAP Net Income (1)	\$ 101	\$ 50	102%
Diluted Earnings per Share:			
GAAP	\$ 0.49	\$ 0.18	172%
Non-GAAP (1)	\$ 0.72	\$ 0.36	100%
Cash flow from (used in) operating activities	\$ 14	\$ (135)	110%
Free cash flow (1)	\$ (1)	\$ (150)	99%

(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, “Q3 had a number of very positive developments. Revenue per hotel shopper grew 5%, and revenue growth accelerated in our key Non-Hotel offerings. Hotel adjusted EBITDA nearly doubled year-over-year and consolidated adjusted EBITDA grew 54%. We are on track to deliver strong profit growth in 2018, and we are well-positioned heading into 2019.”

### Third Quarter 2018 Financial Summary

- Total Revenue grew 4% to \$458 million, an increase of \$19 million year-over-year. We estimate that changes in foreign currency had a 1% negative impact to Total Revenue growth.
- GAAP Net Income grew 176% to \$69 million.
- Non-GAAP Net income grew 102% to \$101 million.
- Total Adjusted EBITDA grew 54% to \$146 million, an increase of \$51 million year-over-year, and Total Adjusted EBITDA margin improved to 32%. We estimate that changes in foreign currency had a 2% negative impact to Total Adjusted EBITDA growth.
- Hotel Revenue was \$305 million, a decrease of \$7 million, or 2% year-over-year. Hotel Adjusted EBITDA grew 94% to \$99 million, an increase of \$48 million year-over-year, and Hotel Adjusted EBITDA margin improved to 32%.
- Non-Hotel Revenue grew 20% to \$153 million, an increase of \$26 million year-over-year. Non-Hotel Adjusted EBITDA grew 7% to \$47 million, an increase of \$3 million year-over-year, and Non-Hotel Adjusted EBITDA margin of 31%.
- Cash and cash equivalents was \$663 million and we had no outstanding debt as of September 30, 2018.

- Cash flow from operations for the nine months ended September 30, 2018 was \$374 million, an increase of \$154 million, or 70% year-over-year.

### Third Quarter 2018 Revenue by Product/Source:

(In millions, except percentages)	Three months ended September 30,		% Change
	2018	2017	
<b>Revenue by Source:</b>			
Hotel			
TripAdvisor-branded click-based and transaction (1)	\$ 194	\$ 195	(1)%
TripAdvisor-branded display-based advertising and subscription (2)	81	76	7%
Other hotel revenue (3)	30	41	(27)%
Non-Hotel	153	127	20%
<b>Total Revenue</b>	<b>\$ 458</b>	<b>\$ 439</b>	<b>4%</b>

- (1) Consists primarily of click-based advertising revenue, from TripAdvisor-branded websites, as well as transaction-based revenue from instant booking.  
(2) Includes revenue from display-based advertising and subscription-based hotel advertising revenue on TripAdvisor-branded sites.  
(3) Includes revenue from non-TripAdvisor-branded websites, including primarily click-based advertising revenue and display-based advertising revenue generated through these websites.

### Prepared Remarks, Supplemental Financial Information & Conference Call Detail

TripAdvisor posted prepared remarks and supplemental financial information on the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com>. TripAdvisor will host a conference call tomorrow, November 8, 2018, at 8:30 a.m., Eastern Time, to discuss TripAdvisor's third quarter 2018 financial results, as well as other forward-looking information about TripAdvisor's business. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of TripAdvisor's website at <http://ir.tripadvisor.com/events.cfm> for a live webcast of the conference call. Please access the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the conference call will be available on TripAdvisor's website noted above or by phone (dial (855) 859-2056 and enter the passcode 6272699) until November 15, 2018 and the webcast will be accessible at <http://ir.tripadvisor.com/events.cfm> for at least twelve months following the conference call.

### About TripAdvisor

TripAdvisor, the world's largest travel site\*, enables travelers to unleash the full potential of every trip. With 702 million reviews and opinions covering the world's largest selection of travel listings worldwide – covering 8.0 million accommodations, airlines, experiences, and restaurants -- TripAdvisor provides travelers with the wisdom of the crowds to help them decide where to stay, how to fly, what to do and where to eat. TripAdvisor also compares prices from more than 200 hotel booking sites so travelers can find the lowest price on the hotel that's right for them. TripAdvisor-branded sites are available in 49 markets, and are home to the world's largest travel community of 490 million average monthly unique visitors\*\*, all looking to get the most out of every trip. TripAdvisor: Know better. Book better. Go better.

TripAdvisor, Inc. (NASDAQ: TRIP), through its subsidiaries, manages and operates websites under more than 20 other travel media brands: [www.airfarewatchdog.com](http://www.airfarewatchdog.com), [www.bokun.io](http://www.bokun.io), [www.bookingbuddy.com](http://www.bookingbuddy.com), [www.citymaps.com](http://www.citymaps.com), [www.cruisecritic.com](http://www.cruisecritic.com), [www.familyvacationcritic.com](http://www.familyvacationcritic.com), [www.flipkey.com](http://www.flipkey.com), [www.thefork.com](http://www.thefork.com) (including [www.lafourchette.com](http://www.lafourchette.com), [www.eltenedor.com](http://www.eltenedor.com), [www.iens.nl](http://www.iens.nl) and [www.dimmi.com.au](http://www.dimmi.com.au)), [www.gateguru.com](http://www.gateguru.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.holidaywatchdog.com](http://www.holidaywatchdog.com), [www.housetrip.com](http://www.housetrip.com), [www.jetsetter.com](http://www.jetsetter.com), [www.niumba.com](http://www.niumba.com), [www.onetime.com](http://www.onetime.com), [www.oyster.com](http://www.oyster.com), [www.seatguru.com](http://www.seatguru.com), [www.smartertravel.com](http://www.smartertravel.com), [www.tingo.com](http://www.tingo.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com) and [www.viator.com](http://www.viator.com).

\* Source: Jumpshot for TripAdvisor Sites, worldwide, September 2018

\*\* 2018 Source: TripAdvisor log files, average monthly unique visitors, Q3 2018

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue	\$ 458	\$ 439	\$ 1,269	\$ 1,235
<b>Costs and expenses:</b>				
Cost of revenue	23	20	67	56
Selling and marketing (1)	206	247	621	683
Technology and content (1)	72	61	207	184
General and administrative (1)	40	42	129	115
Depreciation	20	19	61	57
Amortization of intangible assets	8	8	24	25
Total costs and expenses	369	397	1,109	1,120
Operating income	89	42	160	115
Total other income (expense), net	(2)	(4)	(10)	(8)
Income before income taxes	87	38	150	107
Provision for income taxes	(18)	(13)	(45)	(42)
Net income	<u>\$ 69</u>	<u>\$ 25</u>	<u>\$ 105</u>	<u>\$ 65</u>

**Earnings per share attributable to common stockholders:**

Basic	\$ 0.50	\$ 0.18	\$ 0.76	\$ 0.46
Diluted	<u>\$ 0.49</u>	<u>\$ 0.18</u>	<u>\$ 0.75</u>	<u>\$ 0.46</u>

**Weighted average common shares outstanding:**

Basic	138	139	138	141
Diluted	141	139	140	142

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

Selling and marketing	\$ 5	\$ 5	\$ 17	\$ 16
Technology and content	\$ 13	\$ 12	\$ 38	\$ 31
General and administrative	\$ 11	\$ 9	\$ 35	\$ 25

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

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 663	\$ 673
Short-term marketable securities	-	35
Accounts receivable and contract assets, net of allowance for doubtful accounts of \$19 and \$16, respectively	237	230
Income taxes receivable	-	30
Prepaid expenses and other current assets	26	25
<b>Total current assets</b>	<b>926</b>	<b>993</b>
Property and equipment, net of accumulated depreciation of \$227 and \$177, respectively	256	263
Intangible assets, net of accumulated amortization of \$131 and \$112, respectively	129	142
Goodwill	760	758
Deferred income taxes, net	28	16
Other long-term assets	93	100
<b>TOTAL ASSETS</b>	<b>\$ 2,192</b>	<b>\$ 2,272</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 22	\$ 8
Deferred merchant payables	204	156
Deferred revenue	73	60
Current portion of debt	-	7
Accrued expenses and other current liabilities	154	141
<b>Total current liabilities</b>	<b>453</b>	<b>372</b>
Long-term debt	-	230
Deferred income taxes, net	20	14
Other long-term liabilities	277	293
<b>Total Liabilities</b>	<b>750</b>	<b>909</b>
Stockholders' equity:		
Preferred stock, \$0.001 par value	-	-
Authorized shares: 100,000,000		
Shares issued and outstanding: 0 and 0		
Common stock, \$0.001 par value	-	-
Authorized shares: 1,600,000,000		
Shares issued: 136,869,883 and 135,617,263, respectively		
Shares outstanding: 124,813,195 and 126,142,773, 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	1,010	926
Retained earnings	1,035	926
Accumulated other comprehensive income (loss)	(56)	(42)
Treasury stock-common stock, at cost, 12,056,688 and 9,474,490 shares, respectively	(547)	(447)
<b>Total Stockholders' Equity</b>	<b>1,442</b>	<b>1,363</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 2,192</b>	<b>\$ 2,272</b>

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>Operating activities:</b>				
Net income	\$ 69	\$ 25	\$ 105	\$ 65
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property and equipment, including amortization of internal-use software and website development	20	19	61	57
Amortization of intangible assets	8	8	24	25
Stock-based compensation expense	29	26	90	72
Other, net	(5)	(4)	3	(6)
Changes in operating assets and liabilities, net of effects from acquisitions	(107)	(209)	91	7
<b>Net cash provided by (used in) operating activities</b>	<b>14</b>	<b>(135)</b>	<b>374</b>	<b>220</b>
<b>Investing activities:</b>				
Capital expenditures, including internal-use software and website development	(15)	(15)	(45)	(50)
Purchases of marketable securities	-	(9)	(1)	(16)
Sales of marketable securities	14	2	59	105
Maturities of marketable securities	-	8	5	25
Acquisitions and other investments, net of cash acquired, and other investing activities, net	(12)	-	(36)	-
<b>Net cash (used in) provided by investing activities</b>	<b>(13)</b>	<b>(14)</b>	<b>(18)</b>	<b>64</b>
<b>Financing activities:</b>				
Repurchase of common stock	-	-	(100)	(250)
Proceeds from 2015 credit facility, net of financing costs	-	40	5	413
Payments to 2015 credit facility	-	(35)	(235)	(241)
Payments to 2016 credit facility	-	-	-	(73)
Proceeds from Chinese credit facilities	-	-	2	-
Payments to Chinese credit facilities	-	-	(10)	-
Proceeds from exercise of stock options	-	1	3	3
Payment of withholding taxes on net share settlements of equity awards	(2)	(1)	(19)	(15)
<b>Net cash (used in) provided by financing activities</b>	<b>(2)</b>	<b>5</b>	<b>(354)</b>	<b>(163)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	7	(12)	17
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(3)</b>	<b>(137)</b>	<b>(10)</b>	<b>138</b>
Cash, cash equivalents and restricted cash at beginning of period	666	887	673	612
Cash, cash equivalents and restricted cash at end of period	<u>\$ 663</u>	<u>\$ 750</u>	<u>\$ 663</u>	<u>\$ 750</u>



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

	Three Months Ended		
	September 30, 2018	September 30, 2017	% Change
Revenue:			
Hotel	\$ 305	\$ 312	(2)%
Non-Hotel	153	127	20%
Consolidated revenue	<u>\$ 458</u>	<u>\$ 439</u>	4%
Adjusted EBITDA (1):			
Hotel	\$ 99	\$ 51	94%
Non-Hotel	47	44	7%
Total Adjusted EBITDA	<u>\$ 146</u>	<u>\$ 95</u>	54%
Adjusted EBITDA Margin (1):			
Hotel	32%	16%	
Non-Hotel	31%	35%	
Total Adjusted EBITDA Margin	32%	22%	
Net Income (2)	\$ 69	\$ 25	176%
Net Income Margin	15%	6%	

	Nine Months Ended		
	September 30, 2018	September 30, 2017	% Change
Revenue:			
Hotel	\$ 917	\$ 952	(4)%
Non-Hotel	352	283	24%
Consolidated revenue	<u>\$ 1,269</u>	<u>\$ 1,235</u>	3%
Adjusted EBITDA (1):			
Hotel	\$ 276	\$ 223	24%
Non-Hotel	59	46	28%
Total Adjusted EBITDA	<u>\$ 335</u>	<u>\$ 269</u>	25%
Adjusted EBITDA Margin (1):			
Hotel	30%	23%	
Non-Hotel	17%	16%	
Total Adjusted EBITDA Margin	26%	22%	
Net Income (2)	\$ 105	\$ 65	62%
Net Income Margin	8%	5%	

(1) Please refer to "Non-GAAP Financial Measures" below for definitions of these non-GAAP financial measures, as well as reconciliations to the most directly comparable GAAP measure.

(2) This amount reflects our consolidated GAAP net income for the periods presented. TripAdvisor does not calculate or report net income by segment.

## Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with GAAP in our press release and related conference call or webcast, we also report certain non-GAAP financial measures. A “non-GAAP financial measure” refers to a numerical measure of a company’s historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company’s financial statements. We 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.

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 plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived assets and intangible asset impairments; and (7) other non-recurring expenses and income. These items are excluded from our Adjusted EBITDA measure because these items are noncash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful.

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

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

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

Some of these limitations are:

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

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

TripAdvisor defines “non-GAAP net income” as GAAP net income excluding, net of their related tax effects (which excludes the impact of significant one time changes resulting from tax legislation such as the 2017 Tax Act): (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) goodwill, intangible assets, and other long-lived asset impairments; and (4) certain gains, losses, and other non-recurring income or expenses that we do not believe are indicative of our ongoing operating results. We believe non-GAAP net income is an operating performance measure which provides investors and analysts with useful supplemental information about the financial performance of our business, as it incorporates our unaudited condensed consolidated statement of operations, taking into account depreciation, which management believes is an ongoing cost of doing business, but excluding the impact of certain expenses, infrequently occurring items and items not directly tied to the core operations of our businesses, and also enables comparison of financial results between periods where certain items may vary independent of business performance.

TripAdvisor defines “non-GAAP net income per diluted share”, or non-GAAP diluted EPS, as non-GAAP net income divided by GAAP diluted shares. We believe non-GAAP diluted EPS is useful to investors because it represents, on a per share basis, our unaudited condensed consolidated statement of operations, taking into account depreciation, which we believe is an ongoing cost of doing business, as well as other items which are not allocated to the operating businesses such as interest expense, interest income, income taxes and foreign exchange gains or losses, but excluding the effects of certain expenses not directly tied to the core operations of our businesses. TripAdvisor calculates non-GAAP net income per diluted share 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 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 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 core operating results.

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>Reconciliation of GAAP Net Income to Adjusted EBITDA (Non-GAAP):</b>				
<b>GAAP Net Income</b>	\$ 69	\$ 25	\$ 105	\$ 65
Add: Provision for income taxes	18	13	45	42
Add: Other expense (income), net	2	4	10	8
Add: Depreciation and amortization of intangible assets	28	27	85	82
Add: Stock-based compensation	29	26	90	72
Adjusted EBITDA (Non-GAAP)	<u>\$ 146</u>	<u>\$ 95</u>	<u>\$ 335</u>	<u>\$ 269</u>
<b>Revenue (GAAP)</b>	\$ 458	\$ 439	\$ 1,269	\$ 1,235
<b>Net Income margin (GAAP)</b>	15%	6%	8%	5%
Adjusted EBITDA margin (Non-GAAP) (1)	32%	22%	26%	22%
<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>	\$ 69	\$ 25	\$ 105	\$ 65
Add: Stock-based compensation expense	29	26	90	72
Add: Amortization of intangible assets	8	8	24	25
Add: Loss on cost method investment	-	2	-	2
Subtract: Other gain on investment	1	-	1	-
Subtract: Income tax effect of Non-GAAP adjustments (2)	6	11	19	26
Add: Income tax impact related to 2017 Tax Cuts and Job Act (3)	2	-	2	-
Non-GAAP net income	<u>\$ 101</u>	<u>\$ 50</u>	<u>\$ 201</u>	<u>\$ 138</u>
<b>GAAP diluted shares</b>	141	139	140	142
<b>GAAP Net Income per diluted share</b>	\$ 0.49	\$ 0.18	\$ 0.75	\$ 0.46
Non-GAAP net income per diluted share (4)	0.72	0.36	1.44	0.97
<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>	\$ 14	\$ (135)	\$ 374	\$ 220
Subtract: Capital expenditures	15	15	45	50
Free cash flow (Non-GAAP)	<u>\$ (1)</u>	<u>\$ (150)</u>	<u>\$ 329</u>	<u>\$ 170</u>
<b>Revenue Before Effects of Foreign Exchange:</b>				
<b>Total Revenue (GAAP)</b>	\$ 458	\$ 439		
Estimated effects of foreign exchange	4			
Non-GAAP Total revenue before effects of foreign exchange	<u>\$ 462</u>			
<i>Year/Year Growth (5)</i>		5%		

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
<b>Adjusted EBITDA Before Effects of Foreign Exchange:</b>				
Total Adjusted EBITDA (Non-GAAP)	\$ 146	\$ 95		
Estimated effects of foreign exchange		2		
Total Adjusted EBITDA before effects of foreign exchange (Non-GAAP)	\$ 148			
	<i>Year/Year Growth (5)</i>		56%	

- (1) TripAdvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue.
- (2) The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect on non-GAAP adjustments was calculated based on the individual impact that these items had on our GAAP consolidated income tax expense for the periods presented.
- (3) Represents an expense for income taxes related to the 2017 Tax Act Transition Tax of \$2 million recorded during both the three and nine months ended September 30, 2018.
- (4) TripAdvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by GAAP diluted shares.
- (5) 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.

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### TripAdvisor, Inc. Q3 2018 Prepared Remarks

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

We posted a very strong third quarter. Five main takeaways from these prepared remarks:

1. Delivered strong Q3 consolidated adjusted EBITDA growth and currently expect full year 2018 consolidated adjusted EBITDA growth in the mid-twenties percent range;
2. Returned to positive revenue per hotel shopper growth;
3. Grew the number of hotel shoppers we directed to partner websites; we expect total hotel shopper growth rate impacts from the marketing pull-back to moderate over the coming quarters;
4. Accelerated revenue growth in both Experiences and Restaurants in Q3 and expect growth to accelerate again in Q4; Q3 Non-Hotel revenue growth was dampened by Rentals
5. Expecting healthy consolidated adjusted EBITDA growth in 2019.

#### Consolidated Financials

Q3 consolidated revenue growth accelerated, growing 4% to \$458 million. GAAP net income increased 176% to \$69 million, and consolidated adjusted EBITDA grew 54% to \$146 million, as consolidated adjusted EBITDA margin improved to 32%. Operating cash flow for the first nine months of 2018 grew 70% to \$374 million. We delivered increased operating efficiency while investing for long-term profitable growth.

#### Hotel Segment

What a difference a year makes. We enhanced the hotel shopping experience, improved our platform, and optimized marketing investments to increase customer value. This has improved revenue performance, increased operating efficiency, and completely revitalized Hotel segment profitability.

We see the positive results of these changes in Hotel segment revenue, click-based revenue and revenue per hotel shopper performance – all of which improved in Q3 compared to Q2. Hotel adjusted EBITDA nearly doubled and Hotel adjusted EBITDA margins expanded to 32%.

Revenue per hotel shopper growth improved for the third consecutive quarter, accelerating to 5%. This improved by 12 points compared to Q2 despite the ongoing hotel shopper mix shift to lower-monetizing mobile devices. By device, we drove 10% revenue per hotel shopper growth on desktop/tablet and 25% growth on mobile. Mobile click-based revenue grew 40% as our mobile-centric product design and increased test-and-learn velocity continue to pay off. Mobile demand growth remained solid as well, as mobile hotel shoppers grew 12% and surpassed 50% of total hotel shoppers for the first time. Over time, we believe mobile monetization can improve as TripAdvisor increasingly becomes travelers' one-stop shop throughout the hotel shopping journey.

Revenue per hotel shopper gains drove better click-based revenue performance, which improved sequentially to nearly flat in Q3. Positive trends have continued, and we expect click-based revenue growth and revenue per hotel shopper growth to improve in Q4 versus Q3.



Q3 results also highlight increased operating efficiency and significant underlying profit gains while we strategically invest for future profitable growth. We invested \$35 million in television advertising in Q3 (for a total of \$92 million through the first nine months of 2018). We continue to test and iterate, improving our return on investment as we promote TripAdvisor’s great hotel shopping value proposition.

Increased efficiency shined through; consolidated direct selling and marketing expenses decreased 23%, Hotel segment adjusted EBITDA grew 94% to \$99 million, and Hotel segment adjusted EBITDA margin expanded to 32%, its highest level in two years.



Progressive marketing optimizations since Q3 2017 have reduced low-quality traffic and, as expected, caused hotel shoppers to decline 5% in Q3. Traffic quality improved, however. We grew the number of hotel shoppers that we directed to partner websites, demonstrating that product and marketing efforts are driving increased price shopping behavior and generating more bookings. We remain focused on maximizing booking value for partners and expect impacts on total hotel shopper growth rates to moderate over the coming quarters.

Shifting gears, display and subscription revenue grew 7% in Q3, as hotel media ad growth offset softer-than-expected display-based revenue growth. Hotel media ads have had nice traction in year one, and there’s so much more we can do. These ads enable hoteliers to increase visibility on our platform, are equally valuable across all devices, and their growth creates a high-margin revenue tailwind in our Hotel segment.

Finally, as referenced last quarter, we significantly reset marketing investments within non-TripAdvisor-branded hotel offerings. This, combined with a tougher year-over-year growth comparison, caused other hotel revenue to decline 27% year-over-year in Q3. Further realignment of these offerings will likely further

pressure revenue growth in Q4 and beyond, though we expect any measures to be positive to the bottom-line.

In sum, we're hitting our key 2018 objectives: improving Hotel segment profit, driving more value for partners and investing for future profitable growth.

### **Non-Hotel Segment**

Experiences and Restaurants revenue growth each accelerated in Q3 versus Q2, and grew much faster than Non-Hotel segment revenue growth of 20%.

In Experiences, we nearly doubled bookable products year-over-year to 140,000 in Q3, reinforcing TripAdvisor's leadership position as *the* place to discover and book great in-destination experiences. Today, the vast majority of global travel experiences are sold offline. We're not only bringing more supply online, but also equipping more suppliers with Bokun's industry-leading business management software.

Additionally, we're ensuring travelers can find and book the experiences they want, in the language they speak, in the country they are traveling to, and with the preferred payment methods they use. This balanced growth strategy is working. In Q3, we generated strong growth in bookings and gross booking value, each of which grew by more than 30%, primarily due to our fast-growing TripAdvisor channel.

In Restaurants, during Q3 we increased demand, bookable restaurants, and bookings at LaFourchette, and realized strong, high-margin revenue growth from TripAdvisor media advertising and premium subscription products.

LaFourchette seated diners grew 28% and bookable restaurants grew 19% to 54,000. Consistent bookings and conversion growth, most prominently via the mobile app, indicates significant brand strength and deepening engagement as we help local and in-destination consumers discover and book great places to eat.

Additionally, we've significantly grown TripAdvisor premium subscription and media ad products. We see ample runway as we deepen relationships with more of the 4.9 million restaurants on TripAdvisor giving them enhanced profiles, deep analytics and advertising opportunities in front of a massive global audience.

Ongoing Experiences and Restaurants strength was offset by a seasonally-high impact from Rentals revenue declines, as well as changes in foreign currency. Rentals remains nicely profitable and rounds out our comprehensive consumer offering and enables us to deliver a larger selection of high-quality accommodations. At the same time, we have prioritized growth and investment in Experiences and Restaurants, where TripAdvisor's differentiated brand and massive mobile footprint provide ample opportunity for revenue growth, market share gains and attractive long-term returns.

Looking forward, we expect Experiences and Restaurants revenue growth to accelerate again in Q4, which will also accelerate Non-Hotel revenue growth. We anticipate full-year 2018 Non-Hotel segment revenue growth in the mid-twenties-percent range, in line with recent years.

### **Other notable developments**

A couple of weeks ago, we were pleased to announce Lindsay Nelson as President of Core Experience. Lindsay takes the helm of a team that is already reinventing travel. In September, we pre-announced the "New TripAdvisor", which opens our publishing platform to brands and influencers, and allows consumers to effortlessly discover, save and share great recommendations through new content and new features such as



a personalized travel feed and Trips. We are rolling out this curated experience now and will launch across all 49 markets on all platforms next week. Compared to the constant real-time deluge of irrelevant content on social networks, the new experience enables us to deliver engaging content and helpful travel recommendations and advice in *relevant* time, reinforcing TripAdvisor as the de facto hub of immersive travel content and go-to place for travel planning.

More broadly, Core Experience represents important “connective tissue” across TripAdvisor, ensuring a more delightful, engaging and rewarding experience throughout the travel journey, from inspiration and discovery, to shopping and booking, to experiencing and sharing. This is just the beginning for TripAdvisor as we continue to enhance the integrated TripAdvisor experience. We will continue to evolve and launch more customer-centric product features and initiatives to better assist the traveler throughout their entire journey and make TripAdvisor membership even more valuable. Over the long-term, deepening consumer engagement also can unlock significant advertising opportunities on our platform. We’ve made exciting progress, and we’re enthusiastic about what’s ahead.

## **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 near-term financial performance and can cause our results to vary materially from our current expectations.*

2018 has continued to progress ahead of our expectations. Given our increased visibility this late in the year, we currently expect:

- Full year 2018 consolidated adjusted EBITDA growth in the mid-twenties percent range;
- Improving growth in Consolidated revenue, Hotel segment revenue, and Non-Hotel segment revenue in Q4 2018;
- Hotel segment revenue growth and TripAdvisor-branded click-based and transaction revenue growth in Q4 2018, offsetting hotel shopper declines;
- Experiences and Restaurants revenue growth to accelerate in Q4 2018, offsetting Rentals declines; and
- Full year 2018 Non-Hotel revenue growth in the mid-twenties percent range.

Additionally, we expect healthy consolidated adjusted EBITDA growth in 2019.

In our Hotel segment, we expect ongoing monetization improvements, return of advertising gains, and high-margin media ad growth. In Non-Hotel, our focus remains on capturing the market potential in Experiences and Restaurants by expanding our footprint and driving attractive revenue growth.

In summary, it has been a strong year thus far and we believe we are well positioned heading into 2019. We believe we have turned a corner, we have strengthened our consumer and partner offerings, and we are just at the beginning of unlocking exciting, long-term growth opportunities across our global platform.

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TripAdvisor’s third quarter 2018 earnings press release is available on the Investor Relations section of the TripAdvisor website at <http://ir.tripadvisor.com/>. The earnings release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the U.S. Securities Exchange Commission, or SEC, on November 7, 2018, 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).

#### Forward-Looking Statements:

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

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

#### Use of Non-GAAP Financial Measures:

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

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. We have not reconciled adjusted EBITDA guidance to projected 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 earning press release in addition to other supplemental financial information is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. The earnings press release is also included as

Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on November 7, 2018, 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 revenue per hotel shopper, 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. For example, during Q3 2018, we improved our counting methodology for hotel shoppers, and have re-casted figures back through the beginning of 2017 for both hotel shoppers and revenue per hotel shopper. This change did not have a material impact on these trends. In addition, our measures of user growth and user engagement may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology.