



## Tripadvisor Reports Third Quarter 2020 Financial Results

NEEDHAM, MA, November 5, 2020 — Tripadvisor, Inc. (NASDAQ: TRIP) today announced financial results for the third quarter ended September 30, 2020.

“Our third quarter results improved versus the second quarter in the midst of what has been an unprecedented period for our industry, and the world,” said Chief Executive Officer Steve Kaufer. “We outlined our expectation for an uneven recovery and, since the start of Q4, we have been seeing exactly that, particularly in Europe, where the virus has resurged. However, each month that passes brings the world closer to important medical developments that will meaningfully restore consumer confidence in travel and allow for a broad-based rebound. In the meantime, we remain focused on factors inside our control: execute on initiatives that deepen customer relationships, deliver more value to partners, roll out new and innovative product offerings to both industry partners and consumers, and position the business well for many years to come.”

Chief Financial Officer Ernst Teunissen added, “Our Q3 results were better than our internal projections when we last reported in August and it is a testament to our business model, flexible cost structure and proactive cost reduction efforts that we were able to produce positive EBITDA even at such sharply reduced revenue levels. Travel’s early recovery progress has been encouraging, but we have planned with conservatism. We strengthened our liquidity position in early Q3, and we remain adequately prepared for a variety of scenarios. We will continue minimizing operating expenses by prudently balancing cost controls with targeted investments in our long-term strategic initiatives.”

### Third Quarter 2020 Financial Results

(In millions, except percentages and per share amounts)	Three months ended		% Change
	September 30,		
	2020	2019	
Total Revenue	\$ 151	\$ 428	(65)%
Hotels, Media & Platform	\$ 80	\$ 238	(66)%
Experiences & Dining	\$ 53	\$ 141	(62)%
Other	\$ 18	\$ 49	(63)%
GAAP Net Income (Loss)	\$ (48)	\$ 50	n.m.
Total Adjusted EBITDA (1)	\$ 15	\$ 129	(88)%
Hotels, Media & Platform	\$ 4	\$ 93	(96)%
Experiences & Dining	\$ 1	\$ 15	(93)%
Other	\$ 10	\$ 21	(52)%
Non-GAAP Net Income (Loss) (1)	\$ (23)	\$ 81	n.m.
Diluted Earnings (Loss) per Share:			
GAAP	\$ (0.36)	\$ 0.36	n.m.
Non-GAAP (1)	\$ (0.17)	\$ 0.58	n.m.
Cash flow from operating activities	\$ (31)	\$ 1	n.m.
Free cash flow (1)	\$ (42)	\$ (22)	91%

n.m. = not meaningful

- (1) “Adjusted EBITDA”, “Non-GAAP Net Income (Loss)”, “Non-GAAP Diluted Earnings (Loss) 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.

### ***Consumer demand and revenue environment***

Since April, consumer demand for travel – as measured by travelers on the Tripadvisor platform - has been recovering. During Q3 2020, in July, August and September, monthly unique users on Tripadvisor sites were approximately 67%, 73%, and 74%, respectively, of last year's comparable period.

Q3 2020 revenue of \$151 million was 35% of last year's comparable period and showed improvement versus 14% of Q2 2020. Monthly performance during Q3 2020 also improved. Specifically, July consolidated revenue was approximately 30% of last year's comparable period and August and September revenue were approximately 40% of last year's comparable period.

### ***Cost performance and profitability***

In Q3 2020, we had a full quarter's contribution from significant discretionary and workforce-related cost reduction measures we enacted in the first half of the year. These cost savings, in addition to continued modest revenue recovery and, to a lesser extent, seasonality of revenue, materially narrowed the net loss versus Q2 2020 and drove positive adjusted EBITDA performance in Q3 2020. We also note that we remain on track with annualized savings targets outlined in our last quarterly update.

### ***Cash & Liquidity***

As of September 30, 2020, Tripadvisor had \$446 million of cash and cash equivalents, an increase of \$127 million from December 31, 2019, with nearly \$1 billion in available borrowing capacity under our 2015 Credit Facility.

In addition, during July 2020, we completed the sale of \$500 million aggregate principal amount of 7.000% per annum Senior Notes due July 15, 2025 in a private offering. The Senior Notes are senior unsecured obligations of Tripadvisor and are guaranteed on a senior unsecured basis by certain domestic subsidiaries. In the third quarter of 2020, we used all the proceeds from the Senior Notes, or \$490 million, net of approximately \$10 million in debt issuances costs, to repay a portion of our 2015 Credit Facility borrowings that existed as of June 30, 2020.

### ***Cares Act Relief***

Based on our evaluation of the CARES Act, we qualify for certain employee retention payroll tax credits and the deferral of payroll and other tax payments in the future, as well as certain income tax related provisions. We expect to receive a cash refund of federal income taxes in the second or third quarter of 2021 when our 2020 tax return is filed due to a five-year carryback of net operating loss incurred in 2020.

### ***Third Quarter 2020 Revenue by Source***

(In millions, except percentages)	Three months ended		
	September 30,		
	2020	2019	% Change
Hotels, Media & Platform			
Tripadvisor-branded hotels	\$ 67	\$ 197	(66)%
Tripadvisor-branded display and platform	13	41	(68)%
Experiences & Dining	53	141	(62)%
Other (1)	18	49	(63)%
Total Revenue	<u>\$ 151</u>	<u>\$ 428</u>	(65)%

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

## Conference Call

Tripadvisor posted prepared remarks and supplemental financial information on the Investor Relations section of Tripadvisor's website at <http://ir.tripadvisor.com>. Tripadvisor will host a conference call tomorrow, November 6, 2020, at 8:30 a.m., Eastern Time, to discuss Tripadvisor's third quarter 2020 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 1697416) until November 13, 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 hundreds of millions of travelers each month\*\* make every trip their best trip. Travelers across the globe use the Tripadvisor site and app to browse more than 878 million reviews and opinions of 8.8 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 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.bokun.io](http://www.bokun.io), [www.cruisecritic.com](http://www.cruisecritic.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.bookatable.co.uk](http://www.bookatable.co.uk), and [www.delinski.com](http://www.delinski.com)), [www.helloreco.com](http://www.helloreco.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.housetrip.com](http://www.housetrip.com), [www.jetsetter.com](http://www.jetsetter.com), [www.niumba.com](http://www.niumba.com), [www.seatguru.com](http://www.seatguru.com), [www.singleplatform.com](http://www.singleplatform.com), [www.vacationhomerentals.com](http://www.vacationhomerentals.com), and [www.viator.com](http://www.viator.com).

\* Source: SimilarWeb, September 2020

\*\* Source: Tripadvisor internal log files

**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, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	\$ 151	\$ 428	\$ 488	\$ 1,225
<b>Costs and expenses:</b>				
Cost of revenue (1)	13	25	42	73
Selling and marketing (1)	70	176	249	534
Technology and content (1)	46	76	166	224
General and administrative (1)	35	51	129	138
Depreciation and amortization	30	32	94	92
Impairment of goodwill	3	—	3	—
Restructuring and other related reorganization costs	—	—	42	—
<b>Total costs and expenses:</b>	<b>197</b>	<b>360</b>	<b>725</b>	<b>1,061</b>
Operating income (loss)	(46)	68	(237)	164
<b>Other income (expense):</b>				
Interest expense	(13)	(2)	(22)	(5)
Interest income	1	5	3	14
Other income (expense), net	—	2	(9)	—
<b>Total other income (expense), net</b>	<b>(12)</b>	<b>5</b>	<b>(28)</b>	<b>9</b>
Income (loss) before income taxes	(58)	73	(265)	173
(Provision) benefit for income taxes	10	(23)	48	(63)
<b>Net income (loss)</b>	<b><u>\$ (48)</u></b>	<b><u>\$ 50</u></b>	<b><u>\$ (217)</u></b>	<b><u>\$ 110</u></b>
<b>Earnings (loss) per share attributable to common stockholders:</b>				
Basic	\$ (0.36)	\$ 0.36	\$ (1.61)	\$ 0.79
Diluted	\$ (0.36)	\$ 0.36	\$ (1.61)	\$ 0.78
<b>Weighted average common shares outstanding:</b>				
Basic	134	139	135	139
Diluted	134	140	135	141

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

Cost of revenue	\$ —	\$ —	\$ 1	\$ 1
Selling and marketing	\$ 4	\$ 5	\$ 12	\$ 17
Technology and content	\$ 12	\$ 13	\$ 32	\$ 40
General and administrative	\$ 12	\$ 11	\$ 35	\$ 33

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

	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 446	\$ 319
Accounts receivable and contract assets, net of allowance for credit losses of \$33 and \$25, respectively	91	183
Income taxes receivable	50	4
Prepaid expenses and other current assets	26	27
<b>Total current assets</b>	<b>613</b>	<b>533</b>
Property and equipment, net of accumulated depreciation of \$365 and \$319, respectively	250	270
Operating lease right-of-use assets	60	74
Intangible assets, net of accumulated amortization of \$194 and \$173, respectively	91	110
Goodwill	843	840
Deferred income taxes, net	5	7
Non-marketable investments	40	55
Other long-term assets, net of allowance for credit losses of \$5 and \$0, respectively	94	95
<b>TOTAL ASSETS</b>	<b>\$ 1,996</b>	<b>\$ 1,984</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 14	\$ 11
Deferred merchant payables	38	159
Deferred revenue	31	62
Accrued expenses and other current liabilities	148	203
<b>Total current liabilities</b>	<b>231</b>	<b>435</b>
Long-term debt	490	—
Deferred income taxes, net	10	8
Other long-term liabilities	357	380
<b>Total Liabilities</b>	<b>1,088</b>	<b>823</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: 140,515,819 and 138,698,307, respectively		
Shares outstanding: 121,671,205 and 124,581,773, 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	1,224	1,150
Retained earnings	461	681
Accumulated other comprehensive income (loss)	(55)	(63)
Treasury stock-common stock, at cost, 18,844,614 and 14,116,534 shares, respectively	(722)	(607)
<b>Total Stockholders' Equity</b>	<b>908</b>	<b>1,161</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,996</b>	<b>\$ 1,984</b>

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

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Operating activities:</b>				
Net income (loss)	\$ (48)	\$ 50	\$ (217)	\$ 110
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	30	32	94	92
Stock-based compensation expense	28	29	80	91
Deferred income tax expense (benefit)	(1)	(5)	5	12
Provision for expected credit losses	1	3	19	8
Impairment of goodwill	3	—	3	—
Other, net	4	(1)	10	—
Changes in operating assets and liabilities, net of effects from acquisitions and other investments:	(48)	(107)	(174)	51
<b>Net cash provided by (used in) operating activities</b>	<b>(31)</b>	<b>1</b>	<b>(180)</b>	<b>364</b>
<b>Investing activities:</b>				
Capital expenditures, including internal-use software and website development	(11)	(23)	(46)	(60)
Purchases of marketable securities	—	(49)	—	(118)
Maturities of marketable securities	—	20	—	40
Other investing activities, net	(2)	(2)	—	(2)
<b>Net cash used in investing activities</b>	<b>(13)</b>	<b>(54)</b>	<b>(46)</b>	<b>(140)</b>
<b>Financing activities:</b>				
Repurchase of common stock	—	—	(115)	—
Proceeds from 2015 credit facility	—	—	700	—
Payment of financing costs from amendment of 2015 credit facility	—	—	(4)	—
Payments to 2015 credit facility	(700)	—	(700)	—
Proceeds from issuance of Senior Notes	500	—	500	—
Payment of financing costs from issuance of Senior Notes	(10)	—	(10)	—
Proceeds from exercise of stock options	—	—	—	2
Payment of withholding taxes on net share settlements of equity awards	(1)	(1)	(18)	(28)
Payments of finance lease obligation	(1)	(1)	(4)	(4)
<b>Net cash provided by (used in) financing activities</b>	<b>(212)</b>	<b>(2)</b>	<b>349</b>	<b>(30)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	4	(8)	4	(11)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(252)</b>	<b>(63)</b>	<b>127</b>	<b>183</b>
Cash, cash equivalents and restricted cash at beginning of period	698	901	319	655
Cash, cash equivalents and restricted cash at end of period	<u>\$ 446</u>	<u>\$ 838</u>	<u>\$ 446</u>	<u>\$ 838</u>

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

	Three Months Ended		% Change
	September 30, 2020	September 30, 2019	
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 80	\$ 238	(66)%
Experiences & Dining	53	141	(62)%
Other (1)	18	49	(63)%
Total revenue	<u>\$ 151</u>	<u>\$ 428</u>	(65)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 4	\$ 93	(96)%
Experiences & Dining	1	15	(93)%
Other (1)	10	21	(52)%
Total Adjusted EBITDA (2)	<u>\$ 15</u>	<u>\$ 129</u>	(88)%
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	5%	39%	
Experiences & Dining	2%	11%	
Other (1)	56%	43%	
Total Adjusted EBITDA Margin (2)	10%	30%	
Net Income (Loss) (3)	\$ (48)	\$ 50	
Net Income (Loss) Margin	(32)%	12%	

	Nine Months Ended		% Change
	September 30, 2020	September 30, 2019	
<b>Revenue:</b>			
Hotels, Media & Platform	\$ 287	\$ 746	(62)%
Experiences & Dining	150	346	(57)%
Other (1)	51	133	(62)%
Total revenue	<u>\$ 488</u>	<u>\$ 1,225</u>	(60)%
<b>Adjusted EBITDA:</b>			
Hotels, Media & Platform	\$ 25	\$ 306	(92)%
Experiences & Dining	(56)	(1)	5500%
Other (1)	13	42	(69)%
Total Adjusted EBITDA (2)	<u>\$ (18)</u>	<u>\$ 347</u>	n.m.
<b>Adjusted EBITDA Margin:</b>			
Hotels, Media & Platform	9%	41%	
Experiences & Dining	(37)%	0%	
Other (1)	25%	32%	
Total Adjusted EBITDA Margin (2)	(4)%	28%	
Net Income (Loss) (3)	\$ (217)	\$ 110	
Net Income (Loss) Margin	(44)%	9%	

n.m. = *not meaningful*

- (1) Other consists of the combination of our Rentals, Flights & Car, Cruises, 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 (Loss) for the periods presented. Tripadvisor does not calculate or report net income (loss) 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 (loss), non-GAAP net income (loss) 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 (benefit) for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, long-lived assets and intangible asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) 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 (loss) 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 (loss)” 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 or significant legislation that impacts tax, such as the CARES 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 (loss) 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 (loss) 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 (loss) 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 (loss) per diluted share”, or non-GAAP diluted EPS, as non-GAAP net income (loss) 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 (loss) and non-GAAP diluted EPS have some of the same limitations as Adjusted EBITDA. In addition, non-GAAP net income (loss) does not include all items that affect our net income (loss) 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		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Non-GAAP):</b>				
<b>GAAP Net Income (Loss)</b>	\$ (48)	\$ 50	\$ (217)	\$ 110
Add: Provision (benefit) for income taxes	(10)	23	(48)	63
Add: Other (income) expense, net	12	(5)	28	(9)
Add: Depreciation and amortization	30	32	94	92
Add: Impairment of goodwill	3	—	3	—
Add: Restructuring and other related reorganization costs	—	—	42	—
Add: Stock-based compensation expense	28	29	80	91
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 15</u>	<u>\$ 129</u>	<u>\$ (18)</u>	<u>\$ 347</u>
<b>Revenue (GAAP)</b>	\$ 151	\$ 428	\$ 488	\$ 1,225
<b>Net Income (loss) margin (GAAP)</b>	(32)%	12%	(44)%	9%
Adjusted EBITDA margin (Non-GAAP) (1)	10%	30%	(4)%	28%
<b>Reconciliation from GAAP Net Income (Loss) and GAAP Net Income (Loss) per diluted share to Non-GAAP net income (loss) and Non-GAAP net income (loss) per diluted share:</b>				
<b>GAAP Net Income (Loss)</b>	\$ (48)	\$ 50		
Add: Stock-based compensation expense	28	29		
Add: Impairment of goodwill	3	—		
Add: Amortization of intangible assets	6	9		
Add: (Gain)/Loss on investment	(1)	—		
Subtract: Income tax effect of Non-GAAP adjustments (2)	8	7		
Subtract: Income tax impact related to CARES Act (3)	3	—		
<b>Non-GAAP net income (loss)</b>	<u>\$ (23)</u>	<u>\$ 81</u>		
<b>GAAP diluted shares</b>	134	140		
<b>GAAP Net Income (loss) per diluted share</b>	\$ (0.36)	\$ 0.36		
Non-GAAP net income (loss) per diluted share (4)	\$ (0.17)	\$ 0.58		
<b>Reconciliation of GAAP cash flows from operating activities to Free Cash Flow (Non-GAAP):</b>				
<b>Net cash provided by (used in) operating activities (GAAP)</b>	\$ (31)	\$ 1		
Subtract: Capital expenditures	11	23		
<b>Free cash flow (Non-GAAP)</b>	<u>\$ (42)</u>	<u>\$ (22)</u>		

(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 a tax benefit of \$3 million recorded in connection with the passage of the CARES Act, pertaining to the tax rate differential in tax years applicable to U.S. loss carryforwards that became eligible for carryback, recorded during the three months ended September 30, 2020.

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

## **Safe Harbor Statement**

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to Tripadvisor's future financial performance on both a GAAP and non-GAAP basis, and Tripadvisor's prospects as a comprehensive destination for hotels, 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," "estimate," "expect," "intend," "is planned," "may," "should," "will," "look forward," "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)