

# Investor Presentation (NASDAQ: TRIP)

Q3 2012



# 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 first 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

To help travelers around the world plan and have the perfect trip



# Business Overview

# We are the World's Largest Travel Website

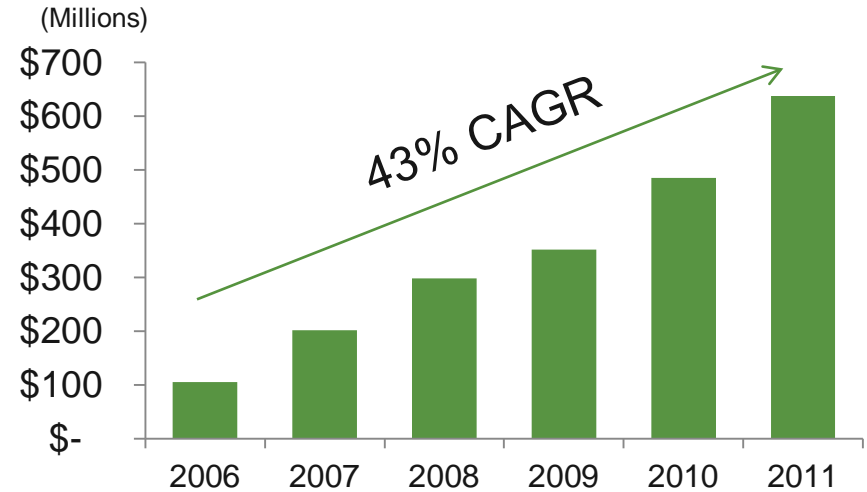
## Key Facts

- Headquartered in Newton, MA
- 30 countries; 21 languages
- 650,000 hotels and accommodations
- 1.2+ million restaurants & attractions
- Valuable lead source to OTAs and hoteliers

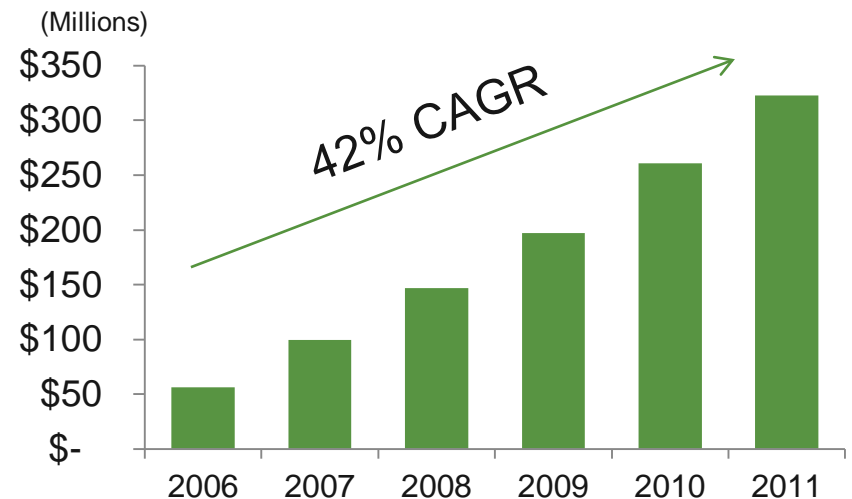
## Site & Content Stats

- 60+ million unique monthly visitors\*
- 36+ million registered members
- 75+ million traveler reviews and opinions
- 60+ traveler contributions per minute

## Revenues



## Adjusted EBITDA



\*comScore Media Metrix for TripAdvisor Sites, Worldwide, July 2012

# Valuable Platform for Travelers and Marketers

## Consumer Value

## Business Value

Facebook friend experiences

Tips from friends

Candid photos

Review summary

Room tips

Search filtering

Badges / helpful votes

Detailed reviews

The screenshot shows the TripAdvisor page for The Lenox Hotel in Boston. The page includes a navigation bar, a search bar, and a main content area with several sections:

- Facebook friend experiences:** A box highlights a notification: "John Savage likes this hotel."
- Tips from friends:** A box highlights a "Special offer" banner: "Special offer - Up To 20% Off!"
- Candid photos:** A box highlights a "See traveler photos (90)" link.
- Review summary:** A box highlights the "Ranked #2 of 73 hotels in Boston" and "1162 Reviews" summary.
- Room tips:** A box highlights the "What travelers say about this hotel" section, which lists various amenities and features like "Back bay", "Junior suite", "Great location", etc.
- Search filtering:** A box highlights the "See which rooms travelers prefer - 61 traveler tips" section.
- Badges / helpful votes:** A box highlights the "Friend's like" section, showing a user's profile and the number of reviews and helpful votes.
- Detailed reviews:** A box highlights a detailed review: "Welcoming and friendly hotel!" with a star rating and text.
- Business listing:** A box highlights the hotel's name, address, phone number, and website.
- Display ad / sponsorship:** A box highlights a sponsored map: "Map of The Lenox Hotel" with a "Sponsored by TripAdvisor" label.
- Cost-per-click lead generation:** A box highlights the "Friends' advice: Boston area" section, which lists nearby hotels and user reviews.
- Display ad / sponsorship:** A box highlights a sponsored advertisement: "Need travel advice? Ask your friends about Boston" with a "Sleep Rating" and "Sponsored by the masters of TRAVEL PM".

Business listing

Display ad / sponsorship

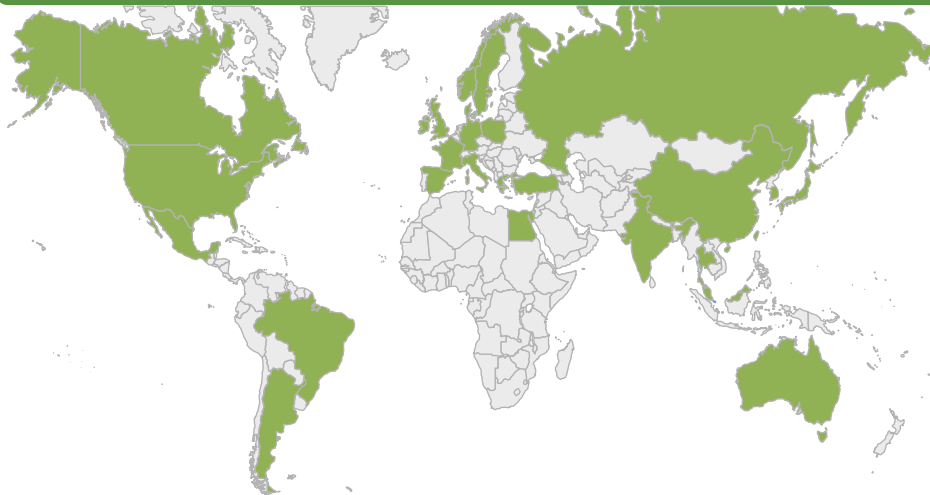
Cost-per-click lead generation

Display ad / sponsorship

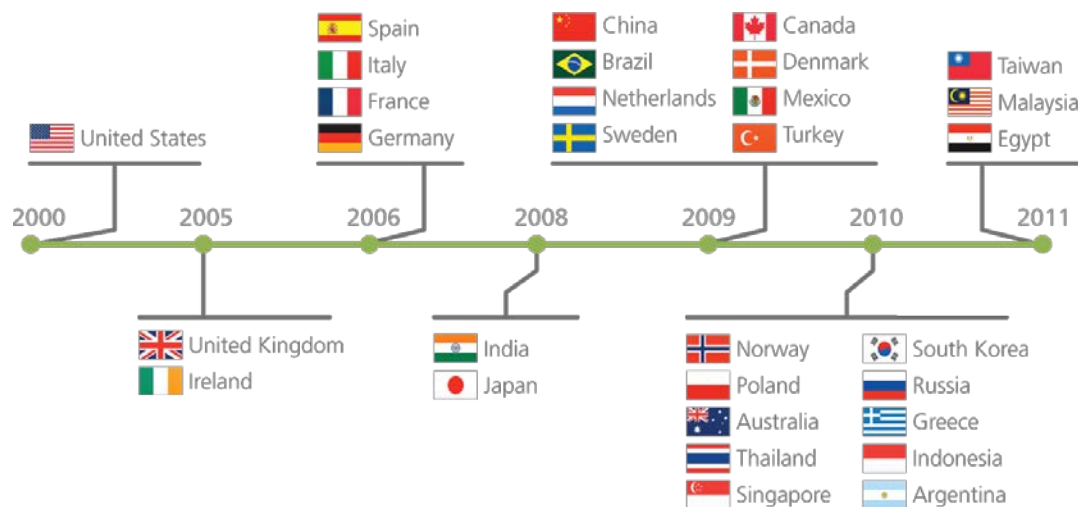
Key 2012 Theme:  
TripAdvisor Everywhere

# Global Scale and Robust Travel Platform

Significant Global Reach: 75% of Traffic from International IP



30 countries in 21 languages



Highly efficient sources of traffic

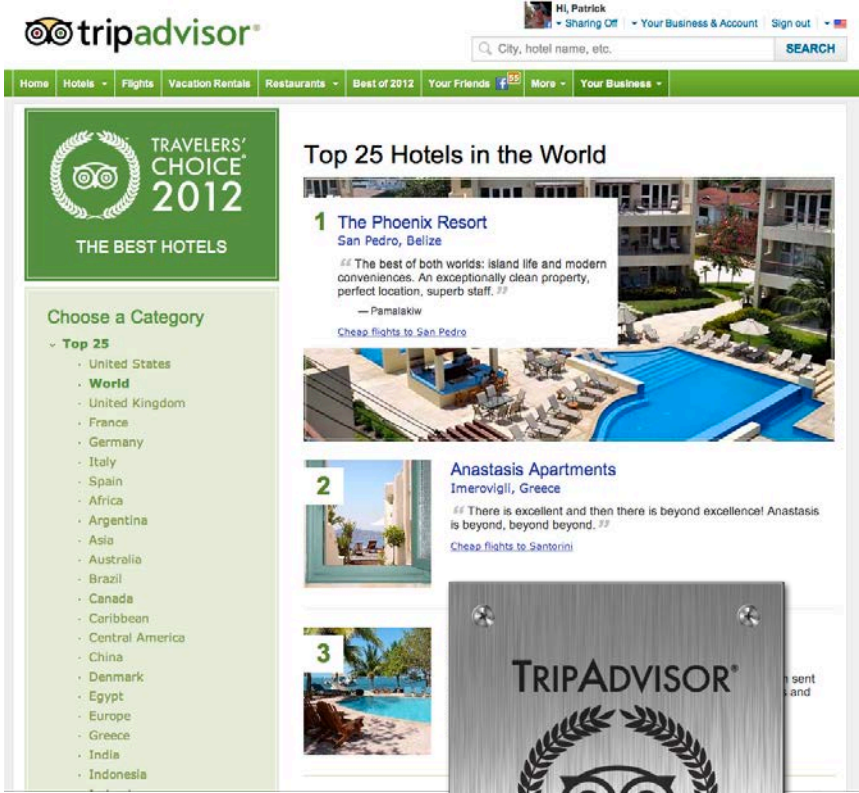
- Brand
- Direct navigation
- Organic search
- Paid search
- Partners / Referrals

Travel-Specific Brand Portfolio





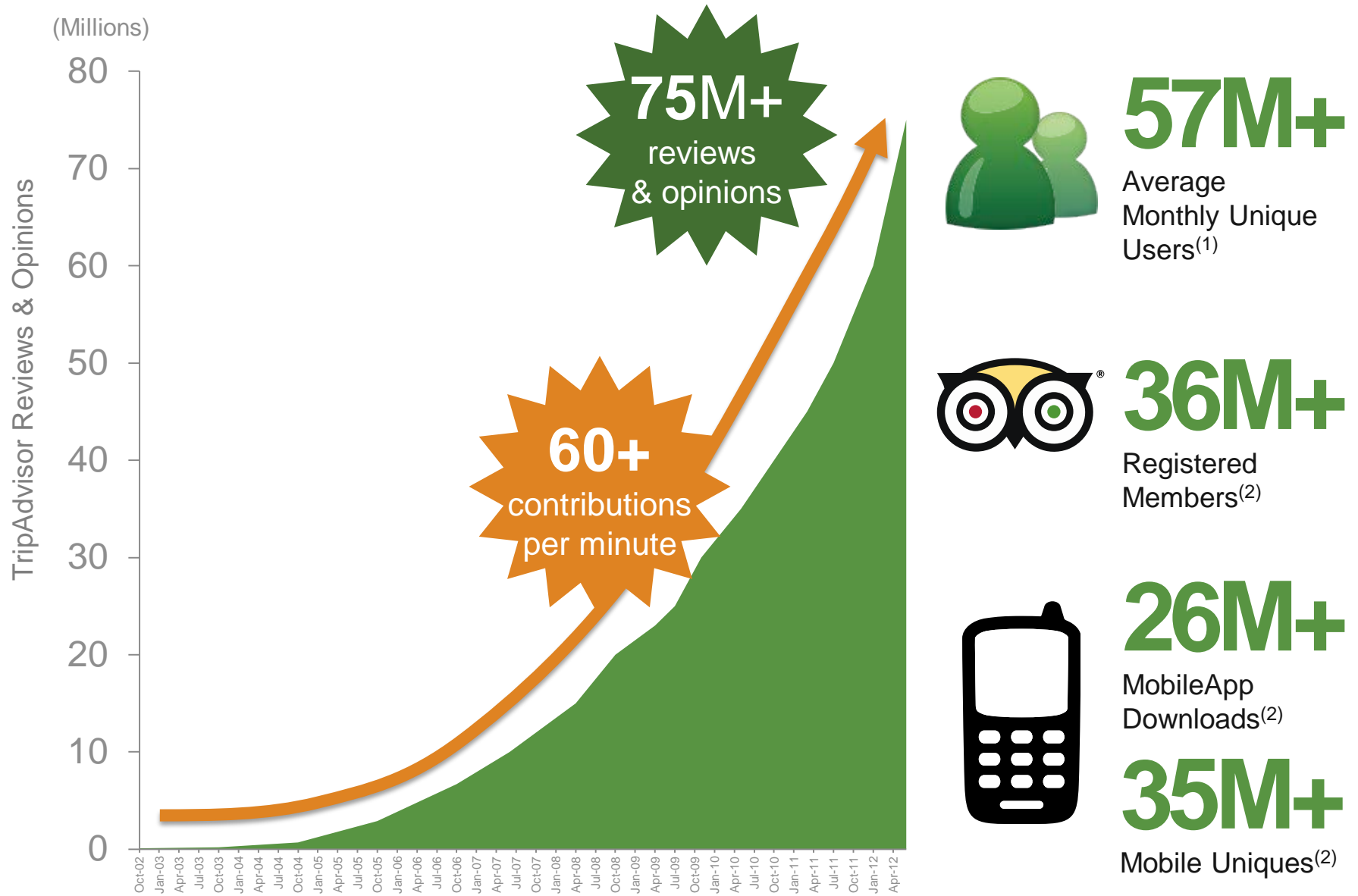
# Premiere Brand: Visible Everywhere You Want to Travel



# Content:

## Wisdom of the crowds

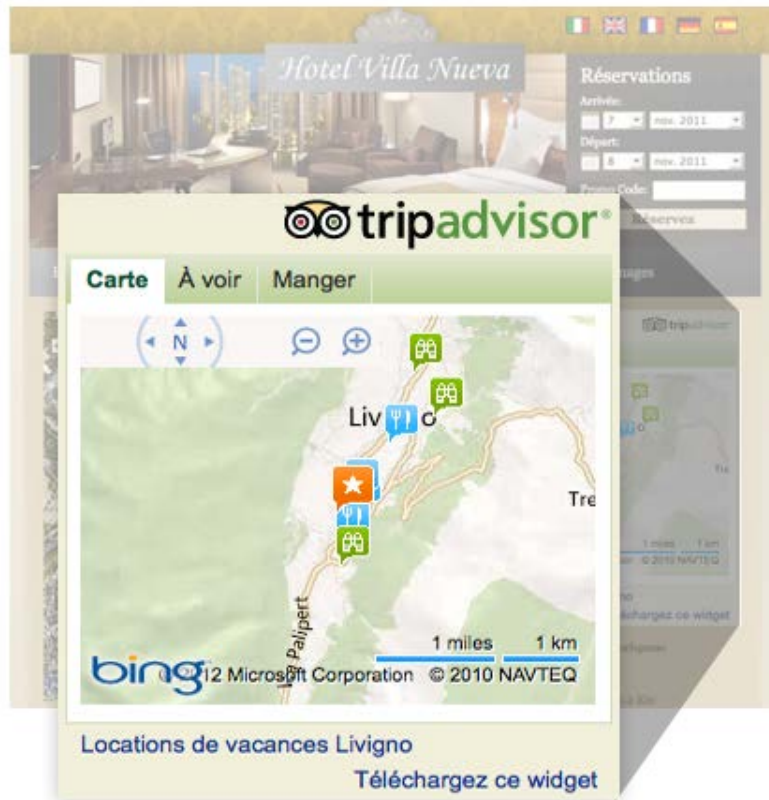
# Worldwide Content Collection Growing at Accelerated Pace



(1) Average comScore Media Metrix for TripAdvisor Sites, Worldwide, Q3 2012  
 (2) TripAdvisor log files, Q3 2012. Downloads measured on a cumulative basis. Mobile uniques measured on an average basis

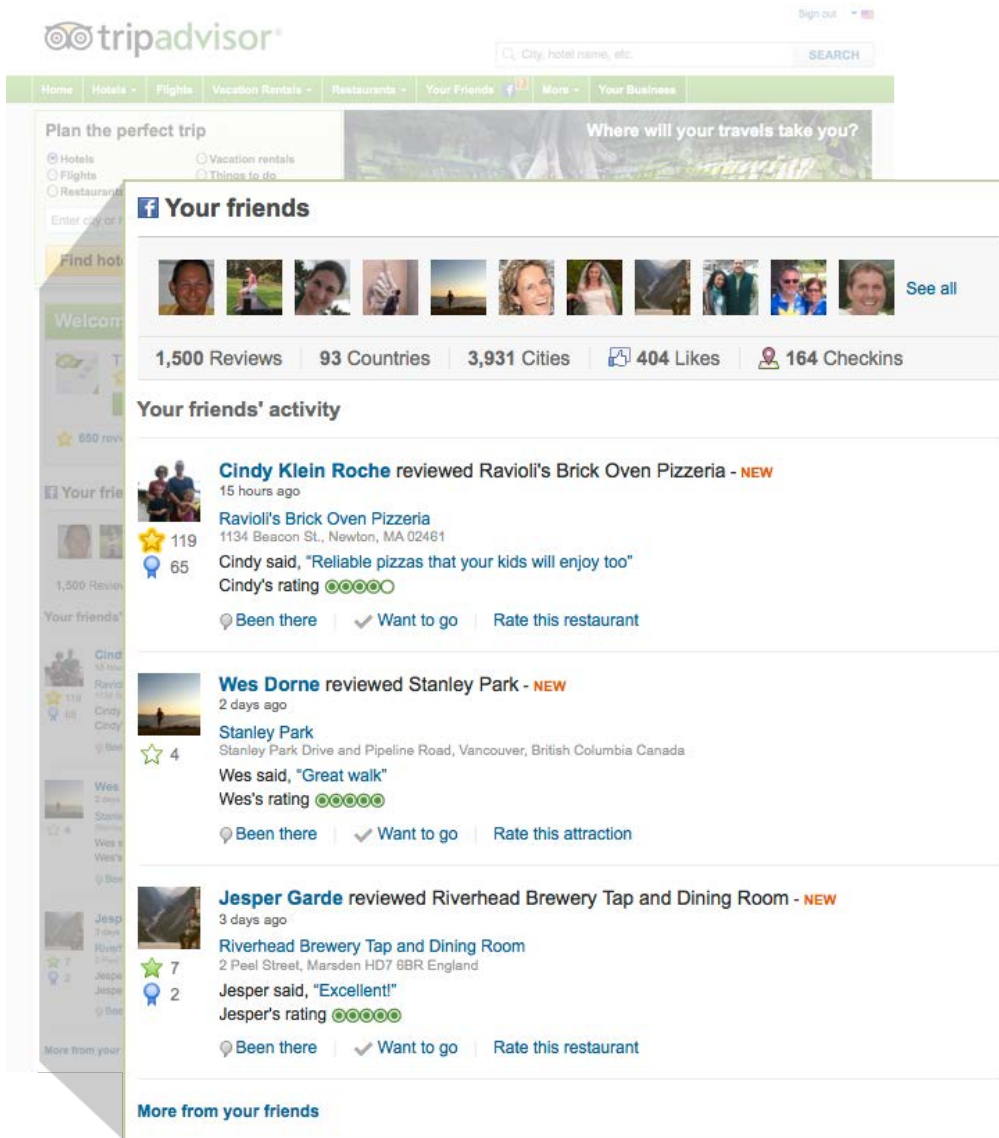
# Content: Syndication Effort Reinforces Brand

- 500+ content syndication partners
- 50,000+ partner sites use TripAdvisor content
- Syndication makes TripAdvisor the de-facto standard for travel review information



# Social: Wisdom of Friends

# Integrating Social into the Fabric of Travel Research



- Launched Cities I've Visited on Facebook platform in **2007**
- Instant Personalization partner since **2010**
- Facebook connected users are:
  - **27%** more engaged
  - Contribute **2x** more content
  - Generate more revenue
- Rolled out **Friend of a friend** in April 2012



# Wisdom of Friends is Now More Than Just Friends

 **James Drake** and **3 other people** are friends with a reviewer of Wynn Las Vegas

## Wynn Las Vegas

\$149 - \$788\*

Travelers' Choice® 2012 Winner **Luxury**

Special offer **Limited Opportunity**


 **Ranked #9** of 281 hotels in Las Vegas

4,069 reviews

"Funtastic hotel - location, design and..." 04/24/2012


"Excelent


Professio


 Slideshow




**Show Prices**


- **Friend of a friend** allows Facebook connected users to see **10x** the friend content

 **emesse2010**

 Contributor  
12 reviews

 2 helpful votes

   **James Drake, Sanjay Vakil, Adam Rosenberg** and 2 other people are friends with this reviewer

 **Friend of a friend's review**

**"Friendly staff make this hotel very welcoming"**

4.5 stars Reviewed August 31, 2010

Stayed at the Back Bay Hotel during a recent business trip to Boston. It is very central with only a 5 minute walk to "the T." (subway) The staff are incredibly friendly and very helpful, offering advice and assistance with everything. I stayed in a deluxe king room which was very large, with huge flatscreen TV and nespresso machine. The...

[More ▾](#)

Mobile:

Travel research in the palm of your hand



# Mobile: Powerful Extension of TripAdvisor Platform

- Find & contact hotels; find & reserve restaurants; find & book attractions and tours; find flights
- 50+ City Guides available off network
- Write reviews & participate in travel forums
- #2 ranked travel app in 2011<sup>(1)</sup>



**20**  
languages  
available

**26M+**  
App Downloads

**35M+**  
Monthly Uniques<sup>(2)</sup>

(1) Distimo study of all mobile app downloads in travel sector in 2011 across all 65 markets where data is available for Apple App Store for iPad, Apple App Store for iPhone, Google Android Market and Windows Phone Marketplace

(2) Average monthly unique users on mobile devices for Q3 2012, according to TripAdvisor log files

# 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 650,000+ accommodations in our database
- Worldwide traffic growth drives enhanced value
- Easy, cost-effective means for hoteliers to market to target audience
- Enhanced exposure through special offers, announcements and mobile upgrade
- Untapped opportunity with 1.2M+ restaurants & attractions on TripAdvisor

## Vacation Rentals



- \$85B vacation rental market in 2010 and growing<sup>(1)</sup>
- Highly fragmented and inefficient market
- Leverage motivated travel audience to add value
- Extending the leading TripAdvisor online travel platform
- Contextually relevant inventory enhances user experience



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



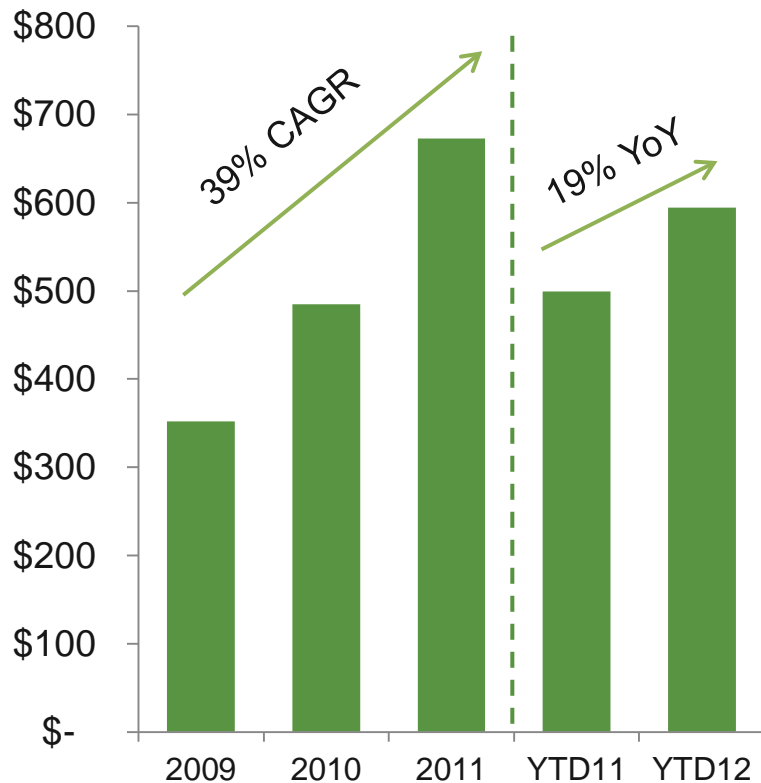
(1) Radius Global Market Research, Market Sizing Study, Nov 2011

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

# Financial Overview

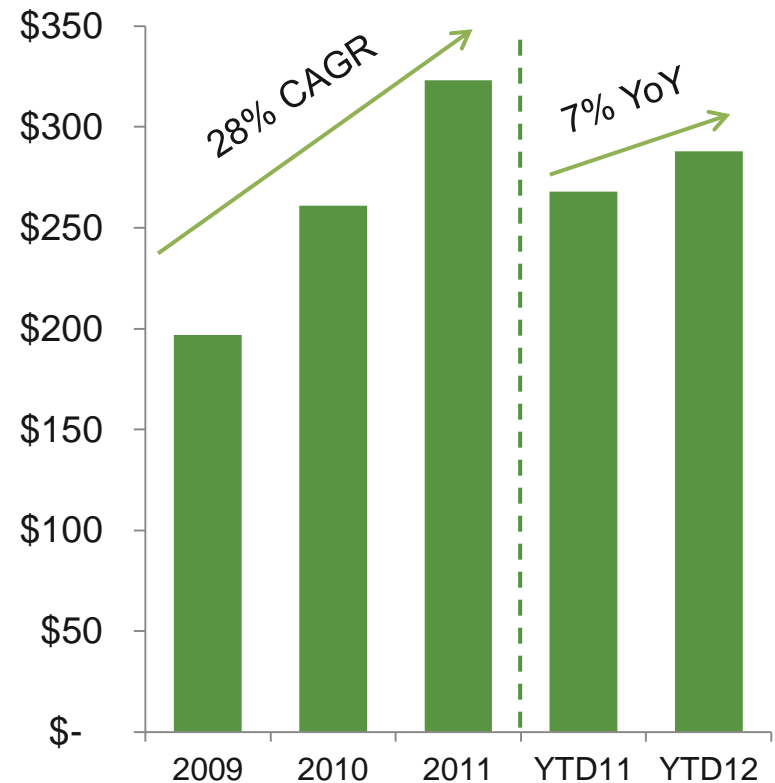
# Financial Overview: Track Record of Profitable Growth

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



YoY growth	2009	2010	2011	YTD11	YTD12
	18%	38%	31%	32%	19%

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



Adj. EBITDA Margin	2009	2010	2011	YTD11	YTD12
	56%	54%	51%	54%	49%

(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

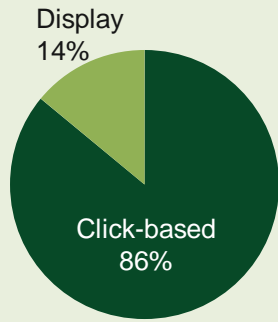
2009

2010

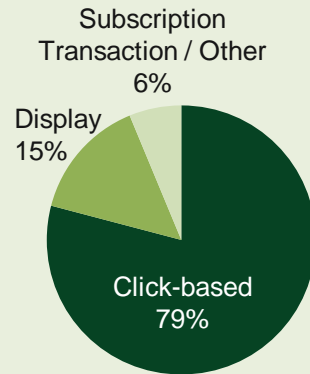
2011

YTD 2012

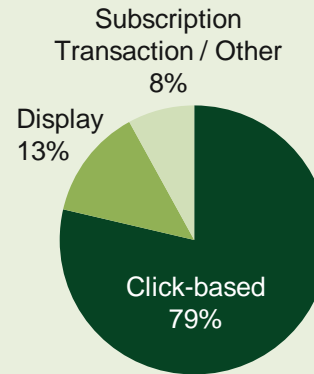
## Revenue by product



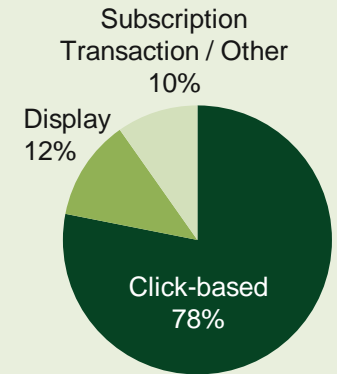
\$352M



\$485M

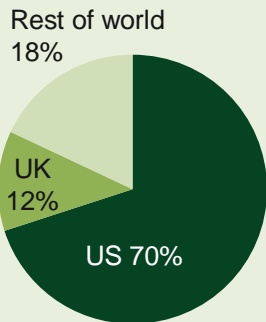


\$637M

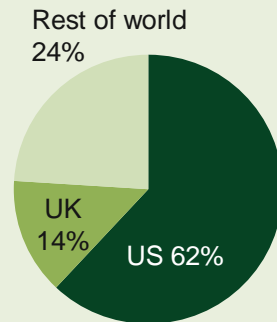


\$594M

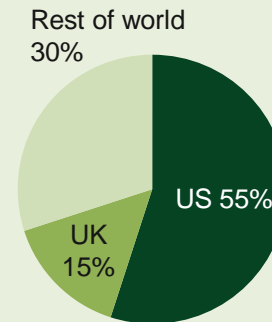
## Revenue by geography



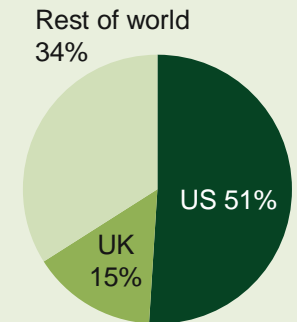
\$352M



\$485M



\$637M



\$594M

# Why Invest in TripAdvisor?

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## Largest travel website in the world

60M monthly uniques<sup>(1)</sup>

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## Huge and growing market opportunity

\$43B+<sup>(2)</sup> spent on travel advertising each year; ad spend migrating online

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## Definitive resource for travelers and critical partner for merchants

Over 75M reviews and opinions on more than 650,000 accommodations & 1.2M+ restaurants & attractions

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## Scale begets powerful network effects

Scale generates a richer experience for all, attracts new consumers and provides great defensibility

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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) comScore Media Metrix for TripAdvisor Sites, Worldwide, July 2012

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

# Thank You



# Non-GAAP Reconciliations

(in thousands)	FY 2008	FY 2009	FY 2010	2011				FY 2011	2012			9mo. 2012
				Q1	Q2	Q3	Q4		Q1	Q2	Q3	
<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	\$ 288,169
Depreciation (2)	5,022	9,330	12,871	4,102	4,514	4,630	5,116	18,362	4,281	4,715	5,037	14,033
OIBA (3)	\$ 141,604	\$ 187,889	\$ 248,092	\$ 77,905	\$ 87,973	\$ 88,709	\$ 49,969	\$ 304,556	\$ 79,908	\$ 92,206	\$ 102,022	\$ 274,136
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	4,909
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	19,923
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	\$ 249,304
Other interest income (expense), net	(4,035)	(978)	(241)	98	217	212	(136)	391	(2,932)	(2,405)	(2,806)	(8,143)
Other, net	(1,738)	(660)	(1,644)	965	457	(2,802)	126	(1,254)	696	(4,539)	1,367	(2,476)
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	238,685
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	77,814
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	160,871
GAAP Net (income) loss attributable to noncontrolling interest	49	212	(178)	(93)	(46)	21	4	(114)	(60)	(146)	(175)	(381)
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	\$ 160,490

<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	\$ 198,470	\$ 52,533	\$ 58,928	\$ 65,767	\$ 177,228
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	19,923
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	\$ 4,909
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	11,006	2,109	2,619	3,366	8,094
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	\$ 160,490

<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	142,335,533	135,463,808	136,804,727	142,335,533	144,217,771	141,121,977
Additional restricted stock units	-	-	-	-	-	-	598,639	598,639	647,052	598,639	560,786	604,793
GAAP Diluted Shares Outstanding (MM)	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	133,461,019	141,736,894	134,865,169	136,157,675	141,736,894	143,656,985	140,517,184

<b>Non-GAAP Earnings Per Share</b>												
Diluted Non-GAAP EPS	\$ 0.62	\$ 0.86	\$ 1.14	\$ 0.38	\$ 0.43	\$ 0.44	\$ 0.23	\$ 1.47	\$ 0.38	\$ 0.41	\$ 0.46	\$ 1.26

<b>Revenue growth ex-Foreign Exchange Reconciliation</b>												
Non-GAAP Revenue growth	-	-	-	-	-	-	-	-	-	19%	22%	-
Foreign exchange impact	-	-	-	-	-	-	-	-	-	-3%	-4%	-
GAAP Revenue growth	-	-	-	-	-	-	-	-	-	16%	18%	-

(1) Adjusted EBITDA is defined as operating income 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 incurred to effect the Spin-Off during the year ended December 31, 2011.

(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: (1) amortization of intangible assets and any related impairment; (2) stock-based compensation expense; and (3) 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 and nine months ended September 30, 2012 based on our effective rate for the three months ended September 30, 2012, respectively. The non-GAAP adjustments would have no impact on the provision for income taxes recorded for the three and nine months ended September 30, 2012.