



Q2 2016 Results

August 2016

Safe Harbor

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 our Quarterly Report on Form 10-Q, as amended. 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 second quarter 2016 financial results, which is available on the Investor Relations section of our website: www.tripadvisor.com, and in the "Non-GAAP Reconciliations" section of this document. 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

Help travelers around the world unleash the full potential of every trip



“Remarkable natural wonder!”



Review by toxdiva

See all 3,451 reviews of Antelope Canyon

Addressing Huge & Growing Market Opportunity

385M

Reviews & opinions



350M

Monthly unique users¹



1.9M

Accommodations²



4.1M

Restaurants



690K

Attractions



(1) TripAdvisor internal log files, average monthly unique users during Q2 2016

(2) Includes 1.1M hotels, inns, and bed & breakfasts, as well as 815K vacation rental listings

Addressing Huge & Growing Market Opportunity

TOTAL WORLDWIDE
TRAVEL SPEND¹

\$1.3T

TOTAL WORLDWIDE
ONLINE TRAVEL
SPEND²

\$492B

TRIPADVISOR 2015 REVENUE

\$1.5B

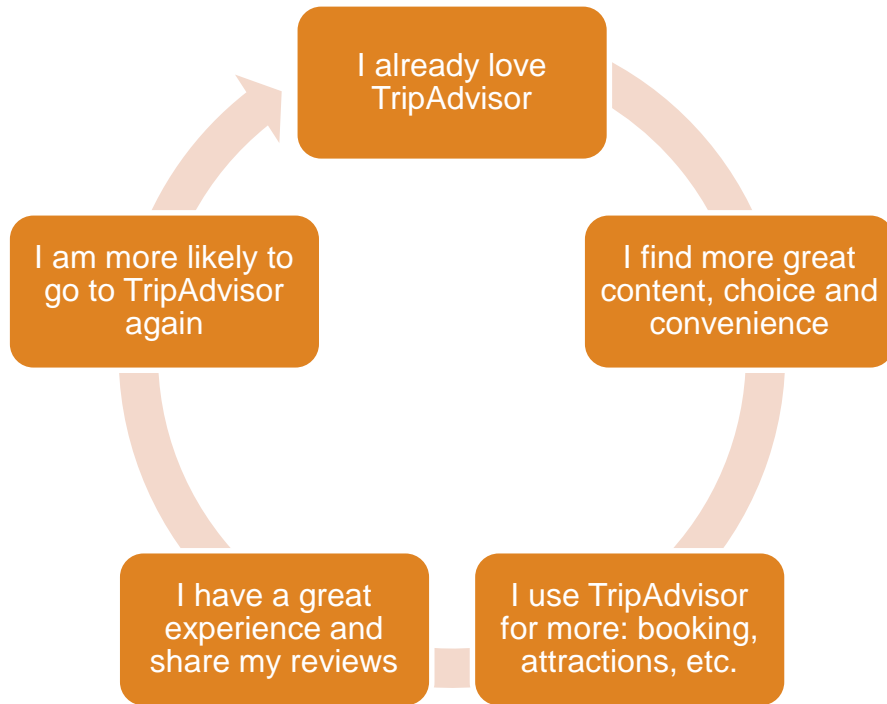
- Massive and growing \$1.3T global market opportunity
- Bookings moving to online; ad dollars following
- Content & community drives brand loyalty and influence on travel commerce
- Users looking for one-stop-shopping experience
- Mobile enhances long-term growth opportunities

(1) Estimated 2016 total travel market size, PhoCusWright Asia Pacific Online Travel Overview, Eighth Edition (October 2015)

(2) Estimated 2015 global online travel market size, PhoCusWright Global Online Travel overview, Third Edition (July 2014)

TripAdvisor Flywheel: What are we Aiming to Achieve?

User Experience Cycle



TripAdvisor Economic Engine



(1) Currently experiencing growth headwinds due to the following factors: (i) the global launch of our hotel instant booking, which currently monetizes at a lower rate than click-based advertising revenue; (ii) a revenue recognition timing shift from an increasing portion of our Hotel revenue now being recognized at the time a user consumes the stay under our instant booking consumption model; (iii) a greater percentage of hotel shoppers visiting TripAdvisor websites via mobile phones, which results in lower rate of conversion to a click or a booking and therefore monetize at a significantly lower rate than hotel shoppers that visit TripAdvisor websites via desktop or tablet; (iv) the negative impact by an increasingly volatile global macro-economic environment; and (v) challenging metasearch comparatives for comparable periods in 2015

Know better, Book better, Go better on TripAdvisor



Completed Global Instant Booking Launch

2H 2015

1H 2016

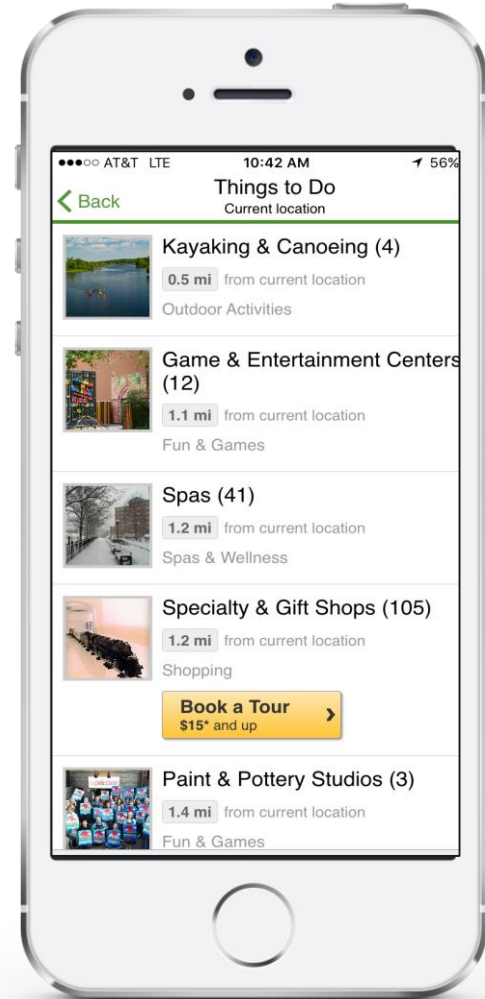
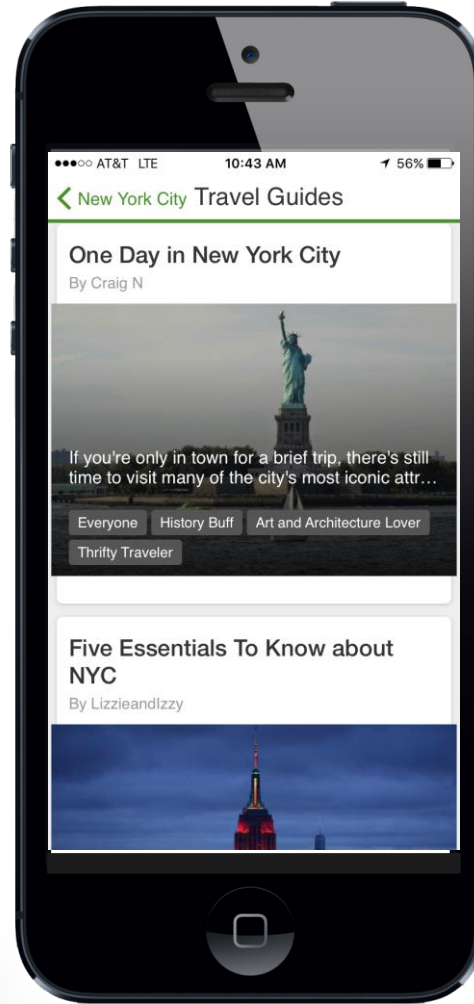
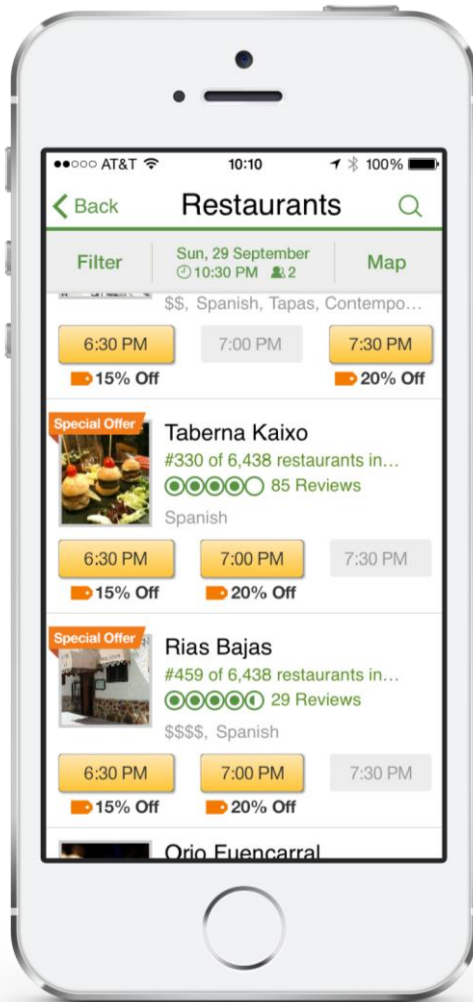
US, UK and Canada rollout



Rest of Europe, APAC
and LATAM rollout

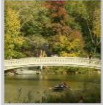


TripAdvisor on Mobile Devices is the Perfect Travel Companion




Non-Hotel Segment: More Moments to Delight More Users

Attractions




Central Park
#1 of 902 things to do in New York City
55,021 Reviews
Sights & Landmarks, Nature & Parks

Book a Tour
\$7* and up



The Metropolitan Museum of Art
#2 of 902 things to do in New York City
27,013 Reviews
Travelers' Choice 2015
Shopping, Sights & Landmarks, Museums


Tickets & Tours
\$25* and up



Top of the Rock Observation Deck
#3 of 902 things to do in New York City



Restaurants




Gramercy Tavern
2,219 Reviews
American, Pub
179 mi
\$\$\$\$

Hours Today: 12:00 PM - 11:00 PM
Opens in 4 min

Find a table



Vacation Rentals



NY Midtown 45 - Luxurious
1 Bed, 1 Bath, Sleeps 4
181 mi

Property Details

- 1 Bedroom
- 1 Bathroom
- Sleeps 4

From **\$245** per night

Make Inquiry



Increasing awareness, growing supply, and leveraging mobile to drive bookings

Key Operating Priorities – “Speed Wins”



User Experience

Continuously create and improve products that travelers love



Attractive Platform for Partners

Enable more partners to drive more value from TripAdvisor platform



Long-term Growth

Opportunistically re-invest today for long-term

Driving Valuable Leads for Partners

Audience

Rich, fresh user content on 6.6M businesses drives 350M unique users per month¹



Leads

Large source of qualified shoppers looking for accommodations, attractions, restaurants & flights



Profit

Click-, transaction-, display- and subscription-based advertising opportunities drive bookings



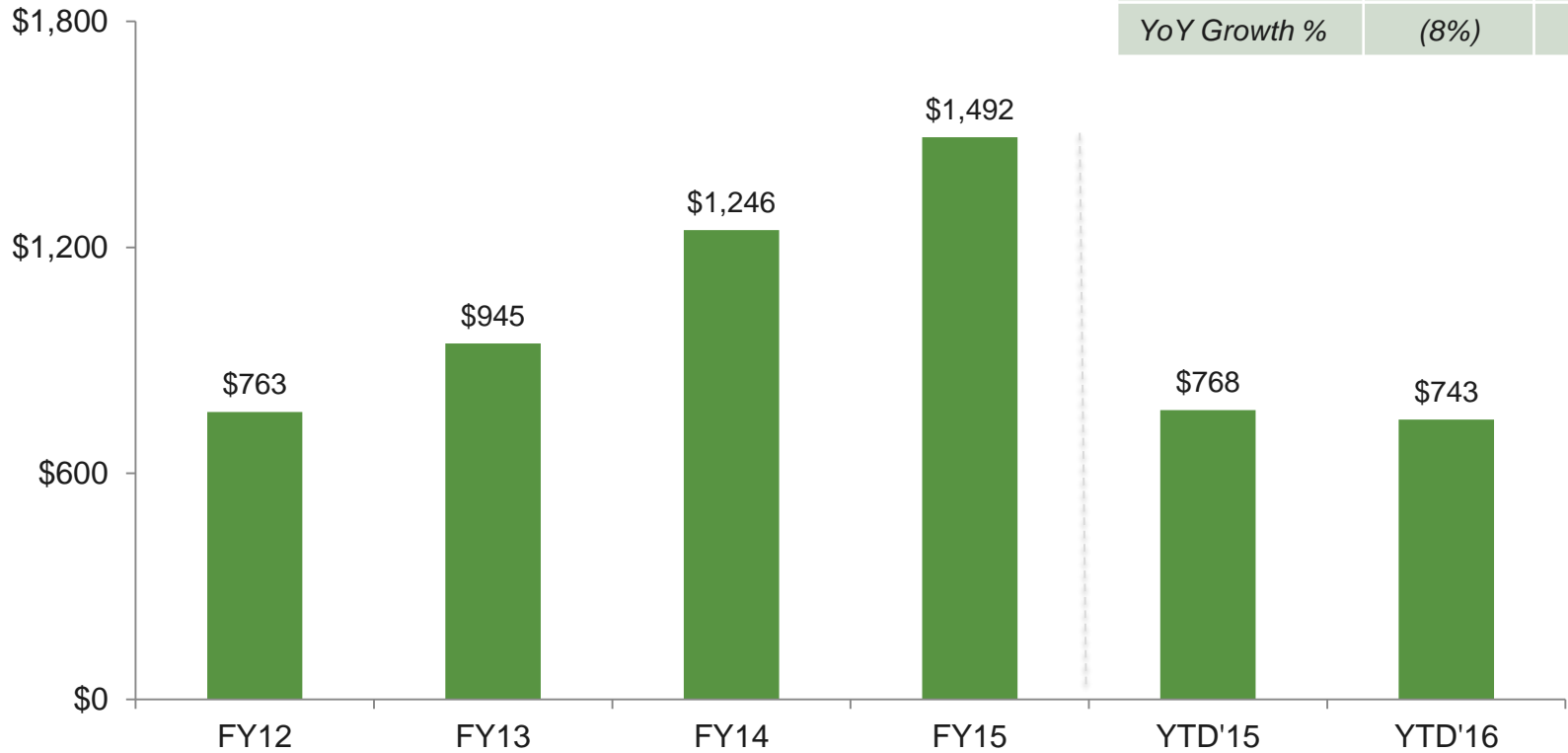
(1) TripAdvisor internal log files, average monthly unique users during Q2 2016

Financial Results

Strong Revenue Growth Track-Record

Total Revenue

(\$M, except percentages)



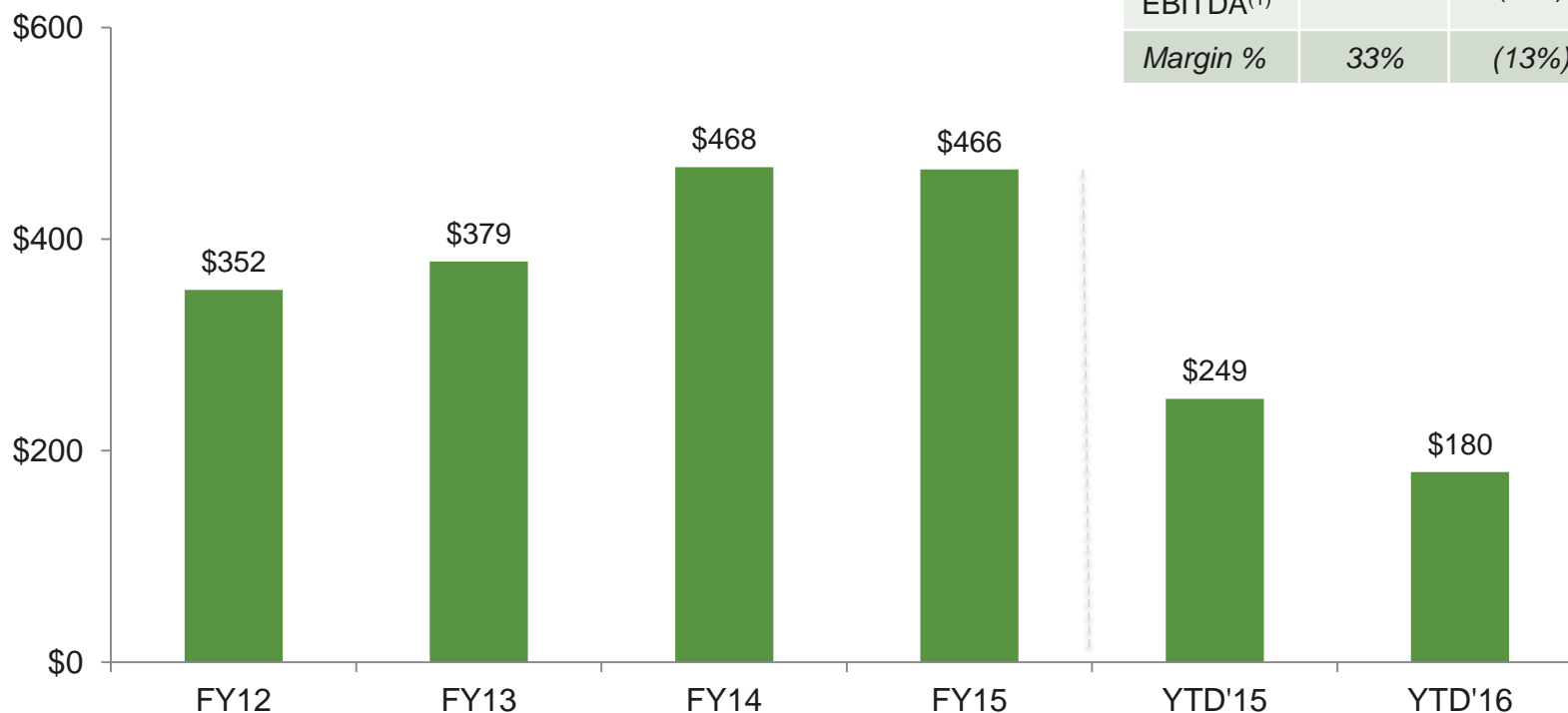
Segment Data – Q2'16

	Hotel	Non-Hotel
Revenue	\$316	\$75
YoY Growth %	(8%)	21%

Strongly Profitable & Investing for Long-Term Growth

Adjusted EBITDA⁽¹⁾

(\$M, except percentages)



Segment Data – Q2'16		
	Hotel	Non-Hotel
Adjusted EBITDA ⁽¹⁾	\$105	(\$10)
Margin %	33%	(13%)

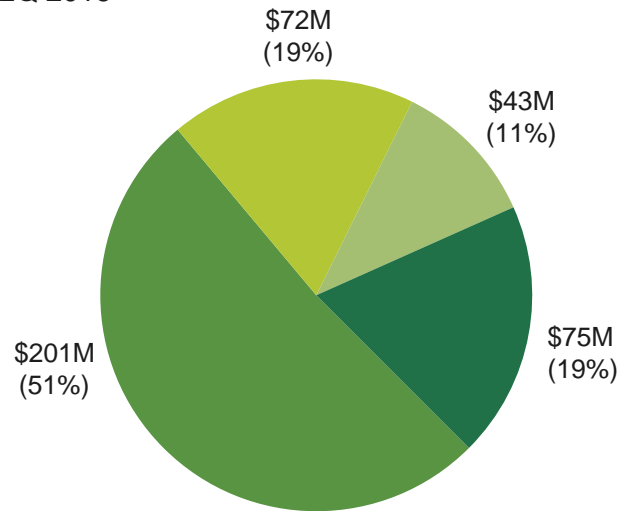
(1) Adjusted EBITDA is a non-GAAP measure and is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, and (7) other non-recurring expenses and income.

Our Global Brand Drives Revenue Growth

(\$M, except percentages)

By Revenue Source

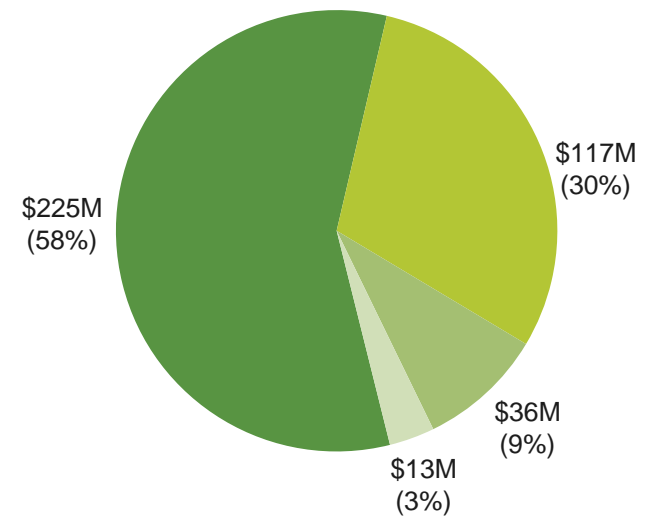
2Q 2016



- TripAdvisor-branded click-based & transaction
- TripAdvisor-branded display-based ad. & subscription
- Other hotel revenue
- Non-hotel revenue

By Geography

2Q 2016



- NA
- EMEA
- APAC
- LATAM

Net Income & Cash Flow

<i>(\$M, except Earnings per Share)</i>	Q2'16	Q1'16	Q2'15
GAAP Net income	\$34	\$27	\$58
Non-GAAP net income ¹	\$56	\$47	\$79
GAAP Diluted EPS	\$0.23	\$0.18	\$0.40
Non-GAAP Diluted EPS ²	\$0.38	\$0.32	\$0.54
Cash flow from operations	\$237	\$120	\$200
Free Cash Flow ³	\$218	\$103	\$177
Cash, cash equivalents & marketable securities	\$891	\$709	\$746

(1) TripAdvisor defines "non-GAAP net income" as GAAP net income excluding, net of their related tax effects: (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) certain gains, losses, and other expenses that we do not believe are indicative of our ongoing operating results; (4) goodwill, long-lived assets and intangible asset impairments and (5) other non-recurring expenses and income.

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

(3) TripAdvisor defines "free cash flow", a non-GAAP measure, 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.

Segment Financial Information

(\$M, except percentages)

	Q2'16	Q1'16	Q2'15	YoY % Change
Revenue:				
Hotel	\$316	\$303	\$343	(8%)
Non-Hotel	\$75	\$49	\$62	21%
Total Revenue	\$391	\$352	\$405	(3%)
Adjusted EBITDA:				
Hotel	\$105	\$106	\$125	(16%)
Non-Hotel	(\$10)	(\$21)	(\$2)	(400%)
Total Adjusted EBITDA ¹	\$95	\$85	\$123	(23%)
Adjusted EBITDA Margin by Segment²:				
Hotel	33%	35%	36%	
Non-Hotel	(13%)	(43%)	(3%)	

(1) Adjusted EBITDA is a non-GAAP measure and is defined as net income (loss) plus: (1) provision for income taxes; (2) other income (expense), net; (3) depreciation of property and equipment, including amortization of internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation and other stock-settled obligations; (6) goodwill, long-lived asset and intangible asset impairments, and (7) other non-recurring expenses and income.

(2) TripAdvisor defines "Adjusted EBITDA margin by segment" as segment Adjusted EBITDA as a percentage of segment revenue.

Non-GAAP Reconciliations

(in millions, except per share amounts)

	2015					2016		
	Q1	Q2	Q3	Q4	FY*	Q1	Q2	FY*
Reconciliation from GAAP Net Income to Adjusted EBITDA (Non-GAAP):								
GAAP Net income	\$63	\$58	\$74	\$3	\$198	\$27	\$34	\$62
Provision (benefit) for income taxes	23	24	24	(29)	41	11	11	22
Interest income and other, net	(2)	5	13	2	17	-	-	-
Interest expense	(2)	(2)	(3)	(3)	(10)	(4)	(3)	(6)
Other non-recurring expenses	-	2	-	-	2	-	-	-
Non-cash charitable contribution ⁽¹⁾	-	-	-	67	67	-	-	-
Stock-based compensation	16	18	19	19	72	19	22	42
Amortization of intangible assets	7	9	10	10	36	8	8	15
Depreciation ⁽²⁾	14	15	13	16	57	16	17	33
Adjusted EBITDA ⁽³⁾	\$127	\$123	\$130	\$87	\$466	\$85	\$95	\$180
Reconciliation from GAAP Net Income to Non-GAAP Net Income:								
GAAP Net income	\$63	\$58	\$74	\$3	\$198	\$27	\$34	\$62
Add: Stock-based compensation	16	18	19	19	72	19	22	42
Add: Amortization of intangible assets	7	9	10	10	36	8	8	15
Add: Non-cash charitable contribution ⁽¹⁾	-	-	-	67	67	-	-	-
Add: Other non-recurring expenses	-	2	-	-	2	-	-	-
Subtract: Gain on sale of business	-	-	17	3	20	-	-	-
Subtract: Income tax effect of non-GAAP adjustments ⁽⁶⁾	6	8	8	30	53	7	8	15
Non-GAAP Net Income ⁽⁴⁾	\$80	\$79	\$78	\$66	\$302	\$47	\$56	\$104
Reconciliation from GAAP Earnings per Share (EPS) to Non-GAAP EPS:								
GAAP Diluted Shares Outstanding	146	146	146	146	146	147	147	147
Diluted GAAP EPS	\$0.43	\$0.40	\$0.51	\$0.02	\$1.36	\$0.18	\$0.23	\$0.42
Diluted Non-GAAP EPS ⁽⁵⁾	\$0.55	\$0.54	\$0.53	\$0.45	\$2.07	\$0.32	\$0.38	\$0.71
Free Cash Flow:								
Cash flow from operations	\$99	\$200	\$8	\$74	\$382	\$120	\$237	\$357
Subtract: Capital expenditures	31	23	39	16	109	17	19	36
Free Cash Flow (Non-GAAP) ⁽⁷⁾	\$68	\$177	(\$31)	\$58	\$273	\$103	\$218	\$321

Non-GAAP Reconciliations - Endnotes

The Company believes that non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business.

(1) Represents a \$67 million non-cash charitable contribution to the TripAdvisor Charitable Foundation which was settled in company stock and therefore excluded for non-GAAP purposes. This amount also includes charitable contributions to the TripAdvisor Charitable Foundation of \$6 million which was accrued ratably during the nine months ended September 30, 2015 (approximately \$2 million per quarter) under GAAP with the intention of settling in cash and then reclassified as non-GAAP during Q4 2015 to reflect the non-cash nature of the final settlement.

(2) *Depreciation*. Includes internal use software and website development amortization.

(3) *Adjusted EBITDA*. Defined as net income (loss) plus: (i) provision for income taxes; (ii) other income (expense), net; (iii) depreciation of property and equipment, including amortization of internal use software and website development; (iv) amortization of intangible assets; (v) stock-based compensation and other stock-settled obligations; (vi) goodwill, long-lived asset and intangible asset impairments; and (vii) 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. Adjusted EBITDA is our segment profit measure and a key measure used by our management and board of directors to understand and evaluate the operating performance of our business 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 provides 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.

(4) *Non-GAAP Net Income*. Defined as GAAP net income excluding, net of their related tax effects: (1) stock-based compensation expense and other stock-settled obligations; (2) amortization of intangible assets; (3) certain gains, losses, and other expenses that we do not believe are indicative of our ongoing operating results; (4) goodwill, long-lived assets and intangible asset impairments and (5) other non-recurring expenses and income. 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.

(5) *Diluted Non-GAAP EPS*. Defined as non-GAAP net income divided by GAAP diluted shares. We believe non-GAAP 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. During the second quarter of 2016, the Company began calculating non-GAAP net income per diluted share using GAAP diluted shares determined under the treasury stock method. All historical periods have been conformed to the current calculation method. This change did not have a material effect on our previously reported non-GAAP net income per diluted share calculations in prior periods.

(6) *Income Tax Effect of Non-GAAP Adjustments*. The non-GAAP adjustments described 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.

(7) *Free Cash Flow*. Defined 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.

* Year to date totals reflect data as reported and is not necessarily a summation of the quarterly data.



Thank You