



# Q3 2014 Results

November 2014

# 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 Annual Report on Form 10-K, 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 third quarter 2014 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.

Who We Are

Our mission

Help travelers around  
the world plan and  
have the perfect trip



# We are the World's Largest Travel Website

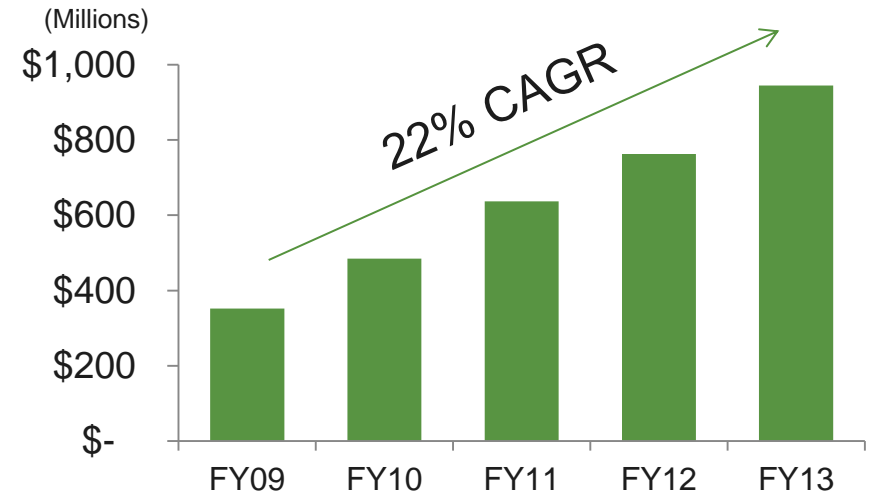
## Key Facts

- Headquartered in **Newton, MA**
- **45** countries; **28** languages
- **890K+** hotels & accommodation pages
- **650K** vacation rentals listings
- **2.4M** restaurant & **480K+** attractions
- **Valuable lead source** to OTAs, hoteliers and businesses

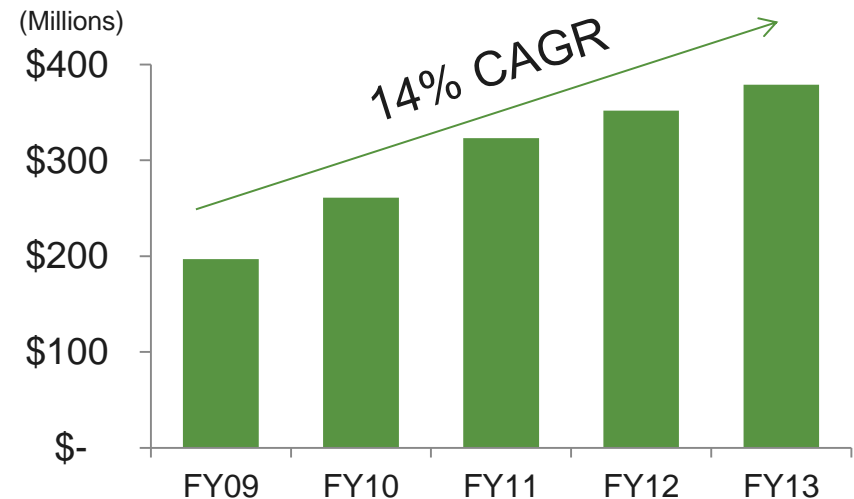
## Travel Community Stats

- **Loyal & engaged** travel community drives powerful network effects
- **315M** unique monthly visitors<sup>1</sup>
- **190M+** user-generated reviews & opinions
- **115+** traveler contributions per minute
- Price comparison, personalization, friend content, traveler photos, room tips and forums

## Revenues



## Adjusted EBITDA<sup>2</sup>



<sup>1</sup> Google Analytics, worldwide data, average monthly unique users during Q3 2014

<sup>2</sup> Adjusted EBITDA is a Non-GAAP financial measure. Please see Non-GAAP Reconciliations at the back of this presentation.

# Deep, Rich User-Generated Content

**tripadvisor**  
Conrad Maldives Rangali Island Resort

Home | Rangali Island | Hotels | Flights | Vacation Rentals | Restaurants | Best of 2013

Home > Asia > Maldives > Alifu Atoll > South Ari Atoll > Rangali Island > Rangali Island Hotels > Conrad Maldives Rangali Island Resort

## Conrad Maldives Rangali Island

Rangali Island, 2034  
Hotel website | +1 888-414-2018 | Hotel deals | Hotel amenities

20% Offer Ending Soon!

**1,388 traveler photos**

**Enter dates for best prices**

Check In: mm/dd/yyyy | Check Out: mm/dd/yyyy

**Show Prices**

Compare best prices from top travel partners

travelocity | Expedia | Booking.com

**Professional photos**

1,395 traveler photos

### Conrad Maldives Rangali Island

**91%** Ranked #1 of 1 hotels in Rangali Island

885 Reviews

Travelers' Choice® Luxury

A recent review

"Expensive stay and..."  
funchrist Bath UK

859 Reviews

Travelers' Choice® 2013 Winner Luxury

**885 reviews from our community** | Write a Review

Traveler rating	See reviews for	Rating summary
Excellent: 696	Families: 140	Location: 5/5
Very good: 111	Couples: 560	Sleep Quality: 5/5
Average: 53	Solo: 11	Rooms: 5/5
Poor: 14	Business: 5	Service: 5/5
Terrible: 11		Value: 5/5
		Cleanliness: 5/5

**Related hotels...**

- LUX\* Maldives: 881 Reviews | Show Prices
- Mirih Island Resort: 320 Reviews | Show Prices
- Constance Moofushi: 232 Reviews | Show Prices

See which rooms travelers prefer - 134 traveler tips

885 reviews sorted by Date | Rating

**"Expensive stay"**  
5/5 Reviewed September 2, 2013

For my first time in... a very expensive ho... underwater or even... wine experts around... beaches a part som...

Contributor: funchrist Bath UK | 1 review

**"Paradise"**  
5/5 Reviewed September 2, 2013

My husband and I w... were told the resort... hardly bumped into... few at dinner, but it... we felt like the only...

Reviewer: luxury\_beach\_ad... London, United Kingdom | 5 reviews | 4 helpful votes

**Marilita-Fenia**

Contributor

- ★ 15 reviews
- 🏠 4 hotel reviews
- 👍 1 helpful vote

**"PARADISE IN EARTH .."**  
5/5 Reviewed September 2, 2013 NEW

Real Paradise on Earth! Great facilities, superb restaurant facilities especially Ithaa Underwater Restaurant. We visited island during our honeymoon and had a marvelous and luxurious stay! Extremely friendly and helpful stuff.

Was this review helpful? **Yes** 1 | Problem with this review?

# Driving Powerful Network Effects



What We Do



# Helping Users Find, Research, and Book

## Rich Travel Content

190M+ reviews & opinions; Candid photos; Friend Content



## Price Comparison

Compare room prices from 100+ sites



## On the Trip

Content on 2.9M restaurants, tours & attractions; Top-ranked mobile apps<sup>1</sup>



<sup>1</sup> Distimo study of mobile app downloads in the travel sector for the period of January 1, 2012 to March 31, 2014, based on downloads and device installs

# Matching More Partners with More Users

## Audience

Rich, fresh user content on 4.4M+ businesses drives 315M UVs per month<sup>1</sup>



## Leads

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



## Profit

Cost-per-click, Display and Subscription / Transaction ad opportunities drive bookings



<sup>1</sup> Google Analytics, worldwide data, average monthly unique users during Q3 2014

# Global Scale and Robust Travel Platform

45

Points of Sale

Global Reach



28

Languages

315M

Average Monthly Unique Users

Community



115

Contributions per minute

190M+

Reviews & Opinions

Content



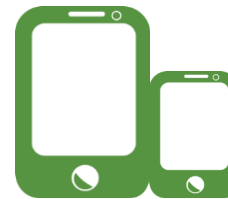
4.4M

Places to stay, eat, & explore

160M

Mobile Uniques<sup>2</sup>

Mobile



150M

App Downloads<sup>3</sup>

<sup>1</sup> Google Analytics, worldwide data, average monthly unique users during Q3 2014

<sup>2</sup> TripAdvisor log files, September 30, 2014. Mobile uniques includes tablet and phone and is measured on an average monthly basis

<sup>3</sup> TripAdvisor log files, September 30, 2014. App downloads and/or initializations of TripAdvisor, City Guides, SeatGuru, Jetsetter and GateGuru measured on a cumulative basis.

# Key Operating Priorities – “Speed Wins”



## Talent

Attract, build and retain  
a world class team



## Technology

Build flexible, scalable  
architecture



## Product

Develop products  
travelers love



## Monetization

Scale and optimize  
profitable business lines  
for the long-term

# Top-Ranked Travel Apps in the World<sup>1</sup>

28

Languages

150M

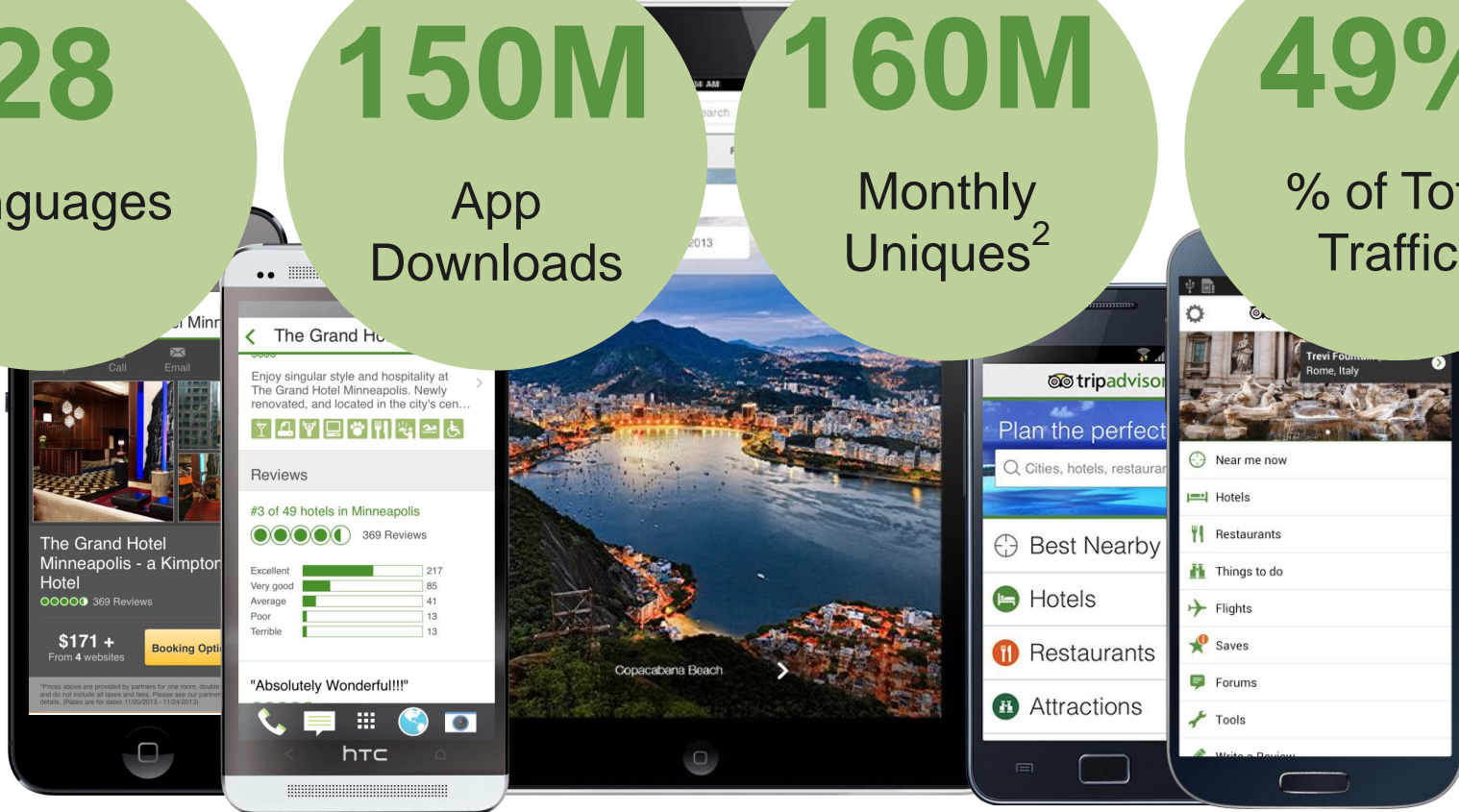
App Downloads

160M

Monthly Uniques<sup>2</sup>

49%

% of Total Traffic<sup>3</sup>

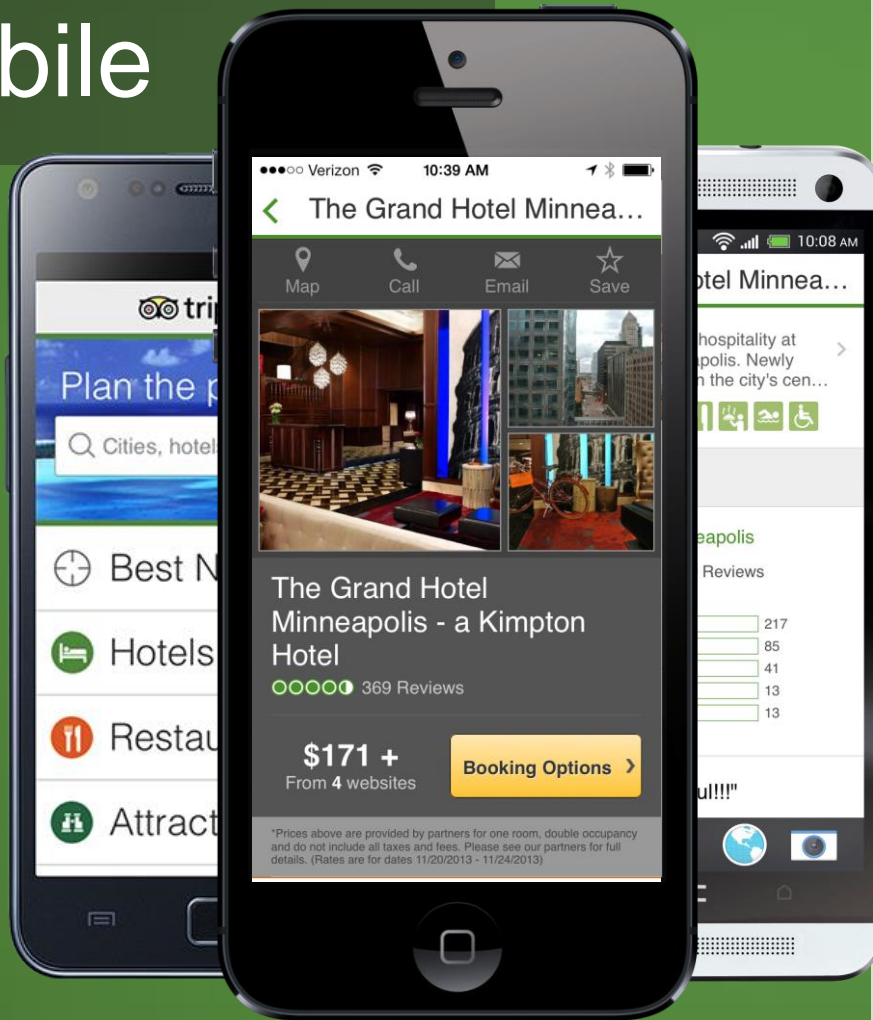


<sup>1</sup> Distimo study of mobile app downloads in the travel sector for the period of January 1, 2012 to March 31, 2014, based on downloads and device installs

<sup>2</sup> Average monthly unique users on mobile devices for Q3 2014, according to TripAdvisor log files

<sup>3</sup> During Q3 2014, according to TripAdvisor log files; Includes tablet and smartphone traffic

# Opportunity: Mobile



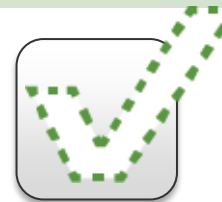
Price  
Comparison



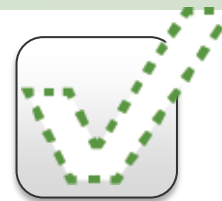
Point me there;  
Near Me Now



Social tie-in,  
Native Apps



Reduce  
Friction



Personal  
Guide

# Investing in Large, Global Opportunities

## 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](#) [H](#)

**Special offer COMPLIMENTARY TEA FOR TWO**



Ranked #1 of   
 ★★★★★

- 890K+ hotels & accommodations in our database looking to leverage our global travel audience
- Enhanced exposure through special offers, announcements and mobile upgrade
- TripConnect platform allows independent hotels to bid for leads and send automated review solicitation emails to guests post-stay



## Vacation Rentals



- Large, highly-fragmented and inefficient market
- Subscription or Transaction-based listings gives flexibility for owners; 650K property listings and growing
- Leverage TRIP's massive global audience researching accommodations
- Ecommerce-enabled properties with online payment options



## International / China



- Online travel market growing 30% per year and is the world's largest outbound travel market
- Expect >650M internet users by 2015 – still less than 50% penetration<sup>1</sup>
- Fast mobile adoption & attractive social component



<sup>1</sup> Boston Consulting Group, The Internet's New Billion: Digital Consumers in Brazil, Russia, India, China and Indonesia, Sept 2010



# Opportunity: Match More Partners With More Travelers



OTAs



Hotel Chains



Airlines



Independent  
Hoteliers

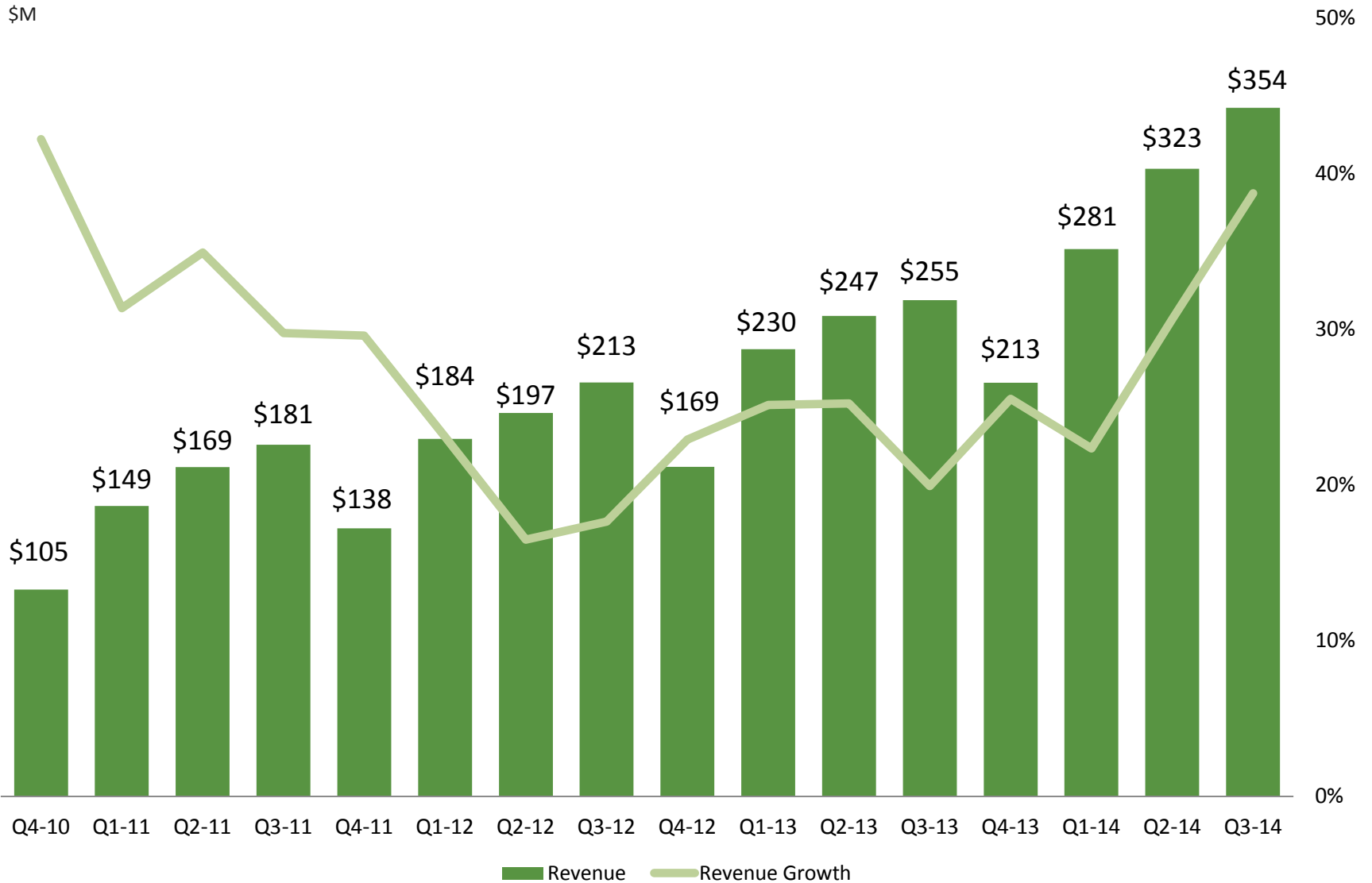


Restaurants &  
Attractions

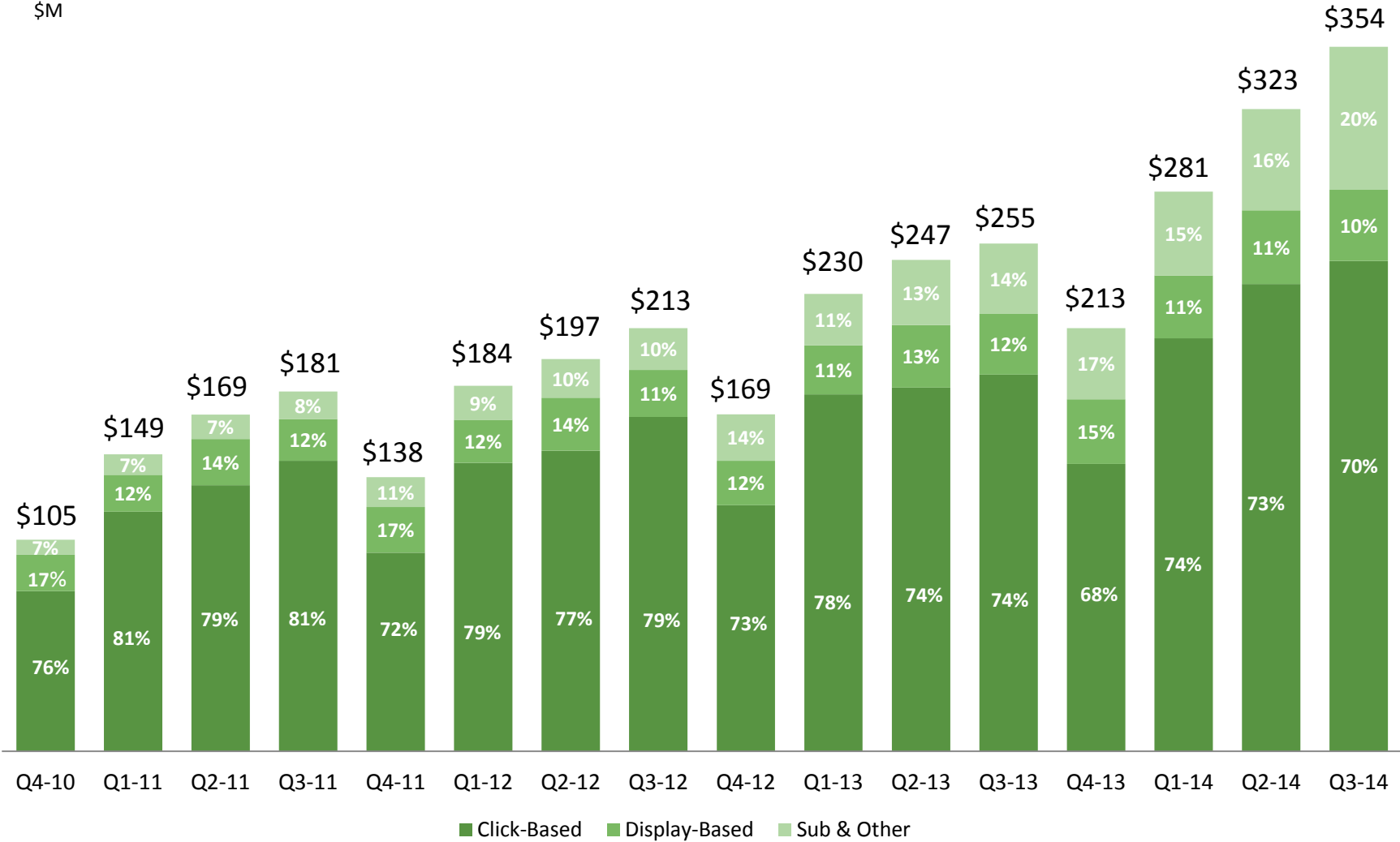


# Financial Results

# Total Revenue

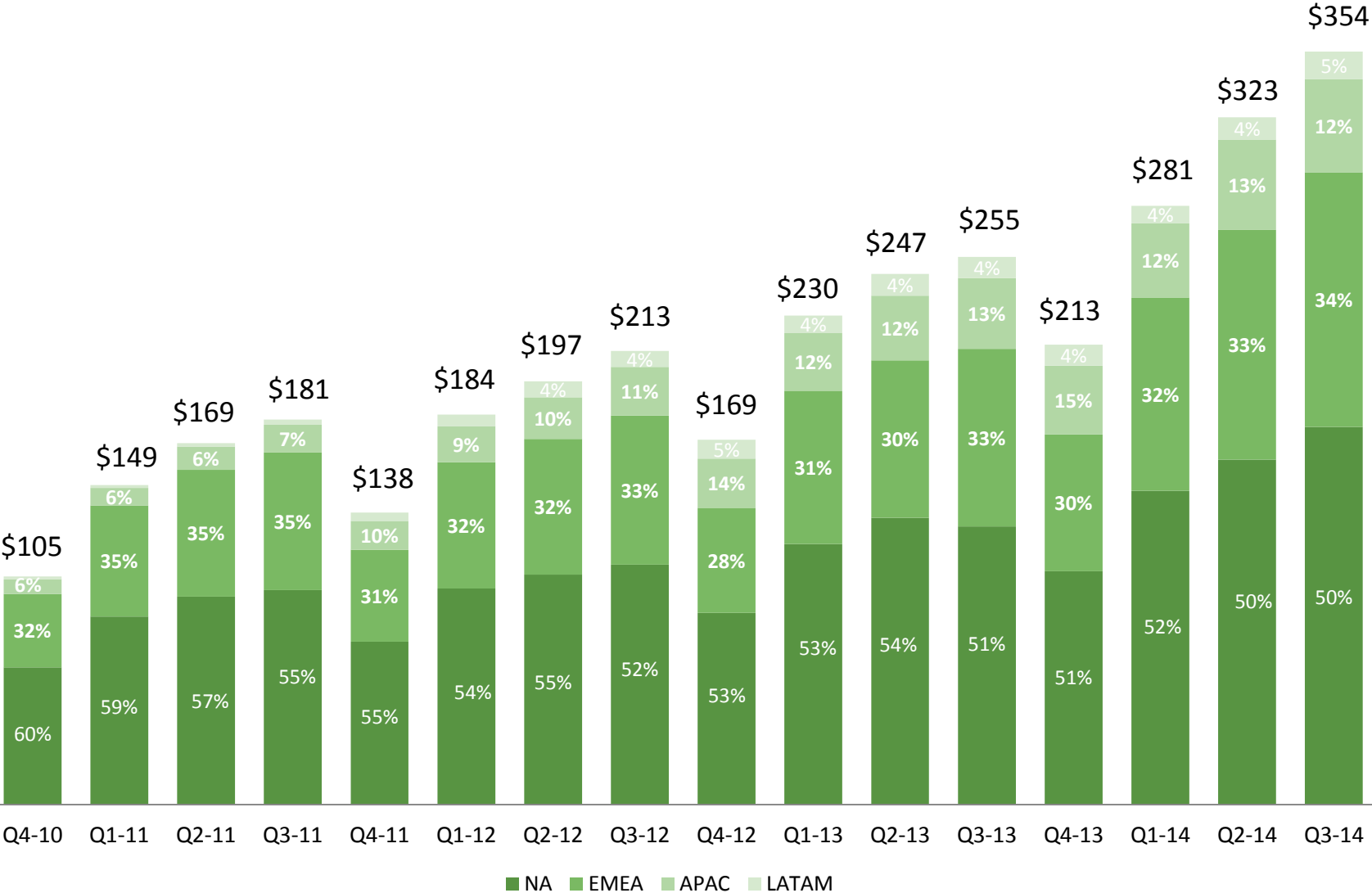


# Revenue by Product

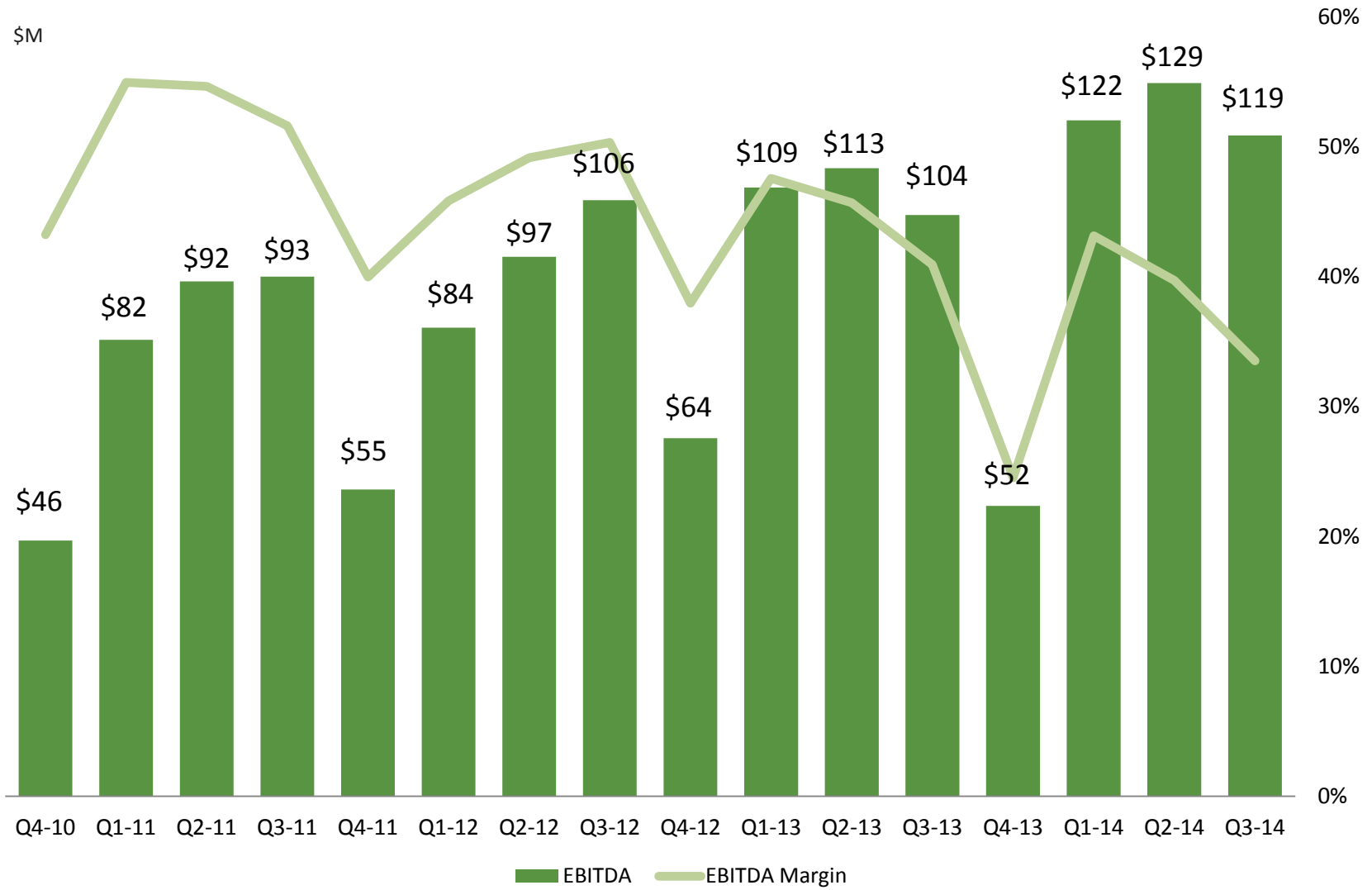


# Revenue by Geography

\$M



# Adjusted EBITDA



Note: Adjusted EBITDA is a Non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to net income please see slide 22. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP

# Net Income & Cash Flow

\$M, except earnings per share

	Three Months Ended			Nine Months Ended	
	Q3-14	Q2-14	Q3-13	Q3-14	Q3-13
GAAP Net income	\$54	\$68	\$56	\$190	\$185
Non-GAAP net income <sup>1</sup>	\$71	\$81	\$65	\$232	\$214
GAAP EPS	0.37	0.47	0.38	1.30	1.27
Non-GAAP EPS <sup>2</sup>	0.48	0.55	0.45	1.58	1.47
Operating cash flow	\$58	\$158	\$145	\$326	\$278
Free Cash Flow <sup>3</sup>	\$45	\$136	\$129	\$271	\$239
Cash, cash equivalents & marketable securities	\$614	\$721	\$596	\$614	\$596

<sup>1</sup> TripAdvisor defines "non-GAAP net income" as net income before expenses related to stock-based compensation and amortization of intangible assets and non-recurring expenses, net of related tax effects.

<sup>2</sup> TripAdvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by non-GAAP weighted average diluted shares outstanding, which included dilution from options per the treasury stock method and include all weighted average shares relating to RSUs in shares outstanding for Non-GAAP net income per diluted share.

<sup>3</sup> 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.

# 2014 Acquisitions

	<b>Acquisition</b>	<b>Date</b>	<b>Purpose</b>
	La Fourchette	May 2014	Restaurants, International
	Vacation Home Rentals	May 2014	Vacation Rentals
	tripbod	May 2014	Travel Expert Network, Tours
	Viator	Aug 2014	Attractions

# Non-GAAP Reconciliations

TripAdvisor, Inc.  
Non-GAAP Reconciliations



(in millions, except share amounts which are reflected in thousands and per share amounts)	2012				FY 2012	2013				FY 2013	2014			FY 2014
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	
<b>Adjusted EBITDA and OIBA Reconciliation</b>														
Adjusted EBITDA (1)	\$ 84	\$ 97	\$ 106	\$ 64	\$ 351	\$ 109	\$ 113	\$ 104	\$ 52	\$ 378	\$ 122	\$ 129	\$ 119	\$ 370
Depreciation (2)	4	5	5	6	20	6	7	8	9	30	10	11	12	33
Amortization of intangible assets	2	2	1	1	6	1	2	1	2	6	2	3	6	11
Stock-based compensation	5	6	8	10	29	14	10	11	13	48	14	15	17	46
Spin-off costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Operating Income	\$ 73	\$ 84	\$ 92	\$ 47	\$ 296	\$ 88	\$ 94	\$ 84	\$ 28	\$ 294	\$ 96	\$ 100	\$ 84	\$ 280
Other interest income (expense), net	(3)	(2)	(2)	(3)	(10)	(3)	(2)	(3)	(2)	(10)	(2)	(2)	(2)	(6)
Other, net	1	(5)	1	(1)	(4)	(1)	(2)	3	-	-	-	-	(7)	(7)
Income before income taxes	71	77	91	43	282	84	90	84	26	284	94	98	75	267
Provision for income taxes	23	24	31	9	87	22	23	28	6	79	26	30	21	77
GAAP Net income	48	53	60	34	195	62	67	56	20	205	68	68	54	190
GAAP Net (income) loss attributable to noncontrolling interest	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-
GAAP Net income attributable to TripAdvisor, Inc.	\$ 48	\$ 53	\$ 60	\$ 34	\$ 194	\$ 62	\$ 67	\$ 56	\$ 20	\$ 205	\$ 68	\$ 68	\$ 54	\$ 190
<b>Non-GAAP Net income Reconciliation</b>														
Non-GAAP Net income	\$ 53	\$ 58	\$ 66	\$ 41	\$ 218	\$ 73	\$ 76	\$ 65	\$ 30	\$ 243	\$ 80	\$ 81	\$ 71	\$ 232
Stock-based compensation	5	6	8	10	29	14	10	11	13	48	14	15	17	46
Amortization of intangible assets	2	2	1	1	6	1	2	1	2	6	2	3	6	11
Spin-off costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax effect of non-GAAP adjustments (3)	2	3	3	4	11	4	3	3	5	16	4	5	6	15
GAAP Net income attributable to TripAdvisor, Inc.	\$ 48	\$ 53	\$ 60	\$ 34	\$ 194	\$ 62	\$ 67	\$ 56	\$ 20	\$ 205	\$ 68	\$ 68	\$ 54	\$ 190
<b>Non-GAAP Share Count Reconciliation</b>														
Non-GAAP Diluted Shares Outstanding	136,805	142,336	144,218	144,148	141,878	145,067	146,487	146,253	146,029	145,959	146,512	146,816	147,055	146,794
Additional restricted stock units	647	599	561	334	537	412	823	799	749	696	847	1,034	984	955
GAAP Diluted Shares Outstanding	136,158	141,737	143,657	143,814	141,341	144,655	145,664	145,454	145,280	145,263	145,665	145,782	146,071	145,839
<b>Non-GAAP Earnings Per Share</b>														
Diluted Non-GAAP EPS	\$ 0.38	\$ 0.41	\$ 0.46	\$ 0.29	\$ 1.54	\$ 0.50	\$ 0.52	\$ 0.45	\$ 0.21	\$ 1.68	\$ 0.54	\$ 0.55	\$ 0.48	\$ 1.58
<b>Revenue growth ex-Foreign Exchange Reconciliation</b>														
Non-GAAP Revenue growth	-	19%	22%	24%	-	24%	25%	18%	24%	23%	21%	29%	38%	27%
Foreign exchange impact	-	-3%	-4%	-1%	-	1%	0%	2%	2%	1%	1%	2%	1%	4%
GAAP Revenue growth	-	16%	18%	23%	-	25%	25%	20%	26%	24%	22%	31%	39%	31%

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

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

(3) Represents the reduction in the income tax benefit recorded for all periods presented based on our effective tax rate, adjusted for non-GAAP items.





Thank You