



# GROUPON<sup>®</sup>

## Investor Presentation

February 2017



# Forward-Looking Statements

The statements contained in this presentation that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The words "may," "will," "should," "could," "expect," "anticipate," "believe," "estimate," "intend," "continue" and other similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, but are not limited to, volatility in our revenue and operating results; risks related to our business strategy, including our strategy to grow our local marketplaces, marketing strategy and spend and the productivity of those marketing investments; effectively dealing with challenges arising from our international operations, including fluctuations in currency exchange rates and any potential adverse impact from the United Kingdom's likely exit from the European Union; retaining existing customers and adding new customers; retaining and adding high quality merchants; cyber security breaches; incurring expenses as we expand our business; competing successfully in our industry; maintaining favorable payment terms with our business partners; providing a strong mobile experience for our customers; delivery and routing of our emails; product liability claims; managing inventory and order fulfillment risks; integrating our technology platforms; litigation; managing refund risks; retaining, attracting and integrating members of our executive team; difficulties, delays or our inability to successfully complete all or part of the announced restructuring actions or to realize the operating efficiencies and other benefits of such restructuring actions; higher than anticipated restructuring charges or changes in the timing of such restructuring charges; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments; tax liabilities; tax legislation; compliance with domestic and foreign laws and regulations, including the CARD Act and regulation of the Internet and e-commerce; classification of our independent contractors; maintaining our information technology infrastructure; protecting our intellectual property; maintaining a strong brand; seasonality; customer and merchant fraud; payment-related risks; our ability to raise capital if necessary and our outstanding indebtedness; global economic uncertainty; the impact of our ongoing strategic review and any potential strategic alternatives we may choose to pursue; our senior convertible notes; and our ability to realize the anticipated benefits from the hedge and warrant transactions. For additional information regarding these and other risks and uncertainties, we urge you to refer to the factors included under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual Report on Form 10-K for the year ended December 31, 2016, and our other filings with the Securities and Exchange Commission, copies of which may be obtained by visiting the company's Investor Relations web site at <http://investor.groupon.com> or the SEC's web site at [www.sec.gov](http://www.sec.gov). Groupon's actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance.

You should not rely upon forward-looking statements as predictions of future events. Although Groupon believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. The forward-looking statements reflect Groupon's expectations as of February 27, 2017 unless otherwise expressly stated herein. Groupon undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in its expectations.

Additional information relating to certain of our financial measures, including our non-GAAP financial measures, contained herein is available in our most recent earnings release and at our website at [investor.groupon.com](http://investor.groupon.com).



# Groupon is a clear leader in Local e-Commerce

- Only provider with substantial scale in large, attractive local market
  - Proven pay-for-performance small and medium sized business (SMB) advertising platform
  - Trusted consumer transactional platform with over 1B units sold
  - Mobile leader with a Top 25 US App
- Focus on unlocking scale benefits and driving shareholder returns through sustainable free cash flow growth
- Maintain balance sheet strength and financial flexibility



# Local remains one of the last markets to realize the benefits of e-Commerce

## Still Under-Penetrated

### Small and Medium Sized Merchants (SMB)

5.7M



Addressable Merchants in US<sup>1</sup>

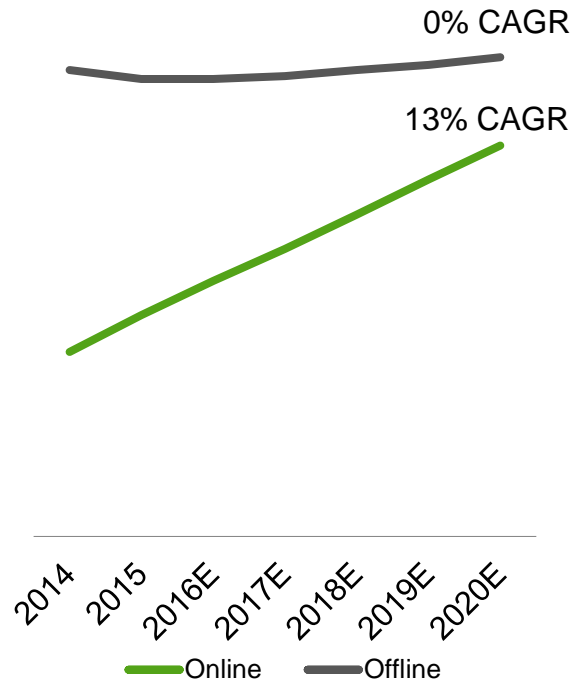
0.4M



GRPN Merchants LTD, North America

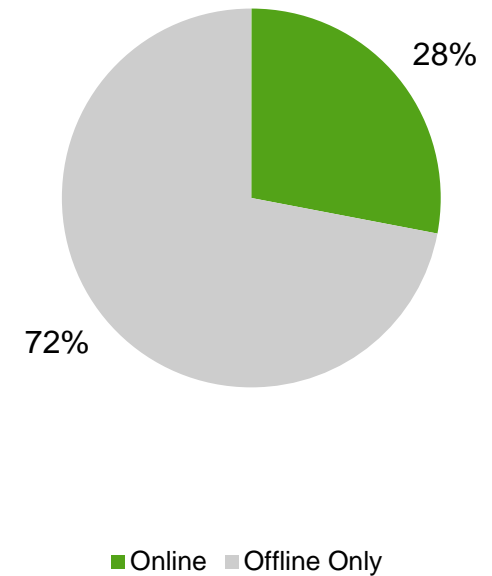
## Secular Shift in Advertising Spending to Online

### US Ad Spending<sup>2</sup>



## Low Online Presence Among SMB Merchants

### SMB Merchant Online Presence<sup>3</sup>



*Groupon is leading the offline-to-online transition in Local*

(1) 2012 County Business Patterns and 2012 Economic Census from census.gov.  
 (2) eMarketer US Total Media Ad Spending, by Media, 2014-2020 as of March 2016  
 (3) National Small Business Association (NSBA) 2013 Small Business Technology Survey



# Largest SMB local advertising platform of its kind

Serving the under-served Small and Medium Sized Businesses (SMB)

**1M+** merchants served to date globally

**90%** of merchants have 20 employees or fewer<sup>1</sup>

**32%** of merchants are sole proprietors<sup>1</sup>

## Merchants need....

More new customers -- on the right days, at the right times

Support in leveraging online marketing

Effective marketing with measurable ROI

Cash flow conservation strategies

## Groupon offers...

- Large, diverse marketplace where tens of millions of customers come to discover, save, and buy
- High-touch service model  
Deep domain expertise in Local and leading online marketing capabilities
- Extensive data & analytics  
Deep insight into Local consumer spending, including direct feedback from buyers
- Pay-for-Performance cost model  
High volume customer acquisition with no up-front ad spend

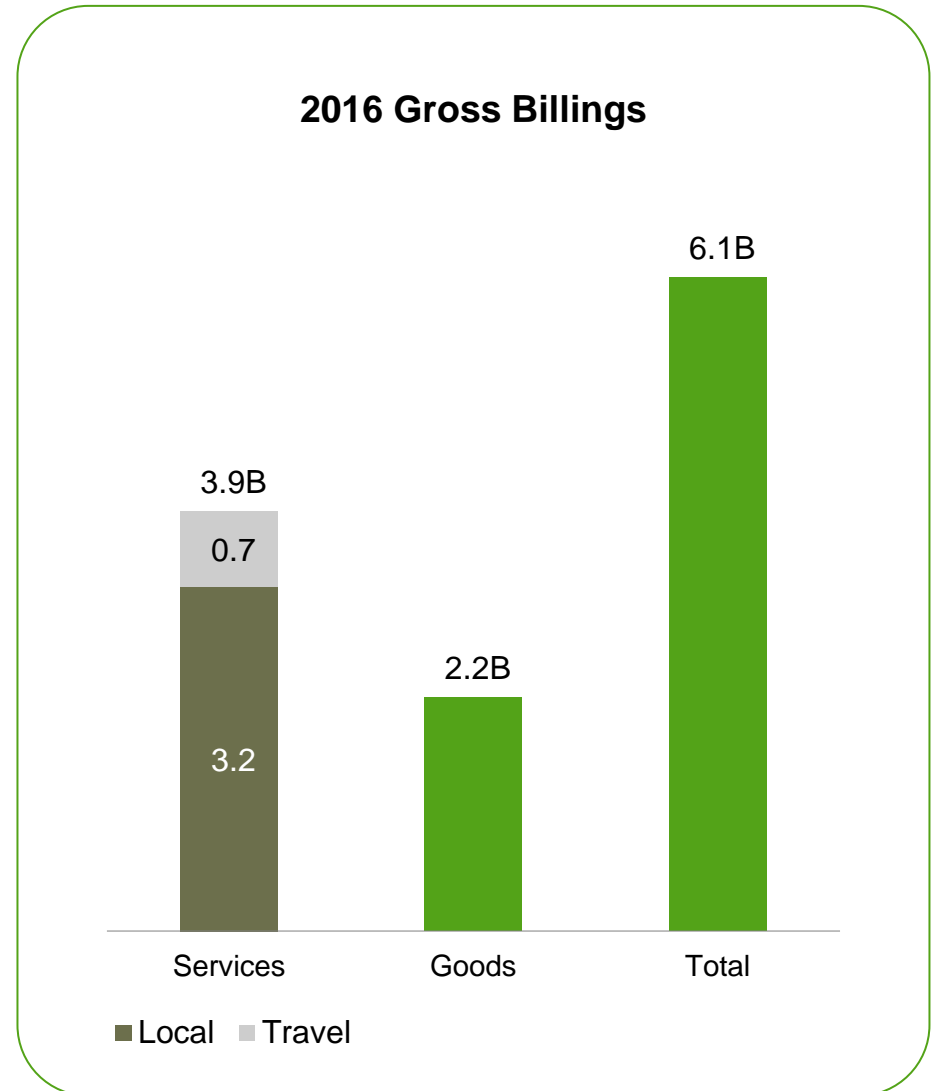
# Significant size and scale advantage

Over **1 billion units sold**

Over **\$20 billion saved** for consumers life-to-date in North America

Over **50 million active customers** worldwide

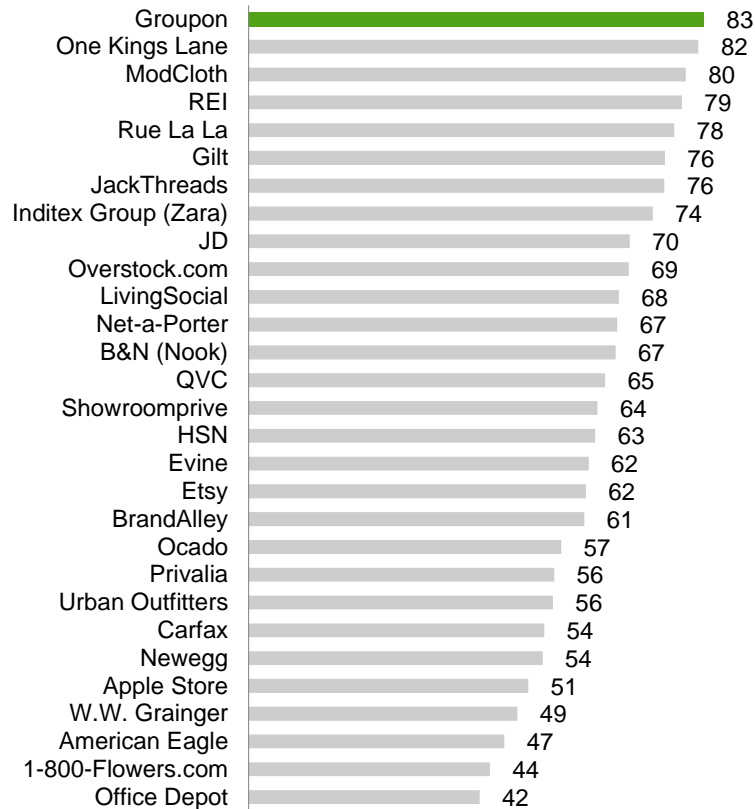
**60%** of transactions on **mobile**



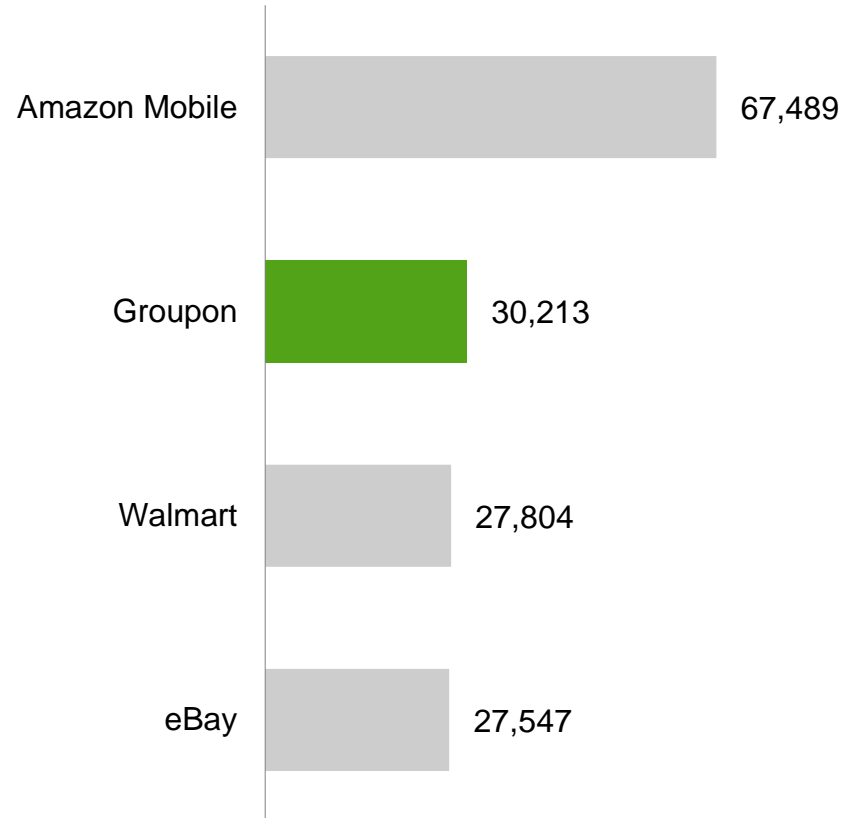


# Best-in-class mobile app

### Applause Retailers Mobile App Sentiment Index<sup>1</sup>



### Top Retail Mobile Apps by Unique Visitors (000)<sup>2</sup>



*Top-rated retail app in the US, according to Applause, and the second most visited retail app in the US, behind only Amazon, according to comScore*

(1) ARC from Applause. How Customers Rate the Mobile Retail App Leaders, 2016. To qualify for inclusion, individual retailers needed to transact 40% or more of their total 2015 sales via their mobile apps.  
 (2) comScore Mobile Mextrix, U.S. Age 18+, June 2016

## Focusing our key priorities for 2017

- 1** **Grow customers** through continued customer acquisition and focus on **accelerating purchase frequency**
- 2** **Improve the customer experience** by removing friction and creating more **seamless engagement** between the merchant and customer
- 3** **Streamline and simplify** to drive **gross profit dollar, adjusted EBITDA, and free cash flow growth**





## Recent business trends

- Q4 2016 saw inconsistent demand – October and December up while November declined in North America Local around the election
- Q1 2017 traffic trends remain inconsistent which could adversely impact billings and gross profit
- Expect Q1 2017 adjusted EBITDA approximately in line with Q1 2016
- Reiterate full year 2017 guidance of gross profit between \$1.3 - \$1.35 billion and adjusted EBITDA between \$200 – \$240 million



# 2017 Guidance

	2016			2017
	Consolidated	Countries in Go-Forward Footprint <sup>2</sup>	Countries in Go-Forward Footprint ex. F/X <sup>2</sup>	Guidance
<b>Gross Profit</b> (USD billions)	<b>\$1.36</b>	<b>\$1.28</b>	<b>\$1.26</b>	<b>\$1.30 - 1.35</b>
<b>Adjusted EBITDA<sup>1</sup></b> (USD millions)	<b>\$178</b>	<b>\$184</b>	<b>\$184</b>	<b>\$200 - 240</b>

*We expect that the 11 countries we plan to exit by the end of the first quarter 2017 will be reported as discontinued operations. As such, we are providing 2017 guidance based on the outlook for the 15 countries that will constitute our continuing operations for 2017. The 2016 gross profit and adjusted EBITDA for those 15 countries have been presented above for comparability purposes.*

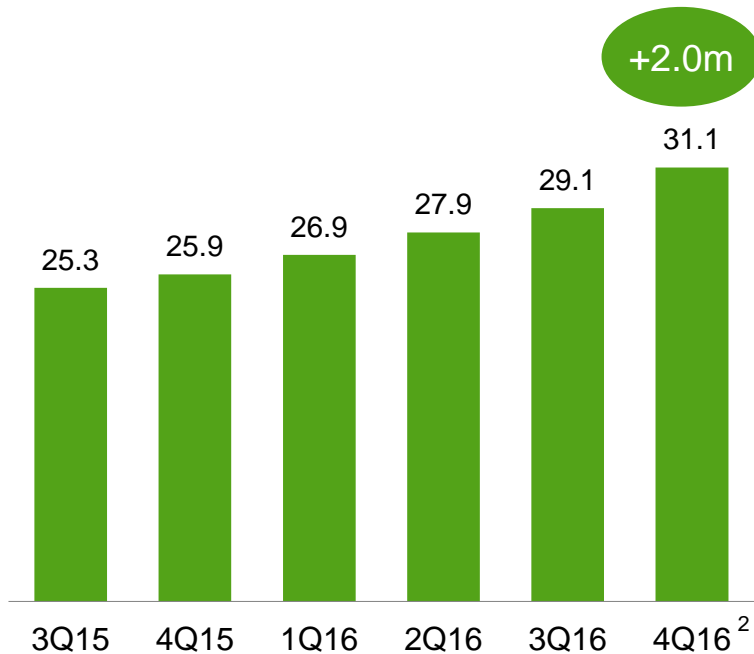
(1) Adjusted EBITDA is a non-GAAP performance measure. See the appendix for a reconciliation to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations."  
(2) The 2016 amounts for countries in our go-forward footprint reflect the current year results of the 15 countries for which we will continue to have business operations after we have completed the 11 previously announced planned country exits.



# Active customers

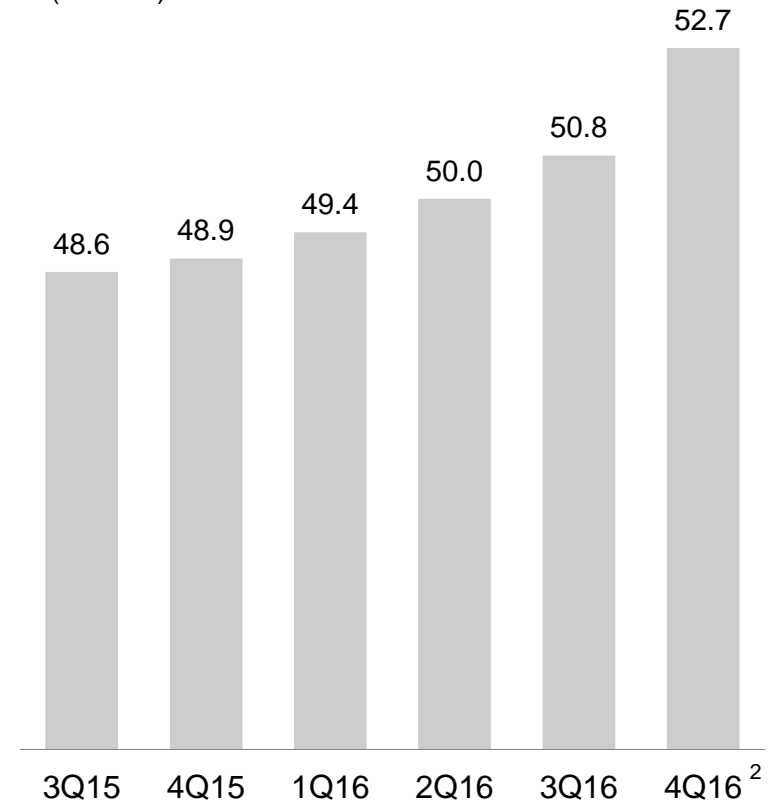
## North America Active Customers<sup>1</sup>

(millions)



## Global Active Customers<sup>1</sup>

(millions)



*Added 5.2m customers in North America year-over-year and 900k customers internationally, excluding the impact of country exits, in 2016*

(1) We define active customers as unique user accounts that have made a purchase through one of our online marketplaces during the trailing twelve months.

(2) Includes 1 million incremental active customers from LivingSocial acquisition.



# Scaling the Groupon marketplace



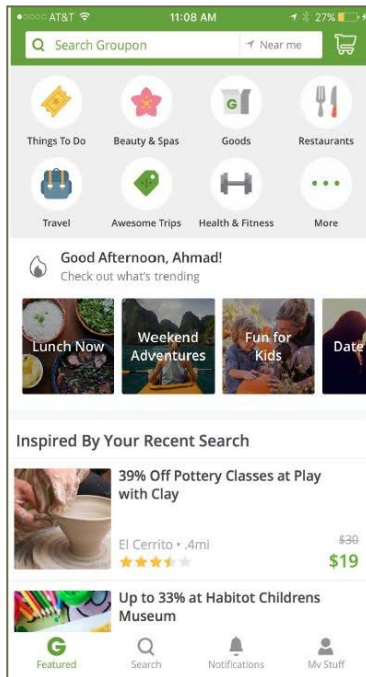


# Scaling the Groupon marketplace

## Optimizing Price, Convenience, and Selection

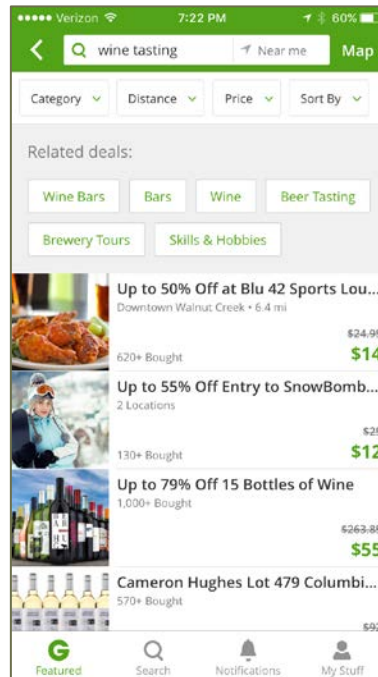
### Mobile

- Easier for users to find a great deal
- Intent driven layout



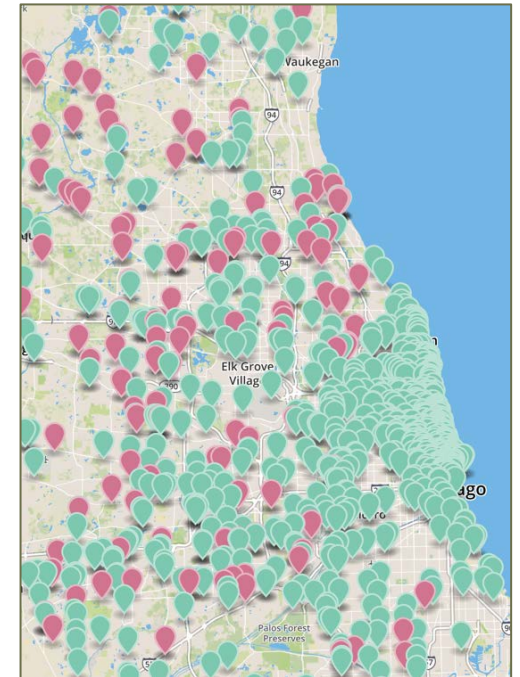
### Search & Relevance

- Enhanced navigation, filtering, and sorting



### Supply

- Integrated 3<sup>rd</sup> party inventory
- Improved merchant experience and onboarding



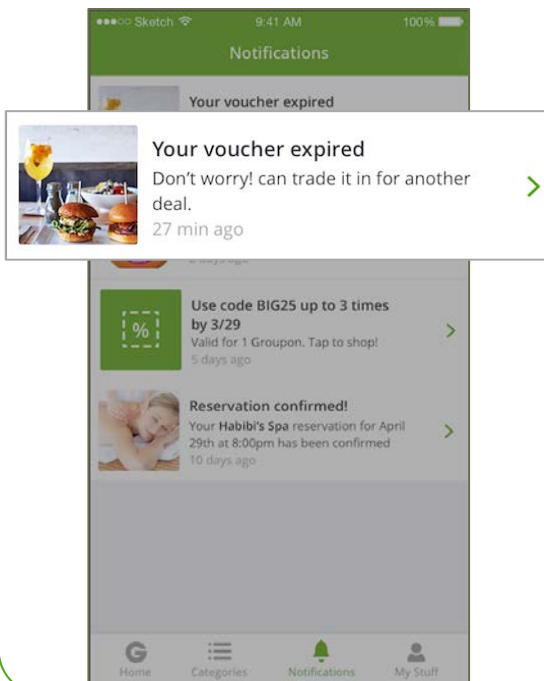


# Scaling the Groupon marketplace

## Optimizing Price, Convenience, and Selection

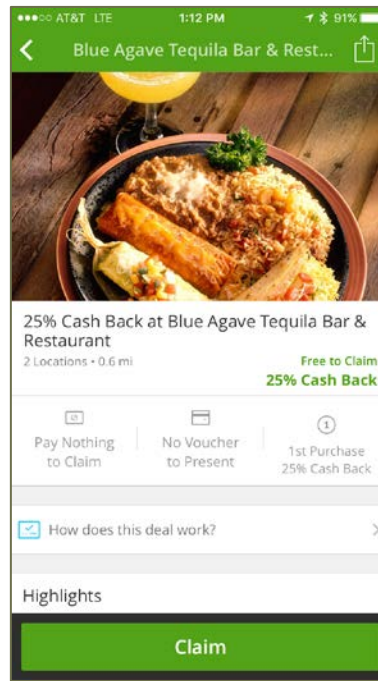
### Trade-in

- Reduces customer pain point of expiring vouchers



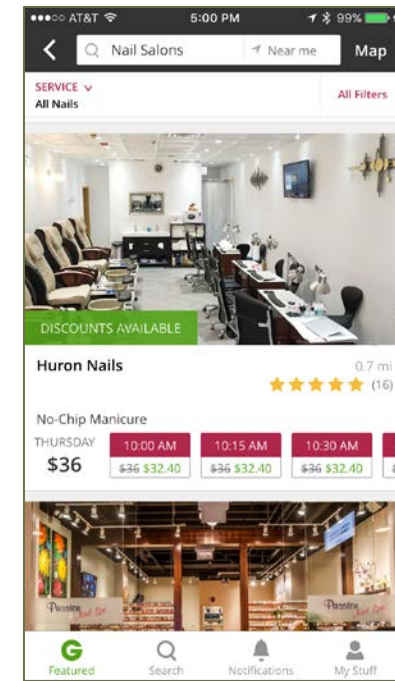
### Card-Linked Offers

- Seamless redemption mechanism
- Discount flexibility enables higher density of supply



### BeautyNow

- Convenient booking and cashless transactions
- Full menu of services
- Yield management





# Enhancing our financial profile

## Gross Profit

### **Focus on driving Gross Profit dollar growth**

- North America core Local and Goods; emerging products such as Card-Linked Offers, Beauty Booking, and Marketplace; International growth<sup>1</sup>

## Marketing

### **Plan to maintain 12-18 month payback of incremental spend on GP**

- Similar % of Billings in 2017 as 2016 on a consolidated basis
- Increased investment planned in European focus cities

## SG&A

### **Drive operational efficiency through shared services & automation**

- 2016 headcount 8,323, down 1,549 year-over-year
- 15 countries in go-forward footprint; expect exits to be complete by early '17

## Adj. EBITDA

### **Target sustained Adjusted EBITDA growth**

- Facilitate flow through from Gross Profit; Continued investment in product and marketing, mostly offset by SG&A savings

## Free Cash Flow

### **Resulting in consistent Adjusted EBITDA to FCF conversion**

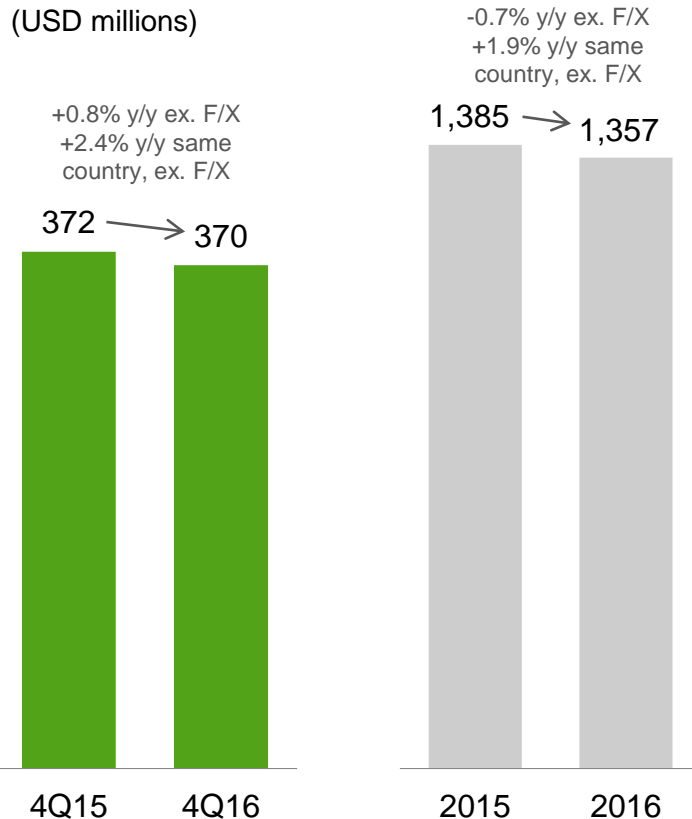
- Operating Cash Flow expected to trend near adjusted EBITDA levels
- Expect stable level of CapEx consistent with 2016; \$70 million range

(1) International refers to our go-forward footprint of 15 countries for which we will continue to have business operations after we have completed the 11 previously announced planned country exits.

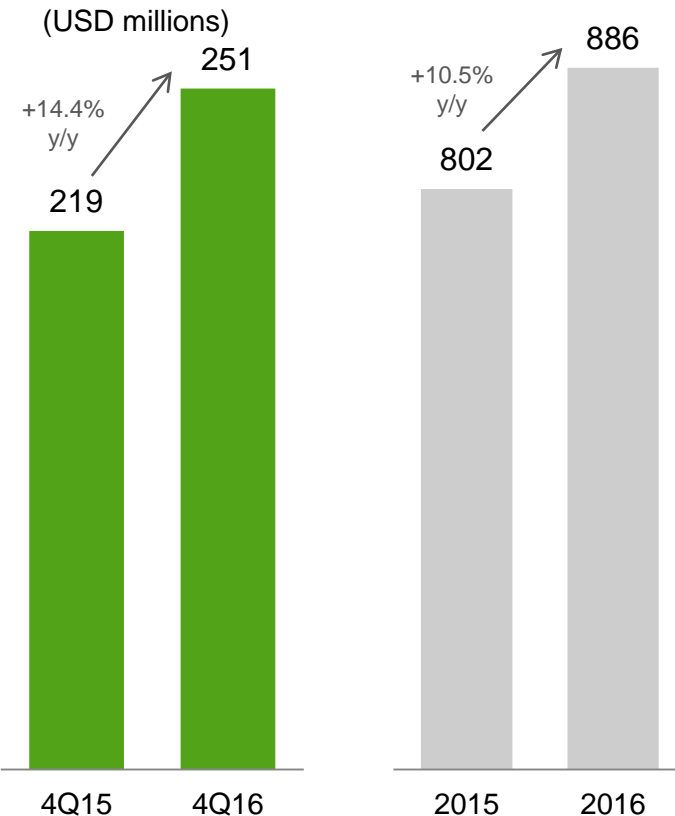


# Gross Profit – Dollar growth aligned to strategy

## Global Gross Profit



## North America Gross Profit



*North America gross profit up 14.4% or \$32 million year-over-year in Q4;  
Up 10.5% or \$84 million in 2016*

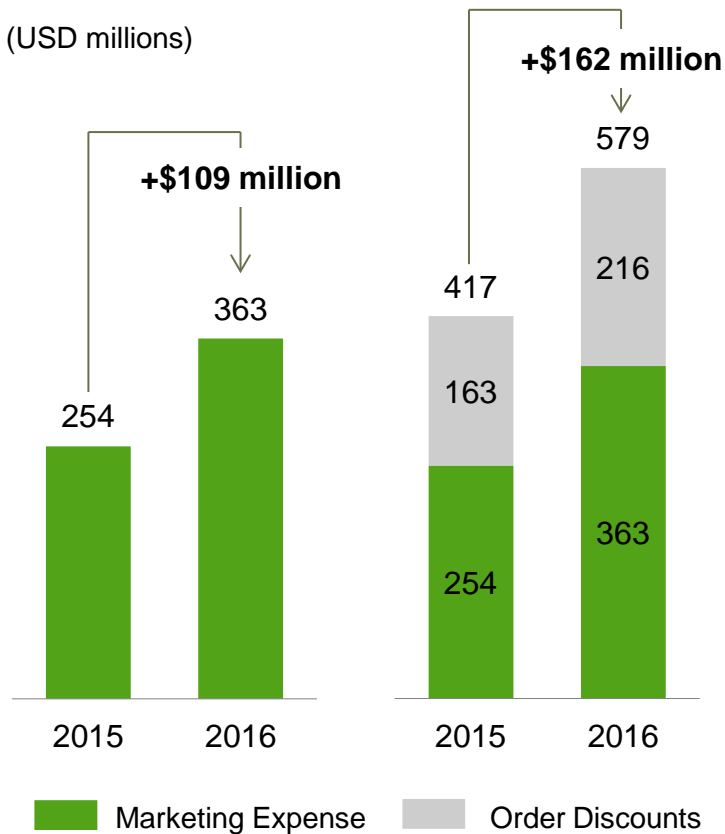




# Marketing – Invest at 12-18 month payback

## Marketing Expense and Order Discounts

(USD millions)



$$\text{Marketing ROI} = \frac{\text{Incremental Gross Profit}}{\text{Incremental Marketing Spend}} = 100\%$$

$$\text{Time to Payback} = 12 \text{ to } 18 \text{ months}$$

- Increased payback thresholds from 6 months to 12-18 months for marketing and order discounts
- Online channel spend driven by automated processes governed by ROI parameters
- ROI tracking across marketing channels, platforms, and categories

*Marketing increased \$109 million year-over-year in 2016, or \$162 million including order discounts*

# Go-forward country footprint

## Focus Our Country Footprint

26

As of  
9/30/2016

15

Go-forward  
Footprint

### North America



Canada, U.S.

### EMEA



Belgium, France,  
Germany, Ireland, Italy,  
Netherlands, Poland,  
Spain, U.A.E., U.K.

### ROW



Australia, Japan,  
New Zealand

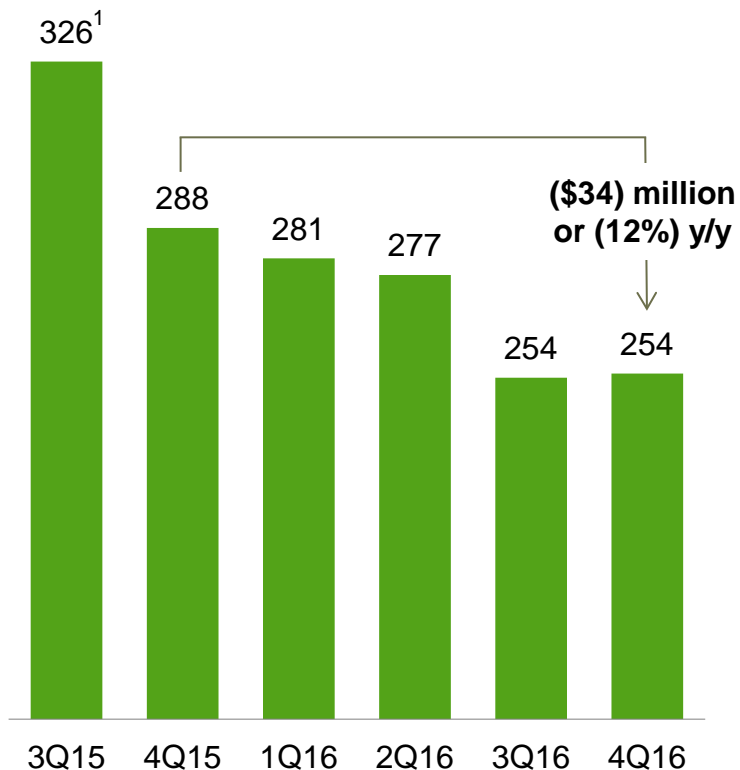
*2016 contribution from 11 countries we plan to exit by early 2017:  
Gross profit of \$76 million and adjusted EBITDA loss of \$6 million*



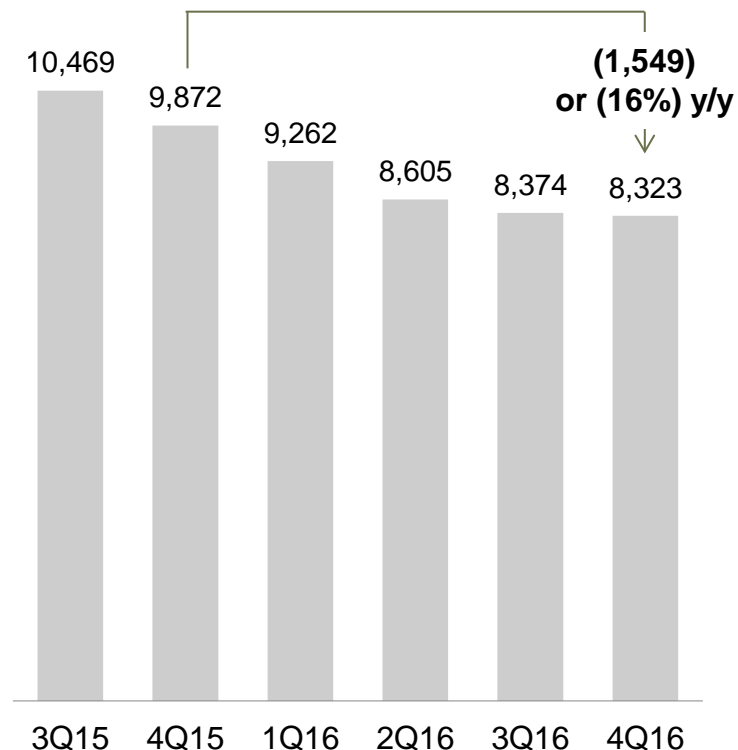
# SG&A – Streamline and simplify

## SG&A

(USD millions)



## Headcount



*Global SG&A declined by \$34 million year-over-year in Q4; significant headcount reductions*

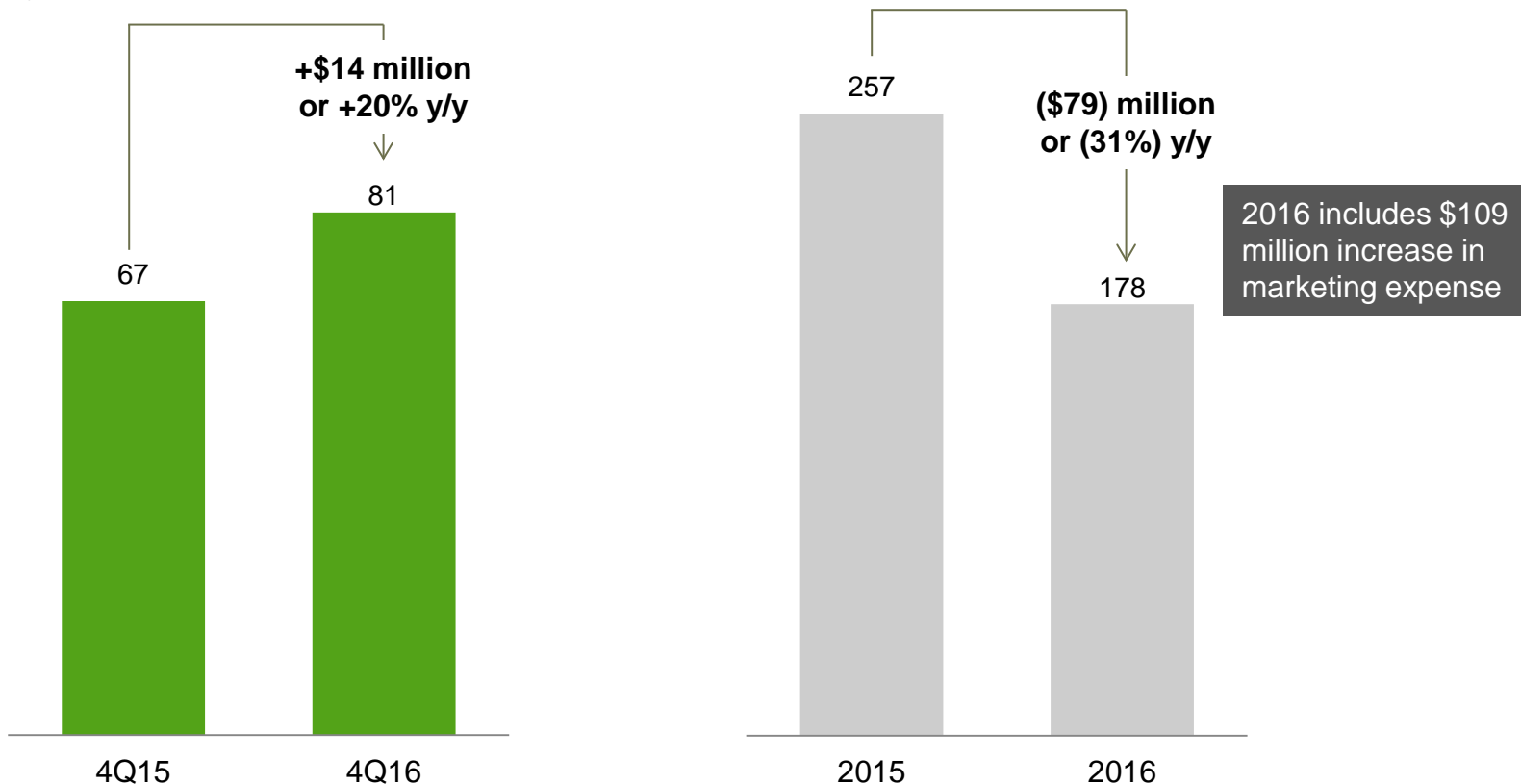
(1) Includes \$37.5M litigation reserve



# Adj. EBITDA – Returned to growth in Q4

## Global Adjusted EBITDA<sup>1</sup>

(USD millions)



*2016 Adjusted EBITDA of \$178 million exceeded full-year guidance range (\$150 - \$165 million)*

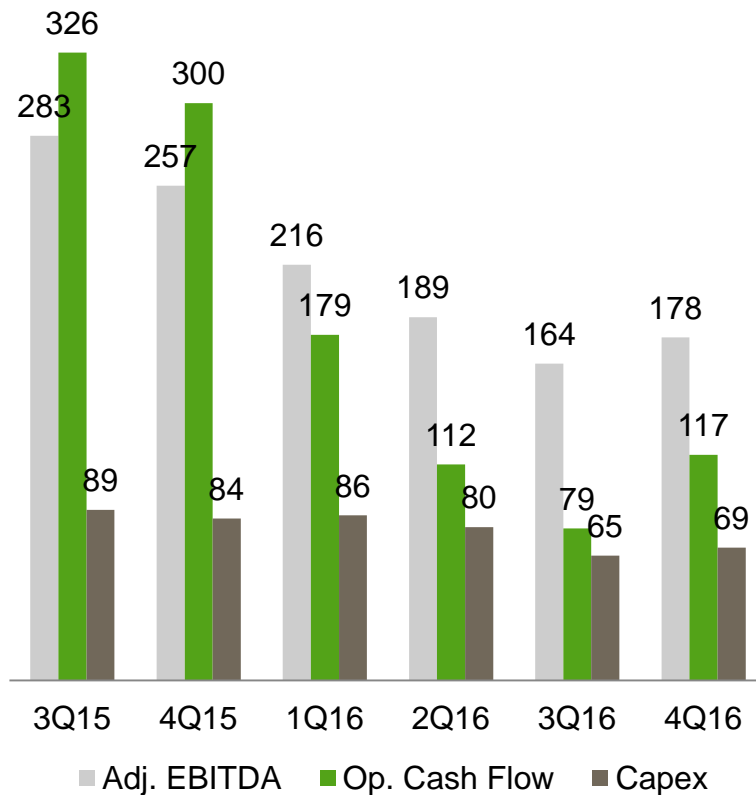
(1) Adjusted EBITDA is a non-GAAP performance measure. See appendix for a reconciliation to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations."



# Free Cash Flow – Focus on improving conversion

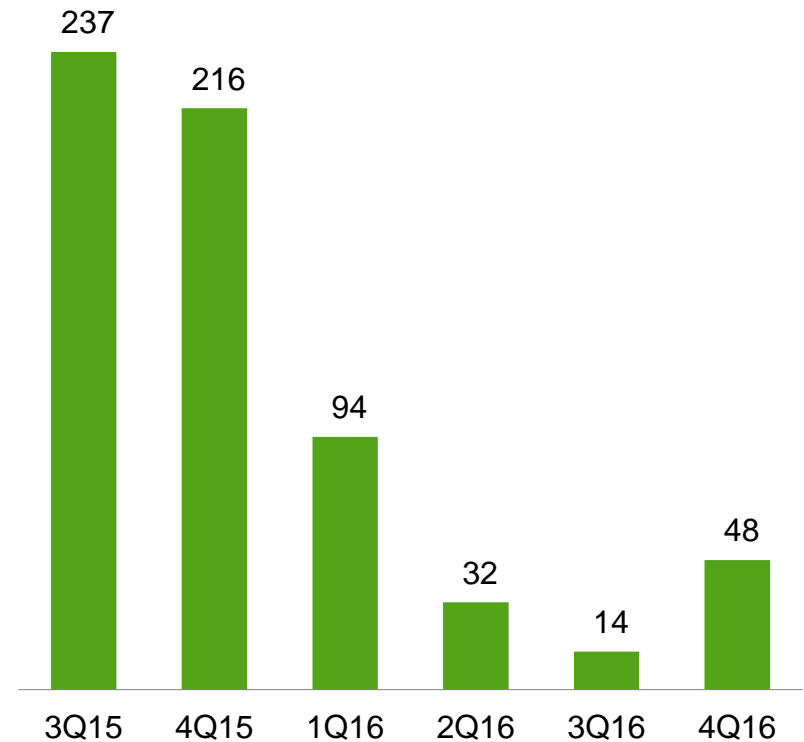
## Adjusted EBITDA<sup>1</sup>, Operating Cash Flow<sup>2</sup>, and Capital Expenditures

(TTM, USD millions)



## Free Cash Flow<sup>2,3</sup>

(TTM, USD millions)



(1) Adjusted EBITDA is a non-GAAP performance measure. See the appendix for a reconciliation to the most comparable U.S. GAAP performance measure, "Net income (loss) from continuing operations."

(2) The Company adopted the guidance in ASU 2016-09 on January 1, 2016. ASU 2016-09 requires that all income tax-related cash flows resulting from share-based payments be reported as operating activities in the statement of cash flows. Previously, income tax benefits at settlement of an award were reported as a reduction to operating cash flows and an increase to financing cash flows to the extent that those benefits exceeded the income tax benefits reported in earnings during the award's vesting period. The Company has elected to apply that change in cash flow classification on a retrospective basis, which has resulted in adjustments to net cash provided by operating activities for the three-month periods ended September 30, 2015, and December 31, 2015.

(3) Free Cash Flow is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities from continuing operations."



# Strong balance sheet and return of capital to shareholders

## Liquidity and Capital Resources

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(USD millions)

Cash Balance <sup>1</sup>	\$892
Undrawn Revolver <sup>1</sup>	\$250

## Share Repurchase Activity

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(USD millions)

### Value of Share Repurchases

4Q16	\$50
FY2016	\$162
Remaining Repurchase Authorization	\$195



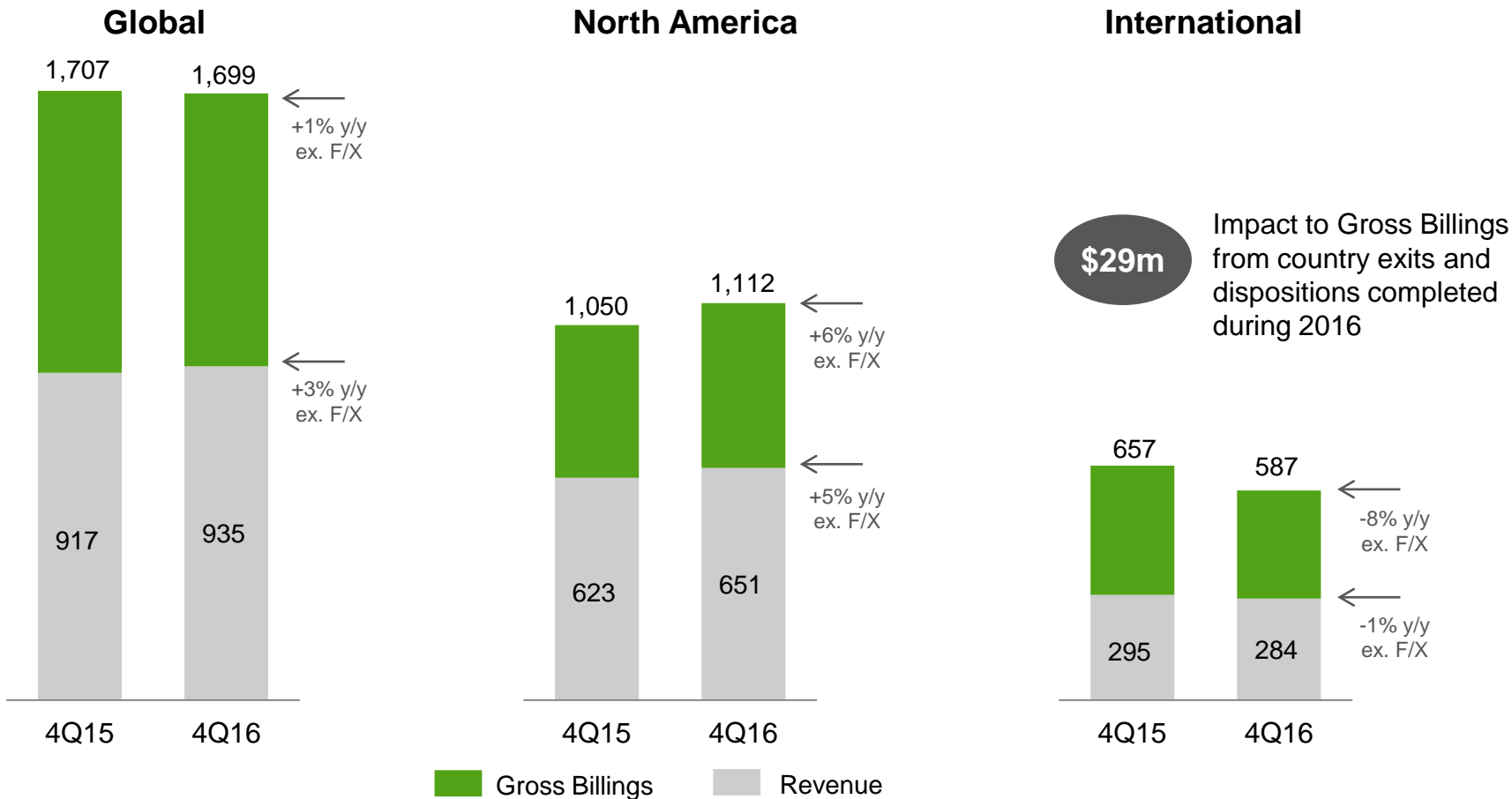
# Appendix



# Financial Update

## Gross Billings and Revenue

(USD millions)



*North America billings growth of 6% and Global billings growth of 1% on an FX-neutral basis in Q4*

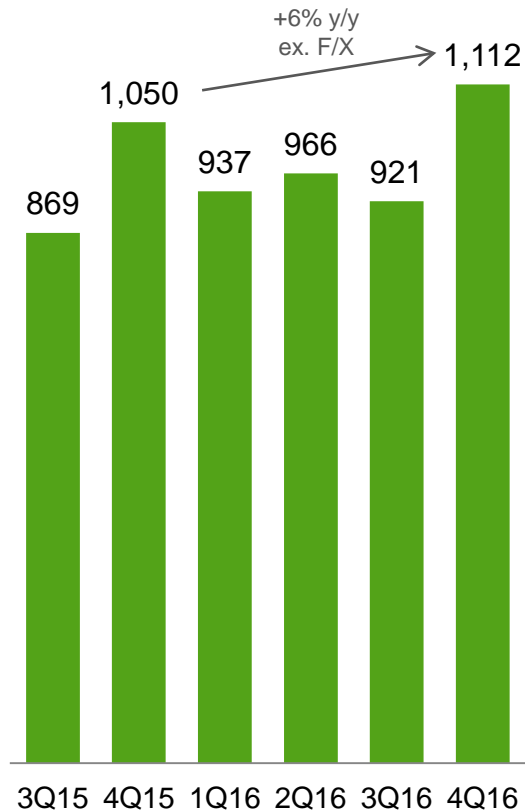




# North America Update

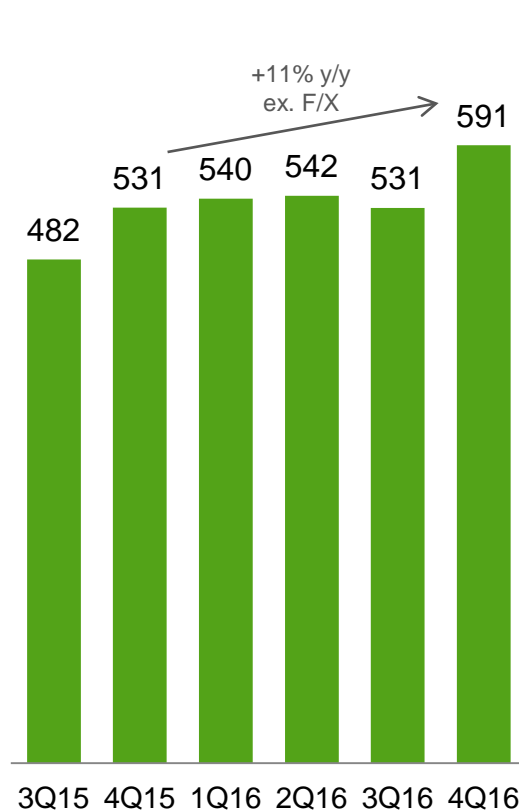
## NA Gross Billings

(USD millions)



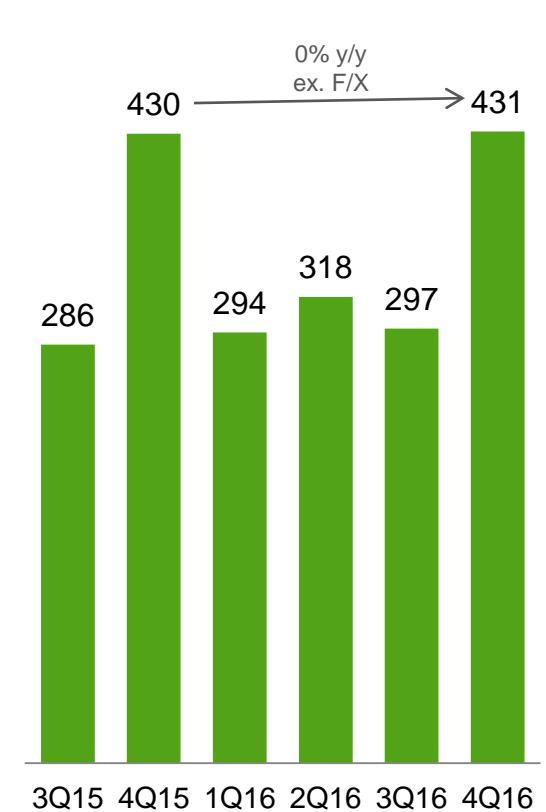
## NA Local Gross Billings

(USD millions)



## NA Goods Gross Billings

(USD millions)



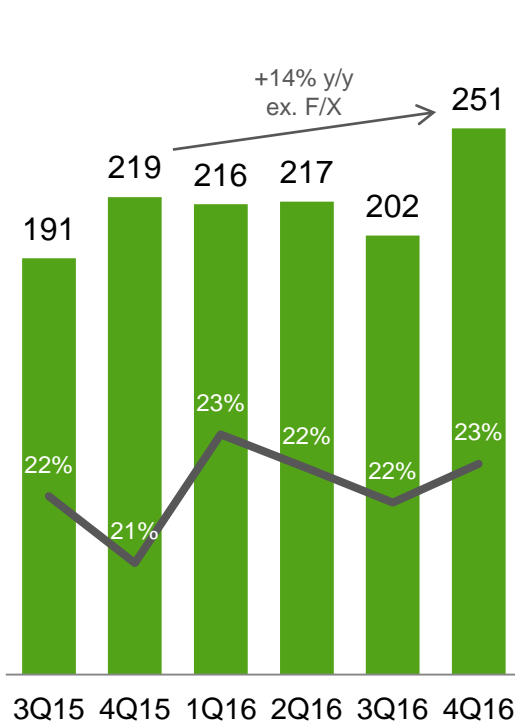
*North America Local Gross Billings accelerated to 11% in Q4*



# North America Update

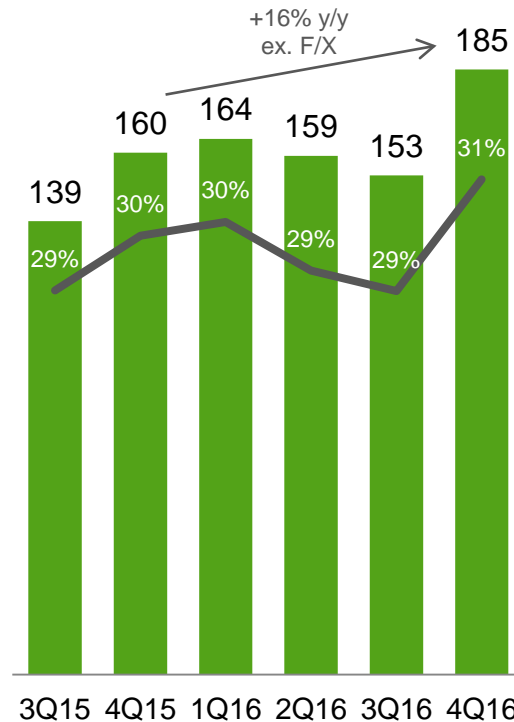
## NA Gross Profit

(USD millions)



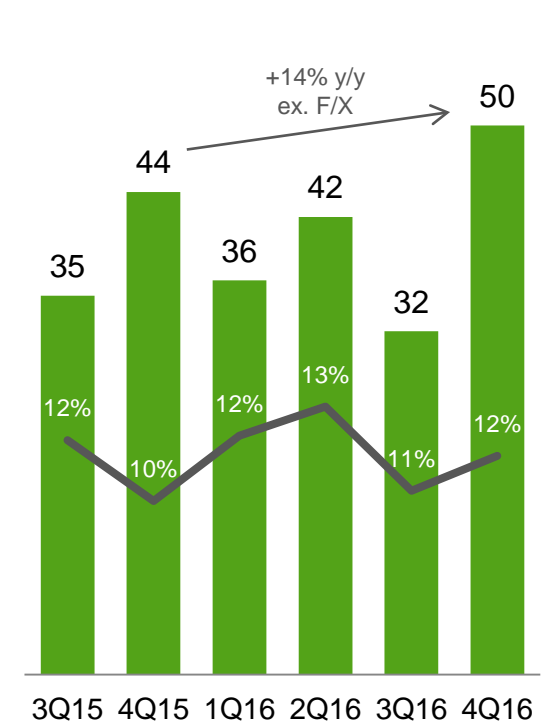
## NA Local Gross Profit

(USD millions)



## NA Goods Gross Profit

(USD millions)



Gross Profit



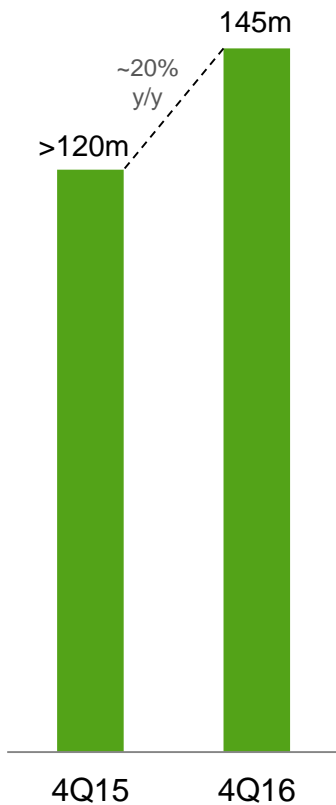
Gross Margin % of Billings

*North America Gross Profit grew 14% in Q4*

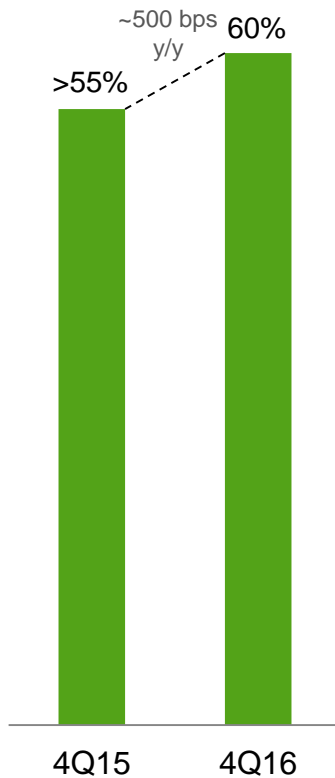


# Operating Metrics

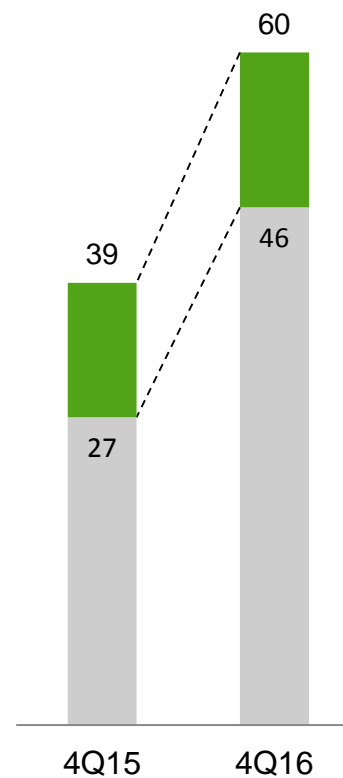
### Mobile App Downloads (cumulative life-to-date)



### Mobile Transactions (% of total)



### Order Discounts (USD millions)



■ Global    ■ North America



# Non-GAAP Reconciliations<sup>1</sup>

## Adjusted EBITDA - Quarterly

(in thousands)

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP performance measure, "Income (loss) from continuing operations":

	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
<b>Income (loss) from continuing operations</b>	<b>\$26,566</b>	<b>\$(16,739)</b>	<b>\$(15,267)</b>	<b>\$(24,613)</b>	<b>\$(32,552)</b>	<b>\$(45,596)</b>	<b>\$(51,731)</b>	<b>\$(35,792)</b>	<b>\$(50,204)</b>
<b>Adjustments:</b>									
<b>Stock-based compensation<sup>(2)</sup></b>	<b>29,961</b>	<b>35,144</b>	<b>38,467</b>	<b>35,432</b>	<b>32,691</b>	<b>27,976</b>	<b>35,244</b>	<b>26,176</b>	<b>23,242</b>
<b>Depreciation and amortization</b>	<b>30,122</b>	<b>32,200</b>	<b>31,372</b>	<b>35,635</b>	<b>33,763</b>	<b>34,797</b>	<b>34,290</b>	<b>33,253</b>	<b>35,328</b>
<b>Acquisition-related expense (benefit), net</b>	<b>(809)</b>	<b>(269)</b>	<b>505</b>	<b>1,064</b>	<b>557</b>	<b>3,464</b>	<b>850</b>	<b>(9)</b>	<b>1,345</b>
<b>Restructuring charges</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>24,146</b>	<b>5,422</b>	<b>12,444</b>	<b>16,085</b>	<b>1,459</b>	<b>13,620</b>
<b>Gains on business dispositions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(13,710)</b>	<b>—</b>	<b>—</b>	<b>(9,339)</b>	<b>(2,060)</b>	<b>(312)</b>
<b>Prepaid marketing write-off</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,690</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Securities litigation expense</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>37,500</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Non-operating expense (income), net</b>	<b>11,531</b>	<b>19,927</b>	<b>(2,941)</b>	<b>8,160</b>	<b>3,393</b>	<b>(3,486)</b>	<b>10,761</b>	<b>7,028</b>	<b>61,804</b>
<b>Provision (benefit) for income taxes</b>	<b>(4,457)</b>	<b>2,107</b>	<b>8,982</b>	<b>(53,970)</b>	<b>23,736</b>	<b>1,749</b>	<b>(2,199)</b>	<b>2,079</b>	<b>(4,176)</b>
<b>Total adjustments</b>	<b>66,348</b>	<b>89,109</b>	<b>76,385</b>	<b>80,947</b>	<b>99,562</b>	<b>76,944</b>	<b>85,692</b>	<b>67,926</b>	<b>130,851</b>
<b>Adjusted EBITDA</b>	<b>\$92,914</b>	<b>\$72,370</b>	<b>\$61,118</b>	<b>\$56,334</b>	<b>\$67,010</b>	<b>\$31,348</b>	<b>\$33,961</b>	<b>\$32,134</b>	<b>\$80,647</b>

(1) See press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.

(2) Represents stock-based compensation recorded within cost of revenue, marketing expense, and selling, general and administrative expense. Non-operating expense (income), net, includes \$0.02 million, \$0.1 million, \$0.2 million, \$0.2 million, \$0.2 million, \$0.3 million and \$0.1 million of additional stock-based compensation for the three months ended June 30, 2015, September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016 and December 31, 2016, respectively. Restructuring charges includes \$2.6 million and \$2.1 million of additional stock-based compensation for the three months ended March 31, 2016 and June 30, 2016, respectively.



# Non-GAAP Reconciliations cont'd

## Adjusted EBITDA – Annual (in thousands)

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP performance measure, “Income (loss) from continuing operations”:

	2016	2015
<b>Income (loss) from continuing operations</b>	<b>\$(183,323)</b>	<b>\$(89,171)</b>
<b>Adjustments:</b>		
<b>Stock-based compensation<sup>(1)</sup></b>	<b>112,638</b>	<b>141,734</b>
<b>Depreciation and amortization</b>	<b>137,668</b>	<b>132,970</b>
<b>Acquisition-related expense (benefit), net</b>	<b>5,650</b>	<b>1,857</b>
<b>Restructuring charges</b>	<b>43,608</b>	<b>29,568</b>
<b>Gains on business dispositions</b>	<b>(11,711)</b>	<b>(13,710)</b>
<b>Prepaid marketing write-off</b>	<b>—</b>	<b>6,690</b>
<b>Securities litigation expense</b>	<b>—</b>	<b>37,500</b>
<b>Non-operating expense (income), net</b>	<b>76,107</b>	<b>28,539</b>
<b>Provision (benefit) for income taxes</b>	<b>(2,547)</b>	<b>(19,145)</b>
<b>Total adjustments</b>	<b>361,413</b>	<b>346,003</b>
<b>Adjusted EBITDA</b>	<b>\$178,090</b>	<b>\$256,832</b>

(1) Includes stock-based compensation recorded within cost of revenue, marketing expense, and selling, general and administrative expense. Restructuring charges and non-operating expense (income), net, includes \$4.7 million and \$0.8 million of additional stock-based compensation for the year ended December 31, 2016. Non-operating expense (income), net, includes \$0.3 million of additional stock-based compensation for the year ended December 31, 2015.



# Non-GAAP Reconciliations cont'd

## Non-GAAP Earnings Per Share and Non-GAAP Earnings

(in thousands, except share and per share amounts)

The following is a reconciliation of net income (loss) attributable to common stockholders to non-GAAP net income (loss) attributable to common stockholders and a reconciliation of diluted net income (loss) per share to non-GAAP net income (loss) per share:

	Three Months Ended December 31, 2016	Year Ended December 31, 2016
<b>Net income (loss) attributable to common stockholders</b>	<b>\$(52,588)</b>	<b>\$(194,587)</b>
<b>Stock-based compensation<sup>1</sup></b>	<b>23,402</b>	<b>113,469</b>
<b>Amortization of acquired intangible assets</b>	<b>5,305</b>	<b>18,948</b>
<b>Acquisition-related expense (benefit), net</b>	<b>1,345</b>	<b>5,650</b>
<b>Restructuring charges</b>	<b>13,620</b>	<b>43,608</b>
<b>Gains on business dispositions</b>	<b>(312)</b>	<b>(11,711)</b>
<b>Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings<sup>2</sup></b>	<b>16,292</b>	<b>7,915</b>
<b>Losses (gains), net from changes in fair value of investments</b>	<b>40,840</b>	<b>48,141</b>
<b>Non-cash interest expense on convertible senior notes</b>	<b>2,522</b>	<b>7,376</b>
<b>Income tax effect of above adjustments</b>	<b>(7,952)</b>	<b>(15,801)</b>
<b>Non-GAAP net income (loss) attributable to common stockholders</b>	<b>\$42,474</b>	<b>\$23,008</b>
<b>Weighted-average shares of common stock – basic</b>	<b>570,546,159</b>	<b>576,354,258</b>
<b>Effect of dilutive securities</b>	<b>54,543,720</b>	<b>36,458,342</b>
<b>Weighted-average shares of common stock – diluted</b>	<b>625,089,879</b>	<b>612,812,600</b>
<b>Diluted net income (loss) per share</b>	<b>\$(0.09)</b>	<b>\$(0.34)</b>
<b>Impact of stock-based compensation, amortization of acquired intangible assets, acquisition-related expense (benefit), net, intercompany foreign currency losses (gains), special charges and credits, income (loss) from discontinued operations and related tax effects</b>	<b>0.16</b>	<b>0.38</b>
<b>Non-GAAP net income (loss) per share</b>	<b>\$0.07</b>	<b>\$0.04</b>

(1) Excludes \$4.7 million of stock-based compensation classified within restructuring charges for the year ended December 31, 2016.

(2) Foreign currency gains (losses), net for the three months and year ended December 31, 2016 includes \$6.0 million and \$5.7 million, respectively, of net cumulative translation losses that were reclassified to earnings as a result of the Company's exit from certain countries as part of its restructuring plan.



# Non-GAAP Reconciliations cont'd

## Expected Adjusted EBITDA range

(in thousands)

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP performance measure, "Income (loss) from continuing operations":

	Year Ending December 31, 2017
<b>Expected income (loss) from continuing operations range<sup>1</sup></b>	<b>\$(42,500) to \$(17,500)</b>
<b>Expected adjustments:</b>	
<b>Stock-based compensation</b>	<b>90,000 to 100,000</b>
<b>Depreciation and amortization</b>	<b>125,000</b>
<b>Non-operating expense (income), net</b>	<b>20,000</b>
<b>Provision (benefit) for income taxes</b>	<b>7,500 to 12,500</b>
<b>Total expected adjustments</b>	<b>\$242,500 to \$257,500</b>
<b>Expected adjusted EBITDA range</b>	<b>\$200,000 to \$240,000</b>

(1) The expected income (loss) from continuing operations range does not reflect the potential impact of any additional restructuring actions that the Company may decide to pursue, business acquisitions or dispositions, changes in the fair values of investments or contingent consideration, foreign currency gains or losses or unusual or infrequently occurring items that may occur during 2017.



# Non-GAAP Reconciliations cont'd

## Free Cash Flow

(in thousands)

The following is a reconciliation of free cash flow (TTM) to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities from continuing operations (TTM)":

	3Q15 <sup>1</sup>	4Q15 <sup>1</sup>	1Q16	2Q16	3Q16	4Q16
<b>Net cash provided by (used in) operating activities from continuing operations (TTM)</b>	<b>\$325,971</b>	<b>\$299,747</b>	<b>\$179,415</b>	<b>\$112,080</b>	<b>\$78,898</b>	<b>\$117,105</b>
<b>Purchases of property and equipment and capitalized software from continuing operations (TTM)</b>	<b>(88,598)</b>	<b>(83,988)</b>	<b>(85,646)</b>	<b>(79,589)</b>	<b>(64,722)</b>	<b>(68,893)</b>
<b>Free Cash Flow (TTM)</b>	<b>\$237,373</b>	<b>\$215,759</b>	<b>\$93,769</b>	<b>\$32,491</b>	<b>\$14,176</b>	<b>\$48,212</b>
<b>Net cash provided by (used in) investing activities from continuing operations (TTM)</b>	<b>\$(181,187)</b>	<b>\$(177,250)</b>	<b>\$(178,585)</b>	<b>\$(168,897)</b>	<b>\$(82,957)</b>	<b>\$(57,486)</b>
<b>Net cash provided by (used in) financing activities (TTM)</b>	<b>\$(216,683)</b>	<b>\$(515,785)</b>	<b>\$(557,962)</b>	<b>\$(247,180)</b>	<b>\$(270,729)</b>	<b>\$(14,665)</b>

The following is a reconciliation of free cash flow to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities from continuing operations":

	3Q15 <sup>1</sup>	4Q15 <sup>1</sup>	1Q16	2Q16	3Q16	4Q16
<b>Net cash provided by (used in) operating activities from continuing operations</b>	<b>\$(7,640)</b>	<b>\$250,455</b>	<b>\$(76,725)</b>	<b>\$(54,010)</b>	<b>\$(40,822)</b>	<b>\$288,662</b>
<b>Purchases of property and equipment and capitalized software from continuing operations</b>	<b>(27,735)</b>	<b>(15,507)</b>	<b>(19,952)</b>	<b>(16,395)</b>	<b>(12,868)</b>	<b>(19,678)</b>
<b>Free Cash Flow</b>	<b>\$(35,375)</b>	<b>\$234,948</b>	<b>\$(96,677)</b>	<b>\$(70,405)</b>	<b>\$(53,690)</b>	<b>\$268,984</b>
<b>Net cash provided by (used in) investing activities from continuing operations</b>	<b>\$(98,028)</b>	<b>\$(31,238)</b>	<b>\$(20,778)</b>	<b>\$(18,853)</b>	<b>\$(12,088)</b>	<b>\$(5,767)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>\$(14,793)</b>	<b>\$(323,597)</b>	<b>\$(78,015)</b>	<b>\$169,225</b>	<b>\$(38,342)</b>	<b>\$(67,533)</b>

(1) The Company adopted the guidance in ASU 2016-09 on January 1, 2016. ASU 2016-09 requires that all income tax-related cash flows resulting from share-based payments be reported as operating activities in the statement of cash flows. Previously, income tax benefits at settlement of an award were reported as a reduction to operating cash flows and an increase to financing cash flows to the extent that those benefits exceeded the income tax benefits reported in earnings during the award's vesting period. The Company has elected to apply that change in cash flow classification on a retrospective basis, which has resulted in adjustments to net cash provided by (used in) operating activities, net cash used in financing activities, and free cash flow for the three-month periods ended September 30, 2015 and December 31, 2015.





# Non-GAAP Reconciliations cont'd

## Foreign exchange rate neutral

The following is a quarterly reconciliation of foreign exchange rate neutral Gross billings growth from the comparable quarterly period of the prior year to reported Gross billings growth from the comparable quarterly period of the prior year:

	<u>4Q16</u>
EMEA Gross billings growth	(9) %
FX Effect	4
EMEA Gross billings growth, excluding FX	(5) %
Rest of World Gross billings growth	(15) %
FX Effect	—
Rest of World Gross billings growth, excluding FX	(15) %
Consolidated Gross billings growth, excluding FX	— %
FX Effect	1
Consolidated Gross billings growth	1 %

The following is a quarterly reconciliation of foreign exchange rate neutral Revenue growth from the comparable quarterly period of the prior year to reported Revenue growth from the comparable quarterly period of the prior year:

	<u>4Q16</u>
EMEA Revenue growth	(2) %
FX Effect	3
EMEA Revenue growth, excluding FX	1 %
Rest of World Revenue growth	(12) %
FX Effect	4
Rest of World Revenue growth, excluding FX	(8) %
Consolidated Revenue growth	2 %
FX Effect	1
Consolidated Revenue growth, excluding FX	3 %

