



1Q14 Earnings

May 2014

Forward-Looking Statements

The statements contained in this release that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The risks and uncertainties that could cause our results to differ materially from those included in the forward-looking statements include, but are not limited to, volatility in our revenue and operating results; risks related to our business strategy; responding to changes in the market; effectively dealing with challenges arising from our international operations; retaining existing customers and adding new customers; retaining and adding high quality merchants; cyber security breaches; incurring expenses as we expand our business; competing against smaller competitors and competitors with more financial resources than us; maintaining favorable terms with our business partners; maintaining a strong brand; managing inventory and order fulfillment risks; integrating our technology platforms; managing refund risks; retaining our executive team; litigation; regulations, including the CARD Act and regulation of the Internet; tax liabilities; tax legislation; maintaining our information technology infrastructure; protecting our intellectual property; handling acquisitions, joint ventures and strategic investments effectively; seasonality; payment-related risks; customer and merchant fraud; global economic uncertainty; compliance with rules and regulations associated with being a public company; and our ability to raise capital if necessary. 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 and subsequent Quarterly Reports on Form 10-Q, 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. 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 May 6, 2014. 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 contained herein is available in our most recent earnings release and at our website at investor.groupon.com.

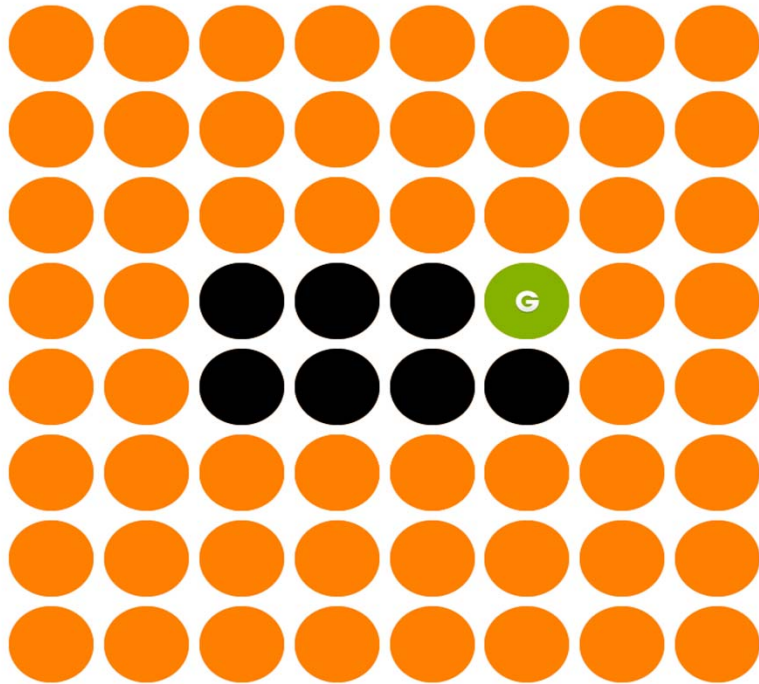
GROUPON

Mission:

To be the world's commerce operating system, increasing consumer buying power while driving more business to merchants through price and discovery.

Areas of Focus

- Having evolved from one city to over one thousand, from a few customers to over 51 million, we are now focused on our next phase of evolution, **building the world's largest marketplace of deals.**



~73M local merchants worldwide, ~38M in our core categories,
we have only featured >650,000 to date¹

There are **four** areas we're focused on to capitalize on this opportunity:

- **Mobile**
- **Local**
- **Pull**
- **One Playbook**

(1) Localize/Neustar & Factual.com Business Listings and Company Data; Groupon merchants as of December 31, 2013

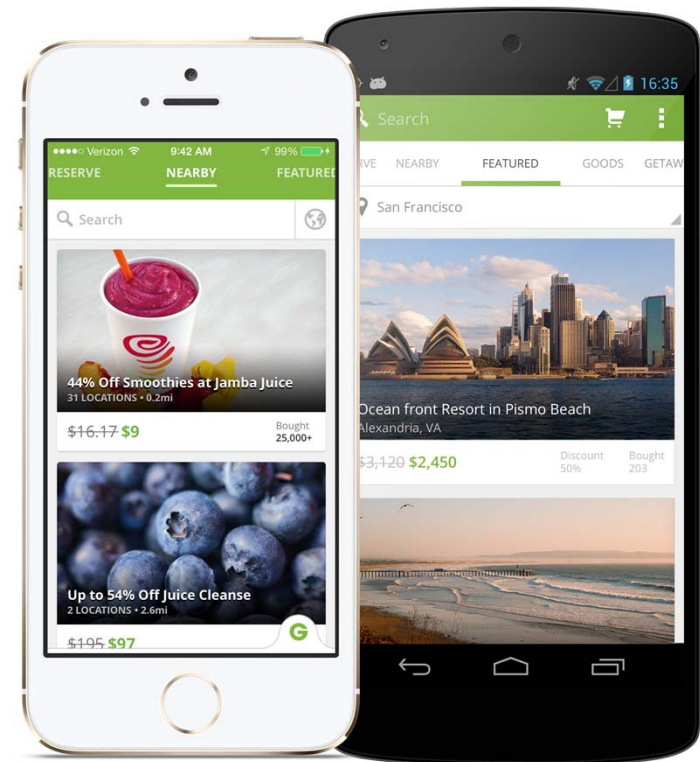
Mobile: leading the mobile commerce revolution

With mobile exceeding 50% of total transactions globally for the first time, Groupon is now a predominantly mobile business

- In March 2014, 54% of global transactions were completed on mobile devices
- Over 10 million people worldwide downloaded our mobile apps in Q1, and over 80 million have downloaded them to date

Mobile Transaction Mix

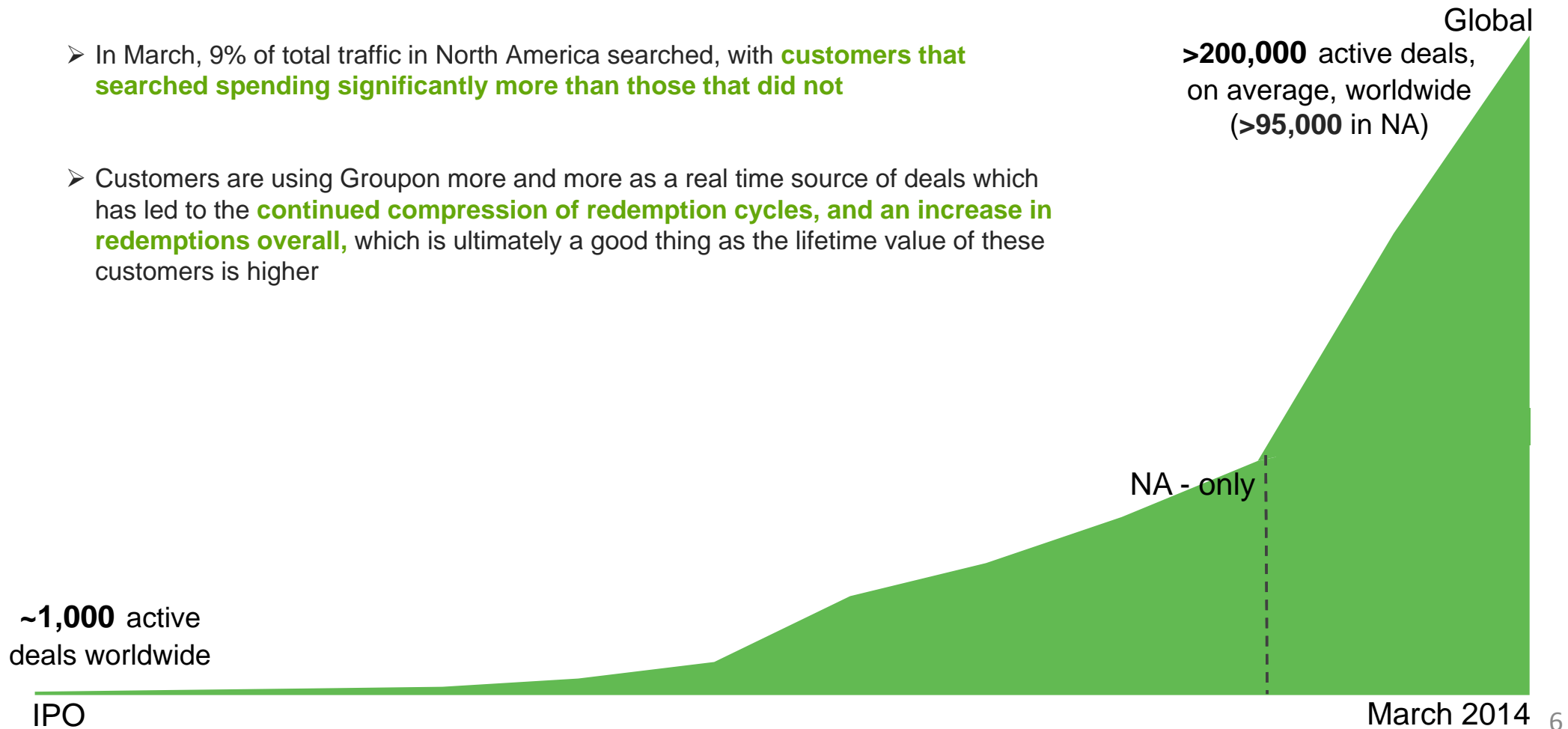
Monthly, January 2011 to March 2014 (% of transactions)



Pull: meeting customer demand by expanding beyond email (“Push”) to search (“Pull”)

- In March, 9% of total traffic in North America searched, with **customers that searched spending significantly more than those that did not**
- Customers are using Groupon more and more as a real time source of deals which has led to the **continued compression of redemption cycles, and an increase in redemptions overall**, which is ultimately a good thing as the lifetime value of these customers is higher

Global
>200,000 active deals,
on average, worldwide
(**>95,000** in NA)



One Playbook: Continued progress in EMEA & ROW

Rolling out processes/technology globally that have driven improvement in NA:

Best business practices/processes

Customer facing tools/technology to enhance the customer experience (eg. SmartDeals, Deal Bank)

Proprietary sales tools to increase productivity (eg. Sales Workbench, Coffee, Deal Wizard, and Quantum Lead)

Integration of underlying technology platforms

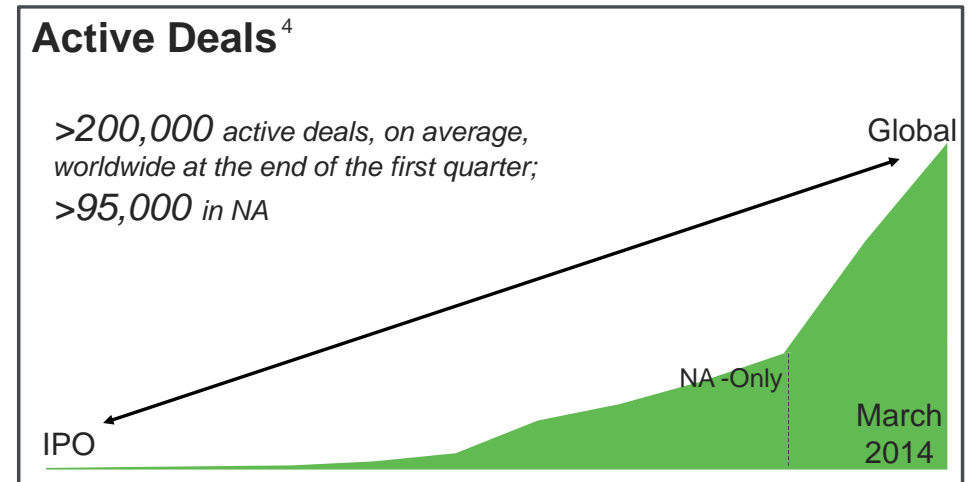
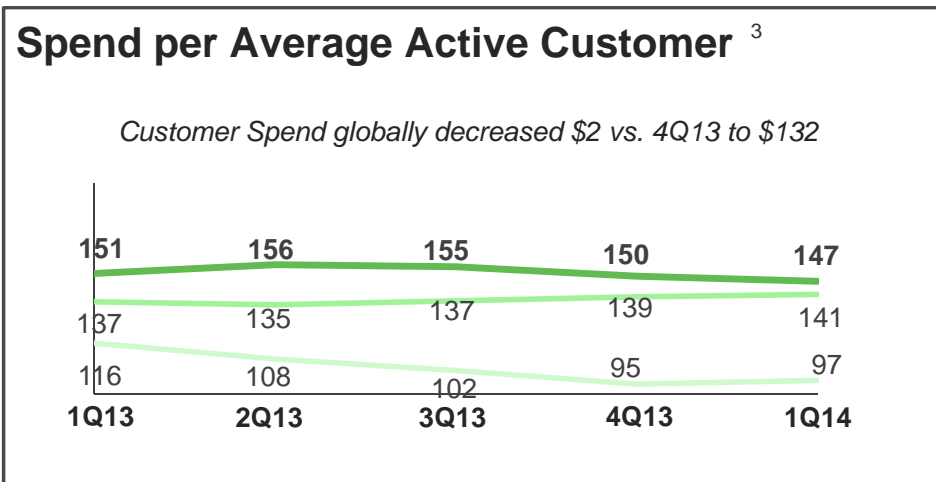
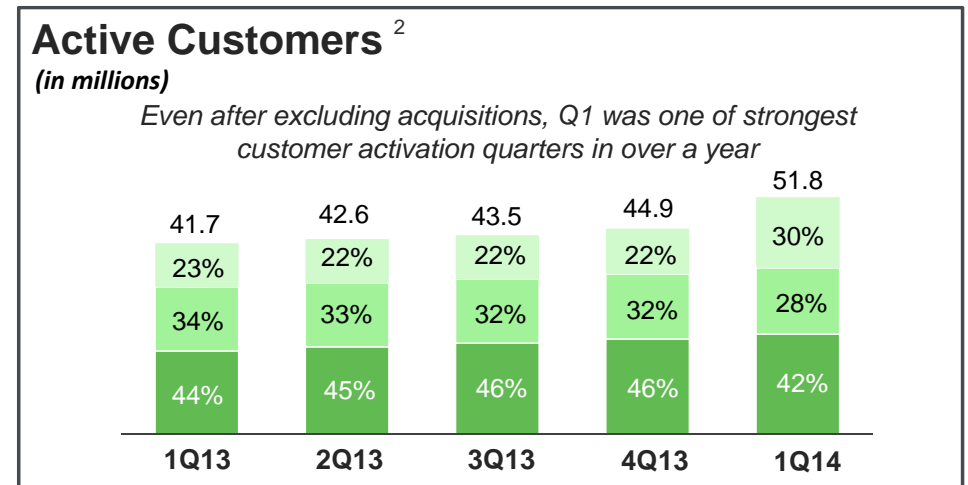
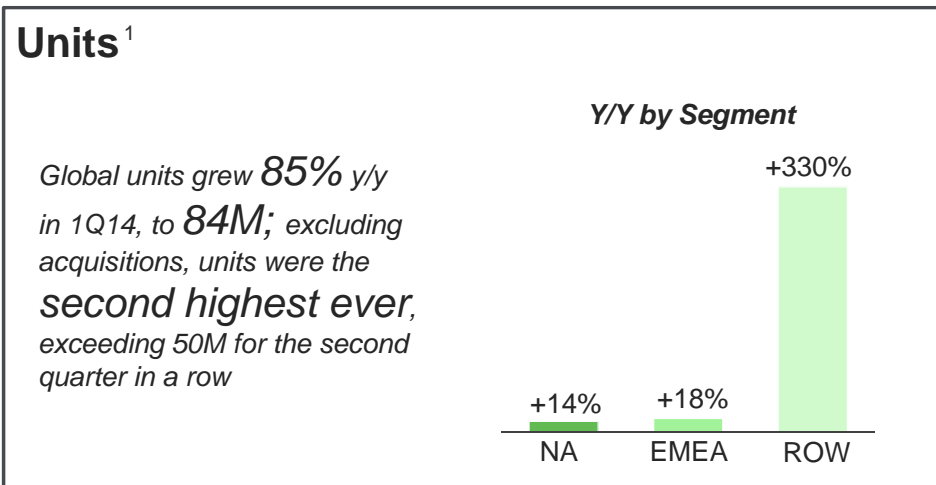
EMEA

- Billings increased 4% y/y to **\$514 million**, led by strength in the Goods business
- Revenue grew 26% to **\$231 million**
- Active customers grew year-over-year for the **first time in a year**

Rest of World

- ROW y/y billings increased 123% y/y, driven by the acquisition of TMON
 - Excluding TMON and F/X, ROW billings increased 9% y/y, **the first y/y growth in over a year**
- Over 60% of total segment operating loss came from Korea, including increased marketing spend for TMON and one-time costs related to closing Groupon Korea; excluding the impact of these items, the loss in the quarter **improved by over 50% y/y**

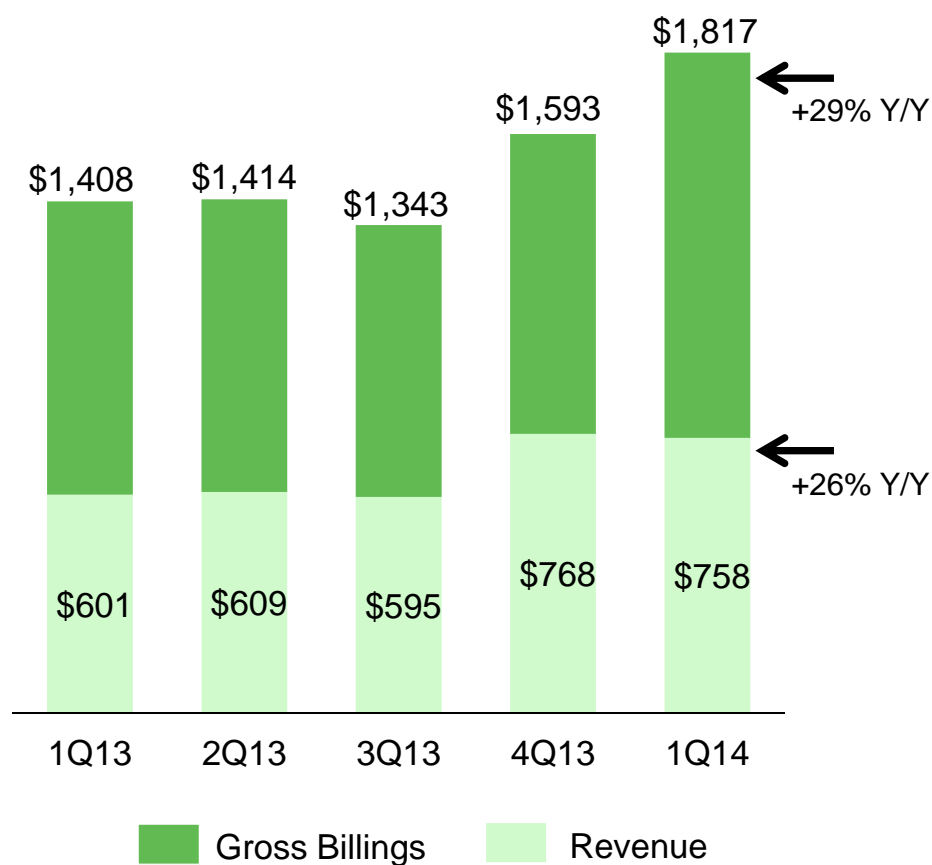
Non-Financial Metrics



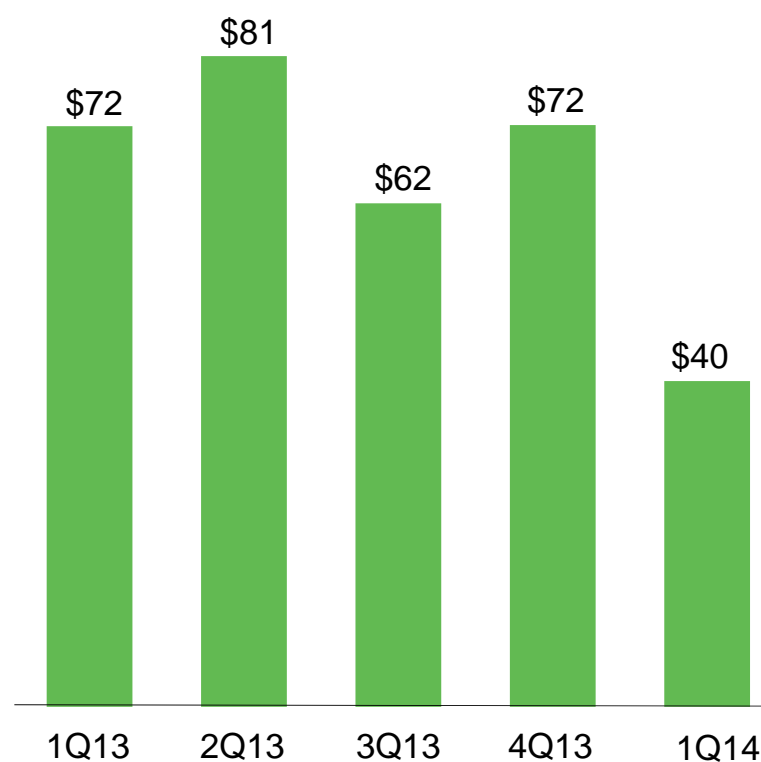
(1) Units reflect vouchers and products sold before cancellations and refunds.
 (2) Active customers reflect the total number of unique user accounts who have purchased a voucher or product during the trailing twelve months.
 (3) Spend per average active customer reflects the total gross billings generated in the trailing twelve months per average active customer over that period.
 (4) Active deals reflect the number of daily featured and Deal Bank deals offered on average at the end of the quarter.

Financial Summary – Consolidated Quarterly

Gross Billings & Revenue
USD, Millions



Adjusted EBITDA¹
USD, Millions

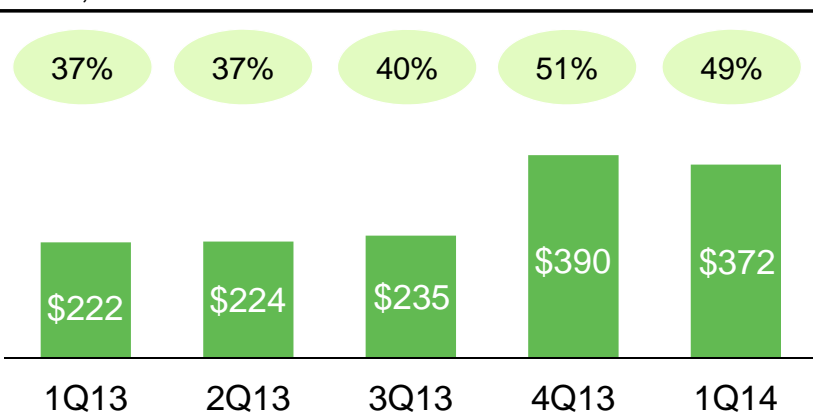


(1) Adjusted EBITDA is a non-GAAP financial measure. See appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net loss."

Expense Summary – Consolidated

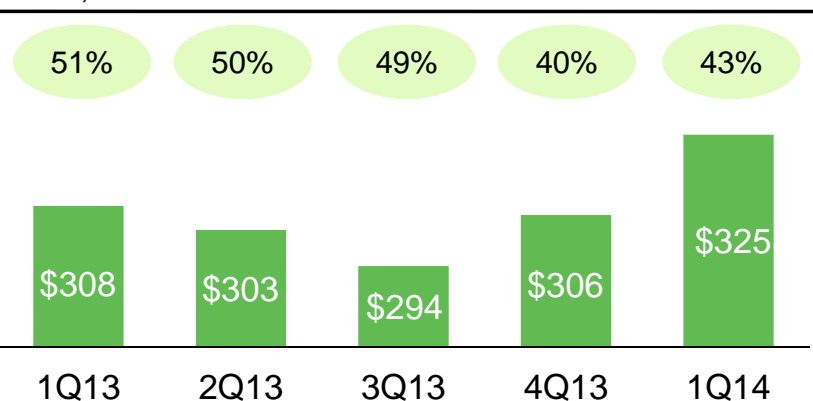
Cost of Revenue

USD, Millions



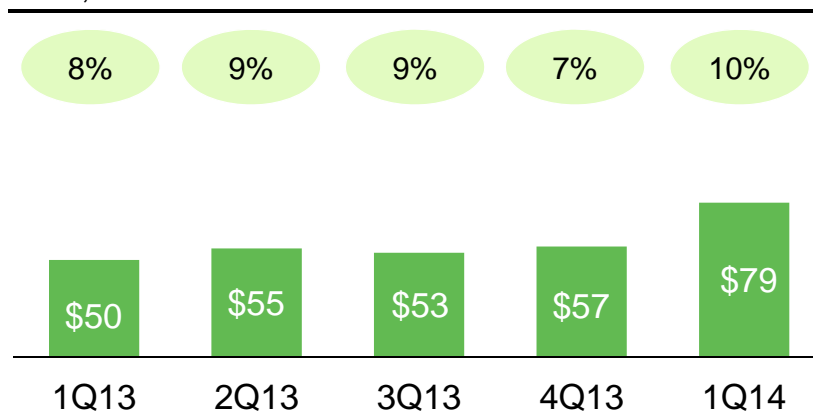
Selling, General & Administrative

USD, Millions



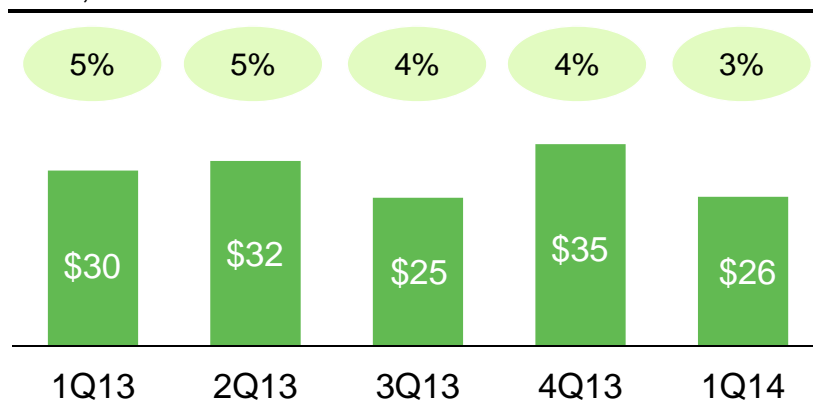
Marketing

USD, Millions



Stock Compensation and Acquisition-Related

USD, Millions



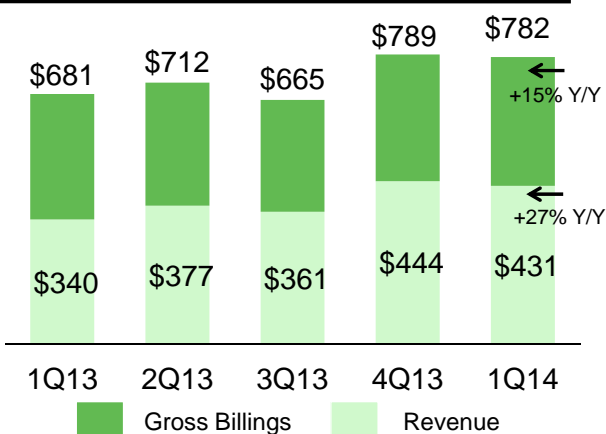
% of Revenue

Financial Summary – Segment

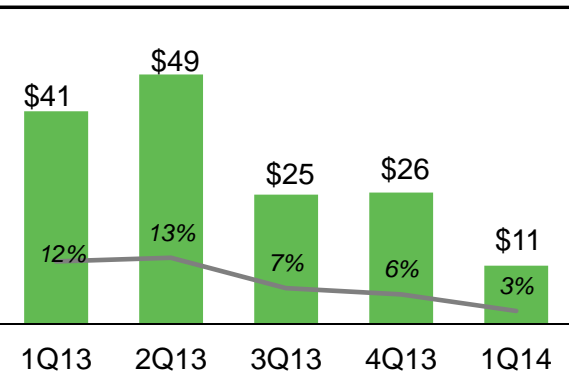
North America

USD, Millions

Gross Billings & Revenue



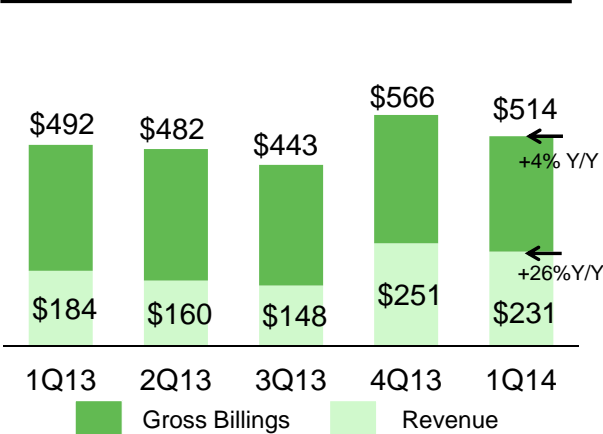
Segment Operating Income & Margin ¹



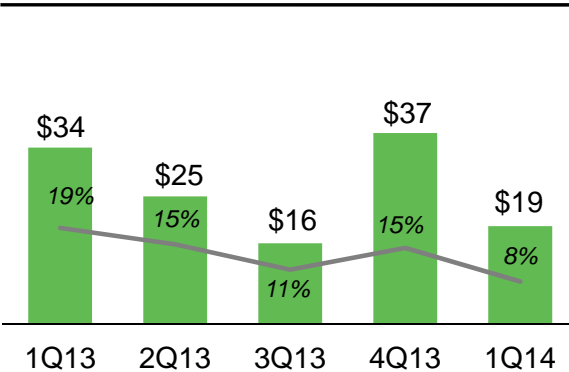
EMEA

USD, Millions

Gross Billings & Revenue



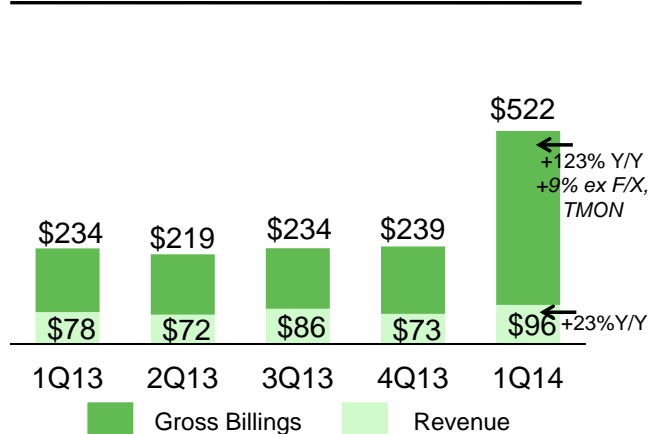
Segment Operating Income & Margin ¹



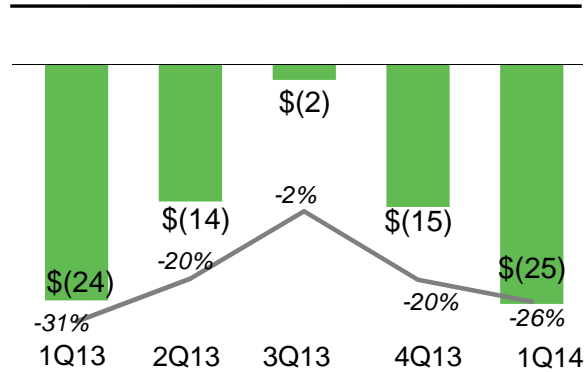
Rest of World

USD, Millions

Gross Billings & Revenue



Segment Operating Loss & Margin ¹

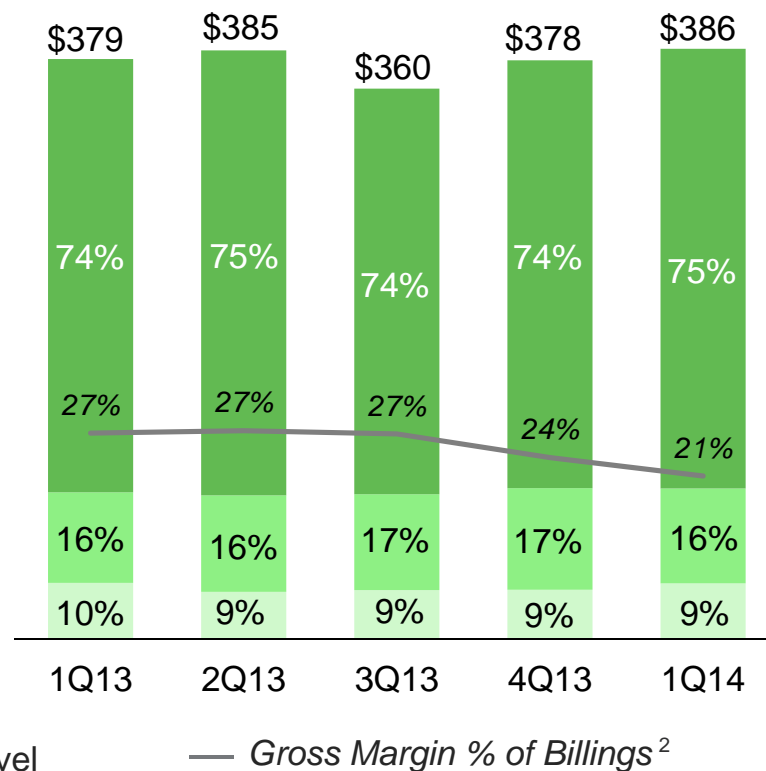
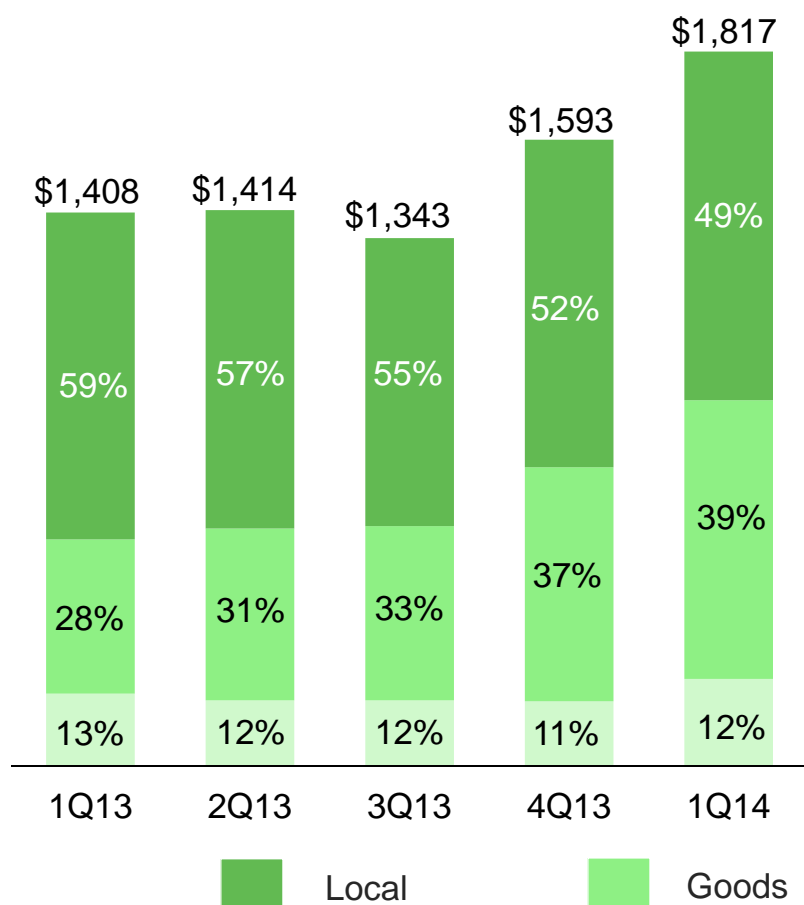


(1) Represents segment revenue less cost of revenue and operating expenses, excluding stock-based compensation and acquisition-related expense (benefit), net, in absolute dollars and as a percentage of segment revenue.

Financial Summary – Category¹

Gross Billings
USD, Millions

Gross Profit and Gross Margin²
USD, Millions

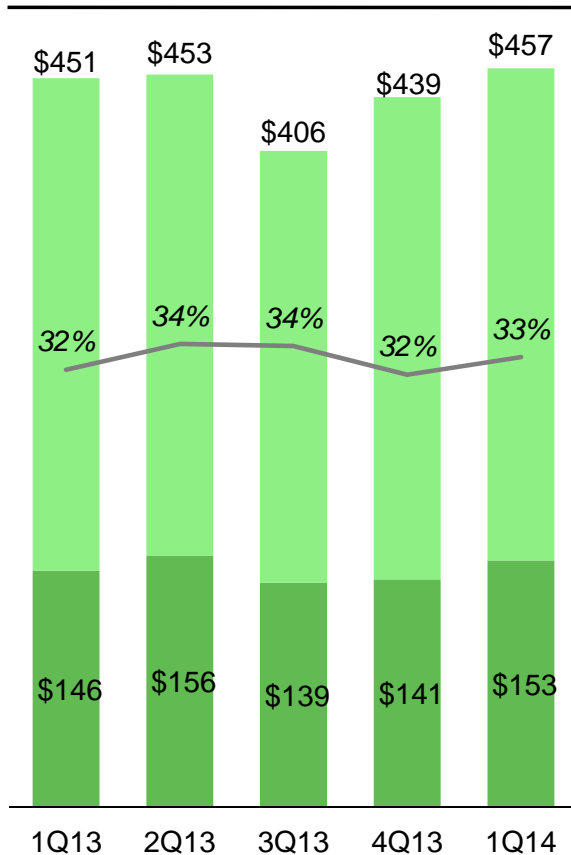


(1) Local represents deals from local merchants, deals with national merchants, and through local events. Other revenue transactions, which include advertising, payment processing, point of sale, reservation and commission revenue, were previously aggregated with our Travel category. In the current period, the Company has updated its presentation of category information to include gross billings and gross profit from those other revenue sources within the Local category, and prior period category information has been retrospectively adjusted to conform to the current presentation.

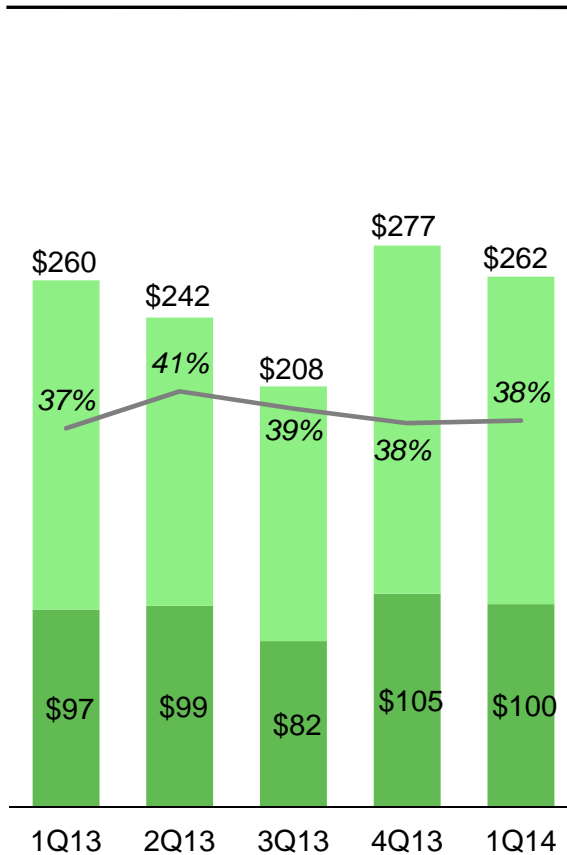
(2) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Local¹

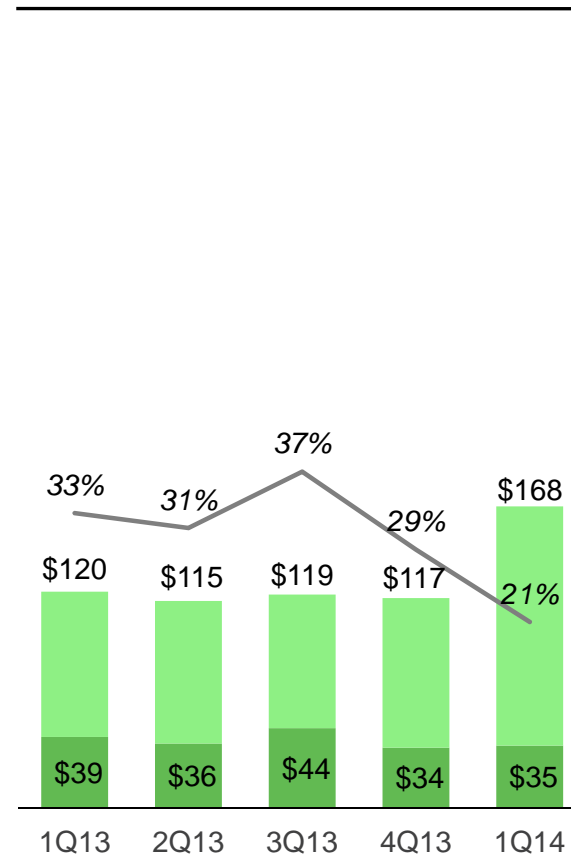
North America
USD, Millions



EMEA
USD, Millions



Rest of World
USD, Millions



■ Billings

■ Gross Profit

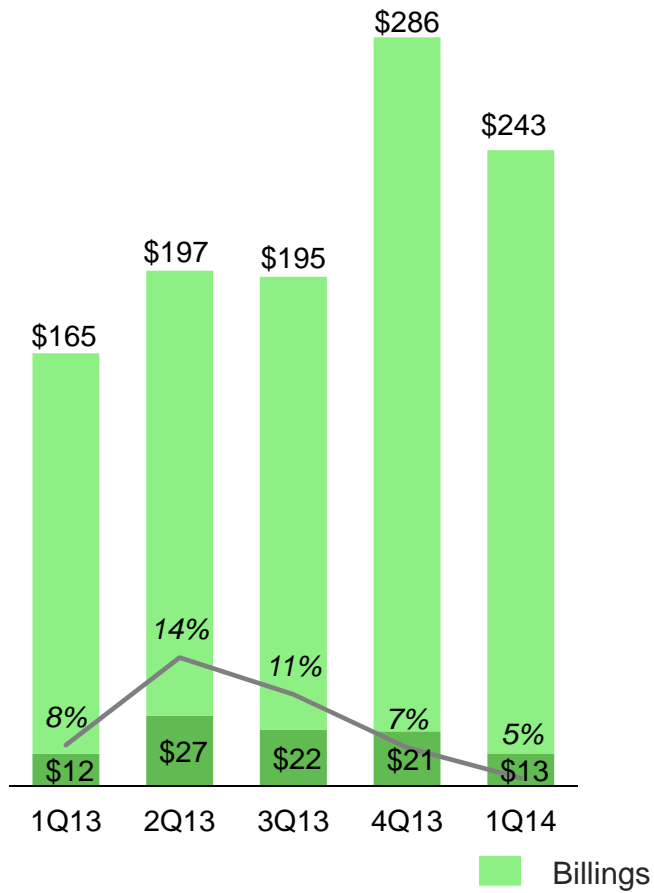
— Gross Margin % of Billings²

(1) Local represents deals from local merchants, deals with national merchants, and through local events. Other revenue transactions, which include advertising, payment processing, point of sale, reservation and commission revenue, were previously aggregated with our Travel category. In the current period, the Company has updated its presentation of category information to include gross billings and gross profit from those other revenue sources within the Local category, and prior period category information has been retrospectively adjusted to conform to the current presentation.

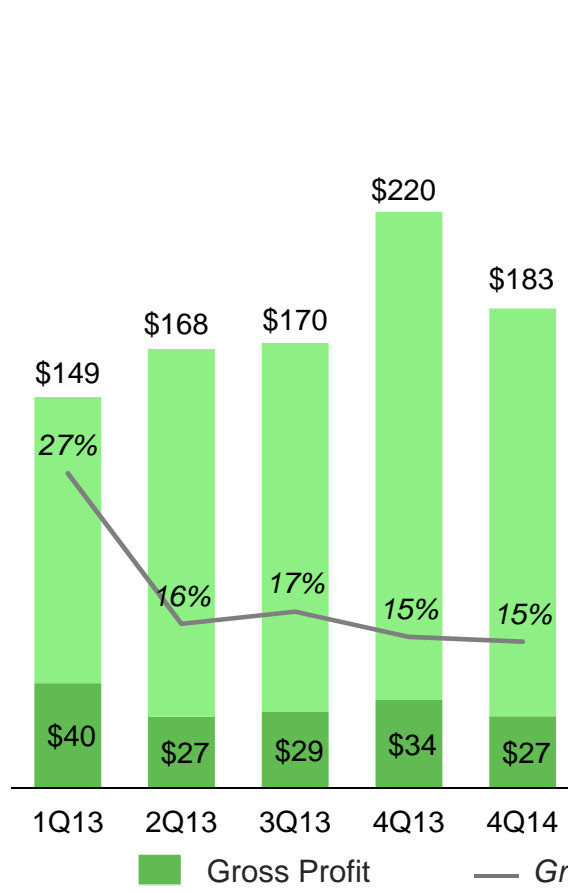
(2) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Goods

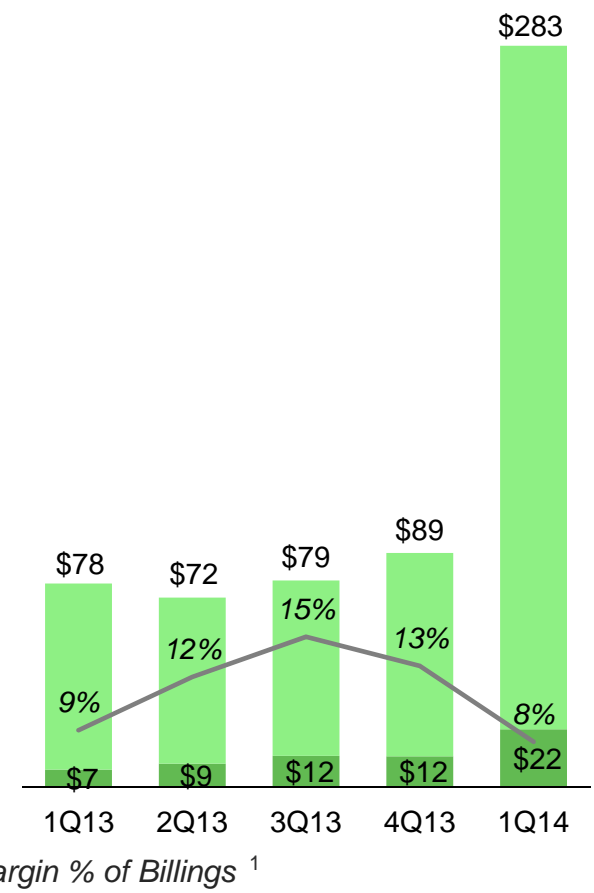
North America
USD, Millions



EMEA
USD, Millions



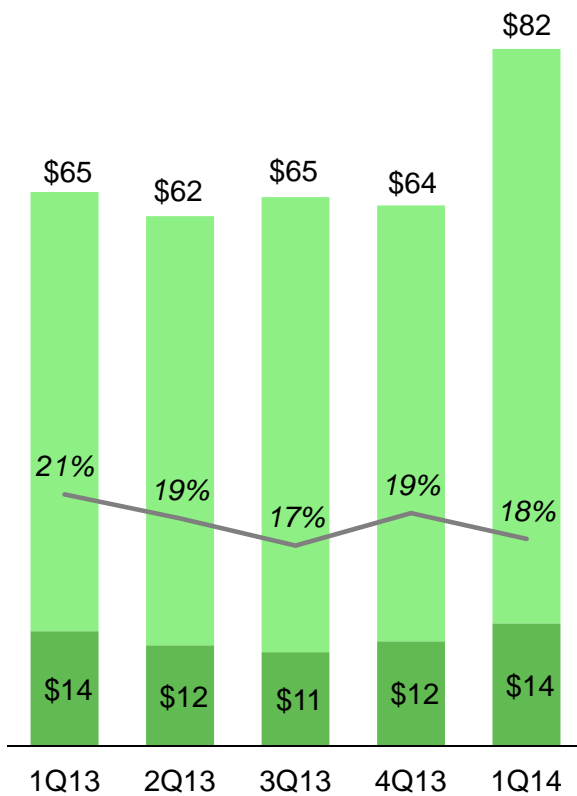
Rest of World
USD, Millions



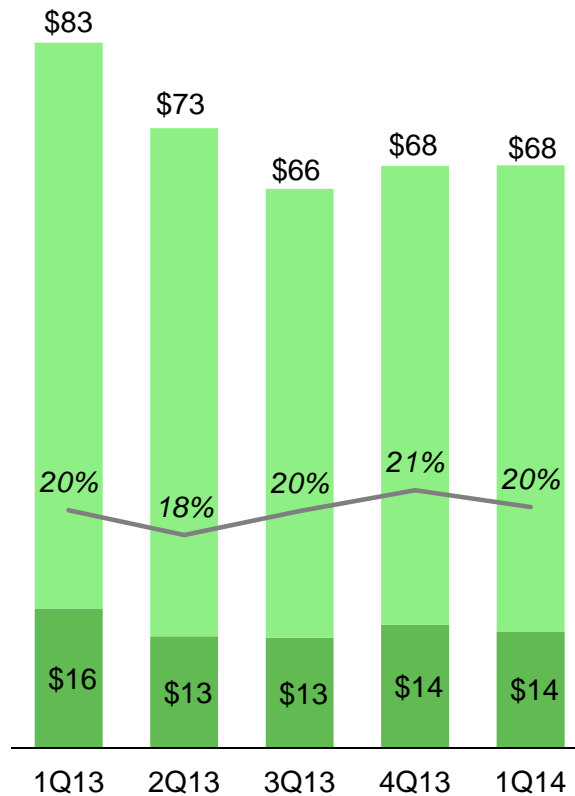
(1) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Travel¹

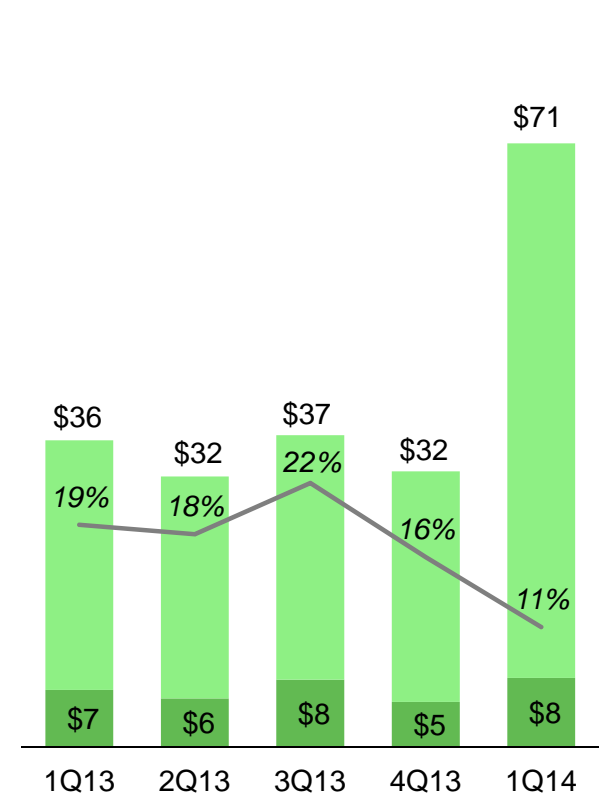
North America
USD, Millions



EMEA
USD, Millions



Rest of World
USD, Millions



■ Billings

■ Gross Profit

— Gross Margin % of Billings²

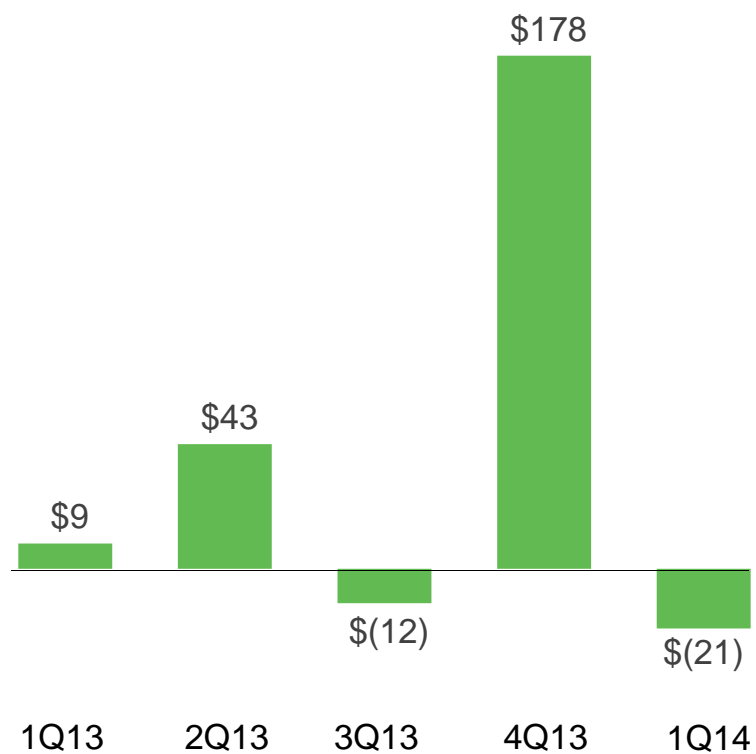
(1) Other revenue transactions, which include advertising, payment processing, point of sale, reservation and commission revenue, were previously aggregated with our Travel category. In the current period, the Company has updated its presentation of category information to include gross billings and gross profit from those other revenue sources within the Local category, and prior period category information has been retrospectively adjusted to conform to the current presentation.

(2) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Cash Flow

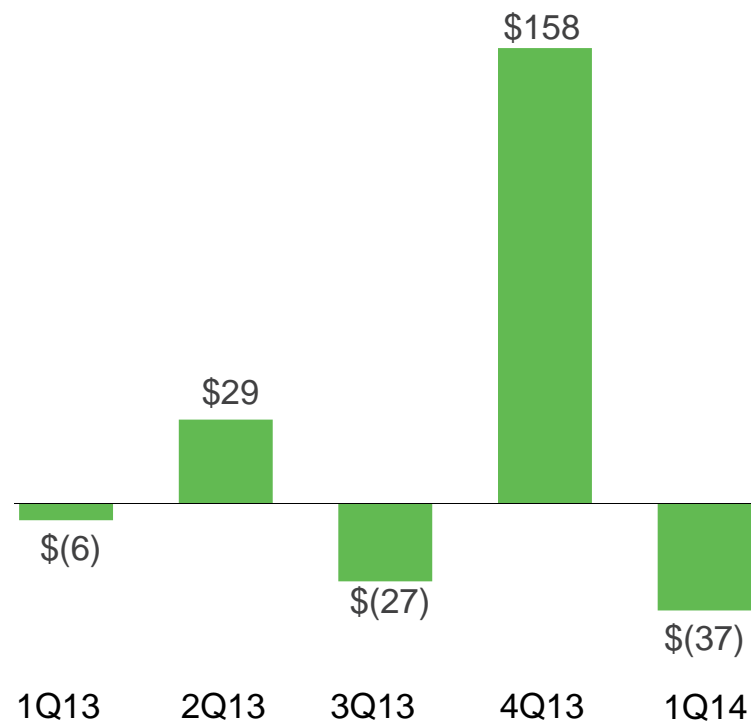
Operating Cash Flow

USD, Millions



Free Cash Flow ¹

USD, Millions



(1) Free cash flow is a non-GAAP financial measure. See appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities."

Other Financial Highlights

	1Q 2014
GAAP Loss per Share	\$(0.06)
Diluted loss per share excluding stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net ¹	\$(0.01)
Operating Cash Flow	\$(21)M
Operating Cash Flow TTM	\$189M
Free Cash Flow ²	\$(37)M
Free Cash Flow TTM ²	\$124M
Cash and Cash Equivalents	\$1.0B

Repurchased 3.1M shares in the first quarter, for an aggregate purchase price of \$29.5M; \$224M remains available under existing share repurchase authorization

(1) Diluted loss per share excluding stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net is a non-GAAP financial measure. See appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Diluted net loss per share."

(2) Free cash flow is a non-GAAP financial measure. See appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities."

Appendix

Non-GAAP Reconciliation

Adjusted EBITDA

(in thousands)

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP financial measure, "Net loss":

	1Q13	2Q13	3Q13	4Q13	1Q14
Net loss	\$(3,242)	\$(5,551)	\$(1,292)	\$(78,861)	\$(35,363)
Adjustments					
Stock-based compensation	29,907	32,446	26,870	32,239	23,729
Acquisition-related expense (benefit), net	68	(815)	(1,529)	2,265	1,785
Depreciation and amortization	20,700	21,468	23,149	24,132	34,740
Other expense (income), net	5,083	5,579	(832)	84,833	840
Provision for income taxes	19,337	27,384	15,936	7,380	14,570
Total adjustments	75,095	86,062	63,594	150,849	75,664
Adjusted EBITDA	\$71,853	\$80,511	\$62,302	\$71,988	\$40,301

Non-GAAP Reconciliation cont'd

Diluted Loss per Share Excluding Stock-Based Compensation, Amortization of Acquired Intangible Assets and Acquisition-Related Expense, net

(in thousands, except share and per share amounts)

The following is a reconciliation of diluted net loss per share excluding stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net to the most comparable U.S. GAAP financial measure, "Diluted net loss per share":

	Three Months Ended March 31, 2014
Net loss attributable to Groupon, Inc.	\$(37,795)
Stock-based compensation	23,729
Amortization of acquired intangible assets	12,648
Acquisition-related expense, net	1,785
Income tax effect of adjustments	(8,377)
Net loss attributable to common stockholders excluding stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net	\$(8,010)
Diluted shares	682,378,690
Incremental diluted shares ⁽¹⁾	-
Adjusted diluted shares	682,378,690
Diluted net loss per share	\$(0.06)
Impact of stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net	0.05
Diluted loss per share excluding stock-based compensation, amortization of acquired intangible assets and acquisition-related expense, net	\$(0.01)

(1) Outstanding equity awards are not reflected in the calculation for the three months ended March 31, 2014 because the effect would be antidilutive.

Non-GAAP Reconciliation 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 operating activities (TTM)":

	1Q14
Net cash provided by operating activities (TTM)	\$188,955
Purchases of property and equipment and capitalized software (TTM)	(65,392)
Free Cash Flow (TTM)	\$123,563
Net cash used in investing activities (TTM)	\$(204,244)
Net cash used in financing activities (TTM)	\$(113,847)

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":

	1Q13	2Q13	3Q13	4Q13	1Q14
Net cash provided by (used in) operating activities	\$8,760	\$43,302	\$(11,905)	\$178,275	\$(20,717)
Purchases of property and equipment and capitalized software	(14,468)	(14,042)	(15,064)	(19,931)	(16,355)
Free Cash Flow	\$(5,708)	\$29,260	\$(26,969)	\$158,344	\$(37,072)
Net cash used in investing activities	\$(30,679)	\$(15,862)	\$(26,444)	\$(23,330)	\$(138,608)
Net cash used in financing activities	\$(9,342)	\$(7,941)	\$(8,970)	\$(55,444)	\$(41,492)

GROUPON®