



3Q13 Earnings

November 2013

Forward Looking Statements

The statements contained in this presentation that refer to plans and expectations for the next quarter 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 existing merchant partners and adding new merchant partners; 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; 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; security breaches; protecting our intellectual property; handling acquisitions, joint ventures and strategic investments effectively; seasonality; payment-related risks; customer and merchant partner 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 November 7, 2013. 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.



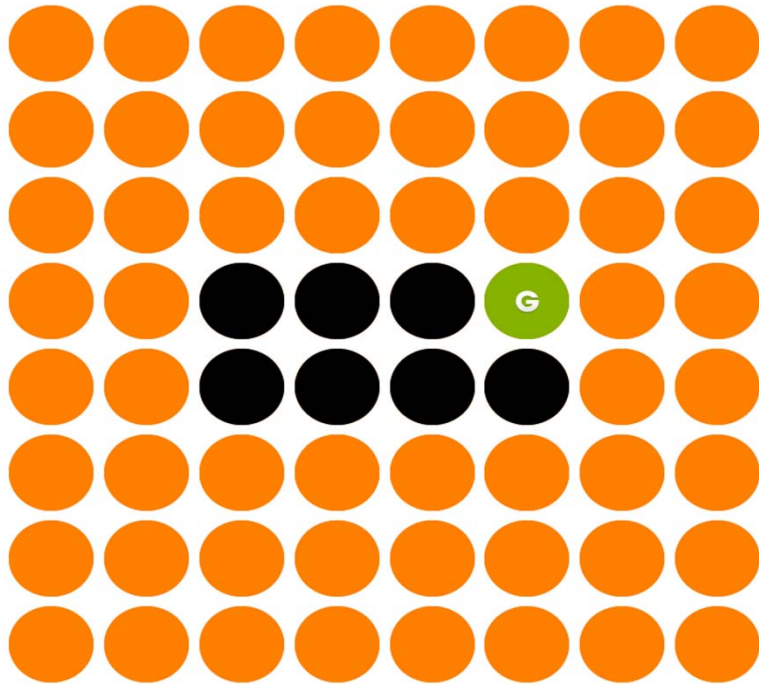
GROUPON

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 43 million, we are now focused on our next phase of evolution, **building the world's largest marketplace of deals.**



>65M local merchants worldwide, **~30M** in our core categories,¹
we have only featured **>500,000** to date

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

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

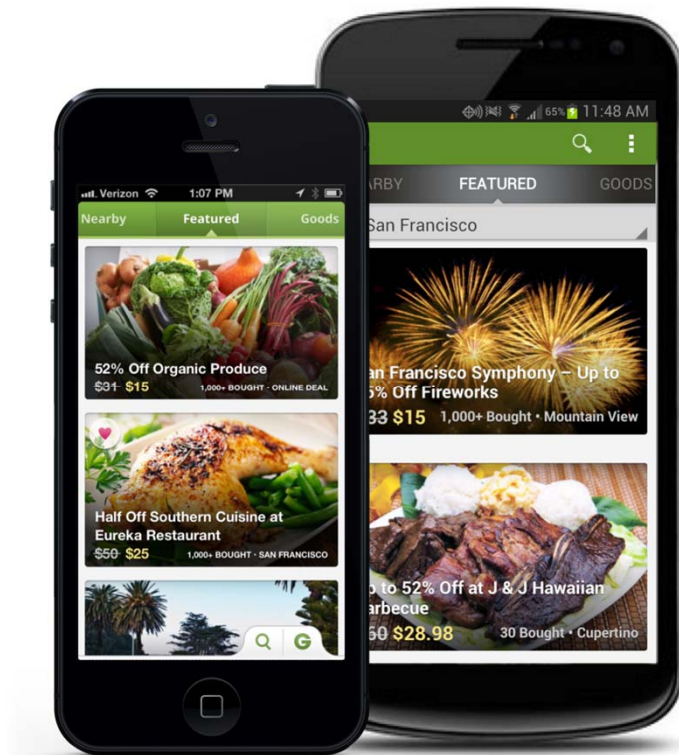
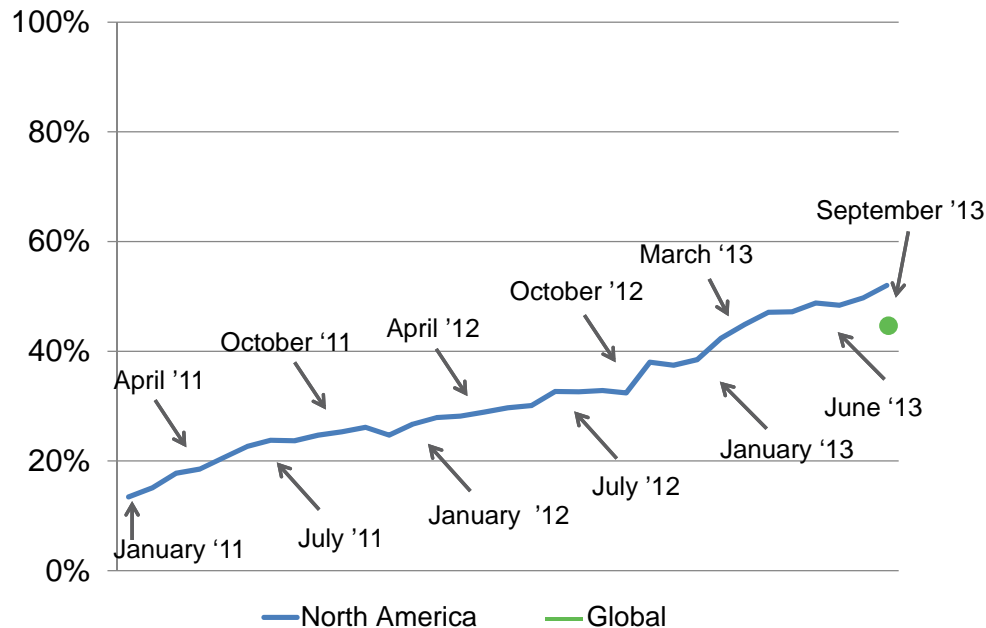
Mobile: leading the mobile commerce revolution

Groupon crossed the 50% threshold in September in North American transactions occurring on mobile devices, which we believe makes us the first large-scale e-commerce company in North America that is predominantly mobile.

- Over 40% of global transactions were completed on mobile devices in September 2013
- Over 9 million people worldwide downloaded our mobile apps in Q3, another record for us, and over 60 million have downloaded them to date

Mobile Transaction Mix

Monthly, January 2011 to September 2013 (% of transactions)



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

- In September, roughly 6% of total traffic in North America was related to search activity, with **customers that search spending over 25 percent** more than those that do not
- In the third quarter, direct email **remained less than 40%** of North American transactions
- In September, **75% of the merchant contracts signed** in North America opted to feature in our Pull marketplace, with a monthly recurring deal

Estimated **>65,000** active deals, on average, in North America

~1,000 active deals worldwide

IPO

September 2013



One Playbook: Continued progress with NA playbook

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

Billings Improvement

- EMEA y/y billings growth accelerated from **4% growth** in 2Q13 to **12% growth** in 3Q13
- ROW y/y billings decline improved from 21% in 2Q13 to **13% in 3Q13**

MSAT/CSAT Improvement

- In EMEA, customer and merchant satisfaction **improved in many countries**¹
- EMEA customer adds **were positive** after three quarters of declines

(1) Based on customer and merchant satisfaction scores per ForSee Customer and Merchant Satisfaction Surveys, September 2013 (surveys commissioned by Groupm).

Ticket Monster Acquisition

GROUPON™



Rationale

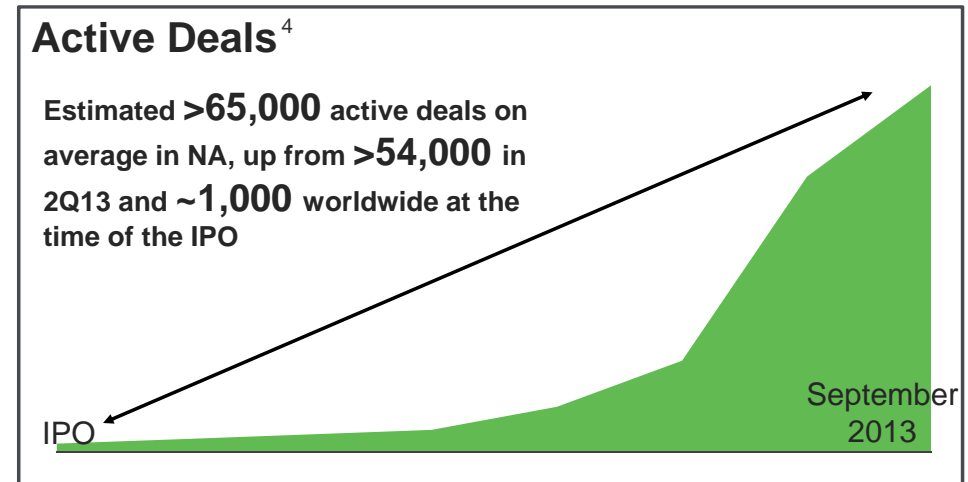
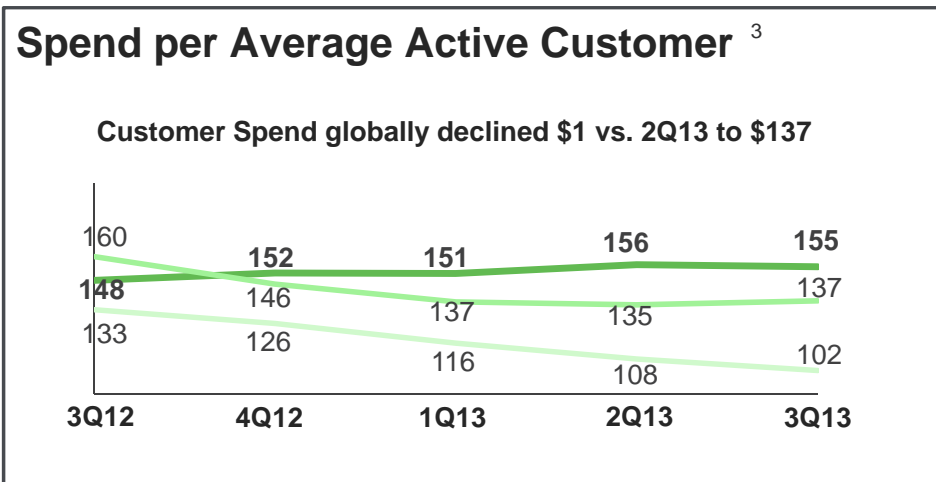
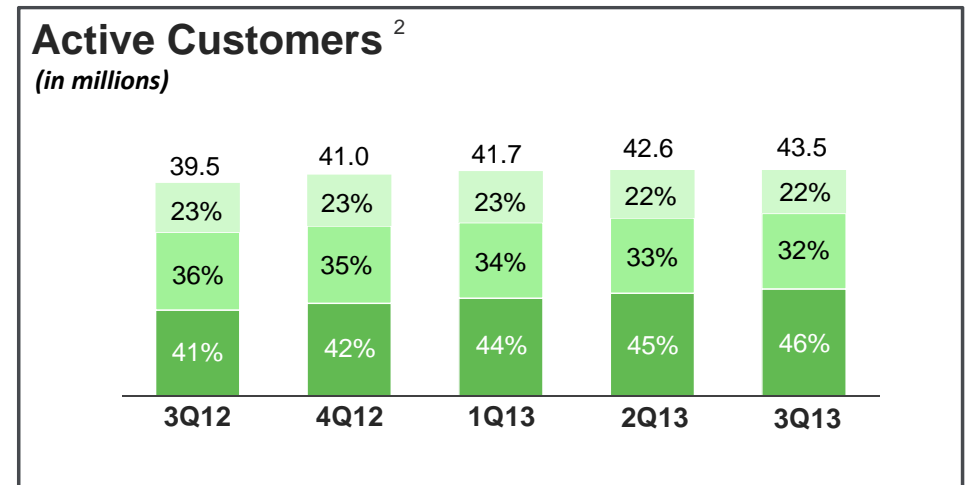
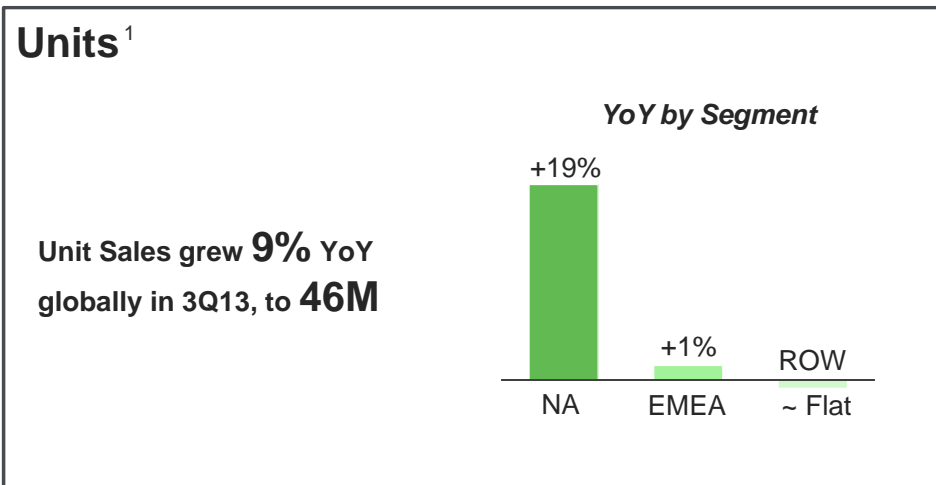
- A leading eCommerce site in Korea, one of the largest eCommerce markets in the world
- Shares the Groupon vision
 - Truly mobile marketplace
 - Heavily reliant on organic traffic through their marketplace, with email accounting for less than 10% of total sales
 - Diverse product set across local, product, and travel

Transaction & Timing

- \$260M total purchase price, including up to \$160M Class A common stock and at least \$100M cash; final allocation to be determined upon close
- Expect transaction to close in first half of 2014
- Subject to regulatory approval and other customary closing conditions

Non – Financial Metrics

North America EMEA Rest of World

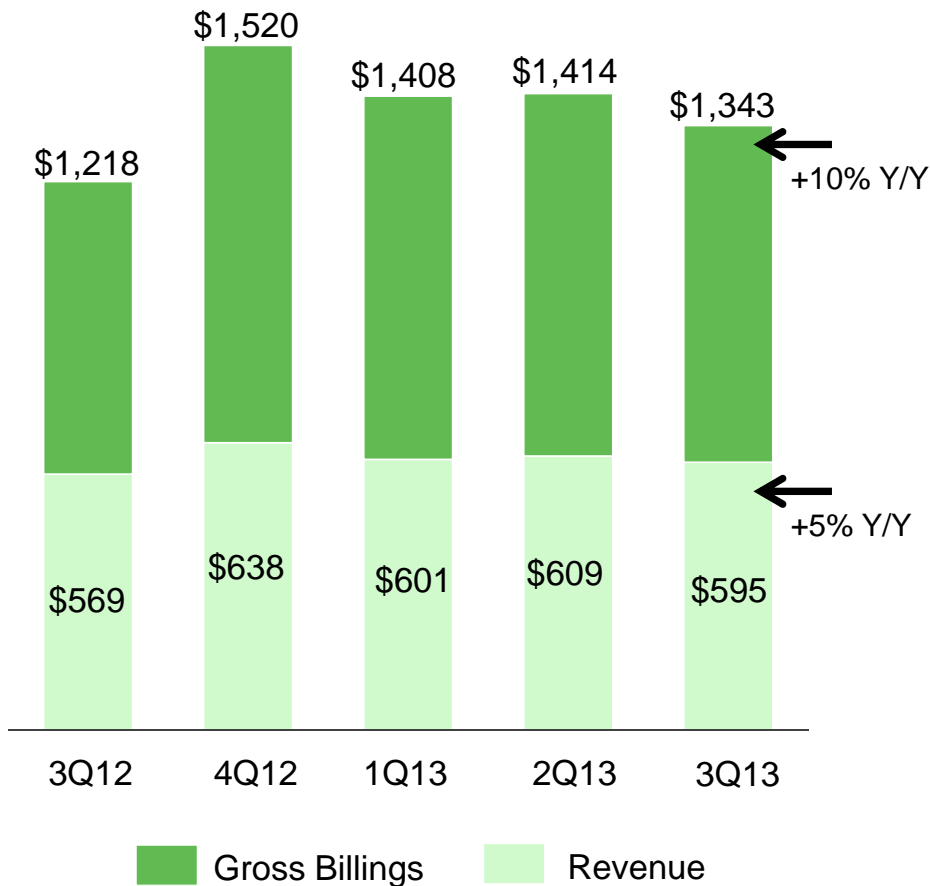


- (1) Units reflect vouchers and products sold before cancellations and refunds.
- (2) Active customers reflect the total number of unique user accounts who have purchased a Groupon during the trailing twelve months.
- (3) Spend per average active customer reflects the total gross billings generated 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

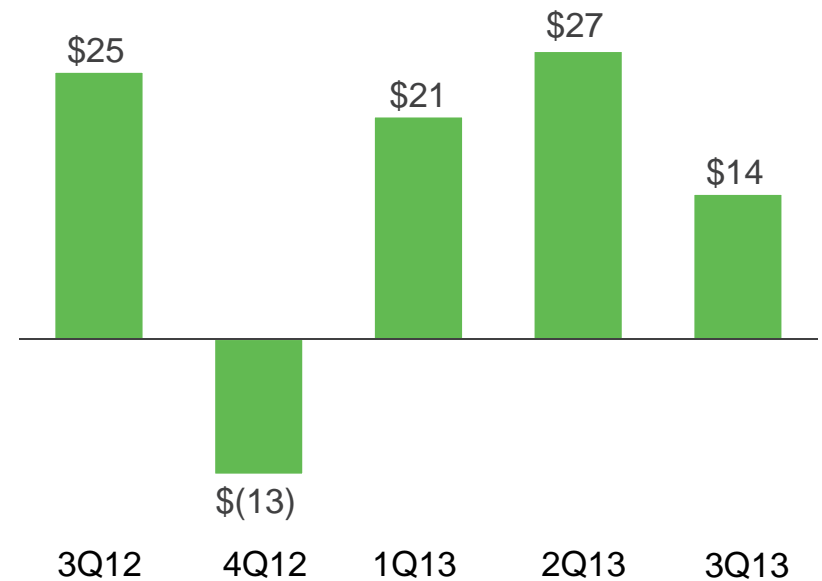
Gross Billings & Revenue

USD, Millions



Operating Income (Loss)

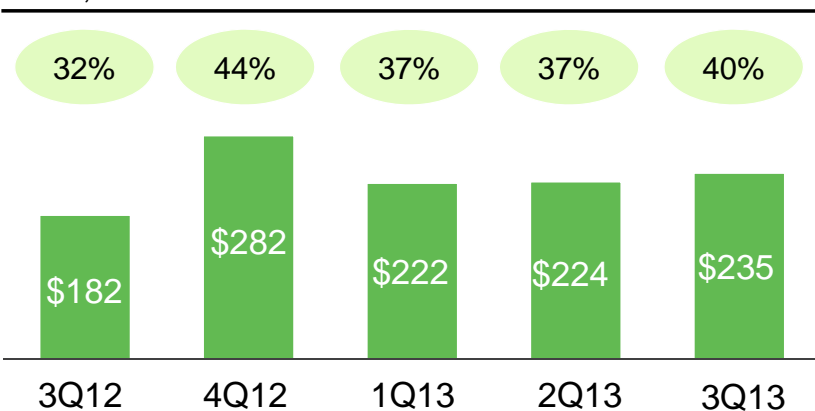
USD, Millions



Expense Summary – Consolidated

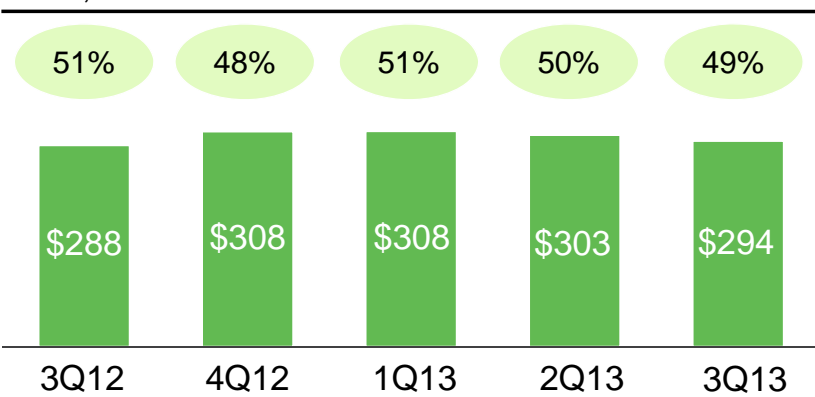
Cost of Revenue

USD, Millions



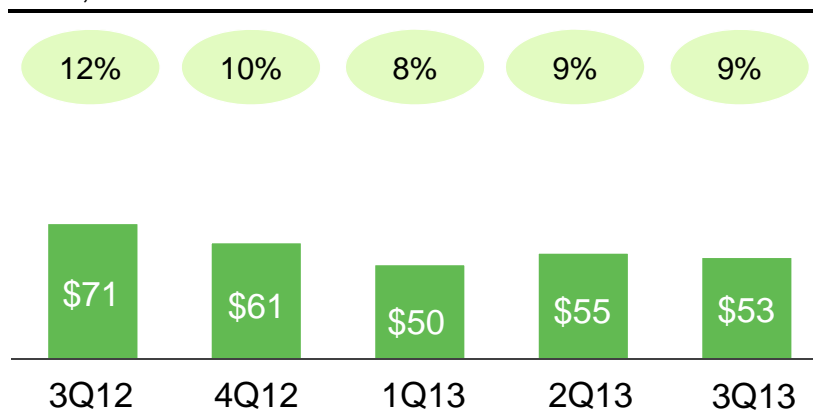
Selling, General & Administrative

USD, Millions



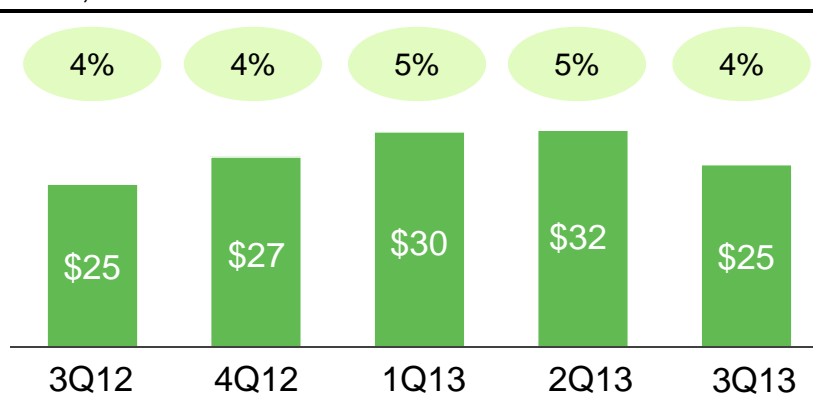
Marketing

USD, Millions



Stock Compensation and Acquisition-Related

USD, Millions



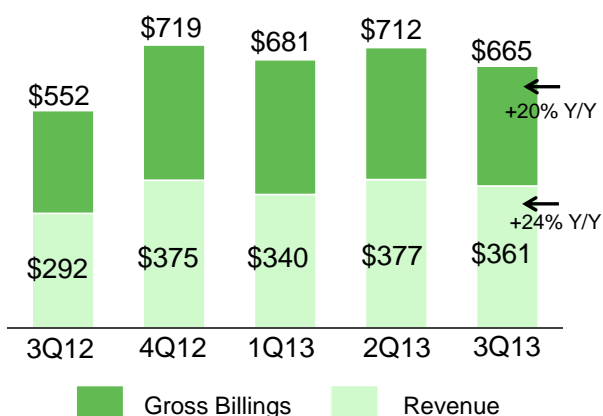
% of Revenue

Financial Summary – Segment

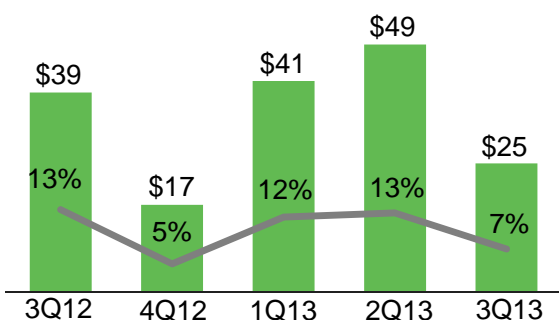
North America

USD, Millions

Gross Billings & Revenue



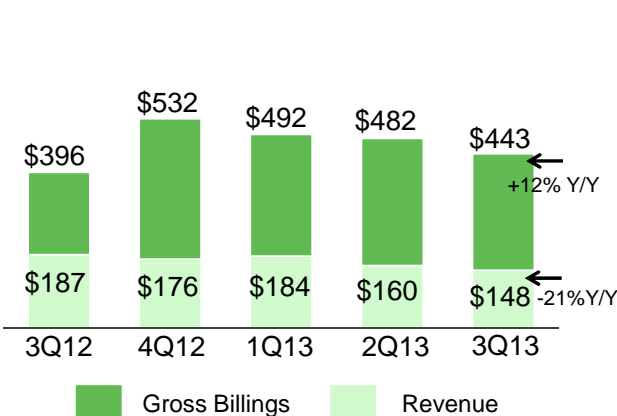
Segment Operating Income & Margin ¹



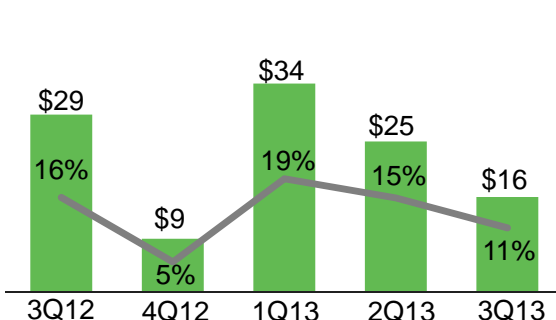
EMEA

USD, Millions

Gross Billings & Revenue



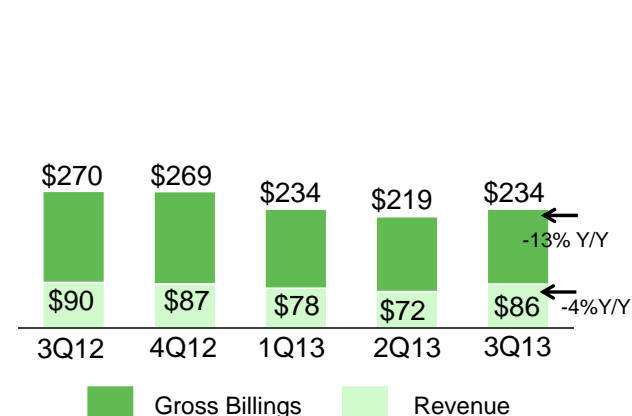
Segment Operating Income & Margin ¹



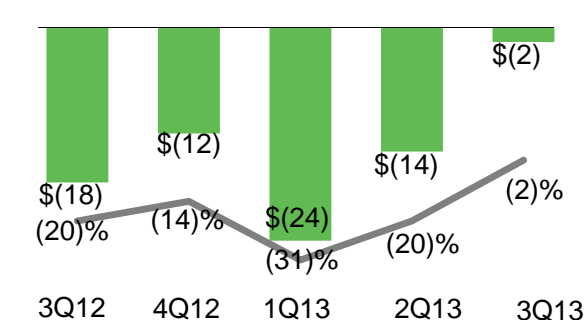
Rest of World

USD, Millions

Gross Billings & Revenue



Segment Operating Loss & Margin ¹

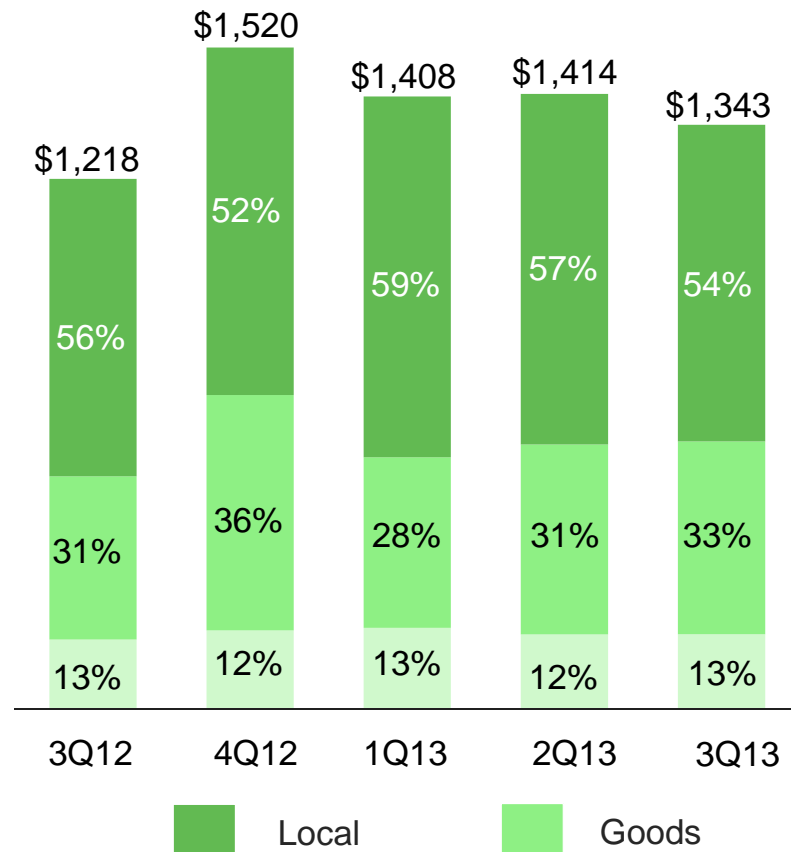


(1) Represents segment revenue less cost of revenue and operating expenses, excluding stock-based compensation and acquisition-related expense (benefit), net, in absolute dollars and as a percentage of segment revenue.

Financial Summary – Category

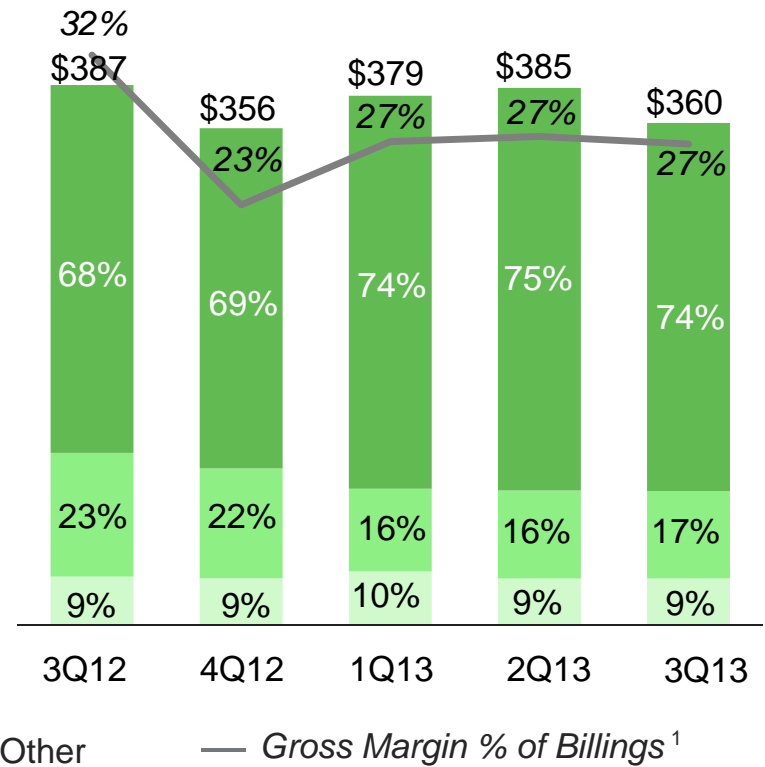
Gross Billings

USD, Millions



Gross Profit and Gross Margin ¹

USD, Millions

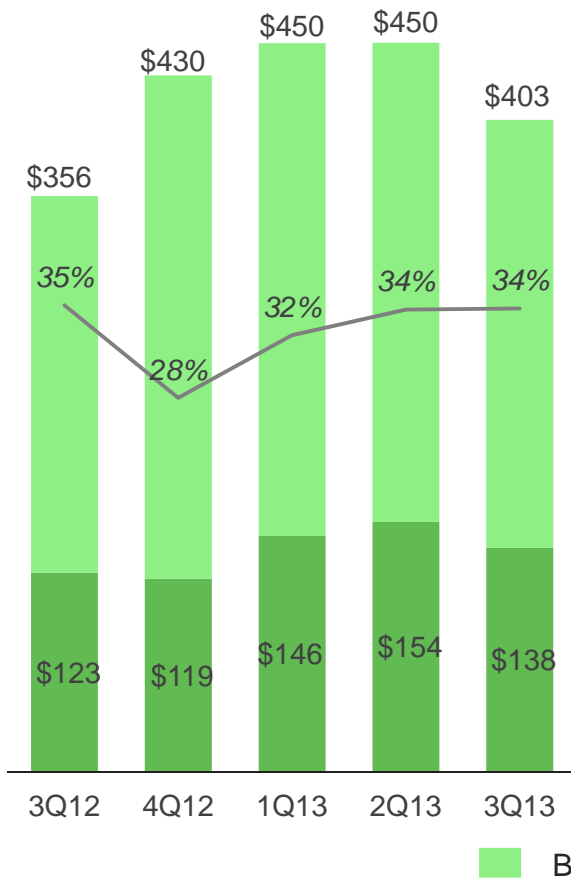


— Gross Margin % of Billings ¹

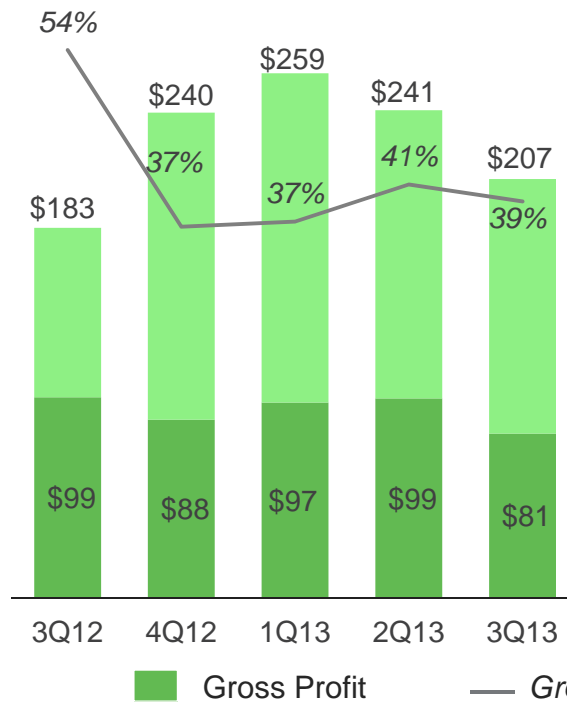
(1) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Local¹

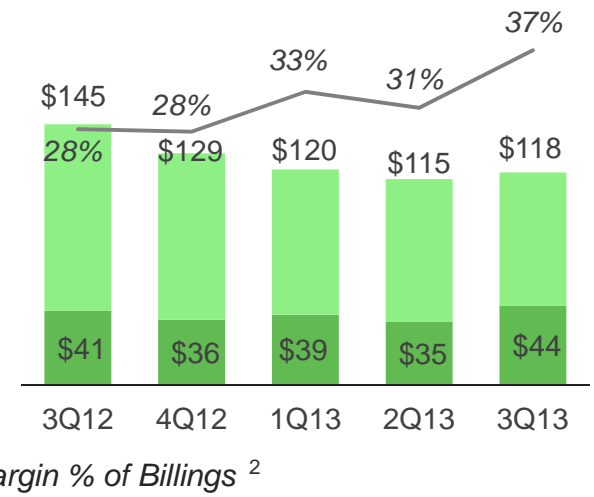
North America USD, Millions



EMEA USD, Millions



Rest of World USD, Millions



■ Billings

■ Gross Profit

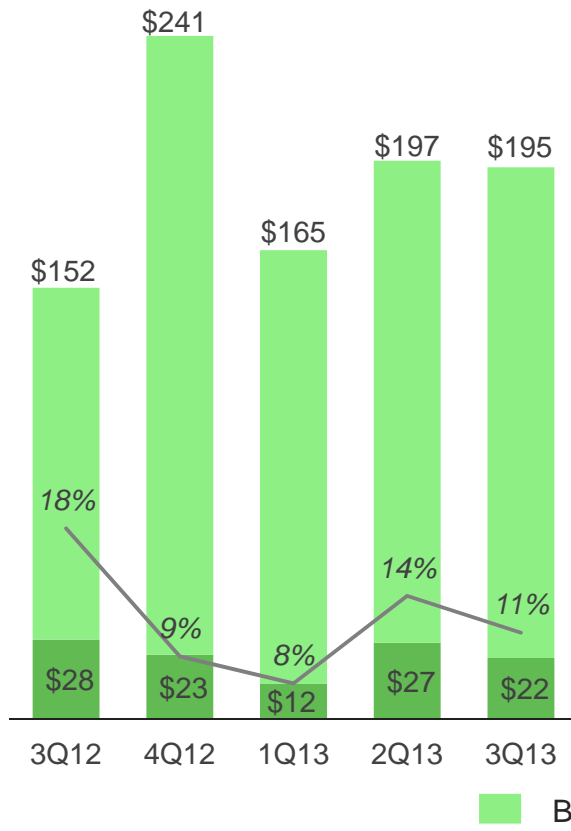
— Gross Margin % of Billings²

(1) Local represents deals from local merchants, deals with national merchants, and through local events (i.e. GrouponLive deals).

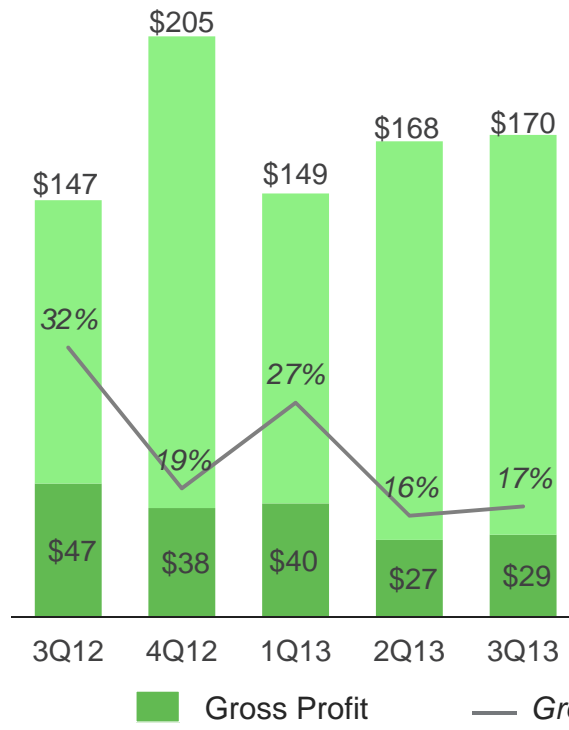
(2) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Goods

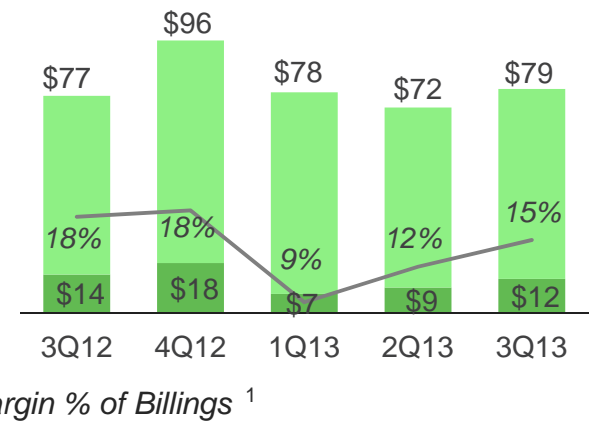
North America
USD, Millions



EMEA
USD, Millions



Rest of World
USD, Millions



■ Billings

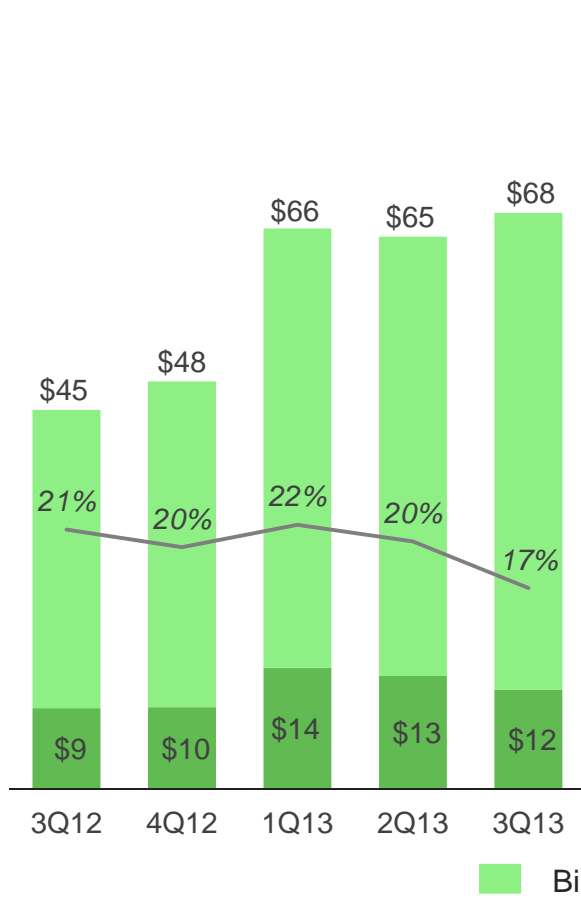
■ Gross Profit

— Gross Margin % of Billings ¹

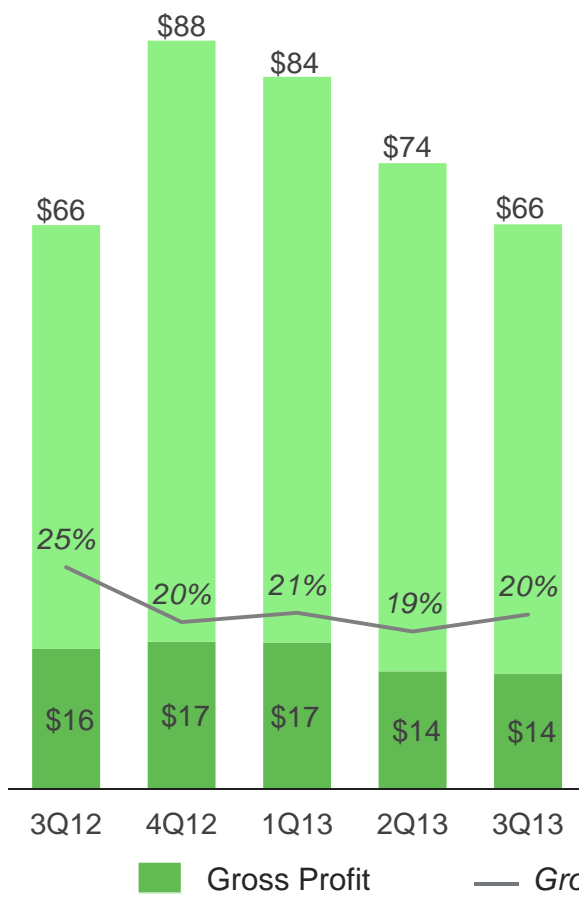
(1) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – Travel and Other

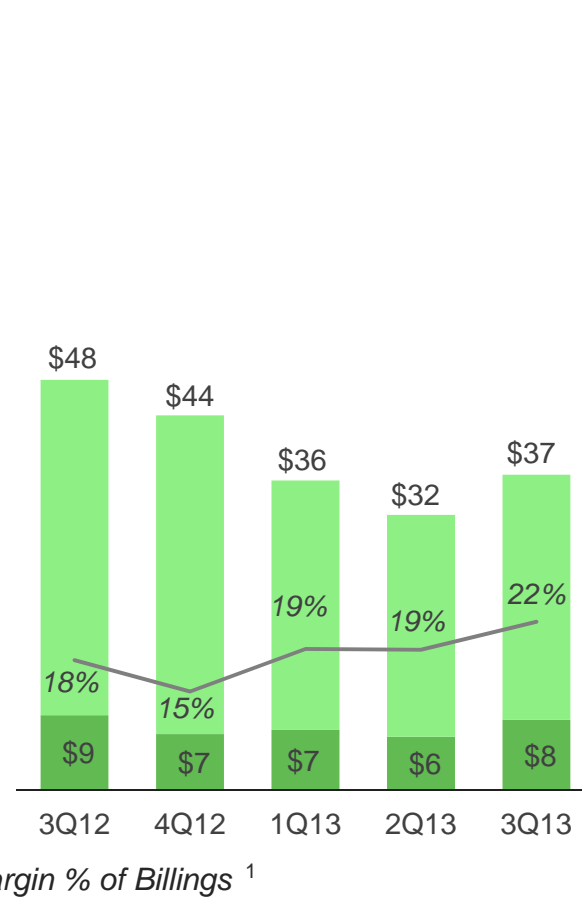
North America
USD, Millions



EMEA
USD, Millions



Rest of World
USD, Millions



■ Billings

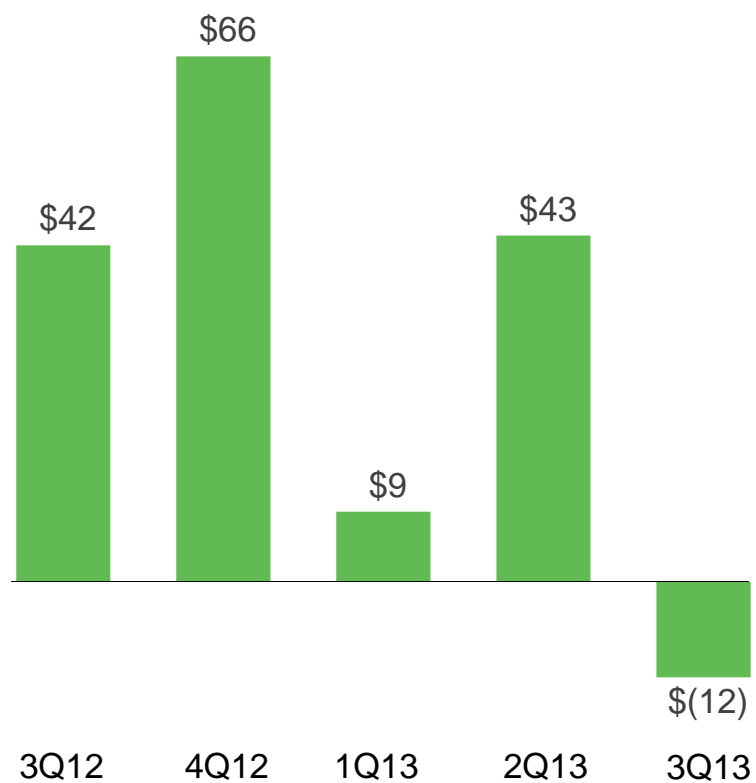
■ Gross Profit

— Gross Margin % of Billings ¹

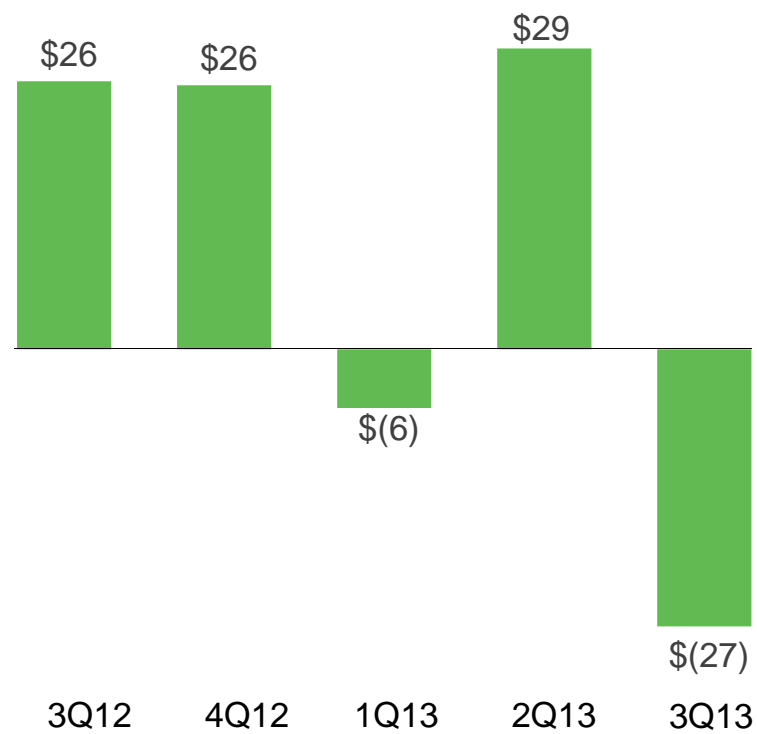
(1) Gross margin is defined as gross profit as a percent of gross billings in order to eliminate the differences in gross versus net presentation of revenue.

Financial Summary – 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

	3Q 2013
GAAP Loss per Share	\$(0.00)
EPS excluding stock-based compensation and acquisition-related benefit, net ¹	\$0.02
Operating Cash Flow	\$(12M)
Operating Cash Flow TTM	\$106M
Free Cash Flow ²	\$(27M)
Free Cash Flow TTM ²	\$22M
Cash and Cash Equivalents	\$1,140M

**Repurchased 770,900 shares in the third quarter,
for an aggregate purchase price of \$9 million;
\$291 million remains available under existing share repurchase authorization**

(1) Diluted earnings per share excluding stock-based compensation and acquisition-related benefit, 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

EPS excluding Stock-Based Compensation and Acquisition-Related Benefit, net

(in thousands, except share and per share amounts)

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

	Three Months Ended September 30, 2013
Net loss attributable to common stockholders	\$(2,580)
Stock-based compensation	26,870
Acquisition-related benefit, net	(1,529)
Income tax effect of adjustments	(8,292)
Net income attributable to common stockholders, excluding stock-based compensation and acquisition-related benefit, net	\$14,469
Diluted shares	666,432,848
Incremental diluted shares ⁽¹⁾	18,501,055
Adjusted diluted shares	684,933,903
Diluted net loss per share	\$(0.00)
Impact of stock-based compensation and acquisition-related benefit, net and the related income tax effects	0.02
Diluted earnings per share excluding stock-based compensation and acquisition-related benefit, net	\$0.02

(1) Outstanding equity awards are not reflected in the diluted net loss per share calculation for the three months ended September 30, 2013 because the effect would be antidilutive. However, those awards have been reflected in the calculation of diluted earnings per share excluding stock-based compensation and acquisition-related benefit, net for the three months ended September 30, 2013 because they have a dilutive effect on that calculation.

Non-GAAP Reconciliation

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)”:

	3Q13
Net cash provided by operating activities (TTM)	\$105,874
Purchases of property and equipment and capitalized software (TTM)	(83,608)
Free Cash Flow (TTM)	\$22,266
Net cash used in investing activities (TTM)	\$(125,738)
Net cash used in financing activities (TTM)	\$(32,748)

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”:

	3Q12	4Q12	1Q13	2Q13	3Q13
Net cash provided by (used in) operating activities	\$42,088	\$65,717	\$8,760	\$43,302	\$(11,905)
Purchases of property and equipment and capitalized software	(16,010)	(40,034)	(14,468)	(14,042)	(15,064)
Free Cash Flow	\$26,078	\$25,683	\$(5,708)	\$29,260	\$(26,969)
Net cash used in investing activities	\$(35,629)	\$(52,753)	\$(30,679)	\$(15,862)	\$(26,444)
Net cash provided by (used in) financing activities	\$2,707	\$(6,495)	\$(9,342)	\$(7,941)	\$(8,970)

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