GROUPON®

1Q17 Earnings

May 2017

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 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. 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 3, 2017. Groupon undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this release 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 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

Focusing our key priorities for 2017

1. **Grow customers** through continued customer acquisition and focus on **accelerating purchase frequency**

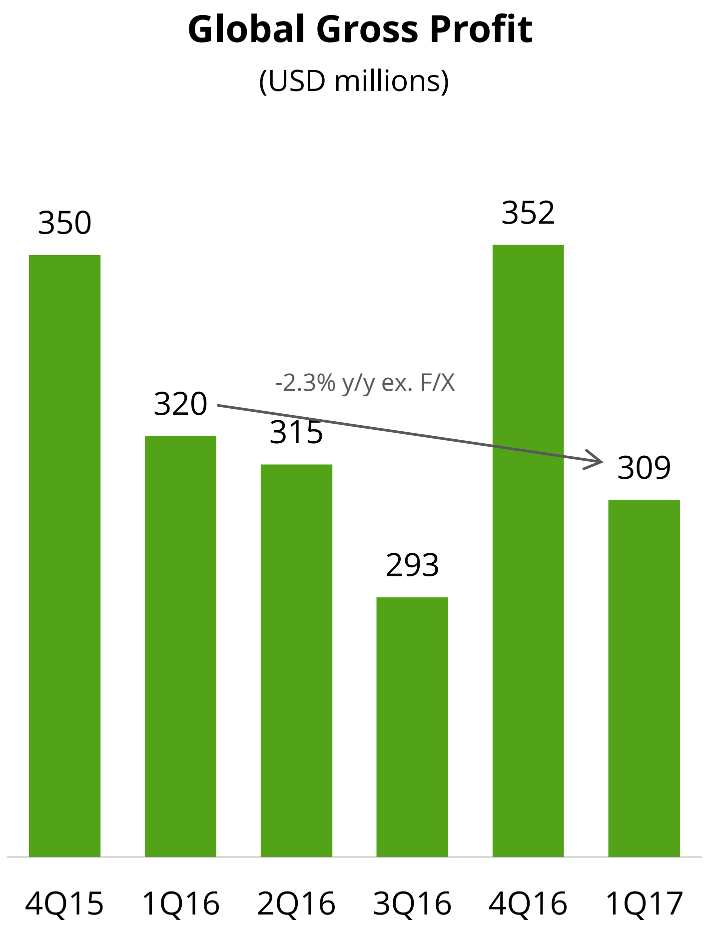
2. **Improve the customer experience** by removing friction and creating more **seamless engagement** between the merchant and customer

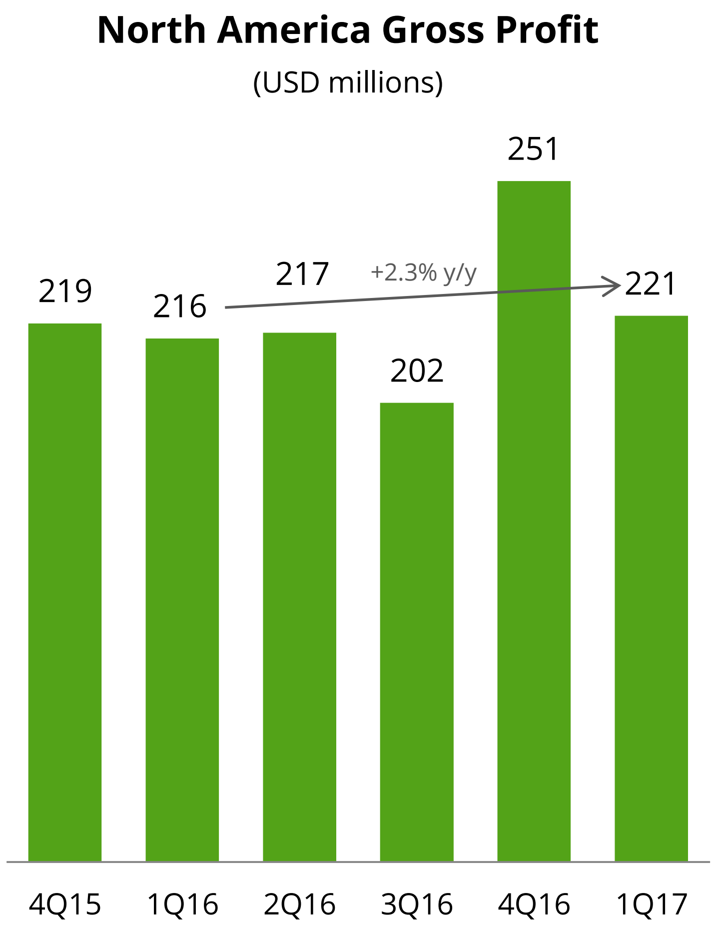
3. **Streamline and simplify** to drive **gross profit dollar, adjusted EBITDA, and free cash flow growth**

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
Marketing	**Plan to maintain 12-18 month payback of incremental spend on GP** • Launched “Save Up to $100 a Week on What You Do Every Day” campaign in February • Increased investment planned in European focus cities
SG&A	**Drive operational efficiency through shared services & automation** • Q1 headcount 7,120, down 725 y/y; ~300 additional reduction in April • Completed country exits; current footprint of 15 countries
Adj. EBITDA	**Target sustained Adjusted EBITDA growth** • Facilitate flow through from gross profit; Continued investment in product and marketing, mostly offset by other SG&A savings
Free Cash Flow	**Resulting in improved Adjusted EBITDA to FCF conversion** • Less favorable working capital impact in Q1 from shift to Local from Goods • Expect typical seasonality as prior years and to generate positive FCF

Gross Profit – Focus on dollar growth



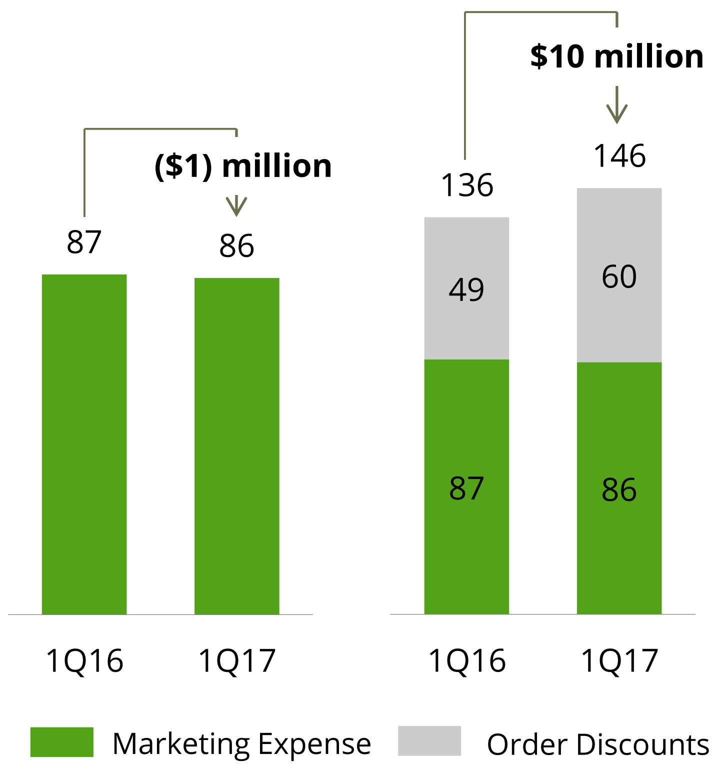


North America gross profit up 2.3% year-over-year in Q1; Global decline driven by disruption from country exits

Marketing – Invest at 12-18 month payback

Marketing Expense and Order Discounts

(USD millions)



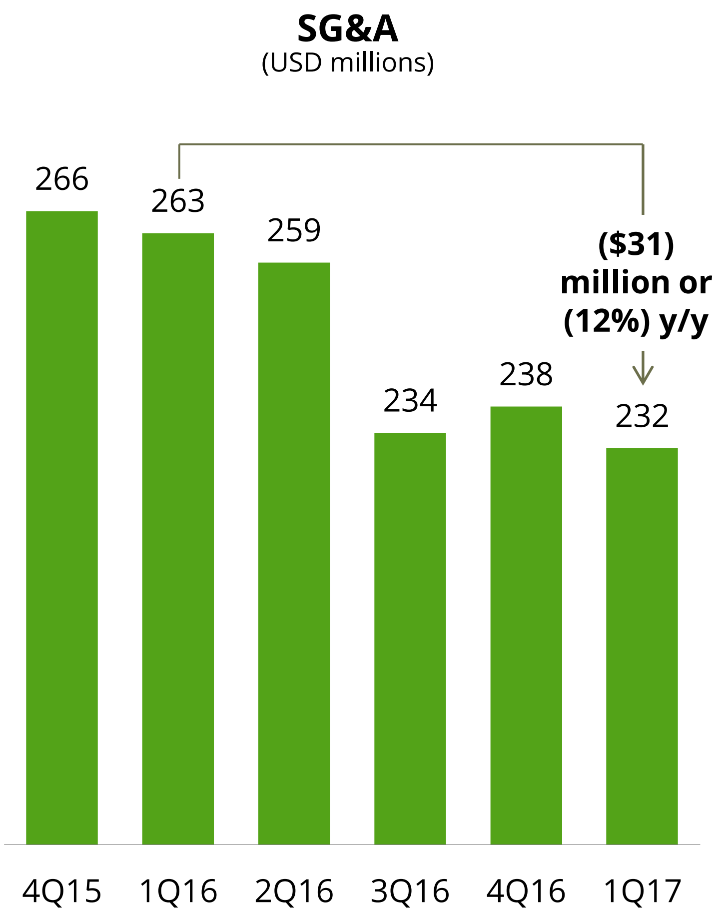
Marketing ROI = $\frac{\text{Incremental Gross Profit}}{\text{Incremental Marketing Spend}}$ = **100%**

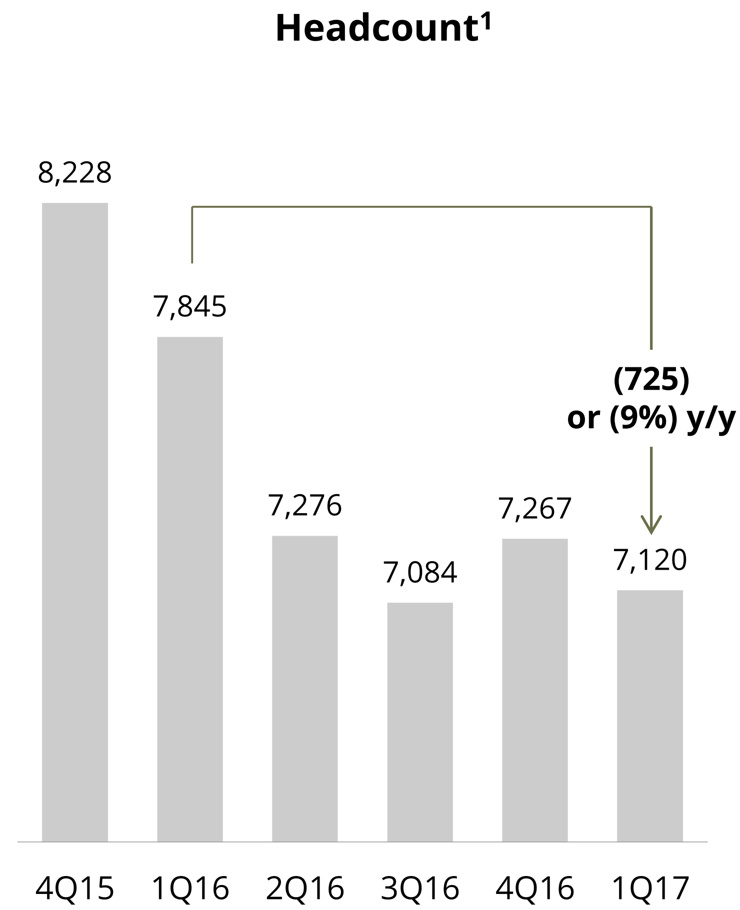
Time to Payback = **12 to 18 months**

- Maintained payback thresholds at 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 spend was roughly flat year-over-year in Q1, and increased $10 million including order discounts

SG&A – Streamline and simplify



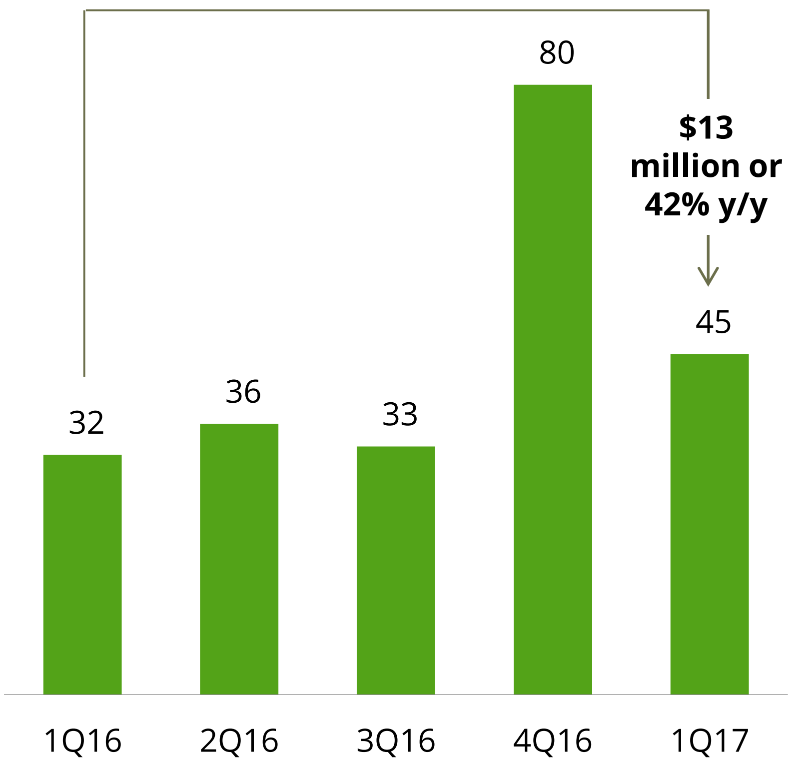


Global SG&A declined by $31 million year-over-year in Q1; significant headcount reductions

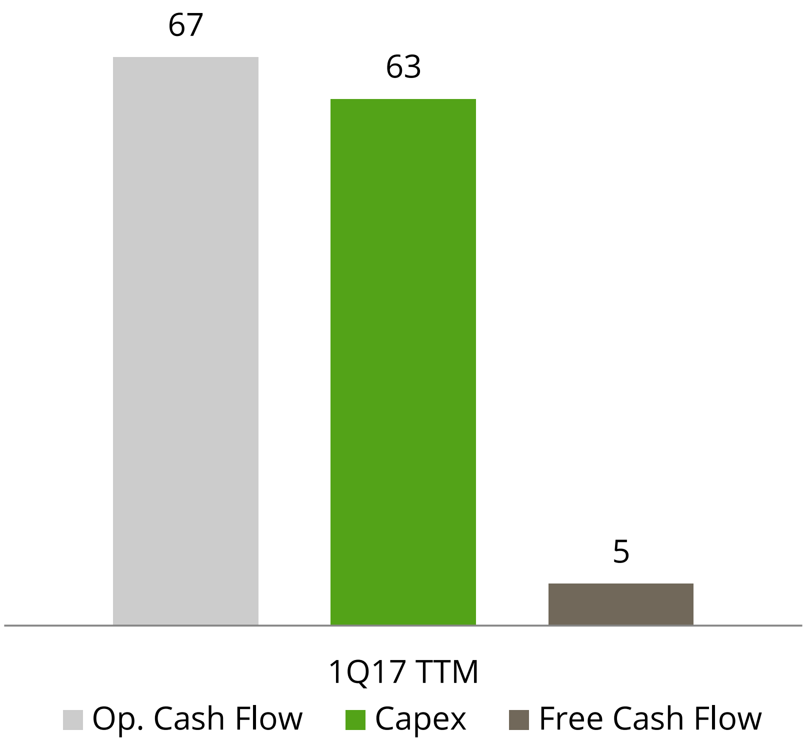
(1) Prior periods exclude headcount from discontinued operations

Focus on improving conversion from Adj. EBITDA to Free Cash Flow

Adjusted EBITDA[1]
(USD millions)



Operating Cash Flow, Capital Expenditures, and Free Cash Flow[2]
(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) 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."

Free Cash Flow – Merchant payment cycle

- We typically experience strong cash inflows during Q4, followed by significant outflows in Q1 when payments are made to suppliers.
- In addition to normal seasonal fluctuations, our Q1 2017 decline in Accrued Merchant and Supplier Payables was also impacted by the increased focus on NA Local billings, at the expense of Goods.
- During Q1 2017, the adverse cash flow impact from the reduction in our Merchant Payables was $138.2 million, primarily attributable to typical seasonal Q1 payments to suppliers and the increased focus on NA Local billings.
- We pay NA Local merchants on a bi-weekly basis, so they have shorter Days Payable Outstanding (DPO) than Goods vendors, who are generally paid between 30 and 60 days.
- For the remainder of 2017, we expect our working capital and cash flows to follow normal seasonal patterns, with positive operating cash flow and free cash flow for the full year 2017.

Strong balance sheet and return of capital to shareholders

Liquidity and Capital Resources

	(USD millions)
Cash Balance[1]	$691
Undrawn Revolver[1]	$250

Share Repurchase Activity

	(USD millions)
1Q17 Share Repurchases	$26
Remaining Repurchase Authorization	$169

(1) As of 3/31/2017, excluding outstanding letters of credit.

2017 Guidance

	2017 Guidance
Gross Profit (USD billions)	**$1.30 - 1.35**
Adjusted EBITDA[1] (USD millions)	**$200 - 240**

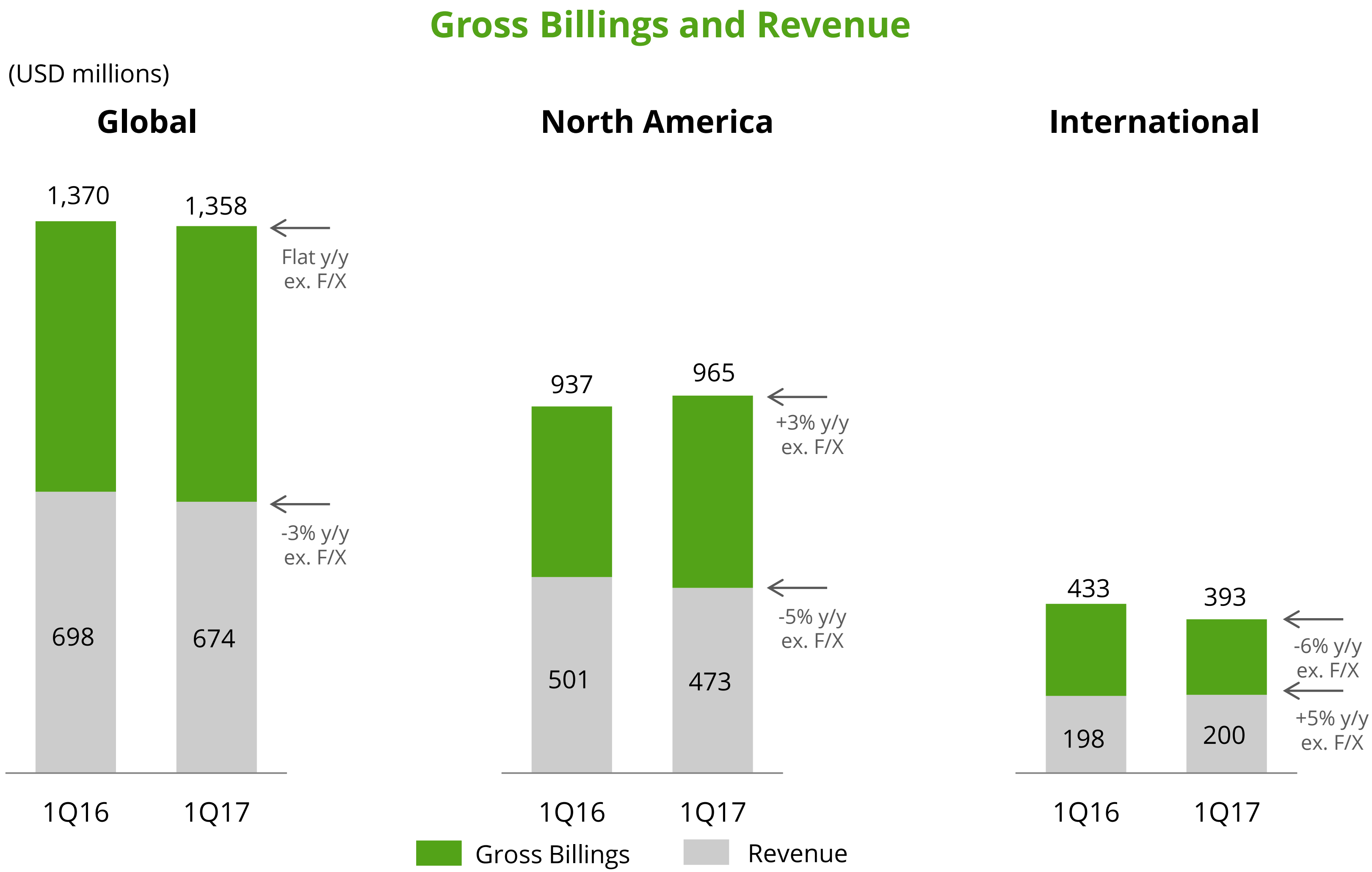
Q1 Update

- No changes to full year guidance ranges
- International turnaround likely to take a few more quarters than expected; greater potential to end up toward the low end of our $1.30 to $1.35 billion gross profit range
- Expect Adj. EBITDA in the $200 to $240 million range driven by continued progress on cost initiatives

(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."

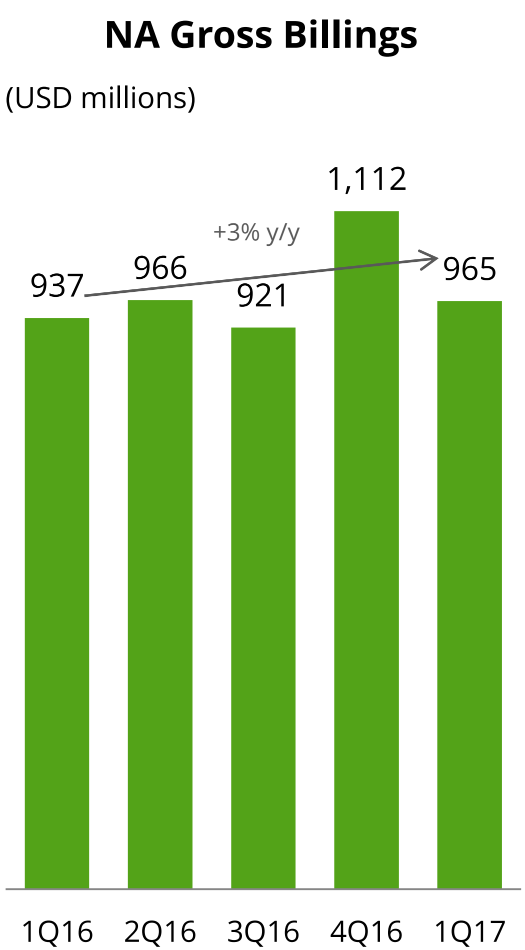
Appendix

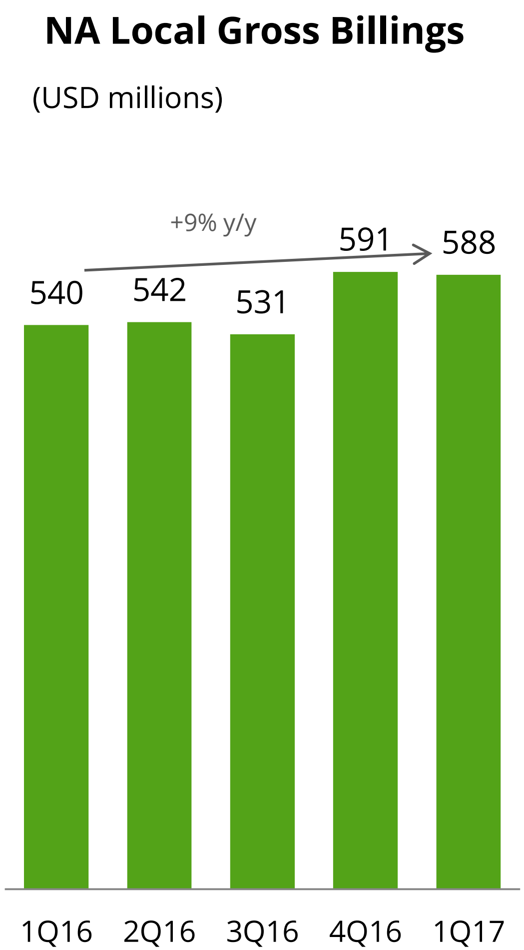
Financial Update

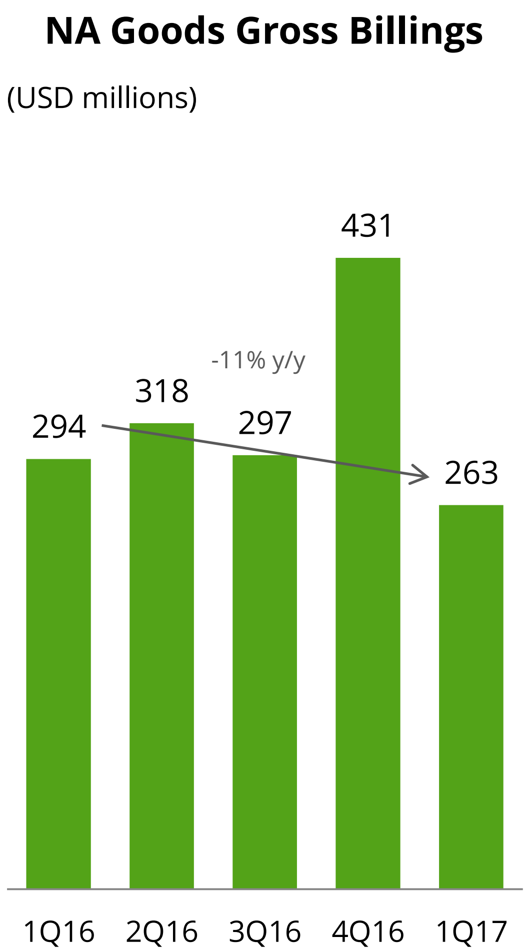


North America billings growth of 3% and Global billings flat y/y on an FX-neutral basis in Q1

North America Update

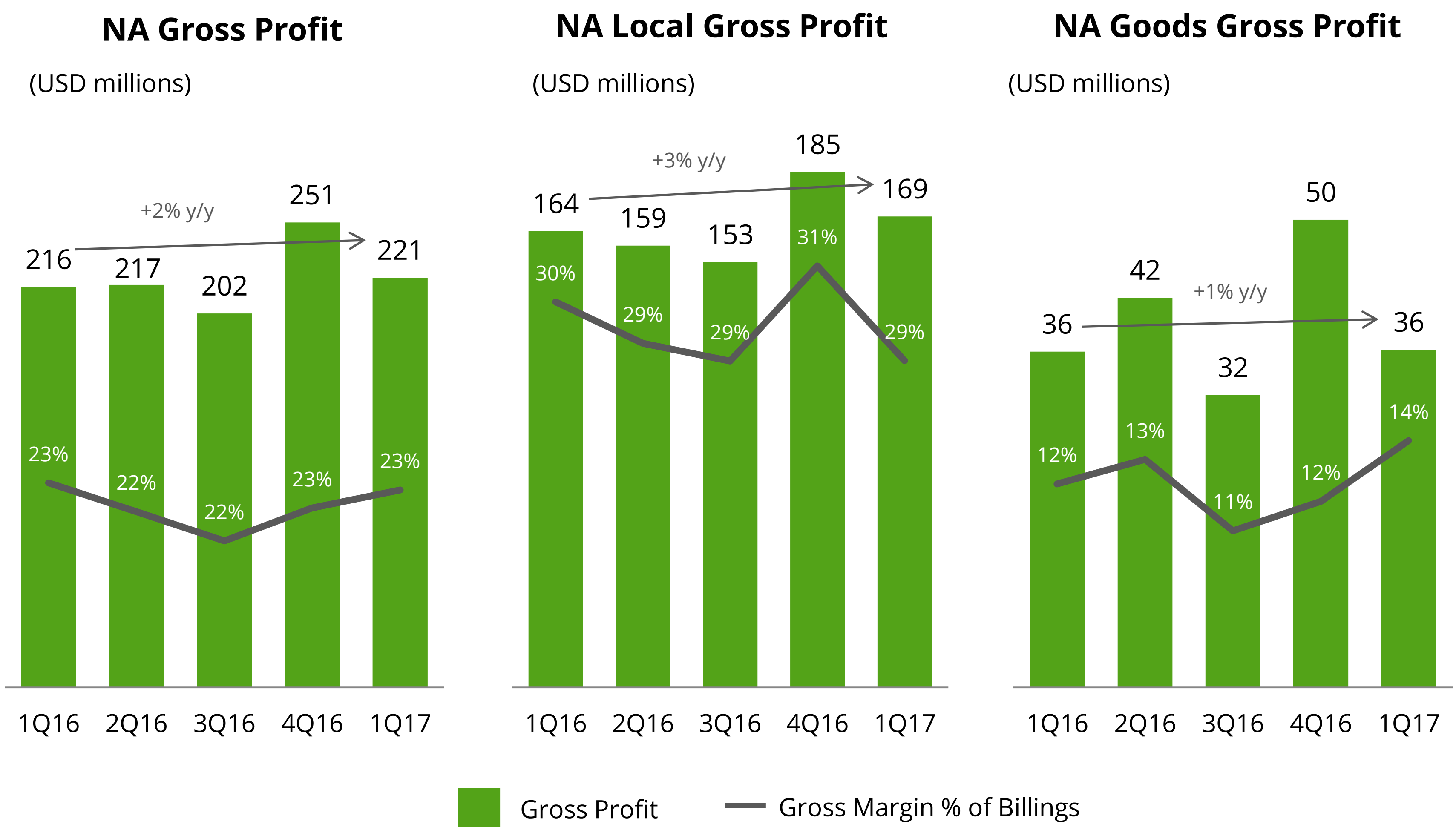






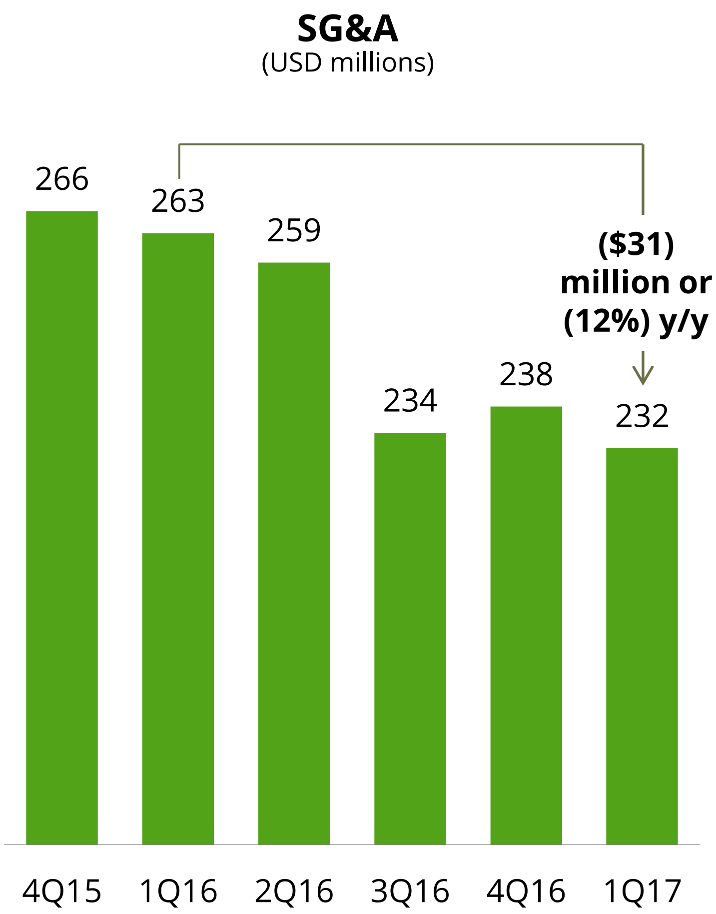
North America Local Gross Billings grew 9% in Q1

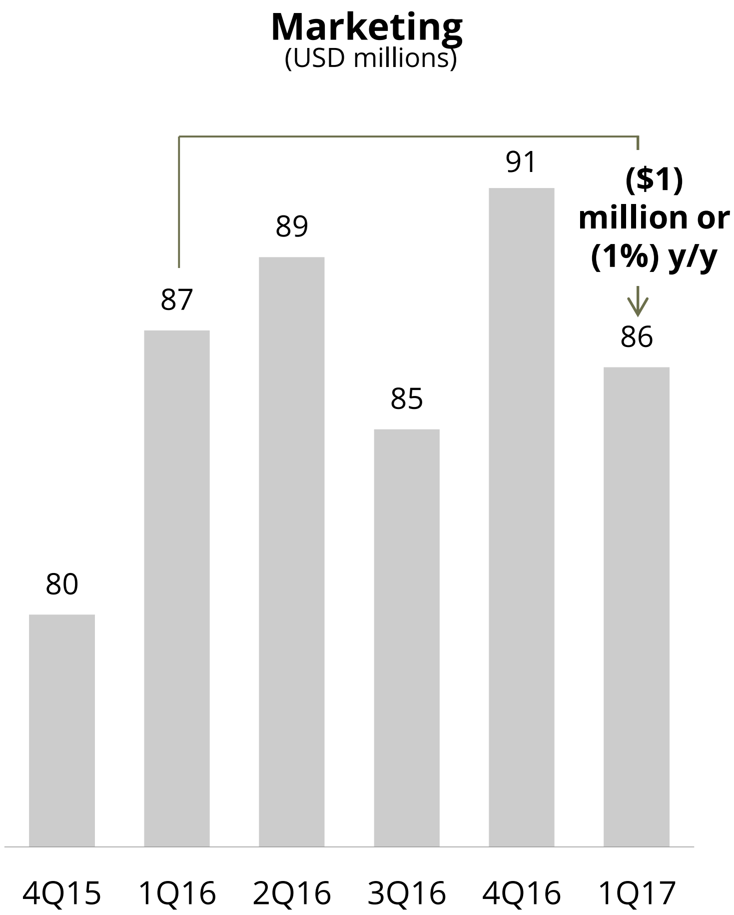
North America Update



North America gross profit grew 2% in Q1

Operating Expenses

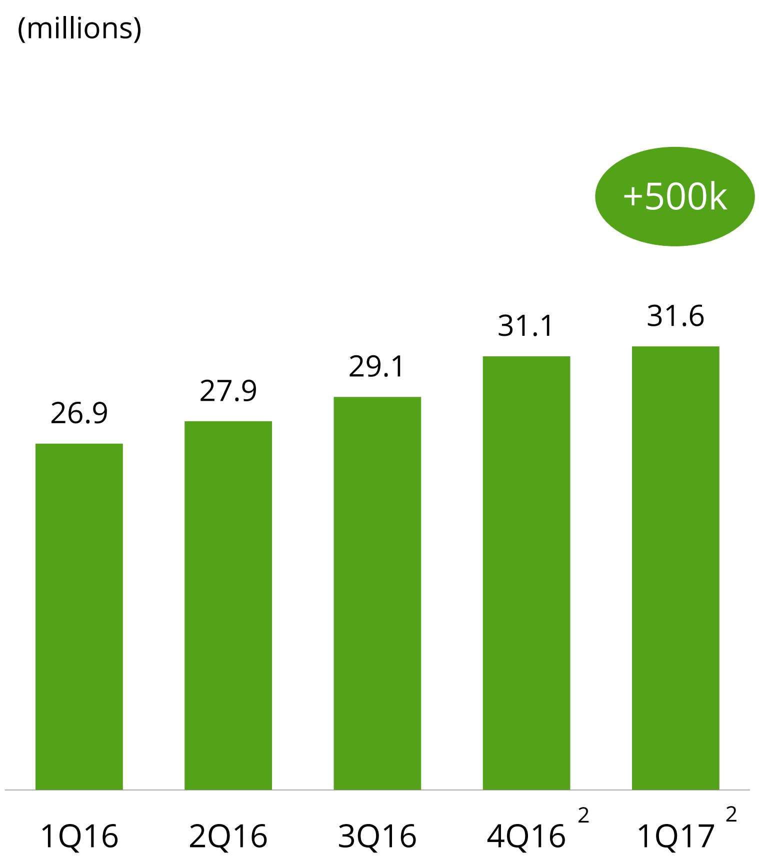




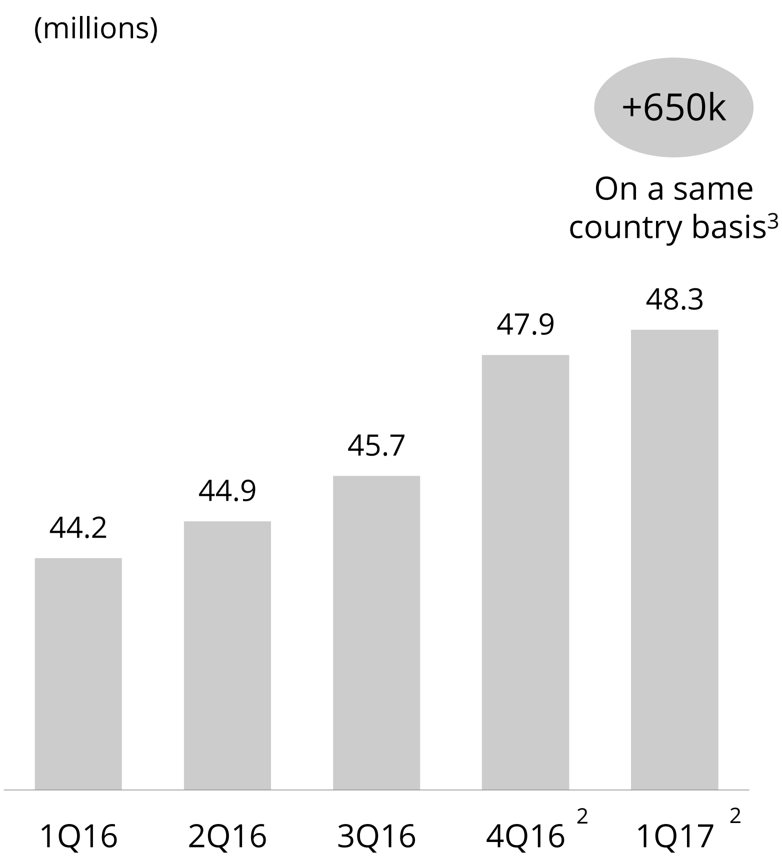
Global SG&A declined by $31 million year-over-year in Q1;
Marketing roughly flat

Active Customers

North America Active Customers[1]



Global Active Customers[1]

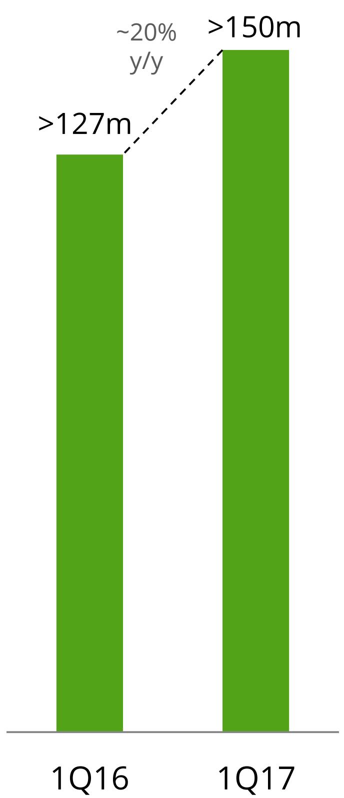


Added 650k customers on a same-country basis in Q1

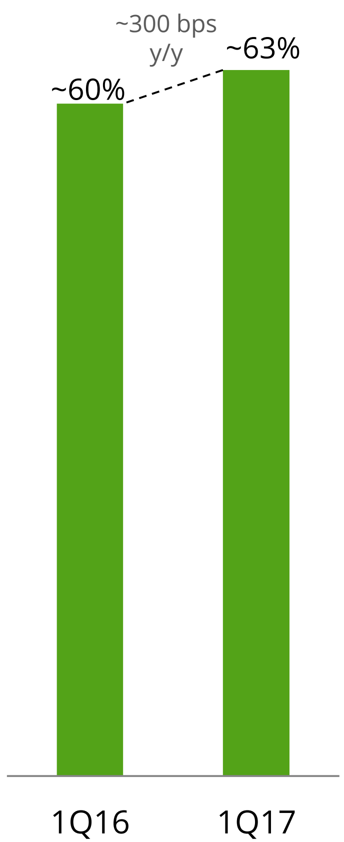
(1) We define active customers as unique user accounts that have made a purchase through one of our online marketplaces during the trailing twelve months.
(2) Includes 1.0 million and 0.9 incremental active customers from LivingSocial acquisition as of 4Q16 and 1Q17.
(3) Excludes active customers from discontinued operations, as well as active customers from other countries exited prior to 4Q16.

Operating Metrics

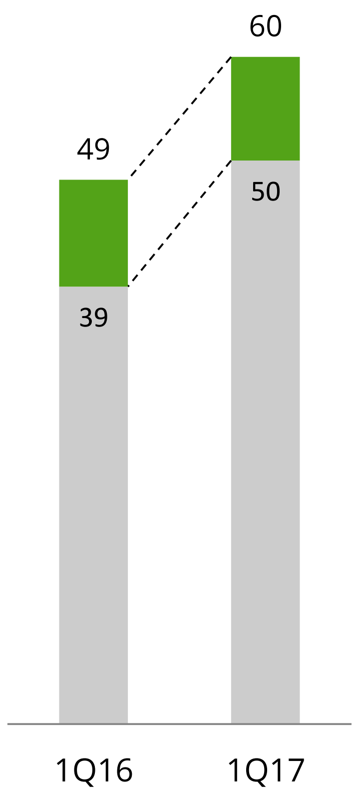
Mobile App Downloads (cumulative life-to-date)



Mobile Transactions (% of total)



Order Discounts (USD millions)



Global North America

Non-GAAP Reconciliations[1]

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":

	1Q16	2Q16	3Q16	4Q16	1Q17
Income (loss) from continuing operations	$(43,539)	$(48,768)	$(34,447)	$(39,455)	$(20,869)
Adjustments:					
Stock-based compensation[(2)]	27,293	34,210	25,457	22,563	19,650
Depreciation and amortization	34,415	33,916	32,897	34,681	34,067
Acquisition-related expense (benefit), net	3,464	850	(9)	1,345	12
Restructuring charges	11,513	15,702	1,163	12,060	2,731
Gains on business dispositions	—	(9,339)	(2,060)	—	—
Non-operating expense (income), net	(2,618)	11,253	7,917	54,737	4,602
Provision (benefit) for income taxes	1,009	(2,238)	1,690	(5,779)	4,587
Total adjustments	75,076	84,354	67,055	119,607	65,649
Adjusted EBITDA	$31,537	$35,586	$32,608	$80,152	$44,780

(1) See Q1 earnings 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 $0.2 million, $0.2 million, $0.3 million, $0.2 million, and $0.1 million of additional stock-based compensation for the three months ended March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016 and March 31, 2017, 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

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
Expected income (loss) from continuing operations range[1]	$(42,500) to $(17,500)
Expected adjustments:	
Stock-based compensation	80,000 to 90,000
Depreciation and amortization	130,000
Restructuring charges	5,000
Non-operating expense (income), net	20,000
Provision (benefit) for income taxes	7,500 to 12,500
Total expected adjustments	$242,500 to $257,500
Expected adjusted EBITDA range	$200,000 to $240,000

(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

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 March 31, 2017
Net income (loss) attributable to common stockholders	$(24,414)
Stock-based compensation	19,701
Amortization of acquired intangible assets	5,400
Acquisition-related expense (benefit), net	12
Restructuring charges	2,731
Losses (gains), net from changes in fair value of investments	(303)
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings	(110)
Non-cash interest expense on convertible senior notes	2,587
Income tax effect of above adjustments	55
Income from discontinued operations, net of tax	(487)
Non-GAAP net income (loss) attributable to common stockholders	$5,172
Weighted-average shares of common stock – basic	562,195,243
Effect of dilutive securities	7,527,970
Weighted-average shares of common stock – diluted	569,723,213
Diluted net income (loss) per share	$(0.04)
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 from discontinued operations and related tax effects	0.05
Non-GAAP net income (loss) per share	$0.01

Non-GAAP Reconciliations cont'd

Free Cash Flow

(in thousands)

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":

	1Q16	2Q16	3Q16	4Q16	1Q17
Net cash provided by (used in) operating activities from continuing operations	$(74,777)	$(51,009)	$(39,879)	$294,593	$(136,233)
Purchases of property and equipment and capitalized software from continuing operations	(19,852)	(16,499)	(12,682)	(19,254)	(14,076)
Free Cash Flow	$(94,629)	$(67,508)	$(52,561)	$275,339	$(150,309)
Net cash provided by (used in) investing activities from continuing operations	$(20,678)	$(18,957)	$(11,902)	$(4,049)	$(14,020)
Net cash provided by (used in) financing activities	$(78,015)	$169,225	$(38,342)	$(67,533)	$(45,726)