

2Q17 EARNINGS

AUGUST 2017

FORWARD-LOOKING STATEMENTS

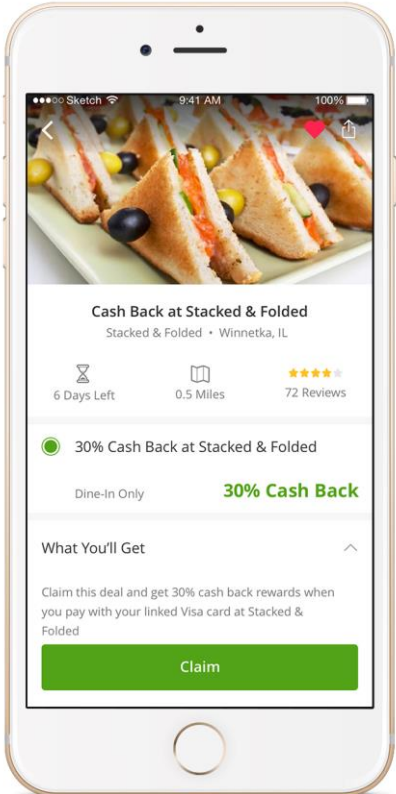
The statements contained in this release that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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 August 2, 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

GROUPON IS A CLEAR LEADER IN LOCAL E-COMMERCE



- Substantial scale in large, attractive local market



OVER 1B UNITS SOLD TOP 25 US APP TOP 5 E-COMMERCE BRAND

- Innovate customer experience; voucherless redemption
- Focus on unlocking scale benefits and driving shareholder returns through sustainable free cash flow growth
- Maintain balance sheet strength and financial flexibility

FOCUSING ON 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 Groupon+, Beauty Booking, and Marketplace; International

Marketing

Plan to maintain 12-18 month payback of incremental spend on gross profit

- Improved brand awareness through “Save Up to \$100 a Week on What You Do Every Day” offline campaign; Increased investment planned in European focus cities

SG&A

Drive operational efficiency through shared services & automation

- Q2 headcount 6,661, down 615 y/y
- Expect SG&A to be lower in the second half of 2017 compared to the first half

Adjusted 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

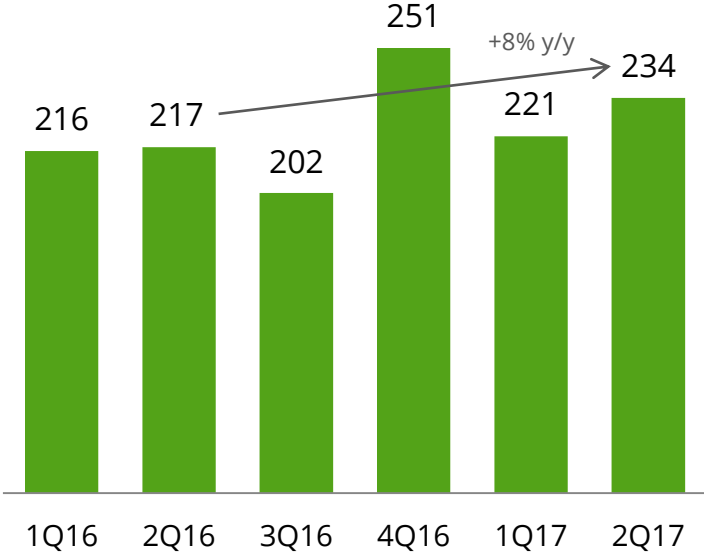
Resulting in improved Adjusted EBITDA to FCF conversion

- Typical seasonality as prior years
- Expect to generate significant positive FCF in 2017

GROSS PROFIT - FOCUS ON DOLLAR GROWTH

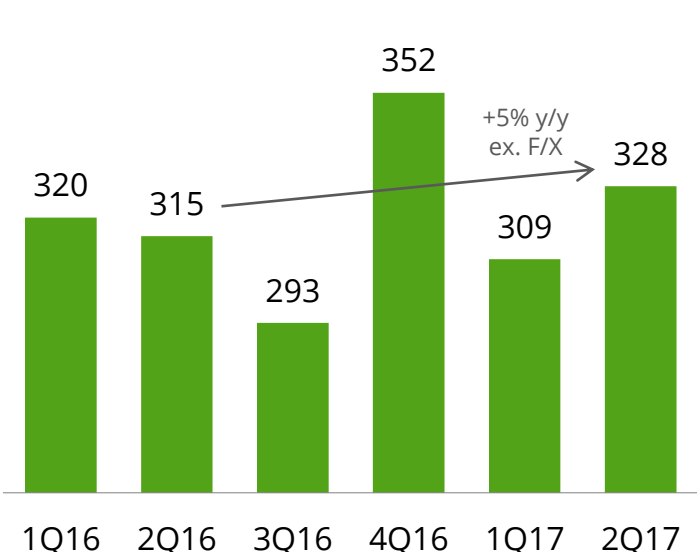
North America Gross Profit

(USD millions)



Global Gross Profit

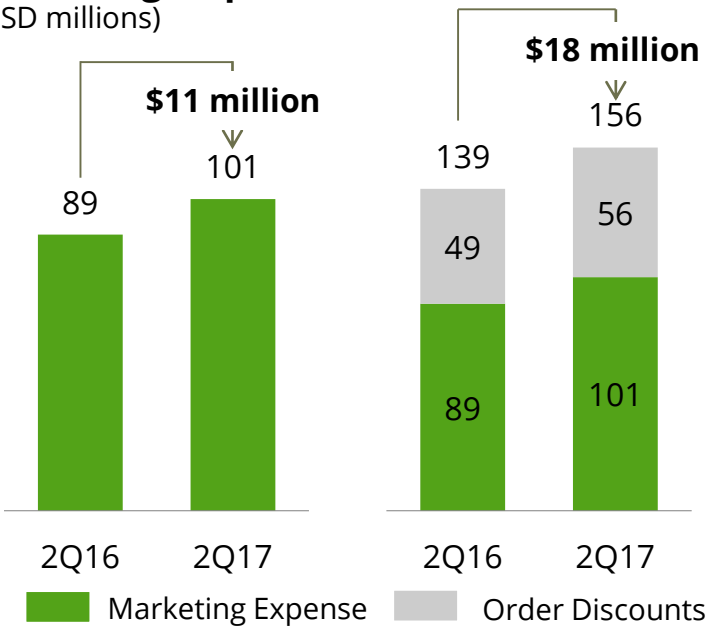
(USD millions)



North America gross profit up 8% and Global gross profit up 5% on an FX-neutral basis year-over-year in Q2

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%**

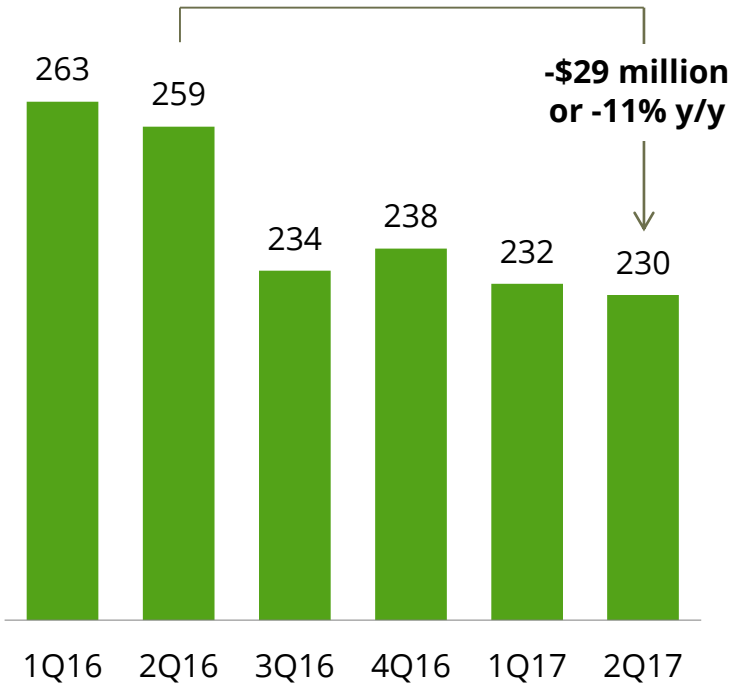
Time to Payback = **12 to 18 months**

- 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

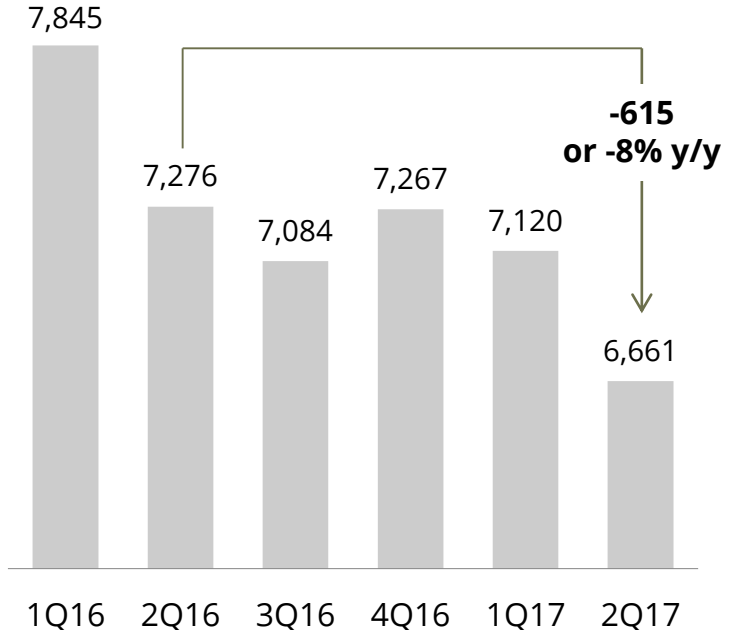
Marketing spend increased \$11 million year-over-year in Q2, and increased \$18 million including order discounts

SG&A - STREAMLINE AND SIMPLIFY

SG&A
(USD millions)



Headcount¹



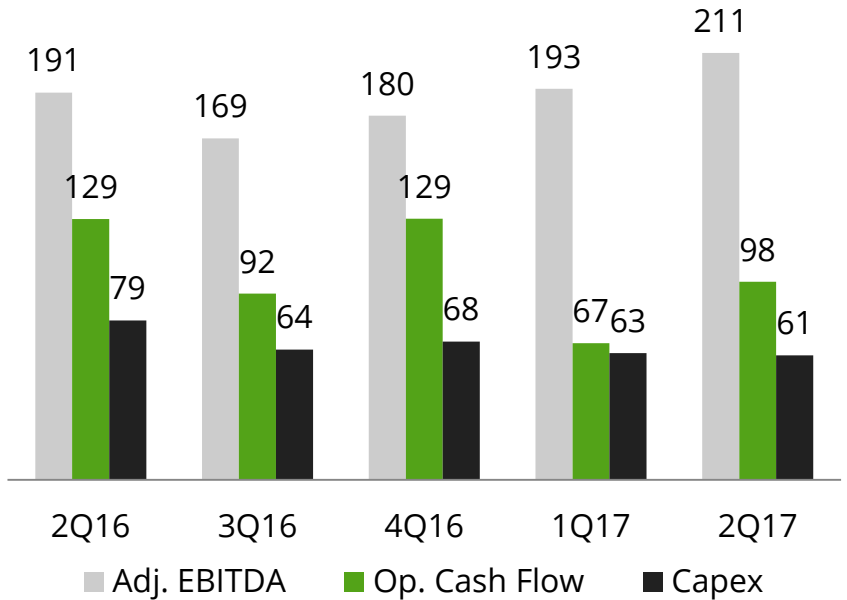
Global SG&A declined by \$29 million year-over-year in Q2; significant headcount reductions

(1) Prior periods exclude headcount from discontinued operations. Including employees of discontinued operations, our headcount decreased by 1,944 employees, or 23%, year-over-year in Q2, from 8,605 total employees in the prior year period.

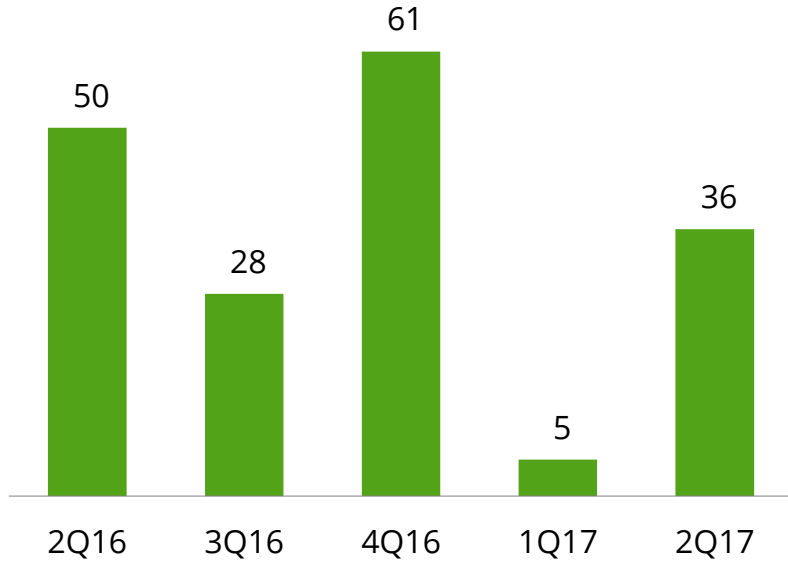


FOCUS ON IMPROVING CONVERSION FROM ADJUSTED EBITDA TO FREE CASH FLOW

Adjusted EBITDA¹, Operating Cash Flow, and Capital Expenditures
(TTM, USD millions)



Free Cash Flow²
(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 liquidity 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

(USD millions)

Cash Balance	\$619
Undrawn Revolver ¹	\$250

Share Repurchase Activity

(USD millions)

Value of Share Repurchases

2Q17	\$25
YTD	\$51
Remaining Repurchase Authorization	\$144

(1) As of 6/30/2017, excluding the impact of outstanding letters of credit.

2017 GUIDANCE

Gross Profit
(USD billions)

**Adjusted
EBITDA¹**
(USD millions)

2017
Guidance

\$1.30 - 1.35

\$215 - 240

Q2 Update

- Potential towards the lower end of our \$1.30 to \$1.35 billion gross profit range due to International turnaround taking a few more quarters than expected and loss of gross profit from exiting our food delivery operations
- Narrowed Adjusted EBITDA range to \$215 to \$240 million range driven by benefit of cost saving initiatives

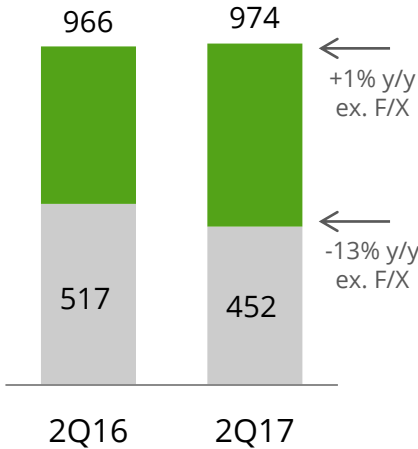
APPENDIX

FINANCIAL UPDATE

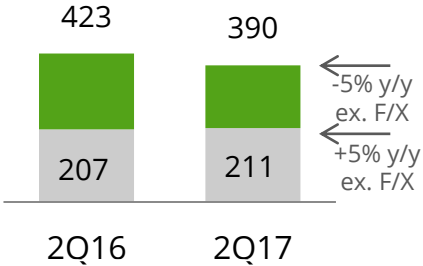
GROSS BILLINGS AND REVENUE

(USD millions)

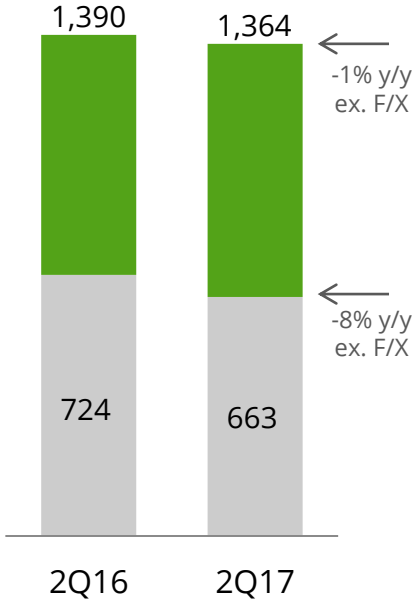
North America



International



Global



Gross Billings Revenue

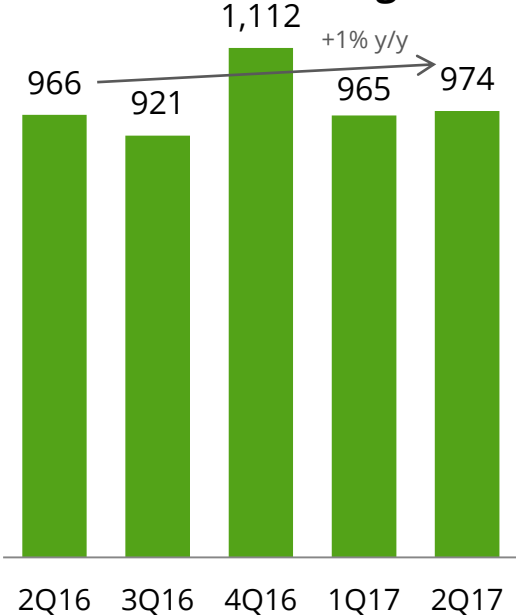
North America billings growth of 1%; Global billings -1% year-over-year on an FX-neutral basis in Q2

FINANCIAL UPDATE

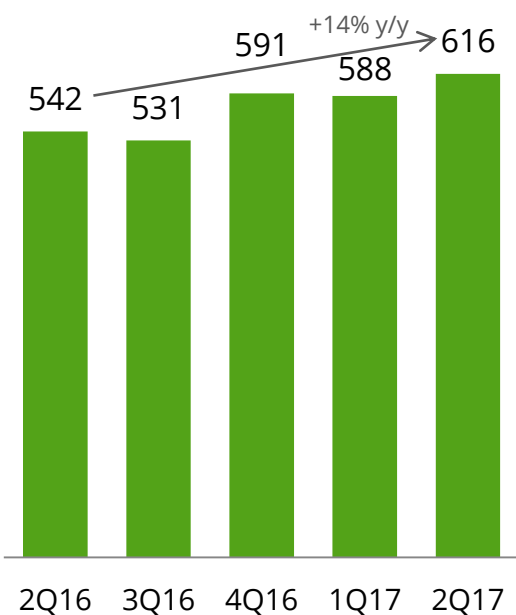
NORTH AMERICA GROSS BILLINGS

(USD millions)

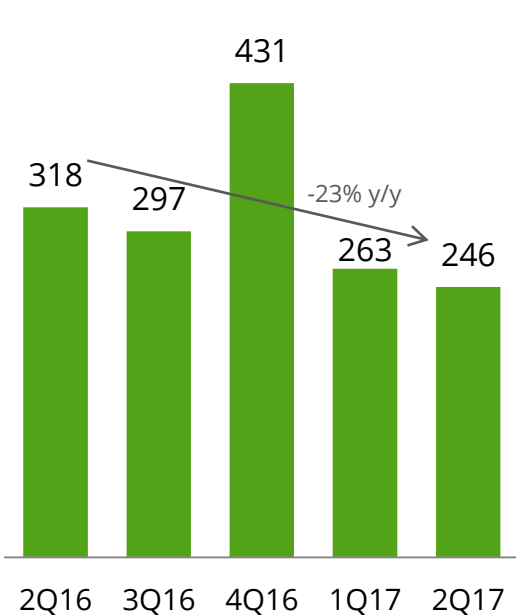
NA Gross Billings



NA Local Gross Billings



NA Goods Gross Billings



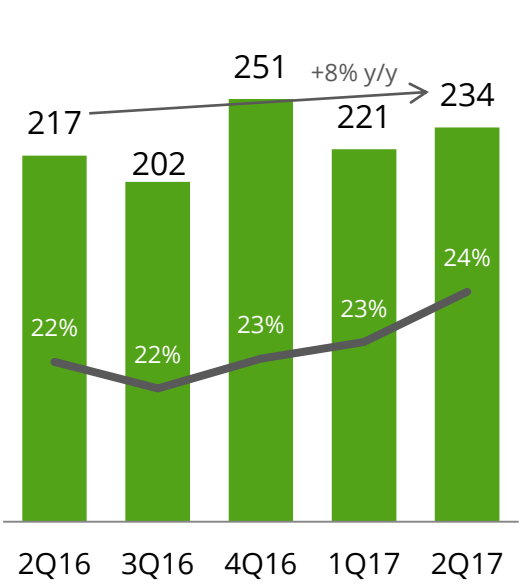
North America Local gross billings grew 14% in Q2

FINANCIAL UPDATE

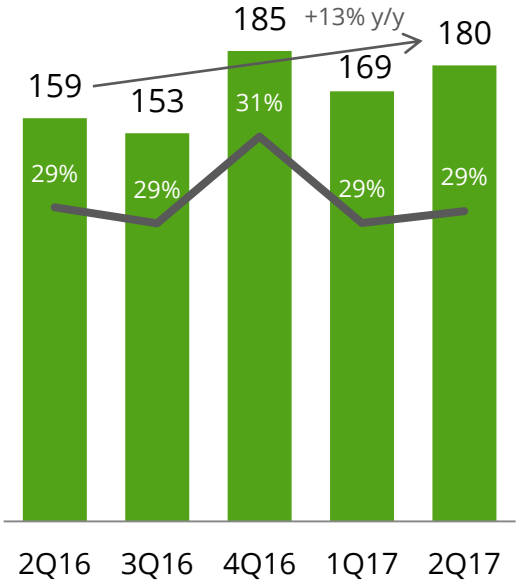
NORTH AMERICA GROSS PROFIT

(USD millions)

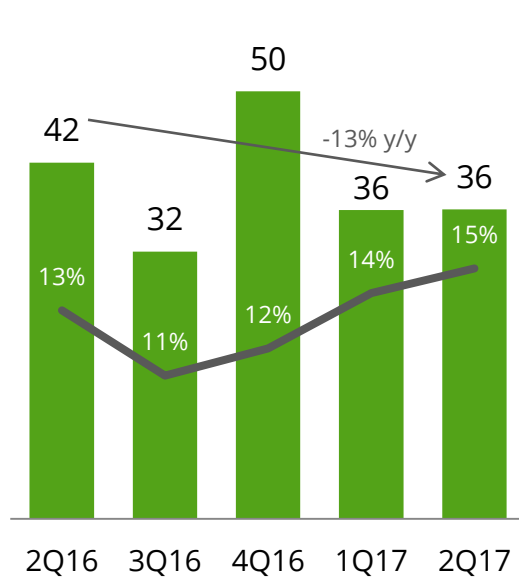
NA Gross Profit



NA Local Gross Profit



NA Goods Gross Profit



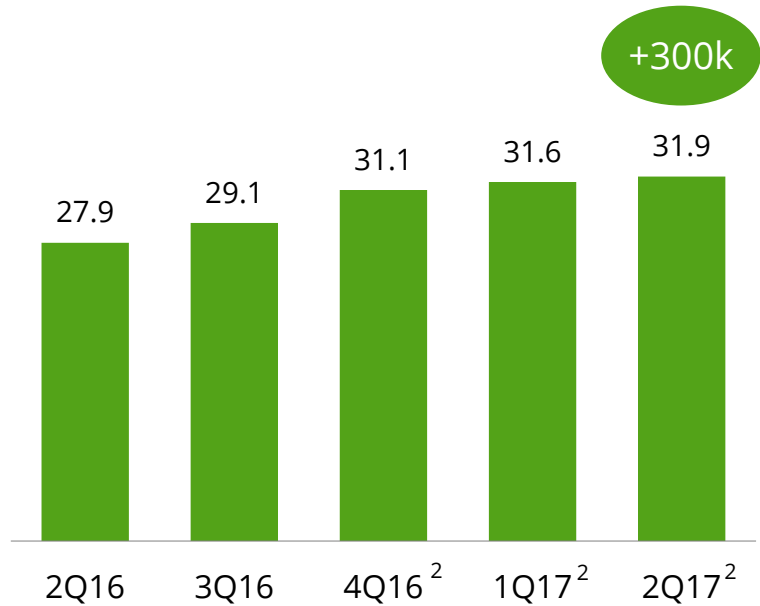
■ Gross Profit — Gross Margin % of Billings

North America gross profit grew 8% in Q2; Local grew 13%

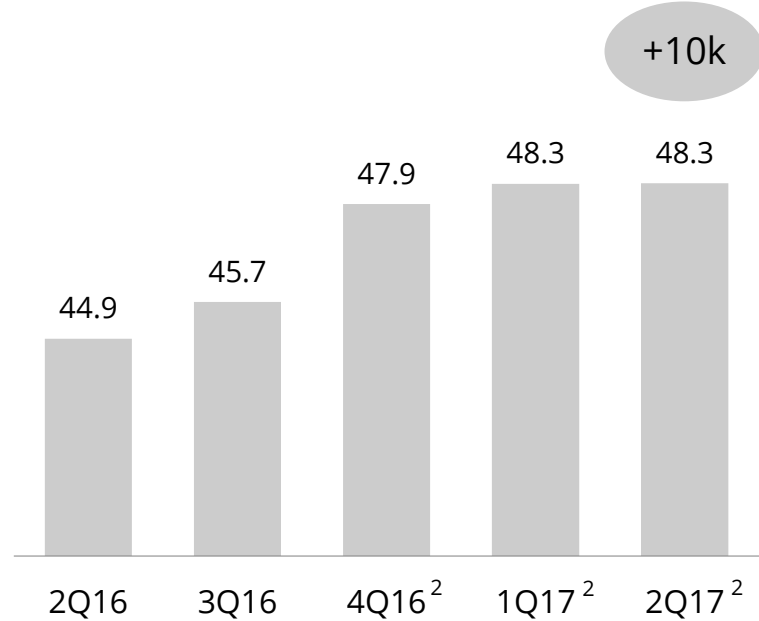
ACTIVE CUSTOMERS

(millions)

North America Active Customers¹



Global Active Customers¹



Added 300 thousand customers in North America in Q2



(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, 0.9 million, and 0.7 million incremental active customers from LivingSocial acquisition as of 4Q16, 1Q17, and 2Q17.

OPERATING METRICS

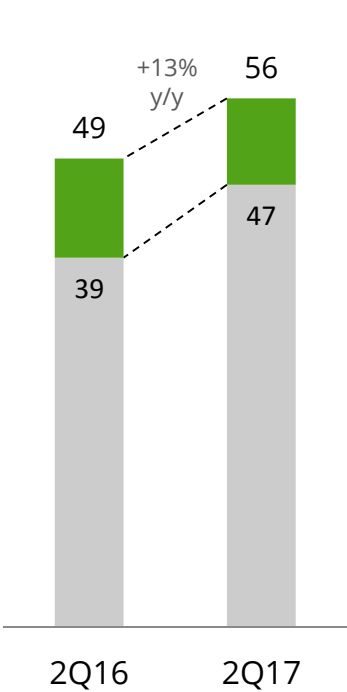
Mobile App Downloads (cumulative life-to-date)



Mobile Transactions (% of total)



Order Discounts (USD millions)



Global North America

NON-GAAP RECONCILIATIONS¹

ADJUSTED EBITDA - QUARTERLY

THE FOLLOWING IS A RECONCILIATION OF ADJUSTED EBITDA TO THE MOST COMPARABLE U.S. GAAP PERFORMANCE MEASURE, "INCOME (LOSS) FROM CONTINUING OPERATIONS":

<i>(in thousands)</i>	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Income (loss) from continuing operations	\$(20,426)	\$(26,245)	\$(43,539)	\$(48,768)	\$(34,447)	\$(39,455)	\$(20,869)	\$(5,403)
Adjustments:								
Stock-based compensation ⁽²⁾	34,560	31,857	27,293	34,210	25,457	22,563	19,650	21,392
Depreciation and amortization	34,607	32,976	34,415	33,916	32,897	34,681	34,067	34,679
Acquisition-related expense (benefit), net	1,064	557	3,464	850	(9)	1,345	12	36
Restructuring charges	23,092	5,372	11,513	15,702	1,163	12,060	2,731	4,584
Gains on business dispositions	(13,710)	—	—	(9,339)	(2,060)	—	—	—
Prepaid marketing write-off	6,690	—	—	—	—	—	—	—
Securities litigation expense	37,500	—	—	—	—	—	—	—
Non-operating expense (income), net	6,249	3,209	(2,618)	11,253	7,917	54,737	4,602	(5,878)
Provision (benefit) for income taxes	(54,313)	21,210	1,009	(2,238)	1,690	(5,779)	4,587	3,883
Total adjustments	75,739	95,181	75,076	84,354	67,055	119,607	65,649	58,696
Adjusted EBITDA	\$55,313	\$68,936	\$31,537	\$35,586	\$32,608	\$80,152	\$44,780	\$53,293

(1) See Q2 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 \$0.1 million, \$0.2 million, \$0.2 million, \$0.2 million, \$0.3 million, \$0.2 million, \$0.1 million, and \$0.0 million of additional stock-based compensation for the three months ended September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016, September 30, 2016, December 31, 2016, March 31, 2017, and June 30, 2017, respectively. Restructuring charges include \$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.

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NON-GAAP RECONCILIATIONS CONT'D

EXPECTED ADJUSTED EBITDA RANGE

THE FOLLOWING IS A RECONCILIATION OF THE COMPANY'S ANNUAL OUTLOOK FOR ADJUSTED EBITDA TO THE COMPANY'S OUTLOOK FOR THE MOST COMPARABLE U.S. GAAP PERFORMANCE MEASURE, "INCOME (LOSS) FROM CONTINUING OPERATIONS":

<i>(in thousands)</i>	Year Ending December 31, 2017
Expected income (loss) from continuing operations range¹	\$(17,500) to \$(7,500)
Expected adjustments:	
Stock-based compensation	80,000 to 90,000
Depreciation and amortization	135,000
Restructuring charges	7,500
Non-operating expense (income), net	1,000
Provision (benefit) for income taxes	9,000 to 14,000
Total expected adjustments	\$232,500 to \$247,500
Expected Adjusted EBITDA range	\$215,000 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 or asset 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 the remainder of 2017.

NON-GAAP RECONCILIATIONS CONT'D

NON-GAAP EARNINGS PER SHARE AND NON-GAAP EARNINGS

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:

(in thousands, except share and per share amounts)

Three Months Ended June 30, 2017

Net income (loss) attributable to common stockholders	\$(9,326)
Stock-based compensation	21,440
Amortization of acquired intangible assets	6,183
Acquisition-related expense (benefit), net	36
Restructuring charges	4,584
Losses (gains), net from changes in fair value of investments	1,448
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings	(10,112)
Non-cash interest expense on convertible senior notes	2,655
Income tax effect of above adjustments	(6,329)
Loss from discontinued operations, net of tax	1,376
Non-GAAP net income (loss) attributable to common stockholders	<u>\$11,955</u>
Weighted-average shares of common stock - basic	559,762,180
Effect of dilutive securities	6,821,360
Weighted-average shares of common stock - diluted	<u>566,583,540</u>
Diluted net income (loss) per share	\$(0.02)
Impact of stock-based compensation, amortization of acquired intangible assets, acquisition-related expense (benefit), net, intercompany foreign currency losses (gains), special charges and credits, loss from discontinued operations and related tax effects	0.04
Non-GAAP net income (loss) per share	<u>\$0.02</u>

NON-GAAP RECONCILIATIONS CONT'D

FREE CASH FLOW

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":

<i>(in thousands)</i>	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Net cash provided by (used in) operating activities from continuing operations	\$(2,946)	\$257,621	\$(74,777)	\$(51,009)	\$(39,879)	\$294,593	\$(136,233)	\$(20,695)
Purchases of property and equipment and capitalized software from continuing operations	(26,971)	(15,319)	(19,852)	(16,499)	(12,682)	(19,254)	(14,076)	(15,385)
Free Cash Flow	\$(29,917)	\$242,302	\$(94,629)	\$(67,508)	\$(52,561)	\$275,339	\$(150,309)	\$(36,080)
Net cash provided by (used in) investing activities from continuing operations	\$(97,264)	\$(31,050)	\$(20,678)	\$(18,957)	\$(11,902)	\$(4,049)	\$(14,020)	\$(13,782)
Net cash provided by (used in) financing activities from continuing operations	\$(14,793)	\$(323,597)	\$(78,015)	\$169,225	\$(38,342)	\$(67,533)	\$(45,726)	\$(47,924)

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