

## TripAdvisor Reports Second Quarter 2014 Financial Results

**NEWTON, MA**, July 23, 2014 — TripAdvisor, Inc. (NASDAQ: TRIP), the world's largest travel website\*, today announced financial results for the second quarter ended June 30, 2014.

- Total revenue of \$323 million, up 15% quarter-over-quarter and up 31% year-over-year.
- Net income of \$68 million, or \$0.47 per diluted share, flat quarter-over-quarter and up 1% year-over-year.
- Non-GAAP net income of \$81 million, or \$0.55 per diluted share, up 1% quarter-over-quarter and up 7% year-over-year.
- Adjusted EBITDA of \$129 million, or 40% of revenue, up 6% quarter-over-quarter and up 14% year-over-year.
- Cash flow from operating activities of \$158 million, or 49% of revenue, up 45% quarter-over-quarter and up 76% year-over-year.
- Free cash flow of \$136 million, or 42% of revenue, up 53% quarter-over-quarter and up 79% year-over-year.
- More than 1.25 billion travelers visited TripAdvisor's websites during the first half of the year.

"We are gaining momentum in 2014. In the second quarter, we saw growth accelerate in total revenues, click-based revenues, revenue per hotel shopper and hotel shoppers, a testament to the progress we have made in our core products as well as our adjacent business lines," said Steve Kaufer, President and CEO of TripAdvisor. "With nearly 280 million average monthly unique visitors and nearly 50% of our traffic on mobile devices, our product innovations and recent acquisitions are aimed at delighting more users throughout all phases of the travel planning, booking and trip-taking process."

### Discussion of Second Quarter 2014 Results

Revenue for the second quarter of 2014 was \$323 million, an increase of \$76 million, or 31%, compared to the second quarter of 2013.

- **Click-based advertising** – Revenue from click-based advertising totaled \$235 million for the second quarter of 2014, an increase of 28% compared to the second quarter of 2013. Click-based advertising revenue represented 73% of total revenue in the second quarter of 2014, compared to 74% in the second quarter of 2013.
- **Display-based advertising** – Revenue from display-based advertising totaled \$37 million for the second quarter of 2014, an increase of 19% compared to the second quarter of 2013. Display-based advertising revenue represented 11% of total revenue in the second quarter of 2014, compared to 13% in the second quarter of 2013.
- **Subscription, transaction and other** – Revenue from subscription, transaction and other totaled \$51 million for the second quarter of 2014, an increase of 55%, compared to the second quarter of 2013. Subscription, transaction and other revenue represented 16% of total revenue in the second quarter of 2014, compared to 13% in the second quarter of 2013.

For the second quarter of 2014, revenue from North America grew 20% year-over-year to \$161 million, representing 50% of total revenue. Revenue from the Europe, Middle East and Africa region grew 47% year-over-year to \$107 million, representing 33% of total revenue. Revenue from the Asia-Pacific region grew 40% year-over-year to \$42 million, representing 13% of total revenue. Revenue from the Latin America region grew 30% year-over-year to \$13 million, representing 4% of total revenue. International revenue was 53% of total revenue during the second quarter of 2014, up from 49% in the second quarter of 2013. Click-based advertising revenue by geographic location is based on the geographic location of our websites.

GAAP net income for the second quarter of 2014 was \$68 million, or \$0.47 per diluted share, compared to GAAP net income of \$67 million, or \$0.46 per diluted share, for the second quarter of 2013.

Non-GAAP net income for the second quarter of 2014 was \$81 million, or \$0.55 per diluted share, compared to non-GAAP net income of \$76 million, or \$0.52 per diluted share, for the second quarter of 2013.

Adjusted EBITDA for the second quarter of 2014 was \$129 million, and Adjusted EBITDA margin was 40%, compared to Adjusted EBITDA of \$113 million and Adjusted EBITDA margin of 46% for the second quarter of 2013.

Cash flow from operating activities for the second quarter of 2014 was \$158 million, an increase of \$68 million, or 76%, compared to the second quarter of 2013.

As of June 30, 2014, cash and cash equivalents and short and long term marketable securities were \$721 million, up \$105 million since June 30, 2013 and up \$51 million since December 31, 2013.

TripAdvisor had 2,356 employees as of June 30, 2014, up from 1,799 at June 30, 2013 and 2,102 employees at March 31, 2014.

In the company's earnings release and the related conference call or webcast, TripAdvisor may use or discuss non-GAAP net income, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP operating expenses and free cash flow, which are defined as non-GAAP financial measures by the U.S. Securities and Exchange Commission, or SEC. Please refer to

the section below entitled “Use of Non-GAAP Financial Measures” for definitions of these non-GAAP financial measures and the financial schedules attached to this press release for reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure.

### **Other Second Quarter 2014 and Recent Business Highlights**

- TripAdvisor averaged nearly 280 million monthly unique visitors\*\* during the quarter ended June 30, 2014.
- TripAdvisor eclipsed 170 million reviews and opinions on more than 4.2 million places to stay, places to eat and things to do – including more than 850,000 hotels and accommodations and approximately 640,000 vacation rentals, 2.3 million restaurants and 450,000 attractions in 142,000 destinations throughout the world.
- TripAdvisor launched localized versions of its website in Austria, Vietnam, Israel, Finland, Hungary in Q2 and Czech Republic subsequent to the end of the quarter, bringing its total points of sale to 43. TripAdvisor also debuted its new “Don’t Just Visit” TV ad campaign in the United States, Australia, and France.
- TripAdvisor’s mobile audience grew to nearly 50% of total traffic including approximately 140 million average unique monthly visitors via smartphone and tablet devices during the quarter, according to company log files.
- TripAdvisor’s family of mobile apps – including TripAdvisor, TripAdvisor City Guides (offline access), Jetsetter (hotel flash sale), SeatGuru (air), and GateGuru (air) – reached more than 128 million downloads, up nearly 160% year-over-year. TripAdvisor introduced a new offline feature for the TripAdvisor app which allows users to download reviews, photos, and maps for 300 cities worldwide.
- TripAdvisor introduced its new Instant Booking feature to 100% of U.S. iOS and Android smartphone users, allowing travelers to quickly and easily complete a hotel reservation through hotel or online travel agencies.
- TripAdvisor now powers review collection on behalf of more than 200 travel brands, including more than 100 hotel chains. The company also signed its first restaurant chain review collection partner, La Tasca in the U.K., who has moved its entire internal guest feedback system online.
- TripAdvisor Business Listings expanded its relationship with Best Western, including the addition of more than 1,000 properties; and signed Plateno Hotels Group, one of China’s leading multi-brand hotel groups which operates 7Days Inn, China’s number one budget hotel brand.
- TripAdvisor launched its 4<sup>th</sup> annual Certificate of Excellence Awards, recognizing over 200,000 outstanding businesses worldwide, including hotels, restaurants, attractions, and, for the first time, Vacation Rentals.
- TripAdvisor acquired leading online restaurant reservation site, La Fourchette ([www.lafourchette.com](http://www.lafourchette.com)). The company also acquired vacation rental business, Vacation Home Rentals ([www.vacationhomerentals.com](http://www.vacationhomerentals.com)) and travel expert network, Tripbod ([www.tripbod.com](http://www.tripbod.com)).

### **Conference Call**

TripAdvisor will host a conference call today, July 23, 2014 at 4:30 p.m., Eastern Time, to discuss TripAdvisor’s second quarter 2014 operating results, as well as other forward-looking information about TripAdvisor’s business. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of TripAdvisor’s website at <http://ir.tripadvisor.com/events.cfm> for a live webcast of the conference call. Please access the website at least 15 minutes prior to the call to register, download, and install any necessary audio software. A replay of the conference call will be available on TripAdvisor’s website noted above or by phone (dial (855) 859-2056 and enter the passcode 60222932) until July 30, 2014 and the webcast will be accessible at <http://ir.tripadvisor.com/events.cfm> for at least twelve months following the conference call.

### **About TripAdvisor**

TripAdvisor® is the world’s largest travel site\*, enabling travelers to plan and have the perfect trip. TripAdvisor offers trusted advice from real travelers and a wide variety of travel choices and planning features with seamless links to booking tools. TripAdvisor branded sites make up the largest travel community in the world, reaching nearly 280 million unique monthly visitors\*\*, and more than 170 million reviews and opinions covering more than 4 million accommodations, restaurants and attractions. The sites operate in 43 countries worldwide, including China under daodao.com. TripAdvisor also includes TripAdvisor for Business, a dedicated division that provides the tourism industry access to millions of monthly TripAdvisor visitors.

TripAdvisor, Inc. (NASDAQ: TRIP) manages and operates websites under 23 other travel media brands: [www.airfarewatchdog.com](http://www.airfarewatchdog.com), [www.bookingbuddy.com](http://www.bookingbuddy.com), [www.cruisecritic.com](http://www.cruisecritic.com), [www.everytrail.com](http://www.everytrail.com), [www.familyvacationcritic.com](http://www.familyvacationcritic.com), [www.flipkey.com](http://www.flipkey.com), [www.gateguru.com](http://www.gateguru.com), [www.holidaylettings.co.uk](http://www.holidaylettings.co.uk), [www.holidaywatchdog.com](http://www.holidaywatchdog.com), [www.independenttraveler.com](http://www.independenttraveler.com), [www.jetsetter.com](http://www.jetsetter.com), [www.lafourchette.com](http://www.lafourchette.com), [www.niumba.com](http://www.niumba.com), [www.onetime.com](http://www.onetime.com), [www.oyster.com](http://www.oyster.com), [www.seatguru.com](http://www.seatguru.com),

www.smartertravel.com, www.tingo.com, www.travelpod.com, www.tripbod.com, www.vacationhomerentals.com, www.virtualtourist.com, and www.kuxun.cn.

\*Source: comScore Media Metrix for TripAdvisor Sites, worldwide, Q1 2014

\*\*Source: Google Analytics, average monthly unique users, Q2 2014; does not include traffic to daodao.com

**TripAdvisor, Inc.**  
**SELECTED FINANCIAL INFORMATION**

**Unaudited Consolidated Statements of Operations**  
**(in millions, except per share amounts)**

|                                   | Three Months Ended |                |               | Six Months Ended |               |
|-----------------------------------|--------------------|----------------|---------------|------------------|---------------|
|                                   | June 30, 2014      | March 31, 2014 | June 30, 2013 | June 30, 2014    | June 30, 2013 |
| Revenue                           | \$ 323             | \$ 281         | \$ 247        | \$ 604           | \$ 477        |
| Costs and expenses:               |                    |                |               |                  |               |
| Cost of revenue                   | 9                  | 8              | 4             | 17               | 8             |
| Selling and marketing (1)         | 127                | 101            | 83            | 228              | 162           |
| Technology and content (1)        | 41                 | 38             | 32            | 79               | 61            |
| General and administrative (1)    | 32                 | 26             | 25            | 58               | 48            |
| Depreciation                      | 11                 | 10             | 7             | 21               | 13            |
| Amortization of intangible assets | 3                  | 2              | 2             | 5                | 3             |
| Total costs and expenses          | 223                | 185            | 153           | 408              | 295           |
| Operating income                  | 100                | 96             | 94            | 196              | 182           |
| Total other expense, net          | (2)                | (2)            | (4)           | (4)              | (8)           |
| Income before income taxes        | 98                 | 94             | 90            | 192              | 174           |
| Provision for income taxes        | (30)               | (26)           | (23)          | (56)             | (45)          |
| Net income                        | <u>\$ 68</u>       | <u>\$ 68</u>   | <u>\$ 67</u>  | <u>\$ 136</u>    | <u>\$ 129</u> |

Earnings per share attributable to common stockholders:

|         |                |                |                |                |                |
|---------|----------------|----------------|----------------|----------------|----------------|
| Basic   | <u>\$ 0.48</u> | <u>\$ 0.48</u> | <u>\$ 0.47</u> | <u>\$ 0.95</u> | <u>\$ 0.90</u> |
| Diluted | <u>\$ 0.47</u> | <u>\$ 0.47</u> | <u>\$ 0.46</u> | <u>\$ 0.93</u> | <u>\$ 0.89</u> |

Weighted average common shares outstanding:

|         |     |     |     |     |     |
|---------|-----|-----|-----|-----|-----|
| Basic   | 143 | 142 | 144 | 143 | 143 |
| Diluted | 146 | 146 | 146 | 146 | 145 |

(1) Includes stock-based compensation as follows:

|                            |      |      |      |       |       |
|----------------------------|------|------|------|-------|-------|
| Selling and marketing      | \$ 3 | \$ 3 | \$ 2 | \$ 6  | \$ 5  |
| Technology and content     | \$ 6 | \$ 6 | \$ 4 | \$ 12 | \$ 10 |
| General and administrative | \$ 6 | \$ 5 | \$ 4 | \$ 11 | \$ 9  |

**TripAdvisor, Inc.**  
**Unaudited Consolidated Balance Sheets**  
(in millions, except number of shares and per share amounts)

|   | June 30,<br>2014 | December 31,<br>2013 |
|---|------------------|----------------------|
| <b>ASSETS</b>   |                  |                      |
| Current assets:   |                  |                      |
| Cash and cash equivalents   | \$ 587           | \$ 351               |
| Short-term marketable securities  | 51               | 131                  |
| Accounts receivable, net of allowance for doubtful accounts of \$4 and \$3 at June 30, 2014 and December 31, 2013, respectively | 185              | 113                  |
| Prepaid expenses and other current assets   | 32               | 35                   |
| <b>Total current assets</b>   | <b>855</b>       | <b>630</b>           |
| Long-term assets:   |                  |                      |
| Long-term marketable securities   | 83               | 188                  |
| Property and equipment, net   | 141              | 82                   |
| Other long-term assets  | 32               | 19                   |
| Intangible assets, net  | 113              | 52                   |
| Goodwill  | 607              | 502                  |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,831</b>  | <b>\$ 1,473</b>      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                  |                      |
| Current liabilities:  |                  |                      |
| Accounts payable  | \$ 27            | \$ 10                |
| Deferred merchant payables  | 109              | 30                   |
| Deferred revenue  | 61               | 44                   |
| Credit facility borrowings  | 33               | 28                   |
| Borrowings, current   | 40               | 40                   |
| Taxes payable   | 11               | 5                    |
| Accrued expenses and other current liabilities  | 105              | 86                   |
| <b>Total current liabilities</b>  | <b>386</b>       | <b>243</b>           |
| Deferred income taxes, net  | 28               | 13                   |
| Other long-term liabilities   | 111              | 52                   |
| Borrowings, net of current portion  | 280              | 300                  |
| <b>Total Liabilities</b>  | <b>805</b>       | <b>608</b>           |
| Stockholders' equity:   |                  |                      |
| Preferred stock, \$0.001 par value  |                  |                      |
| Authorized shares: 100,000,000  | -                | -                    |
| Shares issued and outstanding: 0 and 0  |                  |                      |
| Common stock, \$0.001 par value   | -                | -                    |
| Authorized shares: 1,600,000,000  |                  |                      |
| Shares issued: 132,091,353 and 131,537,798  |                  |                      |
| Shares outstanding: 129,970,644 and 129,417,089   |                  |                      |
| Class B common stock, \$0.001 par value   | -                | -                    |
| Authorized shares: 400,000,000  |                  |                      |
| Shares issued and outstanding: 12,799,999 and 12,799,999  |                  |                      |
| Additional paid-in capital  | 633              | 608                  |
| Retained earnings   | 538              | 402                  |
| Treasury stock-common stock, at cost, 2,120,709 and 2,120,709 shares  | (145)            | (145)                |
| <b>Total Stockholders' Equity</b>   | <b>1,026</b>     | <b>865</b>           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 1,831</b>  | <b>\$ 1,473</b>      |

**TripAdvisor, Inc.**  
**Unaudited Consolidated Statement of Cash Flows**  
(in millions)

|   | <u>Three Months Ended</u>      |                                 |                                | <u>Six Months Ended</u>        |                                |
|---|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | <u>June 30,</u><br><u>2014</u> | <u>March 31,</u><br><u>2014</u> | <u>June 30,</u><br><u>2013</u> | <u>June 30,</u><br><u>2014</u> | <u>June 30,</u><br><u>2013</u> |
| <b>Operating activities:</b>  |                                |                                 |                                |                                |                                |
| Net income  | \$ 68                          | \$ 68                           | \$ 67                          | \$ 136                         | \$ 129                         |
| Adjustments to reconcile net income to net cash provided by operating activities:                               |                                |                                 |                                |                                |                                |
| Depreciation of property and equipment, including amortization of internal-use software and website development | 11                             | 10                              | 7                              | 21                             | 13                             |
| Stock-based compensation  | 15                             | 14                              | 10                             | 29                             | 24                             |
| Amortization of intangible assets   | 3                              | 2                               | 2                              | 5                              | 3                              |
| Amortization of discounts and premiums on marketable securities, net  | 1                              | 1                               | 1                              | 2                              | 3                              |
| Deferred tax benefit  | (4)                            | 1                               | (1)                            | (3)                            | (4)                            |
| Excess tax benefits from stock-based compensation   | (3)                            | (11)                            | (4)                            | (14)                           | (5)                            |
| Other, net  | -                              | 1                               | 2                              | 1                              | 3                              |
| Changes in operating assets and liabilities, net of effects from acquisitions:                                  | 67                             | 23                              | 6                              | 90                             | (33)                           |
| <b>Net cash provided by operating activities</b>  | <b>158</b>                     | <b>109</b>                      | <b>90</b>                      | <b>267</b>                     | <b>133</b>                     |
| <b>Investing activities:</b>  |                                |                                 |                                |                                |                                |
| Acquisitions, net of cash acquired  | (152)                          | -                               | (30)                           | (152)                          | (31)                           |
| Capital expenditures, including internal-use software and website development                                   | (22)                           | (20)                            | (14)                           | (42)                           | (24)                           |
| Purchases of marketable securities  | (16)                           | (203)                           | (133)                          | (219)                          | (346)                          |
| Sales of marketable securities  | 272                            | 52                              | 53                             | 324                            | 68                             |
| Maturities of marketable securities   | 35                             | 44                              | 46                             | 79                             | 77                             |
| <b>Net cash provided (used in) by investing activities</b>  | <b>117</b>                     | <b>(127)</b>                    | <b>(78)</b>                    | <b>(10)</b>                    | <b>(256)</b>                   |
| <b>Financing activities:</b>  |                                |                                 |                                |                                |                                |
| Repurchase of common stock  | -                              | -                               | (34)                           | -                              | (34)                           |
| Proceeds from credit facilities   | 3                              | 5                               | 3                              | 8                              | 7                              |
| Payments to credit facilities   | -                              | (3)                             | -                              | (3)                            | (15)                           |
| Principal payments on long-term debt  | (10)                           | (10)                            | (10)                           | (20)                           | (20)                           |
| Proceeds from exercise of stock options   | -                              | 2                               | 13                             | 2                              | 20                             |
| Payment of minimum withholding taxes on net share settlements of equity awards                                  | (5)                            | (18)                            | -                              | (23)                           | (6)                            |
| Excess tax benefits from stock-based compensation   | 3                              | 11                              | 4                              | 14                             | 5                              |
| Payments on construction in-process related to build to suit lease obligations                                  | (1)                            | (1)                             | -                              | (2)                            | -                              |
| <b>Net cash used in financing activities</b>  | <b>(10)</b>                    | <b>(14)</b>                     | <b>(24)</b>                    | <b>(24)</b>                    | <b>(43)</b>                    |
| Effect of exchange rate changes on cash and cash equivalents  | 3                              | -                               | -                              | 3                              | (2)                            |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>268</b>                     | <b>(32)</b>                     | <b>(12)</b>                    | <b>236</b>                     | <b>(168)</b>                   |
| Cash and cash equivalents at beginning of period  | 319                            | 351                             | 212                            | 351                            | 368                            |
| Cash and cash equivalents at end of period  | <u>\$ 587</u>                  | <u>\$ 319</u>                   | <u>\$ 200</u>                  | <u>\$ 587</u>                  | <u>\$ 200</u>                  |

## Use of Non-GAAP Financial Measures

To supplement the financial measures presented in TripAdvisor's press release and related conference call or webcast in accordance with accounting principles generally accepted in the United States ("GAAP"), TripAdvisor also reports non-GAAP operating expenses, non-GAAP net income, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow, which are supplemental measures to GAAP and are defined by the SEC as non-GAAP financial measures. A "non-GAAP financial measure" refers to a numerical measure of a company's historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in such company's financial statements.

TripAdvisor defines "non-GAAP net income" as net income before expenses related to stock-based compensation and amortization of intangible assets and non-recurring expenses, net of related tax effects.

TripAdvisor defines "non-GAAP net income per diluted share" as non-GAAP net income divided by non-GAAP weighted average diluted shares outstanding, which included dilution from options per the treasury stock method and include all weighted average shares relating to RSUs in shares outstanding for Non-GAAP net income per diluted share.

TripAdvisor defines "Adjusted EBITDA" as net income (loss) plus: (1) provision for income taxes; (2) other (income) expense, net; (3) depreciation of property and equipment, including internal use software and website development; (4) amortization of intangible assets; (5) stock-based compensation; and (6) non-recurring expenses. Adjusted EBITDA is the primary metric by which management evaluates the performance of its business and on which internal budgets are based. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis. Adjusted EBITDA eliminates items that are either not part of TripAdvisor's core operations, such as non-recurring expenses or those costs that do not require a cash outlay, such as stock-based compensation. Adjusted EBITDA also excludes depreciation and amortization expense, which is based on TripAdvisor's estimates of the useful life of tangible and intangible assets. These estimates could vary from actual performance of the asset, are based on historical costs and other factors and may not be indicative of current or future capital expenditures. We believe that by excluding certain items, such as stock-based compensation and non-recurring expenses, Adjusted EBITDA corresponds more closely to the cash that operating income generated from our business and allows investors to gain an understanding of the factors and trends affecting the ongoing cash earnings capabilities of our business, from which capital investments are made and debt is serviced.

TripAdvisor defines "Adjusted EBITDA margin" as Adjusted EBITDA as a percentage of revenue.

TripAdvisor defines "non-GAAP Selling and Marketing", "non-GAAP Technology and Content" and "non-GAAP General and Administrative" expenses as GAAP Selling and Marketing, GAAP Technology and Content and GAAP General and Administrative expenses, respectively, before stock-based compensation expense.

TripAdvisor defines "free cash flow" as net cash provided by operating activities less capital expenditures, which are purchases of property and equipment, including capitalization of internal-use software development costs. We believe that these non-GAAP financial measures are useful measures for analysts and investors to evaluate our future on-going performance as these measures allow a more meaningful comparison of our projected cash earnings and performance with our historical results from prior periods and to the results of our competitors. Moreover, management uses these measures internally to evaluate the performance of our business as a whole.

TripAdvisor provides these non-GAAP financial measures as additional information relating to TripAdvisor's operating results as a complement to results provided in accordance with GAAP. Management believes that investors should have access to the same set of tools that management uses to analyze our results. The non-GAAP financial information presented here should be considered in conjunction with, and not as a substitute for or superior to the financial information presented in accordance with GAAP and should not be considered measures of TripAdvisor's liquidity. There are significant limitations associated with the use of non-GAAP financial measures. Further, these measures may differ from the non-GAAP information, even where similarly titled, used by other companies and therefore should not be used to compare TripAdvisor's performance to that of other companies. TripAdvisor endeavors to compensate for the limitation of the non-GAAP measures presented by also providing the most directly comparable GAAP measures and descriptions of the reconciling items and adjustments to derive the non-GAAP measures.

Pursuant to the requirements of Regulation G, we present a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measure below.

**TripAdvisor, Inc.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
(in millions, except share amounts which are reflected in thousands and per share amounts)  
(Unaudited)

|   | Three Months Ended |                   |                  | Six Months Ended |                  |
|---|--------------------|-------------------|------------------|------------------|------------------|
|   | June 30,<br>2014   | March 31,<br>2014 | June 30,<br>2013 | June 30,<br>2014 | June 30,<br>2013 |
| <b>Non-GAAP operating expenses:</b>                     |                    |                   |                  |                  |                  |
| GAAP Selling and marketing                              | \$ 127             | \$ 101            | \$ 83            | \$ 228           | \$ 162           |
| Subtract: Stock-based compensation expense              | 3                  | 3                 | 2                | 6                | 5                |
| Non-GAAP Selling and marketing                          | <u>\$ 124</u>      | <u>\$ 98</u>      | <u>\$ 81</u>     | <u>\$ 222</u>    | <u>\$ 157</u>    |
| GAAP Technology and content                             | \$ 41              | \$ 38             | \$ 32            | \$ 79            | \$ 61            |
| Subtract: Stock-based compensation expense              | 6                  | 6                 | 4                | 12               | 10               |
| Non-GAAP Technology and content                         | <u>\$ 35</u>       | <u>\$ 32</u>      | <u>\$ 28</u>     | <u>\$ 67</u>     | <u>\$ 51</u>     |
| GAAP General and administrative                         | \$ 32              | \$ 26             | \$ 25            | \$ 58            | \$ 48            |
| Subtract: Stock-based compensation expense              | 6                  | 5                 | 4                | 11               | 9                |
| Non-GAAP General and administrative                     | <u>\$ 26</u>       | <u>\$ 21</u>      | <u>\$ 21</u>     | <u>\$ 47</u>     | <u>\$ 39</u>     |
| <b>Non-GAAP net income and net income per share:</b>    |                    |                   |                  |                  |                  |
| GAAP net income   | \$ 68              | \$ 68             | \$ 67            | \$ 136           | \$ 129           |
| Add: Stock based compensation expense                   | 15                 | 14                | 10               | 29               | 24               |
| Add: Amortization of intangible assets                  | 3                  | 2                 | 2                | 5                | 3                |
| Subtract: Income tax effect of Non-GAAP adjustments (1) | 5                  | 4                 | 3                | 9                | 7                |
| Non-GAAP net income                                     | <u>\$ 81</u>       | <u>\$ 80</u>      | <u>\$ 76</u>     | <u>\$ 161</u>    | <u>\$ 149</u>    |
| GAAP diluted shares                                     | 145,782            | 145,665           | 145,664          | 145,724          | 145,160          |
| Add: Additional restricted stock units                  | 1,034              | 847               | 823              | 940              | 618              |
| Non-GAAP diluted shares                                 | <u>146,816</u>     | <u>146,512</u>    | <u>146,487</u>   | <u>146,664</u>   | <u>145,778</u>   |
| GAAP net income per diluted share                       | \$ 0.47            | \$ 0.47           | \$ 0.46          | \$ 0.93          | \$ 0.89          |
| Non-GAAP net income per diluted share                   | 0.55               | 0.54              | 0.52             | 1.10             | 1.02             |
| <b>Adjusted EBITDA:</b>                                 |                    |                   |                  |                  |                  |
| Net Income  | \$ 68              | \$ 68             | \$ 67            | \$ 136           | \$ 129           |
| Add: Provision for income taxes                         | 30                 | 26                | 23               | 56               | 45               |
| Add: Other expense, net                                 | 2                  | 2                 | 4                | 4                | 8                |
| Add: Depreciation and amortization of intangible assets | 14                 | 12                | 9                | 26               | 16               |
| Add: Stock-based compensation                           | 15                 | 14                | 10               | 29               | 24               |
| Adjusted EBITDA   | <u>\$ 129</u>      | <u>\$ 122</u>     | <u>\$ 113</u>    | <u>\$ 251</u>    | <u>\$ 222</u>    |
| Divide by:  |                    |                   |                  |                  |                  |
| Revenue   | \$ 323             | \$ 281            | \$ 247           | \$ 604           | \$ 477           |
| Adjusted EBITDA margin                                  | <u>40%</u>         | <u>43%</u>        | <u>46%</u>       | <u>42%</u>       | <u>47%</u>       |
| <b>Free Cash Flow:</b>                                  |                    |                   |                  |                  |                  |
| Net cash provided by operating activities               | \$ 158             | \$ 109            | \$ 90            | \$ 267           | \$ 133           |
| Subtract: Capital expenditures                          | 22                 | 20                | 14               | 42               | 24               |
| Free cash flow  | <u>\$ 136</u>      | <u>\$ 89</u>      | <u>\$ 76</u>     | <u>\$ 225</u>    | <u>\$ 109</u>    |

(1) Represents the reduction in the income tax benefit recorded for all periods presented based on our effective tax rate, adjusted for non-GAAP items.



## **Safe Harbor Statement**

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to TripAdvisor's future financial performance on both a GAAP and non-GAAP basis, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Investors are cautioned that statements in this press release, which are not strictly historical statements, including, without limitation, statements by our chief executive officer with respect to growth objectives, strategic investments, and statements regarding management's plans, objectives and strategies, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors detailed in TripAdvisor's filings with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, TripAdvisor's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. TripAdvisor is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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