

## **Groupon Announces First Quarter 2015 Results**

- **Gross billings of \$1.6 billion**
- **Revenue of \$750.4 million**
- **Adjusted EBITDA of \$72.4 million**
- **GAAP loss per share of \$0.02; non-GAAP earnings per share of \$0.03**
- **Free Cash Flow of \$222.0 million for the trailing twelve month period**

CHICAGO — (BUSINESS WIRE) — May 5, 2015 — Groupon, Inc. (NASDAQ: GRPN) today announced financial results for the quarter ended March 31, 2015.

“Q1 was a strong quarter, despite significant headwinds from foreign exchange rates, as we delivered 58% year-over-year growth in Adjusted EBITDA,” said Eric Lefkofsky, CEO of Groupon. “Our North America business saw its third-straight quarter of double digit billings increases in all three categories, and we made continued progress in our mission to connect local commerce through our predominantly mobile marketplace.”

Groupon previously announced that it has entered into an agreement to sell a controlling stake in Ticket Monster, its South Korean e-commerce business, to a partnership formed by KKR and Anchor Equity Partners. As a result, Ticket Monster will be presented as a discontinued operation in the Company’s consolidated financial statements for all historical periods, effective in the first quarter 2015. Results have been retrospectively adjusted to exclude Ticket Monster in this release and in the tables accompanying this release. As such, all financial information and operational metrics herein pertain to continuing operations, unless otherwise noted.

### **First Quarter 2015 Summary**

- Gross billings, which reflect the total dollar value of customer purchases of goods and services, increased to \$1.6 billion in the first quarter 2015, compared with \$1.5 billion in the first quarter 2014. Gross billings grew 10% globally, excluding the unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter. On this F/X neutral basis, North America billings increased 14%, EMEA increased 7% and Rest of World declined 1%. Including the \$117.7 million unfavorable impact from foreign exchange, billings increased 2% compared with first quarter 2014.
- Revenue increased to \$750.4 million in the first quarter 2015, compared with \$728.4 million in the first quarter 2014. Revenue grew 10%, excluding the unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter. On this F/X neutral basis, North America revenue increased 11%, EMEA increased 13% and Rest of World declined 8%. Including the \$51.3 million unfavorable impact from foreign exchange, revenue increased 3% compared with first quarter 2014.

- Gross profit was \$347.4 million in the first quarter 2015, compared with \$365.5 million in the first quarter 2014. Excluding the \$27.7 million unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter, gross profit would have been \$375.1 million.
- Adjusted EBITDA, a non-GAAP financial measure, was \$72.4 million in the first quarter 2015, compared with \$45.8 million in the first quarter 2014, as lower gross profit was more than offset by lower operating expenses, both reflecting the impact of year-over-year changes in foreign exchange rates.
- Net loss attributable to common stockholders was \$14.3 million, or \$0.02 per share. Non-GAAP net earnings attributable to common stockholders was \$21.3 million, or \$0.03 per share.
- First quarter 2015 results included \$19.5 million of pre-tax non-operating foreign currency losses, \$17.6 million of which was related to non-cash losses on intercompany balances.
- Operating cash flow for the trailing twelve months ended March 31, 2015 was \$307.8 million. Free cash flow, a non-GAAP financial measure, was \$22.4 million in the first quarter 2015, bringing free cash flow for the trailing twelve months ended March 31, 2015 to \$222.0 million.
- At the end of the quarter, Groupon had \$975.5 million in cash and cash equivalents.

Definitions and reconciliations of all non-GAAP financial measures are included below in the section titled “Non-GAAP Financial Measures” and in the accompanying tables.

### Highlights

- **Units:** Global units, defined as vouchers and products sold before cancellations and refunds, increased 6% year-over-year to 54 million in the first quarter 2015. North America units increased 8%, EMEA units increased 10% and Rest of World units declined 7%.
- **Active deals:** At the end of the first quarter 2015, on average, active deals were more than 425,000 globally, with over 200,000 in North America. Both include the addition of nearly 60,000 Coupons.
- **Active customers:** Active customers, or customers that have purchased a voucher or product within the last twelve months, grew 7% year-over-year, to 48.1 million as of

March 31, 2015, comprising 24.6 million in North America, 15.3 million in EMEA, and 8.2 million in Rest of World.

- **Customer spend:** First quarter 2015 trailing twelve month billings per average active customer was \$135, compared with \$136 in the first quarter 2014.
- **Traffic:** Approximately 105 million people have now downloaded Groupon mobile apps worldwide. In addition, monthly unique visitors, or the count of users accessing Groupon on both web and mobile devices, was over 160 million globally at the end of the first quarter 2015.
- **Search:** In the first quarter 2015, approximately 27% of total transactions in North America were related to search, compared with 20% in the first quarter 2014.

### **Ticket Monster Sale**

As previously disclosed, on April 20, 2015, Groupon announced the sale of a controlling stake in Ticket Monster, its South Korean e-commerce business, for \$360 million, to a partnership formed by KKR and Hong-Kong-based Anchor Equity Partners. Groupon will ultimately retain a 41% fully diluted stake in Ticket Monster, upon vesting of management's interest. The transaction is expected to close in the second quarter 2015, subject to regulatory and customary closing conditions. The company continues to explore a range of financing and strategic alternatives for its other Asian businesses, as announced in the third quarter 2014.

### **Share Repurchase**

During the first quarter 2015, under its existing \$300 million share repurchase program, Groupon repurchased 2,417,700 shares of its Class A common stock at an average price of \$7.67 per share, for an aggregate purchase price of \$18.5 million. Up to \$83.0 million of Class A common stock remains available for repurchase under this program, through August 2015. In April 2015, Groupon announced that its Board approved a new \$300 million share repurchase program. The new share repurchase program is subject to, and will be effective upon, the closing of the proposed Ticket Monster transaction, through August 2017. The timing and amount of any share repurchases are determined based on market conditions, share price and other factors, and the programs may be discontinued or suspended at any time.

### **Outlook**

For the second quarter 2015, reflecting current foreign exchange rates and the exclusion of Ticket Monster, Groupon expects revenue of between \$700 million and \$750 million. This guidance anticipates approximately 800 basis points of unfavorable impact on the year-over-year growth rate from changes in foreign exchange rates.

Based on current foreign exchange rates, Groupon expects Adjusted EBITDA for the second quarter 2015 of between \$55 million and \$75 million, and non-GAAP earnings per share from continuing operations of between \$0.01 and \$0.03.

For the full year 2015, based on current foreign exchange rates and the exclusion of Ticket Monster, Groupon expects revenue of between \$3.15 billion and \$3.3 billion. This guidance anticipates approximately 700 basis points of unfavorable impact on the year-over-year growth rate from changes in foreign exchange rates.

In addition, based on current foreign exchange rates, Groupon continues to expect Adjusted EBITDA for the full year 2015 of greater than \$315 million.

### **Conference Call**

A conference call will be webcast live today at 4:00 p.m. CT / 5:00 p.m. ET, and will be available on Groupon's investor relations website at <http://investor.groupon.com>. This call will contain forward-looking statements and other material information regarding the Company's financial and operating results.

Groupon encourages investors to use its investor relations website as a way of easily finding information about the company. Groupon promptly makes available on this website, free of charge, the reports that the company files or furnishes with the SEC, corporate governance information (including Groupon's Global Code of Conduct), and select press releases and social media postings.

### **Non-GAAP Financial Measures**

In addition to financial results reported in accordance with U.S. generally accepted accounting principles (U.S. GAAP), we have provided the following non-GAAP financial measures in this release and the accompanying tables: foreign exchange rate neutral operating results, adjusted EBITDA, free cash flow and non-GAAP earnings (loss) per share. These non-GAAP financial measures are presented to aid investors in better understanding Groupon's performance and to facilitate comparisons to many of our peers who present similar measures. However, these measures are not intended to be a substitute for those reported in accordance with U.S. GAAP. These measures may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures. For reconciliations of these measures to the most applicable financial measures under U.S. GAAP, see "Non-GAAP Reconciliation Schedules" and "Supplemental Financial Information and Business Metrics" included in the tables accompanying this release.

We exclude the following items from one or more of our non-GAAP financial measures:

*Stock-based compensation.* We exclude stock-based compensation because it is primarily non-cash in nature and we believe that non-GAAP financial measures excluding this item provide meaningful supplemental information about our operating performance and liquidity.

*Acquisition-related expense (benefit), net.* Acquisition-related expense (benefit), net is comprised of the change in the fair value of contingent consideration arrangements and external transaction costs related to business combinations, primarily consisting of legal and advisory fees. The composition of our contingent consideration arrangements and the impact of those arrangements on our operating results vary over time based on a number of factors, including the terms of our business combinations and the timing of those transactions. We exclude acquisition-related expense (benefit), net because we believe that non-GAAP financial measures excluding this item provide meaningful supplemental information about our operating performance and facilitate comparisons to our historical operating results.

*Depreciation and amortization.* We exclude depreciation and amortization expenses because they are non-cash in nature and we believe that non-GAAP financial measures excluding these items provide meaningful supplemental information about our operating performance and liquidity.

Descriptions of the non-GAAP financial measures included in this release and the accompanying tables are as follows:

*Foreign exchange rate neutral operating results* show our current period operating results as if foreign currency exchange rates had remained the same as those in effect in the comparable prior-year period. We present foreign exchange rate neutral information to facilitate comparisons to our historical operating results.

*Adjusted EBITDA* is a non-GAAP financial measure that we define as net income (loss) from continuing operations excluding income taxes, interest and other non-operating items, depreciation and amortization, stock-based compensation, and acquisition-related expense (benefit), net. Our definition of Adjusted EBITDA may differ from similar measures used by other companies, even when similar terms are used to identify such measures. Adjusted EBITDA is a key measure used by our management and Board of Directors to evaluate operating performance, generate future plans and make strategic decisions regarding the allocation of capital. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

*Non-GAAP earnings (loss) attributable to common stockholders and non-GAAP earnings (loss) per share* adjust our net loss attributable to common stockholders and earnings (loss) per share to exclude the impact of stock-based compensation expense, amortization of acquired intangible assets, acquisition-related expense (benefit), net, non-operating foreign currency gains and losses on intercompany balances and income (loss) from discontinued operations, and the income tax effect of those items. We believe that these non-GAAP financial measures provide useful supplemental information for evaluating our operating performance.

Beginning in the first quarter 2015, we have updated our non-GAAP earnings (loss) attributable to common stockholders and non-GAAP earnings (loss) per share measures to exclude non-operating foreign currency gains and losses on intercompany balances and income (loss) from discontinued operations, in addition to stock compensation, acquisition-related expense (benefit), net, and amortization of acquired intangibles, which we have excluded historically. We believe that excluding non-operating foreign currency gains and losses on intercompany balances provides meaningful supplemental information about our operating performance because those gains and losses are driven by changes in currency exchange rates. Additionally, we believe that excluding income (loss) from discontinued operations provides meaningful information for evaluating the operating performance of our ongoing business by excluding the results of operations that are being sold.

*Free cash flow* is a non-GAAP financial measure that comprises net cash provided by (used in) operating activities from continuing operations less purchases of property and equipment and capitalized software from continuing operations. We use free cash flow, and ratios based on it, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe that it typically represents a more useful measure of cash flows because purchases of fixed assets, software developed for internal-use and website development costs are necessary components of our ongoing operations. Free cash flow is not intended to represent the total increase or decrease in Groupon's cash balance for the applicable period.

#### **Note on Forward-Looking Statements**

The statements contained in this release that refer to plans and expectations for the next quarter, the full year or the future are forward-looking statements that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The risks and uncertainties that could cause our results to differ materially from those included in the forward-looking statements include, but are not limited to, volatility in our revenue and operating results; risks related to our business strategy including our marketing strategy and spend; effectively dealing with challenges arising from our international operations including fluctuations in currency exchange rates; retaining existing customers and adding new customers; retaining and adding new and 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; maintaining a strong brand; managing inventory and order fulfillment risks; integrating our technology platforms; managing refund risks; retaining our executive team; litigation; compliance with domestic and foreign laws and regulations, including the CARD Act and regulation of the Internet and e-commerce; tax liabilities; tax legislation; maintaining our information technology infrastructure; protecting our intellectual property; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments, including our proposed Ticket Monster transaction; seasonality; payment-related risks; customer and merchant fraud; global economic uncertainty; and our

ability to raise capital if necessary. 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 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](http://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 5, 2015. 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.

### **About Groupon**

Groupon (NASDAQ: GRPN) is a global leader of local commerce and the place you start when you want to buy just about anything, anytime, anywhere. By leveraging the company's global relationships and scale, Groupon offers consumers a vast marketplace of unbeatable deals all over the world. Shoppers discover the best a city has to offer on the web or on mobile with Groupon Local, enjoy vacations with Groupon Getaways, and find a curated selection of electronics, fashion, home furnishings and more with Groupon Goods.

Groupon is redefining how traditional small businesses attract, retain and interact with customers by providing merchants with a suite of products and services, including customizable deal campaigns, credit card payment processing capabilities, and point-of-sale solutions that help businesses grow and operate more effectively. To search for great deals or subscribe to Groupon emails, visit [www.Groupon.com](http://www.Groupon.com). To download Groupon's top-rated mobile apps, visit [www.groupon.com/mobile](http://www.groupon.com/mobile). To learn more about the company's merchant solutions and how to work with Groupon, visit [www.GrouponWorks.com](http://www.GrouponWorks.com)

### **Contacts:**

Investor Relations  
Genny Konz  
312-999-3098  
ir@groupon.com

Public Relations  
Bill Roberts  
312-459-5191

