

## **Groupon Announces Second Quarter 2015 Results**

- **Gross billings of \$1.53 billion**
- **Revenue of \$738.4 million**
- **Adjusted EBITDA of \$61.1 million**
- **GAAP earnings per share of \$0.16; non-GAAP earnings per share of \$0.02**
- **Free Cash Flow of \$266.8 million for the trailing twelve month period**

CHICAGO — (BUSINESS WIRE) — August 7, 2015 — Groupon, Inc. (NASDAQ: GRPN) today announced financial results for the quarter ended June 30, 2015.

"Our marketplace transition continues to gain steam as we delivered another solid quarter," said Groupon CEO Eric Lefkofsky. "Adjusting for currency, all of our businesses in North America and abroad are now growing. Groupon remains an indispensable platform for small businesses while becoming more and more of a daily habit for customers."

### **Second Quarter 2015 Summary**

- Gross billings, which reflect the total dollar value of customer purchases of goods and services, increased to \$1.53 billion in the second quarter 2015, compared with \$1.50 billion in the second quarter 2014. Gross billings grew 2% globally, or 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 billings increased 12%, EMEA increased 9% and Rest of World increased 6%.
- Revenue increased to \$738.4 million in the second quarter 2015, compared with \$716.2 million in the second quarter 2014. Revenue grew 3% globally, or 11% 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 14%, EMEA increased 9% and Rest of World declined 4%.
- Gross profit was \$337.0 million in the second quarter 2015, compared with \$366.4 million in the second quarter 2014. Excluding the \$28.3 million unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter, gross profit would have been \$365.3 million.
- Adjusted EBITDA, a non-GAAP financial measure, was \$61.1 million in the second quarter 2015, compared with \$59.7 million in the second quarter 2014, as lower gross profit was mostly offset by lower operating expenses, both reflecting the impact of year-over-year changes in foreign exchange rates.

- Net earnings attributable to common stockholders was \$109.1 million, or \$0.16 per share, including \$0.21 related to the gain on the Ticket Monster sale. Non-GAAP earnings attributable to common stockholders was \$13.8 million, or \$0.02 per share.
- Operating cash flow for the trailing twelve months ended June 30, 2015 was \$346.3 million. Free cash flow, a non-GAAP financial measure, was negative \$12.5 million in the second quarter 2015, bringing free cash flow for the trailing twelve months ended June 30, 2015 to \$266.8 million.
- At the end of the quarter, Groupon had \$1.1 billion 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 7% year-over-year to 53 million in the second quarter 2015. North America units increased 9%, EMEA units increased 10% and Rest of World units declined 3%.
- **Active deals:** At the end of the second quarter 2015, on average, active deals were nearly 510,000 globally, with approximately 240,000 in North America. Both include the addition of approximately 75,000 Coupons.
- **Active customers:** Active customers, or customers that have purchased a voucher or product within the last twelve months, grew 6% year-over-year, to 48.6 million as of June 30, 2015, comprising 24.9 million in North America, 15.5 million in EMEA, and 8.2 million in Rest of World.
- **Customer spend:** Second quarter 2015 trailing twelve month billings per average active customer was \$133, compared with \$136 in the second quarter 2014.

### Share Repurchase

During the second quarter 2015, Groupon repurchased 19,334,744 shares of its Class A common stock at an average price of \$6.34 per share, for an aggregate purchase price of \$122.7 million. Groupon’s original share repurchase authorization has now been completed, and it has commenced repurchases under its recently announced \$500 million share repurchase program. Up to \$461.0 million of Class A common stock remains available for repurchase under this program, 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.

### Completion of Ticket Monster Sale

As previously disclosed, on May 27, 2015, Groupon announced that it had completed the sale of a controlling stake in Ticket Monster, its South Korean e-commerce business to a partnership formed by KKR and Hong-Kong-based Anchor Equity Partners, for \$360 million, including \$285 million in cash received by Groupon. Second quarter results include a \$202.2 million pretax gain on the sale.

### **Outlook**

Groupon's outlook for the third quarter and full year 2015 reflects current foreign exchange rates, as well as expected investments in three high-frequency use cases in Local - food and drink; health, beauty, and wellness; and things to do.

For the third quarter 2015, Groupon expects revenue of between \$700 million and \$750 million. This guidance anticipates nearly 600 basis points of unfavorable impact on the year-over-year growth rate from changes in foreign exchange rates. Groupon expects Adjusted EBITDA for the third quarter 2015 of between \$45 million and \$65 million, and non-GAAP earnings per share of between \$0.00 and \$0.02.

For the full year 2015, Groupon continues to expect revenue of between \$3.15 billion and \$3.3 billion. This guidance anticipates nearly 600 basis points of unfavorable impact on the year-over-year growth rate from changes in foreign exchange rates. In addition, Groupon now expects Adjusted EBITDA for the full year 2015 of closer to \$290 million.

### **Conference Call**

A conference call will be webcast live today at 7:30 a.m. CDT / 8:30 a.m. EDT, 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, non-GAAP net income attributable to common stockholders, non-GAAP earnings per share and free cash flow. These non-GAAP financial measures, which are presented on a continuing operations basis, are intended to aid investors in better understanding Groupon's

current financial performance and its prospects for the future as seen through the eyes of management. We believe that these non-GAAP financial measures facilitate comparisons with our historical results and with the results of peer companies who present similar measures (although other companies may define non-GAAP measures differently than we define them, even when similar terms are used to identify such measures). However, non-GAAP financial measures are not intended to be a substitute for those reported in accordance with U.S. GAAP. 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.

*Interest and Other Non-Operating Items.* Interest and other non-operating items include: interest income, interest expense, gains and losses related to minority investments, and foreign currency gains and losses. We exclude interest and other non-operating items from certain of our non-GAAP financial measures because we believe that excluding these items provides meaningful supplemental information about our operating performance and facilitates comparisons to our historical operating results.

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 net income (loss) attributable to common stockholders and non-GAAP earnings (loss) per share* adjust our net income (loss) attributable to common stockholders and earnings (loss) per share to exclude the impact of:

- stock-based compensation,
- amortization of acquired intangible assets,
- acquisition-related expense (benefit), net,
- non-operating foreign currency gains and losses related to intercompany balances and the reclassification of the cumulative translation loss from our legacy business in the Republic of Korea to earnings as a result of the Ticket Monster disposition,
- non-operating gains and losses from minority investments that we have elected to record at fair value with changes in fair value reported in earnings,
- income (loss) from discontinued operations and
- the income tax effect of those items.

We believe that excluding these items from our measures of non-GAAP net income (loss) attributable to common stockholders and earnings (loss) per share provides useful supplemental information for evaluating our operating performance and facilitates comparisons to our historical results by eliminating items that are non-cash in nature, relate to discrete events or are otherwise not indicative of the core operating performance of our ongoing business.

*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 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. 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, attracting and integrating members of 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; 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 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](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 August 7, 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)

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