



**Investor Presentation**  
February 2019

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## FORWARD-LOOKING STATEMENTS

These slides and the accompanying oral presentation contain forward-looking statements. All statements other than statements of historical facts contained in these slides and the accompanying oral presentation, including statements regarding Yelp Inc.'s ("Yelp" or the "Company") future operations, future performance, expected financial results and future financial position, future revenue and revenue growth rates, strategic and investment priorities, long-term target margins, projected growth and expenses, trends, opportunities, prospects, estimates and plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "believe," "may," "will," "estimate," "forecast," "guidance," "continue," "anticipate," "intend," "could," "would," "project," "plan," "potential," "target," "opportunity," "model," "expect" or the negative or plural of these words or similar expressions. The Company has based these forward-looking statements largely on its estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs.

These forward looking statements are subject to a number of risks, uncertainties and assumptions, including the fact that we have a limited operating history in an evolving and competitive industry; that our growth rate may not be sustainable; that we rely on traffic to our website from search engines like Google and Bing; our ability to generate sufficient revenue to maintain and increase profitability, particularly in light of our significant ongoing sales and marketing expenses; our ability to reduce or control expenses sufficiently to meet our profitability targets; our ability to introduce successful new products, services and partnerships; our ability to maintain and expand our base of advertisers, including enterprise customers, particularly as an increasing portion of advertisers have the ability to cancel their ad campaigns at any time; our ability to attract, retain and motivate well-qualified employees, particularly in sales and marketing; our ability to increase traffic to our platform and generate and maintain sufficient high quality content from our users; our ability to maintain a strong brand and manage negative publicity that may arise; our ability to manage acquisitions of new businesses, solutions and technologies and to integrate and monetize those businesses, solutions or technologies; the efficacy of our automated recommendation software; our ability to develop our communities effectively; our ability to deal with an increasingly competitive local search environment; our ability to timely upgrade and develop our systems and infrastructure; and changes in political, business and economic conditions. These risks and uncertainties may also include those described in the Company's most recent Form 10-Q or 10-K filed with the Securities and Exchange Commission.

New risks emerge from time to time. It is not possible for Company management to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in these slides and the accompanying oral presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company 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. Any forward-looking statement speaks only as of its date. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in the Company's expectations.

# Our Mission:

## Connecting People with Great Local Businesses



**5 million**

**Claimed Local  
Business  
Locations<sup>1</sup>**



**177+ million**

**Cumulative  
Reviews<sup>1</sup>**



**33+ million**

**App Unique  
Devices<sup>2</sup>**



**540K+**

**Paying Advertising  
Locations<sup>3</sup>**



**20+ million**

**Total  
Seated Diners<sup>2</sup>  
(1.4+ million via Yelp)<sup>4</sup>**



**1.5 million**

**Request-a-Quote  
Leads Delivered<sup>2</sup>**

1. As of December 31, 2018

2. Monthly average for Q4 2018

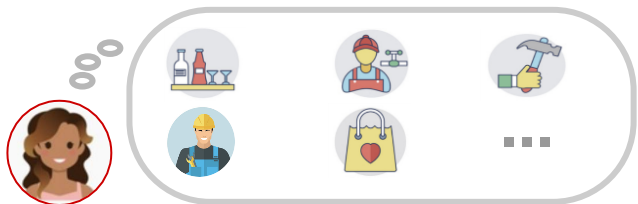
3. All business locations associated with a business account from which Yelp recognized advertising revenue in a given month, averaged over Q4 2018

4. Yelp Reservations and Waitlist accommodated over 20 million diners on a monthly average basis for Q4 2018, more than 1.4 million of whom came directly and remotely via Yelp

# Our Powerful, Self-Reinforcing Network **Delivers Unparalleled Value** to Consumers and Businesses



## Consumers



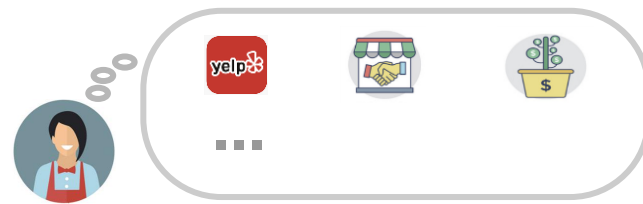
*Trusted Source*

*Personalized Discovery*

*Convenient Transaction Capabilities*

*Saves Time & Money*

## Local Businesses



*Expanded Reach*

*Differentiated Offerings*

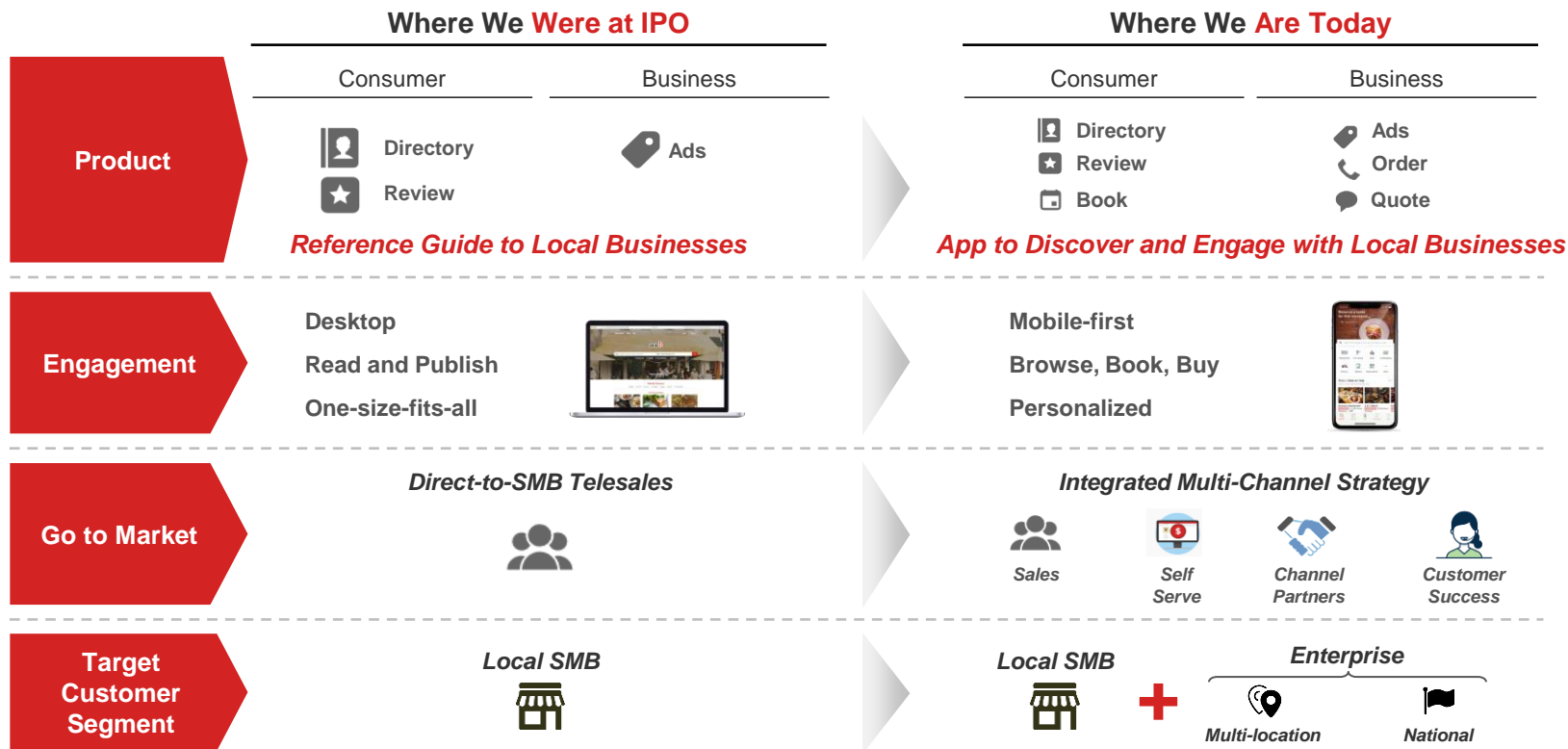
*High Intent Consumers*

*Fine-tuned Operations*






***We Are at the Center of Local Life***

# We Have Built a **Trusted, Comprehensive, Mobile-First** Local Platform...and We Are **Just Getting Started**





## *Pillars of Our Next Phase of Growth*

-  **Increase focus on advertisers and business owners**
-  **Enhance our go-to-market strategy** by integrating product and product marketing with sales efforts
-  **Establish long-term targets** for growth, profitability and capital return

# Planned Steps to Create **Long-Term Shareholder Value**



**1**

**Deliver Double-Digit Revenue CAGR from 2019 Through 2023**

**2**

**Drive Margin Expansion and Optimize Cost Structure**

**3**

**Accelerate Strategy Through Effective Partnerships**

**4**

**Increased Our Share Repurchase Authorization from \$250 Million to \$500 Million**

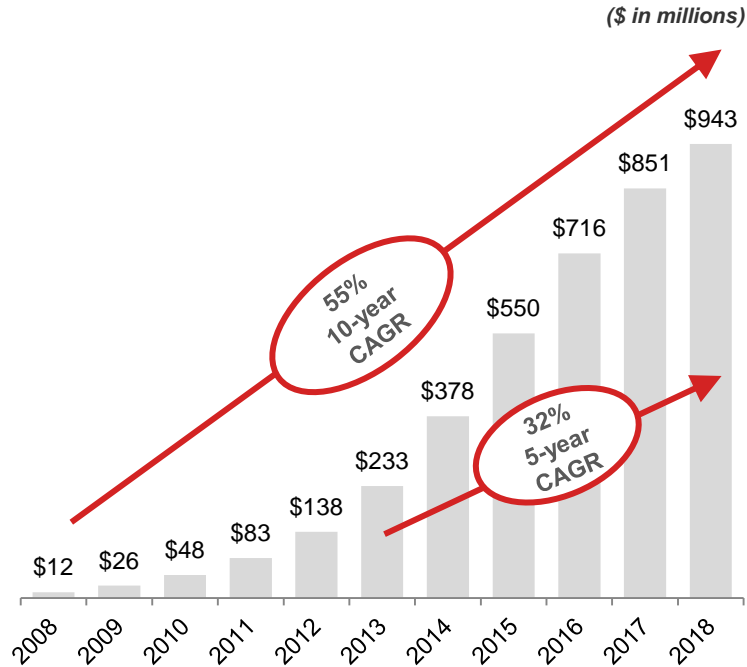
**5**

**Added Three Highly Qualified Value Creators to an Experienced and Engaged Board**

# ① Deliver **Double-Digit Revenue CAGR** from 2019 Through 2023

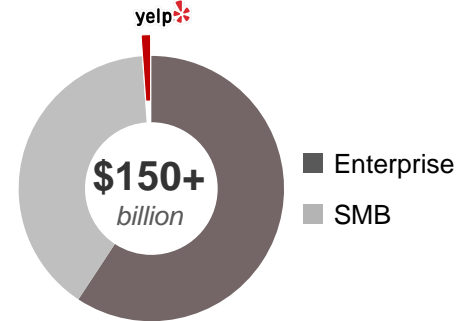


## Strong Track Record of Growing Revenue...



## ...With A Large Market Opportunity to Sustain Long-Term Growth

Local Advertising Spend<sup>1</sup>



**20+**  
million

Local U.S. Business Locations<sup>2</sup>

**5**  
million

Claimed Local Business Locations on Yelp<sup>3</sup>

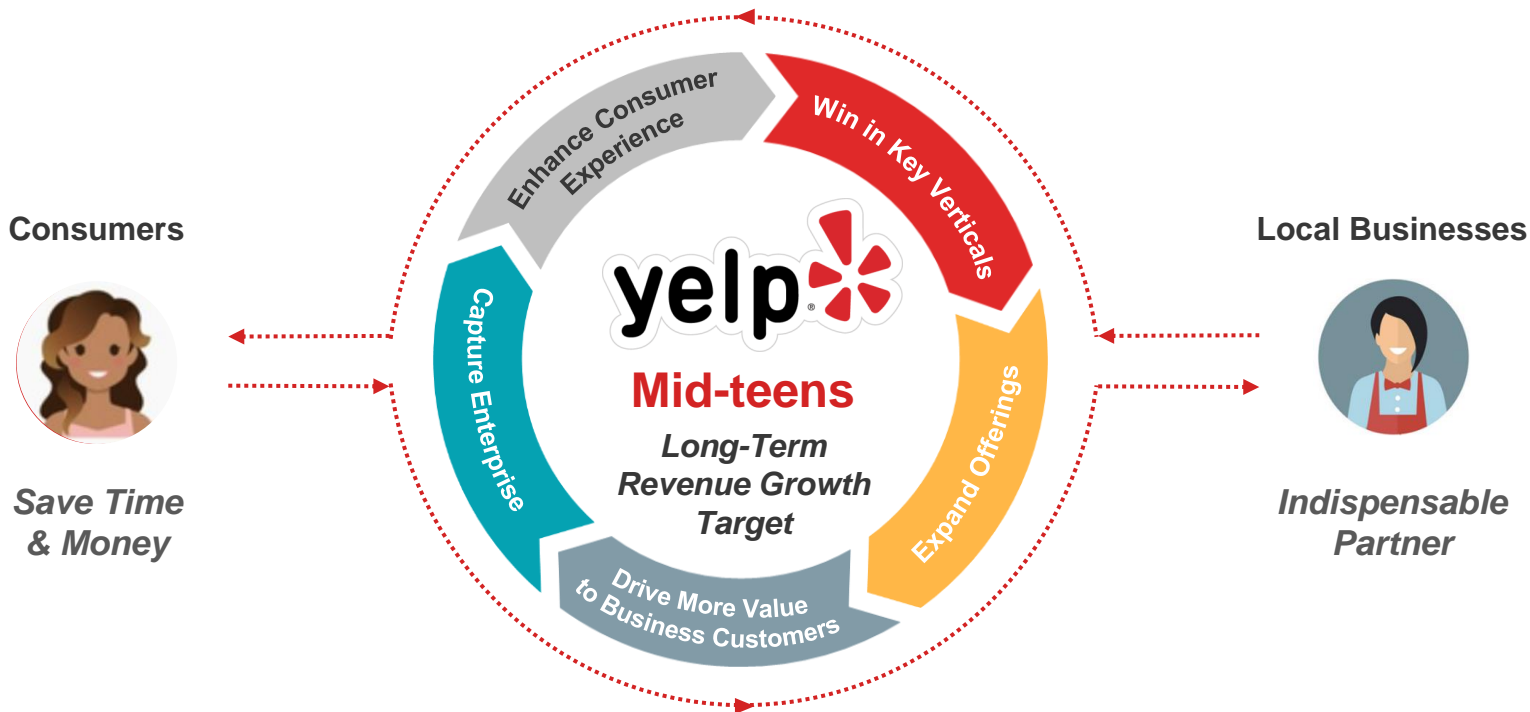
1. BIA Kelsey, *U.S. Local Advertising Forecast 2018*; BIA Kelsey, *What's Next?* BIA/Kelsey 2017 Analyst Predictions Webinar, Tuesday, January 24, 2017  
 2. U.S. Small Business Administration  
 3. As of December 31, 2018



# ① Deliver **Double-Digit Revenue CAGR** from 2019 Through 2023



*Multiple Initiatives Tailored to Help Connect Consumers and Businesses and Drive Accelerated Growth*



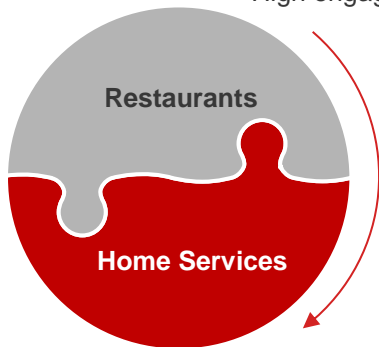
# ① Deliver Double-Digit Revenue CAGR from 2019 Through 2023



## Win in Key Verticals

Optimize traffic and monetization

- ✓ High traffic
- ✓ High engagement



- ✓ High value
- ✓ High monetization

## Expand Offerings

Meet the specific needs of every business

More Choices

More Price Points

More Functionality

### Objective Targeting

Set Your Goal

☆ Let Yelp Optimize

☎ More Phone Calls

🖥 More Website Clicks

**Yelp Verified**  
Make your business stand out

Get Verified License

## Drive More Value to Business Customers

Underscore value / enhance monetization

**Opportunity:**  
More Leads  
to Advertisers



10% Leads  
Currently  
Monetized

### Business Owner Application

**Greater Control, Attribution And Reporting**

# 1 Deliver **Double-Digit Revenue CAGR** from 2019 Through 2023



## Capture Enterprise

Open up large untapped market

Product Innovation

Focused Go-To-Market Organization

Expanding Strategic Channel Partnerships

20%+

Planned Increase  
In National Sales  
Team in 2019

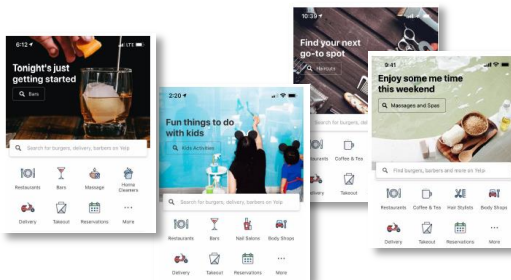
5x+

Revenue per  
Enterprise Rep  
vs. Local Rep

## Enhance Consumer Experience

Grow audience and engagement

Personalization

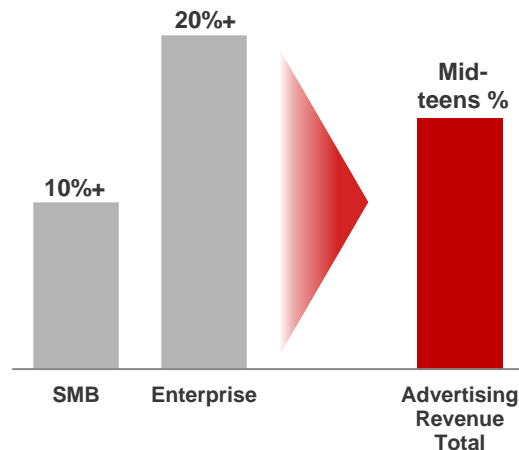


"Yelp-Only"



## Drive Growth Across SMB and Enterprise Customers

Target 2019 – 2023 Revenue CAGR



## ② Drive Margin Expansion and Optimize Cost Structure



Shift Emphasis to Most Efficient Sales Channels

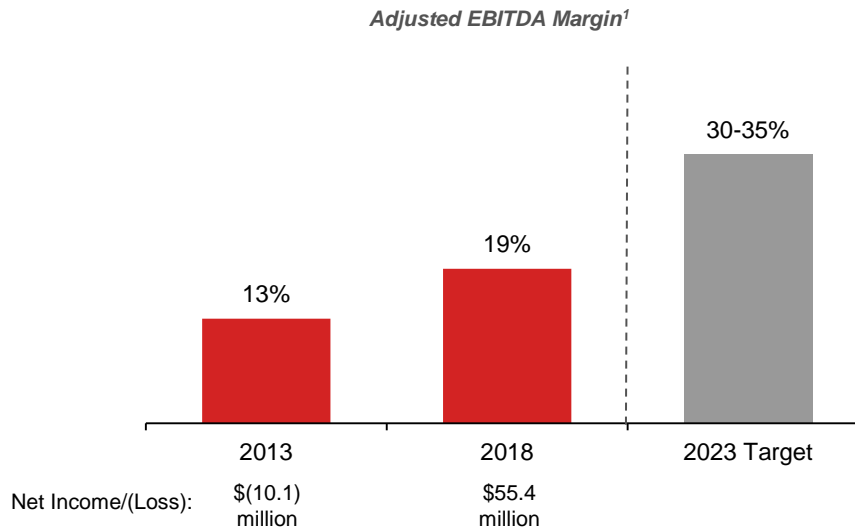
Hold Local Sales Headcount Steady and Drive Rep Productivity

Relocate Sales Out of San Francisco in 2019 to Save ~\$10 Million/Year Once Complete

Optimize Consumer Marketing Spend to Save ~\$15 Million in 2019

Reduce / Control Other Corporate Expenses

We Have Delivered Profitable Growth and Target Further Margin Expansion



**Over 6.5 Percentage Points of Adjusted EBITDA Margin Expansion Between 2013 - 2018**

1. See slide 18 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool

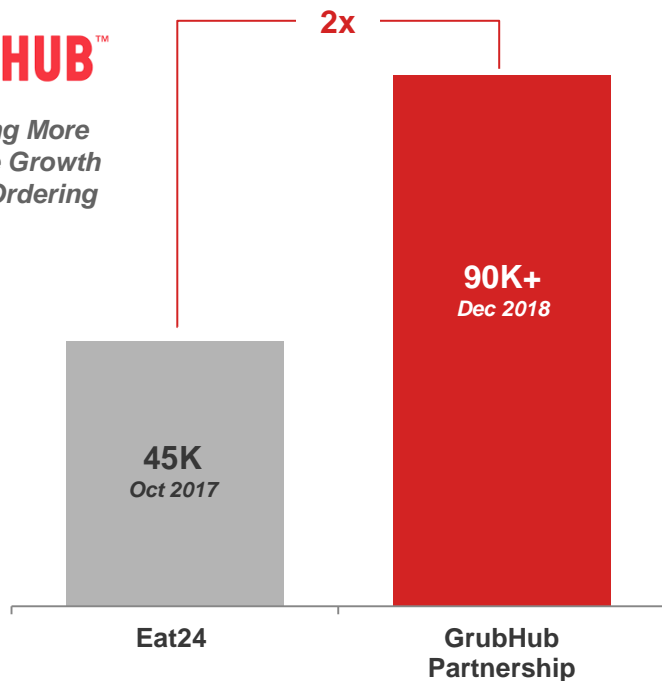
# ③ Accelerate Strategy Through Effective Partnerships



Restaurants Delivering on Yelp

**GRUBHUB™**

Delivering More Profitable Growth in Food Ordering



Strong Partner Ecosystem

yelp fusion	amazon alexa	apple	BUICK
	GMC	Reserve with Google	
yelp platform	vagaro	viator	
yelp knowledge	TDn2K	toast	
	Spredfast	Stax	
yelp advertising	dex·yp.	REACHLOCAL	sweet iq
	SCORPION		yext
yelp mobile distribution		Sprint	
yelp ad starts & claims	GoDaddy	VISA	



## ④ Increased Our Share Repurchase Authorization from \$250 Million to \$500 Million

Strong profitability and balance sheet allow robust capital return plan

Total share repurchase authorization increased from \$250 million to \$500 million

Existing \$250 million authorization planned to be completed in 1H 2019

Capital allocation plan aligned with creating shareholder value



# ⑤ Added Three Highly Qualified Value Creators to an Experienced and Engaged Board

## Experienced Directors with a Diverse Skillset...

- ✦ 7 directors have been senior executives of major public companies
- ✦ 6 directors have technology experience
- ✦ 4 directors have online advertising/sales/marketing experience
- ✦ 4 directors have digital marketplace/e-commerce experience
- ✦ 3 directors have sold companies
- ✦ 4 directors with specific expertise in Yelp key verticals<sup>1</sup>

## ...Including Three New Highly Qualified, Independent Directors



**George Hu**  
Chief Operating Officer, Twilio

- ✓ High growth technology experience including 13 years as a leader at Salesforce
- ✓ Breadth of operational expertise including a background in product, applications and marketing



**Sharon Rothstein**  
Former Chief Product & Marketing Officer, Starbucks

- ✓ Significant marketing expertise, from senior positions at Starbucks, Sephora and Starwood Hotels
- ✓ Leadership experience at restaurant and hospitality companies



**Brian Sharples**  
Co-Founder & Former CEO, HomeAway

- ✓ Founded and grew HomeAway to a market leading hospitality company before selling to Expedia in 2015
- ✓ Expert in technology brand strategy

Note: The figures above exclude retiring directors Geoff Donaker, Peter Fenton and Jeremy Levine  
1. Includes restaurants, hospitality and home services

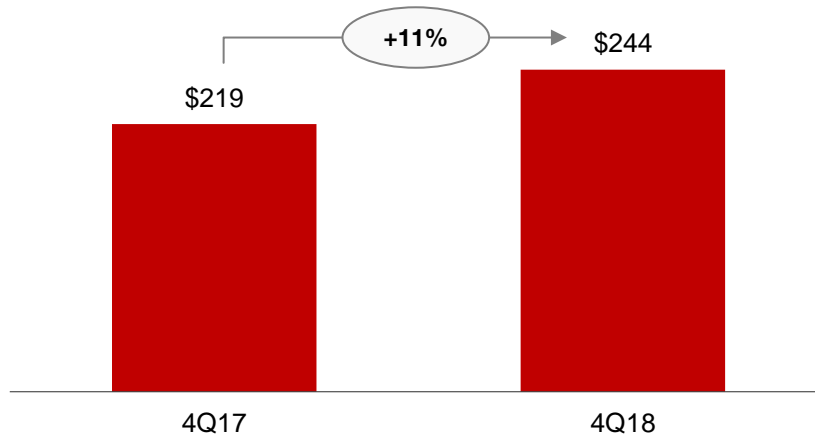
# Q4 & FY Earnings Update



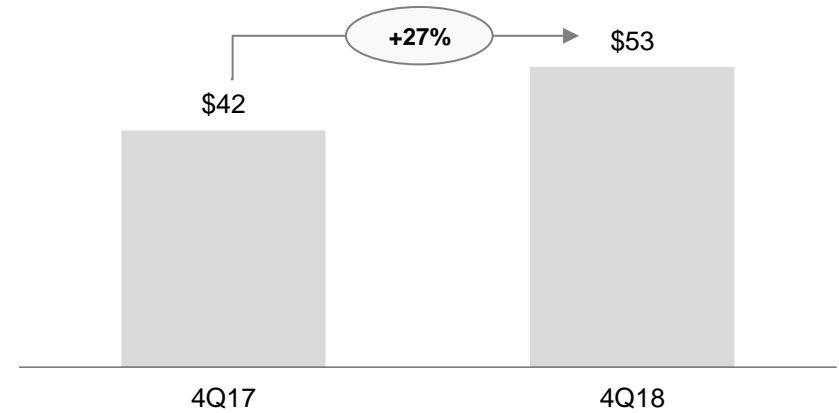


# Solid Fourth Quarter Results

Total Net Revenue<sup>1</sup> (\$ in millions)



Adjusted EBITDA<sup>1,2</sup> (\$ in millions)

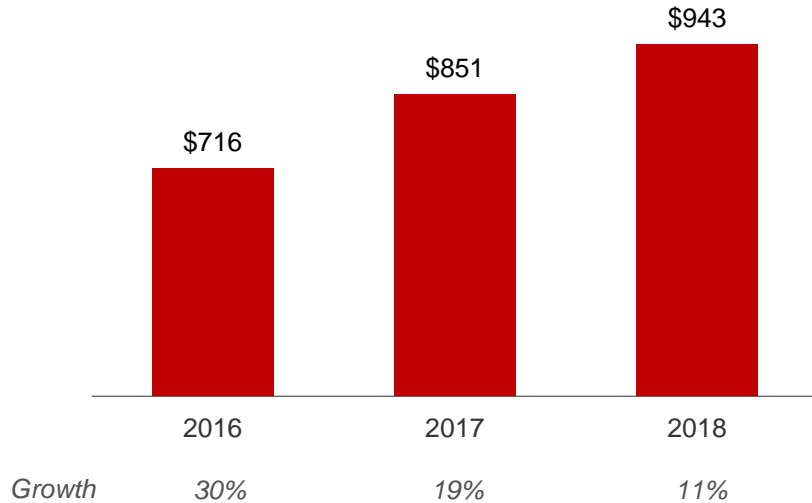


1. Excluding Eat24 revenue in Q4 2017, revenue growth in Q4 2018 was 12%. See slide 18 for a reconciliation

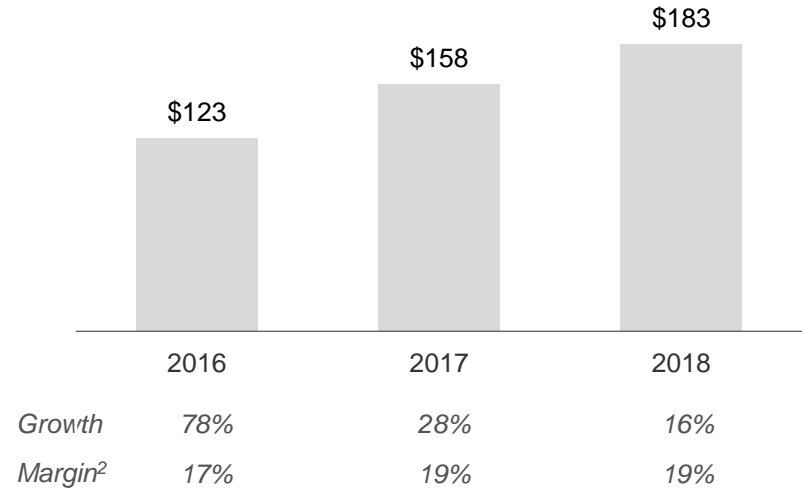
2. Net Income for Q4 2017 was \$141 million including a \$164 million pre-tax gain on the disposal of Eat24. Net Income for Q4 2018 was \$32 million. See slide 18 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool

# Strong Full-Year Performance

### Total Net Revenue (\$ in millions)



### Adjusted EBITDA<sup>1</sup> (\$ in millions)



1. Net Income (loss) for FY 2016 was a loss of \$1.7 million. Net Income for FY 2017 was \$153 million including a \$164 million pre-tax gain on the disposal of Eat24. Net Income for FY 2018 was \$55 million. See slide 18 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool
2. Margin calculated as Adjusted EBITDA divided by Net Revenue

# Our Long-Term Financial Targets



	2013 - 2018	Long-Term Target	
<b>Leading Local Platform</b>	<b>Annual Revenue Growth</b>	<b>32%</b>	<b>Mid-teens</b>
	<i>Expenses as % of Revenue</i> <sup>1</sup>		
<b>A Consumer Daily Habit</b>	<i>Cost of Revenue</i>	6 - 9%	~6%
	<i>Sales &amp; Marketing</i>	51 - 57%	36 - 40%
	<i>Product Development</i>	16 - 23%	20 - 22%
<b>De Facto Local Business Partner</b>	<i>G&amp;A</i>	13 - 18%	10 - 11%
	<i>D&amp;A</i>	~5%	~4%
	<b>Adjusted EBITDA Margin</b> <sup>2</sup>	<b>13 - 19%</b>	<b>30 - 35%</b>

1. Stock based compensation included in each line except for Adjusted EBITDA

2. See slide 18 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool

# Planned Steps to Create **Long-Term Shareholder Value**



- ❖ **Double-Digit Revenue CAGR from 2019 Through 2023**
- ❖ **Drive Margin Expansion**
- ❖ **Effective Partnership Strategies**
- ❖ **Strong Return of Capital**
- ❖ **Experienced and Independent Board**

# Adjusted EBITDA Reconciliation



(\$ in millions)	2013	2014	2015	2016	2017	2018	2017				2018			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Income / (Loss)	(\$10.1)	\$36.5	(\$32.9)	(\$1.7)	\$153.0	\$55.4	(\$4.0)	\$7.9	\$8.0	\$141.1	(\$2.3)	\$10.7	\$15.0	\$31.9
+ Tax & Other Income	1.2	(25.4)	11.6	(0.3)	26.6	(29.5)	(0.7)	(0.7)	(1.1)	29.2	(2.5)	(3.1)	(4.6)	(19.2)
+ Depreciation & Amortization	11.5	17.6	29.6	35.3	41.2	42.8	10.2	10.7	10.7	9.7	10.0	10.5	10.7	11.6
+ Stock Based Compensation	26.1	42.3	60.8	86.3	100.4	114.4	24.3	25.4	25.3	25.4	27.7	28.8	29.2	28.7
- Gain on Disposal of a Business Unit	0.0	0.0	0.0	0.0	(163.7)	0.0	0.0	0.0	0.0	(163.7)	0.0	0.0	0.0	0.0
+ Restructuring & Integration	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	<u>3.5</u>	<u>0.3</u>	<u>0.0</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Adjusted EBITDA</b>	<b>\$29.4</b>	<b>\$70.9</b>	<b>\$69.1</b>	<b>\$123.0</b>	<b>\$157.8</b>	<b>\$183.1</b>	<b>\$30.0</b>	<b>\$43.2</b>	<b>\$42.9</b>	<b>\$41.7</b>	<b>\$32.9</b>	<b>\$46.9</b>	<b>\$50.3</b>	<b>\$52.9</b>
/ Net Revenue	\$233.0	\$377.5	\$549.7	\$716.1	\$850.8	\$942.8	\$198.2	\$209.9	\$223.3	\$219.4	\$223.1	\$234.9	\$241.1	\$243.7
<b>Adjusted EBITDA Margin</b>	<b>12.6%</b>	<b>18.8%</b>	<b>12.6%</b>	<b>17.2%</b>	<b>18.5%</b>	<b>19.4%</b>	<b>15.1%</b>	<b>20.6%</b>	<b>19.2%</b>	<b>19.0%</b>	<b>14.7%</b>	<b>20.0%</b>	<b>20.9%</b>	<b>21.7%</b>

This presentation includes adjusted EBITDA and adjusted EBITDA margin, non-GAAP financial measures that Yelp uses to evaluate its business. Yelp includes adjusted EBITDA because it is a key measure used by Yelp's management and board of directors to understand and evaluate core operating performance and trends, to prepare and approve its annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of Yelp's core business. Accordingly, Yelp believes that adjusted EBITDA provides useful information to investors and others in understanding and evaluating Yelp's operating results in the same manner as its management and board of directors. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of Yelp's results as reported under GAAP. You can read more about the limitations of adjusted EBITDA in Yelp's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q at [www.yelp-ir.com](http://www.yelp-ir.com) or the SEC's website at [www.sec.gov](http://www.sec.gov). Because of these limitations, you should consider adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and Yelp's other GAAP results.