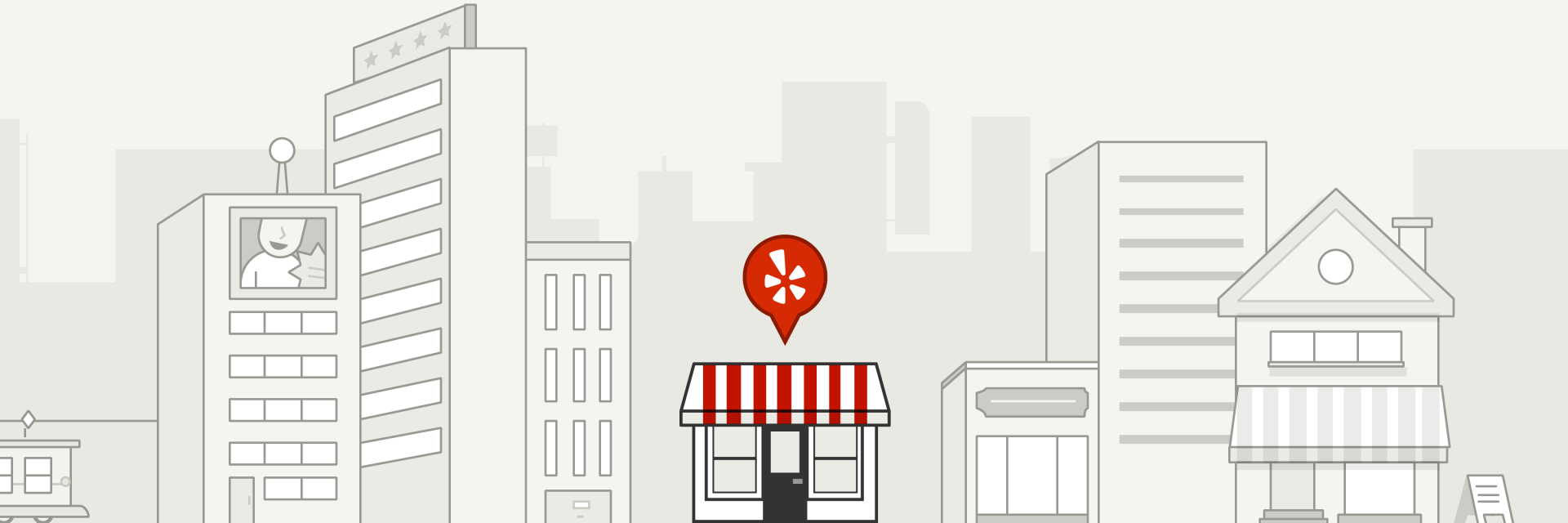
Investor Presentation
Q1 2017



Safe Harbor

FORWARD-LOOKING STATEMENTS

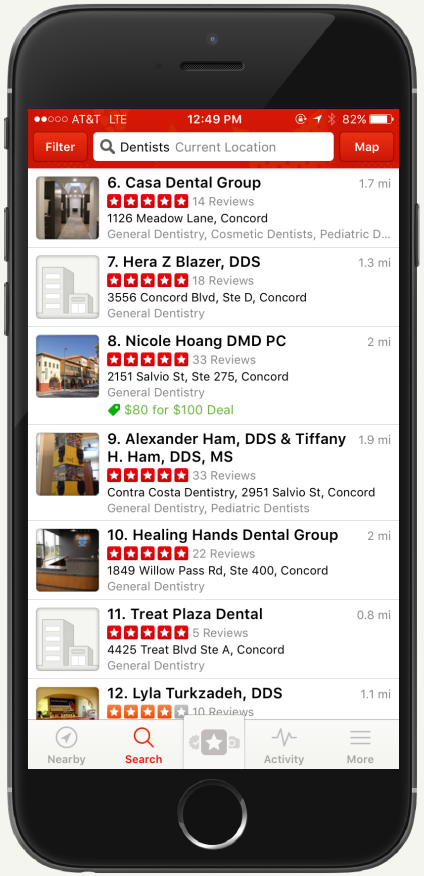
These slides and the accompanying oral presentation contain forward-looking statements. All statements other than statements of historical facts contained in these slides and the accompanying oral presentation, including statements regarding Yelp Inc.'s ("Yelp" or the "Company") future operations, expected financial results and future financial position, future revenue, 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 regain profitability, particularly in light of our significant ongoing sales and marketing expenses and the planned wind down of sales activities outside the United States and Canada, our ability to attract, retain and motivate well-qualified employees, particularly in sales and marketing, the impact of reallocating resources currently invested in sales and marketing outside the United States and Canada, our ability to 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 those businesses, solutions or technologies, the efficacy of our automated recommendation software, our ability to maintain and expand our base of advertisers, 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.

Connecting people with great local businesses







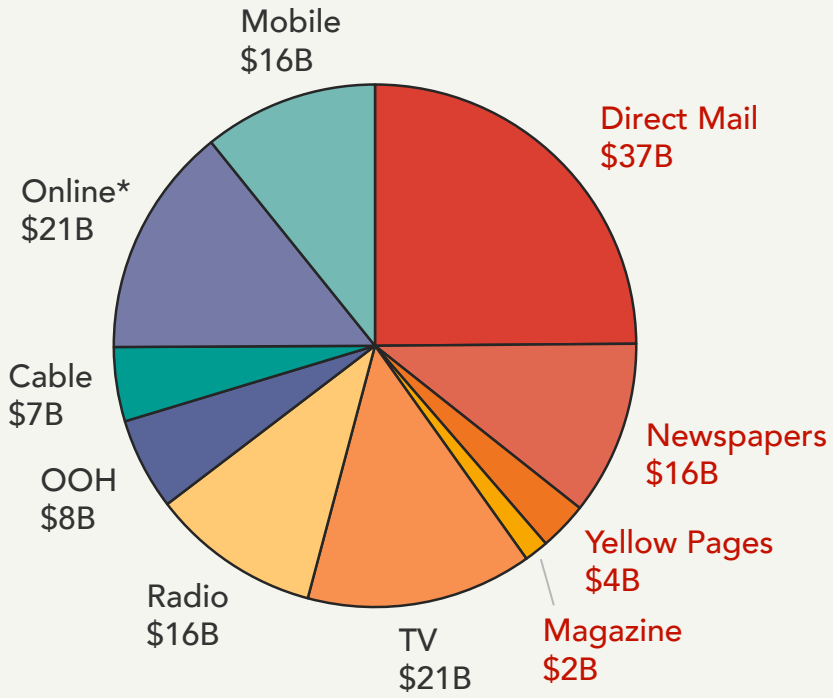


Large market opportunity

20+ million
Local business locations
in the U.S.



~$149 billion
U.S. local ad spend
(projected 2017)



- Claimed local business locations: 3.6 million
- Paying advertising accounts: 139,000

Claimed local business locations as of March 31, 2017 and Paying advertising accounts for the quarter end March 31, 2017
Sources: BIA Kelsey, U.S. Census Bureau
*Pure-play Online / Interactive and Email.

The industry is shifting online

TV & Radio



Netflix
Spotify

Travel



Priceline
Airbnb

Directories



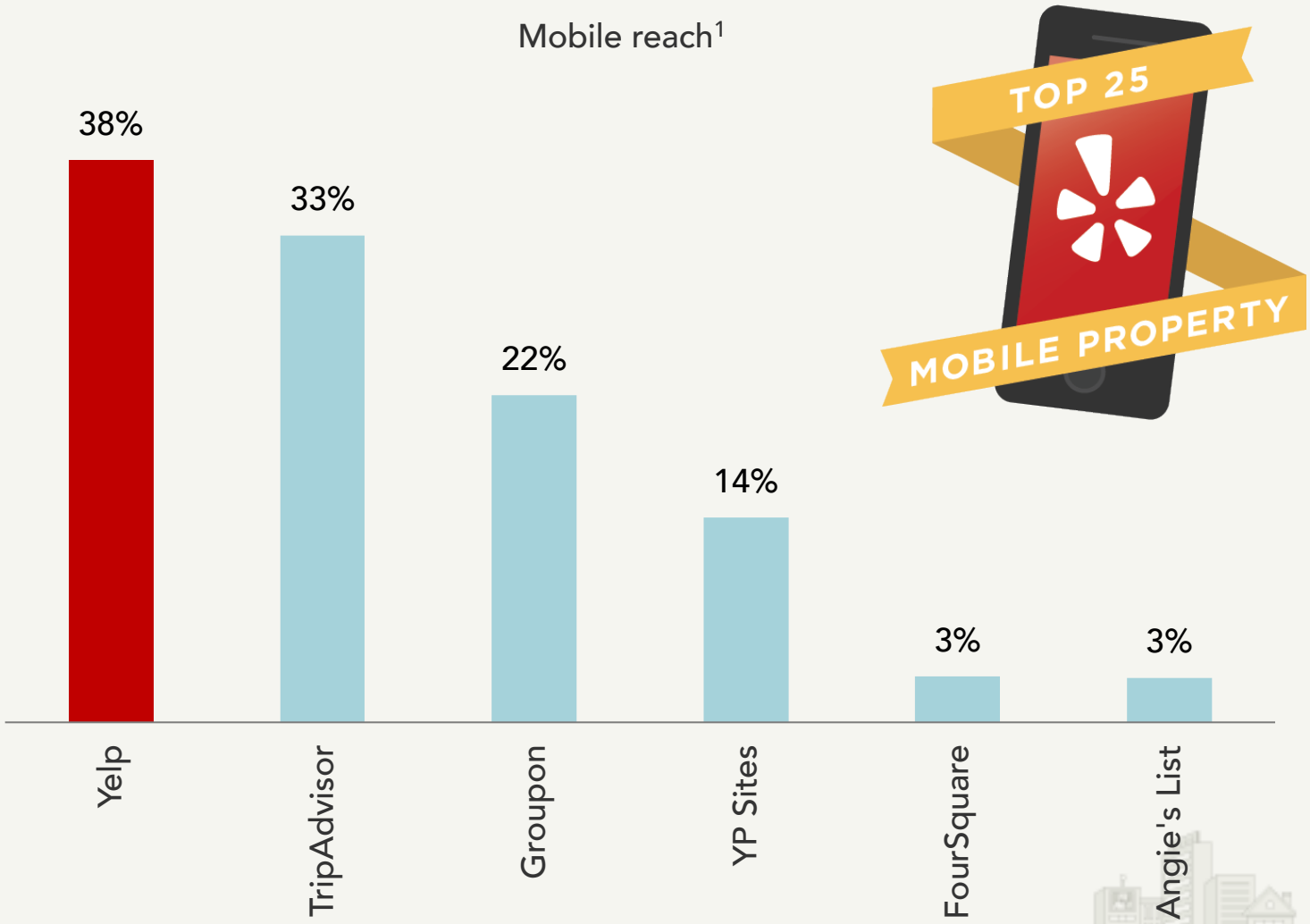


Hiring



LinkedIn
Indeed

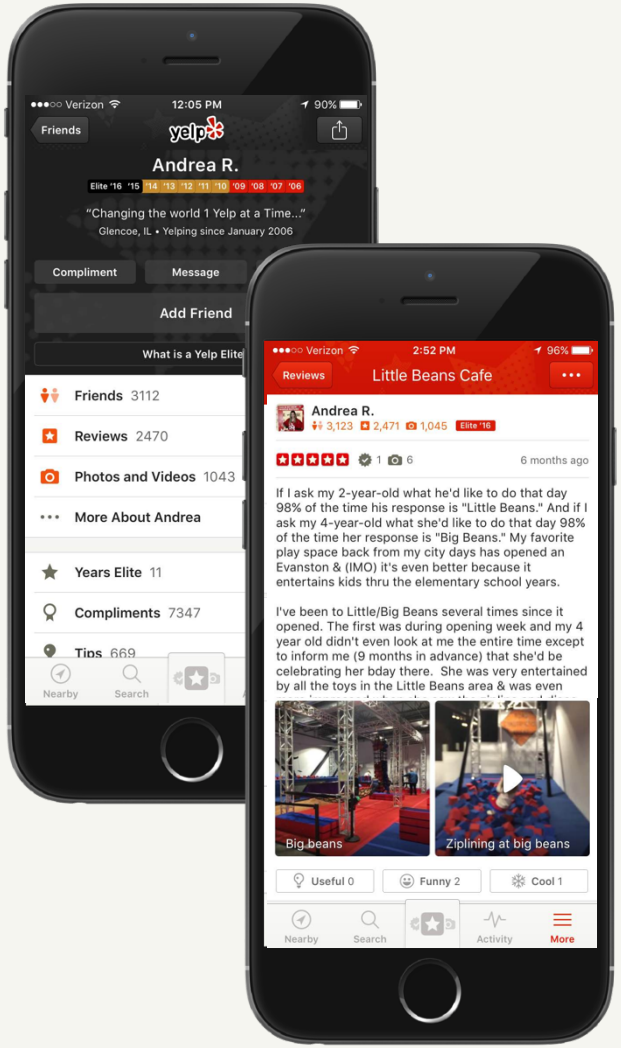
Leading local guide with plenty of room for growth



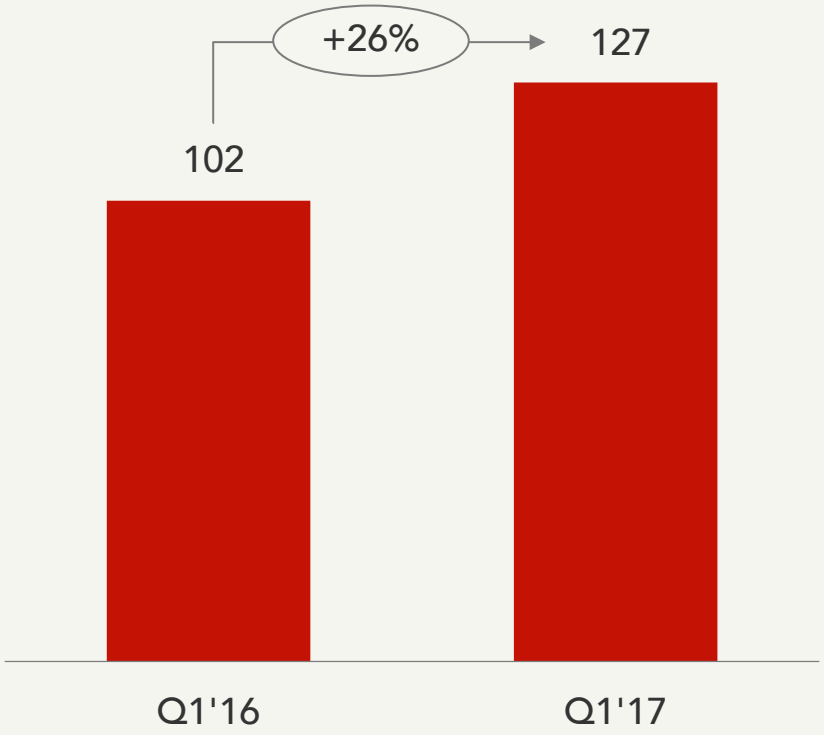
[1] As defined by penetration of U.S. smartphones. Source: ComScore, March 2017, Mobile Media Metrix, Browsing + Application Data.
Note: Top 20 Mobile Property based on March 2017 ComScore data, Mobile Media Metrix, Browsing + Application Data, Top 100 Properties.

Our high-quality content continues to grow

Unmatched local business information at consumers' fingertips



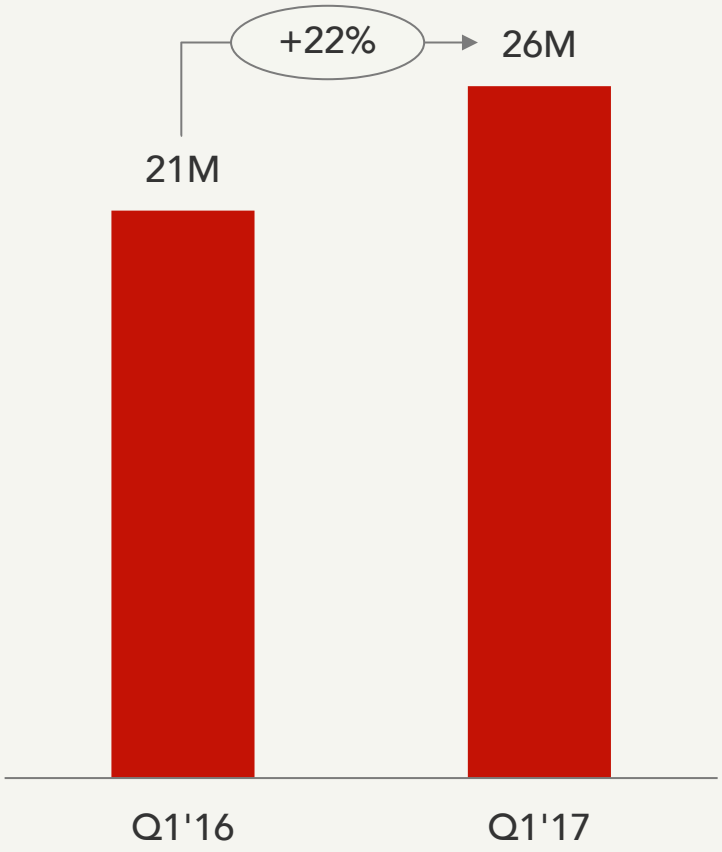
Over 127 million cumulative reviews



Compelling app experience drives engagement

Approximately 70% of page views came from app users

App unique devices*



App users view more than

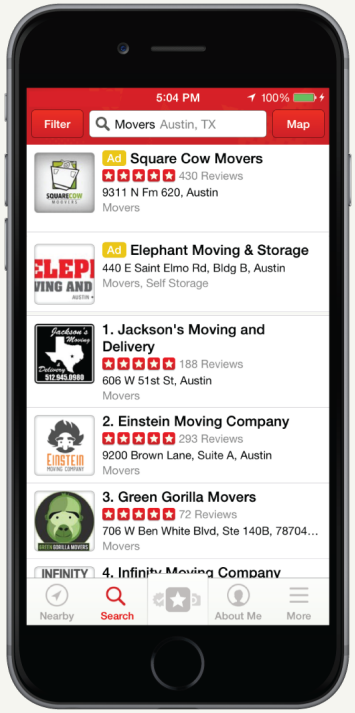


as many pages as website users

* Number of unique devices accessing the app on a monthly average basis for the period indicated, according to internal Yelp logs.
Note: Page views include business listing pages, business photo pages and search listings, page view metrics are for the quarter ended March 31, 2017.

Local advertising features

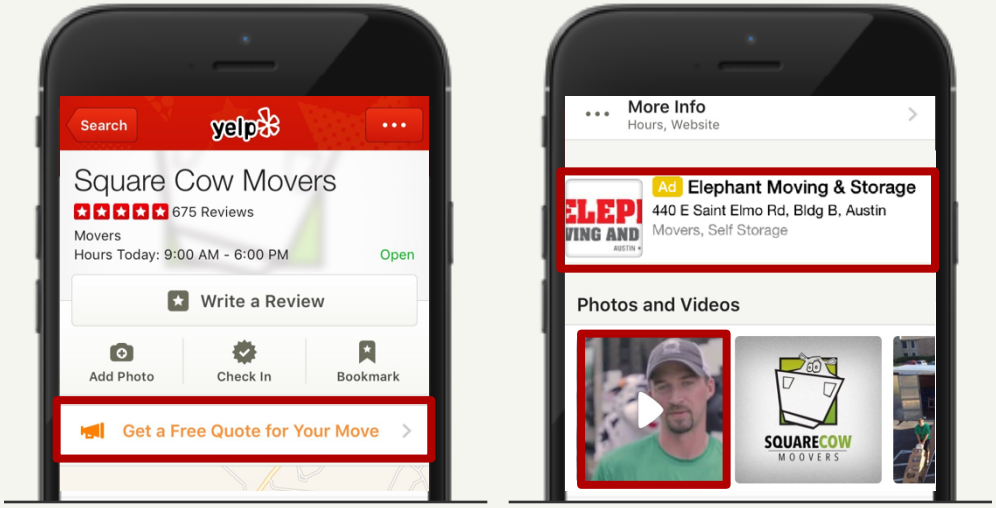
Local search ads



~$50 – 1,000 monthly budget

- Cost-per-click: $1-20+

Enhanced profile



~$50 – 100 per month

- Photo slideshow and optional video
- 'Call to action' button
- Removal of competitor ads

Note: For Illustrative purposes only

Key drivers of advertising revenue by segment



Local SMB

- Salesforce growth
- Revenue retention
- Rep productivity



Multi-location

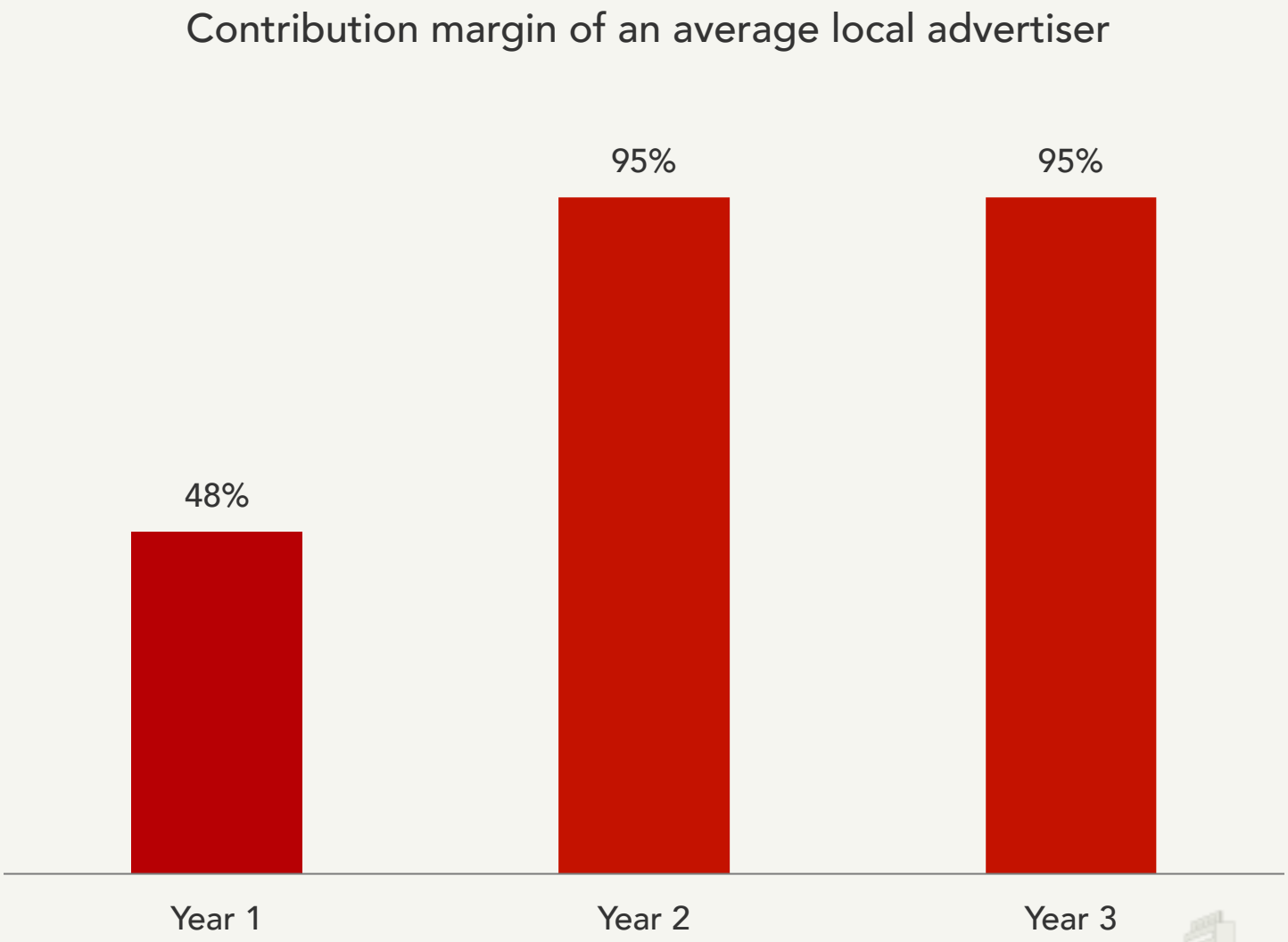
- Penetration of existing advertisers
- Increased account coverage
- Leverage of Yelp insights



Self serve

- Product innovation
- New customer acquisition
- Continued experimentation

Strong unit economics



Note: Data based on internal analysis conducted in June 2015. Revenue is based on average advertising spend for single-location CPM advertisers, average revenue retention and advertising contract term length. Customer acquisition costs include direct sales, marketing, credit card transaction fees and support costs and are based on the average productivity of a salesperson.

Advertising revenue in our oldest communities grew more than 20% on average

Launch date of U.S. Yelp Community	Number of Yelp Communities (1)	Average Cumulative Reviews in Q1 2017 (2)	Year-Over-Year Growth in Average Cumulative Reviews (3)	Average Advertising Revenue in Q1 2017 (4)	Year-Over-Year Growth in Average Advertising Revenue (5)
2005 – 2006	6	7,921	23%	$10,959	21%
2007 – 2008	14	1,804	25%	$3,388	27%
2009 – 2010	18	675	30%	$897	23%

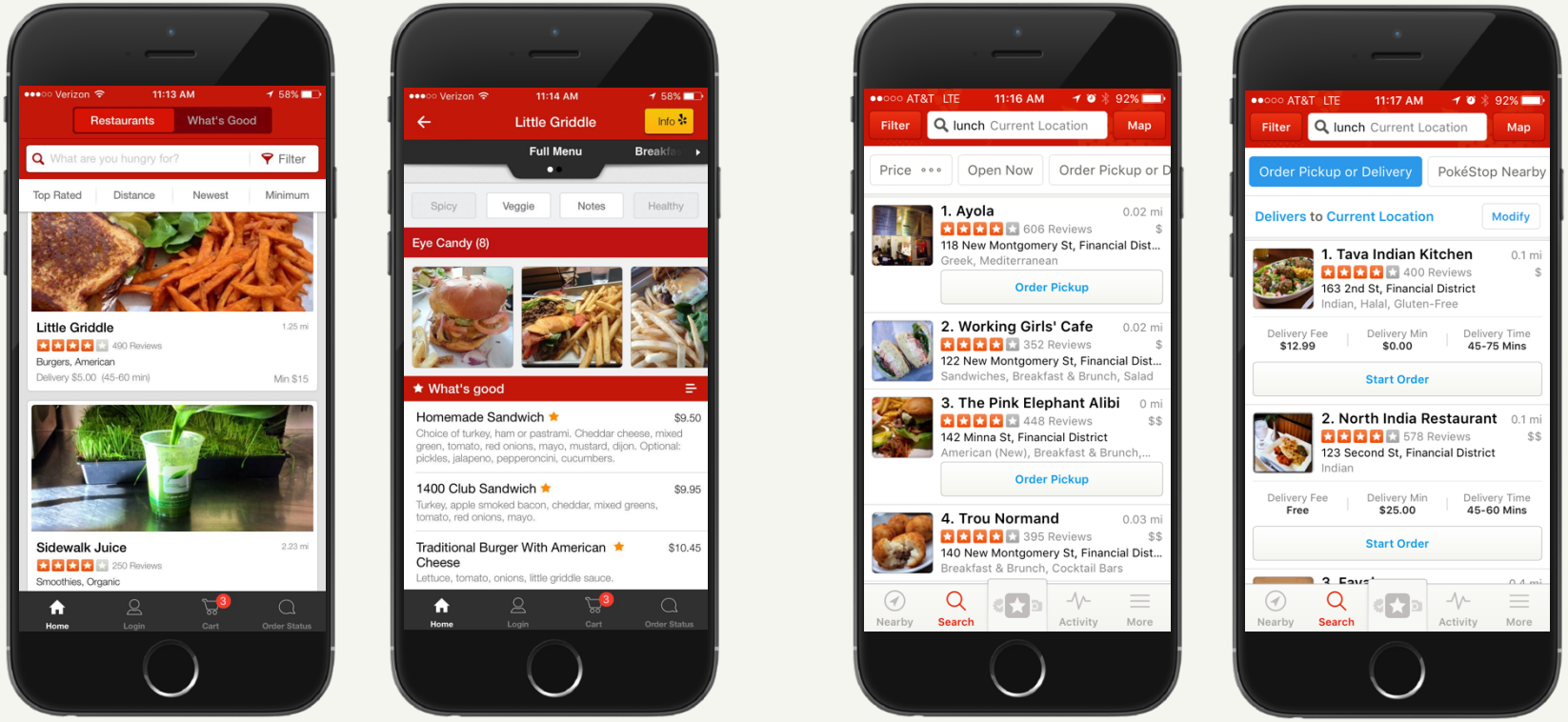
(1) A Yelp community is defined as a city or region in which we have hired a Community Manager.
(2) Average cumulative reviews is defined as the total cumulative reviews for businesses in the cohort as of March 31, 2017 (in thousands) divided by the number of communities in the cohort.
(3) Year-over-year growth in average cumulative reviews compares the average cumulative reviews as of March 31, 2017 with that of March 31, 2016.

(4) Average advertising revenue is defined as the total advertising revenue from businesses in the cohort over the three-month period ended March 31, 2017 (in thousands) divided by the number of communities in the cohort.
(5) Year-over-year growth in average advertising revenue compares the average advertising revenue in the three-month period ended March 31, 2017 with that of the same period in 2016.

Eat24: Another way for consumers to connect with local businesses online

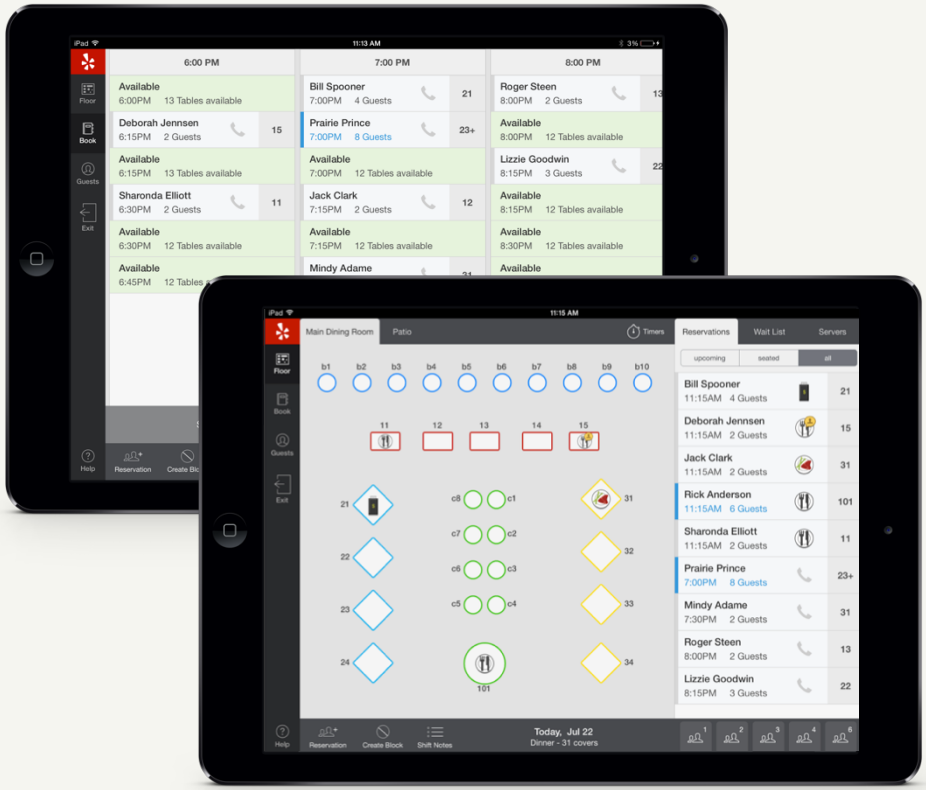
Standalone Eat24 offering

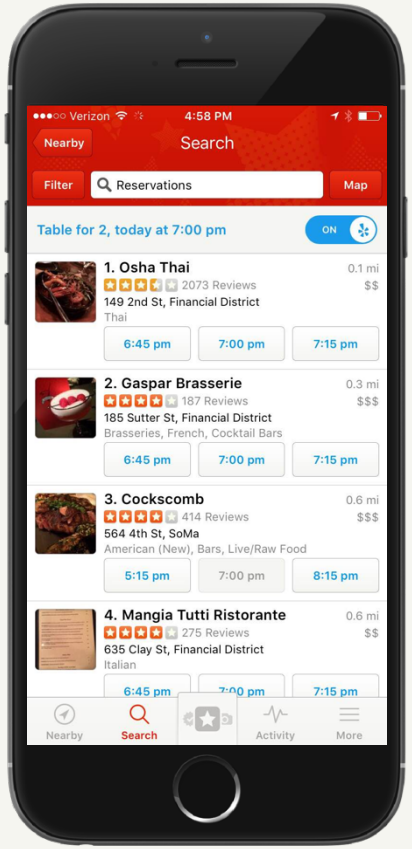
Integration on Yelp



Note: For Illustrative purposes only

Yelp Reservations: intuitive and affordable cloud-based online reservations solution

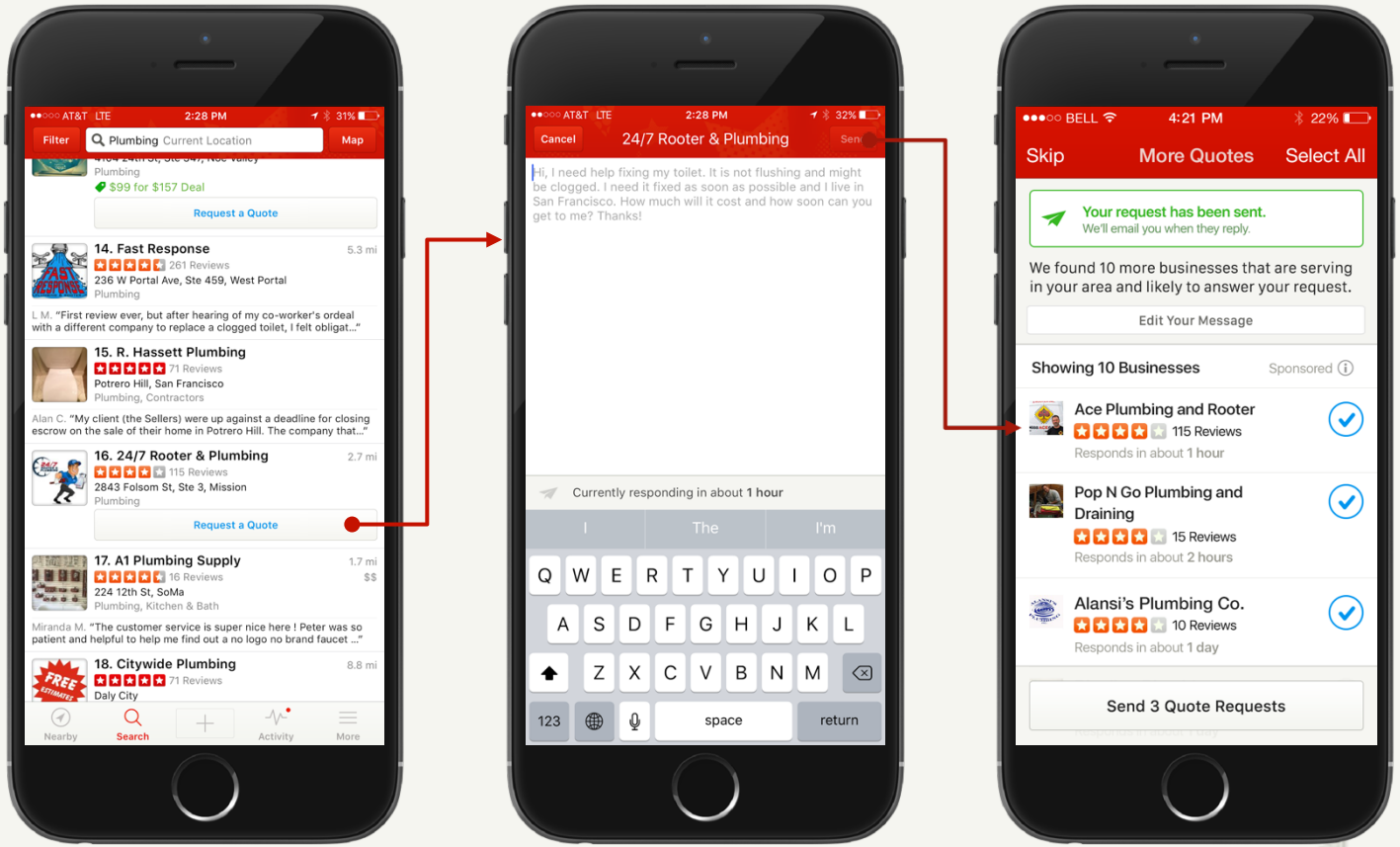




Note: For Illustrative purposes only

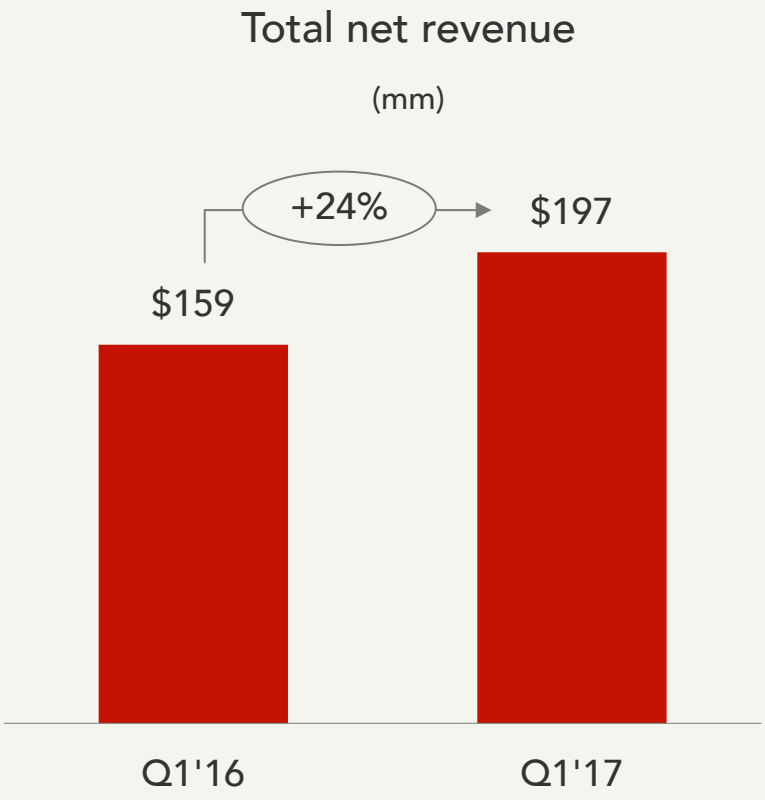
Request-A-Quote: enhancing the consumer-to-business connection on Yelp

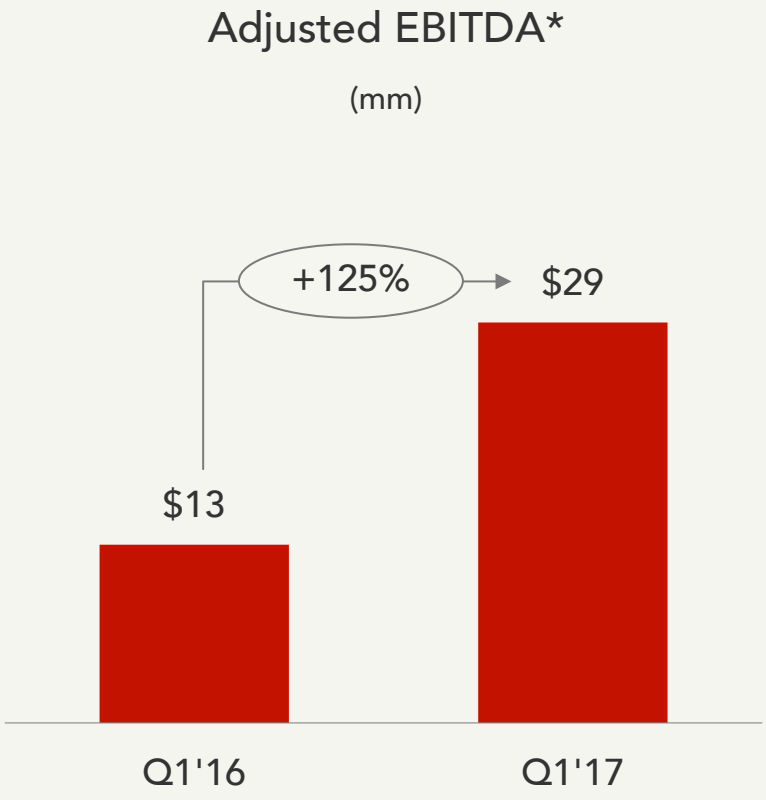
Run rate of 10 million annual quote Requests*



* Annualized based on quote Requests submitted during the month of April 2017.
Note: For Illustrative purposes only

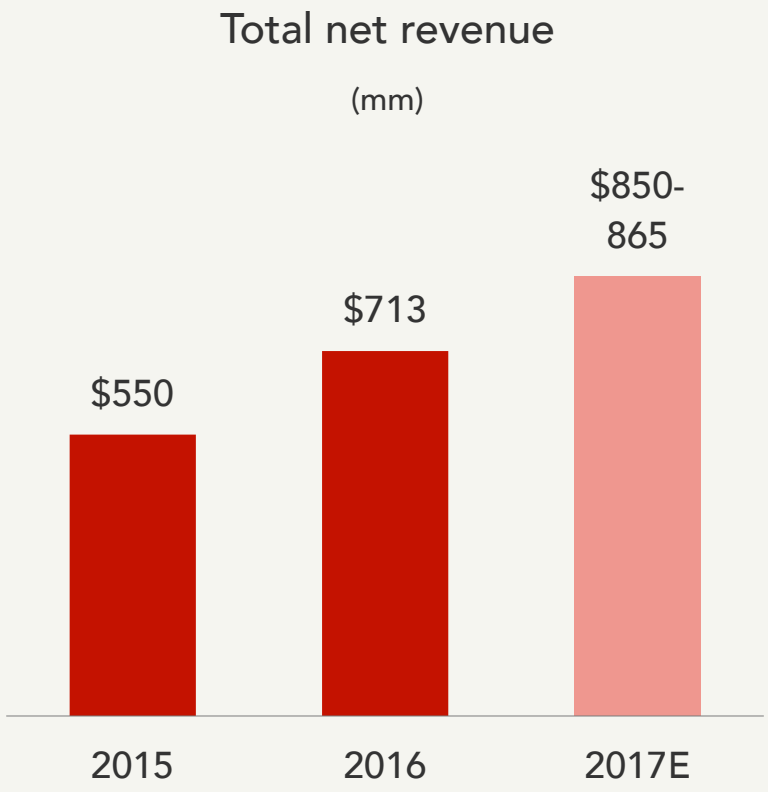
Solid first quarter results

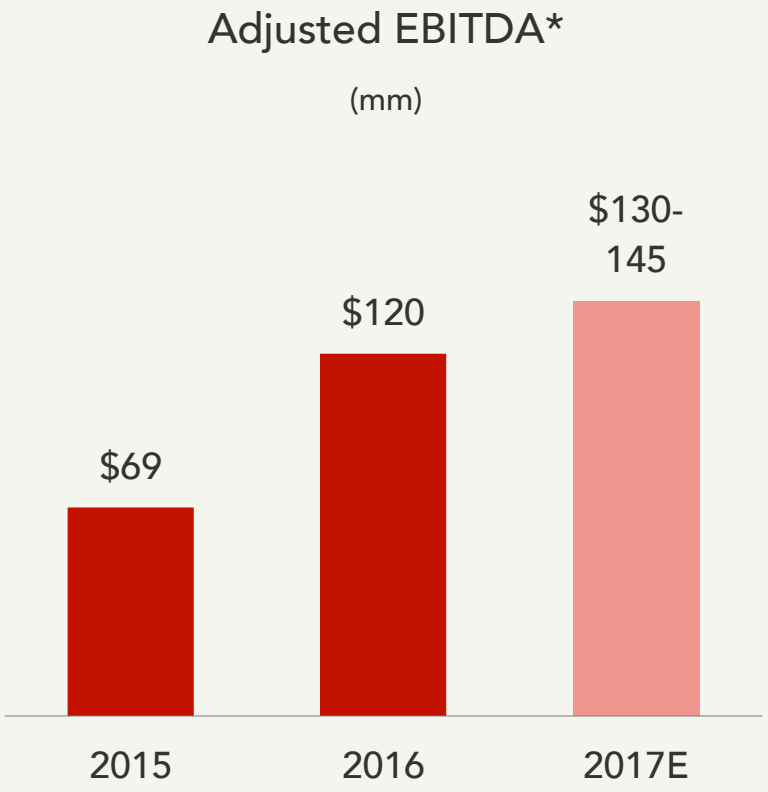




* See slide 21 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

Strong financial performance





* See slide 21 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

Long-term target model

(as a percentage of revenue)	FY2012	FY2013	FY2014	FY2015	FY2016	LT Targets
Cost of Revenue	7.2%	7.1%	6.5%	9.3%	8.5%	7%-8%
Sales & Marketing	62.5%	56.6%	53.3%	54.9%	53.7%	43%-44%
Product Development	14.9%	16.4%	17.3%	19.6%	19.4%	12%-14%
G&A	22.9%	18.4%	15.4%	14.7%	13.7%	8%-11%
D&A	5.3%	4.9%	4.7%	5.4%	5.0%	~4%
Adj. EBITDA Margin*	3.3%	12.6%	18.8%	12.6%	16.8%	35%-40%

Stock based comp included in each line item except for adjusted EBITDA

* Calculated as Adjusted EBITDA divided by Net revenue. See slide 21 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

Investment highlights

- Large addressable market opportunity
- Strong focus on product and innovation
- Highly engaged consumer and business-owner bases
- Purchase-oriented traffic increasingly transacting on Yelp
- Diversified revenue base and attractive cash flow

Appendix

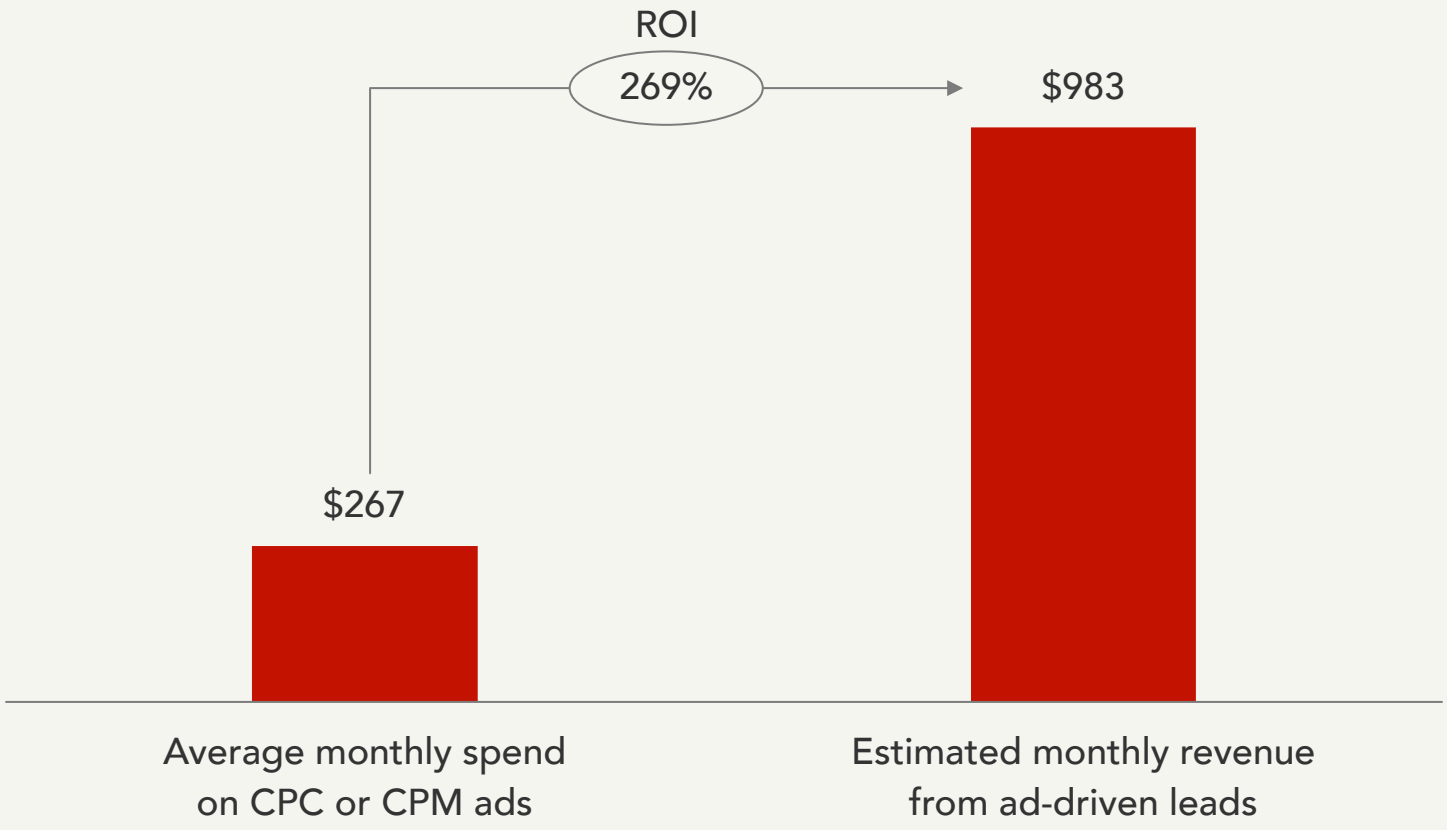
Adjusted EBITDA reconciliation

($mm)	2012	2013	2014	2015	2016	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Net Income / (Loss)	($19.1)	($10.1)	$36.5	($32.9)	($4.7)	($15.4)	$0.4	$2.1	$8.3	($4.8)
+ Tax & Other Expenses	0.3	1.2	(25.4)	11.6	(0.3)	1.2	(1.6)	(0.1)	0.3	(0.7)
+ Depreciation & Amortization	7.2	11.5	17.6	29.6	35.3	8.2	8.6	9.2	9.4	10.2
+ Stock Based Compensation*	14.9	26.1	42.3	60.8	86.3	19.1	20.7	22.6	23.9	24.3
+ Restructuring & Integration	1.3	0.7	0.0	0.0	3.5	0.0	0.0	0.0	3.5	0.2
Adjusted EBITDA	**$4.6**	**$29.4**	**$70.9**	**$69.1**	**$120.1**	**$13.0**	**$28.1**	**$33.7**	**$45.3**	**$29.3**
/ Net Revenue	$137.6	$233.0	$377.5	$549.7	$713.1	$158.6	$173.4	$186.2	$194.8	$197.3
Adjusted EBITDA Margin	**3.3%**	**12.6%**	**18.8%**	**12.6%**	**16.8%**	**8.2%**	**16.2%**	**18.1%**	**23.2%**	**14.8%**

This presentation includes adjusted EBITDA, a non-GAAP financial measure 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 or the SEC's website at 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.

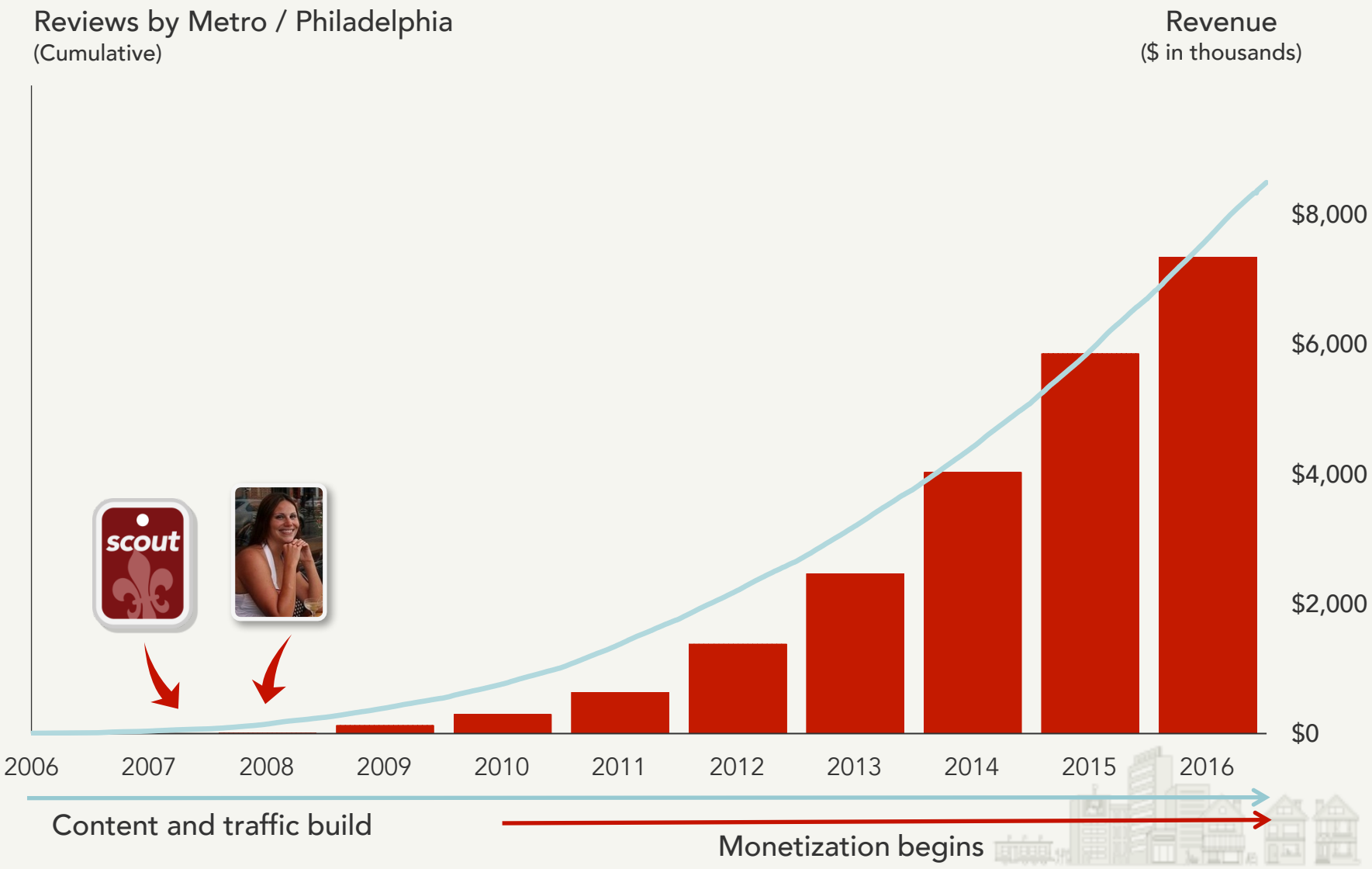
Additionally, Yelp has not reconciled its adjusted EBITDA outlook for the second quarter and full year 2017 to its net income (loss) outlook because it does not provide an outlook for other income (expense) and provision for income taxes, which are reconciling items between net income (loss) and adjusted EBITDA. As items that impact net income (loss) are out of Yelp's control and cannot be reasonably predicted, Yelp is unable to provide such an outlook. Accordingly, reconciliation to net income (loss) outlook for the second quarter and full year 2017 is not available without unreasonable effort.

Compelling ROI for local advertisers

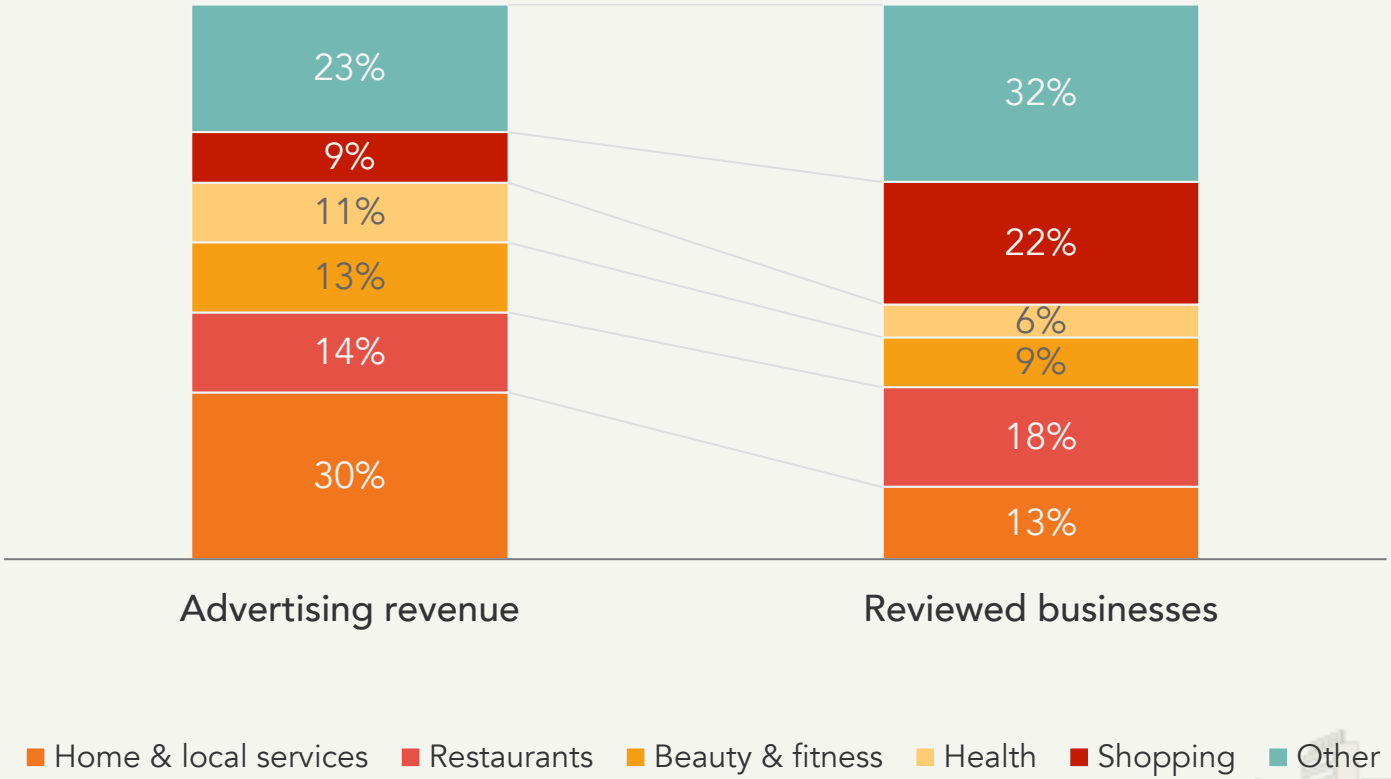


Note: Analysis conducted for the month of Sept 2014. Advertisers include single location local businesses that purchased local search ads (ad spend does not include Enhanced Profile features). Estimated Revenue is (leads from ad clicks) x (average revenue per customer as estimated by the Boston Consulting Group, survey conducted Nov 2012).

Philadelphia case study



Wide breadth of business categories and diversified revenue



Note: As of March 31, 2017; Includes some businesses that have only received reviews that have been removed or not recommended