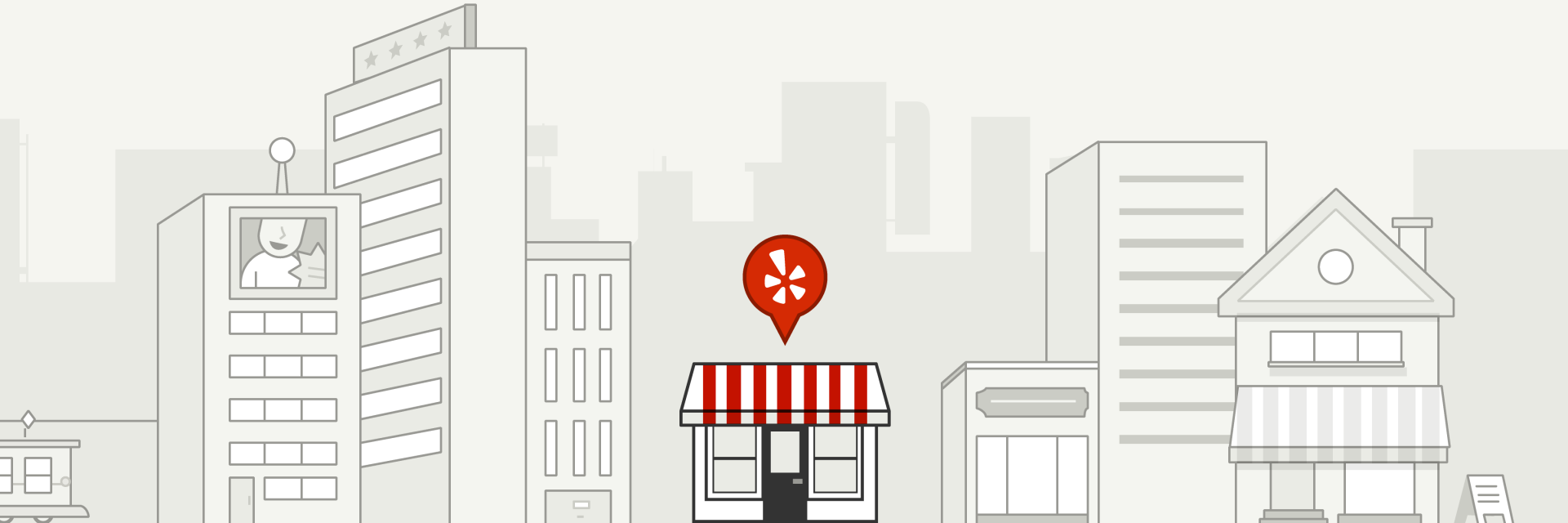
Investor Presentation
Q3 2016



Safe Harbor

FORWARD-LOOKING STATEMENTS

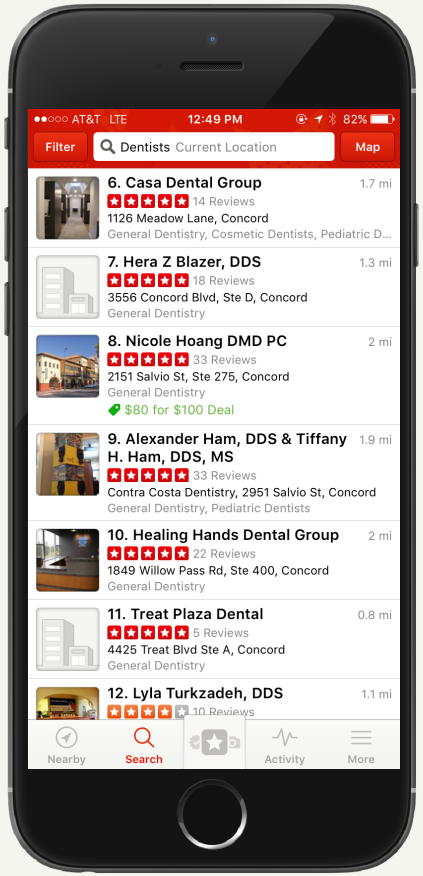
These slides and the accompanying oral presentation contain forward-looking statements. All statements other than statements of historical facts contained in these slides and the accompanying oral presentation, including statements regarding Yelp Inc.'s ("Yelp" or the "Company") future operations, expected 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









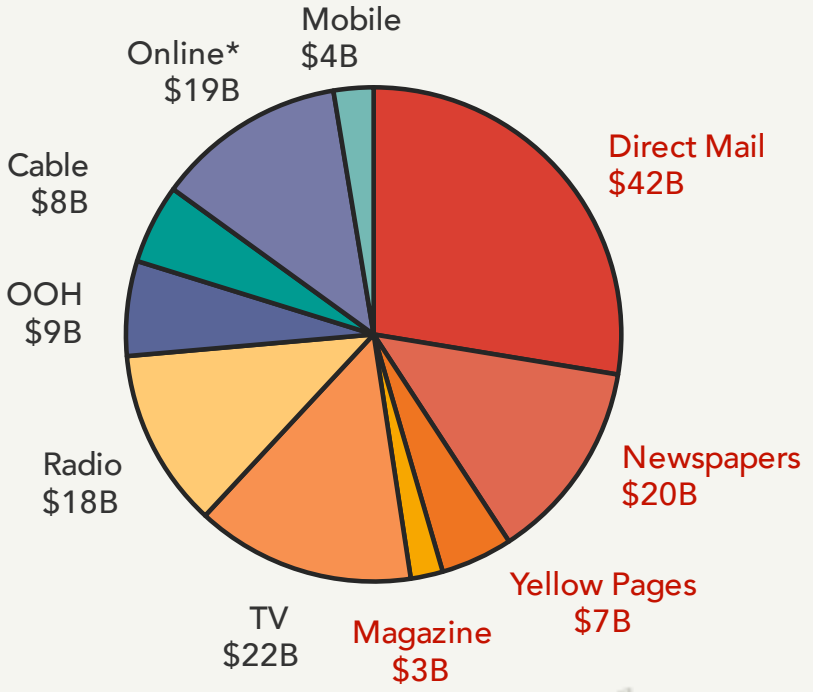
Large market opportunity

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



- Claimed local business locations: 3.2 million
- Local advertising accounts: 135 thousand

$151 billion
U.S. local ad spend
(projected 2016)



Claimed local business locations and Local advertising accounts as of September 30, 2016
Sources: BIA Kelsey, U.S. Census Bureau
*Pure-play Online and Email, Reputation and Presence Management

The industry is shifting online

TV & Radio



Netflix
Spotify

Travel



Priceline
Airbnb

Directories



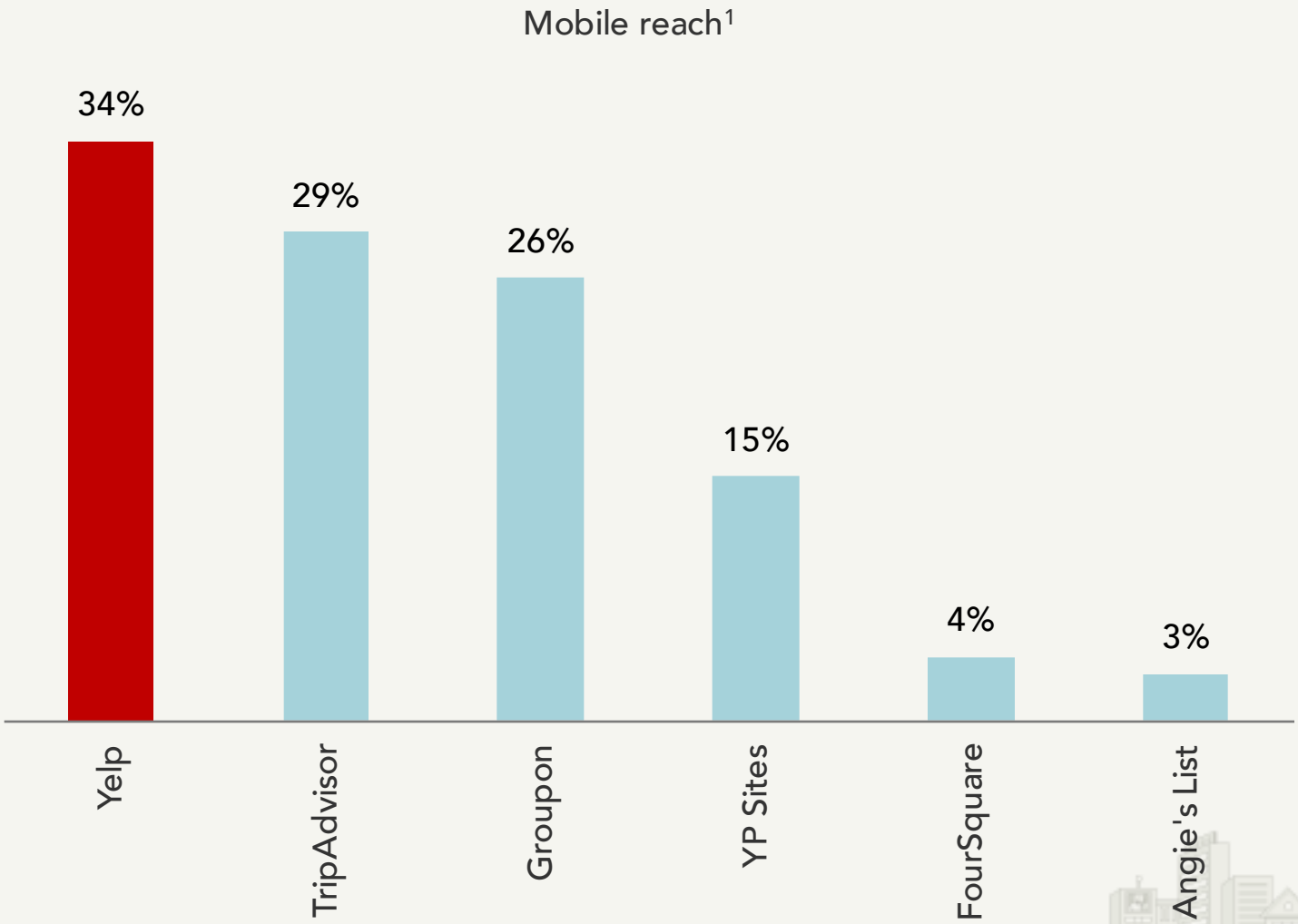


Hiring



LinkedIn
Indeed

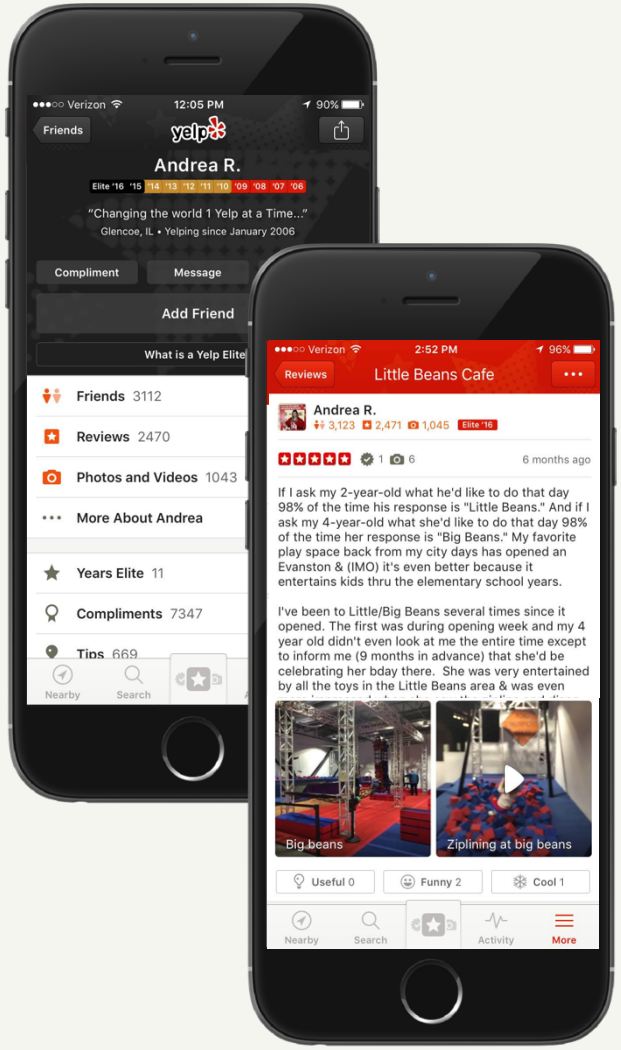
Leading local guide with plenty of room for growth



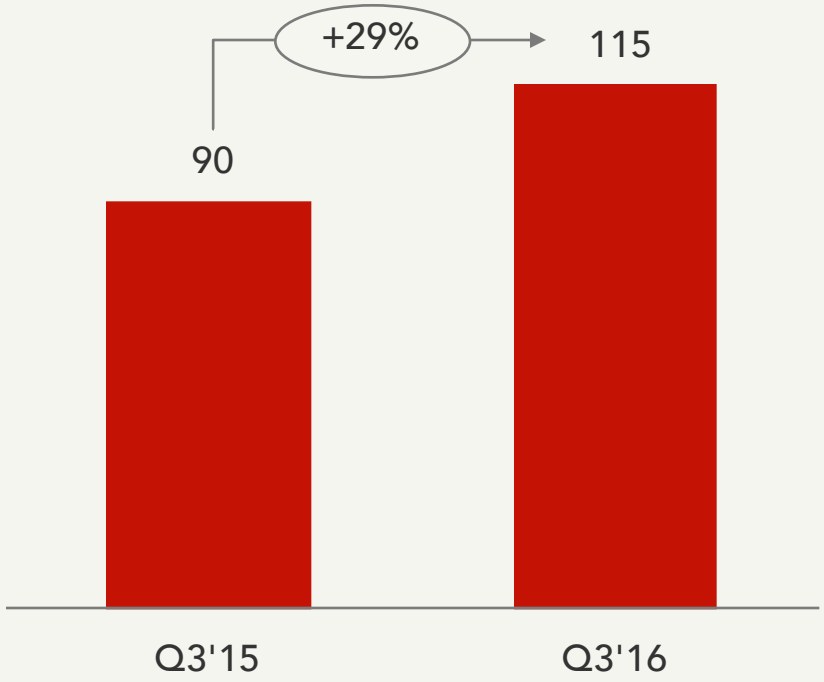
[1] As defined by penetration of U.S. smartphones. Source: ComScore, September 2016, Mobile Media Metrix, Browsing + Application Data.

Our high-quality content continues to grow

Unmatched local business information at consumers' fingertips



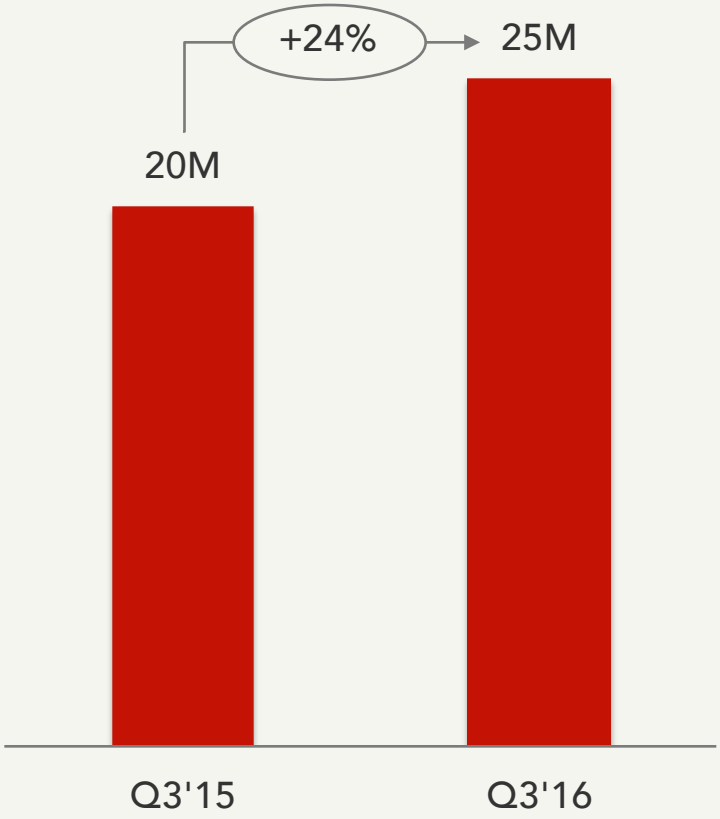
Over 115 million cumulative reviews



Strong app growth drives engagement

Approximately 70% of page views came from app users

App unique devices*



App users view more than

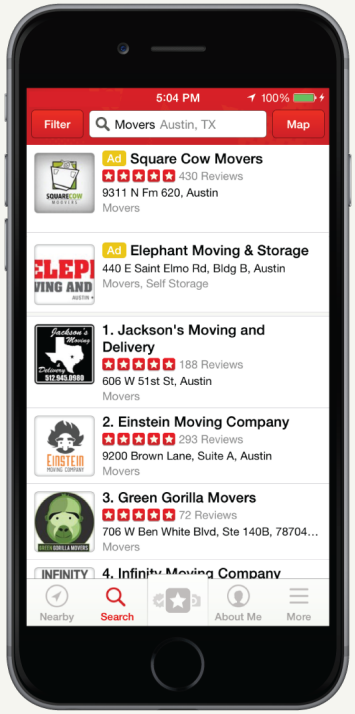


as many pages as website users

* 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 September 30, 2016.

Local advertising features

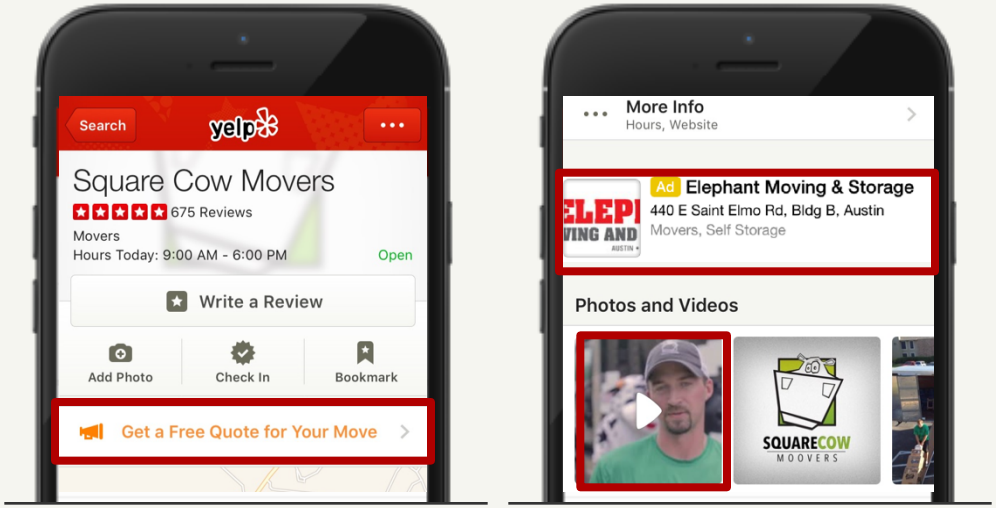
Local search ads



~$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



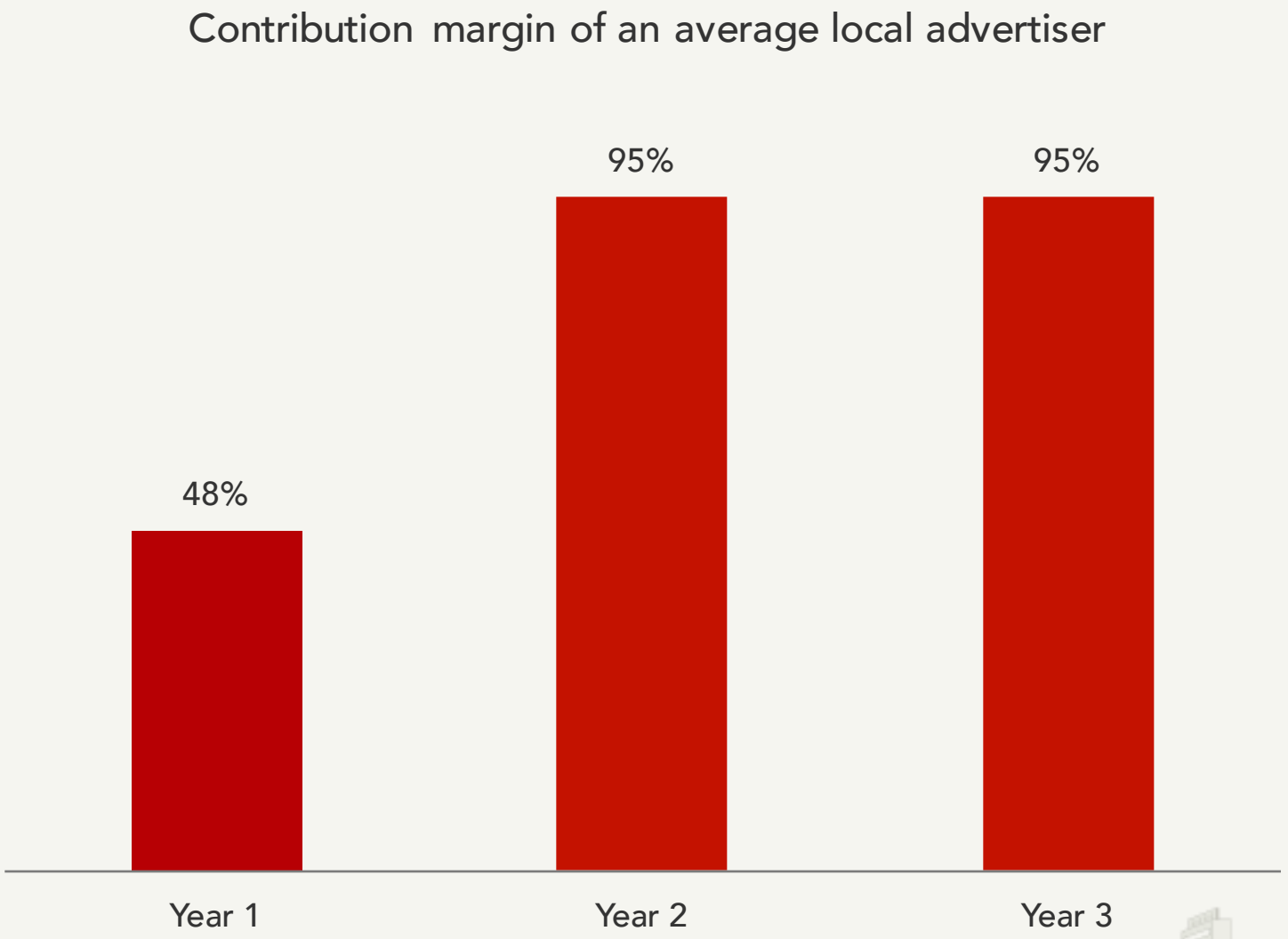
Self serve

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.

Revenue in our oldest communities grew more than 30% on average

Launch date of U.S. Yelp Community	Number of Yelp Communities (1)	Average Cumulative Reviews in Q3 2016 (2)	Year-Over-Year Growth in Average Cumulative Reviews (3)	Average Local Advertising Revenue in Q3 2016 (4)	Year-Over-Year Growth in Average Local Advertising Revenue (5)
2005 – 2006	6	7,207	25%	$10,475	31%
2007 – 2008	14	1,629	28%	$3,162	42%
2009 – 2010	18	600	35%	$842	45%

(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 September 30, 2016 (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 September 30, 2016 with that of September 30, 2015.

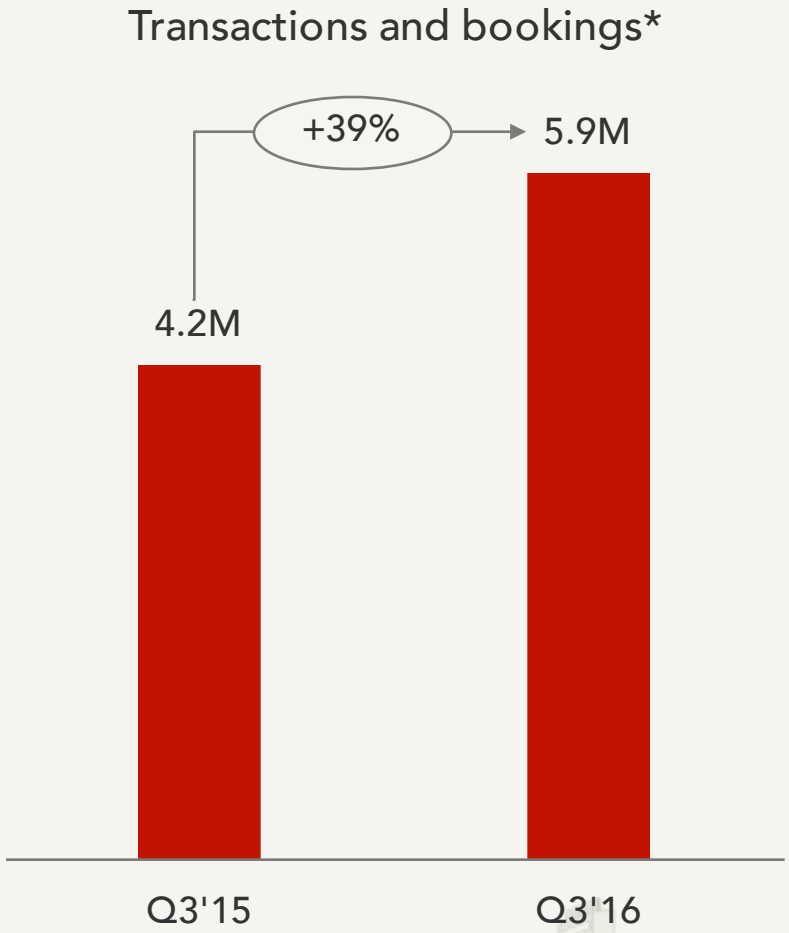
(4) Average local advertising revenue is defined as the total local advertising revenue from businesses in the cohort over the three-month period ended September 30, 2016 (in thousands) divided by the number of communities in the cohort.
(5) Year-over-year growth in average local advertising revenue compares the average local advertising revenue in the three-month period ended September 30, 2016 with that of the same period in 2015.

Robust transactions platform

yelp EAT24

YELP OFFICIAL COMMERCE PARTNER

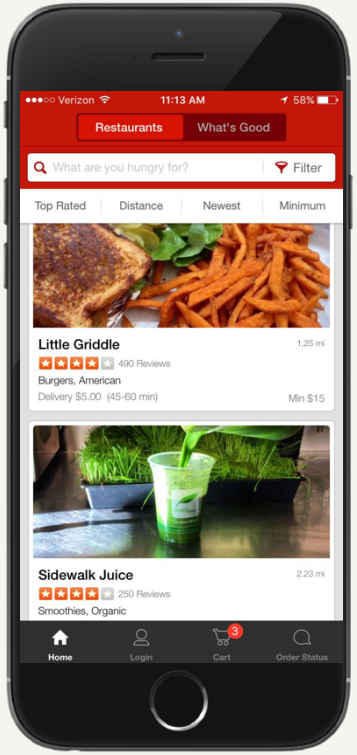
yelp Reservations

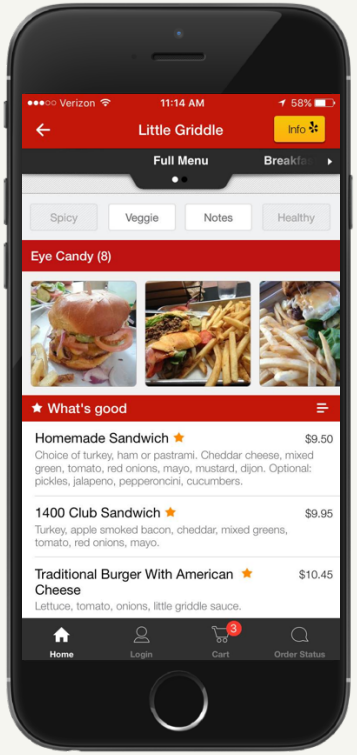


*The number of transactions and bookings that occurred on Yelp Eat24, Yelp Reservations and Yelp Platform for respective time periods.

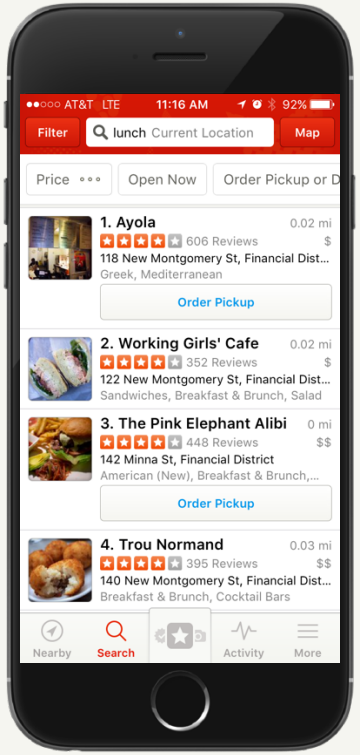
Eat24: Another way for consumers to connect with local businesses online

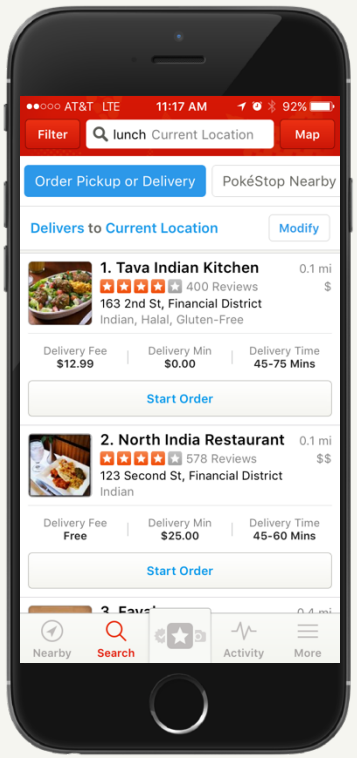
Standalone Eat24 offering





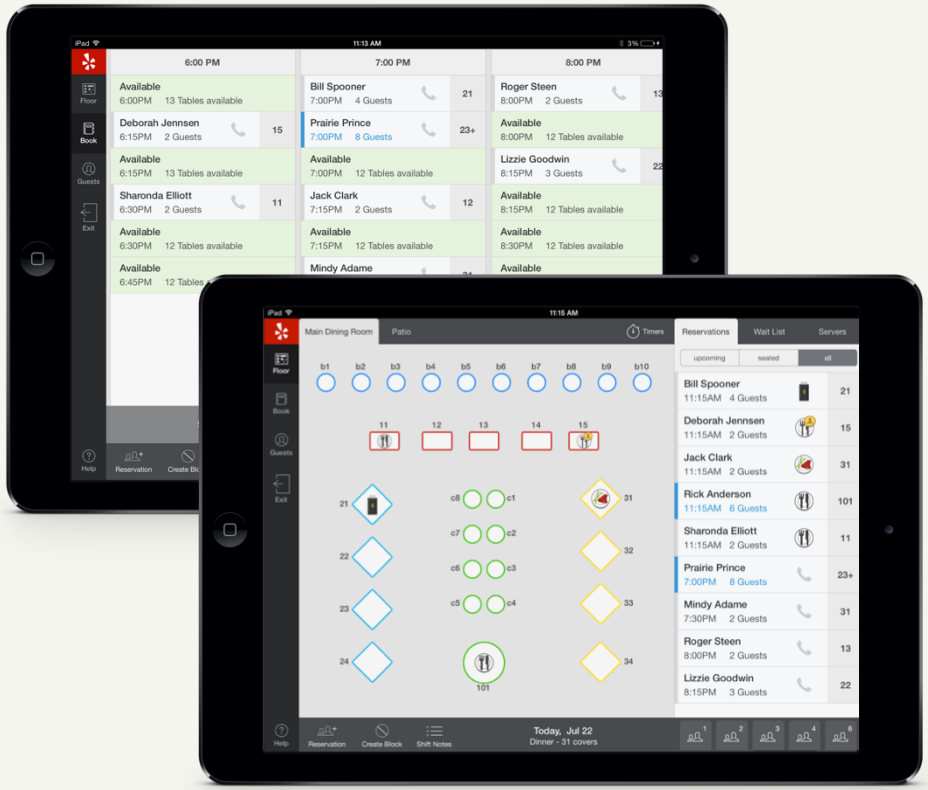
Integration on Yelp

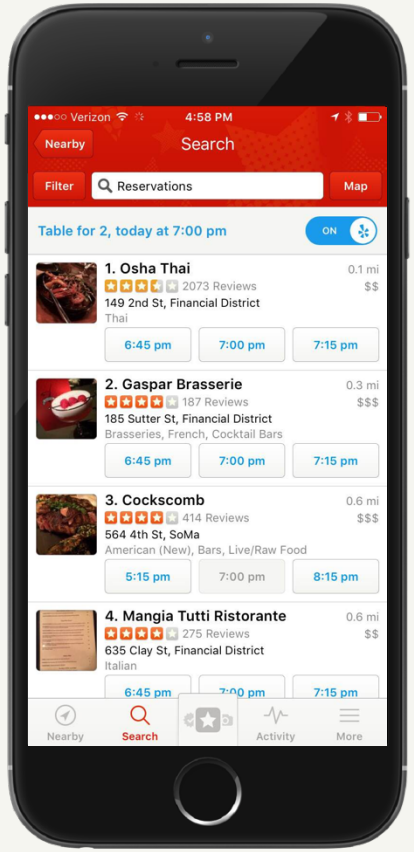




Note: For Illustrative purposes only

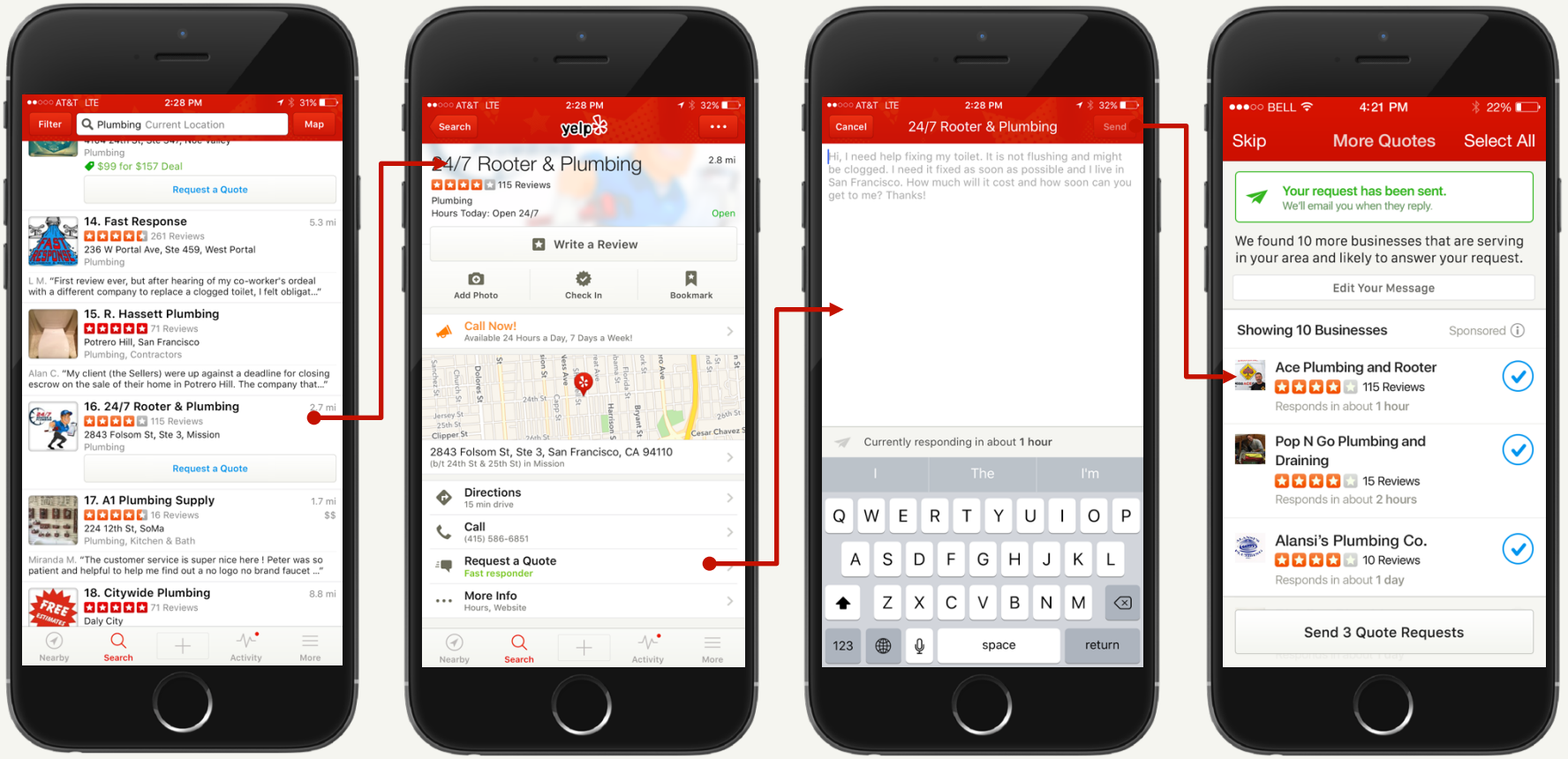
Yelp Reservations: intuitive and affordable cloud-based online reservations solution





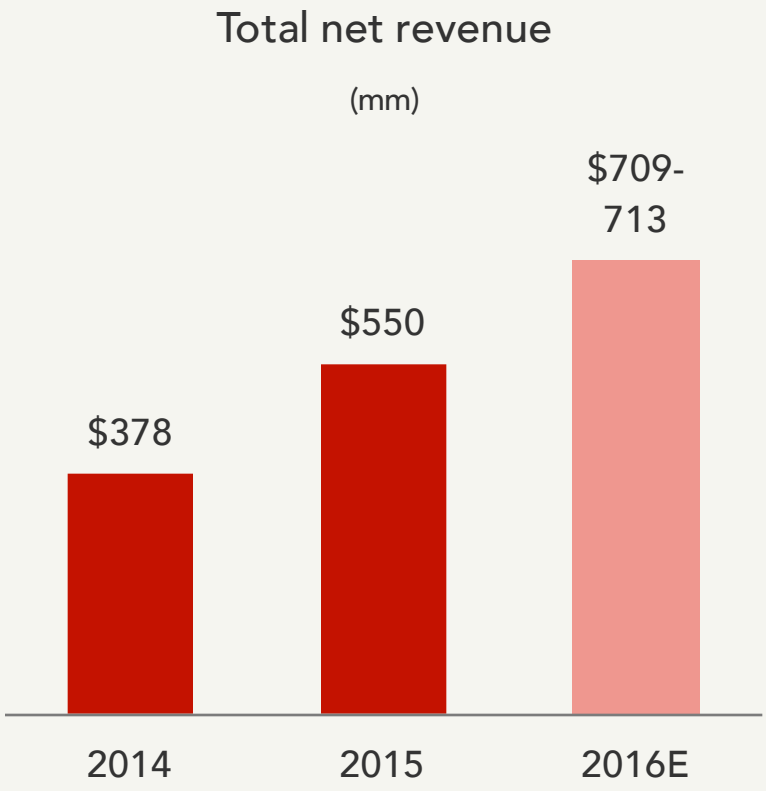
Note: For Illustrative purposes only

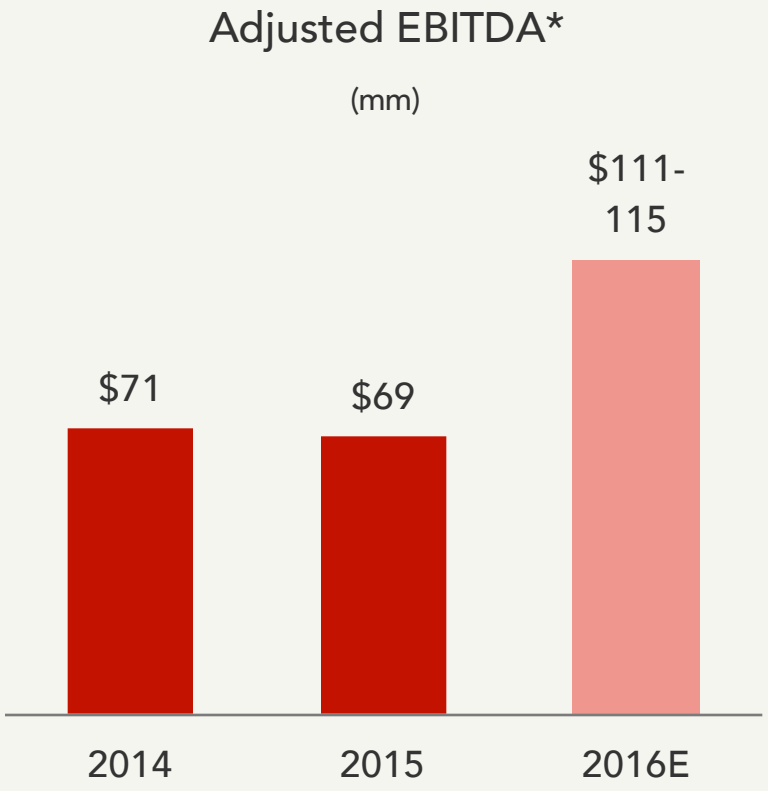
Request-A-Quote facilitates consumer and business transactions



Note: For Illustrative purposes only

Strong financial performance





* See slide 22 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	LT Targets
Cost of Revenue	7.2%	7.1%	6.5%	9.3%	7%-8%
Sales & Marketing	62.5%	56.6%	53.3%	54.9%	43%-44%
Product Development	14.9%	16.4%	17.3%	19.6%	12%-14%
G&A	22.9%	18.4%	15.4%	14.7%	8%-11%
D&A	5.3%	4.9%	4.7%	5.4%	~4%
Adj. EBITDA Margin*	3.3%	12.6%	18.8%	12.6%	35%-40%

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

* Calculated as Adjusted EBITDA divided by Net revenue. See slide 22 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

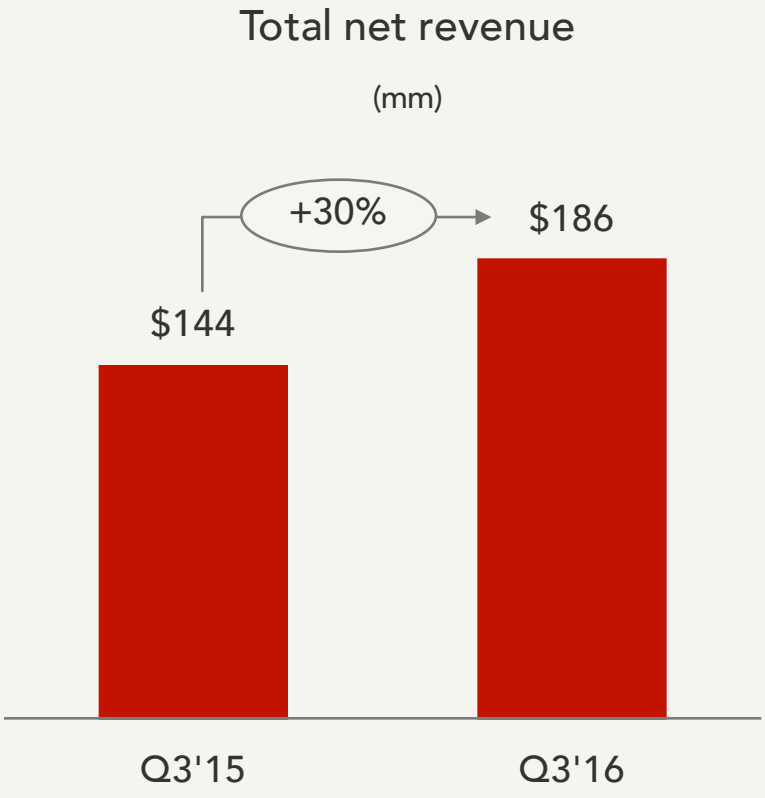
Investment highlights

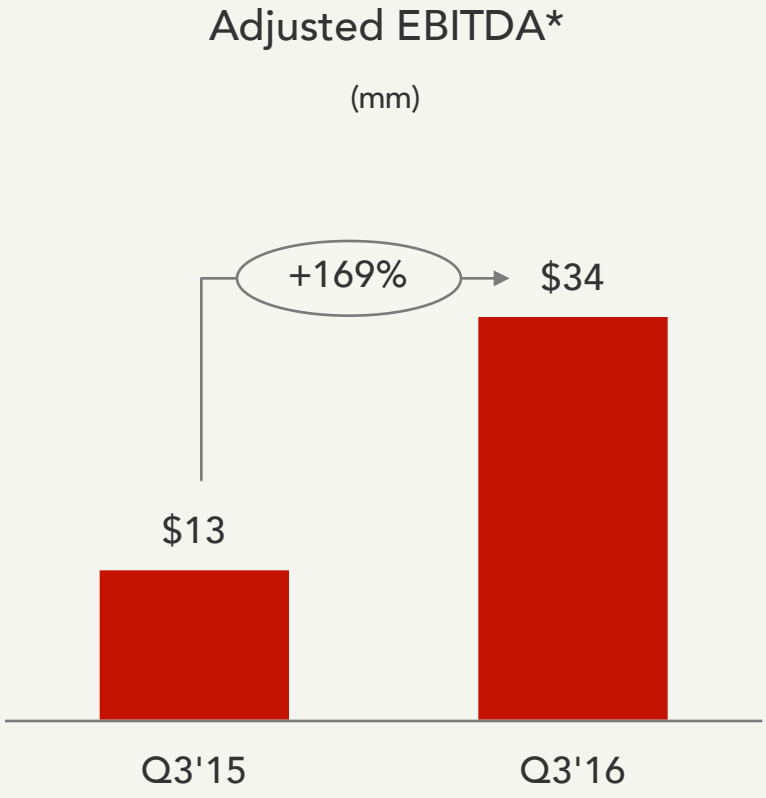
- Large addressable market opportunity
- Strong focus on product and innovation
- Highly engaged consumer and business-owner bases
- Purchase-oriented traffic increasingly transacting on Yelp
- Diversified revenue base with high visibility



Appendix

Strong third quarter results





* See slide 22 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

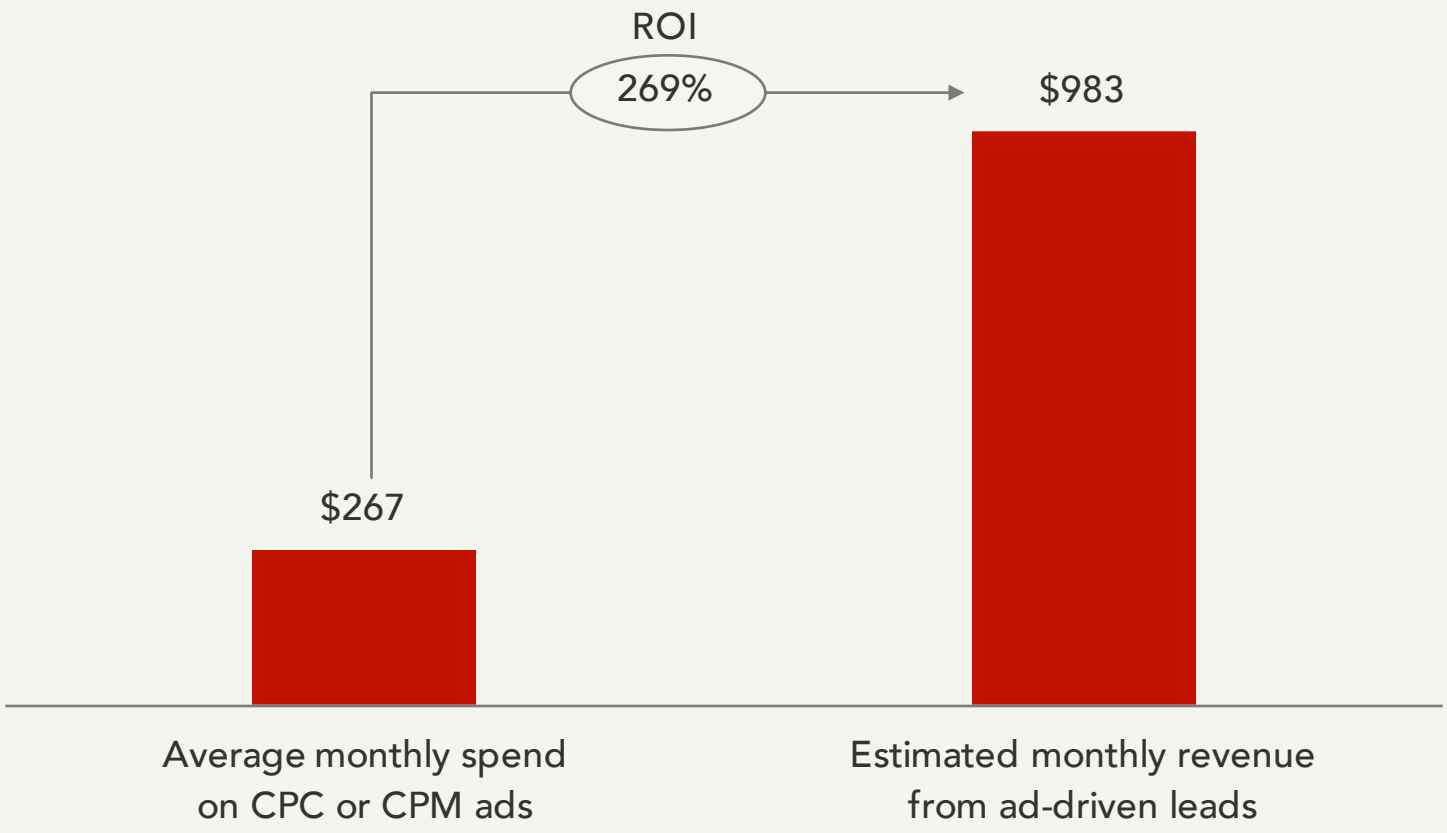
Adjusted EBITDA reconciliation

					2015				2016		
($mm)	2012	2013	2014	2015	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Income / (Loss)	($19.1)	($10.1)	$36.5	($32.9)	($1.3)	($1.3)	($8.1)	($22.2)	($15.4)	$0.4	$2.1
+ Tax & Other Expenses	0.3	1.2	(25.4)	11.6	(3.0)	1.4	(2.6)	15.8	1.2	(1.6)	(0.1)
+ Depreciation & Amortization	7.2	11.5	17.6	29.6	6.9	7.2	7.6	8.0	8.2	8.6	9.2
+ Stock Based Compensation*	14.9	26.1	42.3	60.8	13.7	15.5	15.7	16.0	19.1	20.7	22.6
+ Restructuring & Integration	1.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**$4.6**	**$29.4**	**$70.9**	**$69.1**	**$16.3**	**$22.7**	**$12.5**	**$17.5**	**$13.0**	**$28.1**	**$33.7**
/ Net Revenue	$137.6	$233.0	$377.5	$549.7	$118.5	$133.9	$143.6	$153.7	$158.6	$173.4	$186.2
Adjusted EBITDA Margin	**3.3%**	**12.6%**	**18.8%**	**12.6%**	**13.8%**	**17.0%**	**8.7%**	**11.4%**	**8.2%**	**16.2%**	**18.1%**

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 fourth quarter and full year 2016 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 fourth quarter and full year 2016 is not available without unreasonable effort.

Compelling ROI for local advertisers

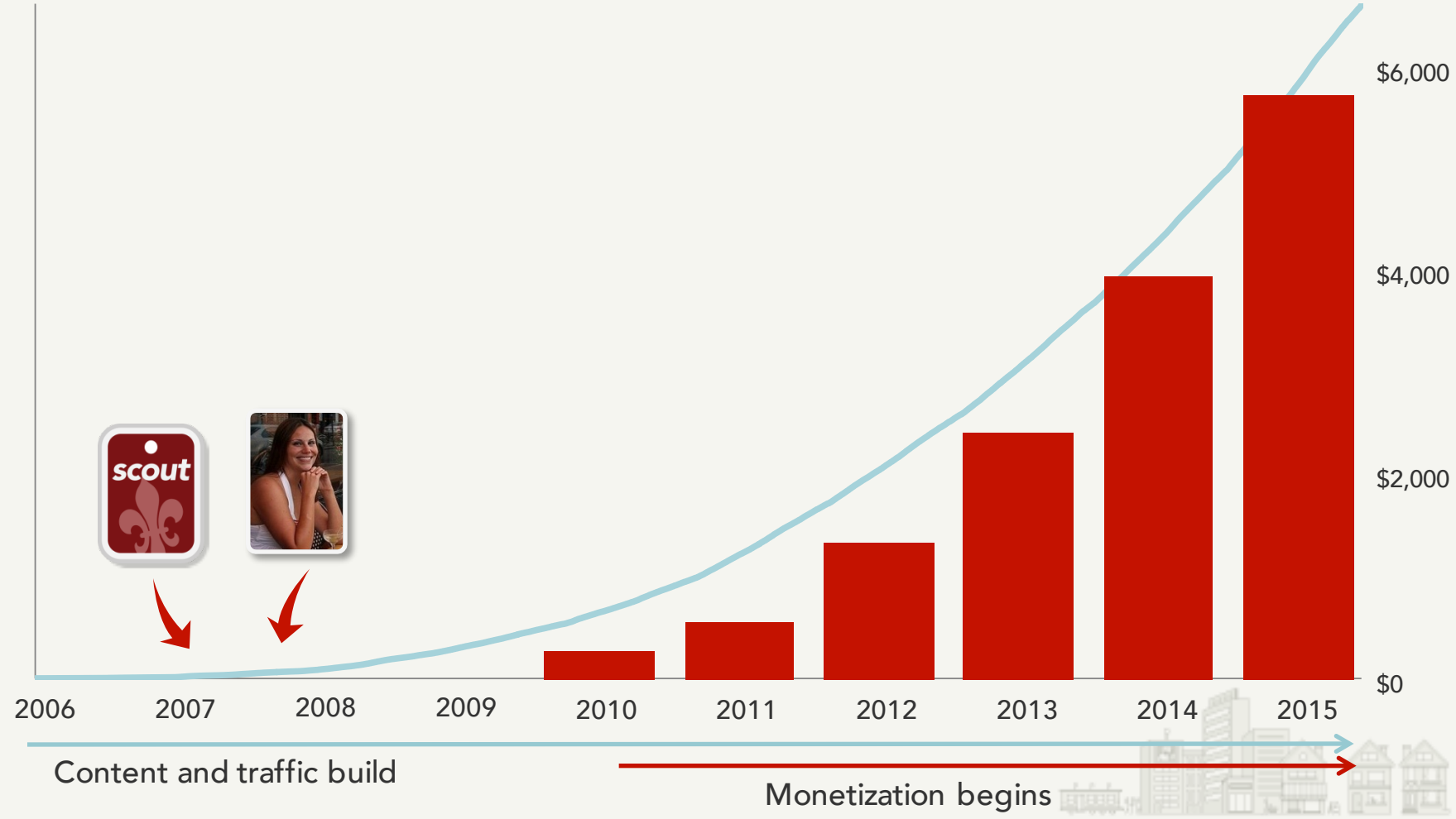


Note: Analysis conducted for the month of Sept 2014. Advertisers include single location local businesses that purchased local search ads (ad spend does not include Enhanced Profile features). Estimated Revenue is (leads from ad clicks) x (average revenue per customer as estimated by the Boston Consulting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

Philadelphia case study

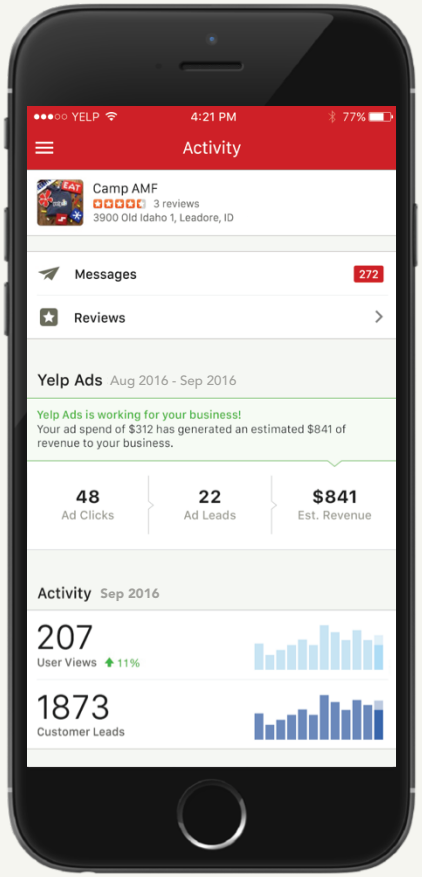
Reviews by Metro / Philadelphia (Cumulative)
(thousands)

Revenue
($ in thousands)

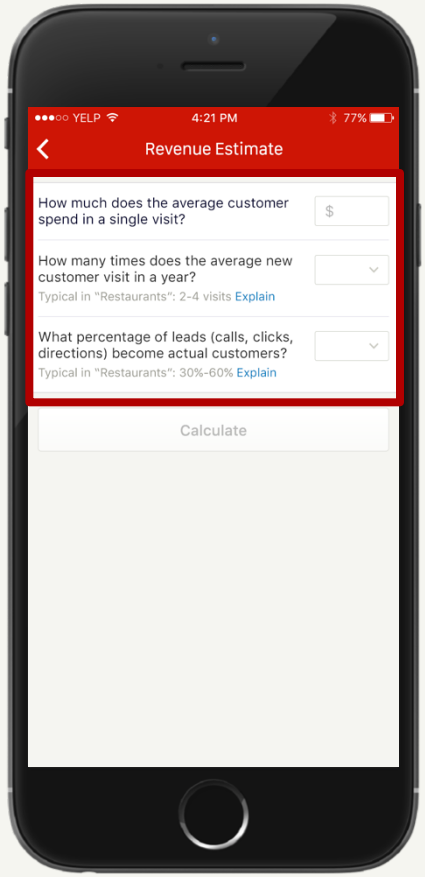


Business owner's tools

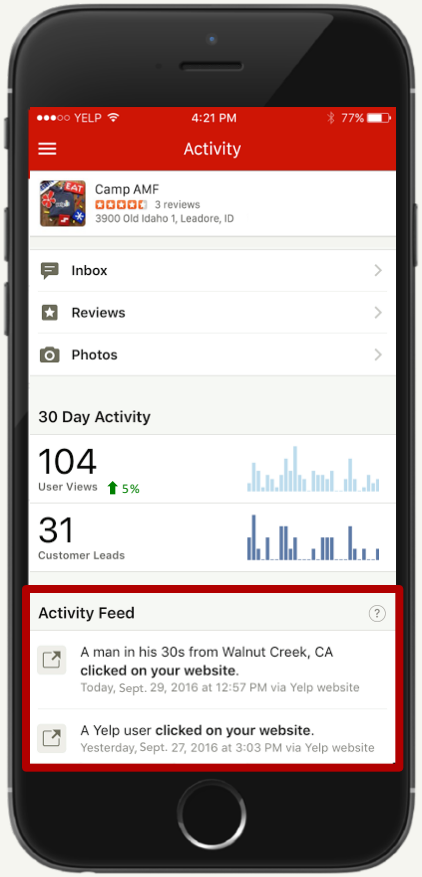
Dashboard



Revenue estimate tool

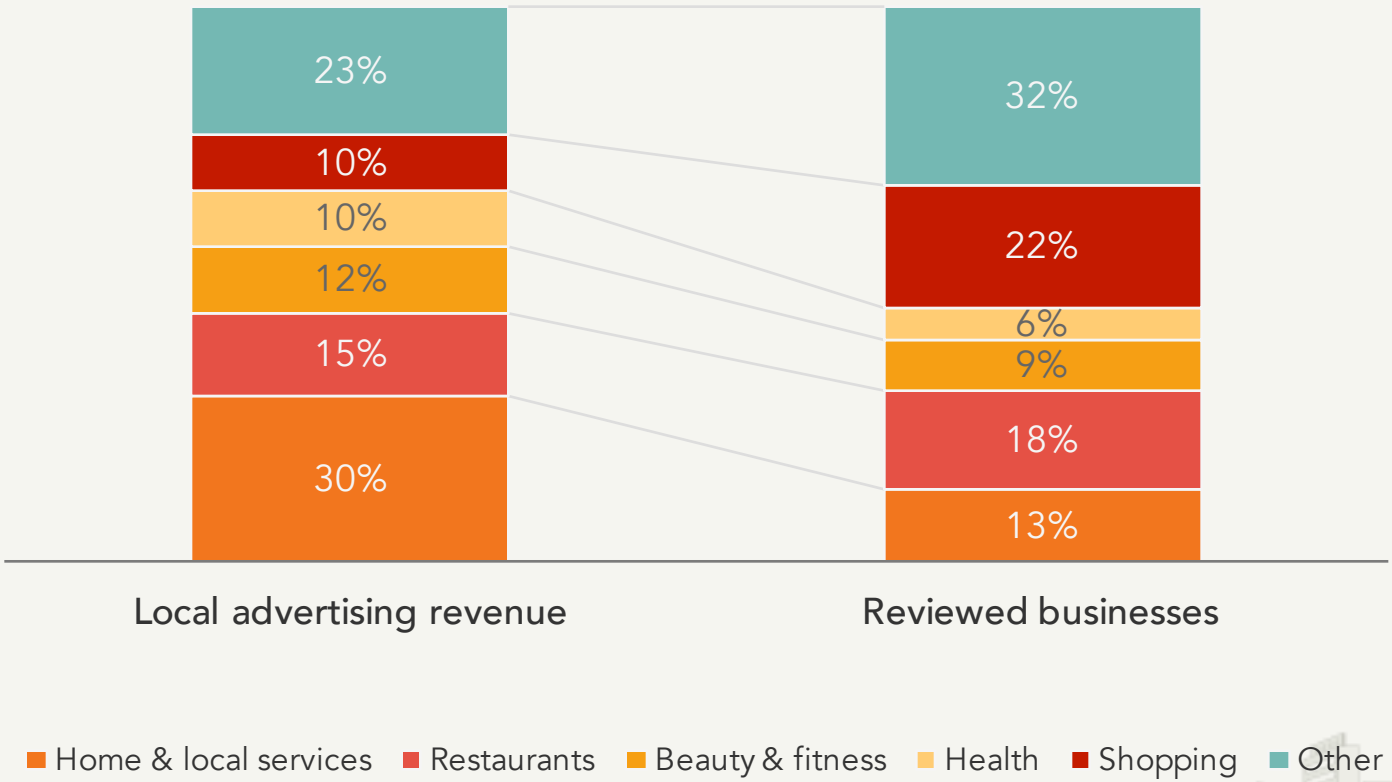


Activity feed



Note: For Illustrative purposes only

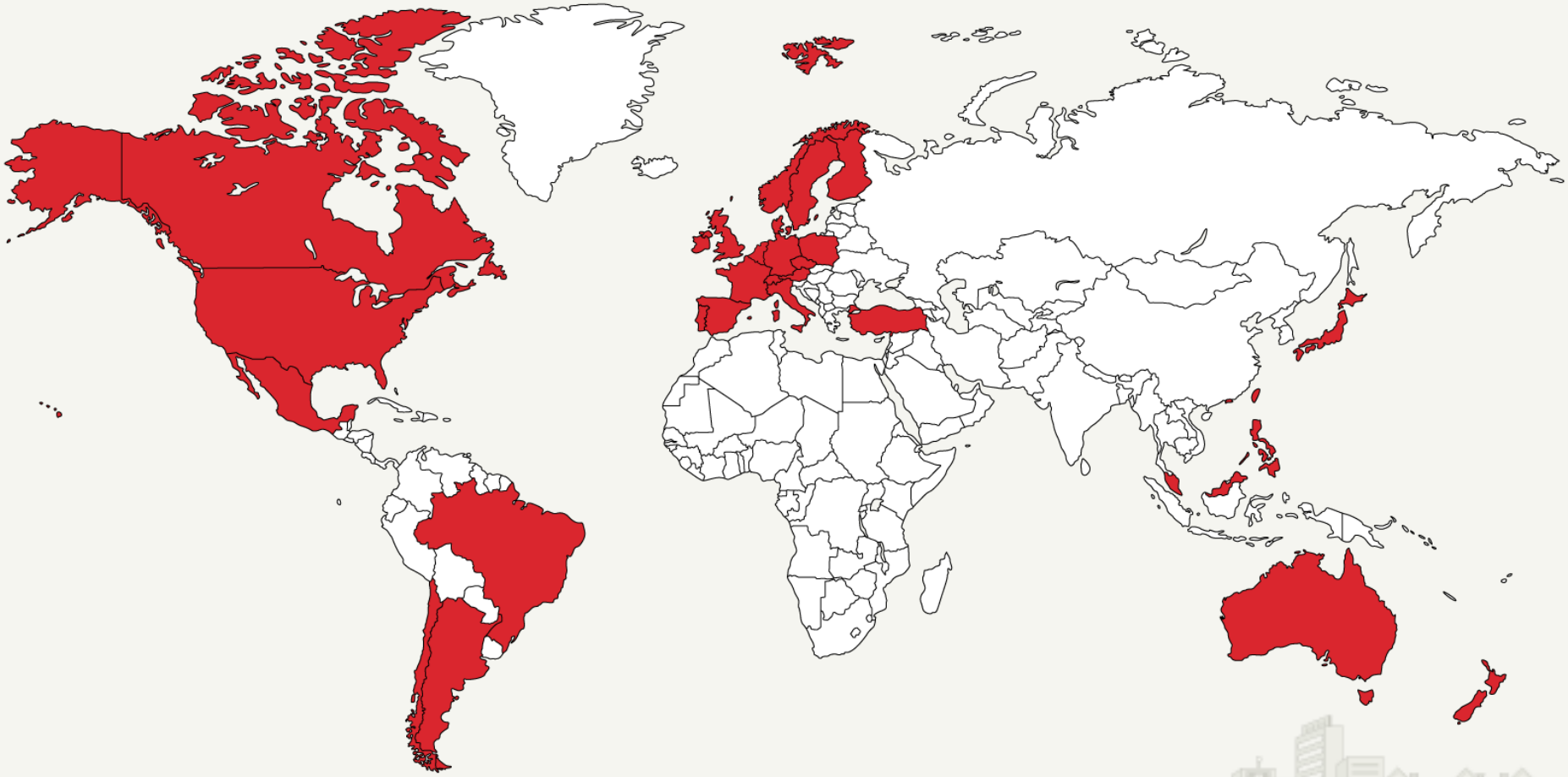
Wide breadth of business categories and diversified revenue



Note: As of September 30, 2016; Includes some businesses that have only received reviews that have been removed or not recommended

Yelp's geographic footprint

In more than 30 countries



= countries with a Yelp presence

As of September 30, 2016