

Investor Presentation

Fourth Quarter 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, the strategic partnership with Grubhub (including its anticipated timing, expected benefits and expected financial impact), 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 profitability, particularly in light of our significant ongoing sales and marketing expenses, our planned investments in Nowait, Yelp Reservations and Yelp WiFi, and the sale of Eat24; the risk that the Grubhub partnership integration may not be completed in a timely manner or at all, which may adversely affect our business; our ability to attract, retain and motivate well-qualified employees, particularly in sales and marketing; 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 and monetize those businesses, solutions or technologies; the efficacy of our automated recommendation software; our ability to maintain and expand our base of advertisers, particularly as an increasing portion of advertisers have the ability to cancel their ad campaigns at any time; 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 is to Connect People with Great Local Businesses

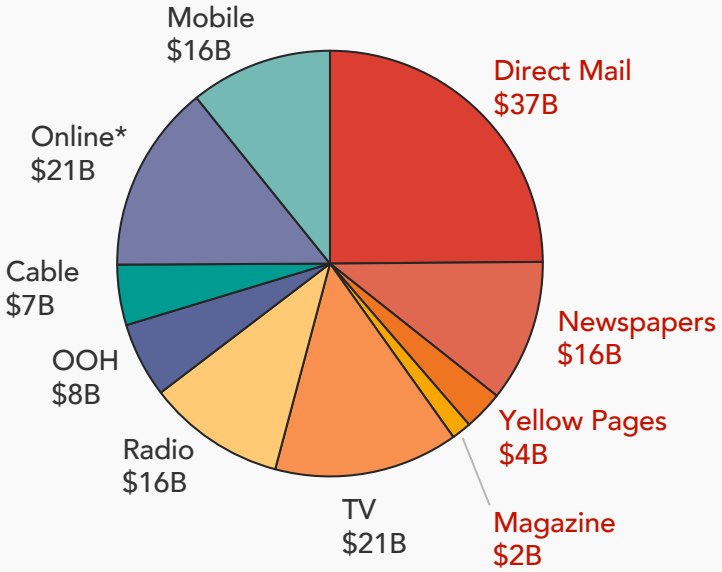
Large market opportunity

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



- Claimed local business locations: 4.2 million
- Paying advertising accounts: 163,000

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

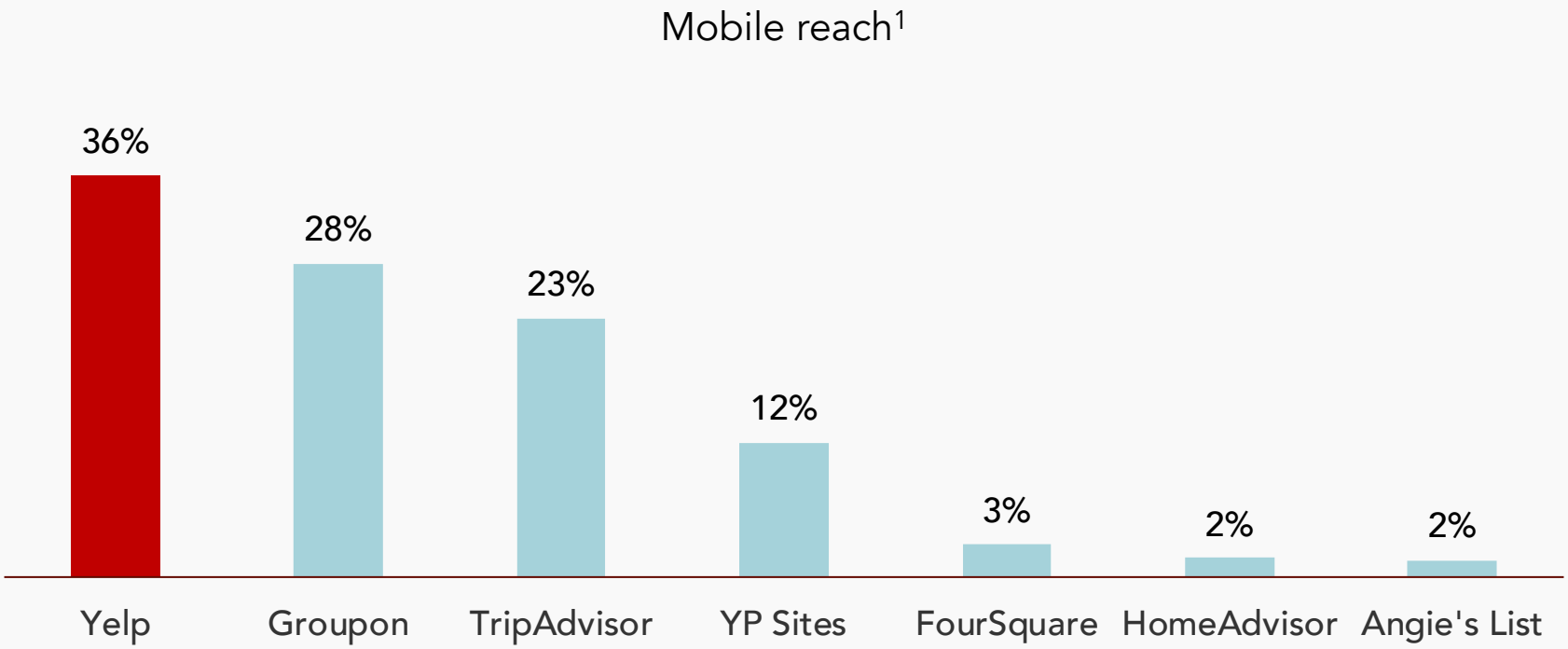


Claimed local business locations as of December 31, 2017 and Paying advertising accounts for the quarter end December 31, 2017
Sources: BIA Kelsey, U.S. Census Bureau
*Pure-play Online / Interactive and Email

The industry is shifting online

TV & Radio	Travel	Directories	Hiring
			
Netflix Spotify	Priceline Airbnb		LinkedIn Indeed

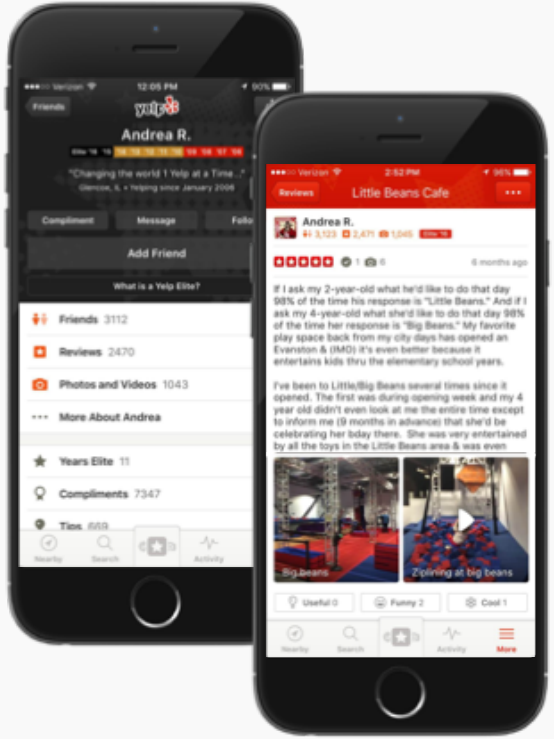
Leading local guide with plenty of room for growth



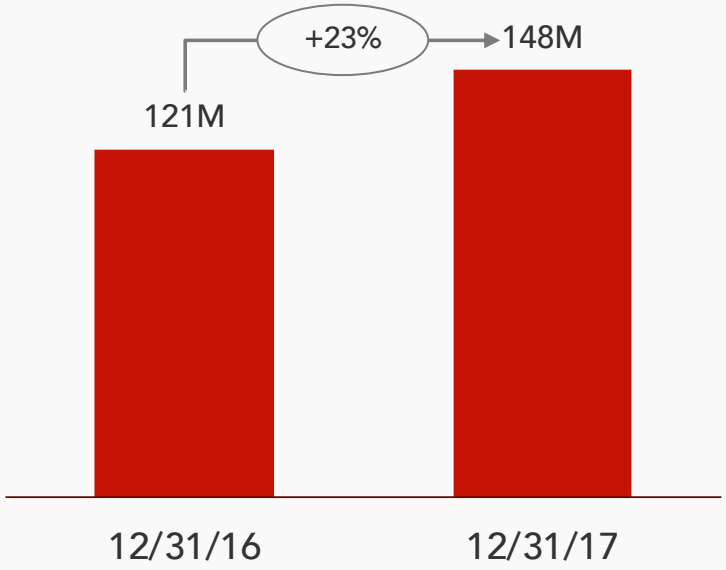
[1] As defined by penetration of U.S. smartphones. Source: ComScore, December 2017, Mobile Media Metrix, Browsing + Application Data.

Our high quality content continues to grow rapidly

Unmatched local business information at consumers' fingertips



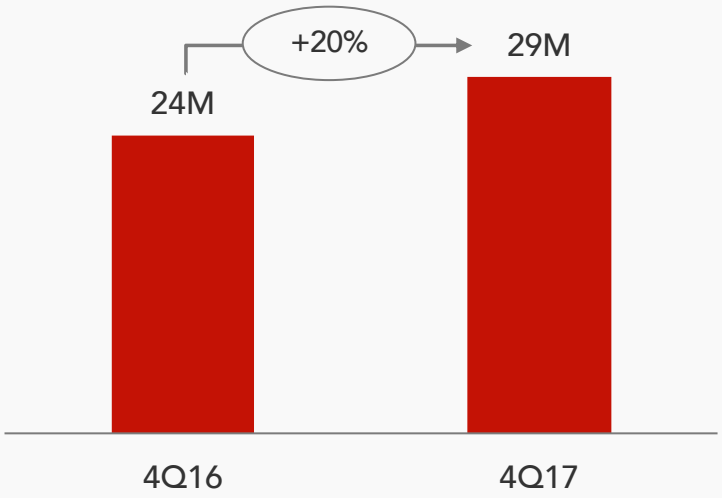
148 million cumulative reviews



Compelling app experience drives engagement

More than 70% of page views came from app users

App unique devices*



App users view more than



as many pages as website users on average

* 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 December 31, 2017.

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

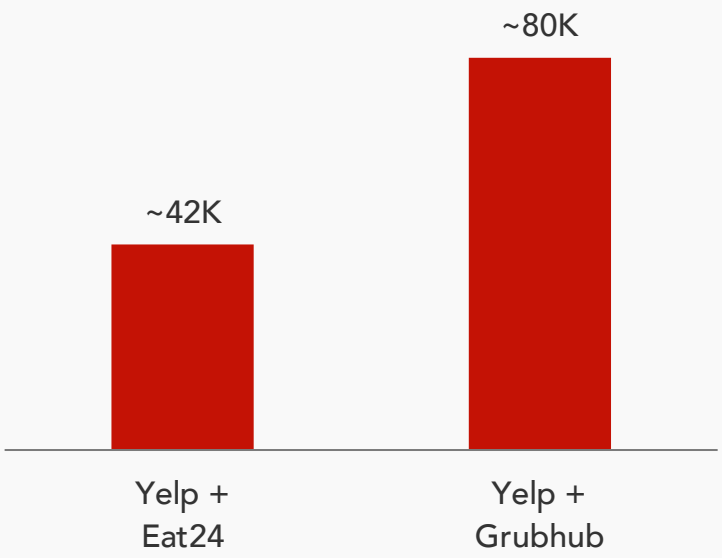


Self serve

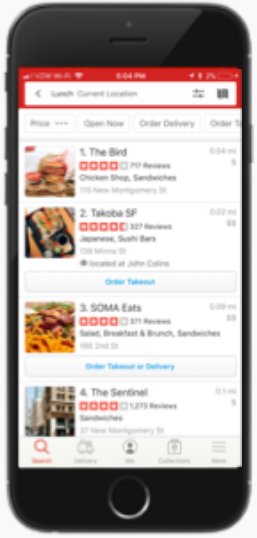
- Product innovation
- New customer acquisition
- Continued experimentation

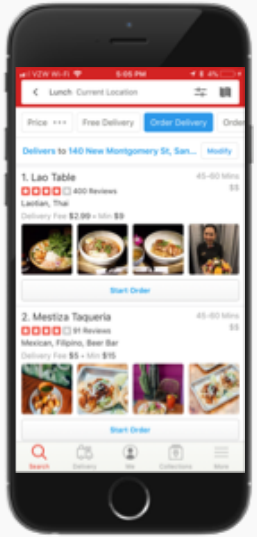
Grubhub partnership expected to nearly double online food ordering options on Yelp

Order-enabled restaurants on Yelp



Order pickup and delivery right on Yelp

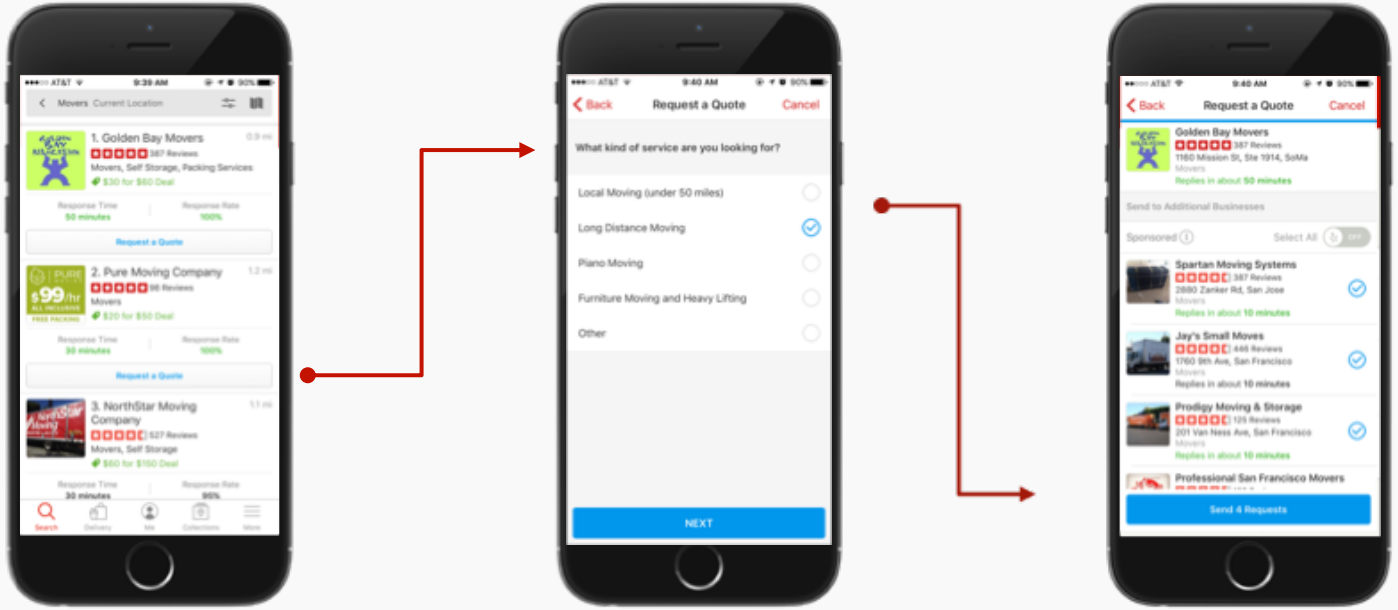




Note: Reflects order-enabled restaurants following full integration of Grubhub restaurant network onto the Yelp Platform, which is currently targeted for mid 2018.

Request-A-Quote enhances the consumer-to-business connection on Yelp

4Q17 Requests nearly doubled from prior year



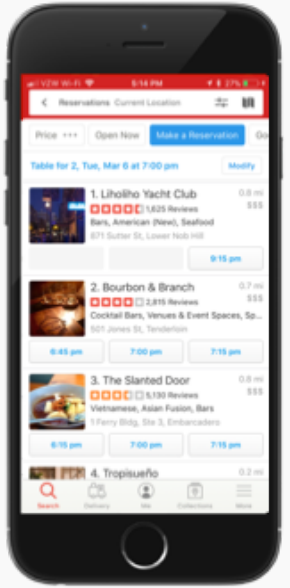
Note: For Illustrative purposes only.

Yelp Reservations powered 4,500 restaurants in 4Q17

Driving subscription revenue…



…as well as usage and engagement



Note: For Illustrative purposes only.

Recent acquisitions drive usage and value in Yelp's largest traffic category

yelp wifi

Marketing

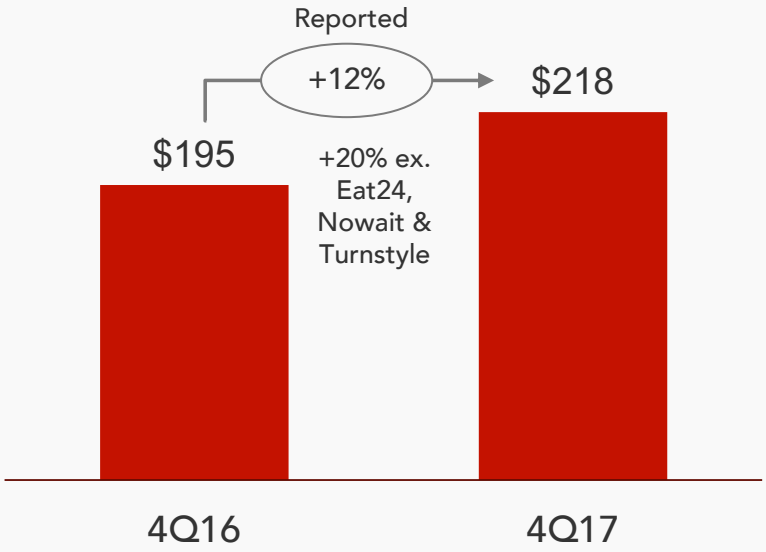
- Location-based marketing and analytics platform utilizing public Wi-Fi to attract, retain and reward customers
- Yelp's first customer-retention offering for businesses
- Formerly known as Turnstyle, acquired in April 2017

yelp nowait

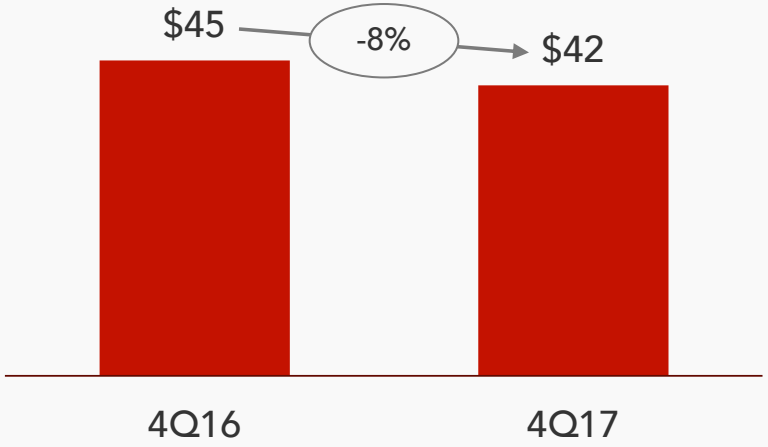
- Leading restaurant waitlist system and seating tool
- Enables users to discover real-time seating availability and remotely add their names to restaurants' waitlists
- Acquired in February 2017, integrated with Yelp Reservations

Solid fourth quarter results

Total net revenue ($mm)



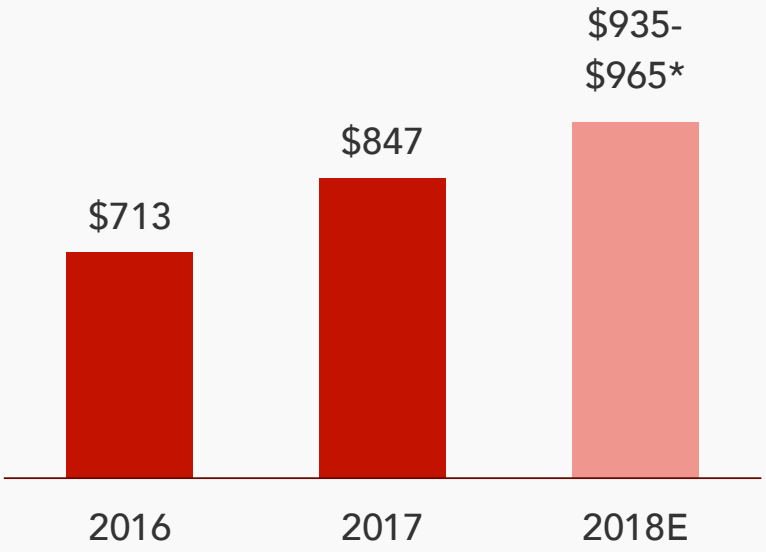
Adjusted EBITDA* ($mm)



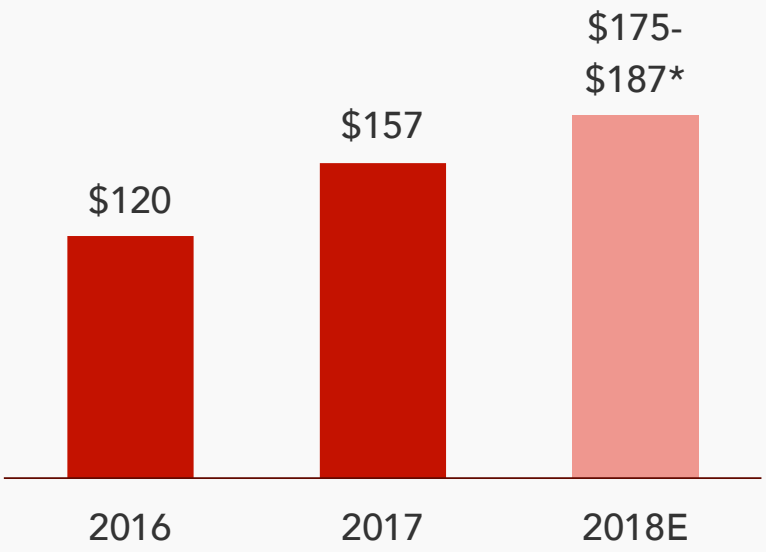
* See slide 18 for reconciliation to GAAP net income (loss) for the periods presented and for information about the limitations of adjusted EBITDA as an analytical tool.

Strong financial performance

Total net revenue ($mm)



Adjusted EBITDA ($mm)



* 2018 outlook reflects the close of the sale of Eat24 to Grubhub.
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.

Long-term target model

(as a percentage of revenue)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	LT Targets
Cost of Revenue	7.2%	7.1%	6.5%	9.3%	8.5%	8.3%	7%-8%
Sales & Marketing	62.5%	56.6%	53.3%	54.9%	53.7%	51.8%	43%-44%
Product Development	14.9%	16.4%	17.3%	19.6%	19.4%	20.8%	12%-14%
G&A	22.9%	18.4%	15.4%	14.7%	13.7%	12.5%	8%-11%
D&A	5.3%	4.9%	4.7%	5.4%	5.0%	4.9%	~4%
Adj. EBITDA Margin*	3.3%	12.6%	18.8%	12.6%	16.8%	18.5%	35%-40%

Stock based comp included in each line item except for D&A and adjusted EBITDA margin

* Calculated as Adjusted EBITDA divided by Net revenue.
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.

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

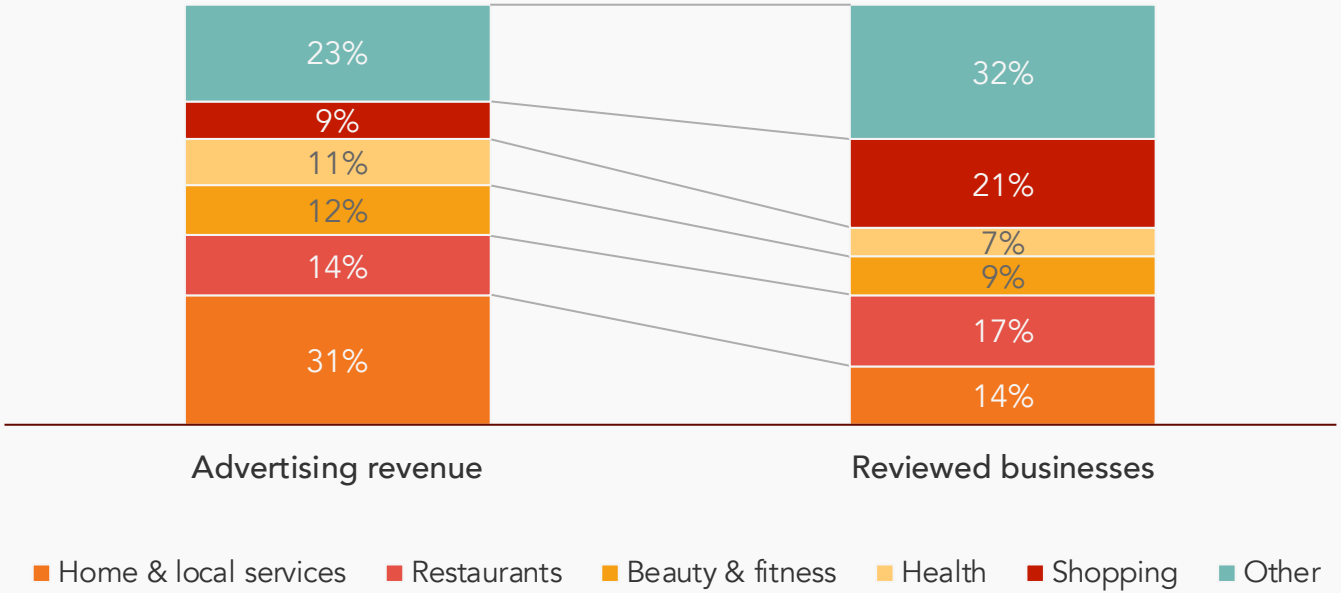
Adjusted EBITDA reconciliation

							2016				2017			
($mm)	2012	2013	2014	2015	2016	2017	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net Income / (Loss)	($19.1)	($10.1)	$36.5	($32.9)	($4.7)	$152.9	($15.4)	$0.4	$2.1	$8.3	($4.8)	$7.6	$7.9	$142.1
+ Tax & Other Expenses	0.3	1.2	(25.4)	11.6	(0.3)	26.6	1.2	(1.6)	(0.1)	0.3	(0.7)	(0.7)	(1.1)	29.2
+ Depreciation & Amortization	7.2	11.5	17.6	29.6	35.3	41.2	8.2	8.6	9.2	9.4	10.2	10.7	10.7	9.7
+ Stock Based Compensation	14.9	26.1	42.3	60.8	86.3	100.4	19.1	20.7	22.6	23.9	24.3	25.4	25.3	25.4
- Gain on Disposal of a Business Unit	0.0	0.0	0.0	0.0	0.0	164.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	164.8
+ Restructuring & Integration	1.3	0.7	0.0	0.0	3.5	0.3	0.0	0.0	0.0	3.5	0.2	0.0	0.0	0.1
Adjusted EBITDA	**$4.6**	**$29.4**	**$70.9**	**$69.1**	**$120.1**	**$156.6**	**$13.0**	**$28.1**	**$33.7**	**$45.3**	**$29.3**	**$42.9**	**$42.8**	**$41.6**
/ Net Revenue	$137.6	$233.0	$377.5	$549.7	$713.1	$846.8	$158.6	$173.4	$186.2	$194.8	$197.3	$208.9	$222.4	$218.2
Adjusted EBITDA Margin	**3.3%**	**12.6%**	**18.8%**	**12.6%**	**16.8%**	**18.5%**	**8.2%**	**16.2%**	**18.1%**	**23.2%**	**14.8%**	**20.5%**	**19.2%**	**19.1%**

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 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 first quarter and full year 2018 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 first quarter and full year 2018 is not available without unreasonable effort.

Wide breadth of business categories and diversified revenue



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