

INVESTOR PRESENTATION

May 2019

GROUPON

NASDAQ: GRPN / ir@groupon.com

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, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations. The words "may," will," should," "could," "expect," anticipate," "believe," "estimate," intend," "continue" and other similar expressions are intended to identify forward-looking statements. We have based these forward looking statements largely on current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, but are not limited to, risk related to volatility in our operating results; execution of our business and marketing strategies; retaining existing customers and adding new customers; challenges arising from our international operations, including fluctuations in currency exchange rates, legal and regulatory developments and any potential adverse impact from the United Kingdom's likely exit from the European Union; retaining and adding high quality merchants; our voucherless offerings; cybersecurity breaches; reliance on cloud-based computing platforms; competing successfully in our industry; changes to merchant payment terms; providing a strong mobile experience for our customers; maintaining our information technology infrastructure; delivery and routing of our emails; claims related to product and service offerings; managing inventory and order fulfillment risks; litigation; managing refund risks; retaining and attracting members of our executive team; completing and realizing the anticipated benefits from acquisitions, dispositions, joint ventures and strategic investments; lack of control over minority investments; tax liabilities; tax legislation; compliance with domestic and foreign laws and regulations, including the CARD Act, GDPR and regulation of the Internet and ecommerce; classification of our independent contractors; protecting our intellectual property; maintaining a strong brand; customer and merchant fraud; payment-related risks; our ability to raise capital if necessary and our outstanding indebtedness, including refinancing our credit facility; global economic uncertainty; our common stock, including volatility in our stock price; our convertible senior notes; and our ability to realize the anticipated benefits from the hedge and warrant transactions. 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 for the year ended December 31, 2018, our Quarterly Reports on Form 10-Q, 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. 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 the date of this presentation unless otherwise expressly stated. 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.

Additional information relating to certain of our financial measures contained herein is available in our most recent earnings release and at our website at investor.groupon.com.

Groupon Is a Clear Leader in Local E-commerce

SUBSTANTIAL SCALE IN UNDER-PENETRATED LOCAL MARKET



Top 5

E-commerce Brand[1]



~75%

Of Transactions On Mobile[2]



5-star

App with more than 200 Million Downloads[2]



Top 10

U.S. App[3]

- Strong brand awareness supported by offline advertising campaigns
- Mobile-first platform well-positioned for continued offline-to-online shift
- Advanced analytics allow us to leverage our substantial Local transactional and consumer purchase data to connect users with great Local deals at scale
- Product innovation, customer growth, and cost efficiencies driving potential for shareholder returns through sustainable Adjusted EBITDA growth

(1) Verto Analytics, "E-commerce Properties, December 2018," U.S. Adults, ages 18+
(2) For the quarter ended March 31, 2019
(3) Ages 25-54; comScore 2017 U.S. Mobile App Report, "Mobile Metrix, U.S., 18+, June 2017"

Largest Small and Medium Sized Businesses (SMB) Local Advertising Platform of Its Kind



(1) AbsolutData, Q3 2017 Merchant Business Partnership Survey, July 2017 (conducted By Groupon)

Serving the Under-Served SMB

Merchants Need....

- **More customers — on the right days, at the right times**
- **Support in leveraging online marketing**
- **Effective marketing with measurable ROI**
- **Cash flow conservation strategies**

Groupon Offers...

- **Large, diverse marketplace where tens of millions of customers come to discover and save on things to do, eat, see and buy**
- **High-touch service model**
  Deep domain expertise in Local and leading online marketing capabilities
- **Extensive data & analytics**
  Deep insight into Local consumer spending, including direct feedback from customers
- **Pay-for-Performance cost model**
  Customer acquisition and loyalty campaigns with no up-front ad spend

Significant Size and Scale Advantage

Global Business

15 country footprint



75%
of transactions on mobile[1]

47.2M
active customers worldwide[2]

1.5B+
units sold[3]

$20B+
pumped into local businesses[3]

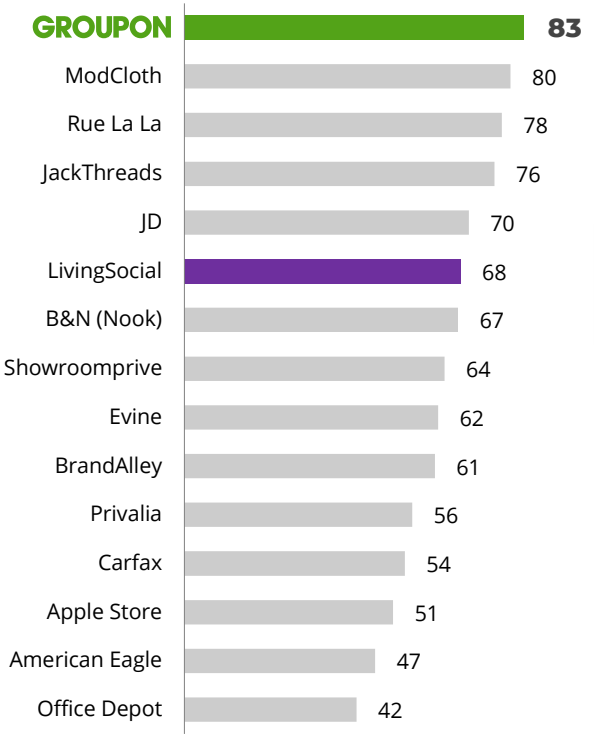
$30B+
saved for consumers life-to-date in North America[3]

(1) For the quarter ended March 31, 2019
(2) Trailing twelve months, as of March 31, 2019
(3) Life-to-date as of March 31, 2019

Best-In-Class Mobile App

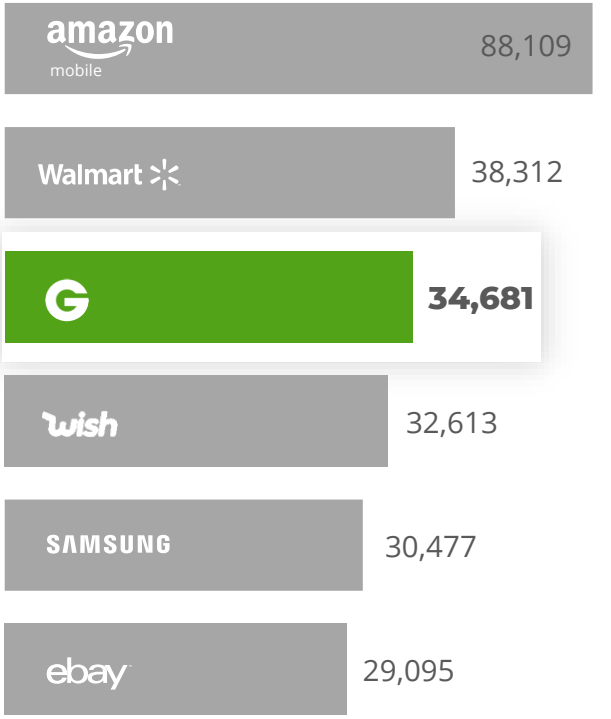
Top-rated retail app in the U.S., according to Applause, and the third most visited retail app in the U.S., behind Amazon and Walmart, according to comScore

Applause Retailers Mobile App Sentiment Index[1]



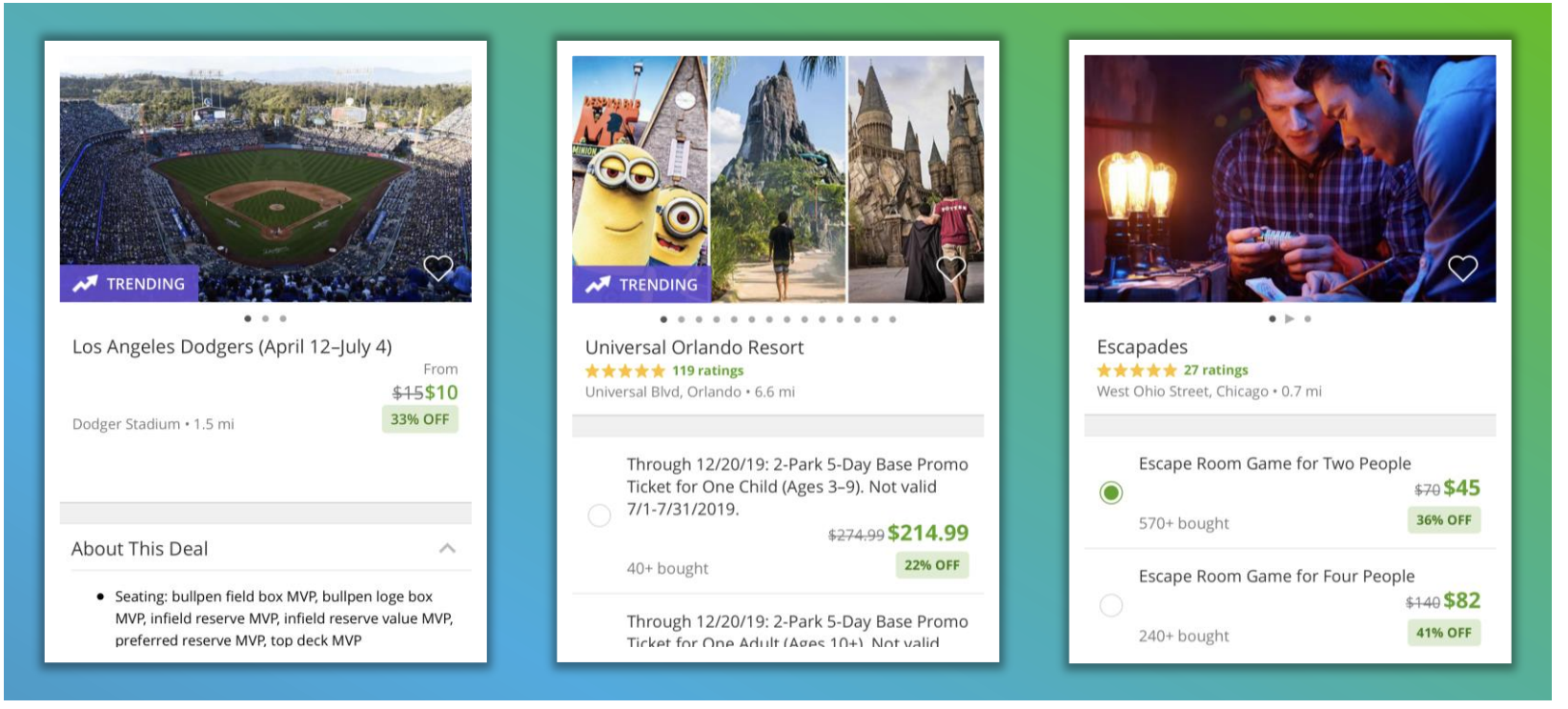
Most Visited Retail Mobile Apps[2]

Top Retail Mobile Apps by Unique Visitors (000s)



(1) ARC from Applause, How Customers Rate the Mobile Retail App Leaders, 2016. To qualify for inclusion, individual retailers needed to transact 40% or more of their total 2015 sales via their mobile apps.
(2) Mobile Metrix Media April 2018

Thriving Things to Do Business



- Growing business that generated more than $1 billion in Gross Billings in 2018
- Differentiated supply covering everything from major travel attractions to unique local experiences
- Supply sourced through direct relationships with strategic partners (e.g Live Nation, MLB) and local merchants and supplemented with third-party inventory (e.g. Viator, GolfNow)
- Clear path to voucherless via ticketing integrations

Focusing on Our Key Priorities for 2019



Customer Experience
Enhance the customer experience and increase conversion by expanding frictionless technologies, such as card-linking and booking, and improving our mobile experience



Open Platform
Extend Groupon's open platform by supplementing Groupon-sourced inventory with third-party partnerships and increasing distribution of Groupon content



International
Continue to realize our potential in International by driving product parity, enhancing supply, and investing in brand and marketing



Operational Rigor
Maintain a culture of operational efficiency

Progress on Our Key Priorities

	2018 Wins	What's Next
Customer Experience	• Live card-linking partnerships with Visa, MasterCard, and American Express with ~7m cards enrolled life-to-date[1] • 7,000 merchant locations active with card-linked deals[1] • Booked tens of millions of diners, concert goers, spa visitors, and more over the course of 2018 with booking units growing in the double digits	• Rebrand Groupon+ as Cash Back Offers • Make booking a requirement for certain service categories, such as fine dining • Roll out loyalty offers to health and beauty • Begin converting our traditional deep discounted deals to card-linked redemption
Open Platform	• Grew Gross Profit from marketplace partners by about 70% year over year in 2018 • Signed partnership agreements with CourseHorse, FTD, Ingresso, Porch, AMC, and Peek	• Complete integration of recently signed third-party supply and simplify onboarding process for future partnerships • Develop opportunities to display proprietary Groupon inventory on other platforms
International	• Grew Gross Profit by 6% year over year in 2018 • Consistent year over year gross profit per customer growth	• Invest marketing dollars in city-specific campaigns • Accelerate our product efforts and process enhancements to deliver proven successful initiatives from North America
Operational Rigor	• Delivered 8% Adjusted EBITDA year over year growth in 2018	• Continue to ensure a leverageable cost base with increased efficiency and effectiveness • Apply technology and automation to improve productivity • Expand merchant self service options on our platform

(1) As of December 31, 2018

Enhancing our Financial Profile

Gross Profit	**Focus on driving long-term Gross Profit maximization** • Expect increases in Gross Profit per customer to offset a meaningful portion of an anticipated decline in global customers in 2019 • Focus on driving conversion in core North America Local business through convenience and supply • Continue to realize International potential and narrow conversion gap relative to North America
Marketing	**Plan to maintain 12-18 month payback of incremental spend** • Utilize improved customer analytics to optimize North America marketing spend across online and offline channels • Continue to ramp marketing in International markets to support customer acquisition
SG&A	**Maintain leverageable cost structure** • Drive ongoing efficiency to fund strategic investments and offset inflationary pressure
Adjusted EBITDA	**Target long-term Adjusted EBITDA growth** • 2019 Guidance of $270 million • Project 2020 Adjusted EBITDA of $300 million or more
Free Cash Flow	**Target long-term Free Cash Flow growth** • Expect to generate significant free cash flow for the full year 2019 • Expect long-term free cash flow growth to trend with Adjusted EBITDA growth
Balance Sheet	**Strong balance sheet provides strategic flexibility[1]** • $646 million cash balance, $250 million undrawn revolver[2] • $275 million remaining share repurchase authorization

(1) As of March 31, 2019
(2) Excluding the impact of outstanding letters of credit

2019 Adjusted EBITDA Guidance

2019 Guidance

Adjusted EBITDA[1]

(USD millions)

2018 Actual	2019 Guidance
$270	$270

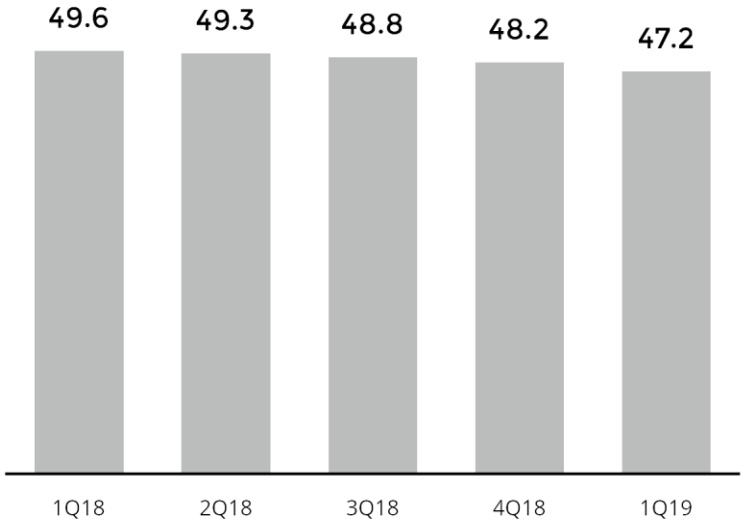
- Support key initiatives to drive conversion and Gross Profit per customer growth
- Expect traffic headwinds to persist in 2019
- Maintain culture of operational efficiency
- Pave the path for Adjusted EBITDA growth in 2020 and beyond

(1) Adjusted EBITDA (AEBITDA) is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss) from continuing operations."

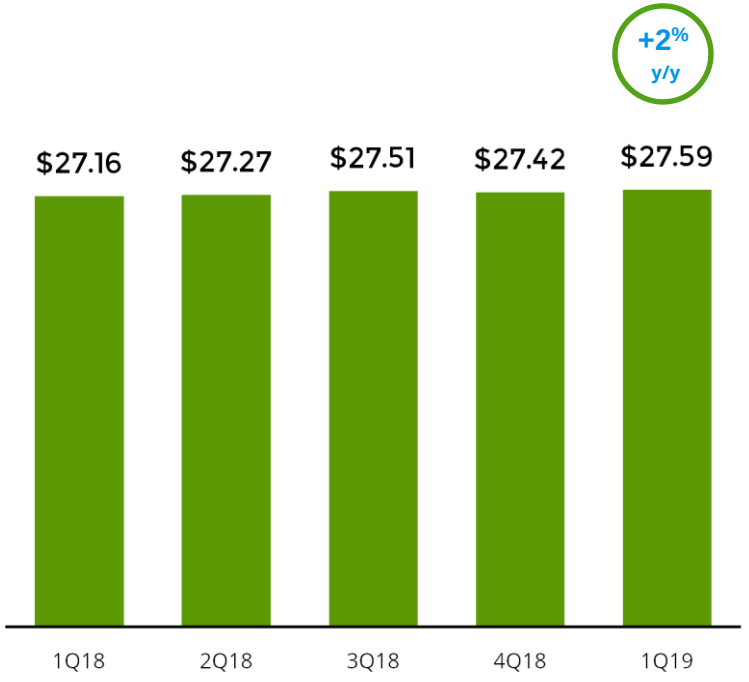
FINANCIAL INFORMATION
AND OPERATING METRICS

Large Customer Base with Solid Gross Profit / Customer

Global Active Customers[1] (millions)



Global TTM Gross Profit / Active Customer[1]



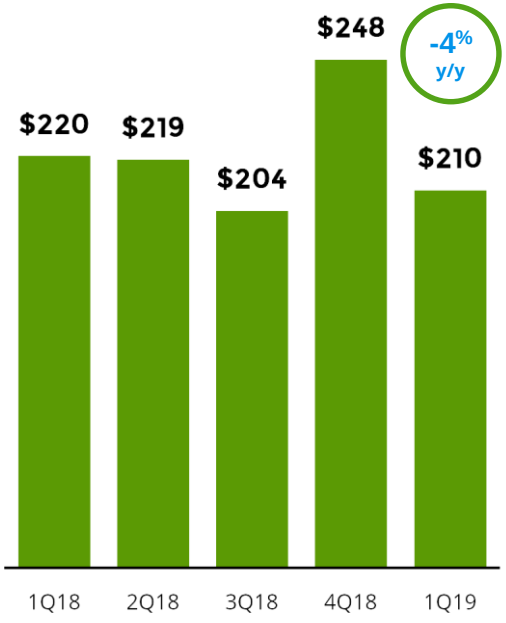
Gross profit per customer up 2% year-over-year in Q1

(1) Active customers represent unique user accounts that have made a purchase during the trailing twelve months either through one of our online marketplaces or directly with a merchant for which we earned a commission.

Consolidated Gross Profit

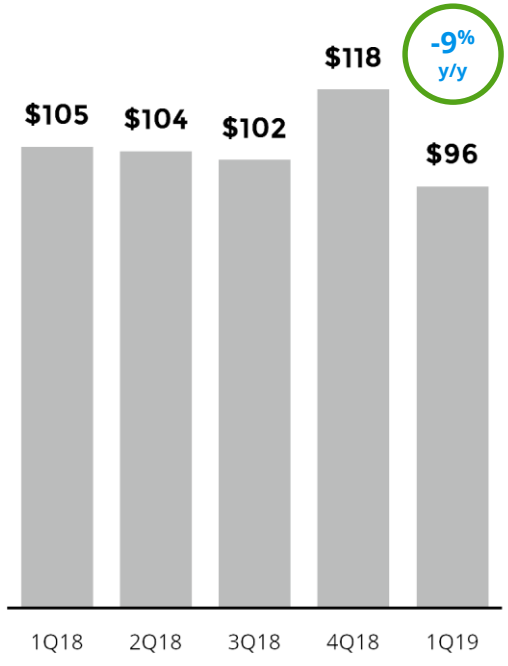
(USD millions)

North America



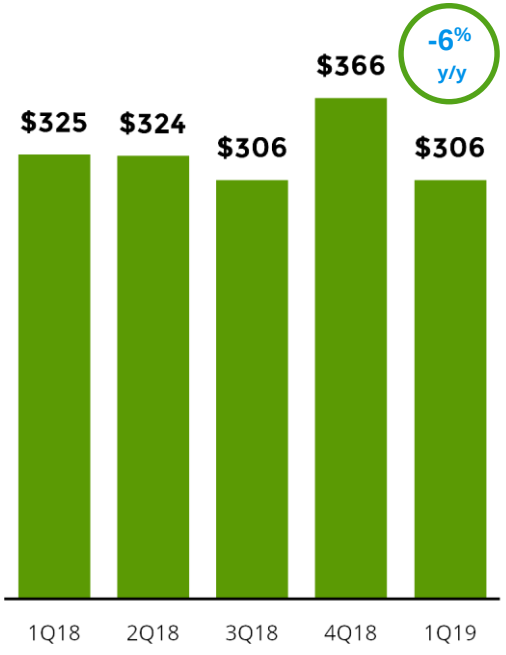
ex-f/x

International



(1%)

Global



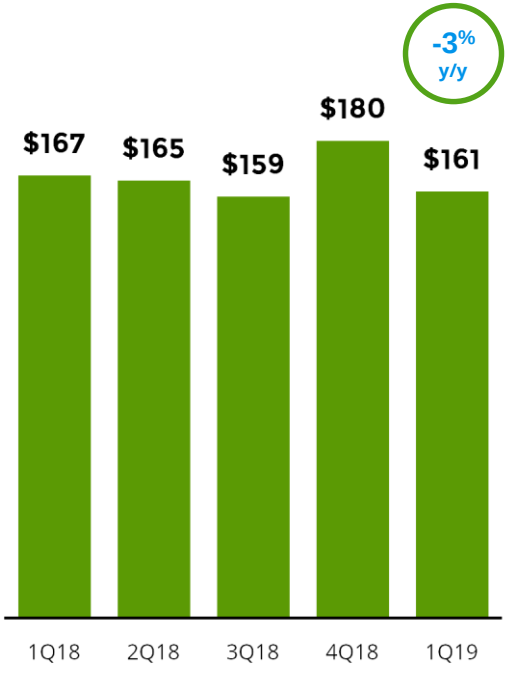
(3%)

Global gross profit of $306 million in Q1

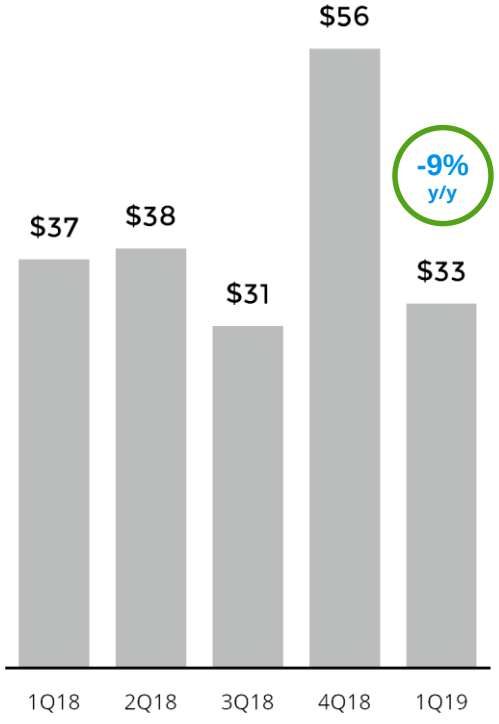
North America Gross Profit

(USD millions)

NA Local Gross Profit



NA Goods Gross Profit



NA Gross Profit



North America gross profit of $210 million in Q1

International Gross Profit

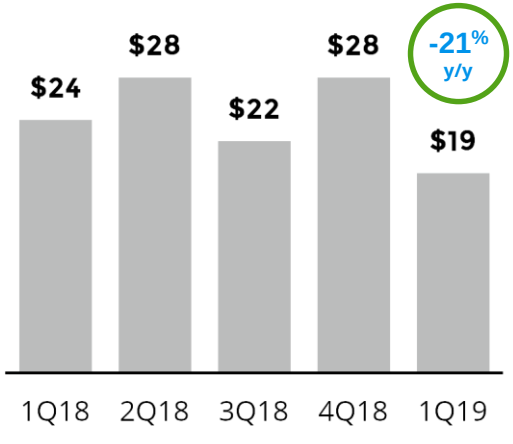
(USD millions)

International Local Gross Profit



ex-f/x *+6%*

International Goods Gross Profit



-14%

International Gross Profit

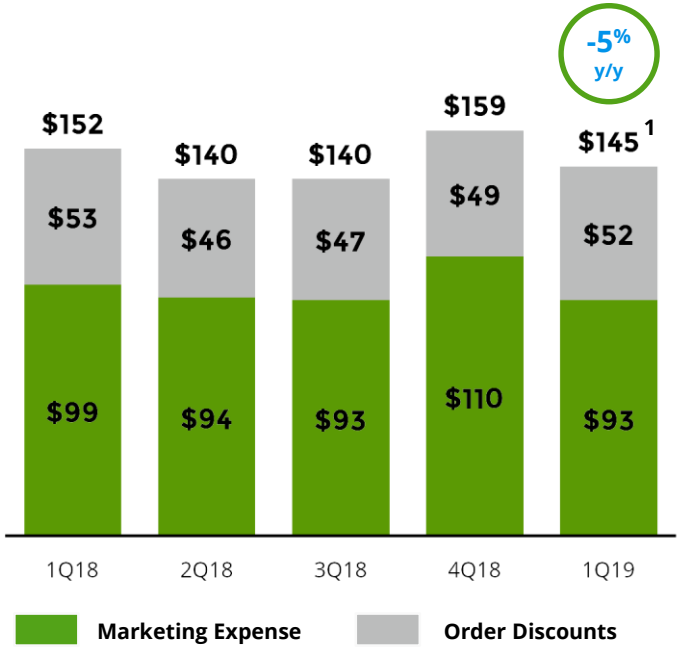


-1%

International gross profit of $96 million in Q1

Marketing - Invest At 12-18 Month Payback

Marketing + Order Discounts (USD millions)



Marketing ROI = Incremental Gross Profit / Incremental Marketing Spend = **100%**

Time to Payback **12 to 18 months**

- ROI tracking across marketing channels, platforms, and categories
- Supporting International in target cities leveraging deepened marketing analytics
- Continuing to refine customer analytics to enhance efficiency

Marketing (including order discounts) decreased $7 million in Q1

(1) Includes Order Discounts of $36 million in North America and $16 million in International

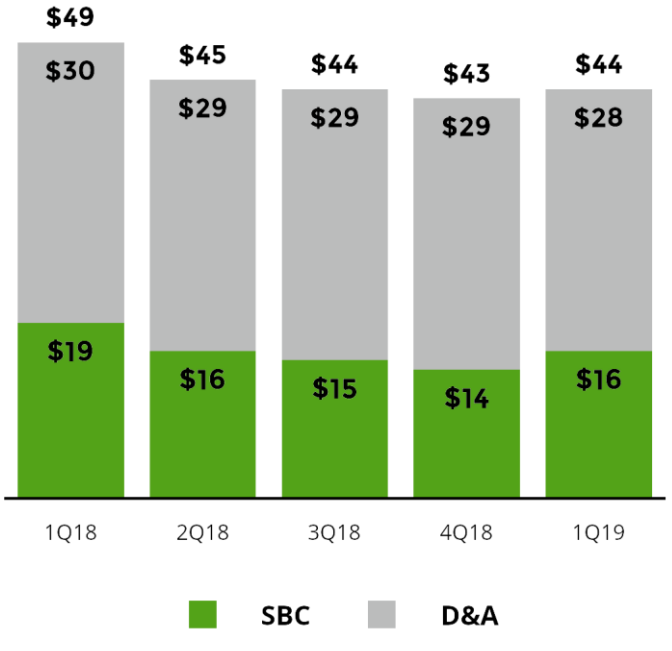
SG&A – Benefiting From Operational Efficiency

(USD millions)

SG&A



SBC[2] and D&A



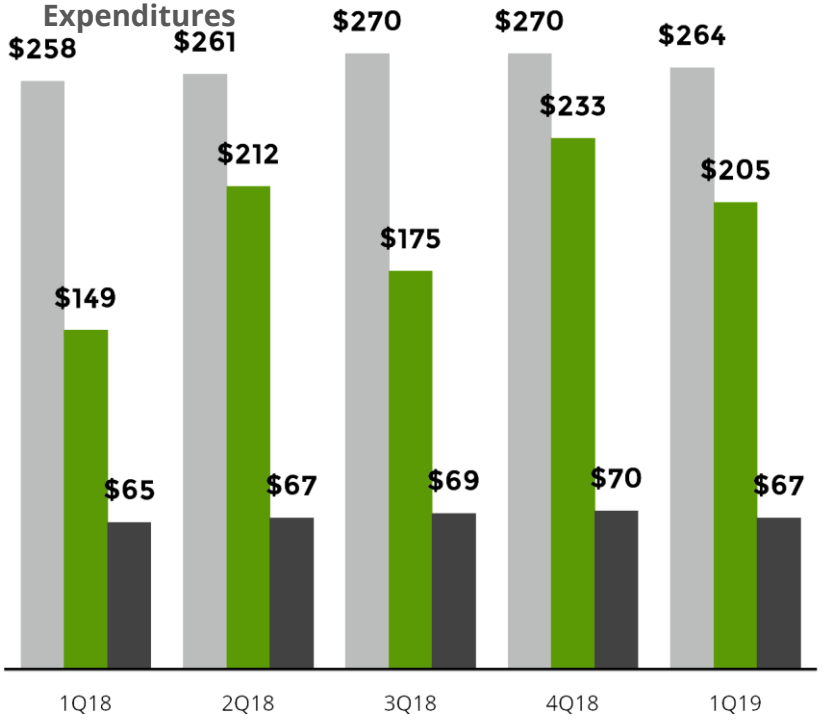
Global SG&A declined by $12 million or 5% year-over-year in Q1

(1) Excludes a charge of $75.0 million and a credit of $(40.4) million in the second quarter 2018 and third quarter 2018, respectively, related to a patent litigation case with IBM
(2) SBC includes amounts classified within Cost of Revenue, Marketing and SG&A

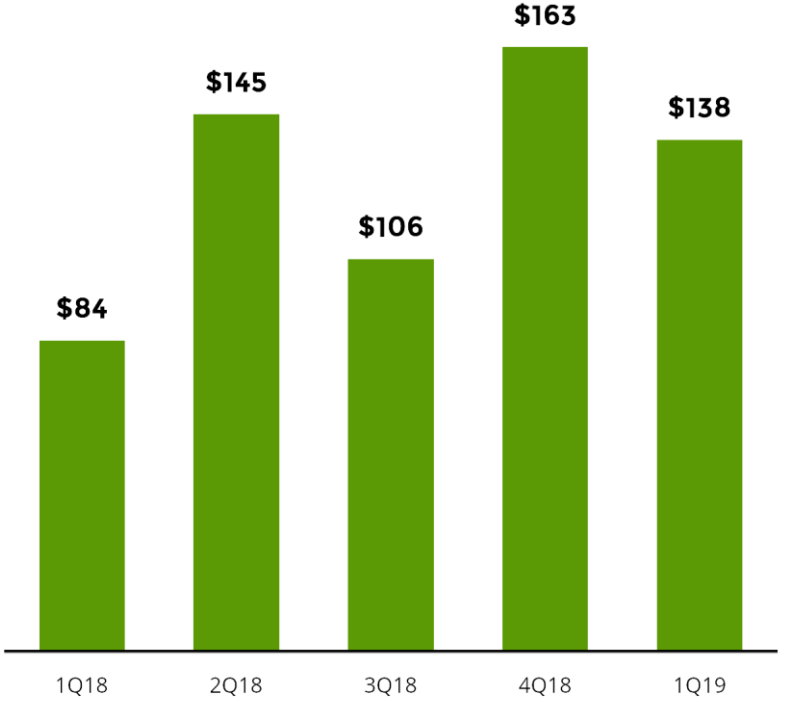
Focus On Improving Conversion From Adjusted EBITDA To Free Cash Flow

(TTM, USD millions)

Adjusted EBITDA[1], Operating Cash Flow excluding IBM settlement[3], and Capital Expenditures



Free Cash Flow excluding IBM settlement[2, 3]



(1) Adjusted EBITDA is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net income (loss) from continuing operations."
(2) Free Cash Flow is a non-GAAP financial measure. See the appendix for a reconciliation to the most comparable U.S. GAAP financial measure, "Net cash provided by (used in) operating activities from continuing operations."
(3) The operating cash flow and free cash flow amounts in these tables exclude the $42.1 million operating cash outflow related to the IBM patent litigation settlement. See appendix for reconciliations of those non-GAAP financial measures to the most comparable U.S. GAAP financial measures.

APPENDIX

Non-GAAP Reconciliations[1]

ADJUSTED EBITDA - QUARTERLY

THE FOLLOWING IS A RECONCILIATION OF ADJUSTED EBITDA TO THE MOST COMPARABLE U.S. GAAP PERFORMANCE MEASURE, "INCOME (LOSS) FROM CONTINUING OPERATIONS":

(in thousands)	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Income (loss) from continuing operations	$ (5,403)	$ 3,802	$ 51,071	$ (2,795)	$ (92,254)	$ 47,175	$ 49,862	$ (41,170)
Adjustments:								
Stock-based compensation	21,392	18,235	21,673	19,278	16,266	15,026	14,251	16,411
Depreciation and amortization	34,679	35,231	33,850	29,661	28,954	28,685	28,528	28,416
Acquisition-related expense (benefit), net	36	—	—	—	655	—	—	—
Restructuring charges	4,584	11,503	10	283	(399)	35	(55)	(67)
IBM patent litigation	—	—	—	—	75,000	(40,400)	—	—
Gain on sale of intangible assets	—	(17,149)	—	—	—	—	—	—
Other (income) expense, net	(5,878)	(7,546)	2,112	8,515	26,457	4,860	13,176	46,855
Provision (benefit) for income taxes	3,883	2,531	(3,457)	(2,335)	1,552	988	(1,162)	(3,490)
Total adjustments	58,696	42,805	54,188	55,402	148,485	9,194	54,738	88,125
Adjusted EBITDA	53,293	46,607	105,259	52,607	56,231	56,369	104,600	46,955

(1) See Q1 2019 earnings press release posted on our Investor Relations website for additional information regarding non-GAAP financial measures.

Non-GAAP Reconciliations Cont'd

EXPECTED ADJUSTED EBITDA RANGE

THE FOLLOWING IS A RECONCILIATION OF THE COMPANY'S ANNUAL OUTLOOK FOR ADJUSTED EBITDA TO THE COMPANY'S OUTLOOK FOR THE MOST COMPARABLE U.S. GAAP PERFORMANCE MEASURE, "INCOME (LOSS) FROM CONTINUING OPERATIONS":

(in thousands)	Year Ending December 31, 2019
Expected income (loss) from continuing operations[1]	**$ —**
Expected adjustments:	
Stock-based compensation	**100,000**
Depreciation and amortization	**105,000**
Other (income) expense, net	**60,000**
Provision (benefit) for income taxes	**5,000**
Total expected adjustments	**270,000**
Expected Adjusted EBITDA	**$ 270,000**

(1) The expected income (loss) from continuing operations range does not reflect the potential impact of any business or asset acquisitions or dispositions, changes in the fair values of investments, foreign currency gains or losses, or unusual or infrequently occurring items that may occur during the remainder of 2019.

Non-GAAP Reconciliations Cont'd

NON-GAAP EARNINGS PER SHARE AND NON-GAAP EARNINGS

THE FOLLOWING IS A RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS TO NON-GAAP NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS AND A RECONCILIATION OF DILUTED NET INCOME (LOSS) PER SHARE TO NON-GAAP NET INCOME (LOSS) PER SHARE:

(in thousands, except share and per share amounts)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019
Net income (loss) attributable to common stockholders	$ (6,888)	$ (42,487)
Less: Net income attributable to noncontrolling interest	(4,093)	(3,479)
Net income (loss)	(2,795)	(39,008)
Less: Income (loss) from discontinued operations, net of tax	—	2,162
Income (loss) from continuing operations	(2,795)	(41,170)
Provision (benefit) for income taxes	(2,335)	(3,490)
Income (loss) from continuing operations before provision (benefit) for income taxes	(5,130)	(44,660)
Stock-based compensation	19,326	16,411
Amortization of acquired intangible assets	2,940	3,894
Restructuring charges	283	(67)
Losses (gains), net from changes in fair value of investments	5,033	41,408
Intercompany foreign currency losses (gains) and reclassifications of translation adjustments to earnings	(3,427)	4,194
Non-cash interest expense on convertible senior notes	2,866	3,175
Non-GAAP income (loss) from continuing operations before provision (benefit) for income taxes	21,891	24,355
Less: Non-GAAP provision (benefit) for income taxes	1,561	4,131
Non-GAAP net income (loss)	20,330	20,224
Net income attributable to noncontrolling interest	(4,093)	(3,479)
Non-GAAP net income (loss) attributable to common stockholders	$ 16,237	$ 16,745
Weighted-average shares of common stock - diluted	561,735,937	570,095,128
Incremental dilutive securities	9,955,028	5,096,202
Weighted-average shares of common stock - non-GAAP	571,690,965	575,191,330
Diluted net loss per share	$ (0.01)	$ (0.07)
Impact of non-GAAP adjustments and related tax effects	0.04	0.10
Non-GAAP net income per share	$ 0.03	$ 0.03

Non-GAAP Reconciliations Cont'd

FREE CASH FLOW

THE FOLLOWING IS A RECONCILIATION OF FREE CASH FLOW TO THE MOST COMPARABLE U.S. GAAP FINANCIAL MEASURE, "NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS":

(in thousands)	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Net cash provided by (used in) operating activities from continuing operations	$ (19,390)	$ 21,772	$ 266,249	$ (119,747)	$ 44,175	$ (57,389)	$ 323,816	$ (147,483)
Purchases of property and equipment and capitalized software from continuing operations	(15,385)	(14,255)	(15,442)	(20,144)	(17,373)	(16,094)	(16,084)	(17,477)
Free cash flow [1]	(34,775)	7,517	250,807	(139,891)	26,802	(73,483)	307,732	(164,960)
Operating cash outflow related to the IBM settlement [2]	—	—	—	—	—	42,100	—	—
Free cash flow, excluding the impact of the IBM settlement	$ (34,775)	$ 7,517	$ 250,807	$ (139,891)	$ 26,802	$ (31,383)	$ 307,732	$ (164,960)
Net cash provided by (used in) investing activities from continuing operations	$ (13,782)	$ 18,230	$ (15,751)	$ (20,382)	$ (75,714)	$ (22,389)	$ (17,497)	$ (18,115)
Net cash provided by (used in) financing activities	$ (47,924)	$ (27,972)	$ (16,424)	$ (20,899)	$ (18,729)	$ (9,720)	$ (35,069)	$ (27,777)

(1) Prior period cash flows from operating activities of continuing operations has been updated from negative $20.7 million, $23.9 million and $270.6 million previously reported for the three months ended June 30, 2017, September 30, 2017 and December 31, 2017, respectively, and prior period free cash flow has been updated from negative $36.1 million, $9.6 million and $255.1 million previously reported for the three months ended June 30, 2017, September 30, 2017 and December 31, 2017, respectively, to reflect the adoption of ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, on January 1, 2018. For additional information on the adoption of ASU 2016-18, refer to Item 8, Note 2, *Summary of Significant Accounting Policies*, in our Annual Report on Form 10-K for the year ended December 31, 2018.

(2) This amount represents the portion of the $57.5 million IBM settlement that was classified as an operating cash outflow. The remaining $15.4 million was capitalized for the license to use the patented technology in future periods under the terms of the settlement and license agreements and has been classified as an investing cash outflow. For additional information about the IBM settlement, refer to Item 8, Note 10, *Commitments and Contingencies,* in our Annual Report on Form 10-K for the year ended December 31, 2018.

Non-GAAP Reconciliations Cont'd

Q1 2019 Operating Cash Flow excluding IBM Settlement

THE FOLLOWING IS A RECONCILIATION OF TTM OPERATING CASH FLOW EXCLUDING IBM SETTLEMENT TO THE MOST COMPARABLE U.S. GAAP FINANCIAL MEASURE:

(in thousands)		1Q19
TTM Operating cash flow	$	163,119
Operating cash outflow related to the IBM settlement[(1)]		42,100
TTM Operating cash flow excluding IBM settlement	$	205,219

(1) This amount represents the portion of the $57.5 million IBM settlement that was classified as an operating cash outflow. The remaining $15.4 million was capitalized for the license to use the patented technology in future periods under the terms of the settlement and license agreements and has been classified as an investing cash outflow. For additional information about the IBM settlement, refer to Item 8, Note 10, *Commitments and Contingencies,* in our Annual report on Form 10-K for the year ended December 31, 2018.

Q2 & Q3 2018 SG&A excluding IBM Patent Litigation

THE FOLLOWING IS A RECONCILIATION OF SG&A EXCLUDING IBM LITIGATION TO THE MOST COMPARABLE U.S. GAAP FINANCIAL MEASURE:

(in thousands)		2Q18		3Q18
SG&A	$	294,124	$	160,214
(Charges) credits related to IBM patent litigation		(75,000)		40,400
SG&A excluding IBM patent litigation	$	219,124	$	200,614

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NASDAQ: GRPN / ir@groupon.com