

A large, light blue watermark of the Twitter bird logo is positioned in the background, facing right. The background is a solid, vibrant blue.

Q1 2019 Earnings Report

Non-GAAP Financial Measures

In addition to U.S. GAAP financials, we have supplementally provided certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures in the Appendix.

A Note About Metrics

We define monetizable daily active usage or users (mDAU) as Twitter users who logged in or were otherwise authenticated and accessed Twitter on any given day through Twitter.com or Twitter applications that are able to show ads. Average mDAU for a period represents the number of monetizable DAU on each day of such period divided by the number of days for such period. Changes in mDAU are a measure of changes in the size of our daily logged in or otherwise authenticated active user base. To calculate the year-over-year change in mDAU, we subtract the average mDAU for the three months ended in the previous year from the average mDAU for the same three months ended in the current year and divide the result by the average mDAU in the previous year. Additionally, our calculation of mDAU is not based on any standardized industry methodology and is not necessarily calculated in the same manner or comparable to similarly-titled measures presented by other companies. mDAU are calculated in the same manner as DAU used in calculations for Change in DAU presented in previous periods.

We define monthly active usage or users (MAU) as Twitter users who logged in or were otherwise authenticated and accessed Twitter through our website, mobile website, desktop or mobile applications, SMS or registered third-party applications or websites in the 30-day period ending on the date of measurement. Average MAU for a period represent the average of the MAU at the end of each month during the period.

Certain metrics also include users that access Twitter through applications that automatically contact our servers for regular updates with no discernible user-initiated action involved, which we refer to as third-party auto-polling MAU. This activity causes our system to count MAUs associated with such applications as active users on the day or days such contact occurs. As of December 31, 2018, fewer than 8.5% of MAUs may have been third-party auto-polling MAU. Third-party auto-polling does not apply to mDAU as mDAU does not include users accessing Twitter through third-party applications.



A Note About Metrics (continued)

The numbers of active users presented in our earnings materials are based on internal company data. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across our large user base around the world. Furthermore, our metrics may be impacted by our information quality efforts, which are our overall efforts to reduce malicious activity on the service, inclusive of spam, malicious automation, and fake accounts. For example, there are a number of false or spam accounts in existence on our platform. We have performed an internal review of a sample of accounts and estimate that the average of false or spam accounts during the first quarter of 2019 represented fewer than 5% of our mDAU and MAU during the quarter. The false or spam accounts for a period represents the average of false or spam accounts in the samples during each monthly analysis period during the quarter. In making this determination, we applied significant judgment, so our estimation of false or spam accounts may not accurately represent the actual number of such accounts, and the actual number of false or spam accounts could be higher than we have estimated. We are continually seeking to improve our ability to estimate the total number of spam accounts and eliminate them from the calculation of our active users, and have made improvements in our spam detection capabilities that have resulted in the suspension of a large number of spam, malicious automation and fake accounts. We intend to continue to make such improvements. After we determine an account is spam, malicious automation or fake, we stop counting it in our mDAU, MAU or related metrics. Additionally, we rely on third-party SMS aggregators and mobile carriers to deliver SMS messages to certain of our users when we send our SMS messages to such accounts. If, however, we are notified of material deliverability issues because of, for example, infrastructure issues at the service-provider level or governmental restrictions based on content, we do not include the affected users in MAUs. We also treat multiple accounts held by a single person or organization as multiple users for purposes of calculating our active users because we permit people and organizations to have more than one account. Additionally, some accounts used by organizations are used by many people within the organization. As such, the calculations of our active users may not accurately reflect the actual number of people or organizations using our platform.

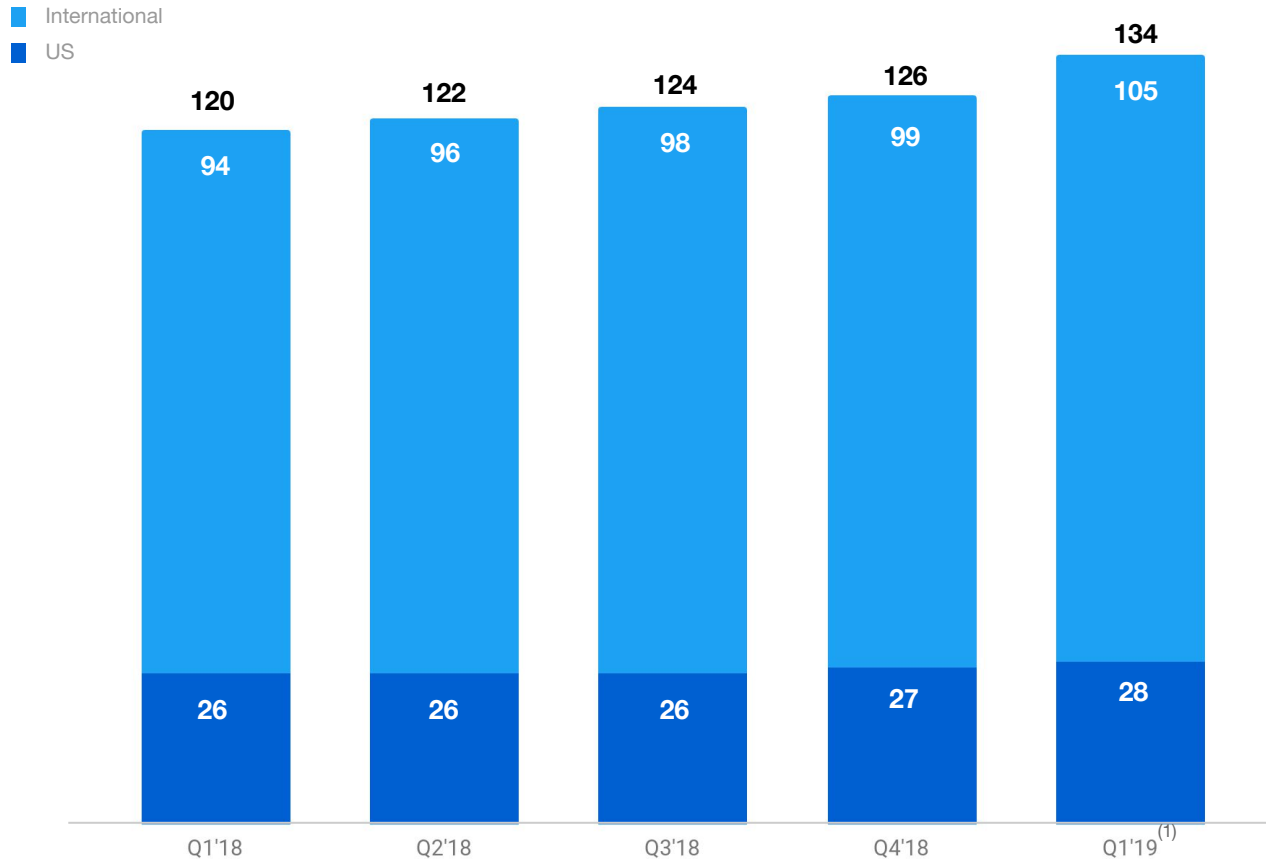
In addition, our data regarding user geographic location for purposes of reporting the geographic location of our MAU and mDAU is based on the IP address or phone number associated with the account when a user initially registered the account on Twitter. The IP address or phone number may not always accurately reflect a user's actual location at the time such user engaged with our platform. For example, a mobile user may appear to be accessing Twitter from the location of the proxy server that the user connects to rather than from a user's actual location.

We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. Our measures of user growth and user engagement may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology.



Monetizable Daily Active Usage

(quarterly average, millions)



Y/Y Rate	10%	11%	9%	9%	11%
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+14m⁽²⁾
WW Y/Y

+11m
Int'l Y/Y

+2m
US Y/Y



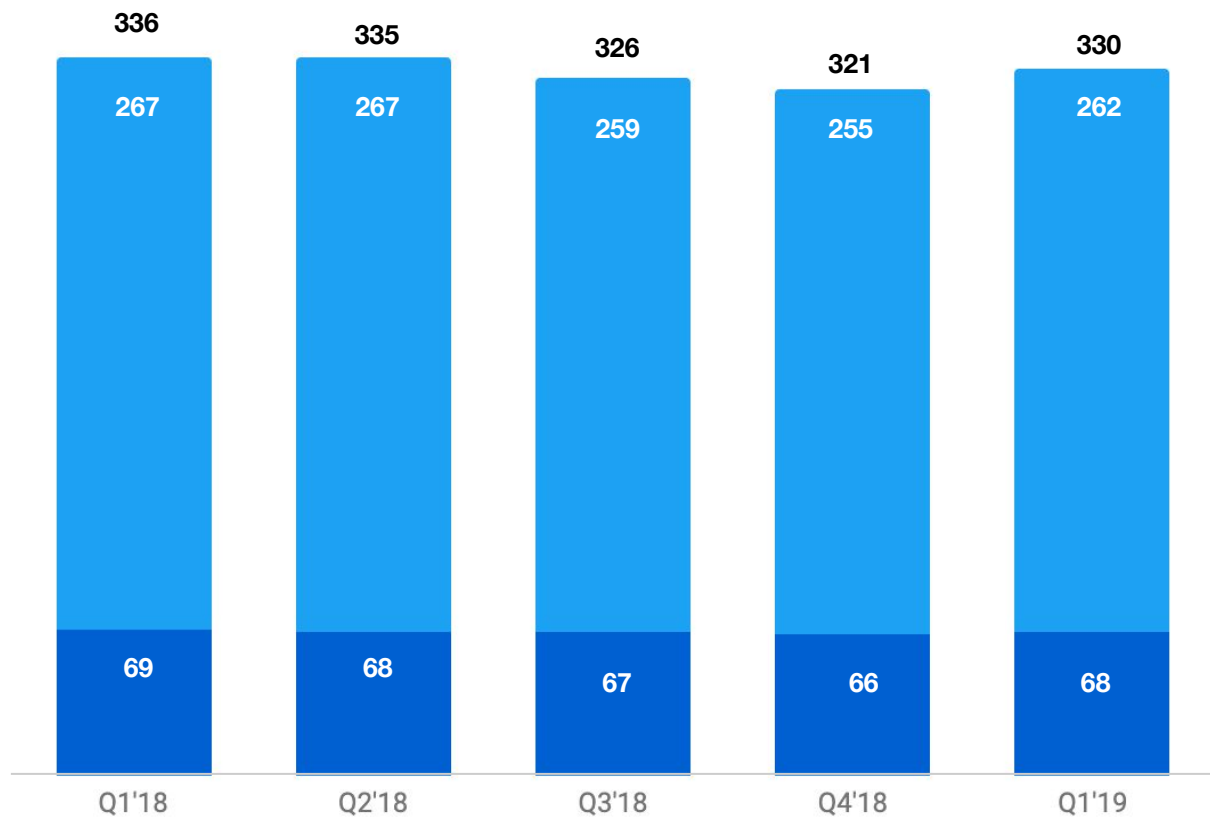
(1) Please note that the sum of US mDAU and International mDAU does not add up to total mDAU in Q1'19 above due to rounding.

(2) Please note that the sum of International Y/Y and US Y/Y does not add up to Worldwide Y/Y in the above due to rounding.

Monthly Active Usage

(quarterly average, millions)

■ International
■ US



-6m
WW Y/Y

-5m
Int'l Y/Y

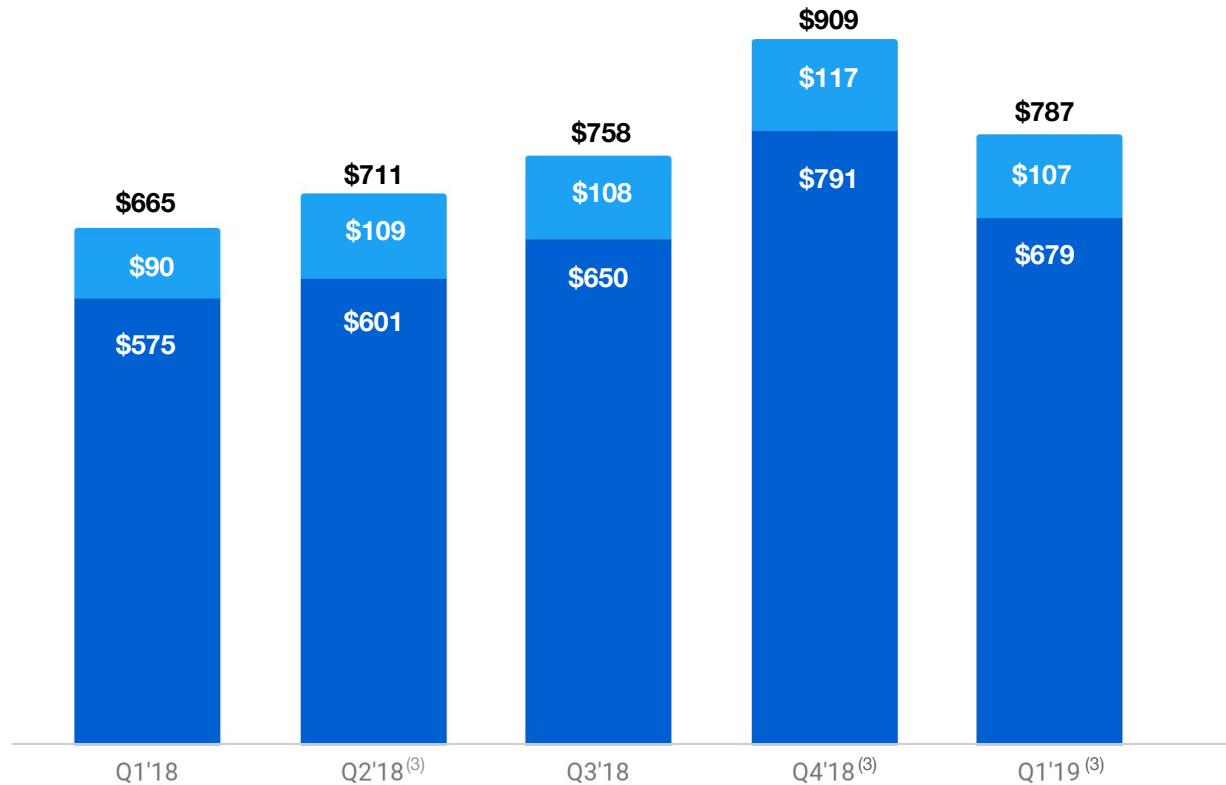
-1m
US Y/Y



Total Revenue

(\$, millions)

- Data Licensing & Other Revenue
- Advertising Revenue



	Q1'18	Q2'18 ⁽³⁾	Q3'18	Q4'18 ⁽³⁾	Q1'19 ⁽³⁾
% Intl	48%	48%	44%	44%	45%

+18%

Total Y/Y

+20%

Data Licensing & Other Y/Y

+18%

Advertising Y/Y

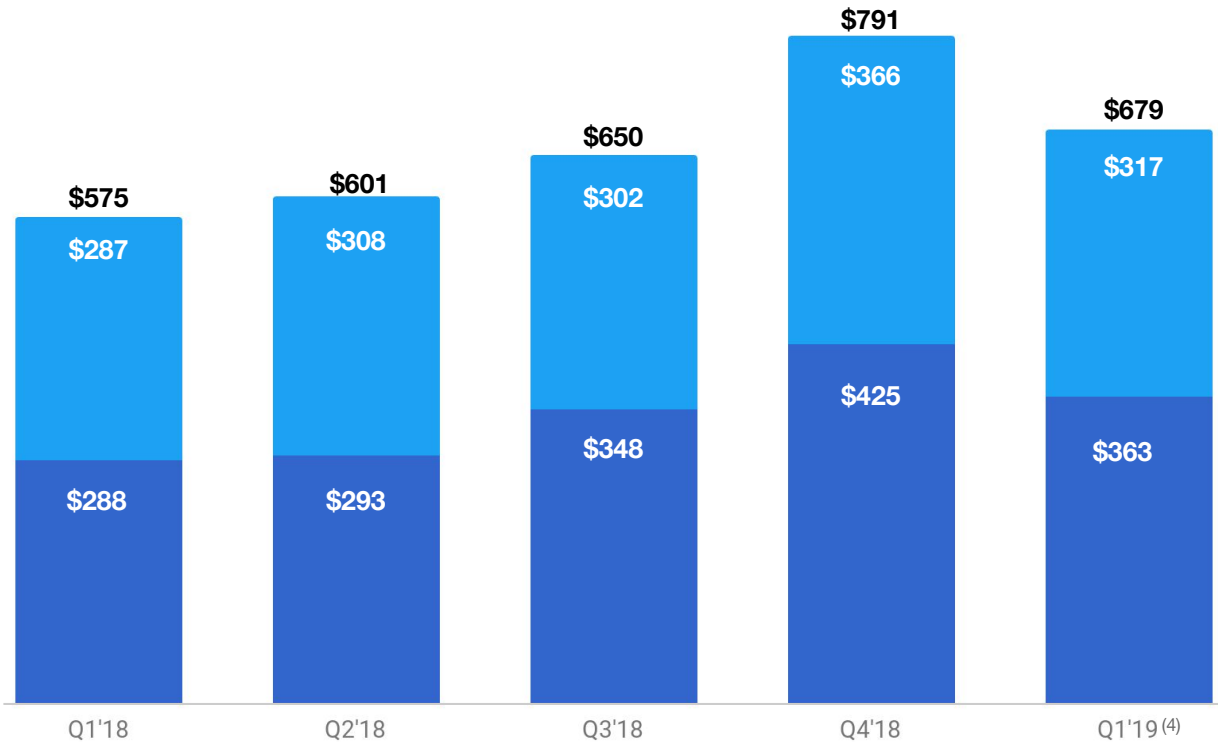


⁽³⁾ Please note that the sum of Data Licensing and Other Revenue and Advertising Revenue does not add up to Total Revenue in the above due to rounding.

Advertising Revenue by Geography

(\$, millions)

■ International
■ US



+18%

Total Y/Y

+10%

Int'l Y/Y

+26%

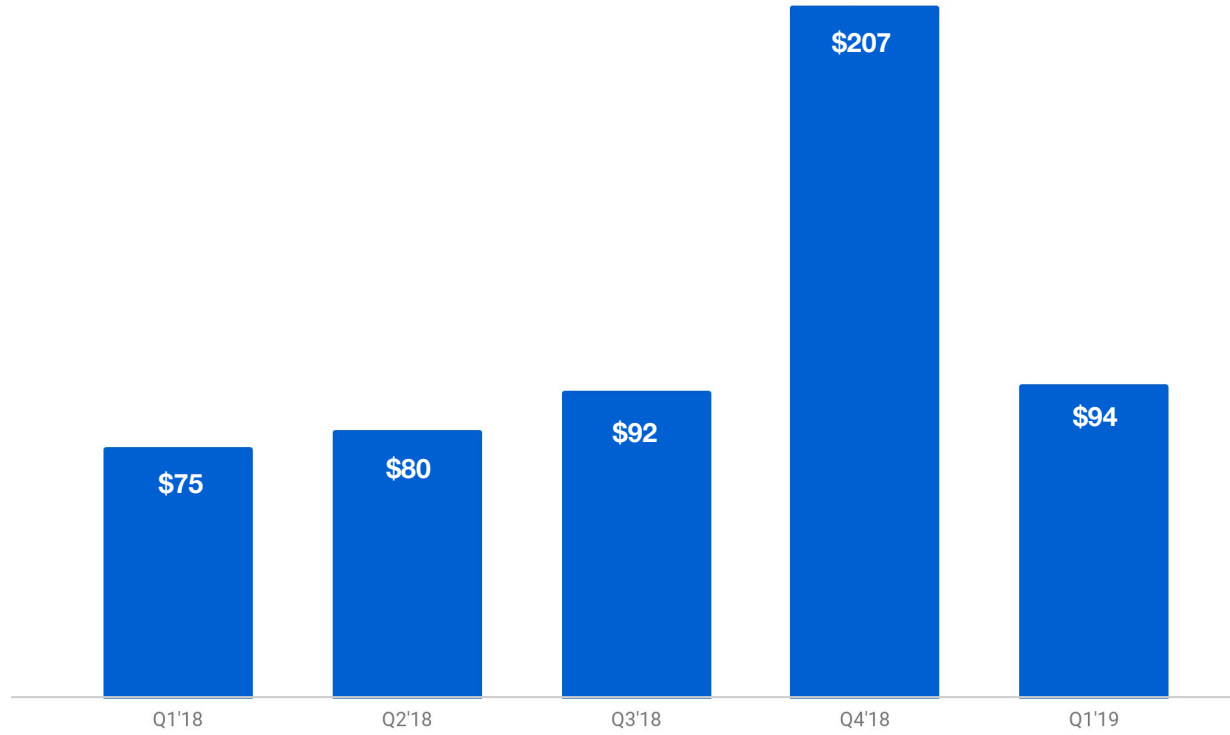
US Y/Y

(4) Please note that the sum of International Advertising Revenue and US Advertising Revenue does not add up to Total Advertising Revenue in the above due to rounding.



GAAP Operating Income

(\$, millions)



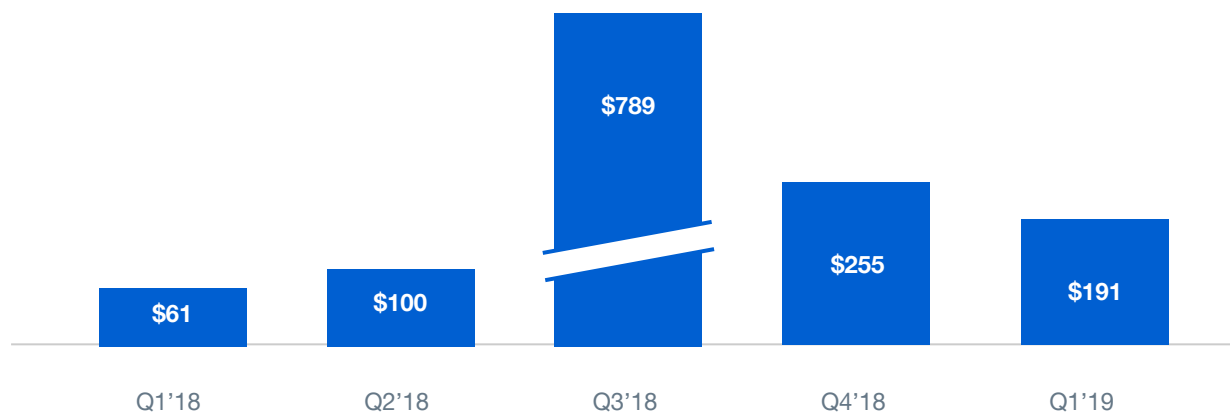
+25%
Y/Y

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Operating Margin	11%	11%	12%	23%	12%



GAAP Net Income⁽⁵⁾

(\$, millions)



GAAP Net Margin	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
	9%	14%	104%	28%	24%

+213%

Y/Y



(5) Our net income includes the following one-time benefits for income taxes: Q2'18, Q3'18, and Q4'18 include the realization of deferred tax assets in the US and Brazil of \$42 million, \$683 million, and \$120 million, respectively. Q1'19 includes the impact of \$124 million to establish a deferred tax asset for corporate structuring for certain geographies.

Appendix



Adjusted EBITDA Reconciliation

(\$, thousands)

Reconciliation of GAAP Net Income to Adjusted EBITDA

Three months ended

	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018	Mar 31, 2019
Net Income	\$60,997	\$100,117	\$789,179	\$255,303	\$190,804
Stock-based compensation expense	73,266	79,469	91,606	81,887	83,491
Depreciation and amortization expense	96,846	105,982	111,947	110,723	113,474
Interest and other expense (income), net	11,043	13,757	4,610	371	(2,845)
Provision (benefit) for income taxes	2,885	(34,250)	(701,921)	(48,766)	(94,301)
Restructuring charges	(983)	(265)	(18)	(2,989)	—
Adjusted EBITDA	\$244,054	\$264,810	\$295,403	\$396,529	\$290,623

Note: Adjusted EBITDA is defined as GAAP net income adjusted to exclude stock-based compensation expense, depreciation and amortization expense, interest and other expense, net, provision (benefit) for income taxes, restructuring charges and one-time nonrecurring gain.

GAAP to Non-GAAP Reconciliations

(\$, thousands)

Three months ended Mar 31, 2019

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Restructuring charges	Non-GAAP
Cost of revenue	\$264,011	\$5,048	\$4,320	—	\$254,643
Research and development	146,246	46,261	—	—	99,985
Sales and marketing	205,799	18,065	465	—	187,269
General and administrative	77,176	14,117	—	—	63,059

Three months ended Mar 31, 2018

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Restructuring charges	Non-GAAP
Cost of revenue	\$222,823	\$4,799	\$4,477	(\$60)	\$213,607
Research and development	123,346	41,946	—	(330)	81,730
Sales and marketing	178,059	14,822	465	(400)	163,172
General and administrative	65,718	11,699	—	(193)	54,212

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