

Twitter 2018 Annual Meeting of Stockholders



Metrics and non-GAAP information

We define monthly active users (MAUs) 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 MAUs for a period represent the average of the MAUs at the end of each month during the period. We define daily active users or daily active usage (DAU) as Twitter users who logged in or were otherwise authenticated and accessed Twitter through our website, mobile website or mobile applications on any given day. Average DAU for a period represents the number of DAUs on each day of such period divided by the number of days for such period. To calculate the year-over-year change in DAUs, we subtract the average DAU for the three months ended in the previous year from the average DAU for the same three months ended in the current year and divide the result by the average DAU in the previous year.

The numbers of active users presented in our annual meeting 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 false or spam accounts represented fewer than 5% of our MAUs as of December 31, 2017. 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.



Metrics and non-GAAP information

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 MAU, DAU 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.

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, 2017, fewer than 8.5% of MAUs may have been third-party auto-polling MAU.

In addition, our data regarding user geographic location for purposes of reporting the geographic location of our MAUs 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.



Metrics and non-GAAP information

Adjusted EBITDA is defined as GAAP net income (loss) 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.

Adjusted free cash flow is GAAP net cash provided by operating activities less capital expenditures (i.e., purchases of property and equipment including equipment purchases that were financed through capital leases, less proceeds received from disposition of property and equipment).

This presentation includes certain non-GAAP financial measures. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the Appendix and at <https://investor.twitterinc.com/index>.



Forward looking statements

During the course of this Annual Meeting of Stockholders, the Company executive team may make forward-looking statements regarding future events or of the future financial performance of the Company, all of which involve risks and uncertainties. These statements reflect management's current expectations, estimates and assumptions based on the information currently available to us and actual results and events could differ materially from those predictions due to a number of risks. We refer you to the documents that we file with the Securities and Exchange Commission, specifically our quarterly report on Form 10-Q which was filed on May 3, 2018. That document contains important information about factors that could cause our results to differ materially from those contained in our projections or forward-looking statements.





Jack Dorsey

CEO
@jack



Ned Segal

CFO
@nedsegal



Sean Edgett

General Counsel
@edgett



What's happening





Health



Product



Revenue Products

Health



Behavioral signals

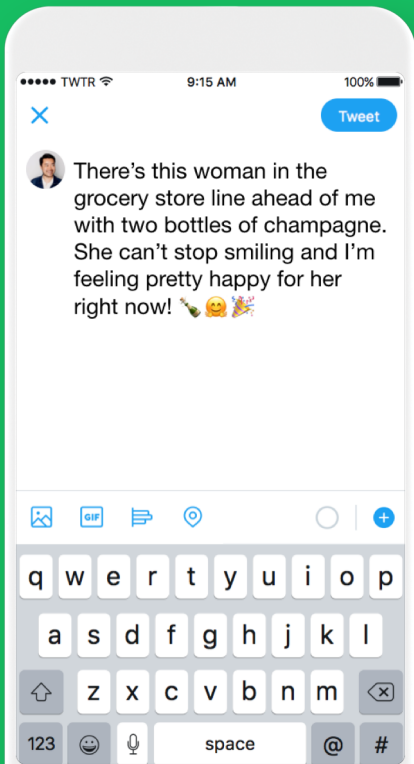


Product



Ease of use

280 characters



Tweet threads

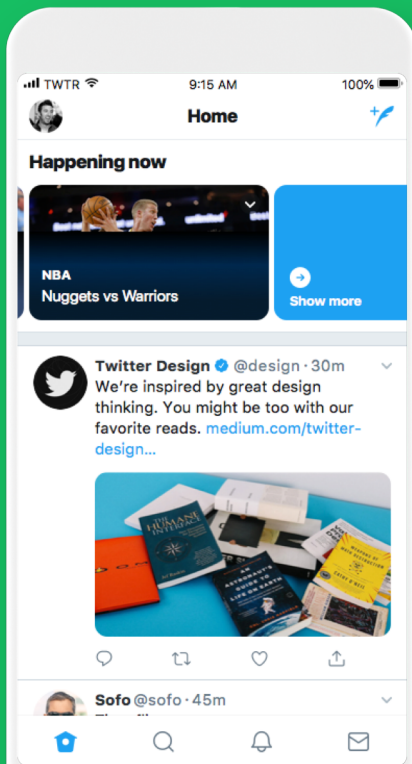


Bookmarks



Relevance & interests

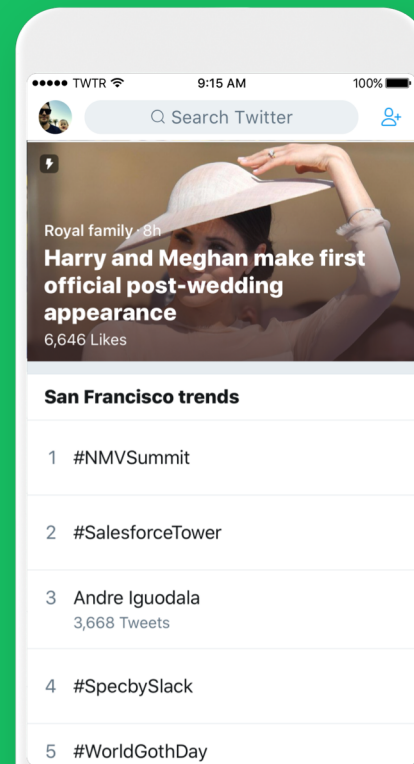
Home Timeline



Notifications



Explore tab



Events

Happening Now
Recap

Happening Now
Latest

< San Francisco Giants vs Houst... ○○○



MLB

San Francisco Giants vs Houston Astros

 San Francisco Giants	1	Final 5/23
 Houston Astros	4	

Recap Latest

< San Francisco Giants vs Houst... ○○○



MLB

San Francisco Giants vs Houston Astros

 San Francisco Giants	1	Final 5/23
 Houston Astros	4	

Recap Latest

 SF Giants on NBCS @NBCSGi... · 4h ▾
#SFGiants submission for the best

 keegan scholten @kscholts96 · 31s ▾
At the beginning of the year I said



Revenue Products





Growing, engaged audience +



Lower price +



Better performance +

=

Improved ROI



Improved measurement +



Differentiation





Ned Segal

CFO
@nedsegal





Significant operational and financial progress in 2017



Investing to drive growth in 2018



Delivered strong results in Q1





Audience and engagement



Revenue and profitability



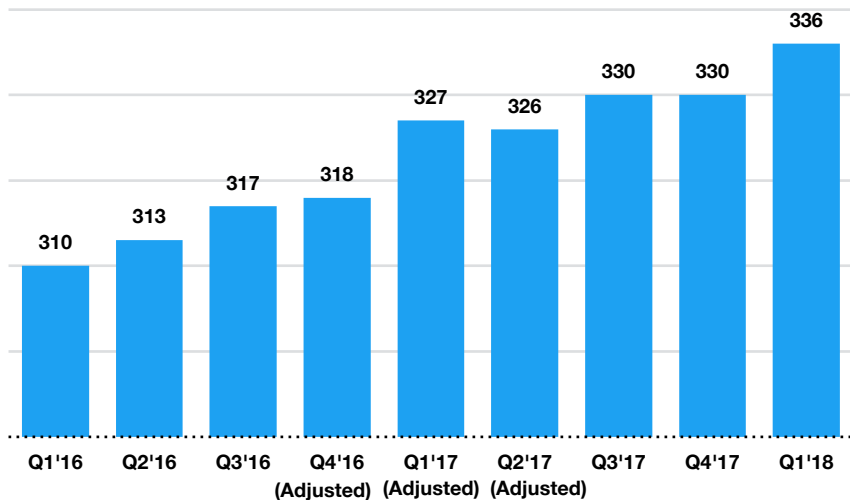
Investment priorities

Audience and engagement

We grew audience and engagement, highlighted by six consecutive quarters of double-digit DAU growth.

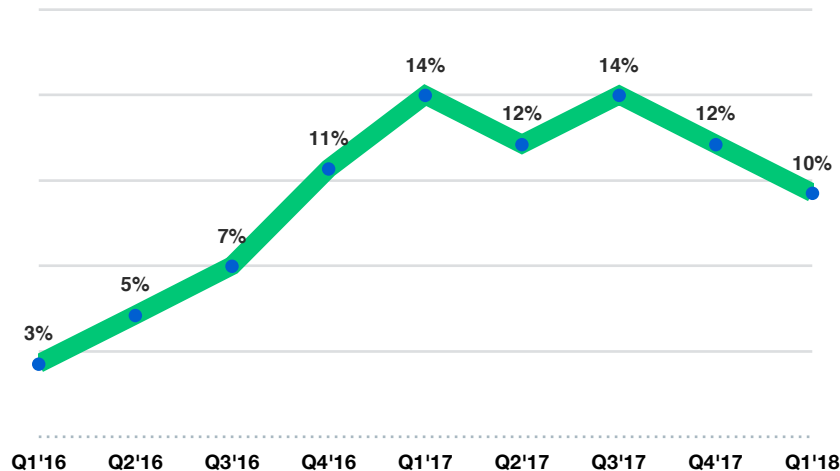
MAU*

Monthly average users
Millions



DAU

Daily active users
Y/Y growth rate

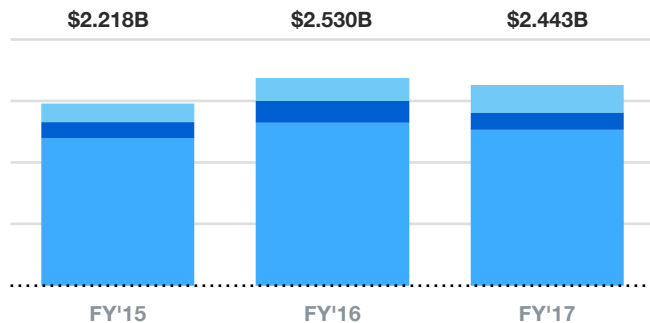


* In the three months ended March 31, 2018, we discovered that a software change made in the second quarter of 2017 resulted in a non-material overstatement of our historical MAU in 2017. The differences were between 30,000 and 400,000 in each period presented for total MAU. After rounding, the only impact to our prior disclosures was to reduce international MAU from 261 million to 260 million in the third quarter of 2017 due to a change of approximately 175,000 international MAUs.

Total revenue

Revenue performance improved each quarter throughout FY 2017, while Q1 marked a strong start to FY 2018.

Annual revenue

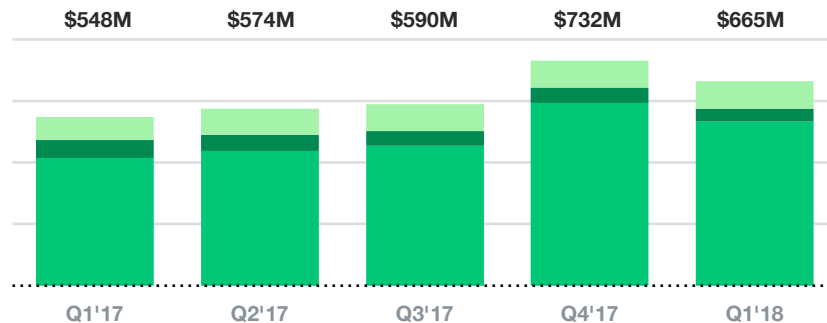


Y/Y Growth	FY'15	FY'16	FY'17
	58%	14%	-3%

Y/Y Growth Ex-TellApart	FY'15	FY'16	FY'17
	51%	13%	Flat

■ Advertising: O&O ■ Advertising: Non-O&O ■ Data Licensing and Other

Quarterly revenue



Y/Y Growth	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	-8%	-5%	-4%	2%	21%

Y/Y Growth Ex-TellApart	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	-7%	-2%	-1%	8%	27%

■ Advertising: O&O ■ Advertising: Non-O&O ■ Data Licensing and Other

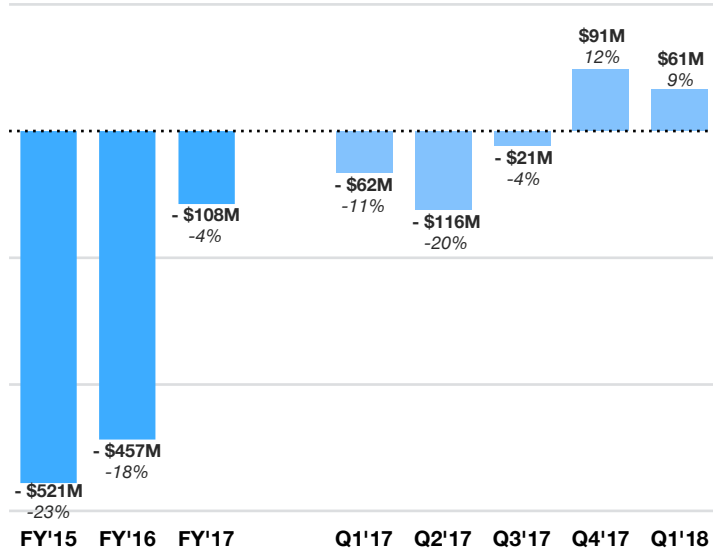


Net income and adjusted EBITDA

Revenue growth and disciplined cost controls led to GAAP profitability and significant adjusted EBITDA margin expansion.

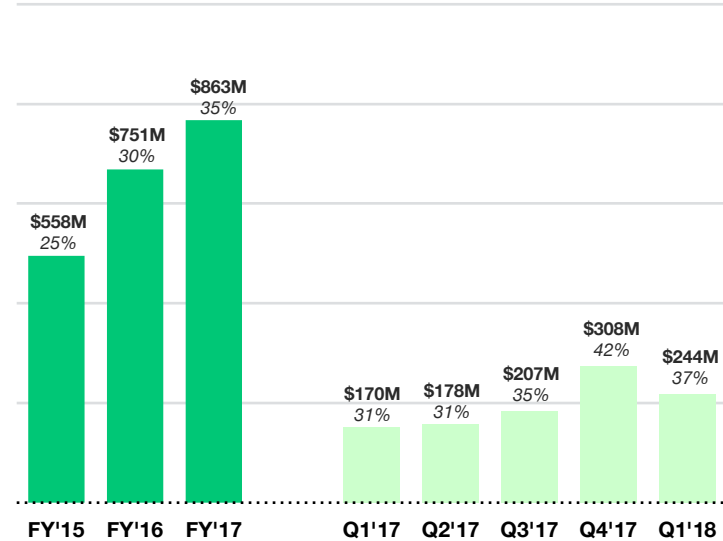
GAAP net income/loss

% of total revenue



Adjusted EBITDA

% of total revenue

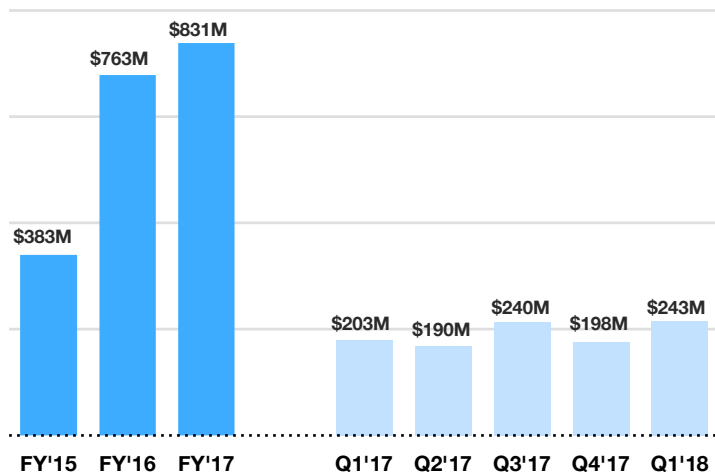


Cash flow trends

Our balance sheet remained healthy as we continued to generate positive adjusted free cash flow each quarter.

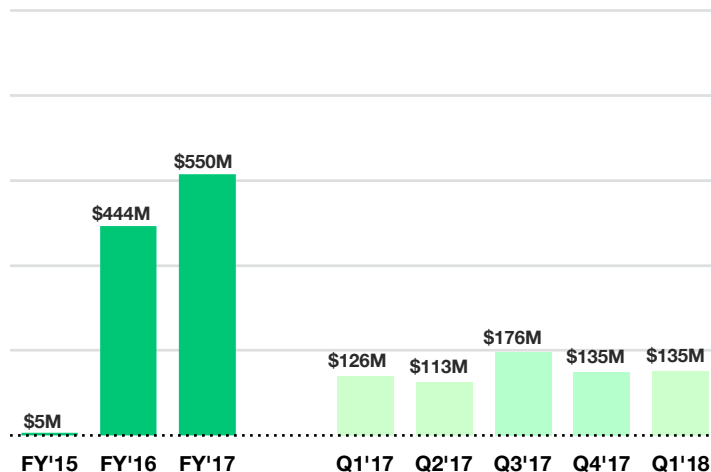
Cash flow from operations

\$millions



Adjusted free cash flow

\$millions





Investing to drive growth in 2018



Balance growth opportunities with ability to consistently deliver profitability



Key areas of investment



Adjusted EBITDA reconciliation

Reconciliation of Net Income (Loss) to Adjusted EBITDA

Three months ended

	FY15	FY16	FY17	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018
Net income (loss)	(\$521,031)	(\$456,873)	(\$108,063)	(\$61,559)	(\$116,488)	(\$21,095)	\$91,079	\$60,997
Stock-based compensation expense	682,118	615,233	433,806	116,997	113,396	100,959	102,454	73,266
Depreciation and amortization expense	312,823	402,172	395,867	102,792	103,063	97,492	92,520	96,846
Interest and other expense (income), net	83,269	73,626	134,158	18,087	74,716	24,810	16,545	11,043
Provision (benefit) for income taxes	(12,274)	16,039	12,645	3,194	3,413	3,564	2,474	2,885
Restructuring charges and one-time nonrecurring gain	12,902	101,296	(5,427)	(9,572)	(226)	1,269	3,102	(983)
Adjusted EBITDA	\$557,807	\$751,493	\$862,986	\$169,939	\$177,874	\$206,999	\$308,174	\$244,054

Adjusted free cash flow reconciliation

Reconciliation of Adjusted Free Cash Flow

Three months ended

	FY15	FY16	FY17	3/31/2017	6/30/2017	9/30/2017	12/31/2017	3/31/2018
Net cash provided by operating activities	\$383,066	\$763,055	\$831,209	\$203,448	\$189,707	\$239,947	\$198,107	\$242,673
Less: Purchases of property and equipment	(347,280)	(218,657)	(160,742)	(39,881)	(44,626)	(36,076)	(40,159)	(93,091)
Plus: Proceeds from sales of property and equipment	-	-	2,783	-	1,290	1,493	-	1,763
Less: Equipment purchases under capital leases	(31,215)	(100,281)	(123,235)	(37,434)	(33,492)	(29,707)	(22,602)	(16,086)
Adjusted free cash flow	\$4,571	\$444,117	\$550,015	\$126,133	\$112,879	\$175,657	\$135,346	\$135,259

Recap





Sean Edgett

General Counsel
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Order of business



Q&A



@TwitterIR

