

A large, light blue watermark of the Twitter bird logo is positioned in the background, facing right. The bird's head is a large circle, and its tail feathers are on the right side.

Q4 2018 Earnings Report

Non-GAAP Financial Measures

In addition to U.S. GAAP financials, this presentation includes 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 fourth quarter of 2018 represented fewer than 5% of our MAU and mDAU 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 MAU, monetizable 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.

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.

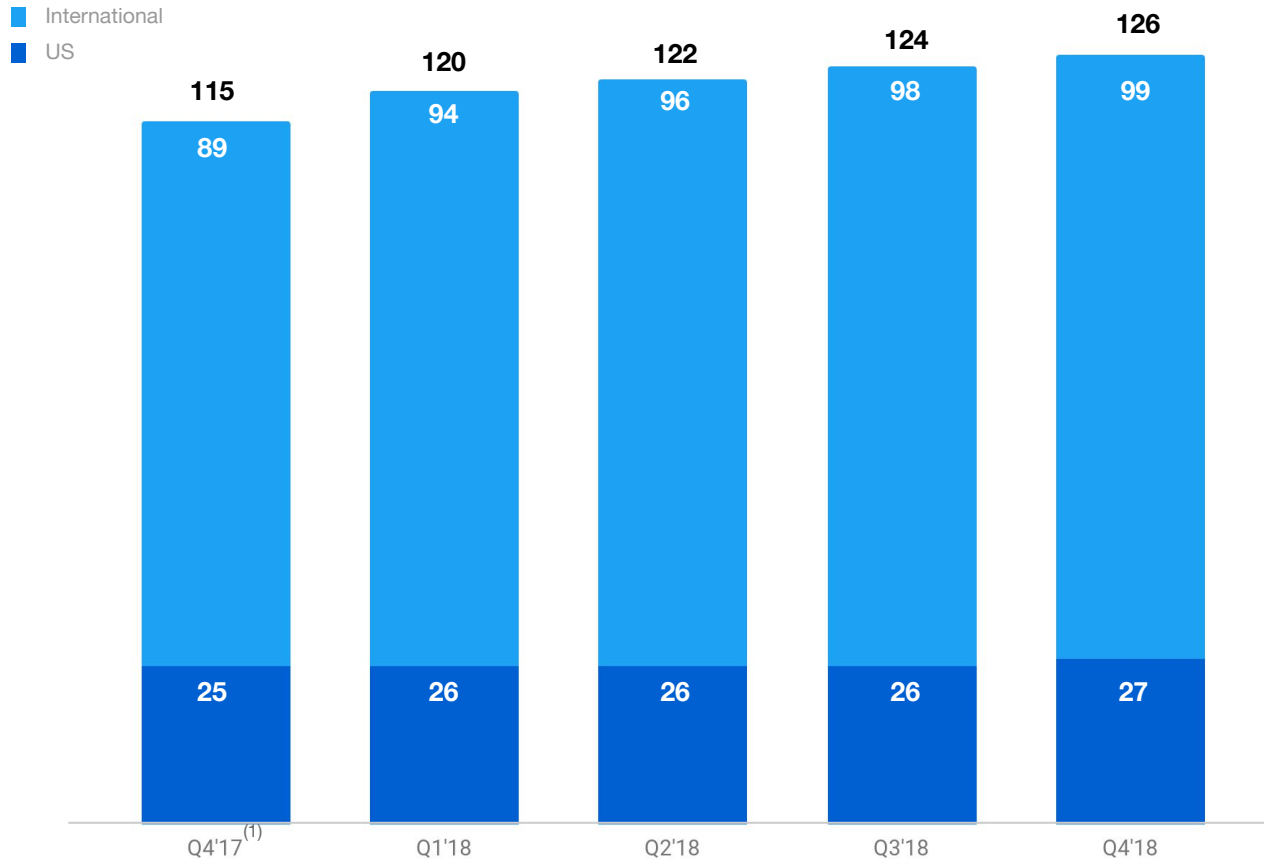
We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. Our measures of user growth and user engagement may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology.



Our total audience metrics are based on both internal metrics and data from Google Analytics, which measures logged-out visitors to our properties.

Monetizable Daily Active Usage

(quarterly average, millions)



Y/Y Rate	12%	10%	11%	9%	9%
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+11m⁽²⁾
WW Y/Y

+10m
Int'l Y/Y

+2m
US Y/Y



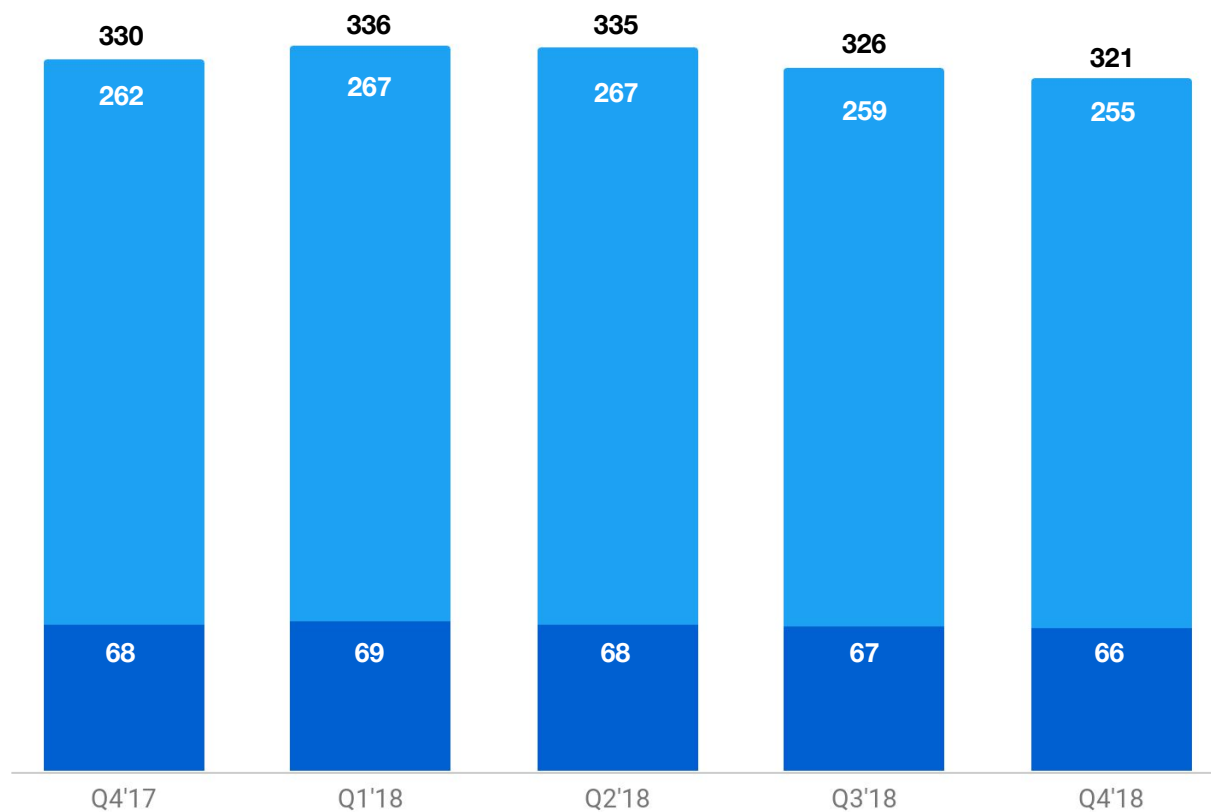
(1) Please note that the sum of US mDAU and International mDAU does not add up to total mDAU in Q4'17 above due to rounding.

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

Monthly Active Usage

(quarterly average, millions)

■ International
■ US



-9m
WW Y/Y

-7m
Int'l Y/Y

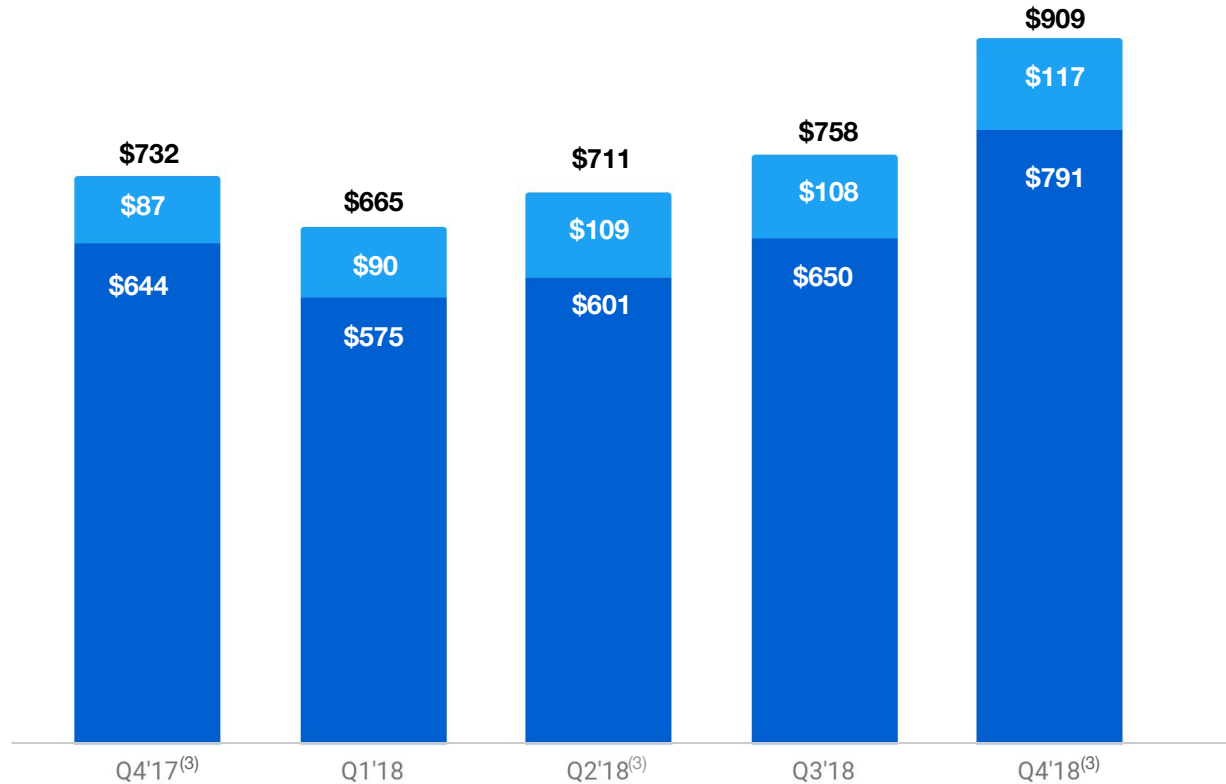
-2m
US Y/Y



Total Revenue

(\$, millions)

- Data Licensing & Other Revenue
- Advertising Revenue



% Intl	Q4'17 ⁽³⁾	Q1'18	Q2'18 ⁽³⁾	Q3'18	Q4'18 ⁽³⁾
% Intl	44%	48%	48%	44%	44%

+24%
Total Y/Y

+35%
Data Licensing & Other Y/Y

+23%
Advertising Y/Y

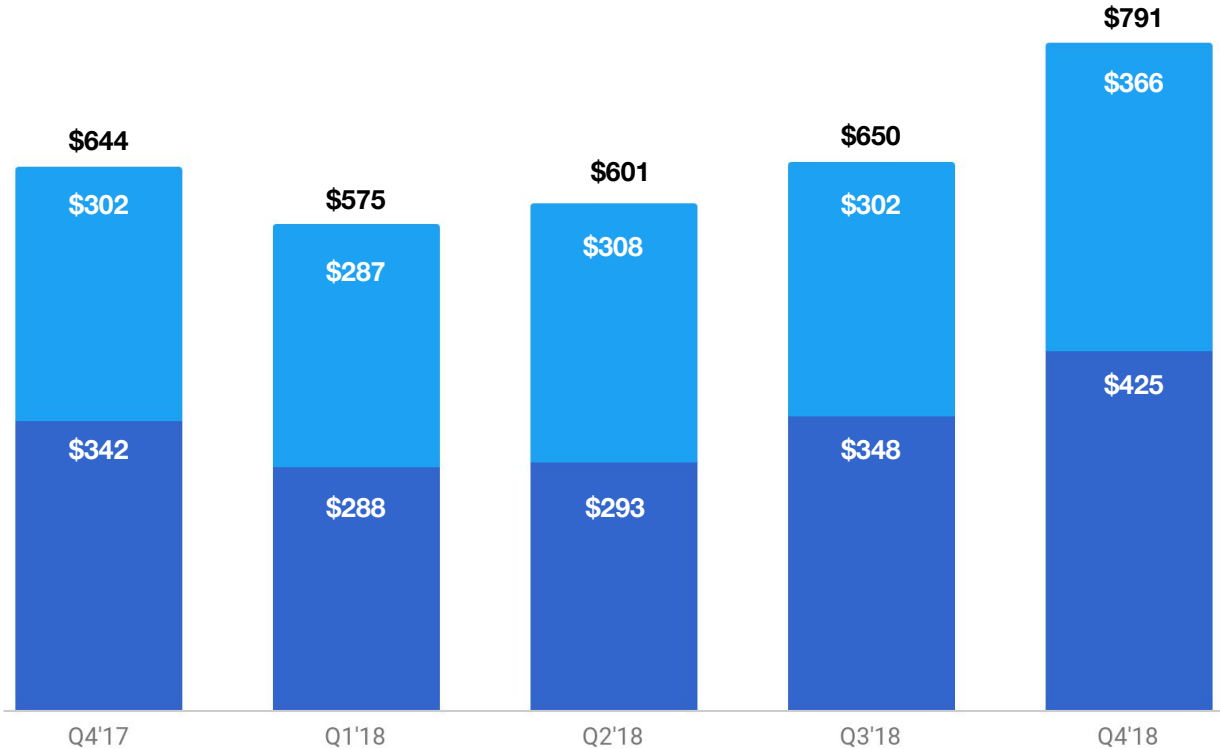
⁽³⁾ Please note that the sum of Data Licensing and Other Revenue and Advertising Revenue does not add up to Total Revenue in the above due to rounding.



Advertising Revenue by Geography

(\$, millions)

■ International
■ US



+23%
Total Y/Y

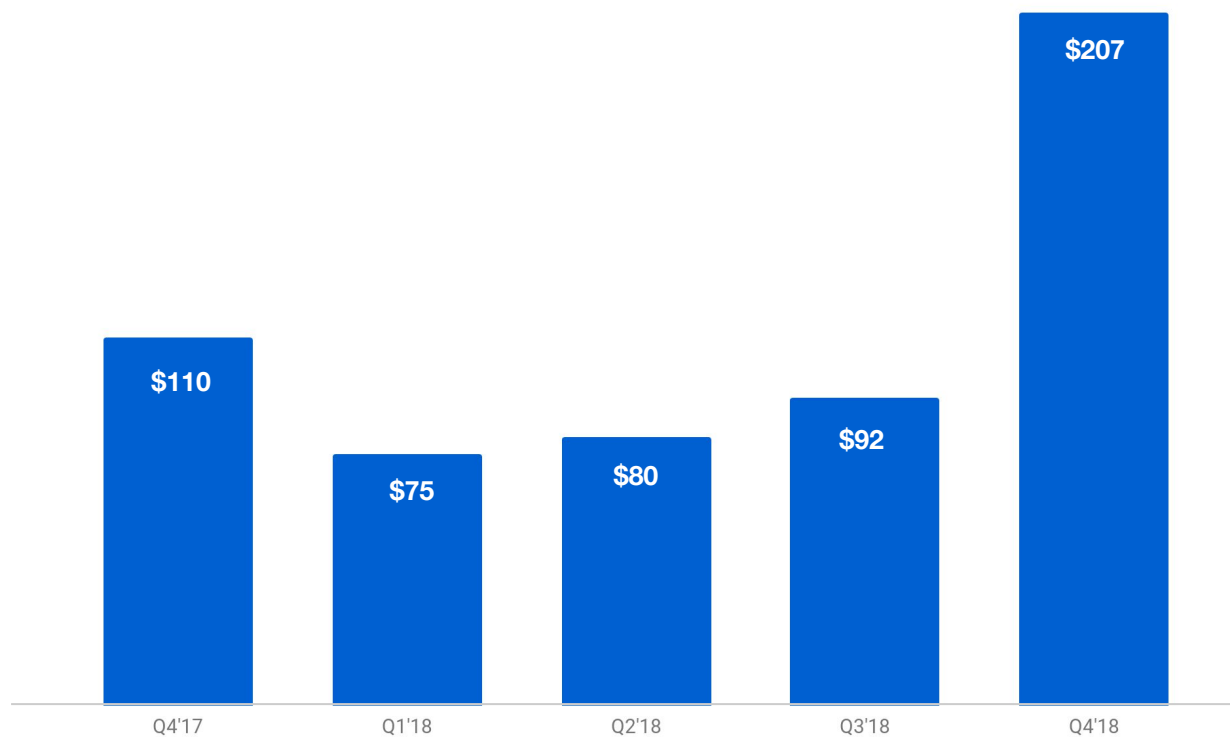
+21%
Int'l Y/Y

+24%
US Y/Y



GAAP Operating Income

(\$, millions)



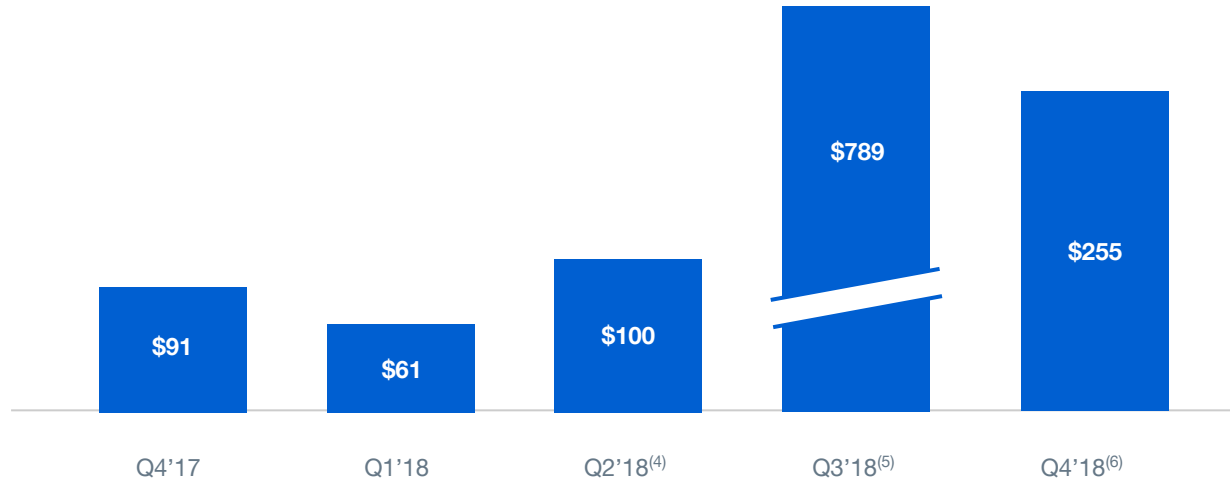
+88%
Y/Y

Operating Margin	15%	11%	11%	12%	23%



GAAP Net Income

(\$, millions)



+180%
Y/Y

GAAP Net Margin	Q4'17	Q1'18	Q2'18 ⁽⁴⁾	Q3'18 ⁽⁵⁾	Q4'18 ⁽⁶⁾
	+12%	+9%	+14%	+104%	+28%

(4) Our Q2'18 GAAP net income of \$100 million includes a \$42 million net tax benefit primarily driven by the release of a deferred tax asset valuation allowance for Brazil.

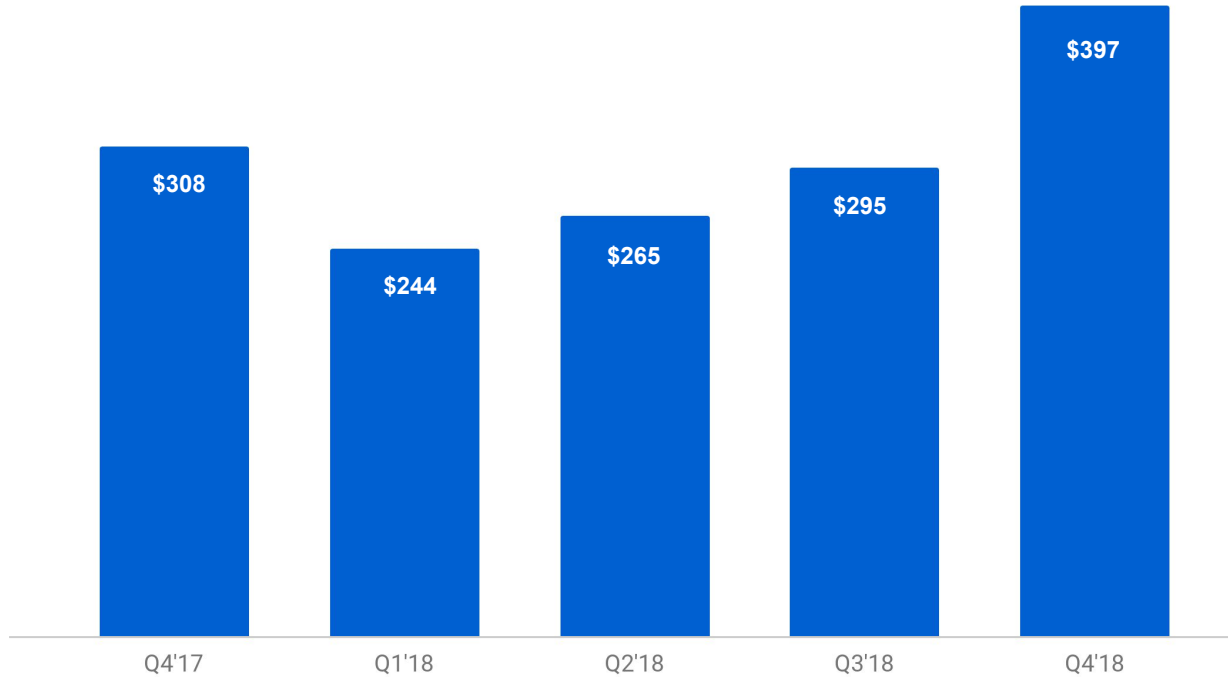
(5) Our Q3'18 GAAP net income of \$789 million includes a \$683 million net tax benefit primarily driven by the release of a deferred tax asset valuation allowance for the United States.

(6) Our Q4'18 GAAP net income of \$255 million includes a \$120 million net tax benefit due to the change in estimate for the current year realization of our deferred tax assets.



Adjusted EBITDA⁽⁷⁾

(\$, millions)



+29%
Y/Y

Adjusted EBITDA Margin	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Adjusted EBITDA Margin	42%	37%	37%	39%	44%



(7) 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. See Appendix for a reconciliation of GAAP net income to Adjusted EBITDA.

Appendix



Adjusted EBITDA Reconciliation

(\$, thousands)

Reconciliation of GAAP Net Income to Adjusted EBITDA

Three months ended

	Dec 31, 2017	Mar 31, 2018	Jun 30, 2018	Sep 30, 2018	Dec 31, 2018
Net Income	\$91,079	\$60,997	\$100,117	\$789,179	\$255,303
Stock-based compensation expense	102,454	73,266	79,469	91,606	81,887
Depreciation and amortization expense	92,520	96,846	105,982	111,947	110,723
Interest and other expense (income), net	16,545	11,043	13,757	4,610	371
Provision (benefit) for income taxes	2,474	2,885	(34,250)	(701,921)	(48,766)
Restructuring charges	3,102	(983)	(265)	(18)	(2,989)
Adjusted EBITDA	\$308,174	\$244,054	\$264,810	\$295,403	\$396,529

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 Dec 31, 2018

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Restructuring charges	Non-GAAP
Cost of revenue	\$268,345	\$4,905	\$4,321	(\$179)	\$259,298
Research and development	141,174	43,589	—	(1,011)	98,596
Sales and marketing	211,774	18,624	465	(1,208)	193,893
General and administrative	80,635	14,769	—	(591)	66,457

Three months ended Dec 31, 2017

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Restructuring charges	Non-GAAP
Cost of revenue	\$217,979	\$6,019	\$4,464	\$199	\$207,297
Research and development	133,996	55,648	—	1,103	77,245
Sales and marketing	189,572	25,919	465	1,161	162,027
General and administrative	79,915	14,868	—	639	64,408

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