



November 1, 2011

## OpenTable, Inc. Announces Third Quarter Financial Results

- Increases Revenue by 40% over Q3 2010 to \$34.4 Million --
- Grows Installed Restaurants by 57% and Seated Diners by 48% over Q3 2010 --
- Achieves EPS of \$0.17 and Non-GAAP EPS of \$0.30 --

SAN FRANCISCO, Nov. 1, 2011 /PRNewswire/ -- OpenTable, Inc. (NASDAQ: OPEN), a leading provider of free, real-time online restaurant reservations for diners and reservation and guest management solutions for restaurants, today reported its financial results for the third quarter ended September 30, 2011.

(Logo: <http://photos.prnewswire.com/prnh/20110606/MM07085LOGO>)

OpenTable reported consolidated net revenues for Q3 2011 of \$34.4 million, a 40% increase over Q3 2010. Consolidated net income for Q3 2011 was \$4.1 million, or \$0.17 per diluted share. Non-GAAP consolidated net income for Q3 2011, which excludes tax-affected stock-based compensation expense and tax-affected amortization of acquired intangibles, was \$7.4 million, or \$0.30 per diluted share.

OpenTable provides operating results by geography as the Company is at different stages of development in its North America and International operations. International operations include the operating results of [toptable.com](http://toptable.com), an acquisition which closed on October 1, 2010.

### North America Results

- Installed restaurant base as of September 30, 2011, totaled 16,237, a 25% increase over September 30, 2010.
- Seated diners totaled 21.8 million, a 42% increase over Q3 2010.
- Revenues totaled \$29.1 million, a 26% increase over Q3 2010.
- Non-GAAP adjusted EBITDA (earnings before interest, taxes, depreciation, amortization and stock-based compensation) totaled \$13.6 million, or 47% of North America revenues, a 33% increase over Q3 2010.

### International Results

- Installed restaurant base as of September 30, 2011, totaled 7,629, a 243% increase over September 30, 2010.
- Seated diners totaled 1.8 million, a 233% increase over Q3 2010.
- Revenues totaled \$5.3 million, a 254% increase over Q3 2010.
- Non-GAAP adjusted EBITDA totaled a loss of \$0.7 million compared to a loss of \$1.2 million in Q3 2010.
- In Q3 2011, [toptable.com](http://toptable.com) contributed approximately 665,000 seated diners, \$2.9 million of revenue and loss of approximately \$0.1 million of non-GAAP adjusted EBITDA to the Company's results.

"Our business continued to demonstrate strong momentum in the third quarter," said Matt Roberts, President and CEO of OpenTable. "In particular, we're pleased with the progress we made in our International segment."

### Q3 2011 Consolidated Financial and Operating Summary

- Installed restaurant base as of September 30, 2011, totaled 23,866, a 57% increase over September 30, 2010.
- Seated diners totaled 23.6 million, a 48% increase over Q3 2010.
- Total revenues were \$34.4 million in Q3 2011, up 40% over Q3 2010 revenues of \$24.5 million.
  - Subscription revenues were \$12.9 million in Q3 2011, up 17% over Q3 2010 revenues of \$11.0 million. Subscription revenues increased as a result of the increase in installed restaurants using our Electronic Reservation Book solution.
  - Reservation revenues were \$18.0 million in Q3 2011, up 58% over Q3 2010 revenues of \$11.4 million. Reservation revenues primarily increased as a result of the increase in seated diners. In Q3 2011, [toptable.com](http://toptable.com) contributed \$2.0 million to reservation revenues.
  - Installation and other revenues were \$3.4 million in Q3 2011, up 60% over Q3 2010 revenues of \$2.1 million. The increase is primarily the result of an increase in revenue from other product offerings, including advertising sales,

web service licensing and third-party restaurant coupon sales. In Q3 2011, [toptable.com](http://toptable.com) contributed \$0.9 million to installation and other revenues.

- Total operating expenses were \$28.5 million in Q3 2011, up 43% over Q3 2010 operating expenses of \$20.0 million. The increase was primarily driven by a 51% increase in headcount including those from the acquisition of [toptable.com](http://toptable.com), the addition of other [toptable.com](http://toptable.com) expenses, an increase in amortization of acquired intangibles, and an increase in stock-based compensation.
- Total operating income was \$5.8 million in Q3 2011 compared to \$4.6 million in Q3 2010. Non-GAAP consolidated operating income, excluding stock-based compensation expense, amortization of acquired intangibles and acquisition-related expenses was \$10.8 million in Q3 2011 compared to \$7.4 million in Q3 2010.
- The Q3 2011 GAAP income tax expense was \$1.8 million, or a 30% tax rate.
- Consolidated net income was \$4.1 million, or \$0.17 per diluted share, in Q3 2011 compared to \$3.8 million, or \$0.16 per diluted share, in Q3 2010. Non-GAAP consolidated net income, which excludes tax-affected stock-based compensation expense, tax-affected amortization of acquired intangibles and tax-affected acquisition-related expenses, was \$7.4 million, or \$0.30 per diluted share, in Q3 2011 compared to \$5.7 million, or \$0.23 per diluted share, in Q3 2010.
- As of September 30, 2011, OpenTable had cash and cash equivalents and short-term investments of \$79.9 million.

"The third quarter highlights continued growth in our core operating and financial metrics," said Duncan Robertson, CFO of OpenTable. "The business continues to deliver solid operating margins and cash flows even as we invest for long-term growth."

### **Quarterly Conference Call**

A conference call will be webcast live today at 2 p.m. PT/5 p.m. ET and will be available through November 30, 2011, at <http://investors.opentable.com/events.cfm>. This call may contain forward-looking statements and other material information regarding the Company's financial and operating results.

### **About Non-GAAP Financial Information**

This press release contains certain non-GAAP financial measures. Tables are provided in the press release that reconcile the non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP consolidated net income and the related per diluted share amounts, non-GAAP consolidated operating income and non-GAAP adjusted EBITDA. Non-GAAP financial measure adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation and acquisition-related expenses. Within the Company's reconciliation to non-GAAP diluted net income per share, the impact of undistributed earnings allocated to participating securities has been excluded.

To supplement the Company's consolidated financial statements presented on a GAAP basis, management believes that these non-GAAP measures provide useful information about the Company's core operating results and thus are appropriate to enhance the overall understanding of the Company's past financial performance and its prospects for the future. Management believes it is useful to exclude stock-based compensation, acquisition-related expenses and amortization of acquired intangibles because they do not reflect the underlying performance of the Company's business operations. These adjustments to the Company's GAAP results are made with the intent of providing both management and investors a more complete understanding of the Company's underlying operational results and trends and performance. Management uses these non-GAAP measures to evaluate the Company's financial results. The presentation of non-GAAP measures is not meant to be considered in isolation or as a substitute for or superior to financial results determined in accordance with GAAP.

### **Background Information**

The Company reports consolidated operations in U.S. dollars and operates in two geographic segments: North America and International. The North America segment is comprised of all operations in the United States, Canada and Mexico, and the International segment is comprised of all non-North America operations, which includes operations in Europe and Asia. The Company generates substantially all of its revenues from its restaurant customers. The Company's revenues primarily include installation fees for the Electronic Reservation Book (including training), monthly subscription fees and a fee for each

restaurant guest seated through online reservations. The financial results and other information in this press release reflect the acquisition of [toptable.com](http://toptable.com), as applicable.

## **Forward-Looking Statements**

This press release and its attachments contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. These forward-looking statements include the quotations from management in this press release, as well as any statements regarding the Company's strategic and operational plans. The Company's actual results may differ materially from those anticipated in these forward-looking statements. Factors that may contribute to such differences include, among others, the impact of the current economic climate on the Company's business; the Company's ability to maintain an adequate rate of growth; the Company's ability to effectively manage its growth; the Company's ability to attract new restaurant customers; the Company's ability to increase the number of visitors to its website and convert those visitors into diners; the Company's ability to retain existing restaurant customers and diners or encourage repeat reservations; the Company's ability to successfully enter new markets and manage its international expansion; the Company's ability to successfully manage any acquisitions of businesses, solutions or technologies; interruptions in service and any related impact on the Company's reputation; and costs associated with defending intellectual property infringement and other claims. More information about potential factors that could affect the Company's business and financial results is contained in the Company's annual report on Form 10-K for the year ended December 31, 2010 and the Company's other filings with the SEC. The Company does not intend, and undertakes no duty, to update this information to reflect future events or circumstances.

## **About OpenTable, Inc.**

OpenTable is a leading provider of free, real-time online restaurant reservations for diners and reservation and guest management solutions for restaurants. The OpenTable network delivers the convenience of online restaurant reservations to diners and the operational benefits of a computerized reservation book to restaurants. OpenTable has more than 20,000 restaurant customers, and, since its inception in 1998, has seated more than 250 million diners around the world. The Company is headquartered in San Francisco, California, and the OpenTable service is available throughout the United States, as well as in Canada, Germany, Japan, Mexico and the United Kingdom. OpenTable also owns and operates [toptable.com](http://toptable.com), a leading restaurant reservation site in the United Kingdom.

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### **OPENTABLE, INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

|   | <b><u>September 30,</u></b><br><b><u>2011</u></b> | <b><u>December 31,</u></b><br><b><u>2010</u></b> |
|---|---|--|
| <b>ASSETS</b>                               |   |  |
| CURRENT ASSETS:                             |   |  |
| Cash and cash equivalents                   | \$ 58,890,000                                     | \$ 33,444,000                                    |
| Short-term investments                      | 21,021,000  | 9,080,000  |
| Accounts receivable, net                    | 15,216,000  | 13,292,000                                       |
| Prepaid expenses and other current assets   | 3,534,000   | 2,919,000  |
| Deferred tax asset                          | 7,896,000   | 7,882,000  |
| Restricted cash                             | -   | <u>167,000</u>                                   |
| Total current assets                        | 106,557,000                                       | 66,784,000                                       |
| Property, equipment and software, net       | 15,566,000  | 14,612,000                                       |
| Goodwill                                    | 42,732,000  | 42,347,000                                       |
| Intangibles, net                            | 17,545,000  | 20,248,000                                       |
| Deferred tax asset                          | 5,377,000   | 5,539,000  |
| Other assets                                | <u>862,000</u>                                    | <u>366,000</u>                                   |
| TOTAL ASSETS                                | <u>\$ 188,639,000</u>                             | <u>\$ 149,896,000</u>                            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |   |  |
| CURRENT LIABILITIES:                        |   |  |
| Accounts payable and accrued expenses       | \$ 6,987,000                                      | \$ 7,666,000                                     |
| Accrued compensation                        | 4,541,000   | 4,189,000  |

|   |                       |                       |
|---|-----------------------|-----------------------|
| Deferred revenue                              | 2,000,000             | 1,852,000             |
| Dining rewards payable                        | <u>19,363,000</u>     | <u>15,398,000</u>     |
| Total current liabilities                     | 32,891,000            | 29,105,000            |
| Deferred revenue — non-current                | 2,343,000             | 2,802,000             |
| Deferred tax liability                        | 4,630,000             | 5,644,000             |
| Income tax liability                          | 12,758,000            | 8,577,000             |
| Other long-term liabilities                   | <u>444,000</u>        | <u>1,623,000</u>      |
| Total liabilities                             | <u>53,066,000</u>     | <u>47,751,000</u>     |
| STOCKHOLDERS' EQUITY:                         |                       |                       |
| Common stock                                  | 2,000                 | 2,000                 |
| Additional paid-in capital                    | 161,749,000           | 143,292,000           |
| Treasury stock                                | (647,000)             | (647,000)             |
| Accumulated other comprehensive income (loss) | (900,000)             | (1,305,000)           |
| Accumulated deficit                           | <u>(24,631,000)</u>   | <u>(39,197,000)</u>   |
| Total stockholders' equity                    | <u>135,573,000</u>    | <u>102,145,000</u>    |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY    | <u>\$ 188,639,000</u> | <u>\$ 149,896,000</u> |

**OPENTABLE, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

|                                      | <b>Three Months Ended</b>                |                 | <b>Nine Months Ended</b> |                 |
|--------------------------------------|--|-----------------|--------------------------|-----------------|
|                                      | <b>September 30,</b>                     |                 | <b>September 30,</b>     |                 |
|                                      | <b>2011</b>                              | <b>2010</b>     | <b>2011</b>              | <b>2010</b>     |
|                                      | (In thousands, except per share amounts) |                 |                          |                 |
| REVENUES                             | \$ 34,356                                | \$ 24,520       | \$ 102,353               | \$ 68,224       |
| COSTS AND EXPENSES:                  |  |                 |                          |                 |
| Operations and support (1)           | 9,916                                    | 6,769           | 29,074                   | 19,095          |
| Sales and marketing (1)              | 7,477                                    | 5,185           | 21,692                   | 14,971          |
| Technology (1)                       | 3,748                                    | 2,967           | 11,326                   | 8,707           |
| General and administrative (1)       | <u>7,407</u>                             | <u>5,045</u>    | <u>18,417</u>            | <u>12,947</u>   |
| Total costs and expenses             | <u>28,548</u>                            | <u>19,966</u>   | <u>80,509</u>            | <u>55,720</u>   |
| Income from operations               | 5,808                                    | 4,554           | 21,844                   | 12,504          |
| Other income, net                    | <u>23</u>                                | <u>67</u>       | <u>68</u>                | <u>209</u>      |
| Income before taxes                  | 5,831                                    | 4,621           | 21,912                   | 12,713          |
| Income tax expense                   | <u>1,775</u>                             | <u>786</u>      | <u>7,346</u>             | <u>3,770</u>    |
| NET INCOME                           | <u>\$ 4,056</u>                          | <u>\$ 3,835</u> | <u>\$ 14,566</u>         | <u>\$ 8,943</u> |
| Net income per share:                |  |                 |                          |                 |
| Basic                                | <u>\$ 0.17</u>                           | <u>\$ 0.17</u>  | <u>\$ 0.62</u>           | <u>\$ 0.39</u>  |
| Diluted                              | <u>\$ 0.17</u>                           | <u>\$ 0.16</u>  | <u>\$ 0.59</u>           | <u>\$ 0.37</u>  |
| Weighted average shares outstanding: |  |                 |                          |                 |
| Basic                                | 23,695                                   | 22,706          | 23,530                   | 22,471          |
| Diluted                              | 24,488                                   | 24,102          | 24,545                   | 23,866          |

(1) Stock-based compensation included in above line items:

|                            |              |            |              |              |
|----------------------------|--------------|------------|--------------|--------------|
| Operations and support     | \$ 431       | \$ 229     | \$ 1,289     | \$ 648       |
| Sales and marketing        | 571          | 494        | 1,574        | 1,359        |
| Technology                 | 431          | 416        | 1,319        | 1,059        |
| General and administrative | <u>2,536</u> | <u>888</u> | <u>4,627</u> | <u>2,295</u> |
|                            | \$ 3,969     | \$ 2,027   | \$ 8,809     | \$ 5,361     |

**Other Operational Data:**

Installed restaurants (at period end):

|               |              |              |              |              |
|---------------|--------------|--------------|--------------|--------------|
| North America | 16,237       | 13,025       | 16,237       | 13,025       |
| International | <u>7,629</u> | <u>2,221</u> | <u>7,629</u> | <u>2,221</u> |
| Total         | 23,866       | 15,246       | 23,866       | 15,246       |

Seated diners (in thousands):

|               |              |            |              |              |
|---------------|--------------|------------|--------------|--------------|
| North America | 21,818       | 15,368     | 64,884       | 44,591       |
| International | <u>1,768</u> | <u>531</u> | <u>4,939</u> | <u>1,403</u> |
| Total         | 23,586       | 15,899     | 69,823       | 45,994       |

Headcount (at period end):

|               |            |           |            |           |
|---------------|------------|-----------|------------|-----------|
| North America | 403        | 302       | 403        | 302       |
| International | <u>165</u> | <u>74</u> | <u>165</u> | <u>74</u> |
| Total         | 568        | 376       | 568        | 376       |

**Additional Financial Data:**

Revenues:

|                              |              |              |               |              |
|------------------------------|--------------|--------------|---------------|--------------|
| North America                |              |              |               |              |
| Subscription                 | \$ 11,406    | \$ 9,868     | \$ 33,117     | \$ 28,409    |
| Reservation                  | 15,154       | 11,059       | 45,690        | 31,325       |
| Installation and other       | <u>2,521</u> | <u>2,101</u> | <u>8,290</u>  | <u>4,474</u> |
| Total North America Revenues | \$ 29,081    | \$ 23,028    | \$ 87,097     | \$ 64,208    |
| International                |              |              |               |              |
| Subscription                 | \$ 1,531     | \$ 1,146     | \$ 4,400      | \$ 3,118     |
| Reservation                  | 2,861        | 323          | 8,228         | 825          |
| Installation and other       | <u>883</u>   | <u>23</u>    | <u>2,628</u>  | <u>73</u>    |
| Total International Revenues | <u>5,275</u> | <u>1,492</u> | <u>15,256</u> | <u>4,016</u> |
| Total Revenues               | \$ 34,356    | \$ 24,520    | \$ 102,353    | \$ 68,224    |

Income (loss) from operations:

|               |                |                |                |                |
|---------------|----------------|----------------|----------------|----------------|
| North America | \$ 8,532       | \$ 6,646       | \$ 30,857      | \$ 17,592      |
| International | <u>(2,724)</u> | <u>(2,092)</u> | <u>(9,013)</u> | <u>(5,088)</u> |
| Total         | \$ 5,808       | \$ 4,554       | \$ 21,844      | \$ 12,504      |

Depreciation and amortization:

|               |              |            |              |            |
|---------------|--------------|------------|--------------|------------|
| North America | \$ 1,726     | \$ 1,546   | \$ 5,162     | \$ 4,444   |
| International | <u>1,321</u> | <u>163</u> | <u>3,666</u> | <u>436</u> |
| Total         | \$ 3,047     | \$ 1,709   | \$ 8,828     | \$ 4,880   |

Stock-based compensation:

|               |            |           |              |            |
|---------------|------------|-----------|--------------|------------|
| North America | \$ 3,295   | \$ 1,932  | \$ 6,176     | \$ 5,100   |
| International | <u>674</u> | <u>95</u> | <u>2,633</u> | <u>261</u> |
| Total         | \$ 3,969   | \$ 2,027  | \$ 8,809     | \$ 5,361   |

**OPENTABLE, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP OPERATING RESULTS**

| Three Months Ended                       |             | Nine Months Ended |             |
|--|-------------|-------------------|-------------|
| September 30,                            |             | September 30,     |             |
| <u>2011</u>                              | <u>2010</u> | <u>2011</u>       | <u>2010</u> |
| (In thousands, except per share amounts) |             |                   |             |

**Non-GAAP consolidated net income per share:**

|   |                 |                 |                  |                  |
|---|-----------------|-----------------|------------------|------------------|
| GAAP net income "as reported"                     | \$ 4,056        | \$ 3,835        | \$ 14,566        | \$ 8,943         |
| Add back: stock-based compensation expense        | 3,969           | 2,027           | 8,809            | 5,361            |
| Income tax effect of stock-based compensation     | (1,403)         | (922)           | (3,321)          | (2,375)          |
| Add back: acquisition related expenses            | -               | 710             | -                | 710              |
| Income tax effect of acquisition related expenses | -               | (36)            | -                | (36)             |
| Add back: amortization of acquired intangibles    | 993             | 79              | 2,986            | 227              |
| Income tax effect of amortization of intangibles  | <u>(264)</u>    | <u>(32)</u>     | <u>(822)</u>     | <u>(91)</u>      |
| NON-GAAP CONSOLIDATED NET INCOME                  | <u>\$ 7,351</u> | <u>\$ 5,661</u> | <u>\$ 22,218</u> | <u>\$ 12,739</u> |

|  |                  |                 |                  |                  |
|--|------------------|-----------------|------------------|------------------|
| Non-GAAP diluted net income per share          | <u>\$ 0.30</u>   | <u>\$ 0.23</u>  | <u>\$ 0.91</u>   | <u>\$ 0.53</u>   |
| Weighted average diluted shares outstanding    | 24,488           | 24,102          | 24,545           | 23,866           |
| <b>Non-GAAP consolidated operating income:</b> |                  |                 |                  |                  |
| GAAP income from operations "as reported"      | \$ 5,808         | \$ 4,554        | \$ 21,844        | \$ 12,504        |
| Add back: stock-based compensation expense     | 3,969            | 2,027           | 8,809            | 5,361            |
| Add back: acquisition related expenses         | -                | 710             | -                | 710              |
| Add back: amortization of acquired intangibles | <u>993</u>       | <u>79</u>       | <u>2,986</u>     | <u>227</u>       |
| NON-GAAP CONSOLIDATED OPERATING INCOME         | <u>\$ 10,770</u> | <u>\$ 7,370</u> | <u>\$ 33,639</u> | <u>\$ 18,802</u> |
| <b>North America Adjusted EBITDA:</b>          |                  |                 |                  |                  |
| GAAP operating income "as reported"            | \$ 8,532         | \$ 6,646        | \$ 30,857        | \$ 17,592        |
| Adjustments:                                   |                  |                 |                  |                  |
| Stock-based compensation expense               | 3,295            | 1,932           | 6,176            | 5,100            |
| Acquisition related expenses                   | -                | 91              | -                | 91               |
| Amortization of acquired intangibles           | 87               | 79              | 263              | 227              |
| Depreciation and other amortization expense    | <u>1,639</u>     | <u>1,467</u>    | <u>4,899</u>     | <u>4,217</u>     |
| North America Adjusted EBITDA                  | \$ 13,553        | \$ 10,215       | \$ 42,195        | \$ 27,227        |
| <b>International Adjusted EBITDA:</b>          |                  |                 |                  |                  |
| GAAP operating loss "as reported"              | \$ (2,724)       | \$ (2,092)      | \$ (9,013)       | \$ (5,088)       |
| Adjustments:                                   |                  |                 |                  |                  |
| Stock-based compensation expense               | 674              | 95              | 2,633            | 261              |
| Acquisition related expenses                   | -                | 619             | -                | 619              |
| Amortization of acquired intangibles           | 906              | -               | 2,723            | -                |
| Depreciation and other amortization expense    | <u>415</u>       | <u>163</u>      | <u>943</u>       | <u>436</u>       |
| International Adjusted EBITDA                  | \$ (729)         | \$ (1,215)      | \$ (2,714)       | \$ (3,772)       |

SOURCE OpenTable, Inc.

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