# About Twitter, Inc.

Founded in San Francisco, CA.
Incorporated in April 2007

2,300 employees in over
15 cities worldwide

230+ Million Monthly
Active Users

# Twitter

A new way to create, distribute and discover content

- **140 character** constraint drives a high velocity of information exchange - making Twitter uniquely **"live"**
- Democratizing content **creation** and **distribution**
- Enabling a single voice to echo around the world **instantly** and **unfiltered**

**350B** Tweets published since being founded

**1B** Tweets created every two days

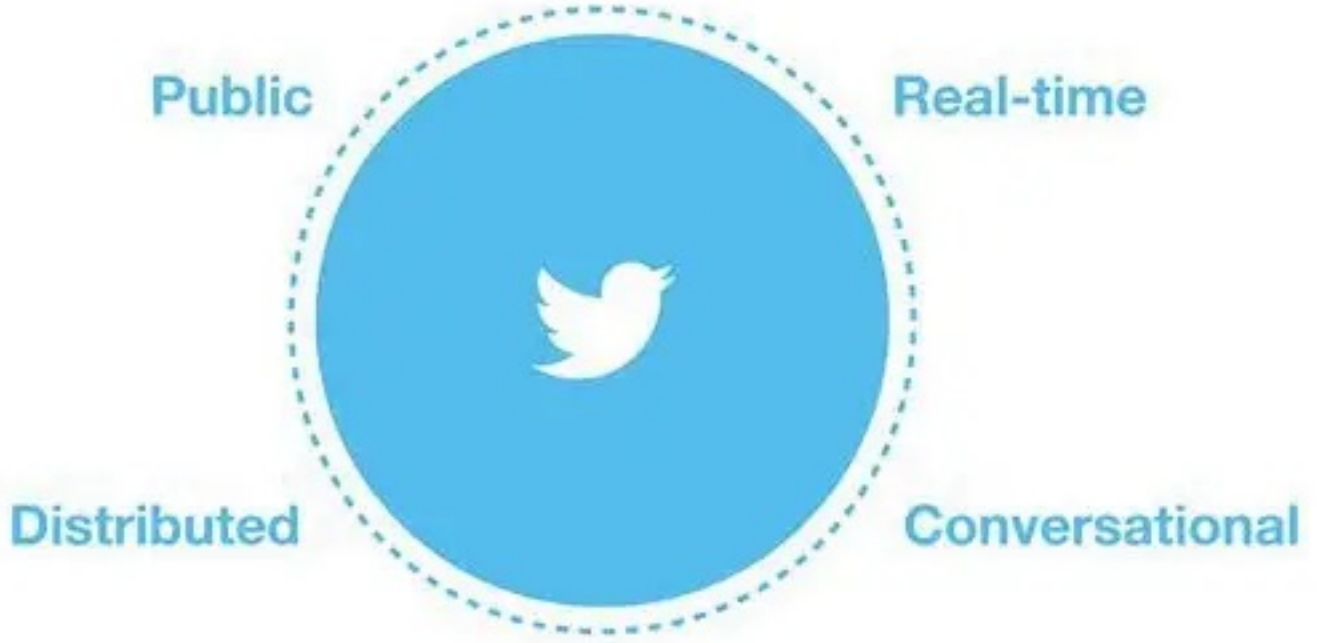
## Global reach and engagement

**230+**
million MAUs

**77%**
average MAUs international

**76%**
average MAUs access Twitter on mobile

Most current data points as of September 2013


Public
Real-time
Distributed
Conversational

# #Public: A personal broadcast network

**Drew Brees** @drewbrees

Deal is Done! Love you, Who Dat Nation. See you soon!

**Carl Icahn** @Carl_C_Icahn

We currently have a large position in APPLE. We believe the company to be extremely undervalued. Spoke to Tim Cook today. More to come.

**Clarence House** @ClarenceHouse

Her Royal Highness The Duchess of Cambridge has been admitted to St. Mary's Hospital, Paddington, London in the early stages of labour.

**Erin O'Flanagan** @erinoflan

Game 2 of ALCS at #Fenway @CWooldridge23 @kellbelle2020 @KrisYoung12 pic.twitter.com/kqgGhFWaAn

## #Public: A personal broadcast network

**Carl Icahn**
@Carl_C_Icahn

Follow

We currently have a large position in APPLE. We believe the company to be extremely undervalued. Spoke to Tim Cook today. More to come.

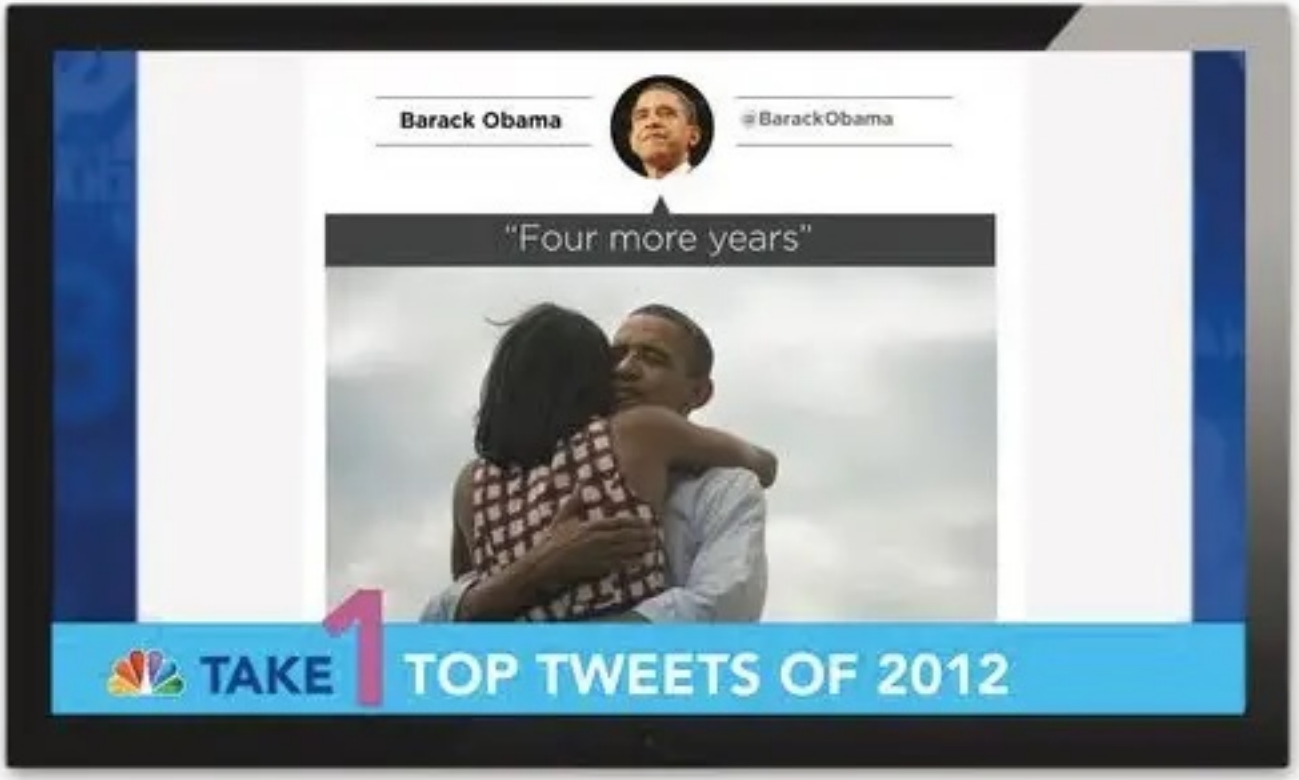
# #Realtime: Live eyewitness content

# #Conversational: Unique user-to-user interaction

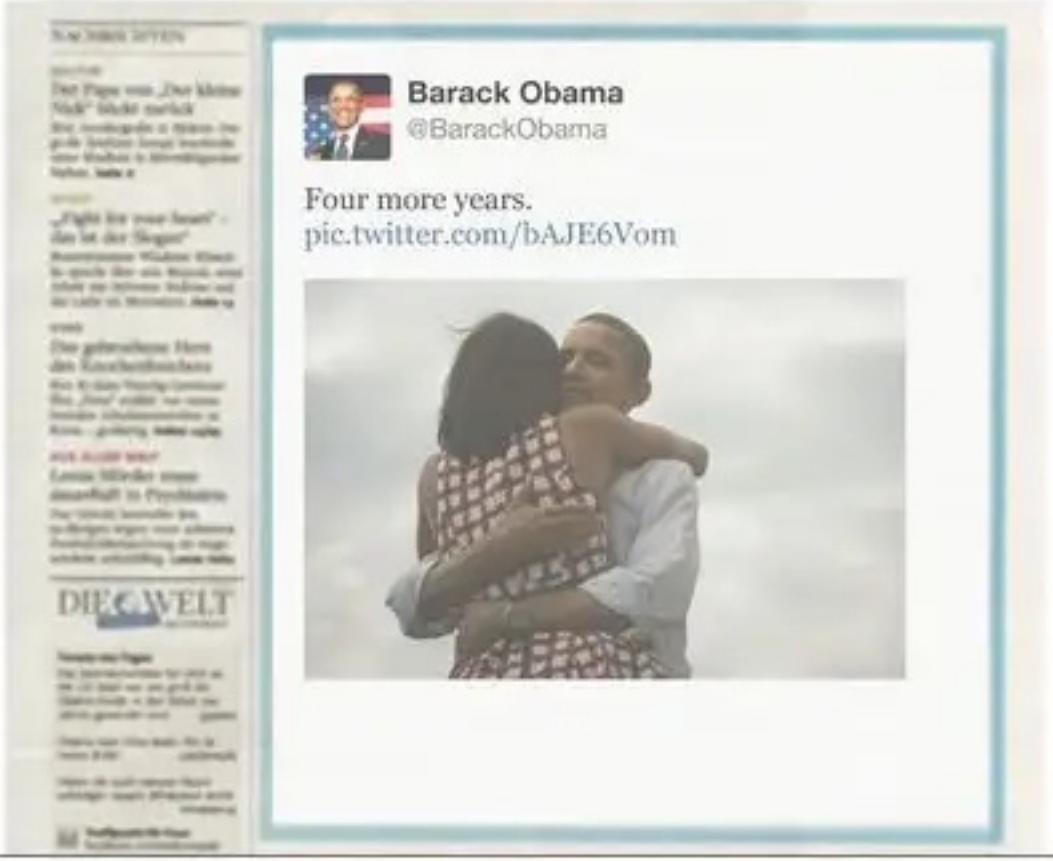
# #Conversational: Allowing brands to connect with users

# #Distributed: Tweets go everywhere

# #Distributed: Tweets go everywhere



# #Distributed: Tweets go everywhere



**48B** online impressions of Tweets ***off*** our properties

Source: Twitter Internal

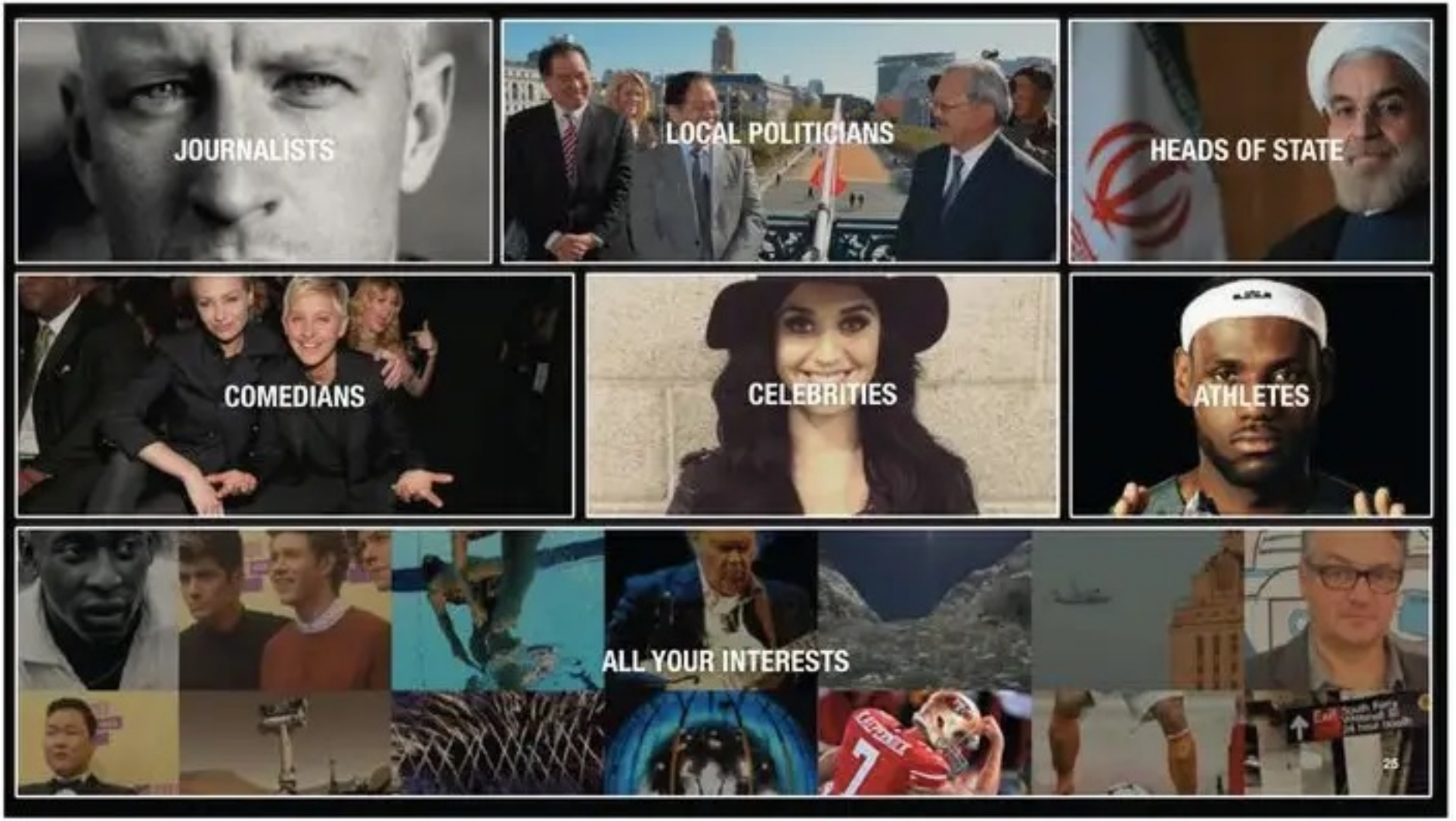
**44%** of Americans hear about Tweets through media channels other than Twitter almost every day

Source: Edison Research

Public Real-time Conversational Distributed

# Value proposition to users

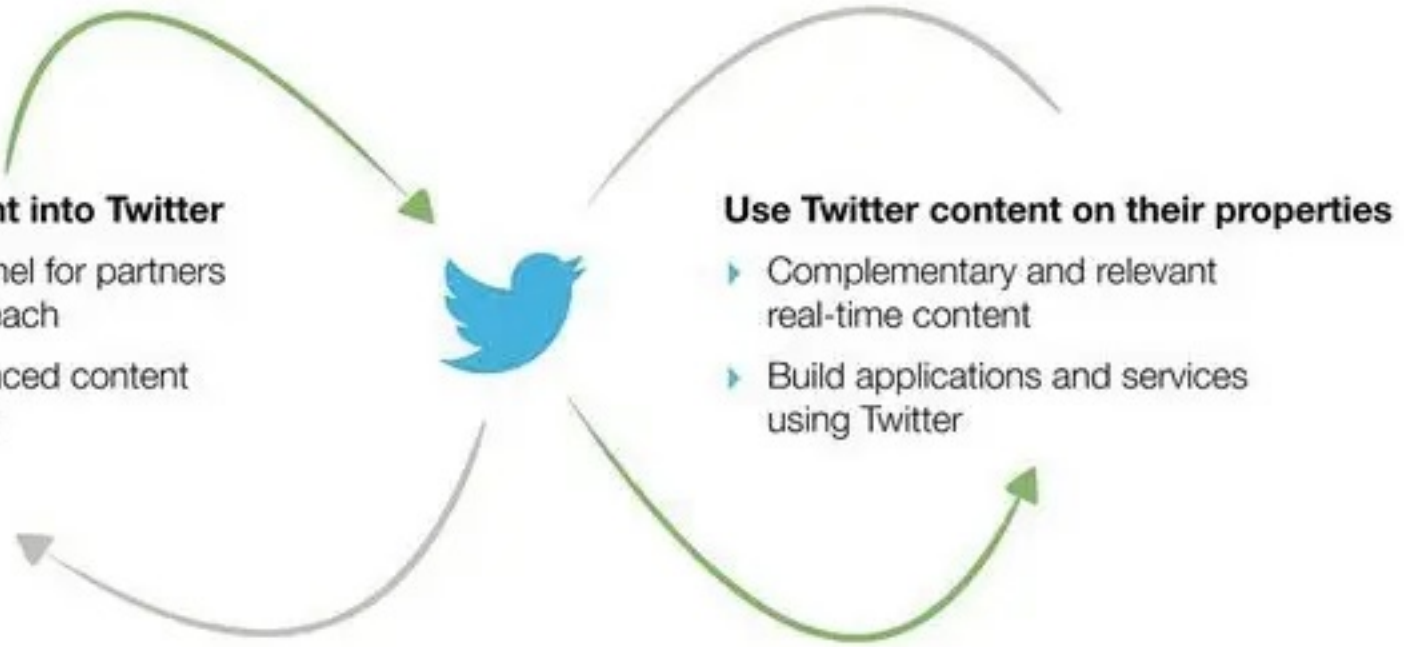
# Value propositions for users


JOURNALISTS
LOCAL POLITICIANS
HEADS OF STATE
COMEDIANS
CELEBRITIES
ATHLETES
ALL YOUR INTERESTS

# Twitter brings you closer to what interests you most

# Value proposition to platform partners

# Value propositions for platform partners



# Twitter for websites

# Twitter Cards: canvas for enhanced content

## MEDIA SUMMARY

**The New York Times** @nytimes
An Interview With Jason Wu nyti.ms/19qwuXB

**The New York Times** @nytimes

**Video: An Interview With Jason Wu**
Malina Gilchrist, senior market editor at T Magazine, interviews the fashion designer Jason Wu on his new makeup collaboration with Lancome and looking beyond fashion for inspiration.

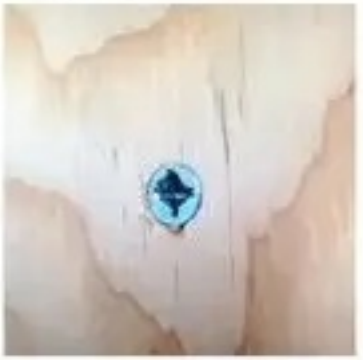
View on web

## IN-TWEET PHOTO

**Lisa Scheele** @Scheelectronic
Oh hey fog. Haven't seen you in a while. I ALMOST missed you.
pic.twitter.com/0h0mWtRyiE

## IN-TWEET AUDIO/VIDEO

**Lowe's** @Lowes
Stripped screw? No problem, just use a rubber band. #lowesfixinsix vine.co/v/bU61aqq2YOp

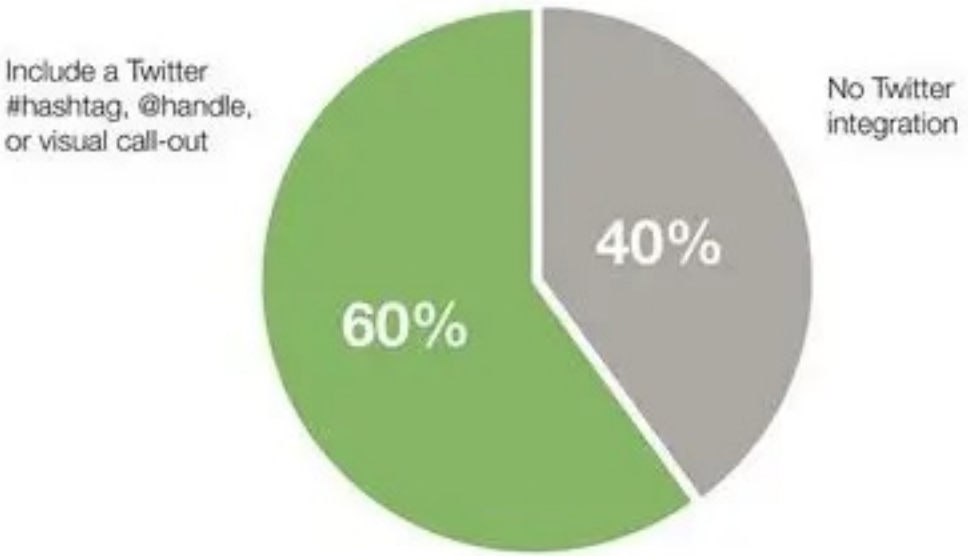


TV x Twitter

# Complementary real-time and relevant content

**Distribution of Twitter Integrations in Primetime TV**

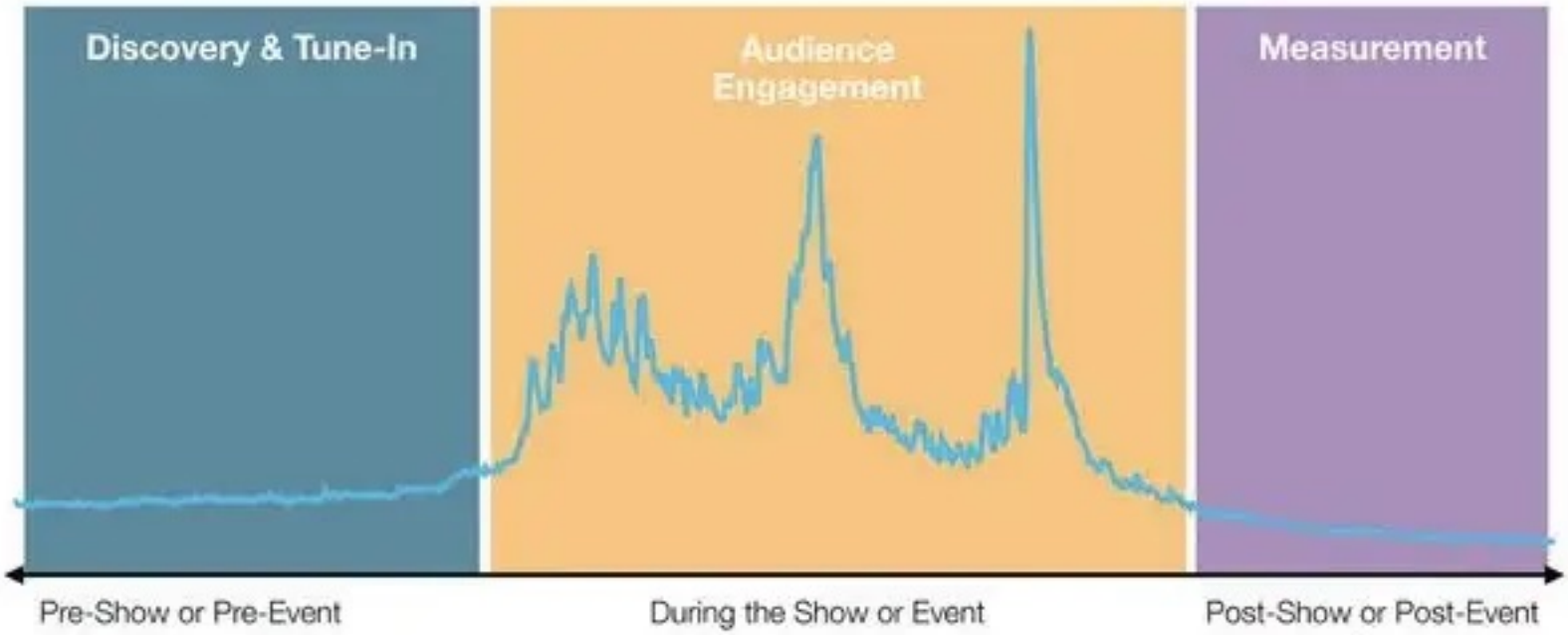
June 1 - 30, 2013




Twitter was mentioned in **26 of the 52** Super Bowl National TV Commercials

Source: Measured Reaction
Source: MarketingLand.com, Game Over: Twitter Mentioned In 50% Of Super Bowl Commercials, Facebook Only 8%, Google+ Shut Out

# Live reach


Discovery & Tune-In
Audience Engagement
Measurement
Pre-Show or Pre-Event
During the Show or Event
Post-Show or Post-Event

LIVE
#SKYWIRE

# #SKYWIRE GENERATED 1M TWEETS

**Robert Flores**
@RoFloESPN

#Skywire is a victory for courage, perseverance, and dad jeans.

**Darren Rovell**
@darrenrovell

There was something so Twitter about #skywire. Betting most didn't even know it was on tonight. Drove tune in.

**Lee Jeans**
@LeeJeans

Denim: preferred by cowboys, rockstars and @NikWallenda #Skywire

# Complementary media relationships

# TV x Twitter: A new standard for TV Engagement

SNEAK PEEK! **NIELSEN TWITTER TV RATINGS** TOP 5

9/23-9/29

| RANK | NETWORK | PROGRAM | DATE | UNIQUE AUDIENCE (000) | IMPRESSIONS* (000) | UNIQUE AUTHORS (000) | TWEETS (000) |
|---|---|---|---|---|---|---|---|
| 1 | AMC | Breaking Bad | 9/29/2013 | 9,281.9 | 129,627.6 | 601.4 | 1,237.9 |
| 2 | NBC | The Voice | 9/23/2013 | 3,835.7 | 13,957.6 | 138.2 | 273.5 |
| 3 | ABC | Jimmy Kimmel Live | 9/26/2013 | 3,403.9 | 10,761.5 | 73.0 | 105.1 |
| 4 | ABC | Dancing With the Stars | 9/23/2013 | 3,200.4 | 10,983.6 | 46.4 | 83.9 |
| 5 | ESPN | SEC Storied | 9/24/2013 | 2,928.2 | 10,168.5 | 48.5 | 72.4 |

SocialGuide captures relevant Tweets from three hours before, during and three hours after an episode's initial broadcast, local time. Unique Audience measures the audience of relevant Tweets ascribed to an episode from when the Tweets are sent until the end of the broadcast day at 5am. The data excludes sports events.

*Impressions measure the number of times any Tweets ascribed to a TV episode were seen. Impressions are de-duplicated by account, platform, and Tweet ID so that a unique Twitter account will accrue only a single impression per individual relevant Tweet viewed per platform.

+

nielsen

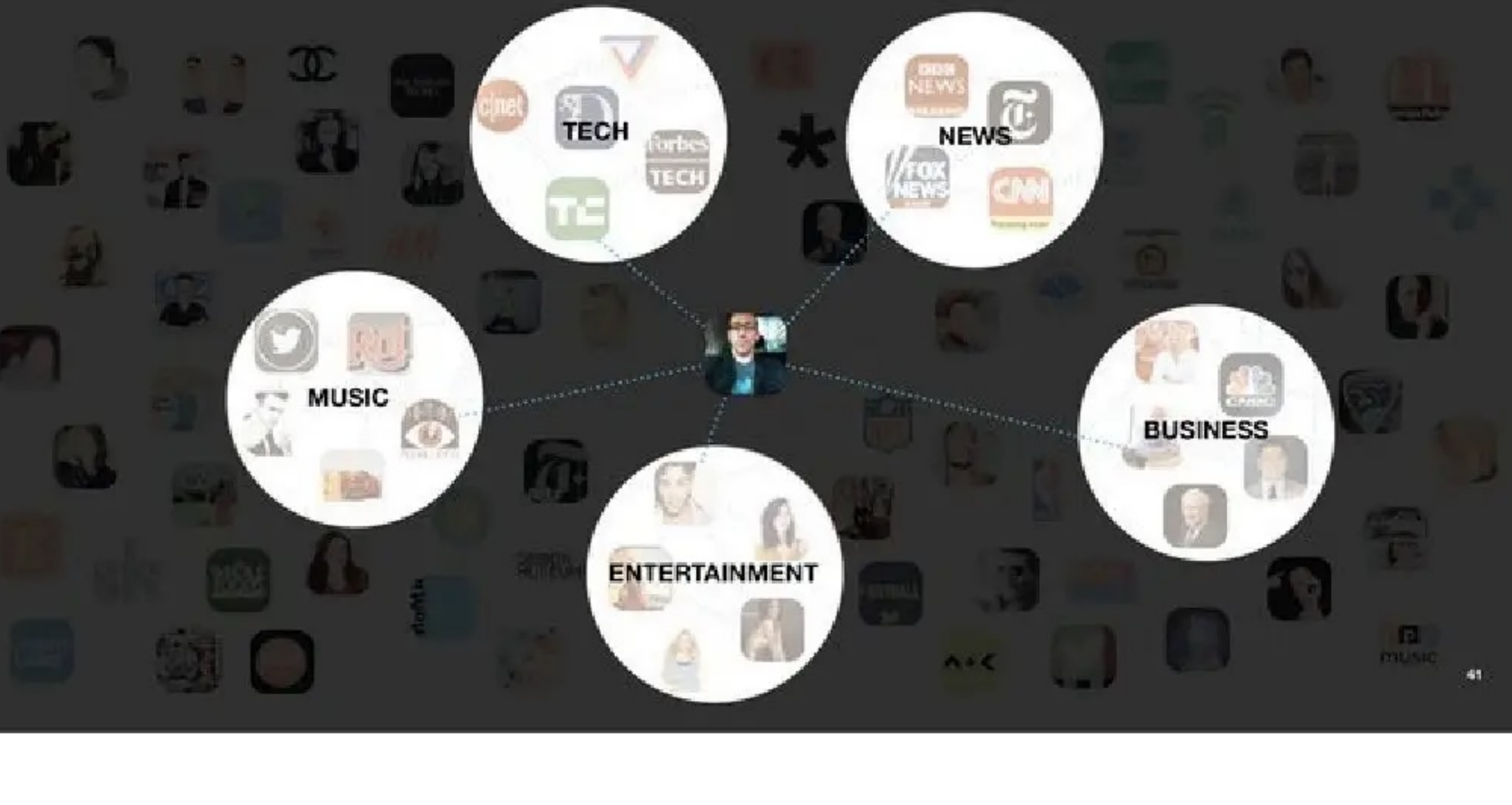
## Value proposition to advertisers

# Value proposition to advertisers

# Ad formats native to mobile experience

71% of advertising revenue generated from mobile devices

# Interest Graph produces a clear and real-time signal



# Powerful targeting based on interests and engagement

Keywords

Interests

TV ads

Device

Followers

Look-a-likes

Search

Location

Gender

# Connect in context

Results for **#WhyCantISleepAtNight**

Related: #whycantisleepatnight insomnia, #flipyourmorning, gnaoooemes, hd...

**Tweets** Top / All / Timeline

**zzzQuil** @zzzQuil
Seriously, these tweets will still be here tomorrow. Let's go to bed together.
Promoted by zzzQuil

**Melissa** @MsHamrick
Two nights in a row I'm up at 4am. #whycantisleepatnight

**Taylor Bird** @BirdTaylor
I shouldn't be awake right now... #nighttime #sleep #whycantisleepatnight

**Dum Dum** @IsmailFarooq
Too many things to study, very less time. #whycantisleepatnight

# Earned media and viral global reach

# Key growth vectors

Users

Platform partners

Advertisers

# Significant user growth potential

**Users**

Mainstream product

Geographic expansion

Mobile application

Use case marketing

Source: IDC (Jul 2013), Gartner (June 2013)

# Deeper partnerships with traditional media

## Platform partners

**Provide richer media capabilities for cards**

Analytics and measurement standards

# Significant opportunities for growth among new and existing advertisers

## Advertisers

**Expand self-serve to attract additional advertisers**

Provide new advertising formats

Expand international advertising

Real-time bidding (MoPub)

# Canvas for enhanced content

Distribute products, lead generation or app downloads in-tweet

**Advertisers**

Expand self-serve to attract additional advertisers

**Provide new advertising formats**

Expand international advertising

Real-time bidding (MoPub)

## PRODUCT

## LEAD GENERATION

## APP

# Twitter management team

**DICK COSTOLO**
**CEO**

Previous: Google, Feedburner

**ALI ROWGHANI**
**COO**

Previous: Pixar, McKinsey & Company

**MIKE GUPTA**
**CFO**

Previous: Yahoo, Zynga, Merrill Lynch

**CHRIS FRY**
**SVP ENGINEERING**

Previous: Salesforce.com

**ADAM BAIN**
**PRESIDENT GLOBAL REVENUE**

Previous: News Corp

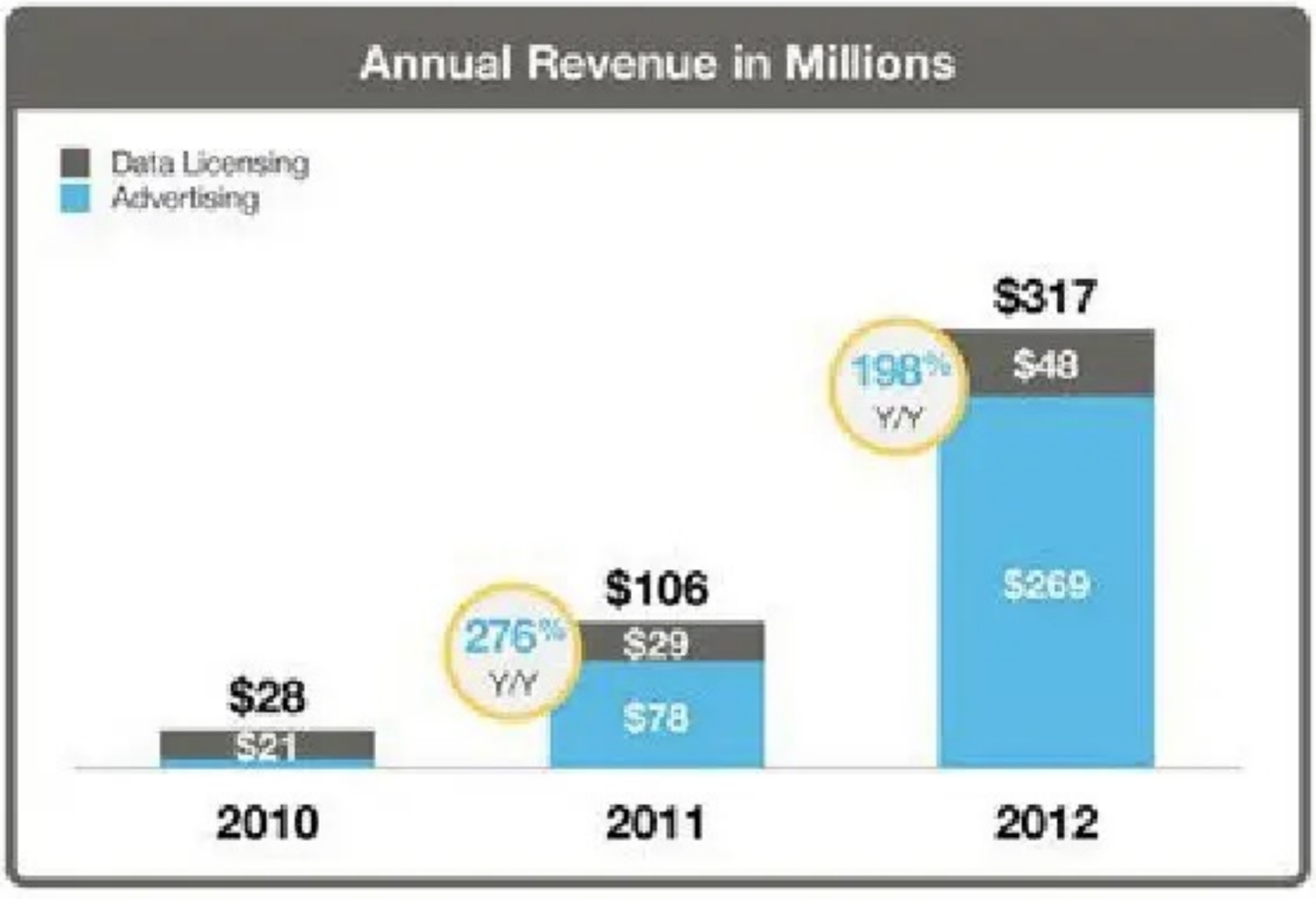
**VIJAYA GADDE**
**GENERAL COUNSEL**

Previous: WSGR, Juniper Networks

# Mike Gupta

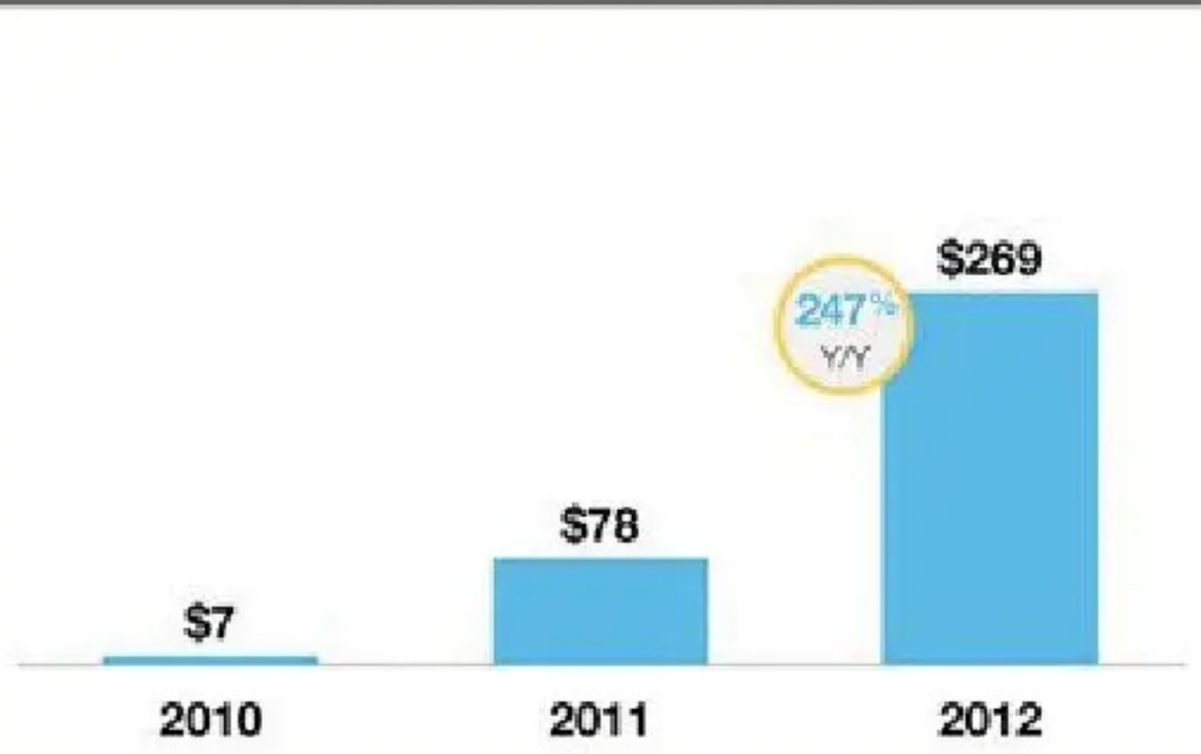
Chief Financial Officer

# Delivering significant growth



# Advertising revenue

## Annual Revenue in Millions




## 9 Month Revenue in Millions

# Key metrics

Q3 2013

**Reach**

**230+**

Million MAUs

**Engagement**

**685**

Timeline Views / MAU

**Monetization**

**$0.97**

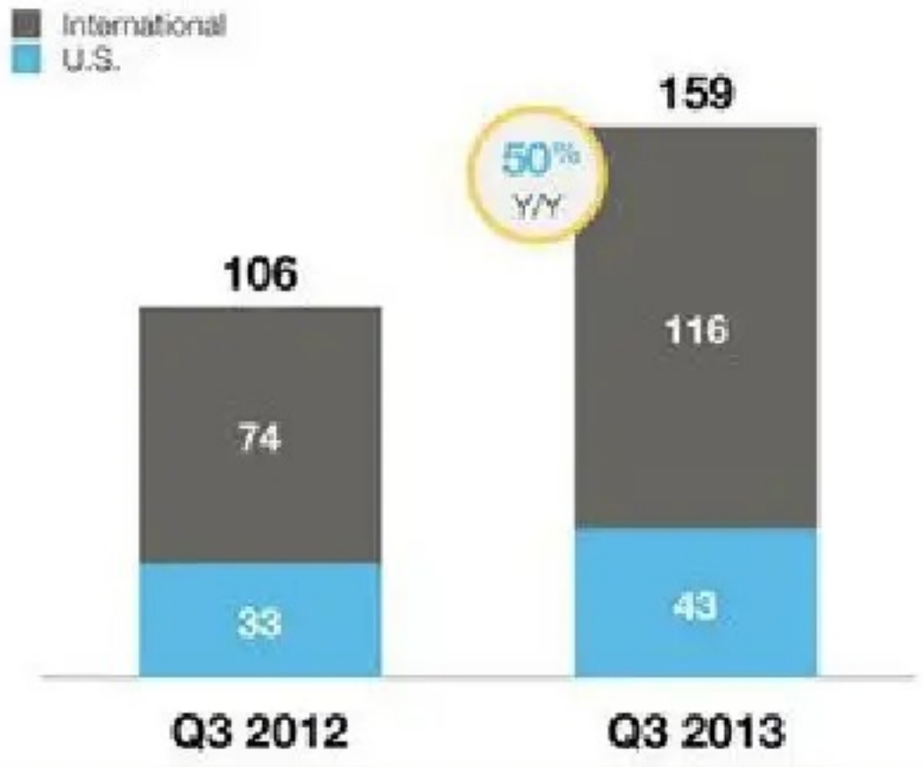
Ad Revenue /1000 Timeline Views

# Monthly Active Users

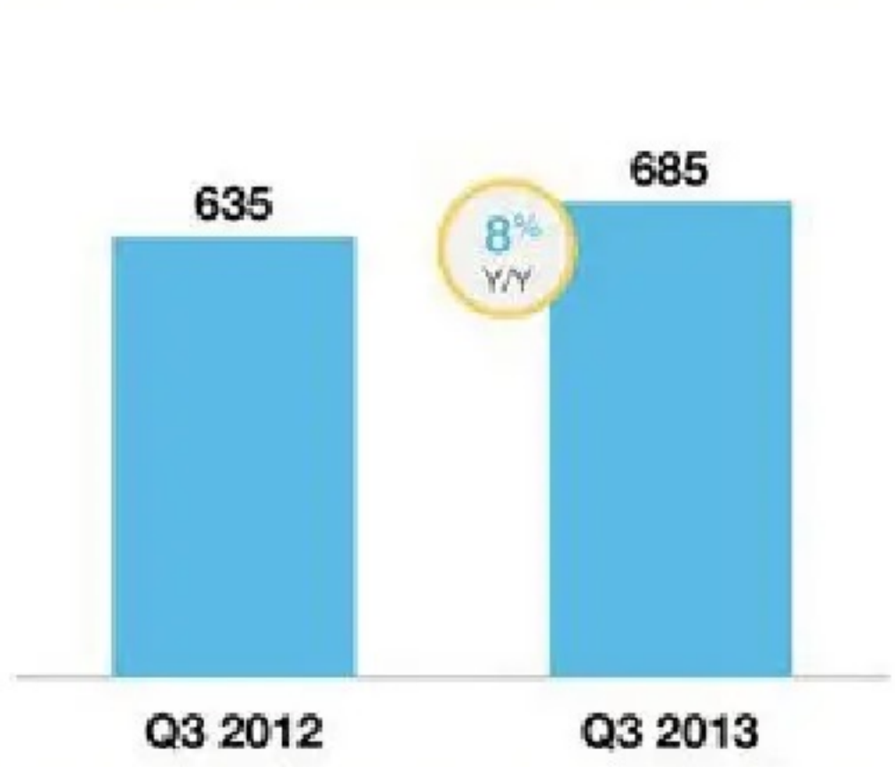
# Home timeline

# Timeline views

## Timeline Views in Billions




## Timeline Views / MAU



# Advertising products

# Advertising products

Promoted Trends

Promoted Trends

# Advertising products

## Pay for performance

Promoted Tweets




Promoted Accounts

Promoted Trends

# Monetization

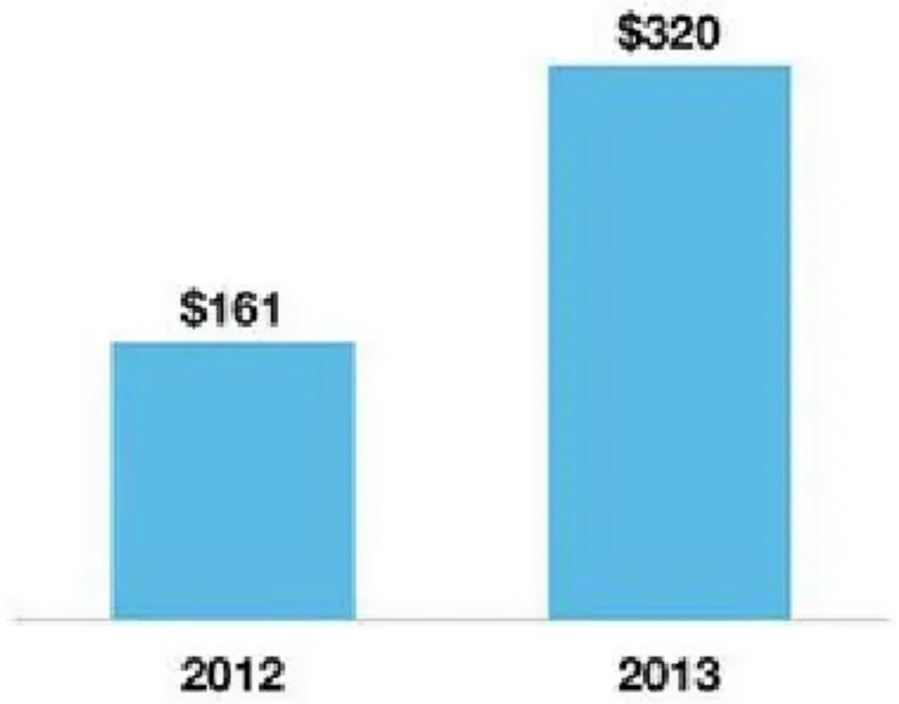
Maximizing long-term value for users and advertisers

Ad Revenue / Timeline View

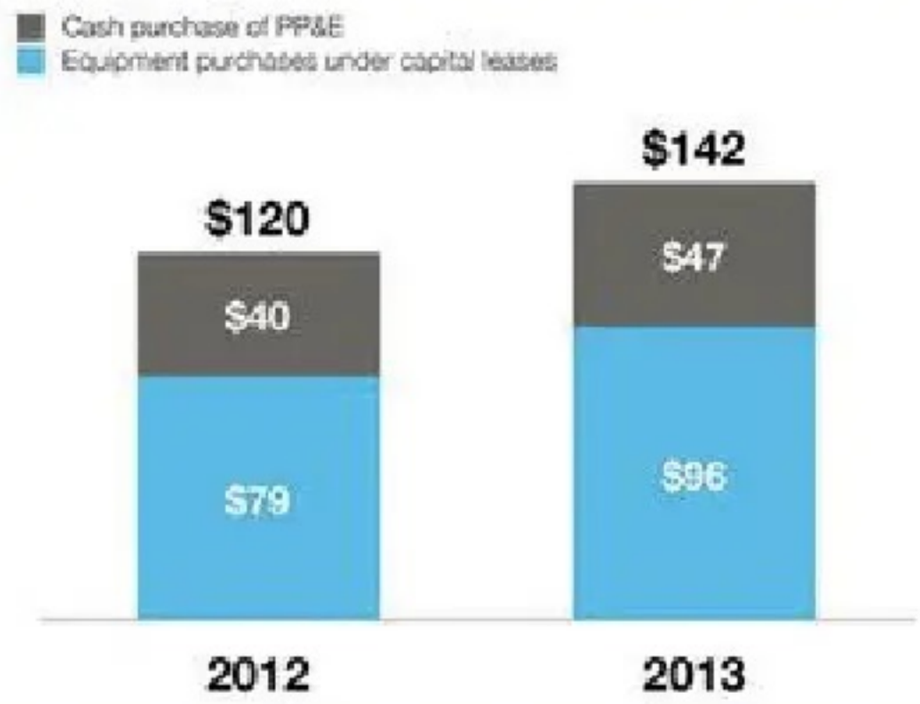
# Ad Revenue / 1000 Timeline Views

# Investing against the opportunity

## 9 Month Opex in Millions



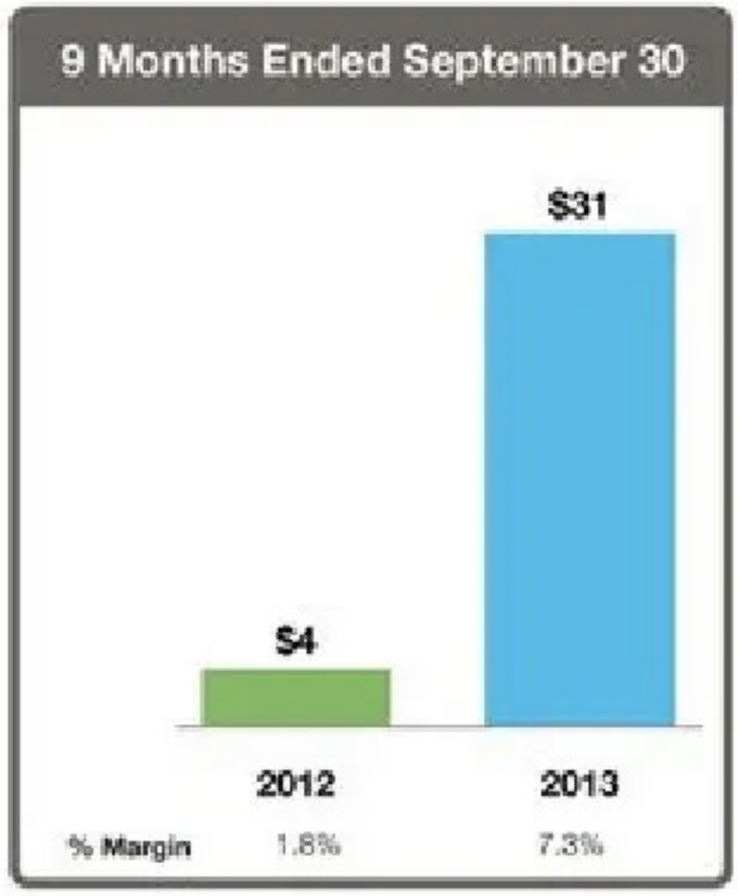

## 9 Month Capex in Millions




Note: 9 month period ended September 30. Opex includes Non-GAAP research and development, sales and marketing, general and administration expenses and excludes stock-based compensation. See Appendix for a reconciliation of Non-GAAP operating expenses to operating expenses.

# Quarterly adjusted EBITDA

In millions (Non-GAAP)




Note: Adjusted EBITDA is defined as net loss adjusted to exclude stock-based compensation expense, depreciation and amortization expense, interest and other expenses and provision (benefit) for income taxes. See slide 69 for a reconciliation of net loss to Adjusted EBITDA.

# Attractive target model

Non-GAAP

| | Annual 2012 | 9 Months Ended Sept-2013 | Target Model |
|---|---|---|---|
| **Cost of Revenue** | 34% | 33% | 21% - 23% |
| **R&D** | 34% | 35% | 19% - 21% |
| **S&M** | 27% | 30% | 20% - 22% |
| **G&A** | 15% | 11% | 10% |
| **D&A** | 17% | 16% | 10% |
| **Adjusted EBITDA Margin** | 7% | 7% | 35% - 40% |

Note: All metrics are calculated as a percentage of revenue and exclude stock-based compensation expense and amortization of acquired intangible assets. Adjusted EBITDA is defined as net loss adjusted to exclude stock-based compensation expense, depreciation and amortization expense, interest and other expenses and provision (benefit) for income taxes. See slide 70 for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure. With respect to our expectations under "Target Model," a reconciliation of non-GAAP measures to corresponding GAAP measures is not available without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to charges which are excluded from these non-GAAP measures.

Twitter

# Non-GAAP Opex reconciliation *(in thousands)*

| 9 Months ended September 30 | GAAP Opex | Stock-based compensation expense | Non-GAAP Opex |
|---|---|---|---|
| 2012 | $181,143 | $19,777 | $161,366 |
| 2013 | 394,303 | 74,155 | 320,148 |

# Adjusted EBITDA reconciliation

| Reconciliation of Net Loss to Adjusted EBITDA *(in thousands)* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Three Months Ended | | | | | | | Nine Months Ended September 30 | |
| | Q1-2012 | Q2-2012 | Q3-2012 | Q4-2012 | Q1-2013 | Q2-2013 | Q3-2013 | 2012 | 2013 |
| Net loss | -$21,521 | -$27,583 | -$21,590 | -$8,705 | -$27,026 | -$42,225 | -$64,601 | -$70,694 | -$133,852 |
| Stock-based compensation expense | 5,227 | 10,900 | 4,268 | 5,346 | 12,922 | 22,646 | 43,602 | 20,395 | 79,170 |
| Depreciation and amortization expense | 14,029 | 17,520 | 19,956 | 21,001 | 22,730 | 25,917 | 29,023 | 51,505 | 77,670 |
| Interest and other expense | 636 | 266 | -172 | 1,357 | 2,762 | 2,532 | 909 | 730 | 6,203 |
| Provision (benefit) for income taxes | 754 | 442 | 461 | -1,428 | 357 | 777 | 360 | 1,657 | 1,494 |
| Adjusted EBITDA | -$875 | $1,545 | $2,923 | $17,571 | $11,745 | $9,647 | $9,293 | $3,593 | $30,685 |

# Non-GAAP reconciliation for target model financial measures

**Year Ended December 31, 2012** *(in thousands)*

| | GAAP | Stock-based compensation expense | Amortization of acquired intangible assets | Non-GAAP |
|---|---|---|---|---|
| Cost of Revenue | $128,768 | $800 | $18,687 | $109,281 |
| Research and development | 119,004 | 12,622 | - | 106,382 |
| Sales and marketing | 86,551 | 1,346 | - | 85,205 |
| General and administrative | 59,693 | 10,973 | - | 48,720 |

**Nine Months Ended September 30, 2013** *(in thousands)*

| | GAAP | Stock-based compensation expense | Amortization of acquired intangible assets | Non-GAAP |
|---|---|---|---|---|
| Cost of Revenue | $154,067 | $5,015 | $10,961 | $138,091 |
| Research and development | 199,144 | 53,377 | - | 145,767 |
| Sales and marketing | 138,911 | 10,356 | - | 128,555 |
| General and administrative | 56,248 | 10,422 | - | 45,826 |