



GoPro
Be a HERO. 

Q4 2015 Preliminary Earnings Results Summary

February 3, 2016

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events, including but not limited to, those regarding our business outlook for the first quarter and full year of 2016. These statements involve risks and uncertainties, and actual events or results may differ materially. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are the effects of the highly competitive market in which we operate; our dependence on sales of our capture devices for substantially all of our revenue; our reliance on third-party suppliers, some of which are sole-source suppliers, to provide components for our products; the fact that we do not expect to continue to grow in the future at the same rate as we have in the past, and profitability in recent periods might not be indicative of future performance; difficulty in accurately predicting our future customer demand; the importance of maintaining the value and reputation of our brand; any inability to successfully manage frequent product introductions and transitions; the effects of international business uncertainties; our reliance on our Chief Executive Officer; and other factors detailed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2014, which is on file with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. GoPro disclaims any obligation to update these forward-looking statements.

Q4 2015 and Full Year Highlights



- 2015 revenue increased 16% year-over-year to \$1.6 billion; combined 2015 EMEA and APAC revenue was up almost 50% year-over-year.
- Shipped 6.6 million capture devices in 2015, up 27% year-over-year; approximately 20 million cumulative devices shipped
- Q4 2015 was second highest revenue quarter in GoPro history; Q4 2015 revenue of \$436.6 million up 9% versus Q3 2015 and down 31% year-over-year
- Cash, cash equivalents and marketable securities increased 12% year-over-year to \$474.1 million
- Generated cash flow from operations of \$157.6 million in 2015
- The GoPro Mobile App was downloaded 2.75 million times in Q4 2015, totaling almost 24 million cumulative downloads; Q4 installs of GoPro Studio totaled nearly 1.7 million; totaling over 15 million cumulative installs
- According to NPD, GoPro's fourth quarter digital camera/camcorder unit share increased 180 basis points year-over-year to 21.3%. GoPro accounted for 6 of the top 10 products, including the #1 spot, on a dollar basis in the digital camera/camcorder category. GoPro was also the leader in accessory unit sales with 6 of the top 10 selling accessories, including the #1 spot
- According to Google, more than 4.6 years of GoPro content was uploaded to YouTube in 2015 with GoPro in the title - up 22% from 2014.

We report gross profit, gross margin, operating expenses, operating income (loss), operating margin (loss), net income (loss) and diluted net income (loss) per share in accordance with U.S. generally accepted accounting principles (GAAP) and additionally on a non-GAAP basis. Non-GAAP items exclude, where applicable, the effects of stock-based compensation, acquisition-related costs, and the tax impact of these items. Additionally, we report non-GAAP adjusted EBITDA. We also provide future estimated ranges of gross margin, operating expense and earnings per share on a non-GAAP basis, and provide a description of the non-GAAP adjustments used in these projections. We believe that non-GAAP information is useful because it can enhance the understanding of our ongoing economic performance. We use non-GAAP reporting internally to evaluate and manage our operations. We have chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how we analyze our own operating results.

A full reconciliation of GAAP to non-GAAP financial data can be found in the appendix to this slide package and in our Q4 2015 earnings press release issued on **February 3, 2016**, which should be reviewed in conjunction with this presentation.

Q4 2015 Actuals vs. Guidance

(\$ in millions, except EPS)	Actuals Q4 2015	Guidance Q4 2015**	Actuals vs. Guidance	Comments
Revenue	\$436.6	\$500.0 - \$550.0	Below range	Slower than expected sell through at retailers; reflects \$21M price protection related charges for HERO4 Session repricing in December
Gross margin*	29.6%	46% +/- 50bps	Below range	Charges to cost of revenue totaling \$57 million for product realignment (excess purchase commitments, excess inventory, and obsolete tooling); HERO4 Session repricing
Operating expenses*	\$150.8	\$160.0 - \$170.0	Below range	Continued investment in future product offerings
Diluted EPS*	(\$0.08)	\$0.35 - \$0.45	Below range	Lower than anticipated capture device revenue; charges for product realignment and HERO4 Session price protection

* Non-GAAP metric. See reconciliation in Appendix.

** Guidance provided on October 28, 2015.

Q1 2016 and Full Year 2016 Guidance

GoPro is providing guidance for the first quarter and full year of 2016:

<i>(\$ in millions)</i>	Q1 2016	Full Year 2016
Revenue	\$160 - \$180	\$1,350 - \$1,500
Non-GAAP gross margin	36% +/- 100bps	
Non-GAAP operating expenses⁽¹⁾	\$165 - \$170	
Adjusted EBITDA	\$(95) +/- \$2.5	

(1) Excluding estimated restructuring expenses for Q1 2016 of \$5 million to \$10 million

Quarterly Non-GAAP Income Statement Summary



(\$ in millions, except EPS)	Q4 2015	Q3 2015	Q4 2014	Q4 2015 vs. Q3 2015		Q4 2015 vs. Q4 2014	
				\$ Change	% Change	\$ Change	% Change
Revenue	\$ 436.6	\$ 400.3	\$ 633.9	\$ 36.3	9.1%	\$ (197.3)	(31.1)%
Gross margin*	29.6%	46.8%	48.0%		(1,720) bps		(1,840) bps
Operating expenses*	\$ 150.8	\$ 139.8	\$ 111.1	\$ 11.0	7.9%	\$ 39.7	35.8%
Operating income (loss)*	\$ (21.6)	\$ 47.5	\$ 193.2	\$ (69.1)	(145.6)%	\$ (214.8)	(111.2)%
Operating margin (loss)*	(5.0)%	11.9%	30.5%		(1,690) bps		(3,550) bps
Net income (loss)*	\$ (11.4)	\$ 36.6	\$ 144.9	\$ (48.0)	(131.1)%	\$ (156.3)	(107.9)%
Diluted earnings (loss) per share*	\$ (0.08)	\$ 0.25	\$ 0.99	\$ (0.33)	(132.0)%	\$ (1.07)	(108.1)%

* Non-GAAP metric. See reconciliation in Appendix.

Full Year Non-GAAP Income Statement Summary

(\$ in millions, except EPS)			2015 vs. 2014	
	2015	2014	\$ Change	% Change
Revenue	\$ 1,620.0	\$ 1,394.2	\$ 225.8	16.2%
Gross margin*	41.7%	45.1%		(340) bps
Operating expenses*	\$ 534.9	\$ 369.4	\$ 165.5	44.8%
Operating income*	\$ 140.8	\$ 259.6	\$ (118.8)	(45.8)%
Operating margin*	8.7%	18.6%		(990) bps
Net income*	\$ 111.6	\$ 188.9	\$ (77.3)	(40.9)%
Diluted EPS*	\$ 0.76	\$ 1.32	\$ (0.56)	(42.4)%

Note: Revenue for 2015 includes a \$40 million reduction for price protection charges resulting from HERO4 Session repricings in September and December. Gross margin for 2015 was negatively impacted by these repricings as well as charges to cost of revenue totaling \$57 million for product realignment.

* Non-GAAP metric. See reconciliation in Appendix.

Quarterly Revenue Metrics

(\$ in millions)	Q4 2015		Q3 2015		Q4 2014	
	\$	% of Rev	\$	% of Rev	\$	% of Rev
Revenue by Channel:						
Direct	\$ 290.8	66.6%	\$ 190.8	47.7%	\$ 391.6	61.8%
Distribution	145.8	33.4	209.5	52.3	242.3	38.2
Total Revenue	\$ 436.6	100.0%	\$ 400.3	100.0%	\$ 633.9	100.0%
Revenue by Geography:						
Americas	\$ 285.5	65.4%	\$ 190.8	47.7%	\$ 407.6	64.3%
Europe, Middle East and Africa	102.3	23.4	156.6	39.1	163.9	25.9
Asia and Pacific area countries	48.8	11.2	52.9	13.2	62.4	9.8
Total Revenue	\$ 436.6	100.0%	\$ 400.3	100.0%	\$ 633.9	100.0%

Full Year Revenue Metrics

(\$ in millions)	2015		2014	
	\$	% of Rev	\$	% of Rev
Revenue by Channel:				
Direct	\$ 841.9	52.0%	\$ 818.4	58.7%
Distribution	778.1	48.0	575.8	41.3
Total Revenue	\$ 1,620.0	100.0%	\$ 1,394.2	100.0%
Revenue by Geography:				
	\$	% of Rev	\$	% of Rev
Americas	\$ 868.8	53.6%	\$ 890.3	63.9%
Europe, Middle East and Africa	535.3	33.1	371.2	26.6
Asia and Pacific area countries	215.9	13.3	132.7	9.5
Total Revenue	\$ 1,620.0	100.0%	\$ 1,394.2	100.0%

Other Quarterly Metrics

(\$ in millions, units shipped in thousands)	Q4 2015	Q3 2015	Q4 2014	Q4 2015 vs. Q3 2015		Q4 2015 vs. Q4 2014	
				Change	% Change	Change	% Change
Units shipped ⁽¹⁾	2,002	1,593	2,385	409	25.7%	(383)	(16.1)%
Adjusted EBITDA ⁽²⁾	\$ (9.3)	\$ 56.7	\$ 202.9	(66.0)	(116.3)%	(212.2)	(104.6)%
Headcount ⁽³⁾	1,539	1,460	970	79	5.4%	569	58.7%

⁽¹⁾ Units shipped represents the number of individually packaged capture devices, which include selected accessories, that are shipped during a reporting period, net of any returns.

⁽²⁾ Non-GAAP metric. See reconciliation in Appendix.

⁽³⁾ Headcount decreased to 1,452 as of January 29, 2016, reflecting a reduction to our global workforce of approximately 7% as part of the restructuring plan we adopted in January 2016.

Other Full Year Metrics

(\$ in millions, units shipped in thousands)	2015	2014	2015 vs. 2014	
			Change	% Change
Units shipped ⁽¹⁾	6,584	5,180	1,404	27.1%
Adjusted EBITDA ⁽²⁾	\$ 179.3	\$ 293.4	(114.1)	(38.9)%
Headcount ⁽³⁾	1,539	970	569	58.7%

⁽¹⁾ Units shipped represents the number of individually packaged capture devices, which include selected accessories, that are shipped during a reporting period, net of any returns.

⁽²⁾ Non-GAAP metric. See reconciliation in Appendix.

⁽³⁾ Headcount decreased to 1,452 as of January 29, 2016, reflecting a reduction to our global workforce of approximately 7% as part of the restructuring plan we adopted in January 2016.

Selected Balance Sheet Metrics

(\$ in millions)	Q4 2015	Q3 2015	Q4 2014	Q4 2015 vs. Q3 2015		Q4 2015 vs. Q4 2014	
				Change	% Change	Change	% Change
Cash, cash equivalents and marketable securities	\$ 474.1	\$ 513.1	\$ 422.3	\$ (39.0)	(7.6)%	\$ 51.8	12.3%
Days sales outstanding	30.0	27.1	26.1	2.9	10.7%	3.9	14.9%
Inventory	\$ 188.2	\$ 289.5	\$ 153.0	\$ (101.3)	(35.0)%	\$ 35.2	23.0%
Annualized inventory turns	5.1	3.4	9.8	1.7	50.0%	(4.7)	(48.0)%
Inventory days	55.1	122.3	41.8	(67.2)	(54.9)%	13.3	31.8%

To supplement our unaudited selected financial data presented on a basis consistent with GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross profit, gross margin, operating expenses, operating income (loss), operating margin (loss), net income (loss), earnings (loss) per share and adjusted EBITDA. We also provide forecasts of non-GAAP gross margin, operating expenses, and adjusted EBITDA. These non-GAAP measures are not in accordance with, nor serve as an alternative for GAAP. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our GAAP results of operations. These non-GAAP measures should only be viewed in conjunction with corresponding GAAP measures.

In calculating non-GAAP financial measures, we exclude certain items to facilitate a review of the comparability of our core operating performance on a period-to-period basis. The excluded items represent stock-based compensation and charges that are primarily driven by discrete events that we do not consider to be directly related to core operating performance. We use non-GAAP measures to evaluate the core operating performance of our business, for comparison with forecasts and strategic plans and for calculating return on investment. In addition, management's incentive compensation is determined using non-GAAP measures. Since we find these measures to be useful, we believe that investors benefit from seeing results reviewed by management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by facilitating:

- the comparability of our on-going operating results over the periods presented;
- the ability to identify trends in our underlying business; and
- the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.

The following are explanations of each type of adjustment that we incorporate into non-GAAP financial measures:

- Stock-based compensation expense relates to equity awards granted primarily to our workforce. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, we note that companies calculate stock-based compensation expense for the variety of award types that they employ using different valuation methodologies and subjective assumptions. These non-cash charges are not factored into our internal evaluation of net income as we believe their inclusion would hinder our ability to assess core operational performance. We believe that excluding this expense provides greater visibility to the underlying performance of our business operations, facilitates comparison of our results with other periods, and may also facilitate comparison with the results of other companies in our industry.
- Acquisition-related costs include the amortization of acquired intangible assets (primarily consisting of acquired technology), and third-party transaction costs incurred for legal and other professional services. These costs are not factored into our evaluation of potential acquisitions, or of our performance after completion of the acquisitions, because they are not related to our core operating performance, and the frequency and amount of such costs vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses being acquired.
- Adjustment for taxes relates to the tax effect of the adjustments that we incorporate into non-GAAP measures in order to provide a more meaningful measure of non-GAAP net income. We believe that these adjustments provide us with the ability to more clearly view trends in our core operating performance.
- Adjustment to shares includes the conversion of the redeemable convertible preferred stock into shares of common stock as though the conversion had occurred at the beginning of the period and the initial public offering shares issued July 2014, as if they had been outstanding since the beginning of the period.

Appendix: GAAP to Non-GAAP Reconciliation

	Three months ended		Twelve months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<i>(in thousands, except per share data)</i>				
GAAP net income (loss)	\$ (34,451)	\$ 122,260	\$ 36,131	\$ 128,088
Stock-based compensation:				
Cost of revenue	449	280	1,492	835
Research and development	5,907	6,154	18,024	11,640
Sales and marketing	4,248	4,135	13,762	10,428
General and administrative	7,516	8,687	47,402	48,496
Total stock-based compensation	18,120	19,256	80,680	71,399
Acquisition-related costs:				
Cost of revenue	222	221	961	888
Research and development	1,257	43	3,154	103
Sales and marketing	33	33	132	142
General and administrative	33	—	1,123	—
Total acquisition-related costs	1,545	297	5,370	1,133
Income tax adjustments	3,390	3,085	(10,617)	(11,707)
Non-GAAP net income (loss)	\$ (11,396)	\$ 144,898	\$ 111,564	\$ 188,913
GAAP shares for diluted net income (loss) per share	137,086	146,723	146,486	123,630
Add: preferred shares conversion	—	—	—	15,136
Add: initial public offering shares	—	—	—	4,414
Non-GAAP shares for diluted net income (loss) per share	137,086	146,723	146,486	143,180
Non-GAAP diluted net income (loss) per share	\$ (0.08)	\$ 0.99	\$ 0.76	\$ 1.32

Appendix: GAAP to Non-GAAP Reconciliation

(\$ in thousands)	Three months ended			Year ended	
	December 31,	September 30,	December 31,	December 31,	December 31,
	2015	2015	2014	2015	2014
GAAP gross profit	\$ 128,511	\$ 186,630	\$ 303,813	\$ 673,214	\$ 627,235
Stock-based compensation	449	410	280	1,492	835
Acquisition-related costs	222	222	221	961	888
Non-GAAP gross profit	\$ 129,182	\$ 187,262	\$ 304,314	\$ 675,667	\$ 628,958
GAAP gross profit as a % of revenue	29.4%	46.6%	47.9%	41.6%	45.0%
Stock-based compensation	0.1	0.1	0.1	0.1	—
Acquisition-related costs	0.1	0.1	—	—	0.1
Non-GAAP gross profit as a % of revenue	29.6%	46.8%	48.0%	41.7%	45.1%
GAAP operating expenses	\$ 169,805	\$ 158,994	\$ 130,125	\$ 618,466	\$ 440,200
Stock-based compensation	(17,671)	(17,460)	(18,976)	(79,188)	(70,564)
Acquisition-related costs	(1,323)	(1,743)	(76)	(4,409)	(245)
Non-GAAP operating expenses	\$ 150,811	\$ 139,791	\$ 111,073	\$ 534,869	\$ 369,391
GAAP operating income (loss)	\$ (41,294)	\$ 27,636	\$ 173,688	\$ 54,748	\$ 187,035
Stock-based compensation	18,120	17,870	19,256	80,680	71,399
Acquisition-related costs	1,545	1,965	297	5,370	1,133
Non-GAAP operating income (loss)	\$ (21,629)	\$ 47,471	\$ 193,241	\$ 140,798	\$ 259,567
GAAP operating income (loss) as a % of revenue	(9.5)%	6.9%	27.4%	3.4%	13.4%
Stock-based compensation	4.1	4.5	3.0	5.0	5.1
Acquisition-related costs	0.4	0.5	0.1	0.3	0.1
Non-GAAP operating income (loss) as a % of revenue	(5.0)%	11.9%	30.5%	8.7%	18.6%

Appendix: Adjusted EBITDA Reconciliation

	Three months ended		Year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<i>(in thousands)</i>				
GAAP net income (loss)	\$ (34,451)	\$ 122,260	\$ 36,131	\$ 128,088
Income tax expense (benefit)	(6,521)	50,313	16,454	52,887
Interest (income) expense, net	(126)	1,029	234	5,038
Depreciation and amortization	9,596	5,176	28,981	17,945
POP display amortization	4,114	4,820	16,829	18,023
Stock-based compensation	18,120	19,256	80,680	71,399
Adjusted EBITDA	\$ (9,268)	\$ 202,854	\$ 179,309	\$ 293,380