



October 30, 2014

Q3 2014 Earnings Results Summary

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Some of the information in this presentation may contain projections or other forward-looking statements regarding future events. 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 the final prospectus that we filed with the Securities and Exchange Commission in connection with our initial public offering. 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.

Q3 2014 Highlights

- Exceeded Q3 revenue, gross margin and EPS guidance
- Q3 Adjusted EBITDA of \$36.2 million, up 320% YoY and 41% sequentially
- Introduced HERO4 Black, offering twice the performance of the previous Black edition; HERO4 Silver, featuring GoPro's first built-in touch display; and HERO, the perfect, entry-level GoPro
- Executed our most successful product launch, measured by device sales and media impressions
- Released updates to GoPro Studio and the GoPro App, including HiLight Tag & Flux™
- GoPro content published on YouTube in Q3 was up 92% year over year; views on GoPro's YouTube channel were up 99%; video minutes watched on GoPro's YouTube channel were up more than 133% year over year

We report net income or loss and basic and diluted net income or loss per share in accordance with GAAP, and additionally on a non-GAAP basis, often referred to as pro forma. 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 Q3 2014 earnings press release issued on October 30, 2014, which should be reviewed in conjunction with this presentation.

Q3 2014 Actuals vs. Guidance

<i>(\$ in millions, except EPS)</i>	Actuals Q3 2014	Guidance Q3 2014	Q3 vs. Guidance	Comments
Revenue	\$280.0	\$255.0-\$265.0	Above range	Higher camera volume, strong direct Americas revenue
Gross margin*	44.5%	41%-42%	Above range	Favorable product and channel mix
Operating expenses*	\$96.8	\$92.5-\$95.0	Above range	Continued investment in development of new capture devices
Diluted EPS*	\$0.12	\$0.06-\$0.08	Above range	Higher margins

* Non-GAAP metrics. See reconciliation in Appendix.

Non-GAAP Income Statement Summary

(\$ in millions, except EPS)	Q3 2014	Q2 2014	Q3 2013	Q3 2014 vs. Q2 2014		Q3 2014 vs. Q3 2013	
				\$ Chg	% Chg	\$ Chg	% Chg
Revenue	\$ 280.0	\$ 244.6	\$ 192.1	\$ 35.4	14.5%	\$ 87.9	45.8%
Gross margin*	44.5%	42.2%	33.5%		230 bps		1,100 bps
Operating expenses*	\$ 96.8	\$ 85.4	\$ 62.1	\$ 11.4	13.3%	\$ 34.7	55.9%
Operating income*	\$ 27.6	\$ 17.8	\$ 2.3	\$ 9.8	55.1%	\$ 25.3	1,100.0%
% of revenue	9.9%	7.3%	1.2%				
Net income*	\$ 18.0	\$ 11.8	\$ 1.0	\$ 6.2	52.5%	\$ 17.0	1,700.0%
Diluted EPS*	\$ 0.12	\$ 0.08	\$ 0.01	\$ 0.04	50.0%	\$ 0.11	1,100.0%

* Non-GAAP metrics. See reconciliation in Appendix.

Revenue Metrics

(\$ in millions)	Q3 2014		Q2 2014		Q3 2013	
	\$	% of Rev	\$	% of Rev	\$	% of Rev
Revenue by Channel:						
Direct	\$ 187.2	66.9%	\$ 129.8	53.1%	\$ 87.1	45.3%
Distribution	92.8	33.1%	114.8	46.9%	105.0	54.7%
Total Revenue	\$ 280.0	100.0%	\$ 244.6	100.0%	\$ 192.1	100.0%
Revenue by Geography:						
Americas	\$ 204.9	73.2%	\$ 152.7	62.4%	\$ 92.5	48.1%
Europe, Middle East and Africa	50.9	18.2%	62.8	25.7%	72.2	37.6%
Asia and Pacific area countries	24.2	8.6%	29.1	11.9%	27.4	14.3%
Total Revenue	\$ 280.0	100.0%	\$ 244.6	100.0%	\$ 192.1	100.0%

(\$ in millions, units in thousands)	Q3 2014	Q2 2014	Q3 2013	Q3 2014 vs. Q2 2014		Q3 2014 vs. Q3 2013	
				\$ Chg	% Chg	\$ Chg	% Chg
Units shipped (1)	1,089	854	823	235	27.5%	266	32.3%
Adjusted EBITDA (2)	\$ 36.2	\$ 25.7	\$ 8.6	\$ 10.5	40.9%	\$ 27.6	320.9%
Headcount	869	776	546	93	12.0%	323	59.2%

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

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

Selected Balance Sheet Metrics

(\$ in millions)	Q3 2014	Q2 2014	Q3 2013	Q3 2014 vs. Q2 2014		Q3 2014 vs. Q3 2013	
				\$ Chg	% Chg	\$ Chg	% Chg
Cash and cash equivalents	\$ 237.7	\$ 104.9	\$ 47.6	\$ 132.8	126.6%	\$ 190.1	399.4%
Cash flow from operations	\$ 47.0	\$ (14.2)	\$ 23.4	\$ 61.2	431.0%	\$ 23.6	100.9%
Days sales outstanding	30.4	18.1	26.4	12.3	68.0%	4.0	15.2%
Inventory	\$ 117.0	\$ 80.4	\$ 104.1	\$ 36.6	45.5%	\$ 12.9	12.4%
Annualized inventory turns	6.3	6.6	4.8	(0.3)	(4.5%)	1.5	31.3%
Inventory days	67.7	51.2	73.3	16.5	32.2%	(5.6)	(7.6%)

To supplement our unaudited selected financial data presented on a basis consistent with Generally Accepted Accounting Principles, or GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross profit, operating expenses, operating income (loss), net income (loss), earnings (loss) per share 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 charges include the amortization of acquired intangible assets primarily consisting of acquired technology, customer relationships, tradenames and covenants not to compete related to our acquisitions. These charges are not factored into our evaluation of potential acquisitions, or of our performance after completion of acquisitions, because they are not related to our core operating performance, and the frequency and amount of such charges 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 year, the initial public offering shares issued July 2014, as if they had been outstanding since the beginning of the period, and the addition of all dilutive awards outstanding that were excluded from the GAAP diluted earnings per share calculation because they were anti-dilutive as a result of our net loss position.

Appendix: GAAP to Non-GAAP Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (in thousands, except per share data):

	Three months ended		
	September 30, 2014	June 30, 2014	September 30, 2013
GAAP NET INCOME (LOSS)	\$ 14,620	\$ (19,841)	\$ (1,101)
Stock-based compensation			
Cost of revenue	233	154	153
Research and development	2,428	1,657	740
Sales and marketing	3,225	1,654	1,419
General and administrative	8,027	30,728	408
Total stock-based compensation	<u>13,913</u>	<u>34,193</u>	<u>2,720</u>
Amortization of acquisition-related intangible assets			
Cost of revenue	223	222	222
Research and development	20	20	—
Sales and marketing	33	34	47
Total amortization of acquisition-related intangible assets	<u>276</u>	<u>276</u>	<u>269</u>
Income tax adjustments	<u>(10,850)</u>	<u>(2,854)</u>	<u>(934)</u>
Non-GAAP NET INCOME	<u>\$ 17,959</u>	<u>\$ 11,774</u>	<u>\$ 954</u>
GAAP SHARES FOR DILUTED NET INCOME (LOSS) PER SHARE	145,186	82,936	81,070
Add: dilutive shares	-	17,345	17,788
Add: preferred shares conversion	-	30,523	30,523
Add: initial public offering shares	-	8,900	8,900
Non-GAAP SHARES FOR DILUTED NET INCOME PER SHARE	<u>145,186</u>	<u>139,704</u>	<u>138,281</u>
Non-GAAP diluted net income per share	\$ 0.12	\$ 0.08	\$ 0.01

Appendix: GAAP to Non-GAAP Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (in thousands, except per share data):

	Nine months ended	
	September 30, 2014	September 30, 2013
GAAP NET INCOME	\$ 5,828	\$ 16,849
Stock-based compensation		
Cost of revenue	555	530
Research and development	5,486	1,737
Sales and marketing	6,293	4,077
General and administrative	39,809	1,003
Total stock-based compensation	<u>52,143</u>	<u>7,347</u>
Amortization of acquisition-related intangible assets		
Cost of revenue	667	666
Research and development	60	13
Sales and marketing	109	141
Total amortization of acquisition-related intangible assets	<u>836</u>	<u>820</u>
Income tax adjustments	(14,792)	(2,551)
Non-GAAP NET INCOME	<u>\$ 44,015</u>	<u>\$ 22,465</u>
GAAP SHARES FOR DILUTED EARNINGS PER SHARE	115,578	98,671
Add: preferred shares conversion	20,237	30,523
Add: initial public offering shares	5,901	8,900
Non-GAAP SHARES FOR DILUTED EARNINGS PER SHARE	<u>141,716</u>	<u>138,094</u>
Non-GAAP diluted net income per share	\$ 0.31	\$ 0.16

Appendix: GAAP to Non-GAAP Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (\$ in thousands):

	Three months ended		
	September 30, 2014	June 30, 2014	September 30, 2013
GAAP gross profit	\$ 124,039	\$ 102,869	\$ 64,011
Stock-based compensation	233	154	153
Amortization of acquisition-related intangible assets	223	222	222
Non-GAAP gross profit	<u>\$ 124,495</u>	<u>\$ 103,245</u>	<u>\$ 64,386</u>
GAAP gross profit as a % of revenue	44.3%	42.1%	33.3%
Stock-based compensation	0.1%	0.0%	0.1%
Amortization of acquisition-related intangible assets	0.1%	0.1%	0.1%
Non-GAAP gross profit as a % of revenue	<u>44.5%</u>	<u>42.2%</u>	<u>33.5%</u>
GAAP operating expenses	\$ 110,582	\$ 119,535	\$ 64,683
Stock-based compensation	(13,680)	(34,039)	(2,567)
Amortization of acquisition-related intangible assets	(53)	(54)	(47)
Non-GAAP operating expenses	<u>\$ 96,849</u>	<u>\$ 85,442</u>	<u>\$ 62,069</u>
GAAP operating income (loss)	\$ 13,457	\$ (16,666)	\$ (672)
Stock-based compensation	13,913	34,193	2,720
Amortization of acquisition-related intangible assets	276	276	269
Non-GAAP operating income	<u>\$ 27,646</u>	<u>\$ 17,803</u>	<u>\$ 2,317</u>
GAAP operating income (loss) as a % of revenue	4.8%	(6.8%)	(0.3%)
Stock-based compensation	5.0%	14.0%	1.4%
Amortization of acquisition-related intangible assets	0.1%	0.1%	0.1%
Non-GAAP operating income as a % of revenue	<u>9.9%</u>	<u>7.3%</u>	<u>1.2%</u>

Appendix: GAAP to Non-GAAP Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (\$ in thousands):

	Nine months ended	
	September 30, 2014	September 30, 2013
GAAP gross profit	\$ 323,422	\$ 210,280
Stock-based compensation	555	530
Amortization of acquisition-related intangible assets	667	666
Non-GAAP gross profit	<u>\$ 324,644</u>	<u>\$ 211,476</u>
GAAP gross profit as a % of revenue	42.5%	33.7%
Stock-based compensation	0.1%	0.1%
Amortization of acquisition-related intangible assets	0.1%	0.1%
Non-GAAP gross profit as a % of revenue	<u>42.7%</u>	<u>33.9%</u>
GAAP operating expenses	\$ 310,075	\$ 182,152
Stock-based compensation	(51,588)	(6,817)
Amortization of acquisition-related intangible assets	(169)	(154)
Non-GAAP operating expenses	<u>\$ 258,318</u>	<u>\$ 175,181</u>
GAAP operating income	\$ 13,347	\$ 28,128
Stock-based compensation	52,143	7,347
Amortization of acquisition-related intangible assets	836	820
Non-GAAP operating income	<u>\$ 66,326</u>	<u>\$ 36,295</u>
GAAP operating income as a % of revenue	1.8%	4.5%
Stock-based compensation	6.8%	1.2%
Amortization of acquisition-related intangible assets	0.1%	0.1%
Non-GAAP operating income as a % of revenue	<u>8.7%</u>	<u>5.8%</u>

Appendix: Adjusted EBITDA Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (\$ in thousands):

	Three months ended		
	September 30, 2014	June 30, 2014	September 30, 2013
GAAP net income (loss)	\$ 14,620	\$ (19,841)	\$ (1,101)
Income tax (benefit) expense	(2,947)	1,639	(1,330)
Interest income and expense	1,284	1,390	1,428
Depreciation and amortization	4,781	4,177	3,092
POP display amortization	4,524	4,166	3,797
Stock-based compensation	13,913	34,193	2,720
Adjusted EBITDA	\$ 36,175	\$ 25,724	\$ 8,606

Appendix: Adjusted EBITDA Reconciliation

Reconciliations of non-GAAP financial measures are set forth below (\$ in thousands):

	Nine months ended	
	September 30, 2014	September 30, 2013
GAAP net income	\$ 5,828	\$ 16,849
Income tax expense	2,574	6,129
Interest income and expense	4,009	4,129
Depreciation and amortization	12,769	8,508
POP display amortization	13,203	8,908
Stock-based compensation	52,143	7,347
Adjusted EBITDA	\$ 90,526	\$ 51,870



October 30, 2014

Q3 2014 Earnings Results Summary

