

Fourth Quarter and FY 2018 Investor Presentation, February 21, 2019

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Statement of Caution Under the Private Securities Litigation Reform Act of 1995

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to expectations concerning matters that (a) are not historical facts, (b) predict or forecast future events or results, or (c) embody assumptions that may prove to have been inaccurate, including statements relating to the advertising strategies, needs and expectations of brands and agencies, industry and market trends, expectations regarding investment strategies, and the financial targets such as revenue, Adjusted EBITDA and Adjusted EBITDA margins of The Trade Desk, Inc. (the Company). When words such as “believe,” “expect,” “anticipate,” “will”, “outlook” or similar expressions are used, the Company is making forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give readers any assurance that such expectations will prove correct. These forward-looking statements involve risks, uncertainties and assumptions, including those related to the Company’s limited operating history, which makes it difficult to evaluate the Company’s business and prospects, the market for programmatic advertising developing slower or differently than the Company’s expectations, the demands and expectations of clients and the ability to attract and retain clients. The actual results may differ materially from those anticipated in the forward-looking statements as a result of numerous factors, many of which are beyond the control of the Company. These are disclosed in the Company’s reports filed from time to time with the Securities and Exchange Commission, including its most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K, available at www.sec.gov. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company does not intend to update any forward-looking statement contained in this press release to reflect events or circumstances arising after the date hereof.

Included within this presentation are non-GAAP financial measures that supplement the Condensed Consolidated Statements of Operations of the Company prepared under generally accepted accounting principles (GAAP). Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation and should be considered together with the Condensed Consolidated Statements of Operations. These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management believes these non-GAAP measures allow investors to evaluate the Company’s financial performance using some of the same measures as management. However, the non-GAAP financial measures should not be regarded as a replacement for or superior to corresponding, similarly captioned, GAAP measures and may be different from non-GAAP financial measures used by other companies.

Information contained in this presentation concerning the industry and the markets in which the Company operates, including the Company’s general expectations and market position, market opportunity and market size, is based on reports from various third-party sources, assumptions that the Company has made based on information in such reports and the Company’s knowledge of the market for its platform. Although the Company believes such third-party sources to be reliable, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.



What we do

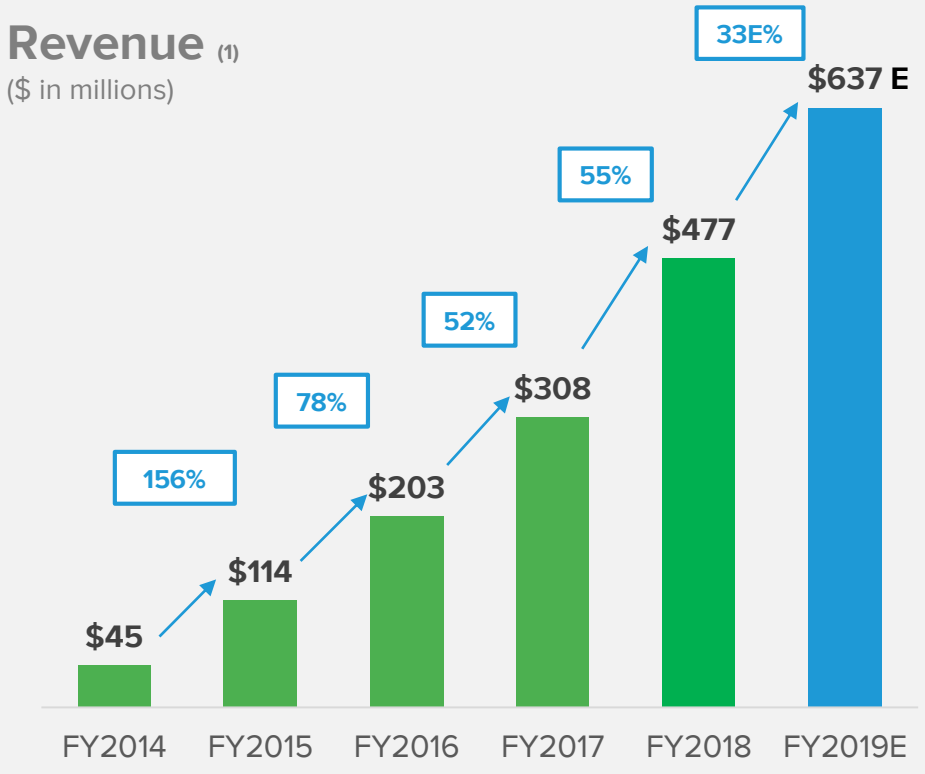
We provide a platform for ad buyers. Most buyers are ad agencies or other technology companies.

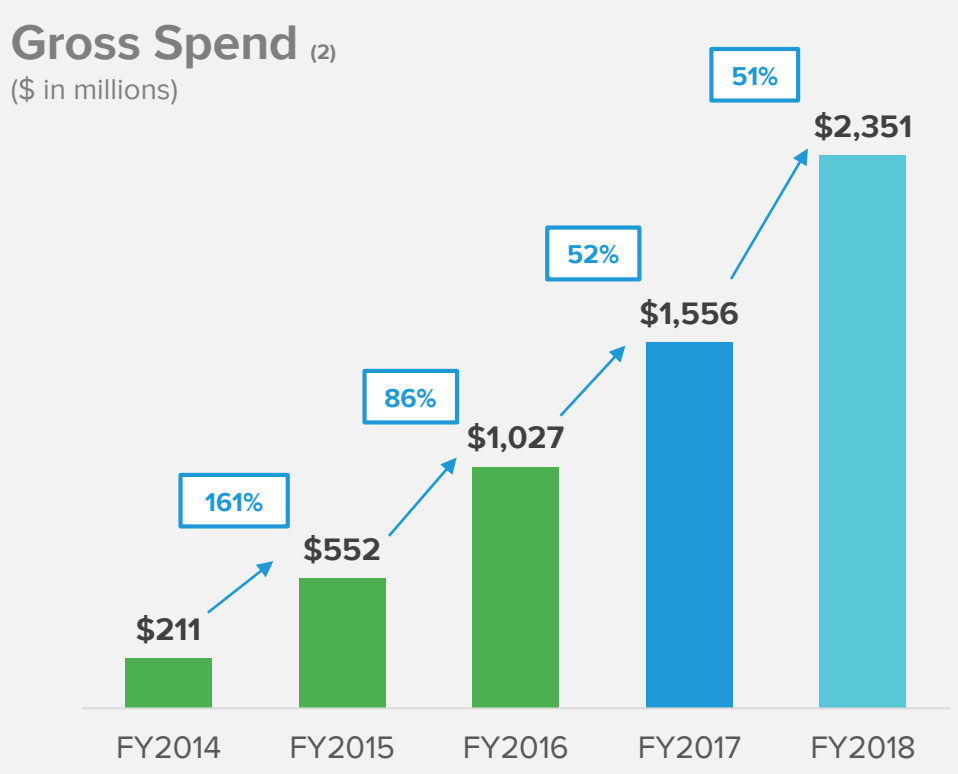
May 2011	$.08 Day*.
2012	First $1MM Month*.
2014	First $1MM Day*.
2015	First $2MM and $3MM Day*.
2016	First $100MM Month*
2017	First $5MM Day and $200MM Month*
2018	First $10MM Day

We've been profitable since 2013.
2015: $114MM in Revenue, $16MM in Adj. Net Income and $39MM in Adj EBITDA.
2016: $203MM in Revenue, $35MM in Adj. Net Income and $65MM in Adj EBITDA
2017: $308MM in Revenue, $70MM in Adj. Net Income and $95MM in Adj. EBITDA
2018: 477MM in Revenue, $124MM in Adj. Net Income and $159MM in Adj. EBITDA

* Total spend on platform
Adjusted Net Income and EBITDA typically excludes items such as depreciation and amortization expense, interest expense, income taxes, stock-based compensation, preferred stock warrant liabilities and follow-on offering costs. Reconciliation for Adjusted Net Income and Adjusted EBITDA can be found in the Company's SEC Filings at www.thetradedesk.com.

theTradeDesk® by the numbers





2009 founded

$477 MM 2018 Revenue (2)

$2.35 BB 2018 Gross Spend (2)

$124 MM 2017 Adjusted Net Income (2)

$159 MM 2017 Adjusted EBITDA (2)

944 Global employees (2)

(1) FY2019E guidance of $637 million provided February 21, 2019, at The Trade Desk's conference call for the period ended Dec. 31, 2019. The Trade Desk makes no commitment to update or refresh guidance after that date.

(2) Gross Spend, Revenue, Adjusted Net Income and Adjusted EBITDA from Company 10-K and Press Release issued on February 21, 2019. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation.


The most effective advertising is targeted.
Superdry
LEICESTER ARMS
GALLERY OPEN

937	desktop ads
461	mobile
180	facebook ads
33	video/TV ads
7	ads audio
4	search clicks
0	print ads

* Slides 7 and 8 present a hypothetical illustrative example of what an average consumer might experience during an average day and are based upon information from The Trade Desk, public sources, and management estimates.

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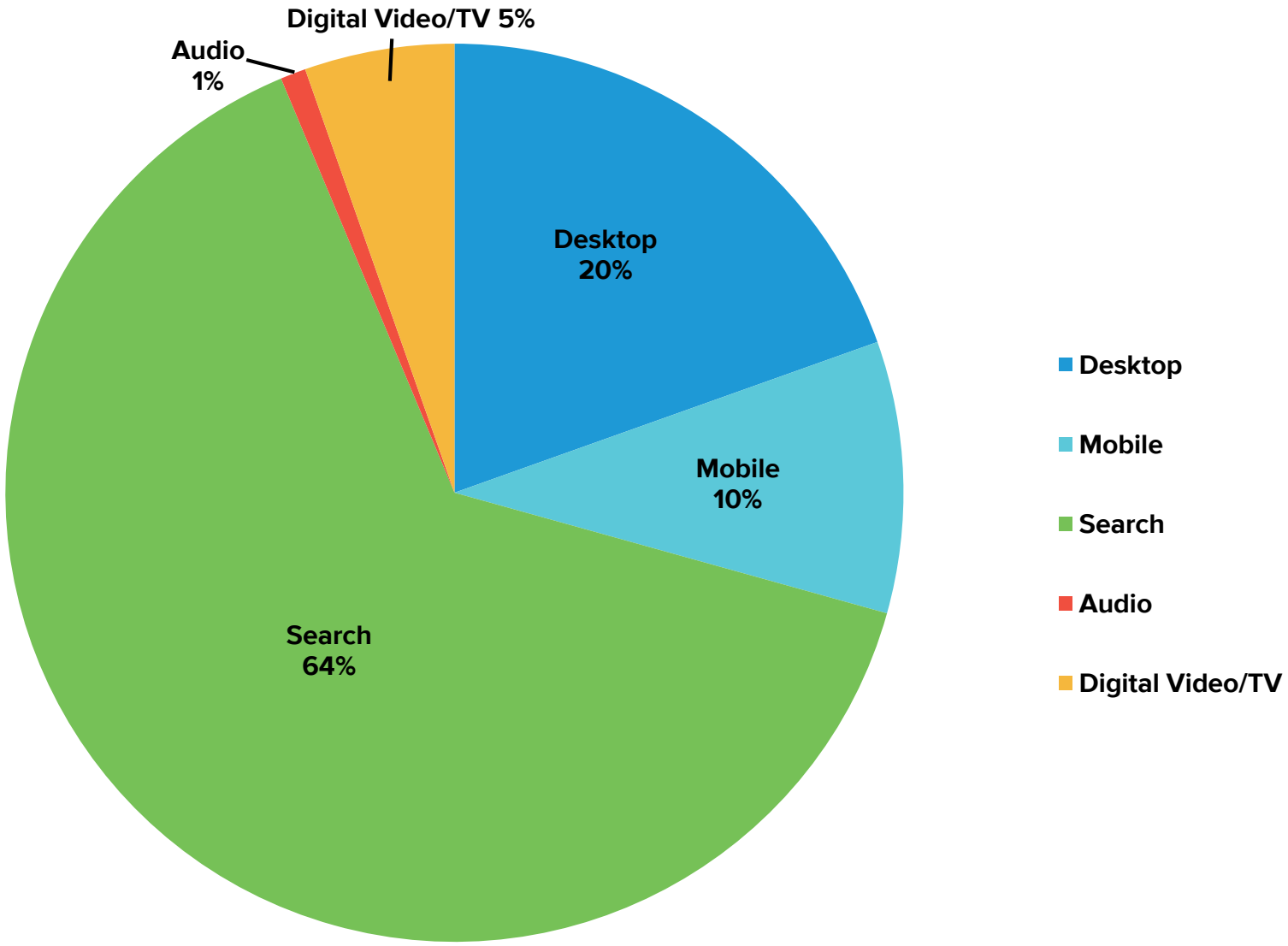
Example: How spend is divided.

Nearly all of the purchase data used was on products she already bought.



* Slides 7 and 8 present a hypothetical illustrative example of what an average consumer might experience during an average day and are based upon information from The Trade Desk, public sources, and management estimates.

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There is a fundamental shift happening in advertising.

And it’s bigger than just a move to digital.

The market.



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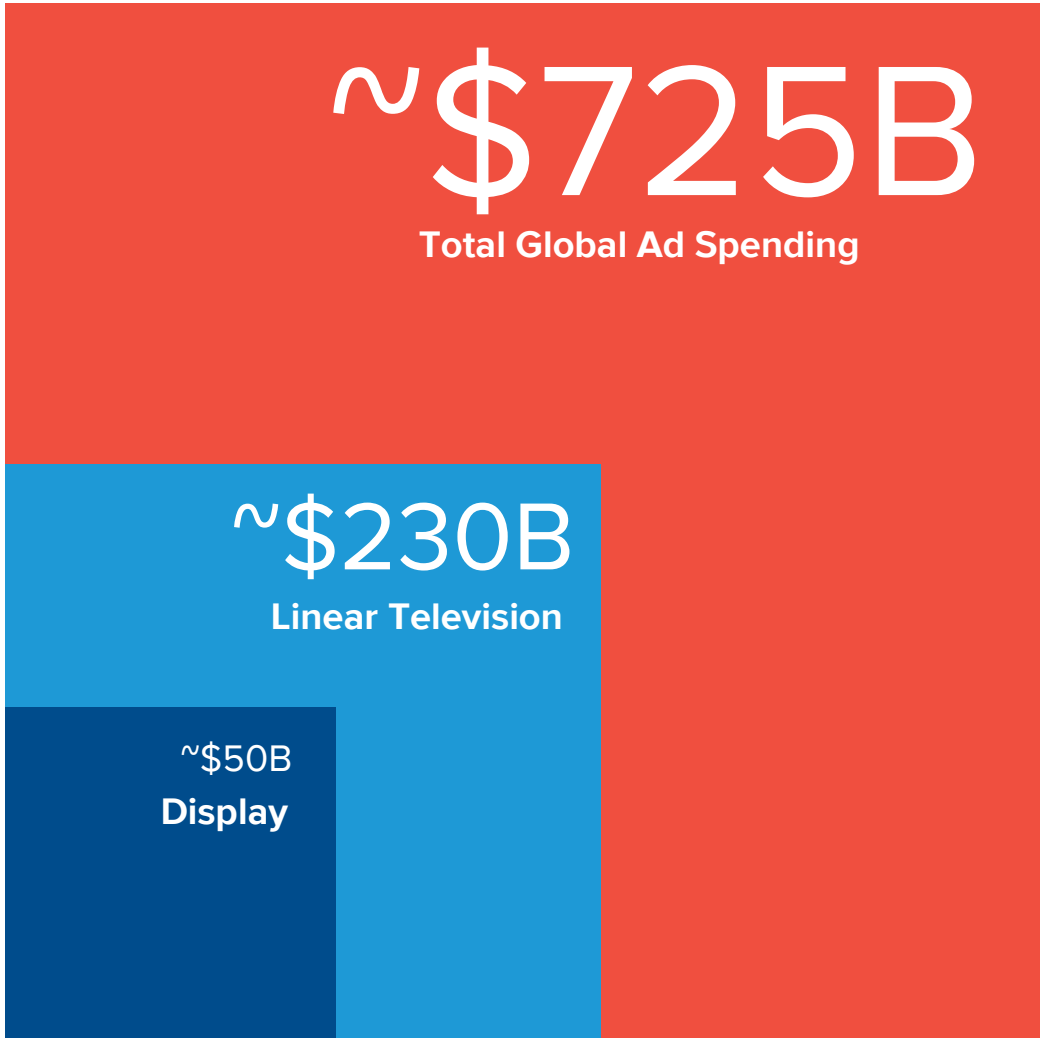
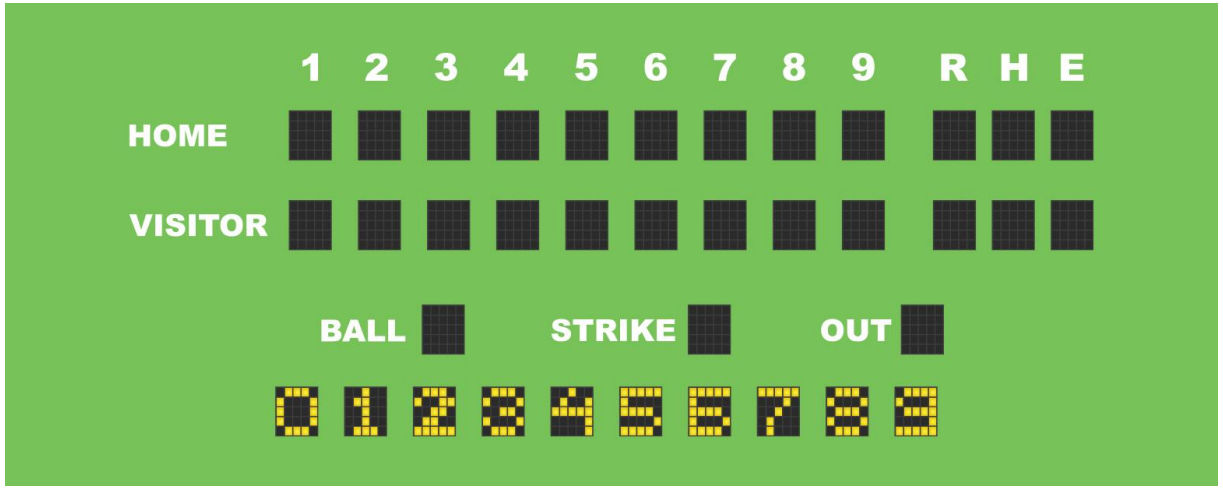
Price discovery enables healthy markets.

We are targeting a massive market





We believe advertising will be transacted digitally.

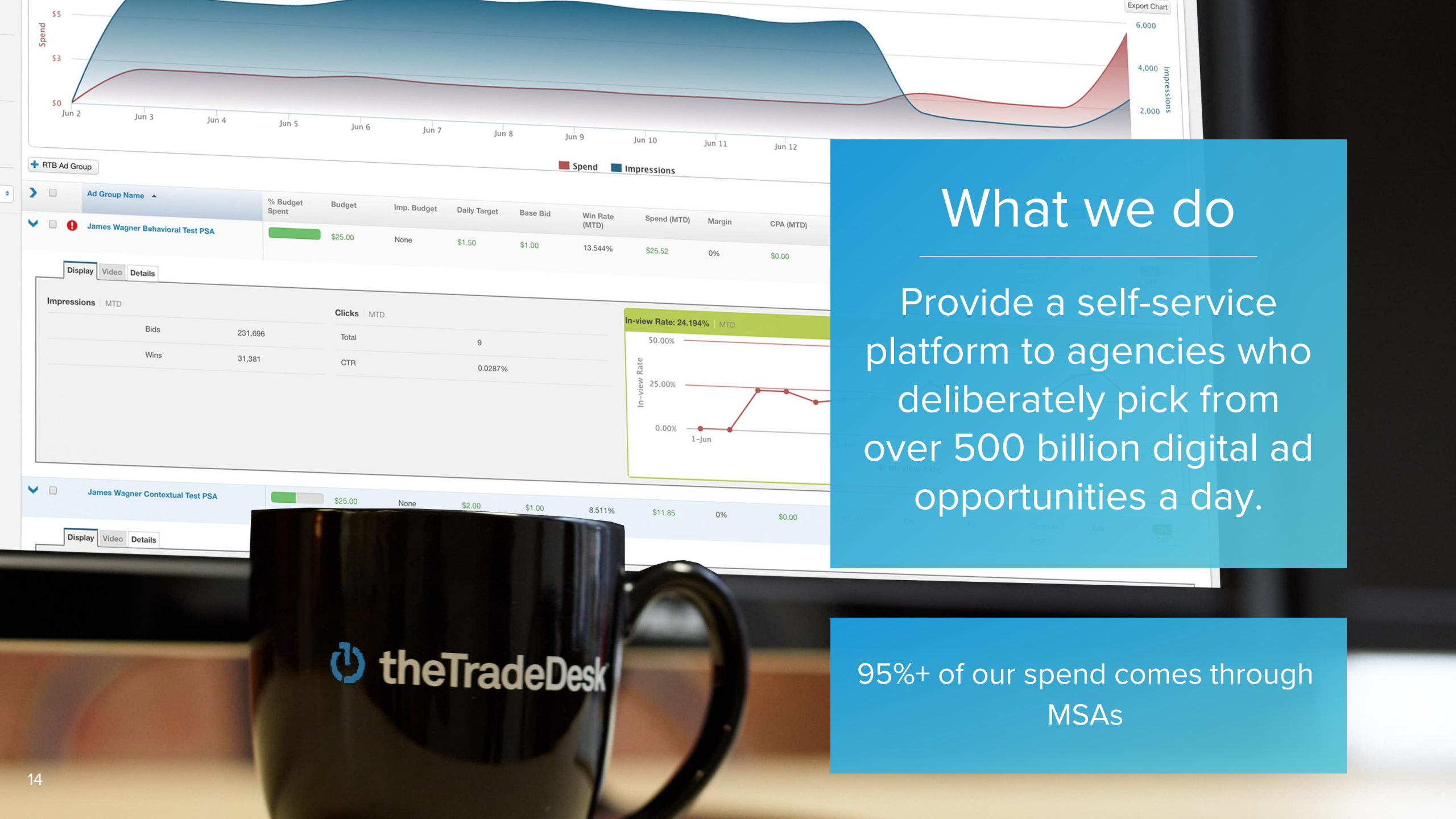
> "The future of all media is digital and programmatic… eventually all media will be digital and it will be transacted by machines."

- *CEO of a Global Media Investment Management Group*

Source: IDC, Estimated 2019 Global Ad Spending

The pie is getting bigger while waste is being pushed out.





What we do

Provide a self-service platform to agencies who deliberately pick from over 500 billion digital ad opportunities a day.

95%+ of our spend comes through MSAs



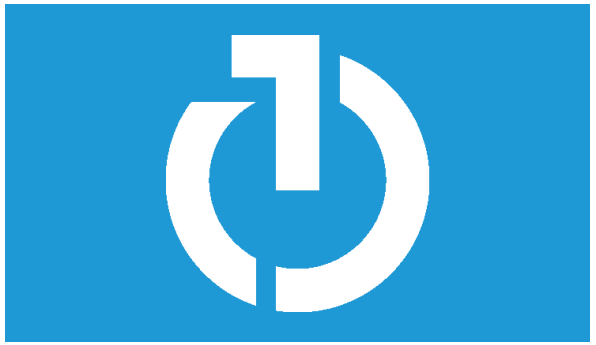
We provide agencies a

SOFTWARE PLATFORM.

We create room for
their proprietary advantage.

We are an enabler, not a disruptor.

We align agencies and their brands.

	PUBLISHER		ADVERTISER
	SELL-SIDE	MARKETPLACE	BUY-SIDE
TECHNOLOGY			
SERVICE			

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We are omnichannel.

CTV, mobile, video, audio, display, social, native.



We buy advertising and data.

We power some of the
largest brands in the world...



...through their agencies and
digital solutions companies.

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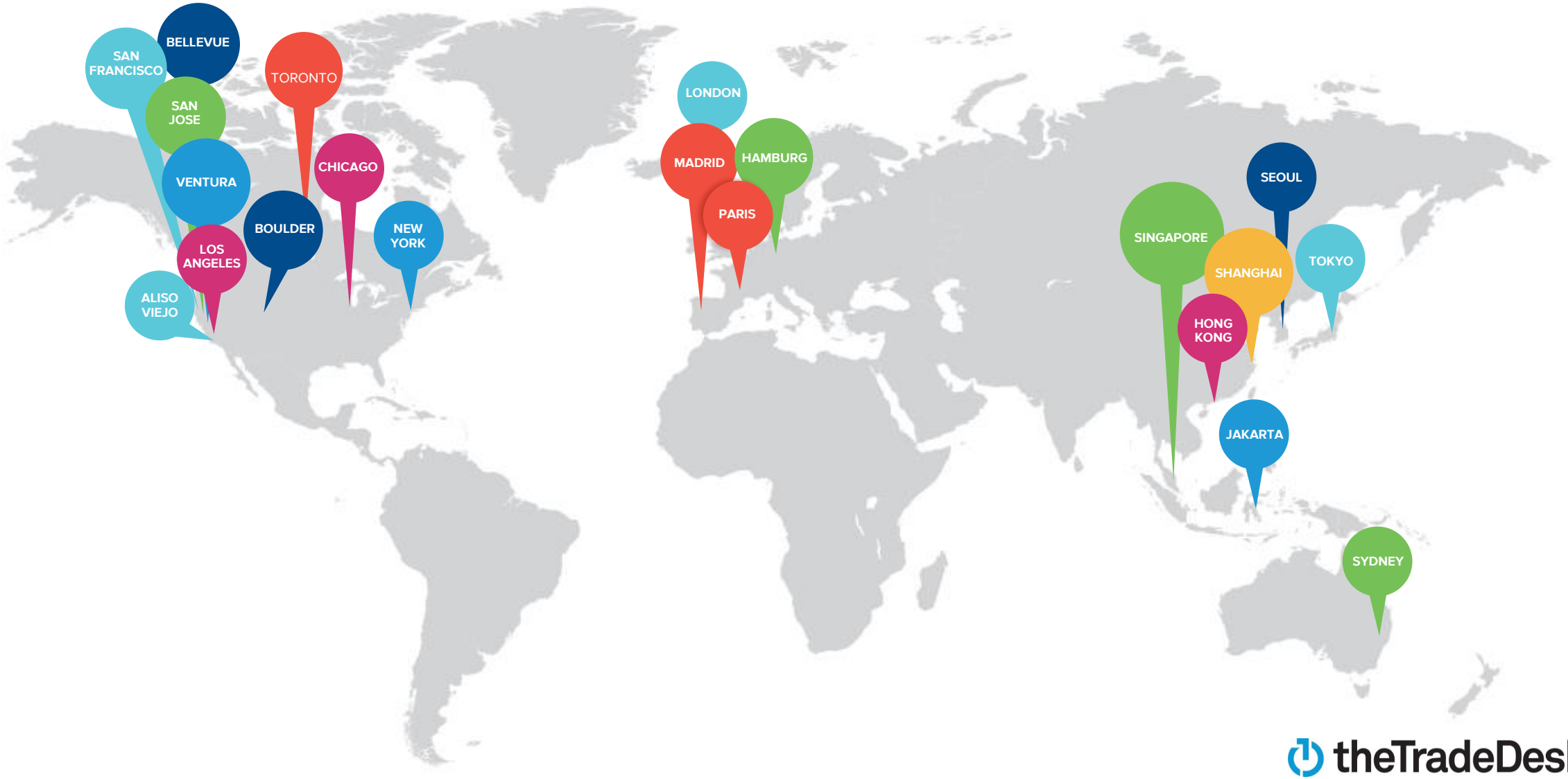
The Trade Desk is global.



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We buy the whole internet.



Even media that isn't digital will be transacted digitally, using the internet.



Agencies (and their brands) need a technology partner to trust with their data.

We need to access their data to help them.

We are the alternative to the conflicted platform providers.

We buy data to make better decisions.

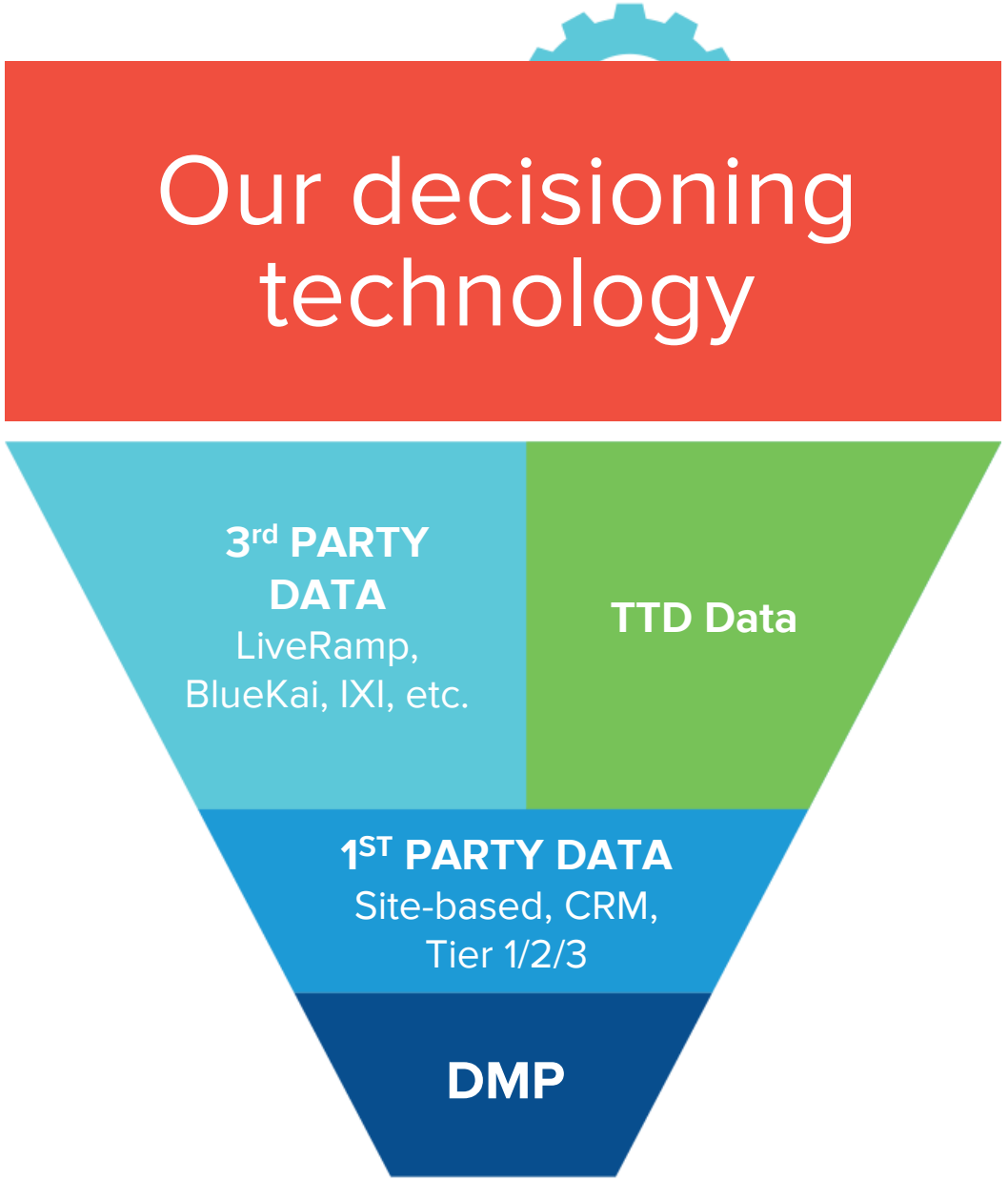
We focus on being the best partner for our data providers.



Our technology.

We built a data management platform first. (data warehouse)

The buyer with the most data can make the most intelligent bid.





Expressiveness is central to our technological advantage.

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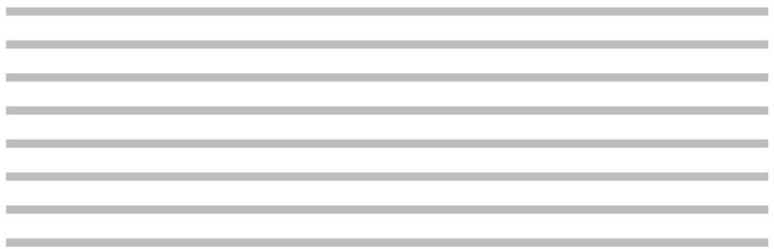
We're Built Differently Than Everyone Else in the Industry.

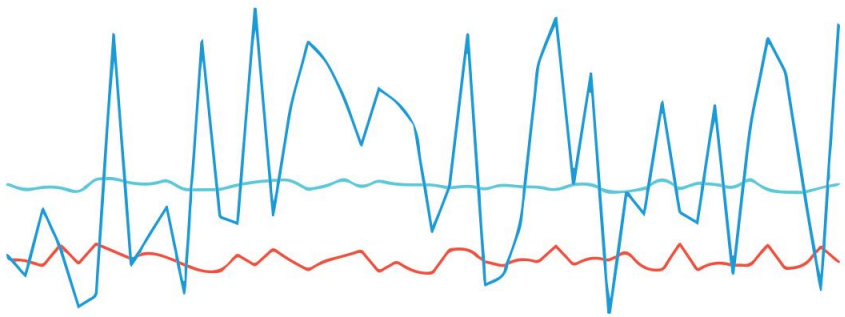
LINE ITEMS



Limits reporting granularity, optimization options and ability to activate data.

VS.

BID FACTORS

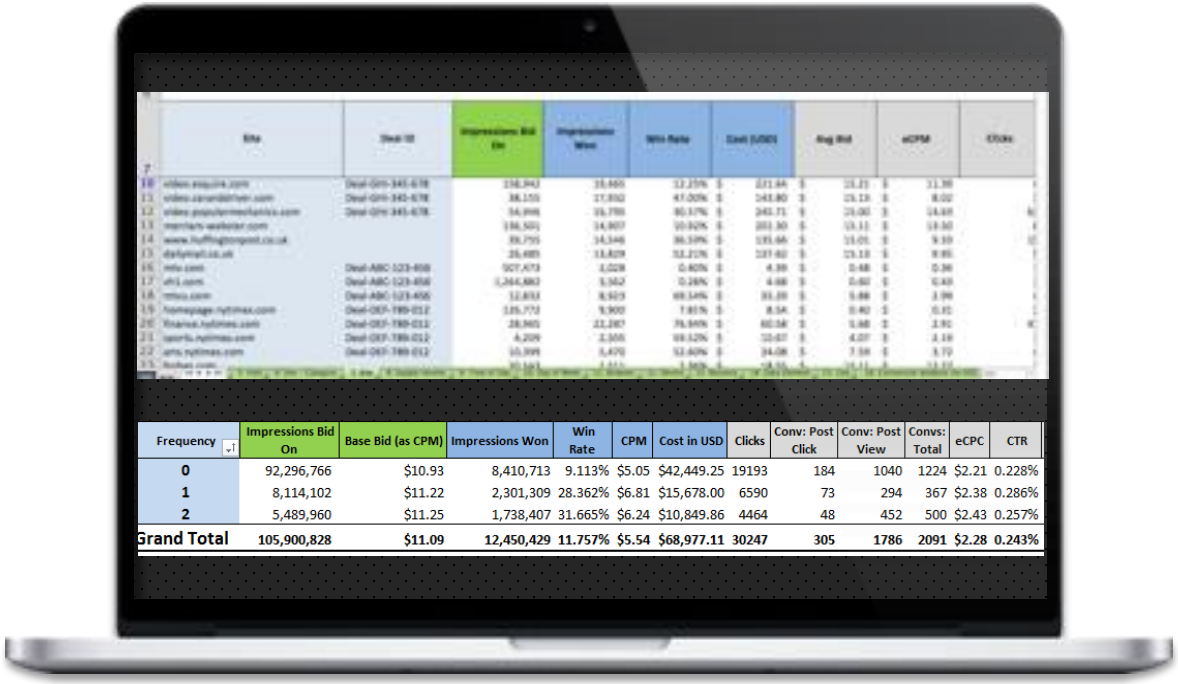


The only structure that allows for expressiveness and fine grain reporting.

Goal: The most transparent and most detailed reporting.

Simplified User Interface

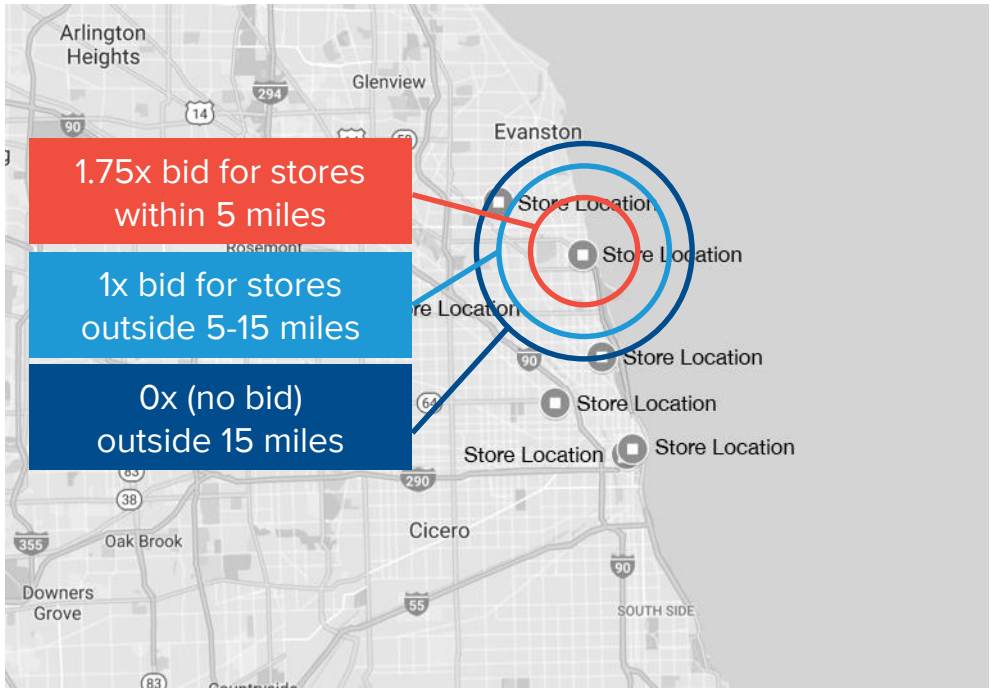
"expressiveness" at work

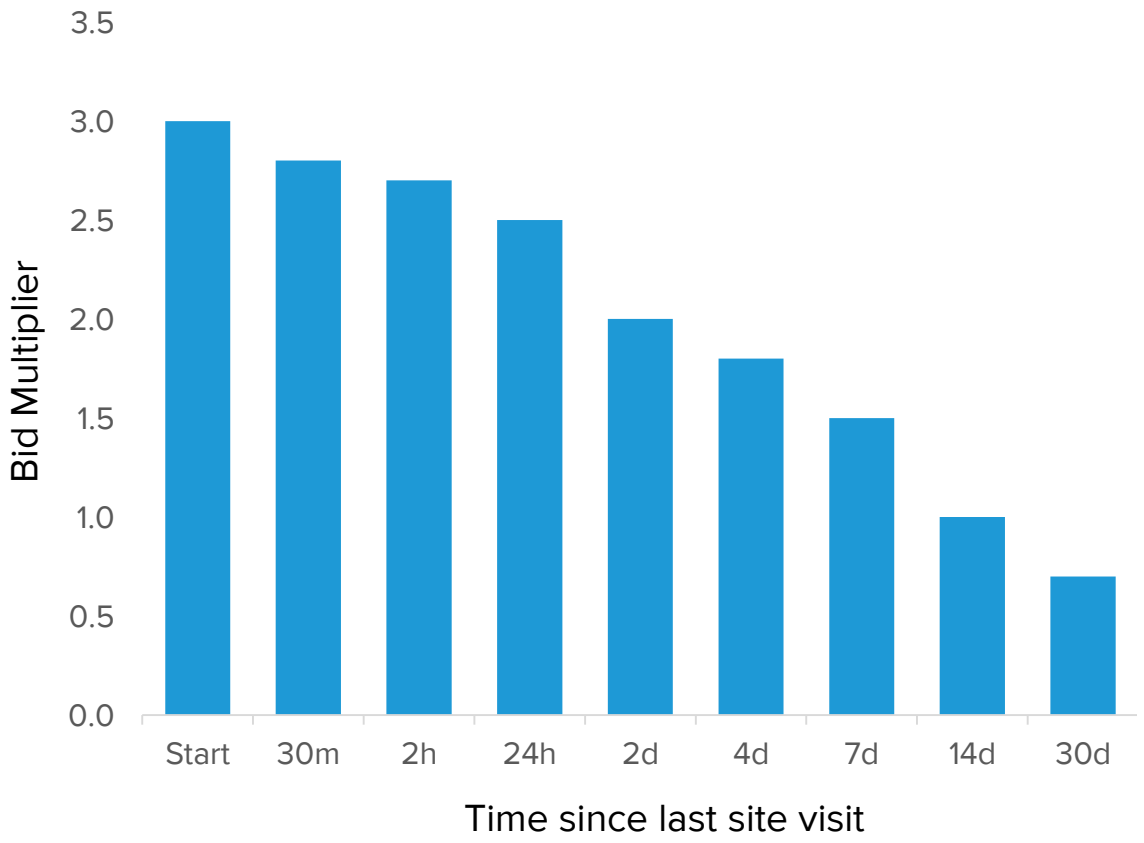


Frequency	Impressions Bid On	Base Bid (as CPM)	Impressions Won	Win Rate	CPM	Cost in USD	Clicks	Conv: Post Click	Conv: Post View	Convs: Total	eCPC	CTR
0	92,296,766	$10.93	8,410,713	9.113%	$5.05	$42,449.25	19193	184	1040	1224	$2.21	0.228%
1	8,114,102	$11.22	2,301,309	28.362%	$6.81	$15,678.00	6590	73	294	367	$2.38	0.286%
2	5,489,960	$11.25	1,738,407	31.665%	$6.24	$10,849.86	4464	48	452	500	$2.43	0.257%
Grand Total	**105,900,828**	**$11.09**	**12,450,429**	**11.757%**	**$5.54**	**$68,977.11**	**30247**	**305**	**1786**	**2091**	**$2.28**	**0.243%**

Transparent Reporting

TTD + Agency reduced client's booking costs by half.

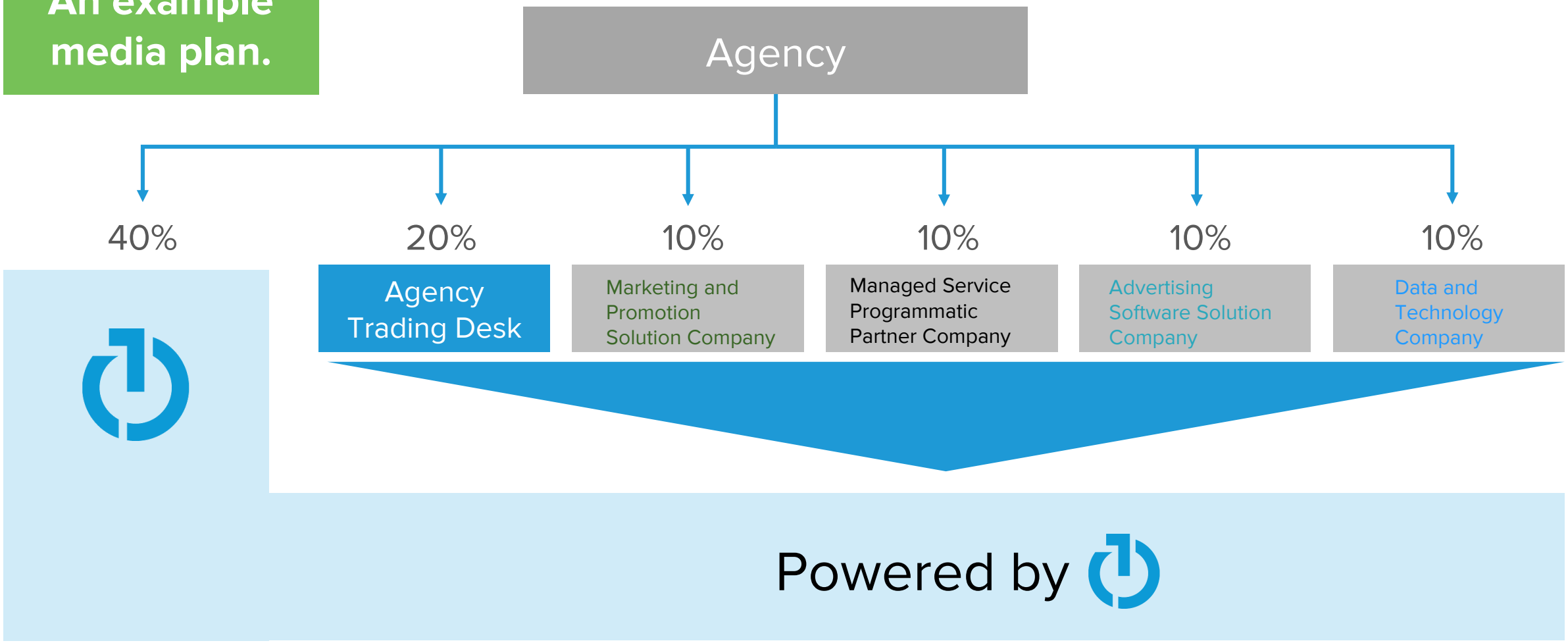




Expressiveness = 15,360 Bid Permutations

Our platform approach wins more of the budget.

An example media plan.



Illustrative Example

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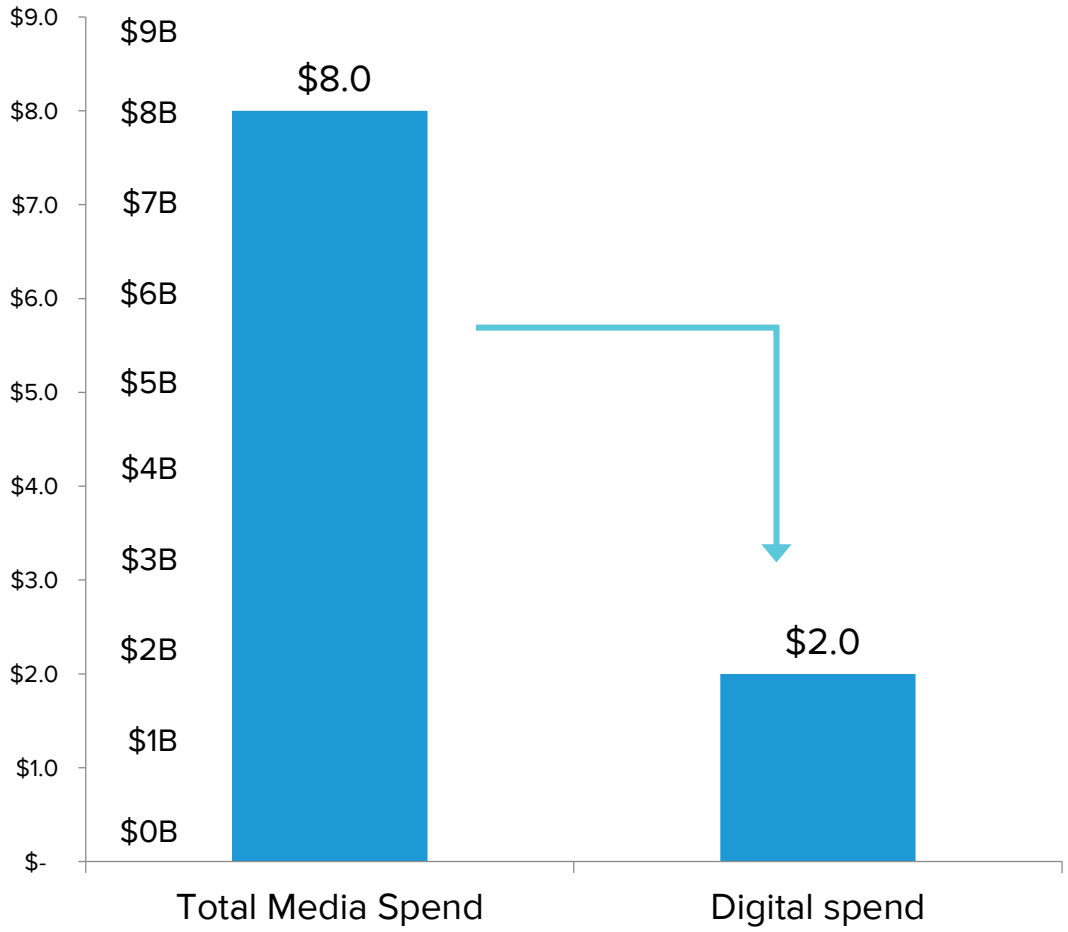
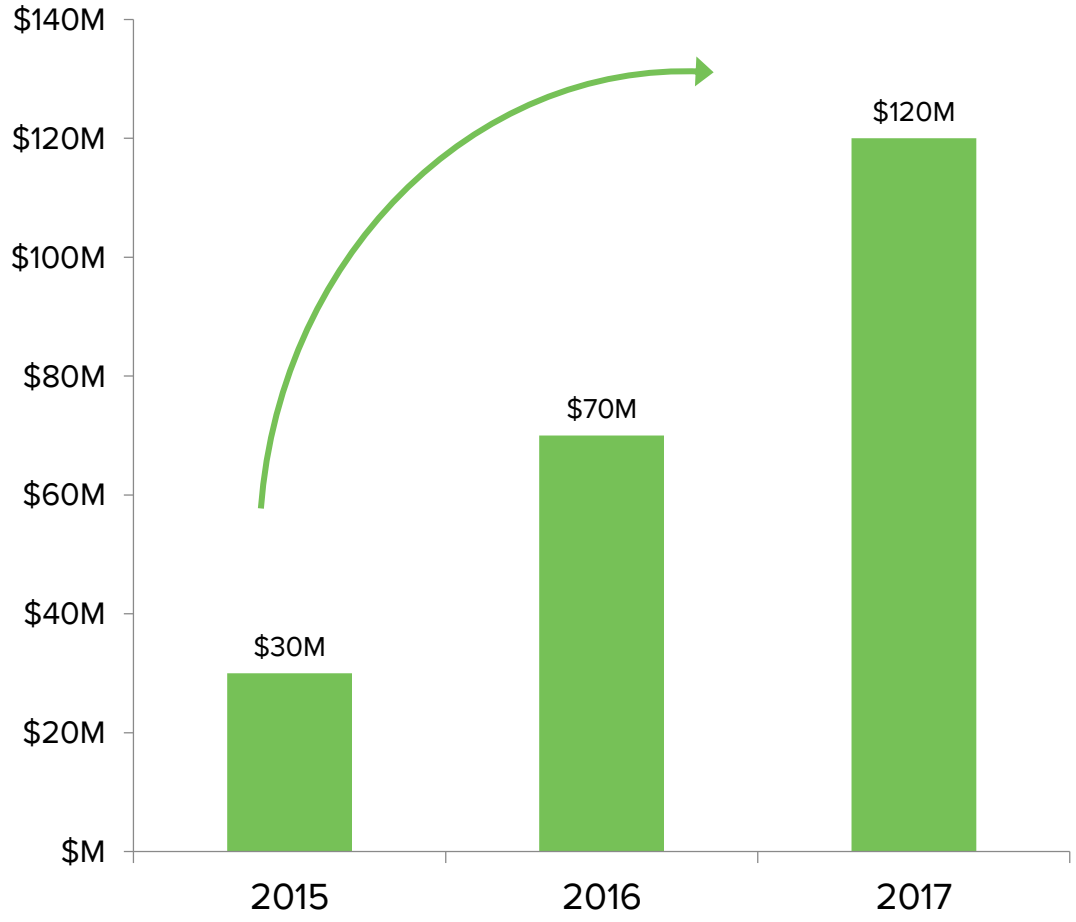
Large brands have just started in programmatic.

Large advertiser total media spend (2017)



Large advertiser **programmatic** media spend (2015-2017)



Source: The Trade Desk estimates for a large multi-national advertiser



The future of TV is ad funded.

The cost of no ads is too great for most consumers.

(Cable costs are according to the Leichtman Research Group, Inc.).

The view into our future.



1. Connected TV
2. Global expansion
3. Expand the use of our APIs with more technology-centric companies.
4. Launched new User-Experience, Planning tools and AI in 2018.

Continue to provide a platform where buyers can objectively and precisely buy ads.

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How Do We Manage Our Business?

- Client Retention
- Spend Growth
- Diversification
- Efficiency

Strong financial model.



- Exceptional **top line growth**
- **MSA-based** model with **ongoing, established** customer relationships
- **Self-serve** software model drives strong **operating leverage**
- Proven **profitability**

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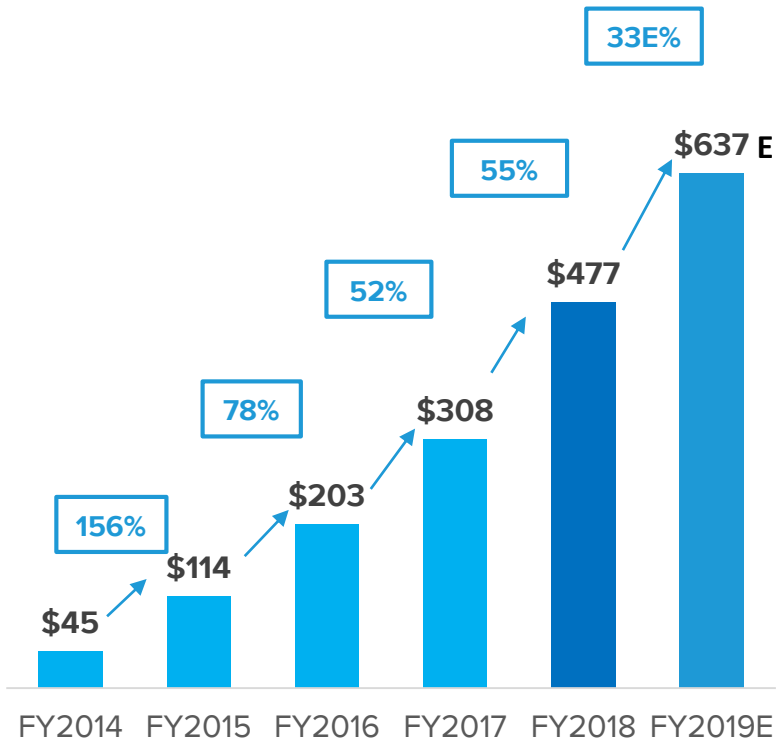
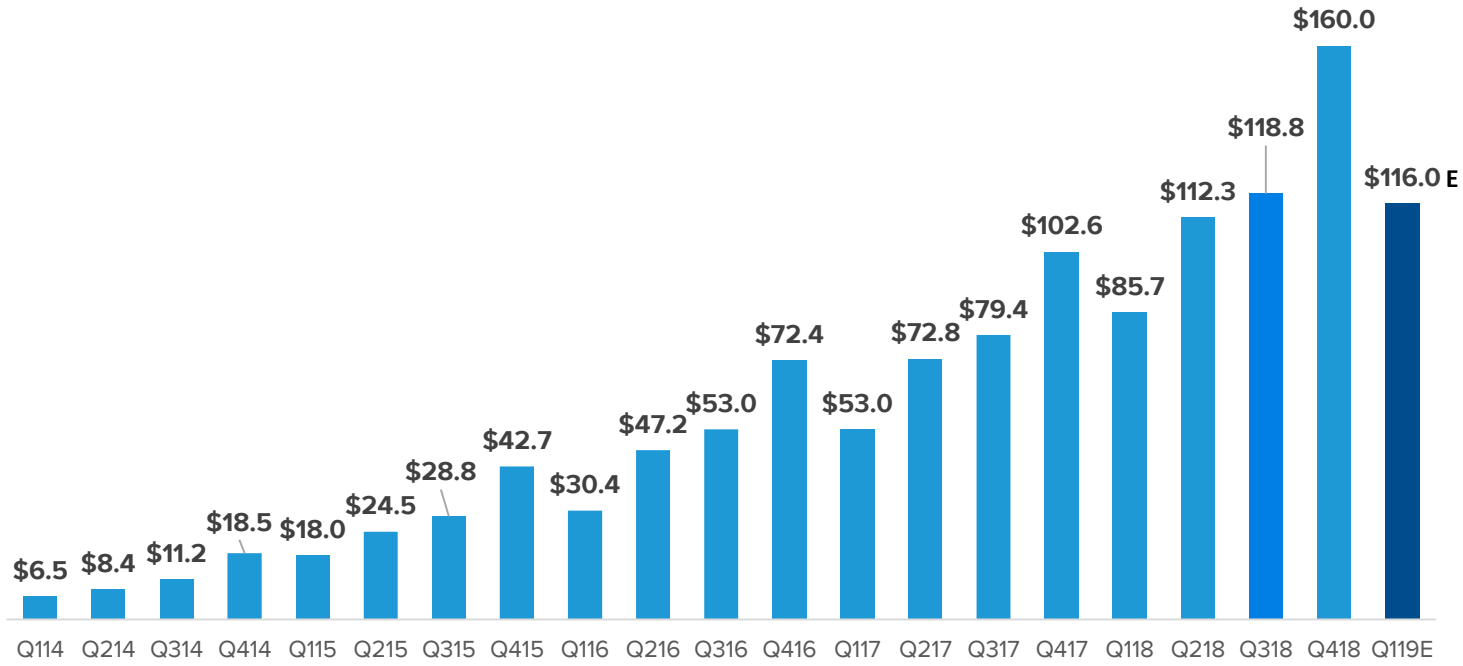
Robust revenue growth...



Revenue[1]

($ in millions)



(1) FY2019E guidance of $637 million and Q1FY2019E guidance of $116 million provided Feb. 21, 2019, at The Trade Desk's conference call for the period ended Feb. 21, 2019. The Trade Desk makes no commitment to update or refresh guidance after that date.

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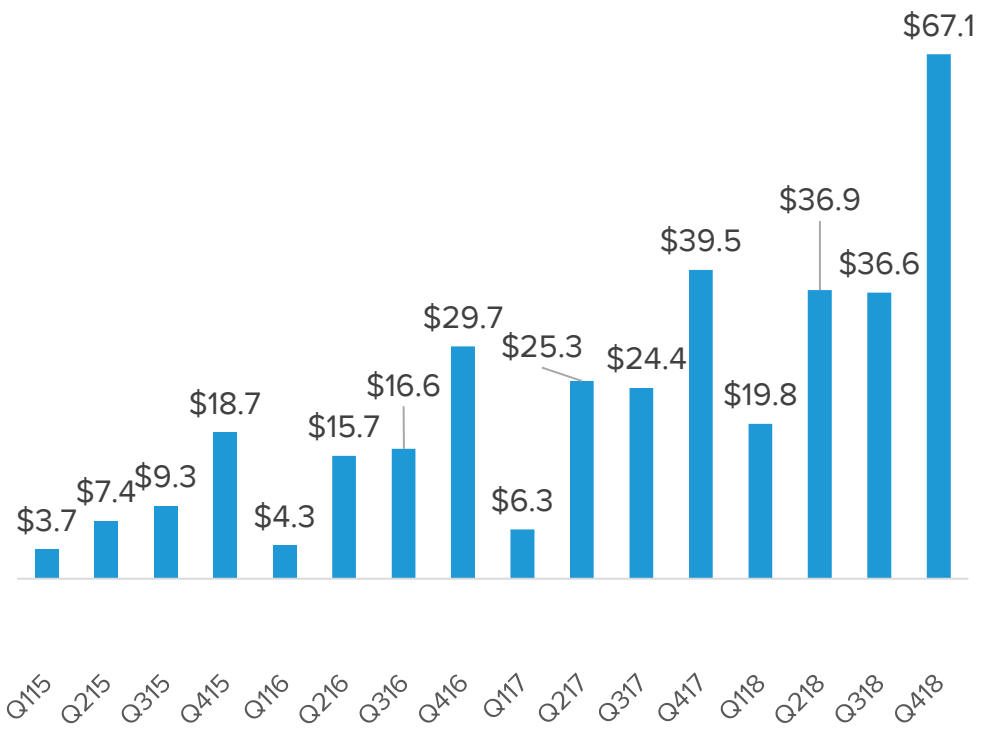
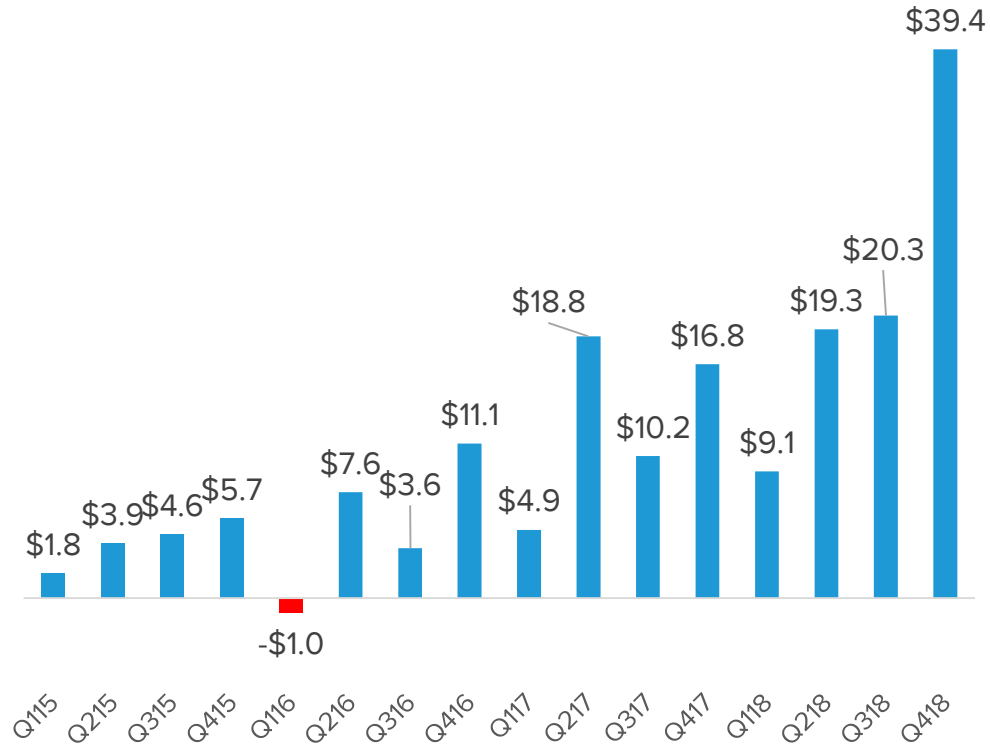
...delivering substantial profitability

Adj. EBITDA ($ in millions)



GAAP Net Income ($ in millions)



Source: Company Filings. Adjusted EBITDA excludes depreciation and amortization expense, interest expense, income taxes, stock-based compensation and preferred stock warrant liabilities. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation.

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Investment highlights.

1. Our revenue growth accelerated in 2018 growing 55% y/y vs. 52% in 2017
2. Our Q4 2018 growth rate of 56% accelerated vs. 50% in Q3 2018 and 42% in Q4 2017
3. 95%+ of our spend coming through MSAs and is relatively predictable.
4. We're self-service omnichannel (all decisioned digital).
5. Our tech is measurably better at decisioning.
6. We have a massive TAM.
7. We align our interests with our customer (buy-side only, not network).
8. We've been profitable since 2013.

TTD is an investment in the whole internet.

Q4 and FY 2018 GAAP Financial Information

THE TRADE DESK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Revenue	$ 160,468	$ 102,648	$ 477,294	$ 308,217
Operating expenses:				
Platform operations	35,256	21,133	114,098	66,230
Sales and marketing	27,064	18,537	87,071	61,379
Technology and development	24,086	17,029	83,892	52,806
General and administrative	25,094	16,631	84,910	58,446
Total operating expenses	111,500	73,330	369,971	238,861
Income from operations	48,968	29,318	107,323	69,356
Total other expense (income), net	(336)	1,282	1,586	5,731
Income before income taxes	49,304	28,036	105,737	63,625
Provision for income taxes	9,869	11,225	17,597	12,827
Net income	$ 39,435	$ 16,811	$ 88,140	$ 50,798
Earnings per share:				
Basic	$ 0.91	$ 0.41	$ 2.08	$ 1.26
Diluted	$ 0.84	$ 0.38	$ 1.92	$ 1.15
Weighted average shares outstanding:				
Basic	43,223	41,108	42,442	40,262
Diluted	46,777	44,464	45,793	44,056

STOCK-BASED COMPENSATION EXPENSE
(Amounts in thousands)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Platform operations	$ 1,326	$ 1,131	$ 4,463	$ 2,674
Sales and marketing	3,549	2,984	11,306	6,261
Technology and development	4,950	2,680	13,855	6,661
General and administrative	4,427	2,116	12,586	5,721
Total	$ 14,252	$ 8,911	$ 42,210	$ 21,317

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Supplemental Non-GAAP Information

Non-GAAP Financial Metrics
(Amounts in thousands, except per share amounts)

The following tables show the Company's GAAP financial metrics reconciled to non-GAAP financial metrics included in this presentation.

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Net income	$ 39,435	$ 16,811	$ 88,140	$ 50,798
Add back:				
Depreciation and amortization expense	3,715	2,052	11,822	7,209
Stock-based compensation expense	14,252	8,911	42,210	21,317
Interest expense	601	501	1,550	1,791
Interest income	(821)	(47)	(1,883)	(93)
Secondary offering costs	—	—	—	1,523
Provision for income taxes	9,869	11,225	17,597	12,827
Adjusted EBITDA	$ 67,051	$ 39,453	$ 159,436	$ 95,372

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
GAAP net income	$ 39,435	$ 16,811	$ 88,140	$ 50,798
Add back (deduct):				
Stock-based compensation expense	14,252	8,911	42,210	21,317
Secondary offering costs	—	—	—	1,523
Adjustment for income taxes	(2,585)	(1,502)	(6,503)	(3,274)
Non-GAAP net income	$ 51,102	$ 24,220	$ 123,847	$ 70,364
GAAP diluted EPS	$ 0.84	$ 0.38	$ 1.92	$ 1.15
Non-GAAP diluted EPS	$ 1.09	$ 0.54	$ 2.70	$ 1.60
Weighted average shares outstanding—diluted	46,777	44,464	45,793	44,056

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