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Earnings Call Q1 2019

1 May 2019

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Special Note Regarding Forward-Looking Statements

This presentation contains statements that express the Company's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, in contrast with statements that reflect historical facts. Examples include discussion of our strategies, Adjusted EBITDA forecasts, financing plans, growth opportunities and market growth. In some cases, you can identify such forward-looking statements by terminology such as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project" or "expect," "may," "will," "would," "could" or "should," the negative of these terms or similar expressions. While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward-looking statements are not a guarantee of our performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many risks, uncertainties and other variable circumstances, such as our ability to grow our revenue in future periods, or at rates deemed sufficient by the market without reducing our profits or incurring losses; our dependence on a relatively small number of advertisers for our revenue and adverse impacts that could result from their reduced spending or changes in their bidding strategy; factors that contribute to our period-over-period volatility in our financial condition and result of operations; our dependence on general economic conditions and adverse impacts that could result from declines in travel or discretionary spending; the effectiveness of our Advertising Spend, including as a result of increased competition or inadequate or ineffective innovation in or execution of our advertising; the effectiveness of our measures to increase advertiser diversity on our marketplace; increasing competition and consolidation in our industry; our focus on hotel and other accommodations if users expect other services; our ability to innovate and provide tools and services that are useful to our users and advertisers; our dependence on relationships with third parties to provide us consumer reviews; our reliance on search engines, which may change their business models or algorithms; any inaccuracies in, or misinterpretation of, the assumptions and estimates and data we use to make decisions about our business; changes to and our compliance with applicable laws, rules and regulations; the impact of any legal and regulatory proceedings to which we are or may become subject; potential disruptions in the operation of our systems, security breaches and data protection; and impacts from our operating globally. Such risks and uncertainties may cause the statements to be inaccurate and readers are cautioned not to place undue reliance on such statements. Many of these risks are outside of our control and could cause our actual results to differ materially from those we thought would occur. The forward-looking statements included in this presentation are made only as of the date hereof. We do not undertake, and specifically decline, any obligation to update any such statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments.

Special Note Regarding Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures, including adjusted EBITDA. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under US GAAP can be found in this presentation in the Appendix and should be carefully evaluated.

These non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures should be read in conjunction with our financial statements prepared in accordance with GAAP.

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Appendix: Financial statements

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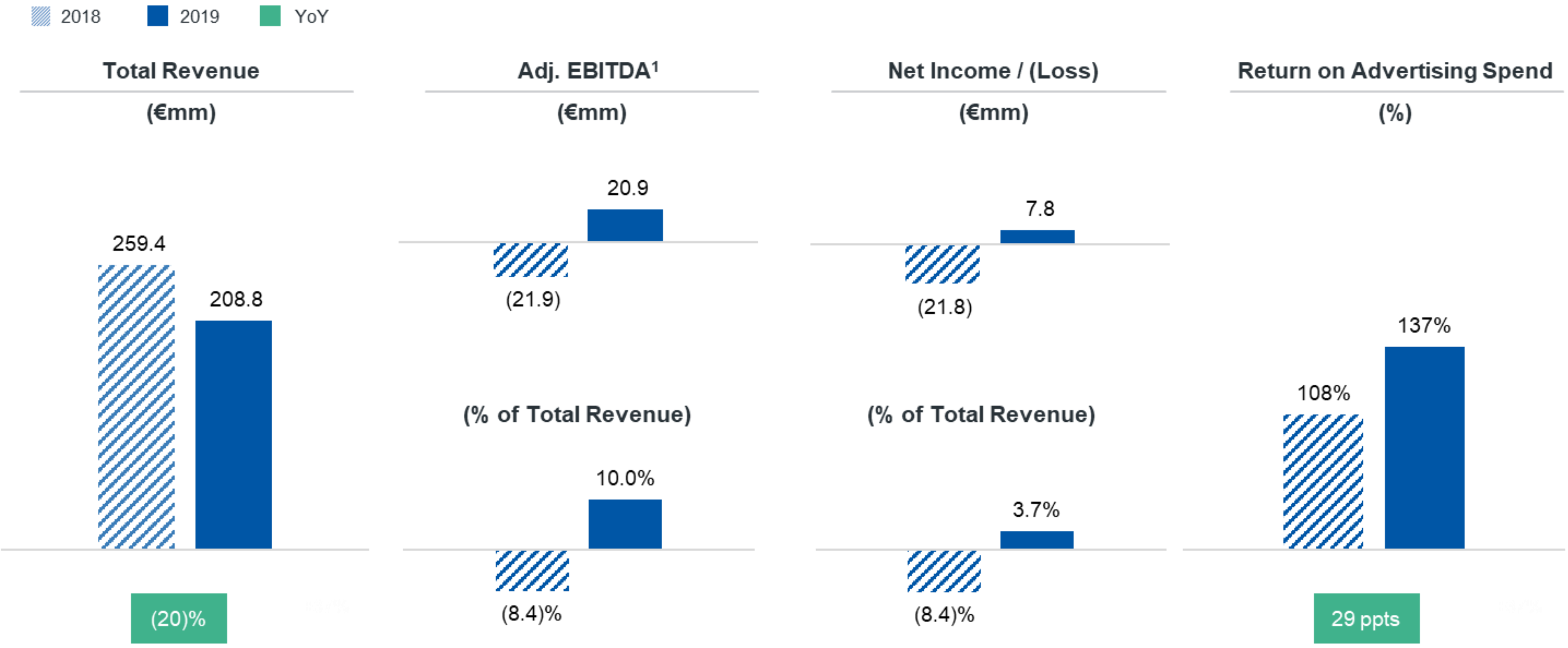
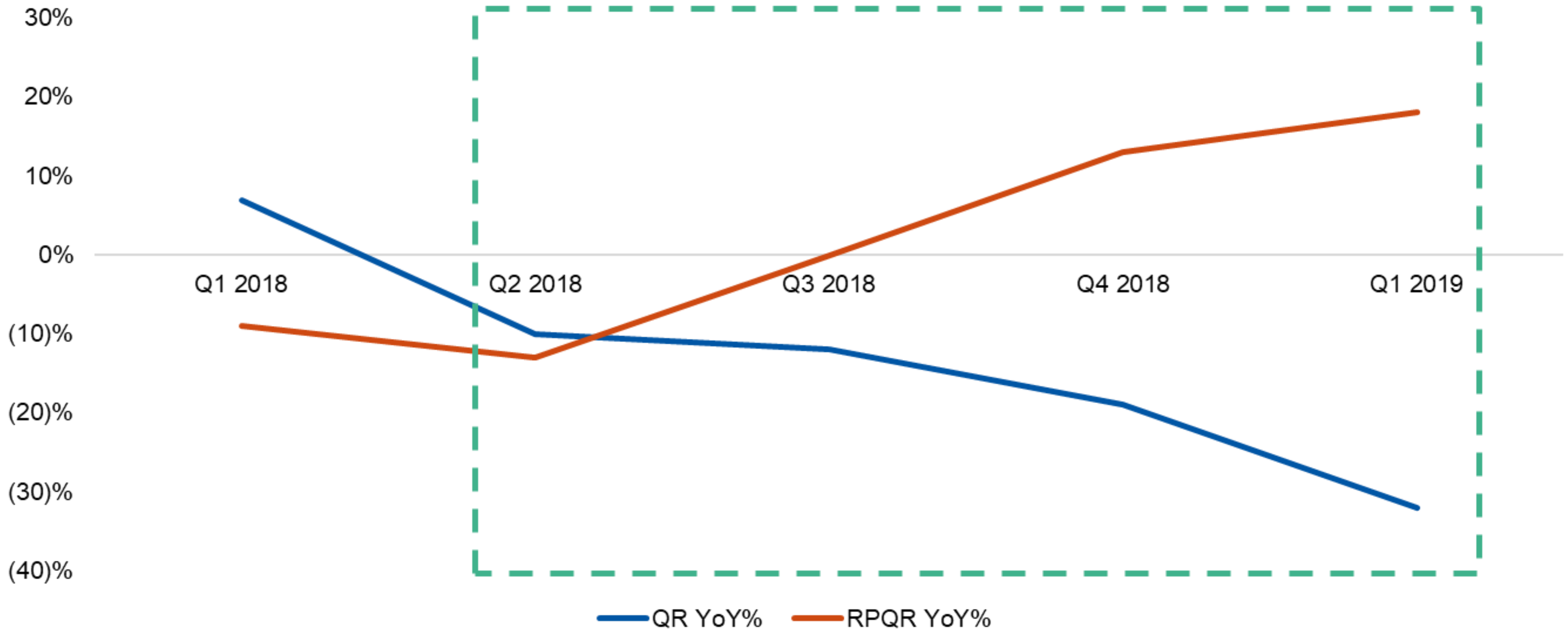
Q1 2019 – Financial Update



Source: Unaudited US GAAP financials and internal data
Note: Some numbers may not add up due to rounding
1. Adj. EBITDA is only adjusted for share-based compensation. A reconciliation to reported results is included in the Appendix

Recalibration of Advertising Spend and platform optimizations have changed the dynamics of our Referral Revenue drivers

QR[1] and RPQR[2] year-on-year growth rates



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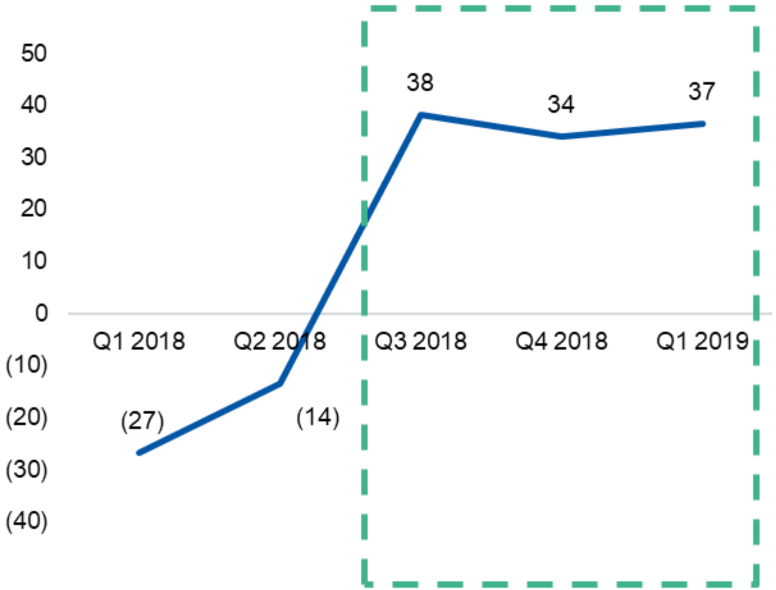
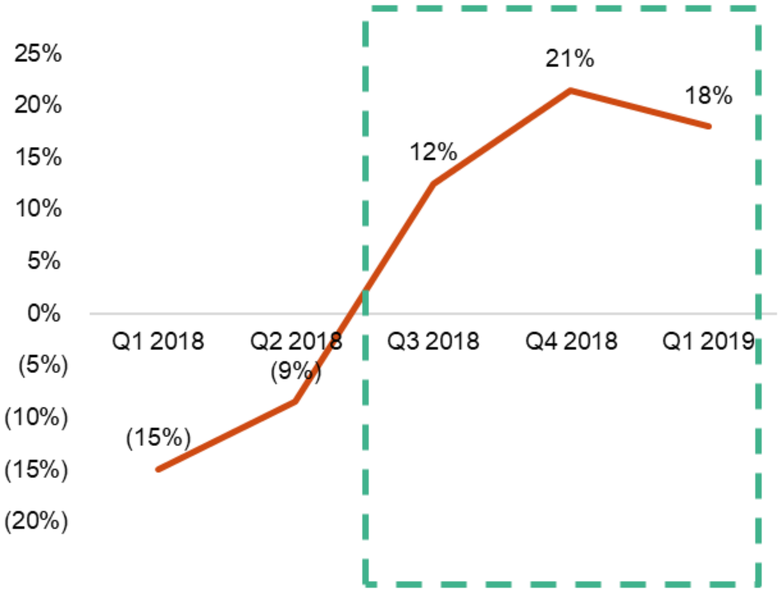
Source: Internal data
1. QR: Qualified Referral
2. RPQR: Revenue per Qualified Referral

We continued to improve our contribution year-on-year leading to a significantly higher adjusted EBITDA margin

Change in ROAS contribution YoY (€mm)



Change in Adj. EBITDA[1] margin YoY (ppts)



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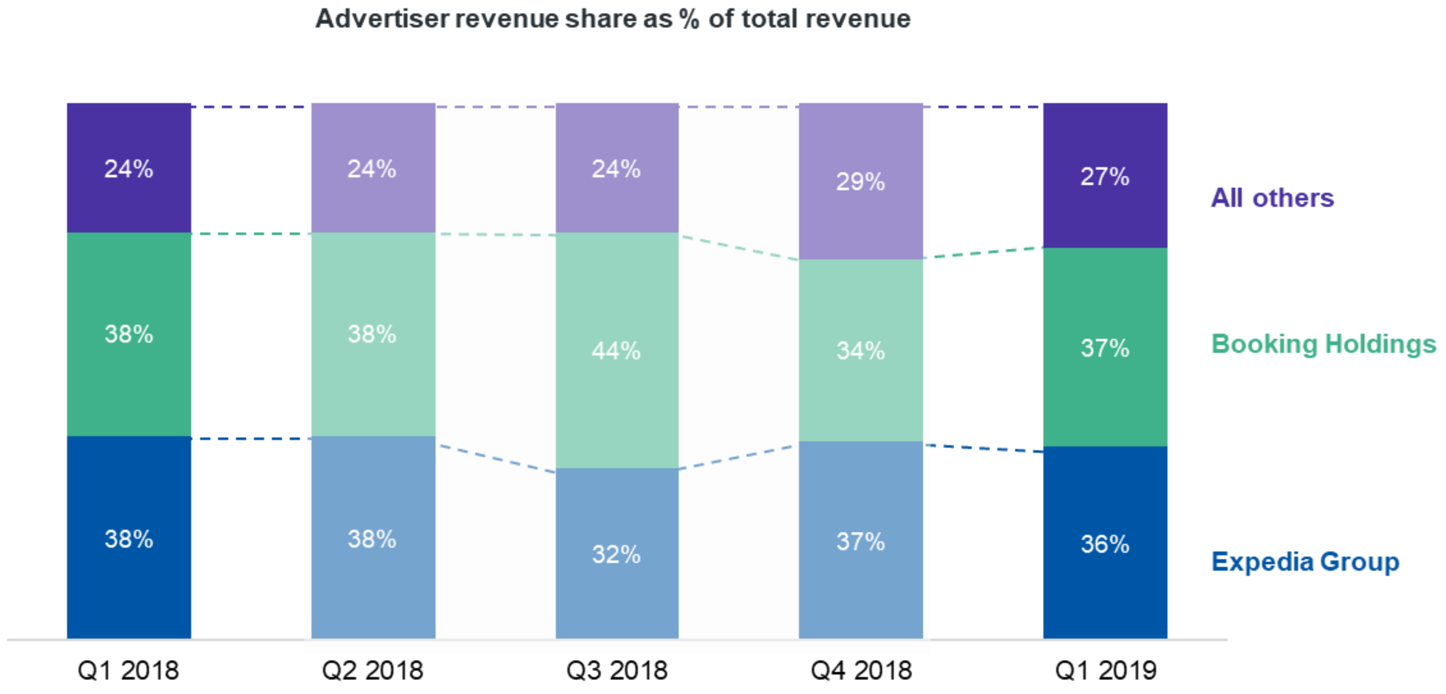
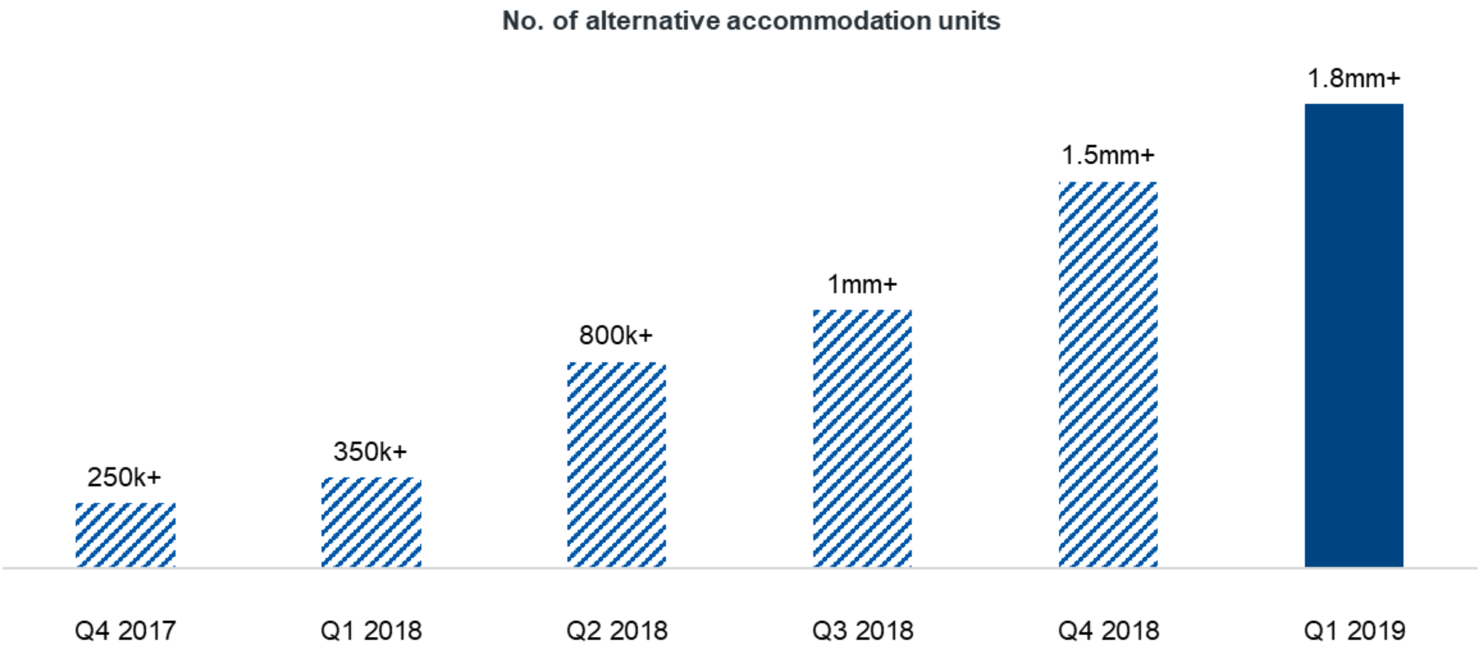
Source: Unaudited US GAAP financials and internal data
Note: Some numbers may not add up due to rounding
1. Adj. EBITDA is only adjusted for share-based compensation. A reconciliation to reported results is included in the Appendix

Our advertiser mix was broadly in line with prior periods



Source: Internal data

Our alternative accommodation effort continues: we have crossed the 1.8mm units milestone



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Source: Internal data
Note: Represents access to over 1.8 million units of alternative accommodation, such as vacation rentals and private apartments

Q1 2019 Highlights

Referral Revenue benefited from a **significant improvement in RPQR** while it continued to be negatively affected by a decline in Qualified Referrals

Continued to **optimize and recalibrate** Advertising Spend, resulting in a **strong improvement in profitability**

Benefited from **stabilized** marketplace dynamics

Source: Internal data

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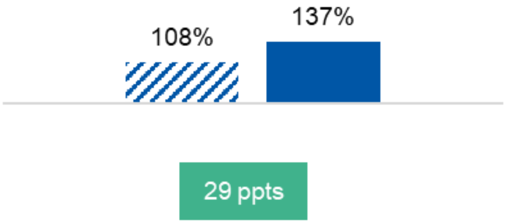
KPI – Global

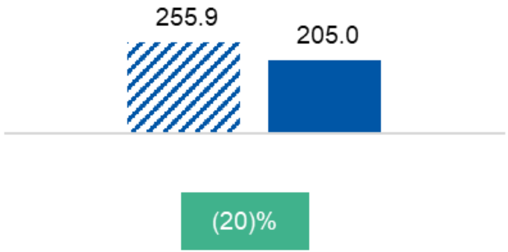
2018 | 2019 | YoY

ROAS[1] (%)

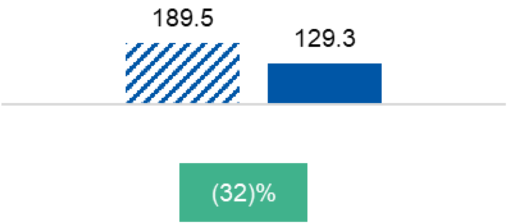


- Optimization and recalibration of Advertising Spend

Referral Revenue (€mm)

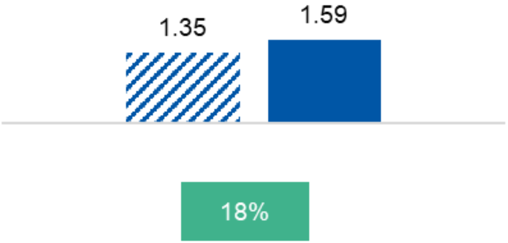


Qualified Referrals (mm)



- Optimization and recalibration of Advertising Spend
- Platform optimizations

RPQR[2] (€)



- Optimization and recalibration of Advertising Spend
- Platform optimizations

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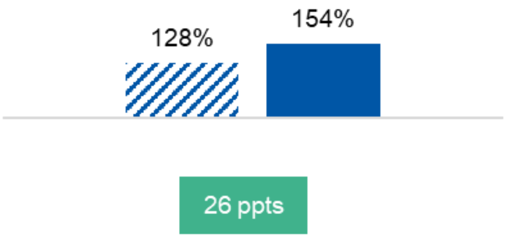
Source: Internal data
Note: Some numbers may not add up due to rounding
1. ROAS: Return on Advertising Spend
2. RPQR: Revenue per Qualified Referral

KPI – Developed Europe

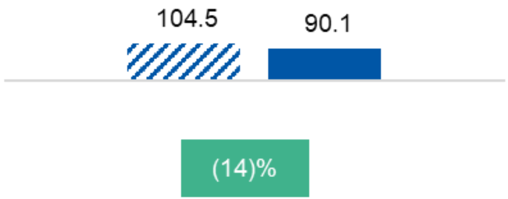
2018 2019 YoY

ROAS[1] (%)

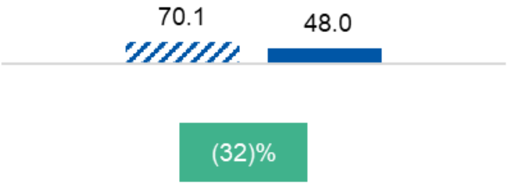


- Primarily driven by the optimization and recalibration of our Advertising Spend

Referral Revenue (€mm)

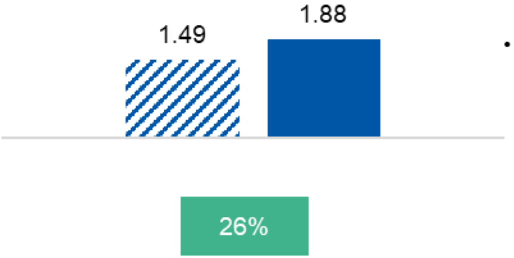


Qualified Referrals (mm)



- Negatively impacted by a reduction in our Advertising Spend and product optimizations

RPQR[2] (€)



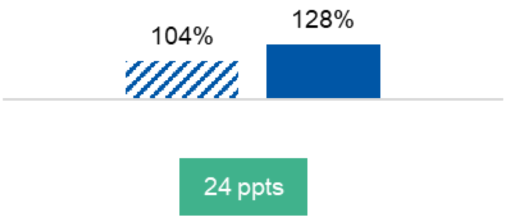
- Primarily driven by the optimizations of our Advertising Spend and platform while it was negatively impacted by slightly lower levels of commercialization

Source: Internal data
Note: Some numbers may not add up due to rounding
1. ROAS: Return on Advertising Spend
2. RPQR: Revenue per Qualified Referral

KPI – Americas

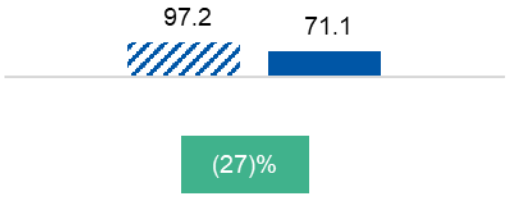
2018 2019 YoY

ROAS[1] (%)

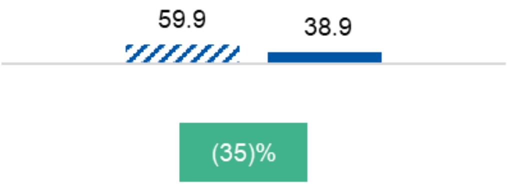


- Primarily driven by the optimization and recalibration of our Advertising Spend

Referral Revenue (€mm)

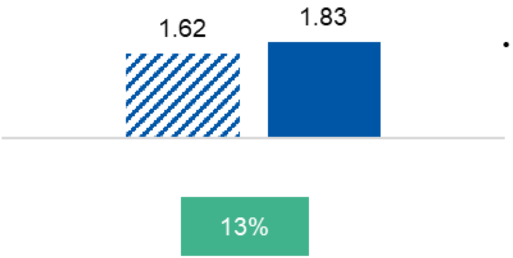


Qualified Referrals (mm)



- Negatively impacted by a reduction in our Advertising Spend and product optimizations

RPQR[2] (€)



- The improvement driven by the optimizations of our Advertising Spend and platforms while it was negatively impacted by slightly lower levels of commercialization

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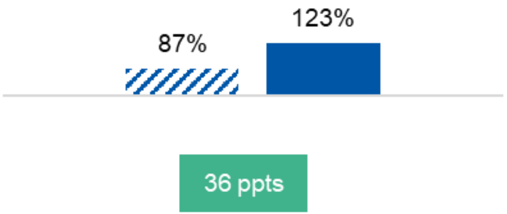
Source: Internal data
Note: Some numbers may not add up due to rounding
1. ROAS: Return on Advertising Spend
2. RPQR: Revenue per Qualified Referral

KPI – Rest of World

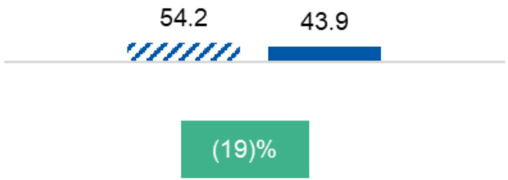
2018 2019 YoY

ROAS[1] (%)

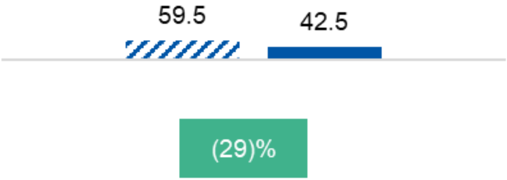


- Primarily driven by the optimization and recalibration of our Advertising Spend

Referral Revenue (€mm)

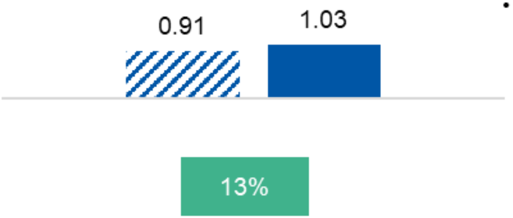


Qualified Referrals (mm)



- Negatively impacted by a reduction in our Advertising Spend and product optimizations

RPQR[2] (€)



- The improvement driven by the optimizations of our Advertising Spend and platforms

Source: Internal data
Note: Some numbers may not add up due to rounding
1. ROAS: Return on Advertising Spend
2. RPQR: Revenue per Qualified Referral

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Guidance for 2019

- FY 2019 **Adj. EBITDA**[1] expected to be between **€50-75mm**
- **Advertising expense** is expected to **decline**[2] **in Q2** and **increase**[2] **in Q3 and Q4**
- **Referral revenue** is expected to **decline**[2] **in Q2** and **increase**[2] **in Q3 and Q4**

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1. Adj. EBITDA is a non-GAAP measure and only adjusted for share-based compensation
2. Compared to the same periods in 2018

Appendix

Consolidated Financials Q1 2019, trivago N.V.

in €k	Q1 2019	Q1 2018	Abs Δ vs. Q1'18	Δ vs. Q1'18
Referral revenue	204,976	255,891	(50,915)	(19.9)%
Other revenue	3,780	3,473	307	8.8%
Total revenue	208,755	259,364	(50,609)	(19.5)%
Cost of revenue	1,901	1,579	322	20.4%
% of Total revenue	*0.9%*	*0.6%*		
Selling and marketing	162,698	256,226	(93,528)	(36.5)%
% of Total revenue	*77.9%*	*98.8%*		
Technology and content	18,463	15,470	2,993	19.3%
% of Total revenue	*8.8%*	*6.0%*		
General and administrative	12,239	14,879	(2,640)	(17.7)%
% of Total revenue	*5.9%*	*5.7%*		
Amortization of intangible assets	421	421	—	—%
% of Total revenue	*0.2%*	*0.2%*		
Operating income (loss)	13,033	(29,211)	42,244	144.6%
Net interests and other expenses	291	79	212	n.m.
% of Total revenue	*0.1%*	*—%*		
Income taxes	5,586	(7,351)	12,937	176.0%
% of Total revenue	*2.7%*	*(2.8)%*		
Income (loss) from equity method investment	90	(17)	107	n.m.
% of Total revenue	*—%*	*—%*		
Net income (loss)	7,828	(21,798)	29,626	135.9%
% of Total revenue	*3.7%*	*(8.4)%*		

Comments

- Overview of P&L under US GAAP
- See next page for a detailed discussion of business development

Source: unaudited US GAAP financials
Note: “n.m.” – not meaningful

Consolidated Financial Information Q1 2019, trivago N.V.

in €k	Q1 2019	Q1 2018	Abs Δ vs. Q1'18	Δ vs. Q1'18	
Referral revenue	204,976	255,891	(50,915)	(19.9)%	1
Other revenue	3,780	3,473	307	8.8%	2
Total revenue	208,755	259,364	(50,609)	(19.5)%	
Cost of revenue excl. SBC	1,836	1,550	286	18.5%	
% of Total revenue	*0.9%*	*0.6%*			
Selling and marketing excl. SBC	161,954	255,472	(93,518)	(36.6)%	
% of Total revenue	*77.6%*	*98.5%*			
Advertising spend excl. SBC	150,018	237,420	(87,402)	(36.8)%	3
% of Total revenue	*71.9%*	*91.5%*			
Other s&m excl. SBC	11,936	18,053	(6,117)	(33.9)%	4
% of Total revenue	*5.7%*	*7.0%*			
Technology and content excl. SBC	16,508	14,625	1,883	12.9%	5
% of Total revenue	*7.9%*	*5.6%*			
General and administrative excl. SBC	9,708	12,005	(2,297)	(19.1)%	6
% of Total revenue	*4.7%*	*4.6%*			
Depreciation add-back	2,170	2,423	(253)	(10.4)%	
% of Total revenue	*1.0%*	*0.9%*			
Adjusted EBITDA	20,919	(21,865)	42,784	195.7%	
% of Total revenue	*10.0%*	*(8.4)%*			
Share-based compensation (SBC)	5,295	4,502	793	17.6%	
% of Total revenue	*2.5%*	*1.7%*			
EBITDA	15,624	(26,367)	41,991	159.3%	
% of Total revenue	*7.5%*	*(10.2)%*			
Depreciation and amortization	2,591	2,844	(253)	(8.9)%	
% of Total revenue	*1.2%*	*1.1%*			
Net interests and other expenses	(291)	(79)	(212)	n.m.	
% of Total revenue	*(0.1)%*	*—%*			
Income taxes	5,586	(7,351)	12,937	176.0%	
% of Total revenue	*2.7%*	*(2.8)%*			
(Income) / loss from equity method investment	90	(17)	107	n.m.	
% of Total revenue	*—%*	*—%*			
Net income (loss)	7,828	(21,798)	29,626	135.9%	
% of Total revenue	*3.7%*	*(8.4)%*			

Comments

1. Referral revenue decreased by 20% YoY due to revenue decline in Americas, Developed Europe and RoW of 27%,14% and 19%, respectively
2. Other revenue increased by 9% YoY driven by increases in subscription revenue and related party revenue
3. Advertising spend decreased by 37% YoY due to declines in Americas, Developed Europe and RoW of 40%, 28% and 43%, respectively
4. Other selling and marketing expense excl. SBC decreased by 34% YoY driven by lower personnel costs and lower investments in advertisement production
5. Technology and content expense excl. SBC increased by 13% YoY driven by higher personnel costs and office expense
6. General and administrative expense excl. SBC decreased by 19% YoY driven by lower professional fees and personnel costs

Source: unaudited US GAAP financials
Note: Several expense items above are adjusted, where indicated, for share-based compensation
Note: “n.m.” – not meaningful

Reconciliation of non-GAAP Financial Measures Q1 2019, trivago N.V.

in €mm	Q1 2019	Q1 2018	Abs Δ vs. Q1'18	Δ vs. Q1'18
Net income/(loss)	7.8	(21.8)	29.6	135.8%
Income from equity method investment	0.1	—	0.1	n.m.
Income/(loss) before equity method investment	**7.7**	**(21.8)**	**29.5**	**135.3%**
Expense/(benefit) for income taxes	5.6	(7.4)	13.0	175.7%
Income/(loss) before income taxes	**13.3**	**(29.1)**	**42.4**	**145.7%**
Add/(less):				
Other, net	(0.3)	(0.1)	(0.2)	n.m.
Operating income/(loss)	**13.0**	**(29.2)**	**42.2**	**144.5%**
Depreciation	2.2	2.4	(0.2)	(8.3)%
Amortization of intangible assets	0.4	0.4	**—**	**—%**
EBITDA	15.6	(26.4)	42.0	159.1%
Share-based compensation	5.3	4.5	0.8	17.8%
Adjusted EBITDA	20.9	(21.9)	42.8	195.4%

Provided below are the amounts of share-based compensation excluded from the expense items:

in €k	Q1 2019	Q1 2018
Cost of revenue	65	29
Selling and marketing	744	754
Technology and content	1,955	845
General and administrative	2,531	2,874
Share-based compensation	**5,295**	**4,502**

Source: unaudited US GAAP financials
Note: “n.m.” – not meaningful

Consolidated Statement of Cash Flows Q1 2019, trivago N.V.

in €k	Q1 2019	Q1 2018	
Net income/(loss)	7,828	(21,798)	1
Adjustments to reconcile net income/(loss) to net cash provided by/(used in):			
Depreciation	2,170	2,423	
Amortization of intangible assets	421	421	
Impairment of internal-use software and website development	96	165	
Share-based compensation	5,295	4,502	
Deferred income taxes	1,064	(7,793)	
Foreign exchange (gain) loss	126	(134)	
Bad debt expense	180	127	
Loss on sale of fixed assets	1	2	
Gain from equity method investment	(90)	17	
Change in operating assets and liabilities			2
Accounts receivable, including related party	(2,993)	(42,439)	
Prepaid expense and other assets	603	(619)	
Accounts payable	18,987	36,438	
Payroll liabilities	(2,041)	21	
Accrued expenses and other liabilities	845	1,182	
Deferred revenue	(93)	1,126	
Taxes payable/receivable, net	4,189	(759)	
Net cash provided by/(used in) operating activities	**36,588**	**(27,118)**	
Capital expenditures	(1,604)	(5,758)	
Proceeds from sale of fixed assets	13	19	
Net cash used in investing activities	**(1,591)**	**(5,739)**	
Proceeds from exercise of option awards	160	6	
Repayment of other non-current liabilities	(102)	—	
Net cash provided by/(used in) financing activities	**58**	**6**	3
Effect of exchange rate changes on cash	13	(332)	
Net increase/(decrease) in cash, cash equivalents and restricted cash	35,068	(33,183)	
Cash and cash equivalents at beginning of the period	164,308	192,900	
Cash and cash equivalents at end of period	199,376	159,717	

Comments

1. Net income improved to €7.8 million reflecting a substantial increase in our profitability as we reduced Advertising Spend to adapt to the changing dynamics on our marketplace
2. Change in operating assets and liabilities led to an increase in Cash and cash equivalents mainly due to an increase in Accounts payable of €19.1 million in the first quarter of 2019
3. Capital expenditures decreased year-over-year mainly driven by a reduction of capital expenditures related to the new campus compared to the first quarter of 2018

Source: unaudited US GAAP financials

Consolidated Balance Sheet Q1 2019, trivago N.V.

in €k	As of March 31, 2019	As of December 31, 2018	
Cash and cash equivalents	196,939	161,871	1
Restricted cash	122	122	
Accounts receivable, less allowance	50,216	54,981	2
Accounts receivable, related party	47,281	39,655	
Tax receivable	307	281	
Prepaid expenses and other current assets	7,754	8,346	
Total current assets	**302,619**	**265,256**	
Property and equipment, net	35,222	162,001	3
Operating lease right-of-use assets	101,926	—	
Deferred income taxes	640	—	
Other long-term assets	7,006	6,148	
Intangible assets, net	171,188	171,609	
Goodwill	490,545	490,529	
Total assets	1,109,146	1,095,543	
Accounts payable	52,766	33,656	4
Income taxes payable	5,436	1,221	
Deferred revenue	7,770	7,863	
Payroll liabilities	6,490	8,531	
Accrued expenses and other current liabilities	7,900	9,650	
Operating lease liability	6,179	—	
Total current liabilities	**86,541**	**60,921**	
Operating lease liability	99,771	—	
Financing obligations	—	127,705	5
Deferred income taxes	49,978	46,550	
Other long-term liabilities	2,147	6,784	
Class A common stock	2,647	2,554	
Class B common stock	184,613	185,213	
Reserves	763,224	757,262	
Contribution from parent	122,307	122,307	
Accumulated other comprehensive loss	(45)	(89)	
Accumulated deficit	(202,037)	(213,664)	
Total stockholders' equity	**870,709**	**853,583**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,109,146	1,095,543	

Source: unaudited US GAAP financials

Comments

1. Increase in Cash and cash equivalents was mainly driven by positive cash flows from operating activities which were mainly due to changes in operating assets and liabilities and additional positive effects from Net income excluding non-cash expenses
2. Accounts receivable from non-related parties decreased to €50.2 million mainly due to delayed payments from advertisers in the fourth quarter of 2018
3. Property and equipment decreased mainly due to the transition from build-to-suit to operating lease treatment of our campus as a result of the adoption ASC 842, the new leasing standard
4. Accounts payable increased to €52.8 million mainly driven by an increase in Advertising Spend
5. Financing obligations as of December 31, 2018, mainly relating to build-to-suit treatment of our campus, were transitioned to Operating lease liabilities in Q1 2019 as a result of the adoption ASC 842, the new leasing standard

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Reconciliation of quarterly non-GAAP Financial Measures

in €mm	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net income/(loss)	(21.8)	(20.7)	10.1	11.7	7.8
Income/(loss) from equity method investment	—	—	0.1	—	—
Income/(loss) before equity method investment	**(21.8)**	**(20.7)**	**10.0**	**11.6**	**7.7**
Expense/(benefit) for income taxes	(7.4)	(6.6)	7.1	8.2	5.6
Income/(loss) before income taxes	**29.1**	**(27.3)**	**17.1**	**19.9**	**13.3**
Add/(less):					
Interest expense	—	0.3	0.7	0.8	—
Other, net	(0.1)	0.4	0.1	(0.9)	(0.3)
Operating income/(loss)	**(29.2)**	**(26.6)**	**17.9**	**19.8**	**13.0**
Depreciation	2.4	3.1	3.0	2.9	2.2
Amortization of intangible assets	0.4	0.4	0.4	0.4	0.4
EBITDA	(26.4)	(23.1)	21.2	23.1	15.6
Share-based compensation	4.5	5.4	5.4	5.5	5.3
Adjusted EBITDA	(21.9)	(17.7)	26.6	28.6	20.9

Source: unaudited US GAAP financials

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