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PRESENTATION

Operator

Good day, ladies and gentlemen. Thank you for standing by, and welcome to the trivago Q2 Earnings Call 2019. I must advise that the call is being recorded today, Wednesday, the 24th of July 2019. We are pleased to be joined on the call today by Rolf Schrömgens, trivago's CEO and Managing Director; and Axel Hefer, trivago's CFO and Managing Director.

The following discussion, including responses to your questions, reflects management's views as of today, July 24, 2019, only. trivago does not undertake any obligations to update or revise this information. As always, some of the statements made on today's call are forward-looking, typically preceded by words such as we expect, we believe, we anticipate or similar statements. Please refer to today's press release and the company filings with the SEC for information about factors which could cause trivago's actual results to differ materially from these forward-looking statements.

You'll find reconciliations of non-GAAP measures to the most comparable GAAP measures discussed today in trivago's earnings release, which is posted on the company's IR website at ir.trivago.com. You are encouraged to periodically visit trivago's Investor Relations site for important content, including today's earnings release. Finally, unless otherwise stated, all comparisons on this call will be against results for the comparable period of 2018.

With that, let me turn the call over to Rolf.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Welcome, everybody. Many thanks for joining our second quarter 2019 earnings call. We had a couple of promising quarters in a row. But this quarter, I have to give a special thanks to the team. It is impressive how strongly people believed in the potential of the company despite the difficult times we went through. Now they deserve to see the first result of their hard work.

Q2 marked the fourth quarter of year-on-year profitability improvement, and we were able to go back to revenue growth in June. We are happy with the overall development, not only on the financial but also on an operational level. With the anniversary of our marketing optimization and lapping the year-over-year strategy change, we got the first time better visibility on the achievements of our marketing team. We were producing better converting and more diversified creatives and brand marketing and higher efficiency in the performance marketing channels, not only in SEM but also display and content marketing.

We clearly focused this quarter on raising user engagement with our website and app. We increased the value depth of our products significantly through better content exposure and increasing interactivity. We continue to work closely together with our largest advertisers, investing into large-scale tests, jointly analyzing results to improve the end user experience. We made a significant step forward in promoting efficiencies in our marketplace by launching bid modifiers and giving our advertisers new dimensions to optimize their spend.

Now let's have a look at our numbers on Page 5 of our presentation. The continued optimization of our advertising spend led to the fourth consecutive quarter of strong improvement of our profitability, turning a EUR 17.5 million EBITDA loss in Q2 2018 into an EUR 18.5 million EBITDA profit this quarter. Net income was EUR 5.9 million in the second quarter 2019, up EUR 26.6 million from a net loss of EUR 20.7 million in the second quarter 2018. The decline in our referral revenue decelerated significantly compared to the first quarter as we started to lap over the advertising spend optimization, as mentioned before. As we enter into our high season, we started to ramp up our marketing activities during the quarter, leading to an increase in advertising spend of 13% compared to the first quarter 2019. Still, advertising spend was 19% lower compared to the second quarter 2018, which resulted in an adjusted EBITDA margin of 8.3%.

As our commercialization was broadly stable in the second quarter, our return on advertising spend, or ROAS, improved strongly to 130% compared to 110% in the second quarter 2018. On Slide 6, you can see the improvement in absolute contribution since we started to optimize our advertising spend. While our contribution development was negative in the first 2 quarters 2018, we improved it very consistently over the last 4 quarters. As expected, the absolute improvement started to decelerate this quarter as we lapped over the starting point of the optimization efforts. Still, keeping in mind the harder comparison, the contribution improvement of EUR 29 million is exceeding the effects we saw on previous quarters. In total, we improved contribution by EUR 138 million for the last 12 months. This is also reflected in our adjusted EBITDA margin, which improved 16 percentage points in Q2 year-over-year. Going forward, you cannot expect similar improvement in our profitability. However, our aim is to show annual absolute adjusted EBITDA growth in the years to come.

As we started to optimize our advertising spend late in the second quarter 2018, the comps between months were very different. So the overall quarterly performance is not a good indication of the most recent trends in Q2. On Slide 7, we illustrate how the year-over-year performance changed throughout the quarter. While we have still reduced our advertising spend in April and May significantly year-over-year, it was less down in June compared to the same month in 2018. This is also reflected in our referral revenue, which declined in April and May but returned to year-over-year growth in June. The increase in ROAS in all 3 months reflects the improvement in our marketing efficiency. As we're approaching last year's advertising spend level, the increase gets less significant.

In Q2 2019, we see globally overall stable trends in commercialization and revenue shares. Looking at Slide 8, all other advertisers continue to gain share of our total referral revenue. In certain locales, regional advertisers started to bid up, taking market share from the global OTAs. We welcome advertiser diversification, but it's too early to say if this constitutes already a change in trends. Let me also remind you that Booking Holdings were very active on the marketplace in 2017. As Booking started to normalize their bid levels shortly afterwards, the market share gains reversed.

As I mentioned in the beginning, we made significant progress this quarter in adding flexibility to our marketplace and optimizing the end-to-end user experience with the help of our advertisers. Let's have a look at Slide 9. A milestone this quarter was the introduction of bid modifiers. We have recently been working on making our marketplace more flexible by introducing differentiated bidding for certain referrals. We have launched the first 2 new bid modifiers, time to travel and length of stay in a few test markets in mid-June and plan a full rollout of these modifiers during the third quarter. We expect the impact of this change to be positive on our conversion. Going forward, we plan to use the more flexible auction bidding to add modifiers where we believe we can add value to our users and our advertisers.

In addition, we ran a large-scale multi-market test with our large advertisers. Instead of applying the algorithm that adjusts CPC bids based on the relevance assessment, we handed over parameters to allow them to optimize the experience down the funnel. While we are still waiting for the full result of the test, we plan to continue to cooperate closely with our advertisers to give them further flexibility to promote a seamless user experience across platforms.

To summarize. This quarter marked the fourth consecutive quarter with a significant improvement in our overall profitability. We consider this our new base now, and our aim is to gradually improve the full year absolute profitability from here, while focusing on growing our business. We returned to positive year-over-year referral revenue growth in June and expect the positive growth trajectory to continue in the second half of the year. Our marketplace dynamic was stable with no significant change in our commercialization. We continue to work together with our advertisers to find ways to increase the overall value for our users.

With that, let me now hand over to Axel for a detailed look at the numbers.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

Thanks, Rolf. Globally, our return on advertising spend increased from 110% to 130% or 20 percentage points in the second quarter 2019. A key driver of this has been the optimization and recalibration of our advertising spend that has been going on for a couple of quarters now and started end of May 2018.

Our referral revenue decreased by 5% from EUR 231.1 million to EUR 219.9 million and consists of 2 components. The first component, the qualified referrals, were impacted by the optimization and recalibration of our advertising spend and continues to be impacted by the platform optimization where we raised engagement on the platform and reduced click-outs. The result of that has been a reduction of qualified referrals from 177.1 million to 131.3 million. On the other hand, the RPQR has benefited from the same factors and increased from EUR 1.3 to EUR 1.67 or 28%.

On a regional level, there are 2 points that are standing out and worth mentioning. In Developed Europe, we believe that we've benefited from a different Easter seasonality, which led to a particularly strong referral revenue development where we kept the revenue flat from EUR 92.8 million in the second quarter 2018 to EUR 93.2 million in the second quarter 2019.

In the Rest of the World, we reduced advertising spend from EUR 62.2 million in the second quarter 2018 to EUR 39.1 million in the second quarter 2019. And as a result, our ROAS increased by 28 percentage points whereas the revenue shrank 17%.

Coming now to our overhead costs. There, we managed to significantly reduce our cost base from EUR 45.9 million of costs and expenses pre-amortization and share-based compensation in the second quarter 2018 to EUR 37.8 million in the second quarter 2019 or a reduction of EUR 8.1 million year-over-year. Main drivers of this reduction have been: the personnel cost reductions, so a decrease in overall headcount, that had an impact on all categories; the reduction of our external professional fees that had an impact on our general and administrative costs; and more optimal TV spot production and a more efficient TV spot strategy that had a positive impact on our other selling and marketing.

Coming now to our guidance for the year. So we guide the financial year 2019 adjusted EBITDA to be in the range of EUR 60 million to EUR 80 million. Our total revenue is expected to increase in the second half of 2019 with positive growth in Q3 and Q4, and our advertising spend is expected to increase in both Q3 and Q4 compared to the same periods the year before.

Elie Matta - *trivago N.V. - Head of Corporate Development, Strategy & IR*

With that, let us turn over to Q&A. Operator, if you can open the floor.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Lloyd Walmsley from Deutsche Bank.

Lloyd Wharton Walmsley - *Deutsche Bank AG, Research Division - Research Analyst*

Two, if I can. First, when we look at the decline in your ad spend over the last year, you've lost far less revenue than you cut in ad spend. So as you start to dip back into growing ad spend, wondering how we should think about the incremental ROAS. And then I would imagine some of the delta is direct versus acquired growth, and can you talk about how that may be part of what looks like weak marginal ROAS?

And then secondly, just on some of the changes you guys are making to bid modifiers. Can you talk about how much of an uplift you're getting in, I guess, RPQR as you layer those in? Like how much of the growth in the second half may be coming from that versus the incremental ad spend? Anything you could share there would be great.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

Thanks, Lloyd. So the first question was on the incremental ROAS of the increased advertising spend. So we are increasing our investment where we do believe that we can create value. So where the total return over the life time is positive, which does not mean that it has to be positive within the quarter. So that's a general concept.

On your second sub-question, is it different on the reduction on the way down and the way up, we do believe that is the case. Because when we started to optimize our marketing spend, we were coming out of a period where we had basically increased it for years and years and years very, very aggressively. And what we realized in the last 4 quarters is that there are quite some optimization levers in our spend. So we do believe that we're, today, on a more efficient spend level than we were before. And as a result also, we'll be able to increase it more efficiently than we have done in the past.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Regarding your questions on the bid modifiers and the impact, so as we said, we rolled out to some markets in June. And we will roll out, now in the second half of the year, we will roll out to the other markets.

When you're looking at the dynamics there, it's really, really early to say what extent, what impact this will have on our overall numbers because it's always a process. So it's a process of bid adaption, of efficiencies. I think our first initial results that you see show us that basically, what we see is logical, and that what we saw before in modeling also turns out to be true in our first early results so that we see a positive impact. How large this positive impact is has a lot to do with the reaction of many, many advertisers.

So I think it's too early to say what is the exact amount. So for us, we don't model it into our consideration for the second half of the year.

Operator

The line of Shyam Patil from Susquehanna is open.

Unidentified Analyst

It's Ryan on for Shyam. So first, you guys just brought on a new Head of Hotel Search. So I was just wondering how his experience impacts how you operate going forward? And what will he be focused on over the next few quarters?

And then secondly, on Google Travel. Are there any updates on progress with the investment in advertising there? And do you have any thoughts on some of Google's recently announced tweaks to their travel product?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Let me first say that I'm very, very happy that James Carter is joining us from Google. I think that is again giving the team a lot of confidence who's the winning team. And I think that James now, first of all, has to get to know the team better. It has for me the impact that I can focus more on my CEO role. James can focus on his role as Hotel Search lead. I think he has a lot of experience. He can bring a lot of those experiences into our product. And everybody is already very fired up to work with him, and there's a high energy in the team. So I'm really, really looking forward to work together with him for the next years.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

On your second question, our participation in the Google Hotel Ads product, we do continue to work on increasing our participation there and rolling out our visibility globally as we've done over the last couple of quarters. So we expect to see a gradual increase in that channel.

On the more recent launch, Google's travel product or the rollouts to multiple platforms, we obviously observe the development there carefully, and we do believe that it is a good product. But we don't think that it will have an impact in the short term on our financials.

Operator

The line of Brian Nowak from Morgan Stanley is open.

Brian Thomas Nowak - *Morgan Stanley, Research Division - Research Analyst*

Great. To go back to the more flexible bidding, time to travel and length of stay, as you sort of observed the early test, is it leading to incremental hotel bookings by your biggest spenders and so they're actually spending more money getting more bookings? Or is it more sort of optimizing on the same bookings? What are you seeing early from the actual bookings you're delivering to your partners?

Then the second one, just as you think about the back half and then even more 2020. Talk to us about how you think about the breakdown in revenue growth between really getting more qualified referrals to the platform as opposed to ways to optimize revenue per qualified referral into next year?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

No, very clearly, we expect incremental bookings. I mean, this is the reason why we're doing it. We expect to, in total, to increase the value of our users. And there are advertisers who are specialized on specific users, specific user groups. And I think that this will, in total, improve -- or we don't think it, but we have tested it, that it will in total improve the number of bookings incrementally, yes.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

On your second question, drivers of growth, for the second half of 2019, we do expect the RPQR to have a positive contribution to our growth. Whereas in 2020, we would expect the QR development to have an increasing share or increasing contribution to our overall growth.

Operator

The line of Tom White from D.A. Davidson is now open.

Thomas Cauthorn White - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Just maybe 2 on the more flexible bidding again. So just on the bid modifier change, can you just maybe talk at high level about how this sort of impacts the different types of advertisers on the platform? Should we think that this sort of change advantages kind of the particularly large advertisers initially just because they're more sophisticated, maybe more focused on things like this? And then could you just give a little bit more color on the second change that you guys talked about, the joint optimization, maybe a specific example of exactly what that change is?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Let me say there are 2 different effects. On one hand, yes, you said correctly that more sophisticated advertisers might have an advantage from an optimization point of view. But you have also to see the other side where you say more specialized advertisers which were not maybe able to compete on the full inventory, on all the users before, might now be able to compete more in the niche, and they can identify the niche better than they were able to do that before. And we are moving more into that direction, right? So we're moving more, and we want to introduce more bid multipliers in the future to allow that, to now allow niche players to be more competitive in their niche. More competitors also mean more user value for our users because of higher conversions.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

On the second large scale test, so what we are doing there is that we are giving our advertisers the opportunity to move away from a one-size-fits-all. So we hand over parameters that do allow them to have multiple landing pages for different user clusters, and we are testing whether this additional flexibility will make the relevance assessment redundant going forward.

Operator

The line of Naved Khan from SunTrust is open.

Naved Ahmad Khan - *SunTrust Robinson Humphrey, Inc., Research Division - Analyst*

Just a couple of questions. I think on the last call, you talked about how you're testing a new way of creatives, I think streamline the creative creation process. Can you talk about if that is having any impact on your advertising efficiency and also maybe the return on that spend?

And also, a follow-up question on the guidance. I think previous guidance was EUR 50 million to EUR 75 million and I think you guys had guided towards the high end of that. On the revised guide of EUR 60 million to EUR 80 million, should we expect EBITDA to be towards the high end of that as well? Or how should we think about that?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Let me first answer on your question regarding the creatives. Yes, it's true. We tested a number of creatives in the beginning or in the mid of Q1, and we used those creatives in Q2. And I think that you can see some of these positive impacts already, especially in the Americas markets where we first basically introduced these new creatives. So yes, basically, what we've seen in the testing was confirmed basically when we aired those spots, and we can see the same in our direct response results from our test.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

On the guidance. We did increase the guidance range to EUR 60 million to EUR 80 million. And compared to previous comments that we made in public, we do have a more positive view on the remainder of the year, and that was the main driver for the change in guidance.

Operator

The line of Kevin Kopelman from Cowen and Co. is open.

Kevin Campbell Kopelman - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Great. Can you talk a little bit more about the overall advertiser bidding environment, how you would characterize intensity of bidding from large and small advertisers in the second quarter compared to the first quarter?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

I think we've said that multiple times in the script. So our commercialization, what we see is, in total, stable. So there is no trend change in more aggressive bidding from one or the other advertiser. In total, our trends are stable and nothing unexpected.

Kevin Campbell Kopelman - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Got it. And just kind of a drill-down question, the relevance assessment, some of the changes that you're testing there and working with the advertisers on. Do you feel that, that was a driver of revenue growth in the quarter?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

No. We do not expect to have this immediate positive impact. We think that it has, in the long run, a neutral to positive impact, but not in the short term. It's rather, if it would have any tendency, it's rather in -- while we'd introduced it in those markets where we already introduced it and when we tested it, it rather had a negative impact.

Kevin Campbell Kopelman - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Yes. Okay. Great. And then one last question. Can you talk about your initiatives in alternative accommodation and vacation rental and how you're developing that in the platform and where you see it going?

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

I think we spoke about the rising numbers of inventory a couple of times in the past. We stopped doing that. We still continue to grow our inventory in alternative accommodations, of course, though now we're going into the next step where it's not only about increased inventory, but it's also about consolidating the content that we get about that inventory, improving how we display the content on our website. We did a couple of tests around that. I think one of them is also currently running. So right now, it's rather about how can we make that inventory more productive on trivago.

Operator

The line of James Lee from Mizuho Securities is open.

James Lee - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst*

First, on qualified referrals, I see trends here seem to be stabilizing, especially in Americas here. It's comparably much easier going to second half. So certainly, it's a driver for growth. I was wondering, are there any other more of the organic drivers other than easier comp? Do you see OTA kind of leaning and metasearch a little bit more here? And can we get to the positive growth territory maybe in 2020?

And secondly, on advertising spend. On Slide #7, you indicated that the marketing spending was much more efficient in June compared to other months of second quarter. I was wondering why that's the case.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

Okay. On the qualified referral question, so in 2020, we do expect the qualified referral revenue development to contribute to our total growth. So we do expect QRs to increase. In the second half of 2019, there will obviously be a positive impact, driven by the increase in advertising spend and by just our organic growth. There will still be some headwind on that metric coming out of the optimization efforts that we have put in place in the last 4 quarters. So those are the 2 comments I can make on the development.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Yes. On the ad spend, I think that what you correctly say is that there was a ROAS improvement still in month 3 in June. What you have to keep in mind is that this is the first month where we lapped the effect of the previous year. So we still have a chance to improve our total revenue efficiency, and also, we were still able to take down the spend a little bit. Important to say, we took down the spend and still, compared to the previous years, we had way lower spend in April and March, and we still could go back to grow in June. So I think that is a good confirmation that there is an underlying base trend that is quite stable and quite strong. And that is, of course, then also still improving the efficiency of the advertising spend.

James Lee - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst*

Great. Great. If I can have a follow-up question on marketing spend. You previously said you'll be leaning more into Google Hotel Ads. I think in many ways, that make sense. You seem to have some success there. My question is are you seeing other advertisers also leaning more into Google Hotel Ads, that could be a potential competition with your channel here?

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

So I mean, for us, that is still a bit difficult to answer because we are scaling up. So we don't have a year-over-year consistency or like-for-like comparison in our own participation. So the main effect that we obviously do observe is what we are controlling ourselves. Beyond that, we don't see significant change in competitive dynamics. But having said that, as we are continuously scaling up, the visibility on that is not very, very high for us.

Operator

The line of Doug Anmuth from JPMorgan is open.

Douglas Till Anmuth - *JP Morgan Chase & Co, Research Division - MD*

Great. I have 2. First, just on revenue. Just given the improvements and the comp you saw in June, can you just help us understand the trajectory in the back half of the year as we think about 3Q and 4Q?

And then second, it looks like your advertising spend in Rest of World was kind of an outsize decrease. Just curious if there were any particular drivers there, if there's anything going on from the advertiser demand perspective.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

So on the revenue side, we do expect an acceleration of growth over the quarters. And more positive development in 2020.

On the advertising spend, the optimization in Rest of the World has been greatest. And the reason why it has been greatest in the second quarter was that Rest of the World is a segment where we increased most aggressively in the last couple of years. So we saw in pretty much all the markets a very, very, very significant increase, really, quarter-over-quarter, year-over-year. And with that pace of increase, it's completely natural that there's more optimization potential. And we harvested that optimization potential, and that led to a more significant reduction than in the regions where we didn't increase at the same pace in the previous years.

Operator

The line of Robert Coolbrith from Wells Fargo is open.

Robert James Coolbrith - *Wells Fargo Securities, LLC, Research Division - Associate Analyst*

Great. First one, on the joint optimization. Just wondering if you could talk a bit more about the rationale for revisiting that. And any thoughts on what we might anticipate from a consumer experience perspective or just impact on overall customer satisfaction of the platform?

And then another question on sort of differences across regions in the quarter. Just wondering if you can tell us anything about the RPQR development. It seems like you had a pretty good improvement in Americas. Just wondering if there's sort of a phasing in of some of the performance improvements across the platform or if you could expect maybe that to improve in Rest of World at some point in the future.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Our focus on collaborating with the other advertisers has been and will be creating more value for our users. But when we're looking at value for our users, we have to look at value for our users across platforms. To maximize that, to maximize the value for our users, we have to have the best possible handovers between the different platforms. And best possible handover also needs to come with more flexibility from the advertisers' side to react to the users that we send them. And looking forward, we would expect that becoming even a more close collaboration. Because at the end, it will help to improve the overall user experience the most.

Axel Hefer - *trivago N.V. - CFO, MD of Finance, Legal, International, Marketing & Marketplace and Member of Management Board*

On the RPQR, the increase in RPQR is pretty much consistent in Europe and in Americas, and in Rest of the World is slightly softer. Having said that, you need to keep in mind that the Rest of the World segment is a lot more diverse than the 2 other segments, both in terms of state of the market, but also in terms of GDP per capita, income levels, et cetera. So there is always a stronger mix effect in the RPQR numbers in the Rest of the World than the 2 other regions. Generally speaking, the trends, as I mentioned earlier, are consistent across the platform globally, and there are some differences by market. But broadly speaking, they are very similar and consistent.

Operator

The line of Heath Terry from Goldman Sachs is open.

Daniel B. Powell - *Goldman Sachs Group Inc., Research Division - Associate*

This is Daniel Powell on for Heath Terry. Two quick ones from us. On your comments on advertiser diversification in the quarter, just curious if you could give us a little bit more detail around if there was a geography-specific nature to that or if it was long tail OTAs, hotel brands or independents that you saw driving the diversification.

And then secondly, it looks like, at least on a relative basis versus Q1, Expedia and Booking saw some improvement. Just curious if there's anything else you could give us in terms of a specific geography. It looked like they reengaged a lot more so than others. Any details there would be appreciated.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

I think the most impact that we have seen rather came from local OTAs being more competitive, going in with higher bids. We saw that in several markets. I think that there was definitely more aggressiveness from that side. We don't see - we would not consider the current trends -- we would not consider that there is a trend shift in the overall share of Booking or Expedia. So I think that is a little bit of adjustment due to the effect that I just spoke about.

Operator

There are no further questions, sir.

Elie Matta - *trivago N.V. - Head of Corporate Development, Strategy & IR*

Okay. With that, let me hand over to Rolf for the closing remarks.

Rolf Theo Johannes Schrömgens - *trivago N.V. - Founder, CEO, MD of Product, People & Culture and Member of Management Board*

Okay. Thanks a lot. Thanks for participating in our Q2 2019 earnings call.

As I mentioned before, we are very pleased with our quarter on a financial and operational level. This quarter marks the fourth consecutive quarter with a significant improvement in our profitability. We returned to positive year-over-year revenue growth in June. And our ambition is to outgrow the market next year, and we believe that we are on a very good track.

Thanks, again. We are looking forward to talking to you next quarter.

Elie Matta - *trivago N.V. - Head of Corporate Development, Strategy & IR*

This concludes our call. Thank you very much.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You may all disconnect.