

CEO and CFO Prepared Remarks 4th Quarter 2024

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You will find reconciliations of non-GAAP measures to the most comparable GAAP measures discussed in trivago’s operating and financial review, which is posted on trivago's Investor Relations website at ir.trivago.com.

You are encouraged to periodically visit trivago’s Investor Relations website for important content. Finally, unless otherwise stated, all comparisons in this transcript will be against results for the comparable period of 2023.

Johannes Thomas, CEO and Managing Director

Thank you, everyone, for joining us on our Q4 2024 earnings call. I am excited to share that after one and a half years of intense groundwork and strategic execution, we achieved revenue growth in Q4 2024. This marks a turning point for us, as we see solid momentum heading into 2025.

We are pleased to report that we achieved 5% growth in referral revenue and delivered €11.1 million in adjusted EBITDA last quarter, both exceeding our expectations. The start of this quarter has been equally promising, with strong double-digit top-line growth across all segments. Key drivers of our performance include major product enhancements over the past year and continued positive returns from our brand marketing investments.

As we look ahead to 2025 and beyond, we are well positioned for continued growth. Early results from our new AI-powered marketing campaign featuring our brand ambassador, Jürgen Klopp, have been promising. We have already launched brand marketing campaigns in more than 23 key travel markets this year. We remain disciplined in our approach, aiming to invest near break-even adjusted EBITDA levels. Although it is still early in the year, we expect to achieve at least high single-digit revenue growth in 2025.

We see significant margin and growth potential, especially since our revenue has not yet returned to pre-COVID levels. A major reason for this delay in recovery has been conservative brand investments during the pandemic and the rebound phase in 2022. However, we course-corrected starting in Q2 2023 with the arrival of the new leadership team. Shortly after, we increased our brand investments and rebuilt a world-class brand marketing team. We have focused our technology investments on improving our hotel search and price comparison product. We have multiplied the number of experiments conducted on our website, resulting in substantial improvements in conversion rates during 2024.

Since our arrival, we have cultivated a performance-driven culture that prioritizes continuous learning and rapid execution. We have accelerated the pace of experimentation, rigorously measuring impact, and boldly scaling successful initiatives. We implemented OKRs across the organization, established a new performance measurement approach, and enhanced our reward structures to better incentivize impactful contributions from our employees. Our aim is to instill an entrepreneurial mindset, with the objective of delivering more value to our users and partners, faster.

We made AI a central focus within our organization. One of our first initiatives in 2023 was to establish a company wide AI Ambassadors group and fast-track the implementation of GenAI tools, enabling our talents to leverage the technology. Today, we have built a competitive AI infrastructure, with 70% of our employees reporting that these tools save them 30 minutes or more each day. We have launched AI-powered TV ads, new personalization algorithms for our search results and unique AI Highlights for over 300,000 hotels. In November last year we unveiled our new AI Smart Search, offering travelers entirely new ways to search for hotels. We are very excited about the widespread internal AI

adoption, which is unlocking both productivity gains and the potential to further increase user value.

trivago is a leading brand in a large and expanding market. We are well positioned in a market estimated to be over \$1.5 trillion in size. Especially the hotel segment is highly attractive in terms of margin and scope. We are among the strongest and most recognized travel brands across key markets in Developed Europe, the Americas, and Asia. This brand recognition is an invaluable asset that we aim to continually leverage and strengthen. Compared to pre-COVID levels, there remains significant potential for us to increase our brand investment in the coming years which we expect to be a growth driver.

Our value proposition is more relevant than ever, particularly in an era where travelers seem to be price-conscious. Our research indicates that about half of U.S. travelers place a high value on securing competitive prices. More than 40% actively seek out deals and compare prices across various booking sites. Since the pandemic, the number of deals and price discrepancies we have identified has significantly increased. US travelers who use trivago to compare prices have a good chance of saving up to 40%.

We aim to unlock value for our shareholders and users by diligently executing on our strategy. Going forward, our strategy will be laser-focused on three strategic pillars.

Our first strategic priority is brand marketing. We will continue to optimize our brand investments across the globe and deliver captivating ads that strongly convey our value proposition.

Our second strategic priority is our core Hotel Search product. We will continue to run dozens of experiments at a time and improve user experience and conversion rates for our core product. Further, we will dedicate investments to develop a differentiated member proposition. We want price-savvy travelers to start their journey on trivago, instead of other search engines or GenAI applications. These efforts will be complemented by investments in personalisation of our search results and cutting edge AI features on trivago.

Our third strategic priority is to empower our partners to maximise their potential on trivago. A key initiative in 2025 will be the evolution and expansion of trivago Book & Go. A facilitated booking funnel for our partners that offers them the opportunity to increase conversion rates and competitiveness in our marketplace.

We believe that these priorities will drive sustainable growth and value to our users as well as partners. On behalf of our leadership team, I would like to thank our remarkable talents whose hard work and dedication were essential to return to growth. We look forward to continuing our successful journey together. With that, I'll turn the call over to Robin for a detailed financial review.

Robin Harries, CFO and Managing Director

Thank you, Johannes, and good morning, everyone.

Q4 marks an important milestone for us. It is the first time since Q1 2023 that we can demonstrate top line revenue growth again. Total Revenues grew by 3% to €94.8 million in the fourth quarter compared to the same period last year, primarily driven by a 5% increase in Referral Revenue.

We believe that returning to year-over-year growth represents a turning point in our strategic multi-year efforts to revitalize the brand and achieve our previously announced goal of double-digit revenue growth in the mid-term. We are pleased with the strong start to the year and have seen strong double-digit growth in January compared to the prior year.

As of the end of Q4 2024, we held over €130 million in cash, no long-term debt, and maintain robust financial health.

Our focus on branded revenue growth continues to bear fruit, with further positive developments over the quarter. Additionally, our efforts to enhance booking conversions and lead quality are making us an increasingly attractive marketing channel for our partners.

Let's now delve into our Q4 results and outlook for 2025. Unless otherwise stated, all comparisons for 2024 are on a year-over-year basis.

In the fourth quarter, our Total Revenue was €94.8 million, representing a 3% increase compared to the same period in 2023. In our Rest of World segment, Referral Revenues increased by 15%, the Americas experienced an 8% increase, and Developed Europe showed a 2% decline, which, although negative, is an improvement from the previous quarter.

Our brand investment efforts are yielding positive results again, particularly in Developed Europe and the Rest of World segments, where we achieved double-digit revenue growth from branded channel traffic year-over-year. In the Americas, we saw mixed effects, with branded revenue growth in North America and a decline in LATAM, where we did not focus our investment efforts in Q4.

Despite the positive branded revenue growth, we continued to face challenges in our performance marketing channels, primarily due to changes in Google's advertising formats. These changes have introduced volatility and resulted in traffic volume losses. However, we have observed stabilization over the past months, which is encouraging. We remain committed to a disciplined, opportunity-driven investment strategy and will not compromise long-term brand investments to offset performance marketing volume losses.

While monetization was softer this quarter compared to the prior year, it remained healthy in the Americas, whereas it was slightly negative in the Rest of World, and headwinds in Developed Europe still persist.

During the fourth quarter, we reported a net income of €5.1 million and achieved an Adjusted EBITDA of €11.1 million. The Adj. EBITDA in Q4 exceeded our expectations, primarily due to higher-than-expected revenue growth and more efficient marketing, resulting in a higher Return on Ad Spend (ROAS).

Operational expenses decreased by €0.3 million, totaling €87.0 million for the fourth quarter, primarily due to €0.5 million reductions in General and Administrative expenses and €0.1 million lower Selling and Marketing expense, partly offset by €0.4 million higher Technology and Content expenses.

Advertising spend increased by 18% in the Americas and 3% in Rest of World, while decreasing by 15% in Developed Europe. While overall Advertising Spend was only slightly more than the same period in 2023, we invested proportionally

more into our branded marketing channels. This increase was driven by stronger brand marketing spend especially in Developed Europe and Americas, partly offset by reduced performance marketing spend, particularly in Developed Europe.

Globally, our ROAS improved from Q4 2023, with improvements in Developed Europe and in Rest of World due to better marketing efficiency. The ROAS in the Americas was below Q4 2023 due to strong marketing investments.

Looking ahead, travel demand remains solid and healthy. We continue to provide high-quality traffic to our partners, and we are optimistic about regaining more advertiser appreciation over time.

We remain confident in our ability for the full year 2025 to grow Total Revenue by at least high single-digit percentage levels compared to the same period in 2024. We expect Adj. EBITDA to be at least at break-even as we continue re-investing our profits into our marketing strategy. We see substantial opportunities to scale our brand marketing activities, enabling us to reach a larger audience and positively impact overall revenues long-term.

With that, let's open the line for questions. Operator, we are now ready to take the first question.

About trivago N.V.

trivago N.V. (NASDAQ: TRVG) is a global hotel and accommodation search platform. We are focused on reshaping the way travelers search for and compare different types of accommodations, such as hotels, vacation rentals and apartments, while enabling our advertisers to grow their businesses by providing them with access to a broad audience of travelers via our websites and apps. Our platform allows travelers to make informed decisions by personalizing their search for accommodations and providing them with access to a deep supply of relevant information and prices.

IR Contact:
ir@trivago.com