



trivago reports Q1 2018 results: Increase in qualified referrals leads to broadly stable revenues

April 25, 2018

Financial Highlights

- In the first quarter of 2018, Qualified Referrals increased by 7% to 189.5 million, compared to 177.2 million in the first quarter of 2017. Americas and Rest of World continued to drive qualified referral growth in the first quarter of 2018, increasing to 59.9 million and 59.5 million, respectively. Qualified Referrals in Developed Europe decreased to 70.1 million
- Total revenue in the first quarter of 2018 was broadly stable at €259.4 million, showing a slight decline of 3% year-over-year, compared to €267.6 million in a strong first quarter of 2017. This was due to a decline in commercialization and significant headwinds from foreign exchange effects
- Net loss was €21.8 million in the first quarter of 2018, compared to net income of €7.7 million in the first quarter of 2017 and was a result of lower commercialization across all segments against increased advertising spend
- Adjusted EBITDA was a loss of €21.9 million in the first quarter of 2018, compared to positive Adjusted EBITDA of €19.3 million in the first quarter of 2017
- Expected Adjusted EBITDA for the full year 2018 to be between negative €50 million and negative €25 million
- Total revenues are expected to return to a growth trajectory in the second half of 2018, leading to overall flat revenues in 2018 vs 2017

Operational Highlights

- After a period of increased marketplace volatility and testing activities, revenue shares of our largest advertisers are relatively stable in the first quarter of 2018 compared to recent quarters
- We continued to implement measures aimed at optimizing our platforms and product, with the intention of increasing user retention and booking conversion
- Continued trend towards improved traffic quality for our advertisers, both coming from marketing and product optimizations
- Decline in commercialization as advertisers sought to increase their profitability targets for their advertising on our platform
- Significant investment in technology, content and personnel during the period
- Investment in the creative production of our advertisements focused on further educating users on unique product features
- Alternative accommodation integration continues with over 350,000 units of alternative accommodation available as of March 31, 2018, increasing choice for users
- The construction of the new headquarters in Düsseldorf is on track and we expect to move in summer to the new campus, improving overall office atmosphere and productivity

Rolf Schrömgens, CEO and Founder, "Over the course of 2017 we invested heavily into building up both our team and technology to promote long-term growth. While impacting our operating costs, we believe the effects of this investment will become increasingly visible. Our product teams continuously make improvements to our platform on the backend, with a strong focus on personalized technologies and user experience. On the brand side, having already established a very high brand awareness globally, our new ad creatives are focused on advancing the user's understanding of our product's features in order to further increase usage."

Axel Hefer, CFO, "We managed to grow the usage on our platforms, enabling us to almost match a very strong Q1 17 in terms of revenues. We achieved this despite strong headwinds from currency movements in the Americas and Rest of the World and a drop in commercialization as our advertisers appeared to have increased their profitability targets for their spend on our marketplace compared to the first quarter of 2017."

Financial Summary & Operating Metrics (€ millions, otherwise stated)

	Three months ended March 31,		
	2018	2017	^ Y/Y
Total Revenue	259.4	267.6	(3)%
Qualified Referrals (in millions)	189.5	177.2	7%
Revenue per Qualified Referral (in €)	1.35	1.49	(9)%
Operating income/(loss)	(29.2)	12.5	n.m.
Net income/(loss)	(21.8)	7.7	n.m.
Net income/(loss) attributable to trivago N.V.	(21.8)	5.2	n.m.
Return on Advertising Spend	107.8%	120.7%	(12.9)bps
Adjusted EBITDA ⁽¹⁾	(21.9)	19.3	n.m.

n.m. - not meaningful

(1) "Adjusted EBITDA" (Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Share Based Compensation) is a non-GAAP measure. Refer to the "Definitions of Non-GAAP Measures" and "Tabular Reconciliations for Non-GAAP Measures" for explanations and reconciliations of non-GAAP measures.

About trivago

trivago is a leading global hotel search platform focused on reshaping the way travelers search for and compare hotels and alternative accommodations. Incorporated in 2005 in Düsseldorf, Germany, the platform allows travelers to make informed decisions by personalizing their hotel search and providing them access to a deep supply of hotel information and prices. trivago enables its advertisers to grow their businesses by providing access to a broad audience of travelers via its websites and apps. As of March 31, 2018, trivago has established 55 localized platforms connected to over two million hotels and alternative accommodations, in over 190 countries.

For more information, trivago's earnings releases and other financial information are available at ir.trivago.com and visit company.trivago.com/press for all corporate news.

For more details, refer to our Q1 report, which is available on the Securities and Exchange Commission's website (<http://www.sec.gov>).

Conference Call

trivago N.V. will webcast a conference call to discuss first quarter 2018 financial results and certain forward-looking information on Wednesday, April 25, 2018 at 8:00 a.m. Eastern Time (ET). The webcast will be open to the public and available via <http://ir.trivago.com>. trivago N.V. expects to provide access to the webcast on the IR website for at least three months subsequent to the initial broadcast.

Notes & Definitions:

QR: We define a qualified referral as a unique visitor per day that generates at least one referral. For example, if a single visitor clicks on multiple hotel offers in our search results in a given day, they count as multiple referrals, but as only one qualified referral.

RPQR: We use average revenue per qualified referral, to measure how effectively we convert qualified referrals to revenue. RPQR is calculated as referral revenue divided by the total number of qualified referrals in a given period.

Referral Revenue: We use the term "referral" to describe each time a visitor to one of our websites or apps clicks on a hotel offer in our search results and is referred to one of our advertisers. We charge our advertisers for each referral on a cost-per-click (CPC) basis.

Definitions of Non-GAAP Measures

Adjusted EBITDA:

We define adjusted EBITDA as net income/(loss):

1. Less: income/(loss) from equity method investment
2. Plus: expense/(benefit) for income taxes,
3. Plus: total other (income)/expense, net,
4. Plus: depreciation of property and equipment, including amortization of internal use software and website development
5. Plus: amortization of intangible assets, and
6. Plus: share-based compensation

Adjusted EBITDA is a non-GAAP financial measure. A "non-GAAP financial measure" refers to a numerical measure of a company's historical or future financial performance, financial position, or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with U.S. GAAP in such company's financial statements. We present this non-GAAP financial measure because it is used by management to evaluate our operating performance, formulate business plans, and make strategic decisions on capital allocation. We also believe that this non-GAAP financial measure provides useful information to investors and others in understanding and evaluating our operating performance and consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods. Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results reported in accordance with U.S. GAAP, including net loss. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; and
- Other companies, including companies in our own industry, may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Tabular Reconciliations for Non-GAAP Measures

Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Share Based Compensation)

(€ millions)	Three months ended March 31,	
	2018	2017
Net income/(loss)	€ (21.8)	€ 7.7
Income/(loss) from equity method investment	(0.0)	0.0

Income before equity method investment	€ (21.8) € 7.7
Expense/(benefit) for income taxes	(7.4) 4.7
Income/(loss) before income taxes	€ (29.1) € 12.4
Add/(less):	
Interest expense	0.0 0.0
Other, net	(0.1) 0.1
Operating income/(loss)	€ (29.2) € 12.5
Depreciation	2.4 1.5
Amortization of intangible assets	0.4 2.0
EBITDA	€ (26.4) € 16.0
Share-based compensation	4.5 3.3
Adjusted EBITDA	€ (21.9) € 19.3

Note: Some figures may not add due to rounding.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance. These forward-looking statements are based on management's expectations as of April 25, 2018 and assumptions which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. The use of words such as "intend" and "expect," among others, generally identify forward-looking statements. However, these words are not the exclusive means of identifying such statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may include statements relating to future revenue, expenses, margins, profitability, net income / (loss), earnings per share and other measures of results of operations and the prospects for future growth of trivago N.V.'s business.

Actual results and the timing and outcome of events may differ materially from those expressed or implied in the forward-looking statements for a variety of reasons, including, among others:

- any reduction in spending or any change in bidding strategy by one or more of our largest advertisers;
- our ability to return to a growth trajectory as our business matures;
- our ability to increase advertiser diversity on our market;
- the success of measures we are implementing aimed at maximizing the life-time value of the user, including the "attribution model" with respect to the allocation of performance marketing advertising spend;
- global political and economic instability and other events beyond our control;
- increasing competition and consolidation in our industry;
- our advertiser concentration;
- our ability to maintain and increase our brand awareness;
- our ability to maintain and/or expand relationships with, and develop new relationships with, hotel chains and independent hotels as well as OTAs;
- our reliance on search engines, which may change their algorithms;
- any inaccuracies in, or misinterpretation of, the assumptions and estimates and data we use to make decisions about our business;
- the potential development and impact on us of legal and regulatory proceedings to which we are or may become subject;
- our reliance on technology;
- our material weakness in our internal control over financial reporting and our ability to establish and maintain an effective system of internal control over financial reporting;
- our ability to attract, train and retain executives and other qualified employees; and
- our entrepreneurial culture and decentralized decision making;

as well as other risks and uncertainties detailed in our public filings with the SEC, including trivago's annual report on Form 20-F for the year ended December 31, 2017. Except as required by law, we undertake no obligation to update any forward-looking or other statements in this release, whether as a result of new information, future events or otherwise.

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