trivago continues on its path of improved profitability with its second consecutive quarter of double-digit net income

February 6, 2019

Financial Highlights

- In the fourth quarter of 2018, we continued on our path of optimizing and recalibrating our Advertising Spend and improving the traffic quality we referred to our advertisers, leading to the second consecutive quarter of double-digit net income.
- Net income in the fourth quarter of 2018 was €11.7 million, compared to a net loss of €9.6 million in the fourth quarter of 2017. Net loss in the twelve months ended December 31, 2018 was €20.8 million, compared to net loss of €13.0 million for the same period in 2017.
- Adjusted EBITDA was €28.6 million in the fourth quarter of 2018, compared to an Adjusted EBITDA loss of €8.7 million in the fourth quarter of 2017, up €37.3 million. For the twelve months ended December 31, 2018, Adjusted EBITDA was €15.6 million, compared to Adjusted EBITDA of €6.7 million for the same period in 2017, up €8.9 million.
- Consolidated Revenue per Qualified Referral ("RPQR") improved significantly, reaching €1.44 in the fourth quarter of 2018, up 13% compared to the same period in 2017, as the product optimizations we implemented led to improved traffic quality but also led to a decline in Qualified Referrals.
- Consolidated Return on Advertising Spend ("ROAS") improved to 162.6% in the fourth quarter of 2018 and to 123.0% in the twelve months ended December 31, 2018, respectively, compared to 118.4% and 115.3% in the same periods in 2017.
- While our shift in focus to profitability resulted in improvements in our ROAS in the fourth quarter of 2018, the reduction in our Advertising Spend resulted in a decline in revenue and Qualified Referrals as compared to the same period in 2017.
- Total revenue decreased to €166.8 million in the fourth quarter of 2018, representing a decline of 8% year-over-year, compared to €181.5 million in the same period in 2017. Total revenue decreased to €914.8 million in the twelve months ended December 31, 2018 compared to €1,035.4 million for the same period in 2017, representing a 12% decline period-over-period.
- The number of Qualified Referrals decreased to 112.6 million in the fourth quarter of 2018, or by 19%, compared to 139.3 million in the fourth quarter of 2017. The number of Qualified Referrals decreased to 668.3 million in the twelve months ended December 31, 2018, compared to 727.1 million for the same period in 2017, or by 8% period-over-period.
- Reflecting our performance in the fourth quarter of 2018, we expect Adjusted EBITDA for 2019 to be between €50 million and €75 million, and we expect total revenue to decrease in the first half of 2019 and increase in the second half of 2019 compared to same periods in 2018.

Operational Highlights

- We continued to steadily increase the supply of alternative accommodations on our platform as we hit a new milestone of over 1.5 million units of alternative accommodation available as of December 31, 2018. Following year-end, we announced a new integration with RedAwning, which has added 80,000 vacation rentals, condominiums, apart-hotels and townhomes to our platform.
- We continued to implement measures aimed at optimizing our platforms and product, with the intention of increasing user retention and booking conversion, while reducing the number of click-outs required to ultimately make a booking. We believe these relatively small, incremental changes to our product have resulted, when considered together, in improvements to our product and platforms that continue to positively impact our advertisers' CPC bids on our marketplace.
- Our revenue share from mobile websites and apps continued to exceed 60%.
- We have now completed the move to our new campus in Düsseldorf, and we continue to attract top talent from around the

world.

Rolf Schrömgens, CEO and Founder: "The measures we put in place in the second quarter of 2018 are having a clear positive impact on our business. Our marketplace dynamics remain stable and we are confident that we are on a good track to succeed in 2019. We remain committed to reshaping the way travelers search for and compare hotels, and I am particularly pleased that the levels of alternative accommodation on our platform continue to grow at pace. In 2019, we are focused on continuing this positive momentum by integrating more alternative accommodation providers and accelerating the pace of product testing and innovation."

Axel Hefer, CFO: "The measures we started to implement in the second quarter of 2018 have had a strong impact on our financial performance, with profits rising sharply. We believe that we are on a good track to see continued positive profitability developments in 2019."

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

	Three months ended December 31,			**Twelve months ended December 31,**		
	2018	**2017**	**Δ Y/Y**	**2018**	**2017**	**Δ Y/Y**
Total Revenue	166.8	181.5	(8)%	914.8	1,035.4	(12)%
Qualified Referrals (in millions)	112.6	139.3	(19)%	668.3	727.1	(8)%
Revenue per Qualified Referral (in €)	1.44	1.27	13%	1.35	1.40	(4)%
Operating income/(loss)	19.8	(15.6)	n.m.	(18.2)	(20.4)	(11)%
Net income/(loss)	11.7	(9.6)	n.m.	(20.8)	(13.0)	60%
Net income/(loss) attributable to trivago N.V.	11.7	(9.6)	n.m.	(20.8)	(12.5)	66%
Return on Advertising Spend	162.6%	118.4%	44.2 ppts	123.0%	115.3%	7.7 ppts
Adjusted EBITDA[1]	28.6	(8.7)	n.m.	15.6	6.7	133%

n.m. not meaningful

[1] "Adjusted EBITDA" (Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization, and Share Based Compensation) is a non-GAAP measure. Please see "Definitions of Non-GAAP Measures" and "Tabular Reconciliations for Non-GAAP Measures" for explanations and reconciliations of non-GAAP measures used throughout this release.

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 December 31, 2018, trivago has established 55 localized platforms connected to over three 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.

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For more details, refer to our Q4 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 fourth quarter 2018 financial results and certain forward-looking information on Wednesday, February 6, 2019 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:

Current Ratio: The current ratio is used to measure the company´s ability to pay off its short-term liabilities with its current assets and is an important measure of liquidity. The current ratio is calculated by dividing the company´s total current assets by the company´s total current liabilities.

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 or advertisement 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.

ROAS: The ratio of our Referral Revenue to our Advertising Spend in a given period, or **return on Advertising Spend**. We invest in multiple marketing channels, such as: TV; out-of-home advertising; search engine marketing; display advertising campaigns on advertising networks, affiliate websites, social networking sites and email marketing; online video; mobile app marketing and content marketing.

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.

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.

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.

We are not able to provide a reconciliation of our adjusted EBITDA guidance to net income/(loss), the comparable GAAP measure, because certain items that are excluded from adjusted EBITDA cannot be reasonably predicted or are not in our control. In particular, we are unable to forecast the timing or magnitude of share-based compensation, interest, taxes, depreciation and amortization without unreasonable efforts, and these items could significantly impact, either individually or in the aggregate, net income/(loss) in the future.

Tabular Reconciliations for Non-GAAP Measures
Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation & Amortization and Share-Based Compensation) (€ millions)

	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Net income/(loss)	11.7	(9.6)	(20.8)	(13.0)
Income from equity method investment	—	—	0.1	—
Income/(loss) before equity method investment	**11.6**	**(9.6)**	**(20.9)**	**(13.0)**
Expense/(benefit) for income taxes	8.2	(3.5)	1.4	(4.8)
Income/(loss) before income taxes	**19.9**	**(13.1)**	**(19.5)**	**(17.8)**
Add/(less):				
Interest expense	0.8	0.0	1.8	—
Gain on deconsolidation of entity	—	(2.0)	—	(2.0)
Other, net	(0.9)	(0.5)	(0.5)	(0.6)
Operating income/(loss)	**19.8**	**(15.6)**	**(18.2)**	**(20.4)**
Depreciation	2.9	2.8	11.4	7.8
Amortization of intangible assets	0.4	0.4	1.7	3.2
EBITDA	**23.1**	**(12.4)**	**(5.1)**	**(9.3)**
Share-based compensation	5.5	3.7	20.7	16.0
Adjusted EBITDA	**28.6**	**(8.7)**	**15.6**	**6.7**

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 February 6, 2019 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 and the effect of these changes on our profitability and revenue levels;
- the extent to which our advertisers prioritize profitability over traffic growth;
- our ability to be profitable in future quarters and to return to a growth trajectory as our business continues to mature;
- 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 as we reduce our Advertising Spend;
- 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 ability to establish and maintain an effective system of internal control over financial reporting and avoid any future material weakness;
- 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 fiscal year ended December 31, 2017 as such risks and uncertainties may be updated from time to time. 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.

Contacts

Investor Relations	Communications
ir@trivago.com	comms@trivago.com