trivago starts strong in 2019, with double digit increase in profitability

May 1, 2019

Financial Highlights

- In the first quarter of 2019, we continued on our path of optimizing and recalibrating our Advertising Spend and improving the quality of the traffic we referred to our advertisers, leading to the third consecutive quarter of positive net income.
- Net income in the first quarter of 2019 was €7.8 million, up by €29.6 million, compared to a net loss of €21.8 million in the first quarter of 2018.
- Our focus on profitability resulted in improvements in our Return on Advertising Spend ("ROAS") in the first quarter of 2019. The reduction in Advertising Spend also resulted in a decline in Referral Revenue and Qualified Referrals as compared to the same period in 2018.
- Consolidated ROAS significantly improved to 136.6% in the first quarter of 2019, compared to 107.8% in the same period in 2018.
- Consolidated Revenue per Qualified Referral ("RPQR") improved significantly, reaching €1.59 in the first quarter of 2019, up 18% compared to the same period in 2018, as the Advertising Spend and product optimizations we implemented continued improving the traffic quality we send to our advertisers.
- The number of Qualified Referrals decreased to 129.3 million in the first quarter of 2019, or by 32%, compared to 189.5 million in the first quarter of 2018.
- Total revenue decreased to €208.8 million in the first quarter of 2019, compared to €259.4 million in the same period in 2018, representing a decline of 20% period-over-period.
- Adjusted EBITDA was €20.9 million in the first quarter of 2019, compared to an Adjusted EBITDA loss of €21.9 million in the first quarter of 2018, up €42.8 million.
- Reflecting our performance in the first quarter of 2019, we continue to expect Adjusted EBITDA for 2019 to be between €50 million and €75 million.

Operational Highlights

- As of March 31, 2019, we offered access to more than 3.0 million hotels and other types of accommodation in over 190 countries, including over 1.8 million units of alternative accommodation, such as vacation rentals and private apartments, up from 350,000 a year ago.
- Our revenue share from mobile websites and apps continued to exceed 60%.

Rolf Schrömgens, CEO and Founder: "Our strategy is already delivering tangible results with a significant improvement in traffic quality as we continue to increase marketing efficiency and optimize our product. We are also very pleased with the status of our alternative accommodation efforts as we explore exciting opportunities for our product."

Axel Hefer, CFO: "We are pleased that we were able to further increase our profitability and to carry the positive momentum into the new year. We believe this positions us well to achieve our goal of profitable growth in the second half of the year."

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

	Three months ended March 31,		
	2019	**2018**	**Δ Y/Y**
Total revenue	208.8	259.4	(20)%
Qualified Referrals (in millions)	129.3	189.5	(32)%

Revenue per Qualified Referral (in €)	1.59	1.35	18%
Operating income/(loss)	13.0	(29.2)	n.m.
Net income/(loss)	7.8	(21.8)	n.m.
Return on Advertising Spend	136.6%	107.8%	28.8 ppts
Adjusted EBITDA[1]	20.9	(21.9)	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. 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 March 31, 2019, 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 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 2019 financial results and certain forward-looking information on Wednesday, May 1, 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.

Qualified Referral: 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 March 31,	
2019		**2018**
Net income/(loss)	€ 7.8	€ (21.8)
Income from equity method investment	0.1	—
Income/(loss) before equity method investment	**€ 7.7**	**€ (21.8)**
Expense/(benefit) for income taxes	5.6	(7.4)
Income/(loss) before income taxes	**€ 13.3**	**€ (29.1)**
Add/(less):		
Interest expense	0.0	0.0
Other, net	(0.3)	(0.1)
Operating income/(loss)	**€ 13.0**	**€ (29.2)**
Depreciation	2.2	2.4
Amortization of intangible assets	0.4	0.4
EBITDA	**€ 15.6**	**€ (26.4)**
Share-based compensation	5.3	4.5
Adjusted EBITDA	**€ 20.9**	**€ (21.9)**

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 the date of this release 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:

- 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;
- impacts from our operating globally;

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, 2018 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.

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