



Successful First Half of 2019 - trivago Increases Profitability in Q2 and Returns to Revenue Growth in June

July 24, 2019

Financial Highlights

- The second quarter of 2019 marked the fourth consecutive quarter with a significant year-over-year improvement in our profitability.
- We returned to positive Referral Revenue growth in June 2019 compared to the same period in 2018.
- Net income in the second quarter of 2019 was €5.9 million, compared to a net loss of €20.7 million in the second quarter of 2018.
- Consolidated ROAS improved to 129.6% in the second quarter of 2019, compared to 110.1% in the same period in 2018.
- Consolidated Revenue per Qualified Referral ("RPQR") improved significantly, reaching €1.67 in the second quarter of 2019, up 28% compared to the same period in 2018.
- The number of Qualified Referrals decreased to 131.3 million in the second quarter of 2019, or by 26%, compared to 177.1 million in the second quarter of 2018.
- Total revenue decreased to €223.4 million in the second quarter of 2019, compared to €235.0 million in the same period in 2018, representing a decline of 5% period-over-period.
- Adjusted EBITDA⁽¹⁾ was €18.5 million in the second quarter of 2019, compared to an Adjusted EBITDA loss of €17.7 million in the second quarter of 2018.
- Reflecting our performance through the second quarter of 2019, we expect our Adjusted EBITDA for 2019 to be between €60 million and €80 million.

Operational Highlights

- As of June 30, 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 apartments.
- The advertising bidding dynamics on our marketplace in the second quarter of 2019 were stable compared to the same period in 2018, as reflected in broadly stable levels of commercialization.
- On July 9, 2019, we announced that James Carter joined the company as Chief Product and Technology Officer and he joins the trivago leadership team as the head of hotel search. Carter was most recently an Engineering Director at Google where he worked on its Hotel Ads product.

Rolf Schrömgens, CEO and Founder: "This quarter, we worked closely with key advertisers to provide more flexibility over how they bid on our platform. These refinements have already begun delivering increased value to both advertisers and end-users, and we will continue to focus on delivering the best experience to our users. With these improvements to our marketplace, and by further optimizing our advertising spend, we remain optimistic about the second half of the year."

Axel Hefer, CFO: "We're continuing with our strategy to focus on profitability, and I'm pleased to see a significant increase in adjusted EBITDA over the second quarter of 2018. We're very optimistic that the further improvements that we are currently making to the platform will deliver increased value to our advertisers and we're looking forward to a strong second half of the year."

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

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Δ Y/Y	2019	2018	Δ Y/Y
Total revenue	223.4	235.0	(5)%	432.2	494.4	(13)%
Qualified Referrals (in millions)	131.3	177.1	(26)%	260.6	366.6	(29)%
Revenue per Qualified Referral (in €)	1.67	1.30	28%	1.63	1.33	23%
Operating income/(loss)	10.4	(26.6)	n.m.	23.4	(55.8)	n.m.
Net income/(loss)	5.9	(20.7)	n.m.	13.7	(42.5)	n.m.
Return on Advertising Spend	129.6%	110.1%	19.5 ppts	132.9%	108.9%	24.0 ppts
Adjusted EBITDA ⁽¹⁾	18.5	(17.7)	n.m.	39.4	(39.6)	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 June 30, 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 or visit company.trivago.com/press for all corporate news.

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For more details, refer to our 2019 Q2 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 second quarter 2019 financial results and certain forwardlooking information on Wednesday, July 24, 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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net income/(loss)	€ 5.9	€ (20.7)	€ 13.7	€ (42.5)
Income/(loss) from equity method investment	0.0	(0.0)	0.1	(0.0)
Income/(loss) before equity method investment	€ 5.9	€ (20.7)	€ 13.6	€ (42.5)
Expense/(benefit) for income taxes	4.9	(6.6)	10.5	(13.9)
Income/(loss) before income taxes	€ 10.8	€ (27.3)	€ 24.1	€ (56.4)
Add/(less):				
Interest expense	(0.0)	0.3	0.0	0.3
Other, net	(0.4)	0.4	(0.7)	0.3
Operating income/(loss)	€ 10.4	€ (26.6)	€ 23.4	€ (55.8)
Depreciation	2.6	3.1	4.8	5.5
Amortization of intangible assets	0.4	0.4	0.8	0.8
EBITDA	€ 13.5	€ (23.1)	€ 29.1	€ (49.5)
Share-based compensation	5.0	5.4	10.3	9.9
Adjusted EBITDA	€ 18.5	€ (17.7)	€ 39.4	€ (39.6)

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, and how they may negatively impact our ability to meet the financial guidance that we communicate to the market;
- 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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