



# Earnings Call Q1 2020

19 May 2020



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## Special Note Regarding Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures, including adjusted EBITDA. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under US GAAP can be found in this presentation in the Appendix and should be carefully evaluated. These non-GAAP measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures should be read in conjunction with our financial statements prepared in accordance with GAAP.

# Agenda

**Company update**

**Financial performance**

**Appendix: Financial statements**

# Agenda

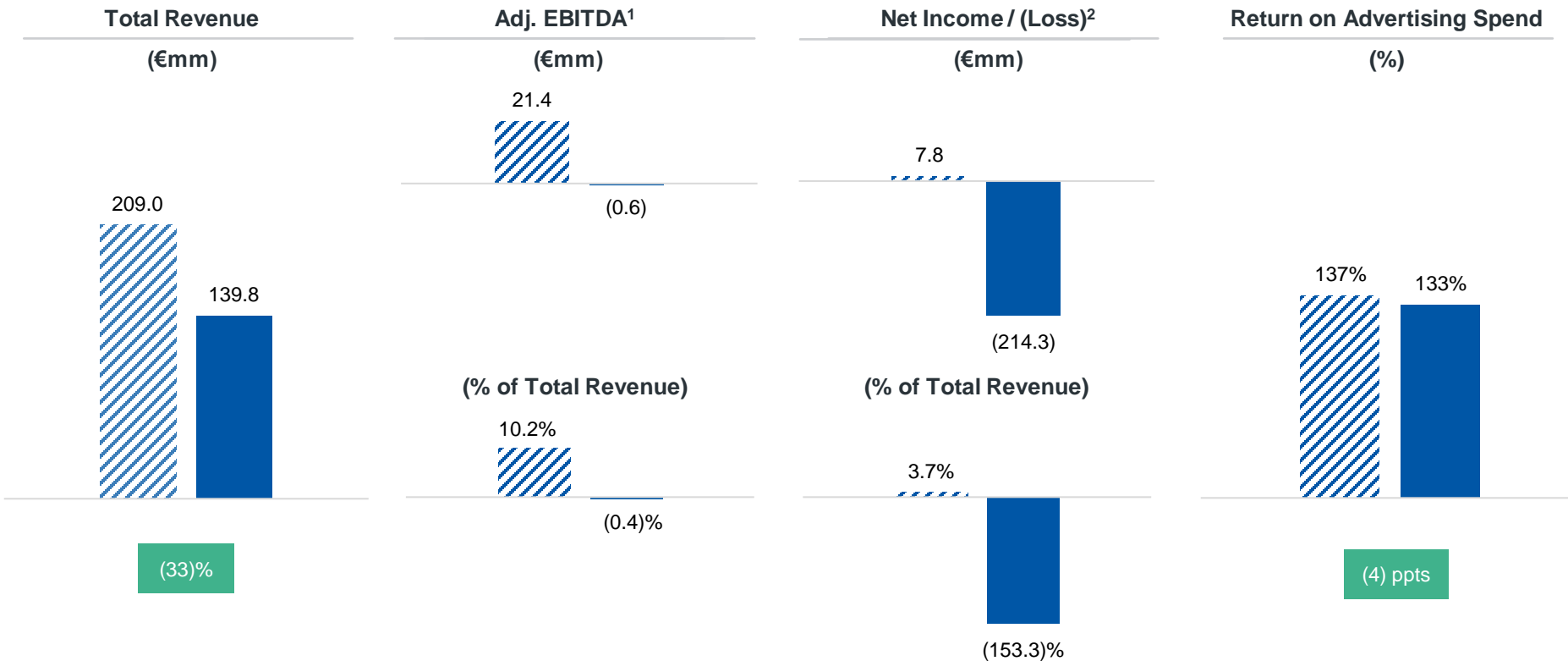
**Company update**

**Financial performance**

**Appendix: Financial statements**

# Q1 2020 – Financial Update

/ 2019
 ■ 2020
 ■ YoY



<sup>1</sup> Adj. EBITDA is adjusted for impairment of, and gains and losses on disposals of, property and equipment, impairment of intangible assets and goodwill, share-based compensation and certain other items, including restructuring. A reconciliation to reported results is included in the Appendix

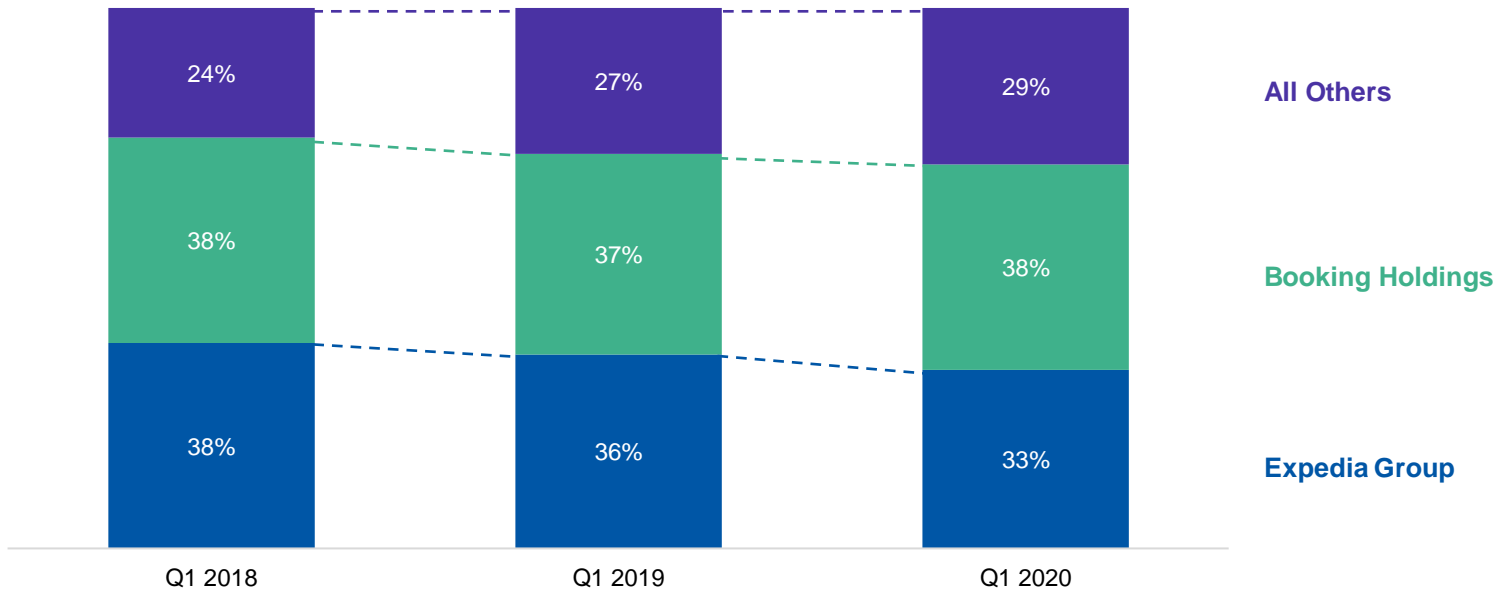
<sup>2</sup> Net Income/(Loss) for Q1 2020 includes impairment of goodwill of €207.6mm

Note: Some numbers may not add up due to rounding

Source: Unaudited US GAAP financials and internal data

# Our advertiser mix: year-over-year decline in related party revenue share

Advertiser revenue share as % of total revenue



# Agenda

Company update

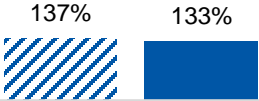
**Financial performance**

Appendix: Financial statements

# KPI – Global

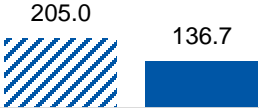
2019 2020 YoY

### ROAS (%)



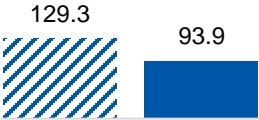
(4) pts

### Referral Revenue (€mm)



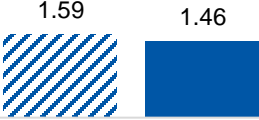
(33)%

### Qualified Referrals (mm)



(27)%

### RPQR<sup>1</sup> (€)



(8)%

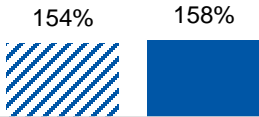
1. RPQR: Revenue per Qualified Referral  
Note: Some numbers may not add up due to rounding  
Source: Internal data



# KPI – Developed Europe

▨ 2019
 ■ 2020
 ■ YoY

ROAS (%)



4 pts

Referral Revenue (€mm)



(36)%

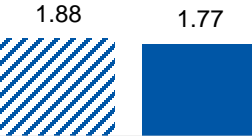
Qualified Referrals (mm)



(33)%

- Negatively impacted by significant traffic volume declines as a result of the COVID-19 outbreak and reductions in Advertising Spend

RPQR<sup>1</sup> (€)



(6)%

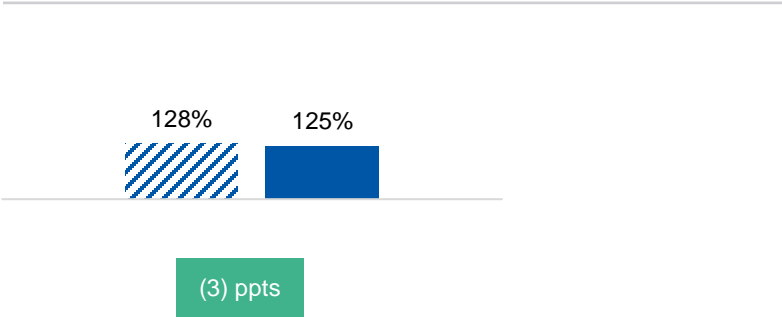
- Negatively impacted by significant reductions in advertisers' bids on our platform and deactivations of campaigns due to the COVID-19 outbreak

1. RPQR: Revenue per Qualified Referral  
 Note: Some numbers may not add up due to rounding  
 Source: Internal data

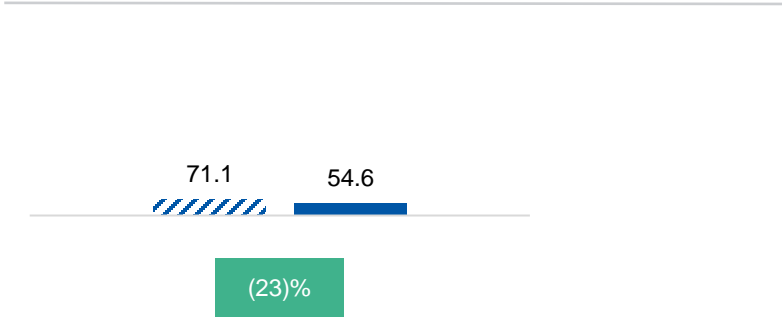
# KPI – Americas

2019 2020 YoY

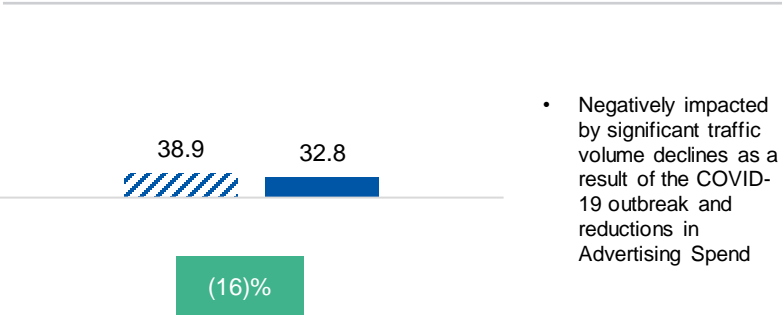
### ROAS (%)



### Referral Revenue (€mm)

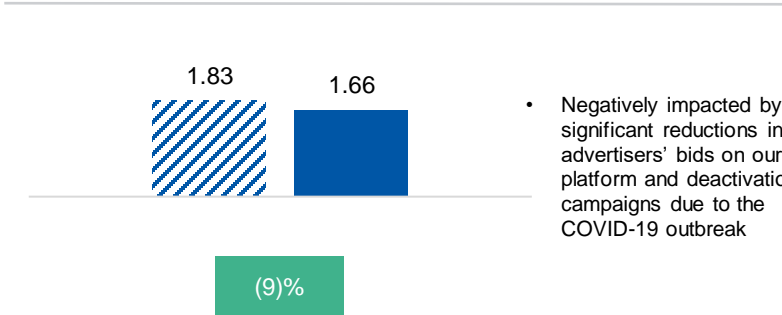


### Qualified Referrals (mm)



- Negatively impacted by significant traffic volume declines as a result of the COVID-19 outbreak and reductions in Advertising Spend

### RPQR<sup>1</sup> (€)



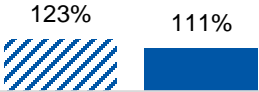
- Negatively impacted by significant reductions in advertisers' bids on our platform and deactivations of campaigns due to the COVID-19 outbreak

1. RPQR: Revenue per Qualified Referral  
Note: Some numbers may not add up due to rounding  
Source: Internal data

# KPI – Rest of World

2019 2020 YoY

### ROAS (%)



(12) pts

### Referral Revenue (€mm)



(44)%

### Qualified Referrals (mm)



(32)%

- Negatively impacted by significant traffic volume declines as a result of the COVID-19 outbreak and reductions in Advertising Spend

### RPQR<sup>1</sup> (€)



(17)%

- Negatively impacted by significant reductions in advertisers' bids on our platform and deactivations of campaigns due to the COVID-19 outbreak

1. RPQR: Revenue per Qualified Referral  
Note: Some numbers may not add up due to rounding  
Source: Internal data

# Agenda

Company update

Financial performance

**Appendix: Financial statements**

# Consolidated Financials Q1 2020, trivago N.V.

in € thousands	Q1 2020	Q1 2019	Δ €	Δ %
Referral Revenue	136,715	204,976	(68,261)	(33.3) %
Other revenue	3,088	3,986	(898)	(22.5) %
<b>Total revenue</b>	<b>139,803</b>	<b>208,962</b>	<b>(69,159)</b>	<b>(33.1) %</b>
Cost of revenue	2,814	1,901	913	48.0 %
<i>% of total revenue</i>	2.0 %	0.9 %		
Selling and marketing	111,377	163,101	(51,724)	(31.7) %
<i>% of total revenue</i>	79.7 %	78.1 %		
Technology and content	17,616	18,396	(780)	(4.2) %
<i>% of total revenue</i>	12.6 %	8.8 %		
General and administrative	15,305	11,771	3,534	30.0 %
<i>% of total revenue</i>	10.9 %	5.6 %		
Amortization of intangible assets	325	421	(96)	(22.8) %
<i>% of total revenue</i>	0.2 %	0.2 %		
Impairment of Goodwill	207,618	—	207,618	— %
<i>% of total revenue</i>	148.5 %	—		
<b>Operating income/(loss)</b>	<b>(215,252)</b>	<b>13,372</b>	<b>(228,624)</b>	<b>n.m.</b>
Total other income/(expense), net	(370)	(48)	(322)	n.m.
<i>% of total revenue</i>	(0.3) %	0.0 %		
Expense/(benefit) for income taxes	(1,122)	5,586	(6,708)	n.m.
<i>% of total revenue</i>	(0.8) %	2.7 %		
Income/(loss) from equity method investment	234	90	144	160.0 %
<i>% of total revenue</i>	0.2 %	0.0 %		
<b>Net income/(loss)</b>	<b>(214,266)</b>	<b>7,828</b>	<b>(222,094)</b>	<b>n.m.</b>
<i>% of total revenue</i>	(153.3) %	3.7 %		

## Comments

- Overview of P&L under US GAAP
- See next page for a detailed discussion of our business development

# Consolidated Financial Information Q1 2020, trivago N.V.

in € thousands	Q1 2020	Q1 2019	Δ €	Δ %	
Referral Revenue	136,715	204,976	(68,261)	(33.3) %	1
Other revenue	3,088	3,986	(898)	(22.5) %	2
<b>Total revenue</b>	<b>139,803</b>	<b>208,962</b>	<b>(69,159)</b>	<b>(33.1) %</b>	
Cost of revenue, excluding SBC	2,764	1,836	928	50.5 %	
<i>% of Total revenue</i>	2.0 %	0.9 %			
Selling and marketing, excluding SBC	111,045	162,357	(51,312)	(31.6) %	
<i>% of Total revenue</i>	79.4 %	77.7 %			
Advertising Spend	102,555	150,018	(47,463)	(31.6) %	3
<i>% of Total revenue</i>	73.4 %	71.8 %			
Other Selling and marketing, excluding SBC	8,490	12,339	(3,849)	(31.2) %	4
<i>% of Total revenue</i>	6.1 %	5.9 %			
Technology and content, excluding SBC	16,581	16,441	140	0.9 %	5
<i>% of Total revenue</i>	11.9 %	7.9 %			
General and administrative, excluding SBC	13,221	9,240	3,981	43.1 %	6
<i>% of Total revenue</i>	9.5 %	4.4 %			
Add back: Depreciation expense	2,582	2,170	412	19.0 %	
<i>% of Total revenue</i>	1.8 %	1.0 %			
Add back: Impairment and gains/losses property and equipment disposal	1	97	(96)	(99.0) %	
<i>% of Total revenue</i>	0.0 %	0.0 %			
Add back: Certain other items, including restructuring	649	—	649	—	
<i>% of Total revenue</i>	0.5 %	0.0 %			
<b>Adjusted EBITDA</b>	<b>(576)</b>	<b>21,355</b>	<b>(21,931)</b>	<b>n.m.</b>	
<i>% of Total revenue</i>	(0.4) %	10.2 %			
<b>Reconciliation from Adjusted EBITDA to net income/(loss)</b>					
Certain other items, including restructuring	(649)	—	(649)	— %	
<i>% of Total revenue</i>	(0.5) %	— %			
Share-based compensation (SBC) (expense)	(3,501)	(5,295)	1,794	(33.9) %	
<i>% of Total revenue</i>	(2.5) %	(2.5) %			
Impairment of intangible assets and goodwill (expense)	(207,618)	—	(207,618)	— %	
<i>% of Total revenue</i>	(148.5) %	— %			
Impairment and gains/(losses) property and equipment disposal	(1)	(97)	96	(99.0) %	
<i>% of Total revenue</i>	0.0 %	0.0 %			
Depreciation and Amortization (expense)	(2,907)	(2,591)	(316)	12.2 %	
<i>% of Total revenue</i>	(2.1) %	(1.2) %			
Total other income/(expense), net	(370)	(48)	(322)	n.m.	
<i>% of Total revenue</i>	(0.3) %	0.0 %			
Income taxes/benefit/(expense)	1,122	(5,586)	6,708	n.m.	
<i>% of Total revenue</i>	0.8 %	(2.7) %			
Income/(loss) from equity method investment	234	90	144	160.0 %	
<i>% of Total revenue</i>	0.2 %	0.0 %			
<b>Net income/(loss)</b>	<b>(214,266)</b>	<b>7,828</b>	<b>(222,094)</b>	<b>n.m.</b>	
<i>% of Total revenue</i>	(153.3) %	3.7 %			

## Comments

- 1 Referral Revenue decreased by 33% as Referral Revenue decreased by 23%, 36% and 44% in Americas, Developed Europe and RoW, respectively
- 2 Other revenue decreased by 23%, mainly driven by lower subscription revenue
- 3 Advertising Spend decreased by 21%, 38% and 37% in Americas, Developed Europe and RoW, respectively
- 4 Other selling and marketing expenses excl. SBC decreased by 31%, driven by reductions in television advertisement production costs
- 5 Technology and content expense excl. SBC increased by 1%, mainly driven by an increase in third-party IT service provider costs
- 6 General and administrative expense excl. SBC increased by 43%, mostly driven by expected credit losses of €3.8 million associated with our trade receivables due to increased probability of default in the current economic situation

# Reconciliation of non-GAAP Financial Measures Q1 2020, trivago N.V.

in € thousands	Q1 2020	Q1 2019	Δ €	Δ %
<b>Net income/(loss)</b>	<b>(214,266)</b>	<b>7,828</b>	<b>(222,094)</b>	<b>n.m.</b>
Income from equity method investment	234	90	144	160.0 %
<b>Income/(loss) before equity method investment</b>	<b>(214,500)</b>	<b>7,738</b>	<b>(222,238)</b>	<b>n.m.</b>
Expense/(benefit) for income taxes	(1,122)	5,586	(6,708)	n.m.
<b>Income/(loss) before income taxes</b>	<b>(215,622)</b>	<b>13,324</b>	<b>(228,946)</b>	<b>n.m.</b>
Add/(less):				
Interest expense	46	27	19	70.4 %
Other, net	324	21	303	n.m.
<b>Operating income/(loss)</b>	<b>(215,252)</b>	<b>13,372</b>	<b>(228,624)</b>	<b>n.m.</b>
Depreciation of property and equipment and amortization of intangible assets	2,907	2,591	316	12.2 %
Impairment of, and gains and losses on disposals of, property and equipment	1	97	(96)	(99.0) %
Impairment of intangible assets and goodwill	207,618	—	207,618	— %
Share-based compensation	3,501	5,295	(1,794)	(33.9) %
Certain other items, including restructuring	649	—	649	— %
<b>Adjusted EBITDA</b>	<b>(576)</b>	<b>21,355</b>	<b>(21,931)</b>	<b>n.m.</b>

# Consolidated Statement of Cash Flows Q1 2020, trivago N.V.

in € thousands	Q1 2020	Q1 2019	
<b>Net income/(loss)</b>	<b>(214,266)</b>	<b>7,828</b>	<b>1</b>
Adjustments to reconcile net income/(loss) to net cash provided by/(used in):			
Depreciation	2,582	2,170	
Amortization of intangible assets	325	421	
Goodwill impairment loss	207,618	—	
Impairment of internal-use software and website development	—	96	
Share-based compensation	3,501	5,295	
Deferred income taxes	(1,141)	1,064	
Foreign exchange (gain)/loss	(643)	126	
Expected credit losses	4,776	180	
Loss on disposal of fixed assets	1	1	
Gain from equity method investment	(234)	(90)	
<b>Change in operating assets and liabilities</b>			
Accounts receivable, including related party	3,934	(2,993)	
Prepaid expense and other assets	(6,300)	603	
Accounts payable	(10,563)	18,987	
Payroll liabilities	449	(2,041)	
Accrued expenses and other liabilities	(62)	845	
Deferred revenue	(420)	(93)	
Taxes payable/receivable, net	(5,698)	4,189	
<b>Net cash provided by/(used in) operating activities</b>	<b>(16,141)</b>	<b>36,588</b>	<b>2</b>
Purchase of investments	(8,850)	—	
Capital expenditures	(1,765)	(1,604)	
Proceeds from sale of fixed assets	—	13	
<b>Net cash used in investing activities</b>	<b>(10,615)</b>	<b>(1,591)</b>	<b>3</b>
Proceeds from exercise of option awards	25	160	
Repayment of other non-current liabilities	(67)	(102)	
<b>Net cash provided by/(used in) financing activities</b>	<b>(42)</b>	<b>58</b>	
Effect of exchange rate changes on cash	115	13	
<b>Net increase/(decrease) in cash, cash equivalents and restricted cash</b>	<b>(26,683)</b>	<b>35,068</b>	
Cash and cash equivalents and restricted cash at beginning of the period	220,543	164,308	
Cash and cash equivalents and restricted cash at end of the period	193,860	199,376	

## Comments

- Net income excluding non-cash expenses e.g., for Goodwill impairment losses (€207.6 million), Expected credit losses (€4.8 million) and Share-based compensation (€3.5 million) led to an increase in cash and cash equivalents of €2.5 million in the first quarter of 2020
- Net cash used in operating activities was mainly driven by the change in operating assets and liabilities of €18.7 million which was mainly due to a decrease in Accounts payable of €10.6 million
- Net cash used in investing activities of €10.6 million further contributed to the net decrease in cash, cash equivalents and restricted cash of €26.7 million



# Consolidated Balance Sheet Q1 2020, trivago N.V.

in € thousands

	As of March 31, 2020	As of December 31, 2019	
Cash and cash equivalents	191,423	218,106	1
Restricted cash	122	122	
Accounts receivable, less allowance	36,802	37,747	2
Accounts receivable, related party	24,349	31,139	
Short-term investments	18,349	10,000	
Tax receivable	14,227	8,565	
Prepaid expenses and other current assets	11,431	4,607	
<b>Total current assets</b>	<b>296,703</b>	<b>310,286</b>	
Property and equipment, net	32,563	33,172	
Operating lease right-of-use assets	94,768	96,030	
Deferred income taxes	735	735	
Other long-term assets	5,935	7,274	
Intangible assets, net	169,598	169,924	
Goodwill	283,010	490,590	3
<b>TOTAL ASSETS</b>	<b>883,312</b>	<b>1,108,011</b>	
Accounts payable	22,988	33,391	4
Income taxes payable	509	549	
Deferred revenue	5,133	5,553	
Payroll liabilities	4,504	4,055	
Accrued expenses and other current liabilities	13,749	14,763	
Operating lease liability	5,035	5,037	
<b>Total current liabilities</b>	<b>51,918</b>	<b>63,348</b>	
Operating lease liability	93,448	94,660	
Deferred income taxes	49,786	50,927	
Other long-term liabilities	4,078	4,289	
Class A common stock	3,080	3,049	
Class B common stock	181,013	181,013	
Reserves	784,556	781,060	
Contribution from Parent	122,307	122,307	
Accumulated other comprehensive income/(loss)	96	62	
Accumulated deficit	(406,970)	(192,704)	
<b>Total stockholders' equity</b>	<b>684,082</b>	<b>894,787</b>	
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>883,312</b>	<b>1,108,011</b>	

## Comments

- 1 Decrease in cash and cash equivalents was mainly driven by negative cash flows from operating activities which were mainly due to changes in operating assets and liabilities and further net cash used in investing activities
- 2 Advertisers representing most of our Accounts receivable have asked for extensions of payment dates or installment plans. Accounts receivable from non-related parties decreased by €0.9 million, Accounts receivable from related parties decreased by €6.8 million
- 3 As a result of the expected prolonged deterioration of our business due to the COVID-19 outbreak, we recorded an impairment charge of €207.6 million to reflect the economic and financial impact on our business
- 4 Accounts payable decreased by €10.4 million as Advertising Spend in March 2020 was significantly lower than in December 2019 due to the COVID-19 outbreak

