



### **TripAdvisor, Inc. Q4 and FY 2018 Prepared Remarks**

*(All comparisons are against the same period of the prior year, unless otherwise noted; some calculations may not foot due to rounding)*

Our solid Q4 capped a very strong 2018. We reinvigorated Hotel segment profitability while growing Experiences and Restaurants, two key strategic investment areas. Some key 2018 highlights discussed in these remarks:

- Achieved strong net income and adjusted EBITDA growth in Q4 and full year 2018;
- Expanded 2018 Hotel segment adjusted EBITDA margin by 700 basis points by driving increased Hotel marketing efficiency;
- Generated positive TripAdvisor-branded click-based and transaction revenue growth in Q4, while spending significantly less on performance marketing year-over-year.
- Drove 14% revenue per hotel shopper (“RPS”) growth primarily from product and traffic quality improvements;
- Delivered approximately 40% combined Experiences and Restaurants revenue growth in 2018, amidst large market opportunities and ongoing investment focus.

For 2019:

- We expect double-digit consolidated adjusted EBITDA growth in 2019, with differentiated revenue and profit focus by segment.

We remain bullish on our long-term prospects and will continue to leverage our unique assets as we invest in profitable growth opportunities.

### **Q4 and Full Year Consolidated Financial Results**

Q4 consolidated revenue growth accelerated and grew 8% to \$346 million. Q4 GAAP net income was \$7 million, which was up \$91 million year-over-year, and which generated a 2% net income margin. Q4 consolidated adjusted EBITDA grew 38% to \$87 million and consolidated adjusted EBITDA margin expanded by 500 basis points to 25%.

Full year 2018 consolidated revenue grew 4% to approximately \$1.6 billion. GAAP net income increased to \$113 million and generated a 7% net income margin. Consolidated adjusted EBITDA grew 27% to \$422 million, and consolidated adjusted EBITDA margin expanded by 500 basis points to 26%.

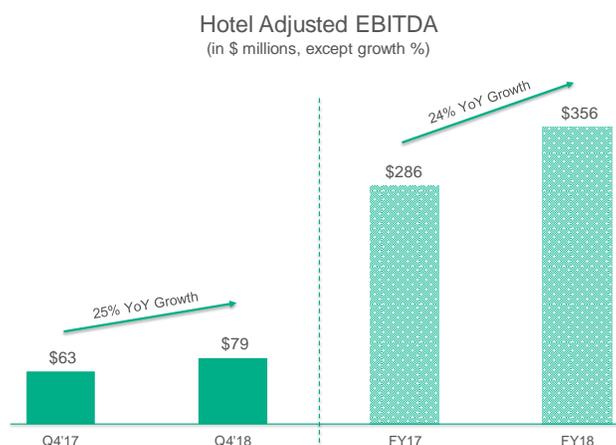
Changes in foreign currency created a 1% headwind to Q4 consolidated revenue and a 1% tailwind in full year 2018, and a 3% headwind to consolidated adjusted EBITDA in Q4 and a 1% tailwind in full year 2018.

Full year operating cash flow grew 70% to \$405 million in 2018. We generated \$344 million of free cash flow and used \$100 million to repurchase shares during the first half of 2018 at an average price of

\$38.73. At year-end, cash and cash equivalents and marketable securities were \$670 million, and we were undrawn on our \$1.2 billion revolving credit facility.

### Hotel Segment Update

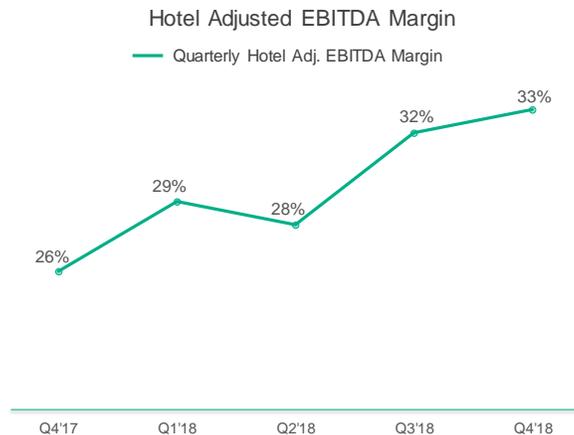
2018 was a pivotal year for our Hotel segment. Efforts to align hotel product and marketing have already benefited our consumers, partners and business in a number of ways. First, consumers get an improved, 'best-price' hotel shopping experience on TripAdvisor. Second, hoteliers and OTA partners receive more high-quality leads from TripAdvisor. Third, we had a productive first year selling hotel media ads, which enable hoteliers to unlock additional brand visibility and compete for valuable hotel shopper leads. Finally, we delivered on our key profitability objectives and grew Hotel segment adjusted EBITDA by 25% in Q4 and 24% in full year 2018.



*Click-based and transaction revenue* – Click-based and transaction revenue growth accelerated in Q4 versus Q3 slightly from negative 1% to positive 1% growth, which is a strong result given our performance marketing efficiency gains.

RPS grew 14% in Q4, with more than 20% growth on desktop/tablet and 30% growth on mobile. Hotel shoppers declined 11% in Q4, a function of our 2018 marketing optimizations and other more recent improvements focused on hotel shopper quality as opposed to greater volume. Similar to past quarters, despite lower hotel shoppers, in Q4 we grew the number of hotel shoppers we directed to partner sites. We expect hotel shopper declines will moderate in the second half of 2019 as we lap the bulk of our performance marketing optimizations and recent traffic quality enhancements.

Performance marketing optimizations throughout 2018 drove down Hotel segment direct selling and marketing expenses by 22% year-over-year in Q4, and Hotel segment adjusted EBITDA margin expanded by 700 basis points year-over-year to 33%.



In full year 2018, marketing optimizations reduced Hotel segment expenses by more than \$100 million, while we increased television advertising by \$40 million year-over-year to \$114 million to deliver our ‘best-price’ hotel message.

We have more work to do to get the click-based auction back to sustainable, profitable growth, but we’re pleased with our progress and believe we’re on the right path.

*Display-based and subscription revenue* – Complementing our click-based metasearch auction, display and subscription products round out our diversified hotel ad offering. Flat Q4 2018 revenue growth was driven by hotel media ad growth, offset by softer year-over-year performance in other areas, including a tough year-over-year growth comparable from display. Zooming out from near-term results, TripAdvisor’s nearly half-a-billion monthly users are a unique media asset that creates ample – and largely untapped – long-term growth potential. In 2019, we’ll start to lay important groundwork for driving more advertising opportunities and activating a bigger and broader advertiser base.

*Other hotel revenue* – Our Hotel segment is comprised of ‘Click-based and transaction’ and ‘Display-based and subscription’ offerings, both sold under the TripAdvisor brand, as well as ‘Other hotel’ which is primarily a collection of smaller, non-TripAdvisor-branded offerings. As previewed, in Q3 and Q4 we removed some marginal and unprofitable revenue while making adjustments to our cost structure for these non-TripAdvisor-branded offerings. These changes, in addition to marketing optimizations earlier in the year, reduced revenue, but benefited Hotel segment adjusted EBITDA. These 2018 realignments will continue to impact 2019 Other hotel year-over-year revenue performance.

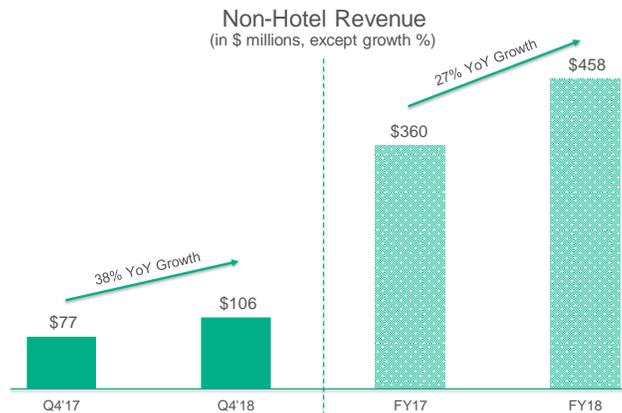
Finally, in Q4 we rolled out the “New TripAdvisor”, opening our publishing platform to brands and influencers, and reinforcing TripAdvisor as the de facto hub for travel planning. In 2019, the Core Experience team (“CoreX”) that built and launched this feature will spearhead initiatives that serve members, drive loyalty and increase monetization across our verticals.

CoreX also runs TripAdvisor’s brand advertising budget, and is diversifying what has been a singular consumer message centered on hotel-price-comparison into an integrated message that amplifies TripAdvisor’s holistic consumer value proposition. We are pleased with our brand advertising performance in 2018, and are targeting a similar investment level in 2019.

In summary, we are pleased we delivered on our key 2018 objective: grow Hotel segment profitability.

## Non-Hotel Segment Update

Non-Hotel segment revenue accelerated to 38% growth in Q4 and 27% in full year 2018. This segment accounted for 28% of total revenue in full year 2018.



Excluding Rentals, Non-Hotel revenue grew approximately 40% in full year 2018 (significantly faster than the 27% including Rentals) driven by continued growth in Experiences and Restaurant transaction offerings, and helped by a full year of growth of new TripAdvisor restaurant media ad products. Experiences and Restaurants accounted for approximately 80% of full year 2018 Non-Hotel segment revenue.

In Experiences, we delivered on all our key 2018 objectives and reinforced our leading position. We revamped our supply platform and launched it in six new languages, making it easier for more suppliers to access, onboard and manage inventory. These efforts, as well as enhanced self-service capabilities, enabled greater than 60% supplier growth and approximately 90% growth in bookable products, which numbered approximately 159,000 at the end of the year. We were excited to expand three newer verticals – events, tickets and unique experiences – giving consumers greater selection and resulting in consumer growth demand across all channels: Viator and TripAdvisor, performance-based and direct, mobile and desktop, English and non-English. These initiatives contributed to greater than 40% and 30% bookings growth in Q4 and full year 2018, respectively, with our fast-growing TripAdvisor channel leading the way.

## Experiences Bookable Products

(in thousands, except CAGR)



Phocuswright estimates the market for tours and activities will grow to \$129 billion in 2020 and we're stepping on the gas in product, supply and marketing in order to drive attractive returns over a multi-year period. Equipped with a new supply platform and Bokun's industry-leading software, we are executing on a market-by-market growth playbook. We're expanding development and sales talent across the US, Europe and Asia-Pacific, we're growing targeted supply and non-English content, and we're ensuring consumers can seamlessly book using more local payment options. As previewed, we also launched Experiences-focused television advertisements in Q4, and intend to efficiently lean into performance channels to amplify and reinforce TripAdvisor as the best place to find and book things to do.

Similarly, in Restaurants, ongoing investments are delivering rapid growth. In Q4, LaFourchette's bookable restaurants grew 23% to approximately 56,000, seated diners grew approximately 26% and TripAdvisor's restaurant media ads and premium subscription products nicely diversified restaurant-related revenue streams. Whether consumers are looking for a place to eat locally or abroad, our comprehensive offerings keep us top of mind. We remain focused on deepening relationships with consumers and partners alike through personalization, supply growth and targeted marketing.

We continue to operate Experiences and Restaurants offerings with a long-term investment horizon. Over time, we fully intend to realize their attractive profit potential and aligning product, supply and marketing in the near-term will maximize our long-term returns.

We are currently taking a different approach in Rentals, which remains a nicely profitable Non-Hotel offering within the competitive alternative accommodations market. During 2018, we increasingly prioritized Non-Hotel segment investments to Experiences and Restaurants, where TripAdvisor's unique assets position us to win.

### Outlook

*As a reminder, we endeavor to be as accurate as possible with our forward-looking commentary; however, a number of factors outside of our control can limit our visibility into future financial performance and can cause our results to vary materially from our current expectations.*

Here are our 2019 expectations:

- We expect double-digit consolidated adjusted EBITDA growth in 2019, with differentiated revenue and profit focus by segment.
- The Hotel segment is forecast to again drive consolidated adjusted EBITDA growth and profit margin. We expect Q1 and first half 2019 Hotel segment revenue trends will be less favorable than the second half of 2019 – reflecting timing of our marketing reductions, year-over-year currency impacts and Other hotel re-alignments.
- Accelerating Experiences and Restaurants investments will enable us to capture long-term revenue and profit potential in 2020 and beyond. Given our competitive advantages and huge market opportunities, we are prioritizing these investments over managing for 2019 adjusted EBITDA growth.
- Navigating competitive environments and recent investment re-prioritization, the Other hotel line within our Hotel Segment as well as Rentals within our Non-Hotel segment are expected to see increased revenue headwinds in 2019, as, on balance, we operate these lines for near-term profit.
- We expect year-over-year revenue and profit performance in both first half and full year 2019 will be back-half weighted due to various impacts of timing and lapping of investments and improvements, increased seasonality of our portfolio, currency and other factors.

In summary, we're very pleased with our 2018 results and progress along our growth initiatives. We are excited by what's ahead in 2019 and remain committed to operating for the long-term.

### **Segment Disclosure Considerations**

We are evaluating potential changes to our segment reporting to reflect our evolving performance, strategy, decision-making and capital allocation. We believe any changes we may decide to make would provide management and investors an improved view of our TripAdvisor hotel offering and core platform profitability, as well as an improved view of the financial impact of our high-growth and investment focus in our Experiences and Restaurants offerings. We expect to finalize our decision on potential segment changes during the coming months, and, if appropriate, we intend to provide a framework outlining changes in advance of our quarterly earnings report for the period during which a change is made.

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TripAdvisor's fourth quarter 2018 earnings press release is available on the Investor Relations section of the TripAdvisor website at <http://ir.tripadvisor.com/>. The earnings release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the U.S. Securities Exchange Commission, or SEC, on February 12, 2019, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC's website at [www.sec.gov](http://www.sec.gov).

Forward-Looking Statements:

These prepared remarks contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The following words, when used, are intended to identify forward-looking statements: “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “should,” “will,” and similar expressions which do not relate solely to historical matters. We caution investors that any forward-looking statements in these prepared remarks, or which management may make orally or in writing from time to time, are based on management’s beliefs and on assumptions made by, and information currently available to, management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements are more fully described in Part I. Item 1A. “Risk Factors” of our Annual Report on Form 10-K. Moreover, we operate in a rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We caution you that, while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors should also refer to our quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as we file them with the SEC and to other materials we may furnish to the public from time to time through current reports on Form 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements.

#### Use of Non-GAAP Financial Measures:

These prepared remarks may include references to non-GAAP measures, such as adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are not prepared under a comprehensive set of accounting rules and, therefore, should only be reviewed alongside results reported under GAAP.

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. We have not reconciled adjusted EBITDA guidance to projected GAAP net income (loss) because we do not provide guidance on GAAP net income (loss) or the reconciling items between adjusted EBITDA and GAAP net income (loss), as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

The earning press release in addition to other supplemental financial information is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/>. The earnings press release is also included as Exhibit 99.1 to our Current Report on Form 8-K as furnished to the SEC on February 12, 2019, which is available on the Investor Relations section of our website at <http://ir.tripadvisor.com/> and the SEC's website at [www.sec.gov](http://www.sec.gov).

#### Key Business Metrics:

We review a number of metrics, including unique visitors, hotel shoppers, and revenue per hotel shopper, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across our large user base around the world. For example, a single user may have multiple member accounts or browse the internet on multiple browsers or devices, some users may restrict our ability to accurately identify them across visits, and we are not always able to capture user information on all of our platforms. As such, the calculations of our active users may not accurately reflect the actual number of people or organizations using our platform. Our metrics are also affected by applications that automatically contact our servers for regular updates with no discernible user action involved, and this activity can cause our system to count the users associated with such applications as active users on the day or days such contact occurs. As such, the calculation of some of the metrics presented may be affected as a result of this activity. We regularly review our process and may adjust how we calculate our internal metrics to improve their accuracy.

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# EDITED TRANSCRIPT

TRIP - Q4 2018 TripAdvisor Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 13, 2019 / 1:30PM GMT

## OVERVIEW:

Co. reported 4Q18 results.



## FEBRUARY 13, 2019 / 1:30PM, TRIP - Q4 2018 TripAdvisor Inc Earnings Call

### CORPORATE PARTICIPANTS

**Ernst J. Teunissen** *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

**Stephen Kaufer** *TripAdvisor, Inc. - CEO, President & Director*

**Will Lyons**

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**Heath Patrick Terry** *Goldman Sachs Group Inc., Research Division - MD*

**James Lee** *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst*

**Jed Kelly** *Oppenheimer & Co. Inc., Research Division - Director and Senior Analyst*

**Justin Tyler Patterson** *Raymond James & Associates, Inc., Research Division - Internet Analyst*

**Kevin Campbell Kopelman** *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

**Lloyd Wharton Walmsley** *Deutsche Bank AG, Research Division - Research Analyst*

**Mark Alan May** *Citigroup Inc, Research Division - Director and Senior Analyst*

**Mark Stephen F. Mahaney** *RBC Capital Markets, LLC, Research Division - MD and Analyst*

**Naved Ahmad Khan** *SunTrust Robinson Humphrey, Inc., Research Division - Analyst*

**Stephen D. Ju** *Crédit Suisse AG, Research Division - Director*

**Thomas Cauthorn White** *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

### PRESENTATION

#### Operator

Good morning, and welcome to TripAdvisor's Fourth Quarter 2018 Earnings Conference Call. As a reminder, today's conference is being recorded.

At this time, I would like to turn the conference call over to TripAdvisor's Vice President of Investor Relations, Mr. Will Lyons. Please go ahead.

#### Will Lyons

Thanks, Victor. Good morning, everyone, and welcome to our call. Joining me today are Steve Kaufer, our CEO; and Ernst Teunissen, our CFO.

Last night, after market closed, we distributed and filed our fourth quarter and full year 2018 earnings release. We made available our prepared remarks on our Investor Relations website located at [ir.tripadvisor.com](http://ir.tripadvisor.com).

In the release, you will find reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures discussed on this call. You will also find supplemental financial information, which includes certain non-GAAP financial measures discussed on this call as well as other performance metrics.

Before we begin, I'd like to remind you that this call may contain estimates and other forward-looking statements that represent management's view as of today, February 13, 2019. TripAdvisor disclaims any obligation to update these statements to reflect future events or circumstances.



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Please refer to our earnings release as well as our filings with the SEC for information concerning factors that could cause actual results to differ materially from these forward-looking statements.

Now here's Steve who'll share a few thoughts before we open the call up to your questions.

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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Thank you, Will, and good morning, everyone.

To summarize our prepared remarks from last night, our solid fourth quarter captured a strong 2018. Looking ahead, we expect double-digit EBITDA growth in 2019, while we invest behind a number of attractive growth opportunities that, we believe, will further enhance our shareholder value. The business continues along a great path, and we're excited about what's ahead.

We'll now open up the call for questions.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) And our first question comes from the line of Deepak Mathivanan from Barclays.

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**Deepak Mathivanan** - *Barclays Bank PLC, Research Division - Research Analyst*

So first, CPC revenues grew for the first time in several quarters, and you noted in the letter that you have a lot of work to do still to achieve sustainable growth in this business. I understand the strategic decisions by OTA partners is out of your control. But what are some of the things that you're doing from product and operational standpoint that would help this business in 2019? And then the second question. You had the new user experience with the feed content for a few months now. Can you share what you're seeing in terms of typical engagement under this? Is it, in some way, impacting, either positively or negatively, the KPIs at this time?

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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure, Deepak. This is Steve. Thanks for the questions. So when we look at 2019 CPC revenue, we obviously -- as we've shared, we have some pullback on our traffic acquisition, our paid marketing, which hits that, but that eases in the second half, so we'd expect to see some more growth there. When we're looking at the things that we're doing proactively, you can bucket into a couple of different categories. The first is clearly the optimization that we know how to do so well. Year in, year out, we're able to turn our hotel shoppers into a more highly qualified hotel booker downstream to more clients. When we look more specifically, we're always focused on pricing, inventory, usability, leveraging the trust that people have in our brand to help them down that decision path. I can then reference the new TripAdvisor is providing some additional, what we call, decision support because when a brand or an influencer or your friend is suggesting, "Hey, you might want to stay in this particular hotel," that's another way that we can get that individual, that traveler to make that final decision and book the hotel essentially on someone's recommendation. All of those steps help to provide the user or traveler with more confidence that they're booking the hotel that's right for them. And therefore, when we send them downstream to our clients, the booking rates increase. So we've been sending more referrals, more of these clicks downstream. And CPCs would indicate that we're sending quite high-quality traffic. Then when you look at kind of the rest of the hotel option, I'd be remiss if I didn't mention our sponsor placement products simply because that's helping to monetize our more up-funnel traffic, folks that really aren't ready to book yet right now, but can be swayed into the right hotel, and that's something that our hotel partners are, obviously, always very interested in. So yes, the short version of the 2019 CPC revenue is more of the same, which has been quite effective on optimization front, leveraging the trust, leveraging the pricing, leveraging the inventory that we have, which we have clearly amazing capabilities there and driving our traveler through the life cycles that they're using our hotel product as well. To question two, the New TripAdvisor, I kind of want to remind folks, yes, you have a

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travel feed, but you also have our new trips product, a bunch of other components in the New TripAdvisor, and we're really pleased with the launch. First, the KPIs, the things like member growth has improved. And then the concern that was natural to have about, hey, was it taking people away from the shopping experience as we had tested it and as we rolled it out did not materialize. So we're happy with what we have. I want to set expectations, of course, that it is a foundational change. We have the world's richest, largest community of travelers around the globe. We view that as a tremendous asset that TripAdvisor uniquely has in the travel ecosystem, and we want to leverage that to help travelers have an amazing trip. Inspiration, getting input, getting inspiring articles, videos, blog post by those you trust, the brands and people that you follow, we feel that, that's valuable to the traveler experience. We're uniquely positioned to do it. And we've built the foundation and rolled it out now. Carrying those recommendations down to the individual hotels, restaurants, attractions, we're in progress. We've done some of it, not nearly as much as we expect to. Helping people plan their entire trip using our itinerary, leveraging all the things that you can do on TripAdvisor, so that it's not just a hotel search and then applied search and then an attraction search, but you're pulling together a full package, that's the beauty of the New TripAdvisor, and that's how we're leveraging something that we think we can uniquely provide across the travel ecosystem. So no negative impact on any of the KPIs that we watch. Modest positives on things like member growth and how those members who are now following are socially active. They come back more frequently, which is nice. But I'd also remind folks, foundational and still it's mostly just on the homepage. So a lot of our travelers still will be coming in directly to a city and they may or may not notice a whole lot of the New TripAdvisor, and that's our opportunity ahead to bring that to them and capitalize on the benefits as we continue to improve them.

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### Operator

And our next question comes from the line of Lloyd Walmsley from Deutsche Bank.

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### Lloyd Wharton Walmsley - Deutsche Bank AG, Research Division - Research Analyst

Two, if I can. I guess, first, just following up on Deepak's question. Can you give us a sense for looking at kind of hotel shopper growth in 4Q and the outlook for the first half? Are you seeing any changes in the auction or flagging? Are you seeing any impact on SEO, maybe similar to what Expedia mentioned on HomeAway? Or is the outlook primarily a function of just slowing marketing spend or deprecating SmarterTravel? And then the second one, on the Non-Hotel business growth looked really strong in 4Q across revenue and bookings. It sounds like you're planning to make some big investments there. Do you think this can drive acceleration in revenue in kind of attractions and restaurants from '18 levels? And you've also mentioned the potential to re-segment, if some of that could give us more visibility into this businesses within Non-Hotel.

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### Ernst J. Teunissen - TripAdvisor, Inc. - Senior VP, CFO & Treasurer

Lloyd, this is Ernst. Start with your question which is hotel-oriented. I'll take that first. So the half 1 versus half 2 comments that we made are really a strong function of lapping the marketing pullbacks that we started last year and so we're most intense in half 2. So if we look at half 1, we still haven't fully lapped that. And it's going to have a continued negative impact on hotel shoppers, but a very positive impact on profitability. In the second half, that is easing and that is going to have an easing impact on our ability to grow hotel shoppers. So that is really the most important impact. I would, additionally, call out moving from Q4 to Q1 that Q1 is a tougher comp than last Q4 was. If you look at the year before quarters, we'll have some additional currency headwind in half 1 and in Q1 as well that we didn't see in Q3 and Q4. But just want to highlight that the marketing pullback is the most important factor in all of this. The question about Non-Hotel and investment there, yes, we've been very pleased with the progress we've made in Non-Hotel, particularly in our experiences and restaurants sector. And experiences has been a continued building of our platform and capitalizing on our leadership position there. We're investing deeper into that in 2019 because we feel we have a fantastic market opportunity there, ability to drive some real shareholder value by investing, rather than cranking up profitability for that business. And so we're very excited about that and believe that it will position us really well. Will that allow us to excel revenue in 2019? Some of these things that we put in place will have a benefit in 2019. Some of them will be a little bit more longer term in orientation. It's building the sales force. It's building the office supply. It's building our capabilities, particularly for non-U. S. travelers. We're very optimistic about what we can achieve in that sector over the long term. And restaurants is another area that has been impressively growing for us in 2018. We expect that to continue into 2019 as well, and that is both on the reservation side for LaFourchette as well as this new business we built around advertising for restaurants on TripAdvisor. So we feel good about that. And the re-segmenting that we are considering is going to provide you some more visibility. So for 2019, I would say



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experiences, restaurants don't necessarily factor in an acceleration just yet. Continuing growth rates is what we are looking at. But for the longer term, it will definitely have a strong impact.

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**Lloyd Wharton Walmsley** - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And I guess, just a follow-up. Anything you would call out on the hotel side on the auction or in SEO that we should be just mindful of?

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**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. In terms of the auction, so the Q4 and also the start of the year 2019, we've seen continued stability in how our partners approach the auction and our behavior of our partners on the auction, so continued stability there. And I called out the Q4 to Q1 impacts, and that's the most important things that we are seeing right now. We're obviously keeping our eye going forward on the various geos in the world impacting of Europe, and we're keeping an eye on what may or may not happen there. But as I said, stability on our auctions so far.

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**Operator**

And our next question comes from the line of Justin Patterson from Raymond James.

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**Justin Tyler Patterson** - *Raymond James & Associates, Inc., Research Division - Internet Analyst*

Great. You talked about leaning in the performance channels for experiences. Obviously, you just made a lot of optimization from the hotel side in 2018. Could you talk about the differences and how you approach hotel versus experiences, traffic acquisition and, just philosophically, any difference in ROI there?

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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure. Good question, Justin. This is Steve. I think one of the key differences, as we view it, is in the experiences category, we are acquiring traffic who then buy on our site and become members. And they can start to build that habit of buying whatever tour activity they're going on before the trip and then perhaps an opportunity to buy another 1 or 2 things while they are on the trip. And so we view the lifetime value as potentially much more meaningful for us and, therefore, leaning into paid acquisition. Leaning into acquisition of any type makes some more sense. You can see the converse on the hotel meta side where we have certainly in the past leaned in on performance marketing, but it hasn't yielded the membership, the ability to refer. When you also look at the opportunity for experiences, we view ourselves as clearly in the lead in most parts of the world, and it's great opportunity to build that habit. And right now, with the nascent business, as we've mentioned many times, the growth opportunity and the ability to build the habit with that first purchase from so many people, we think, is great. It builds the brand. It's a wonderful product today. And again, we continue to double down on supply and reach going forward.

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**Operator**

And our next question comes from the line of Mark Mahaney from RBC Capital.

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**Mark Stephen F. Mahaney** - *RBC Capital Markets, LLC, Research Division - MD and Analyst*

I just want to ask 2 numbers questions. So in terms of the outlook in 2019 for Non-Hotel segment, it sounds like the experiences and restaurants categories, that combined could see acceleration, but it sounds like consistency of growth versus 2018 is probably the most realistic expectations. If you put that together with the rentals likely seeing greater headwinds in '19, does that mean that Non-Hotels revenue growth is likely to be less robust in '19 than in '18? Just qualitatively talk about that. And then secondly, I just draw you out on this double-digit EBITDA growth that actually

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could encompass a very broad range. I assume, when you say that, you mean kind of low midteens, but can you do more than just talk about double-digit EBITDA growth, quantify that a little bit?

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Mark, thank you. Indeed, we're saying we're expecting a deceleration of rentals. For the whole Non-Hotel segment, I would say roughly a similar growth rate as last year. Obviously, rentals weighing, but also rentals being a smaller portion of it, and that is what I would say qualitatively about it. In terms of putting more precision on our double-digit EBITDA growth guidance, not putting a finer point on that is really in the year. We feel comfortable with this level of precision at this point. And as we go forward in the year, we'll provide more commentary on that.

**Operator**

And our next question comes from the line of Mark May from Citi.

**Mark Alan May** - *Citigroup Inc, Research Division - Director and Senior Analyst*

I had 2, if I could. First, it seems like that there's a -- I don't know if it's a slide or a meaningful change in your marketing strategy, if I'm gathering from the letter, last year, you grew at brand ad spend quite a bit and you pulled back on performance. Now it sounds like that you may be plan to revert back to kind of what we had typically seen in the past, flat brand, but increasing your performance. If I've got that right, why that change? Is it in part a reflection of some of the limits in using either brand to drive the business? Just kind of curious what's going on there. And then secondly, in your letter, you discussed prioritizing investments over managing EBITDA growth in the Non-Hotel segment. Just curious. I think you're growing your Non-Hotel revs by, like, \$100 million a year. That would suggest a pretty meaningful step-up in expenses this year in that segment. If so, what are the different areas that you're investing in, in Non-Hotel expense?

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. Thanks for those questions. In terms of marketing strategy change, nope, the marketing strategy, very similar to what we have done in 2018. Remember that 2017 was the year that we started to do TV. We started to do that in June [2017] (corrected by company after the call). We stepped up the level of investment in TV because we had a full year of spending, spent about \$115 million. And as we look into next year, we feel we have the appropriate level of brand advertising now and so we're going to be spending roughly the same amount. We're happy with what TV has done for us and how brand marketing can perform for TripAdvisor, and so we're going to continue with that. As said in our prepared remarks, and as evidenced in the fourth quarter, if you watch our TV spots, we are diversifying the message from just this pure focus on hotel to the broader value prop for TripAdvisor, but a similar level of overall spend. In terms of the performance marketing, on the hotel side, continuation of our strategy for 2018 into 2019. We have reduced marketing and have achieved much higher efficiency. That's been the driver of our profitability last year. We drove 27% EBITDA growth last year. And our marketing optimizations in hotel were a big factor of that. And so see that continuing. Obviously, the biggest impact is going to be in half 1 because we're going to be lapping into the biggest changes in the second half. For Non-Hotel, as Steve was just describing, we're leaning in on Non-Hotel. It's a high-growing category for experiences and restaurants. And obviously, we're going to capitalize on that. So there, we're leaning in more on marketing. So that's our overall approach. It's not too different from what we've been doing in 2018. In terms of meaningful investments in Non-Hotel, yes, read the script for this. We're investing in both experiences and restaurants. And as we said in our prepared remarks, we're investing in product. We're investing in supply. We're investing in marketing. We're really investing across the platform. We have a large still -- large opportunity ahead of us with experiences and restaurants. If we look at international opportunities, if we look at just the supply, if you look at how much of the experiences business is still offline, we have a huge opportunity. And so we're making investments, so we can capitalize that for the future.

**Operator**

And our next question comes from the line of Jed Kelly from Oppenheimer.



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**Jed Kelly** - *Oppenheimer & Co. Inc., Research Division - Director and Senior Analyst*

As you roll out your social program, are you sort of thinking of eventually developing loyalty and membership programs for your members? And then has there been any change to this quarter's guidance from last quarter where you guided to healthy growth?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Jed, this is Steve. I'll take the first question on social, loyalty. Certainly, we're looking in a variety of different ways that can help bind people to TripAdvisor, the loyalty, members. Number one was, is, will always be a fantastic product experience. As you know, most travelers, as they're going around the world, love seeing TripAdvisor, love planning their trip. It's a brand with a ton of trust. And we don't kind of have to pay people to remember us with kind of point schemes. That's not to say that we aren't thinking about adding components to TripAdvisor membership that would offer additional values than just hearing from us from time to time.

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

On the second question, so if any change from healthy to double digit, no change in terms of our approach to the year. It's obviously -- we're less specific in Q3 because we hadn't gone fully through our planning. And now we have gone through the planning. So that's the only difference, but there's no fundamental difference of approach or how we think about 2019 versus how we thought about it 3 months ago.

**Operator**

And our next question comes from the line of Douglas Anmuth from JPMorgan.

**Douglas Till Anmuth** - *JP Morgan Chase & Co, Research Division - MD*

I have 2. Can you provide some additional color just on the recent improvements, focus on hotel shopper quality and then also any feedback that you've gotten from your advertisers on these improvements? And secondly, can you give us an update on the hotel media ads business and how you're thinking about the opportunity there going forward?

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. On the hotel shopper quality improvements that we have been able to drive, yes, we have commented up it in Q3. And this quarter, we commented on this as well. There's a headline number of hotel shoppers. But then, underneath that, we look at how many shoppers do we pass on to our clients and how well do they convert, and that is obviously an area that we are very focused on because a highly qualified shopper is what hope to be after for our partners. And so we've shown nice improvements. We said in our prepared remarks in Q3 and in Q4 that we actually -- despite the fact that the total number of shoppers is going down because of our marketing pullback, the leaves were passing on are going up. And so that's actually a very good outcome for us and somewhat masked by this shopper growth. Additionally, to just product improvements that we're making and conversion improvements that we're making, we've also made other changes to get more highly qualified shoppers into our hotel funnel. We made some changes to the homepage, as you may have seen, at the end of Q3, which was originally very hotel focused and now is a more broader homepage. That is deliberate, fewer hotel shoppers to our hotel pages, but it has had no near-term impact on revenue, but has really impacted the revenue per the hotel shopper we got there. So some of that deceleration of hotel shopper performance you saw from Q3 to Q4 was impacted by that. And some of the increase in revenue per shopper that you saw equally was impacted by that as well. So we're really looking at this with a combined impact of what we're seeing of shoppers and revenue per shopper. Very encouraged by the quality of the revenue of the shoppers that we're creating, 14% revenue per shopper growth in Q4. And ultimately, we believe that is the right approach to our auction, rather than just grow the top of the funnel.



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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Yes. This is Steve. Just to follow up on that. We clearly have scale with our partners. The lead growth that we're sending is clearly meaningful to all of them. And therefore, we're in a good position to be able to drive quality leads to them, and that's reflected in the CPCs. And all that's going well. Even if there are some blips in the hotel shoppers down, RPS up or vice versa in any particular quarter. There are a set of metrics, but at the end of the day, it's the leads we send downstream and what we get paid for that drives our revenue. And then, of course, the other thing driving a growing part of our Hotel biz is the media. And again, no matter how many shoppers we have, there's going to be a set that are just not ready to purchase yet. And since our auction, we get paid based upon how many people are actually booking the hotel, moving that demand around or helping hoteliers get the right people to be interested in their properties is a major thrust of the hotel's business unit. We have sponsor placements. It's getting more and more targeted. It's appearing on more and more pages. We do extensive testing with our travelers, and it's not getting in the way. So it's a very native look and feel advertising unit that's working for hoteliers and working for travelers and growing in scope and allows us to form more direct relationships with individual hoteliers all around the globe, leveraging the fact that all of our traffic isn't quite ready to book yet. Picking it up a level, we also have close to 500 million unique visitors a month on the TripAdvisor properties. And so you'll see in the coming -- and I'll put this out in years, in the coming years, more of a focus from TripAdvisor on growing the overall media business. That is just a lot of eyeballs focused, for the most part, on travel. And we feel a very good job penetrating the endemic market travel advertisers, but we think there's a lot of opportunity going beyond that. We're laying the groundwork this year, but I feel confident in setting expectations that the overall media business is a good growth vehicle for TripAdvisor, leveraging the fact that we already have so much traffic.

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**Operator**

And our next question comes from the line of Kevin Kopelman from Cowen and Company.

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**Kevin Campbell Kopelman** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

I had a question on your TV spend for 2019. Can you give us an update how you're looking at that? You mentioned a similar level of investment. Are you looking to spend around the same amount in 2019 as 2018? Or do you mean that you're going to increase that by about \$40 million again?

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**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Kevin. Yes, to clarify that, a similar spend as in 2018, we're saying in 2019, so not another similar increase, a similar total level of spend. In 2018, that was predominantly spent on our hotel messaging. At the end of the year, we started to diversify that away a little bit from more of a focus on experiences. And throughout 2019, you'll see more diversification. But the overall brand spend on TripAdvisor, very similar to 2018 is our target.

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**Kevin Campbell Kopelman** - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Okay. Got it. And as you move some of the messaging to experiences, are you starting to allocate any of that spend to the Non-Hotel segment?

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**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

We have and we are allocating the brand spend to our Hotel segment and planning to continue that into 2019. Our brand spend is managed by our CoreX organization, which sits in our Hotel segment, and that's where we're accruing the expenses.

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**Operator**

And our next question comes from the line of Naved Khan from SunTrust.



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**Naved Ahmad Khan** - *SunTrust Robinson Humphrey, Inc., Research Division - Analyst*

I just have 2 questions. You mentioned on the performance by region for the core hotels, how many Europe did versus Asia and North America? And then can you also tell us how much mobile was as a percentage of to the total click-based revenue? I think you've disclosed that in the past.

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

In terms of regional performance, in Q4, not much to call out there that will be sort of specific or helpful. No trends to highlight in Q4, I would say. In terms of the mobile trends, you saw in prepared remarks, we showed another quarter of nice revenue per shopper improvements for mobile and continue to see very nice revenue growth in there.

**Naved Ahmad Khan** - *SunTrust Robinson Humphrey, Inc., Research Division - Analyst*

Just a quick follow-up clarification on that. I think last time, you've sort of talked about the disparity between mobile RPS versus desktop. It was roughly on 40%. Where are we with respect to that disparity?

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. It is still about 40%. If you look at Q4, the interesting point was that desktop actually had very impressive monetization performance. We grew desktop RPS by 20%. Mobile, a little faster, 30%. So it moves a little closer, I guess, in monetization, but didn't move that about 40% meaningfully enough. Of course, we're not managing per se to a narrowing of the gap. We're managing to driving as much revenue as we can. So we'll take the fact that desktop grew by 20% and therefore may not have moved the relative metric that much.

**Operator**

And our next question comes from the line of Tom White from D. A. Davidson.

**Thomas Cauthorn White** - *D.A. Davidson & Co., Research Division - Senior VP & Senior Research Analyst*

Just on the difference between hotel shopper growth and the amount of kind of downstream leads you're sending to your partners, is that just a function of the better traffic? Or are there things on the site in terms of kind of on-site conversion or click-through rate that you guys are doing and may still continue to be able to do to keep that growth in leads robust next year relative to hotel shopper growth? And then just on rentals, maybe just a quick update on your longer-term thoughts there, your latest thinking. Are you -- it seems like you're going to kind of maybe starve that business a bit in terms of investment this year. Is that just a short-term pullback given just sort of heightened competition? Or are you kind of rethinking your longer-term relevance in that business?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

This is Steve. Tom, I'll take the first one on the hotel shopper growth. So yes, we certainly feel like there's a constant effort on the product team to improve how we can take any hotel shopper we have on the site and drive them to be a qualified lead for our partners. As I've mentioned earlier, we look at kind of the output, how many leads we can drive to our partners and the quality of those leads. Hotel shoppers, of course, we want to grow them. We will -- to the degree that we can find very high-quality sources of hotel shoppers and buy them effectively, we'll do so. To the extent that we can find low quality but free hotel shoppers, we'll do that all day long as well. So the absolute growth by up a couple of points or down a couple of points in hotel shopper isn't the driving nature of our business. It's what we can do with them. So I acknowledge that up or down for shoppers and sometimes the RPS impact makes it a little fuzzy to understand. But Ernst was trying to explain it earlier in Q4, in particular, and back half of the year in terms of having fewer hotel shoppers entering from the homepage, but a higher quality, the RPS going up. So you'll still expect



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to see some fluctuation over the course of the year. It's a metric we choose to report. But I want to make clear, it's not the driving metric behind the business at this point.

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**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

And then our rentals business, so our rentals business, we've seen a decline in revenue in 2018. We're expecting that to continue and actually accelerate a bit in 2019. It's a nicely profitable business. And it is an important business for us to be able to offer to our users, but it's not a business where we have incrementally put new resources to work. If we compare our opportunities in the different parts of our Non-Hotel segment, clearly, a lot of opportunity in experiences. And restaurants, clearly a very strong market position there. For alternative accommodation for rentals, it's been with the presence of 2 really large competitors in that space. It's been a little harder for us to allocate the resources to it versus allocating them to places like experiences or restaurants. And so that's our approach there. We're picking our battles very clearly and we're picking where we can win. And we pick experiences and restaurants.

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**Operator**

And our next question comes from the line of Stephen Ju from Crédit Suisse.

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**Stephen D. Ju** - *Crédit Suisse AG, Research Division - Director*

So Steve, can you give us any color on your efforts to add more supply on Viator or even LaFourchette? Is there anything you can do to speed up the pace of additions there? And also anything you can share in terms of how the consumer behaves on the site in terms of what percentage of the hotel shoppers ultimately go on to take advantage of either the restaurants or even tours that you have and offer there?

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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure. So I'd say, we feel we've been doing a very good job growing supply in 2018 in both restaurants and experiences, and we are preparing for more growth. So I think we have kind of the machine down. We have the technology. It's not a simple -- in either business, a simple phone call, want to get connected. There is tech involved in many of the cases, but that's not stopping us. It's not slowing us down. And you should certainly expect additional supply growth in both businesses. To the question of how many hotel shoppers are able to cross over to the other products, I don't have a great answer for you at the moment. We do see, obviously -- we've seen the same session. People will be looking at multiple things, and that's the unique value that our product provides versus many others. I'd say a lot in terms of how many people over the course of planning a trip will visit more than one category on our site and, again, a nice additional value. Many of them are not members. So we simply see that their device has been to multiple sections on the site within a week, looking at the same city again, indicating it's the same trip or opportunity. And one of the things that we're focused on is to help those travelers save up the list of things that they're looking to do in their itinerary on TripAdvisor, which is something you have to register for and then you can see on all devices and take with you, and that's a nice sticky feature that will be improved that we launched already, and we'll be certainly improving this coming year in order to drive that loyalty and help more of the crossover shopping behavior that we love to see.

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**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

And I would add that is still a big opportunity. An underutilized opportunity on our site is a lot of the focus has been vertical by vertical. And some of the investments we're making at our CoreX organization and looking more holistically at the user experience is going to help us capture more of that interlinkage between the verticals. I would say that's a big opportunity for us going forward, rather than having captured that historically.



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### Operator

And our next question comes from the line of James Lee from Mizuho.

**James Lee** - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Internet Sector Analyst*

Couple questions on the experience business. And maybe Steve, can you maybe talk about the competitive environment here? Are you seeing maybe the larger OTAs, like Booking and Expedia, becoming more visible? And help remind us a little bit, given the fact that you had built out all these products for experience business, what is your key differentiation versus OTA from a consumer and also from a supplier perspective? And maybe the next question is more for Ernst. You have talked about in your shareholder letter that you have expanded into non-English countries with local payment options. So help us understand the implications there. Are you becoming the merchant of records by adding local payments there? And maybe help us understand what kind of investment you need to make here. And when will that investment be ready for local payments?

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Sure, James. This is Steve. To the differentiation point, when you look at all of the things that TripAdvisor can help a traveler with, you can start with flights, you can move to hotels, then attractions, then restaurants, the overall ability to stitch it all together, then you can add the community that says -- and you can talk to people who are -- who have already been there, done that, exchange info in our forums, and then you talk about being inspired of where to go in the first place through brands and influencers, all of those pieces form your complete trip versus an OTA, which is a fabulous booking engine for a hotel or a flight. But again, much more 1 or 2 product focus versus taking care of you on the trip. Layer the trust that travelers have in the brand and the recommendations of the hundreds of millions of other travelers that have written reviews on our site, that's pretty compelling, very different experience than what you get through a bookings site, be it a Marriott.com, a great booking site, or an Expedia or a Booking.com, also great booking sites. So our opportunity remains up funnel. It remains full trip. And it remains based around a considered purchase, a trip that generally will span a couple of days or a week that folks want to make sure it goes right. And then we think we are extremely well situated to win the hearts and minds, to be the preferred vendor for that experience. Ernst?

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

Yes. In terms of the local payment methods for our experiences business that we referenced in our prepared remarks, that has not changed of where we're a merchant of record. We're a merchant of record within our experiences business throughout the world. It is just offering our users as well as our suppliers more different opportunities to pay or get paid other than a credit card or a PayPal or so more local options there. That's what we're moving towards. And as you provide more abilities to pay or be paid, of course, that is helpful for users and helpful to our revenue as well.

### Operator

(Operator Instructions) Our next question comes from the line of Heath Terry from Goldman Sachs.

**Heath Patrick Terry** - *Goldman Sachs Group Inc., Research Division - MD*

I was wondering if you could just give us a brief update on hotel direct, particularly in your metasearch results, whether or not you're seeing sort of any progress or willingness on the part of hotels to begin sharing loyalty rates or some of the other kind of deeper relationship in broader search results. And then on the Non-Hotel business, as you get deeper into that business, how has your thinking evolved about how the long-term margins in that business will compare with the long-term margins in your Hotel business?



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**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Thanks, Heath. This is Steve. I'll take the first questions. Hotel direct in meta, we certainly have most, if not all of them, interchange participating. So the question is really to what extent will they give us special loyalty rates and to what extent will they be opaque or kind of click here to see the real rate or whether we're able to display the rate on the site, I'd say it remains something that hotels are evaluating and sometimes reevaluating. We're obviously interested in always having the best price we can anywhere on our site. You can see us and some of the partners be chasing it. But if the question is surrounding, are we seeing any meaningful change in the hoteliers' interest, in doing so, I'd respond with it seems to be kind of more of the same interesting discussions. Some are more forthcoming than others, but nothing materially different at the moment.

**Ernst J. Teunissen** - *TripAdvisor, Inc. - Senior VP, CFO & Treasurer*

And in terms of Non-Hotel margins, yes, we've said in the past that we expect to get very attractive margins in our Non-Hotel businesses. We look at the gross profit performance, our take rates. We look at the type of cost structure we think is required long-term. And we think it is actually going to be long-term hotel-like in its margin structure. So we see definitely a lot of upside there. We've seen 14% EBITDA margin in 2018 in Non-Hotel. That is showing some profitability, but underneath there, a lot of investment. As we said, we're leaning a little bit more into investment into 2019. We could reap a lot of more profitability from that segment today if we chose to, but we're investing. And over the long term, as scale builds in that business, we believe we can get to a very attractive level of margin, as I said, hotel-like.

**Operator**

And I'm showing no further questions at this time. I'd like to turn the call back to Steve Kaufer, Chief Executive Officer, for closing remarks.

**Stephen Kaufer** - *TripAdvisor, Inc. - CEO, President & Director*

Well, great. Thanks, everyone, for joining the call. I want to thank all of the TripAdvisor media group employees around the world for a great 2018. Together, we put the business on a great trajectory, and we have exciting growth opportunities ahead. I look forward to updating you on our progress next quarter. Thanks, everyone.

**Operator**

Ladies and gentlemen, please, thank you for participating in today's conference. This does conclude the program, and you may all disconnect. Everyone, have a great day.

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