

Dear Fellow Shareholders:

Our second quarter results reflect the historic impact the COVID-19 pandemic is having on Tripadvisor and the travel industry. In Q2, we posted revenue of \$59 million, a \$153 million net loss, and a \$74 million adjusted EBITDA loss, which was better than our previously disclosed expectations.

In late March and throughout April, we saw the sharpest, deepest drop in business activity in our 20-year history. Our partners (including online travel agents, hotels, activity suppliers, destination marketing organizations, and restaurants that comprise a majority of Tripadvisor's revenue) reduced their advertising budgets to align with impacted travel demand, reduced bookings, and increased cancellation rates. While significant year-over-year business impacts persist and near-term visibility remains low, we are encouraged that consumer travel demand trends and our business have picked up from the April nadir.

We are very proud of our Tripadvisor teams that came together to support our stakeholders across a number of important objectives, including:

- swiftly reducing our cost structure to preserve cash, and raising long-term debt capital to further bolster our solid financial position;
- enabling businesses to promote health and safety information to help consumers gain confidence in their travel decisions; and
- supporting partners with data, market insights, and a number of provisions to alleviate some of the acute financial impacts the pandemic is having on their businesses.

Travel's recovery path involves not only reopening businesses and borders, but also restoring consumer confidence in their own health and safety. In light of a myriad of unknowns, we have planned with conservatism. We have streamlined operations to increase efficiency and preserve liquidity, and we feel well prepared for a variety of recovery scenarios.

In all, we are executing on what we can control. We are operating prudently, leveraging our platform's core strengths to help customers, and redoubling strategic efforts to emerge in a strong position on the other side of this pandemic.

Q2 update and current state of the business

Monthly consumer traffic has started to recover. In April, May, and June, monthly unique users on Tripadvisor sites were approximately 33%, 45%, and 60%, respectively, of last year's comparable period. We estimate July monthly unique users improved further, to approximately 67% of last year's comparable period.

Early observations are that consumers are in search of shorter, local getaways that enable them to be active outdoors; domestic travel has been recovering faster than international travel; and European markets have been recovering faster than the U.S. We also note that intra-Europe searches started to rise as that region's borders reopened.

Moreover, we have seen notable improvements in restaurant traffic, with European markets leading the way compared to other regions. For example, in July, restaurant traffic on Tripadvisor sites in France, Belgium, Germany, and Switzerland returned to year-over-year growth, and Italy recovered to parity with 2019. TheFork, our restaurant transaction-based business, has also seen rapid recovery, with relative strength in key European countries such as Italy, France, and Spain.

Consumers' uncertainty surrounding the pandemic and its impacts has actually strengthened Tripadvisor's consumer value proposition. Safety is top of mind and, in Q2, we launched "Travel Safe" tools, which enables hotel and restaurant partners to post important health and safety information to enable consumers to make more informed decisions.

Q2 revenue was materially challenged, but performance has improved recently. In an environment characterized by low bookings and high cancellations, partners have remained cautious around deploying advertising dollars. That said, we have seen some improvement since the April lows. April and May revenue was approximately 10% of last year's comparable periods and June revenue was approximately 20% of last year's comparable period. We estimate July revenue performance improved further to approximately 30% of last year's comparable period. COVID's impacts continue to vary market-by-market and week-to-week, so recovery from here will likely continue to be nonlinear. We remain cautious, but recent improvements are encouraging nonetheless.

Restaurants and vacation rentals have shown the fastest relative recovery recently, followed by Hotels and then Experiences. Within our Hotels Media & Platform segment, we have seen Tripadvisor-branded Hotels revenue recovering faster than Tripadvisor-branded Display and Platform revenue. Across our platform, we are supporting partners with data and insights to help them adapt quickly and capitalize on pockets of opportunity. Cancellation rates witnessed early in the quarter have moderated, an important development for partners' deploying advertising dollars with increased confidence, and for recovery of our advertising-based revenue and transaction-based revenue streams.

Update on concerted actions taken to bolster our financial position

In the face of unprecedented uncertainty, during Q2 we took swift, concerted action to preserve cash and maintain our solid financial position.

First, we have driven significant savings through prudent expense management. Last quarter, we outlined significant discretionary and workforce-related cost reduction measures and identified target savings levels in Q2 and Q3. We are tracking in line with those targets.

Specifically, we estimate we generated approximately \$104 million of savings in Q2 compared to Q1. We note that these cost savings do not consider depreciation, amortization, restructuring and related reorganization costs, and stock-based compensation. Of these estimated savings, approximately \$51 million were from discretionary and workforce-related measures, and

approximately \$53 million were from reduced variable costs, which moved lower commensurate with revenue (i.e., performance-based marketing and a portion of our cost of revenue).

Looking ahead, in Q3, we expect approximately \$10 million of additional discretionary and workforce-related expense savings, bringing the total quarterly run-rate impact to approximately \$61 million versus Q1. In Q4, we expect discretionary and workforce-related expenses to be roughly flat versus Q3. For the full-year, we estimate these actions will generate savings in discretionary and workforce-related expenses in excess of \$200 million this year compared to 2019 (again, not considering depreciation, amortization, restructuring and related reorganization costs, and stock-based compensation), and represent even bigger savings on a run-rate basis, positioning the P&L well as we enter 2021. Variable costs are expected to be lower as well, driven by lower expected revenue in 2020.

In Q3 and Q4, we expect variable costs to move in line with our revenue recovery.

Additionally, in Q2 we incurred pre-tax restructuring and related reorganization costs as a result of workforce reductions of \$33 million, which was in line with our expectation. We have incurred \$42 million of restructuring and related reorganization costs year to date, and we do not expect to incur any material restructuring costs moving forward.

We believe we have appropriately aligned our cost base with the current environment. We have flexibility to further reduce costs, if needed. However, measures we have already taken have positioned the business for increased flow-through as the travel industry recovers and revenue comes back.

Second, we further bolstered our liquidity position. At the end of Q2, we had \$698 million of cash and cash equivalents, a decrease of \$100 million from the end of March 2020. This cash balance included \$700 million from our revolver drawdown in March 2020.

The reduction in cash during Q2 versus Q1 was driven primarily by an increased operating loss on lower revenue and, to a lesser extent, net outflows of deferred merchant payables, as the outstanding payables on our consolidated balance sheets declined from \$159 million at December 31, 2019, to \$71 million at March 31, 2020, to \$57 million as of June 30, 2020, reflecting the lack of new bookings in the post-COVID-19 timeframe.

We expect lower CapEx levels in 2020 versus 2019 based on lower capitalized website development costs on lower headcount, and we expect the trajectory of operating and free cash flow recovery will center on revenue improvements.

In May, we amended our revolving credit facility to, among other things, replace the leverage ratio covenant with a minimum liquidity covenant for a period of time ending prior to the fiscal quarter ending September 30, 2021, as well as downsize its capacity to \$1.0 billion from \$1.2 billion.

In July, we completed the sale of \$500 million aggregate principal amount of 7.000% senior notes due July 15, 2025. We used the proceeds to reduce our outstanding borrowings under our revolving credit facility.

We expect to see peak cash outflows in Q2 and Q3 this year, given the confluence of net losses, including material restructuring costs, and deferred merchant payables outflows. We also believe our swift actions to streamline operations, conserve cash, and raise debt capital has the business appropriately capitalized and covenant-compliant even in the event of a prolonged COVID-19 driven downturn.

Executing on our key focus areas

We are pleased to have further secured our solid financial position. This enables us to redouble our focus on building direct, durable relationships, and more effectively converting Tripadvisor's travel influence into increased repeat, intentional, engaged usage and monetization. Here are our operational priorities for the balance of the year and into 2021:

- Accelerating efforts along our One Tripadvisor vision. We are bringing our consumerfocused strategy to life. In Q2, we launched a redesigned homepage and new tourism pages
 that celebrate our new brand identity and celebrate our unique position centered on peoplepowered planning. We are innovating faster, and are synthesizing historically disparate
 consumer signals to deliver a more personalized and contextually-relevant discovery,
 planning, and shopping experience for considered trips. Later this year, we aim to launch
 our redesigned mobile app, which we believe will give consumers a powerful, on-the-go
 travel companion and will enable us to reach, serve and delight a new generation of
 travelers and diners.
- Diversifying long-term revenue through Experiences & Dining segment growth. We
 remain focused on merchandising our high-quality inventory, enabling consumers to
 seamlessly discover, book, and have story-worthy experiences. In restaurants, we are
 focused on further integrating and expanding our SinglePlatform and Bookatable offerings,
 and we are adding contactless payment capabilities to TheFork's app.
- **Expanding our hotel customer-focused solutions.** We expect to launch a new offering during Q3 and we remain focused on building the product suite and deepening hotelier partner engagement on our platform.
- Launching direct-to-consumer paid offerings. We believe there is a potentially large opportunity to develop consumer subscription and other direct-to-consumer paid offerings. In Q2, we launched our first consumer-facing offerings: a personalized travel service that connects consumers with a curated community of expert Trip Designers, and a trip insurance product in partnership with Allianz. These are small but important steps in this new category. We see a bright future ahead, and are planning more ways to help travelers and monetize through additional direct-to-consumer offerings.

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.

We are encouraged by recent trends, but we note that top line visibility remains extremely low.

For Q3, we expect:

- Year-over-year revenue performance to improve versus Q2, while remaining materially lower than Q3 2019; and
- A meaningfully reduced adjusted EBITDA loss compared to Q2.

Corporate Governance update

In July, Jane Sun, the chief executive officer of Trip.com Group, joined our Board of Directors. Trip.com is a leading online travel agency, and Trip.com Group is our partner running the Tripadvisor China joint venture we announced in Q4 2019.

Earlier this year, Greg O'Hara, Founder and Senior Managing Director of Certares, also joined our Board of Directors. In addition to Greg serving as a Vice Chairman of Liberty Tripadvisor Holdings, Greg serves as Executive Chairman of American Express Global Business Travel. Certares is a travel-focused private equity firm that has ownership interests in American Express Global Business Travel, the largest global corporate travel management company, and Internova Travel Group, one of the largest travel services companies in the world with a collection of leading brands including Travel Leaders Group, that deliver high-touch personal travel expertise to leisure and corporate clients.

We are excited to have Jane and Greg's deep travel expertise and valuable insights in the fold as we navigate the current travel landscape and position the business for future strategic growth opportunities.

Final thoughts

Travel's full recovery will take time, and it will likely be uneven along the way. We will continue operating with prudence as we execute our long-term strategy, and will continue to support our employees, consumers, and partners worldwide throughout the recovery period, and beyond.

Sincerely,

Steve Kaufer, Co-founder & CEO Ernst Teunissen, CFO

Conference Call and Webcast

Tripadvisor, Inc. management will host a conference call to discuss results as well as other forward-looking information about Tripadvisor's business tomorrow morning at 8:30 a.m. Eastern Time. Domestic callers may access the earnings conference call by dialing (877) 224-9081 (International callers, dial (224) 357-2223). Investors and other interested parties may also go to the Investor Relations section of Tripadvisor's website at http://ir.tripadvisor.com for a live webcast of the conference call.

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Tripadvisor, Inc.'s second quarter 2020 earnings press release and supplemental financials are available on the Investor Relations section of the Tripadvisor, Inc.'s website at <u>ir.tripadvisor.com</u>. 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 August 6, 2020, which is available on the Investor Relations section of our website at <u>ir.tripadvisor.com</u> and the SEC's website at <u>www.sec.gov</u>.

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," "target," "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

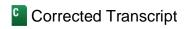
These prepared remarks may include references to non-GAAP measures, such as consolidated adjusted EBITDA (including forecasted adjusted EBITDA), free cash flow, and constant currency measurements, such as, non-GAAP revenue before effects of foreign exchange, and adjusted EBITDA before effects of foreign exchange, which are considered non-GAAP financial measures as they are not prepared in conformity with accounting principles generally accepted in the Tripadvisor 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 consolidated adjusted EBITDA guidance to projected consolidated 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 August 6, 2020, which is available on the Investor Relations section of our website at http://ir.tripadvisor.com/ and the SEC's website at http://ir.tripadvisor.com/ and the SEC's website at http://ir.tripadvisor.com/

Key Business Metrics

We review a number of metrics, including unique visitors, hotel shoppers, and other metrics, 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.



07-Aug-2020

TripAdvisor, Inc. (TRIP)

Q2 2020 Earnings Call

CORPORATE PARTICIPANTS

Will Lyons

Vice President, Investor Relations, TripAdvisor, Inc.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

OTHER PARTICIPANTS

Deepak Mathivanan

Analyst, Barclays Capital, Inc.

Brad Erickson

Analyst, Needham & Co. LLC

Lloyd Walmsley

Analyst, Deutsche Bank Securities, Inc.

Naved Khan

Analyst, Truist Securities

Tom White

Analyst, D.A. Davidson & Co.

Shweta Khajuria

Analyst, RBC Capital Markets LLC

Jed Kelly

Analyst, Oppenheimer & Co., Inc.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Heath P. Terry

Analyst, Goldman Sachs & Co. LLC

Dae Lee

Analyst, JPMorgan Securities LLC

Kevin Kopelman

Analyst, Cowen and Company

James Lee

Analyst, Mizuho Securities USA LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to TripAdvisor's Second Quarter 2020 Earnings Conference Call. As a reminder, today's conference call is being recorded. At this time, I would like to turn the conference over to TripAdvisor's, Vice President of Investor Relations, Mr. Will Lyons. Please go ahead.

Will Lyons

Vice President, Investor Relations, TripAdvisor, Inc.

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

Last night, after market close, we distributed and filed our second quarter 2020 earnings release and made available our Shareholder Letter on our Investor Relations website located at 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. Also on our IR site, you will find supplemental financial information, which includes reconciliations of certain non-GAAP financial measures discussed on this call as well as other 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 views as of today, August 7, 2020. TripAdvisor disclaims any obligation to update these statements to reflect future events or circumstances. 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.

With that, I'll pass the call to Steve.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thank you, Will, and good morning, everyone. Thank you for joining the call. As you saw from our results and described in our shareholder letter that we posted last night, the second quarter was one of historic proportion given the impact that COVID-19 pandemic is having on our business and on the travel industry. Significant year-over-year impacts persist, but we are encouraged by gradually improving trends since April.

Monthly unique users on TripAdvisor sites progressed from 33% of last year's comparable period in April to 67% of last year's comparable period in July. Revenue improved from 10% of last year's period in April and May to approximately 30% of last year's comparable period in July. So, while Q2 was challenging, we have emerged from our industry's darkest of days. I remain confident that while it may take time and be uneven along the way, it will eventually fully return.

In the meantime, we are executing well on what we can control, streamlining our operations to preserve cash, leveraging our platform's differentiated strengths to help customers and redoubling our strategic efforts to address future opportunities and emerge in a strong position on the other side of this pandemic.

Now before I turn the call over to Ernst, I want to again extend a thank you to all frontline workers from medical professionals to everyday heroes working in our local grocery stores or delivery services. And to our employees, I'm grateful for your tireless hard work during this difficult period. You have demonstrated both your talent and

your resilience. I'm pleased with how we have come together to execute on our important initiatives that serve our stakeholders. Ernst?

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Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

Thank you, Steve, and good morning, everyone. In the face of this unprecedented uncertainty, during Q2, we took swift and concerted actions to preserve cash and maintain our solid financial position. First, related to expense management, we are tracking in line with the targeted discretionary and workforce-related savings levels that we discussed with you three months ago.

I'll note that these cost savings I'm about to reference do not consider depreciation, amortization, restructuring and related reorganization costs, as well as stock-based compensation. So specifically, our expenses were \$104 million lower in Q2 compared to Q1. \$53 million of this was due to variable cost, which came down roughly in line with revenue, and \$51 million was from savings from previously announced discretionary and workforce related cost measures. We expect annualized savings of these more fixed discretionary and workforce related cost will be in excess of \$200 million this year versus 2019, positioning us very well as we enter 2021. Variable costs are expected to be lower this year as well driven by reduced marketing spend and lower expected revenue, but will go up again as revenue recovers.

We are executing as a leaner and more focused organization now, and we are pursuing our highest business priorities. We believe the steps we've taken position the business for better flow-through as consumer travel demand returns and our revenue recovers.

As for liquidity, we had close to \$700 million of cash at the end of June. And in July, we completed a \$500 million bond offering. This offering has provided us with long-term debt capital, and together with our credit facility, ample liquidity to withstand even prolonged COVID scenarios.

We believe our actions to streamline operations, conserve cash and raise long-term debt capital have the business appropriately capitalized now and positioned for covenant compliance even in the event of a prolonged downturn.

Looking ahead, significant year-over-year impacts persist, and near-term visibility remains low. That said, we expect revenues – revenue declines will improve and EBITDA loss to narrow meaningfully in Q3 versus Q2. We remain cautious, but we believe we have taken the necessary steps to ensure we can emerge from this pandemic in solid financial, as well as strategic shape.

With that, we will open it up for your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Deepak Mathivanan with Barclays. Your line is open.

Deepak Mathivanan

Analyst, Barclays Capital, Inc.

Hey, guys. Thanks for taking the question. Steve, I understand that it's still in early days, but can you talk about how user behavior is different in the new home page? What products are getting more traffic? And is engagement different to one product versus the other compared to the prior experience?

And then the second question is, you mentioned in the letter that the traffic in European markets recovered faster than US. Obviously, US was early to reopen in many states, and many European nations are still in the reopen mode right now. What do you think the traffic recovery was driven to be faster in Europe for you? Is it a function of product mix in Europe more towards restaurants, attractions? Can you provide a little bit additional color there? Thank you.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Sure, Deepak. Thanks for the questions. So to start on the home page, look, we're — as we talked about our overall message of helping travelers on the considered trip, a trip that really matters to people. We needed to move the focus away from, hey, it's a hotel price comparison site or just a review site to really focus on a little bit of inspiration, a little bit of guides, a little bit of more personality on the site, showcasing all the different things we do.

So, yes, we did see some shifts from categories away from things like flights, it's a small piece, and more towards overall exploring geographies. The nice thing is that we saw immediate uptick in repeat rate. People that came in on the home page were more likely to come back, because the experience was just better. Category shifts beyond that are probably more related to COVID in terms of the type of trips that people are taking are clearly much more domestic. They tend to be a little shorter duration and they're moving away from urban centers and towards the outdoors, the beach, the places where social distancing is so much easier. And that's – I think that's probably less our home page redesign than, obviously, the circumstances around us.

To your second question, the European markets recovering faster than the US, it's all about safety. Our surveys are showing this. When travelers feel comfortable that they can go somewhere, they will. So if European markets opened up because case load, frankly, the chance of contracting the virus is so much lower, people are feeling much more comfortable traveling. The US has not been shining in that regard. And so, while we had opened up early or not locked down as hard, we're paying the price now in terms of cases on the rise in so many states, and that's put a meaningful damper on the travel rebound post initial outbreak. So, no surprise, I think you'll see a very uneven recovery, different geographies, mostly depending on case load and where the hotspots emerge.

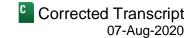
Deepak Mathivanan

Analyst, Barclays Capital, Inc.

Got it. Thanks, Steve.



Q2 2020 Earnings Call



Operator: Thank you. Our next question comes from Brad Erickson with Needham & Co. Your line is open.

Brad Erickson

Analyst, Needham & Co. LLC

Hi. Thanks. Just a couple from me. So, the first, relative to the improving traffic levels you gave into July, the revenue declines are obviously lagging that somewhat. Just curious if that's a gap you expect to meaningfully narrow as early as, say, Q3 or Q4? Do you expect those two items to remain pretty far apart for the foreseeable future into next year?

And then the second question is just when you think about, call it, medium-term priorities, is the goal of the business right now to drive a rebound to revenue as fast as possible? Or is it getting, going to be siding more with getting back to profitability or a combination thereof? Just talk about your philosophy here in the medium-term. Thanks.

Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

Yeah. Thank you, Brad. This is Ernst. Good morning. First of all, on the lag between traffic and revenue that you identified, yes indeed, we see that people are coming back to our sites to look and investigate travel ahead of the actual conversion, which is down from a year ago. And that is quite natural if you think about it. People start to look around and are waiting to get comfortable to book. And so I think we will, throughout the year, we will see a lag between these two indicators. But traffic is a leading indicator. In fact, the people are coming back now and the improvement has been significant since April, May, as Steve said in his opening remarks. That is a good sign and is a leading indicator. How quickly that gap will close is really difficult to say for us, but we're anticipating that, that gap will remain for a while. But hey, revenue has improved 10% April, May versus last year, and now 30% in July. So we're taking that.

In terms of medium-term priorities, of course we're focused on making sure we're ready for a recovery, and we're able to serve consumers as they are getting more willing to travel and book. But we're also focused on the priorities that we have for when COVID finally goes away, and we want to come out of this crisis stronger than we were before. We've highlighted in our prepared remarks and our shareholder letter some areas where we're investing, not surprisingly, experiences in dining, not surprisingly, working on our One TripAdvisor experience, working on some new revenue streams that we've identified more on the direct-to-consumer side. So the team is fully focused on that, trying to capture both revenue recovery near term and our long-term opportunities.

Brad Erickson

Analyst, Needham & Co. LLC

Got it. Thanks.

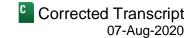
Operator: Thank you. Our next question comes from Lloyd Walmsley with Deutsche Bank. Your line is open.

Lloyd Walmsley

Analyst, Deutsche Bank Securities, Inc.

Hi. Thanks for taking the question. Going back to the kind of traffic revenue recovery gap, are you seeing commercial engagement lag? Or is it also a function of advertisers being slow to come back? And are there anything you can do to kind of steepen the bid curve to get them bidding up again or maybe even using your own booking path to monetize traffic if advertisers aren't willing to pay what it's worth? And second one would just be,

Q2 2020 Earnings Call



to the extent you can, if you can give us an update on some of the July trends on a segment level. Anything you can share with us across some of the various segments.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

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Thanks, Lloyd. This is Steve. I'll take the first one. So as the pandemic hit, it's pretty obvious to everyone that cancellation rates on the downstream bookings that we're providing to our partners would spike as people change. So the recovery of that, where people are now booking and our clients are not sure whether the cancellation is going to happen, naturally causes our clients to be nervous about paying top dollar right now on a CPC basis, if in fact, a user is going to cancel. So, yes, I'd surmise that it's rational behavior in this unknown period for CPCs for what we get paid to lag as bookings recover.

We believe as our clients see the trends of consumers staying after they are making the reservation and fulfilling it, actually taking the trip, then they'll be more confident that the CPCs they pay us will in fact be turned into profit on their side. At which point, CPCs go up in our auction, and it comes kind of back to where things were.

To the question of, or the sub question, hey, could we use our own instant booking as another way to leverage the auction. Yes, we've been doing that during this pandemic, and that enabled us to continue to deliver for our travelers on all the bookings that they want to do, even as some auction players were too hesitant to step back in the auction back in April and May, for instance. Ernst, do you have anything to add?

Ernst J. Teunissen

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Chief Financial Officer, TripAdvisor, Inc.

Yeah. On the second question, the July trends on the more segment level, the areas of the business that are recovering the fastest or ahead in the recovery for us are our restaurant business, TheFork reservation business, which has performed very strongly in the wake of restaurants opening in Europe. And so that's clearly an area where we're ahead right now. Rentals is another area that has performed relatively strongly compared to others. So segment level, obviously TheFork will hit our Experiences & Dining segment. That will benefit our Experiences & Dining segment. Rentals is in our other segment. Hotels comes behind that. That's obviously in our HM&P segment and then Experiences, which has seen very good traffic recovery, but not yet the booking recovery that we've seen in other parts of the business. That will also hit Experiences & Dining. So within Experiences & Dining, there's a bit of a 2 track in terms of recovery with restaurants ahead and Experiences behind it.

Lloyd Walmsley

Analyst, Deutsche Bank Securities, Inc.

Okay. Thanks, guys.

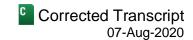
Operator: Thank you. Our next question comes from Naved Khan with Truist. Your line is open.

Naved Khan

Analyst, Truist Securities

Yeah. Hi, thanks a lot. Two questions. We've been hearing about consumer demand skewing much heavier towards alternative lodging during the recovery. How does that affect the recovery in your hotel auctions? And then secondarily, Expedia has talked about boosting advertising efficiency on performance channels. How does that factor into auction recovery on your platform?

Q2 2020 Earnings Call



Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thanks, Naved. Sure. So yes, as Ernst was saying, alternative lodging or rentals has been faster to recover than hotels. It's a smaller part of our overall business. So we were less benefited by that shift. But of course, hotels are on the rebound now and will continue. It's the absolute lion's share of the lodging market space. To the question – I'm sorry, the second part of your question was?

Naved Khan

Analyst, Truist Securities

The second one, Expedia has a change of ad efficiency targets and how that might affect auction recovery on your platform?

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Yeah. So we've seen our major OTA clients talk about wanting to be more efficient in their direct marketing spend for years and years. What we've always found is that they're interested in buying high-quality traffic, traffic that converts on their side. And that's what we've been known for. We've been doing this for quite a while. Our partners have never pulled out of our auctions. We've been – we have strong relationships with all of them, and that's been a win-win for everyone.

We certainly understand our clients' desire to directly win over the consumer to go direct to their site. But at the end of the day, TripAdvisor does so well with a leisure trip, a trip that matters to them, that tends to be a higher price point than, hey, I just need a roadside hotel next to my next business meeting, et cetera. So the type of traffic that we have is pretty hard to find anywhere else.

It's an auction. So, it requires lots of people to play. And fortunately, we do have the chains. We do have all the major OTAs and most of the second-tier, the third-tier OTAs on the platform as we always have been. So, there's always some ins and outs there, but I'd characterize the auction as healthy and currently responding to the change in cancellation and truly just COVID dynamics.

Naved Khan

Analyst, Truist Securities

And maybe a related question, Steve. So on the new hotel offering that you plan to launch in Q3, is that display advertising focused, or is it auction focused, how should we think about it?

Stephen Kaufer

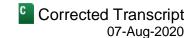
President, Chief Executive Officer & Director, TripAdvisor, Inc.

We have a large and sort of meaningful hotel solutions business, where we're addressing challenges. We're helping individual hoteliers and hotel chains reach the eyeballs that are on our site, help them grow their business. We have another product coming that is truly aimed at the million-plus lodging, leveraging the e-traffic we have, the reputation that we provide for these hotels and their ability to put more heads in beds. So I wish I could be more specific, but you'll learn soon. And again, just think of it as another product in the product line. And as we move forward, we look to bundle a bunch of these products together to help hoteliers in more ways.

Naved Khan

Analyst, Truist Securities

Q2 2020 Earnings Call



Thank you, Steve.

Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

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And the way we report revenue, it will hit the Hotel revenue line, not the Display and CoreX line.

Naved Khan

Analyst, Truist Securities

Got it. Thanks.

Operator: Thank you. Our next question comes from Tom White with D.A. Davidson. Your line is open.

Tom White

Analyst, D.A. Davidson & Co.

Great. Thanks for taking my question. Maybe a high-level one for you, Steve. Now we're a few more months into the pandemic, just curious whether you think the situation here is going to have any kind of lasting impact on kind of the traditional hotel food chain, if you will? Specifically, curious whether you think larger hotel chains kind of emerge on the other side of this thing in a stronger market position relative to the independents and small chains? And how does that impact guys like TripAdvisor? And then just a quick follow-up on monetization of the auction. I think, one of your peers is experimenting with a CPA offering on top of CPC offering. Is that something that you guys have considered? Why or why not? Thanks.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

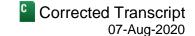


Thanks, Tom. Two good questions there. So – and this is just kind of a personal opinion, I guess. When you look at the growth in alternative launching rentals at the moment, I think, it is an opportunity where a lot of people are trying that alternative for the first time. So there's probably, post pandemic, a little bit of an accelerated share shift in the lodging category towards some more the alternative launching pieces. And TripAdvisor, like everyone else, is looking to kind of grow the selection on our site. I think that's a bit more on the edges.

When you look on the chains versus independents, we've spoken with a number of independents. They're certainly struggling. They tend – whether they're a franchise owner or truly independent getting demand through these tough times, it's really tough. And so when we look a bit further out and say, who might not make it through the cycle, obviously, the chains will. Some of the indies may not, and so that could tilt the balance a bit more towards the chain. As it relates to TripAdvisor, I don't see any particular impact in that. We serve the – our travelers. The biggest lever for the growth of our overall business is getting more quality travelers to return to our site and figure out where they want to go. And it frankly doesn't matter all that much to us, whether that's an indie, a franchise owner or a fully chained owned property.

To the question on the auction CPA, we've had a variety of different payment mechanisms for many years. So we call our model a traditional CPC. People pay on the click, but we've certainly had CPA and have CPA as an alternative method, where it works for the client and where it works for us. Normally, clients prefer CPC, so they can directly control and where they sit in our auction. But in major uncertain times like we saw a month ago, I'd say it's easing now, but where there's major uncertainty and the client doesn't want to take the risk of bidding at a CPC level, but is happy to pay on a CPA, we can certainly accommodate that and have accommodated that as well. It doesn't fundamentally change our auction, just shifts a little bit of the risk around, if the cancellation happens, is it on TripAdvisor's dime or the client's dime in exchange for more control over auction placement. I

Q2 2020 Earnings Call



expect that for us and perhaps for others that, that will end up flipping back over the next few quarters for clients that are on CPA now to move back to CPC. But we're modestly indifferent on our end.

Tom White

Analyst, D.A. Davidson & Co.

Great. Thank you.

Operator: Thank you. Our next question comes from Shweta Khajuria with RBC Capital Markets. Your line is open.

Shweta Khajuria

Analyst, RBC Capital Markets LLC

Okay. Thank you. Steve, what is your view on how differently TripAdvisor will be positioned post COVID, not really next year, but call it a couple years from today as some of your current strategic investments come to fruition. So maybe the company is better positioned in terms of product offerings, to company's ability to engage users better, maybe improved content or completely something else altogether. But what do you think will be – will likely be the most impactful change related to TripAdvisor's positioning post COVID a couple years from today? Thanks.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

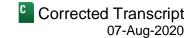
Thank you, Shweta, for that question. We're investing quite a bit right now in changing the way that TripAdvisor both goes to market with our offering, but also how we're actually serving our travelers. So in our shareholder letter, kind of we outlined – or at least three of those points are the most sort of consumer focused. Our One TripAdvisor vision really talks about how we're changing. And you can see that on our home page already, changing how we're helping travelers plan a much more complete trip, focusing again on those trips that matter. And that's something unique in the industry. You don't have the other travel sites thinking holistically about what's going to make a fabulous vacation. Because it's not just the hotel, it's not just the flight, it's the things you're going to do, the places you're going to eat, the guides, the new experiences you're going to find, the amazing memories, the opportunities to really experience that destination. And because TripAdvisor has so many of those components already on the site with a ton of photos, ton of content, great forums, wonderful community to help guide you, our opportunity is to bring that together for the traveler in a way that we've never done before and would certainly be really difficult for anyone else to try to reach.

So, aiming for that trip that matters, the vacation that you're creating the memories for, bringing our content together, kind of point one. We want you to experience that. We want you to fall in love all over again.

Part of that comes into as we were known and make most of our money historically on hotels, how do we shift that over to the experiences category, in particular, on TripAdvisor because it is such a compelling part of making that trip memorable, what's the amazing thing to do. And so sure, we might sell some airport transfers and an entry ticket to museum, but what we care about is the story worthy experiences.

What are you going to return from your vacation and really exclaim to your friends, wow, Paris was amazing because and share that experience that you booked. Oh, where did you find that experience? I booked it on TripAdvisor. And that's that word of mouth. That's that component that we're looking for to grow our Experiences & Dining segment for – as part of that considered trip.

Q2 2020 Earnings Call



And then third, I'd be remiss if I didn't touch on our direct-to-consumer paid offering. So, here we're looking at the hundreds of millions of travelers we have on our site each and every month, even in the middle of a pandemic. And we're thinking to ourselves, what are the other products and services that we can offer directly to them, helping them plan a trip, take a trip, get a different experience, deliver something of value to them. And we've launched two already. One was an insurance product in partnership. And so it's insurance for the whole year as opposed to just this one trip, something we're in a pretty good position to offer.

And another is a community of expert trip designer. So, as almost an agency service for someone that doesn't want to do it all themselves. It's a great product to be able to say, I'd like an X – so I'm going on vacation. I'm going to go on a trip to Hawaii. I'd love to be able to talk to somebody who's been there, who likes the things I like. And it's a great matchmaking service. You can certainly find more about the product.

But just as an example, it's two services, direct-to-consumer, paid offering, leveraging the traffic on our site. And as we've shared in the shareholder letter, it's the first of a set and what we think is a potentially large opportunity in terms of tapping into the travel audience that is already on our site with a new set of products and services to help them have those magical trips.

And so stacking all the way up. When we think of emerging from the pandemic, a vaccine is available or look out 2022 and say, what makes TripAdvisor really different than the pre-COVID times? Folks on our site are planning a complete trip. We're helping them at the different stages of the journey. It feels like a more integrated experience. That's the One TripAdvisor version. Experiences are a lot more prominent, more story worthy. We're merchandising them. We're really helping you find what's perfect for you on this trip, and we're surrounding you with another set of direct-to-consumer or paid services, be it trip designers to help you plan, insurance or several more that we'd love to bring to market that help you, in one way, shape or form, have that perfect trip.

Shweta Khaiuria

Analyst, RBC Capital Markets LLC

Thank you, Steve. That was helpful. If I may, just could you please expand on D2C. I did read in the shareholder letter, either subscription or other direct-to-consumer paid offerings, so would this be a subscription product? How do you plan to monetize this offering going forward? And that's it. Thanks.

Stephen Kaufer

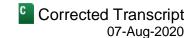
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Sure. So, I mean, I'm happy to expand a bit. Super early days, of course. But we have a paid insurance product. It's, I forget the exact price, call it, \$130 a year, and we're offering you coverage for all the trips that you take, and you can find that on TripAdvisor. We contextually market it where we think it's appropriate, and it's a great product. It's actually kind of hard to find somewhere else. We didn't build that one. We're not getting into the insurance business ourself, but we're trying to tap our audience. And the consumer is buying it through our site, so direct to consumer, more meaningful and more in line with our brand.

But again, COVID is not a great time to launch any new product, but we launched anyways, is our reco product. In this, you go through a process to indicate what type of trip you're planning to take. We offer a match to a number of different travel agency or travel agents. We call them trip designers that are great at this sort of trip. And we have a monetization mechanism that's essentially a matchmaking fee.

So a consumer will put in their credit card. They'll buy the connection. The travel agent is at their disposal, and it's a great match. So again, a bit more on the luxury end, but a lot of people don't want to spend the time that they

Q2 2020 Earnings Call



know they should when they're taking a couple thousand dollar vacation and paying \$100 or something upfront fee to get that level of expertise to have that magical trip, we're in a wonderful position to provide that service.

You can extrapolate further and say, hey, are there guides that TripAdvisor could offer that had specialized information that was so valuable that someone would pay a \$20 subscription or \$20 onetime fee for? You can imagine other programs that could get exclusive seats, exclusive benefits, exclusive something or other that you as a consumer would be willing to pull out your credit card for.

So there's a content angle. There's a discount angle. There's a benefit, exclusive benefit angle. There's higherend concierge-level service while in market. My point is mostly we have this tremendous audience, bigger than any other travel site, that are self qualified by being on our site as being interested in having usually a great trip, a trip that matters to them. How are we -what are the set of services that we can offer that someone would be delighted to pay for because they're about to take this trip, and it's going to make it that much more special. We share it now because we've actually launched a couple of products in this category. We're thinking of it as a category. And of course, we'll be sharing more as we launch more.

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Analyst, RBC Capital Markets LLC

Very helpful. Thank you, Steve.

Operator: Thank you. Our next question comes from Jed Kelly with Oppenheimer. Your line is open.

Jed Kelly

Analyst, Oppenheimer & Co., Inc.

Great. Thanks for taking my question. Interesting on the direct-to-consumer offerings you're thinking about. Just a follow-up. I guess can you kind of cite, if you know, like what the tradition, what the commissions earned from traditional travel agents has been? And is there an opportunity to get more through that transaction with the direct-to-consumer offering?

And then my second question is just around the alternative accommodation providers. Seems like they've been leading the recovery in travel. Is there a way how do you think about sort of getting them more engaged on your platform, the Vrbos, the Airbnbs? I mean, how do you think about that? Thank you.

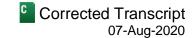
Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Sure. So I, look, to your first question, the traditional travel agent, it's still a big market. There are commissions on all the things they book on behalf of the traveler. Their model is moving from a completely free in some cases to an upfront fee in other cases. We're reasonably agnostic on the revenue model. We just know that as in whether we charge an upfront fee to do this matchmaking service, which is our current model, or whether we're through another mechanism tapping into a piece of the commission.

The trip designer or the travel agent is doing the hard work of really figuring out what the traveler wants. We simply recognized that we have, amongst our pre-COVID, we have 400 million unique users a month on the site. Some small percentage, but it's still going to be a big number of those people, would really be much better served and would love to be well served by a trip designer.

Q2 2020 Earnings Call



So how can we help our traveler by presenting the best trip designers, and then whether it's a finders fee or a piece of the commission, there's a big transaction that's going to happen. We'll have kind of earned a piece of it by making the connection. That trip designer is going to be both recommending, obviously, hotels that are amazing on TripAdvisor, but also bookable experiences on TripAdvisor because that's what those types of considered trips want to do.

We're not – we wouldn't be requiring a trip designer to book through us, but why wouldn't they because we have fabulous supply. So again, it drives back to how the TripAdvisor offering, focusing on that considered trip, whether to do-it-yourself person on our website, building out an itinerary, booking things independently or a handoff to an agent, who is going through those same steps for them. It's a nice way for us to capture a bigger portion of the market rather than someone who potentially is using TripAdvisor and then contacts an agent offline, in which case, we lose all credit for those bookings. And it was all influenced in terms of helping to guide them to the best experiences that are offered on trip, the best restaurants that are offered on trip.

To your second question on rentals, we do think that alternative accommodations in general was an important category, is an important category and will continue to grow as a category that is important to our travelers. So we will not be building up our own supply. We will not be focused on trying to engage as what you could say is yet another vacation rental player in the space, but rather be partnering with other firms that already have established relationship, so that we can focus on what we do best, which is bring a tremendous audience looking for accommodations. And our secret sauce or magic in the equation or value add is to help understand when a traveler would be better served by an alternative accommodation instead of a traditional hotel and make sure that is what's presented. So think of it as how can — we think of it is how can TripAdvisor have the best supply in that category without investing more of being in the supply business and therefore, leveraging our demand for which we still have a ton of, and we expect to be back in — we are back in growth mode now as we're recovering from the pandemic.

Jed Kelly Analyst, Oppenheimer & Co., Inc.	C
Thank you.	
Operator: Thank you. Our next question comes from Brian Fit	zgerald with Wells Fargo. Your line is open.
Operator: Thank you. Our next question comes from Brian Fit Brian Fitzgerald Analyst, Wells Fargo Securities LLC	zgerald with Wells Fargo. Your line is open.

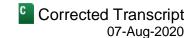
Thanks, guys. Steve, I wanted to try this out on you. Generally, when consumers travel closer to home, we think you tend to see shorter durations, less expensive accommodations versus when they travel farther. Is that a valid point? But are you seeing things change near-term with more local travel coming back first, replacing bigger international trips? Are the consumers trading up versus what you would ordinarily see in the shorter trips in terms of duration or property class? Anything you could tell us about the propensity to spend would be helpful?

Stephen Kaufer President Chief Grounding Officer & Director Trip Advisor Inc.

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Sure. I can offer just sort of a couple of nuggets. Absolutely, the trips are closer to the home, International border is shut. So, you have some countries where we're actually seeing year-on-year the same or even more domestic travel than before. I don't know that that's a long-term trend versus, hey, I can't take that international trip. So I am staying within my country. The trips in general are shorter, so you're right there. And when we look at ADRs versus a year ago, they have dropped, at least the stay on trip – sorry, not technically. What I'm referring to is not

Q2 2020 Earnings Call



technically average daily rate, but the amount that the user is looking to spend on our site is down versus a year ago. And so that – ADRs could be up, but the trip's day could be shorter, I don't have that level of detail on my fingertips, but the overall spend on the part of the traveler is down year-on-year.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

And then are they willing to spend more on – just sleeve-for-sleeve inventory comparison, are they – are you seeing them – that price elasticity. Are they willing to spend more for vacation rental in a rural area this year versus that same place last year?

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Good question. I don't have an answer to that. I do know we are seeing more vacation rentals in those rural locations being booked than the previous year. Again, no surprise there as people look for space and try to avoid the big cities. But I can't give you a data point on the price point. I just don't know.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah. Okay. Thank you.

Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

And it's tough to know how that's going to play out, but it could be indeed as you're sort of speculating that budgets to shift in a different way, spending domestically, but spending more domestically. There's one thing that I wanted to point out, which I think is going to be obvious to most of you. One impact is people are taking trips by car more than they did before and take fewer flights.

I just wanted to point out that, we at TripAdvisor have never been really dependent on flight revenue. So that particular trend is not impacting us as much. We made about 2% of our revenue last year was impacted by flight. So it's a pretty small slice of it, as I piece that part of the shift, people taking fewer flights is not impacting us that much.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Thanks, Steve. Thank you, Ernst.

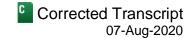
Operator: Thank you. Our next question comes from Heath Terry with Goldman Sachs. Your line is open.

Heath P. Terry

Analyst, Goldman Sachs & Co. LLC

Great. Thank you very much. Steve, as you look at the opportunity on the other side, on the supplier side, obviously, trip is almost equally, if not more important to suppliers like hotels, tour operators as you are to your consumers that use you to plan their trips. As you're evolving the offering and creating these new offerings for people who are planning their trips, anything that you're looking to do or any opportunities that you see in this environment to deepen your relationships with suppliers directly, create more direct revenue opportunities with

Q2 2020 Earnings Call



those suppliers, either through new offerings, new technologies, investments in those areas that you want to see

made?

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Hi. Yes, thanks. Thanks for the question. As I alluded to, we are kind of launching a new product this quarter that is aimed directly at hoteliers, primarily targeted at indies or sort of GMs of properties looking to leverage their reputation, their prominence, their ability, their status on TripAdvisor to help turn that into more bookings for them to get more demand.

We think our current suite of demand-based products, the ability to buy not only a business advantage subscription with your phone number and URL, but also our sponsor placement offering of being able to be at the top of the hotel list, to be able to pull more traffic, pull more of the eyeballs to individual properties is pretty compelling as individual properties seek to move demand around. We have some other, I'll call it, somewhere in between ideas and plans that we feel could be more meaningful for our supply relationships, not at the OTA level, but at the individual property and chain level, but those are a bit further off. And of course, we'll share when they're closer to coming to fruition. But I only - I give you the teaser or I mentioned it in passing only because we are quite aware and feel like part of our financial success is dependent upon hoteliers looking to us as a great source of both high-quality leads and incremental demand that they were not otherwise going to see. And one of our best assets remains the traffic that we have on our site, highly qualified traffic and our ability to bend the demand curve on the behalf of hoteliers if they have a good property that are interested in the eyeballs that are on our site. And so yes, we do have more offerings pointed in this area.

Heath P. Terry

Analyst, Goldman Sachs & Co. LLC

And just curious if you – I mean, is the end result of that or is the goal there diversifying the revenue side of things so that TripAdvisor exiting this environment that we're in right now is sort of less dependent on the OTA partners that you have now and more have in a position to have sort of a broader, more - hopefully more stable set of revenue streams coming in?

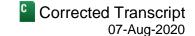
Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Yes. I also – yes, what you say is true. I just view it more as we, like all companies, search for our growth opportunities. What are the assets that are unique to TripAdvisor? And having the reputation we have, the number of customers and how do we - the travelers and how do we best serve them? And then - and that's the trip that matters. It's bringing together the consolidated view of the traveler to help them plan all the different aspects, which is from our perspective, going to include matching them with the right experience with the right restaurant, with the right hotel. And therefore, on the supply side, helping those hoteliers experience and restaurant operators get access to those travelers in a way that is essentially ROI positive for them.

And so that matchmaking capability, it's a stretch to say one-to-one level, but at a level that's measure – that's providing measurable incremental benefit to our suppliers, we think it's a great place for TripAdvisor to go. It doesn't happen to be the auction, which is dominated by the OTAs. But of course, we love that auction. And the more our overall strategy succeeds in terms of bringing more people back to TripAdvisor for the considered trip, the regular auction's going to benefit, the individual hoteliers both bidding for incremental demand in the auction as well as all the other products we offer as well as our experiences, business like it all benefits as more travelers

Q2 2020 Earnings Call



come back. But our focus is much more around an auction revenue streams when we think about the supply side of the house.

Heath P. Terry

Analyst, Goldman Sachs & Co. LLC

Great. Thank you, Steve.

Operator: Thank you. Our next question comes from Doug Anmuth with JPMorgan. Your line is open.

Dae Lee

Analyst, JPMorgan Securities LLC

Good morning. This is Dae Lee on for Doug. Thank you for taking the questions. First one, for you, Steve. Just looking at your Experiences businesses or Experiences business, how has your supply base holding out given the slower pace of recovery there? And what steps are you taking to ensure that you have ample supply once consumers come back to Experiences? And then, to maintain your leadership position in this vertical.

And then second one for Ernst. Looking at margins, since the pace of recovery varies by segment and revenue mix likely different during the recovery. How should we think about the shape of EBITDA recovery relative to revenue? And then looking out longer term, do you think margins can look different compared to pre-COVID-19 levels, given the introduction of newer products like B2C and B2B and maybe the revenue mix looking different.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thanks, Dae. I'll take the first one. We have, geez, the last count is north of 300,000 different products selling in our experiences space. No one individual product was so important or so compelling. And if you think about the types of experiences offered, there's usually multiple choices. So we have a number of people that provide amazing private tours of Pompeii, for instance. That's great. Unfortunately, we would predict that some of our current suppliers aren't going to make it through the pandemic, but it seems to us unlikely that all of the suppliers in a particular category will go out such that we won't be able to provide the choice that our travelers are looking for.

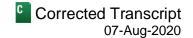
So at the end of the day, it would be, we feel the pain. It's terrible if any of our experienced suppliers go out of business. We don't think many of the bigger established ones will from the conversations we've had. But I'd be surprised if that had a material impact on our business simply because we have so much supply already on the platform, and there's so often multiple choices for any individual activity on our site such that if one is no longer able to participate, there's a backup player. So I think we're fine in terms of the supplying and addressing the demand that our travelers already have on the site.

Ernst J. Teunissen

Chief Financial Officer, TripAdvisor, Inc.

On the point of margin recovery, Dae, I think the most impactful issue here is, is that we've taken out a substantial amount of our fixed and discretionary cost this year, which we don't plan on bringing back as the revenue recovers. We're only bringing back in a small way. And we've quantified, it's going to be \$200 million plus of cost, fixed and discretionary cost that we've taken out year-over-year by the end of the year. And so that is significant. So as revenue comes back, we will have a leaner cost structure to support that. So that alone, if revenue comes back to the same level it was in 2019, is going to give us better overall margin in the future.

Q2 2020 Earnings Call



And then within sort of segments and other pieces, I think generally, variable cost, anything between sort of revenue and contribution margin is not really going to change that much. We don't expect longer-term our take rates to be impacted in any meaningful way. So, you have to think about contribution margins at some point getting to the same level, but with a lower fixed cost base.

And that lowering of fixed cost has happened across all segments. It's not particular to any segment, so should be benefiting all segments. Really longer-term of course, we have seen that we have enjoyed high margins in Hotels, Media & Platform. We target to continue to have very high margins there.

But then Experiences & Dining, we've always run sort of around breakeven and we continue to invest in that business. But if you look out for the longer term, the years ahead, we would expect that business to become more profitable too. And so if you look longer out, more profit contribution we expect to come from Experiences & Dining as a most important mix shift. But as I said, nearer term, next year or so, the most impactful thing that we've done is taken out a whole lot of fixed cost.

Dae Lee

Analyst, JPMorgan Securities LLC

Great. Thanks for the color, both.

Operator: Thank you. Our next question comes from Kevin Kopelman with Cowen and Company. Your line is open.

Kevin Kopelman

Analyst, Cowen and Company

Great. Thanks a lot. Most of my questions have been asked. I did have one follow-up. Could you give any color on your efforts in kind of vacation rental and alternatives and just a little bit more color on how you've seen the growth and demand for that category pull out on TripAdvisor? Thanks.

Stephen Kaufer

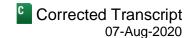
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Sure. Thanks, Kevin. So we did, rentals and restaurants are the two categories that have been bouncing back the fastest as people were certainly worried the most about social distancing, think a month ago rentals was the clear go to. From our perspective, that's very much pandemic related. We're stronger in a traditional rental setting as in a standalone home in a more rural or beach-type environment. So again, pretty predictable given COVID, but not necessarily a harbinger of long-term change in terms of consumer behavior.

So as I mentioned before, we're mostly interested in expanding our supply through partnership, not through direct outreach, to address the traveler demand that we have on our site, do a better job integrating. This is next year not immediate, integrating alternative lodging into more of our overall lodging sort, but we're not particularly taking a pandemic view on it.

We're taking a – this is – it's been recognized, it's here to stay a great alternative to a traditional hotel for many years, and it's just part of our overall strategy of addressing or helping travelers find the type of lodging that best suits their need for that trip that matters. And we recognize the broad category of alternative lodging absolutely plays an important part in that and we'll be there for travelers.

Q2 2020 Earnings Call



Kevin Ko	pelman
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Analyst, Cowen and Company

Thanks, Steve.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Okay.

Operator: Thank you. And our last guestion comes from James Lee with Mizuho Securities. Your line is open.

James Lee

Analyst, Mizuho Securities USA LLC

Yeah. Thanks for taking my question. And Steve, I was wondering if you can comment about Trip.com's CEO joining your board? And maybe help us understand what are the implications here? What can Trip.com bring to the table? And what can you learn from the company there? Thanks.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thanks, James. Thank you for the question. We're thrilled to have a couple of new board members join us this year, Greg from Certares and Jane from Trip.com Group. If you know them, you know they both bring a wealth of travel industry knowledge from an operational, from the strategic and an operational perspective in very different aspects of the space.

Certares and Greg's personal experience is on the business travel and travel agency side with his holdings. Obviously, he knows the overall industry extremely well. And Jane operating a top global OTA with interesting global ambitions with their Trip.com as well as their Ctrip points of sale.

So I couldn't be happier having these two on our board kind of in our camp going forward. And on your question on Jane, in particular, we've teamed up in our joint venture in China. So the Trip.com Group can use our brand and Tripadvisor.cn to really augment the leadership position that Ctrip already has in the market, focused mostly on outbound travel, where TripAdvisor's content footprint is extremely strong.

And so taking this content, helping other Trip.com Group properties and Trip.com Group operational excellence, inventory, pricing capabilities, bringing that on to the – or pieces of that onto the TripAdvisor.cn point-of-sale. That's why we did the JV, and that's why we think it's a great opportunity, offering us upside exposure to the China outbound market, which we had been missing as part of our story.

And then, again, as industry experts being on our board, helping to guide us. I love having them on our board. So truly one of those kind of win-win with wonderful opportunities appearing on a regular basis.

James Lee

Analyst, Mizuho Securities USA LLC

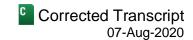
All right. Great. Thank you.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.



Q2 2020 Earnings Call



Thanks.

Operator: Thank you. And there are no other questions in the queue. I'd like to turn it back to Mr. Steve Kaufer for closing remarks.

Stephen Kaufer

President, Chief Executive Officer & Director, TripAdvisor, Inc.

Terrific. So thank you, everyone, for joining the call. And I just want to reiterate my thanks to all TripAdvisor employees all around the globe. You guys are doing an amazing job. I'm really proud of how you've come together in this virtual environment, but still we're pursuing our strategic objectives. We're supporting all of our stakeholders in these challenging times.

To our investors, I want to reassure you that we're working hard not only to recover from this crisis at this moment in time, but really to emerge stronger than before. And as I outlined in some of my comments earlier, how does TripAdvisor look different than when we went into – how does it look different than the pre-COVID, the TripAdvisor pre-COVID times? We always take this approach of maximizing our long-term shareholder value.

We'll get through this. And time and time again, travel has rebounded, and travelers have come back. We will continue executing our strategy and ensure TripAdvisor plays an influential role with consumers and partners worldwide in this recovery and beyond. Thanks, everyone and stay safe, please.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.

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